

Location

Pittsburg, Kansas

Funding

\$1,170,000 Section 538 Guaranteed Loan from USDA Rural Development

\$9,200,000 in State and Federal Historic Tax Credits from Kansas Housing Resources Corporation

\$200,000 City of Pittsburg Loan

\$2.1 million Construction Loan from several local banks

In-kind donation of adjacent parking lot by City of Pittsburg

Partners

City of Pittsburg

Kansas Housing Resource Corporation

Garrison Development Company

U.S. Department of Agriculture, Rural Development

Abstract

The Besse Hotel in Pittsburg, KS was once a successful hotel in the center of downtown. From 1979 to 2010, however, the building was vacant and quickly deteriorating. The City of Pittsburg collaborated with a developer to redevelop the building into affordable, rental housing. This USDA development supported sustainable project investments in one of Pittsburg's existing historic downtown asset while encouraging more families to live within walking distance of downtown businesses.

Project Description:

Founded in the late 19th century as a railroad and mining town, Pittsburg grew into the central hub of southeast Kansas in the beginning of the 20th century. With the addition of the Kansas State Teacher's College (later named Pittsburg State University) in 1903, the growing city of Pittsburg developed a charming downtown. In 1927, the Besse Hotel, a 13-story skyscraper, was completed in the heart of the city. The Besse Hotel served as a popular place to host events, ranging from wedding receptions to Rotary Club meetings, for the next few decades.

In 1979, the Hotel closed and the building was mostly vacant for over three decades. The deterioration of this iconic tower, which can be seen from miles away, undoubtedly became a deterrent to welcoming new businesses and residents to downtown Pittsburg. Similar to the Besse, the condition of the rest of downtown Pittsburg had also declined.

Starting in the late 1980s, the City of Pittsburg and the Pittsburg Chamber of Commerce began the revitalization of the downtown. Pittsburg's efforts included a downtown plan, a tax rebate program for downtown building improvements, downtown façade grants, improved streetscapes, and a business microloan program. One of the city's goals for downtown was to bring the Besse Hotel back to life. Despite other strong downtown efforts, the largest building in Pittsburg was still a vacant eyesore and a constant reminder of the work that needed to be done.

Over the years, developers visited the Besse; though none were ready to commit to the major renovation and financing necessary to turn the building into market-rate housing. The Besse sat empty until a chance meeting between Deena Hallacy, Pittsburg's Community Development Specialist, and Gary Hassenflu of Garrison Development Company of Kansas City, MO. After hearing Mr. Hassenflu speak at a conference about a hotel redevelopment his company completed in downtown Kansas City, Ms. Hallacy suggested that Garrison Development Company come to Pittsburg and take a look at the Besse.

Mr. Garrison took Ms. Hallacy up on her offer and visited the Besse and immediately knew he wanted to pursue the property. In 2008, Garrison Development Company announced plans to develop the Besse Hotel into 46 apartment units equipped with a community room and exercise room for residents. The apartments would be priced for low-to-moderate income individuals and families.

The project took one year to complete and cost over \$11,000,000. Garrison Development financed the project through a \$2,100,000 construction loan from several local banks, a \$1,170,000 USDA Rural Development Section 538 Loan Guarantee, \$9,700,000 state and federal Historic Tax Credits, and a \$200,000 City of Pittsburg loan. After the construction was complete, the project construction manager estimated that the Besse Hotel redevelopment spent \$1.8 million locally.

The end product is better than many imagined. The new downtown, high-rise apartments opened in December of 2010. The development created 46 new one-, two-, and three-bedroom apartments. The units are affordable for many of Pittsburg's low-income residents, with prices ranging from - from \$314 to \$600 per month. The apartments also include energy efficient windows and appliances. The apartments were fully leased within four or five months of opening – meeting the expectations of the developers.

The increase in residents in downtown Pittsburg has resulted in a more vibrant downtown area. Blake Benson, President of the Pittsburg Chamber of Commerce, is enthusiastic about the Besse Hotel's redevelopment impacts on downtown. He stated, "A big key to the development of this area is attracting more residents and new customers to support downtown business. This development will put nearly 50 more families within walking distance of downtown restaurants, retailers, and professional offices, and that will have far-reaching effects now and into the future."

Pittsburg's community leaders are always looking for new ways to make Downtown Pittsburg stronger, and they are currently exploring the possibility of making Pittsburg a designated "Kansas Main Street". With the addition of Besse Hotel redevelopment, Pittsburg's downtown is performing better than it has in decades. The Besse Hotel has been a landmark in Pittsburg for over a hundred years, and the recent revitalization of the building secures the Besse as a critical asset to the community for many years to come.

Livability Principles Addressed

- Promotes equitable, affordable housing.
- Enhances economic competitiveness.
- Supports existing communities.
- Values communities and neighborhoods.

Lessons Learned

PROMOTE YOUR PROJECT to as many potential funding sources as possible.

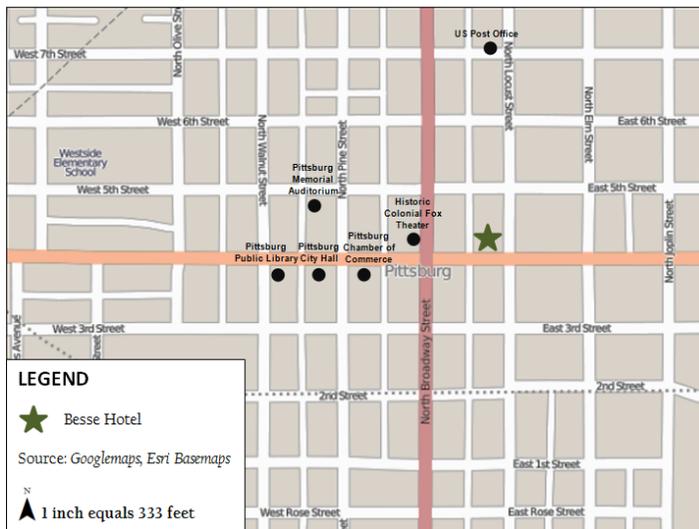
It is crucial to CHOOSE THE RIGHT DESIGN AND CONSTRUCTION TEAM to ensure your project is high quality and within budget.

Pictures and Maps



Description: Context Map.

Source: Esri Basemaps, ArcGIS online database (all layer packages by Esri)



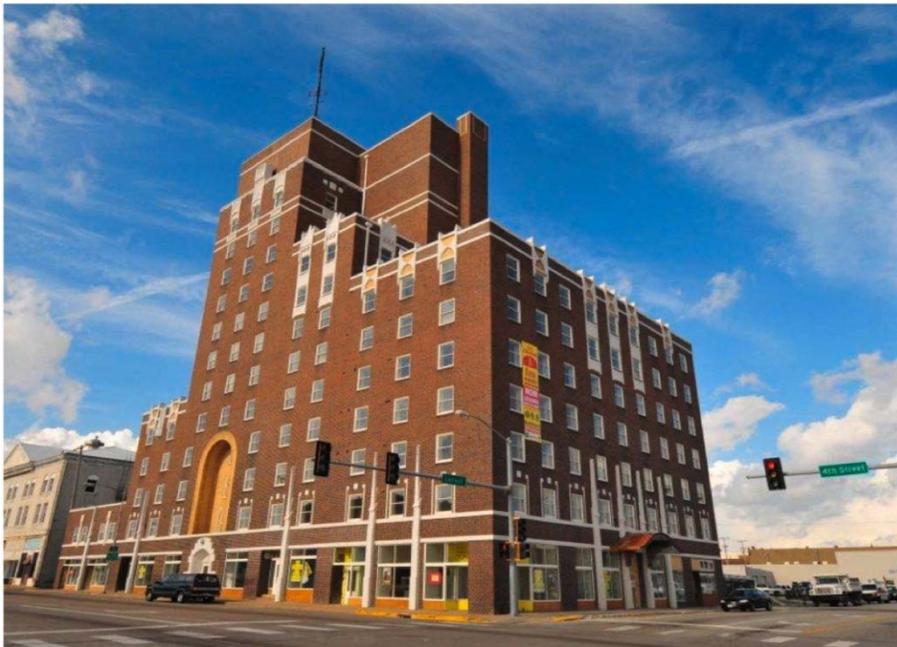
Description: DowntownMap – Eloy, AZ

Sources: GoogleMaps, Esri Basemap



Description: Pictured from left to right in the restored lobby of the Besse Hotel: Randy Snider, Iola Area Office Director; Dale Yager, MFH Specialist; Gary Hassenflu, President, Garrison Community Development, LLC; and Tim Rogers, Housing Programs Director.

Source: USDA 3-S Success Story, Kansas State Rural Development Office



Description: Exterior of Besse Hotel

Source: <http://kpalliance.org/awardsforexcellence/2012awards.html>

Sources for Textual Information

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