



Model Group seeks projects others shun

By Lisa Bernard-Kuhn · lbernard@enquirer.com
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Transformative. In a word, that's the role local real estate development firm Model Group says it wants to play in each of the communities it touches.

Where some investors see neighborhoods scarred by empty buildings, decaying homes, and trash-ridden side streets - partners at Model say they see new opportunities.

From Avondale to Covington to Lincoln Heights, Price Hill and Over-the-Rhine, the Walnut Hills-based developer is finding success landing hard-to-do deals that have delivered new condos, affordable housing and storefronts to some of regions most economically challenged urban neighborhoods.

"It's very easy for people to get excited about a simple, clear vision - and for us it's that we help transform neighborhoods," says Bobby Maly , Model's vice president of development.

As lenders balk at financing new construction deals and developers fold across the nation, Model is growing its local market share with more than \$40 million in residential-anchored projects under way.

At the core of the firm's success is Model's "mission that everyone in the company understands," says Toby Asbury, Model's newest president and chief operating officer.

"Every company that has a clear purpose has something worth fighting for every day," Asbury says. "Whatever the difficulties are that are in front of the people here, our purpose of

transforming neighborhoods is clear, and we find ways to get through it. That has been a major catalyst for our success in the last six months."

In the first quarter, Model finalized a merger with Asbury's firm, CFS Construction - a move that solidified a longtime partnership between the two companies.

Seven months into the new union, Model is poised to grow its portfolio to more than \$200 million in local projects by early next year.

Yet Maly says success at Model is less about the "grandiose projects and big numbers."

"The way we look at is, we've invested resources into a community and the return on that investment is the number of lives we impact," he says. "That's why we tend to work in urban neighborhoods. We're not working in the suburbs - not because of what's happened to the housing market, but because philosophically it's not what excites us."

To get deals done, Model works with a range of community partners and non-profit developers. Key to the firm's work is seeking out creative financing plans that leverages private investment pools with competitive government tax credits and low-interest loan programs. The

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government-backed programs help cover funding gaps common in urban renovation and affordable housing projects.

"When we look at a neighborhood, we ask, 'What's the need here?'," says Smith. "Once we identify that, we work with our partners to make sure every step we take some how advances the ball."

In Avondale, the firm expects to wrap up work this week on a \$12.6 million project on Burnet Avenue that includes renovating seven buildings into 62 units of affordable housing and 7,000 square feet of retail space. Named Burnet Place, the project was financed in part by a federal loan program. Nearby at Harvey and Rockdale avenues, the firm leveraged federal low-income housing tax credits for a \$4.2 million project known as Forest Square. The 21-unit senior apartment community is expected to be finished by October.

"Model is a key development partner in Avondale and they're very involved in our overall efforts," says Beth Robinson, executive director of Uptown Consortium, which Model worked with through each project. "We sought them out because they have a great track record and skill set for these kinds of housing projects and a great reputation for really doing transformative work."

Another project under way is a \$10 million plan for 42 homes in Lincoln Heights. The project is at the former Valley Homes site - a community of temporary housing built in 1941 that had recently been condemned.

At the project's ground breaking "there were ladies speaking through tears about their struggles in the community," Smith recalled. "There is so much pride in the community and such a desire to stay there and have this housing revitalized. It's a good feeling to know we'll leave the community so much better than we found it."

In Madisonville, the firm is in the early stages of

launching a \$12.6 million project with Episcopal Retirement Homes known as St. Paul Village. The project includes renovating a 1970s-era senior community into 103 upgraded apartments for lower-income seniors.

"When we took over St. Paul two year ago, it was in desperate need of renovation," says Kathy Ison, a vice president. "But we were turned down on our first tax credit application and needed an experienced partner to help us get the project going. Model has been amazing. They know about all the different types of financing available for affordable housing, but most importantly they take care of people in the right way."

Meanwhile, Model says it continues to seek out new opportunities in Evanston, Northside, Price Hill and Over-the-Rhine.

Already, Model manages roughly 400 units of affordable housing in Over-the-Rhine and in recent years has developed more than \$14 million in market rate condominiums and retail space in the neighborhood's Gateway Quarter.

"For all of our housing in Over-the-Rhine, we've done it in such a way that the affordable housing has the same qualities and amenities as our market rate," Smith said. "We think the Gateway

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Quarter is becoming a beautiful picture of truly mixed income community."

Going forward, Smith says his firm is eyeing urban markets outside of Greater Cincinnati too. The firm has a one-man office in Indianapolis where it hopes to land at least two deals this year, Smith said.

"We're constantly trying to find ways to do what we do better and learn more about how neighborhoods work," says Smith. "We're not interested in other markets for growth's sake, but because we believe what we've learned so far is transferable and can help other communities as they work through their own revitalization challenges."

Manages: 1,300 apartments in Springfield, Covington, Lincoln Heights, Avondale, Walnut Hills, downtown, and Over-the-Rhine.



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Model Group principals, from left: Stephen Smith, Arthur Reckman, Dan Scullin, Bobby Maly and Toby Asbury pose for a photo on top of one of their condominium buildings in the 1300 block of Vine Street in Over-the-Rhine. The project, which they developed, was financed with the help of 3CDC.

More on Model Group

Founded: 1978 by Art Reckman as Model Management Inc., a real estate investment and management company.

Number of employees: 75

Portfolio: Developed more than 1.3 million square feet of residential and commercial space, including 1,280 housing units.

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