

**Summary of proposed purchase of the Thornewood Inn by the CDCSB
for conversion to Workforce Housing**

EXPRESSION OF INTEREST - GBAHT GRANT SUPPORT



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Executive Summary

The Community Development Corporation of Southern Berkshire (“CDCSB”) is exploring a variety of avenues for developing and preserving alternative forms of housing—centered on workforce housing. To that end, the CDCSB has entered into an agreement to purchase the Thornewood Inn in Great Barrington for conversion of the lodging facility to community workforce housing. The Inn currently has 14 rooms which are readily converted to single room occupancy units. The objective is to make these rooms available on an affordable basis to people employed in Great Barrington or adjacent areas. We plan to work with the local business community to ensure that the occupancy fees are affordable, and also give our local partners the opportunity to house their workers. The closing on the purchase is targeted for November 30, 2023.

The Thornewood Inn

Located at 453 Stockbridge Road (just north of Route 183) the Inn rests on a 2.7 acre lot and was built in 1973 by current owner/operators David & Terry Thorne (David is a current CDCSB board member). The property is currently active and has been well maintained over its 40+ year life. Its 11,700 sq ft. of usable space¹ includes 14 private rooms of varying size each with a private bath. In addition, the main floor includes a 2,500 square foot dining room and commercial grade kitchen. The restaurant has not been operational for several years due to the pandemic and staffing concerns. There is ample room for parking on the property with capacity estimated at 50 cars.

¹ The seller will retain a portion of undeveloped property; the parcel is being surveyed and size will be shared.

Plan of Operations

The plan of operations for the property are summarized below are subject to further discussions with the various stakeholders including the town of Great Barrington, sponsoring employers and various financing partners.

- The property will be used to provide an economical housing alternative to persons working in Great Barrington (private businesses, government or non-profits).
- The financing plan does not rely on state or federal sources in order to allow such a local preference.
- The rooms will be offered on a month-to-month basis with occupancy fees that are aligned with workforce housing rent rates (to be confirmed).
- The financial plan will include sponsoring partnerships with local employers, which may include preferences for a specified number of rooms.
- The commercial kitchen will be converted to a more traditional residential kitchen space to be shared by the residents.
- An onsite resident manager (compensated with free lodging plus salary) will occupy one of the rooms and will be responsible for certain administrative and oversight functions.

Expansion of the Property

We plan to explore the conversion of interior spaces in the Inn to 3 additional rooms, which would increase the number of available rooms from 14 to 17. In addition, there is ample room on the lot to develop additional housing, potentially in the form of tiny or starter homes which would provide additional housing capacity and operational efficiency.

Financing Plan

The negotiated purchase price represents a significant discount to its appraised value. The CDCSB estimates that the property will be self-funding after its initial 12-24 month conversion/ramp-up period, and with future plans to explore an expansion from 14 to 17 rooms. The working capital reserve has been sized to provide sufficient funding for projected cash flow shortfalls during the initial 12-24 month period.

Funding request

The CDCSB has a goal to raise \$375,000 for the equity needed for the purchase, closing costs, and initial repairs, and to establish a \$75,000 working capital reserve. We will submit a full proposal according to the published RFP.