

the Prince of Petersburg

Dave McCormack takes an unconventional approach to development, preserving the stories of the buildings he renovates

By Kate Andrews

In 2003, writer and musician Dave McCormack, now 49, took an unlikely plunge into real estate development, buying a derelict warehouse in downtown Petersburg to renovate into market-rate apartments. It was full of pigeons — living and dead — and covered with their droppings.

Because conditions were so bad inside the building, he lived in a Lazydays trailer in the parking lot, using coal for heat and visiting the warehouse for bathroom breaks, where he had rigged up a toilet. “During the winter, it was painfully cold, and we would sometimes fire up one of those construction heat cannons just to stay warm,” he recalls. “It was like urban camping for a couple of years.”

Mary Killmon, his wife, first met McCormack during this period. Her friend had said she might like the “quirky brother” in Meanflower, an acoustic folk-rock band McCormack founded in the early 2000s with his brother Tom. “Standing in the warehouse, looking at a swampy-looking lot with abandoned cars, he was rattling off all the things it could be,” she says.

McCormack and his brother had previously

renovated a home in Richmond’s Battery Park, and he had worked on his own house on Grace Street, but this was a much bigger project — and a much bigger risk.

In his early 30s, despite success as a freelance writer and musician, McCormack felt something was missing from his life. “I remember really clearly writing about people who were doing all of this interesting stuff,” he says. “One day, I was like, ‘What am I doing? What’s the big picture?’ That’s when I rented my house out and moved to Petersburg and kind of lived off the grid. I think I was looking for something really different.”

In other words, living in a Lazydays trailer for two years as he spent seven years transforming the woebegone warehouse into part of Mayton Transfer Lofts, a 218-apartment complex in downtown Petersburg.

“Mom was worried,” McCormack says, but “I have always, always, always wanted my own business.”


BUILDING TRUST

Because he didn’t have the money to pull off a big development in Richmond, McCormack had looked south to Petersburg, where he >



TRAPEZIUM
BREWING CO.

TRAPEZIUM

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purchased the warehouse for just \$98,000 — 30 cents per square foot. At the closing, because the property needed so much work and because McCormack had secured a big tax credit for the project, he actually came away with a small surplus.

During the seven-year effort, McCormack and his partners weathered a fire, coped with termite tubes “as big as stalactites,” and launched a property management business that provided some much-needed income during the 2008 financial downturn. But Tony Collins of Axis Development, who was a partner on this project and others, says he and McCormack were certain that an expansion of Fort Lee would lead to greater housing demand in Petersburg and ensure the project’s success.

“We knew there would be a market, a pent-up demand,” Collins says. “We knew we had a good location.”

McCormack and Collins had plans for other ventures, but the recession made it difficult to find funding, both say, and the two parted ways. Collins left Petersburg for Sarasota, Florida, where he now works in real estate.

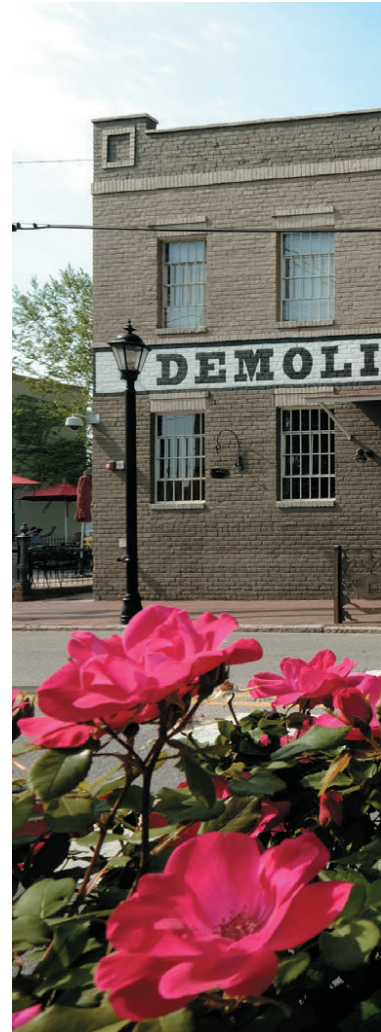
Despite the financial challenges, Collins says, “Dave did a great job weathering that storm. He’s a good asset to Petersburg.”

State Sen. Rosalyn R. Dance, who represents Petersburg in the Virginia Senate’s 16th District, was mayor when McCormack bought the first warehouse. She recalls that the city was still recovering from a catastrophic tornado in 1993 that damaged or demolished 58 buildings in Old Towne Petersburg, including many that had been recently renovated.

The city had been “on the edge of an economic renaissance at the time of the tornado,” she says, but a decade later, “Banks were not encouraging people to invest in Petersburg.”

As mayor, Dance knew that McCormack was living in the RV near the warehouse and working on renovations. “You’d see him, and he was just a regular guy who had a dream,” she says. “He’s definitely a visionary person who marches to his own drummer.”

As the first project in a wave of development in Petersburg and the only big property downtown, progress on Mayton Transfer Lofts was “very quiet and slow,” McCormack recalls. But the eventual success of the complex, which was rented out completely even before Fort Lee’s expansion in 2011, was enough to give McCormack a taste for more.



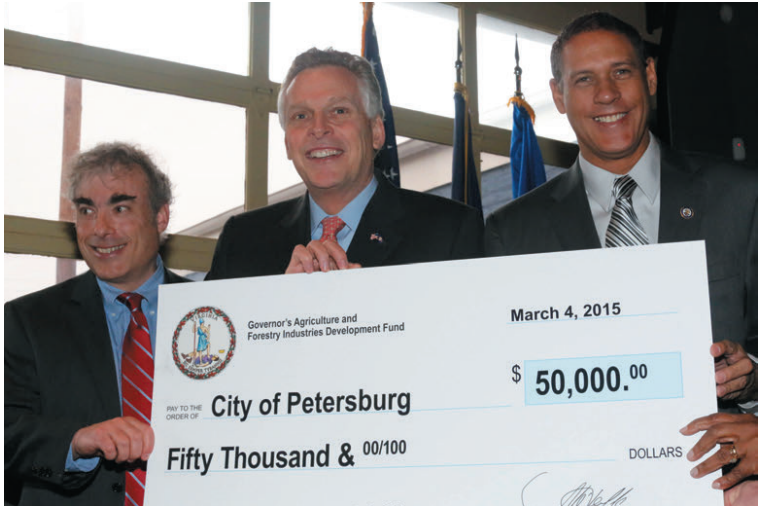
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McCormack worked with banks and investors to raise money, which was difficult during the economic downturn in 2008, all the way up through 2013, as the economy began to rebound.

But there were some bright spots. After he completed his first project in Hopewell, a \$6 million renovation that transformed the historic James E. Mallonee School into apartments in 2009, city administrators and lenders were more willing to put faith in McCormack. He started new projects there, including a long-delayed fried chicken and doughnut venture known as Fat Babs that is now on track to open by the end of this year, he says. He also started working on projects in the town of Blackstone, where Fort Pickett is constructing a new Foreign Affairs Security Training Center.

McCormack renovated additional historic buildings in Petersburg to create Demolition Coffee and Trapezium Brewing Co., and he developed more apartments in Petersburg, Hopewell and Blackstone.

Dance says that the impact of McCormack’s projects — partic-



COURTESY WAUKESHAW DEVELOPMENT; JAY PAUL

ularly the brewery and the coffee shop — has led to more investment by other developers and provided meeting places for people in the tri-cities region.

“Demolition Coffee is the place,” Dance notes, “where the up-and-coming leaders and elected officials meet each other. It has become part of the community.”

After starting with the single warehouse, McCormack’s company, Waukeshaw Development, now has close to \$100 million in investments, some with co-investors. Recent projects include numerous residential properties; another craft brewery, Beale’s Brewery in Bedford County; and a newly purchased golf course in Amherst County. Contractors there are putting finishing touches on a western outpost for Trapezium Brewing Co., called Camp Trapezium, in a former mill in Amherst County. McCormack also has plans for a boutique hotel in Bedford, a visitors’ center in Wilson, North Carolina, and a malting facility and craft distillery, Big Trouble, in Old Towne Petersburg.

[Clockwise from left] Trapezium Brewing Co. taproom; Demolition Coffee Co.; McCormack (with former Gov. Terry McAuliffe) accepting a grant from the Governor’s Agriculture and Forestry Industries Development Fund for Big Trouble distillery; McCormack’s first project, the Mayton Transfer Lofts

Waukeshaw typically purchases its properties from municipalities. A private seller usually wants to get the highest price at purchase, while a municipal government is willing to wait for what McCormack builds and to reap the fruits of its effect on tax revenue, giving him more time to work and raise money. His projects often take several years, with the first two or three years devoted to getting approval on zoning and plans, as well as securing state historic tax credits, which McCormack says is getting “harder and harder to do.” Extensive repairs and renovations may take additional years.

Emily Sanfratella, Waukeshaw’s chief operating officer, started working at the Mayton Lofts leasing office in 2010 while she was a tenant. “It felt like this amazing adventure,” she recalls. “You could see the transformation right in front of your eyes.”

She likens the experience to working at a startup, with everyone learning by trial and error through hard work. | CONT'D ON P.130 >

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McCormack expects a lot from his employees, in part because he's willing to do any job, from plumbing to filling out tax forms, but he isn't a heavy-handed manager. "I think what I really love about my job is coming into an unknown situation or chaotic situation and making it work," she says.

In Petersburg, McCormack has more than \$10 million in investments. He sold Mayton Lofts last year for \$21.5 million — the largest private investment in the city in several decades — to Richmond-based real estate investment and management company Capital Square 1031. Although his work has taken him to other localities, Petersburg remains the home base for Waukeshaw.

"I think the fact that he has his headquarters here is a positive, and it's wonderful that he's expanding his business beyond Petersburg," says Reginald Tabor, the city's economic development manager.

Mayor Sam Parham calls McCormack a "transformative developer and catalyst," one of the people who motivated him to run for Petersburg City Council. "He was there when everyone else had bailed or was trying to bail on us," Parham says. "He's got his own little town down there: McCormackville USA."

AN ADVENTUROUS SPIRIT

The oldest of four siblings, McCormack and his family lived in New Jersey and Pennsylvania before moving to Midlothian when he was in ninth grade. He and his two brothers all played music together, and everyone took piano lessons after his mom, Carol, inherited a piano from her aunt. McCormack showed a flair for writing at a young age, Carol recalls. Also present, his dad John says, were a strong work ethic and a sense of adventure.

McCormack and Tom, born 13 months apart, started a business washing windows and cleaning gutters for neighbors throughout high school. McCormack went to Roanoke College and later transferred to Virginia Tech, graduating with a degree in geophysics. After graduating, he and Tom, along with a friend, headed to Alaska to work in a fishery.

After more traveling and starting a professional writing career for several local publications, including Richmond magazine, McCormack returned to Richmond in 1997 to get a master's in fine arts in writing at VCU. At the same time, he and Tom worked on their first renovation project, a house they flipped in Battery Park. Just like the warehouse in Petersburg, Carol was appalled at the condition of the rundown home. "Oh, my God, it was so disgusting," she recalls. Carol says Dave's adventurous spirit comes from his father: "He'll try anything."

After meeting Killmon, McCormack found a partner who also is up for just about anything. A talented photographer and the former manager of Demolition Coffee and Mayton Lofts, Killmon stopped working five years ago after having their third child in four years.

These days, she cares for 8-year-old Holiday, 6-year-old Bear and 5-year-old Birdsong, as well as multiple pets. They live in a renovated school — another Waukeshaw project — in Cape Charles on the Eastern Shore, close to her family, with plans to build a house nearby later this year. McCormack is usually home Fridays through Mondays, then back on the road for the rest of the week.

But Killmon enjoys their life. "We're on this big roller coaster ride, and we love it," she says. "We're both kind of flexible like that. He's accomplished so much. But there are a million things he wants to do now. He wants to go to Puerto Rico and see what he can do there."

After years of worrying about her oldest child, Carol says, "Right now, I think everybody looks up to him. He does so much. We don't think he even sleeps. We all look to him to be the leader."



Dave McCormack on the production floor at Trapezium Brewing Co. in Petersburg

ON THE ROAD

On a chilly March day, McCormack drives down U.S. Route 460 west in a 1992 Mitsubishi Delica van with the steering wheel on the right side and speed measured in kilometers. It's street-legal, he assures.

One thing that's immediately apparent: This land is rural and not much like Petersburg.

These days, Waukeshaw Development is focused on small, underdeveloped localities within a couple hours' drive of Petersburg, with projects from Lynchburg to Wilson, plus several points in between.

With so many irons in the fire, he has to have a reason to invest in a locality, McCormack says, which requires discipline and judgment. Often, he says "yes" when a town or county has >

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a creative presence — perhaps a small arts or music scene that has succeeded despite financial distress.

“Petersburg is more diverse and dynamic” than some other communities,” he says. “As underserved as it was, it never lost its arts scene, and that’s a really important thing.”

While he’s been successful in transforming old industrial buildings, schools and other properties into apartment buildings and businesses, McCormack also has faced skeptical residents and other challenges, just as any developer does.

Often, he finds himself at public meetings where a prevailing view is that he’s an out-of-town developer who’s on the take after a municipality offers Waukeshaw a large property, sometimes for as little as a dollar. Most of the time, McCormack explains negative equity, which can happen when a city or county owns an old building that would be prohibitively expensive for the municipality to renovate and reuse, but that a developer can rehabilitate with the help of tax credits and state grants.

“A lot of times, people don’t understand ... it could cost [a municipality] millions and millions of dollars to renovate, and the cost would never be justified,” he says. What Waukeshaw tries to do with its tax credits and grants, McCormack says, is to offset the financial burden of creating something sustainable out of a municipal building.

Gentrification doesn’t come up often in these communities, McCormack says, because they’re hungry for jobs and commercial development, and often, his projects are not in or near residential neighborhoods.

That’s the case in Petersburg, where Mayton Lofts and several other McCormack-owned properties were in an industrial area and didn’t displace any residents, says Tabor, the city’s economic development manager.

“I would venture to say that of all the developers, especially in the downtown area, he has had the most significant impact,” Tabor says. “I think the success of his projects has demonstrated to other developers that they can be successful. We are receiving a lot of interest in development opportunities, and a lot of the buildings — the historic buildings that were available for adaptive reuse — are now developments.”

McCormack often sees potential where many see an eyesore or an overwhelming challenge, and at this point in his career, towns and counties are coming to him asking to develop property. “We actually say no a lot,” he says.

“There’s more to it than just crunching the numbers,” he says. “If you’re in a really beautiful environment, it can’t help but work out in some way. I love those undiscovered gems. I feel like Amherst is that, Bedford is that, Blackstone — there are all these gems out there, and we’re happy to be working there. And all of this started at the time because I couldn’t afford to invest in Richmond.”

TELLING A STORY

An Amherst County mill is under renovation to become Camp Trapezium, a tasting room and western location for McCormack’s Petersburg-based brewery that he hopes to open this summer.

Inside the mill, rough-hewn wooden beams, flour sifters, levers and antique signs showing prices for dog food, flour and cornmeal appear to have been untouched in decades. That’s by design, though.

“We want people to experience it like a raw, old mill,” McCormack says. When he and his contractors started work a year and a half ago, “everything was termite-eaten.” They had to use all-new lumber to rebuild the mill and try to retain as much of the original equipment as possible.

“These pieces and parts of the mill are irreplaceable,” he says. “They help tell the story. None of it’s junk. The thing that binds this all together is storytelling. It’s risky. It’s creative. I don’t mean financially risky. You’re putting your ideas out there, but when it works out, there’s an emotional payout.” That payout, he says, “trumps the financial a hundredfold.”

In some ways, McCormack says, he’s perfectly suited to be a developer of historic properties because of his background as a storyteller and a writer, especially when he’s talking to officials and the public about plans. “We’re in branding more than anything else,” he says. “That is critical that we’re telling that story in a way that’s compelling and fun, and I see it as one of the most creative things you can do.”

Now he’s off to Winton Country Club, which Waukeshaw bought last year for \$800,000. The 285-acre golf course is off Route 151, not far from the cluster of successful Nelson County beer brewers and cideries. McCormack notes that he doesn’t know how to run a country club — and neither does anyone else at Waukeshaw — but he takes the same approach as usual, asking the members and the staff for their input, making only a few initial changes. He plans to get rid of the country club label because it’s clear that’s not what Amherst residents want.

After checking in with the mill and the golf course, McCormack is off to Bedford, a town perhaps best known for its National D-Day Memorial. Downtown, there are signs of life: a small-town Main Street with shops, plus Beale’s Brewery, which McCormack opened two years ago.

Bedford may seem like a sleepy town, but McCormack is working on several other projects there, including converting two defunct high schools into multi-use facilities and building a new boutique hotel.

“Bedford is tidy, and people care,” he says, and there are artistic interests, such as its symphony, which performs at the former high school’s auditorium. “We don’t need a ‘budding’ community, but [we] do need faith there will be upward movement. It really is a gut instinct.” ■

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—DAVE MCCORMACK