



THE EMPIRE HOTEL

An RFP for Redevelopment

OFFERED BY:

Downtown Salisbury, Inc.

www.downtownsalisburync.com

Introduction

Downtown Salisbury, Inc. (DSI) is seeking a qualified developer to purchase and redevelop the historic Empire Hotel, located in downtown Salisbury, North Carolina. Proposals will be received electronically by DSI up to 5:00 pm on November 2, 2020. Interested developers should carefully review the information included in this RFP to ensure their proposal contains all elements required by DSI as described on page 5 under *Submittal Process*.

Ownership

DSI is a private 501c3 non-profit organization responsible for managing redevelopment activities in the Downtown Salisbury Municipal Service District (MSD). DSI purchased the Empire Hotel property in 2007 as a step toward identifying a developer to complete an adaptive reuse project of this property. Since that time DSI has entered into a contractual relationship with developers on two separate occasions. Primarily due to the downturn in the economy and COVID-19 neither contract resulted in a project moving forward. DSI currently has no contractual obligations with a developer and is seeking a qualified developer to purchase and redevelop the Empire Hotel as part of a redevelopment plan that will add to the existing economic vitality of Downtown Salisbury.

Location

Salisbury is the county seat of Rowan County, North Carolina, and benefits from its proximity to Charlotte, Greensboro, and Winston-Salem. With a city population of 34,058, its location along the I-85 corridor provides easy access to a sizeable population base. There are 750,802 people within a twenty-five-mile radius. A seventy-five-mile radius yields a population of 5.3 million while a 200-mile-radius contains over 18.8 million residents.

The project site is located less than a mile from exit 76 (Innes Street), the premier I-85 exit for Salisbury, where traffic volumes average 29,500 vehicles per day. Approximately one mile from I-85 East Innes Street intersects with Main Street in downtown Salisbury. This intersection has an average daily traffic volume of 19,000 vehicles.

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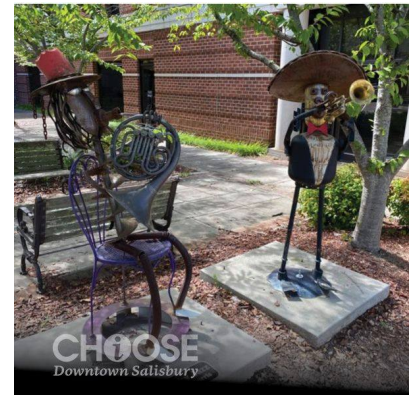


The Empire Hotel is located in the 200 block of South Main Street (west side), occupying a majority of the block face.

Community Profile

Many ingredients combine to make Salisbury a unique and vibrant community in which to invest:

- ✚ Proximity to I-85
- ✚ County seat (Rowan County)
- ✚ Large downtown district comprised of more than twenty city blocks of restaurants, shops, entertainment venues, services, offices, and governmental centers for both the City of Salisbury and Rowan County
- ✚ Four colleges (Catawba College, Livingstone College, Rowan Cabarrus Community College, and Hood Theological Seminary)
- ✚ Three downtown theatres (The Norvell Theater, the Meroney Theater, and Lee Street Theatre)
- ✚ 115 downtown apartments
- ✚ Two downtown Air BNBs
- ✚ Ten National Register historic districts (five of which are local historic districts)
- ✚ Historic Train Station used by Amtrak for passenger train service
- ✚ An active park system encompassing 28 parks and properties maintained by the City of Salisbury
- ✚ Home to the Salisbury Symphony Orchestra, a professional orchestra dating back to 1967



Salisbury is an accredited Main Street community by Main Street America and has been participating in the North Carolina Main Street Program since its establishment in 1980.

The local current property tax rate is \$1.5531 per \$100 of valuation (combined county, city, and MSD taxes).

History of Downtown Investment

Downtown Salisbury has experienced significant public and private sector investment in the MSD. Since its beginning as a North Carolina Main Street community (1980), a combined \$160,339,828.00 in public and private sector investment has taken place. This trend is continuing today with the development of Bell Tower Green, a privately funded \$12 million park under construction two blocks from the project site, scheduled to be completed in Spring 2021. Bankett Station, a \$5 million project that is underway, includes a 12,000 square foot two-story mixed use development and a 9,000 square foot warehouse rehabilitation on the corner of East Innes Street and South Lee Street. Smaller adaptive reuse projects (\$200,000 - \$500,000) are underway in two other downtown locations.

Project Details

Physical Description

Built in 1855 with a renovation in 1907 by Frank Milburn, the Empire Hotel encompasses 102,000 square feet over 3 floors. The Hotel is located on a 1.39-acre site that includes 58 dedicated parking spaces in the rear of the buildings. The upper floors of the hotel are vacant and undeveloped. The Empire Hotel has four wings coming off the rear, two of which contain old hotel rooms on the upper floors. The old hotel rooms are roughly 13' x 15'. All rooms have windows and most pairs of rooms share a bath. The building is structurally stable and has two first floor tenants.

A mid-block alley to Main Street is included with the property. There is also a City-owned alley that provides access to Bank Street and Fisher Street.



Zoning

The property is zoned DMX (Downtown Mixed Use) and is in a parking-exempt area.

Historic Status

When the Empire Hotel was renovated in 1907, the façade spanned across the adjacent Montgomery Ward building. While both properties are owned by DSI and combined as one tax parcel (referred to throughout this document as “the Empire Hotel”) for the purpose of historic tax credits, the National Park Service has deemed that this project will be reviewed as two separate projects, the Empire Hotel and the Montgomery Ward Building. These properties are identified as a contributing building to the Salisbury Historic District and are listed on the National Register of Historic Places as one entry in 1975. They are also recognized as contributing to the Downtown Local District. Both properties were certified by the National Park Service as contributing to the Salisbury Historic District in February of 2017, a certification that will remain valid until February of 2023.

The Empire Hotel is designated as a historic landmark by the City of Salisbury, providing for a 50% property tax deferment to be applied for annually to the tax assessor’s office so long as the property maintains its landmark status.

Financing Tools and Incentives

This project is eligible for a combined 40% Historic Tax Credit (20% federal and 20% state), New Market Tax Credits, and Opportunity Zone funding. In addition, the City of Salisbury has a track record of developing and offering grants for downtown projects, in particular those that generate upper floor residential units. The total incentive package for this project will be based on the proposed dollars to be invested, the estimated

future tax dollars generated from the completed project, and a defined financial gap in the pro forma analysis provided by the developer. The City of Salisbury has demonstrated a desire and commitment to support the redevelopment of the Empire Hotel.

Available Documents and Studies

The following documents specific to the property are available:

- ✚ Phase I (2016) and Phase II (2017) environmental assessments
- ✚ As-built floor plans

The following plans and studies specific to Downtown Salisbury and the community are available:

- ✚ Downtown Salisbury Market Snapshot, 2019, NC Main Street Program
- ✚ The Economic Impact of Downtown Salisbury Residential Apartments, 2019, DSI Economic Vitality Committee
- ✚ Development Finance Initiative's 2020 market analysis of office, retail, multifamily, and hospitality in our downtown. This document can be accessed [here](#).
- ✚ Comprehensive Parking Study, completed 2019 (Available upon request)

Sale Price

The current tax value is \$984,414. The purchase price is subject to negotiation. The developer shall state a proposed purchase price as part of their proposal.

Development Requirements

Uses

DSI recognizes that current market trends and data will drive the uses for this property. With that said the following information should be reflected in any development plan submitted to DSI for consideration:

- ✚ The ground floor spaces facing South Main Street should be comprised of retail, mercantile, business, restaurant, or other similar commercial uses (not residential).
- ✚ Residential apartments must be market rate.
- ✚ The historic ballroom, located on the second floor of the Empire Hotel, shall be retained and restored as an open space.



Timelines

The developer who is awarded this project must be prepared to execute an option contract and provide a hard money deposit of no less than \$50,000.00 within three months of notification of the award. The developer shall submit a construction timeline

within six months of notification of the award. Proposals with an aggressive timeline for construction and completion shall be given priority.

Proposal Process

Submittal Process

All proposals should be submitted electronically via email to the Empire Redevelopment Task Force Chair, Whitney Wallace Williams at wwallace@wallacegraham.com, no later than 5:00 pm on November 2, 2020. Proposals must include the following information:

- ✚ Description of project, including specific uses for each portion of the property
- ✚ Number of units, with range of sizes (square feet, number of bedrooms and bathrooms) and range of rates
- ✚ Funding model with sources and uses
- ✚ If a financial gap is determined, a pro forma analysis must be included to demonstrate the gap, and a suggestion of how to close the gap
- ✚ Timeline for completing the project, from notification of award to placing the project into service, including major steps within the anticipated process
- ✚ Developer qualifications, list of similar projects developer has completed including location, dollars invested, uses, and contact information for a person in the community where the development took place that can speak to the developer's capabilities and work ethic

Review Process

DSI will review all proposals no later than ninety (90) days of the deadline for submittal. All developers who submit a proposal that DSI deems worthy of exploring further will be invited to make a presentation, either virtual or in-person. It is the intent of DSI to notify the developer of its developer selection no later than ninety (90) days of the deadline for submittal.

Disclaimer

DSI has made every attempt to ensure the accuracy of the information contained within this document yet shall not be held liable for any errors in the content of this RFP. It is the responsibility of the developer submitting a proposal to verify all information pertinent to their proposal.

Contact Information

For more information and to schedule a tour of the property please contact:

Whitney Wallace Williams

Empire Redevelopment Task Force, Chair

704-213-4556

wwallace@wallacegraham.com