

# APPALACHIAN COMMUNITY CAPITAL

IN PARTNERSHIP WITH PROGRAM SPONSORS



## REQUEST FOR PROPOSAL (“RFP”) FOR OPPORTUNITY APPALACHIA PROJECT TECHNICAL ASSISTANCE

**Project Sponsor:** City of Shelby, Shelby, NC

**Project Name:** The Hotel Charles (Project Summary provided in Attachment B.)

**Release Date:** June 20, 2022  
**Proposal Due Date:** July 22, 2022  
**Selection Date:** July 29, 2022  
**Contract Period:** July 29, 2022 – February 28, 2023 (or later)

## REQUEST FOR PROPOSALS

### *Technical Assistance for Opportunity Appalachia Projects*

#### I. Overview of Request for Proposals

Appalachian Community Capital (ACC) seeks contractual support for specified Technical Assistance for real estate project development.

The Technical Assistance contractor will report to the Program Manager of Opportunity Appalachia. The requested Scope of Services is noted in Attachment A, and may involve:

- Developer solicitation and selection with hotel experience
- Market research/demand assessment
- Architectural and design assessment
- Development of investment prospectus and financial structure with expertise in historical tax credits
- Capital raise
- And other types of support

Entities interested in providing Technical Assistance must complete the Request for Qualifications RFQ, as noted on the [Opportunity Appalachia](#) webpage and found [here](#). Proposals will be evaluated on contractors' qualifications (per the RFQ), expertise, track record, Scope of Work, budget/timeline, and other project requests.

#### II. About Opportunity Appalachia

[Opportunity Appalachia](#) will provide technical assistance to develop and structure investable transactions, and it will create investment prospectuses and pitch decks that will be used to bring investment to rural and downtown communities. Investment priorities include projects focusing on downtown development, manufacturing, IT, healthcare, education, food systems, clean energy, heritage tourism, and recreation.

The program recently announced selection of 34 projects to participate in the program to bring jobs, business support, and investment to Central Appalachia. The selected projects propose to create over 1,600 permanent and 190 construction jobs and attract over \$177M in financing to develop textile manufacturing facilities; downtown development; community centers; health, wellness, and childcare centers; food and agricultural facilities; hotels; and retail enterprises in downtown and rural areas across Central Appalachia.

These proposed projects are signals of the growing investment potential in our rural and downtown communities in Central Appalachia. Opportunity Appalachia will work closely with private investors, banks, Community Development Financial Institutions, New Markets Tax Credits investors, Historic Tax Credit Investors, and Federal agencies to highlight participating communities and access financing for transactions.

Once project technical assistance is completed, a highly visible Investor Convening event will be held in early 2023 that will target both local and pre-vetted national investors, as well as federal and state funders. A curated web-based platform hosting prospectus / pitch decks will also be made available to facilitate investor due diligence.

The program is supported by the Appalachian Regional Commission, the US Department of Treasury CDFI Fund, Truist, Goldman Sachs, and the Dogwood Health Trust.

### III. About the Appalachian Region

The Appalachian Region, as defined in ARC's authorizing legislation, is a 205,000 square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. Forty-two percent of the Region's population is rural, compared with 20 percent of the national population.

The Appalachian Region's economy, which was once highly dependent on extractive industries, has become more diversified in recent times and now includes larger shares of manufacturing and professional services, among other industries. Appalachia has made significant progress over the past five decades: its poverty rate, which was 31 percent in 1960, had fallen to 16.3 percent over the 2013– 2017 period. The number of high-poverty counties in the Region (those with poverty rates more than 1.5 times the U.S. average) declined from 295 in 1960 to 98 over the 2013–2017 period.

These gains have transformed the Region from one of widespread poverty to one of economic contrasts: some communities have successfully diversified their economies, while others still require basic infrastructure such as roads, clinics, and water and wastewater systems. The contrasts are not surprising considering the Region's size and diversity—the Region extends more than 1,000 miles from southern New York to northeastern Mississippi, and it is home to more than 25 million people.

#### Target geography

Central Appalachia – North Carolina, Ohio, Tennessee, Virginia, West Virginia



### IV. Project Timeline

It is anticipated that the contractor will be selected by July 15, 2022 for an estimated contract start date of July 15, 2022 through February 28, 2023.

## V. Instructions to Submit a Proposal

Contractors seeking to provide the full suite of TA services should submit the items listed below. It is expected that one proposal should include all requested services, which may mean that multiple entities are providing services, with one identified lead contractor.

- Scope of Work (max 3 pages) describing proposed activities to be undertaken as requested in Attachment A, with identified staffing (lead and support) for each work element.
- Budget that defines deliverables, rates and proposed payment schedule including indirect costs. A Not to Exceed cost for the full engagement must be provided; costs not to exceed \$75,000. Payment Schedule to be based on deliverables / outcome milestones.
- Timeline for Scope of Work, with deliverable milestones.
- Biography/resume for all staff noted in proposal (or provided in RFQ response).
- References from current or prior clients, including name, title, organization, contact information, and a brief description of the relevant work performed (or provided in RFQ response).

Please submit responses via email in one pdf attachment by Proposal Due Date to Kathryn Coulter Rhodes [oa@acc1.org](mailto:oa@acc1.org).

## VI. Proposal Evaluation

ACC will select contractors through a competitive process based on the following criteria.

- Qualifications (per those provided in the RFQ), expertise, track record, and staff bios.
- Scope of Work and Timeline
- Budget
- Requests from project sponsors

# Attachment A

Requested Scope of Services

**Project Sponsor:** City of Shelby

**Project Name:** The Hotel Charles

Project Summary provided in Attachment B.

## TA Requested

- Market Study including forecasted occupancy and operating projections (updated from 2017, per note below.)
- Architectural design and Engineering assessment.
- Real Estate appraisal.
- Financing structure and investment prospectus, including use of Historic Tax Credits.
- Developer solicitation and selection, including identification of hotel operator. Expertise with historic properties a priority.

Additional notes:

- A market analysis and prospective investor package and preliminary architectural construction documents were done for this project in 2017. All work needs updating.
- The project has Part I and Part II approval for the historic preservation tax credits from the US Department of the Interior.

# Attachment B

## Summary Information

**Lead Contact:** Rick Howell

**Applicant Organization:** City of Shelby

**Address:** 300 South Washington Street, Shelby, NC 28150

**Phone:** (704) 484-6800

**Email:** rick.howell@cityofshelby.com

## Community Information

1. Communities targeted by this application (municipality(ies), county(ies), and census tract(s):  
Note: See Appendix I for a list of eligible counties.

Shelby, NC, in Cleveland County, NC. Census Tract 9511

2. Service area of applicant (note if different than above, or note same): The service area would be focused on Shelby, NC, but would also serve all of Cleveland County, NC.
3. Community Development Strategy(ies): This project aligns with the community's priorities on downtown development, local business assistance, and heritage tourism. Shelby has a thriving downtown economy based around locally owned small businesses, as well as the Earl Scruggs Center and the Don Gibson Theater. This hotel would also be within walking distance of the Rails to Trails trail in Shelby. More information about the importance of tourism to Shelby and Cleveland County can be found in the following:  
Cleveland County Visitors Center - <https://landofrhythm.com/>  
Uptown Shelby - <https://uptownshelby.com/>  
Charlotte's Backyard - <https://charlottesbackyardnc.com/>  
14 Fantastic Things to Do in Historic Shelby: <https://www.travelawaits.com/2742113/shelby-nc-best-things-to-do/>

The project also aligns with the regional Comprehensive Economic Development Strategy (CEDS) as developed by the Foothills Regional Commission, the regional council of governments. Goal 2 of the CEDS is "Develop Targeted Industry Clusters" with Tourism being identified as one of the three primary industry clusters. This project would align with this goal through the redevelopment of a historic hotel that will allow tourists to stay in Uptown Shelby and spend more time and money in Shelby, Cleveland County and surrounding counties.

## Project Information

4. Proposed Projects (list up to 3):
  - I. **Name of Project, address:** The Hotel Charles, 106 South Lafayette Street, Shelby, NC 28150
    - **Size in Sq Ft.:** 32,000
    - **Total anticipated financing need \$:** 7-8,000,000
    - **Financing identified/anticipated, list source and dollar amount or note 'None':** There are some local private investors who have expressed interest in providing partial investment into this project, but the amount of investment would have to be determined after the Technical Assistance work is

completed. Through prior work done by Holland and Hamrick Architects, this project has already been approved to receive a historic tax credit from the US Department of the Interior.

- **Project description (include url link if available):**

This project is the restoration and redevelopment of the historic Hotel Charles in Shelby, NC. The project will be the conversion of the roughly 32,000 sq ft, 3-story historic property into an upscale-boutique hotel, with approximately 36 rooms. Once completed, the hotel will offer guests walkability to Uptown restaurants, local tourist attractions, event venues, and walking trails.

The first stage of this project would be to identify a developer with history in working with hotel development who could take over the project and see it through to completion.

The project would allow for a developer and/or investor to invest in the community and own an upscale hotel right in the midst of Uptown Shelby, a thriving area that has a strong need for hotel rooms due to an increase in tourism and the growing number of locally owned businesses within walking distance of the hotel. Shelby has a lively and expanding heritage tourism and recreation economy and has been attracting a growing number of tourists over the last decade. The one thing lacking in Uptown Shelby is hotel space to house tourists while they are visiting the city and the region. The Hotel Charles is surrounded by numerous cultural amenities including the Don Gibson Theater, Earl Scruggs Center, Newgrass Brewing, and over 100 annual festivals and regional events. The Tryon Equestrian Event Center is only a 30 minute drive away. This hotel also has the opportunity to cater to individuals and groups visiting Gardner-Webb University, as well as corporate business travelers visiting Cleveland County.

With the space available inside the hotel, there is the possibility of hosting events such as weddings and banquets.

The property is currently owned by the Bank of the Ozarks. The Bank formerly used to utilize portions of the second and third floors as office space, but no longer do so. The main lobby of the hotel remains intact from when it was the Hotel Charles. Work would need to be done to update the main lobby, redo the hotel rooms on the second and third floors, as well as electrical and plumbing work.

- **Community Impact (quantify / provide estimates):**

This project would create jobs for renovation of the hotel, as well as create new long-term jobs for those who will work in the hotel. This project would support community economic development plans by providing a place for tourists to stay while they are visiting Shelby, and Cleveland County, which will result in increased hospitality taxes, sales taxes, and revenue for nearby locally owned businesses. This project anticipates 25-30 new jobs created and the estimated hospitality tax for year 1 of operation is approximately \$86,000.

- **Name(s) of project sponsors, developer, and/or business owner, if identified:** City of Shelby

- **Technical Assistance Needed:**

1. Market assessment
2. Financing structure
3. Developer Identification
4. Architectural drawings
5. Capital raise

The first stage of technical assistance would be to identify a developer with history in working with hotel development who could take over the project and see it through to completion. In 2017 supporters of this project were able to prepare a market analysis and prospective investor package for this project, which outlined the scope of work and estimated cost of the project. Both of these would need to be updated. Additionally, Holland and Hamrick Architects have done preliminary architectural construction documents, but these may need to be updated as well.

- **Describe the connection to other proposed projects listed on this form (if applicable):**N/A

5. **Clean Energy Focus:** During the scope of redevelopment of the hotel, all efforts will be made to make the building as energy efficient as possible.
6. **Applicant Capacity:** What is the relationship of the applicant to the community? How has the community demonstrated its support of the project(s)? Describe the applicant's role and capacity for completing or overseeing project activities: The City of Shelby will serve as the applicant for this project and has extensive experience in project management and real estate redevelopment. However, the first goal of this project will be to identify a developer who can come in and take over the full development of this project through to its completion.