

Case Studies in

AFFORDABLE HOUSING Through Historic Preservation



Number 4: Northern Hotel, Fort Collins, Colorado



Photo credit: Fort Collins Library

Case Study Highlights

- **Combined use of the Historic Rehabilitation Tax Credit and Low-Income Housing Tax Credit**
- **Mixed use of residential and commercial**
- **Combined use of historic wood window repair and wood window replacement**

The Northern Hotel, located in downtown Fort Collins, Colorado, operated as an “elegant,” “first class” hotel by 1905. In the mid-1930s, the primary facades of the 115-room, four-story hotel were modernized with architect-designed Art Deco ornamentation and storefronts. Located just one block from the city’s two railroad depots and with popular restaurants, the hotel served both travelers and city residents for many years. With the eventual decline of rail travel and after a major fire in 1975 that left the two upper floors unusable, the Northern Hotel struggled to survive for nearly 25 years.

Prominently located within the Old Town Fort Collins National Register Historic District, the property was eventually condemned following several failed attempts to create an upscale hotel. In 1999, Funding Partners for Housing Solutions, a nonprofit Community Development

Financial Institution in Colorado, acquired the property for \$1.5 million and completed a major rehabilitation three years later. The Northern Hotel now provides 47 apartments for low-income seniors and the first floor retail space is leased to such tenants as Rocky Mountain Chocolate Factory and Starbucks Coffee Company.

Project Overview

Until the Northern Hotel closed in the late 1990s, it had operated with shops and restaurants on the first floor of the two street elevations. A series of facade modernizations had

PROJECT DATA

Current name:	Northern Hotel
Historic name:	Northern Hotel
Address:	172 North College Avenue Fort Collins, CO
Building type:	Hotel
Date of construction:	1879 with numerous renovations thereafter
Date of rehabilitation:	2000-2001
Old use:	Hotel, Restaurant and Retail
New use:	Apartments, Affordable Housing and Retail
Type of construction:	Masonry (brick)
Gross building area:	54,500 sq. ft. including the basement
Net rentable area:	48,000 sq. ft. including common space



National Park Service
U.S. Department of the Interior
Heritage Preservation Services

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While the upper stories retained their 1930s appearance, the storefronts on both streets had been dramatically changed.

occurred over the years, intended in part to maintain the marketability of the first floor commercial spaces. The last major storefront renovation occurred after the fire in 1975 and introduced a continuous row of contemporary arched openings. Much of the rest of the building, including the exterior on the upper stories, the two-story hotel entrance, and an impressive two-story hotel lobby, had not been significantly altered since the 1930s. Neither had the basic floor plan on the upper floors been changed. It consisted of guest rooms with paneled doors and overhead transoms opening off a double loaded corridor. The 1975 fire in the northeast wing and subsequent water damage had led to the closure of the upper two floors.

The purchase of the Northern Hotel and rehabilitation as affordable housing for seniors was an ambitious effort for Funding Partners for Housing Solutions, having been chartered as a 501(c)(3) organization just 3 years earlier. Partnering with them was the National Development Council, a national non-profit community and development organization founded in 1969. A limited partnership, Northern Hotel Fort Collins LLP, was formed for purposes of financing and carrying out the rehabilitation work. Since the development team was going to be seeking a Federal Historic Rehabilitation Tax Credit (HRTC) and also applying for a grant from the Colorado State Historical Fund, it was necessary to undertake historical research on the property. There was a wealth of old photographs and other material documenting the early appearance and subsequent changes to the building.

DEVELOPMENT SCHEDULE

<u>Event</u>	<u>Date</u>
Project initiated:	Sept. 1998
Architect hired:	Early 1999
Contact with SHPO initiated:	May 2000
Part 1 approval (HRTC):	June 2000
LITC approval:	Nov. 1998
with supplemental credits in early 2000	
Part 2 approval (HRTC):	Sept. 2000
Ownership structure organized:	Dec. 2000
Financing approval:	Oct. 2000
Construction initiated:	May 2000
Construction completed:	Nov. 2001
Building placed in service:	Nov. 2001

Notes:

SHPO: State Historic Preservation Officer

HRTC: Historic Rehabilitation Tax Credit

In January 2000, Funding Partners for Housing Solutions/ National Development Council submitted the “Part 1- Evaluation of Significance” of the Historic Preservation Certification Application to take advantage of the Historic Rehabilitation Tax Credit. With the recommendation of the



The hotel guest rooms with paneled doors and overhead transoms opened off the double-loaded corridors.



The storefronts on both street elevations were returned to their 1930s appearance.



The character of the historic corridors was preserved.

Colorado State Historic Preservation Office, the National Park Service (NPS) determined in March 2000 that the Northern Hotel was a “certified historic structure,” contributing to the Old Town Fort Collins Historic District.

In the same year, Funding Partners for Housing Solutions/ National Development Council obtained a \$450,000 grant from the Colorado State Historical Fund toward the \$1.5 million restoration of the building facade and hotel lobby. Supplemental Low Income Housing Tax Credits (LITCs) were obtained in mid-2000 to augment the Low Income Housing Tax Credits approved in 1998.

A local design build team, Alliance Construction Solutions (Contractor) and Vaught-Frye Architects, were hired in early 1999 to develop a preliminary scope of work and cost estimate. As the rehabilitation plans progressed the architectural firm and Funding Partners for Housing Solutions/National Development Council worked with the State Historic Preservation Office (SHPO), making changes to address historic preservation considerations. Detailed plans were prepared and in late May 2000, the “Part 2” of the

PROJECT FINANCING

Total Cost of Project

Acquisition	\$ 1,500,000
Rehabilitation*	\$10,191,725
Total	\$11,691,725

**Represents total costs—not just qualifying rehabilitation costs*

SOURCES OF FUNDS

Grants/Subsidies:

Total amount:	\$2,506,000
Sources: City of Fort Collins, Colorado Division of Housing, Colorado Historical Society (State Historical Fund), Federal Home Loan Bank of Topeka, and Fort Collins Downtown Development Authority.	

Debt Financing:

Source: US Bank	\$3,100,000
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Equity:

Source: NDC Corporate Equity Fund	\$4,935,677
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Sales Tax Rebate:

Total amount:	\$110,000
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Total:	\$10,651,677*
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**The development team deferred payment of \$ 1,040,048 of their developer’s fee to make up the difference between the total project costs and funding sources.*



Before/after. The lobby was preserved, the reception desk reused, and the overlook on the second floor restored as part of the rehabilitation.



Historic Preservation Certification Application describing the proposed rehabilitation was submitted to the SHPO and subsequently forwarded to NPS with a recommendation for approval. By September, the project had received NPS approval of the proposed work and construction was underway.

Rehabilitation Work

While the residential reuse of the upper three floors formed the core of the project, the space on the first floor, comprising some 12,000 square feet, represented an important part of the financial and operating plan for the building. Much of the first floor was available for retail or other commercial uses. The circa-1975 storefronts were neither contemporary enough to be of interest to potential tenants nor compatible with the historic character of the building. The development team examined various options and elected to restore the two street facades to an earlier period. Being located in the commercial part of Old Town Fort Collins, restoring the building's facade had a natural market appeal. While neither the storefronts from the Northern's opening in 1905 nor the 1930s renovation had survived, much of the exterior on the upper stories as well as the hotel entrance reflected the changes made during the Depression-era renovation. The current popularity of Art Deco aided the decision to restore the 1930s storefronts. Fortunately, the missing storefronts were well documented through an abundance of old photographs and the 1930s architectural drawings.

By the end of May 2000, Fenestration Services of Fort Collins had completed a window survey for the general contractor. The window survey established that most of the windows were original. The report noted that the windows



Before/after. Window sash on the street elevations were repaired and retrofitted with a piggyback interior energy panel.

had not been maintained in recent years but that the majority were in repairable condition. It recommended that the windows on the two street facades be repaired and those on the back of the building be replaced. This approach allowed windows salvaged from the back to replace windows on the street elevations that were beyond repair. For improved energy and sound performance, the report recommended that historic windows be retrofitted with a glazing panel attached to the sash on the room side.

Colorado Sash and Door of Fort Collins undertook the window work. This company had been involved with other rehabilitations of historic buildings where the window treatment involved a mix of repair and replacement work in the same project. On the two street elevations of the Northern Hotel, existing windows were repaired with

epoxy fillers, epoxy consolidants, and parts salvaged from windows on the rear. In some cases entire sash units were relocated to the front to replace those units beyond repair. For improved energy and sound performance, an aluminum-framed glazing panel was attached to the backside of the sash by routing out along the inside of the wood rail and stile, affixing the new panel to the existing wood sash with clips. This technique has long been used in the rehabilitation of historic properties; it avoids the need for a separate storm window for energy purposes. Replacement windows for the back of the triangle-shape building were obtained from a national wood window manufacturer.

The other major work on the exterior facades involved the removal of mid-1970s storefronts and their replacement with new ones that recaptured the building’s appearance. This work included new aluminum-frame storefronts to match the Art Deco design and black spandrel glass to replace missing black structural glass.

On the first floor interior, much of the main lobby was retained and some areas, such as the previously filled-in walls on the second floor overlooking the first floor, were restored. An additional railing was added above the historic guardrail across the second floor overlook for safety reasons. Even the original marble-top reception desk was retained for reuse as the reception/security desk. In retail spaces, fit-outs took place as new tenants were identified.

On the upper floors, the preservation focus was on the public corridors. While all new doorways had to be created in order to have code-required 3-foot wide openings and half of the door openings were eliminated, it was possible to retain the overall appearance of the historic corridors. This was accomplished in part through the use of fire-rated, five-panel wood doors and the retention of overhead transoms. Behind the corridor walls, the former hotel guest rooms were demolished and new one and two bedroom apartments created. One of the major expenses resulted from the need to reinforce most of the wood flooring and roof framing throughout the building. In addition, all new framing was necessary in the section of the hotel that had fire damage.

TAX CREDIT ANALYSIS

Historic Rehabilitation Tax Credit

Total development costs	\$11,691,725
Total qualifying expenditures	\$ 9,853,088
Rehabilitation Tax Credit percentage	20%
Total Rehabilitation Tax Credit	\$1,970,617
Equity yield for Rehabilitation Credit	89¢
Total equity raised from Rehabilitation Credit:	\$1,753,829

Low-Income Housing Tax Credit

Total development costs	\$11,691,725
Total qualifying expenditures	\$ 7,634,888
Less Historic Rehabilitation Tax Credit	(\$1,753,829)
Eligible basis	\$ 5,911,059
Low Income proportion	100%
Qualifying basis	\$5,569,197
Annual credit percentage	9%
Annual credit amount	\$397,731
capped by HUD 221(d)(3) limits	
Total Low-Income Housing Credit	\$3,977,310
Equity yield for Low Income Credit	80¢
Total equity raised from Low-Income Credit	\$3,181,848

Total Combined Equity \$4,935,677

Project Financing

Funding for the \$11.6 million dollar project came from a variety of sources. The complex financial package included a one million dollar grant from the City of Fort Collins/Fort Collins Downtown Development Authority of general funds and Tax Increment Financing (TIF) revenues; \$ 235,000 in Fort Collins HOME funds; and a sales tax rebate of \$110,000. The project also was awarded \$450,000 from the Colorado Historical Society’s State Historical Fund.

The US Bank provided the most traditional source of funding in terms of \$3.1 million in debt financing. Additionally, the Federal Home Loan Bank of Topeka provided a \$250,000 grant from its affordable housing program and the Colorado Division of Housing awarded HOME funds of \$570,000.

Equity for the project was raised as a result of the Historic Rehabilitation and the Low-Income Housing Tax Credits. Both credits

were syndicated through the National Development Council, Corporate Equity Fund, providing a total combined equity of \$4,900,000.

Summary/Project Benefits

The rehabilitation and reuse of the Northern Hotel had long interested the community of Fort Collins. As early as 1997, the Historic Fort Collins Development Corporation had sponsored a three-day “Community Initiated Development” workshop that focused on the Northern Hotel and brought together city officials, real estate experts and preservationists from throughout the region. Yet not until the sale of the building in 1999 to Funding Partners Housing Solutions that efforts materialized to revitalize this important property within the Old Town Fort Collins Historic District.

Today, the Northern Hotel is once again the pride of the community, providing both attractive retail space as well as affordable apartments for seniors. It is managed by the Fort Collins Housing Authority and offers housing to families where the head of household or spouse is 55 or older. Rents are based on 30% of their adjusted income, according to guidelines of the Low Income Housing Tax Credit program.

Not just a facade, the Northern Hotel conveys its history as one walks through the two story entranceway into the grand lobby and up through the hallways. This was a place where such Hollywood stars as John Wayne, Olivia DeHaviland, and Vincent Price once stayed and where community residents could shop and enjoy a refreshing meal. Today, the former hotel floors are occupied once again, and stores such as Starbucks have rekindled commercial activity on the ground floor. The white painted building with its black en-framed storefronts is a local landmark, one that would not have been saved without significant government financial support, including the Historic Rehabilitation Tax Credit.

This Case Study in Affordable Housing was prepared by Charles Fisher, Technical Preservation Service Branch, Heritage Preservation Services, National Park Service, with the assistance of Bill Simpson, National Development Council. Thanks are extended to Gary Sachau, National Park Service, and Kimberly Lackey, formerly of National Park Service, for their assistance. Thanks also go to Sharon Park, FAIA and Michael Auer, National Park Service for their review and comments.

Case Studies in Affordable Housing are designed to provide practical information on preserving historic structures while creating affordable housing. This case study was prepared pursuant to the National Historic Preservation Act,

Ownership Structure

Northern Hotel Fort Collins Limited Partnership

General Partner

Funding Partners for Housing Solutions/Housing and Economic Development Corporation of the National Development Council

Limited Partner

NDC Corporate Equity Fund

Developer

Housing and Economic Development Corporation of the National Development Council
51 East 42nd Street, Suite 300
New York, NY 10017

Funding Partners for Housing Solutions
214 S. College, Second Floor
Fort Collins, CO 80524

Architect

Vaught-Frye Architects
401 West Mountain Avenue
Fort Collins, CO 80521

General Contractor

Alliance Construction Solutions
2725 Rocky Mountain Avenue
Loveland, CO 80538

State Offices

Colorado Housing and Finance Authority
1981 Blake Street
Denver, Colorado 80202

Colorado Historical Society
Office of Archaeology and Historic Preservation
1300 Broadway
Denver, CO 80203

as amended, which directs the Secretary of the Interior to develop and make available to government agencies and individuals information concerning professional methods and techniques for the preservation of historic properties. Other case studies in this series can be found on our website at <http://www.cr.nps.gov/hps/tps/>

Comments on the usefulness of this information are welcomed and should be addressed to Charles Fisher, Technical Publications Program Manager, Technical Preservation Services-2255, National Park Service, 1849 C Street NW, Washington, DC 20240.