

Inn renovation scores \$1.2 million

JODI DEAL / Staff Writer

The Wise County Industrial Development Authority got its first piece of good financial news on the Inn at Wise Thursday afternoon.

A package of \$1.2 million — \$700,000 of that in grant funding and \$500,000 as a zero-interest loan — was approved by the Virginia Coalfield Economic Development Authority.

But to make the project work, and to even get their hands on the bulk of the money, the IDA has plenty of work left to do.

Only \$200,000 of the grant will be available immediately, according to VCEDA Executive Director Jonathon Belcher. That money is set aside to stabilize the deteriorating historic structure, such as weatherproofing and correction of existing water damage.

The remaining \$1 million will stay out of reach until the IDA decides how the building will ultimately be used, develops a business plan, finds funding for the rest of the project and finds someone to operate the Inn once improvements are completed.

When all of that work's done, the IDA will have to come back to VCEDA for final approval, Belcher explained in a Friday telephone interview.

"The rationale for that was this — there wasn't a consensus that all the details were known," Belcher said.

No deadline was set to deliver that information. Once agreements for VCEDA grants and loans are signed, there's a two-year time limit to spend the money, but that can be extended if needed, Belcher noted.

Snodgrass initially sought a \$1.2 million grant from VCEDA's tourism capital improvement fund, but that fund is expiring and only had \$700,000 left in it, Belcher explained. The \$500,000 loan comes from Wise County's VCEDA account, which is fed by a portion of coal and gas severance taxes collected in the county.

GETTING TO WORK

Contacted Friday, Snodgrass agreed there are a lot of unanswered questions about what could and should be done with the Inn.

A recent study by Crow Hospitality Associates LLC suggested the building could be renovated and operated for a profit for a cost of about \$8.1 million — more than \$1 million of which could be paid for with historic tax credits.

But that study was preliminary, and while the VCEDA funding is good news, there's still a lot of money left to be found.

"We still have right much due diligence to do to develop a full-blown plan for the ultimate use of that property," Snodgrass said.

BUT WHAT'S NEXT?

Snodgrass got the IDA's permission to apply by June 2 for \$1 million from the Virginia Tobacco Commission. In the fall, he'll apply for more help from the Appalachian Regional Commission and the Virginia Department of Housing and Community Development.

Soon, the IDA will likely secure an architect who specializes in restoring historic buildings like the Inn, to develop more specific plans for renovation that maintains its historic significance.

The building is on the state and national registers of historic places. To qualify for historic tax credits and other funds, renovations must be planned so the building's historical significance isn't adversely affected.

GOING IT ALONE?

When the IDA met May 20, curious members asked Snodgrass if other entities, like the governments of the town of Wise and Wise County, or the University of Virginia's College at Wise, are interested in helping pursue the project. Snodgrass said he can't really answer that question.

"The ball's kindly in their court," IDA Chairman Ben Allen observed.

Snodgrass noted that representatives from each of those groups, VCEDA, the Lenowisco Planning District Commission, DHCD, the IDA and others attended a presentation on the Crow study May 5.

Although each group showed interest by attending, no entity has solidified plans for future involvement in writing.

STUDY DETAILS

Copies of the Crow study were included in VCEDA board members' meeting packets, Belcher noted.

The study envisions a small luxury hotel with 40 guest rooms and suites, a restaurant, 2,500 feet of meeting space and extra parking.

According to the study, the \$8.1 million investment could include about \$2.48 million in grants and incentive funding from government agencies or other sources, \$1.62 million in historic tax credits, \$1 million in cash equity and a \$3 million mortgage.

On the first floor of the existing building, public and private dining spaces are suggested.

Existing guest rooms would be renovated into suites, while an additional 28 rooms would be added at the rear of the building on top of a 40-space parking garage. A new 2,500-square-foot meeting space is proposed at the front left corner of the building, where there's now a vacant lot.

Between the existing building, the meeting space and the parking garage/room structure, a courtyard could be created for events, with a capacity of about 500 people.

The IDA purchased the Inn from owners Jim and Michele Valkenaar for \$380,000 in late December 2007.