

PRESERVING A ROOM AT AMERICA'S GRAND HOTELS:
A DEVELOPMENTAL HISTORY AND PRESERVATION RESOURCE
FOR HISTORIC HOTELS

by

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(Under the Direction of John C. Waters)

ABSTRACT

Historic hotels reflect a sense of time and place through their unique style and technology. Hotels traditionally have played an important role in the social life of American cities and, as such, are important cultural resources deserving of preservation and redevelopment. This thesis considers the developmental history of American grand hotels and recent trends by national lodging operators and private investors to redevelop them. The study also examines the Fitzpatrick Hotel project, a certified historic rehabilitation in Washington, Georgia, and offers findings and recommendations for the successful rehabilitation of historic hotels in other communities.

INDEX WORDS: Fitzpatrick Hotel, Historic hotels, Historic preservation, Washington, Georgia

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CHAPTER 1

INTRODUCTION

Purpose and Argument

The purpose of this thesis is to provide a context for historic hotels in America and to develop a contemporary case study of a successful historic hotel rehabilitation. The principal argument of this thesis is that historic hotels are extremely important cultural resources and that they offer excellent preservation and economic redevelopment opportunities for private investors and the community at large. This work is intended to serve as a reference for civic leaders, preservation-minded private investors and local officials considering redevelopment of a historic hotel in their community.

Organization

The study is organized into three main sections (Chapters 2, 3 and 4), each of which is distinct but interrelated. The chapters are written to be referenced separately as a source for contextual information or together as a complete analysis and case study of historic hotel development and rehabilitation. Independently, each section represents a preservation resource for historic hotels; combined, they support the argument that historic hotels offer worthy and valuable preservation projects.

Chapter 1 provides the introduction. Chapter 2 offers a brief developmental history of hotels with a particular emphasis on the cultural and economic significance of historic hotels within American communities. In Chapter 3, contemporary trends and initiatives within the lodging industry are examined as they relate to the rehabilitation or redevelopment of historic

hotels. Chapter 4 identifies the recent redevelopment of the Fitzpatrick Hotel (1898) in Washington, Georgia as a financially successful and historically appropriate example of historic hotel rehabilitation. The detailed case study of the Fitzpatrick Hotel illustrates how public-private cooperation, preservation experience and financial and other incentives led to the project's success. The parameters of the case study are deliberately narrow, but the principals of community partnership, creative financing, and historic preservation are applicable to a variety of properties and locales. The final chapter summarizes lessons learned and considerations for rehabilitating a historic hotel with recommendations to help make a historic hotel rehabilitation project successful.

Methodology

Secondary sources established the historic context for hotel development. A variety of published articles from the lodging industry contributed to the discussion of recent trends involving historic hotels. Primary sources (personal interviews and on-site surveys by the author) provided the bulk of information concerning the Fitzpatrick Hotel rehabilitation case study.

Five Types of Historic Hotels

Historic hotels, strictly defined, include any hotel fifty years or older which has achieved architectural or cultural significance and which retains its historic character. For the purposes of this study, the term "historic hotel" generally refers to grand hotels (and their derivatives) of the late nineteenth and early twentieth centuries. The Department of Interior has identified five types of historic hotels that have been rehabilitated or redeveloped within the past few decades:

1. **Palace hotels** – splendid vestiges of turn-of-the-century prosperity, found in urban centers around the country;
2. **Main street hotels** – constructed with the coming of the railroad, found in towns and smaller cities from the northeast to the southwest;

3. **Historic resort hotels and country inns** – cater to the characteristic American delight in the natural environment and are commonly found amidst beautiful locations;
4. **New hotels created out of recycled historic buildings** – reflect the ever-growing potential for adaptive reuse;
5. **Hotels of earlier days converted to new uses** – response to changed circumstances in the world around them.¹

The case study for this thesis involves a historic main street hotel that was rehabilitated and returned to its original use. The term “grand hotel” is used generically throughout the thesis to refer to fine nineteenth and early twentieth century hotels, whether of the palace, main street or resort variety. Though the types are distinct, as noted by the Department of the Interior, the development of all American grand hotels followed a similar path. A variety of other historic structures recently have been converted to “historic” hotels, and, similarly, historic hotels have been adapted to new non-lodging uses. As examples of historic preservation, those projects are also discussed to provide insight into recent preservation initiatives within the lodging and development industries.

Executive Summary

Perhaps more than any other building type, hotels represent time and place. The architecture and equipment of historic hotels are physical artifacts that offer tangible links to a bygone era. Fine hotels once were the city’s ambassadors, public landmarks that entertained tourists, served businessmen and hosted the social events of the local community. Across the nation – whether the opulent palaces of major cities or the main street hotels of the rural South – grand hotels served as gathering spots for important cultural and political events. They reflected a community’s engineering genius, cultural spirit, and civic aspirations. As historian Jefferson

¹ Brown, Floy A., *Rehabilitating Historic Hotels: Peabody Hotel, Memphis, Tennessee* (Washington: U.S. Department of the Interior, Heritage Conservation and Recreation Service, Technical Preservation Services Division, September, 1980), 3.

Williamson observed, “Our hotels have been the thermometers and barometers of our national civilization, and have wielded a great influence on the manners and tastes of the country.”²

Historic hotels have enhanced the urban streetscape by providing a rich built environment and vibrant street activity. However, many historic hotels have fallen into disrepair, the victims of urban renewal, suburban sprawl, evolving transportation patterns and ubiquitous chain hotels. Though many have been neglected, grand hotels are uniquely positioned to encourage economic redevelopment and promote civic pride in towns across America. Today the lodging industry is a \$100 billion annual business with more than two million employees. Tourism is the country’s third largest retail enterprise, generating \$1.4 billion a day in sales and \$96 billion a year in local, state and federal taxes.³ Heritage tourism is widely documented as the fastest growing segment of the tourism industry. Historic hotels are especially valuable assets because they directly serve the lodging, tourism and entertainment markets.

Rehabilitation of historic hotels represents a particularly appropriate form of historic preservation because the project maintains integrity of style, materials and function. Unlike other adaptive use projects, historic hotels can be modernized to first class standards without compromising primary spaces, architectural details and other character-defining features. Hotel rehabs also preserve the historic activity associated with a place, which may itself be as significant as the structural aesthetics. The successful rehabilitation and operation of a historic hotel presents an opportunity to showcase the positive benefits of historic preservation. Hotels are one of the most important structures in any community, the true reflection of a community.

Too few historic hotels have been restored, though that trend has begun to change since the introduction of the Federal Historic Preservation Tax Incentives program in 1976. Private

² Williamson, Jefferson, *The American Hotel* (New York: Alfred A. Knopf, Inc., 1930), 4.

³ *2003 Lodging Industry Profile* (American Hotel & Lodging Association, 2003), 2.

investors and national operators have begun to realize the economic benefits of a historic hotel in an increasingly sophisticated and competitive market.

While national lodging corporations pursue large adaptive use hotel projects, private developers are able to explore more modest rehabs. Small projects are equally important to the local community and frequently are more historically sensitive, as demonstrated by the Fitzpatrick Hotel in Washington, Georgia. Though it is too early to assess its complete economic and social impact on the community, the Fitzpatrick rehabilitation case study demonstrates how dedicated investors and a focused municipality can collaborate to the potential benefit of an entire community.

CHAPTER 2

DEVELOPMENT OF THE MODERN AMERICAN HOTEL

A brief history of the modern hotel and its development within the United States is presented in the following pages as a means to introduce the hotel's traditional significance within local communities. The history is not a complete record of the building type, but rather a general context in which to appreciate the function and character of historic American hotels.

The modern hotel did not develop until the early nineteenth century, but less formal inns have operated for several thousand years. Inns proliferated during the Middle Ages, but advanced little in terms of form and function. Not until 1829 was the modern hotel realized. The ensuing years witnessed the rapid evolution of hotel size, style and equipment. Hotel historian Jefferson Williamson noted in 1930, "Roughly speaking, it took inns twelve thousand years to grow from one to thirty rooms in size, and then – since about the year 1800 – they have shown a great burst of speed in development and have attained a present maximum of three thousand rooms."⁴ The progression from primitive shelter to grand hotel follows a logical if exponential path that parallels international advancements in commerce, transportation and social customs. That development is critical to appreciating the significance of historic hotels.

Ancient Inns: Introduction of a Building Type

A site in Pompeii claims to be the world's oldest inn, an assertion that is impossible to verify (see Figure 1). Documentation also suggests that the first inns of antiquity appeared in the

⁴ Williamson, 3.



Figure 1. Ancient inn in Pompeii

Middle East, where Egyptian taverns were managed by women. According to Dr. Robert Ludy, of greater importance than identifying the single oldest inn, or even its origins, is to “discover the age when civilized man first began to travel in the interests of commerce.”⁵ The evolution of the hotel building type was dependent on trade and transportation, as evidenced along ancient Asian trade routes. There, some of the earliest inns (called caravanserais or khans) developed to accommodate the many caravans engaged in continental trade.

Most often, early inns were crude structures erected close to a water source. Biblical references, among other sources, suggest rudimentary arrangements and indicate that some

⁵ Ludy, Robert B., M.D., *Historic Hotels of the World* (Philadelphia: David McKay Company, 1927), 1.

villages provided space for travelers without compensation.⁶ Williamson suggests that the advent of money around 6000 B.C. significantly contributed to the expansion of trade and therefore inn keeping.⁷

As commercial activity and regulation advanced, so did lodging accommodations. By 727 A.D., caravanserais appeared in urban and rural settings and served as customs waypoints. For commercial and safety purposes, caravanserais were situated within community walls near the main gates. Ancient khans varied greatly in form and operation, and little physical evidence remains of the mud-brick structures.⁸ Nonetheless, ancient trade and transportation customs suggest the introduction of a unique building type whose enduring design and use reflect a particular time and place.

Middle Age Inns and Taverns

Early religious pilgrimages required greater accommodations in the Middle East and in Europe. European inns evolved slowly during the Middle Ages in part due to the abundance of abbeys and monasteries, which offered food and bedding for a nominal fee.⁹ Following the Reformation, however, many of these religious institutions were disbanded, leaving a void in lodging accommodations.¹⁰

Increased travel for commercial, spiritual and other purposes coincided with marginal highway improvements. Impassible roads, uncomfortable vehicles and dangerous routes gradually gave way to more reliable and stylish transportation. Development of the stage coach and, later, the abundance of privately owned carriages in the seventeenth century spurred travel

⁶ Ibid, 4-5.

⁷ Williamson, 6.

⁸ Denby, Elaine, *Grand Hotels* (London: Reaktion Books Ltd, 1998), 11-12.

⁹ Ludy, 10.

¹⁰ Ibid., 30.

further.¹¹ More people, particularly of the privileged classes, began to travel, resulting in the proliferation and improvement of inns.

Comfort and service, qualities heretofore ignored, became a regular consideration for traveler and mine host (landlord) alike. European industrialization further advanced structural, sanitation and service standards. In particular, England was recognized as having the finest inns of the seventeenth century.¹² English inns failed to develop much further, however, and European accommodations instead maintained traditional standards. During this period, the newly independent United States introduced to the world the first modern hotel.

America and the First Hotels

According to Elaine Denby, the word “hotel” is a French contraction for “hostel” first adapted by the English in 1765. A hotel, she writes, is “an inn, especially one of a superior kind.”¹³ Architectural historian Nikolaus Pevsner draws further distinction: “The hotel is nearly always larger than the inn, especially in its public spaces. The hotel has a number of public rooms, not just a tap room and some tables to eat at. But the hotel develops out of the inn.”¹⁴

Erected in Philadelphia in 1801, Francis’s Union Hotel is recognized by some historians as the first so-called hotel.¹⁵ However, the well documented City Hotel in New York was in operation as early as 1794. The City Hotel also holds the honor of being the first building constructed explicitly for hotel purposes. With seventy-three guest rooms, the City Hotel was a harbinger of nineteenth century hotel development, which emphasized size and opulence.¹⁶

¹¹ Denby, 21.

¹² Williamson, 7.

¹³ Denby, 26.

¹⁴ Pevsner, Niklaus, *A History of Building Types* (New Jersey: Princeton University Press, 1997), 169.

¹⁵ Ludy, 115.

¹⁶ Williamson, 10.

Similar facilities appeared throughout the northeast, primarily in Boston and New York. Yet in finish and function, the City Hotel and others like it were merely oversized American inns.

Tremont House: Birth of the Modern Hotel

At a cost of \$300,000, the Tremont House opened in Boston on October 16, 1829 (see Figure 2). Seemingly overnight, this single building redefined hotel standards and begat commercial competition still rampant in today's industry. One hundred years removed, Jefferson Williamson recounted the profound impact of America's unique creation:

The Tremont's distinction is that, by virtue of numerous superiorities, it was indisputably the first definitely recognized example of the modern first-class hotel – the true grandparent of all the swagger hostelries that dot the land today. It was so far in front of all its contemporaries, either in America or in Europe, that it stood alone, in a class by itself, and was universally conceded to be something entirely new in the realm of hotel-keeping. [It] marked an unmistakable turning point in twelve thousand years of innkeeping. The new hotel era was now positively on its way.¹⁷

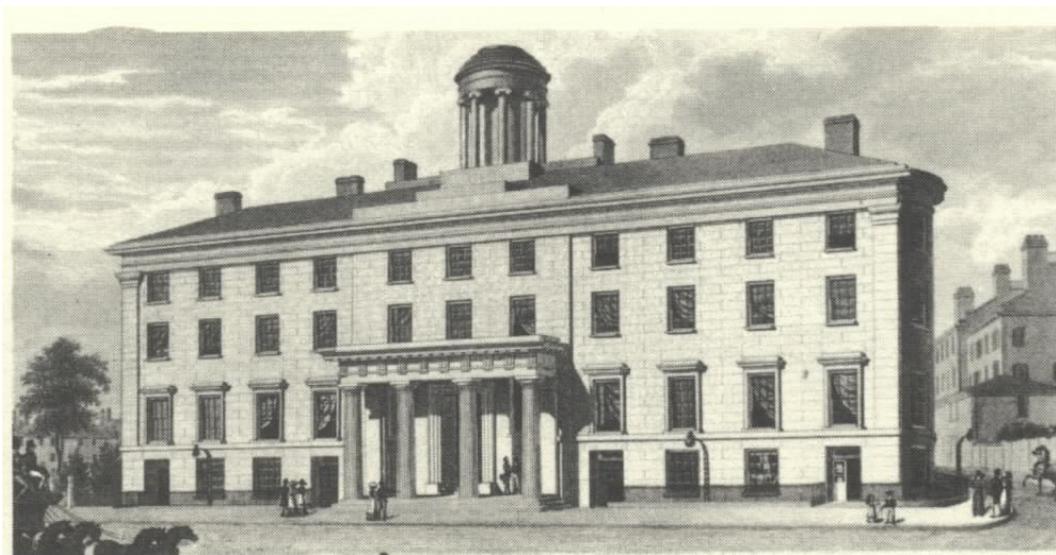


Figure 2. Tremont House, Boston (1829)

¹⁷ Williamson, 13-14.

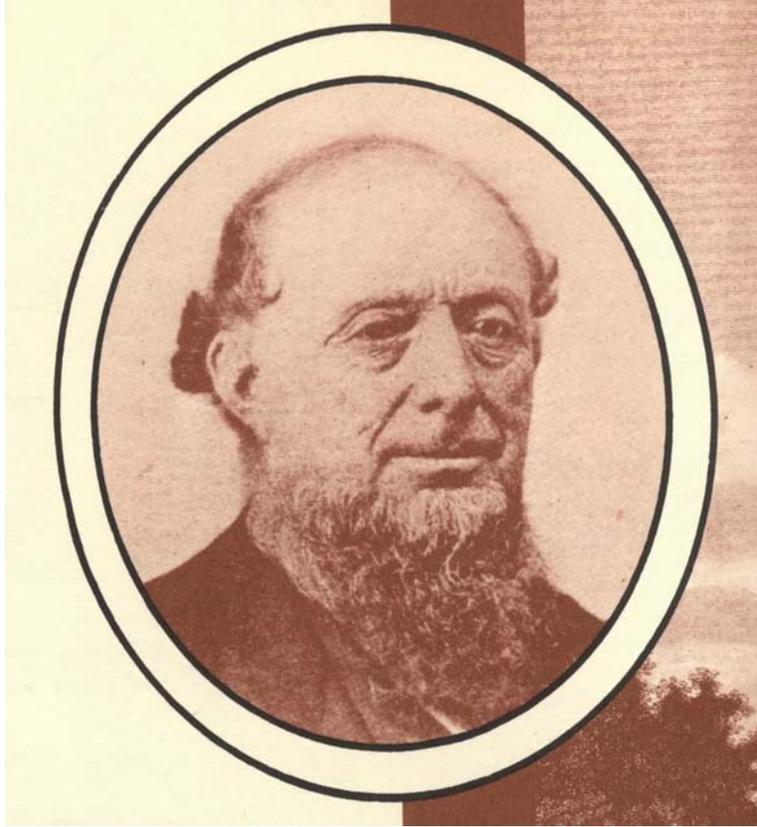


Figure 3. Isaiah Rogers.

Tremont House was designed by Isaiah Rogers at the age of only twenty-eight (see Figure 3). Four stories tall, it had a granite façade and classical details typical of the early republic. The exterior featured hierarchical series of Doric and Ionic columns, giving the building a stately appearance. Inside, a large rotunda and spacious public rooms welcomed visitors. The dining room was particularly ornate and could seat as many as two hundred at a time. Patrons willing to pay the \$2.00 daily rate were treated to 170 guestrooms and eight bathrooms.¹⁸

¹⁸ Pevsner, 175.

The Tremont boasted several improvements that secured its reputation as the finest hotel of its day. First and foremost, public spaces and private rooms were simply larger and more luxurious than ever before, and they featured finer appointments throughout. Tremont was the first hotel to feature a dedicated lobby, an addition that increased accessibility to the public and forever influenced the relationship between hotel and community. Guests were offered individual rooms, whereas before they shared one with other patrons. Privacy was further enhanced by the introduction of door locks and keys. The hotel featured plumbing that carried cold water to eight indoor bathrooms as well as the kitchen and laundry rooms. Gaslight illuminated public spaces; whale-oil lamps were in each guestroom.¹⁹ A scenic courtyard replaced the usual exposed carriage house and stables. Other firsts included the introduction of bellboys (called Rotunda Men) and a hotel clerk; menu cards for the restaurant; annunciators in every room; and the beginning of permanent guest residency.²⁰

By 1829, American hotels were known for their magnificent scale and advanced technology, as epitomized by the Tremont House. But the Tremont also introduced something to the modern hotel industry that previously had received little attention: superior management. The Tremont quickly earned a reputation for its outstanding service, due primarily to the Boyden family which managed the hotel. From cleanliness to customer service, the Tremont surpassed all previous lodging operations.²¹

Perhaps the Tremont's greatest distinction, however, was its relationship with the community. Since ancient times, inns had been an active and important part of the city. But the Tremont seemed to invite the public and entertain its visitors and residents as never before. In large part, the civic atmosphere of the hotel was due to Isaiah Rogers revolutionary plan, which

¹⁹ Williamson, 18, 22.

²⁰ Dorsey, Leslie and Janice Devine, *Fare Thee Well* (New York: Crown Publishers, 1964), i.

²¹ Williamson, 26-27.

emphasized public spaces (see Figure 4). Charles Dickens, one of the hotel's earliest guests, recalled that the Tremont had "more galleries, colonnades, piazzas and passages than I can remember, or the reader would believe."²² Rogers' plans were widely published and served as the standard for American hotel design for much of the nineteenth century.

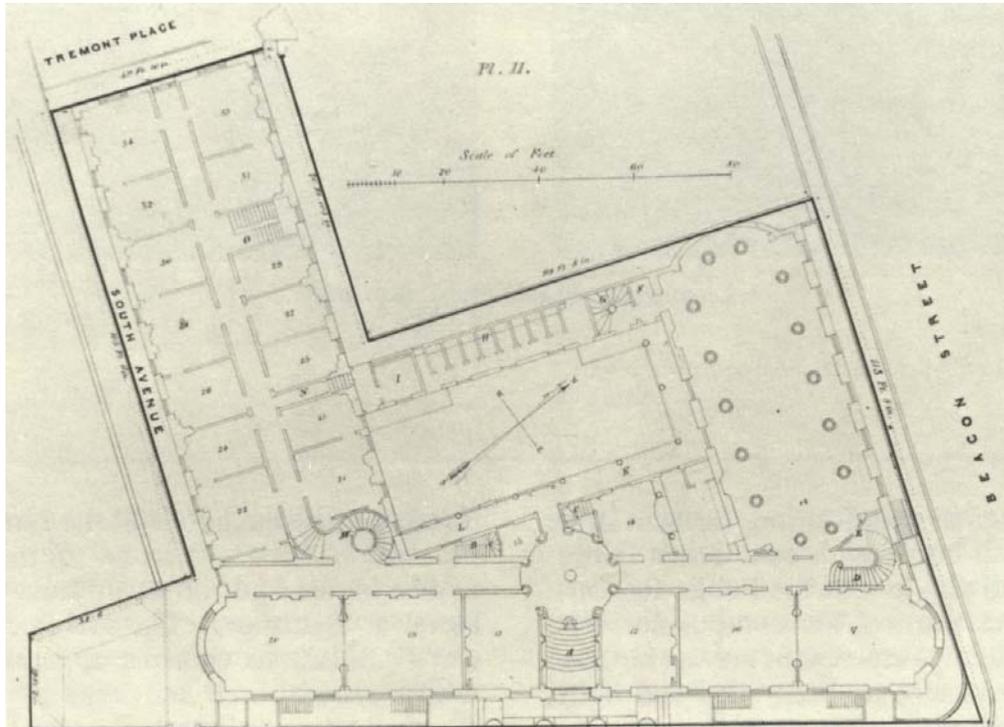


Figure 4. Tremont House plan (1829)

Tremont House was the first grand hotel, and the first fully to open its luxurious spaces to the general public. Public access to the Tremont fostered a close and important relationship between the city and the hotel. Its design accommodated important occasions that made history and marked the era. It was a civic relationship that defined the profound significance of local hotels and it inspired the development of grand hotels across the country for years to come.

²² Denby, 34.

The impact of the Tremont hotel was felt immediately throughout the nation. The American grand hotel became the prominent symbol of its host city.

Every city in this nation of (then) twelve million population had unbounded faith in its future and wanted a hotel as good as the Tremont, or better, and got it as speedily as possible whether there was business enough to justify it or not. Generally there was not, but American enterprise had accepted the theory that good hotels make much travel, and that no city amounts to anything unless it has one or more on which the community can lavish prodigal admiration and which will give visitors a favorable impression of the city's greatness, enterprise, and hospitality. The theory has prevailed since that time and is perhaps the chief reason (though not the only one) why America has so easily maintained her hotel leadership.²³

The Tremont was the envy of every city, especially Boston's northeastern rival New York City. So badly did New York want to keep pace that only five years later it commissioned the design of a similar hotel. The Astor House was designed by the same architect (Rogers) and managed by the same family (Boyden). "The Astor was at once a duplication and an elaboration of the Tremont," writes Williamson.²⁴ It had the same effect in New York that the Tremont had in Boston, and it quickly raised the bar for standards of hotel size and luxury.

American Hotels in the Nineteenth Century

Compared to their European counterparts, hotel advancements in nineteenth century America emphasized size and technology over architectural style. Elevators, cast iron facades and later steel frame construction allowed hotels to grow taller. Increased population and commercial competition also fueled vertical development. Most designs continued to reflect classical influences like the Greek Revival works of Isaiah Rogers and, toward the end of the century, Italian Renaissance Revival designs by McKim, Mead & White. By 1850, though, critics lamented that American hotels more closely resembled a penitentiary or fortress than a

²³ Williamson, 28-29.

²⁴ Ibid., 32.

hotel.²⁵ Scale trumped style in the United States. As one international writer observed, “The American hotel is to an English hotel what an elephant is to a periwinkle.”²⁶

Nineteenth century development of palace hotels was busiest and most competitive in large urban centers like Boston and New York. Exploding populations, thriving commerce, and mass transportation (specifically, the railroad) all contributed to the proliferation of grand hotels in the big cities. The standards set by the Tremont had far-reaching influence on smaller towns like Washington, Georgia as well. Main street hotels that mimicked the style and service of the original grand hotels appeared in small towns across America.

About the time the historic Tremont House was falling victim to changing fashion, technology and, in 1894, the wrecking ball, a series of modern Victorian hotels were being erected on main streets across the country. Early hotels like the Tremont and Astor simply could not keep pace with the improvements of newer accommodations. The Astor House suffered from dated amenities and an inconvenient location. It lasted only until 1913, when it was abandoned and eventually razed. Twice the Tremont was renovated only to fall out of favor with the public. In 1852, indoor plumbing was extended to the entire hotel. Electrical lights and other mechanical features were enhanced in 1889, but the upgrades could not compete with those in newer, and by then commonplace, grand hotels.²⁷ Changing styles, advancing technology, and escalating competition caused widespread development of grand hotels in major cities and small towns alike.

Summary

The development of the modern hotel is important not only for its own sake, but also for understanding the building type’s historic context within society and its significance to local

²⁵ Pevsner, 179.

²⁶ Ibid., 182.

²⁷ Williamson, 28, 36.

communities. Introduced in 1829, the modern hotel has had a profound influence on the development and society of American cities big and small. Thousands of grand hotels were erected in a sprint to keep pace with commerce, transportation, technology, service and style. Historic hotels were community fixtures that contributed to and witnessed virtually every local event of significance. Their physical structure is a unique indicator of time and place, and a symbol of a city's soul and aspirations. Many historic hotels have been lost to fire, demolition, or neglect. Yet many others remain, and those that do are cultural resources most deserving of preservation.

CHAPTER 3

HISTORIC HOTELS AND RECENT PRESERVATION TRENDS

The Decline of American Grand Hotels

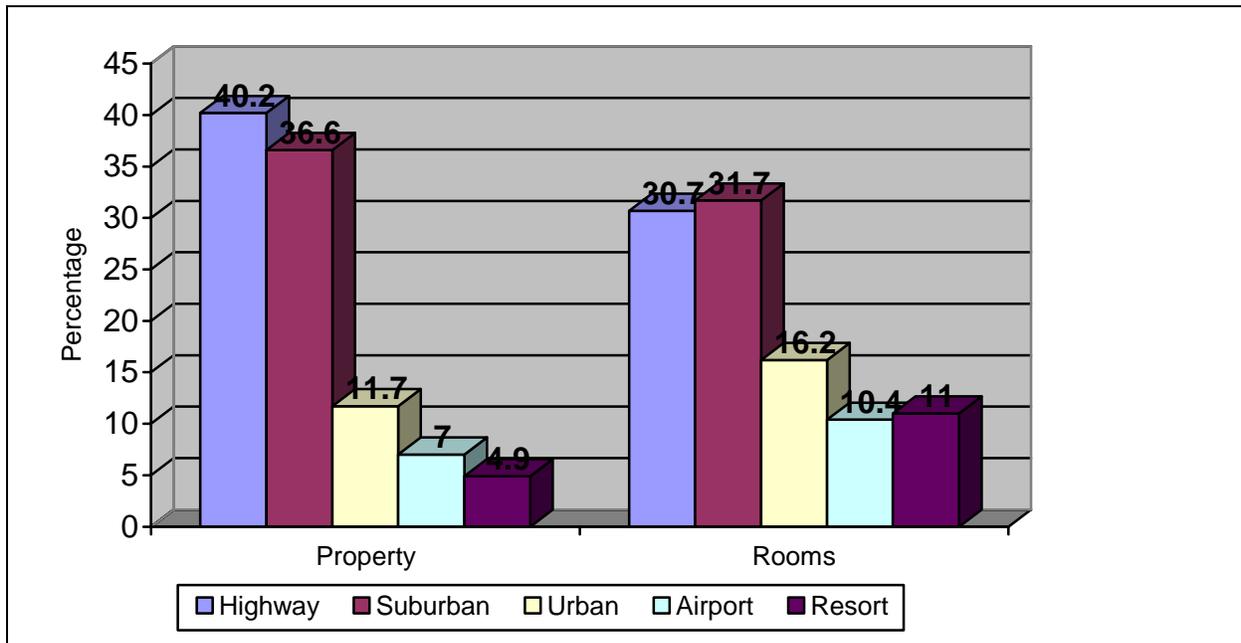
Grand hotel development in America continued during the early part of the twentieth century along roughly the same path. With the exception of resort hotels, which often appeared along railroad lines or in remote natural areas, grand hotels were an urban affair. A variety of factors, mostly economic and transportation-related, contributed to the decline of fine hotels in American cities. The Great Depression and World War II dramatically reduced the number of traveling Americans. Many historic hotels like the Fitzpatrick that were once the center of civic activity were neglected and forced to close their doors. By the 1950s and 1960s, urban renewal policies resulted in the widespread demolition of historic structures.

Automobile travel fractured the once indivisible relationship between the railroads and palace hotels. Tradesmen traveling by car were not bound by the train schedule, so they required overnight accommodations less frequently. With the automobile, vacationing grew in popularity and availability, particularly after World War II. The first motor hotel, or “motel,” appeared in Douglas, Arizona in 1913. By the 1950s, some 50,000 motor courts scattered the nation.²⁸ As business and social activities migrated to the suburbs, hotels followed. National chain operators like Hilton and Holiday Inn built thousands of structures along the new interstate highway system. Affordable air travel pulled visitors and hotels out of downtown and nearer sprawling airports. Such social and technological changes contributed to the abandonment of America’s

²⁸ Pevsner, 192.

grand hotels. As of 2002, highway, airport and suburban hotels accounted for over eighty percent of the lodging properties in the U.S. (see Table 1).²⁹

Table 1. 2002 Lodging Industry Profile: Property/Room Breakdown



Historic Hotels and Heritage Tourism

For the nineteenth and much of the twentieth centuries, the hotel industry was driven by the insatiable quest for size and technology. The bigger and newer a hotel, the better. Within the last decade or two, statistics have begun to challenge that conventional wisdom. The revitalization of downtown centers and a renewed interest in cultural attractions have made heritage tourism the fastest growing sector in the tourism industry. Heritage tourists tend to stay longer and spend more money. Many hoteliers consequently believe that accommodations with historic associations offer a competitive marketing edge.

²⁹ 2003 Lodging Industry Profile, 3.

Historic Hotels of America

Statistics are not widely available to validate (or disprove) the increased popularity of historic hotels, but according to industry experts, travelers today are more sophisticated than ever before and increasingly they are looking for a unique travel experience. One indication that historic hotels are reclaiming their share of the lodging industry is the recent growth and success of Historic Hotels of America (HAA) (see Table 2). Historic Hotels of America is a marketing association of qualified historic hotels administered by the National Trust for Historic Preservation.

Table 2. Historic Hotels of America

Founding Date	1989
Charter Members	32
Current Membership	203
Eligibility	Member hotels must be located in a building that is at least 50 years old and listed in, or eligible for, the National Register of Historic Places or recognized locally as having historic significance.
Locations	41 states, District of Columbia, Puerto Rico, Canada
Hotel Size	8 rooms (American Hotel, Sag Harbor, NY) to 1380 rooms (Waldorf-Astoria, New York City)
Rates	\$59 per night (The Inn at Newport Beach, Middleton, RI) to \$15,000 per night (The Plaza, New York City)
Ownership	National hotel chains, independent operators, family-owned

The association formed in 1989 with thirty-two charter members. Today the Trust markets over 33,000 rooms at 203 historic hotels in forty-one states, the District of Columbia and Puerto Rico. The accommodations are as diverse as the cultural legacy they represent. Hotels vary in size from eight guest rooms at the American Hotel in Sag Harbor, New York, to 1380 rooms at the Waldorf-Astoria in New York City. Nightly rates range from \$59 at the Inn at

Newport Beach in Middletown, Rhode Island, to \$15,000 a night for a luxury suite at The Plaza in New York City.³⁰

To become a member, a subject property must be certified historic – that is, a hotel must be at least fifty years of age and listed in, or eligible for listing in, the National Register of Historic Places. Hotels must also retain their historic integrity, architecture and ambiance.³¹ Membership dues include a one-time \$5000 initiation fee and a \$30 per guestroom annual fee. The minimum annual fee is \$3990 and the maximum is \$8990.³²

Membership benefits include: association with the sixteenth largest hotel marketing association in the world; hotel listing in the HHA Directory; 800 reservation services; group sales and promotions; public relations support; listing on the HHA website; networking and educational benefits; and the prestige and recognition of affiliation with the National Trust.³³

Historic Hotels and Business Travelers

Historic hotels appeal to cultural tourists and vacation travelers for obvious reasons. The advantages to corporate travelers are equally important, but often less apparent. Michael Di Rienzo, director of sales and advertising for Historic Hotels of America, is working to promote the benefits of historic hotels to business travelers. HHA continues to strengthen its corporate partnerships and marketing alliances. They also stress that most historic hotels now feature the same technological resources found at corporate hotels.³⁴ Unlike other facilities, historic hotels also offer a relaxed atmosphere conducive to business meetings. Attentive staff and personal service can also distinguish and enhance professional meetings at historic hotels.³⁵ Di Rienzo

³⁰ www.nationaltrust.org/historic_hotels/PRESS_ROOM/factsheet.htm

³¹ www.historichotels.org

³² Meade, Vicki, "What's Old is New Again," *Lodging* (November 2000), 108.

³³ www.nationaltrust.org/historic_hotels/hotelmemb.htm

³⁴ Bradford, Marcia, "Old Hotels Offer New Meeting Experiences," *Convention South* (April 2001), 41.

³⁵ Witty, Jill, "Historic Hotels," *Meetings South* (June 2001), 18.

further notes that many technology-based companies actually prefer the rehabilitated hotels because of their unique settings and hip image.³⁶

Historic Hotels and National Operators

Noting an increased demand for unique accommodations, national operators have begun to add historic hotels to their real estate portfolios. Marriott, for instance, has converted twelve historic structures into Courtyard by Marriott hotels in New York, Washington, Philadelphia, Nashville, New Orleans, Houston, Omaha, Denver and San Diego (see Figure 5).



Figure 5. Residence Inn by Marriot, New Orleans (2004)

New Orleans in particular boasts several historic hotels which have been converted from large office buildings and abandoned warehouses. Adaptive use projects in the warehouse district have provided much needed rooms for the city's booming tourism economy and has

³⁶ Bradford, 43.

helped revitalized the neighborhood into a vibrant cultural attraction for residents and visitors alike. Nationally, the projects reflect a new corporate focus on satisfying customer demand for center-city locations. Representatives of Marriott work closely with preservation and downtown revitalization organizations to provide compatible historic rehabilitations that enhance the surrounding neighborhood.³⁷

The San Francisco-based Kimpton Hotel & Restaurant Group has been restoring old hotels and adaptively using historic structures as hotels since 1981. Kimpton has reused a telephone switch building in Seattle and a department store in Portland.³⁸ In July of 2002, the firm completed a \$53 million rehabilitation of the former General Post Office Building in Washington, D.C. Reopened as the Hotel Monaco, the project has garnered national acclaim from the preservation community (see Figure 6).³⁹ Most recently, Kimpton rehabilitated the 250-room Argonaut Hotel at the Maritime National Park in San Francisco.

Kimpton chairman and CEO Tom LaTour suggests that historic hotels offer a distinct marketing edge as well as other development advantages. Hotel rehabilitations allow hoteliers to blend historic architecture with modern amenities in what essentially amounts to a brand new hotel with old world charm.⁴⁰ Hotel rehabilitation and adaptive use projects are particularly valuable in downtown areas, where the real estate market typically is limited. Most central business districts offer little unimproved real estate on which to build new. That can make site acquisition, and therefore the entire hotel project, cost prohibitive.

³⁷ Blank, Christine, "Same Place, New Face," *Hotel & Motel Management* (September 6, 1999), 64.

³⁸ Walsh, John P., "Older Buildings Give Hoteliers a Historic Edge," *Hotel & Motel Management* (December 5, 2003).

³⁹ Tepper, Audrey T., "Faded Landmark to First Class Hotel," *CRM Journal*, No. 5 (2002), 12, 17.

⁴⁰ Walsh.

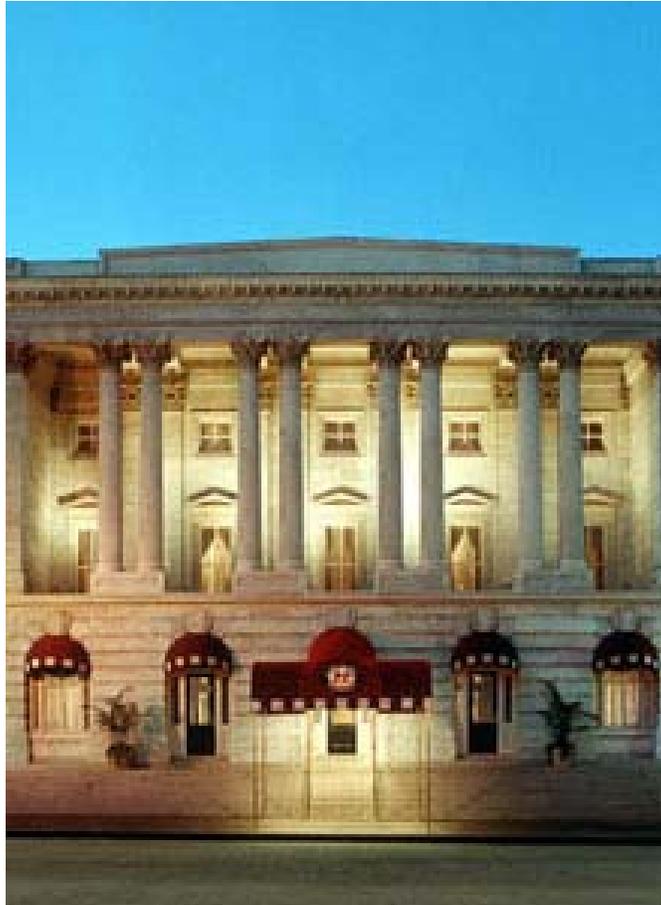


Figure 6. Hotel Monaco, Washington, DC (2002)

Demolition of existing historic properties presents financial and administrative hurdles that rehabilitative work avoids. Tom Trout, Vice President of Development for Regent International, believes there is a shortage of quality urban sites where demolition is a viable option and even fewer where the parcel is vacant. “A downtown urban location with empty ground or an obsolete building to knock down is very rare. At the high end of the luxury market, we have the opportunity to find extraordinary buildings that have an impact you cannot duplicate.”⁴¹

⁴¹ Haussman, Glen, “Historic Buildings Can Make Great Hotels,” *Hotel Interactive*, (September 5, 2000).

Corporate hoteliers are realizing not only the economic benefits of embracing historic hotels, but also the positive influence that a quality rehabilitation project can have in an area. The “spillover” effect from successfully converting a former eyesore can jumpstart revitalization efforts and encourage similar developments, as it has in the New Orleans warehouse district and in downtown Portland. A renewed interest in contextually and historically appropriate development benefits hotel public relations by promoting a friendlier corporate image. Bob Deeley, Regional Vice President of Lodging Development, expressed Marriott’s historic hotel investment strategy and showed a keen appreciation for community building while discussing a historic hotel project in Houston:

This project is truly a win-win-win. Not only for the architectural and historical aspects, but for Marriott as well. There was a void in the market here and a need for this kind of hotel product. Our urban cores are changing and they need to get something to accelerate and augment the community or be a component to re-enforce the vision of the city’s founding fathers. It is great to participate in that and bring employment back into the community.⁴²

The Economics of Historic Hotels

Hotel development, like any real estate venture, is ultimately a business decision that must be financially defensible. Statistical data on the cost-analysis between historic rehabilitation and new construction is not easily quantified, and available sources tend to disagree. Historic hotels present unique financial challenges and rehabilitation expenses sometimes exceed the cost of new construction.

Donovan Rypkema, a nationally recognized economist who has studied the fiscal benefits of historic preservation, argues that rehabilitation offers several quantifiable advantages over new construction. In The Economics of Historic Preservation: A Community Leader’s Guide, Rypkema lists one hundred arguments in support of preservation economics. The book, which is

⁴² Ibid.

published by the National Trust for Historic Preservation, is an excellent resource for communities trying to learn about or defend the economic feasibility of historic preservation projects.

Rypkema suggests that, although a complete rehabilitation project may cost more, the architectural and engineering quality of typical new construction will almost certainly fall short of a historic building. Likewise, building a new structure of comparable quality would far exceed rehabilitation expenses. Rypkema also recommends preservation projects as a time-saving alternative to new construction, a practical reuse of materials and infrastructure, and a better long-term investment for developers and communities.⁴³

Chip Conley of Joie de Vivre Hospitality (JDV) in San Francisco says that rehabilitating historic buildings into hotels can be fifty percent more expensive than building a new hotel.⁴⁴ Other hotel industry sources state that historic rehabilitations can run from fifty to one hundred percent higher than standard hotel renovations.⁴⁵ Those more closely associated with historic preservation dispute that claim. For instance, according to the National Park Service (NPS), preservation projects which adhere to the Secretary of Interior's Standards for the Treatment of Historic Properties typically cost an additional ten to twenty percent.⁴⁶

William Caligari is the founder of Lenox Design Resources, a design studio that specializes in historic restorations. Caligari indicates that the price per square foot between a major renovation to a modern hotel and an accurate rehabilitation of a historic hotel will fall in a similar range (usually between \$25-75).⁴⁷

⁴³ Rypkema, Donovan D., *The Economics of Historic Preservation* (Washington: National Trust for Historic Preservation, 1994), 87-92.

⁴⁴ Walsh.

⁴⁵ Blank, Christine, "Preserving History Requires Flexibility," *Hotel & Motel Management* (February 3, 2003).

⁴⁶ Brown, 2.

⁴⁷ Zimmer, Matt, "Back to the Future," *Resort Management and Operations* (Spring 2000), 38.

Such comparisons are not always appropriate, however, since historic projects generally involve a complete rehabilitation whereas a typical hotel upgrade may only consist of updating the decor. In 1980 the historic Peabody Hotel in Memphis, Tennessee was rehabilitated at a cost of \$37,280 per guest room, well below the industry average (in 1980) of \$70-100,000 (see Figure 7).⁴⁸



Figure 7. The Peabody Hotel, Memphis

⁴⁸ Brown, 34.

Financial Benefits of Rehabilitating Historic Hotels

Historic hotel development offers several financial benefits. Depending on the condition of the structure, most of the building material is already on location. Structural work for a historic building averages only five to twelve percent of the total project cost – half that of new construction.⁴⁹ Likewise, existing infrastructure eliminates the need for costly public expenditures.

Table 3. Advantages and Disadvantages of Rehabilitated Historic Hotels

Advantages	Disadvantages
Financial benefits: federal, state, and local tax incentives; grants; etc.	Rehabilitation expenses may exceed new construction costs
Prime real estate, city-center location	Possible delays from administrative review, tax credit application
Existing materials, infrastructure	Scarcity of appropriate materials, skilled labor
Quality architecture, construction	
Historic charm, marketing advantage	
High room rates, repeat usage	
Favorable corporate image, public relations	
Local job creation	
Downtown, community revitalization	

Rehabilitation is more labor intensive than new construction, too. On average, new construction costs are fifty percent labor and fifty percent materials. In historic projects, however, labor accounts for sixty to seventy percent of the project cost, and thus tends to

⁴⁹ Rypkema, 87.

generate more local employment opportunities.⁵⁰ The Peabody project, for example, employed three hundred workers and created close to four hundred permanent positions.⁵¹ In the end, industry officials suggest that historic hotels may be more profitable because they often command higher room rates.⁵² According to Historic Hotels of America, these properties typically enjoy a high rate of repeat usage as well.⁵³

Federal Historic Preservation Tax Incentives

Federal tax incentives are making historic hotel rehabilitation projects financially viable. The greatest impact has come from the Federal Historic Preservation Tax Incentives program implemented in 1976. Administered jointly by the National Park Service (NPS) and the Internal Revenue Service (IRS), the program allows investors to apply for a tax credit equal to twenty percent of the rehabilitation cost. Only income-producing properties are eligible, and they must be certified historic. A certified structure is one that is fifty years or older, listed in or eligible for listing in the National Register of Historic Places, and retains its historic integrity.

Rehabilitation costs must equal the greater of \$5000 or the adjusted basis of the property, and only eligible expenses qualify toward the credit. Eligible work must conform to the Secretary of the Interior's Standards for the Rehabilitation of Historic Structures. Most restorative structural and decorative work qualifies, as do developer, architectural, and legal fees. Mechanical systems like new heating and air units are also eligible expenses. New construction, landscaping, and other non-historic undertakings do not qualify. The process is a public-private partnership that requires cooperation and compromise between investors, municipalities, and state preservation officials.

⁵⁰ Ibid., 14.

⁵¹ Brown, 40.

⁵² Blank, "Preserving History Requires Flexibility."

⁵³ Haussman.

Table 4. Top Ten States Using Federal Historic Preservation Tax Credits (2003)

Top 10 states by <i>value</i> of projects			Top 10 states by <i>number</i> of projects		
Rank	State	Eligible Expenses	Rank	State	Certified Rehabilitations
1	New York	\$549,041,860	1	Missouri	79
2	Missouri	\$359,043,317	2	Virginia	67
3	Ohio	\$237,175,466	3	Ohio	64
4	Massachusetts	\$233,791,230	4	Tennessee	62
5	Pennsylvania	\$217,500,433	5	Georgia	59
6	Maryland	\$125,760,472	6	Pennsylvania	58
7	New Jersey	\$111,146,442	7	Maryland	53
8	Colorado	\$77,643,175	8	North Carolina	37
9	California	\$76,018,062	9	Louisiana	36
10	Virginia	\$72,302,206	10 (Tie)	Florida/Massachusetts	25

To date, the tax credits have been used throughout the country to rehabilitate over 27,000 historic properties. The credits have helped stimulate private investments in historic property of over \$18 billion.⁵⁴ In (fiscal year) 2001 alone, the historic tax credits generated \$2.7 billion and created 45,000 local jobs.⁵⁵ Corporate developers admit that, without the incentives, historic rehabilitations are not always economically feasible.⁵⁶

The National Park Service’s Technical Preservation Services department makes clear, “Preservation tax credits can’t make bad balance sheets work, but they can give good projects the extra financial margin needed to retain the character that makes a building special.”⁵⁷ Qualification for the tax credits does, however, make higher standards of craftsmanship financially possible. Following the Secretary’s Standards in general ensures the rehabilitation is sensitive with respect to historic character and materials.

⁵⁴ http://www2.cr.nps.gov/tps/tax/tax_p.htm

⁵⁵ Tepper, 14.

⁵⁶ Haussman.

⁵⁷ Tepper, 12.

A host of other financial incentives are available in concert with the federal tax credits. Those incentives include: state income or property tax credits, administered jointly by the state historic preservation office (SHPO) and the state department of revenue; local property tax abatement, wherein the subject property is appraised and taxed at the pre-rehabilitated value; façade easements, which offer both a charitable contribution tax deduction to the owner and a reduced assessed value for the property; and the New Market Tax Credits (NMTC), enacted in 2002 to encourage investment in low-income communities, which provide for tax credits up to thirty-nine percent of the investor's equity investment.⁵⁸ Public investments of equity, municipal bonds, and infrastructure improvements can also help bridge the gap between investor capital and projected rehabilitation expenses. Civic leaders and private investors considering redevelopment of a historic hotel (or any historic structure) should consult their local preservation official or their state historic preservation office about the various financial incentives available nationally and in their state.

Preservation Partnerships

As noted earlier, taking advantage of historic tax credits and other investment benefits requires effective public-private coordination. The process requires compromise between investor and preservation interests when unexpected challenges arise. Frequent obstacles include applying modern guest room dimensions and facilities to peculiar historic floor plans. Installing contemporary utilities like heating and air conditioning, or upgrading the electrical wiring for business and communications purposes, must also be carefully considered in the context of the hotel's historic fabric and architectural details.⁵⁹

⁵⁸ www.housingonline.com/news/newmarketshistoric.htm

⁵⁹ Haussman

Major hoteliers increasingly are willing to concede modern design elements for the chance to capture financial credits, public favor, and historic ambiance. Hyatt Hotels Corporation collaborated with the Park Service, the Ohio SHPO, the city of Cleveland, and local preservation organizations during the rehabilitation of the Hyatt Regency Cleveland at The Arcade. The building was designed around a public atrium, so special efforts were made to preserve its façade and common areas. For example, a glass (instead of solid) wall was constructed between the atrium and guest rooms to moderate noise while retaining the historic design and public environment. Air conditioning in the atrium was adapted to existing openings so as not to diminish its architectural integrity.⁶⁰

During rehabilitation of the Hotel Monaco in Washington, DC, the Kimpton Group and preservation officials agreed to run exposed electrical and plumbing upgrades rather than compromise the three-foot thick masonry walls. Both parties agreed that the modern additions could be easily removed should anyone determine to restore the building's interior to its original state. Likewise, bathrooms were introduced into spaces where they too could be removed. Heating Ventilation and Air Conditioning (HVAC) systems were hidden on top of the new bathrooms.⁶¹

Hotel Rehabilitation Planning

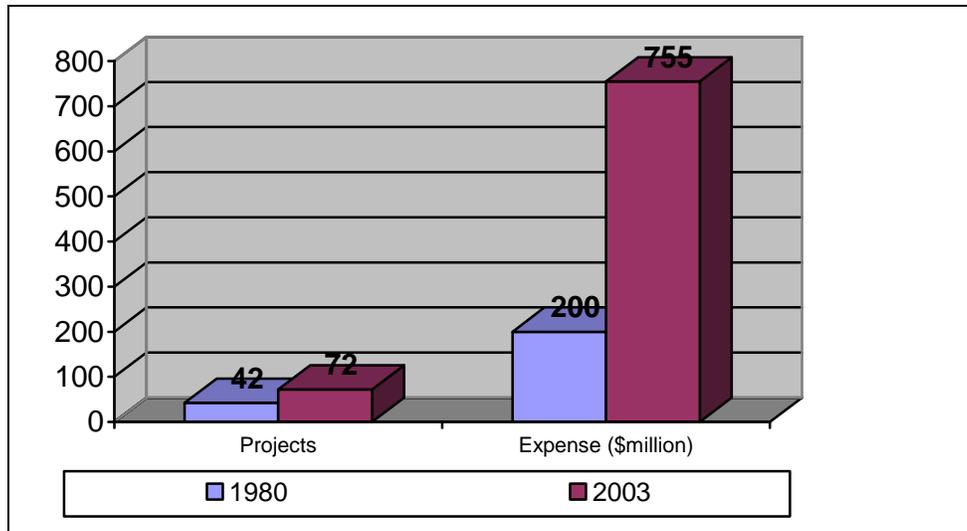
Smart planning can mitigate many of the challenges of working with an old building. First, if the building was not originally a hotel, investors must determine if it is structurally and functionally suited for adaptive use as a hotel. The next consideration, says historic designer William Caligari, is to determine the degree to which historic fabric will be retained and restored. This requires an appreciation of the property's history and a thorough assessment of its

⁶⁰ Blank, "Preserving History Requires Flexibility."

⁶¹ Ibid.

historic materials. If federal tax credits are pursued, the Secretary's Standards will determine the minimum requirements for retaining material and architectural authenticity. It is also helpful for the developer to have a clear picture of what he wants the end result to be. According to Caligari, realizing the final project as envisioned is often the greatest challenge in a historic rehabilitation.⁶²

Table 5. Certified Rehabilitations of Historic Hotels (1980 & 2003)



Summary

National hotel companies have begun to rehabilitate historic hotels and other buildings for use as modern hotels. Federal and local financial incentives are helping to defray the cost of preserving historic structures, making preservation projects more attractive and lucrative. By 1980, forty-two historic hotels had used the federal tax credits to help fund \$200 million in

⁶² Zimmer, 37-38.

rehabilitation expenses.⁶³ Seventy-two historic hotels were rehabilitated in 2003 using the federal program; rehabilitation costs totaled \$755,464,419 (see Table 5).⁶⁴ The practice not only provides a marketing edge in a crowded industry, it also supports downtown revitalization and economic development initiatives. Rehabilitating historic structures undoubtedly presents a variety of unique challenges, not the least of which are financially-based.

⁶³ Brown, 1.

⁶⁴ Dahlia Dandridge, Program Analyst, National Park Service, Heritage Preservation Services, interview by author, June 13, 2004.

CHAPTER 4

CASE STUDY: THE FITZPATRICK HOTEL, WASHINGTON, GEORGIA

History

Washington, Georgia was a rural town greatly influenced by the development of grand hotels in the late nineteenth century. Located in the agriculturally rich piedmont region of eastern Georgia, Washington is the seat of Wilkes County. The end of the nineteenth century brought growth and prosperity to Washington, despite a devastating fire in 1895 that destroyed much of the town square. Transportation and commercial advancements fueled the need for a grand hotel. Brothers Thomas M. and John H. Fitzpatrick were successful businessmen who owned property on the west side of the town square that burned in the conflagration. In 1898 they determined to build a grand structure that would reflect Washington's social and commercial prosperity.⁶⁵ Their vision culminated in the Fitzpatrick Hotel, one of the first modern hotels in Washington, and without question the finest (see Figure 8).

The same year, another merchant named W. T. Johnson was finalizing plans to construct a three-story forty-room hotel in downtown Washington (see Figure 9). The race for the Washington's first modern hotel had begun. As it turned out, it was not much of a race at all. Both hotels broke ground in the summer of 1898, but Johnson's place was completed only five months later. In December, when workers at the Fitzpatrick site went on strike, many speculated

⁶⁵ Fitzpatrick Hotel National Register of Historic Places Inventory – Nomination Form, December 17, 1982.

that Mr. Johnson had bribed them.⁶⁶ That Johnson was a Baptist and the Fitzpatricks were Catholic added color to the local drama.



Figure 8. The Fitzpatrick Hotel, Washington, GA (ca. 1902-1905)

Though the Fitzpatrick Hotel was finished nearly two years after the Johnson (in 1900), it was superior in almost every respect. As a businessman, Johnson had raced to open the town's first grand hotel in hopes of cornering the market. In his haste, however, he sacrificed the craftsmanship and luxurious appointments which ultimately won public favor at the Fitzpatrick.⁶⁷

⁶⁶ Willingham, Robert M., Jr., *The History of Wilkes County, Georgia* (Washington, GA: Wilkes County Publishing, 2000), 322.

⁶⁷ Robert M. Willingham, Jr., historian, interview by author, June 6, 2004.

Just as the Tremont House immediately antiquated all previous accommodations, so did the Fitzpatrick redefine style and distinction in downtown Washington and Piedmont Georgia.



Figure 9. The Johnson Hotel, Washington, GA (ca. 1898)

Architectural Significance

John Fitzpatrick commissioned the architectural firm of Golucke and Stewart of Atlanta to design his main street hotel. James W. Golucke (1865-1907) was noted for his design of several Georgia courthouses, as well as hotels, banks, school and other institutional buildings.⁶⁸ The Fitzpatrick was situated diagonally across from the new courthouse and struck an impressive silhouette along the west side of the public square.

⁶⁸ Fitzpatrick Hotel National Register Form.

Three stories tall, the Queen Anne hotel was roughly rectangular in shape. The main façade was divided into four bays, with three mercantile shops on the ground floor addressing the square. Guests entered the hotel's lobby underneath a canopy to the right of the shops. The national register nomination for the Fitzpatrick describes the many exterior details that made it such an architectural landmark:

The upper floors feature two two-story bay windows in the central bays and southeast corner domed turret all clad with white-painted sheet metal embossed with garlands and swags. On the front all windows are one-over-one double-hung sash with stained glass transoms above. Those in the end bays have stone caps, flat arched on the second floor and round arched on the third. Stone string courses extend from the window sills and from the arch springing points of the third floor windows. The complex roofline features a metal cornice supported by corbelling and surmounted by a parapet that steps up around the tent roofs of the central bay windows. The words 'Fitzpatrick' and '1898' in the parapet provide a central focus, chimneys project up through the parapet above the pilasters and the onion domed roof of the turret highlights the southeast corner.⁶⁹

The interior of the Fitzpatrick was no less impressive. Floors were heart pine, except in the lobby where stone tile was used. Ceilings featured bead-board wood or finish plaster. Walls, too, were plastered and covered with wood wainscoting and decorative moldings. The main stairway featured matching wood newel posts and balustrades. In addition to the three stores and hotel lobby, the first floor included several smaller, multi-purpose rooms. Guest rooms occupied most of the second and third floors. Individual rooms had patera blocks around windows and doors, which included transoms above. The second floor ballroom boasted pressed tin ceilings, heavy moldings, large French doors, two fireplaces and decorative mirrors.⁷⁰

Like all grand hotels of the day, the Fitzpatrick was equipped with the most advanced mechanical and electrical equipment. Five large furnaces centrally heated the hotel.⁷¹ Steam radiators were added in the early twentieth century, and knob and tube wiring provided

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Willingham interview.

electricity throughout the building. Two large bathrooms on the upper floors provided indoor facilities. Two more baths were introduced to the guest floors in 1912.⁷² A service elevator was also added. The first telephone system in Washington was installed at the Fitzpatrick Hotel (not surprisingly, considering that the Fitzpatricks owned the local telephone company).⁷³ The Fitzpatrick Hotel was as fine a building as any town the size of Washington could claim.

Cultural Significance

The Fitzpatrick Hotel was locally significant not only for its ornate Queen Anne architecture and modern conveniences, but also for the prominent commercial, political, and social roles it played within the Washington community. In many respects, the Fitzpatrick and others like it were microcosms of the palace hotels that anchored major urban centers (see Figure 10). This was true of both the form and the function of the Fitzpatrick. Virtually as soon as the hotel doors opened, the Fitzpatrick became the hub of cultural activity.



Figure 10. Public Square, Washington, GA (ca. 1900)

⁷² Fitzpatrick Hotel National Register Form.

⁷³ Osinski, Bill, "New Owners Restore Washington Hotel," *Atlanta Journal-Constitution*, September 28, 2002.

John Fitzpatrick had hoped to establish the finest hotel accommodations, retail shops and dining establishment in the Washington area following the fire of 1895. The Fitzpatrick Hotel featured several thriving businesses. The first floor spaces included a barber shop, grocery store, and hardware store. The hotel restaurant won immediate acclaim and families from all across middle Georgia were said to travel to Washington just for a meal at the Fitzpatrick Hotel.⁷⁴

An early newspaper advertisement for the hotel and shops quoted the Fitzpatrick brothers as saying, “We have got the grandest old county and town upon God’s green earth, so let us all pull together and make it the garden spot of the South. We were told time and time again that Washington was dead, that we could do no business. Was your prediction correct? No! A thousand times no! Our three large stores are always crowded. We are doing twice the business we anticipated.”⁷⁵

Traveling salesmen, or drummers, arrived at the Fitzpatrick via a mule-drawn car that ran between the hotel and the depot seven blocks away (see Figure 11). The hotel regularly accommodated visitors in town to conduct business at the newly constructed Wilkes County courthouse.⁷⁶ The Fitzpatrick was used for a variety of significant occasions and welcomed numerous distinguished guests. On March 9, 1900, the Fitzpatrick hosted its first social event, a Daughters of the American Revolution Costume Dance. Soon after, the hotel was the site of a grand banquet for the officers and board of the Seaboard Air-line Railroad. The event was attended by the most prominent businessmen and officials in Washington and Augusta.⁷⁷

⁷⁴ Yearwood, J.S., “The Fitzpatrick – A 100-year-old Hotel to Reopen after 50 years,” *The Oglethorpe Echo*, March 2003.

⁷⁵ “A Brief History,” *Washington News-Reporter*, March 7, 2002.

⁷⁶ Fitzpatrick Hotel National Register Form.

⁷⁷ Willingham, 323.



Figure 11. Mule-drawn car at the Fitzpatrick Hotel (1910)

In the summer of 1900, astronomers determined that Wilkes County provided the ideal location to view a total solar eclipse. A team of scientists from the Massachusetts Institute of Technology arrived in Washington that May. The group stayed at the Fitzpatrick, where they were introduced to Victorian elegance and southern grace. “For this brief moment,” writes historian Robert Willingham, “Washington held celebrity status among the world’s greatest astronomers, not just for its geographical position but for the cordiality and hospitality shown by its residents.”⁷⁸

In January of 1909, Governor-elect Joseph M. “Little Joe” Brown was honored with a morning reception at the Fitzpatrick that overflowed with constituents. Later that night, a formal banquet was held at the hotel.⁷⁹ The Fitzpatrick hosted countless political events and festive

⁷⁸ Ibid.

⁷⁹ Ibid, 349.

engagements during its heyday from 1900 to around 1912. It was undoubtedly the preeminent social venue for Wilkes County and the surrounding area.

Decline of the Fitzpatrick Hotel

The Tremont of Washington, the Fitzpatrick Hotel did much to showcase Washington's economic and social status. But also like the Tremont, the Fitzpatrick's glory days were numbered. Much of the hotel's success was due to the Fitzpatrick brothers, who had insisted on the highest standards of construction, operation, and service. John died in 1907, however, and his brother Thomas passed away four years later.⁸⁰ Without its visionary founders (or even a will to settle the family estate) the Fitzpatrick hotel declined.

The Fitzpatrick was sold in 1914 to Mrs. Alice Hynes and her daughters. Mrs. Hynes renamed the hotel the Columbus Inn, but soon had to sell it herself. Ironically, rival hotelier W. T. Johnson became the new owner in 1922. Johnson still managed his namesake hotel, and his acquisition of the Fitzpatrick property was more a hedge against competition than an investment in its future success. He reopened the hotel as the Washington Inn, which lodged semi-permanent residents as well as travelers, but the hotel never regained its former popularity or prestige.⁸¹

The Fitzpatrick operated as the Washington Inn until 1951, but a myriad of factors contributed to its physical and social decline. The death of the Fitzpatrick family had an immediate detrimental effect. Economic hardship caused by the boll weevil and the Great Depression reduced business and leisure travel. World War II had a similar effect, as Americans rarely traveled for pleasure. The iron horse, which had brought many travelers to the Fitzpatrick, was quickly replaced by the automobile. Nationally, commercial activity migrated away from

⁸⁰ Fitzpatrick Hotel brochure.

⁸¹ Willingham interview.

the central business districts and toward major roads and chain businesses, prompting broad abandonment of urban cores. Urban renewal policies of the 1950s and 1960s did nothing to revitalize historic structures like the Fitzpatrick.

The three retail spaces on the first floor of the Fitzpatrick building remained occupied well into the 1980s. The rest of the hotel, however, was abandoned by 1951. Residents of Washington long recognized the significance of the Fitzpatrick Hotel to their community, but organized efforts to rehabilitate the structure only recently materialized. Wilkes County historian and Washington resident Robert Willingham remembers one of the earliest efforts (in 1980) to care for the ageing hotel. As president of the local group of Young Preservationists (affiliated with the Georgia Trust for Historic Preservation), Willingham led a group that removed pigeon feces and other debris from the hotel. He recalls the futility of their efforts, though, given the decrepit conditions that allowed pigeons to inhabit the building in the first place.⁸²

Previous Redevelopment Efforts

Preservation efforts gained momentum as regional interests like the Central Savannah River Area Regional Development Center (CSRA RDC) were asked to play a more active role. In the 1980s, Washington resident and designer Rodney D. Eaton, Jr., purchased the hotel with plans for a full restoration. Eaton, however, proved to be a visionary ahead of his time and was unable to garner the financial and public support to implement his project.⁸³

A later proposal came from a North Carolina developer known as a pioneer in acquiring and rehabilitating “white elephant” hotels. DeWayne Anderson, chairman of The Landmark Group of Winston-Salem, North Carolina, projected a massive historic rehabilitation in

⁸² Ibid.

⁸³ Ibid.

accordance with the Secretary's Standards but was unable to procure public funding to match his personal investment. Anderson estimated rehabilitation and opening expenses just shy of \$4 million, and asked the City of Washington to donate the building and contribute approximately \$300,000. The public partners were unable, or unwilling, to meet his request.⁸⁴

Walt McGill, president of the non-profit development group Piedmont Foundation, Inc., in Atlanta, purchased the property in the 1990s. McGill intended to convert the hotel into a bed and breakfast and to erect a separate, free standing building on the property for low income and elderly housing. A restaurant and a satellite office of Athens Technical College were identified as future tenants.⁸⁵ McGill's mixed use plan considered several federal tax benefits for historic properties and low-income housing.

McGill retained a preservation firm, Martin Reilly Associates of Atlanta, to be the architect and to submit the historic tax credit application. The Georgia State Historic Preservation Office provided technical assistance throughout the planning stages. The project secured a \$500,000 Community Development Block Grant (CDBG) and an Employment Incentive Grant for \$250,000, but after two years of inaction, the funds were de-obligated by DCA and the project never materialized.⁸⁶

In the absence of a viable redevelopment proposal, the material condition of the building continued to deteriorate. The Washington Downtown Development Authority (DDA) recognized the need to intervene and in 1997 purchased the Fitzpatrick. The DDA stabilized the hotel by reinforcing the structure, boarding up windows and repairing the roof where they could. The principal goal of the DDA's involvement was to market the hotel and attract potential

⁸⁴ Anne Floyd, Director of Local Government Services, Central Savannah River Area Regional Development Center, interview by author, June 4, 2004

⁸⁵ Hall, Melissa, "City Involved in Hotel Restoration," *The Augusta Business Chronicle*, September 6, 1999.

⁸⁶ Floyd.

developers, which they did through a local real estate agent. The authority and the RDC continued to pursue grant options for future redevelopment options.

Sandy White, Director of Tourism and Downtown Development and the Main Street Director for Washington, recalls that during the time the DDA marketed the property some citizens thought the Fitzpatrick should be torn down to make way for parking. Others suggested that any development proposal should be embraced, regardless of its merits or long-term effects. White insists that one of the keys to a successful preservation or redevelopment project like the Fitzpatrick Hotel is patience. Officials and residents overwhelmingly agree that prudent consideration of proposed development plans led to the best and most historically appropriate use of the Fitzpatrick Hotel for the Washington community.⁸⁷

Fitzpatrick Limited Liability Corporation (LLC)

Fitzpatrick LLC was formed in March 2002 to acquire, rehabilitate and manage the Fitzpatrick Hotel. Ownership interest in the corporation was split evenly among the four principal partners, each of whom brought practical expertise to the Fitzpatrick project. The partners included James Carter of Philomath, Georgia, Amit Mehta of Waynesboro, Virginia, and Mike and Christy Todd of Winterville, Georgia.

Christy Todd, a business graduate of the University of Georgia, handled marketing and public relations work for the hotel. Mr. Mehta, who is Christy's father, contributed his extensive experience in financial management. Mr. Carter had successfully rehabilitated several historic structures, including his personal residence in Philomath and the Old Presbyterian Manse in Athens. Carter also served as a consultant on the rehabilitation of the Lyndon-Ware House in

⁸⁷ Sandy White, Director of Tourism and Downtown Development, City of Washington, interview by author, June 1, 2004.

Athens.⁸⁸ Mike Todd was a former chemical engineer with construction experience who left the industry to concentrate full time on the Fitzpatrick rehabilitation.⁸⁹ With his wife and business partners, Mike had restored fourteen historic properties in and around Athens, including two that were honored with Athens Renovations awards (295 Oglethorpe Avenue and 130 Grady Avenue).⁹⁰

The professional background and personal commitment to historic preservation of each of the Fitzpatrick LLC partners played an important role in making the project successful. Experience, planning, and organization enabled the corporation not only to secure funding, but also to handle the day to day project management. Mrs. Todd recalls “three months of intense planning and scheduling before the first brick was even touched.”⁹¹

Personal involvement and a delegation of responsibilities also contributed to the project’s success. Mike Todd acted as the general contractor, which guaranteed the highest standards of craftsmanship and historical accuracy and minimized construction labor expenses. Carter applied his unusual talent for sensitivity to architectural detail and interior design, which further ensured the hotel’s authenticity. Edward McArthur, an architect in New York and a friend of Carter, noted, “Jim has the ability to spot hidden design features that most people would never see. Being a preservationist requires a lot of detective work, and he knows what to look for and how to find it.”⁹² Christy Todd has coordinated the tax credit applications in addition to managing public relations and advertising.

⁸⁸ Newsome, Smythe, “Breakthrough for Downtown: Fitzpatrick to Be Restored,” *Washington News-Reporter*, March 7, 2002.

⁸⁹ Newsome, Smythe, “We’ve Put the Brakes On; Now We Want to Go Forward,” *Washington News-Reporter*.

⁹⁰ Newsome, “Breakthrough for Downtown.”

⁹¹ Yearwood.

⁹² Newsome, “We’ve Put the Brakes On.”

The investors' commitment to historic preservation was immediately evident in the hotel rehabilitation plans and in their vision for the community. Mike Todd candidly admitted before construction, "Money's not the first thing we're after. Saving the building and bringing it back to life is what we really want."⁹³ Developers with community-minded ideas like that are few and far between, but often they are the only investors with the vision and commitment to follow through with an appropriate rehabilitation.

Another key component of the rehabilitation that indicated Fitzpatrick LLC was the right developer for the project was their decision to restore the hotel to its original use. Unlike other proposals, their goal was to restore the hotel as closely as possible to its historic form and function. Historic hotels are unique because they offer the chance not only to preserve the historic fabric of a building, but also its historic use. The Fitzpatrick was the most prominent commercial building in Washington and, recognizing this, Fitzpatrick LLC determined to restore its functional as well as its aesthetic glory. Preservation theory perhaps understates the significance of preserving a building's intended activity, but historic hotels, when appropriately rehabilitated, demonstrate the importance and potential of respecting a building's traditional function.

Several factors contributed to the successful rehabilitation of the Fitzpatrick Hotel, but none more than the proven experience of the Fitzpatrick LLC principals. As noted above, both Jim Carter and the Todds had invested in and managed numerous successful historic preservation projects. Though the Fitzpatrick Hotel was the first property for which they used the federal tax credits, they were already aware of the unique challenges of historic rehabilitation, and they budgeted and planned accordingly. The partners also brought to the project a keen appreciation for

⁹³ Osinski.

historic context and detail, which helped them identify and maintain the building's material integrity.

Another factor that contributed to the project's success was Mike Todd's personal involvement in the construction and project management. An experienced tradesman from past projects, Todd acted as the general contractor and was on the Fitzpatrick site daily. He and his crew did much of the work themselves, and closely supervised subcontracted labor. He demanded perfection on the job site. When metal roofing was laid only eight inches off center, he had the workers pull it off and re-apply it. He made the masons re-mix mortar for the rear wall reconstruction when he realized the sand composition was off.

Mike Todd's on-site leadership ensured respect for the hotel's architectural fabric and produced high standards of craftsmanship. It also brought an energy and commitment to the project not evident in previous Fitzpatrick redevelopment attempts. Moreover, the owners estimate that they saved around fifteen percent on labor expenses with Todd as the general contractor.⁹⁴ Sweat equity and opportunity costs associated with Mr. Todd's involvement should not be underestimated, but the savings (along with the tax credits and other public incentives) is one of the reasons the recent rehabilitation succeeded where others failed. Potential developers of the Fitzpatrick Hotel who pursued traditional methods by hiring a general contractor and getting quotes from subcontractors were frequently overwhelmed by the estimated expense.

Fitzpatrick LLC also benefited from the city's renewed commitment to revitalizing downtown. Between 1997 and 2000, over \$1 million was invested in eighteen buildings in downtown Washington. Seventeen other renovations and historic rehabilitation projects downtown accounted for \$780,000 in improvements. Thirteen businesses moved locations downtown to buy a building or expand their operation. Investment improvements to existing

⁹⁴ Mike and Christy Todd, principals, Fitzpatrick LLC, interview by author, May 25, 2004.

businesses totaled \$65,000. During the same time, the city spent over \$800,000 on streetscape enhancements, funded primarily by the Department of Transportation Intermodal Surface Transportation Efficiency Act (ISTEA).⁹⁵ The city's commitment to downtown vitality fostered a supportive environment for historic preservation and hotel operation. Thriving retail activity and recent infrastructure improvements in the downtown area made the timing perfect for redevelopment of the most prominent building on the public square.

Project Financing: Private Equity

One of the biggest obstacles to rehabilitating any historic structure is securing favorable financing terms. Walt McGill, who tried unsuccessfully to rehabilitate the Fitzpatrick, lamented "Anytime that you renovate a property like this, it's not your most easily financed deal. You just can't go into a bank and borrow \$2 million dollars for a project like this."⁹⁶ Fitzpatrick LLC enlisted a variety of financial resources to get their project off the ground. The partners bought the Fitzpatrick with private equity that included profits from the sale of other real estate assets. The group paid \$130,000 in cash for the hotel, and dedicated another \$339,703 in private equity to the rehabilitation project (see Table 6).

A construction loan and permanent loan for \$1,026,000, amortized over twenty years at five percent, were obtained from SunTrust Bank of Athens and Farmers & Merchants Bank in Washington, respectively. The SunTrust loan officer was respectful of the unusual nature of the project and structured the construction loan so that it encouraged favorable financing from state and local sources as well. A permanent loan was obtained from the local bank because of

⁹⁵ www.washingtonwilkes.com/site/page6222.html

⁹⁶ Hall.

corporate decisions at SunTrust Commercial Lending to exit smaller markets like Athens and to divest itself of special interest lines of business, including hotels.⁹⁷

Table 6. Fitzpatrick Hotel Project Funding Sources

Source	Amount
SunTrust Bank of Athens/Farmers & Merchants Bank: Construction and Permanent Loan	\$1,026,000.00
City of Washington/Georgia DCA CDBG Low Interest Loan	\$250,000.00
Developer's Equity	\$469,703.00
Tax Credit Equity Investor Contribution	\$330,370.00
Total Funding	\$2,076,073.00

Project Financing: Public Funds

Public funding was made available by the Community Development Block Grant (CDBG) Loan Guarantee Program (Section 108 Program) administered by the Georgia Department of Community Affairs (DCA). The program was enacted as an economic and community development financing tool for “unique and large scale” projects not financially viable without the loan guarantee. Eligible projects must satisfy guidelines established by the Housing and Community Development Act of 1974, as amended, and provide employment opportunities or related benefits to low and moderate income persons. In practice, the block grant is awarded to a local municipality, which is then able to loan the funds at a favorable interest rate.⁹⁸

⁹⁷ Mike and Christy Todd.

⁹⁸ www.dca.state.ga.us/economics/section108.html

The CDBG application for the Fitzpatrick Hotel was prepared by the Central Savannah River Area RDC, approved by DCA, and awarded to the City of Washington. DCA permitted its loan money to be used up front (i.e., before the bank loan was extended) which helped advance the project.⁹⁹ The city loaned the \$250,000 grant to Fitzpatrick LLC for a twenty year period at .875 percent interest. Interest was deferred during construction and will not begin to accrue until three years after the certificate of occupancy or until the hotel turns a profit, whichever occurs first.¹⁰⁰

Project Financing: Federal Historic Preservation Tax Incentives

Federal historic preservation tax credits have played an important role in the Fitzpatrick Hotel project. Many private investors (versus large corporations with deep accounts) are not able to use the full tax credits because the credits far exceed their taxable income. Credits, therefore, are routinely sold in a secondary market to large investors who can take full advantage of the tax break. An organization is typically willing to pay on the order of \$.80 to \$.90 per tax credit dollar. It is required to “materially participate” in the rehabilitation project, meaning the entity must hold a non-fee simple real estate interest in the property, usually as a partner in a limited liability corporation. The buyer enjoys a dollar-for-dollar reduction in taxes owed; the seller receives instant equity to put toward construction, albeit at a reduced rate. Such arrangements frequently give developers of historic properties the financial liquidity to jumpstart rehabilitation projects.

Fitzpatrick LLC intended to sell its tax credits to SunTrust Bank prior to rehabilitation as a source of equity to cover construction start-up costs. Rehabilitation was estimated at just under

⁹⁹ Floyd.

¹⁰⁰ Mike and Christy Todd.

\$2 million, with tax credits anticipated around \$330,000.¹⁰¹ However, because of the relatively small scale of the project, the credits proved difficult to market. Investors in the secondary market typically are not attracted to historic tax credits below \$500,000 because of the reduced benefits after associated brokerage fees and business risks are assessed.

Another factor that affected the marketability of the Fitzpatrick tax credits was that the subject property was a hotel. In shopping for tax credits and determining what rate to pay for them, tax credit investors consider the operation risk of an individual project. Specifically, they evaluate risk in four areas: 1) the developer's personal financial strength; 2) construction risks; 3) environmental concerns; and 4) leasing potential. Hotels present a greater risk since a majority of the developer's revenue is contingent on the hotel's operating success. Hotels also lack the guaranteed cash-flow of typical long-term commercial leases.¹⁰² (Consider that a hotel "lease" is typically by the night, whereas a historic mill converted into loft apartments, for example, rents units for a period of one year, or a large commercial building might command a ten, twenty or thirty year office lease.) If the rehabilitation project is not completed and the hotel cannot sustain its operation, the tax credits are subject to recapture from the IRS.

Fitzpatrick LLC recently retained Urban Trust LLC, development and financial advisors to the historic tax credit industry, to market and sell its credits. Urban Trust specializes in brokering tax credit sales in the middle market (i.e., credits between \$100,000 and \$2 million). Urban Trust prepares a detailed sales memorandum which it uses to solicit potential investors. Once interested parties are identified, Urban Trust negotiates the terms of the tax credit sale, including the price per dollar and a buy out provision that allows the developer to recover the credits at a reduced percentage.

¹⁰¹ *Rehabilitation of the Historic Fitzpatrick Hotel in Washington, Georgia by Fitzpatrick LLC* (Urban Trust LLC, April, 2004).

¹⁰² Andrew M. Ham, Managing Director, Urban Trust LLC, interview by author, May 27, 2004.

The brokerage process requires a process of due diligence to investigate and evaluate subject properties. A brokerage fee is assessed to cover the legal and administrative costs of researching, marketing, and negotiating the tax credit transaction. The net sales rate, after sales terms and associated fees, averages around \$.55-\$.65 per tax credit dollar. The Fitzpatrick Hotel historic tax credits were marketed to two national investors, one of which agreed to buy them for \$.89 per dollar, before brokerage fees.

Even with the associated expenses of selling the credits, the Rehabilitation Investment Tax Credit program makes a significant financial contribution to preservation projects. The additional cash will be used to offset initial operating costs at the Fitzpatrick Hotel. The case of the Fitzpatrick does, however, expose one of the shortfalls of the federal program: individual and small investors are inherently disadvantaged compared to mega corporations with unlimited funds. Since many local investors lack the substantial incomes to take advantage of the full credits, they are essentially forced to sell them at a discounted rate.

The tax credits are a tremendous benefit to national hotel operators and, thankfully, encourage many to adaptively use historic buildings and preserve significant hotels. But in many communities across America, particularly rural areas like Washington, Georgia, the success of historic preservation, downtown revitalization, and economic development hinges on the vision and commitment of private investors with limited resources. The federal historic tax preservation credit program should ensure that its full register of financial benefits is available to those civic-minded developers as well.

Project Financing: New Market Tax Credits

Fitzpatrick LLC also explored the New Markets Tax Credit (NMTC) Program. The NMTC program is administered by the U.S. Treasury Department and is intended to jumpstart

investment in distressed urban markets and underserved rural communities. Eligible Community Development Entities (CDEs) – local organizations with investment funds – receive funding from the Treasury’s Community Development Financial Institution (CDFI) Fund. CDEs solicit private investments by offering tax credits equal to five percent of the investment for each of the first three years and six percent for the each of the next four years of investment in the CDE. The funds generated are then provided as equity, loans, or other financial benefits to economic development projects in eligible communities.¹⁰³ In September 2002, the IRS announced that the new markets tax credits could be used in conjunction with the federal historic tax credits. The Fitzpatrick qualified for approximately \$128,000 in NMTC credits, but because of the limited market discussed above, the corporation was unable to sell them.¹⁰⁴

Project Financing: State Historic Preservation Tax Incentives

State tax credits are another financial tool available to developers of historic properties. Nineteen states offer tax incentives similar to the federal program. In Georgia, qualifying historic preservation projects are eligible for state income tax credits up to twenty percent of the rehabilitation expenses or \$5000. The state income tax credits are separate from, and available in addition to, the federal credits. Georgia’s program was not enacted until May, 2002, however, so the Fitzpatrick rehabilitation was not eligible for its benefits.¹⁰⁵

Project Financing: Local Incentives

The developers did take advantage of a local property tax abatement program. The State Historic Preservation Office determines eligibility by applying the same standards for federal tax credits. Once the rehabilitation is certified, the developers submit the approved paperwork to the

¹⁰³ www.housingonline.com/development_issues/newmarket_background.htm

¹⁰⁴ *Rehabilitation of the Historic Fitzpatrick Hotel in Washington, Georgia by Fitzpatrick LLC.*

¹⁰⁵ *Georgia State Income Tax Credit Program for Rehabilitated Historic Property* (Historic Preservation Division, March 2004), *Page*.

local tax assessor. Taxes on the structure are frozen at the pre-rehabilitated value for a period of eight years. In the ninth year, the property is taxed at fifty percent of its rehabilitated value and in the tenth year taxes are assessed at the property's full, rehabilitated value.¹⁰⁶

The local government provided other development incentives that contributed to the project's success. Most notably, the City of Washington paid for infrastructure improvements to the parking lot at the rear of the hotel. Utilities were moved underground and new water lines were installed. Building permit fees were waived to facilitate the rehab project and other efforts were funded to promote the redeveloped hotel.¹⁰⁷ Those local incentives reflected the community's commitment to working with Fitzpatrick LLC and ensuring the hotel's long-term success.

Rehabilitation of the Fitzpatrick Hotel

Reform, Inc., an architectural firm in Atlanta, used drawings of the original hotel floor plan to accommodate rehabilitated spaces and historic features. The overall design and layout of the Fitzpatrick Hotel was retained. The plan included restoration or rehabilitation of the following areas and the supporting mechanical systems: three retail spaces; entry and lobby; conference room; kitchen and restaurant; ballroom; and seventeen guest rooms. Private bathrooms were introduced into each room, reducing the number of guest rooms from twenty-one to seventeen. Total rehabilitation costs were projected at just under \$2 million (see Table 7). Fitzpatrick LLC adhered to a strict budget, but incurred excess expenses on some sub-contracted jobs, fire code requirements and a few areas where they refused to compromise the historic integrity of the building.

¹⁰⁶ Martha Marcille, Tax Incentives Coordinator, Georgia Department of Natural Resources, Historic Preservation Division, interview by author, May 27, 2004.

¹⁰⁷ Mike and Christy Todd.

Table 7. Fitzpatrick Hotel Project Budget

Cost	Amount
Land Acquisition/Closing/Survey	\$144,045.00
Site Development	\$14,500.00
Rehabilitation Cost	\$1,392,891.00
Architecture and Engineering	\$78,445.00
Pre-Opening Expenses (6 months)	
Furniture	\$89,585.00
Opening Supplies	\$28,246.00
Restaurant Equipment	\$55,000.00
Operating Expense Reserve (6 months)	
Operating	\$39,620.00
Insurance Taxes	\$7,800.00
Financing Costs/Interest/Fees	\$22,846.00
Miscellaneous Expenses	\$63,630.00
Total Project Cost	\$1,936,608.00

Rehabilitation plans for the Fitzpatrick Hotel called for the retention and reuse of as much historic material as was structurally possible. The investors’ decision to use original material and restore the hotel as closely as possible to its original form was based on two considerations. “First,” explains Carter, “for historical and architectural integrity, we want to retain as much as possible from the original structure. Second, we don’t want to spend money rebuilding areas

which are structurally sound.”¹⁰⁸ The task was not an easy one, however, considering the hotel’s deteriorated state. The roof had collapsed in the rear of the building, leaving serious water damage (see Figure 12). Rotten wood had to be removed so that the builders could establish a solid foundation from which to rebuild.

Structural steel beams were strategically introduced to reinforce the structure. The absence of steel members had allowed portions of the building to sink, resulting in cracks in the masonry and plastered walls.¹⁰⁹ A cottonwood tree had grown through the hotel’s rear wall and up through the second floor (see Figure 13). The tree’s removal required that the back wall be completely disassembled. The wall’s 30,000 bricks, however, were carefully retained, numbered, and reused to rebuild the wall.¹¹⁰



Figure 12. Pre-rehabilitation water damage in the Fitzpatrick Hotel (2002)

¹⁰⁸ Newsome, “We’ve Put the Brakes On.”

¹⁰⁹ Ibid.

¹¹⁰ Yearwood.



Figure 13. Cottonwood tree growing through the rear façade of the Fitzpatrick Hotel (2002)

A new roof was installed, but virtually everything else was restored. Three inch heart pine floors were reconditioned. Walls and ceilings were cleaned and the plaster preserved. Doors and windows were reglazed and repainted as necessary. When necessary, missing and damaged elements were carefully reconstructed. Decorative plaster and woodwork throughout the hotel was reconditioned and replaced to reflect its original appearance. Fireplaces, mantels, stairways, moldings and other character-defining architectural details were painstakingly restored to their former opulence (see Appendix C).

The historic floor plan was preserved as closely as possible, in accordance with the original blue prints (see Appendices A and B). New bathrooms were sensitively introduced into the guest rooms so as not to disrupt historic spatial arrangements. Historic photographs were

used to reconstruct the historic commercial storefronts. Mechanical equipment was introduced in discrete spaces (above the bathrooms) and air ducts and electrical work were concealed.¹¹¹

Rehabilitation Issues

Historic materials and design inevitably conflicted with contemporary building codes. By addressing health and safety issues early and by working closely with Washington building officials, the developers were able to avoid major problems. Yet there were some obstacles to overcome. Code-driven additions to the project, such as full mechanical and electrical engineering prints and fire safety measures, accounted for the greatest budget overages (between \$40-60,000).¹¹² While local officials had a public investment in the success of the project and were eager to find solutions that satisfied code and respected the hotel's historic character, the state fire marshal in Atlanta was decidedly less flexible.

Fire safety accounted for most of the issues. An additional fire escape was added to the side of the building, requiring that a window in the stairwell be reconfigured into a full door with a landing. Since the fire escape stairs were visible from the main street, the developers decided to pay more for an aesthetically attractive and historically appropriate apparatus. Egress was enhanced from the roof, where rails were added to an existing parapet (thirty-six inches tall) to satisfy the forty inch code requirement. Escape routes were incorporated into the rear of the building as well.

There were compromises, too. The historic doors in the hotel lobby opened inward, but code required that they open out to facilitate emergency egress. Rather than alter a significant aspect of the hotel's public space, the fire marshal agreed to the installation of a pre-recorded voice emergency system that notifies occupants of a fire and directs them to the nearest exit.

¹¹¹ Fitzpatrick Hotel Historic Preservation Certification Application, Part 2.

¹¹² Mike and Christy Todd.

Other trade-offs included the introduction of a fully integrated sprinkler system instead of fire doors that would have disrupted the historic hallways and open spaces. Wire safety glass was installed in the historic transom openings above guest room doors, thus satisfying fire code and preserving a significant interior feature. State officials also allowed retention of historic doors, rather than the typically-mandated one hour fire-rated doors.

Known as “equivalencies” in the building code industry, such concessions preserved historic features in the hotel and reduced expenditures on new materials. Building fire codes are prescribed by the National Fire Protection Agency (NFPA). A recently adopted code, NFPA 914, Fire Protection in Historic Structures, was specifically drafted to ensure safety standards while respecting the historic fabric of older buildings where character retention is important. The new code offers equivalencies that can be applied to historic buildings. Unlike its predecessor, which offered only recommended practices, NFPA 914 is a code that stipulates specific guidelines for balancing safety and character.¹¹³ With time and application, the new code should help make building code requirements easier to satisfy in historic rehabilitation projects.

Other concerns involved potential environmental hazards. Abatement plans were factored into the rehabilitation budget. Occupational Safety and Health Administration (OSHA) representatives were familiar with historic buildings and worked with the owners to remove asbestos, lead paint and pigeon waste. The process was simplified since Mr. Todd performed most work on hazardous materials himself. The structure was tested for air quality and determined to be free from mildew and other molds.

¹¹³ Solomon, Robert E., PE, “Preserving History from Fire,” *Old House Journal* (November/December 2000), 41-2.

OSHA provides a free on-site consultation program for small businesses.¹¹⁴ A team of inspectors identifies potential problems and offers technical assistance in the mitigation of those issues. The owner is required to correct the documented problems, but OSHA cannot fine a property owner for the discrepancies found. Fitzpatrick LLC did not take advantage of the program, but Mr. Todd believes it is a valuable service that offers a one-time opportunity to address any environmental concerns.¹¹⁵

The Americans with Disabilities Act (ADA) requires that hotels constructed (or renovated) after January 26, 1993, be accessible to persons with disabilities. Specifically, ADA stipulates that hotels shall offer at least one handicap-accessible guest room for every twenty-five rooms. Designated rooms must have a door width of fifty-six inches and all levers and hardware must be ADA compliant.¹¹⁶

To accommodate handicapped patrons, the Fitzpatrick Hotel features an ADA-compliant room on the first floor. A specially made faux double door was installed to present a historically accurate appearance. Public restrooms accessible from the hotel lobby, restaurant and retail spaces were also designed to accommodate disabled persons. The historic service elevator was upgraded to provide easy access to the second floor. The city contributed to the hotel's accessibility by installing sidewalk ramps outside the hotel.¹¹⁷

Marketing and Public Relations

The Fitzpatrick Hotel rehabilitation has been an overwhelming success in terms of the preservation of historic materials and period interior appointments. Reproduction and antique furnishings (including furniture from the Fitzpatrick family) complete the building. Ultimately,

¹¹⁴ www.osha.gov/dcsp/smallbusiness/consult.html

¹¹⁵ Ibid.

¹¹⁶ www.usdoj.gov/crt/ada/hsurvey.htm

¹¹⁷ Ibid.

though, the project will be evaluated as all historic preservation projects are – in terms of its economic impact. If initial public interest is any indication, the Fitzpatrick has a future as bright as its original golden years. The positive response thus far is due to an aggressive marketing campaign by the Fitzpatrick LLC with help from the City of Washington.

Mrs. Todd has overseen hotel advertising initiatives. Though she says the target market is “everybody,” Todd hopes that the hotel will offer the sort of unique, historic accommodations that are increasingly popular with heritage tourists from Atlanta, Augusta and across the southeast. The Fitzpatrick should fill the void between small bed and breakfast inns and limited chain motels. Washington is a well-established antebellum tourist destination, and its many architectural and historical attractions promise to bring a steady influx of visitors looking for a more authentic cultural experience.

Fitzpatrick LLC has used a variety of public and media sources to spread news about the hotel’s rehabilitation. One of the first things the group did was establish a web site to generate interest and provide updates on the hotel. It also promoted community support by keeping the community informed of its plans and redevelopment status. Open house tours at various stages of the rehabilitation allowed residents to follow the progress and appreciate individual craftsmanship and preservation practices. The local newspaper, the Washington News-Reporter, was very supportive of the project from the beginning. It devoted several stories to the efforts of the investors and city officials as well as historical pieces that interviewed former workers at the Fitzpatrick Hotel. The Atlanta Journal-Constitution and 11 Alive, a television news station in Atlanta, also presented destination stories on Washington and the Fitzpatrick Hotel.

Fitzpatrick owners considered soliciting a national operator to manage the hotel, but quickly recognized that its small size was not attractive to most national hotel corporations. A national hotelier might have helped with initial marketing and operational costs, but it would not have enhanced the aesthetics of the hotel, and likely would have compromised some of its historic character.

Fitzpatrick decided not to join Historic Hotels of America immediately. Currently, a private 800 number and the web site provide reservation outlets. They have tapped into national online advertisement resources, such as B&B Online and Best Romantic Inns, and are considering a number of other tourism alliances. Other marketing efforts include exploring cable television ads on special interest channels like the Travel and History channels and the Food Network. A short film will be produced that tells the history of the Fitzpatrick Hotel and its sensitive redevelopment. The video will be used as a marketing and educational tool for communities with similar historic resources.

Already the hotel has booked a number of local high school reunions, which frequently rent the entire hotel for the weekend. Reunions, weddings and other social events are easily accommodated, since guests can rent out the room, while events are held in the ballroom and catered through the hotel's commercial kitchen space. The hotel is also hoping to attract game day travelers during football season. University of Georgia football fans can stay in a unique setting and enjoy shuttle service to Athens for the ballgame. A similar arrangement is being considered for the Masters Golf Tournament, held annually in Augusta.¹¹⁸ Projected occupancy rates and income are reflected in Table 8 below.

¹¹⁸ Mike and Christy Todd.

Table 8. Projected Occupancy Rates and Income for the Fitzpatrick Hotel

	Year 1	Year 2	Year 3	Year 4
Occupancy Rate (guest suites, deluxe rooms, and business rooms)	30%	35%	40%	50%
Income (before depreciation and income tax)	\$55,944	\$62,138	\$87,251	\$115,493

Recreational travelers are reserving and visiting the Fitzpatrick in promising numbers, especially on the weekends. The hotel group hopes to attract business travelers to generate sustained activity during the work week. Prior to the reopening of the Fitzpatrick, Washington lacked a hotel with conference facilities. The city plans to recruit small and mid-sized business or government organizations to the area by promoting the hotel’s versatile meeting and entertaining spaces. The conference room, for instance, is wired for high speed internet access, a service not offered at other hotels in Washington.

Such technological amenities make the hotel attractive to companies like Hexcel Schwebel, a local fabrics manufacturer in Washington. Visiting personnel from Hexcel, who require online access to monitor the company’s technical systems, were forced to lodge in Augusta in the past because Washington did not offer online access.¹¹⁹ Through a sensitive introduction of high tech communications infrastructure, the Fitzpatrick Hotel is following the trend of larger corporate historic hotels that seek to accommodate the needs of modern business travelers.

The Fitzpatrick owners have not been alone in their efforts to promote the rehabilitated landmark. The Washington-Wilkes County Chamber of Commerce has begun actively soliciting business events and state conferences now that the town offers competitive amenities. The city

¹¹⁹ Christy Todd, principal, Fitzpatrick LLC, interview by author, June 12, 2004.

paid seventy-five percent of an advertisement in Southern Living magazine. The chamber paid for invitations to the Fitzpatrick Hotel's grand reopening on June 12, 2004. Nearly one thousand people attended the open house and banquet dinner.¹²⁰

The Fitzpatrick continues to reflect the architectural and technological advancements of its community, just as it did over one hundred years ago. Through an appropriate balance of historic character, modern amenities and first class service, the Fitzpatrick Hotel is well on the way to reestablishing its prominent cultural role within the Washington community.

¹²⁰ Christy Todd.

CHAPTER 5

FINDINGS, RECOMMENDATIONS, AND CONCLUSION

Findings and Recommendations

The Fitzpatrick Hotel is a distinctive resource in terms of its size and location. The rehabilitation project was also distinctive in that it was largely undertaken by a group of experienced and accomplished preservationists that insisted on historic accuracy and first-class craftsmanship. Every market is different, and careful consideration of the real estate and tourism industry should be undertaken to determine the appropriateness and viability of a historic hotel rehabilitation project. The developmental history, historic preservation trends and Fitzpatrick Hotel case study discussed in this thesis do, however, provide some general lessons for small communities with similarly neglected historic hotels. Those principles, as well as recommendations for successful rehabilitation planning and financing, are listed below.

1. **Historic hotels merit preservation.** Historic hotels are a uniquely significant building type because of their ability to reflect time and place and because of the important role they play in the social activities within a community. Because of their architectural and cultural significance, these historic structures should be preserved in a manner that respects the historic fabric and function of the original building.

2. **Historic hotels are excellent candidates for preservation and redevelopment because the original form easily accommodates modern amenities.** Many large abandoned buildings like old hotels are branded “white elephants” because they are neighborhood eyesores and can be difficult to re-use. Design considerations, however, are mitigated when an old

building is restored to its former use because the floor plan and primary spaces are easily adapted. Historic preservation projects which respect historic architecture and avoid major structural or spatial alterations are more likely to be approved for redevelopment and specific financial incentives. Further, such projects respect the original use of the building, which may be as important as the physical structure.

3. Rehabilitated historic hotels support downtown revitalization efforts. Historic hotels typically occupy prime real estate in the heart of downtown. The rehabilitation and reuse of these significant structures supports healthy urban activity and encourages similar preservation and redevelopment initiatives within the urban core. Rehabilitation returns large properties to the tax rolls, and the “spillover” effect leads to more investment in the built environment, higher real estate values and a thriving downtown economy.

4. Historic hotels satisfy the growing heritage tourism industry. Heritage tourism represents the fastest growing sector in the business, and those traveling for historic or cultural interests tend to stay longer and spend more money than other travelers. Historic hotels naturally attract and serve this lucrative market.

5. Historic hotels offer a competitive advantage in the lodging industry. Business and vacationing travelers are sophisticated consumers who increasingly desire unique accommodations. Historic hotels offer modern amenities and historic charm in a prominent urban setting that appeals to business and pleasure travelers alike. Distinctive, well-appointed, and conveniently located historic hotels appeal to discriminating travelers and often command higher room rates.

6. Rehabilitation of a historic hotel does not require the financial resources of a large corporation. If nothing else, the Fitzpatrick Hotel project illustrates the potential for

creative financing solutions for investors with limited resources. Though considerable personal equity was applied to the project, the majority of financing originated from low-interest loans and favorable lending terms. The community's financial commitment to the project permitted the developers to implement an appropriate rehabilitation that preserved the Fitzpatrick historic character and ensured its marketability for years to come.

7. Federal historic preservation tax credits are a valuable financial tool, but the program could be improved. Preservation tax credits are recognized by many hotel and other real estate developers as the financial bridge between available equity and rehabilitation expenses. Tax credit sales provide instant capital for construction, operational, and other start-up expenses. However, after brokerage fees and risk assessments, tax credits are sold well below their full value. Small investors are particularly disadvantaged by the arrangement since they often have to sell credits they cannot use themselves. The federal government should consider a grant-in-lieu-of-tax-credit program that would provide grants, in the form of a lump sum rebate from the IRS, to small investors unable to take the full tax credits for which they are eligible. The grant amount would equal twenty percent of the rehabilitation work eligible for the federal tax credit and could only be invested in the subject project.

8. Preservation planning is critical to any historic rehabilitation. Any preservation project should be carefully planned to take full advantage of local, state, and national resources. Planning considerations for the rehabilitation of a historic hotel include: a thorough market feasibility study; realistic assessment of financial assets and resources; project scope and timeline; availability of experienced labor and appropriate materials; advertising and marketing analysis (including consideration of a national operator and association with Historic Hotels of America); and an honest evaluation of community support.

9. Historic rehabilitation projects require community support and public-private cooperation. Historic preservation projects are enhanced when private investors and public officials cooperate toward a common goal and the local government supports the project with technical and financial assistance from start to finish. Grand hotels – like any historic structure – present a myriad of unique construction and financial challenges for the developer which are best addressed with the support of the municipal government and community at large. The city must be committed to the long-term success of downtown and its historic resources. Investors in historic preservation projects should work closely with government officials and continually strive to keep the public apprised of project plans and progress. Educational initiatives generate interest in the project and minimize surprises.

10. The success of a preservation project is largely dependent on the experience and commitment of the developer. The best real estate investors (from a preservation perspective) are those that understand the historic context of a place and consider it in their redevelopment plans. Identifying such a professional requires that municipalities screen interested developers to ensure that they are committed to the community and that the project is appropriate to the area. Certified rehabilitation works best when investors, developers, and craftsman understand and respect contextual history and preservation principles, including the Secretary of Interior's Standards for the Rehabilitation of Historic Structures. Such experience anticipates construction challenges and ensures a higher standard of craftsmanship. Significant cost savings are realized when the developer has the experience and commitment to personally manage the rehabilitation.

Table 9. Summary of Findings and Recommendations

1	Historic hotels merit preservation.
2	Historic hotels are excellent candidates for preservation and redevelopment because the original form easily accommodates modern amenities.
3	Rehabilitated historic hotels support downtown revitalization efforts.
4	Historic hotels satisfy the growing demand for heritage tourism.
5	Historic hotels offer a competitive advantage in the lodging industry.
6	Rehabilitation of a historic hotel does not require the financial resources of a large corporation.
7	Federal historic preservation tax credits are a valuable financial tool, but the program could be improved.
8	Preservation planning is critical to any historic rehabilitation.
9	Historic rehabilitation projects require community support and public-private cooperation.
10	The success of a preservation project is largely dependent on the experience and commitment of the developer.

Conclusion

Historic hotels represent a unique preservation opportunity because of their rich architectural, technological, and social contributions to the community. This is especially true in small town America, where grand hotels like the Fitzpatrick once played a prominent role. Rehabilitation of historic hotels represents a historically appropriate and economically feasible approach to historic preservation and downtown redevelopment. Contemporary trends in the hotel industry, as represented in the Fitzpatrick Hotel case study, prove that community commitment, preservation experience, and a sound financial plan can make a historic hotel rehabilitation project not only possible, but also successful.

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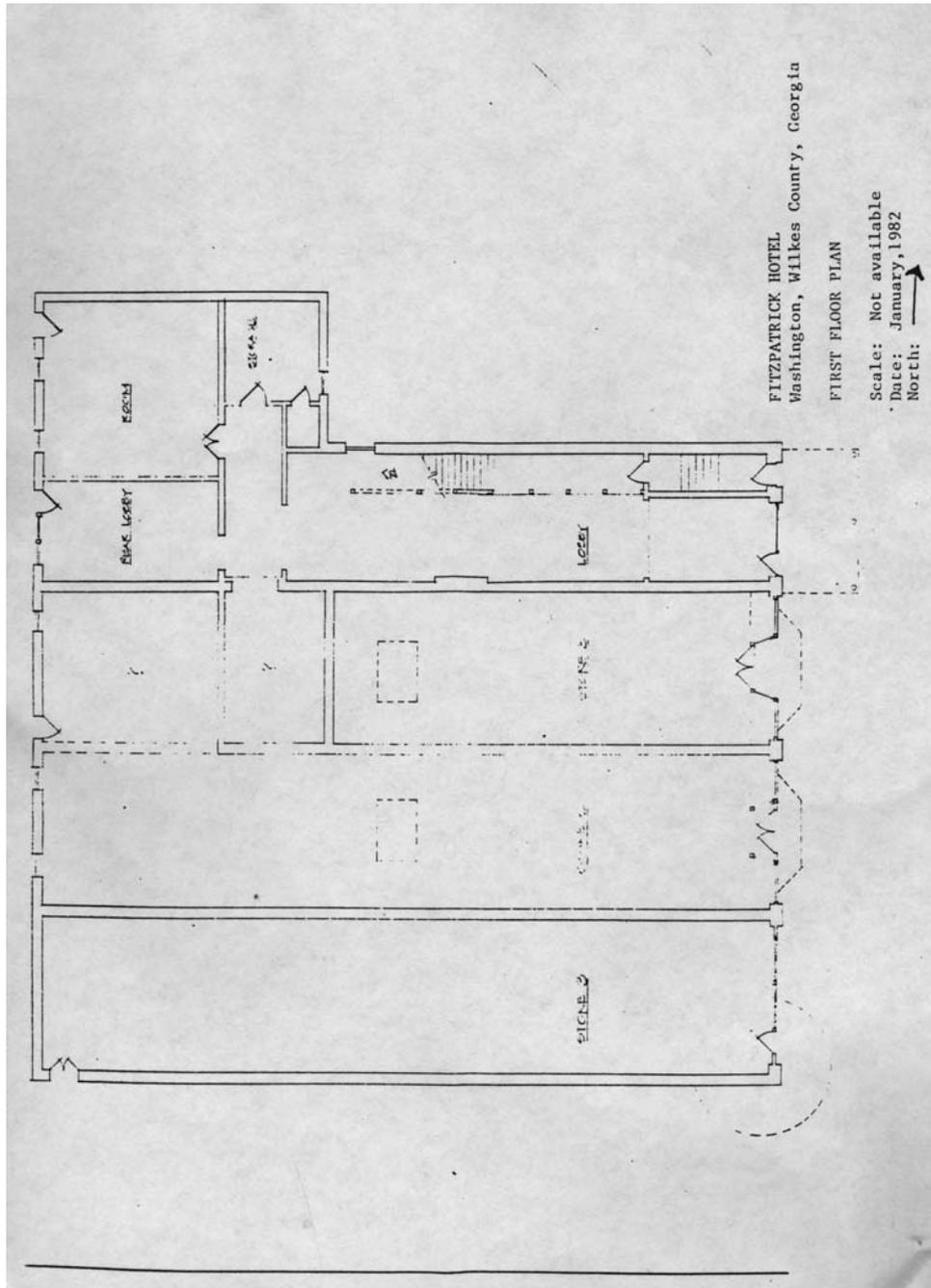
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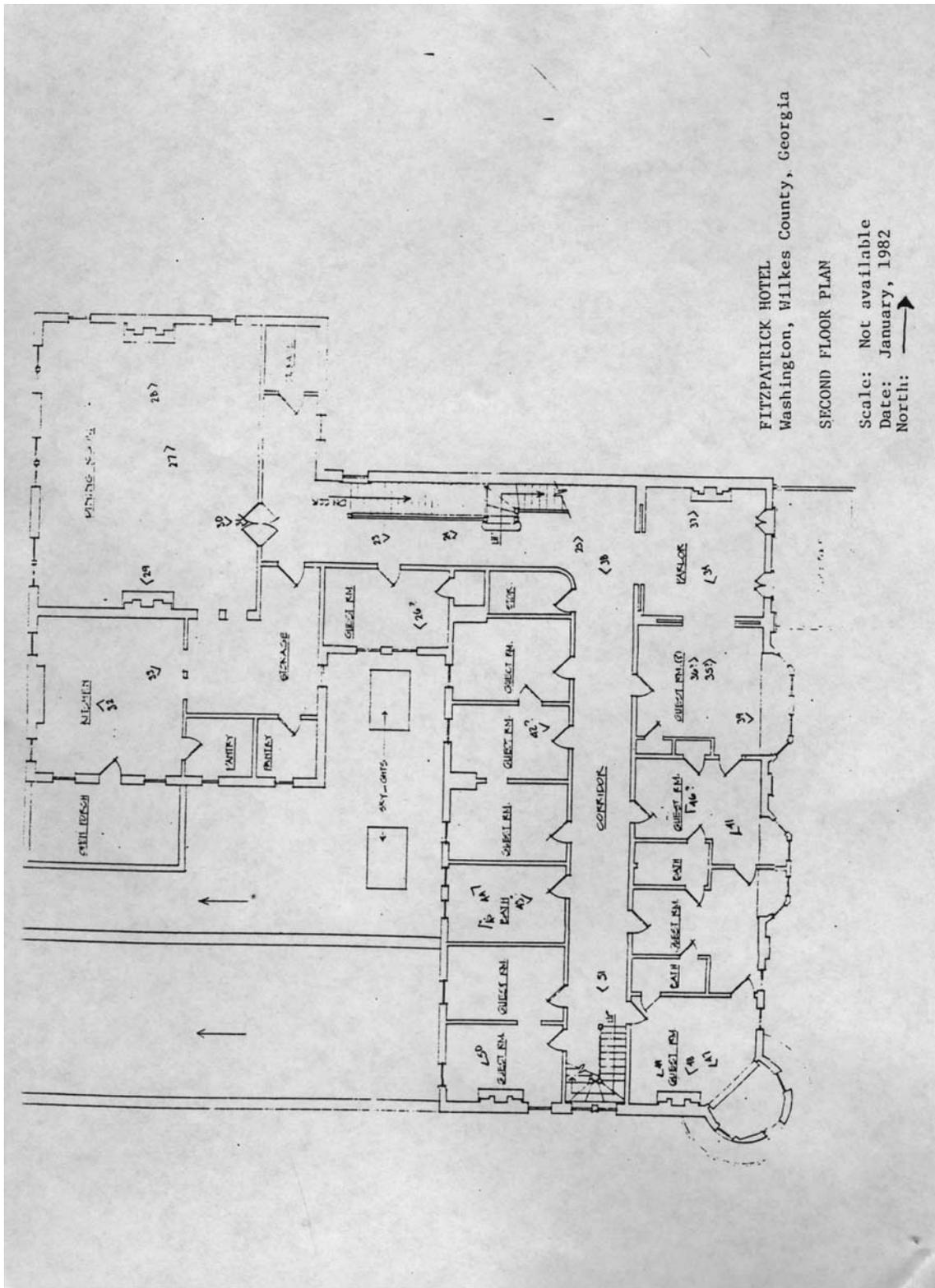
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APPENDICES

APPENDIX A. PRE-REHABILITATION FLOOR PLANS, THE FITZPATRICK HOTEL



First Floor

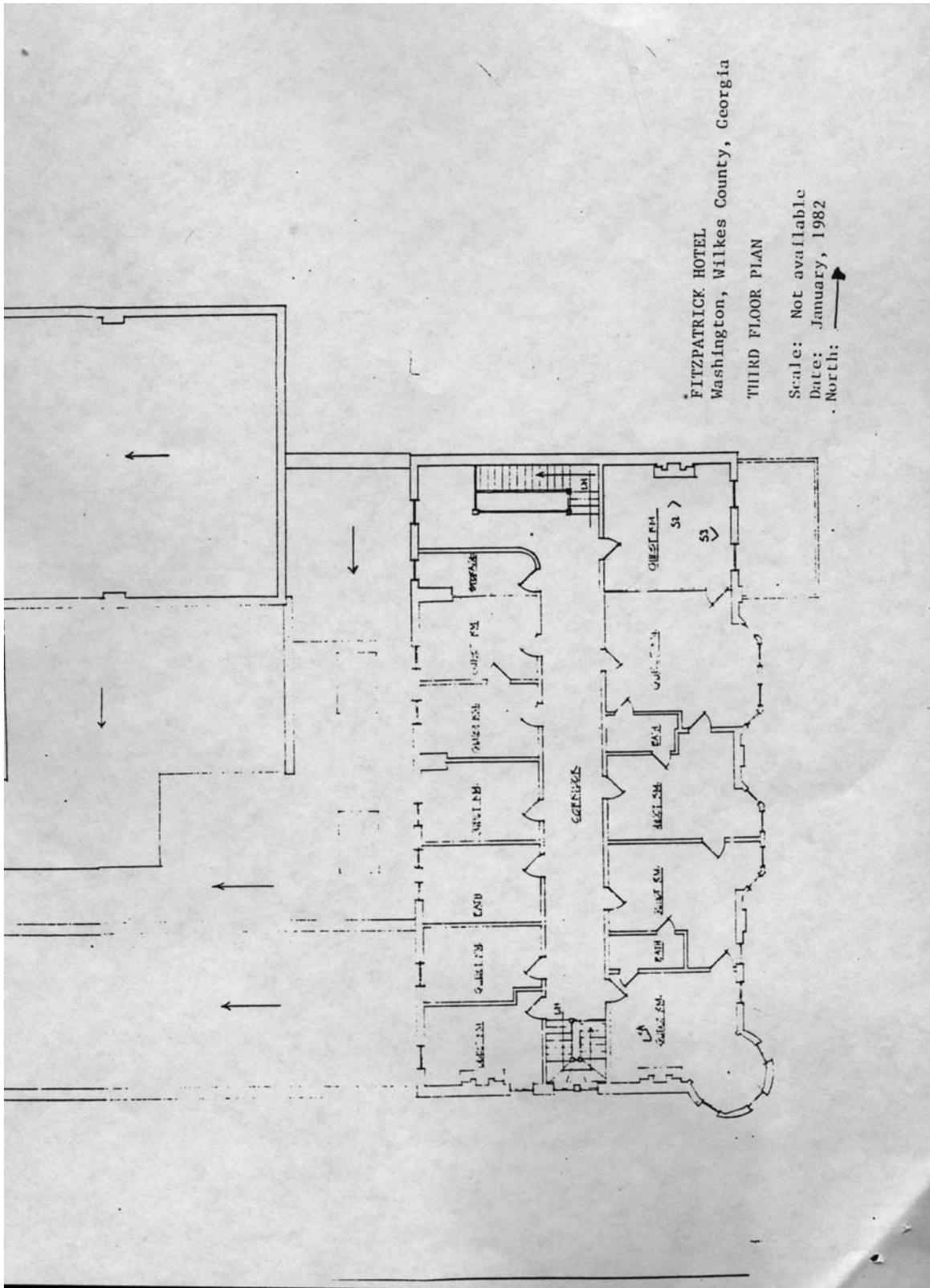


FITZPATRICK HOTEL
 Washington, Wilkes County, Georgia

SECOND FLOOR PLAN

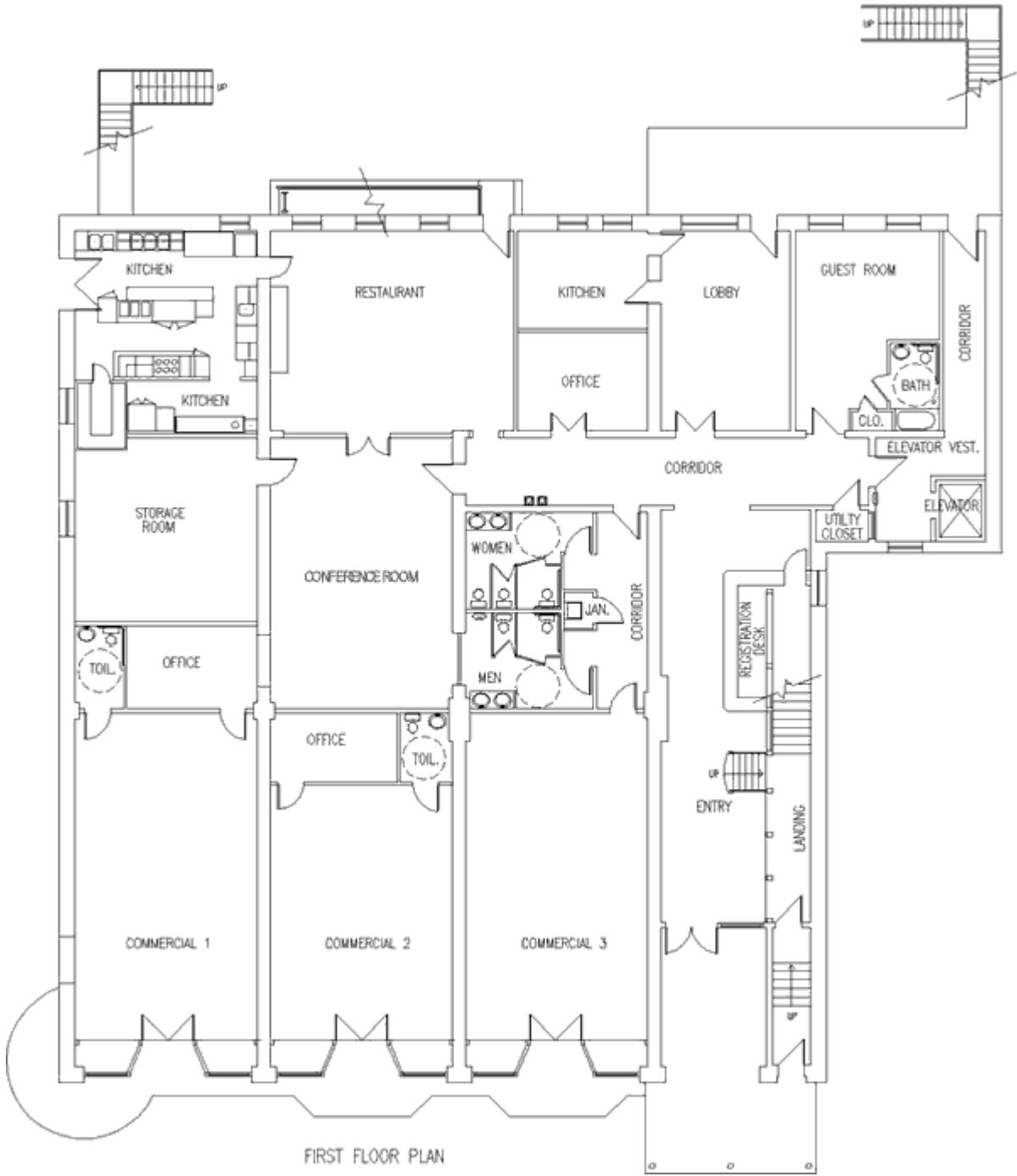
Scale: Not available
 Date: January, 1982
 North: →

Second Floor

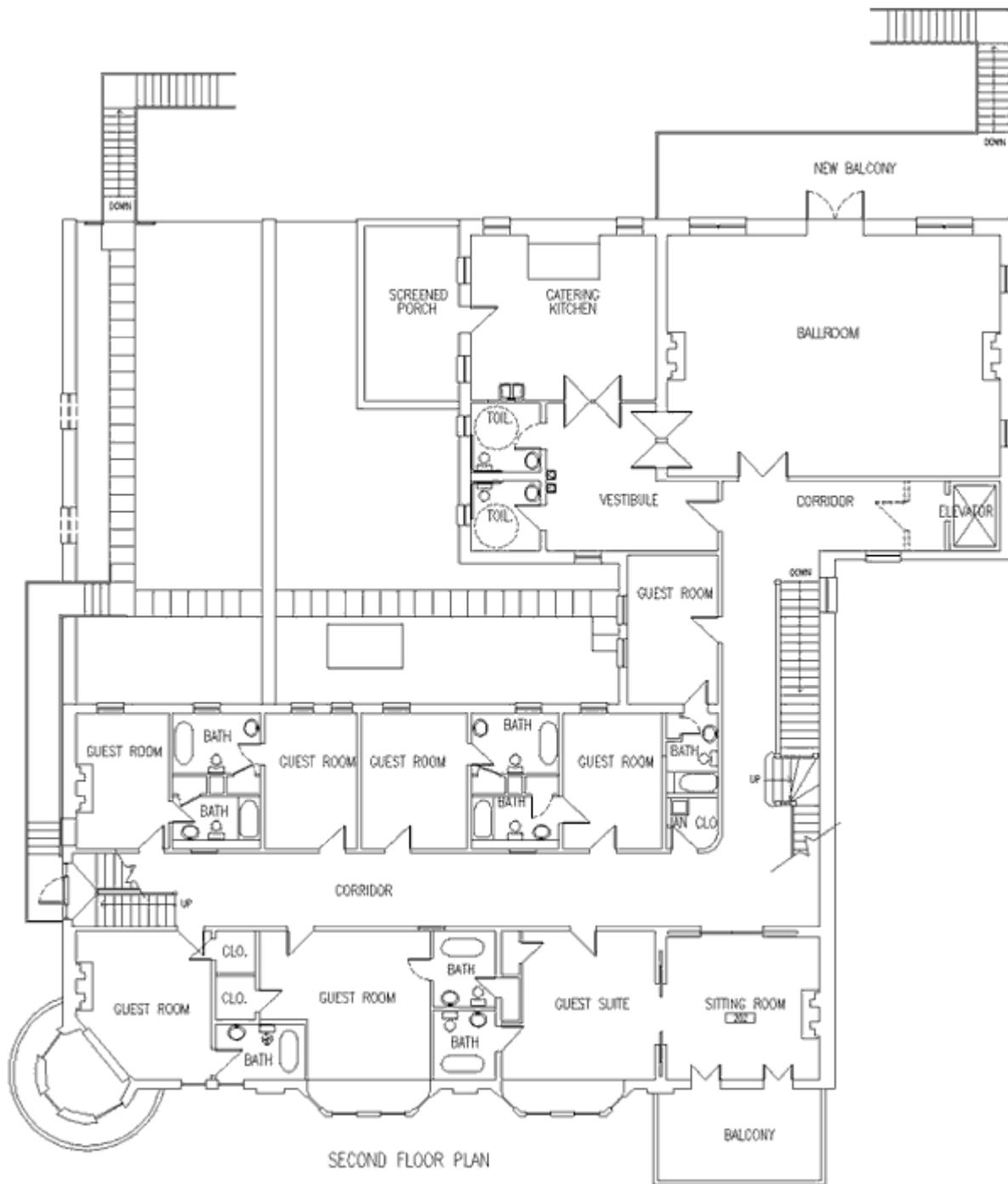


Third Floor

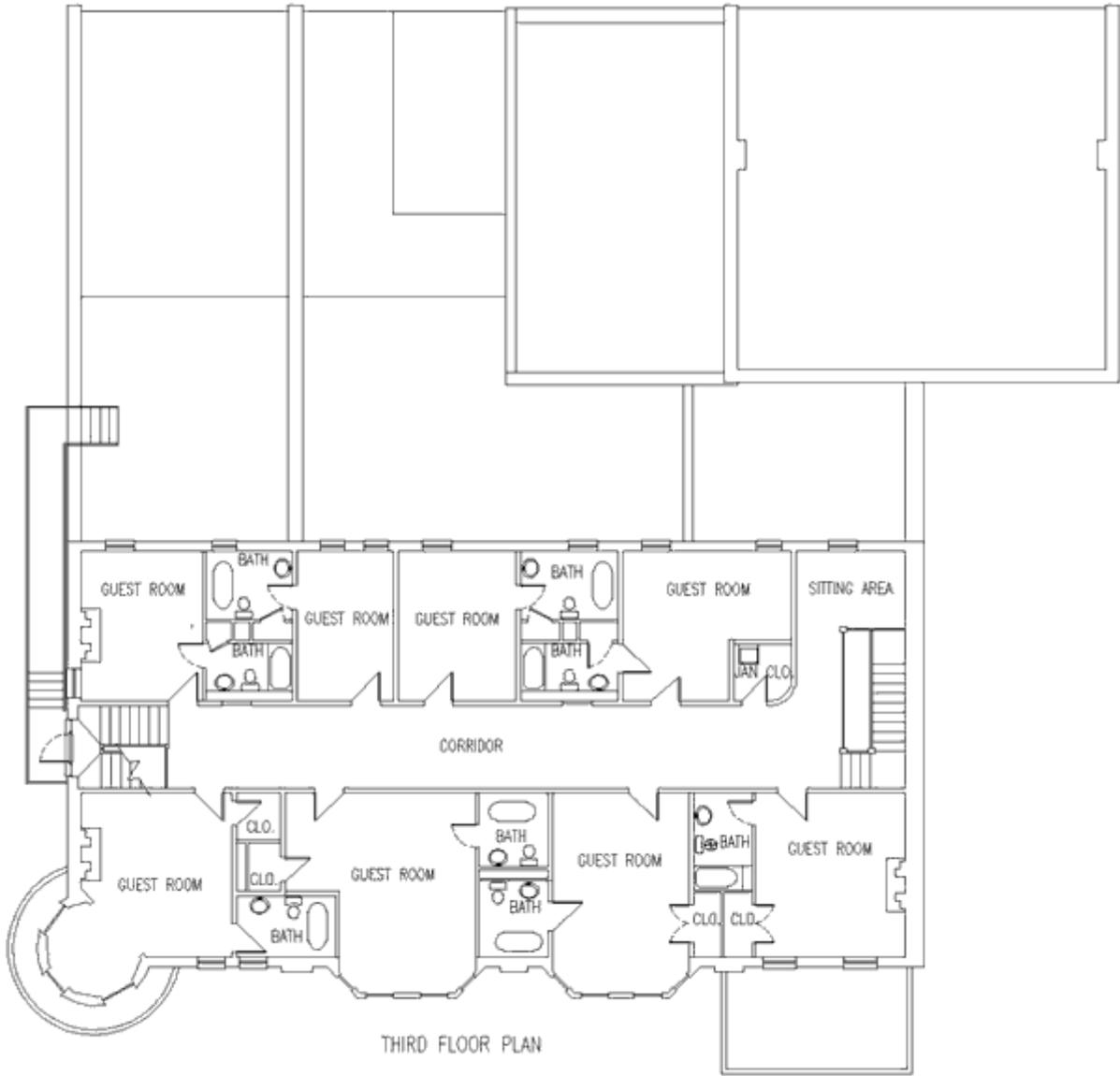
APPENDIX B. POST-REHABILITATION FLOOR PLANS, THE FITZPATRICK HOTEL



First Floor



Second Floor



THIRD FLOOR PLAN

Third Floor

APPENDIX C. BEFORE AND AFTER PHOTOGRAPHS, THE FITZPATRICK HOTEL



Before: Front Façade (2002)



After: Front Façade (2004)



During: Storefront (2002)



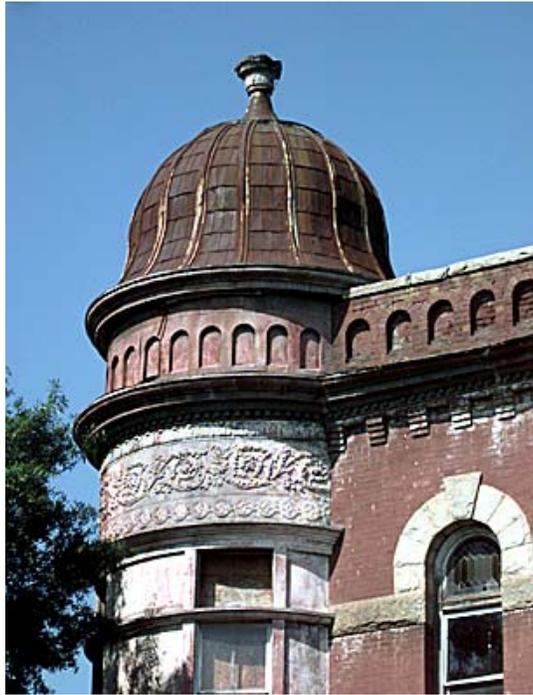
After: Storefront (2004)



Before: Rear Façade (2002)



After: Rear Façade (2004)



Before: Turret (2002)



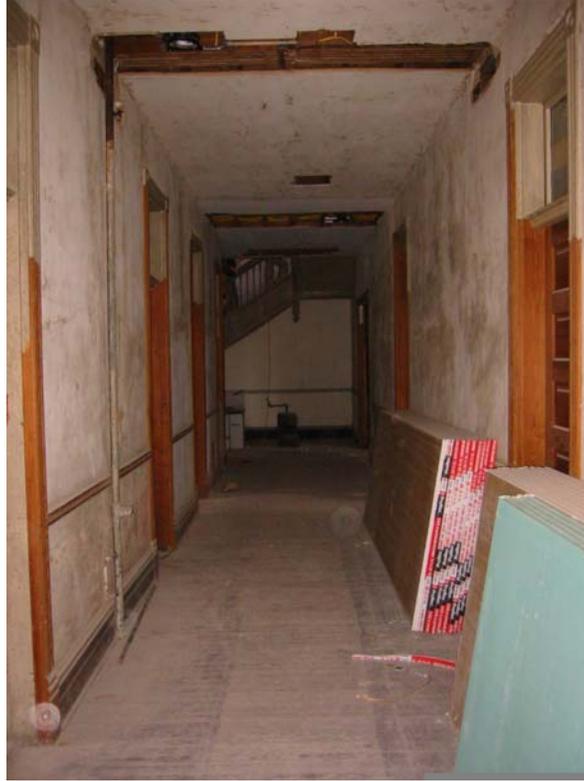
After: Turret (2004)



During: Lobby (2003)



After: Lobby (2004)



During: Upstairs Hall (2003)



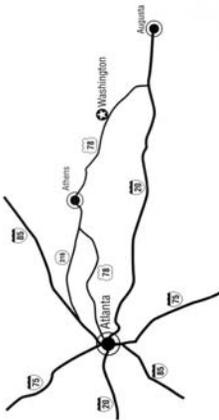
After: Upstairs Hall (2004)

APPENDIX D. MARKETING BROCHURE, THE FITZPATRICK HOTEL



The care and attention to detail that you see in the restoration of the Fitzpatrick Hotel reflects the care and attention we offer our guests. We are honored when guests choose to stay with us and making your visit to the Fitzpatrick Hotel an enjoyable one is our primary objective.

*Jim Carter
Amit Mehta
Mike and Christy Todd
Partners, Fitzpatrick LLC*



The FITZPATRICK HOTEL
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Washington, Georgia 30673
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706-678-5900



Built in 1898 in Washington Georgia





The FITZPATRICK HOTEL

After a devastating fire in the summer of 1895 decimated downtown Washington, Georgia, brothers and area natives John and Thomas Fitzpatrick returned home to build the grand Fitzpatrick Hotel on family property razed in the fire.

The hotel, with its stunning Queen Anne facade featuring a tower at one end and decorated pressed metal clad bay windows and stained glass transoms, was designed by architects Galuke and Stewart. The Fitzpatrick brothers set out to finish their three-story showpiece before the rival Johnson Hotel was completed several blocks away. The top two floors contained guest rooms and a large ballroom while the first floor served as mercantile space and for years the dramatic and spacious dining room with its 18-foot high pressed metal ceiling was a favorite stop for visitors and residents.

Although the building's cornerstone reads 1898, the Fitzpatrick opened in 1900 to guests, who were treated to an elegantly furnished luxury property featuring such modern appointments as an elevator, central heating, and the first phone system in town. Opening to much fanfare, the Fitzpatrick Hotel was a grand destination for travelers in its heyday, serving the thriving Wilkes County seat and accommodating visitors who arrived by train and were brought to town from the depot by mule drawn trolleys.

John Fitzpatrick died in 1907 and his brother Thomas, who had a wife and a daughter, died in 1911 without




leaving a will. His passing threw the family's affairs into chaos the hotel was sold in 1914 to Mrs. Alice Hynes and her daughters.

Renaming it the Columbus Inn, the Hynes family operated the hotel until 1922 when they sold it to W.T. Johnson and Company, original builders of the Johnson Hotel. The inn operated as the Washington Hotel until 1951 when its dining room and guestrooms were closed, although the retail space on the first floor was still in use for much of the following 50 years.

Sitting vacant, neglected, and suffering from structural damage at the hands of the elements, the building's only resident for years was a cottonwood tree growing up through the basement. Still, the hotel retained many of its original features including almost every mantel, the elegant stained glass windows gracing the front facade, decorative moulding, the main staircase, and its front lobby desk.

Placed on the National Register for Historic Places in 1982, the building attracted the attention of developers interested in resurrecting the hotel, but none were able to complete the project.

Washington's Downtown Development Authority acquired the property in 1997 and began a concerted effort to find a developer who would recognize the historic character of the building and its place in the community.

In March of 2002 the DDA sold the hotel to Fitzpatrick LLC, a group of partners dedicated to restoring the Fitzpatrick to its former glory.

An intensive restoration plan began in August of 2002 that culminated in the re-opening of the hotel now featuring 17 rooms, a conference room, ballroom, catering kitchen, retail storefronts, an on-site gift shop, and full-service gourmet restaurant, Watchmaker's.

Every effort was made to reclaim original materials as much as possible, with an estimated 30,000 bricks cleaned and re-used in the process of rehabilitating the building. Anything that couldn't be salvaged or needed to be rebuilt in accordance with modern building codes was painstakingly recreated to match the original craftsmanship. Inside and out, the Fitzpatrick Hotel today looks much like it did when it opened in all its grandeur at the turn of the last century. Many of the baths feature antique claw-foot tubs and the rooms are decorated with Victorian period furnishings. The amenities it now offers, like DSL internet service and satellite TV in each room, are as up-to-date as phone service and an elevator were when it first opened its doors. The Fitzpatrick also boasts old-fashioned Southern hospitality, with guests treated to a free continental breakfast served directly to their rooms.

When it was built, the Fitzpatrick Hotel was the centerpiece of a resurgent downtown area. Today it once again holds court over a rejuvenated town square, offering travelers luxuriously appointed accommodations in historic Washington.

APPENDIX E. HISTORIC HOTEL/PRESERVATION RESOURCES

The first step in any preservation project should be to contact the state historic preservation office. SHPO employees are familiar with the many national and local incentive programs available to historic preservation projects, as well as the associated requirements for eligibility. A brief list of relevant resources, many available online, is provided below.

The National Trust for Historic Preservation. A private nonprofit organization, The National Trust is the country's leading advocate for the protection of historic resources and the revitalization of communities. Through its Community Partners (CP) program, the National Trust and its partners provide financial and technical assistance to local organizations involved in preservation initiatives. Incentive programs include the National Trust Loan Funds (Inner-City Ventures Funds and National Preservation Loan Fund); Banc of America Historic Tax Credit Fund; New Markets Tax Credit (NMTC) Initiative; Main Street Tax Credit Initiatives; Community Partners Network; and Heritage Property Services. Information on these and other National Trust initiatives is available online at www.nationaltrust.org.

The National Park Service administers the Federal Historic Preservation Tax Incentives Program and provides technical information through various educational web sites. Links to information about the tax credit program and to technical publications is available at www2.cr.nps.gov.

The Secretary of Interior's Standards for the Treatment of Historic Properties provides a framework for applying the four approved preservation treatments (preservation, rehabilitation, restoration and reconstruction). The standards and guidelines are available at www2.cr.nps.gov/tps/standguide.

State Historic Preservation Offices (SHPOs) work in conjunction with the National Park Service to determine eligibility for the tax credit program. A list of links to state historic preservation offices is available on the web site of the National Council of State Historic Preservation Officers (NCSHPO), www.ncshpo.org.

State Departments of Community Affair (DCA) administer a variety of preservation grants and should be contacted for the latest available programs.

Historic Hotels of America (HHA) markets qualified properties and can provide guidance and insight into the historic hotel market. www.historichotels.org.

The National Fire Protection Agency (NFPA) enforces building safety codes and standards that effect historic rehabilitation projects. A copy of the 2001 edition of NFPA 914, Fire Protection in Historic Structures is posted online at www.nfpa.org/catalog/home/OnlineAccess/914/914.asp.

The Occupational Safety and Health Administration (OSHA) establishes guidelines for the workplace environment (i.e., rehabilitation site). Information concerning their free on-site consultation service for small businesses is available www.osha.gov/dcsp/smallbusiness/consult.html.

Urban Trust, LLC offers project specific financial advice to investors pursuing historic preservation tax credits. The services of a firm familiar with the peculiar financial and tax implications of historic rehabilitation projects can be a valuable asset during the project planning and feasibility study process. Urban Trust may be contacted at (904) 398-0085.

Historic Preservation Consultants offer a wide variety of technical and advisory services related to preservation planning, feasibility studies, financial incentives, and project

management. A list of qualified consultants is available from most state historic preservation offices.