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## HISTORIC TAX CREDIT TOOL BOX

# The Changing Needs of Hotels Create HTC Challenges



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**A**t first glance, rehabilitating a historic hotel using historic tax credits (HTCs) for continued use as a hotel seems straightforward.

However, these projects can pose a variety of challenges due to the ever-changing needs of modern hotels. There can be a mismatch between old hotels and new hotels when it comes to the provision of services, amenities, design and desired clientele.

In order to achieve a successful HTC hotel rehabilitation, the development must meet the Secretary of the Interior's Standards for Rehabilitation (Standards). While it appears that continuing to use an historic building for its original use would automatically conform with Standard 1, which articulates that, "a property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment," there can be a mismatch between old and new hotels.

Changing ideas of what a hotel should provide shifted in recent years due to changing demographics

and market demands. Features including unique amenity space and trendy bars and restaurants are almost a given for most new hotels. Unique designs that boldly juxtapose the new and the old are also in fashion in many urban hotels. Historic hotels did not always accommodate space for these new standard amenities and may feature design elements that may or may not fit with the hotel's desired aesthetic. So when rehabilitating an historic hotel using HTCs, the primary challenge becomes how to meet these needs while retaining the building's character. In the end, a little creativity goes a long way to meet the Standards and achieve successful hotel rehabilitations. One such project where a developer successfully converted a former hotel into a modern hotel using HTCs is HRI's Holston House in Nashville, Tenn.

### **Case Study: Holston House, Nashville, Tenn.**

HRI Properties recently opened Holston House in downtown Nashville, a Hyatt Unbound collection

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hotel. Hyatt Unbound Hotels include an exclusive portfolio of upscale properties designed to captivate travelers seeking distinctive experiences under Hyatt’s well-known brand. HRI Properties is a national real estate company engaged in the ownership, development and management of upscale-branded and independent hotels, luxury apartments and mixed-use properties in urban centers across the country.

Located just steps from Broadway, the Holston House accommodates the city’s vibrant tourism industry. Built in 1929 as the James Robertson Hotel, the Art Deco tower was converted to senior housing in the late 20<sup>th</sup> century, as was typical of many early 20<sup>th</sup> century urban hotels. Its 12-story brick exterior is ornamented with limestone embellishments while the interior lobby features an eclectic revival-style design that includes a stained beamed ceiling, masonry piers and period iron railings.

railings.

In order to capitalize on Nashville’s tourism industry and attract guests and the

public, significant upgrades to the building were needed. The central challenge of the HTC development centered on the level of “layering” created by the late-20<sup>th</sup> century renovations, which made documenting change-over-time difficult. The renovation left the building with an eclectic design that did not necessarily transition to a modern hotel, so alterations were needed to meet modern tastes. Comprehensive rehabilitation plans included completely updating public spaces and converting the upper floors back to guest rooms to create a vibrant upscale hotel. There were the three primary challenges on the project including the first-floor lobby, the upper-floor corridors and the rooftop amenity space.

While the building is an Art Deco tower on the exterior, the interior architectural style was more eclectic in design, including Tudor Revival Style elements. The floors in the lobby appeared aesthetically dated, with a yellow-and-red checkerboard terrazzo, a wrought iron Juliette balcony, simulated ashlar columns and stained wood beams at the ceiling. All of these architectural elements presented a disjointed style, which the project

*Image: Courtesy of Urban Nashville Robertson Tenant LLC, Taggart Cojan Sorensen*  
**The lobby of the Holston House hotel in downtown Nashville, Tenn., has a new color scheme and light fixtures.**

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team believed needed to be finessed in order to create a relevant appearance.

The lobby, serving as the public face of the hotel, needed to draw visitors in and create inviting gathering space. In addition to the challenges presented by the historic finishes, the lobby had two sets of stairs, which presented ADA-accessibility barriers. A marble stair at the building's primary entrance with a wrought-iron railing and an additional stair, which led to a lower level of the lobby, made accessing the space difficult. Thus, addressing accessibility was of the utmost importance.

The Hyatt Unbound concept sought to create an edgy aesthetic concept that challenged traditional hotel décor. In order to resolve the eclectic and conflicting style elements in the lobby and create this new aesthetic, the interior design team proposed that the wrought-iron railings would be removed, the floors would be replaced and the columns would be covered in order to modernize and streamline the appearance of the space. New metal screens were proposed to divide the large lobby space.

The NPS did not approve this scope of work, determining that the terrazzo floors, columns and railings were historic, and thus, retention was required in order to meet the Standards. Fortunately, the interior design team was able to devise a creative solution that incorporated each of these elements. A new color scheme with grey walls and area rugs helped to neutralize the bold yellow and red in the terrazzo floors. New light fixtures and strategically placed furniture also helped bring the design together.

The accessibility issues were not a straightforward process either. Initially, the project team proposed altering the main entrance to provide ADA access as well as facilitate access for hotel visitors with heavy luggage. Because the entrance configuration was historic, the NPS required retaining the stairs and

entrance in the rehabilitation. In response to the conditions, the project team significantly revised the plan for access, creating a barrier-free entrance to the restaurant space located adjacent to the lobby. IA lift from the restaurant to the lobby met the accessibility requirements while preserving the historic character of the space.

As mentioned, the James Robertson Hotel was rehabilitated as housing in late 20<sup>th</sup> century. The renovations were substantial and involved complete reconfiguration of the original hotel guest rooms into apartments. As a result, door locations in the corridors were relocated and the floorplan was significantly altered. The original proposal for the HTC development included demolishing the walls and reconfiguring the floorplan. Ultimately, the NPS required that the corridor walls be retained as they determined that the corridor walls were likely historic.

Upon further investigation and research, the project team discovered that the original hotel room count was much higher than what existed. When the building was renovated for apartments, the number of door openings was significantly reduced. This reduction in openings created a "Swiss cheese" structure to walls with a combination of historic and modern door openings and infilled door openings. Further convoluting the condition was a modern textured plaster, which had been applied over the walls. Due to the variety of conditions, it was impossible for the project team to deduce where doorways were infilled, which led to issues with accomplishing required fire rating. The only possible solution was to retain the location of the corridor walls, but construct new walls that met fire code. This evidence was presented to the NPS and the removal of corridors was approved as there were significant structural integrity issues with the walls and it was proven that fire code could not be met reusing the existing walls.

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The historic James Robertson did not include many of the amenity spaces that are now expected in a modern hotel. There was no interior space large enough to accommodate a pool or recreation area without compromising the necessary guest room count. Many nearby hotels offer such amenity spaces, so to be competitive in the marketplace Holston House needed an attractive standout amenity space.

The only place to accomplish this was on the roof, which had the added benefit of providing scenic views of the city. A new rooftop pool and bar were proposed. To limit visibility of the new construction from surrounding buildings and the street, the new construction was located along the party wall, significantly set back from the perimeter. The project team set the pool and bars from the perimeter of the roof and proposed glass railings to limit visibility. Because the rooftop construction was minimally visible from the street, the NPS approved the construction of the rooftop amenity space with a stipulation that the bar be painted to match the brick—a revision which the project team was able to easily accommodate. The TENN on Top rooftop

bar provides sweeping views of Nashville and now serves as a recreational and dining amenity space for hotel visitors and the public.

## Conclusion

Historic hotels can provide a unique experience for visitors that blends the old and the new. While these projects have challenges, many creative solutions allow a successful HTC rehabilitation project. Interior design, ADA accessibility, floor plan and amenity space are common challenges when adapting an historic hotel into a new hotel. As seen in the case of HRI's Holston House, during the rehabilitation of a hotel it is imperative the project team remain flexible to NPS conditions and remain open to creating a design that retains the building's character-defining features. ❖

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