



PRESS RELEASE

FOR IMMEDIATE RELEASE

Date: February 19, 2014
Subject: Hampton Project Municipal Development Plan (Hotel at 152 Salem Turnpike)
Norwich, Connecticut

Norwich Community Development Corporation has been tasked by the Norwich City Council to develop a municipal development plan for the partially-completed hotel at 152 Salem Turnpike at the Interstate 395 interchange. The Hampton Project Municipal Development Plan has been drafted to satisfy this request and will be subject to public comment at a hearing scheduled for March 26, 2014. The hearing will be held in Council Chambers in City Hall, and will begin at 6:30 pm.

PROJECT DETAILS

- Blight elimination / economic reuse opportunity
- Located along Interstate 395 and Connecticut Route 82 – a high traffic / high visibility area in the city
- Public Hearing scheduled for March 26, 2014 6:30 pm, Norwich City Hall Council Chambers, 100 Broadway, Norwich, Connecticut
- Project website: askncdc.com/programs-incentives/hampton

About the Hampton Project

In September 2006 PRA Norwich received approval from the City of Norwich Commission on the City Plan to construct a 74,000 square foot 113-room Hampton Inn (Hilton Hotel brand). Construction began in 2007 and ceased in 2009. The property was abandoned in 2010, and foreclosure process commenced.

CT Norwich, LLC (“CTN”), an affiliate of Winston Hospitality, Inc., owns the property located at 154 Salem Turnpike (Connecticut Route 82) in Norwich. They acquired the property in May 2013, when they secured a Certificate of Foreclosure. It is estimated that about \$350,000 worth of vandalism has occurred on the property including theft of copper pipes, wire, transformers and other materials.

CTN has invested over \$3 million, including \$2,750,000 in property acquisition. They plan to invest another \$10.146 million in the property to complete the project. Since the time of acquisition, market conditions have eroded:

- lower room rental rates + higher regional vacancy = lower hotel income; plus
- higher development cost = unreasonable low return for developers; results in
- lack of willingness for financiers due to additional risk and exposure.

CTN is seeking a Tax Increment Financing (TIF) agreement from the City of Norwich in the amount of \$2.8 million (\$140,000 per year for 20 years), which would provide an estimated \$1.3 million in upfront capital for their project (representing 9 percent of the total investment).

► askncdc.com

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Tax Increment Financing is permitted in Connecticut and the tool is only authorized after a Municipal Development Plan process has been completed. The TIF process is described in the Tax Incremental Financing Analysis report prepared by Josh Pothier, City Comptroller, and issued December 17, 2013.

The TIF will not be authorized until the MDP process has been completed, and the completion of the MDP process requires City Council approval. Authorization to begin the MDP process does not bind the City Council to approve the TIF.

Information about the Hampton Project MDP, or the Tax Incremental Financing Analysis report can be found at the NCDC website:

askncdc.com/programs-incentives/hampton

The Site



Aerial view of the unfinished hotel site; Image source: bing.com

For more information, please contact:

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About NCDC

*Community of Fellow Business Professionals Private,
Not-For-Profit with 50 Years of Creative Work History*

The Norwich Community Development Corporation, led by business and civic leaders, has over fifty years of experience in creating opportunities for business. NCDC has been responsible for a number of development initiatives in Norwich including the creation of over 45 business locations and 2,300 jobs in the Stanley Israelite Business Park; the Mercantile Exchange building- a 100,000 square foot class A office building and the Norwich Superior Courthouse - both constructed in the heart of historic downtown Norwich.

In addition, NCDC was instrumental in securing and managing funding for both the renovated Otis Library and the Norwich Marina. NCDC is proud of its reputation for being active in developing relationships and collaborating with the City for the betterment of Norwich and for partnering with the City and Norwich Public Utilities to create a place where businesses grow and thrive.