

Industrial Properties Rehabilitation Case Studies



Pilot Mill

1101-1111 Hanes Street
Raleigh, NC

110,000 sq feet
Office, Charter School
1894, 1903, 1910 addition 1920

When Pilot Mill was purchased in 1999, it was a vacant, literally collapsing, group of buildings located between a revitalized 1920's neighborhood, Peace College, and an unsafe, public housing project. While the City of Raleigh had plans for a new 336 unit Hope IV project which would replace the existing public housing, the project had stalled. It would take 1 ½ years for the project to come to fruition with the help of the Pilot Mill developer, Peace College, the Housing Authority, and the public housing residents. As the Hope IV project, began, scaled back to 140-160 units and changed to include some market rate, elderly, and disabled housing, Frank Gailor began the renovation of Pilot for use as a charter school and offices. The challenge for the Pilot renovation was always keeping up with the progress on the Hope IV construction. While downtown had a 7% vacancy rate and city-wide the vacancies were at 12%, Pilot Mill has never had any speculative space for rent. Currently new residential construction on the adjacent site of the former mill village is selling for \$225 - \$350,000. \$100 million dollars has been spent in a 40 block area and as a stabilizer and early project, Pilot Mill has helped trigger an increase of \$50 million + in the private property tax base of the area.

Quick Stats

Description of Surrounding Area

Pilot Mill is bordered to the east by the Mordecai neighborhood, an area of renovated 1920 - 1940's houses. A Hope VI Project that consists of mixed income, public housing lies to the south/southeast. Peace College is located 3 blocks to the south. Trammell Crow Company is currently redeveloping warehouses that lie to the west for a variety of retail uses including restaurants and a movie theatre.

Awards

Lowe Award, Beautification Award, Best Redevelopment Building of 2002

Architects/Builders/Owner

Architects Eddie Belk, AIA Jason Gable, AIA

Builder Partners' Construction Inc.

Owner 1894 Building, LLC 1903 Building, LLC 1910 Building, LLC

Cost

Total renovation cost - \$16 million

Per square foot cost including site work/paving- \$155 per sq foot

Per square foot cost for structure- \$125 sq foot (cost include tenant upfit of \$40 a sq foot) The condition of the buildings had a major impact on development costs. Square footage cost of note include environmental at \$1 per sq foot and demolition at \$6 per sq foot. **Cost estimates for new construction for same use** - \$14 - \$15 million

Renovation Success

The vacant mill now houses 70,000 sq feet of occupied office space and a 40,000 square foot charter school

Source of Funding

Private

Federal and NC state tax credits were used

Use

Office, Charter School

Community Benefits

As one of the first projects in the area, the Pilot Mill renovation helped stabilize the area and encourage successful redevelopment of additional property. The developer was also instrumental in building consensus among the parties interested in revitalization of the adjoining residential area

Description of Property

110,000 square foot masonry structure

Date of Construction - 1894, 1903, 1910 addition 1920

Local, state, national designation - Listed in National Register of Historic Places

Date of renovation - 1999-2004

Problems and Resolutions

Building code issues- No existing shell permitting procedure in current building code. A procedure was developed to be used in the project. No UL rating on timber frame construction relative to fire separation. Steel columns were added to address these issues.

Other issues- Locating source for replacement structural materials acceptable in a tax credit project. Materials were purchased from a mill demolition site. Overcoming initial skepticism that project was feasible. Consensus was built with neighborhood groups.

Description of Outcome

Status - Complete Pilot Mill and the surrounding neighborhood are now completely rehabilitated. Safety is no longer an issue for residents or visitors and property values have risen dramatically.