

Business

**MOVING IN:
PLANT CLOSER
TO OPENING.
NEXT SUNDAY**



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HICKORY



IMAGE COURTESY GURBLITZ ARCHITECTURAL GROUP

This artist's rendering depicts the Olde Hickory Mill property viewed from above. At right is the old mill with the current loading dock developed into a trellised outdoor eating area. The rendering also shows the proposed new construction at the corner of First Avenue and N.C. 127.

Old mill, new use

Former hosiery plant to become retail and office condos

BY JOHN DAYBERRY
RECORD BUSINESS EDITOR

HICKORY

Harry Pilos says that as well as being socially responsible, historic preservation is good for business.

When done right, historic rehabilitation projects create increased revenue for businesses and increased market values for property owners, says Pilos, a Hickory-based developer.

Such projects can also be good for an entire downtown area, leading to an urban renaissance that benefits everyone, he says.

Pilos is hopeful that a historic preservation project his Delphi Development LLC is launching near downtown Hickory will have all those effects.

The Olde Hickory Mill project, at 66 Third St., SE, will include more than 70,000 square feet of office and retail space, most of it owner occupied and eligible for state and federal historic preservation tax credits.

The project will center around the



Pilos

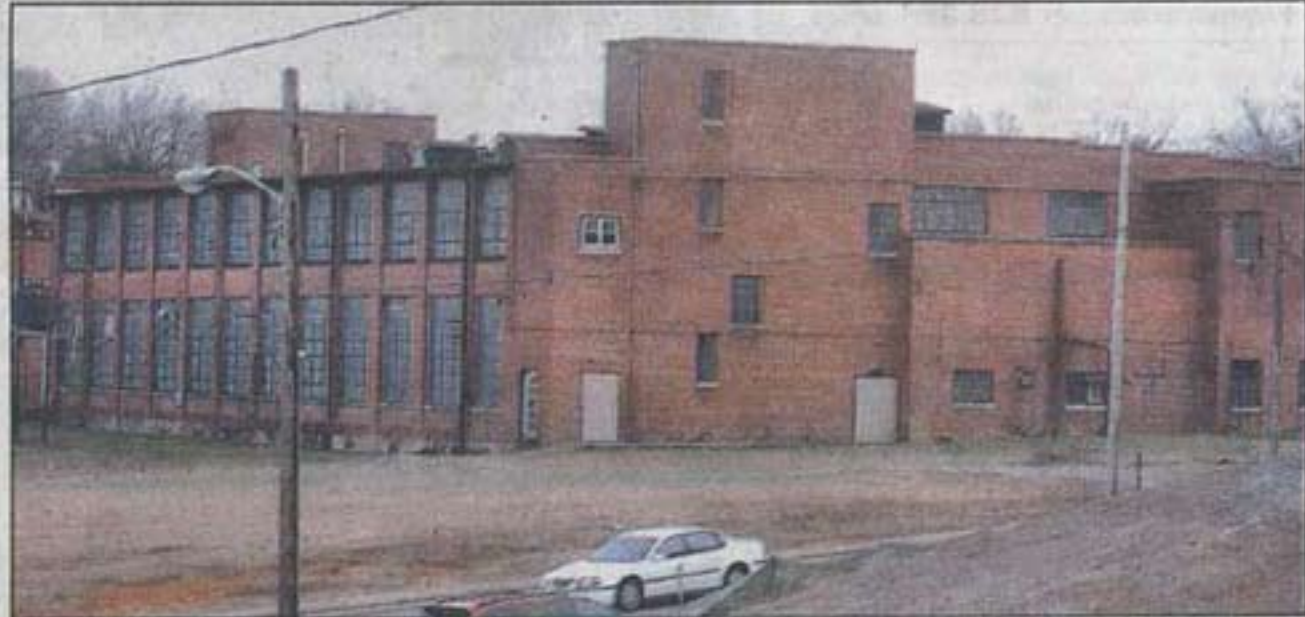
former Elliott/Lyerty Knitting Mill.

Built in 1930 and used as a hosiery mill for Elliott Knitting Mills, the two-story brick building contains about 40,000 square feet. Its most impressive features are large windows that line both sides.

The 4-acre property — also bordered by N.C. 127 and First Avenue, SE, — includes two out buildings, one now occupied by a shoe repair shop.

When complete, Olde Hickory Mill will also include about 30,000 square feet of new office and retail space. The

SEE MILL, B3



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The former Elliott/Lyerly Knitting Mill is focal point of development at corner of First Avenue, SE, and N.C. 127.

MILL: Tax credits available

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new construction will not qualify for historic preservation tax credits.

Steven Gaddis, an architect with Durham-based Gurlitz Architectural Group, says Olde Hickory Mill will be a unified office and retail development with the mill as its central focus.

"Everything will reflect and point to the quality, simplicity and functionality of the mill itself," says Gaddis, who has worked with Delphi on several other projects.

This will be Delphi's fourth development utilizing historic preservation tax credits. Previous Delphi projects include the Sawyer Motor Building and the Piedmont and Moskins buildings in Asheville.

TAX INCENTIVES

Income tax incentives for the rehabilitation of historic structures are increasingly important tools for historic preservation and economic development in North Carolina.

A federal income tax credit for the rehabilitation of historic structures first appeared in the mid-1970s, and today consists of a 20 percent credit for the qualifying rehabilitation of income-producing historic properties.

Since 1998, North Carolina has also authorized a 20 percent credit for those taxpayers who receive the federal credit, providing investors with a combined 40 percent credit against eligible project costs.

In addition, the state provides a 30 percent credit for the rehabilitation of non-income-producing historic properties, including private residences.

In June, the North Carolina General Assembly passed a bill that provides additional state tax incentives for the rehabilitation of large vacant historic industrial and utility buildings like the former mill building in Hickory.

The "Mills Bill," prompted by the closure of many textile, tobacco and furniture plants during the past decade, is considered a major economic development initiative.

The new law builds on the state's existing historic rehab tax credit by making available an additional 10 to 20 percent tax credit for the renovation of vacant industrial properties. The incentive is meant to enhance the economic feasibility of reusing many of the state's former industrial sites.

With the extra incentives made available through the "Mills Bill," office and retail condominium owners in the historic portion of the Olde Hickory Mill project will be among the first in North Car-

olina to realize combined federal and state tax credits of 60 percent, Pilos says.

The tax credit subsidy creates a scenario whereby the net cost of square footage in the Olde Hickory Mill project is \$20 per square foot below market for new construction, says Jeffrey Mullis, CCIM, a senior adviser with Sperry Van Ness Lighthouse Commercial Realty, which is marketing the property.

Delphi introduced the Olde Hickory Mill project to economic development officials, Realtors and potential investors during a program last week at the company's Mosteller Estate community in southeast Hickory.

Construction is to begin this spring or summer, with occupancy projected for late 2008.

David E. Looper & Company is builder.

Delphi, which Pilos founded in Asheville in 1999, is in the process of developing the Mosteller Estate community off Catawba Valley Boulevard.

The community already includes 168 upscale apartments. It also features the lavish Mosteller Mansion, which provides clubhouse facilities for community residents as well as meeting and banquet facilities.

Coming are 40 town homes and a 52,000-square-foot retail/office village that will in-

clude a day care center.

Pilos is gratified by the success of Mosteller Estate, and believes Olde Hickory Mill will be equally well-received.

The downtown property's location and visibility make it "prime time," Pilos says.

"It's a gateway piece of property to the downtown core of Hickory," he says.

"I believe this is going to become a destination location that will have a positive ripple effect on the whole area."

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