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## AC Hotel QUICK FACTS

**CDE**  
Greenville New Markets Opportunity II,  
LLC (GNMO II)

**TOTAL DEVELOPMENT COST**  
\$46,200,000

**GNMO II ALLOCATION**  
\$10,000,000

**LOCATION**  
225 W Main Street  
Spartanburg, SC 29306

**DEVELOPER**  
OTO Development

**SQUARE FOOTAGE**  
97,668

**LEVERAGED LENDER**  
U.S. Bank, N.A.

**NMTC INVESTOR**  
U.S. Bancorp Community Development  
Corporation

**PERMANENT JOBS**  
30 Direct  
27 Indirect/Induced

**CONSTRUCTION JOBS**  
100 Direct  
230 Indirect/Induced

**LOW INCOME COMMUNITY**  
Poverty Rate: 66.6%  
MFI: 14.24%  
Unemployment Rate: 23.7%  
Unemployment Ratio: 3x  
State EZ  
Appalachian Regional Commission (ARC)  
Distressed Area  
FEMA Disaster Area

**FINANCING COMPLETE**  
February 2016

## AC Hotel SPARTANBURG, SC

### Background

The New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against federal income taxes for making Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs). Substantially all of the QEIs must in turn be used by the CDE to provide investments in Low-Income Communities (LICs).

The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over the seven-year credit allowance period. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period. The NMTC program provides financing availability for projects in underserved geographic areas and with extremely favorable terms for businesses and real estate developers or owners. The result of these investments fulfills financing gaps for projects to be completed, and it allows projects to be enhanced with community-oriented components, which generate measurable community impacts.

### Project

Spartanburg, SC has historically been known as “Hub City” due to its prevalence of railways. The county is also located at the crossroads of heavily traveled Interstates 85 and 26, which has brought suburban growth to the region. But downtown Spartanburg -- located miles from the interstates -- has struggled to thrive over the years.

In early 2016, locally based OTO Development closed financing on the construction of a \$46.2 million, 114-room full service AC Hotel in downtown Spartanburg, SC. A brand of Marriott, this AC Hotel property will feature a signature AC Kitchen restaurant, fitness center, business center, approximately 2,500 square feet of meeting space, and typical back-of-the-house facilities.

### Community Impact

GNMO II's investment will support 130 direct quality jobs, with permanent jobs paying a wage 261% higher than the LIC's per capita income of \$3.32 per hour. To encourage accessibility of jobs to LIC residents, OTO Development will establish an apprenticeship program with Apprenticeship Carolina and the local technical college with a goal of 10 enrollees in the program throughout the 7-year NMTC compliance period. The importance of quality job creation in this community cannot be overestimated, with area Median Family Income 14.24% of the national average.

The project is being developed by OTO Development in an effort to ignite a meaningful revitalization of downtown Spartanburg. In 2002, when efforts to rebuild the city's central business district began, “downtown Spartanburg was like a ghost town”, according to an article in *The Spartanburg Herald Journal*. Since then, economic growth in the area has gained some momentum, but a number of buildings remain vacant and other obsolete structures have been demolished and await redevelopment. The AC Hotel will serve as a catalyst for the community and become a visual beacon and gateway anchor to the west end of downtown.

“For several years, the city has been working toward a vision based on the idea that a vibrant, walkable, livable, entrepreneurial, fun, and economically diverse central business district is both achievable and essential. This project is further confirmation that these collaborative efforts are working.”

- Ed Memmott, Spartanburg City Manager

“This hotel will have a tremendous impact on downtown and future development. We appreciate the strong faith OTO Development and the Johnson family of companies have in our plan for downtown.”

- The Honorable Junie White, Mayor of Spartanburg

**For more information contact:**  
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