

business

Salida's renaissance

INVESTOR'S VISION PUMPING STEAM BACK IN OLD RAILROAD TOWN

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Salida - When Bobby Hartsliel bought his first building here in 2003, he started a renaissance downtown that has gained speed.

He wasn't the first to see this old railroad town's potential, and he likely won't be the last. But the South African businessman has invested about \$5 million and amassed a real estate portfolio in the downtown historic district that spans two city blocks.

"There's so much happening because of the baby boomers coming into town," said Hartsliel, who is among a group of relative newcomers buying and restoring historic buildings downtown. "It's got a really good vibe. It's very arty and has good restaurants. It's a really good place."

Some applaud Hartsliel's efforts. Others are critical. But one thing most around town agree on: Hartsliel is the driving force affecting

downtown Salida's real estate values.

"For better or worse, he has bought enough



Former Salida Mayor RT Taylor worries that newcomers will change the character of the town. "Somebody's always going to pay more, and eventually it will become a playground for rich people." (Post / Omar Vega)

buildings that prices are going up because of his demand," said Peter Simonson, who moved to Salida in 1970 and owns three buildings downtown. "This ball is gathering speed now, and I don't think it's going to stop."

Hartsliel, who made his money in the motorsports-promotion business, moved to Colorado seven years ago and became a U.S. citizen last year. He's also worked tirelessly on saving the cheetah from extinction, founding the Savannah Cheetah Foundation in South Africa a dozen years ago.

Over the years, Salida has had its share of hardship. Founded in 1880 by the Denver and Rio Grande Railroad, the town on the banks of the Arkansas River was the hub of a prosperous mining and agricultural region.

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Fires destroyed Salida's business district in 1886 and 1888, but the town rebounded to build a substantial commercial area consisting mainly of two-story brick buildings.

But by the 1950s, railroad activity began to decline, and in 1971 the Denver & Rio Grande pulled out. Salida was dealt a final blow when the Climax



Workers have peeled back six layers of flooring to reveal the original white oak floors in the Sandusky Building. Local and out-of-state investors have teamed up to restore the building, where they hope to open a boutique department store. (Post / Omar Vega)

molybdenum mine near Leadville closed in the early 1980s.

"There was a long slow decline when the railroad pulled out," said longtime resident and gallery owner Jack Chivvas, who sold a downtown building last year to Fred and Vicki Klein of Santa Fe.

"Buildings were really left to go into disrepair. Nobody had the money to fix these buildings

up back then, and the banks wouldn't loan on it."

Chivvas weathered the tough times by working as a kayaking and rafting guide. "We had a theme song: Put more water in the soup, there's better times to come," said Linda Lovell, Chivvas' wife.

The Kleins are renovating the building they bought from Chivvas and Lovell and have since acquired the Palace Hotel,



The old steam plant on the Arkansas River has been converted into a theater. Plans call for a conference center to be built nearby, and a local developer hopes to build a 50-room hotel. (Post / Omar Vega)

an old boarding house they plan to convert to 14 condos.

As more people like Hartsliel and the Kleins have discovered Salida, property values - and taxes - have increased dramatically.

In the past two years, there's been a 10 percent increase in actual value countywide, said Rick Roberts, a commercial appraiser for

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Chaffee County.

Merrell Bergin, a software consultant who commutes to Omaha during the week, is among an increasing number of property owners who are appealing their assessments after seeing their taxes go up.

"The last two assessment periods, property owners downtown have been getting hit with major increases in assessed values," said Bergin, who lives above The Book Haven and High



Downtown Salida may be slow at the moment, but real estate prices are booming. (Post / Omar Vega)

Notes Music stores in the building he purchased in 1999. "It's very tough to pass on those kinds of increases to your tenants and be expected to fill your building."

But don't blame the assessor. It's the high prices investors like Hartsliel are paying for the buildings that are responsible for rising tax bills.

For example, Norma Smith saw a nearly 60 percent return on the \$360,000 she paid for

the Corbin Building at 100 F St. in 1999. Hartsliel bought it for \$575,000 four years ago. He's since divided the building into eight retail condominiums. He sold three of them in 2005 for a total of \$475,000, according to county records. The remaining units are leased.

Among the tenants is Loni Walton, owner of



Locals hang out in front of The Cribb, an old bordello that developers want to top with 12 condos. They plan to renovate the existing building for use as retail space. (Post / Omar Vega)

the Yolo clothing store. Before Hartsliel bought and renovated the building, Yolo's corner space had a dropped ceiling, and a carpeted floor was occupied by a printing shop. The wood floors have been restored, and the dropped ceiling removed.

"It was unbelievably gross," Walton said. "And this is an awesome downtown intersection."

Hartsliel also bought the old Sherman Hotel for \$740,000. So far, he's renovated half the building. BBI International, a global biofuels resource company, relocated into the building two years ago from Cotopaxi, bringing more

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than 30 jobs to town. The company will expand into the rest of the building when the renovation is complete.

But even Hartsliel's rapid acquisition streak hasn't been without its setbacks. The Sherman is in foreclosure - a situation he blames on a financing situation involving the building's previous owner. Hartsliel repaid a \$440,000 loan without realizing he would be required to pay a \$160,000 penalty for early repayment.

"What these people are paying for the buildings they cannot recoup in rents," Roberts said. "When it comes to taxation, the first thing they say is the income doesn't support the value. But people are coming up here and buying a lifestyle, and the lifestyle quotient is intangible."

Retail lease rates in downtown Salida range from \$8 to \$15 a square foot, depending on the condition of the building, and they're likely to slowly increase. "That's good - we don't want to put any businesses out," said Jane Pinto, broker/owner of Pinon Real Estate Group. "We need retail."

The Kleins paid \$1 million for the Palace Hotel, which now has 24 residents living in rented rooms above commercial space at street level.

"For us, it's a whole new palette," Vicki Klein said. "We just had this yearning for the Victorian experience and renovating old

buildings."

Down the street from the Palace, Dan Thomas and Tom Pokorny want to build 12 luxury condos on top of an old bordello. They'd be priced from \$270,000 to more than \$1 million. Known as The Cribs, the existing structure, now rental units, would be converted into retail space.

"We already have plenty of interest both for the commercial space and the residential," said Pokorny, who moved to Salida in March from Auburn, Calif. "We have investors from Denver, Evergreen and California buying the condos."

With all the redevelopment by newcomers, people who've called Salida home for years are starting to take on projects as well. Pinto and her husband, Doug, along with partner Rich Edgington have invested more than \$1.5 million in downtown. They renovated the 5,550 square-foot building at the corner of Second and F streets and moved their offices in.

Now, the Pintos are teaming up with Charleston, S.C., real estate developer Lee Hunnicut to redevelop the Sandusky Building across the street. They paid \$600,000 for the property and will spend about \$300,000 restoring the building, where they plan to open a "boutique" department store carrying everything from furniture to clothing.

"Bobby sparked it all," Jane Pinto said. "It

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takes someone to start it. I think it's still a long way from where it's going to be, so it's still a great investment."

Hunnicut has purchased four buildings since January and is considering buying more. Eventually, he and his wife, Susan, plan to move to Salida.

"If I was going for pure investment value, I'd probably be investing right here in my hometown," Hunnicut said. "But it's a lifestyle thing."

Chaffee County native John Diesslin is working on a project that would bring a boutique hotel to a site near the Steam Plant Theater, where a conference center also is planned. He expects to spend up to \$5 million building as many as 50 rooms.

"There is no downtown hotel and there's no upper end hotels," Diesslin said. "We just feel like there's a need and it's good timing with the Steam Plant conference center going in. Salida's downtown just seems to be coming back together. It's exciting and scary."

Old-timers like former mayor RT Taylor, who's lived in Salida for 35 years, worry that newcomers will change the character of the town.

"It's turning into a greater fools' market," he said. "Somebody's always going to pay more, and eventually it will become a playground for

rich people."

An Aspen transplant, Kirk Boucher, has the Dakota's restaurant under contract. Boucher, formerly executive chef for the Pine Creek Cookhouse outside of Aspen, wants to introduce Salida to a more upscale dining experience.

"Every six months, this place goes up another notch," said Steve Duhaime, who owns a glass business in town. "People are coming down and spending money not on what the value is today, but what it will be worth in five years."

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