

SOLICITATION FOR DEVELOPMENT PARTNER PROPOSALS

WEBBLEY MANSION | CITY OF SHELBY, NC

FEBRUARY 2026

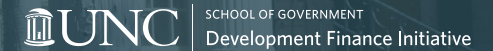


SCHOOL OF GOVERNMENT
Development Finance Initiative



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EXECUTIVE SUMMARY

The City of Shelby (“City”) in Cleveland County, North Carolina, is pleased to release this Solicitation for Development Partner Proposals (“SDP”) for the redevelopment of the Webbley Mansion located at 403 South Washington Street (“Webbley” or “Site”) immediately south of downtown Shelby (commonly known as Uptown). The City seeks a qualified development partner or partners to collaborate closely in the redevelopment of this City-owned Site for future private ownership and operation (“Project”). Responses to the solicitation are due by **March 27, 2026**.

The Webbley Mansion is a historic home originally built in 1852, and is the former home to North Carolina governor, O. Max Gardner. The City received approximately \$3.9 million in 2024 in state grant funding to acquire and rehabilitate the property. The grant funds are required to be utilized for the restoration of the property. The City has used a portion of the funds to acquire the property and begin efforts to stabilize the original structure. The City intends to expend the remaining funds in furtherance of a proposed plan for developing and operating the Site after selecting a qualified development partner.

This document invites interested development teams to present development concepts for review and consideration by the City. This process will culminate in selecting a development partner or partners and negotiating one or more development service agreements pursuant to North Carolina General Statute 158-7.1 or other relevant statutory authority.

Before releasing this SDP, the City engaged the Development Finance Initiative (DFI), a program of the UNC School of Government (SOG), to complete a predevelopment analysis to ensure the Project and the proposed public-private partnership have the community’s support, the City Council’s endorsement, and are financially feasible for development partners. DFI will help interested development teams understand the City’s requirements for the Site’s redevelopment. See the section on DFI’s Role for more information.

Estimated Timeline

March 27, 2026	Development partner proposals due
Q2 2026	Council selects development partner(s)
Q3 2026	City and development partner(s) execute a Memorandum of Understanding (MOU)
Q4 2026 - Q1 2027	City and development partner(s) execute a development agreement

View of Webbley Mansion from S Washington Street



City of Shelby

THE OPPORTUNITY

The Webbley sits on a 2.5 acre lot directly south of Shelby's Uptown district and across the street from the Don Gibson Theater. The core 1852 house is approximately 4,000 square feet and several ancillary structures exist on the Site, including a carriage house and garage.

The City seeks an experienced development partner to complete the restoration of the historic Webbley Mansion and operate it as a privately-owned business. The City and local stakeholders view the restoration and future use of this property as important to the community's history and critical to its coordinated and strategic approach to downtown revitalization.

Before falling into disrepair, the Webbley Mansion operated as a bed and breakfast. DFI assessed multiple redevelopment scenarios, including its redevelopment potential for hospitality, retail and office uses. Details on the potential program and estimated budget are outlined in the following sections.

The selected development partner will execute a binding development agreement in which the partner will commit, as a condition of purchasing the Site, to: (1) acquire the Site at appraised value after state grant funds have been expended; (2) complete rehabilitation of the Site while maintaining its historic elements; and (3) upon rehabilitation, operate a business on the Site.

City's Role in Stabilizing the Property

The City purchased the property in April 2024 for \$434,000. The City is currently investing approximately \$1 million to stabilize and restore the exterior core of the 1852 house, including restoring two porches and replacing the roof as well as removing two additions that have been determined to be beyond structural repair. The stabilization work is expected to begin February 2026 and be completed in approximately 8 months. For additional detail regarding the stabilization construction efforts currently underway on this property, please review the information available via the City's website [here](#).

Historic Webbley Mansion



UNC Digital Collections Repository

Upon completion of the stabilization efforts described above, the City anticipates expending the remaining funds from the state grant towards the additional restoration costs. The City estimates approximately \$2 million in remaining grant funds will be expended in this way. After state grant funds have been expended, DFI estimates an additional \$1.3 million in private investment will be needed to complete the renovation and reach operational status. This total includes an estimated \$875,000* for a private partner to acquire the Site from the City, and approximately \$300,000 - \$400,000 in interior finishing construction costs. See the Projected Costs section for more information.

**Note: this acquisition cost is an estimate only. This estimate is not a final sale price. In accordance with state law, the sale price will be determined by a licensed appraiser prior to sale. Final sale will be subject to state law N.C. Gen. Stat. 158-7.1.*

MARKET SUMMARY

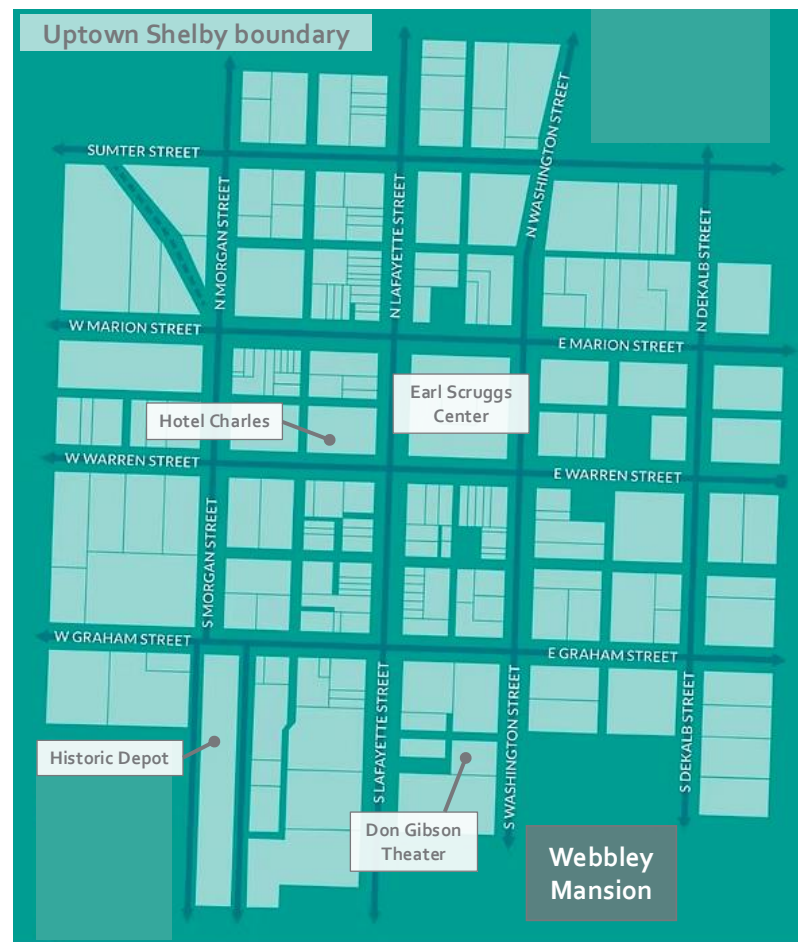
Due to the Site's unique physical and historic characteristics, alongside its proximity to Uptown, a restored property has the potential to support both current unmet and future market demand in Shelby.

Hospitality performance across the county, and retail performance in Shelby's Uptown has strengthened over the last few years. Area hotels have experienced a 30% increase in Average Daily Rate (ADR) since 2022, reaching a peak price of \$100 in November 2025.¹ The occupancy rate surpassed 70% in 2022 and has remained above 65% since then. Despite the improving hospitality metrics, there are no hotels in Uptown Shelby, and only two bed and breakfast options within walking distance of Uptown.

Both bed and breakfast options near downtown represent historic redevelopment successes within the community. The Morgan and Wells (5 rooms) was redeveloped by Melanie Graham in 2014 and the Opal and West House (7 rooms) was redeveloped by Seth Stevens in 2024. Property managers at both establishments have noted healthy occupancy rates. Rooms are booking for approximately \$175-\$200 per night based on current week day and weekend availability.

¹ STR Report for Cleveland County.

Downtown district proximity to the Webbley Mansion



DFI edited Uptown Shelby Association map

Opal and West Bed and Breakfast



Opal and West website

Morgan and Wells Bed and Breakfast



Morgan and Wells website

Similar to local hotel and bed and breakfast performance, retail indicators have also strengthened. The retail vacancy rate in Uptown Shelby is approximately 6%, and renovated retail space rents for \$15 per square foot on average.² During the pandemic, Uptown grew by 100 net new businesses. Since 2023, the downtown has continued to grow: several businesses have expanded, and more than 20 new businesses have opened.³

This performance may, in part, be attributed to regional events, such as music and arts festivals, sports competitions, and holiday events that draw tens of thousands of attendees to Shelby each year. For example, in 2024, the annual Liver Mush Festival had approximately 18,400 attendees. Attendance for this festival has grown by 10% since 2022.⁴ The Don Gibson Theater sits across the street from the Webbley Mansion. This theater reopened in 2009 and hosts an average of 40 events yearly, drawing more than 19,000 guests to its space. An estimated 60% of those guests are out-of-town visitors.⁵ Cleveland County's 1907 courthouse became the Earl Scruggs Center, which now draws nearly 6,000 visitors annually and hosts concerts year-round. The Center's largest concert in 2025 was attended by 900 people, nearly 70% of whom traveled from outside of Cleveland County.⁶

² CoStar and local brokers.

³ Uptown Shelby Association.

⁴ Uptown Shelby Association.

⁵ The Don Gibson Theater.

⁶ The Earl Scruggs Center.

DEVELOPMENT PROGRAM

DFI worked closely with Clearscapes, a Raleigh-based architecture firm with extensive historic redevelopment experience, to assess future uses for the Webbley Mansion. This effort included an architectural review and test fit analysis of a bed and breakfast, retail, and office space. The program outlined below is centered on a bed and breakfast scenario with a small-scale food and beverage component as this redevelopment scenario aligned most closely with the City's redevelopment interests.

The City is open to other redevelopment scenarios and will consider other privately-led program options. Additional information on the team's retail and office analysis can be made available upon request.

Through a test fit conducted by Clearscapes Architects, the core 1852 house could accommodate a guest lounge, a small-scale kitchen and dining space on the ground floor and up to 4 rooms on the second floor. The total site has the potential for 7 total rooms in existing structures if the carriage house and garage on the site were also utilized. See details on the associated bed and breakfast program below and select test fit images on the next page. Additional architectural information from Clearscapes analysis can be provided upon request.

DFI's analysis identified a potential hospitality and retail program metrics, including estimated ADR, occupancy rate, and retail rental rates generated by current market conditions.

Use	Gross Square Feet*	Performance Metrics
First Floor Reception	240 sq ft	n/a
First Floor Lounge and Dining	720 sq ft	50% of room revenue
First Floor Office and Back of House Operations	680 sq ft	n/a
Second Floor rooms	1,475 sq ft	\$150 ADR/70% occupancy rate
Third Floor Operations and Storage	800 sq ft	n/a
Carriage and Garage rooms	2,480 sq ft	\$150 ADR/70% occupancy rate
Parking for B&B guests		6-8 spaces on site
Webbley Mansion total (including ancillary structures)	6,395 sq ft	

**All square foot numbers are rounded estimates.*

PROJECTED COSTS

DFI estimates the total development costs of this project at \$4.3 million. To account for unpredictable price fluctuations due to the current construction climate, the estimates below include a 10% contingency for hard and soft costs.

A significant portion of the total redevelopment costs will be covered by state grant funding while the Site remains under City ownership. As noted earlier in the SDP, the City is currently investing approximately \$1 million to stabilize the exterior of the core 1852 house and intends to expend the remaining \$2 million prior to selling the Site to a private development partner.

DFI estimates the private development partner will need to expend, in addition to the cost of acquiring the Site for approximately \$875,000*, an estimated \$300,000 - \$400,000 in interior finishing construction costs. Accordingly, DFI's financial model assumed the buyer will require approximately \$1.3 million in financing to acquire and complete the rehabilitation of the Webbley Mansion.

**Note: As noted earlier in the SDP, this acquisition cost is an estimate only. This estimate is not a final sale price. In accordance with state law, the sale price will be determined by a licensed appraiser prior to sale. Final sale will be subject to state law N.C. Gen. Stat. 158-7.1.*

View of the Webbley Mansion from Pinkney St.



Heather Fearnbach

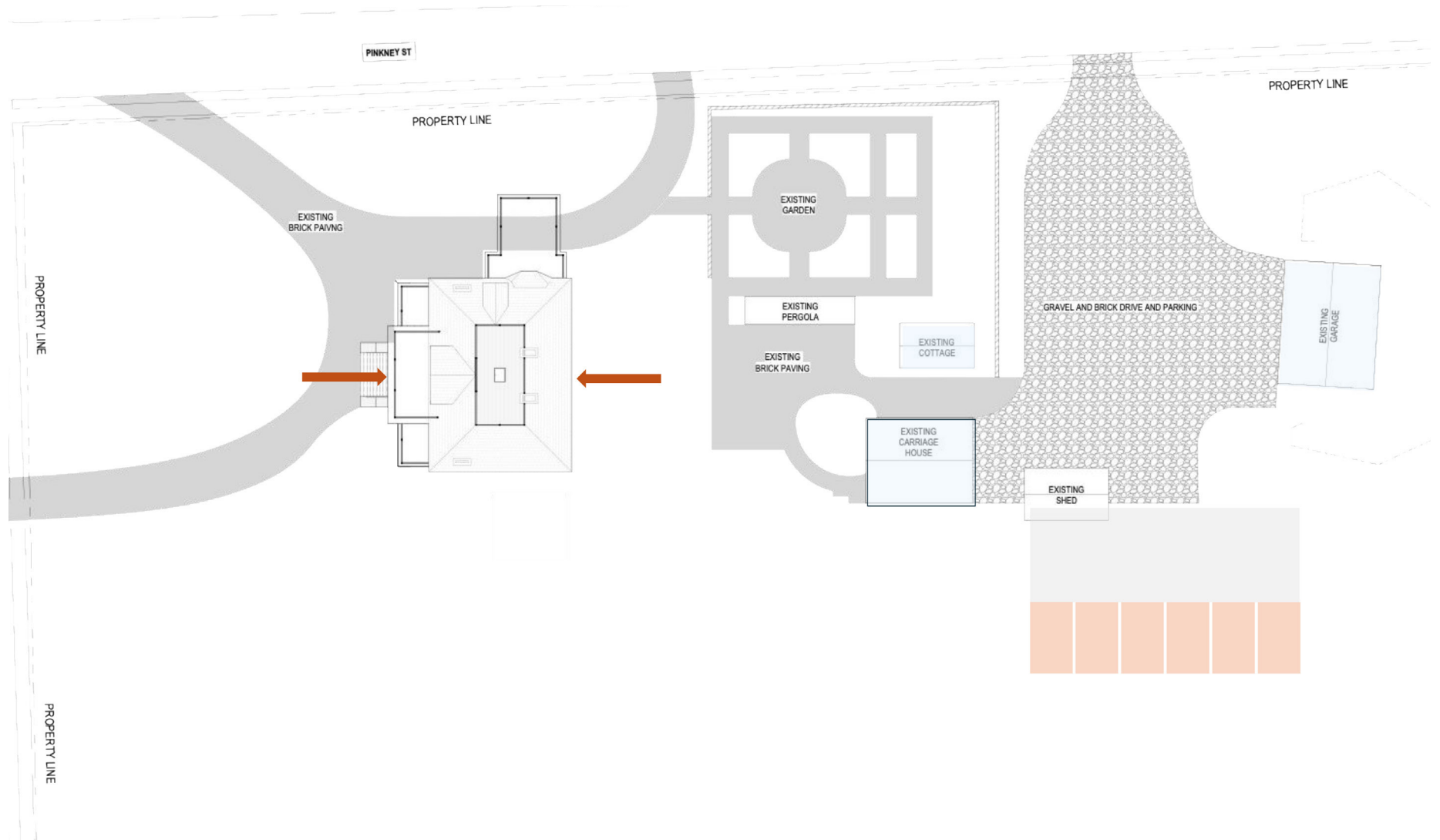
View of Existing Carriage House



View of Existing Garage

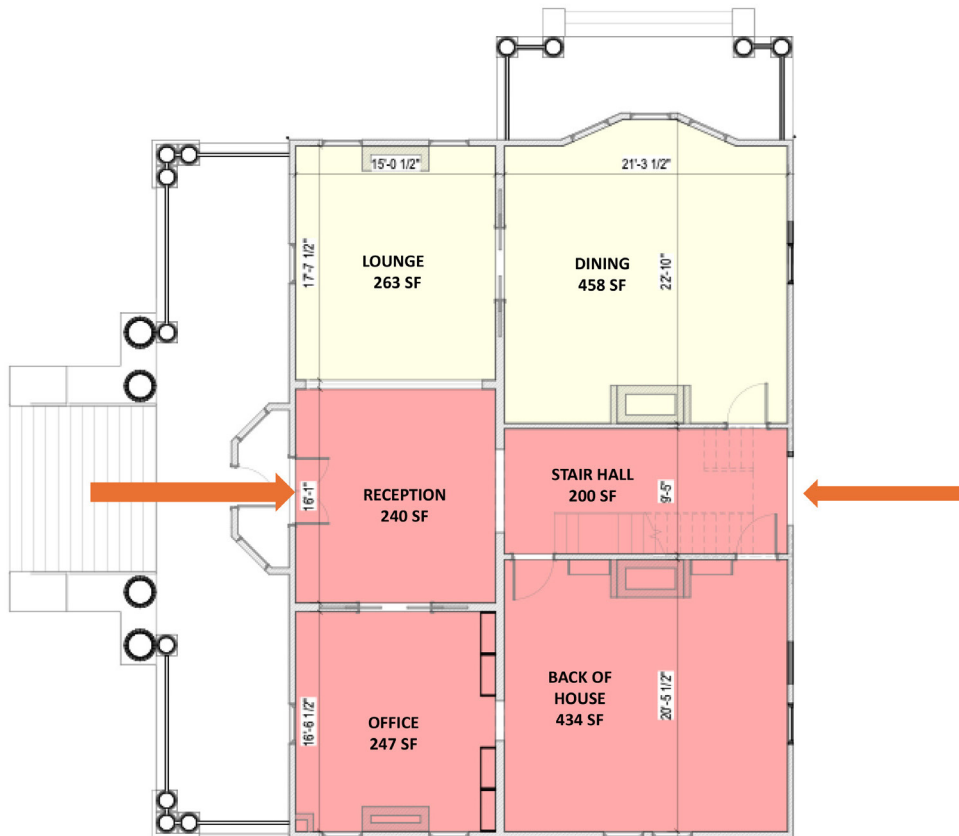


Aerial view of the Webbley Mansion

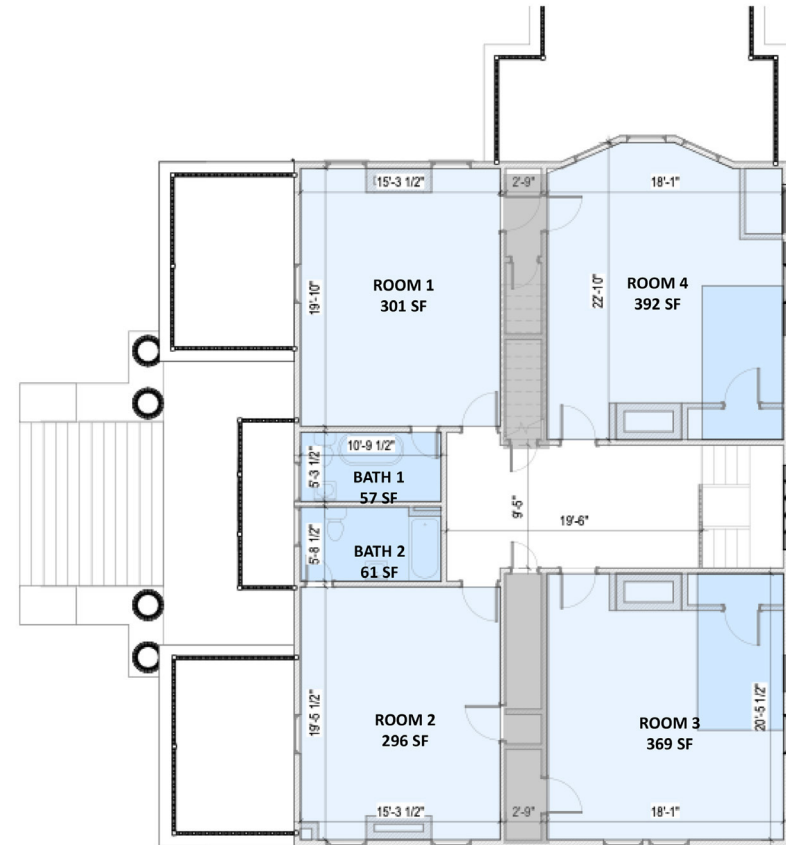


Test fit images provided by Clearscapes Architects

First floor bed and breakfast test fit



Second floor bed and breakfast test fit



Test fit images provided by Clearscapes Architects

HOTEL CHARLES DEVELOPMENT OPPORTUNITY

The City has simultaneously released a SDP for the redevelopment of the Hotel Charles property as a boutique hotel in the center of Uptown. Located in the heart of Shelby, local stakeholders view the future use of this building as a critical next step within Shelby's coordinated, strategic approach to continued Uptown revitalization.

The Hotel Charles was originally constructed in the 1890s and reconstructed after a 1928 fire that damaged much of the original structure. Based on the properties' proximity and shared hospitality potential, the Webbley Mansion opportunity is also included in the Hotel Charles solicitation as a potential property to include within a development team's proposal.

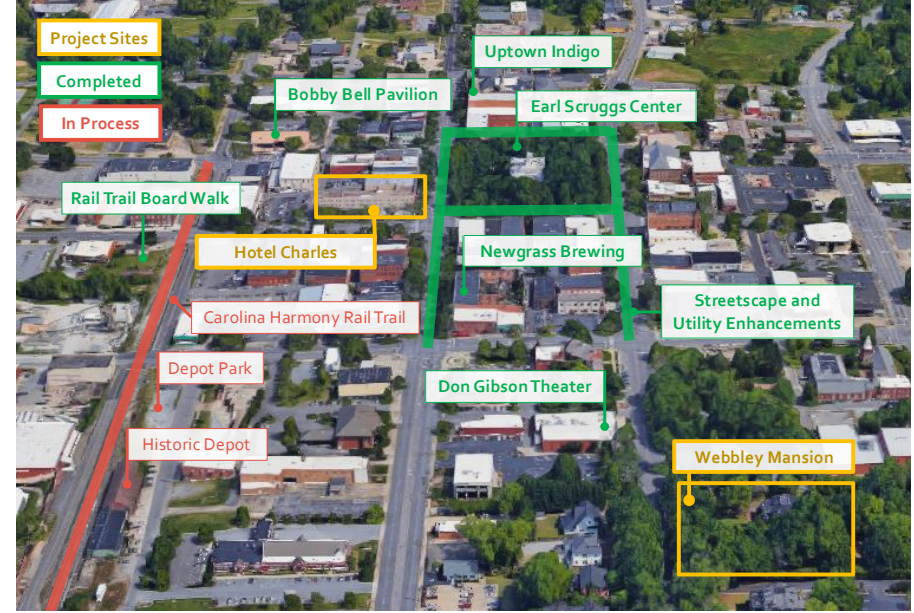
For more information, please review the detailed Hotel Charles SDP found [here](#).

Aerial drone photo of the Hotel Charles (2024)



City of Shelby

Past and future planned public and private investments in Uptown, Shelby



DFI edited street map

EVALUATION CRITERIA AND SELECTION PROCESS

Development firms responding to this solicitation will undergo an evaluation to identify a viable development partner with a plan that will best serve public interests and happen in a reasonable time frame. DFI will collect and analyze responses, contact references, and coordinate interviews as necessary.

The following criteria will be used to assess responses:

- Qualifications and experience of the development team, with preference given to those with experience with the type of development proposed in the respondent's plan for the Site.
- Quality and success of prior development projects and public-private partnerships.
- References from previous local government partners, if any.
- Demonstrated ability to execute projects of similar scale and complexity.
- Demonstration of confidence in this Project.
- Ability to complete the project within the City's proposed timeline.
- Ability to integrate additional considerations as identified in the development program section of this document.

After reviewing submitted proposals, DFI may seek clarification regarding details included in the proposal. Development teams may not submit additional information after the March 27, 2026, deadline, unless the City or DFI requests it. Following the Council's selection of a development partner for exclusive negotiations, the City will expect the selected partner to submit a proposed Memorandum of Understanding (MOU) and, following the successful execution of an MOU, lead negotiations for a final development agreement.

Estimated Timeline

March 27, 2026	Development partner proposals due
Q2 2026	Council selects development partner(s)
Q3 2026	City and development partner(s) execute a Memorandum of Understanding (MOU)
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Submission Process

Development partner proposals are due at **5:00 p.m. EDT on March 27, 2026**. Proposals received after the deadline will not be considered. Proposals must conform to the guidelines described under “Submission Requirements.” Submit proposals electronically in PDF format. Submit financials in Excel format. Send materials via email to Sara VanLear at vanlear@sog.unc.edu and Justin Merritt at Justin.Merritt@cityofshelby.com, with the subject line: “Development Partner Proposal: Shelby - 403 S. Washington Street.”

All responses are subject to public disclosure in accordance with State law governing public records; N.C. Gen. Stat. 132-1 et seq. DFI recognizes that respondents must submit financial information that they may deem confidential and proprietary to comply with the requirements of this solicitation. To the extent permissible by law, DFI agrees to keep confidential any proprietary information included in a response, provided that (1) the respondent identifies the confidential, proprietary portions of the response, (2) the respondent identifies as confidential and proprietary only those portions of the submittal that are confidential and proprietary, and (3) the respondent states why protection is necessary. Respondents shall not designate their entire response as confidential and proprietary, nor shall they designate already public information.

Respondents should email any information they would like to remain confidential under separate cover to vanlear@sog.unc.edu. The email subject must be “PROTECTED: Development Partner Proposal: Shelby – 403 S. Washington Street.”

For information concerning the procedure for responding to this Solicitation for Development Partners or clarification of the terms, conditions, and requirements of this SDP, please email Sara VanLear, Project Manager, DFI, at vanlear@sog.unc.edu and Justin Merritt, City Manager, City of Shelby at Justin.Merritt@cityofshelby.com.

Submission Requirements

Proposals should include the following information (sections 1–11 below). Appendices are considered supplementary.

If your proposal includes the Hotel Charles, detail the development plans related to both properties within sections 1-11 below as a singular submission to both SDPs. Be sure that the submission outlines a clear and compelling concept that demonstrates both properties as a singular, cohesive project. Do not submit a separate proposal if your development plan includes the Hotel Charles property.

1. Letter of Introduction

- Include a summary of the respondent’s qualifications, experience, and reasons for interest in this opportunity. Special attention should be given to a clear statement outlining how this proposal aligns with the City’s guiding public interests. The letter must be signed by a principal or authorized officer of the entity.

2. Proposed Development Plan

- If hospitality program, number of rooms; expected average daily rate; expected occupancy rate
- Projected food and beverage plan (if applicable)
- Amount of retail square feet; including expected rents (if applicable)
- Expected amenities (if applicable)
- Estimate of parking spaces needed
- If a non-hospitality program, detailed description of the uses by square feet, including all associated programming details such as expected tenants, rents, amenities and parking requirements.

3. Preliminary Site Plan

- Preliminary floorplans (if different from current plans shared)
- Food and Beverage and/ or retail plans
- Preliminary plans for rehabilitated ancillary structures and/or any new construction on the property

4. Development and Financing Assumptions – Provide in Excel format:

- Sources and uses
- Required investor return hurdle rate (submit as confidential)
- Proposed acquisition price

5. Earnest Money Deposit – Proposed amount and terms

6. Timeline

- Indicate whether the proposed timeline under “Development Timeline” is feasible. If other, include the proposed timing here.
- Indicate the development team’s availability to undertake the Project and adhere to the timeline.

7. Description of the selection process for (if not already identified in the development program)

- Hospitality operator
- Food and Beverage partner (if separate from operator)
- Retail tenants (if applicable)

8. Development Team

- Identify partner firms and roles, including co-developers, architects/designers, and potential general contractors or subcontractors.
- Overview of each firm on the team, including a brief history, licensure, experience working with the Developer, and relationship of the firm's parent company with the office responsible for this project, if applicable.
- Identification and resumes of lead staff (principals and project managers) who will be responsible for negotiating a development agreement with the City and completing the remainder of the pre-construction approval process).

9. Minority and Women Business Enterprise (MWBE) Goals under N.C. Gen. Stat. 143-128.2:

- If available, lead Developer's MWBE policy
- If available, historical MWBE performance
- Proposed MWBE goals and strategy to achieve goals

10. Experience and References

- A list of 2-3 current and completed projects (preferably in the last 5 years) relevant to proposed plans. Include the following information:
 - Name, location, and completion date of the project
 - Development team members, including architects/designers and general contractors
 - Scope and scale of the development program including a description of any historic elements
 - Photos/illustrations of the completed project
 - Total development budget by use
 - Capital stack, including governmental sources
 - Financing partners
 - List of current commercial tenants (indicating whether local and/or small business), if available

11. A most recent example, if any, of the development team's experience executing public-private partnerships.

- Include all information requested above in section 10.
- Contact information for a representative of the primary public agency partner in the project.

12. Disclosures and evidence of financial stability

- Disclosure of any potential conflicts of interest that could be relevant to this project in any manner.
- Disclosure of any projects/financing on which the team or its members has defaulted.
- Disclosure of whether the Developer or any officer, director, or owner thereof has had judgments entered against him or her within the past 10 years for breach of contracts, governmental or nongovernmental construction, or development.
- Disclosure of whether the Developer has been in substantial noncompliance with the terms and conditions of prior construction contracts with a public body.
- Disclosure of whether any officer, director, owner, project manager, procurement manager, or chief financial official thereof has been convicted within the past 10 years of a crime related to financial fraud or to governmental or nongovernmental construction or contracting.
- Disclosure of whether any officer, director, or owner is currently debarred from bidding or contracting, pursuant to an established debarment procedure, by any public body, agency of any state, or agency of the federal government.
- Other evidence of the financial stability of the Developer (can be submitted under confidential cover as detailed in “Submission Process”).

DFI'S ROLE

DFI provides specialized finance and development expertise to local governments to assist them in attracting private investment for transformative projects in their communities. DFI has engaged in more than 250 projects in communities across North Carolina, South Carolina, and Virginia, attracting more than \$1 billion of private investment over the last decade of operations.

DFI performed a detailed pre-development analysis for the Webbley Mansion Project to arrive at a recommended development plan. The analysis included:

- **Market Assessment:** assessing the supply and demand for diverse potential private uses, including hospitality, retail, and office.
- **Site Assessment:** studying the Site's physical constraints and utilizing existing architectural plans and redevelopment concepts to determine a program that maximizes the Site's development potential.
- **Establishing Project Priorities:** engaging stakeholders interested in Uptown development, including City staff and elected officials.
- **Financial Feasibility:** projecting the development costs and cash flows to ensure the Project viability for private investors.

DFI's pre-development work thus far will benefit the private developer(s) selected by the City Council by significantly reducing the time, effort, expense, and overall risk required to determine feasibility, conduct due diligence, and move the Project through the City's public planning process.

This SDP was released simultaneously with a separate solicitation for the Hotel Charles in Shelby. DFI will collect a fee related to any private development connected to the Hotel Charles. See Appendix A of the Hotel Charles solicitation for information about DFI's fee.

ADDITIONAL INFORMATION

All facts and opinions stated in this solicitation are based on available information and are believed to be accurate. Nevertheless, neither the City of Shelby nor the UNC School of Government, nor any of their officers, agents, or employees, shall be responsible for the accuracy of any information provided to any respondent as part of this solicitation or vetting process. All respondents are encouraged to independently verify the accuracy of any information provided. The use of any of this information in response to this request is at the sole risk of the respondent.

Those submitting responses to the SDP assume all financial costs and risks associated with the submission. No reimbursement or remuneration will be made by the City or UNC to cover the costs of any submittal, whether or not such submittal is selected or utilized.

The City reserves the right to reject submittals or waive irregularities or informalities in any submittal in its sole and absolute discretion and accepts no responsibility for any financial loss by such action.

Any agreements that may be entered into between the Developer (s) and the City, including but not limited to a Development Services Agreement, are subject to all statutory and legal requirements and ultimate approval by the City Council in its sole and absolute discretion and nothing herein is to be construed as binding on the City. In modeling this project, it was assumed that the City will convey the property to a private developer pursuant to its authority to convey property for economic development under North Carolina General Statute 158-7.1, among other statutory authority.

The City makes no express or implied warranty as to matters of title, zoning, tax consequences, physical or environmental conditions, valuation, financial conditions or economic matters, accuracy of any materials or reports provided, governmental approvals, governmental regulations, or any other matter or thing relating to or affecting the properties described herein or any proposed transaction or agreement contemplated herein.

DFI does not act as a broker or agent of the City, and no representation made by DFI during the solicitation and vetting process shall be binding on the City. Notwithstanding any provision herein, this solicitation shall not constitute an offer to contract on the part of the City. It shall not be construed to impose any legal obligations on the City.

This solicitation does not create any obligation or relationship, such as a partnership, joint venture, or similar legal relationship between the City and any potential party. Any references to “partner,” “partners,” or other similar terms will not be deemed to create a legal relationship or otherwise alter, amend, or change the relationship between any parties in the absence of a formal written agreement specifically detailing the rights, liabilities, and obligations of the parties as to a new, specifically defined legal relationship.