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Imperial's 'Ghost' Hotel Gets New Life

Planning Commission Awards Permit to Restart Dormant Development: 2023 Opening Eyed

RICHARD MONTENEGRO BROWN ON AUGUST 12, 2021



IMPERIAL — When Karin Eugenio ran for office in 2018, she focused on the notorious “ghost” hotel as a central piece of her reformist platform, promising to be a watchdog against “vampire developers.”

Imperial Mayor Karin Eugenio

Now the city of Imperial's mayor, Eugenio was overjoyed to finally be able to speak about the future of the town's four-story symbol to broken promises and mismanagement, the former Holiday Inn & Suites project north of Neckel Road off Highway 86 that was abandoned midway through construction in 2014.



As Mayor Eugenio watched from home via Facebook Live, the Imperial Planning Commission voted unanimously on Wednesday evening, Aug. 11, to award a conditional-use permit to [Gafcon Inc. of San Diego](#), whose chief development officer said the company will aim to open a fully functional hotel in the first quarter of 2023.

“I am extraordinarily excited about this ... There have been other developers who have been interested in developing alternatives to hotels, but we as a council have consistently stayed true to the idea that we wanted it to be a hotel for its potential revenue,” Eugenio said after the decision.

Unlike the questionable situation the city found itself in with developer Daniel Chiu of San Marino, who abandoned the project but held onto the property until it was foreclosed on in late 2019, the mayor said Gafcon Inc. is a reputable organization with a track record of excellence.

Gafcon was awarded a \$2.5 billion program management contract to redevelop Seaport Village in San Diego and has a long resume of building educational facilities like Southwestern College and San Diego City College and has worked on Rady's Children's Hospital, to name a few, Eugenio added.

"I looked at their website and was like, 'holy cow, we definitely want an organization like this to buy it.' So, you know, we met with them, and we've been meeting with them," Eugenio said. "I'm very excited that it's now public, and we can talk about it. And again, there's so many things that can still happen. But it looks it looks really good so far."

Gafcon is expected to close a deal on the property by the end of the year, and obtaining the permit is condition of the purchase agreement with the owner, Gafcon Chief Development Officer Bryan Benso told the Planning Commission on Wednesday.

Eugenio said lender Evergreen Investment Co. owns the property, which it appears to have purchased in an auction or sale at some point after September 2019, around the time former property owner Daniel Chiu and his wife, Rebecca, lost it.

Gafcon is apparently negotiating to buy just a portion of the site at the moment, including two project parcels totaling 8.154 acres and the 75,153-square-foot four story structure. Benso said a portion of the property on which another vacant structure sits could be optioned later, which includes another seven or eight acres immediately adjacent to the west.

Costs associated with the sale were not immediately known and no figures were discussed during the meeting, but past news reports place the amount Chiu owed on the property and the opening bid in late 2019 between \$3.8 million and \$4.2 million.

Planning Commission Public Hearing

Awarding a permit to move the project forward does not ensure a seamless transition or path to a ribbon-cutting. There is much that must occur, the least of which is the close on the sale on the property from Evergreen.

As part of the commission's approval, there were 32 conditions set that include addressing a number of areas of unfinished work on the property and some issues that have arisen over the past seven years since construction on the hotel itself stopped at what Benso said was about "60 percent" completion.



In 2018, Imperial resident Karin Eugenio put together a Facebook post promising to address the "Ghost Hotel" as part of her campaign platform to win election to the Imperial City Council. Eugenio is now the city's mayor. | COURTESY OF KARIN EUGENIO'S FACEBOOK PAGE

One such condition appears to have also come at the 11th hour, with the Imperial Irrigation District sending a letter to the city on Wednesday interjecting into the process over concerns about easements, access, long-held “prescriptive” rights of way and potential impacts to the Dahlia drain on the eastern boundary of the site.

None of this is anything Benso and company haven’t seen before, though. He said he has been in this line of work for decades and meeting the demands of utilities like IID is par for the course.

Applying under the name of Imperial Hotel Acquisition LLC, the thumbnail of the project plans include opening a franchised hotel with between 95 and 108 rooms and suites, that will include an on-site restaurant serving alcohol, a “common area,” indoor pool and amenities, a small “grab-and-go” market, meeting rooms, business center and gym, and an off-site area will be further developed with additional retail space that could include other restaurants and shops.

An elevation of the front of the property and other documents in the planning agenda have a name attached to the project: North Pointe Hotel, 1500 N. Imperial Ave. Project blueprints also cite “fast food” pads near the hotel and reference a Starbucks with a drive-through, but it’s likely this is all subject to change.



Bryan Benso, chief development officer of San Diego-based Gafcon Inc., speaks to the Imperial Planning Commission on Wednesday evening, Aug. 11, before the commission awarded his firm a conditional-use permit to resurrect the so-called “Ghost Hotel” north of Imperial. | SCREEN CAPTURE

Although Benso addressed the issue quickly, he did say that negotiations for a franchise agreement were underway with a number of hotel chains including “Choice” and “IHG.”

Choice Hotels operate a range of upper-end to budget brands from Comfort, Clarion, Quality, EconoLodge, and Rodeway Inn, to name a few. IHG Hotels & Resorts operate brands in the vein, from premium Crowne Plaza and InterContinental Hotels & Resorts to various Holiday Inn versions and Candlewood Suites, among others.

Benso was asked by commission chair Mark Hammerness whether not inking a franchise agreement would be a dealbreaker on the sale, and he indicated that Gafcon is prepared to assume the “risk” of closing on the property without a franchise agreement in place.

It also appears that the initial mitigated negative declaration and initial study done on the site by Chiu in 2012, when the project was known as “Imperial Center (Phase 1),” likely will not have to be redone considering the remote location of the development and unchanged conditions in the area, City Manager Dennis Morita told the commission.

In terms of the condition of the unfinished hotel and the infrastructure at the property site, Benso and Gafcon inspectors determined the hotel was more than halfway complete (60 percent), and Mayor Eugenio added in a separate conversation that city officials were told the construction materials were still in good condition.

Power infrastructure at the site is not adequate for the scope of the development, Community Development Director Othon Mora told the commission, and work would need to occur on electrical lines and also to upgrade the substation in the area.

City water and sewer lines do extend to the project site, but not necessarily to the hotel building, Mora's staff report indicated. "Infrastructure improvement will need to be completed to provide these services to the hotel site," he wrote.



A rendering of the front elevation of Gafcon Inc.'s Imperial North Pointe Hotel project is shown. | COURTESY OF CITY OF IMPERIAL

In addition to the Imperial Irrigation District concerns, some of the other 31 conditions of approval include items foundational and aesthetic, ranging from providing an electric vehicle charging station to minimum landscaping requirements such as "street trees consisting of 24-inch box trees spaced at least 20 (feet) apart along the north side of Neckel Road, North Imperial Avenue, and the entire length of the Highway 86 frontage."

Other noteworthy conditions include requirements that all impact and development fees be paid, decorative streetlights in accordance with existing Imperial Avenue design standards be installed, significant roadwork on Neckel be done, and other agreements and standards that adhere to city, county and state design and environmental regulations.

A Skeptic Speaks Out

Not all present at Wednesday's meeting shared Mayor Eugenio's excitement. During the public hearing, Imperial resident Kathy Turner approached the project with a healthy degree of skepticism in light of what Chiu left behind.



Imperial resident Kathy Turner speaks during a public hearing to decide a permit request to reprise the abandoned hotel project on the northwest corner of Neckel Road and Highway 86. Turner was skeptical of the new plans for the site that were shared during the Imperial Planning Commission meeting on Wednesday, Aug. 11. | SCREEN CAPTURE

"I have been staring at this for almost 15 years now. When the Chinese man came, and he had all these big to-do ideas about the hotel and restaurant, and he talked about building a Starbucks and an Olive Garden to go in their little strip mall ... the City Council, or whoever asked him when was the completion date. His answer was Oct. 32," Turner said. "That was a dead giveaway he was never gonna do this."

She asked what kind of assurances would the city and community have that the project isn't left abandoned if Gafcon can't find get a franchise agreement or if other problems arise.

How can the city know whether the hotel development is "positively going to happen," Turner asked. "We're going to be back to the same mess I've been staring at for 15 years. There's so many that come in and start something, and then they go away again, because they're gonna pull the same thing this guy from China pulled when he had his pipe dream."

Against what Benso jokingly said was the better judgement of his attorneys, he did answer Turner.

“What I can say, ma’am, is we’re not in the business of making bad decisions. We’ve been in this business for a very long time. I’ve got 30 years in this career, and it’s not my intention to start a project and fail,” Benso said. “Failure is not an option. We do have financial resources lined up for this project, and when those financial resources are committed, there will be signatures on the line that people have to deliver this project. So, it’s our full expectation to execute and deliver something the city can be proud of.”

Earlier in her comment, Turner said that she knows people have come to the city about other projects at the site, and she herself suggested an assisted living center or a veterans’ home.

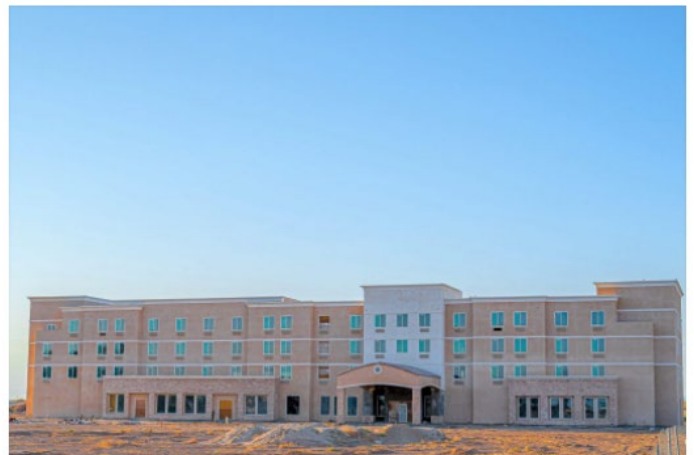
“I can’t see a hotel being viable over there,” she said. “If I was traveling and new to this area, I would stay by the mall where there are things to do. This is way off the road.”

Assistant City Manager Alexis Brown addressed some of the concerns, having been a part of discussions regarding the hotel site and development in the city in general.

“I can confirm, Ms. Turner, the vision of the city is for that to be a hotel. That translates into a few things. As for the zoning that it’s currently in, we were approached by a few developers wanting to change that to not so much an assisted living ... it was an affordable housing (project),” Brown said.

The sun sets on Imperial’s so-called “Ghost Hotel” on the northwest corner of Neckel Road and Highway 86. | CAMILO GARCIA JR. PHOTO

“And the overall vision, while our growth in Imperial has been slow, it’s been sustainable. And it may seem far-fetched, but the growth that I can tell you is coming is on the north end,” she added.



The sun sets on Imperial’s so-called “Ghost Hotel” on the northwest corner of Neckel Road and Highway 86. | CAMILO GARCIA JR. PHOTO

No other residents spoke at the meeting, but there were some comments that essentially echoed Turner’s concerns on the Facebook Live stream.

Turner did, however, address the elephant in the room, and that was the controversy that surrounded Chiu, where he got his money, and some of the misdeeds he has been accused of — “He’s been charged with so many crimes related to that project,” she said.

Specter Around Ghost Hotel

Whether anything former owner Daniel Chiu did could be considered criminal per se is unclear, but he has been sued in civil court over this project for allegations that he bilked investors.

For those with a long memory, Chiu’s relationship to the Imperial Valley has not been confined to the city of Imperial.

Chiu was tied to the Barbara Worth Country Club outside Holtville and the Towncenter Plaza in Calexico, all of which were the subject of unsuccessful bankruptcy filings and which he eventually lost, according to prior media reports.

What's more, Mayor Eugenio said, the former Holiday Inn & Suites project was tied up in Chinese money through the federal EB-5 Immigrant Investor Program that awarded visas to foreign nationals depending on their level of financial investment.

Although Eugenio couldn't say why, she acknowledged that funding for the project appeared to have fallen through similarly to how it did for Heber's Imperial Center, which was also an EB-5 project.

"This hotel was a collaboration, I think he had about 25 Chinese investors who all attained citizenship simultaneously by all investing in the hotel, and Daniel mismanaged the money, ran out of money," she said. "I don't know if his intention was ever to have a fully functioning hotel, or if their intention was just to attain citizenship."

In the case of the Heber development, one Imperial County supervisor told this newspaper a few years ago, the funding dried up on that project as the EB-5 program fell out of favor with the President Donald Trump administration and its harder line against doing business with China.

Yet Chiu's abandonment of the Imperial hotel predates Trump, who was elected in 2017. Chiu stopped construction in 2014.

Chiu was sued in Imperial County Superior Court by investors Yun Yan and Xin Quan, both of China, in March 2018 for what they alleged was the embezzlement of \$29 million from Chinese immigrant investors tied to Chiu through the EB-5 process. The suit was against Chiu's Oasis Growth Partners LLC.

The case does not appear to be resolved yet and may have been moved to Los Angeles County, where there was a court filing as recently as July 9.

Chiu's involvement in Imperial does appear to be a thing of the past, and Eugenio is happy to start fresh, especially with the likes of Gafcon.

"There are different branches of their organization, which focus on different things, and one of their branches includes buying projects like this, and essentially rehabbing neglected buildings," she said. "It's part of what they do, and like I said, everything that they do is just stunning."



The sun sets on Imperial's so-called "Ghost Hotel" on the northwest corner of Neckel Road and Highway 86. | CAMILO GARCIA JR. PHOTO