



# NW 9th Street Real Estate Transaction

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FLORENCE CITY COUNCIL

MAY 6, 2024

# About the NW 9th Street Property

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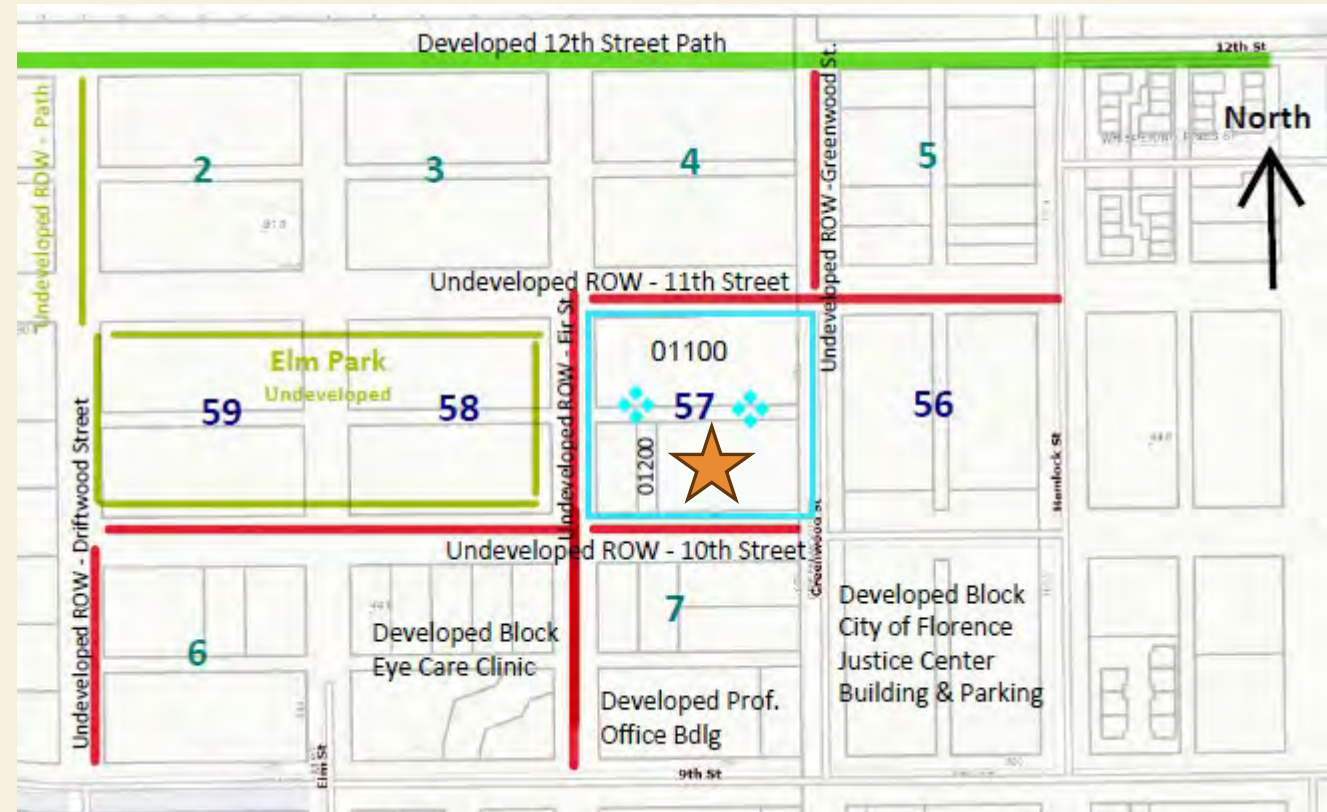


- **Location:** Map & Taxlots 18-12-27-31-01100 & 1200, Undeveloped Block 57, Northwest of the Florence Justice Center
- **Size:** 1.48 acres or 64,289 sq. ft.
- **Zoning and Plan Designation:** Professional Office District and West Ninth Street Area
- **City owned property, deemed surplus and available for sale since 2018**

# About the Proposed Sale

## TIMELINE

- Offer received to purchase Block 57 from Layne Morrill representing two Buyers
- City staff have been in negotiations with purchaser since March 2024.
- City Council has provided direction to City staff during three confidential executive sessions.
- Negotiated deal terms were presented in City Council meeting agenda item summary.



# Elm Planned Unit Development – Proposed Property Layout and Parcels

Parcel 1: \$266,000 Total Price

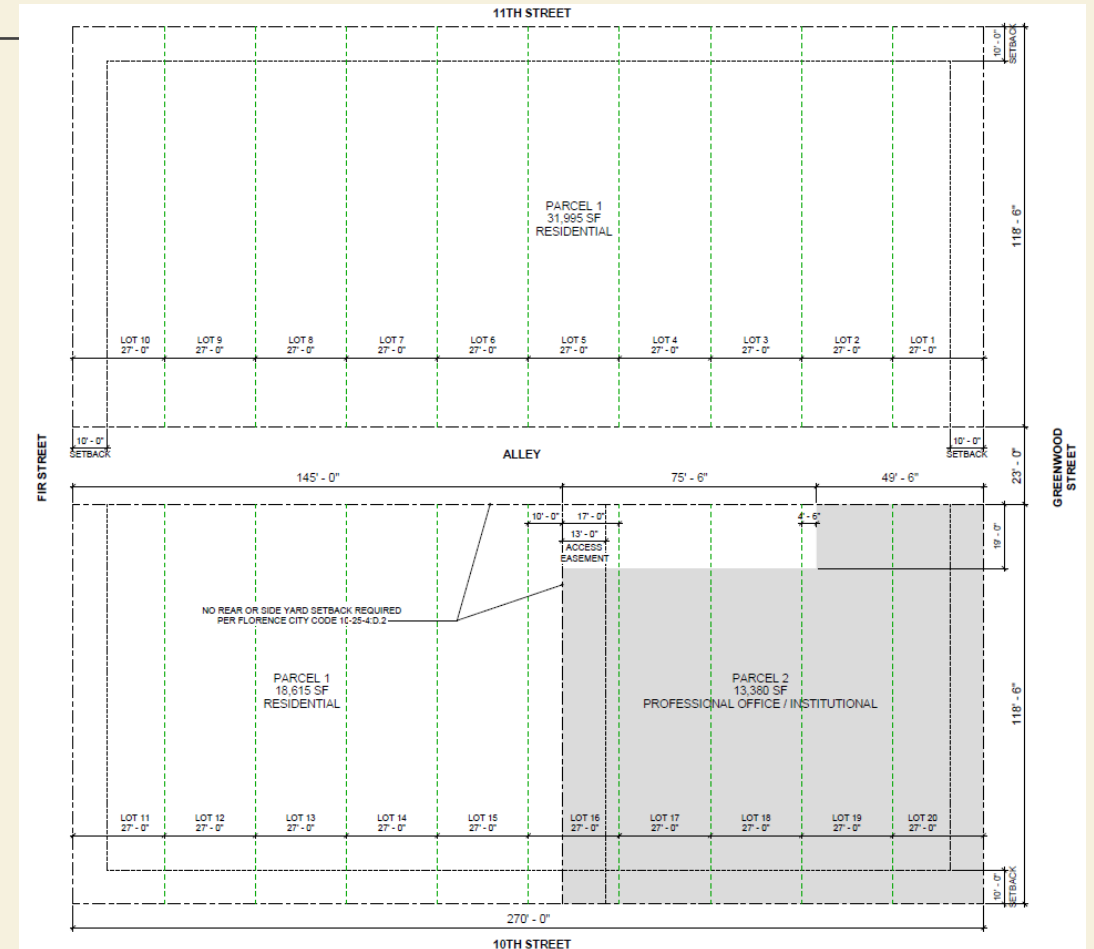
Buyer: Our Coastal Village, Inc.

To build a multi-unit (approximately 36 units) Affordable Apartment Rental Complex, Elm Park Apartments (EPA)

Parcel 2: \$71,000 Total Price

Buyer: Chestnut Management, LLC

To build an Early Learning Facility (ELF) with the capacity to serve approximately 50 children from one to five years old



# About the Proposed Sale – Parcel 1 Apartments

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## PROPOSED DEAL TERMS – PARCEL 1

Cash at Escrow	\$ 13,300
Cash at Closing	<u>53,200</u>
<b>Total Cash Paid by Buyer</b>	<b>66,500</b>
<b>City Carried Note</b>	<u><b>199,500</b></u>
<b>Total Purchase Price</b>	<b>\$ 266,000</b>

- Buyer pays for Title Report and all other closing costs.
- All proceeds of the sale become revenue of the General Fund to support continued efforts for Housing and Economic Development.

## OTHER SIGNIFICANT PURCHASE & SALES AGREEMENT TERMS:

- Obligations of the Buyer during the First and Second Contingency Period
- Obligations of the City as the Seller
- Timelines
- City Carried Note with Buyer Performance Terms to earn-out the balance
- Subordinated Trust Deed with Restrictions

# About the Proposed Sale – Parcel 2 Early Learning Facility

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## PROPOSED DEAL TERMS – PARCEL 2

Cash at Escrow	\$ 3,550
Cash at Closing	<u>14,200</u>
<b>Total Cash Paid by Buyer</b>	<b>17,750</b>
<b>City Carried Note</b>	<b><u>53,250</u></b>
<b>Total Purchase Price</b>	<b>\$ 71,000</b>

- Buyer pays for Title Report and all other closing costs.
- All proceeds of the sale become revenue of the General Fund to support continued efforts for Housing and Economic Development.

## OTHER SIGNIFICANT PURCHASE & SALES AGREEMENT TERMS:

- Obligations of the Buyer during the First and Second Contingency Period
- Obligations of the City as the Seller
- City and Buyer agrees to consider entering into Memorandum of Understanding “MOU” with Head Start of Lane County “HSOLC”
- Timelines
- City Carried Note with Buyer Performance Terms to earn-out the balance
- Trust Deed with Restrictions

# Purchase & Sales Agreement Terms for Parcel 1 and 2

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## FIRST CONTINGENCY PERIOD - 180 DAYS

- Buyer to Perform survey, environmental, Geotech, and other due diligence reports and studies at Buyer's cost
- Buyer to Prepare & submit land use, public works, other regulatory body, and grant funding applications as necessary
- City grants Buyer access to property and will cooperate as land owner for due diligence activities
- City confirms in writing award contract for the SB 1530 Infrastructure Project

## SECOND CONTINGENCY PERIOD + 1 YEAR

- Buyer to complete preliminary civil engineering & architectural plans
- Buyer to perform market studies
- Buyer to receive approvals for land use, public works, and other necessary regulatory applications prior to construction
- Buyer to receive financing commitments and grant/funding awards
- City to complete the Infrastructure Project for the neighborhood as funded by SB 1530

# Early Learning Facility Memorandum of Understanding “MOU”

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## EARLY LEARNING FACILITY “ELF”

- City and Buyer agrees to enter into Memorandum of Understanding “MOU” with Head Start of Lane County “HSOLC”
- Confirms understanding of the regional need for childcare services and relation to economics and workforce
- Buyer is constructing and owning ELF facility
- The constructed ELF building would be large enough for at least 25 Head Start Spaces and equal amount of space available to rent for community partners serving children

## SIGNIFICANT TERMS OF UNDERSTANDING

- No financial commitments or obligations made by the City
- Understanding that ELF transaction would occur as it relates to the terms of the Real Estate Agreement
- City to respond promptly to requests for info
- City to cooperate with the Buyer for grant applications grant and a supportive community partner of the proposed construction for the ELF
- Buyer intends to lease completed space to Head Start



# Closing and Transfer of Title

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## SIGNIFICANT TIMELINES

- Closing expected 180 days + 1 year from signing of PSA
- Apartment construction completed plus one year or December 31, 2026
- Early Learning Facility construction plus two years or December 31, 2027

## PROMISSORY NOTE & TRUST DEED

- Transfer title of property to Buyer with a Subordinated Trust Deed
  - Grants and Conveyance to Buyer
  - Lien on property to hold accountable to build Affordable Apartments and Early Learning Facility
- Subordinated Promissory Note
  - Carried at 4% interest
  - Principal and Interest is reduced or through an earn-out of performance milestones, see next slide
  - Default Remedies - if performance not met, due and payable with 8% interest

# Purchase & Sales Agreement Terms

## City Carried Note Performance Milestones

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### PARCEL 1 - \$199,500

Land Use Approvals	20%	\$	(39,900)
Building Permits issued	35%	\$	(69,825)
Cert of Occupancy	45%	\$	(89,775)
Total Reduction	100%	\$	(199,500)

APARTMENTS TO BE CONSTRUCTED BY  
DECEMBER 31, 2026

For both Parcels, the City agrees to Carry 75% balance of sales price through a limited recourse promissory note that is subordinated to other bank loans and/or grant awards by the Buyer and recorded as a Trust Deed.

### PARCEL 2 - \$53,250

Land Use Approvals	10%	\$	(5,325)
Building Permits issued	25%	\$	(13,313)
Cert of Occupancy	25%	\$	(13,313)
Successful opening/operations of child care center	40%	\$	(21,300)
Total Reduction	100%	\$	(53,250)

EARLY LEARNING FACILITY TO BE  
CONSTRUCTED BY DECEMBER 31, 2027

# Summary of Terms & Recommendation

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	<b>Parcel 1</b>	<b>Parcel 2</b>	<b>Total Block 57</b>
Cash at Escrow	\$ 13,300	\$ 3,550	\$ 16,850
Cash at Closing	<u>53,200</u>	<u>14,200</u>	<u>67,400</u>
<b>Total Cash Paid by Buyer</b>	<b>66,500</b>	<b>17,750</b>	<b>84,250</b>
<b>City Carried Note</b>	<u><b>199,500</b></u>	<u><b>53,250</b></u>	<u><b>252,750</b></u>
<b>Total Purchase Price</b>	<b>\$ 266,000</b>	<b>\$ 71,000</b>	<b>\$ 337,000</b>

Authorize the execution of the purchase and sales agreement for the property located as discussed during the May 6, 2024, City Council meeting, as shown in the term sheet and report to the City Council, and authorize the City Manager to sign and execute all necessary documents to complete the transaction on behalf of the City.

# Alternatives Considered

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1. Authorize the execution of the purchase and sales agreement for the property located as discussed during the May 6, 2024, City Council meeting, and authorize the City Manager to sign and execute all necessary documents to complete the transaction on behalf of the City.
2. Do not authorize the City Manager to execute the REPSAs.
3. Direct the City Manager to suspend negotiations.
4. Postpone the Public Hearing to allow for additional time for negotiating the terms of the REPSAs and Executive Session Meetings.

# About the Buyers

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Parcel 1:

Our Coastal Village, Inc.

To build an Affordable Apartment  
Rental Complex, Elm Park  
Apartments (EPA)

Parcel 2:

Chestnut Management, LLC

To build an Early Learning Facility  
(ELF)

# Oak Manor Apartments – Completed Construction March 2024

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# Oak Manor Apartments – Community Gathering Space and Greenhouse Garden Area

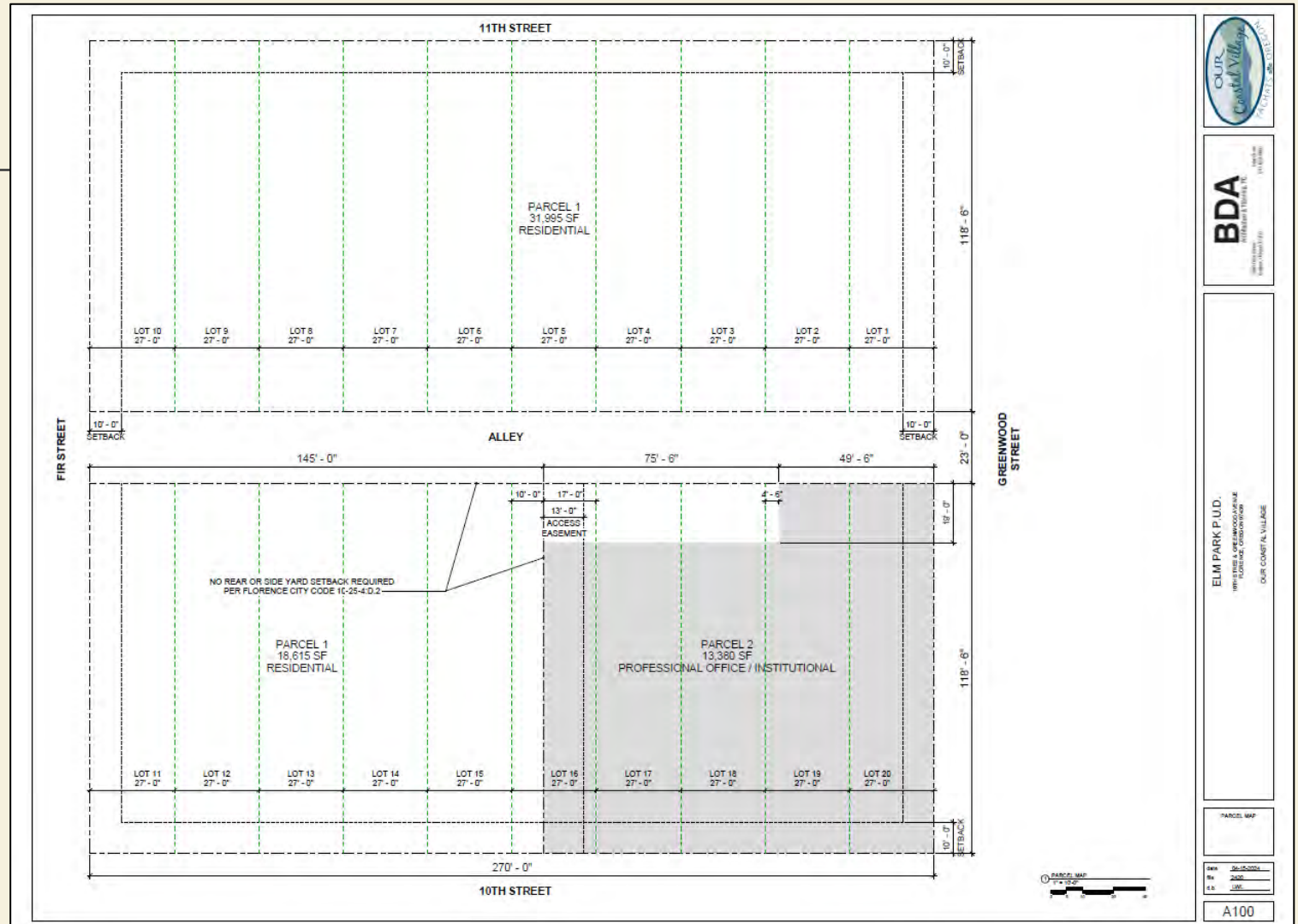
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# Parcel Map

Parcel 1

Parcel 2



ELM PARK P.U.D.  
 WESTSIDE & GREENWOOD AVENUE  
 FLORENCE, GEORGIA 30503  
 OUR COASTAL VILLAGE

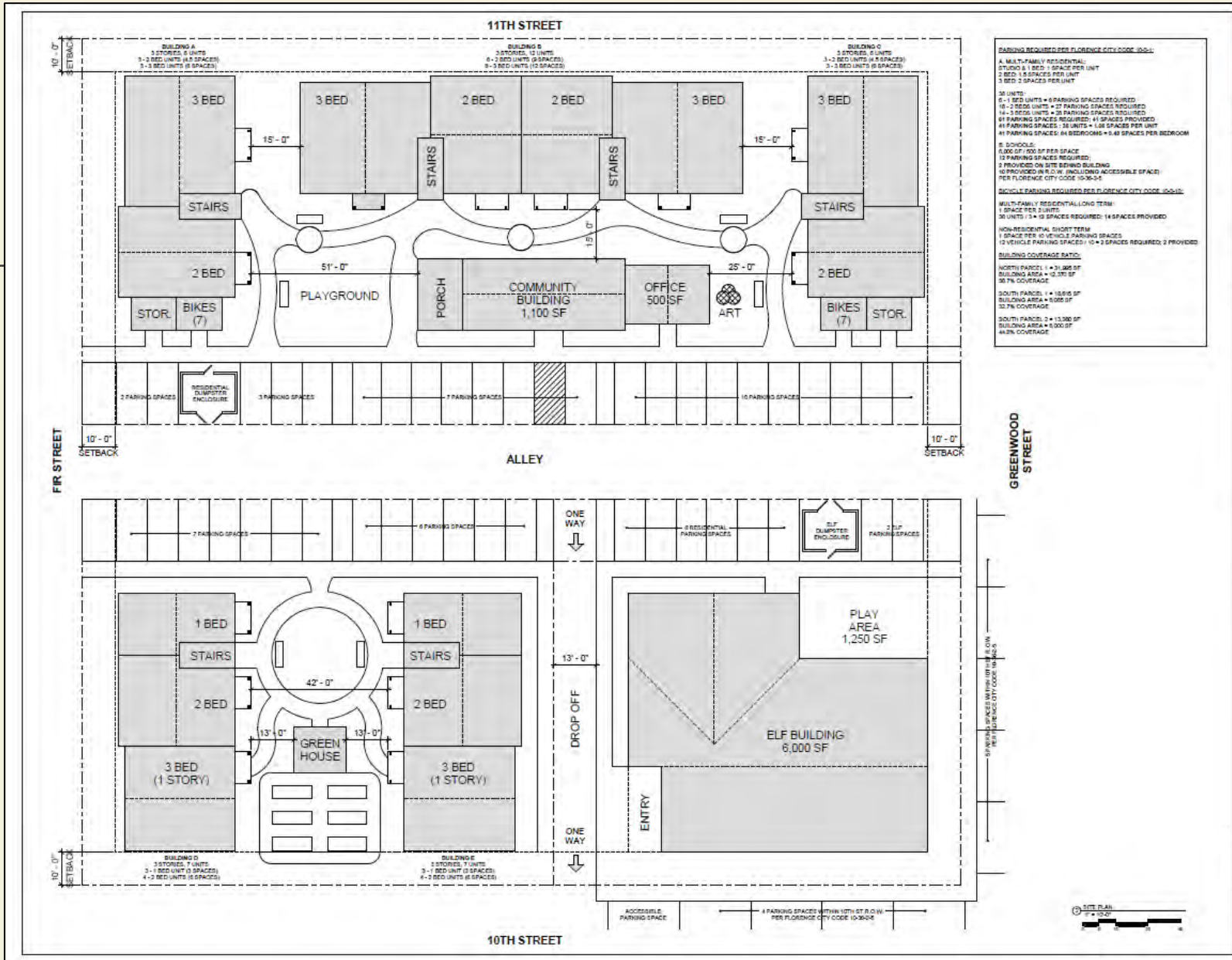
PARCEL MAP

DATE	06-15-2024
BY	2020
CS	100

A100



# Site Plan



**PARKING REQUIRED PER FLORENCE CITY CODE 10-36-04:**

**A. MULTI-FAMILY RESIDENTIAL:**  
 1 BED = 1 SPACE PER UNIT  
 2 BED = 2 SPACES PER UNIT  
 3 BED = 3 SPACES PER UNIT

**B. SCHOOLS:**  
 1,000 SF / 100 SF PER SPACE  
 13 PARKING SPACES REQUIRED  
 3 PROVIDED ON SITE BEHIND BUILDING  
 10 PROVIDED IN P.O.W. (INCLUDING ACCESSIBLE SPACE)  
 PER FLORENCE CITY CODE 10-36-04

**C. MULTI-FAMILY RESIDENTIAL LONG TERM:**  
 1 SPACE PER 2 UNITS  
 30 UNITS = 15 SPACES REQUIRED; 14 SPACES PROVIDED

**D. NON-RESIDENTIAL SHORT TERM:**  
 1 SPACE PER 10 VEHICLE PARKING SPACES  
 12 VEHICLE PARKING SPACES = 12 SPACES REQUIRED; 2 PROVIDED

**BUILDING COVERAGE DATA:**

**NORTH PARCEL:** 1 = 31,360 SF  
 BUILDING AREA = 12,375 SF  
 39.7% COVERAGE

**SOUTH PARCEL 1:** 1 = 18,000 SF  
 BUILDING AREA = 8,000 SF  
 44.4% COVERAGE

**SOUTH PARCEL 2:** 1 = 11,300 SF  
 BUILDING AREA = 6,000 SF  
 52.9% COVERAGE



ELM PARK P.U.D.  
 1101 FIR & GREENWOOD AVENUE  
 FLORENCE, SOUTH CAROLINA  
 OUR COASTAL VILLAGE

SITE PLAN

DATE	06/15/2024
BY	300
IN	10-0
SCALE	1/8" = 1'-0"

A101

# Rendered Site Plan



# Precedent Photos - Examples 1 & 2

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# Precedent Photos - Examples 3 & 4

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# Recommended Motion

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