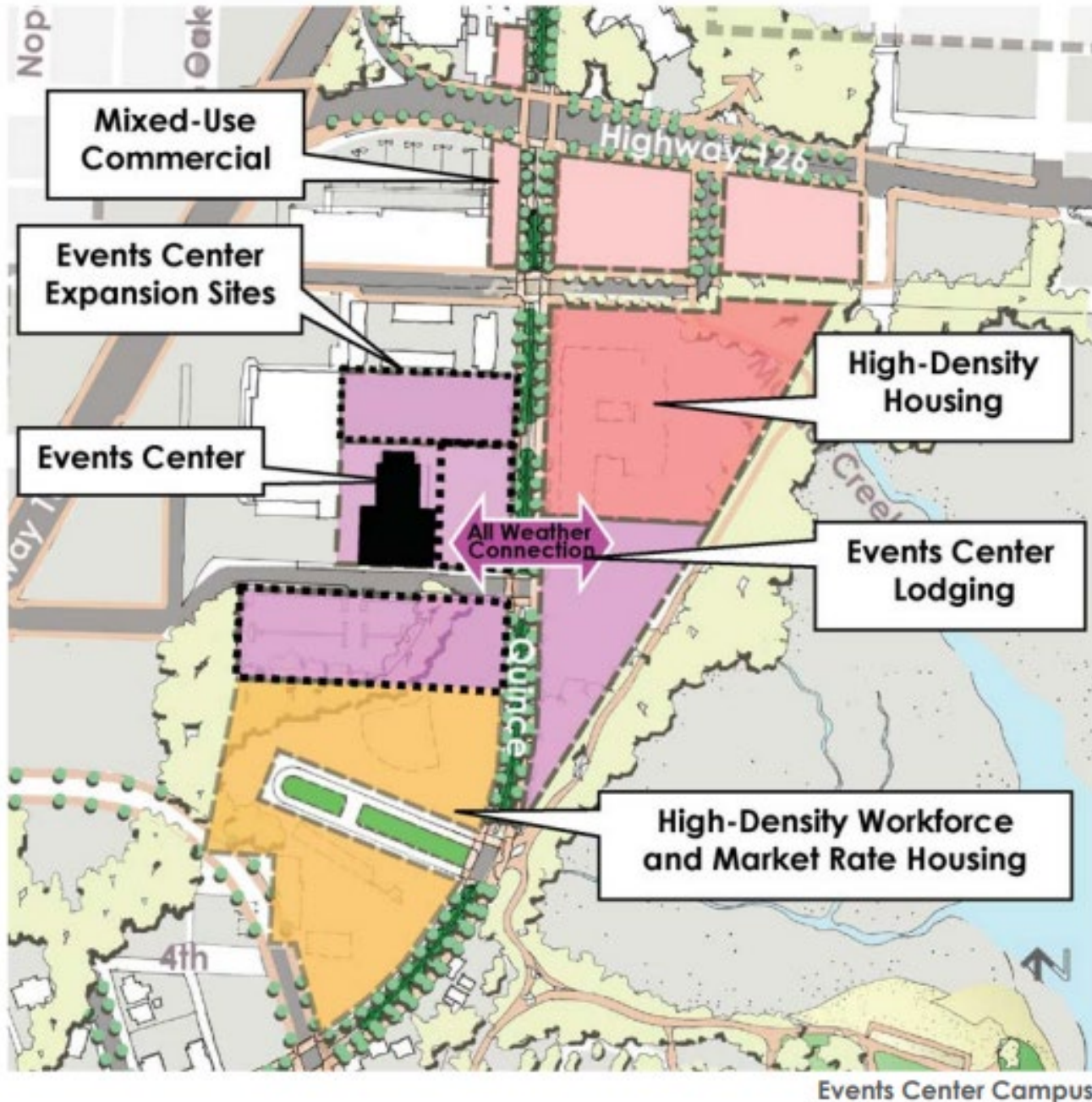


# QUINCE STREET DEVELOPMENT REAL ESTATE TRANSACTION & DDA

FLORENCE URBAN RENEWAL AGENCY  
JUNE 22, 2022





Events Center Campus

## BACKGROUND

The Florence community has been working towards lodging to support the Florence Events Center for over 25 years.

- Florence Downtown Implementation Plan (1999, p. 15) - Events Center District:
  1. Provide for mixed use infill and redevelopment of sites around the Florence Events Center.
  2. Strongly encourage hotel development on the Middle School site.
- ← ▪ Florence Outreach Project (2007, p. 10) – Event Center Campus:
  - The Events Center campus would serve to strengthen the viability of the Events Center, provide for a range of housing and hospitality options and identify areas for mixed-use commercial development as shown in the plan [to the left].

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## STRATEGY & GOALS

*Established at the November 20, 2019, FURA Board Meeting*

- Goal: Attract a 90+ room hotel (or other similar sized lodging facility), with opportunities for the following ancillary developments:
  - Mixed use development
  - Residential facilities
- Objectives:
  - Increase property values & transient lodging tax revenue to support future housing and economic development projects.
  - Support the Florence Events Center to allow it to be more marketable to outside events.
  - Support the development of the Siuslaw Estuary Trail.

# Request for Expressions of Interest

*for*

## Redevelopment Site

*in*

## Florence, Oregon

Issued July 1, 2020

*by*

Florence Urban Renewal Agency

**DEADLINE FOR FIRST REVIEW:**

**Friday, August 14, 2020**

**at 12:00 p.m.**

**FURA**

FLORENCE URBAN  
RENEWAL AGENCY  
OREGON

# PREVIOUS ENA

## Sycan B. Corp

- Agency selected Sycan B. Corp in October 2020 and entered an ENA in November 2020.
- Sycan performed critical path due diligence and predevelopment work, with FURA participation, that included:
  - ALTA survey
  - Geotechnical survey and analysis
  - Hotel market feasibility analysis
- Sycan's financial analysis had a gap based on their desired brand and extended-stay hotel model.
  - Gap was between cost of Sycan's desired hotel and its internal rate of return value after ten years.

## What did the hotel market analysis show?

- It indicated there is a strong demand for a hotel on the Quince Street property.
  - Including a hotel of the scale and quality that was outlined as Sycan's brand and business model.
- It indicated there is a market for more hotel rooms in Florence, and the Quince Street location has serious advantages
  - spectacular setting overlooking the Siuslaw River
  - proximity to Florence's unique Old Town with its delightful mix of shops and restaurants
  - the nearby marina and Conference Center



## FURA NEXT STEPS

**July 2021.** FURA agreed to accept unsolicited proposals through August based on existing RFEI. FURA received one unsolicited proposals and one letter of interest.

**August 2021.** FURA Selection Advisory Committee met to review proposals received and develop their recommendation to FURA Board.

**September 2021.** FURA Selection Advisory Committee made recommendation to the full FURA Board to accept the proposal from Braun Hospitality.

# CURRENT PROGRESS

September 1, 2021. FURA Board Selection

September 27, 2021. Entered into ENA

January 24, 2022. ENA Extension #1

Mid June. Resubmittal of Land Use Application

Late June. FURA Consideration of DDA Terms



# ABOUT THE HOTEL

- Four-story, 86-room Wyndham Microtel-branded hotel located on Quince Street across from the Florence Events Center.
- Site plan will provide parking, trailer parking, outdoor green space, outdoor covered patio, two vehicular egress paths and stormwater detention.
- The hotel fronts Quince Street with pedestrian circulation throughout the site and to the adjacent Events Center.



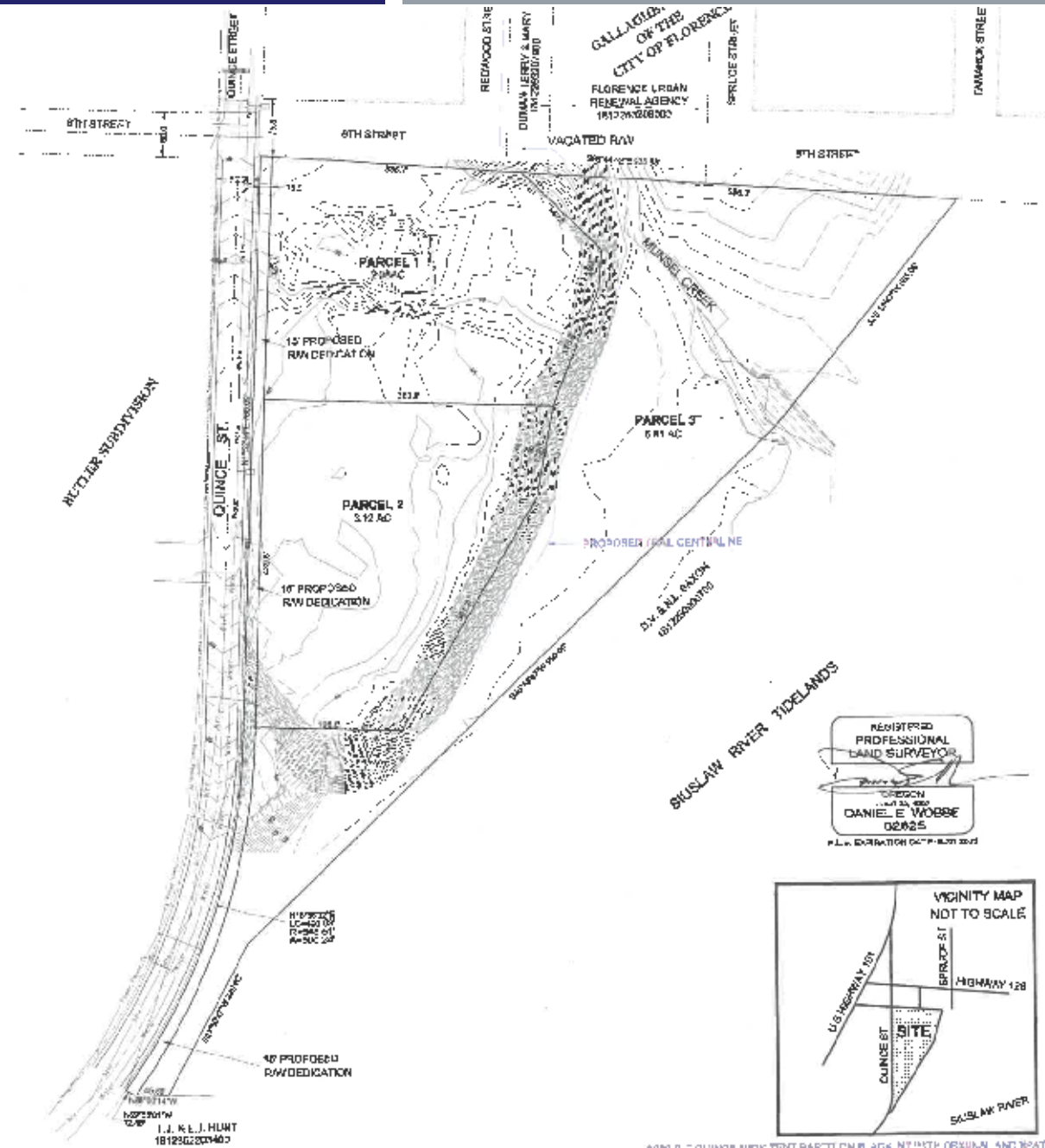




# LAND PARTITION

Property partitioned into three parcels.

- Parcel 1 – 2.98-acres
  - North buildable lot
  - NOT part of DDA
  - Remains under FURA control for future decisions on development
- Parcel 2 – 3.12-acres
  - South buildable lot
  - DDA subject property
  - Proposed transfer to hotel developer
- Parcel 3 – 5.81-acres
  - Siuslaw Estuary property
  - Will transfer to City ownership
  - Construction of trail to begin 2022



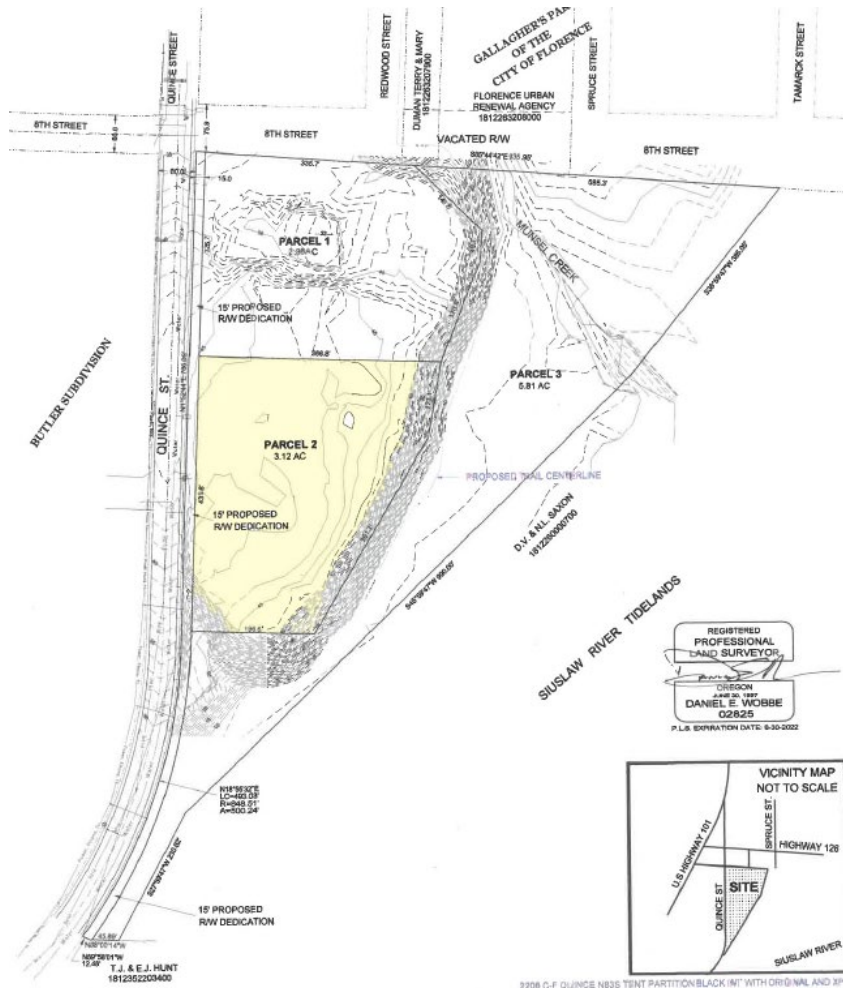
# LAND APPRAISAL ANALYSIS (3.12-ACRE PARCEL 2)

- FURA performed an economic analysis for the hotel development on this property.
- FURA received a commercial land appraisal for the 3.12-acre property for the hotel development.
- The appraisal looked at two market values:
  - As is **encumbered** with the FURA requirement to develop the property for the hotel use.
  - As is **unencumbered** with any development type requirements.
- The encumbered property value looked at the economic analysis for this specific hotel development, the costs, and the return on investment for the hotel.
  - Unencumbered, the appraiser estimates the market value of the 3.12-acres to be \$680,000.
  - As encumbered, the appraiser values the property at **(\$600,000)**.

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As Is encumbered with a requirement to develop for hotel use	Fee Simple	May 9, 2022	(\$600,000)
Market Value - As Is Unencumbered	Fee Simple	May 9, 2022	\$680,000

# ENCUMBERED APPRAISAL & VALUE TO FURA

- This value of the encumbrance is \$1,280,000, resulting in a negative assessed value with the requirements as made by FURA.
  - There is a requirement for the developer to build what FURA wants without FURA having to construct the development.
- With the unencumbered value of the property at \$680,000, that is a cost the developer would otherwise need to expend to purchase the property. This represents approximately 4% of the project costs.



- As part of the DDA public participation, the proposal includes the “sale” of Parcel 2 at a cost of \$0.
- The DDA also acts as a purchase and sales agreement for the parcel and outlines the process for transfer of the 3.12-acres if approved by the FURA Board.



# PROPOSED PUBLIC PARTICIPATION

- During negotiations, and with direction from the FURA Board, staff and developer have negotiated the following public financial participation terms.
  - This includes all items related to the RFEI and contributions to both proposed developments during the process.
- All costs associated with this project are tracked in order to record public participation—costs that are subject to the public participation limit and costs that are not.
  - The public participation limit through the Oregon Bureau of Labor & Industry (BOLI) is up to \$750,000 before it triggers prevailing wage requirements on the entire project.

Item	Not-to-Exceed Cost	Funding Timing	Subject to BOLI?
Reimbursed Studies	\$ 44,000	Completed	Yes
Legal	20,000	Completed	Yes
Residual Land Value	3,500	Completed	Yes
Land Partition	15,000	In Progress	Yes
Land Appraisal	7,800	In Progress	Yes
Consultants	86,500	In Progress	Yes
Traffic Impact Analysis	21,000	w/in Year	Yes
Geotechnical/Soils Phase II	10,000	w/in Year	Yes
Title Insurance	5,000	w/in Year	Yes
Quince Street Participation	315,000	Over time	Yes
Land – 3.12 Acres	-	w/in Year	Yes
<b>Subject to BOLI Subtotal</b>	<b>527,800</b>		
System Development Charges	310,000	Over time	No
Building Permit Fees	100,000	w/in Year	No
<b>Not Subject to BOLI Subtotal</b>	<b>410,000</b>		
<b>Total Proposed Contribution</b>	<b>\$ 937,800</b>		

# FUNDING FEASIBILITY & TIMING

## Items Funded within Current Biennium

Item	Cost
Completed/In Progress	\$ 176,800
Less Legal Fees Estimate (paid out of CMO budget)	(20,000)
Within the Year/During Construction	136,000
Land – 3.12 Acres	-
<b>Requested Current Biennium Participation</b>	<b>\$ 292,800</b>

FURA Budget Line-Item Allocation	21-23 Budget
Contractual Services	\$ 50,000
Development Projects – Quince Street	200,000
Grant Programs – Unused Year 1	15,000
Façade Improvement Year 1*	35,000
<b>Available Budget Biennium 2021-23</b>	<b>\$ 300,000</b>

\*The biennial budget anticipated two rounds of façade improvement program grants, each year at \$75,000. Due to staff capacity, the façade improvement program did not occur in the first year of the biennium. Staff would propose utilizing \$35,000 of that allocation for the Quince Street development and utilize the remainder to increase the available funds for the program in year two of the biennium to \$115,000.

## Items Funded Over Time

Item	Cost
Quince Street Participation	\$ 315,000
System Development Charges	310,000
<b>Requested Paid Over Time to City of Florence</b>	<b>\$ 625,000</b>

- The paid over time items, including SDCs and off-site improvement for Quince Street, equal \$625,000.
- City Code would allow those items to be paid over ten years with City Manager approval. Since the City Manager represents FURA as the Executive Director, staff recommends receiving the payment plan approval from City Council.
- The cost over ten years would require a \$62,500 annual principal payment and applicable interest to the City.
- The FURA budget can accommodate that cost and it would be budgeted for future biennia.

# STAFF RECOMMENDATION

- Approve the public participation package as presented and direct the Executive Director to execute the negotiated agreement to include those items.
- Authorize the sale of FURA property located on Quince Street and consists of a 3.12-acre portion of tax lots 900 and 901 of tax map 18-12-26-33, with a street address of 750 Quince Street and selling full fee title to the property, and authorizing the Executive Director to execute the sale and the disposition and development agreement that will place certain development constraints on the property.

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# QUARTERLY FINANCIAL REPORT

Ending March 31, 2022

**FURA**  
FLORENCE URBAN  
RENEWAL AGENCY  
OREGON

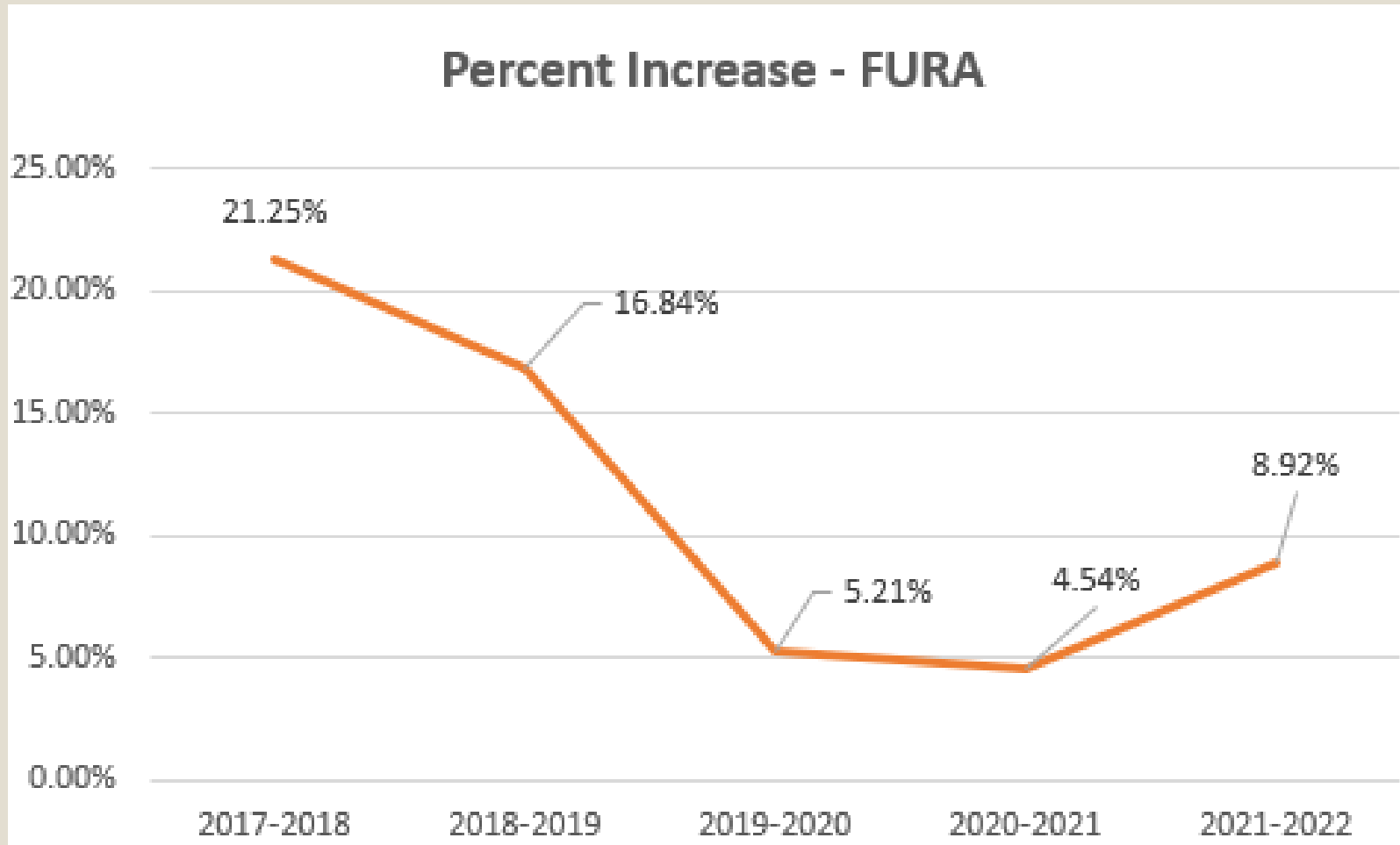






# PROPERTY TAX

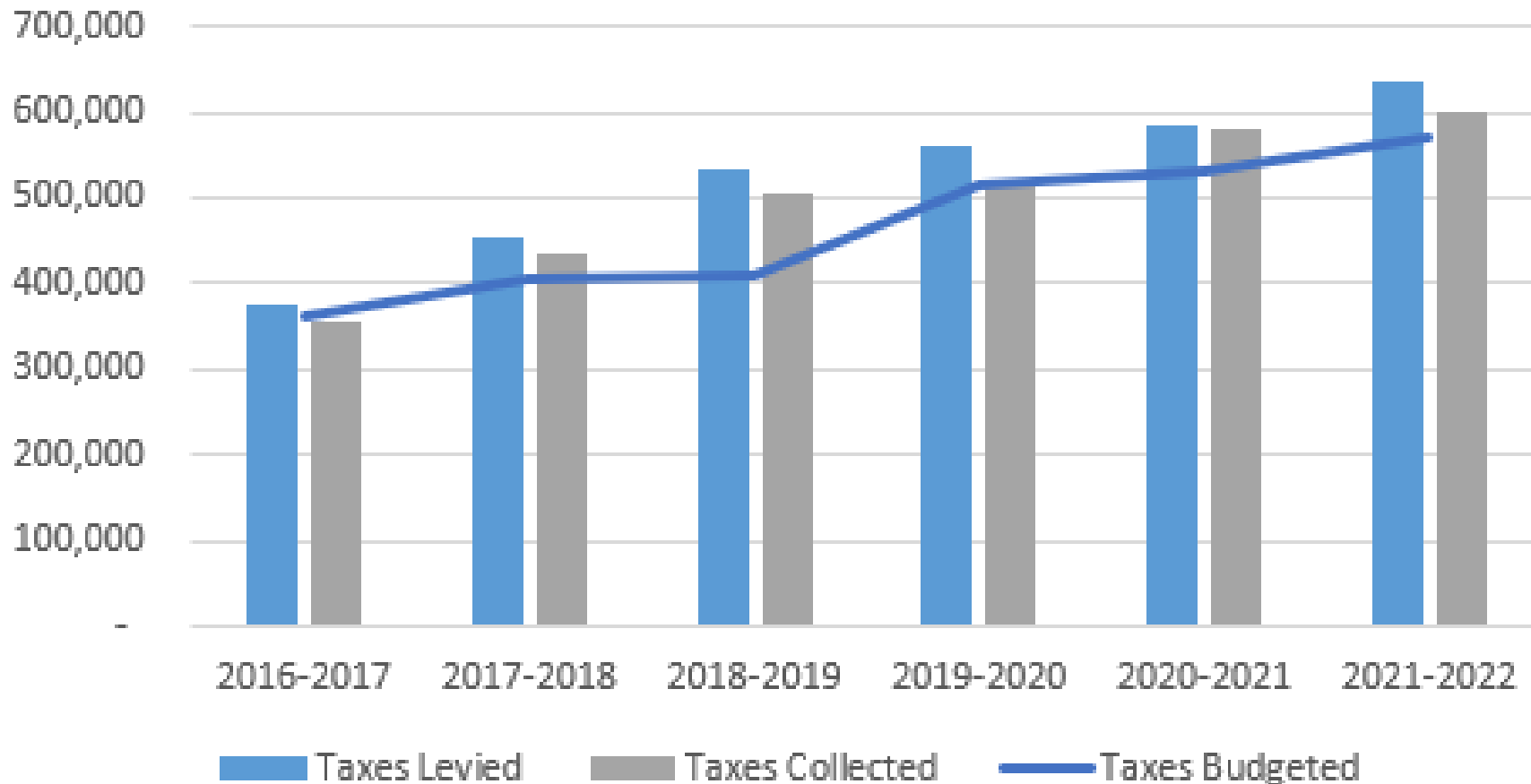
# PROPERTY ASSESSMENTS





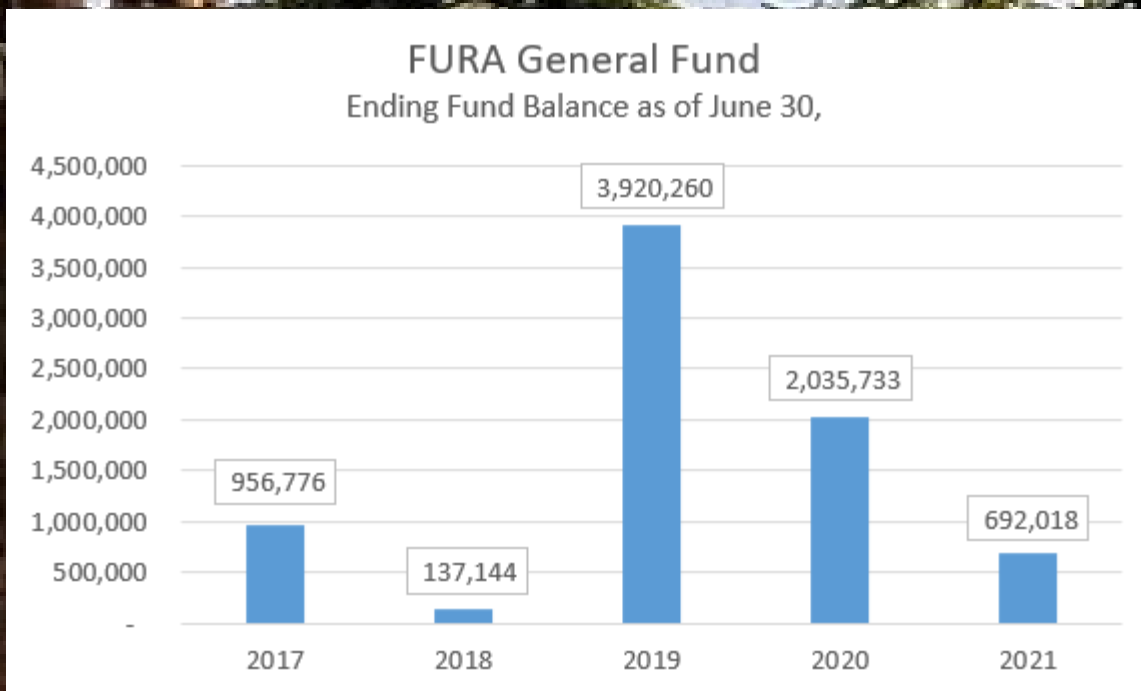
# COLLECTIONS

Property Tax - Comparing Levied/Actual/Budget  
(one collection date remaining in 2022)



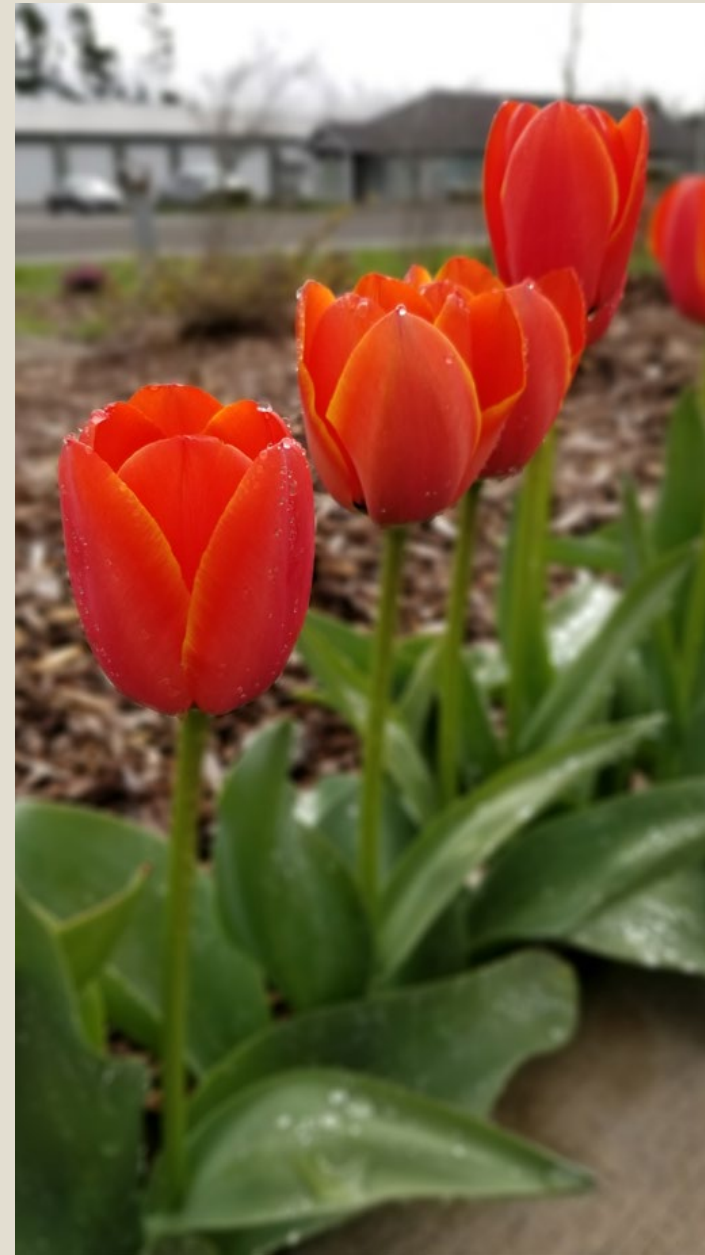
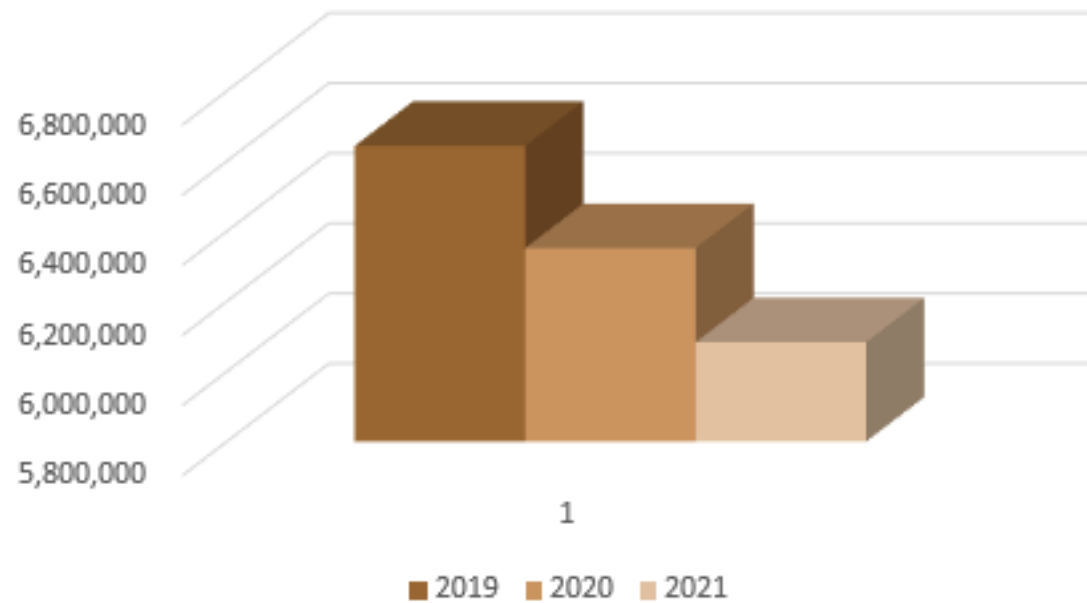
# General Fund Balance

## Last 5 Years



# FURA DEBT SERVICE

Outstanding Debt Over Last 3 Years





THANK YOU

Any Questions?

