



Quince Street Development

Florence Urban Renewal Agency

May 22, 2024

Agenda Item Outline

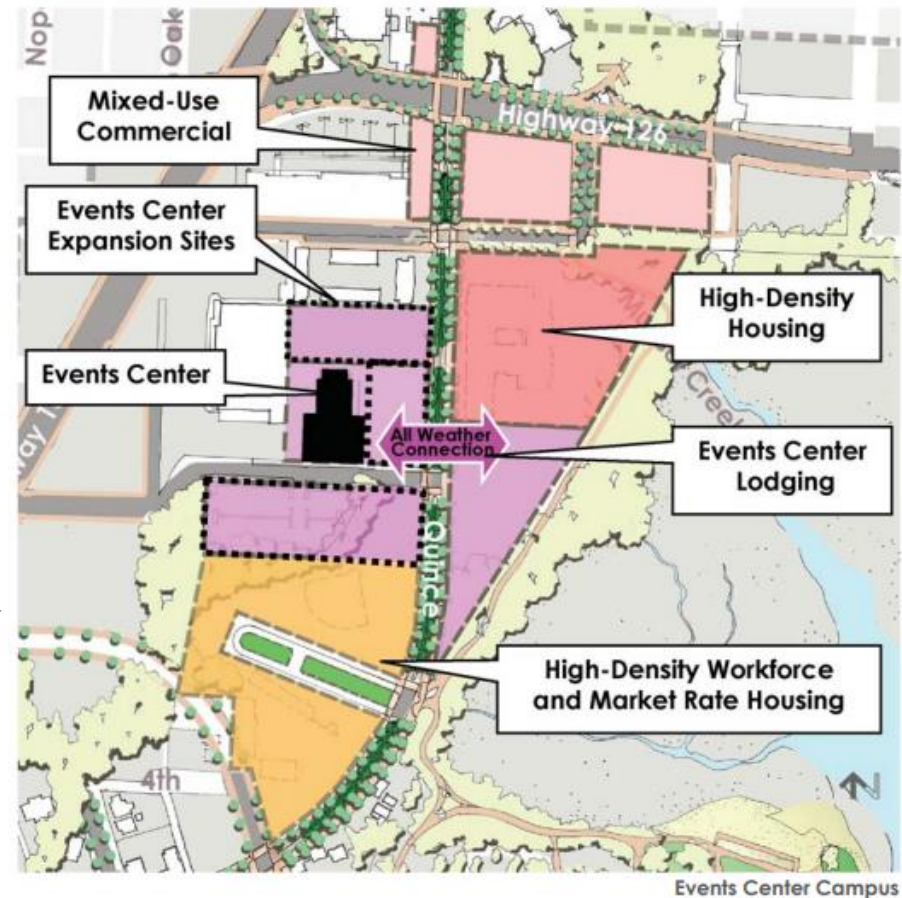
- Public Comment (if any)
- City Staff Presentation
- Presentation by Braun Hospitality
- Opportunity for Questions and Answers between FURA Board and Braun Hospitality
- Recess Open Session
- Board Enters Executive Session
- Return to Open Session
- Board Provide Direction to Staff



Background

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

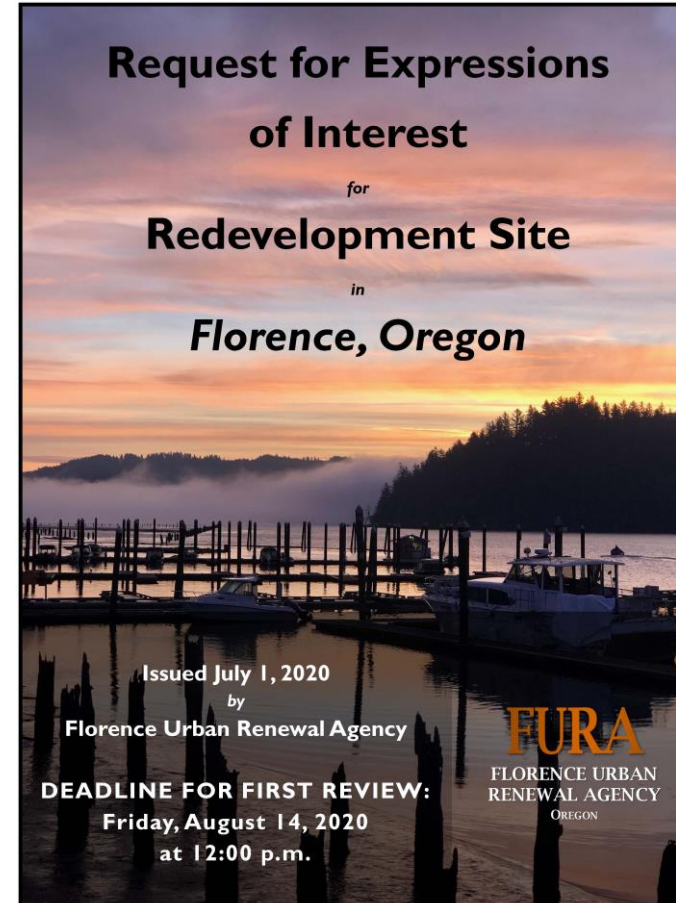
- Florence Downtown Implementation Plan (1999, p. 15) - Events Center District:
 1. Provide for mixed use infill and redevelopment of sites around the Florence Events Center.
 2. Strongly encourage hotel development on the Middle School site.
- Florence Outreach Project (2007, p. 10) –Event Center Campus:
 - 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 right].



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 room 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.



About the Hotel

- Four-story, 86-room Wyndham Microtel-branded hotel located on Quince Street across from the Florence Events Center.
- The hotel fronts Quince Street with pedestrian circulation throughout the site and to the adjacent Florence Events Center.



Progress To Date

June 22, 2022. FURA Authorized DDA Terms

July 15, 2022. Land Partition Approval

July 27, 2022. DDA Signed by Both Parties

August 23, 2022. Land Use Approval at Planning Commission

December 7, 2022. BOLI Determination Received

June 7, 2023. Traffic Impact Study Submitted

June 29, 2023. Land Use Extension Submitted

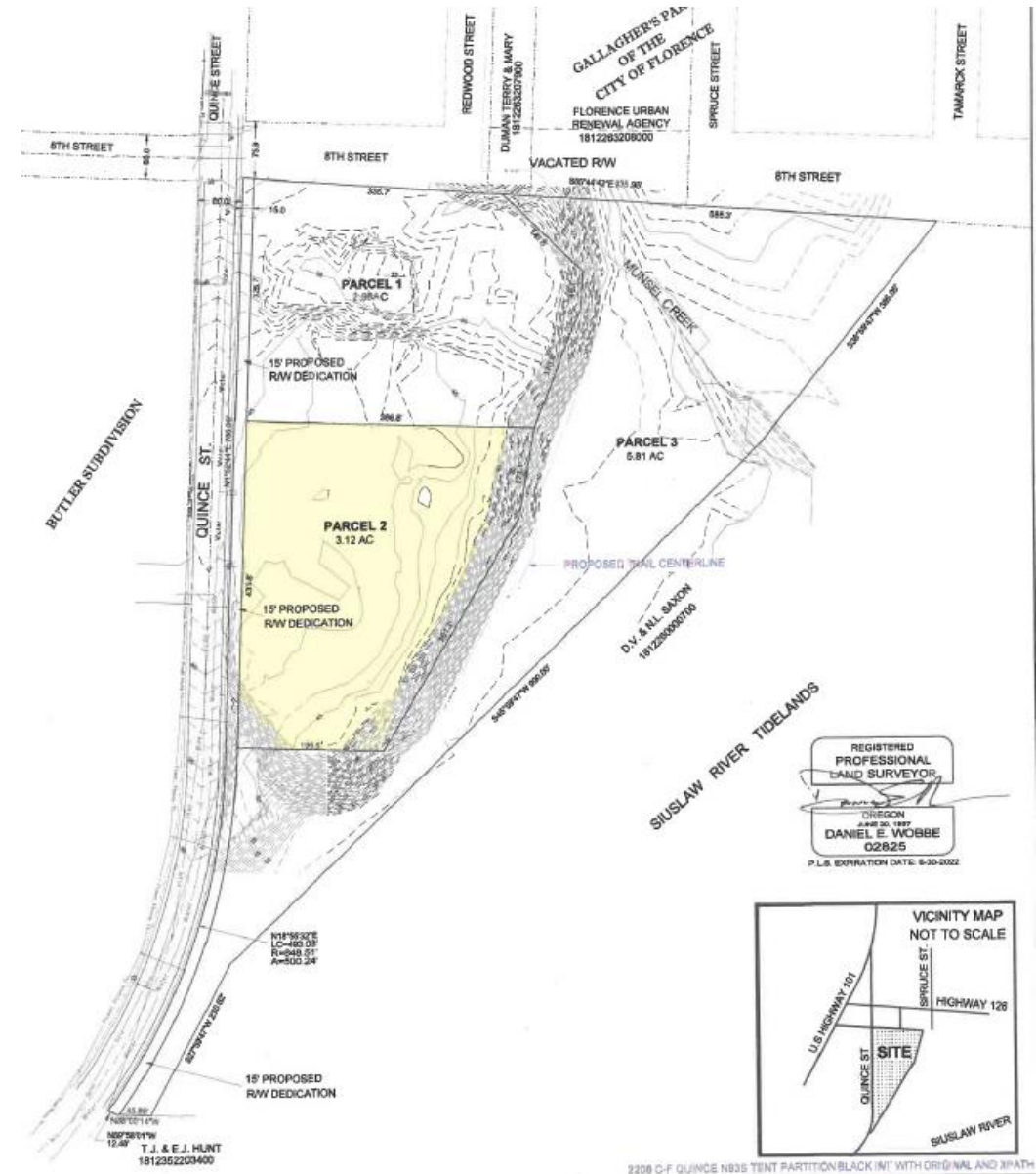
September 11, 2023. DDA Extension Granted



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 2024



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 represented approximately 4% of the project costs at the time of the DDA.
- The DDA public participation 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.

Land Value	\$ 680,000
Hotel Encumbrance Value	- 1,280,000
Encumbered Value of the Land	\$ (600,000)

DDA Public Participation

- The FURA Board authorized the public participation outlined here as part of the DDA as the FURA contribution towards this project on June 22, 2022.
- Items to be paid during the current biennium, either in full or part of the 10 year commitment, were included in the 2023-25 Biennial Budget approved by the Budget Committee and adopted by the FURA Board.

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	Current Biennium	Yes
Geotechnical/Soils Phase II	10,000	Current Biennium	Yes
Title Insurance	5,000	Current Biennium	Yes
Quince Street Participation	315,000	Over 10 Years	Yes
Land – 3.12 Acres	-	Current Biennium	Yes
Subject to BOLI Subtotal	527,800		
System Development Charges	310,000	Over 10 Years	No
Building Permit Fees	100,000	Current Biennium	No
Not Subject to BOLI Subtotal	410,000		
Total Approved Contribution	\$ 937,800		

Current DDA Status

- Closing or Termination
 - DDA outlines Closing or Termination Date as 365 days after receipt of a favorable determination letter from BOLI.
 - BOLI letter was received on December 7, 2022, resulting in date of December 7, 2023.
 - The Executive Director executed the extension allowed through the DDA within her authority on September 11, 2023.
 - The 180 day extension resulted in a new expiration date of June 5, 2024.



BRAUN
HOSPITALITY

FLORENCE HOTEL

DDA Extension Request

5/22/2024



BRAUN
HOSPITALITY

Our Team

3rd Party Manager



Brand



Appraiser



Sponsor



Contractor



Architect



Contributor, Local Support



Land Use



Current Status



- The project has received land use approval including design approval.
- The traffic study has been completed and submitted
- 100% Schematic design and 100% Civil Design Development is complete
- CD's are 30% complete
- Initial GMP has been completed by the General Contractor
- From groundbreaking to first guest is projected to be 14 months.
- A non-recourse, fixed rate, 5-year interest-only, construction loan has been identified

Fast Facts

Data points

- **Total construction in US starts fell 4.9% in 2023**
- **US Hotel construction pipeline hit a record high in Q4 2023**
- **The lion's share is focused on conversions**
- **726 rooms opened in Oregon in past year**
- **387 rooms currently under or starting construction in Oregon**
- **Five hotel sales in past 2 years**
- **Interest rates have remained relatively flat for the past 10 months**
- **Hotels are still considered a viable investment, along with warehouse and industrial/manufacturing one of three private sectors seeing significant growth**

Financial Structure

Sources and Uses*	
Uses: Design/Construction – \$13.73M Pre-development - \$1.55M Jurisdictional Costs - \$750K Fitout - \$560K Cash to Operations - \$800K Total: \$17.4M	Sources: GP Equity: \$750K LP Equity: \$4.1M Loan: \$11.2M Key money: \$520K Agency contributions: \$790K** Total: \$17.4M

*excluding residual land value

**excluding legal/consultants

Florence Hotel

Sources - Detail	Spent to Date
<p>Firm: GP Equity: \$750K Loan: \$11.2M Key money: \$520K Agency contributions: \$790K</p> <p>Verbal Commitment: LP Equity: \$650K</p> <p>Interest: LP Equity: \$5.25M</p>	<p>Agency: \$176,800</p> <p>Braun Hospitality: \$588,984</p>

Braun Hospitality Request

- Florence Urban Renewal Agency to extend DDA by 1 year.
- No further capital expenditures until DDA milestones are met

Braun Hospitality will:

- Continue to raise capital
- Analyze land use approval path for groundbreaking vs. resubmittal
- Keep Agency staff updated
- Advance next phase of design documents when \$1M LP is firm

National Community Survey



FURA

5/22/2024



ABOUT THIS SURVEY

We value your input! We're conducting a survey to better understand the broader needs of our residents. Your feedback will impact decisions that affect our community.

Randomly selected community members will receive postcards with a unique survey link. The random survey will open May 20th. Please do not share your link if you are randomly selected. Beginning June 10th, the City will share the open survey link for anyone to take.

Polco, our civic engagement platform, will host this survey. Your anonymity is guaranteed. No individual information will be reported nor accessible to any of our staff. To receive notifications about future engagement opportunities and learn more about Polco's privacy policy, visit: polco.us/n/res/signup.

Let your voice be heard.

Survey Info: www.ci.florence.or.us

Questions? We're here to help.

541-997-3437 | cityrecorder@ci.florence.or.us



Community Outreach

Current:

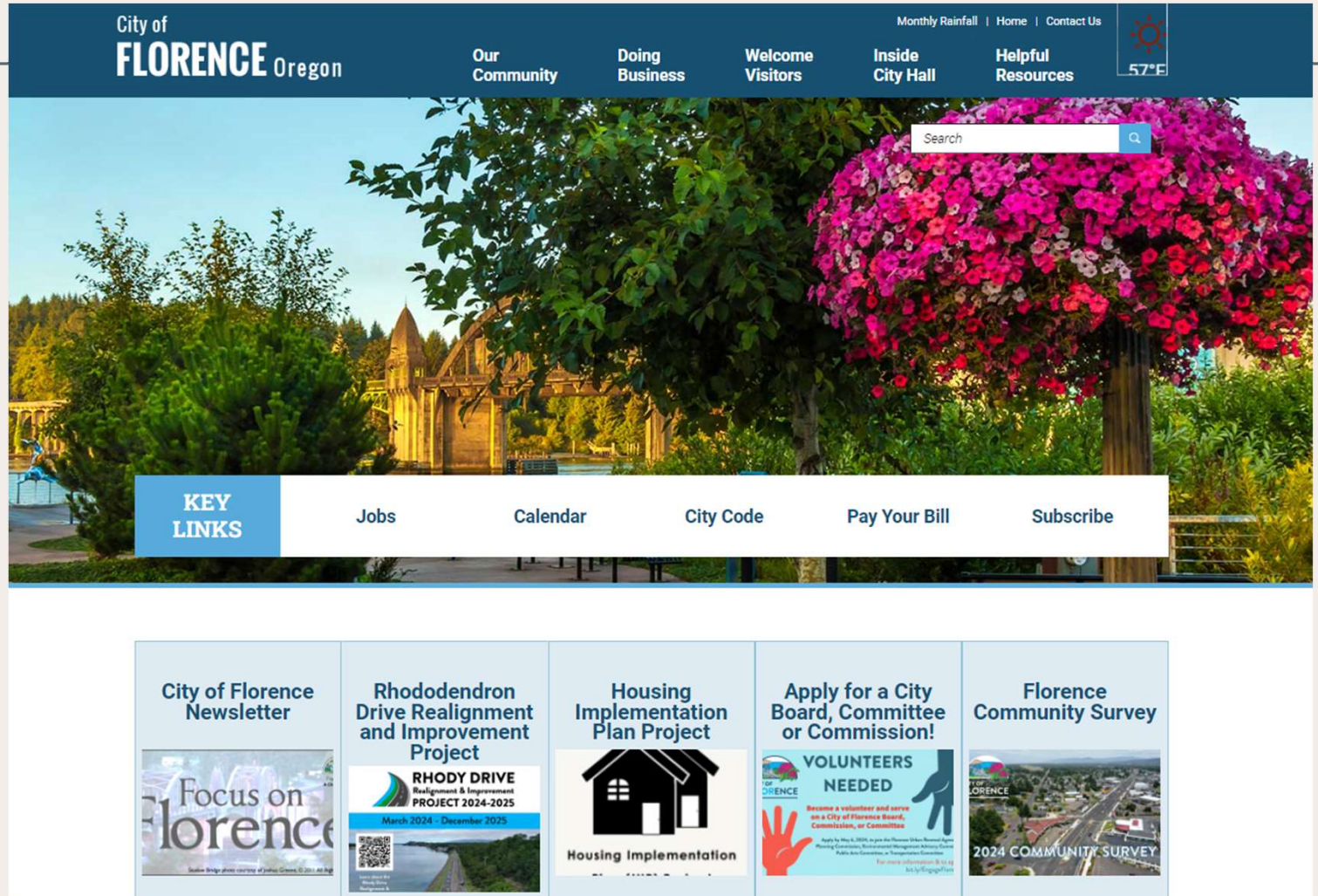
- Press Release, Website Emails, Social Media

Open Survey:

- Press Release, Website Emails, Social Media, Social Media Advertising, Traditional Media Advertising, Newsletter, Community Partners, Signage, Business Cards

City Project Webpage

www.ci.florence.or.us/citymanager/florence-community-survey

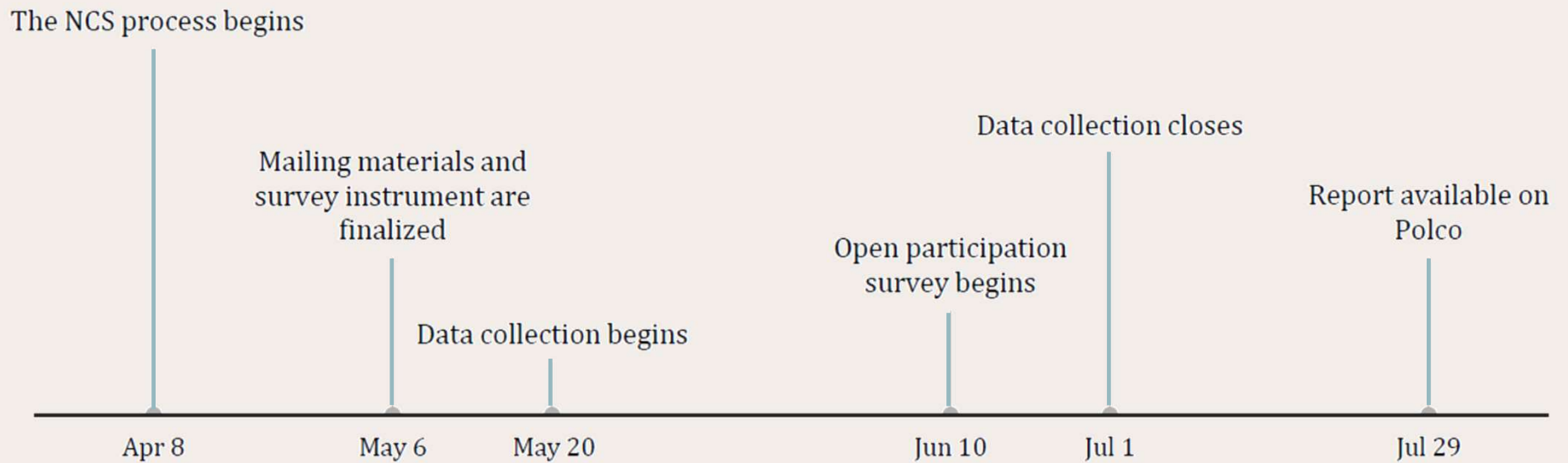


The NCS covers 10 key facets of community livability:

1. Economy
2. Mobility
3. Community Design
4. Natural Environment
5. Safety
6. Utilities
7. Parks & Recreation
8. Health & Wellness
9. Education, Arts, & Culture
10. Inclusivity & Engagement

We are also including questions related to community identity, why people came to Florence, why they stay, and what area they reside in.

Timeline for The National Community Survey™





What's Next?
Take the survey!

Survey Kickoff – May 20, 2024
Direct Solicitation for Scientific Survey with 3,500 Recipients
Letters and postcards will be mailed to recipients selected based on mailing addresses.

www.ci.florence.or.us

Open Survey Begins – June 10, 2024
City will be publicizing on multiple platforms that the survey is open for two weeks for anyone to take.