

City Council Meeting

October 21, 2019



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Item 7

Presentation of a Letter of Intent between the City of Greenville and Seacoast Communities related to the commercial development of the Imperial Tobacco property



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SEACOAST
COMMUNITIES

IMPERIAL TOBACCO LETTER OF INTENT

City of Greenville & Seacoast Communities LOI

Discussion Items

- **Project Summary**
- **What is a Letter of Intent?**
- **Project Requirements**
- **Public Investment**



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PROJECT SUMMARY

City of Greenville & Seacoast Communities LOI

Project Summary

- **Proposed Development:**

Phase 1: Boutique Hotel:

- 100 Rooms with Rooftop Bar & Lounge

Phase 2: Market Rate Housing:

- Building One: 166 Residential Units
- Building Two: 32 Residential Units with 1,200 Square Feet of Office / Retail

- **Proposed Developer Investment:**

Hotel	\$ 16,000,000
Market Rate Housing	<u>25,000,000</u>
Total	<u>\$ 41,000,000</u>

- **Impact to the City:**

- Puts Imperial Site Property Back on the Tax Rolls
- Increases the Number of People in Uptown on Daily Basis by 300 to 400
- Increases Annual Tax Revenues by Approximately \$195,000
(Includes Property and Sales Tax)
- Enhances Opportunity for Future Economic Growth Uptown

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Project Summary

- **Supports Pedestrian Connectivity**
- **Creates Supply of Professional Market Rate Housing to Meet Demand**
- **Creates Mixed-Use Retail**
- **Activates Underutilized Land**
- **Creates Gathering Space for Community**
- **Promotes Job Creation**
- **Creates a Financially Feasible Project**
- **Restores Historic Office Building**

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Project Summary

15 Year Pro Forma

Revenue

Sale of Property to Developer:

Phase 1	\$ 1,000,000
Phase 2	2,000,000
Subtotal	3,000,000

Tax Revenues:

Property Tax	1,883,700
Sales Tax	262,800
Dickinson Avenue Property Tax	161,020
Subtotal	2,307,520

Total Revenue

\$ 5,307,520

Expense

Public Infrastructure / Site Development:

(1,500,000)

Capital Investment Grant (CIG)

Hotel (561,600)

Total Expense

\$ (2,061,600)

Revenue Less Expense

\$ 3,245,920



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Project Summary

15 Year Pro Forma

	Projected Revenue	Projected Expense	Net
Years 1 - 5	\$ 3,355,120	\$ 1,640,400	\$ 1,714,720
Years 6 - 10	976,200	234,000	742,200
Years 11 - 15	976,200	187,200	789,000
Total	<u>\$ 5,307,520</u>	<u>\$ 2,061,600</u>	<u>\$ 3,245,920</u>



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WHAT IS A LETTER OF INTENT?

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What is a Letter of Intent?

Letter of Intent:

- **Outlines the Terms of the Project Arrangement that are Acceptable to both the City and to Seacoast Communities**
- **The Letter is Considered Nonbinding**
- **Any Contractual Terms Would be Set Forth in the Purchase Agreements for the Property**



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OVERALL PROJECT REQUIREMENTS

City of Greenville & Seacoast Communities LOI

Overall Project Requirements

- **Seacoast Shall Develop the Project in 2 Phases:**
 - **Phase 1: Boutique Style Hotel Component**
 - **Phase 2: Market Rate Housing Component**
- **Seacoast Shall Purchase the Property at Fair Market Value**

City of Greenville & Seacoast Communities LOI

Overall Project Requirements

- **Seacoast Shall Include Features in Both Phases that Reflect and Pay Tribute to the History of the Imperial Tobacco Processing Plant and the Citizens that Both Worked and Lived in the West Greenville Community**
- **Seacoast Shall Conduct a Series of Public Input Meetings in West Greenville to**

City of Greenville & Seacoast Communities LOI

Overall Project Requirements

- **The City Shall Approve the Architectural Design and All Exterior Materials and Finishes of the Project.**
- **Seacoast Shall Include an Art Component in the Project**
- **Seacoast Shall Fund All Parking Related to the Project**
- **Seacoast Shall Install Streetscape Improvements that are in Compliance with the Dickinson Avenue Streetscape Master Plan**



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**PHASE ONE REQUIREMENTS:
BOUTIQUE STYLE HOTEL**

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Phase 1 Requirements: Boutique Style Hotel

- **Seacoast Shall Apply for a Building Permit Within 12 Months of the Purchase Agreement Approval**
 - **If Permit is not Applied for Within 12 Months Then Ownership of Property Reverts Back to City.**
 - **City has Option to Refund Any Payments Made for Purchase of Property to Seacoast**

City of Greenville & Seacoast Communities LOI

Phase 1 Requirements: Boutique Style Hotel

- **Project Shall be Completed Within 20 Months of the Building Permit Issuance**
 - **The City and Seacoast may Mutually Agree to Extend the Completion Date**
 - **If the Project is not Completed Within 20 Months, or the Extended Date, the City Shall Begin Accessing Liquidated Damages at a Rate of \$500 per day.**

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Phase 1 Requirements: Boutique Style Hotel

- **The Following Restrictions Shall Apply to the Hotel:**
 - **The Hotel Shall be a Boutique Hotel With Features, and Character Recognized by Hospitality Industry as Boutique in Nature**
 - **The Hotel Shall Have a Minimum of 90 Rooms With a Roof top Bar and Lounge**
 - **The Hotel Shall be Located on the Property Having Principal Frontage Along Dickinson Avenue**
 - **The Hotel Shall be a Hospitality Industry Rated Minimum of 3 Stars**



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**PHASE TWO REQUIREMENTS:
MARKET RATE HOUSING**

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Phase 2 Requirements: Market Rate Housing

- **The City and Seacoast Communities Shall Close on Phase 2 Property as Follows:**
 - **No Earlier Than the Point at Which Phase 1 is 70-80% Complete**
 - **No Later Than 6 Months After Completion of Phase 1**
- **Seacoast Shall Apply for a Building Permit Within 12 Months of the Completion of Phase 1**
 - **If Permit is not Applied for Within 12 Months Then Ownership of Property Reverts Back to City. City has Option to Refund Any Payments Made for Purchase of Property to Seacoast**

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Phase 2 Requirements: Market Rate Housing

- **Project Shall be Completed Within 24 Months of the Building Permit**
 - **The City and Seacoast may Mutually Agree to Extend the Completion Date**
 - **If the Project is not Completed Within 24 Months, or the Extended Date, the City Shall Begin Accessing Liquidated Damages at a Rate of \$500 per day.**

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Phase 2 Requirements: Market Rate Housing

- **The Following Restrictions Shall Apply to the Market Rate Housing:**
 - **The Project Shall Include at Least 175 Non-Student Professional Units**
 - **There Shall be No Quad Style Units in the Project. All Units Shall Consist of Studio, 1 Bedroom, 2 Bedroom and 3 Bedroom Units**
 - **Seacoast will Require Only One Lease per Unit with Longer Term Leases**
 - **Seacoast Shall Structure the Leases so as not to Allow Parents of Any Residents to Co-Sign**

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Phase 2 Requirements: Market Rate Housing

- **The Following Restrictions Shall Apply to the Market Rate Housing:**
 - **Seacoast Shall Include a Minimum of 1,200 Square Feet of Retail in the Project**
 - **Seacoast Shall Periodically Supply the City any Relevant Documentation Requested for Review as to Seacoast's Compliance with the Market Rate Housing Requirements**



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**HISTORIC OFFICE BUILDING
REQUIREMENTS**

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Historic Office Building Requirements

- **Seacoast Shall Stabilize, and Beautify the Building to be Consistent with its Historic Character**
- **Seacoast Shall Restore the Building and Place it into Service for an Office or Other Commercial Use Contingent on the Developer's Ability to Secure Public Funding to Assist with the Renovation.**
- **Examples of Public Funding Include:**
 - **Federal and State Historic Tax Credits**
 - **City of Greenville Façade Improvement Grant(s)**
 - **Potential Local Property Tax Incentives Resulting from the Building Receiving the Designation of a**



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PUBLIC INVESTMENT

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Public Investment

- **The City Shall be Responsible for the Following Public Infrastructure Improvements:**
 - **Removal of Existing Infrastructure From the Site**
 - **Partial Rebuild of Atlantic Avenue**
 - **Construction of Public Parking Lot / Community Plaza with Public Art on Lot Located Off Clark Street**

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Public Investment

- **City Shall Award Capital Investment Grant as Follows:**
 - **Annual Grant Equal to 75% of City Property Taxes Paid by the Developer for the Hotel ONLY**
 - **Grant Shall be Awarded for 12 Years**
 - **Grant Award is Contingent on the Following:**
 - **Developer's Investment in the Hotel \geq \$14 Million**
 - **Developer Shall Apply for Building Permit Within 12 Months of Purchase Agreement Approval**

City of Greenville & Seacoast Communities LOI

In Summary the Project ...

- Represent a Projected \$41 Million Investment in Uptown Greenville
- Will Include Features that Reflect and Pay Tribute to the History of the Imperial Tobacco Processing Plant and the Citizens of West Greenville that Worked and Lived Near the Plant
- Puts Imperial Property Site Back on the Tax Rolls
- Projects a Positive Financial Impact to the City as Follows:

Years	Revenue	Expense	Net
1 - 5	\$ 3,355,120	\$ 1,640,400	\$ 1,714,720
6 - 10	976,200	234,000	742,200
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Total	<u>\$ 5,307,520</u>	<u>\$ 2,061,600</u>	<u>\$ 3,245,920</u>

- Increases the Number of People in Uptown by 300 to 400 per Day
- Enhances Opportunity for Future Economic Growth Uptown

City of Greenville & Seacoast Communities LOI



Item 9

Resolution in Support of
Designating the South Tar
Greenway as an Official Off-Road
Segment of the East Coast
Greenway



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RESOLUTION NO. 0__-19
RESOLUTION IN SUPPORT OF DESIGNATING THE SOUTH TAR
GREENWAY AS AN OFFICIAL OFF-ROAD SEGMENT OF THE
EAST COAST GREENWAY

WHEREAS, the East Coast Greenway is a walking and biking trail network stretching 3,000 miles from Maine to Florida, connecting the nation's most populated corridor and offering a safe place for cyclists, walkers, runners, and more, of all ages and abilities, to commute, exercise, and visit new destinations; and

WHEREAS, Studies have shown that greenways translate into potential gains in health, tourism, the environment, and the economy; and

WHEREAS, the East Coast Greenway covers 372 miles of North Carolina through the central and eastern regions of the state, showcasing the state's natural diversity, from forests, to farmlands, cities, cypress swamps, and coastal beaches; and

WHEREAS, the East Coast Greenway Alliance, a non-profit organization that is leading this development, has proposed designating the City of Greenville's South Tar Greenway as an official off-road segment of the East Coast Greenway.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Greenville that the City of Greenville stands in full support of this designation, as it is in line with goals set by the City Council to build a healthy and vibrant city and to enhance accessible transportation networks.

Adopted this 21st day of October, 2019.



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