

CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY

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Bill Type and Number: Ordinance 2022-316

Introducer/Sponsor(s): Council President at the request of the Mayor

Date of Introduction: April 26, 2022

Committee(s) of Reference: NCSPHS, F

Date of Analysis: April 28, 2022

Type of Action: Authorization to execute economic development agreement; authorizing economic development grant; designating oversight agency

Bill Summary: The bill authorizes execution of an economic development agreement between the City, the DIA and Kelco CL Park, LLC for the construction of a select service, extended stay hotel on Park Street in the Brooklyn area. It authorizes a Downtown Economic Development Grant of up to \$2,385,220 to be appropriated by subsequent legislation. The bill designates the DIA as the oversight agency for the project.

Background Information: Kelco CL Park intends to construct a 6-story, 100 room, select service extended stay Home2Suites hotel (a Hilton brand) at 600 Park Street between the Florida Blue building on Riverside Avenue and I-95. Total development cost is projected at \$14.7 million with an additional \$1.5 million in tangible personal property to be installed. The requested incentive does not meet the criteria of any existing DIA programs and will require funding the General Fund with payments structured in 10 equal installments of \$238,522, subject to the applicant meeting performance requirements. The City grant will be terminated if there is a full or partial sale of the property, or a reduction in developer equity below \$5,950,000 prior to the fifth anniversary following the effective date of the agreements.

The DIA staff recommended against the developer's original request for a REV grant to support the project on the grounds that the developer had not demonstrated a financing gap requiring City financial assistance to make the project viable. The DIA board instructed the staff to develop an incentive proposal that would be the equivalent of a REV grant to the project in order to address the hospitality needs accompanying the commercial growth occurring in the Brooklyn district and to help stimulate future growth in the area.

Policy Impact Area: Economic development

Fiscal Impact: Approves a Downtown Economic Development Grant of \$2,385,220 payable from General Fund appropriations over a 10-year period.

Analyst: Clements