5th and Congress Project – HUD 108 Application

Applicant Name:	5 North Fifth Hotel LLC	
	Scott Stiteler	Rudy Dabdoub
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Project Name:	5th and Congress
Project Address:	151 E. Broadway
	Tucson, AZ 85701
Ward:	6
Census Tract:	Tract 00001.00 MSA 46060

Project Description:

The 5th and Congress project is a large, mixed use development which includes the construction of a new 8-story, 200,000 square foot AC Marriott with approximately 5,000 square feet of new retail/restaurant.

The AC Tucson Hotel by Marriott will contain 136 guest rooms, approximately 5,000 square feet of new retail and restaurant uses, and approximately 200 structured parking spaces.

As part of the project, 5 North Fifth Hotel LLC has purchased the 200 block of E. Congress (parcels 11706187D, 11706193B, 11706193C and 1170620000) and will close on an outparcel (11706197A) by January 2015.

The Project will begin with site work on the parking lot behind the 200 block at 151 E. Broadway and Arizona Alley utility work. Construction of the hotel will follow which will include a Parking garage and new retail on 5th Avenue.

The population tract that these properties lie in is seriously distressed with a median income of around 14% of the MSA's are income. 57.18% of the population if this census tract lives below the poverty line. Even within this income divide tract, the current state of the economy, the challenges of rehabilitation and redevelopment, and the risk our company is taking by developing these projects, our experience tells us

	the project costs are reasonable and this gap financing program makes the project possible.
New Sales Tax:	At build-out and stabilization, the combined sales tax benefit to the taxing jurisdictions is estimated to be in excess of $1.5 million per year. A 3rd party study is attached which provides additional detail and other projected taxes and benefits to the public, surrounding businesses and the community.
Section 108 Loan Request:	$8 million
Section 108 Loan to Cost:	16.4%
Section 108 Loan Terms:	20 year Amortization. Initial Term at a rate equal to thirty-day LIBOR plus 100 basis pts. At HUD public offering rate will be converted to Permanent Rate which will be a rate equal to the ten-year Treasury note rate at the end of the Initial Term plus 200 basis pts. In no event will the interest rate payable by the Owner on the 108 Loan be less than the amount paid by the City in connection therewith.
Section 108 Loan Uses:	HUD 108 funds will be used as a take-out loan. Pay down on construction loan: $8,000,000 Total: $8,000,000
Use of Davis-Bacon Wages:	Yes
Proposed Collateral:	Deed of Trust subordinated to Primary Lender and Project Revenues.
Other Credit Enhancements:	No
Value of Proposed Collateral:	At cost
Will the project create or Retain jobs for low and moderate income individuals?	Yes. We believe more than 51% of the jobs will go to people within the MSA who are defined as low and moderate income. 70% of the jobs are categorized as entry and service level. Median salary levels for these positions are in the 20k range depending on qualifications. Many of the unemployed or underemployed people in this census tract will qualify for these positions, making this project a stable employment option for residents in the area. The balance of the positions are clerical, management and professional positions with a median salary of $38k. In addition to the direct FTE's in the project, the project will support

	surrounding support businesses and local contractors to support the facilities.
Projected Jobs:	161
Hotel	57
Hotel Retail (1,500 SF)	21
Hotel Restaurant (3,500 SF)	75
Parking	8
Hiring Source:	First Source (i.e. Pima County One Stop)
Will the project eliminate Slum or blight?	Yes. The project will help alleviate spot blight, occupy and provide employment opportunities to a vulnerable population, renovate a key Congress Street structure, recycle land, and invest in an economically depressed area.
Describe Public Benefits:	The project achieves 4 major application criteria by being pedestrian and transit oriented, being located within the Rio Nuevo Tax Increment District, is within 1/4 mile of the modern streetcar alignment and is within 1/4 mile of a PAG designated High Capacity Transit Corridor. We are partnering to target this gap financing federal funding toward existing community in need - through developing transit oriented, mixed use development and land recycling and historic building restoration. The project will increase community revitalization, improve the efficiency of public investments and return on those investments. It will help a vulnerable population live, work, and play in a healthy and safe environment and provide many new opportunities that currently do not exist. The project will yield multiple, new revenues for the public sector.
Site Control:	Yes. 5 North Fifth Hotel LLC. Fee simple.
Proforma and Financial Analysis:	Submitted
Anticipated Capital Investment:	$48,880,055
Public Tax Benefits:	See attached 3rd Party Study. An economic impact study was completed and is attached which summarizes the new, projected tax revenues and jobs that will be generated by the project.