

Gulf Coast Restoration Fund Funding Request

Applicant: OHOS Land, LLC and City of Ocean Springs

Project Name: 1515 Government Street

Project Information

Project Year:	2021
Project Name:	1515 Government Street
Project Location:	1515 Government Street Ocean Springs, Mississippi 39564 Downtown Ocean Springs
County:	Jackson

Applicant

Name	OHOS Land, LLC and City of Ocean Springs
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City:	OCEAN SPRINGS
State:	MS
Zip:	39564

Mailing Address

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Project Description/Overview

The subject 2.1-acre site is planned for a mixed used development to include residences, restaurants, retail shops, office space, a boutique hotel and a 305-space parking garage. The downtown location provides numerous shops and businesses, restaurants and bars, as well as recreational and cultural activities all within walking distance. The project incorporates three buildings—a multi-unit residential building, boutique hotel and true mixed-used building designed for retail and office space with top floor residences. The property will also include another very much needed amenity downtown—a public-use, free parking garage. This development will not only complement the established businesses in downtown Ocean Springs, but will spring-board further growth eastward.

Residential Building

- Fifteen (15) residential units located on the west side of the property, fronting the neighboring residences on General Pershing Avenue
- Units ranging from approximately 1,000 SF to 1,200 SF
- Entrance lobby along Government Street will invite residents and guests and will include an elevator with restricted access for added security.
- All units to have private, exterior balconies
- All units to have dedicated, access controlled parking

Retail

- Approximately 7,500 SF of leased retail space, approximately 1000-1500 SF each and may include clothing boutiques, restaurants, cafés
- Approximately 6,000 SF of office space for lease will be located on the second floor
- The top (third) floor will include four (4) loft-style condominium units ranging between 1,000 and 1,200 SF each.

Boutique Hotel

- Approximately 30 rooms located on the east side of the property - Meeting spaces, a restaurant, and an indoor/outdoor rooftop bar

Parking Garage

- 4-level, 305 space precast parking garage for free public use
- Open green space running the entire south side of the parking garage for public use and enjoyment
- Large-scale video projection and interactive immersive video displays on the parking garage to showcase rotation of digital artwork (including local, national and international art) and movies for the public. Green space for public use and viewing the garage.

Public-Private Partnership for Parking Garage

OHOS Development, LLC (OHOS) is joined in this application by the City of Ocean Springs for purposes of developing the parking garage and surrounding/supporting amenities and greenspace. The City approached OHOS due to the increasing parking problem downtown. Parking is the number one issue with downtown businesses, as well as the primary bottleneck in future development eastward on Government Street. Ocean Springs is known for its thriving festival and art scene; however, the lack of parking prevents these events from fully realizing attendance, as well as causing illegal parking on private to become widespread and common.

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Due to the level of quality of the overall development, as well as the arts and entertainment culture of Ocean Springs, we have worked with designers and visual artists to create a “parking garage” that also compliments the city and development by serving as an arts and entertainment attraction, in itself. The 4-story parking garage fixes the current parking problem and allows a means for downtown to expand eastward, while simultaneously drawing people to the development to experience the visual entertainment projected upon the garage. In a world increasingly dominated by visual media, few technologies possess as much raw visual impact as large-scale video projection mapping and interactive immersive video displays. Spectators can watch this garage transform right before their eyes, and when interactivity is included, viewers can engage with epic-scale displays in ways that are absolutely mind-boggling. The experience of interacting with an artistic video display the size of an entire building really can’t be oversold—to an audience, it’s simply like magic happening right before their eyes. The building itself is the screen for high-resolution projections, where artistic pieces will be able to be updated and adapted over time in a way that could never happen with a traditional public artwork. The greenspace in front of the garage will serve as a public-use park, where audiences can enjoy outdoor movies and other festivals and events. This will incorporate the city’s rich tapestry of local artwork into this cutting-edge interactive installation that seeks to capture the imagination of an entire city. A brilliant focal point in an already vibrant cityscape, this innovative public artwork will breathe new life into the jewel of “The Secret Coast”.

OHOS has entered into an agreement in which it will transfer ownership of the parking garage and amenities to the City upon completing construction. This private-public partnership will truly benefit the city now, as well as provide the means for the Ocean Springs downtown to expand.

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Project Timetable/Milestones

Estimated Start Date: 02/01/2021

Estimated Completion Date: 02/28/2023

Milestones

DEVELOPMENT TIMELINE

- Nov 9, 2018 – Property closing (ACCOMPLISHED)
- Nov 2018 – February 2019 – Develop project concept and proposed use (ACCOMPLISHED)
- Q1 2019 – Develop master plan (ACCOMPLISHED)
- Apr 2019 – Engage designer and start design of Phase 1 (residential/mixed-use buildings) (ACCOMPLISHED) - Preliminary construction pricing by end of July (ACCOMPLISHED)

HOTEL/CONDO/MIXED-USE

- Feb 2021 – Construction start (Condo)
- Mar 2021 – Construction start (Mixed-Use)
- Nov 2021 – Construction start (Hotel)
- Jan 2023 – Construction completion

PARKING GARAGE AND/OR ASSOCIATED INFRASTRUCTURE

- 2020 – Initial Funding approval (ACCOMPLISHED - \$2,000,000)
- April, 2021 - Second Funding approval
- June 2021 – Finalize engineering
- July 2021 – Construction start
- Jan 2023 – Construction completion

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Funding Section	
GCRF Funds Requested	\$8,751,599
Total Matching Funds	\$17,828,635
Overall Total Funds	\$26,580,234
Applied For Matching Sources	OHOS has tentatively secured private lending through BancorpSouth. Aside from the developer's finds and private lending, OHOS has not applied for any other funds with the exception of the 2021 initial award of GCRF funds in the amount of \$2,000,000. The initial funds are not being deployed until OHOS has secured additional funds to more appropriately begin the project.
Secured Matching Sources	<p>The overall development will be financed through developer's funds and private lending. BancorpSouth has agree to provide the private financing for a project total of up to \$20MM (which would require OHOS equity of approximately 20% [\$16MM lending and \$4MM in funds from OHOS]).</p> <p>OHOS has expended already expended almost \$1MM in the acquisition of the land and legal, engineering and development costs (\$892K for the original purchase, as well as almost an additional \$100K in engineering and architecture, taxes, insurance and other holding costs since closing).</p>
Previously Funded With GCRF Funds	Yes
Legislative Session	2021

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Multi-Phase Project/Employment	
Multi-Phase Project	No
Total Number of Phases	
Which Phase Is This	
Description of all phases	
Current Full-Time Employment	2
Increase in Full-Time Employ From Proj	75
Total Full-Time Employment	77

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Legislative Priorities Met Section		
Priority	Description	Met By
1	Will impact the long-term competitiveness of the region and may result in a significant positive impact on tax base, private sector job creation and private sector investment in the region	<p>Long term economic benefit and growth potential: Improving quality of life through the provision of needed parking and expanding the tourism / development footprint in Ocean Springs are key deliverables of this project. This development site is a critical transitional piece of property for the eastward growth of downtown Ocean Springs. Having such a large vacant space between what the fringe of the most active portion of the downtown area is creates the impression that the downtown Ocean Springs experience stops at this parcel. By developing this property and providing much needed parking, this proposal opens the door to many other developable, connected properties to downtown.</p> <p>Impact on tax base: Until the development team purchased this property, it was a vacant, county owned former industrial site that paid no city, county or school taxes. Converting this property from an unusable industrial site located in a prime retail / commercial greatly expands the tax base from a property...</p>
2	Demonstrates the maximum long-term economic benefits and long-term growth potential of the region based on a financial analysis such as a cost-benefit or a return-on-investment analysis	For the past decade, the City of Ocean Springs has desired to develop a downtown hotel and a parking garage to support the growing tourism and entertainment industries that have created an identity for the city regionally and nationally. This development addresses both of those issues. Please find attached a hotel study commissioned by the City and the Ocean Springs Chamber that lays out return on investment potential for this development.
3	Demonstrates long-term financial sustainability, including clear performance metrics, over the duration of the project	Upon the construction completion of the parking garage, it will be turned over to the City of Ocean Springs for operation and maintenance pursuant to an agreement between the City of Ocean Springs and OHOS. The City of Ocean Springs has an excellent credit rating and has the ad valorem and sales tax base to support the parking garage in perpetuity.
4	Leverages or encourages leveraging of other private sector, local, state and federal funding sources with preference to projects that can demonstrate contributions from sources other than BP settlement funds	Private sector investment: As shown in the budget, the proposed parking garage will leverage approximately \$18MM in private sector capital investment on the development site. The development team has significant "skin in the game" (over \$1MM) in the form of the land purchase and architectural / engineering design performed to date. This does not include the operating revenue and annual payroll costs which will also be significant.

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5	Supported by multiple government or private sector entities	Please see attached resolutions passed by the City of Ocean Springs and Jackson County, as well as letters of support from the Ocean Springs School District, the Walter Anderson Museum and the Mary C. Okeefe Cultural Center.
6	Can move quickly and efficiently to the design, engineering, and permitting phase	The preliminary design and engineering are attached to this application. The plans are currently under review by City staff to ensure compliance with the city's Design Review ordinance. This is the only review beyond for the actual construction permit that is required. The property is owned by the development team and is properly zoned for this use. The City of Ocean Springs is in full support of the project as evidenced by the attached resolution and the fact the City is a co-applicant and will be the owner of the proposed parking garage.
7	Enhances the quality of life/place and business environment of the region, including tourism and recreational opportunities	Improving quality of life through the provision of much needed parking and both enhancing and expanding the tourism / development footprint in Ocean Springs are key deliverables of this project. As a critical transitional piece of property located on the eastern end of the Downtown Entertainment district, this development will greatly enhance and support the growth of downtown Ocean Springs. Currently, the downtown Ocean Springs experience diminishes significantly at this parcel, stunting the health of the properties to the each. By developing this property and providing much needed parking, this proposal opens the door to many other developable, connected properties to downtown.
8	Expands the region's ability to attract high-growth industries or establishes new high-growth industries in the region	The Mississippi Gulf Coast is ripe for attracting high-growth industries, such as the technology sector. However, one of the holdbacks in attracting these industries is typically the lack of unique places with high quality of life and a variety of activities. Ocean Springs, with its downtown, its award-winning school system, vibrant arts culture, and overall comfortable and safe environment exists as one of those remarkable places that can attract those industries. This development and the future economic impact it opens up certainly expands our region's ability to attract such industries.

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9	Leverages or further enhances key regional assets, including educational institutions, research facilities, ports, airports, rails and military bases	Adding a hotel and condominiums to downtown Ocean Springs will enhance the airport by attracting new visitors and the condominiums will provide a new place to live for those who work at the USM facilities at East Beach Research Lab and Cedar Point. The availability of meeting rooms within the hotel will provide exposure of the uniqueness of downtown to those traveling for purposes other than recreation, creating new tourists and customers.
10	Transformational for the future of the region but creates a wider regional impact	The geographic location and relatively small population of Ocean Springs makes it challenging to create a development of significant regional impact. However, if you look at the downtown as a region, this development stands to create major impact on the Government Street corridor, which will increase the impact to the City as a whole as well as the broader regional area.
11	Enhances the marketability of existing industrial properties	This development site was a former industrial site owned by the county until last year and has not operated as a productive business since the 1990's. Due to its location in downtown Ocean Springs, it has been determined by the City, County and the developer to convert this former industrial site into its highest and best use, which is a mixed-use development with a parking garage. This development is surrounded by similarly situated industrially zoned properties, which will experience more significantly improved marketability once this development is complete.
12	Enhances a targeted industry cluster or creates a Center of Excellence unique to the region	For the past decade, the City of Ocean Springs has desired to develop a downtown hotel and a parking garage. This development enhances both of those targeted industries for the City. Please find attached a hotel study commissioned by the City and the Ocean Springs Chamber that lays out return on investment potential for this development.
13	Infrastructure project for business retention and development	The construction of the parking garage provides a critical piece of under-supplied and highly demanded infrastructure for downtown Ocean Springs—Public Parking. This project enables the hotel and condominium development to be maximized and provides parking for future development near this site and for adjacent existing sites such as the Mary C. Okeefe Cultural Center.
14	Enhances research and innovative technologies in the region	Adding a hotel and condos to downtown Ocean Springs will enhance the area by attracting new visitors and the condos will provide a new place to live for those who work at the USM facilities at East Beach Research Lab and Cedar Point.

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15	Provides outcome and return on investment measures, to be judged by clear performance metrics, over the duration of the project or program	For the past decade, the City of Ocean Springs has desired to develop a downtown hotel and a parking garage. This development addresses both of those issues. Please find attached a hotel study commissioned by the City and the Ocean Springs Chamber that lays out return on investment potential for this development.
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