

OYO HOTEL/PORT OF OLYMPIA

FREQUENTLY ASKED QUESTIONS

The Port is committed to being an effective community partner that meaningfully contributes to the well-being of the citizens of Thurston County.

What authority does the Port have to get involved in addressing the homeless/housing crisis?

The Port is a special purpose government with very specific and limited statutory authority that doesn't include providing health and human services. However, the Port has been able to contribute to efforts to address the housing crisis in Thurston County and is committed to continuing to seek out other opportunities as well. Examples of our efforts include:

- Use of the Marine Terminal warehouse, in partnership with the City of Olympia, for construction of 60 microhouses now located at the City's downtown mitigation site. This project included donated labor from the ILWU Local 47A and professional support from Port staff.
- Use of the Marine Terminal warehouse by a local non-profit that distributes donated goods to families in need.
- Purchase and retrofit of two shipping containers for use at the Union Gospel Mission. These containers allow houseless individuals to have dry, daily storage for their personal belongings.
- Offering to explore the use of a Port owned, and non-FAA encumbered, parcel south of the airport for use as an RV parking area.

Does the Port of Olympia own the OYO and Comfort Inn Hotels located on Port property in Tumwater?

No. The Port of Olympia does not own the hotels but does own the land on which the hotels sit. The Port has a contractual relationship, through a Ground Lease, with the owner of the two hotels with a term that ends on July 8, 2043. There is an ability for the lease to be extended for an additional 30 years.

Why is the Federal Aviation Administration (FAA) involved in this matter?

The property on which the hotels sit is real property originally acquired for airport purposes under the Federal Surplus Property Act. Because of this, the property isn't allowed to be used for long-term residential uses. Hotels are not considered to be a long-term residential use.

What is the request from the Housing Authority of Thurston County (HATC) to the Port of Olympia?

In an April 30, 2021 letter to the Port of Olympia Commission, HATC makes the following request:

“The Housing Authority of Thurston County (“HATC”) respectfully requests that the Port of Olympia (“Port”) petition the Federal Aviation Administration (“FAA”) to terminate the deed restriction on residential uses within Block 0 (“Zero”) of the commercial area outlined in the Port’s New Market Industrial Campus Master Plan (“Master Plan”).

When was the Port first notified by Ms. Chami Ro, owner of the OYO and Comfort Inn Hotel, of her intent to sell the hotels?

In January 2021, Ms. Ro indicated to the Port her interest in selling the OYO hotel to HATC, but no specific deal had been finalized. In September 2021, Ms. Ro informed the Port of her intention to sell both hotel buildings and the associated business.

“With this email, I am officially letting you know that my family has decided to have both the Comfort Inn and OYO Hotel listed for sale through Marcus & Millichap; the rep working on our deal is Clayton Hill. I would appreciate you working with him with the information he needs to make the sale happen.”

When did the Port first engage with the Housing Authority of Thurston County (HATC)?

The Port has engaged with HATC since December 2020. The Commission's work session on April 19, 2021, included a presentation by HATC and a discussion of how to proceed.

When did the Port first make a request to the Federal Aviation Administration (FAA) for consideration of termination of deed restrictions for the property in which the OYO and Comfort Inn hotels reside?

After the April Commission work session, the Port sent a request letter, along with HATC's letter, to the FAA on May 28, 2021.

Has the FAA responded?

Yes. FAA first responded to a letter from U.S. Representative Marilyn Strickland dated June 4, 2021 that indicated allowing residential use on airport property is, "Generally,...incompatible with airport operations...". The letter suggested an alternative would be for the Port to consider releasing the land from being part of the airport. In addition, the FAA responded directly to the Port in an email dated June 29, 2021, that said, in part:

"Order 5190.6B describes that a proposal for a total release permitting the sale and disposal of real property acquired for airport purposes under the Surplus Property Act shall not be granted unless it can be clearly shown that the disposal of such property will benefit civil aviation. If any such property is no longer needed to support an airport purpose or activity directly (including the generation of revenue for the airport), the property may be released for sale or disposal upon a demonstration that such disposal will produce an equal or greater benefit (to the airport or another public airport) than the continued retention of the land."

What steps does the Port need to take to remove the FAA restrictions and sell the property for residential use?

The FAA has stated that the Port must demonstrate the following in asking the FAA to allow for the property to be sold:

- *Why the disposal will not be in excess of the present and foreseeable needs of the airport.*
- *Describe why this property release will not adversely affect the development, improvement, operation, or maintenance of the airport where the land is located.*
- *Since a release has the effect of authorizing the conversion of a real property asset, the Port of Olympia should describe how the conversion of the property asset into another form of asset (cash or physical improvements) better serves the purpose for which the real property was initially conveyed. This objective requires the Airport to receive an amount equal to the current fair market value (FMV) of the property as a consequence of the release and that such amount is committed to airport purposes.*
- *In addition, the Port should describe how more value may be obtained from a disposal of specific parcels than the retention of those parcels for revenue production under leasing.*
- *A sale and disposal of airport property for less than its fair market value (FMV) is inconsistent with the intent of statute and the FAA Policy Concerning the Use of Airport Revenue and will not be authorized. The value to be placed on land for which a release has been requested shall be based on the present appraised value (for its highest and best use) of the land. The Port should describe the current, or anticipated appraisal process, for determining the fair market value. Chapter 2, page 22-13, of FAA Order 5190.6B discusses the appraisal process. Also, The FAA has published Compliance Guidance Letter 2018-3, Appraisal Standards for the Sale and Disposal of Federally Obligated Airport Property, which further defines the process for establishing FMV for airport property proposed for disposal.*

NOTE: Only benefits to the airport may be cited as justification for the release, whether tangible or intangible. The non-aviation interest of the sponsor or the local community – such as making land available for economic development – does not constitute an airport benefit that can be considered in justifying a release and disposal.

What does the Port need before it is able to proceed with completing the FAA-required analysis to sell the property?

The Port needs a copy of an active Purchase & Sale Agreement between Ms. Ro and her potential purchaser to clearly describe what the proposed future use is that requires the FAA to release the property and allow the Port to declare it surplus and sell it. The Purchase & Sale Agreement will need to have a sufficient feasibility period so the Port can complete the analysis and submit it to FAA for their consideration and decision.

What are the next steps?

At its November 15, 2021 work session, the Port of Olympia Commission made clear its intention to further explore the specific work and associated costs of completing the required analysis and requesting the FAA release the property from FAA obligations and allow it to be declared surplus and subsequently sold.