

# Request for Qualifications Mixed-Use Hotel/Commercial and Housing Development Teams



## **1348 Main Street, Downtown Philomath, Oregon is:**

- A 0.42 acre, City-owned property in the newly redeveloped downtown area.
- The entry to Downtown Philomath, a thriving community in the southern Willamette Valley between Oregon State University and the Oregon Coast.
- Zoned C-1, allowing hotels; commercial uses; residential uses on upper floors; with no parking minimums required.
- A site where the City hopes to see a new landmark structure, marking the entrance to Downtown Philomath.
- Being marketed for sale by the City of Philomath to development teams with experience building projects that include lodging and/or housing, as well as ground-floor commercial and/or restaurant space.

Potential development incentives are described in more detail below.

Send Responses to City Manager Chris Workman, [cityhall@philomathoregon.gov](mailto:cityhall@philomathoregon.gov).

Responses are due by 2:00 pm, March 2, 2026



## Executive Summary

### The Site

- 1348 Main Street is located at the entry to Downtown Philomath, walking distance to the city's most historic buildings and shops, top-rated restaurants, and community gathering spaces.
- Major downtown events, including the 4<sup>th</sup> of July Block Party, take place on N 13<sup>th</sup> Street, just half a block away.
- The site is comprised of two tax lots of roughly 0.42 acres. An adjacent lot of 0.11 acres may also be available for purchase, for a total of up to 0.53 acres between the three tax lots.
- C-1 zoning allows up to five and eight stories, depending on uses.
- Permitted uses include hotel, commercial, office, and residential, limited to the upper floors.
- Currently City-owned site, with intent to sell the site fee simple.
- The site was previously an auto repair/gas station. All underground storage tanks have been removed and the site has a "No Further Action Required" notice from DEQ.

### The Community's Vision

- Top choice: Hotel above ground, floor commercial space.
- Second choice: Housing above ground, floor commercial space.
- Based on surveys of the public and input from Philomath's leaders, the community wants to see this project attract more people and activity downtown, continue to revitalize Downtown Philomath, and be a place that attracts both locals and visitors.



**Annual Household Growth Rate:** 1.62% (2000-2023)

**Median Household Income:** \$83,373

**Wineries within 20 Miles:** 20+

**Attractions:** Marys Peak, Alsea Falls, Philomath Frolic & Rodeo, Benton County Historical Museum

### Locating a Hotel or Mixed-Use Commercial and Residential Building in Philomath

Locating a boutique hotel or an attractive mixed use commercial and residential building in Philomath, Oregon offers a unique opportunity to capture year-round demand from academic, recreational, and regional travelers or fill a need for retail space and small apartments/condos.

- Proximity to Oregon State University (OSU): Located just five miles west of campus, Philomath serves as a quiet alternative for visitors attending OSU sporting events, graduation ceremonies, beginning and end of semesters, and other year-round activities. Philomath is closer to OSU campus than most of Corvallis, with a direct route and free bus service every hour.
- Gateway to the Oregon Coast: As a primary stop on the Marys Peak to Pacific Scenic Byway (Hwy 20), a hotel would capture travelers headed from I-5 to Newport and Waldport, which are roughly a 45-to-60-minute drive away.
- High-Volume Local Events: A boutique hotel can provide much-needed lodging for several major annual events that currently rely on limited local options:
  - Philomath Frolic & Rodeo: A massive three-day community celebration held on the 2<sup>nd</sup> full weekend of July every summer and attracting cowboys and rodeo fans from all over the Pacific Northwest. The arena just added 800 premium seats, opening the opportunity for future music concerts and other large events.
  - Philomath Open Studios Art Sale: A popular self-guided tour taking place every fall in October.
  - Philomath Sip & Stroll (Wine Walk): A downtown event scheduled every year in late July showcasing local wine, craft beer and spirits producers.

- Community Traditions: The town hosts a large 4th of July Block Party on N 13<sup>th</sup> Street (one block west of the site) and an annual Parade of Lights in December.
- Wine and Culinary Tourism: Philomath is a hub for the "Heart of Willamette" wine region. Guests can walk to downtown tasting rooms like Compton Family Wines or drive minutes to Cardwell Hill Cellars, Lumos Wine Company, Harris Bridge Vineyard, and 20 other local wineries located within 20 minutes of town.
- Downtown Accessibility and Dining: Guests have easy access to unique local eateries such as Gathering Together Farm, The Dizzy Hen, Eats & Treats Cafe, Birdie's Pizza, and The Woodsman, along with popular gathering places such as Vinwood Taphouse, Dirt Road Brewing, The Meet 'N Place, and boutique shops in the walkable city center.
- Historical and Cultural Appeal: The Benton County Historical Museum, housed in a restored 1867 college building, provides a permanent cultural draw for heritage tourists, history buffs and genealogists looking for their family roots.
- Outdoor Recreation: Philomath is the gateway to Marys Peak, the highest point in the Coast Range, Alsea Falls, a popular hiking trail and mountain bike playground, and Fitton Green Natural Area, attracting hikers and nature photographers year-round.
- Low Crime and High Safety: Philomath consistently ranks as one of the safest cities in Oregon. In 2026, it remains a top-rated place to live and visit, with crime rates significantly lower than state and national averages.
- High Demand for Commercial Space: The community lacks available lease space for retailers and small shops. As of the start of 2026, there are no empty storefronts in Philomath, two new commercial buildings were recently constructed, and a third, a new pharmacy building, is under construction.
- Housing Demand: After a span of 25 years with no new apartments being built, the city approved two complexes with roughly 330 1, 2, and 3-bedroom units in 2018. Both complexes continue to have long wait lists, and no additional apartments have been constructed since 2018. The city continues to face high demand for all types of housing, but especially 1- and 2-bedroom apartments that are in short supply.

### **Southern Willamette Valley**

- The Southern Willamette Valley is the heart of Oregon's internationally renowned wine country, regularly attracting media attention, from Travel + Leisure to Time Magazine.
- While less well-known than some destinations along the I-5 corridor, Philomath and Benton County are exceptional destinations for wine tourism and outdoor recreation.
- Philomath has great accessibility by car, just 20 west of I-5, 49 minutes to Newport, Salem, or the Eugene Airport, and 1 hour 40 minutes to PDX.
- Average Daily Rates in Benton County are highly sensitive to the local event calendar, particularly in the Philomath and Corvallis areas:

- Summer Peak (July/August): Rates often peak during community events like the Philomath Frolic & Rodeo and OSU events.
- OSU Sports & Graduation Weekends: Luxury properties in Benton County can implement dynamic pricing that pushes ADRs well above \$400 for these high-demand dates, often requiring minimum stays.
- Winter Lows: Rates typically dip to their lowest points in January and February, where luxury properties may drop to \$180–\$210 to maintain occupancy.

### **The City of Philomath**

- The City of Philomath has seen steady growth, allowing for planned investments in infrastructure (new water plant, reservoir, lagoons, streetscapes, highway paving, etc.) to support current demand and future growth.
- Philomath is known as the City of Volunteers, with residents taking a lot of pride in building the Community Library, watering flower baskets and serving Philomath Community Services.
- Philomath has a 3:1 ratio of churches to bars, compared to Corvallis’s ratio of 2:1.
- Median household incomes are also growing, up to more than \$83,000 in 2024.
- Major employers include Philomath School District, Pioneer Connect, Alyrica Networks, Philomath Family Medicine, and the City of Philomath.

### **What the City is Looking for:**

- Via this RFQ, the City is looking for real estate developers or development teams with expertise in hotel development or mixed use commercial and housing development consistent with the community’s vision.
- All teams who respond to the RFQ should be led by real estate development firms; teams may also include other team members such as architects, tenants/operators, investors, landscape architects, engineers, and/or other parties.

### **Potential Development Incentives**

The City will consider the following development incentives for projects that meet or exceed the community’s vision. The City will make a final determination about which incentives are appropriate based on materials submitted by development teams.

- Holding land until all entitlements are complete and financing in place.
  - Selling the land at a price that reflects extraordinary investments on the part of the developer.
  - Tax abatement, via Philomath’s city-wide Enterprise Zone.
  - SDC credits for specific oversized or off-site improvements.
  - The State’s new Moderate-Income Revolving Loan (MIRL) fund.
  - Innovative uses of Transient Lodging Tax (TLT).

- Other options TBD.

### **For More Information**

The primary contact for this project is Chris Workman or his designee. Questions can be directed via email to: [cityhall@philomathoregon.gov](mailto:cityhall@philomathoregon.gov). Updates to the RFQ any responses to questions will be posted at [philomathoregon.gov/rfps](http://philomathoregon.gov/rfps). It is the responsibility of the proposer to sign up for notifications through the City's website at [philomathoregon.gov/portal](http://philomathoregon.gov/portal) "Proposal & Bid Opportunities". Thank you for your interest in Downtown Philomath!



## City and Site Information

### The Community's Vision

It is critical that the project built at 1348 Main Street reflect the vision of City leaders and the community. The City believes that a project that meets this vision should also be financially successful for the development team over the long term. City officials are most interested in a development on this site that is a(n):

1. attraction for getting more people and activity downtown, and continued efforts to revitalize Downtown Philomath;
2. place for both locals and visitors;
3. multi-story, mixed-use building, with restaurant or retail uses on the ground floor, and lodging or housing above;
4. timeless, high-quality, well-designed building that is compatible with the surrounding historic district;
5. economic assets, for example, by generating tax revenue on the site and catalyzing investment elsewhere downtown;
6. iconic gateway into the downtown area.

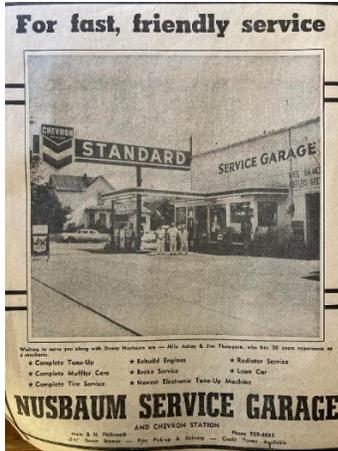
In addition to the above aspects of the vision, City leaders also hope that the project will:

- Be revenue neutral or positive for the City. The Philomath Urban Renewal Agency (URA) purchased the property for \$285,000 in 2020 and recently spent \$45,000 to remove underground storage tanks and a hydraulic lift station to get a “No Further Action Required” letter from DEQ. Development of the site should facilitate the repayment of this debt, either directly through the developer’s purchase of the site, future property taxes generated by development, or other development-related revenues.
- Break ground in the near future—ideally by 2027; or if not, shortly thereafter.

### The Site

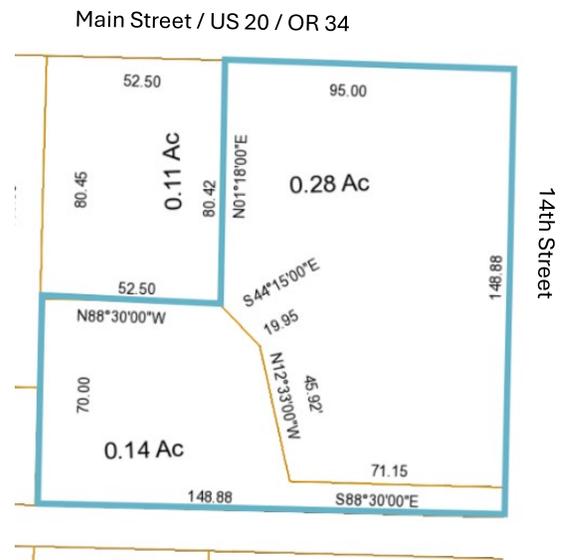
**History.** Based on historical records, the site was occupied by a gas station, auto repair shop and car wash from the 1920s through the 1970s. It was an antique sales shop for a few additional years, but then fell into disrepair and neglect, and was finally demolished in 2018. With no other perspective buyers or developers willing to clean up the site, the Philomath Urban Renewal District purchased the property in 2020 and began discussing the needed cleanup and future plans for the site. The car wash cover was removed in 2021, and the property was used as a staging area for the contractor during the Downtown Safety and Streetscapes Project from 2023-2024. In December 2025, the City hired BB&A Environmental Consultants to clean up the property, which included





removing three large underground storage tanks and a hydraulic lift station, getting soil samples and removing all contaminated soils, and backfilling with gravel. The entire cleanup process was done with oversight from Oregon DEQ, which will provided the City with a “no Further Action Required” letter, essentially stating that all required environmental cleanup of the site has been completed.

**Size and Dimensions.** The property is L-shaped and made up of two lots, totaling approximately 18,470 square feet or 0.42 acres in size. The northern boundary is 95 feet of frontage along Main Street, also known as US 20/OR 34, and is managed by the Oregon Department of Transportation (ODOT). The eastern boundary is approximately 150.45 feet of frontage along 14<sup>th</sup> Street. Both streets were recently repaved and received new sidewalks, decorative pedestrian-scale lighting, benches, bike racks, and garbage receptacles as part of the City’s Downtown Streetscapes and Safety Improvement Project. The southern boundary is 148.88 feet of frontage along a paved public alley. The western boundaries are 70 feet and 80.42 feet and run along private property. The City’s assessment is that the site can accommodate bar- or L-shaped buildings. For example, bar-shaped buildings, 150 feet long by 80 feet wide, will easily fit on the site.



There are two existing curb cuts to access the property, one on Main Street and one on 14<sup>th</sup> Street. Access may also be taken from the public alley on the south boundary, providing lots of options for accessing a future building. These curb cuts are in good locations, away from the intersection, by may be abandoned, expanded, or moved with additional analysis by the City and ODOT.

**Zoning.** The property is located within the Central Commercial District (C-1), which allows a wide range of land uses, buildings of significant size, scale, and lot coverage, and no minimum parking requirements. Maximum building height is 50 feet per newly adopted Climate Friendly Area requirements mandated by the State of Oregon. The Philomath Development Code is available online at: <https://ecode360.com/46906969>. The City anticipates executing a

development agreement (DA) with the selected developer for the site, which could allow for site-specific development regulations, and potential deviations from the current code.

PMC 18.40.020 shows the uses allowed in the C-1 zone, subject to site / development review. A Development Agreement would be required to allow for Hotel use on the site.

- (I) Retail sales and service establishments that do not require the outside storage of goods, supplies or equipment not otherwise identified in this section.
- (J) Offices.
- (K) Professional offices.
- (L) Public buildings and uses including public park, post office, public office, fire station, public community center, public parking lot, and public library.
- (M) Residences, provided they are in conjunction with another use that is allowed or allowed by an approved conditional use permit. Residences must be located above the allowed use.

**Parking.** There is no minimum number of off-street parking required within the City of Philomath. The selected development team's assessment of demand for parking spaces will determine the number of parking spaces to be provided. On-street parking is available on Main Street, 14<sup>th</sup> Street and 13<sup>th</sup> Street.

**Building Materials.** Primary Facade. Primary exterior materials shall be consistent with the overall design composition and intent of a building design. Materials shall consist of durable wood, composites (e.g., concrete fiber-board or similar materials that has a wood appearance), brick, split-face or rusticated concrete block (must be tinted), natural stone, or materials of similar appearance and durability. Vinyl or metal may be used on the exterior, but may not be used as the primary cladding material. Where metal is used, it shall be nonreflective split seam or similar metal. Metal may also be used for exterior detailing (e.g., wainscoting, flashing, brackets, etc.).

- The predominant building materials shall be in accordance with subsection (C)(1)(a) of this section. Building materials such as smooth-faced concrete block, undecorated tilt-up concrete dryvit panels, or prefabricated steel panels may only be used as accents.
- Building materials shall be durable, weather-resistant, rustproof, and shall be maintained by the property owner or tenant at all times.
- All exterior construction must incorporate a minimum of three separate building materials outlined in subsection (C)(1)(a) of this section.

**Timber Town Style Building.** The City has created a building style referred to as Timber Town, which fuses contemporary and industrial aesthetics with an oversized rustic style for a mix of metallic and organic materials, clean lines, and open spaces. The style pays homage to Philomath's rural setting and timber heritage, while keeping the levity of modern design and leaving room for creative play in contemporary architecture. Timber Town Style Buildings are site-specific, designed to have expansive entries, oversize exposed timbers, and metal

accenting window awnings, simple light fixtures and siding highlights. A modern aesthetic also privileges commercial building features like expansive windows facing the street, flooding the interior with natural light and allowing onlookers a clear view from the street.

**Community Support.** In March 2022, the City of Philomath completed an area-wide planning initiative for a nine-block area Downtown to identify the community’s vision, local priorities, and a series of strategies that support revitalization and district vitality (also referred to as the “Focus Area”). The process included multiple public engagement components to allow community sentiments and aspirations to guide the planning opportunities for Downtown. The community feedback focused on building upon Downtown’s existing assets, strengthening district character, creating captivating gathering spaces, and adding commercial services for visitors and residents alike. Notably, the recommended strategies included this previous brownfield site and recommended the development of a mixed-use Commercial/residential building.

The community’s vision is to “transform Downtown Philomath into a captivating, welcoming, and distinctive destination with an array of amenities, businesses, and community gathering spaces”. This vision can be supported through development of this site for mixed use commercial and residential uses, or a boutique hotel, possibly allowing both short and long-term stays. A full copy of the final report can be found on the City’s website: [philomathoregon.gov/media/3981](http://philomathoregon.gov/media/3981).

**Downtown Improvements.** In 2024, the City and Oregon Department of Transportation completed the Downtown Safety and Streetscapes Project, a two-year construction project that invested more than \$16 million into the transportation infrastructure of Philomath’s Downtown. The project significantly increased safety for pedestrians, cyclists, motorists, and freight haulers, all of whom use Hwy 20 as it passes through the city. Decorative wood-post streetlights, park benches, custom bike racks, sheltered bus stops, and new landscaping throughout the area all significantly increased both the functionality and the appeal of Philomath Downtown.



Following completion of the project, the community has already seen new retail businesses and art studios open, and existing businesses are reporting increased activity and sales. City officials are not relying on development of the subject site to help kickstart development of Downtown Philomath; reinvestment and redevelopment are already well underway. The hope is that development of this site will add to the redevelopment and resurgence already taking place.

## Design Concepts

City leadership including the City Council and management staff gave equal preference to “Option A”—a four-story building with three floors of hotel rooms over ground floor restaurant and commercial space—and “Option B”—a four-story building with three floors of 1- and 2-bedroom apartments over ground floor restaurant and commercial spaces. However, other options are also highly desirable, such as L-shaped buildings, a mix of hotel rooms and apartments over ground floor restaurant and/or commercial retail space.

Option A –Commercial with Hotel



Hotel Rooms or Apartment Units 47

Option B – Commercial with Housing



47

City officials have had preliminary conversations with the owner of the property immediately west of the northern half of the subject property. The site is 0.11 acres and has a small acupuncture and massage therapy building on it. Though willing to help introduce interested developers to the neighboring landowner, City officials believe it is best for any potential acquisition of this neighboring property to be completed outside of any agreement involving the City. Acquisition of the City property and the neighboring property would result in a roughly square 147.50 feet x 148.88 feet, or 0.53 acre developable site.

The City is providing options in this RFQ to demonstrate the wide range of acceptable ways that development could take place on the site; the City does not have a single “correct” way it wants to see development. These options represent the types of development that the community supports, and that can be built based on what the City knows about site dimensions and relevant regulations. These options should be seen by development teams as a starting point. The City welcomes additional creative ideas about how to meet the community’s vision at the site. For example, it may be possible to mix housing, commercial space, lodging, and/or short term rentals within a single building, rectangular, square, or L-shaped, 3, 4, or 5 stories tall.

The 3D rendering of an acceptable development option is shown below: a four-story building, with three floors of hotel rooms or apartments/condos over a ground floor restaurant and commercial space, with Timber Town Style elements. The following page includes a second rendering which shows many of the preferred elements of a building to be built at this location.





**Desirable Design Features.** In addition to the overall use of a future building, City officials are interested in specific design features that will create not just a building, but a landmark in the city and a sentinel to Downtown Philomath. Preference will be given to proposals that clearly feature Timber Town Style elements and a demanding presence. Other design features that received enthusiastic support include ground floor retail/commercial space, a restroom open for public use during normal business hours, a clock tower, a grand entrance, and a rooftop deck.

**A place for both locals, families, and visitors.** As shown above, a key element of community's vision is that future development at the site, "be a place for both locals and visitors." Places that are accessible to and provide activities for a wide range of community members—including kids, teens, and families—also received a lot of support from city officials. This desire for local accessibility could be met in many ways, including accessible plazas/open spaces, public art that includes sitting space, and welcoming businesses that provide food, drink, goods, or services at price points that are accessible to a wide range of residents.

## Hotel, Housing, and Commercial Market Analysis

### Hotel Market

- The Willamette Valley is now a global tourism destination, with travelers from around the state, country, and world coming to the region for an experience that is as distinctive as Burgundy or Napa, but with far fewer crowds and a more reasonable price point. In 2023, Time magazine added the Willamette Valley to its list of the World's Greatest Places, and called the area “the next Napa.”
- Benton County is home to 9 wineries, and many more vineyards and tasting rooms. Benton County also overlaps with part of the Lower Long Tom AVA, where about 12 wineries are associated with that viticultural area — some of which are in Benton County and some in neighboring Lane County. Some notable wineries within a short drive of Philomath include Compton Family Wines, Cardwell Hill Cellars, and Harris Bridge Vineyard.
- In addition to world-class wineries, Benton County has a number of other attractions, including:
  - Marys Peak Botanical Special Interest Area - the highest point in the Coast Range.
  - William L. Finley National Wildlife Refuge - a major wildlife refuge with grasslands, wetlands, bird-watching, and Roosevelt elk herds.
  - Beazell Memorial Forest - Benton County's largest county park with trails through temperate forest.
  - Alsea Falls Recreation Site - A waterfall destination in the Coast Range with hiking, mountain biking, and camping.
  - Benton County Historical Museum - Exhibits on pioneer life, Native American history, and local heritage.
  - Fort Hoskins Historic Park - Preserved historic site featuring artifacts and interpretation of early military history in the region.
  - Philomath Frolic & Rodeo - A long-running community rodeo and festival.
  - Benton County Fair –Annual fair with exhibits, livestock, food, and entertainment.
  - Oregon State University - Sporting events, graduation ceremonies, and other large gatherings.

These attractions appeal to the same demographic groups that enjoy wine tasting—older, higher income, more highly educated travelers. For more information about these places of interest, go to: [philomathoregon.gov/community/page/places-go](http://philomathoregon.gov/community/page/places-go).

- The State's primary institutions of higher education are located nearby, including Oregon State University (5 minutes away, in Corvallis), Western Oregon University (39 minutes away, in Monmouth), and the University of Oregon (50 minutes away, in Eugene).

- Numerous natural and visitor amenities are located in Philomath itself, within about a ½ mile of the site, including Philomath City Park, Philomath tennis courts, Marys River Park and Natural Area, Skirvin Park (rodeo arena and grounds), restaurants, taphouses, cafes, BBQ joints, boutiques, quilting, and antiques shops are within easy walking distance.
- While hotel development is taking place in Corvallis, Philomath and western Benton County remain under supplied. Despite the significant lodging development that has taken place in the Willamette Valley over the past decade, no new hotels have been added between downtown Corvallis and the Oregon Coast.

**Compatibles.** City officials have reviewed relevant analysis that identified multiple comparable hotel properties and several different comparable hotel sets:

- The Independence Hotel is comparable in terms of location. Analysis indicates that, as of spring 2025, occupancy at The Independence is approximately 60% and average daily rates (ADRS) are at or close to \$200.
- City officials expect a new, luxury hotel planned for Downtown Dayton, Oregon, to target room rates (ADR) at or above \$300 per night, though Downtown Dayton has significantly less historic character and fewer vibrant commercial destinations than Philomath.

**Market Metrics for Comparable Hotel Sets**

<u>Occupancy</u>	<u>ADR</u>	<u>Rev</u>	<u>PAR</u>
Small City Boutique Hotel Comp Set	60.8%	\$227	\$138
Oregon West Hospitality Submarket, Luxury and Upper Upscale Properties	61.5%	\$247	\$152

- The City looked at an identified a “Small-City Boutique Hotel Comp Set” (Atticus Hotel, McMinnville; The Independence, A Trace Hotel; Holman Riverfront Park Hotel Salem, Tapestry Collection by Hilton; Headlands Coastal Lodge & Spa, Pacific City; The Oxford Hotel, Bend; Cannery Pier Hotel & Spa, Astoria; The Ocean Lodge Cannon Beach. According to CoStar, as of March 2025, this comp set was achieving a 12-month occupancy of 60.8%, ADR of \$227, and RevPAR of \$138.
- Philomath falls within CoStar’s “Oregon West” hospitality submarket, which covers most of the Oregon wine country, coast, and other parts of Western Oregon outside of the Portland metro area. As of March 2025, the luxury and upper upscale properties within this submarket have occupancy of 61.5%, ADR of \$247, and RevPAR of \$152. CoStar market reports for the Small City and Oregon West areas can be found on its website.
- While Philomath has one limited-service motel, it does not serve selective business travelers or travelers seeking unique wine, food, outdoors, and cultural experiences; it would not be directly competitive with a new hotel at the subject site.

- Unlike many of the world’s other famous wine-growing regions, the State’s land use laws make development outside of cities difficult or impossible, meaning that the most likely sites for quality hotels are in appropriately zoned lots in cities near wineries, like Philomath.
- In short, city officials believe that it is not a question of if, but when a new boutique, upscale, or luxury hotel will be built in Philomath. In recent decades, wine, food, experiential and place-based tourism, and business visitation, have spurred the revitalization of many other small- and mid-size cities throughout the U.S. west, including McMinnville, Hood River, Walla Walla, Sonoma, and Healdsburg. This process is likely to take place in Philomath as well given its position at southern end of Oregon’s wine country, historic charm, and population and economic growth.

### Housing Market

- Philomath continues to see steady growth in the housing market, with a recent mix of new apartments, duplexes, and single-family houses. Steady growth has allowed for planned investments in infrastructure (new water plant, reservoir, lagoons, streetscapes, highway paving, etc.) to support current demand and future growth.
- Since the COVID-19 Pandemic, a major demographic trend has been the move from large central cities to smaller, suburban and rural cities such as Philomath. People have made this move for reasons including quality-of-life, cost, and because remote work has freed some from having to live close to their workplaces. Some fast-growing small towns have been dubbed “zoom towns.” If this trend continues, communities such as Philomath will continue to see high demand for housing.
- Attractive, mixed-use, upscale apartment buildings have been built recently in the downtowns of nearby and comparable communities; these include Monmouth Commons, Osprey Point and Independence Landing in Independence, and The Dahlia Apartments in Canby. As of April 2025, The Dahlia is seeing the highest rents per square foot in this group; with studios renting at \$1,469 or \$3.09 per square foot, and one-bedroom units renting at \$1,649 or \$2.51 per square foot. The building is 100% occupied. Across all four comparable buildings listed above, the average rent is \$1,695 and vacancy is 5.0%.

Recent Apartment/Mixed-Use Projects Completed  
In Small- and Mid-Sized Willamette Valley Cities



Monmouth Commons

Osprey Point, Independence

Independence Landing Apartments

The Dahlia Apartments, Canby

- Given the statewide housing undersupply, a range of housing types—including market-rate, workforce, senior, cohousing, and other housing types—may be appropriate for the site.

**Retail/Commercial Market**



Dirt Road Brewing, The Dizzy Hen and Birdie’s Pizza are just three of the regionally popular restaurants within walking distance from the site. Philomath’s core downtown is currently spread over 2 city blocks along Main Street, between 14<sup>th</sup> and 12<sup>th</sup> Street, with additional retail shops and service businesses reaching out even further to the east and west. The iconic Philomath College building, now home to the Benton County Historical Society, is located just three blocks west of the site, between 12<sup>th</sup> and 11<sup>th</sup> Street, and hosts the Philomath Area Chamber of

Commerce Visitor’s Center. The museum rotates exhibits featuring over 100,000 artifacts, including those from the Horner Collection, which used to be housed at Oregon State University. This vast collection spans the globe and covers various aspects of history and natural history. The building’s Moreland Auditorium is used for art exhibits, community events, and museum programming



The City is planning to make additional investment into the N 13<sup>th</sup> “Festival Street”, just one block west of the subject property. Overhead string lights, a decorative wood pavilion with an interactive digital kiosk, and additional park benches will make this an even more welcoming space, able to easily be shut down to vehicle traffic on evenings and weekends for community gatherings, festivals, street markets and other events that will draw people to the downtown.

Philomath lacks available lease space for retailers and small shops. At the start of 2026, there were no empty storefronts in Philomath along Main Street or Applegate Street. Two new commercial buildings were recently constructed, one leased to a new physical therapy clinic and one owned and inhabited by a regional credit union that was previously leasing a building in town. A third building, which will be owned and occupied by the existing pharmacy in town, is currently under construction. More retail storefronts are needed in the community, especially in the downtown, walkable core.

## **Development Incentives and Deal Structure**

As stated elsewhere in this RFQ, the City expects to sell the 1348 Main Street property, fee simple, to the selected development team, once design, and permitting/entitlement are complete or well underway. The City expects that the terms of property sale and development (e.g., building uses, certain design requirements) will be defined by a Development and Disposition Agreement (DDA), similar to those used by other jurisdictions. Notwithstanding, nothing in this RFQ should be construed as a commitment by the City to sell the property to any party prior to a complete developer selection process, and subsequent negotiations. The City is also open to other deal structures that help to further the community's vision.

**Potential Development Incentives.** For projects that meet or exceed the community's vision as laid out in this RFQ, the City will consider the following development incentives. The City will make a final determination about which incentives are appropriate based on materials submitted by development teams, including their development proposals, deal structure, and requested incentives.

### **Holding land until all entitlements are complete and financing in place.**

**Land Write Down.** Selling the land at a price that reflects extraordinary investments on the part of the developer and/or a residual land value financial analysis of the proposed development.

**Helping the selected developer to pursue other grants and loans.** As a proponent and supporter of redevelopment of 1348 Main Street, City staff plan to work with the selected development team to seek other, third-party grants, loans, and potentially patient equity investments. The City has discussed the following types of other capital: The Oregon Main Street grant fund, philanthropic funds, e.g., from the Oregon Community Foundation or Ford Foundation; patient equity from well-capitalized Philomath corporations or citizens, and others to be determined.

**Environmental Assistance.** The City of Philomath has analyzed and remediated brownfield conditions on the site. The City can provide proof of cleanup and approval by DEQ upon request, once the work is finalized.

**Tax Abatement.** The city has primarily considered two tax abatement programs: the City's existing Enterprise Zone; and a Vertical Housing Development Zone (VHDZ), which would need to be created. A hotel project would likely qualify for Enterprise zone abatement, and a housing project could qualify for VHDZ.

The site is in an Enterprise Zone and therefore a hotel could be partially exempt from property taxes for three years, and possibly for up to five years. Because the site is located in Philomath's enterprise zone, a new hotel at the site would be eligible for a three-year property tax abatement. Hotels are eligible in some or all of 47 of the 76 statewide zones. According to the State of Oregon, hotels are eligible in Philomath's enterprise zone. In order to qualify for the enterprise zone, projects must create jobs and invest at least \$50,000 in the community. The

zone abates taxes on improvements/structure, but not on land value. A housing/mixed-use project would not be eligible for tax abatement via an enterprise zone.

A Vertical Housing Development Zone (VHDZ), could be created in downtown Philomath. Such zones can abate up to 80% of property taxes on the building/improvement value of a given property for 10 years, for certain mixed-use projects that include both housing and ground-floor commercial space.

**Systems Development Charges.** The City may consider reducing the impact of SDCs to the project, for example, by deferring SDCs until after the typical due date or offering credits for specific off-site improvements. Neither the City or the Urban Renewal District are in the financial position to write off or pay for the SDCs charged for development of this site.

**Transient Lodging Tax (TLT).** A hotel project at this site is projected to generate on the order of \$110,000-\$160,000 of TLT for the City annually, once open and occupied/stabilized. 70% of these funds must be used for tourism promotion, while 30% may be directed to the City's general fund. The City may consider innovative use of TLT funds, consistent with State law, that support both tourism citywide and for a future hotel at the site.

**Other Incentives.** Other incentives may be possible to support development of the site. The City has reviewed the State's new Moderate-Income Revolving Loan (MIRL) fund and staff believes there could be both benefits and challenges associated with using this tool. Nonetheless, the City is open to evaluating this and other tools going forward.

**Context for Incentives.** One part of the City's vision for this project is for development to be revenue neutral or positive for the City. The Philomath Urban Renewal Agency (URA) purchased the property for \$285,000 in 2020 and spent \$45,000 on environmental cleanup in 2025. Development of the site should facilitate the reimbursement of this money, either through the developer's purchase of the site, property taxes generated by development, future TLT payments, or other revenue streams created by the new building.

## Submittal Process and Requirements

**What the City is Seeking.** The City is seeking a highly qualified real estate development team that has experience planning, designing, permitting, financing, building, and tenancing hotel, housing, or other mixed-use projects that attract people and revitalize downtowns or other special places. Capacity to own and operate the project long-term is desirable but not required.

**Team Composition.** Each development team should be led by a real estate development firm or organization. In addition to this lead real estate development organization, development teams may also include supporting firms such as designers, engineers, investors, lodging brands, tenants, operators, leasing agents, contractors, etc. as necessary. The City defers to each team to determine the composition of their team, and recognizes that specialized subconsultants and subcontractors can be added to teams later.

**Desired Experience.** The ideal development team would be:

- Experienced building projects that have successfully delivered on aspects of the Community's Vision in other locations.
- Experienced building project located in Benton, Linn, Lincoln, Counties or the Willamette Valley, historic downtowns of small- to medium-sized cities, or other relevant locations.
- Experienced in planning, designing, permitting, financing, building, owning, and operating high-quality hotel, housing, and commercial real estate.
- Experienced working on public-private partnerships, i.e., on projects in which cities or other public agencies have been key partners.
- Resilient and committed to this project, recognizing that it could creativity, multiple financing sources, and several years of collaborative work to get to ground breaking.
- Enjoyable to work with over the coming years.

Through this document, the City is asking development teams to submit materials that describe their vision for the site, the relevant experience and qualifications of their key staff and team, references, and other information described below.

**Process Overview.** The City's intent is to make the RFQ preparation process as straightforward as possible in order to manage the level of effort required, and encourage submittals from the best-qualified teams.

The City anticipates selecting a primary development partner in 2026 via a multi-step process:

- 1) **RFQ / Qualifications phase.** During winter 2026, the City plans to release this RFQ, receive submittals, and select a short list of development teams. Interviews may be conducted during this phase. The goal is to short-list approximately three teams. The following are not desired or required as part of this RFQ: Detailed site plans, 3D renderings, pro forma financial analysis, and/or other detailed, site-specific analyses.
- 2) **RFP / Proposals stage.** During spring 2026, the City plans to request proposals from the short-listed development teams. RFPs will only be sent to the development teams identified as most qualified through their submitted SOQs. Via this RFP, the City will be asking for more detail about the teams' vision for the site, including proposed preliminary schematic design, financial analysis/pro forma, deal structure, and timing. The City understands that even at the proposal stage, development teams' design and financial analysis are rough and subject to change. The City expects to conduct interviews during the RFP stage.

3) **Developer selection.** Following review of proposals and interviews, the City plans to select a preferred development partner with whom to proceed with additional due diligence, planning, entitlement, and development of property. The City expects to enter into an Exclusive Negotiating Agreement (ENA), Memorandum of Understanding (MOU) or other similar agreement with the preferred development partner, prior to a binding negotiated Disposition and Development Agreement (DDA). The City would like to see the developer take ownership of the site and break ground within three years.

While the above reflects the City’s current anticipated process for the site, the City reserves the right to change any and all aspects of the process.

**RFQ Schedule**

RFQ Published on Website	Jan. 26, 2026	
RFQ published in the Daily Journal of Commerce	Jan. 28, 2026	
City Presentation to Development Teams (Optional) <i>City Hall or via Zoom. Contact City for meeting info.</i>	Feb. 5, 2026	2:00 PM
Optional Site Tour	Feb. 5, 2026	3:00 PM
Last Day to Submit Questions	Feb. 12, 2026	5:00 PM
Developer Statements of Qualifications Due	Mar. 2, 2026	2:00 PM

Following the last day to submit questions shown above, development teams may submit questions to the City, but the City cannot guarantee its ability to answer them before the submittal deadline.

Updates to the RFQ any responses to questions will be posted at [philomathoregon.gov/rfps](http://philomathoregon.gov/rfps). It is the responsibility of the proposer to sign up for notifications through the City’s website at [philomathoregon.gov/portal](http://philomathoregon.gov/portal) “Proposal & Bid Opportunities”.

**Submittal Requirements.** Required and optional sections of the team’s Statement of Qualifications (SOQ) are shown below, along with the maximum number of pages for each section. Each section is described in the following pages.

<b>Section</b>	<b>Page Limit</b>
Cover Letter	1
Cover (Optional)	1
Table of Contents	1
Project Vision	4
Team Organization	4
Key Staff Resumes	8
Experience on Comparable Projects	12
References	2
Total	33

**Cover letter**

Include contact information for the team’s primary points of contact and other introductory information you believe is important.

## **Cover – Optional**

## **Table of Contents**

### **Project Vision and Deal Structure**

**Project Vision.** Your project vision may include the following:

- a. A general vision for the type of project you would seek to build on the site.
- b. Ways in which your vision is consistent with or differs from the Community’s Vision.
- c. The reasons that your team is excited about this development opportunity.

**Deal Structure.** Tell us about your proposed deal structure, including:

- a. Your anticipated sources of capital, including equity, debt, and/or bond financing, as well as other sources such as grants and other gap financing; and,
- b. The key types of financial and non-financial assistance that your team would seek from the City and/or other parties in order to make your vision a reality.

**Timing.** Would your team be able to break ground by 2028? If not, please provide a target date to break ground on this project. If your team cannot break ground in the near future, tell us what interim uses you would provide on the site.

### **Team Organization**

Describe your team via text and/or an organization chart/graphic, including the lead development organization and supporting firms or individuals.

Let us know the identity of the lead development firm, and the roles of other firms or team members. Provide short (e.g., one- or two-paragraph) narrative introductions to each of the key firms involved. Where possible, provide web addresses for the firms involved. For more information, see “Team Composition” above.

### **Key Staff Resumes**

Include full- or half-page resumes for key staff members. Resumes should include information regarding the staff person’s professional experience, experience managing comparable projects (see “Desired Experience” above), education, total years of experience, and anticipated role on this project.

### **Project Experience**

Include 1-2 page project “cut sheets” that summarize the team’s work on up to 10 comparable projects. Feature projects that reflect the City’s “Desired Experience,” above. Include the name and address of the project; year built; site size; primary land/building uses; quantity of primary uses (e.g., number of hotel rooms, housing units, commercial space, etc.); at least one image;

the names of the firms that worked on the project, and their project role; project web site(s), if any. Note the projects in which cities or other public agencies played a key role, e.g., via a land sale, development agreement, or other. Include other information you feel is relevant, if any. Include projects completed by any team member, but emphasize projects that have been built and/or owned by the team's lead developer.

### **References**

Include three to five references for the team's Project Experience above, including each contact person's name, title, project role, organization, phone number, and email. The emphasis should be on references for the lead developer. At least one reference should be a staff person at a City or other public-sector agency.

### **Evaluation Criteria**

The city will use the following criteria to evaluate each team's Statements of Qualifications (SOQs): The degree to which each team can deliver on the Community's Vision, and the degree to which each team has the attributes described in the "What the City is Seeking" section. The City will only consider references if it is unable to decide based on the above criteria.

### **Submittal Format**

Statement of Qualifications (SOQ) submittals should be saved as a single pdf file of no more than 15 MB and emailed to [cityhall@philomathoregon.gov](mailto:cityhall@philomathoregon.gov). If files are too large to be emailed, other file transfer services may be used; however, it is up to development teams to ensure that large files have been received by the City.

### **Terms and Conditions**

- This RFQ is being made available to parties who may be interested in the subject properties.
- The site is being presented in an "as-is" condition with all faults, without representations or warranties of any kind or nature. The City does not represent or warrant the accuracy or completeness of the information contained in this RFQ. Nothing contained in this RFQ should be construed as a representation by any person as to the future possibilities or performance of the properties. Potential developers should conduct their own due diligence.
- Any commission paid to a broker representing an interested party will be paid by the interested party. No finder's fees, commissions, expenses, or other compensation will be paid by the City to agents, consultants, advisors, or other intermediaries or any interested party. The City expressly reserves the right, at its sole discretion, to reject any or all qualifications submittals, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this RFQ. The City shall have no legal commitment or obligation to any entity reviewing this RFQ or making an offer to lease or purchase the properties unless and until written agreement(s) for the lease or purchase of the site have been fully executed, delivered, and approved by the City and any conditions to the City's obligations therein have been satisfied or waived.

- All materials and images submitted to the City may be subject to public information laws.
- The City reserves the right to reject any and all submittals, and to waive minor irregularities in any submittals.
- The City reserves the right to request clarification of information submitted, to request additional information from respondents, and to request interviews with respondents.
- The City shall not be responsible for any costs incurred by the consultant in preparing, submitting, or presenting its response to this RFQ.