

# LAKELAND CRA

COMMUNITY REDEVELOPMENT AGENCY

## AGENDA

### Community Redevelopment Area Advisory Board

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Thursday, December 5, 2019 | 2:00 PM – 4:00 PM  
City Commission Conference Room, City Hall

**A. Financial Update & Project Tracker\***

**B. Housekeeping**

**C. Action Items**

- i. Old Business
  - i. Meeting Minutes November 7, 2019 (Pg. 5-7)
- ii. New Business
  - i. TIF Request- 322,324,325 Lake Avenue South and 810 Lime Street East (Pg. 8-12)
  - ii. Haus Management LLC Lease Addendum and Leasehold Improvements

**D. Discussion Items**

**E. Adjourn**

\* For Information

NEXT REGULAR MEETING:

**Thursday, January 9, 2020 3:00 - 5:00 PM** – City Commission Conference Room

### Downtown Fund



■ Available	\$808,376
■ Expenses	\$1,158,277
■ Encumbrances	\$1,004,279

Estimated Income in FY 2020 \$1,554,000

### Dixieland Fund



■ Available	\$477,683
■ Expenses	\$4,599
■ Encumbrances	\$686,866

Estimated Income in FY 2020 \$279,000

### Midtown Fund



■ Available	\$3,732,102
■ Expenses	\$144,448
■ Encumbrances	\$3,079,024

Estimated Income in FY 2020 \$3,345,000

\* Estimated Income from Lincoln Square Home Sales \$2,619,000

# LAKELAND CRA

## COMMUNITY REDEVELOPMENT AGENCY

### PROJECT PROGRESSION REPORT



STATUS KEY	
	RISKS / ROADBLOCKS
	POTENTIAL RISKS
	ON TRACK

Project	Status	Phase	Funding Allocated	Notes
Food Truck Park	ON TRACK	Complete		Complete
Lincoln Square	ON TRACK	Construction	\$4,268,086.00	Phase I Complete Phase II Complete Phase III 95% Complete Phase IV Complete
114 E. Parker	ON TRACK	Bid	\$350,000.00	Redesign of New Building
Lake Parker Art Path	ON TRACK	Bid	\$820,000.00	Art Production Underway Construction Underway
Five Points Roundabout	ON TRACK	Pre-Construction	\$175,000.00	
Kettles Ave Sidewalk	ON TRACK	Complete		Complete
Tapatios	ON TRACK	Construction	\$340,000.00	Underway; Site Work & Interior Construction
Mirrorton	ON TRACK	Construction	\$970,000.00	Construction Underway
Providence Rd	ON TRACK	Feasibility Review	\$1,100,000.00	Internal Review

# LAKELAND CRA

## COMMUNITY REDEVELOPMENT AGENCY

### PROGRAM PROGRESSION REPORT



STATUS KEY	
RISKS / ROADBLOCKS	
POTENTIAL RISKS	
ON TRACK	

Grants/Programs	Status	Active	Notes
Alley Vacating	ON TRACK	1	Boudaries located between Florida and Kettles Avenue and 9th and 10th Street
Affordable Housing Partnerships	ON TRACK	3	<ul style="list-style-type: none"> <li>• Providence Reserve Seniors (Fall Groundbreaking)- 193 Units</li> <li>• Midtown Lofts- 70+ Units</li> <li>• Vermont Ave Apartments- 16 Units</li> </ul>
Builder's Line of Credit	ON TRACK	1	703 W 5th Street; Underway 90% <b>Funding Gap</b>
Design Assistance	ON TRACK	3	Underway
Down Payment Assistance	ON TRACK	2	1 Award pending
Façade and Site	ON TRACK	8	Underway
Fix-It Up	ON TRACK	3	Underway
Food Related	ON TRACK	1	Underway
Infill- New Construction	ON TRACK	4	2 lots sold 2 pending
Infill Adaptive Reuse	ON TRACK	9	Underway
Murals / Tapestries	ON TRACK	2	Inquiries
Second Floor Renovations	ON TRACK		

**Community Redevelopment Area Advisory Board  
Meeting Minutes  
Thursday, November 7<sup>th</sup>, 2019  
3:00 – 5:00 PM  
City Commission Conference Room, City Hall**

**Attendance**

Board Members: Ben Mundy (Chair), Pastor Edward Lake (Vice-Chair), Brandon Eady, Brian Goding, Frank Lansford, Commissioner Stephanie Madden, and Cliff Wiley

Absent: Zelda Abram, Dean Boring, Harry Bryant and Cory Petcoff

Staff: Alis Drumgo, Terrilyn Bostwick, Jasmine Denson, Iyanna Jones, D'Ariel Reed and Damaris Stull

Guests: Annie Gibson (Housing), Commissioner Bill Read, Brian Rewis (Community and Economic Development Assistant Director), Harrison Ross and Sara Walsh

**Packets**

- Meeting Minutes dated September 12<sup>th</sup>, 2019
- Financial Update
- Project Progression Report
- Memo- Midtown Residential Program Target Areas
- Memo- Dixieland Grant Maximums

**Housekeeping**

Alis Drumgo introduced new CRA staff member Terrilyn Bostwick. At the September Board Retreat, Ben Mundy and Pastor Eddie Lake both opted to continue serving as Chair and Vice Chair of the Board for fiscal year 2020. This was approved by unanimous vote.

**Action Items – Old Business**

**Meeting Minutes dated July 11, 2019**

Frank Lansford moved approval of the minutes. Brandon Eady seconded the motion which passed unanimously.

**Financial Update**

Ben Mundy noted the available funds represented in the report did not include anticipated carryovers and encumbrances from FY19 but would be updated by the December meeting. Alis Drumgo noted that the revenue received from the second and third phases of the Lincoln Square project have been received and were used for the completion of the project.

**Action Items – New Business**

**Midtown Residential Program Target Areas**

In February 2016, the LCRA Advisory Board voted to approve the Fix-It Up Grant. The program was established to improve the neighborhoods by assisting existing homesteaders with essential exterior repairs and enhancements to their properties to improve the safety, value and aesthetics. The program has been delivered in six target areas, five of which are in Midtown.

Despite the presence of over twenty residential neighborhoods in the Midtown CRA, the intent was to cluster renovation projects in the Paul A. Diggs, North Lake Wire, Parker Street, John Cox and Lakeshore communities for a more concentrated visual impact.

Over the course of the program, the CRA serviced over sixty grants to residents in the target neighborhoods.

In April 2019, the Board voted to shift the administration of housing programs, including Fix-It-Up, to the Housing Division in order to continue furthering the goals of providing affordable housing and stabilizing neighborhoods. The programs are now administered in tandem with Housing's funding, where permitted, to maximize impact and income restricted to meet the needs of those who lack the resources to improve their quality of life. Despite these inroads to meet the need, maintaining target areas for program administration limit the ability to serve the needs of Lakeland's residents in the most blighted areas.

Staff recommended the removal of target areas to allow service to all Midtown residents that meet the established guidelines as previously approved by the CRA Advisory Board.

Brandon Eady moved to approve Staff's recommendation. Pastor Eddie Lake seconded the motion which passed unanimously.

### **Dixieland Grant Maximums**

The Dixieland CRA offers grants for design assistance, façade & site improvements, food related services, and infill adaptive reuse. The annual increment for the District is approximately \$300,000, and the grants are serviced from a pool of funds totaling \$250,000 for FY20. The design assistance and food related services grants are generally administered within the administrative approval amounts. The façade & site and infill adaptive reuse grants, however, are often pursued at varying rates by business and/or property owners to accommodate increased renovation expenditures, which requires request before the CRA Advisory Board.

Façade Improvement Matching Grants are available to all commercial property owners within the Dixieland Community Redevelopment Area and are capped at \$15,000. Governmental entities and not-for-profit entities are not eligible. Grants are intended for rehabilitation and restoration only. New construction is ineligible. The eligible improvements are: signs, awnings/canopies, facades, walls, fencing and landscape. Funds are awarded on a dollar for dollar basis.

The Infill Adaptive Reuse Program is for specific leasehold improvements that include the upgrading or installation of new electrical, HVAC, plumbing, sprinkler/fire suppression systems, security systems and ADA compliance items. The CRA offers a 50% matching grant with a \$15,000 cap. This program may be utilized for renovation construction of a new building or renovating existing structures for commercial use and/or projects that undergo commercial site plan review.

After hearing a request for a modified grant at the September 2019 regular meeting, the Board suggested a review of the grant maximums in Dixieland.

Staff left the discussion at the Board's discretion to review the grant maximums and vote if necessary.

Discussion ensued.

Brian Goding moved to increase both the Façade and Site and Infill Adaptive Reuse grants in the Dixieland district to \$25,000 maximum administrative allowance. Grants will continue to be awarded on a first come first serve basis. Brandon Eady seconded the motion which passed unanimously.

## Discussion Items

Permits for the Mirrorton project have been released to the developer and a tentative closing date of November 12<sup>th</sup> or 14<sup>th</sup> has been set. The City's legal team is working to finalize the escrow agreement. Groundbreaking is tentatively set for January, after the site has been cleared. Construction is set to commence within 30 days of closing. Utility modifications will take place within the first 45 days of construction.

Alis Drumgo provided an update on the Downtown development agreement with FURC1 LLC. Staff is negotiating with the developer to move forward to the November 18<sup>th</sup> Commission meeting. The developer is offering \$200,000 for the property, which is the appraised value, with \$144,000 back in incentives. The developer has one year with one 30-day extension to meet all closing conditions which includes acquiring the former Greyhound Bus Station parcel.

The City's Attorney is currently reviewing the Oak Street development agreement with The Catalyst Group. Staff anticipates it will be ready to move forward in December.

The Lake Parker Shared Use Path project was approved by the City Commission at the October 21<sup>st</sup> meeting. Construction completion is anticipated for May 2020.

Midtown Loft's closing is tentatively set for November 13<sup>th</sup> with a 13-month construction timeline.

The Lincoln Square project completion is anticipated for the end-of-November.

Staff is working with Dr. Brisbane on the demolition and redesign of the 114 E. Parker building.

Funding has been secured for the Vermont Avenue Apartments. The CRA will be working with the City Attorney to transfer the property to Talbot House by December 2<sup>nd</sup>.

Alis Drumgo invited the Board to the Yard on Mass' grand opening on November 20<sup>th</sup>.

**Adjourned at 3:37 PM**

**Next Meeting, Thursday, December 5, 2019 2:00 PM, City Commission Conference Room.**

\_\_\_\_\_  
Ben Mundy, Chairman

\_\_\_\_\_  
Date



228 S MASSACHUSETTS AVE  
LAKELAND, FLORIDA 33801  
863.834.6011

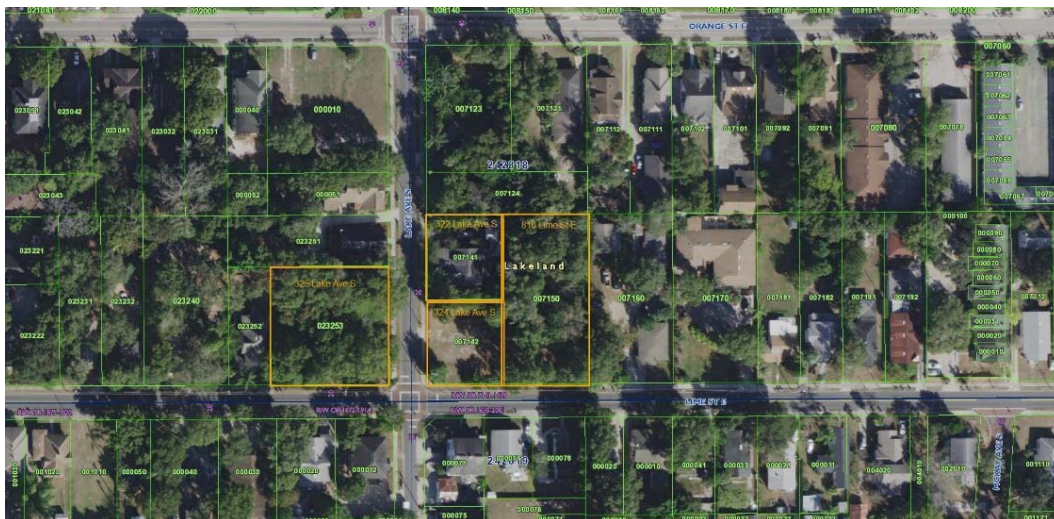
# Memo

To: CRA Advisory Board  
From: Terrilyn Bostwick, CRA Senior Project Manager  
Through: Alis Drumgo, CRA Manager  
CC: Matthew Clark, Broadway Real Estate Services  
Date: December 5, 2019  
Re: **Tax Increment Financing Request – Property Located at 322, 324, 325 Lake Avenue South and 810 Lime Street East**

Broadway Real Estate Services has submitted a request for Tax Increment Financing for properties the entity owns at 322, 324, 325 Lake Avenue South and 810 Lime Street East. Plans include new construction, and site improvements to the properties. The finished proposed project will be ninety (90) apartment units located in the Downtown’s Garden District.

## The Site

The existing site consists of parcels 24-28-18-205000-007141, 24-28-18-205000-007142, 24-28-18-205000-023253, and 24-28-18-205000-007150; totaling 57,934.8 SF (1.33 acres) of vacant land.





### **Project Description**

The Developer is proposing a new construction of two, 3 story buildings, consisting of ninety (90) apartment units, on-site management office, and on-site surface parking. The Developer's hard costs are projected to be \$7,864,065 with an additional \$2,308,000 in soft costs and \$430,000.00 in land acquisition costs, bringing the total development costs to approximately \$10,602,065. Renderings, proposed plans, and a proposed contractor's budget are attached.

### **Project Evaluation**

The Tax Increment Financing program allows qualified developers to receive a reimbursement of tax increment funds collected by the Lakeland Community Redevelopment Agency (CRA). The reimbursement is based on incremental revenue collected due to increases in the property's taxable value resulting from the investment made in the real estate. The proposed term of the reimbursement is ten (10) years, beginning in the year following the project's receipt of a Certificate of Occupancy. The developer will receive a 100% reimbursement calculated in years one and two, 80% in years three and four, 60% in years five and six, 40% in years seven and eight, and 20% in years nine and ten; totaling a period of ten years. Once awarded, the TIF program would allow for a one time transfer of the property, including foreclosure by a lender and subsequent transfer to a third party.

The agreement would include the following sample language:

*The Agreement, and the benefits and obligations hereunder, shall be assignable to a new owner of the Property only one time during the ten (10) year period described in the paragraph 2 above ("One Time Transfer"). A One Time Transfer shall also include the foreclosure by a lender on the Property and the sale of the Property by the lender to a third party buyer: the intent of the foregoing is that the Property title transfer to the lender through a foreclosure and the subsequent transfer of the Property by the lender to a third party shall be permitted and is included as a One Time Transfer. After a One Time Transfer any further transfer of the Property shall terminate this Agreement.*

There are two primary criteria which must be met to qualify for this program:

- 1) *The renovation/improvement must be at least 50% of the then current assessed value of the property and must bring the property up to meet all building codes.*
- 2) *The applicant must apply for consideration prior to receiving a building permit for construction.*

The current total assessed value of the properties is \$174,796 and improvements are estimated to be \$7.8 million. Based on this information, the renovation/improvement clearly exceeds the required 50% investment above the current assessed value. The applicant currently has plans ready to submit for permitting.

In January 2008, the Lakeland Downtown Development Authority (then the review and approval authority for this program) adopted several additional Selection Considerations for the Tax Increment Financing Program. These Selection Considerations were based on the physical characteristics of different parts of Downtown.

To be considered for incentives, a project must be consistent with the following Downtown CRA goals:

- Be consistent with the Redevelopment Plan
- Maintain and enhance the historic and pedestrian character of Downtown
- Provide a catalyst for economic development
- Promote infrastructure improvements including bike/pedestrian connections that allow for connectivity between all areas of Downtown
- Promote infill development

The Development aligns with that sought by the CRA's Redevelopment Plan as:

1) it will maintain and enhance the historic character of the Garden District, as confirmed by the Design Review Committee of the Historic Preservation Board, who approved the design in September 2019;

2) it will enhance and expand the bike/pedestrian friendly environment of Downtown and the Garden District by adding crosswalks to Lake Avenue South;

3) it will provide a catalyst for economic development by the expansion of the residential community in Downtown, which will result in the expansion of retail, restaurants and other commerce in Downtown; and

4) it will provide infill development by constructing ninety apartment units on currently vacant land located in the Garden District of Downtown.

The Developer is estimating completion in the Spring of 2021.

Staff recommends this project for approval.

Please be prepared to discuss.

November 21, 2019

Via Email

Downtown CRA Advisory Board  
c/o: Alis Drumgo, CRA Manager  
The City of Lakeland  
Lakeland Community Redevelopment Agency  
228 S. Massachusetts Ave  
Lakeland, FL 33801

Dear Downtown CRA Advisory Board:

The Lake Lime Multifamily Development (the “Development”), is to be constructed by Broadway Real Estate Services (the “Developer”) on the property located at 322, 324, 325 Lake Avenue South and 810 East Lime Street, (collectively, the “Property”), which is in the Garden District of Downtown Lakeland. The Development will consist of two, 3 story buildings, having a total of ninety (90) apartment units, an on-site management office and on-site parking. The Development will be located on four separate parcels divided by Lake Avenue South. In order to tie the Property together and in order to create a very pedestrian friendly environment, the Developer will install pedestrian crosswalks on Lake Avenue South and will work with the City to obtain electronic signage and signaling for the crosswalks. On September 26, 2019, the Development Review Committee (the “DRC”) granted approval of the design of the Development.

The Developer purchased the Property in late 2018 for \$430,000.00. The collective current assessed value of the Property is \$174,796.00. The Developer's hard costs for the Development are projected to be \$7,864,065.00 with an additional \$2,308,000.00 in soft costs and \$430,000.00 in land acquisition costs, bringing the total development costs to approximately \$10,602,065.00. The Development will expand the tax base for the City of Lakeland, and it will encourage numerous other development projects, thus having a significant economic impact on the City's Downtown and the Garden District tax base.

The Development promotes infill development, provides a much needed eastern expansion of the Downtown residential community and will only be economically beneficial to the City's urban core. The increase to the residential base will encourage influx of retail, restaurants, nightlife, arts, entertainment, activities, music, parks, and other commercial destinations. Without continuing to grow our residential population, it will be impossible for Downtown to expand and thrive in the future.

The Development aligns perfectly with the development sought by the City's Downtown Redevelopment Plan as follows:

- It will maintain and enhance the historic character of the Garden District, as confirmed by the DRC who approved the design in September, 2019;
- It will enhance and expand the bike/pedestrian friendly environment of Downtown and the Garden District by adding crosswalks to Lake Avenue South;

- It will provide a catalyst for economic development. The expansion of the residential community in Downtown will definitively result in the expansion of retail, restaurants and other commerce in Downtown.
- It will provide infill development by constructing ninety apartment units on currently vacant land located in the Garden District of Downtown.

The Development clearly meets and exceeds the goals of the City's Downtown Redevelopment Plan and will serve as a catalyst for further development and value add projects throughout the Garden District, enriching the City's and Downtown CRA's tax base. As a result, the Developer respectfully requests a Tax Increment Financing Agreement ("TIF Agreement") with the City of Lakeland for this Development.

The Developer is seeking a TIF Agreement that would reimburse the tax increment generated from the Development over a ten (10) year period, with a reduction to the reimbursement over the ten (10) year period as follows: 100% for years 1 and 2, 80% for years 3 and 4, 60% for years 5 and 6, 40% for years 7 and 8, and 20% for years 9 and 10. The Developer is requesting this increment due to significant financial risks inherent with the development of Downtown multi-family projects. As documented by the budgetary figures we have provided, this Development will cost us approximately 40% more in total construction costs than our latest Downtown development project (NOBAY). In only a few short years, construction costs have risen this drastically, yet rental income has failed to keep pace with these rising costs. Due to these substantial financial obstacles, the Development is barely feasible to construct. With this in mind, the Developer is simply asking the CRA for help through a TIF Agreement. Adding to the risk is the fact that: (i) the Mirrorton project has recently broken ground and will be delivering 300+ units to the Downtown market at approximately the same time as our Development; and (ii) the developer of the Oak St. lot may be delivering another 200+ units Downtown at approximately the same time. This flooding of the Downtown market with additional inventory will soften the market and lower rental rates, only adding to the financial risk of our Development. The TIF Agreement the Developer is requesting of the City is a reasonable and appropriate request due to our risky local market, and the payment of the reimbursement is truly a non-out-of-pocket incentive. For these and other reasons we are happy to discuss with the Board, Developer is requesting the TIF Agreement as set forth above.

Best personal regards,



Matthew R. Clark  
President

Enclosures

- TIF Application
- Site Plan
- Floor Plan
- HPB Certificate of Review