CITY OF STUART, FLORIDA
AGENDA ITEM REQUEST
Community Redevelopment Agency

Meeting Date:8/27/2018 **Prepared by:**Pinal Gandhi-Savdas

Title of Item:

RESOLUTION No. 01-2018 CRA; A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY AUTHORIZING THE CHAIR PERSON TO EXECUTE AN AGREEMENT BETWEEN THE STUART COMMUNITY REDEVELOPMENT AGENCY AND AVONLEA IMPROVEMENT COMPANY, LLC, PROVIDING FOR THE ALOCATION OF TAX INCRIMENT FUNDS GENERATED FROM THE INCREASE IN PROPERTY VALUE TO THE PARCELS WITHIN THE NEW AVONLEA PUD; PROVIDING AN EFFECTIVE DATE; AND FOR OTHER PURPOSES. (RC)

Summary Explanation/Background Information on Agenda Request:

The Community Redevelopment Plan has a policy in place to assist large development projects with "grants paid in annual installments, equal to a percentage of the tax increment revenue received by the Community Redevelopment Agency (CRA) due to the increased assessment to the property."

The applicant of the New Avonlea PUD project has requested that the CRA provide certain economic development incentives for the development. The CRA is committed to the continual redevelopment and revitalization of areas which have not achieved their full potential. Because of the nature of the New Avonlea PUD and its potential to positively impact the City, the staff is proposing to establish a public/private partnership through an agreement to share the future tax increment financing (TIF), over and above the current pre-development tax level, with the developer of the New Avonlea PUD project for a period of five years to accelerate the timing of the development. This private/public partnership will help formalize the purpose for which TIF may be used, thus generating additional tax increment revenue, which will result in enhanced economic benefit to the community and provide stability and potential for future development of adjacent properties.

The applicant of the New Avonlea PUD is required to complete construction of Phase 1 and 2 of off-site improvements as depicted on the Off-Site Improvements Plan attached as Exhibit "A". As part of the grant agreement, the applicant is required to complete Phase I of the Off-Site Improvement Plan prior to qualifying for any tax increment revenue for Parcels 2, 8, 9 and 12 and complete Phase II of off-site improvements by May 1, 2022 to qualify for the same five-year REDA program for Parcels 10, 11, 13, 14, 15 and 16 of the New Avonlea PUD through a separate negotiated grant agreement. An Off-Site Improvement Plan includes on-street parking, a new roundabout, sidewalk inter-connectivity, street landscaping, lighting, furniture and mid-block crosswalks and neighborhood connectivity. The annual cost sharing from the increase in assessed value of parcels are intended to offset the costs for off-site improvements that result in project expenses that are higher than project financing sources, which produces a return that is either negative or so low that a project would not be able to move forward. It will encourage the developer to maximize the development and increase the property's assessed value faster to share the new tax revenue for "short-term."

The Avonlea development will consist of 62 duplex residential units, developed in two phases (Parcel 2 and 12). This public/private partnership will encourage and accelerate the timing of residential development to improve market rate housing stock in the CRA. Recently, the City produced an Economic Development Strategy Report and Housing Action Plan with the Department of Economic Opportunities (DEO) Competitive Partnership Grant to serve as a guide for the City's economic development efforts. The data collected indicates that the City's existing housing stock is aging, with about 78% of homes were built prior to 1989 (average home is more than 30 years old), and less than 13% of homes were built in the 21st century. It is also important to note that approximately 21,000 workers commute to jobs within the City. To determine the City's housing needs, staff also held community stakeholder meetings and found some of barriers to living in Stuart include: poor quality housing, high cost of housing, lack of appropriate housing for professional workforce, limited housing options (what is available needs renovations), slow pace of residential redevelopment, limited developable lands, difficulty finding housing, and low availability and variety of housing options. The Avonlea development will address the housing needs and act as catalyst for continued redevelopment of adjacent properties and spur additional

residential/mixed-use developments in the CRA boundaries.
The grant agreement, as proposed by staff, will provide the New Avonlea PUD project a rebate amount equal to 50% of the property tax increment received by the City for five (5) years from the base year established for Parcels 2, 8, 9 and 12, conditioned upon completion of Phase 1 of the Off-site improvements and proof of payment of property taxes on all parcels. The five year recapture for the first phase shall be May 2020 – May 2024. The New Avonlea PUD shall also qualify for the same five (5) years REDA Pilot Program for Parcels 10, 11, 13, 14, 15 and 16 so long as the offsite improvements for Phase 2 are completed by May 1, 2022. The five years recapture for those parcels shall be May 2023 - May 2027. The base year shall be the year the agreement is adopted. The assessed valuation of property is frozen at the base year. After the base year, all the assessed value for all ten parcels that is above the base value is the increment assessed value from development. The City and county general millage rates are applied to the increment assessed value to determine the new TIF revenue. This additional tax revenue will be deposited into the CRA Fund. The CRA will then calculate an amount equal to 50% of the TIF generated annually from the project and share the revenue over the five years until the termination of the grant agreement. If a site plan is approved on Parcels 10, 11, 13, 14, 15 and 16 of the New Avonlea PUD and additional off-site improvements is required during the term of first phase of the off-site improvements (recapture period of May 2020 – May 2024), the developer may seek to amend the grant agreement to include those parcels for the remaining years of first phase. At the end of the fifth year of each recapture period, the entire TIF reverts back to the CRA Fund and will be higher than prior to the project.
The proposed project will help achieve the goals of the Community Redevelopment Plan: to provide development of diverse housing choices that appeal to a wide range of household incomes, ages, and lifestyles, to develop new housing in areas adjacent to employment centers and transportation options, to create attractive pedestrian and bicycle friendly streets complimented by building forms and links between the different neighborhoods, and to provide economic stimulation and increase investment in the CRA.
Note: A member from another board inadvertently seconded the motion for this item. Therefore, staff is bringing it back for corrective action.

Funding Source:
CRA Future Tax Increment Revenue from the Avonlea development project.
Recommended Action:
Approve Resolution No.01-2018 authorizing the agreement to share new revenue generated from the increased property value of the parcels within the of the New Avonlea PUD.

ATTACHMENTS:

	Description	Upload Date	Type
🗋	Resolution No. 01-2018 Grant Agreement with Avonlea	7/16/2018	Resolution add to Y drive
🗋	Off-site Improvements Cost Estimate for Phase I and Lot 10	7/16/2018	Backup Material
🗋	TIF Revenue Sharing Projection	7/16/2018	Backup Material
🗋	Master Avonlea Site Plan	7/16/2018	Backup Material
🗋	CRB Minutes	7/16/2018	Backup Material