

MEMORANDUM

November 29, 2022

TO: Honorable Mayor and City Commission

FROM: James Slaton, City Manager

SUBJECT: Lake Wales Housing Authority Funding Request for Grove Manor

SYNOPSIS: *The Lake Wales Housing Authority is requesting a funding match of \$1,000,000 for the redevelopment of Grove Manor.*

RECOMMENDATION

Staff recommends City Commission approval of the grant request of \$1,000,000 made by the Lake Wales Housing Authority for Phase 2 of the redevelopment of Grove Manor subject to the following provisions:

1. Redevelopment of the Grove Manor Property shall substantially be in conformance with the attached Conceptual Site Plan designed in partnership with Dover, Kohl, & Partners.
2. Upon notification of receipt of tax credits for the Grove Manor Project, the Lake Wales Housing Authority shall convey a portion of the real property to the Lake Wales Community Redevelopment Agency (Phase 4 on attached site plan).
3. Authorize the City Manager to execute all necessary documents on behalf of the City.

BACKGROUND

Prescribed within the Lake Wales Connected plan is a redesign of Grove Manor. The site serves as a keystone that connects Lake Wales' Northwest neighborhood to the historic downtown district. This connection is fundamental in the City and CRA's redevelopment plan.

The Lake Wales Housing Authority is seeking to redevelop the Grove Manor public housing complex and is seeking a local government match of \$1,000,000 to both assist in funding the project and to increase chances of a tax credit award. Redevelopment of the site will occur in three separate phases. The City previously approved \$460,000 in 2020 for the entire project, and \$1,000,000 for the redevelopment of Phase 1 in 2021, but the Housing Authority unfortunately was not awarded the tax credits. The City approved an additional \$460,000 grant for redevelopment of Phase 2 in 2021 with the same outcome.

The Housing Authority believes it will be more advantageous to apply the \$1,000,000 match to Phase 2 this year. No application will be made for Phase 1 tax credits. Phase 1 is comprised of 120 housing units, while Phase 2 is comprised of 90 housing units.

If approved, the requested \$1,000,000 will come from American Rescue Plan (ARP) funds and not the City's general fund.

As a publicly owned complex, Grove Manor currently generates no ad valorem property taxes. However, if the complex is redeveloped as proposed, the new housing units will be privately owned and the improvements will generate tax increment revenue for the CRA. The estimated tax increment revenue generated for Phase 2 is \$50,000 annually, providing an approximate 20-year return on the public investment.

The City's CRA recently extended its end of life by 30 years, so the CRA will see a net gain in tax increment for several years before the CRA expires, after which point the City of Lake Wales will receive ad valorem tax revenue.

In an effort to mix housing types on the site, to provide additional affordable housing, and to maximize the available land on the site, the Housing Authority will convey the land identified as Phase 4 to the CRA for future single-family affordable housing construction.

LAKE WALES CONNECTED PLAN ACTION STEPS

Action #	Description
7	Support upgrades to Grove Manor public realms improvements
9	Partner with housing contractor to build infill housing in the Northwest Neighborhood.

FISCAL IMPACT

If approved, \$1,000,000 in ARP funds will be encumbered and paid once the construction is complete.

The estimated tax increment generated from this phase of the project is \$50,000 annually.

OTHER OPTIONS

Do not approve the expenditure of \$1,000,000 to the Lake Wales Housing Authority for the redevelopment of the Grove Manor property

ATTACHMENTS

Site Plan