

Community Redevelopment Agency (CRA)
Meeting Minutes July 13, 2021
(APPROVED)

7/13/2021 - Minutes

1. CALL TO ORDER & ROLL CALL

Members Present: Robin Gibson - Chair; Terrye Howell; Eugene Fultz - Mayor; Daniel Williams

Staff Present: James Slaton, Executive Director; Albert Galloway, Jr., City Attorney; Jennifer Nanek, City Clerk

2. Minutes - June 8, 2021 & June 15, 2021

Mayor Fultz made a motion to approve both sets of minutes. Commissioner Howell seconded the motion.

By Voice Vote:

ALL "YES"

Motion passed 4-0.

3. COMMENTS AND PETITIONS

4. CRA 101 Class

James Slaton, Executive Director, introduced Jeff Oris to give a CRA 101 Class.

Mr. Oris shared some of his background and reviewed a brief history of CRA. He has been involved in creating CRAs for 25 years. He has worked with various cities in Florida. Mr. Oris shared details on how CRAs are created. There are 223 CRAs in Florida.

Mr. Oris described how one finds blight and how "blight" is defined. Includes high vacancy rates, unsafe buildings, undefined ownership of property, high crime rate. Some areas in the definition are not well defined. Mr. Oris then explained next steps in creating the CRA including approval of the governing body and public notice.

Mr. Oris then discussed the various possible ways to set up the CRA board. Then a redevelopment Plan might be developed as a guide of what the CRA might do. CRA Plan must conform to the City comp plan.

Mr. Oris then listed what should be in the Redevelopment Plan including a list of capital projects and their costs.

Chair Robin Gibson reviewed the history of LongLeaf Business Park within the CRA. He said he disagreed with the reasons to remove it from the CRA.

Mr. Oris then reviewed the reasons and procedures related to amending the CRA Plan. He cautioned against doing this frequently and recommended changing a project to fit the plan rather than the reverse.

Mr. Oris explained how to amend the CRA's boundaries which includes a joint hearing with the City and County.

Commissioner Howell asked if the Mall could be under the CRA. Chair Gibson said yes if we put it in the district. The mall could be considered blight. Mr. Oris cautioned against taking too much away from the general fund.

Some examples of joint efforts between Cities, CRAs and Counties were discussed.

Mr. Oris described efforts to terminate CRAs and what may need to be done to extend the CRA.

Mr. Oris identified activities allowed under the CRA. All activities must be in the plan. He recommended against changing the plan for a project but the project to conform to the plan. He recommended keeping the county informed of our plans. Treat them like partners. There are many ways to be creative to come up with answers to challenges.

Mayor Fultz said it was about 2017 when the legislature wanted to change rules for CRAs because some CRAs did some things wrong. Mr. Oris said one small error blew up into a major issue. It has died down for now.

Mr. Oris reviewed the taxing limits of the CRA. Mr. Oris reviewed what can and cannot be done with CRA funds and shared examples of creative ideas and mistakes by other cities.

Mr. Oris said the CRA can borrow money and now is a good time to do so as borrowing rates are lower. James Slaton, Executive Director, said we are working on extending our CRA to borrow money.

Mr. Oris cautioned against using the CRA to fund City services but the CRA can fund additional services. He used Police officers as an example. funding regular police officers should not be done with CRA funds but additional services such as a dedicated Community Policing Officer could be funded. Chair Gibson asked if there was a police officer funded by the CRA. Mr. Slaton said the Community Liaison is funded by the CRA. He only serves the CRA. Mr. Oris shared an example of how this type of situation can go wrong. Mayor Fultz said its good that we are doing this correctly. If the City usually does it the CRA should not take it over.

Mr. Oris listed several things a CRA cannot do such as create laws, regulate land, declare an area to be blighted or utilize eminent domain.

Mr. Oris explained what a tax increment revenue is and how the CRA receives money from the County and City which is the increase of revenues over a base year. Money in the trust fund can be used for administrative expenses.

Mr. Oris reviewed the budget procedure for the CRA budget. It must be presented to the Commission with the City budget. The CRA Board must adopt the budget by resolution.

Chair Robin Gibson asked which is better? The Commission as the CRA board? or a separate CRA board? Mr. Oris said he recommends different things based on a City's situation. He shared some examples of each and why they worked.

Mr. Oris listed things to be done with remaining funds at the end of the fiscal year such as debt,

escrow account, reallocated to a project or returned. He then described the audit requirements. Everything the CRA does is public.

5. The CRA Providing A Development Subsidy To Florida Development Corporation (FDC) For \$46,500.

[Begin Agenda Memo]

SYNOPSIS: The purpose of this request is to consider providing an increase in the development subsidy to Florida Development Corporation due to an increase in material costs.

RECOMMENDATION

It is recommended the CRA Board consider the following action(s)

1. Authorize the CRA Executive Director to create an addendum to the current developer's agreement to reflect the increase in subsidy the CRA is providing FDC for material cost.
2. Authorize the CRA Executive Director to provide a development subsidy of up to \$46,500.

BACKGROUND

On February 9th, the CRA Board authorized the Executive Director to provide a development subsidy of up to \$18,200 to Florida Development Corporation for construction of a house on Lot 19. The subsidy is to cover the gap in development costs, which would then allow the home to remain affordable for the buyer. More specifically, FDC would be able to offer the home at a price where a buyer with an average median income of 120%..

On June 13th, Frank Cornier, CEO of Florida Development Corporation, submitted a letter to Darrell Starling describing how increased in material costs and material shortages are affecting the home building industry. Frank and his team put together three options for consideration:

1. Stop, wait, and build the home later once materials cost decrease.
2. The CRA increase its contribution to \$43,300 to cover development cost.
3. The Florida Development Corporation will increase the cost of the home by \$15,000 and the CRA would cover the remaining \$28,300.

On June 29th, City staff met with Florida Development Corporation in reference to the increase in materials and the extra subsidy the organization needed. Both parties decided that an additional \$28,300 for development subsidy would be the best option to help keep the home at an affordable rate and fill the gap from the increase in material cost.

The total amount of subsidy the CRA would give to FDC for the housing project would be \$46,500

(\$18,200 + \$28,300)

LAKE WALES CONNECTED PLAN ACTION STEPS

Action # Description

9 Provide down payment assistance and low-interest mortgages for infill housing in the Northwest Neighborhood

27 Identify properties owned by CRA or the City and explore joint ventures for new housing

38 Provide first-time homebuyer counseling and education (NOTE: For this project, this service will be provided by Keystone Challenge Fund)

39 Provide down payment assistance and low-interest mortgages for infill housing

FLORIDA DEVELOPMENT CORPORATION

Florida Development Corp, Inc. (FDC) is a progressive real estate development company founded in 2016. Its founders have over 60 years of collective experience in affordable housing development, community & economic development, weatherization, financial and project management. Their projects include numerous new construction homes, multi family, weatherization and whole house single-family rehabilitation projects. FDC has provided services to municipalities, and nonprofit organizations in Hillsborough, Pasco, Polk and Orange Counties as well as various areas throughout Central and Western Florida.

REVENUE VALUE

Jurisdiction	Millage
---------------------	----------------

Polk BoCC	6.899
-----------	-------

City of Lake Wales	6.7974
--------------------	--------

Total	13.6964
-------	---------

Assessed Value (Less \$50,000 Homestead Exemption) \$ 145,900.00 (assumed)

Tax Increment Revenue \$ 1,998.30 (for home)

RETURN ON INVESTMENT

CRA Investment \$46,500 - \$3500 = \$43,000

Tax Increment Revenue \$1,998.30/Year

Total Return on Investment (ROI) 21.52 Years

FISCAL IMPACT

The Cost to the CRA will be \$43,000 (\$46,500 Development Subsidy - \$3,500 Sale Price for Lot 19).

OTHER OPTIONS

Do not approve the subsidy.

[End Agenda Memo]

James Slaton, Executive Director, reviewed this item.

Commissioner Howell asked why are we subsidizing this? Mr. Slaton said the subsidy will make it an affordable home. Without it it will be sold for market price. Commissioner Howell asked how much is an affordable house?

Representatives from Florida Development Corporation introduced themselves. The representative explained what the formula is to figure that out and is about \$196,000. A household making \$25 an hour could afford payments. This is appropriate to Polk County.

Chair Robin Gibson said this is an upgrade which he is in favor of as it increases the value of every one's property. The representative said this will help the CRA to alleviate blight.

Commissioner Howell made a motion to approve the subsidy. Mayor Fultz seconded the motion.

By voice vote:

Commissioner Howell "YES"

Mayor Fultz "YES"

Commissioner Williams "YES"

Chair Gibson "YES"

Motion passed 4-0.

6. Grove Manor Funding Request For The City Of Lake Wales

[Begin Agenda Memo]

SYNOPSIS: The purpose of this memorandum is to provide a recommendation of the Lake Wales Housing Authority funding request of \$1,000,000 for the redevelopment of Grove Manor property.

RECOMMENDATION

Staff recommends that the City approve the expenditure of \$1,000,000 to the Lake Wales Housing Authority for the redevelopment of the Grove Manor property as part of the 2021 Florida Housing Finance Corporation (FHFC) application cycle, subject to the following requirements:

1. Development of the Grove Manor Property shall substantially be in conformance with the Conceptual Site Plan from GHA, Dated July 9, 2021
2. Upon notification of receipt of the tax credits from the FHFC for the Grove Manor Project, the Lake Wales Housing Authority shall enter a Development Agreement with the CRA for the conveyance a portion of the property (known as Phase 4) to the Lake Wales CRA.

BACKGROUND

Listed below is a timeline on recent events.

On March 30th, the Executive Director of the Lake Wales Housing Authority, submitted a request for a \$1,000,000 contribution from the City of Lake Wales for Phase 1 of the redevelopment of Grove Manor. The \$1,000,000 will help position the Housing Authority to win the 4% SAIL financing they will be applying for in August 2021.

On April 13th, Mr. Kirkland, along with a representative from the advisory group Smith & Henzy, made a formal request of the CRA Board to contribute \$1,000,000 toward an application for the SAIL financing tax credit. At the meeting, the Board recommended that the Lake Wales Housing Authority and its partners work with City Staff and Dover, Kohl & Partners on the design of the Grove Manor property.

The Board suggested that the Housing Authority return in July to present a new design that meets all of the recommendations given by Dover, Kohl & Partners. The Board also recommended that Mr. Kirkland schedule a meeting between the CRA Board and the Housing Authority Board to discuss plans for Grove Manor.

On May 18th, the City held a joint meeting between the Lake Wales CRA staff, Dover Kohl, the Lake Wales Housing Authority and its partners to discuss design concepts.

On June 15th, a joint meeting was held between the CRA Board and the Lake Wales Housing Authority.

On June 17th, a follow up meeting was held between the Lake Wales CRA staff, Dover Kohl, and the Lake Wales Housing Authority and its partners to discuss design concepts.

At this time, it is staff's opinion that the revised site plan meets the goals established by the CRA Board, to include a design consistent with the Lake Wales Connected plan.

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 CRA funds may be encumbered in FY 2023-2024, subject to approval of the Tax Credit Application by the Florida Housing Finance Corporation. Additional funding sources, such as American Rescue Plan funding, are currently being explored as well.

OTHER OPTIONS

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

[End Agenda Memo]

James Slaton, Executive Director, reviewed this item. He introduced Victor Dover to review the site plan.

Victor Dover, Dover Kohl, gave a presentation of the site plan. It will be redeveloped from a campus style public housing project into a mixed-income housing type street orientated neighborhood. It will be reconnected to the nearby neighborhoods. He shared examples of these types of redevelopments. Apartments will be included and connected to the trail network. He showed the revised plan for Grove Manor. The buildings are on streets with streetlights. He showed the different phases. he described the new proposed phase 4 on the corners close to downtown and to MLK and Community Center. The Housing Authority will convey those to the CRA where the CRA and partners will add in the other housing types. They want to keep it as green as possible. They addressed most of the concerns about the original plan. Some things will need to be addressed as the project moves forward. This is an amazing degree of compromise.

Mr. Slaton asked about the designs of the buildings. Brian Herbert, of the architects for the Housing Authority described the design of buildings in each phase. He said they put in some variations and a blend of building types. They can have different facades as they are built. These things can create a neighborhood feel.

Chair Gibson asked about the parking areas. Mr. Herbert described the parking which can't be seen from the streets. he said that Russell wanted to create connections to the trails and add roadways and trees. The community will be walkable and safe. There will be windows and balconies on every building. There will be no dark areas.

Commissioner Howell asked about the number of streets. Mr. Herbert identified the different streets. There will be a brand new street in addition to Seminole Avenue. The block will be returned to a normal size.

Chair Gibson asked about transferring the property and consequences related to tax base. The development agreement will say who owns what. Mr. Slaton said the property will be conveyed for \$1,000,000 and will contract with a developer for this. Specific terms will still need to be negotiated. This needs to go to the Housing Authority Board for their approval.

Chair Gibson said we want the property in private hands at some point to increase the tax base. He hopes this effort brings results. This project is the keystone to the Connected Plan. The residents should feel connected not segregated.

Commissioner Howell asked how many homes are in phase 4. Mr. Herbert said between 40 -56 depending on what surveys say. Commissioner Howell asked if they are larger. He said yes. Phase 4 is a new concept that could not fit into the earlier phases. They came up with this recently. Another developer will be needed to build phase 4 with a subsidy. The quality of the phases are important.

Mayor Fultz said this is a great plan.

Commissioner Howell made a motion to approve this request subject to the listed requirements. Mayor Fultz seconded it.

By roll call vote:

Commissioner Howell "YES"

Mayor Fultz "YES"

Commissioner Williams "YES"

Chair Gibson "YES"

Motion passed 4-0.

Chair Gibson said this is great progress from a year and a half ago.

7. EXECUTIVE DIRECTOR'S REPORT

James Slaton, Executive Director, announced that we received notification that we are awarded \$750,000 CDBG grant for housing rehabilitation. That project should get started in the fall. Chair Gibson asked where the money is going. Mr. Slaton said this will rehabilitate 10-11 homes in the northwest area. Chair Gibson said that is wonderful.

Mayor Fultz asked about increased ad valorem taxes for this housing area. Mr. Slaton reviewed the estimated payback upon completion of the project.

Commissioner Williams said he is excited about what is happening in the Lake Wales.

8. ADJOURN

The meeting was adjourned at 6:44 p.m.

Chair/Vice-Chair

ATTEST:

City Clerk/Deputy City Clerk