The Community Redevelopment Agency (CRA) staff received an application for the Real Estate Development (RED) grant program in March 2018. The applicant, Largo Central LLC, has submitted on behalf of their project, the West Bay Lofts for their mixed-use development with 123 market-rate residential rental units above 40,000 gross square feet of commercial space and accompanying structured parking. The project is located on the 500 and 600 Blocks of West Bay Drive.

The RED grant was established in May 2014 by the CRA Board for the West Bay Drive Community Redevelopment District (WBD-CRD) with the intent to expedite multi-story mixed-use development with an office component in the district. This is the first grant request for the RED grant program.

Staff presented Largo Central LLC’s grant application to the Community Redevelopment Agency Advisory Board (CRAAB) on April 30, 2018. A copy of the CRAAB memo and meeting minutes are attached. The CRAAB voted in favor (7-2) of awarding a RED Grant incentive in the amount of 50% of Largo’s portion of tax increment generated by the project, for a period of up to 10 years. Members of the Board stated the mixed-use project was needed in Downtown Largo, that they were appreciative of the developer’s project, and they wanted to send a message to other developers that they want more projects like the West Bay Lofts in Downtown Largo.

(Continued on page 2)
As documented in the CRAAB memo and incentive review, the *West Bay Lofts* total project cost is programmed to be $48,852,990. In addition to tax increment revenues generated by the project, the project will bring pedestrian improvements, landscape and lighting improvements, extending public parking on-street and parking in the structure, retail shopping, dining and personal services amenities, and an enhanced daytime and resident population to add to Downtown living. The mixed-use project will be the first of its kind in Downtown.

If the CRA Board agrees with the CRAAB recommendation to provide a RED grant in the amount of 50% of Largo’s portion of tax increment for 10 years, staff will work with the City Attorney and the applicant on an incentive agreement, which will then be brought back to the CRA for authorization.
Background:

In March, staff received the first Real Estate Development (RED) grant application. The RED Grant was established in May 2014. The City Commission, in their capacity as the Community Redevelopment Agency (CRA), established this economic development incentive within the West Bay Drive Community Redevelopment District (WBD-CRD). The intent of the incentive is to expedite multi-story, mixed-use development with an office component in the WBD-CRD.

The RED Grant is a reimbursement incentive made by the CRA of up to 50% of Largo's portion of the tax increment generated by the project on a yearly basis for up to ten (10) years. The remaining 50% of Largo's tax increment and 100% of the County's tax increment is retained by the CRA to reinvest into the WBD-CRD. The developer that is awarded a grant does not receive a payment from the CRA until the project has been completed and is 100% on the tax rolls. The incentive is paid in yearly installments only after the developer has provided proof that the taxes have been paid in full for the year. The reimbursement would be based on the terms and conditions of a grant agreement between the CRA and the property owner and shall only be available as long as tax increment is available. A RED grant agreement is contingent upon approval by the CRA Board.

In order to determine whether an applicant is eligible to apply for an incentive award, staff must receive the application, and present the request and an analysis to the Community Redevelopment Agency Advisory Board (CRAAB) for a financial recommendation.

Attached, is the incentive review package for the West Bay Lofts. The developer, Gary Tave, with Largo Central LLC, will be in attendance at the CRAAB meeting to answer questions.

Budgetary Impact:

Based on staff projections and completion of the project, the financial recommendation will impact the Fiscal Year 2021 Budget.

Requested Action:

Staff is seeking a recommendation from the CRAAB on the percentage of tax increment and on a length of time to award this reimbursement incentive for developing the mixed-use project.
Potential Motion/Direction Requested:

The CRAAB recommends/does not recommend a grant award for Largo Central LLC, for the *West Bay Lofts* project.

If a financial recommendation is made, how much percentage of Largo’s portion of tax increment, and for how many years has the CRAAB recommended to forward for approval to the CRA Board?

**Attachment:**

Incentive Review Package
MEMO DATE: April 19, 2018
PRESENTATION DATE: April 30, 2018
TO: Community Redevelopment Agency Advisory Board Members
STAFF CONTACT: Karisa Rojas-Norton, Economic Development Coordinator
Phone: 727-586-7360 x 7206, Email: krojasno@largo.com
TYPE OF GRANT REQUEST: Real Estate Development (RED) Grant for West Bay Lofts

Applicant:
Gary Tave, Largo Central LLC

Project Site:
The 500 block of West Bay Drive and a large portion of the 600 block of West Bay Drive (see attached map)

Project Description:
The applicant’s proposed mixed-use development, West Bay Lofts, will have 123 Class A market rate residential rental units above 40,000 gross square feet of commercial space and accompanying structured parking. The project encompasses almost two complete City blocks in the core downtown area that totals approximately 2.76 acres. The mixed-use development is made up of two multi-story buildings. The building to the west will be three (3) stories and the eastern building, a five (5) story structure that will house the structured parking, a pedestrian bridge will connect the two buildings. The total project cost is programmed to be $48,852,990.

The facility is designed to encompass innovation, efficient construction methods such as modular and prefabrication technologies and will incorporate design elements and materials to reduce energy and water consumption as well as maintenance requirements. It is also being designed to meet the standards of the West Bay Drive Community Redevelopment District Plan. The buildings will front West Bay Drive and the first floor will have a height of twenty feet, provide an active first floor with the commercial space, and it is the developer’s vision for the buildings to be iconic structures for downtown.

Amenities for the residential rental units will include an on-site fitness facility, a business center for residents, guest suites, a roof-top pool and entertainment areas with kitchen facilities in the central amenity core area as well as on the rooftop terrace. Each individual residential unit will have nine foot ceiling heights, ceramic flooring, and stacking washer/dryer units. A unique design will be that all mechanical systems will be located outside of the “living envelope” of the units so that no air conditioning equipment or water heater will be in the living space, which removes the noise and maintenance from the residential units.

In addition to the investment in the building’s spaces being designed with an emphasis on efficiency, durability, and ease of use, the developer is proposing to do an underground installation of power lines along the right-of-way on all the project roadways to complement the aesthetic of the neighborhood. The right-of-way streets consist of West Bay Drive, Ridge Road, 5th Street, 6th Street and 1st Avenue NW. The anticipated project
schedule for the mixed-use project has start date of July 2018 with a completion at the end of August 2019.

Background:

The Largo Community Redevelopment Agency (CRA) in 2006 and 2007, purchased seven properties in two separate transactions that make up the 500 block of West Bay Drive at a total cost of $2.45 million. At the time of purchase, the block contained several commercial buildings and a single family home. In 2009, the CRA demolished four commercial buildings and the single family home was preserved and relocated within the neighborhood. The two commercial buildings that remained had active leases. In February 2015, the CRA sold the 500 block to Largo Central LLC for the development of a mixed-use project to be built on the site. Largo Central LLC then purchased the majority of the 600 block in May 2015 for $1.55 million.

Following the transaction with the CRA, Largo Central LLC requested that the City vacate the alleys located within the footprint of the 500 block and that portion of the 600 block of West Bay Drive that they owned, along with a portion of of 6th Street that connected the two blocks. These alleys were no longer needed by the City and the City Commission granted the request in 2016 to remove barriers to redevelopment of the site.

Staff Analysis:

Conformance with the West Bay Drive Redevelopment District Plan

The proposed site for the West Bay Lofts is located within the West Bay Drive Community Redevelopment District, and has an underlying Character District designation of Mixed-Use Corridor (MUC). The MUC Character District includes the highest residential density and commercial development intensity within the WBD-CRD. Projects developed in this district are required to have multiple stories and have an active ground floor use. The applicant requested a Development Agreement (DA) in order to obtain a bonus density to 45 units an acre and to construct a seven story structure on the 500 block. The DA was approved by the Largo City Commission in June 2016, and then amended in January 2018. The project was presented at the January 6, 2016 Design Review Committee and staff has determined the concept presented met the intent of the WBD-CRD Plan.

Criteria

The Real Estate Development Grant is the incentive being requested by the applicant. This is the second time an incentive request has been presented to the CRAAB for a redevelopment incentive. The first incentive was granted in 2015 by the CRAAB and the CRA for the 158 Ridge Road Apartment Homes under the Housing Infill Program (HIP). It is important to note the difference in the purpose and payout structures between the HIP Grant and the Real Estate Development (RED) grant:

- The HIP grant incentive is specifically for infill multifamily housing or single family housing only and the grant is paid in installments to the developer at milestones throughout the construction, inspection, and completion process of the building.

- The RED grant is to expedite mixed-use and office development in the WBD-CRD with a focus on multi-story projects that have commercial ground floor uses, or mixed-use projects that include an office component. The developer that is awarded a grant does not receive a payment from the CRA until the project has been completed and is 100% on the tax rolls. The incentive is paid in yearly installments only after the developer has provided proof that the taxes have been paid in full for the year.

The RED grant incentive is a reimbursement made by the CRA of up to 50% of Largo’s portion of the tax increment generated by the project on a yearly basis for up to ten (10) years. The remaining 50% of Largo’s tax increment and 100% of the County’s tax increment is retained by the CRA to reinvest into the WBD-CRD. The RED grant program requires the applicant to meet specific eligibility requirements. Staff has determined
the developer is eligible to apply and meets all following requirements of the program:

1. Construction has not began on the project.
2. The applicant is \textit{not} a non-profit and is subject to property taxes.
3. The improvements to the site, public improvements, and new construction are consistent with the goals of the WBD-CRD Plan.
4. The land is owned by the applicant.
5. The project will contain more than 5,000 Square Feet of Office space.
6. The entire first floor is a non-residential active use (retail).
7. The property and completed project will be held by the applicant for long-term integration into an existing portfolio of property under management.
8. The property is free and clear and has no municipal or county liens, judgments or encumbrances.

Tax Increment Fund Contribution

In order to conduct an analysis on the amount of taxes that this project will generate, staff consulted with commercial appraisers from the Pinellas County Property Appraiser's office, the City of Largo Finance Department, and the Building Division.

Staff used the projected assessed value after completion of \textit{West Bay Lofts} to analyze the amount of taxes generated. The proprietary construction estimate provided by the applicant's licensed contractor, the construction value for the two buildings and associated site improvements and parking structure aligns with the building valuation data standards set forth by the International Code Council (ICC). The ICC is the standard used by municipalities and building professionals to determine the average construction costs per square foot.

The estimated assessed valued was determined to be $49 Million dollars for the \textit{West Bay Lofts} project. Under this assumption, and based on a conservative increase of 5% in assessed value year-over-year, staff determined that \textit{West Bay Lofts} will generate an estimated total of $6,685,935 by the end of Fiscal Year 2030 for the WBD-CRD tax increment fund. The revenue calculations used the 2017 City and County millage rates and conservatively made no assumption in increases to the millage rates.

| Revenue Generated by \textit{West Bay Lofts} Over a Ten Year Period (Starting in Calendar Year 2020)* |
|---------------------------------------------------------------|------------------------|
| City of Largo Tax Increment                                  | $3,458,101             |
| Pinellas County Tax Increment                               | $3,227,834             |
| Total                                                        | $6,685,935             |

*Based on 2017 City and County Millage rates
Assuming 5% growth rate in assessed value
Assuming base year is on assessed value (2017)
Assuming initial assessed value is $49 Million
Aside from the real property improvements being made by the developer, Staff anticipates that the *West Bay Lofts* will contribute many non-monetary benefits to the neighborhood such as:

- Pedestrian improvements
- Landscaping and lighting improvements
- Expanded public parking on-street and parking in the structure
- Retail, shopping, dining and personal services amenities
- Enhanced daytime and resident population for the surrounding restaurant and retail resulting from new offices, employment and new residents
- Downtown living

Additionally, staff believes that the *West Bay Lofts* will provide an economic lift to the area. The new residents will be in close proximity to frequent the existing restaurants, retail and service providers in Downtown Largo. The new construction will provide opportunities for new businesses to move into updated tenant spaces. Staff anticipates that the *West Bay Lofts* will be one of several redevelopment projects that will transform the redevelopment districts to a more urban community.

**Funding Recommendation**

Based on the RED Grant program guidelines, the *West Bay Lofts* project is eligible for a grant award of up to 50% of Largo’s portion of tax increment generated by the new construction on a yearly basis, for up to ten years. It is important to note that the true dollar figure will not be able to be calculated until the project has been completed and has been placed on the tax rolls. Any agreement between the CRA and the applicant for a grant will be based on a percentage of the tax increment and not necessarily a specific dollar amount. The TIF program for the WBD-CRD will sunset in 2030 and therefore any tax increment collected for Fiscal Year 2031 and forward cannot be committed to an incentive award.

Therefore, staff is seeking a recommendation from the CRAAB on the percentage of TIF and on a length of time to award this reimbursement incentive for developing the mixed-use project. Here are two examples:

- The maximum recommendation for this project grant could be the award of a 50% reimbursement of TIF generated by the *West Bay Lofts* project, for a period of ten (10) years, or by December 31, 2030, whichever comes first.
- A recommendation for this project grant could be 40% over a period of seven (7) years or by December 31, 2030, whichever comes first.

If the CRAAB recommends a financial incentive for this grant application and the CRA approves the award, the funds will be processed as a reimbursement to the developer after property taxes are paid following the year of completion of construction, upon proof of payment of taxes.

If a RED grant award is recommended by the CRAAB, the next step in the process is to forward the recommendation to the CRA Board.

**Attachment:**

Map of the 500 and 600 West Bay Drive Blocks
Aerial of the 500 and 600 West Bay Drive Blocks
Proposed Site Plan and elevations
500 BLOCK
WEST BAY DRIVE
MIXED USE
LARGO, FLORIDA
SQUARE PEG DEVELOPMENT, LLC

<table>
<thead>
<tr>
<th>OWNER</th>
<th>MOBIUS</th>
<th>MROG</th>
<th>CIVIL</th>
<th>STRUCTURAL</th>
<th>MECHANICAL ELECTRICAL PLUMBING</th>
</tr>
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<tr>
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<td>MOBIUS Architecture</td>
<td>MROG</td>
<td>CIVIL</td>
<td>STRUCTURAL</td>
<td>MECHANICAL ELECTRICAL PLUMBING</td>
</tr>
</tbody>
</table>

MOBIUS Architecture
MOBIUS-ARCHITECTURE.COM
2613 PARK BLVD
OLD LYME, CT 06371
T: 860-942-4678
MOBIUS-ARCHITECTURE.COM

MICHAEL ROTH DESIGN GROUP
3577 KINGS ROAD, SUITE 104
PALM HARBOR, FL 34686
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MRROTHDG.COM

![Building Image]
Call to Order and Roll Call

The April 30, 2018, the meeting of the Community Redevelopment Agency Advisory Board (CRAAB) was called to order at 5:55 PM by Board Chair, Maria Kadau.

Roll call was held:

Board Members Present: Maria Kadau, Janyce Cruse, Anita McHenry, Allison Broihier, Neil McMullen, Beverly Gatewood, Joe Barkley, Laura Guroian, Chris Peoples and Stacey Shaffer.

Board Members Absent: Jay Dingman.

Also in attendance: Commissioner Donna Holck, Director of Community Development, Carol Stricklin, Assistant Director of Community Development Robert Klute, Economic Development Manager Teresa Brydon, Planning Manager Rick Perez, Economic Development Coordinator Karisa Rojas-Norton, Planner Katrina Lunan-Gordon and Planner Sam Ball.

Organizational Matters

Approval of agenda.
Cruse made a motion to approve the agenda. Shaffer seconded the motion. Motion approved with 10-0, with 1 member absent.

Approval of minutes.
Broihier made a motion to approve the minutes. Cruse seconded the motion. Motion approved with 10-0, with 1 member absent.

Board Chair Kadau announced that she would be leaving the meeting early and Board Vice-Chair Cruse would take over to Chair the meeting.

Public Comment
None
Presentations:

Review of the Real Estate Development (RED) Grant for West Bay Lofts (500 & 600 Block of West Bay Drive)

Economic Development Coordinator Rojas-Norton thanked the Board for agreeing to convene for a special meeting to review the incentive package for Largo Central LLC. Rojas-Norton introduced the developer, Gary Tave, as the Managing Member of Largo Central LLC, and Tave introduced his residential leasing agent, Rick, for the property. Rojas-Norton explained that she would provide an overview of the project and would have Tave join her to answer questions about the project, and then after the questions she would present on the program and analysis. Rojas-Norton explained that the West Bay Lofts development will have 123 Class A, market-rate residential units above 40,000 gross square feet of commercial space and accompanying structured parking. She provided an overview of the site plan for each building footprint and then deferred questions about the site to Tave.

Board Member McMullen asked if the units would be for rental or for sale. Rojas-Norton responded the units are rentals.

Board Chair Kadau asked Tave if it is his first foray into retail. Tave responded yes and that this is his first time developing a mixed-use project with his own money. He explained that he has an extensive development background while working for the Navy. He explained that as the Construction Manager within the Navy, he has managed large projects such as an airport in Italy, housing in Puerto Rico, barracks, lodges, and more. He has a strong construction and project management experience, but will be working with leasing experts to bring in the commercial tenants, and brought on a separate agent to do the residential leasing.

McMullen asked what level commercial spaces will there be. Tave responded that the space will be Class A. McMullen asked if it was possible. Tave responded that the tenants for the residential component will be midlevel tenants. He will be marketing to the employees within the Medical Arts District. He will be hiring a commercial leasing broker to solicit for commercial tenants.

Kadau asked how many tenant spaces will be on the ground floor and Tave responded that it will be determined by the type and number of tenants that sign leases.

Board Member Shaffer stated that there are many medical students in the region that are working on their residency in the area hospitals and would probably find the apartments attractive to rent or to rent with other medical students. Tave stated that he currently owns a property on 14th St N but there are not many apartments for mid-level professionals such as pharmacy technicians, x-ray technicians, and others. They live in Gateway North and he wants to accommodate those types of tenants.

Cruse stated that the most important thing she recognized is that this is the first experience of magnitude for Largo. This is the beginning of a change and other developers will be following along closely. She thanked Tave for making an investment in Largo.

McMullen asked how many other partners would be investing in the project. Tave responded that he has passive investors but he is the general partner. He says it was challenging convincing people that Downtown Largo is worthy of investment but he is happy to say he has equity in the bank for the project and the term sheets are waiting to be signed. McMullen asked about the income rate for the residents and Tave responded their income will be $50,000 and above.

Board Member Barkley asked why can’t the derelict home on the 600 block be incorporated into the project. Tave responded that he originally had a handshake agreement with the owner and then the owner changed his mind about selling. However, the project is designed so if there is an expansion opportunity he could easily incorporate the property into the project. Community Development Director Stricklin added that the property Barkley describes has
been cited for minimum property maintenance and was taken to the Code Board for action. Barkley responded that the building should be condemned. Stricklin stated that the City agrees and the focus is to take the vacant property to Code Board.

McMullen asked if the rents for the apartments will vary. Tave responded that the rents will be at the top of the market.

Board Member Guroian asked about the cost to demolish the buildings, asked about the commercial buildings with active leases and the cost to sell the property. Stricklin responded that the house that was originally part of the 500 Block was preserved and relocated by the Housing Division. Brydon responded that the cost of the 500 Block was $200,000. Guroian asked if the developer was receiving a density bonus of 45 units per acre, what is the normal number of units that can be developed. Brydon responded 30 units per acre in the allowable density without the bonuses.

Kadau asked if the funding from the RED Grant was necessary to complete the project. Tave stated that the RED Grant would not make or break his project, but he is requesting the maximum amount. He will leverage the funding and consider it as support from the City for the project. He took a loss when purchasing the 600 Block above market value to make the project but wanted to have the two full blocks as part of a larger vision and larger project that Largo deserves. Kadau stated that she needed to leave the meeting early but wanted to go on the record in support for an incentive for Tave's project.

Cruse stated that what Tave is doing in Downtown Largo is wonderful and that it will help Largo get away from being a pass-through City. She asked what the time frame is for the project. Tave responded the process will take approximately eighteen months from groundbreaking to grand opening. Cruse added that she would like him to come back and provide updates on the tenants and vacancies. She stated she is excited about shopping there and requested an update to the CRAAB after the project is completed and open. Tave stated that he has a public Facebook page for the project (https://www.facebook.com/LargoCentralLLC/). She stated that he has a marketing budget and will have a website, he is eager to engage in publicity for the project.

Board Member Peoples stated that there’s currently no destinations in Downtown Largo. Retail will make the area stand out. The retail will be the meat on the plate and draw businesses to open there.

Board Member Broihier thanked Tave for being at the meeting. She stated that having the opportunity to meet Tave makes the project more exciting. She stated that he knows the community and wants to keep this property shows that he has community pride. Despite the hard work it’s been a lot of the same retailers in Largo and this will bring something different, and hopefully higher-end retail into Largo.

Peoples asked when is everything going to come together and Tave responded that he is at the finish line of preparation and he is at the end of the beginning of the process and would like to invite the CRAAB to the groundbreaking.

McHenry stated that the project hits closer to home because she lives in Downtown Largo and it would be nice to walk to retail and restaurants close to home. She wished Tave luck on the project.

McMullen stated that he is conflicted. His family has been in Largo for many years and as bankers. He is not philosophically against incentives. He stated that by Tave’s own admission he picked up the property at low rates and the finances worked before last summer, and in December have worked and will be even better due to the new tax code update. He has pass through concerns. He added that the CRAAB is not the fiduciary for Largo but the City Commission is. The incentive is not big money but it seems like he has already received an “atta boy” from the City Commission and now he will be able to claim more income and advanced depreciation and that would be a boost for his business. If all the TIF revenue was retained, what harm would be done and what good could be done elsewhere in the District? There is an opportunity cost and the incentive is not needed at this time. Tave responded that he paid
Subject: CRAAB Meeting Minutes  
(Draft minutes, not yet adopted)  
Agenda Date: April 30, 2018

$1.55 Million for the property where the fair market value was probably $800,00 if that. It was an unfortunate necessity to complete the project and an acre and a quarter of the 500 block didn’t cut it. There was not enough density to make the project work. McMullen stated that the cap rate should still work.

Broihier stated that she is not one to advocate for a property tax abatement, but she wants to show Gary and other developers that this community wants this project. She stated that we have been working on Downtown Largo for nearly a decade and the people and the City wants this. This is a sign to the other developers that we absolutely understand.

McMullen stated that looking at it from both sides, the numbers looked good last August but now is there a need? Both Cruse and Board Member Beverly Gatewood stated there is a need. McMullen stated but the numbers worked last year.

Broihier stated, in my opinion, I feel it is worth it. Peoples added that she thought it was worth it.

Guroian stated she understands but she is in conflict because of similar reasons. She stated that the City has already demonstrated enthusiasm for the project. As an owner of a business on West Bay Drive she understands the magnitude of a project and it is awesome, however, incentives have already been given and the City has illustrated backing. There was the purchase from the City, density bonuses, and giving the alley. The City is being responsible for more costs and more costs. Residents are giving tax increment and she is considering what that means for residents and the community. Incentives have been given and its a shame to give away new revenue that at the end comes to the County and City.

McMullen stated that the legislation regarding the CRA, it will come back and with the new property exemptions he can see properties being taken off the tax rolls because of the homestead exemption. Broihier added that she would encourage the CRAAB to educate themselves regarding the homestead exemption and what they plan to vote on. She shared that the property appraiser’s office has a link on how much you would save as a homeowner.

Broihier stated she would like to make a motion to recommend an incentive of 50 percent of Largo’s portion of the tax increment from the West Bay Drive for the West Bay Lofts project, for a period of ten years. Barkley seconded the motion. The motion passed 7-2, with two members absent.

Items from Board Members (including remarks regarding old or new business)

Old Business

- Legislative update:
  - Rojas-Norton thanked the CRAAB for the letters and support this legislative session. She explained that the CRA Bills died at the end of the legislation session, but the Florida Redevelopment Association anticipates the bills will be brought back. We consulted with the City’s legislative coordinator regarding whether the City/CRA would seek a legislator to sponsor the bill. The Florida Redevelopment Association has requested to wait at this time until they get a better understanding of the new leadership and their goals for the year. Rojas-Norton agreed to keep the CRAAB apprised of plans for the upcoming legislative session.

Next Meeting Date
The next meeting was confirmed to be held on June 25, 2018.

Adjournment
Broihier made a motion to end the meeting and it was seconded by Cruse. The meeting was adjourned 7:22 PM.