



City of Largo Agenda Item 18

Meeting Date
12/18/18

Presenter: **Teresa Brydon, Economic Development Manager**

Department: **CD – Community Development**

TITLE:

APPROVAL OF REAL ESTATE DEVELOPMENT GRANT AGREEMENT WITH LARGO CENTRAL LLC FOR THE WEST BAY LOFTS PROJECT

At the June 5, 2018 meeting, the Largo Community Redevelopment Agency (CRA) approved the CRA Advisory Board's recommendation for a Real Estate Development (RED) Grant for the West Bay Lofts project and authorized staff to negotiate an agreement with the developer, Largo Central.

The RED grant was based on awarding 50% of Largo's portion of the tax increment generated by the completed project for a period of up to 10 years to underwrite costs associated with public infrastructure in the project. The West Bay Lofts total project cost is estimated to be \$48 million and bring new residents as well as commercial business to downtown. Part of the development of the two block project will include pedestrian improvements, new landscaping and lighting, and new public parking options.

Staff, working with the City Attorney, prepared an Agreement for approval by the CRA Board. These are key elements of the Agreement:

- The assessed value of the property by Pinellas County Property Appraiser's office following the completion of the project will equal or exceed \$48 million.
- The incentive is intended to off-set the development costs associated with the project's public improvements (i.e. - landscaping, exterior lighting, sidewalks, plazas, public parking).

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Budgeted Amount: Budget Page No(s).: Available Amount: Expenditure Amount:

Additional Budgetary Information:

Funding Source(s): Sufficient Funds Available: Yes No Budget Amendment Required: Yes No Source:

City Attorney Reviewed: Yes No N/A Advisory Board Recommendation: For Against N/A Consistent With: Yes No N/A

Potential Motion/Direction Requested:

Staff Contact:

Attachments:

- The total amount of the incentive will be capped at either the total cost of the public improvements which will be determined at the completion of the project; or at the end of the term of the agreement (no greater than 2030); or due to termination of the agreement.
- Funding disbursements will be made annually when the owner presents CRA staff with proof of payment of the ad valorem taxes for the property. Once received, a rebate will be processed based on the rebate formula and reviewed against the remaining cost of the public improvements.
- The Agreement is for a 10 year term; or the termination of the West Bay Drive Community Redevelopment District; or if the reimbursement of the public improvements has been paid in full; or if there is a default of the Agreement.

This Agreement has the following conditions that were not clear on the original resolution:

- The RED Grant resolution formula shows “.95%” and it should read either “.95” or “95%”, not both.
- The same formula calls for the total amount of time awarded to the grant recipient, which could imply that the rebate is an equal amount over ten years. This agreement has the rebate amount fluctuating each year based on the new total assessed value each year that the developer is eligible for the rebate.
- Instead of requesting an independent appraisal on the completed project, the agreement will use the Pinellas County Property Appraiser’s assessed value on the completed project.

It is the intent of staff that a resolution be presented to the CRA Board in the near future to clarify or correct these provisions in the original resolution now that we have been made aware of them through this process.

A copy of the Real Estate Development Grant Agreement has been sent to the City Commission electronically and posted to the website.