

LAKELAND CRA

COMMUNITY REDEVELOPMENT AGENCY

AGENDA

Community Redevelopment Area Advisory Board

Thursday, July 12th, 2018 | 3:00 PM – 5:00 PM
City Commission Conference Room, City Hall

A. Financial Update *

B. Housekeeping

C. Action Items

1. Old Business
 - 1.1 Meeting Minutes dated June 7th, 2018 (Pg. 3-5)
2. New Business
 - 2.1 Builders Line of Credit Program (Pg. 6-10)

D. Discussion Items

E. Adjourn

* For Information

NEXT REGULAR MEETING:

Thursday, August 2, 2018 3:00 - 5:00 PM – City Commission Conference Room

**Community Redevelopment Area Advisory Board
Meeting Minutes
Thursday, June 7, 2018
3:00 – 5:00 PM
City Commission Conference Room, City Hall**

Attendance

Board Members: Cory Petcoff (Chair), Zelda Abram, Harry Bryant, Brandon Eady, Brian Goding, Pastor Edward Lake, Frank Lansford and Commissioner Stephanie Madden

Absent: Ben Mundy (Vice-Chair), Dean Boring and Cliff Wiley

Staff: Celeste Deardorff (Interim-Director Community Development), Nicole Travis (CRA Manager), Alis Drumgo, Valerie Ferrell, Michael Smith, D’Ariel Reed, Jonathan Rodriguez and Aubrey Walker (Intern)

Guests: Dr. Sallie Brisbane (Well Done Events)

Packets

- Meeting Minutes dated May 17, 2018
- Financial Update
- Memo – 114 E. Parker St. Tenant Update
- Armature Works Recap (Indoor Marketplace- Downtown Test)

Housekeeping

Action Items – Old Business

Meeting Minutes dated May 17, 2018

Frank Lansford moved approval of the minutes. Brandon Eady seconded the motion which passed unanimously.

Financial Update

Nicole Travis noted the inclusion of the update for informational purposes.

Action Items – New Business

114 E. Parker St. Tenant Update

Valerie Ferrell gave a brief history of the vacant property purchased by the LCRA in 2016. In February 2018, the CRA Advisory Board reviewed renovation proposals on 114 East Parker Street and a preliminary tenant inquiry for the building. The tenant proposed a master lease for their multimedia company, Well-Done Events!, with the ability to sublet to other tenants that would blend with an artistic studio, multipurpose space and restaurant. The initial base rent proposed was \$50,000 annually, or approximately \$6 per square foot. During lease negotiations, Well-Done Events! did not acquire the restaurant partner and has since revised their lease proposal and scope.

Well-Done Events!, owned by Dr. Sallie Brisbane, has submitted a formal letter of intent and revised proposal to be a master tenant at 114 East Parker Street. The vision for the space is known as Parker Place, a collaborative workspace and multipurpose event room for culturally relevant performing arts and educationally focused resources for small business in similar industries. Dr. Brisbane’s experience demonstrates a passion for both

entertainment and education which was the inspiration for the mixed use space. Partners confirmed in this venture include:

- LkldLive – to assist with programming events and internship opportunities for live entertainment production
- Brothers BBQ – catering services in coordination with events
- Fifth-Third Bank – financial education courses and outreach

Well-Done Events! has proposed base rent to be \$3.50 per square foot, or \$27,000 annually. There is also an expressed interest in a purchase-option at the end of a five (5) year lease. The proposal is less than initially anticipated due to the withdrawal of the full-service restaurant. The current proposal requests only a catering kitchen, with cold and dry storage and a basic hand-sink. There is a private capital investment of \$17,500 to furnish the space after minimum renovations are complete in the building.

With consideration of the Board's previously approved budget to complete required improvements to the building to attract tenant proposals, the minimum improvements include; minor structural repairs, all major system elements (electric, HVAC and plumbing), ADA-accessibility and restroom upgrades, sealing and weatherproofing the structure. This work was estimated at approximately \$279,500, with an additional \$20,350 to subdivide the space for two separate tenants. The current tenant proposal will not require the subdivided space.

Tenant build-out improvements for an office use, with minimal catering kitchen, breakroom, large and small conference room would be a nominal cost. The large open multi-purpose room, and conference areas need to be flexible to accommodate a variety of events. Staff recommends an additional \$70,500 to complete the interior finishes for this tenant use.

Dr. Sallie Brisbane gave a presentation to support her proposal.

Cory Petcoff mentioned the Board wanted a business that may be more community oriented and this proposal was worth the wait.

Valerie provided the lease terms for the initial proposal presented to the Board under a shared tenant space concept at; \$1.20 per square foot for Platform Art and \$1.27 per square foot for Wish Rentals, totaling \$2.47.

Discussion ensued regarding the proposed subtenants and the cost of buildout per their needs.

Eddie Lake moved approval of Staff's recommendation. Brain Goding seconded the motion which carried unanimously.

Armature Works Recap (Indoor Marketplace- Downtown Test)

Alis Drumgo invited the Board to discuss their thoughts on the space and brainstorm ideas in consideration of LCRA property located at 717 North Florida Avenue and 111 East Parker Street Together the combination of the two buildings approximately total 20,000 square feet. Preliminary estimates for replicating a similar concept in that space would roughly total \$3.7 million.

Discussion ensued.

Nicole reminded the Board that Staff's goal was to be sensitive to the community's concern regarding gentrification and project recommendations are thought to be attentive to the community as it stands.

Nicole informed the Board of a proposal she received from Wesley Beck (owner of Lakeland Brewing Co.) regarding the food hall concept. He proposed allowing the CRA to rent a portion of his building for the purpose of testing the market and partnering with the CRA in finding tenants to occupy the space.

Staff is recommending approval of this partnership, as it allows the testing of a smaller market/concept for limited investment.

Commissioner Stephanie Madden moved, Staff to negotiate a short term lease and buildout of Lakeland Brewing Co. not to exceed \$250,000. Eddie Lake seconded the motion which passed unanimously.

Discussion Items

Adjourned at 4:11 PM

Next Meeting, Thursday, July 12, 2018, 3 PM, City Commission Conference Room.

Cory Petcoff, Chairman

Date



COMMUNITY
REDEVELOPMENT
AGENCY

Memo

To: CRA Advisory Board
From: Michael Smith, CRA Project Manager
CC: Nicole Travis, CRA Manager
Date: July 6, 2018
Re: Builders Line of Credit Program

Introduction

In April 2018, the Lakeland CRA Advisory Board approved the creation of the Infill New Home Construction Program. The program is designed to provide quality new construction homes at an affordable price on infill lots owned by the CRA. Since the program was approved we have had interest from many builders and buyers. As we moved through the process selling the lots, we have found that both the buyers and builders are having difficulty financing the construction. The requirements for construction loans are more restrictive than traditional loans and require upfront capital and ongoing payments during construction. The typical buyers in the Midtown CRA do not have the resources to cover these payments along with their current housing expenses. Many of the builders that want to participate in the program are also finding it difficult to get financing as well. The builders interested in the program are mostly small local builders and cannot qualify for financing or if they can qualify cannot afford to pay the interest and still make a profit. Interest rates range between 12% and 15%.

Proposal

In order to facilitate the construction process and provide the financial resources to build quality new construction homes on infill lots, the Lakeland CRA proposes offering a line of credit to builders for the cost of the construction. This would eliminate the need for the buyers to obtain a construction loan. The buyers would be able to obtain traditional financing and utilize the down payment assistance program to cover their upfront costs. The line of credit would give builders the ability to construct new homes without the upfront expenses and high

interest charges. The LCRA proposes reducing the previously approved builder's incentive for participating in the Infill New Home Construction Program from 10% to 5% if they utilize the line of credit. The maximum line of credit will be for the purchase price of the home up to \$150,000. The LCRA will only offer the line of credit if the builder has a prequalified buyer under contract to purchase the finished home. The credit would be paid out based on a preapproved draw schedule (see attached exhibit "C") with the final draw coming at the time of the final C.O. The line of credit will be due back to the LCRA upon closing of the home to the buyer. The closing will be facilitated by Putnam, Creighton, and Airth P.A. At the closing the buyer will receive their down payment assistance grant, the builder will receive their 5% infill construction grant, and the LCRA will receive payment for the line of credit. A complete description of the program is described in exhibit "A"

Request

Staff is requesting the creation of a builder's line of credit for the construction of new homes on infill lots owned by the LCRA. Staff request a budget of \$300,000 which would allow for two quality affordable homes to be constructed on infill lots at one time.

Exhibit A

Program Overview **Builders Line of Credit**

Intent

The intent of the Builders Line of Credit Program is to provide financing to local builders that are participating in the Infill New Home Construction Program and allow them to provide quality new homes at affordable prices on infill lots within the Midtown CRA district.

As part of neighborhood stabilization efforts, the CRA has acquired infill lots throughout the district to increase opportunities for homestead buyers to purchase new homes in these areas. The line of credit allows builders to offer homes on the infill lots at affordable prices. The CRA offers a down payment assistance grant for buyers that will compliment this program and effectively increase homeownership in the district.

Eligibility

The Builders Line of Credit Program is available to licensed contractors that are participating in the Infill New Home Construction Program. The Builder must have a purchase contract with a pre-qualified buyer in order to receive the line of credit. Governmental entities and not-for-profit entities are not eligible.

Program

The requirements for the Builders Line of Credit program are as follows:

1. Purchase a lot that is owned by the CRA within the Midtown CRA district (see Exhibit B).
2. Builders must be licensed, insured, and hold a valid general contractors license.
3. Begin construction on the lot within 6 months of purchase. The CRA will hold an option agreement to purchase the lot back if the buyer does not fulfill this requirement.
4. The builder must complete construction within 1 year of the award notification.
5. The builder must have a pre-qualified buyer under contract to purchase the completed home.
6. The buyer of the newly constructed home must participate in the CRA Down Payment Assistance Program.

Line of Credit Amount

The amount of the line of credit shall be 100% of the sales price of the newly constructed home up to the maximum amount of \$150,000 which is the maximum target price point based on affordability in this area. The builder shall receive a line of credit on one construction project at a time. Once the builder closes on the line of credit they will be eligible to apply for another line of credit.

Application

1. Completed CRA application form.
2. Proposed floor plans and elevations.

3. A copy of relevant licenses and insurance
4. A copy of the executed purchase contract for sale of completed home.
5. Pre-qualification letter from the home buyer's lender.

Process

Qualified applicants must schedule an appointment with CRA staff prior to preparing an application for submittal. The CRA office is located on the third floor of City Hall at 228 South Massachusetts Avenue, Lakeland, Florida 33801. Appointments may be made by calling (863) 834-8484. Applications will be accepted on a rolling basis and grants will be awarded on a first-come, first-served basis.

Within ten (5) days of receiving the completed application, the CRA will review the application against the review criteria and decide to approve or deny and applicants will be sent a copy of the decision.

If the application is approved a preconstruction meeting will be scheduled to review plans and finalize a draw schedule.

Once the applicant completes construction of the new home and a C.O. is issued, a closing will be scheduled with Putnam, Creighton, and Airth, P.A. The line of credit will be paid back to Lakeland CRA at the time of closing. The closing will coordinate with the buyer's Down Payment Assistance program and the Infill New Home Construction program and all grants will be awarded at this time.

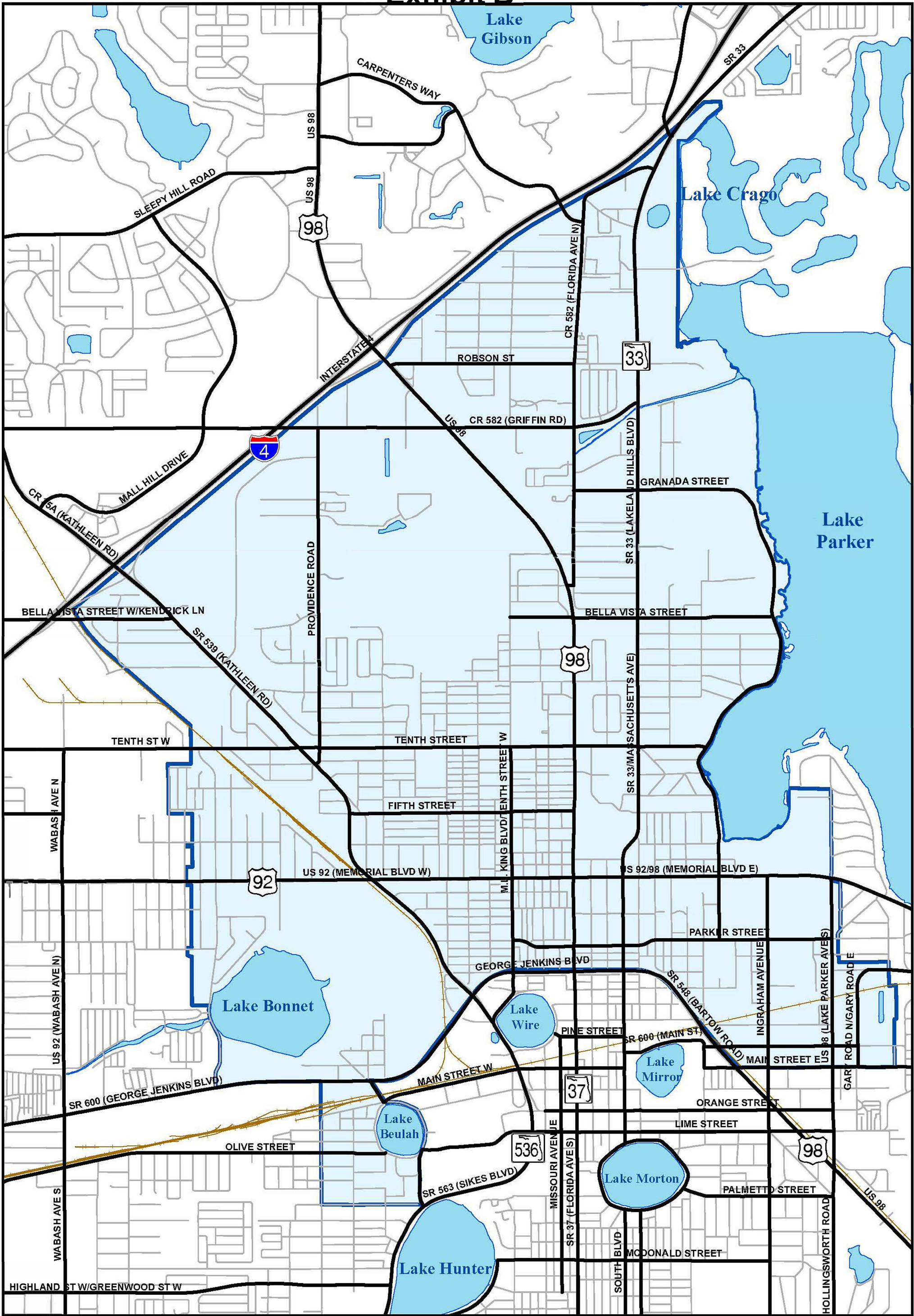
Infill New Home Construction Incentive

Builders that receive the buyers line of credit may qualify for a maximum grant of \$7,500 as part of the Infill New Home Construction Program. This amount is based on 5% of the first \$150,000 of the sales price of the home, which is the maximum target price point based on affordability for this area. The incentive is a reimbursement to the applicant to cover some of the land cost and utility impact fees.

Available Assistance

The Midtown CRA Advisory Board will set the amount of assistance available for the fiscal year in its Annual Budget. The CRA Advisory Board may raise or lower this amount at any time upon a majority vote of its members.

Exhibit B



Legend

-  Roads
-  Railroads
-  Water Bodies
-  Midtown CRA

MIDTOWN CRA



Buyers LOC Draw Schedule

Available Funds		
LOC #		
Borrower's Name		
Property Address		

	Amount	Date	Inspection	Notes
Draw 1	25%			
Permits/Impact Fees	10%			
Slab	15%			
Draw 2	25%			
Exterior Walls and Framing	8%			
Interior Walls and Framing	6%			
Exterior Windows	2%			
Doors	1%			
Dry In Roof	8%			
Draw 3	20%			
Rough Wiring	4%			
HVAC Rough IN	2%			
Top Out Plumbing	2%			
Roof Shingles	4%			
Insulation	2%			
Drywall	6%			
Draw 4	20%			
Exterior Finish	4%			
Exterior Paint	3%			
Interior Paint	3%			
Flooring	4%			
Interior Doors	2%			
Cabinets	4%			
Draw 5	10%			
Fixtures-HVAC	3%			
Fixtures-Plumbing-Electrical	3%			
Appliances	1%			
Driveway	1%			
Landscaping	1%			
Final C.O.	1%			
Total	100%			
Remaining Funds				

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