

COMMUNITY REDEVELOPMENT AGENCY CITY OF NEW PORT RICHEY, FL



FYE 2018

Annual Report

“Proud of Our Progress”

Community Redevelopment Agency City of New Port Richey, FL

ANNUAL REPORT

BOARD OF DIRECTORS

The City of New Port Richey's City Council serves as the Community Redevelopment Agency's Board of Directors. The members for Fiscal Year 2017 – 2018 are as follows:

Robert Marlowe, Chairman

Jeff Starkey, Board Member

Chopper Davis, Board Member

Peter Altman, Board Member

Matt Murphy, Board Member

CRA STAFF

Debbie L. Manns, CRA Executive Director

Mario Iezzone, Economic Development Director

Joyce Haasnoot, Sr. Assistant to the CRA Director & Economic Development Director

George Romagnoli, Development Services Director

Financial data was provided by Crystal S. Feast, Finance Director.

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MISSION STATEMENT

It is the mission of the Community Redevelopment Agency (CRA) to nurture an environment that supports the growth and retention of businesses, increases property values, and enhances the quality of life for New Port Richey residents.

PURPOSE OF THIS REPORT

This annual report is required by Florida Statute, Chapter 163.356(3)(c), the governing statute for all community redevelopment agencies across the state, and covers redevelopment activities from October 1, 2017 through September 30, 2018. The statute also requires the report to contain a complete financial statement of assets, liabilities, income and operating expenses, amount of tax increment funds collected and a record of key accomplishments for the fiscal year.

OVERVIEW

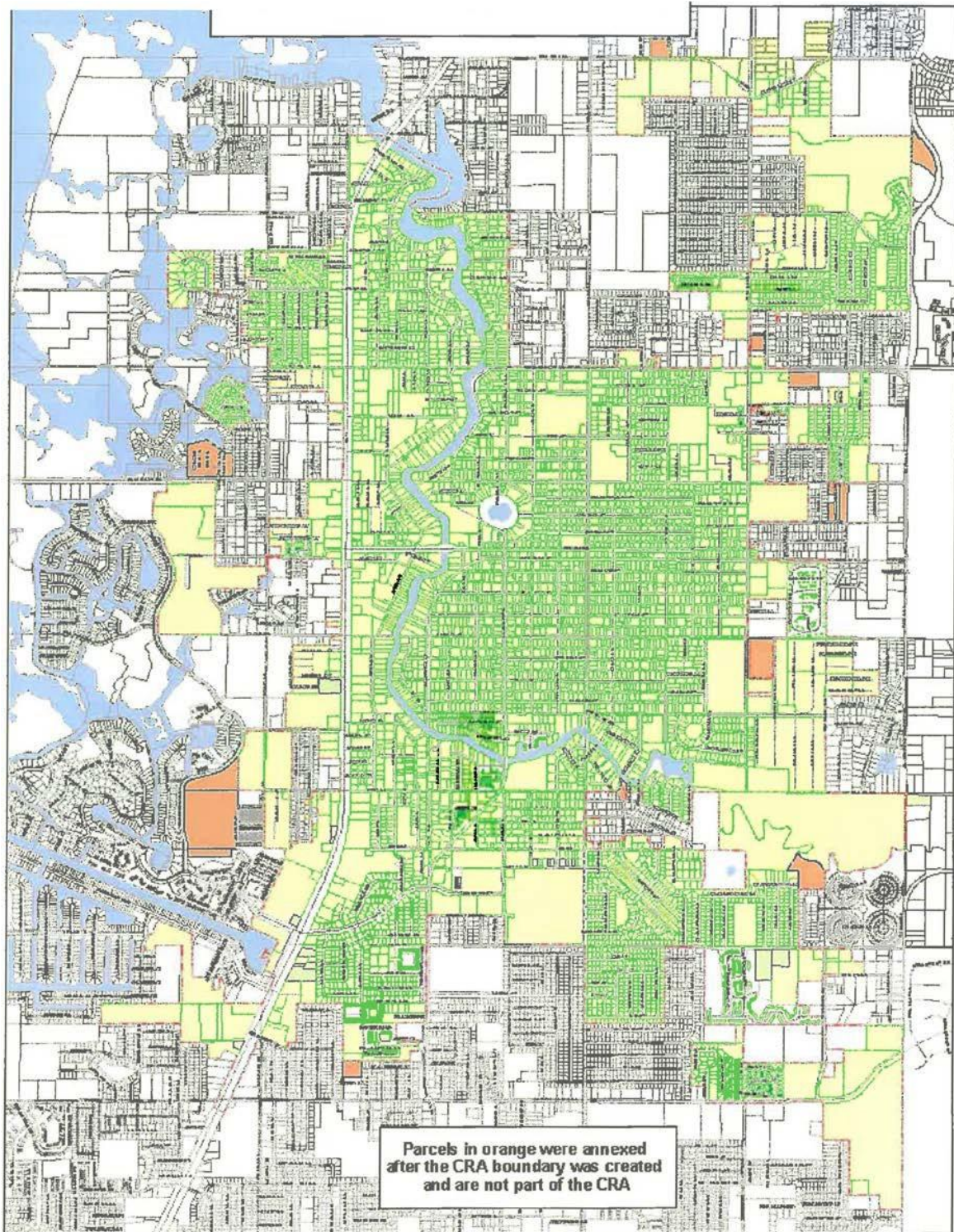
Authorized by Chapter 163, Part III, Florida Statutes, a community redevelopment agency is created to guide redevelopment activities that are designed to return properties to their highest and best use and to improve the economic vitality of a specially designated area, rendering it more appealing for private sector investment. When properly administered, the general purpose of a community redevelopment agency is to preserve and enhance the redevelopment district's tax base through development activities and the establishment of public-private partnerships.

Redevelopment endeavors are implemented through a public body, which is known as a community redevelopment agency. Community redevelopment agencies have the ability to utilize a designated funding tool, known as Tax Increment Financing, which is available to cities and counties for redevelopment activities. Tax Increment Financing is used to leverage public funds to promote private-sector activity in the denoted area or areas. When established, the dollar value of all real property in a redevelopment district is determined as of a fixed date, also known as the "frozen value." Taxing authorities that contribute to the redevelopment district continue to receive property tax revenues based on the frozen value, and these frozen value revenues are available for general government purposes. However, any revenues from increases in real property value, referred to as "increment," are deposited into a community redevelopment agency trust fund and are allocated to the redevelopment district.

Under the authority of Chapter 163, Part III, Florida Statutes, the New Port Richey City Council established the City of New Port Richey Community Redevelopment Agency on November 15, 1988 as a dependent special district to guide the City in its redevelopment efforts.

The CRA boundaries were originally established in 1988 and included the central business district or urban core of the City and some surrounding neighborhoods. In 2001, The City expanded its CRA boundaries to include all properties within the city limits.

CRA DISTRICT



FY2017 – 2018 Major Highlights

The redevelopment of our community is a central focus of the Community Redevelopment Agency. It is the responsibility of the Agency to plan, coordinate, and facilitate the City's efforts to attract, retain, and grow businesses and jobs. The CRA has been working hard at activating projects impacted by the Great Recession.

Hacienda Hotel

Listed on the National Historic Register, the Hacienda has received \$2.1 million in matching-grant historic preservation funds. These funds have been instrumental in laying the ground work to secure a hotel operator. The Hacienda is currently undergoing additional renovations with the expectation the boutique hotel will open late 2019, or early 2020. Purchased in 2004, the long-held CRA asset will be sold to Lakeside Inn upon closeout of the historic preservation grants. As a condition, Lakeside Inn must abide by the Division of Historic Preservation Guidelines, complete restoration efforts, and open the property as close to the original Hacienda when it opened in 1927. A total of 40 rooms are planned. There will be a restaurant and hospitality venue. Once open, the Hacienda will serve as tourist destination and economic driver to support downtown business owners.

Main Street Landing

Main Street Landings is a mixed-use project started in 2004. Following one of the worst hurricane seasons in Florida history and the subsequent Great Recession, the project sat idle for many years. As part of a development agreement to complete the project, the CRA incentivized the project with \$1.475 million in CRA funds. The CRA also abated permit fees and a portion of the impact fees. The nearly complete building is expected to be open in fiscal year 2019. Main Street Landings will house 80 upscale residential and 14 commercial units. Located in the CRA Gateway District, the owner's investment in the property exceeds \$20 million and will generate new property tax revenues as well as supporting downtown businesses with new households in close proximity.



The Central

The Central, previously known as The Residences of Orange Lake, has commenced. Like the Main Street Landings redevelopment effort, The Central will consist of 80+ luxury apartments. Construction will occur in two phases. The initial phase will include major streetscape improvements to Central Avenue. The CRA incentivized this project using property tax rebates, permitting credits and impact fees abatement. At an estimated completed cost of \$14 million, The Central will generate over \$5.4 million in additional property taxes over the depreciable life of the building. Additionally, the project will serve to further define New Port Richey as a walkable community and great place to live.



Business Incentive Grants

Business incentive grants are an integral part of the activities of the CRA because they help to revitalize and bring new life, as well as new investment into the City of New Port Richey. Incentives are designed to leverage private capital investments into commercial properties. During the fiscal year, the CRA aided 18 owners, expending \$263,423 in grant funds. These funds served to leverage an additional \$1.4 million in private sector investment.



Urban Core/Downtown Redevelopment

The Urban Core contains 170 commercial units. Currently, 140 units (82%) are occupied, housing a diverse mix of businesses ranging from professional offices, art galleries, boutiques, personal services, restaurants and microbreweries. Rent rates for the most desirable locations have improved significantly, ranging from \$12 to \$16 per square feet. Higher rent revenues help support the owners desire to reinvest in their properties. We are seeing significant improvement in the city's downtown business districts, largely the results of the investment made by the CRA and capital improvements provided by the city in regard to Sims Park and Orange Lake.



5800 Main Street

5800 Main is a redevelopment project undertaken by a real estate investment group referred to as People Places, LLC and 5800 Main, LLC. Previously, a blighted 9,000 sf. struggling antique mall, the property was purchased and restored by the investors. The CRA supported this effort with \$250,000 in grant funds. These funds leveraged to support \$1.2 in capital investment. The incentive also attracted the anchor tenant, Wrights Natural Market. As a direct result of the CRA investment, the grocery store was able to secure an additional \$390,000 in Florida Community Loan Fund Financing. The completely renovated structure now houses five separate and diverse commercial tenants. Currently, the building is 100% occupied.



Opportunity Zone Designation

The CRA was successful in securing three, federally designated Opportunity Zones. The designation will serve to attract private capital investment in areas that are economically challenged. Though a new concept, developers seeking to invest in Opportunity Zones will be able to access a new form of investment capital. In 2001, the CRA reset its boundaries due to the city's aged residential properties. The Opportunity Zone designation serves to support the primary mission stated in the 2001 CRA plan which is to significantly upgrade the housing building stock in the community.

US Highway 19

CRA staff have been working closely with prospective developers and property owners along US 19. Staff worked with the Magnuson Hotel to assist in the acquisition of the former Leverocks Property for possible redevelopment of the entire site. Staff has been working with A.G. Development on a multi-phase project at the corner of US -19 and Main Street, the likely anchor tenant would be a 23,000 sf. Aldi. Because of the blighted conditions along US-19 progress is slow. Now that the downtown core appears to be on the mend, the CRA expects a greater focus on addressing the significant blight in this area. Currently, the CRA is considering annexation of properties that serve as a primary problem source for commercial businesses operating nearby.

Marine District

The CRA continues to work on securing a developer for the former Community Hospital site. There is strong interest in developing new, “for-sale” housing. Additionally, Hospital Corporation of America, the site owner has been a solid partner. Progress has been slow. The designation of this area as an Opportunity Zone is significant and will further serve to support the marketability of the district.

CRA Plan Update and Studies

In fiscal year 2018, the CRA continued its efforts to update the CRA plan. The CRA held a series of roundtable meetings to gather input from residents. The CRA continues to work with Kimley-Horn & Associates and expects the plan to be completed in April 2019. Additionally, the CRA hired the Gibbs Planning Group to conduct a Retail Market Analysis and Shopability Study. These two studies have been beneficial to downtown business owners in aiding with the understanding of consumer demand and storefront designs.

FINANCIAL REPORT

The CRA funds its programs and projects primarily through Tax Increment Financing (TIFs). Each fiscal year, the CRA reinvests its TIF dollars, along with other revenue from sources such as grants and property sales, back into the redevelopment activities within the CRA district. Below is the CRA's Statement of Revenues, Expenditures, and Changes in Fund Balance, as of September 30, 2018:

COMMUNITY REDEVELOPMENT AGENCY OF NEW PORT RICHEY, FL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2018
(UNAUDITED)

REVENUES	
Tax Increment Financing	\$ 840,755
Grant revenue	175,000
Miscellaneous revenues	<u>137,443</u>
TOTAL REVENUES	1,153,198
EXPENDITURES	
Current	
General government	<u>1,505,089</u>
TOTAL EXPENDITURES	<u>1,505,089</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(351,891)</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from the sale of capital assets	300,000
Transfers in	1,697,880
Transfers out	<u>(1,048,984)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>948,896</u>
NET CHANGE IN FUND BALANCE	597,005
FUND BALANCE - BEGINNING OF YEAR	<u>(5,760,694)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (5,163,689)</u></u>

Items of significance in the above statement include:

- During the fiscal year, the Agency sold one of its properties held for resale for \$300,000. This property is currently part of The Central project mentioned in the *FY2017-2018 Major Highlights* section of this report.
- Transfers In* includes \$923,480 in Tax Increment Financing from the City's General Fund and \$774,400 from the City's Capital Improvement Fund to cover costs related to the Main St. Landing project mentioned in the *FY2017-2018 Major Highlights* section of this report.

Below is a summary of the CRA's Balance Sheet at September 30, 2018.

COMMUNITY REDEVELOPMENT AGENCY OF NEW PORT RICHEY, FL	
BALANCE SHEET	
September 30, 2018	
(UNAUDITED)	
ASSETS	
Cash and pooled cash, cash equivalents, and investment: \$	1,232,508
Accounts Receivable, net	15,290
Due from other governments	125,000
Redevelopment properties held for resale	<u>2,469,000</u>
TOTAL ASSETS	<u>\$ 3,841,798</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accounts payable	\$ 129,647
Accrued liabilities	806
Advances from other funds	8,875,034
TOTAL LIABILITIES	<u>9,005,487</u>
FUND BALANCE	
Unassigned:	
Redevelopment	<u>(5,163,689)</u>
TOTAL FUND BALANCE	<u>(5,163,689)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,841,798</u>

Items of significance in the above Balance Sheet include:

- The CRA has purchased real estate with the intent of reselling to qualified private-sector purchasers to enable the properties to be redeveloped. The properties that have been acquired are located in economically distressed areas of the City. The properties are valued at \$2,469,000 at September 30, 2018.
- In FY 2014, the City advanced the CRA funds to pay off debt. Under the terms and conditions of the agreement, the CRA will begin repayment in FY2019-2020. At September 30, 2018, the advance totaled \$8,875,034.
- The negative fund balance is directly related to the Advance between the Agency and the City, mentioned above. The Agency's fund balance will remain negative until it begins paying back the Advance in FY2019-2020.