



Agenda Item Details

Meeting	Jul 19, 2017 - CRA Board Meeting
Category	6. Downtown District Policy Formation and Direction
Subject	6.02 Discussion and Direction on Downtown District Assistance to Proposed Mixed-Use Residential Development of Envision Credit Union Property -- Roxanne Manning, Tallahassee Community Redevelopment Agency
Access	Public
Type	Action, Discussion
Fiscal Impact	No
Budgeted	No
Recommended Action	Option 1 - Direct staff to proceed with negotiations for DT District financial assistance for the proposed mixed-use residential development of the Envision Credit Union property on N. Monroe Street. Any agreement will need to be approved by the CRA Board.

Public Content

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Statement of Issue

On June 28, 2017, the City of Tallahassee City Commission (City) approved the sale of 600 N. Monroe Street (a former City utility drive-through center) to the Envision Credit Union (Envision) for \$850,000. Envision plans to move their credit union operations to the 600 N. Monroe Street location and sell the entire 400-block of N. Monroe Street, where they are currently located, for redevelopment. Both the Envision and former utility drive-through center are located within the Downtown District Community Redevelopment Area (DT District).

On June 30, 2017, CRA staff received a general financial assistance inquiry from MCS Capital Partners (MCS), who have entered into a purchase agreement with Envision for the 400-block of N. Monroe Street property. The MCS proposed development consists of 257 apartments, 12,000 square feet of retail space, resident and retail parking, and various residential amenities (pool, clubhouse, fitness facility, etc.). The cost to redevelop the property is estimated to be \$30 million. The new development is projected to generate approximately \$700,000 annually in property taxes, including an estimated \$217,000 in tax increment for the City of Tallahassee Community Redevelopment Agency (CRA).

Since these properties are located within the CRA's DT District, and the Leon Board of County Commissioners (BOCC) and City of Tallahassee Commission (City Commission) have expressed a desire to discuss the possible phase-out of the DT District, CRA staff is seeking guidance from the CRA Board on whether or not there is interest supporting this project. Although MCS is not requesting a specific level of financial assistance at this time, they have indicated the CRA's participation is essential for the proposed project to move forward. CRA Board direction is needed to determine if CRA staff can enter into development negotiations with MCS, with the understanding that any agreement will need to be approved by the CRA Board. Any CRA financial assistance is expected to extend beyond 2020.

Recommended Action

Option 1: Direct staff to proceed with negotiations for DT District financial assistance for the proposed mixed-use residential development of the Envision Credit Union property on N. Monroe Street. Any agreement will need to be approved by the CRA Board.

Fiscal Impact

There is no fiscal impact at this time.

Supplemental Material/Issue Analysis

History/Facts & Issues

On June 28, 2017, the City approved the sale of 600 N. Monroe Street (a former City utility drive-through center) to the Envision for \$850,000. Envision plans to move their credit union operations to the former utility drive-through location and sell the entire 400-block of N. Monroe Street, where they are currently located, for redevelopment.

On June 30th, CRA staff received a general financial assistance inquiry from MCS Capital Partners, who have entered into a purchase agreement with Envision for the 400-block of N. Monroe Street property. The MCS proposed development consists of 257 apartments, 12,000 square feet of retail space, resident and retail parking, and various residential amenities (pool, clubhouse, fitness facility, etc.). Renderings of the proposed mixed use development are in attachment 1. The cost to redevelop the property is estimated to be \$30 million. The new development is projected to generate approximately \$700,000 annually in property taxes, including any tax increment that may be due to the CRA. The existing improvements generated \$67,665 in property taxes in FY 2017.

Both the Envision and former utility drive-through center are located within the DT District. MCS has advised City and CRA staff that it will be seeking financial assistance from the CRA, although the amount of the request has not been determined yet. If CRA funding is not available for the redevelopment of the 400-block of N. Monroe Street, MCS has advised it is unlikely they will have the financial capacity to move forward with their plans for the redevelopment of the property.

Based on MCS estimated construction costs of nearly \$30.0 million and the 2016 Certified Taxable Value of the 400-block of N. Monroe Street, if the proposed development were added to the tax rolls today, it would generate an estimated \$217,000 in tax increment for the CRA (\$104,000 from the City and \$113,000 from the County). This would be part of the more than \$700,000 in the total annual property taxes projected by MCS. Under the terms of the interlocal agreement that governs the DT District, the County would retain an estimated \$107,000 of the post-redevelopment ad valorem taxes that are not subject to distribution to the CRA (see attachment 2). Assuming an annual increase in taxable value of 1.5 percent, the CRA would receive an estimated \$3.4 million in tax increment (49 percent from the City and 51 percent from the County) from the proposed redevelopment through the life of the DT District (which ends in June 2034) and the County would receive approximately \$1.7 million in ad valorem taxes that are not subject to distribution to the CRA. The City and County would continue to receive ad valorem revenue based on the 2003 baseline value of the Envision property, which is only \$80,053 less than the 2016 Certified Value.

Additional ad valorem revenue will be generated through the redevelopment of the former utility drive-through center as the new Envision headquarters location, which has been tax exempt since 1999. At this point, the timing for the redevelopment of this property is not known.

Both the Envision and former utility drive-through center are located within the DT District. MCS has advised City and CRA staff that it will be seeking financial assistance from the CRA, although the amount of the request has not been determined yet. If CRA funding is not available for the redevelopment of the 400-block of N. Monroe Street, MCS has advised it is unlikely the development will have the financial capacity to move forward.

Staff Recommendation

The proposed project is consistent with the goals and objectives of the DT District Community Redevelopment Plan. However, since these properties are located within the CRA's DT District, and the BOCC and City Commission have expressed a desire to discuss the possible phase-out of the DT District by 2020, CRA staff is seeking guidance from the Board on whether or not there is interest supporting this proposed project beyond 2020. Because of the benefit the proposed project would bring to the DT District, staff requests the CRA Board direct staff to proceed with negotiations for DT District financial assistance for the proposed mixed-use residential development of the Envision Credit Union property on N. Monroe Street. Any agreement will need to be approved by the CRA Board

Options

1. Direct staff to proceed with negotiations for DT District financial assistance for the proposed mixed-use residential development of the Envision Credit Union property on N. Monroe Street. Any agreement will need to be approved by the CRA Board.

Pros:

- An entire downtown city block will be redeveloped as mixed-use development with residential and retail.
- The taxable value of the property could increase from \$3,417,267 (the 2016 Certified Value) to nearly \$30.0 million.
- Any DT District funds committed to the development would come from the increased value after the new development is added to the tax rolls.
- The redevelopment could serve as a catalyst for the redevelopment of other key parcels in this section of the DT District.

Cons:

- Will require financial commitment from the DT District beyond 2020.

2. Do not direct staff to proceed with negotiations for DT District financial assistance for the proposed mixed-use residential development of the Envision Credit Union property on N. Monroe Street.

Pros:

- No DT District financial commitment will be required beyond 2020.

Cons:

- Developer has advised staff the proposed redevelopment of the Envision property will likely not move forward without CRA or other public financial assistance.

Attachments/References

1. 4Forty North Apartments Renderings
2. Envision Credit Union Block Redevelopment Projected First Year Taxable Value and Tax Increment Projection

[Attachment 1 - 4Forty North Apartments Renderings.pdf \(916 KB\)](#)

[Attachment 2 Taxable Value and Tax Increment Projection.pdf \(1,090 KB\)](#)

4Forty North Apartments



Artist Rendering of Proposed Redevelopment of the west side of the 400 Block of N. Monroe St (the Envision Credit Union site), between Virginia and Carolina Streets



Aerial of Envision Credit Union site and surrounding properties



Envision Credit Union site today



Following redevelopment as 4Forty North Apartments, a mixed-use residential/retail development

**Envision Credit Union Block Redevelopment
Projected First Year Value
and Tax Increment Projection**

Estimated Post-Development Value	\$29,951,836
2003 Taxable Value¹	<u>(\$3,337,214)</u>
Estimated Increase in Taxable Value²	\$26,614,622

	TIF Income	Non-TIF Income
a. <u>City of Tallahassee</u>		
Projected Taxable Value ²	\$26,614,622	
Millage Rate ³	0.0041	
Ad Val Taxes	\$109,120	
Adjustment	<u>0.95</u>	
Projected TIF - City	\$103,664	\$0
b. <u>Leon County</u>		
Projected Taxable Value ²	\$26,614,622	\$26,614,622
Millage Rate ⁴	<u>0.0042698</u>	<u>0.0040446</u>
Projected TIF - County	\$113,639	\$107,646
Total Projected TIF	\$217,303	\$107,646

Notes:

1. This is the baseline value; City and County collect ad valorem taxes on this amount.
2. CRA would collect tax increment on the increased value consistent with the interlocal agreement that governs the DT District.
3. Assumes current city millage of 4.1 mils.
4. Per the DT District Interlocal Agreement, the County's millage rate for TIF contribution is limited to 4.2698 mils in the DT District. The ad valorem collected from the balance of the millage (currently 8.3144) is retained by County.