

REAL DEALS: Project Tour

St. Petersburg, Florida

April 19, 2007



Tour Attendees:

City of St. Petersburg

Deputy Mayor Goliath Davis

Shrimatee Ojah-Maharaj, *Manager Business Assistance Center*

Urban Design Solutions

Larry Newsome, *President*

Gypsy Gallardo, *Director of Development*

City of Lakeland

Stanley Hawthorne, *Assistant to the City Manager*

Tamara Sakagawa, *CRA Manager*

Heather Huebner, *CRA Project Manager*

Lynne Simpkins, *Neighborhood Planning*

Frank Kendrick, *Mid Town CRA Advisory Board, NuJak Development*

Tim Jackson, *NuJak Development*

Earl Johnson, *Mid Town CRA Advisory Board, Director of Facilities and Materials Management/ Retail Operations for the Watson Clinic*

Background

St. Petersburg Midtown District

Since 2002, the department of Midtown Economic Development has been in place and committed to facilitating the redevelopment and economic growth of Midtown. To date, Midtown residents have witnessed the completion of the award winning Tangerine Plaza which includes a Sweetbay supermarket and 11,000 square feet of additional retail space. The plaza is the southern anchor of the revitalized 22nd Street S. historic district, which includes a theater, health center, casino, housing community, and African-American History Museum. The future looks bright, as the department anxiously awaits the completion of the first full service bank. Additionally, as part of the development of the Dome Industrial Park, the construction of a new Job Corps site will begin. Finally, Midtown is embarking on a new phase of redevelopment of their "seamless city." This is the planning and implementation of the Greater Childs Park Revitalization Initiative.

Midtown District Demographics:

5.5 square miles

85% African American

Population of 21,000

CRA is comprised of 27 acres within Midtown

Urban Design Solutions (UDS)

In 2003, its flagship project was ranked 5th in the nation and 1st in Florida by the U.S. Office of Community Service. Picked as one of 7 partners to the Tampa Bay affiliate of LISC, UDS worked with national sister organization, New Markets Support Corporation, to do a first-of-its-kind tax credit deal. Larry Newsome received the 2005 award for *Outstanding Contributions to the Betterment of the Community*, shortly after he was requested to speak before the Congressional Black Caucus in Washington, D.C. about emerging models for success in urban development. UDS was named the 2006 Minority Business of the Year by the St. Petersburg Chamber.

Roundtable Discussion

General

Deputy Mayor Goliath Davis was hired in 2001 by Mayor Rick Baker and was charged with bringing “economic development” to the historically African-American neighborhoods in St. Petersburg; an area that Baker called “Midtown”. Davis had previously been the City’s Chief of Police and had been born and raised in Midtown. Davis agreed to take the job under one condition: the Mayor had to assure him that the commitment to Midtown was consistent throughout the City organization. He did not want to have an Economic Development Department per se; he wanted to make sure that this was an Administration-wide effort.

In the beginning, Davis chose to initiate conversations with the Midtown community to ask what “economic development” meant and to determine some benchmarks to determine when Midtown economic development had been achieved. Previous economic development activities had been perceived in the community to be “top down” and failed to provide satisfactory results. Davis cited the development of Tropicana Field – jobs were created, but they were low-wage, seasonal jobs without benefits. The community did not see this as a success. Davis felt strongly that African-American participation is a must for the community to sustain itself. Redevelopment of this area needed to include the wants and needs of the population, not just the wants of those in charge.

Interestingly enough, Davis’ focus groups revealed that there was no community consensus about what economic development meant. The eventual consensus was that economic development was “community development” in general, and specifically, 1.) entrepreneurship, 2.) support for existing businesses and 3.) living wage jobs with benefits.

In addition, Davis wanted a method to measure whether or not economic development had been achieved. In order to obtain an idea of what success meant to Midtown, Davis asked the focus groups to complete the following sentence:

“Midtown Economic Development will have occurred when _____ has happened.”

These phrases were collected and have been incorporated into the document which would drive all economic development activities in Midtown, the *St. Petersburg Midtown Strategic Planning Initiative*. The benchmarks of success were distilled down to what Davis described as the “Big Three.” Midtown Economic Development will have been achieved when the area has: 1.) a retail post office, 2.) a grocery store; and 3.) a bank.

It was believed that the Big Three had not been developed in Midtown due to public perceptions of crime, violence and poverty. In an effort to dispel myths about the neighborhood, Davis initiated a public relations campaign that focused on Midtown’s assets rather than the perceived liabilities. Davis began with bus tours for the press and local media. At the onset of each tour he asked three questions. 1.) What is economic development?, 2.) What assets does the district have?, 3.) What needs to occur for the district to be successful? Initially, the press could not define economic development and could not name any of the assets of Midtown. After the tour was complete, they could answer both and list multiple assets of the area. Davis asked them to think about reporting on Midtown’s assets as this economic development initiative moved forward. Davis followed the press tour with similar tours for City staff and local financial institutions.

The Big Three

Midtown Post Office

For 17 years, 22nd Street in St. Petersburg had a post office which was used primarily as a carrier center and allowed for customer pick-up of certified mail. The lack of a retail center required residents to travel outside of the neighborhood to purchase stamps or mail parcels. As part of the Midtown Strategic Planning Initiative, Davis and Mayor Baker initiated conversations with the local Postmaster General, his regional supervisor and on up the chain of command in order to establish a full-service retail post station. The initial hurdle was construction cost (Baker offered to use City resources for construction) and the ultimate

hurdle was staffing cost. Baker took the discussion all the way to the White House (thanks to intervention from Governor Jeb Bush) and eventually was able to gain the approvals to make the full-service retail post station a reality. Baker used \$250,000 in CDBG funds to construct the 1,100 square foot facility which opened for business in 2005.

Midtown Grocery Store – Tangerine Plaza

At the same time that the City of St. Pete was kicking off the Midtown Strategic Planning Initiative, Urban Development Solutions (UDS) was being created by Larry Newsome and other local residents. UDS was in the process of assembling a large commercial site at the intersection of 22nd Street and 18th Avenue with the unofficial backing of City staff. The expectation was that the City would do something to facilitate commercial development on this site.

It was determined that 22nd and 18th was the prime location for a grocery store and related retail development, two items which were requested by the community in the Strategy Planning Initiative. UDS completed the assembly and the City designated a 27-acre area (including this property) as a Community Redevelopment Area. The creation of the CRA was not solely to generate tax increment-



it was to allow CRA-owned property to be sold or leased at below-market rates in order to facilitate development. Davis was against including all of Midtown within the CRA's boundaries for two reasons: 1.) he had just launched a PR campaign to promote Midtown's assets; and 2.) there was some concern that the area would not meet the requirements for slum and blight under the Florida Statutes.



Residents in Midtown had requested a grocery store as part of the Strategic Planning Initiative and demographic data illustrated that the Midtown district had sufficient household income and number of households to support **four (4)** grocery stores. Historically, retailers were uncertain about locating in this urban area because of perceptions about purchasing power and crime. Davis and his

staff approached numerous grocery store chains and outlined the overwhelming need for this service. He used members of the media to profile neighborhood residents and to write articles about how far they had to travel to do basic grocery shopping. Eventually, Davis was able to convince a major executive at Kash and Karry (now Sweetbay) to commit to operate a small, urban grocery within the Tangerine Plaza development.



In order to develop the project, the CRA purchased the property from UDS, initiated the zoning changes and replatting process, and leased the site back to UDS on a 45-year ground lease at a rate of \$5 per year. Sources of financing for the \$9.2 M project included:

- \$1M loan to Sweetbay for build out (City money passed through UDS)
- Construction to perm financing from BB&T (with an interest rate subsidy on the perm loan through a Federal Home Loan Bank EDGE Grant)*
- \$2M in New Markets Tax Credits (NMTCs) from Local Initiatives Support Corporation (LISC)†

* EDGE Grants function as interest rate subsidies for permanent loans. They are available through FHLB member banks for economic development projects (no residential). Loans may have terms of 2-30 years and cannot be used for refi.

† NMTCs were syndicated and the proceeds were used as equity to reduce the amount of debt for the project to carry.

- Office of Community Service (OCS) Grant from Federal Department of Health and Human Services Office of Community Services[‡]

The project, which is a total of 47,000 square feet, includes the 39,000 square foot grocery and 8,000 square feet of retail space. A portion of the proceeds from the NMTCs are being used to provide 3% working capital or tenant fit-out loans to small businesses who want to locate within the Plaza. Tenants were not required to pay back the funds for two years and in some cases, not at all. Additionally, the city's Business Assistance Center (BAC) worked with tenants to provide business guidance. The BAC provides business counseling, training and access to capital and credit for startups as well as established businesses seeking growth or specialized assistance. Current tenants in Tangerine Plaza are a hair salon, beauty supply and dry cleaner. These were existing businesses in other parts of the neighborhood that were relocated to this more prominent location.

Midtown Bank

The City is in the process of assembling a site across the street from Tangerine Plaza in order to develop a bank and office building. The proposed development is a 13,100 square foot, 3-story Class A office building anchored by the community's first bank branch since the 1950s.



Davis noted that financial institutions had reservations about locating in Midtown due to their perceptions about crime. Using his contacts at the Police Department, Davis compiled data on bank robberies throughout the Central Florida region and relayed the statistics to bank executives. He cited numerous bank locations which had been targets of robbery- his point was that if the corporate policy was to locate bank branches in locations that had little or no crime, by that same logic, all of the bank branches which had been robbed should be facing closure. He joked that Midtown simply “wanted the chance to be robbed too”.

The City and UDS are currently negotiating with SunTrust Bank to open in this location. A previous deal with Bank of America fell through. It is anticipated that this project will be completed within the calendar year.

[‡] OCS Grants are competitive grants offered through the Department of Health and Human Services. These are Community Economic Development (CED) discretionary grant funds which are awarded to Community Development Corporations (CDCs) that are experienced in implementing economic development projects. The purpose of these grants is to create new employment and business development opportunities for low-income individuals. Eligible CDCs, including American Indian, Native Alaskan, and faith-based CDCs, must have in place: (1) written unconditional financial commitments for all non-CED funding needed for the project, (2) management, staff and other resources to operate the project, (3) evidence of site control for the project (e.g., lease agreement or deed), and (4) referral sources from which low-income individuals would access the project

Tour included the following projects:

- **St. Pete Clay Company – Seaboard Coastline RR Station** (420 22nd Street South) Constructed in 1926, the Seaboard Coast Line Railroad Station is the only substantially unaltered example of railroad architecture within the City of St. Petersburg. The Tampa and Gulf Coast Railroad Company, who constructed the building, was the second rail line to enter the City. Its design is of the masonry vernacular style which includes decorative brick work. The structure is a rare example of brick warehouse and office construction in the City of St Petersburg.



A group of ceramic artists bought the historic Seaboard Coastline Railroad Station in 2000 and spent about \$500,000 renovating it for studios, kiln and glaze rooms, gallery space and the partners' business selling clay and equipment. Four outdoor kilns were built on adjacent land, making the Clay Company one of the most comprehensive ceramics workshops in the Southeast.

- **Manhattan Casino** (642 22nd Street South) Built in 1925 by Elder Johnson, a prominent African American developer, the 12,000 square foot entertainment hall was a showcase for local African American artists as well as a haven for traveling African American entertainers who would stop in St. Petersburg during their tours.

Some of American music's most legendary performers played at Manhattan including James Brown, Louis Armstrong, Fats Duke Ellington, Count Basie, Lionel Hampton, Cab Calloway, Charles, Nat King Cole, Sarah Vaughn, Fats Domino and the Ink. The Manhattan closed in 1966. The property was acquired by the City of St. Petersburg and rehabbed with CDBG funds. The City is looking for a restaurant to occupy the space- the second floor is intended to be used as a banquet facility.



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- **St. Petersburg College Midtown** (1048 22nd Street South) College campus satellite includes a "one-stop" center for WorkNet Pinellas. The campus serves approximately 300 students and has been in this location since 2003.



- **Historic Royal Theater** (1011 22nd Street South) Built in 1948, the Royal Theater was designed by Philip F. Kennard for the Gulf Coast Entertainment Company. The Royal Theater is one of the few remaining "Quonset Huts" within St. Petersburg.



The Royal Theater operated for eighteen years from 1948 to 1966. During these nearly two decades it was one of only two movie theaters serving solely African-Americans in St. Petersburg during the era of segregation; the other being the Harlem Theater, located at 1019 Third Avenue South which has been demolished. It currently houses a state-of-the-art recording studio and performance space. Renovations to the building were completed in 2004 at a cost of \$225,000. The facility is owned and operated by the Boys and Girls Club of the Suncoast.

- **Tangerine Plaza** (22nd Street South at 18th Avenue) A 48,000 square foot strip shopping center anchored by a 39,000 square foot Sweetbay Supermarket, which was the first private commercial investment in central Midtown in more than 30 years.
- **Happy Workers Children’s Center Campus** (902 19th Street South) Built in 1929, the Trinity Presbyterian Church/Happy Workers Day Care is important for its association with St. Petersburg's educational, social and religious history. The two establishments jointly used the property until 1968, when the Presbyterian congregation relocated to 22nd Avenue South. It is one of the few sites within the African-American community that currently maintains its original historic use. A \$5.2 million 17,000 square foot campus to restore and replace a 76-year old institution, the City’s oldest childcare center open to Blacks during the segregation era.
- **SunTrust Bank & Office Building**, a 13,100 square foot, 3-story, Class A office building anchored by the community’s first bank branch.
- **Lakeview Apartments** a 20-unit complex which includes both market-rate and affordable units, being built in an area that has lacked multi-family development.

