

MEMORANDUM

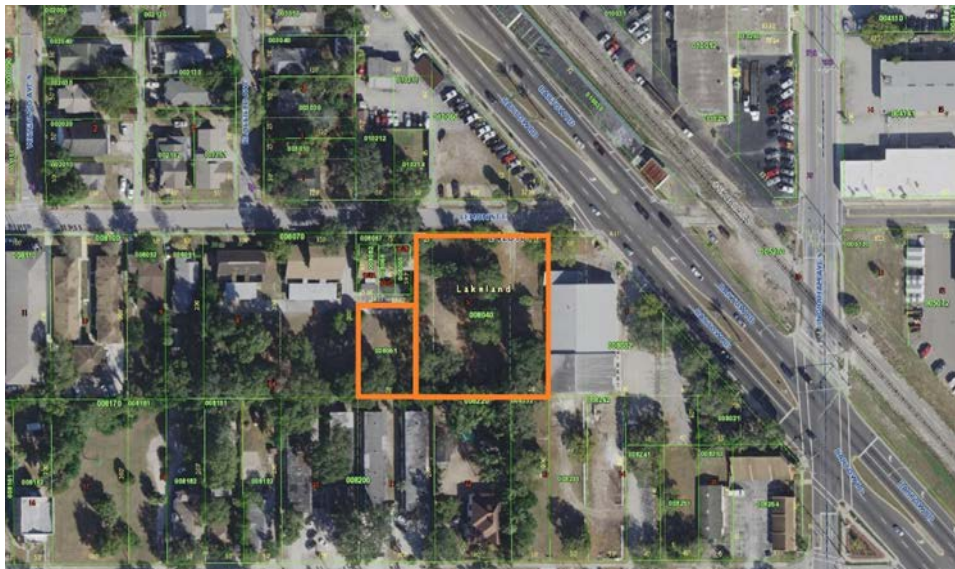
TO: MAYOR AND CITY COMMISSION

FROM: CITY ATTORNEY'S OFFICE

DATE: July 19, 2021

RE: **Tax Increment Financing Agreement with 923 E. Lemon LLC for Improvements to 915 and 923 E. Lemon Street**

Attached for your consideration is a Tax Increment Financing (TIF) Agreement with 923 E. Lemon LLC for properties the entity owns at 915 and 923 East Lemon Street. The site consists of parcels 24-28-18-205000-008040 and 24-28-18-205000-008061, totaling 43,560 SF (1.0 acre) of vacant land.



923 E. Lemon LLC is proposing to construct five 2-story buildings, consisting of twenty-two (22) apartment units with on-site surface parking. The developer's hard costs for the development are projected to be \$2,384,930, with an additional \$347,713 in soft costs and \$152,500.00 in land acquisition costs, bringing the total development costs to approximately \$2,885,143.

The Tax Increment Financing program allows qualified developers to receive a reimbursement of tax increment funds collected by the Lakeland Community Redevelopment Agency (CRA). The reimbursement is based on incremental revenue collected due to increases in the property's taxable value resulting from the investment made in the real estate. The standard term of reimbursement is five (5)

years, beginning in the year following the project's receipt of a Certificate of Occupancy, with the developer receiving a 50% reimbursement of tax increment in years one through five. Based upon estimated project costs, TIF payments for this project under the standard TIF Agreement are projected to total \$58,737 over the five-year duration of the Agreement.

The CRA Advisory Board has reviewed the developer's request and recommends approval of the CRA's standard TIF Agreement. The developer will receive 50% reimbursement of tax increment for years 1 through 5. It is recommended that the City Commission, acting as the City's Community Redevelopment Agency, approve the attached Tax Increment Agreement with 923 E. Lemon LLC and authorize the appropriate CRA officials to execute the Agreement.

Attachments

Developer Agreement

Tax Increment Benefits

This agreement (the “Agreement”) is made this _____ day of _____, 2021, by and between the City of Lakeland Community Redevelopment Agency, a public body corporate and politic created pursuant to Part III, Chapter 163, Florida Statutes (the “LCRA”), and 923 E Lemon LLC (the “Developer”).

Whereas, the City of Lakeland City Commission, as the Community Redevelopment Agency for the Lakeland Community Redevelopment Area, has the authority to contract with private developers for Tax Increment Benefits; and

Whereas, the Developer proposes to complete substantial renovations or improvements to the real property located at 915 & 923 Lemon Street East, Lakeland, FL 33801 and more specifically described in Exhibit A attached hereto (the “Property”); and

Whereas, the current assessed value of the Property, as certified by the Polk County Property Appraiser, is _\$115,280.00¹_; and

Whereas, the Developer has confirmed that the proposed renovations or improvements to the Property, said renovations and improvements being more specifically described in Exhibit B attached hereto (the “Project”), have an estimated value equal to or exceeding fifty percent (50%) of the current total assessed value of the Property; and

Whereas, the Developer has presented, and the Community Redevelopment Area Advisory Board as advisory board to the LCRA, has approved, the Project for receiving Tax Increment Benefits; and

Whereas, upon completion of the Project, the Polk County Property Appraiser will reassess the Property for Ad Valorem Tax purposes;

Now, therefore, the LCRA and the Developer agree as follows:

1. The foregoing findings are incorporated herein by reference and made a part hereof.
2. Beginning in the year immediately following the year in which the Project is completed and continuing for a total of five (5) years, the LCRA shall make a single annual payment to the Developer in an amount calculated according to the following equation, as adjusted in accordance with the schedule set forth in Paragraph 3 below:

Assessed Value (Post Improvement) – Pre-Construction Assessed Value (Base Year)
X Combined Millage Rates of Polk County, City of Lakeland and the Lakeland Area
Mass Transit District, and all other taxing authorities then required by law to deposit
increment taxes into the Community Redevelopment Trust Fund X 95%.

¹ 2020 County Taxable Value as of June 2021

For the purposes of this calculation, the Post-Improvement Assessed Value of the Property shall be determined each year from the records of the Polk County Property Appraiser. The "Base Year" shall be the year in which the Project is completed. A Project shall be deemed completed when the City issues a Certificate of Occupancy, Certificate of Completion or other official acknowledgement indicating completion of the Project in accordance with all applicable regulations. "Year One" shall be the year immediately following the Base Year. In the event the Property Appraiser has not reassessed the Property after completion of the Project, and, as a result, the assessed value of the Property in Year One has not increased above the assessed value for the Base Year, the Base Year shall be deemed to be the year immediately following the year in which the Project is completed and Year One shall be the year immediately following the revised Base Year. However, in no event shall the base year be further revised.

3. The Developer will receive the benefits as calculated above, subject to the following declining schedule:

Year One	50%
Year Two	50%
Year Three	50%
Year Four	50%
Year Five	50%
Beyond Year Five	0%

4. Prior to payment, the Developer shall provide the LCRA with proof of payment of taxes for the Property. The LCRA shall, within 30 days of the receipt of such proof or at such time as sufficient revenues have been deposited into the Downtown Redevelopment Trust Fund, whichever occurs last, cause disbursement to the Developer of payment in the amount calculated according to the above equation and declining schedule.

5. In the event this Agreement or any provision of this Agreement is for any reason held illegal or unenforceable by a court of competent jurisdiction, the parties shall attempt in good faith to negotiate a new agreement or provision that is legal and enforceable and that effectuates the intent and purpose of this agreement. To such extent, the provisions of this agreement shall be deemed severable.

6. Nothing in this Agreement shall operate or be construed to compel the City Commission of the City of Lakeland, the LCRA, or any other taxing authority to either directly or indirectly levy ad valorem taxes or otherwise exercise its taxing power to fund any obligation created by this Agreement.

7. The benefits and obligations of this Agreement are not assignable and shall terminate upon the sale or transfer of the property.

8. This Agreement represents the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes any prior understandings or

agreements between the parties. No modifications to this Agreement shall be enforceable unless in writing and executed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

DEVELOPER:

Kristi Lawrence
923 E Lemon, LLC

LAKELAND COMMUNITY
REDEVELOPMENT AGENCY:

Kelly S. Koos, City Clerk

By: _____
H. William Mutz, CRA Chairman

Approved as to form and correctness: _____
Palmer Davis, City Attorney

EXHIBIT A

Address: 923 Lemon Street East, Lakeland, FL 33801
 915 Lemon Street East, Lakeland, FL 33801

Parcel ID: 24-28-18-205000-008040
 24-28-18-205000-008061

Legal Description: MORTONS ADD DB Q PG 79 BLK H LOTS 4 W1/2 & 5 & E1/4
 OF 6

AND

MORTONS ADD DB Q PG 79 BLK H LOT 6 W 75 FT LESS N
 85 FT

Value Summary (2021)

Land Value	\$115,280
Building Value	\$0
Misc. Items Value	\$0
Total Taxable Value (County):	\$115,280

Map

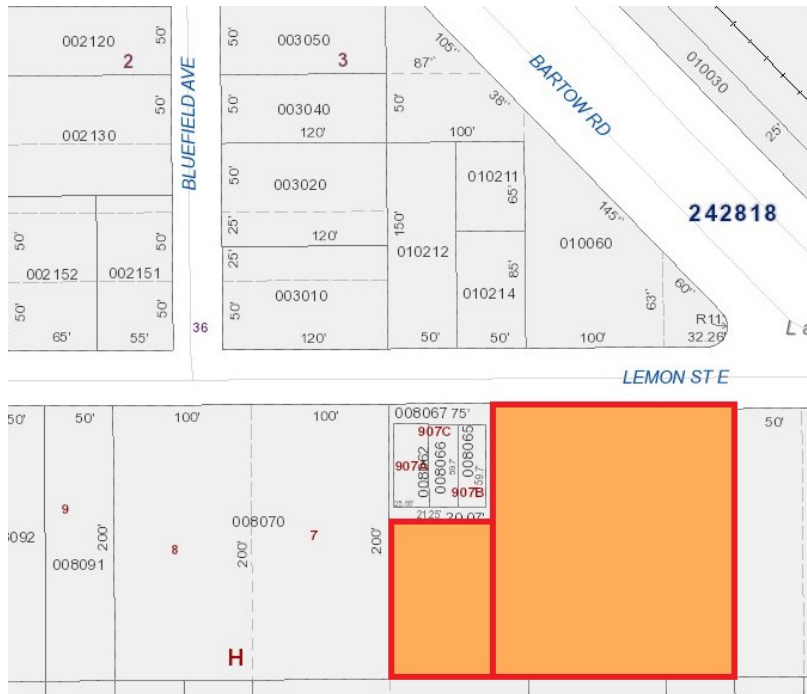


EXHIBIT B

Scope of Work & Budget [BT1] (see attached)
Site Plan & Renderings (see attached)





Dear Downtown CRA Advisory Board:

The Lemon St. Development will be built on the property located at 923 East Lemon St. and 0 East Lemon Street, which is in the Garden District of Downtown Lakeland. The Development will consist of five, 2 story buildings, having a total of (22) apartment units, with a mix of one- and two-bedroom apartments. The Development Review Committee and Historic Preservation Board both granted approval of the design of the Development on May 20 & May 28, 2020 respectively. These approvals were sought to be consistent with the City's Redevelopment plan. This will help the City meet their goals of enhancing and maintaining the historic character of Downtown.

The Property will be purchased on September 25, 2020 for \$152,500.00. The current assessed value of both lots are \$115,280.00. The Developer's hard costs for the Development are projected to be \$2,384,930.00 with an additional \$347,713.00 in soft costs and \$152,500.00 in land acquisition costs, bringing the total development costs to approximately \$2,885,143.00.

My wife and I currently own 10 units in the surrounding historic district. One property consists of 4 units and the other has 6 units. Both properties were in serious disrepair when purchased and we've invested (and continue to invest) a considerable amount of money to upgrade the units and exterior of the buildings, therefore improving the neighborhood. We intend to purchase more properties in Lakeland with a similar plan to renovate and help improve the area.

I understand the City of Lakeland is looking for an infill developer to build 20-40 units also referred to as the missing middle. I'm interested in filling that need in the community, however, building less units on a lot increases the per unit cost making it more difficult for the project to make financial sense. In addition, the cost of lumber has recently increased significantly which will also have a negative impact on the proposed development. Therefore, I respectfully request a Tax Increment Financing Agreement with the City of Lakeland for this development.

Thanks for your consideration.

Best Regards,

Jason Lewis