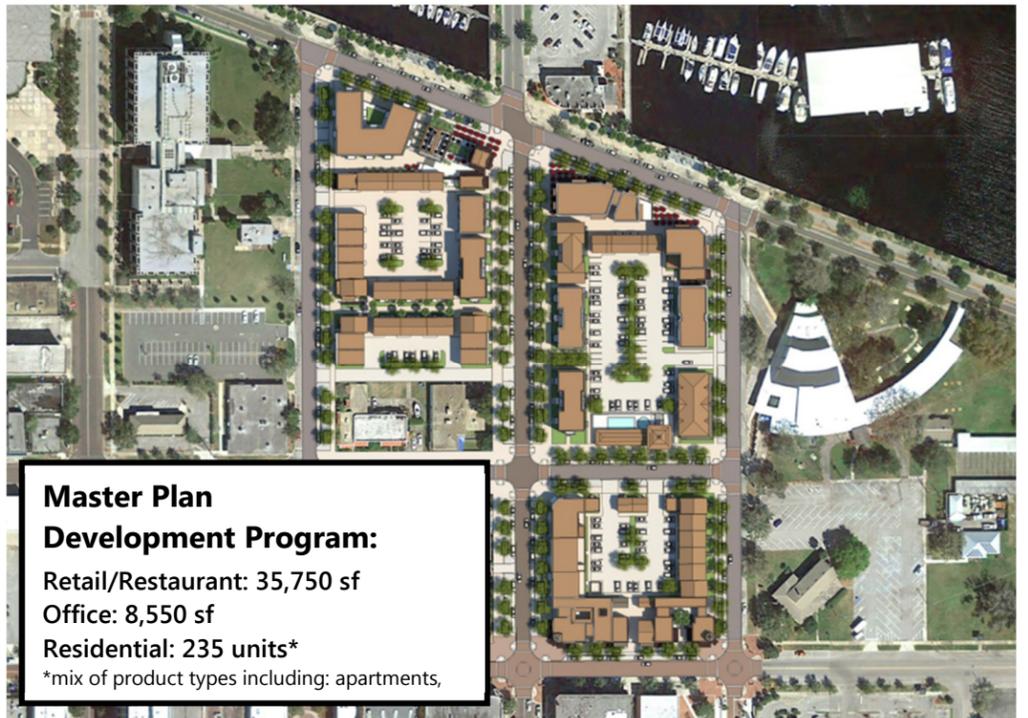


# Heritage Park- Development Agreement

## Introduction

The City of Sanford owns three downtown blocks, comprising approximately 5.25 acres, located between Lake Monroe and First Street. In 2014, the City Commission formally recognized the potential and value of this property by designating it the Waterfront Catalyst Site. Rather than a short-term sale to the highest bidder, the City sought to leverage the strategic location of this downtown waterfront site for the development of a new downtown/waterfront neighborhood. **The City desired a residential/mixed-use development that would embody the great history and character of Sanford while also improving downtown economic activity and increasing home values throughout the City.** To this end, the City issued a Request for Qualifications in order to procure an experienced development team to partner with the City in the creation of a shared vision and master plan for this new downtown neighborhood. The individuals now comprising Sanford Waterfront Partners, were selected to advance a community driven master planning process culminating in a conceptual master plan for the catalyst site. Over the course of five months, Sanford Waterfront Partners worked with City staff, residents, their consultant team, and spending close to \$1 million in soft costs (planning, design, market analysis, legal costs, etc.), to develop the Heritage Park Master Plan and corresponding program as outlined below.



## City and Developer Commitments

**The Heritage Park Master Plan exemplifies the City's desired vision for a downtown waterfront neighborhood.** In order to realize the community-inspired vision for Heritage Park, the City was tasked with negotiating a development agreement with Sanford Waterfront Partners. City staff held two primary objectives in the negotiation of the Development Agreement: (1) negotiate the best possible financial terms for the City, and (2) provide a framework to ensure development of the property consistent with the master plan prior to relinquishing City control of the property. To this end, the proposed Development Agreement contains the following deal points to deliver the estimated \$50-\$55 million mixed-use project.

- Geotechnical reports indicate the need for enhanced foundation preparation in order to construct the planned mixed-use buildings. The City intends to deliver a development ready site and therefore has agreed to reimburse Sanford Waterfront Partners up to \$4 million towards enhanced foundation preparation costs.
- Within a specified period, Sanford Waterfront Partners has the exclusive option to purchase the property, on a block by block basis, for an assessed total value of \$2,376,176. **Prior to purchase, Sanford Waterfront Partners must provide proof of construction financing and obtain City permitted plans for at least 50% of the block to be purchased. The property will be deed restricted by the master plan for the entire block as well as the City permitted plans for a period of ten years.**
- The development site is located in a Brownfield. The City will utilize state authorized Brownfield Economic Incentives including the reduced of City Building Department Permit and City Planning and Development Review Fees (up to \$1.5 million).
- The Developer will pay all Impact Fees including Parks and Recreation, Transportation (County), Police, Fire and Schools totaling \$1,232,658.

## Performance-Based Incentives

In recognition that the proposed \$50-\$55 million project exceeds the existing market for capital investment in the area and that the Heritage Park Master Plan will serve as a catalyst, improving Sanford's downtown economic activity and increasing home values throughout the City, the following performance based incentives have been offered by the City to Sanford Waterfront Partners.

- The City agrees to pay Sanford Waterfront Partners a sum equal to 50% of the increased property tax revenues generated from each purchased development block for each tax year through 2025. This incentive is dependent on performance and, by design, results in a dollar for dollar match increase to Tax Increment Fund (TIF) revenue. The project is estimated to generate more the \$2.6 million (\$1.5 million City and \$1.1 million County) in TIF through 2025 and therefore would result in payments to Sanford Waterfront Partners totaling approximately \$1.3 million.
- Upon **successful completion** (approximately 235 residential units with Certificates of Occupancy within a five year period) the initial purchase price(s) of the property (\$2,376,176) shall be refunded to Sanford Waterfront Partners.

## Conclusion



Heritage Park will fulfill a long-standing City goal and establish a new downtown/waterfront neighborhood which should serve as a catalyst for additional investment and redevelopment in Downtown and throughout the City of Sanford and Seminole County. Proximity to walkable downtown centers and navigable waterways are highly sought after residential amenities. The development of Heritage Park on the City's designated catalyst site will establish a new downtown neighborhood and establish a desired downtown form and pattern as the neighborhood grows over time and more people call Downtown Sanford "home".

A preliminary financial analysis of the project, using IMPLAN Social Accounting and Impact Analysis Software, projected that the initial capital investment of \$50 million (inclusive of indirect and induced impacts) would create \$76.2 million in total output.<sup>1</sup> Upon completion, the project site itself is anticipated to generate additional property tax revenue in excess of \$1,017,570.00<sup>2</sup> annually (\$366,250/City; \$243,755/County; \$15,115/Water District; and, \$392,450/School Board).

<sup>1</sup> Orlando Economic Partnership (formerly Orlando Economic Development Commission), 2016

<sup>2</sup> Seminole County Property Appraisers Office, 2016.