DEVELOPMENT INFRASTRUCTURE ASSISTANCE PROGRAM

PROGRAM GUIDELINES

PURPOSE OF THE DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY

A community redevelopment agency is a special dependent taxing district established by local government for the purpose of carrying out redevelopment activities that include reducing or eliminating blight, improving the tax base, and encouraging public and private investments in the redevelopment area. Local governments are empowered through Chapter 163, Part III, of the Florida Statutes (Sections 163.330–163.450) to create community redevelopment agencies. The Delray Beach CRA (CRA) was established on June 18, 1985, with the purpose of guiding the City of Delray Beach in its redevelopment efforts.

The CRA works directly to foster and assist in the redevelopment of the CRA Districts to eliminate blight, create a sustainable downtown and encourage economic growth in the Delray Beach CRA Districts. The success of the CRA's community redevelopment efforts is largely dependent upon the economic vitality of the area. The CRA Plan "Overall Needs" section outlines the importance of projects aimed at maximizing the impact of public expenditures to leverage private investment. Through programs that improve the overall area, provide financial opportunities, and by creating incentives for additional investment in the area, the CRA will continue to encourage private investment and development to eliminate slum and blight.

INTRODUCTION TO DEVELOPMENT INFRASTRUCTURE ASSISTANCE

Projects in the CRA may be eligible for a mixed use commercial site development incentive known as the Development Infrastructure Assistance (DIA) Program. This incentive was instituted to encourage developers to make improvements within or adjacent to the public rights of way of mixed use commercial buildings.

The incentive is a CRA program in which a private organization requests incentive funds for the reimbursement of a portion of the cost of exterior infrastructure improvements to a mixed use or commercial site. Improvements may be either on private or public land, on the public right of way, or both.

The CRA invests its capital in return for fulfilling the following objectives:

- improving both the physical appearance of the redevelopment area and the property values/marketability of surrounding properties;
- improving existing properties and their value;
- creating an improved infrastructure on both public and private land; and
- facilitating commercial development in targeted areas of the CRA District.

Targeted projects include quality office and commercial space, such as, new and/or existing commercial buildings, hotel projects, and mixed use buildings.

At this time the CRA has identified CRA Sub-Areas #3, #4, and #8 as the key focus areas for an applicant's consideration (refer to the attached map of the CRA Geographical Sub-Areas).

DESCRIPTION OF THE INCENTIVE

The DIA Program is a CRA incentive program in which the CRA **reimburses** a private organization up to an amount not to exceed seventy-five percent (75%) of the costs of eligible site improvements for an eligible mixed use commercial project, up to an amount not to exceed 50% of the projected Tax Increment Funds ("TIF") generated by the improvements over a five (5) year period following project completion, not to exceed $1,000,000.

Qualified improvements may be either on private land, on the public right of way, or both. Incentive reimbursement would occur in five (5) annual disbursements, beginning after the entire project, including the building structure, is complete, a Certificate of Occupancy has been issued, and payment of ad valorem property taxes has been made and validated.

A formal incentive agreement would be prepared for final approval by the CRA Board. To maintain eligibility, CRA Board approval must be obtained prior to a final investment decision by the developer.

ELIGIBLE REIMBURSEMENT COSTS

Costs eligible for reimbursement may include, but are not limited to, the following:

- Landscaping, irrigation, exterior site lighting, sidewalks, site walls, etc., located on either public right of way adjacent to the commercial development, or on a portion of the private property that is accessible to the public.
- Public right of way improvements along a street or alley and adjacent to the mixed use or commercial development, including paving, sidewalks, curb and gutters, storm drainage systems, traffic signals, and on-street public parking spaces.
- Signage, limited to street signage, directional signage, or monument signs, and excluding tenant signage.
- Underground and above ground public utilities, including, but not limited to, water mains, sewer mains, irrigation lines, natural gas lines, and electric utility lines.
- The construction of publicly dedicated parking lots and parking structures, or portions thereof, are eligible for reimbursement using the value of one in-lieu parking space as the base value of one publicly dedicated parking space.

INCENTIVE LIMITS

The maximum amount of the incentive shall be calculated at a rate of not to exceed 75% of the cost of eligible reimbursable expenses. The DIA incentive award may not exceed 50% of the projected five-year TIF.

Project's estimated assessed value after completion shall be determined by an MIA certified appraisal report. The DIA incentive is contingent on funding availability, CRA Board approval, and the execution of the Incentive Agreement by the CRA and the Applicant, and is not to be construed as an entitlement or right of a property owner or applicant.

The CRA may at its sole discretion cease offering incentives under the DIA Program if, in its sole discretion and absolute determination, it feels that the assistance no longer benefits the furtherance of the CRA District.

ELIGIBILITY REQUIREMENTS

Applicants must meet **all** of the following requirements in order to be eligible to receive assistance through the Development Infrastructure Assistance Program:

1. Proposed projects must be located in one of the following sub-areas of the CRA: District: #3, #5, and #8 (refer to the attached map of the CRA Geographical Sub-Areas).

2. Applicants must illustrate a "but for" scenario, demonstrating that securing a CRA incentive will be a deciding factor in the decision to develop the project.

3. The final incentive agreement must be approved by the CRA Board and fully executed by the CRA and applicant prior to the issuance of building permits.

4. Properties are not eligible for CRA funded programs when the proposed improvements are inconsistent with the Community Redevelopment Plan, or when such funding conflicts with the goals expressed in the Community Redevelopment Plan.

5. Applicants must either own the property or must have an executed multi-year lease (40-year minimum) with the property owner, as approved by the primary lender.

6. The proposed project must consist of mixed use or commercial space in order to be eligible for a DIA incentive.

7. The Project owner or developer must have a minimum of 50% of project costs (equity) in the financing structure. Land cost may be included as part of developer's equity.

8. For on-site parking lots or parking structures to be eligible for the DIA Program, eligible parking spaces must be dedicated for public use.

9. Property to be improved must be free of all municipal and county liens, judgments or encumbrances of any kind. Upon incentive approval, the property must remain free of all municipal and county liens, judgments or encumbrances of any kind under the term of the agreement.

10. The Applicant may not employ or retain any company or person, other than a bona fide employee working solely for the applicant, to solicit or secure the incentive award, and not pay or agree to pay any person, company, corporation, individual or firm, other than a bona fide employee working solely for the applicant, any fee, commission, percentage, gift, or any other consideration contingent upon or resulting from the award or making of the incentive award.

11. Properties in the eligibility areas are not eligible for CRA funded programs when such funding conflicts with the goals expressed in the Community Redevelopment Plan.

PROCEDURES FOR IMPLEMENTATION

Incentive approval is a two-step process, with certification of eligibility required by the CRA Board before any binding investments are made in the project. Binding investments may include, but are not limited to, property acquisition; the signing of a lease; submission of a site plan application; plat changes; or more.

If a certification of eligibility is granted, the CRA Board will pass a resolution to make DIA incentive funds available to the proposed project, subject to it being carried out and subsequent terms being agreed upon by the CRA and applicant in a final incentive agreement. Following certification of eligibility, applicants must submit additional information to demonstrate that a decision to commence development has been made and verifying the consistency of the proposed project with the CRA priorities. This information will be used to determine eligible expenditures and calculate the incentive award. The final incentive agreement is subject to approval by the CRA Board and must be fully executed by the applicant and the CRA before obtaining building permits for the demolition and construction of any portion of the project.

1. **Pre-Application Meeting** – All prospective applicants are required to meet with CRA staff prior to the submission of any funding request, in order to discuss the conceptual project idea, general CRA objectives, and review the incentive approval process.

2. **Preliminary Funding Request** – All applicants are required to demonstrate that the proposed development project would not proceed in Delray Beach without the investment of a DIA incentive. The following information must be submitted to the CRA before a preliminary funding request will be taken to the CRA Board for consideration:

    a. Completed/executed application form (preliminary);

    b. Description of the organization and NAICS code;

    c. Current Certificate of Status issued by the Florida Department of State;

    d. 3-year historical financials of owner(s) or related entity;

    e. Description of the project, scope of improvements, tentative project timeline and projected local economic impact of the project. The tentative project timeline must identify, at a minimum, the following development milestones: property acquisition; preliminary drawings; site plan approval; final drawings; final cost estimates; building permits; and construction commencement and completion;

    f. Zoning Verification Letter prepared by the City's Planning & Zoning Department indicating that the project conceptually meets the requirements of the City of Delray Beach's Land Development Regulations; and

    g. Preliminary construction cost estimate, as prepared by a certified construction industry professional.

3. **Final Funding Request** – Funding requests will not be considered until after the CRA Board has

certified the eligibility of the proposed project and all required documentation has been submitted to the CRA office. Application packets **must** include the following documentation:

a. Completed/executed application form (final);

b. Copy of executed land lease (min. 40-year term) or proof of ownership of the property;

c. Proposed project site plan, floor plans and building elevation (see Application Form for specific requirements);

d. Description of proposed uses, and copies of any lease agreements or Letters of Interest from prospective tenants;

e. Ten-year operating Pro Forma including financial projections of revenues and expenses (see application form for specific requirements);

f. Total Project Cost Analysis prepared by a licensed General Contractor, or prepared by an MAI Appraiser with construction costs certified by a licensed General Contractor;

g. Revisions to any documents submitted as part of the initial funding request; and

h. Additional items as required by CRA staff.

4. **Third Party Analysis** – The CRA reserves the right to have the application and its contents evaluated and analyzed by an outside third party including but not limited to: partnership/ownership information with equity positions, financial assets, mortgage on the property, tenant lease agreements, letter of Intent from lending institution, economic impact of the project, return on CRA investment, and/or any other aspect as deemed necessary by the CRA.

5. **Approval of the Final Funding Request and Incentive Agreement** – After all required documentation has been submitted and reviewed by staff and a third party consultant as deemed necessary, staff will negotiate incentive terms with the applicant, according to prior direction and subject to the approval of the CRA Board of Commissioners and Section 163.380, Florida Statutes, as may be amended from time to time. The draft incentive agreement, including a recommended maximum incentive amount, will be presented for Board consideration. Applicants are strongly encouraged to be present at the CRA Board meeting, prepared to present its development proposal and to answer questions by the CRA Board. Following CRA Board approval of the final funding request, the CRA and the Applicant shall execute an Incentive Agreement which will clarify the terms and conditions of the incentive.

6. **Start of Construction** – Construction shall start within the time frame specified in the Incentive Agreement. If construction does not start within the specified time frame, the Incentive Agreement and the DIA Program approval may be terminated.

7. **Payments** – Subject to the terms and conditions of the Incentive Agreement, Incentive funds for reimbursement of eligible and pre-approved expenses shall occur only after the entire project, including the building structure, has reached completion and the applicant has obtained a certificate of occupancy (CO) from the City of Delray Beach Building Department.

The initial incentive payment shall be paid by the CRA to the grantee within 90 days of the project obtaining a CO, with additional annual payments made in accordance with a payment schedule that will be established in the Incentive Agreement. At the sole discretion of the CRA, incentive proceeds may be disbursed in one lump sum payment after the issuance of a CO.

8. **Site Visits** – CRA staff will conduct site visits before the initial reimbursement payment is made in order to verify that improvements are complete as presented in the approved application. Staff may also conduct unannounced site visits periodically in order to ensure compliance with the terms of the Incentive Agreement.

9. **Reporting** – By accepting Payment, the applicant agrees to comply with any reporting procedures deemed necessary by CRA staff to verify that any required project timeframes included in the incentive agreement are being adhered to, and that construction is completed as represented in the scope of improvements.

I have read completely and understand the program, including the application guidelines and funding process.

_____ _____

Applicant Signature **Date**

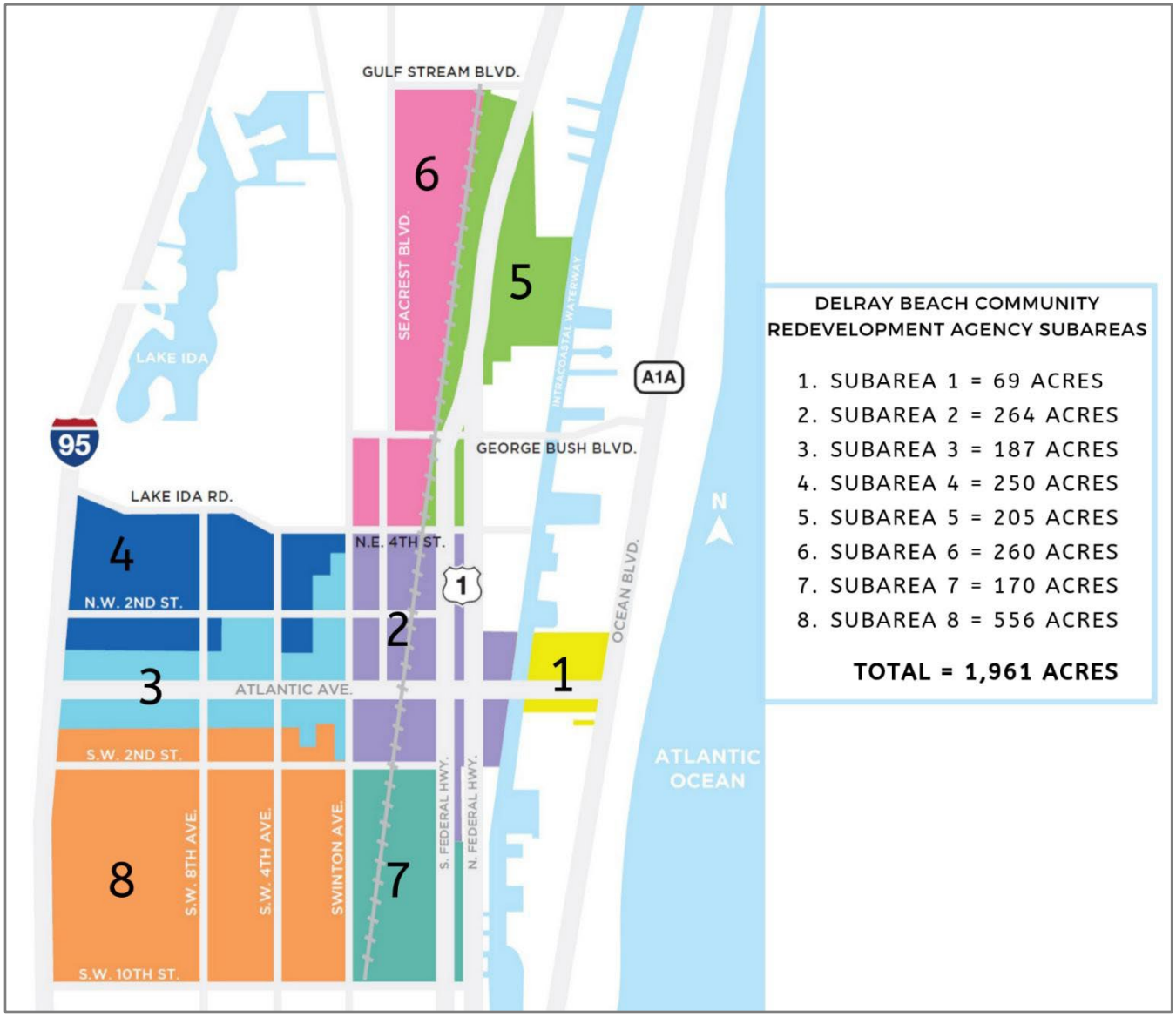
_____

Printed Name, First and Last

Please note that the Delray Beach CRA is a public agency. As such, the CRA is governed by Section 119.07, et. seq., Florida Statutes, the "Florida Public Records Law." Any documents provided by the Applicant may be subject to production by the CRA, upon receipt of a public records request, subject to any exemptions provided by Florida Law.

PROGRAM INQUIRIES

Please direct inquiries on the Development Infrastructure Assistance Program, including obtaining a complete application packet, to:

Gina Clayton
Finance and Operations Director
Delray Beach CRA
20 North Swinton Avenue
Delray Beach, FL 33444
561-276-8640

Delray Beach CRA Sub-Areas Map