Memorandum

TO: Common Council
From: Greg Keil, CDD
Date: July 14, 2010
RE: Lake Park Villas Vacant Land Development Proposals

Staff has undertaken discussions with three development companies that have be referred to us by various means. These developers have expressed interest in initiating development projects ranging in scope from about five acres ranging up to the remainder of the vacant development land (about 50 acres). Their individual development concepts are still in the formative stage, but all of them are contemplating the mid-range housing market, at least for the initial stages. They are all likewise seeking some sort of development assistance from the city. Among the types of assistance being sought are the following:

- Discounted land prices
- Holding of land costs by the city until the housing unit is purchased by a homeowner
- Deferral or absorption of infrastructure costs by the city
- Cash grants as a marketing incentive

As staff, we are acutely aware of the debt burden being carried by the city as related to the Lake Park Villas development. We are also aware that our primary means of cost recovery -lot sales- has not been producing, in as much as we have not sold a lot in the last 2 ½ years or so. In our discussions with these and other developers, as well as other real estate professionals, getting new building activity within the area is key to breathing new life into the development.

In order to generate the resources to incent new development without placing new tax burden on the community, staff is exploring the formation of a new Mixed-Use Tax Increment Finance District as well as other options such as deferred assessments. The city's limited borrowing capacity may require developer financing of the TIF and/or limit our ability to offer deferred assessments. We have been in contact with our Financial Advisor and Bond Counsel to help us assess these options. It is clear, however, that if we aren't able to take some action to generate revenues from the Lake Park Villas development it will continue to draw upon city resources for debt repayment.

We are expecting these conceptual plans will be further developed in the next few weeks, and at such time we will ask the developers to present their concepts to the Administration Committee for its consideration.