

EXECUTIVE SUMMARY



To: Jim Scholl., City Manager

Through: Thaddeus Cohen, Planner Director

From: Patrick Wright, Planner II

Meeting Date: January 20, 2016

RE: **Development Agreement – 541 White Street (RE # 00006730-000200; AK # 9100458)** - A request for development agreement between Peary Court Holdings LP and the City of Key West related to the construction of 48 new affordable residential units on property located within Historic Special Medium Density Residential (HSMDR) zoning district pursuant to Article IX and 122-611 (e) of the Land Development Regulations of the Code of Ordinances of the City of Key West, Florida.

Request: Request for development agreement between Peary Court Holdings LP and the City of Key West related to the construction of 48 new affordable residential units

Applicant: Donna M. Bosold

Property Owners: Peary Court Holdings, LP

Location: 541 White Street
(RE # 00006730-000200; AK # 9100458)

Zoning: Historic Special Medium Density Residential District (HSMDR)



Project Background:

The property consists of one 24 acre parcel under single ownership. The property has historically been utilized as army barracks dating as far back as the mid nineteenth century and redeveloped in the early 1990s to 160 Navy housing units. Three of those units were destroyed by fire leaving the 157 units that currently exist on the site today. The property also housed a 10,000 square foot bank building occupied by Keys Federal Credit Union that was demolished in 2013. The site of the bank building, together with other currently vacant land within the property, is now proposed for the development of 48 affordable housing units.

In 2012 the Navy sold the property to a non-governmental entity thus making it and its 160 units subject to local zoning control. The City Commission adopted Ordinance 12-33 in September of 2012 which established the HSMDR zoning district for Peary Court as well as set aside 48 affordable building permit allocation (BPAS) units by recommendation of the State Department of Economic Opportunity to satisfy the 30% affordable housing requirements.

This request for a Development Agreement pursuant to Section 122-611(e) seek to construct the 48 affordable units as allocated by the city and as set forth in City Ordinance 12-33. If approved the development would result in a total of 205 units on the parcel with buildback rights of three additional units totaling 208 potential units.

City Actions:

Development Review Committee (DRC):	June 25, 2015
Development Review Committee (DRC):	August 27, 2015
Preliminary Tree Commission:	October 13, 2015
Planning Board:	October 15, 2015 (PB Res No. 2015-49)
HARC:	November 16, 2015
Final Tree Commission:	November 10, 2015
City Commission:	January 20, 2016

As stated above this Development Agreement is required by Section 122-611(e) which states:

- *(e) Any development plan approval submitted for a property in the HSMDR zoning district shall be accompanied by a concurrent application for a development agreement.*

When the HSMDR zoning district was established this requirement was codified in the intent of the district. The zoning district was established specifically in terms of density to take into account these additional 48 affordable housing units. The draft agreement has been reviewed by the Planning Board and shall be considered by the City Commission. The Land Development Regulations acknowledge the findings of the state legislature that enable Development Agreements under Florida Statute, as follows (see Section 90-676):

(1) The lack of certainty in the approval of development can result in a waste of economic and land resources, discourage sound capital improvement planning and financing, escalate the cost of housing and development, and discourage commitment to comprehensive planning.

(2) Assurance to a developer that, upon receipt of a development permit, the applicant may proceed in accordance with existing laws and policies, subject to the conditions of a development agreement, strengthens the public planning process, encourages sound capital improvement planning and financing, assists in ensuring there are adequate capital facilities for the development, encourages private participation in comprehensive planning and reduces the economic costs of development.

(3) The comprehensive planning process should be furthered by authorizing local governments to enter into development agreements with developers. The intent is to encourage a stronger commitment to comprehensive and capital facilities planning, ensure the provision of adequate public facilities for development, encourage the efficient use of resources, and reduce the economic cost of development.

Development Agreement Review Criteria (Section 90-682):

The City's Land Development Regulations set forth criteria for the contents of a Development Agreement. The specific criteria, as well as the location of the information within the Development Agreement, are addressed below.

(a) Any development agreement approved under this article shall contain not less than the following requirements as provided in F.S. § 163.3227:

(1) A legal description of the land subject to the development agreement and the identification of all persons having legal or equitable ownership therein.

The legal description can be found in Exhibit A of the attachments. All ownership and equitable interests in the property are listed in Section C, Terms of Agreement 1. Legal Description; Ownership and Equitable Interests in the Property.

(2) The duration of the development agreement, which duration shall not exceed five years, but which may be extended by mutual consent of the city and the developer. Any request for an extension shall be subject to the public hearing process necessary for the initial approval of the development agreement.

The proposed duration of the agreement is five years as expressed in Section C, Terms of Agreement 2. Duration of Agreement Renewal.

(3) The development uses permitted on the land, including population densities, building intensities and building heights.

The proposed development is described in Section C, Terms of Agreement 5. Site Plan. The permitted maximum density in the HSMDR zoning district is 8.6 units per acre which allows for 48 additional units. Building heights are not to exceed the maximum permitted height of the HSMDR zoning district.

(4) All documents required to comply with criteria cited in the land development regulations applicable to the subject project.

The applicant has addressed the criteria cited in the Land Development Regulations applicable to the subject project under Section C, Terms of Agreement 5. Site Plan. Also addressed more specifically in subsection (c) as related to the conformity with the Major Development Plan.

(5) A description of the public facilities that will service the development, including designation of the entity that will be providing such facilities. Additionally, if new facilities are needed to serve the project, the date by which such facilities will be constructed shall be provided. A schedule to ensure that public facilities shall be available concurrent with the impacts of the development shall also be provided. Such schedule, relating the provision of public facilities or services to events or thresholds in the development, may be substituted for the certain dates required under this subsection.

A description of the public facilities that will service the development are found in Section C, Terms of Agreement 10. Public Facilities. The concurrency management has also been reviewed by staff as outlined and attached in the Planning Board staff report for the Major Development Plan.

(6) The applicant may be required to provide for a performance bond, letter of credit, or similar instrument, to be deposited with the city, to secure the construction of any new facilities that are required to be constructed as part of the proposed development agreement. Alternatively, such construction may be a condition precedent to the issuance of any building permits or other development permissions. If the new public facilities are in place and operating at the time development permits are requested, no such performance bond or letter of credit shall be necessary unless such facilities are not adequate for the project.

Not applicable. A concurrency analysis showing that facilities will be available at the time of development is being revised to reflect the City's 2013 Comprehensive Plan amendments.

(7) A description of any reservation or dedication of land for public purposes. The development agreement shall provide specifically how all impact fees and other funding requirements for the project are to be met.

The agreement does not include the reservation or dedication of land for public purposes. All applicable City impact fees will be required.

(8) If land is to be conveyed to the city in discharge of the obligation of any impact fee or other similar obligation, the development agreement shall provide that such conveyance will be by warranty deed and will be accompanied by an environmental audit and a title insurance policy which shall be in an amount not less than the assessed value of the land. The applicant shall bear the cost of these requirements.

Not applicable.

(9) A description of all development permits approved or needed to be approved for the development of the land, which description shall specifically include but not be limited to the following:

a. Any required comprehensive plan amendments or rezonings.

Not applicable

b. Any required submissions to or approvals from the county; the South Florida Regional Planning Council; the state departments of community affairs (DCA), environmental protection (DEP), transportation (DOT), health and rehabilitative services (DHRS); the United State Army Corps of Engineers; the South Florida Water Management District; the United States Environmental Protection Agency; or any other departments with competent jurisdiction over any aspect of the proposed development.

Required permits and approvals are outlined in Section C, Terms of Agreement 11. Required Permits and Approvals.

c. If development requirements are not satisfied, action in reliance on the development agreement or expenditures in pursuance of its terms shall not vest any development rights to the applicant/property owner. Failure to perform as specified in the development agreement shall not constitute partial performance and shall not entitle the applicant or property owner to a continuation of the development agreement.

This issue is addressed in Section C, Terms of Agreement 16. Laws Governing this Agreement.

(10) A specific finding in the development agreement that the development permitted or proposed is consistent with the city's comprehensive plan and with the land development regulations. However, if amendments are required to the comprehensive plan or land development regulations, such amendments shall be specifically identified in the development agreement, and the agreement shall be contingent upon those amendments being made and approved by the appropriate governmental agencies.

This issue is addressed in Section C, Terms of Agreement, 14. Finding of Consistency.

(11) The city commission may provide for any conditions, terms, restrictions or other requirements determined to be reasonably necessary for the public health, safety or welfare of city residents and property owners.

This is addressed in Section C, Terms of Agreement 8. Affordable Work Force Housing. As part of this Development Agreement all forty-eight (48) units will be affordable work force housing units.

(12) A statement indicating that failure of the development agreement to address a particular permit, condition, term or restriction shall not relieve the developer of the necessity of complying with the law governing the permitting requirements, conditions, terms or restrictions.

This is addressed in Section C, Terms of Agreement 15. Compliance with Permits, Terms, Conditions and Restrictions Not Identified Herein.

(13) At the city commission's discretion, the development agreement may provide that the entire development, or any phase thereof, be commenced or completed within a specific period of time.

The proposed duration of the agreement is five years, per Section C, Terms of Agreement 2. Duration of Agreement Renewal.

(b) At such time as the city administrative official has reduced the terms of the proposed development agreement to written contractual form, the administrative official shall transmit such development agreement to the planning board and the city commission with a written recommendation from the development review committee.

This report responds to this requirement. The minutes of the DRC Meeting and Planning Board Resolution 2015-49 are attached herein.

(c) Prior to the first public hearing, the proposed development agreement shall have been reviewed by the planning board, and its recommendation along with the development review committee's recommendation shall be provided to the city commission.

At a dually advertised public meeting held October 15, 2015 the Planning Board reviewed this Development Agreement, based on comments from Staff provided at the DRC Meeting held June 25, 2015 and August 27, 2015. Minutes from that meeting and Planning Board Resolution No 2015-49 are attached herein.

Options / Advantages / Disadvantages:

Option 1. Approval of the Development Agreement as recommended by the Planning Board.

1. **Consistency with the City's Strategic Plan, Vision and Mission:** This action is consistent with the City's Strategic Plan.
2. **Financial Impact:** There is no direct financial impact to the City related to the project other than additional impact fees collected; although, the site improvements should increase the ad valorem tax yield.

Option 2. Deny the approval of the Development Agreement.

1. **Consistency with the City's Strategic Plan, Vision and Mission:** This action is not consistent with the City's 2013 Comprehensive Plan that promotes affordable housing, specifically Chapter 3: Housing Element.
3. **Financial Impact:** There is no direct financial impact to the city related to the project; although the City will not benefit from impact fees and the increase in the ad valorem tax yield based on the site improvements for the property.

Recommendation: Option 1

The Planning Department and Planning Board recommend that the request for a Development Agreement be **approved**.