

Merritt Island Redevelopment Agency Redevelopment Plan Update Draft Exhibit “A”

Agenda Item Description

At the August 30, 2022 regular session Board of County Commissioners meeting, the Board tasked the Merritt Island Redevelopment Agency (MIRA) staff to create a Redevelopment Plan Update Draft, with guidelines-identifying budget allocations for affordable housing, parks and recreation, and infrastructure. The Commissioners requested an emphasis on qualifying definitions and a proposed budget for each budgetary category, recommending 20% or more for affordable housing, 20% or more for infrastructure, 20% or more for parks and recreation, and the remainder for salaries, overhead, and operating expenditures.

At the September 13, 2022 regular session the Board of County Commissioners reviewed the Merritt Island Redevelopment Agency (MIRA) Redevelopment Plan Update Draft (Exhibit “B”) attached, in which Staff created an Affordable Housing Element in Executive Summary form for the Plan, along with creating three distinct Redevelopment Plan categorical definitions, with a proposed budget allocation strategy addressing the Plan elements of: Infrastructure; Affordable Housing; and Parks and Recreation (Open Space, Parks and Waterfront);

Also at the September 13, 2022 regular session, the Board of County Commissioners directed MIRA staff to make additional updates by removing the Merritt Island mall project from the MIRA Plan; removing the business incentives for the modernization and rehabilitation of structurally sound, privately owned buildings; and bring operational expenses to be more in line with other County offices.

The Board voted to direct Staff to bring the MIRA Plan Update Draft back to the Board at the October 11, 2022, regular Board Meeting, with no vote to be taken until there is a District 2 Commissioner. Staff has been working with the County Management team, to prepare the draft, however, with the disruption of Tropical Storm Ian, and with approval from County Management, additional time was provided to complete the assignment for submittal to the Board at the October 25th regular meeting.

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1. Modifications to the MIRA Plan

Existing MIRA Redevelopment Plan Content area of concern: *“Provide incentives to encourage the rehabilitation and modernization of those buildings which are structurally sound, but are in a deteriorating condition.”*

Recommended Redevelopment Plan Update Modifications: Staff suggests that all content in the Plan in reference to providing grants utilizing Tax Increment Funds for façade, rehabilitation, or modernization improvements to existing structurally sound buildings, in any of the Redevelopment Areas be removed with the following limited exceptions:

- 1) Use of TIF Funds would be permitted for demolition of blighted vacant and/or condemned structures, including impervious surface areas, and related structures such as parking lots, septic tanks, footers, foundations, and inground utilities. Legal mechanisms and processes would be created to return the expenditures back to MIRA or to the County (if post-sunset), through liens and/or by binding development agreements.
- 2) Use of non-TIF funds would be permitted if funded through non-TIF grant resources. For example, FDEP, SJRWMD, FIND, private donors, or USEPA grant funds. At present, MIRA has a USEPA grant, FDEP grant, and TDC grants operative. These grants provide for a range of objectives such as facility construction, septic tank removal, dredging, site environmental evaluation and remediation for properties that have lead-based paint, asbestos, other interior or in-ground contaminants, or in-ground structures.

2. MIRA Operating Expenses

Existing MIRA Redevelopment Plan Content area of concern: *Bring MIRA operating expenses more in line with other County departments.*

Recommended MIRA Operating Expenses Modifications: In consultation with County Management, Staff proposes to reduce the Administrative/Operating expenses from \$50,336 to \$38,551, reducing several of the operating expenditure line items by a total of \$11,785 (a 23.41% reduction). These Administrative/Operating expenses exclude compensation and benefits and cost allocation indirect-cost charges. The changes come from an analysis of actuals spent from previous years that more accurately reflect expected expenditures.

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3. \$2.1M Merritt Island Mall Area CIP Project

Existing MIRA Redevelopment Plan Content

The 2013 Redevelopment Plan recommended that the 165-acre Mall Core Area be focused on retail center redevelopment with the placemaking vision of a town centre and redevelopment of the 50-year-old Merritt Square Mall to improve retail competitive position.

Note: Language identified below will be deleted from the 2013 Plan p.1-7, 2013 Merritt Island Redevelopment Plan Update

- “As the Merritt Square Mall approaches 50 years old, the status of the Mall as the center of commerce for Central Brevard County has been challenged by the opening of the Melbourne Square Mall in 1982 (27 miles south) and The Avenue at Viera in 2005 (12 miles south).” – p. 7-1, *2013 Merritt Island Redevelopment Plan Update*.
- “Merritt Island’s attractiveness for commercial development and further growth is uncertain at this juncture due to the current economy, layoffs at the Space Center, and increasing competition in the retail sector. However, Merritt Island has always been a unique area and it just may be its uniqueness that will set the stage for increased growth. This has certainly worked for the Cocoa Village area and perhaps by combining the open landscaped retail spaces of the future with the natural beauty of Merritt Island, this approach will once again bring Merritt Island back as ‘the’ place to shop in the future.” – p.1-7, *2013 Merritt Island Redevelopment Plan Update*

Staff suggests that the MIRA Plan be amended to include the following statements:

Note: This is a draft suggested to be incorporated into Chapter 7 of the Redevelopment Plan, along with numerous deletions:

- The 2013 Redevelopment Plan goal of improving competitive retail position of the mall against other areas of the County is inconsistent with current market trends and competitive tenets. Market conditions have dramatically changed since 2013 as has been described in the Affordable Housing Development Plan Element.
- Mall Areas nationally are morphing into lifestyle centers that feature everything from green space and parks, electric car chargers, wellness centers, fitness options, hotels, multifamily housing (including affordable housing), office space, dining, entertainment and more.

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- The MIRA believes that redevelopment success will come from the emphasis and redevelopment of the 165-acre commercial core mall area (Illustration “1”), with an emphasis going forward on a variety of mixed-use projects and a focus on multifamily residential (Illustration “3”).
- Rather than competing by building shopping centers of a duplicate competitive nature in the County, MIRA supports filling market-needs or gaps with infrastructure, developer outreach, data dissemination, and investments in parks and recreation assets to drive upscale housing, affordable housing, class “A” office space, park amenities, activities, and small-scale retail redevelopments that serve consumers in new ways that are not largely available in the Merritt Island market place (Illustrations 4-6).”

The MIRA does not intend to build commercial structures for businesses. The intent is to help plan, catalyze, and fund a cadre of infrastructure, parks, recreation, and open space investments to enable land uses with safe connectivity between high-traffic areas in the commercial-core area with a combination of streets, bike paths, and walking path improvements.

- This area lies at the prime crossroads of Sykes Creek Pkwy; SR 520; the future Health First Medical Wellness Village Project; Veterans Memorial Park, amphitheatre, and museum; and currently-proposed multifamily and 520 retail projects (Illustration “1”).
- The MIRA and Brevard County have already made a substantial redevelopment infrastructure investment of approximately \$7M in the mall area’s Fortenberry Regional Stormwater System with the intention of incentivizing environmentally responsible redevelopment in the 165-acre Mall Redevelopment Area. This system is just beginning to be utilized with its first project.
- The rebuilding of old and new infrastructure will be a key to successful redevelopment of the Mall Area. The lands within in the core mall area (Illustration “1”) are privately owned and cannot be easily accessed, properly utilized, subdivided, or redeveloped without incentivized infrastructure.
- MIRA’s infrastructure contributions at the Merritt Square Mall area are intended to be phased, with up to \$2.1M incrementally applied over four or more years for infrastructure planning, design, permitting and construction.

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- The exact budget amount from year to year is difficult to establish, as use of the budget will be highly reactive—being redevelopment project-dependent, land owner cooperation dependent—and, in many cases, much of the costs can be shared and negotiated with developers. Essentially a CIP item in flux, ready to go, when the right project with the right partners can go forward.
 - MIRA can budget for preliminary concept planning, preliminary engineering, probable cost estimating, and related soft costs (for example, with the stormwater infrastructure). However, the overall budget for engineering and construction must be ready to go when the time comes (and it must be flexible).
 - It is feasible to initiate the starting budget year for the Affordable Housing Element to FY23 with a policy that would enable a rolling average or a flex categorical budget to cover infrastructure construction or other qualified investments, at the appropriate time, for mall area infrastructure. In the interim, MIRA can proceed and utilize budgeted funds for related preliminary due diligence, concept, engineering, architectural, and permitting costs for Mall Area Redevelopment projects.
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Affordable Housing and Redevelopment Tools

Land Acquisition/ Assemblage

The MIRA will identify, assemble, acquire, lease, market, and sell properties for redevelopment plan purposes. The MIRA would approach this preferably on an “options” basis, to the fullest extent possible, to reduce the cost of disposing of land, and land options via RFQ, or whatever legal means are necessary to accomplish the redevelopment plan goals, leveraging and minimizing use of Trust Fund capital.

Pursuant to CFR 163.370 (c) A CRA may acquire property within a slum area or a blighted area by purchase, lease, option, gift, grant, bequest, devise, or other **voluntary** method of acquisition. Also, a CRA may provide for demolition and removal of buildings and improvements. A CRA may hold, improve, clear, or prepare for redevelopment any such property. *Use of eminent domain is not anticipated as a strategy to accomplish this purpose.*

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A part of the CFR slum and blight definition is “irregular lot shapes, or small sized lots”. Assemblage presents a unique development strategy that has proven valuable to effective CRA redevelopment projects. This process can greatly benefit potential redevelopers, who otherwise would not take the time or make the expenditures necessary to create a redevelopment, while eliminating or alleviating the impact of blighted unusable properties. The basic method involves pursuing and taking site control of an area of undevelopable sites, whether through purchase, partnership, or portion agreements that would have redevelopment value when assembled together with other parcels, and made available through redevelopment. The larger combined parcels resulting from this assemblage provides many more development opportunities and increased land value. Assemblage developments can either be for commercial or residential property redevelopment uses.

Incentive Grants

Incentive grants may be awarded and will be site-based, performance-based, formula-based and TIF-based, linked to a binding development agreement and provided in a recurring, conditional performance-based format. This will be a source for developers to leverage additional financing and investment.

Capital Investment Incentive Grants

Capital Incentive Investment Grants may be awarded to leverage substantial new construction investments of private capital in buildings and properties that will elevate the tax base.

A Capital Investment Incentive Grant would award up to 100% of the TIF derived from the developer’s project site improvements (on an annual formula basis) each year to the developer of the affordable housing, mixed use, office, or retail project for a period of up to ten years, not exceeding the sunset date of MIRA.

Mall Area Affordable Housing Incentive

Fortenberry Regional Stormwater System Tie-In Fee Waiver Award

This grant, would be project-based, specifically tied to an affordable housing binding development agreement for creation and sustaining a formula-based number of affordable housing units in a development. The award amount would be in the form of a waiver of the stormwater system tie in fee. This would not reduce the maintenance fee requirements for the property owner.

Project Based Land Grants – Properties assembled by MIRA whether by option or by acquisition, may be assembled, then sold, or awarded on an RFQ basis project award basis, whether donated, or at price below market, that meets state statute, where the redevelopment value is entered into the below market equation.

Due Diligence Grants – Grants for redevelopment projects to cover necessary developer due diligence, reimbursable to MIRA at property closing.

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Brownfield Assessment Grants – MIRA, through its recently approved USEPA Community Assessment Grant, will grant funds to assist in providing Phase I and Phase II Environmental Assessments in the Redevelopment Area.

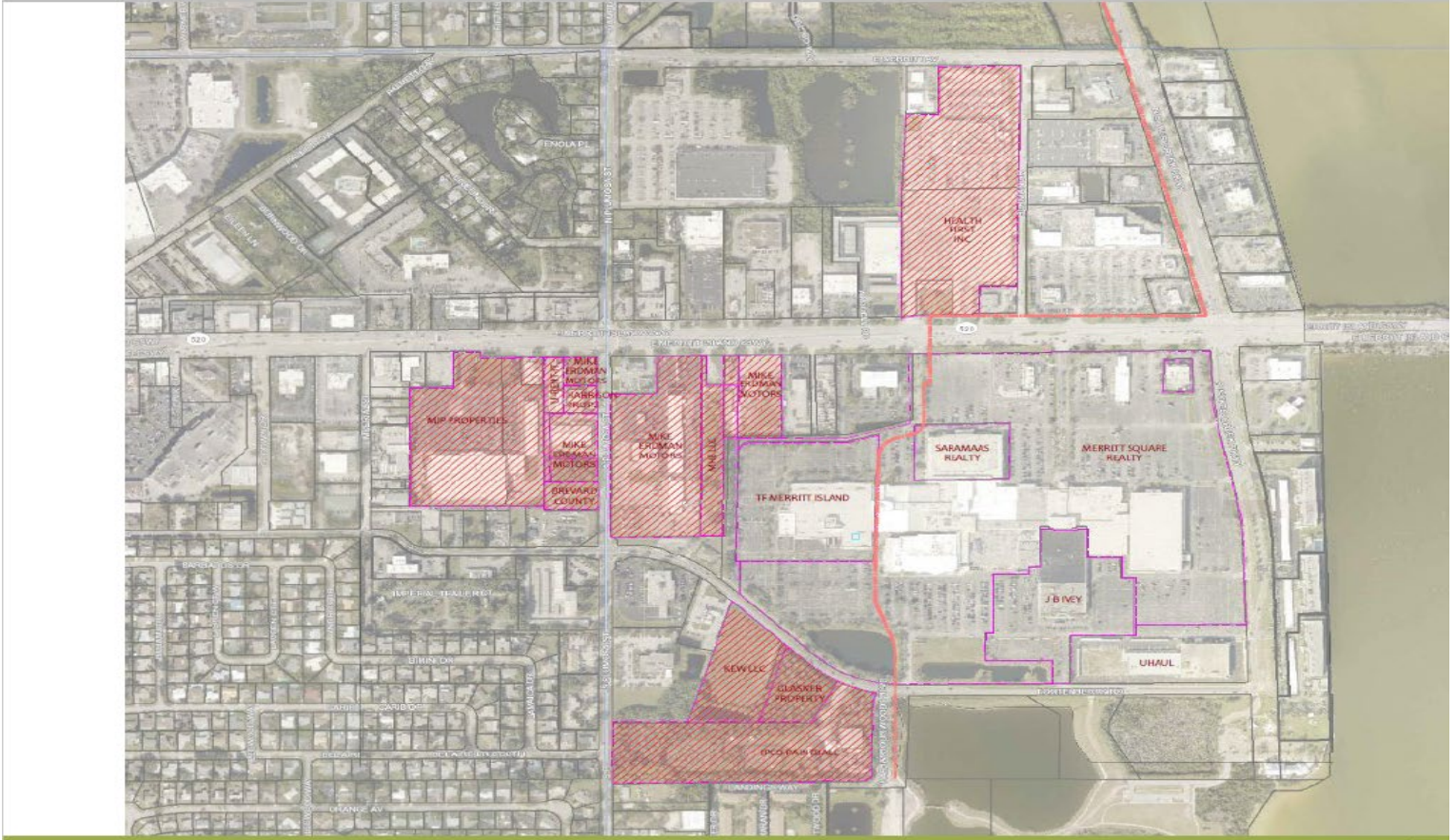
New Text: Staff recommends modifying the MIRA CIP Form Merritt Island Mall Area Project Description to read as follows:

“The purpose of this CIP project is to stimulate new project redevelopments in the SR 520 and Merritt Square Mall Commercial Core Redevelopment Area. This will be accomplished by facilitating and incentivizing private sector and public sector investments, through grant programs, and infrastructure projects necessary to create and implement a public sector/private sector development vision comprised of a variety of connected mixed use place making oriented multifamily housing, affordable housing, retail, office, restaurant and related redevelopment projects. These projects will serve, complement and be linked and integrated functionally and aesthetically to one another and to sustaining mall properties, the Health First Medical Wellness Village, Veterans Memorial Park, nearby water features, the upcoming Amphitheater, and other surrounding retail sites, office sites, businesses, and the airport.”

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Illustration "1" - Existing Mall Existing Mall Redevelopment Area

Merritt Square – Existing Site

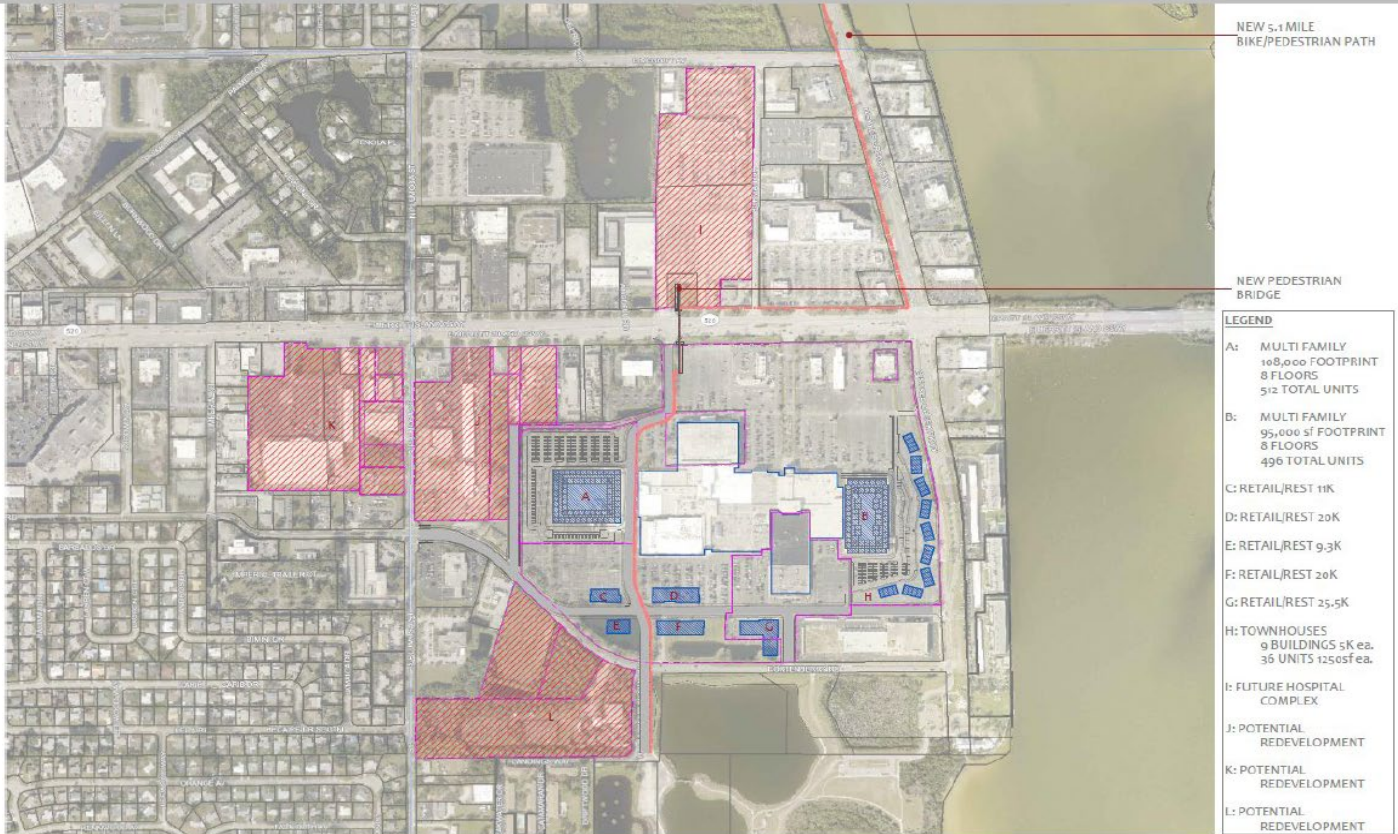


THREE OF THE ABOVE SITES ARE NOW UNDER SITE CONTROL OF REDEVELOPMENT ENTITIES, IN ENGINEERING DESIGN, PERMITTING, OR PLANNING AND ZONING REVIEW.

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Illustration "2"
Redevelopment Plan Conceptual Site Plan Example

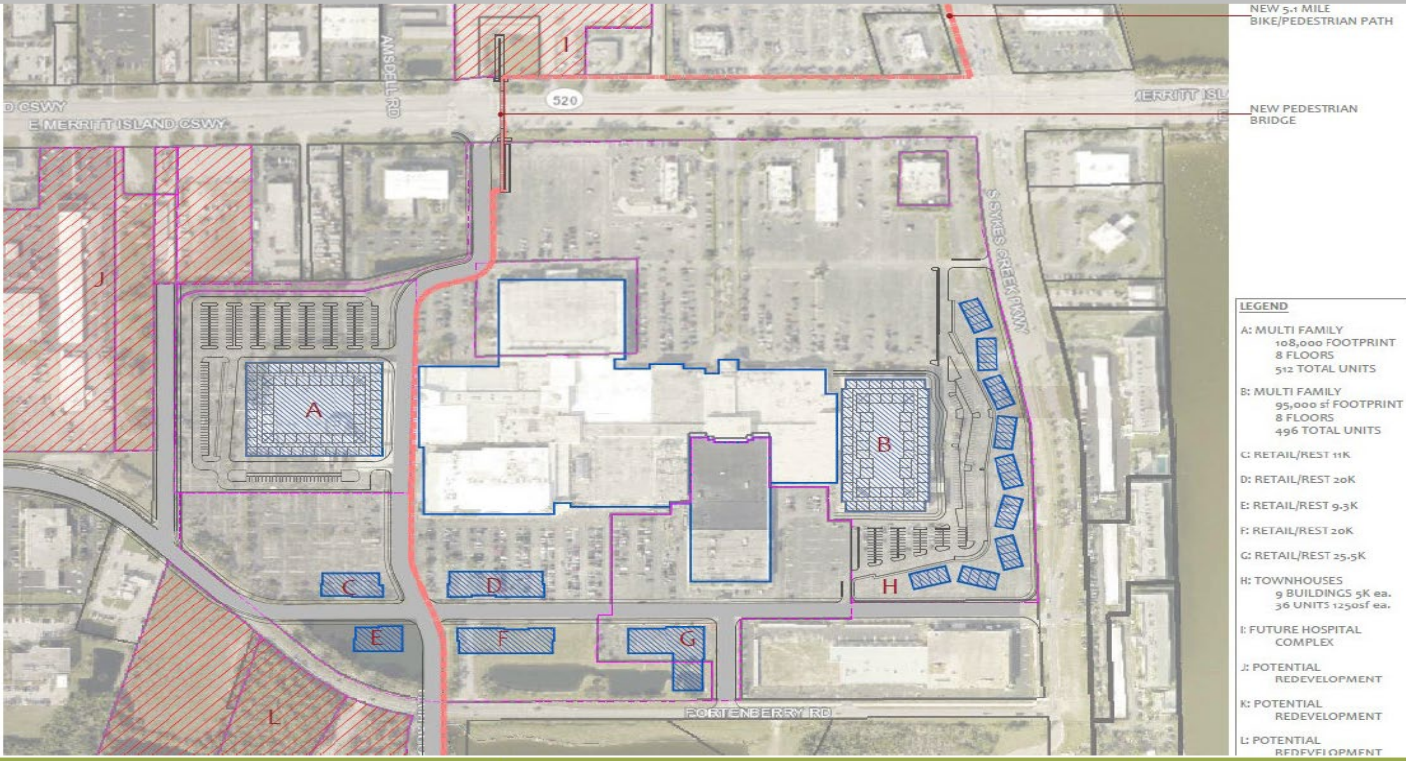
Merritt Square – New Site Plan



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"Illustration 3" - Infrastructure Planning and Projects

Merritt Square – New Site Plan Enlarged



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**Illustration “4” – Results = Improved Use of Vacant, Blighted, and/or
Underutilized Properties**

Merritt Square Mall



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Illustration “5”

Results = Sense of Community, Recreation and Affordable Housing Opportunities

Merritt Square Mall – Multi-Family / Bike Trail



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Illustration "6"

Results = Upscale Mixed Use and Affordable Housing Opportunities

Merritt Square Mall –Multi-Family



Redevelopment of the Mall Redevelopment Area, since 2013, has trended away from being a high-level retail area.