



Agenda Report

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Unfinished Business

I.3.

10/25/2022

Subject:

Review of Draft Merritt Island Redevelopment Agency Plan Revision

Fiscal Impact:

N/A

Dept/Office:

Merritt Island Redevelopment Agency

Requested Action:

It is requested that the Board of County Commissioners provide feedback to Merritt Island Redevelopment Agency (MIRA) about the on-going MIRA plan updates.

Summary Explanation and Background:

On September 13, 2022 (Item I.1.), the Board of County Commissioners reviewed the MIRA budget allocations and affordable housing plan drafted by staff. The Board then voted to have staff rework or justify items in the plan related to the Merritt Square Mall, project language with respect to façade grants and private business incentives, as well as the MIRA office's operating budget.

Clerk to the Board Instructions:



October 26, 2022

MEMORANDUM

TO: Larry Lallo, Merritt Island Redevelopment Agency Director

RE: Item I.3., Review and Draft for Merritt Island Redevelopment Agency (MIRA) Plan Revision

The Board of County Commissioners, in regular session on October 25, 2022, directed you to present the Plan revisions to MIRA at their next Board of Directors meeting on December 8, 2022, for their review and input and return to the Board of County Commissioners by the December 20, 2022, regular meeting, at which time the District 2 seat will be filled.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
RACHEL M. SADOFF, CLERK

for: Donna Scott
Kimberly Powell, Clerk to the Board

/pp

cc: County Manager
All Commissioners

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.

Merritt Island Redevelopment Agency Redevelopment Plan Update Draft Exhibit "A"

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.

Merritt Island Redevelopment Agency

Redevelopment Plan Update Draft

Exhibit “A”

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.

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

- 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.

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

- 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.*

Merritt Island Redevelopment Agency

Redevelopment Plan Update Draft

Exhibit “A”

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.

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

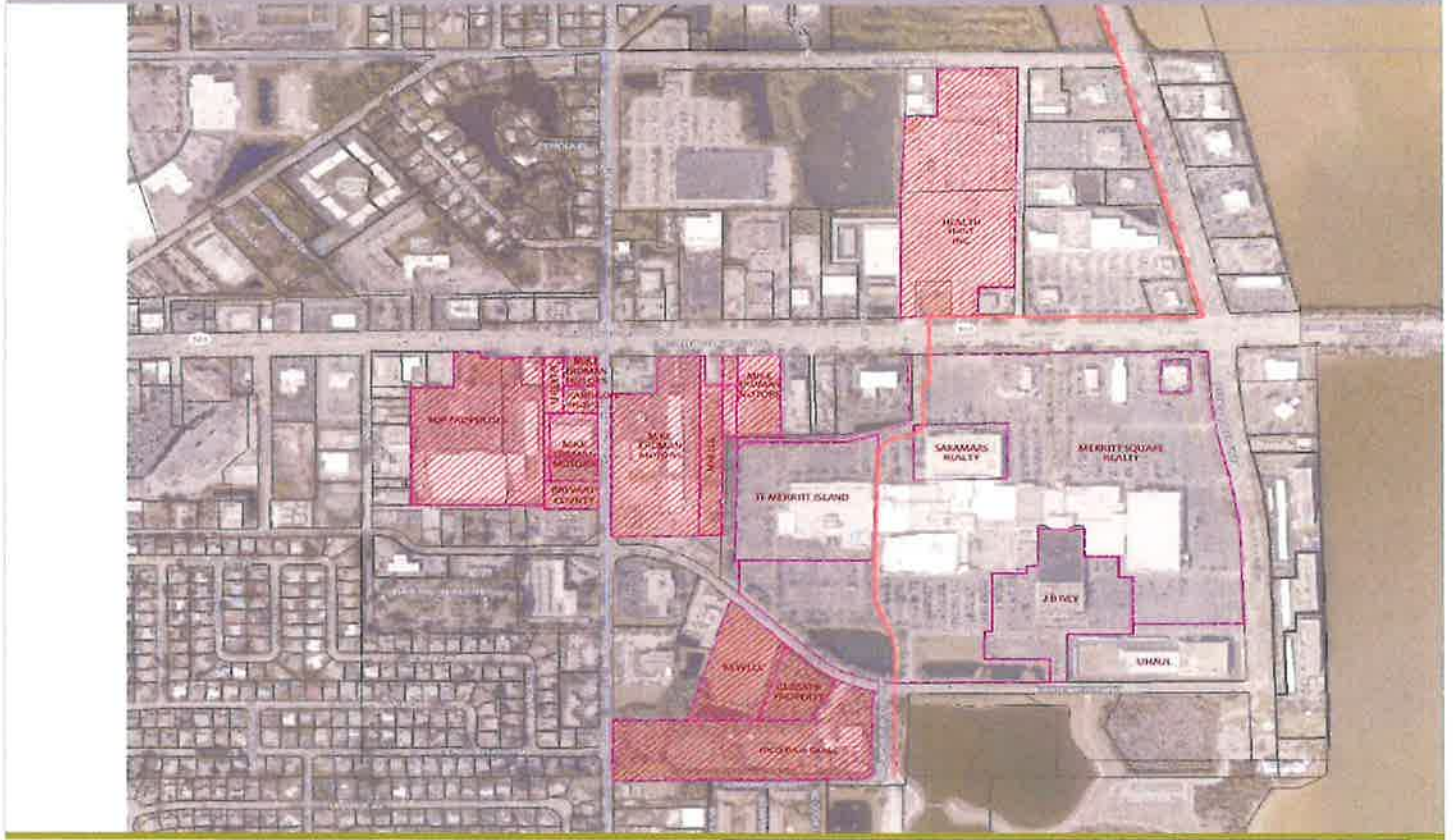
Brownfield Assessment Grants – MIRA, through its recently approved USEPA Community Assessment Grant, will grant funds to assist in providing Phase I and Phase II Environmental Assessments in the Redevelopment Area.

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.”

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

Illustration "1" - Existing Mall Existing Mall Redevelopment Area

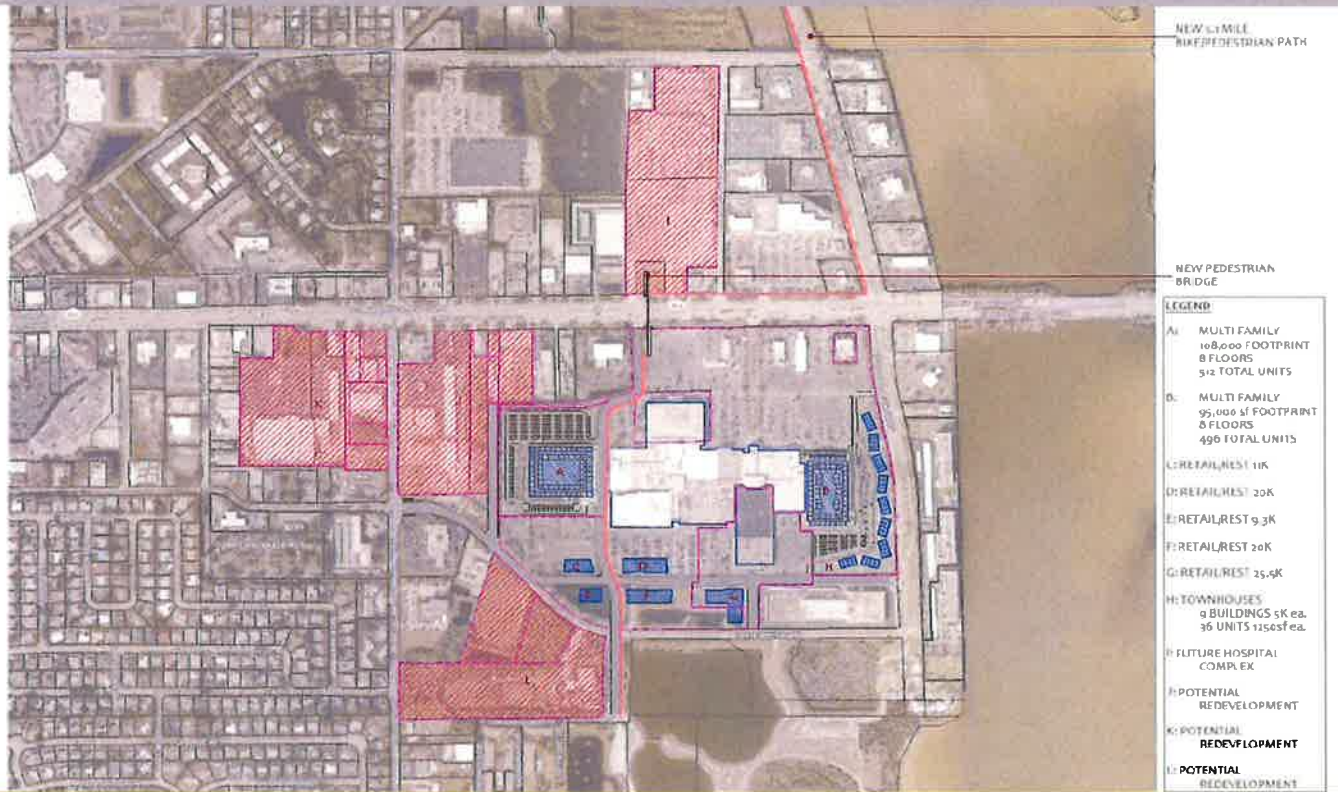


THREE OF THE ABOVE SITES ARE NOW UNDER SITE CONTROL OF REDEVELOPMENT ENTITIES, IN ENGINEERING DESIGN, PERMITTING, OR PLANNING AND ZONING REVIEW.

Merritt Island Redevelopment Agency
Redevelopment Plan Update Draft
Exhibit "A"

Illustration "2"
Redevelopment Plan Conceptual Site Plan Example

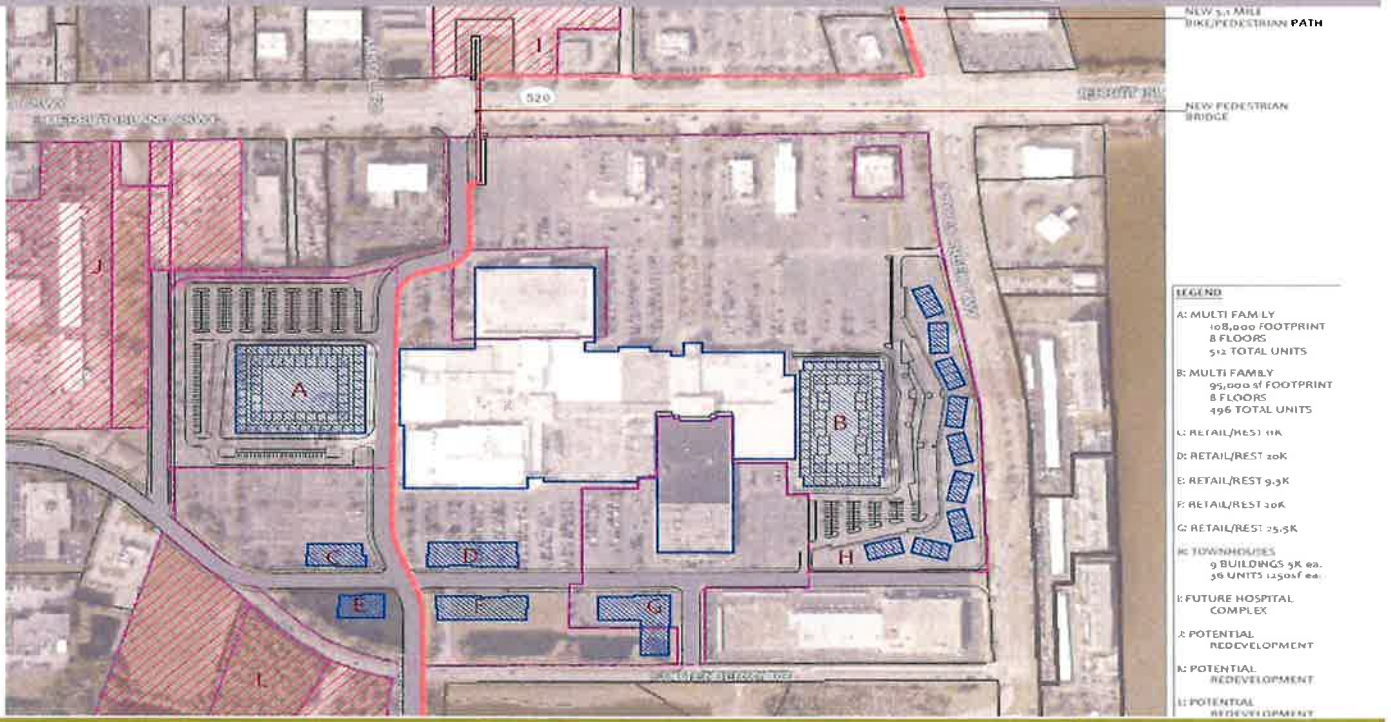
Merritt Square – New Site Plan



Merritt Island Redevelopment Agency
Redevelopment Plan Update Draft
Exhibit "A"

"Illustration "3" - Infrastructure Planning and Projects

Merritt Square – New Site Plan Enlarged



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

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



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

Illustration “5”

Results = Sense of Community, Recreation and Affordable Housing Opportunities



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

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.

Merritt Island Redevelopment Agency Redevelopment Plan Update Draft

Executive Summary Draft

Purpose: Create Redevelopment Plan Update Draft with Annual Project Budget expenditures for review by the Brevard County Board of County Commissioners.

Affordable Housing Section is to be added (budget strategy is included on last several pages)

Affordable Housing Element Determination of Necessity

Housing Market Trend

Housing costs have been outpacing affordable housing construction. The effects of the economic shutdowns have exacerbated this as rents and home values have raised due to much stronger interest in the market, particularly in the Sunshine State, caused by in-migration as well as the trend of corporate acquisition of homes to be renovated and rented at market value, lessening the potential number of units available for low-moderate income renters and homebuyers.

A 2020 report conducted by the Shimberg Center for Housing Studies at the University of Florida noted that in Brevard County there is a deficit of 8,396 available affordable housing units for households earning less than 50% of the area median income (AMI); a deficit of 4,812 available affordable housing units for households earning less than 60% of the Area Median Income (AMI); and a deficit of 3,316 available affordable housing units for households earning less than 80% of the AMI. Affordable units are those for which a household at the given income limit (% AMI) would pay no more than 30% of their income for gross rent.

Note: Additional supportive facts and data will be researched and inserted here. Merritt Island affordable housing deficit, is likely to include households up to 120% AMI, given the cost to construct.

Local housing and workforce needs of employers are inextricably linked to one another. This is especially true on Merritt Island. Preliminary research indicates that Merritt Island's top employers are those who provide work force opportunities to the Space, Education, Medical, Health and supportive service industries, whether direct or indirectly associated. This includes many small businesses that need employees with a broad a range of vocational skills.

Note: Additional supportive facts and data will be researched and inserted here to firmly establish the level of affordable housing need.

September 2022 Draft

Background

In 2014 The Brevard County Board of County Commissioners adopted the Merritt Island Redevelopment Agency (MIRA) Redevelopment Plan. The community redevelopment area boundaries designated in the plan intentionally focused on properties adjacent to the Core Commercial Corridors of State Route 520; State Route 528; North and South Courtenay Parkway (Cone Road to SR 528); Industrial Areas such as Cone Road and the Barge Canal to Kelley Park (comprised of commercial, industrial and recreational uses); and Veterans Memorial and, Kiwanis Parks.

With the focus on Commercial, Industrial, and Recreational properties, approximately 10% of Merritt Island's geographic area is contained within the MIRA Redevelopment Area. The remaining 90% of Merritt Island, virtually the residential and undevelopable open space areas, are not included in the tax increment area.

With the redevelopment focus on the commercial and industrial core areas - including parks, contained therein, the current Merritt Island Redevelopment Agency (MIRA) Redevelopment Plan does not include an Affordable Housing Element. The 2014 Redevelopment Plan per state statute, stated the reasons for not addressing in the plan, the development of affordable housing in the area. This was addressed per the statute requirements as follows: "MIRA has no plans to become residential real estate developers". "The purpose of the plan is to stimulate private sector investment". The Plan does identify areas for "the private sector to create new, replacement, infill residential, and mixed-use development", in the Redevelopment Area. This has been underway through a combination of infrastructure development, corridor improvements, parks improvements, and active developer facilitation and outreach.

Consideration of Current Redevelopment Area Trends Setting the Stage for Housing Redevelopment

Retail Automobile Industry:

The SR 520 automobile retail and service industry businesses, which in years past have been a significant economic driver, have been relocating from Merritt Island to commercial areas along Interstate 95 (national trend has been to Interstate sites). This has resulted in several large parcels of land with vacant buildings that are available for redevelopment.

Mall and Retail Industry:

With every 1% increase in online sales in the United States, an estimated 10,000 retail sites become vacant. Merritt Island has experienced its share of this retail loss. With the trend in the retail sales industry to online shopping, and the trending of traditional Malls and big box retail as centers of shopping, away from Merritt Island, several former and existing properties in the SR 520 and Core Mall Area are vacant and some are moving towards blighted conditions.

Current Redevelopment activity - Setting the Stage for Affordable Housing Redevelopment

The following positives, accomplishments and trends are presently serving to synergize strong interest in multifamily residential redevelopment projects in the core Mall area, and SR 520 with some interest on N. Courtenay Pkwy.

Market Position: Merritt Island remains in a solid market position for redevelopment. With the strong traffic volume on SR 520 (40,000+ ADT), strong demographics within a 15-minute drive from the Mall area; Merritt Island is and has historically been a residential server to the Space Industry; the Beaches Tourism Industry, Port Canaveral, and Patrick Space Force Base. *A redevelopment recovery is inevitable, and is currently underway.*

Space Industry: *Job creation/retention details to be inserted*

Port Canaveral: *Job creation/retention details to be inserted*

Health/Medical: *Job creation/retention details to be inserted*

Infrastructure Improvements: Completion of the \$7 Million MIRA/Brevard County Fortenberry Regional Stormwater Treatment System. This system will incentivize commercial and higher density residential redevelopment on the SR 520 and Mall core commercial area, enabling redevelopers with properties within the 165-acre area surrounding the Mall to have rapid and economical access to a regional storm water system, reducing development costs, environmental permitting time, and improving land use densities, while improving the quality of storm water entering the Lagoon.

Health First Medical Wellness Village project, is redeveloping a 15-acre, blighted retail site into a 528,000 square foot Hospital and Medical Wellness Village. They are making a \$500 Million Investment. This project will stimulate substantial needs for affordable within the vicinity of the project.

MIRA \$500,000 US EPA Brownfield Redevelopment Grant: MIRA has received notice of a grant award for a US EPA Grant to catalyze redeveloping properties in the SR 520 commercial core areas protecting the environment, reusing existing infrastructure, minimizing further urban sprawl and creating retail and housing redevelopment opportunities. Developers are already expressing an interest in utilizing this grant for environmental site analysis.

Redevelopment of Veterans Memorial Park: Since MIRA/Brevard County created and improved this 80-acre Park, it has steadily increased in use and attendance with more than 125,000 annual visits and already is attracting interest from multifamily developers seeking nearby (walking distance) redevelopment opportunities.

Airport River Fly Inn Condos. The 10-story high-rise River Fly-In Condos in the Cone Road area, are under construction and for sale, designed to be a haven for pilots, located on over 13-acres next to the

Banana River, adjacent to Veterans Memorial Park, the Mall Area, and the Merritt Island Airport. This project is demonstrating a market demand for housing on Merritt Island, and is spurring additional housing redevelopment interest in the adjacent Core Mall Area.

Commercial Redevelopment site plan approval of 5.92 acres of the former Erdman Dealership fronting on SR. 520.

Affordable Housing Need

Affordable housing is fundamental to human dignity; the physical, economic and social well-being of individuals, families, and communities, and is a required fabric for sustaining a healthy workforce. Housing inventory is needed. Affordable housing, even more so. Availability of affordable housing must increase, and or wages must increase to accommodate the market.

Pursuant to Florida Statutes 163.360 and 163.362: In order to have an affordable housing element, the Plan must provide a neighborhood impact element and a residential use element. Part of this includes a determination of the population in the redevelopment area, the number of dwelling units, and a determination of the shortage of housing affordable to residents within the community redevelopment area who are of low or moderate income, including the elderly, or a combination thereof, designating such area as appropriate for community redevelopment. The updated draft plan will also need to be submitted to the local planning agency of the county for review and recommendations as to its conformity with the comprehensive plan for the development of the county or municipality as a whole.

Note: Requires TBD Data within the redevelopment area. Will need to ferret out how this logistically works, given the current population in the redevelopment area, is a small percentage of the actual geography of need.

Affordable Housing Redevelopment Challenges

Despite the attractiveness of access to employers, developing any type of housing on Merritt Island is very expensive. This translates to substantially higher rental and home ownership costs. Challenges include building to hurricane standards; Marketing with potential evacuation conditions; Severe limit on the availability of developable land; Few available homes or rentals. The strong demand to live on the Island from those who can afford living on the Island raises prices; the cost of redevelopment (assembling sites from small parcels, brownfield remediation on former commercial and industrial parcels, stormwater infrastructure, higher insurance costs, the significant flood plain and storm water issues in the redevelopment areas, the high cost of environmental mitigation, and required coastal and environmental development permitting.

BROAD STRATEGIC APPROACH

MIRA will take a broad strategic approach to incentivize the creation of affordable housing.

This will include a range of strategies such as tax increment performance-based grants, to marketing, outreach, advocacy, developer facilitation, and other innovations.

This creates a wide chasm to reach profitability, and an even wider financial gap for housing affordability, even for working moderate income households (those at or below 80% of the Area Median Income).

Affordable Housing Goal

500 Units of Affordable Housing by 2034

Subject to approval as part of the CRA Plan, beginning in FY 2024 through FY 2034 MIRA will dedicate 20% (approximately \$200,000) of its Annual Trust Fund income, based upon a rolling average formula (TBD) to create 500 affordable housing units. This would generate approximately \$2 Million Dollars over a ten-year period.

MIRA will take a broad strategic approach to incentivize creation of affordable housing. This will include a range of strategies ranging from tax increment performance-based grants, to marketing, outreach, advocacy, developer facilitation, household capacity building, and other innovations.

This would include collaboration with Brevard County Housing and Human Services, Brevard Public Housing Authority, Brevard Family Promise, the Veterans Service groups, and related charitable organizations, as long as the form of assistance provided creates long term affordable housing within the MIRA Redevelopment Area.

MIRA would include in its strategy, the creation of documentable affordable housing units, that will be established for committed time frames of 5 to 10 years, whether through agreements with developers, program managers, or program recipients, dependent on the structure of the affordable housing benefit.

The MIRA affordable housing goals will be to primarily serve working households having incomes ranging from 80% to 120% of the Average Median Income (AMI).

MIRA will incentivize the creation of affordable housing in multifamily structures, working with developers, but also by providing grants to spur the purchase of single family and condominium homes, using programs such as down payment assistance and closing costs assistance, as examples.

Vacant developable land is limited within the Redevelopment Area, hindering the ability to produce substantial amounts of low-density single-family residential units, however in accordance with the Redevelopment Plan, MIRA will engage in acquiring and assembling developable land, brownfield remediation and other site ready investments, and an RFP process to create single family housing units, infilling with compatible uses within the redevelopment area.

MIRA will also engage in acquiring and assembling developable land, brownfield remediation and other site ready investments, and utilize an RFP developer selection process to create higher density residential housing within the redevelopment area.

MIRA will include in its strategy the goal of increasing the availability of affordable senior housing, as part of its goal reaching strategy.

To leverage use of TIF funds, and maximize affordable housing unit production, MIRA will incentivize affordable housing developers whose business model includes use of federal and state low-income housing tax credits, brownfield remediation tax credits, and federal and state grants to construct mixed income worker-based and senior based affordable housing projects.

As part of the MIRA strategy we will dedicate efforts to attracting affordable housing developers by substantially leveraging trust fund dollars with developer based federal and state grants and tax credit programs.

DRAFT

Strategies

Note: Additional research will need be completed to create realistic income-based affordable housing unit goals and strategies to reach the goals. 500 units by the year 2034 is an aggressive goal, subject to determination of need, program parameters and long-term level of incentivization.

Note: Projections will need to be created, geared toward affordability unit creation goals, terms of incentivization commitment, and the TIF revenue stream. For example, providing a 10% down payment performance-based assistance grant on a \$300,000 infill home or condominium purchase, would equate to \$30,000 plus third-party admin costs. With an annual MIRA budget commitment of approximately \$210,000 towards affordable housing, approximately 7 home/condo purchases could be assisted on an average given year, amounting to potentially assisting 70 affordable home purchases over a ten-year period. Some homes would be sold, and a portion returned to the Trust Fund. If a 5.0% down payment assistance program were provided 140 home purchases could possibly be assisted. If incentivizing developers and redevelopers of rental housing, the goal would be to incentive the profitability gap, of the rental income stream differential created between the number of market units required to meet profitability goals, and the number of affordable housing units, the given amount of time of agreement, minus any profitability increased through density bonus being awarded. Also, it is possible to reduce the level of amenities and square foot of affordable units (development costs) as another way to blend profitability gap solutions. If incentivizing a tax credit developer, with discounted land sale, or land donation it might be possible, to incentivize a larger number of units as this would be a blended incentive approach.

Examples of possible approaches:

- Performance/Parcel Based TIF Grants to Affordable Housing Developers
- Land acquisition, assemblage, with RFP for resale, or donation of land for redevelopment.
- Down Payment Assistance (funding third party)
- Interest Rate Buy Downs (funding third party)
- Household capacity building
- Density Bonuses
- Partnerships with Nonprofit, Nonprofit and for-Profit Housing Developers/Public Housing Authority

Definitions

Affordable Housing

Pursuant to Section 163.360 Florida Statutes a CRA's plan for affordable housing has to be in conformity to the County's Comprehensive Plan. In the definitions section at section 163.340(9), Florida Statutes, it discusses the "provision of affordable housing, whether for rent or for sale, to residents of low or moderate income, including the elderly.

The County's Comprehensive Plan for housing is found in Chapter 5, and under Objective 1, it defines affordable housing as "a single-family owner occupied, or multi-family owner occupied, or rental unit, that has a mortgage or rental payment, including utilities, not exceeding 30% of the gross income of households at or below 120% of the Area Median Income (AMI), as adjusted for family size."

Cost-Burdened Household

According to the Shimberg Center for Housing Studies at the University of Florida, housing is usually considered to be affordable if it costs no more than 30% of the monthly household income. A household is considered cost burdened if they pay more than that, and severely cost-burdened if they pay more than 50% of their income.

Area Median Income (AMI):

The point at which half the households in an area make less and half make more. The median annual income figures are adjusted for family (or household) size and calculated annually by the U.S. Department of Housing and Urban Development (HUD) for every regional area in the country. Regional areas are further divided into Metropolitan Statistical Service Areas.

Redevelopment Plan Trust Fund Spending Policy

Note: A Spending Policy will need to be clearly analyzed, defined and structured. Future budget analysis and formulation examples will need to be completed on this item, to examine how in practicality the percentages can be maintained over time. Infrastructure projects are often in the millions of dollars, far exceeding MIRA's annual budget. Levels of a projects spending, typically move in stages culminating in a much larger project construction expenditure, ranging from conceptual stage, to feasibility, due diligence, permitting, engineering or construction often through a period of several years, subject to hindrances or barriers, and changes in cost, and plus or minus changes in revenue streams, grants, etc.

Redevelopment Plan Element Budget Allocations

Note: See existing projects and programs list. Additional projects will need to be identified and then all projects prioritized

Affordable Housing Element Budget

The Affordable Housing Element shall require that 20% (TBD) or more of the annual trust fund revenue stream derived from the tax increment shall be utilized and or reserved for Affordable Housing purposes, as defined below. The allocated budget amount may be reserved for Affordable Housing Programs and Projects, subject to unforeseen project critical circumstances that are documented and prevail. Grants obtained and leveraged for specific affordable housing purposes may be included towards the annual spending allocation.

Affordable Housing Definition

Expenditures necessary to incentivize, create, manage, service or provide for the availability of Affordable Housing to qualified individuals as affordable housing is defined in the Brevard County Comprehensive Plan.

Infrastructure Element Budget

The Infrastructure Budget Element shall require that 37% (TBD) or more of the annual trust fund revenue stream derived from the tax increment to be allocated, utilized and or reserved for Infrastructure purposes, as defined below. The allocated budget amount may be reserved for infrastructure projects, subject to unforeseen project critical circumstances creating delays that are documented and clearly prevail. Grants obtained and leveraged for specific infrastructure purposes may be included towards the infrastructure annual spending allocation.

Infrastructure Definition

Expenditures necessary to create, manage, service or maintain publicly-owned physical infrastructure necessary to support economic development and redevelopment projects, including, but not limited to: constructing and/or improving local roads and streets, access roads, bridges, sidewalks; skywalks, parking areas/lots, curbs, waste disposal and waste management systems; potable water systems, recycled water systems, sewer line extensions, sewage treatment facilities, storm water systems and facilities, trail ways, sidewalks, river walks, boardwalks, viewing areas, lighting, traffic controls, water distribution and purification facilities, improvements related to rail, air waterfront, waterway, barge canal, or port related improvements; gas and electric utility infrastructure; parking, transit and waste management

related capital facilities; multi modal transportation systems, and facilities, water navigation channels, lagoon preservation strategies, improvement of water quality, development and improvement of publicly owned industrial, residential, and commercial sites, or other public capital improvements that are an essential precondition to a business retention, development, redevelopment or expansion, including creation or rebuilding of any (tangible and/or intangible) asset(s) of public interest or benefit designed and operated for the purpose of delivering (directly or indirectly) public services, including physical facilities and systems, including but not limited to necessary land acquisition, demolition, environmental remediation, land dispossession, and any associated due diligence and or due diligence studies necessary to accomplish same. Signage, and Landscaping expenses, are excluded in this definition, unless they are either, funded and maintained by non-trust fund grants and donations; or are required to be incorporated into a project by the public owner; or are approved and accepted by the project owner.

Open Space, Waterfront, Parks and Recreation Element Budget

The Open Space, Waterfront, Parks and Recreation Element shall require that 15% (TBD) or more of the annual trust fund revenue stream derived from the tax increment shall be utilized and or reserved for Open Space, Waterfront, Parks and Recreation purposes, as defined below. The allocated budget amount may be reserved for Open Space, Waterfront, Parks and Recreation projects, for up to thirty-six months, subject to unforeseen project critical circumstances that are documented and prevail. Grants obtained and leveraged for specific Open Space, Waterfront, Parks and Recreation purposes shall be included towards the annual spending allocations.

Open Space, Waterfront, Parks and Recreation Definition

Expenditures necessary to create, manage, service or maintain publicly-owned Open Space, Waterfront, Parks, and Recreation, to support economic development, tourism development and redevelopment projects, including, but not limited to: Expenditures necessary to create, manage, service or maintain Open Space, Waterfront, Parks and Recreation Lands, Facilities, Equipment and Improvements, available for use by the General Public, whether publicly owned, owned by the School District, or owned by state registered nonprofit organizations, including structures, utility infrastructure, channels, waterways, lakes, ponds, streams, or submerged lands used for public parks, land-conservation, historical preservation, and or tourism, leisure and recreation. This includes lands, waters, and upland facilities utilized for waterfront access, and/or waterfront use. Projects in this element, are for properties that are publicly controlled, or available for use by the general public, whether through lease, easement, licensing, or other agreements for utilization. Projects in the Open Space, Waterfront, Parks and Recreation Element include land acquisition demolition, environmental remediation and land dispossession. This includes the construction of facilities, and improvements necessary to facilitate the development and use of the lands, such as pathways, roads, trail ways, boardwalks, and ballparks—including, but not limited to—improvements for drainage, parking, roadways, walkways, skyways,

pedestrian bridges, bicycle paths, and transit improvements that enhance public access, lighting, landscaping, utilities, streets, and land acquisition. Signage, and Landscaping expenses, for this element are included in this definition, to the extent they are approved by the public owner;

Spending Policy:

Apart from the Florida Statutory CRA TIF Fund Reduction (currently 5%), the MIRA Spending Policy shall annually target spending in three prime spending categories as follows:

37% for Infrastructure Expenses;

15% for Parks Recreation and Open Space;

20% for Affordable Housing Expenses; and

with the remainder for Operating Expenditures.

In any given year the MIRA Board may elect to modify these categorical spending policy percentage rates interchangeably when there is a project need or other compelling opportunity within another of the approved spending policy categories.

In any case, the Spending Policy in practice shall require that the percentage goal of each spending category, should be met, on the basis of a rolling average formula to be created. The rolling average period may have to be several years, to make up for annual percentage goals, where in previous years funds were siloed for a large multi-million-dollar infrastructure project.

A report on the Spending Policy Goals, shall be included in the Agency Annual Report.