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**MEMORANDUM**

**TO:** Chair, Vice Chair and Members of the CRA Board  
**FROM:** Rachel A. Bach, Executive Director  
**DATE:** June 27, 2006  
**SUBJECT:** Gateways Assembly and Predevelopment Grant Program

**RECOMMENDATION:**

Staff recommends adoption of a 1 year pilot Gateways Assembly and Predevelopment Grant Program to be implemented for a maximum of 3 years (or 1 year after completion of 10<sup>th</sup> Avenue Roadway Improvements) and allocate funding in FY 06/07.

**BACKGROUND:**

In August 2005, the CRA Board discussed developing a program targeted specifically at the Gateways to encourage self assembly of individual properties and redevelopment. While developing the Gateways Zoning category, Kimley Horn and Associates recommended an incentive program, of limited duration, to further stimulate redevelopment in the Gateways.

The new Gateways zoning, which was adopted in January 2006 requires a minimum lot size of two lots deep (200 feet) or two lots wide (100 feet). This sized property would be a little smaller than the CRA owned property at 812 N. Dixie Highway. Ideally, you would want a lot twice the minimum size (minimum ½ acre) to ensure that the site can be properly redeveloped, as was originally contemplated by the Gateways Zoning (minimum lot size was reduced in the adopted version of the ordinance).

**EXPLANATION:**

Staff is modeling its recommendation for this program on a similar program implemented by the Boynton Beach CRA to encourage self assembly in its city center project (attached

is a copy of their application and guidelines). However, since some areas have already been aggregated by individual property owners within the Gateways, staff is also recommending that this program be extended to those individuals for feasibility and predevelopment activities. The Boynton Beach CRA funded four (4) grant applicants last year, one of which is in negotiations with developers for sale of their property. However the Boynton Beach CRA has decided to discontinue this program since it is targeted to an area slated for Eminent Domain.

Since the biggest challenge in initiating redevelopment along the Gateways is land assembly, Staff is recommending a program to encourage those activities. In addition, Staff recommends funding pre-development activities on those parcels already aggregated by one property owner to further encourage redevelopment activities along the Gateways. The purpose is to identify marketable parcels for redevelopment and encourage some initial activity, which are the two biggest challenges in redeveloping the Gateways district. Staff recommends the following program guidelines:

- Funding would be provided on as a 50% match up to \$15,000
- Minimum lot size of .5 acres
- Properties can receive a maximum of \$30,000 for self-assembly and pre-development.
- Funding would be available on a first come first serve basis

#### For Self-Assembly

- All property owners would be sub applicants
- Eligible activities to include legal fees associated with creating a partnership, appraisals and other site feasibility studies.
- Payment will be made directly to consultants upon receipt of original invoices up to the maximum amount.
- CRA will have full ability to market the property for purposes of redevelopment.
- Applicant agrees to sell property for fair market value
- If a partnership agreement cannot be reached within 12 months applicant will reimburse the CRA 50% of funds expended.

#### For Pre-development

- Applicant must be an individual, partnership or corporation with either ownership of the property, or a signed contract or option to purchase.
- Eligible activities include due diligence, site feasibility studies or site planning.
- Payment will be made on a reimbursement basis upon receipt of proof of payment.
- If a development is not constructed or substantially underway within 24 months applicant will reimburse the CRA 100% of the funds expended.

You will notice a difference in the way reimbursement is paid out and received back for the two categories of funding. With Self-Assembly, applicants will most likely be property owners either renter or owner occupied. The direct payment is recommended because it may be a hardship for an individual property owner, particularly if owner occupied, to come up with the up front funds to pay the self assembly fees. On the other hand, the CRA would not want to fund an owner or potential owner to undertake predevelopment

activities if they are not capitalized enough to pay pre-development fees and ultimately redevelop the property. Furthermore, Staff is recommending that the minimum lot size be increased for the purposes of the grant program in order to incent larger more catalytic projects.

Staff recommends moving forward with the Gateways Self-Assembly and Pre-Development Grant Program as a pilot program for one year to be re-evaluated prior to FY07/08 for a maximum of three years or one year after improvements to 10<sup>th</sup> Avenue North are complete. Staff also recommends implementing this program in July of this year in the amount of \$30,000 from the Economic Development line item and allocating \$60,000 in FY 06/07 budget.

**PROGRAM IMPACT:**

Moving forward with this incentive program would encourage redevelopment activities along the Gateways which is priority #15 on the CRA's priority list and is recommended by the CRA Redevelopment Plan.

**FISCAL IMPACT:**

Funding is available in the Economic Development line item. \$60,000 would need to be allocated out of next year's budget.

**ALTERNATIVES:**

None.

Recommended by: \_\_\_\_\_  
Rachel A. Bach, Executive Director