

TRADITION LAND/ SOUTHERN GROVE UPDATE

Presented by

City Manager Russ Blackburn





OFFER

Tradition Land Company is offering to
TRANSFER
the City the unsold non-residential properties in
SOUTHERN GROVE
(approximately 1,247 acres)

HISTORY OF THE SAD



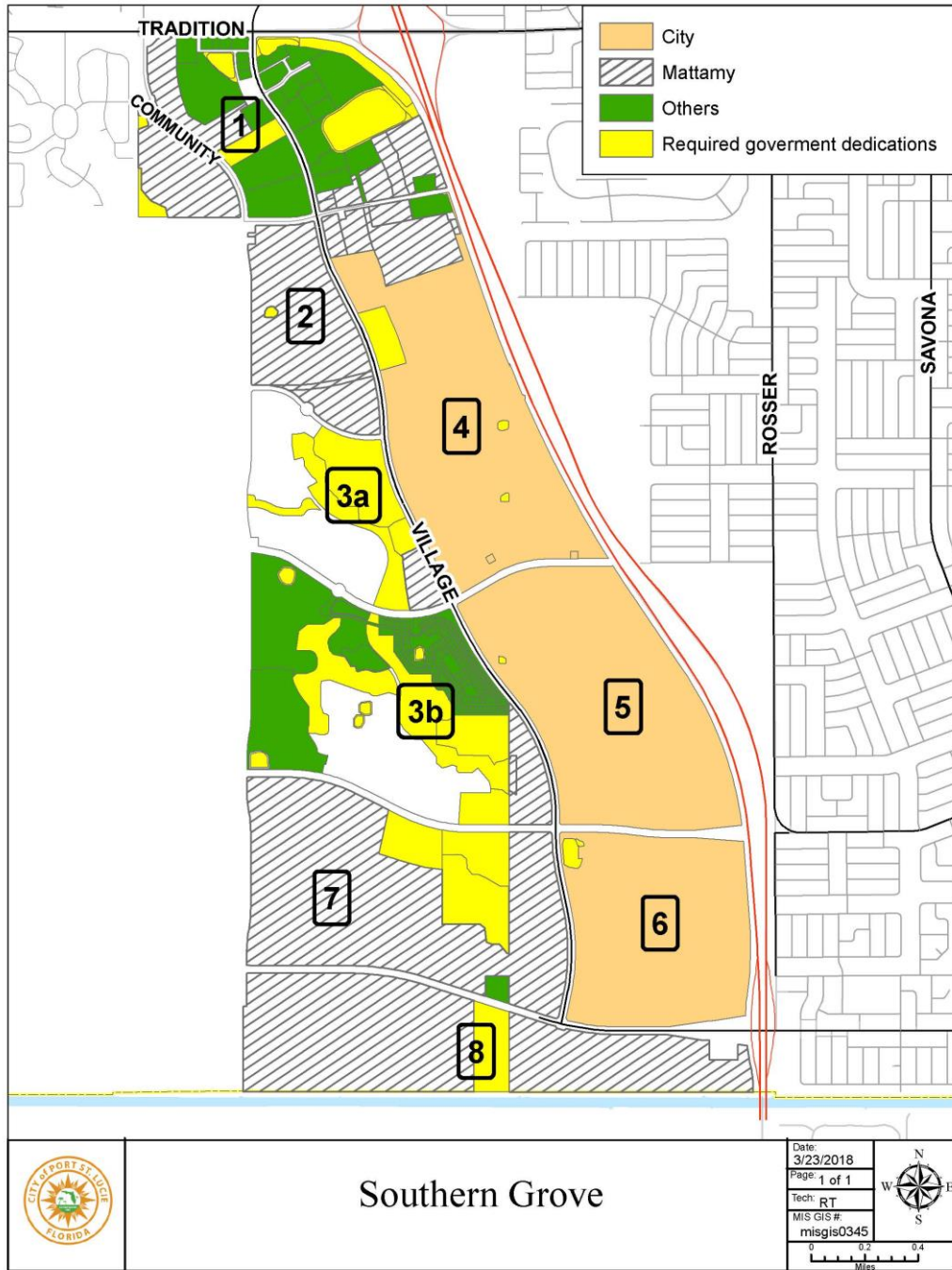
In 2007 Core Communities worked with the City to establish a Special Assessment District (SAD) to fund \$165,529,700 of infrastructure improvements in Southern Grove.

The funded improvements included:

- ✓ A four-mile divided road (Village Parkway) from Becker Road to Tradition Parkway; signalization;
- ✓ Water and sewer trunk lines on Village Parkway;
- ✓ Community Blvd. south of Tradition Parkway;
- ✓ The I-95 interchange at Becker Road;
- ✓ A four-lane, divided section of Becker Road from I-95 to Village Parkway.

An aerial satellite-style photograph of Port St. Lucie, Florida. The image shows a dense residential and commercial area on the right side, with a grid-like street pattern. Interstate 95 runs vertically through the center, and Florida's Turnpike runs horizontally across the top. Several parks are labeled, including Oak Hammock Park, River Park, and Whispering Pines Park. The St. Lucie River is visible on the far right. The left side of the image shows more open, agricultural-looking land.

This slide is a video and can be found at:
<https://youtu.be/6Ls6laW3hMQ>



SOUTHERN GROVE

- 3,605 acres south of Tradition Pkwy.
- It is a part of a 8,200-acre region known as “Tradition.”
- Land is east/west of Village Pkwy., south of Tradition Pkwy, north of Martin County line by Becker Rd.
- Approved for a mix of uses including research and development, industrial, commercial and residential units.

“Shovel-ready and entitled for commercial and industrial uses -- has long been envisioned as Port St. Lucie’s future jobs corridor and an integral part of the City’s long-term economy.”

ECONOMIC VALUE

- **Southern Grove** has a current *estimated market value of \$225,395,103*
- **Southern Grove** has *estimated value at 80% build out of \$2,003,341,448*
- *Economic projection for the potential jobs corridor is 22,500+ jobs* to include retail, office, hotel, warehousing, hospital and research and development.



CITY ELECTRIC SUPPLY

DEL WEBB



ISSUE #1

Tradition Land Co. notified the city of its intent to exit PSL.

Failure by Tradition Land Co. to pay the tax year 2017 taxes or assessments on unsold parcels would trigger the Covenant to Budget and Appropriate provisions of the bond.

This means the City must guarantee the bond and pay the debt service and taxes until the parcels are sold.



An aerial photograph showing a multi-lane highway interchange with several ramps. The surrounding area includes green fields, some residential or commercial buildings, and a river or canal winding through the landscape. The sky is blue with some light clouds.

ISSUE #2

Potential interruption of the substantial momentum of economic development and job creation in the Southern Grove jobs corridor.

Could also cause the City to lose control of its vision for Southern Grove to become Port St. Lucie's future jobs corridor and employment generator along I-95.

ISSUE #3

This uncertainty in the market will impact current and future investment decisions which may include Mattamy Homes.

mattamyHOMES

Covenant to Budget and Appropriate Explained



The City used Covenant to Budget and Appropriate, signed in 2007, to guarantee the bonds on the infrastructure for Southern Grove.

This placed the City in a position of accountability if Tradition Land Co. failed to pay taxes and assessments.

Covenant to Budget and Appropriate Change



The City Council more than two years ago changed the rules so that Covenants to Budget and Appropriate can no longer be used to fund these sorts of economic development ventures and projects in the future.



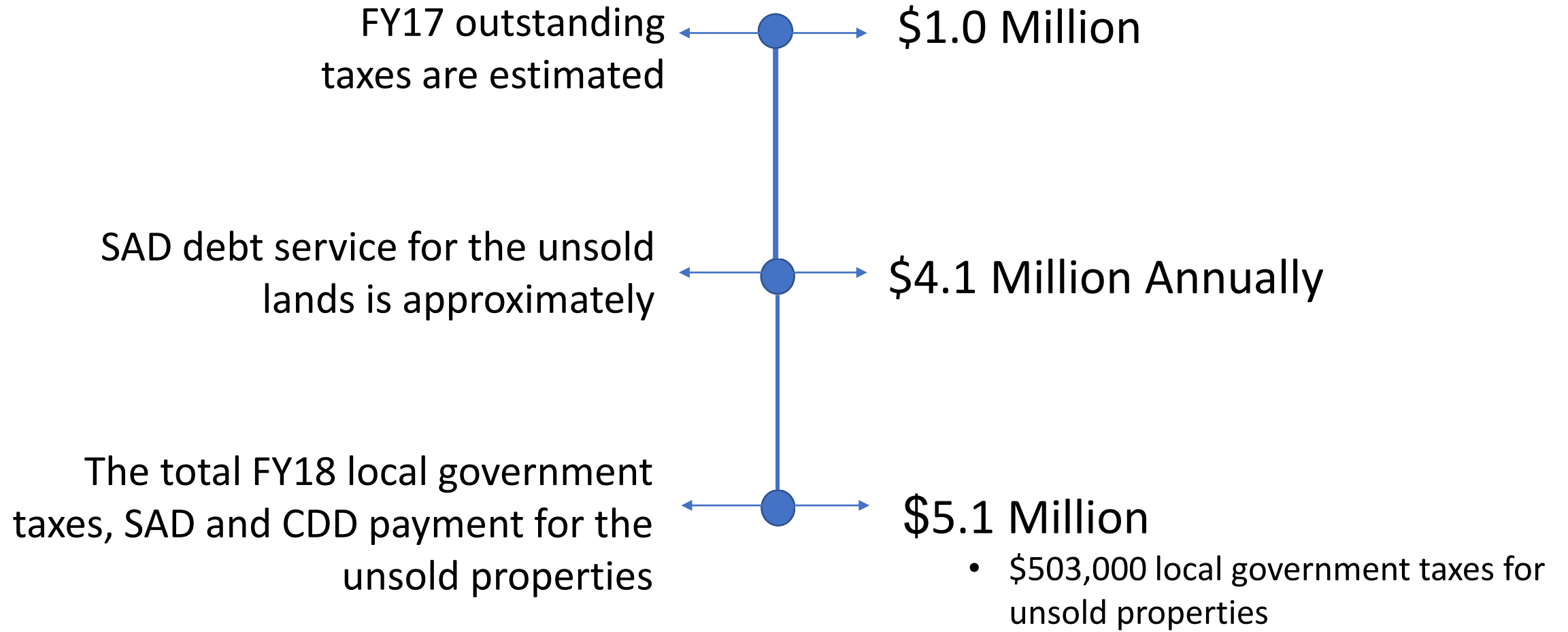
- ✓ South Lennard Road (infrastructure for Sam's/Walmart Area)
- ✓ Riverpoint (infrastructure for Tesoro Preserve)
- ✓ Tesoro Infrastructure
- ✓ Glassman (Infrastructure for Gatlin/Rosser)
- ✓ St. Lucie Land Holding (Infrastructure Veranda Falls)
- ✓ Peacock (Infrastructure improvements)
- ✓ East Lake Village (Infrastructure)
- ✓ 2004 CRA (Hillmoor/Lennard Rd Improvements)

Examples of Covenant to Budget



- 2006 CRA (Civic Center and Garage)
- FCB (VGTI)
- Digital Domain
- 2008 City Center (Infrastructure)
- Southern Grove (Infrastructure)

FINANCIALS: If the City Accepts the Transfer of 1,247 Acres



As parcels are sold the debt service continues to decrease.



WHAT'S NEXT?
The City has three options.

1

TAKE NO ACTION

- The property will go to tax certificate sale, and the **property will most likely be tied up for several years while the process proceeds.**
- The City's Covenant to Budget and Appropriate will be triggered, requiring the City to budget \$4.1 million a year to pay the taxes and assessments until another entity begins paying them.
- Mattamy Homes stated their company would not acquire the residential property if the City does not accept the commercial and industrial property transfer due to the uncertainty in the market.

2

NO ACTION, BUT BUY TAX CERTIFICATES

- Aggressively buy tax certificates, enabling the City to push for a quick sale by the Tax Collector.
- The best case is that the sale would occur after two years.
- While the property is in the tax certificate process, City will follow the Covenant to Budget and Appropriate to provide the funds required to pay the debt service of \$5.5 million.

2

NO ACTION, BUT BUY TAX CERTIFICATES

- It is also possible that the City may not be the highest bidder on the tax certificates.
- Mattamy Homes stated their company would not acquire the residential property if the City does not accept the commercial and industrial property transfer due to the uncertainty in the market.

3

ACCEPT THE TRANSFER

- No impact on the robust market in Southern Grove.
- **The City** would occupy the position of Master Developer of the Jobs Corridor and **would control our destiny.**

3

ACCEPT THE TRANSFER

- Taxes, special and CDD assessment (\$5.1 million) would be paid by the City but these **costs will decline as parcels are placed back in the private sector.**
- As Master Developer, the City would move quickly to prepare a **disposition action plan** to place the Southern Grove properties back into the private market.

3

ACCEPT THE TRANSFER

- The City's Financial Advisor identified this as the most effective alternative considering that any failure to pay taxes triggers the Covenant to Budget and Appropriate.
- In addition, the City engaged Tim Jackson, a noted land planner developer consultant, who also recommends option three given **that the City is responsible for the debt service under any scenario.**

3

ACCEPT THE TRANSFER

If the City accepts the transfer of 1,247 acres of the unsold commercial and industrial parcels, Mattamy Homes has indicated that the company **will continue with purchase of the balance of the residential property in Southern Grove.**

STAFF RECOMMENDATIONS

- Conceptually approve acceptance of the transfer of unsold land to the City.
- Direct the City Attorney in cooperation with the City Manager to conduct due diligence on the property and negotiate the documents to finalize the transaction.
- Return to the City Council with recommendations and necessary actions prior to June 1, 2018.



NEXT STEPS & GOALS

- ✓ City Council decision
- ✓ Transfer paperwork
- ✓ Disposition Action Plan
 - Maximize use
 - Maximize job growth
 - Maximize return on investment
- ✓ Contract sales and marketing firm

“ The jobs corridor is the City’s future. It is too important to allow it to sit dormant and be entangled in delays or uncertainty. ”



The City is in a unique position to control its own future and ensure that its longtime vision of creating a jobs corridor and employment generator along I-95, which includes Southern Grove, remains a reality.

From lessons learned of the past, we are correcting, adjusting and rebuilding something greater to ensure a prosperous future for Port St. Lucie.