



# Structuring a Deal In Today's Environment

Navigating the Process to Success!

# Why do Urban Renewal through Brownsfield Remediation?

- ❑ Creates substantial income for the City/County to invest in its growth
- ❑ Additional income in area allows for additional services and addresses needs of the community
- ❑ Revitalizes urban core (downtown)
- ❑ Attracts additional investment from others
- ❑ Brings people and spendable income to the area



# Time vs. Money

Land sitting around, off the tax roll creates

*“Zero”*

real estate tax dollars. Land that is environmentally impaired should could be cleaned up to provide future housing and/or commerce supports public needs while creating a healthy future income stream for the city or county (future real estate tax dollars).



# Urban Renewal through Environmental Cleanup

- An apartment community in Florida, consisting of 250 units when built and occupied can generate between \$750,000 - \$1,000,000 in real estate tax revenue each year.
- A retail component of 25,000 square feet, valued at \$4,000,000 generates \$40,000 - \$80,000 in real estate taxes each year.

A vital downtown should provide housing, retail, including dining and all kinds of goods and services. It should be active and vibrant.



# Strong Need for Rental Housing

Florida saw roughly 392,000 net new residents annually between 2023 and 2024, **which translates to over 1,000 people a day**, according to recent U.S. Census Bureau data Florida. This figure represents net migration, the difference between people moving into Florida and those moving out.

While net migration has seen significant shifts and fluctuations, **Florida consistently remains a top destination for movers.**



# Using the Brownfields Program assists Developers and City/County

- It creates a cost offset tool that either city/county or developer can deploy. Average recoup of cleanup cost is about 60%.
- Developers charge a % fee for implementing the clean up program (about 10%).
- Developers co-sign the BSRA (Brownfield Site Remediation Agreement) as a co-applicant, sharing the burden of the clean-up.





**There is a pool of developers that will take on environmental remediation. If you have a contaminated site, we recommend:**

- **Quantify the environmental remediation cost and approach.**
- **Share the information with any proposed developers.**
- **Enter into a Brownfield Site Remediation Agreement as a co-applicant with Developer and the DEP.**

*If you sell the land without cleaning it up first, the value of the land is significantly less.*



**This Presentation is to discuss development opportunities and techniques to inspire meaningful development in your city/county in today's market by using and pairing both traditional, nontraditional tools that work!**





Every Proforma shows a gap in available funds that has to be filled

Concept - \$\$\$ Gap fillers that work

- 1) Provide a land loan to the Developer for Three (3) years, with a below market rate, which loan is placed at construction loan closing and repaid at permanent financing.

**The land loan takes the cost of the land and deletes it (out of the proforma) for the Developer. That means less capital to raise, and increases metrics acceptable to debt and equity.**

Amount of land loan	Term in Years	Interest	Rate	
\$1,500,000	3	\$225,000	5%	
\$2,000,000	3	\$300,000	5%	
\$3,000,000	3	\$450,000	5%	
\$3,500,000	3	\$525,000	5%	
\$4,000,000	3	\$600,000	5%	
\$4,500,000	3	\$675,000	5%	
\$5,000,000	3	\$750,000	5%	

# A Sneak Peak – Proforma Impacts Using a Land Loan

- Cost savings equals \$3.4M in proforma (less money to raise). City/County/CRA earns an additional \$570k in land value over 3 years.
- A dedicated interest reserve will be built into the proforma to fund monthly payments for three years
- City/County has a secured loan, and sits directly behind 1<sup>st</sup> mortgage

Let's look at how it works ([view proforma impact](#))

*Savings = doable projects = successful development!*

# Benefits of Offering a Land Loan

- Helps developer hit market metrics to attract debt and equity – see example
- Creates a financial vehicle the city/county can deploy that is secured as it has a lien on the land
- **Increases value achieved on land sale realized by city/county by 15% \$\$\$\$ on top of market rate sale**
- Three (3) year interest rate pool is built into proforma creating a dedicated fund to pay interest from.



*This is what success looks like!*

**\$51,819,018 in new development –  
coming to Palmetto!**



# WHAT THE AVERAGE PROJECT NEEDS TO SUCCEED

- A clear vision that embodies realistic uses as it relates to what works and doesn't (example): *If a hotel is what a governing body thinks it needs, then do a demand study to see if that works based on occupancy rate of hotels in the area.*

*“Sometimes you really want an orange, but what you really need is an apple”*



# Concept - Gap fillers that work

**Utilize Tax Increment to help infuse capital into a deal that needs direct investment help from the City/County.**

- Developer requests Tax Increment support, which is based on the amount of real estate taxes they create for a specific period of time using a CRA.
- Developer uses the tax increment to fill gap, reduce debt and equity amounts needed to finance the overall project.
- Increment is a portion of what is created (to be negotiated)

*A look at how it works*





*This is what success looks like!*

**\$49,719,151 on Central Avenue – St.  
Petersburg – Former Brownfield**





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