

COMMUNITY REDEVELOPMENT PLAN
FOR THE
PANAMA CITY
DOWNTOWN IMPROVEMENT BOARD/
COMMUNITY REDEVELOPMENT AGENCY

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This plan has been prepared pursuant to the requirements of the Community Redevelopment Act of 1969, Chapter 163, Part III, Florida Statutes.

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INTRODUCTION: DOING THE POSSIBLE

Downtown Panama City. What can it be? For that a vision is needed, and besides a vision, a way to get there. The purpose of this redevelopment plan is to pull together a coherent vision of downtown Panama City, using all the plans and redevelopment mechanisms presently at hand, and to chart the direction of the newly formed Community Redevelopment Agency towards achieving a renewed downtown.

Downtown Panama City. The time is now to build a consensus that it can become a vibrant mixture of office, commercial, governmental, cultural, and tourism-related activities. A place where people come together, meet, and exchange ideas and information in the professions, in commerce, in government, in the arts, in recreation. In doing so they will form a tapestry of human interaction. Variety and richness of activity is essential to a vision of downtown. Anything less misses the potential of downtown entirely.

Downtown Panama City. An activity center; a place that means many things to many people. It's not as slick as a modern shopping center, not as neat as an office park, not as glittering as the Miracle Mile. But to see it as a grimy collection of buildings is on a par with seeing the human brain as an untidy mess of gray matter. Downtown is lots of people, doing lots of things in lots of different ways. To the community it means jobs and taxes produced. But it also means diversity, opportunity, and creativity. Those are things that grow out of being an activity center.

Every city needs a place like that; and as Bay County grows larger in population, its need for that downtown kind of place grows larger, not smaller.

Reversing the decline and decay of a downtown, and turning towards the activity center that downtown can be, are not without cost. Money will be needed from both public sector and private sector sources. The public sector needs to plan for, fund, and implement improvements to basic services such as street and intersection improvements, parking improvements, parks and landscaping. These expenses are not extra-ordinary: every productive area of the city encounters similar, if not the same types of needs. The private sector needs to make even larger investments in land assembly, buildings, and parking facilities. Such investments are not charity. They can and should be profitable; long-term decisions. Will they be? The key to answering that question is how thoroughly and completely the downtown is redeveloped. No one would build half a shopping center, or half an office park, or half a hotel and expect to make money, honor, or fame from the results. But for some reason people oftentimes seem to expect downtowns to achieve just such results with considerably less than half of its redevelopment needs being addressed.

Downtown redevelopment seems to be one of those processes that needs a "critical mass" to be successful. In other words, do too little and nothing happens. But do enough to pass the critical mass threshold, and the downtown seems to take off, building success of its own momentum. This theory stresses making a concerted effort for downtown redevelopment to succeed: combining private and public resources in every conceivable way until the critical mass is achieved. The emphasis is on total commitment, and public-private partnership until highly visible results begin to change minds and downtown redevelopment captures the imagination of the public at large.

An offshoot of the critical mass theory in downtown development is that early efforts should begin where the opportunity and

prospects for success are best. By sniffing out situations which are ripe for redevelopment, and concentrating on turning those into reality, enough investment may be elicited to achieve the critical mass that begins to turn the downtown around and make it feasible for other originally less promising properties to be redeveloped too. In downtown Panama City, the bayfront and the Marie Hotel rehabilitation are two potential situations of greater ripeness that could help to turn downtown around.

Another offshoot of the critical mass idea is that a downtown plan should be a guideline for the present. For without effective action in the present and visible results in the near term, there will be no future for the downtown. This redevelopment plan will attempt to show how effective effort can and should be channelled in the present and near term. It will suggest what concrete steps should be taken, and it will suggest how funds may be raised. Without being anti-planning we mean to suggest that over-planning can be counter-productive if it becomes a substitute for critical mass in the here and now. So while we believe in having a general vision of a better downtown, we don't believe in elaborate master plans that defy reality. We would rather see those resources funnelled into project plans that have some likelihood of making an immediate contribution to critical mass.

In summary, it is the intention of this redevelopment plan to direct the community's attention to the possible, and to suggest how the possible can become doable. It is based upon earlier, but still recent, planning efforts; taking from them what is useful. It is a guideline, pure and simple, meant to suggest immediate actions to the community redevelopment agency. Above all it is a plan based upon the theory that in downtown development, planning is the art of making things happen, and action toward that end is preferable to inaction.

LAND: ITS CARE AND FEEDING, BUT FIRST ITS ACQUISITION

Redevelopment of an area as large and complex as downtown Panama City is expensive. Part of the expense will be borne by private enterprise, and as in all development, part of the expense will fall to local government which will acquire right of way for roads, build and maintain public buildings and parks, and provide public utilities. In a redevelopment area, a large part of the expense of land acquisition derives from the fact that typically acquisition parcels include buildings which must be paid for, even though they are going to be demolished anyway. Add to that the expense and delay of acquiring numerous small parcels, relocation of tenants, and demolition, and you have a formidable strike against redevelopment before even getting started.

The Plan for Downtown Panama City prepared by Candeb, Fleissig, and Associates in 1979 (hereafter referred to as the Downtown Plan), indicated locations suitable for acquisition for street rights of way, parking, or clearance of blighted buildings (see Disposition Map). Since the Downtown Plan was published, the Panama City Downtown Improvement Board (DIB) has acquired several lots for parking lot construction. However, DIB resources will only stretch so far, and if anything, the acquisition process needs to be stepped up to meet other needs beyond the lots already acquired. One pressing need is for acquisition of right of way for transportation improvements.

For the immediate future, acquisition priority should be placed on assemblage of parcels necessary for:

1. correcting right of way deficiencies,
2. correcting parking deficiencies,
3. completing private redevelopment parcels that are otherwise ripe for development.

Correcting right of way deficiencies

A principle feature of the Downtown Plan is creation of a loop road linking Jenks Avenue through the bayfront area to Magnolia Avenue (see Disposition Map). Implementation of this improvement would require right of way acquisition along 4th Street (south of Jenks Avenue), and along Luverne Avenue and 3rd Court. Because these improvements are ultimately of importance to fuller utilization of the bayfront area, and the bayfront is an important opportunity for turning downtown around by achieving critical mass, right of way acquisition should become an immediate priority.

A comprehensive funding strategy and possible associated changes in adopted road classifications should be investigated jointly by the City, the Metropolitan Planning Organization (MPO) and the Florida Department of Transportation. Particular emphasis should be laid upon allocating possible federal funds for this project.

Correcting parking deficiencies

Although some parking improvements have been made recently to alleviate the most serious parking deficiencies, further improvements will certainly be required to accompany major new redevelopment projects. Developers and lenders generally do not undertake such projects without firm plans for adequate parking. Typical standards are four spaces per thousand square feet of office space, and five spaces per thousand square feet of retail space. Even when current parking demands are being met, meeting these standards for new development in a downtown environment already crowded with buildings can easily quash otherwise doable projects. A community redevelopment agency which is willing to step in and help acquire land needed for parking is helping to accomplish its mission in one of the most effective ways that it can.

For the immediate future, parking garages will not be feasible in all but the most ambitious development projects in downtown Panama City. This is because parking spaces in downtown Panama City generally produce no direct revenue (parking being free), and parking garages typically escalate construction costs by three times over the cost of parking lots (even when the larger land requirements of parking lots are included). As a rule of thumb, parking garages will not become economically competitive with parking lots in Panama City until land costs exceed twelve dollars per square foot.

Reliance on parking lots, rather than garages, only increases the need for land assembly if major redevelopment projects are to occur. Recognizing that the redevelopment agency can prepare for and hasten the prospect of attracting private development by acquiring land for parking lots, the agency should continue to do so in the blocks nearest to Harrison Avenue, particularly from Government Street to 6th Street. In pursuing parking improvements by land acquisition, the following policies should also be followed:

(a) Assembly of land for parking should be augmented, where ever possible, by incorporation of minor streets whose principal function is access to adjoining buildings into the parking lot. Doing so produces larger, more efficient parking lots, which are functionally superior to older downtown parking patterns. Portions of Park Avenue and Luverne Avenue may be candidates for this type of treatment.

(b) Whenever possible, land which cannot be purchased immediately, should be reserved in some other way, for instance, by leasing it with an option to buy.

(c) While following a policy of land acquisition,

the expense of hard physical improvements, in the form of paving and drainage systems, should be limited to the number of parking spaces actually needed for current parking demand at that location only. In this way maximum resources would be reserved and available for acquisition of additional lots.

Completing private redevelopment parcels

Consistent with a policy of encouraging maximum effort by private enterprise, the community redevelopment agency can encourage private development by assisting with acquisition of odd parcels that might otherwise cause a larger redevelopment project to stall. Especially when such parcels include an older building that must be demolished, the costs in time and money can quickly begin to escalate and jeopardize the project. Tax increment financing, which is uniquely available to community redevelopment agencies, is one way to finance acquisition and demolition of such structures. The land can then be sold to the private sector developer at its fair market value.

DEMOLITION OF SUBSTANDARD STRUCTURES

The Downtown Plan has identified several areas, all residential in nature, as substandard and requiring demolition. Those areas are:

- (a) Residences north of 6th Street on McKenzie, Harmon, Cone, and Allen.
- (b) Residences between 5th and 6th Streets on Harmon and Cone.
- (c) Residences on Luverne and Magnolia between 4th and 5th Streets.

Unfortunately, funding for acquisition and demolition of these areas from community redevelopment agency resources (principally tax increment financing) at this time is not feasible. This is because tax increment financing depends on redevelopment potential to produce greater tax revenues, and that potential in the areas listed above is currently minimal.

Alternative approaches to demolition of substandard housing should be considered. These would include use of federal funds through the City's Department of Community Development, and strict code enforcement through the building department.

Other demolitions may take place as a by-product of acquisitions for right of way or for parking facilities. These would generally occur in connection with construction of the proposed bayfront loop road, or in connection with parking improvements within two blocks of Harrison Avenue.

REDEVELOPMENT PROJECT STRATEGY

The relatively slow pace of redevelopment in downtown Panama City demonstrates the need to find and respond to the downtown's strongest development opportunities and markets.

This conclusion suggests that the community redevelopment agency should concentrate its immediate efforts on:

- (a) Encouraging rehabilitation of the Marie Hotel into modern commercial space. This project should be a high priority because it occupies a central location that is bound to have a high impact on the appearance and functioning of Harrison Avenue, and because the development strength of its current ownership indicates that it would be a doable project if tenants can be found and suitable parking arranged.
- (b) Encouraging development of the bayfront. Downtown bayfronts are increasingly being recognized as powerful engines of economic rebirth. They often offer a variety of interest and amenity that cannot be duplicated. Not only is Panama City's bayfront prime for development efforts, it also is receiving strong local developer interest from its owners and leaseholders.
- (c) Land assembly and redevelopment of Harrison Avenue from Beach Drive to 4th Street. This area is well-located with respect to the developing bayfront area, and already has some strong occupants who are the key to its early revitalization.

(d) Rehabilitation of Harrison Avenue from 4th Street to 6th Street. Following the rehabilitation of the Marie Hotel, this area just to the south of 6th Street can be expected to show greater economic strength. Eventually the Fifth Street "anchor" and the bayfront "anchor" can be expected to generate a positive and dual effect on this area.

(e) Development east and west from the Beach Drive/Harrison Avenue axis. To the east the bayfront and bayou areas including the area around McKenzie Park can show strength as bayfront and Harrison Avenue developments take hold, and the existing county office area serves as an "eastern anchor". To the west, the underutilized area along West Beach Drive can benefit from close physical proximity to the developing bayfront area.

Implementation of this redevelopment strategy is by no means automatic. At each stage there must be a market for the space created, and concerted action to stimulate private investment and public improvements at the same time. Local businesses and institutions, in particular, need to be aware of the critical role they play in becoming occupants of downtown space. No downtown strategy can really begin to work well until local decision-makers start voting for downtown "with their feet."

ZONING

In 1981 the zoning ordinance was amended to create a central business district classification (C-1) which covers nearly the entire downtown area. The C-1 district generally permits a wide range of land uses and recognizes the density patterns typical of downtown.

Downtown is subject to the city-wide off-street parking regulations of Division 18 of the zoning ordinance. Provisions of this section relate reasonably well to the number of spaces typically necessary to service downtown buildings. The section allows joint use of parking facilities under certain circumstances, and prescribes allowable distance of a parking facility from the structure it serves (500 feet). Off-street public parking may be counted in calculating the number of parking spaces required of a business under certain circumstances.

Two subjects appear to present a likelihood of future requests for variance from the ordinance:

1. Height. Buildings over 3 stories must be approved by the planning board.
2. Parking arrangements. Flexibility in number and location of parking spaces is often needed, and justifiable in downtown development.

As a general guideline, requests for height or parking variance in the downtown area should be given a sympathetic hearing by the planning board as being in conformance with the overall plan. However, if difficulties arise in applying the zoning provisions to the downtown area, then further refinements in the zoning ordinance may be necessary.

LAND USE PLAN

The Downtown Plan is a useful guide to land use planning in downtown Panama City. However, the slowness of major redevelopment to occur, and recognition that some changes may be necessary to stimulate redevelopment activity, indicate that modifications to interpreting the Downtown Plan are in order.

(A) Bayfront Area

The bayfront area offers a realistic possibility of sustaining development on a scale that will draw people to the downtown area and stimulate general upgrading. Initiation of redevelopment there should be a priority. Within the general classification of bayfront area, three sub-areas can be identified.

(1) Marina area. Situated south of Government Street, this area includes a diverse mixture of governmental and civic buildings, commercial buildings, and boat docking facilities; separated by wide flat spaces devoted to parking. The potential of this area is to become a focus of activity in the downtown area, attracting both tourists and local residents to a colorful, water-oriented environment of civic and commercial enterprises. This area should be the subject of immediate development efforts starting with an analysis of its economic and urban design potential.

(2) Bayfront West. Situated upland of the marina and west of 4th Street, this area is characterized by hundreds of front feet of vacant or underutilized waterfront. This area adds office space potential to the commercial possibilities of the marina area. Development should complement and be coordinated with the marina area. For that purpose this area should be included in the same economic and urban

(3) Bayfront East. Situated east of the civic auditorium and Luverne Avenue, this area is heavily built up with commercial buildings. The heavily built-up nature of this area suggests that assembly of property would be expensive and discourages redevelopment while more underutilized land remains to the west. The commercial/tourist facilities proposed for this area in the Downtown Plan are, for that reason, not likely to occur in this area in the immediate future. Despite its long-range potential for redevelopment, those practical considerations indicate that the community redevelopment agency's attention should be directed to the west for more expeditious results.

(B) Development Density

A second modification to the Downtown Plan would be to interpret more liberally its recommendation of a maximum floor-area ratio of 2.0 for commercial development. Given the compact, mixed-use character of downtown, something as arbitrary as a floor-area ratio should not be used to preclude otherwise desirable development. Therefore, the floor-area ratio should be interpreted on an area wide basis, allowing individual buildings to exceed a floor-area ratio of 2.0 where such density contributes to achieving urban density necessary to non-automotive interaction.

(C) McKenzie Park

A third area which deserves more detailed attention and possible modification of the Downtown Plan is the area around McKenzie Park. The Downtown Plan indicates that the general area would include a mixture of residential and commercial uses, but seems to recommend surrounding the park with parking lots. The park is already under-utilized, and there is a clear danger that it will be

further isolated from surrounding activities. This would be extremely unfortunate, because McKenzie Park is an important resource that may someday provide an amenity that will be a significant element of an urban neighborhood in the adjacent bayou area. It should be constantly borne in mind that attracting people to live in a downtown area in significant numbers requires creation of a sense of security and relaxation that a neighborhood environment represents. Although under-utilized now, McKenzie Park has the potential of becoming a part of a new downtown neighborhood environment in its immediate area. To achieve this, detailed attention to McKenzie Park should focus on issues such as:

- Selective retention as well as clearance of older structures.
- Redesign of the park to increase its usefulness to potential users including nearby workers and residents.
- New programs to encourage planting and maintenance, possibly including active and ongoing involvement of local garden, historic, civic, and educational clubs and organizations.
- Redesign and reconstruction of Park Street, Oak Avenue, and 3rd Court surrounding the park to incorporate them into parking areas and give them a pedestrian orientation while still maintaining vehicular access to adjacent buildings.
- Selective rehabilitation and clearance of buildings on Park Street.
- Expansion of parking south of Oak Avenue.

The community redevelopment agency should view the McKenzie Park area as an unrealized opportunity that will become ripe for improvement as soon as progress is shown in the bayfront area, and plan accordingly.

OPEN SPACE

The Downtown Plan suggests retention of existing public parks and proposes a system of landscaped areas to connect them.

Such public spaces, existing and proposed, include:

- The marina. A mixture of public access and major development.
- Waterfront walkways and viewpoints along the bay and bayou.
- McKenzie Park.
- Harrison Avenue landscaping.
- Walkway connectors from Harrison Avenue to the waterfront walkways.
- A tourism/picnic waterfront activity area along the bayou at 5th Street.

In establishing priorities for the community redevelopment agency for implementing this plan, the following actions are recommended as being appropriate at this time and in the immediate future:

1. Redesign of the marina area in conjunction with major development.
2. Redesign of McKenzie Park.
3. Investigation of funding sources, including both private fund raising and public sources to acquire ownership rights along the bay and bayou for development of walkways. The possibility should not be overlooked that some property owners might be willing to grant permanent easements in exchange for the improved development potential created by the improvement.

STREET LAYOUT

The principal features of the street layout contained in the Downtown Plan are:

- (A) Creation of a Jenks Avenue, marina, Magnolia Avenue loop road.
- (B) Incorporation of certain minor streets into larger, more efficient parking areas.
- (C) Improvement of the pedestrian walking environment of Harrison Avenue through landscaping and construction of walkway connectors to other destinations such as the waterfront.

*4th &
Magnolia
Project*

The Panama City Planning Board has made known its objection to certain street closings proposed in the Downtown Plan, specifically: 4th Street between Beach Drive and Oak Avenue, 4th Street between Grace Avenue and Harrison Avenue, and Oak Avenue between Jenks Avenue and Harrison Avenue. However the general street plan has the potential to correct intersection deficiencies and improve traffic flow to the bayfront.

The fact remains that implementation of the street plan is important to redevelopment of the bayfront, which in turn is a key to opening the potential of the rest of downtown Panama City. Such implementation should be moved to a high priority of the city, the Metropolitan Planning Organization, and the Florida Department of Transportation. The community redevelopment agency should take a leading role, if necessary, in bringing this need to the forefront, and securing immediate action to complete project planning for the loop road and to begin acquisition of right of way necessary for street widening and realignment.

RESIDENTIAL USE

Census data indicate that downtown Panama City contains 444 dwelling units, of which 347 are rental units and 97 are owner-occupied. Total residential population is 832 people, which averages 1.9 persons per dwelling unit. 33% of the downtown residential population is elderly. Quality of downtown housing as measured by cost is below the city-wide average. Average residential rent in downtown Panama City is 58% of the city-wide average. Average value of housing in downtown Panama City is 73% of the city-wide average.

The Downtown Plan indicates that residential development would be suitable in four tracts, all located near the bayou or in areas already developed residentially. Collectively, these four tracts contain about 27.5 acres. However, most of that area is already developed with low-rent housing and clearance would involve expenses of land assembly, relocation of residents, and demolition. The one tract that does not present these problems is approximately 2.36 acres in size. The limited extent of land presently available for residential development suggests that the redevelopment agency should encourage the highest density consistent with creating an attractive neighborhood environment and responding to the housing preferences of the local market.

The limited area available for housing also suggests that commercial development of the available sites should be discouraged. Consideration should be given to taking steps to preserve the available sites for residential development. This might take the form of a zoning amendment to restrict the available areas to residential development.

Specifically evaluating the available tracts, the following recommendations are made to the redevelopment agency:

(A) The tract having the most potential for immediate residential development is #8 on the Disposition Map located opposite McKenzie Park adjacent to the bayou. The Downtown Plan indicates that 2.36 acres would be available for medium density residential (single-family or townhouse density), and another .35 acres would be developed as a waterfront park. However, development at townhouse density would only yield about 30 dwelling units, and single-family density about half that number. Single-family development would appear to be ruled out by the high land value, and would contain too few units to establish a sense of neighborhood. Townhouse density would be better suited to the value of the land and would be consistent with the housing preferences of a growing segment of the housing market, the empty-nesters or single adults. The redevelopment agency should encourage the developer of this tract to make an initially high investment in quality design to achieve the highest density consistent with attracting a relatively affluent population in order to raise the average value of housing in the downtown area. The agency's assistance can be justified as being needed to overcome the considerable risk of being a "pioneer" in downtown housing.

(B) Tract #11 on the Disposition map is located between 4th and 5th Streets adjacent to the bayou and consists of 4.73 acres designated for medium density residential in the Downtown Plan. The comments made with respect to tract #8 generally

apply to this tract as well, except that this tract has neither the potential for early development nor the potential for higher income occupancy of tract #8. The agency should consider preparing a residential redevelopment plan for this tract that would consider such matters as limiting development to residential, assembly of land, design of units, and implementation mechanisms, such as tax-free bond programs that permit financing at below market rates of interest.

(C) Tract #12 on the Disposition Map is located between 5th and 6th Streets adjacent to the bayou, and consists of 5.26 acres designated for medium density residential in the Downtown Plan. The comments made with respect to tract #11 regarding the need to limit development potential to residential and to offer implementation assistance apply. This tract should be considered for federally assisted housing, if such housing development could be coupled with widespread clearance of substandard dwellings in the downtown area. This tract would then become a relocation alternative for families displaced by clearance activities, and the quality of the downtown housing stock would be considerably improved.

(D) Tract #14 on the Disposition map is located between 6th and 7th Streets from McKenzie Avenue to Allen Avenue, and consists of 15.24 acres designated for medium density residential in the Downtown Plan. The over-riding need in this tract is for clearance of substandard buildings. For the immediate future clearance activities are most likely to occur as a result of application of federal programs or code enforcement administered by the city. Inadequate financial resources will limit

NEIGHBORHOOD IMPACT

Relocation

Implementation of the redevelopment plan does not require displacement of any residents to make way for commercial development. Relocation would be considered only for the express purpose of eliminating by clearance substandard residential structures. Should such relocation ever occur it would be the policy of the agency that displaced residents would benefit from improved housing, and that relocation would be to adjacent and more desirable areas.

Traffic Impact

Redevelopment will lead to higher traffic volumes. However, implementation of the Jenks Avenue - marina - Magnolia loop road will relieve congestion, improve deficient inter-sections, and result in smoother traffic flow. Major through volumes are not expected to disrupt any existing residential area.

Environmental Quality

Some increase in hydrocarbon emissions from automobiles can always be expected from new development. However, any increase is offset by the proximity of downtown to waterfront areas and water breezes. In addition plans for increased landscaping along major downtown streets will help to improve environmental quality.

Community Facilities and Services

Redevelopment will not affect community facilities and services

available within residential areas. In fact, redevelopment will produce a positive impact by improving community facilities, such as McKenzie Park and waterfront areas near to residential areas.

Effect on School Population

Redevelopment is not expected to attract large numbers of families with children of school age.

Other Impacts

Redevelopment will generally have the effect of increasing employment opportunities. Already, as a result to the establishment of a Florida enterprise zone in the downtown area, state corporate income tax credits are available to employers who hire residents of the enterprise zone. The community redevelopment agency can help to make these tax credits known to local employers.

Redevelopment can also be expected to reverse the decline of downtown retailing; stabilizing and improving the range of retail services available.

PROPOSED FINANCING METHODS

Private enterprise, acquiring land and constructing office buildings, restaurants and retail facilities, hotels, and residential structures, will contribute the bulk of the resources needed for downtown redevelopment. Of necessity, government is involved, providing funds for road and utility systems, and generally serving as a catalyst and regulator of redevelopment. Fortunately, government funds expended can be expected to eventually be recaptured through increased tax revenues from the redevelopment project area.

Among the sources for funding public investment are:

Federal assistance

- (a) Urban Development Action Grants (UDAG).
- (b) Community Development Block Grant (CDBG).
- (c) Economic Development Administration (EDA).
- (d) Small Business Administration (SBA).
- (e) Federal Highway Administration.
- (f) Tax incentives through the Economic Recovery Tax Act of 1981 for building rehabilitation.

Industrial Development Bonds (IDBs).

IDBs can be authorized by local governments for commercial projects in the downtown enterprise zone, for urban parking facilities, and for certain other uses permitted by Florida law.

These tax-free bonds can effectively lower financing costs for redevelopment projects, affording a way to apply the savings to overcoming impediments such as lack of parking. They should be considered a prime incentive to private redevelopment investment at little or no cost to local government.

Although Congress is considering changes to this program to make it more restrictive, efforts are being made to retain it for public purposes such as redevelopment. The community redevelopment agency should monitor changes proposed in this program, and keep its Congressional representatives informed of the need to retain the ability to use IDBs for redevelopment as a worthwhile public purpose.

Downtown Taxing District

The Panama City Downtown Improvement Board can levy up to 3 mills for its activities which include financing necessary planning reports and purchasing property for public parking lots.

Enterprise Zone Incentives

State corporate income tax incentives are available to corporations which, under certain circumstances, create new jobs, and to new or expanded businesses in the enterprise zone. Private contributions to approved community projects are also eligible for state corporate income tax credits.

Tax Increment Financing (TIF)

TIF is a method of funding redevelopment agency activities including land acquisition, demolition of deteriorated structures, site preparation, and construction of public improvements, such as parking facilities.

TIF accomplishes this by utilizing the increased ad valorem tax revenues generated by redevelopment within the downtown area. To do so, a trust fund is established, and increases in ad valorem taxes collected from the redevelopment area after the base (first) year are deposited into it. The community redevelopment agency can then draw on the trust fund. The popularity of TIF stems from the fact that it does not commit taxes generated outside of the downtown area for funding redevelopment activities.

TIF trust fund revenues can be used to fund a wide range of community redevelopment agency activities, when those activities are related to implementing a specific project. Besides planning activities, land acquisition, and construction of parking facilities are popular uses of TIF funds.

When, as is usually the case, redevelopment agency expenditures must precede development, TIF trust fund revenues can be pledged to repay notes and bonds. TIF bond issues make it possible to provide public improvements coinciding with the completion of private redevelopment.

SPECIFIC FUNDING RECOMMENDATIONS

Urban Development Action Grants (UDAG)

The City of Panama City is currently on the list of cities eligible to apply for UDAGs. UDAGs are made to cities to encourage private investment, and may be used for site improvements or public infrastructure, or to finance the project. In the latter case, the developer repays the city, which may then reinvest the money in other economic development activities. The agency should consider all major projects as having UDAG potential and should make utilization of this program a priority.

Community Development Block Grant (CDBG)

Most of downtown Panama City is outside of the CDBG target area. However, the community redevelopment agency should work with the city to see that CDBG funds are used in the downtown portion of the target area to the maximum extent. Improvement of substandard residential areas in the downtown district should be a priority for CDBG. Also, if HUD approval can be secured, it would be useful to establish a low-interest loan program throughout the downtown to encourage private rehabilitation.

Economic Development Administration (EDA)

Due to the relatively high unemployment rate in Bay County, EDA should be considered as a possible funding source. EDA grants are typically in the form of technical assistance or to construct public infrastructure. A possible use would be for bulkhead renewal related to major bayfront redevelopment.

Small Business Administration (SBA)

SBA administers small business loans through the 7(a), 502, and 503 programs, which vary in the size of project, type of funding mechanism, and requirements for local staff and management capacity. In general, these programs help small businesses to obtain long-term capital for expansion that otherwise would not be available to them. If the community redevelopment agency wishes to seek greater use of SBA programs, it should consider involving local financial institutions. Local lenders could be of assistance in evaluating the potential usefulness of various SBA programs to local needs.

Federal Highway Administration

Access to the downtown area is a subject whose importance is growing, particularly with respect to potential redevelopment of the bayfront area. As the Downtown Plan has indicated, several major intersection and alignment improvements will need to be made to correct existing deficiencies. Those improvements need to be scheduled now to coincide with major redevelopment. The community redevelopment agency, working through the city, the metropolitan planning organization, and the state department of transportation, needs to see to it that these improvements are scheduled for detailed planning, right of way acquisition, and construction.

Panama City does not presently have a mass transit system. However, development of the Harrison Avenue /bayfront axis will provide a potential market for a small scale trolley or tram service within the downtown area. Office workers and shoppers could ride to attractions

at the bayfront, and tourists would be able to hop aboard for a shopping trip on Harrison Avenue. Although the development which would support such a system is in the future, when it does occur a possible funding source would be the Urban Mass Transportation Administration (UMTA).

Tax Incentives for building rehabilitation

Under the Economic Recovery Tax Act of 1981 investment tax credits are available for qualified rehabilitation of older commercial, industrial, or rental residential buildings as follows:

- 15% investment tax credit (ITC) for rehabilitation of commercial or industrial buildings over 30 years old.

- 20% ITC for rehabilitation of commercial or industrial buildings over 40 years old.

- 25% ITC for rehabilitation of certified historic commercial, industrial, or rental residential structures.

Use of these investment tax credits can make a substantial difference in return on investment.

Industrial Development Bonds (IDBs)

IDBs provide a very favorable financing vehicle for commercial projects in the downtown enterprise zone and urban parking facilities, when the amount of financing exceeds about \$500,000. They can be very useful in helping to offset expenses associated with land acquisition, demolition and parking construction.

Funds are actually loaned from private sources, and repaid from private sector development project revenues.

or nothing, which makes this financing extremely attractive locally. IDBs favorable interest rates results from the fact that they are exempt from federal income tax. Congress is currently considering placing limitations on issuance of IDBs. However, use of IDBs for redevelopment is likely to survive in some form and to continue to be an important redevelopment incentive.

Downtown Taxing District

The Panama City Downtown Improvement Board (DIB) presently levies 3 mills ad valorem taxation on downtown property, which produces approximately \$75,000. This revenue, supplemented by city funds, is used primarily to fund downtown planning expenses, and to implement needed improvements, such as expansion of available public parking.

Although the DIB has had only part-time staff, its need for a full-time executive is growing, particularly since the DIB has been designated to function also as the community redevelopment agency.

Enterprise Zone Incentives

State corporate income tax credits for contributions to approved community development projects offer a useful incentive to private funding of public improvements. Examples of the types of projects that may be approved by the Florida Department of Community Affairs for these credits would include street landscaping and park improvements.

Under this program, corporate contributions to community projects can result in up to 74% recapture of the contribution from state and federal corporate income taxes. The community redevelopment agency can take advantage of this credit by taking action immediately to qualify an activity such as street beautification or park improvements for the credit.

A second corporate income tax credit available under the enterprise zone program is the new jobs credit. It allows businesses to claim a 25% credit on wages paid to persons hired into new jobs who live in enterprise zones. Salaries must not exceed \$1500 per month. Employees must be employed at least 20 hours per week.

A third corporate income tax credit available under the enterprise zone program is the new or expanded business credit. New, expanded, or rebuilt businesses located in enterprise zones are allowed a credit on the corporate income tax equal to 96% of the school portion of ad valorem taxes paid on new or rebuilt property. The credit can be claimed up to 10 years, up to a maximum of \$50,000 annually. New or expanded businesses must establish at least 5 new, full-time jobs, a majority of which must be filled by residents of an enterprise zone. Rebuilt businesses must replace property destroyed in disaster, and majority of employees must reside in an enterprise zone.

Tax Increment Financing (TIF)

The community redevelopment agency is the one agency in Panama City which can utilize tax increment financing to finance its redevelopment activities. After establishment of a redevelopment trust fund (which is expected to occur within the next several months) the current tax year will become a base against which future growth in the downtown tax base will be measured. Future increases in the downtown tax base will result in contributions to the trust fund to be used by the community redevelopment agency for stimulating redevelopment.

Based on a projected 3% annual growth in the downtown tax base, plus major new developments in the bayfront area and other office development, the estimated growth in the downtown tax base in the next 5 years would be 15 million dollars. Maintaining current millage rates, an increase in the tax base of that magnitude would generate \$159,000 per year into the redevelopment trust fund. This amount could be used to finance public improvements by the community redevelopment agency, such as land acquisition, demolition, parking construction, landscaping, and parks improvements. Since the need for these improvements will be greatest at the beginning of the redevelopment process, when it will stimulate private investment, the agency may choose to float a bond issue pledging the annual revenues of the trust fund to its repayment. In that case, approximately \$1,317,000 could be financed from the projected increase in the tax base.*

* Assuming a coverage ratio of 1.0, a reserve fund equal to one year's debt service, a 25 year amortization, and a 9.25% rate of interest.

SAFEGUARDS AND ASSURANCES

Panama City has been steadily completing and adopting the framework for orderly development of the downtown area. The Downtown Plan was completed in 1979, and was followed by the central business district zoning ordinance in 1981. The Downtown Improvement Board has been implementing the plan by, among other things, expanding the public parking system. In 1983, the downtown enterprise zone was established, and the community redevelopment agency was created (the Downtown Improvement Board being designated to fill that role). Creation of the community redevelopment agency and completion of this redevelopment plan will set the stage for establishment of tax increment financing.

Along with the establishment of all of the development incentives available to downtown redevelopment in Florida, the agency is now embarked on a program of encouraging the most achievable projects to get under way, as a strategy for creating a "critical mass" of downtown development that will be conducive to widespread investment in the downtown area. Currently the DIB is advertising for a consultant team to prepare a bayfront development program including urban design, economic analysis, and implementation program. The bayfront development program would be prepared in cooperation with the projects potential developers, and demonstrates the agency's intention of moving on to project planning for implementation of major redevelopment.

These actions collectively demonstrate and confirm that the city, the Downtown Improvement Board, and the community redevelopment agency are engaged in a sustained and consistent program to redevelop the downtown area with adequate safeguards that the redevelopment program will be carried out pursuant to the adopted plan.

Retention of Controls and Restrictions

It is the intention of the community redevelopment agency that development in the downtown area shall be in conformance with the adopted zoning ordinance and the downtown plan as presented in this redevelopment plan.

In the future, any leases, deeds, contracts, and agreements relative to any real property conveyed by the community redevelopment agency may contain restrictions, covenants, conditions subsequent, or such other provisions necessary to carry out the plan, and may require that owners, purchasers, lessees, or developers of real property within the redevelopment area must commence construction or rehabilitation of any building and proceed in a manner consistent with such reasonable periods of time as mutually agreed upon with the agency.

Replacement Housing Assurances

It shall be the policy of the agency that residents displaced as a result of redevelopment projects shall be provided services which will ensure that they are not unduly inconvenienced by their relocation.

In implementing this policy, the agency shall be guided by the following objectives:

- That displaced residents will be provided with an opportunity to occupy comparable replacement housing within their ability to pay, that is adequate to their needs, and meets all requirements of decent, safe, and sanitary housing, and to the extent possible, satisfies their preference with regard to location and other considerations.
- That the agency will carry out its activities in a manner that minimizes hardship to displaced residents.

- That displaced residents will be provided maximum choice within the available housing supply.
- That the agency directly, or through referrals to other agencies, will provide relocation assistance appropriate to the needs of displaced residents, including appropriate social services assistance to those who are chronically ill, homebound, or otherwise in need of support services, counseling, and follow-up services.
- That the agency will make diligent efforts to assure displaced residents that they will not encounter undue financial or other hardship on account of the agency's actions.

BOUNDARY DESCRIPTION
COMMUNITY REDEVELOPMENT PLAN

Located in Panama City, Bay County, Florida, and more generally described as follows:

BEGINNING at the point of intersection of the northerly right-of-way line of 7th Street and easterly right-of-way line of the alley 100 feet east of Allen Avenue; thence southerly along the extension of the easterly right-of-way line of said alley to its intersection with the waterfront of Massalina Bayou; thence generally westerly and southerly along the waterfront of the Bayou, Bayfront, Marina, and Bayfront west of the Marina to the intersection with the westerly right-of-way of Mercer Avenue; thence northeasterly along the westerly right-of-way line of Mercer Avenue to the northerly right-of-way line of 5th Street; thence easterly along the northerly right-of-way line of 5th Street to the westerly right-of-way line of Jenks Avenue; thence northerly along the westerly right-of-way line of Jenks Avenue to the northerly right-of-way line of 8th Street; thence easterly along the northerly right-of-way line of 8th Street to the easterly right-of-way line of Magnolia Avenue; thence southerly along the easterly right-of-way line of Magnolia Avenue to the northerly right-of-way line of 7th Street; thence easterly along the northerly right-of-way line of 7th Street to the point of BEGINNING.

January 3, 1984

Ms. Diana Gurick, Executive Director
Panama City Downtown Improvement Board/
Community Redevelopment Agency
P.O. Box 1124
Panama City, Florida 32402

CASELLA &
ASSOCIATES
Post Office Box 2453
Clearwater, FL 33517
(813) 443-4928

Dear Ms. Gurick:

CASELLA & ASSOCIATES is pleased to present the Community Redevelopment Plan for downtown Panama City. This plan, which has been prepared pursuant to the requirements of Chapter 163.362, F.S., may now be considered for adoption in accordance with procedures contained in Chapter 163.360.

The following outline of Chapter 163's adoption procedures is presented to assist your agency in initiating the adoption process.

COMMUNITY REDEVELOPMENT PLAN ADOPTION PROCESS

1. The Community Redevelopment Agency (CRA) shall submit the Community Redevelopment Plan (the plan) to the Local Planning Agency (Panama City Planning Board) for review and recommendations as to its conformity with the comprehensive plan for the development of the municipality as a whole.
2. The Planning Board shall submit its written recommendations with respect to the conformity of the proposed plan to the CRA within 60 days after receipt for review.
3. Upon receipt of the recommendations of the Planning Board, or if no recommendations are received within 60 days, then without such recommendations, the CRA may proceed with its approval of the proposed plan.
4. The CRA submits the plan to the governing body (City Commission).

- continued -

1.3.84

Plan transmittal
Page two

5. The City Commission shall hold a public hearing on the plan, after public notice by publication in a newspaper of general circulation. The notice shall describe the time, date, place, and purpose of the hearing, identify generally the community development area covered by the plan, and outline the general scope of the community redevelopment plan under consideration.

6. Following such hearing, the City Commission may approve the plan, finding it to be in conformance with the requirements of Chapter 163.

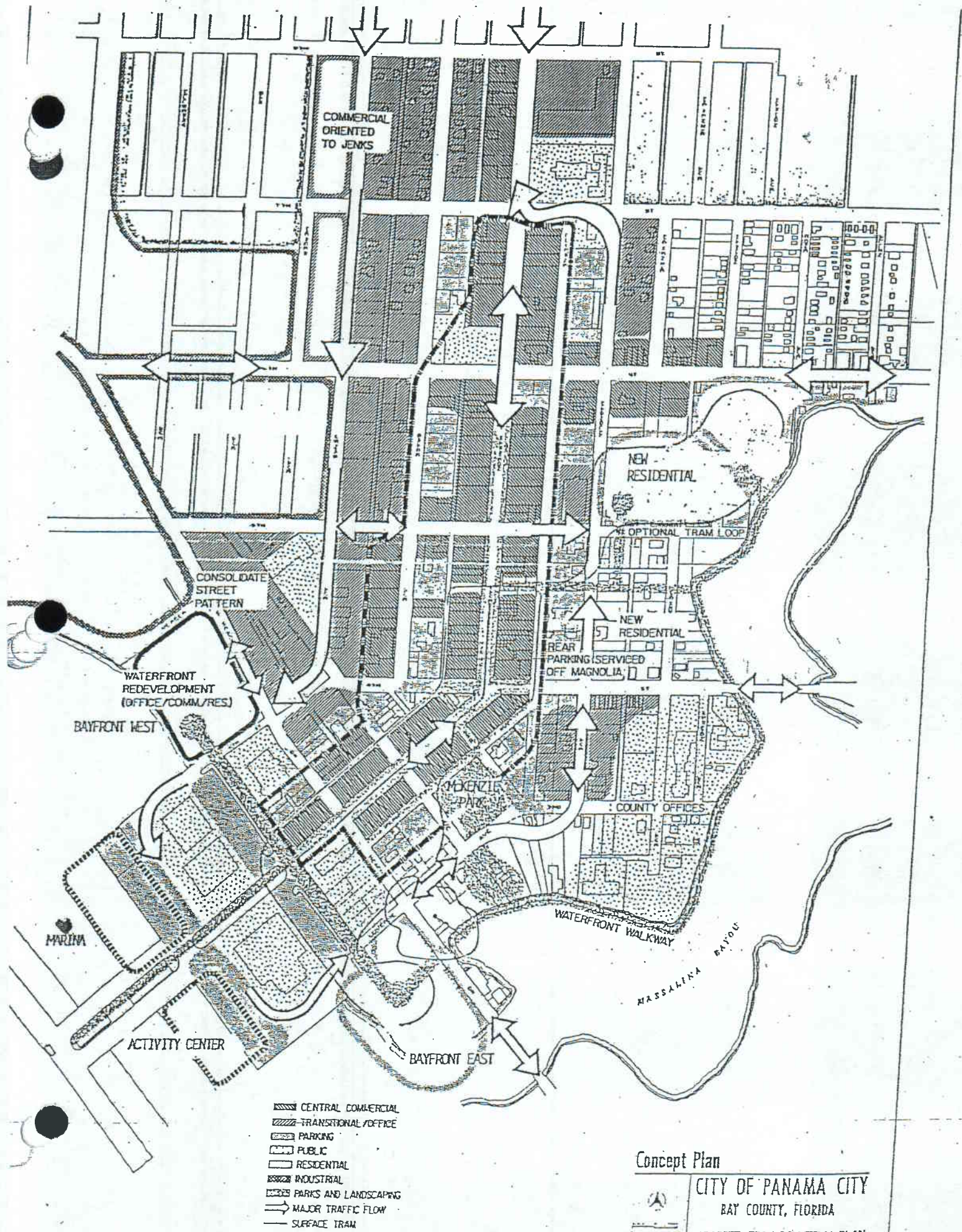
The appropriate action for the Community Redevelopment Agency to take at this time would be submission of the plan to the Planning Board for its review and recommendations.

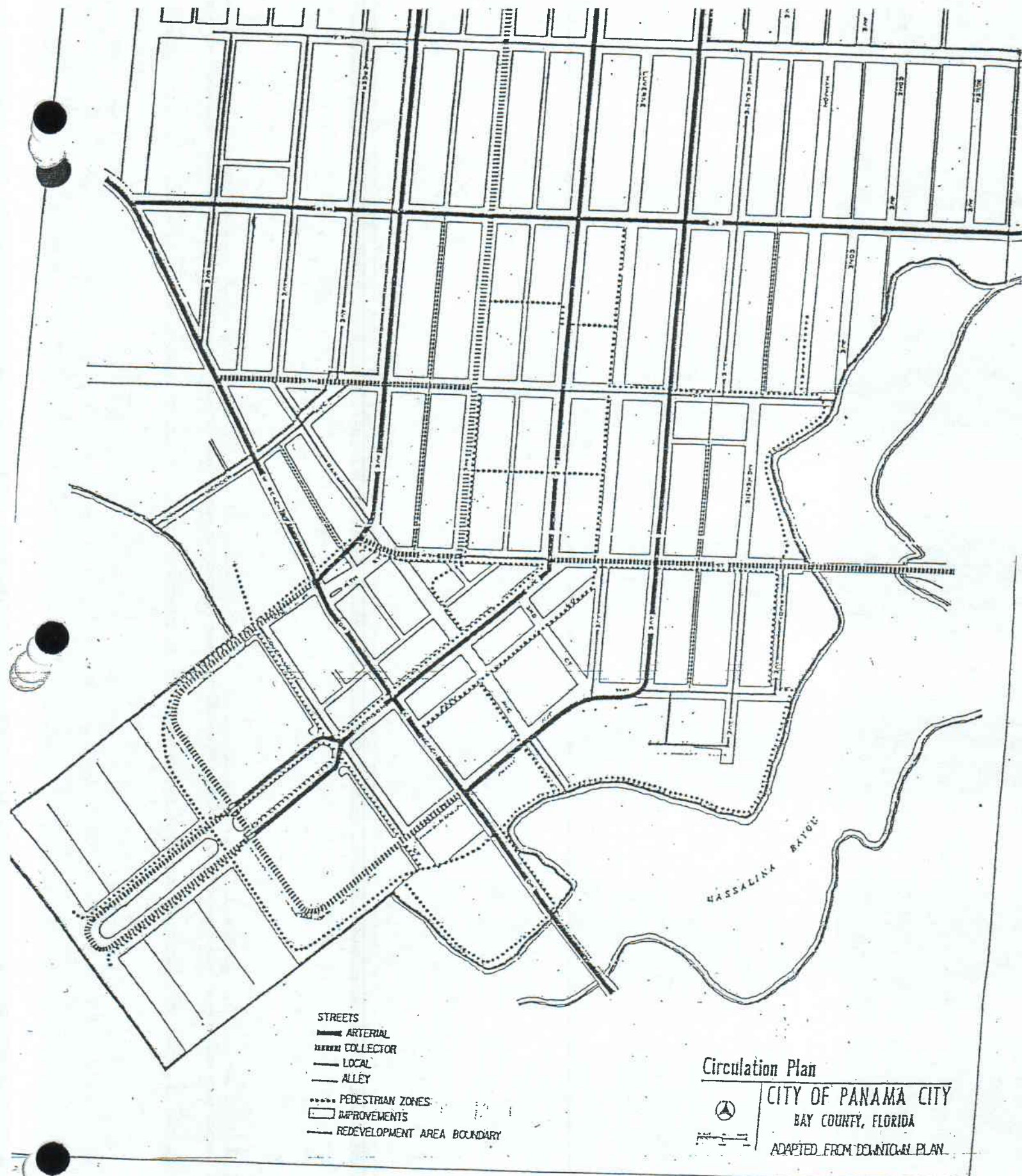
CASELLA & ASSOCIATES appreciates this opportunity to be of assistance to the Downtown Improvement Board/Community Redevelopment Agency, and we look forward to assisting in the completion of the adoption process. In that connection we are supplying you, under separate cover, with a sample transmittal letter to the Planning Board.

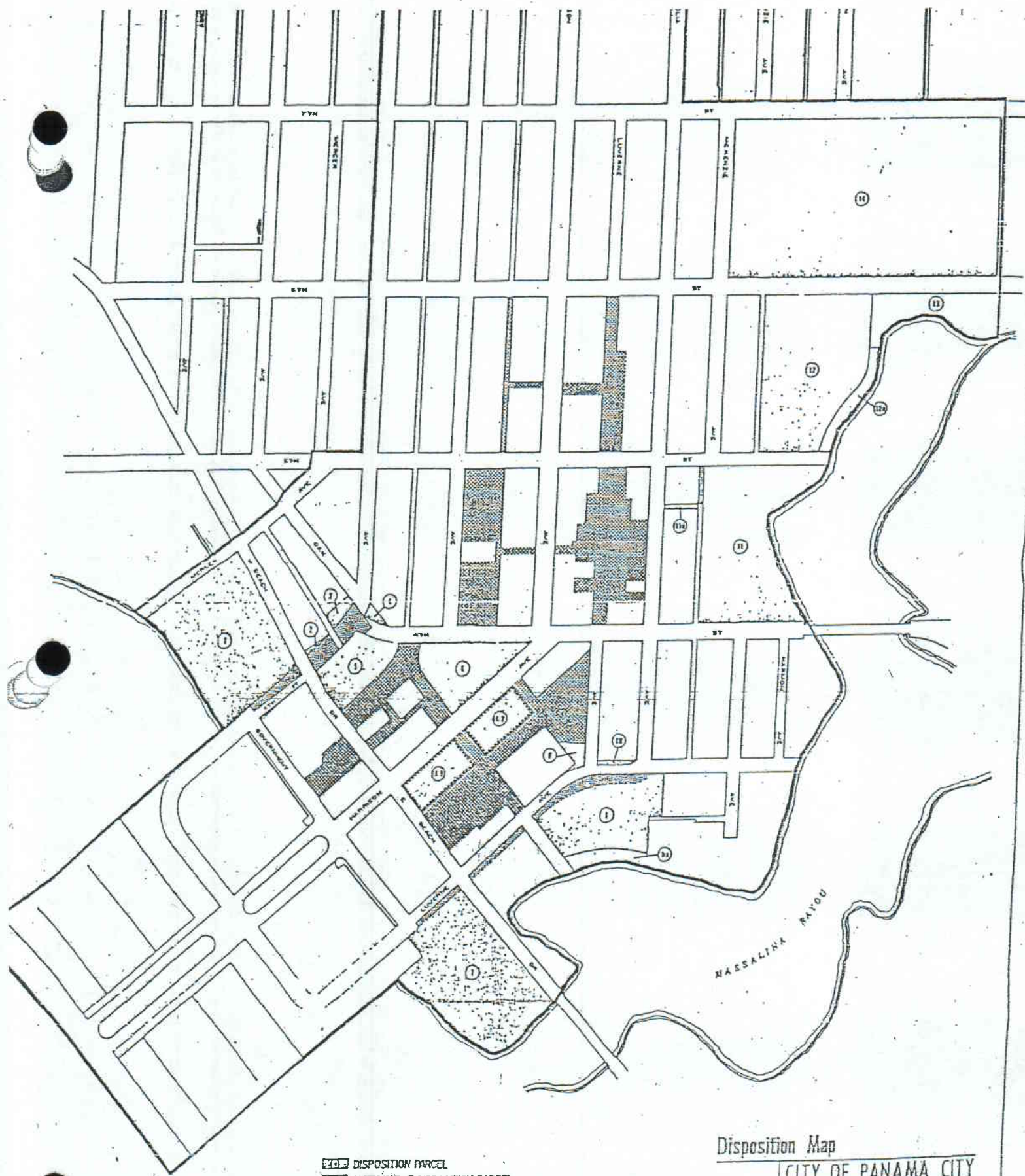
Sincerely,



SAM CASELLA, AICP







- DISPOSITION PARCEL
- ALTERNATIVE DISPOSITION PARCEL
- STREET DEDICATION
- MUNICIPAL PARKING AREA DEDICATION
- REDEVELOPMENT AREA BOUNDARY

Disposition Map

CITY OF PANAMA CITY
BAY COUNTY, FLORIDA
 ADAPTED FROM DOWNTOWN PLAN

