

**Market, Real Estate, and Housing
Technical Memorandum**



Draft: June 4, 2004

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Prepared For:

Pinellas County Planning Council
and the
Pinellas County Economic Development Department

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1.0 Introduction

The intent of this technical memorandum is to provide an overview of the general market, real estate, and housing factors crucial to the success of the *Economic Development and Redevelopment Plan for the Pinellas Community*. As identified in the *Target Employers and Incentives Technical Memorandum*, the county is on a course to reach practical build-out in 2007 or 2008, and it will cause the size of the economy to stall by 2015 and the quality of the economy to begin to decline the same year. The county has taken the first step in the process to overcome the impending build-out by developing a strategy to recruit target industries that yield high wages. The intent is to sustain the current quality of life through effective economic development. With an aggressive recruitment strategy, the county is expected to attract 2,500 high-wage jobs annually resulting in a 20-year total of approximately 50,000 such jobs. The anticipated jobs benchmark is used throughout this technical memorandum, in association with long-term population, housing, and secondary employment, to define the future market and real estate and housing demands to support the new employment strategy.

Given this critical condition and the county's goal, both the public and private sectors are mutually confronted with difficult decisions on how to redevelop the county. The public sector must be able to respond to this coming reality and put in place the type of economic development and recruitment actions being recommended. Local governments must look to future planning that will define their physical character, promote and foster new development forms, offer supportive infrastructure, and develop innovative means and methods to facilitate redevelopment.

Likewise, the private sector must know how and when to respond to coming changes in the ways the "new" Pinellas Community will be developed; embrace the new development forms that come with redevelopment; understand the land/economics equation; and work cooperatively with the public sector to achieve mutually desired outcomes.

The approach of this *Economic Development and Redevelopment Plan* is to coordinate public and private real estate and redevelopment objectives by correlating them with economics, real estate, and urban design to achieve mutual agreement.

1.1 Purpose

The purpose of the technical memorandum is to translate the proposed total employment estimates into land requirements for the target (primary) and secondary employers. The current land supply is documented and the two are compared. The results inform the county and other local governments about whether the long-range strategy of increasing the employment percentage of total population is possible. Since the horizon year for the plan is 2023, there are alternate scenarios for estimating the percentage of the county's total population that will be employed. Based on these alternatives, the county must know if there will be available land to meet the required demand. An analysis of that availability builds upon the original Community Planning for Redevelopment (CPR) methodology and expands to other areas. Equally important is where the land is located and whether it will support the proposed employment types. Once determined, a more precise analysis deals with the cost of redevelopment in order to understand its financial implications relative to conventional greenfield development. Lastly, the role of housing is explored with respect to the increased employment opportunities.

1.2 Summary of Main Points and Recommendations

- The future employment and housing projections are linked to future population projections.
- To meet the long-term employment goals, Pinellas County should increase its employment-to-population ratio commensurate with the strongest Florida economies.
- Low, medium, and high employment growth scenarios indicate Pinellas could attain a 75% employment-to-population ratio.
- Timelines for economic redevelopment were prepared for three periods: 2000-2007, 2008-2015, and 2016-2023.
- To satisfy the employment goals, real estate requirements are in the range of 2,200 acres (low scenario) to 5,900 acres (high scenario) for primary and secondary employment.
- Using all potential sources of lands, the real estate supply is estimated to be 7,000 acres.
- A comparative analysis of real estate supply and demand reveals land is available to meet future employment and residential requirements.
- The application of real estate models found that land costs were the driver for redevelopment. When greenfield properties were compared to redevelopment properties, it was determined that rents would have to be between two and two and a half times greater for redevelopment to be economically competitive. This difference is considered a financial gap.

- Some form of incentives will be needed to close the gap between the costs of developing a greenfield site versus a redevelopment sites.
- Rising land values are having an effect on the tourism economy in that transient accommodations are being displaced by condominiums.
- There are some 15 existing and potential employment centers within the county that can serve as high quality locations for future employment-based redevelopment.
- Housing is a necessary support infrastructure for future employment-based redevelopment, and the county should pursue strategies for sponsoring and assisting in assembling redevelopment sites, and in providing assistance and incentives in securing housing proximate to employment centers.
- Public and private redevelopment objectives are mutually supportive and a public/private partnership should be formed to implement redevelopment to meet mutual objectives and expectations.

2.0 Target Employment: Market and Real Estate Relationships

2.1 Introduction

Both the supply of and the demand for land were evaluated in the context of population growth, the percentage of the population employed, the total anticipated target employment (see the POLICOM technical memorandum series) and potential employment centers to accommodate future total employment. The POLICOM report projects that some 50,000 primary jobs from the target employers will occur over the next 20 years. This total will generate secondary jobs in the range of 164,000 to 270,000, depending upon whether the low, medium, or high estimate of employment to population is pursued by the county. How and where these employees are absorbed and located is a challenge of this process.

2.2 Future Population Projections

Pinellas County establishes specific population totals for planning and other purposes. Recognizing the link between population and employment growth, it was agreed that the current planning process would use the county's population figures, comprised of resident and seasonal segments, to establish a baseline condition described in greater detail below.

For this analysis, the population count for the year 2000 was about 920,000 persons, and the 2023 population estimate could be in the range of approximately 1,100,000 to 1,200,000 persons, indicating a change over the study period of approximately 185,000 to 285,000 persons. Historically, this population has been largely comprised of seniors, but the trends have been changing to reflect a broader demographic diversity. The preferred

economic development strategy for 2023 focuses on adding 50,000 high-wage employees from target employers and increasing the percentage of the total population employed. The strategy is likely to continue altering the existing age profile. With a more aggressive employment strategy, a younger workforce will be attracted to the county, while at the same time, national trends show that employment opportunities for “retired” baby boomers can be expected.

2.3 Future Employment Targets and Composition of Industry Segments

The objective of increasing employment in the context of a physical environment that is approaching build-out requires that more attention be focused on higher-wage employment. Such employment is necessary to justify the material alterations to the physical environment that are generally considered constraints to development. Lower-wage employment and facilities simply cannot justify the costs of redevelopment, which can be substantial for a number of reasons as explained later. A key principle guiding the current analysis is that to maintain its high quality of life, the county should aggressively grow its employment base while it pursues its core strategy of attracting target employers that contribute high value wages.

Employment is discussed in terms of target (primary) and secondary employers. The primary employers pay wages that are generally deemed above average. Further, they establish a foundation for secondary employment by creating economic wealth at the regional level. For example, in the first group are certain basic employers, many that are producers of high technology goods and information systems. The secondary group is critical since they support the basic industries. POLICOM established these primary and secondary employer relationships in greater detail in a separate technical memorandum.

2.4 Long-term Targets Associated with Economic Goals

In the year 2000, there were about 500,000 persons employed in Pinellas County. Expressed in terms of the relationship to population, approximately one in two persons in the county might claim local employment. This, of course, is only a benchmark since commuters and workers flow in and out of the county but it does provide a useful indicator for the level of both housing and job activity that must be brought into balance to achieve longer term economic development goals.

At present, the current employment-to-population ratio in Pinellas County, as noted above, is approximately 55%. By embracing aggressive recruitment and retention policies targeted to certain industry segments, POLICOM’s analysis suggests it might increase this measure of local employment over time, growing from the current mix to concentrations commensurate with the percentages of Hillsborough County (66%) and Orange County (75%). This growth would move Pinellas County into a more competitive position with these larger economies. To assess the potential growth of the employment-

to-population ratio, low, medium, and high growth scenarios were prepared. The low growth scenario puts the ratio at 65%; the medium at 70%; and the high at 75%. The results are shown in Table 1. For analysis purposes, the POLICOM estimate of 50,000 (2,500 annually over 20 years) primary jobs was held constant through the analysis. This results in 15% to 25% of the future total employment being primary jobs. Implicitly, the balance of future jobs, that is the remaining 75% to 85%, would occur among secondary or support employers. Given this mix of primary and secondary employers, and to maintain the quality of life, the goal should be to increase the employment-to-population ratio from its present level of about 55% to at least 70% and potentially setting 75% as a longer-term objective. This finding was strongly supported by the attendees of the Redevelopment Strategies and Policies Summit.

In these various scenarios, the average annual growth in employment ranges from a low of about 7,000 new employees per year to a high of 18,000 (high scenario, 2008-2015). When compared to the population expected to be in residence in the various time periods, the employment-to-population ratio shows an upward movement, ultimately achieving a measure of about 73% to 75% in 2023 in the high growth scenario.

2.5 Timeline for Implementation

Over the 2000-2023 period, the future employment has been allocated to specific timelines for implementation: 2000-2007, 2008-2015, and 2016-2023. Using the medium growth scenario as an example, 80,000 new jobs would be added in the first period, 120,000 in the second, and 69,000 in the last period. These total 269,000 new jobs over the three periods, yielding 769,000 employees in the work force at a 70% employee-to-population ratio. These periods are helpful in assisting the county to phase infrastructure, housing, job training, land use and regulatory improvements and enhancements to accommodate future employment centers.

3.0 Demand for Land to Support Employment Goals

To achieve this vision of enhanced jobs relative to the total population, an assumption is made that strategies and resources are aligned. Of particular concern to the present analysis is the prospective availability of land resources capable of supporting both the expected change in the number of jobs along with the residential inventory needed to house future employees and their families. These relationships were examined under low, medium, and high scenarios of total employment, varying the expectations about the potential employment-to-population ratio.

Table 1
Low, Medium, and High Employment/Population Growth Scenarios

Low, Medium and High Growth Scenarios

Population and Employment Increases (Rounded), 2000 - 2023

Year	Total Population Change	Average Annual Population Change	Total Employment	Total Primary & Secondary Employment Change*	Annual Employment Change	Average P/E** Ratio
Historical Population and Employment						
2000 total population = 920,000-	-	-	500,000	-	-	56%
Low Employment Growth Scenario (65% of total population employed)						
2000-07	393,000	56,000	-	55,000	7,000	56%
2008-15	399,000	50,000	-	95,000	12,000	60%
2018-23	333,000	42,000	-	64,000	8,000	65%
Total Pop	1,100,000-1,200,000 (23 years)		714,000	214,000		
Medium Employment Growth Scenario (70% of total population employed)						
2000-07	393,000	56,000	-	80,000	11,000	57%
2008-15	399,000	50,000	-	120,000	15,000	65%
2016-23	333,000	42,000	-	69,000	9,000	69%
Total Pop	1,100,000-1,200,000 (23 years)		769,000	269,000		
High Employment Growth Scenario (75% of total population employed)						
2000-07	393,000	56,000	-	74,000	11,000	57%
2008-15	399,000	50,000	-	146,000	18,000	65%
2016-23	333,000	42,000	-	107,000	13,000	73%
Total Pop	1,100,000-1,200,000 (23 years)		827,000	327,000		

* POLICOM estimates that by 2023, there will be 50,000 total primary employees (averaging 2,500 employees annually). This number is held constant across the three growth scenarios.

** P/E = Population-to-Employment Ratio

Given the largely urban character of Pinellas County and the frequent difficulty of accommodating infill development, the planning team evaluated both the land demands that were likely to be generated by a growing number of employment categories and the supply of land needed to support these activities. Varying the mix of growth and percentage, a range of employment counts and their typical physical requirements were estimated. These spatial needs were then extrapolated to land requirements consistent with research about density and intensity of floor area ratio (FAR) of development for various building types and configurations. For purposes of this analysis, an estimated 200 to 1,000 square feet of work space per employee was estimated, generating demand for

facilities with a minimum FAR of 0.20. Such intensities tend to increase as the form of employment is able to conform to a vertical rather than a horizontal work building type. For example, a conventional office might be accommodated in a setting with a very high intensity, 1.0 or above, compared with distribution or research activities that are more appropriately placed in a setting with an FAR of approximately 0.18 to 0.20.

Applying these factors (space per employee and FAR), land requirements were generated for the low, medium, and high scenarios for the employment-to-population ratios. The acreages required support the employment increases from the existing base (500,000 jobs) are shown in Table 2 below. The scenarios indicate the change from current employment that might be realized over a 20-year period, assuming increases in the current employment-to-population ratio.

This information will be used in Section 5.0 to compare the demand for real estate with the real estate supply available to meet to the anticipated demand.

Table 2
Land Requirements Needed Under Varying Employment Assumptions

2023 Employment Projections	Employment-To-Population Ratio	Land Requirements
Low: +214,000 people	65%	+2,200 to 3,700 acres
Med: +269,000 people	70%	+2,900 to 4,800 acres
High: +330,000 people	75%	+3,600 to 5,900 acres

Source: POLICOM, Prime Interests, RERC and HDR

4.0 Real Estate Supply to Required to Meet Future Demands

4.1 Introduction

With the total demand established for land necessary to meet the 2023 employment estimates, the next exercise was to determine if there is an adequate real estate supply. This is one of the most fundamental findings and requirements for implementation of the *Economic Development and Redevelopment Plan*. Without well-located, buildable land, the county cannot effectively compete in the race for a sound, strong economic future.

4.2 Methodology and Analysis

The methodology to determine land availability is based on three potential sources. Using GIS mapping and analysis, the data base was queried for land used in the original Community Planning for Redevelopment (CPR) process, a more detailed analysis of Community Redevelopment Areas and Central Business Districts was performed, and a more complete examination of publicly-owned lands, excluding parklands and environmental lands was made. A cumulative total of available real estate was maintained.

4.3 Community Planning for Redevelopment (CPR) Results

Building on the Opportunities Summit and its findings, the CPR process provided one source of available land. The CPR land base of 6,105 acres is composed of vacant land and inappropriate land uses (5,414 acres) and scrapable land (691 acres). The first category considered industrial and office land that was vacant or not properly utilized; mobile homes in flood hazard evacuation areas; and recreational vehicle parks, and plant nurseries. Scrapable lands represent properties where the value of the improvements to total value is extremely low (see Table 3).

Figure 1
CPR

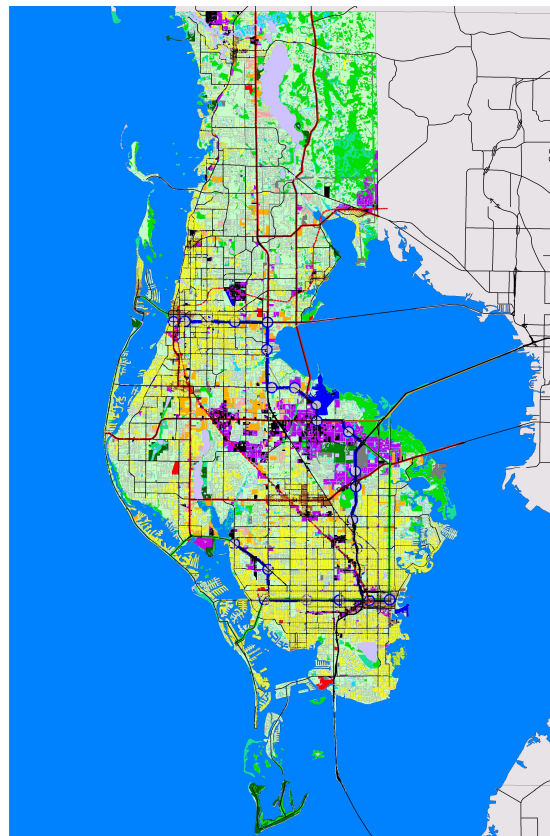


Table 3
CPR Land Base

Vacant or Inappropriate Land Use		Acres	Business SF* (million)	Business Jobs	Residential Units
	Business (Industrial/Office)	1,440	16.3	54,400	-NA-
	Mobile Homes (In Hurricane Evacuation Zones)	3,310	7.5	25,000	31,800
	RV Parks/Nurseries/Other	664	-NA-	-NA-	8,000
	Total	5,414	23.8	79,400	39,800
Underused Land					
	Business (Industrial/Office)	-NA-	30.3	101,000	-NA-
	Residential	-NA-	-NA-	-NA-	52,000
	CRD/CBD Areas	-NA-	25.2	84,200	5,200
	Total	-NA-	55.5	185,200	57,200
Scrapable Land					
	Business (Industrial/Office)	691	7.8	26,000	-NA-
	Grand Total	6,105	87	290,600	97,000

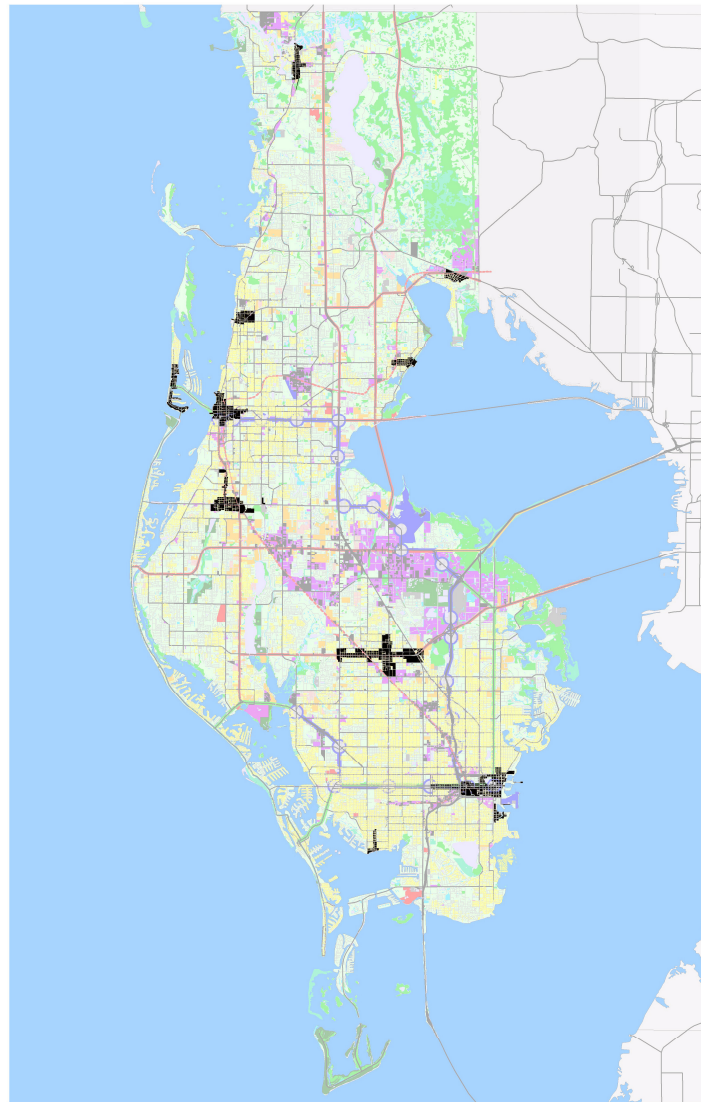
* SF = Square Feet

4.4 Community Redevelopment Areas and Central Business Districts

The second potential supply of land is found in the nine Community Redevelopment Areas (CRAs) and Central Business Districts (CBDs), which are legally designated areas within the county. While there is a total of 2,200 acres within the nine areas, there are approximately 550 acres available for redevelopment. These acres were determined using the same criteria as for the CPR land base. The areas are shown in Figure 1.

In determining available land in this category, the analysis does not take into consideration the potential for increasing the allowable FARs within these areas. However, in Section 6.0, which deals with urban design and development prototypes, increased FAR and density will be considered.

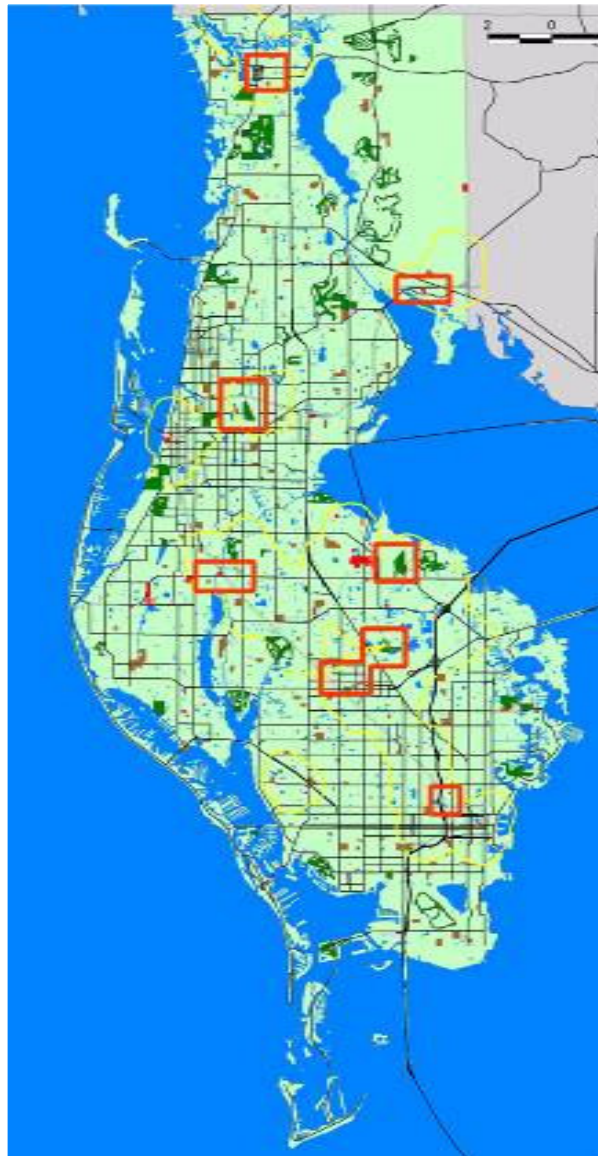
Figure 2
CRA and CBD Locations



4.5 Publicly-Owned Lands

The third category of potential redevelopment land is from that which is publicly owned. This supply component is narrowly defined, focusing on nonessential public lands. Important environmental land, parkland, and critical (developable) public land were not considered. To further constrain this analysis, only lands located within one-half mile of an identified employment center were documented. For this category, some 345 acres were identified. See Figure 2 for the general locations for these lands.

Figure 3
Publicly-Owned Lands



4.6 Total Available Real Estate for Target Employment

The total of these three sources – CPR, CRA and CBD, and Public Lands – is 7,000 acres. There were 6,105 acres in the CPR category, 550 acres in the CRAs and CBDs, and 345 acres of Public Lands.

5.0 Comparative Real Estate Land Demand and Supply Findings

Since the county may have variable land demands depending upon its employment-to-population ratio, ranges of land requirements were estimated. These estimates are based on the low, medium, and high growth scenarios presented in Section 3.0. For the

maximum estimated demand from the high growth scenario, some 5,900 acres are required, leaving an excess of 1,100 acres. If the medium growth scenario is considered, a maximum of 800 acres is needed, resulting in an excess of 2,200 acres. Thus, for either the medium or high growth scenarios, there is available land to meet the future real estate needs for employment. Table 4 depicts this increasing range of land demand against the estimated supply. In addition to the demands for nonresidential land, some 100,000 new housing units will be required to accommodate the new population. The additional lands are available to meet acreage requirements for housing that will be addressed in Section 8.0.

Table 4
Real Estate Demand and Real Estate Supply Comparison

Land Demand	Land Supply	
2,200 to 3,700 acres	CPR Base:	6,105 acres
2,900 to 4,800 acres	CRD/CBD:	550 acres
	Public Lands:	345 acres
3,600 to 5,900 acres	Total:	7,000 acres

6.0 Real Estate Models and the Cost of Redevelopment

6.1 Introduction

With the potential demand for land determined and the corresponding supply of land identified, the next step in the process was to assess the economic realities of financing redevelopment. Because development and redevelopment are real estate transactions, these activities will only be undertaken if there is a reasonable expectation that they will be profitable for their investors. This section's objectives are to:

- Estimate the supportable land costs for variable development types
- Illustrate how redevelopment conditions influence land costs
- Present the view of the development community with regard to costs and conditions

6.2 General Approach

To develop an accurate understanding of the potential for redevelopment, there was a need to develop a set of real estate models that contrasted the costs of greenfield development against the costs of redevelopment. Real Estate Research Consultants (RERC) was retained to perform this comparative analysis. The general approach presented in this section incorporates six basic elements:

- The creation of prototypes for office, retail, industrial, and residential redevelopment
- Acquisition of data regarding current rents, expenses, and development costs

- Acquisition of data related to industry measures and indicators
- Development of comparative real estate models
- Discussion of the models with local industry
- Preparation of analysis, findings, and recommendations

6.3 Alternative Scenarios

To accomplish the comparative analysis, RERC prepared a series of development scenarios addressing both residential and nonresidential land uses. Although fewer scenarios were stipulated at the outset of the analysis, RERC felt that a larger number were required to capture the diversity among the types of structures and various settings in the county that influence and/or constrain redevelopment efforts.

The scenarios model a broad range of prototypes, or typical land uses that could be built in Pinellas County in response to varying market conditions. A range of alternatives was needed to capture the differences in office, retail, or industrial structures assumed to accommodate most employment, and the differences in physical context. As already suggested, some industry sectors require an environment that is commensurate with a suburban setting, while others function adequately in a more intense urban environment.

The resulting development scenarios allow the planning team to test intensity, location, and mix of uses simultaneously across many different kinds of social and economic conditions present in Pinellas County. Specifically, the models simulate the economic conditions affecting desired development and redevelopment activities for the following: Primary Employment Uses and Activities:

- Office/Business park
- Office corporate headquarters
- Industrial park
- Distribution
- Manufacturing or assembly
- High-tech industry

Secondary Employment Uses:

- Redevelopment of highway strip commercial center
- Redevelopment of mobile home or RV park
- Redevelopment of downtown core areas
- Redevelopment of regional or sub-regional centers

To accomplish the comparative analysis, six general prototypes were initially selected. Four of them were broken down into low- and high-intensity categories, bringing the number of prototypes to ten. All of the prototypes were then tested under low- and high-

rent market conditions. The models, therefore, cover twenty different potential development scenarios.

The prototypes are not intended to be indicative of specific developments or redevelopments that have been proposed, or that might be induced to enter the market. Rather, they illustrate at a gross level the typical attributes of many such projects currently observed in the region, and the incentives that might be required to implement the long-range economic development strategy now being prepared. The purpose of this effort is not to measure financial or market feasibility in the strictest sense. Rather, the intent is to illustrate, from the perspective of average costs, returns and expectations, the means by which development capital is deployed.

6.4 Data Development

Of particular interest in the present analysis are the supportable land costs for the prototypes under varying assumptions about rent, intensity, and structure type. By examining the mix of conditions that comprise a specific scenario, the analysis offers some perspective on the types of development that might be reasonably expected without public intervention. At the same time, the analysis examines conditions that might be easily or systematically altered, changing the economic assumptions that tend to underlie development planning. The intention here is not to support a specific change, but to show how changes might achieve certain objectives if they are deemed desirable.

For the ten prototypes, data were generated about market rents and market expenses, using a variety of sources. Included in these sources are the real estate industry, publications, appraisers, and RERC's observations from previous work. As a caution, these data capture a very broad range of real estate activities, so they tend to mask the characteristics of unique structure types and locations. Finally, the data reflect only the current time period and much of these data are subject to rapid change as markets expand and contract. Having noted these limitations, while rents and expenses may change over time, they tend to fall within a fairly narrow range that is dictated by a combination of factors relating to general location, size, and the nature of the real estate activity. What may generate a higher rent at one location may generate a lower one at another location for a virtually identical development.

Within such parameters, some projects will be feasible while others will not. Rents achieved in excess of expenses generate net operating income. It is the net operating income, regardless of structure type or the precise accounting composition of the revenue item, which provides a meaningful basis of a development's actual value in terms of the capital that can be attracted to it for investment purposes, ignoring the complexities of financing techniques and taxes.

6.5 Evaluation Models

The following model formulas illustrate the relationship among the variables of rents, expenses, and development value that serve as a predicate for estimating supportable land values that were tested in this analysis. The models were reviewed for applicability with development professionals active in Pinellas County.

6.5.1 Model 1 — Income Capitalization

This is a simple model that captures rents and expenses at an industry level only. The model overlooks complexities imposed by risk, the need for a targeted rate of return, and other factors pertinent to a single opportunity. Still, the elements supporting or discouraging development types are captured in these relationships.

Model 1 Income Capitalization

Gross Rents Collected
Less: Expenses of operation
Equals: Net operating income
Divided By: Industry capitalization rate
Equals: Total value of development opportunity

As indicated above, industry capitalization rates were utilized to determine the total value of the development opportunity. Like other information, these rates vary over time and by geographic area. Interest rates can also impact capitalization rates. The capitalization rates used were from industry publications and were specific to the Tampa Bay area. However, since these rates are dynamic, it is possible that current capitalization rates may vary from the industry figures used in this analysis.

6.5.2 Model 2 — Residual Land

While the above model provides some insight into the value of a development opportunity, it does not address the relationship between structure cost and land cost. Before a property can earn rents at a profitable level, it must first be developed or redeveloped, which incurs development costs. To the extent that the total value of the development opportunity exceeds the cost of the development itself, the remaining value can be attributed primarily to land.

Model 2 Residual Land

Total value of development opportunity
Less: Cost of development
Equals: Supportable land value

Greater intensities of development can, but do not always, yield higher land values. Similarly, it cannot be assumed that higher rents alone necessarily support higher land costs. In effect, the analysis examines a bundle of costs and expenses to determine the net operating income and its relationship to supportable land value.

If the cost of development exceeds the total value of the development opportunity, then it suggests that no value, or at best minimal value, can be attributed to land. In such a situation, the deal will be abandoned unless costs can be reduced significantly. If the cost of development is less than the total value of the development opportunity, then there is an obvious value to be attributed to the land, although that value may not be deemed sufficient to justify a transaction. The following analysis lists the typical supportable land values for various development prototypes in a greenfield environment, and compares them the with development costs that are likely to be incurred in a built-out environment such as Pinellas County.

Each prototype was tested under low- and high-rent market conditions, in order to capture the effects of increasing rents and development costs. This range illustrates the impacts of varied locations which may be more or less desirable, and the quality of the buildings which may also be more or less desirable. The calculated values should be assumed to represent typical suburban locations. A true downtown or highly urbanized setting could presumably support somewhat higher densities and intensities, and potentially higher land values.

6.6 The Role of Economics in Choosing Among Alternatives

The analysis demonstrates the specific relationships among rent, development costs, and supportable land values. In effect, the amount of rents that can be collected imposes the greatest constraint on what value(s) might ultimately be allocated to land.

The critical assumption implicit in the models is that there are no extraordinary costs associated with site activities; that is, minimal grading, clearance, or fill are required. As site preparation costs increase, whether through direct costs of development or through indirect means resulting from regulation, fees, time, and perceived risk, the amount that can be spent for land decreases commensurately.

The role of economics in choosing among alternatives is to:

- Find the least costly site that will meet the desired objectives
- Avoid additional incremental costs
- Demonstrate that added rents can justify higher land costs
- Abandon or relocate the project, if higher rents are not possible, or negotiate incentives.

The bottom line is that all things being equal, greenfield sites will always be preferred. This defines the challenge facing the communities of Pinellas County as they begin to redevelop for the future.

6.7 Greenfield Property and Its Relationship to Total Development Costs

Every property has a number of physical attributes that influence its cost or value as a potential development site. These physical attributes, because they impact the cost of construction both directly and indirectly, are factors in determining the utility of that property and subsequently its value. Because of widely varying values, only certain real estate activities can reasonably be expected to occur on sites or properties. In general, nonresidential activities are always assumed capable of absorbing higher land values than residential activities. The concept of highest and best use focuses on the maximum value of land that can be achieved under different scenarios.

The relationship between land and structure was shown in the models. As suggested by the models, there will be occasions when the relationships hold no promise for investment, whatever the nature of the land use. However, the general assumption is that land or properties with the fewest physical constraints have the greatest opportunity to be developed. Other things being equal, such properties have a lower cost of development, so the supportable value of the land is impacted only modestly.

The real estate industry seeks out sites with few constraints simply because they are the easiest to integrate into the development process. Greenfield sites may require minimal site clearance and infrastructure construction, but typically have less burdensome site conditions than non-greenfield sites.

In the case of growing areas, particularly in Florida, greenfield sites are relatively easy to assemble and purchase. Most plans, codes, and ordinances are set up to accommodate this type of development. Traffic issues tend to be less burdensome, unless the project is on a large scale. The infrastructure does not need to be modified, but rather is custom-built to the specifications of the development. Neighbors and neighboring land uses can be obstacles, but they rarely have the power of those in a highly urbanized setting. On balance, these kinds of factors tend to make greenfield development more attractive to the investment community because they impart fewer constraints and fewer uncertainties. With constraints and uncertainties controlled, land cost becomes a less problematic issue.

The analysis focuses the outcome on land value as the key indicator. Using the ten different prototypes, rents were examined in a range from low to high to show their impact on land costs. The twenty different scenarios were intended to capture the influences of location and quality on land values. The following table represents the land value that can be attributed to the various scenarios if developed in a greenfield setting, given rents at both the lower and upper end scales. That is, the supportable land values

shown in Table 5 explicitly anticipate that no extraordinary site related costs are incurred, in the course of developing one of the prototype structures. These numbers must be compared with the current land prices of target locations to determine their relevance to a particular situation and structure.

Because these are greenfield values, it becomes apparent that it will be difficult to construct many of the prototype facilities on sites that require assemblage and/or demolition if they are to be placed into service.

Table 5
Typical Supportable Land Values for Alternative Land Uses

Prototypes	Supportable Land Values (High)	Supportable Land Values (Low)
Office		
Low Intensity	\$344,000/acre	\$193,000/acre
High Intensity	\$690,000/acre	\$545,000/acre
Retail		
Low Intensity	\$218,000/acre	\$164,000/acre
High Intensity	\$460,000/acre	\$272,000/acre
Industrial		
Low Intensity	\$148,000/acre	\$88,000/acre
High Intensity	\$285,000/acre	\$174,000/acre
Apartments		
Low Intensity	\$11,900/unit	\$8,500/unit
High Intensity	\$15,900/unit	\$11,700/unit
Suburban Condo	\$30,000/unit	\$22,500/unit
Suburban Hotel	\$17,900/unit	\$10,400/unit

Source: RERC

6.8 Redevelopment and Its Relationship to Total Development Costs

To appreciate the difference between greenfield properties and redevelopment properties, certain contrasts can be made. To begin with, redevelopment sites may need to be assembled, imposing additional site preparation or remediation costs on the top of land costs. The size of the acquisition typically imposes a higher land cost, but there can be many more difficulties associated with the total acquisition price, regardless of parcel size. With size constraints, there are often also design and implementation constraints. Traffic constraints pose difficulties and infrastructure may need to be redesigned. Neighbors, for various reasons, may not be supportive. On a per square foot basis, it is generally assumed that such sites are worth more because of their perceived location potential. Although that income potential may be realized in some circumstances, sites in need of redevelopment carry additional cost constraints to the point where they may well

be overlooked in preference for the greenfield situation described above. Indeed, the conditions identified can add extraordinary costs. Once these economic relationships are brought into balance, the desired redevelopment will occur.

In addition to the above factors is the difficulty associated with a specific site of discrete size where there are additional restrictions. Depending on the nature of the property and its previous use or activity, there may be unusual zoning, development codes, and environmental conditions that create added costs. In some cases, the environmental conditions or the history of title may virtually preclude development. At best, they combine to make redevelopment initiatives more difficult. Again, these factors impose development costs which may or may not be adequately absorbed by land costs. Given comparable development or construction programs capable of generating rents and income of a certain level, properties without these constraints are economically and practically more attractive.

As a final consideration, redevelopment may involve substantial demolition. The removal of structures that have low utility and/or face obsolescence may be desirable from a policy perspective, but even these properties have a certain economic value that needs to be captured in underlying land costs. The potential economic value of any activity tends to make the actual cost of physical demolition a pivotal variable in the larger scheme of development economics. When the decision to remove a structure is finally made, the costs can be significant.

The processes of acquisition, assembly, remediation, and clearance of a redevelopment site impose added costs that increase supportable land values. Demolition tends to be one of the more costly variables because it is frequently necessary to contain contaminants, control the relocation of the debris, and dispose of the material. Because the prototype analysis is for generic sites in highly developed areas, the assumption is made that in almost every case, development will occur on a site that must be assembled and cleared. In effect, the presumed greenfield condition cannot be achieved until the costs of acquisition and site clearance are addressed.

To illustrate the land value differences between a greenfield site and an equivalent redevelopment site, the additional costs associated with redevelopment are identified in Table 6. A greenfield site with a supportable land cost of \$300,000 is used as the base case.

Table 6
Additional Cost Factors for Redevelopment

Assume basic greenfield value (Supportable Value)	\$300,000
Add: Cost for remediation	\$200,000
Add: Premiums to assemble multiple sites	\$50,000
Add: Time to carry through permitting	\$46,000
Add: Demolition of existing structures	\$60,000
Add: Retrofit of infrastructure	\$65,000
Less: Potential savings on impact fees	(\$7,000)
Gross cost (imputed value for land)	\$774,000
<i>Rents Must at Least Double to Support Added Development Costs</i>	

6.9 Greenfield vs. Redevelopment Cost

In simple terms, higher rents can support higher land values. Because Pinellas is highly urbanized, greenfield development opportunities are becoming increasingly difficult to identify. The impacts of a declining land inventory will manifest themselves in many ways. The most observable result will be that development will shift to areas where greenfield sites can be acquired or placed into service.

With all costs of development otherwise equal, developers always prefer sites with the least cost and the fewest obstacles. Real estate capital will continue to flow into available greenfield locations, whether in Pinellas County or in abutting jurisdictions, until the marketplace is capable of supporting higher rents, which in turn are capable of supporting higher land values.

As build-out conditions dominate the market, higher rents at accessible locations should justify the movement of capital into the redevelopment of existing properties and into the concerted effort to acquire smaller properties and reassemble them. Redevelopment, however, is functionally at odds with the largest segment of the development industry which prefers locations and opportunities promising controlled risk and no friction. Consequently, absent substantial intervention to reduce that friction, development migration or stagnation will continue relatively unabated. Some uses and some locations may overcome these short-term market inefficiencies, but the greatest share of development will drift toward adjacent areas that are also hungry for development and can support the real estate industry through lower land prices. At the same time, these nearby areas are also attracting new housing development which provides the residential stock that can accommodate new employment growth. The opportunity to upgrade the housing stock on commensurately less costly properties virtually assures that the migrating pattern of nonresidential development will be reinforced through population shifts and new housing construction.

The cycle, as conceptually described here, does not necessarily lead to decline but the influences that can lead to decline have to be managed before the costs of intervention become too great. Typically, this threat must be dealt with by addressing both the public and private costs of development. In summary, the comparison of costs between greenfield development versus redevelopment reveals:

- Due to additional site preparation costs, a redevelopment project must be able to generate rents approximately two and a half times those of a comparable greenfield development to be financially feasible.
- The added costs associated with redevelopments means that such projects are rarely justifiable from a business perspective alone.
- To be feasible from a business perspective, gaps between the costs of greenfield development and redevelopment must be closed.
- It is not realistic to expect the development community to absorb the additional costs of redevelopment without some form of incentive from the public sector.

6.10 Land Values and Impacts on the Tourist Economy

Just as in the case of the redevelopment scenarios presented earlier, rising land values are negatively affecting tourism accommodations along the Gulf Boulevard corridor. In the beach communities, the high demand for waterfront residential property is forcing the owners of existing “mom and pop” hotels to reevaluate the use of their properties as transient accommodations. While the resort industry appears to be facing very real limitations in achievable room rates, the economics of condominium demand have virtually removed the ceiling on prices that can be realized for residential units with Gulf exposure. This jump in prices effectively discourages hospitality investment, because tourism revenues cannot typically support the cost of upgrades or new construction. As property taxes rise along with land values, revenues may not even be sufficient to offset the ongoing costs of maintaining an operational business. Such demands are encouraging the owners of small and moderate-sized properties to convert their existing units to residential use, or to sell the sites for residential redevelopment.

All things being equal, a Gulf-front condominium can command a land price worth four to five times what the operator of a typical hotel could pay for the same site. It is estimated, therefore, that new tourist accommodations would need to be developed at a density four to five times that permitted for condominium developments in order to be economically feasible. Under these constraints, it may be virtually impossible to maintain the current lodging inventory in Pinellas County, even if it is deemed desirable to do so.

7.0 Potential Employment Centers

7.1 Introduction

Once the question of land demand and supply is addressed, the next step is to identify candidate locations for target and secondary employers and mixed-use centers across Pinellas County. While the intent of the *Economic Development and Redevelopment Plan* is to offer countywide flexibility for locating primary employers, identifying areas with similar users, land availability, and the capacity to convert to more urban patterns gives a measure of predictability to the private sector. This section is designed to:

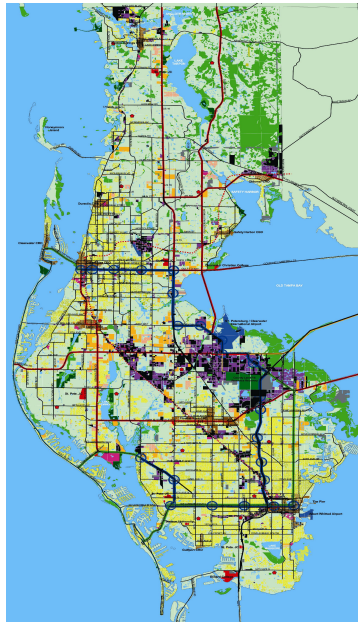
- Develop a method for identifying existing and potential employment center locations
- Offer location opportunities, while not specifying required locations
- Provide a general description of the individual centers
- Calculate the capacity of available area within each center.

The identified employment centers presented in this section will be used in the *Economic Development and Redevelopment Plan* as the basis for redevelopment types and project prototypes.

7.2 Methodology and Process for Center Identification

There were two levels of analysis that led to the identification of employment centers. The first level, illustrated in Figure 3, displays the flow of information from the Opportunities Summit such as the CPR results, to the Composite Summary, to the predominant clusters of current primary employers, coupled with the available land supply. From these data and findings, the planning team defined a set of potential areas. One of the premises of the *Economic Development and Redevelopment Plan* is to provide location flexibility, so as to not inordinately influence land values in anticipation of new development. However, with a shrinking supply of total land, the potential target employers need to have options and ideas where their enterprises could be placed.

Figure 4
Initial Process of Employment Center Locations



CPR Results



Composite Summary



Key Employers

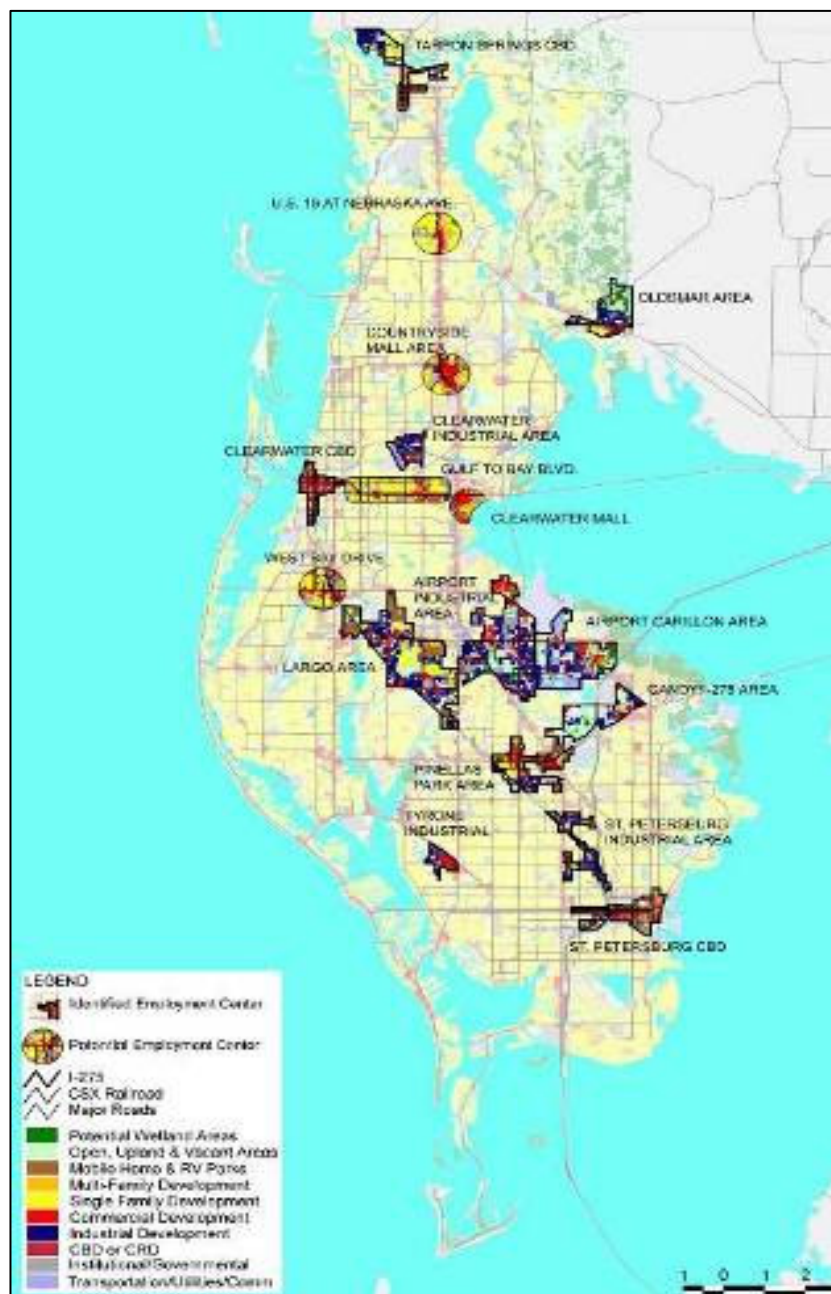
Existing employment center locations were identified by the planning team through a series of mapping and interpretive exercises. GIS data sets were collected and mapped to depict the county's existing target industry employer locations and job populations by property appraiser coding. This provided a baseline of existing centers in all areas of the county. In addition to this mapping, the locations of the county's central business districts, community redevelopment districts, and industrial zoning districts were included and graphically depicted in the CPR mapping for Opportunities Summit.

The planning team took the results of the Opportunities Summit and applied these combined locations to GIS parcel map data. The limits of these locations were adjusted to respond to existing conditions such as natural features, vacant lands, identified neighborhoods, and lands that were considered more susceptible to change. These areas were then rectified to conform to the limits of the county's individual Traffic Analysis Zones (TAZs) that provide a defined, measurable geography that conforms to other county, census, and measured data sets. This analysis revealed 12 existing employment centers. In reviewing the Opportunities Summit results, the composite mapping identified five other potential locations outside the existing employment centers. The result is a series of up to 17 total potential employment centers, and they are found in all areas of the county. Figure 4 depicts the 17 centers by type.

7.3 Existing Employment Centers

The twelve existing candidate employment centers are described from north to south. These descriptions include a general overview, key features, total acreage, and land available within the geographic boundaries. The methodology previously described (measuring vacant, underutilized, and scrapable lands) was used to determine the amount of available land. The centers range in size from 300 to 3,000 acres. Maps of individual employment centers are included.

Figure 5
Existing and Potential Employment Centers

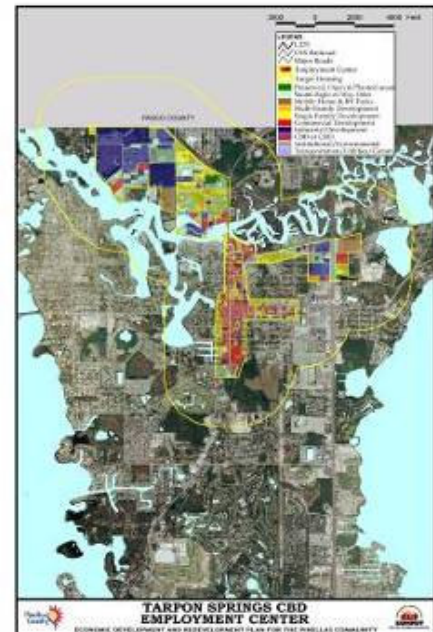


7.3.1 Tarpon Springs CBD - Figure 6

General Description: The Tarpon Springs Employment Center is coterminous with the Central Business District, and is generally bounded by the Pinellas/Pasco County line to the north, N. Jasmine Avenue to the east, Meres Boulevard to the south, and Ancloste Road to the west (see Figure 6).

Key Features: The area is characterized by properties with *Countywide Future Land Use Plan* (FLUP) categories of Industrial Limited and Industrial General, followed by Commercial General and Residential Urban.

Total Acreage: 710 acres
Available Land: 337 acres

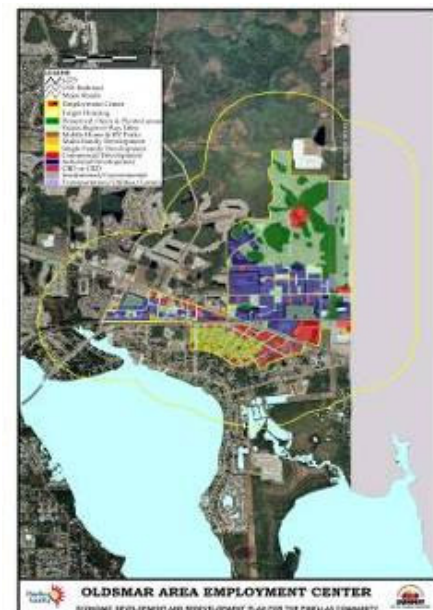


7.3.2 Oldsmar Area - Figure 7

General Description: The Oldsmar Employment Center is generally bounded by the Brooker Creek Preserve to the north, Racetrack Road and Hillsborough County to the east, St. Petersburg Drive E. to the south and Scarlet Blvd. to the west (see Figure 7).

Key Features: The area is characterized by properties designated as part of a Community Redevelopment District and the FLUP category Industrial Limited.

Total Acreage: 835 acres
Available Land: 405 acres

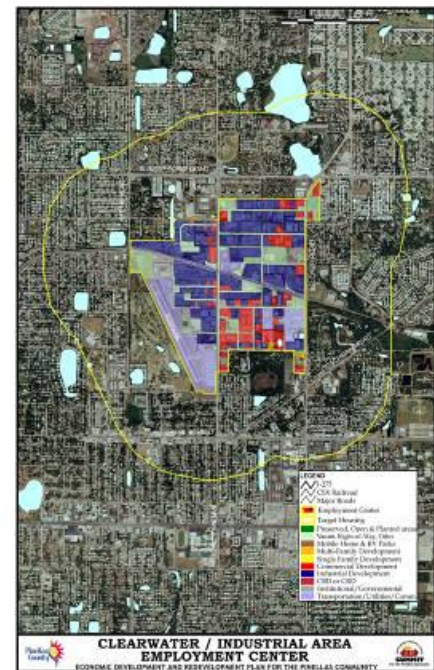


7.3.3 Clearwater Industrial Area - Figure 8

General Description: The Clearwater Industrial Employment Center is located northeast of downtown Clearwater and is generally bounded by Sunset Grove Lane to the north, N. Belcher Road to the east, and Palmetto Street to the south, and includes the Clearwater Executive Air Park to the west (see Figure 8).

Key Features: The area is dominated by the Industrial General and Industrial Limited FLUP categories.

Total Acreage: 440 acres
Available Land: 155 acres

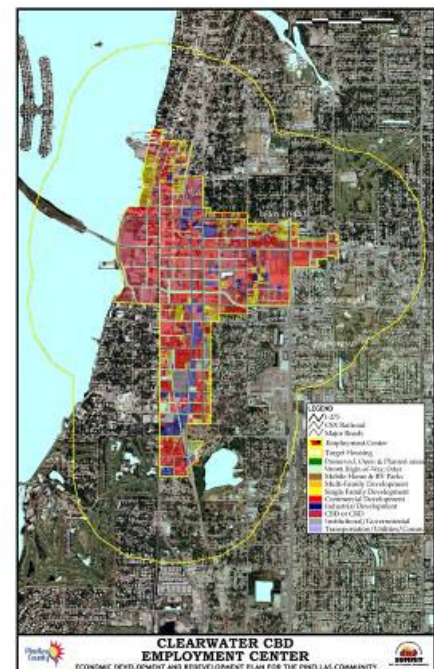


7.3.4 Clearwater CBD - Figure 9

General Description: The Clearwater Central Business District Employment Center is generally located within the bounds of Drew Street to the north, Missouri Avenue to the east, Court Street to the south, and the Intracoastal Waterway to the west. An area between S. Ft. Harrison Avenue and S. Myrtle Avenue extends south to E Street. Another extension generally conforms to the limits of Nicholson Street and Spruce Avenue on the north (see Figure 9.).

Key Features: The area is dominated by properties designated as part of the Clearwater Central Business District; the majority of the remaining properties have a FLUP designation of Residential/Office/Retail.

Total Acreage: 465 acres
Available Land: 155 acres

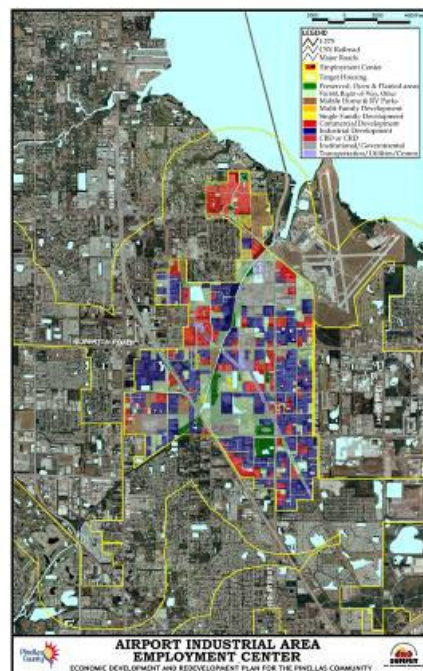


7.3.5 Airport Industrial Area - Figure 10

General Description: The Airport Industrial Area Employment Center is generally located within the bounds of 150th Avenue N. to the north, 44th Street N. to the east, 118th Avenue N. to the south, and 66th Street N. to the west, with a node following Roosevelt Boulevard to the north (see Figure 10).

Key Features: The Industrial Limited FLUP category dominates the character of this area, and it is heavily influenced by the proximity of the St. Petersburg-Clearwater International Airport and Interstate 275.

Total Acreage: 2,610 acres
Available Land: 741 acres

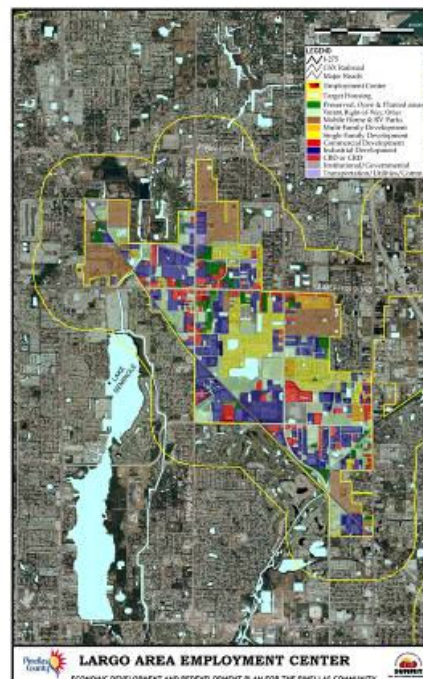


7.3.6 Largo Area - Figure 11

General Description: The Largo Area Employment Center is generally located within the bounds of 8th Avenue S.E. to the north, 66th Street N. to the east, 90th Avenue to the south, and the CSX railroad tracks to the west (see Figure 11).

Key Features: The Industrial Limited FLUP category dominates the character of this area, with nearly half of the area designated industrial. However, residential categories comprise approximately one third of the acreage. The CSX Railroad line is a key feature of this area.

Total Acreage: 2,950 acres
Available Land: 569 acres

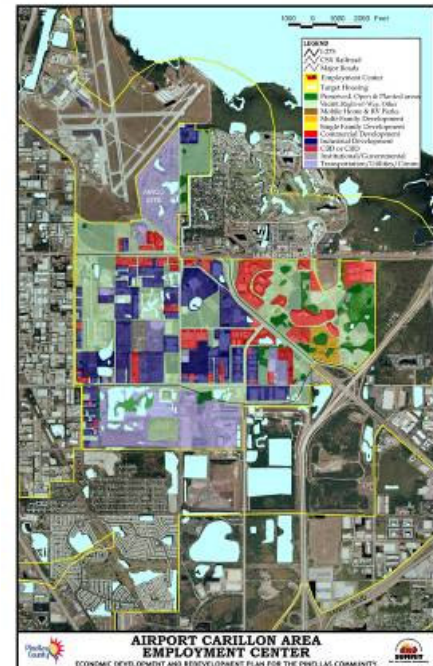


7.3.7 Airport/Carillon Area - Figure 12

General Description: The Airport/Carillon Area Employment Center is generally located within the bounds of Ulmerton Road to the north, Roosevelt Boulevard to the east, 110th Avenue N. to the south, and 44th Street N. to the west. A node that includes Airco Golf Course extends northward beyond Ulmerton Road (see Figure 12).

Key Features: The Industrial Limited and Industrial General FLUP categories dominate the character of this area, over three quarters of which is designated industrial. The area is significantly influenced by the proximity of the St. Petersburg/Clearwater International Airport to the north and Interstate 275 to the east.

Total Acreage: 2,415 acres
Available Land: 572 acres

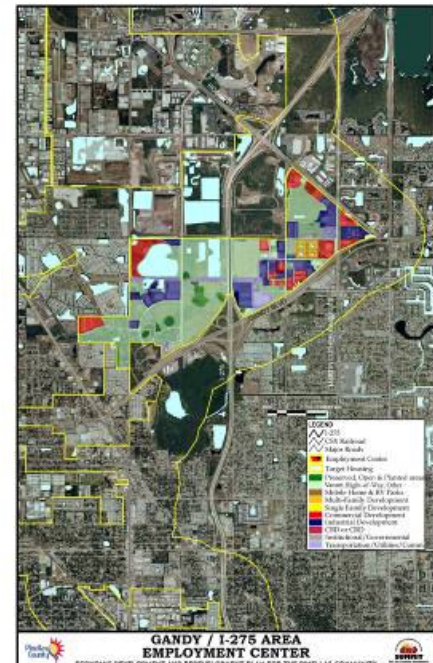


7.3.8 Gandy/I-275 Area - Figure 13

General Description: The Gandy/I-275 Area Employment Center is generally located within the bounds of 102nd Avenue N. to the north, Roosevelt Boulevard to the east, Gandy Boulevard to the south and 40th Street N. to the west, with a node to the north of 102nd Avenue extending to 16th Street N (see Figure 13).

Key Features: The Industrial Limited FLUP category dominates the character of this area with approximately seventy percent of the area designated industrial. Key features influencing the area are Interstate 275 and Gandy Boulevard, both with bridge connections to the mainland area of Tampa Bay.

Total Acreage: 1,025 acres
Available Land: 569 acres

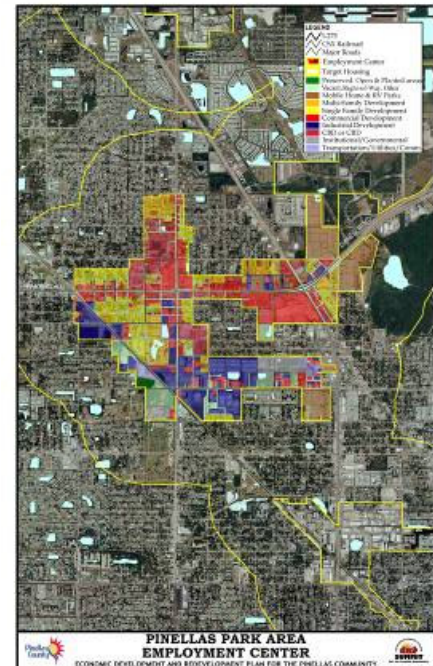


7.3.9 Pinellas Park Area - Figure 14

General Description: The Pinellas Park Area Employment Center is generally located within the bounds of 78th Avenue N. to the north, 34th Street N. to the east, 58th Avenue N. to the south and 58th Street N. to the west, with two nodes extending as far north as 86th Avenue N. (see Figure 14).

Key Features: More than half of the area is within a Community Redevelopment Area, with the majority of the remainder split between the Industrial Limited and the residential categories of the FLUP. U.S. Highway 19, Gandy Boulevard/Park Boulevard and the CSX Railroad tracks have significant influence on this area.

Total Acreage: 1,050 acres
Available Land: 253 acres

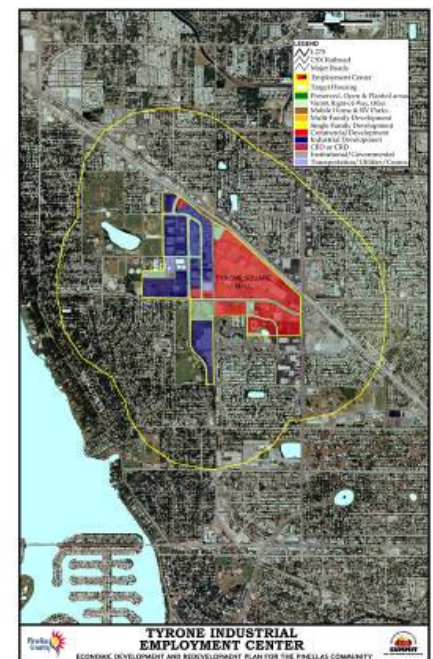


7.3.10 Tyrone Industrial Area - Figure 15

General Description: The Tyrone Industrial Area Employment Center is generally located within the bounds of Tyrone Boulevard to the north, 66th Street N. to the east, 13th Avenue N. to the south, and 75th Street N. to the west (see Figure 15).

Key Features: This area has the smallest acreage of the Employment Centers. The FLUP categories are predominantly Industrial Limited and Residential/Office/Retail, with fairly equal areas devoted to each. The key feature of this area is the Tyrone Square Mall.

Total Acreage: 275 acres
Available Land: 120 acres



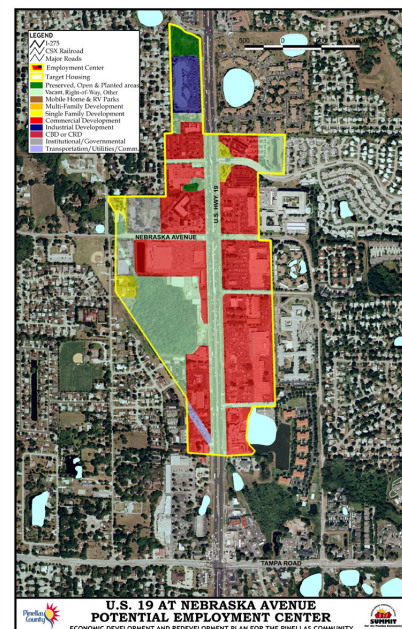
7.4 Potential Employment Centers

7.4.1 Introduction

In addition to the twelve existing employment centers, five potential ones were identified. These centers were outside the geographic bounds of the evaluation factors described in the existing employment centers discussion. These sites were identified by participants in the Opportunities Summit and were validated by countywide planning staff. These potential centers are principally found in the north and north central districts of the county. This reinforces the concept of a wide range of location opportunities for new or relocating employers and provides maximum county coverage.

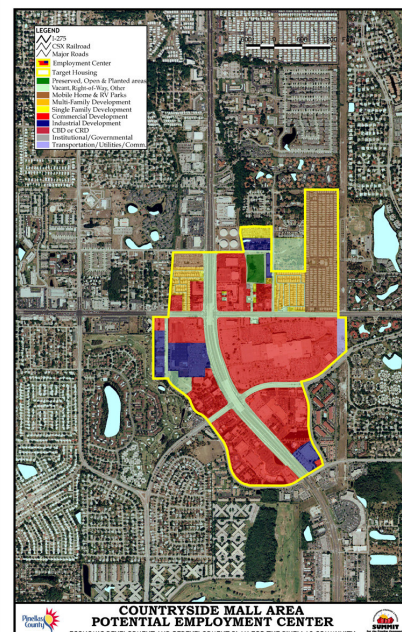
7.4.2 U.S. 19/Nebraska Avenue Area - Figure 18

The U.S. 19/Nebraska Avenue Area is generally located south of Alderman Road on the north, west of West Lake Road to the east, north of Tampa Road to the south and 21st Street to the west, with U.S. 19 as the key feature of this area (see Figure 18).



7.4.3 Countryside Mall Area - Figure 19

The Countryside Mall area is generally located within the bounds of Evans Road to the north, the Florida Power Corporation right-of-way to the east, Enterprise Road E. to the south, and Enterprise Road to the west. The Westfield Shoppingtown (Countryside Mall) is a key feature of the area with U.S. 19, S.R. 580, and Countryside Boulevard coming together to create a major retail/service node (see Figure 19).



7.4.4 Gulf to Bay Boulevard Area - Figure 20

The Gulf-to-Bay Boulevard area is generally located between the north boundary of Rainbow Drive and the south boundary of Turner Street and between U.S. 19 on the east to Highland Avenue to the west. The key feature of this area is the Gulf-to-Bay Blvd. corridor, with a large amount of commercial development 30 years of age or older (see Figure 20).



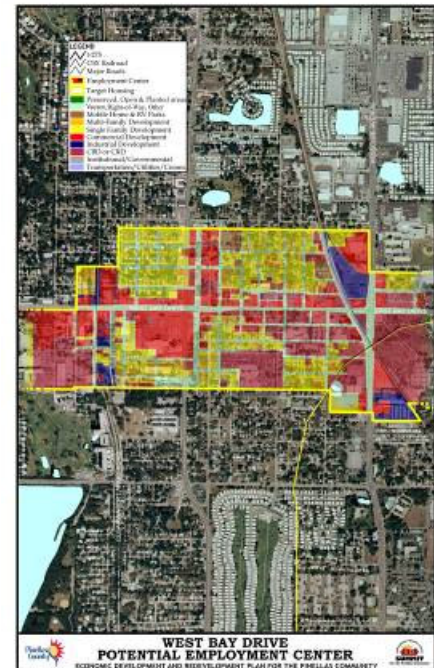
7.4.5 Clearwater Mall Area - Figure 21

The Clearwater Mall area is generally located in the southeast quadrant of the intersection of U.S. 19 and Gulf-to-Bay Boulevard and extends to the Tampa Bay shoreline. Redevelopment has recently occurred in this area; however, its potential is greater than the recently developed use (see Figure 21).



7.4.6 West Bay Drive Area - Figure 22

The West Bay Drive area is generally located between the north boundary of 4th Avenue NW and the south boundary of 4th Avenue SW between Missouri Avenue on the east to Indian Rocks Road on the west. The key feature of this area is the West Bay Drive corridor, with a large amount of commercial development 30 years of age or older (see Figure 22).



7.5 Employment Allocation and Distribution to County Districts

Given the large number of independent local governments in Pinellas County, there was a need to consider the potential distribution of future employment. The idea is based on the premise that every area of the county should benefit from future employment growth.

In the *Urban Design and Regulatory Codes Technical Memorandum*, the county is divided into four districts: north, north central, south central, and south. These districts are used as the geographic units into which future employment will be distributed. To estimate the physical distribution of future employment within the county, a methodology was developed that gave a weighting to districts with existing concentrations of high wage (target) employers, plus a proportional distribution of existing and potential employment centers.

The allocation is included in this section as a follow-up to the employment centers discussion, since the districts encompass the existing and potential ones. This is only one concept of how the future employment could be distributed. This aspect will be given closer scrutiny in preparation of the *Economic Development and Redevelopment Plan*.

The estimated primary and secondary jobs will ultimately be allocated to the districts based on the actual availability of land, the perceived character of each respective location as supportive of primary and secondary employment activity, and action by the local governments within the districts. These concentrations also represent those areas where public policy and long-term objectives should be affirmed and reconciled. Based on the weighting, the generalized allocation of employment by district is:

- North District: 10%
- North Central District: 25%
- South Central District: 45%
- South District: 20%.

8.0 Housing Strategies

8.1 Introduction

Because urban housing located in proximity to high quality employment centers can be highly supportive of economic development and redevelopment, the Housing Finance Authority (Authority) of Pinellas County saw the need to assess the housing situation. The Authority developed an independent study focused on housing needs likely to emanate from efforts to expand the county's employment base. The full report entitled *Housing Strategies for Employment Centers* is available through the Authority.

The Pinellas Community currently faces a major challenge, that of retaining as well as attracting new quality employers. At the same time, however, the county's vacant land inventory is limited. The Redevelopment Strategies and Policies Summit, held in October 2003, validated new approaches and strategies that go beyond simply expanding the employment. The Summit endorsed adding nearby urban housing near employment centers. In addition, the Authority is interested in upgrading property maintenance standards in residential neighborhoods proximate to the candidate employment centers.

The Summit forged a consensus that, without attending to nearby housing and neighborhoods as the employment base expands, two risks are posed:

- New employees are likely to seek housing in scattered, distant locations. Adding housing inventory close to employment centers can help minimize this risk by eliminating long commute times on increasingly congested highways.
- That poorly maintained neighborhoods proximate to some potential employment centers can depress property values, thereby deterring new investment. This risk can be minimized by encouraging employment center vibrancy through mixing employment, retail and residential uses, enhancing the overall attractiveness of the employment centers as full-service communities.

8.2 The Housing Overview

8.2.1 The Existing Housing Situation

Pinellas County enjoys a national reputation as a choice residential and beach community. That quality image is embellished by the county's abundant estuarine and freshwater lakes and the lush semi-tropical landscape.

Since the end of World War II, families have relocated to Pinellas County from all parts of the nation and recently from many foreign countries. Often the residents come as visitors and decide to relocate here to work or retire. In 2000, the county had a total of 325,600 dwelling units, with 65% single-family, 20% multifamily, and 15% mobile homes. The housing supply is relatively new with approximately 60% having been constructed since 1960 (average age of 35 years), much of it at suburban densities. As the county faces diminishing land resources, new housing development is limited to scattered infill locations and to high value redevelopment of properties on or near the Gulf of Mexico.

On the beaches, in the downtowns of St. Petersburg and Clearwater, and on other scattered waterfront locations, some mid-rise (fewer than 20 stories) condominiums have been developed. This type of higher density housing (40+ units per acre) has not expanded beyond a few high prestige, high value locations. The housing trend over the past five years is the attached townhome, which has been developed on scattered infill locations, developed with densities between six and ten units per acre.

In Pinellas County, a home purchase continues to be relatively affordable by the pricing standards of the nation's top thirty metro areas. Most first quality county housing, with the exception of beach locations, can be purchased for under \$130 per square foot, which is below the national average of \$150+ per square foot. Over past five years there has been a run up of prices in Pinellas, but that occurred later than in many other locales, due in part to our dispersed pattern of regional employment centers on both sides of Tampa Bay. Until recently, multiple centers afforded a balance of land supply and demand, for great diversity of choice in residential locations.

8.2.2 Housing Needs in Relationship to the Economic Development and Redevelopment Plan

Any significant expansion of targeted contributory jobs will result in a demand for new, nearby employee housing. Currently only a small amount of new housing is being developed near the employment centers. Therefore, the planned employment expansion will likely produce the following trends. First, there will be intensified bidding for existing Pinellas County homes offered for sale. Demand for close-in, centrally-located housing currently outstrips supply, and as a result, home prices in Pinellas are currently increasing by more than 10% annually. A significant employment expansion, without the provision of corresponding new housing, will likely accelerate current home price escalation.

Secondly, some of the new demand will likely be met by employees seeking new housing in fringe suburbs, particularly in abutting Pasco and Hillsborough counties. Those employees will engage in long distance work commutes, adding to congestion on already crowded highways. One way for employment to expand, without causing negative

housing and traffic congestion effects, is to facilitate new housing construction within and proximate to employment areas.

However, new “in-town” housing poses special challenges including:

- General availability of vacant land. Some of the few remaining blocks of vacant land are in public ownership; however, as shown earlier, the application of higher densities in downtowns, around transit stations, in redevelopment districts, and in selected mixed-use employment centers can satisfy the anticipated number of units over the planning period.
- Acquisition of parcels with obsolete structures. This includes site assemblage, clearance, and retrofitting of utilities.
- Economic feasibility of residential redevelopment. This often requires higher densities and mixed residential and commercial use to make such ventures feasible.
- Viability of aging and declining neighborhoods. These locations may discourage new investment near employment areas.
- Availability of transportation alternatives for the journey to/from work from nearby residential neighborhoods to employment centers.
- Acceptability of housing variety and the compatibility of mixed-use housing and retail types developed at varying heights and densities, proximate to or within established neighborhoods.

8.3 Supply of Land to Support Housing Demands

The strategy for improving the concentration and content of future employment is highly correlated to housing availability. In the same way that capacity must be assured for nonresidential demands, the same expectation exists that the future residential needs can also be accommodated within the real estate base identified in Section 5.0 and the comparative evaluation in Section 6.0.

Based on the difference in the 2000 to 2023 population growth, there is a need to accommodate an additional 92,000 to 142,000 dwelling unit (based on an average of two persons per household). As indicated earlier and reinforced by this independent housing study, densities will need to increase to meet future housing demands within a declining land base. In the *Urban Design and Regulatory Codes Technical Memorandum*, a series of higher density locations are proposed in context of a “Centers and Corridors” concept. These locations are downtowns, regional centers such as Gateway, and future transit-oriented developments along the proposed rapid transit line. The results of the comparison of real estate supply and demand indicated that approximately 2,200 acres were left after the absorption of new employment. At between 40 to 45 dwelling units per acre, 80% of the estimated housing could be accommodated in that acreage. If the

employment centers are built more intensely than the model suggests, additional lands will be available for housing.

8.4 Housing Strategies

The Housing Overview (section 8.2) addressed the myriad of issues confronting the Pinellas community as it moves toward build-out, while considering strategies to secure a dynamic economic future. The full report addressed six strategy categories, but only those strategies or excerpts relative to the *Economic Development and Redevelopment Plan* are included here. The applicable strategies are:

- Sponsoring urban density housing
- Assembling and inventorying housing sites
- Maintaining quality neighborhoods
- Anchoring employment centers with public investment
- Financing neighborhood renewal proximate to employment centers.

8.4.1 Sponsoring Urban Density Housing

Facilitating new housing proximate to employment centers necessitates higher densities than what is traditionally found in Pinellas. Specifically, densities up to 45 housing units per acre, configured as townhomes, mid-rise condominiums, and rental apartments are envisioned. Higher density housing should be located within and proximate to employment centers, depending upon the nature of the center. A key element in the effort to expand housing choice is the development of compact, walkable, mixed-use activity centers. Housing for employment centers may occur in grayfield or brownfield locations, as well as infill in existing neighborhoods.

- The study recommends that the Pinellas Planning Council consider amending the *Future Land Use Plan* to add a specialized overlay district, permitting urban density housing to serve employment centers.

8.4.2 Assembling and Inventorying Housing Sites

Market-priced vacant land is being rapidly absorbed for housing and commercial development whenever it is found. The exception is vacant land in certain inner city locations where perceived crime and blighting conditions have served to retard development interest. However, those locations are the focus of significant local government attention. In those instances, incentives have been made available from the Community Redevelopment Areas (established pursuant to Chapter 163, Florida Statutes), Community Development Block Grant Program, and the Florida State Housing Initiative Partnership (SHIP program), which have stimulated private sector involvement and new housing construction focused on the creation of affordable housing opportunities. With regard to redevelopment, other than waterfront real estate, the only

other significant privately financed redevelopment of built-up properties underway is for high value commercial uses. These uses include big box retailers and stand-alone pharmacies, which demand high visibility locations. Replacement for housing is a function of economics, and it is not likely to become feasible in Pinellas without some form of intervention or incentives.

Some degree of government involvement is necessary as a catalyst to bring about new housing development. Government assistance can take several forms, one of which is assembling and inventorying housing sites. This laborious process is beyond the role, and often the responsibility, of the private sector.

- The study recommends public/private land assemblage agreements to facilitate the assembly of land suitable for new urban housing in support of employment centers. The agreements are to secure assistance in marketing the assembled sites to homebuilders. Government would enter into agreements with real estate brokers for the purpose of attaining listings, or option agreements for the sale and purchase of the parcels. Following the assemblage, the real estate brokers will solicit plans and bids from homebuilders, based on specifications provided by sponsoring governments.

8.4.3 Maintaining Quality Residential Neighborhoods

Continuing investment by entrepreneurs in the Pinellas employment centers is essential if the county is to maintain sound economic health. Any industrial site developer or employer contemplating a real estate investment will take into consideration the physical quality of the surrounding neighborhoods. Quality is generally expressed in terms of the level of maintenance of the housing and the public infrastructure. Poor neighborhood and housing maintenance can produce a decision to look at other locations for investment. Additionally, once such an investment is made, some employees may seek nearby housing to enjoy a short journey to work. However, poorly maintained neighborhoods will discourage that practice.

- The study recommends a comprehensive block-by-block property maintenance and enforcement program, based on the City of Clearwater's "Sweeps Program."

8.4.4 Facilitating Neighborhood Renewal Proximate to Employment Centers

Grayfield sites are the largest source of property with the potential to accommodate new housing to serve employment centers. There are two types of grayfields: underutilized properties that have a very low floor area ratio; and deteriorating or obsolete strip commercial centers and industrial buildings that are partially occupied, vacant or abandoned. In addition, residential neighborhoods built prior to 1960 are locations where land use succession might occur when redevelopment or new construction occurs.

- The study recommends regulatory, programmatic, and legislative mechanisms to promote and facilitate of neighborhood renewal proximate to employment centers.

These include using flexible zoning as a redevelopment incentive; making use of federal, state, and local financial incentive programs; and considering a more expansive use of CRAs and tax increment financing.

9.0 Public and Private Objectives in Achieving Redevelopment

9.1 Introduction

There are mutual relationships between public and private sector objectives in the implementation of economic and redevelopment strategies. While there clearly are separate interests, they are in no way mutually exclusive. When these interests go through a rigorous interaction, as in this planning process, a common direction is forged.

9.2 Public Real Estate Objectives

This section discusses the public sector's role in the plan making and implementation processes. The five public sector objectives are to:

- Prepare plans and codes that enable redevelopment
- Enhance intergovernmental coordination
- Provide mobility and infrastructure improvements
- Facilitate redevelopment activities
- Identify and dispose of selected public lands and assist in property assembly

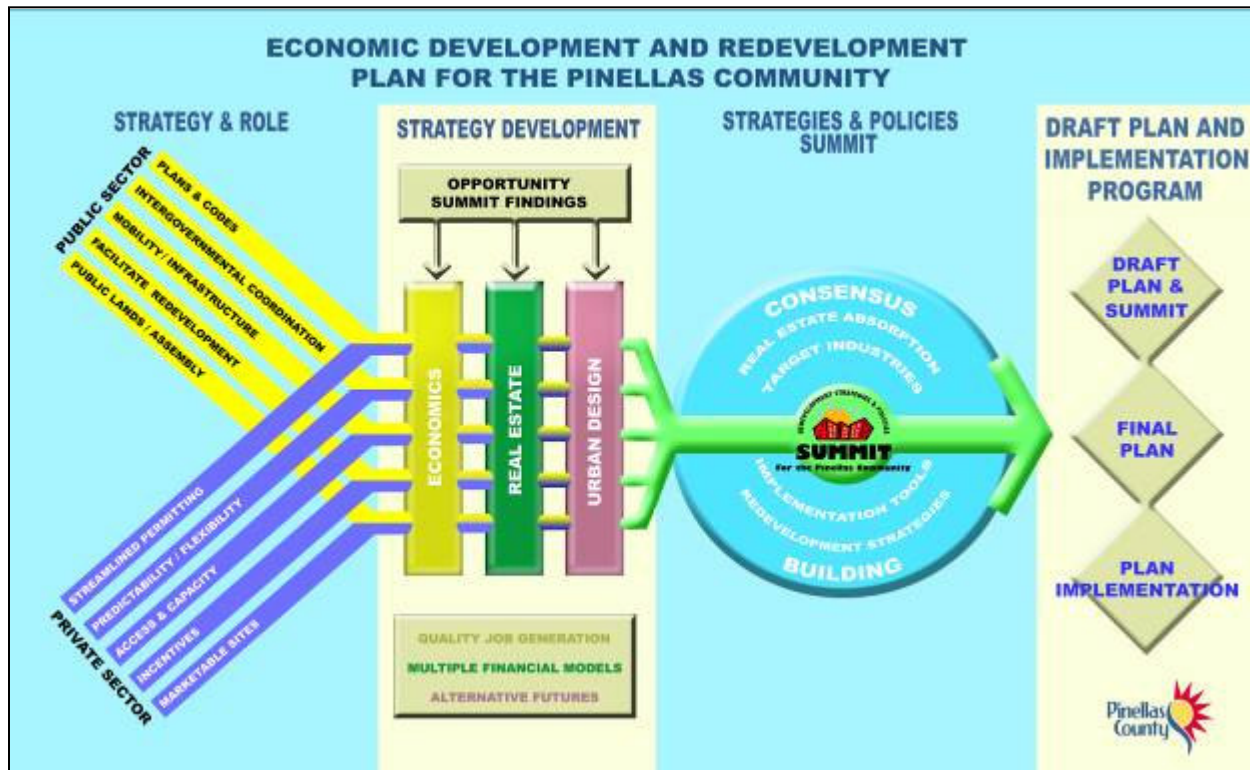


Figure 23
The Strategies and Policies Summit Process

9.2.1 Enabling Redevelopment through Plans and Codes

The public interest in development and implementation of appropriate plans and codes is the most fundamental means by which a local government can fulfill its real estate and redevelopment objectives. In a complex jurisdictional environment such as Pinellas County, there are many levels of plans and codes. Pinellas County and each local government are required to develop comprehensive plans and supporting land development regulations. The *Economic Development and Redevelopment Plan*, adopted as part of the *Countywide Plan for Pinellas County*, will lay the groundwork for the local governments' future plan updates.

The comprehensive plans, with coordinated land use, transportation, housing, and capital improvement elements, will need to address approaches to planning for mixed-use, higher density and intensity, and more compact development forms. With a strong, existing pattern of single-family development, the *Urban Design and Regulatory Codes Technical Memorandum* recommends changing patterns to create a more urban county by focusing on centers, corridors, and districts. These new forms should be properly scaled and sized for each community, but they should all be in response to attracting and retaining the desired employment to maintain and enhance the county's high quality of life. A closer, coordinated relationship between land use and transportation, especially more sophisticated

types of transit, can yield potentially new use patterns. Closely related will be the park, recreation, public and civic facilities and uses that play fundamental roles in linking neighborhoods and reinforcing the communities' image. Future land use elements of local comprehensive plans should consider incorporating the concepts recommended in the *Urban Design and Codes Technical Memorandum*.

As redevelopment occurs, coastal communities are particularly vulnerable to losing their tourist-oriented, small-town character. These communities can benefit from community design plans and special studies to improve and enhance their visual quality. Urban design plans and guidelines can be adopted and inserted into their revised land development regulations for implementation.

Nine jurisdictions in the county have Community Redevelopment Area (CRA) plans, as provided in Chapter 163, Florida Statutes. These CRAs offer unique opportunities to foster redevelopment, while overcoming blighting conditions. In concert with the county, these areas are prime candidates for economic development and redevelopment. Land use plans are flexible, and the implementing regulations can be responsive to unique requirements. Capital improvements are specifically programmed to support the attraction of target employers. Such features as a unified stormwater system or publicly-provided parking (even parking structures) can serve as incentives for economic development. The CRAs typically are located in more urbanized communities where density, intensity, and height issues may be more controllable. CRA plans should be updated to accommodate a variety of residential and nonresidential uses. Expanded use of the CRA, in coordination with the county, could offer positive results in responding to the need for available land for future redevelopment. Economic development incentives linked to an available CRA can help "jump start" a target employment project, and even promote supportive urban housing.

The role that land development regulations and codes play has been discussed from the first phase of the economic development and redevelopment study process and validated through the summit proceedings. Issues identified in earlier analyses, supported by reviews of other Pinellas city and the county codes, emphasize the needs and benefits of retrofitting land development regulations to address opportunities and requirements unique to redeveloping jurisdictions. Over the years, the suburban orientation of codes has proven to inhibit neighborhood and community redevelopment in an urban manner. The *Urban Design and Regulatory Codes Technical Memorandum* details the types of changes required to meet future development patterns.

9.2.2 Enhancing Intergovernmental Coordination

To develop a complex, interdependent program of attracting and accommodating the preferred target employers, developing a diversity of redevelopment opportunities, and instituting a development incentive program, the need for effective intergovernmental coordination has never been more crucial. With the potential for directing a countywide

redevelopment strategy and with redevelopment potentials occurring at all jurisdictional levels, common baselines of nomenclature, location criteria, and approach must be identified and addressed.

- Recognize a countywide plan framework. The most fundamental public requirement is to recognize and incorporate a countywide redevelopment plan concept at the policy level. In the *Urban Design Technical Memorandum*, a proposed countywide centers and corridors concept provides the broadest redevelopment framework. The framework identifies the primary locations for the application of future redevelopment strategies and initiatives. The primary redevelopment emphasis is based on current urban form, the presence of existing employment concentrations, and planned or programmed public improvements and transportation investments.
- Land use planning coordination. Under the aegis of the Pinellas Planning Council, there is a common land use classification system that is adapted locally. With the proposed redevelopment concept, there will be a series of planning components proposed that will need to be applied locally as well. In this manner, as implementation occurs locally, the centers and corridors concept begins to be realized.
- Processes, procedures, and requirements coordination. To assist redevelopment plan implementation, local governments will need to adopt proposed permitting processes, procedures, and requirements. Such requirements may include incentive systems, revisions to permitting and regulatory procedures, land use and land development regulations, public notice procedures and related requirements.

9.2.3 Business and Development Incentives

As identified previously, variety of incentives is available to attract and retain target employers . Development incentives may also be offered to facilitate more timely development timeframes. The business incentive program will be more effective if it is centrally coordinated through the Pinellas County Economic Development Department; therefore, local governments should be aware of the program and incorporate supportive language in local plans. The development incentives are more likely to be controlled and administered through local government, and the applicable array of incentives should be incorporated into the local plans and regulations.

9.2.4 Providing Mobility and Infrastructure Improvements

It is an oft-cited truism that the history of cities in general and of individual cities, in particular, is integrally associated with the type and organization of their primary transportation systems. A pedestrian city is different than a train-based city which is different than a city built around the use of private automobiles. Inasmuch as Pinellas County is working with a delimited geographic area and towards the goal of absorbing

additional employment and population, the redevelopment of the county depends on, and in turn will influence, changes and growth of the primary transportation systems.

At present, Pinellas is a community dominated by the use of private automobiles. As has been previously discussed, despite a limited number of grade-separated highways within the county, the underlying grid network of long-distance arterial roads has been extremely flexible and efficient in enabling automobiles to move about the county. Increases in workers and residents, however, will stress this system, and it is generally recognized that it will be difficult, if not impossible, to dramatically expand the lane-miles in the existing network or add to the network itself. Some improvements can be made in particular locations in order to smooth out traffic flows, or remove potential disruptions, but by and large, the future of the county includes a transition away from an auto-dominated transportation system to one that is multi-modal.

- **Multimodal/transit planning.** Transportation planning is an endeavor that clearly must be led by the public sector and should, ideally, cross jurisdictional boundaries to include municipalities, the county, intergovernmental agencies, the state, and even the federal government. In thinking about the potential to create an effective transit system, be this dedicated bus rapid transit (BRT), streetcars, monorail, or some other alternative, consideration must be given to a wide range of factors: right-of-way acquisition costs, current traffic conditions and weaknesses, access to potential ridership, operational costs, and more.

Primary recognition, however, must be made of the unique linkage between transit systems and real estate development. The transit system is not only a means of conveying people from one place to another, it is a device for ordering and organizing real estate and development potential within a community. By providing primary accessibility to locations within immediate proximity to transit stations, a transit line confers extra value to these locations. By relieving residents, employees, and visitors of the need to have and use a private automobile, transit systems create the potential to develop relatively high-density, integrated mixed-use nodes around stations and stops. Whatever form the future transit system takes, it will have a significant role to play in the successful redevelopment of Pinellas County.

- **Coordinated capital improvements programming (CIP).** While all levels of government are responsible for creating and adhering to capital improvement programs, including the concomitant capital improvement budgets, it is clear that not all governmental bodies have the same priorities and concerns with respect to infrastructure development and improvements to support redevelopment. Redevelopment relies upon increased correspondence and coordination between local governments. Many infrastructure elements operate far more efficiently on a regional or district-wide basis as opposed to a local basis; however, if each local government is responsible only for its own needs, concerns, and resources, the sum result of multiple individual CIP decisions can be less than optimal. Road systems, stormwater

systems, and social and cultural facilities often include efficiencies of scale. As redevelopment moves forward, the benefits of coordinating CIP efforts across multiple governments, especially in areas such as Gateway, become more apparent.

- Regional transportation planning to support employment. As the ongoing redevelopment process has shown, the need to provide resources and facilities for large concentrations of employment tends to transcend local jurisdictional concerns. All communities will benefit from the development of additional employment centers, and all communities will suffer if they are not created. However, the impetus for providing infrastructure and support facilities to service these employment centers often falls to the jurisdiction within which the employment centers are found, notwithstanding the fact that the people who work in these centers, and the people who visit the centers for goods and services, come from all over the county, if not from throughout the entire Tampa Bay region.

The provision of infrastructure to support the development of employment centers must be approached from a countywide point of view. If employees will be using the arterial network to access new businesses, the network as a whole must be upgraded, not simply in those locations immediately adjacent to the new job centers. Similarly, if the creation of dense mixed-use employment centers is dependent upon an effective regional mass transit system, the entire county must participate in the planning and construction of the system.

- Concurrency relief/management zones. A significant element of Florida's omnibus *Growth Management Act* from the mid 1980s is the concept of concurrency. The concept is that growth will not be permitted until the infrastructure needed to effectively support the growth is either in place or in an adopted plan with dedicated funding. While this is a realistic and valuable requirement for new greenfield development, in areas looking to densify or intensify existing land uses, the costs of upgrading traditional infrastructure, particularly roads, can be prohibitive, rendering redevelopment efforts prohibitively expensive.

These situations point out a significant weakness of the level of service (LOS) system of benchmarks that are included within the growth management program. The assumption is that facilities, primarily road systems that are currently operating at low levels of service, cannot absorb any additional volume. Therefore, activities that might generate such volume cannot be allowed. Left to their own devices, particularly where viable alternatives exist, drivers and other system users will adjust to increase the operational functioning of the existing system. In many parts of the country, municipalities are coordinating with employers to foster flexible work hours as part of an effort to optimize the utility of limited existing infrastructure.

In cases where certain types of redevelopment are feared because they might overstress existing limited infrastructure, the creation of mixed-use centers that fosters internal capture, resulting in lower demand for regional infrastructure, is recommended. Within

Pinellas County, both areas that are still vital and active and areas poised for significant redevelopment should be reviewed for consideration as concurrency relief and management zones.

9.2.5 Facilitating Redevelopment Through Innovation

One of the essential roles local government can play is through innovative applications of planning and regulatory mechanisms. Since the redevelopment effort is intended to find means of encouraging and facilitating new employment, there is a need to present creative alternatives. These can represent countywide initiatives or more narrowly focused programmatic applications.

- Consider a countywide Community Redevelopment Area (CRA) program. The use of the Community Redevelopment Act (CRA), as authorized under Chapter 163, Florida Statutes, to reverse and overcome symptoms of slum and blight in Pinellas County has been confined to cities. There is often controversy associated with the sharing of revenues through the CRA. However, this is a flexible mechanism created by the state that can be fashioned to meet specific local requirements. The county can consider a countywide CRA program, aimed at promoting employment and mixed-use development in target areas. As a countywide effort, a centralized program would be prepared, and the Board of County Commissioners, or their designees, could sit as the Community Redevelopment Agency. Orange and Lee counties have such programs. In conjunction with effective land use planning and implementing regulations, a CRA can offer an innovative application of an existing legislatively-provided mechanism.
- Coordinated development incentives. Just as there are proposed business incentives in the *Target Employers and Incentives Technical Memorandum* designed to attract target employers, there is a potential set of companion development incentives that can be used once a target employer has been identified. These incentives are specifically designed to facilitate the actual development or redevelopment of available properties. Such incentives may include land assembly, acquisition assistance for key properties, density and intensity bonuses, exemption of impact fees, permit streamlining, and concurrency relief zones.
- Areawide DRI program to establish development rights. An element of the 1986 growth management legislation is the requirement that all development projects above certain baseline thresholds submit an Application of Development Approval as a Development of Regional Impact (DRI). The DRI analyzes and highlights the potential impacts proposed developments will have on their surroundings, and addresses the natural environment as well as adjacent residents and users and the demand for services. The DRI is generally approved on a project-by-project basis.

To be more responsive to larger area considerations, there is a provision for areawide DRIs. This type of DRI can be developed within the framework of an overarching

master plan, targeting areas where redevelopment is sought. Once the areawide DRI study has been completed and entitlements are established, developers can permit and build within shorter time frames. The public sector removes a great deal of the uncertainty from the pre-development phase of the project and, in turn, helps reduce the cost of creating the projects and aggregates a greater level of control over the final outcome. To facilitate market changes over time, an areawide development order can provide a “trade-off” mechanism that allows flexibility in substituting one approved land use for another, using an equivalency table that provides comparable trips for various land use types. Areawide DRIs have been used in downtown St. Petersburg, the Gateway area, Westshore, and downtown Tampa.

9.2.6 Delivering Public Lands and Assisting with Land Assembly

- Use nonessential public lands for employment centers. In the use of public lands, parks, recreation areas, and environmentally sensitive lands are precluded from disposal under the plan. However, as this study has shown, there is other publicly-held land that is not currently serving a viable public use. The history of how these properties came to be in their current condition is varied, but in nearly all cases these are excess properties, representing a significant asset, particularly in terms of “priming the redevelopment pump.”

In some instances, these lands are large enough and well-situated enough to be used as potential employment centers or targeted development areas by themselves. In other instances, they can become part of a larger areawide assemblage, large enough to become a significant redevelopment focus within the county.

- Establish a countywide Public Lands Task Force. Since various levels of government have potentially disposable lands that can be used for economic development, and they may be subject to differing requirements, a countywide Public Lands Task Force should be appointed by the Board of County Commissioners. This task force, along with development representatives, would be charged with defining the criteria for the disposal of available public lands, establishing parameters for value, and specifying coordinating strategies for local governments.
- Identify nonessential public lands to support economic development. Either using the Public Lands Task Force, the County Planning Department, the Pinellas Planning Council staff, or a combination of the three serving as an evaluation team, specific public lands will be identified for disposal to support redevelopment. In evaluating potential properties, the team should use the criteria defined by the Public Lands Task Force to identify candidate properties. Specific attention should be paid to properties that can most effectively support the types of target employers and identified employment centers.

9.3 Private Real Estate Objectives

9.3.1 Introduction

As with the public sector, the private sector has certain real estate objectives that must be addressed to be an effective partner in redevelopment. Again, the following are complementary to public objectives, and they work in concert. While there is emphasis on providing streamlining, flexibility, and incentives, the intent is to focus on facilitating development and redevelopment in pursuit of public goals. Private real estate objectives are driven by time and cost of financing. As demonstrated earlier in the real estate modeling section, the cost of redevelopment can be two to two and a half times more expensive than traditional greenfield development. Therefore, the public and private real estate objectives must work for both, with the benefit being the sustainability of the county's quality of life. The private sector objectives involve:

- Streamlined permitting procedures
- Predictability and flexibility in regulations
- Property access and infrastructure capacity
- Development incentives
- Marketable sites for redevelopment

9.3.2 Identifying and Developing Streamlined Permitting Procedures

A critical concern for all developers, whether working on infill projects or greenfield development, is the uncertainty associated with the process of project approvals. If redevelopment must adhere to protracted time frames, or if mutually agreed-upon schedules are not met, private sector developers will shy away from these projects.

By pre-permitting particular types of redevelopment and then granting administrative approvals for submitted plans, the public sector can remove time and financial burdens from private sector developers. At the same time, the private sector understands that local government must maintain an implicit control over the types of redevelopment projects that are undertaken within the county. As with other incentives, this relief should come with concomitant demands for particular design features, types of development, types of tenants, etc.

9.3.3 Having Access and Transit/Transportation/Infrastructure Capacity

Private developers need property access and available capacity for all public services. A significant way in which the public sector can contribute to facilitating redevelopment is by providing some of the support infrastructure necessary for the successful operation of the finished project. Simple examples include the:

- Expansion and/or improvement of adjacent or nearby roadways
- Construction of on-site roadways
- Completion of the transit system
- Construction or provision of required parking infrastructure.

A more complex example of infrastructure support would involve the proposed creation of a mass transit system within Pinellas County. Regardless of the ultimate technology and route selected, such an intervention tends to create increased value for properties immediately adjacent to stops and station areas. Combined with other forms of incentives described here, the provision of such infrastructure could, and should, have dramatic impacts on the viability of potential infill redevelopment projects. Likewise, the private sector can be expected to cost share to mitigate off-site impacts.

9.3.4 Development Incentives

While one element of the economic development and redevelopment approach is to provide incentives to attract and retain target employers, another level of incentives can foster desired development. A consistent critique of the situation for redevelopment in the county is that the currently allowed densities and intensities of development do not equal or exceed the costs of creating the projects. In certain instances, an increase in the allowable density or intensity on a particular site can impact the overall potential economic return of the completed project, thereby making it more desirable for private sector participation. Particular types of development-based incentives can include:

- Intensity and density bonuses in exchange for public benefits
- Mixed-use provisions, including a more expansive allowance of residential uses in nonresidential districts
- Allow flexibility in accounting for density and intensity calculations in mixed-use projects
- Assistance in finding tenants or purchasers for redevelopment properties.

9.4 Having Access to and Availability of Marketable Sites

To facilitate redevelopment, the private sector needs access to marketable and affordable sites. This objective can be achieved by working in concert with local governments to reduce project costs. This assistance can come in the form of regional stormwater systems, assistance in acquiring lands (especially for urban housing to support employment), and providing properties at reduced costs.

10.0 Strategies for a Market Motivating Plan

10.1 Public Sector Strategies for a Market Motivating Plan

On the private side, development costs are influenced by some uncertainties of permitting and land use regulations, inflexible zoning, and varied interpretations of building codes, inappropriate development standards, and limited opportunities for redress. As well, fees, exactions, and permitting cost themselves add both direct and indirect costs to development without always adding value that can be recaptured or justified in the rental structure. Some jurisdictions have addressed these costs by improving the development review process through timely processing and flexible regulations and regulators. Codes and regulations that embrace mixed-use development as a desirable alternative are extremely beneficial because they can reallocate the cost of development to various kinds of land use activities. However, codes that stipulate mixed-use as the required alternative by forcing specified land uses together that cannot perform in the market may undermine, in some instances, the cost reductions that might otherwise be achieved.

The public sector can facilitate land acquisition passively through incentives of various kinds or directly through acquisitions and write downs. Incentives can take the form of cash contributions, performance assistance, parking, and financing vehicles. The form is probably less important at the conceptual stage of discussions than recognition that there are material disparities between greenfield and redevelopment scenarios that are unlikely to be mitigated exclusively by developer initiative.

10.2 Private Sector Strategies for a Market Motivating Plan

On the private side, there needs to be a re-examination of the way in which land is deployed. Typically mixed-use has not been favored by the development and banking financial community because of the complexities associated with it. Generally, the development community undertakes the less complex first, before moving to more difficult sites and projects. As the county moves into the period of constrained land resources, more mixed-use projects will become more common. A further development community concern is regulations may create more uncertainty than the design principles that might be used to promote more successful communities.

Ultimately, the economic issues of development focus on the gap between rent and a supportable land value which is illustrated in the present analysis as the cost of a site free of extraordinary development costs. In the short run, to induce development of a desired type and mix, some form of intervention is required to address land cost as the critical input into the real estate process. The need to create a public/private partnership to define common goals and expectations can be facilitated by the private sector with its public sector partners. The private sector can respond to the requests for proposals for new employment centers, urban mixed-use housing projects, or employment/residential mixed-use developments.