**Citizen Advisory Committee**
South St. Petersburg Community Redevelopment Area

**Revised**
August 6, 2019
5:00 pm, Sunshine Center Auditorium
330 5th Street North, St. Petersburg, Florida

I. Citizen Advisory Committee and Staff Introductions

II. Approval of May 7, 2019, CAC Meeting Minutes (Vote)

III. Amendment to Commerce Park Lease and Development Agreement (Info/Discussion)

IV. Enoch Davis Youth Farm Project (Info)

V. Graduation of First ABCD Cohort (Info)

VI. Workforce Development Update (Info)

VII. Recommendation on Utilizing CRA Funding for The Shores Apartments (Vote)

VIII. Amendment to Housing and Neighborhood Revitalization Budget (Vote)

IX. Amendments to CRA Programs (Vote)
   a. Affordable Single-Family Façade Grant
   b. Early Childhood Education Program

X. Affirming the May 21, 2045, Expiration Date of South St. Petersburg CRA (Vote)

XI. Accessory Dwelling Unit Proposal (Discussion)

XII. FY2020 Budget for South St. Petersburg CRA (Discussion)

XIII. Public Comment and Correspondence (3 minutes per speaker)

XIV. New Business

XV. Next Meeting – September 3, 2019

XVI. 2019 Regular Meeting Schedule – October 1st, November 5th, and December 3rd

XVII. Adjourn
LEASE AND DEVELOPMENT AGREEMENT

BETWEEN

THE CITY OF ST. PETERSBURG, FLORIDA

AND

ST. PETERSBURG COMMERCE PARK, LLC

2016
LEASE AND DEVELOPMENT AGREEMENT

THIS LEASE AND DEVELOPMENT AGREEMENT ("Lease"), made and entered into this \text{15th} day of \text{June} 2016, by and between the City of St. Petersburg, a Florida municipal corporation, ("City") and St. Petersburg Commerce Park, LLC, a Florida Limited Liability Company ("Tenant") (collectively "Parties").

RECITALS

WHEREAS, City advertised a Request for Proposals ("RFP") on May 1, 2015 wherein the City sought a developer buyer/tenant for City-owned Industrial Traditional (IT) zoned real estate located within the St. Petersburg Commerce Park, which is within the South St. Petersburg Community Redevelopment Area ("CRA"); and

WHEREAS, the RFP provided for a proposal for all or part of the 14.1 acre property; and

WHEREAS, the RFP sought a development that provided for jobs and to develop the property in accordance with the long terms plans and goals of the City and the CRA; and

WHEREAS, on August 7, 2015, City received four (4) responses to the RFP; and

WHEREAS, on October 1, 2015, Real Estate & Property Management was notified that City Administration had selected two (2) of the four (4) responses for further negotiation; and

WHEREAS, this Lease was negotiated with Tenant pursuant to the RFP and its response and provides the terms and conditions of the transaction, subject to the approval of the Community Redevelopment Agency ("Agency") and approval of the City Council of the City of St. Petersburg ("City Council").

NOW THEREFORE, in consideration of the promises and covenants contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. RECITALS. The above recitals are true and accurate and are incorporated herein.

2. PREMISES. City is the fee simple owner of a site containing approximately 10.63 acres illustrated in Exhibit "A", attached hereto and made a part hereof by reference ("Premises"), and described and designated Parcels 2A and 2B, and Parcels 3A and 3B, subject to a 9 x 8 foot easement on the southeast corner of Parcel 2A, subject to a final survey, that shall be attached to this Lease as Exhibit "H" when completed.

3. EFFECTIVE DATE. This Lease shall be effective on the date following the signing of the Lease by Tenant, the approval of the Agency and the City Council and execution by the Mayor or his designee ("Effective Date").
4. DUE DILIGENCE PERIOD. Tenant shall have up to one hundred eighty (180) days ("Due Diligence Period") after the Effective Date to:

4.1. Perform its inspections, review documents.

4.2. Receive site plan approval.

4.3. Provide evidence of financial capability acceptable to City.

4.4. Provide, as required, for a zoning and land use change at its sole cost and expense.

4.5. Once the Due Diligence Period has ended and without further written notice, Tenant is deemed to have accepted Premises in AS IS condition.

5. DEPOSIT. Prior to the end of the Due Diligence Period, Tenant shall deliver a deposit of Twenty Thousand Dollars ($20,000) ("Deposit") that shall be applied toward Rent. In the event Tenant elects to terminate this Lease as set forth in paragraph 6.2 of this Lease, the Deposit shall be refunded not later than thirty (30) days after City's receipt of Tenant's written request.

6. DELAYS.

6.1. Extension. In the event of unexpected and unintended delays, Tenant may request, in writing, a one hundred twenty (120) days extension of the Due Diligence Period by City to meet site plan approval requirements or rezoning requirements. Said extension shall not be unreasonably denied and in accordance with paragraph 47 of this Lease.

6.2. Right to Terminate. Tenant, in its sole discretion and for any reason, including but not limited to the failure to receive approval of Tenant's site plan, or failure to have the Premises rezoned, or effect a change in the Future Land Use Plan, shall have the right to unilaterally terminate this Lease upon written notice given to City at any time prior to the expiration of the Due Diligence Period, whereupon this Lease shall immediately terminate, and neither City nor Tenant shall have any further rights against, or obligations to the other hereunder except for those existing at termination.

7. PREMISES DOCUMENTS. During the Due Diligence Period, City shall provide Tenant access to all documents in the possession of City relating to the Premises. Tenant may at its sole cost and expense inspect the same and make copies thereof.

8. COMMENCEMENT DATE. This Lease shall commence on the first (1st) day of the month following site plan approval for the improvements to the Premises ("Commencement Date"), which date shall be set forth in a memorandum signed by the Parties, substantially the same as Exhibit "B" attached hereto and made a part hereof by reference.
9. TERM; RENEWAL. The initial Term of this Lease ("Term") shall be for a period of fifty (50) years beginning on the Commencement Date and expiring on the fiftieth (50th) anniversary of the Commencement Date ("Expiration Date").

10. ACCESS RIGHTS.

10.1. As of the Effective Date of this Lease, Tenant shall have the right to access the Premises for inspections, including but not limited to engineering, survey, and environmental.

10.2. As of the Commencement Date of this Lease, Tenant shall have the right to access, use and make improvements to the Premises, in accordance with the terms and conditions of this Lease.

11. RENT.

11.1. Rent. The rent to City ("Rent") shall begin on the Commencement Date and shall be paid to City in monthly installments due on the 1st day of each month of the Term, including applicable taxes in accordance with the following:

11.2. Rent Calculation. Rent for the first ten (10) years of the Term shall be paid in accordance with the following schedule:

11.2.1. Years 1-2-3 shall be $39,480 per year $3,290 per month.

11.2.2. Rent for Years 4-5-6 shall be $113,448 per year $9,454 per month.

11.2.3. Rent for Years 7-8-9 shall be $187,416 per year $15,618 per month.

11.2.4. Rent for Year 10 shall be $113,448 per year $9,454 per month.

11.3. Calculation of Rent for Year Eleven (11) to the End of the Term. Commencing in year Eleven (11) of the Term, the rent shall be adjusted by CPI. Rent shall be adjusted annually by City on the anniversary of the Commencement Date ("Adjustment Date") in the following manner: If, on the Adjustment Date, the Official Consumer Price Index—All Urban Consumers Price Index—U.S. All Items (1982-84=100) ("Index"), published by the Bureau of Labor Statistics, U.S. Department of Labor, ("CPI") is different from the CPI on the previous Adjustment Date, take the current Rent and multiply it by the latest published CPI, then divide the product by the CPI published on the Commencement Date and round it up to the nearest whole dollar; the rounded quotient shall be the new monthly Rent for the year following the Adjustment Date. Notwithstanding the foregoing, under no circumstances shall the Rent be adjusted downward.

11.4. Additional Rent. Tenant shall pay to City all other amounts due to City pursuant to this Lease as additional rent ("Additional Rent").
11.5. **Change of Index.** In the event the Bureau of Labor Statistics should cease to publish said Index in its present form and calculated on the present basis, City shall have the right to choose a similar index or an index reflecting similar changes in the cost of living.

11.6. **Rent Payment Address.** Rent payments shall be made by local check payable to the City of St. Petersburg and delivered to:

City of St. Petersburg  
Real Estate & Property Management  
One Fourth Street North, 9th Floor  
St. Petersburg, Florida 33701

11.7. **Change of Rent Payment Address.** The City may at its option, change the Rent Payment Address and the manner of payment by written notice delivered to the Tenant.

12. **DELINQUENT PAYMENT; LATE CHARGE.** If Rent is not paid before the tenth (10th) day of any month, Tenant shall pay a late charge of Two Hundred Fifty Dollars ($250) to compensate City for the additional administrative expense and loss occasioned thereby. In addition, City may assess a charge equal to the statutory limit allowed by law for any check from Tenant returned to City for insufficient funds. City shall charge 1.50% interest ("Interest") monthly (not to exceed any statutory limitation on annual interest) on any unpaid balance, including but not limited to unpaid Rent, Additional Rent, Late Charge and Interest. All Late Charges, fees for insufficient funds, and all Interest shall be collectible as Additional Rent.

13. **PERMITTED USE.** Tenant shall use the Premises for the development of uses that are appropriate and in accordance with its zoning, and in accordance with paragraph 14, of this Lease (collectively "Permitted Use").

14. **TENANT WORK.** Tenant shall develop the Premises in accordance with the following:

14.1. **Development.** Tenant shall develop the Premises comprised of the following (collectively "Improvements"):  

14.1.1. Parcel 2A contains approximately 2.94 acres and shall be developed with not less than twenty thousand (20,000) square feet of retail on the first floor and not less than forty thousand (40,000) square feet of Workforce Housing at rental rates in accordance with Exhibit "E", attached hereto and made a part hereof by reference, as they may be adjusted from time to time.

14.1.2. Parcel 2B, 3A, and 3B contain approximately 7.69 acres and shall be developed by Tenant with building/improvements of not less than sixty thousand (60,000) square feet suitable for office/warehouse/manufacturing that will be made available to and reasonably divided among EMP Industries, Inc. ("EMP"), a Florida Corporation; ACCMAR Equipment Company ("ACCMAR"), a Florida Corporation, and ATTAJ Energy ("ATTAJ"). (NEED TO IDENTIFY IF THIS IS A FLORIDA CORPORATION)
(collectively "Initial Companies"), and any other companies deemed suitable by Tenant (collectively "Subsequent Companies").

14.1.3. All development of Parcels 2A, 2B, 3A, and 3B shall be completed and operational by the end of the second (2nd) year of the Lease.

14.2. **Job Creation.** This Lease and Permitted Use of the Premises are encumbered by a requirement imposed upon the property by the Federal Department of Housing and Urban Development ("HUD") that requires a total of fifty (50) Full Time Jobs ("Jobs") not later than the end of the second (2nd) year of the Term:

14.2.1. **Low Mod Jobs.** Not less than twenty-six (26) Jobs employing individuals from households in the low to moderate income range ("Low Mod Job(s)"), defined as at or below 80% of Moderate Income illustrated in Exhibit "C", attached hereto and made a part hereof by reference.

14.2.2. **CRA Jobs.** Not less than thirteen (13) Jobs ("CRA Job(s)") employing individuals from the CRA, illustrated in Exhibit "D", attached hereto and made a part hereof by reference. If any of the Low Mod Jobs employ individuals from the CRA, then such Low Mod Jobs shall also fulfill the CRA Job requirement.

14.2.3. **Remainder.** Balance of the fifty (50) Jobs may be from other areas and other households.

14.3. **HUD Reporting Requirement.** Tenant shall comply with HUD reporting requirements, in accordance with Exhibit "F", attached hereto and made a part hereof by reference.

14.4. **Replat.** Tenant shall have the Premises replatted at its sole cost and expense.

14.5. **Rezoning and Future Land Use Plan.** Tenant shall diligently pursue the necessary rezoning of the Premises and the necessary amendment to the Future Land Use Plan, at its sole cost and expense.

15. **THIRD PARTY GUARANTY.** Tenant shall provide a Third Party Guaranty to Lease signed by EMP Industries, Inc., substantially the same as Exhibit "G", attached hereto and made a part hereof by reference.

16. **CITY WORK.**

16.1. **Rezoning Application: Future Land Use Plan.** During the Due Diligence Period, and any extension thereof, City shall assist Tenant in preparation and presentation of any rezoning application and changes to the Future Land Use Plan necessary for the development of the Premises, including such authorizations necessary to perform and complete said applications.
16.2. Utilities. City shall provide access to City utilities up to the perimeter of the Premises, and shall reimburse Tenant up to fifty thousand dollars ($50,000) for Tenant's costs of installation of utility lines and hook-ups on the Premises.

16.3. Vacation of Alleyways and Street. City shall support the vacation of all affected alleyways and streets.

16.4. Documents. City shall provide Tenant with any surveys, environmental reports, engineering reports, soil tests, and title policies related to the Premises that are in the possession of City (collectively "Documents"). City Development Administration shall assist Tenant in any zoning or variance request by Tenant regarding the development of the Premises.

16.5. HUD Reporting Requirement. City Housing and Community Development staff shall train and assist Tenant in preparation and delivery of the any HUD reporting requirements.

17. PURCHASE OPTION WITHOUT JOB CREDIT. Tenant shall have the option to purchase the Premises ("Purchase Option A") for One Million Six Hundred Twenty Thousand Six Hundred Fifty Dollars ($1,620,650) ("Option Price") subject to the following:

17.1. Conditions for Exercise of Purchase Option A.

17.1.1. Tenant is in full compliance with this Lease at the time of exercising Purchase Option A and remains so through closing of the purchase.

17.1.2. The Tenant Work in accordance with paragraph 14 of this Lease has been completed and has been accepted by City in writing and acknowledged by HUD at the time the option is exercised.

17.1.3. This Purchase Option A may be exercised at any time after the first (1st) day of the third (3rd) year of the Term and before 5:00 PM of the last business day of the ninth (9th) year of the Term ("Option Period A") by providing written notice to the City. The purchase of the Premises pursuant to the exercise of Purchase Option A must be closed and finalized within ninety (90) days from the date of the City's receipt of the written notice.

17.1.4. Tenant shall pay all closing costs related to the purchase.

17.1.5. City shall convey marketable title at closing.

17.2. Option Expiration. This Purchase Option Without Job Credit shall expire at 5:00 PM on the last business day of the ninth (9th) year of the Term.

18. PURCHASE OPTION WITH JOB CREDIT. Tenant shall have an option to purchase the Premises ("Purchase Option B") for the Option Price subject to the following:
18.1. **Job Credit.** For each job created on the Premises by either Tenant or Initial Companies, or Subsequent Companies, and notwithstanding the fact that a job may overlap the below categories, Tenant shall receive only one (1) of the following credits towards the Option Price:

18.1.1. **Low Mod Jobs.** A job credit of Twenty Eight Thousand Dollars ($28,000) toward the Option Price for each Low Mod Job created on the Premises that exceeds an average of twenty-six (26) Low Mod Jobs to a maximum credit of the Option Price as long as the average number of Low Mod Jobs equals twenty-six (26) during years 5, 6, 7, 8 and 9 (“Credit Period”) of the Term.

18.1.2. **CRA Jobs.** In addition to the required Low Mod Jobs, Tenant shall receive a job credit of Thirty Five Thousand Dollars ($35,000) toward the Option Price for any CRA Job created on the Premises, as long as the average number of CRA Jobs exceeds thirteen (13) during the Credit Period to a maximum credit of the balance of the Option Price. For the credit to apply the average number of CRA Jobs must not be less than thirteen (13) during the Credit Period.

18.2. **Calculation Example.** If the Initial Companies, or Subsequent Companies, have employed an average of forty (40) Low Mod Jobs during the Credit Period, the credit would equal 

\[ 14 \times 28,000 = 392,000 \]

plus a credit attributed to the CRA Jobs of $35,000 for each CRA Job as long as the average number of CRA Jobs exceed thirteen (13) during the Credit Period. The Option Price could be reduced to zero ($0.00) in this example if the average number of Low Mod Jobs that exceeded twenty-six (26) were fourteen (14) and the average number of CRA Jobs averaged thirty-six (36) during the Credit Period. Other combinations of Low Mod Jobs and CRA Jobs are acceptable as long as the minimums are met.

18.3. **Conditions for Exercise of Purchase Option B.**

18.3.1. Tenant is in full compliance with this Lease at the time of exercising Purchase Option B and remains so through closing of the purchase.

18.3.2. The Tenant Work, in accordance with paragraph 14 of this Lease, has been completed at the time the option is exercised.

18.3.3. This Purchase Option B may be exercised at any time after the first (1st) day of the tenth (10th) year of the Term and before 5:00 PM of the last business day of the tenth (10th) year of the Term (“Option Period B”) by providing written notice to the City. The purchase of the Premises pursuant to the exercise of Purchase Option B must be closed and finalized within ninety (90) days from the date of the City’s receipt of the written notice.

18.3.4. Tenant shall pay all closing costs related to the purchase.

18.3.5. City shall convey marketable title at closing.

18.4. **Purchase Option Expiration.** This Purchase Option B shall expire at 5:00 PM on the last business day of the tenth (10th) year of the Term.
19. OWNERSHIP OF IMPROVEMENTS. Except as set forth in this Lease, and excluding Tenant’s personal property and trade fixtures, all Improvements and permanent fixtures therein and any alterations or replacements thereof shall become the property of City upon the expiration or earlier termination of this Lease.

20. RETURN OF PREMISES.

20.1. Condition of Premises. Tenant shall, on or before the expiration of this Lease, or its earlier termination, remove all personal property from the Improvements and repair any damage caused by such removal and surrender and deliver up the Premises, broom clean and in good order, condition and repair, less ordinary wear and tear. Any personal property not removed within fifteen (15) days after the expiration of this Lease or its earlier termination, shall be deemed to have been abandoned by Tenant, and may be retained or disposed of by City, in its sole discretion.

20.2. Contracts and Encumbrances. Tenant shall return the Premises free and clear of any contractual obligations or other legal encumbrances not approved in writing by City.

21. TAXES. As of the Commencement Date of this Lease, the following shall apply:

21.1. Personal Property Taxes. Tenant shall be responsible for and shall pay before delinquency all municipal, county, state and federal taxes assessed during the Term, or any Renewal Term hereof, against personal property of any kind owned by or placed in, upon or about the Premises by Tenant.

21.2. Real Estate Taxes, Other Taxes and Fees. Tenant shall be responsible for and shall pay before delinquency all applicable real estate taxes, sales taxes, stormwater fees, governmental assessments of any kind, including but not limited to special assessments and service district assessments, if any, levied on the Premises or the contents thereof and deliver to City, without notice or demand, the appropriate receipts that show payment thereof. If the Tenant fails to pay applicable real estate taxes, and the City pays all or any portion of the taxes, Tenant must reimburse City in full. Such reimbursement amount shall become due and collectible as Additional Rent.

21.3. Property Owned by Governmental Unit. The Premises are subject to Section 196.199, Florida Statute, as it may be amended from time to time.

22. UTILITIES / SERVICES. As of the Effective Date of this Lease, Tenant shall contract in its own name for all water, sewer service, electric, gas and telephone service, cleaning service, satellite/cable/internet services and other services including but not limited to any and all turn-on or transfer fees, and the removal of trash/garbage.
23. LIENS.

23.1. No Real Property Liens. Tenant shall never, under any circumstances, have the power to subject the Premises to any mechanic's or materialman's lien or other lien of any kind. All contracts for improvements to the Premises shall provide for a payment and performance in accordance with Section 255.05, Florida Statutes.

23.2. Payment and Performance Bond. All contracts for improvements to the Premises shall provide for a payment and performance bond in accordance with Section 255.05, Florida Statutes or successor laws. Notice is hereby given that no contractor, subcontractor or any other person who may furnish any material, service or labor for any building, improvement, alteration, repairs or any part thereof, or for the destruction or removal of any building or structure, shall at any time be or become entitled to any lien on or against the Premises.

23.3. Leasehold as Collateral; City Estoppel Certificate. City acknowledges that Tenant may require a personal property lease agreement or other secured financing for its operations or equipment to be physically located at the Premises, or financing using Tenant's leasehold interest as collateral. In the event that a lender or equipment lessor requires City as landlord to provide an estoppel certificate and subordination agreement subordinating this Lease to the new financing, City shall, upon written request, execute such certificate and agreement, if its terms and conditions are acceptable to City in its sole discretion, and only if it provides that the leasehold is the collateral and that City's fee simple interest in the real property will not be subject to the financing. Notwithstanding the foregoing, in no event shall City provide an estoppel certificate and subordination agreement for any mortgage or security agreement that exceeds a twenty-five (25) year term or one that exceeds the expiration date of this Lease whichever is shorter.

23.4. Landlord Lien. City shall have a lien against all goods, equipment, furniture and other personal property of Tenant kept on the Premises at any time during the Term, or any Renewal Term hereof, in the aggregate amount of all rent, damages and the sums that may at any time be owed by Tenant to City under this Lease. City, in the event of any default by Tenant, may foreclose the lien.

24. MAINTENANCE. Tenant shall be responsible for all maintenance of the Improvements, when constructed, including but not limited to all Improvements components, security, and Premises landscaping. If Tenant fails to maintain the Improvements or the Premises as required hereunder, then thirty (30) days after written notice (or such longer period as is necessary if the repair cannot reasonably be completed within the thirty (30) day period and Tenant promptly commences and diligently pursues the completion of such repair), City shall have the right to enter the Premises and to make such repairs at Tenant's expense. Tenant shall pay City's reasonable costs for making such repairs as Additional Rent.
25. **ADMINISTRATIVE APPROVAL.** Tenant shall not commence work unless and until written plans and/or design drawings have been submitted to City for administrative approval ("Administrative Approval") in accordance with paragraph 47 of this Lease. Said Administrative Approval shall not be unreasonably withheld or denied and are in addition to Regulatory Approvals, set forth below.

26. **REGULATORY APPROVALS.** Subsequent to Administrative Approval, Tenant shall be responsible for obtaining at Tenant’s sole cost and expense all permits, licenses and approvals as may be necessary to construct the Improvements that may be required by City, City Code, federal, state, county and local governments and agencies, laws, ordinances and regulations ("Regulatory Approvals").

27. **INSURANCE.**

27.1. **Tenant Obligation as of the Effective Date of this Lease.** Tenant shall, from the Effective Date of this Lease until the expiration or earlier termination of this Lease or any Renewal Term hereof, maintain at Tenant’s cost, the following insurance:

27.1.1. **Commercial General Liability.** A Commercial General Liability Insurance Policy protecting City against all claims or demands that may arise or be claimed on account of Tenant’s use of the Premises in an amount of at least $2,000,000 for injuries to persons in one accident and $4,000,000 general aggregate, $2,000,000 for injuries to any one person, $1,000,000 for damages to property and $1,000,000 Damage to Rented Premises. Commercial General Liability limits may, from time to time, be adjusted at the discretion of City to reflect the then current, generally acceptable policy limits.

27.1.2. **Builder’s Risk.** Tenant shall require Builders Risk insurance from contractor. The policy shall insure the contractors work at the site to its full insurable value. The Policy shall insure the interests of City, Tenant, the Contractors and subcontractors.

27.2. **Tenant Obligation as of the Commencement Date of this Lease.** Tenant shall, from the Commencement Date of this Lease until the expiration or earlier termination of this Lease or any Renewal Term hereof, maintain at Tenant’s cost, the following insurance:

27.2.1. **Worker’s Compensation.** Workers’ Compensation Insurance in compliance with the laws of the State of Florida. Employers Liability coverage with minimum limits of $100,000 each accident, $100,000 each employee and $500,000 policy limit for disease.

27.2.2. **Personal Property.** Any insurance coverage it may desire on the contents of the Premises.

27.2.3. **Business Interruption Insurance.** Business Interruption Insurance insuring that all sums payable under this Lease, including but not limited to Rent, Additional Rent,
and maintenance charges shall be paid to City if the Premises are destroyed by a risk which is insurable under a standard policy of fire and extended coverage insurance with vandalism and malicious mischief endorsements.

27.2.4. Pollution Liability Insurance. Pollution Liability Insurance with minimum limits of at least $2,000,000.

27.2.5. Real Property. Tenant shall keep in force fire and casualty insurance on a replacement cost basis with respect to the Improvements and betterments with companies licensed to do business in the State of Florida and rated A- (A minus) or better in the then most current issue of Best's Insurance Report.

27.3. City as Additional Insured. All of the insurance required under paragraph 27 of this Lease, shall be effected under enforceable policies issued by insurers licensed to do business in the State of Florida and be rated "A-" or better by a rating agency such as A.M. Best or its equivalent. All policies except Worker's Compensation policies, shall name City as additional insured, be in occurrence form, provide contractual liability covering the liability assumed in this Lease and shall not exclude any activity that would normally be associated with use of the Premises without the prior written consent of City which may be withheld by City at its sole discretion. All policies shall provide that they shall not be subject to cancellation or material change, which affect City, except upon at least thirty (30) days prior written notice to City at the address set forth in paragraph 60 of this Lease.

27.4. Tenant Reporting Requirement. Tenant shall provide City, without notice or demand, duly executed certificates of all insurance required by this Lease, any endorsements, enhancements and exclusions, together with satisfactory evidence of the payment of the premiums thereon prior to the Commencement Date and Tenant shall maintain current certificates of insurance on file with City at all times during the Term, or any Renewal Term hereof. Not less than thirty (30) days prior to expiration of the term of such policies, a certificate showing the renewal coverage shall be delivered to City. Tenant shall provide copies of any of the required policies to City on demand.

27.5. Failure of Tenant to Provide Insurance. If Tenant fails to furnish certificates showing policies paid in full as provided in this Lease, City may, after written notice to Tenant and failure of Tenant to provide the certificate within ten (10) days of such notice, obtain the insurance, and Tenant shall pay City for such costs insurance as Additional Rent.

27.6. Continuing Coverage. The insurance coverage and limits required by paragraph 27 of this Lease are subject to change or revision during the Term. Required insurance coverages and limits may be modified at that time to reflect the then current commercially reasonable coverages and limits. In the event the new coverages and limits are not more than twenty-five percent (25%) in cost than the then current coverages and limits required by paragraph 27 of this Lease, then the coverages and limits required by paragraph 27 of this Lease shall change so that they are equal to the then current commercially reasonable
coverages and limits. If the cost of coverages and limits is twenty-five percent (25%) or more, then coverages and limits required by paragraph 27 of this Lease shall be increased to an amount that could be acquired for the twenty-five percent (25%) increase in cost. City shall provide Tenant thirty (30) days written notice of the then current commercially reasonable coverages and limits together with supporting documentation. Failure of Tenant to comply with such changes shall be considered a Default of this Lease and a request to terminate this Lease.

28. INDEMNIFICATION; DISCLAIMERS.

28.1. Tenant Indemnification. As of the Effective Date, Tenant shall defend at its expense, pay on behalf of, hold harmless and indemnify City, its officers, employees, agents, invitees, elected and appointed officials and volunteers (collectively, "Indemnified Parties") from and against any and all claims, demands, liens, liabilities, penalties, fees, judgments, losses and damages (whether or not a lawsuit is filed) including, but not limited to, costs, expenses and attorneys’ fees at trial and on appeal (collectively, "Claims") for damage to property or bodily or personal injuries, including death at any time resulting there from, sustained by any person or persons, which damage or injuries are alleged or claimed to have arisen out of or in connection with, in whole or in part, directly or indirectly:

28.1.1. Ownership, Occupancy or Use. The ownership, occupancy or use of the Premises by City or Tenant;

28.1.2. Performance of this Lease. The performance of this Lease (including future changes and amendments thereto) by Tenant, its employees, agents, representatives, contractors, subcontractors or volunteers, including but not limited to Tenant’s duty to maintain and warn of dangerous conditions;

28.1.3. Compliance and Conformity. The failure of Tenant, its employees, agents, representatives, contractors, subcontractors or volunteers to comply and conform with any applicable law, statute, ordinance or regulation now or hereinafter in force, including, but not limited to violations of the Americans with Disabilities Act of 1990 ("ADA") and any current or future amendments thereto;

28.1.4. Negligent, Reckless or Intentional Act or Omission. Any negligent, reckless or intentional act or omission of Tenant, its employees, agents, representatives, contractors, subcontractors or volunteers, whether or not such negligence is claimed to be either solely that of Tenant, its employees, agents, representatives, contractors, subcontractors or volunteers or to be in conjunction with the claimed negligence of others, including that of any of the Indemnified Parties.

28.2. Insurance Obligations. The provisions of paragraph 28 of this Lease, are independent of, and shall not be limited by, any insurance obligations in this Lease, and shall survive the expiration or earlier termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination. The
purchase of insurance coverage required by this Lease, or otherwise, shall not relieve Tenant of any duties set forth in paragraph 28 of this Lease.

28.3. **Tenant's Business or Property Damage.** City shall not be responsible or liable at any time for any damage to the Premises or to Tenant's business regardless of the cause, unless such damage is due to City's negligence or wrongful act.

28.4. **Acts or Omissions of Third Parties.** City shall not be responsible or liable to Tenant for any damage to either person or property that may be occasioned by or through the acts or omissions of third parties.

28.5. **Property Defects.** City shall not be responsible or liable for any defect in the Improvements or Premises or any of the equipment, machinery, utilities, appliances or apparatus therein, nor shall it be responsible or liable for any damage to any person or to any property of Tenant or other person caused by or resulting from burst, broken or leaking pipes or by or from, steam or the running, backing up, seepage, or overflow of water or sewage in any part of the Improvements or Premises or for any damage caused by or resulting from acts of God or the elements, the failure of any public utility in supplying utilities to the Improvements or Premises or for any damage caused by or resulting from any defect or negligence in the occupancy, construction, operation or use of any of the Improvements or Premises, machinery, apparatus or equipment by any other person or by or from the acts of negligence of any occupant of the Improvements or Premises.

28.6. **Notice.** Tenant shall give prompt notice to City in case of fire or accidents or other casualties on or about the Improvements or Premises.

28.7. **Risk of Loss.** Tenant shall store its property in and shall occupy the Premises at its own risk.

29. **WAIVER OF SUBROGATION.** City and Tenant hereby waive any rights each may have against the other on account of any loss or damage incurred by City or Tenant, as the case may be, to their respective property, the Premises, or its contents arising from any risk generally covered by fire and extended coverage insurance policies. The Parties each, on behalf of their respective insurance companies insuring the property of either City or Tenant against any such loss or damage, waive any right of subrogation that such companies may have against City or Tenant, as the case may be. Each party covenants with each other that, to the extent such insurance endorsement is available; they shall each obtain for the benefit of the other, a waiver of any right of subrogation from their respective insurance companies, if such endorsement is requested.

30. **ASSIGNMENT AND SUBLEASE.**

30.1. **Consent Required.** Except as set forth in paragraph 30.3 of this Lease, Tenant may not delegate performance nor assign nor sublease nor change or transfer ownership of the
entity that is Tenant of this Lease or any of its rights under this Lease, without prior written
consent, as set forth in paragraph 56 of this Lease, which shall not be unreasonably
withheld. Any such purported delegation or assignment shall be null and void and shall
constitute a material default of this Lease and cause for immediate termination. Any
purported involuntary assignment of this Lease or assignment by operation of law,
whether by bankruptcy or insolvency, merger (whether as the surviving or disappearing
corporation), consolidation, dissolution, reorganization, transfer of Tenant or controlling
interest in Tenant, or court order effectuating such assignment or any other method, shall
be null and void and shall constitute a material default of this Lease and cause for
immediate termination, unless such underlying transaction is approved in accordance
with paragraph 56, of this Lease, in City's sole discretion. Notwithstanding the foregoing,
a pledge of the Tenant's leasehold interest in accordance with paragraph 23.3 of this Lease
shall not be considered an assignment requiring prior City written consent.

30.2. Assignment. Upon an approved Assignment of this Lease, the assignee shall assume all
rights and obligations of Tenant under this Lease. Any assignee of Tenant shall deliver to
City an assumption agreement in a form reasonably satisfactory to City not less ninety
(90) days prior to the effective date of such Assignment. Notwithstanding anything to the
contrary contained in this Lease, upon receipt of a satisfactory assumption agreement,
Tenant's liability shall not terminate under this Lease, and thereafter Tenant, and any
guarantor of Tenant's obligations hereunder, shall have the same liability as if there had
been no Assignment.

30.3. Sublease. Tenant may sublease the Improvements to the Initial Companies or to any
other subtenant(s) that comply with, or further the purpose and goals of the RFP.

31. DEFAULT.

31.1. Events of Default. Subject to Tenant's right to notice and opportunity to cure, set forth
below, Tenant shall be deemed to be in default of its obligations under this Lease upon
the occurrence of any of the following:

31.1.1. Tenant fails to pay any sums required to be paid under this Lease for a period of
ten (10) days after written notice from City to Tenant that such sums are due;

31.1.2. Tenant's failure to perform any covenant, promise or obligation contained in this
Lease;

31.1.3. The appointment of a receiver or trustee for all or substantially all of Tenant's
assets;

31.1.4. Tenant's voluntarily petition for relief under, any bankruptcy or insolvency law, or
the filing of an involuntary bankruptcy petition which is not dismissed within sixty
(60) days;
31.1.5. The sale of Tenant's interest under this Lease by execution or other legal process;

31.1.6. The seizure, sequestration or impounding by virtue of or under authority of any legal proceeding of all, or substantially all, of the personal property or fixtures of Tenant used in or incident to the operation of the Premises;

31.1.7. Tenant making an assignment of all, or substantially all, of the personal property or fixtures of Tenant used in or incident to the operation of the Premises for the benefit of creditors;

31.1.8. Any sale, transfer, assignment, subleasing, concession, license, or other disposition prohibited under this Lease, except as provided for in paragraph 30 of this Lease;

31.1.9. Tenant doing or permitting to be done anything that creates a lien upon the Premises and shall fail to obtain the release of any such lien or bond off any such lien as required herein.

31.1.10. Tenant or Initial Companies or Subsequent Companies have failed to maintain an average number of twenty-five (25) jobs during each of the years 5, 6, 7, 8 and 9 of the Term.

31.1.11. The Premises are not used for the Permitted Use.

31.1.12. The Premises are used in a manner that violates the Premises zoning.

31.2. Notice; Right to Cure. The occurrence of any non-monetary default specified in paragraph 31 of this Lease that is not cured by Tenant within thirty (30) days from Tenant's receipt of written notice from City, provided this thirty (30) day cure period shall be extended for such reasonable period of time as is necessary to cure the default, if the default is not reasonably capable of cure within said thirty (30) day period and Tenant commences and continues to diligently cure the default.

31.3. Failure to Develop Premises or Job Creation. In the event Tenant fails to develop the Premises within the time allowed, or if it fails to meet the job creation requirement set forth in paragraph 14 of this Lease, the following shall apply:

31.3.1. Tenant may elect to pay Rent in the amount of Two Hundred Twenty-Six Thousand Eight Hundred Ninety-Six Dollars ($226,896) per year at the beginning of the third (3rd) year of the Term payable monthly, plus applicable taxes, with the express written consent of City; or

31.3.2. Tenant may vacate and surrender the property to the City, in which event this Lease shall terminate and all obligations herein shall cease as of the date of such surrender, and neither City nor Tenant shall have any further obligations of rights hereunder except for any obligations exiting at the time of termination.
31.4. **City’s Remedies.** Upon Tenant’s default hereunder, and following the cure provisions set forth in paragraph 31.2 of this Lease, City may exercise all remedies available at law or in equity. All such remedies shall be cumulative and non-exclusive, including but not limited to the right to unilaterally terminate this Lease whereupon Tenant shall vacate and surrender the Premises to City free and clear of all liens, encumbrances and restrictions and neither City nor Tenant shall have any further obligations or rights hereunder and Tenant and City shall be released from all obligations hereunder except for any obligation(s) existing at the time of termination.

32. **CONDEMNATION.**

32.1. **Condemnation.** If during the Term, or any Renewal Term hereof, the whole of the Premises are condemned or taken in any manner for public use, or if a portion of the Premises are condemned or taken in any manner or degree to an extent that the Premises are not suitable, as determined by Tenant in its reasonable discretion, for the Permitted Use, then in either event Tenant or City may elect to terminate this Lease as of the date of the vesting of title in the condemning authority. As used in this paragraph, a condemnation or taking includes a deed given or transfer made in lieu thereof.

32.2. **Award.** City shall be entitled to that portion of the condemnation award attributable to City’s interest in the Premises, including the Improvements and the land. Tenant shall be entitled to that portion of the condemnation award attributable to the loss of Tenant’s leasehold in the Premises, Improvements and fixtures on the Premises, its operating losses and its relocation costs.

33. **DESTRUCTION OF IMPROVEMENTS.**

33.1. **Restoration.** If the Improvements are totally destroyed by fire or other casualty or if the Improvements are partially destroyed in an insured event then Tenant shall use the proceeds from its property insurance to rebuild the Improvements to a condition similar to the Improvements’ pre-event condition, or

33.2. **Termination.** If within the last two (2) years of the Term or any Renewal Term then in effect, Tenant may deliver the real property insurance proceeds without offset to City as reimbursement for loss of the Improvements and terminate this Lease within sixty (60) days after such casualty loss, in which event all obligations herein shall cease as of the date of such delivery, and neither City nor Tenant shall have any further obligations or rights hereunder except for any obligations existing at the time of termination.

34. **REPLACEMENT PREMISES.** City is under no obligation to locate or provide a replacement Premises or facilities under any circumstances, including but not limited to, substantial damage to the existing improvements by fire, flood, hurricane, tornado, earthquake or other form of natural disaster, or termination of this Lease.
35. ENVIRONMENTAL. As of the Effective Date, City is unaware of any violation of any Environmental Laws concerning the Premises. City shall provide Tenant with a copy of the Phase I Environmental Site Assessment, if available.

35.1. Definitions. For purposes of this Lease, the following words and phrases shall have the following meaning except where the text clearly indicates a contrary intention:

35.1.1. "Environmental Condition" shall mean any condition of the environment with respect to the Premises that results from Tenant's possession, use, occupation, construction and/or improvement to or operation of Tenant's business on the Premises.


35.1.3. "Hazardous Material" shall mean without limitation (i) those substances included within the definitions of "Hazardous Substances", "Hazardous Materials", "Toxic Substance", or "Solid Waste" in any Environmental Law; (ii) those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto); (iii) any materials, waste, or substance which is (A) petroleum, petroleum by-products, residuals and petroleum degradation by-products; (B) asbestos; (C) polychlorinated biphenyls; (D) flammable explosives; or (E) radioactive materials; and (iv) such other substances, materials, and wastes which are or become regulated or controlled under any Environmental Law, or which would trigger any employee or community...
“right-to-know” requirements adopted by any federal, state or local governing body, or for which such body has adopted any requirements for the preparation of distribution of a hazard communication safety data sheet ("SDS").

35.1.4. "Release" shall mean any releasing, spilling, leaking, pumping, pouring, emitting, emptied, discharging, injecting, escaping, leaching, disposing, or dumping into the environment.

35.2. Tenant’s Obligation. Tenant shall not use, store, generate, transport, dispose, nor cause the release or discharge any Hazardous Materials in or upon the Premises, including but not limited to into any ditch, stream, conduit, storm sewer or sanitary sewer connected thereto or located thereon or knowingly permit any subtenants or other persons or entities occupying the Premises to engage in such activities in or upon the Premises. However, the foregoing provision shall not prohibit the use, storage, maintenance, transportation to and from or handling within the Premises of substances customarily used in the operation of the Premises, provided: (i) such substances shall be used, stored, maintained, transported, handled and disposed of only in accordance with Environmental Laws, (ii) such substances shall not be released or discharged in or upon the Premises in violation of Environmental Laws and the National Fire Protection Association ("NFPA") Code and local fire codes as they may be amended from time to time, and (iii) for purposes of removal and disposal of any such substances, Tenant shall be named as the owner and generator, obtain a waste generator identification number, and execute all permit applications, manifests, waste characterization documents and any other required forms required by the appropriate state or federal environmental authority and hold City harmless.

35.3. City Notification. Tenant shall promptly notify City of: (i) any enforcement, cleanup or other regulatory action taken or threatened by any governmental or regulatory authority with respect to the presence of any Hazardous Materials in or upon the Premises or the migration thereof from or to other property, (ii) any demands or claims made or threatened by any party relating to any loss or injury resulting from any Hazardous Materials in or upon the Premises, and (iii) any matters where City is required by Environmental Laws to give a notice to any governmental or regulatory authority respecting any Hazardous Materials in or upon the Premises.

35.4. Clean up and Remediation. If any Hazardous Materials are released, discharged, or disposed of by Tenant or any other occupant of the Premises in violation of Environmental Laws, Tenant shall immediately, properly and in compliance with Environmental Laws clean up and remove the Hazardous Materials from the Premises and any other affected property. Such cleanup and removal shall be at Tenant’s sole expense.

35.5. Tenant Indemnity. Tenant shall defend, pay on behalf of, indemnify and hold harmless City, its officers, directors, agents, or employees from and against all claims, damages, expenses (including reasonable attorneys’ fees), liabilities and all other obligations
including, without limitation, third party claims for personal injury or real or personal property damage (collectively, "Environmental Claims") arising from or connected with the violation of any Environmental Laws by Tenant or other occupants of the Premises except to the extent any of the foregoing Environmental Claims are attributable to the violation of Environmental Laws by City, its officers, directors, agents or employees. City shall have control over City's and Tenant's involvement in legal proceedings resulting from an environmental violation and covered by the indemnification agreement contained in this Lease. Tenant's duty to indemnify shall survive the expiration or earlier termination of this Lease.

35.6. **Access to Premises.** Tenant shall allow authorized representatives of City or state and federal environmental personnel, at a reasonable time, access to the Premises for the following purposes:

35.6.1. Conducting an environmental audit or other inspections of the Premises.

35.6.2. Reviewing and copying of any records that must be kept under any environmental permit.

35.6.3. Viewing the facility, equipment, practices, or operations regulated or required under such permit.

35.6.4. Sampling or monitoring any substances or parameters at any location subject to any environmental permit or federal, state or municipal environmental law or regulation.

35.7. **Termination by City.** City may unilaterally terminate this Lease following any violation specified in paragraph 35 of this Lease that is not cured by Tenant within thirty (30) days from Tenant's receipt of written notice from City, provided this thirty (30) day cure period shall be extended for such reasonable period of time as is necessary to cure the default, if the default is not reasonably capable of cure within said thirty (30) day period and Tenant commences and continues to diligently cure the default.

35.8. **Survivability.** The provisions of paragraph 35 of this Lease shall survive the expiration or earlier termination of this Lease.

35.9. **No Limitation.** Nothing in this lease shall be interpreted as limiting City's ability to seek contribution from any potentially responsible parties for any environmental violation.

36. **RELATIONSHIP BETWEEN PARTIES.** The relationship between the Parties is that of landlord and tenant.

37. **PARAGRAPH NUMBERS AND CAPTIONS.** The paragraph numbers and captions appearing in this Lease are inserted only as a matter of convenience and in no way define,
limit, construe or describe the scope or intent of such sections. All references to paragraph numbers in this Lease shall include any subparagraphs.

38. ENTIRE AGREEMENT. This Lease and any attachments hereto and forming a part hereof set forth all the covenants, promises, agreements, conditions, and understandings between City and Tenant concerning the Premises and there are no covenants, promises, agreements, conditions or understandings, either oral or written, other than as herein set forth. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon City or Tenant until reduced to writing, approved in accordance with paragraph 56 of this Lease, and signed by City and Tenant.

39. SEVERABILITY. If any term, covenant or condition of this Lease, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term, covenant, or condition to persons or circumstances other than those as to which it was held invalid or unenforceable, shall not be affected thereby and each term, covenant, or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

40. APPLICABLE LAW, VENUE AND JURISDICTION. This Lease shall be governed by and interpreted in accordance with the laws of the State of Florida. Venue for any action brought in state court shall be in Pinellas County, St. Petersburg Division. Venue for any action brought in federal court shall be in the Middle District of Florida, Tampa Division, unless a division shall be created in St. Petersburg or Pinellas County, in which case the action shall be brought in that division. Each party waives any defense of improper or inconvenient venue as to either court and consents to personal jurisdiction in either court.

41. RECORDING. This Lease or a memorandum of this Lease, may be recorded in the public records at the expense of the party so recording.

42. SUCCESSORS. The provisions of this Lease shall inure to the benefit of and be binding upon the respective successors, and assigns of City and Tenant.

43. FORCE MAJEURE. In the event that either party hereto shall be delayed or hindered in or prevented from the performance required hereunder by reason of strikes, lockouts, labor troubles, failure of power, riots, insurrection, war, acts of God, or other reason not the fault of the party delayed in performing work or doing acts ("Permitted Delay"), such party shall be excused for the period of time equivalent to the delay caused by such Permitted Delay. Notwithstanding the foregoing, any extension of time for a Permitted Delay shall be conditioned upon the party seeking an extension of time delivering written notice of such Permitted Delay to the other party within ten (10) days of the event causing the Permitted Delay, and the maximum period of time which a party may delay any act or performance of work due to a Permitted Delay shall be sixty (60) days.

44. BROKERAGE FEES. Tenant and City warrant to each other that there is no broker or other individual entitled to any commission by reason of this Lease. Tenant shall defend,
indemnify, pay on behalf of and hold City harmless from any and all loss, damage, cost and expense, including reasonable attorney's fees, which City may sustain or incur by reason of any real estate commission or fee claimed to be due by, through or under Tenant. City, to the extent permitted by law, shall indemnify, pay on behalf of and hold Tenant harmless from any and all loss, damage, cost and expense, including reasonable attorney's fees, which Tenant may sustain or incur by reason of any real estate commission or fee claimed to be due by, through or under City.

45. CITY’S RIGHTS UNDER LEASE. All rights reserved to City under this Lease shall be exercised in a reasonable manner and in a manner so as to minimize any adverse impact to Tenant’s operations, use or enjoyment of the Premises.

46. TIME PERIODS. Time is of the essence. Time periods herein shall include Saturdays, Sundays, and state and national legal holidays and shall end at 5:00 PM local time.

47. CITY CONSENT AND ACTION.

47.1. For the purposes of this Lease, any required written consent, permission, approval or agreement ("Approval") by City means the Approval of the Mayor or his designee unless otherwise set forth herein and such Approval shall be in addition to any and all Regulatory Approvals for permits and/or other licenses required by law or this Lease.

47.2. For the purposes of this Lease any right of City to take any action permitted, allowed or required by this Lease, may be exercised by the Mayor or his designee, unless otherwise set forth herein.

48. NON–APPROPRIATION. The obligations of City as to any funding required pursuant to this Lease, shall be limited to an obligation in any given year to budget and appropriate from legally available funds, after monies for essential services have been budgeted and appropriated, sufficient monies for the funding that is required during that year. Notwithstanding the foregoing, City shall not be prohibited from pledging any legally available non-ad valorem revenues for any obligations heretofore or hereafter incurred, which pledge shall be prior and superior to any obligation of City pursuant to this Lease.

49. NON–DISCRIMINATION. Tenant for itself and its successors and approved assigns, as a part of the consideration hereof, does hereby covenant that Tenant shall not discriminate against anyone in the use of the Premises on the basis of race, color, religion, gender, national origin, marital status, age, disability, sexual orientation, genetic information or other protected category.

50. CITY AS A MUNICIPAL CORPORATION. Nothing contained herein shall be interpreted to require City to take any action or refrain from taking any action that would be adverse to its status as a municipal corporation.
51. **QUIET ENJOYMENT.** Subject to the terms, covenants and conditions of this Lease, City warrants and covenants that Tenant shall peacefully and quietly have, hold and enjoy the Premises for the entire Term, or any Renewal Term hereof.

52. **ESTOPPEL CERTIFICATE.** Either party, upon request of the other party, shall execute, acknowledge and deliver an instrument, stating, if the same be true, that this Lease is a true and exact copy of the Lease between the Parties, that there are no amendments hereto (or stating what amendments there may be), that the same is then in full force and effect and that, to the best of its knowledge, there are no offsets, defenses or counterclaims with respect to the payment of Rent hereunder or in the performance of the other terms, covenants and conditions hereof on the part of Tenant or City, as the case may be, to be performed, and that as of such date no default has been declared hereunder by either party or if so, specifying the same. Such instrument shall be executed by the other party and delivered to the requesting party within sixty (60) days of receipt of a request therefore.

53. **NO WAIVER.** The exercise by City of any right or remedy to enforce its rights under this Lease shall not constitute a waiver of, or preclude the exercise of, any other right or remedy afforded City by this Lease or by statute or law; nor shall the acceptance of Rent or other payment be deemed to be a waiver of any such default. The failure of City in one or more instances to insist on strict performance or observations of one or more of the covenants or conditions of this Lease, or to exercise any remedy, privilege or option conferred by this Lease on or reserved to City, will not operate or be construed as a relinquishment or future waiver of the covenant or condition or the right to enforce it or to exercise that privilege, option or remedy, but that right will continue in full force and effect. No term, covenant or condition of this Lease shall be deemed to have been waived by City, unless such waiver is in writing.

54. **RADON GAS DISCLOSURE.** Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of Radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding Radon and Radon testing may be obtained from your county public health unit.

55. **NO CONSTRUCTION AGAINST PREPARER OF LEASE.** This Lease has been prepared by City and reviewed by Tenant and its professional advisors. City, Tenant and Tenant's professional advisors believe that this Lease expresses their agreement and that it should not be interpreted in favor of either City or Tenant or against City or Tenant merely because of its efforts in preparing it.

56. **AGENCY APPROVAL; CITY COUNCIL APPROVAL.** This Lease and any amendments thereto, are subject to the approval of the Agency, approval by City Council, and execution by the Mayor or his designee.
57. COUNTERPARTS. This Lease may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

58. COMPLIANCE WITH FEDERAL, STATE, COUNTY, AND LOCAL LAWS. With respect to the Premises, the Parties shall comply with all applicable federal, state, county, and local laws, regulations, ordinances, and health and safety rules and regulations (collectively "Laws") at all times. In the event of a conflict between this Lease and any Laws, the Laws shall prevail. No such conflict with any Laws shall be deemed a Default of this Lease.

59. FACSIMILE/ELECTRONIC. A facsimile (fax) or electronic copy (e-mail or pdf) of this Lease and any signatures thereon shall be considered for all purposes as originals.

60. DUE AUTHORITY; REPRESENTATIONS; WARRANTIES Each party to this Lease, that is not a natural person, represents and warrants to the other party (ies) that

60.1. It is a duly organized, qualified and existing entity under the laws of the State of Florida, and

60.2. All appropriate authority exists so as to duly authorize the persons executing this agreement to so execute the same and fully bind the party (ies) on whose behalf they are executing; and

60.3. This Lease constitutes a valid and legally binding obligation of the Parties, enforceable in accordance with its terms and conditions; and

60.4. There are no agreements, contracts, covenants, conditions or exclusions which would, if enforced, prohibit or restrict the operation of the Premises for the Permitted Use.

61. FIRST RIGHT TO NEGOTIATE. In the event that the Lease and Development Agreement of Parcel 1 of the St. Petersburg Commerce Park with MCSP Holdings LLC d/b/a Euro Cycles of St. Petersburg is terminated during the Term of this Lease, then Tenant shall, for a period of ninety (90) days from such termination, have the first right to negotiate a Lease and Development Agreement and/or Purchase Agreement with City for Parcel 1.

62. NOTICES. Any notice, demand, request or other instrument which may be or is required to be given or delivered under this Lease shall be deemed to be delivered (i) whether or not actually received, five (5) days after deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, or (ii) when received (or when receipt is refused) if delivered personally or sent by a nationally recognized overnight courier, all charges prepaid, at the addresses of City and Tenant set forth in this paragraph. Such address may be changed by written notice to the other party in accordance with this paragraph. The Parties acknowledge that copies of any notice sent by facsimile or e-mail are for convenience only, and shall not be deemed to be proper notice required hereunder.
63. SMALL BUSINESS ENTERPRISE PROGRAM. Tenant shall make a credible effort to engage businesses participating in the City’s Small Business Enterprise Program (SBE), with preference for St. Petersburg based SBE companies, during the design and construction phases of the project and in the ongoing operations of the end user business(es) with a SBE goal of thirty percent (30%).

64. PROHIBITED USES. Notwithstanding anything to the contrary in this Agreement, Tenant shall ensure an appropriate mix of retail uses to serve the community, the following are prohibited uses/activities within the retail space of the Project; payday check cashing services and other predatory lenders, pawn shops, sale of drug paraphernalia, and adult use, adult use establishment and adult use business.

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

SIGNATURE PAGES FOLLOW THIS PAGE
IN WITNESS WHEREOF the Parties hereto have caused this Lease to be executed by their duly authorized representatives on the day and date first written above.

WITNESSES

St. Petersburg Commerce Park, LLC.

By: Thomas A. Callahan, CEO

STATE OF FLORIDA )
COUNTY OF PINELLAS )

The foregoing instrument was acknowledged before me this 26 day of May 2016, by Thomas A. Callahan, as CEO, of St. Petersburg Commerce Park, LLC, a Florida Limited Liability Company, on behalf of the company and appeared before me at the time of notarization.

Personally known __
Presented __________________________ as identification

Notary Public - State of Florida

Notary Signature

Commission Expires
The foregoing instrument was acknowledged before me this 15th day of June 2016, by Rick Kriseman and Chan Srinivasa as its Mayor and City Clerk, respectively, of City of St. Petersburg, Florida, a Florida municipal corporation, existing under the laws of the State of Florida, on behalf of the corporation. They are personally known to me and appeared before me at the time of notarization.

Notary Public - State of Florida

CATHY E. DAVIS
Commission Expires March 12, 2017
Bonded Texas Title Insurance 300-265-7219

APPROVED AS TO CONTENT:

RICHARD B. BADGLEY
Assistant City Attorney

APPROVED AS TO FORM:

RICHARD B. BADGLEY
Assistant City Attorney
EXHIBIT "B"
LEASE COMMENCEMENT MEMORANDUM

THIS LEASE COMMENCEMENT MEMORANDUM ("Memorandum"), made and entered into this 2nd day of June 2017, by and between the City of St. Petersburg, a Florida municipal corporation, ("City") and St. Petersburg Commerce Park, LLC, a Florida Limited Liability Company ("Tenant") (collectively "Parties").

WITNESSETH

WHEREAS, City and Tenant entered into a lease agreement dated June 15, 2016 ("Lease") pursuant to St. Petersburg City Council Resolution 2016-213 that provided that the Lease shall commence on the first (1st) day of the month following site plan approval for the improvements to the Premises ("Commencement Date"); and

WHEREAS, the site plan was conditionally approved on April 14, 2017.

NOW THEREFORE, the Parties agree that commencement of the Term of the Lease occurred on May 1, 2017 and each party to this Memorandum represents and warrants to the other party that (i) it is duly organized, qualified and existing entity under the laws of the State of Florida, and (ii) all appropriate authority exists so as to duly authorize the persons executing this Memorandum to execute the same and fully bind the party on whose behalf they are executing.

SIGNATURE PAGES FOLLOW THIS PAGE

REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK
IN WITNESS WHEREOF the Parties hereto have caused this document to be executed by their duly authorized representatives on the day and date first above written.

WITNESSES

Sign: [Signature]
Print: A.V. E. Nelson

St. Petersburg Commerce Park, LLC.

Sign: [Signature]
Print: Debra Raley

By: Thomas A. Callahan, CEO

STATE OF FLORIDA )
COUNTY OF PINELLAS )

The foregoing instrument was acknowledged before me this ___ day of ______, 2017, by Thomas A. Callahan, as CEO, of St. Petersburg Commerce Park, LLC, a Florida Limited Liability Company, on behalf of the company and appeared before me at the time of notarization.

Personally known X
Presented ________________________________ as identification

Notary Public - State of Florida

[Signature]
Notary Signature
 Reviewed by:

Bruce Grimes, Director
Real Estate & Property Management

STATE OF FLORIDA  )
COUNTY OF PINELLAS  )

The foregoing instrument was acknowledged before me this 2nd day of June 2019, by Rick Kriseman and Chan Srinivasa as its Mayor and City Clerk, respectively, of the City of St. Petersburg, Florida, a Florida municipal corporation, existing under the laws of the State of Florida, on behalf of the corporation. They are personally known to me and appeared before me at the time of notarization.

Notary Public - State of Florida

Notary Signature

APPROVED AS TO CONTENT:

City Attorney (Designee)
By: RICHARD B. BADGLEY
Assistant City Attorney

Legal: 00321041.doc V. 1
### Income Limits
For FY 2015-2016

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<td>$69,850</td>
<td>$52,390</td>
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</table>

Median income for the Tampa/St. Pete/Clearwater MSA per HUD memorandum is $59,000.
South St. Petersburg Community Redevelopment Area
### JOBS TO BE CREATED - TO BE INCORPORATED INTO CONTRACT

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<thead>
<tr>
<th>Job Title &amp; Description</th>
<th># of Jobs</th>
<th>Hours per Week</th>
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Written agreement with the City will state:

1. entity will provide training for jobs designated to be available to low/mod, if those classifications require special skills or education, and
2. a description of the actions to be taken by entity to ensure low/mod persons receive first consideration for designated jobs.
EXHIBIT "E" 2 of 4

Company Name: ____________________________

Verification of Job Creation

Name of New Hire: __________________________________________

Employee's Home Address: _______________________________________

Education Level:  □ Ninth Grade
                  □ High School/GED
                  □ A.A. Degree (two years of college)
                  □ Four years of college
                  □ Advanced degree: __________________________

Employee ethnicity: Hispanic or Latino  □ Yes  □ No

Employee Race: __________________________________________

Head of Employee's Household (check appropriate space):  □ Female head of household
                                                        □ Male head of household

Number of persons in employee's household (including employee): ________________

Please provide the total gross income of the members of your household as of the date of hire by ________________.
This must include the income of all members of the household, regardless of relationship to employee. Income of the
employee's household includes the salary to be paid by ________________.

<table>
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<tr>
<th>HOUSEHOLD MEMBERS</th>
<th>RELATIONSHIP TO EMPLOYEE</th>
<th>AGE</th>
<th>GROSS ANNUAL INCOME</th>
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<td>TOTAL ANNUAL INCOME OF HOUSEHOLD</td>
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I hereby certify that the information provided is true to the best of my knowledge and belief, and authorize ________________
to verify said information. I am aware that the above information is subject to verification by the local or Federal
government.

__________________________________________  ____________________________
Employee Signature  Date
EXHIBIT "E" 3 of 4

Company Name: ________________________

Verification of Job Creation

For Company/City Use Only:

Job Title: ___________________________ Position Number: ____________ Start Date: _______ (mm/dd/yyyy)

[ ] Full Time  [ ] Part Time

Hours per week: __________________________

Employee’s households income level:

[ ] Very low income (0-50% mfi)

[ ] Low income (51-80% mfi)

[ ] Over income (over 81% mfi)

Income was verified by obtaining copies of:

(Attach copy of documents used for verification)

Employee resides in:

City limits of St. Petersburg: [ ] Yes  [ ] No

NRSA Target Area: [ ] Yes  [ ] No

Residency was verified by obtaining copies of:

(Attach copy of documents used for verification)

Date of hire: ________ Hourly Wage: ________ Annual Salary: ________

Training to be provided:

________________________________________________________________________

First day of employment:

________________________________________________________________________

Signature of Company Representative __________________________ Date __________________________

PENALTY FOR FALSE OR FRAUDULENT STATEMENT: U.S.C. Title 18, Section 1011, provides: “Whoever in any matter within the jurisdiction of any Department or Agency of the United States, knowingly and willfully falsifies... Or make any false, fictitious or fraudulent statements or representation or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $1,000 or imprisoned not more than 5 years or both.”
EXHIBIT "E" 4 of 4

Monthly Report

AGENCY: 

PROJECT NAME: 

REPORT FOR MONTH OF: 

<table>
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<tr>
<th>Position</th>
<th>Job Title and Description</th>
<th>Anticipated Hiring Date</th>
<th>Proposed Hourly Wage</th>
<th>Name of Person Hired</th>
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</table>

Name of job title of any person hired in previous months who left employment during the report month:

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Please attach Exhibit "C" (2 & 3 of 4) income certification for each person hired during the report month.

The information provided herein is an accurate representation of activity for the reported month.

Signature of Agency Representative ___________________________ Date __________
JOBS TO BE CREATED - TO BE INCORPORATED INTO CONTRACT

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<th>Job Title &amp; Description</th>
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Written agreement with the City will state:
1. entity will provide training for jobs designated to be available to low/mod, if those classifications require special skills or education, and
2. a description of the actions to be taken by entity to ensure low/mod persons receive first consideration for designated jobs.
EXHIBIT "E" 2 of 4

Company Name: _______________________

Verification of Job Creation

Name of New Hire: _______________________

Employee's Home Address: _______________________

Education Level: □ Ninth Grade
□ High School/GED
□ A.A. Degree (two years of college)
□ Four years of college
□ Advanced degree: _______________________

Employee ethnicity: Hispanic or Latino □ Yes □ No

Employee Race:
□ White
□ Black/African American
□ Asian
□ American Indian/Alaskan Native
□ Native Hawaiian/Other Pacific Islander
□ American Indian/Alaskan Native & White
□ Asian & White
□ Black/African American & White
□ American Indian/Alaskan Native & Black/
□ African American
□ Other Multi-Racial

Head of Employee's Household (check appropriate space): □ Female head of household
□ Male head of household

Number of persons in employee's household (including employee): _______________________

Please provide the total gross income of the members of your household as of the date of hire by _______________________.
This must include the income of all members of the household, regardless of relationship to employee. Income of the employee's household includes the salary to be paid by _______________________.

<table>
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TOTAL ANNUAL INCOME OF HOUSEHOLD $

I hereby certify that the information provided is true to the best of my knowledge and belief, and authorize ______________________ to verify said information. I am aware that the above information is subject to verification by the local or Federal government.

Employee Signature _______________________

Date _______________________

page 1 of 2
EXHIBIT "E" 3 of 4

Company Name: ___________________________

Verification of Job Creation

For Company/City Use Only:

Job Title: ___________________________ Position Number: ___________ Start Date: ___________ (mm/dd/yy)

[ ] Full Time [ ] Part Time

Hours per week: ___________

Employee's household income level:

[ ] Very low income (0-50% mfi)
[ ] Low income (51-80% mfi)
[ ] Over income (over 81% mfi)

Income was verified by obtaining copies of:

(Attach copy of documents used for verification)

Employee resides in: City limits of St. Petersburg: [ ] Yes [ ] No

NRSA Target Area: [ ] Yes [ ] No

Residency was verified by obtaining copies of:

(Attach copy of documents used for verification)

Date of hire: ___________ Hourly Wage: ___________ Annual Salary: ___________

Training to be provided:

________________________________________________________________________

First day of employment: ___________

Signature of Company Representative Date

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EXHIBIT “E” 4 of 4

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Name of job title of any person hired in previous months who left employment during the report month:

Please attach Exhibit “C” (2 & 3 of 4) income certification for each person hired during the report month.

The information provided herein is an accurate representation of activity for the reported month.

Signature of Agency Representative ___________________________ Date ___________________________
THIRD PARTY GUARANTY OF LEASE

THIS THIRD PARTY GUARANTY OF LEASE ("Guaranty") is executed this 25th day of May, 2017, by EMP Industries, Inc., a Florida Profit Corporation ("Guarantor").

FOR VALUE RECEIVED, and in consideration of and as an inducement for the execution and delivery of that certain Lease and Development Agreement dated the 15th day of June, 2016 between the City of St. Petersburg, Florida, a municipal corporation, ("City") and St. Petersburg Commerce Park, LLC, a Florida limited liability company ("Tenant") regarding the premises known as Parcels 2A and 2B, and Parcels 3A and 3B, of St. Petersburg Commerce Park ("Lease"); the undersigned Guarantor hereby absolutely and unconditionally guarantees to City, the full and prompt payment of all rent, additional rent and any and all other sums and charges payable by Tenant under the Lease, and the covenants and agreements to be performed and observed by the Tenant, Guarantor hereby covenants and agrees that if default shall at any time be made by the Tenant in the payment of any such amounts or of performance under the Lease, the Guarantor will pay within 10 days of notification of such rent and other sums and charges to City, and/or perform and fulfill all of such covenants and agreements resulting from any default by the Tenant under the Lease or by the enforcement of the Guaranty. If more than one guarantor delivers the guaranty, their obligations herein shall be joint and several.

This Guaranty is an absolute and unconditional guaranty of payment and of performance. It shall be enforced against the Guarantor, without the necessity of any sublet or proceedings on City’s part of any kind or nature whatsoever against the Tenant or any other Guarantor and without the necessity of any notice of nonpayment, non-performance, non-observance, or acceptance of the Guaranty, or any other notice or demand, all of which the Guarantor hereby expressly waives. The Guarantor hereby agrees that the validity of the Guaranty and the obligations of the Guarantor hereunder shall in no way be terminated, affected, diminished or impaired by reason of the assertion of failure to assert by City against the Tenant any of the rights and remedies available to City, or by the relief of Tenant from any of the Tenant’s obligations under the Lease by the rejection of the Lease in connection with proceedings under any bankruptcy law now or hereafter in effect or otherwise. This Guaranty may be enforced against Guarantor without the necessity of recourse against Tenant or any other parties responsible. Guarantor consents that any proceedings to enforce this Guaranty of related rights may be brought in any court sitting in Pinellas County, Florida and Guarantor consents to personal jurisdiction of such courts and agrees that they may be served with process by certified mail addressed to him at the address shown below. Any actions to enforce this Guaranty shall be governed by the laws of the State of Florida.

The Guaranty shall be a continuing Guaranty, and the liability of the Guarantor hereunder shall in no way be affected, modified or diminished by reason of any assignment, renewal, modification or extension of the Lease or any subleasing thereof or by reason of any modification or waiver of or change in any of the terms, covenants, conditions or provisions of the Lease, or alterations, modification or other indulgences granted by City to Tenant, whether or not the Guarantor has knowledge or notice thereof. The Lease together with this Guaranty may be assigned by City without notice to Guarantor. The assignment by City of the Lease and/or the
rents and other receipts thereof made either with or without the Guarantor's knowledge or notice shall in no manner whatsoever release the Guarantor from any liability hereunder.

All of the rights and remedies of City under the Lease or under this Guaranty are intended to be distinct, separate and cumulative, and no such right or remedy therein or herein shall be construed as a waiver or exclusion or any other remedy available to City.

This Guaranty shall be binding upon the heirs, administrators, executors, successors, and assigns of the Guarantor, and shall insure to the benefit of City, its successors and assigns. Guarantor hereby consents to City performing a credit check on Guarantor.

This Guaranty shall terminate on May 1, 2022 ("Termination Date") and Guarantor shall have no further obligations under this Guaranty provided, however, that such termination shall not operate to release or relieve Guarantor of any obligations or liabilities on its part which accrued or existed prior to the Termination Date, and the same shall continue to be and remain its obligations and liabilities following the Termination Date and shall survive the termination until fully and finally reconciled or extinguished by operation of law.

I AUTHORIZE CITY TO CONTACT PREVIOUS LANDLORD(S), CREDIT AND PERSONAL REFERENCES THAT I HAVE PROVIDED.

IN WITNESS WHEREOF, undersigned Guarantor has executed this Guaranty of Payment on this 25 day of May, 2017.

GUARANTOR

EMP Industries, Inc.
By: Thomas A. Callahan
As Its: President

STATE OF FLORIDA )
PINELLAS COUNTY )
The foregoing instrument was acknowledged before me this 25 day of May, 2017, by Thomas A. Callahan, as President of EMP Industries, Inc., a Florida corporation, on behalf of the company. He/She is personally known to me, or provided ___________________________ as identification and appeared before me at the time of notarization.

Notary Public - State of Florida
Notary Signature

(Notary Seal)
EXHIBIT "H" Survey of Premises follows this page.
TO: The Honorable Charles W. Gerdes, Chair and Members of City Council

SUBJECT: Second Amendment to the Lease and Development Agreement with St. Petersburg Commerce Park, LLC, a Florida Limited Liability Company.

OBJECTIVE: To authorize the Mayor, or his designee, to execute a Second Amendment to the Lease and Development Agreement with St. Petersburg Commerce Park, LLC, a Florida limited liability company, dated June 15, 2016.

BACKGROUND: On June 15, 2016, the City of St. Petersburg ("City") executed a Lease and Development Agreement ("Lease") with St. Petersburg Commerce Park, LLC, a Florida Limited Liability company ("Tenant"), pursuant to Community Redevelopment Agency Resolution No. 2016-6 and City Council Resolution No. 2016-213. The Lease provides for the Tenant's use of portions of the City-owned property known as St. Petersburg Commerce Park, generally located west of 22nd Street South to 26th Street South and from approximately 6th Avenue South to the boundary of Interstate 275, lying within the South St. Petersburg Community Redevelopment Area ("CRA"), for a term of fifty (50) years at a structured rent and purchase option under certain conditions. The specific property consists of parcels 2A, 2B, 3A and 3B ("Premises") of the St. Petersburg Commerce Park. Under the Lease, the Tenant was to construct a mixed-use development consisting of retail, industrial and workforce housing.

On June 6, 2017, the Tenant requested several revisions to the Lease in order for the Tenant to obtain financing for both developments. On May 30, 2018, Administration and the Tenant entered into a First Amendment to the Lease, which provided the following changes:

1. Changing the Lease Term from 50 years to 65 years;
2. Clarifying that the Industrial Development shall be completed and operational by May 1, 2019 and extending the deadline for the Residential Development to be completed and operational by May 1, 2020;
3. Bifurcation of the default provisions, in order to assure the lender that any default under the Lease would be treated as specific to the development in which the default occurred.

PRESENT SITUATION: On May 15, 2019, Real Estate and Property Management was directed by Administration to make several substantial changes to the Lease including, but not limited to, an extension of time to complete development of the property, job creation, a continuance of current rent, changes to option terms and price, and other substantial changes to facilitate an investment by principals of Harborage Land Group, who are seeking to obtain a majority and controlling interest in St. Petersburg Commerce Park, LLC.
The essence of this amendment is to extend the development deadline for the Tenant in return for immediate job creation to meet HUD requirements. Should the jobs not be created as required, Tenant shall pay a penalty for each job not created. It was critical to Administration that clear financial capability and timeline requirements were established in the amendment and believe this has been accomplished.

Administration and the Tenant have subsequently negotiated a Second Amendment to the Lease ("Second Amendment") which includes the following major business points:

1. Inclusion of a Due Diligence Period in which the Tenant shall have up to ninety (90) days after the Commencement Date to perform inspections, review documents, provide evidence of financial capability to construct the Industrial Buildings as well as other specific requirements.

2. The Tenant shall continue to pay rent in the amount of $3,290 per month for twenty-four (24) months following the Commencement Date of the Second Amendment, after which time the Tenant shall pay $9,454 per month until the end of the Term or until the Tenant exercises the Purchase Option as per the Second Amendment. Should the Tenant default in the performance of any provisions contained within the Lease or the Second Amendment, the Tenant shall pay default rent as provided for in the Second Amendment.

3. On or before October 30, 2019, the Tenant shall deliver written verification of a firm funding commitment, acceptable to the City, for construction of two (2) industrial buildings, each containing a minimum of 30,000 square feet for a total of a minimum of 60,000 square feet total. This verification will state in no uncertain terms that final underwriting has been completed and that the money has been distributed to the Tenant or is available for immediate access and use.

4. Tenant shall submit a permit application for Industrial Building A within fifteen (15) days from the end of the Due Diligence Period, with a permit application for Industrial Building B submitted within thirty (30) days from commencement of construction of Industrial Building A. Tenant shall submit a mixed use development site plan for the Residential Development within one-hundred-twenty (120) days from the end of the Due Diligence Period. Construction of the residential development shall commence within thirty (30) days from issuance of building permits. The Second Amendment includes specific time frames which must be met for the Industrial and Residential components of the development. If these timelines are not met, the default provisions as referenced in paragraph 31.2 of the Lease shall immediately apply.

5. The industrial buildings will be made available to, and reasonably divided among, EMP Industries Inc., Marinetek, Concrete Professionals, Ferg's Enterprise and EConcrete Systems (collectively "Initial Companies"), and any other companies deemed suitable by the Tenant (collectively "Subsequent Companies").
6. Within one hundred twenty (120) days from the end of the Due Diligence Period as provided for in the Second Amendment, the Tenant shall submit to the City a master plan for a Mixed Use Residential Development that provides up to three hundred (300) residential units with workforce and affordable housing components. This requirement is contingent upon a change in land use and/or zoning designation for the portion of the property identified as Mixed Use Residential to CRD/CCT-2. Should the future land use and/or zoning changes be denied for any reason, the Tenant shall still proceed with the Residential Development as outlined above at or near the maximum density currently allowed on Parcel 2A under current zoning regulations.

7. The City will initiate a Comprehensive Plan Future Land Use Map Amendment and rezoning process ("Process") for the portion of the property identified as Mixed Use Residential to future land use category CRD and zoning category CCT-2 to permit construction of forty-six (46) residential units per acre, with Workforce Housing Bonus Density. Fifty percent (50%) of these units must be made available to Moderate Income Households, at or below eighty percent (80%) of Area Medium Income ("AMI"), and fifty percent (50%) to be made available for Workforce Housing, households at or below one-hundred-twenty percent (120%) of AMI. The Tenant shall pay all applicable fees and costs associated with the aforementioned prior to the City initiating the Process, or the City may discontinue pursuit of any such application. Fifty percent (50%) of the total number of housing units developed must be made available for Workforce Housing and fifty percent (50%) may be made available at market rates. The Tenant and the City agree to work together to try to make available ten percent (10%) of the units to households with incomes at sixty percent (60%), or less, of AMI. The Parties will assess the pro-forma and work together to determine if sufficient public financial subsidy, including any existing Housing programs, or other incentives are available to accomplish this goal.

8. The aspirational goal of the Parties is that completion of all development shall occur within thirty (30) months from the Effective Date of the Second Amendment.

9. **Job Creation:**

9.1. The Tenant shall obtain commitments from the proposed Initial and/or Subsequent Companies of the industrial buildings to provide sixty-two (62) livable wage jobs ("Jobs") no later than October 15, 2019. Not less than thirty-one (31) Jobs shall employ individuals from households in the low to moderate income range, defined as at or below 80% of Moderate Income, and not less than sixteen (16) Jobs shall employ individuals from the CRA.

9.2. Until completion of the two (2) industrial buildings, the Tenant shall ensure that the workers that make up the Jobs are provided with temporary workspace.

9.3. The Tenant shall have the absolute responsibility to ensure that the City is provided with sufficient documentation to demonstrate compliance with HUD requirements including, but not limited to, completed copies of all applicable exhibits to the Lease for each and every one of the Jobs.
9.4. Should the Tenant fail to ensure creation of all Jobs and provide all documentation of same by October 15, 2019, the Tenant shall pay the City $35,000 for each job below sixty-two (62) not created in accordance with the terms of the Second Amendment.

10. The Tenant shall have the Option to Purchase the Premises for One Million Six Hundred Twenty Thousand Six Hundred Fifty Dollars ($1,620,650). The Premises may be acquired in two (2) separate transactions as follows:

10.1. The industrial portion of the Premises may be purchased after the Tenant has completed construction of Buildings A and B and both buildings are occupied, as evidenced by documentation acceptable to the City. In addition, all job creation requirements must be met.

10.2. The residential portion of the Premises may be purchased by the Tenant subject to the following:

10.2.1. The Tenant has constructed Building A and has commenced construction on Building B.

10.2.2. The Tenant must provide written verification of a firm financing commitment, acceptable to the City, for construction of the Mixed Use Development.

10.2.3. All applicable building permits for the Mixed Use Development have been issued by the City.

10.3. The purchase price for each portion of the Premises, as described above, shall be determined according to the percentage of land included with each portion.

11. Upon the Tenant meeting all requirements regarding job creation as set forth in the Second Amendment, the City will reduce the purchase price as follows:

11.1. On the date of purchase, for each Low Mod Job timely created, verified, and maintained through closing, in excess of the 31 Low Mod Jobs required, the City will credit $28,000 towards the purchase price, and for each CRA Job timely created, verified, and maintained through closing, in excess of the 16 CRA Jobs required, the City will credit $35,000 towards the purchase price.

11.2. In no event shall the purchase price be reduced below ten dollars ($10).

12. The Third-Party Guaranty of Lease, as executed by Thomas A. Callahan on May 25, 2017, shall remain in effect.

ANALYSIS: The Second Amendment provides the modifications requested by the Tenant to complete the proposed developments, which seek to create the addition of sixty-two (62) livable
wage jobs, not less than thirty-one (31) of which will be from households in the low-to-moderate income range and not less than sixteen (16) jobs employing individuals from the CRA.

SUMMARY: The Tenant has executed the Second Amendment, subject to City Council approval, with all of the other terms and conditions contained in the Lease remaining in full force and effect.

RECOMMENDATION: Administration recommends City Council adopt the attached resolution authorizing the Mayor, or his designee, to execute a Second Amendment to the Lease and Development Agreement, dated June 15, 2016, with St. Petersburg Commerce Park, LLC, a Florida limited liability company; consenting to the change in the ownership entity; and to execute all documents necessary to effectuate same; and providing an effective date.

COST/FUNDING/ASSESSMENT INFORMATION: N/A

ATTACHMENTS: Second Amendment to the Lease and Development Agreement Resolution

APPROVALS: Administration: 

Budget: N/A

Legal: (As to consistency w/attached legal documents)
SECOND AMENDMENT
TO THE LEASE AND DEVELOPMENT AGREEMENT
BETWEEN
CITY OF ST. PETERSBURG
AND
ST. PETERSBURG COMMERCE PARK, LLC.

THIS SECOND AMENDMENT TO THE LEASE AND DEVELOPMENT AGREEMENT ("Second Amendment") is made this ___ day of__________, 2019, by and between the CITY OF ST. PETERSBURG, Florida, a municipal corporation ("City"), and St. Petersburg Commerce Park, LLC., a Florida Limited Liability Company ("Tenant") (collectively "Parties").

RECITALS

WHEREAS, the Parties entered into that Lease and Development Agreement dated June 15, 2016 ("Lease") for the development of the Premises; and

WHEREAS, the Commencement Date was May 1, 2017, as evidenced by the Lease Commencement Memorandum signed by the Parties on June 2, 2017; and

WHEREAS, under the Lease, the Tenant is responsible for constructing a mixed-use development on the Premises, including office/warehousing/manufacturing space, along with workforce housing accompanied by ground floor nonresidential uses; and

WHEREAS, A First Amendment to the Lease was executed on May 30, 2018 extending the Term from fifty (50) years to sixty five (65) years and extending the deadline for development, among other changes; and

WHEREAS, on May 15, 2019, Real Estate and Property Management was directed by Administration to make several substantial changes to the Lease including, but not limited to, an extension of time to complete development of the property and job creation, to facilitate an investment by principals of Harborage Land Group, who are seeking to obtain a majority and controlling interest in St. Petersburg Commerce Park, LLC; and

WHEREAS, upon execution of this Amendment the Tenant shall be in compliance with all terms of the Lease as amended having previously taken all required actions to satisfy the requirements set forth in paragraphs 5, 15, 22, and 27 and having paid all Rent and Taxes due through the Effective Date of this Amendment; and

WHEREAS, the Parties have agreed to the modifications set forth in this Second Amendment.

NOW THEREFORE, in consideration of the above recitals and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged and the promises and covenants contained herein, the Parties agree as follows:
1. **CAPITALIZED TERMS.** All capitalized terms in this Second Amendment shall have the same meaning specified in the Lease unless otherwise set forth herein.

2. **RECITALS.** The above recitals are true, correct, and incorporated herein by reference.

3. **EFFECTIVE DATE.** This Second Amendment shall be effective the date the City executes this Second Amendment.

4. Paragraph 2 of the Lease, Premises, is amended to add the following sentences: "Because of potential for change in where the Mixed Use Residential is built due to the change in land use being pursued by the City, as set forth in Paragraph 16.5, the Parcels referred to in this Lease may also generally refer to areas designated for development of the Industrial and Mixed Use Residential in Paragraph 14, as well as new lots created pursuant to the re-platting required by this Lease. In addition, Exhibit "I" is added to show the Party's general intent for development of the property in the event the rezoning is approved. In the event the rezoning is not approved, the Parties anticipate the Mixed Use Residential being restricted to a smaller area than depicted in Exhibit "I"."

5. Paragraph 4 of the Lease, **Due Diligence Period**, is deleted and replaced with the following:

   4. **DUE DILIGENCE PERIOD.** Tenant shall have up to ninety (90) days ("Due Diligence Period") after the Commencement Date to:

   4.1. Perform its inspections, review documents.

   4.2. Comply with the schedule of submittals for Industrial Buildings “A” and “B”, as described in paragraphs 14.1.2 and 14.1.3.

   4.3. Provide evidence of financial capability to construct the Industrial Buildings “A” and “B”, as described in paragraph 14.1.1.1.

   4.4. Pay all fees and costs invoiced by the City, at the standard rate charged by the City, which are associated with a requested zoning and land use change.

   4.5. No later than the last day of the Due Diligence Period Tenant shall deliver notice to the City if Tenant intends to proceed under the Lease. If Tenant notifies the City that Tenant will proceed, Tenant shall be deemed to have accepted Premises in "AS IS" condition. If Tenant does not deliver notice of acceptance, or terminates this Agreement prior to or on the last day of the Due Diligence Period, neither party shall have further obligation to the other after the date of Termination.

5. Paragraph 6.1 of the Lease, **Extension**, is deleted in its entirety.

6. Paragraph 8 of the Lease, **Commencement Date**, is deleted and replaced with the following:

   8. **COMMENCEMENT DATE.** From the Effective Date of this second amendment, all references to Commencement Date shall be deemed to refer to August 1, 2019 ("Commencement Date").

7. Paragraph 9 of the Lease is hereby amended to read as follows:

   9. **TERM; RENEWAL.** The initial Term of this Lease ("Term") shall be for a period of
sixty-five (65) years beginning on the Commencement Date and expiring on the sixty-fifth (65th) Anniversary of the Commencement Date.

8. Paragraph 10.2 of the Lease is hereby amended to read as follows:

10.2. As of May 1, 2017, Tenant shall have the right to access, use and make improvements to the Premises, in accordance with the terms and conditions of this Lease, including all permitted temporary improvements and uses described in Paragraph 14.

9. Paragraph 11.2 of the Lease, Rent Calculation, is deleted and replaced with the following:

11.2. Rent Schedule. Rent shall be paid as follows:

11.2.1. Tenant shall continue to pay $3,290 per month for twenty-four (24) months following the Commencement Date, after which time Tenant shall pay $9,454 per month until the end of the Term or until Tenant exercises Purchase Option as described in paragraph 17. If Tenant exercises any Option to purchase less than the entire Premises, rent shall be reduced proportionally to the amount of the entire Premises purchased. Calculation example follows:

11.2.1.1. In the 12th month of the Term, Tenant purchases the Industrial portion of the Premises which represents sixty percent (60%) of the square footage of the Premises, Rent shall be reduced by sixty-percent (60%) from $3,290 a month to $1,316 a month.

11.2.2. Default Rent. Should Tenant default in the performance of any requirement outlined in Paragraph 14, Tenant shall pay default rent ("Default Rent"), until such time as that default is cured to the satisfaction of the City, as follows:

11.2.2.1. Within the first (1st) twenty-four (24) months, Tenant shall pay Default Rent in the amount of $9,454.00 per month.

11.2.2.2. Commencing on month twenty-five (25), Tenant shall pay Default Rent in the amount of $18,908 per month.

11.2.3. No cure period shall apply to the aforementioned Default Rent. If Tenant is required to pay Default Rent under sub-paragraph 11.2.2., and subsequently cures the default as permitted by this Lease, the applicable rent will thereafter revert to the then applicable rental rate, and the Tenant shall only be obligated to pay Default Rent for the number of days that Tenant remained in default hereunder. This pro ration and calculation thereof shall be at the City’s sole discretion. Additionally, in the event Tenant defaults in performance of a development milestone outlined in Paragraph 14, any unpaid Job Payment due pursuant to Paragraph 14.2 must be paid prior to the default being deemed cured by the City. This is in addition to the remedies available to the City as set forth in paragraph 31 of the Lease.
11.2.4. Default Rent shall be reduced proportionally, based on comparative square footage, to reflect the actual portion of the development not completed or purchased at time of default. Calculation example follows:

11.2.4.1. In the 27th month of the Term with Buildings A and B completed, as set forth in paragraphs 14.1.2.8. and 14.1.3.4., representing forty percent (40%) of the Premises, Tenant defaults on a milestone for the Mixed Use Development. Default Rent shall be reduced by forty-percent (40%), from $18,908 per month to $11,345 per month.

10. Paragraph 14 of the Lease, TENANT WORK, is deleted and replaced with the following:

14. TENANT WORK. Tenant shall develop the Premises comprised of the following (collectively "Improvements") and within the timelines indicated as follows:

14.1. Due Diligence Period. On or before October 30, 2019, the following shall occur:

14.1.1. Tenant shall deliver written verification of a firm funding commitment, acceptable to the City, for construction of two (2) industrial buildings, each containing a minimum of 30,000 square feet of industrial space for a total of 60,000 square feet minimum industrial space. This verification will state in no uncertain terms that final underwriting has been completed and that the money has been distributed to Tenant or is available for immediate access and use.

14.1.2. Industrial Building "A". The first industrial building ("Building A"), which shall contain a minimum of thirty thousand (30,000) square feet industrial space and shall be constructed on parcels 3A and 3B, the westernmost parcels of the Premises, per Exhibit "A", shall be constructed in accordance with the following timeline:

14.1.2.1. Tenant shall submit a complete and comprehensive building permit package for Building A, in accordance with the minimum requirements for submitting a permit application per Florida Building Code 2017, Section 107 - Submittal Documents ("Permit Application"), to the City Planning and Development Services ("Planning") within fifteen (15) days from the end of the Due Diligence Period, or by November 15, 2019, whichever occurs last.

14.1.2.2. Upon receiving the Permit Application, Planning shall have thirty (30) days to review the Permit Application and return it to Tenant for comments/corrections as necessary.

14.1.2.3. Upon notification by Planning that comments/corrections are available for pickup, Tenant shall have fifteen (15)
days to address the comments/corrections and submit an amended Permit Application.

14.1.2.4. Planning shall have fifteen (15) days to review the amended Permit Application and return it to Tenant for further comments/corrections as necessary.

14.1.2.5. Upon notification by Planning that further comments/corrections are available for pickup, Tenant shall have fifteen (15) days to address the comments/corrections and submit a second amended Permit Application.

14.1.2.6. This process shall continue, with each Party having fifteen (15) days to return the Permit Application comment/corrections to the other Party until the Permit Application is finalized and approved by Planning for complete construction of the applicable building or the City declares Tenant in default under Paragraph 14.1.8.

14.1.2.7. Construction Commencement of Building A shall occur within thirty (30) days from issuance of building permits. “Construction Commencement” shall be defined as the pouring of concrete, in-ground and on-site, for the building footers of the applicable building.

14.1.2.8. Construction of Building A shall be completed, as evidenced by issuance of Certificate of Occupancy, within one-hundred-eighty (180) days from the commencement of construction as set forth in Paragraph 14.1.2.7. Notwithstanding the foregoing, if during construction Tenant’s work is delayed due to onsite permitting review or inspection delays by local or state regulatory agencies, the Tenant may request an adjustment of the completion deadline to account for such delays. Any such request shall be subject to approval, at the sole discretion, of the Mayor.

14.1.3. Industrial Building "B". The second industrial building ("Building B"), which shall also contain a minimum of thirty thousand (30,000) square feet of industrial space and also to be constructed on parcels 3A and 3B, immediately adjacent to the Parcel(s) containing Industrial Building “A” in the general area shown as Industrial on Exhibit "I" shall be constructed in accordance with the following timeline:

14.1.3.1. Tenant shall submit a complete and comprehensive building permit package, as set forth in paragraph 14.1.2.1, for Building B no later than thirty (30) days from Construction Commencement of Building A as set forth in
Paragraph 14.1.2.7.

14.1.3.2. Permitting process shall follow the same procedure as set forth in Paragraphs 14.1.2.2 through 14.1.2.6 and 14.1.8.

14.1.3.3. Construction Commencement of Building B shall occur within thirty (30) days from issuance of building permits for Building B.

14.1.3.4. Construction of Building B shall be completed, as evidenced by issuance of Certificate of Occupancy, within one-hundred-eighty (180) days from the commencement of construction of Building B, as set forth in Paragraph 14.1.3.3. Notwithstanding the foregoing, if during construction Tenant's work is delayed due to onsite permitting review or inspection delays by local or state regulatory agencies, the Tenant may request an adjustment of the completion deadline to account for such delays. Any such request shall be subject to approval, at the sole discretion, of the Mayor.

14.1.4. Buildings "A" and "B" will be made available to, and reasonably divided among, EMP, Marinetek, Concrete Professionals, Ferg's Enterprise and EConcrete Systems (collectively "Initial Companies"), and any other companies deemed suitable by Tenant (collectively "Subsequent Companies").

14.1.5. Mixed Use Residential Development. The mixed-use residential development, to be constructed on parcels 2A and 2B, the easternmost Parcel(s), per Exhibit "A" in the general areas depicted on Exhibit "I" as mixed use residential, shall be developed with a mix of uses and shall not exceed the permitted development density and intensity for the applicable zoning category, including density bonus for Workforce Housing. The mix of uses shall include (i) up to three-hundred (300) residential units ("Residential Development"), and (ii) ground floor non-residential uses and/or live/work units in all buildings along 22nd Street South. Residential Development may be developed in multiple buildings and construction phased, in accordance with the time frames set forth in the following paragraphs, so that individual buildings can be tenanted when completed. The Residential Development shall include a workforce housing component, serving households making less than one hundred-twenty percent (120%) of Area Median Income ("Workforce Households"). The Workforce Housing density bonus units shall be constructed as set forth in Section 17.5, et al, of the St. Petersburg Code of Ordinances, as amended from time to time. Additional residential units will also
be designated for rental by Workforce Households so that fifty percent (50%) of the total number of residential units constructed are affordable to Workforce Households ("Additional Workforce Housing"). The Tenant and the City agree to work together to determine if sufficient public financial subsidy or other incentive, if necessary, is available to develop ten percent (10%) of the Additional Workforce Housing to serve households with incomes at 60% of Area Median Income, provided that the determination process shall not, absent mutual consent of the parties, delay or hinder the development process outlined in this Section 14.1.5.1. The Mixed Use Residential Development shall be constructed in accordance with the following timeline:

14.1.5.1. Tenant shall submit a mixed use development site plan for the Residential Development ("Plan"), which will incorporate an activated streetscape on the ground floor in accordance with City development plans, the WADA Deuces plan, pertaining to the Property, to the City within one-hundred-twenty (120) days from the end of the Due Diligence Period. This shall be in addition to any zoning requirements and submittals.

14.1.5.2. The City shall review the Plan and respond to the Tenant with comments regarding same within fifteen (15) days of receiving the Plan. Tenant shall have fifteen (15) days to address any comments and, if necessary, submit an amended Development Plan.

14.1.5.3. Following receipt of Plan approval from the City, and prior to submitting a building permit package pursuant to 14.1.5.4, Tenant shall deliver written verification of a firm funding commitment, acceptable to the City, confirming that the loan has been completely underwritten, funds for the equity portion are available and that the loan is only subject to building permits being issued and the required equity being provided to the lender, to finance the construction of the mixed use residential development.

14.1.5.4. Tenant shall submit a complete and comprehensive building permit package, as described in paragraph 14.1.2.1, for the Residential Development within one hundred and thirty-five (135) days from City delivering its response to the Plan as set forth in Paragraph 14.1.5.2.
14.1.5.5. Permitting process shall follow the same procedure as set forth in paragraphs 14.1.2.2. through 14.1.2.6 and 14.1.8.

14.1.5.6. Construction Commencement of the Residential Development shall occur within thirty (30) days from issuance of building permits.

14.1.5.7. Construction of Residential Development shall be completed, as evidenced by issuance of Certificate of Occupancy, within twelve (12) months from the commencement of construction of the Residential Development, as set forth in paragraph 14.1.5.6. Notwithstanding the foregoing, if during construction Tenant's work is delayed due to onsite permitting review or inspection delays by local or state regulatory agencies, the Tenant may request an adjustment of the completion deadline to account for such delays. Any such request shall be subject to approval, at the sole discretion, of the Mayor.

14.1.6. Completion Estimate. The aspirational goal of the Parties is that completion of all development shall occur within thirty (30) months from the effective date of this Second Amendment.

14.1.7. In the event that the change in future land use and/or zoning designation for parcels 2A and 2B to CRD/CCT-2 is denied for any reason, the Parties shall work together to develop a mutually acceptable alternate development plan for the affected land. If the Parties cannot agree on a plan within 90 days after any such zoning change is denied, thereafter either Party may elect to amend the Agreement to delete the obligation to develop the Mixed Use Residential project and to reduce the scope of the lease to exclude the portion of the property currently zoned CCT-1. In such an instance, Tenant would retain all rights related to the remaining property on the same terms as set forth herein, and all property currently zoned CCT-1 would automatically revert back to the City. The Parties agree that should the allowable residential density decrease, the percentage of workforce housing in the Mixed Use Residential would also decrease.

14.1.8. In the event Tenant does not return comments/corrections regarding permitting/plan approval processes within the time periods set forth in this Section 14, or the City reasonably determines that Tenant has not submitted corrections appropriately responsive and/or complete to Planning's comments/corrections, and Tenant does not correct the deficiencies within five (5) days of the City sending notification of
such, Tenant shall be deemed to be in default of the Lease, to which the Cure periods set forth in Paragraph 31 shall not apply. The City in its reasonable discretion shall determine if any deficiencies are corrected or if more time is permitted.

14.2. Job Creation. This Lease and Permitted Use of the Premises are encumbered by a requirement imposed upon the property by the Federal Department of Housing and Urban Development ("HUD") that requires the creation of certain full-time jobs ("Jobs"). Though it is anticipated Tenant shall work with the Initial Companies to create the Jobs, Tenant shall have the absolute responsibility to ensure all the following requirements are met:

14.2.1. Tenant shall obtain commitments from the proposed Initial and/or Subsequent Companies of the industrial buildings to provide sixty-two (62) livable wage Jobs no later than October 15, 2019. Tenant shall be absolutely responsible for the Initial or Subsequent Companies creating the 62 Jobs within this timeframe and ensuring sufficient documentation is submitted to the City for the City to submit to HUD to certify all 62 of the Jobs as set forth herein. Tenant shall be responsible to communicate with the City prior to the October 15, 2019 deadline to ensure that the Tenant has provided the City sufficient documentation, as determined in the City’s sole discretion, for submission to HUD for certification of all Jobs at that time. From the effective date of this amendment until October 15, 2019, the Tenant must submit documentation to the City for review and confirmation of sufficiency of each Job. The City shall promptly review submissions and shall notify Tenant within three business days if such submission fails to satisfy the certification requirements for Low Mod and/or CRA Jobs.

14.2.2. Beginning on or before October 15, 2019 and until completion of the two (2) industrial buildings described in Paragraph 14.1, Tenant shall ensure that the workers that make up the 62 Jobs are provided with temporary workspace. Tenant will work with the City to obtain adequate approval and/or temporary permits for this temporary workspace and thereafter will be responsible for ensuring the workspace remains in compliance with any such temporary permit throughout its term. Tenant shall apply for the required City permits, submitting a complete and comprehensive permit package as acceptable by the City, within seven (7) days following the approval of this amendment.

14.2.3. Tenant shall have the absolute responsibility to ensure the City is provided with sufficient documentation to demonstrate compliance with HUD requirements including, but not limited
to, employment, income and residency verification documentation as set forth in Sections 14.2.5, 14.2.6 and 14.2.7 of this Lease for each and every one of the sixty-two (62) Jobs, provided however that Tenant shall also cooperate with the City to ensure all documentation is complete and submitted within the times set forth above.

14.2.4. Should Tenant fail to ensure creation of all sixty-two (62) Jobs, as set forth in Paragraphs 14.2.5 and 14.2.7, to the satisfaction of HUD, including all documentation of same, by October 15, 2019, Tenant shall pay the City $35,000 for each Job below sixty-two (62) not created by October 15, 2019 ("Job Payment"). This payment shall be delivered by Tenant upon Tenant’s execution of the Purchase Option, completion of all buildings as set forth in paragraphs 14.1.2.8, 14.1.3.4 and 14.1.5.7 or at time of any default whichever occurs first, unless required to pay such amounts earlier pursuant to paragraph 11.2.3. Job Payment calculation example follows:

14.2.4.1. Tenant creates only fifty two (52) Jobs that are certified by HUD, as set forth above, by October 15, 2019, Tenant shall be required to pay the City $350,000.

14.2.4.2. Upon full and timely payment per paragraph 14.2.4., the Tenant shall not be in default of this Lease for failure to create the Jobs for which the payment is made.

14.2.5. Low Mod Jobs. Not less than thirty-one (31) Jobs shall employ individuals from households in the low to moderate income range, defined as at or below 80% of Moderate Income, as illustrated in Exhibit "C", attached hereto and made a part hereof by reference. Tenant shall be required to document Low Mod Documents using the documents attached as Exhibit “E”.

14.2.6. CRA Jobs. Not less than sixteen (16) Jobs shall employ individuals from the CRA, illustrated in Exhibit "D", attached hereto and made a part hereof by reference. If any of the Low Mod Jobs employ individuals from the CRA, then such Low Mod Jobs shall also fulfill the CRA Job requirement. Tenant shall be required to document CRA Jobs using the documents attached as Exhibit “E”.

14.2.7. Remainder. The balance of the sixty two (62) Jobs may be from other areas and other households, and will not require documentation of household income or residency to be qualified as Jobs. The parties will work together to identify appropriate documentation of Remainder Jobs.
14.2.8. City Housing and Community Development staff shall train and assist Tenant in preparation and delivery of HUD required documentation utilizing compliance software maintained and operated by the City. Nothing herein shall prohibit Tenant from retaining experts to assist in gathering required documents and preparing submissions.

14.2.9 The cure periods set forth in Paragraph 31 shall not apply to the deadlines set forth in sub-paragraph 14.2.

14.3 Replat. Tenant shall work with the City to identify new sub-parcels within the Premises in connection with the City’s pursuit of a rezoning of a portion of the Premises. Thereafter, Tenant shall have the Premises replatted at its sole cost and expense.

14.4 Rezoning and Future Land Use Plan. City shall diligently pursue rezoning and any necessary amendments to the Future Land Use Plan for parcels 2A and 2B of the Premises to be developed with Mixed Use Residential. Tenant shall be responsible for application fees and costs connected with rezoning and comprehensive plan amendment of the Premises at its sole cost and expense.

11. Paragraph 16 of the Lease, CITY WORK, is revised as follows:

Paragraph 16.5, HUD Reporting Requirement, is deleted and replaced with the following:

16.5. City will initiate a Comprehensive Plan Future Land Use Map Amendment and rezoning process ("Process") for parcels 2A and 2B to future land use category CRD and zoning category CCT-2 to permit construction of forty-six (46) residential units per acre, with Workforce Housing Bonus Density. Tenant shall pay all applicable fees and costs associated with the aforementioned prior to the City initiating the Process, or the City may discontinue pursuit of any such application.

Paragraph 16.6 is added as follows;

16.6. City Cooperation. The City will expedite, as possible, all necessary permits to construct the temporary and permanent buildings.

12. Paragraph 17 of the Lease, PURCHASE OPTION WITHOUT JOB CREDIT, is deleted and replaced with the following:

17. PURCHASE OPTION. Tenant shall have the Option to Purchase ("Option") the Premises for One Million Six Hundred Twenty Thousand Six Hundred Fifty Dollars ($1,620,650) ("Option Price"). The Premises may be acquired in two (2) separate transactions as set forth in Paragraphs 17.2 and 17.3.

17.1. Prior to exercising any option to purchase, Tenant must be in full compliance with the Lease at the time of exercising the Option and remains so through the closing of the purchase including, but not limited to, the Job
Creation requirement set forth in Paragraph 14.2. Tenant must have satisfied all requirements in Paragraph 14.2, or the payment set forth in Paragraph 14.2.4 is made, and, at closing, at least the same number of jobs certified to HUD must still exist on the Premises. Verification of Jobs at closing requires a copy of a certified payroll from the Initial Companies or Subsequent Companies indicating the employee’s name, home address, position, and starting and current wages paid to such employee. Notwithstanding the foregoing, to obtain the Purchase Price Credit set forth in 17.6.1 for any Job not previously documented as a qualifying Low Mod Job or CRA Job, additional documentation of additional Low Mod Jobs and CRA Jobs must meet the requirements of section 14.2.5. and 14.2.6., respectively, unless the Parties mutually agree to document the jobs using an alternate procedure. Notwithstanding the above, at least the same number of jobs certified to HUD must be in place prior to exercising any option to purchase.

17.2. The industrial portion of the Premises may be purchased after Tenant has completed construction of Buildings A and B, as set forth in paragraphs 14.1.2.8. and 14.1.3.4., and both buildings are occupied, as evidenced by documentation acceptable to the City.

17.3. The residential portion of the Premises may be purchased by the Tenant subject to the following:

17.3.1. Tenant has constructed Building A and has commenced construction on Building B.

17.3.2. Tenant must provide written verification of a firm financing commitment, acceptable to the City, confirming that the loan has been completely underwritten, funds for the equity portion are available and that the loan is only subject to building permits being issued and the required equity being transferred to the lender, for construction of the Mixed Use Development.

17.3.3. All applicable building permits for the Mixed Use Development have been issued, not in process, by the City.

17.4. The purchase price for each portion of the Premises, as described above, shall be determined according to the percentage of land included with each portion. Calculation example follows:

17.4.1. The industrial portion of the Premises, containing fifty-five-percent (55%) of the land, is purchased by the Tenant. The purchase price for this portion shall be $891,358 (55% of $1,620,650).

17.5. Each transaction must convey by platted lot or metes and bounds legal description a specific area within the Premises to a single purpose entity in which Tenant maintains a controlling interest as member or shareholder (a “Tenant-controlled Entity”). Acquisition of the Premises shall be deemed
to include all rights, privileges and easements appurtenant to the Premises (or portion thereof) acquired in the transaction. Each parcel acquired as set forth herein shall be deemed an Option Parcel. For the absence of doubt, nothing herein shall require or prohibit the Premises being acquired in a single transaction or two (2) separate transactions, by one or more than one Tenant-controlled Entity, provided that at the time of closing the applicable conditions outlined in Paragraph 17 hereof have been satisfied. The acquisition schedule shall, subject to Paragraph 17, be determined in the sole discretion of Tenant.

17.5.1. Notwithstanding the foregoing, upon Tenant payment of the Option Price for the residential portion of the Premises, the City shall deed that portion of the Premises with a restrictive covenant encumbering the property, limiting what can be built to what is set forth in the permit issued by the City, without substantive revision, which restriction shall be rescinded by the City upon issuance of a certificate of occupancy for the mixed use residential project. The obligation to rescind the restriction shall survive Closing and termination of this Lease. Tenant shall pay costs of recording the rescission.

17.6. "Total Purchase Price" will be the Option Price plus any unpaid Job Payment pursuant to Section 14.2.4. The amount paid at closing shall be the Total Purchase Price less the following:

17.6.1. Purchase Price Credit. Upon Tenant meeting all requirements as set forth in paragraph 17.4., the City will reduce the purchase price as follows:

17.6.1.1. On the date of purchase, for each Low Mod Job timely created, verified, and maintained through closing, in excess of 31 Low Mod Jobs required pursuant to Section 14.2.5, the City will credit $28,000 towards the purchase price.

17.6.1.2. On the date of purchase, for each CRA Job timely created, verified, and maintained through closing, in excess of the 16 CRA Jobs required pursuant to Section 14.2.6, the City will credit $35,000 towards the purchase price.

17.6.1.3. In no event shall the Total Purchase Price be reduced below ten dollars ($10), nor will the City be liable for any payment or consideration related to this credit outside of reducing the Total Purchase Price to a minimum of ten dollars ($10). If the Premises are acquired in more than one transaction per paragraph 17, and after the first transaction, there is Purchase Price Credit remaining, the remaining Purchase Price Credit will be applicable to the
13. Paragraph 18 of the Lease, PURCHASE OPTION WITH JOB CREDIT, is deleted.

14. Paragraph 20.2 of the Lease is amended to add additional sentences to the end of the section as follows: Notwithstanding as much, Leasehold mortgages related to the cost of developing the Premises with Industrial Buildings “A” and “B” are hereby approved by the City. Likewise, subleases to Initial Companies or Subsequent Companies for temporary or permanent work space on the Premises are likewise approved, provided no such lease shall extend beyond the Term of this Lease.

15. Paragraph 23.1 is amended to read:

23.1 No Real Property Liens Related to Construction Contracts. Tenant shall never, under any circumstances have the power to subject the Premises to any mechanic’s or materialman’s lien for improvements or services provided on the Premises. Tenant shall cause each contract for real property improvements to provide for delivery of a payment and performance bond in favor of the Tenant and the City prior to commencement of construction, as currently set forth in Fla. Stat. §255.05. In the event any person otherwise files a mechanic’s or materialman’s lien on the Premises, upon receipt of notice that such lien has been filed in the public records, Tenant shall have 30 days to cause the transfer such lien to any applicable bond.

16. Paragraph 25 is deleted.

17. Paragraph 26 is hereby amended to delete “Subsequent to Administrative Approval” from the first sentence of the text of the paragraph.

18. Paragraph 27.7 is added as follows:

27.7. The City is a fully qualified liability self-insurer under Florida Statute 768.28 to the extent and limits provided by the statute.

19. Paragraph 28.1.1 Ownership Occupancy or Use, is amended to delete “City or”.

20. Paragraph 30.3 Sublease is deleted and replaced with the following:

30.3 Sublease Tenant may sublease temporary workspace and the Improvements to the Initial Companies or to Subsequent Companies as set forth elsewhere herein.

21. Paragraph 31.1.10 is deleted.

22. Paragraph 31.2 of the Lease, Notice: Right to Cure, is deleted and replaced with the following:

31.2. Notice: Right to Cure. The occurrence of any non-monetary default specified in paragraph 31 of this Lease, including but not limited to a default concerning the subsequent Parcel Purchase Price, provided that the cumulative credits claimed shall be no more than the Total Purchase Price minus ten (10) dollars.
timetables set forth in Paragraph 14.1, that is not cured by Tenant within thirty (30) days from Tenant’s receipt of written notice from City, shall be a default and cause for termination of this Lease as to the respective Parcels, in accordance with paragraph 31.5, SEPARATE DEFAULT, of the First Amendment to the Lease. Notwithstanding as much, Tenant may seek the City’s permission to extend this thirty (30) day cure period, for reasonable reasons outside of Tenant’s control, for such reasonable period of time as is necessary to cure the default, only if the default is not reasonably capable of cure within said thirty (30) day period and Tenant commences and continues to diligently cure the default. Absent consent of the City, which may be withheld at the City’s sole discretion, no cure period shall be more than sixty (60) days in the aggregate.

23. Paragraph 31.3. of the Lease is deleted.

24. Paragraph 31.4 City’s Remedies is deleted and replaced with the following:

31.4 City Remedies. Upon Tenant’s default hereunder, following the expiration of any applicable extensions and cure periods set forth in this Lease, the City may exercise all remedies available at law or in equity, including but not limited to terminating the Lease as to the portion of the Premises (or, if applicable, the entire Premises) in default. Should the City elect to unilaterally terminate this Lease as to all or a portion of the Premises, upon Tenant’s vacation and surrender of the Premises subject only to those encumbrances approved in this Amendment or approved subsequently in writing by the City, neither the City nor Tenant shall have any further obligations or rights hereunder and Tenant and City shall be released from all obligations hereunder except for obligation(s) existing at the time of termination.

25. Paragraph 32.2, Award, is amended to add the following sentence at the end of the Paragraph: “Notwithstanding the foregoing, the Parties recognize that Tenant may obtain a leasehold mortgage or other debt collateralized by the Premises, and that such agreement may include a covenant regarding awards of condemnation. The City, in its sole discretion, may agree, in writing, to accept such language, in order to facilitate such financing for Tenant.”

26. Paragraph 35.4 Clean Up and Remediation is amended to add the following sentence to the end of the paragraph:

27. Tenant, in Tenant’s reasonable discretion, shall select the means and methods of remediation, provided that all remediation activities must be undertaken consistent with the requirements of law, and when required by law, pursuant to an approved remediation plan authorized by the Florida Department of Environmental Protection.

28. Paragraph 43 is amended to add the following sentence to the end of the paragraph: “The Parties recognize that hurricanes and other large-scale natural disasters (“Extreme Events”) may cause delay in excess of sixty (60) days, and in such an instance will work together to adjust the development timeline to allow for recovery, repairs and changes necessitated by the Extreme Event(s). Extreme Events shall include named tropical
storms, tornados, and other extraordinary and unforeseeable natural events, but shall not include heavy rainfall and other typical weather conditions for the area."

29. Paragraph 53, No Waiver is amended to add the following clause to the beginning of the first sentence of the paragraph: "Except as specifically limited herein,"

30. Any references to "retail" in the Lease shall be deemed to be references to the nonresidential development of the Mixed Use Residential development plan described in section 14.1.5.

31. Any and all provisions of the Lease not specifically amended by this Second Amendment shall remain in full force and effect.

32. Exhibit "C" is deleted and replaced with attached Exhibit "C". Attached Exhibit "I" is hereby incorporated into this Lease.

(The remainder of this page left intentionally blank, signature and exhibit pages follow)
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives on the day and date written below.

WITNESSES: (as to Tenant)

TENANT:
St. Petersburg Commerce Park, LLC.

Witness Signature
By:

Typed, Printed or Stamped Name
Print:
As Its:

Witness Signature
Date:

Typed, Printed or Stamped Name

STATE OF FLORIDA )
COUNTY OF PINELLAS )

The foregoing instrument was acknowledged before me this _____ day of 2019, by ___________ , as ________________, of St. Petersburg Commerce Park, LLC, a Florida Limited Liability Company, on behalf of the company and appeared before me at the time of notarization. He/She is personally known to me or provided ____________________________ as identification and appeared before me at the time of notarization.

Notary Public - State of Florida

(Seal)

Notary Signature
WITNESSES: (as to City)

Witness Signature

Typed, Printed or Stamped Name

WITNESSES: (as to City)

Witness Signature

Typed, Printed or Stamped Name

CITY OF ST. PETERSBURG, FLORIDA

By: __________________________
Rick Kriseman
As Its: Mayor

Typed, Printed or Stamped Name

Date: __________________________

ATTEST: __________________________
Chandrahasa Srinivasa, City Clerk

Typed, Printed or Stamped Name

(City Seal)

STATE OF FLORIDA )
COUNTY OF PINELLAS )

The foregoing instrument was acknowledged before me this __________ day of __________ 2019, by Rick Kriseman and Chan Srinivasa as Mayor and City Clerk, respectively, of the City of St. Petersburg, Florida, a Florida municipal corporation on behalf of the corporation. They are personally known to me and appeared before me at the time of notarization.

Notary Public - State of Florida

(Seal)

Notary Signature

REVIEWED BY: 

Alan DeLisle, Administrator
City Development Administration

APPROVED AS TO CONTENT:

City Attorney (Designee)

APPROVED AS TO FORM:

City Attorney (Designee)

By: __________________________
Assistant City Attorney

By: __________________________
Assistant City Attorney
EXHIBIT "C"
Income Limits

Annual Income Limits
For Fiscal Years 2018-2019

<table>
<thead>
<tr>
<th>Number of Persons in Household</th>
<th>Extremely Low Income 30% MFI</th>
<th>Very Low Income 50% MFI</th>
<th>Low Income 60% MFI</th>
<th>Moderate Income 80% MFI</th>
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<td>$14,050</td>
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<td>$16,910</td>
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<td>$21,330</td>
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<td>$30,170</td>
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<td>$43,380</td>
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<td>$34,590</td>
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<td>$46,620</td>
<td>$62,100</td>
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<td>7</td>
<td>$39,010</td>
<td>$41,500</td>
<td>$49,800</td>
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<td>8</td>
<td>$43,430</td>
<td>$44,200</td>
<td>$53,040</td>
<td>$70,650</td>
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Tampa-St. Petersburg-Clearwater MSA
Median Income (MFI) Base=$66,900
EXHIBIT "I"
Delineation of Industrial and Mixed Use Residential Development
Resolution No. 2019 - _____

A RESOLUTION AUTHORIZING THE MAYOR, OR HIS DESIGNEE, TO EXECUTE A SECOND AMENDMENT TO THE LEASE AND DEVELOPMENT AGREEMENT, DATED JUNE 15, 2016, WITH ST. PETERSBURG COMMERCE PARK, LLC, A FLORIDA LIMITED LIABILITY COMPANY; CONSENTING TO THE CHANGE IN OWNERSHIP OF THE TENANT ENTITY; AND TO EXECUTE ALL DOCUMENTS NECESSARY TO EFFECTUATE SAME; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on June 15, 2016, the City of St. Petersburg ("City") executed a Lease and Development Agreement ("Lease") with St. Petersburg Commerce Park, LLC., a Florida limited liability company ("Tenant"), pursuant to Community Redevelopment Agency Resolution No. 2016-6 and City Council Resolution No. 2016-213; and

WHEREAS, the Lease provides for the Tenant's use of portions of the City-owned property known as St. Petersburg Commerce Park, generally located west of 22nd Street South to 26th Street South and from approximately 6th Avenue South to the boundary of Interstate 275, lying within the South St. Petersburg Community Redevelopment Area ("CRA"), for a term of fifty (50) years at a structured rent and purchase option under certain conditions; and

WHEREAS, under the Lease, the Tenant was to construct a mixed-use development consisting of retail, industrial and workforce housing; and

WHEREAS, on June 6, 2017, the Tenant, through its attorney Robert Kapusta, Jr., requested several revisions to the Lease would be necessary in order for the Tenant to obtain financing for both developments; and

WHEREAS, on May 30, 2018, Administration and the Tenant entered into a First Amendment to the Lease ("First Amendment"), which provided the following changes:

1. Changing the Lease Term from 50 years to 65 years;
2. Clarifying that the Industrial Development shall be completed and operational by May 1, 2019 and extending the deadline for the Residential Development to be completed and operational by May 1, 2020;
3. Bifurcation of the default provisions, in order to assure the lender that any default under the Lease would be treated as specific to the development in which the default occurred; and
WHEREAS, on May 15, 2019, Real Estate and Property Management was directed by Administration to make several substantial changes to the Lease including, but not limited to, an extension of time to complete development of the property, job creation, a continuance of decreased rent, changes to option terms and price, and other substantial changes to facilitate an investment by principals of Harborage Land Group, who are seeking to obtain a majority and controlling interest in St. Petersburg Commerce Park, LLC; and

WHEREAS, Administration and the Tenant have subsequently negotiated a Second Amendment to the Lease ("Second Amendment") which includes such terms; and

WHEREAS, the Second Amendment provides the modifications requested by the Tenant to complete the proposed developments, which seek to create the addition of sixty-two (62) livable wage jobs, not less than thirty-one (31) of which will be from households in the low-to-moderate income range and not less than sixteen (16) jobs employing individuals from the CRA; and

WHEREAS, the Tenant has executed the Second Amendment, subject to City Council approval, with all of the other terms and conditions contained in the Lease remaining in full force and effect; and

WHEREAS, under Paragraph 30.1 of the Lease, Tenant may not “...change or transfer ownership of the entity that is Tenant of this Lease or any of its rights under this Lease, without prior written consent ...” of the City Council; and

WHEREAS, the Tenant has requested to transfer the controlling interest in the Tenant company concurrent with approval of the Second Amendment.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida, that the Mayor, or his designee, is hereby authorized to execute a Second Amendment to the Lease and Development Agreement, dated June 15, 2016, with St. Petersburg Commerce Park, LLC, a Florida Limited Liability Company; and to execute all documents necessary to effectuate same.

BE IT FURTHER RESOLVED that the City Council consents to the change in ownership of the Tenant entity.

This Resolution shall become effective immediately upon its adoption.
## Table 3. FY2018/2019 Housing and Neighborhood Revitalization Budget

South St. Petersburg CRA Redevelopment Trust Fund

<table>
<thead>
<tr>
<th>Sources (FY2018/19 TIF)</th>
<th>Original</th>
<th>Reallocation</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,749,493</td>
<td></td>
<td>1,749,493</td>
</tr>
</tbody>
</table>

### Uses

<table>
<thead>
<tr>
<th>Uses</th>
<th>Original</th>
<th>Reallocation</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Acquisition and Site Preparation</td>
<td>TBD</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Funds property acquisition and site preparation to support affordable housing in the CRA. Funding can be budgeted from the current year or appropriated from future budget.</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Single Family &amp; Multifamily Residential Programs</td>
<td>1,349,493</td>
<td>(581,993)</td>
<td>767,500</td>
</tr>
<tr>
<td>Affordable Housing Redevelopment Loan</td>
<td>TBD</td>
<td></td>
<td>767,500</td>
</tr>
<tr>
<td>Provides funding through a variety of loan products to support affordable housing.</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Contribution to the Shores Apartments</td>
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<td></td>
<td>567,500</td>
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<tr>
<td>Developer Incentive Program</td>
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<td>200,000</td>
</tr>
<tr>
<td>Affordable Residential Property Improvement</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Funds renovations that upgrade vital building systems and sustain and extend the economic life of a structure.</td>
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<td></td>
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<tr>
<td>Multifamily Residential Programs</td>
<td>TBD</td>
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<td>TBD</td>
</tr>
<tr>
<td>Affordable Multifamily Housing Development</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Provides an annual incentive up to 15-years for developers to renovate or construct new affordable housing in the CRA.</td>
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<td></td>
<td></td>
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<tr>
<td>Single Family Residential Programs</td>
<td>400,000</td>
<td>381,993</td>
<td>781,993</td>
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<tr>
<td>Affordable Single-Family Homeownership</td>
<td>200,000</td>
<td>295,993</td>
<td>495,993</td>
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<tr>
<td>Provides CRA funding to support affordable homeownership for income-eligible households.</td>
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<td></td>
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<tr>
<td>Single-Family Façade Improvement Grant</td>
<td>125,000</td>
<td>86,000</td>
<td>211,000</td>
</tr>
<tr>
<td>Funds income-eligible owner-occupants to upgrade and refresh the exterior of their properties.</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>“Paint Your Heart Out”</td>
<td>75,000</td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>Funds City’s Neighborhood Team to help property owners in CRA refurbish and refresh the exterior of their properties.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MEMORANDUM

Citizen Advisory Committee for the South St. Petersburg CRA
Prepared by the Economic and Workforce Development Department

For Public Hearing and Executive Action at 5:00 pm on August 6, 2019
Sunshine Center Auditorium
330 5th St N, St. Petersburg, Florida

City File: SSPCRP-2019-3

REQUEST

The Citizen Advisory Committee for the South St. Petersburg Community Redevelopment Area (CRA) recommends to the St. Petersburg Community Redevelopment Agency (Agency) that City Council approve amendments to the “Affordable Single-Family Façade Grant” and “Early Childhood Education” programs that are funded with tax increment financing (TIF) from the South St. Petersburg CRA Trust Fund.

BACKGROUND

On December 6, 2018, City Council approved Resolution 2018-613 adopting fourteen new or amended CRA TIF programs to implement the South St. Petersburg Community Redevelopment Plan. (The CAC recommended these programs to City Council at its September 11, 2018, meeting.) Among the six new programs adopted by City Council are the “Affordable Single-Family Façade Grant” (Façade Grant) and Early Childhood Education programs that were rolled out to the community in spring of 2019. After review and evaluation of the process, City Administration is requesting minor amendments.

The Façade Grant Program provides CRA funding to income-eligible owner-occupants of single-family homes to upgrade and refresh the exterior of their properties. For the purposes of this program, “income-eligible” is currently defined as households whose income is 120 percent and below the area median income (AMI). Since June 2, 2019, City staff has been marketing the program and taking applications, and as of July 26th, the City has received 29 applications with funding requests of $211,000, which is $86,000 more than the $125,000 budgeted for the program. City Administration expects to receive more in applications then it intends to fund annually for this grant program and wants to better prioritize funding awards. To that end, it is
proposing to reduce the maximum-income eligible threshold from 120% AMI to 80 percent of AMI. In addition, City Administration will prioritize whether the annual income is fixed, if the resident is disabled and/or elderly (over 65) as well as the geographic location of the application, in the event City Administration wants to focus funding awards to a specific neighborhood or even city blocks. Of the 29 applications submitted so far, the demographic characteristics are as follows:

- 65 years of age and older: 45%
- Under 65 years: 55%
- Income at 80% AMI or less: 72%
- Income above 80% AMI: 28%

In addition, City Administration is proposing to refine some criteria for eligible and ineligible improvements based on inspection work done by City staff on applications submitted so far. Some changes include allowing entry doors to be replaced on principal elevations, painting on principal elevations only, installation of hurricane shutters, and repairing/replacing existing siding on principal elevations (see Exhibit 1). If recommended for approval by the CAC, the new guidelines will affect all applications submitted after August 6th.

City Administration is also recommending amendments to the “Early Childhood Education” program that provides funding for several initiatives through the South St. Petersburg CRA to support the development of childhood learning before entering public schools. It is a cornerstone of the City’s “CRA-dle to Career” initiative to comprehensively address educational and workforce development issues through the South St. Petersburg Community Redevelopment Plan. The Program has three elements: 1) Capacity Building for Family Child Care Centers; 2) Academy for Business in Child Care Development; and 3) Child Day-Care Scholarships.

The first amendment will allow start-up Family Child Care Centers to participate in the program provided they comply with all licensing and registrations before incentive funding will be disbursed. In addition, the program will be structured in a “boot camp” style with intensive sessions on weekends to accommodate the providers. The second amendment will enable CRA funding to pay for administrative and facilitation costs of no more than 10 percent of the Early Childhood Education Program annual budget. While the majority of curriculum development, coordination and execution of the program is done by Economic and Workforce Development, a program facilitator with relevant market experience will be utilized for the development and delivery of the curriculum and program mentorship. This provides participants a facilitated cohort experience as well as one-on-one mentorship onsite of each facility.
RECOMMENDATION

Citizen Advisory Committee recommends to the Agency that St. Petersburg City Council approve amendments to the “Affordable Single-Family Façade Grant” and “Early Childhood Education” programs.

Attachments

Exhibit 1: Affordable Single-Family Façade Grant
Exhibit 2: Early Childhood Education Program
**Exhibit 1**

Affordable Single-Family Residential Façade Improvement Program
South St. Petersburg CRA Tax Increment Financing Program

I Description and Purpose

The **Affordable Single-Family Residential Façade Improvement Grant Program** provides CRA funding to income-eligible owner-occupants of single-family homes to upgrade and refresh the exterior of their properties to provide a positive visual impact on the neighborhood and encourage surrounding property owners to maintain and improve their properties. For the purposes of this program, “income-eligible” is defined as households whose income is 120% or less of the area median income (AMI). The maximum income levels for this program are based on the Florida Housing Finance Corporation’s SHIP Program, which are annually adjusted (see attachment).

II Consistency with the South St. Petersburg Redevelopment Plan

The South St. Petersburg Community Redevelopment Plan (CRP) recognizes that successful revitalization programs improve the investment climate of a neighborhood by removing blight, enhancing its image and leveraging the efforts of citizens and nonprofit organizations to accomplish these ends. The **Single-Family Residential Façade Improvement Grant Program** is consistent with the intent of the South St. Petersburg CRP by creating “an incentive program that will provide façade improvement grants or loans to residential property owners.” The CRP also encourages upgrades to the exteriors of properties along commercial corridors and calls for the City to develop incentive programs to serve this end. Among other programs designed to implement this strategy, the Redevelopment Program and Funding identifies a program providing small grants to property owners that paint their property.

III Type and Amount of Award

An applicant may receive a grant from the City of St. Petersburg up to $8,000 if their household income is at 80 percent AMI or less. Homeowners with household income is at 80 percent AMI or less are eligible for a grant up to $8,000. Those between 80 percent and 120 percent AMI are eligible for a grant of up to $5,000. To be eligible for this program, the applicant must be an income-eligible homesteader and have lived in the property for at least one year and will maintain occupancy for one year after the completion of the work.

IV Funding Source

The City of St. Petersburg may allocate funding annually from its TIF contributions to the South St. Petersburg CRA Redevelopment Trust Fund to support the **Single-Family Residential Façade Improvement Grant Program**. The funding amount will be determined annually by St. Petersburg City Council and by budget amendment if necessary.
Exhibit 1
Affordable Single-Family Residential Façade Improvement Program
South St. Petersburg CRA Tax Increment Financing Program

V Eligible Projects

The Single-Family Residential Façade Improvement Grant Program is available to fund exterior improvements to owner-occupied single-family housing in the South St. Petersburg CRA.

1. Eligible Improvements
   - Painting of all exterior principal elevations on residence, including associated repair of fascia, soffit, railing, trim and porches. Prep and prime as needed.
   - Repair or replacement of existing siding (aluminum, vinyl/wood). Re-siding and/or cleaning of exterior walls on all principal elevations.
   - Masonry and/or stucco repair and replacement on all principal elevations.
   - Installation, replacement or repair of awnings or and shutters on principal elevation(s) or install “hurricane protective” shutters.
   - Repairing doors and windows on principal elevation(s) of residence.
   - Repair doors or replace entry door(s) on principal elevation(s) of residence.
   - Repairing or reconstructing front porches and/or stoops.
   - Remedying exterior code enforcement violations citations on principal elevation(s) of residence.
   - Repair or replace existing damaged fencing on principal elevation(s). (Excludes fencing that is behind the principal wall line of the house.
   - Constructing or repairing accessibility ramps at points of ingress and egress into the primary residence.

2. Ineligible Improvements
   - Installation of aluminum or vinyl siding where not previously existing.
   - Painting unpainted masonry.
   - Work performed by an unlicensed contractor where a contractor is required.
   - New porch enclosures.
   - Permitting and development review fees.
   - Improvements in progress or performed prior to approval of the grant application.
   - Constructing new heated/cooled living space.
   - Reducing or enclosing existing window openings.
   - Improvements to buildings constructed within the last 5 years.
   - Equipment, mechanical and HVAC systems.
   - Security systems (including metal roll down gates, window bars, cameras).
   - Any interior work.

1 A “principal” elevation is one facing one or more public streets (not alleys).
IV  Exhibit 1
Affordable Single-Family Residential Façade Improvement Program
South St. Petersburg CRA Tax Increment Financing Program

- Any improvements to secondary or accessory buildings (i.e., garages, sheds, garage apartments, carports not attached to principal elevation)
- Routine maintenance such as cleaning walls, soffits, fascia, patching holes, replacing cracked window panes.

VI Submission Procedures, Requirements and Review Process

Applications for the Single-Family Residential Façade Improvement Grant Program are accepted throughout the year on a first-come, first-served basis with the final award decision made by a committee comprised of staff from the Housing and Community Development and Economic and Workforce Development departments. They are to be submitted in an 8”x10” envelope or larger with the project’s name and location and the applicant’s name and address. Applications must be submitted to the Economic and Workforce Development Department (or successor department) on the 9th Floor of the Municipal Service Building, which is located at 1 Fourth Street North, St. Petersburg, Florida, 33701.

For more information, please contact

Mr. Anthony Chan  George Smith
Economic Development Specialist Coordinator
727-551-3279  892-5210
tony.chan@stpete.org  george.smith@stpete.org

The applications must include the following:

- Completed and signed application form
- $35 application fee paid in check or money order, refundable if not awarded grant
- Documentation of property ownership and homestead exemption. The property owner will be required to sign the Grant Agreement to assume responsibility to maintain occupancy and homestead exemption for one year after the completion of the project.
- Confirmation that mortgage, property insurance and property tax payments are current and in good standing.
- Legal description of project site

2 City Administration may waive certain submittal requirements if they are unnecessary or irrelevant to the work for which the grant is being requested.
Exhibit 1

Affordable Single-Family Residential Façade Improvement Program
South St. Petersburg CRA Tax Increment Financing Program

- Digital photographs of existing conditions of the project site
- Written description of project improvements
- Sketches or conceptual drawings of improvements that will be funded by the Grant.

Failure to provide the above information will delay the review and approval process.
Note: applicants meeting any of the following disqualifying criteria may be ineligible for funding:

- Code enforcement liens over $2,500
- Special assessment liens over $500
- Pending judgment or foreclosure
- Felony conviction for financial mismanagement within the last five years
- Mortgage payments three months in arrears
- Unpaid property taxes
- Unpaid property insurance, unless owner has satisfied mortgage

The Affordable Single-Family Residential Façade Improvement Program is funded through the South St. Petersburg CRA Redevelopment Trust Fund and funding levels are approved annually. City Administration will prioritize applications when demand exceeds funding based on income levels and type (salary or fixed), if the resident is a disabled and/or elderly person as well as the geographic location of the application. For instance, to stimulate renovation activity or build upon existing activity, City Administration may focus funding awards on neighborhoods or even city blocks.

VII Compliance Requirements for Approved Projects

Awardees must sign a Grant Agreement with the Mayor or designee which specifies their obligations and rights upon issuance of the Grant. To ensure timely commencement and completion of the Project, the Applicant shall abide by the following deadlines:

a. The recipient of the Affordable Single-Family Residential Improvement Grant must have owned and occupied the unit as their primary homestead for a term no less than one year prior to applying for the “Grant” and must continue to maintain occupancy within the homestead unit for no less than one year after the completion of the façade improvement.
b. The owner(s) of the unit, designated as recipients of the Affordable Single-Family Residential Improvement Grant may receive such funds provided that the total income of all household members, residing within the unit, not exceed 80% of the Area Median Income (AMI) as defined by the Federal Housing and Urban Development Department and the Florida Housing Finance Corporation for the Tampa-Clearwater-St. Petersburg geographic area.

c. The owner(s) shall hereby grant permission to allow for City staff to enter onto the property to create the Scope of Work to be completed on the façade of the unit and to inspect the progress of the work through completion. A general contractor and its sub-contractors shall also be granted permission to enter onto the property as necessary to perform the work.

a. Within 60 days of execution of the Grant Agreement, file a “Notice of Commencement” pursuant to the requirements of the City’s Construction Services and Permitting Department.

b. Within 6-12 months of execution of the Grant Agreement, request a “Review of Completed Work” from the City of St. Petersburg. (Length of time will vary based on size of project.)

Applicants shall have no more than 90 days from approval of awards to execute grant agreements, otherwise the City will revoke the awards. At the discretion of the Mayor, the revocation may be waived upon demonstration of good cause. Applicants requiring the execution of a Grant Agreement to secure additional financing will be allowed 90 days from the execution date to do so before the above deadlines will commence. Absent approval of an extension of these deadlines by the City, failure to comply will result in the cancellation of the TIF Agreement and rescission of the incentive.
2019 Income Limits for Affordable Housing Projects

<table>
<thead>
<tr>
<th>Income Limit by Number of Persons in Household</th>
<th>30%</th>
<th>50%</th>
<th>80%</th>
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<tr>
<td>1</td>
<td>$14,050</td>
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<td>9</td>
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<tr>
<td>10</td>
<td>Check with HUD</td>
<td>$49,506</td>
<td>$78,210</td>
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</table>

Source: Florida Housing Finance Corporation State Housing Initiatives Partnership (SHIP) Program "2019 Income Limits and Rent Limits" for Pinellas County (March 30, 2018). Limits are revised annually.

I Description and Purpose

The Early Childhood Education Program provides funding for several initiatives through South St. Petersburg CRA to support the development of childhood learning before entering public schools. It is a cornerstone of the City’s “CRA-dle to Career” initiative to comprehensively address educational and workforce development issues through the South St. Petersburg Community Redevelopment Plan. The Program has three elements:

- **Capacity Building for Family Child Care Centers**: The City of St. Petersburg and Pinellas County will provide CRA funding to support family child care homes to improve their operations and construct capital improvements on the portions of their homes where the service is provided. Before receiving the funding, the day care providers will be required to complete a curriculum designed by the Greenhouse and Early Learning Center to improve their service delivery. More than 70 family child care homes provide education and day-care services to nearly 500 infants and toddlers throughout South St. Petersburg. The quality of their care will be a fundamental determinant of their future educational achievement and economic prospects. This care will be greatly improved through the curriculum offered by the Greenhouse and the capital improvement grants to improve the providers’ facilities. This program has been contemplated for existing in-home providers, however due to the response from the community a carve out for startup in-home providers will be made to ensure the City is serving the needs of the community and the business owners and entrepreneurs. Startup providers must comply with all licensing and registrations before incentive funding will be disbursed. The program will be structured in intensive “boot camp” style so providers can matriculate through the curriculum and mentorship that will be facilitated by The Greenhouse and its partners.

- **Academy for Business in Child Care Development**: The City and County will provide funding to support the “Academy for Business in Child Care Development” (ABCD). The funding will support a range of activities including capital improvements to the facility, investments in equipment and software to improve business operations and scholarships to expand capacity. ABCD provides childcare entrepreneurs with the education, resources and support necessary to thrive in today’s economy. The program will be administered through the Greenhouse, which will partner with the Early Learning Coalition (ELC) to develop and deliver business training curriculum to child care center owners and directors in St. Petersburg’s Community Redevelopment Area (CRA). This training will provide the necessary tools for strengthening the financial viability, growth potential and independence of the child
Exhibit 2

Early Childhood Education Program
South St. Petersburg CRA Tax Increment Financing Program

care centers in St. Petersburg’s CRA, in turn enhancing the center’s sustainability and increasing resources available for child development.

- **Child Day-Care Scholarships**: The City and County will fund annual scholarships for income-eligible families with an emphasis on families in need of child care to return to the workforce or to attend training. Recent estimates indicate that annual costs for child care exceed $5,000.

## II Existing Conditions and Statement of Need

South St. Petersburg has been identified as one of Pinellas County’s five most concentrated areas of poverty and includes families who have seen generations of poverty. The social and economic impacts of poverty were clearly inventoried in the findings of Pinellas County’s May 17, 2012, study entitled “The Economic Impact of Poverty” (Report) that identified a large area of St. Petersburg as the largest of five Poverty Zones in Pinellas County. These five “at-risk” communities accounted for approximately 45 percent of the County’s total low-income population.¹

Neighborhoods with concentrated poverty are generally lacking in factors supportive of education such as social networks, positive role models and other elements that are important for development. The Pinellas County Poverty Study notes that “these disadvantaged children have substantial gaps in knowledge and social competencies that affect readiness to learn.” This is illustrated by the underperformance of children in the “At-Risk” communities in Pinellas on the FAIR-K Test. The test is one of two Florida Kindergarten Readiness Screener measures to evaluate school readiness among kindergarteners.

Based on a 2017 school readiness survey, there are 45 child care centers in St. Petersburg, with seventeen located in the South St. Petersburg CRA. The median readiness percentage for all child care centers was 50 percent, while in the CRA the median percentage was 48 percent. (The median score for centers outside of the CRA was 57 percent.) Nine of the centers in the CRA fall in the lowest scoring 40 percent, while four CRA centers are in the highest scoring 40 percent. Over one-half of all the centers in South St. Petersburg fell in the lowest performing 40 percent.

In Pinellas County, 71% of kindergarten students were ready for school in 2011. However, only 63% of kindergarteners living within the county’s “At-Risk Zones” were ready for school during the same timeframe; specifically, only 51% of low-income

¹ The other communities are East Tarpon Springs, Clearwater’s North Greenwood, the Highpoint area west of St. Petersburg/Clearwater International Airport and north of Ulmerton Road, and the Lealman corridor.
kindergarteners living in these At-Risk Zones who participated in subsidized child care were ready for school (see Figure 1). The study notes that “these lower rates affect multiple outcomes for these children and serve as a predictor for detrimental outcomes, such as grade repetition and dropping out of school.”

Educational underachievement by low-income children at an early age also creates the conditions for neither completing high school nor continuing their education beyond secondary school. According to the Poverty Study, a high school dropout earns about $7,840 less a year and $260,000 less over a lifetime than a high school graduate. In 2011, approximately 70% of high school students in the At-Risk Zones graduated with a standard high school diploma, as opposed to 81% of high school seniors throughout the rest of Pinellas County.

Finally, when compared to the state average, Pinellas County has an overall lower percent of adults whose highest education level is less than high school (12% Pinellas vs. 15% Florida). However, approximately 20% of the adults living in At-Risk communities did not complete high school, indicating lower educational attainment than the general population (American Community Survey, Five-Year Estimates for 2005-2009). According to the 2011-2015 American Community Survey, nearly 23 percent of South St. Petersburg CRA residents had less than a high school education. (This percentage is substantially lower than in 2000 when over one-third of CRA residents had less than a high school education.)

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The negative effects of concentrated poverty are magnified in the South St. Petersburg CRA by the presence of four underperforming public schools based on grades given by the Superintendent of Pinellas Schools. One is John Hopkins Middle School, while the other three are elementary schools - Campbell Park, Fairmount, and Melrose. These schools received failing grades in 2014 and 2015 (see Table below). Notably, Campbell Park, Melrose and John Hopkins are located less than one-half mile from one another, and all four schools are within or near Census block groups identified as pockets of high poverty where the poverty rate within the block group exceeds 31 percent (based on 2012 American Community Survey Five-Year estimates).

### School Grades for Public Schools in South St. Petersburg (2008-2018)

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<td>Fairmount Park</td>
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<td>John Hopkins</td>
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### III Consistency with the South St. Petersburg Redevelopment Plan

The South St. Petersburg “CRA-dle to Career” program, the City’s first attempt to comprehensively address educational and workforce development issues through a community redevelopment plan, is consistent with the goals, objectives and strategies of the South St. Petersburg Community Redevelopment Plan (Plan). The Plan recognizes that “education and workforce development are foundational elements of any successful economic development effort. Revitalizing a place by improving the educational, income and career opportunities of its current residents is challenging because these services are provided by a wide range of public, private and non-profit agencies that target different age groups, skill and occupational types and require collaboration”. 

The Redevelopment Plan also calls for utilizing a portion of the tax increment to enhance the capacity of early education, work readiness and workforce development providers to improve “CRA-dle to Career” opportunities. These programs are necessary to ensure that the Redevelopment Plan not only revitalizes South St. Petersburg as a place but also increases the economic prospects of the people living there allowing them to remain in the neighborhood without being displaced by successful redevelopment efforts.

IV Funding Source and Award Amounts

The City of St. Petersburg and Pinellas County may allocate revenue annually from its TIF contributions to support the programs below. The allocation will fund the incentive awards described below as well as administration costs of no more than 10 percent of the total Early Childhood Education Program annual budget to fund third-party facilitation costs.

Capacity Building for Family Child Care Homes Family child care homes may receive an award of up to $10,000 to pay for capital improvements related to upgrading the section of the house devoted to the child care business. The type and location of the capital improvements will be determined by the Pinellas County Licensing Board and/or Early Learning Coalition. The operator must complete a curriculum designed by the Greenhouse and its partners to increase the capacity of the operator and provide a pathway for expanding their business into a traditional child care center.

Academy for Business in Child Care Development. Child care centers may receive an award of up to $10,000 to fund improvements that strengthen the financial viability, growth potential and independence of the child care centers. Funding will be awarded after the center operator completes the curriculum and must be spent on improvements identified by the Greenhouse and ELC.

Child Day-Care Scholarships. Eligible families may receive up to $5,000 per year as a stipend to pay for childcare costs. Recipients will be certified by and funding disbursed through the Early Learning Coalition to the child care provider.
The ABCs of ADUs

A guide to Accessory Dwelling Units and how they expand housing options for people of all ages

BASEMENT ADU

ATTACHED ADU

SECOND- STORY ADU

DETACHED ADU

GARAGE-CONVERSION ADU

AARP®

Real Possibilities
**AARP** is the nation's largest nonprofit, nonpartisan organization dedicated to empowering people 50 or older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico and the U.S. Virgin Islands, AARP strengthens communities and advocates for what matters most to families: health security, financial stability and personal fulfillment. The AARP Livable Communities initiative works nationwide to support the efforts by neighborhoods, towns, cities, counties, rural areas and entire states to be livable for people of all ages.

Orange Splot LLC is a development, general contracting and consulting company with a mission to pioneer new models of community-oriented, affordable green housing developments. Orange Splot projects have been featured in the *New York Times*, *Sunset Magazine* and on NBC's *Today* show. (The detached ADUs on page 3 and the back cover are by Orange Splot.) Company founder Eli Spevak has managed the financing and construction of more than 250 units of affordable housing, was awarded a Loeb Fellowship by the Harvard University Graduate School of Design, cofounded the website [AccessoryDwellings.org](http://AccessoryDwellings.org) and serves as a vice chair of Portland, Oregon's Planning and Sustainability Commission.

**The ABCs of ADUs**

A guide to Accessory Dwelling Units and how they expand housing options for people of all ages

**WRITTEN AND EDITED BY:** Eli Spevak, Orange Splot LLC | Melissa Stanton, AARP Livable Communities

**ART DIRECTOR:** Mimi Park, Design Park, Inc.

**COPY EDITOR:** Don Armstrong | **ART PRODUCTION:** Steve Walkowiak

**PROJECT ADVISERS AND REVIEWERS:**

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Lina Menard, Founder, Niche Consulting

Heather Peters, Senior Housing and Community Development Policy Analyst, San Mateo County, California

Kol Peterson, Cofounder, [AccessoryDwellings.org](http://AccessoryDwellings.org) | Caravan: The Tiny House Hotel | ADU Tour: Portland, Oregon

Denise Pinkston, Partner, TMG Partners

Harriet Tregoning, past Principal Deputy Assistant Secretary, U.S. Housing and Urban Development

Jake Wegmann, Assistant Professor, University of Texas at Austin

**COVER IMAGE CREDITS (clockwise from top left)**

Front: Communitecture: Architecture, Planning, Design | Alex Hayden | [AccessoryDwellings.org](http://AccessoryDwellings.org) | [AccessoryDwellings.org](http://AccessoryDwellings.org) | Melissa Stanton, AARP


**A NOTE TO READERS:** Many of the photographs and project examples in this publication are from Portland, Oregon, one of the first municipalities in the nation to encourage the creation of accessory dwelling units.
Welcome! Come On In

AARP surveys consistently show that the vast majority of people age 50 or over want to remain in their homes and communities as they age rather than relocate

We know from surveys by AARP and others that a majority of Americans prefer to live in walkable neighborhoods that offer a mix of housing and transportation options and are close to jobs, schools, shopping, entertainment and parks.

These preferences — coupled with the rapid aging of the United States’ population overall and decrease in households with children — will continue to boost the demand for smaller homes in more compact neighborhoods.

As small houses or apartments that exist on the same property lot as a single-family residence, accessory dwelling units — or ADUs — play a major role in serving a national housing need.

This traditional home type is reemerging as an affordable and flexible housing option that meets the needs of older adults and young families alike.

In fact, in the 2018 AARP Home and Community Preferences Survey, people age 50-plus who would consider creating an ADU said they’d do so in order to:
- provide a home for a loved one in need of care (84%)
- provide housing for relatives or friends (83%)
- feel safer by having someone living nearby (64%)
- have a space for guests (69%)
- increase the value of their home (67%)
- create a place for a caregiver to stay (60%)
- earn extra income from renting to a tenant (53%)

Since ADUs make use of the existing infrastructure and housing stock, they’re also environmentally friendly and respectful of a neighborhood’s pace and style. An increasing number of towns, cities, counties and even states have been adapting their zoning or housing laws to make it easier for homeowners to create ADUs.

Accessory dwelling units (or ADUs) come in many shapes and styles.

The ABCs of ADUs is a primer for elected officials, policymakers, local leaders, homeowners, consumers and others to learn what accessory dwelling units are and how and why they are built. The guide also suggests best practices for how towns, cities, counties and states can include ADUs in their mix of housing options.
ADUs Come in Many Shapes and Styles

ADUs are a family-friendly, community-creating type of housing the nation needs more of

Although many people have never heard the term, accessory dwelling units have been around for centuries (see page 6) and are identified by many different names. To be clear about what’s being discussed:

- An ADU is a small residence that shares a single-family lot with a larger, primary dwelling
- As an independent living space, an ADU is self-contained, with its own kitchen or kitchenette, bathroom and sleeping area
- An ADU can be located within, attached to or detached from the main residence
- An ADU can be converted from an existing structure (such as a garage) or built anew
- ADUs can be found in cities, in suburbs and in rural areas, yet are often invisible from view because they’re positioned behind or are indistinct from the main house
- Because ADUs are built on single-family lots as a secondary dwelling, they typically cannot be partitioned off to be sold separately
- An ADU can provide rental income to homeowners and an affordable way for renters to live in single-family neighborhoods
- An ADU can enable family members to live on the same property while having their own living spaces — or provide housing for a hired caregiver
- Unlike tiny houses (see page 17), ADUs are compact but not teeny, so they’re a more practical option for individuals, couples and families seeking small, affordable housing
- For homeowners looking to downsize, an ADU can be a more appealing option than moving into an apartment or, if older, an age-restricted community
- ADUs can help older residents remain in their community and “age in place”

ADUs are also known as ...

Although most local governments, zoning codes and planners in the United States use the term accessory dwelling unit or ADU, these small homes and apartments are known by dozens of other names. The different terms conjure up different images. (Who wouldn’t rather live in a “carriage house” than in an accessory or “ancillary” unit?) Even if you’ve never heard of accessory dwelling units or ADUs, you have likely heard of — and perhaps know the locations of — some of the home types noted at right.

- accessory apartment
- alley flat
- back house
- backyard bungalow
- basement apartment
- carriage house
- coach house
- garage apartment
- granny flat
- guest house or cottage
- in-law suite
- laneway house
- mother-daughter house
- multigenerational house
- ohana unit
- secondary dwelling unit
- sidekick

Renting out this 350-square-foot garage-conversion ADU in Portland, Oregon, helps the property owner, who lives in the lot’s primary residence, pay her home mortgage.
Since ADUs can be created in many different shapes and styles, they’re able to fit discreetly into all sorts of communities, including suburban subdivisions, row-house streets (either with or without back-alleys), walkable town or urban neighborhoods — and, of course, large lots and rural regions.

**A DETACHED ADU** (aka DADU) is a stand-alone home on the same lot as a larger, primary dwelling. Examples include backyard bungalows and converted outbuildings.

Location: Portland, Oregon | Photo by David Todd

**An ATTACHED ADU** connects to an existing house, typically through the construction of an addition along the home’s side or rear. Such units can have a separate or shared entrance.

Location: Davidsonville, Maryland | Photo by Melissa Stanton, AARP

**A GARAGE ADU** makes use of an attached or detached garage by converting the space into a residence. Other options involve adding a second-story ADU above a garage or building a new structure for both people and cars.

Location: Portland, Oregon | Photo by Radcliffe Dacanay

An **INTERNAL ADU** is created when a portion of an existing home — an entire floor, part of a floor, or an attic or basement — is partitioned off and renovated to become a separate residence.

**Access to an UPPER-LEVEL ADU** can be provided through a stairway inside the main home or directly from an exterior staircase. This 500-square-foot ADU sits atop a 1,900-square-foot primary dwelling.

Location: Portland, Oregon | Photo by Eli Spevak, Orange Splot LLC

**A LOWER-LEVEL ADU** is typically created through the conversion of a home’s existing basement (provided that height and safety conditions can be met), during construction of the house, or (see page 7) as part of a foundation replacement and house lift.

Location: Portland, Oregon | Photo by Derin Williams
ADUs Are Good for People and Places

Communities that understand the benefits of ADUs allow homeowners to create them

ADUs are an affordable housing option

- ADUs can generate rental income to help homeowners cover mortgage payments or simply make ends meet. The income provided by an ADU tenant can be especially important for older people on fixed incomes.
- Since the land on which an ADU is built already belongs to the homeowner, the expense to build a secondary residence is for the new structure only. The lot is, in a sense, free.
- ADUs are typically owned and managed by homeowners who live on the premises. Such landlords are less likely to raise the rent once a valued tenant has moved in. Many ADUs are created for family members to reside in for free or at a discounted rate.
- Although market rate rents for ADUs tend to be slightly more than for similarly sized apartments, they often represent the only affordable rental choices in single-family neighborhoods, which typically contain no studio or one-bedroom housing options at all.
- Some municipalities are boosting ADUs as part of affordable housing and anti-displacement strategies. Santa Cruz, California (see opposite), is among the cities with programs to help lower-income households build ADUs or reside in them at reliably affordable rents.

ADUs are able to house people of all ages

- An individual’s housing needs change over time, and an ADU’s use can be adapted for different household types, income levels, employment situations and stages of life.
- ADUs offer young people entry-level housing choices.
- ADUs enable families to expand beyond their primary home.
- ADUs provide empty nesters and others with the option of moving into a smaller space while renting out their larger house or letting an adult child and his or her family reside in it.

ADUs are just the right size

- Generally measuring between 600 and 1,000 square feet, ADUs work well for the one- and two-bedroom homes needed by today’s smaller, childless households, which now account for nearly two-thirds of all households in the United States.

ADUs are good for the environment

- ADUs require fewer resources to build and maintain than full-sized homes.
- ADUs use significantly less energy for heating and cooling. (Of all the ADU types, internal ones tend to have the lowest building and operating costs.)

ADUs are community-compatible

- ADUs offer a way to include smaller, relatively affordable homes in established neighborhoods with minimal visual impact and without adding to an area’s sprawl.
- ADUs provide a more dispersed and incremental way of adding homes to a neighborhood than other options, such as multistory apartment buildings. As a result, it’s often easier to get community support for ADUs than for other housing types.

Big houses are being built, small houses are needed

Do we really need more than three times as much living space per person as we did in 1950? Can we afford to buy or rent, heat, cool and care for such large homes?

<table>
<thead>
<tr>
<th>YEAR</th>
<th>1950</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average square footage of new single family homes</td>
<td>983</td>
<td>2,571</td>
</tr>
<tr>
<td>Number of people per household</td>
<td>3.8</td>
<td>2.5</td>
</tr>
<tr>
<td>Square feet of living space per person</td>
<td>292</td>
<td>1,012</td>
</tr>
</tbody>
</table>

Fact: ADUs house more people per square foot of living area than single-family homes do.
HOME VISIT #1

Attached ADU Addition
Santa Cruz, California
Size: 500 square feet

The area with the darker roof shingles is the ADU that was added onto the home of Carrie and Sterling Whitley.

The Whitleys’ ADU (that’s Carrie showing off the front yard’s new paths and plantings) has its own entrance on the side of the home and is being rented to the couple’s daughter so she can help her elderly parents when needed.

When Carrie and Sterling Whitley bought their house in 1971, they paid less than $15,000. Nearly 50 years later, similar homes on their street have sold for more than $1 million.

THE PROBLEM: The Whitleys, who are in their 80s, own the house outright and don’t want to move. But the financial and physical demands involved in maintaining the house are a challenge.

A SOLUTION: To help low-income homeowners age 62 or older live independently and keep their homes, the Monterey Bay affiliate of Habitat for Humanity and the City of Santa Cruz launched My House My Home: A Partnership for Aging-in-Place. The pilot program builds accessory dwelling units so older homeowners can downsize into a new, aging-friendlier home and earn rental income from their original house. Or such homeowners can remain in their house and rent out the new, smaller residence. Participating homeowners are required to charge an affordable rental rate.

REALITY CHECK: When the Whitleys’ project broke ground in April 2017, they were the first homeowners to receive an ADU through the program, which worked with them to design the ADU as an addition to their existing home. Since the dwelling was built with accessibility features, Carrie and Sterling know they can downsize into it if they ever need to. Until then, their daughter, Brenda, resides in the addition.

REAL LIFE: “I’m right next door to my parents in case they need me or need any help,” Brenda says.

ADU ADVICE: With an attached ADU, privacy between the two residences can be achieved by locating the ADU bedroom(s) and bathroom(s) as far as possible from the main house. Providing the ADU with its own yard or outdoor space is helpful too.

Design: Historic Sheds | Builder: Historic Sheds | Cost to build: $158,000 in 2017 (not including volunteer labor) | Photos by Michael Daniel | Article adapted from Where We Live: Communities for All Ages (AARP 2018)
ADUs Are an American Tradition
While today’s interest in ADUs may be new, the housing type is centuries old

Early settlers often built a small home to live in while constructing their larger, primary house nearby. When farming was a source of survival for most of the nation’s households, families routinely constructed additional homes on their land when needed.

People with wealth and acreage regularly populated their lands with secondary mansions and ancillary buildings independent of the main estate house.

In fact, until the 20th century, people with land built as many homes as they wished. There were few or no zoning rules, municipal services or infrastructure (utilities, roads, schools, trash collection, first-responders) to consider.

A historic precedent for the modern day accessory dwelling unit is the “carriage house,” or “coach house.” Originally built for horse-drawn carriages, the structures associated with grander homes were frequently large enough to double as living quarters for workers and stable hands.

Decades later, in response to housing shortages and economic needs, many surviving carriage houses were converted into rental homes. By becoming landlords, the owners gained income from their otherwise unused outbuildings.

Automobile garages have a similar history. Some were originally built with a housing unit upstairs. Over time, many garages were converted (often illegally or under zoning codes no longer applicable today) into small homes when the spaces became more valuable for housing people than vehicles.

With the rise of suburban single-family home developments following World War II, ADUs practically ceased to be built legally in the United States. Then as now, residential zoning codes typically allowed only one home per lot, regardless of the acreage and with no exceptions. Attached and detached garages occupied yard space that might otherwise have been available for ADUs.

Some cities, including Chicago, grandfathered in pre-existing ADUs — but only if the residences remained consistently occupied. In Houston’s historic and trendy Heights neighborhood, old and new garage apartments are common and desired.

But elsewhere, even in rural areas with ample land, property owners are often prohibited from creating secondary dwellings. Many communities today don’t allow new ADUs, even if they did in the past — and even if ADUs currently exist there. (Countless units in single-family homes or yards are technically illegal or are allowed simply because they were created when such residences had been legal.)

ADUs began making a comeback in the 1980s as cities explored ways to support smaller and more affordable housing options within single-dwelling neighborhoods. In 2000, in response to a growing demand for ADU-supportive guidelines, AARP and the American Planning Association partnered to release an influential model state act and local code for ADUs.

More recently, there’s been renewed interest at the state and local levels (see page 8) in legalizing and encouraging the creation of ADUs, driven by the increasingly high cost of housing and, in some places, the belief that homeowners with suitable space shouldn’t be so restricted in the use of their property.
HOME VISIT #2
Garage Apartment ADU
Denver, Colorado
Size: 360 square feet

“I see our ADU as something very similar to a student loan,” says Mara Owen. “It’s something you invest in the future with. It was cheaper than buying a house for Mom, and it lets her have independence. It’s great knowing we can check in on her whenever.”

AH-HA MOMENT: Owen, her partner, Andrew, and their three dogs were sharing a one-bedroom, one-bath house with her mother, Diane. When Owen learned that ADUs were allowed in the city, she decided the best way to get more space for her small home’s many residents would be to remove their “leaky and defunct” garage and build a new two-car garage with an apartment above it.

WISE ADVICE: “Get a really great builder and architect,” says Owen. “Interviewing architects was similar to a first date. It’s not just who you feel connected with. That’s important, but get to the values. It’s a niche market, so see if you can find someone who has built ADUs before, because ADUs are a little different.”

FUTURE PLANS: The stairs to Diane’s apartment are wide enough for a stair lift, if it’s ever needed. The roof was built at the correct slope for the eventual installation of solar panels.

Design: Hive Architecture | Builder: Hive Architecture | Cost to build: $167,000 in 2016 | Photo by Mara Owen | Article adapted from “ADU Case Studies” by Lina Menard on AccessoryDwellings.org. Visit the website to read about and see photographs of more ADU projects.

HOME VISIT #3
Basement ADU
Portland, Oregon
Size: 796 square feet

The transformation of this colorful Victorian was both a preservation and expansion project.

TEACHING MOMENT: “Here’s a very welcome breath of fresh air, especially in the face of so much gentrification that is going on in Portland!” declared Mark Lakeman, principal of Communitecture, an architectural, planning and design firm, about the pictured remodel. Writing on his company’s website, he says the project provides a lesson in how to “adapt and reuse our precious historic houses so they can accommodate more people while also providing more income to support the existing home.”

HOW'D THEY DO IT? To add a basement rental unit, engineers lifted the house. The resulting ADU is roughly four feet underground and four feet above.

THE ACHIEVEMENT: Adds Lakeman: “Unlike the seemingly pervasive method of simply tearing down existing buildings so that new, giant ones can be built, this approach achieves upgrades in energy efficient living places and adds density while retaining the continuity of our beloved historical urban environment.”

Design: Communitecture | Home Lift: Emmert International | Builder: Tom Champion | Cost to build: $125,000 in 2015 | Photos by Communitecture (before) and Chris Nascimento (after)
The Time Is Now

Rules for ADUs continue to evolve and frequently differ from one town to the next

Some communities allow almost any home to be set up with an ADU — so long as size limits, property line setbacks and placement caveats in relation to the primary dwelling are met.

Other communities start with those basic standards and then layer on extra requirements (see page 14) that can make it challenging to create an ADU.

Municipalities nationwide have been relaxing their restrictions against ADUs, and some states have been encouraging their creation by requiring communities to allow them.

- In 2017, California required all of its cities and counties to allow ADUs so long as the property owner secured a building permit. In Los Angeles, Mayor Eric Garcetti has said ADUs could provide the city with a needed 10,000 housing units. He’s touted ADUs as a “way for homeowners to play a big part in expanding our city’s housing stock and make some extra money while they’re at it.”

- That same year, a New Hampshire law established that local zoning codes had to allow ADUs nearly everywhere single-family housing was permitted. The change stemmed in large part from the frustration of builders who couldn’t construct the type of amenities, such as backyard cottages and garage apartments, that their clients desired.

- Oregon requires cities and counties of certain sizes within urban growth boundaries to allow ADUs in all single-family neighborhoods.

- As of 2019, major cities that allow ADUs include Anchorage, Alaska; Atlanta, Georgia; Austin, Texas; Denver, Colorado; Honolulu, Hawaii; Houston, Texas; Philadelphia, Pennsylvania; Phoenix, Arizona; Seattle, Washington; and Washington, D.C. Communities in Massachusetts, Kentucky, Illinois, Indiana and Oregon have sought advice from AARP and Orange Splot about revising their zoning codes to allow ADUs.

To Encourage ADUs

LOCAL OFFICIALS can ...
- allow all ADU types (detached, attached, interior)
- simplify the building permit process for ADUs
- waive or reduce permit and impact fees
- let garages be converted into ADUs without requiring replacement off-street parking
- allow a second ADU if one of the homes on the property meets accessibility standards

COMMUNITY PLANNERS can ...
- adopt simple, flexible but nondiscretionary ADU rules about setbacks, square footage and design compatibility with the primary dwelling

LENDERS can ...
- work with homeowners to finance the construction of ADUs by using renovation loans

ADVOCATES can ...
- organize tours of completed ADUs in order to inform and inspire the community
- educate homeowners, real estate agents, architects and builders about local zoning regulations and the permit process

REAL ESTATE AGENTS can ...
- educate themselves and their clients about rules for the construction of ADUs

LOCAL MEDIA can ...
- report on how and why homeowners build ADUs

The unique floor plan of this single-family Maryland farmhouse allows for a first floor residence (accessed through the door on the right) and an upper-level ADU that can be reached through the entrance at left.
HOME VISIT #4
Internal ADU (Main Level)
Portland, Oregon
Size: 220 square feet

Even small homes can have enough space for an ADU. An underused main floor bedroom in this 1.5-story, 1,500-square-foot bungalow was transformed into a studio apartment.

AH-HA MOMENT: According to Joan Grimm, who owns the home with Rita Haberman: “What we were looking for in terms of a community and aging in place was right under our noses. Remove a fence and create a shared open space. Build a wall and create a second dwelling unit. It doesn’t have to be complicated.”

REAL LIFE: “Creatively carving out an ADU from the main floor of our house saved on design and construction costs,” Grimm adds. “It provides an opportunity for rental income, with no significant compromise to the livability of our home.”

Design: Rita Haberman | Builder: RS Wallace Construction | Cost to build: $55,000 in 2015 (with some work done by the homeowners)
Photos courtesy Billy Ulmer | Article adapted from “ADU Case Studies” by Lina Menard on AccessoryDwellings.org

HOME VISIT #5
Internal ADU (Lower Level)
Portland, Oregon
Size: 795 square feet

“We were looking for a way to live in our house for the rest of our lives and to generate at least some income in the process,” Robert Mercer and Jim Heuer wrote for the program guide of the annual Portland ADU Tour when their home was part of the lineup. “An ADU offers the possibility of caregiver lodging in the future or even a place for us to live while we rent out the main house if we get to the point where we can’t handle the stairs any longer.”

THE SOUND OF SILENCE: Internal ADUs often require that soundproofing insulation be installed between the primary dwelling and the accessory unit that’s below, above or beside it. In Portland, the building code for duplex residences requires a sound insulation rating of at least STCC45. To property owners thinking about a similar ADU setup, the duo advise: “Think about how you live in your home and how having downstairs neighbors will change what you can and can’t do with your space and what investment you are prepared to make in sound insulation.”

AN ADDED BONUS: “We are pleased that we have been able to provide more housing density on our property and still be in keeping with the historic character of our home.”

Design: DMS Architects | Builder: Weitzer Company | Cost to build: $261,000 in 2016 | Photo by Melissa Stanton, AARP | Article adapted from the 2017 ADU Tour project profiles on AccessoryDwellings.org
Bringing Back ADUs

The reasons for creating or living in an ADU are as varied as the potential uses ADUs are flexible. Over time, a single ADU might be used in many ways as an owner’s needs and life circumstances change. Following are just a few reasons why ADUs are created and by whom:

**EMPTY NESTERS** can build an ADU and move into it, then rent out the main house for supplemental income or make it available to their adult children.

**FAMILIES WITH YOUNG CHILDREN** can use an ADU as housing for a nanny or au pair or even a grandparent or two, who can then help raise their grandkids and be assisted themselves as they age.

**INDIVIDUALS IN NEED OF CARE** can reside in an ADU to be near family members, or they can use the ADU to house a live-in aide. (In fact, ADUs can be an affordable and more comforting alternative to an assisted-living facility or nursing home.)

**HOME BUYERS** can look forward to the rental income from an ADU to help pay their mortgage or finance home improvements, especially in expensive housing markets.

**HOME-BASED WORKERS** can use an ADU as their office or workshop.

**HOMEOWNERS** can use an ADU for guests or as housing for friends or loved ones who:

- aren’t yet financially independent, such as new high school or college graduates
- need temporary housing due to an emergency or while renovating their own home
- have disabilities but can live independently if family reside nearby

Planning and Paying for ADUs

Most new homes are built by developers, entire subdivisions at a time. Apartments are also built by pros.

But ADUs are different.

Although ADUs are occasionally designed into new residential developments, the vast majority are created by individual homeowners after they move in. In other words, ADUs are usually created by enthusiastic and motivated amateurs.

An ADU may present the ultimate chance for a do-it-yourselfer to build his or her small dream home. More often, homeowners bring in a combination of architects, designers and construction contractors to do the work, much as they would for a home addition or major kitchen remodeling. The local municipality’s planning department can provide guidance on the rules for ADUs and information about what permits, utility connections and fees are involved.

ADUs aren’t cheap, and they are often the most significant home improvement project a homeowner will undertake.

Although internal ADUs can sometimes be built for about $50,000, new detached ADUs often exceed $150,000. Most ADUs are financed through some combination of savings, second mortgages, home equity lines of credit and/or funds from family members (sometimes a relative who ends up living in it).

In some areas, the cost of building an ADU can be recouped after a few years of renting it. If that’s the plan, it’s worth estimating the expenses versus the potential income before undertaking an ADU project.

A few cities, nonprofits and start-ups are experimenting with creative financing options that could put ADUs within reach for more homeowners and their families, as well as prospective renters.
HOME VISIT #6
Detached ADU (One-Story)
Decatur, Georgia
Size: 800 square feet

When Walt Drake decided to downsize, his son Scott purchased his dad’s house for himself and his family and built a detached ADU (or DADU) for Walt.

“From not finding what we wanted for Dad, we decided to create it,” says Scott. “Neighborhoods built in the 1920s have carriage houses. Building an ADU was a modern day version of something people have been doing on their property in this area for a hundred years.”

NEAR AND FAR: “We wanted the houses to be separate and to feel like we’re each on our own property, but we’re there for each other,” says Scott.

AGING-FRIENDLY: Building the ADU meant Walt didn’t have to sell his home and leave his neighborhood. “He was able to keep his own stuff and turn over what he didn’t need to us,” says Scott. “It kept my dad in place, which I think was important.”

FUTURE PLANS: Scott says the ADU is “serving its intended purpose” but that someday down the road it could be used as a long- or short-term rental. “The ADU could turn into lots of different things over the course of its lifetime.”

Design: Adam Wall, Kronberg Wall | Builder: Rob Morrell | Cost to build: $350,000 in 2014 | Photo by Fredrik Brauer | Floor plan by Kronberg Wall Architects | Article adapted from “ADU Case Studies” by Lina Menard on AccessoryDwellings.org
ADUs Are Age-Friendly Housing

New-construction ADUs can be created with “universal design” features

An “age-friendly” home has a zero-step entrance and includes doorways, hallways and bathrooms that are accessible for people with mobility differences. Garage conversions (such as the one pictured on page 2) are among the easiest and least expensive ADU solutions for aging in place since they’re preexisting structures and generally have no-step entries. To learn more about making a home aging-friendly, download or order the AARP HomeFit Guide at AARP.org/HomeFit.

HOME VISIT #7
Detached ADU (Two-Story)
Seattle, Washington
Size: 800 square feet

Evelyn Brom’s plan was to build a backyard cottage and rent it out. She would keep living in her two-bedroom home.

AH-HA MOMENT: As the design developed, Brom realized that she wanted to live in the stunning wood-and-glass ADU. It was a good decision. A week before moving in, Brom was laid off from her job.

REAL LIFE: The $3,000 a month Brom receives in rent for the main house (which is occupied by a three-generation family) provides a needed income. “Being laid off has made this arrangement a lifesaver,” Brom says. If the stairs in the cottage ever become too hard to navigate, she can move back into her original one-story house and rent out the cottage instead. “Now I have options,” she says.

Design: Chrystine Kim, NEST Architecture & Design | Builder: Ian Jones, Treebird Construction | Photo by Alex Hayden | Cost to build: $250,000 in 2014

Article adapted from Where We Live: Communities for All Ages (AARP 2018)
Bertha and her son John talked about someday buying a house with a mother-in-law suite. “Then one day someone came along and wanted my house, so I up and sold it,” she explains. “But that left me homeless. I asked John if I could build a small house in his backyard and he agreed.”

**CREATIVE THINKING:** A detached bedroom is a permanent, accessory structure that, unlike ADUs, lacks a kitchen. But that’s what makes these cabin-like homes more affordable to build than many ADUs and even tiny houses.

**WHAT’S INSIDE:** Bertha’s home contains a sleeping and living area and a full bathroom. “I paid for the little house and it’s on my son’s property. So I figured, if I’m cooking I can do it at my son’s house,” she says. (Her laundry is also done at his house.)

**REAL LIFE:** “Having access to my son’s house makes it livable. Otherwise, I personally would not be happy. It’s very comforting to know that John is close by. Hopefully this will be my home forever.”

Design: Historic Sheds | Builder: Historic Sheds | Cost to Build: $50,000 in 2017 | Photo by Historic Sheds | Article adapted from “ADU Case Studies” by Lina Menard on AccessoryDwellings.org

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**A Sustainable and Sunny ADU**

Tired of living in a house with so many walled off and dark spaces that the sun couldn’t shine in, the home’s owners built and moved into the bright, airy, modern and very accessible ADU they created in their yard. (The original, larger home has become a rental.) The ADU is located within a conservation district and was constructed using sustainable materials and environmentally friendly techniques. One such feature is the deck trellis, which allows light in while diffusing the heat of the afternoon sun.

**Although this ADU has only 721 square feet of living space, there is room enough for two bedrooms.**

Design: Propel Studio | Builder: JLTB Construction | Photo by Josh Partee | Cost to build: $185,000 in 2017 | Article adapted from “ADU Case Studies” by Lina Menard on AccessoryDwellings.org
Practical Solutions for ADUs

Local laws can both allow and appropriately control the creation of accessory dwellings

There are more than 19,000 cities, 16,000 towns and 3,000 counties in the United States. Regulations about ADUs are typically written or adopted at the local government level.

Where it’s legal to build ADUs, homeowners still need to follow rules about where it can be done, how tall they can be, how many square feet they can contain, what they can look like and how they can be used. These rules can be found in the local zoning code.

Over the past few decades it has become clear that there’s a balance to strike between the strictness of ADU regulations and how often ADUs get built.

For instance, after Portland, Oregon, relaxed its ADU rules in 2010 and waived impact fees (a savings of up to $12,000), the number of ADUs built there increased from about 30 per year between 2000 and 2009 to practically one ADU a day in 2015.

Changes in California’s ADU laws allowed Los Angeles to achieve an even more dramatic increase, going from 80 permit applications in 2016 to nearly 2,000 in 2017. Allowing both an ADU and a “Junior ADU,” or JADU — an interior ADU of 500 square feet or fewer — on properties in Sonoma County were among the urgent policies adopted in the wake of Northern California’s many devastating fires.

Meanwhile, in many jurisdictions, well-intentioned but burdensome rules can stymie the creation of ADUs. ADU-related zoning codes should be restrictive enough to prevent undesirable development but flexible enough that they actually get built.

When a community is worried about a potentially undesirable outcome, it can — and many do — craft regulations to prevent particular building types, locations or uses. A city concerned about the environmental impact of new structures might prohibit placing detached ADUs in precarious locations, such as on steeply sloping lots. Communities wary of ADUs becoming, for instance, off-campus student housing could establish occupancy rules.

Every community has its own priorities and concerns, and there’s a wide enough range of regulatory controls that communities can write appropriate ADU rules.

This inherent flexibility in the form and function of ADUs allows them to pass political muster and get adopted in a wide range of places. (See page 16 for more about uses and rules.)

Rules that discourage ADUs

- ADU-specific regulations that don’t also apply to primary dwellings (e.g., owner-occupancy requirements)
- complex design compatibility criteria and approval steps
- off-street parking requirements beyond those required for the primary dwelling
- restrictions that limit ADUs to certain geographic areas, particular zoning categories or to large lots
- caps on square footage relative to the primary house that make it easy to add an ADU to a large home but hard or impossible to add one to a small home

Are ADUs allowed in your community?

Find out by calling the office in charge of land use and permits or stopping by in person. You can also search for and read the zoning code through the local government’s website.

- If ADUs are allowed, ask what conditions, permit needs and impact fees apply.

- If ADUs are not allowed in your community and you want them to be, ask an elected official or the local department of zoning and planning for information about how the codes can be updated. Then get organized and start advocating!

TRADING SPACES: An ADU is always the smaller of two dwellings on a property, but it’s possible for an existing home to become the ADU when a larger house is built and becomes the primary dwelling.
Creating (or Understanding) an ADU Zoning Code

The ADU section of a community’s zoning code needn’t be overly complicated. It just needs to establish clear, objective and fair rules for the following:

1. **A Definition:** A good zoning code clearly defines its terminology. Here, for example, is a useful outline for what, in the real world, is a very fluid term: “An ADU is a smaller, secondary home on the same lot as a primary dwelling. ADUs are independently habitable and provide the basic requirements of shelter, heat, cooking and sanitation.”

2. **The Purpose:** This is where the code describes key reasons a community allows ADUs. They should:
   - increase the number of housing units while respecting the style and scale of single-dwelling development
   - bolster the efficient use of existing housing stock and infrastructure
   - provide housing that’s affordable and respond to the needs of smaller, changing households
   - serve as accessible housing for older adults and people with disabilities

3. **Eligibility:** Who can build an ADU and on what type of property? A statement in this part of the code clarifies that an ADU can be placed only on a “residentially zoned, single-family lot.” (Some communities provide lot size standards, but many don’t.)

4. **Creation:** This is where the code sets out how an ADU can be built. For instance: “An ADU may be created through new construction, the conversion of an existing structure, as an addition to an existing structure or as a conversion of a qualifying existing house during the construction of a new primary dwelling on the site.”

5. **Quantity:** Most municipalities that permit ADUs allow one per lot. Vancouver, British Columbia; Sonoma County, California; and Tigard, Oregon, are among the few that allow two per lot (typically one internal and one external). Some communities also allow duplexes or townhomes to have ADUs, either in the backyard or on the ground floor.

6. **Occupancy and Use:** A code should state that the use-and-safety standards for ADUs match those that apply to the primary dwelling on the same property. (See page 17 for more about ADU uses.)

7. **Design Standards:**
   - **Size and height:** A zoning code might specify exactly how large and tall an ADU is allowed to be. For instance, “an ADU may not exceed 1,000 square feet or the size of the primary dwelling, whichever is smaller.” Codes often limit detached ADUs to 1.5 or 2 stories in height. (An example of that language: “The maximum height allowed for a detached ADU is the lesser of 25 feet at the peak of the roof or the height of the primary dwelling.”)
   - **Parking:** Most zoning codes address the amount and placement of parking. Some don’t require additional parking for ADUs, some do, and others find a middle ground — e.g., allowing tandem parking in the driveway and/or on-street parking. (See page 16 for more about parking.)
   - **Appearance:** Standards can specify how an ADU’s roof shape, siding type and other features need to match the primary dwelling or neighborhood norms. Some codes exempt one-story and internal ADUs from such requirements. (See page 16 for more about making sure that ADUs fit into existing neighborhoods.)
   - **Entrances and stairs:** Communities that want ADUs to blend into the background often require that an ADU’s entrance not face the street or appear on the same facade as the entrance to the primary dwelling (unless the home already had additional entrances before the ADU was created).

8. **Additional Design Standards for Detached ADUs:**
   - **Building setbacks:** Many communities require detached ADUs to either be located behind the primary dwelling or far enough from the street to be discreet. (A code might exempt preexisting detached structures that don’t meet that standard.) Although this sort of rule can work well for neighborhoods of large properties with large rear yards, communities with smaller lot sizes may need to employ a more flexible setback-and-placement standard.
   - **Building coverage:** A code will likely state that the building coverage of a detached ADU may not be larger than a certain percentage of the lot that is covered by the primary dwelling.
   - **Yard setbacks:** Most communities have rules about minimum distances to property lines and between buildings on the same lot. ADUs are typically required to follow the same rules.

Visit [AARP.org/ADU](http://AARP.org/ADU) to see examples of ADU zoning codes from selected cities.
ADU “Hot Topics”

As communities allow ADUs or update existing zoning codes and rules to be more ADU-friendly, they inevitably wrestle with some or all of the following issues:

Adding ADUs to neighborhoods

Recognizing that ADUs may represent a new housing type for existing neighborhoods, communities often write special rules to ensure they’ll fit in well. These guidelines typically address visual compatibility with the primary dwelling, appearance from the street (if the ADU can be seen) and privacy for neighbors. Rules that help achieve these goals include:

- height and size caps mandating that ADUs be shorter and smaller than the primary dwelling
- requirements that detached ADUs be behind the main house or a minimum distance from the street
- mandates that the design and location of detached ADUs be managed the same way as other detached structures (e.g., garages) on the lot
- design standards for larger or two-story ADUs so they architecturally match the primary dwelling or reflect and complement neighborhood aesthetics
- encouragement for the creation of internal ADUs, which are often unnoticed when looking at the house

Each community can strike its own unique balance between strict rules to ensure that ADUs have a minimal impact on neighborhoods and more flexible rules that make them easier to build.

Providing places to park

ADU regulations often include off-street-parking minimums on top of what’s already required for the primary dwelling. Such rules can prevent homeowners from building ADUs if there’s insufficient physical space to accommodate the parking. However, additional parking often isn’t needed.

Data from Portland, Oregon, shows that there are an average of 0.93 cars for each ADU, and that about half of all such cars are parked on the street. With fewer than 2 percent of Portland homes having ADUs (the highest percentage in the country), there is about one extra car parked on the street every six city blocks. This suggests that any impacts on street parking from ADUs are likely to be quite small and dispersed, even in booming ADU cities.

More-realistic parking rules might:

- require the creation of new parking only if the ADU displaces the primary dwelling’s existing parking
- waive off-street-parking requirements at locations within walking distance of transit
- allow parking requirements for the house and ADU to be met by using some combination of off-street parking, curb parking, and tandem (one car in front of the other) parking in a driveway

Dealing with unpermitted ADUs

It’s not uncommon for homeowners to convert a portion of their residence into an ADU in violation (knowingly or not) of zoning laws or without permits.

Such illegal ADUs are common in cities with tight housing markets and a history of ADU bans. One example is New York City, which gained 114,000 apartments between 1990 and 2000 that aren’t reflected in certificates of occupancy or by safety inspections.

Some cities have found that legalizing ADUs, simplifying ADU regulations and/or waiving fees can be effective at getting the owners of illegal ADUs to “go legit” — and address safety problems in the process.
Allowing and Restricting Uses

Communities get to decide whether to let ADUs be used just like any other housing type or to create special rules for them. Some municipalities take a simple approach, regulating ADUs just as they do other homes. So if a home-based childcare service is allowed to operate in the primary dwelling, it is also allowed in an ADU. Conversely, communities sometimes adopt ADU-specific regulations in order to avoid undesirable impacts on neighbors. Examples include:

Limiting short-term rentals

ADUs tend to work well as short-term rentals. They’re small and the owner usually lives on-site, making it convenient to serve as host. However, if ADUs primarily serve as short-term rentals, such as for Airbnb and similar services, it undermines the objective of adding small homes to the local housing supply and creating housing that’s affordable.

In popular markets, short-term rentals can be more profitable than long-term ones, allowing homeowners to recoup their ADU expenses more quickly. In addition, short-term rentals can provide owners with enough income that they can afford to occasionally use the ADU for friends and family.

A survey of ADU owners in three Pacific Northwest cities with mature ADU and short-term rental markets found that 60 percent of ADUs are used for long-term housing as compared with 12 percent for short-term rentals.

Respondents shared that they “greatly value the ability to use an ADU flexibly.” For instance, an ADU can be rented nightly to tourists, then someday rented to a long-term tenant, then used to house an aging parent. ADUs intended primarily for visiting family are sometimes used as short-term rentals between visits.

Cities concerned about short-term rentals often regulate them across all housing types. If there are already rules like this, special ones might not be needed for ADUs. An approach employed in Portland, Oregon, is to treat ADUs the same except that any financial incentives (such as fee waivers) to create them are available only if the property owner agrees not to use the ADU as a short-term rental for at least 10 years.

Requiring owner-occupancy

Some jurisdictions require the property owner to live on-site, either in the primary house or its ADU. This is a common way of addressing concerns that absentee landlords and their tenants will allow homes and ADUs to fall into disrepair and negatively impact the neighborhood.

Owner-occupancy rules are usually implemented through a deed restriction and/or by filing an annual statement confirming residency. Some cities go further, saying ADUs can be occupied only by family members, child- or adult-care providers, or other employees in service of the family.

Owner-occupancy requirements make the financing of ADUs more difficult, just as they would if applied to single-family homes. But as ADUs have become more common, owner-occupancy restrictions have become less so, which is good. Such requirements limit the appraised value of properties with ADUs and reduce options for lenders should they need to foreclose.

Enforcing owner-occupancy laws can be tricky, and the rules have been challenged in courts, sometimes successfully. However, according to a study by the Oregon Department of Environmental Quality, more than two-thirds of properties with ADUs are owner-occupied even without an owner-occupancy mandate.

While not technically ADUs, tiny houses can serve a similar purpose

Because tiny houses — such as the 100 square foot “Lucky Penny,” pictured — are built on a trailer with wheels rather than on a fixed foundation, they are typically classified as recreational vehicles (RVs) rather than permanent residences. Although tiny homes are usually smaller than 400 square feet, many of them do contain a kitchen and bathroom.

Design and Builder: Lina Menard, Niche Consulting | Photos by Guillaume Ditilh, PhotoXplorer
An accessory dwelling unit is a small residence that shares a single-family lot with a larger primary dwelling.

As an independent living space, an ADU is self-contained, with its own kitchen or kitchenette, bathroom and living/sleeping area. (Garage apartments and backyard cottages are each a type of ADU.)

ADUs can enable homeowners to provide needed housing for their parents, adult children, grandchildren or other loved ones.

An ADU can provide older adults a way to downsize on their own property while a tenant or family member resides in the larger house.

Since homeowners can legally rent out an ADU house or apartment, ADUs are an often-essential income source.

ADUs help to improve housing affordability and diversify a community’s housing stock without changing the physical character of a neighborhood.

ADUs are a beneficial — and needed — housing option for people of all ages.

Learn more about ADUs and order or download The ABCs of ADUs by visiting AARP.org/ADU

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