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TO: Chair and Members of the Board

FROM: Jeffrey L. Oris, Executive Director

DATE: January 15, 2020

APPROVING THE ADOPTION AND IMPLEMENTATION OF THE MARGATE COMMUNITY REDEVELOPMENT AGENCY COMMERCIAL DEMOLITION MATCHING GRANT GUIDELINES

BACKGROUND: One of the problems with the commercial infrastructure within the MCRA is that there is a significant number of obsolete buildings that are situated on undersized parcels of land. These buildings, often built in the 1970's or before, have load bearing columns or supports throughout the building which means that interior walls cannot be moved. This leads to shopping centers with fixed tenants spaces and in which the tenant spaces are much smaller than demanded in the current marketplace. In contrast, modern commercial buildings are generally a shell with no interior load bearing walls or columns which allow for ever-changing interior space possibilities. The smaller size of lots that these buildings occupy is often the result of widening of State Road 7 over the years meaning there is little space for parking, on-site vehicular movement, adequate on-site stormwater drainage and retention systems, code-required landscaping, dumpster enclosures, and light fixtures.

The most efficient way to address these concerns is for a property owner to assemble several parcels, demolish existing, obsolete buildings, and rebuild a project that includes modern, flex buildings, and which has the space to meet all modern code requirements for stormwater, dumpsters, lighting, etc. The problem with this approach for the private sector is that the cost to carry land while trying to assemble several parcels can be high and while buildings on the land may be economically obsolete, they still have value and add cost to the purchase price of the property.

The proposed MCRA Commercial Demolition Match Grant Program would assist in reducing costs for one element of the aforementioned condition. This program is designed to assist property owners in paying for the demolition of structures. The program is designed to reimburse a property owner for demolition costs up to \$75,000 for each lot which may

include costs for demolition of structures, removal of asphalt, regrading of the site, required permits and approvals, and other reasonable and customary costs of site demolition. If the property owner has assembled several parcels, the MCRA could negotiate higher limits based on the number of structures, lots, and desirability of the replacement project.

In order to obtain funding, the property owner would have to have a replacement project that is anticipated to be worth more than the building/structures to be demolished. In addition, the MCRA must approve the new project and reimbursement will not be made until the new project is built and fully approved for occupancy which must happen within 2 years of the executive of the demolition grant agreement with the MCRA.

Again, all funds to a property owner would be on a one-for-one match basis, would be reimbursed AFTER the replacement project is completed, and would require MCRA Board approval of the new project's site plan.

An appropriate grant agreement will be drawn up when the first applicant comes forward so additional considerations can be added based on implementation of the program. Any individual grant award and agreement would be subject to review and approval by the MCRA Board.

RECOMMENDATION: Staff recommends approval of the grant guidelines.

FISCAL IMPACT: The grant would be subject to the current funding limitations on grants within the FY 19-20 budget. If the program is a success, more funding could be made available through a budget transfer or amendment at a later date.

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