



MINUTES

Community Redevelopment Agency Meeting (CRA)

5:00 PM – Thursday, June 05, 2025 – City Hall

Call to Order: 5:00 p.m.

Acknowledgement of Quorum and Proper Notice

PRESENT: Mr. Michael Holland, Mr. George Asbate, Ms. Emily Lee and Vice Chair Gary Ashcraft, Lori Pittsley, Downtown CRA Representative, and Tonya Wilder, East Town CRA Representative

ABSENT: Chair Willie L. Hawkins

1. Approval of Minutes

April 17, 2025 CRA Meeting

Motion made by Mr. Holland, Seconded by Ms. Lee, to approve the Minutes. Motion passed on the following vote:

Voting Yea: Mr. Holland, Mr. Asbate, Ms. Lee, Vice Chair Ashcraft

2. CRA Item with Board Discussion and Direction

2.1 Review of CRA Developer Agreement – Tax Increment Benefits

Tom Carrino, City Manager, explained the discussion pertains to an existing redevelopment agreement between the CRA and North Central Place, which is the five-story apartment building a few blocks east of City Hall. He stated that the City has received a request from Daniel DiVenanzo, representing North Central Place, for his annual payment. He explained that because of an ownership change with the property and the status of the property taxes there is some ambiguity with the agreement. Therefore, they have asked the City Attorney to review the agreement. He indicated staff will need some direction on how the Board wants to move forward.

Sasha Garcia, City Attorney, explained they will be looking at the tax benefit issue in the agreement and will need some guidance going forward. She explained the purpose of the tax increment benefits and how they work. She noted that there are other similar agreements so there needs to be a clarification that can be applied consistently. She indicated that once they agree on a clarification, then a resolution adopting the clarifying terms will be brought back to the CRA for consideration. She added that the CRA would also need to consider revisions to any subsequent tax increment benefit agreements.

Attorney Garcia provided a history of the North Central Place project. She explained the reimbursement is tied to the incremental property taxes actually received by the CRA. Reimbursements require proof of eligible costs paid by the developer which, in this case, was the completion of the project which was close to \$1.9 million. The developer is requesting the property tax exemption subsidy. She explained that the developer benefits are not transferable without CRA approval and the developer has not

transferred those benefits. She indicated that the agreement is silent on who must pay the property taxes or who must own the property to trigger the reimbursement. She stated staff needs guidance on post-sale benefit eligibility; i.e., ownership retention requirement for the developer to receive the benefit.

Attorney Garcia reviewed the legal and practical issues as follows: 1) Ambiguity in Payor: Agreement is silent on whether reimbursement is contingent on Developer or subsequent owner paying taxes. 2) Developer Reliance: Developer relied on reimbursement to complete the project and retained no ownership but continued right to claim benefit. 3) City Received Taxes: Regardless of delinquency, taxes were eventually received by the CRA through third-party tax certificate holder. 4) Benefit Continuation: Developer has not violated exemption prohibition; ownership transfer does not explicitly void the benefit under the current agreement. 5) Risk Exposure: Failure to pay may result in Developer litigation; CRA liability exposure increases absent an interpretive clarification.

Attorney Garcia stated her recommendation as follows: 1) They clarify the intent of the agreement was to incentivize redevelopment through reimbursement of the taxes actually received regardless of the payor; 2) Authorize payment: As long as no exemptions were filed and taxes were received by the City, Developer should remain eligible for reimbursement; and 3) Protect CRA interest: Clarify that if any future property owner claims exemptions, reimbursement will be voided for that year. She stated that this would apply to the other four agreements as well.

Discussion was held regarding why the taxes weren't paid and whether or not the property had been sold at a tax deed sale with Attorney Garcia indicating she had no idea why the taxes weren't paid. She explained that tax certificates were redeemed. She further explained that the benefit was based on the \$1.9 million paid by the developer.

Tom Carrino, City Manager, stated that the agreement stated that a minimum of \$1.9 million had to be invested. He indicated his belief that Mr. DiVenanzo had actually invested more than that. He confirmed that Mr. DiVenanzo did have to provide proof of his investment.

Al Latimer, Economic Development Director, confirmed that receipts were received that totaled the required \$1.9 million.

Board Member Asbate indicated he found online that the property sold for \$3.5 million prior to completion.

Discussion was held regarding what is required for a development to qualify for a tax increment agreement.

Attorney Garcia further explained the conditions of the agreement and that the issue is based on the agreement being silent on who pays the taxes. She stated it is also silent if a future owner tries to claim the exemption. She emphasized the need to get clarification which can be applied to the other four existing agreements as well.

Discussion was held regarding payment of the taxes by a third party.

Mr. Carrino explained the purpose of the redevelopment agreement is to incentive private investment within the CRA to get a redevelopment project and value on the tax roll which has happened. He stated the CRA has accomplished what it set out to do.

Mr. Holland asked if the developer followed or lived up to the letter of the agreement with the CRA Board with Attorney Garcia responding affirmatively. She explained that, once the property was sold and the first two years no property taxes were paid, the developer did not request the subsidy; however, now that the taxes have been paid, the request has been made.

Attorney Garcia explained the difficulty in restricting payment of the taxes to the original property owner then they would interfere with someone's right to do what they wish with their property. She explained that the requirements of the agreement were fulfilled.

Mr. Holland noted that the legislature would once again target the CRA's in the next legislative year and expressed concern that the CRA's would be going away.

Mr. Carrino stated that the main ambiguity is the agreement says the developer cannot apply for tax exempt status, which he has not done; however, the agreement does not address, if it's sold, what happens if the new owner applies for tax exempt status. He commented on the possibility that Mr. DiVenanzo has lost control of whether someone applies for tax exempt status. He stated that Mr. DiVenanzo would not get paid if no one is paying taxes. He indicated that the developer also cannot challenge the Property Appraiser's value of the property, which he has not done; however, if a new buyer is not happy with the assessment and challenges the assessment, Mr. DiVenanzo would again suffer. He indicated that staff has worked out some wording that would clarify those issues moving forward.

Attorney Garcia stated that she wants the Board to address each of the three components separately. First, to clarify the intent of the agreement. If the City does not receive an increase in taxable value, then there is no payment. Then, the delinquency issue - how long will the CRA allow a delinquency to occur before they cannot claim a benefit. She suggested a disqualification component if a delinquency continues. She stated those two issues would be going forward.

Discussion was held regarding whether or not the CRA can restrict a future owner from applying for tax exempt status with Mr. Carrino explaining that, if Mr. DiVenanzo had assigned the agreement to the buyer, then they would have been subject to the requirements in the agreement.

Attorney Garcia noted that it could not be assigned without approval of the CRA. She indicated they could have a requirement included in future agreements requiring that the agreement must be assigned to the new owner. She then stated, if the motion is to reiterate the intent of the agreement and authorize the payment, then she would provide a resolution to the Board that would embody that and apply to this agreement, as well as the other four.

Mr. Asbate stated they need to clarify as well, if someone sells the property, the benefit either goes away or goes with the new owner.

Attorney Garcia indicated that would be something to consider for future agreements as to whether or not the agreement runs with the land.

The Board asked if the same developer is involved with the other agreement with Mr. DiVenanzo stating that he is involved with three agreements.

Motion made by Mr. Holland, Seconded by Ms. Lee, if the developer follows the letter of the agreement made with him, then payment will be authorized; however, the CRA

Board does want to make changes for future agreements. Motion passed on the following vote:

Voting Yea: Mr. Holland, Vice Chair Ashcraft, Ms. Lee

Voting Nay: Mr. Asbate

Daniel DiVenanzo, developer for the agreement, explained the history of the project and commented on his upfront costs, increased rents and the sale of the building. He stated that the City is collecting \$65,000/year in property taxes. He stated the buyer did not have the upfront risk which was extended due to Covid. He stated he understands if the benefit goes away because a future owner applies for tax exempt status. He then explained his sale of the property. He indicated that he and his partner were prepared to purchase the property if it went to auction; however, it probably would not go to auction due to two of the buyers forcing out the weaker owners. He commented on the process for the sale of tax certificates. He emphasized that the City gets the property taxes and incremental value regardless. He added that he has plans for other buildings downtown and he would not be willing to transfer any of the agreements.

Mr. Asbate explained his issue with the handling of the agreements and the future agreements.

Attorney Garcia explained the issues to be addressed for future agreements and possible changes to those agreements: 1) Responsibility for paying taxes; 2) Eligibility post-sale; 3) Exemptions affecting reimbursements; 4) Reimbursement trigger; 5) Default conditions; 6) Assignment or transferability; 7) Interpretation and risk; and 8) Project use requirement.

Discussion was held regarding the intent of the agreements with Mr. Asbate commenting on who receives the benefit - the original developer or the current owner. He suggested that, if the property sells for more than the original cost, then the new owner should receive the benefit; however, if the property sells for less, then the benefit should remain with the developer.

Attorney Garcia suggested that having consideration come back to the CRA for transferring gives them the control regarding who receives the benefit.

The Board suggested staff send the information to them and they discuss it at the next meeting.

Further discussion was held regarding delinquent taxes and tax deed sales with Attorney Garcia indicating she would prepare a draft for their review.

3. Adjournment: 5:46 p.m.

**These minutes reflect the actions taken and portions of the discussion during the meeting. To review the entire discussion concerning any agenda item, go to www.eustis.org and click on the video for the meeting in question. A DVD of the entire meeting or CD of the entire audio recording of the meeting can be obtained from the office of the City Clerk for a fee.*

CHRISTINE HALLORAN
City Clerk

WILLIE L. HAWKINS
Mayor/Commissioner