



CITY OF TARPON SPRINGS (Highest & Best Use Analysis)

March 2020

Lambert
ADVISORY



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EXECUTIVE SUMMARY

INTRODUCTION

In April of 2019, the City of Tarpon Springs (City) was awarded a Grant from “Forward Pinellas” to assess the redevelopment potential of a group of properties located at the southwest corner of West Tarpon Avenue and S. Spring Boulevard (and collectively referred to herein as Subject). The Subject comprises three individual parcels identified as: 57 West Tarpon Avenue, which is a City of Tarpon Springs Community Redevelopment Agency owned property of 8,177 square feet; 61 West Tarpon Avenue, which is a 12,923 square foot property under private ownership; and, a privately-owned parcel with a situs identified as Court Street¹ and comprising 4,025 square feet. In aggregate, the Subject is 25,137 square feet; or 0.58 acres.

Figure 1: West Tarpon Avenue - Subject Property



¹ Per Pinellas County Property Appraiser



Pursuant to this objective, the City engaged Calvin, Giordano & Associates (CGA) to manage the work associated with the Grant and, specifically, engaged Lambert Advisory to conduct a Highest and Best Use (H&B Use) analysis for the Subject to provide data and scenarios to help the City evaluate strategic decision-making with regard to potential acquisition and/or redevelopment of the Subject. It is noted herein that the Subject comprises two privately owned properties, and it is our understanding that the City has not engaged in any formal discussion for a plan to either acquire or work jointly with the property owner.

In this regard, Lambert was responsible for assessing the highest and best use of the subject site based on market and financial analyses of potential commercial (retail, office, hospitality) and residential uses (for-sale and rental apartments) to determine which among the studied uses could provide maximum value for the City-owned properties.

Importantly, and as part of the H&B Use analysis and strategic planning work under this Grant, CGA and Lambert clearly understand that development of the Subject site is not the only option that the City has and, namely, its consideration for keeping the property available for public/open space and/or public use. For this, it is critical to note two guiding principles associated with the Highest and Best Use analysis and other related planning work being done as part of the Grant, including:

- 1.) Highest & Best Use by definition is generally defined as the reasonable, probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The Highest & Best Use analysis herein is an objective analysis carefully following traditional real estate industry methodologies and processes;² and,
- 2.) The analysis herein is solely intended to provide the City of Tarpon Springs (including its resident and stakeholder community) with adequate information and analysis to effectively evaluate its options for future strategic planning of the Subject property. ***The findings herein do not provide any recommendations as to what direction the City should take in this effort.***

The work completed as part of this scope of services represents an independent evaluation of economic and market conditions as well as a financial analysis for assessing the highest and best use of the Subject site. In this case, the primary objectives of this report are:

- To assess the positioning of the Subject site in relation to sources of demand and the competitive market for for-sale and rental housing, retail, hospitality and office uses;
- To establish estimates of demand and market potential for select uses within the surrounding market area that impact the subject's potential redevelopment programming. Notably, the market assessment herein not only provides an analysis specific to the Subject, but is also intended to

² The determination of Highest & Best Use herein does not represent appraised value



provide preliminary insight into some of the key market dynamics that may exist to support broader economic and strategic redevelopment within the surrounding Downtown/CRA areas; and,

- To conduct a financial analysis of select redevelopment programs for the subject in order to assess Highest and Best Use from a financial perspective.

The Executive Summary provides an overview of the major conclusions and findings of the economic, market, and financial analysis. The Executive Summary begins with an Economic and Market Summary, followed by a Summary of Highest and Best Use (Financial Analysis). The last component of the Executive Summary is Conclusions and Findings, which addresses not only the development opportunities for the Subject site, but alternative considerations such as maintaining the Subject property for public use. The balance of the report provides the detailed methodology, research, and analysis supporting the Highest & Best Use.

Economic and Market Summary

The analysis identified numerous trends, opportunities and recommendations that represent the key findings from the study covering each of the market sectors analyzed. The market research and data analysis for this study was completed in November/December 2019.

Residential Market

- The for-sale residential market in Tarpon Springs has been steady with 650 sales in 2018, at an average price of \$275,800 and 386 sales through the first three quarters of 2019, at an average price of \$279,600 (increase of 1.37%).
- Of the total sales, there were 444 single family home sales in 2018, at an average price of \$304,273 and 367 sales of single family as of the 3Q 2019, at an average price of \$317,630 (an increase of 4.39%).
- There were 108 condominium sales in 2018 and 78 sales as of the 3Q 2019 – all resales. The average price for condominiums held steady during this time at \$170,000±. (\$145/sq. ft.). The newest condominium project in the City was built in 2007. Prices are higher among condominiums with amenities (pool, clubhouse) and or water views averaging \$288,000.
- There were 98 townhome sales in Tarpon Springs in 2018 at an average price of \$262,827, with the average price declining by 11.61% to \$233,937 as of the 3Q 2019. However, among new townhome projects built in 2017-2019, the average price is \$356,450, all with amenities and or water views.
- As of the 3Q 2019, the average asking rental rates for apartments in Tarpon Springs was estimated at \$850, with the occupancy rate at 94.6%. The average asking rent for Pinellas County apartments, as of the 3Qv 2019 was estimated at \$1,140, 34% higher than that for Tarpon Springs.



- There have been 148 units in three apartment communities delivered in Tarpon Springs since 2010, all “affordable/low income” communities. Recently, two new apartment communities are under construction:
 - Meres Crossing – a 236-unit market rate rental community, currently under construction, at 1100 S Pinellas Avenue, will offer 1-, 2 & 3-bedroom units with rents ranging from \$1,000-\$1,500 (preliminary).
 - Pine Street Apartments, is located at SWC of E Pine Street and S Safford Avenue. This is a small, 6-unit complex with two, triplex buildings. (Information on unit size and rent was not available).
- From a broader perspective, there has been a measurable shift in housing demand since the recession that has led to increased demand for rental housing, while demand for for-sale housing has only started to regain traction during the past three to four years.
- Lack of larger tracts of vacant land, especially in the Tarpon Springs Downtown/CRA, challenges opportunities for significant residential development, with infill projects representing the best opportunities going forward.
- Based upon our forecast analysis, there will be demand for approximately 200 to 300 of market rate multifamily housing units between 2020 and 2025, which is in addition to what is currently under-construction. This level of market demand adequately supports demand on the Subject site and, furthermore, potential opportunities for multifamily development in the Downtown/CRA.

Retail Market & Hospitality

- There is approximately 1.95 million square feet of retail space in Tarpon Springs, of which 586,000 (30%) is located in the CRA. There was 163,300 square feet of retail space built in Tarpon Springs from 2010 through the 3Q 2019, of which only 8,290 square feet was delivered in the CRA.
- As of the 3Q 2019, the average asking rent for available retail space in Tarpon Springs is \$11.23/sq. ft. NNN³ and \$11.53/sq. ft. NNN in the CRA, both much lower than the average asking rent for retail in Pinellas County at \$18.20/sq. ft. NNN.
- Rents for retail space along the stretch of US Highway 19 through Tarpon Springs are generally higher at \$15.00 to \$20.00 NNN and can be as high as \$32.00-\$35.00 NNN for credit tenants in strip center space.

³ NNN represents a lease structure such that tenant or lessee is responsible for paying, in addition to base rent, some or all of the recoverable expenses including but not limited to real estate tax, property insurance, and common area maintenance.



- The occupancy level for retail in Tarpon Springs, as of the 3Q 2019, was at 85.1% and 71.4% in the CRA, both much lower than the occupancy rate of 93.6% in Pinellas County.
- Approximately 25,500± square feet of retail space are under construction or in the pipeline in Tarpon Springs, including 12,500 square feet on a 0.72-acre site at 201 E Center Street and (13,000 square feet at the SEC corner of Dixie Highway and US Alternate Hwy 19).
- Retail demand within the City of Tarpon Springs is estimated to increase approximately 200,000 square feet from 2020 to 2025. While this portends well for the broader retail market, the fact is a measurable portion of this demand is anticipated to be absorbed by vacant space, or retail inventory that is well past its useful life and primed for repositioning. Nonetheless, based upon the analysis herein, there is positive retail demand growth anticipated within the City that should help to stabilize the relatively dormant retail sector in Tarpon Springs. The Downtown/CRA is in a position to capture at least a portion of this retail growth as part of any redevelopment planning efforts.
- There are four notable hotels totaling nearly 300 rooms, including two branded hotels: Quality Inn and Hampton Inn, which was the most recent development completed nearly 20 years ago. The Tarpon Inn (46 rooms), located directly north of the Subject property, is an economy class hotel that has been publicly cited for drug busts in the past and more recently for price gauging during Hurricane Irma. There are a few smaller/independent properties as well. Notably, there is a new 78-Room Holiday Inn Express located next to Hampton Inn that is approved and in permitting.
- During the foreseeable timeframe (within 5 years), the opportunity for new hotel development in the Downtown/CRA is limited. However, with a potential expansion of residential, office and commercial development, the opportunity is further enhanced longer-term.

Office Market

- There is approximately 760,000 square feet of office space in Tarpon Springs, of which 122,000 (30%) is located in the CRA. There was only 4,000 square feet office space delivered in Tarpon Springs from 2010 through the 3Q 2019, none of which was built in the CRA.
- As of the 3Q 2019, the average asking rent for available office space in Tarpon Springs is \$12.97/sq. ft. FS and \$13.58/sq. ft. FS in the CRA, both much lower than the average asking rent of \$20.44/sq. ft. FS for office in Pinellas County.
- The occupancy level for office in Tarpon Springs, as of the 3Q 2019, was at 90.2% and 89.4 in the CRA. By comparison, the occupancy rate for office in Pinellas County was estimated at 91.3%.
- Approximately 71,000± square feet of office space are under construction or in the pipeline in Tarpon Springs, all of which is planned as medical office space.



- Based upon historical development and net absorption trends, it is estimated that over a five year projection period, the Tarpon Springs market could absorb a maximum 10,000 square feet of office space per year on an average. This provides limited demand potential for the Downtown/CRA; however, office may present itself as a smaller supporting use within mixed use development; and, particularly, as it relates to medical office given the area's demographic composition and overall industry growth trends.

Summary of Financial (Highest and Best Use) Analysis

Based upon the analysis of residential, retail, hospitality, and office use, a financial analysis has been prepared to help identify the highest and best use of the subject property through a process referred to as *residual land evaluation*. In this effort, Lambert and CGA collectively considered alternative development concepts for the Subject property based upon physical characteristics, regulatory parameters, economic/market considerations and compatibility with surrounding geography/uses.

Under current zoning, the overall site allows for mixed use and up to 12 units per acre (or, 6 units for the 0.58 acre parcel). However, up to 22 units per acre (12 units for the parcel) are permitted in the T4a (Residential+ Retail/Office) transect through a transfer of density within the Community Redevelopment Area. Although the site could accommodate, and the market would support, up to 22 units per acre, the lowest density allowed in this transect was used for purposes of this analysis. Considering this, and as set forth in Section 6 of this report, there are two conceptual programs for the Highest and Best Use analysis. **Concept 1** is intended to represent a higher-density build-out potential for the property, including: 6 residential units with a total 7,920 square feet; 6,671 square feet of ground floor retail/commercial space; and, roughly 19 parking spaces. For **Concept 2**, the prospective programming focuses on a minimal density option supported by one of the strongest segments in the market and, as such, considers 6 Townhomes averaging 1,750 square feet (and a likely mix of 3- and 4-bedroom units).

Figure 2: Summary of Concept 1 and Concept 2 Programs

Use	Concept 1	Concept 2
Residential	6 Condos (7,920 SF)	6 Townhomes (10,500 SF)
Ground Floor Retail/Commercial	6,671 sq.ft.	n/a
Parking	19 spaces	12 spaces

Based upon the development concepts, we have prepared preliminary proformas for each that utilize the market-based findings for sale/ rental rates and stabilized occupancy, as well as industry and in-house benchmark data for development costs and operating expenses. It is critical to note that in the absence of more defined programming, design, and operating structure for the proposed concepts, the estimates of performance provided herein are being prepared on an *order-of-magnitude basis*. The analysis herein does not attest to the financial feasibility of the proposed program in the absence of any detailed planning and development costs; and, furthermore, the resultant valuation of land does not represent an appraised



value. Therefore, the results herein are subject to change should there be any measurable variation from the assumption used for this analysis.

The following is a summary of key inputs and results:

Figure 3: Summary of Subject Property Land Evaluation (Concept 1 and Concept 2)

	Concept 1	Concept 2
Total Land Valuation	\$400,000	\$220,000
<i>Price/Sq.Ft.(of Land Area)</i>	<i>\$16</i>	<i>\$9</i>

In sum, the ability to maximize the potential build-out as set forth in Concept 1 yields the highest land evaluation in the range of **\$400,000±**, which is nearly 20 percent higher than the County's current assessed value of **\$322,000**. However, this development program does not come without notably higher risk than a more simplified townhome concept given level of investment, lengthier construction period and variability in cost estimates; as well as the fact that the retail is removed from the flow of foot traffic – though it's priced herein to be competitive.

Conclusion & Findings

As summarized above, the higher density mixed use development (Concept 1) presents itself as the highest and best use from a residential/commercial development perspective. Under this concept, and based upon the estimated valuation/cost of **\$2.7 million** (taxable value), it would generate nearly **\$17,000** in net new annual ad valorem tax revenue to the City. This would nearly double to **\$33,000** when accounting for the County's General Fund Millage that would be recaptured within the CRA.⁴ Accordingly, there will also be additional ancillary economic benefits from resident expenditures and retail sales; as well as, impacts on surrounding properties from streetscape improvements which (as detailed in the methodology outlined below) could potentially provide an additional **\$12,000 to \$30,000** in incremental annual tax revenue.

As noted, the City has options for the Subject including acquiring the property and managing the development opportunity; or, entering into a public/private partnership with the land-owner. Naturally, the City will consider its current financial position vis-a-vis its current investment in the City-owned parcel within the Subject property (57 W. Tarpon Ave.).

At the same time, the City may consider acquiring the privately-owned properties and maintain the land for open space or public use. From a planning perspective, strategically positioned open space often times provides added value to its surrounding area and, namely, potential increase in taxable value on immediately surrounding properties. Though it is beyond the scope of this assignment, Lambert has previously prepared high-level case study analyses based upon comprehensive literature review related to value impacts from open space. While it is extremely challenging (if not impossible) to accurately compare

⁴ Source: Pinellas County Property Appraiser (PCPA). City of Tarpon Springs Millage = 5.37; and, Pinellas County General Fund Millage = 5.28



any two different parcels/districts, the results of the studies indicate that the most significant radius of influence on residential properties extends roughly 1/3rd of a mile (1,760 feet) around the improved development/open space, while a 500-foot boundary is established for office and retail properties (*refer to Appendix for boundary illustration*). Accordingly, the residential and commercial properties generally achieve an impact on value/premium ranging from 2 percent to 5 percent of existing value and is dependent upon the level of improvement that is made to the open space such as landscaping and walking paths. Based upon PCPA data, the aggregated taxable value of the affected homestead/non-homestead residential and commercial properties is approximately **\$115 million**. This would yield an incremental property value premium of **\$2.3 million** to **\$5.7 million** for the affected properties, which in turn would create **\$12,000 to \$30,000** in annual incremental ad valorem tax revenue to the City; and, nearly double that range inclusive of County General Fund to the CRA. Importantly, though, the City would need to expend capital improvement funds to enhance the open space.

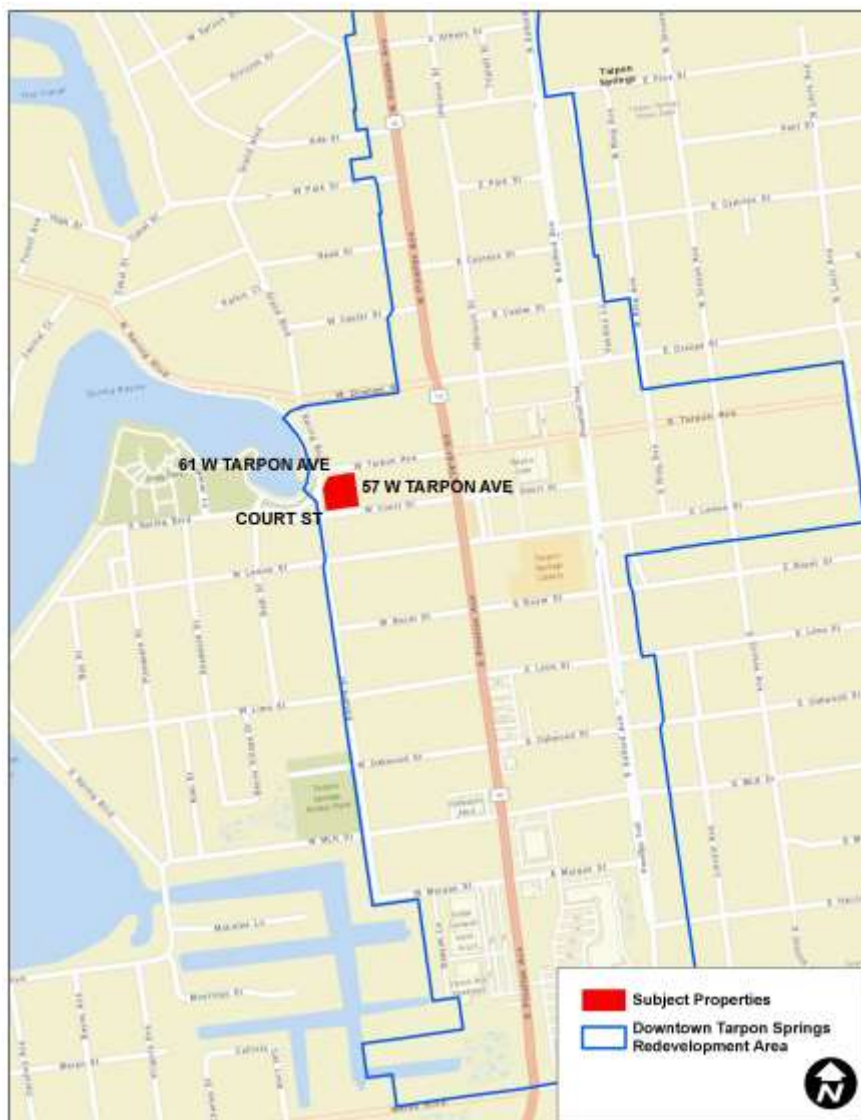
Lastly, if the City is contemplating the option to relocate a public facility on the subject property, such as the Safford House, it can be positioned as a cultural venue for visitors, as well as possibly provide function areas for events (weddings, business meetings). Again, the site is relatively small, and given the need for parking, the amount of space for a building is limited. Furthermore, this type of use, while very important to a community, would likely require an annual subsidy by the City given operations and maintenance costs as do most small municipal community/event centers from our experience.



SECTION 1: LOCATION AND SITE CHARACTERISTICS

As the basis for evaluating the market potential and real estate development opportunities for the subject property Lambert examined demographic, economic, and real estate market trends and forecasts for Pinellas County at the broadest range, narrowing to a Trade Area that is defined as the City of Tarpon Springs. The Trade Area is used to estimate demand and assess the competitive supply of residential, office and retail uses.

Figure 4: Subject Property and Tarpon Springs Downtown/CRA Map





The following is a summary of the key geographic and physical characteristics of the Subject:

- The Subject is located at the southeast corner of West Tarpon Avenue and S. Spring Boulevard.
- The subject site comprises 0.58 acres and is situated on the western edge of the Tarpon Springs CRA;
- The Tarpon Springs CRA extends approximately 1.5 \pm miles south from the Anclote River on the north, or to Meres Boulevard;
- Safford Avenue essentially serves as the eastern boundary of the CRA, from the Anclote River south to Meres Boulevard. A portion of the eastern boundary extends further east to Levis Avenue, between Center Street and ½-block south of Lemon Street;
- The western boundary is situated roughly one block west of Pinellas Avenue and extends south to Orange Street, before extending south again along Spring Boulevard and Banana Street;
- Tarpon Avenue extends east from the subject site and intersects with Pinellas Avenue, two blocks east from the subject site, with both avenues serving as the main business district corridors in the city lined with local retail shops and businesses;
- Spring Bayou and Craig Park are situated immediately west of the subject site. Spring Bayou is the site of the Epiphany Celebration of January 6th of each year. The celebration is said to be among the largest Epiphany celebration in the world;
- A gift store is situated immediately east of the site; a small apartment complex is south of the subject site on the south side of Court Street;
- The Tarpon Inn Motel is located immediately north of the subject site on the north side of Tarpon Avenue. The 46-room motel has been publicly cited for drug activity in the past and more recently for price-gouging during Hurricane Irma.



SECTION 2: ECONOMIC & DEMOGRAPHIC PROFILE

This section of the report presents an analysis of economic and demographic determinants of demand within Tarpon Springs with comparative analysis for Pinellas County. This analysis is part of an overall effort to better understand what commercial and residential development may be possible or demanded in Tarpon Springs and the subject. The demand drivers include population and household growth trends, household income growth, employment, real estate market and visitor trends.

2A: POPULATION, HOUSEHOLDS & INCOME

The following figure presents a snapshot of population households and income comparisons for the City of Tarpon Springs and Pinellas County.

Figure 5: Demographic Snap Shot, City of Tarpon Springs & Pinellas County

Sources: US Census and ACS

	CITY OF TARPON SPRINGS	PINELLAS COUNTY
Total Population Est. 2017 ACS	24,686	949,842
Total Population Est. 2010 ACS	23,071	918,263
2010 Population US Census	23,484	916,542
2000 Population US Census	21,003	921,482
Total Households Est. 2017 ACS	9,987	406,871
Avg. HH Size Est. 2017 ACS	2.53	2.29
% Owner Occp. HHs Est 2017 ACS	67.1%	65.3%
% Renter Occp. HHs Est 2017 ACS	32.9%	34.7%
Median HH Income Est. 2017 ACS	\$49,973	\$48,968
% of Median Income > \$50K Est 2017 ACS	46.9%	49.2%
Per Capita Income Est. 2017	\$31,375	\$32,120

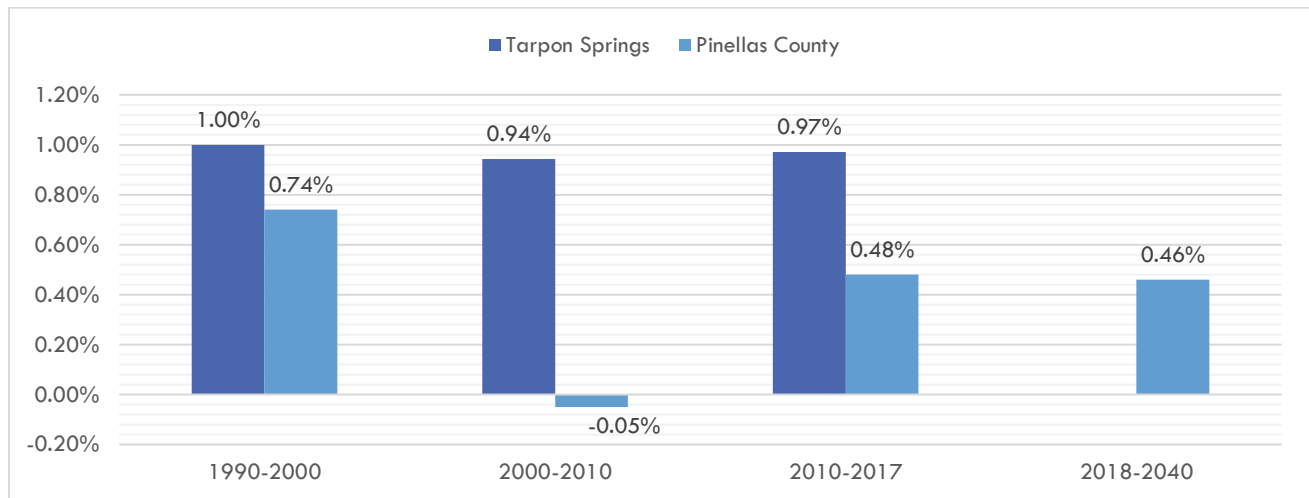
Population growth in Pinellas County and the City of Tarpon Springs has been modest over the past 25+ years. The County actually experienced negative growth from 2000-2010, in part the result of the Great Recession in 2008-2009. However, Tarpon Springs grew at 1.12% per year.

Projection estimates by University of Florida BEBR show the population in Pinellas County increasing by 0.46% annual average growth from 2018 to 2030. Though projections for the City of Tarpon Springs are not available, it is anticipated that the growth rate will correlate with that of the County and will serve as the basis for underlying housing and retail demand forecasts completed in following sections.



Figure 6: Average Annual Growth of Population, City of Tarpon Springs & Pinellas County

Sources: US Census; ACS & UF BEBR



Tarpon Springs represents 2.6% of the County's total population and households. The average size household in Tarpon Springs at 2.53 is larger than that of the County's 2.29. The ratio of owner/renter occupied households in Tarpon Springs is at 67/33, compared to the County at 65/35. These owner/renter ratios are in line with the State's 65/35 ratio.

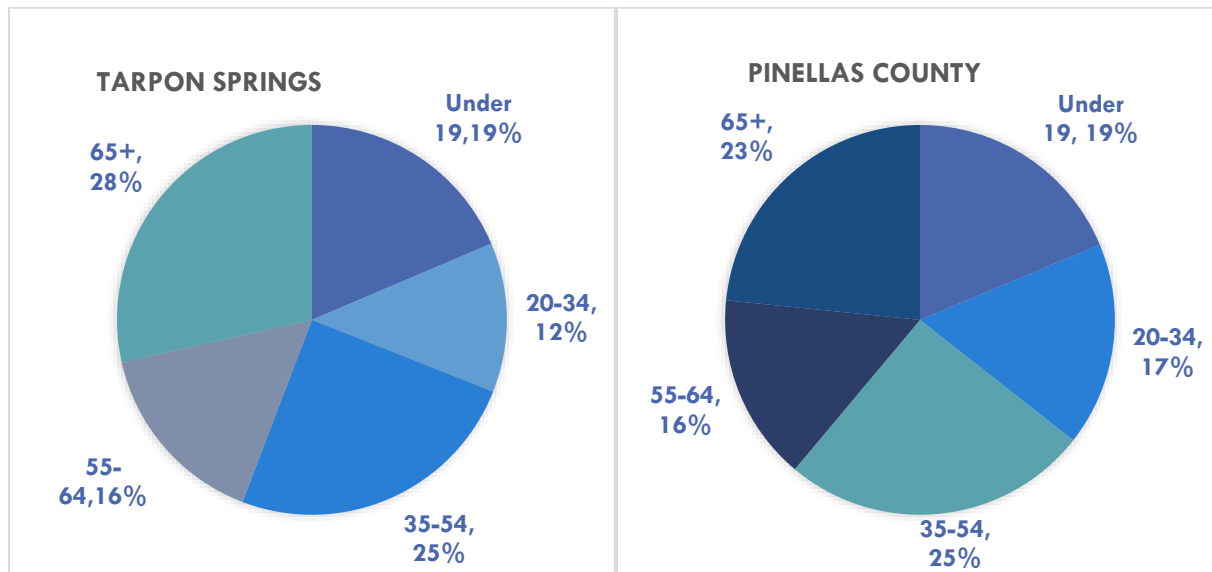
In terms of income levels, the \$49,973 median household income in Tarpon Springs is slightly higher than Pinellas County (\$48,968); though, per capita income in Tarpon Springs (\$31,375) is slightly lower than that for the County (\$32,120). This is attributed to the larger household size and has a marginal effect on the area's expenditure potential that underlies the retail potential – discussed further below.

According to estimates from the 2017 American Community Survey, the median age of the population in Tarpon Springs is estimated at 51.3 and 47.6 in Pinellas County. The largest age cohort in Tarpon Springs is the 65+ ages at 28.5% of the total population, compared to 23.4% for the County. The smallest age cohort is the 20-34-year old age group at 12.4%, while the smallest age cohort in Pinellas is the 55-65-year old age group at 15.5%.



Figure 7: Median Age and Age Group Distribution

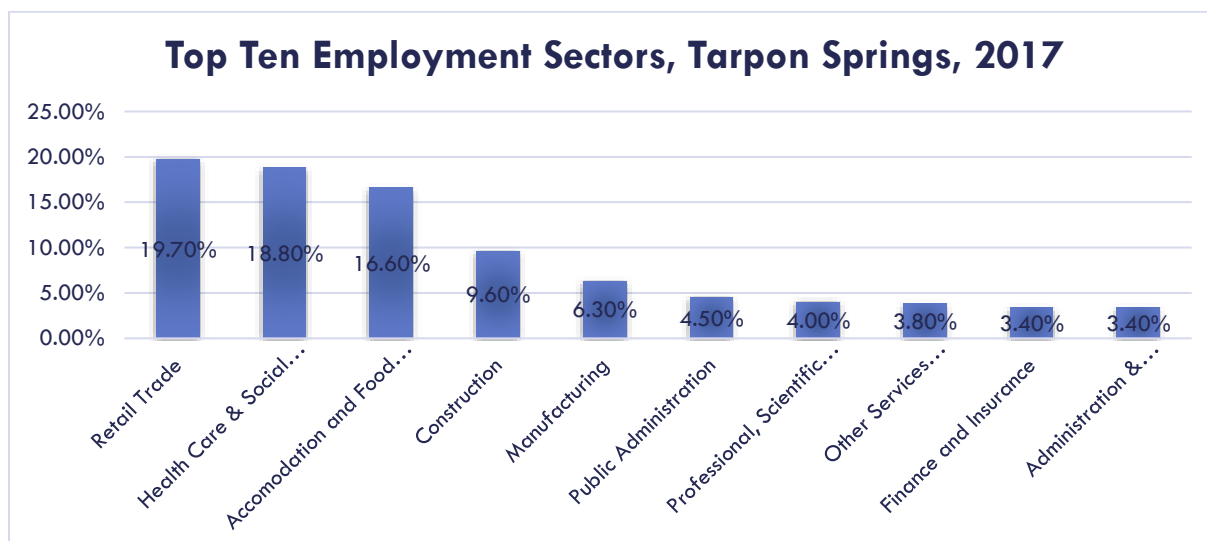
Sources: ACS 2017



2B: Employment Overview

Tarpon Springs's Retail Trade sector is the largest employment sector in the city, representing 19.7% of the economic base. Health Care and Social Assistance is the next largest sector representing 18.8% of the economic base. This sector, combined with Retail, represents 38.5% of the economic base. These sectors also have some of the more modest wages compared to other employment sectors.

Figure 8: Top Ten Employment Sectors Sources: Census OntheMap



Employment Projections by sector for Pinellas County, from 2016-2028, are presented in the Figure below. The graphic shows the top three growth industries in terms of total number of jobs are projected to be



Professional and Business Services (12,702), Health Care & Social Assistance (12,401) and Leisure & Hospitality (6,538). The top three growth industries in terms of annual average growth rate are Education Services (2.1%), Health Care & Social Assistance (2.0%) and Professional & Business Services (1.8%).

Figure 9: Employment Projections by Industry Sector, Pinellas County, 2018-2026

Source: Florida Department of Economic Opportunity

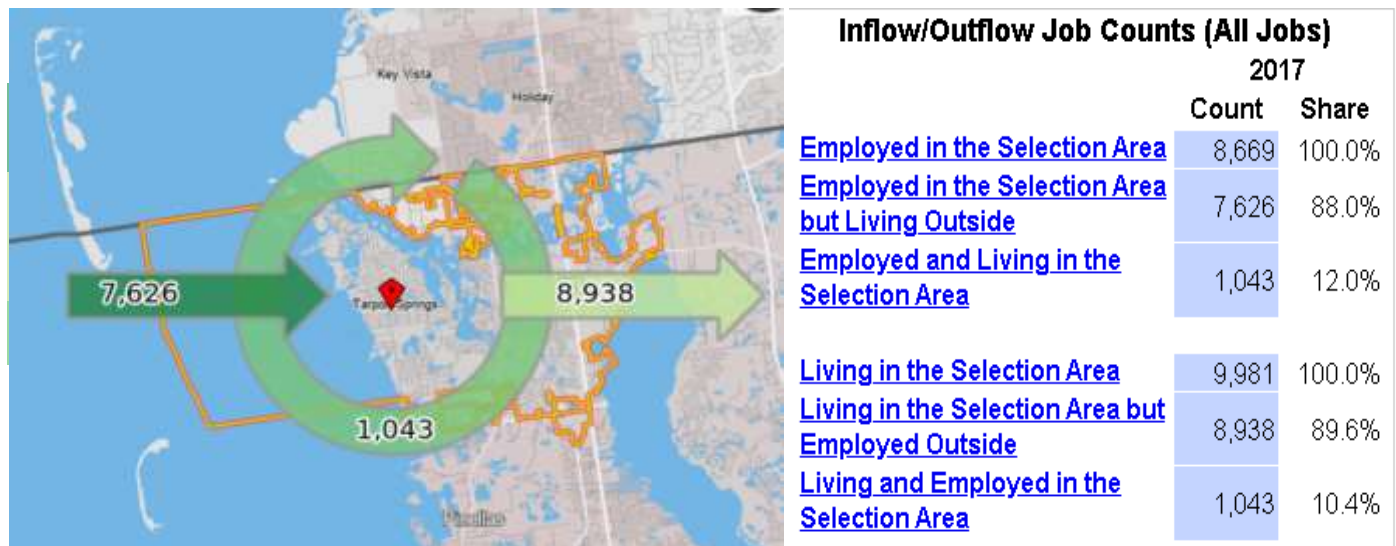
Sector	2018	2026	Total Change	Annual Avg.% Change
Agriculture, Forestry, Fishing & Hunting	150	118	(32)	-3.0%
Mining	5	4	(1)	-2.8%
Construction	23,688	27,031	3,343	1.7%
Manufacturing	33,339	33,730	391	0.1%
Wholesale Trade	15,579	16,421	842	0.7%
Retail Trade	56,512	58,837	2,325	0.5%
Transportation & Warehousing	5,616	6,187	571	1.2%
Utilities	696	721	25	0.4%
Information	6,947	6,720	(227)	-0.4%
Financial Activities	33,878	37,130	3,252	1.2%
Professional & Business Services	82,379	95,081	12,702	1.8%
Education Services	9,059	10,673	1,614	2.1%
Health Care & Social Assistance	73,883	86,284	12,401	2.0%
Leisure & Hospitality	57,172	63,710	6,538	1.4%
Other Services (except Government)	19,499	20,692	1,193	0.7%
Government	46,454	48,739	2,285	0.6%
Self Employed & Unpaid Family Workers	<u>28,992</u>	<u>32,361</u>	<u>3,369</u>	<u>1.4%</u>
Total	493,848	544,439	50,591	1.2%

Tarpon Springs's Downtown and Sponge Docks are two distinct areas that are popular for their walkable main street, markets, and events, and its sponge diving tourism, which all contribute to the high quality of living that makes this area attractive for both tourism and retirement living. The area provides a mixture of residential; office, retail, and restaurant uses that are all in a quaint, pedestrian-friendly area, with the Sponge Docks on the Anclote River waterfront. As seen in the following figure, in terms of employment the CRA benefits from a strong inflow of workers from other communities that travel to work in Tarpon Springs's downtown. Only approximately 12% of the City of Tarpon Springs's residents work inside the City boundaries, which portends well for potential housing demand in the future.



Figure 10: Tarpon Springs CRA District Inflow / Outflow Employment

Source: 2017 Census on the Map



2C: VISITOR OVERVIEW

The Tampa Bay Area, in general, is a national (and international) visitor destination. The Pinellas County and City of Tarpon Springs markets gets their fair share of this demand. According to the St. Petersburg/Clearwater Convention and Visitors Bureau (VSPC), Pinellas County has steadily increased its overnight visitor base from 4.9 million in 2009 (following the recession) to a record high of 6.2 million in 2016.

Figure 11: 2018 Tarpon Springs Pinellas County Visitors

Source: St. Petersburg/Clearwater CVB

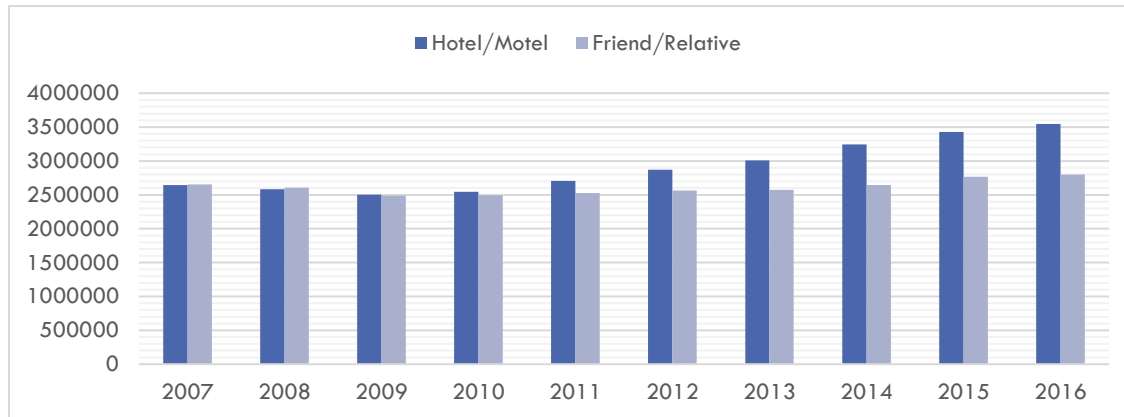
Category	Pinellas County	Tarpon Springs	% of County
Overnight Visitors	6,125,300	200,650	3.3%
Day Visitors	8,549,700	944,286	11.0%

As shown above, Tarpon Springs captures a relatively large portion of Day Visitors to the County, while its share of overnight visitors is notably lower. This is in part due to relatively limited hotel inventory compared to some of the coastal cities such as St. Petersburg and Clearwater. This would seem to present future opportunities for hotel development in the City, which is being met with the new Holiday Inn Express.



Figure 12: Pinellas County Visitor Growth Trends

Source: St. Petersburg/Clearwater CVB



The visitor profile has changed somewhat as well during the past several years. The Midwest US continues to dominate the region's visitor origin; however, it has lost some of its proportional ground from 2007 to 2015 – from 32 percent share to 29 percent share. In contrast, the European market has picked up from 16 percent to 18.5 percent share, and the Latin America market (though still very small) has increased from 0.5 percent to nearly 2.5 percent; or, a 250± percent increase in its visitor base. Naturally, fluctuations in visitor origin often occur with periodic weather cycles for US visitors (i.e. unusually warm winter in the Midwest typically causes travel to the south to decline) and currency cycles for international visitors (i.e., monetary valuation), it is apparent that Pinellas County is broadening its visitor base which can have positive implications for the hospitality industry; particularly, in areas like Tarpon Springs where the Greek culture and beaches draw from around the world.

2D: ECONOMIC AND DEMOGRAPHIC PROFILE CONCLUSIONS

Based on the analysis of regional and local economic and demographic characteristics, the following is a summary of notable findings:

- The Tarpon Springs/Pinellas region has seen slow growth over the past few years and is anticipated to continue modestly growing. The relative strength of tourism and retirement living means well for supporting ongoing residential and retail opportunities.
- Tarpon Springs benefits from a relative strong influx of workers. It is relatively clear that the foreseeable economic growth within the Downtown/CRA may not so much come from expanding population but enhancing the concentration of activity within this core area.
- Although household income is slightly lower than the state average, visitors with higher incomes and long stays present a strong profile for any increased activity in the Downtown area.



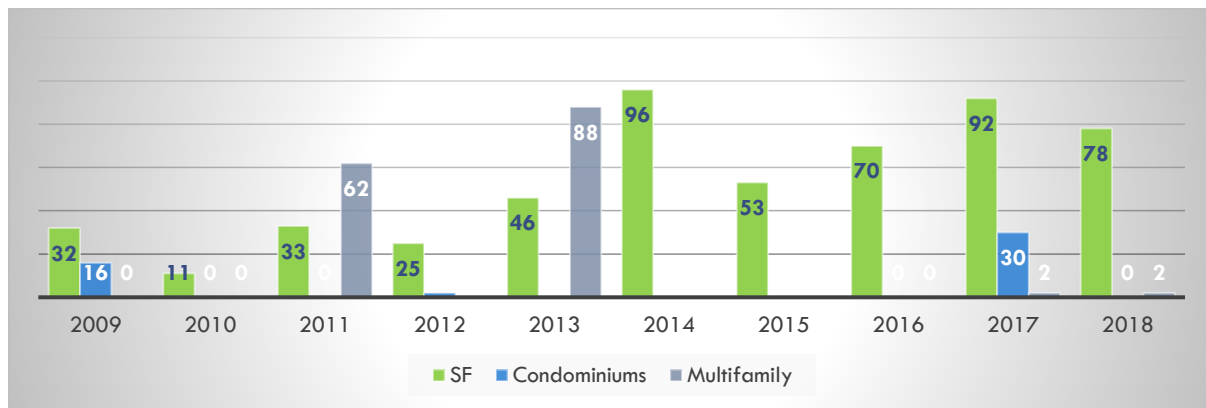
SECTION 3: HOUSING MARKET ASSESSMENT

Pinellas County comprises a relatively diverse mix of single family and multi-family housing. Given the subject site size and location, the focus of this analysis will primarily be on the supply and demand of multi-family housing. To this end, Lambert completed an analysis of the local housing (multi-family) market. Findings from this analysis provided the platform for estimating of the demand potential for development in the area and on the subject site.

From a broad perspective, there were 738 new residential units delivered in the Tarpon Springs market over the 10-year period, 2009 thru 2018. Of this total, 72.9% were for single family residential, 20.9% for multifamily residential and 6.5 % for condominiums.

Figure 13: City of Tarpon Springs, Delivery Residential Units by Type, 2009-2018

Sources: PCPA; Lambert Advisory



3A: FOR-SALE MARKET PROFILE

The following is a summary of the for-sale housing market conditions in the City:

- The number of homes sold city-wide in 2018 was solid, with a total of 650 homes (54 units/month) at average price of \$275,806 (\$143/sq. ft.). Single family homes dominated sales, with 444 units sold (37 units/month) at average price of \$304,273 (\$143/sq. ft.). There were 98 townhomes sold during the year (9 units/month at an average price \$262,827 (\$142/sq. ft.) and 108 condominiums (9 units/month at an average price of \$170,551 (\$146/sq. ft.).
- Residential sales slowed somewhat for single family homes and condominiums through the 3Q 2019, with 267 single family home sold over the nine months (30 units/month); and 46 condominiums sold over the same period (5 units/month).
- The sales pace of townhomes remained steady, however, with 73 units sold through the 3Q 2019, equal to 8 units/month, comparable to the pace in 2018.



- The average sale price by unit type through the 3Q 2019 increased for single family homes to \$317,630 (\$152/sq. Ft.) an increase of 4.29%, but declined by 10.99% for townhomes to \$233,037 (133/ sq. ft.), and, declining by 0.77% to \$169,236 for condominiums.

Figure 14: City of Tarpon Springs Number of Sales and Average Price – For-Sale Housing by Type, Tarpon Springs, 2018 & 3Q 2019

Sources: PCPA; Lambert Advisory

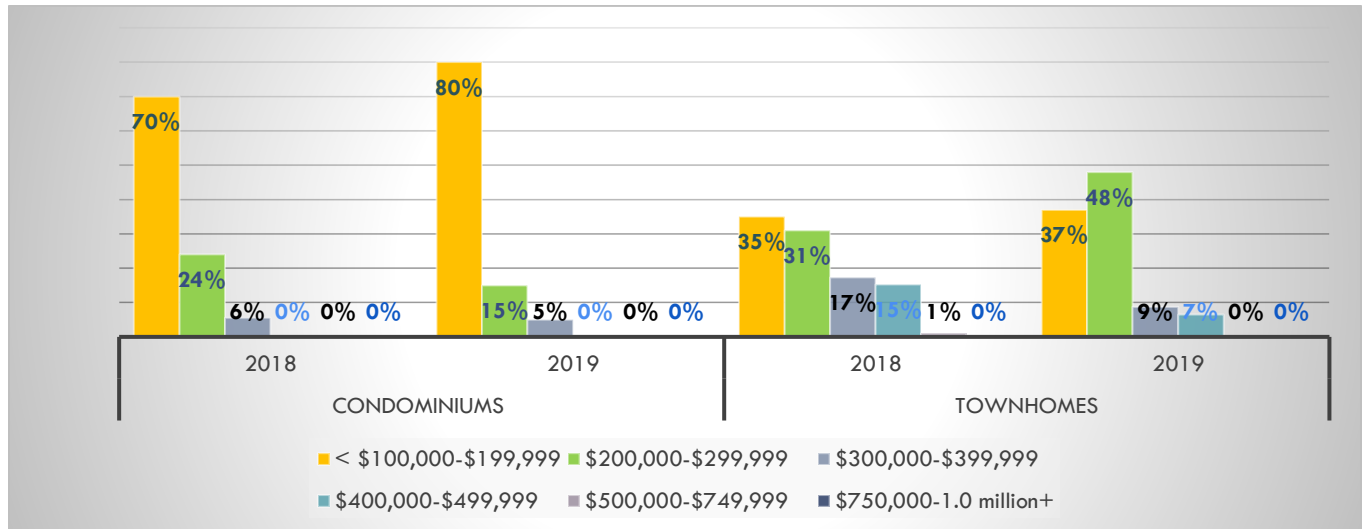
	2018			Thru 3 rd Quarter 2019		
	Number of Sales	Average Price	Average Price/ Sq. Ft.	Number of Sales	Average Price	Average Price/ Sq. Ft.
Single Family	444	\$304,273	\$143	267	\$317,630	\$152
Condominiums	108	\$170,551	\$146	46	\$169,236	\$149
Townhomes	98	\$262,827	\$142	73	\$233,937	\$133
Total/ Average	650	\$275,806	\$143	386	\$279,592	\$150

- The figure below shows share of units sold for condominiums and townhomes in 2018 and through the 3Q 2019. In 2018, 70% of the condominiums sold in the City were priced below \$200,000, increasing to 80% through 3Q 2019.
- 24% of the condominiums sold in the City in 2018 were priced from \$200,000-\$299,999 and six percent from \$300,000-\$399,999. As of the 3Q 2019, the share for each price band declined to 15% and five percent, respectively.
- By comparison, 35% of the townhomes sold in Tarpon Springs in 2018 were priced under \$200,000; 31% from \$200,000-\$299,999, 17% from \$300,000-\$399,999 and 15% from \$400,000-\$499,999.
- As of the 3Q 2019, the 37% of the townhomes sold were priced under \$200,000, while the share of townhomes sold from \$200,000-\$299,999 jumped to 48%, representing an increase in available inventory. The share of townhomes priced from \$300,000-\$399,999 declined to nine percent and to seven percent for townhomes priced from \$400,000-\$499,999.



Figure 15: City of Tarpon Springs, Share of Sales by Price Band, Condominiums and Townhomes, 2018 and 3Q 2019

Sources: PCPA; Lambert Advisory



A sample survey of condominium and townhome projects is presented in the Appendix at the end of this report.

3B: RENTAL HOUSING MARKET PROFILE

- There are 31 apartment buildings in Tarpon Springs combining for 1,729 units. As of the 3Q 2019, Average Asking Rent was \$850, 34% lower than the average asking rent of \$1,140 for Pinellas County.
- The occupancy rate for apartments in Tarpon Springs was at 94.6%, slightly higher than the 93.6% occupancy rate for Pinellas County.

Figure 16: Rental Apartment Market Snapshot, Pinellas County and City of Tarpon Springs, 3Q 2019

Source: CoStar

Market Area	Inventory Bldgs.	Inventory Units	Inventory Avg SF	Avg. Asking per unit	Av. Asking Rent Per SF	Occp. %	Net Absorption Units Annual/Monthly	Bldgs. Under construction/in lease-up	Under Construction Units
Pinellas County	1,723	95,027	891	\$1,140	\$128	93.6%	936/78	14	2,602
Tarpon Springs	31	1,729	818	\$850	\$1.02	94.6%	(-9) (-1)	1	236



- The average asking base rent in both Pinellas County and Tarpon Springs has trended up since 2014. In Tarpon Springs the average asking rent increased from \$708 in 2014 to \$850 as of the 3Q of 2019, equal to an annual average growth rate of 3.92%. In Pinellas County the average asking rent increased from \$889 in 2014 to \$1,140 as of the 3Q 2019, at an annual average growth rate of 5.37%
- Occupancy levels in Tarpon Springs have trickled down over the past few years, posting an occupancy rate of 95.9% in 2016 to 94.6% as of the 3Q 2019. This trend is comparable in Pinellas County, where occupancy dipped slightly from 94.6% in 2015 to 93.6% as of the 3Q 2019.
- The average base rent per square foot in both Pinellas County and Tarpon Springs has also trended up since 2014 at rates comparable to the asking base rent. In Tarpon Springs the average base rent per square foot increased from \$0.85 in 2014 to \$1.02 as of the 3Q of 2019, equal to an annual average growth rate of 3.91%. In Pinellas County, the average base rent per square foot increased by an annual average of 5.33% over the reporting period, from \$1.00 in 2014 to \$1.28 as of the 3Q 2019.

Figure 17: Apartment Occ. and Rent Trends, Pinellas County and City of Tarpon Springs, 2014-3Q 2019

Source: CoStar

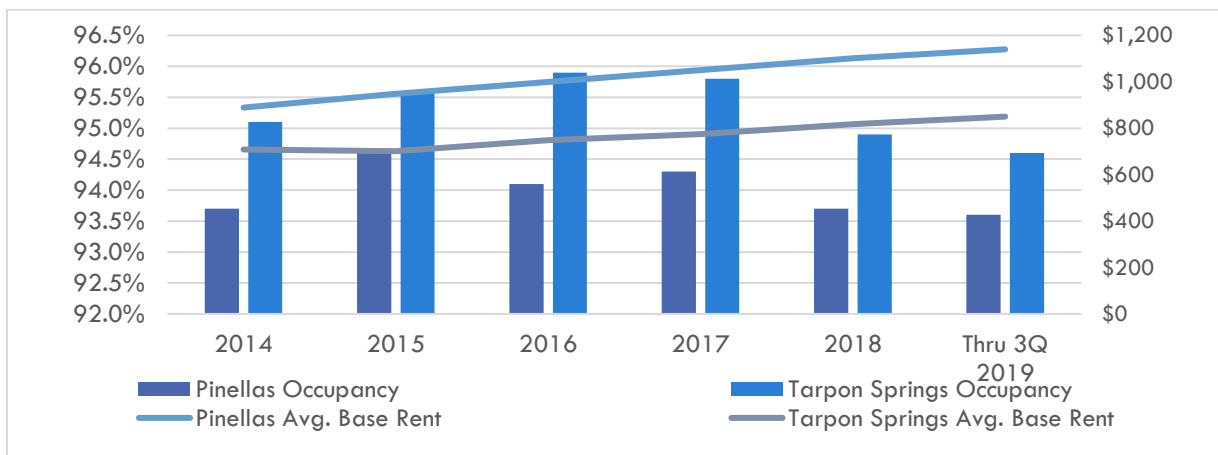
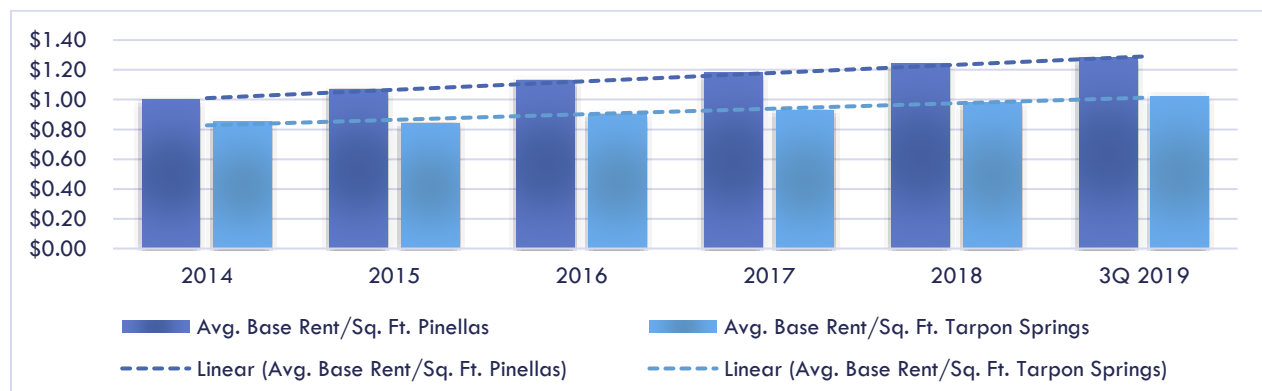


Figure 18: Apartment Average Base Rent/Sq. Ft. Trends, Pinellas County and City of Tarpon Springs, 2014-3Q 2019 Source: CoStar





A sample survey of rental apartment projects is presented in the Appendix at the end of this report.

3C: RESIDENTIAL DEMAND ANALYSIS

From a broader perspective, there has been a measurable shift in housing demand since the recession that has led to increased demand for rental housing, while demand for for-sale housing has only started to regain traction during the past three to four years.

The lack of available land in Tarpon Springs challenges opportunities for significant residential development, with infill projects representing strong opportunities going forward. As noted, the subject site is relatively small, and any opportunity for development will be limited in scale. Nonetheless, the analysis herein provides a summary overview of the key assumptions supporting housing demand in the City:

Household Growth: Based upon the American Community Survey (ACS) and University of Florida's Bureau of Economic and Business Research (BEBR) projections, we estimate the city's households will increase from an estimated 10,125 in 2020 to 10,360 in 2025, or 235 new households.

Multifamily Units: Based upon US Census housing data for Tarpon Springs, roughly 25 percent of all dwelling units are multifamily (2+ dwelling units). Importantly, for this analysis, we assume that the proportion of multifamily development will continue to outpace single family development given limited land availability and current and near-term trends, and therefore we apply a modest increase to the model.

Secondary Housing Demand: According to PCPA, 65 percent of multifamily units in the City are non-homestead properties, a large share of which is presumably second home and/or investment. These segments are anticipated to provide additional demand within future multifamily housing.

Based upon the assumptions above, there is estimated to be approximately 150 to 200 new primary multifamily units demanded during the next five-year period, with an additional 50 to 100 non-primary resident multifamily units, or, a total of 200 to 300 multifamily housing units, at an average annual rate of 40 to 60 units.

In all, this level of demand estimated in the City over the next five years adequately supports multifamily housing development within the Downtown/CRA and subject property, which is in addition to the Meres development. Importantly, this represents underlying market demand and does not necessarily represent financial feasibility for any particular property.



SECTION 4:

RETAIL & HOSPITALITY SUPPLY AND DEMAND ANALYSIS

The following analysis addresses supply and demand for retail space in the City of Tarpon Springs and the Tarpon Springs CRA.

4A: RETAIL SUPPLY

- There is approximately 1.95± million square feet of retail space in Tarpon Springs. Of this total, approximately 30%, equal to 586,300± square feet of retail space is in the CRA.
- As of the 3Q 2019, the average asking rent for retail space in Tarpon Springs was at \$11.23/sq. ft. NNN; and \$11.53/sq. ft. NNN in the CRA. Comparatively, these rents are much lower than that for Pinellas County, estimated at \$18.22/sq. ft. NNN.

Occupancy rates in Tarpon Springs and the CRA are also lower than that for the county. Accordingly, as of the 3Q 2019, the occupancy rate for retail in Pinellas County was estimated at 93.6%, compared to 86.1% for Tarpon Springs and 71.4% in the CRA.

- For the year ending 3Q 2019, net absorption of retail space in both Tarpon Springs and the Tarpon Springs CRA was negative, at (1,601) and (1,203), respectively.

Figure 19: Retail Market Snapshot, Pinellas County, Tarpon Springs and Tarpon Springs CRA, 3Q 2019

Source: CoStar

Market Area	Number of Buildings	Inventory SF	Avg. Size Bldg. SF	Vacant & Avail SF	Occp. Rate	Annual Net Absorption 3Q 2018- 3Q 2019	Avg Ask Rental Rates NNN	UC
Pinellas County	5,367	56,925,164	10,607	3,619,479	93.6%	283,300	\$18.22	158,990
Tarpon Springs	214	1,953,388	9,128	290,220	85.1%	(1,604)	\$11.23	0
Tarpon Springs CRA	64	586,303	9,161	167,459	71.4%	(1,203)	\$11.53	0

- Of the 1.95 million square feet of retail space in Tarpon Springs, 40%, equal to 777,864 square feet was built pre-1980 and 61% pre 1990. There was 253,400 square feet (25,340 square feet/year) delivered

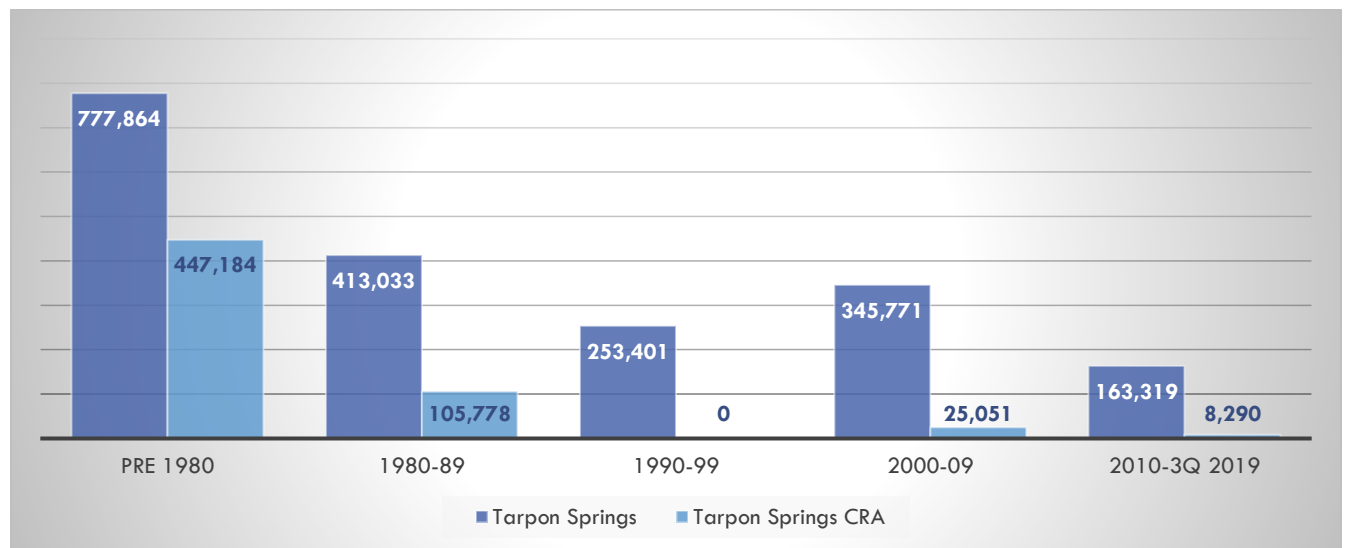


from 1990 to 1999; 345,771 (34,577/year) delivered from 2000 to 2009 and 163,319 square feet (16,332 square feet/year) delivered from 2010 to through the 3Q 2019.

- Of the 586,308 square feet of retail in the Tarpon Springs CRA, 76% of the retail space was delivered pre-1980 and 94%, equal to 552,962 square feet, delivered pre-1990. Since 1990 the delivery of retail space in the CRA was limited to 25,051 square feet from 2000-2009 and only 8,290 square feet from 2010 through the 3Q 2019.

Figure 20: Square Feet of Retail Space Delivered, City of Tarpon Springs Pre-1980 to 3Q 2019

Source: PCPA; CoStar

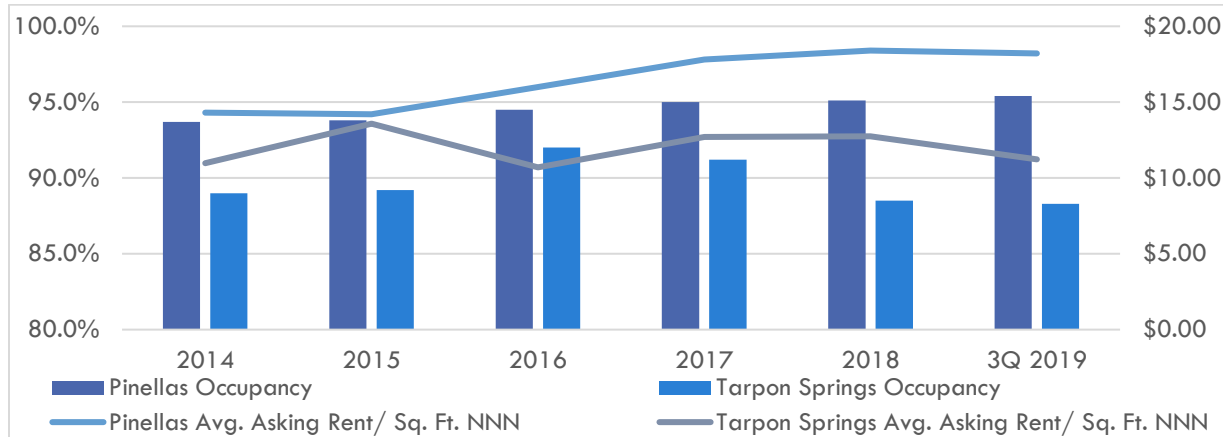


- The figure which follows compares trends for occupancy and average asking rents trends for retail space from 2014 to through the 3Q 2019 in Pinellas County and the City of Tarpon Springs. The graphic shows that occupancy rate in Pinellas climbed steadily from 93.7% in 2014 to 95.4% as of the 3Q 2019. In Tarpon Springs, retail occupancy increased from 89% in 2014 to 92% in 2016 before declining to 88.3% as of the 3Q 2019.
- The average asking rent for retail space in Pinellas increased from \$14.31/sq. ft. NNN to \$18.22/sq. ft. NNN as of the 3Q 2019, equal to an annual average growth rate of 5.2%. In Tarpon Springs the average asking rent for retail fluctuated between \$10.70/sq. ft. NNN and \$13.58/sq. ft. NNN over the reporting period. The average asking rent for retail in Tarpon Springs was estimated at \$11.23/sq. ft. NNN as of the 3Q 2019, representing an annual average increase of 0.5% since 2014.



Figure 21: Retail Occupancy and Average Asking Rental Rate Trends, Pinellas County & City of Tarpon Springs, 2014-3Q 2019

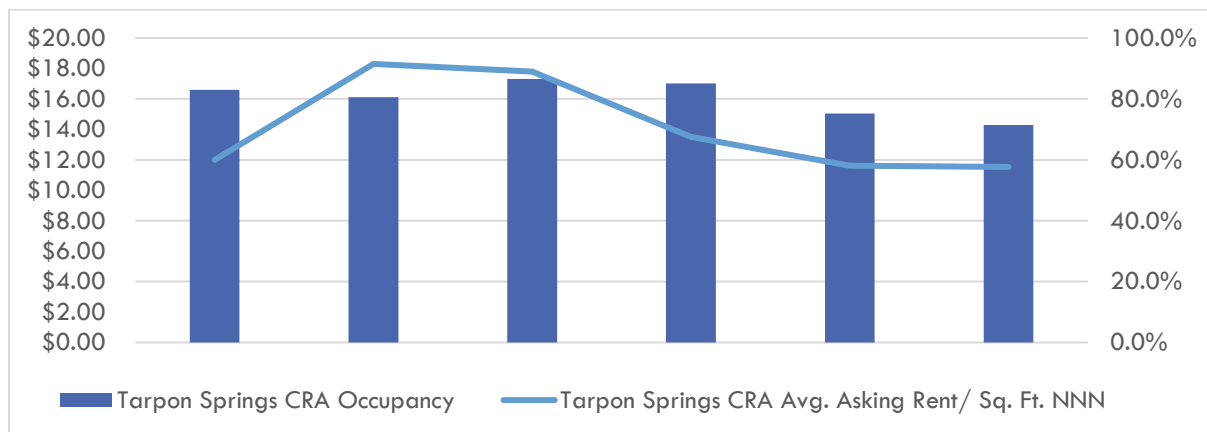
Source: CoStar



- Isolating retail space in the Tarpon Springs CRA shows occupancy levels fluctuating between the low/mid 80% range between 2014 and 2017, before declining to 75.2% in 2018, declining again to 71.4% as of the 3Q 2019.
- In response to declining occupancy levels, the average asking rent for retail in the CRA declined from a peak of \$18.30/sq. ft. NNN in 2015 to \$11.53/sq. ft. NNN as of the 3Q2019.

Figure 22: Retail Occupancy and Average Asking Rental Rate Trends, Tarpon Springs CRA, 2014-3Q 2019

Source: CoStar



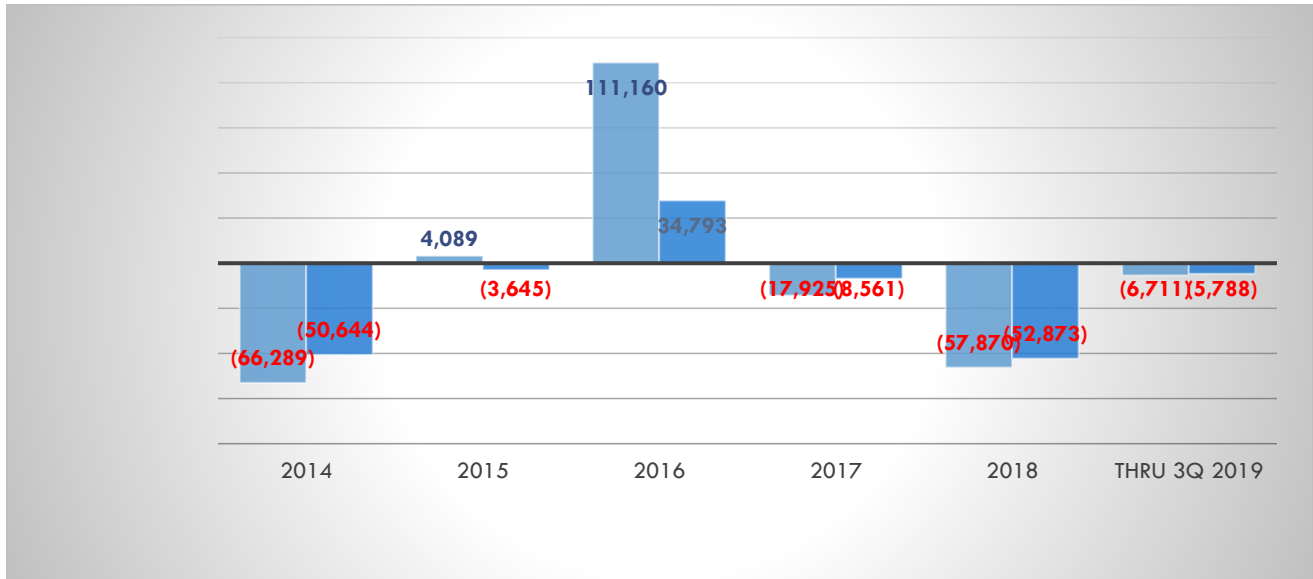
- The Figure which follows, displays net absorption trends for Tarpon Springs and the Tarpon Springs CRA from 2014 to the 3Q 2019. According to CoStar, net absorption of retail space over the reporting period in both Tarpon Springs and the Tarpon Springs CRA was negative including negative 33,546 square feet in Tarpon Springs and negative 86,710 square feet in the CRA.



- The only year that both areas recorded significant positive net absorption was 2016, including 111,160 square feet net absorption in the City and 34,793 square feet net absorption in the CRA.

Figure 23: Net Square Feet Retail Absorption, City of Tarpon Springs & Tarpon Springs CRA 2014-3Q2019

Source: CoStar



A sample survey of commercial retail and office projects is presented in the Appendix at the end of this report.

4B: RETAIL DEMAND ANALYSIS

As noted above, the Subject is relatively small and as it pertains to retail, which could potentially be positioned on the ground level of a multi-story building, would be limited to less than 10,000 square feet. This would largely accommodate a restaurant(s) and/or limited retail shop(s). This level of space does not ordinarily warrant a more comprehensive demand analysis. However, in the effort to assess the retail opportunity for the City and Downtown/CRA, Lambert applied a retail demand model based on three primary retail demand generators: 1. residents living in the city; 2. workers working in the downtown area; and, 3. demand generated from visitors to the downtown area.

Utilizing a variety of data sources, Lambert built a series of models that estimates expenditures by each of these groups and translates it into demanded square feet of retail space by merchandise category.

Demand for retail in the downtown area is for the five-year projection period 2020-2025. A summary of our analysis for each demand group is presented as follows.



For this analysis, the city is considered to represent the primary trade area from which business in the downtown core will draw patrons on a regular basis for convenience goods stores such as groceries and drug stores, shoppers goods, including clothing stores, furniture, electronics and other general merchandise stores, and food and beverage establishments. Additionally, the model accounts for expenditure inflow potential from demand outside of the city, as well as outflow (or leakage) from demand within the city as discussed further below.

The retail trade model derives the estimated space demand is based on the methodology described below.

Total Population & Personal Income – The projected total population in Tarpon Springs for 2020 is estimated at approximately 25,024 and is projected to increase to nearly 26,160 by 2025. Per capita income in the submarket is estimated at \$32,316 in 2020 and projected to increase to \$35,157 in 2025. Total personal income in 2020 then is equal to \$810 million, increasing to \$920 million in 2025. This represents an increase of \$110 million, plus additional expenditures after accounting for inflow and outflow factors during the next five years.

Total Retail Expenditure – An estimate of total retail expenditures (also referred to as Total Non-Auto Retail Expenditures) for the trade area is calculated by multiplying the Total Personal Income by the percent of income that is spent on non-auto retail purchases in a given year. The percent of household income spent on non-auto retail purchases was derived from the Department of Commerce 2017 Consumer Expenditure Survey (Southern Region), which is both region- and income cohort-specific based upon data from the Department of Commerce. Applying this to the population base, residents are estimated to spend nearly 28 percent of their income on non-auto related retail goods.

Expenditure by Store Type – Non-auto expenditure by store type for the market area is estimated using the percentage of total non-auto store sales by store type from the Census of Retail Trade. For this analysis, we combined subcategories into three main categories including, Convenience Goods, Shoppers Goods and Food Service and Drinking Establishments.

Primary Market Area Retention – This is estimated based upon fieldwork and the competitive market and is an estimate of the degree of leakage which may occur from trade area. Most merchandise categories have relatively low to moderate retention rates due to the size of the trade area and the fact that surrounding retail nodes have considerable retail development including for example, regional malls, power centers and other “big box” retail.

Percent Sales Inflow from Secondary Market – While there is resident expenditure leakage from the city there is also inflow from residents that live outside the bounds of the area, as well as the numerous visitors to the Taron Springs area. There is also demand from non-resident workers in the area, including the Hospital. This is accounted for in the model through the application of “inflow” percentage factors.

Sales per Square Foot – The sales per square foot figures are estimated for stores in the area based on interviews and other sources of information identified in the sections above.



Warranted Square Feet – Is calculated using the following formula: Net Sales Potential (by category)/ Sales per Square Foot (by category).

Non-Retail Space – Is calculated assuming that there is an additional 10-15 percent of “retail” space demanded in traditional retail space that is utilized for non-retail uses such as doctor’s offices, hair salons, or other personal services.

As summarized in the table below, total supportable retail space in the city is currently 1.6+ million square feet, which is relatively in line with the city’s 1.9 million square feet of total retail inventory as outlined in the section above; particularly, when accounting for the 20± percent market vacancy. By 2025, retail demand is estimated to increase to nearly 1.8 million square feet or approximately 200,000 square feet of additional retail demand over the next few years. While this portends well for the broader retail market, the fact is a measurable portion of this demand is anticipated to be absorbed by vacant space, or retail inventory that is well past its useful life and primed for repositioning.

Nonetheless, based upon the analysis herein, there is positive retail demand growth anticipated within the city that should help to stabilize the relatively stagnant retail sector in Tarpon Springs. The Downtown/CRA is in a position to capture at least a portion of this retail growth as part of any redevelopment planning efforts.

Figure 24: City of Tarpon Springs Retail Demand Projections

Sources: Lambert Advisory; BLS; EDR; US Census

Total Potential Trade Area Resident Retail Expenditure	2020	2025	Change
Estimated Population	25,024	26,160	1,136
Per Capita Income	\$32,316	\$35,157	\$2,841
Total Retail Expenditure Potential	\$226,432,551	\$257,518,276	\$31,085,725
Total Trade Area Expenditure Potential by Category (including Inflow/Outflow Expenditures)			
Food Services & Drinking Places	\$61,055,968	\$69,438,018	\$8,382,050
Shoppers Goods	\$268,277,305	\$305,107,674	\$36,830,369
Convenience Goods	\$77,172,601	\$87,767,218	\$10,594,617
Total Retail Expenditure Potential	\$406,505,874	\$462,312,911	\$55,807,037
Sales per Square Foot by Category			
Food Services & Drinking Places	\$350	\$350	\$0
Shoppers Goods	\$286	\$286	\$0
Convenience Goods	\$333	\$333	\$0
Supportable Square Footage by Category (Trade Area)			
Food Services & Drinking Places	174,446	198,394	23,949
Shoppers Goods	1,016,120	1,156,919	140,799
Convenience Goods	240,186	273,160	32,974
Non-Retail Space	143,075	162,847	19,772
Total Supportable Retail Space	1,573,828	1,791,321	217,493



4 C: Hospitality Overview

Pinellas County has more than 20,000 hotel rooms among 350± properties, or an average 60 rooms per hotel. The vast majority of hotels are limited service hotels, and mid-scale properties and examples of which include: Hampton Inn, Courtyard, La Quinta, Days Inn, Quality Inn, among others. Most full service, up-scale to luxury properties (such as Grand Plaza Beach, Vinoy, Hyatt Regency) are primarily waterfront.

Specific to Tarpon Springs, there are four notable hotels totaling nearly 300 rooms, including two branded hotels: Hampton Inn and Quality Inn. The Hampton Inn, 84 rooms, was the most recent development completed nearly 20 years ago. The Tarpon Inn (46 rooms), located directly north of the Subject property, is an economy class hotel that has been publicly cited for drug activity in the past and more recently for price-gouging during Hurricane Irma. There are a few smaller/independent properties such as Blue Bayou Inn. Notably, a new 78-room Holiday Inn Express has been approved by the City and is currently going through the building permit review process.

Given its size, hotel development potential on the Subject site is marginal; especially, when considering that in today's market, there needs to be a minimum number of rooms and select amenities (such as fitness center, modest food services, small meeting/business area) to effectively compete in the market, as well as operate efficiently in terms of operating with "economies of scale." Therefore, the analysis herein highlights the opportunity for hotel development within the Downtown/CRA. One key characteristic of the area is its proximity to natural amenities, recreational activities and the well-known Sponge Docks. One of the challenges, though, is absent a waterfront location (or golf amenity such as Innisbrook), any reasonably sized hotel will likely require direct access and visibility along a notable thoroughfare – similar to that of Hampton Inn along US 19.

In sum, during the foreseeable timeframe (within 5 years), the opportunity for new, hotel development in the Downtown/CRA is limited. However, with a potential expansion of residential, office and commercial development, the opportunity is further enhanced longer-term. This includes smaller boutique-type (i.e. bed-and-breakfast) concepts.



SECTION 5:

OFFICE SUPPLY AND DEMAND ANALYSIS

The following analysis addresses supply and demand for office space in the City of Tarpon Springs and the Tarpon Springs CRA.

5A: OFFICE SUPPLY ANALYSIS

- According to CoStar, as of the 3Q 2019, the inventory of office space in Pinellas County is estimated at 41.4 million square feet. Tarpon Springs inventory of office is estimated at 760,457 square feet, or approximately 1.8% of the county's total inventory.
- The Tarpon Springs CRA comprises 121,957 square feet of office space; or roughly 16.6% of the City's total office inventory.
- Comparing occupancy rate, the occupancy rate for office in Pinellas County was at 91.3% as of the 3Q 2019; slightly lower in Tarpon Springs and the Tarpon Springs CRA at 90.2% and 89.4%, respectively.
- The average asking rental rate for office in Pinellas County was at \$20.44/sq. ft. full service; much lower for Tarpon Springs and the Tarpon Springs CRA at \$12.97/sq. ft., full service and \$13.58/sq. ft. full service, respectively.

Figure 25: Office Market Snapshot, Pinellas County, Tarpon Springs and Tarpon Springs CRA, 3Q 2019

Source: PCPA; CoStar

Market Area	Number of Buildings	Inventory SF	Avg. Size Bldg. SF	Vacant & Avail. SF	Occp. Rate	Annual Net Absorption 3Q 2018-3q 2019	Avg. Quoted Rental Rates Gross	UC
Pinellas County	3,781	41,458,922	10,965	3,616,846	91.3%	210,295	\$20.44	260,766
Tarpon Springs	122	760,457	6,233	74,498	90.2%	(40,800)	\$12.97	35,446
Tarpon Springs CRA	29	121,957	4,205	12,900	89.4%	3,580	\$13.58	0

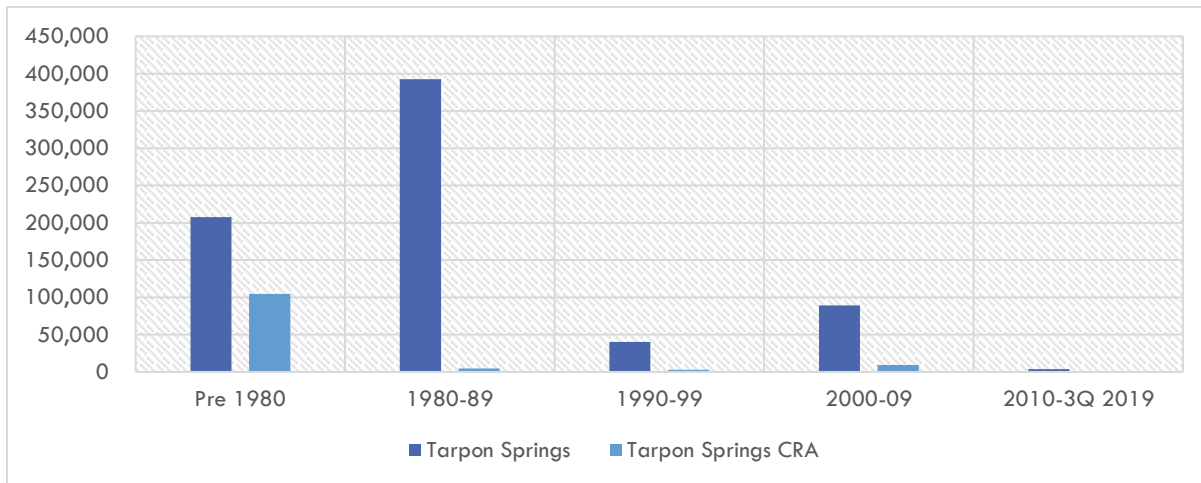
- Of the 760,457 square feet of office space in Tarpon Springs, 33%, equal to 251,500 square feet was delivered pre-1980 and 81%, equal to 617,860 square feet was delivered pre-1990. Approximately 128,500 square feet (17%) was delivered over the 20-year period 1990-2009 and only 14,000 square feet since 2010.



- In the CRA, 109,600 square feet of office, 90% of the inventory was delivered pre-1990; the remaining 10%, equal to 12,200 square feet was delivered over the 20-year period 1990-2009. There has not been any new office space built in the CRA since 2004.

Figure 26: Square Feet of Office Space Delivered, City of Tarpon Springs and Tarpon Springs CRA, Pre-1980 to 3Q 2019

Source: PCPA; CoStar

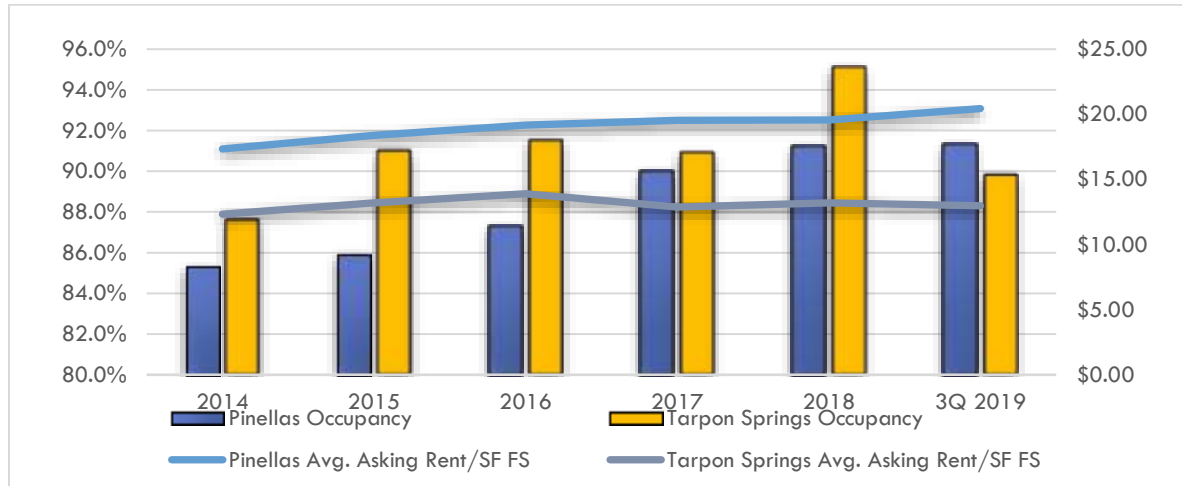


- The figure which follows compares occupancy and average asking rent trends for Pinellas County and Tarpon Springs from 2014 through the 3Q 2019. In Pinellas County office occupancy steadily increased from 85.3% in 2014 to 91.3% in as of the 3Q 2019., while the occupancy rate for office in Tarpon Springs increased from 87.6% in 2014 to 95.1% in 2018, before declining to 89.8% as of the 3Q 2019.
- Over the same reporting period, the average asking rental rate for office in Pinellas County increased from \$17.34/sq. ft. full service in 2014, to \$20.44/sq. ft. full service in the 3Q 2019, at an annual average growth rate of 3.5%. In Tarpon Springs, average asking rates for office increased by an annual average growth rate of 1.1%, from \$12.33/sq. ft. full service in 2014 to \$12.97/sq. ft. full service in the 3Q 2019. The highest asking rent for office in Tarpon Springs during this time was in 2016, estimated at \$13.90/sq. ft. full service.



Figure 27: Office Occupancy and Average Asking Rent Trends, Pinellas County & City of Tarpon Springs, 2014-3Q 2019

Source: CoStar

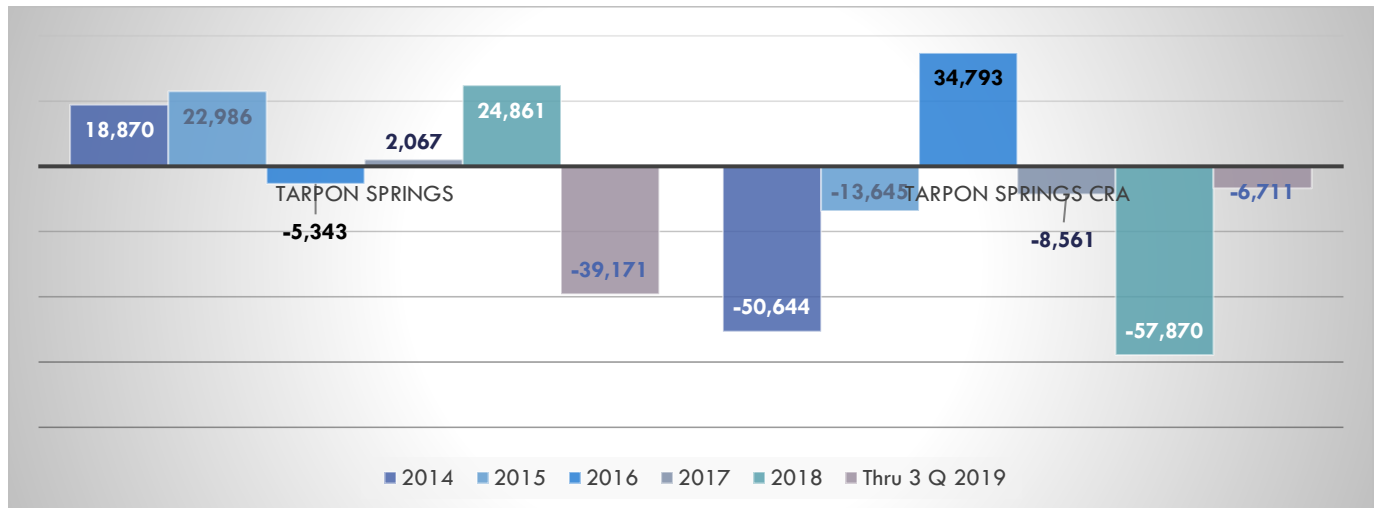


- In the Tarpon Springs CRA, occupancy levels for office space fluctuated between 87.3% and 90.7% from 2014 to 2018 then declined to 89.7% as of the 3Q 2019.
- The low mark for average asking rent for office in the CRA was \$12.12/sq. ft. full service in 2015. The average asking rent increased to \$12.96/sq. ft. full service in 2016, declined in 2017 and again in 2018 to \$12.30/sq. ft. full service, then increased by 1.63% to \$12.50/sq. ft. full service in 3Q 2019.
- According to CoStar, Over the reporting period, 2014 to 3Q 2019, Tarpon Springs had 24,135 square feet net absorption of office space. This equates to an average net absorption of 4,197 square feet per year.
- Over the same time period, net absorption of office space in the Tarpon Springs CRA was a negative 102,638 square feet, equal to an annual average negative net absorption of 17.850 square feet.



Figure 28: Net Square Feet Office Absorption, City of Tarpon Springs & Tarpon Springs CRA 2014-3Q2019

Source: CoStar



A sample survey of commercial office projects is presented in the Appendix at the end of this report.

5B: OFFICE DEMAND ANALYSIS

Forecasting office demand traditionally utilizes employment growth projections within traditional office-using sectors such as Finance, Real Estate and Insurance, Professional Business & Technical, among others at the County level as produced by the Florida Department of Economic Opportunity (FDEO). In this regard, Pinellas County is forecasting steady 0.8 percent average employment growth between 2019 and 2027. Based upon these growth trends, we typically extrapolate growth projections for specific municipalities/study districts based upon fair share capture analysis.

In this case, however, the City comprises less than 2 percent of the County's office inventory, with less than 150,000 square feet of space having been delivered in the past 30 years (or an average 5,000 square feet per year). Based upon historical development trends and net absorption trends outlined above, it is estimated that over the five year projection period, the entire Tarpon Springs market could absorb a maximum 10,000 square feet of office space per year on an average. This provides limited demand potential for the Downtown/CRA; however, office may present itself as a smaller supporting use within mixed use development; and, particularly, as it relates to medical office given the areas demographic composition and overall industry growth trends.



SECTION 6 – ALTERNATIVE CONCEPTS & FINANCIAL EVALUATION (HIGHEST & BEST USE)

Based upon the analysis of residential, retail, hotel, and office use above, we have prepared a financial analysis to help identify the highest and best use of the subject property through a process referred to as *residual land evaluation*. In this effort, Lambert and CGA collectively considered alternative development options for the Subject property based upon physical characteristics, regulatory parameters, economic/market considerations and compatibility with surrounding geography/uses.

Based upon these programs, we have prepared preliminary proformas for each concept that utilize the market-based findings for lease/rental rates and stabilized occupancy, as well as industry and in-house benchmark data for development costs and operating expenses. It is critical to note that in the absence of more defined programming, design, and operating structure for the proposed concepts, the estimates of performance provided herein are being prepared on an *order-of-magnitude basis*. The analysis herein does not attest to the financial feasibility of the proposed program in the absence of any detailed planning and development costs; and, furthermore, the resultant valuation of land does not represent an appraised value. Therefore, the results herein are subject to change should there be any measurable variation from the assumption used for this analysis.

In this effort, and as set forth in the Executive Summary, there are two exemplary concepts tested as part of this analysis, and summarized as follows:

Concept 1: Mixed Use/Maximum Build-out

This program maximizes the sites build-out potential utilizing a mix of uses and densities permissible under current zoning conditions. In light of market potential as summarized in the analyses above, and considering site location characteristics compatible for residential and commercial uses, Concept 1 tests the following program:

Figure 29: Subject Property – Concept 1 Program Highlights

Use	Units/Square Feet
Residential	6 units (7,920 SF)
Ground Floor Retail/Commercial	6,671 sq.ft.
Parking	19 spaces

The mix of uses and corresponding density represent the usable or “sellable” area of the development, with additional area for ancillary space such as balconies for residential and patio space for a restaurant.



Note, there is one key metric that drives the residual land evaluation: land value becomes the input for deriving an industry benchmark 10± percent unleveraged return on investment (ROI). The following is a summary of key assumptions and findings for Concept 1 proforma analysis:

- ✓ The overall planning and construction for the residential and commercial area is estimated to occur within a roughly 18months to two-year timeframe;
- ✓ For the 6 residential units, the product type assumes condominium units, averaging 1,320 square feet (and presumably a mix of 2- and 3- bedroom units). The average gross sale price is estimated to be \$295,000; or approximately \$225 per square foot. The sales cost associated with marketing and commissions is estimated to be 6.5 percent of gross sales. The 6,671 square feet of commercial presumes space for a restaurant and/or limited retail shops see zoning. The estimated blended rate for the retail is \$20 per square foot, NNN.
- ✓ Total development costs (including hard, soft costs and contingency factor) for the residential units is estimated to be \$185 per square foot (or slightly more than \$240,000 per unit). The commercial space build-out, which assumes tenant is provided with shell space and limited interior finished improvement, is estimated to be \$185 per square foot.
- ✓ The capitalization rate utilized to monetize stabilized cash flow for the commercial space is 7.0 percent, which accounts for unknown future risk market risks and financial conditions; also referred to as a Terminal Capitalization Rate.

Figure 30: Concept 1 – Estimated Residual Land Evaluation

Commercial	
Commerical Delivered	6,671
NNN Lease Rate	\$20
Stabilized Occupancy	95%
Net Annual Revenue from Commercial	\$126,749
Capitalized Value (7%)	\$1,810,700
Total Net Cash Flow	<u>\$3,456,800</u>
Development Cost	
Residential	(\$1,465,200)
Commercial	(\$1,234,135)
Total	(\$2,699,335)
Land Input	(\$410,000)
Total Cost	(\$3,109,335)
Return on Investment (ROI)	10.1%

As outlined in the figure above, the prospective Concept 1 development yields a residual land value of approximately \$400,000±; or, \$16± per square foot of land area.



Concept 2: Townhome Development

In addition to the maximum development concept above, the analysis herein evaluates a more modest density option, which would be a Townhome product – and a use that is among the strongest in today's market. The program maximizes the site's build-out potential for this use, with estimates of performance and cost as follows:

Figure 31: Subject Property – Concept 2 Program Highlights

Use	Units/Square Feet
Residential Townhome	6 units (10,500 SF)
Parking	12 spaces

The following is a summary of key assumptions and findings for Concept 2 proforma analysis:

- ✓ The overall planning and construction for the townhomes is 12 months;
- ✓ The mix of townhome units considers 3- and 4-bedroom units, with 2 and/or 2.5 bath. Based upon current and prospective market conditions, the townhomes are estimated to sell for \$335,000 on average; or an average \$215 per square foot. Selling costs are estimated to be 6.5 percent of the gross sale prices, including commission and marketing related costs; and,
- ✓ Total development cost (including hard and soft costs) for the townhomes is estimated to be \$140 per square foot (or roughly \$245,000 per unit).

Figure 32: Concept 2 – Estimated Residual Land Evaluation for Industrial Development

Residential	
New Residential Units Delivered/Sold	6
Sq.Ft.	10,500
Avg. Sale Price	\$335,000
Cost of Sale	6.5%
Net Revenue from TH's	\$1,879,350
Development Cost	
Residential	(\$1,470,000)
Total	(\$1,470,000)
Land Input	(\$221,000)
Total Cost	(\$1,691,000)
Return on Investment (ROI)	10.0%

As outlined in the figure above, the prospective development yields a residual land value of approximately \$220,000±; or, \$9 per square foot of land area.



APPENDIX: SAMPLING OF RESIDENTIAL AND COMMERCIAL DEVELOPMENT; PROJECTS UNDER CONSTRUCTION AND IN THE PIPELINE; and BOUNDARY MAP OF PROPERTIES AFFECTED BY OPEN SPACE

SAMPLING OF CONDOMINIUM PROJECTS- ALL RESALES											
MAP CODE	NAME OF PROJECT	TYPE OF PROJECT	LOCATION	YB	NUMBER OF UNITS	STATUS	PARKING	Size Range Sq. Ft./ Avg.	Price Range/ Avg.	Price Range/Avg. Sq Ft. (1)	Notes
1	Tarpon Highland at Lake Tarpon	4- Story	94 Highland Ave.	S - 2008 - 2009	60	Built-out	Surface some covered parking	2,154 - 2,929	\$213,000- \$344,500/ \$246,200	\$99- \$118/\$106	Resales Only Clubhouse, Pool, Tennis, Boat slips
2	Gulf Front Lagoon	4&5 Story elevators	504 Florida Ave.	S 1986	40	Built-out	Surface	1,490 -1550	\$240,000- \$355,000/ \$267,000	\$161- \$216/\$176	Resales Only Clubhouse & Pool Water Views
3	Tarpon Cove	4- Story elevators	1800 Mariner Dr.	1981	180	Built-out	Surface	1,065 - 1,150	\$175,000- \$314,000/ \$258,400	\$160- \$273/\$235	Resales Only Clubhouse, Pool, Tennis, Boatslips, Water Views
4	Mariner Village	3- Story elevators	100 Mariner Dr.	1975	120	Built-out	Surface some covered parking	1,280 - 1,564	\$215,000- 380,000/ \$284,200	\$168- \$297/\$207	Resales Only Clubhouse, Pool, Marina, Water Views
Totals/ Average			-	-	400			1,056 - 2,929	\$175,000- 380,000/ \$288,000	\$99- \$297/\$181	-
MAP CODE	NAME OF PROJECT	TYPE OF PROJECT	LOCATION	YB	NUMBER OF UNITS	STATUS	PARKING	Size Range Sq. Ft./ Avg.	Price Range/ Avg.		Notes
5	Calista Cay	3- Story	North Side of Meres Blvd at Calista Cay Loop	2015 - 2019	68	Active	2- Car garage	1,800 - 2,230	\$280,000- \$350,000/ \$315,000	\$152-\$157- \$155	Phase 2-36 units - sold 26 units in 24 months, 1+ unit/month, Boat slip and canal views
6	Cypress Trails	2-story THs	753 Grand Cypress Lane	2019	95	Active	2- Car garage	2,230	\$314,900- \$369,000/ \$340,000	\$141- \$165/\$152	3 units built 3 units UC 1 unit sold, Resort Pool, Clubhouse
7	Riverview at Tarpon	3- story THs	526 Rivercrest Lane	2007 ,2013 & 2018	10	Recently - Sold out	2- Car garage	2,225 -2259	\$285,000- \$355,000/ \$323,300	\$128- \$157/\$144	Sold last 3 units in 2018, Gated
8	Anclote River Crossings	3- story THs	101 Athena Way	2007 & 2017	36	Sold out in 2018	3- Car garage	2,199 - 2,275	\$389,000- \$470,000/ \$447,550	\$177- \$207/\$180	Sold out 10 units in 12 months, River front, Boat slips



Totals/ Average	-	-	209	-	1,800	\$280,000-	\$128/\$207/	-
					-	\$470,000/	\$158	
					2,275	\$356,450		

SAMPLING OF COMMERCIAL PROJECTS

MAP CODE	NAME OF PROJECT	TYPE OF PROJECT	LOCATION	YB	# OF UNITS	STATUS	PARKING	SIZE RANGE SQ. FT/ AVG.	ASKING RENT RANGE/ AVG.	AVG. Asking Rent/ Sq. Ft.	NOTES
1	Meres crossing	4- Story	1100 S Pinellas	2020	236	UC	Surface	729-1,269/1,000	\$1,000-\$1,750/\$1,300	\$1.45	Fully amenitized just south of the CRA
2	Athens Place Apartments	??	S Safford Ave & Hubiscus St.	2019/20	36	Pemitting	Surface	TBD	TBD	TBD	Pool, & Picnic Shelter
3	Pine Street Apartments	Villa- Style	SWC of E Pine St. & S Safford Ave.	2019	6	UC	Surface	TBD	TBD	TBD	Site is 0.34 acres
4	Riverside Apartments	2- Story	1589 Starlight Cove	2001	304	Complete	Surface	718-\$1,600/\$1,100	\$869-\$1,600/\$1,100	\$869-\$1,600/\$1,100	Fully amnetized 93.4% occp.

SAMPLING OF COMMERCIAL PROJECTS

MAP CODE	LOCATION	NAME OF PROJECT	TYPE OF PROJECT	YB	GROSS LEASABLE AREA SQ. FT.	VACANT SQ. FT.	OCCP. RATE	ASKING RENT	LAND AREA
1	38850 US Hwy 19 N	Saravan Plaza	Street Level Retail and/or office	1984	13,390	640	95.2%	\$13.00 FS	129 acres
2	1208 N Pinelas Ave.	Anclote Plaza	Street Level Retail and/or office	1988	12,628	5,705	54.8%	\$12.08 MG	1.61 acres
3	900 N.Pinellas Ave.	Restaurant Space look at Google Map	Street Level Restaurant Space Turn Key	1919	5,411	5,411	0.0%	N/A	0.57 ACRES
4	40545 US Hwy 19 N	Strip Center	Street Level Retail-Credit Tenant	1999	19,587	11,055	43.6%	\$20.00 FS	2.27 acres
5	41680 N Pinelas Ave	Strip Center	Street Level Retail and/or office	2001	5,916	5,916	0.0%	\$20.00 FS	0.61 acres
6	39920 US Hwy 19 N	Strip Center	Street Level Retail and/or office	1980	26,306	9,255	64.8%	\$10.00 NNN	2.68 acres
7	23 East Tarpon Ave.	Ellis Bldg	2- story office	1968	9,000	1,600	82.2%	\$12.00-\$15.00	0.11 acres
8	536 E Tarpon Ave.	Tampa Oaks Prof. Center	Office	1986	9,134	1,375	84.9%	\$14.00 MG	
9	1264S. Pinellas Ave.	Tarpon Bend Prof. Center	Office	1994	6,400	1,800	71.9%	\$14.50 FS	0.32 acres



10	201 S Pinellas Ave.	Tarpon Arcade	Street Level Retail and/ or office	1921/2003R	40,000	11,300	71.8%	\$12.00- \$14.00FS	1.19 acres
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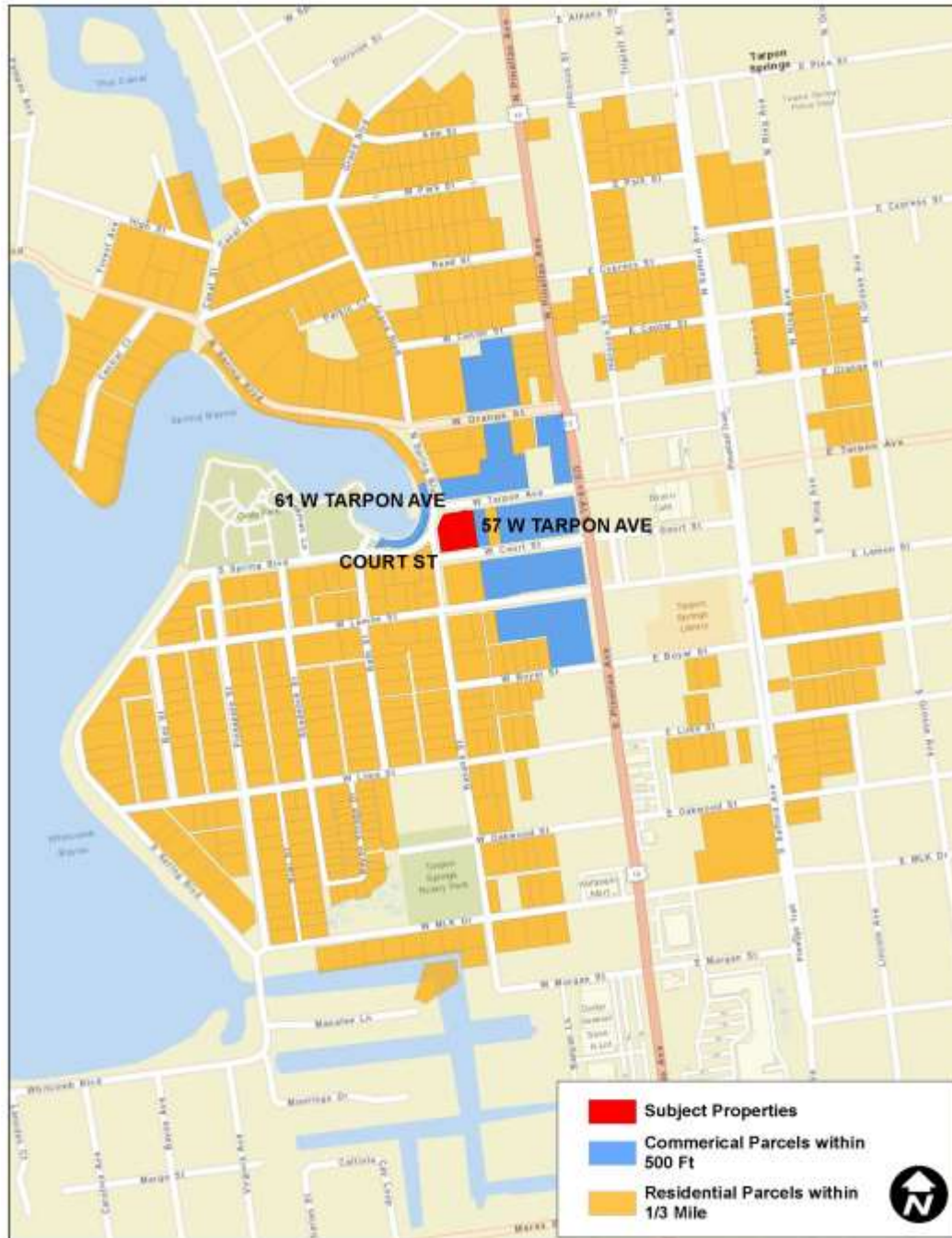
RETAIL & OFFICE COMMERCIAL PROJECTS UC AND/OR IN THE PIPELINE

MAP CODE	LOCATION	NAME OF PROJECT	TYPE OF PROJECT	PROPOSED SQ. FT.	STATUS	LAND AREA ACRES	NOTES
11	201 E Center St.	2019	Retail/ Office mixed use	12,500	UC, Pre-leasing at \$12.00-\$15.00/sq. Ft.	0.72 acres	90% complete
12	41747 US HWY 19 N	Tarpon Springs Dialysis Center & Offices	Medical Office	35,446	UC & in lease-up	4.5 acres	8,600 sq. ft Dialysis Center completed in 2018. Additional office space planned.
13	SEC Dixie & Alt. Hwy 19 N.	TBD	Street Level Retail/ Service Station	13,000	Planning Stage	1.46 acres	Recently annexed by the City.
14	SWC of Huey Ave. & Lime St.	CHCP Dental Center in Partnership with the City	Dental Center	5,000	Planning	1.6 Acres	Partnership with the City
15	1395 S Pinellas Ave.	Advent Health Medical Office Bldg.	Medical Office	30,000	Planned	NA	Tentative
Total/ Avg.	-	-	-	95,946	-	-	-

- Note: in addition to the commercial projects highlighted above, Advent Health North Pinellas is current under-construction with an expansion to its emergency room (ER) facility.



MAP OF RESIDENTIAL PROPERTIES WITHIN 1/3 MILE OF SUBJECT PROPERTY; AND, COMMERCIAL PROPERTIES WITHIN 500 FEET OF SUBJECT PROPERTY



Activate Tarpon Springs Concept Scenarios Report

Prepared for the City of Tarpon Springs

February 28, 2020



CALVIN, GIORDANO & ASSOCIATES, INC.

13535 Feather Sound Drive, Suite 135, Clearwater, FL 33762

Activate Tarpon Springs

Concept Scenarios Report

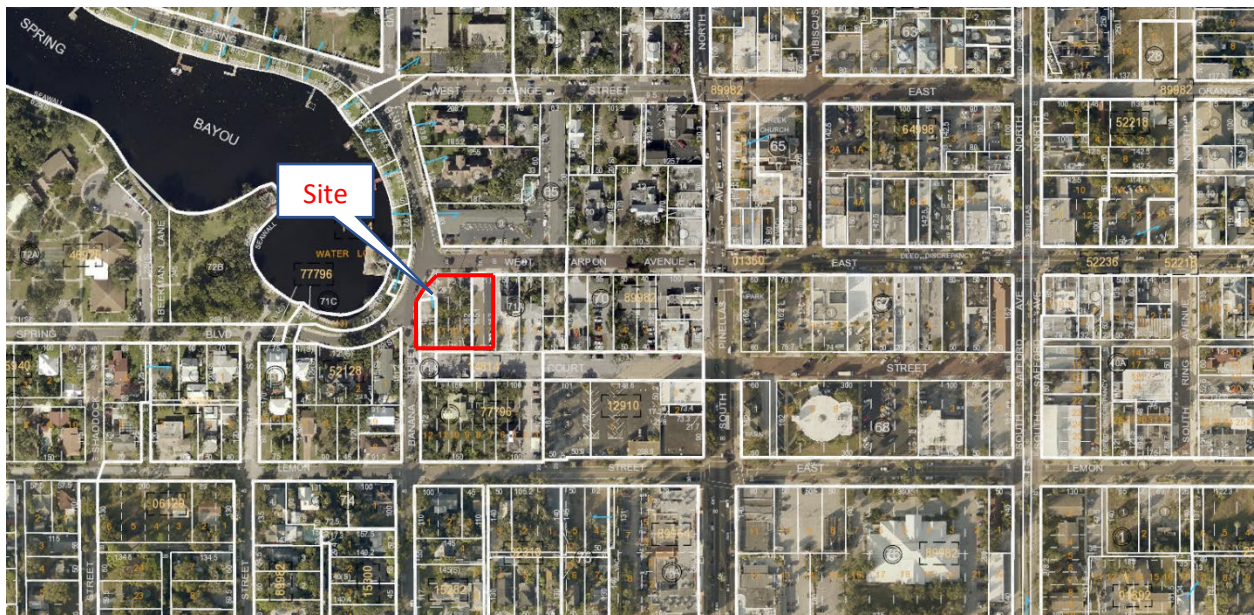
February 28, 2020

The concept scenarios described in this report were developed in conjunction with the highest and best use market analysis prepared for the City of Tarpon Springs as a part of the Activate Tarpon Springs project. These scenarios and the highest and best use analysis are not a recommendation of what should be done at this location; they are simply an analysis for the purpose of assisting the City in decision making in regard to the site.

Site Description

The subject site is composed of three parcels totaling 0.58 acres located at the western ends of Tarpon Avenue and Court Street.

Parcel ID Number	Owner	Approx. Size	Existing Use
12-27-15-77796-711-0070	Tarpon Springs Community Redevelopment Agency (CRA)	8,177 sq. ft.	Asphalt and gravel parking
12-27-15-14814-000-0090	Edward C. Hoffman, Jr.	12,826 sq. ft.	Approx. 510 sq. ft., single story structure used by the Tarpon Springs CRA
12-27-15-77796-711-0120	Edward C. Hoffman, Jr. and Barbara A. Hoffman	4,140 sq. ft.	Vacant



The site is generally rectangular in shape and is relatively level. It generally drains to the southwest toward Spring Bayou. The site contains mowed grass and a mixture of mature oak and palm trees.

The site has direct access to West Tarpon Avenue, West Court Street, Spring Boulevard, and Banana Street. West Tarpon Avenue, which borders the site on the north, is a two-laned roadway within 60 feet of right-of-way, which will accommodate on-street parking. West Court Street, which borders the site on the south, is a two-laned roadway within 60 feet of right-of-way and includes designated parallel and angled on-street parking. Spring Boulevard and Banana Street, which borders the site on the west, are both two-laned roadways. The right-of-way of these streets varies from 40 to 50 feet, and neither street accommodates on-street parking in the immediate vicinity of the subject properties. Each of the streets contain sidewalks along both sides along the entire frontage of the site.

The site is located on the western edge of the Tarpon Springs Central Business District. West Tarpon Avenue, between Pinellas Avenue (Alt. 19) and Safford Avenue, is a main hub of pedestrian activity in the City including monthly First Friday events and activities associated with regular use of the Pinellas Bicycle/Pedestrian Trail. However, the site is situated approximately 430 feet west of this portion of West Tarpon Avenue. Additionally, Pinellas Avenue often proves to be a psychological barrier to what might otherwise be a natural extension of pedestrian traffic from this activity center.

Immediately to the west of the site, on the other side of Spring Boulevard, is Spring Bayou and Craig Park. Spring Bayou is the primary location of the Greek Epiphany events which draw thousands of visitors to Tarpon Springs annually. During this event, the streets immediately surrounding the site are closed to vehicular traffic, and the site itself has been used for the placement of temporary restrooms and staging of police security. Craig Park and the Tarpon Springs Heritage Museum on the site draw both residents and visitors for passive recreation and for seasonal activities including the annual Tarpon Springs Fine Arts Festival on the Bayou.



First Friday – West Tarpon Avenue



Greek Epiphany at Spring Bayou

Development Standards

The regulatory districts listed below affect development of the site and were considered in the preparation of the development scenarios contained in this report. The Appendix to this report contains maps and regulations regarding the various regulatory overlays applicable to this site.

- **Federal Emergency Management Agency (FEMA) Flood Zone.** The southwestern portion of the site is located in Zone AE (EL 10 Feet). The remainder of the property is located in Zone X (0.2 Percent Annual Chance Flood Hazard). Construction on the site will need to comply with minimum flood elevation standards. However, these designations will not significantly affect the ability to develop the site.
- **Pinellas Countywide Plan Map and Rules.** The site is located within the Activity Center (AC) land use category on the Countywide Plan Map and is located within the Neighborhood Center subcategory of AC. This subcategory establishes a maximum residential density of 60 units per acre, a temporary lodging density of 75 units per acre, a nonresidential or mixed-use intensity Floor Area Ratio (FAR) of 2.2, and a maximum traffic generation rate of 216 Average Daily Trips per acre. These restrictions are well above those established by the City for this site.
- **Tarpon Springs Historic District.** Location within the Historic District will require that development of the site comply with the City's Historic District Guidelines and the standards and requirements of Article VII (Heritage Preservation) of the City's Comprehensive Zoning and Land Development Code. These guidelines and standards will affect the exterior architectural elements of any proposed development on this site. Architectural details will not affect the permitted density and intensity of development on this site and, therefore, are not addressed in the concept scenarios of this report.
- **Tarpon Springs Comprehensive Plan.** The site is located within Community Redevelopment District (CRD) Future Land Map Category of the City's Comprehensive Plan. According to Future Land Use Policy 2.8.1, this category establishes a maximum density of 40 units per acre and a maximum FAR of 2.0. The concept scenarios of this report are well below the density and intensity restrictions of the site's Future Land Use category. The site does not contain any sensitive environmental feature or habitat, and development scenarios are consistent with all elements of the City's Comprehensive Plan.
- **Tarpon Springs Special Area Plan.** The site is located within the Spring Bayou character district as identified in the Special Area Plan. According to the Plan:

The Spring Bayou character district is a predominantly residential district located near Spring Bayou. The waterfront location is suited to a "residential scaled" bed &

breakfast or inn in this district along with some medium density residential building types.

- **Tarpon Springs Transect-Based Infill Code for the Sponge Docks and Community Redevelopment Area (Transect Code).** The Transect-Based Infill Code is the primary implementing document affecting development of the site. The site is located within the T-4 (General Urban) transect zone, and is further categorized within the T4a (Residential + Retail/Office) transect. The T-4 transect is described as follows:

The T-4 General Urban Zone consists of a mixed use but primarily residential urban fabric. It may have a wide range of building types: single, sideyard, and rowhouses. Setbacks and landscaping are variable. Streets with curbs and sidewalks define medium-sized blocks.

Uses. Residential, lodging, and office are Open Uses in this district. Civic and Retail are listed as a Limited Uses, meaning that the building area available for retail is limited to the first story of buildings and by the requirement of 3.0 assigned parking places per 1,000 square feet of net retail space. Additionally, as a Limited Use the specific retail use shall be further limited to neighborhood retail or food service seating of no more than 49 and a maximum of 5,000 square feet per retail space. Retail spaces under 1,500 square feet are exempt from parking requirements.

Density/Intensity. The maximum density by right in the T4a district is 12 to 15 units per acre, which for this site would result in a total of seven to nine units. With a transfer of density within the CRA, 18 to 22 units per acre could be achieved, which for this site would result in a total of 10 to 13 residential units. Although the site could accommodate and the market could support up to 13 residential units, the concept scenarios in this report use the lowest density permitted by the T4a district.

Maximum Building Floor Area Ratio (FAR). 1.25, resulting in a maximum of 31,421 square feet of building floor area for this site.

Maximum Non-Residential Floor Area Ratio (FAR). 1.00, resulting in a maximum of 25,137 square feet of nonresidential building floor area for this site.

Lot Coverage. 70 percent, resulting in a maximum lot coverage of 17,596 square feet of lot coverage for this site.

Setbacks. Front (Principal) – 15 feet max. Front (Secondary) – 5 feet max. Side – 5 feet max. Rear – 5 feet min./12 feet with alley.

Building Height. Principal – 3 stories max. Outbuilding – 2 stories max.

Parking. The parking standards are based on the proposed use and square footage of development. While the specific uses and individual square footages of each use in the mixed-use scenario are not known, the following are the applicable parking standards for both scenarios:

Residential – 1.5 spaces per unit.

Retail - 3 spaces per 1,000 square feet of gross floor area.

Office - 3 spaces per 1,000 square feet of gross floor area.

Eating Establishments, Sit Down and Taverns – 1 space per 3 seats including outdoor seating (See Section 127.04(G)(5)(j) of the LDC).

Table 4E(ii) establishes a shared parking factor of 1.2 to 1.4 for the subject site which may be divided into the sum of the individual parking requirements calculated for the separate uses in order to reduce the overall parking requirement for the development.

Note that the Transect Code includes other design standards implementing the purpose and intent of the transect districts. These standards will affect the appearance of any structures proposed for the site, but do not affect the density and intensity used in preparation of the concept scenarios.

- **Tarpon Springs Comprehensive Zoning and Land Development Code (LDC).** The City's LDC establishes standards and processes regulating the development of the site including parking design, access management, stormwater, landscaping, environmental, and signage regulations.

The scenarios developed for the site, while being very conceptual, have been designed and reviewed for general compliance with all of the standards and requirements of the LDC.

- **Additional Studies and Plans.** In addition to the regulatory documents noted above, there are a number of past studies and plans that included the area of the subject site. These documents are illustrative of the City's desire to redevelop the Spring Bayou area

and provide some insight as to the intent for the subject site. These documents include the City of Tarpon Springs Downtown Development Action Plan, October 2000; the City of Tarpon Springs Downtown Redevelopment Plan, July 2001; and the Proposed Community Redevelopment District Findings of Necessity Study, April 2001. Note that these studies generally show an intent to develop the subject site with fairly intense, mixed-use projects. Portions of these documents relevant to the subject site are included in the Appendix to this report.

Concept Scenarios

Based on an initial market analysis of the City prepared by Lambert Advisory in January of 2020 as well as the applicable operational and regulatory data discussed above, two concept scenarios were developed for this site. These concepts are summarized below.

Use	Concept 1	Concept 2
Residential	6 condos	6 townhouses
Ground Floor Retail/Commercial	6,671 sq. ft.	n/a
Parking	19 spaces	12 spaces

Concept 1 – Mixed Use

Density – 12 units/acre

FAR – 0.27

For conceptual purposes only. Architectural elements are not addressed



Concept 1 – Mixed Use

Density – 12 units/acre

FAR – 0.27

For conceptual purposes only. Architectural elements are not addressed



Concept 2 – Residential Townhouses

Density – 12 units/acre

FAR – n/a

For conceptual purposes only. Architectural elements are not addressed



Note that these concepts are primarily for the purpose of illustrating the massing of the structures and the general layout of potential developments that would be consistent with the market study and the operational and regulatory restrictions on the site. We have deliberately not included specific architectural features that will need to be addressed as a part of the Transect Code and the historic district standards. These design elements will be project-specific and will not affect the density and intensity of development on this site.

Public Participation

As a part of the discovery and the preparation of the development scenarios, the consultants conducted six stakeholder interviews, a public informational meeting, and an open house prior to finalizing the Highest and Best Use Analysis and the development scenarios. These meetings provided valuable insight into the background of the site and some of the community's concerns regarding future development at this location.

- **Stakeholder Interviews** – October 29, 2019. Six stakeholders, identified by City staff, who own property and/or operate businesses in the downtown were interviewed for the purpose of obtaining insight into the site's history and function in the downtown, and important factors affecting the development market in Tarpon Springs. The information obtained during these interviews was used in the preparation of the market analysis of this area.
- **Public Informational Meetings** – December 4, 2019. A meeting was conducted for the purpose of introducing the project to the public and for taking public input. The meeting was attended by approximately 40 members of the public who were given the opportunity to ask questions and provide input. At this meeting, suggestions were made to consider in the highest and best use analysis the possibility of developing the combined publicly and privately owned site in its entirety as a public park or open space. A specific suggestion was made to consider moving the historic Safford House to the site. The consultants agreed to address the use of the property for a park in the analysis. The consultants explained that the highest and best use analysis would not include recommendations to the City for what should be built on the property; it would simply be a tool to identify to the Board of Commissioner what could be done and the potential economic return implications of the options.



- **Open House** – February 20, 2020. Two conceptual development scenarios were presented to the public based on the market analysis and the operational and regulatory data affecting the site. The meeting was attended by approximately 40 members of the public who were given the opportunity to ask questions and provide input. There was significant discussion regarding the purpose of the highest and best use analysis. Comments were again made regarding the desire to use the site for a park and to moving the Safford House to this location. Questions were also raised regarding the proposed residential density of the mixed-use scenario (18 units per acre). As a result of these questions, the density of Concept 1 was later reduced to the lowest density range of the T4a transect (12 units per acre). The highest and best use analysis was also later revised to reflect the lower density of Concept 1.



The public participation process provided valuable insight into this site. As noted above, public comments were considered in the final versions of the concept scenarios and highest and best use analysis report.

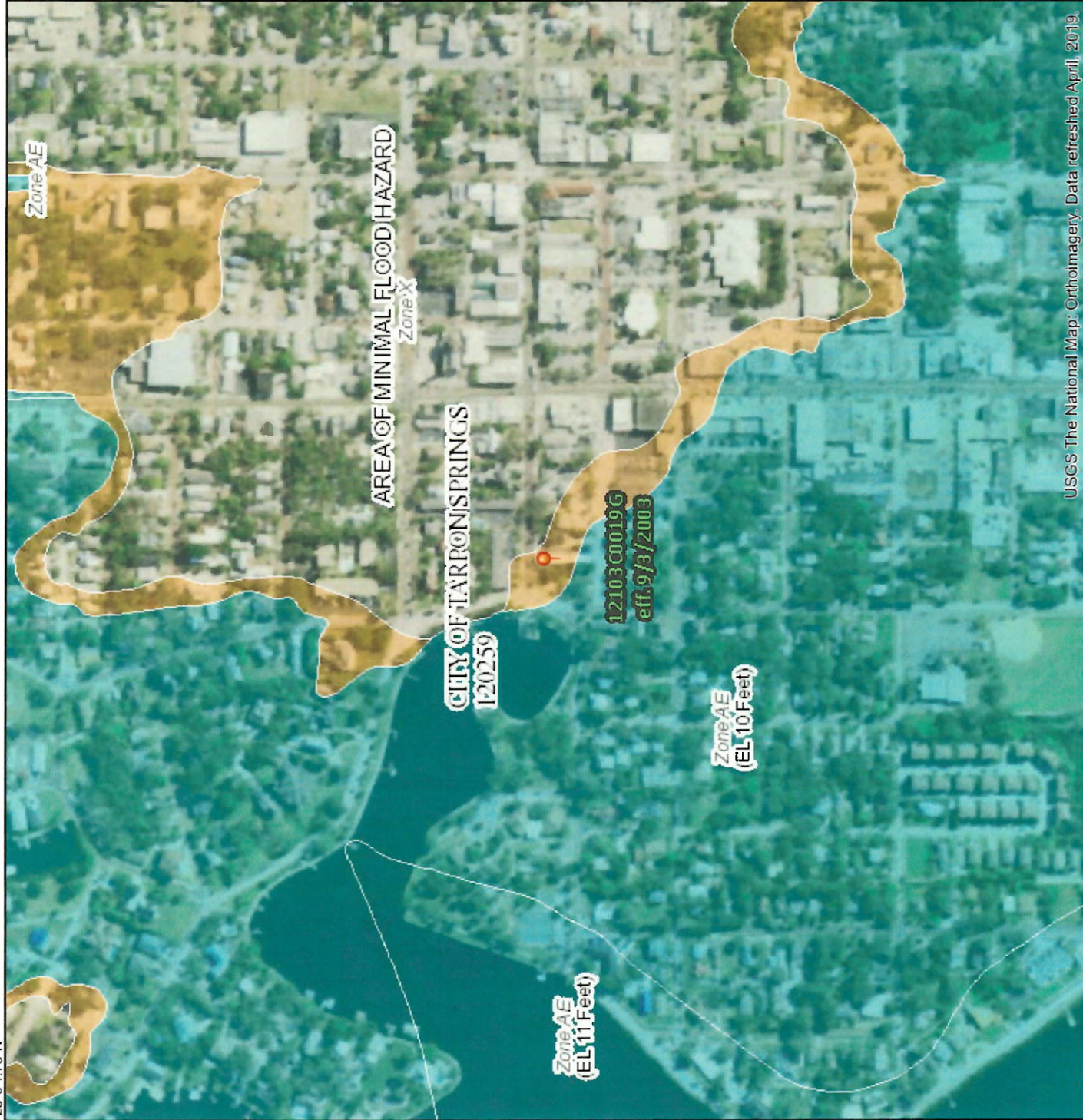
Appendix

1. FEMA Flood Map - National Flood Hazard Layer FIRMette.
2. Countywide Plan Map – Pinellas County GIS.
3. Historic District Map – Transect Code Map 5D. Local/National Historic Districts.
4. Comprehensive Plan Future Land Use Map – City of Tarpon Springs Future Land Use Map 2025 (Amended for Ordinance 2012-07).
5. Transect Zone Map – Transect Code Map 5A. Transect Zones.
6. Character District Map – Transect Code Map 5B. Special Area Plan Character Districts.
7. T4a Standards – Transect Code Table 5A. Code Summary.
8. T4a Standards – Transect Code Table 5B(i). T4a Residential + Retail/Office.
9. Spring Bayou Concept Drawing – Figure 33 – Spring Bayou Blow-Up, City of Tarpon Springs Downtown Development Action Plan

National Flood Hazard Layer FIRMette



28°9'1.73"N



USGS The National Map: Orthoimagery Data refreshed April, 2019



28°30.01'N

82°45'10.85"W

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS	Without Base Flood Elevation (BFE) Zone A, V, A99
	With BFE or Depth Zone AE, AO, AH, VE, AP Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD	0.2% Annual Chance Flood Hazard. Area of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
	Future Conditions 1% Annual Chance Flood Hazard Zone X
	Area with Reduced Flood Risk due to Levee. See Notes. Zone X
	Area with Flood Risk due to Levee Zone D

OTHER AREAS	NO SCREEN
	Effective LOMRs
GENERAL STRUCTURES	Area of Minimal Flood Hazard Zone X
	Area of Undetermined Flood Hazard Zone X
	Channel, Culvert, or Storm Sewer
	Levee, Dike, or Floodwall

OTHER FEATURES	Cross Sections with 1% Annual Chance Water Surface Elevation
	Coastal Transect
	Base Flood Elevation Line (BFE)
	Limit of Study
	Jurisdiction Boundary
	Coastal Transect Baseline
	Profile Baseline
	Hydrographic Feature

MAP PANELS	Digital Data Available
	No Digital Data Available
	Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 2/28/2020 at 4:23:43 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

[illegible]

-ation/Open

Residential
Low MediumResidential
Low Medium

Residential Low Medium

1996 24 7

MAP 5D. LOCAL/NATIONAL HISTORIC DISTRICT

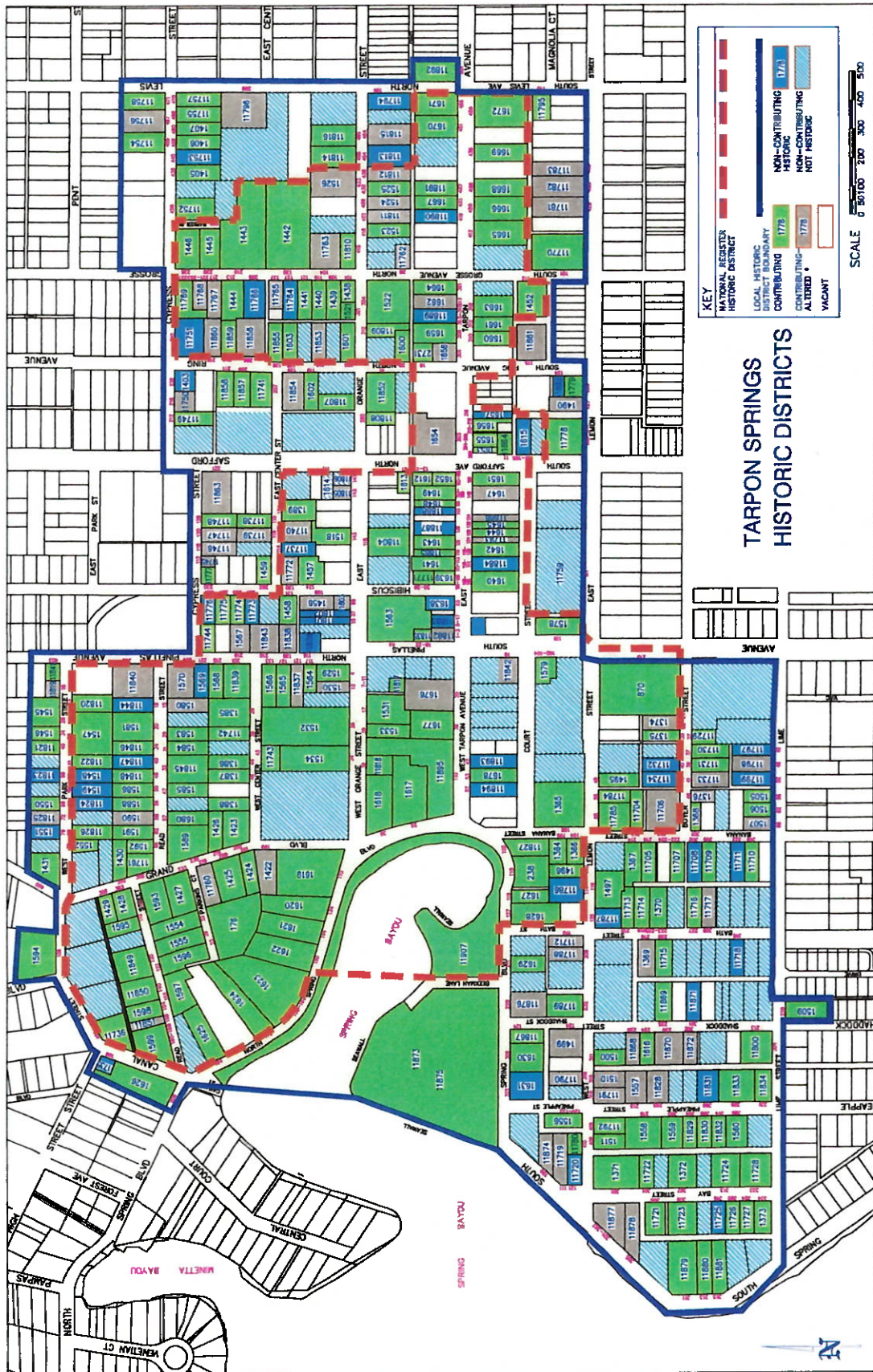
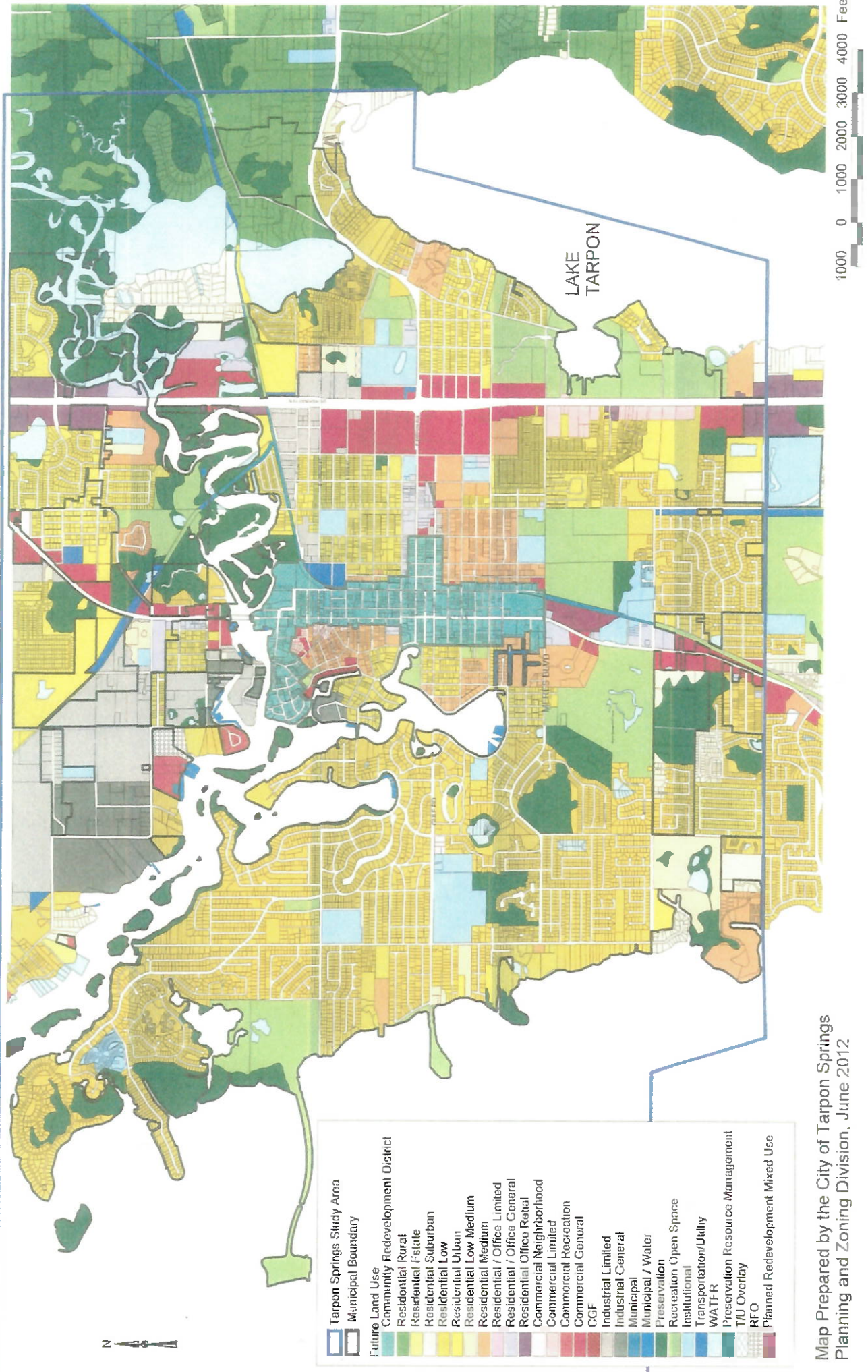


FIGURE 9, 2025 FUTURE LAND USE MAP
CITY OF TARPON SPRINGS FUTURE LAND USE MAP 2025 (AMENDED FOR ORDINANCE 2012-07)



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MAP 5B. SPECIAL AREA PLAN CHARACTER DISTRICTS

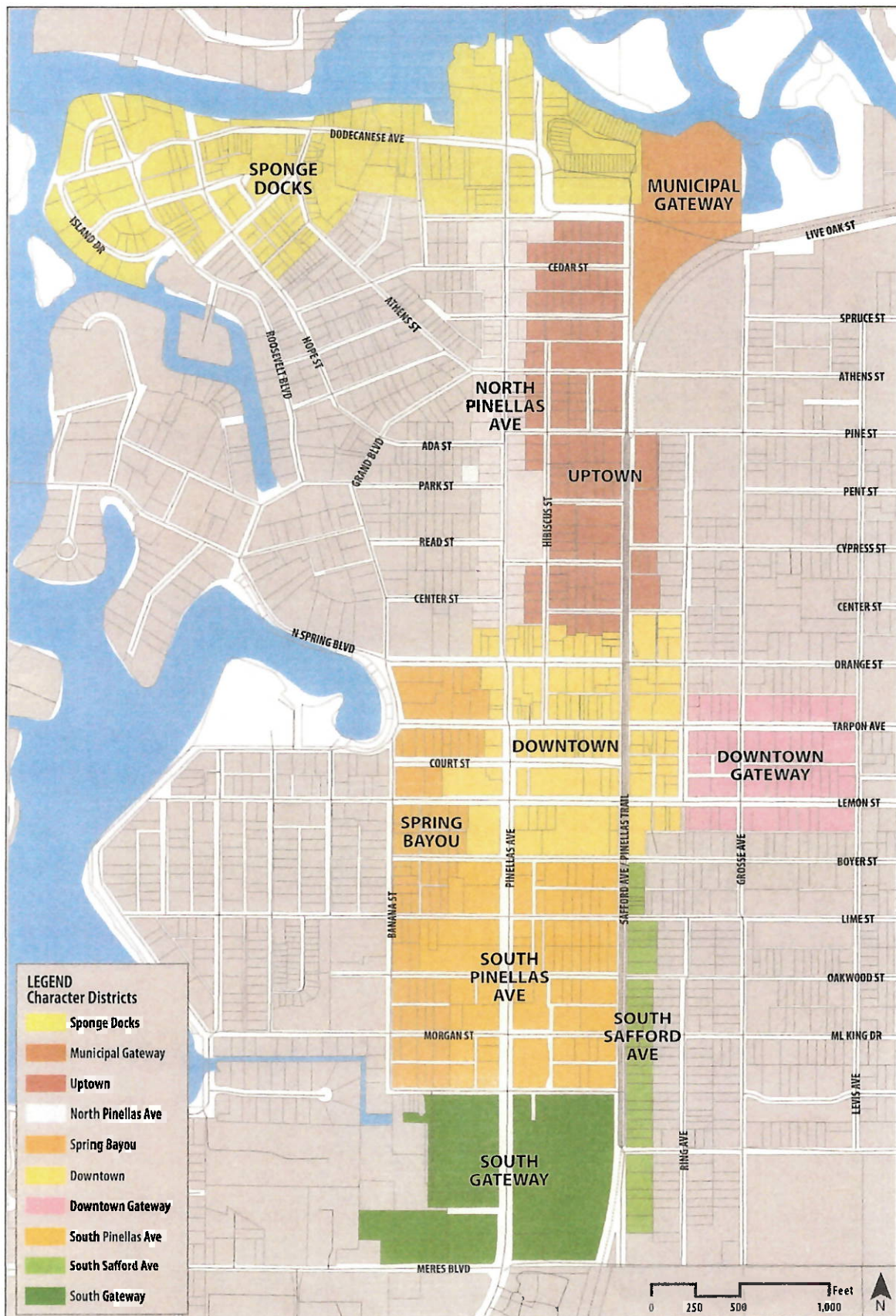
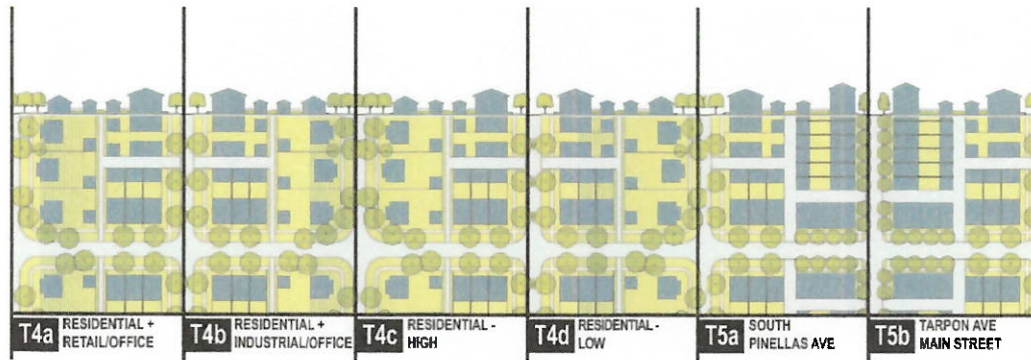


TABLE 5A. CODE SUMMARY

TABLE 5A: Code Summary.



BASE DENSITY/INTENSITY (Based on Maps 5A & 5B and Special Area Plan (Ordinance 2010-26) Tables 3-1 through 3-10)

Max. By Right Density	12 - 15 dwelling units/acre	10 - 18 dwelling units/acre	10 - 18 dwelling units/acre	10 - 12 dwelling units/acre	18 dwelling units/acre	15 dwelling units/acre
Max. Transferred Density	18 - 22 dwelling units/acre	12 - 24 dwelling units/acre	12 - 24 dwelling units/acre	12 - 18 dwelling units/acre	24 dwelling units/acre	22 dwelling units/acre
Max. Building FAR	0.75 - 1.25	0.75 - 1.25	0.75 - 1.5	0.75	1.25 - 1.5	1.25
Max. Non-Residential FAR	0.5 - 1.0	0.35 - 1.0	0.5 - 1.0	0.35 - 0.5	1.0	1.0

THOROUGHFARES (see Chapter 2)

A	recommended	n/a	n/a	n/a	recommended	n/a
A'	recommended	n/a	n/a	n/a	n/a	recommended
B	recommended	recommended	recommended	recommended	recommended	recommended
B'	recommended	recommended	recommended	n/a	n/a	recommended
C	n/a	recommended	recommended	recommended	recommended	recommended
C'	n/a	recommended	recommended	recommended	n/a	n/a

CIVIC SPACES (see Table 2.1)

Neighborhood Park	n/a	n/a	permitted	permitted	n/a	n/a
Plaza	permitted	permitted	permitted	permitted	permitted	permitted
Playground	permitted	permitted	permitted	permitted	n/a	n/a

LOT WIDTH & LOT COVERAGE

Lot Width	n/a	n/a	n/a	n/a	n/a	n/a
Lot Coverage	70% max	60% max	60% max	50% max	70% max	80% max

SETBACKS - PRINCIPAL BUILDING (see Tables 5B(i-xii))

Front Setback (Principal)	15 ft. max	25 ft. max	10 ft. max	20 ft. max	10 ft. max	0 ft. max
Front Setback (Secondary)	5 ft. max	10 ft. max	5 ft. max	10 ft. max	15 ft. max	5 ft. max
Side Setback	5 ft. max	n/a	5 ft. min	5 ft. min	n/a	n/a
Rear Setback	5 ft. min / 12 ft. min w/ alley	5 ft. min / 12 ft. min w/ alley	5 ft. min / 12 ft. min w/ alley	5 ft. min / 12 ft. min w/ alley	5 ft. min / 12 ft. min w/ alley	5 ft. min / 12 ft. min w/ alley
Frontage Buildout	65% min	65% min	60% min	50% min	80% min	95% min

BUILDING PLACEMENT (see Table 4A)

Edgeyard	permitted	permitted	n/a	permitted	n/a	n/a
Sidyard	permitted	permitted	permitted	permitted	permitted	n/a
Rearyard	permitted	permitted	permitted	permitted	permitted	permitted
Courtyard	permitted	permitted	permitted	permitted	permitted	permitted

BUILDING FORM - HEIGHT (see Table 4B) (for special hotel/inn height allowances, see Special Area Plan (Ordinance 2010-26))

Principal Building	3 stories max	3 - 4 stories max	3 stories max	2 stories max	3 - 4 stories max	2 - 3 stories max
Outbuilding	2 stories max	2 stories max	2 stories max	2 stories max	2 stories max	2 stories max

BUILDING FORM - PRIVATE FRONTAGES (see Table 4C)

Common Yard	permitted	permitted	permitted	recommended	n/a	n/a
Porch & Fence	permitted	permitted	permitted	permitted	n/a	n/a
Terrace / Light Court	recommended	permitted	recommended	recommended	recommended	n/a
Forecourt	recommended	permitted	recommended	recommended	recommended	recommended
Stoop	recommended	permitted	recommended	recommended	recommended	n/a
Shopfront / Awning	permitted	permitted	recommended	recommended	recommended	mandatory
Arcade / Gallery	permitted	n/a	n/a	n/a	recommended	recommended
Parking	n/a	by warrant	n/a	n/a	n/a	n/a

BUILDING FUNCTION (see Table 4E & Table 4F)

Residential	open use	open use	open use	open use	limited use	limited use
Lodging	open use	limited use	limited use	limited use	open use	open use
Office	open use	limited use	limited use	limited use	open use	open use
Retail	limited use	limited use	restricted use	restricted use	open use	open use
Industrial	n/a	limited use	n/a	n/a	n/a	n/a
Civic	limited use	limited use	restricted use	restricted use	limited use	limited use

Chapter 4

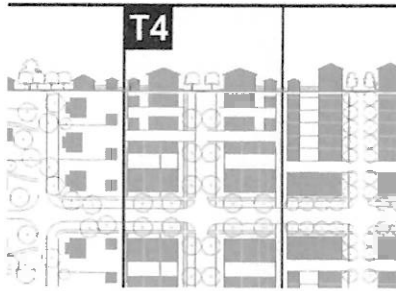
Chapter 2, 3

PLACEMENT

FORM

FUNCTION

TABLE 5B(i). T4a RESIDENTIAL + RETAIL/OFFICE



BUILDING FUNCTION	
Residential	open use
Lodging	open use
Office	open use
Retail	limited use
Industrial	n/a
Civic	limited use
BUILDING HEIGHT	
Principal Building	3 stories max ¹
Outbuilding	2 stories max
LOT OCCUPATION	
Lot Width	n/a
Lot Coverage	70% max
BUILDING PLACEMENT	
Edgeyard	permitted
Sidyard	permitted
Rearyard	permitted
Courtyard	permitted
SETBACKS - PRINCIPAL BUILDING	
(g.1) Front Setback Primary	15 ft. max
(g.2) Front Setback Secondary	5 ft. max
(g.3) Side Setback	5 ft. max ²
(g.4) Rear Setback	5 ft. min ³
Frontage Buildout	65% min at setback
SETBACKS - OUTBUILDING	
(h.1) Front Setback	10 ft. min + bldg setback
(h.2) Side Setback	0 ft. min + bldg setback ⁴
(h.3) Rear Setback	5 ft. min ³
PRIVATE FRONTAGES	
Common Lawn	permitted
Porch & Fence	permitted
Terrace or L.C.	recommended
Forecourt	recommended
Stoop	recommended
Shopfront & Awning	permitted
Gallery / Arcade	permitted
Parking	n/a
PARKING PROVISIONS	
See Table 4E(i) & Table 4E(ii)	
LOCAL HISTORIC DISTRICT	
See Map 5D	

¹ for special hotel/inn height allowances, refer to applicable Character District standards in the Special Area Plan (Ordinance 2010-26)

² applies to detached single family homes only

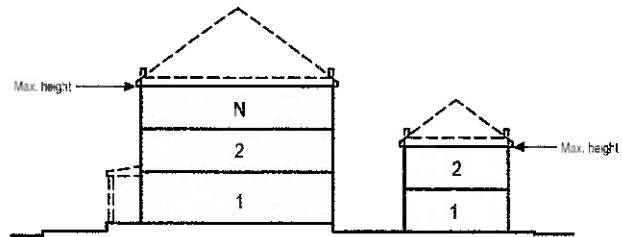
³ or 12 ft. from center line of alley

⁴ applies only to secondary street frontage

"N" stands for any Stories above those shown, up to the maximum. Refer to metrics for exact minimums and maximums

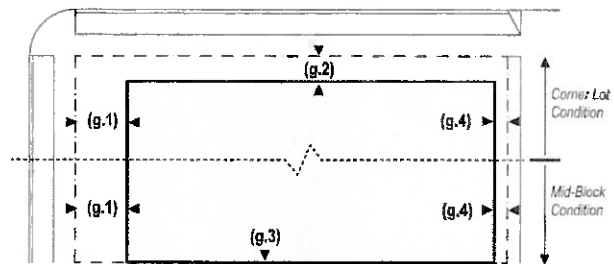
BUILDING HEIGHT

1. Building height shall be measured in number of Stories, excluding Attics and raised basements
2. Stories may not exceed 14 feet in height from finished floor to finished ceiling, except for a first floor Commercial function which must be a minimum of 11 ft. with a maximum of 25 ft.
3. Height shall be measured to the eave or roof deck.



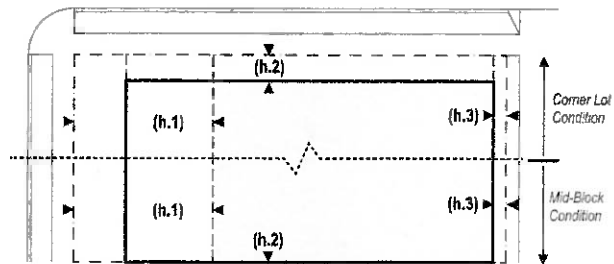
SETBACKS - PRINCIPAL BLDG

1. The Facades and Elevations of Principal Buildings shall be distanced from the Lot lines as shown.
2. Facades shall be built along the Principal Frontage to the minimum specified width in the table.



SETBACKS - OUTBUILDING

1. The Elevations of the Outbuilding shall be distanced from the Lot lines as shown.



PARKING PLACEMENT

1. Uncovered parking spaces may be provided within the second and third Layers.
2. Covered parking shall be provided within the third Layer.
3. Trash containers shall be stored within the third Layer.

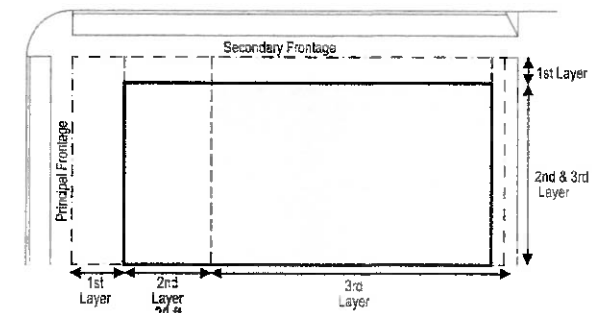




FIGURE 33 – SPRING BAYOU BLOW-UP