



CITY OF CLEARWATER

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CITY MANAGER

November 2, 2018

U.S. Department of Housing and Urban Development Collections
Bank of America
Project No. B-00-SP-FL-0088
P.O. Box 277303
Atlanta, GA 30384-7303

RE: FY 2000 Economic Development Initiative-Special Project Grant for the City of Clearwater, Number B-00-SP-FL-0088: Disposition of Real Property through Retention of Title

To Whom It May Concern:

This writing is in response to the attached letter received from Ms. Lissette M. Flores, Office of Policy Development and Coordination, dated August 28, 2018. City of Clearwater ("City") staff has coordinated with Ms. Flores with regard to reimbursement of funds associated with the subject grant.

Pursuant to item 9 under "Instructions for Returning Funds to HUD" this letter shall serve as a written explanation of why the funds are being returned and the budget line item detail.

Written Explanation of Why the Funds are Being Returned:

The purpose of the subject grant was to acquire land needed to develop a regional stormwater facility. Land was acquired with grant assistance, and the project was completed as memorialized by that certain Certificate of Project Completion and Grant Closeout Agreement from the City dated June 14, 2002. The City was able to complete the project utilizing less land than originally estimated resulting in excess land that remains encumbered by the grant restrictions. It is the City's desire to make these lands available for future redevelopment. Accordingly, the City reimbursed a portion of the excess lands in 2014 as noted in Ms. Flores' letter. In doing so, the City wired excess funds. Prior to the 2014 reimbursement, the City identified \$47,225.32 in "fixing up and selling expenses" which were to be deducted from the \$301,303.00 reimbursement. The City is hereby requesting that the deductions totaling \$47,225.32 are applied to the forthcoming reimbursement. These deductions are detailed further on in this letter.



Budget Line Item Detail:

Pursuant to Ms. Flores' letter, The City of Clearwater may retain title of the property and repay HUD 50% of the current market value of the property. The land associated with this reimbursement is 18,100 square feet. The City procured an independent certified appraiser, James Millspaugh & Associates, Inc., to perform an appraisal on the property. Mr. Millspaugh's report is attached hereto. He determined market value of the property to be \$260,000 with a valuation date of June 7, 2018. The reimbursement includes 50% of the appraised value (\$130,000). As noted above, the City is requesting that \$47,225.32 is deducted from this amount. Total reimbursement is \$82,774.68. These funds should be restored to the grant, not returned to the U.S. Treasury.

Reimbursement for land value (50% of market value):	\$130,000.00
Deduction of "fixing up and selling expenses" (subject to prior reimbursement):	<u>(\$47,225.32)</u>
TOTAL Reimbursement:	\$82,774.68

Detail Regarding Deductions Associated with Prior Reimbursement:

Demolition of 917 Park Street	\$5,100.00
Vault Removal	29,372.00
Appraisal	1,200.00
Survey (included proration of Total Project Area) - \$13,500	3,253.50
Pre-Demolition Asbestos Survey	630.00
Phase 1 (includes proration of Total Project Area) - \$4,500	1,084.50
Doc Stamps	4,217.50
Document Preparation Fees	144.60
Title Commitment Preparation and Policy	2,223.22
TOTAL	\$47,225.32

Additional detail for each these items:

- Demolition of 917 Park Street - A small building formerly located on the property acquired with the HUD grant was demolished in January 2001. It was located within the surplus area.
- Vault removal - There was a vault and electrical panel located partially on the HUD surplus property. These facilities supported fountains in the stormwater pond. This cost included relocating the facilities to property that remains under City ownership.
- Appraisal - An appraisal of the surplus property encumbered by the HUD restrictions was ordered to determine the fair market value of the property. The appraisal was performed specifically to help determine the amount to be reimbursed to HUD.
- Survey - A survey of the Total Project Area (6.43 acres) was completed as due diligence prior to conveying the property for development. The survey, which cost \$13,500, included a portion of the HUD surplus property. The HUD surplus area was 24.1% of the total project site. This expense prorated over the HUD surplus area was \$3,253.50.

- Pre-Demolition Asbestos Survey – An alum treatment facility was constructed on the HUD surplus property. The facility, intended to improve water quality within the stormwater system, was no longer needed. The building was demolished at the buyer's (developer's) expense; however, the seller (CRA) paid the \$630 cost for the asbestos survey, a requirement prior to demolition.
- Phase 1 Environmental Investigation – An environmental investigation, costing \$4,500, of the total project area was ordered as due diligence prior to conveying the property for development. The conclusion recommended no environmental remediation activities for the HUD surplus area. This expense prorated over the HUD surplus area was \$1,084.50.
- Doc Stamps – Total seller-paid doc stamps for the conveyance of property to the developer amounted to \$17,500. This expense prorated over the HUD surplus area was \$4,217.50.
- Document Preparation Fees for conveyance of land to the developer were paid by the seller to outside council in the amount of \$600. This amount prorated over the HUD surplus area was \$144.60.
- Title Commitment Preparation and Policy – This expense was \$9,225.00 and was paid by the seller for the conveyance of property to the developer. The amount prorated over the HUD surplus area was \$2,223.22.

Thank you for your attention to this matter. Should you have any questions or wish to discuss the matter further, please contact Chuck Lane, Assistant Director, Economic Development & Housing Department. You can contact Mr. Lane by phone at (727)562-4023 or by email at Charles.Lane@MyClearwater.com.

Sincerely,

William B. Horne, II
City Manager

cc: Jay Ravins, Finance Director
Amanda Thompson, CRA Director
Denise Sanderson, Economic Development & Housing Director
Scott Rice, Engineering Director
Chuck Lane, Economic Development & Housing Assistant Director