

Tampa Bay Times

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Five big projects in Tampa; five big problems looming



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The city of Tampa is on the cusp of a total makeover. With billions of dollars in investment and dozens of new apartment, condo, office and cultural buildings in the pipeline, the city's skyline and surrounding communities are poised to look a whole lot different than what it does today.

But dreaming up the future of Tampa doesn't come without its challenges. For all the promises of a new urban core filled with hotels, parks, food halls and stores, there are also potential pitfalls.

The Tampa Bay Times identified the five key obstacles that stand in the way of some of the biggest projects proposed in Hillsborough County. Many of these challenges are ones local politicians and business leaders have been fighting for years to find a solution. Others are fairly new territory, but still pose a real threat to the region's continued growth.





[LOREN ELLIOTT | Times]

A construction site is seen just north of Amalie Arena in downtown Tampa, Fla., on Monday, May 1, 2017. Currently, the city of Tampa and Hillsborough County have committed a total of at least \$34 million to reimburse Strategic Property Partners, the Vinik-Cascade company, for road, sewer, sidewalk and infrastructure work needed to support SPP's mixed-use project near Amalie Arena.

Congested roadways:

Tampa Bay Lightning owner and one of the financial backers of the \$3 billion Water Street Tampa development, Jeff Vinik, was among a group of 20 or so business leaders who traveled to Charlotte earlier this summer to learn how another similarly sized city in the South was able to build workable transit options for residents and visitors. Charlotte has grown at a tremendous rate in recent years, attracting young professionals and new corporate employers. Charlotte also has light rail, street car and bus systems. In contrast, Tampa Bay has one of the worst transit systems in the country. Hillsborough's transit board voted to eliminate nearly 20 percent of bus routes in the county just this week. Plans to improve public transit and local highways continue to stall as state and local lawmakers fail to push projects forward, like adding 90 miles of toll lanes to local interstates and express toll lanes on a rebuilt Howard Frankland Bridge over a five-year work plan. Last year, Hillsborough County commissioners voted against giving residents the opportunity to decide whether to tax themselves to raise money for roads, buses and other transit options like bike paths.

"Our business community is behind it," Vinik said during a meeting about transit last month. "The political community is mixed and not there yet."

Even at the airport — which is expanding and renovating to keep up with an influx of more than 35 million travelers expected to flock here annually in the near future — officials are worried about the future of Tampa Bay area roads. A \$1 billion first phase of investment is wrapping up at the airport with the installation of a people-mover train system and new rental car facility this year.

"There's no silver bullet coming here. It's going to be a mix of Ubers, cars, buses and maybe a train," said Al Illustrato, executive vice president of facilities and administration at the Tampa International Airport. "But nothing is more urgent. If people can't get off the roads to get in or out of the airport, that's a critical problem."

Designing a new downtown with ample parking given Tampa's heavy reliance on cars will be a challenge for James Nozar, CEO of Strategic Property Partners (SPP), the real estate firm in charge of the Water Street Tampa development.

Previous Coverage: Finally, Jeff Vinik's vision has a name: Water Street Tampa

"Within the acreage that we own and control, we are restoring the road network and improving connectivity between neighborhoods like the Channel District, Harbour Island and downtown," said Nozar, noting that work includes new pedestrian walkways and bike paths. "We are working with several technology partners as well as Intersection, a

Google Sidewalk Labs company, on a digital master plan."

To become one of the most "connected environments in the world, Nozar said, SPP is installing miles of new technology infrastructure. "That infrastructure will enable us to build 'smart' traffic mobility and parking options that maximize efficiency and utilization of the roadways and available parking supply."

In nearby Tampa Heights, more than 450 new parking spaces will be added, said Chas Bruck, principal with Soho Capital, the Tampa firm behind the Heights project, which includes the renovation of the historic Armature Works building.

"We have made it a priority to ensure parking wouldn't be an inconvenience for our residents or visitors. Every block within the Heights will have its own dedicated parking along with 450 new on-street parking spots," he said.



[CHRIS URSO | Times]

A people mover tram is seen as construction continues on a new people mover station located at the main terminal of Tampa International Airport Tuesday, April 18, 2017 Tampa.

Construction workers needed:

Tampa Bay projects face the serious threat of delays due to a nationwide construction worker shortage, which has persisted for years. Ever since construction projects started to come back online in the years following the Great Recession from 2008, those in the real estate industry have struggled to find enough workers to complete these big

jobs. Construction workers are scarce for a number of reasons. Many were burned by job losses during the recession and aren't returning to the industry. Others are turned off by low pay or they don't want to work outside in the Florida heat. Older workers are retiring and younger people aren't eager to take their spots. Millennials don't see construction work as a career path, and shop class is no longer featured in high schools as it used to be.

"We lost about 20 percent of the workforce after the recession and never really recouped," said Conrad Lazo, who specializes in construction law with the Tampa firm, Becker & Poliakoff. "These workers had to retool. Many of them went into the IT business and have no interest in going back outside. A certain portion of these laborers will come back for higher pay, but that's another problem for developers who want a project done under budget."

Tampa isn't the only city seeing a surge in new construction projects. While some say Miami's real estate boom has peaked, many of its larger scale residential and commercial projects still aren't near completion, keeping a lot of Florida's construction workers tied down in South Florida. Lazo says that Tampa developers will likely have to pull workers from other states in order to meet the demand and the timeline for their projects. The airport has pulled subcontractors from surrounding Florida cities and even some from other states, Illustrato said. But the increased scarcity of workers as more local projects begin work is likely to drive up the cost of construction, which is of concern to the airport and their future needs, Illustrato added.

Previous Coverage: Tampa International Airport morphing into a mini-city unto itself

"Downtown Tampa is more than just Water Street Tampa," Lazo said. Water Street Tampa is expected to become one of the largest and most active construction projects in the U.S. with 4,000 on-site workers once the first phase gets underway later this year. "There's the Franklin Street building, the Tampa Tribune site, the apartment building next to the Straz. There will be 50 stories of buildings coming out of Tampa's permit office soon. And it's going to require a lot of man power."



[SKIP O'ROURKE | Times file photo]

The Armature Works Heights building in Tampa Heights will be home to the Heights' Public Market.

Sea level rise and sewer infrastructure issues:

Scientists have proven that sea level rise is a real occurrence, and a major threat to coastal communities like Tampa Bay, said Davina Passiarni, a research civil engineer with the U.S. Geological Survey. She works out of the St. Petersburg Coastal and Marine Science Center and her research focuses on the impact of sea level rise — from flooding caused by hurricanes to beach erosion in Gulf Coast communities. Rising sea levels could swell 5 to 19 inches in Tampa Bay by 2040 which would send more water to lap at the edges of the city of Tampa, according to a recent analysis from the Hillsborough City-County Planning Commission. A 2015 study by a Tampa Bay-wide Climate Science Advisory Panel concluded that the region could experience sea level rise between 6 inches and 2.5 feet in 2050 and another 1 to 7 feet in 2100.

"Sea level rise is occurring. You can see this from the tide gauges dating back to the 1800s and through satellite data. Over the span of time, it's painting a picture of global sea level rise," thanks to climate change and the melting of ice sheets, she said.

"This is definitely an issue for any coastal community," Passiarni explained about Tampa. "People are beginning to experience this first hand in cities like Miami, where they recognize it at a problem and are in the early stages and are starting to plan for it. As a scientist, we're trying to bridge the gap between science and educating the general public and stakeholders that can make the necessary changes."

In Miami, city officials are raising roads that flood during storm surges. In Tampa, developers are building with height and proper reinforcement for flooding in mind, SoHo Capital's Bruck said.

Previous Coverage: The sea level did, in fact, rise faster in Florida and the southeast U.S.

"Our project is called 'the Heights' for a reason: there is nearly 44 feet of grade across the site," he said. "We are currently upgrading all the infrastructure within our property, (including) over 1,200 feet of new seawall and the Riverwalk extension. The floors within Armature Works were raised nearly two feet during the remodel and all new construction will obviously be constructed with the first floor outside of flood plain."

SPP is re-grading the downtown area to raise building ground levels to at least 11 feet above sea level, making sure all critical electrical and life safety system infrastructure are at higher elevations in each building and planning to exceed code standards for hurricane and wind resistance, Nozar explained.

Aging and overworked sewage systems, which were stressed to the point of purging sewage into Tampa Bay during some storm surges in St. Petersburg and Tampa last year, also pose a problem for development — especially in Tampa where the Water Street Tampa development alone predicts it will draw at least 23,000 more people to live and work downtown.

SPP is underway with replacing and improving the area's utility and stormwater infrastructure already.

"Some of the pipes in the area are over 60 years old, others are too small to support the planned future development in downtown Tampa," he said.





[Photo courtesy of Virage Bayshore]

Plans for Virage Bayshore call for a new level of luxury in the Tampa Bay market, with a tower topping out at 24 stories and 71 units. The site at 3401 Bayshore Blvd. is the last unclaimed parcel on Bayshore zoned for a high-rise tower.

Who wants to live here?

Tampa isn't the only city that's undergoing a complete urban overhaul. Besides Charlotte, smaller Southern metro areas like Asheville and Nashville have seen a surge of development and an influx of young professionals moving to the area.

"Some of the most valued real estate in Florida is devoted to parking spaces," said John Boyd of the Boyd Company, a corporate site selection firm. "There's a real growth opportunity in Florida, with millions of square feet being redeveloped into more valuable commercial space right now. Florida has a lot of activity going on and Tampa is at the heart of it with what Mr. Vinik is doing."

While there are plenty of perks of living near the beach and in a state with no income tax, there are some challenges too, Boyd explained.

"Tampa historically has been seen as a less desirable place than Broward, Miami or West Palm because of an image of high crime and lower wages," he said. "Transportation is a challenge. Sanitation is an issue. There are real infrastructure concerns and a vulnerability to natural disasters which is a problem for something like data center operations."

Tampa's wages are historically lower than other metro areas that are attractive to young professionals, like Austin where Apple has launched a satellite campus or Charlotte, where Google built a data center operation just an hour

outside of the city.

Florida's public school systems lag seriously behind other states. But Florida's prepaid college programs and Bright Futures Scholarships are enticing to those looking to move to the area, Boyd said.

Previous Coverage: The Heights Market concept will be the first of its kind in Tampa Bay

Part of Water Street Tampa's ultimate goal is to draw new businesses to downtown Tampa that will bring higher paying jobs with them. But how? SPP hasn't announced any major office tenant commitments yet. Nozar says their project speaks for itself.

"Tampa is growing in population faster than any other time in decades, outpacing most peer cities across the country. Much of this growth has occurred in downtown Tampa and the close-in neighborhoods," he said. "There is no project like Water Street Tampa in any of our peer cities. There are some significant projects occurring – but none of this scope and magnitude in a downtown area. As more and more companies are moving to downtowns across the country Water Street Tampa provides a unique opportunity for companies looking to expand and tap into a growing workforce."



[Photo courtesy of BTI Partners]

Related Development LLC, a Miami-based company, was approved for a \$52 million loan to build a luxury apartment tower in the Westshore Marina District.

Who can afford to live here?

Tampa's cost of living is nine percent lower than the national average, making it a more affordable place to live here than bigger, more bustling cities. But that's changing fast. Housing prices are skyrocketing and full-time salary wages aren't keeping up.

The average price for an apartment in Tampa is \$1,099 a month, according to the website, rentcafe.com. That's an eight percent increase compared to the previous year, with the highest spikes coming from downtown Tampa. The average rent for a downtown apartment is \$1,775 a month. The price for a studio apartment shot up 13 percent this year compared to last. Meanwhile, the average salary for the metro area hovers at just under \$52,000, according to payscale.com.

Rent prices are expected to keep going up. But Bruck, whose project includes a 314-unit apartment building, welcomes the addition of more options in Tampa.

Previous Coverage: Rent in Tampa is getting more expensive faster than anywhere else in Florida, report says

"The total units planned over the next five years in the urban core isn't worrisome, but encouraging," he said. "We are creating an urban village where you live, work, play. We are still going to be an attractor for our surrounding communities along with being a destination spot for tourists."

The Virage Bayshore, a 24-story, 71-unit tower with views of Hillsborough Bay and the downtown Tampa skyline is considered the last unclaimed parcel on the coveted Bayshore Boulevard. Prices for these condo units range from \$1 million to \$5 million each. Water Street Tampa's downtown development aims to offer housing that appeals to medical students for USF's new downtown medical school and neighboring medical arts building and to empty nesters looking for an urban living situation.

"While there have been a few thousand housing units added to downtown Tampa over the past several years, we believe there is much more demand for downtown housing to support the region's explosive growth," Nozar said. "Tampa has lagged behind many of its peer cities in terms of providing new downtown housing options. Because SPP is a long term developer and owner, and our analysis of the local growth shows plenty of opportunity. We are very bullish on providing a significant amount of new housing in downtown Tampa."

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Armature Works:

The 68,000-square-foot historic trolley barn building will be transformed into an in-house market, co-work space, two restaurants and event hall space by Tampa development firm, Soho Capital. In addition, the Heights began construction on the Pearl, a four-building, 314-unit apartment community with 28,500 square feet of retail space.

Cost: Valued at \$820 million.

Estimated opening date: The Armature Works building will open this fall. The Pearl is expected to open in 2018.

Water Street Tampa:

Nearly 57 acres of downtown Tampa will be rebuilt by Stategic Property Partners, a real estate firm backed by Tampa Bay Lightning owner Jeff Vinik and Bill Gates' Cascade Investment. It includes two hotels with over 650 rooms combined; more than two million square feet of office space; 3,500 new apartments and condos in brand new buildings; and more than 1 million square feet of retail, restaurant and entertainment space, to be built over the next 10 years. In addition, the University of South Florida Morsani College of Medicine and Heart Institute will be built in downtown Tampa, as will an adjacent office building to house health-related businesses. SPP estimates that 23,000

people will live, work, and visit Water Street Tampa every day.

Cost: \$3 billion

Estimated opening date: The build out will be completed in phases over the next decade.

Tampa International Airport:

In 2011, Tampa International Airport officials updated their master plan for the airport's 3,300-acre campus. The final plan, approved in 2013, outlines three phases of expansion to accommodate 35 million passengers each year, more than double the current number of annual passengers. The first \$1 billion phase is wrapping up this year, and includes a 2.6 million-square-foot consolidated rental center near the entrance to the airport, a 1.4-mile automated people mover and an expansion of the main terminal. The \$543 million phase two will begin next year and includes adding express curbside drop-off for passengers without checked bags and the commercial development of 17 acres of airport property.

Cost: \$2.3 billion

Estimated opening date: Phase three will be completed over the next several years.

Virage Bayshore:

A 24-story, 71-unit tower with views of Hillsborough Bay and the downtown Tampa skyline developed through a joint venture between Sarasota-based Ascentia Development Group and Batson-Cook Development Co. The site at 3401 Bayshore Blvd. is considered the last unclaimed parcel on Bayshore Boulevard. The historic Colonnade restaurant was sold and demolished to make way for the high-rise condo tower. More than half of the units — including a penthouse priced at nearly \$5 million — are already under contract.

Cost: Not disclosed.

Estimated opening date: Unclear, but the Virage will begin construction this fall.

Westshore Marina District:

BTI Partners is moving ahead with plans for a new waterfront community near the intersection of Gandy and West Shore Boulevard which include apartments, townhomes and condos with sunset views of Tampa Bay. There will be a hotel, shops, a marina and two boat-up restaurants. Construction of the apartments will proceed in tandem with work to extend the Lee Roy Selmon Expressway two miles to the Gandy Bridge.

Cost: \$600 million

Estimated opening date: It is expected to open by 2020.

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