

North Lake Park Community School

Orlando, Florida

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The developer of master-planned community NorthLake Park, in Orlando, Florida, sought to distinguish its development from its many competitors by offering an unmatched amenity: a public elementary school within the community before enough rooftops were built—indeed, before a single house was built—to warrant the construction of a new school. The developer would build the school to the school district's specifications, and the school district would lease the facility from the developer for a set period, at the end of which the school district would purchase the school at the developer's cost. But the facility's use as a school was not adequate justification for its construction—the developer creatively brought in other partners that promoted community buy-in by offering additional compatible uses, such as recreation and fitness, which simultaneously spread the financial liability, increased the revenue stream, and promoted communitywide use.

SPECIAL FEATURES

- Innovative community center anchoring a new suburban neighborhood
- Public/private partnership of one private, two nonprofit, and two public entities
- Maximization of environmental, community, and financial resources to provide facilities and services
- Acceleration of home sales with vital incentives

Lake Nona is an 8,150-acre (3,298-hectare), master-planned community four miles (6.4 kilometers) east of Orlando International Airport. In 1983, 7,000 acres (2,833 hectares) of the land was first assembled by a group of British investors. (A subsequent 1,150 acres [465 hectares] was acquired in partnership with the PGA to build a three-course Tournament Players Club.) The contiguous development is permitted for 9,000 residences, 3,000 acres (1,214 hectares) spanning Greenway Expressway (state route 417) is zoned for commercial use, and a neighborhood retail center has been started.

The first neighborhood developed was the Estates at Lake Nona, a 500-acre (202-hectare) gated community of 400 golf course-oriented houses along Nona, Red, and Buck lakes. All but 16 homesites have been sold. Many homesites back up to the 18-hole Tom Fazio-designed members-only course, which also takes advantage of water views over the three lakes. Adjacent to the golf clubhouse is a separate members-only bath and racquet club, which also has access to boating on Lake Nona.

Because of the project's proximity to Orlando International Airport, the developer had to negotiate with the airport authority to gain approval for the siting of home lots, slowing down the pace of development and sales. (Airport noise has not been a problem because all runway approaches are in a north-south direction, and all of Lake Nona lies directly to the east of the airport.) Then the developer's primary lender, a Texas savings and loan, went bankrupt, coincident with a national recession in 1990. By 1996, the original investors sold out to a new group, which benefited from a rebounding economy and Orlando's expansion of the area's road network.

Meanwhile, Orlando was responding to overwhelming growth by enacting a planning model for the 19,300 acres (7,800 hectares) of imminent high growth east of the airport and south of Beeline Expressway. Called the Southeast Orlando Sector Plan, and drawn up by new urbanist Peter Calthorpe of California, the development plan declared the city's intention in its vision statement: "In order to build and sustain a viable community, development must feature a mixture of land uses which allow for increased accessibility, diversity, and opportunities for social interaction within the context of an integrated amenity framework. Utilizing the neighborhood as the basic community building unit, the center of residential neighborhoods will be defined by public space and activated by locally oriented civic and commercial facilities. Employment, shopping, and services will be concentrated in town, village, and neighborhood centers that are compact and walkable. The city will also be utilizing design concepts that provide a strong connection between nature and the built environment."

In the mid-1990s, Lake Nona began development of NorthLake Park, a 500-acre (202-hectare) community just north of the Estates development, according to the concepts of the Southeast sector plan. Adjacent to the prior Estates neighborhood, NorthLake Park has its own entry off Narcoossee Road, and is connected to the Estates by an internal road. NorthLake Park was designed with use of traditional neighborhood development (TND) principles for an eventual 1,700 units of mixed housing types and lot sizes. Included were alley access and rear garages; an extensive parks, open-space, and trail system; state-of-the-art utility and technology infrastructure; and a mixed-use neighborhood center, which was to become the NorthLake Park Community School.

The school is situated along the main entry road between the two housing clusters that are planned for NorthLake Park. One cluster is laid out in a roughly oval plan, with irregular, concentric ring roads around a common open space. The other cluster also is centered on an oval common, but the house lots surrounding it are laid out on broken grids, and has an orientation to Lake Nona. The school site's 21.54 acres (8.72 hectares) serves both clusters, with soccer and baseball fields, tennis courts, and a swimming pool within easy and safe walking distance from any portion of NorthLake Park.

To place in proper perspective Lake Nona's size and its impact on the region, its 8,150 acres (3,298 hectares) are compared to Celebration, the Walt Disney Company's TND west of the airport, at 4,900 acres (1,983 hectares); Hunter's Creek at 4,000 acres (1,619 hectares); and Poinciana, in adjacent Osceola and Polk counties, at 47,000 acres (19,021 hectares).

DEVELOPMENT PROCESS

With a strong demand for homes in the \$130,000 to \$600,000 price range in the southeast sector of Orlando, and other amenities already offered by Lake Nona, the only element missing in the marketing formula was a public elementary school. That lack was seen as an impediment to sales. It could take years before enough rooftops were built to justify the construction of a new neighborhood elementary school. As a result, resident schoolchildren of NorthLake Park would have to be bussed or otherwise transported to McCoy Elementary, a school more than six miles away, effectively putting a brake on sales.

This came at a time when the Orange County public school system, overwhelmed by growth in the region's population, was trying to catch up in supplying schools. These pressures forced the system to build only where facilities were already overcrowded, a practice that threatened the imposition of new-development/school-concurrency legislation, which would mandate that new developments be permitted only where adequate facilities already exist. At NorthLake Park, there were not yet any houses, much less students.

Left to normal procedures, it would not be until 2004 that the school district would start construction of a new public elementary school in the area, according to projections at that time, in 1998. Even then, it would not necessarily be built in Lake Nona.

Lake Nona's developer, however, saw a way around this conundrum: build a public school with private funds. R. Randolph Lyon, Jr., Lake Nona Land Company's president, proposed building a school that the school district would lease, and then eventually buy back at cost. Lyon successfully sought partnerships with other nonprofit organizations that would incorporate wellness, fitness, and recreational facilities in a joint-use campus, thereby maximizing the efficiency of the land he would set aside, valued at \$922,500.

The Orange County school system controlled the specifications for the facility so that it could be purchased back with public funds. At the same time, the city of Orlando had an interest in the soccer, baseball, and other playing fields. Central Florida YMCA was allocated 19,000 square feet (1,765 square meters) for its indoor facilities, as well as an outdoor pool and tennis courts. Orlando Regional Healthcare System, a community-owned hospital organization, provided on-site support and expertise for the wellness center. Lake Nona Land Company provided the land and all upfront financing and construction services.

DESIGN AND CONSTRUCTION

The resulting NorthLake Park Community School is a two-story building of sandstone brick with red-clay brick accents. Its front entrance is marked with a single intentionally overscaled, conical column in white, holding up a parapeted pediment with an arched roofline. Behind it is a flat-roofed portico leading to a two-story lobby space, common to the school and to the YMCA. Inside, all school functions occur on the ground floor, while the YMCA has workout facilities on the second floor.

During the planning phase, when no homes were built yet at NorthLake Park, all potential users of the school were represented by families living in an adjacent school zone.

Concern was expressed about sharing quarters with the YMCA; consequently, access has been strictly controlled, with a single guarded entrance and video-monitoring system. The shared use has proven to have its benefits. The YMCA has a child watch room, where members' children can play safely. At the same time, the grounds meet much of the community's social and recreational needs at one site: elementary and continuing education and fitness, indoor and outdoor recreation, as well as a meeting place.

The school can accommodate 800 students, but it is still at half-capacity, with many of the students coming from outside the school zone. As NorthLake Park is built out, students at the school increasingly will come from its own neighborhood, and the Orange County school system will have to redraw the school's population boundaries, perhaps every year

FINANCING

The basic formula for the parties is this: the developer provides the land, pays for the design and construction of the facilities, and assumes the risk for costs that exceed the agreed-upon budget. The city, the school system, and the YMCA each agrees to pay an annual rent based on a formula for a set number of years, and each agrees to reimburse the developer at the end of that period a predetermined amount that does not exceed the developer's cost, which includes the cost of land. The developer's carrying cost on the construction financing is offset by the school district's paying rent, which was based on a reimbursement of impact fees (\$2,828 for single-family units and \$1,410 for each multifamily unit).

Lake Nona Land Company estimates that separate facilities at separate sites would have cost as much as \$20 million, while the entire project was built in 12 months for \$12.6 million. In 2004, after a five-year lease period during which the school district will pay the developer a lease not to exceed \$1.3 million for the period, and the YMCA will pay a nominal \$1 annually, the entire facility will be purchased by the school system, the city, and the YMCA—at the developer's 1999 cost. They will pay \$9.9 million, \$1.44 million, and \$2.26 million, respectively, and will take full ownership of the grounds and facility, according to the terms of the development, use, and transfer agreement.

EXPERIENCE GAINED

While the arrangement of the developer donating land and funding all upfront costs of building a school would seem to be a win-win situation for the school system and the developer, the school system is forced to deal with a number of uncertainties. Despite the promise of "paying for it tomorrow in today's dollars," the school system has to be certain that it will be able to fund it by the time the lease term has ended. The school district, after all, ultimately has to fit its systemwide building plans into a complicated equation based on countywide growth projections and arcane state funding formulas. After Lake Nona's experience, another master-planned community approached the Orange County school district with a similar proposal, but it demurred until a nearby

development joined in, ensuring that the school district would be building a new school not just for a single community, but for an entire underserved area within its jurisdiction.

The YMCA faced similar uncertainties. Its usual procedure was to wait for the buildup of a population base and be solicited by potential users for it to provide services and facilities, at which point it would conduct a fundraising campaign in the community. Lake Nona considered the YMCA a key component in the partnership, because its presence increased the critical mass for the school facilities, and gave the YMCA additional time to assume equity partnership. While the school district and the city are obliged to pay rents reflecting usage, the YMCA pays a nominal \$1 per year until 2004, at which time it will be fully vested with a \$2.26 million equity reimbursement to Lake Nona.

PROJECT DATA		
LAND USE INFORMATION		
Site area (acres/hectares): 21.54/8.72 Gross building area (square feet/square meters): 135,000/17,940		
LAND USE PLAN		
	Acres/Hectares	Percentage of Site
Buildings	2.01/0.81	9
Roads/paved areas	2.41/0.98	11
Landscaped/open spaces	16.11/6.52	75
Paved recreational areas	1.01/0.41	5
Total	21.54/8.72	100
REPAYMENT SCHEDULE		
Partner	Amount	Percentage
City of Orlando	\$1,440,000	10.6
Orange County Public Schools	9,900,000	72.8
Central Florida YMCA	2,260,000	16.6
Total	\$13,600,000	100
DEVELOPMENT COST INFORMATION		
Site acquisition cost (based on valuation): \$922,500 Site Improvement Costs Excavation: \$155,200		

Grading: 60,400
Sewer/water/drainage: 163,200
Paving: 73,400
Curbs/sidewalks: 30,000
Landscaping/irrigation: 339,700
Fees/general conditions: 14,500
Other: 740,000
Total site improvement costs: \$1,577,200

Construction Costs

Superstructure: \$3,142,600
HVAC: 1,268,300
Electrical: 1,005,300
Plumbing/sprinklers: 542,600
Elevators: 25,400
Fees/general conditions: 1,271,000
Finishes: 1,881,800
Graphics/specialties: 291,400
Other: 206,100
Total construction costs: \$9,634,500

Soft Costs

Architecture/engineering: \$664,300
Project management: 134,300
Legal/accounting: 67,200
Other: 18,800
Total soft costs: \$884,600

Total development costs: \$13,018,800

DEVELOPMENT SCHEDULE

Site purchased: N/A
Planning started: July 1997
Construction started: August 1998
Tenant move-in: July 1999
Project completed: August 1999