

## Stunted development

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Early in 2007, a Gainesville developer issued a letter to the city redevelopment agency claiming there were problems with the Stadium Club's financing and warning that rising construction costs posed a risk to the project.

A year and several months later, construction on the luxury condominium project on W. University Avenue has been halted, the bottom four stories of what is supposed to be an eight-story building sit unfinished and subcontractors claim they haven't been paid for months.

Eleven companies have placed construction liens on the property for unpaid bills totaling more than \$578,000, according to records filed with the Alachua County Clerk of Courts. Another company is suing the project developer, Stock Development #38, and alleging unpaid bills of about \$131,000, legal filings show.

Gainesville attorney Mike Fisher, who represents developers Philip and Sharon Stock, said part of the project's financing fell through but another loan is expected to soon be approved.

Fisher said the lawsuit is unwarranted and he expected it will be dismissed, the other bills will be paid and construction should resume next month.

"They know they're going to be paid soon and the project will continue," he said.

The delays have led subcontractors and others to express concern about the project's future. The property at 1802 W. University Ave. is a high-profile location, a few blocks east of Ben Hill Griffin Stadium and less than a mile west from the University Corners condominium project that has faced unrelated delays.

A former Gainesville mayor who opposed the Stadium Club's permit said the problems validate his concerns about high-end developments. A city public works official said the project's continued blocking of traffic will get new scrutiny when the permit allowing that is up for renewal.

Currently, a towering crane and construction materials are blocking NW 18th Street between W. University and NW 1st avenues. The crane company, Ray Anthony International of Pinellas Park, issued a more than \$38,500 lien on the Stadium Club property.

Ben Gunn, operations manager for the crane company, said the crane's presence on the site means bills continue to pile up. Expenses for operating a crane typically run

around \$16,500 a month but are less when labor is discounted.

Since construction stopped around Christmas, he said, the company has been reassured on several occasions that new financing would soon be put in place.

"We're kind of in the dark," Gunn said. "We don't know what happened."

Phil Mann, traffic operations manager for public works, said the project's permit allows the road to be closed until Aug. 1. But he said the permit was issued with the expectation that construction would be ongoing and any request for an extension will get greater scrutiny.

"It will get a hard look," he said.

Former Gainesville Mayor Mark Goldstein, who unsuccessfully appealed the development's special-use permit to the state, said the problems show the Gainesville Plan Board approved the project without enough scrutiny.

He cited Stadium Club, University Corners and the delayed downtown condominium project Gainesville Greens as evidence the city has approved risky development.

"These are major fiscal disasters, major mistakes," Goldstein said.

Stadium Club backers say they're confident the project will be built without major changes. The project is planned to have retail space and 24 luxury condominiums that include a penthouse costing nearly \$2 million.

The development is aimed at Bull Gators and other wealthy individuals looking for places near the stadium and the O'Connell Center. It was initially projected to be completed by the 2008 football season.

Fisher said the delays and liens won't mean an increase in construction costs that threaten the project. The project's real estate broker, John Thomas of Bosshardt Realty, predicted the project would be completed in the first half of 2009.

Thomas said deposits have been placed on a third of the condominiums. More people have tried to negotiate for a lower price on the highest-cost units, he said, but there's not been a willingness to drop the price.

"They'll be the nicest condos in Gainesville," Thomas said.

Former UF wide receiver Chris Doering is among those who have put down a deposit. Doering, now a local mortgage broker, said he's also worked with the Stocks since December to refinance the project.

"This is the toughest time in history for real estate and financing of that real estate," Doering said.

Doering said he didn't know much about the developers' other projects, other than that some were done in Las Vegas. But he said he's confident the Stadium Club will be built.

He said those unfamiliar with UF might not have appreciated the project's proximity to the stadium and the fact that there is a market of more than 800 Bull Gators who have given at least \$12,000 to the university.

"I think it would be easy to dismiss it as another Florida condominium project," Doering said.

Stadium Club developers Philip and Sharon Stock declined comment. Records they submitted to the Community Redevelopment Agency say they bought the quarter-acre property - the former site of Papa John's, Sloppy Gator and Smoothie King - for \$2.1 million plus \$150,000 to buy out Papa John's lease.

City planning staff supported the special-use permit for the project, which the City Plan Board approved in October 2006. Regulations limited the building to six stories, so the permit was required for an additional two stories.

Gainesville Planning Manager Ralph Hilliard said the project's financial feasibility was not part of the approval process. Land-use decisions are not based on such factors, he said, nor does city staff have the experience or time to make such evaluations.

"I just can't imagine what kind of staff it would take to evaluate every project that would come through the city," Hilliard said.

Goldstein and other board members of the University Park Neighborhood Association argued the building was out of character with the surrounding neighborhood. The association appealed the permit decision to the Florida Division of Administrative Hearings, but the appeal was rejected.

In November 2006, developers submitted a proposal to the Community Redevelopment Agency asking for about \$1.1 million in incentives. The amount equated to 100 percent of the taxes from the property's increased value over its first five years on the tax rolls.

Gainesville real estate developer Michael Warren, owner and president of AMJ Inc., did a review of financial information submitted with the application. His review said the cost of the land "appears excessive," called the construction estimates "suspect" and said the application "fails to determine the accuracy or credibility of the major development costs."

In February 2007, the Stocks provided more financial detail about the development. They also questioned Warren's role in the evaluation, claiming he had a conflict of interest as a competing developer who redeveloped the Community Redevelopment Agency's office.

"The relationship has an appearance of impropriety and (does) not reflect an assumption of impartiality," the developers wrote in a letter.

The new material showed construction costs had risen to \$14.9 million from \$11.9 million. In a subsequent letter, Warren said the new information does "nothing to rectify that situation, and unfortunately muddies the waters by identifying a significant construction cost increase which vastly increases risk to the development."

The agency rejected the application. Without the more than \$1 million in incentives they'd asked for, developers went ahead with construction on the project.

Anthony Lyons, manager of the redevelopment agency, said the Community Redevelopment Agency's job was determining whether the project was feasible before approving incentives.

"In the final analysis, I think Mr. Warren was correct," Lyons said.

Warren declined comment for this story. While Lyons said Warren has not done any subsequent evaluations for the agency, that is because of a lack of projects to evaluate and not the concerns raised by the Stocks.

Reich Construction Company of Tampa was the project's general contractor for the design phase. In a lawsuit claiming breach of contract, the company alleges that delays in a planned start to construction in January 2007 caused bills to accrue totaling \$131,147.

Company owner John Reich declined comment on the lawsuit. Fisher said the developers had an agreement with Reich for just the design phase and don't owe Reich Construction any more money.

"We had a fixed-price contract with them and paid them that," he said.

The old buildings that were on the site were demolished in August 2007 and construction started the next month. After construction was halted around Christmas 2007, Thomas told the Independent Florida Alligator that the stoppage was due to cold weather. In February 2008, Sharon Stock told The Sun that "minor holdups" had halted construction, but that it would start again soon.

From January until April, 11 subcontractors placed liens on the property claiming unpaid bills ranging from about \$1,200 to just more than \$222,000. Bobby Powell Jr., owner of Central Florida Contractors in Gainesville, filed a lien for the former amount, claiming his company was never paid for concrete pumping.

"We never got our first check from them," Powell said.

The work was billed to the contractor in November and a notice of nonpayment was issued in January, according to the lien. Powell said such steps usually cause action to be taken quickly, but he hasn't heard anything.

"All the steps we went through, nobody seemed to care," Powell said.

Gainesville land surveyor Terry Brannon filed a lien of nearly \$3,400 claiming he was never paid for surveying and construction staking on the site. He said he was given repeated assurances that payment was going to come through.

"Next thing I know, no one was on the job," he said.

Ted Cobb, project manager for general contractor Irwin Contracting of St. Petersburg, said the company has been paid for some but not all of its bills. He declined additional comment on the status of the project.

Even though his agency denied incentives for the project, Lyons said he was pulling for the development to succeed. "I hope they're able to get the project built," he said. "We don't want to see half-built projects."

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