



Hallandale Beach
COMMUNITY REDEVELOPMENT AGENCY

Hallandale Beach Community Redevelopment Agency Agenda Cover Memo

Meeting Date:	September 28, 2022		File No.	Item Type: <i>(Enter X in box)</i>	Resolution		Other	
			22-354		x			
Fiscal Impact: <i>(Enter X in box)</i>	Yes	No	Ordinance Reading: <i>(Enter X in box)</i>		1st Reading		2nd Reading	
	x		Public Hearing: <i>(Enter X in box)</i>		N/A		N/A	
					Yes	No	Yes	No
Funding Source:	534050 - C2020		Advertising Requirement: <i>(Enter X in box)</i>		Yes		No	
							X	
Account Balance:	\$1,814,534.78		RFP/RFQ/Bid Number:					
Contract/P.O. Required: <i>(Enter X in box)</i>	Yes	No	Project Number:					
Redevelopment Goals: <i>(Enter X in box)</i>								
<p>Compact & Urban Development Projects</p> <p>Goal 1 - Catalytic projects that support the growth of local economy <input checked="" type="checkbox"/></p> <p>Goal 2 - Transit supportive Development <input type="checkbox"/></p> <p>Goal 3 - Neighborhood-level enhancements <input type="checkbox"/></p> <p>Improve Connectivity within the community</p> <p>Goal 1 - Development of complete streets <input type="checkbox"/></p> <p>Goal 2 - Facilitate & Identify safe access to multiple modes of transportation <input type="checkbox"/></p> <p>Goal 3- Provide Strategic parking solutions <input type="checkbox"/></p> <p>Create CRA Resiliency</p> <p>Goal 1- Utilize innovative means to create sense of place to attract residents & visitors <input checked="" type="checkbox"/></p> <p>Goal 2- Use diverse architectural styles & messaging to create iconic buildings & destinations <input type="checkbox"/></p> <p>Goal 3- Prepare for a sustainable future through smart technology, social & economic development Programs and environmental measures <input type="checkbox"/></p>								
Sponsor Name:	Dr. Jeremy Earle, Executive Director		Department:		HBCRA			

SHORT TITLE:

A RESOLUTION OF THE CHAIR AND BOARD OF DIRECTORS OF THE HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY, HALLANDALE BEACH, FLORIDA, APPROVING THE FOURTH AMENDMENT TO REDEVELOPMENT AGREEMENT BETWEEN THE HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY AND HALLANDALE CITY CENTER LLC; AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE FOURTH AMENDMENT TO REDEVELOPMENT AGREEMENT; AUTHORIZING THE EXECUTIVE DIRECTOR TO TAKE ALL ACTION NECESSARY TO IMPLEMENT THE TERMS OF THE FOURTH AMENDMENT TO REDEVELOPMENT AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

STAFF SUMMARY:

Background:

The Hallandale City Center project (HCC) is a mixed-use project that was approved by the Hallandale Beach Community Redevelopment Agency (HBCRA) board of Directors on March 19, 2018 in accordance with priorities of the NW quadrant. The development includes 89 residential rental units of which 15% (14 units) will be set aside for affordable housing. Of that 15% set aside for affordable housing, two of the 14 units will be set aside as senior housing. The project will have over 8,000 SF of commercial/office/retail space, which can be utilized by a small neighborhood "Green Grocery" store, as well as restaurants, and neighborhood businesses. 270 parking spaces will be provided, which will serve both the residential and commercial components. Fifty-Five (55) of those parking spaces will be set aside perpetually per the redevelopment agreement as public parking for the City of Hallandale Beach.

On February 19, 2020, the HBCRA Board of Directors approved an amendment reading of the development agreement for the development of the city center project. On August 17, 2020, the HBCRA Board of Directors approved a third amendment to the redevelopment agreement. The third amendment allowed a 90-day extension to submit building permits due to the COVID-19 pandemic. This extension also impacted the commencement gap financing amount of \$916,667, which would've begun in FY20/21 and ended in FY22/23. On August 16, 2021, the HBCRA Board of Directors approved a third amendment to the developers' agreement authorizing a change in developers proposing B2J Development and ASG Investment Corp.

Current Situation:

Since receiving the HBCRA Board of Directors' approval, HCC developer Claudia Penas and her team have worked continuously with the City of Hallandale Beach (COHB) building division, Broward County, and the Florida Department of Transportation (FDOT) to attain the necessary permits. During the permitting process, a burrowing owl's nest was located on the development site. Under the Federal Migratory Bird Treaty Act, state Rule 68A-16.001 burrowing owls are a protected species in the state of Florida. Due to this state rule, the HBCRA and HCC developer had to complete the necessary steps to attain a Migratory Nest Removal permit from the Florida Wildlife Commission (FWC).

On August 29, 2022, the HCC developer Claudia Penas and B2J Development met with HBCRA staff to discuss the project's status. During this meeting, the HBCRA Executive Director express the time constraints that Claudia and her team are facing as well as the expectations of the HBCRA Board members and Hallandale Beach residents. While in the meeting, the HCC developers expressed an unforeseen financial hardship caused by increased construction costs due to inflation worldwide. The developers provided an updated construction proforma detailing their original construction cost and comparing it to the current market price points. According to the National Association of Home Builders (NAHB)," Building materials prices are up 19.2% year over year and have risen 35.6% since the start of the pandemic". As of today, the HCC developers have received the necessary permits to begin construction. Recently FWC scoped and collapsed the burrowing owls' nest located on the development site for construction to begin. HBCRA staff has received and reviewed their updated proforma, as their project cost increased from \$17,000,000 to \$33,000,000.

Per the redevelopment agreement section 3.11 labeled Gap Grant "The HBCRA shall provide the Developer with a grant in the amount of Two Million Seven Hundred Fifty Thousand and 00/100 Dollars (\$2,750,000) (the "Gap Grant"). The Gap Grant shall be disbursed in three installments of Nine Hundred Sixteen Thousand Six Hundred Sixty Seven and 00/100 Dollars (\$916,667) each over three consecutive HBCRA fiscal years". The first installment was set to be paid for fiscal year (FY) 2018-19, the second being set for FY 2019-20, and the third installment for FY 2020-21. Due to construction delays caused by COVID-19 and unforeseen conditions, the HBCRA has not released any gap funds for the project. The HCC developers are requesting an additional \$1,541,355.21 to assist with increased construction costs and that the first two installments of the gap grant be made in the FY 2022-23 and the third installment be disbursed in FY 2023-24. The additional \$1,541,355.21 would be disbursed at project completion, and the developer would be given 24 months to complete the project.

Recommendation:

HBCRA staff recommends the Board approve the attached resolution amending the redevelopment agreement to increase gap funding by \$1,500,000 and change the first two installments of the gap grant disbursement to FY 2022-23 and the third installment for FY 2023-24. The increase in gap funding of \$1,500,000 will be disbursed two years following the completion of the project.

Why Action is Necessary

Pursuant to the HBCRA By-Laws the HBCRA Board of Directors must approve any amendments to all redevelopment agreements.

Fiscal Impact:

\$2,750,000

PROPOSED ACTION:

The HBCRA Board of Directors consider the attached Resolution.

ATTACHMENT(S):

- Exhibit 1 – Resolution
- Exhibit 2 – Redevelopment Agreement
- Exhibit 3 – First Amendment to Redevelopment Agreement
- Exhibit 4 – Second Amendment to Redevelopment Agreement
- Exhibit 5 – Third Amendment to Redevelopment Agreement
- Exhibit 6 - Proposed Fourth Amendment to Redevelopment Agreement
- Exhibit 7 – Updated Construction Schedule
- Exhibit 8 – HCC Proforma
- Exhibit 9 – Developers Proposed Request