



Hallandale Beach Community Redevelopment Agency

Board of Directors Meeting

Agenda Cover Memo

Meeting Date:	September 19, 2016		Item Type:	Resolution X	Ordinance	Other	
Fiscal Impact:	Yes	No	Ordinance Reading:		1st Reading		2nd Reading
	X		Public Hearing:		Yes	No	Yes
						X	X
Funding Source:			Advertising Requirement:		Yes		No
							X
Account Balance:							
Project Number :			RFP/RFQ/Bid Number:				
Contract/P.O. Required:	Yes	No	Strategic Priority (Enter X in box): <div style="display: flex; justify-content: space-between;"> <div> Capital Improvements Goal 1 - Undertake Total Improvements of Public Realm Goal 2 - Promote Public/Public and Public/Private Partnership Promote Projects with Large-Scale Impacts Goal 1 - Issue a Request for Proposals (RFP) for NW infill Housing Goal 2 - Issue a Request for Qualifications (RFQ) for Dixie Highway/Foster Road parcel Priority Area: North West Quadrant FEC Corridor Southwest Quadrant Northeast Quadrant Southeast Quadrant </div> <div style="text-align: right;"> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> </div> </div>				
	X						
Sponsor Name:	Daniel A. Rosemond, HBCRA Executive Director		Department:		HBCRA		



Short Title:

A RESOLUTION OF CHAIR AND BOARD OF DIRECTORS OF THE HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY, HALLANDALE BEACH, FLORIDA, AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE A DEVELOPMENT AGREEMENT WITH IMC EQUITIES GROUP AND TO BRING BACK AN AGENDA ITEM WITHIN NINETY (90) DAYS CONTAINING A NEGOTIATED DEVELOPMENT AGREEMENT FOR REVIEW AND APPROVAL BY THE CHAIR AND BOARD OF DIRECTORS; AND PROVIDING AN EFFECTIVE DATE.

Staff Summary:

Background:

For the past several years, the site located on the N.W. corner of Foster Road & West Dixie Highway has been an on-going redevelopment priority for the HBCRA Board. In June 2014, after an RFP solicitation process, a Development Agreement (DA) for a mixed-use development project was awarded to Foster Road, LLC. After multiple time extensions, Foster Road, LLC requested further time to secure financing as well a substantial increase in the HBCRA's project investment. After a staff evaluation of the merits of Foster Road, LLC's request, the HBCRA Board terminated the DA on September 21, 2015.

At that Board meeting, HBCRA staff made several recommendations in order to actuate the redevelopment on this site. The following were recommended:

- Continue to assemble additional contiguous or adjacent parcels for an enlarged mixed-use project.
- Consider increased density (more units) in order to achieve a more financially attractive scale.
- Engage in an outreach program with the real estate development/investment community to showcase the opportunity and informally solicit interest.
- Consider the development of the smaller parcel for development of townhouses via a selected architect and GC, independent of a mixed-use project on the larger parcel.

Below are the HBCRA owned parcels of the original 2.37 acre site that comprised the DA with Foster Road, LLC.



Since the September 2015 Board meeting, the HBCRA staff has completed a number of initiatives to enhance the marketability of the Foster - Dixie redevelopment effort. The most significant of these are:

1. In September, 2015, HBCRA Staff made a presentation to the Board recommending the proposed medical office building at 605 N. Dixie Hwy be relocated to the HBCRA owned site to the South of Foster Road; a Development Agreement for the medical office building is now in place for the 411 N. Dixie Hwy property, resulting in 41,276 sf of property plus the NW 6th Street ROW to be included in Foster- Dixie redevelopment property assembly.
2. In November 2015, hosted a breakfast meeting with development community to garner interest in submitting proposals for the redevelopment of the Foster - Dixie property.
3. In May of 2016, the purchase of two parcels adjacent to the of existing $\frac{1}{4}$ parcel was completed, thereby 'squaring up' HBCRA ownership of the block west of N.W. 1 Avenue (on Foster Road)

At the November breakfast meeting staff advised those in attendance that the HBCRA was seeking a development that would bring the highest and best use for the Foster- Dixie assemblage. Staff also inquired of the attendees their preference for a formal RFP process or an informal *unsolicited proposal* process. The consensus was in favor of an unsolicited proposal process. During the months of December thru February, developers made informal inquiries to staff about the governing code for the site, desired uses, the HBCRA's capital commitment, and the timing of development and related issues.

The map below depicts the complete assemblage of 13 parcels that comprise the current Foster - Dixie mixed-use development site. The original site area was 2.37 acres. With the additional acquisitions and by combining the parcels that were previously committed for the medical office building, the Foster Dixie site has been expanded to 3.97 acres – a 68 percent increase in total site area. The enlarged Foster-Dixie assemblage creates a more attractive and functional footprint for a denser, mixed-use development opportunity. To date, the HBCRA has invested \$5,046,739 in acquiring the 13 parcels that comprise the Foster-Dixie redevelopment site.



Proposal Submissions:

The HBCRA received six (6) unsolicited proposals for the redevelopment of the Foster-Dixie assemblage between mid February and early August. This is a six-fold increase over the original RFP solicitation in 2013. In part, the stronger response reflects improving market conditions for urban infill development properties and ,in part, the marketing of efforts of the HBCRA to achieve broader market exposure for the Foster-Dixie redevelopment opportunity. The quality and character of the entities submitting proposals is also superior, with five (5) of the six (6) demonstrating substantial experience and financial capability.

The six (6) unsolicited proposals received for redevelopment of Foster-Dixie opportunity are summarized below:

Name	Date of Submission/ Amendment	Proposal Development Concept	Requested HBCRA Investment	Other
Royal Castle/ Integra	Feb 10 th ; amended June 30 th	Mixed Income rentals with limited retail <ul style="list-style-type: none"> 102 units 6,000 sf support and retail 	\$ 7.4 mil: land + cash grant of \$2.4 mil.	Requires LIHTCs and Broward County Housing bonds for financing.
Donaldson/ McCormick Baron Salazar	March 25 th	Mixed Income Rentals with limited retail; no specific site plan.	\$ 8.9 mil: land + cash grant for soft and hard cost of \$3.9 mil.	No site plan submitted; requires LIHTC and SAIL financing.
Hallandale City Center LLC	March 28 th ; amended May	Mixed use with 71 market rate rentals and	\$5.0 mil, land only	Proposed to use HBCRA funding for



(C. Penas, A. Riviati and D.Sayegh)	12 th	grocery store retail anchor.		construction and some permanent financing; requested to modify proposal.
Foodgles, Inc.	April 19 th	Big Box Supermarket and related. • 120,000 sf grocery • 30,000 sf office • 400 structured parking spaces	\$ 21.2 mil: land + construction loan and grants	Highly speculative; requires HBCRA to provide start-up and venture capital.
IMC Equities Group (a 'trade name')	April 27 th ; amended July 20 th	92 market rate rental and 12 for sale townhouses with limited retail.	\$5.0 mil, land only	Initial proposed retail footprint on the MOB property; requested to modify proposal.
Atlantic Pacific Communities LLC/Catholic Health Services, Inc.	August 9 th	90 affordable, independent lifestyle apartments for persons of 55 years of age or older and 6,000 square of stand-alone retail/commercial space.	\$4.88 mil to \$5.58 mil, land + CRA cash of \$.535 mil for LIHTCs	Requires LIHTCs + 1 st mortgage and CRA cash. Development fees of \$3.3 mil or @ 13% of total project costs.

In contrast to a formal HBCRA RFP process where the submission requirements are standardized and uniform for all proposals, the unsolicited proposal process employed by the HBCRA for the Foster-Dixie redevelopment opportunity allowed each proposer to decide their respective proposal format and content. HBCRA staff did provide general guidance with respect to proposal requirements that would be deemed responsive for consideration. Accordingly, the format, length and level of detail associated with each unsolicited proposal vary.

The six (6) proposals were initially reviewed and screened by HBCRA staff using the following criteria:

- Highest and best use of the property
- Developer financial capacity, relevant experience and ability to proceed in a timely manner
- Deal terms
- Aesthetic/development contribution of the project

After the initial review, further consideration of four (4) of the proposals was suspended. The proposal from Foodgles Inc. while intriguing, was deemed to involve a highly speculative, yet to be proven super grocery store concept with a hefty HBCRA venture capital investment requirement. The mixed-income rental housing proposals from Royal Castle/Integra, Donaldson/McCormick Baron Salazar and Atlantic Pacific Communities/Catholic Health Services are contingent on securing Low Income Housing Tax Credits ("LIHTC's") as well as rely on securing layered State or County financing commitments, thus subject to an uncertain and attenuated timeframe for development. The process to secure LIHTCs for project financing is highly competitive. The Florida Housing Finance Corporation ("FHFC") received 58 eligible applications for LIHTCs under its RSA allocation (large counties) and selected only 7 of these for an allocation of \$ 12.8 million in 2016. FHFC's preliminary allocation for RSA's for 2017 indicates a slight increase.

The remaining two (2) proposals were then subjected to further evaluation with the support of Kevin Lawler, the HBCRA's development consultant.



Comparative Analysis:

The table below presents a side-by-side comparison of the prime metrics associated with the Hallandale City Center LLC and IMC Equities Group proposals.

	Hallandale City Center LLC	IMC Equities Group
Experience	Mid sized portfolio of commercial development in SE FL; residential limited to rehabilitation or retro fit of existing buildings.	\$8.0 mil sf of commercial and residential assets owned; 6 projects recently completed or in process.
Financial Capability	No documentation provided	\$ 861.5 mil in assets; \$30 mil + in operating cash flow year-end 2015.
Development Plan	<ul style="list-style-type: none">▪ 71 market rate rental units▪ 18,000 sf grocery store▪ 7,500 sf of other retail	<ul style="list-style-type: none">▪ 92 market rate rental units▪ 12 for sale townhouses▪ 4,200 sf retail
Estimated Costs (ex land)	\$15.78 mil	\$17.1
Financing	Construction and 1 st mortgage financing to be secured by developer. No preliminary commitments letters from lenders provided.	All financing (debt and equity) to be funded by the developer. Financial statements reflect strong capability.
HBCRA Investment	\$5.0 mil, land only	\$5.0 mil, land only
Conditions	Requires unspecified period to secure a grocery store lease commitment.	None
Leverage Ratio	3.16	3.42
Est. Annual Tax Increment	\$122,000	\$1143,500

Conceptually, the Hallandale City Center proposal is highly attractive with the 18,000 sf grocery as an anchor to this proposed mixed-use project. Realistically, the timeframe for and the probability of securing a grocery store lease commitment for the Hallandale City Center project are highly uncertain. Hallandale City Center has submitted a Letter of Intent ("LOI") from a French firm – Biltoki/SARL Merkatua; the former is a start-up food "les Halles" operation in France and does not have a footprint in the US, while the latter is registered as an employee-less venture capital firm in Paris. Without a grocery store anchor, the Hallandale City Center proposal is decidedly less attractive than the IMC Equities Group proposal.

Recommendation:

The project proposed by IMC Equities Group represents a limited mixed-use project, comprised of market rate rental housing with a supporting retail component. IMC Equities Group has a well-established capability in development and a major portfolio of owned assets in the State of Florida. IMC Equities Group has demonstrated resources to complete the desired redevelopment of the HBCRA's Foster-Dixie assemblage. The deal terms proposed by IMC Equities Group require no capital contribution by the HBCRA beyond the conveyance of the HBCRA owned land (3.97 acres).

IMC Equities Group is a 'brand' designation for a large portfolio of development projects and properties under common management and core ownership. For the Foster - Dixie mixed-use development project, IMC Equities Group would use Dixie and Foster Apartments, LLC, a Florida registered limited liability



company, with ownership comprised of principals of IMC Equities Group. The HBCRA would require Dixie and Foster Apartments, LLC to have adequate and appropriate financial guarantees from the principals of the IMC Equities Group and its affiliate companies.

Fiscal Impact:

No additional capital contribution; land contribution valued at \$5,046,739.

Proposed Action:

Staff recommends the Board's approval of the attached resolution, authorizing the HBCRA Executive Director to negotiate a development agreement with IMC Equities Group, and to bring back an agenda item within (90) days containing a negotiated development agreement between the Hallandale Beach Community Redevelopment Agency (HBCRA) and IMC Equity Group for review and approval by the Chair and Board of Directors.

Attachment(s):

- Exhibit 1 – Resolution
- Exhibit 2 – Term Sheet
- Exhibit 3 – Foodgles Supermarket Unsolicited Proposal
- Exhibit 4 – Hallandale City Center – Claudia Penas – Unsolicited Proposal- Amendments and Developer Presentation
- Exhibit 5 - Unsolicited Proposal by McCormack Baron Salazar – Donaldson Development Group, LLC
- Exhibit 6 - Hallandale Project – IMC Equity Group – Carlos Segrera - Unsolicited Proposal
- Exhibit 7 – Artist Haven – Royal Castle Companies and Integra – Amendment 063016
- Exhibit 8 – Email Invitation for Development Opportunity Breakfast Meeting in November 2015
- Exhibit 9 – Sign-In Sheet – Development Opportunity Breakfast 111715
- Exhibit 10 – Unsolicited Proposals Application Fee & Expense Reports
- Exhibit 11 – Foster Dixie Presentation
- Exhibit 12 - Atlantic Pacific Communities (APC) Unsolicited Proposal
- Exhibit 13 – N-K Ventures LC Review of APC.CHS Unsolicited Proposal
- Exhibit 14 – N-K Ventures LC Review of Claudia Penas Unsolicited Proposal
- Exhibit 15 – N-K Ventures LC Review of Foodgles Unsolicited Proposal
- Exhibit 16 – N-K Ventures LC Review of IMC Unsolicited Proposal