

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY (HBCRA)

Development Agreements Summary Report

March 6, 2017



Executive Summary

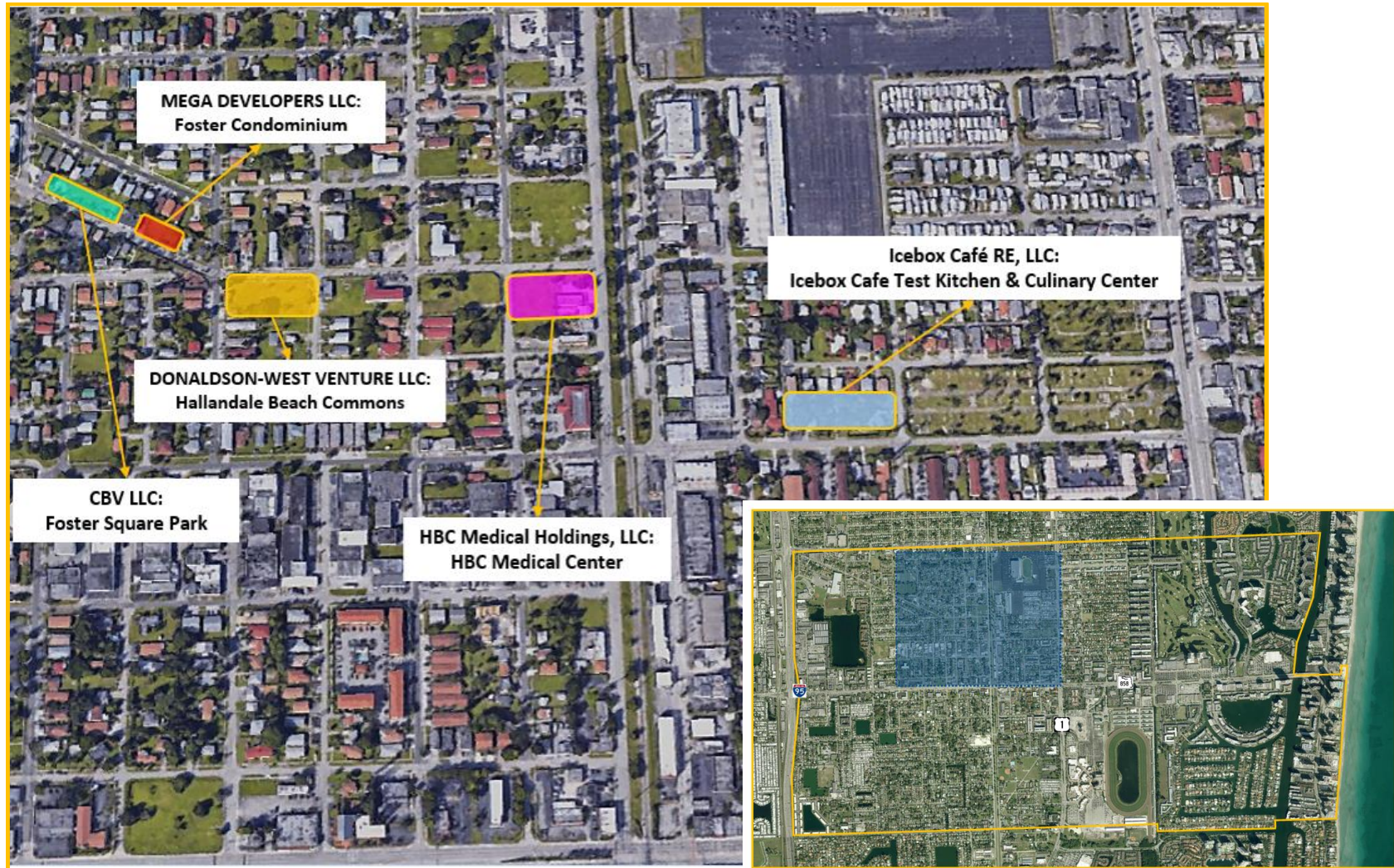
The purpose of this Report is provide a summary and update with respect to the five public-private development projects located in the Northwest quadrant and the Fashion Arts and Design District (FADD) of the HBCRA Community Redevelopment Area (CRA). For each project the HBCRA entered into a Development Agreement with a private developer. These projects range in size, intensity and use. There are rental and condominium multifamily residential projects, a commissary/greenhouse and restaurant, as well as a medical facility. The mix of project types is intended to have a catalytic effect by creating economic development within the CRA including the creation of temporary construction and permanent jobs.

The role of the HBCRA in facilitating these projects generally requires the provision of assistance to the developer. Such assistance ranges from (a) the conveyance (without consideration) by the HBCRA to the developer of HBCRA owned real property for some or all of the project site, (b) the provision of construction loans and (c) the provision of grants to the developer in connection with the sale of residential units to compensate the developer if sale prices are below a certain threshold (i.e., a “gap grant”). Each project summary will identify the assistance being provided by the HBCRA as well as the investment being made by the developer.

Generally, the Development Agreements provide for the developer’s obligations with respect to the planning, budgeting, construction and financing of the project. Relative to construction, each developer must provide payment and performance bonds as well as a completion guarantee. With respect to the conveyance of HBCRA owned real property, in order to protect the HBCRA asset, the Development Agreements contain a series of requirements and deliverables which must be met prior to conveyance which include the closing of any institutional or HBCRA construction loans, the execution of the construction contract, the provision of the payment and performance bonds, as well as proof of developer equity.

Regarding the five projects, such are all in various stages of development. At this time there is one project that will shortly receive its building permit and break ground (Foster Square Park), while the remaining projects vary from being in due diligence through zoning approvals. Recently, the HBCRA staff undertook a comprehensive evaluation of the projects including an in depth review of all documentation and found that, while some of the projects may have been moving forward, there was a general failure with respect to compliance with the timelines and milestones set forth in the Development Agreements. Accordingly, the HBCRA Executive Director, HBCRA Attorney and staff developed a comprehensive team approach along with a technical advisor noted below and met with those developers who needed assistance in identifying where they needed to be in the process in order to be compliant with the Development Agreement. In certain cases, the HBCRA sent letters to the developers identifying the deficiencies and providing deadlines for compliance. Furthermore, the HBCRA has engaged the services of NV-5, Inc. to provide technical services and advice in moving the projects through the governmental approvals process. The foregoing is only one aspect of the efforts of the HBCRA to implement a new system to properly track the projects and move them forward and through construction to completion. The summaries that follow will address those HBCRA efforts.

PROJECTS MAP



1. CBV, LLC: Foster Square Park

Development Agreement Effective Date January 4, 2016



The Foster Square Park Project is a multi-family rental development consisting of two buildings with a **total of seven apartment units**. All apartment units are three bedrooms, two bathrooms with square footages ranging from 1,187 S.F. to 1,282 S.F. The development also provides 14 parking spaces and encompassing landscape.

PROJECT COST

TOTAL PROJECT COST

\$1,200,000:

HBCRA CONTRIBUTION \$735,000:

Land: \$135,000 (Four parcels)

Loan: \$600,000 (Fixed interest rate 2%)

Grant Gap: None

DEVELOPER CONTRIBUTION \$637,000:

Land: \$37,000 (One parcel)

Equity: \$600,000

PROJECT MILESTONES

UNDERTAKING	STATUS
HBCRA Project Plan Approval	Completed
HBCRA Project Budget Approval	Completed
HBCRA Proof of Financing Plan and/or Developer Equity Approval	Completed
HBCRA Contractor Approval	Completed
Developer Acquisition Property (Waived)	Completed
Zoning City Permit Approval	Completed
Building City Permit Approval	Pending
Project Bond Requirement	Pending
Closing of HBCRA's Construction Loan	Pending
HBCRA Conveyance of the Property	Pending
HBCRA Project Construction Detailed Schedule Approval	Pending
HBCRA Notice to Proceed	Pending
Commencement of the Work	Pending
Substantial Completion	Pending
Final Completion	Pending

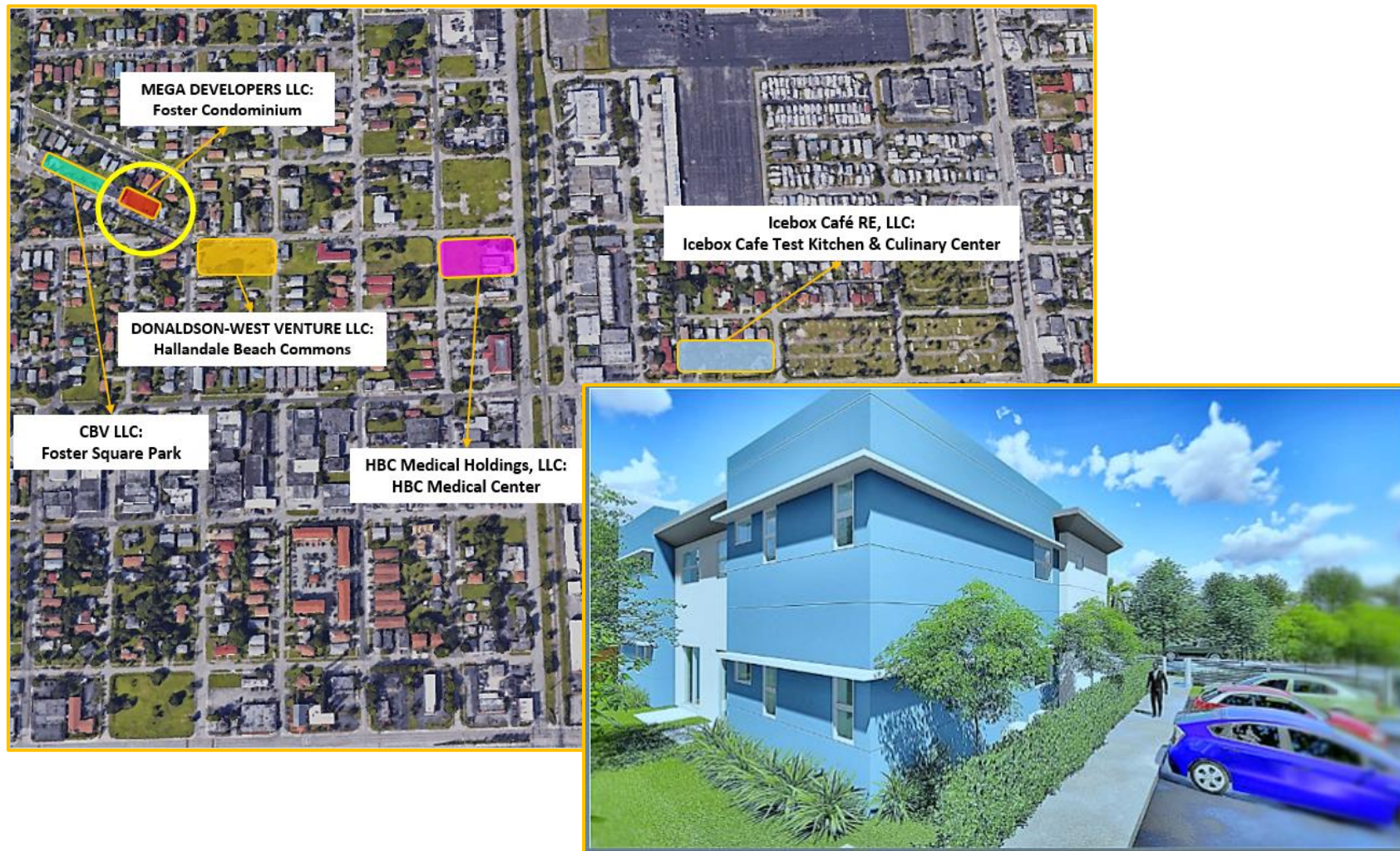
COMMUNITY BENEFITS PLAN COMMITMENT: 30% of total construction cost

CURRENT STATUS:

The Planning and Zoning Department has approved the site plan. Final comments from the Building Department are expected by Friday, March 10, 2017. Upon issuance of the building permit, the HBCRA will proceed to close on the HBCRA construction loan, convey the HBCRA parcels to the Developer and provide a Notice to Proceed which will set the Substantial Completion Date.

2. MEGA DEVELOPERS LLC: Foster Condominium

Development Agreement Effective Date March 31, 2016



The Foster Condominium Project is a residential condominium with for sale units to first time homebuyers. The Project consists of a single two story building with **four condominium units**. All condominium units have 1,025 S.F. and are two bedrooms, two bathrooms along with a den layout. The development also provides ten parking spaces and encompassing landscape.

PROJECT COST

TOTAL PROJECT COST

\$616,117:

HBCRA CONTRIBUTION \$498,000:

Land: \$45,000 (One parcel)

Loan: \$340,000 (Fixed interest rate 2%)

Grant Gap: \$99,600

Other: \$13,400 (T&F building area densification study)

DEVELOPER CONTRIBUTION \$314,087:

Land: \$37,970 (Two parcels)

Equity: \$276,117

PROJECT MILESTONES

UNDERTAKING	STATUS
HBCRA Project Plan Approval	Completed
HBCRA Project Budget Approval	Pending
HBCRA Proof of Financing Plan and/or Developer Equity Approval	Pending
HBCRA Contractor Approval	Pending
Zoning City Permit Approval	Pending
Building City Permit Approval	Pending
Project Bond Requirement	Pending
Closing of HBCRA's Construction Loan	Pending
HBCRA Reimbursement of T&F Study	Pending
HBCRA Conveyance of the Property	Pending
HBCRA Project Construction Detailed Schedule Approval	Pending
HBCRA Notice to Proceed	Pending
Commencement of the Work	Pending
Substantial Completion	Pending
Final Completion	Pending
HBCRA Gap Grant Deliverable	Pending

COMMUNITY BENEFITS PLAN COMMITMENT: 25% of total construction cost

CURRENT STATUS:

HBCRA Executive Director, HBCRA Attorney and staff met with the developer on February 24, 2017. The project is currently being reviewed by the Planning and Zoning Department with final review comments expected imminently. Following final zoning approval, the project will require the HBCRA to sign the building permit application. As a result of the meeting, the HBCRA sent a letter dated February 28, 2017 to the developer requesting the following items be delivered prior to the HBCRA signing of the building permit application for the Project:

1. **An updated Development Plan and Development Budget** for HBCRA approval.
2. **Proof of Developer Equity and Funding Capacity** for HBCRA approval in an amount equal to the Development Budget minus the Construction Loan being provided by the HBCRA. Based on the Pre-Development Budget, the Developer Equity is \$276,117. Developer Equity will be used to initially fund development of the Project. Once the proof of Developer Equity is accepted by the HBCRA, the Developer will provide the HBCRA with proof of expenditure of all of the Developer Equity prior to disbursement of the Construction Loan.
3. **Condominium Documents** which should be in a form compliant with Chapter 718, Florida Statutes. Developer is responsible for preparing, or causing to be prepared, the Condominium Documents.
4. **Construction Contract** for HBCRA approval. The general contractor and the Construction Contract are subject to the approval of the HBCRA. The Developer has advised the HBCRA that the general contractor is Stuart & Shelby and that a Construction Contract has been executed. HBCRA approved Stuart & Shelby as the general contractor.

All the documents were requested to be delivered by March 31, 2017.

3. DONALDSON-WEST VENTURE LLC: Hallandale Beach Commons Development Agreement Effective Date February 14, 2017



The Hallandale Commons Project is a for sale townhouse development with a **total of ten units**. All of the units have 1,664 S.F of contemporary living area with two bedrooms and two and half bathrooms, plus a loft. In addition, each unit will have two rear parking spaces and a private, exterior patio area.

PROJECT COST

TOTAL PROJECT COST \$3,210,000

HBCRA CONTRIBUTION \$877,120:

Land: \$161,120 (Three parcels)

Loan: None

Grant Gap: \$716,000

DEVELOPER CONTRIBUTION \$1,247,000:

Land: None

Equity: \$1,247,000

PROJECT MILESTONES

UNDERTAKING	STATUS
HBCRA Project Plan Approval	Pending
HBCRA Project Budget Approval	Pending
HBCRA Proof of Financing Plan and/or Developer Equity Approval	Pending
HBCRA Contractor Approval	Pending
Developer Acquisition Property (Waived)	Pending
Zoning City Permit Approval	Pending
Building City Permit Approval	Pending
Project Bond Requirement	Pending
HBCRA Conveyance of the Property	Pending
HBCRA Project Construction Detailed Schedule Approval	Pending
HBCRA Notice to Proceed	Pending
Commencement of the Work	Pending
Substantial Completion	Pending
Final Completion	Pending
HBCRA Gap Grant Deliverable	Pending

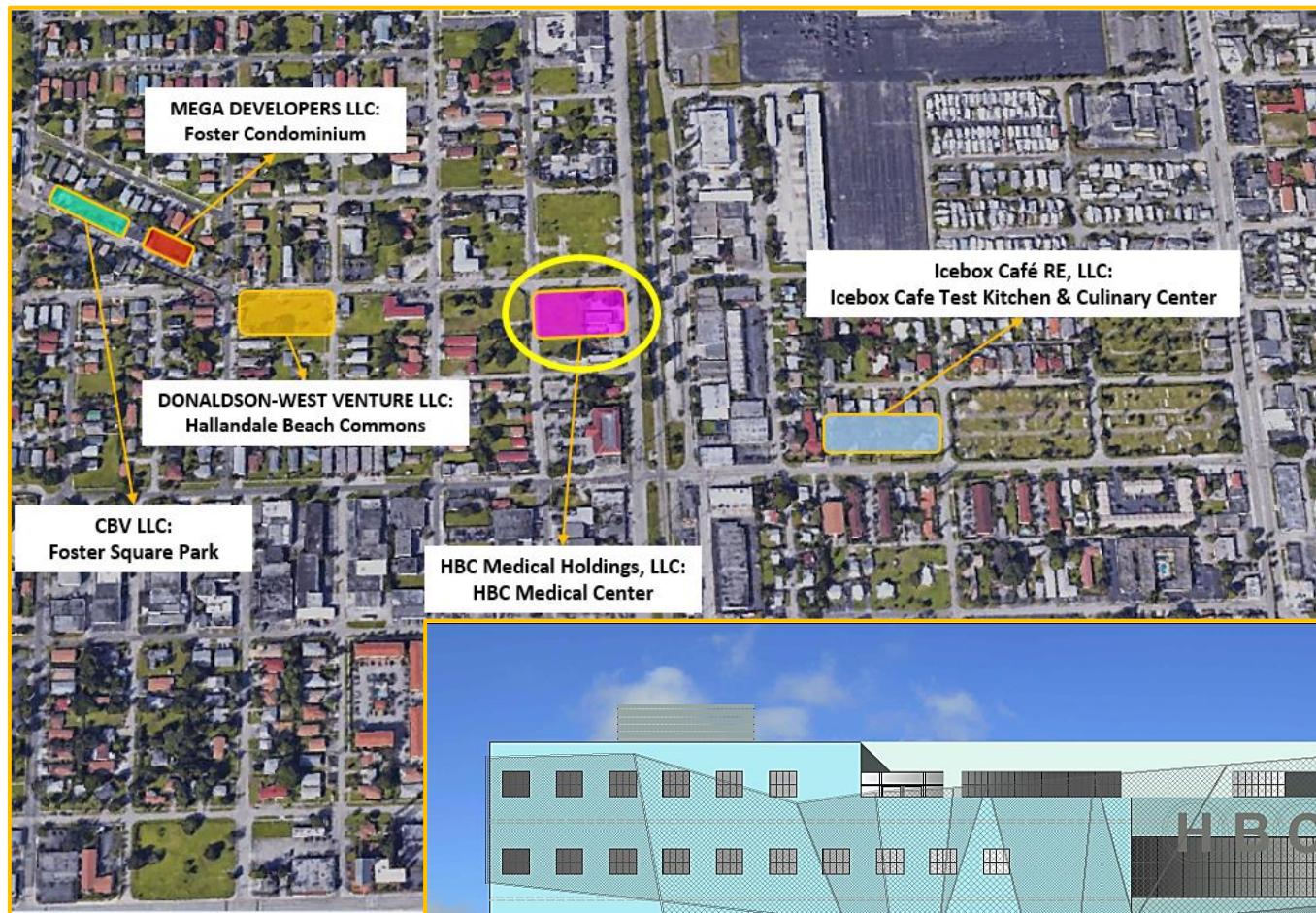
COMMUNITY BENEFITS PLAN COMMITMENT: 30% of total construction cost

CURRENT STATUS:

The Effective Date of the Development Agreement was recently reset to February 14, 2017 due to the fact that the original Development Agreement was executed without inserting an Effective Date. As a result, the developer is currently on schedule. HBCRA staff has been in communication with the developer and expects receipt of the updated Development Plan, Development Budget and Proof of Developer Equity by March 31, 2017.

4. HBC MEDICAL HOLDINGS, LLC: HBC Medical Center

Second Amended and Restated Development Agreement Effective Date April 6, 2016



The HBC Medical Center Project is a three story medical building with approximately 25,000 S.F. of Rentable Area. The developer is responsible for procuring a tenant or tenants to meet the Minimum Leasing Requirement.

PROJECT COST

TOTAL PROJECT COST

\$6,480,754:

HBCRA CONTRIBUTION \$278,850

Land: \$278,850 (Four parcels)

Loan: None

Grant Gap: None

DEVELOPER CONTRIBUTION \$500,000:

Land: None

Equity: \$500,000

PROJECT MILESTONES

UNDERTAKING	STATUS
HBCRA Project Plan Approval	Completed
HBCRA Project Budget Approval	Pending
HBCRA Proof of Financing Plan and/or Developer Equity Approval	Pending
HBCRA Contractor Approval	Pending
Minimum Leasing Requirement	Pending
Zoning City Permit Approval	Completed
Building City Permit Approval	Pending
Project Bond Requirement	Pending
HBCRA Conveyance of the Property	Pending
Private Lender Closing of Construction Loan	Pending
HBCRA Project Construction Detailed Schedule Approval	Pending
HBCRA Notice to Proceed	Pending
Commencement of the Work	Pending
Substantial Completion	Pending
Final Completion	Pending

COMMUNITY BENEFIT PLAN COMMITMENT: 40% of total construction cost.

CURRENT STATUS:

HBCRA Executive Director, HBCRA Attorney and staff met with the developer on February 22, 2017. As a result of the meeting, the HBCRA sent a letter dated February 24, 2017 to the developer requesting the following items be delivered to prior to the HBCRA signing of the building permit application for shell construction of the building:

1. **An updated Development Plan and Development Budget** for HBCRA approval.
2. **A Loan Commitment** for HBCRA approval in an amount not less than \$6,500,000. Developer had previously provided the HBCRA with a letter from TFS RT, Inc. dated December 20, 2016 for a loan in the maximum principal amount of \$3,600,000. This letter did not comply with the definition of Loan Commitment which requires the construction loan be in an amount consistent with the total Development Budget for the Project.
3. **Minimum Leasing Requirement** with respect to Prospective Tenants. In order to satisfy the Minimum Leasing Requirement by the deadline of June 1, 2016, the Developer delivered to the HBCRA a Letter of Intent ("LOI") dated April 25, 2016 from Broward Community & Family Health Centers, Inc. ("BCFHC"), in which BCFHC committed to lease the entire Project (25,000 SF) for 5-15 years. The HBCRA relied on the BCFHC LOI in moving forward with the Project. At the meeting on February 22, 2017, the developer advised the HBCRA that the BCFHC tenancy was not firm and that the Developer was negotiating with other prospective tenants, the names of which the developer would not provide. Therefore, at this time, there is not sufficient certainty with respect to the Developer's compliance with the Minimum Leasing Requirement. Accordingly, the HBCRA requested an executed lease or leases satisfying the Minimum Leasing Requirement which is 12,500 SF of the total Rentable Area.

All the documents were requested to be delivered by March 31, 2017. If the documents are not submitted timely, further action will be taken and the HBCRA Board of Directors will be informed.

5. Icebox Café RE, LLC: Icebox Cafe Test Kitchen & Culinary Center

Development Agreement Effective Date July 11, 2016, as amended



The Icebox Café Test Kitchen & Culinary Center project is a two phase culinary arts center. Phase One of the project will include a 9,075 S.F. commissary (food production facility) with a 2,400 S.F. greenhouse (organic garden facility) and 2,200 S.F. civic plaza space. Phase Two of the project will include a 3,000 S.F. restaurant and outdoor dining and community gathering spaces.

PROJECT COST

TOTAL PROJECT COST

\$3,560,000:

TOTAL HBCRA CONTRIBUTION \$1,586,300:

Land: \$1,055,300 (Four parcels)

Loan: \$393,000 (Fixed interest rate 2%)

Grant Gap: \$138,000

TOTAL DEVELOPER CONTRIBUTION:

Land: None

Equity: \$1,514,500

PROJECT MILESTONES

UNDERTAKING	STATUS
HBCRA Project Plan Approval	Completed
HBCRA Project Budget Approval	Pending
HBCRA Proof of Financing Plan and/or Developer Equity Approval	Pending
HBCRA Contractor Approval	Pending
Zoning City Permit Approval	Completed
Building City Permit Approval	Pending
Project Bond Requirement	Pending
Closing of HBCRA's Construction Loan	Pending
HBCRA Conveyance of the Property	Pending
HBCRA Project Construction Detailed Schedule Approval	Pending
HBCRA Notice to Proceed	Pending
Commencement of the Work	Pending
Substantial Completion	Pending
Final Completion	Pending
HBCRA Gap Grant Deliverable	Pending

COMMUNITY BENEFITS PLAN COMMITMENT: 30% of new employees hired.

CURRENT STATUS:

HBCRA Executive Director, HBCRA Attorney and staff met with the developer on February 15, 2017 as the project is currently behind schedule partially due to the extreme difficulty experienced by the HBCRA in finalizing the land purchase. As a result of the meeting, the HBCRA sent a meeting summary by email to the developer requesting the following items be delivered to prior to the HBCRA signing of the building permit application:

1. **Proof of Developer Equity.** Such will be provided by the developer to the HBCRA by March 31, 2017, including the Financing Plan.
2. **Development Plan and Development Budget:** Developer will prepare an updated Development Plan and Development Budget for the project and will submit to HBCRA for its approval by March 31, 2017.
3. **HBCRA Approval of Plans and Specifications:** Upon receipt of Plans and Specifications from developer, HBCRA will provide internal written approval or disapproval pursuant to the Development Agreement.
4. **Developer to provide HBCRA 90% construction documents** by March 31, 2017.

It should be noted that the HBCRA has closed on the two parcels necessary to complete the development site.