

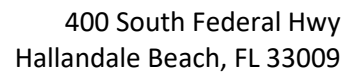


Hallandale Beach Community Redevelopment Agency

Board of Directors Meeting

Agenda Cover Memo

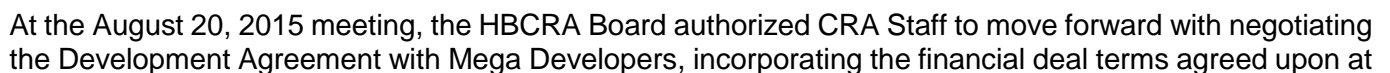
Meeting Date:	November 19, 2018		Item Type: <small>(Enter X in box)</small>	Resolution <div style="text-align: center;">X</div>	Ordinance	Other
Fiscal Impact: <small>(Enter X in box)</small>	Yes	No	Ordinance Reading: <small>(Enter X in box)</small>	1st Reading		2nd Reading
	<div style="text-align: center;">X</div>					
			Public Hearing: <small>(Enter X in box)</small>	Yes	No	Yes
				<div style="text-align: center;">X</div>	<div style="text-align: center;">X</div>	<div style="text-align: center;">X</div>
Funding Source:	5910-534050 Redevelopment Programs		Advertising Requirement: <small>(Enter X in box)</small>	Yes		No
						<div style="text-align: center;">X</div>
Account Balance:	\$4,813,156					
Project Number :	N/A		RFP/RFQ/Bid Number:	N/A		
Contract/P.O. Required: <small>(Enter X in box)</small>	Yes	No	Strategic Priority <small>(Enter X in box)</small>: Capital Improvements <input checked="" type="checkbox"/> Goal 1 - Undertake Total Improvements of Public Realm <input checked="" type="checkbox"/> Goal 2 -Promote Public/Public and <input checked="" type="checkbox"/> Public/Private Partnership <input type="checkbox"/> Promote Projects with Large-Scale Impacts <input type="checkbox"/> Goal 1 – Issue a Request for Proposals (RFP) for NW <input type="checkbox"/> infill Housing Goal 2 – Issue a Request for Qualifications (RFQ) for Dixie <input type="checkbox"/> Highway/Foster Road parcel Priority Area: North West Quadrant <input checked="" type="checkbox"/> FEC Corridor <input type="checkbox"/> Southwest Quadrant <input type="checkbox"/> Northeast Quadrant <input type="checkbox"/> Southeast Quadrant <input type="checkbox"/>			
	<div style="text-align: center;">X</div>					
Sponsor Name:	Nydia Rafols-Sallaberry, Interim Executive Director		Department:			



A RESOLUTION OF CHAIR AND BOARD OF DIRECTORS OF THE HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY, HALLANDALE BEACH, FLORIDA, APPROVING THE FIRST AMENDMENT TO DEVELOPMENT AGREEMENT BETWEEN THE HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY AND MEGA DEVELOPERS, LLC; AUTHORIZING THE INTERIM EXECUTIVE DIRECTOR TO EXECUTE THE FIRST AMENDMENT TO DEVELOPMENT AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

Background:

The below map indicates the location of the land owned by the CRA and by Mega Developers.





that meeting. Subsequently, at the November 16, 2015 HBCRA Board meeting, the Directors by a 5/0 vote approved the Redevelopment Agreement between the HBCRA and Mega Developers, LLC. The agreement was formally executed on March 31, 2016 (Exhibit 2).

The value of the proposed project consisting of a residential building with four, 2-bedroom condominium units is estimated at \$767,192. Mega Developers is seeking conveyance of the CRA owned land (414 Foster Road), and a construction loan in the amount of \$340,000 to be repaid to the CRA.

Mega Developer has agreed to a repayment of the construction loan as the condominium units are sold based on release prices for each unit. Interest will accrue during the construction period and be at an interest rate of 3.5%.

The proposed condominiums will be approximately 1,100 SF each, and are expected to be sold to first time homebuyers at no more than \$189,900 per unit.

Development Agreement:

The Development Agreement (DA) is structured in a manner similar to previous agreements between public-private entities for the development of the site.

The salient points within the DA are as follows:

- CRA will provide a construction loan with Mega Developers in the amount of \$340,000 to be disbursed based upon a draw schedule upon completion of certain construction milestones.
- Mega Developers will repay construction loan based upon release prices as the condominium units are sold.
- Community Benefit Plan- Mega Developers has committed to a Community Benefit Plan (CBP) of 25% of construction cost (estimated to be \$767,192), to use local vendor and local workforce. The developer will be required to provide documentation that they are meeting the requirements of the CBP program.
- The CRA will provide gap funding to Mega Developers should units not sell for the projected price point of \$189,900 with such gap funding to be in the form of a grant not to exceed a total amount of \$99,600. This amount will be separate from the HBCRA's First Time Home Buyer Program.
- Approval of the final site plan will follow normal Development Review Committee process

Based on the timeline presented in the agreement (Exhibit C), the project was originally slated for completion by 12/15/16. In late 2017 and early 2018 HBCRA Staff reached out to Mega Developers LLC., in order to get a status report of the project which had been delayed. HBCRA Staff met with the developers who indicated that they were having permitting issues. HBCRA Staff investigated and found that there were permitting comments from the Development Services Department that had not been addressed by the developer. HBCRA Staff in conjunction with the Development Services Department worked with the developers to help resolve their issues.

Current Situation:

As a way of protecting the financial investment that the HBCRA makes in any development project, the redevelopment agreement typically request that the developer/general contractor obtain a Performance Bond. Section 5.2 of the executed redevelopment agreement requires that "prior to commencement of the



work or any portion thereof (including demolition or site work), Developer shall cause its General Contractor to obtain and deliver to the CRA, and at all times during the performance of the work require and obtain performance bonds and labor and material bonds reasonably acceptable to the CRA.”

Mega Developers LLC., has requested that the requirement for the performance bond be waived because it would increase the cost of the overall project. As the requirement of performance bonds is an industry best practice, HBCRA Staff provided Mega Developers LLC. with potential options that would be acceptable to both the HBCRA and the developers in lieu of the performance bond.

One of the potential options requires the developer to provide the HBCRA with the remaining Developer’s Equity in the amount of \$214,679.41, which would then be placed in an HBCRA escrow account. The funds would then be disbursed to the general contractor pursuant to the contractor’s agreement. This option was accepted by the developer. The amendment also includes a change in contractor. The developer has replaced Stuart and Shelby with the same contractor who will be doing the City Center project.

Once the remainder of the Developer’s Equity is disbursed by the HBCRA, the proceeds of the HBCRA loan would be disbursed in accordance with the HBCRA loan agreement in order to complete the project.

Fiscal Impact:

The fiscal impact to the HBCRA is \$99,600 for gap funding; \$340,000 for the construction loan; and \$31,300 for the land to be conveyed.

Why Action is Necessary:

The HBCRA Board has authorized expenditures above the Executive Director’s spending authority. In addition, the existing Redevelopment Agreement was authorized by the HBCRA Board of Directors via Resolution 2015-31CRA, which was approved on November 16, 2015. Therefore, amendments to this agreement need to be authorized by the HBCRA Board.

Proposed Action:

Staff recommends that the CRA Board of Directors approve the attached resolution authorizing the Executive Director to execute the first amendment to the Redevelopment Agreement with Mega Developers LLC.

Attachment(s):

- Exhibit 1 – Resolution
- Exhibit 2 – Redevelopment Agreement
- Exhibit 3 – Amended Redevelopment Agreement
- Exhibit 4 – Development Budget and Schedule