



Hallandale Beach Community Redevelopment Agency Board of Directors Meeting Agenda Cover Memo

Meeting Date:	March 18, 2019		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	
	X						
				Public Hearing: <small>(Enter (X) in box)</small>	Yes	No	Yes
					X		X
Funding Source:	5910-534050 Redevelopment Programs		Advertising Requirement: <small>(Enter (X) in box)</small>	Yes		No	
						X	
Account Balance:	\$4,969,557						
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> <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 checked="" type="checkbox"/> <input checked="" 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:	Jeremy Earle, Executive Director		Department:	HBCRA			

Short Title:

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

Staff Summary:

Background:

On July 15, 2015, Mega Developers, LLC (“Mega Developers”) submitted an unsolicited proposal for the development of a residential building consisting of four, 2-bedroom condominium units to be built on lots located on Foster Road, owned by Mega Developers and the CRA.

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





At the August 20, 2015 meeting, the HBCRA Board authorized CRA Staff to move forward with negotiating the Development Agreement with Mega Developers, incorporating the financial deal terms agreed upon at 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 \$616,117. 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, to use local vendor and local workforce.
- 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
- 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.



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., 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.

The option selected required 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 and approved by the HBCRA Board of Directors. 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.

Current Situation:

Mega Developers LLC., submitted a reimbursement request to the HBCRA in the amount of \$13,240 for building area densification services at the project located at 414 Foster Road. The HBCRA, however, cannot reimburse the developer due to the fact that the amended agreement is for a company called T&R, but the information submitted for reimbursement is for a company called Heavy Equipment Corporation. The agreement therefore needs to be amended to change the contractor the the one on the backup documentation for reimbursement.

Fiscal Impact:

The fiscal impact to the HBCRA is \$13,240.

Why Action is Necessary:

Per Article 4 of the HBCRA By-Laws section 4.1 the Executive Director shall have the authority to execute all legal docuements on behalf of the CRA Board.



Proposed Action:

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

Attachment(s):

- Exhibit 1 – Resolution
- Exhibit 2 – First Amendment to Redevelopment Agreement
- Exhibit 3 – Reimbursement Request
- Exhibit 4 – Providers Contract and Proof of Payment
- Exhibit 5 – Second Amendment to the Development Agreement
- Exhibit 6 – Developers Agreement.