



Cover Memorandum/Staff Report

File #: 24-014 CRA

Agenda Date: 5/30/2024

Item #: 9A.

TO: CRA Board of Commissioners
FROM: Christine Tibbs, Assistant Director
THROUGH: Renée A. Jadusingh, Esq., Executive Director
DATE: May 30, 2024

NOTICE OF INTENT TO LEASE FOR TWO (2) FIRST-FLOOR TENANT BAYS - 98 NW 5TH AVENUE, ONE (1) FIRST-FLOOR TENANT BAY - 135 NW 5TH AVENUE, AND 186 NW 5TH AVE.

Recommended Action:

Provide direction on issuing the Notice of Intent to Lease, in substantially the same form as attached as Exhibit B, the remaining two (2) first-floor tenant bays at the CRA-owned property at 98 NW 5th Avenue, one (1) first-floor tenant bay at 135 NW 5th Avenue (West Settlers Building), and the CRA-owned property at 186 NW 5th Ave (Harvel House).

Background:

98 NW 5th Avenue, 135 NW 5th Avenue, and 186 NW 5th Avenue are all located along the historic NW & SW 5th Avenue corridor within the West Settlers Historic District. This area was once a vital commercial and institutional corridor comprised of black-owned businesses in The Set neighborhood.

The CRA's Community Redevelopment Plan (Plan) identifies the NW/SW 5th Avenue corridor within the NW & SW 5th Avenue Beautification Project #2.1 (Project #2.1). The objective of Project #2.1 is to revitalize the NW & SW 5th Avenue corridor into a thriving district for neighborhood businesses and cultural activities with the strategic provision of diverse neighborhood shopping, services, and cultural facilities that will serve to enhance overall business activity and pedestrian activity in the area. The development and maintenance of affordable commercial, retail, and professional office space in the Northwest Neighborhood at all three buildings is one way the Delray Beach CRA is by ensuring that this objective is realized.

At the January 23rd, 2024, CRA Board meeting, CRA staff provided an update to the Board that three tenants were selected to occupy three of the five first-floor bays at 98 NW 5th Avenue based on the selection process approved by the Board. These tenants include a hair salon (Touch of Posh LLC), a plant-based café (Rabbit Hole Café LLC) and a multimedia company (The Atlantic Current LLC). The selected tenants have signed their leases and are in the process of conducting buildout of their respective bays.

At this time, CRA Staff is ready to initiate the process to fill the remaining two bays located on the first-floor of 98 NW 5th Avenue, along with one bay located on the first-floor of the West Settlers Building located at 135 NW 5th Avenue, and Harvel House located at 186 NW 5th Avenue pursuant to Florida Statutes 163.380.

98 NW 5th Avenue:

Each first-floor bay (Suite 103 and Suite 104) is approximately 600 square feet will be leased at an affordable rental rate of approximately \$18 per square foot, a rate previously approved by the CRA Board.

The 98 NW 5th Avenue building renovation was completed in the Summer of 2023. The two-story building is comprised of five commercial bays on the first-floor and a communal workspace on the second-floor.

Overview of Lease Terms:

Lease Term: 4 years with 2 options to renew for 2 years

Lease Amount:

- \$18 per square foot for remaining bays
(6% increase annually)

Buildout Period: Open for Negotiation

135 NW 5th Avenue (West Settlers Building):

The first-floor bay (Unit 2C aka Unit C6) is located within the West Settlers Building is approximately 875 square feet. Staff would like the Board's direction on the lease amount, which should take into account the association fees (\$402.00) required for the maintenance and upkeep of the building.

The West Settlers Building is comprised of two commercial bays on the first-floor (both owned by the CRA) and four privately-owned residential condominiums (one on the first-floor and three on the second-floor). The building maintenance is overseen by the West Settlers Condominium Owners' Association, which the CRA manages.

Currently, Unit C6 is occupied by Danny Meisdort of Jackson Hewitt Tax Service. Mr. Meisdort has a revocable license which requires him to pay \$1,495.75 a month. Previously, Mr. Meisdort had a lease which required him to pay \$1093.75 a month plus the monthly condominium assessment in the amount of \$402.00.

Based on the current amount in the revocable license, Staff recommends the following Lease Terms:

Lease Term: 4 years with 2 options to renew for 2 years

Lease Amount:

\$ 21 per square foot
(6% increase annually)

Buildout Period: Open for Negotiation

186 NW 5th Avenue (Historic Harvel House):

The Harvel House is approximately 1,100 square feet. Staff would like the Board's direction on the lease amount.

Harvel House is listed within the City's Local Register of Historic Places.

Overview of Lease Terms:

Lease Term: 4 years with 2 options to renew for 2 years

Lease Amount:

- \$20 per square foot
(\$1.00 per square foot increase annually upon third anniversary of lease)

Buildout Period: Open for Negotiation

Notice of Intent to Lease

The CRA intends to publish the Notice of Intent to Lease the two first-floor bays at 98 NW 5th Avenue, the one first-floor bay at 135 NW 5th Avenue, and 186 NW 5th Avenue on Monday, June 1, 2024, and have the Submission Due Date be Thursday, July 15, 2024.

The CRA intends to lease the properties to qualified individuals or entities for commercial uses with daytime, nighttime, and weekend operating hours. Commercial uses shall be retail/specialty shop, restaurant/café, professional offices, financial services, and/or artist gallery/workspace as permitted within the Central Business District (CBD) zoning district, more particularly described in the City's Land Development Regulations. Non-profit organizations, religious institutions, adult entertainment establishments, adult gaming centers, alcohol/tobacco retailers, firearms/weapons and fireworks retailers, CBD retailers, or medical marijuana dispensaries shall be excluded and will not be considered.

The Notice of Intent to Lease and Application will be accessible via the CRAs website and hard copies will be available upon request.

Tenant Selection Process

CRA staff will conduct preliminary reviews of all timely submitted applications for completeness and eligibility. A Selection Committee comprised of the CRA Executive Director as the Chairperson, three (3) CRA staff members, one (1) City staff member, and one (1) community partner member, will meet to review and score the complete and eligible applications. Presentations from applicants may be requested by the Selection Committee. Lease agreements for the successful applicants will be drafted by CRA staff and the Executive Director, as previously authorized by the CRA Board, will execute the agreements.

Funding Assistance Access

Successful applicants can also request funding through the CRA's Business Funding Assistance Programs for project consultancy and design, signage, and/or to retrofit the interior space to meet their business needs (not including any sort of demolition, significant interior or exterior structural renovation, or any exterior renovation).

At this time, CRA Staff is requesting the CRA Board provide direction as it relates to any additional specifications to be included within the Notice of Intent to Lease, and final determination as to the rental rate for 135 NW 5th Avenue and 186 NW 5th Avenue. If the Board finds that the Notice of Intent to Lease and Application (Exhibit B), are acceptable, CRA Staff is requesting that the Board approve issuing the Notice of Intent to Lease for the two (2) first-floor tenant bays at 98 NW 5th Avenue, the one (1) first-floor tenant bay at 135 NW 5th Avenue, and 186 NW 5th Ave., in substantially the attached form.

Attachment(s): Exhibit A - Location Map & Photos; Exhibit B - Notices of Intent to Lease and Applications

CRA Attorney Review:

N/A

Finance Review:

N/A

Funding Source/Financial Impact:

N/A

Overall need within the Community Redevelopment Area:

Removal of Slum and Blight

Downtown Housing

Land Use

Infrastructure

Economic Development

Recreation and Cultural Facilities

Affordable Housing