



Cover Memorandum/Staff Report

File #: 25-072 CRA

Agenda Date: 4/30/2025

Item #: 9D.

TO: CRA Board of Commissioners
FROM: Christine Tibbs, Assistant Director
THROUGH: Renée A. Jadusingh, Esq., Executive Director
DATE: April 30, 2025

UPDATE AND DISCUSSION AND DIRECTION ON LEASES FOR CRA-OWNED PROPERTIES ON NW 5TH AVENUE

Recommended Action:

1. Update on leasing of the CRA-owned property at 186 NW 5th Avenue (Harvel House).
2. Provide direction on the following:
 - a. Issuance of Notice of Intent to Lease the remaining two (2) first-floor tenant bays at the CRA-owned property at 98 NW 5th Avenue (Edmonds Baine Building), in substantially same form as attached; and
 - b. Issuance of Notice of Intent to Lease one (1) first-floor commercial bay at 135 NW 5th Avenue (West Settlers Building), in substantially the same form as attached.

Background:

The Delray Beach Community Redevelopment Agency (CRA) owns 98 NW 5th Avenue, 186 NW 5th Avenue (Harvel House), and the two (2) first-floor tenant bay at 135 NW 5th Avenue (West Settlers Building) within the City of Delray Beach's West Settler's Historic District along the historic NW/SW 5th Avenue corridor.

The vision for the NW/SW 5th Avenue corridor is captured in the West Atlantic Master Plan and CRA Community Redevelopment Plan, as a vibrant local economy that will house a diverse range of businesses, including retail stores, café eateries, and service providers, all carefully curated to cater to the needs and desires of the local community. In 2012, the West Atlantic Area Needs Assessment was conducted, and it identified a series of goals for the West Atlantic neighborhood, including accommodating retail space for local retailers. Additionally, the 2016 "Focus on 5th Initiative" had the objective of activating CRA-owned properties with activities and local enterprises designed to increase vibrancy and foot traffic, and building patronage of local area businesses. Furthermore, the CRA's Community Redevelopment Plan includes the NW & SW 5th Avenue corridor under the NW & SW 5th Avenue Beautification 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 construction and maintenance of affordable commercial, retail, and professional office spaces is one way the Delray Beach CRA is by ensuring that the visions, objectives, and goals within the West Atlantic Master Plan and the CRA Community Redevelopment Plan are realized.

Below is information on the CRA's efforts to lease the CRA-Owned properties on NW 5th Avenue and request input from the Board on the same.

Update on 186 NW 5th Avenue (Harvel House):

At the May 30, 2024, Board Meeting, the CRA Board approved the issuance of a Notice of Intent to Lease for 186 NW 5th Avenue (Harvel House, which is on the City's Local Register of Historic Places) as required by Fla. Stat. 163.380. On July 15, 2024, the CRA issued the Notice of Intent to Lease the Harvel House, seeking a tenant with day, night, and weekend operations for this cottage. The CRA received six (6) applications, and all applications were reviewed by the review committee which was made up of three (3) CRA staff members, one (1) City staff member, and one (1) community partner member. After two meetings, the review committee selected Visual Adjectives to occupy the Harvel House for the growth and development of their business.

A lease agreement for Visual Adjectives will be drafted by CRA Legal Counsel, and the Executive Director, as previously authorized by the CRA Board, will execute the lease agreement.

At this time, CRA staff is providing the CRA Board with an update on the new tenant of Harvel House.

Visual Adjectives:

Visual Adjectives was founded by the Stinson family-Edward Jr., Michelle, and their son Edward III-in 2006. The company emerged from their collective passion for creativity and their desire to make publishing accessible to all.

Visual Adjectives' mission is not just to publish books but to empower authors and artists by providing them with the tools, resources, and support they need to succeed. They offer a variety of publishing packages that include Hybrid Publishing, Traditional Publishing and Self-Publishing. In addition, they offer a range of add-on services, including Editorial, Review, Cover Design, and Layout.

Overview of Lease Terms:

Lease Term: 4 years with two (2) options to renew at 1-year terms

Lease Amount:

- \$20 per square foot (1,080 square feet)
- \$1.00 per square foot increase annually upon third anniversary of lease

Lease Commencement: May 1, 2025

Buildout Period: Two months

Notice of Intent to Lease 98 NW 5th Avenue (Edmonds Baine Building):

On April 24, 2023, the CRA Board approved the Notice of Intent to Lease the five (5) first floor tenant bays at 98 NW 5th Avenue, Edmonds Baine Building. Each bay is approximately 650 square feet, including one (1) bathroom and a janitorial closet and will be leased at an affordable rate.

Overview of Lease Terms:

Lease Term: 4 years with two (2) options to renew at 1-year terms

Lease Amount:

- \$18 - \$23 per square foot (650 - 664 square feet)
 - o \$23 per square foot for Unit 101
 - o \$18 per square foot for Units 102-105
- 6% increase annually

Buildout Period: Open for Negotiation

First Notice of Intent

On May 1, 2023, CRA staff issued the first Notice of Intent to Lease for the open bays with a submission deadline of July 10, 2023. Fifteen (15) applications were reviewed by the review committee which was made up of 1 City staff member, 3 CRA staff members, and 1 community partner. The review committee recommended three (3) applicants to proceed to negotiations for lease agreements: Touch of Posh Salon, LLC (Unit 102), Rabbit Hole Delray Beach LLC (Unit 101), and The Atlantic Current, LLC (Unit 105).

Second Notice of Intent

Subsequently, on May 30, 2024, the CRA reissued a Notice of Intent to Lease for the remaining two (2) bays. The CRA received ten (10) submissions.

With only two (2) bays left at the Edmonds Baine Building, and with limited commercial space on the NW/SW 5th Avenue corridor in general, the review committee and CRA staff kept the needs and desires of the community, the goals and objectives for the historic NW/SW 5th Avenue commercial corridor stated within the CRA Community Redevelopment Plan, the 2012 West Atlantic Needs Assessment, and the 2016 Focus on 5th Initiative at the forefront when considering future tenants.

The review committee, which was made up of three (3) CRA staff members, one (1) City staff member, and one (1) community partner member, held two (2) review committee meetings to review the submissions. The 10 submissions included a variety business types across different business sectors, however, after the two (2) review committee meetings, the review committee was not able to select any potential tenants to move forward with the negotiation process.

The review committee ultimately decided the best course of action is to reissue a Notice of Intent to Lease for the remaining two (2) bays at 98 NW 5th Avenue, the Edmonds Baine Building, to provide another opportunity for businesses to apply for the bays and also seek additional input from the community as to the desired types of businesses the community would like to occupy the remaining bays.

Additional Specifications for Third Notice of Intent

The review committee also discussed incorporating feedback from the community and the CRA Board within the Notice of Intent to Lease (i.e. any types of businesses the community wants to see occupy the remaining two (2) bays at the Edmonds Baine Building.)

Moreover, the review committee also discussed excluding salons and barber shops as there are several in the immediate area - two (2) barbershops on NW 5th Avenue (102 NW 5th Avenue and 135 NW 5th Avenue), one (1) salon at 98 NW 5th Avenue in the build out phase, and one (1) barbershop at 26 NW 6th Avenue (Hatcher Building).

A Third Notice of Intent, with additional specifications from the community and the CRA Board, would allow for another opportunity for businesses seeking affordable commercial rental space to submit an application and ensure that the mix of tenants at the Edmonds Baine Building and along the historic NW/SW 5th Avenue meets the needs and desires of the community, the goals and objectives for the historic NW/SW 5th Avenue commercial corridor stated within the CRA Community Redevelopment Plan, the 2012 West Atlantic Needs Assessment, and the 2016 Focus on 5th Initiative.

Board Action

At this time CRA staff is seeking additional input from the community and the CRA Board as to the types of businesses the community would like to occupy the remaining bays, and CRA Board approval to issue a Notice of Intent to Lease, with additional specifications related to the types of businesses desired for the two (2) vacant tenant bays at 98 NW 5th Avenue, Edmonds Baine Building, as required by Fla. Stat. 163.380 to seek proposals to lease the bays.

Notice of Intent to Lease 135 NW 5th Avenue (West Settlers Building):

The West Settlers Building is comprised of two (2) CRA-owned commercial bays on the first-floor 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 C5 (south unit) is occupied by LaShon Harris of Upper Cutz Barbershop and Salon, Inc. (Upper Cutz). The CRA executed a Commercial Lease Agreement (Upper Cutz Agreement) with Upper Cutz on October 3, 2017, with the initial termination date of September 30, 2020. There was one amendment to the Upper Cutz Agreement that extended the termination date until September 30, 2025, with no additional options to renew and/or amend the termination date available at this time. The current monthly based rent is \$1,338.23, which is inclusive of the West Settlers Condominium Owners' Association fees.

Given that there are no additional options to renew available, CRA staff would need to issue a Notice of Intent to Lease.

CRA staff recommends the following Lease Terms for Unit C5:

Lease Term: 4 years with two (2) options to renew at 1-year terms

Lease Amount:

- \$21 per square foot (875 square feet)
- 6% increase annually
- Lease amount would be inclusive of the West Settlers Condominium Owners' Association fees (\$1745 per quarter)

Buildout Period: Open for Negotiation

Board Action

At this time, CRA staff is seeking CRA Board direction on the Lease Terms for 135 NW 5th Avenue, Unit C5, and approval to issue a Notice of Intent to Lease for the 135 NW 5th Avenue, Unit C5 of the West Settlers Building as required by Fla. Stat. 163.380 to seek proposals to lease the space.

Notice of Intent to Lease Process

The CRA intends to publish the Notice of Intent to Lease the two first-floor bays at 98 NW 5th Avenue (Edmonds Baine Building) and the first-floor bay at 135 NW 5th Avenue (West Settlers Building) on Monday, May 5, 2025, and have the Submission Due Date be Friday, June 20, 2025.

At this time, the Notices of Intent to lease provides that 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, professional offices, financial services, health/wellness services (including, but not limited to pharmacy, medical, optical, dentistry services) and/or artist gallery/workspace as permitted within the Central Business District 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.

CRA staff is seeking additional input from the community and the CRA Board as to the types of businesses the community would like to occupy the remaining bays at 98 NW 5th Avenue (Edmonds Baine Building) and 135 NW 5th Avenue (West Settlers Building), and any additional specifications related to the types of businesses desired to be included in the Notices of Intent to Lease.

The Notices of Intent to Lease and related applications 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 review 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 review committee. Lease agreements for the successful applicants will be drafted by CRA Legal Counsel and the Executive Director, as previously authorized by the CRA Board, will execute the tenant lease agreements.

Funding Assistance Access

Successful applicants can also request funding through the CRA's 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).

Board Action

At this time, CRA staff is requesting the CRA Board provide direction as it relates to any additional specifications to be included within the Notices of Intent to Lease and is also requesting that the CRA Board approve issuing the Notices of Intent to Lease for the two (2) first-floor tenant bays at 98 NW 5th Avenue (Edmonds Baine Building), and the one (1) first-floor tenant bay at 135 NW 5th Avenue (West Settlers Building).

Attachment(s): Exhibit A - Lease Manual Procedures for Tenants; Exhibit B - Tenant Application Forms for 98 NW 5th Avenue and 135 NW 5th Avenue

CRA Attorney Review:

The CRA Legal Counsel will draft and review all lease documents for legal sufficiency and per the CRA Purchasing Policies and Procedures.

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