



Cover Memorandum/Staff Report

File #: 24-122 CRA

Agenda Date: 10/29/2024

Item #: 7E.

TO: CRA Board of Commissioners
FROM: Christine Tibbs, Assistant Director
THROUGH: Renée A. Jadusingh, Esq., Executive Director
DATE: July 23, 2024

SITE DEVELOPMENT ASSISTANCE FUNDING - RABBIT HOLE DELRAY (98 NW 5TH AVENUE, SUITE 101) IN AN AMOUNT NOT TO EXCEED \$61,640.67

Recommended Action:

Approve a Site Development Assistance Funding Agreement with Rabbit Hole Delray for the proposed improvement project located at 98 NW 5th Avenue, CRA sub-area #3, in an amount not to exceed \$61,640.67.

Background:

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 Ave ("Notice of Intent") and a Manual for Notice of Intent to Lease for Tenants at 98 NW 5th Avenue. Each bay is approximately 600 square feet, including one (1) bathroom and a janitorial closet and will be leased at an affordable rate of approximately \$18-23 per square foot, depending on the bay.

After the Board meeting, on May 1, 2023, CRA staff issued the Notice of Intent for applicants to apply for the open bays, with a submission deadline of July 10, 2023. The applications were reviewed by the review committee which was made up of 1 City staff, 3 CRA staff and 1 community partner.

The CRA received fifteen (15) submissions by the application deadline. Subsequently, the review committee held 3 committee meetings where they reviewed all completed proposals per the guidelines contained in the Notice of Intent. The committee recommended three (3) of the fifteen (15) applicants proceed to negotiations for lease agreements: *Touch of Posh, LLC*; *Rabbit Hole, Delray*; and *The Atlantic Current, LLC*.

CRA Staff provided an update on the tenant selection process at the January 23, 2024 Board meeting.

Rabbit Hole Delray:

Rabbit Hole Delray signed a lease with the CRA commencing on May 1, 2024 for Suite 101 on the first floor of 98 NW 5th Avenue. The Rabbit Hole Delray is a plant-based cafe and bistro with specialty sandwiches, smoothies, beverages and desserts. Rabbit Hole Delray will strive to serve as a location promoting the rich history of Delray Beach and providing award winning plant-based bites.

Rabbit Hole Delray submitted a request for Site Development Assistance Funding to assist with the commercial project improvements at 98 NW 5th Avenue, Suite 101, within CRA sub-area #3, for an amount not to exceed \$61,640.67.

Site Development Assistance Funding is requested to assist with the cost of improvements including plumbing, electrical, carpentry, painting, demolition, lighting and related permitting, etc. If approved, it is anticipated that the project will be completed by March 1, 2024.

All estimated eligible expenses are listed in the attached Funding Detail Sheet and are in alignment with the Site Development Assistance Program (Funding Program) guidelines. See below.

| TABLE 1 | AMOUNT |
|---|--------------------|
| Estimated eligible expenses | \$82,187.56 |
| Recommended funding assistance (up to) | \$61,640.67 |

If approved, funding would be disbursed accordingly:

| TABLE 2 | AMOUNT |
|---|---------------------|
| Maximum Progress Payment (75% of award) | \$ 46,230.50 |
| Withheld Payment (25% of award) | \$ 15,410.17 |
| Total Maximum Award | \$ 61,640.67 |

As stated in the Funding Program guidelines, no more than 75% of the approved award may be disbursed prior to the receipt of a Temporary Certificate of Occupancy, Certificate of Occupancy, or receipt of all necessary and satisfactory inspection notices. Additionally, the remaining 25% of funding withheld will not be released until CRA staff verifies that there are no active liens or code enforcement violations on the property, and that the improvements have been sufficiently completed to the satisfaction of the terms of the approved award. Funds may be disbursed to the applicant by reimbursement or may be paid directly to contractors/vendors for eligible and pre-approved expenses.

Section 163.340(9), Florida Statutes, provides that “[c]ommunity redevelopment” or “redevelopment” means undertakings, activities, or projects of a county, municipality, or community redevelopment agency in a community redevelopment area for the elimination and prevention of the development or spread of slums and blight, or for the reduction or prevention of crime, or for the provision of affordable housing, whether for rent or for sale, to residents of low or moderate income, including the elderly, and may include slum clearance and redevelopment in a community redevelopment area or rehabilitation and revitalization of coastal resort and tourist areas that are deteriorating and economically distressed, or rehabilitation or conservation in a community redevelopment area, or any combination or part thereof, in accordance with a community redevelopment plan and may include the preparation of such a plan.

Additionally, section 163.370(2)(c)(5), Florida Statutes, provides that the CRA shall have all the powers necessary or convenient to carry out and effectuate community redevelopment and related activities within the community redevelopment area, which may include carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the community redevelopment plan.

Moreover, the Delray Beach CRA Community Redevelopment Plan (“Redevelopment Plan”), Part Four, Section II(c)(#3.2), p. 95, states that the CRA will allocate funds annually to provide limited financial assistance for privately funded projects through the Site Development Assistance Program which acts as an incentive for site development improvement within the CRA District, including exterior building upgrades and building expansions.

Accordingly, a Site Development Assistance award to Rabbit Hole Delray will help further advance the CRA's mission by eliminating slum and blight and supporting a commercial improvement project that will result in the activation of a new commercial space in the West Settlers Neighborhood; enhancement of the non-residential tax base of the CRA District; and increase in business and pedestrian activity in a priority area of the CRA District, sub area #3.

The CRA Staff recommends conditional approval of the Site Development Assistance Funding Agreement with Rabbit Hole Delray in an amount no greater than \$61,640.67 by the CRA Board. This agreement will be executed once all permits have been approved by the City of Delray Beach Building Department.

Attachments: Exhibit A - Location Map; Exhibit B - Photos of Existing Conditions; Exhibit C - Funding Assistance Detail Sheet; Exhibit D - Application Form; Exhibit E - Business Plan; Exhibit F - Site Development Assistance Program Guidelines; Exhibit G - Funding Agreement

CRA Attorney Review:

N/A

Funding Source/Financial Impact:

Funding has been allocated from CRA Grant Program GL #7313.

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