



Cover Memorandum/Staff Report

File #: 18-0337 CRA

Agenda Date: 5/14/2019

Item #: 10F.

TO: CRA Board of Commissioners
FROM: Jeff Costello, CRA Executive Director
DATE: May 14, 2019

UPDATE - PURCHASE AND SALE AGREEMENT - EDRON, LLC - NORTHWEST 600 BLOCK WEST ATLANTIC AVENUE

Recommended Action:

Terminate the negotiations with Edron, LLC and direct staff to pursue opportunities to self-develop the CRA properties.

Background:

At the CRA Board meeting of December 11, 2018, the Board considered a proposal from Edron, LLC requesting that the CRA convey the CRA-owned properties (9, 27, 31 NW 7th Avenue; 618 NW 1st St; 20, 26, 36 NW 6th Avenue - approximately 1.25 acres) within the NW 600 Block of West Atlantic Avenue to Edron, LLC at no cost and aggregate the lots with properties owned by Edron, LLC (see attached map - Exhibit "A"). The proposal included a conceptual site plan and identified potential community benefits outlined in more detail such as a 35% discount on up to 20% of the office space (7,200 sq.ft.) rent for businesses that are locally owned for a period of four years. In addition, the proposal indicated the project will be bid out competitively and local firms will be encouraged to submit bids. All construction firms bidding the project would be required to obtain bids from local subcontractors and to use some local firms if the price and quality are comparable.

At the same meeting, the Board considered a proposal from Hatcher Construction and Development, Inc. to enter into a ground lease agreement with the CRA to redevelop the CRA-owned properties located at 20 and 26 NW 6th Avenue. The proposal is to develop a 6,000 square foot building, of which Hatcher will occupy 2,000 square feet and the remaining 4,000 square feet may be used as rental space for retail or office space for a small businesses, or non-profit organization.

After discussing both proposals, the Board directed staff to enter into negotiations for sale, purchase, and potential land swap with Edron, LLC for the CRA-owned properties located at 9, 27, 31 NW 7th Avenue and 618 NW 1st Street. Pursuant to Florida Statutes Chapter 163.380(3)(a), notification of the CRA's intent to accept the proposal for purchase of the property was noticed for a 30-day period, with no competing proposals received in response.

As part of initiating the negotiations, CRA General Counsel prepared a draft Purchase and Sale Agreement containing the terms and conditions typically included to encourage the redevelopment of the property in a timely manner. With regard to the purchase price associated with the land exchange, the CRA properties returned a market value appraisal of \$726,000 and Edron, LLC's property (32 NW 6th Avenue) returned a market value appraisal of \$236,000. However, Edron, LLC is requesting the CRA acquire the property for \$450,000. This has created an impasse wherein the negotiations have stalled and with no ability to move beyond the Purchase Price. During these negotiations, other redevelopment scenarios were suggested by Edron, LLC, that were inconsistent with the Board's direction.

At this point, it is staff's recommendation that the negotiations be terminated and that the Board consider other redevelopment alternatives for the property. Given the Board's suggestions for the CRA to self-develop its property to accommodate space for local small businesses, and the desire to explore small lot redevelopment opportunities, the CRA could redevelop its properties to accommodate a mix of office and retail space.

An example suggested by a Board member during the discussions on the proposals to redevelop the NW 600 Block would be to accommodate two-story commercial buildings that are residential in character, similar to the Grand Bahama office complex at the Delray Park of Commerce (see attached photos - Exhibit "B").

Attachments(s): Exhibit A - CRA Maps; Exhibit B - Edron, LLC Proposal and Location Map

CRA Attorney Review:

N/A

Finance Review:

N/A

Funding Source/Financial Impact:

N/A

Timing of Request:

N/A