



Cover Memorandum/Staff Report

File #: 25-021 CRA

Agenda Date: 1/28/2025

Item #: 9C.

TO: CRA Board of Commissioners
FROM: Veronica Alfonso, Operations Coordinator
THROUGH: Renée A. Jadusingh, Esq., Executive Director
DATE: January 28, 2025

APPROVE MUTUAL TERMINATION OF LEASE AGREEMENT WITH JERK & LIME AT NICOLE'S HOUSE, LLC LOCATED AT 182 NW 5TH AVENUE AND DIRECTION ON COMPLETING BUILDOUT AT 182 NW 5TH AVENUE

Recommended Action:

1. Approval to mutually terminate the Lease Agreement with Jerk & Lime at Nicole's House, LLC located at 182 NW 5th Avenue, effective on February 1, 2025 in a form legally acceptable to the CRA Legal Counsel and authorize the CRA Board Chair to execute all related documents;

AND

2. Direction on completing buildout out at CRA Owned property located at 182 NW 5th Avenue

Background:

Mutual Termination of Lease Agreement with Jerk & Lime at Nicole's House, LLC:

Objective of Project #2.1 in the CRA Redevelopment Plan 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 of affordable commercial, retail, and professional office space in the Northwest Neighborhood is one way the Delray Beach CRA is by ensuring that this objective is realized. In order to revitalize the NW & SW 5th Avenue corridor it is vital that there is business activity on the space.

To assist with furthering this Objective, at the November 17, 2021, CRA Board Meeting, the CRA Board approved a Commercial Lease Agreement with Jerk and Lime at Nicole's House, LLC (Nicole's House) for the CRA-owned property located at 182 NW 5th Avenue - The Muse House within the West Settlers Historic District. Located at the intersection of Historic NW 5th Avenue and NW 2nd Street, the Muse House is a historic cottage on the City of Delray Beach's Local Register for Historic Places. The building serves as a recognizable anchor at the north end of NW 5th Avenue, along with the Harvel Cottage located at 186 NW 5th Avenue, and the Spady Cultural Heritage Museum.

At the September 1, 2022, CRA Regular Board Meeting, the Board approved authorizing the Executive Director to consider and, if acceptable, to approve Site Development Assistance Funding Agreement and later ratify the Agreement at the next scheduled Board meeting. To avoid potential delays, the funding agreement application was processed for approval administratively and was later ratified at the January 24, 2023, CRA Board Meeting.

Work has commenced and is underway, however delays in obtaining the interior alteration permit have caused delays in the completion of construction. Additionally, extended lead times for commercial kitchen items have also affected the completion of construction.

As a result, Nicole's House requested an extension to the Buildout Period for the existing Commercial Lease Agreement. As stipulated in the Lease Agreement, when the Buildout Period expires, the tenant shall begin paying the full Monthly Base Rent amount. Additionally, Nicole's House requested an extension to the Site Development Assistance Funding Agreement to assist with the cost of the improvements including kitchen buildout, electrical, plumbing, ADA-compliance, and related permitting fees. Both the Buildout Period and the Funding Agreement were set to expire on January 31, 2024.

On January 23, 2024, the CRA Board approved the Sixth (6th) Amendment to the Commercial Lease Agreement with Jerk and Lime at Nicole's House, LLC to extend the Buildout Period to February 29, 2024. The CRA Board also approved the Second Amendment to the Site Development Assistance Funding Agreement and extended the termination date to February 29, 2024. The Site Development Assistance Funding Agreement expired on February 29, 2024, with a remaining balance of \$17,104.

Since the January 23, 2024, CRA Board meeting, CRA Staff has worked with Nicole's House to support their efforts to complete the build out, however the build out is not yet complete. On October 29th 2024 the CRA Board approved CRA staff expending funds to finalize the buildout and preserve the historic structure.

As of January 1, 2025, Nicole's House has a significant past due rent balance of \$18,338.11 and there has been limited progress with the buildout. CRA Staff met with the owner of Nicole's House and discussed terminating the lease given the amount of work needed to complete the buildout and past due rent amount.

Recommended Action:

At this time, CRA Staff is seeking Board approval to mutually terminate the Lease Agreement with Jerk & Lime at Nicole's House, LLC located at 182 NW 5th Avenue and authorize the CRA Board Chair to execute all related documents, in a form legally acceptable to the CRA Legal Counsel.

With the mutual termination, Jerk & Lime at Nicole's House, LLC waives and releases any interest, claim, or action in the remaining balance of \$17,104 on the Site Development Funding Assistance Agreement, which expired on February 29, 2024, and the CRA releases and discharges Jerk & Lime at Nicole's House, LLC for the outstanding rent due to the CRA in the amount of \$18,338.11.

Direction on Completion of Buildout Out at CRA Owned Property Located at 182 NW 5th Avenue:

At the October 29, 2024, CRA Board Meeting, the CRA Board approved for CRA Staff to expend funds to complete a restaurant buildout at CRA Owned property located at 182 NW 5th Avenue since that was the planned use for the property. At the time, CRA Staff did not anticipate that the expenditure of funds will be over \$65,000 which is within the Executive Director's purchasing threshold. In the event that the estimates were over \$65,000, CRA Staff indicated that an item would be presented to the CRA Board for further discussion and consideration.

Since the Board Meeting, CRA Staff contacted 3 contractors and received 1 quote for approximately \$120,000 to complete a restaurant buildout. If the property is returned to its original state, the buildout cost would likely be under \$65,000. Considering that the buildout range, this item is being presented to the Board for further discussion and consideration.

Attachment(s): Exhibit A - Property; Exhibit B - Excerpt from CRA Plan; Exhibit C - Sixth Amendment to Commercial Lease; Exhibit D - Second Amendment to Site Development Assistance Agreement; Exhibit E - Mutual Termination of Lease Agreement

CRA Attorney Review:

N/A

Finance Review:

N/A

Funding Source/Financial Impact:

N/A

Overall need within the Community Redevelopment Area from Delray Beach CRA

Redevelopment Plan:

Removal of Slum And Blight

Land Use

Economic Development

Affordable Housing

Downtown Housing

Infrastructure

Recreation and Cultural Facilities