



Legislation Text

File #: 18-0204 CRA, **Version:** 1

TO: CRA Board of Commissioners
FROM: Jeff Costello, CRA Executive Director
DATE: December 11, 2018

DISCUSSION - NORTHWEST 600 BLOCK WEST ATLANTIC AVENUE - DEVELOPMENT PROPOSALS

Recommended Action:

By Separate Motions:

1. Direct CRA staff and General Counsel to enter into negotiations and prepare a Ground Lease Agreement, pursuant to the Land Value Investment Incentive Program for the CRA-owned properties located at 20 and 26 NW 6th Avenue with Hatcher Construction and Development, Inc., which will require the publication of a thirty (30) day Notice as required by Florida Statutes Chapter 163.380(3)(a).
2. Direct CRA staff and General Counsel to enter into negotiations and prepare a Purchase and Sale Agreement based on the appraised value to the CRA-owned properties located at 9, 27, 31 NW 7th Avenue and 618 NW 1st Street to Edron, LLC, which will require the publication of a thirty (30) day Notice as required by Florida Statutes Chapter 163.380(3)(a).

PROPOSAL FROM EDRON, LLC:

At the September 11, 2018 CRA Board Meeting, a proposal to redevelop the CRA-owned properties in the NW 600 Block of W. Atlantic Avenue was presented to the Board. The item was tabled until after the CRA's non-profit housing partners made presentations to the CRA Board, which occurred on November 13, 2018.

Background:

For many years the CRA has acquired/assembled property along the West Atlantic Avenue corridor to assist in the redevelopment of the area. Within the northwest 600 Block located on the north side of West Atlantic Avenue, between NW 6th and 7th Avenues, the CRA has acquired approximately 1.25 acres (7 lots), with no frontage on West Atlantic Avenue (see attached map - Exhibit "A"). Two (2) of the lots are zoned CBD (Central Business District) and five (5) are zoned R-1-A (Single Family Residential). The lots are primarily vacant, except 34 NW 6th Avenue, which contains a currently leased 1,296 square foot single family home.

Edron, LLC owns several parcels totaling 0.99 acres in the northwest 600 block (see attached map - Exhibit "A"). The subject properties consist of seven (7) lots. Five (5) of the lots are zoned Central Business District (CBD) and two (2) are zoned R-1-A (Single Family Residential). The property is primarily vacant with a 1,662 square foot single family home located at 32 NW 6th Avenue. The property has approximately 152 feet of frontage along West Atlantic Avenue. Six of the lots are identified in the Community Redevelopment Plan for potential acquisition under Project #1.1 - West Atlantic Avenue Redevelopment Plan, Map A.5, Parcels B, C, D, F, G, and I (Exhibit B). The rest of the frontage (approximately 125 feet) is owned by Willie Maddy (Private Exchange Group, Inc.).

Staff has had numerous meetings over the years with the various property owners to discuss joint development proposals and Edron, LLC has made several attempts on their own to negotiate joint ventures.

None of these efforts had the desired outcome of creating a mechanism to accomplish a unified redevelopment plan.

In recent years, Edron, LLC approached the CRA to acquire their properties, most recently in 2017. The CRA contemplated purchasing the property and could not enter into an agreement on mutually acceptable terms.

Proposal:

Attached is an e-mail dated May 22, 2018 from Edron, LLC expressing interest in the redevelopment of the CRA-owned properties within the NW 600 Block of West Atlantic Avenue. A more formal proposal was submitted on July 28, 2018, which requested that the CRA convey the CRA-owned properties (approximately 1 acre) at no cost to Edron, LLC. 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 proposer indicates the project will be bid out competitively and local firms will be encouraged to submit bids. All construction firms bidding the project will be required to obtain bids from local subcontractors and will be required to use some local firms if the price and quality are comparable. The proposal is now before the Board for discussion.

PROPOSAL FROM HATCHER CONSTRUCTION & DEVELOPMENT, INC.:

Background:

Subsequent to the September 11, 2018 CRA Board Meeting, on November 26, 2018, Hatcher Construction & Development, Inc. ("Hatcher"), a local general contractor whose business is currently located at 700 W. Atlantic Avenue, submitted a letter of interest to develop the vacant CRA-owned properties located at 20 & 26 NW 6th Avenue (approximately 0.45 acres) in the NW 600 Block of West Atlantic Avenue.

Proposal:

Hatcher seeks 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 a retail business or office space for a small business or non-profit organization. The Proposal also includes:

- Land lease for the properties and utilize the Land Value Investment Program ("LVI") with an option to buy the land at any time during the lease agreement.
- Purchase the land at the market value of the year the initial lease was signed.
- Utilize CRA's parking lot incentive (Development Infrastructure Assistance Program - DIA) for funding the construction of the parking lot, which would be available for public parking after 5:00 p.m. on weekdays and on weekends.
- Utilize the CRA's incentive programs: LVI and DIA with Local Hiring Bonus Program.

The proposal provides an opportunity for a local small business owner to participate in the redevelopment effort and provide a permanent business location within the West Atlantic Corridor, while providing space for other local small businesses.

ASSESSMENT:

The CRA Board has expressed the desire to explore small lot redevelopment opportunities. Given the above proposals, it is recommended the Board directs staff to enter into negotiations with Edron, LLC, and that the CRA consider a lot exchange that would enable Edron, LLC to develop the west half of the block. During the negotiations Edron, LLC further details would be specified with regard to purchase price, community benefits, and compliance with redevelopment plan objectives.

Concurrently, the CRA would enter into negotiations with Hatcher to lease the properties located at 20 and 26 NW 6th Avenue as requested. During the negotiations, further details would be specified with regard to ground lease rate, community benefits, and compliance with redevelopment plan objectives.

It is noted, both the proposers would be required to fully cooperate with the CRA to enable the CRA to conduct its due diligence and financial/feasibility analysis, to verify the capability and capacity of the proposers to complete the project.

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