Legislation Details (With Text)

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Type:	CRA Board Action	**Status:**	Agenda Ready
File created:	11/10/2021	**In control:**	Community Redevelopment Agency
On agenda:	11/17/2021	**Final action:**	
Title:	PURCHASE AND SALE AGREEMENT – EDRON, LLC - 622 NORTHWEST 1ST STREET AND 23RD NORTHWEST 7TH AVENUE – WEST ATLANTIC AVENUE		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Agenda Cover Report, 2. Exhibit A - PSA Partially Executed 11.9.21_Edron, 3. Exhibit B - CRA Redevelopment Plan Map A5, 4. Exhibit C - Map of NW 600 Block of West Atlantic Avenue		

Date	Ver.	Action By	Action	Result

TO: **CRA Board of Commissioners**
FROM: **Kim N. Phan, Esq. Legal Advisor,**
THROUGH: **Renée A. Jadusingh, Executive Director**
DATE: **November 17, 2021**

PURCHASE AND SALE AGREEMENT - EDRON, LLC - 622 NORTHWEST 1ST STREET AND 23RD NORTHWEST 7TH AVENUE - WEST ATLANTIC AVENUE

Recommended Action:

Approve the Purchase and Sale Agreement for Edron, LLC owned properties located at 622 Northwest 1st Street and 23rd Northwest 7th Avenue to assist in redevelopment of the NW 600 Block of West Atlantic Avenue.

Background:

For many years the CRA has been acquiring/assembling property along the West Atlantic Avenue, specifically the NW 600 Block to assist in the redevelopment of the area. It would be very difficult for this block to be redeveloped in a meaningful way under the existing pattern of ownership.

Mr. Max Eida of Edron, LLC (Edron) owns several parcels totaling 0.99 acres in the northwest 600 block consisting of seven (7) parcels total. The CRA has made numerous attempts to purchases all seven (7) parcels or dispose of our parcels to redevelop the NW 600 Block. The most recent attempt was in 2018 when the CRA first made an offer to purchase all seven (7) parcels for $2.6 million dollars, however, the parties could not enter into an agreement on mutually acceptable terms.

Edron thereafter submitted a Letter of Interest to purchase the parcels in the NW 600 Block owned by the CRA to develop office space. Shortly after, 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 utilizing the CRA’s Land Value Investment Program. The CRA Board had expressed a desire to explore small lot redevelopment opportunities and ultimately the CRA entered into a

Land Lease Agreement with Hatcher to develop 20 & 26 NW 6th Avenue and did not proceed with redevelopment opportunities with the parcels owned by Edron.

Updates Since 2018:

Since our last discussions with Edron in 2018, four (4) properties owned by Edron in the NW 600 Block were sold - the three (3) parcels fronting Atlantic Avenue in July 2021 and the parcel with a single-family home on NW 6th Avenue in 2020. Thus, leaving Edron owning 622 NW 1st Street; 23rd NW 7th Avenue and adjacent lot in the NW 600 Block.

At the August 31, 2021 CRA Board Meeting, the Board awarded RFQ CRA No. 2021-01 for Professional Architectural and Engineering Services for a Commercial Redevelopment Project of CRA-Owned Properties in the NW 600 Block - West Atlantic Avenue to Synalovski Romanik Saye, LLC to perform architectural services to develop affordable commercial space in CRA owned parcels.

Also, Hatcher has been diligently working on redevelopment of 20 & 26 NW 6th Avenue and received building permit approval from the City of Delray Beach in October 2021 and a groundbreaking is tentatively schedule for early December 2021.

622 NW 1st Street and 23rd NW 7th Avenue & Adjacent Lot Parcels:

On or around July, 2021, Edron approached the CRA to acquire the properties located at 622 NW 1st Street; 23rd NW 7th Avenue and adjacent lot. These properties are identified in the Community Redevelopment Plan for potential acquisition under Project #1.1 - West Atlantic Avenue Redevelopment Plan, Map A.5, Parcels F and G (see Exhibit B - CRA Plan Acquisition Map).

The property located at 622 NW 1st Street is zoned R-1-A (Single Family Residential), is vacant and consist of 6,750 SF. The CRA owns the lot directly adjacent to this property.

The property located at 23rd NW 7th Avenue is zoned CBD (Central Business District), is vacant and consist of 11,518 SF. This property consists of two adjacent interior lots on the east side of NW 7th Ave, in the block between West Atlantic Avenue and NW 1st Street.

On July 17, 2021, the CRA obtained appraisals of the properties. The property located at 622 NW 1st Street was appraised for $100,000 and the property located at 23rd NW 7th Avenue was appraised for $485,000. On October 30, 2021, the CRA obtained updated appraisals on the properties. The property located at 622 NW 1st Street was appraised at $210,000 and the property located at 23rd NW 7th Avenue was appraised for $630,000.

CRA Staff has been in discussions with Mr. Eida regarding the properties to negotiate terms of a potential sale of the properties. The CRA's attorney prepared a Purchase and Sale Agreement with Edron for the Board's consideration with a purchase price of $900,000 for the three (3) properties and for the CRA to pay the title insurance cost with Edron paying the doc stamps and with a 30-day inspection period.

The parcels have been vacant and blighted for at least 20 years. They are critical as they relate to the CRA's land assemblage and redevelopment efforts, especially since the subject properties are adjacent to the CRA-owned properties and the acquisition is consistent with the goals and objectives outlined in the Community Redevelopment Plan as it pertains to land assembly and redevelopment within this portion of West Atlantic Avenue Neighborhood (Sub-Area #3).

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Justification:

The CRA Redevelopment Plan ("Plan") states that the CRA has "[t]he power to acquire property deemed for community redevelopment for community redevelopment" purchases properties for appraised value." Furthermore, the Plan identifies "[c]ontinued property acquisition and redevelopment by the CRA of blighted properties". Also, the properties are identified as parcels to acquire for the purpose of redeveloping the NW 600 Block of West Atlantic Avenue. Also, the West Atlantic Master Plan states that the "CRA owned properties in the NW 600 block … presents an excellent opportunity to introduce new compact, mixed-use development consistent to the West Atlantic Avenue Community Redevelopment Plan and the Downtown Master Plan."

Historically, the CRA has sought to acquire property at fair market value as determined by an appraisal, however, given the recent developments in the real estate market, appraisals at times do not reflect market values with the significant increase in the volume of real estate transactions.

In this case, the subject properties have been vacant and blighted for approximately 20 years and the CRA attempted to purchase the properties several times to no avail. This opportunity may not be available in the future given the speed at which real estate transactions are taking place, therefore it is imperative that the CRA consider this purchase at this time.

Our Plan identifies these properties as parcels for acquisition and approving the purchase of these parcels greatly would assist in the CRA's mission of eliminating blight and allow for much needed redevelopment of the NW 600 Block of West Atlantic Avenue that would improve the quality of life for residents of the residents in the Northwest and Southwest Neighborhoods.

At this time, the Purchase and Sale Agreement is before the CRA Board for approval, in substantially the attached form. Staff recommends the Board approve the Purchase and Sale Agreement for Edron, LLC owned properties located at 622 Northwest 1st Street and 23rd Northwest 7th Avenue to assist in redevelopment of the NW 600 Block of West Atlantic Avenue in an amount not to exceed $900,000.

Attachments: Exhibit A - Purchase and Sale Agreement; Exhibit B - CRA Redevelopment Plan Map A5; Exhibit C - Map of NW 600 Block of West Atlantic Avenue

CRA Attorney Review:

The CRA Attorney has reviewed the Purchase and Sale Agreement as to form and determined it to be acceptable.

Funding Source/Financial Impact:

Funding has been allocated from Land Acquisitions GL # 5610.

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