



Legislation Text

File #: 18-0311 CRA, Version: 1

TO: CRA Board of Commissioners
FROM: Jeff Costello, CRA Executive Director
DATE: April 9, 2019

PURCHASE AND SALE AGREEMENT - BH3 MANAGEMENT, LLC - SW 600-800 BLOCKS OF W. ATLANTIC AVENUE

Recommended Action:

Approve the Purchase & Sale Agreement with BH3 Management, LLC for SW 600-800 Blocks West Atlantic Avenue Properties, as attached with additional direction received from the Board.

Background:

At the January 29, 2019 CRA Special Board Meeting, the six (6) proposers to Request for Proposals - SW 600-800 Blocks W. Atlantic Avenue Properties (RFP) presented their proposals to the Board. The Board selected BH3 Management, LLC ("BH3") top-ranked proposer for a period of sixty (60) days based on the template Purchase & Sale Agreement included in the Request for Proposals - SW 600-800 Blocks West Atlantic Avenue Properties and directed Staff to enter into negotiations with BH3.

Since the Board Meeting, CRA Staff and General Counsel have been in negotiations with BH3 and the terms from the Draft Purchase & Sale Agreement include:

Project Description:

- Retail/Food & Beverage: 43,300 Square Feet
- Grocery: 33,000 Square Feet
- Office: 21,600 Square Feet
- Public Open Space including Frog Alley: 40,000 Square Feet
- Residential: 165 Rental Units (plus pool and amenities) (18 units Workforce Housing offsite; 12 units Workforce Housing onsite)
- Parking:
 - 2 Structured Parking Facilities and 1 Surface Lot
 - Number of Parking Spaces: Amount approved by the City of Delray Beach as part of site plan approval plus at least 206 public parking spaces.

Dates:

Inspection Period	90 days from Effective Date (3 months)
Approval Date	365 days from Application Date (1 year)
Application Date	210 days from Effective Date (approx. 7 months)
Financial Commitment	60 days prior to Closing (2 months)
Performance Bond/Letter of Credit	10 days prior to Closing

Closing Date	30 days from Permit Date (1 month)
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Key Points:

Purchase Price	\$10.00
Parking Spaces	Amount approved by the City of Delray Beach as part of site plan approval plus at least 206 public parking spaces.
Earnest Money & Penalty for Non-Compliance with Community Benefits	\$250,000 - Escrow money shall be repaid to Purchaser if BH3 complies with Community Benefits. If BH3 does not comply with Community Benefits, CRA shall retain the escrow money.
Workforce Housing	18 units - 11 SW 6 th Avenue & 21 SW 6 th Avenue • Available on July 1, 2019 • Penalty - \$500.00 per day until compliance 12 units - Available onsite
Living Wages for Skilled & Unskilled Construction Laborers & health benefits	\$13.64 - Unskilled Construction Laborers \$18.70 - Skilled Construction Laborers Adjusted annually based on Consumer Price Index.
Local Hiring during Construction	Subcontractors - 6 who have their primary residence or registered physical business within Priority Census Tracts: 66.04 - BG-1 only, 66.05, 67, 68.01, 68.02, 69.08 - BG-1 and/or within the US Postal Zip Codes of 33444, 33445, and 33483 within the incorporated city limits of the City of Delray Beach. Skilled & Unskilled Laborers - 30 whose primary residence is in the following Priority Census Tracts: 66.04 - BG-1 only, 66.05, 67, 68.01, 68.02, 69.08 - BG-1 only.
Job Monitoring for Public Benefits	BH3 shall reimburse the CRA for the cost for Job Monitoring Services, up to \$50,000 annually.
Job Fairs & Employment Advertising	Minimum of 2 job fairs for the construction of the project and coordinate with local organizations to promote.
Relocation Plan for Existing Commercial Tenants at 700 W. Atlantic Ave.	Submitted to CRA Board 30 days prior to Application Date
CRA's Right to Repurchase	• Construction must commence (Site preparation, utilities relocation, etc.) within 60 Days from Closing Date • Installation of the concrete foundation of at least one structure within 180 days from the Construction Commencement Date

Additional Agreements:

If the Purchase & Sale Agreement is approved, several agreements referenced in the Purchase & Sale Agreement will be presented to the Board for approval as follows:

- Workforce Housing Restrictive Covenant through the City of Delray Beach

- Public Benefits Agreement - Executed within 210 days of the Effective Date
- Parking Maintenance Agreement - Executed within 30 calendar days of Approval Date
- Restrictive Covenant related to the CRA's right to repurchase the property in the event that BH3 conveys any interest in the Property to a third party prior to the issuance of the final certificate of occupancy issued by the City for the entire Project at a repurchase price to be determined.

Following items remain open and Staff seeks direction from the Board on a resolution:

- Requiring a Restrictive Covenant and amount repaid to CRA under the Restrictive Covenant.
- Affiliate entity of BH3 Management, LLC as a party to the Purchase & Sale Agreement.
- Form of the Deed - BH3 requested that the deed not reference the Right to Repurchase or the Restrictive Covenant.
- Subordination of the Right to Repurchase to Financial Lender.
- Right to Repurchase - Installation of the concrete foundation on at least one structure within 180 Days of the Construction Commencement Date.

Attachment(s): Exhibit A - Property Map; Exhibit B - Draft Purchase & Sale Agreement; Exhibit C - Draft Special Warranty Deed