



Broward County

Legislation Details (With Text)

File #: 22-1160 **Version:** 1

Status: Agenda Ready

In control: Public Works and Environmental Services - Housing Finance Authority

On agenda: 9/20/2022 **Final action:** 9/20/2022

Title: A. MOTION TO APPROVE Third Amendment to Ground Lease Agreement between Broward County and Related FatVillage, LLC, in substantially the form attached as Exhibit 1, to facilitate development of the affordable housing project required under the Ground Lease Agreement (“Project”), and authorize the County Administrator to execute same, subject to review and approval as to legal sufficiency by the Office of the County Attorney.

(Per the Tuesday Agenda Memorandum, the Board’s consideration of this item is based on the amended motion statements distributed as Additional Material.)

ACTION: (T-10:42 AM) Approved as amended with Regular Meeting Additional Material, dated September 20, 2022, submitted at the request of Office of the County Attorney. (Scrivener’s Error - See County Administrator’s Memorandum:

Currently Reads: (Commission District 7)

Should Read: (Commission District 4)

VOTE: 8-0.

B. MOTION TO APPROVE Recognition, Attornment and Assent to Leasehold Mortgage among Broward County and Related FATVillage, LLC, in favor of the Housing Finance Authority of Broward County, Florida in substantially the form attached as Exhibit 2; and authorize the County Administrator to execute same, subject to review and approval as to legal sufficiency by the Office of the County Attorney.

(Per the Tuesday Agenda Memorandum, the Board’s consideration of this item is based on the amended motion statements distributed as Additional Material.)

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VOTE: 8-0.

C. MOTION TO AUTHORIZE County Administrator to execute estoppel certificates and other customary closing documents related to the Ground Lease between Broward County and Related FatVillage, LLC, relating to financing to be obtained by Related FatVillage, LLC to complete the Project, subject to review and approval as to legal sufficiency by the Office of the County Attorney.

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D. MOTION TO APPROVE corrective deed for real property located in the City of Fort Lauderdale as it relates to the Ground Lease attached as Exhibit 3.

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E. MOTION TO APPROVE gap financing in the amount of \$2,500,000 from the Affordable Housing Trust Fund to Related FATVillage, LLC, for the Project (195 units) due to the increase in construction cost and material; and authorize the County Administrator to execute all agreements related to the gap financing for the Project, subject to approval as to legal sufficiency by the Office of the County Attorney, and to take the necessary administrative and budgetary actions. (Commission District 7)

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Sponsors:

Indexes: Established Commission Goals

Code sections:

Attachments: 1. Exhibit 1 - Third Amendment to Ground Lease, 2. Exhibit 2 - CHASE_FATVillage_Recognition Attachment and Assent to Leasehold Mortgage, 3. Exhibit 3 - Corrective Deed, 4. Exhibit 4 - Development Schedule, 5. Additional Material - Information

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

Broward County Commission Regular Meeting

Director's Name: Leonard Vialpando

Department: Resilient Environment **Division:** Housing Finance Division

Information

Requested Action

A. MOTION TO APPROVE Third Amendment to Ground Lease Agreement between Broward County and Related FatVillage, LLC, in substantially the form attached as Exhibit 1, to facilitate development of the affordable housing project required under the Ground Lease Agreement (“Project”), and authorize the County Administrator to execute same, subject to review and approval as to legal sufficiency by the Office of the County Attorney.

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Why Action is Necessary

Board approval is required to approve and authorize execution of the referenced agreements and

certificates.

What Action Accomplishes

Action approves the Third Amendment to the Ground Lease, Recognition, Attornment and Assent to Leasehold Mortgage, provides \$2.5M in gap financing and authorizes the County Administrator to execute the referenced required actions and agreements.

Is this Action Goal Related

Yes

Previous Action Taken

None taken.

Summary Explanation/Background

THE RESILIENT ENVIRONMENT DEPARTMENT AND THE HOUSING FINANCE DIVISION RECOMMEND APPROVAL OF THE ABOVE MOTIONS.

This item supports the Board's Value of offering sustainable, compatible, innovative housing options for all income-levels, including integrated supportive housing and rapid-rehousing: Goal 1: Facilitate a regional approach to growth and redevelopment through coordination and collaboration at the federal, state and local levels; Goal 2: Strengthen stakeholder partnerships to increase the availability of affordable housing of all types (e.g. rental, purchase, supportive, etc.), countywide, in every community; and Goal 3: Develop, through effective community collaboration, neighborhoods and communities incorporating intermodal connectivity, while integrating energy efficiency, community resilience, and other livability standards and initiatives.

MOTION A. On December 12, 2017, the Board approved Agenda Item No. 74 which approved the original Ground Lease Agreement between Broward County and Related FATVillage LLC, ("Related"), for a property located at 600 North Andrews Avenue, Fort Lauderdale, Florida ("Ground Lease"), wherein Related agreed to finance, design, construct, operate and maintain a mixed-use development on the leased property ("Project"). The Project consists of 195 mixed income units and will include at least 150 residential units for moderate or below moderate income households (i.e., up to 120% of Area Median Income).

Since the Ground Lease was approved, the County and Related have amended the Ground Lease primarily to allow Related additional time to secure financing for the Project and deal with onsite infrastructure conditions and navigate City of Fort Lauderdale site plan requirements. The project was further delayed due to the Covid crisis. The amended lease makes clear that should the Annual Base rent amount not be available from a given year cash flow, the amount due will carry over and accrue to the succeeding year(s) until all required payments are fully paid.

Since 2017, Related has provided quarterly status/progress reports to the County and regularly met with County staff to discuss the Project financing and development issues that have arisen, including persistent delays in securing approval of development plans and construction financing. Based on the revised Development Schedule provided by Related (Exhibit 4), Related anticipates closing on construction financing by October 31, 2022, and to complete construction of the Project by September 2023.

This item authorizes the County Administrator to execute a Third Amendment to the Ground Lease and to incorporate industry standard terms required by Related lenders.

MOTION B. is a Recognition, an Attornment and Assent to Leasehold Mortgage among Broward County and Related FATVillage, LLC, in favor of the Housing Finance Authority of Broward County, Florida and authorizing the County Administrator to execute same. This document defines the relationship between the parties.

MOTION C. authorizes the County Administrator to execute estoppel certificates and other customary finance closing documents. This document summarizes the agreement between the tenant and landlord.

MOTION D. accepts a corrective deed for the property located at 600 North Andrews Avenue, Fort Lauderdale, Florida 33138 (Folio No.: 494234076250) to correct a defect in the legal description in the original deed.

MOTION E. approves \$2,500,000 in gap financing for the Project to be funded from the Affordable Housing Trust Fund. The gap financing is required due to an increase in construction costs and materials. The City of Fort Lauderdale will also be providing gap financing in the amount of \$2,500,000 to support the additional costs of the Project. The loan from the City of Fort Lauderdale will be subordinate to the County's loan. The County loan will be a zero interest, 30-year term, which will be paid in full upon the expiration of the term or upon refinancing or sale of the property. The City of Fort Lauderdale gap financing is scheduled for action at a September 2022, City Commission meeting. This funding requires a direct agreement between the City and Related.

Over these past years, Related has been actively working with the County, the City of Fort Lauderdale and the Fort Lauderdale CRA to see the Project to fruition. Related has advised that the project will close on construction financing within the revised timeframe, October 31, 2022, and initiate construction immediately after. It should be noted that Related has applied to the Broward Housing Finance Authority (HFA) for \$42,850,000 in tax exempt bond financing. The HFA approved this request at their August 17, 2022, meeting.

Source of Additional Information

Ralph Stone, Director, Housing Finance Division, (954) 357-5320.

Fiscal Impact

Fiscal Impact/Cost Summary

The agreement will generate the following revenues: (1) an initial capital lease payment of \$300,000 (a non-refundable amount of \$25,000 and \$275,000 in an escrow account, which was paid upon Commencement Date); (2) 25% of any net cash flow generated from the commercial use of the project; and (3) a minimum base rent of \$25,000 was increased to \$50,000 in 2021, and is due annually, prior to Rent Stabilization as defined in the agreement) or 24 months after the Commencement Date (closing of construction financing by RELATED), whichever is sooner. Upon Rent Stabilization or 24 months after Commencement Date, an annual minimum base rent of \$100,000 or 25% of net cash flow (whichever is greater) is payable. The annual minimum base rent of \$100,000 escalates 3% each year. In addition, the \$2,500,000 gap loan is from the Affordable Housing Trust Fund.