



Broward County

Legislation Text

File #: 21-184, Version: 1

Broward County Commission Regular Meeting

Director's Name: Leonard Vialpando

Department: Environmental Protection

Division: Housing Finance & Comm. Redevelopment

Information

Requested Action

MOTION TO APPROVE Second Amendment to Ground Lease Agreement between Broward County and Related FATVillage, LLC, to extend the Commencement Date deadline until December 31, 2021, and increase the Annual Base Rent payment from \$25,000 to \$50,000; and authorize the Mayor and Clerk to execute same. **(Commission District 7)**

Why Action is Necessary

Amendments to lease agreement terms previously approved by the Board on December 12, 2017, require approval by the Board of County Commissioners.

What Action Accomplishes

Action approves the Second Amendment to the Ground Lease, which extends the deadline for the Commencement Date from March 31, 2021, until December 31, 2021, and increases the Annual Base Rent payment from \$25,000 to \$50,000, in order to satisfy County requirements and enables more favorable construction financing terms for the lessee.

Is this Action Goal Related

Yes

Previous Action Taken

No previous action.

Summary Explanation/Background

THE ENVIRONMENTAL PROTECTION AND GROWTH MANAGEMENT DEPARTMENT AND THE HOUSING FINANCE AND COMMUNITY REDEVELOPMENT DIVISION RECOMMEND APPROVAL OF THE ABOVE MOTION.

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.

With approval of this item, the Commencement Date (closing on construction financing) for the mixed used development project under the Ground Lease Agreement between Broward County and Related FATVillage, LLC, is extended to December 31, 2021, and the Annual Base Rent payment to Broward County is increased from \$25,000 to \$50,000.

On January 20, 2021, Broward County received the Annual Base Rent payment of \$25,000 from Related FATVillage LLC, as required by provisions of the First Amendment to Ground Lease Agreement ("First Amendment"). With approval of this motion, an additional \$25,000 rent payment will be paid on the Effective Date of the Second Amendment.

On December 29, 2020, Broward County and Related FATVillage LLC, ("RELATED") executed the Second Agreement to Extend Ground Lease Commencement Date, ("Second Extension") (See EXHIBIT 2) which extended the Ground Lease with RELATED FATVillage LLC, ("Ground Lease") commencement date from December 31, 2020 to March 31, 2021. This extension was requested in December 2020 by RELATED and followed by a letter dated January 19, 2021 (See EXHIBIT 3). The Second Extension was necessary because as according to the First Amendment, if the Commencement Date did not occur by December 31, 2020, the Ground Lease would automatically be terminated, unless the parties agreed otherwise in writing.

On February 11, 2020, the Parties entered into the First Amendment to Ground Lease Agreement which extended the term of the Ground Lease from 60 years to 75 years to facilitate better financing terms and provide for the Annual Base Rent payment prior to the Commencement Date. RELATED's effort to secure construction financing was again negatively impacted, this time due to the COVID19 pandemic. According to the request letter, "RELATED was planning on utilizing a workforce housing program with Bank of America which is no longer available due to COVID". As a result, and in order to qualify for tax exempt bonds from Broward County Housing Finance Authority (HFA) and 4% tax credits, RELATED revised the unit mix of the development to include 20% of the units at 50% of AMI.

On December 12, 2017, the Board of County Commissioners (Board) approved Agenda Item No. 74 which approved the original Ground Lease Agreement with Related FATVillage LLC, for a property located at 600 North Andrews Avenue, Fort Lauderdale, Florida in exchange for the financing, design, construction, operation and maintenance of a mixed-use development on the leased premises. The project would include at least 150 residential units for moderate or below moderate incomes (i.e., up to 120% of Area Medium Incomes). At this time, the developer is proposing 196 total units. Of this amount 110 units will be at 120% of AMI and 40 units will be at 50% of AMI for a total of 150 units at or below 120% AMI. The remaining units will be at 140% of AMI or market rate at the developer's discretion.

Since the approval of the Ground Lease, RELATED has provided quarterly status/progress reports to the County and met with County staff on numerous occasions to discuss the project financing and development issues which have arisen and persistent delays in securing approval of development plans and construction financing.

Based on the revised Development Schedule provided by RELATED (See EXHIBIT 4), they anticipate closing on construction financing by December 31, 2021 and completing construction of the project by September 2023.

Over this past year, 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 they will close on construction financing within the revised timeframe. Therefore, County staff recommends approval of the above MOTION.

Source of Additional Information

Ralph Stone, Director, Housing Finance and Community Redevelopment Division, (954) 357-5320

Fiscal Impact

Fiscal Impact/Cost Summary

The terms of the original agreement will remain unchanged in every way, except one. 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 will increase to \$50,000, starting 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.