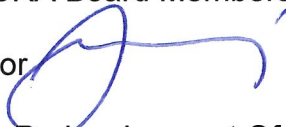


**CITY OF HOLLYWOOD
COMMUNITY REDEVELOPMENT AGENCY
MEMORANDUM**

DATE: January 23, 2023 **FILE:** CRA 2023-02

TO: Chairman, Vice Chairman and CRA Board Members

FROM: Jorge Camejo, Executive Director 

SUBJECT: Estate Companies Proposal For Redevelopment Of Block 41

EXPLANATION

Attached is the proposal submitted by the Estate Companies for development of the Block 41 property known as La Piazza. The Estate Companies proposes to buy out the existing lease hold interest and redevelop the property at a level more compatible with other current and future development projects around Young Circle. The existing lease hold interest, accounting for automatic renewal options, has approximately 65 years remaining before expiration. Any proposal to be considered by the CRA for redevelopment of the subject property would be required to negotiate terms for buying out the existing 65-year term on the existing lease. The Estate Companies has entered into a purchase agreement with the existing lease hold that now enables the DCRA to consider this offer for future development of the subject property. The current term of the lease generates approximately \$22,000 per year in lease revenue to the Downtown CRA and has an assessed value of approximately \$8,130,780. (A copy of the Broward County Property Appraiser property tax record for the subject parcel is attached.) The total taxes generated for all taxing entities based on the existing improvements is \$183,654. This is clearly an underperforming property when compared to properties in the vicinity that have been recently redeveloped and are generating tax revenue at almost ten times this amount.

The Estate Companies proposal was submitted to the CRA office on October 19, 2022 and the 30 day notice required under the CRA Statute was published on November 23, 2023. The CRA notice indicated that proposals would be accepted for a 30 day time period, which ended on December 22, 2023. No competing proposals were received by the CRA during the 30 day time period.

Terms of the offer by the Estate Companies is included in the attached “Terms of Offer”, which indicates a proposed purchase price of \$1,000,000. This development proposal is consistent with the current development standards of the Young Circle district and will result in a project more compatible with the current vision for Young Circle. Paul Lambert is preparing an analysis of the proposal and will be presenting a summary of his findings at the February 1, CRA Board meeting.

This proposal represents a very significant opportunity for major enhancement of this underperforming parcel located in the Young Circle district. The Estate Companies has indicated that time is of the essence in this volatile market, and we have made every effort to navigate through this process as efficiently as possible while ensuring compliance with the statute. We plan to have a presentation by Mr. Lambert and answer any questions that the Board may have at the February 1, Board meeting. Final consideration of the Estate Companies proposal by the CRA Board is planned for the March 1, 2023, meeting. We look forward to answering any questions that the CRA Board may have as we move forward in consideration of this exciting opportunity.

CC: Douglas R. Gonzales, CRA General Counsel
Susan Goldberg, CRA Deputy Director
Wazir Ishmael, City Manager

Terms of Offer

Seller: Community Redevelopment Agency of the City of Hollywood

Buyer: 1845 Young Circle Holdings, LLC, or its affiliated assigns

Property: The land located at 1845-1885 Hollywood Boulevard, Hollywood, Florida 33020 (Tax Parcel ID # 5142-15-01-7840) (the "Property")

Purchase Price: \$1,000,000

Deposit: \$250,000

Entitlement Contingency: Buyer's obligation to close shall be contingent upon (i) Buyer receiving final, non-appealable site plan approval from the City of Hollywood for a mixed-use development, containing a minimum of 371 residential units, and ground floor retail and office space and (ii) the City's final approval of the rezoning of the Property from "Government Use" to "Young Circle Mixed-Use" (collectively, the "Approvals").

Title: Seller shall convey fee simple title to Buyer at closing. Title shall be marketable and insurable, subject only to the permitted exceptions set forth in the PSA. Buyer shall have thirty (30) days from the effective date of the PSA to review and object to matters of title, as to be further described in the PSA.

Closing: Closing shall occur the earlier of (i) thirty (30) days after receipt of the final, non-appealable Approvals, or (ii) June 26, 2023.

Closing Costs: Each party shall bear the cost of its attorneys, accountants, appraisers, and other professionals, consultants and representatives. Seller shall pay for any transfer taxes on the assignment of the leasehold estate to Buyer, if any. Buyer shall pay for Buyer's title policy, title search and lien letters.

Representations and Warranties: In the PSA, Buyer and Seller shall provide customary representations and warranties with respect to the transaction and Property, provided however that Seller conveys Seller's Interest in the Property AS-IS and does not represent or guarantee the condition of the property sold pursuant thereto.

Assignment: Buyer shall have the right to assign the PSA to an affiliate or related entity which is controlled or managed by Buyer's principals.

Taxes and Prorations: Taxes and all other items customarily prorated or adjusted between sellers and buyers of real property, of a similar use as the Property, will be adjusted by Seller and Buyer as of the closing date.

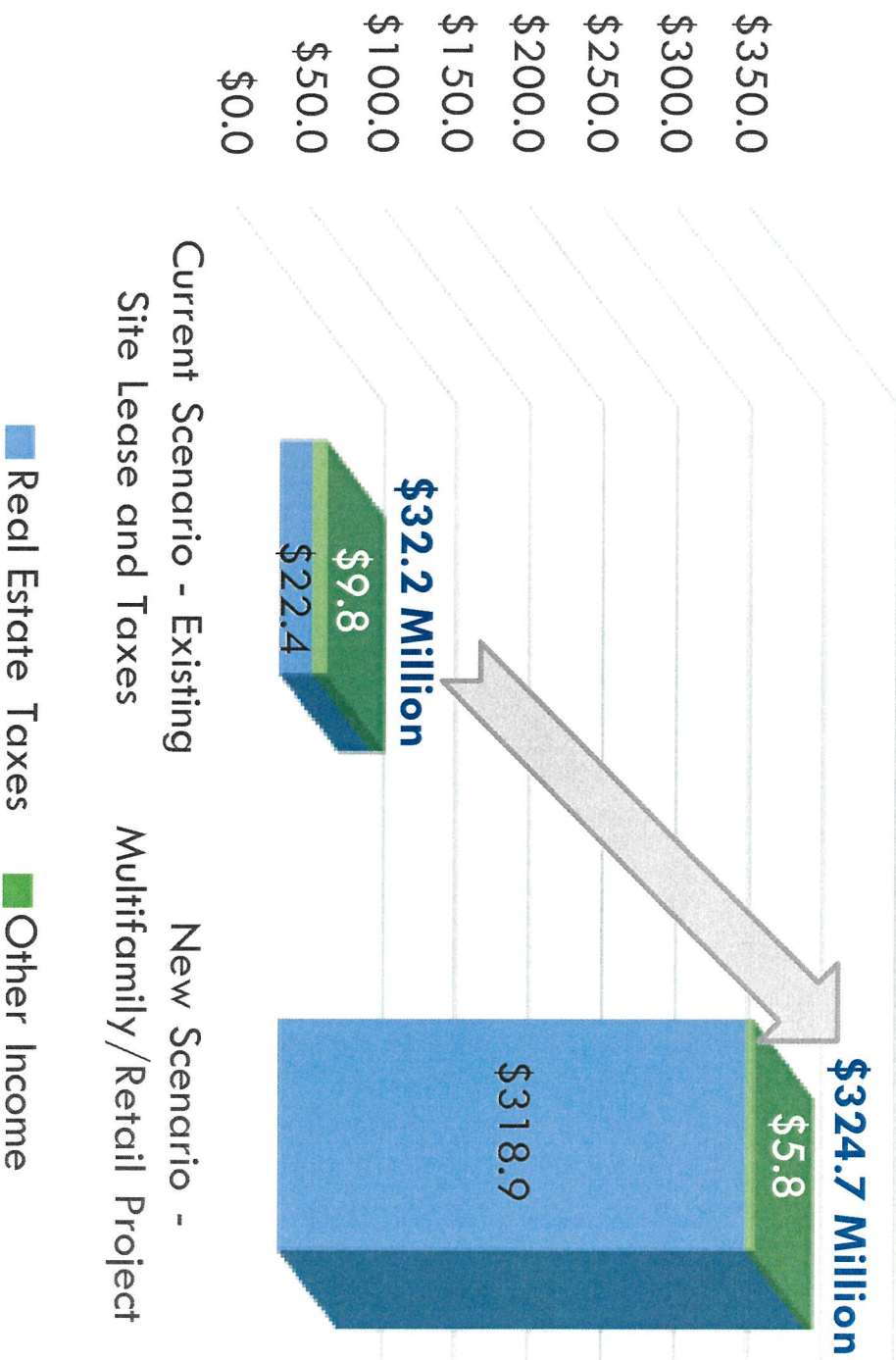
Authority: The individuals signing on behalf of Buyer and Seller hereunder have all requisite authority necessary in order to consummate the transaction contemplated herein.

CITY OF HOLLYWOOD



FOR THE **65-YEAR PERIOD** REMAINING IN THE CURRENT LA PIAZZA AT YOUNG CIRCLE LEASE, THE NEW DEVELOPMENT WOULD REPRESENT A SUBSTANTIAL IMPROVEMENT OF APPROX. **\$292.5 MILLION** IN INCREMENTAL CASH FLOWS TO THE CITY (\$ IN MILLIONS)

New Development Scenario Better Off by \$292.5 Million



- “Other Income” for the Current Scenario includes **Lease Payments** to the City from existing La Piazza at Young Circle Lease
- “Other Income” for the New Scenario includes **Permit & Impact Fees** to City from the redevelopment, & the **Lease Buyout** of \$1 mm
- Forecasted “Property Taxes” in both cases grown at 2.1% **Current Annualized Growth Rate** Property actually paid from 2005-2021

CITY OF HOLLYWOOD



ESTATE'S PROJECT IN HOLLYWOOD WILL PAY AN ESTIMATED ~\$324.7 MILLION IN TAXES AND PERMITS/IMPACT/BUYOUT FEES OVER THE NEXT 65 YEARS (2.1% ANNUAL GROWTH)

ASSUMED FOR PROPERTY TAXES IN BOTH SCENARIOS, \$ IN MILLIONS)

New Scenario v.s. Current Scenario Cumulative Payments to City

	Current Scenario - Existing Site Lease and Taxes	New Scenario - Multifamily/Retail Project	\$ Delta
Real Estate Taxes	\$22.4	\$318.9	\$296.5
Permit & Impact Fees	\$0.0	\$4.8	\$4.8
Current Lease Payments or Buyout	\$9.8	\$1.0	(\$8.8)
Total Cash to City	\$32.2	\$324.7	\$292.5

