



City of Hollywood

Hollywood City Hall
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Hollywood, FL 33020
<http://www.hollywoodfl.org>

Legislation Text

File #: R-2021-218, **Version:** 1

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Approving And Authorizing The Appropriate City Officials To Execute An Amendment To The Gap Funding Commitment Among The City Of Hollywood, Florida, The City Of Hollywood Florida Community Redevelopment Agency, Van Jackson, LLC And Tropic Hollywood, Inc., Affiliates Of Affiliated Development, LLC, Relating To The Tropic, A Workforce Housing Project To Be Located At 1744 And 1753 Federal Highway Within The Downtown District Of The CRA.

Economic Vitality

Staff Recommends: Approval of the attached Resolution.

Explanation:

In March 2021, the City Commission and CRA Board approved R-2021-062 and R-CRA-2021-14 authorizing the execution of a gap funding commitment (“Commitment”) between the City, CRA and Developer, Van Jackson, LLC and Tropic Hollywood, Inc., Affiliates of Affiliated Development, LLC (“Developer”). The Commitment included a forgivable loan of \$3.5 million from the City for project costs and public infrastructure to be funded by the designated affordable housing dollars from Broward County that had been invoiced by the City in accordance with the 2018 Interlocal Agreement (“ILA”) between Broward County, the City, and CRA. In May 2021, the Broward County Commission approved a payment of \$3,021,636 to the City pending the execution of an amendment to the ILA. The funds Broward County will provide to the City will come from U.S. Department of Treasury funds awarded to the County from the Coronavirus Local Fiscal Recovery Fund (“CLFRF”) as authorized by the American Rescue Plan Act of 2021 (“ARPA”). The remaining \$478,364 will be provided from the City’s allocation from the CLFRF as authorized by the ARPA.

The First Amendment to the Commitment (“Amendment”) recognizes the change in the source of funds for the forgivable loan and allows the use of these funds in the acquisition stage of the project. This Amendment modifies and replaces two provisions of the Commitment: (a) the PROJECT COSTS and (b) the FORGIVABLE ILA LOAN. The City forgivable loan will be secured by a Promissory Note signed by the Developer and backed by a Second Mortgage on the land to be held in trust by the City in the event of an uncured default of the agreement prior to the completion of the project. All other provisions of the approved funding commitment attached as Exhibit “A” remain unchanged.

The Developer is under contract to acquire the property and related sites within 1744 & 1753 Federal Highway between Van Buren Street and Jackson Street within the Downtown District of the CRA and

wholly contained within a low-to-moderate income census tract that has been disproportionately impacted by the Coronavirus pandemic. The Developer proposes to redevelop the site into a mixed income multi-family workforce housing rental community comprised of approximately 208 units, Class A amenities and garage parking ("The Tropic").

The Tropic will consist of both workforce housing units and market rate housing units with approximately 1/4 of the units dedicated to those earning up to 100% of area median income ("AMI"); 1/4 dedicated to those earning up to 120% of the AMI; and 1/2 of the units with no income restrictions. The Developer will record a restrictive covenant containing the rental restrictions that will remain in effect for 15 years. Once developed, The Tropic will significantly reduce blight in the CRA, enhance the City, and bring significant economic redevelopment to the area. An analysis of the estimated tax revenue that would be generated by the project compared to the current revenue received shows that over the past 30 years, the property has paid roughly \$279,861 in total ad valorem taxes. If this project is completed, it is estimated to generate approximately \$27,631,771 in total ad valorem taxes over the next 30 years (inclusive of all taxing authorities).

The Amendment recognizes the critical need for workforce housing, particularly in areas heavily impacted by the Coronavirus pandemic and the allowed use of ARPA funds to address these impacts.

Fiscal Impact:

The City will provide a \$3,500,000 forgivable loan (the "ILA Loan Funds") to be used to fund or reimburse Property Acquisition Cost. \$3,021,636 of the ILA Loan Funds will come exclusively from Broward County's payment to the City. The remaining \$478,364 will be provided from ARPA funds awarded by the U.S. Department of Treasury to the City and approved for use to fund affordable housing by R-2021-187. The Amendment allows for the funds to be paid to the Developer at closing or any time thereafter when the City receives payment from Broward County. The Developer will execute a Promissory Note in the amount of \$3,500,000, and execute and record a Second Mortgage on the property. Upon the Completion Date, the principal amount of the Forgivable ILA Loan shall be forgiven, provided no uncured event of default exists. Should the Developer not achieve the Commencement Date for the project, the City will be the beneficiary of any sale proceeds of the property in a priority position to the Developer up to an amount not to exceed the amount of the ILA Loan Funds. It is acknowledged and understood by Developer that the ILA Loan funding sources originate from federal ARPA funding received by the City and County.

The other aspects of the Commitment remain unchanged by the Amendment. The City and the CRA have approved 95% of the ad valorem or Tax Increment Financing ("TIF") revenue generated from the planned development to be annually reimbursed to the Developer. The CRA will be responsible for making the TIF Reimbursement payments from FY 2023 through FY 2025, based upon 95% of the TIF generated by the project, for an estimated amount of \$602,122. Thereafter and ending on September 30, 2030, the CRA will pay the Developer 95% of what the City's portion of TIF generated by the project would be if TIF was still being paid to the CRA, for an estimated amount of \$1,761,020, with the total amount of TIF reimbursements not to exceed \$2,400,000.

Additionally, the City will provide an offset of fees paid by the Developer to the City in an amount not to exceed \$2,000,000. The CRA will provide to the Developer \$1,500,000 in funding when the

project has achieved at or over 50% completion, anticipated to occur in FY 2023.

The amount of the payments and reimbursements over the eight years will not exceed \$9,400,000.00 based on an estimated average assessed value over the eight years of \$55,000,000.00.

Recommended for inclusion on the agenda by:

Raelin Storey, Director of Communications, Marketing, and Economic Development

Shiv Newaldass, Director of Development Services

Gus Zambrano, Assistant City Manager for Sustainable Development