



## Legislation Text

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**File #:** R-2021-042, **Version:** 1

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A Resolution Of The City Commission Of The City Of Hollywood, Florida, Approving And Authorizing The Appropriate City Officials To Execute A 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, LL 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: Consideration of the attached Resolution.

### Explanation:

The Developer is under contract to acquire the property and related sites within 1744 & 1753 Federal Highway in 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. The Developer proposes to redevelop the site into a mixed use, mixed income multi-family workforce housing rental development comprised of approximately 210 units, Class A amenities and garage parking.

The redevelopment of this block would contribute to the enhancement of the City's downtown which is part of the CRA's redevelopment plan and is a focus of the City's strategic plan to support economic vitality. 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 that it would generate approximately \$27,631,771 in total ad valorem taxes over the next 30 years (inclusive of all taxing authorities).

The Developer is proposing a mixed use, mixed income development that will consist of both workforce housing units and market rate housing units with approximately 1/3 of the units dedicated to those earning up to 100% of area median income ("AMI"); 1/3 dedicated to those earning up to 120% of the AMI; and 1/3 of the units with no income restrictions. The Developer will record a restrictive covenant containing the rental restrictions which will remain in effect for 15 years. The Property will be developed in accordance with a project site plan and renderings attached as Exhibit B which may be revised as needed to obtain necessary

governmental approvals. Once developed, The Tropic will significantly reduce blight in the CRA, enhance the City, and bring significant economic redevelopment to the area.

In recognition of the need for workforce housing, as well as current development costs and market risks associated with the development of the proposed Project, gap funding is being requested.

The CRA has the ability to utilize Tax Increment Financing (TIF), which is a public financing method that is used as a subsidy to encourage redevelopment, enhance infrastructure, and fund other community improvement projects under Florida Statutes and is in use in many cities. The intent of a TIF program is to stimulate private investment within a blighted area that has been designated to be in need of economic revitalization by allowing a percentage of the new TIF generated by the completed Project to serve as a project incentive in the form of an annual reimbursement.

The City and CRA are recommending the use of a TIF reimbursement. The CRA would pay the Developer an amount equal to Ninety-five percent (95%) of the annual TIF funds received for the purpose of the mixed use development. Starting when project generates TIF and ending 9/30/2025, the CRA will pay the Developer 95% of TIF generated by project. Thereafter and ending 9/30/2030, the CRA will pay the Developer 95% of what the City's portion of TIF generated by project would be if TIF was still being paid to CRA. The TIF Reimbursement is capped at \$2.4 million. No TIF Reimbursement will be paid and there will be no financial obligation to the Developer if the project is not substantially complete by December 31, 2024, nor will the annual TIF reimbursements extend beyond September 30, 2030.

Additionally, the Developer is requesting 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 are due to the City in accordance with the 2018 Interlocal Agreement ("ILA") between Broward County, the City, and CRA. The Developer would also receive an offset of documented government fees related to the project paid to the City in an amount not to exceed \$2 million. 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.

The Developer is also requesting a forgivable loan of \$3 million from the CRA to be paid in 3 successive fiscal years to be used to fund project costs and public infrastructure improvements along with a \$1 million to reimbursement of project and public infrastructure costs once the project is substantially complete. The CRA 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 CRA in the event of an uncured default of the agreement prior to the completion of the project.

Fiscal Impact:

The City and the CRA agree that 95% of the ad valorem or TIF revenue generated from the planned development will be annually reimbursed to the Developer starting when the development generates TIF and ending 9/30/2025. Thereafter and ending on September 30, 2030, the CRA will pay the Developer 95% of what the City's portion of TIF generated by project would be if TIF was still being paid to CRA. Total TIF reimbursements are capped at \$2,400,000.00. Additionally, the City will provide to the developer a forgivable loan of \$3,500,000.00 upon financial closing anticipated in FY 2022 from the County Contribution under the ILA dedicated to affordable housing programs and provide an offset of fees paid by the developer to the City in an amount not to exceed \$2,000,000.00 when the project is nearly complete. The CRA will provide to the developer a forgivable loan upon financial closing in the amount of \$3,000,000.00 over 3 years anticipated to begin in FY 2022 and continuing through FY 2024, and a future advance of \$1,000,000.00 once the project is completed in FY 2024.

The amount of the payments over the eight years is estimated to total \$11,900,000.00 based on an estimated average assessed value over the eight years of \$55,000,000.00. The actual annual reimbursements will be calculated based on 95% of the actual TIF revenue generated from the project for FY 2023 to FY2025 and the equivalent of the City portion of the TIF from FY 2026 to FY2030. In no event will the TIF reimbursement exceed \$2.4 million.

The CRA will be responsible for making the TIF Reimbursement payments from the FY 2023 through FY 2025, based upon 95% of the TIF generated by the Project, for an estimated amount of \$602,122.00. Thereafter and ending in 2030, the CRA will pay the Developer incentive payments based upon 95% of what the City's portion of the TIF generated by the Project would have been if TIF was still being paid to the CRA, for an estimated amount of \$1,761,020.00 with the total estimated amount of TIF reimbursements not to exceed \$2,400,000.00.

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