



City of Hollywood

Hollywood City Hall
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Hollywood, FL 33020
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Legislation Text

File #: R-2023-043, **Version:** 1

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Authorizing The Appropriate City Officials To Execute A Second Amended and Restated Interim Agreement With Housing Trust Group, LLC For The Development Of A Mixed-Use, Mixed-Income Project To Be Located On The City-Owned Parcels Of Land Between Fillmore And Polk Streets Along North 21st Avenue.

Economic Vitality

Staff Recommends: Approval of the attached Resolution.

Explanation:

The redevelopment of the City-owned parcels located along N 21st Avenue between Polk and Fillmore Streets has long been a part of downtown redevelopment discussions and plans. These parcels include a former fire station (repurposed and leased to Barry University for its College of Health Sciences in 2011), surface parking lots, and a Shuffleboard Center.

On September 16, 2020, the City Commission approved an Interim Agreement with Housing Trust Group, LLC ("HTG") and ground leases with HTG's affiliates University Station I, LLC and University Station II, Ltd. for a mixed-use project including approximately 216 units of affordable housing for households earning 80% or less of the Area Median Income, along with a shared use parking garage, approximately 12,000 square feet of educational space and 3,000 square feet of commercial/retail ("University Station").

HTG began seeking funding through the Florida Housing Finance Corporation and was awarded State Apartment Incentive Loan program funds. The development plans have been approved and the project is in for building permits.

Over the past year, planning for commuter rail along the FEC corridor has moved forward through a Planning Development and Environmental study conducted by FDOT in partnership with Broward County resulting in the designation of a locally preferred alternative for a phased project in which the southern portion is constructed first. The Broward Commuter Rail - South project, which includes a Downtown Hollywood commuter rail station across from University Station has been formally accepted by the Federal Transit Administration into Project Development. As part of this process, the need for additional

parking was identified. HTG is funding 110 public parking spaces to replace the current public parking on site. The City has asked HTG to construct an additional 235 public parking spaces within the garage to serve the future commuter rail station and address additional needed downtown parking. Due to these added spaces, construction cost escalations, and interest rate increases, the estimated cost of the parking garage has increased substantially from what was originally estimated in 2020.

On September 7, 2022, the City Commission approved an Amended and Restated Interim Agreement that set a total contribution from the City for the additional parking spaces at not to exceed \$5,000,000. City Staff and HTG have worked to identify additional funding sources to cover the remaining cost for the public parking spaces. This Second Amended and Restated Interim Agreement provides flexibility in the legal framework for the portion of the parking garage containing the public parking spaces and the spaces designated for the educational user (collectively the “City Parking Unit”) to be owned or sub-leased by the City. This flexibility is needed because various federal, state, and local government funding sources for transit projects being sought by the City require the City to own the “City Parking Unit.”

Additionally, this Second Amended and Restated Interim Agreement sets a capitalized lease payment or purchase price for the City Parking Unit of \$8,439,000. A portion of this payment, \$5,000,000, would be due upon the execution of the Purchase and Sale Agreement or Sublease Agreement with the remaining \$3,439,000 due upon 50% completion of the garage building. \$6,757,000 will come from the City’s Parking Enterprise Fund and \$1,682,000 will come from the Hollywood Community Redevelopment Agency (“CRA”) to provide the replacement cost of the approximately 58 public parking spaces being removed as part of the Hollywood Boulevard improvement project. This will be effectuated through a funding agreement between the City and CRA. The City Parking Unit will be operated by the City’s Parking Division with all revenue generated from the operation of the public parking spaces to be paid to the City’s Parking Enterprise Fund.

The Second Amended and Restated Interim Agreement also addresses the sub-lease of the Educational Space from HTG Affiliate, University Station I (“US1”) to the City. This allows the City to lease the space for a term of 15 years at a cost of \$1,600,000 that provides for the buildout of the space. This cost cannot be covered by the affordable housing funding sources currently committed to University Station. The City would have the ability to lease the space to any educational user. The City has a letter of intent from Barry University for the sub sub-lease of the Educational Space for 10 years. The City would keep all rents from any sub sub-leases.

Fiscal Impact:

The capitalized lease payment in the ground leases for use of City land is \$4,500,000. To assist in HTG’s success in obtaining low-income housing credits the City committed to provide local government funding in the amount of \$640,000 resulting in a capitalized lease

payment of \$3,860,000.

The purchase or capitalized lease payment for the City Parking Unit is \$8,439,000. This provides 345 revenue-generating public parking spaces for the City. The City will pay a pro-rata share of the utilities, maintenance and insurance costs for the City Parking Unit on a monthly basis, as well as an annual payment of up to \$30 per public parking space to fund long-term repairs and replacement.

The capitalized lease payment for the 15-year lease of the Educational Space of \$800,000 will be due on October 30, 2023, and a second payment of \$800,000 upon the completion of the project and the execution of the Educational Space Sub-sublease. The proposed Sub sub-lease with Barry University would generate approximately \$2,700,000 over 10 years.

The project is estimated to produce permitting, impact and connection fees of approximately \$850,000. Annual property tax revenue of approximately \$200,000 is anticipated once the development is fully constructed.

Additional analysis to determine financial impact on the City will be conducted once the final amount and terms are negotiated.

Recommended for inclusion on the agenda by:

Raelin Storey, Director, Communications, Marketing & Economic Development

Shiv Newaldass, Director, Development Services

Gus Zambrano, Assist City Manager of Sustainability Development