



Legislation Text

File #: R-2023-120, **Version:** 1

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Approving and Authorizing The Appropriate City Officials To Execute A Comprehensive Agreement and An Amended and Restated Ground Lease With University Station I, LLC, an affiliate of Housing Trust Group, LLC, For The Development Of A Mixed-Use, Mixed-Income, Project Including Attainable Housing 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 the FEC Corridor, fronting 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, as provided by Florida Statute 255.065 on Public-Private Partnerships, 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 redevelopment project on these parcels. The project includes two residential building totaling 216 units of attainable housing restricted to households earning 80% or less of the Area Median Income for Broward County along with related amenities, a shared use parking garage, a 12,210 SF educational space, and approximately 2,000 SF of commercial/retail space ("University Station").

HTG, through its affiliate University Station I, LLC ("US 1"), sought funding through the Florida Housing Finance Corporation and was awarded 4% Low-Income Housing Tax Credits, State Apartment Incentive Loan program funds, ELI loan funds, National Housing Trust Funds, Broward County Affordable Housing loan funds and City of Hollywood Affordable Housing ILA loan funds. The development plans have now 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 and is slated to submit for federal funding later this year. In addition to the original 110 public parking spaces proposed in the garage, the City asked HTG to add 235 more to serve the future commuter rail station and address additional needed downtown parking and on September 7, 2022 the City Commission approved an Amended and Restated Interim Agreement contributing \$5,000,000 for the additional garage parking spaces.

On February 1, 2023, the City Commission approved a Second Amended and Restated Interim Agreement to address cost increases for the additional parking and create the legal framework for the public portion of the parking garage and the parking spaces dedicated to the educational space ("City Parking Unit") to be owned by the City. This was necessary for US I, to finalize all funding needed to construct the project and to allow the City to seek reimbursement from various federal, state, and local government funding sources available to help fund transit projects. The City agreed to a capitalized lease payment or purchase price for the City Parking Unit of \$8,439,000. A portion of this payment, \$5,000,000, to be due upon the execution of the Purchase and Sale Agreement with the remaining \$3,439,000 due upon 50% completion of the garage building.

The Second Amended and Restated Interim Agreement also addressed the lease of the educational space from US I to the City allowing the City to lease the space for a term of 15 years at a cost of \$1,600,000 for the buildout of the space. This cost cannot be covered by the affordable housing funding sources currently committed to the project. The City has the ability to lease the space to any educational user and has a negotiated a sublease with Barry University for 10 years with all rents from the lease to be retained by the City.

All of the provision of the Second Amended and Restated Interim Agreement are now set forth in the Comprehensive Agreement per the requirements of the Florida Statute 255.965 governing public private partnerships. The City and US I also wanted to amend and restate in their entirety the previous Phase I and Phase II Leases into a single Amended and Restated Ground Lease with a term of 75 years that provides for all obligations, rights and responsibilities of the City as Landlord and US I as tenant with respect to the leased parcels.

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.

Recommended for inclusion on the agenda by:

Raelin Storey, Director, Office of Communications, Marketing & Economic Development

Shiv Newaldass, Director of Development Services

Gus Zambrano, Assistant City Manager of Sustainable Development