



Legislation Details (With Text)

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TO: Margate CRA Chair and Members of the Board

FROM: Cale Curtis, CRA Executive Director

DATE: March 13, 2024

TENANT LEASE RENEWALS

BACKGROUND: The MCRA has 38 leasable buildings and/or spaces with 34 active leases. At the February 10, 2021, MCRA meeting, the Board gave the following direction:

- extend an offer to existing tenants to sign a new three-year lease without a CPI increase during the term of the lease
- implement an annual Consumer Price Index (CPI) for all new tenants.
- use the All-Urban Consumers CPI for the Miami/Fort Lauderdale/West Palm Beach area.
- place a minimum cap of zero on the CPI

Direction is sought from the Board with regards to the terms of renewal for the leases that are expiring at the end of April 2024. Options available are:

1. Increase rent with execution of the new lease and then annually each May 1st
2. Increase rent with execution of the new lease and then annually each January 1st
3. Extend current rent with execution of the new lease and then annually review for increase effective each January 1st

It is the recommendation of Mr. Jim Nardi, Property Manager, to use the annual CPI increase during the term of the lease that is effective January 1st of every year.

In addition, there are three tenants that fall into the category of habitual delinquency during their current lease and one that has been operated by a third party (see attached correspondence). Further direction is sought with regards to those renewals.

Lastly, it is recommended that any tenant that does not have a current Local Business Tax Receipt (LBTR) will not be granted a lease renewal.

RECOMMENDATION: It is the recommendation to use the annual CPI increase during the term of the lease that is effective January 1 of every year.

FISCAL IMPACT: A 3% increase for the expiring leases would yield an additional \$1,578.74 per month in rental income.

CONTACT PERSON: Cale Curtis, CRA Executive Director