



Legislation Text

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TO: Chair and Members of the Board

FROM: Diane Colonna, Executive Director

DATE: July 12, 2016

APPROVAL OF DEVELOPMENT AGREEMENT FOR MARGATE CITY CENTER BETWEEN MARGATE COMMUNITY REDEVELOPMENT AGENCY AND NEW URBAN COMMUNITIES, L.L.C.

BACKGROUND: The approval of the City Center Development Agreement represents the culmination of a lengthy process of study, planning, evaluation, decision-making and negotiations. Significantly, the acceptance of this development agreement will initiate major activity, which will begin almost immediately and continue for many years, resulting in a vibrant and unique downtown Margate.

Since 2004, the Margate CRA has assembled approximately 36 acres of property for redevelopment as a central downtown area. There have been several efforts over the years to partner with a private development firm in the planning and implementation of a city center plan. Due to economic and other factors, previous efforts did not result in a successful partnership and project.

The most recent, formal process of selecting a development partner began with the issuance of a Request for Qualifications (RFQ) in November 2014. On March 11, 2015, after evaluation and ranking by a Selection Committee, the MCRA Board selected two of the four development firms that had responded to the RFQ to continue further in the evaluation process. The selected firms (New Urban Communities and AHS Development Group) were invited to respond to a Request for Proposal (RFP), and both entities submitted responses in May 2015, making formal presentations to the MCRA Board on July 14, 2015.

Through the RFP process, each developer presented its comprehensive interpretation of the MCRA's vision and goals for the City Center, including detailed phasing, land use mix and density, illustrative plans, cost estimates, market analyses, financing sources, corporate structure and overall project economics. Both proposals included a combination of commercial and residential uses, as well as area set aside for public facilities. The offering prices for the properties were within ten percent of each other (New Urban Communities: \$10,041,750; AHS Development Group: \$10,900,000). Staff and the Selection Committee undertook an extensive qualitative and quantitative analysis of each proposal, and recommended the selection of New Urban Communities on the basis of the following, pre-established criteria: (i) developer experience and capacity, (ii) conceptual development plan for the project, (iii) project feasibility and (iv) proposed business terms. The MCRA Board accepted this recommendation by unanimous (5-0) vote and directed MCRA staff to proceed with negotiations. The Board also suggested several revisions to New Urban's plan, including the relocation of the community center and amphitheater to the eastern property as part of Phase I. New Urban returned to the board in August 2015 with a revised plan that incorporated those suggestions, which was approved 4-1.

The following month, CRA staff and New Urban Communities principals began the process of negotiating the terms of a development agreement, which would address the property transfer, development schedule including phasing, uses and intensities, publicly funded amenities, and numerous other factors involved in this multi-year project. The proposed agreement that is before the board for action is the result of those negotiations. A synopsis of the main terms of the

agreement is also attached, which will be reviewed at the meeting. The following is a summary of the project components and its economic benefits.

PROJECT DESCRIPTION

The Margate City Center is a mixed-use project that will have the look and feel of a true downtown, something unique to suburban Broward County. It provides a traditional “grid” pattern of streets and sidewalks that promotes connectivity, with shops, services, recreation and residential uses within walking distance of each other. It will be developed in three phases consisting of a total of 968 residential units, 100,000 square feet of commercial/retail/restaurant uses, and a hotel. The plan provides flexibility that will allow for increases in commercial square footage (and reduction in residential units) based on market conditions. At two and three stories in height, the buildings will have a “human” scale. The CRA will construct several public amenities that will include an amphitheater, community center, waterfront promenade, boat launch and shared parking garage. Plans have also been discussed with the Broward County Metropolitan Organization (MPO) for modifications to enhance State Road 7 in the project area with pedestrian/bicycle safety measures, as well as landscape beautification.

ECONOMIC AND PUBLIC BENEFITS

Based upon the estimated development costs, the project is expected to have a market value (after completion of all phases) of nearly \$150,000,000. Based on an assessed value of approximately \$125,000,000, it is estimated that once completed the development will generate more than \$1,400,000 annually in incremental tax revenues for the CRA (from City, County and North Broward Hospital District). Once the CRA is terminated (2026), the increased tax revenues to the City could be between \$600,000 and \$700,000 per year (depending upon the millage rate and assessed value). Other ongoing contributions will include payments such as fire assessment fees, utility taxes, franchise fees and business tax receipts.

The CRA will receive \$10,041,750 as payment for the property, and a 1% contingent fee that is estimated at between \$1 million and \$1.4 million depending upon final construction costs. These revenues will be received over the three phases of the project, and will help to fund the design and construction of the project’s civic components. Margate residents will get to enjoy a new state of the art community center, an amphitheater and civic green, and a waterfront promenade. In addition, this project will spur improvements to State Road 7, which will be modified to provide pedestrian/bicycle safety measures and corridor beautification.

CITY CENTER - ESTIMATED ONE-TIME REVENUES

Category	Amount
Land Purchase	\$ 10,041,750
Contingent Fee	\$ 1,092,115
Residential Sewer and Water Fees	\$ 2,156,704
Commercial Sewer and Water Fees	\$ 200,000
Residential Fire and Police Impact Fees	\$ 761,816
Commercial Fire and Police Impact Fees	\$ 181,500
Building Permit Fees	\$ 3,300,000
Total One Time Revenues to City of Margate	\$ 17,733,885

Fishkind & Associates of Orlando, FL has estimated employment for various land uses for the Fiscal Impact Analysis Model (FIAM) used by the Florida Department of Community Affairs (DCA). Using that model, in terms of employment, the **commercial component** of the project is expected to add approximately 372 permanent new positions.

PROJECTED EMPLOYMENT (COMMERCIAL USES)

Use	Units	Employees/Unit	Employees
Hotel	80 Rooms	0.5/Room	40
Retail-Community	42,000 sf	1/600 sf	70
Restaurant-Sit Down	25,000 sf	1/450 sf	55
Restaurant-Fast Food	12,000 sf	1/100 sf	120
Office-Medical	10,000 sf	1/250 sf	40
Office-1 story	14,000 sf	1/300 sf	47
Total			372

The **residential component** is expected to require personnel in the areas of property management, maintenance and leasing. It is anticipated that an additional 21 positions will be generated

The incremental amount of salaries and wages for workers located in the Margate City Center development can be estimated using data compiled by the US Department of Labor, Bureau of Labor Statistics (BLS) in its publication *May 2015 Metropolitan and Non-Metropolitan Area Occupational Employment and Wage Estimates, Miami-Fort Lauderdale-West Palm Beach, FL*, available at http://www.bls.gov/oes/current/oes_33100.htm. The following table shows that an annual payroll in excess of \$22,000,000 can be expected at buildout, based on a preliminary estimate of the distribution of jobs within the development and the BLS salary data for our region.

PROJECTED PAYROLL (Commercial and Residential Employment Combined)

Employee Category	%	Employees	Annual Salary	Annual Payroll
Managers	10%	39	\$ 124,010	\$ 4,836,390
Business/Financial	10%	39	\$ 71,100	\$ 2,772,900
Office/Administrative	15%	59	\$ 34,250	\$ 2,020,750
Sales	10%	39	\$ 39,840	\$ 1,553,760
Health Care	5%	20	\$ 75,430	\$ 1,508,600
Food Related	30%	118	\$ 24,080	\$ 2,841,440
Personal Care/Service	15%	59	\$ 26,550	\$ 6,551,530
Maintenance and Repair	5%	20	\$ 42,040	\$ 840,800
Total	100%	393		\$ 22,926,170

RECOMMENDATION: Approve the Resolution authorizing the sale of property pursuant to the Development Agreement.

FISCAL IMPACT: All improvements to be funded by the CRA are addressed in the current and proposed fiscal year capital budgets. See above for further discussion of economic benefit.

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