



20 N. Swinton Avenue  
Delray Beach, FL 33444

Agenda Item # 8 B  
February 8, 2018

~ CRA BOARD SUMMARY ~  
**LETTERS OF INTEREST – SW 600-700-800 BLOCKS – WEST ATLANTIC AVENUE**

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On November 7, 2017, Pasadena Capital, Inc. notified the CRA that the Publix Real Estate Committee denied the approval of the project. On November 9, 2017, Pasadena Capital terminated the Purchase and Sale Agreement. Subsequently, on November 27, 2017, the Publix Real Estate Committee reconsidered the project and conditionally approved it with a projected commencement of construction date of December 31, 2022. At its meeting of December 14, 2017, the CRA Board authorized staff and counsel to negotiate the sale and purchase with Pasadena and have the Executive Director publish notice as required by the Florida Statutes.

Pursuant to Chapter 163.380(3)(a) of the Florida Statute, a thirty (30) day notification of the CRA's intent to accept the proposal for purchase of the property was published. In response to the Notice, Letters of Interest were received from three (3) development firms (copies attached) for the CRA-owned properties within the SW 600-700-800 Blocks of West Atlantic Avenue (approximately 7.5 acres). The three (3) development firms are:

- a) BH3 Management LLC; and
- b) New Urban Communities; and
- c) NR Investments, Inc.

In light of the fact that there exists interest in a broader scope of development along the West Atlantic corridor as evidenced by the submittal of the three (3) Letters of Interest (copies attached), staff sought direction from the CRA Board at its meeting of January 25, 2018 regarding the LOIs. At the meeting, the Board tabled the Letters of Interest until the February 8th CRA Board Meeting. The Board also directed staff to provide a preliminary RFQ/P for the SW 600-800 Blocks to the February 8th CRA Board for discussion. Negotiations with Pasadena Capital have been finalized for approximately 3 acres of CRA-owned property in the SW 600 Block of West Atlantic Avenue and the Agreement for Purchase and Sale is before the CRA Board for consideration on February 8th.

**Alternative Actions:**

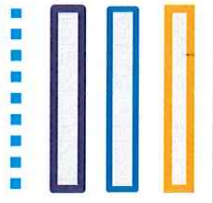
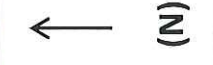
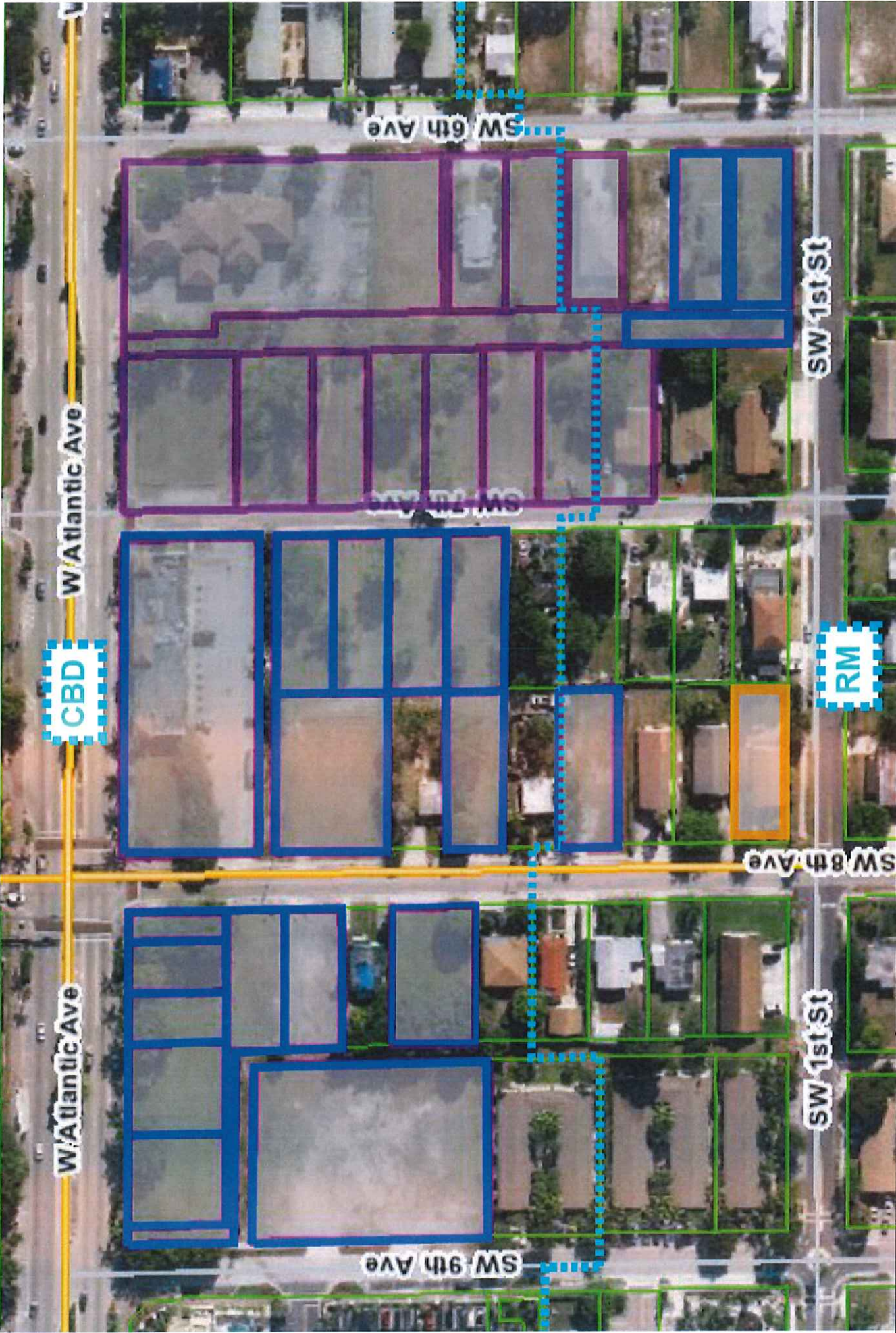
1. Continue with direction.
2. Reject the Letters of Interest and direct staff to issue a Request for Qualification/Proposals for CRA-Owned properties in the SW 600-700-800 Blocks to be determined.
3. Enter into negotiations with one or more of the development firms that submitted a Letter of Interest which will require the publication of a new thirty (30) day Notice as required by Florida Statutes Chapter 163.380(3)(a).

**Recommended Action:**

Reject the Letters of Interest and direct staff to issue a Request for Qualification/Proposals for CRA-Owned properties in the SW 600-700-800 Blocks to be determined.

**Submitted By:** Jeff Costello, Executive Director

Attachments: Location Map; Letter from BH3 Management, LLC; Letter from New Urban Communities; Letter from NR Investments, Inc.



**ZONING DISTRICT LINE**  
 CRA-OWNED (CURRENTLY NEGOTIATING AGREEMENT)  
 CRA-OWNED  
 UNDER CONTRACT

**LEGEND**  
 CRA-OWNED –  
 SW 600-800 BLOCKS  
 WEST ATLANTIC  
 AVENUE PROPERTIES  
 (JANUARY 19, 2018)



475 Park Avenue South - Suite 1206  
New York, NY 10016  
Phone: 646.289.8688 Fax: 212.208.0928

21500 Biscayne Boulevard - Suite 302  
Aventura, Florida 33180  
Phone: (954) 416-3140 Fax: (954) 603-3430

January 18, 2018

Re: West Atlantic Redevelopment – CRA owned 600/700/800 Blocks

To Whom It May Concern:

We are following up on our captioned offer for the 600/700/800 Atlantic Avenue blocks owned by the CRA as submitted on January 9<sup>th</sup>, 2018. As Delray residents we are committed to implementing a tasteful and respectful development plan for the referenced blocks, one that incorporates community, authenticity and contemplates the best future for the City of Delray Beach and its long history as well as preserves its reputation as a warm and unique sea side community.

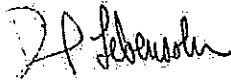
We are checking in because we have not heard from anyone since our submission and we want to insure we are approaching this from the correct position.

Furthermore, we understood the CRA was primarily concerned with expedition in getting these long dormant lots built and activated, therefore, our initial offer was weighted toward time of execution, getting the projects out of the ground thoughtfully but rapidly, and less focused on the acquisition sums, which were meant as place holders until further discussions could occur with CRA leadership.

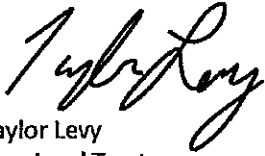
Since our initial submission, knowing the outside date looms, for the avoidance of doubt, and finally, to show our seriousness and commitment to getting this done with the CRA, we have evaluated the figure per site and are prepared to increase the sum to \$2,000,000 per block front subject to negotiated terms similar to those indicated in our initial LOI, attached hereto. In the alternative, we are amenable to taking any portion of that \$2,000,000 purchase price per block and ear marking it for use in the project and/or community pursuant to cooperation with the CRA and local community leaders. By example, if the CRA and community wanted \$250,000 of the \$2,000,000 placed into an escrow account to be used for community betterment projects such as local business support endeavors or if they instead wanted that sum applied toward rental concessions for some dedicated retail space for local businesses, the developer would be amenable. Additionally, the developer may establish a grant, the proceeds of which would be given, by lotto, directly to residents of Delray who are in need of housing repairs and restoration or supplemental contributions for their burgeoning businesses.

We look to you as community leaders to engage in a meaningful conversation and bring this to the next level.

Sincerely,



Daniel Lebensohn  
BH3 Management, LLC



Taylor Levy  
Levy Land Trust

Cc: Peter L. Desiderio, Esq.  
Stearns Weaver Miller Weissler  
Alhadeff & Sitterson, P.A.  
New River Center, Suite 2100  
200 East Las Olas Boulevard  
Fort Lauderdale, Florida 33301  
[pdesiderio@stearnsweaver.com](mailto:pdesiderio@stearnsweaver.com)



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New York, NY 10016  
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January 8, 2018

**OFFER LETTER**

Re: Acquisition of the entire 600 block off Atlantic Ave between SW 6th Ave and SW 7th Ave back to SW 1st St, Delray Beach, Florida (“600 Block”) as well as the adjacent 700 and 800 Blocks.

This Letter of Intent is proposed by BH3 Management LLC and Levy Land Trust or their designee joint venture entity to be formed (collectively, “BH3”), as purchasers, and sets forth the general terms by which BH3 proposes to enter into an Acquisition and Project Agreement for the acquisition and redevelopment of the 600 Block owned by the Delray Beach Community Redevelopment Agency (“CRA”) (collectively, the “Agreements”) as well as for the adjacent 700 and 800 Blocks.

BH3’s company history, profile, and sample transactions are attached hereto.

BH3 presents the following offer to the CRA relating to the acquisition and redevelopment of the 600 Block:

**600 Block Redevelopment Project**

1. *Redevelopment that focuses on the history and culture of Delray Beach.* BH3 will be obligated to redevelop the 600 Block with a program designed to promote and encourage Delray Beach’s remarkably diverse and rich history and culture.
2. *Construction Project.* The redevelopment program is contemplating the construction of a mixed-use development that blends residential housing, retail, and office space. BH3 plans to construct a 30,000 to 40,000 sq. ft. facility to house a well-established, reputable supermarket<sup>1</sup>

<sup>1</sup> By way of example, potential supermarkets that may compliment the Delray Beach community include:

- (1) Hannaford Supermarkets
- (2) Wegmans
- (3) Food Bazaar Supermarket
- (4) MOM’s Organic Market
- (9) Uncle Giuseppe’s Marketplace
- (11) 4th Generation Organic Market

- (5) Sprouts Farmers Market
- (6) Food Lion
- (7) Safeway
- (8) Joseph’s Classic Market
- (10) Harris Teeter

that supports a healthy, cohesive, and strong Delray Beach community. The redevelopment program may incorporate affordable housing, goods, and services to the Delray Beach community as well as ultimately provide diversified, higher-wage job opportunities for the neighborhood.

3. *Timetable.* As BH3 is comprised of local Delray Beach residents who are concerned with understanding the pulse and beat of the City, we believe that the CRA's goal and focus is on redeveloping the 600 Block as quickly as possible and in a manner that effectively supports the local Delray Beach community. In that regard, BH3 will endeavor to break ground on the redevelopment and construction project within two (2) years but no later than three (3) years from the date of acquisition of the 600 Block. BH3 will also endeavor to use and source local Delray Beach tradesman and contractors to perform the construction of the supermarket facility. Further, BH3 has already begun talking to Delray community leaders about their goals for the future so that such goals may be considered in our redevelopment plans.

In addition, our plan is to encourage and promote excitement about the coming redevelopment of the 600 Block by establishing a temporary walking path and/or community appropriate, dynamic art installation in the 600 Block within 6 months of entering into the Agreements.

#### **Acquisition Business Terms**

1. Price: \$500,000
2. Initial Deposit: \$100,000
3. Due Diligence 45 days - Concurrent with contract review and signing.
4. Closing Date: Six (6) months prior to breaking ground on construction of the 600 Block
5. Buyer's Attorney: Stearns Weaver Miller Weissler Alhadeff & Sitterson  
Peter Desiderio, Esq.  
New River Center  
200 East Las Olas Boulevard  
21st Floor (Penthouse A)  
Fort Lauderdale, Florida 33301  
Phone: 954-462-9500  
E-mail: [pdesiderio@stearnsweaver.com](mailto:pdesiderio@stearnsweaver.com)

The acquisition business terms were prepared contemplating BH3's understanding that the CRA's focus and goal is to find a developer committed to expeditiously redeveloping the 600 Block without allowing a prolonged pre development period to further delay the evolution of West Atlantic Avenue.

#### **Additional Acquisitions**

*Additional Acquisitions.* BH3 would also like to acquire and redevelop the adjacent 700 and 800 blocks to cohesively weave these blocks into the emergence of the neighborhood. The preference would be to acquire these blocks simultaneously with the 600 Block as it is essential to the overall concepting and design required for a comprehensive plan to be optimized. BH3 views this aggregation as the most

suitable path allowing West Atlantic to experience the growth its Eastern counterpart has experienced over the past decade plus while the economy is still thriving. BH3 would be willing to pursue the acquisition and redevelopment of each of the 700 and 800 Blocks under the same acquisition business terms as set forth above for the 600 Block provided the development timelines were staggered in its discretion.

**About the BH3 Joint Venture Parties**

Taylor Levy and Daniel Lebensohn are long-time residents of Delray Beach, both with vast experience in real estate investment and development. Taylor and Daniel have vested interests in seeing W. Atlantic Avenue emerge and develop in a positive way that will benefit the entire Delray Beach community. Evidencing their enormous passion for Delray's wellbeing and organic evolution, in 2015, Taylor and Daniel, along with one other neighbor, donated 100% of the \$100,000 Dollars purchase price, and spearheaded the effort to acquire an approximately 4.8 acre peninsula with riparian rights running contiguous to Lake Ida (next to the Grimes property at the Northwest corner of Lake Ida) from Palm Beach County, permanently deeded to Delray Beach. The purpose of this effort was to assist Delray in purchasing this special property to preserve one of Delray's crown jewels, namely Lake Ida, its neighboring landscape, open space and parks, and its unique and irreplaceable mark on the City. This nearly 5 acres of land was targeted for the development of waterfront homes but instead is now deed restricted conservation land to be enjoyed by the Delray Beach community in perpetuity.

This offer is made with the understanding that neither this letter nor any other communication between the parties, oral or written shall be binding unless and until a written formal contract on mutually acceptable terms and conditions is unconditionally signed and delivered by Seller and BH3.

Please note we are prepared to negotiate and enter into a contract promptly at Seller's convenience. BH3 respectfully request a meeting with Jeff Costello during the week of January 8, 2018 to discuss further details.

Sincerely,

**BH3 MANAGEMENT LLC**



Daniel Lebensohn

Date

1-8-18

**LEVY LAND TRUST**



Taylor Levy

Date

1-8-18



475 Park Avenue South - Suite 1206  
 New York, NY 10016  
 Phone: 646.289.8688 Fax: 212.269.0928

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**Company History**

BH3 is a real estate firm, specializing in multifamily/mixed-use investments. Founded in 1997, the firm together with its capital partners, owns and operates in excess of \$500 Million in commercial property aggregately. Managing partner Daniel Lebensohn has effectuated over \$1 Billion in transactions throughout his legal and investment career.

BH3's investment strategy is to target underperforming and underutilized assets in the multifamily/mixed-use sector. We actively identify and secure distressed debt acquisitions, partnership interests, and fee simple interests on both single and portfolio assets that we believe can benefit from our intensive property management and seek to reposition these properties to increase their profitability and value.

To recognize attractive opportunities within our target assets, we rely on the expertise of our legal, due diligence, analytical, and research-driven financial tools which integrate real estate experience with private equity and capital markets. We have an extensive network of industry relationships with banks, brokers, affiliates, lawyers, and institutional funds.

It is our core strength to determine and focus on upside potential and to create value with an emphasis on assets presently impaired by inappropriate structure, financing and/or mismanagement. Our approach has been maintained conservative for sufficient protection in a downside and material profit in the upside.

**Sample Transactions**

Location	Type	Year	Market Value/Exit Value
Privé Island, Aventura, FL	Luxury Condo Development	2015 - 2017(Exit)	500,000,000
Trump Hollywood, FL	Luxury Condo	2010 - 2012(Exit)	300,000,000
Collins Avenue, Miami Beach, FL	Luxury Condo	2009	52,000,000
Ponce Towers, Miami Beach, FL	Luxury Condo	2012	35,500,000
8 Building Package, Bronx	Apartment Building	2011	23,500,000
Alton Road, Miami Beach, FL	Vacant Land	2014	17,125,000
Hillsboro Beach, FL	Hotel	2017	13,500,000
Park Row, Manhattan	Distressed Note	2014	10,143,007
Collins Avenue, Miami Beach, FL	Luxury Condo Hotel	2010	10,150,000
Monroe St, Manhattan	Apartment Building	2015	9,000,000
W 49 <sup>th</sup> St, Manhattan	Apartment Building	2016	8,000,000
Forsyth St, Manhattan	Apartment Building	2015	7,625,000
Henry St., Manhattan	Apartment Building	2015	7,100,000
E.60th St., Manhattan	Distressed Note	2013	5,927,625
Rivington St., Manhattan	Distressed Note	2012	5,722,892
Madison St, Manhattan	Apartment Building	2017	5,060,000
Sheridan Ave., Bronx	Apartment Building	2013	4,162,500
Flatbush Ave., Brooklyn	Distressed Note	2014	3,084,955
Morris Ave., Bronx	Apartment Building	2014	2,760,000
W.125th St., Manhattan	Distressed Note	2012	2,680,369
Crotona Ave., Bronx	Apartment Building	2013	2,423,205
Avenue D, Manhattan	Distressed Note	2012	2,156,036
Cruzer Ave., Bronx	Apartment Building	2014	2,130,000
Lorillard Pl., Bronx	Distressed Note	2014	1,713,198



New Urban  Communities

January 18, 2018

Delray Beach Community Redevelopment Agency Board  
20 North Swinton Avenue  
Delray Beach, Florida 33444  
Attention: Jeff Costello, Executive Director

**Re: Public Notice Request for Proposals and Notice of Intent to Accept  
Development Proposals in the City of Delray Beach, Florida, for  
Redevelopment of 3.0 acres of land located south of West Atlantic Avenue  
Between SW 6<sup>th</sup> and SW 7<sup>th</sup> Avenue.**

Dear Jeff:

As you know we, along with our partner Milton Jones Development, were a respondent to CRA RFP 2013-06, the West Atlantic Properties. After the termination of the Purchase and Sale Agreement between the CRA and Equity Delray, LLC, we timely expressed our continued interest in redeveloping the CRA-owned properties on the south side of West Atlantic Avenue, between SW 6<sup>th</sup> Avenue and SW 9<sup>th</sup> Avenue.

We were disappointed the CRA instead elected last year to proceed with a one block approach to the redevelopment (which also failed) and not our more comprehensive approach, particularly given our unmatched record of success in disparate areas of the CRA, including Courtyards of Delray, Atlantic Grove, Old Palm Grove and Coda over the past 18 years. We completed all these developments, persevering through the brutal housing crash in 2007. It should also be noted that we have attracted Publix to two of our other developments, in Jupiter and Lake Worth.

Our plan submitted five years ago included 184 residential units and 41,500 square feet of retail, office and restaurant space, including a grocery store, and was ranked #1 by both the Selection Committee and WARC. Our plan implemented many important principles of the West Atlantic Redevelopment Plan, including:

- A design based on traditional neighborhood planning principles and containing a combination of residential and commercial uses (WARP p. 8)
- The plan included apartments over office space as well as freestanding apartments (WARP, p. 50)
- The plan included Mixed use redevelopment project with office, residential retail, and restaurant space (WARP, p. 58)
- Buildings are pulled to the street (WARP, p. 61)
- The plan utilizes shared parking (WARP, p. 112)
- Alleys and sidewalks were used to create a safe, walkable pedestrian environment (WARP, p. 114)
- A Grocery/drug store was provided
- Parking is located to the rear of structures along Atlantic Avenue (WARP, p. 123)

Mr. Jeff Costello  
January 18, 2018

- Sidewalks were provided along all public streets and also internally

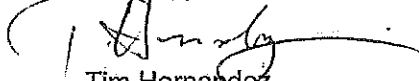
It is our understanding that the CRA is considering again moving forward with a one block proposal for the eastern block only. We have always believed that selling only one parcel was a mistake and still feel that way. We see many significant benefits of a comprehensive approach, among them:


- Ability to design of a more comprehensive development program that addresses more neighborhood needs and better incorporates the City's adopted planning principles, goals and objectives.
- Ability to create a more cohesive plan for the area, using shared parking and cross-access easements.
- Acceleration of the development process for a broader area, resulting in more impact, sooner.

We remain interested in developing the West Atlantic properties that were the subject of the above referenced RFP and our proposal remains open for acceptance by the Delray Beach CRA. We recognize that our previous proposal was based on market conditions that existed five years ago and we will adjust our offering price to be in line with current market conditions. Our price and terms will be competitive with the one block proposal you are considering and by developing the site we will be able to deliver a far more impactful development. Twice now you have chosen to work with out of town developers who have no track record of success in Delray Beach. We have a history of successfully executing developments throughout Broward and Palm Beach Counties, both inside and outside of CRAs, through both good and difficult times, including the four mentioned above in the City of Delray Beach. We have been based in the City of Delray Beach since our founding 18 years ago.

We hope that this proposal is given equal consideration as the one block proposal you are considering. If you had selected us five years ago, we are confident all three blocks would be the completed by now. The other proposal before you contemplates no shovel in the ground until 2022 at the earliest. We look forward to making this our fifth successful development in the City, one that will start well before 2022.

Sincerely,

  
Tim Hernandez  
Principal

  
Kevin Rickard  
Principal

c: Sean Jones  
Mark Lauzier  
Tim Stillings

NR Investments, Inc.  
1111 Park Centre Blvd.  
Suite 450  
Miami Gardens, Florida 33328  
[www.nrinvestments.com](http://www.nrinvestments.com)

Telephone: 305-625-0949

January 17, 2017

Delray Beach CRA  
Attn: Jeff Costello, Executive Director  
20 North Swinton Avenue  
Delray Beach, FL 33444

Re: Letter of Interest to develop Delray Beach – West Atlantic Development site 600, 700, and 800 blocks, West Atlantic Avenue, Delray Beach, Florida.

Dear Mr. Costello,

It was a pleasure meeting with you in the past. In follow up to our discussions, I would like to make sure that my interest as a developer is considered by the Delray Beach CRA.

As you may recall, I have been actively following the potential for an RFP for the site located on the SW 600-800 blocks of West Atlantic Blvd, in The Set, ever since the previous developer failed to honor its commitments over a year ago. I am further aware of the recent dealings and potential negotiations with Publix.

My company is NR Investments, Inc., located at 1111 Park Centre Blvd, Miami Gardens, Florida 33328. Please visit our website, [www.nrinvestments.com](http://www.nrinvestments.com), to learn more about who we are and our capabilities. We have owned and managed in excess of 10,000 residential units and more than 1 million square feet of office space. We have re-branded neighborhoods, both domestically and abroad, the most recent example being the "Arts & Entertainment District" in Miami's formerly known Omni District, which we have reinvigorated and effectively transformed through dozens of free and open community-based events attended, on average by between 500 and 600 people – including the Miami Flea, which draws upwards of 3,000 attendees and 130 curated local vendors.

Currently, apart from our multi-family and office space holdings, we're developing Canvas, a 37-story, 513-unit condominium tower, which is slated for completion and delivery in the second quarter of 2018.

I have been looking for an area that is ripe for development in South Florida and identified the opportunity of the 600-800 blocks of West Atlantic as a great fit for my company. Being situated approximately 45 minutes from our local headquarters provides complete ease and flexibility to oversee the construction and future operation of the site.

I believe the location is a great opportunity to set the tone for the entry into Delray Beach. I believe the hiring of a local architectural firm with high level experience will be instrumental. I believe the local architect's pride and connectivity to the area will be evident from the beginning of the project and in the finished product.

My vision for the project is cohesive and includes multi-family housing with a mix of eclectic ground floor retail and an office component. Potential retail use ideas include a locally branded men's barbershop concept; fresh seafood market; local farmer's market co-op which would specialize in organic meats, eggs, and seasonal items; a corner coffee shop; among others.

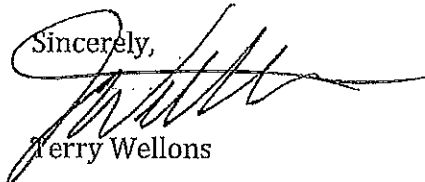
In other words, smaller shops that can benefit from exposure yet without the "big box" retail sized stores, which, combined with the multi-family and office components, will create a "village-type" setting.

In the past months, I have continued to quietly watch from a distance and believe now is the time to act. I would like to step in with a competitive proposal to develop the land owned by the CRA on the 600, 700, and 800 blocks of West Atlantic Blvd, and strongly urge the CRA to reject any option deal with Publix going forward.

Being a privately held, local real estate investment and development firm, with almost 20 years operating in South Florida, we can move quickly and deliver on our promises.

I ask you to consider receiving an offer from us, and look forward to hearing from you soon.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Wellons", written over the word "Sincerely,".

Terry Wellons

cc: Tim Stillings via email  
Mark Lauzier via email