



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#24-0002

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Greg Chavarria, City Manager

DATE: January 9, 2024

TITLE: Resolution Approving Conveyance of the City's Interest in Air Rights Above
a Portion of the Property Located at 801 Seabreeze Boulevard and
Approving an Interlocal Agreement between the City of Fort Lauderdale and
the Bahia Mar Community Development District, in Substantially the Form
Provided, pursuant to Section 8.02 of the Charter of the City of Fort
Lauderdale - **(Commission District 2)**

Recommendation

Staff presents for City Commission's consideration the adoption of a resolution that approves the conveyance of the City's interest in air rights located above a portion of the property at 801 Seabreeze Boulevard to the Bahia Mar Community Development District ("CDD") and approves an Interlocal Agreement between the City of Fort Lauderdale and the CDD.

Background

On December 5, 2023, the City Commission adopted Resolution 23-284 (Exhibit 1), declaring the City's intention to convey air rights above 801 Seabreeze Boulevard to the CDD. This conveyance, detailed in Resolution 23-284, includes conditions such as the CDD bearing all associated costs of the conveyance and the City conveying the air rights through a Quit Claim Deed. Additionally, the CDD and City will enter into an Interlocal Agreement, outlined in Exhibit 2, to identify public benefits and improvements funded by the CDD, amounting to \$1 million, following the creation of the CDD under Ordinance No. C-23-44 (Exhibit 3).

The proposed development site encompasses approximately 2,131,951 buildable gross square feet, featuring a hotel, residential towers, and other facilities, with 1,609,304 square feet of vertical air allocated as fee simple air rights above the podium (Exhibit 4). These air rights, appraised at \$249 million by Joseph J. Blake and Associates, Inc. (Exhibit 5), are expected to substantially increase the City's and Community Trust's revenues by approximately \$285 million over a 99-year lease term, as the selling price for condominiums is projected at \$2,000 per square foot, potentially increasing by \$500 per square foot due to the air rights conveyance (Exhibit 6). Approximately \$220 Million of this additional revenue will benefit the General Fund.

The CDD's commitment of \$1 million for public improvements includes pickleball courts, fitness equipment, and the relocation of a storage/maintenance yard beneath the Bahia Mar pedestrian bridge. The City will manage the construction of these improvements, ensuring adherence to timelines, permit acquisitions, and additional funding requirements.

The adoption of the air rights conveyance and Interlocal Agreement depends on the City Commission's approval of three key documents: 1) Amendment No. 2 to the Master Lease Agreement, 2) the Amended and Restated Declaration of Covenants & Restrictions (which creates perpetual easements of support, among other changes), and 3) the proposed Declaration of Restrictive Covenant (DRC), which conveys the economic benefits from the phased leases to the DRC. These crucial documents are set to be presented to the City Commission for further consideration on January 23, 2024.

Resource Impact

All fees, costs, and expenses associated with the conveyance shall be borne by the CDD. It is anticipated that the conveyance of the Air Rights Parcel to the CDD will materially increase the market value of the non-CDD improvements (hotel, condominium units and retail/office). Alongside this, the City, in collaboration with Rahn Bahia Mar, LLC., is poised to benefit from the increased revenues and the raised average sales price of the condominium units. This benefit will manifest in enhanced participatory revenue under the proposed DRC with Rahn Bahia Mar, LLC and the CDD, and in additional ad valorem property taxes. Furthermore, the transaction includes a \$1 million financial benefit designated for public improvements, contributing to the City's economic growth and community development. There is also a \$250,000 contribution from Rahn Bahia Mar, LLC for Workforce Education Programs Contribution.

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning

This item advances the *Fast Forward Fort Lauderdale 2035* Vision Plan: We Are United.

Attachments

Exhibit 1 – Resolution 23-284

Exhibit 2 – Interlocal Agreement

Exhibit 3 – Ordinance No. C-23-44

Exhibit 4 – Air Rights Parcel

Exhibit 5 – Air Rights Appraisal

Exhibit 6 – Colliers Bahia Mar Summary & Analysis

Exhibit 7 – Resolution

Prepared by: Angela Salmon, City Manager's Office

Charter Officer: Greg Chavarria, City Manager