



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#24-0645

TO: CRA Chairman & Board of Commissioners
Fort Lauderdale Community Redevelopment Agency

FROM: Susan Grant, Acting CRA Executive Director

DATE: October 1, 2024

TITLE: Resolution Providing a \$1,500,000 Increase in Development Incentive Program Forgivable Loan Funding to Wright Dynasty, LLC for the Wright Dynasty Project Located At 1217-1223 Sistrunk Boulevard, Authorizing the Executive Director to Execute Any and All Related Instruments, and Delegating Authority to the Executive Director to Take Certain Actions - **(Commission District 3)**

Recommendation

Staff recommends the Community Redevelopment Agency (CRA) Board of Commissioners provide a \$1,500,000 increase in Development Incentive Program forgivable loan funding to Wright Dynasty, LLC for the Wright Dynasty Project, located at 1217-1223 Sistrunk Boulevard, authorize the Executive Director to execute any and all related instruments, and delegate authority to the Executive Director to take certain actions.

Background

The Northwest-Progresso-Flagler Heights (NPF) Community Redevelopment Agency has received a request from Wright Dynasty, LLC for a \$1,500,000 funding increase in its Development Incentive Program (DIP) forgivable loan for the Wright Dynasty mixed-use development located at 1217-1223 Sistrunk Boulevard, Fort Lauderdale, FL 33311. A copy of the location map and Broward County Property Appraiser information is attached as Exhibit 1. On November 17, 2020, the CRA Board approved a \$3,000,000 Development Incentive Program forgivable loan to Wright Dynasty, LLC for a mixed-use project and on December 6, 2022, the DIP loan was increased to \$3,500,000 to reflect the added cost from design changes to the project. On February 28, 2022, the DRC approved an alternative design for the project with a height bonus in exchange for setting aside ten percent of the units as affordable. The final proposed development is a six-story building with 3,582 square feet of commercial space on the first floor, two parking levels with 58 parking spaces, and 27 residential rental units of which three (3) are dedicated in perpetuity for low income at 80% Area Median Income (AMI). The construction cost was initially projected at \$7,116,825. However, following receipt of construction bids for the six-story project, the lowest bid was for \$11,365,687 and the total project cost has increased to \$14,927,780. The Developer's Funding Increase Request, including a

detailed project analysis and summary, source and use of funds, proforma and detailed construction budget is attached as Exhibit 2. A copy of the construction bids received, and value engineering analysis is attached as Exhibit 3 and the final DRC Certificate of Compliance and submittals are attached as Exhibit 4.

The project is located in a CRA focus area and the DIP Program allows for a maximum of CRA funding of 50% of the total project. Together with this CRA funding increase, the total CRA contribution will be \$5,000,000 which is 33% of the total project investment. In addition to the CRA's contribution, the project will be financed by a loan in the amount of \$6,400,000 from Grow America. A commitment letter from Grow America is attached as Exhibit 5. A project appraisal by The Urban Group of the proposed development, as completed, is attached as Exhibit 6. It places a value on the completed project of \$13,500,000. A market study of the project by Colliers is attached as Exhibit 7. The developer is also seeking \$1,500,000 in loan funds from Broward County and \$700,000 in SHIP (State Housing Incentive Partnership) program funds through the City's Housing and Community Development Division, with the funding gap provided by Developer equity.

The site has been leveled, cleared for construction, and plans have been submitted to permitting for approval. The building will offer the community modern and sustainable living spaces and will adhere to sustainable/green principles, such as a reduced parking footprint, charging kiosks for electrical vehicles, rainwater management, indoor water use reduction through low water consumption fixtures, renewable energy/green power and carbon offsets through integration of solar power, impact-resistant glazing and window wall systems, low emittance building materials, utilization of daylighting techniques in the retail and residential units, energy efficient HVAC equipment, programmable thermostats, dimmable switches, LED lighting, low consumption fixtures and various other energy reduction measures. The developer plans to make several parking spaces available to the community, as some of the surrounding buildings have no parking of their own but rely on street and surface lot parking. The Energy Efficiency Plan by The Hardmon Company is attached as Exhibit 8.

In the past years, the cost of raw materials and labor significantly increased and has remained high, even post-pandemic. These cost increases significantly impact small to medium size development projects. Larger projects can leverage economies of scale at a level not afforded for small to medium sized projects. In addition, high interest rates have lowered a developer's borrowing power. Financial institutions require a higher-than-normal equity investment to offset risk.

With the additional funds, construction will begin in the fourth quarter of 2024. The estimated completion date is 18 months from the beginning of construction.

At their meeting of August 13, 2024, by a vote of 7 to 3, the NPF CRA Advisory Board recommended that the CRA Board approve the increase in funding for the project. A copy of the minutes of the advisory board meeting are attached as Exhibit 8. The Development

Incentive Program Amendment to the Development Agreement with Wright Dynasty, LLC for the Wright Dynasty Project and Resolution are attached as Exhibits 9 and 10.

Consistency with NPF CRA Community Redevelopment Plan

This project is consistent with the Northwest-Progresso-Flagler Heights Community Redevelopment Area Community Redevelopment Plan, which identifies the Sistrunk corridor as a Focus Area to be revitalized and redeveloped. This area of the city has the potential to serve as a major source of investment and employment for the surrounding community. The CRA Plan identifies strategic objectives, goals and measurements that include targeting and attracting businesses, retail uses and industries to establish a presence in the redevelopment area and create jobs for area residents. In addition, it calls for investing in development projects that create job opportunities for area residents, promote public private partnerships and investment in the redevelopment area.

The NPF CRA Community Redevelopment Plan promotes programs and projects that will have a positive impact on neighborhood residents and low and moderate income households within the NPF CRA. The Redevelopment Program will assist in providing incentives as inducements to stimulate development to upgrade and replace incompatible land uses and blighting conditions affecting the area, and the Redevelopment Plan will help preserve and expand the supply of affordable housing and provide improvements to enhance the overall environment, improve the quality of life and attract sound business and commercial development that provide employment and job opportunities.

A major component of the redevelopment strategy for the NPF CRA is the revitalization of the residential neighborhoods. The Redevelopment Program seeks to preserve and expand affordable housing in the entire redevelopment area. Per the CRA plan, the CRA will establish incentive programs to address redevelopment obstacles. The CRA Program identifies strategic objectives, goals and measurements that include targeting and attracting businesses, retail uses and industries to establish a presence in the redevelopment area. In addition, it calls for investing in development projects that create job opportunities, promote public private partnerships and investment in the redevelopment area. In addition, per the Future Land Use Plan and CRA Plan, redevelopment and housing opportunities for low, very low, and moderate-income households within the Northwest RAC should be encouraged.

Resource Impact

There will be a fiscal impact to the CRA in the amount of \$1,500,000.

Funds available as of October 1, 2024					
ACCOUNT NUMBER	COST CENTER NAME (Program)	CHARACTER/ ACCOUNT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
20-119-1531-552-40-4203-CRA092504	Development Incentive Improvement Program FY25	Other Operating Expenses/Redevelopment Projects	\$15,844,602	\$15,844,602	\$1,500,000
TOTAL AMOUNT ►					\$1,500,000

Strategic Connections

This item is a FY 2024 Commission Priority, advancing the Economic Development & Housing Accessibility initiatives.

This item supports the *Press Play Fort Lauderdale 2029* Strategic Plan, specifically advancing:

- The Housing Focus Area, Goal 2: Enable housing options for all income levels
- The Business Growth and Support Focus Area, Goal 6: Build a diverse and attractive economy

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

This item supports the Advance Fort Lauderdale 2040 Comprehensive Plan, specifically advancing:

- The Business Development Focus Area
- The Economic Development Element
- Goal 2: Enhance the economic competitiveness of Fort Lauderdale through policies that encourage retention and recruitment of business and industry which provide living-wage employment and increased training and competitiveness of the local workforce.
- The Neighborhood Enhancement Focus Area
- The Future Land Use Element
- Goal 2: Sustainable Development: The City shall encourage sustainable, smart growth which designates areas for future growth, promotes connectivity, social equity, preservation of neighborhood character and compatibility of uses.
- The Housing Element
- Goal 1: The Comprehensive Plan shall support the provision of adequate sites for future housing, including affordable workforce housing, housing for low-income, very low-income, and moderate-income families, mobile homes, and group home facilities and foster care facilities, with supporting infrastructure and public facilities.
- Goal 2: Be a community of strong, beautiful and healthy neighborhoods.

Attachments

- Exhibit 1: Location Map/ Broward County Property Appraiser Information
- Exhibit 2: Developer's Funding Increase Request
- Exhibit 3: Construction Bids/ Value Engineering
- Exhibit 4: Final DRC Certificate of Compliance and Submittals
- Exhibit 5: Funding Commitment Letter from Grow America
- Exhibit 6: Project Appraisal
- Exhibit 7: Project Market Study
- Exhibit 8: Energy Efficiency Plan
- Exhibit 9: August 13, 2024, NPF CRA Advisory Board Minutes

Exhibit 10: Letter of Intent
Exhibit 11: Resolution No. 20-12 (CRA)
Exhibit 12: Amended Letter of Intent
Exhibit 13: Resolution No. 22-18 (CRA)
Exhibit 14: Second Amendment to the Letter of Intent
Exhibit 15: Resolution

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