



**CITY OF FORT LAUDERDALE**  
**City Commission Agenda Memo**  
**CRA BOARD MEETING**

**#20-0645**

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

**FROM:** Chris Lagerbloom, ICMA-CM, Executive Director

**DATE:** September 1, 2020

**TITLE:** Resolution Approving a \$640,000 Development Incentive Program Loan as a Local Government Area of Opportunity Funding to Mount Hermon Housing, LTD. for Mount Hermon Apartments, Contingent Upon the Award of 9% Tax Credits from the Florida Housing Finance Corporation, Authorizing the Executive Director to Execute Any and All Instruments Related to the Loan and Delegating Authority to the Executive Director to take Certain Actions - (**Commission District 3**)

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**Recommendation**

It is recommended that the Community Redevelopment Agency (CRA) Board of Commissioners approve a Resolution approving a \$640,000 Development Incentive Program Loan as a Local Government Area of Opportunity Funding to Mount Hermon Housing, LTD. for the Mount Hermon Apartments, contingent upon the award of 9% tax credits from the Florida Housing Finance Corporation, authorizing the Executive Director to execute any and all instruments related to the Loan and delegating authority to the Executive Director to take certain actions, subject to review by CRA General Counsel.

**Background**

Mount Hermon Housing, Ltd. is requesting a \$640,000 investment from the CRA in the form of Local Governmental Area of Opportunity (LGAO) funding to support the development of an affordable senior housing project of no less than 100 units on 1.08 acres in the Northwest portion of the CRA in the Dorsey Riverbend neighborhood at the corner of NW 4<sup>th</sup> Street and NW 8<sup>th</sup> Avenue. The property is zoned NWRAC-MUw (Northwest Regional Activity Center Mixed Use West). A Location Map is provided as Exhibit 1. The project is 100% affordable with ninety percent (90%) of the units available to tenants at sixty percent (60%) or below the Area Median Income level, and the remaining ten percent (10%) of the units will be made available to Extremely Low-Income(ELI) tenants at a level equal to or below 25% of the Area Median Income Level. The project will remain affordable for a period of 55 years.

Mount Hermon Housing, Ltd.'s preliminary development plan for this project and a list of the project's features and amenities are attached as Exhibit 2. The unit mix will consist of 77 one bedroom/one bath and 33 two bedroom/two bath units with structured parking.

The project will have numerous amenities, will be an environmentally friendly community and the project will obtain a National Green Building Certification.

The Developer, Mount Hermon Housing, Ltd. is made up of co-partners Mount Hermon African Methodist Episcopal Church, Inc. and Housing Trust Group (HTG). The land is owned by Mount Hermon African Methodist Episcopal Church, Inc. and will be leased to HTG.

The HTG's development team assigned to the project will be led by Matthew Rieger President/ CEO, Max Cruz, Executive Vice President of Development; Bryan K. Finnie, Vice President of Development and Kemissa Colin, Development Manager. The team will be supplemented by ANG Group, Inc, providing construction and construction management services and Reprtwar Architecture and Design Studios. The Developers CRA Funding application is attached as Exhibit 3.

HTG has developed more than 6000 units of multi-family housing in the State of Florida and was rated the # 1 affordable housing developer in Florida and # 22 in the United States, according to Affordable Housing Finance Magazine – 2017. In HTG's portfolio is Village Place, a six story, 112-unit affordable apartment complex for seniors. Village Place is located on 720 NE 4<sup>th</sup> Avenue in the Flagler Village portion of the Northwest Progresso Flagler CRA area. This successful project clearly demonstrates HTG's ability to develop affordable multi-family housing in the City of Fort Lauderdale.

The Developer will be submitting an application for an award of 9% tax credits to the Florida Housing Finance Corporation (FHFC). The support of the CRA is structured as a Local Government Area of Opportunity (LGAO) Funding. The receipt of an LGAO investment from the CRA will increase the projects probability of getting funded.

The Developer has submitted project information indicating that the estimated total project cost is \$38,772,621. The project's permanent financial structure will be funded by the following sources:

- JP Morgan Chase Loan \$10,900,000 – Libor + 225 bps (4% as of August 2020) – (Exhibit 4);
- Raymond James Tax Credits \$26,799,900 – \$0.93 paid per credit; 25% paid at closing of construction financing; 25% paid at completion of construction with the balance paid at project stabilization and receipt of 8609's – (Exhibit 5);
- Developer's Equity \$432,721.
- CRA funding \$640,000 (LGAO). – Repayment of loan subject to CRA negotiations and under a separate agreement to be brought to the CRA Board for consideration at a later date, the CRA will assign the loan payments to the CRA newly formed Economic Development Corporation.

Use of funds are as follows:

- Construction Hard Cost \$20,833,333

- Soft Cost and Contingency \$9,138,852
- Property Lease Payment \$3,800,000
- Operating Deficit Reserve \$204,886
- Developer's Profit \$4,795,550

Evidence of the CRA financing commitment is required prior to the submission of the applicant's application to the FHFC for 9% tax credits. We anticipate that the application for credits will be submitted in November 2020 with awards being announced in the First Quarter of 2021. The Project Summary and Pro-Forma is attached as Exhibit 6. A project schedule is attached as Exhibit 7. Construction commencement of the project is projected to begin in June 2022 and completion of the project to occur in August 2023.

In comparison to other recent affordable housing project funded by the CRA (see chart below), the CRA funding for this project equates to only \$5,818 per unit based on the proposed 110 affordable housing units. By comparison, the CRA's contribution to the Six13 workforce housing project was \$7 million which equals to \$49,295 per unit for 142 units, for the Sweeting Estates affordable townhomes was \$1.5 million which equates to \$60,000 per unit for 25 units, and for the Fat Live affordable housing units was \$5 million which equates to \$53,191 per unit for 94 units.

<b>CRA Affordable Housing Projects Funding Comparison</b>			
Project	CRA Funding	# of Units	CRA Funding/Unit
Fat Live	\$5 million	94	\$53,191
Sweeting Townhomes	\$1.5 million	25	\$60,000
Project Six13	\$7 million	142	\$49,295
Mount Hermon	\$640,000	110	\$5,818

South Florida faces an affordable housing crisis and there is an acute shortage of affordable housing in the City of Fort Lauderdale. More than 60% of adults in South Florida are cost burdened spending over 30% of their incomes for housing. In Broward County, of the 147,000 renter housing units, over 77,000 renters are severely cost burdened paying over 50% of their income for housing. This situation has been further exasperated by the dramatic increase in the unemployment rate since the onset of the COVID19 pandemic. With only a few thousand affordable apartments in the City, the gap is huge between the need for affordable rentals and what is available.

At their meeting of August 11, 2020, the Northwest-Progresso-Flagler Heights (NPF) Redevelopment Advisory Board recommended approval of this project by a vote of 9 to 2. The draft minutes of the meeting are attached as Exhibit 8.

Consistency with the NPF CRA Community Redevelopment Plan

The Redevelopment Plan is found to promote programs and projects that will have a  
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positive impact on the 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 Development 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 NPR 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 5-Year Program, which is incorporated as part of the 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. 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**

No funding will be provided in this Fiscal Year. Funds for this project totaling \$640,000 will be spread over two years. \$320,000 will be appropriated in Fiscal Year 2021 and the balance will of \$320,000 be appropriated in Fiscal Year 2022 contingent upon approval and appropriation of the annual budgets.

### **Strategic Connections**

This item is a *Press Play Fort Lauderdale Strategic Plan 2024* initiative, specifically advancing:

- The Neighborhood Enhancement Area  
Goal 4: Build a thriving and inclusive community of neighborhoods.  
Objective: Ensure a range of affordable housing options.

This item advances the *Fast-Forward Fort Lauderdale 2035 Vision Plan: We Are Community and We are Prosperous*.

### **Attachments**

Exhibit 1 - Location Map  
Exhibit 2 - Plans and Features  
Exhibit 3 - HTG CRA Funding Application  
Exhibit 4 - JP Morgan Chase Commitment Letter  
Exhibit 5 - Raymond James Letter  
Exhibit 6 - Project Summary and Pro-forma  
Exhibit 7 - Project Schedule  
Exhibit 8 - August 11, 2020 NPF CRA Advisory Board Draft Minutes  
Exhibit 9 - Resolution

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