

## **PROPERTY AND BUSINESS INVESTMENT PROGRAM**

Articles and professional advice offered by trade organizations such as the International Economic Development Council (IEDC) and in the trade publication Shopping Centers Today (SCT) identify the need for local government sponsored incentives to remain competitive for real estate development, business recruitment and job growth. Site selection decision-makers and entrepreneurs looking for investment opportunities generally contact government officials and economic development organizations to inquire about the availability of incentives. Incentives are an important piece of any redevelopment program because of the ability to provide a capital cushion or the offer of a well-coordinated regulatory approval process. Access to capital and well defined development rules can be accelerants for redevelopment, and when an incentive program that is fair, transparent and easy to understand is combined with a good regulatory process, the impact on the local economy can be exponential. When the proposed zoning amendments for the NW Regional Activity Center are combined with well-crafted financial incentives, development interest in the area is expected to explode.

### **Background**

The Property and Business Investment Program is a financial incentive program that features a public sector real estate investment strategy that reduces the capital needs of viable projects and enhancing the tax base with quality projects. Utilizing “Focusing on Plus”, a scoring matrix developed for a similar program used by the City of Durham, NC., the Property and Business Investment Program (PBIP) would be a competitively funded economic incentive program that would permit eligible property and business owners the opportunity to apply for funding from the NPF CRA.

The PBIP would permit funds to be used for interior and exterior improvements for mixed-use or commercial projects within the NPF CRA. The intent of the program is to encourage property owners and small business owners to reinvest in their property. The program will help property owners in the area recruit tenants to the area by enabling lease agreements that are financially feasible by providing an aggressive public investment program that will help make entrepreneurial opportunities financially feasible.

The primary goal of the incentive program is to position the 6<sup>th</sup> Street corridor within the NPF CRA as one of the prime commercial destinations within Fort Lauderdale. A secondary goal of the program is to support investment in the remainder of the redevelopment district.

### **Eligible Areas**

The program will be available for properties within the NPF CRA. The two areas are categorized as primary and secondary areas.

- Primary Area - NE/NW 6<sup>th</sup> Street/Sistrunk corridor from Federal Highway to NW 19<sup>th</sup> Avenue.
- Secondary Area – Other legally zoned commercial corridors or properties within the NPF CRA district. The secondary area would include NW 7<sup>th</sup> Avenue, NE 3<sup>rd</sup> Avenue, Andrews Avenue, Broward Boulevard and Sunrise Boulevard.

### Preferred Uses

The 2008 NPF CRA Implementation Plan identified a list of uses that are in demand for the area such as;

- A neighborhood grocery store
- drug store
- clothing stores
- general merchandise stores (Dollar General, Family Dollar, Big Lots); and
- family-oriented restaurants.

It is further recommended that we target other businesses such as

- ice cream shops
- coffee shops
- newspaper/magazine stand
- destination retail
- art studios
- creative arts businesses
- micro-breweries; and
- professional services

### Non-Preferred Uses

Liquor stores, convenience stores, pawn shops and gas stations were listed as being in overabundance in the 2008 Implementation Plan. Uses that are considered in over-supply and are not permitted in the zoning code are not eligible for funding.

### Program Guidelines

An applicant for the PBIP may apply for funding in the **Primary Area** for the costs to construct, engineering, architectural design, interior and exterior improvements for an amount not to exceed \$200,000 or 40% of the total project capital investment, whichever is less.

Applications for sites in the **Secondary Area** may apply for funding in support of construction, engineering, architectural design, interior and exterior improvements for an amount not to exceed \$100,000 or 20% of the total project capital investment, whichever is less.

Applicants are encouraged to utilize industry recognized sustainable technologies as a part of their construction program.

A summary of eligible program expenses and other program highlights are outlined below:

- Eligible expenses - HVAC, Security, Plumbing, Electrical, Drywall, Painting, Framing, Flooring, Windows, Landscaping, Parking and Signage.
- Forgivable Loan - forgiven over a maximum of 7 years
- Projects must be completed no later than 14 months after CRA Board approval
- Funds would be secured by a subordinate mortgage on the property
- Leasing and re-leasing compliance or funds become payable as a traditional loan on the property
- Funds may be recaptured if property is sold or refinanced

Scoring criteria were established to objectively determine the merits of any application. Funding for applicants under the PBIP program will be provided until funds are no longer available. Once a score is established for each project the list of scores will be forwarded to the NPF CRA advisory board with a staff analysis for each application. The NPF CRA advisory board will review the applications, scores provided and staff analysis for each application and provide a recommendation for funding to the CRA Board. A third party will be hired to provide analysis related to financial viability and need for incentives. It is recommended that a project must have a minimum score of 70% to be considered for funding. It is further recommended that a score less than 100% of the points allowed will be awarded a proportional incentive amount with respect to the \$200,000 maximum award limit. Spreadsheets detailing the scoring criteria for the **Primary Area** and the **Secondary Area** are provided on pages four and five of this document.

In an attempt to provide a fair and open process for this funding opportunity, applications will only be accepted in response to a public submittal process with a hard deadline. The deadline will allow staff, advisory board members and the CRA Board the opportunity to evaluate the submissions and award funding to applicants that are most ready to move forward. Upon approval of the PBIP by the CRA Board a public notice announcing the program and the availability of funds will be placed in the local newspapers. Additionally, we will mail notices to all property owners on the 6th Street corridor, as well as, send notices to all of the business organizations and civic associations within Fort Lauderdale. The public notice will also establish an open and closing date for all PBIP applications. It is anticipated that the PBIP application period will be between 45 to 60 days from the date of the public notice.

## Exhibit 1 – Primary Area Scoring Criteria

PRIMARY AREA SCORING CRITERIA	MAX SCORE
1. Retail restaurant or office space exceeding 1,500 square feet <ul style="list-style-type: none"> <li>a. 2,000 + square feet – 5 points</li> <li>b. 1,500 – 1,999 square feet – 4 points</li> <li>c. 1,000 – 1,499 square feet – 3 points</li> <li>d. 500 – 999 square feet – 2 points</li> <li>e. 250 – 499 square feet – 1 point</li> </ul>	5
2. Building design or renovation program is consistent with recommended design guidelines	5
3. Greater than 50% of 1st floor frontage is transparent windows	5
4. Project will create at least 5 new full-time and/or part-time jobs	15
5. Reuses a vacant or underutilized property	10
6. Property/Project eligible for Brownfield program designation or other contamination clean-up program	5
7. High quality and environmentally friendly building materials	5
8. Financial analysis supports the project and demonstrates need for assistance	30
9. Qualifications of developer, or development partnership demonstrates success on other comparable projects	15
10. The Project is consistent with the goals and objectives of the CRA redevelopment plans	3
11. Potentially increases the tax base of the property being redeveloped (based upon estimates from County Tax office)	2
<b>MINIMUM CRITERIA SCORE</b>	<b>100</b>
Bonus Criteria (max of 5 points each)	
12. Plan includes mixed use development with a quality housing component (live/work including workforce housing with retail on 1st floor)	5
13. Provide a letter of support from the civic and/or business association where the project is located	5
14. Clearly documented financial commitment letter(s) of interest from investors or banks	5
15. Project has received or will apply for industry standard designation indicating high level of sustainability in design and construction (i.e. LEED, etc.)	5
16. Accommodations made for bike racks, transit shelters and other pedestrian amenities	5
17. Adds street activity such as outdoor eating areas	5
18. Creates or enhances area parks, pedestrian environment or first floor commercial space	5
19. Tenant or lease agreement has been secured for property	5
<b>BONUS CRITERIA SCORE</b>	<b>40</b>
<b>TOTAL MINIMUM CRITERIA plus BONUS SCORE</b>	<b>140</b>

## Exhibit 2 – Secondary Area Scoring Criteria

SECONDARY AREA SCORING CRITERIA	MAX SCORE
1. Retail restaurant or office space exceeding 1,500 square feet <ul style="list-style-type: none"> <li>a. 2,000 + square feet – 5 points</li> <li>b. 1,500 – 1,999 square feet – 4 points</li> <li>c. 1,000 – 1,499 square feet – 3 points</li> <li>d. 500 – 999 square feet – 2 points</li> <li>e. 250 – 499 square feet – 1 point</li> </ul>	5
2. Building design or renovation program is consistent with recommended design guidelines	5
3. Greater than 50% of 1st floor frontage is transparent windows	5
4. Project will create at least 5 new full-time and/or part-time jobs	15
5. Reuses a vacant or underutilized property	10
6. Property/Project eligible for Brownfield program designation or other contamination clean-up program	5
7. High quality and environmentally friendly building materials	5
8. Financial analysis supports the project and demonstrates need for assistance	30
9. Qualifications of developer, or development partnership demonstrates success on other comparable projects	15
10. The Project is consistent with the goals and objectives of the CRA redevelopment plans	3
11. Potentially increases the tax base of the property being redeveloped (based upon estimates from County Tax office)	2
<b>MINIMUM CRITERIA SCORE</b>	<b>100</b>
Bonus Criteria (max of 5 points each)	
12. Plan includes mixed use development with a quality housing component (live/work including workforce housing with retail on 1st floor)	5
13. Provide a letter of support from the civic and/or business association where the project is located	5
14. Clearly documented financial commitment letter(s) of interest from investors or banks	5
15. Project has received or will apply for industry standard designation indicating high level of sustainability in design and construction (i.e. LEED, etc.)	5
16. Accommodations made for bike racks, transit shelters and other pedestrian amenities	5
17. Adds street activity such as outdoor eating areas	5
18. Creates or enhances area parks, pedestrian environment or first floor commercial space	5
19. Tenant or lease agreement has been secured for property	5
<b>BONUS CRITERIA SCORE</b>	<b>40</b>
<b>MINIMUM CRITERIA plus BONUS SCORE</b>	<b>140</b>

## Evaluation Process

The criteria for recommending projects to be approved for funding and the specific amount allocated each project under the PBIP follows a two-step process.

- Step 1: The initial step relates to a review of an application to determine if the project meets most of the criteria listed above. For example, determining if a project is consistent with the Plan would involve reviewing the project in the context of the project's ability to generate tax increment revenue, if the project creates or preserves jobs, facilitates the opening of a brand new business, or is the funding causing an investment to occur that would help renovate a formerly slum and blighted property. All of these elements have been included in the overall scoring criteria to aid in the evaluation process.
- Step 2: The second step consists of the application being approved by the CRA Board. All applicants shall enter into a development agreement for the purposes of setting a project schedule, establishing the method for funding disbursements and enforcing the provisions of the program for the length of the agreement.