



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#17-1035

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

FROM: Lee R. Feldman, ICMA-CM, Executive Director

DATE: September 6, 2017

TITLE: Motion to Approve a Redevelopment & Economic Development Incentive Program Funding Agreement in the Amount of \$748,500 between the Fort Lauderdale Community Redevelopment Agency and FPA II, LLC for The Pharmacy Project located at 900, 914, & 930 Sistrunk Boulevard

Recommendation

It is recommended that the Community Redevelopment Agency (CRA) Board of Commissioners approve a Redevelopment & Economic Development Incentive Program Funding Agreement, in substantially the form attached, for funding in an amount not to exceed \$748,500 with FPA II, LLC; and authorize the Chairman and Executive Director to execute the funding agreement for The Pharmacy project located at 900, 914 & 930 Sistrunk Boulevard.

Background

Real estate entrepreneurs and investors Eyal Peretz and Ofer Tamir are founders and co-managing partners of Florida Prime Acquisitions, a holding company located in Hollywood that owns and operates commercial and residential real estate and has acquired hundreds of commercial and residential properties in south Florida since 2008. In addition to funding the cash purchase and now the pending renovation of all three buildings, Florida Prime Acquisitions and Fuse Funding will be relocating their office to suite 201 of the 900 building upon completion of the buildout. Eyal Peretz and Ofer Tamir have a strong retail network to attract new business operators to the corridor and are actively investing in other parts of the CRA. Profiles of the company's key management personnel are included in Exhibit 1.

FPA II, LLC is requesting a \$748,500 funding assistance package from the Northwest-Progresso-Flagler Heights (NPF) CRA to renovate 900, 914 and 930 Sistrunk Boulevard (totaling 22,400 sq. ft.) to establish a real estate co-working space (including their new corporate headquarters) in addition to Class A & Micro retail west of the Florida East Coast (FEC) railway at the prominent intersection of Powerline Rd and Sistrunk Blvd. "The Pharmacy" name pays homage to the 900 building's historical use as a pharmacy in the 60's when the Sistrunk Corridor was a popular/active business district. Based on the projected tenancy, FPA II, LLC estimates this project will bring 70 – 90 jobs to the area. A copy of the Location Map and Broward County Property Appraiser Information

is included as (Exhibit 4). A copy of the request for Funding/Application is included in the attached financial package.

They Propose:

- To make a \$3,447,000 investment in the CRA in the purchase and renovation of the three buildings located on 900, 914 and 930 Sistrunk Boulevard, west of the FEC railway. These buildings have already been purchased in an all cash transaction for \$1,500,000 and currently have no mortgages. This project is part of a larger commitment to the Sistrunk Boulevard and Powerline Road intersection, demonstrated by their proposed total \$4,200,000 investment in the corner (an additional \$1,200,000 in 618 NW 9th Avenue and other investments in the community are being actively pursued).
- To move the headquarters of both Florida Prime Acquisitions (a real estate investment company founded by the principals Ofer Tamir and Eyal Peretz) and Fuse Funding to 900 Sistrunk Boulevard (offices in suite 202) providing 10 to 15 jobs.
- To build the ideal co-working environment (building 900 – suite 201) for real estate professionals to receive title, legal, financial and advisory services (30-40 jobs), in addition to class A space for 5 retail tenants on the ground floors of the 900 and the 930 Building (15-20 jobs), and affordable/quality micro retail on the first floor of the 900 Building.
- To provide leasing discounts to area businesses in the co-working space (building 900 – suite 201) and the micro retail (building 900 ground floor) for three years.
- To incorporate art reflecting historical or cultural elements of the community into the architectural features/facade of all three buildings. Local artist George Gadson who has significant experience with public art installations in south Florida and the NPF CRA will assist in coordinating outreach for artistic talent within the vicinity of the CRA for this purpose.

Project Cost, Client Risk and Financial Analysis

As illustrated in construction estimates provided in Exhibit 4, the renovation of 900, 914 and 930 Sistrunk Boulevard (totaling close to 22,400 sq. ft.) will cost approximately \$1,757,000 for buildout of the state of the art co-working space that will include 14 workstations, 15 dedicated offices, boardroom facilities, conference rooms, and lounge areas. Exterior improvements will include extensive façade upgrades to modernize the buildings that will include the installation of art panels painted by local artists, new storefront/glass door windows, light-emitting diode (LED) light fixtures, and heating, ventilation, and air conditioning (HVAC). Furniture and fixtures will cost an additional \$120,000.

The project has the support of the Progresso Village Civic Association and the sponsors

are scheduling a pre Development Review Committee (DRC) meeting with the City. A copy of the Project Plans is attached as Exhibit 3.

The total project cost/total required investment is estimated at \$3,447,000. Including:

\$1,500,000 - Building Cost
 \$1,757,000 - Renovation Cost
 \$ 120,000 - Equipment & Fixtures
 \$ 70,000 - Design, Engineering, Landscaping, Insurance & Fees
\$3,447,000 Total Required Project Investment

As detailed in the Economic Analysis & Project Feasibility (Exhibit 2), with the projected tenant mix summarized in the table below, the company will target real estate related businesses in its co-working space encouraging area entrepreneurs to move into the renovated project. There will also be discounted rent for businesses of residents within the CRA for up to three years. The new corporate headquarters for Florida Prime Acquisitions and Fuse Funding with Class A & Micro retail opportunities available are planned; letters of interest are in progress. The Fort Lauderdale CRA & Housing and Community Development (HCD) will remain in Building 914.

	900 Building	914 Building	930 Building	Blended/Total	Annual
Suite 201					
Offices	\$6,750.00	-	-	\$6,750.00	\$81,000.00
Desk	\$3,200.00	-	-	\$3,200.00	\$38,400.00
Suite 202	\$5,657.00	-	-	\$5,657.00	\$67,884.00
Space 101	\$4,418.67	-	-	\$4,418.67	\$53,000.00
Space 102	\$4,418.67	-	-	\$4,418.67	\$53,000.00
Space 103	\$4,418.67	-	-	\$4,418.67	\$53,000.00
CRA	-	\$11,921.00	-	\$11,921.00	\$143,052.00
Space A	-	-	\$4,266.67	<u>\$4,266.67</u>	<u>\$48,128.00</u>
Subtotal				\$45,044.67	\$540,536.04

Currently the 900 Building is 22% occupied, with an Economic Development Consultant, Social Services Non-Profit, Bail Bondsman and a Chiropractor. With the substantial renovations, and their relationships in the retail market, the owners are forecasting that they will attract new quality tenants and bring additional jobs to the corridor.

The detailed operations analysis (Exhibit 2) that includes leases/revenue and expenses provides a projected stabilized net operating income (NOI) of \$249,810 with a 5 year return analysis reflecting an annual return of 4.9% without CRA funding and 6.5% with the CRA funding of \$748,500.

The Developer is requesting a total of \$748,500 from the Commercial Façade Improvement Program and Property & Business Improvement Program:

- Property & Business Improvement Program (PBIP) - \$225,000 forgivable loan. The program provides for a maximum façade incentive of 90% of the

improvement cost for build out not to exceed \$225,000. The build out cost for 900 Sistrunk Boulevard of \$972,000 qualifies for the maximum amount.

- Property & Business Improvement Program (PBIP) - \$225,000 forgivable loan. The program provides for a maximum façade incentive of 90% of the improvement cost for build out not to exceed \$225,000. The build out cost for 930 Sistrunk Boulevard of \$165,000 qualifies for \$148,500
- Commercial Façade Improvement Program (CFIP) - \$125,000 forgivable loan. The program provides for a maximum façade incentive of 90% of the façade improvement cost not to exceed \$125,000. The façade and site improvement for 900 Sistrunk Boulevard of \$300,000 qualifies it for the maximum amount.
- Commercial Façade Improvement Program (CFIP) - \$125,000 forgivable loan. The program provides for a maximum façade incentive of 90% of the façade improvement cost not to exceed \$125,000. The façade and site improvement for 914 Sistrunk Boulevard of \$180,000 qualifies it for the maximum amount.
- Commercial Façade Improvement Program (CFIP) - \$125,000 forgivable loan. The program provides for a maximum façade incentive of 90% of the façade improvement cost not to exceed \$125,000. The façade and site improvement for 930 Sistrunk Boulevard of \$160,000 qualifies it for the maximum amount.

A copy of estimated construction costs is included in Exhibit 4. The CRA proposes that the project be awarded a \$748,500 Redevelopment Incentive using the two above stated programs secured by a 5 year forgivable mortgage against the property subordinated to any future first mortgage lender.

Redevelopment Incentive Recommendation: Staff recommends providing the total \$748,500 contribution by the CRA to allow the redevelopment and economic/job creation project proposed by the Developer to proceed.

The final drafts for execution are subject to approval of the CRA General Counsel, who shall have the authority to make necessary changes.

Consistency with the NPF CRA Community Redevelopment Plan

The project is consistent with the NPF CRA Community Redevelopment Plan which identifies Sistrunk Commercial Revitalization as a comprehensive program to redevelop this commercial corridor of the City that has the potential to serve as a major source of jobs. Per the 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 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.

Resource Impact

Funds for this agreement in the amount of \$748,500 are available in the Fiscal Year 2017 Budget in the accounts listed below.

Funds available as of August 24, 2017					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUBOBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	PAYMENT AMOUNT
119-CRA091701-4203	Commercial Façade Improvement Program FY17	Other Operating Expenses/Redevelopment Projects	\$1,000,000	\$896,403	\$375,000
119-CRA091702-4203	Property Façade Improvement Program FY17	Other Operating Expenses/Redevelopment Projects	\$1,000,000	\$814,443	\$373,500
PURCHASE TOTAL ►					\$748,500

Strategic Connections

This item is a *Commission Annual Action Plan* priority, included within the Policy Agenda, advancing the Northwest Progresso Flagler Heights CRA – Capital Improvements and Housing strategy.

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Neighborhood Enhancement Cylinder of Excellence, specifically advancing:

- Goal 7: Be a well-positioned City within the global economic and tourism markets of the South Florida region, leveraging our airports, ports and rail connections.
- Objective 2: Facilitate a responsive and proactive business climate.
- Initiative 1: Evaluate and expand our existing portfolio of business attraction Incentives.

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

Related CAM

#17-1034

Attachments

- Exhibit 1 - Business Plan, Profile of Key Principals, Advisory Committee
- Exhibit 2 - Economic Analysis & Project Feasibility
- Exhibit 3 - Renderings
- Exhibit 4 - Supplemental Questions, Survey, Contractor Bids
- Exhibit 5 - Articles Warranty Deed, Insurance, Contracts, Environmental
- Exhibit 6 - Redevelopment & Economic Development Incentive Program Funding Agreement
- Exhibit 7 - May 9, 2017 NPF CRA Redevelopment Advisory Board Approved Minutes

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