



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#17-0937

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 \$350,000 between the Fort Lauderdale Community Redevelopment Agency and Brody Family Investments LLC for the Warehouse Renovation at 816 NW 6th Avenue

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 \$350,000 with Brody Family Investments LLC; and authorize the Chairman and Executive Director to execute the funding agreement for the warehouse renovation located at 816 NW 6th Avenue.

Background

The Guitar Broker was incorporated in June 1989 from an idea between Craig and Patti Brody to take their hobby of collecting vintage guitars, basses, and amplifiers and bring them to collectors worldwide.

They outgrew their first 900 square foot (sq. ft.) location on Davie Boulevard in Fort Lauderdale and moved to a 3,000 sq. ft. shop in the International Building across from the Galleria Mall on Sunrise Boulevard. They subsequently took their business online (www.guitarbroker.com) and employed as many as seven people. They are one of the top 10 Vintage Guitar Dealers in the world averaging \$1M - \$1.5M in annual sales.

As the retail market changed and online sales soared, they chose to down-size their retail guitar business and moved their shop into a warehouse purchased in the City of Weston. At that time, they also opened their second business, BC.Brody Investment Motorcars, and now house 7-10 unique collector cars and approximately 200 vintage guitars, basses, and amplifiers.

In April of 2015, the Brody Family Investments LLC purchased the building at 816 NW 6th Avenue for \$644,000. The building was in a significant state of disrepair and being used as a storage facility. They have invested over \$300,000 in upgrades - complete

exterior renovation (including stucco and new roof), replacing/enlarging four entry doors, complete electrical system upgrade, interior demolition/repair, and concrete floor replacement.

Brody Family Investments LLC is requesting a \$350,000 funding assistance package from the Northwest-Progresso-Flagler heights (NPF) CRA to complete additional renovations to their 10,500 sq. ft. warehouse. The building is located west of the Florida East Coast (FEC) Railway in the industrial district of Progresso Village. It houses their existing businesses, GuitarBroker.com and BC.Brody Investment Motorcars. A copy of the Location Map and Broward County Property Appraiser Information is included as (Exhibit 2). A copy of the request for Funding/Application is included as (Exhibit 1).

They Propose:

- To make a \$1,410,000 investment in the CRA in the purchase and redevelopment of the property at 816 NW 6th Avenue, west of the FEC Railway – (Exhibit 2).
- To expand/improve the office/showrooms for GuitarBroker and BC.Brody Investment Motorcars (4,500 sq. ft.) creating approximately 4 jobs.
- To complete necessary improvements in the remaining unoccupied 6,000 sq. ft. for leasing to proposed new tenant Axolotl (Exhibit 3), a high end architectural products supplier creating approximately 8 jobs.

Project Cost, Client Risk, and Financial Analysis

The requested funding assistance will allow for the completion of the renovations that Brody Family Investments LLC have started on the building, allow for the expansion of their existing businesses and improve their ability to recruit higher-value tenants to the rest of the building that will provide new jobs.

As illustrated in construction estimates provided in Exhibit 1 (prepared by CRA General Contractor (GC)/Project Manager), the remaining renovations will cost approximately \$466,000. Upgrades will include:

- Heating, ventilation and air conditioning (HVAC) for the entire structure
- Interior lighting package
- Garage door replacement
- Exterior window replacement
- New flooring
- Roof insulation
- Parking lot resurfacing

The total project cost/total required investment is estimated at \$1,410,000 including:

\$ 644,000 - Building Purchase Cost (from 2015)

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\$ 466,000 - Renovation Cost (including Design, Engineering, Insurance, & Fees)
\$ 300,000 - Equipment & Fixtures
\$1,410,000 Total Required Project Investment

The owner is requesting a total of \$350,000 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 75% of the improvement cost for build out not to exceed \$225,000. The build out cost of the project of \$272,950 qualifies for the maximum amount.
- Commercial Façade Improvement Program (CFIP) - \$125,000 forgivable loan. The program provides for a maximum façade incentive of 75% of the façade improvement cost not to exceed \$125,000. The façade and site improvement cost of the project of \$193,050 also qualifies it for the maximum amount.

A copy of estimated renovation cost is included as Exhibit 1. The CRA proposes that the project be awarded a \$350,000 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 \$350,000 contribution by the CRA to allow the redevelopment and economic/job creation project proposed by the Developer to move forward for the benefit of the Developer and the CRA without risking CRA funds.

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 Progresso Commercial Revitalization as a comprehensive program to redevelop this largely deteriorated industrial area of the City that has the potential to serve as a major source of job creation.

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 \$350,000 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 FY 17	Other Operating Expenses/Redevelopment Projects	\$1,000,000	\$896,403	\$350,000
PURCHASE TOTAL ►					\$350,000

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*.

Attachments

Exhibit 1 - Application, Supplemental Information, Project Scope, Tax Returns, Bank Statements

Exhibit 2 - Project Street Map, Folio & Legal Disc. Appraisers Off, Insurance, Corporation

Exhibit 3 - Job Descriptions, Proposed Tenant LOI

Exhibit 4 - Before and After Pictures of Building and Buildout

Exhibit 5 - History of Business, Discussion of Project, Key Principals

Exhibit 6 - Redevelopment & Economic Development Incentive Program Funding Agreement

Exhibit 7 - July 18, 2017 NPF CRA Redevelopment Advisory Board Approved Minutes

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