



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: September 17, 2024

TITLE: Resolution Providing an \$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 Community Redevelopment Agency (NPF CRA) has received a request from Wright Dynasty, LLC for a \$1,500,000 funding increase in it's 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 10 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 there (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 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. The project appraisal and market study are attached as Exhibits 6 and 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 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.

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 higher interest rates have lowering 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 is attached as Exhibits 9 and 10.

Consistency with NPF CRA Community Redevelopment Plan

The project is consistent with the Northwest-Progresso-Flagler Heights Community Redevelopment Area (“NPF CRA”) 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.

Strategic Connections

This item is a *FY2024 Commission Priority*, advancing the Economic Development & Housing Accessibility initiatives.

This item supports the *Press Play Fort Lauderdale 2024 Strategic Plan*, specifically advancing:

- The Business Development Focus Area
- Goal 5: Build an attractive global and local economic community marketplace
- Objective: Nurture and support existing local businesses

- The Neighborhood Enhancement Focus 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*

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 and encourage retention and recruitment of businesses and industry which provide living wage employment and increased training and competitiveness in 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 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
- 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: August 13, 2024, NPF CRA Advisory Board Minutes
- Exhibit 9: Amendment to the Development Agreement
- Exhibit 10: Resolution

Prepared by: Bob Wojcik, AICP, CRA Housing and Economic Development Manager
Clarence Woods, CRA Manager

Acting CRA Executive Director: Susan Grant

