



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#25-0137

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Susan Grant, Acting City Manager

DATE: March 18, 2025

TITLE: Resolution Rescinding Resolution No. 24-131 and Approving a New
Resolution for a \$640,000 Loan to Pinnacle at Cypress Phase 2, LLC;
Authorizing the City Manager to Execute Any and All Instruments Related
to the Loan – **(Commission District 1)**

Recommendation

Staff recommends that the City Commission rescind Resolution No. 24-131 and approve a new resolution for a \$640,000 Local Government Area of Opportunity (LGAO) loan commitment to Pinnacle at Cypress Phase 2, LLC for Phase II of Pinnacle at Cypress. Additionally, staff recommends authorizing the City Manager to execute any and all documents related to the loan. This allocation for Phase II will enable Pinnacle Communities II, LLC (Developer), to apply for 9% Housing Tax Credits (HTC) from the Florida Housing Finance Corporation (FHFC) for Phase 2 of the project.

This approval will restart the two-year commitment structure and will cover application cycles for calendar years 2025 and 2026. No additional funding beyond what was approved by the City Commission on July 2, 2024, is required

Background

On July 2, 2024, the City Commission adopted Resolution 24-131, approving a \$640,000 LGAO loan to Pinnacle at Cypress, LLLP for the development of Pinnacle at Cypress, a 100-unit affordable senior housing project at 6520 N. Andrews Avenue. The funding was intended to support the developer's application for 9% HTC from FHFC.

While the developer did not receive an HTC award in 2024, they successfully obtained State Apartment Incentive Loan (SAIL) financing in a subsequent funding cycle along with HOME/ARP financing from Florida Housing and 4% Housing Tax Credit from Broward County Housing Finance Authority, allowing Phase 1 to move forward without using the LGAO commitment.

As a result, the Developer is requesting that the LGAO commitment be reassigned to Pinnacle at Cypress Phase 2, LLC, a separate single-purpose entity created for Phase 2 of the project.

Phase 2 consists of 96 affordable rental units that will not be age-restricted, targeting workforce housing needs in the Cypress Creek corridor.

This allocation will allow the City's LGAO loan commitment to support the developer's 2025 and 2026 applications for 9% HTC, ensuring the funds are used to maximize affordable housing development in the City.

Key Differences Between Resolution 24-131 and the Proposed Resolution

1. Reallocation of LGAO Commitment:

- Original Resolution: LGAO loan was allocated to Pinnacle at Cypress, LLLP for a 100-unit senior affordable housing project.
- Proposed Resolution: LGAO loan will be reassigned to Pinnacle at Cypress Phase 2, LLC for a 96-unit non-age-restricted affordable housing project.

2. Entity Name Change:

- Original Resolution: Loan recipient was Pinnacle at Cypress, LLLP.
- Proposed Resolution: Loan recipient will be Pinnacle at Cypress Phase 2, LLC.

3. Updated Financing Structure for Phase 1:

- Phase 1 originally relied on 9% HTC for funding but did not receive the award.
- Phase 1 instead secured:
 - \$10.5 million in SAIL funding
 - \$1.4 million in HOME Investment Partnerships Program and American Rescue Plan (HOME/ARP) funds
 - 4% HTC
 - Tax Exempt Bonds from the Broward County Housing Finance Authority.

4. Reassignment of LGAO Commitment for Phase 2:

- The LGAO loan was not used for Phase 1 and is now being redirected to Phase 2.
- The Developer will apply for 9% HTC in both the 2025 and 2026 FHFC application cycles.

5. No Additional Financial Impact:

- Original Resolution: The City committed \$640,000 to Pinnacle at Cypress Phase 1.

- Proposed Resolution: The City maintains the same commitment amount (\$640,000) but reassigns it to Phase 2.
- No new funding is required beyond what was previously approved.

The proposed \$640,000 loan will specifically finance the construction of the Pinnacle at Cypress project located at 6520 N. Andrews Avenue, Fort Lauderdale. The loan terms include a zero percent interest rate during the initial three-year construction of phase 2, followed by a two percent interest rate over the subsequent 15.5-year term, totaling an 18.5-year loan duration. It is a non-recourse, non-amortizing loan secured by a subordinate mortgage on the property. Full repayment is required at the end of the loan period, with potential for forgiveness at the lender's discretion. To prevent cancellation, the borrower must secure additional financing, including tax credit equity, by December 31, 2026. This loan is instrumental in qualifying the project as a "Local Government Area of Opportunity" and supports the financial feasibility of obtaining Low-Income Housing Tax Credits.

Should Pinnacle at Cypress Phase 2, LLC secure the tax credits from the FHFC, the City Manager will proceed to execute the loan documents. The closing date for the loan will align with the fund disbursement schedule required by the project.

Resource Impact

There is no fiscal impact in FY 2025. The entire loan amount of \$640,00 is projected to come from the City's Affordable Housing Trust Fund. Since the loan funds are not needed until 2026, funds will be made available with approval of the proper budget and appropriation approvals, contingent upon award of low-income housing tax credits.

Strategic Connections

This item is a FY 2025 Commission Priority, advancing the Affordable Housing and Economic Development initiative.

This item supports the *Press Play Fort Lauderdale 2029* Strategic Plan, specifically advancing:

- The Housing Focus Area, Goal 2: Enable housing options for all income levels.

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 Neighborhood Enhancement Focus Area
- 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 strong, beautiful, and healthy neighborhoods.

Attachments

Exhibit 1 – Pinnacle at Cypress Proposal

Exhibit 2 – Commitment Letter

Exhibit 3 – Resolution

Prepared by: Angela Salmon, Program Manager, City Manager's Office

Charter Officer: Susan Grant, Acting City Manager