



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#24-0475

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

FROM: Susan Grant, Acting CRA Executive Director

DATE: June 18, 2024

TITLE: Public Hearing Approving the Sale of Community Redevelopment Agency Property Located at 822 Sistrunk Boulevard, 824 Sistrunk Boulevard, and 541 NW 8 Avenue to Fuse 9, LLC, Subject to Conditions, Restrictions and Reservations, 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 hold a Public Hearing and approve a Resolution for the sale of CRA property located at 822 Sistrunk Boulevard, 824 Sistrunk Boulevard, and 541 NW 8 Avenue to Fuse 9, LLC, subject to conditions, reservations and restrictions, authorize the Executive Director to execute any and all related instruments, and delegate authority to the Executive Director to take certain actions.

Background

After being informed of Fuse Group's interest in acquiring certain parcels adjacent to properties owned by them or their subsidiaries, on June 16, 2019, the CRA published a Notice of Intent to Dispose of Property and invite proposals for the development of vacant property at 822 Sistrunk Boulevard, 824 Sistrunk Boulevard, and 541 NW 8 Avenue. On July 16, 2019, the CRA received a single proposal from Fuse 9, LLC (a subsidiary company of Fuse Group) in response to the solicitation. 822 and 824 were owned by the CRA, purchased between 2000 and 2003, and the property at 541 NW 8 Avenue was titled to the City of Fort Lauderdale, but was proposed by the City to be transferred to the CRA. The Notice stated that the selected developer would be required to enter into a development agreement with the CRA and complete the project within 24 months of award. It also stated that the property at 824 Sistrunk Boulevard would require a Quiet Title action and that the conveyance of the City parcel is conditioned on the City's transfer of the property to the CRA (The City-owned parcel at 541 NW 8 Avenue was transferred by the City to the CRA on December 22, 2022). The notice required that a complete application for funding assistance be provided as part of their development proposal for proposers seeking CRA funding assistance for their project. Proposal Evaluation Criteria for development proposal selection consisted of:

1. The development proposal is in the best interest of the CRA and promotes and facilitates the furtherance of the goals, objectives, and policies of the CRA Plan;
2. Is most responsive to the Invitation for Proposals;
3. The Proposer demonstrates the financial capacity, development experience, qualification and ability best suited to carry out the proposal; and
4. The Proposer agrees to purchase the property in "As Is" condition for its appraised value of \$380,000.

A location map is attached as Exhibit 1, the published Notice to accept development proposals for the property is attached as Exhibit 2, Broward County Property Appraiser information is attached as Exhibit 3, and the original RFP proposal from Fuse 9, LLC is attached as Exhibit 4.

On August 5, 2019, the RFP evaluation committee initially ranked the proposal, but asked the proposer in writing to submit certain information missing from the original proposal and clarification on whether they would be seeking CRA funding assistance for the project. In response, the Proposer provided the missing information requested and on December 6, 2019, Fuse 9, LLC delivered a revised proposal that included expanding the project to include additional property owned by Fuse Group and a funding request for \$3,760,000 for the project. A copy of the Evaluation Committee scoring and the Fuse 9, LLC final revised proposal is attached as Exhibits 5 and 6.

When the developer's proposal for the public property was submitted, Fuse Group also dropped off an additional development proposal for a \$4 million funding request for property they own and are proposing to redevelop at 909 Sistrunk Boulevard, previously known as the Bass Market site. Because of insufficient CRA capacity at the time to fund both projects, Fuse Group was asked which of the two projects was their preference for CRA funding. Staff was advised that their preference was for CRA funding assistance in the amount of \$4 million for the 909 Sistrunk Boulevard project. The 909 Sistrunk Project was approved for funding by the CRA Board on December 7, 2021 as part of the CRA's Truist Bank Loan, which was amended on December 5, 2023, transferring these funds and providing FY 2023-2024 Tax increment revenues to fund the \$10 million CRA funding package for Fuse Group's Arcadian Project, along with changing the 909 Sistrunk Project funding to anticipated CRA tax increment revenues from FY 2024-2025.

In part, because the CRA is sunseting in November 2025, Fuse Group is now asking that the CRA directly sell them the property at 822 Sistrunk Boulevard, 824 Sistrunk Boulevard, and 541 NW 8 Avenue for the original RFP stated purchase price of \$380,000 (the 2019 market value) and is withdrawing their funding request for the project. An updated appraisal of the property dated May 28, 2024 by American Realty Consultants Inc. states the market value of the property is \$1,130,000 (Exhibit 7).

Fuse 9, LLC's original RFP proposal for the CRA property was for active retail, office, hospitality and lifestyle uses. Since the developer is not prepared at this time to commit to a certain date when this development will occur, and that future market conditions may

result in changes to the developer's original proposal, the proposed CRA Development Agreement for the property between the CRA and Fuse 9, LLC requires that the developer, within five (5) years, return to the CRA Board for approval of their proposed development proposal/conceptual site plan for the site and complete their proposed project for the property within eight (8) years after closing on the Property. In the event the CRA is dissolved, the Developer must present the proposed development plan to the City Commission for approval. These requirements will be incorporated in a Restrictive Covenant and recorded on the property. Also, in exchange for the CRA selling the property at the discounted purchase price of \$380,000, the developer will not seek any other financial incentives from the CRA for the project. Should Fuse 9, LLC sell the property prior to development of the site, the CRA or its successor entity will receive all profits from the sale less the \$380, 000 paid initially. This requirement will be incorporated into the Deed. The Commercial Contract and Resolution are attached as Exhibits 8 and 9.

Consistency with NPF CRA Community Redevelopment Plan

The Northwest-Progresso-Flagler Heights (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 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.

Land assembly may be used as a government intervention technique or predominant method of redevelopment programming to foster private redevelopment. In connection with those programs, projects or activities where land assembly for private disposition and use is deemed appropriate, the purpose, intent and objectives of the Redevelopment Plan shall be protected and preserved by the incorporation into restrictions or covenants running with the land, if sold, or as restrictions or conditions of the lease or other instrument of conveyance or use. Prior to disposition of any such public property acquired directly in connection with the Redevelopment Plan, the City or CRA shall approve conditions of control deemed appropriate at the time to facilitate the intended program, project or activity while adequately protecting the intent and objectives of the Redevelopment Plan.

Resource Impact

There will be a positive impact to the CRA in the amount of \$380,000 for revenues received from the sale of the property. This will be appropriated in the July 2, 2024 budget amendment.

<i>Funds available as of June 5, 2024</i>					
ACCOUNT NUMBER	COST CENTER NAME (Program)	CHARACTER /ACCOUNT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
20-119-1531-552-364-004- CRA092404	Development Incentive Improvement Program FY 24	Gain/Loss on Land Held for Resale	\$0	\$0	\$380,000
TOTAL AMOUNT ►					\$380,000

Strategic Connections

This item is a FY 2024 Commission Priority, advancing the Economic Development & Housing Accessibility initiatives.

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

- The Business Growth and Support Focus Area, Goal 6: Build a diverse and attractive economy
- 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 Business Development Focus Area
- The Economic Development Element
- Goal 2: Enhance the economic competitiveness of Fort Lauderdale through policies that encourage retention and recruitment of business and industry which provide living-wage employment and increased training and competitiveness of 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.

Attachments

Exhibit 1 – Location Map

Exhibit 2 – CRA Notice to Accept Proposals

Exhibit 3 – Broward County Property Appraiser Information

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Exhibit 4 – Fuse 9, LLC Original RFP Proposal
Exhibit 5 – RFP Evaluation Committee Scoring
Exhibit 6 – Fuse 9, LLC Final Revised RFP Proposal
Exhibit 7 – Appraisal Report Dated 5/28/2024– American Realty Consultants, Inc
Exhibit 8 – Commercial Contract and Addendum
Exhibit 9 – Resolution

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