



**CITY OF FORT LAUDERDALE**  
**City Commission Agenda Memo**  
**CRA BOARD MEETING**

**#17-1034**

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**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 Provident Fort Lauderdale LLC for The Provident Community Shoppes Project located at 610 – 618 NW 9<sup>th</sup> Ave (Powerline Road)

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**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 Provident Fort Lauderdale LLC; and authorize the Chairman and Executive Director to execute the funding agreement for The Provident Community Shoppes Project located at 610 – 618 NW 9<sup>th</sup> Ave (Powerline Rd).

**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.

Provident Fort Lauderdale LLC is requesting a \$350,000 funding assistance package from the Northwest-Progresso-Flagler Heights (NPF) CRA to renovate 610 – 618 NW 9<sup>th</sup> Avenue (four to five storefronts totaling 5,123 sq. ft.) to establish Class A retail west of the Florida East Coast (FEC) railway at the prominent intersection of Powerline Road and Sistrunk Boulevard. "The Provident" name pays homage to the historic Provident Hospital founded in 1938 by community leaders Dr. James Sistrunk and Dr. Von Mizell, the first medical facility for African Americans in Fort Lauderdale, operating when the

Sistrunk Corridor was a popular/active business district. Based on the projected tenancy, Provident Fort Lauderdale LLC estimates this project will bring 20 – 40 jobs to the area. A copy of the Location Map and Broward County Property Appraiser Information is included in Exhibit 4. A copy of the request for Funding/Application is included in the attached financial package.

They Propose:

- To make a \$1,215,000 investment in the CRA in the purchase and renovation of the building located on 610-618 NW 9<sup>th</sup> Avenue (Powerline Road), west of the FEC railway. This building was purchased for \$550,000 on 5/23/2017. 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 \$3,447,000 for 900, 914 and 930 Sistrunk Boulevard); other investments in the community are being actively pursued.
- To provide leasing discounts to CRA area businesses for Class A retail in the building for three years.
- To incorporate art reflecting historical or cultural elements of the community into the architectural features/facade. 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 610 – 618 NW 9<sup>th</sup> Ave (four storefronts totaling 5,123 sq. ft.) will cost approximately \$562,000 for buildout of the Class A retail space. Exterior improvements will include extensive façade upgrades to modernize the building 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).

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 required project investment is estimated at \$1,215,000 including:

\$ 583,000 - Building Cost + Broker's Fee  
\$ 562,000 - Renovation Cost  
\$ 70,000 - Landscaping + Paving  
\$1,215,000 Total Required Project Investment

As detailed in Section 4 of the Economic Analysis & Project Feasibility, Provident Fort Lauderdale LLC is already engaging with business concepts that have shown interest in

the area, and based on those responses, forecasts annual lease revenues summarized in the table below. To provide assistance to area entrepreneurs, residents with businesses operating within the CRA will receive discounted leases for three years as an incentive to become tenants of the renovated project.

| <b>Pro Forma Lease</b> | <b>618 NW 9<sup>th</sup> Avenue</b> | <b>Annual</b>       |
|------------------------|-------------------------------------|---------------------|
| Space 1                | \$3,368.75                          | \$40,425.75         |
| Space 2                | \$2,189.58                          | \$26,275.00         |
| Space 3                | \$2,566.67                          | \$30,800.00         |
| Space 4                | <u>\$2,543.75</u>                   | <u>\$30,525.00</u>  |
| <b>Subtotal</b>        | <b>\$10,688.75</b>                  | <b>\$128,025.00</b> |

The detailed operations analysis (Exhibit 2) includes detailed leases/revenue and expenses. It provides a projected Stabilized Net Operating Income (NOI) of \$65,201 with a 5 year return analysis reflecting an annual return of 4.5% without CRA funding and 6.3% with CRA funding of \$350,000.

The Developer 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 90% of the improvement cost for build out not to exceed \$225,000. The build out cost for 610 – 618 NW 9<sup>th</sup> Avenue of \$342,000 qualifies 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 610 – 618 NW 9<sup>th</sup> Avenue of \$220,000 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 \$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. Provident Fort Lauderdale LLC also will be strongly encouraged to allow the CRA's prescreened contractors to bid on the proposed renovations if they choose not to have the CRA manage the whole rehabilitation.

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 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 \$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 Program FY17 | Other Operating Expenses/Redevelopment Projects | \$1,000,000                | \$896,403                     | \$125,000      |
| 119-CRA091702-4203                    | Property Façade Improvement Program FY17   | Other Operating Expenses/Redevelopment Projects | \$1,000,000                | \$814,443                     | \$225,000      |
| <b>PURCHASE TOTAL ►</b>               |  |   |                            |                               | \$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*.

**Related CAM**

#17-1035

**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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