



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

**#21-0834**

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

**FROM:** Chris Lagerbloom, ICMA-CM, Executive Director

**DATE:** September 21, 2021

**TITLE:** Motion Approving subordination of the CRA Mortgages from Urban North, LLC to a New Mortgage in favor of First Republic Bank; Amendments to the Façade Program Participation Agreement with Urban North LLC and to the Property and Business Improvement Program Agreement with Patio Bar and Pizza, LLC; Amendments to both CRA Mortgages and Authorizing the Executive Director to Execute Any and All Related Instruments, and Delegating Authority to the Executive Director to Take Certain Actions **(Commission District 2)**

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**Recommendation**

Staff recommends the Community Redevelopment Agency (CRA) Board of Commissioners approve by Motion a Subordination Agreement, subordinating the CRA mortgages granted to Urban North, LLC at 901 Progresso Drive in the total amount of \$275,000, to a new mortgage to Urban North, LLC by First Republic Bank in the amount to \$1,600,000. Staff also recommends that the CRA Board of Commissioners approve an amendment to the Façade Program Participation Agreement with Urban North, LLC and an amendment to the Property Business Improvement Program (PBIP) Agreement with Patio Bar and Pizza, LLC with a Joinder and Consent by Urban North, LLC, an Amendment to Mortgage in the amount of \$50,000 in favor of the CRA, an Amendment to Mortgage in the amount of \$225,000 in favor of the CRA, and authorize the Executive Director to execute any and all related instruments and delegate authority to the Executive Director to take certain actions.

**Background**

The CRA received a request from Urban North, LLC for a subordination of CRA mortgages in the amount of \$275,000 to allow for a new first mortgage loan by First Republic Bank that would refinance a balloon mortgage by Space Coast Credit Union secured by the property at 901 Progresso Drive (Progresso Plaza) along with additional property (parking lot) owned by Urban North, LLC directly west of the property at 841 NE 3<sup>rd</sup> Avenue. The Space Coast Credit Union mortgage matures on October 10, 2021. A copy of the Location Map of the property and letter from Urban North, LLC requesting the Subordination Agreement is attached as Exhibits 1 and 2. The Manager of Urban North, LLC is Jay Adams.

The CRA has two mortgages on the Progresso Plaza property that are subordinate to the first mortgage by Space Coast Credit Union. They consist of a CRA Commercial Façade Program second mortgage in the amount of \$50,000, dated March 23, 2017, and a CRA Property and Business Improvement Program (PBIP) third mortgage in the amount of \$225,000, dated June 5, 2019. The CRA loans' proceeds were used to help improve the historic Progresso Plaza property and assist in the construction of Patio Pizzeria, a new restaurant and bar in the Progresso Plaza complex, in which Jay Adams has an ownership interest. There is a remaining balance of \$8,000 in work to be completed for reimbursement under the CRA Commercial Façade Program and a balance of \$86,243 in work to be completed for reimbursement under the PBIP Program. Both the Commercial Façade and PBIP mortgages are forgivable mortgages and will be forgiven 5 years after project completion. The Patio Pizzeria project, estimated to cost over \$600,000 is currently under construction and is approximately 62% complete.

The principal balance on the Space Coast Credit Union first mortgage is \$953,217.68 and the new first mortgage with First Republic Bank will be in the amount of \$1,600,000 with an interest rate of 3.85% and term of 10 years. Urban North, LLC proposes to invest \$275,000 of the additional surplus funding from the new First Republic Bank loan back into properties in the CRA including the Progresso Plaza property along with other real property owned by the Developer in the CRA area. This may include the property at 841 NE 3<sup>rd</sup> Avenue secured by the proposed first mortgage, the property at 825 & 833 Progresso Drive and other CRA properties. Jay Adams, through his company 825 Progresso Drive, LLC, also owns the property in the CRA at 825 & 833 Progresso Drive that consists of a vacant used car lot and plans to renovate this property for retail use. The existing \$50,000 Façade Participation Agreement and \$225,000 PBIP Agreement are being amended to include the requirement that a total of \$275,000 of the proceeds from the Space Coast Credit Union refinance be used for improving properties in the CRA. The two CRA mortgages are being amended to provide additional collateral that would include the parking lot at 841 NE 3 Avenue that serves Progresso Plaza. A copy the Space Coast Credit Union balloon mortgage, the CRA mortgages, and a commitment for the new first mortgage by First Republic Bank are attached as Exhibits 3, 4, 5 and 6. A map and photos of the three properties that will improved from the loan proceeds from new first mortgage by First Republic Bank are attached as Exhibit 7.

The Broward County Property Appraiser's information for Progresso Plaza and its adjacent parking lot secured by the new first mortgage is attached as Exhibit 8. They place a Just Market Value of \$1,045,020 on the property at 901 Progress Drive and a Just Market Value of \$186,310 on the adjacent parking lot. However, the property appraisal by Calloway & Price, Inc., secured by First Republic Bank, places an "As Is" market value on these properties of \$3,975,000 (Exhibit 9), which includes both Progresso Plaza and the parking lot that serves Progresso Plaza. A copy of the Subordination Agreement is attached as Exhibit 10. The Amendment to the Façade Program Participation Agreement with Urban North, LLC is attached is Exhibit 11. The Amendment to the PBIP Agreement with Patio Bar and Pizza, LLC with a Joinder and

Consent by Urban North, LLC is attached as Exhibit 12. The Mortgage Modification Agreements are attached as Exhibits 13 and 14.

#### Consistency with the NPF CRA Community Redevelopment Plan

The NPF CRA Community Redevelopment Plan is designed, in part, to stimulate private development of areas planned for commercial development. The project is consistent with the NPF CRA Community Redevelopment Plan which provides for direct physical improvements to enhance the overall environment, improve the quality of life and attract sound business and commercial development that provide employment and job opportunities.

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 for area residents, promote public private partnerships and investment in the redevelopment area.

#### Resource Impact

There is no fiscal impact associated with this action.

#### Strategic Connections

This item is a *2021 Commission Priority*, advancing the Smart Growth initiative.

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 business

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are Community and We Are Prosperous*.

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 business and industry which provide living wage employment and increased training and competitiveness in the local workforce.

#### Attachments

Exhibit 1 – Location Map

Exhibit 2 – Letter from Urban North, LLC.  
Exhibit 3 – Space Coast Credit Union Balloon Mortgage  
Exhibit 4 – CRA Mortgage - \$50,000  
Exhibit 5 – CRA Mortgage - \$225,000  
Exhibit 6 – Loan Commitment from First Republic Bank  
Exhibit 7 – Location Map/Photos of Properties to be Improved  
Exhibit 8 – Broward County Property Appraiser Information  
Exhibit 9 – First Republic Bank – Appraisal by Callaway & Price, Inc.  
Exhibit 10 – Subordination Agreement  
Exhibit 11 – Amendment to the Facade Program Participation  
Exhibit 12 – Amendment to the PBIP Agreement  
Exhibit 13 – Mortgage Modification and Spreader Agreement - PBIP Mortgage  
Exhibit 14 – Mortgage Modification and Spreader Agreement - Façade Program  
Mortgage

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