



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#24-0558

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

FROM: Susan Grant, Acting CRA Executive Director

DATE: June 4, 2024

TITLE: Resolution Approving a \$6,000,000 Development Incentive Program Forgivable Loan to Sirrom Commercial, Inc for the 1435 Art Xchange Mixed-Use Project Located at 1429-1435 Sistrunk Boulevard, Authorizing a Lease of Commercial Space in the Project to the Fort Lauderdale Community Redevelopment Agency, 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 approve a Resolution for a \$6,000,000 Development Incentive Program forgivable loan to Sirrom Commercial, Inc for the 1435 Art Xchange Mixed-Use Project, located at 1429-1435 Sistrunk Boulevard, authorize a lease of commercial space in the project to the Fort Lauderdale Community Redevelopment Agency, 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 Heights (NPF) Community Redevelopment Agency has received a CRA funding application from Sirrom Commercial, Inc (Developer) for a \$6,000,000 Development Incentive Program Loan for the “1435 Art Xchange“, a new mixed-use development project to be located at 1429-1435 Sistrunk Boulevard. A location map is attached as Exhibit 1, the Developer’s CRA Funding Application is attached as Exhibit 2, and the Broward County Property Appraiser information is attached as Exhibit 3.

1435 Art XChange is a six-story, mixed-use development that includes seventy-one (71) rental affordable housing units, commercial space, community space, and covered parking for residents, commercial tenants, and the adjacent YMCA. The high quality, energy efficient housing units will all be affordable to households earning less than 120% of the area median income (AMI), with 4 units affordable to households earning less than 100% of AMI, and 4 units affordable to households making less than 80% of AMI. The unit breakdown consists of fifty-three (53) 1 bedroom - 1 bath units, fourteen (14) 2

bedroom - 2 bath units, one (1) 1 bedroom - 1 bath live/work unit, one (1) 2 bedroom - 2 bath live/work units, and two (2) studio units. The units range from 499 square feet to 992 square feet and are projected to be priced from \$1,440 per month. Proposed unit plans are attached as Exhibit 4. Residential unit amenities and standard features include Energy Star appliances, including stove, dishwasher, refrigerator and microwave, granite countertops, garbage disposal, range hood, washer and dryer connections, internet and cable connections, vertical rolling shade window treatments, balconies, 9-foot high ceilings, fitness room, community room with kitchenette, rooftop terrace, mailroom with large parcel lockers, free Wi-Fi in common areas, security cameras, electric vehicle charging stations, lush landscaping and other amenities and features. A more complete list of standard unit features and amenities is attached as Exhibit 5. The development also includes 5,844 square feet of first floor retail space consisting of 5 rental bays, ranging from 902 to 1,544 square feet. Three (3) of the commercial bays (3,214 S.F.) are projected to be priced at \$18 per square foot and two (2) of the commercial bays (2,630 S.F.) will be reserved to lease to the CRA or Invest Fort Lauderdale, it's Economic Development Corporation at a rental rate of \$5 per square foot for a period of fifteen (15) years, that they can then sublease to targeted small businesses at reduced rents or as an income stream for investment back into the community. 1435 Art Xchange will integrate art and area history into each retail/commercial establishment with a particular focus on the following uses: Art galleries/studio spaces, restaurants, cafes and banking services with the objective of attracting locally owned businesses with an emphasis on promoting the neighborhood's rich cultural heritage. The developer is retaining a consultant for this service. The commercial space will benefit from the foot traffic generated by the YMCA and Broward College, and from the active use of Provident Park that is across the street.

The modern, attractive building will complement its surroundings and have a signature appearance along the corridor. Project Illustrations are attached as Exhibit 6.

The project is directly adjacent to the L.A. Lee YMCA Mizell Community Center and the developer, as part of the project, is proposing to construct a 3-story, 4-level parking garage and provide a total of 218 parking spaces that will serve both the new mixed-use development and the YMCA, with 40 spaces dedicated to the YMCA, 86 spaces for residential tenants, 25 spaces for residential guest parking, 23 spaces for commercial tenants, and 44 remaining unallocated spaces provided as a community benefit. The parking structure will be constructed on the existing surface parking lot of the L.A. Lee YMCA Mizell Community Center that is directly behind the new proposed mixed-use development. A letter from the YMCA in support of this project and the proposed parking structure is attached as Exhibit 7.

The Developer purchased the site in June 2023. It consisted of a 20,810 square foot property with a 5,565 square foot deteriorated vacant structure that will be demolished. The total development cost is estimated at \$27,918,960, including \$2,200,000 in acquisition and pre-development cost, \$21,400,400 in construction hard cost, \$2,251,829 in soft cost, and \$2,066,730 for contingencies. The property is zoned a combination of Northwest Regional Activity Center Mixed Use West (NW RAC Mu West) and Residential

Medium Density (RC-15), and the portion zoned RC-15 will need to be rezoned to NW RAC Mu West. A breakdown of the funding sources, uses and budget is attached as Exhibit 8. The Developer has a Letter of Interest for a loan commitment from Duke Acquisitions, LLC in an amount not to exceed \$19,700,000, attached as Exhibit 9.

The CRA’s Development Incentive Program loan represents 21.5% of the total project cost. A comparison of other CRA funded Development Incentive Program mixed-use projects is provided below.

| Project | Estimated Capital Investment (ECI) | CRA DIP Award | CRA Award Percentage of ECI |
|----------------------------------|---|----------------------|------------------------------------|
| Sistrunk Apartments, LLC | \$18,570 Million | 8.0 Million | 43% |
| New Hope Development Corporation | \$6.43 Million | \$2.0 Million | 31% |
| Wright Dynasty | \$12.8 Million | \$3.5 Million | 27% |
| Six 13 Apartments | \$33.5 Million | \$7.0 Million | 21% |
| The Adderley | \$103.7 Million | \$12.0 Million | 12% |
| Sunshine Shipyard, LLC | \$153.3 Million | \$19.0 Million | 6.5% |
| 909 NW 6 Street LLC | \$58.9 Million | \$4.0 Million | 6.7% |
| Related FAT Village LLC | \$66.8 Million | \$1.9 Million | 2.8% |
| Mt Hermon Housing LTD | \$38.9 Million | \$.64 Million | 1.6% |

The development team is led by Sirrom Commercial, Inc. James Morris heads up Sirrom Commercial, Inc. and is a successful minority entrepreneur. The development team also includes Architect Zamarr Brown, Design 2 Form Architects, Attorneys Michael Marshall and Nelson Mullins, Financial Advisor Alona Naylor, and Art and History Advisor George Gadson. Additional information on the development team is attached as Exhibit 10.

The project is estimated to create 10 jobs, in addition to jobs created by the commercial tenants. The project is estimated to be completed by December 2025.

The project will advance the City and CRA’s objectives of increasing the supply of affordable housing to the City of Fort Lauderdale and the Northwest-Progresso-Flagler Heights Community Redevelopment Area. The project will also advance the CRA objective to assist small businesses by increasing the supply of affordable rental space and offering opportunities for small and local businesses to locate within the CRA boundaries. In addition, this project builds on the strength of CRA’s most successful project, the L.A. Lee YMCA Mizell Community Center, by bringing both a housing element, parking component, and an additional retail component adjacent to this key project, across from Provident Park, creating a critical mass and “epicenter” of new development at this location along the core of the Sistrunk Corridor.

At their meeting of April 9, 2024, the NPF CRA Advisory Board unanimously recommended that the CRA Board approve a \$6,000,000 Development Incentive Program forgivable loan to Sirrom Commercial, Inc for the 1435 Art Xchange Mixed-Use

Project. A copy of the minutes of the April 9, 2024 NPF CRA Advisory Board is attached as Exhibit 11. The Development Incentive Program Letter of Intent with Sirrom Commercial, Inc for the 1435 Art XChange Project and Resolution are attached as Exhibits 12 and 13.

Consistency with NPF CRA Community Redevelopment Plan

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 \$6,000,000.

| <i>Funds available as of May 21, 2024</i> | | | | | |
|--|---|--|-----------------------------------|--------------------------------------|--------------------|
| ACCOUNT NUMBER | COST CENTER NAME (Program) | CHARACTER /ACCOUNT NAME | AMENDED BUDGET (Character) | AVAILABLE BALANCE (Character) | AMOUNT |
| 20-119-1531-552-40-4203-CRA092404 | Development Incentive Improvement Program FY 24 | Other Operating Expense/Redevelopment Projects | \$20,874,754 | \$15,059,244 | \$6,000,000 |
| | | | | TOTAL AMOUNT ► | \$6,000,000 |

Strategic Connections

This item is a FY 2024 Commission Priority, advancing the Economic Development and 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 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 strong, beautiful and healthy neighborhoods.

Attachments

Exhibit 1 – Location Map

Exhibit 2 – Application for Funding

Exhibit 3 – Broward County Property Appraiser Information

Exhibit 4 – Proposed Unit Plans

Exhibit 5 – Standard Unit Features and Amenities

Exhibit 6 – Project Illustrations

Exhibit 7 – YMCA Letter of Support

Exhibit 8 – Project Budget/Sources and Uses/Proforma

Exhibit 9 – Letter of Interest for Loan Commitment

Exhibit 10 – Development Team Information

Exhibit 11 – April 9, 2024, CRA Advisory Board Draft Minutes

Exhibit 12 – Development Incentive Program Letter of Intent – 1435 Art Xchange Project

Exhibit 13 – Resolution

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