



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#22-0124

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

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: February 15, 2022

TITLE: Resolution Approving an Amendment to the Development Incentive Program Development Agreement and the Streetscape Enhancement Program Development Agreement Increasing Streetscape Funding From \$340,374.87 to \$490,374.87 for the Thrive Progresso Project, 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)**

Recommendation

Staff recommends the Community Redevelopment Agency (CRA) Board of Commissioners approve a Resolution approving an amendment to the Development Incentive Program Development Agreement and an increase in streetscape funding from \$340,374.87 to \$490,374.87 in the Streetscape Enhancement Program Development Agreement between the Fort Lauderdale Community Redevelopment Agency and 744-748 NW 5 Avenue LLC, Bayit Investments LLC, 710 NW 5 Avenue LLC, 413 NW 7th Street LLC, and Thrive Development Group LLC for the Thrive Progresso Project, authorizing the Executive Director to execute any and all related instruments, and delegating authority to the Executive Director to take certain actions.

Background

On July 9, 2019, the CRA Board approved a \$2,500,000 CRA Development Incentive Program forgivable loan and a \$340,374.87 CRA Streetscape Enhancement Program forgivable loan to Thrive Development Group, LLC (Developer) to renovate five adjacent properties in the industrial/light industrial portion of the Progresso area located at:

	ADDRESS	PROPERTY ID	OWNERSHIP
1	701-745 NW 5 Avenue	4942-34-06-9460	Bayit Investments, LLC
2	710-726 NW 5 Avenue	4942-34-07-0100	710 NW 5 Avenue, LLC
3	744-748 NW 5 Avenue	4942-34-07-0200	744-748 NW 5 Ave, LLC
4	413 NW 7 Street	4942-34-07-0120	413 NW 7 Street, LLC
5	405 NW 7 Street	4942-34-07-0110	413 NW 7 Street, LLC

The properties collectively total over 60,000 square feet of building area on approximately 3.5 acres of land (Exhibit 1). Originally constructed as primarily warehouse space, the Developer has purchased the properties under five separate entities controlled by the Developer and is planning to retrofit and renovate the buildings and site to create a new business complex being marketed as “Thrive Progress”. The project has commenced construction and when completed, will transform this area of undesirable uses into office, flex, retail, lifestyle, arts and other uses that will have a positive and transformative impact on the area, increase property values, offer new business opportunities, and improve safety (Exhibit 2 and 3). Being described as the start of a new Wynwood in Fort Lauderdale, the Developer is investing approximately \$15 million on the project including approximately 7.4 million for land assembly in the new “arts” district. The original project was estimated at \$10,413,610, with the cost to renovate the property projected at \$4,508,601. The new estimated budget for the renovation project is now projected to be approximately \$8.5 million. The Developer is requesting that CRA funding for streetscape enhancements increase by \$150,000 (from \$340,374.87 to \$490,374.87) to offset some of the increased cost projected for the improvements within the public rights-of-way adjacent to the project property. These costs are projected to have increased from \$378,194 to \$511,870.

The CRA’s Development Incentive Program Agreement places restrictions on rents charged for thirty thousand square feet of leasable area in the project to \$17.00 per square foot, triple net with yearly increases in rent not to exceed five percent (5%) for a 5 year period following the date that the first tenant occupies the property after the Developer improvements are completed. With the significant increase in the construction cost, the Developer can no longer make a reasonable profit with the current rent restrictions imposed by the CRA and is asking that these restrictions be modified.

The Developer is proposing that the restriction be revised to limit rents charged for fifteen thousand square feet of leasable area in the project to \$18.00 per square foot, triple net with a 5% yearly escalation on an average basis for 5 years starting with the first tenant’s lease commencement date (Exhibit 4). This would still allow 25% of the leasable area to remain more affordable to small businesses as a community benefit of the project. There would be no rent restrictions on the remaining space and would be what the market can support.

Staff concurs with these modifications to the CRA rent restrictions and increase in Streetscape Program funding. These changes will help ensure the success of the project. With the revised rent limits on 15,000 SF, the annual leveraged return on investment to the Developer over 5 years is projected at 6.36%. Restricting 30,000 SF under the current rent limits that would result in a leveraged annual return of 5.36%.

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 will be an estimated fiscal impact to the CRA in the amount of \$150,000.

Funds available as of January 31, 2022					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
119-CRA092204-4203	Developmental Incentive Improvement Program FY 22	Other Operating Expense/Redevelopment Projects	\$8,457,675	\$4,647,485	\$150,000
TOTAL ►					\$150,000

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 and proactive business climate to attract emerging industries
- 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 - Project Illustrations

Exhibit 3 - Photos of Project Under Construction

Exhibit 4 - Letter from Developer/Revised Construction Budget/Proforma

Exhibit 5 - First Amendment to the Development Incentive Program Development Agreement and Streetscape Enhancement Program Development Agreement

Exhibit 6 - Resolution

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