



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#22-0038

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

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: May 3, 2022

TITLE: Motion Approving a Property and Business Improvement Program Incentive Forgivable Loan in the Amount of \$125,000 and a Non-Residential Façade Program Incentive Forgivable Loan in the Amount of \$75,000 to Rhythms 2.0, LLC for Rhythms 2.0, a Soul Food and Seafood Restaurant Proposed at 733-735 Sistrunk Boulevard - **(Commission District 2)**

Recommendation

Staff recommends the Community Redevelopment Agency (CRA) Board of Commissioners approve a forgivable loan from the Property and Business Improvement Program in the amount of \$125,000 and \$75,000 from the Non-Residential Façade Program to Rhythms 2.0, LLC ("Developer"), for the renovation and build-out of a soul food and seafood restaurant proposed at 733-735 Sistrunk Boulevard.

Background

The Northwest-Progresso-Flagler Heights Community Redevelopment Agency (NPF CRA) received an application from Rhythms 2.0, LLC for a forgivable loan in the total amount of \$350,000 for the renovation and build-out of a 1,200 square foot bay at a commercial property located 733 Sistrunk Boulevard. At the time, when the Developers submitted their initial application to the CRA in 2019, the project cost was estimated at \$187,500. The NPF Advisory Board granted funding to Rhythms 2.0 in the amount of \$100,000 from the Property and Business Improvement Program and \$50,000 from the Commercial Façade Program by administrative approval. Subsequent architectural review of the condition of the structure, along with the rising material and labor costs due to the pandemic, projected the final improvement cost for the renovation and build-out at \$389,000. In addition to the previous administratively approved funding amount of \$150,000, the current request is for an additional \$125,000 from the CRA Property and Business Improvement Program (PBIP) and \$75,000 from the CRA Façade Improvement Program, for a total of \$350,000, the maximum amount allowable under both programs, which represents 90% of the projected construction cost.

The maximum incentive funding allowed under the CRA Property and Business Improvement Program is \$225,000. Since the property address, 733-735 Sistrunk Boulevard, is within a CRA Focus Area, the CRA Property and Business Improvement

Program can provide up to 90% of the cost for renovation or new construction. The CRA Property and Business Improvement Program and the Façade Improvement Program have a special emphasis on attracting new restaurants to the CRA and modernizing existing structures. In the Focus Area, CRA funding guidelines require a funding match from applicants, but allow for flexibility in the maximum funding limits of the CRA programs. Under the Façade Improvement Program, these funding limits are 100% of the first \$75,000 and 95% of the cost between \$75,000 and \$125,000, not to exceed \$125,000. Under the Property Improvement Program, funding limits are 90% of the project cost. A copy of the Location Map, Broward County Property Appraiser Information, Architectural Plans, Cost/Funding Breakdown, and the CRA Funding Application/Business Plan are attached as Exhibits 1 through 5.

Xavier and Valencia London, the owners of Rhythms 2.0, a popular and successful soul food and seafood restaurant, are looking to relocate their well-established business to this location, as they plan to expand their restaurant and create additional employment opportunities for area residents.

Rhythms 2.0, LLC will lease a 1,200 square foot bay at 733-735 Sistrunk Boulevard from Regal Development, Inc. The CRA forgivable loan will be used to renovate, remodel, and build out a commercial kitchen, as well as provide kitchen equipment, a grease trap, air conditioning, ADA compliant restrooms, an office, storage space, signage, and related pre-development costs. The CRA will directly manage the entire construction project. The new space will feature a kitchen, prep area, a walk-in cooler and a walk-in freezer, an office, two ADA compliant restrooms, a dining area with tables, and additional bar/counter seating spaces.

Rhythms 2.0 is an established, minority owned, family-run business. The owners were both born and raised in Fort Lauderdale, just blocks from Sistrunk Boulevard and were longtime residents of the area. They have outgrown their original northwest business location. They now seek to relocate to a larger space, to expand their restaurant. Their seafood menu includes such delicacies as blue and snow crab, lobster, shrimp, fish, and conch. Their soul food best sellers are oxtail, ribs, steaks, collard greens, candied yams, a signature mac and cheese, along with branded homemade sauces that complement the dishes. Through their hard work and dedication, they have achieved a growing customer base, which grows weekly when the restaurant is in operation. At their previous location, they were able to only operate as a take-out restaurant. The new restaurant will include seating areas for eat-in dining. The restaurant will provide a unique dining experience for its customers and add to the cultural diversity of the area. This is in line with the CRA's goal to make Sistrunk Boulevard a place of destination for entertainment and cultural tourism.

Rhythms 2.0 focuses on high quality standards and is known in the community for its delicious food, detailed presentation, and value pricing. They project a steady increase in business from the surrounding neighborhoods, from the increasing millennial population in the Sistrunk Boulevard area, the City of Fort Lauderdale, and Broward County at large. Rhythms 2.0 is also focused on creating new jobs in the area, as well as training of new

employees. Their goal is to increase their sales by 20% per month at the new location, as they will have more space to prep and prepare larger quantities of food. All dishes are made from scratch, from family-owned recipes, and prepared fresh and cooked to order. The company uses social media and other forms of advertisement. They also use delivery services such as Uber Eats and Door Dash. The restaurant will be open for lunch and dinner five days a week and will be closed on Sundays and Mondays.

Regal Development, Inc. purchased the property located at 733-735 Sistrunk Boulevard on February 11, 2004 for \$300,000. The building's facade had been renovated and the bays were rented to various businesses over the years. Except for the requested CRA contribution, the project is funded by the applicants' own funds. The CRA will have a second mortgage position and CRA funding will be provided as a loan, forgiven after 5 years. The improvement will also be secured by a Uniform Commercial Code filing against any equipment funded by the CRA. The property owner is granting the additional mortgage and has set the lease rate favorably at \$10.00/square foot base rent, increasing annually by approximately 8%, in consideration of CRA assistance in funding the improvements and the match provided by the tenant.

Business development provides jobs, enhances neighborhood safety, contributes to a vibrant environment of activity and growth, and creates community. Successful local businesses help reduce blight and crime and help reinforce investments made in housing and other redevelopment efforts. The CRA should continue funding new small business opportunities throughout the CRA that benefit the area.

Community Redevelopment Agency staff recommends the funding assistance for this project from the CRA Property and Business Improvement Program (PBIP), not to exceed \$125,000, and from the CRA Façade Improvement Program, not to exceed \$75,000.

Resource Impact

There will be a fiscal impact to the CRA in the amount of \$200,000 in Fiscal Year 2022 in the accounts listed below.

Funds available as of April 14, 2022					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
119-CRA092201-4203	Commercial Façade Improvement Program FY 22	Other Operating Expenditures/Redevelopment Projects	\$300,000	\$300,000	\$75,000
119-CRA092202-4203	Property & Business Improvement Program FY 22	Other Operating Expenditures/Redevelopment Projects	\$1,300,000	\$837,413	\$125,000
TOTAL ►					\$200,000

Strategic Connections

This item is a *2022 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: Create a responsive and proactive business climate to attract emerging industries
- Objective: Nurture and support existing local businesses
- Objective: Create educational pathways and partnerships for workforce development

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

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.

Attachments

Exhibit 1 - Location Map

Exhibit 2 - Broward County Property Appraiser Information

Exhibit 3 - Architectural Plan

Exhibit 4 - Cost/Funding Breakdown

Exhibit 5 - CRA Funding Application/Business Plan

Exhibit 6 - NPF CRA Advisory Board Approved Minutes of May 11, 2021

Exhibit 7 - Property and Business Improvement Program (PBIP) Agreement

Exhibit 8 - Non-Residential Façade Program Agreement

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