



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#22-0342

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

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: June 7, 2022

TITLE: Resolution Approving the Development Agreement for the Development Incentive Program and Approval of a Second Amendment to the Commercial Contract for the Comfort Suites Hotel D'Arts 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 3**)

Recommendation

Staff recommends the Community Redevelopment Agency (CRA) Board of Commissioners approve a Resolution approving the Development Agreement for the Development Incentive Program between the Fort Lauderdale Community Redevelopment Agency and Avenue D'Arts FLL, LLC and approve a Second Amendment to the Commercial Contract for the Comfort Suites Hotel D'Arts Project, authorize the Executive Director to execute any and all related instruments, and delegate authority to the Executive Director to take certain actions.

Background

On May 21, 2019, the CRA Board approved a \$3,000,000 CRA Development Incentive Program forgivable loan to Avenue D'Arts FLL, LLC for the Comfort Suites Hotel D'Arts project proposed for the NW corner of NW 7th Avenue (Avenue of the Arts) and NW 3rd Street at 301 NW 7th Avenue (Exhibit 1). The project is headed by Dr Minesh Patel, CEO of Morpheus Group, hotel developers, and managers whose hospitality portfolio includes Marriott International, Hilton Worldwide, InterContinental Hotels Group, Wyndham Worldwide, and Choice Hotels International brands. The Development Review Committee (DRC) Site Plan approval Level II Development Permit for the \$17.3 million project occurred on August 27, 2019, and the City Commission approved a height bonus for the 56 foot 7 inch, 100 room hotel on November 5, 2020 by Resolution No 20-225. The Developer has stated that they have incurred \$570,000 in expenses to date advancing the project and have summarized some of the reasons for their project delays. (Exhibit 2). They have hired a plan expeditor and the project is now moving forward with the construction plans in permitting.

In addition to providing partial funding for the project, the CRA is selling CRA property to the Developer at 713, 717 and 723 NW 3rd Street at its appraised value for \$355,000, approved by the CRA Board on May 21, 2019. This property, along with the property owned by the Developer, creates the .85 acre site needed for the project. The original Letter of Intent provided for a disbursement of CRA funds in equal payments over a three-year period with the first disbursement occurring when the project receives its certificate of occupancy (CO) that was estimated to occur by May, 2021. The second and third payment would occur one and two years respectively after CO. All CRA funds have been budgeted for the project.

The Development Agreement will change the disbursement schedule to a single payment of \$3,000,000 once the project receives a certificate of occupancy and is open for business. There are also changes on when the closing on the CRA property will occur. Instead of occurring simultaneous with the Developers closing on their financing of approximately \$11.6 million, it will occur prior to completion of plan review, in order to allow for unity of title and not delay the issuance of the building permit. A proposed Second Amendment to the Commercial Contract adds additional language should the project not move forward and the Developer sells the lots, the CRA would receive 50% of the profits from the sale.

The Development Agreement also requires the Developer to close on their construction financing within twelve months of CRA Board approval or CRA funding may be withdrawn. The Developer must commence construction one month after closing and the project must be completed within 18 months. The project includes a community benefit of providing training and hiring of hotel employees from residents of the community redevelopment area which total 20,800 Full Time Equivalent (FTE) Job Hours and there are no changes to these requirements. The new hotel is expected to have a positive impact on the redevelopment area and help advance cultural tourism, by providing a hotel destination in the Northwest Area.

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 to the CRA as a result of this amendment to the project. Funding for the Project was appropriated in FY 2019 - \$500,000, FY 2020 - \$500,000, FY 2021 - \$1,000,000 and FY 2022 - \$1,000,000.

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 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 and Project Illustrations

Exhibit 2 - Developer Comments Regarding Project Delays, Developer Expenditures to Date, DRC and Height Bonus Approvals (Resolution No. 20-225)

Exhibit 3 - Development Incentive Program Development Agreement

Exhibit 4 - Second Amendment to Commercial Contract

Exhibit 5 - Resolution

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