



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#22-0376

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

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: July 5, 2022

TITLE: Resolution Approving an Amended Development Incentive Program Letter of Intent for “The Aldridge” and “The Laramore” Mixed-Use Affordable Housing Projects, Located at 1204 Sistrunk Boulevard and 1620 NW 6 Court, and an Amended Vacant Land Contract and Addendum; 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 an Amended Development Incentive Program Letter of Intent for the “The Aldridge” and “The Laramore” Mixed-Use Affordable Housing Projects, located at 1204 Sistrunk Boulevard and 1620 NW 6th Court, and an Amended Vacant Land Contract and Addendum; authorizing the Executive Director to execute any and all related instruments; and delegating authority to the Executive Director to take certain actions.

Background

On November 16, 2021, the CRA Board approved a donation of CRA property at 1204 Sistrunk Boulevard and 1620 NW 6 Court and an \$8,000,000 CRA Development Incentive Program Loan to Sistrunk Apartments, LLC for “The Aldridge” and “The Laramore” Mixed-Use Affordable Housing Projects (Exhibit 1). Under the proposed structure, Invest Fort Lauderdale, the CRA’s non-profit Economic Development Corporation (CRA EDC), would be a 20% partner in the project and the project would provide commercial space to the public at reduced rents. The mixed income, multi-generational development by Sistrunk Apartments, LLC was for two separate signature 5 story “Green Certified” mixed-use affordable housing developments, each with 36 apartments and ground floor retail. Of the 72 rental units, 100% of the units would be set aside as affordable housing and restricted to tenants that make at or below 60% AMI (Area Median Income), with a 30-year affordability term. A location map of the property is attached as Exhibit 2.

The total development cost for the Project was projected at \$18,570,000. Citibank Community Capital (CCC) would provide a construction and a \$10,000,000 permanent

loan backed by Freddie Mac. The CRA \$8,000,000 Construction and Permanent non-amortizing zero percent interest loan would be secured by a second Mortgage on the properties and forgiven after 15 years. The combination of land donation by the CRA and forgivable DIP loan made the project financially feasible with an estimated hard cost construction budget of \$12,891,650.

The Developer has secured construction bids for the project and the construction costs have increased such that the hard cost construction budget is now projected at \$22,000,000, driven in part by inflation and the significant increased cost of concrete. This has necessitated that the Developer turn to an alternative funding program to implement the project.

To make the project financially feasible, the Developer will raise \$15,645,329 in equity from the sale of 4% Low Income Housing Tax Credits (\$1,629,885 in annual credits over 10 years to investors) and will utilize tax exempt bond financing through Broward County Housing Finance for the construction and permanent loan. A copy of the revised Sources and Uses for the project is attached as Exhibit 3.

With the new proposed financing structure, the development will become more affordable and for a longer period. Instead of 80% of the housing units affordable at 80% AMI with a 15-year affordability term, the project will now have 100% of the units affordable at 60% AMI with a 30-year affordability term.

The Lender may require the CRA non-profit be loaned the CRA DIP loan, and that the CRA property that is being contributed to the project be conveyed to Invest Fort Lauderdale or another conduit non-profit as a result of the tax exempt bond financing. This will necessitate an Operating Agreement between Invest Fort Lauderdale and Sistrunk Apartments, LLC. The operating agreement will also stipulate that Invest Fort Lauderdale will receive 20% interest as to revenue and /or profits but will not have any liability to any third parties. It will also provide for a reservation of commercial space and exclusive rights to Invest Fort Lauderdale at its election to lease all the commercial space in both buildings for a minimum of 15 years at significantly below market rates of \$5.00 per square foot NNN for years 1 through 5, \$6.00 per square foot NNN for years 6 through 10, and \$7.00 per square foot NNN for years 11 through 15. The CRA or Invest Fort Lauderdale can then sublease the space at a profit, providing a 15 year income stream, or offer reduced rents to targeted small businesses. The CRA non-profit will also be entitled to 20% the project's Developers fee as it is paid.

Consistency with the NPF CRA Community Redevelopment Plan

The NPF CRA Community Redevelopment Plan is found to promote programs and projects that will have a positive impact on the 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 5-Year Program, which is incorporated as part of the Plan, 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 no additional fiscal impact to the CRA as a result of these actions. Funding in the amount of \$8,000,000 was approved for the project on November 16, 2021 (Acct Number 120-CRA0921113-4203).

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 Neighborhood Enhancement Focus Area
- Goal 4: Build a thriving and inclusive community of neighborhoods
- Objective: Ensure a range of affordable housing options

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 Neighborhood Enhancement Focus Area
- The Housing Element
- Goal 1: The Comprehensive Plan shall support the provision of adequate sites for future housing, including affordable workforce housing

Attachments

Exhibit 1 - CAM 21-0321

Exhibit 2 - Location Map and Illustrations

Exhibit 3 - Revised Sources and Uses

Exhibit 4 - Development Incentive Program Amended Letter of Intent

Exhibit 5 - Amended Vacant Land Contract and Addendum

Exhibit 6 - Resolution

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