



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#15-0533

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

FROM: Lee R. Feldman, ICMA-CM, Executive Director

DATE: May 5, 2015

TITLE: Funding Assistance for Rechter Holdings, Inc.

Recommendation

It is recommended that the Community Redevelopment Agency (CRA) Board of Directors approve a funding assistance package to Rechter Holdings, Inc. in the amount of \$206,267 consisting of \$100,000 from the CRA Property and Business Investment Program, \$15,000 from the CRA Façade Program and \$91,267 from the CRA Streetscape Grant Program and authorize the Chairman and Executive Director to execute agreements with Rechter Holdings, Inc for a project at 913 NE 4th Avenue; and amend the Fiscal Year 2015 Budget.

Background

Rechter Holdings, Inc. purchased the property at 913 NE 4th Avenue in April 2014. Copies of the location map and Broward County Property Appraisers information regarding the property are attached as Exhibits 1 and 2. The property was previously leased to a solar panel company that moved out prior to the sale of the property. The property consists of a one half acre parcel with a 6,240 square foot building consisting of a combination of office and warehouse space. The developer intends to completely renovate the existing building and site for a change of use that will include a variety of uses including a restaurant/bar and retail space for a small office or art gallery. The property went through development review by Urban Planning and Design staff, and has been approved. Rechter Holdings, Inc. is a Florida real estate company, led by Dr. Michael Rechter, CEO of Integra Corporation. From the company's website, since 1998 Integra Holdings has grown from modest health care roots and currently consists of five divisions – Health Care, Real Estate, Entertainment, Retail and Publishing. Integra Real Estate owns and operates approximately one million square feet of commercial retail property and provides development investment, brokerage and property management services throughout Florida in both retail and multi-family residential markets. Integra Entertainment owns and operates Vero Bowl/Stuart Bowl, Game Zones and Stix Billiard Clubs in South Florida. Integra Entertainment specializes in providing upscale, state of the art centers combining modern style with local flavor and are "Best in Class" type facilities.

The Developer's funding application anticipates a positive revenue stream from the projected rents from the project that will range from \$14/psf to \$25/psf on a triple net basis, with the lower end of the range for the retail space and the higher end of the range for restaurant space. A copy of the Developer's funding applications are attached as Exhibit 3. The attraction of an upscale signature restaurant is the desire, but with extensive entertainment and retail experience Rechter Holdings may choose to own and operate the restaurant if the desired tenant is not found. It is anticipated that the project once fully occupied will result in 15 to 20 permanent jobs, mostly in the food service industry. Construction is estimated to begin by June 2015 and be completed by September 2015.

Project Assistance Overview Total project costs are \$1,526,000; which include land acquisition. An overview of the project Sources and Uses are outlined below:

Sources		Uses	
Equity	\$870,000	Land	\$625,000
Bank Loan	\$450,000	Construction	\$901,000
NPFCRA Incentives	\$206,000		
Total =	\$1,526,000	Total =	\$1,526,000

The construction program will consist of a comprehensive renovation of the existing building and site including change of use to include restaurant/bar and retail/office art gallery, full façade reconstruction and elevation including storefront glass and nana walls, raised signature look parapet, site paving, landscaping and lighting, new HVAC and Electrical upgrades, new interiors, wider sidewalks, bike racks and other significant upgrades. To assist with funding the project the Developer has secured financing from Landmark Bank in the amount of \$450,000 (Exhibit 4) to fund a portion of the construction expenses secured by a first mortgage on the property. Except for requested CRA funding, the Developer will be funding the balance of the project expenses with the Developer's equity. The CRA incentives Programs used to fund this project include the CRA Property and Business Improvement Program, the Commercial Façade Renovation Program and the NPF CRA Streetscape Grant.

The CRA Property and Business Improvement Program is a forgivable loan that the program allows to be forgiven over a maximum 7 year period. The program is a public sector real estate investment tool that reduces the capital needs of viable projects and enhances the tax base with quality projects. Funds can be used for both interior and exterior improvements for mixed use and commercial projects in the NPF CFA. Eligible areas in the NPF CRA include both the Primary Area, which is the Sistrunk Corridor, and Secondary Areas, which include other commercial or mixed use properties in the CRA. Under the program guidelines, applicants in the Primary Area may apply for funding in an amount not to exceed \$200,000 or 40% of the eligible construction project

expenses, including architectural and permit fees. Projects in the Secondary Area may apply for funding for an amount not to exceed \$100,000 or 20% of the cost, whichever is less. Hard and soft construction costs, permitting and architecture fees are eligible expenses in the formula calculation and the project qualifies for \$100,000 under the PBIP Program. It will be secured by a subordinate mortgage on the property forgiven in equal installments over a seven (7) year period.

The Commercial Façade Renovation Program at this location can provide a grant for up to 80% of the improvement cost not to exceed \$15,000. The exterior renovation cost far exceeds program limits for the maximum grant award of \$15,000. Payment for the program is paid as a reimbursement to the Developer. The program requires that should the property be sold within one year of receiving façade funds, repayment of the full amount of the grant would be required. If sold within two years of receiving funding, 50% of the amount of the grant received would need to be repaid.

The Streetscape Improvement Grant provides for a reimbursement to the Developer for 50% of the improvement cost for improvements constructed by the developer for the project such as sidewalks, curbing, drainage, landscaping and lighting. Projects are asked to include sustainable building practices which may include LED lighting, environmentally sensitive landscape materials and other sustainable features which the developer has indicated he will provide including bicycle racks. The project is bordered by NE 9th Street, Progresso Drive and NE 4th Avenue, with street frontage of 285.30 feet. The Developer has estimated the cost of improvements in the right of way to be \$182,535, which based on this estimate, makes the project eligible for a grant award of 50% of the estimated construction cost, not to exceed \$91,267.

Application Review And Analysis

Upon CRA staff review of the developer's application for the CRA Property and Business Improvements Program, the application scored a total of 115 points out of maximum 140 points, which includes 20 bonus points (Exhibit 5). A minimum score of 70 points is required for funding. Staff has reviewed the applications and recommends funding the project as requested.

Rechter Holdings, Inc.'s decision to invest and transform this vacant, underutilized building and site into a vibrant retail and restaurant destination at this location will further strengthen the CRA's profile near the Sunrise Boulevard corridor. This type of project is consistent with the Community Redevelopment Plan for the area. The adaptive reuse of properties within this area will help create a sense of place with active retail and restaurant uses accessible to area residents and the larger community. The project will also expand the existing commercial hub location that is clustered adjacent to the railroad tracks in the redevelopment area. It will join other existing businesses such as Laser Wolf craft beer bar and Wine Watch wine boutique to help transform this portion of the Progresso area that has traditionally been occupied by used car lots, auto repair, storage warehouses and similar uses.

A copy of the funding agreements for this project are attached as Exhibits 6, 7 and 8, consisting of the Property and Business investment Program Agreement in the amount not exceed \$100,000, the CRA Façade Program Agreement not to exceed \$15,000 and the CRA Streetscape Grant Program Agreement not to exceed \$91,267.

The NPF CRA Advisory Board at their meeting of March 25, 2015 recommended approval of funding for this project. A copy of the draft minutes of the March 25, 2015 NPF CRA Advisory Board are attached as Exhibit 9.

Resource Impact:

There is a fiscal impact totaling \$206,267 for the funding assistance package. A funds transfer in the amount of \$91,267 from the Business Incentives Program to the CRA Streetscape Grant Program is necessary to cover the expense. The budget amendment is contingent upon approval of the Consolidated Budget Amendment CAM 15-0509 scheduled for the June 2, 2015 City Commission meeting.

Funds available as of April 24, 2015					
ACCOUNT NUMBER	INDEX NAME (Program)	OBJECT CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Object Code)	AVAILABLE BALANCE (Object Code)	PURCHASE AMOUNT
347-P10665.347-6599	General Façade Program	Capital Outlay/ Construction	\$1,048,472.00	\$827,883.00	\$15,000.00
PURCHASE TOTAL					\$15,000.00
Funds available as of April 24, 2015					
ACCOUNT NUMBER	INDEX NAME (Program)	OBJECT CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Object Code)	AVAILABLE BALANCE (Object Code)	PURCHASE AMOUNT
347-P10150.347-6599	Business Incentives	Capital Outlay/ Construction	\$1,698,456.00	\$1,609,561.00	\$100,000.00
PURCHASE TOTAL					\$100,000.00
APPROPRIATE FROM:					
Funds available as of April 24, 2015					
ACCOUNT NUMBER	INDEX NAME (Program)	OBJECT CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Object Code)	AVAILABLE BALANCE (Object Code)	PURCHASE AMOUNT
347-P10150.347-6599	Business Incentives	Capital Outlay/ Construction	\$1,698,456.00	\$1,609,561.00	\$91,267.00
APPROPRIATION TOTAL					\$91,267.00
APPROPRIATE TO:					
Funds available as of April 24, 2015					
ACCOUNT NUMBER	INDEX NAME (Program)	OBJECT CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Object)	AVAILABLE BALANCE (Object Code)	AMOUNT
347-P11986.347-6599	NPF CRA Street Improvement Grant	Capital Outlay/ Construction	\$68,541.00	\$68,541.00	\$91,267.00
APPROPRIATION TOTAL					\$91,267.00

Strategic Connections:

This project helps advance a Fiscal Year 2014 Commission Agenda Action Plan (CAAP) top priority, included within the Policy agenda, advancing the Northwest-Progresso-Flagler Heights Community Redevelopment area (NPF-CRA) Five Year Strategy. This

item is a Press Play Fort Lauderdale Strategic Plan 2018 initiative, included within the Business Development Cylinder of Excellence, specifically advancing:

- Goal 7: Be a well-positioned City within the global economic and tourism markets of the South Florida region, leveraging our airports, ports and rail connections.
- Objective 2: Facilitate a responsive and proactive business climate.
- Strategic Initiative 1: Evaluate and expand our existing portfolio of business attraction incentives.

The item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We are prosperous.*

The project also advances the *Community Redevelopment Agency Strategic Objective of its 5 Year Program* to target and attract specific businesses, retail users and industries to establish a presence in the redevelopment area and create jobs for area residents.

Attachments:

Exhibit 1 - Location Map

Exhibit 2 - Broward County Property Appraisers information

Exhibit 3 - CRA Program Funding Applications

Exhibit 4 - Landmark Bank Loan

Exhibit 5 - PBIP Scoring Sheet

Exhibit 6 - Property and Business Investment Program Agreement

Exhibit 7 - CRA Façade Programs

Exhibit 8 - CRA Streetscape Grant Program Agreement

Exhibit 9 – March 25, 2015 NPF CRA Advisory Board Meeting Minutes

Prepared by: Bob Wojcik, AICP – Economic Reinvestment Coordinator

Department Director: Jenni Morejon, Sustainable Development Director