



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#15-0743

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

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

DATE: July 7, 2015

TITLE: Motion Approving Redevelopment Incentive funding for Rechter Holdings, Inc. in the amount of \$206,267 for a Project Located at 913 NE 4th Avenue

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 located 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. 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 site plan went through administrative review (Case A14036) including an administrative parking reduction by Urban Planning and Design staff, and has been approved.

Rechter Holdings, Inc. is a Florida real estate company, led by Dr. Michael Rechter, Chief Executive Officer of Integra Corporation. Since 1998, Integra Holdings has grown from modest health care roots and currently consists of five divisions: 1) Health Care, 2) Real Estate, 3) Entertainment, 4) Retail, and 5) Publishing. Integra Real Estate owns and operates 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.



Vero Bowl, Vero Beach Florida

The developer's funding application anticipates a positive revenue stream from the projected rents from the project that will range from \$14/per square foot (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 is attached as Exhibit 3.

The attraction of an upscale signature restaurant is the desire, but with extensive entertainment and retail experience, Integra Hospitality will be the tenant unless a highly qualified concept/tenant is secured. It is anticipated that the project, once fully occupied, will result in 15 to 20 permanent jobs, mostly in the food service industry. Permitting will begin in June, 2015 and it is estimated construction will start in August 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
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Equity	\$870,000	Land	\$625,000
Bank Loan	\$450,000	Construction	\$901,000
NPF CRA 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 folding glass walls, raised signature look parapet, site paving, landscaping and lighting, new heating, ventilation and air conditioning, and electrical upgrades, 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 (PBIP), the Commercial Façade Renovation Program, and the Northwest-Progresso-Flagler Heights (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 seven-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 such as 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 second mortgage on the property forgiven five years after the completion date providing the property is not sold or refinanced during this period. The developer plans to secure permanent financing for the project after completion and therefore would need to request a subordination of the CRA second mortgage for CRA Board consideration at that time.

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 applicant. 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 Light-Emitting Diode (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 is 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 Agreements include provisions providing the CRA the right to audit specific documentation requirements necessary in order to disburse payment and notice and reporting requirements to ensure ongoing compliance with the provisions of the Agreement. A summary of the Terms of the Agreements are attached as Exhibit 9.

The NPF CRA Advisory Board recommended at their meeting of March 25, 2015 approval by motion of funding for this project. The motion passed 10-1. A copy of the approved minutes of the March 25, 2015 NPF CRA Advisory Board are attached as Exhibit 10.

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 15-0766 scheduled for the July 7, 2015 City Commission meeting.

Funds available as of June 25, 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	\$801,788.00	\$15,000.00
PURCHASE TOTAL					\$15,000.00
Funds available as of June 25, 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	\$1,559,561.00	\$100,000.00
PURCHASE TOTAL					\$100,000.00
Transfer From:					
Funds available as of June 25, 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	\$1,559,561.00	\$91,267.00
APPROPRIATION TOTAL					\$91,267.00
Transfer To:					
Funds available as of June 25, 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	\$0.00	\$0.00	\$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.
- 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 - PBIP Agreement
 - Exhibit 7 - CRA Façade Program Agreement
 - Exhibit 8 - CRA Streetscape Grant Program Agreement
 - Exhibit 9 - Summary of Terms of the Agreement
 - Exhibit 10 - March 25, 2015 NPF CRA Advisory Board Meeting Approved Minutes
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