



**CITY OF FORT LAUDERDALE**  
**City Commission Agenda Memo**  
**CRA BOARD MEETING**

**#19-1048**

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

**FROM:** Chris Lagerbloom, ICMA-CM, Executive Director

**DATE:** October 15, 2019

**TITLE:** Resolution of the Fort Lauderdale Community Redevelopment Agency Approving a \$5,000,000 Development Incentive Program Forgivable Loan to Fat Live Limited Partnership as Gap Financing for the FAT Live Affordable Housing Project at 501 NW First Avenue, Contingent on an Award of 9% Low Income Housing Tax Credits from the Florida Housing Finance Corporation, an Award of a \$5,000,000 Loan from Broward County, Florida and a Firm Commitment for Construction Financing - (**Commission District 2**)

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**Recommendation**

It is recommended that the Community Redevelopment Agency (CRA) Board of Commissioners pass a resolution to approve a \$5,000,000 Development Incentive Program (DIP) forgivable loan to Fat Live Limited Partnership as gap financing for the FAT Live Affordable Housing Project located at 501 NW 1<sup>st</sup> Avenue, contingent on an award of 9% Low Income Housing Tax Credits by the Florida Housing Finance Corporation, an award of a \$5,000,000 loan from Broward County and a firm commitment for construction financing and authorize the Executive Director to negotiate and execute the Development Agreement and any and all other documents or instruments necessary or incidental to consummation of the transaction, subject to the review of the CRA General Counsel.

**Background**

The CRA has received a funding request from Fat Village Limited Partners seeking a \$5,000,000 forgivable loan from the CRA's Development Incentive Program as gap financing for the FAT Live Affordable Housing Project located at 501 NW 1<sup>st</sup> Avenue (Exhibit 1). Fat Village is a group of warehouses and loft apartments between Sistrunk Boulevard, NW 4<sup>th</sup> Street, the FEC Railway and Andrews Avenue, and homes to artists, creative businesses and the monthly Fat Village Art Walk. The Developer's proposed new development master plan for this area (Exhibit 2) includes 188,692 square feet of office space, 31,278 square feet of restaurants and bars, 19,659 square feet of retail, 7,302 square feet of art studios, a 12-story, 145 room hotel, a 7-story, 1,049 car parking garage, 432 housing units including a 13-story, 307 unit market rate housing project, and a 13-story, 125 unit housing project with 31 market rate units and 94 affordable housing units.

The redevelopment project will be in two phases, with the first phase including the newly proposed 125-unit housing project. The Developer, Fat Live Limited Partnership is comprised of co-partners Urban Street Development and Evergreen Partners III, LLC. Alan Hooper, founder of Hooper Construction is co-founder of Urban Street Development and operates as the construction development manager. Alan was a pioneer in Fat Village and developed the numerous loft projects that exist in Fat Village today. Tim Petrillo is the other co-founder of Urban Street Development and also co-founded The Restaurant People which owns and operates some of the most popular restaurants and night life venues in Fort Lauderdale, including YOLO, O Lounge, S3, Taste, Township, Rooftop @ 1 WLO, Java and J and The Boatyard.

Evergreen Partners is an affordable housing development company with offices in Maine, Florida, Massachusetts and New Hampshire, that focuses on both the acquisition of older federally assisted multifamily rental properties and the creation of new affordable housing throughout the United States. In their new construction projects, they specialize in leveraging low income housing tax credits to serve markets with unmet affordable housing needs. The company was co-founded by Brian Poulin and Charles Allen. Since 2001, Brian Poulin has been involved with over 40 affordable housing projects. Both Brian Poulin and Alan Hooper, as principals and co-developers, have the capacity to undertake this project.

The proposed financing for The Fat Live Affordable Housing Project will include a \$10.08 million HUD 221 (d)(4) loan serviced by Orix Real Estate Capital, nine percent tax credits awarded from the Florida Housing Finance Corporation (FHFC) to be sold to PNC Bank for \$27.3 million (tax credit equity), along with a request for \$5 million from Broward County and \$5 million from the CRA. The developer is applying for the nine percent tax credits and the application deadline is November 7, 2019. To help fill the funding gap, they are applying for a \$5 million loan under a Multifamily New Construction RFP issued by Broward County on September 23, 2019 with a deadline of October 8, 2019. The County will select the project under this RFP for funding at their November 5, 2019 meeting. The additional \$5 million in CRA funding will fill the remaining funding gap in the \$50,845,795 development project to make it financially feasible. Without the County and CRA funding, the project is not feasible and cannot move forward. The CRA DIP loan will be a zero interest loan, forgiven after 40 years.

All GAP financing, both CRA and County needs to be committed by the November 7, 2019 Low Income Housing Tax Credit application date in order to meet the FHFC requirements.

FHFC awards will be announced in Spring 2020. The company has a preliminary commitment from the first mortgage lender and will need to do a formal submission for a binding commitment after the award of the nine percent tax credits. The County loan would be a zero interest loan with a 30-year term. CRA funds would be used for construction. Construction would commence in January 2021 and be completed by July 2022. The Developer's CRA Funding application is attached as Exhibit 3. The FHFC and Broward County RFP Application Schedule is attached as Exhibit 4. A detailed source

and use of funds for this project is attached as Exhibit 5. A conditional commitment letter from Orix Real Estate Capital for HUD 221 (d)(4) financing is attached as Exhibit 6. A letter of intent from PNC Real Estate to purchase the forecasted tax credits is attached as Exhibit 7 and a 10-year proforma for the project is attached as Exhibit 8.

In comparison to other recent affordable housing projects funded by the CRA, the CRA funding for this project equates to \$53,191 per unit, based on the proposed 94 affordable housing units. By comparison, the CRA's contribution to the 613 workforce housing project was \$7 million, which equals to \$49,295 per unit and for the Sweeting Estates affordable townhomes was \$1.5 million which equates to \$60,000 per unit.

The 125 unit housing project will have 19 units set aside for residents who earn 30 percent of the Area Median Income (AMI) or less, 50 units set aside for residents who earn 60 percent of the AMI or less, 25 units set aside for residents who earn 80 percent of the AMI or less and 31 market rate units (Exhibit 9).

The building will include 48 one-bedroom 678-square foot units and 77 two-bedroom units ranging from 967 square feet to 1,359 square feet. 125 parking spaces will be provided on the first floor along with 2,694 square feet of retail and 7,497 square feet of collaborative office space and art studios. While the project cannot limit occupancy to artists or those working in Fat Village in need of affordable housing, the Developer will target both artists and workers in Fat Village by making them aware of the upcoming availability of units in advance of the application process.

An Economic Impact Analysis by Walter Duke and Partners demonstrates that during the 18 month construction period, the local impact of the project's construction, plus multiplier effects of the construction project, will exceed \$58.4 million. Permanent economic impacts include 29 permanent jobs and over \$2.8 million in ongoing local activity including direct, indirect and induced economic impacts. Retail sales are estimated to support six to seven permanent jobs and over \$600,000 in ongoing economic effects. Apartment resident spending was estimated to support 22 to 23 permanent jobs as well as over \$2.2 million in ongoing economic benefits.

South Florida faces an affordable housing crisis and there is an acute shortage of affordable housing in the City of Fort Lauderdale. More than 60 percent of adults in South Florida are cost burdened, spending over 30 percent of their income for housing. In Broward County, of the 147,000 renter housing units, over 77,000 renters are severely cost burdened by paying over 50 percent of their income for housing. With only a few thousand affordable apartments in the City, there is a sizable gap between the need for affordable rentals and what is available.

At their meeting of October 8, 2019, the Northwest Progresso Flagler Heights Community Redevelopment Agency Advisory Board recommended approval of this item. Minutes for this meeting are not yet available.

### Consistency with the NPF CRA Community Redevelopment Plan

The Northwest-Progresso-Flagler Village ("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 Five-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 for area residents, 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

Funds will be spread over five years at \$1,000,000 per year totaling \$5,000,000, beginning in Fiscal Year 2020. Future expenditures are contingent upon approval and appropriation of the annual budget.

Funds available as of October 7, 2019					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
119-CRA092004-4203	Development Incentive Program FY20	Other Operating/Redevelopment Projects	\$4,925,000	\$4,925,000	\$1,000,000
TOTAL ►					\$1,000,000

### Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2019* initiative, included within the Neighborhood Enhancement Cylinder of Excellence, specifically advancing:

- Goal 5: Be a community of strong, beautiful and healthy neighborhoods.
- Goal 7: Be a well positioned City within the global economic and tourism markets of the South Florida region.
  - Objective 2: Facilitate a responsive and proactive business climate.

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

**Attachments**

Exhibit 1 - Location Map  
Exhibit 2 - Fat Village Master Plan  
Exhibit 3 - CRA Funding Application  
Exhibit 4 - FHFC and Broward County Application Schedule  
Exhibit 5 - Source and Use of Funds  
Exhibit 6 - Orix Real Estate Capital Conditional Commitment Letter  
Exhibit 7 - Letter of Intent from PNC Real Estate  
Exhibit 8 - 10 Year Proforma  
Exhibit 9 - Rents  
Exhibit 10 - Resolution

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Prepared by: Bob Wojcik, AICP, CRA Housing and Economic Development Manager

Department Director: Clarence Woods, NPF CRA Manager