



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#20-0941

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

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: December 2, 2020

TITLE: Motion Approving a \$125,000 Commercial Façade Program Loan and a \$225,000 Property and Business Improvement Program Loan to BH3 DJ Flagler LLC for The Fabrick Project Located at 801, 807, 815 and 819 NE 2nd Avenue - **(Commission District 2)**

Recommendation

Staff recommends the Community Redevelopment Agency (CRA) Board of Commissioners approve a \$125,000 Commercial Façade Program Loan and a \$225,000 Property and Business Improvement Program (PBIP) Loan to BH3 DJ Flagler LLC for the Fabrick Project located at 801, 807, 815 and 819 NE 2nd Avenue in Progresso Village and delegate authority to the Executive Director to execute all instruments and to take certain actions to modify the terms but not the authority to increase the loan amounts.

Background

In 2017 the Developer, BH3 DJ Flagler LLC, purchased the 23,556 square foot one story attached commercial buildings for \$2.8 million (Exhibit 1). They were last used for warehouse storage, were vacant for years and have been a blight on the Progresso Village neighborhood. The Developer, BH3 DJ Flagler LLC proposes to convert them to unique Class A office and retail space. This adaptive reuse project is strategically located along Progresso Drive where this highly visible project will help define the character of the Progresso Village business community and activate this area.

When completed, there will be a total of 12 business bays ranging from 1,053 to 3,117 square feet and the Developer plans on moving his headquarters on site. The Project will be called "The Fabrick" and pair contemporary architectural treatments, exciting murals and lush landscaping to create a unique community business hub for the CRA's growing population. It will be a complete makeover, both interior and exterior with new electric, plumbing, roof, lighting, windows, doors, polished concrete floors, finished restrooms, structural remediation, street and alley enhancements, landscaping and other improvements. The project received Final Development Review Committee approval on March 23, 2020 for the change of use to office, restaurant and retail along with a parking reduction (Exhibit 2). Project plans and illustrations are attached as Exhibit 3. In addition to the parking provided on site, the Developer has entered into a lease with Florida East

Coast Railway (FEC) to utilize their right of way for parking which the developer plans to improve for project and public use (Exhibit 4 and 5). This includes over 855 feet of street frontage with sidewalk, paving and landscaping along N. Progresso Drive. While this portion of the project is not being funded by the CRA, it does provide a community benefit to the area and adds to the Developer's overall project cost. Along with an estimated 49 jobs to be created by this project, as an additional community benefit for receiving CRA assistance, the Developer will contribute \$25,000 to a scholarship fund for workforce training of CRA residents in conjunction with the efforts being undertaken by the CRA with Broward College.

The total capital investment for this project is \$7,582,519, with CRA funding representing less than 5% the cost. A summary of the Sources of Funding for this project and Use of Funds is provided below.

SOURCES	
Bank Loan	\$ 5,100,000.00
CRA Funds	\$ 350,000.00
Owner Equity	\$ 2,132,519.00
TOTAL	\$ 7,582,519.00

USES	
Land Acquisition	\$ 3,039,080.00
Utility and Road Improvements	\$ 592,617.00
Building Rehabilitation	\$ 2,276,681.00
Soft Cost*	\$ 1,370,825.00
Bridge Loan Interest Reserve	\$ 188,000.00
Operating Reserve, Closing Cost and Legal Fees	\$ 115,316.00
TOTAL	\$ 7,582,519.00

* soft costs, developer fee, leasing commissions, tenant improvements (\$235,560), tax reserve, acquisition fee, and contingency

The Developer has incorporated funding for tenant improvements in the soft cost line item and plans to market the project to local businesses including those that may be currently running a small business out of their homes. Base rents start at \$22-\$27 per square foot. Instead of delivering a typical gray box to tenants, the developer will be providing a fully finished white box with finished bathrooms, HVAC and lighting. An additional \$10 per square foot in the Developer's budget is reserved for tenant improvements for any additional work negotiated with any specific tenant as part of their lease. This would include such things as an extra bathroom, upgraded ductwork and other improvements provided by the Developer, rather than having such work typically separately permitted by the tenant as part of their buildout. A copy of the Developers Business Plan is attached

as Exhibit 6. A copy of the cost for construction line items as related to work to be performed under the façade program and PBIP Program are attached as Exhibits 7 and 8, and the Developer's Application for funding assistance is attached as Exhibit 9. BH3 Management is owned and managed by co-founders Gregory Freedman and Daniel Lebensohn. A summary of their backgrounds and company experience is attached as Exhibit 10.

It is believed that this project will contribute significantly in the Progresso Village neighborhood image by creating a sense of place that this area is safe, unique and open for business. Project completion is estimated to occur in the second quarter of 2021. The project was presented to the Progresso Village Civic Association at their November meeting and was well received. The CRA Advisory Board recommended approval of this item at their meeting of November 10, 2020 (Exhibit 11).

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 Plan strategic objectives and goals 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

Funds for this agreement in the amount of \$350,000 are available in Fiscal Year 2021 in the accounts listed below.

Funds available as of November 17, 2020					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
119-CRA092101-4203	Commercial Façade Improvement Program FY 21	Other Operating Expense/Redevelopment Projects	\$749,800	\$749,800	\$125,000
119-CRA092102-4203	Property and Business Improvement Program FY 21	Other Operating Expense/Redevelopment Projects	\$999,800	\$999,800	\$225,000
				TOTAL ►	\$350,000

Strategic Connections

This item is a *2020 Commission Priority*, advancing the Community Redevelopment Agency (CRA) Build Outs 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 businesses.

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

Attachments

- Exhibit 1 - Location Map
- Exhibit 2 - Final Development Review Committee Approval
- Exhibit 3 - Project Plans and Illustrations
- Exhibit 4 - Lease with FEC ROW LLC
- Exhibit 5 - Improvement Plans for On Street Parking Along N. Flagler Drive
- Exhibit 6 - Business Plan
- Exhibit 7 - Façade Program Construction Cost
- Exhibit 8 - PBIP Program Construction Cost
- Exhibit 9 - Application for Funding Assistance
- Exhibit 10 - Developer Background
- Exhibit 11 - November 10, 2020 CRA Advisory Board Draft Minutes
- Exhibit 12 - Property and Business Improvement Program Loan Agreement
- Exhibit 13 - Commercial Facade Program Loan Agreement

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