



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

**#21-0321**

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

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

**DATE:** November 16, 2021

**TITLE:** Public Hearing Accepting the Property Disposition and Development Proposal of Sistrunk Apartments, LLC for the Development and Donation of CRA Property at 1204 Sistrunk Boulevard and 1620 NW 6 Court, and Approving a \$8,000,000 CRA Development Incentive Program Loan to Sistrunk Apartments, LLC for “The Aldridge” and “The Laramore” Mixed-Use Affordable Housing Projects, 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)**

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**Recommendation**

Staff recommends the Community Redevelopment Agency (CRA) Board of Commissioners hold a Public Hearing and approve a Resolution accepting the proposal of Sistrunk Apartments, LLC for the development of CRA owned property at 1204 Sistrunk Boulevard and 1620 NW 6 Court that would include the donation of the CRA property, and approve a request for a \$8,000,000 CRA Development Incentive Program (DIP) loan for the “The Aldridge” and “The Laramore” mixed-use affordable housing development projects. At the election of the CRA, the CRA or Invest Fort Lauderdale, the CRA’s Economic Development Corporation (CRA EDC), shall receive a 20% interest in the project and the project shall provide commercial space rent entitlements to CRA or the CRA EDC. Finally, this Resolution authorizes the Executive Director to execute any and all related instruments and delegate authority to the Executive Director to take certain actions.

**Background**

In response to a Request for Proposals and Notice of Intent to Dispose of CRA Property (RFP) issued on July 2, 2020, Sistrunk Apartments, LLC on August 3, 2020 submitted a proposal for the development of CRA property located at 1204 Sistrunk Boulevard (Property ID 5042 04 06 0930, 5042 04 06 0940, 5042 04 06 0950, and 5043 04 06 0960) and 1620 NW 6h Court (Property ID 5042 04 12 0030, 5042 04 12 0040, and 5042 04 12 0050). No other proposals were received. A location map of the property is attached as Exhibit 1 and the Invitation for Proposals/Notice of Intent to Dispose is attached as Exhibit 2.

1204 Sistrunk Boulevard has a land area of approximately 20,071 square feet and is on the south side of Sistrunk directly west of the CRA funded Smitty's Wings Restaurant and the new public parking lot constructed by the CRA. 1620 NW 6 Court has a land area of approximately 17,941 square feet and fronts both Sistrunk Boulevard and NW 6<sup>th</sup> Court and is on north side at Sistrunk at NW 17 Avenue. 1204 Sistrunk is appraised at \$300,000 and 1620 NW 6<sup>th</sup> Court is appraised at \$270,000 for a combined value of \$570,000 (Exhibit 3). The property is vacant land and was originally purchased by the CRA between 2003 and 2010. At their meeting of November 4, 2020, the RFP evaluation committee unanimously recommended conveying the property to Sistrunk Apartments, LLC as a donation by the CRA per their proposal for their proposed project. Their recommendation is that the proposal by Sistrunk Apartments, LLC is:

- In the best interest of the CRA and promotes or facilitates the furtherance of the goals, objectives and policies of the NPF CRA Plan; and is most responsive to the requirements of the RFP;
- Demonstrates superior design, quality construction, materials and features; and
- Demonstrates the financial capacity, legal ability, development experience, qualifications and ability best suited to carry out the proposal.

If CRA property is sold for less than fair value, the CRA must hold a public hearing.

The proposal by Sistrunk Apartments, LLC (Exhibit 4) is for two separate signature 5 story "Green Certified" mixed-use affordable housing developments, each with 36 apartments and ground floor retail. They will be named in tribute to two African American Fort Lauderdale pioneers. "The Aldridge" is named after Sylvia H. Aldridge, one of City's first African American entrepreneurs, Sistrunk business owner, and first president of Dillard High School PTA. "The Laramore" is named after David N. Laramore, a Bahamian seminarian who was instrumental in starting the Elks Lodge No 652 in the CRA and who founded St Christopher's Episcopal Church, that was constructed in 1916 in the CRA and is the oldest building in Broward County continuously used for religious purposes.

Of the 72 rental units, 80% of the units will be set aside as affordable housing and restricted to tenants that make at or below 80% AMI (Area Median Income), and the allowable rents for these set aside units will be the gross published rent amounts as provided by HUD and FHFC annually for Broward County restricted by bedroom size. They will have a 15-year affordability term. The remaining 20% of the units will be at market rate. In addition, 20% of the affordable units will be set aside for seniors for a 15-year elderly set-aside term (subject to Federal Fair Housing requirements). The mixed income multi-generational development will provide quality housing for working and retired residents. The Aldridge is projected to consist of 12 two bedroom, two bath, 16 one bedroom, one bath and eight studio apartments. The Laramore will have 20 two bedroom, two bath, and 16 one bedroom, one bath apartments. The units will allow for pets and have Energy Star appliances including range, refrigerator washer and dryer, professionally designed kitchens and common areas with designer tile in the kitchen and granite countertops, designer lighting and other features.

The Aldridge and the Laramore will also both have significant ground floor commercial/retail space. The Aldridge will have approximately 4,950 square feet of commercial space and The Larimore will have approximately 2,840 square feet of commercial space. In addition to ground floor retail, the ground floor of both developments will have parking garages with state-of-the-art camera security systems with carded access into the garage and building for enhanced security.

The attractive contemporary designed developments will receive a Green Certification incorporating environmentally responsible “best practice” green strategies in construction, operation and maintenance. A variety of resident educational, health and occupational programs will be provided free of charge by the management including literacy training, computer training, employment assistance programs and others.

The Developer proposes a public private partnership with the CRA. The partnership will be with Sistrunk Apartments, LLC. At the election of the CRA, 20% of partnership will be owned by the CRA or the CRA EDC, a 501c 3 Not-For-Profit entity. This will allow the not-for-profit entity to continue the work and mission of the CRA in the Northwest Progresso Flagler Heights (NPF) area long after it sunsets in 2025. The Managing Member of Sistrunk Apartments, LLC is Sistrunk Apartments Developer, LLC whose manager is Magellan Housing. Under the partnership, the CRA’s Economic Development Corporation Invest Fort Lauderdale will become a Manager in Sistrunk Apartments, LLC. They will share in the profits of Sistrunk Apartments, LLC as 20% owner, but not in the liability. A 15-year operating proforma (Exhibit 5) for the project projects a net cash flow of \$140,275 in year one. Under the proposed development partnership, the CRA’s Economic Development Corporation will have the exclusive right to lease all the available ground floor commercial space in both buildings and may then sublease this space to prospective commercial tenants. The lease term will start once the Final Certificate of Occupancy for the building is provided and last for a period of 15 years. The discounted rental rate to the CRA EDC will be \$5 per square foot for years 1-5, \$6 per square foot for years 6-10 and \$7 per square foot for years 11-15. This will be a great opportunity for the CRA EDC to attract specific targeted business to the area offering an affordable rent.

The total development cost for the Project is \$18,570,000. Citibank Community Capital (CCC) will provide a \$10,000,000 construction and permanent loan backed by Freddie Mac. A copy of the bank commitment letter is attached as Exhibit 6. The permanent loan term will be amortizing at a 4.5% rate. CCC has already reviewed the specifics of the project internally and performed thorough underwriting regarding the project and are committed to finance the project as presented. They already have a business relationship with Magellan Housing and are financing three additional projects in the Miami area and three additional projects in the Houston area. The CRA \$8,000,000 Construction and Permanent non-amortizing zero percent interest loan will be secured by a second Mortgage on the properties and forgiven after 15 years. The Developer is committed to deferring 100% of the Developer Fee, if needed, to ensure the success of the project. With operating expenses set at a level to sufficiently care for the long-term maintenance of the property, the amount of debt the property can support is approximately \$10,000,000 while keeping the achievable rents at approximately 80% AML. The combination of land

donation by the CRA and forgivable DIP loan makes the project financially feasible. The Developer will guarantee completion of the project and fill any funding shortfalls, funding gaps or unexpected financial needs that may arise with the project. The estimate breakdown of the total project cost is attached as Exhibit 7.

CRA funding for this project represents 43.08% of the total project cost and including land donation represents 46.14% of the total project cost. A comparison of the CRA investment in this project to other CRA DIP funded projects is provided below:

Project	Estimated Capital investment (ECI)	DIP Award	DIP Award Percentage of ECI
Hoover Awnings	\$1.5 Million	\$1.1 Million	73.33%
YMCA	\$15 Million	\$10 Million	66.70%
Thrive Progresso	\$4.5 Million	\$2.5 Million	55.56%
Wright Dynasty	\$7.1 Million	\$3.0 Million	42.15%
Memphis Blues	\$3.8 Million	\$1.5 Million	39.47%
Jack and Jill	\$7.1 Million	\$2,5 Million	34.79%
Sistrunk Market	\$5.9 Million	\$1.4 Million	23.30%
Sistrunk Townhomes	\$6.9 Million	\$1.5 Million	21.70%
Six 13	\$33.5 Million	\$7 Million	20.80%
Triangle Services	\$7.8 Million	\$1.5 Million	19.02%

A copy of the funding sources and uses for this project are provided below:

SOURCES	
Bank Loan	\$ 10,000,000.00
CRA Funds	\$ 8,000,000.00
CRA Land Contribution	\$ 570,000.00
<b>TOTAL</b>	<b>\$ 18,570,000.00</b>
USES	
Land	\$ 570,000.00
Construction Cost	\$ 12,891,650.00
Soft Cost	\$ 2,650,611.00
Impact Fees, Insurance, Permits	\$ 743,860.00
Loan Interest and Fees	\$ 895,000.00
Utility Fee	\$ 159,000.00
Lender Required Reserve	\$ 250,000.00
Developer Fee & Overhead	\$ 409,879.00
<b>TOTAL</b>	<b>\$ 18,570,000.00</b>

Magellan Housing is an experienced developer of multi-family and mixed-use developments. Their principals and institutional partners are highly respected in Florida

and Texas where they operate. Nick Inamdar, the Managing Principal of Magellan Housing is recent chairman of the Coalition of Affordable Housing Providers, a statewide Florida industry group of stakeholders and developers and the principals have over 25 years' experience, having developed over 1,500 apartments through public private partnerships in South Florida. Information on Magellan Housing and completed projects is attached as Exhibit 8. The Developer plans on commencing with plan approvals immediately and estimates that the project can be completed as early as 16 months following receipt of a master building permit from the City. The CRA Advisory Board recommended approval of this item at their meeting of January 12, 2021 (Exhibit 9).

#### Consistency with the NPF CRA Community Redevelopment Plan

The NPF CRA Community Redevelopment Plan 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 NPR 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 a fiscal impact to the CRA in the amount of \$8,000,000. This funding is contingent upon the approval of the City's consolidated budget amendment and the CRA budget amendment (CAMs 21-0926 and 21-0781) allocating funds to the CRA Business Incentive Debt Fund. Funds for this transaction are also contingent upon the approval of a \$22,520,000 loan between Truist Bank, the CRA and City of Fort Lauderdale (CAM's 21-0720 and 21-0721).

Funds available as of October 22, 2021					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB- OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
120-CRA092113-4203	NWP CRA Business Incentives – Debt	Other Operating Expenditures/Redevelopment Projects	\$0	\$0	\$8,000,000
<b>TOTAL ►</b>					<b>\$8,000,000</b>

### **Strategic Connections**

This item is a *2021 Commission Priority*, advancing the Smart Growth initiative.

This item supports the *Press Play Fort Lauderdale 2024 Strategic Plan*, specifically advancing:

- The Neighborhood Enhancement 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

### **Related CAMs**

# 21-0319, #21-0320, #21-0720, #21-0721, #21-0781, and #21-0926

### **Attachments**

Exhibit 1 - Location Map  
Exhibit 2 - Invitation for Proposals Propose/Notice of Intent to Dispose  
Exhibit 3 - Summary Appraisal  
Exhibit 4 - Developer's Proposal and Application for Funding  
Exhibit 5 - 15 Year Operating Proforma  
Exhibit 6 - Bank Commitment Letter  
Exhibit 7 - Estimated Project Cost  
Exhibit 8 - Information on Developer and Project Team  
Exhibit 9 - January 12, 2021 CRA Advisory Board Approved Minutes  
Exhibit 10 - Development Incentive Program Letter of Intent  
Exhibit 11 - Commercial Contract  
Exhibit 12 - Resolution

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