

APPROVED
MINUTES
NORTHWEST PROGRESSO – FLAGLER HEIGHTS
REDEVELOPMENT ADVISORY BOARD
FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
8TH FLOOR CONFERENCE ROOM
JUNE 24, 2009 – 3:30 P.M.

<u>Members Present</u>	<u>Attendance</u>	Cumulative Attendance	
		<u>Present</u>	<u>Absent</u>
Michael Ferber, Chair	P	2	0
Ella Phillips, Vice Chair	P	2	0
Phyllis Berry	P	2	0
James Brady	A	1	1
Ron Centamore	P	2	0
Mickey Hinton	A	1	1
Bradley Hubert	A	1	1
Doug Sterner	P	2	0
Claire Vickery	A	0	2
Alan Gabriel (Depart 5:13)	P	2	0
Jerry Heniser	P	2	0
Samuel Williams (Depart 5:12)	P	2	0
Jesse Adderley	P	2	0
Steve Lucas	P	1	0
John Wilkes (Arr. 3:50)	P	1	0

Staff

Alfred Battle, CRA Director
Mina Samadi
Sandra Doughlin, Secretary
Jennifer Picinich, Recording Clerk, Prototype, Inc.

Communications to City Commission

None at this time.

I. Call to Order/Roll Call

The meeting was called to order at 3:38 p.m. by Chair Ferber. As of this date there were fifteen appointed members to the Committee, which means eight would constitute a quorum. Following a roll call it was determined that a quorum was present.

Chair Ferber introduced new member, Steve Lucas and welcomed Mr. Lucas to the Board. Mr. Lucas provided a brief personal history.

II. Approval of May 27, 2009 Minutes

Motion made by Mr. Gabriel, seconded by Mr. Williams, to approve the minutes of the May 27, 2009 meeting.

Mr. Sterner requested clarification on Page Seven, Section VII, Paragraph 2. The sentence should read as follows: "... opposition to the CRA expansion area from the April meeting."

In a voice vote, the motion was approved unanimously.

III. Funding Request – Carlisle Development/Fort Lauderdale Housing Authority

Mr. Battle reminded the Board members a "preview" of the request was provided in the last meeting. The request would offset the developer's long-term financing gaps for the project. Mr. Battle provided a memorandum to the Board members, and pointed out the funding request, making an up-front contribution in year one of \$275,000, with funding in years two through fifteen of \$250,000 per year.

Mr. Battle introduced Stephen Tilbrook, an attorney for Shutts & Bowen, LLP. Mr. Tilbrook introduced the following team members:

- Tam English, Executive Director, Housing Authority of the City of Fort Lauderdale
- Matt Greer, CEO, Carlisle Development Group
- Scott Strawbridge, Director of Development and Facilities, Housing Authority of Fort Lauderdale
- Chandler Williamson, Director of Community Relations, Housing Authority of Fort Lauderdale

Mr. English explained the mission of the Housing Authority was to provide clean, safe, and decent housing to the low income folks in Fort Lauderdale. The Housing Authority was established in 1938 by the City Commission during the Great Depression to start building public housing funded by Congress in the 1930s. Mr. English stated from 1938 to 1976 a total of nine public housing complexes were built, including 900 units of housing. After the mid-'70s Congress quit funding new public housing complexes, and started reducing funding for maintenance of public housing complexes.

Mr. English stated six years ago the Housing Authority began researching ways to repair or rebuild complexes to meet today's standards. Mr. English pointed out Dixie Court was built seventy years ago, and was in the worst shape. A tax credit allotment

was received in 2005, however no in-house expertise was available to develop the volume of property required for the project. Proposals were received from a number of state-wide and local developers, and Carlisle Development was chosen.

Construction began on the first phase of Dixie Court in February of 2008, and the first family moved in on November 15, 2008. Construction began on the second phase of Dixie Court in March of 2009 with an expected completion date of December, 2009. Mr. English noted the first phase was completely occupied with a fifty to sixty family waiting list for the second phase.

Mr. English stated the biggest problem in the public housing arena was how to maintain the homes and keep them up to the current standards, with the older complexes being the real challenge. Out of eight public housing complexes, four were in the CRA area, with two other complexes on a market rate rental system, also in the CRA. All complexes in the CRA, except the one on Sistrunk, were scheduled for redevelopment at some point in time. Mr. English felt Sistrunk Gardens, being a newer complex, could be maintained.

Mr. Greer provided a brief description of Carlisle Development and their work with the Housing Authority. Mr. Greer described the following goals of the Housing Authority:

- To reduce their dependence on the Federal government,
- To grow the number of units to try to match the need in the community,
- To expand the diversity of people in the community they are serving,
- To help create improvement in the neighborhoods they are a part of,
- Contribute specifically to the community by paying taxes, and through direct program activities,
- To become a “venture capital organization” using small resources to spawn big change.

Mr. Greer felt certain in ten years Dixie Court would be recognized as the first time in Florida that the Housing Authority had a vision, got going, and was able to accomplish a tremendous amount in a very short period of time. Mr. Greer stated the Housing Authority made the project a “public/private partnership,” and was tackling the entire neighborhood at once.

Mr. Greer provided handouts laying out the new type of program being offered at Dixie Court, and demonstrating the \$2.5 million funding request would result in over \$5 million in tax payments, providing a great return on the initial investment. Mr. Greer hoped the Fort Lauderdale Housing Authority projects would become a case study for other states.

Mr. Tilbrook noted the partnership needed between the developer, the Housing Authority, and the CRA to accomplish the objectives. Mr. Tilbrook provided maps showing the current projects, potential acquisition properties, and the proposed Dixie Court project.

Mr. Tilbrook explained the funding gap between the first and second phases, and noted the gap was currently being filled by the Housing Authority's limited existing funds. The funding request was for present day value of \$2.5 million revenue return from the TIF over a period of fifteen years. Mr. Tilbrook expected the project to generate approximately \$5 million in TIF revenue over the fifteen year period. Mr. Tilbrook also expected approximately \$100 million in private investment in the CRA and 700 new affordable family and elderly units.

Mr. Tilbrook thanked the Staff for their support.

Chair Ferber called for questions from the Board members. Mr. Sterner asked if Linden Apartments, located directly to the east of Northwest Gardens 1 was a Housing Authority property. Mr. English stated the property was owned privately by a family who had thus far not been receptive to selling any properties. Mr. Sterner asked what the effect of the project would be on the privately owned property. Mr. Greer explained property taxes would increase, putting more property in play.

Mr. Williams, looking at the memorandum summary asked about the calculation of the construction costs and how the TIF would be figured. Mr. Battle explained the formula was worked using historical trends from property appraisers. Mr. Williams asked about the net present value, and asked what assumptions were being made in terms of the discount rate. Mr. Battle stated nine percent was used for the projection.

Mr. Williams asked if there was any investment on the part of Carlisle Development into the project. Mr. Greer confirmed their investment and explained the Housing Authority was able to "de-risk" the project by using Carlisle's internal "bridge funds." Mr. Greer stated the total investment usually came to somewhere around \$1 million. Mr. Williams asked what rate of return was being projected for Carlisle Development. Mr. Greer stated rate of return was not really used because the investment was usually considered venture capital. Mr. Greer stated the State allowed the developer to sell their tax credits for a specified fee, and the fee would be split with the Housing Authority.

Mr. Williams expressed excitement with the project, but wanted to understand the overall process. Mr. Williams noted the gap was \$3.7 million with a request for \$2.5 million from the Board, and wondered if the requested amount would be adequate. Mr.

Greer explained the \$2.5 million in reduction of taxes allowed the lender to assume that much more cash flow, which could be borrowed against up front.

Mr. Lucas applauded the efforts to upgrade the neighborhood. Mr. Lucas noted the request was “after the fact” and seemed to be requesting the developer be made whole. Mr. Lucas also felt the request would set up a serious precedent to the other businesses in the CRA experiencing shortfalls. Mr. Battle explained Staff felt more comfortable with this project since it was a turnover opportunity, which was not the case with other business models. Mr. Battle stated Dixie Court’s tax credits were also an issue in terms of financial markets being where they were during construction.

Chair Ferber shared Mr. Lucas’ concerns, but recognized the Housing Authority was an existing entity off the tax rolls as opposed to speculative projects located throughout the CRA who would benefit by coming in after the fact and “being made whole.”

Mr. Williams asked if the TIF rate would maintain at the current level. Mr. Greer explained the taxes would largely be refunded for the first certain number of years they were on the tax rolls, so even if the TIF went down, the loss would be offset.

Mr. Williams expressed even though he was a great proponent of affordable housing, the project would have a huge impact on the operational capital, and perhaps on other projects down the road. Mr. Williams expressed concern with being too optimistic, and wanted the rationale used to make projections to be based on sound scientific models. Mr. Tilbrook felt the numbers used to calculate the anticipated revenues were conservative estimates, with values increasing over time.

Mr. Lucas felt there was not enough information without a detailed pro forma showing what Carlisle brought in in terms of development fees. Chair Ferber expressed concern also, and referred to a letter from Carlisle dated May 7, 2009 showing \$26.2 million in hard costs and \$10.7 million in soft costs. Chair Ferber wondered if the development fee was part of the soft costs. Mr. Greer stated the Housing Authority would receive the lion’s share of the benefit, both by owning the property long term and by collecting the majority of the cash flow long term. Chair Ferber expressed concern regarding broad categories being provided without much specificity on how the money was being cut up.

Chair Ferber welcomed Mr. Wilkes, a new Board member. Mr. Wilkes asked if taxes were paid on the site prior to the construction of the project. Mr. Tilbrook confirmed no taxes were paid previously. Mr. Wilkes asked if the property would be exempt from taxes during the fifteen year period. Mr. Tilbrook explained the occupied portions would be on the tax rolls. Mr. Wilkes asked about the square footage of the rental units. Mr. English stated the units ranged from six hundred and fifty and one thousand fifty square

feet. Mr. Wilkes asked if the projected taxes were gross. Mr. Tilbrook confirmed the taxes were gross. There followed a discussion regarding the tax issues.

Mr. Wilkes felt the formula used was a misstatement of the actual value in dollars. Mr. Wilkes also felt the hard and soft costs were very disproportionate figures, which raised concerns regarding the soft costs. Mr. Greer stated all the properties were audited annually and certified by the State. Mr. Greer stated there were development fees just like an architect, engineer, or contractor, but the fees were built into affordable housing deals since there was no cash flow coming out of the deal.

Mr. Tilbrook noted the project was financed by a bridge loan from the Housing Authority, with the refund (approximately \$2.5 million) being available for investment in the next project. Mr. Wilkes asked if the developer would be willing to commit the rollover to the next project within the CRA if the funds were granted. Mr. Tilbrook explained the next project would be undertaken when the tax credit financing was received for the next project. The tax credit financing was awarded for Northwest Gardens 1, and suggested the developer might be comfortable tying Dixie Courts to Northwest Gardens 1.

Mr. English pointed out over the years the Housing Authority had never received one dollar of City of Fort Lauderdale general funds, no tax support, and survived only off rental income and some Federal subsidy. The Federal subsidy was cut substantially over the years, and did not provide for good maintenance of the properties.

Mr. Williams requested a detailed pro forma with projections. Mr. Greer stated the pro forma was public record. Mr. Tilbrook agreed to include three years of audited pro formas and an updated pro forma as a part of the package for the Board. Chair Ferber noted four different scenarios described in the May 7th letter, and was uncomfortable with the numbers being provided.

Mr. Tilbrook agreed to provide performance numbers and requested a recommendation for support to allow the matter to move to the City Commission. Mr. Williams asked about the requested time line. Mr. Greer pointed out most projects were funded prior to construction. In this case construction was complete, and the funding was needed as soon as possible to keep the lenders satisfied.

Chair Ferber summarized there was no opposition expressed to the broad premise that the project was desirable and fell within 163, however there was some level of unease with the lack of precise numbers. Mr. Gabriel believed there were many remaining questions, and did not feel he could comfortably vote for approval. Mr. Gabriel suggested the applicant come back with more specifics.

Mr. Battle noted the next Advisory Board meeting would be July 22, 2009, and the last City Commission meeting of the year would be July 21, 2009. Mr. Battle pointed out the option to make a motion with the condition Mr. Gabriel outlined. Mr. Battle suggested a quick meeting in the meantime to discuss the remainder of the issues and allow for a recommendation before the City Commission's summer recess.

Chair Ferber stated it was unfortunate there were no precise financials available. Chair Ferber stated although the members expressed their support of the project, the Board was not prepared to give a recommendation in the absence of the financial documents. Mr. Tilbrook agreed to provide specific pro formas, breakdown of soft costs, construction costs, and an outline of the proposed agreement.

Chair Ferber apologized for being unable to provide a recommendation, but emphasized the Board needed sufficient backup. Chair Ferber also agreed to an earlier meeting to allow for a recommendation before the summer recess.

Chair Ferber called for a motion.

Motion made by Mr. Williams, seconded by Mr. Wilkes, to defer the item to a date to be set prior to the July 22, 2009 meeting, date to be set by Mr. Battle.

In a voice vote, the motion was approved unanimously.

IV. Property Purchase – John Hill – 1208/1218 NW 6th Street

Mr. Battle provided a memorandum outlining the desire to purchase the particular property from Mr. John Hill. Mr. Battle explained the Hill family owned a number of properties throughout the area, and this particular property was important to the CRAs ability to assemble properties and to be able to convey property large enough to entertain development projects. Mr. Battle said the high-value property was critical.

Referring to a provided map, Mr. Lucas asked who owned Property Number One. Mr. Battle stated the property was owned by the convenience store on the other side of the street to the west. Mr. Lucas asked for the depth of the lots. Mr. Battle stated the lots were small at thirty-five feet. Mr. Battle expressed a continuing desire to acquire Number One, which was not currently available as it served as parking for the convenience store. Ms. Adderley asked if the property was on both the east and west sides of 15th Avenue. Mr. Battle confirmed it was.

Using a map provided to the Board members, Mr. Battle pointed out the properties already owned by the CRA. Ms. Phillips explained it would be good to make some progress in acquiring the properties rather than allowing the properties to sit.

Mr. Williams asked if the two lots were purchased, could a site plan be completed to satisfy the City in the case of development. Mr. Battle stated the development would have to be smaller than probably desired, and the property would not be made available unless the problem was solved going forward. Mr. Battle also noted collectively the property would be approximately twenty-one thousand square feet.

Chair Ferber asked for a history surrounding the existing lots numbered two, five, and six owned by the CRA. Mr. Battle stated five and six were improved properties acquired last year. Mr. Battle thought the price paid was a little over \$200,000. Lot number two was a separate purchase approximately two years ago as vacant land for approximately \$19,000.

Mr. Wilkes requested an explanation of the availability of funds. Mr. Battle provided exhibits to demonstrate available funds. Mr. Battle explained dollars roll over from the previous years, with about \$7 million available to certain projects. Mr. Battle stated some of the money was already committed but not paid out yet.

Chair Ferber asked about the bond debt service of \$1.6 million. Mr. Battle explained the money represented interest paid on bonds already sold. The money is being retained for the construction of Sistrunk, 6th Street, and some other projects. The face value was approximately \$10 million being held in cash.

Chair Ferber called for a motion.

Motion made by Mr. Williams, seconded by Mr. Centamore, to accept Staff recommendation.

In a voice vote, the motion was approved unanimously.

V. Director's Report

Mr. Battle reminded the Board of the tour discussed earlier for the July meeting.

VI. Old/New Business

Chair Ferber welcomed Mr. Wilkes to the Board. Mr. Wilkes provided a brief description of his experience and background.

Ms. Adderley requested an update on the Sistrunk project. Ms. Samadi noted the following:

- The water line needed to be tweaked and was being worked by WaterWorks.
- Still working with the railroad tracks regarding the crosswalk and signal.
- Two permits, sanitary and storm water, already provided by the County.
- Contract documents should go out for bid within sixty days.

Ms. Samadi noted the project was now a stimulus project and now had additional requirements.

Ms. Samadi noted Dorsey was out for bid on the beautification and roundabout. Bids would be received on July 8, 2009. Packages would be sent to the Department of Transportation, and would hopefully be scheduled for the July 21, 2009 City Commission meeting.

VII. Communications to City Commission

None at this time.

VIII. Adjournment

With no further business to come before the Board, the meeting was adjourned at 5:18 p.m.

[Minutes prepared by K. Bierbaum, Prototype, Inc.]