

**MEETING OF THE FORT LAUDERDALE
COMMUNITY REDEVELOPMENT AGENCY
8TH FLOOR CONFERENCE ROOM
CITY HALL
TUESDAY, NOVEMBER 1, 2011 – 2:30 P.M.**

Chairman Seiler called the meeting to order at approximately 10:30 p.m. Roll was called and a quorum was present.

Present: Chairman John P. "Jack" Seiler
Vice Chair Bobby B. DuBose
Member Bruce G. Roberts
Member Charlotte E. Rodstrom
Member Romney Rogers

Absent: None.

Also Present: Lee R. Feldman, Executive Director
John Herbst, City Auditor
Jonda K. Joseph, Secretary
Harry A. Stewart, General Counsel
Alfred Battle, Director, Community Redevelopment Agency (Northwest)

1. September 20, 2011 and October 4, 2011 Regular Meeting Minutes

September 20, 2011 and October 4, 2011 Regular Meeting Minutes

Motion made by Member Roberts and seconded by Member Rodstrom to approve the item as presented. YEAS: Member Rodstrom, Vice Chair DuBose, Member Rogers, Member Roberts, and Chairman Seiler. NAYS: None.

2. Funds Transfer – Eula Johnson House Renovation - \$37,498.33

Transfer funds in the amount of \$37,498.33, for Eula Johnson House renovation project.

This item was removed from the agenda at the request of the City Auditor.

**3. Funds Transfer - \$323,271
Flagler Neighborhood Pedestrian and Lighting Improvements**

Transfer funds in the amount of \$323,271, for Flagler Neighborhood Pedestrian and Lighting Improvements and related expenditures.

Motion made by Member Rodstrom and seconded by Member Roberts to approve the item as presented. YEAS: Member Rodstrom, Vice Chair DuBose, Member Rogers, Member Roberts, and Chairman Seiler. NAYS: None.

Note: The Board recessed momentarily, convened the regular meeting and then returned to the Board meeting at 10:33 p.m..

4. Funding Request and Development Agreement - \$125,000
Multi-Family Housing – NE 3 Avenue and NE 7 Street

Funding for local government contribution in the amount of \$125,000 – income-restricted multi-family housing at NE 3 Avenue and NE 7 Street, contingent upon an approved application for low-income housing tax credits and authorization to negotiate development agreement with ZF Development, LLC.

Alfred Battle, Northwest Community Redevelopment Agency Director, highlighted background information as set forth in Commission Agenda Report 11-1662. The project is located in Flagler Village. Ninety percent of the 103 units will be rented to individuals earning 60 percent or less of the area median income, and approximately ten units will be rented to individuals earning 28 percent or less of the area median income. The Northwest-Progresso-Flagler Heights Redevelopment Board voted unanimously to approve this project. This project is similar to others where a local government contribution was provided.

He explained to Chairman Seiler that a good deal of discussion took place by the advisory board because a number of projects are applying as the 2011 Universal Application cycle was extended. In response to Member Rogers, Mr. Battle advised that funds for such contributions have not historically been budgeted because funding has typically been available from Broward County. Staff recently ranked action items for CRA funding as a result of the Board's request in June. This is fifth in terms of infill housing. Although this cycle has been extended, there may not be any cycle for 2012, and as such several projects have come forward at this time. Member Rogers questioned how the Board should gauge project worthiness and a funding amount. Mr. Battle explained that historically a lottery approach was taken. For example, County funding was granted to two Northwest CRA (Community Redevelopment Agency) projects in 2010, but the CRA only provided funding to one of them. Member Rogers noted his ongoing concern that a strategy which includes CRA priorities and a budget is not in place. He stressed the importance of affordable housing, but did not want to vote in a piecemeal fashion. He did not think all of the workforce housing should be placed on the same block; perhaps, the Affordable Housing Advisory Committee should participate in strategy development. Currently, this seems to be operating on a first-come, first-served basis. He thought his vote should be based on the assumption that the developer will receive the tax credit allocation. Possibly, an upcoming project focusing on the elderly is more worthy. Mr. Battle noted that the advisory board unanimously approved all of the projects which are located close to one another. He went on to verify the nearby location of other projects.

Member Rodstrom pointed out that the Board's objective is to locate as many viable projects as possible, and provide the developer assistance so the next level can be reached. In response to her question, Mr. Battle indicated that all of the projects in this application cycle will be seeking funds from the same pool. Member Rodstrom noted the idea is to send as many projects forward as possible to increase the likelihood that one will be funded; not all of the projects will be built. There is significant competition because the tax credit allocations are a statewide initiative which are divided among counties according to their size. In further response, he indicated that this property has been vacant for at least four years.

In response to Chairman Seiler, Mr. Battle explained that one existing project in the Northwest CRA, Eclipse I, provides affordable housing for this income bracket; and application will be made for its second phase in this cycle. He noted its location across from the Broward County Transit facility and indicated that approximately 100 of 109 units are income restricted. He went on to provide the following demographic information about (proposed) affordable housing projects in the CRA: Pinnacle at Flagler Pointe, located at Sistrunk and Andrews, will have approximately 100 units; Progresso Point, located north of Sistrunk, currently under construction and will have 76 units; Third Avenue Villas will have 103 units to be considered this evening, all of which are income restricted; Andrews Village will have approximately 100 units - 80 income restricted and 20 market rate, and is preparing an application for the upcoming cycle; and Village Place which is 100 percent income restricted, most at 60 percent of the area median income and a small amount at 28 percent.

Chairman Seiler opened the floor for public comment.

Charles King, 105 N. Victoria Park Road, noted that he owns two townhouses in Bamboo Flats. He bought into the vision of Flagler Village of live, work and play, but is now concerned that it will become a low-income housing belt. He referred to an infill housing item that was addressed at the October 18 CRA meeting. Area residents do not want low income housing on every corner, but there is nothing but this in Flagler Village. In response to Member Rodstrom, Mr. King guessed that a one-bedroom apartment owned by Cooper Properties rents for \$700 or \$750.

Camille Hansen, 440 NE 2 Avenue, indicated that she learned of this project the other day via email from Member Rodstrom. In the past, developers brought proposed projects before the Flagler Village Civic Association (association), but that is not happening anymore. She stressed that area residents have lost significant equity, and it will not be possible to save home values if low-income housing is built next door. She urged the Board to reconsider. In response to Chairman Seiler, she noted her prior service on the association's board, and reiterated that there was no notice of this project going before the CRA Board. Mr. Battle explained that a public meeting notice is advertised 72 hours prior to the meeting, and posted on the City's website and at City Hall. A general mailing or email is also sent to individuals on the City's mailing list, but it is not treated as a public hearing where notice is given to individuals within a certain radius of a property. Member Rodstrom thought the City's notice procedure in general needs improvement.

Alan Hooper, 2719 NE 37 Drive, noted that he was made aware of this item by a co-worker who serves on the advisory board. He indicated that a few (affordable housing projects) have gone through the system, including Eclipse. He questioned the placement of affordable housing projects next to market rate projects like Avenue Lofts, Mill Lofts, and Foundry Lofts, though affordable housing is appropriate in some part of this neighborhood. People have bought into the CRA vision and their units have gone down in value. Buyers hesitate to buy across the street from affordable housing. He agreed with Member Rogers that a strategy which considers appropriate placement must be developed. It is unfair that these projects could possibly be built in front of and behind Bamboo Flats. The CRA's objective is to redevelop Flagler Village, Sistrunk, and Progresso in a manner which increases tax revenue to allow for TIF (tax increment financing), so these funds can be reinvested. Looking at Delray Beach as a model, the downtown area is where the most expensive and real estate exists. Flagler Village must be nurtured to fuel reinvestments in Sistrunk for example. Thought should be given on where to place low income housing. The developers should have presented the proposed projects to the association. He thought applicants should be required to demonstrate how their projects will

increase tax revenue; for example, Avenue Lofts produced about \$350,000 in TIF, but low-income developers would likely project approximately \$100,000 in TIF. In response to Chairman Seiler, he indicated that he was not aware of this proposal until yesterday. He felt there is enough low income projects for now. He was concerned that he cannot operate a market rate business as a developer in this city. This is not in-keeping with the vision.

Phil Bernstein, president of Foundry Lofts Condominium Association, noted that he also learned of this project yesterday. He elaborated upon the vision for Flagler Village that he bought into. He now finds that the area is becoming a slum due to low-income housing, the homeless, street light outage and lack of sidewalks. He thought this funding should be used to reinvest in infrastructure including lighting to encourage development that would increase the City's tax base for continued reinvestment. In response to Chairman Seiler, he explained that every street lamp on Andrews from Broward to 6 Street has been out of service for months. Member Rodstrom asked that she be provided with the light pole numbers, so they could be reported for repair.

Dave Shalkop, vice president of Bamboo Flats Homeowners Association and vice president of the Flagler Village Civic Association, indicated that he randomly found out about this project last Friday. He thought the association would have had more input on area projects. If tax revenues are used for (low-income) projects, he thought all of the (property) values would be lowered which negatively affects the area's development. He recalled that the association developed a two-phase plan that included street improvements for Andrews and Third which was submitted to the advisory board. He pointed out that the improvements made on 6 Street and Sistrunk exemplify the vision he bought into. He opposed this item. He stressed that Flagler Village is the future for the City's growth because there is nowhere else with so much vacant land. He thought there should be affordable housing, but proper areas for it must be designated. He thought the CRA should invest in projects that increase property values and raise tax revenues which will provide more funding for projects like this. He noted that the proposed project is located on a main artery, Third Avenue. He thought a bigger plan should be created to maximize Flagler Village's potential as a future corridor, rather than a mish mosh of projects. He stressed the need for a plan. In response to Member Rodstrom, he confirmed that he feels impacted by affordable housing in Flagler Village; there should be at a defined area for affordable housing. For example, he did not think there should be affordable housing on Las Olas. Member Rodstrom remarked that the Flagler Village concept is great. She believed with time the Cooper properties will be redeveloped. Mr. Shalkop remarked that a high-end development was planned for this site, but then the market collapsed. He emphasized the need for fluidity in the area.

Glen Jordan, resident of Foundry Lofts, noted that the Eclipse was built and there are now plans for another low income project. He emphasized the reduction in his property value which he did not think will be regained with the proposed low income housing.. He elaborated upon the area street disrepair issues. He thought limitations could be placed on this funding. He felt the neighborhood is saturated with this type of housing. He asked the Board not to approve this item. Member Rodstrom offered to followup on the pothole he mentioned near his home. He stressed that the infrastructure should be intact before another building is added.

Margi Nothard, owner of 724 and 730 NE 3 Avenue, indicated that her properties will be directly opposite of this project. She noted her strong support of affordable housing and the arts. She believed Flagler Village is an important neighborhood for development of the arts; it is a downtown urban community. Affordable housing in the downtown area is essential. She recalled her prior work on the downtown master plan and agreed with tonight's speakers who

advocate for a strong vision. She noted that she was made aware of this item tonight. Rather than an ad hoc development, she thought this project's design should be developed in conjunction with the master plan, or with the FAT (Flagler Arts and Technology) Village vision. She did not know yet whether there is too much affordable housing in this area, but it sounds as if there is a lot. There is no clear direction and therefore it is hard to say if there is. She wanted more information provided. She thought projects should be presented to those who live and work in the area.

There was no one else wishing to speak.

Nectaria Chakas, representing the Applicant, ZF Development, LLC, an entity owned by ZOM, Inc. (ZOM), explained that the luxury condominium originally slated for this property did not move forward because of the economic downturn. This is a request for a \$125,000 CRA contribution so that ZOM can apply to the State for an affordable housing project on this property. As for adding to the neighborhood, she outlined the features of this eight-story, \$23 million project. The project will create jobs and additional tax revenue. She disagreed that affordable housing projects will reduce property values, as it depends upon the project's developer and manager, and the City's oversight to ensure that a quality development is built and that the property is maintained. She pointed out that ZOM developed the Waverly and the 4 Forty Flagler Village which are both market rate apartment buildings, and is currently developing three other affordable housing projects in the state. She thought it is short-sighted to relegate affordable housing to certain parts of the city and discriminatory to believe that a CRA contribution should not be made to these projects.

Ms. Chakas pointed out that this housing will be offered to individuals earning 60 percent of the area median income which equates to a maximum of \$36,180 for a two-person household, or a maximum of \$45,180 for a four-person household. She theoretically described the types of professions that would live in such a project. She stressed that downtown is a major employment hub where affordable rental housing is needed. She stressed that the downtown belongs to everyone. Ten percent of the units in the Downtown Regional Activity Center (RAC) were set aside for affordable housing because it is needed, and there are currently over 500 units available. She understood concern about a possible concentration in a certain area, but affordable housing is not placed where land is costly. She read the following excerpt from the Community Redevelopment Plan adopted in 2001: "A major component of the redevelopment strategy for the Northwest-Progresso-Flagler CRA is the revitalization of residential neighborhoods. The redevelopment program seeks to preserve and expand the affordable housing in the entire redevelopment area. The supply of affordable housing within the Northwest-Progresso-Flagler CRA will continue to be increased through ongoing purchase assistant programs in targeted infill development projects." She asserted that this project is that type of program. Ms. Chakas explained that, if this is approved, ZOM can apply to the State for the tax credit allocation; but, an approval tonight does not mean that the allocation will be granted. In fact, it is highly unlikely that all of the projects will receive the allocation because it is a very competitive environment. The program exists because this is something that is needed. It is unfair to say that one can only live in the downtown if he or she makes a certain amount of money. It is also unfair to believe that affordable housing projects diminish property value. She emphasized that people are needed in Flagler Village; there are already plenty of vacant properties and sub-standard affordable housing units. She pointed out that this project would generate \$195,000 in park impact fees. ZOM has waived any rights to request park impact fee waivers and funding for streetscape improvements. She indicated that this would allow the CRA to get the most bang for its buck; a \$23 million investment for \$125,000 in funding.

In response to Member Rodstrom, Ms. Chakas advised that the application deadline is December 6. Member Rodstrom wanted the project presented to the association. She expressed support of this item. Ms. Chakas noted that this project was included on the CRA advisory board agenda, and some of tonight's speakers were present at that meeting. However, she offered to meet with the association but was concerned about the application deadline. Member Rodstrom pointed out that employed new college graduates will not earn much more than the quoted income. This project will be a new building, and unlike the Cooper Properties. She understood the residents' concern, but thought a more appropriate term for the proposed is workforce housing, not affordable housing. More activity is needed in this area. She elaborated upon the association's desires which include guarantees from the developer about the building's quality, and that appropriate tenants will be secured. Even though this project adheres to the CRA's mission, existing CRA residents must also be part of that mission because they were the community's initial investors. Ms. Chakas clarified that the design is very preliminary in that ZOM has not filed for any consideration by City staff. Everything is conceptual. Chairman Seiler wanted to have an idea of what the project will look like before moving forward. He was concerned that the cart is being put before the horse. In terms of the (CRA) process, Member Rodstrom noted that the Applicant is in the right position, and elaborated upon the Applicant's upcoming steps. But, there is a lot to do in a short period of time because of the deadline.

In response to Member Rogers, Kyle Clayton, vice president of ZOM, Inc. and ZF Development, LLC, indicated that a project will not be built on this land if the proposed funding is not provided. Member Rogers thought the individuals who spoke tonight bought into a dream, and at the high end of the market. At that time, he wondered where his children would be able to afford to live. But, the real estate market is cyclical, and the cycle came back. He thought it is detrimental if an affordable housing strategy is not developed. Much time, effort, and funding has been contributed to planning a new community, but there is no strategy to determine which type of affordable housing is appropriate. He noted the expansive range in affordable housing, from 125 percent to 20 percent (average median income). He thought it might be beneficial to build a project for 60 to 125 percent (average median income), but perhaps it would not fit the market now. However, it appears that apartments are very desirable now. He emphasized the need for a strategy. It is the Board's mission to ensure that the investment increases value for everyone so TIF can be reinvested into the community. Mr. Clayton explained that ZOM invested \$72 million in the 218-unit, 4 Forty Flagler Village project, and continues to look for market rate and affordable housing opportunities in Flagler Village. The cost for three bedrooms in the downtown is \$2,000 a month. There are many people who cannot afford it. If quality affordable housing is provided for \$1,100 a month, disposable income will be spent in the area. He did not understand the thinking that bad people will live in an affordable housing project. Member Rogers felt it is about the investment. Mr. Clayton mentioned that a criminal background check, credit check, and three-year lease history are performed on every tenant. ZOM manages 22,000 units in the country, including 2,000 affordable units in Broward County. ZOM will make a 50-year commitment to this development, including personal and corporate guarantees. Member Rogers was uncomfortable moving forward without a strategy. He saw his role is to see that what is built is in the best interests of the community. He reiterated his belief that there is a market here for the elderly, and there is an upcoming, proposed project in this vein. He felt there should be criteria in place to decide upon which project. He is a long-time supporter of affordable housing, but wanted to select the best project. Mr. Clayton explained that a lot of the criteria determining which project is funded comes from the State, it is not just a lottery process. He elaborated upon the criteria.

Vice Chair DuBose was troubled and insulted by this discussion, but acknowledged that the comments made have merit because personal interpretations should not be discounted. For the first time since he began serving on this Board, he felt a lack of diversity and the element of segregation. He thought the perception is that individuals living in affordable housing are negative and will create a slum. He emphasized that a strategy is not needed to determine that the Board must be fair and inclusive as a whole. Affordable housing is concentrated on the west side of the city and now there are complaints about affordable housing being built on the east side, but not the west. The (Northwest) CRA was created because the whole area was designated as a blighted area, so it is contradictory to indicate that affordable housing will lower it to a slum. This is an ongoing issue. The key is to diversify. Affordable housing is not a bad thing and the tenants are not bad people or criminals. He was concerned about the comments and the negative perception. In terms of proportion, all of the affordable housing has been placed in the northwest. It is unfair to hammer this project and it is only a mask for the undercurrent that exists. He has never before been so offended about an item. The purpose is to submit an application, and it can take numerous submissions before a project can qualify. If the objective is to redevelop and provide affordable housing for the whole CRA, it is better to have three or four projects in the mix to increase the chances of qualifying for funds. He agreed that the project's quality and design should be vetted in the community, but that is not the purpose tonight. Rather, this is an attempt to leverage funding and expand partnerships. He thought it makes sense to embrace these affordable housing opportunities because they are in agreement with the forward thinking approach to create a transit system that connects the entire city. He thought the comments made tonight lacked sensitivity. He stressed that the objective to not leave any neighborhood behind must be examined. He cautioned about backward-moving steps that lead to segregation. In response to off-microphone comments made by Mr. Hooper, he thought this issue is based on more than economics.

Member Roberts agreed that a strategy is needed, which is the Board's responsibility and it should not be directed to the Applicant. He also thought the notice procedure should be examined. He agreed that infrastructure and transit issues are significant and the Board is not taking advantage of this. He thought infrastructure repairs can be made without excluding projects. This funding request is minimal in relation to the total funds in the CRA. Although he did not think it was the speakers' intent, he shared Vice Chair DuBose's concern that some comments showed a lack of sensitivity. He wanted to move forward with approving the project so that it may apply. This is a worthwhile project because more people and activity are needed downtown. It is not a cure-all, but it is a piece of the puzzle. He suggested a workshop be held to address strategy. Member Rodstrom clarified that this process was in place when the Board was elected; corrective efforts have been underway for years and she agreed it must be looked at. Member Roberts remarked that he has observed big improvements in the northwest with infill housing projects. Sometimes opportunities must be seized even without a strategy. Member Rogers clarified that he believes there should be an affordable housing strategy in every segment of the community developed by staff and recommended by the advisory board. There is not even a budget for this.

Chairman Seiler stressed that the notice requirements must be improved. He also thought a strategy is needed that keeps a balanced mix of affordable and market rate housing. He asked staff to bring back a strategic plan that incorporates this philosophy. He wanted to know the urban planning thinking on this topic. It has been successfully done in other cities, for example, Chicago. It should have the right mix of density and diversity, without jeopardizing property values. He also thought a workshop would be helpful. He was concerned about budgeting and allocating between single family and multi-family for example. Being that the CRA will sunset in 15 years, he questioned the proposed 32-year loan. Ms. Chakas explained that this forgivable

loan will be assigned to the City when the CRA sunsets. This loan has the same terms as the one recently approved by the Board for Pinnacle Housing Group, LLC. It is a non-amortized loan at zero percent interest. Chairman Seiler questioned the logic of the term. Mr. Clayton explained that senior financing will likely be for a 30-year term and any subordinate financing will be for a longer term which is typical for affordable housing.

In response to Member Rodstrom, Ms. Chakas explained that probably by February, the Applicant will know if the tax credit allocations were awarded by the State. In response to Chairman Seiler, Mr. Battle explained that a total of five affordable housing projects in Flagler Village are being submitted during this cycle; two will be presented on November 15. Cities usually evaluate the housing mix in two ways; sale versus rental, and market rate versus affordable. In terms of sale versus rental, a healthy mix is believed to be a range of 50/50 to 60/40, with more market rate than affordable. He was uncertain of the statistical range for the City is this project was approved. But, if all of the projects are built, there would be approximately five hundred affordable housing units in Flagler Village alone, and the northwest section of the CRA is almost 85 percent rental. He estimated that there are about 1,500 total units in Flagler Village. There are parts of Flagler Village not in the CRA. In response to Member Rodstrom, Mr. Battle indicated that approximately five projects in the city applied last year, and the two awarded are located in the Northwest CRA. After continued discussion, Members Rodstrom and Roberts wanted this matter to be addressed in a conference meeting.

In response to Chairman Seiler, Ms. Chakas explained that one of the projects coming forward on November 15 is mixed income and the other one hundred percent affordable with the same percentages as this proposal. In response to Member Rogers, she clarified that an elderly person would not be excluded from the proposed development, but one of the upcoming projects (Village Place) requires that 80 percent of the tenants be 55 or older. Member Rogers thought this is strategically based and essential for a healthy community. Vice Chair DuBose also agreed that strategy needs to be addressed. But, having more irons in the fire, increases the probability that one of the projects can be built. Being that two projects were granted State funds in one year; there may not be more funding in the near future. This item is not a done deal; it is only one step in the process. Member Rogers agreed, but maintained that a CRA strategy has not been developed in the last two years. Vice Chair DuBose felt there is consensus on the topic of strategy development, but he is speaking about this item.

Motion made by Vice Chair DuBose and seconded by Member Rodstrom to approve the item as presented. YEAS: Member Rodstrom, Vice Chair DuBose, Member Roberts, and Chairman Seiler. NAYS: Member Rogers.

Chairman Seiler emphasized that the two upcoming projects must be presented to the association. Mr. Battle explained that staff's typical procedure was not followed because of a rush of new applications to take advantage of the extended cycle. This application cycle has been like no other. Chairman Seiler stressed that the CRA must adhere to a policy, regardless of whether there is a rush situation. The Executive Director confirmed that staff will implement an improved notice process, likely similar to zoning items in which properties within a certain radius are noticed. Also, like the County, the City must establish a tax credit allocation application period. These applications will be brought forward for the Board's ranking according to a strategy that staff will help to develop. Ms. Chakas noted that this Applicant is also submitting the two upcoming projects on November 15. Discussion turned briefly to the ranking process and Member Rodstrom emphasized the need to submit multiple projects to increase the probability of an award.

There being no further business to come before the board, the meeting was adjourned at 12:16 a.m.

John P. "Jack" Seiler
Chairman

ATTEST:

Jonda K. Joseph
Secretary