Pompano Beach Community Redevelopment Agency

NORTHWEST

CRA

POMPANO BEACH

Strategic Investment Program (SIP)

REV. 09/2015

Strategic Investment Program

For Projects up to $5,000,000

Policy Principles

The Pompano Beach Community Redevelopment Agency (CRA) will collaborate with private sector businesses, property owners, developers, institutions or civic organizations to expand the investment opportunities that implement the adopted CRA Strategic Finance Plan for the CRA area. The intent of the CRA is to promote the economic welfare of the citizens of Pompano Beach in general, but more particularly the residents, employees and property and business owners within the CRA by encouraging development opportunities that expand the tax base, create jobs, enhance urban design, and add to the quality of life.

The fundamental goal is to position the CRA area as a mixed-use, neighborhood oriented commercial destination. The developments are to be of a quality that not only serve the needs of the adjacent resident population but also is attractive to the entire city population, especially those who regularly drive through the area. The program should re-invigorate the existing commercial corridor and add new, compatible uses as it fosters employment opportunities for residents.

The Strategic Investment Program (SIP) is designed to enhance the pace, content and quality of commercial and retail development in the CRA area. The program's focus is to support the CRA's goals and those of area stakeholders. It specifically addresses the infrastructure needs to create the environment necessary to attract private investment capital. It also acknowledges and respects the investments already made by property owners and residents of the neighborhood. Please be advised that office space and non-profit organizations are not eligible for incentive programs.

It is the intent of this policy to start strategically in a small area to build up the critical mass necessary to have an acknowledgeable economic, visual, and social impact. In targeting resources in a compact area, the program will attempt to leverage the greatest possible return on the public investment. The current program opened November 2009 and will cease **September 30, 2016,** but may be revised as success warrants.

Commercial businesses within the Pompano Beach Community Redevelopment Agency Phase I target area of Downtown Pompano are eligible to participate in this program. These businesses and/or properties must be located within the following target areas:

- Martin Luther King Business District target area, defined as on Dr. Martin Luther King Jr. Blvd. between Powerline Road and Dixie Highway,
- Old Pompano Commercial District
- Dixie Highway between NW 4th Street & Atlantic Boulevard

Applicants meeting the location criteria under this program will have preference to ensure maximum impact to the district. As the programming and budget develops in the future, Phase II will expand to other geographic areas.

The intent of the SIP is to:

- Serve as a catalyst to stimulate private investment
- Reduce or eliminate financial gaps in development projects
- Support the development of new economic generator activities in mixed-use environments/facilities
- Generate leasing activity for retail and restaurant uses as well as residential uses
- Encourage quality design and secure key anchor tenants to enhance the marketability of adjacent properties

Project and Funding Criteria for
Strategic Investment Program

The criteria for the final determination of projects approved for funding and the specific amount allocated to each project under the Strategic Investment Program follow a three-step process. The maximum amount allotted under this program is $150,000. The initial step relates to the project's ability to meet specific CRA-related objectives. The objectives are presented in order of importance, and a corresponding numerical weight is attached to each as shown below. A one (1) score has the highest rating.

Applicant should review the following scoring mechanism before applying

<u>Step I: Project's Ability to Meet CRA Objectives</u>

	Priority #	Weighted #	
I.	1.0	1.0	Quality of design reinforces street life and urban environment as exemplified in "new urbanism" and has been officially approved by CRA prior to permitting process.
		1.5	Generally meets design requirements for the above
		3.0	Does not meet generally recognized "new urbanism" design criteria and does not have CRA approval
II.	1.0	1.0	Project has a leverage ratio of private investment to incentive dollars of at least 10:1
		1.5	Project has a leverage ratio of 5:1 to 9.9:1
		1.75	Project has a leverage ratio of 3:1 to 4.9:1
		3.0	Project has a leverage ratio of less than 3:1
III.	1.0	1.0	Project has a minimum equity investment of 15%
		1.5	Project has a minimum equity investment of 10%
		3.0	Project has less than 10% equity investment
IV.	2.0	1.0	Project includes a financial relationship with one or more private entities which may include equity, long-term lease, in-kind services related to building design or other assets CRA staff deems important to project.
		2.0	Project does not have other partners
V.	2.0	1.0	Project will be under construction within the next 12-16 months

		1.5	Project will be under construction within 17-24 months
		2.0	Project will be under construction after 24 months
VI.	3.0	1.0	Project's tax increment revenues will equal or exceed dollar amount of incentives within 10 years
		1.5	Project's tax increment will be equal to or exceed dollar amount of incentive within 15 years

The numerical priority # will be multiplied by the "weighted" # corresponding to appropriate project description under each element. The sum of each element will be totaled to determine the project's level of adherence to the CRA's objectives. The numerical scores will serve as a ranking list, with the lowest score ranked highest, for the allocation of resources.

Score range:	10.0 – 14.0	Project should be funded if resources are available
	14.1 – 17.0	Project could be funded if all higher ranked projects are funded and resources are available
	17.1 +	Project should not be funded

The above scoring criteria are established to provide the CRA staff with the means to relatively quickly determine the merits of a particular project submission. **Projects that score favorably are not guaranteed funding.** Once the score is established for each project it would then move to the second step of the evaluation.

<u>Step II: Outside Business Plan/Financial Analysis</u>

This step may include an analysis by a third party, outside firm, hired by the CRA to evaluate:

- Proposed business plan
- Development Proforma
- Partnership/ownership information with equity positions
- Mortgage on property
- Lease agreements
- Letter of Intent from lending institution
- Any other documents provided by applicant

It is the intent of this review to provide the CRA with additional assistance in determining the business merits of each application.

Step III: Investment Criteria

Once steps I and II are concluded, each project will be ranked by scores (lowest score rated highest) and placed in one of the following three investment categories.

Projects that include investments up to $500,000:

- Formula: (Projected new assessment – current assessment) x .80 x current millage rates x 15 years = total incentive $
- Eligible Uses:

  Site improvements (sidewalks, landscaping, signage, etc.)
  Building improvements (facades, awnings, roofs, etc.)
  Tenant improvements (retail, restaurant, arts, residential, etc.)
- Bonus Eligible:

  Projects that are minority owned and/or results in business owner occupying a residence in a mixed-use development may receive an extra **5%** above base rate.
  Projects that will result in the creation of **5+** jobs may receive an extra **10%** above base rate.

Projects that are in $500,001 - $1,000,000 range:

- Formula: (Projected new assessment – current assessment) x .80 x current millage x 15 years = total incentive $
- Eligible Uses:

  Impact/building permit fees
  Site improvements
  Building improvements
  Tenant improvements
- Bonus Eligible:

  Projects that are minority owned and/or results in business owner occupying a residence in a mixed-use development may receive an extra **10%** above base rate.
  Projects that will result in the creation of **5+** jobs may receive an extra **10%** above base rate.

Projects that are in $1,000,001 - $5,000,000 range:

- Formula: (Projected new assessment – current assessment) x .80 x current millage x 15 years = total incentive $

Eligible Uses:
Impact/building permit fees
Site improvements
Building improvements
Tenant improvements

- Bonus Eligible:

  Mixed-use (two or more retail, restaurant, residential, art, etc.) with smallest use no less than 15% of total sq. ft. of project or 1,500 sq. ft., whichever is larger, project can receive an extra **20%** above base rate.

  Projects that are minority owned and/or results in business owner occupying a residence in a mixed-use development may receive an extra **5%** above base rate.

  Projects that will result in the creation of **5+** jobs may receive an extra **5%** above base rate.

  Projects that will result in the creation of **10+** jobs may receive an extra **10%** above base rate.

Reimbursement Process

Applicants for funding should carefully consider the reimbursement process for funding when establishing their timelines for projects that seek Program assistance. It is important to remember that, when contemplating a project, financing should be arranged before work is actually started. If a business owner intends to finance a project with a loan, the CRA may write a letter notifying the lender that a project has been approved for funding under the Program, but that the funding is on a reimbursement basis.

- Grant funds are dispersed on a reimbursement basis for eligible and pre-approved expenses only.
- No grant funds will be dispersed prior to inspection and receipt of final approvals by the City's Building Department, and any other required final approval, if applicable. For extensive renovation, reimbursement may be provided in three (3) draw schedules provided inspections from appropriate government agencies have been approved for work completed and work has been done in a first class workmanlike

manner. Final inspections from appropriate government agencies will need to be approved for final draw.

- To receive a reimbursement, grantees must submit a detailed work invoice with proof of payment to the selected contractor in the application package for completed work in the form of a cancelled check, credit card statement, or vendor certification of payment (vendor's paid receipt) and a General Contractor's Waiver. Disbursements of the Grant proceeds may be made on a reimbursement basis or paid directly to the Service Provider, in accordance with the Scope of Services attached to application and provided applicant first approves of payment to Service Provider.
- Reimbursement is at the approved grant award rate using the SIP Formula.
- All final approvals and requests for reimbursement must be received by the CRA no more than twenty-two months following approval of the application by the CRA.
- No assurances are given as to how soon reimbursement funds will be disbursed by the CRA after all required documentation has been submitted.

Please Note

Disbursements of the Grant proceeds may be made on a reimbursement basis or paid directly to the Service Provider, in accordance with the Scope of Services attached to application and provided applicant first approves of payment to Service Provider.

Should an applicant choose to engage the services of an agent (individual or company) to assist/represent applicant in this aspect of the process, the expenses for the agent's service will be borne by the applicant. Such expenses are not reimbursable under the terms of any of the CRA's incentive programs. CRA funds cannot be applied to services other than architecture, engineering, etc. related to the construction of the interior or exterior of the building.

Property to be improved must be free of all municipal and county liens, judgments or encumbrances of any kind. This provision can be waived by the CRA Board of Commissioners if development plans for said property meets the goals and objectives as set forth in the CRA Five Year Strategic Finance Plan. Upon grant approval, said property must remain free of all municipal and county liens, judgments or encumbrances of any kind under the term of the agreement.

The Strategic Investment Program benefits are contingent on funding availability and CRA

approval, and are not to be construed as an entitlement or right of a property owner or applicant. Properties in the CRA areas are not eligible for City/CRA funded programs when such funding conflicts with the goals expressed in the CRA Strategic Finance Plan or Community Redevelopment Plan.

All work must commence within 12 months of application approval. If work has not commenced within 12 months, funds will be reprogrammed.

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PLEASE READ THE FOLLOWING PRIOR TO APPLICATION SUBMITTAL

- Properties listed for sale may not apply. Properties sold within twenty-four months of receiving grant funding **must repay the full amount**.

- Prior to application submittal, a preliminary review of proposed renovations to property must be completed by the Planning Department.

- After approval process, the CRA will provide the applicant with an approved Grant Agreement for signature. It is recommended that **NO CONSTRUCTION** begin until the Grant Agreement is signed by all parties. Improvements completed prior to approval by the CRA Board, may not be eligible for reimbursement.

- If deemed necessary, the Community Redevelopment Agency (CRA) reserves the right to have the application and its contents evaluated and analyzed by an outside third party including but not limited to; the proposed business plan, partnership/ownership information with equity positions, mortgage on the property, lease agreements, letter of Intent from lending institution and any other documents provided by the applicant.

- If your site plan or application request includes landscaping, the landscaping must be a species and variety of native plants that are drought tolerant, require little irrigation and withstand the environmental conditions of Pompano Beach. Irrigation systems must prevent over spray and water waste and it is recommended a drip irrigation system be installed.

- Property to be improved must be free of all municipal and county liens, judgments or encumbrances of any kind. This provision can be waived by the CRA Board if development plans for said property meets the goals and objectives as set forth in the CRA Five Year Strategic Finance Plan. Upon grant approval, said property must remain free of all municipal and county liens, judgments or encumbrances of any kind under the term of the agreement.

I have read completely and understand the program, including the application guidelines and grant reimbursement process.

_____ **Date**_____

Applicant Signature

_____ **Date**_____

Property Owner

Strategic Investment Program
Application Form

Date of Application_____

1. **Address of project requesting CRA investment:**

2. **Name of Applicant:**

   Address of Applicant:

   Phone: **Fax:**

   Email:

3. **Does the applicant own project property?** _____ **Yes** _____ **No**

   If "No" box is checked, when will property be in control (own or long-term lease) of applicant?

   _____

   Indicate the owning entity of the property (i.e. name on property title)

   _____

4. **What is the total estimated project investment?**

Current assessed value : _____

New capital investment dollars: _____

Total estimated new assessment: _____

5. **What is the percentage (%) amount of ownership equity relative to total estimated project investment?**

э _____ **20% or more**

_____ **10% to 19.9%**

_____ **Less than 10%**

_____ **None**

6. **What is the percentage (%) of minority ownership of the project?**

_____ **100%**

_____ **50% or more**

_____ **Less than 50%**

_____ **None**

7. **How many jobs for neighborhood residents will be created upon completion of the project?**

_____ **1-5**

_____ **6-10**

_____ **10+**

_____ **None**

8. **When is it anticipated that construction could begin, assuming project receives SIP assistance? (A detailed project schedule must accompany application)**

_____ **Less than 12 months**

_____ **12 to 16 months**

_____ **16 to 24 months**

_____ **Longer than 24 months**

9. **Include with this application:**

- **Two bids/quotes from 2 licensed contractors**
- **Detailed Budget for entire project**
- **City of Pompano Beach Business Tax Receipt**
- **Current Photograph of existing property conditions**
- **Description of proposed development/improvement of property**
- **Preliminary site plan, floor plans and renderings that enable staff to determine quality of design; parking must be included in the site plan and meet current code regulations**
- **Infrastructure improvements, if any, in either the public ROW or on private property**
- **Preliminary project schedule**
- **Tenant makeup**
- **Resume of developer indicating related development experience**

- **Business and Financial Information:**

  ***Business Plan**

  ***Proforma / Financial Analysis**

  ***Mortgage on property. If applicant does not own property, a written authorization from property owner to make changes outlined in the project needs to be provided**

  ***Lease agreements with at least 24 months remaining**

  ***Letter of Intent from lending institution**

  ***Partnership and/or ownership information with equity positions**

Authorized Representative

_____	_____
Name	**Title**
_____	_____
Signature	**Date**

Please Note

Property to be improved must be free of all municipal and county liens, judgments or encumbrances of any kind. This provision can be waived by the CRA Board of Commissioners if development plans for said property meets the goals and objectives as set forth in the Pompano Beach CRA Five Year Strategic Finance Plan. Upon grant approval, said property must remain free of all municipal and county liens, judgments or encumbrances of any kind under the term of the agreement.