



Hallandale Beach Community Redevelopment Agency Agenda Cover Memo

Meeting Date:	June 17, 2019		Item Type: (Enter X in box)	Resolution x	Ordinance	Other	
Fiscal Impact: (Enter X in box)	Yes	No	Ordinance Reading: (Enter X in box)	1st Reading		2nd Reading	
	x		Public Hearing: (Enter X in box)	Yes	No	Yes	No
Funding Source:	Commercial Investment Program 5910-583050		Advertising Requirement: (Enter X in box)	Yes		No	
						X	
Account Balance:	\$1,922,863		RFP/RFQ/Bid Number:		N/A		
Contract/P.O. Required: (Enter X in box)	Yes	No	Project Number:		46302		
	x						
Strategic Priority: (Enter X in box) Capital Improvements Goal 1 - Undertake Total Improvements of Public Realm <input type="checkbox"/> Goal 2 - Promote Public/Public and Public/Private Partnership <input checked="" type="checkbox"/> Promote Projects with Large-Scale Impacts Goal 1 - Issue a Request for Proposals (RFP) for NW infill Housing <input type="checkbox"/> Goal 2 - Issue a Request for Qualifications (RFQ) for Dixie Highway/Foster Road parcel <input type="checkbox"/> Priority Area: North West Quadrant <input type="checkbox"/> FEC Corridor <input type="checkbox"/> Southwest Quadrant <input type="checkbox"/> Northeast Quadrant <input type="checkbox"/> Southeast Quadrant <input type="checkbox"/>							
Sponsor Name:	Dr. Jeremy Earle, Executive Director		Department:		HBCRA		

Short Title:

A RESOLUTION OF CHAIR AND BOARD OF DIRECTORS OF THE HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY, HALLANDALE BEACH, FLORIDA, APPROVING AN AWARD OF A COMMERCIAL FAÇADE IMPROVEMENT GRANT IN THE AMOUNT OF \$100,000, A COMMERCIAL INTERIOR RENOVATION GRANT IN THE AMOUNT OF \$90,000, A COMMERCIAL KITCHEN GRANT IN THE AMOUNT OF \$300,000 AND A TENANT LEASE SURETY/TENANT RENT SUBSIDY IN THE AMOUNT OF \$7,864 TO AARONSHOSH INVESTMENTS LLC FOR THE RENOVATION OF THE PROPERTY LOCATED AT 129 N.E. 1ST AVENUE, HALLANDALE BEACH, FLORIDA; AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE GRANT AGREEMENT; AUTHORIZING THE EXECUTIVE DIRECTOR TO TAKE ALL STEPS NECESSARY AND APPROPRIATE TO IMPLEMENT THE TERMS AND CONDITIONS OF THE GRANT AGREEMENT AND DISBURSE THE GRANTS; AND PROVIDING AN EFFECTIVE DATE.

Staff Summary:

Background:

The mission of the Hallandale Beach Community Redevelopment Agency (HBCRA) is to promote economic development and enhance the quality of life by eliminating and preventing blighted conditions through the facilitation of community partnerships, business growth, job creation, and neighborhood rehabilitation. On February 20, 2018, the HBCRA Board of Directors approved new Commercial Incentive Programs that include the following programs:

- Commercial Façade Improvement Grant Program (CFIG)
- Commercial Interior Renovation Grant Program (CIRG)
- Commercial Kitchen Grant Program (CKG)
- Property Tax Reimbursement (PTR)
- Tenant Lease Surety / Tenant Rent Subsidy (TLS/TRS)
- Commercial Business – low cost or No-interest Loan

In the FY18/19 Budget amendment the HBCRA Board approved \$1,922,863, for the Commercial Investment Program which includes the Façade Improvement Grant, Commercial Interior Renovation Grant, Commercial Kitchen Grant, Property Tax Reimbursement, Neighborhood Amenity Incentive and Tenant Lease Surety/ Tenant Rent Subsidy programs, and \$200,000 for the Business Incentive Loan Program. The Business Incentive Loan Program was designed to accelerate the expansion of the existing businesses and the attraction of new start-up businesses within the CRA with an emphasis on attracting the availability of new goods/services, creating job opportunities, and improving the quality of life in the CRA.

Due to the limitations in funding for projects throughout the HBCRA, specific areas within the HBCRA have been prioritized. Although funding is available for commercial projects throughout the HBCRA, Priority Areas are areas in which there may be greater funding availability in order to maximize, not only high visibility corridors, but also special areas of interest such as the Fashion, Art and Design District (FADD) and the area along Foster Road.

The designated Priority Areas are defined as:

1. Pembroke Rd, from I-95 to one block East of US-1 - NW quadrant;
2. US-1 from Pembroke Rd, to South East 3rd Street- NW, NE, SW, SE quadrant;
3. South Dixie Hwy from Pembroke Rd, to SW 11th Street – SW Quadrant;
4. Hallandale Beach Blvd from I-95 to NE 14th Avenue - NE & NW Quadrant;
5. Foster Rd from NW 11th Avenue to South Dixie Hwy – NW Quadrant;
6. NE 1st Avenue from Hallandale Beach Blvd to NE 5th Street – NE Quadrant;

The goal of the CFG program is to eliminate functional obsolescence, remove deterioration and update the exteriors of existing buildings, with an emphasis on improving the viability of healthy retail uses and generally increasing the “curb appeal” of the business corridors in the CRA.

Funding for the CFG is available to all commercial properties within the HBCRA based on the amounts below:

Priority Area	Matching Amount	Maximum Award
	HBCRA/ Applicant	Dollar Value
Pembroke Rd from I-95 to one block East of US-1	80/20	\$100,000
US-1 from Pembroke Rd to South East 3rd Street	80/20	\$100,000
South Dixie Hwy from Pembroke Rd, to SW 11th Street	80/20	\$100,000
Hallandale Beach Blvd from I-95 to NE 14th Avenue	80/20	\$100,000
Foster Rd from NW 11th Avenue to South Dixie Hwy	90/10	\$75,000

NE 1 st Avenue from Hallandale Beach Blvd to NE 5 th Street.	90/10	\$100,000
Any Area outside of Priority Areas	70/30	\$ 40,000

The goal of the CIRG program is to eliminate function obsolescence, remove deterioration, and improve the “energy efficiency” of existing buildings in the CRA, with an emphasis on bringing these buildings up to current building codes and making them more viable for occupancy.

Funding for the CIRG is available to all commercial properties within the HBCRA based on the amounts below:

Priority Area	Matching Amount	Maximum Award
	HBCRA/ Applicant	Dollar Value
Pembroke Rd from I-95 to one block East of US-1	80/20	\$75,000
US-1 from Pembroke Rd to South East 3rd Street	80/20	\$75,000
South Dixie Hwy from Pembroke Rd, to SW 11th Street	80/20	\$75,000
Hallandale Beach Blvd from I-95 to NE 14th Avenue	80/20	\$75,000
Foster Rd from NW 11th Avenue to South Dixie Hwy	90/10	\$50,000
NE 1st Avenue from Hallandale Beach Blvd to NE 5th Street	90/10	\$90,000
Any Area outside of Priority Areas	70/30	\$ 40,000

The goal of the CKG program is to improve the operating efficiency of existing restaurants in the CRA and to attract new restaurants to the CRA, with an emphasis on creating a dining destination within the City. The total funding for this program is primarily available only within the FADD and the area along Foster Road is \$ 300,000.

Priority Area	Matching Amount	Maximum Award
	HBCRA/ Applicant	Dollar Value
Foster Rd from NW 11th Avenue to South Dixie Hwy	90/10	\$270,000
NE 1st Avenue from Hallandale Beach Blvd to NE 5th Street	90/10	\$300,000

Current Situation:

The HBCRA has received the following applications from Raul Diaz Gonzalez Gomez, of Halland Ale Brewing Company LLC., for the property located at 129 NE 1st Avenue, Hallandale Beach, FL 33009:

- Commercial Façade Grant Program (CFIG)
- Commercial Interior Renovation Grant Program (CIRG)
- Commercial Kitchen Grant Program (CKG)
- Tenant Lease Surety / Tenant Rent Subsidy (TLS/TRS)

The applicant/tenant Halland Ale Brewing Company LLC. is proposing to build a 2,600 sq. ft, 5-barrel brewery, restaurant and tap room with production, tasting, and dining room areas. The operation will consist of handcrafted artisan ales for sale on the premises and for distribution, with handcrafted food for dine in and takeout services.

- According to the National Brewers Association there were 7,346 craft breweries operating in 2018 within the US, including 4,521 microbreweries, 2,594 brewpubs, and 231 regional craft breweries. Throughout the year, there were 1,049 new brewery openings and 219 closings revealing a closing rate of only three percent. This is significantly lower than the sixty percent closing rate of restaurants in their first year.

- Florida Ranks 44th in breweries per capita at 1.7 per 100,00 adults over 21, showing room in the market for continued expansion. Florida ranks 5th in brewery economic impact.
- Overall US beer volume sales were down 1% in 2018, however craft brews continued to grow at 4% per year by volume & 7% in dollar sales growth at \$27.6 Billion.
- According to the Chaplin School of Hospitality & Tourism Management at Florida International University (that operates a state of the art brew lab and in 2012 established the North Miami Brewfest), to date there have been no closures of any brewery operating in south Florida.
- It was confirmed by the City of North Miami, that the opening delays of an affiliated brewery, Descarga, were building department/permit related and not due to any issues with the proposed brewery operators.
- As a part of its due diligence, HBCRA Staff has vetted the applicant and found no previous bankruptcies, judgments or liens.

Mr. Diaz Gonzalez Gomez, is requesting the following:

1. **\$100,000** of CFG funds to renovate the existing building, which will allow for lighting, awnings, impact windows, patio flooring and a mural. The total cost for exterior renovations is **\$115,000**
2. **\$90,000** of CIRG funds to assist with renovation for a new restaurant, tap room & brewery, bathrooms and electrical upgrades. The total cost for the interior renovations is **\$ 201,755**
3. **\$300,000** of CKG funds to assist with the purchasing of kitchen and brewery equipment to aid in the creation of a new restaurant, tap room & brewery called Halland Ale. The total cost for the purchase and installation of restaurant kitchen & brewery equipment is **\$337,467.**
4. **\$7,864** of TLS/TRS funds to subsidize 35% of six months' rent at \$3,745 per month, totaling **\$22,470.**

The total project cost, which includes both hard/soft costs and additional FF&E (Furniture, Fixtures & Equipment) of **\$25,800** (funded by Halland Ale Brewing Company LLC) is estimated to be **\$680,022.** The estimated project cost including the Tenant Rent Subsidy request of **\$7,864 is \$687,887.**

Brief History on the Property Owner/Landlord & Building

The property located at 129 NE 1st Avenue was purchased in 2013 by Alan Wasser under the entity AARONSHOSH INVESTMENTS LLC. The Wasser family owns three properties in the FADD.

On May 24th, 2018 the HBCRA held a stakeholder meeting to discuss the new incentives approved and the vision for the area, this meeting was held at the Wasser Furniture showroom location at 19 NE 1st Ave. The Wasser family believes in the vision for the FADD and has agreed to change the current uses of their properties in order to accommodate microbreweries such as Halland Ale and trendy urban restaurants. The Wasser family has turned down potential leases such as gyms and office uses to assist in the development of the FADD as a destination. The Wasser's Furniture Showroom is currently the gateway entrance into to the FADD and recently received approval for significant upgrades to the façade (including murals) that will assist in creating an iconic entrance into the district. The proposed rendering of the project will promote Hallandale's own version of a design district where modern architecture and art collide.

Redevelopment Incentive Recommendation:

HBCRA Staff recommends awarding a CFG in the amount of \$100,000; A CIRG in the amount of \$90,000, a CKG in the amount of \$300,000 to the property owner/landlord AARONSHOSH INVESTMENTS LLC., and a TLS/TRS of \$7,864, for the development of a brewery, restaurant, and tap room at the property located at 129 NE 1st Avenue, Hallandale Beach.

Notable respective program guidelines are as follows:

- The CFG, CKG, CIRG and TLS/TRS agreements are between the HBCRA and the property owner/landlord AARONSHOSH INVESTMENTS LLC.
- Each incentive agreement has been executed by the applicant/proposed tenant as part of the submitted application package.
- Properties sold within twenty-four months of receiving the grant funding must repay the full grant amount.
- After approval by the HBCRA Board, the HBCRA will provide the applicant and the property owner with an approved Grant Agreement and Declaration of Restrictive Covenants for Signature.
- Property to be improved must not have any delinquent ad valorem taxes, be free of all municipal and county liens, deferments and encumbrances of any kind. The HBCRA Board can waive this provision if development plans for the property meet the goal and objectives as set forth by the HBCRA.

Recommendation:

HBCRA Staff recommends that the HBCRA Board of Directors approve an award of a Commercial Façade Improvement Grant in the amount of \$100,000; A Commercial Interior Renovation Grant in the amount of \$90,000 a Commercial Kitchen Grant in the amount of \$300,000 and Tenant Rent Subsidy of \$7,864 to

AARONSHOSH INVESTMENTS LLC. for the development of a brewery, restaurant and tap room at the property located at 129 NE 1st Avenue, Hallandale Beach.

Why Action is Necessary

Pursuant to the HBCRA Commercial Investment Program Policy all applications must be presented to the HBCRA Board of Directors for approval. Furthermore, pursuant to the HBCRA By-Laws the HBCRA Board of Directors must approve all procurement of all goods and services in an amount more than \$50,000.

Fiscal Impact:

\$497,864

Attachment(s):

- Exhibit 1- Resolution
- Exhibit 2- Commercial Façade Improvement Grant Application
- Exhibit 3- Commercial Interior Renovation Grant Application
- Exhibit 4- Commercial Kitchen Grant Application
- Exhibit 5- Tenant Lease Surety / Tenant Rent Subsidy Application
- Exhibit 6- Proposed Cost of Construction by Halland Ale Brewing Company LLC
- Exhibit 7- Renderings of proposed project including current photo of property
- Exhibit 8- Executed Commercial Incentive Agreements