



Hallandale Beach Community Redevelopment Agency Agenda Cover Memo

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|---|--|-----------|---|------------------------|------------------|----------------------|
| Meeting Date: | January 13, 2020 | | 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: | \$1,183,378 | | 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 \$100,000, AND A COMMERCIAL KITCHEN GRANT IN THE AMOUNT OF \$300,000 TO ADI PROPERTY LLC FOR THE RENOVATION OF THE PROPERTY LOCATED AT 118 N.E. 1ST AVENUE, HALLANDALE BEACH, FLORIDA, AND A TENANT LEASE SURETY/TENANT RENT SUBSIDY IN THE AMOUNT OF \$14,605 TO HALLAND ALE BREWING COMPANY LLC; AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE GRANT AGREEMENT AND TENANT LEASE SURETY/TENANT RENT SUBSIDY 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 TENANT LEASE SURETY/TENANT RENT SUBSIDY AGREEMENT AND DISBURSE THE SUBSIDY; 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 June 17, 2019 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 FY19/20 Budget amendment the HBCRA Board approved \$900,000 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.

Since then the HBCRA Board has approved the following Commercial Investment Applicants:

- Faith Shopping Plaza, LLC
- Hallandale Shops, LLC
- Ramcon Corp
- Wasser's Furniture
- Tomassi, LLC

The intent behind the program was to offer the first applicants the greatest amount, as these applicants have undertaken greater risk.

On June 17, 2019 the HBCRA Board of Directors approved a revised Commercial Investment Program due to the program demand and limited funding. It is important to note that the HBCRA retains the discretion to increase program amounts on a project by project basis, if there is significant benefit to the CRA by a project proposal. The revised approved Commercial Investment Program funding is as follows:

Commercial Façade Improvement Grant (CFIG)

| Priority Area | Matching Amount | Maximum Award |
|---|-------------------------|----------------------|
| | HBCRA/ Applicant | Dollar Value |
| Pembroke Rd from I-95 to one block East of US-1 | 70/30 | \$50,000 |
| US-1 from Pembroke Rd to South East 3rd Street | 70/30 | \$50,000 |
| South Dixie Hwy from Pembroke Rd, to SW 11th Street | 70/30 | \$50,000 |
| Hallandale Beach Blvd from I-95 to NE 14th Avenue | 70/30 | \$50,000 |
| Foster Rd from NW 11th Avenue to South Dixie Hwy | 80/20 | \$75,000 |
| NE 1 st Avenue from Hallandale Beach Blvd to NE 5 th Street | ** | ** |
| Any Area within the CRA outside of these Priority Areas | 60/40 | \$ 40,000 |

**A separate and specific Fashion, Arts and Design District Incentive Program has been created. Please refer to that Program for incentive details.

Commercial Interior Renovation Grant (CIRG)

The program and funding are available to all properties within the CRA based on the designations below:

| Priority Area | Matching Amount | Maximum Award |
|---|-------------------------|----------------------|
| | HBCRA/ Applicant | Dollar Value |
| Pembroke Rd from I-95 to one block East of US-1 | 70/30 | \$40,000 |
| US-1 from Pembroke Rd to South East 3rd Street | 70/30 | \$40,000 |
| South Dixie Hwy from Pembroke Rd, to SW 11th Street | 70/30 | \$40,000 |
| Hallandale Beach Blvd from I-95 to NE 14th Avenue | 70/30 | \$40,000 |
| Foster Rd from NW 11th Avenue to South Dixie Hwy | 80/20 | \$50,000 |
| NE 1st Avenue from Hallandale Beach Blvd to NE 5th Street | ** | ** |
| Any Area outside | 60/40 | \$ 30,000 |

**A separate and specific Fashion, Arts and Design District Incentive Program has been created. Please refer to that Program for incentive details.

Commercial Kitchen Grant (CKG)

The program and funding are available to all properties within the CRA based on the designations below:

| Priority Area | Matching Amount | Maximum Award |
|--|-------------------------|----------------------|
| | HBCRA/ Applicant | Dollar Value |
| NE 1 st Avenue from Hallandale Beach Blvd to NE 5 th Street (FADD) | ** | ** |
| Foster Rd from NW 11th Avenue to South Dixie Hwy | 80/20 | \$125,000 |

**A separate and specific Fashion, Arts and Design District Incentive Program has been created. Please refer to that Program for incentive details.

Fashion, Design and Arts District Incentives – Specific to FADD Priority Area

The Programs are available to all properties and businesses within the FADD Priority Area, subject to specific terms and conditions.

Commercial Façade Improvement Grant (CFIG) for FADD

The program and funding are available to all properties within the FADD based on the designation below:

| Priority Area | Matching Amount | Maximum Award |
|---|-------------------------|----------------------|
| | HBCRA/ Applicant | Dollar Value |
| NE 1 st Avenue from Hallandale Beach Blvd to NE 5 th Street | 80/20 | \$75,000 |

Commercial Interior Renovation Grant (CIRG) for FADD

The program and funding are available to all properties within the FADD based on the designation below:

| Priority Area | Matching Amount | Maximum Award |
|---|-------------------------|----------------------|
| | HBCRA/ Applicant | Dollar Value |
| NE 1 st Avenue from Hallandale Beach Blvd to NE 5 th Street | 80/20 | \$50,000 |

Commercial Kitchen Grant (CKG) for FADD

The program and funding are available to all properties within the FADD based on the designations below:

| Priority Area | Matching Amount | Maximum Award |
|--|-------------------------|----------------------|
| | HBCRA/ Applicant | Dollar Value |
| NE 1 st Avenue from Hallandale Beach Blvd to NE 5 th Street (FADD) | 80/20 | \$125,000 |

Current Situation:

For FY 2019-2020 the HBCRA Board has previously approved the following Commercial Investment Applicants under the revised Commercial Investment Program, which was approved June 17, 2019:

- Cacike Investments LLC
- Nanou Hallandale LLC

The HBCRA has received the following applications from proposed tenant Halland Ale Brewing Company LLC, with full permission and support from the property owner/landlord Mr. Doron Ben Hanon of ADI PROPERTY, LLC, for the property located at 118 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)

Halland Ale Brewing Company LLC (co-founders Manny Jannes, Leonardo Amaya, Raul Gonzalez and Cesar Saaedra) is proposing to build a 5,000 sq. ft brewery, beer garden, restaurant and tap room with production, tasting, live performance and dining room areas. The operation will consist of handcrafted artisan ales for sale on the premises and for distribution, with handcrafted food (including vegan options) for dine in and takeout services. The kitchen, brewery & beer garden are projected to have 32 employees by the 3rd year of operations. Halland Ale Brewing Company will have a contractual requirement to hire Hallandale beach residents as a percentage of permanent staff. In addition, staff will be provided the opportunity to be trained & certified in brewery operations through the Cicerone Certification Program. It should be noted that Leonardo Amaya and Raul Gonzalez are local Hallandale Beach residents, both of whom active members of the community.

As the City's first and only local craft brewery, Halland Ale Brewing Company's goal is to be the anchor of the Food, Fashion Art and Design District (FFADD). It will be a popular destination where residents and visitors can enjoy the unique experience of locally brewed high-quality beers and artisanal food in addition to live music (Brews & Blues, Latin Nights – Rock en Espanol, Acoustic Night, Karoake) and a series of recurring events (farmers market style block party with vendors - first Sunday of the month, Sunday "Brewnch" – brunch style with unlimited beer for \$25 & tapas \$10, car shows every third Sunday of the month, kids eat free during weekdays, Monthly Movie Night etc.).

The Halland Ale Brewing Company will be available to host gatherings and celebrations from birthdays, to wedding receptions. In addition, the brewery will be fabricating its own umbrella sky project art installation over the entire parking lot (along with its murals) to provide a unique sense of place and an instant popular Instagram destination.

The HBCRA at its sole discretion, may consider increasing funding limits on a case by case basis, based on the potential economic impact of a project. As demonstrated by the significant positive effect of craft breweries on cities around the nation, Halland Ale Brewing Company will be an engine of economic development, job creation, job training and a catalyst for the FFADD district and therefore an ideal candidate for an incentive funding limit increase. Breweries, taprooms, and beer gardens have always been about more than beer, serving as community hubs, gathering places, and sources of local identity and pride.

Based on the most recent data from the National Brewers Association, there were 7,346 craft breweries operating in 2018, 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 - **a closing rate of only 3 percent**. For comparison, sixty percent of new restaurants do not survive their first year and eighty percent go out of business within five years. Mohammad A Qureshi, Associate Dean of the Chaplin School of Hospitality & Tourism Management (who founded the North Miami Brewfest in 2012 and FIU's Brew Lab), confirmed that there have been no closures of any brewery established in south Florida.

Per the National Brewers Association, although Florida Ranks 44th in breweries per capital at 1.7 per 100,00 21+ Adults (which highlights low market saturation), the state ranks in the top 5th nationally in economic impact, demonstrating the significant financial effect Florida based breweries have in the communities they operate. Overall US beer volume sales were down 1% in 2018, however craft brews continued to grow at 4% by volume & 7% in Dollar Sales Growth at \$27.6 Billion.

A comparison of Halland Ale's first year financial forecast with the National Brewers Association Industry Benchmark model (MicroBrewery & Brewpub Hybrid) revealed reasonable revenue and cost assumptions within industry standards.

Halland Ale co-owner Manny Jannes is an accomplished brewer and brewery owner with 13 years of experience brewing award winning beers for several local breweries. He is founding part owner of Weed Reaper/Holy Mackerel brewery in Pompano and the upcoming Descarga Brewery in North Miami. Industry expert Nicholas Armada, President & Head Brewer of CerveTech Brew Institute, confirmed the reputation of Manny Jannes as a competent brewer and brewery operator.

Halland Ale co-owner Leonardo Amaya has over 20 years of experience in the food and beverage industry. He is the former owner of Bold Brew Café and is co-owner of Kombi Beer.

As a part of its due diligence, HBCRA Staff has vetted the applicant and the proposed tenant and found no previous bankruptcies, judgments or liens.

Mr. Doron Ben Hanon, is requesting the following:

1. **\$100,000** of CFG funds to renovate the existing building, which will allow for lighting, awnings, impact windows, patio/beer garden flooring and a mural. The total cost for exterior renovations is **\$137,500**.
2. **\$100,000** of CIRG funds to assist with renovations for a restaurant, beer garden, tap room & brewery, bathrooms and electrical/plumbing/air conditioning upgrades. The total cost for the interior renovations is **\$252,225**.
3. **\$300,000** of CKG funds to assist with the purchasing kitchen and brewery equipment to aid in the creation of a new restaurant, beer garden, tap room & brewery called Halland Ale. The total cost for the purchase and installation of restaurant kitchen & brewery equipment is **\$377,950**.
4. **\$14,605** of TLS/TRS funds to subsidize 35% of six months' rent at \$6,955 per month for tenant Halland Ale Brewing Company LLC, on a separate tenant agreement. Halland Ale Brewing Company LLC has a five year lease with options to renew.

The total project cost, which includes both hard/soft costs, murals/umbrella sky project, and additional FF&E (Furniture, Fixtures & Equipment) of **\$37,800** (funded by Halland Ale Brewing Company LLC) is estimated to be **\$805,475**. The estimated project cost including the Tenant Rent Subsidy request of **\$14,605 is \$820,080**.

Brief History of the Property Owner/Landlord & Building

The property located at 118 NE 1st Avenue was purchased in 2019 by Mr. Doron Ben Hanon. Mr Ben Hanon is the owner of Union Restoration, a water damage restoration company located in Hollywood Florida. The proposed improvements by Halland Ale Brewing Company LLC are being completed with the full permission and support from the property owner/landlord Mr. Hanon of ADI PROPERTY, LLC.

Redevelopment Incentive Recommendation:

HBCRA Staff recommends awarding a TLS/TRS of \$14,605 to tenant Halland Ale Brewing Company LLC; a CFG in the amount of \$100,000; a CIRG in the amount of \$100,000, and a CKG in the amount of \$300,000, to owner ADI PROPERTY, LLC , for the development of a brewery, beer garden, restaurant and tap room at the property located at 118 NE 1st Avenue, Hallandale Beach. This amount equates to approximately **62%** of the total project cost. The business will therefore contribute a match of **38%** of the project cost.

Notable respective program guidelines are as follows:

- The CKG, CFG and CIRG agreements are between the HBCRA and the property owner/landlord. The TLS/TRS Application is an agreement between the proposed tenant and the HBCRA.
- Properties sold within twenty-four months of receiving the grant funding must repay the full grant amount.
- Prior to 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.
- The HBCRA at its sole discretion, may consider increasing funding limits on a case by case basis. Under the revised Commercial Investment Program approved June 17, 2019, the total funding amount provided in the combined CKG, CFG and CIRG incentives is \$250,000. As the City's first and only local craft brewery, Halland Ale Brewing Company will be an anchor destination of FFADD. This craft brewery, as demonstrated in the considerable commercial impact of craft breweries in other cities, will be an engine of economic development, job creation, job training and a catalyst for the FFADD, and is therefore an ideal candidate for an incentive funding limit increase of approximately \$250,000, not including the tenant subsidy.

Recommendation:

HBCRA Staff recommends awarding a TLS/TRS of \$14,605 to tenant Halland Ale Brewing Company LLC; a CFG in the amount of \$100,000; a CIRG in the amount of \$100,000, and a CKG in the amount of \$300,000, to owner ADI PROPERTY, LLC, for the development of a brewery, beer garden, restaurant and tap room at the property located at 118 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:

\$514,605

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 Scope, Financial Forecast & Supplemental Information for
Halland Ale

Exhibit 7- Renderings of proposed project including current photo of property

Exhibit 8- Executed property agreements