

Memorandum

**DATE:** July 16, 2024  
**TO:** CRA Board of Commissioners  
**FROM:** Kimberly Vazquez, Redevelopment Project Manager III  
**THROUGH:** Gregory P. Harrison, Executive Director  
Nguyen Tran, Director  
**RE:** Northwest CRA District Financing and Implementation Plan  
(FYs 2025-2029)

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Background

In 2009, the Board of the Pompano Beach Community Redevelopment Agency (CRA) determined that a more aggressive approach was needed to effectively address the blighted conditions in the Northwest CRA District (the “District”). In response, a five-year financing and implementation plan (the “Plan”) was created utilizing the District’s financial resources to fund the Plan initiatives.

Formulation of the Plan involved all of the following:

- analysis of existing planning documents;
- conducting public forums to discuss the redevelopment options with the community at large; and
- multiple Plan presentations to the CRA Advisory Committee.

Formal approval of the Plan solidifies the redevelopment approach for many years. The result is increased private sector investment because the development community, residents, lenders and all others involved in redevelopment will see that a solid financial commitment has been made by the elected officials presiding over the District.

The 1st year of the Plan (FY 2025) serves as the budget for the District with FYs 2026–2029 serving as the strategic vision that guides redevelopment planning.

The following section provides an overview of the Plan and is followed by a detailed discussion of the budget for FY 2025.

**Executive Summary of 5-Year Plan**

The following section provides a summary of the Plan’s sources and uses over the five-year period (i.e., FY 2025 – FY 2029).

## **Plan Sources**

### Tax Increment

Tax increment is remitted to the District from the City of Pompano Beach.

The July Certification of taxable value provided by the Broward County Property Appraiser highlights a tax base that experienced strong overall tax base growth of 13% with the residential (15% growth) and Industrial (12% growth) market segments being the primary growth drivers.

During the forecast period, the Plan conservatively factors real estate value growth of 5% in FY 2026 and leveling out at a long-term growth trend of 4% (FY's 2027-2029). While low compared to recent valuation trends, this rate reflects inflationary stresses on the economy. The Federal Reserve's monetary policy actions have facilitated material growth in market interest rates which has impacted the affordability of real estate and, most likely, will suppress pricing/valuations in the short term.

### Intergovernmental

In lieu of tax increment, Broward County, North Broward Hospital District (NBHD), and Children's Services Council (CSC) contribute to the CRA the following funding allocations for approved projects as set forth in the Interlocal Agreement:

- Project Funding: \$7 million (total) between fiscal years 2021-2022.
- Annual Funding: \$6.75 million (total) between fiscal years 2022-2026.

Disbursements received by the District to-date total \$11.5 million. Remaining disbursements total \$2.25 million and will be received in FY's 2025-2026.

Residential Funding: Additionally, the County will fund \$10 million (total) between fiscal years 2022-2025 to address slum and blight in the Northwest District. These funds will be possessed, controlled, and disbursed by the County.

### Land Sales:

The Plan forecasts land sale revenues under the Downtown Public/Private Development Agreement (RP Pompano LLC).

### Miscellaneous

Includes estimated revenue from the District's loan programs (e.g. micro-enterprise loan program); building rentals (e.g. 731 MLK Blvd. and 35 N. Dixie Hwy); as well as anticipated investment earnings.

### Tax Increment Revenue Bonds, Series 2025 (proposed):

The Plan forecasts the issuance of \$64.5 million in Series 2025 Tax Increment Revenue Bonds to fund multiple redevelopment projects related to the Downtown Public/Private Development Agreement (RP Pompano LLC).

### Carryforward Fund Balance

Represents the carryforward of fund balance (i.e. unspent cash balance) within the District that is available for investment in redevelopment projects.

Additionally, the Plan reflects the carryforward of unexpended/unencumbered proceeds from the Series 2022 Tax Increment Revenue Bonds issued to fund Dixie Highway/Atlantic Boulevard infrastructure improvements.

## Plan Uses

### Operations

Consists of funding for personnel, general operating expenditures, reimbursement to the City for administrative services provided to the District (e.g. Finance Department for payroll, vendor payments, etc.), and forecasted values for tax increment sharing arrangements (development agreements).

### Debt Service

Represents funding for debt service on the City loan for 790/800 Hammondville Road, Series 2022 Tax Increment Revenue Bonds, and forecasted debt service/costs-of-issuance on the proposed Series 2025 Tax Increment Revenue Bonds (discussed above).

### Redevelopment Area Investment

Represents funding for redevelopment area investment over the five-year plan and includes the following:

Downtown Public/Private Development Agreement	.....
Infrastructure and Streetscape Initiatives	.....
Vertical Project Development and Assistance	.....
Redevelopment Initiatives	.....
Area Stabilization	.....
Property Acquisition	.....
Consultants and Professional/Design Services	.....

Please refer to the Plan for a detailed listing of redevelopment projects.

## **Fiscal Year 2025 Budget (1st year of Plan)**

The following section provides a narrative of the District's FY 2025 budget.

### **Revenues**

Revenues for the District total \$99 million and include the following:

<u>Tax Increment</u>	\$ 8,018,253
<u>Taxing Authorities Interlocal</u>	1,500,000
<u>Miscellaneous</u>	241,244
<u>Carryforward Fund Balance</u>	24,832,853
Tax Increment Revenue Bonds (proposed)	<u>64,500,000*</u>
Total:	\$99,092,350

\* Please Note: Tax Increment Revenue Bond (proposed) activity would not be appropriated into the CRA budget until required approvals are obtained and bonds are issued. The bond related financial information contained in the Plan is for illustrative purposes only.

### Tax Increment

The primary source of revenue for the District is derived of tax increment received from the City (est. millage rate: 5.2705 mills) and totals \$8,018,253 for FY 2025.

Property values within the District (July Certification) for FY 2025 increased 13% to \$1.9 billion. The residential (15% growth) and Industrial (12% growth) market segments being the primary growth drivers.

Taxing Authorities Interlocal (project funding)

In lieu of tax increment, the County, NBHD, and CSC will contribute to the CRA specific funding allocations for approved projects as set forth in the Interlocal Agreement:

- Project Funding: \$7 million (total) between fiscal years 2021-2022. The entire \$7 million has been collected and is reflected as Carryforward Fund Balance in the Plan; and
- Annual Funding: \$6.75 million (total) between fiscal years 2022-2026. Collections during FY's 2022-2024 totaled \$4.5 million with \$2.3 million allocated towards the Dixie Highway/Atlantic Boulevard Improvement Project and the remaining \$2.2 million reflected as Carryforward Fund Balance in the Plan. Forecasted collections during FY 2025 total \$1.5 million and is reflected as Taxing Authorities Interlocal revenues in the Plan.

Miscellaneous

Includes revenue from District's loan programs, events, as well as estimated investment earnings:

<u>Micro-enterprise loan program</u>	\$ 6,000
Building Rentals	
<u>731 MLK Blvd.</u>	61,244
<u>35 N. Dixie Hwy</u>	24,000
Investment earnings	
Northwest CRA Dist. Fund	<u>150,000</u>
Total:	\$ 241,244

Carryforward Fund Balance

Represents the carryforward of fund balance (i.e., unspent cash balance) within the District that is available for investment in redevelopment projects. The breakdown is as follows:

Carryforward Fund Balance	
<u>Northwest CRA Dist. Fund</u>	\$ 15,111,349
<u>Taxing Authorities Interlocal</u>	9,200,000
Series 2022 Tax Increment Bonds	<u>521,504</u>
Total:	\$ 24,832,853

Tax Increment Revenue Bonds (proposed)

The Plan forecasts the issuance of \$64.5 million in Series 2025 Tax Increment Revenue Bonds to fund multiple redevelopment projects related to the Downtown Public/Private Development Agreement (RP Pompano LLC).

- Principal Amount = \$64.5 million (\$63.9 million for redevelopment projects/\$650K for issuance costs);
- Amortization Period = 25 years (maturity on or before 9/30/2049); and
- Interest Rates = 5%.

Debt Service is structured to wrap around the existing Series 2022 obligations.

## Expenditures

Expenditures for the District total \$99 million and include the following:

<u>Operations</u>	<u>\$ 1,287,695</u>
Debt Service	
<u>790/800 Hammondville Rd. (City loan)</u>	<u>510,392</u>
<u>Series 2022 Tax Increment Bonds</u>	<u>1,256,550</u>
<u>Tax Increment Bonds (proposed)</u>	<u>2,550,000*</u>
Redevelopment Projects	
<u>General</u>	<u>29,637,713</u>
<u>Tax Increment Bonds (proposed)</u>	<u>63,850,000*</u>
Total:	\$99,092,350

\* Please Note: Tax Increment Revenue Bond (proposed) activity would not be appropriated into the CRA budget until required approvals are obtained and bonds are issued. The bond related financial information contained in the Plan is for illustrative purposes only. Debt service for FY 2025 would consist of partial-year debt service (\$1.9 million) and costs-of-issuance (\$650K) and will be placed in a contingency account pending formal approval and issuance.

### Operations

Totals \$1,287,695 for FY 2025 and consists of the following:

- Personnel - Includes partial/full funding for the following positions: CRA Director, Redevelopment Project Manager III, Redevelopment Project Manager I, Project Coordinator, Community Development Housing Inspector, Real Property Manager, Department Head Secretary, City Clerk, and Part-Time staff.
- Miscellaneous operating expenditures.
- City administrative cost allocation which represents reimbursement to the City for administrative services provided to the District (e.g. Finance Department for payroll, vendor payments, etc.).

### Debt Service

Represents funding for debt service on: (1) the City loan for 790/800 Hammondville Road (\$510,392) including principal prepayments; (2) debt service on the Series 2022 Tax Increment Revenue Bonds (\$1.26 million); and (3) forecasted debt service on the proposed Series 2025 Tax Increment Revenue Bonds (partial year impact of \$1.9 million) and costs of issuance (\$650,000).

Please note - debt service appropriations for the proposed Series 2025 Tax Increment Revenue Bonds will be placed in a contingency account pending formal approval and issuance.

Redevelopment Area Investment

Represents funding for redevelopment area investment and includes the following:

Downtown Public/Private Development Agreement	
Downtown District Infrastructure	
<u>Tax Increment Revenue Bonds (proposed)</u>	<u>\$58,850,000</u>
<u>General CRA Funding (incl. fund balance)</u>	<u>3,737,500</u>
<u>Taxing Authorities Interlocal (incl. fund balance)</u>	<u>610,000</u>
Downtown District Land Acquisition	
<u>Tax Increment Revenue Bonds (proposed)</u>	<u>5,000,000</u>
<u>General CRA Funding (incl. fund balance)</u>	<u>6,310,000</u>
<u>Taxing Authorities Interlocal (incl. fund balance)</u>	<u>10,090,000</u>
Total:	\$84,597,500
Infrastructure and Streetscape Initiatives	
<u>Dixie Hwy/Atlantic Blvd Improvements</u>	<u>\$ 521,504</u>
<u>11 NE 1st Street Building Improvements</u>	<u>700,000</u>
<u>Sonata Infrastructure Improvements</u>	<u>300,000</u>
Total:	\$ 1,521,504
Vertical Project Development and Assistance	
<u>Tenant Improvements</u>	<u>\$ 120,000</u>
<u>CRA Building Maintenance</u>	<u>250,000</u>
<u>Rentals &amp; Leases</u>	<u>273,000</u>
Total:	\$ 643,000
Redevelopment Initiatives	
<u>Incentive Programs</u>	<u>\$ 400,000</u>
<u>Dissemination of Information</u>	<u>175,000</u>
Total:	\$ 575,000
Area Stabilization	
<u>Redevelopment Ambassadors</u>	<u>\$ 359,000</u>
<u>Additional Safety/Security</u>	<u>100,000</u>
<u>Emergency Rehabilitation of Housing Stock</u>	<u>20,000</u>
Total:	\$ 479,000
Property Acquisition	
<u>Property Maintenance/Special Services</u>	<u>\$ 408,621</u>
<u>Miscellaneous Property Acquisition</u>	<u>4,798,088</u>
Total:	\$ 5,206,709
Consultants and Professional/Design Services	
<u>Demolition Services</u>	<u>\$ 10,000</u>
<u>Consultants/Professional Fees</u>	<u>455,000</u>
Total:	\$ 465,000
Total Redevelopment Area Investment:	<u>\$93,487,713</u>