

Technical Assistance Panel: City of Lauderdale Lakes Community Redevelopment Agency and Commerce Park



April 7 and 8, 2015
Lauderdale Lakes, Florida

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Urban Land Institute Southeast Florida/Caribbean District Council Technical Assistance Panels

What Are Technical Assistance Panels (TAPs)?

Since 1947, the Urban Land Institute's (ULI) Advisory Services Program has been assisting communities by bringing together week-long panels of seasoned real estate, planning, landscape architecture, financing, marketing, and development experts to provide unbiased pragmatic advice on complex land use and development issues. Several years ago, the ULI Southeast Florida/Caribbean District Council began providing panel services of one or two days to address specific local government issues in areas such as housing, parking, redevelopment, and future land use development. The District Council has more than 750 members spread along the east coast of Florida from Indian River County through the Florida Keys and from the Caribbean.

How Do TAPs Work?

A sponsor requests the services of a TAP with regard to a specific issue that can be addressed by a panel of experts in one or two days. The District Council assists the sponsor in refining the scope of the assignment and convenes a panel to address those specific issues. The sponsor works within ULI guidelines to provide background information to ULI panelists prior to the panel's convening. When convened, members of the TAP view the subject site, hear from public and private stakeholders, and then deliberate on the assigned issues. At the conclusion of its work, the panel presents an oral report to stakeholders; that is followed by a written report within approximately six weeks. To ensure objectivity, panel members cannot be involved in matters pending before the sponsor, be working for the sponsor, or solicit work from the sponsor during the panel's assignment period. Panel members volunteer their services to the project.

Who Is ULI?

ULI was founded in 1936 as a non-profit institute to facilitate the open exchange of ideas and information among local, national, and international real estate industry leaders and policy makers dedicated to creating better places. Today it has more than 34,000 members worldwide (800 in Southeast Florida). The ULI does not lobby or act as an advocate for any single industry. It is committed to providing leadership in the responsible use of land and creating and sustaining thriving communities.

Sponsors and Panel Members

Sponsor

Lauderdale Lakes Community Redevelopment Agency

City of Lauderdale Lakes Community Redevelopment Agency Board of Directors

Patricia Hawkins-Williams, Chair

Gloria Lewis, Vice Chair

Edwina Coleman, Member

Eileen Rathery, Member

Barrington A. Russell, Sr., Member

Beverly Williams, Member

City of Lauderdale Lakes Community Redevelopment Agency Staff

Gary Rogers, Executive Director

Panel Members

Chair

Chuck DeSanti, Principal
DeSanti & Associates, Inc.

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Research Park at Florida Atlantic University

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Marcus & Millichap

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Garcia Stromberg

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Introduction, Panel Process, and Agenda

Introduction

In early 2015, the City of Lauderdale Lakes Community Redevelopment Agency (CRA) asked the ULI Southeast Florida/Caribbean District Council to convene a TAP to develop a set of observations and recommendations related to defining, marketing, and incentivizing the highest and best uses for a key commercial site owned by the CRA – the Commerce Park/Somerset Drive property – as well as land immediately adjacent to it. The following describes the process used by the TAP to get to know the commercial site and the area around it and develop its recommendations. Following that information is provided about the Commerce Park/Somerset Drive property and adjacent area, what residents and businesses want for the area along with their concerns, and the specific issues that the CRA asked the TAP to respond to. A separate section summarizing the TAP's recommendations concludes this report.

Panel Process

The CRA Commerce Park/Somerset Drive TAP process centered on the following six steps:

1. Representatives from the ULI Southeast Florida/Caribbean District Council met with CRA staff to discuss issues related to assessing the market for and defining and incentivizing the highest and best uses for Commerce Park and adjacent areas. ULI staff also attended a meeting with the CRA Board to discuss ULI's TAP process and hear board members' thoughts on the site.
2. ULI Southeast Florida/Caribbean District Council staff researched the city's goals for the TAP and, based on that research, selected the TAP members who had the expertise most appropriate for addressing the issues raised by city and CRA staff.
3. The TAP members received a complete set of pre-meeting briefing materials about the Commerce Park/Somerset Drive area prepared by CRA staff. TAP members also participated in a tour of the area and were briefed on its challenges and opportunities by CRA staff.
4. The TAP on-site session extended over one and one-half days. Its work sessions and public comment meetings were held at the Lauderdale Lakes Library/Educational and Cultural Center (Figure 1).

Figures 1 and 2: The TAP held its meetings at the Lauderdale Lakes Library/Educational and Cultural Center located on Oakland Park Boulevard. The TAP members worked intensely over the one and one-half days to learn all they could about the study area and develop a sound set of recommendations for moving forward.



5. The TAP presented a number of initial recommendations at a public discussion at the end of its visit.
6. The TAP, under the leadership of the ULI Southeast Florida/Caribbean District Council, prepared this report on its recommendations and conclusions.

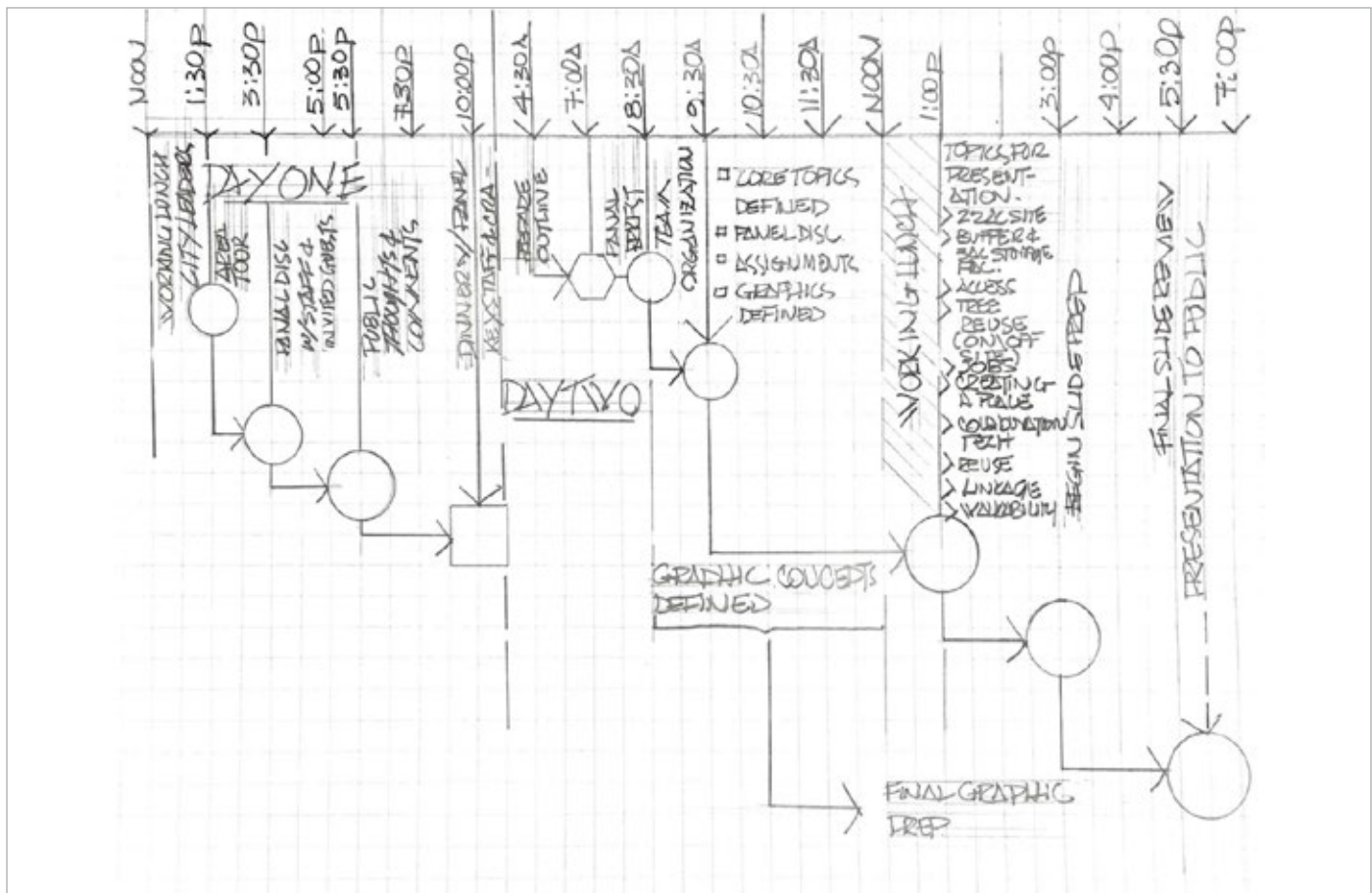
Panel Agenda

The agenda (included as Appendix A) for the one and one-half day TAP was organized as follows.

On April 7, the panel began its orientation with a lunch meeting briefing about, and bus tour of, the Commerce Park/Somerset Property Drive property and the surrounding area. CRA staff acquainted the panel with recent infrastructure investments and new development accomplished by the CRA in recent years and development opportunities abutting the four-square mile city. The city's and CRA's top goals for the area, the TAP learned, were

to identify the study site's highest and best uses in order to enhance the city's tax base and create jobs. Following the tour, the TAP held an organizational work session and received a briefing from representatives from Port Everglades who described the port and benefits of the site's designation as a Foreign Trade Zone (discussed more in the next section of this report on the TAP study site). The TAP then met with stakeholders from the area to hear their views. That evening, panel members participated in a working dinner meeting with CRA and city staff and several CRA board members .

On April 8, the panel spent the morning and afternoon working on the specific questions that the CRA had asked it to address. During the day the TAP narrowed and organized its ideas into a meaningful set of priorities. In the late afternoon, the panel members presented their initial observations and recommendations to and heard comments from an audience of interested citizens, businesses, and community groups.



Figures 3 and 4: The fact-finding and decision-making process (Figure 3, above) that the TAP used began with briefings on and a tour of the area and listening to public hopes for and concerns about the area. The TAP continued with a series of work sessions that started with brainstorming ideas for the area and, over the course of the day and a-half, honing down those ideas into specific topics. The TAP's primary focus was on the Commerce Park/Somerset Drive property owned by the CRA and the immediate adjacent properties (Figure 4, next page).

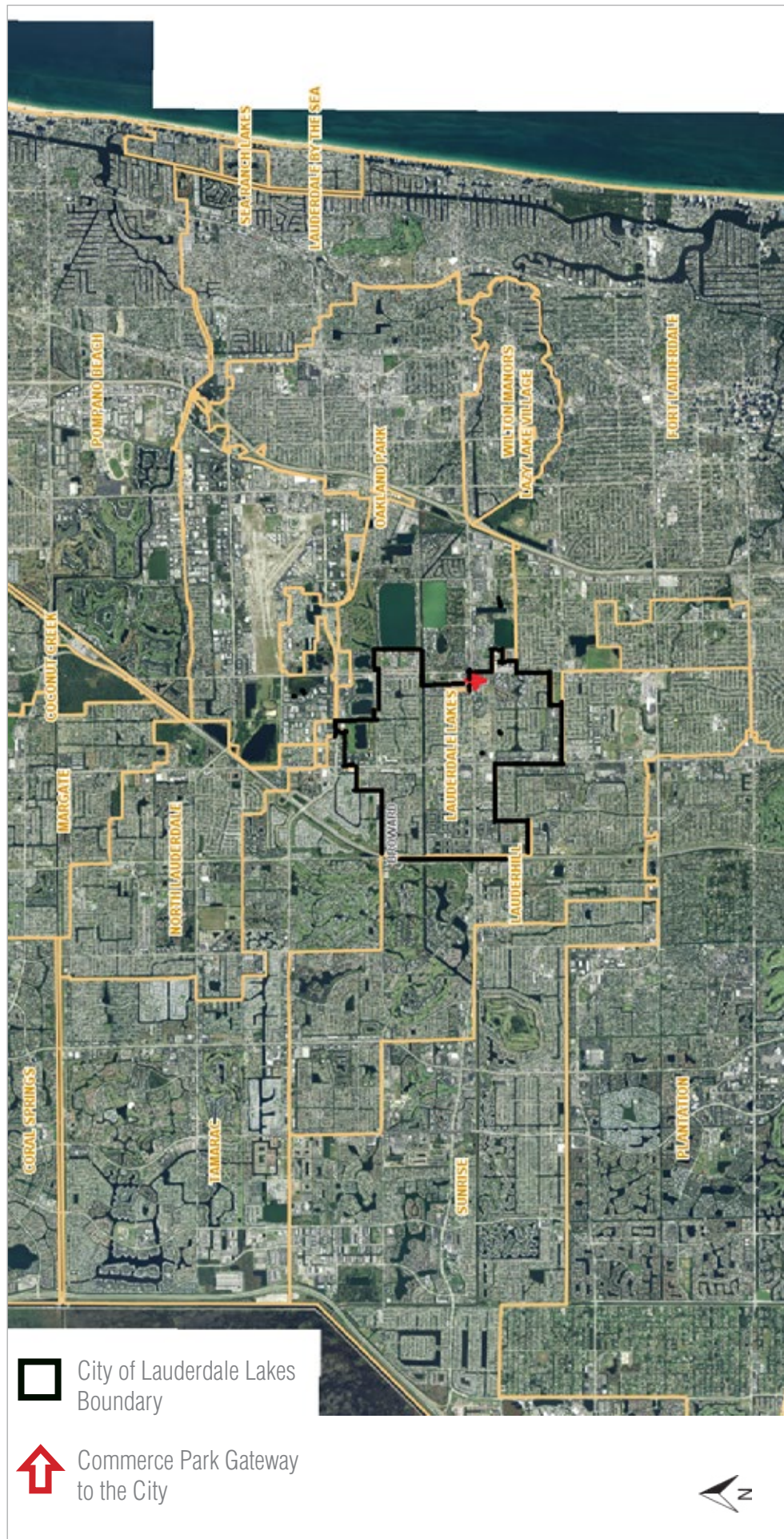


Figure 4

Background: The Commerce Park / Somerset Drive Study Area

The City of Lauderdale Lakes and Its CRA

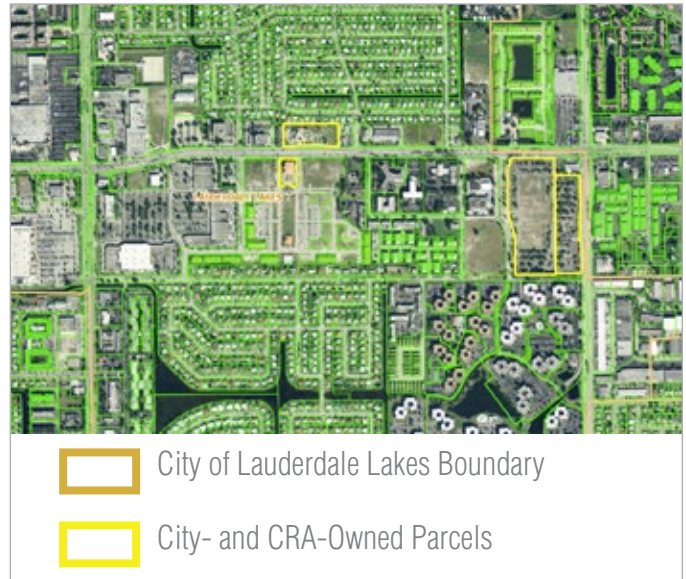
Panel Process

When it was incorporated in 1961, the four square-mile city of Lauderdale Lakes was home to only 300 residents (predominantly retirees from the northeast), still contained operating farms, and was located on the western edge of the region's development. As the region's population moved westward, Lauderdale Lakes began to change. Today the city enjoys a central location in the heart of Broward County and contains a population of over 34,000, with a density of 8,500 people per square mile.

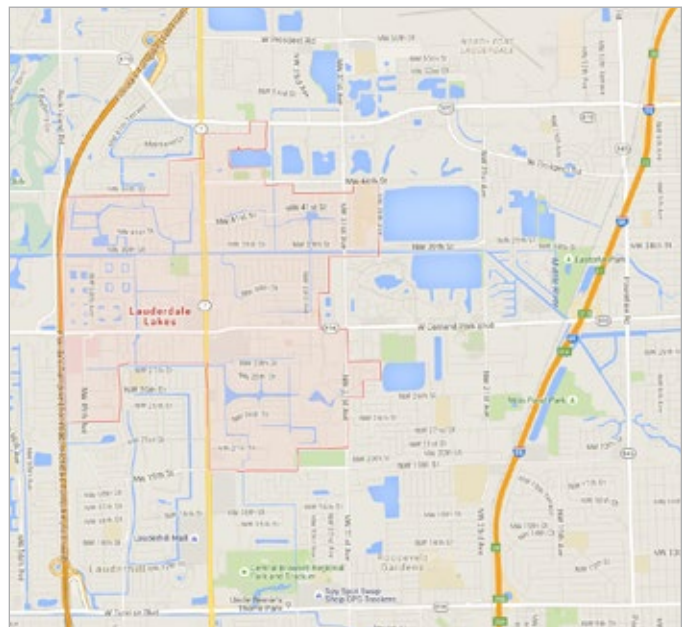
Because of Lauderdale Lakes' central location in the heart of Broward County, many of the South Florida region's travel routes run through or in proximity to the city. The composition of the city's residents has also changed. It is now majority Black as defined by the U.S. Census Bureau with a predominantly Caribbean and African-American population that includes a large number of residents born in the West Indies (Jamaica and Haiti). The city is also home to a wide variety of ethnic restaurants and cultural events.

The CRA

Since its creation in 1999, the Lauderdale Lakes CRA has served as an important force in the city's development and economic growth. The CRA's decisions have been guided by the Citizen's Master Plan that was developed through a citizen-led community planning process and involved an interactive dialogue among stakeholders, CRA staff, planning professionals, and city leadership. The process enabled participants to share concerns about and hopes for the city's downtown area. By working together, they reached consensus about their desired future for the city and its downtown and how that could be achieved. The plan, which was adopted by the city in 2003, outlines community needs and desires and serves as the blueprint that directs public and private investment to key projects that are revitalizing the city's commercial corridors. The core of the master plan is the creation of a transit-oriented town center at the intersection of SR 7 and Oakland Park Boulevard that creates a sense of place and a regional destination in the heart of Broward County.



Figures 5 and 6: The TAP focused on the CRA-owned Commerce Park/Somerset Drive site (shown above in light yellow lines). The site benefits from Lauderdale Lakes' strategic location to the region's major transportation corridors (Figure 6): It is surrounded by the north-south State Road 7 corridor, Florida's Turnpike, and I-95, and the east-west Oakland Park Boulevard and Commercial Boulevard.





Figures 7 and 8: The Citizen's Master Plan depicts what residents said they wanted for the city along SR 7 (Figure 7, above) and has served as the guiding document for prioritizing CRA investments and policies. The 2014 update of the plan includes a specific focus on the 22-acre Commerce Park/Somerset Drive site (Figure 8, right) owned by the CRA and considered to be a strategic component of the city's future economic prosperity.



Since the adoption of the Citizen's Master Plan, the city and the CRA have demonstrated their strong commitment to making the plan a reality by allocating funds to achieve its objectives.

- In 2005, residents approved a \$15 million bond to fund public improvements consistent with the plan.
- In 2006, the city amended its land use and zoning codes to enable the mixed-use local activity center called for by the plan.
- In 2009 the CRA put in place a Community Redevelopment Plan structured to implement the Citizen's Master Plan. The plan, which was amended in 2013, sets out a concept plan for future land use and the redevelopment of the area, a five year and long-term capital implementation plan, and implementation strategies.
- In 2014, the CRA further updated the Community Redevelopment Plan to celebrate the successful implementation of previous plan elements and continue the work done in the past. The update was also used to develop the additional tools needed to achieve a thriving and sustainable economy and serve the growing daily needs of and inspire residents, visitors, and investors. The update was developed through a comprehensive public outreach processes that involved residents, city staff, and elected officials in validating and prioritizing projects not yet implemented, analyzing the need for potential revisions, and updating projects proposed if needed. A number of new elements, including ones for community policing, marketing and promotion, corridor landscape maintenance and utilities, and healthy living, were included in the plan update. The plan identifies seven focus areas, one of which is Commerce Park.

The charrette that resulted in the development of the 2003 master plan was highlighted as a case study in the 2013 publication, National Charrette Institute Charrette Systems Guide For Transit-Oriented Development. It also served as the basis for a case study in the National Association of Regional Council's publication, Creating Livable Communities: An Implementation Guidebook. The case study shows how the master plan meets livability principles.

To finance its investments, the CRA captures property taxes generated through new developments within its boundaries and redirects those funds toward achieving the goals and priorities outlined in the master plan. Today there are nearly 550 acres of prime development opportunities within the CRA's boundaries and more than \$600 million invested in new development.

The TAP Study Area

Commerce Park (Figure 8) is a rare commodity in South Florida: a large, centrally-located site with prime access to regional transportation networks. Key features include:

- Its size – the site's 22-acres make it one of the largest undeveloped parcels not only in the city of Lauderdale Lakes but also in urban Broward County.
- Zoning – the site's B-12 zoning provides for a variety of uses, including office, retail, hotel, and light industrial.
- Location in relation to transportation – the site is strategically located at the intersection of two major regional arterials and has easy access to Florida's Turnpike, I-95, and mass transit. It also enjoys 600 feet of road frontage along Oakland Park Boulevard and has dual access from Somerset Drive and NW 31st Street .
- Room to Expand – if undeveloped adjacent land could be factored into redevelopment, a 30-acre property could be assembled through a public-private partnership,
- Special Districts – the site is in proximity to a Green Industrial District and is included in a number of programs in the form of special zones that bring financial benefits to businesses. Those programs include the Broward County Enterprise Zone, Broward County Historically Underutilized Business Zone (HUB Zone), and Foreign Trade Zone.

The City of Lauderdale Lakes, its CRA, and its citizens should be applauded for investing in and having the foresight and political tenacity to not only develop a broadly-supported vision for the future, but also to take the steps needed to ensure that the vision is implemented over time, making course adjustments as needed. That ability to keep a focus on the desired future while at the same time making day-to-day decisions will achieve that future that is the hallmark of great cities that are successful over time.

The ULI Technical Assistance Panel

The CRA's ideas for possible uses of the site, as outlined in the 2014 master plan update, include using it as an incubator that would help new businesses grow through expanded opportunities. Examples of plan ideas include possibly using the Commerce Park site for a food-related business incubator or developing it as a specialized district such as a mixed-use town center, a green industry district, or traditional commerce park. The CRA's priority for the Commerce Park site are uses that would generate high paying local jobs and investments that will add to the tax base. The TAP was asked to take a fresh look at what those uses should be with the real estate market now in recovery following the dramatic economic downturn that derailed redevelopment plans across the country.

The CRA should further analyze the options for this site. An organization such as the Urban Land Institute (ULI), familiar with the city's past efforts, should be consulted. ULI's Technical Advisory Panel's (TAP) recommendations could be of great value in enhancing the viability, best possible use, and redevelopment strategies for this parcel.

From the CRA Master Plan 2014 Update

Learning From Study Area Residents and Businesses

The TAP offered two opportunities for area residents and businesses to provide their hopes and concerns about the area. Their comments reinforced the:

- Need to incentivize well paying jobs for residents and for land uses that will expand the tax base and provide tax relief to homeowners.
- Desire for businesses that will be sustainable and provide employment opportunities that will enable young people in the community to stay.
- Importance of Lauderdale Lakes' central location in the heart of Broward County

Additional comments centered on:

- Providing uses now missing in Lauderdale Lakes such as a hotel for visitors, nice restaurants, and mixed-use developments designed with adequate visibility for retail uses.
- Embracing the arts and technology, possibly through creating a technology incubator.
- Creating the experience of place that will draw and retain younger residents. That should include the ability to walk to dinner and have desirable places to gather with friends.

- Enabling more sustainable development that, for example, will use grey water and solar energy and include opportunities for urban farming.
- Promoting more collaboration with adjacent cities, recognizing that the City of Lauderdale Lakes is too small to achieve all it wants to be on its own.

Issues for the TAP

As outlined earlier in this report, the TAP's focus was on:

- Defining the highest and best use of the Commerce Park site based on its location and market demand by employment sector.
- Recommending marketing strategies that would attract partners and investors to the property, leading to the site's development.
- Examining the creation of a business incubator/job development facility on the site, including the potential funding sources and partners.
- Identifying incentives in addition to those already in place that the CRA might consider to attract development to the site.

Figure 9: Area residents and businesses had an early preview of the TAP's initial recommendations. They also had two opportunities to offer their observations and views to the TAP.



Response to the Lauderdale Lakes Community Redevelopment Agency's Questions

TAP chair Charles DeSanti began the panel's public presentation of its recommendations by introducing the panel and highlighting the qualifications of each member. The panel members, he noted, brought the targeted expertise required to address the strategic questions and related issues that the CRA asked the TAP to address. The panel's expertise included market analysis, economic and job development, public-private partnerships, planning, and office, industrial, and mixed-use development.

The TAP began its comments with general observations about the site: the community's desires for the site and its strengths, legal framework, and market potential. The TAP's observations are followed by its recommendations.

General Observations

Community Desires

The first and most important step for the panel was to listen to the public officials, community leaders, and active residents in the neighborhood, the TAP stressed. "Our goal is to incorporate sound planning principles and best practices and arrive at practical solutions to the questions posed to the panel, while incorporating as many of the public's desires as practically possible." As outlined in the previous section of this report, important themes include the need for sustainable development, the city's location in the heart of the county, and the desire for development that results in well paying jobs for residents that help keep young people in the community, provide a greater mix of services within the city, and expand the tax base, thereby providing property tax relief for homeowners.

Site Strengths

With its central location in a growing region, the Commerce Park/Somerset Drive property is well-positioned for development, the TAP noted. It also benefits from being one of the few remaining large vacant parcels in central Broward County and having well-developed infrastructure. One of site's greatest assets is that using its development to bring new jobs and private investments to the area and enhance property values is called for by the CRA's Citizen's Master Plan and enjoys broad public support. That a strategic advantage is a rare commodity in a fully-developed region like South Florida, the TAP emphasized.

Legal Framework

Several legal factors need to be considered as a part of moving forward with the Commerce Park/Somerset Road site. Two of those factors relate to Trammell Crow Company (TCC) of South Florida, Inc. They are:

- The requirements of the Master Development and Option Agreement between TCC Trammell Crow Company (TCC) South Florida Development, Inc., and the CRA that was put in place in June 2012. The agreement grants TCC the exclusive right to purchase an option on all or part of the site and develop a master plan for the asset. It also enables TCC to market the site and prepare its own market study. Potential conflicts could arise, the TAP noted, when the TCC proposes what it considers to be a viable use for the site that might not achieve the CRA's goals to provide private

The Commerce Park/Somerset Drive property is a prime development that benefits from its strategic location and size. Its most important asset, however, is that developing it for uses that create local jobs and strengthen the tax base is grounded in the widely supported Citizen's Master Plan that provides the shared community vision for the future of Lauderdale Lakes.

The ULI Technical Assistance Panel



Figure 10: Proposed Oakland Park Self Storage Facility.

sector jobs and higher tax revenues to relieve residential property owners. To avoid such conflicts, the CRA should work with TCC to clarify desired uses and goals for the site.

- TCC's proposal to use a portion (2.79 acres) of the site located at the intersection of West Oakland Park Boulevard and Somerset Drive for a self-storage center (Figure 10). The site plan was approved by the CRA (Resolution 2015-09) in early April 2015 just prior to the convening of the TAP. The center would contain a 23,988-square foot one-story building and an 81,450-square foot, three-story building. That location, the TAP observed in preparing its recommendations, is not the highest and best use of the proposed corner parcel. Relocating the facility on-site should be examined.

Additional potential constraints to consider are the:

- Development of a proposed RaceTrac gas station on West Oakland Park Boulevard on the west side of Somerset Drive and bordering Commerce Park. Although the city has approved the site plan to allow construction of the facility, that plan cannot be implemented because it requires driveway access on Somerset Drive. For that to occur, the CRA, which owns Somerset Drive, would need to dedicate the road to the city or grant an access easement to RaceTrac. Neither action has occurred.
- Interest of Broward County in using eight acres of Commerce Park fronting West Oakland Park Boulevard on the east side of Somerset Drive for a future Supervisor of Elections facility. That use, the TAP stressed, would provide limited job growth potential, as existing jobs would be transferred to the site, and would remove a future revenue producing asset from the city's tax rolls. Both results are not in line with the city's and CRA's goals for the site. An alternative approach to the Supervisor of Elections proposal that might achieve the goals of both the city and CRA is described in the TAP recommendations section of this report .
- Disposition of the substantial on-site tree stand and how to deal with the county's tree ordinance.

Market Potential

The TAP's observations about the market potential for the site, including the current real estate supply and demand parameters within the Lauderdale Lakes environment, were provided as context for considering appropriate land uses and understanding why businesses and government officials have made recent decisions and how the city and CRA should be looking toward the future. Appendix C provides a detailed analysis of market trends, prepared by TAP member Michael Jacobs, MA, MAI, and President, South Florida Real Estate Appraisal, LLC.

A sampling of those trends is outlined below.

Asking Prices Industrial for Sale Lauderdale Lakes, FL (\$/SF)

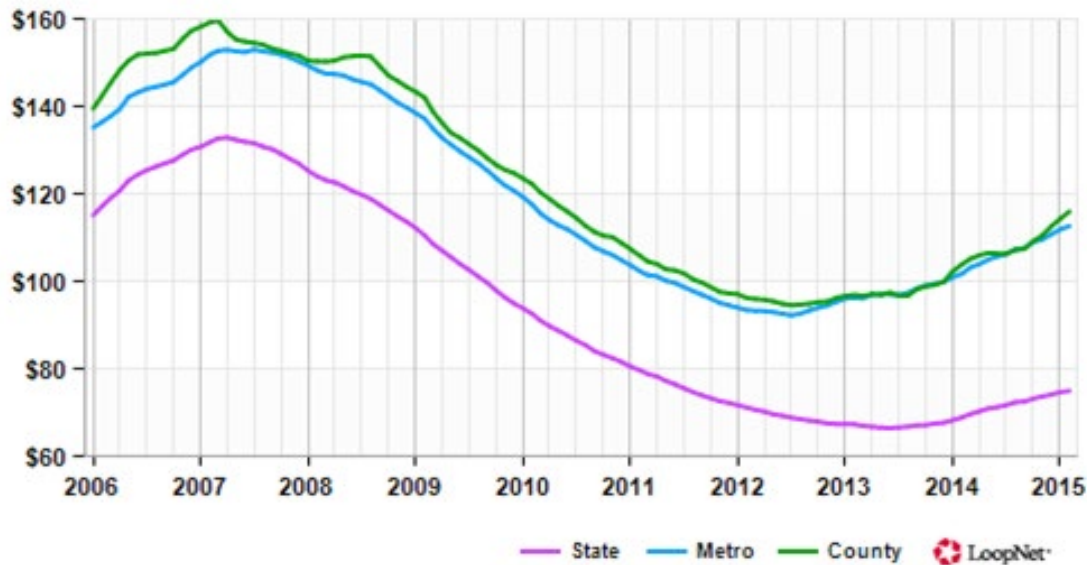


Figure 11: Source: LoopNet.

- The commercial real estate market, which includes office, retail, industrial, and multi-unit residential uses is starting to come back after the dramatic fall starting in 2007, as illustrated for Lauderdale Lakes in Figure 11, next page.
- Transactions are occurring faster under current market conditions. That applies to properties for sale and lease.
- With its proximity to the surrounding central business district, potential multi-tenant users for new space would likely be those that provide services to the local area.
- Although the commercial real estate market is starting to stabilize, supply and demand are still not in balance. The supply of available properties has not kept pace with the now stronger market-demand, a trend recognized throughout Southeast Florida and across most property subtypes. The result is pressure on prices and lease rates.
- The two industrial properties (Lincoln Park and Lauderdale Lakes Industrial Park) in Lauderdale Lakes have shown declining vacancy rates, with gains in asking rental rates, consistent with Southeast Florida overall (Figures 13 and 14). Those trends indicate that the industrial real estate market is healthy and should improve over the five year average.

Vacancy Rate Trend

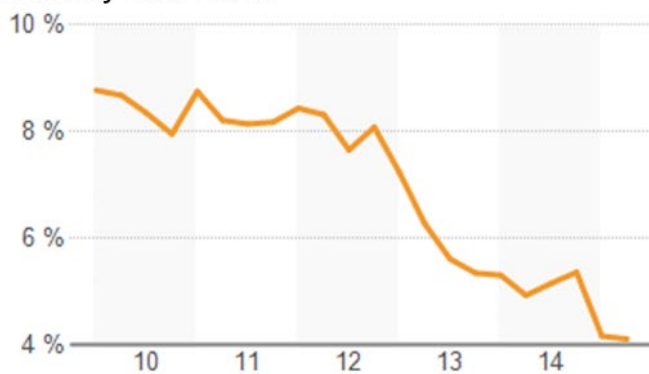


Figure 12: Source: CoStar

Asking Rental Rate Trend

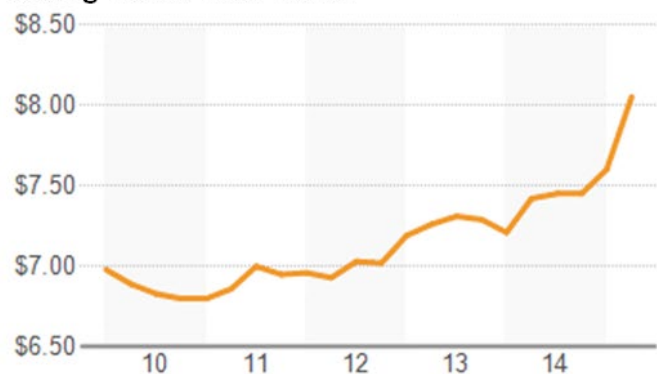


Figure 13: Source: CoStar

- Most real estate development proposals would result in an annual loss after deducting operating expenses and mortgage payments from market rent (Figure 14).

In addition to analyzing the real estate market potential of the site, the TAP examined the ability of food-related uses to create better paying jobs and return sufficient income to repay the cost of the CRA's investment. Its conclusion was that, although sources of local food can be desirable, such uses are not viable in the current market. Creating a permanent market and community kitchen would require additional capital investment, perhaps several million dollars in a building, and most likely would require long-term subsidies to cover the short-fall in rental revenues required to both operate the facilities and repay capital outlays, the TAP noted. "While we see the immediate and long-term value of such uses, we advise that the CRA not invest in them at this location and, as an alternative, facilitate a green market or food hub as a pop-up temporary use supplemented by food truck and community activities until viable, long-term uses emerge in the market." With the community's interest in urban and community gardening and the availability of fresh good, temporary sites for such uses could generate community interaction and pride. One interim use could be to enlist a group of restaurants with food trucks to participate in a Canopy Food Fest, an afternoon and evening of food tasting and community building. Coupled with other organized community gatherings, the CRA has a recipe for success.

PROFORMA - INDUSTRIAL FEASIBILITY			
Development Cost	SqFt	\$/SqFt	Total
Land	958,000 x	\$6.26 =	\$6,000,000
Building (as proposed)	300,000 x	\$90.00 =	27,000,000
Total			\$33,000,000
Debt (Mortgage)		75%	\$24,750,000
Equity		25%	\$8,250,000
Proforma			
Potential Gross Income	300,000 x	\$9.00 =	\$2,700,000
Vacancy/Collection Loss		10%	(270,000)
Effective Gross Income			\$2,430,000
Operating Expenses	300,000 x	\$3.00 =	(900,000)
4.63% Mortgage	(28 Years/Monthly)		(1,578,839)
11.00% Equity Return			(907,500)
Operating Gain/(Loss)			(\$956,339)

Figure 14: Feasibility

TAP Recommendations

The TAP organized their recommendations around the seven topics outlined to the right. A common theme among the topics is the underlying principle of using the development of the Commerce Park/Somerset Drive property to maximize the city's brand and yield a high level of return in achieving the two overarching CRA goals of creating local jobs and enhancing the city's tax base. "With its heart of Broward County location, size, and access to transportation, the property is too unique and well-positioned to do anything less with it," the TAP emphasized. "It is one of those pacesetter sites that can brand the city as a desirable place to live, work, and invest." To emphasize that point the TAP decided to name its study site the gateway, a theme that runs through the TAP's recommendations.

> Create a market-based citywide vision for investments.

In addition to reflecting what the public wants for the future of their community, a successful (one that is implemented) vision must also be based on a sound understanding what the market is doing (and not doing) and will support. For that reason one of the TAP's first recommendations was for the CRA to undertake and fund a well-structured, detailed market analysis that clearly identifies and presents the development potential of the gateway parcel under current market conditions including the specific uses that will achieve the dual goals of enhancing the site's value and generating jobs.

An understanding of current market conditions is the essential ingredient needed to catalyze the city's and CRA's plans for the gateway site into actionable items. Such a study is an essential ingredient in providing the road map needed to guide public investment and private development. It is also important to building political and investment cohesion and move from planning to implementation.

The ULI Technical Assistance Panel

TAP Recommendations: A Topic Outline

- Create a market-based citywide vision for investments.
- Establish a framework that concentrates a series of smaller steps to maximize their impact, starting with branding the city's gateways.
- Create an iconic entrance to the city on the gateway parcel that will maximize the site's unique assets and highlight the city's identity.
- Re-knit the community by connecting internal streets.
- Focus resources on uses that create the synergy needed to catalyze the desired redevelopment of the gateway site.
- Invest in nurturing and helping grow innovative small businesses that will provide local jobs.
- Practice patience and discernment when attracting uses, including providing for short-term activities that will both activate the space now and achieve long-term goals over time.

Such a study will enable the CRA to understand the:

- Opportunities and constraints in its market relative to various land uses.
- Submarket's ability to absorb space, both new and existing, and at what rental rates and concessions.
- Products that would be the most synergistic and benefit from existing activities and investments.

To initiate the market study, that CRA should engage a market analysis firm of national stature that is accepted and trusted by a majority of lending institutions and brokerage companies. The firm should be asked to assess the Lauderdale Lakes submarket and determine the current and projected market for the land uses proposed by the panel for the CRA site. The study should:

- Be performed for an area larger than the one study site.
- Focus on determining the most viable uses, especially those that build upon and are synergistic with existing areas of strength.
- Investigate the community's ability to support a broad range of potential uses, including retail, medical office, senior housing, assisted living facilities, and traditional multifamily housing.
- Include information on the square feet absorption rates by year over a five year period, uses by type and category over time, and rental rates, structure, general concessions and allowances.

The City of Lauderdale Lakes, its CRA, and its citizens should be applauded for investing in and having the foresight and political tenacity to not only develop a broadly-supported vision for the future, but also to take the steps needed to ensure that the vision is implemented over time, making course adjustments as needed. That ability to keep a focus on the desired future while at the same time making day-to-day decisions will achieve that future that is the hallmark of great cities that are successful over time.

The ULI Technical Assistance Panel

To maintain its freshness the CRA should fund regular updates of the market analysis annually or, at a minimum, every other year. The information from the market study described above would benefit multiple users that include the:

- **Community's brokerage and investment companies.** In order to invest or direct funds to attract specified uses to the locations identified as having the greatest probability for success, lenders and investors will need the assurance that certain market segments and uses can successfully prosper in the community, including at what rental rates, acquisition costs, terms, general locations, and square footage absorption over time. Brokers and lenders would also be able to better target uses and prospective tenants.
- **Borrowers.** Those borrowing funds would benefit from the availability of independent market information when securing loans for real estate development and redevelopment and/or tenant improvements.
- **City government and CRA.** While not using the market study to pick winners and losers, the city and CRA could use the information to better target potential users and make more informed decisions regarding proposed or re-purposed land uses.

In short, the TAP observed, a market study would provide all parties with accurate information regarding which land uses could best match the current and future market including the submarket demographic profiles. "Accurate and timely information reduces investment risk for all sides in a transaction – developer, tenant, lender, and government. The last thing any of these parties want is to have businesses fail or go dark. Everyone loses if that happens," the TAP concluded.

> **Establish a framework that concentrates a series of smaller steps to maximize their impact, starting with branding the city's gateways.**

End success when working to achieve a long-term vision – that big idea – is often achieved through a series of smaller ideas concentrated at a place. When put together these ideas can have dramatic impact on a community. Redevelopment by the CRA should be considered in that same way – make a big impact with a series of small steps concentrated within a defined area. The place to begin is to create a defined entry from the east, which is now lacking. Defined entries should also be added at other points as well. The creation of entries, while seemingly small steps, will create immediate value and pride and the visible element that something is happening to create positive change. Entries are important community identifiers and translate to pride of place and a welcoming community spirit.



Figure 15: In Delray Beach, Florida, gateway features were installed to call out the city's entryway for those traveling on West Atlantic Avenue from I-95 to the city's downtown. Installation of the gateway features was a partnership project between the Delray Beach Community Redevelopment Agency and the city of Delray Beach. Funding included a grant from the Florida Department of Transportation. Improvements consisted of sidewalks, landscaped berms, trellises, and six 30-foot columns decorated with artistic mural designs (above). The idea for the gateway feature was called for in the city's 2002 Downtown Master Plan. The goals were to create a seamless downtown along Atlantic Avenue and create a defining entrance to the city that reflected the city's uniqueness, including its history, architecture, and natural elements. (Information above from <http://redevelopment.net/blog/2013/03/07/delray-beach-completes-downtown-gateway-feature>.)

Our recommendations for gateway features that define and further the city's unique identity and create a sense of place build on and reinforce the ideas contained in Chapter 2 of 2014 update of the CRA's Community Redevelopment Plan. Just as home entries are front door to friends and family, gateways create front doors to a community. They welcome residents and visitors and help brand and create a sense of place.

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The TAP's recommendation to emphasize entryways reinforces and builds upon the recommendations of the CRA's 2014 Community Redevelopment Plan (Chapter 2) that focuses on establishing gateways at critical intersections to create a distinct sense of arrival and to promote neighborhood and community identity. The plan features numerous images that illustrate good examples of gateways (Figures 17, 18, and 19). As noted in the plan, "Incorporating the proposed gateways into the public realm will complement the public investment of the past decade, solidify Lauderdale Lakes as a signature address, and further contribute to investment geared towards placemaking." Budgeted streetscape funds, the TAP noted, could be used for gateway features.

Outlined in the next section, the TAP offered a series of recommendations for the gateway entry at the West Oakland Park Boulevard and NW 31st Street intersection, a primary focus of the TAP.

> Create an iconic entrance to the city on the gateway parcel that will maximize the site's unique assets and highlight the city's identity.

The TAP's recommendations for the gateway site centered on a series of strategies designed to position the site as the defining entryway to Lauderdale Lakes on the east. A portion of the site should be used to establish a high quality, large, and lighted iconic entrance to the city (also discussed in the prior section) that creates a sense of arrival and conveys the city's commitment to quality design. A local competition could be held to choose someone to design the entrance feature or a specialty design firm could be selected for the project. Once a design theme is selected it should be used at the city's other gateway entrances.

The entry feature would both build the city's brand and identify its emerging new Town Center <<https://fl-lauderdales.com/civicplus.com/185/Town-Center>>. It could also serve as a template to brand the community with a series of entry statements at other key approaches to the city. An added feature would be to use the gateway features as an electronic community message board for meetings, elections and civic events. An additional recommendation was to acquire the existing gas station at the intersection in order to add it to the gateway site to house the iconic entry signs. In the event that the city does not purchase the existing gas station, it should work with the owner to incorporate the gateway theme into the site along with landscape upgrades that complement the gateway parcel.

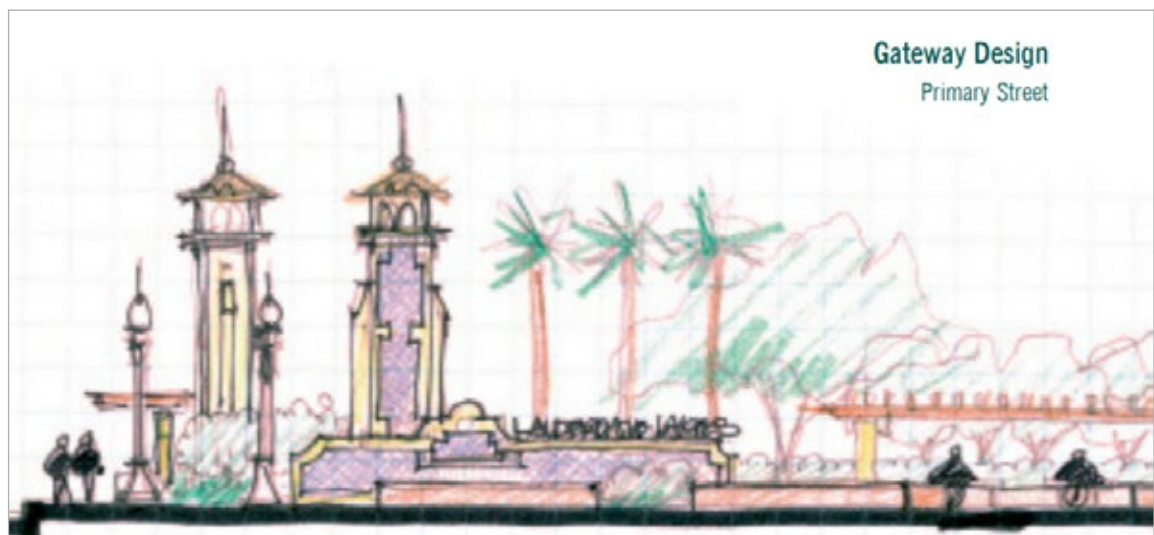


Figure 16



Figures 16, 17, and 18: The TAP's recommendation to emphasize and define the city's entryways using gateway features reinforce and will help further the provision in the Lauderdale Lakes CRA's 2014 Community Redevelopment Plan that calls out the importance of gateways, what the plan calls first impressions. The plan identifies specific locations for gateway features, each of a different design and scale based on the street type. Vertical tower gateways are located on primary and secondary streets and lower-scale, horizontal gateways on tertiary streets. Landscaping will provide the visual backdrop that frames the architectural elements.

> Re-knit the community by connecting internal streets.

The TAP's big recommendation to strengthen connectivity was to look at the redevelopment of the gateway site as an extension of the adjacent Town Center (Figures 19 and 20). Improving connectivity, the TAP emphasized, is an additional action that is consistent with the recommendations of the CRA's 2014 Community Redevelopment Plan, leading the TAP to observe that the time was now for the CRA and city to move forward with that plan.

Linking the gateway with the emerging Town Center development is a natural connection that would bring a number of community benefits.

- Expanding the city's emerging Town Center east and ultimately enabling a true live, work, and play environment.
- Branding the larger area as the new Town Center.
- Diverting traffic from congested West Oakland Park Boulevard which will make the area more attractive to both residents and commercial tenants and focus attention on the new Town Center.
- Enabling residents and tenants of the expanded area to reach each other by walking or biking, assuming connections include sidewalks and bike lanes.
- Providing more opportunities that meet the community's stated desire to get out of their cars and walk and bike more because of better connectivity and provision of sidewalks and bike lanes.
- Serving as a model to knit currently unconnected enclosed neighborhoods to adjacent neighborhoods throughout Lauderdale Lakes.



Figures 19-21: The TAP stressed the importance of connecting the gateway parcel (to the far right, above with the tree stand) to other important activity area such as the Lauderdale Lakes Library/Educational and Cultural Center (center of the image above) and surrounding residential areas. The TAP also recommended treating the gateway site (Figure 20) at West Oakland Park Boulevard and NW 31st Street as an extension of the nearby Town Center (Figures 21). The two sites should be linked by pedestrian and bicycle access along local streets as well as along the main road. The positive impacts would include creating a desirable front door to the city through a landmark entrance feature.



Figure 20



Figure 21

To facilitate the recommended linkages between the current Town Center and gateway sites requires stitching new internal connecting roads east to west, the TAP emphasized. An example is NW 29th Street. The two sites are not connected except by West Oakland Park Boulevard, and there are no internal streets that allow local traffic, bicyclists, or pedestrians access to the streets within the two areas without using West Oakland Park Boulevard. Neighborhoods between NW 31st Avenue to the east and State Road 7 on

the west between West Oakland Park Boulevard on the north and NW 29th Street on the south are a good example. They do not have a cohesive and interconnected street pattern that allows internal access. As a result, virtually all traffic – cars, pedestrians and bikes – must exit the internal streets, access West Oakland Park Boulevard adding more traffic to what should be regional arterial traffic, and then re-enter the next or adjacent set of internal streets.

To the extent possible and practical, connecting streets should be used to promote a healthy community through actions that create what the CRA's 2014 Community Redevelopment Plan calls complete streets – streets that are designed to Complete Streets, as described in the 2014 “result in safer speeds for vehicles, accessibility for bicycles and buses, on street parking, safe, inviting sidewalks, shade, and infrastructure such as bus shelters, pedestrian-scaled lighting, benches, etc. as appropriate.”

Specific TAP recommendations to create the desired complete streets included:

- Providing a shuttle bus (Figure 24) route around the properties and to the Town Center.
- Establishing bike lanes and racks
- Putting in place wide sidewalks and a sheltering tree canopy of mature trees.
- Offering publicly available wireless internet service throughout the site.

The actions above, the TAP concluded, are a good example of a series of seemingly smaller ideas that concentrated in one place can have a dramatically positive impact on the community – the idea of starting with something small that brings short-term success and achieves over time those big goals – that big thing. The key is to be patient, flexible, and persevere and keep an eye on the big end results, the TAP stressed.



Figures 22 and 23: As called out in the CRA's 2014 Community Redevelopment Plan, every transportation project should be designed to make the city's street network better and safe for all users – drivers as well as pedestrians, bicyclists, and transit users.



Figure 24: Shuttle bus.

> Focus resources on uses that create the synergy needed to catalyze the desired redevelopment of the gateway site.

The TAP offered observations about land uses that would help catalyze redevelopment of the gateway site and enhance its value for the most job opportunities and job-expanding businesses. Such uses would need to be a market fit for the area and its capacity for new in-fill development.

In addition to the broader market study called for by the TAP, the CRA should also fund a targeted market analysis that can be used to assist it in defining specific classes of uses that could generate jobs. Such a study should indicate the economics required for land sales or lease and identify the most likely business uses that fit the submarket demographic profile. That specifically focused research will also give the CRA the information and tools needed to effectively engage and structure viable transactions with those identified businesses. Being able to target prospective users with solid market information reduces risk for the CRA, potential investors and tenants, the TAP stressed. It will also provide lenders with a solid market understanding to increase surety that lowers risk and supports sound lending.

To maximize the value of the site for job creation, the TAP recommended that the 22-acre gross (19-acre net) site be generally divided into four parcels: (A) a limited service hotel versus the currently proposed self-storage unit, (B) the flexible space to be used in the interim as a public gathering space, (C) elderly and senior housing and rehabilitation center uses (or other multifamily uses), (D) an alternative location for the self-storage unit or an added area for elderly and senior housing and related uses.

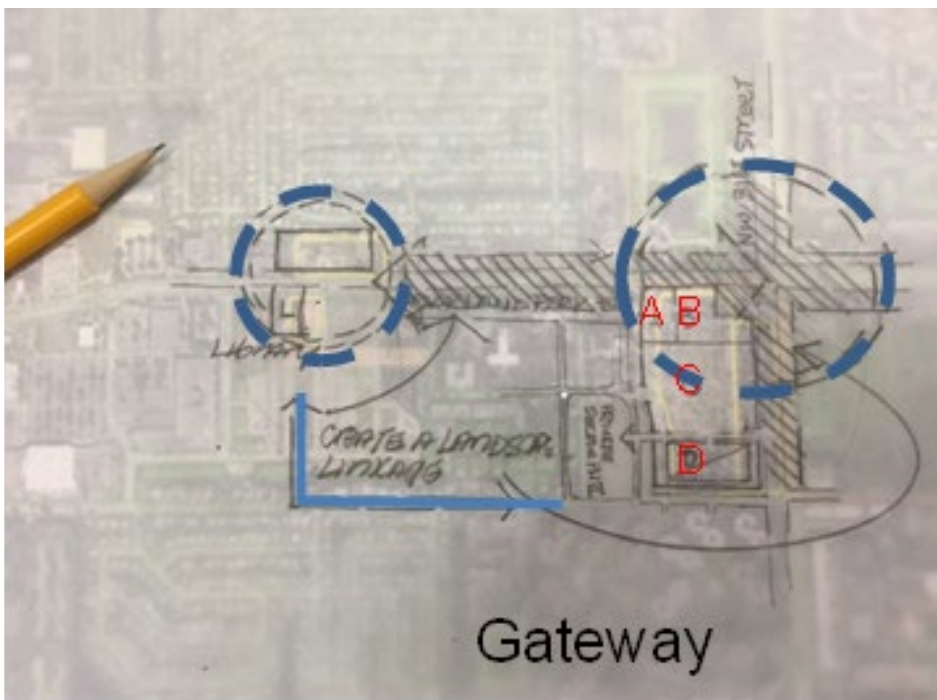


Figure 25: To achieve its highest value for the community, the TAP recommended dividing the gateway site into four sections.

Parcel A (3 acres) – the hospitality use, the limited service hotel

Parcel B (2 acres) – the interim gathering public space for activities, festivals, and other community events.

Parcel C (14 acres) – the elderly and senior housing and rehabilitation center

Parcel D (3 acres) – a location where the self-storage unit could go

Collectively the approach (Figure 25) will provide the CRA a viable exit strategy leading to successful disposition of the site in stages. The approach will also have a net positive impact for the CRA (Figure 26). The risk assessment that the TAP performed documents the likelihood that the CRA would recapture funds invested in the acquisition of the gateway parcel. The assessment, which took into account the current market and real estate value based on recent contract offer, assumed no particular location of the proposed uses. Instead, the TAP tested the likelihood of the CRA recapturing its funds through a series of sub-parcel sales over time at current market value. The result showed a positive result for the CRA. It would recapture the \$5.6 million originally invested in the site, plus a surplus of \$260,000, a four percent return on investment. The positive result for the CRA assumes that it does not entertain Broward County's offer to purchase a portion of the site for a future Supervisor of Elections facility. That use, the TAP

stressed, will not yield either CRA goal for the site – enhancing city real estate tax revenue and growing new jobs. The Supervisor of Elections facility would not produce real estate tax income and would transfer existing jobs to the site. An alternative to selling the site to Broward County is to form a public-private partnership in which a private developer would purchase the property and then enter into a long-term lease with the county. In that approach, the property would stay on the tax rolls. Creating a public-private partnership offers the additional advantage of bringing a stable client to a developer who wished to anchor other development with the county offices.

Parcel A: The three-acre site (16 percent of the entire site) that has West Oakland Park Boulevard frontage and is currently proposed for a self-storage facility would generate more value and activity as a limited service hotel. If that were to occur, the self storage unit could be located to the rear of the site. Hotels generally employ a large number of people at multiple skill levels. A limited service hotel at this site would serve visitors to nearby senior and elderly housing. It would serve the needs of the Florida Medical Center and the community. Locating a hotel at the city's entrance would also create a compelling landmark that brings and allows diverse activities to a community. Additional pluses are that the hospitality industry is expanding, is a focus of job training in South Florida, and is supported by bank financing for small- and woman-owned businesses. It also has the potential advantage of attracting EB-5 financing, which is a visa-driven program for foreign investors to invest in the U.S. economy based on proposals for promoting economic growth in designated regional centers.

To facilitate the process, the TAP recommends that the CRA consider creating a parcel to lease to a well-established minority hotel operator with a solid track record. By leasing the site, the CRA can be a catalyst in attracting and facilitating the successful development and sustainable operations of a limited service hotel to serve Lauderdale Lakes. Leasing the site over selling it would allow the CRA to lower financial barriers such as land costs to entering into the market, modulate rents to aid in a successful start-up, and maintain an on-going interest in the success of the facility over time. The CRA could also control the annual lease payments to influence uses to achieve local goals such as prioritizing local hiring within a specified mile radius and the use of minority and woman-owned businesses.

Parcel B: The two-to-three acres (seven-to-nine percent) of the site shown as Parcel B should be treated as a flexible use area that can evolve over time into permanent uses that reinforce and serve the entrance to the city's new Town Center and create jobs as well as activities at the community's eastern most front door. Initially the area could be used as a community activity space that is programmed with seasonal activities, scheduled food trucks, community events, and festivals that create sense and pride of place for Lauderdale Lakes. Over time, more permanent uses will evolve and may include a farmers' market and hub for fresh foods. Such markets and hubs can also serve as incubators for small- and micro-businesses to germinate and grow. They also create a sense of place, become known as destinations, and are key tools in facilitating healthy life-styles. To support the flexible use site, the CRA should consider installing a wireless Wi-Fi hot spot that covers the entire site. It also should look into acquiring the approximately one-acre adjacent gas station site. Its best use would be an entrance to the city and/or to create a larger flexible space site.

Gateway Site	
Exit Strategy	
• Housing Parcel Sales	\$4.00 MM
• Storage <u>Fac</u> Sale	<u>\$.860MM</u>
• Subtotal	\$4.860MM
• Original CRA Investment	<u>(\$5.60MM)</u>
Deficit	(-\$.740MM)
2 Acres Remaining	
• Estimated Value	+ \$1.00MM
CRA Recovers Investment	+\$260,000

Figure 26: The TAP's risk assessment of its proposed exit approach for the gateway site demonstrated that it would pay for the CRA's original \$5.6 million investment in the site plus yield a net surplus \$260,000.



Figure 27: Atlanta's historic Sweet Auburn neighborhood hosts an annual Springfest that features food, artists, and entertainment for all ages. (blog.savannahmidtownnaps.lincolnnaps.com)



Figure 28: The city of Tampa's complete streets are designed to be safe and convenient for travel by automobiles, pedestrians, bicycles, and transit. The goal is for all transportation modes to share the road safely. (blog.urbancharrette.org)



Figure 29: The Housing Authority of Fort Lauderdale emphasizes housing that enhances a sense of pride in place and promotes healthy living.



Figure 30: The HIVE 2.0 is a business incubator located east of the Anacostia River in Washington, DC, that provides co-working space and support for small business, nonprofits, and creative professionals from all industries.

Parcel C: The 14-acre central core and majority (64 percent) of the site from Somerset Drive to NW 31st Avenue should be considered for medical- related housing uses. Two examples are:

- A mix of senior and elderly housing types with medical offices. Senior housing comes in multiple forms from independent living, to assisted living to skilled care centers. When located as a campus they are generally called continuum of care centers and include the variety of housing types described. Elderly housing is specifically designed for an older person to live independently. Examples include a town home, apartment, or clustered housing form.
- Rehabilitation facilities provide needed housing opportunities for a rapidly aging populace and at the same time create opportunities for expanding employment in a well-paying skilled employment area in medical-related fields that is increasingly necessary to serve aging populations. A rehabilitation center could be attached to Tenant Hospital's Florida Medical Center on West Oakland Park Boulevard.

Such housing uses will strengthen and grow the local health care industry and attract more healthcare and educational professionals and businesses to the community. In return, the housing will provide a good return on the CRA's initial investment and annual revenue to the CRA and city. It will also increase the likelihood of something being accomplished more quickly. The next step to further the housing uses is to conduct a specific market study that would help determine the types, sizes, and number of units and the type of services offered. Such a study would confirm the market and determine the combination of services to be offered and the types, size, and number of units.

Parcel D: The TAP recommended that Parcel D be used as an alternative location for the proposed self-storage facility or as an added area for the elderly and senior housing units and related uses. That no large job-generating use has selected the gateway site – a prime corner and one of the largest undeveloped parcels in the area under a single ownership – over the two decades that it has been vacant and available indicates how the market views the site. It is that dim market view of the site that has now resulted in the site's master developer proposing to use the prime frontage for less than an ideal use – a self storage facility to be located at the corner of West Oakland Park Boulevard and Somerset Drive. When the CRA and city consider the proposal, the TAP advised, they should keep in mind the effect of such a use on the remaining balance of the gateway

parcel and corridor using the site for its highest and best use. Although the CRA recommended approval of the self-storage facility proposal, the TAP emphasized, it should now proactively negotiate with the petitioner to move the facility to the rear of the site against the existing residential units. In that location, the self storage facility will act as a natural buffer to the other more active future uses on the gateway parcel. The self-storage facility is a low traffic generator and will employ fewer than three-to-five people on a rotational basis.

The approach to achieving the land uses outlined above, the TAP concluded, should be responsive to the current market. It should also make the site developable by local and regional entities specializing in the recommended uses and activities. The proposed market study of the site uses should be used to:

- Confirm the current market and most likely targets that fit the submarket's demographic profile.
- Identify the economics required for land sales or leases.

By obtaining that information, the CRA will have the ability to:

- Effectively engage and structure viable transactions
- Target prospective users with solid information that reduces the risk for the potential investor and tenants and helps give lenders the increased surety needed to lower risk and support lending.

> Invest in nurturing and helping grow innovative small businesses that will provide local jobs.

During the TAP discussions, the idea of creating a technology incubator space was strongly supported both by the TAP, the CRA, and area residents. While the TAP does not recommend developing a stand-alone business/technology incubator on the gateway parcel, it does feel strongly about the concept and recommends that the CRA and city create a pilot program that could be instituted on the second floor of the Lauderdale Lakes Library/Educational and Cultural Center. That location would allow the incubator to be established and enable the CRA to become familiar with the operational needs of such a facility. The experience gained in running the pilot program will give

the CRA the experience to expand the concept if the program is well received and successful. The center could involve a possible collaboration with Career Source Broward and the U.S. Small Business Administration Small Business Development Center program as well as its SCORE program (a nonprofit association comprised of volunteer business counselors who trained to serve as counselors, advisors, and mentors to entrepreneurs and business owners). Florida Atlantic University's (FAU) College of Design and Social Inquiry is another possible partner. Partnerships could also be developed with FAU, Broward College, and Nova Southeastern University to leverage their job training and intern program in areas such as health care and hospitality.

> Practice patience and discernment when attracting uses, including providing for short-term activities that will both activate the space now and achieve long-term goals over time.

While the CRA is charged with making progress in creating jobs and enhancing the tax base, it should not necessarily take the first offer that comes along, the TAP concluded. Rather, by undertaking the recommended market analysis, the CRA will be able to create a viable, targeted profile of the most likely users of the site. It should also be able to accelerate its master development concept for the site that will add what the community wants: jobs, new facilities, a hotel, and entrance features as well as a return on the investment. Additional benefits of taking time to get the highest and best uses include:

- By enlarging the gateway site and linking it internally from east to west, the CRA has the opportunity to create a larger impact and larger new Town Center .
- By sponsoring the TAP, a multiplier effect for Lauderdale Lakes could be opportunities to use the lessons learned from the TAP to other areas of the community. An example is the TAP recommendation to knit unconnected neighborhoods together with internal connector streets, new sidewalks, and bikeways.
- By branding and creating an identity for the community using signage and significant entries, the city has an opportunity to further brand itself by installing additional entry features that define and create a sense of place and hometown pride.
- By being patient, the CRA will be able to create the values in the land necessary to repay the investment

and create streams of income from leased land-uses, such as a hotel, that add jobs, generate new activity, and enhance the value of the tax base.

- By coupling a big idea with small steps, the CRA can now replicate that approach to achieve successful redevelopment in other areas.
- By understanding what the market is doing, the CRA will be able to select land uses that correspond to current market demands.
- By knitting together now disconnected places, the CRA can use that approach to convert other areas of the city to walkable neighborhoods supported with local (not regional) but sustainable retail uses. In that approach, regional retail could be concentrated into distinct activity nodes.

In short, the TAP concluded, the recommended approach to the gateway site could be used to help Lauderdale Lake evolve into its new future. In the interim, the gateway site can be used for festivals, a pop-up farmers' market, and community events, as discussed earlier. The result will be to encourage a vibrant suburban energy that enhances the experience of residents and visitors, generates additional activity, and ignite community pride .

Appendix A: TAP Agenda

Technical Advisory Panel (TAP) Workshop Lauderdale Lakes CRA/Commerce Park April 7 and 8, 2015

Tuesday, April 7

- | | |
|-----------------|---|
| 12:00 – 1:30 pm | Panel arrives, meets over lunch
Lauderdale Lakes Library/Educational and Cultural Center
3580 W. Oakland Park Boulevard, Lauderdale Lakes |
| 1:30 – 3:00 pm | Van tour of study area corridors
Leaving from lunch venue, tour led by CRA staff |
| 3:00 – 5:30 pm | Panel Organizational Discussion & Travel to Public Meeting
Venue: Panel Workroom, Lauderdale Lakes Library/ECC |
| 5:30 – 7:00 pm | Panel Discussion with Stakeholders
Venue: Auditorium, Lauderdale Lakes Library/ECC. This meeting is open to the public. |
| 7:00 – 7:30 pm | Travel to Local Hotel & check-in
Venue: Sheraton Suites at Cypress Creek Road and I-95 |
| 7:30 – 9:00 pm | Dinner & Discussion
Venue: Sheraton Suites at Cypress Creed Road & I-95 |

Wednesday, April 8

- | | |
|---------------------|--|
| 7:30 – 8:30 am | Breakfast at Hotel |
| 8:30 – 10:00 am | Panel Work Session
Panel Workroom at Lauderdale Lakes Library/ECC |
| 10:00 – 10:30 am | Break |
| 10:30 am – 12:30 pm | Panel Work Session |
| 12:30 - 1:30 pm | Working Lunch |
| 1:30 - 3:00 pm | Panel Work Session |
| 3:00 - 3:30 pm | Break |
| 3:30 – 5:00 pm | Panel Review of Draft Recommendations & Power Point Prep |
| 5:00 – 5:30 pm | Panel Travel to Public Meeting site |
| 5:30 – 6:30 pm | Presentation of Draft Report; Questions & Answers
Auditorium at Lauderdale Lakes Library/ECC. This meeting is open to the public. |

Appendix B: Panel Questions

Questions for the Urban Land Institute Southeast Florida/Caribbean District Council Technical Assistance Panel

Lauderdale Lakes CRA Commerce Park TAP

April 7 and 8, 2015

Study Area

- Southeast Florida commercial development market, the Commerce Park/Somerset Drive property owned by the City of Lauderdale Lakes Community Redevelopment Agency and lands immediately adjacent to subject property.
- Commercial development market assessment to define the highest and best use, and to recommend logical industrial sector marketing focus for the site's development.

Questions

- What is the highest and best use for the property based upon location and market demand within employment sectors?
- Is the development of a Business Incubator/Job Development facility on the site (by CRA or by others) viable? If so, what partners, potential grant and financial resources might be most suitable for this effort? What sector of industry should the facility accommodate/target to create local employment opportunities?
- What marketing strategy should be deployed to attract partners/investors to the property?
- What incentives, not already in-place, might also be considered by the CRA to attract development?

Appendix C:

Market Trends and Feasibility

Prepared for the TAP by Panel Member Michael P. Jacobs, MA, MAI,
President, South Florida Real Estate Appraisal, LLC

LAUDERDALE LAKES COMMERCIAL REAL ESTATE

Before considering appropriate land uses for the study-parcel it is useful to understand current real estate supply and demand parameters within the Lauderdale Lakes environment. A review of recent trends will explain much of contemporary real estate management – why businesses and government officials have made recent decisions, and how they should be looking toward the future.

THE COLLAPSE

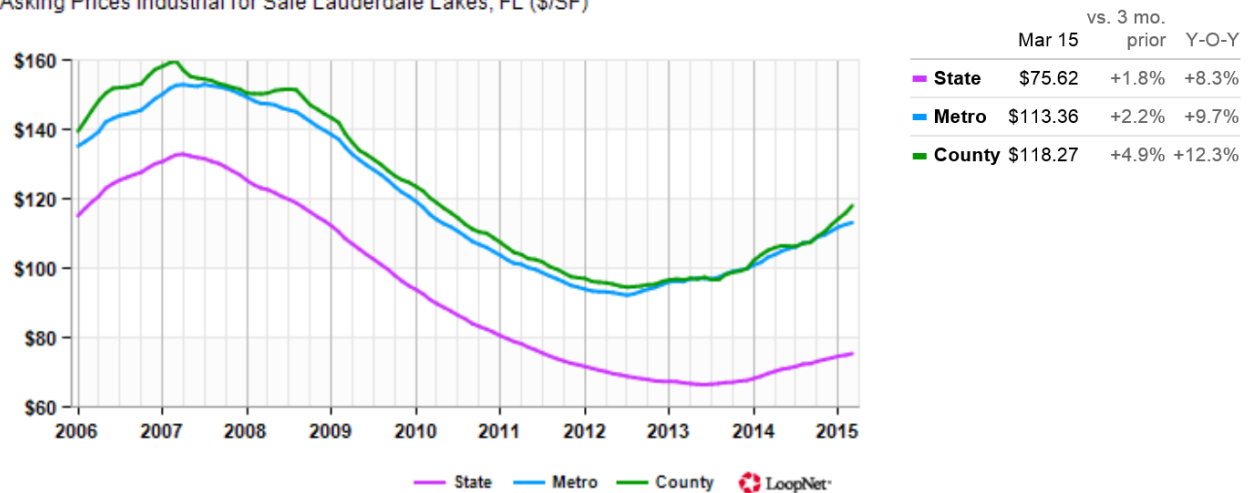
After several years of unprecedented commercial real estate market price and lease inflation in an atmosphere of strong business optimism and innovative Wall Street funding mechanisms, the bubble suddenly burst in 2007.

The commercial real estate market – office, retail, industrial and multi-unit residential – saw six years of decline with the unfortunate conditions most of us recognize here in the City of Lauderdale Lakes – record foreclosures, short or forced sales, delayed projects and far less demand for space as local businesses and municipalities pulled back to weather the economic storm.

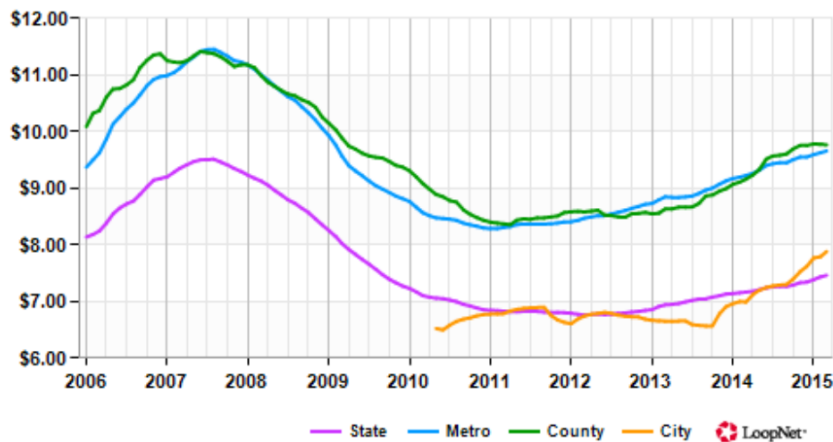
Like most of the nation, Lauderdale Lakes has seen an alarming decline from the commercial real estate peak in early 2007 illustrated by the LoopNet asking-price chart for industrial property below. LoopNet is a national commercial real estate marketing platform, and the chart represents just one of many showing the same trend based on listings reported by principals and brokers. Further information from LoopNet can be viewed at

http://www.loopnet.com/Lauderdale%20Lakes_Florida_Market-Trends?linkcode=31070.

Asking Prices Industrial for Sale Lauderdale Lakes, FL (\$/SF)



Asking Rent Industrial for Lease Lauderdale Lakes, FL (\$/SF/Year)



The average asking rental rate per sq ft/year for Industrial properties in Lauderdale Lakes, FL as of Mar 15 was \$7.89. This represents an increase of 3.5% compared to the prior 3 months, with an increase of +12.7% year-over-year. County-wide, average rental rates in Lauderdale Lakes are +0.1% higher at \$9.77 per sq ft/year for Industrial properties currently for lease.

WEAK RECOVERY

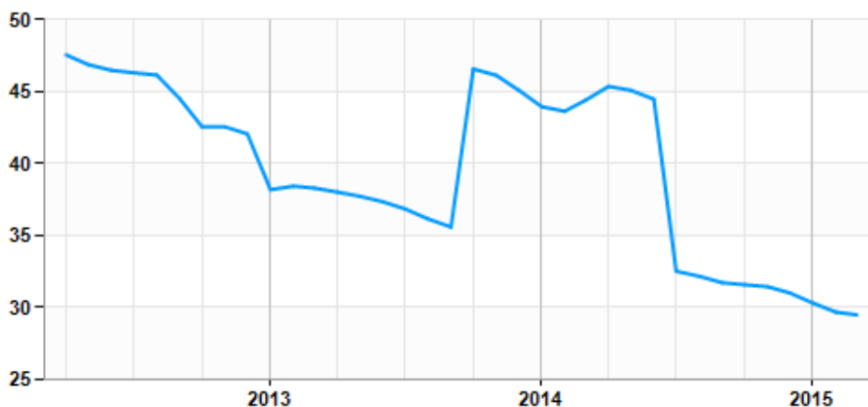
Virtually all investment-property types follow the same general pattern. Commercial real estate market participants began to recognize stabilization by 2012, although the change was slow only accepted as a true recovery-trend by 2014.

Supply and demand are not yet in balance. The seller-optimism reflected in increasing asking prices shown above is being driven by stronger market demand-activity, as more buyers and renters seek space for improving business fundamentals. However, the supply of available properties is lagging as businesses that weathered six years of unfavorable revenues regroup; recovery has not yet reached the point where they can plan expansion.

The following charts illustrate this trend, which is recognized throughout Southeast Florida and across most property subtypes: declining supply (LoopNet listing inventory) with simultaneous increasing demand (measured by LoopNet web inquiries).

SUPPLY TREND

Index of Total No. of Listings Industrial for Sale Miami-Fort Lauderdale-Miami Beach, FL (May 08=100)



DEMAND TREND

Profile View Index Industrial for Sale Miami-Fort Lauderdale-Miami Beach, FL
(Jan 08=100)



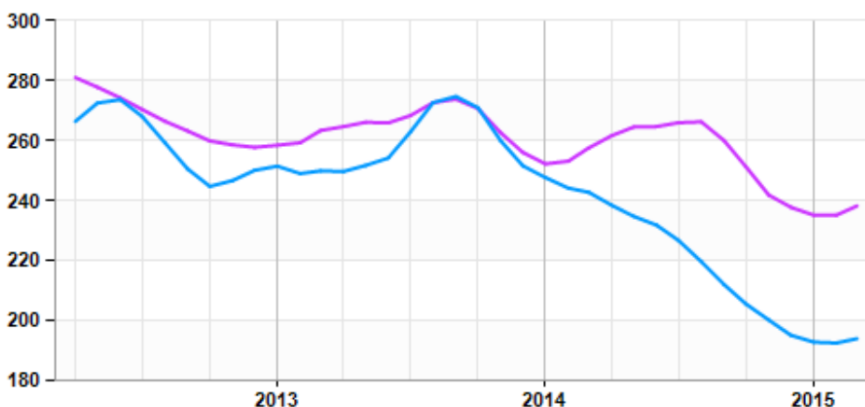
	Mar 15	vs. 3 mo. prior	Y-O-Y
■ Metro	173	+22.1%	+18.7%

These conditions tend to place upward pressure on prices and lease rates, although recovery is not yet complete and a number of factors exert downward pressure as well:

- A latent supply of properties not yet added to the market, presently vacant or underutilized.
- Ongoing threat of continued OREO competition at lower prices.
- An absence of compelling reasons for many businesses to expand since the economic outlook remains somewhat weak for many sectors.

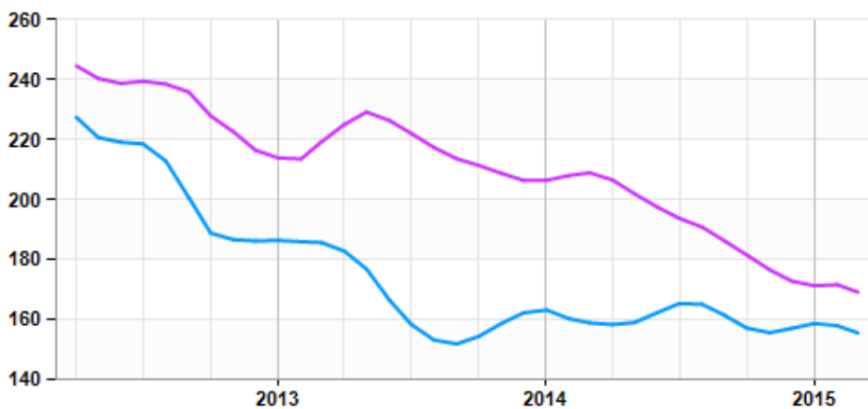
Marketing terms are also showing encouraging signs as owners and landlords are able to transact faster under current market conditions. The following trends show how long it takes to sell and lease property compared to 2012 when the first signs of recovery appeared.

Median Days on Market Industrial for Sale Miami-Fort Lauderdale-Miami Beach, FL



	Mar 15	vs. 3 mo. prior	Y-O-Y
■ State	238	+0.2%	-7.5%
■ Metro	194	-0.6%	-20.1%

Median Days on Market Industrial for Lease Miami-Fort Lauderdale-Miami Beach, FL



	Mar 15	vs. 3 mo. prior	Y-O-Y
State	169	-2.1%	-19.0%
Metro	156	-1.0%	-2.1%

CURRENT OUTLOOK

While conditions are clearly improving the past has been hard on real estate managers and many are under pressure to recover equity “lost” since the collapse in 2007. Most are still “under water” considering the holding costs of investment real estate and missed opportunities for capital tied up in underperforming real estate, even if they didn’t pay 2007 prices.

However, selling “at a loss” is increasingly attractive as the loss shrinks and land is being purchased for development now.

- Many multi-tenant (investment) projects underway throughout the region, while signaling returning confidence in new development, have only been possible after significant write-downs in land value, subsidies or both.
- End-users, unable to find ideal space under the low-supply conditions above, are more likely to initiate build-to-suit projects under current market conditions but prices of existing inventory are still low enough so that the vast majority will prefer to wait for something to become available than going to the expense and delay of building a new facility. New-facility development is more common in districts with very favorable demand catalysts.

Depending on management philosophy and their basis in a property (what they paid and what it has cost to maintain the investment), they may be willing to reduce the price in exchange for the liquidity to move on to other investments.

While optimism returns, therefore, many real estate managers are in no position to benefit from the recovery at this point without sacrificing equity. The following analysis suggests that the market does not yet support new development under stabilized assumptions.

FEASIBILITY OF NEW DEVELOPMENT

This section looks at the development feasibility of the major property types – industrial, office, retail and apartments. Each is scalable, so that any mixed use containing the land uses discussed would have the same or similar market feasibility.

The following information was obtained through license from CoStar, the region's dominant third-party commercial real estate research provider.

Industrial

Central Broward Industrial District

Industrial property within the Lauderdale Lakes city limits are in the Central Broward Industrial District, surveyed by CoStar. The Central Broward Industrial District lies between Florida's Turnpike and S Dixie Highway, bordered on the north by McNab Road (NW 62nd Street and on the south by Broward Boulevard.

Industrial buildings within this district are mostly older with an average age of 44.7 years, and only 34 buildings are newer than 2000 with only five built after 2007.

The low vacancy rate and increasing asking rental rate trend suggest that this is a healthy industrial market, however, with all indicators improved over the five year average.

Availability	Survey	5-Year Avg
Rent Per SF	\$8.05	\$7.09
Vacancy Rate	4.1%	7.0%
Vacant SF	724,102	1,236,445
Availability Rate	7.1%	11.2%
Available SF	1,243,318	1,971,562
Sublet SF	6,000	92,449
Months on Market	16.8	13.5

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	202,493	138,500
12 Mo. Leasing SF	640,398	703,671

Inventory	Survey	5-Year Avg
Existing Buildings	1,384	1,391
Existing SF	17,581,890	17,637,111
12 Mo. Const. Starts	0	4,663
Under Construction	0	2,332
12 Mo. Deliveries	0	5,329

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$69	\$57
Asking Price Per SF	\$93	\$79
Sales Volume (Mil.)	\$54	\$39
Cap Rate	7.3%	7.9%

Vacancy Rate Trend



Asking Rental Rate Trend



Lauderdale Lakes Industrial

With the exception of two service-buildings and a salvage yard, there are only two concentrations of industrial properties in the Lauderdale Lakes city limits, each an industrial flex parks and not too dissimilar to the market standard within the Central Broward Industrial District.

- Lincoln Park consists of eight 34,800 SqFt industrial flex facilities built in 1975 on the north side of NW 19th Street between State Road 7 and NW 31st Avenue, just south of the subject property. Tenants tend to be local businesses with rents in the \$7.00 to just over \$10.00/SqFt depending on frontage and interior build-out.

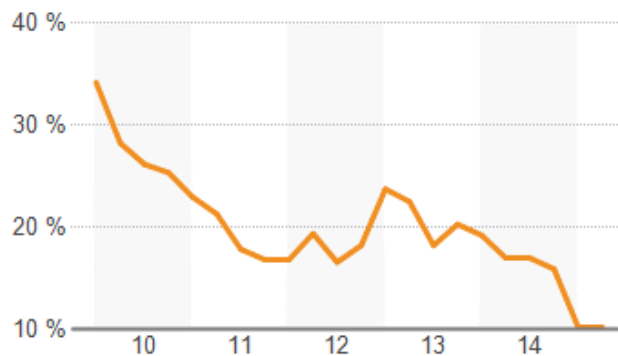
Availability	Survey	5-Year Avg
Rent Per SF	\$7.94	\$6.71
Vacancy Rate	10.3%	19.7%
Vacant SF	25,000	47,960
Availability Rate	11.3%	24.4%
Available SF	27,500	59,385
Sublet SF	0	0
Months on Market	18.7	23.4

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	21,800	11,620
12 Mo. Leasing SF	42,800	34,002

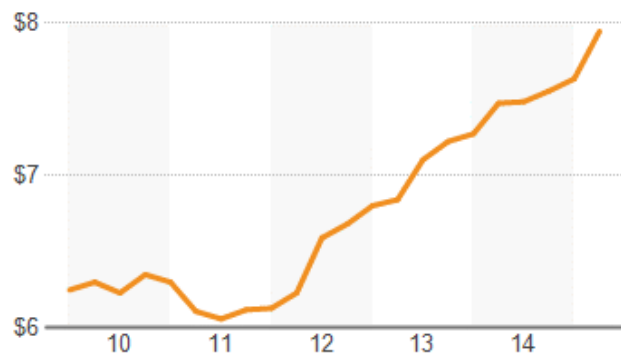
Inventory	Survey	5-Year Avg
Existing Buildings	7	7
Existing SF	243,600	243,600
12 Mo. Const. Starts	0	0
Under Construction	0	0
12 Mo. Deliveries	0	0

Sales	Past Year	5-Year Avg
Sale Price Per SF	-	-
Asking Price Per SF	-	-
Sales Volume (Mil.)	-	-
Cap Rate	-	-

Vacancy Rate Trend



Asking Rental Rate Trend



- The Lauderdale Lakes Industrial Park contains approximately _ square feet of industrial flex space built in the early 1980s, also containing a mix of local businesses with asking rates between \$6.00 and \$8.00 per square foot.

Availability	Survey	5-Year Avg
Rent Per SF	\$6.64	\$6.70
Vacancy Rate	9.3%	19.4%
Vacant SF	26,161	54,574
Availability Rate	17.9%	29.2%
Available SF	50,481	82,184
Sublet SF	0	0
Months on Market	37.2	23.1

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	10,624	11,328
12 Mo. Leasing SF	14,894	45,325

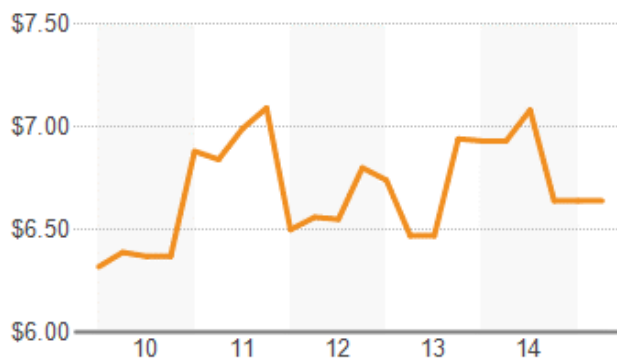
Inventory	Survey	5-Year Avg
Existing Buildings	15	15
Existing SF	281,702	281,702
12 Mo. Const. Starts	0	0
Under Construction	0	0
12 Mo. Deliveries	0	0

Sales	Past Year	5-Year Avg
Sale Price Per SF	-	-
Asking Price Per SF	\$80	\$80
Sales Volume (Mil.)	-	-
Cap Rate	-	-

Vacancy Rate Trend



Asking Rental Rate Trend



Each of these parks have shown declining vacancy rates with gains in asking rental rates, consistent with Southeast Florida overall, presently at occupancy rates in the 90% range with average asking rates approaching \$8.00/SqFt but mostly below \$7.00/SqFt. In addition to rent tenants pay sales tax, interior-bay electricity and their own janitorial.

New Industrial Development Feasibility

Based on on-site and statistical observations, the Lauderdale Lakes industrial demand profile would be very close to the surrounding Central Broward Industrial District. The most probable multi-tenant users for new space would be limited to local businesses requiring storage, fabrication and/or maintenance services to the local area as opposed to regional industrial logistics, manufacturing or R&D firms.

The following development proforma assumes average production-quality industrial flex construction with typical interior buildout, consistent with the current proposal by CBRE/Trammel Crow, although the offering has not been successful.

Financing parameters were obtained from RealtyRates, a national investor-survey firm consulted widely on a number of benchmarks. Potential gross revenue is based on the current proposal and market statistics above, with a reasonable vacancy and collection allowance and typical operating expenses.

Deducting operating expenses and required rates of return to support financing and equity investment, the proforma project is far from feasible.

PROFORMA - INDUSTRIAL FEASIBILITY

Development Cost	SqFt	\$/SqFt	Total
Land	958,000 x	\$6.26 =	\$6,000,000
Building (as proposed)	300,000 x	\$90.00 =	27,000,000
Total			\$33,000,000
Debt (Mortgage)		75%	\$24,750,000
Equity		25%	\$8,250,000
Proforma			
Potential Gross Income	300,000 x	\$9.00 =	\$2,700,000
Vacancy/Collection Loss		10%	(270,000)
Effective Gross Income			\$2,430,000
Operating Expenses	300,000 x	\$3.00 =	(900,000)
4.63% Mortgage	(28 Years/Monthly)		(1,578,839)
11.00% Equity Return			(907,500)
Operating Gain/(Loss)			(\$956,339)

Office

Competitive Office Statistics

There is very little new office development in Broward County because of high vacancy rates and poor leasing fundamentals. The following table summarizes the office inventory from areas most comparable to the subject property, located between Florida's Turnpike and Interstate-95 from W Prospect Road on the north to just north of W Sunrise Boulevard to the south.

Vacancy rates and asking rental rates have not improved in this area through the recovery. A review of actual leases suggests that tenants are being drawn toward more prominent office districts with compelling associations, more highly trained workforce and consumer access.

Availability	Survey	5-Year Avg
Gross Rent Per SF	\$19.65	\$18.46
Vacancy Rate	18.4%	17.4%
Vacant SF	818,315	772,689
Availability Rate	22.6%	21.5%
Available SF	1,003,561	958,013
Sublet SF	13,148	13,874
Months on Market	28.6	22.2

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	81,591	-16,726
12 Mo. Leasing SF	174,633	218,380

Inventory	Survey	5-Year Avg
Existing Buildings	153	153
Existing SF	4,448,474	4,448,474
12 Mo. Const. Starts	0	0
Under Construction	0	0
12 Mo. Deliveries	0	0

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$88	\$72
Asking Price Per SF	\$130	\$119
Sales Volume (Mil.)	\$12	\$19
Cap Rate	-	8.8%

Vacancy Rate Trend



Asking Rental Rate Trend



Lauderdale Lakes Office Summary

The majority of Lauderdale Lakes office inventory lies on the W Oakland Park Boulevard and State Road 7 corridors. Many of these buildings are freestanding adaptive re-uses of single-unit residential (“residential office” or RO) or strip-style plazas.

The North Shore Medical Center contains four older medical office buildings within its sphere of influence totaling just over 200,000 SqFt. Asking rates are currently in the \$17.00/SqFt range for four suites between 730 and 975 SqFt in the East Building. Tenants pay their own electric.

The Headway Office Park, built in the early 1980s, contains 12 buildings and just under 300,000 SqFt with an occupancy rate of more than 95% including some owner-space. Asking rates are \$17.00 to \$18.00/SqFt full service gross, which means in this case that the landlord pays all utilities and janitorial for the tenants.

Occupancies are actually high within Lauderdale Lakes when compared to the surrounding area. However, this is due more to the presence of owner-users and smaller buildings than an indication of better market health.

Office properties within the Lauderdale Lakes City limits are not dissimilar from the market-standard found in the competitive area discussed above. Based on similar assumptions to the previous industrial proforma analysis, there does not appear to be any likelihood that office uses would be financially feasible on the subject site.

PROFORMA - OFFICE FEASIBILITY

Development Cost	SqFt	\$/SqFt	Total
Land	958,000 x	\$6.26 =	\$6,000,000
Building			
<i>3.5 Land:Bldg Ratio</i>	273,714 x	\$220.00 =	60,217,143
Total			\$66,217,143
Debt (Mortgage)		75%	\$49,662,857
Equity		25%	\$16,554,286
Proforma			
Potential Gross Income	273,714 x	\$18.00 =	\$4,926,857
Vacancy/Collection Loss		22%	(1,083,909)
Effective Gross Income			\$3,842,949
Operating Expenses	273,714 x	\$8.00 =	(\$2,189,714)
5.31% Mortgage	(28 Years/Monthly)		(3,410,795)
11.00% Equity Return			(1,820,971)
Operating Gain/(Loss)			(\$3,578,532)

Retail

W Oakland Park Corridor Retail Attributes in the Subject Area

Lauderdale Lakes retail is concentrated along State Road 7 and W Oakland Park Boulevard, although most market participants would not regard State Road 7 a comparable environment because of better traffic volume and profile. While traffic counts are similar – just below 60,000 ADT according to CoStar – the SR-7 traffic profile is largely commercial while the W Oakland Park Boulevard traffic profile is mostly commuter.

Retail statistics for the W Oakland Park Boulevard corridor west of SR-7 (including the neighboring City of Oakland Park) are as follows. Buildings average more than 30 years old and typically un-anchored strip center configurations.

Vacancy and asking rate trends have been improving with the economic recovery although rent appreciation has not been considerable.

Availability	Survey	5-Year Avg
NNN Rent Per SF	\$13.91	\$14.67
Vacancy Rate	6.2%	9.5%
Vacant SF	38,488	58,791
Availability Rate	9.1%	11.4%
Available SF	56,038	70,675
Sublet SF	0	0
Months on Market	33.4	19.5

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	18,000	6,546
12 Mo. Leasing SF	21,453	29,976

Inventory	Survey	5-Year Avg
Existing Buildings	46	46
Existing SF	616,711	617,284
12 Mo. Const. Starts	0	4,055
Under Construction	0	2,027
12 Mo. Deliveries	0	4,505

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$149	\$191
Asking Price Per SF	\$153	\$153
Sales Volume (Mil.)	\$5.0	\$4.4
Cap Rate	6.4%	6.9%

Vacancy Rate Trend



Asking Rental Rate Trend



Retail Feasibility

The subject site lacks sufficient retail fundamentals to justify development of the entire site with a shopping center or other facility that relies on exposure and access. NW 31st Avenue lacks any significant retail activity in the vicinity of the subject corner.

W Oakland Park Boulevard contains an IHOP, Payless ShoeSource, CVS and two service stations at the intersection, with light activity in the intersections' sphere of influence: H&R Block and Popeye's to the west, McDonalds and Family Dollar to the east.

An absence of retail activity suggests poor retail fundamentals. The following analysis assumes development of the front three acres, representing the most valuable from a retail perspective because of exposure.

In reality, development of this area would be complicated by above and below ground utilities as well as traffic patterns.

Land value of the W Oakland Park Boulevard is projected at a reasonable per square foot cost for general retail in the area. Additionally, most market participants would budget a considerable contingency for off-sites and reconfiguration of the frontage.

PROFORMA - RETAIL FEASIBILITY

Development Cost	SqFt	\$/SqFt	Total
Land	130,680 x	\$18.00 =	\$2,352,240
Add: Offsite Contingency		10%	\$235,224
Building			
<i>4.5 Land:Bldg Ratio</i>	29,040 x	\$128.36 =	3,727,481
Total			\$6,314,945
Debt (Mortgage)		70%	\$4,420,462
Equity		30%	\$1,894,484
Proforma			
Potential Gross Income	29,040 x	\$18.00 =	\$522,720
Vacancy/Collection Loss		5%	(26,136)
Effective Gross Income			\$496,584
NNN Operating Expenses	29,040 x	\$2.00 =	(\$58,080)
5.14% Mortgage	(25 Years/Monthly)		(314,441)
13.60% Equity Return			(257,650)
Operating Gain/(Loss)			(\$133,587)

Apartments

ReisReports, a national third party research firm that closely follows the Apartment Market suggests that while the local apartment market has been very active, conditions are stabilizing. The apartment market was the first to recover and has been in strong demand by investors. Most early investors were short-term speculators seeking value-added opportunities to turn poorly managed facilities around. Now that most of the distress-sale opportunities have been removed from the market, investors with long-term hold objectives have replaced them with more conservative underwriting.

The Lauderhill/Lauderdale submarket, one of twelve distinct geographic concentrations within Fort Lauderdale, contains 7,827 market rate rental units, or 9.8% of the metro's total inventory of market rate rental apartment units. In the nine-year period beginning with Q1 2005, there have been no additions to the submarket, and 910 units were removed by developer activity (condominium conversions and redevelopment projects). The net total loss of 910 apartments equates to an annualized inventory growth rate of -1.1%; by contrast, the annualized growth rate for the metro over the same period was -1.5%.

Net new household formations in Fort Lauderdale were 1,970 during the fourth quarter. Of course, not all newly formed households immediately become apartment renters, but an analysis of longer-term economic and demographic trends can be useful in understanding the current quarter's level of demand. Since the beginning of Q1 2005, household formations in Fort Lauderdale have averaged 0.2% per year, representing the average annual addition of 1,400 households. Over the same time period, the metro recorded an average annual absorption rate of negative 1,209 units. During the fourth quarter, metropolitan absorption totaled 515 units, of which the Lauderhill/Lauderdale submarket captured 46 units. This is the second consecutive quarter during which this submarket recorded positive absorption, amounting to 70 units since Q3 2014. Over the last four quarters, submarket absorption totaled 101 units; by comparison, the average annual absorption rate recorded since the beginning of Q1 2005 is negative 89 units. The submarket's average vacancy rate declined by 60 basis points during the fourth quarter to 4.9%, which is 2.4 percentage points lower than the long-term average, but 0.8 percentage points higher than the current metro average.

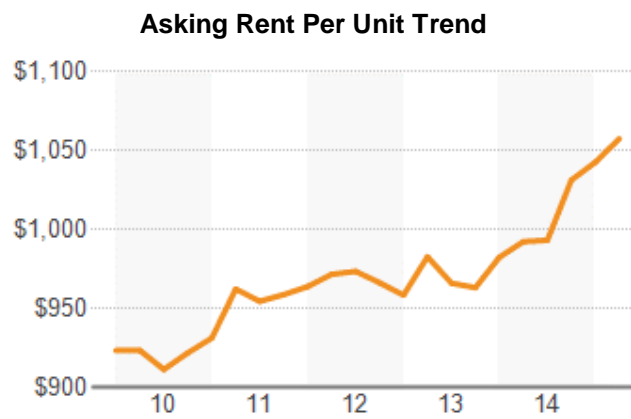
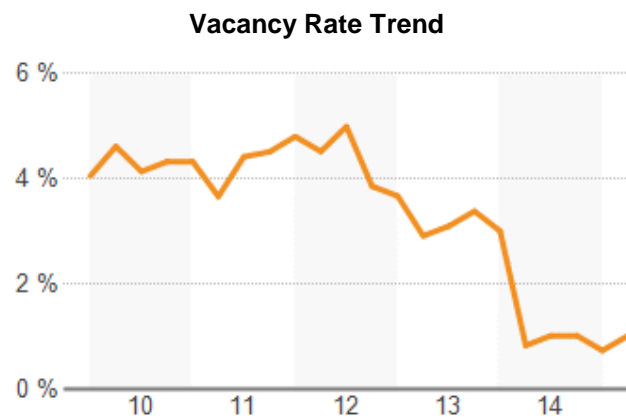
CoStar statistics for the area surrounding the subject intersection are as follows. The local inventory is largely older, averaging more than 30 years.

Leasing Units	Survey	5-Year Avg
Vacant Units	11	36
Vacancy Rate	1.0%	3.4%
12 Mo. Absorption Units	21	7

Rents	Survey	5-Year Avg
Studio Asking Rent	-	-
1 Bed Asking Rent	\$823	\$769
2 Bed Asking Rent	\$1,097	\$1,010
3+ Bed Asking Rent	\$1,275	\$1,138
Concessions	0.2%	1.7%

Inventory in Units	Survey	5-Year Avg
Existing Units	1,955	1,062
12 Mo. Const. Starts	0	0
Under Construction	0	0
12 Mo. Deliveries	0	0

Sales	Past Year	5-Year Avg
Sale Price Per Unit	\$57,187	\$36,287
Asking Price Per Unit	\$69,937	\$44,345
Sales Volume (Mil.)	\$0.9	\$4.8
Cap Rate	7.1%	7.7%

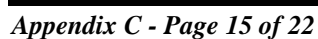


The breakdown of apartment rental rates by building age are as follows, obtained through ReisReports. There is a notable rental-rate gap between older and newer apartment properties.

Year Built	Rent
Before 1970	\$1,038
1970-1979	\$907
1980-1989	\$995
1990-1999	\$1,313
2000-2009	\$1,484
After 2009	n/a
All	\$977

As of 12/31/14

However, the existing inventory does not reflect the same performance that could be expected from a newly constructed facility at the subject location. ReisReports has prepared the following analysis suggesting operating parameters for higher-amenity apartments in the region.



1

Name	Forest Park	Current Asking Rent/ Unit	\$1,464
Address	2809 S Oakland Forest Dr	Current Vacancy Rate	5.3%
City	Oakland Park	Distance from Subject (miles)	0.47
State	FL	Property Size (Units)	188
ZIP	33309	Floors	2
County	Broward	Year Built	2000
Submarket	Lauderhill/Lauderdale	Class	A
		Data As Of	12/31/14

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	N/A	N/A	\$1,400	\$1,550
Unit Size (SF)	N/A	N/A	1,028	1,250
Units	N/A	N/A	108	80
Current Asking Rent/SF	N/A	N/A	\$1.36	\$1.24

Unit Amenities	Dishwasher, Patio/Balcony, Washer/Dryer Hookup, Washer Dryer, Unit Security, Internet
Community Amenities	Parking Garage, Security Patrol, Pool, Pet Friendly, Parking Lot, Health Club

2

Name	Altis at Cypress Creek	Current Asking Rent/ Unit	\$1,548
Address	1700 South State Rd 7	Current Vacancy Rate	3.2%
City	North Lauderdale	Distance from Subject (miles)	2.98
State	FL	Property Size (Units)	220
ZIP	33068	Floors	3
County	Broward	Year Built	2009
Submarket	Sunrise/Tamarac/North Lauderdale	Class	A
		Data As Of	12/31/14

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	N/A	\$1,309	\$1,541	\$1,801
Unit Size (SF)	N/A	985	1,176	1,407
Units	N/A	52	116	52
Current Asking Rent/SF	N/A	\$1.33	\$1.31	\$1.28

Unit Amenities	Dishwasher, Patio/Balcony, Washer Dryer, Unit Security, Internet
Community Amenities	Business Center, Storage Room, Playground, Security Patrol, Pool, Pet Friendly, Parking Lot, Shared Laundry, Health Club, Clubhouse

3

Name	Gables Wilton Park	Current Asking Rent/ Unit	\$1,939
Address	513 NE 21 Ct	Current Vacancy Rate	4.8%
City	Wilton Manors	Distance from Subject (miles)	3.03
State	FL	Property Size (Units)	145
ZIP	33305	Floors	4
County	Broward	Year Built	2009
Submarket	Oakland Park	Class	A
		Data As Of	12/31/14

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	\$1,590	\$2,018	\$2,335	N/A
Unit Size (SF)	810	998	1,439	N/A
Units	72	12	61	N/A
Current Asking Rent/SF	\$1.96	\$2.02	\$1.62	N/A

Unit Amenities	Dishwasher, Patio/Balcony, Washer/Dryer Hookup, Washer Dryer, Internet
Community Amenities	Parking Garage, Pool, Pet Friendly, Parking Lot, Health Club, Elevator

4

Name	Grove East In Plantation	Current Asking Rent/ Unit	\$1,518
Address	3840-3980 Broward Blvd	Current Vacancy Rate	2.7%
City	Fort Lauderdale	Distance from Subject (miles)	3.16
State	FL	Property Size (Units)	220
ZIP	33312	Floors	3
County	Broward	Year Built	2008
Submarket	Fort Lauderdale	Class	A
		Data As Of	12/31/14

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	N/A	\$1,347	\$1,525	\$1,677
Unit Size (SF)	N/A	769	1,110	1,313
Units	N/A	52	117	51
Current Asking Rent/SF	N/A	\$1.75	\$1.37	\$1.28

Unit Amenities	Dishwasher, Patio/Balcony, Washer/Dryer Hookup, Washer Dryer, Unit Security, Internet
Community Amenities	Business Center, Storage Room, Playground, Security Patrol, Pool, Pet Friendly, Parking Lot, Health Club, Clubhouse

5

Name	Grove East In Plantation	Current Asking Rent/ Unit	\$1,494
Address	3880 W Broward Blvd	Current Vacancy Rate	4.5%
City	Plantation	Distance from Subject (miles)	3.16
State	FL	Property Size (Units)	220
ZIP	33312	Floors	3
County	Broward	Year Built	2008
Submarket	Fort Lauderdale	Class	A
		Data As Of	12/31/14

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	N/A	\$1,246	\$1,406	\$1,937
Unit Size (SF)	N/A	754	1,110	1,313
Units	N/A	52	116	52
Current Asking Rent/SF	N/A	\$1.65	\$1.27	\$1.48
Unit Amenities	Dishwasher, Patio/Balcony, Internet			
Community Amenities	Clubhouse, Pool, Pet Friendly, Health Club, Parking Garage			

These comparables are summarized as follows, newer developments with significantly better tenant amenities and rental rates. Based on this, market participants would budget a market rental rate in the \$1,500/month range with vacancy rates below 5%.

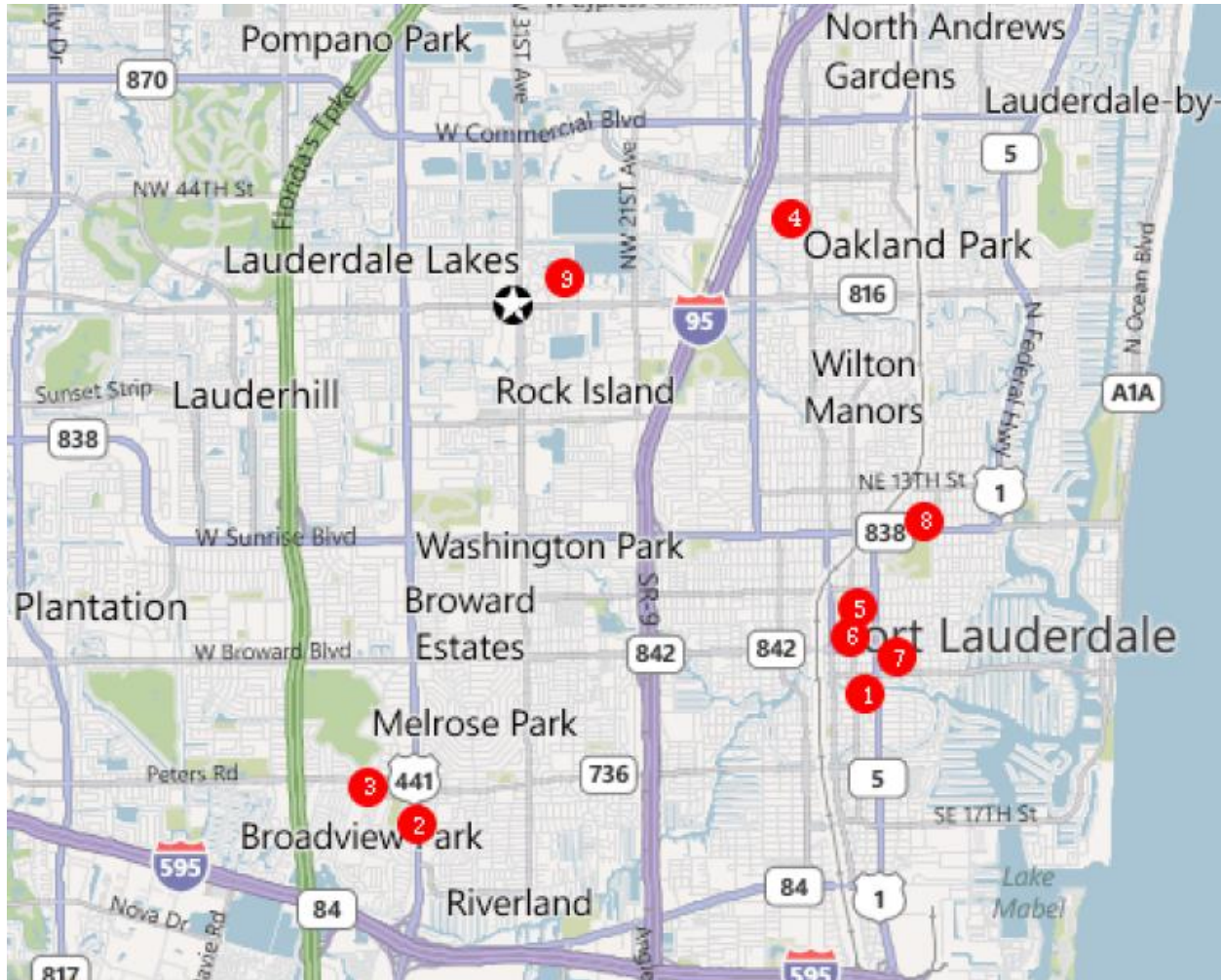
Comparable Group Summary Statistics

	Low	Mean	Median	High
Current Asking Rent/Unit	\$1,464	\$1,571	\$1,518	\$1,939
Current Vacancy Rate	2.7%	4.0%	4.5%	5.3%
Property Size (units)	145	199	220	220
Year Built	2000	2007	2008	2009

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	\$1,590	\$1,352	\$1,571	\$1,719
Unit Size (SF)	810	848	1,146	1,312
Units	14	34	104	47
Current Asking Rent/SF	\$1.96	\$1.61	\$1.36	\$1.31

New-Apartment Sales Parameters

In addition to favorable rental parameters, new apartments have a strong purchase-market as well. The following sales comparables of newer properties illustrate the range of values recently obtained.

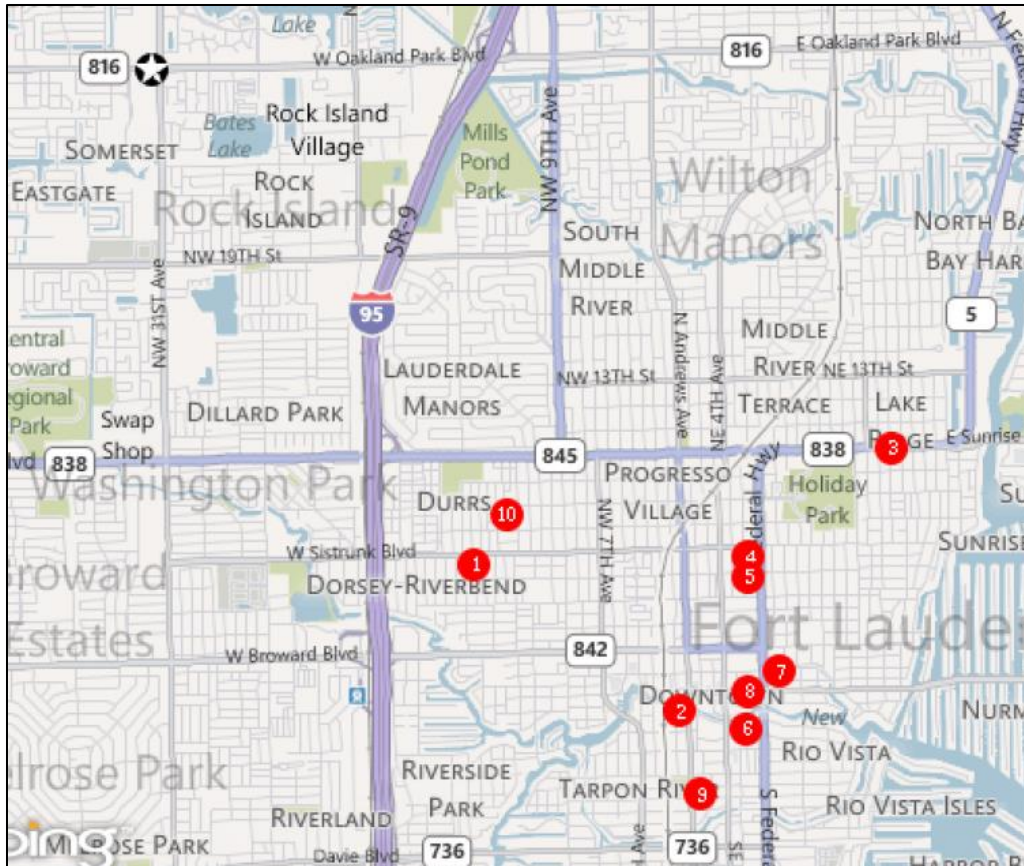


	Address	Distance From Subject	Submarket	Year Built	Floors Total	Units/Beds	Sale Price	Price Per Unit	Sale Date
1.	510 SE 5th Ave Ft Lauderdale, FL 33301	4.55 mi.	Fort Lauderdale	2013	18	209	\$52,534,224	\$251,360	02 Feb 2015 ^R
2.	1700 S State Rd 7 North Lauderdale, FL 33068	4.59 mi.	Fort Lauderdale	2009	3	220	\$36,560,000	\$166,182	12 Nov 2014 ^R
3.	1306-1316 SW 44th Ter Fort Lauderdale, FL 33317	4.36 mi.	Fort Lauderdale	2008	2	4	\$335,000	\$83,750	01 May 2014
4.	241 NW 40th St Oakland Park, FL 33309	2.52 mi.	Oakland Park	2004	1	6	\$375,000	\$62,500	28 Dec 2011
5.	440 NE 4th Ave Fort Lauderdale, FL 33301	3.98 mi.	Fort Lauderdale	2009	7	218	\$58,250,000	\$267,202	28 Nov 2011
6.	115 NE 3rd Ave Fort Lauderdale, FL 33301	4.09 mi.	Fort Lauderdale	2008	6	87	\$14,500,000	\$166,667	01 Jun 2011
7.	900 SE 2nd St Fort Lauderdale, FL 33301	4.51 mi.	Fort Lauderdale	2008	6	9	\$1,905,500	\$211,722	22 Sep 2010
8.	1030 NE 13th Ave Fort Lauderdale, FL 33304	4.01 mi.	Fort Lauderdale	2008	2	5	\$1,200,100	\$240,020	17 Mar 2008
9.	2809 S Oakland Forest Dr Oakland Park, FL 33309	0.49 mi.	Lauderhill/Ldrdale	2000	2	188	\$27,500,000	\$146,277	Jul 2007

Competitive Apartment Construction

New apartment development is following favorable leasing conditions. The following projects are in the pipeline and will tend to moderate supply and demand in the higher-end lease market. Most development, however is located closer to Downtown Fort Lauderdale in what investors would consider more appealing locations for future rent growth and property appreciation.

Summary Statistics Parameters			
	Low	Average	High
Distance from Subject (mi)	2.91	4.04	4.65
Months Until Completion	N/A	N/A	8
Size	125	242	382
Number of Buildings	1	2	6
Floors	3	16	42



No.	Property	Dist. From Subj. (mi)	Submarket	Subtype	Size	No. Bldgs	Floors	Est. Ground Break	Exp. Comp.	Status
1	1436 NW 6TH ST @ NW 15TH AVE	3.02	Fort Lauderdale	Subsidized/Low Income	138	6	3		2/2014	Complete
2	401S ANDREWS AVE @ SW 1ST AVE	4.25	Fort Lauderdale	Apartment	257	1	26	11/2012	6/2014	Complete
3	1640 E SUNRISE BLVD @ NE 16TH TER	4.25	Fort Lauderdale	Apartment	261	2	7	10/2013	9/2014	Complete
4	201 NE 5TH TERRACE @ NE 6TH ST	3.95	Fort Lauderdale	Apartment	382	1	6	3/2013	1/2015	Complete
5	495 N FEDERAL HWY @ NE 5TH ST	4.01	Fort Lauderdale	Apartment	331	1	7	4/2013	1/2015	Complete
6	510 SE 5TH AVE @ SE NEW RIVER DR E	4.54	Fort Lauderdale	Apartment	209	1	18	7/2013	2/2015	Complete
7	215 SE 8TH AVE @ SE 2ND ST / SE 2ND CT	4.45	Fort Lauderdale	Apartment	254	1		7/2014	12/2015	Under Constr.
8	500 E LAS OLAS BLVD @ SE 5TH AVE/FEDERAL HWY	4.41	Fort Lauderdale	Condominiums	272	1	42			Planned
9	109 SE NINTH ST @ SE 2ND AVE/S ANDREWS AVE	4.65	Fort Lauderdale	Apartment	191	1	21			Planned
10	765 NW 12TH AVE @ NW 7TH ST	2.91	Fort Lauderdale	Subsidized/Low Income	125					Planned

Apartment Feasibility

The following table illustrates the development environment for new apartments at the subject site at the highest possible density for purposes of illustration. Actual density permitted by zoning is less.

The tale suggests that apartment development feasibility is close at high density, and potential market value on a price per unit if obtainable at this density is also close to the cost-range that would be expected under current market conditions.

However, this leaves little room for entrepreneurial profit and does not reflect community preferences (against apartments) expressed during public meetings. There could be additional social costs reducing the City's effective return on the site.

PROFORMA - APARTMENT FEASIBILITY

Development Cost	SF or Units	\$/SF or Unit	Total
Land	958,000 x	\$6.26 =	\$6,000,000
Building			
<i>24.0 Units/Acre</i>	528 Units x	\$150,000 =	79,173,554
Total			\$85,173,554
Total Cost Per Unit			\$161,367
Debt (Mortgage)		73%	\$62,176,694
Equity		27%	\$22,996,860

Proforma

Annual Potential Gross Income	528 Units x \$1,500/Month=	\$9,500,826
Vacancy/Collection Loss	5%	(475,041)
Effective Gross Income		\$9,025,785
Operating Expenses	528 Units x \$4,500/Unit =	(\$2,375,207)
4.87% Mortgage	(26 Years/Monthly)	(4,220,946)
11.64% Equity Return		(2,676,834)
Operating Gain/(Loss)		(\$247,202)