



Southeast Florida/
Caribbean

An architectural rendering of the FAT Village development at dusk. The image shows a large, modern multi-story building with a grid-like facade of windows and balconies. The building is illuminated from within, and its reflection is visible in the water in the foreground. The sky is a mix of orange, pink, and blue. In the background, other buildings and palm trees are visible. The text 'FAT Village' is visible on a building in the background.

FATVillage: Preserving, Sustaining & Valuing Creative Placemaking in Contemporary Arts- Centric Mixed-Use Urban Development

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Submitted by:

Team #1

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EXECUTIVE SUMMARY

OBJECTIVES AND TASKS

1. ULI will provide guidance and expertise regarding a “Creative CAM” model of tenant contribution to help fund the FATVillage’s marketing and PR of the tenants’ business and the public contemporary art programs and events provided by FATVillage at the site.

2. ULI will provide guidance and expertise regarding the return-on-investment calculation of the value that FATVillage’s tenant marketing, PR, public contemporary art programs, and events at the site bring to the JV developers and to their mixed-use tenants (the business case for creative placemaking).

RESEARCH, DUE DILIGENCE, AND ANALYSIS

To address the two (2) objectives and tasks outlined above, the Team completed the following:

- Conducted numerous meetings by telephone, video conference, and in person to review various case studies, research and data analysis.
- Met with the representatives of FATVillage and participated in a walking tour of the FAT Village properties on April 14, 2021.
- Met with various experts including but not limited to Timothy Schmand, the Executive Director of the Lincoln Road Business Improvement District, Alan Kennedy, Managing Director at Hines, and Steven Wernick, an attorney and planner in Miami.
- Explored three (3) structured options: BID, Zoning Overlay/Special District and Community Association.
- Calculated a yearly equity multiple by creating the multiplier, then applying the multiplier, and finally comparing it against the potential additional income and the projected yearly costs.

CLIENT BACKGROUND

FATVillage Arts District, Inc. (“FATVillage”) is a 501(c)(3) Florida non-profit organization located at 521 NW 1 Avenue, Fort Lauderdale, Florida 33301 in the heart of Fort Lauderdale. FATVillage was started approximately ten (10) years ago by Doug McCraw and Lutz Hofbauer to rally philanthropic support around sustaining an artist community. The name “FATVillage” was chosen to acknowledge the priorities of its founders: Flagler, Art, and Technology. The founders have entered into a joint venture partnership to combine three (3) contiguous parcels of approximately 2.5 acres with abutting property owners to develop a total of approximately seven (7) acres into an art-centric, mixed-use development.

FATVillage has led the curation, management, and execution of contemporary art events, exhibitions, and installations transforming what was once a rough and tumble industrial area along the Florida East Coast Railroad in the downtown Fort Lauderdale historic warehouse district into a city-designated Arts District. The founders of FATVillage and their partners, including property owners and developers in the area, have contributed approximately \$300,000.00 annually to support the project.

OVERVIEW

Cultural programming has become the heart and soul of FATVillage and the current goal is to ensure the project continues as the neighborhood enters a new phase. To date, FATVillage has attracted dozens of creative industry leaders including a revenue-generating arts-related for-profit business and has created dozens of local jobs. FATVillage has positively impacted the community and has hosted over 400,000 visitors to the area through its monthly Art Walks, galleries, art exhibitions, and special events featuring art, fashion, food, beverage, theater, and music.

The City of Fort Lauderdale is currently evaluating FATVillage to create a master plan and the developers are in the final funding stage of the partnership. The goal of the partners and the assignment for the Team is to fairly and equitably preserve, grow, and sustain ongoing arts-related creating placemaking events, exhibitions, and installations as well as provide affordable space for burgeoning creating industry businesses in the mixed-use development.

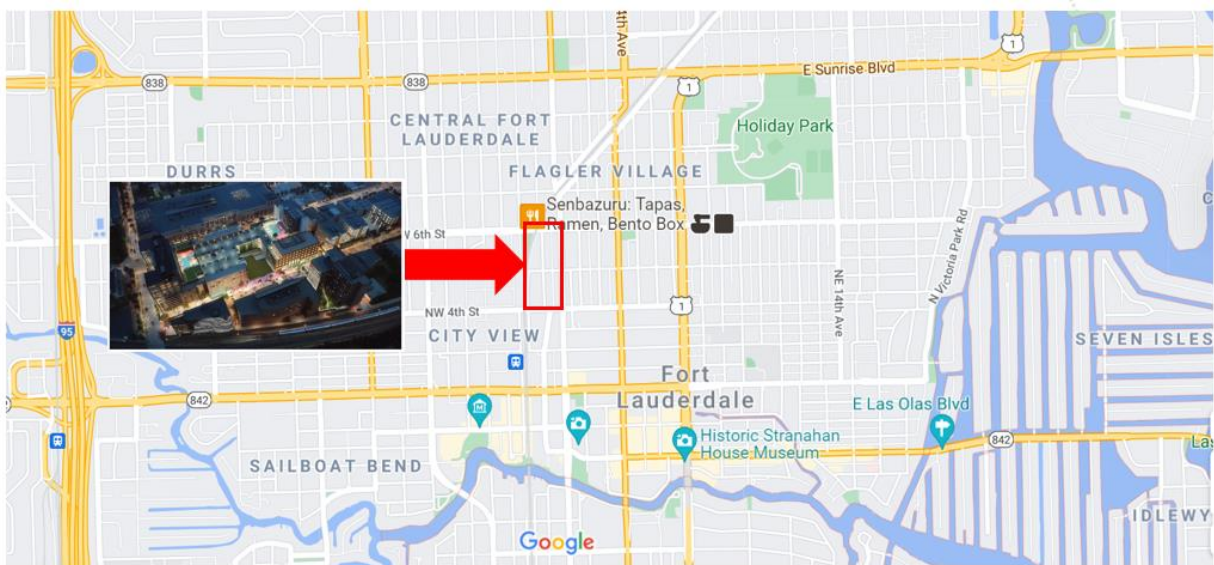


Figure 1. Location of FAT Village

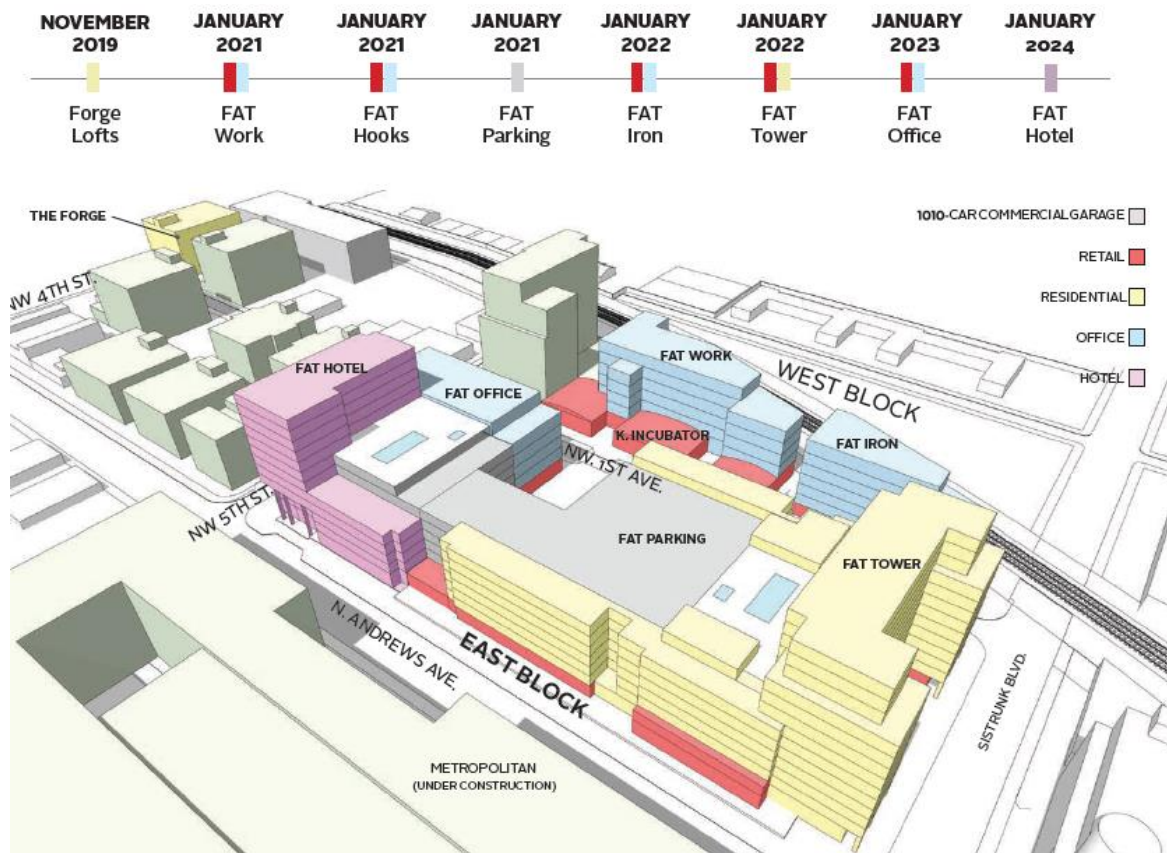


Figure 2. Mixed-Use Development Expected Completion in 2024

TEAM BIOS

The Team is led by Ted Taylor and composed of Barnaby L. Min, Martin Pinilla II, Madeleine Romanello, and Chris Taraba. Chris Roog serves as the Advisor to the Team.

Mr. Taylor is a Director in the Miami office of JLL Capital Markets, Americas. He joined JLL as part of the HFF acquisition and has more than eight (8) years of experience in commercial real estate. He focuses primarily on multi-housing investment advisory throughout the southeastern United States. During his career, Mr. Taylor has been involved in more than \$2 billion in transactions. Mr. Taylor started at HFF in September 2018. Before that, he worked at Florida East Coast Industries as the lead associate on the firm's transit-oriented development platform, assisting in the development of a 1.5 million square foot portfolio throughout South Florida. Prior to FECL, Mr. Taylor worked as the lead analyst at Grandbridge Real Estate Capital in Miami, participating in roughly \$350 million of transactional volume throughout his two (2) years at the firm. Born and raised in New York City, Mr. Taylor moved down to Miami in 2012 after he graduated from college to start his career in commercial real estate. He graduated with Bachelor of Science degrees in Economics and Political Science from Boston College. In addition to his participation in ULI, Mr. Taylor is also an active member of Chapman Partnership's NextGen and a Young Professional of Baptist Health.

Mr. Min is the Deputy City Attorney in charge of Complex Transactions and General Government matters as well as the administration of the Office of the City Attorney for the City of Miami. Mr. Min rejoined the Office of the City Attorney after serving as an executive in the administrations of the City of Miami and Jackson Health System. Mr. Min has previously handled appellate, litigation, land use, zoning, labor, employment, transactional, and administrative matters and has previously served as Bar Counsel with The Florida Bar and as an Assistant State Attorney with the Miami- Dade County State Attorney's Office. Mr. Min is currently the General Counsel for the Omni Redevelopment District Community Redevelopment Agency, the Midtown Community Redevelopment Agency, the Southeast

Overtown/Parkwest Community Redevelopment Agency, and the Miami Downtown Development Authority. Mr. Min also currently serves as an attorney with the Guardian ad Litem Program. Mr. Min recently was awarded a certificate for the Senior Executives in State and Local Government Program from Harvard University, John F. Kennedy School of Government and has also received awards from Voices for Children, Cystic Fibrosis Foundation, Miami Today, Florida Trend's Florida Legal Elite, the Miami-Dade County Asian American Advisory Board, and the Dade County Bar Association. Mr. Min received his undergraduate degree from Washington University and his law degree from the University of Connecticut School of Law.

Mr. Pinilla is co-founder and co-managing partner of Barlington Group, a Miami-based real estate investment and development company committed to revitalizing emerging neighborhoods in Miami's urban core. Mr. Pinilla began investing in small-scale residential properties in Little Havana while working as a commercial real estate broker in 2002. In 2004, he and Bill Fuller joined forces to launch Barlington Group. The firm has acquired and redeveloped more than 50 commercial properties which include multifamily, hotel, office, and retail. Mr. Pinilla has experience in all areas of repositioning real estate, including acquisition, due diligence, design, construction, financing, leasing, and management. Mr. Pinilla has a proven ability to identify value and opportunity in emerging corridors. Finding opportunity where others do not drives Barlington's holistic approach to development that reactivates an entire neighborhood/district, not just a single property. The firm's curatorial process seeks tenants that are great operators with innovative concepts. Supporting and growing local arts and culture are part of Barlington's profitable balance of neighborhood revitalization and increased value of real estate assets. The firm partners with tenants, assisting in the creation of the look, feel, and branding of fresh retail and hospitality concepts. This supports creative and groundbreaking shops and more to become part of the fabric of urban neighborhoods that are retaining their heritage while redefining their identity.

Ms. Romanello has over twenty (20) years of experience in the South Florida Real Estate industry and has made her mark as a top agent and broker. Her solid perspective of what is happening in the market along with the cutting-edge resources offered by Compass Florida are the ultimate combination for success. Ms. Romanello is a graduate of England's prestigious Cambridge University and has lived in Germany, Greece, England, and now the U.S. She served on the Residential Board of Governors at the Miami Association of Realtors in 2016. Ms. Romanello is a member of the prestigious Master Broker's Forum, Luxury Home Marketing Specialist, and Certified Residential Specialist. She is also widely involved as a leader in the community and serves as Vice Chair of the Executive Board of Trustees of the Miami Beach Chamber of Commerce, Former Chair of its Miami Beach Education Foundation, Past Chair of the Pillar Trustees, Past Chair of the Real Estate Council of MBCC, and Board member of British American Business Council. She served for five (5) years on the Transportation, Bicycle, Pedestrian and Parking Committee at the City of Miami Beach as traffic solutions are a passion of hers. Ms. Romanello was Chair of the Miami Beach Service Partnership helping children and their families with the Success University program funded by the Children's Trust. She also served on the Historic Preservation Board at the Village of Miami Shores.

Mr. Taraba has eight (8) years of construction project management experience on multifamily, commercial, office, senior living, education, and municipal projects. In his four (4) years with Verdex Construction, he has risen rapidly from Assistant Project Manager to Senior Project Manager, starting with a smaller \$6 million project to managing his current \$29 million District Flats apartment complex in West Palm Beach. Mr. Taraba has developed strong leadership and management skills and shares his talent as the Chair of the Verdex Internship and Young Professionals committee. He has also been asked to participate in the company's annual strategic planning for the past three (3) years. In addition to a very intense day job with multiple deadlines, Mr. Taraba makes time to volunteer and has been recognized for his leadership talents. He is the President of the Palm Beach North Chamber Young Professionals Steering Council (2018- 2020), as well as a graduate of the North Palm Leadership Class of 2018. He sits on the Smart and Connected Regions Task Force (SCRTF) and the Economic Council of Palm Beach

County as an Emerging Leader, representing the voice of the millennial generation. Mr. Taraba graduated with a Bachelor of Science from Purdue University. He was a Chancellor Medallion Recipient as an Outstanding Student and was inducted into the Tau Alpha Pi National Honor Society.

Mr. Roog was named the Executive Director of the West Palm Beach Community Redevelopment Agency in July 2020. Mr. Roog is a community and economic development professional with more than a decade of experience in economic development, governmental affairs, project management, and public administration. He previously served as the Economic Development Director for the City of West Palm Beach. Mr. Roog holds a Bachelor of Arts in Political Science from Florida Atlantic University and an Economic Development Certification from the International Economic Development Council. Mr. Roog is responsible for the administration of the CRA, a local government agency that works in collaboration with residents, property owners, businesses, developers, and other community organizations to foster redevelopment within the CRA Districts. Among the CRA's priorities are public safety, beautification, streetscape, and infrastructure improvements, economic development, affordable housing, business incentives, marketing and special events, and historic preservation.

QUESTION #1

WHAT IS THE BEST STRUCTURE TO PROVIDE FUNDING FOR THE “CREATIVE CAM”?

Based on the research, due diligence, and analysis conducted by the Team, three (3) options were presented to FATVillage.

The first option was the potential creation of a Business Improvement District. A business improvement district is a defined area within which businesses are required to pay an additional tax in order to fund projects within the district's boundaries. The BID is often funded primarily through the levy but can also draw on other public and private funding streams. The benefit of a BID for FATVillage is the BID could allow for a strong political voice to secure policy, legislative, and zoning changes for the area. The stakeholders in the area, including the joint venture partnership creating the FATVillage, can control how funds are utilized in order to achieve the goals of the BID. Staff could be retained to continue to execute the BID's mission. A BID requires a minimum threshold of taxing parcels, buy-in from a majority of affected property owners, and infrastructure to support its mission (i.e. an Executive Director and potentially staff). Unfortunately, there are political considerations including buy-in from the City of Fort Lauderdale in order to create a BID. In evaluating this option, the Team specifically researched the Lincoln Road Business Improvement District, Wynwood Business Improvement District, and Coconut Grove Business Improvement District.

A second option the Team considered was the creation of a zoning overlay/special district. This creative legislative process could create funding sources and development flexibility for the FATVillage including, but not limited to, parking reductions, an art in public places program, increased height, and additional development benefits. Once established, a zoning overlay would stimulate development and grow the tax base and revenues for the area. The creation of a zoning overlay requires professional staff and/or consultants to draft legislative recommendations and push an agenda with elected officials. In addition to elected

officials, other political obstacles include working with the City of Fort Lauderdale's bureaucracy. Examples which the Team researched included Coconut Grove and Wynwood.

The third and final option the Team considered was the creation of a community association. Compared to the other options, the creation of a community association would be the easiest to accomplish. There would be no governing body but rather a membership group that serves a specific purpose with respect to the community to pursue a common purpose. The membership could include various stakeholders including residents, property owners, business owners, tenants, and elected officials. Funding for an association could be generated by membership fees. Various types of associations were considered including civic, neighborhood, community, and master associations. Relevant examples that the Team considered were the Ravinia Property Owners Association in Atlanta and the Wynwood Norte Enhancement Association.

QUESTION #1 - CASE STUDIES

The Team evaluated various case studies in order to arrive at a recommendation. The Team evaluated the Wynwood Norte Enhancement Association, Wynwood Business Improvement District, Lincoln Road Business Improvement District, and Wynwood Zoning Overlay.

The Wynwood Norte Enhancement Association was created in order to organize various stakeholders and to initiate a rezoning process for a transitioning neighborhood just north of Wynwood. It is comprised of residents, business owners, property owners, and established community-based organizations (i.e. Bakehouse Art Complex). The vision for the association was created through multiple stakeholder planning sessions focused on retaining legacy structures and preserving the neighborhood's character while inviting appropriate development and growth. The association was able to accomplish a rezoning in the neighborhood that will allow Miami-Dade County, one of the largest landowners in the area of underutilized lands, to expand affordable and workforce housing. The new zoning overlay aims to preserve the core and character of the neighborhood by regulating demolitions and maintaining low scale development in residential areas.

The Wynwood BID was created because of development that occurred in Wynwood. In the 2000s, the industrial warehouse area attracted street artists due to the inexpensive rent and large walls of existing structures that could be utilized for artistic murals. At this time, artists and galleries were the first tenants in the area followed by bars and nightlife. What followed was a slew of real-estate developers who desired to makeover the neighborhood. Over the past year, nearly 1,000 new residential units have been built and another 1,800 are planned, all in an area that previously did not have residential units. Likewise, 525,000 square feet of new office space is being completed with another 550,000 planned. The Wynwood BID has been instrumental in ensuring this growth is structured, protecting the quality of life in the area, and encouraging future growth as appropriate.

The Wynwood BID was essential in creating the Wynwood Zoning Overlay, the first Neighborhood Revitalization District in the City of Miami. The NRD sets forth new zoning regulations for Wynwood that encourages new, mixed-use residential and office developments, creates dedicated funding for neighborhood improvements, promotes pedestrian-friendly streets, and preserves the neighborhood's unique artistic and industrial character. The Zoning Overlay has received national accolades from the American Planners Association as it is a forward-thinking overlay, involves property owners in future developments, and contains many smart development components.

Lincoln Road is a vibrant area of Miami Beach with culture and an artistic atmosphere. It had been both a tourist attraction and a gathering place for locals for decades; however, by 2017, vacancy rates had increased dramatically negatively affecting the area. The Lincoln Road BID was created because it was the path of least resistance with stakeholders. The Lincoln Road BID taxes its own stakeholders an additional \$16 million above what the City and County tax. This revenue is used towards cultural and art activations and professional management. The Lincoln Road BID and the investment it has made in the area has been positive and has brought attention back to Lincoln Road, dramatically decreasing the vacancy rate.

RECOMMENDATION – QUESTION #1

Based on the research, due diligence, analysis, and meetings with FATVillage and the various experts, the Team recommends that FATVillage first pursue establishing an association. Primarily, this recommendation is because it can be accomplished quickly without the need for third party approvals. The creation of a BID and zoning overlay should continue to be pursued; however, an association can assist with and even take the lead on those future initiatives.

Should an association be created, FATVillage will need to study the various laws and procedures surrounding the process of creating an association. FATVillage may wish to retain the services of an expert to assist with the process. Certain documents would have to be filed including but not limited to applications with the Internal Revenue Service (i.e. 501c status) and the Florida Department of State, Division of Corporations. FATVillage should consider what expenses it wants to invest into the association such as insurance for Board members, officers, employees, etc. Governing documents will have to be drafted, notices to the surrounding community and community engagement will be necessary, and eventually a Board should be elected. Staff may need to be retained if deemed appropriate.

QUESTION #2

WHAT IS THE BEST WAY TO PRESENT A ROI CALCULATION OF THE “CREATIVE CAM” TO INVESTORS?

Based on responses from FATVillage for 2021-2023, the projected costs are approximately \$491,451.00 per year based on the following:

CATEGORY	2021-2023	PER YEAR
FATV-NFP ADMINISTRATION (Leadership/Development/Programming)	\$ 240,000	\$ 80,000
FATV-NFP PROGRAMMING (Curation/Direction/Documentation)	\$ 62,921	\$ 20,974
FATV-NFP MARKETING & PR (3rd Party Vendor)	\$ 27,000	\$ 9,000
FATV-NFP CONSULTANTS (Miscellaneous)	\$ 7,300	\$ 2,433
ART WALKS/VENDOR MARKETS/EVENTS (Hard Costs)	\$ 20,976	\$ 6,992
FF & E, TOOLS, UTILITIES	\$ 8,925	\$ 2,975
TECHNOLOGY (A/V)	\$ 3,801	\$ 1,267
RENT (517,521,523, & 529 NW 1st AVE = 25,062 SF @ \$12/SF)	\$ 902,232	\$ 300,744
REAL ESTATE TAXES (517,521,523, & 529 NW 1st AVENUE)	\$ 84,208	\$ 28,069
INSURANCE-REAL PROPERTY (517,521,523, & 529 NW 1st AVENUE)	\$ 82,293	\$ 27,431
INSURANCE-EXHIBITIONS & EVENTS (Artwalks/Vendor Markets/Other Events)	\$ 24,000	\$ 8,000
LEGAL (Corporate Filings/Event Contracts/Trademarks/Misc.)	\$ 6,198	\$ 2,066
ACCOUNTING (Quarterly Board & Investor Reports/990 Tax Returns)	\$ 4,500	\$ 1,500
TOTAL	\$ 1,474,354	\$ 491,451

Table 1. Projected Nonprofit Operating Expenses 2021-2023

There are several examples throughout South Florida from the last decade of neighborhoods that suffered from urban blight that have been redeveloped due to the presence of art galleries, art walks, artist community centers, and resulting elevated curated retail, restaurants, businesses, and events that attracted visitors to the areas. The investment in the art scene and related events at FATVillage has turned what was once a wasteland into a hip, trendy scene for both local residents and visitors. This has culminated in a mixed-use development including residential units, affordable housing for artists to live and work, office buildings, and lodging uses. The proposed project will have approximately 15,000 square feet of creative space for artists.

The Americans for Arts states that for every dollar spent on public art, another six dollars is generated. This results in improved infrastructure for pedestrians, cyclists, tourists, and others to visit FATVillage. Likewise, mixed-use developments create higher demand by tenants resulting in premium rental rates and an increasing ROI.

The Wynwood case study was utilized to calculate the potential return on investment. Wynwood, like FATVillage, was once an industrial area that has seen major revitalization initially due to investment for artistic purposes. In Wynwood, the estimated ROI is more than four times (4x) the money invested in any single year.¹ Using the same formulas as Wynwood and reviewing the numbers provided by FATVillage, the Team believes that the same or similar ROI could occur for FATVillage (approximately 4.35x).

¹ Please refer to slide 14 of the attached PowerPoint presentation to review the numbers associated with Wynwood.

Creative Placemaking Multiplier		
<u>Retail</u>		
Wynwood Proper	\$	85.00
Surrounding Area	\$	60.00
Retail Multiplier		1.42x
<u>Office</u>		
Wynwood Proper	\$	40.00
Surrounding Area	\$	35.00
Retail Multiplier		1.14x
<u>Multifamily</u>		
Wynwood Proper	\$	3,000
Surrounding Area	\$	2,500
Retail Multiplier		1.20x

**Notes: All rents are per CoStar Zip Code reports*

Table 2. Creative Placemaking Multiplier

Applying the Multiplier to FATVillage		
<u>Retail</u>		
NNN Market Rent	\$	30.00
Multiplier		1.42x
Potential Rent	\$	42.50
<u>Office</u>		
NNN Market Rent	\$	20.00
Multiplier		1.14x
Potential Rent	\$	22.86
<u>Multifamily</u>		
Monthly Market Rent	\$	2,500
Multiplier		1.20x
Potential Rent	\$	3,000.00

Table 3. Applying the Multiplier to FATVillage

Additional Rent Calculation		
<u>Retail</u>		
Planned SF		71,000
Rent Delta	\$	12.50
Additional Yearly Income	\$	887,500
<u>Office</u>		
Planned SF		350,000
Rent Delta	\$	2.86
Additional Yearly Income	\$	1,000,000
<u>Multifamily</u>		
Planned Units		500
Rent Delta	\$	500.00
Additional Yearly Income	\$	250,000
TOTAL ADDITIONAL INCOME	\$	2,137,500
YEARLY CREATIVE PLACEMAKING COST	\$	491,451
YEARLY EQUITY MULTIPLE		4.35x

Table 4. Additional Rent Calculation

CASE STUDY – WYNWOOD ZONING OVERLAY

The Wynwood BID led an effort to create the City of Miami’s first Neighborhood Revitalization District plan.

The NRD Plan sets forth new zoning regulations for Wynwood that encourages new, mixed-use residential and office developments, creates dedicated funding for neighborhood improvements, promotes pedestrian-focused streets and preserves the area’s unique artistic and industrial character.

The plan has received national accolades from the American Planners Association, because of its forward-thinking nature; involvement of property owners who took the initiative to plan for the future of the neighborhood responsibly; and many smart development components.

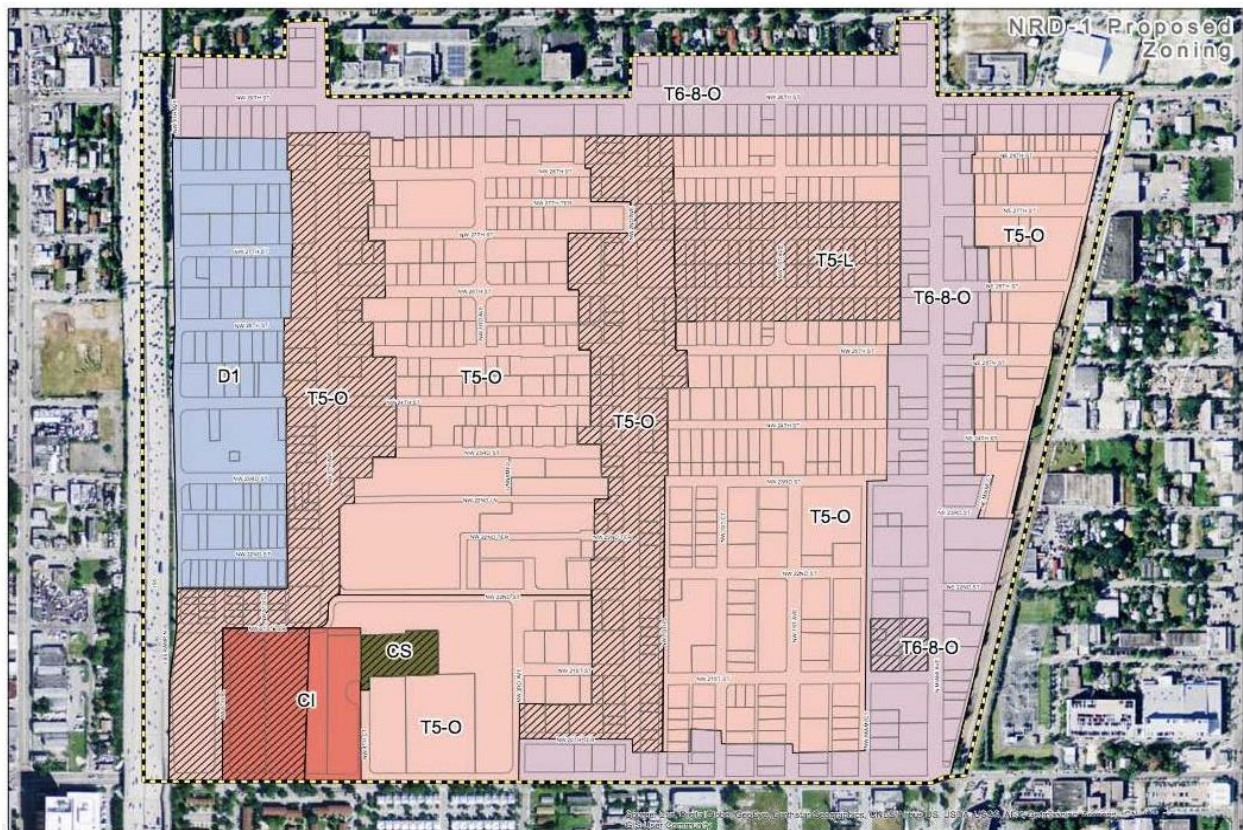


Figure 3. Wynwood Zoning Overlay

CASE STUDY: WYNWOOD BID

In the 2000s, street artists were lured by the area's large warehouses, inexpensive rent & large format walls perfect for murals. This edginess attracted artists & galleries, then bars and nightlife.

This resulted in a slew of real-estate developers ushering in another makeover of Wynwood.

Nearly 1,000 residential units were completed this year or are under construction, with another 1,800 planned, according to the Wynwood Business Improvement District. More than 525,000 square feet of new office space is finished or under way, with another 550,000 square feet planned.



Figure 4. Photo of Wynwood Artwork

CASE STUDY – LINCOLN ROAD BID

The Lincoln Road District, with its vibrant charm, eclectic culture, and artistic atmosphere, is the embodiment of Miami Beach but vacancy had increased dramatically 2017 onwards.

Creating a BID was the path of least resistance & the Lincoln Road BID agreed to tax themselves an additional \$16 M to be used towards cultural & art activations and professional management.

This created positive narrative for the media thereby bringing more attention to Lincoln Road again filling the vacancies.



Figure 5. Photo of Lincoln Road Monumental Sculpture

CASE STUDY – WYNWOOD NOTRE ENHANCEMENT ASSOCIATION

The Community Association was first created and led the initiative for the rezoning. It is comprised of residents, business owners, property owners and established community – based organizations such as Bakehouse Art Complex.

It's Vision was created through multiple stakeholders planning sessions which include strategies for retaining legacy structures and preservation of neighborhoods character.

The up-zoning would also allow Miami-Dade County's housing agency, which owns several acres of underused land in the neighborhood, to expand its local stock of affordable and workforce housing.

The plan aims to preserve the core and character of the neighborhood by placing stricter limits on demolitions and maintaining a low scale in residential areas.

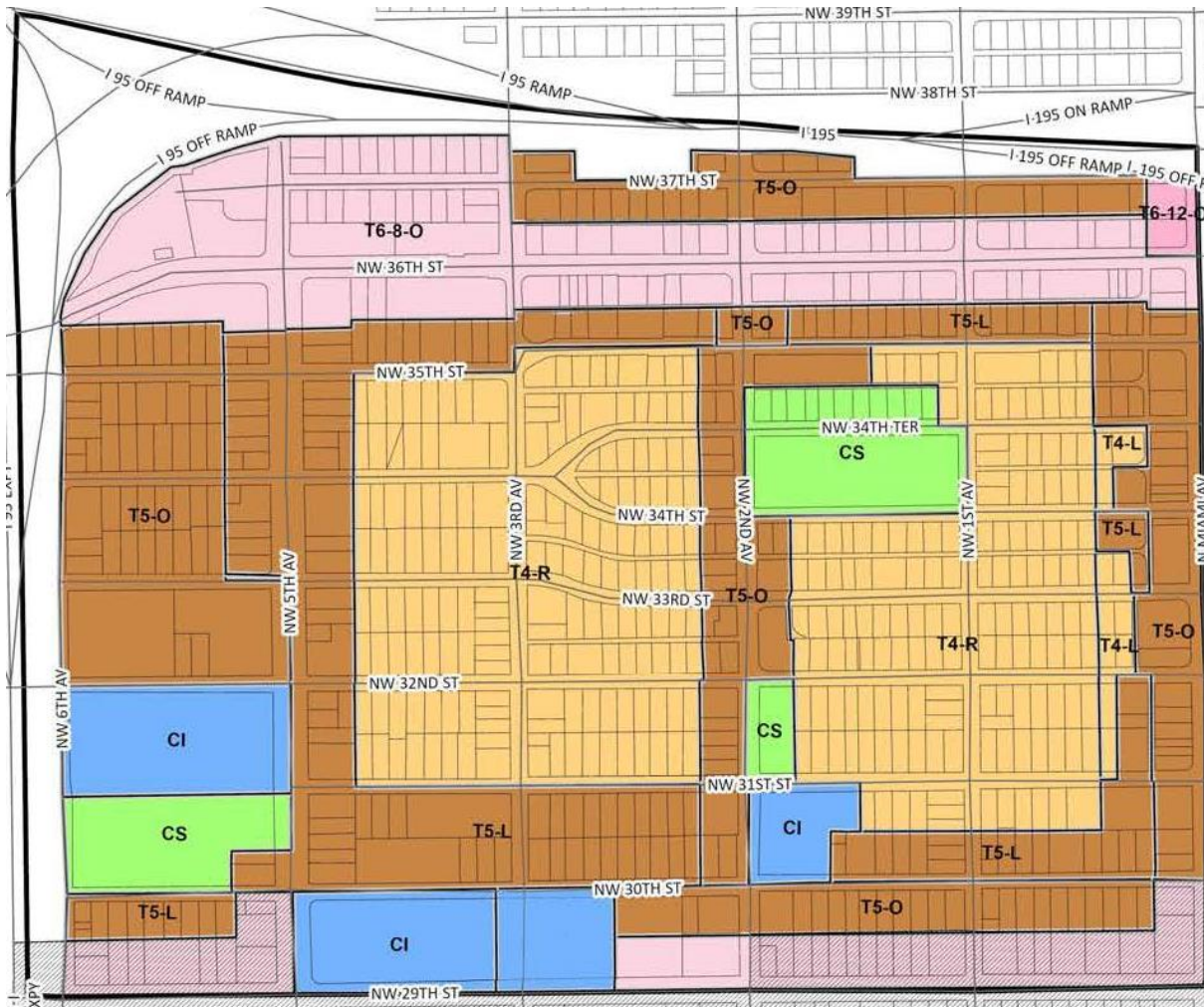


Figure 6. Wynwood Norte Enhancement Association (WCEA)

RECOMMENDATION – QUESTION #2

Mixed use projects are more sought after by tenants and therefore command premium rental rates increasing the ROI to the investors and easily covering an additional CAM expense for the management of creative spaces and events.

It is clear to see from the creative place making multiplier for Wynwood versus the surrounding area that mixed creative use projects have an increased income from 14 to 42% depending on the use.

In our case study for FAT Village, the additional income generated covers the creative place making cost outlay by more than four times giving hence giving the stake holders a highly in demand project for tenants and increasing the investors ROI substantially.

Art has clearly driven the redevelopment of now internationally renowned Miami and Fort Lauderdale neighborhoods giving huge upsides to all stakeholders on many levels.