



Legislation Text

File #: ID 2019-109, **Version:** 1

TO: Chair and Members of the Board
FROM: Samuel A. May, Executive Director
DATE: March 13, 2019

APPROVING AN EXISTING COMMERCIAL AND INDUSTRIAL PROPERTY IMPROVEMENT LOAN IN AN AMOUNT NOT TO EXCEED \$146,572 WITH THE TRUONG PROPERTY MANAGEMENT LLC.

BACKGROUND:

Mr. Phong Truong, on behalf of Truong Property Management, LLC submitted an application for the Existing Commercial and Industrial Property Improvement Program to the MCRA Office requesting \$146,572 for exterior improvements of the commercial property located 1821 N. State Road 7.

On July 31, 2018, Mr. Truong under Truong Property Management, LLC purchased the subject commercial property, which consist of 23,487 SF of land and a commercial building of 2,894 SF. The exterior of the property is outdated and can greatly benefit from a comprehensive improvement. The property is currently leased to the Vo An Vietnamese Restaurant, which is in the process of renovating the interior of the property. It is important to mention that Mr. Truong owns the commercial property as well as the business that will operate on the site.

The table below indicates the Broward County Property Assessment Values:

Year: 2019
Land: \$234,870
Building/Improvement: \$470,500
Just/ Market value: \$705,370

Property taxes and City utilities on this property are current. Also, the property does not have any open Code violations or pending fees.

The applicant is Truong Property Management, LLC, which is owned solely by Mr. Phong Truong.

The applicant is requesting to participate in the Existing Commercial and Industrial Property Improvement Program. The exterior improvement of this property meets the objectives of the MCRA Program by encouraging private investment on improving property aesthetics, enhancement of the property's curb appeal to help new businesses succeed, reduction of blighted conditions and reduction of a vacant commercial space.

The purpose of the project is to significantly improve the aesthetics of the commercial property. Rendering of the desired outcome after project completion is provided as backup.

Below are the eligible improvements and cost provided by Steven L. Cohen, Architect from Steven L. Cohen +

Associates P.A., AIA:

- Replacement of all existing exterior windows and doors with new impact-resistant assemblies and add 3 new doors to the exterior: \$38,750
- New stucco finish on all exterior: \$10,090
- Painting: \$9,625
- Upgrade exterior electrical system and new lighting for parking lot: \$22,950
- Asphalt paving, striping and signage (ADA compliant): \$68,250
- New wood fence (north and south of the property): \$11,500
- Landscaping: \$9,600
- New irrigation system: \$12,450

ESTIMATED TOTAL: \$183,215

Evidence of financial ability has been provided as part of the grant application. Property owner will cover the entire cost of exterior improvements from his cash assets.

If the MCRA Existing Commercial and Industrial Property Improvement Program Application is approved Mr. Truong will pay for the totality of the project and then request reimbursement from the MCRA as an incentive in the form of a forgivable loan in an amount equal to 80% of eligible project costs for an amount not to exceed 50% of the property's assessed value.

BCPA 2019 Property's Assessed Value: \$705,370

50% of BCPA 2019 Property's Assessed Value: \$352,685 (Maximum Eligible Reimbursement Amount)

Total Project Cost: \$183,215

80% of Total Project Costs: \$146,572

As indicated in the table above, the applicant will request \$146,572 (or 80% of the listed eligible costs not to exceed \$146,572) from the MCRA after project completion. Once reimbursement request is submitted to the MCRA office and before reimbursement is given to the applicant, the MCRA will place a vanishing lien on the property for a period of ten years for the total amount disbursed. The amount of the vanishing lien will decrease 10 percent each anniversary of the loan. Please see below estimated annual loan reduction if all the agreement requirements are met:

Loan Anniversary	Total Amount Disbursed	10% Reduction of Loan Amount	Amount Owed to the MCRA
0	\$146,572		\$146,572.00
1		\$14,657.20	\$131,914.80
2		\$14,657.20	\$117,257.60
3		\$14,657.20	\$102,600.40
4		\$14,657.20	\$87,943.20
5		\$14,657.20	\$73,286.00
6		\$14,657.20	\$58,628.80
7		\$14,657.20	\$43,971.60
8		\$14,657.20	\$29,314.40
9		\$14,657.20	\$14,657.20
10		\$14,657.20	\$0

In the event that the MCRA is disbanded all obligations will be transferred to its successor agency.

According to the program policy the property to be improved must be free of all municipal and county liens, judgements or encumbrances of any kind and must remain free of all municipal and county liens, judgments or encumbrances of any kind during the term of the agreement. To ensure this, the MCRA ordered a lien search on the property. The Title Search indicates that there are no other active liens on the property except two commercial mortgages. According to the loan documents, the total amount owed is approximately \$510,000. There is sufficient equity, according to the County's assessed value, on the property to cover the two existing commercial mortgages and the MCRA loan if granted.

All work agreed to in the Agreement must be commenced within 180 calendar days of the date of the agreement and completed within 545 calendar days of the date of the agreement. After 545 calendar days, the program will be closed out and funds will be recaptured, unless an extension has been granted by the MCRA Board.

If approved by the Board, disbursement of funds will be made when applicant submits a request for reimbursement upon project completion and according to the program policy.

RECOMMENDATION: To Approve

FISCAL IMPACT: Up to \$146,572

CONTACT PERSON: Samuel A. May, Executive Director