

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**AGENDA ITEM SUMMARY**

<b>Meeting Date:</b>	May 17, 2016	<input checked="checked" type="checkbox"/> Consent	<input type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing

**Department:** Department of Economic Sustainability

**I. EXECUTIVE BRIEF**

**Motion and Title:** Staff recommends motion to: **A) Conceptually approve** Neighborhood Renaissance, Inc. (NRI) to sell up to 20 homes assisted through the Neighborhood Stabilization Program 2 (NSP2) and to utilize program income from those sales to develop the Mango Cove Apartments; and **B) Authorize** the County Administrator or designee, to negotiate and execute a funding agreement, amendments thereto, and all other documents necessary for the transaction with NRI.

**Summary:** On May 5, 2011, Palm Beach County entered into Agreement R2011-1029 providing \$12,131,968.07 in Federal NSP2 funding to NRI for the acquisition and rehabilitation of 70 foreclosed homes for rental to low, moderate, and middle income households. NRI successfully met all requirements under the Agreement. On December 21, 2015, NRI requested that the County allow it to sell up to 20 of the NSP2 middle-income units, and to use the program income from those sales to develop a 36 unit multi-family rental complex to be known as Mango Cove Apartments (the Project). The NSP2 units will be sold to home buyers with incomes no more than 120% of Area Median Income (AMI) and will bear NSP2 affordability restrictions for 30 years. The Project will be located on an unincorporated vacant property at 1561-1589 Florida Mango Road in West Palm Beach. On April 7, 2016, the Project received Conditions of Approval for a zoning variance, and the Project site plan is currently awaiting certification after being presented to the DRO on April 13, 2016. Total development cost of the Project is \$6.4 Million. Program income to be generated by the sale of the NSP2 units is estimated at \$2,925,000 and would be utilized for construction costs and other eligible development costs in order to make rental rates affordable. NRI has secured a commitment for first mortgage financing of \$3.12 Million from the Florida Community Loan Fund, and remaining Project financing would come from grants raised to date and a deferred developer fee. All apartments will be leased to households whose incomes are no more than 120% of AMI at rents not to exceed HUD Fair Market Rents. NSP2 affordability requirements will be secured by an encumbrance on the property for 30 years. NSP2 program income funding has no matching requirement. District 2 (JB)

**Background and Justification:** On February 11, 2010, the U.S. Department of Housing and Urban Development (HUD) awarded Palm Beach County a competitive NSP2 grant of \$50M. On February 11, 2010, the Department of Economic Sustainability published a Request for Proposals HCDNSP2.2010.2 which resulted in an award of NSP2 funds to NRI on April 5, 2011 (R2011-1029) provided through Agreement R2011-1029 (as amended by R2012-0134 on January 5, 2012; R2012-0635 on February 3, 2012; R2013-0382 on January 31, 2013; R2014-0512 on March 5, 2014; and R2014-1045 on May 9, 2014). Net revenues generated by operation of NSP2 subrecipient activities are treated as NSP2 program income and are subject to applicable program requirements.

**Attachment(s):**

1. Letter of December 21, 2015 from NRI requesting program income for Mango Cove Apartments
2. Map of Project Location

Recommended By: Edward R. Trimmer  
Department Director

5/6/2016  
Date

Approved By: Sharon R. [Signature]  
Assistant County Administrator

5-9-16  
Date

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	2016	2017	2018	2019	2020
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
<b>NET FISCAL IMPACT *</b>	0				

# ADDITIONAL FTE POSITIONS (Cumulative)					
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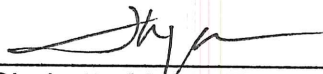
Is Item Included In Current Budget? Yes \_\_\_\_\_ No \_\_\_\_\_  
 Budget Account No.:

Fund \_\_\_\_\_ Dept \_\_\_\_\_ Unit \_\_\_\_\_ Object \_\_\_\_\_ Program Code/Period \_\_\_\_\_

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**


\* No fiscal impact at this time.

**C. Departmental Fiscal Review:**

  
 \_\_\_\_\_  
 Shairette Major, Fiscal Manager II

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Development and Control Comments:**

  
 OFMB *HP 2/15/16*  
*4/29/16*

  
 Contract Development and Control  
*5/3/16*

**B. Legal Sufficiency:**

  
 Assistant County Attorney  
*5/5/16*

**C. Other Department Review:**

\_\_\_\_\_  
 Department Director



December 21, 2015

Dear Ed,

Terri and I would like to renew our request to use income from the sales of NSP2 homes to fund the development of a new 36 unit apartment community on S. Florida Mango Road. Since our meeting in March, we have submitted the site plan application to the County. Approval is expected in March 2016. Neighborhood Renaissance has already self-funded the costs of concept plans, studies and application fees to make the DRO applications. The project will be shovel ready with only building permits required at this point.

Upon site plan approval, we will prepare construction and building permit plans prepared and processed with an expected bid date in August 2016. The property could be ready for occupancy in mid-2017 if sufficient equity can be raised by mid-2016.

The final plan is 36 garden apartments, each with 2 bedrooms and 2 baths. All apartments will be available and deed restricted for rent to 120% AMI households. The equity for the project will be sourced from the sale of 20 of our NSP2 homes that are currently rented to 120% AMI households. The net effect is 20 homes sold to owner-occupants and the creation of 36 more affordable residences.

We are confident that the homes will be in great demand and sell quickly based upon our experience over with our acquisition and rehab program, and, that there is almost no inventory of quality homes available under \$200,000 in the County. We estimate 15 months to sell 20 MOD homes at an average sale price of \$185,000 from our inventory of 23. We have 3 renters that are willing and able and want to buy their homes. The homes will be sold to owner occupant home buyers earning up to 120% AMI and kept affordable through the Community Land Trust model or with a 30 year deed restriction. Construction financing and a mortgage are offered by the Florida Community Loan Fund.

In addition to updating the proforma, we have an allowance of \$100,000 for relocation (URA) costs, if necessary. We asked HUD online and they believe that non-renewal of a lease would trigger the URA.

In order for the project to proceed beyond the expiration of the Sales Contract in April 2016, Neighborhood Renaissance would need the commitment of the County to allow use of program income from the NSP2 home sales. The use of program income for this NSP2 eligible activity is allowed by our NSP2 contract agreement with the County. With that commitment, NR would be comfortable purchasing the land on its own. The NSP2 program income would be only used to construct the project and not for land acquisition. Program income would count as the

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[www.neighborhoodrenaissance.org](http://www.neighborhoodrenaissance.org)

ATTACHMENT 1

equity required to meet the lender's requirements to fund construction and permanent loans. Without the commitment, NR cannot risk owning raw land.

Please let us know if you require any further information. We would like the opportunity to meet with you. Let us know your availability.

Sincerely,

Michael and Terri

CC: Neighborhood Renaissance Inc. Board of Directors

LOCATION MAP



Mango Cove Apartments proposed site

