

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY

Meeting Date: May 7, 2024 [] Consent [X] Regular
[] Ordinance [] Public Hearing

Department: Department of Housing and Economic Development

I. EXECUTIVE BRIEF


Motion and Title: Staff recommends motion to:


- A) approve Neighborhood Stabilization Program 2 (NSP2) funding of \$2,000,000 for Village of Valor, Ltd. (VOV) for the restructured Village of Valor project (Companion Item #5B-3);
- B) negotiate the NSP2 funding agreement; and
- C) delegate authority to the County Administrator, or designee, to execute the agreement, amendments thereto, and all other documents necessary for project implementation that do not substantially change the scope of work, terms, or conditions of the award.

Summary: On June 18, 2019 (Agenda Item #5G-1), the Board of County Commissioners (BCC) approved a \$2,000,000 NSP2 award for the Village of Valor project, which at the time totaled new construction of 157 housing units at a mix of 20% affordable and 80% workforce. VOV was unable to obtain anticipated development funding from competitive development sources, and had to sell half of the original site to pay off a mortgage that had funded site acquisition. Consequently, the project was scaled back, and staff now seeks BCC re-approval of the NSP2 funding for the current project as restructured. The current project entails new construction of 54 rental apartments, including 26 two-bedroom units and 28 three-bedroom units, at 2701 - 2751 2nd Avenue North, Palm Springs. All housing units will be affordable to households earning no more than 60% of Area Median Income, with priority given to veterans and their families, including the disabled, homeless and those at-risk of homelessness. All housing units will bear the affordability restrictions for no less than 50 years. The total project cost is \$26.6 Million. The Palm Beach County Housing Finance Authority has reserved private activity bond allocation to fund a \$14 Million construction loan. The construction loan will be converted with permanent funding which will include a \$5 Million mortgage from Churchill Stateside Group, \$10.8 Million of tax credit equity, \$870,000 deferred developer fee and a \$8 Million Housing Bond Loan Program request (Companion Item 5B-3). The proposed \$2,000,000 NSP2 loan will bear no interest and the full principal amount would be forgiven at satisfactory conclusion of the 50-year term; however, should VOV default by violating NSP2 affordability requirements, the full principal amount will become immediately due. The NSP2 loan is contingent on BCC approval of a proposed \$8 Million loan through the County Housing Bond Loan Program). The total County investment will be \$185,185 per County-assisted unit. A unique feature of this project is the on-site office space for Faith-Hope-Love Charity (FHLC) to provide services to the veteran community. The funding agreement and related documents pursuant to these NSP2 funds will be between the County and Village of Valor, Ltd. (and its respective successors and/or assigns). **These are NSP2 program income funds which require no local match.** District 3 (HJF)

Background and Policy Issues: On February 11, 2010, the U.S. Department of Housing and Urban Development (HUD) awarded the County a \$50 Million NSP2 grant for acquisition, rehabilitation, or redevelopment of vacant, foreclosed, or abandoned residential properties. The County expended the entire \$50 Million by the federal deadline and have been generating NSP2 program income from repayment of loans from the original NSP2 projects. VOV is owned by Village of Valor, LLC and KSM Holdings. FHLC is the Managing Owner/Partner for the Village of Valor, LLC. The Project is an initiative of Faith-Hope-Love-Charity, Inc., a local not-for-profit agency whose mission is to reintegrate displaced and at-risk veterans and their families back into communities to sustain independent living.

- Attachments:**
- 1. Location Map
 - 2. Funding Sources

Recommended By:  4-30-24
 Department Director Date

Approved By:  5-1-24
 Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2024	2025	2026	2027	2028
Capital Expenditures					
Operating Costs	\$2,000,000				
External Revenues					
Program Income (County)	(\$2,000,000)				
In-Kind Match (County)					
NET FISCAL IMPACT	-0-				

# ADDITIONAL FTE POSITIONS (Cumulative)	-0-				
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Is Item Included In Current Budget? Yes X No
 Does this item include the use of Federal funds? Yes X No
 Does this item include the use of State funds? Yes No X

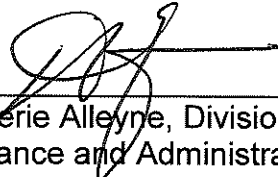
Budget Account No.:

Fund 1112 Dept 143 Unit 1426 Object 8201 Program Code N221-PI/GY09

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

Approval of this agenda item will allocate \$2,000,000 of NSP2 program income to Village of Valor, Ltd. for the Village of Valor project.

C. Departmental Fiscal Review:



 Valerie Alleyne, Division Director II
 Finance and Administrative Services, DHED

III. REVIEW COMMENTS

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

<p><u>ASD/DA</u> 4/24/24 OFMB DA 4/22</p>	<p><u>Brenda Pymackell</u> 4/26/24 Contract Development and Control 4/26/24</p>
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B. Legal Sufficiency:

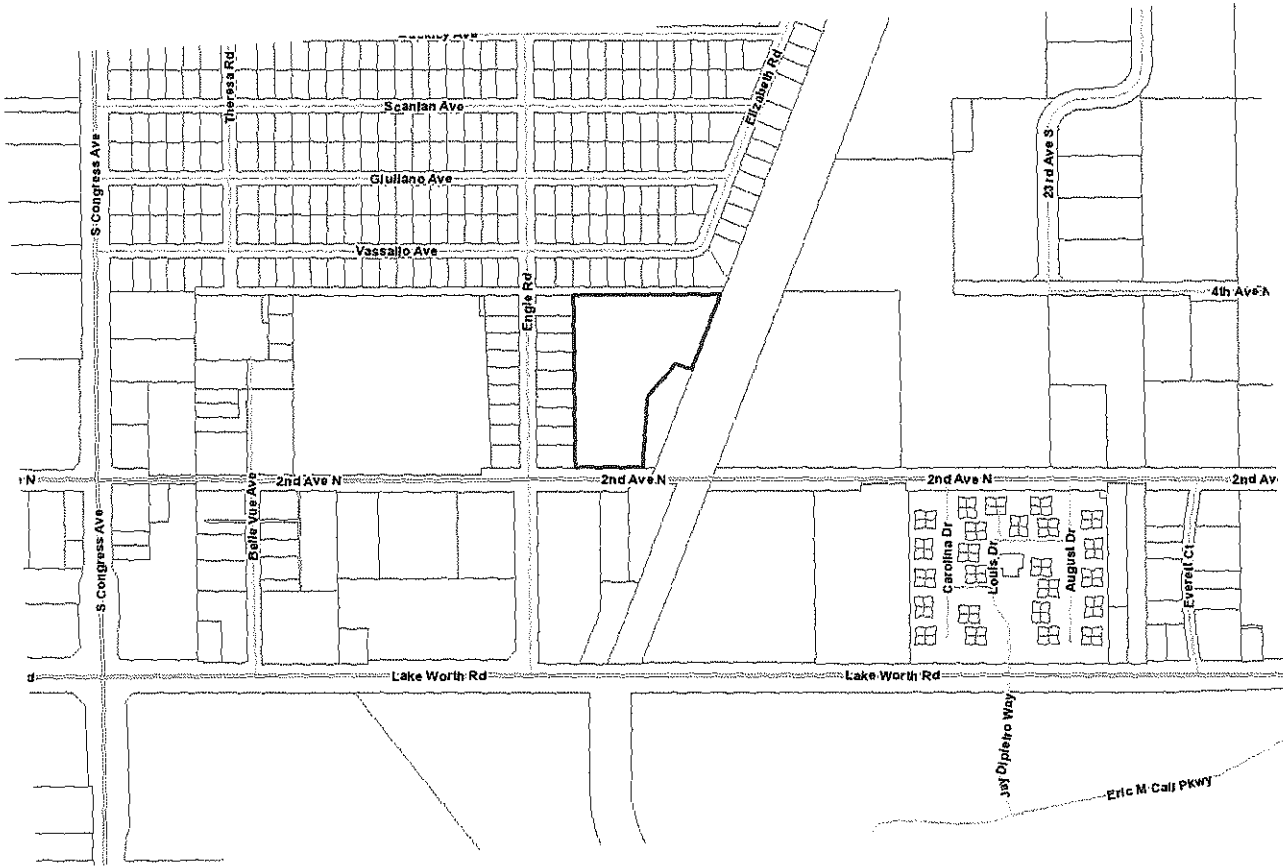


 Chief Assistant County Attorney

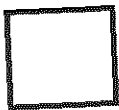
C. Other Department Review:

 Department Director

LOCATION MAP



NORTH



Village of Valor, 2701 - 2751 2nd Avenue North, Lake Worth, 33461

Village of Valor

FUNDING SOURCES

1 st Loan – Churchill Stateside Group	\$ 5,000,000
NSP Grant – PBC	\$ 2,000,000
Housing Bond funds	\$ 8,000,000
Tax Credit Equity	\$10,801,618
Deferred Developer Fee	\$ 869,547
Total Development Cost	\$26,671,165

Note: Construction financing provided through the Housing Finance Authority