PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:

August 20, 2024

[] Consent

[X] Regular

[] Ordinance

[] Public Hearing

Department:

Housing and Economic Development

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to:

- A) approve a Housing Initiative Fund Program (HIP) award in the amount of \$500,000 to Oikos Development Corporation;
- B) direct staff to negotiate the loan agreement; and
- C) authorize the County Administrator, or designee, to execute the loan 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 agreement.

Summary: On January 10, 2023, the Board of County Commissioners (BCC) awarded an American Rescue Plan Act (ARPA) Response Replacement Fund award of \$857,000 to Oikos Development Corp. to construct Everglades Townhomes, a 60-unit multi-family rental townhome development. The project entails the new construction of 30 twobedroom units and 30 three-bedroom units located in five (5) buildings on the site of the demolished Everglade Memorial Hospital located at 200 S. Barfield Highway in Pahokee. The project is requesting an additional \$500,000 due to unforeseen issues during the demolition process of the hospital including that underground utilities were not capped or removed as required by the City of Pahokee. The increased costs total \$800,000; however, tax credits will provide \$300,000 towards these costs leaving a \$500,000 funding gap. The total project cost is \$19.6M and all units will be County assisted and serve individuals and families that are 60% or below of the Area Median Income (AMI) and the project will have an affordability period of no less than 50 years. Staff is recommending funding approval for \$500,000 in HIP funding that would result in all County funds providing 6.9% of the total development costs. The funding will be provided using the same agreement, terms and conditions of the ARPA Agreement. To facilitate project implementation, staff requests authorization for the County Administrator, or designee, to execute the loan agreements and related documents. District 6 (HJF)

Background and Policy Issues: In 2021, the BCC began allocating Ad Valorem funding for the HIP to be utilized as gap funding for housing projects.

Attachment:

1. Request Letter

Recommended By:

Department Director

Dia

Date

Approved By:

Assistant County Administrator

Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2024	2025	2026	2027	2028		
Capital Expenditures	\$500,000						
Operating Costs							
External Revenues							
Program Income							
In-Kind Match (County)							
NET FISCAL IMPACT	\$500,000						
# ADDITIONAL FTE	-0-						
POSITIONS (Cumulative)		:					
Is Item Included In Current Budget? Does this Item include the use of Federal funds? Yes No X Does this Item include the use of State funds? Yes No X Budget Account No.: Fund 1116 Dept. 143 Unit 310K Object 8201 Program Code/Period							
B. Recommended Sources of Funds/Summary of Fiscal Impact:							
Approval of this ag Program funding.	enda item will ap	propriate \$	500,000 in C	ounty Housi	ng Initiatives		
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:							
OFMB DA 7/23	- 7/25/2024 DA7/25	Contra	1 2000/g ict Developm 12/24	maddle nent and Cor	7/3//24 trol		
B. Legal Sufficiency:							
Chief Assistant Con							
C. Other Department	Review:						
Department Directo	or						

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)



Oikos Development Corporation 1712 Main Street Suite 206 Kansas City, MO 64108 msnodgrass.odc@gmail.com

May 16th, 2024

Jonathan Brown, Director PBC Housing and Economic Development 100 Australian Avenue, 5th Floor West Palm Beach, FL 33406

Dear Mr. Brown:

Oikos Development Corporation, a not-for-profit 501c3 is the current developer of 60 units of affordable workforce housing in Pahokee, FL called Everglades Townhomes. The breakdown of funding for the project is as follows:

First Mortgage -USDA 538	\$ 3,100,000	16.1%
Second Mortgage - USDA 514	\$ 6,500,000	33.8%
Palm Beach County Loan	\$ 857,000	4.5%
HAC Loan (hard)	\$ 355,000	1.8%
HAC Loan (soft)	\$ 100,000	0.5%
Solar Credit Equity	\$ 75,232	0.4%
Deferred Fee	\$ 725,622	3.8%
Return from Sale of Tax Credits	\$ 528,445	39.1%

The County previously awarded \$857,000 of ARPA funds to the project, which represents less than 5% of the project cost, and leverages all the other sources of funds. The project, in addition to the tax credit affordability period, has an extended use period of 50 years guaranteed affordability on the project.

The Everglade Memorial Hospital was previously located on the site at 200 S Barfield Highway, but it had been abandoned for decades and fallen into a dilapidated condition. The City of Pahokee demolished the building back in the fall of 2021, and one of the conditions of the original RFP for demolition was that the hospital be removed, and all underground utilities be capped/removed. Neither of these took place, and the City states they were unaware of the underground utilities remaining.

When we were doing general site work in December 2023, we hit a water line that was unmarked and not on any City/County maps. At that point we had to throw our underground utility plan out and perform ground penetrating radar and dig to locate all the unmarked lines. We also discovered that none of the marked lines were capped or removed. We've been working with Palm Beach WUD for the past several months and have devised a new plan, but

the discovery and new plan is increasing costs that were unaccounted for previously.

We need to increase the General Contractor's construction budget by \$800,000. This is a tax credit project and this will increase eligible basis so the tax credits will increase by approximately \$300,000, leaving a \$500,000 gap.

Oikos Development Corporation, a nonprofit 501c3, therefore respectfully requests a \$500,000 soft loan from the County as a Source. This \$500,000 leverages roughly \$20,000,000 in other funding.

Sincerely,

Michael Snodgrass

President/CEO

Oikos Development Corporation

Managing Member of

Everglades Townhomes LP