



**II. FISCAL IMPACT ANALYSIS**

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

Fiscal Years	2025	2026	2027	2028	2029
Capital Expenditures	\$1,480,000				
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
<b>NET FISCAL IMPACT</b>	<b>\$1,480,000</b>				

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item included in Current Budget? Yes X No       
 Does this Item include the use of Federal funds? Yes      No X  
 Does this Item include the use of State funds? Yes      No X

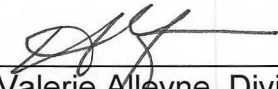
Budget Account No.:

Fund 1117 Dept. 143 Unit 741A Object 8201 Program Code/Period N/A

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

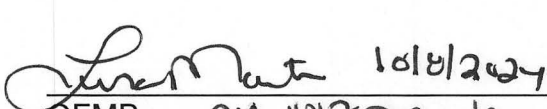
Approval of this agenda item will allocate \$1,480,000 of HBLP funds.


**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:**

 10/8/2024  
 OFMB      1117 DA 1018  
 MB 10/8

 10/10/24  
 Contract Development and Control

**B. Legal Sufficiency:**

 for H. Falcon 10/16/24  
 Chief Assistant County Attorney

**C. Other Department Review:**

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

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

**Summary: (Continued from Page 1)**

The final third-party underwriter's report will be provided to DHED 30 days prior to loan closing together with a current cost analysis and, as long as the report is consistent with the preliminary report, staff will proceed with closing the loan. To facilitate project implementation, staff requests authorization for the County Administrator, or designee, to execute the loan agreement and all related documents, and for the Director of DHED to be the County Administrator's designee for this project. District 2 (HJF)

**Background and Policy Issues: (Continued from Page 1)**

DHED is administering the voter approved HBLP. Bond funds which may be issued all at once or in tranches, as determined by the BCC, for the purposes as stated in Palm Beach County's Resolution R2022-1405. The Housing Bond Allocation Process Criteria includes approved General Guidelines from the Resolution R2022-0626 calling for the Bond approved by the voters and proposed funding criteria and processes including project requirements, loan terms deed restrictions, project selection, credit underwriting and compliance and monitoring requirements. The Project was conceptually approved by the BCC at the May 7, 2024 Meeting.



# DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT

## COMPREHENSIVE LOAN TERM SHEET

### Project and Funding Program Information

**Funding program:** Housing Bond Loan Program (HBLP)

**RFP number and name:** HBLP.2024.3 – For-Sale Housing Development

**Project name:** Lake Worth Beach CRA Scattered Villas

**Developer name:** Community Land Trust of Palm Beach County and the Treasure Coast.

**Contracting entity:**

**Project type:** For-Sale Housing Development

**Brief Project Description:**

The project will consist of the development of four (4) single family villas (two units each), providing housing units to eight (8) families. All eight (8) units will be sold under the community land trust model of home ownership thereby ensuring they will remain affordable in perpetuity.

### Loan Terms

**Loan amount:** \$1,480,000

**Interest rate:** 0%

**Affordability period:** Perpetuity

**Affordability:** all eight (8) units will be no more than 80% AMI

**Number of total project units:** 8

**Number of County-assisted units:** 8

**Percentage of County-assisted units:** 100%

**Loan term:** Repayment of loan will be upon sale of the unit or 3 years, whichever is shorter

**Term commencement:** November 1, 2024

**Property re-sale:** N/A – Loan will be paid off upon sale of the units



# DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT

## COMPREHENSIVE LOAN TERM SHEET

**Construction start:** January 6, 2025

**Disbursement of funds:**

Reimbursement of construction expenses – per submitted pay application

**Additional considerations:**

### Construction Considerations

**Bond requirements:**

Payment and performance bond is required for the full value of the project

**Retainage requirements:** 5% retainage until work is completed

### Eligible Expenses

All development costs shall be allocated on a per-unit basis. Loan funds can only be allocated to those costs deemed as eligible that are directly attributable to County-assisted units. In the event a cost is deemed eligible for something that is a project wide expense, the loan funds can only be used for the percentage of County-assisted units as defined above for that expense.

Eligible expenses shall include, but not be limited to:

**Hard Costs:**

Onsite costs for construction, including residential construction, site work and improvements, parking, engineers, architects, professional consultants, and General Contractor fees

**Soft Costs;**

Permit fees, connections fees, FFE, utility relocation

Ineligible expenses shall include:

- Cost of relocation of displaced persons
- Off-site improvements
- Payment of delinquent taxes
- Legal fees and other fees
- Costs related to other project financing
- Demolition

Determination of cost eligibility and reasonableness shall be at the County's sole absolute discretion.



# DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT

## COMPREHENSIVE LOAN TERM SHEET

The terms outlined above shall be detailed in the loan documents consisting of a loan agreement, mortgage and security agreement, promissory note, and declaration of restrictions.

**Projects must be Shovel Ready prior to final approval by the Board of County Commissioners in order to be eligible for funding.**

**Shovel Ready** is defined as a project where the proposer has site control and the property has the correct and approved development requirements for the project including, zoning designation, platting, site plan approval for the housing units it proposes to create.

Please attach any documentation to verify that the project is **Shovel Ready**.

All terms contained herein are contingent upon approval by the Palm Beach County Board of County Commissioners (BCC). The funding for this project and the terms contained herein are anticipated to be presented to the BCC for final approval at the October 22, 2024 agenda meeting.

By signing below you are verifying that this project is **Shovel Ready**, as well as acknowledging and accepting of loan terms:

Entity Name:

By: *Cindee LaCourse Blum*

Cindee LaCourse-Blum

Name (printed)

Executive Director

Title

# SELTZER MANAGEMENT GROUP, INC.

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17633 ASHLEY DRIVE  
PANAMA CITY BEACH, FL 32413  
TEL: (850) 233-3616  
FAX: (850) 233-1429

September 16, 2024

Mr. Jeffrey Bolton  
Director  
Department of Housing and Economic Development  
301 N. Olive Avenue  
West Palm Beach, FL 33401

Re: Lake Worth Beach CRA Villas  
Preliminary Review of the Palm Beach County Transaction  
RFP HED.HBLP.2024.3 (HBLP) For-Sale Housing Development

Dear Mr. Bolton:

Seltzer Management Group, Inc. (“SMG” or “Seltzer”) has been engaged to provide an initial review of the Palm Beach County Application (the “Application”) for \$1,640,000, subsequently reduced to \$1,480,000, of Housing Bond Loan Program (“HBLP”) funding for the construction of Lake Worth Beach CRA Villas (“Subject Development”). Seltzer’s summary of the information available at this time is presented below. Please note the Subject Development is still in the planning stages and the information reviewed is subject to change.

Development Highlights and HBLP Restrictions:

- County-Assisted Housing Units shall bear the affordability requirements of the RFP for no less than 15 years recurring (“the Period of Affordability”) commencing at the time of sale. Recurring shall mean in the event the homeowner sells the unit within the Period of Affordability, a new Period of Affordability will commence at the time of that sale.
  - In addition to the Period of Affordability, the Applicant has committed to adhere to the community land trust model of homeownership, thereby ensuring the units will remain affordable in perpetuity
- At least 50% of the County-Assisted For-Sale Housing Development units shall serve households with the incomes no greater than 120% of the Area Median Income (“AMI”)
  - Applicant committed to 100% of units being designated for households whose income is at or below 80% AMI
- Sale prices shall not exceed sales prices as defined by Palm Beach County’s Workforce Housing Program as shown in Exhibit B of the RFP, (reflected on the next page) including all subsequent sales of restricted units during the Period of Affordability.
  - The sales price is expected to be \$185,000 per unit which is less than the maximum for Low Income (60% AMI to 80% AMI)

Mr. Bolton  
 Lake Worth Beach CRA Villas  
 September 16, 2024

2024	Low Income (60%AMI -80% AMI)	Moderate - 1 Income (>80%AMI-100%AMI)	Moderate-2 Income (>100%AMI-140%AMI)
Household Income Range	\$62,400-\$83,200	\$83,200-\$104,000	\$104,000-\$145,000
Sales Price	\$218,400	\$280,800	\$343,200

**Background:**

The Subject Development will be a for-sale development on scattered sites located at 1) 417 South D Street, Lake Worth Beach, FL 33460; 2) 610 North E Street, Lake Worth Beach, FL 33460; 3) 625 North D Street, Lake Worth Beach, FL 33460; and 4) 1306 1st Avenue South, Lake Worth Beach, FL 33460, and will consists of four (4) duplexes, for a total of 8 units. The closing is currently not scheduled, but a representative of The Community Land Trust of Palm Beach County and the Treasure Coast ("Developer") is estimating a closing before the end of 2024.

**DEVELOPMENT & SET-ASIDES**

Development Name: Lake Worth Beach CRA Villas  
 Address: 417 South D Street, 610 North E Street, 625 North D Street, 1306 1st Avenue South  
 City: Lake Worth Beach Zip Code: 33460 County: Palm Beach County Size: Large  
 Development Category: New Construction Development Type: Duplex

Construction Type: Masonry

**DEVELOPMENT TEAM**

Applicant/Borrower:	The Community Land Trust of Palm Beach County and the Treasure Coast
Developer:	The Community Land Trust of Palm Beach County and the Treasure Coast
General Contractor 1:	Stuart & Shelby Development
Architect:	Maurice Menashce
Appraiser:	Meridian Appraisal Group

**PERMANENT FINANCING INFORMATION**

	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lender/Grantor	8 units @ \$185,000	PBC HOME CHDO				
Amount	\$1,480,000	\$1,000,000				
Loan to Cost - Cumulative	56.4%	94.6%				

Deferred Developer Fee	\$142,047
As-Is Land Value	\$1,120,000
Market Rent/Market Financing Stabilized Value	\$2,535,000



Construction and Permanent Financing Sources

<b>CONSTRUCTION/PERMANENT SOURCES:</b>				
<b>Source</b>	<b>Lender</b>	<b>Construction</b>	<b>Permanent</b>	<b>Perm Loan/Unit</b>
Local Government	PBC Housing Bond Loan	\$1,480,000	\$0	\$0.00
Local Government	PBC HOME CHDO	\$1,000,000	\$1,000,000	\$125,000.00
Other	Sale Proceeds 8 units @ \$185,000		\$1,480,000	\$185,000.00
Deferred Developer	Developer	\$142,047	\$142,047	\$17,755.88
<b>TOTAL</b>		<b>\$2,622,047.00</b>	<b>\$2,622,047.00</b>	<b>\$327,755.88</b>

*Notes to Sources*

Palm Beach County Construction Loan

A General Obligation Housing Bond Loan Program – For Sale Housing Development award in the amount of \$1,640,000 was conceptually approved at the May 7, 2024 Board of County Commissioners meeting. The applicant has elected to reduce the HBLP award to \$1,480,000 based on the total anticipated sales proceeds, in accordance with the RFP. As stated in the RFP, the loan shall be secured by a mortgage and note that require repayment of principal and interest with a term up to (3) years. Due to being a nonprofit Developer, the interest rate will be 0%. Repayment will be required upon sale of the units, based on the sales price of \$185,000 per unit. There is no forgiveness of the loan principal.

Palm Beach County CHDO HOME Loan

Palm Beach County approved \$1,000,000 HOME Investments Partnerships Program (“HOME”) Community Housing Development Organization (“CHDO”) funding in the amount of \$1,000,000. The loan will be non-amortizing at 0% interest. The term of the loan will 24-months. No payments of interest nor principal will be required unless acceleration is made due to default. The balance of the principal will be forgiven on the Maturity Date. All HOME-assisted Ownership Housing units must be sold to First-Time Homebuyers whose income does not exceed 80% of the AMI for a Period of Affordability of no less than thirty (30) years.

Sales Proceeds:

The anticipated sales price is \$185,000 per unit for a total of \$1,480,000. The appraisal estimates a market rate value of \$375,000 per unit and \$316,875 per unit as-if a bulk sale, which supports the per unit sales price. Upon the sale of each unit, a pro rata share will be applied to the HBLP loan.

Other Sources

Additional source being considered is Deferred Developer Fee.

Uses of Funds:

<b>HBLP Uses</b>	
<b>Construction Costs</b>	
Construction - Main	\$ 1,997,585
<b>General Development Costs</b>	
Architect & Engineer	\$ 36,000
Owners Representative	\$ 80,000
Legal	\$ 4,000
Permit Fees	\$ 40,000
Builders Risk	\$ 20,000
P&P Bond	\$ 40,000
Marketing	\$ 4,000
Impact Fees	\$ 14,062
Utility Connection Fees	\$ 74,400
Developers Fee	\$ 160,000
Contingency	\$ 72,000
<b>Total General Development Costs</b>	<b>\$ 544,462</b>
<b>Financing Costs</b>	
Title and Recording / Construction / Closing	\$ 40,000
Closing with Buyer	\$ 40,000
<b>Total Financing Costs</b>	<b>\$ 80,000</b>
<b>Total Development Costs</b>	<b><u>\$ 2,622,047</u></b>

*Notes to Development Costs:*

1. Impact fees are based on the Lake Worth Beach Impact Fee Schedule for 2024. The amount used is the net of Existing Use Credit and Waiver Amounts.
2. Utility Connection Fees are based on 2024 Rate Schedule for the City of Lake Worth Beach.
3. Other Development Costs are based on Applicant's estimates, which appear reasonable.

Recommendation

Based on the preliminary data provided by the Applicant, SMG recommends that HBLP funding in the amount of \$1,480,000 be awarded by Palm Beach County for the construction of Lake Worth Beach CRA Villas. SMG has assumed that this loan will have a 0.00% interest rate, a term of up to three years, and no payments due until the units are sold, at which time the principal will be repaid at a pro-rata share. It is anticipated during credit underwriting that characteristics of the transaction are subject to change based on market conditions and third-party reports. Seltzer will provide a thorough review of the changes and provide updates in their credit underwriting report. If the changes are deemed material, Seltzer will inform Palm Beach County of the changes which may require board approval.

Mr. Bolton  
Lake Worth Beach CRA Villas  
September 16, 2024

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Should you have any questions please feel free to contact me directly.

SELTZER MANAGEMENT GROUP, INC.

A handwritten signature in black ink, appearing to read "Kat Johnson", with a long horizontal flourish extending to the right.

Kat Johnson  
Credit Underwriter