

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: December 10, 2024 Consent Regular
 Ordinance Public Hearing

Department: Housing and Economic Development

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to deny: a General Obligation Housing Bond Loan Program (HBLP) - Workforce Housing Multifamily Development award to Gallery at Sunset Park, LLC (Gallery) in the amount of \$14,900,000.

Summary: At the June 4, 2024 Board of County Commissioners (BCC) meeting, the BCC conceptually approved HBLP funding in the amount \$14,900,000 for Gallery at Sunset Park (Project), and transmission to the County's third-party underwriter. The Department of Housing and Economic Development (DHED) prepared a Comprehensive Loan Term Sheet (Term Sheet) based on the recommendations of the underwriting report, and submitted the Term Sheet for approval to Gallery. Gallery did not accept the original terms as defined in the Term Sheet, but instead requested modifications. The modifications include a redistribution of the units pertaining to affordability as shown:

	BCC Conceptual Approval	Newly Proposed
60% AMI	58	16
110% AMI	87	144
Total	145	160

Due to the failure to accept the terms recommended in the Term Sheet and included in the BCC conceptual approval, staff is recommending denial of HBLP funds for this Project. District 3 (HJF)

Background and Policy Issues: 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 HBLP Allocation Process Criteria includes approved General Guidelines from the Resolution R2022-0626 and proposed funding criteria and processes including project requirements, loan terms, deed restrictions, project selection, credit underwriting and compliance and monitoring requirements.

Attachment:
1. Gallery at Sunset Park, LLC Term Sheet

Recommended By: Jonathan Braun 11/18/2024
 Department Director Date

Approved By: Pale for 11/25/24
 Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2025	2026	2027	2028	2029
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT					

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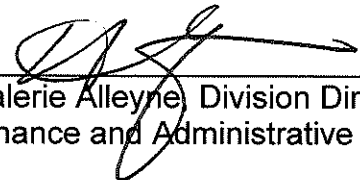
Is Item Included In Current Budget? Yes X No
 Does this Item include the use of Federal funds? Yes No X
 Does this Item include the use of State funds? Yes No X

Budget Account No.:

Fund Dept. Unit Object Program Code/Period

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

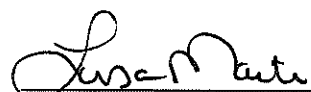
C. Departmental Fiscal Review:

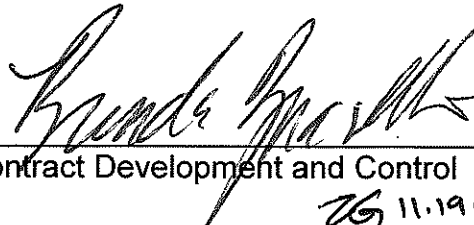


 Valerie Alleyne, Division Director II
 Finance and Administrative Services, DHED

III. REVIEW COMMENTS

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


 Lisa Marie 11/19/24
 OFMB DA 11/19 GA 11/19
 MB 11/19


 Brenda Smith 11/19/24
 Contract Development and Control
 26 11.19.24

B. Legal Sufficiency:


 _____ 11/21/24
 Chief Assistant County Attorney

C. Other Department Review:

 Department Director



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.2024.4 – Workforce Housing Multifamily Development

Project name: Gallery at Sunset Park

Developer name: Related Urban Development Group

Contracting entity: Gallery at Sunset Park, LLC

Project type: Multifamily Rental Development – Workforce Housing Development

Brief Project Description:

Gallery at Sunset Park, a partnership between Related Urban, Mt. Calvary Baptist Church, and 5,000 Doors Development (a minority-owned local firm) will create approximately 160 units of new mixed-income housing in West Palm Beach's Historic Northwest neighborhood. The project includes a new 7,500 SF multipurpose facility for Mt. Calvary that will serve the broader community.

Loan Terms

Loan amount: \$14,900,000

Rental Increases: Rent increases on individual units will be permitted only at lease renewal

Interest rate: 1%

Affordability period: 40 years

Affordability:

~~64 units at or below 60% AMI~~ 16 units at or below 80% AMI AMSr

~~96 units at or below 110% AMI~~

144

Number of total project units: 160

Number of County-assisted units: 160

Percentage of County-assisted units: 100%



DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT

COMPREHENSIVE LOAN TERM SHEET

Loan term:

- 20 year term
- Payments deferred until primary loan conversion
- Interest only payments years 1-10, *deferred during construction. AMSG*
- Principal and interest in years 11-20 based on a 50 year amortization calculation

Term commencement: Upon closing of the loan concurrent with primary financing

Property re-sale:

If the project development is sold, or 50% (aggregate) or more of the ownership changes to a non-affiliated entity, the loan must be satisfied.

Construction start:

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, engineering, architectural, other consultant fees, and General Contractor fees



DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT

COMPREHENSIVE LOAN TERM SHEET

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
- Pre-development costs

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

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 December 3, 2024 agenda meeting.

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

Accept Terms

Does Not Accept Terms

Entity Name:

By: Alberto Miloy, Jr

Alberto Miloy, Jr
Name (printed)

President
Title



November 13, 2024

Board of County Commissioners
Palm Beach County
301 N. Olive Avenue
West Palm Beach, FL 33401

RE: RFP HED.HBLP.2024.4 Workforce Housing Bond – “Gallery at Sunset Park”

Honorable Mayor and Commissioners:

Related Urban has been working with HED Staff regarding our proposed Gallery at Sunset Park development. We want to highlight several important aspects of our proposal to the Board.

Gallery at Sunset Park – Key Aspects

- **Developer Capital Investment:** Related Urban is providing a \$1.5MM Sponsor Loan
- **Maximum AMI:** Our original submittal proposed units at 120% AMI; however, Related Urban has reduced the AMI levels down to a maximum of 110% AMI to align with the Board’s policy
- **Faith-Based Partnership:** Mt. Calvary Baptist Church in West Palm Beach is partnering with Related Urban to develop its excess land and mitigate the County’s Workforce Housing crisis

Related Urban accepts the Workforce Term Sheet including mandatory interest and principal payments, by setting aside 10% of the units at 80% AMI and 90% of the units at 110% AMI.

We initially requested \$17MM for Gallery at Sunset Park as a 145-unit Workforce Housing development.

Related Urban has since reduced its County Loan request to \$14.9MM and increased the unit count to 160 units, while continuing to fully restrict all units as Workforce Housing.

We thank the Board for its thoughtful consideration.

Sincerely,

A handwritten signature in black ink that reads "Alberto Milo, Jr." in a cursive style.

Alberto Milo, Jr.
President
Related Urban

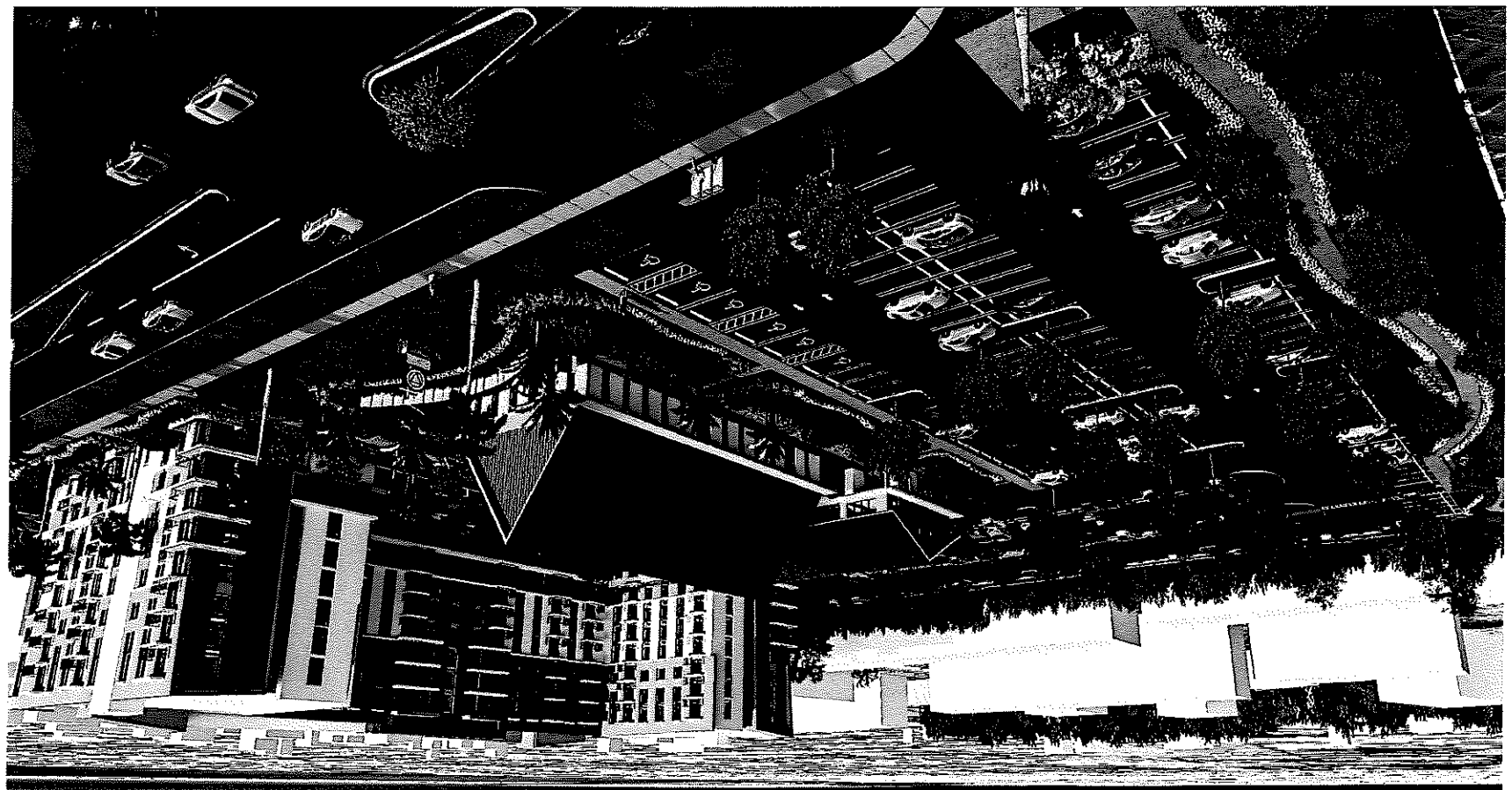
CC: Verdenia Baker, County Administrator
Jonathan Brown, Director, Housing & Economic Development
Sherry Howard, Deputy Director, Housing & Economic Development
Jeffrey Bolton, Director, Contract Development and Quality Control
Fanny Amini, Housing Coordinator, Housing & Economic Development

CONCEPTUAL DESIGN
Scheme 14
Rendering
DATE: 08/14/2024
SCALE: 1"=50'

Gallery at Sunset Park
1111 36th Street
West Palm Beach, Florida

RELATED
URBAN DEVELOPMENT GROUP

modis architects
3601 AVENUE 19
WEST PALM BEACH, FLORIDA 33411
TEL: 561.833.1111
WWW.MODISARCHITECTS.COM



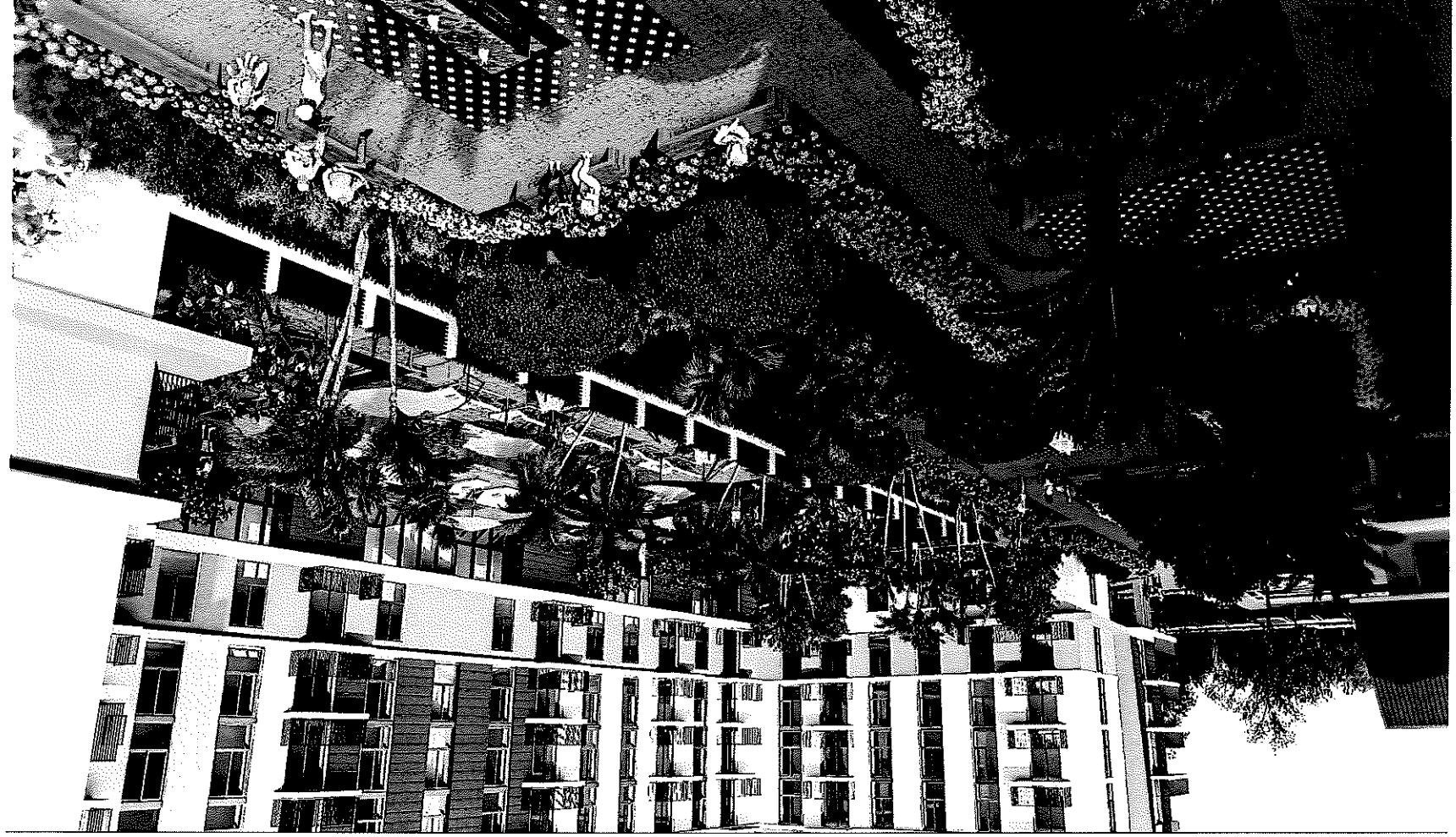


CONCEPTUAL DESIGN
Scheme 14
Rendering
05/12/2014
SCALE: 1/80'

Gallery at Sunset Park
1111 36th Street
West Palm Beach, Florida

RELATED
URBAN DEVELOPMENT GROUP

MOBILES ARCHITECTS
4055 130th Avenue
Miami, Florida 33183
1 786.579.9622
F 786.350.1313
www.mobilesarchitects.com



CONCEPTUAL DESIGN
Scheme 14
Rendering
DATE: 02/20/2004
SCALE: 1/8"=1'-0"

Gallery at Sunset Park
1111 36th Street
West Palm Beach, Florida

RELATED
URBAN DEVELOPMENT GROUP

3055 SW 75th Avenue
Miami, FL 33155
P: 305.432.1312
www.moodisarchitects.com

moodis
architects

DATE: 02/14/2014
SCALE: 1"=50'

CONCEPTUAL DESIGN
Scheme 14
Rendering

Gallery at Sunset Park
1111 36th Street
West Palm Beach, Florida



4552 SW 20th Avenue
Coral Gables, FL 33135
7720 366 1915
www.mopisarchitects.com

