

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date: **September 27, 2016**

☐ Consent ☒ Regular
☐ Ordinance ☐ Public Hearing

Department: Department of Economic Sustainability

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: **A)** a budget transfer of \$289,126 from General Fund contingency reserves to the HOME Investment Partnership Fund to repay the HOME Investments Partnership Program (HOME) funds expended for the Delray Beach Community Development Corporation (DBCDC); and **B)** a budget amendment of \$289,126 in the HOME Investment Partnership Fund to recognize the transfer from the General Fund to appropriate funds for the payment.

Summary: On October 19, 2010 (R2010-1753) the Board approved an Agreement with DBCDC (as amended by R2011-1619, R2012-1892, and R2013-0831) providing HOME funds in the total amount of \$529,398.66 for the acquisition and rehabilitation of four (4) single family homes for occupancy by households with incomes no greater than 80% of Area Median Income. DBCDC expended a total of \$289,125.07 on the acquisition and rehabilitation of two (2) homes located at 5642 Dewberry Way, West Palm Beach, FL 33415 (completed on November 13, 2012, at a cost of \$125,786.63) and 5437 River Plantation Road, Lake Worth, FL 33463 (completed on March 28, 2013, at a cost of \$163,338.44). The remaining \$240,273.59 was not remitted to DBCDC. The County's HOME interest in the properties was secured by mortgages and promissory notes. Monitoring of the project conducted by the Department of Economic Sustainability (DES) determined that the DBCDC had violated various terms of the Agreement, and on January 3, 2014, DBCDC was provided notice of the County's intent to terminate the Agreement. The Agreement expired on May 31, 2014, and the remaining balance of HOME funds was reallocated to other eligible uses. After several unsuccessful attempts to resolve matters of regulatory and programmatic non-compliance with DBCDC, the mortgages were referred to an outside servicer for foreclosure and collection proceedings. The servicer is currently in the process of initiating legal proceedings.

Because the DBCDC project did not result in affordable housing occupied by HOME eligible beneficiaries, the U.S. Department of Housing and Urban Development (HUD) now requires repayment of the HOME funds expended. Approval of this item will allocate \$289,125.07 of County general funds for repayment of the HOME funds to the County's local HOME Trust Fund Account, whereupon the funds become available to the County for expenditure on new activities in accordance with HOME Program requirements. Proceeds that result from the current foreclosure proceedings and eventual disposition of the DBCDC properties will be used to repay the County general funds allocated through this item. District 2 (JB)

Background and Justification: Palm Beach County receives an annual allocation of HOME grant funds from HUD. The purpose of the HOME Program is to provide lower-income households with opportunities for decent, safe, and affordable housing. The County allocates HOME funds to activities including homeownership assistance, tenant-based rental assistance, and the acquisition, rehabilitation, and new construction of affordable single and multi-family housing.

Attachment:

1. Letter from HUD dated August 26, 2016
2. Budget transfer and budget amendment

Recommended By: James Howard 9-21-16
Department Director Date

Approved By:  9/26/14
Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2016	2017	2018	2019	2020
Capital Expenditures					
Operating Costs	\$289,125.07				
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	\$289,125.07				

# ADDITIONAL FTE POSITIONS (Cumulative)	-0-				
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Is Item Included In Current Budget? Yes _____ No X

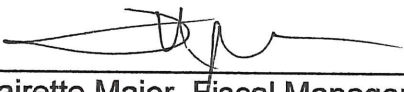
Budget Account No.:

Fund 1103 Dept 143 Unit 1434 Object 4958 Program Code/Period _____

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

Approval of this agenda item will appropriate \$289,125.07 in general funds to repay the local HOME Trust Fund account.

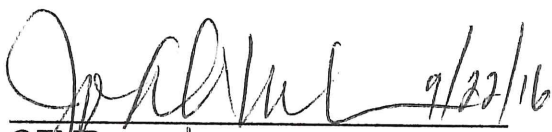
C. Departmental Fiscal Review:



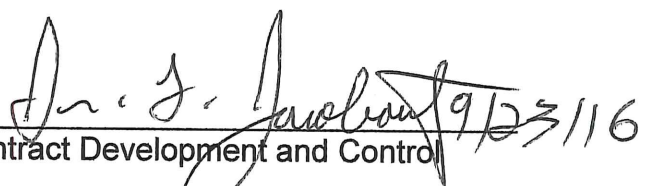
 Shairette Major, Fiscal Manager II

III. REVIEW COMMENTS

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



 OFMB ET 9/21



 Contract Development and Control 9/23/16

B. Legal Sufficiency:



 Assistant County Attorney

C. Other Department Review:

 Department Director

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



U.S. Department of Housing and Urban Development

Region IV, Miami Field Office
Brickell Plaza Federal Building
909 SE First Avenue, Rm. 500
Miami, FL 33131-3042

August 26, 2016

Mr. Edward W. Lowery, J.D., Director
Palm Beach County Department of Economic Sustainability
100 Australian Avenue, Suite 500
West Palm Beach, FL 33406

Subject: HOME Program Remote Monitoring Open Activity (IDIS #2897)
Palm Beach County

Dear Mr. Lowery:

Our office conducted a remote monitoring review of the above subject for Palm Beach County. The purpose of this review was to ensure that the requirements of the HUD grant agreement and program regulations are being carried out in an accurate and timely manner. This review has evolved regarding a request from the County to waive IDIS block requirements to allow the County to set up and draw funds for increases to existing activities, or to fund new activities.

Below is the detailed information regarding conclusions reached on the area reviewed. Our conclusions are based on information gathered from IDIS records, your written request, review of our files, and telephone discussions with you and your staff.

Based on our assessment of information submitted, the review of recorded actions entered by the County in IDIS, and our discussions with County staff, we have determined that the County is out of compliance with HUD regulations and a finding is made as follows:

Finding 1 – Lack of Project Completion

Condition:

The County is out of program compliance and has a flag for IDIS activity #2897 which has been in final draw for more than 120 days without any reported accomplishments. Although the County presented information on a tenant in one property, the documents did not indicate proof that the County has control of the property and of any sufficient third party income verification. The County has also not been able to document that the second unit is occupied by a low-income household. In total, \$289,125.07 has been expended in HOME funds for the two properties.

ATTACHMENT 1

Criteria:

The above condition is a violation of 24 CFR 92.502(d)(1) which indicates that project completion information must be entered into IDIS, or otherwise provided, within 120 days of the final project drawdown.

Cause:

This condition is caused by the nonperformance of a CHDO (Delray Beach CDC) which entered into an agreement with Palm Beach County to acquire and rehabilitate up to four properties for homeownership, but has not been able to demonstrate full project completion.

Effect:


The effect of this finding is that the County has violated the HOME regulations and that funds have been expended for on an incomplete activity which could have been utilized for an eligible HOME activity.

Required Corrective Action:

In order to resolve this finding, the County must repay the \$289,125.07 expended for the portion of the funding used for an incomplete activity since there are no accomplishments that can be documented. Prior to repaying the funds, please contact our office for further instructions. Your response along with repayment is expected to be made within the thirty days of receipt of this correspondence.

If you have any questions regarding this correspondence, or need further assistance, please do not hesitate to contact Dean Taylor, Community Development and Planning Representative at (305) 520-5012.

Sincerely,


Ann D. Chavis, Director
Community Planning and Development Division

c: Ms. Lisa Bustamante, Program Manager

BOARD OF COUNTY COMMISSIONERS
PALM BEACH COUNTY, FLORIDA
BUDGET AMENDMENT

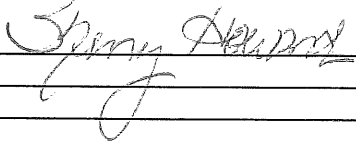
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BGEX-143-0829160000001866
BGRV-143-0829160000000538

FUND 1103 - HOME Investment Partnership Act

Use this form to provide budget for items not anticipated in the budget.

ACCOUNT NUMBER	ACCOUNT NAME	ORIGINAL BUDGET	CURRENT BUDGET	INCREASE	DECREASE	ADJUSTED BUDGET	EXPENDED/ ENCUMBERED 8/29/2016	REMAINING BALANCE
REVENUES								
143-1434-8000	Transfer from General Fund 0001	0	0	289,126	0	289,126		
	TOTAL REVENUES	7,455,369	8,480,797	289,126	0	8,769,923		
EXPENDITURES								
143-1434-4958	Refund Prior Year Revenue	0	0	289,126	0	289,126	0	289,126
	TOTAL EXPENDITURES	7,455,369	8,480,797	289,126	0	8,769,923		

Department of Economic Sustainability
INITIATING DEPARTMENT/DIVISION
Administration/Budget Department Approval
OFMB Department - Posted

Signatures	Date
	9-20-16

By Board of County Commissioners
At Meeting of :
September 27, 2016
Deputy Clerk to the
Board of County Commissioners

BOARD OF COUNTY COMMISSIONERS
PALM BEACH COUNTY, FLORIDA
BUDGET TRANSFER

FUND 0001 -General Fund

Use this form to provide budget for items not anticipated in the budget.

ACCOUNT NUMBER	ACCOUNT NAME	ORIGINAL BUDGET	CURRENT BUDGET	INCREASE	DECREASE	ADJUSTED BUDGET	EXPENDED/ ENCUMBERED	REMAINING BALANCE
EXPENDITURES								
820-9900-9901	Contingency Reserves	20,775,190	17,446,901	0	289,126	17,157,775	0	17,157,775
820-9100-9017	Transfer to HOME Investment Partnership Fund 1103	0	0	289,126		289,126	0	289,126
TOTAL EXPENDITURES				289,126	289,126			

Office of Financial Management and Budget	Signatures	Date	By Board of County Commissioners
INITIATING DEPARTMENT/DIVISION			At Meeting of :
Administration/Budget Department Approval			September 27, 2016
OFMB Department - Posted			Deputy Clerk to the
			Board of County Commissioners