

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date:	July 11, 2017	[X] Consent	[] Regular
		[] Ordinance	[] Public Hearing
Department:	Department of Economic Sustainability		

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: **A)** Amendment 002 to a Loan Agreement (R2016-0624) with Royal Palm Place, Ltd. to recognize an increase in the first mortgage amount and to recognize a fourth mortgage; **B)** a Subordination Agreement with Citibank, N.A. (Citibank); **C)** a Subordination Agreement with Florida Housing Finance Corporation (FHFC); **D)** a Subordination Agreement with the City of West Palm Beach (City); **E)** a Joinder by SPP Mortgagee in connection with the First Amendment to Easement Agreement for the Royal Palm Place project; and **F)** Delegation of authority to the County Administrator, or designee, to execute the aforesaid Subordination Agreements with Citibank, FHFC, and the City, and to execute the aforesaid Joinder by SPP Mortgagee.

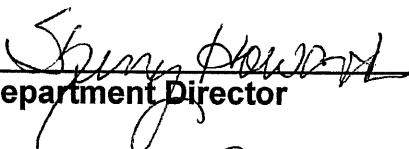
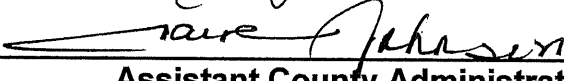
Summary: On May 17, 2016, the County entered into a Loan Agreement (R2016-0624) with Royal Palm Place, Ltd. to provide a loan of \$115,000 in State Housing Initiatives Partnership (SHIP) Program funds for the construction of 125 affordable rental housing units to be known as Royal Palm Place in West Palm Beach. The development will include a clubhouse, pool, Energy Star appliances and provide Resident Programs including after school programs for children, literacy training and an employment assistance program. These funds represent the County's local match as required under FHFC's State Apartment Incentive Loan (SAIL) Program. Royal Palm Place is a \$30.5 Million project and Citibank, N.A. will be providing first mortgage financing. The amount of this first mortgage has increased from \$14,500,000 to an amount not to exceed \$17,000,000. FHFC will be providing second and third mortgage financing as follows: a SAIL Program loan of \$4,750,000 and an Extremely Low Income Gap Loan of \$495,000. The City will be providing fourth mortgage financing in the amount of \$300,000 and the County's mortgage securing the \$115,000 in SHIP funding will be in fifth position.

On May 17, 2016, the Board of County Commissioners (BCC) (Agenda Item 31-1) delegated authority to the County Administrator, or designee, to execute subordination agreements with Citibank and FHFC. The Subordination Agreement with Citibank includes terms that: 1) require all proceeds that could be received by the County in the event of the condemnation of the property be paid to the first mortgage holder; and 2) prohibit the County from commencing, or joining other creditors in commencing, bankruptcy proceedings against the borrower. **Continued on Page 3**

Background and Justification: Continued on Page 3

Attachment(s):

1. Amendment 002 with Royal Palm Place, Ltd.
2. Amendment 001 (R2017-0558) with Royal Palm Place, Ltd.
3. Loan Agreement (R2016-0624) with Royal Palm Place, Ltd.
4. Subordination Agreement
5. Subordination Agreement with Florida Housing Finance Corporation
6. Subordination Agreement with the City of West Palm Beach
7. First Amendment to Easement Agreement including the Joinder by SPP Mortgagee

Recommended By:		6-29-17
	Department Director	Date
Approved By:		7/7/17
	Assistant County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:


Fiscal Years	2017	2018	2019	2020	2021
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT *	0				

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes ____ No ____
Budget Account No.:

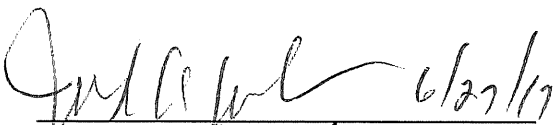
B. Recommended Sources of Funds/Summary of Fiscal Impact:

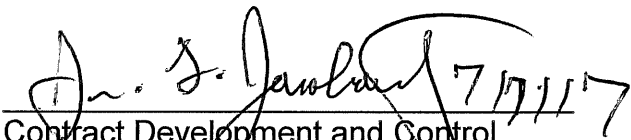
* No Fiscal Impact.

C. Departmental Fiscal Review: 
Shairette Major, Fiscal Manager II

III. REVIEW COMMENTS

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


OFMB 6/27/17
6/27/17


Contract Development and Control
7/7/17

B. Legal Sufficiency:


Assistant County Attorney

C. Other Department Review:

Department Director

Summary: Continued from Page 1

The project site is owned by the West Palm Beach Housing Authority and is leased to Royal Palm Place, Ltd. An Easement Agreement exists between the West Palm Beach Housing Authority and Silver Palm Place Associates, Ltd., the developer of the adjoining property. The County has a mortgage on the Silver Palm Place property. The First Amendment to the Easement Agreement will allow Royal Palm Place, Ltd. necessary ingress, egress, transport and utility rights in the easement. A joinder by the County consenting to the First Amendment to the Easement Agreement is necessary since the County is a mortgage holder. This request for approval of delegation of authority to the County Administrator, or designee, to execute Subordination Agreements with Citibank, FHFC, and the City, the execution of the Joinder by SPP Mortgagee, subject to the County Attorney's approval of their content, is requested to enable a timely response when the closing is scheduled. **These are SHIP funds which require no local match.** District 7 (JB)

Background and Justification: Continued from Page 1

On September 11 and 14, 2014, the Department of Economic Sustainability published a Notice of Funding Availability advising interested developers of the availability of SHIP funds to be used as the required local match under FHFC's SAIL Program. Developers were invited to submit Letters of Interest along with various items of information and documentation pertaining to their proposed projects. Royal Palm Place, Ltd. submitted the required Letter of Interest with its supporting documentation. DES issued them a conditional award for these funds upon determining the sufficiency of their submission. The project will be located between North Tamarind Avenue and Division Avenue just north of 15th Street in West Palm Beach where all 125 affordable rental units will be rented to households whose incomes are at or below 60% of the area median income. The County's funds will be used for construction costs and will be secured by a subordinate mortgage and promissory note. The Loan Agreement requires the developer to pay annual interest payments on the loan over 30 years with the entire principal due at the end of the term. Approval of this Amendment will recognize a change in the amount of the first mortgage and approve subordination of the County's mortgage position to that of the City of West Palm Beach.