

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date:	June 18, 2019	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing
Department:	Department of Housing and Economic Sustainability		

I. EXECUTIVE BRIEF

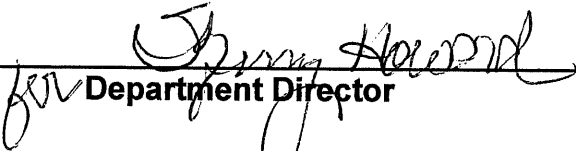

Motion and Title: Staff recommends motion to: **A) approve** a Neighborhood Stabilization Program 2 (NSP2) funding award of \$2,000,000 to Village of Valor, Ltd. (VOV) for the Village of Valor project, contingent on resolution of a lis pendens on the project site; **B) direct** staff to negotiate the NSP2 funding agreement; and **C) delegate** authority to the County Administrator, or designee, to execute the agreement, amendments thereto, and all other related documents necessary for implementation of the project.

Summary: Staff recommends Board of County Commissioners' (BCC) approval of a NSP2 award of \$2 Million to VOV for the Village of Valor project (Project) which has a total development cost of \$31.4 Million. The Project includes new construction of 130 apartments and 18 townhomes for affordable rental to very low, low, and moderate-income persons, with priority given to veterans and their families, including the disabled, homeless and at-risk of homelessness. It is to be located on vacant land on the north side of 2nd Avenue North, east and west of Keller's Canal in Lake Worth (east portion) and Palm Springs (west portion). Staff is also requesting authorization to negotiate the funding agreement with VOV and execute all related documents contingent on resolution of a lis pendens on the project site. The lis pendens relates to a \$4,198,000 loan for acquisition of the property which matured on February 1, 2018. VOV was not able to satisfy the mortgage due to the delays in securing the project financing but has now secured all of its funding sources. The Project's \$31.4 Million financing includes the \$2 Million NSP2 allocation which was conceptually approved by the BCC on October 2, 2018 (Agenda Item 4E-1), contingent on VOV securing all other funding necessary to complete the project. In addition, VOV has been awarded a \$272,306 allocation from the County's Impact Fee Affordable Housing Assistance Program (IFAHAP).

At the time of the BCC's conceptual approval of the \$2 Million NSP2 allocation, the Project included 148 units at affordable rent rates based on VOV's plans to obtain development funding from the highly competitive State Apartment Incentive Loan and 9% Housing Credits Programs. However, the tax credit financing was not secured and is being offset by an increase in the amount of mortgage/bond financing. To support the increased debt service, VOV increased the total number of housing units from 148 to 157 and restructured the housing unit mix from 100% affordable to a 20%-80% affordable-workforce unit mix (with priority still given to veterans and their families). Under the new structure, contingent on the BCC's approval of the staff recommendation, the \$2 Million in NSP2 funds will be used toward the construction of the 32 affordable housing units. Whereas, the remaining 125 workforce housing units will be financed through the other funding sources included in the Project. The \$2 Million NSP2 loan will bear no interest and require no repayment of principal during its 30-year term. At the satisfactory conclusion of the 30-year term, the full principal amount would be forgiven, however, should VOV default by violating NSP2 affordability requirements during the 30-year term, the full principal amount will become due. The NSP2 mortgage will not close prior to satisfaction of the existing mortgage. **These are NSP2 program income funds which require no local match.** District 3 (HF)

Background and Policy Issues: In 2014, VOV financed the acquisition of the project site with a mortgage from Supportive Housing Solutions Fund LLC. The current mortgage balance is \$4,198,000. **Continued on Page 3**

Attachment(s):
1. Location Map

Recommended By:		6-7-19
	for Department Director	Date
Approved By:		6/13/19
	Assistant County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2019	2020	2021	2022	2023
Capital Expenditures					
Operating Costs	\$2,000,000				
External Revenues					
Program Income (County)	(\$2,000,000)				
In-Kind Match (County)					
NET FISCAL IMPACT	-0-				

# ADDITIONAL FTE POSITIONS (Cumulative)	-0-				
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Is Item Included In Current Budget? Yes X No
 Does this item include the use of Federal funds? Yes X No

Budget Account No.:

Fund 1112 Dept 143 Unit 1426 Object 8201 Program Code N221-PI/GY09


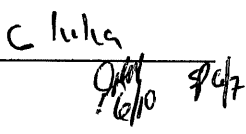
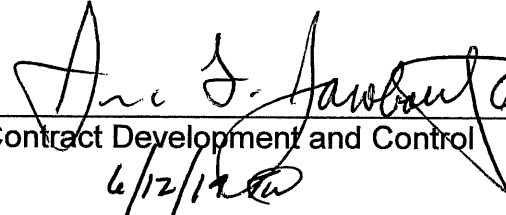
B. Recommended Sources of Funds/Summary of Fiscal Impact:

Approval of this agenda item will allocate \$2,000,000 NSP2 program income to Village of Valor, Ltd. for construction of the Village of Valor project.

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

III. REVIEW COMMENTS

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

 OFMB   0113119
 Contract Development and Control
 6/12/19

B. Legal Sufficiency:

 6/13/19
 Assistant County Attorney

C. Other Department Review:

 Department Director

Background and Policy Issues: Continued from Page 1

On April 29, 2019, the court issued a Notice of Lis Pendens of the mortgagee’s action seeking to foreclose, as the loan matured on February 1, 2018. The terms of the loan were not met due to delays in securing project financing. VOV has advised staff that Supportive Housing Solutions Fund, LLC is willing to allow the closing to take place, but need clarity and confirmation as to when closing will occur. It is envisioned that the existing mortgage will be satisfied with bond financing during a simultaneous closing of all Project financing. The Project’s \$31.4 Million total development cost will be funded from a variety of sources including: interim financing of \$28 Million from the Housing Finance Authority of Palm Beach County; permanent financing of \$27.6 Million from Dougherty Mortgage LLC; a \$1.4 Million deferred developer fee; the proposed \$2 Million NSP2 loan; and a \$100,000 grant from Green Tree. The Project will leverage \$29.1 Million from non-County funding sources.

On February 11, 2010, the U.S. Department of Housing and Urban Development (HUD) awarded the County a \$50 Million NSP2 grant for acquisition, rehabilitation, or redevelopment of vacant, foreclosed, or abandoned residential properties. The County expended the entire \$50 Million by the federal deadline and have been generating NSP2 program income from repayment of loans from the original NSP2 projects. Currently, there is approximately \$2.377 Million in NSP2 funds which includes the subject \$2 Million award to VOV. VOV is owned by Village of Valor, LLC and KSM Holding. Faith-Hope-Love-Charity, Inc. is the Managing Owner/Partner for the Village of Valor, LLC. The Project is an initiative of Faith-Hope-Love-Charity, Inc., a local not-for-profit agency whose mission is to reintegrate displaced and at-risk veterans and their families back into communities to sustain independent living. The housing unit mix includes the following:

Type	Units	Income Group	Rent by Unit Size
Affordable	32	0 – 50% AMI	1BR: \$ 598 / 2BR: \$ 723 / 3BR: \$ 836
Workforce	125	51 – 140% AMI	1BR: \$1,350 / 2BR: \$1,650 / 3BR: \$1,880

LOCATION MAP



Village of Valor, 2431 – 2559 2nd Avenue North, Lake Worth, 33461

