PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:

July 12, 2022

[] Consent [] Ordinance

[X] Regular
[] Public Hearing

Department:

Housing and Economic Development

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to:

- A) approve Community Development Block Grant (CDBG) funding of up to \$1,800,000 to Housing Partnership, Inc. dba Community Partners of South Florida;
- B) direct staff to negotiate the funding agreement; and
- **C) authorize** the County Administrator, or designee, to execute the funding agreement, amendments thereto, and all other documents necessary for project implementation.

Summary: Community Partners of South Florida (CPSF) is a local 501(c) not-for-profit organization that has successfully served needs in the areas of housing and mental health for over 36 years. CPSF currently operates a transitional housing program known as The Village from a leased 20-unit apartment property located at 1311 Tamarind Avenue / 1034 13th Street, West Palm Beach. The Village provides transitional housing and supportive services for 35 persons with diagnosed mental health issues. Clients are referred through the Palm Beach County Continuum of Care Coordinated Entry process and may reside at The Village for up to two (2) years. Clients pay no more than 30% of their income towards rent, and receive therapy, employment services, resource navigation, and case management in order that the client is independently and stably housed upon exit from The Village. The property owner planned to sell on the open market at the end of the current lease, however, Community Partners intends to acquire the property in order to maintain The Village. The total cost of acquisition and rehabilitation is \$3.74 Million. Sources of funding include a \$1.8 Million first mortgage from PNC Bank and \$145,500 cash from Community Partners. Staff recommends CDBG funding for a \$1.8 Million forgivable loan to assist in the acquisition of the property and preserve the much-needed inventory of transitional housing beds. The property will be restricted for affordability to households with incomes no greater than 80% of Area Median Income for no less than 50 years. The funding agreement and related documents pursuant to these County funds will be between the County and the entity identified herein or its respective successors and/or assigns. To facilitate project implementation, staff requests authorization for the County Administrator, or designee, to execute the funding agreement and related documents. These are Federal CDBG grant funds that do not require a local match. District 7 (HJF)

Background and Policy Issues: The U. S. Department of Housing and Urban Development (HUD) provides Palm Beach County an annual formula-based allocation of CDBG funds. The CDBG program supports efforts to provide decent affordable housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income. The Project is CDBG eligible under 24 CFR 570.201(c) - Public Facilities and Improvements. The Project will meet the National Objective of benefitting low-and-moderate-income persons per 24 CFR 570.208(a)(2)—Limited Clientele. The CDBG funding is contingent upon completion of an amendment to the County's Action Plan and an environmental review in accordance with 24 CFR Part 58.

Attachment(s):

1. Project Description

Recommended By:

Department Director

une 18, 2022

Date

Approved By: _

Assistant County Administrator

Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

| Fise | cal Years | 2022 | 2023 | 2024 | 2025 | 2026 | | |
|------|--|------------------------|-------------|--------------|--------------|----------|--|--|
| Cap | oital Expenditures | | | | | | | |
| Оре | erating Costs | 1,800,000 | | | | | | |
| Exte | ernal Revenues | (1,800,000) | | | | | | |
| Pro | gram Income | | | | | | | |
| In-k | (ind Match (County) | | | | | | | |
| NE | T FISCAL IMPACT | -0- | | | | | | |
| i | DDITIONAL FTE SITIONS (Cumulative) | -0- | | | | | | |
| Does | n Included In Propos this Item include the et Account No.: | | | es X es X | No No | | | |
| Fund | Fund <u>1101</u> Dept. <u>143</u> Unit <u>1431</u> Object <u>820</u> Program Code/Period | | | | | | | |
| B. | B. Recommended Sources of Funds/Summary of Fiscal Impact: | | | | | | | |
| C. | Approval of this agenda item will appropriate \$1,800,000 in Federal CDBG funds for The Village transitional housing project. C. Departmental Fiscal Review: Shairette Major, Division Director II | | | | | | | |
| • | III. REVIEW COMMENTS | | | | | | | |
| A. | OFMB Fiscal and/or | Contract Deve | elopment al | na Control (| omments: | | | |
| (| Jun News 6 OFMB JA 6992 | 13 6/22 Qm) 6/30/20 | Contraç | ty Developme | ent and Cont | m 7/1/25 | | |
| B. | Legal Sufficiency: | | | • | | | | |
| | Chief Assistant Cour | 7/5/22 ty Attorney | | | | | | |
| C. | Other Department F | Review: | | | | | | |
| | Department Director | | | | | | | |

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

PROJECT DESCRIPTION - THE VILLAGE

This project entails the acquisition of an existing transitional housing facility known as The Village, located at 1311 Tamarind Avenue / 1004 13th Street, West Palm Beach, by Housing Partnership Inc., dba Community Partners of South Florida.

The Village is located at 1311 Tamarind Avenue / 1004 13th Street, West Palm Beach, FL 33401. The property was originally built in 1926 and includes two (2) apartment buildings consisting of 20 units - (4) 1-bedroom units and (16) 2-bedroom units and a small office building. The total square footage is 13,762 with 11,772 residential space and 1,990 of commercial space. The commercial space is vacant and not renovated. An extensive renovation of the property was completed in 2020. CPSF has leased the apartment buildings to operate The Village since August 2020 at a monthly rental payment of \$18,333. Southeast Florida Behavioral Health Network (SFBHN) is the primary funder for operational costs of the program through payments for beds and attached services for clients during their residency.

The Village is a 2-year Transitional Housing Program. It is home to 35 individuals who have a documented mental health diagnosis and can live independently. Clients are wrapped in services such as therapy, high-fidelity wrap around services and housing case management. Staff works with clients on property to assist them in becoming more independent, find employment, navigation of needed resources, transportation, applying for benefits and monthly budgeting. At recruitment, the clients are all unemployed and some may be receiving social security or disability benefits. If not receiving benefits, a benefit coordinator assists them in accessing social security and/or disability benefits. All clients sign a one-year lease, renewable for a second year. Clients in the two-bedroom units are roommates; each occupying their own bedroom and sharing a common area bathroom, kitchen and living room. CPSF furnishes each apartment with twin size beds, dresser, sofa, dining room table and basic start-up household items. The first 3 months at the Village clients do not pay rent, affording them the opportunity to save money. After the first 3 months, clients pay 30% of their income towards rent if they have income or receive social security or disability benefits. The outcome is for the individual to acquire permanent, affordable and stable housing within 2 years. The housing case manager works with the client locate and secure affordable housing by assisting with first, last and security deposits, and then through continued case management after placement in to permanent housing.

On June 3, 2022, CPSF has entered into a contract to purchase the property from Grupo Inverso Miami LLC for a price of \$3.4M. The total cost of the project including acquisition and minor rehabilitation is \$3.745M. Projected rents will support a first mortgage of \$1.8M at 5.5% for 30 years. Community Partners will make a cash contribution of \$145,500. The CDBG funds would be provided as a loan secured by a mortgage and note that would be forgiven at the conclusion of a 50-year affordability period.

| SOURCES | |
|-------------------------------------|-----------------|
| First Mortgage PNC | \$ 1,800,000 |
| Palm Beach County CDBG | \$ 1,800,000 |
| Community Partners of South Florida | \$ 145,500 |
| Total Sources | \$ 3,745,500 |
| USES | |
| Land Acquisition & Closing Costs | \$ 3,463,000 |
| Predevelopment | \$ 17,500 |
| Construction Cost | \$ 265,000 |
| Total Uses | \$ 3,745,500 |