

50-1

PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY

Meeting Date: November 15, 2022

Consent

Regular

Ordinance

Public Hearing

Department: Facilities Development & Operations

**I. EXECUTIVE BRIEF**

**Motion and Title:** Staff recommends motion to:

**A) Approve:** a budget increase of \$2,100,000 of Infrastructure Sales Tax (IST) funding allocated by the Board of County Commissioners (Board) under the Housing Units for Homeless, Extremely Low and Low Income unit towards the implementation of the Prosperity Village Cottage Homes Project (Project);

**B) Approve** Amendment No. 3 to the Developer and Operator Agreement (R2021-0148) (Agreement) with the West Palm Beach Housing Authority (WPBHA) for the Project to increase the Budgeted Amount, and cap the amount of Construction Savings that will be transferred, at Project Completion, to the Initial Renewal/Replacement (R/R) Project Reserve;

**C) Adopt** a Resolution authorizing the conveyance to the WPBHA of the County's interest in two (2) parcels totaling 1.36 acres, located at 3551 South Military Trail, and 4521 Clemens Street (Property), at no charge and without reservation of mineral and petroleum rights and restricting its use to government use, operation and maintenance for housing of low, very low and extremely low income residents;

**D) Approve** a County Deed in favor of WPBHA; and

**E) Approve** a Memorandum of Agreement between County and the WPBHA for the purpose of giving public notice of the existence of a Developer and Operator Agreement between both parties.

**Summary:** On January 12, 2021, the Board approved the Agreement with WPBHA (R2021-0148) for the development, ownership and operation of a small lot housing pilot project upon 1.36 acres of County-owned real property fronting Military Trail and Clemens Street in western Lake Worth (commonly referred to as the Cottage Homes Project). Under the Agreement, WPBHA is to improve the property with 17 detached structures for transitional housing, a community center, ancillary parking and other customary site improvements, and the County will provide up to \$3.973M in Infrastructure Sales Tax (IST) funding for the development and construction. As required under the Agreement, WPBHA completed the design and permitting by March 2022, and proceeded with subcontractor solicitation and procurement. In August 2022, WPBHA notified County Staff that procurement had been successfully completed, sufficient bids had been received, and the associated costs had been found to be fair and reasonable under current market conditions.

CONTINUED ON PAGE 3

**Attachments:**

1. Location Map
2. Overview of the Subcontractor Selection and Procurement Process
3. Value Engineering Opinion Letter
4. Construction Cost Opinion Letters
5. Amendment No. 3
6. Resolution
7. County Deed
8. Memorandum of Agreement
9. Overview – Project History and Other Relevant Matters

Recommended By:

*Erin L. Royal-Letter*  
Department Director

11/02/22  
Date

Approved By:

*Walter J. Blue*  
County Administrator

11/4/22  
Date

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

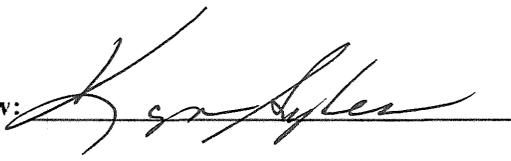
Fiscal Years	2023	2024	2025	2026	2027
Capital Expenditures	\$2.1M	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
<b>NET FISCAL IMPACT</b>	<u>\$2.1M</u>	=====	=====	=====	=====
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included in Current Budget: Yes   x   No \_\_\_\_\_  
 Does this items include use of federal funds? Yes \_\_\_\_\_ No   x  

Budget Account No: Fund 3950 Dept 411 Unit Q001 Object Varies

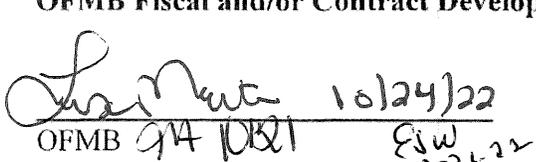
**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

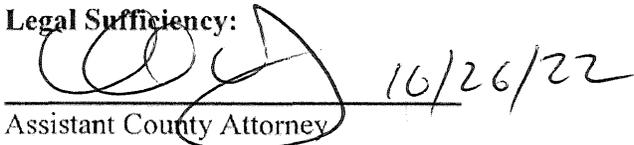
Staff is recommending the allocation of an additional \$2.1M of IST funding allocated under the Housing Units for the Homeless, Extremely Low & Low Income unit to implement the Project. That amount of funding is immediately available, and additional collections remain to be accrued in the unit in the coming fiscal years per the Board Approved IST Project Plan.

C. Departmental Fiscal Review: 

**III. REVIEW COMMENTS**

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

 10/24/22  
 OFMB 914 10821 ESW 10-24-22  
 10/24/22  
 Contract Development and Control

**B. Legal Sufficiency:**  
 10/26/22  
 Assistant County Attorney

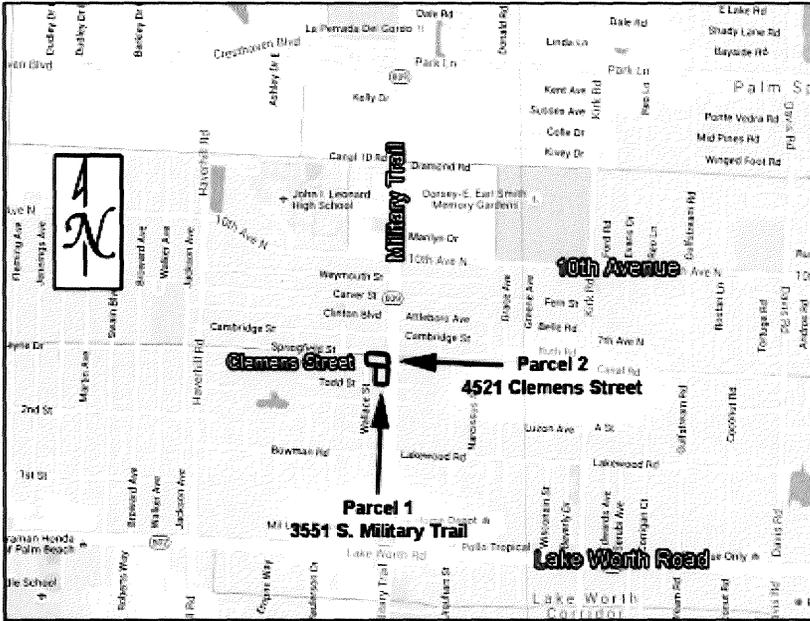
**C. Other Department Review:**  
  
 Department Director  
 Community Services

**Summary (cont.):** However, the resulting construction cost exceeds the approved project budget by approximately \$2.1M. County Staff has completed a thorough analysis and concurs with WPBHA and its consultants' assessment, deeming the increased Project cost to be a fair and reasonable reflection of current market conditions. County Staff has also completed a thorough analysis of current needs for transitional housing and deems the Project to be a valuable tool in addressing the existing housing challenges being faced by the community at large. Therefore, County staff is recommending approval of an additional \$2.1M allocation of IST funds from the Housing Units line item of the Board-approved IST Project Plan to allow for contract award and construction commencement. As of September 2022, there is sufficient funding available (i.e. approximately \$10.8M) within that unit to accommodate the additional appropriation, for a total Budgeted Amount of \$6,073,458.06 for the Project. Approval by the Board of the recommended project budget increase would allow WPBHA to proceed with subcontractor contract awards. Construction is expected to take 14 months, which would provide for start of operations in March-April 2024. Amendment No. 3 to the Agreement increases the Budgeted Amount to reflect the additional \$2.1M required for construction of the Project and caps at \$464,137 the amount of Construction Savings that will be transferred, at Project Completion, to the Initial R/R Project Reserve. The Agreement requires the County to transfer the Property to WPBHA, upon the issuance of all required building permits. On February 28, 2022, staff was advised by WPBHA that all required building permits have been received. This conveyance is being done pursuant to Florida Statute 270.11, without charge and without mineral and petroleum rights reservations. A Memorandum of Agreement (Memorandum) between County and the WPBHA will be recorded in the public records for the purpose of giving public notice of the existence of the Agreement. WPBHA executed the Memorandum on May 2, 2022. **In accordance with Section 22-106 of the Palm Beach County Code, Motions C & D must be approved by a Supermajority Vote (5 Commissioners). The funding source for this project budget increase is from the Infrastructure Sales Tax Fund. (FDO Admin/PREM) District 3/Countywide (MWJ/HJF)**

**Background and Policy Issues:** On January 12, 2021, the Board approved the Agreement with the WPBHA for the development, ownership and operation of a small lot housing pilot project upon 1.36 acres of County owned real property fronting Military Trail and Clements Street in western Lake Worth Beach (commonly referred to as the Cottage Homes Project). Following an extended subcontractor solicitation and procurement process, WPBHA notified County Staff that in order to proceed with contract award and construction an additional appropriation of approximately \$2.1M would be required to cover all costs. An analysis and overview of special considerations regarding the Project, applicable Board policies, and other relevant matters is included as Attachment 9 to this agenda item.

# ATTACHMENT 1

## Location Map



## ATTACHMENT 2

### **Overview of the Subcontractor Selection and Procurement Process**

*(as provided by WPBHA via email on August 24, 2022)*

The following information will document the change in our process and handling of the procurement process for bids for the Prosperity Village Cottage Homes Community. During the first round of requests for bids, the WPBHA utilized a formal, sealed bid requirement for all trades regardless of size and scope of services. We sent out the IFB (Sealed Bids) to approximately 420 individual subcontractor companies via an email blast, the bid was advertised on the WPBHA website and advertised twice in the Palm Beach Post. A follow-up email blast was sent out thereafter promoting the Project and providing information updates. Unfortunately, we received a limited number of responses, totaling 15 bids across the trades and no response for five of the trades. Final analysis revealed nonresponsive bids to 7 out of the 15 trades despite efforts made.

In order to remedy this limited number of responses, for the second round the WPBHA devised the following methodology: the WPBHA split the procurement process into both IFB (Sealed Bids) and RFQ requirements depending upon the dollar amount of the contract. The WPBHA utilized the Independent Cost Estimate (ICE) dollar amounts provided by the project architect, REG Architects, Inc. to create thresholds for these RFQ. Additionally, we added the services of Demand Star which greatly expanded our reach to hundreds of participating companies. Importantly, the WPBHA engaged its staff in an active phone contact notification plan. The WPBHA contacted approximately 50-60 subcontractors to inform them of the Cottage Homes opportunity, promote the Project, and answer questions related to the bid process. This direct contact helped attract broader participation. The WPBHA also reached out to local Building Industry Associations, asking them to advise their membership of the bid opportunity and to send out links directly to our solicitation; this included the Builders Association of South Florida and Associated General Contractors. Lastly, we included a marketing incentive program on both the WPBHA web site and within the solicitation, offering subcontractors the opportunity to post signage on site, advertise their involvement on our web site and social media platforms and grant them logo exposure in our Project marketing pieces. We utilized the County's list of email contacts from the Equal Business Opportunity Office for both the initial and the second solicitation as it is always our goal to help insure as much WMBE participation as possible. The results of WMBE participation have been very positive with at least five of our bid responders coming from WMBE Companies. The net result of this change in strategy was an increase in total bids to 31 responses across all trades, more than doubling our initial procurement participation.

The WPBHA believes that these fundamental changes in our process directly resulted in a much more positive level of participation and ultimate outcome in terms of pricing. All bids and quotes expire 90 days from the bid due date of August 2, 2022, with nearly all bids expiring on November 2, 2022 (with the exception of roofing which expires on November 9th, 2022).

**ATTACHMENT 3**

**Value Engineering Opinion Letter**

May 3, 2022

Joel Hatcher  
Director of Construction Services  
West Palm Beach Housing Authority  
3700 Georgia Avenue  
West Palm Beach, FL 33405

**RE: WPHA Cottage Homes – Value Engineering**

Dear Joel,

Pursuant to your request to evaluate the current construction documents and derive any potential “value engineering” items, we offer the following:

- 1) Change the roof specification from metal to asphalt shingle. Potential savings of 50% - 60% of material costs.
- 2) Change the countertop specification from granite to plastic laminate (Formica). Potential savings of 10% - 20% material costs.
- 3) Change the exterior barrier wall specification from 6’ concrete precast to 6’ chain-link or pre-fabricated aluminum fence. Potential savings of 30%-40% material costs.

The designs for the homes are already simple and straight-forward. The systems and materials selected in the current set were meant to be economical as well as low-maintenance and durable. There are obviously certain details that can be eliminated from the design, as well as certain material changes (as stated above), that will provide potential cost savings to the project. However, in our professional opinion, these would compromise the intended aesthetics (vernacular cottage) and/or durability of these elements. We respectfully advise against this. These changes would not provide the best long-term value or benefit to either the project’s operator and future tenants.

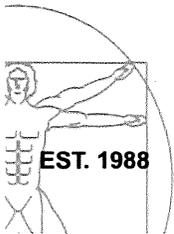
Should you have any questions please do not hesitate to contact us.

Sincerely,  
**REG Architects, Inc.**



Manuel Ayala, AIA  
Vice President

cc. Electronic File



**ATTACHMENT 4**

**Construction Cost Opinion Letters**

August 22, 2022

Joel Hatcher  
Director of Construction Services  
West Palm Beach Housing Authority  
3700 Georgia Avenue  
West Palm Beach, FL 33405

**RE: WPHA Cottage Homes – Cost Estimates**

Dear Joel,

As requested, REG Architects Inc, reviewed the bid results, emailed to us on 8/18/22. The construction market is still very volatile. Our experience in other projects both private and public, residential, and commercial, have still shown increases in general construction costs and lead time delays on a wide range of products. By the second quarter of this year (2022) we were experiencing anywhere from 30%-45% increases in construction costs. Since then, we have seen additional cost increases from material suppliers, subcontractors, and general contractors alike in the range of 20%-25% from those first quarter numbers. The bid results show a total construction cost of \$4.5 million which is approximately an 18% increase from our original estimate of \$3.8 million back in April of 2022. We have seen recent housing projects reaching above the \$200/sf mark. The bid results presented appear to match the average increase that we are experiencing in other projects.

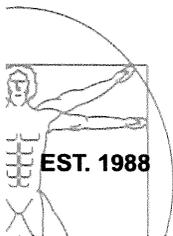
Should you have any questions please do not hesitate to contact us.

Sincerely,  
**REG Architects, Inc.**



Manuel Ayala, AIA  
Vice President

cc. Electronic File



**From:** Lisa Maxwell <lobbyist1@aol.com>  
**Sent:** Tuesday, August 23, 2022 9:45 AM  
**To:** Charlotte Burnett <cburnett@wpbha.org>; Joel Hatcher <jhatcher@wpbha.org>  
**Subject:** Cottage Homes Community

Ms. Burnett:

Per your request, I am responding to the inquiry from Mr. Del Dago, Director of Capital Improvements Div, Palm Beach County FD & O to indicate in writing my rationale for the current issues impacting the cost of the Cottage Homes Community. As a former Lennar Homes executive, and lobbyist for the Builders Association of South Florida for 18 years, I have kept a close watch on the construction industry and continue to do so.

I don't think we can overstate the impacts of COVID on the global markets, supply chain, materials costs, and the pent-up delays in the construction industry as a result of lying dormant for months on end. What we are seeing in the industry is that even large homebuilders who have long standing relationships with subcontractors in the regional market area are dealing with sub-contractors increasing their pricing exponentially. Subs are passing on not only the cost increases in materials but also labor (there is a significant labor shortage in key trades) and projects are taking longer to complete adding to their potential financial exposure. As a consequence, their pricing is as REG has aptly pointed out, 30 to 45 percent higher today.

Additionally, many local subcontractors were forced to close their businesses as a result of Covid, and as a result there are simply fewer companies available to do the work. When the construction industry hit the restart button, the combined pent-up demand from consumers for homes with the Feds' low interest rates created a real estate boom. Subcontractors who survived COVID are in very high demand and seized the opportunity to raise prices as well.

As it specifically relates to the Cottage Homes Community, the bid tabulations reflect these global issues, but there are also site specific issues which fuel cost increases. One is the unknown factor of an actual start date. Subcontractors are reluctant to lock in pricing beyond 30 days and so I believe there is price protection as a result of this factor as well. The fact that the project is an infill project is also a matter of consideration as there tend to be many more unknowns particularly as it relates to site work. You can see the large swing in the bids relating to site work specifically and we believe the subcontractor with the best pricing has more relevant experience with these types of projects. You can see the effects of materials cost increases related to supply chain problems and shortages in the costs related to Shell, A/C, Electric, and framing as many of these types of materials are imported or experienced manufacturing delays related to COVID.

The fact that the Cottage Homes Community only had a project increase of 18 percent, when even large homebuilders with long standing relationships with their subcontractors are facing 30-45 percent increase, is a testament to the WPBHA Staff reaching out far and wide to encourage participation in the bidding process. The Cottage Homes sq foot pricing of approximately \$205.00 for vertical construction costs is certainly right in line with current private sector homebuilder pricing. Private sector homebuilders can absorb these costs as a result of a real estate market that has demonstrated stratospheric rises in home prices. Projects such as the Cottage Homes don't have that luxury and as a result will need additional subsidy to overcome the factors I mention above. Hopefully, this explanation is responsive to the County's request. Please advise if there is anything else I can assist with.

Lisa Maxwell  
Consultant WPBHA

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**County Staff's Comment:** The 18% cost increase referenced by Ms. Maxwell is on the basis of REG's updated estimate, which was provided at the end of design phase. It is not based on the contractual amount, which was derived from WPBHA's response to the RFP.

**ATTACHMENT 5**

**AMENDMENT No. 3**

**To the Developer and Operator Agreement**

**AMENDMENT NO. 3  
TO THE DEVELOPER AND OPERATOR AGREEMENT**

**This Amendment No. 3** (“Amendment”) is made and entered into on \_\_\_\_\_, 2022 by and between **Palm Beach County**, a political subdivision of the State of Florida, by and through its Board of County Commissioners (“County”), and the **West Palm Beach Housing Authority**, a public body corporate and politic created under Section 421 of the Florida Statutes (the “Authority”).

**WITNESSETH**

**WHEREAS**, on January 12, 2021, the parties hereto entered into the Developer and Operator Agreement (R2021-0148), which has been amended by Amendment No. 1 dated August 17, 2021 (R2021-1059) and by Amendment No. 2 dated January 4, 2022 (R2022-0033) (collectively, the “Agreement”); and

**WHEREAS**, the parties desire to amend and modify certain provisions of the Agreement.

**NOW THEREFORE**, in consideration of the mutual covenants, promises and representations contained herein, the Parties agree as follows:

1. **Recitals**. The above recitals are true and correct and incorporated herein by reference.
2. **Agreement Modifications and Additions**. The following provisions of the Agreement are modified as follows:

a. Article 2 “Definitions”, the definition of “Budgeted Amount” is deleted in its entirety and replaced with the following:

***“Budgeted Amount” shall mean \$6,073,458.06.***

b. Article 2 “Definitions”, the definition of “Contractor’s Fee” is deleted in its entirety and replaced with the following:

***“Contractor’s Fee” shall mean the lump sum amount under line item “Contractor’s Fee” as set forth on Exhibit G Revised attached hereto and made part hereof which shall be paid to the Authority pursuant to Section 7.5 of the Agreement as the Authority will assume role of Contractor and all work and liability associated thereto.***

c. Article 2 “Definitions”, the definition of “Development Fee” is deleted in its entirety and replaced with the following:

***“Development Fee” shall mean the lump sum amount under line item “Development Fee” as set forth on Exhibit G Revised attached hereto and made part hereof which shall be paid in accordance with Section 7.6 of the Agreement.***

d. Article 2 “Definitions”, the first sentence of the definition of “Initial R/R Project Reserve” or “Initial Renewal/Replacement Project Reserve” is deleted in its entirety and replaced with the following:

**“Initial R/R Project Reserve”** or **“Initial Renewal/Replacement Project Reserve”** shall consist of 1) the remaining Development Fee, if any, pursuant to Section 7.6 hereof and 2) the line(s) in the Program Cost Estimate established pursuant to Section 7.3.5 herein which contain Construction Savings, if any, not to exceed \$464,137.00, which upon Final Completion will be maintained by the County in an account designated specifically for the Facility and be the subject of requisition by the Authority in order to fund the initial capital R/R Project obligations of the Authority.

e. Section 7.2 “Cost Overruns is deleted in its entirety and replaced with the following:

**7.2 Cost Overruns.** From and after the date of this Amendment No. 3, the Authority will be responsible for Cost Overruns, except to the extent: (a) the County imposes a program requirement in excess of the Minimum Requirements that results in a Cost Overrun; or (b) the County breaches this Agreement, which breach results in a Cost Overrun. In the event that either of the foregoing causes occurs, the County shall pay a proportionate share of any such Cost Overrun, which proportion shall be equal to the extent to which the Cost Overrun was caused by the County.

f. Section 7.3.5 is deleted in its entirety and replaced with the following:

**7.3.5** At Final Completion of the Facility the amount remaining in the Program Contingency will be considered Construction Savings. At Final Completion of the Facility, Construction Savings in an amount not to exceed \$464,137.00 shall be deposited into the County maintained Initial R/R Project Reserve to provide initial funding for capital Renewal/Replacement Projects pursuant to this Agreement which will be subject to requisition requests from the Authority as provided for in Section 18.3. The funds in the Initial R/R Project Reserve shall only be used for capital projects on the R/R Project Schedule. The funds in the Initial Project Reserve shall not be used for Personal Property or operating expenses. After Final Completion of the Facility, the County shall have the sole and absolute right to reallocate to other County capital projects and/or initiatives, as it deems it appropriate, any and all funds in Construction Savings in excess of \$464,137.00.

g. The fifth sentence of Section 7.6 “Development Fee” is deleted in its entirety and replaced with the following:

*In accordance with Section 7.3 above, upon Final Completion of the Facility, any funds remaining in the Program Contingency will be considered Construction Savings which the County shall deposit into the County maintained Initial R/R*

*Project Reserve, not to exceed \$464,137.00, to provide initial funding for capital Renewal/Replacement Projects pursuant to this Agreement which will be subject to requisition requests from the Authority as provided for in Section 18.3.*

**h.** The first sentence of Section 18.3 “R/R Project Reserves” is deleted in its entirety and replaced with the following:

*The Initial R/R Project Reserve was established pursuant to Sections 7.3.5 and 7.6 of this Agreement and contains 1) any remaining Development Fee and 2) the Construction Savings, if any, accomplished during the construction of the Facility, not to exceed the amount of \$464,137.00, which will be maintained by the County and be the subject of requisition by the Authority in order to fund the initial capital R/R Project obligations of the Authority.*

**i.** Exhibit G “Program Cost Estimate” is deleted in its entirety and replaced with **Exhibit G Revised** attached hereto and incorporated herein.

**3. All Other Terms Affirmed.** In all other respects, the terms and conditions of the Agreement shall remain in full force and effect and are hereby ratified and affirmed by the parties hereto.

**4. Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of Florida, without regard to conflicts of law.

**THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY**

**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment to the Agreement to be executed as of the day and year first above written.

**ATTEST:**

**JOSEPH ABRUZZO  
CLERK & COMPTROLLER**

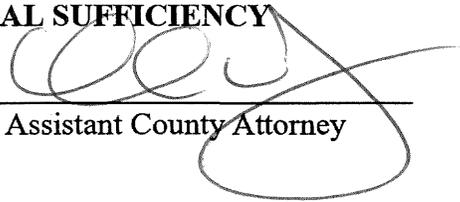
**PALM BEACH COUNTY, a political  
subdivision of the State of Florida, by and  
through its Board of County  
Commissioners**

By: \_\_\_\_\_  
Deputy Clerk

By: \_\_\_\_\_  
Mayor

**APPROVED AS TO  
LEGAL SUFFICIENCY**

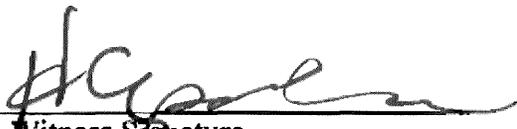
**APPROVED AS TO TERMS  
AND CONDITIONS**

By:   
Assistant County Attorney

By:   
Director,  
Facilities Development & Operations

**WITNESSES:**

**WEST PALM BEACH HOUSING  
AUTHORITY, a public body corporate and  
politic created under Section 421 of the  
Florida Statutes**

By:   
Witness Signature

By:   
Executive Director

Hennietta Copeland  
Print Witness Name

**EXHIBIT G REVISED  
PROGRAM COST ESTIMATE**

**Cottage Homes Project -**  
**17 Single Family Homes, Detached**  
**1 Community Building**  
**New Construction**  
**19,076 Total Square Footage**  
**17,582 A/C Square Footage**

**DEVELOPMENT COSTS**

USES OF FUNDS		Total	Per Unit
<b>Acquisition Costs</b>		<input type="checkbox"/>	
Building(s)	0%	Eligible \$0	\$0
Land	N/A	\$0	\$0
<b>Total Acquisition Costs</b>		\$0	\$0
<b>Hard Costs</b>			
Building Costs		\$4,495,761	\$249,764.50
Landscaping			
Site Work			
P&P Bonds			
<b>Subtotal</b>		<b>\$4,495,761</b>	
General Requirements, Profit and Overhead (Contractor's Fee)		\$364,070.00	\$20,226.11
<b>Subtotal</b>		<b>\$4,859,831</b>	
Hard Cost Contingency	10%	\$485,983	\$26,999.06
<b>Total Hard Costs</b>		<b>\$5,345,814</b>	<b>\$296,989.67</b>
<b>Soft Costs</b>			
Accounting Fees		\$0	\$0
Appraisal		\$0	\$0
Architect/Engineer		\$52,000	\$2,888.89
Architect's Fee - Supervision		\$2,000	\$111.11
Landscape Architect/Land Planner		\$15,000	\$833.33
Builder's Risk Insurance		\$23,000	\$1,277.78
Liability Insurance		\$23,000	\$1,277.78
Legal Fees - Owner		\$0	\$0
Market Study		\$0	\$0
Geotech		\$16,200	\$900
Permitting		\$41,400	\$2,300
Water Meters		\$57,600	\$3,200
Marketing		\$0	\$0
Survey		\$30,150	\$1,675
Title Insurance/Closing Costs		\$500	\$27.78
Soft Cost Contingency	10%	\$26,085	\$1,449.17

<b>Total Soft Costs</b>		<b>\$286,935</b>		<b>\$15,940.83</b>
				\$0
<b>Financial Costs</b>		\$0		\$0
				\$0
<b>Total Financial Costs</b>		<b>\$0</b>		<b>\$0</b>
				\$0
<b>Other Development Costs</b>				\$0
Development Fee		\$248,413		\$13,800.72
Lease Up Reserve	1 mon.	\$10,826		\$601
Operating Deficit Reserve	N/A	\$0		\$0
Debt Service Reserves	N/A	\$0		\$0
<b>Total Other Development Costs</b>		<b>\$259,239</b>		<b>\$14,402</b>
<b>Total Development Cost</b>		<b>\$5,891,988</b>		<b>\$327,333</b>

**ATTACHMENT 6**  
**RESOLUTION**

**RESOLUTION NO. 20\_\_**

**RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AUTHORIZING THE CONVEYANCE OF CERTAIN REAL PROPERTY TO THE WEST PALM BEACH HOUSING AUTHORITY, WITHOUT CHARGE AND WITHOUT MINERAL AND PETROLEUM RIGHTS RESERVATION; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the West Palm Beach Housing Authority, a public body corporate and politic (“Authority”), has made a request to the Board of County Commissioners of Palm Beach County asking that Palm Beach County (“County”) convey 1.36 acres of surplus real property to the Authority for use by the Authority for government use, operation and maintenance for housing of low, very low and extremely low income residents; and

**WHEREAS**, the Board of County Commissioners of Palm Beach County hereby finds that the 1.36 acres of surplus real property should be conveyed to the Authority as requested, and at no charge, as the aforementioned use constitutes a use for the community interest and welfare, such real property is required for such use and such real property is not needed for County purposes; and

**WHEREAS**, pursuant to Florida Statute Section 270.11, the Authority has requested that such property be conveyed without reservation of phosphate, mineral, metals and petroleum rights in order to render title to such property marketable; and

**WHEREAS**, the Board of County Commissioners of Palm Beach County hereby agrees to convey such property without reservation of phosphate, mineral, metals and petroleum rights.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that:**

**Section 1. Recitals**

The foregoing recitals are true and correct and incorporated herein by reference.

**Section 2. Authorization to Convey Real Property**

The Board of County Commissioners of Palm Beach County shall convey to the Authority without charge and by County Deed attached hereto as Exhibit "A" and incorporated herein by reference, the real property legally described in such Deed, subject to a restrictive covenant limiting the use of such property to government use, operation and maintenance for housing of low, very low and extremely low income residents.

**Section 3. Conflict with Federal or State Law or County Charter**

Any statutory or Charter provisions in conflict with this Resolution shall prevail.

**Section 4. Effective Date**

The provisions of this Resolution shall be effective immediately upon adoption hereof.

The foregoing resolution was offered by Commissioner \_\_\_\_\_ who moved its adoption. The Motion was seconded by Commissioner \_\_\_\_\_, and upon being put to a vote, the vote was as follows:

- District 1: Maria G. Marino
- District 2:
- District 3: Dave Kerner
- District 4:
- District 5: Maria Sachs
- District 6:
- District 7: Mack Bernard

The Mayor thereupon declared the resolution duly passed and adopted this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

PALM BEACH COUNTY, a political subdivision of the State of Florida

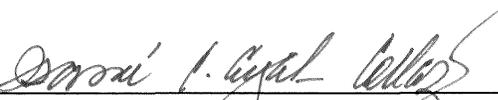
JOSEPH ABRUZZO  
CLERK OF THE CIRCUIT COURT  
& COMPTROLLER

By: \_\_\_\_\_  
Deputy Clerk

APPROVED AS TO  
LEGAL SUFFICIENCY

APPROVED AS TO TERMS  
AND CONDITIONS

By:   
Assistant County Attorney

By:   
Department Director

G:\PREM\Dev\Open Projects\GG-Cottage Homes\Deed to WPBHA\reso-270.11-conveyance.hf approved 4-12-22.docx

**ATTACHMENT 7**  
**COUNTY DEED**

PREPARED BY AND RETURN TO:  
Marcel Pessoa, Real Estate Specialist  
PALM BEACH COUNTY  
PROPERTY & REAL ESTATE MANAGEMENT DIVISION  
2633 Vista Parkway  
West Palm Beach, FL 33411-5605

PCN: 00-42-44-24-07-002-0070 & 00-42-44-24-07-001-0010  
Closing Date: \_\_\_\_\_  
Purchase Price: N/A

## COUNTY DEED

**This COUNTY DEED**, made \_\_\_\_\_, by **PALM BEACH COUNTY**, a political subdivision of the State of Florida, whose legal mailing address is 2633 Vista Parkway, West Palm Beach, Florida 33411-5605, "County", and the West Palm Beach Housing Authority, a public body corporate and politic created under Section 421 of the Florida Statutes, whose legal mailing address is 3700 Georgia Ave, West Palm Beach, FL 33405 "Grantee".

### WITNESSETH:

That County, for and in consideration of the sum of Ten and 00/100 (\$10.00) Dollars to it in hand paid by Grantee, the receipt whereof is hereby acknowledged, has granted, bargained and sold to Grantee, its successors and assigns forever, the following described land lying and being in Palm Beach County, Florida:

See **Exhibit "A"** attached hereto and made a part hereof.

This conveyance is made upon the express condition that the Property may only be used, operated and maintained by a governmental entity for the sole purpose of providing Housing to eligible low, very low and extremely low income residents.

The foregoing restriction shall constitute a covenant running with the land, and shall be enforceable against Grantee, its legal representatives, successors and assigns. In the event that the Property is used for any purpose which is inconsistent with the foregoing restrictive covenant, the Property shall revert to County.

**IN WITNESS WHEREOF**, County has caused these presents to be executed in its name by its Board of County Commissioners acting by the Mayor or Vice Mayor of said Board, the day and year aforesaid.

### ATTEST:

**JOSEPH ABRUZZO**  
**CLERK OF THE CIRCUIT COURT**  
**& COMPTROLLER**

**PALM BEACH COUNTY, a political**  
**subdivision of the State of Florida**

By: \_\_\_\_\_  
Deputy Clerk

By: \_\_\_\_\_  
Mayor

### APPROVED AS TO LEGAL SUFFICIENCY

By:   
Chief Assistant County Attorney

(OFFICIAL SEAL)

## **Exhibit "A"**

PARCEL 1 (PCN: 00-42-44-24-07-002-0070)

LOTS 7 THROUGH 16, BLOCK 2, GREENLAND PLAT NO. 1, LESS THE EAST 3 FEET OF LOTS 8 THROUGH 15, INCLUSIVE, ACCORDING TO THE PLAT THEREOF ON FILE IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT IN AND FOR PALM BEACH COUNTY, FLORIDA, PLAT BOOK 4, PAGE 3.

TOGETHER WITH:

PARCEL 2 (PCN: 00-42-44-24-07-001-0010)

LOTS 1 THROUGH 11, LESS THE EAST 3 FEET OF LOTS 8 THROUGH 11, INCLUSIVE, BLOCK 1, GREENLAND PLAT NO. 1, ACCORDING TO THE PLAT THEREOF ON FILE IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT IN AND FOR PALM BEACH COUNTY, FLORIDA, PLAT BOOK 4, PAGE 3.

**ATTACHMENT 8**  
**MEMORANDUM OF AGREEMENT**

Prepared By/Return To:  
Ben Williamson, Project Manager  
Property Real Estate and Management Division  
2633 Vista Parkway  
West Palm Beach, Florida 33411

**MEMORANDUM OF AGREEMENT**

This is a MEMORANDUM OF AN AGREEMENT FOR DEVELOPER AND OPERATOR AGREEMENT (the "Agreement"), dated January 12, 2021 (Resolution No. R2021-0148), by and between PALM BEACH COUNTY, a political subdivision of the State of Florida, by and through its Board of County Commissioners, with an address of 301 North Olive Avenue, Administration, 11<sup>th</sup> Floor, West Palm Beach, Florida 33401, ("County"), and WEST PALM BEACH HOUSING AUTHORITY, a public body corporate and politic created under Section 421 of the Florida Statutes ("Authority"), with an address of 3700 Georgia Ave, West Palm Beach, FL 33405.

**W I T N E S S E T H:**

WHEREAS, County and Authority have entered into the Agreement pursuant to which Authority has agreed to develop, construct, own, operate, and maintain the housing development under the terms and conditions set forth in the Agreement and County has agreed to fund the development of detached housing units on property located in Palm Beach County legally described in Exhibit "A" attached hereto and made a part hereof (the "Property") for extended occupancy by households experiencing homelessness and as a demonstration project for a small lot form of development; and

WHEREAS, the parties have executed this Memorandum of Agreement for the purpose of giving public notice of the existence of the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby acknowledge, and give notice of, the existence of the Agreement, including, without limitation, the following specific provisions thereof:

1. Article 24, Term and Termination

24.1 Term

24.1.1 Initial Term. The initial term of this Agreement shall commence on the Effective Date and shall continue for a period of thirty-four (34) years or until otherwise terminated pursuant to the terms of this

Agreement (the “Term”).

24.1.2 Renewals. This Agreement may be renewed for two (2) additional terms of thirty (30) years each. At least six (6) months prior to the expiration of this Agreement’s term, the Authority shall provide the County with a request to renew this Agreement. Such renewal will require the approval of both parties and the County may not unreasonably withhold its approval of the renewal.

24.1.3 Expiration. Upon expiration of the initial Term or any renewal Term, the Authority shall convey its ownership interest in the Facility and Site to the County by statutory warranty deed, surrender the Property in accordance with Article 25, turn over the funds in the Authority maintenance account, contingency fund and R/R Project Reserve to the County, and, if requested by the County, assign all operational contracts to the County

24.3 Termination by the County for Authority Default after the Conveyance Date. After the Conveyance Date, the County shall have the right to terminate this Agreement upon default by the Authority.

24.3.1 If the termination for Authority’s default occurs after the Conveyance Date but before Final Completion of the Facility, the Authority shall 1) assign all Consultant Contracts and Construction Subcontracts to the County, 2) deliver all design plans, drawings, specifications or other work product to the County, 3) convey its ownership interest in the Facility and Site to the County by statutory warranty deed, and 4) surrender the Property in accordance with Article 25. After assignment of the contracts, delivery of the work product, transfer of ownership and surrender of the property to the County, the County will pay the Authority’s Actual Costs to the date of termination in accordance with and subject to the provisions of Article 8.

24.3.2 If the termination for Authority’s default occurs after Final Completion of the Facility, the Authority shall convey its ownership interest in the Facility and Site to the County by statutory warranty deed, surrender the Property in accordance with Article 25, turn over the funds in the Authority maintenance account, contingency fund and R/R Project Reserve to the County, and, if requested by the County, assign all operational contracts to the County.

24.3.3. If County terminates the Agreement for Authority default

under this section, then the County shall deliver a written notice of termination to the Authority which shall be effective on the Effective Termination Date.

24.4 Termination by the Authority for County Default after the Conveyance Date. After the Conveyance Date, the Authority shall have the right to terminate this Agreement upon default by the County.

24.4.1. If the termination for County's default occurs after the Conveyance Date but before Final Completion of the Facility, the Authority shall 1) assign all Consultant Contracts and Construction Subcontracts to the County, 2) deliver all design plan, drawings, specifications or other work product to the County, 3) convey its ownership interest in the Facility and Site to the County by statutory warranty deed, and 4) surrender the Property in accordance with Article 25. After assignment of the contracts, delivery of the work product, transfer of ownership and surrender of the property to the County, the County will pay the Authority's Actual Costs to the date of termination in accordance with and subject to the provisions of Article 8.

24.4.2 If the termination for County's default occurs after Final Completion of the Facility, under Section 23.3(A) or (B), the Authority shall convey its ownership interest in the Facility and Site to the County by statutory warranty deed, surrender the Property in accordance with Article 25, turn over the funds in the Authority maintenance account, contingency fund and R/R Project Reserve to the County, and, if requested by the County, assign all operational contracts to the County.

24.4.3 If the termination for County's default occurs after Final Completion of the Facility, under Section 23.3(C), the Authority shall have the option to terminate this Agreement and retain ownership of the Facility, Site and the funds in the Authority maintenance account, contingency fund and the R/R Project Reserve, except that any funds in the Initial R/R Project Reserve shall remain with the County and become the property of the County.

24.4.4 If Authority terminates the Agreement for County default under this section, then the Authority shall deliver a written notice of termination to the County which shall be effective on the Effective Termination Date.

24.5 Survival. The following provisions shall survive termination of this Agreement: Article 9 and Sections 8.5, 21.2, 21.3, 27.3, 27.4, 27.7, 27.8, 27.16 and 27.26.4.

24.6 Effective Termination Date. Termination shall be effective on the Effective Termination Date, subject to the survival of any provisions which either specifically survive termination or which by their nature are intended to survive.

This Memorandum is not a complete summary of the Agreement. Provisions of this Memorandum shall not be used to interpret the provisions of the Agreement, and, in the event of a conflict between this Memorandum and the Agreement, the Agreement shall control. All defined terms as used in this Memorandum shall have the same meaning and effect as in the Agreement,

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the parties have caused this Memorandum of Agreement to be executed as of the date first-above written.

Signed, sealed and delivered in the presence of:

COUNTY:

ATTEST:

**JOSEPH ABRUZZO**  
Clerk of the Circuit Court  
and Comptroller

**PALM BEACH COUNTY, a political subdivision of the state of Florida, by its Board of County Commissioners**

By: \_\_\_\_\_  
Deputy Clerk

By: \_\_\_\_\_  
, Mayor

Signed and delivered in the presence of:

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Print Witness Name

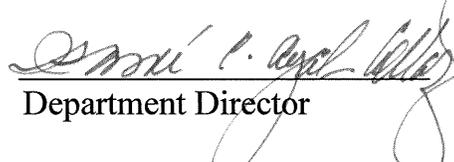
\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Print Witness Name

**APPROVED AS TO LEGAL SUFFICIENCY**

By:   
Chief Assistant County Attorney

**APPROVED AS TO TERMS AND CONDITIONS**

By:   
Department Director

Date of Execution by Authority:

May 2nd, 2022

Signed and delivered in the presence of two witnesses for Seller:

By: Charloke Burnett  
Signature

Charlotte Burnett  
Print Name

By: Beatrice H Stubbs  
Signature

BEATRICE H STUBBS  
Print Name

WEST PALM BEACH HOUSING AUTHORITY, a public body corporate and politic created under Section 421 of the Florida Statutes

“AUTHORITY”

By: [Signature]  
Signature

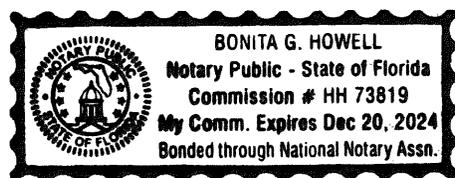
Linda Odum  
Print Signatory's Name

Its: \_\_\_\_\_,  
Executive Director

(SEAL)

STATE OF FLORIDA  
COUNTY OF PALM BEACH

The foregoing Memorandum of Agreement was acknowledged before me by means of [ X ] physical presence or [ ] online notarization this 2 day of May, 2022, by Linda Odum the Executive Director of the West Palm Beach Housing Authority (X) who is personally known to me OR (\_\_\_\_) who produced \_\_\_\_\_ as identification and who (\_\_\_\_) did (\_\_\_\_) not take an oath.



Bonita Howell

Notary Public

Bonita Howell

Print Notary Name

NOTARY PUBLIC

State of Florida at Large

My Commission Expires: Dec 20, 2024

**EXHIBIT "A"**

**PROPERTY**

PARCEL 1 (PCN: 00-42-44-24-07-002-0070)

LOTS 7 THROUGH 16, BLOCK 2, GREENLAND PLAT NO. 1, LESS THE EAST 3 FEET OF LOTS 8 THROUGH 15, INCLUSIVE, ACCORDING TO THE PLAT THEREOF ON FILE IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT IN AND FOR PALM BEACH COUNTY, FLORIDA, PLAT BOOK 4, PAGE 3.

TOGETHER WITH:

PARCEL 2 (PCN: 00-42-44-24-07-001-0010)

LOTS 1 THROUGH 11, LESS THE EAST 3 FEET OF LOTS 8 THROUGH 11, INCLUSIVE, BLOCK 1, GREENLAND PLAT NO. 1, ACCORDING TO THE PLAT THEREOF ON FILE IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT IN AND FOR PALM BEACH COUNTY, FLORIDA, PLAT BOOK 4, PAGE 3.

## ATTACHMENT 9

### Overview – Project History and Other Relevant Matters

#### **Project History**

On September 26, 2017, the Board authorized Staff to prepare a Request For Proposals (RFP) for the development of approximately 20 small lot homes as a test case for the viability of a small lot form of development upon the property formerly occupied by the Tax Collector in western Lake Worth Beach. On February 26, 2019, during a Workshop meeting, the Board further endorsed the Cottage Homes project as one of the four sequential steps included as part of the Board-approved IST Project Plan for the delivery of housing units for homeless, extremely low, and low income individuals, which carries a total funding allocation of \$25.5M over the 10 year program period. The Project was assigned first priority with the intent of servicing families experiencing homelessness. Direction was given at that time to proceed with issuance of an RFP to all local Housing Authorities offering to convey ownership of the Property and provide up to \$3,973,000 of IST funding to accomplish the development of the Project. The RFP was advertised in December 2019 and provided for a two-step selection process. Step 1 proposals were received in March 2020, and Step 2 proposals were received in July 2020. WPBHA was the sole respondent to the RFP. In August 2020 the selection committee recommended award to WPBHA. In January 2021, the Board approved the Agreement with WPBHA for the development, construction and operation of the Project. Through two separate amendments to the Agreement, WPBHA was given an additional six months to complete design and permitting, which it successfully achieved in February 2022.

Since the Project is an infill housing initiative, the RFP was drafted to ensure that the resulting housing units would seamlessly integrate with the existing neighborhood and minimize the time required to accomplish necessary regulatory procedures. As such, respondents were required to preserve the existing lot configurations per the plat of the Property. This approach was also intended to: 1) add value to the pilot project as the same could be replicated in other communities where similar plats or infill properties exist, 2) facilitate through the pilot project any required land development code modifications that would allow for future developments in small lots, and 3) allow for reuse of the design and construction drawings by the County, WPBHA, and any local government in Palm Beach County at no additional cost, with the exception of adaptations that would be necessitated by site specific factors upon application elsewhere. Therefore, as a direct result of the intended and planned project approach, the design effort did not contemplate maximizing unit density.

#### **Project Scope**

The Agreement provides that the Project will include 17 housing units distributed amongst three different layouts, six 2-bedroom/1-bathroom units, six 2-bedroom/2-bathrooms units, and five 3-bedroom/2-bathrooms units; with square footage ranging from 981 to 1,200. The Project also includes a community center and customary site improvements. The County will provide to the WPBHA up to \$3.973M in IST funding for the development and construction along with conveyance of the 1.36-acre property. The conveyance of the property will be at no cost to WPBHA, and subject to restrictions for government use, operation and maintenance for housing for low, very low and extremely low income residents. Due to the use of IST funds, the property and improvements must always remain in public ownership and as a result, all units will be rental units with maximum gross monthly rents for the first year ranging from \$598 to \$730, and maximum continued occupancy by any given tenant of 24 months.

#### **Developer and Operator Agreement**

The Agreement has been amended twice, in August 2021 (R2021-1059) and January 2022 (R2022-0033), both times to extend the time WPBHA had under Section 24.2 of the Agreement to complete design and permitting. The time extensions were warranted due to the combined impacts that the pandemic and unforeseeable permitting delays had on the overall Project schedule. As per the amended Agreement, WPBHA had until March 14, 2022 to complete design and permitting. WPBHA met the deadline and proceeded with subcontractor solicitation and procurement. Although the Agreement is exempt from the County's Equal Business Opportunity Program, WPBHA and County Staff worked towards ensuring diversity participation. The bids received show a 64% Small Business Enterprise (SBE) participation, of which 45% is Minority/Women Owned Business Enterprise (MWBE).

#### **Subcontractor Solicitation and Procurement**

In March 2022, following construction permit attainment, WPBHA proceeded with subcontractor solicitation and procurement. The Project was advertised in May 2022 with all bids due in June 2022. On June 13, 2022, WPBHA notified County Staff that the procurement process had been unsuccessful as insufficient or no bids had been received for multiple line items. WPBHA prepared a modified procurement plan and requested to extend the procurement period, which County Staff authorized as part of its contract management responsibilities. In August 2022, WPBHA notified County Staff that procurement had been successfully completed, sufficient bids had been received and the associated costs had been found to be fair and reasonable given current market conditions. However, the resulting construction cost exceeds the approved project budget by approximately \$2.1M. The original procurement process resulted in 15 bids across all trades, whereas the modified procurement process resulted in 31. Included as Attachment 2 to this agenda item is a brief synopsis provided by WPBHA as to the modifications made to the subcontractor selection and procurement process in order to obtain sufficient participation.

#### **Construction Cost Analysis**

The RFP offered, and the Agreement provides, that the County will allocate \$3,978,456 of IST monies towards development and construction of the Project. That amount was sufficient to induce WPBHA to respond to the RFP and enter into the Agreement to complete the full scope of work required by the Project. At the time of approval of the Agreement, based on the proposal submitted by WPBHA and recommended by County Staff, the total development cost was \$3,807,201 and the estimated new construction square footage was 19,076, which translated into an all-inclusive cost of approximately \$191/sq.ft. or \$223,953/unit. Based on the bids recently received, the revised total development cost is \$5,891,988 and the total new construction square footage is 19,057, which translates into an all-inclusive cost of approximately \$309/sq.ft or \$346,587/unit. Neither cost carries land values as the 1.36-acre parcel is owned by the County and if conveyed to WPBHA, will not entail payment.

Before proceeding with the modified bidding process, WPBHA and County Staff conducted a value engineering analysis in order to identify potential substitutions and/or modifications that could reduce the total development cost. Although three potential value engineering items (materials selections) were identified, WPBHA and its consultants do not recommend the same be pursued. County Staff agrees with the recommendation. Materials selection for the Project was done taking into consideration long-term maintenance needs and durability in the best ongoing interest of the Project, occupants and stewardship of public funds. Compromising either would potentially lead to a lesser quality product and increased operational costs. Included as Attachment 3 to this agenda item is a value engineering opinion letter prepared by the Project architect.

The Agreement with WPBHA is predicated on the project cost estimate that WPBHA prepared and included as part of its proposal in July 2020. Approximately 28 months have elapsed since the original cost estimate was prepared. The construction industry has experienced the impacts resulting from the COVID19 pandemic and price increases in many commodities have been reported. WPBHA and its consultants maintain that the prices obtained through the bidding process are fair and reasonable given existing market conditions. Included as Attachment 4 to this agenda item are construction cost opinion letters from the Project design team (REG Architects, Inc.) and WPBHA's consultant (Ms. Lisa Maxwell). County Staff has reviewed both letters, as well as performed its own analysis, and agrees that the prices obtained are fair and reasonable given present market conditions.

### **Transitional Housing Needs**

The Project is meant to provide 17 detached transitional housing units. During FY21 the County's Community Services Department (CSD) provided hotel accommodations for 109 households (i.e. 361 individuals). As of August 2022, that number had increased to 124 households (i.e. 477 individuals). The average cost to house a family of four in a hotel is \$2,567 per month. Since March 2021, when CSD started housing families in hotels, the County has spent over \$500,000 in hotel fees to provide transitional housing accommodations.

CSD's Point-In-Time (PIT) count of individuals experiencing homelessness showed 3 unsheltered homeless families (i.e. 6 individuals) in 2020. By 2022 that number had increased to 9 (i.e. 29 individuals). Starting in academic year 2018-19, the total count of McKinney-Vento students (i.e. the number of children lacking a fixed, regular and adequate nighttime residence) in the County exceeded 4,000 individuals. The latest published data available is for academic year 2020-21, when a total of 4,414 McKinney-Vento students were reported by the School District. County Staff confirms that there is a community need for transitional housing and that the data shows a continued increase in the demand for services. The impacts of the pandemic, the current housing market and the existing economic environment are all contributing factors.

If built, the Project could accommodate a minimum of 17 families on two-year cycles. During the initial term of the Agreement with WPBHA (i.e. 34 years), this translates into a minimum of 289 households served (i.e. assuming each family stays for the full 2-year cycle). The cost to house the same number of households through the hotel program, assuming current costs, would be approximately \$17.8M. Thus, although the Project cost at present is greater than previously planned and/or intended, it remains an economically efficient method of providing transitional housing as compared to other options available in the marketplace. There are also other financial and non-monetary benefits associated with the provision of housing as intended by this specific Project that may serve to offset the additional \$2.1M needed to realize its delivery.

### **Contractual Considerations**

Section 7.2 of the Agreement provides that WPBHA is responsible for any and all cost overruns unless the same can be attributed to the County. The additional \$2.1M required to proceed with construction is by contractual definition a cost overrun. Amendment No. 3 revises Section 7.2 to provide that cost overruns will be calculated as of its approval date.

### **Property Conveyance**

The Property will be conveyed to WPBHA via County Deed. Upon the expiration or termination of the Agreement, WPBHA shall re-convey the Property at no cost provided the County is not in default of the terms of the Agreement.

### **Policies**

The Board has established housing and homelessness as one of its strategic priorities. Simultaneously, the Board has established cost-efficiency as a strategic goal. The significant increase in the Project construction costs requires balancing of both policies (i.e. housing & homelessness and cost-efficiency). In doing so, County Staff is recommending approval of an additional \$2.1M of IST funds to allow for contract award and construction commencement. Should the Board prefer to balance the two priority policies differently, County Staff has identified four other potential options for implementation of the Project.

**Option 1 – Postpone the Project** – WPBHA, its consultants and County Staff believe the significant Project cost increase to be a direct result of existing market conditions. County Staff cannot forecast if the market will readjust to levels closer to pre-pandemic conditions and if it does, when it will happen. Publicly available forecasts from the economic and construction sectors point to the possibility of market stabilization anywhere from 18-30 months from the present. The Board can choose to postpone implementation of the Project for a number of years in order to allow market conditions to reach a new normal, with the expectation that construction costs will decrease allowing for implementation of the Project within the approved \$3.973M budget. If the Board chooses this option, County Staff recommends that the Project be postponed for a period of two years. However, County Staff notes that this decision carries some additional considerations as follows: 1) there is no certainty on how the market will behave (i.e. cost can increase or decrease over the two-year holding period; 2) if there are code changes, the design might need to be updated, requiring additional time and expense; 3) permits already obtained will likely require renewal at additional time and expense; 4) WPBHA and the County will need to reassess its contractual relationship, and if either party opts to terminate, a new competitive process would be required to select a developer/operator; 5) under the best possible scenario, start operations would not be achieved until 2026; and 6) some duplication of staff time already expended will be required to recommence work.

**Option 2 – Reduce the Project's Scope** – The Project provides for the construction of 17 detached housing units and the assigned budget is \$3,974,458.06. As previously discussed, the bids received led to a total development cost of \$346,587/unit. Direct extrapolation points to the possibility of reducing the project to about 10 units to remain within the existing budget. This could allow for the Project to proceed forward without an additional appropriation. However, County Staff notes that this decision carries some additional considerations: 1) cost per square-foot would still reflect current market conditions (i.e. higher than allowed under the Agreement); 2) since the bidding process was based on 17 units, WPBHA would need to modify the scope and resolicit all services; 3) WPBHA and County Staff would need to reassess how the change in scope affects the pro forma operational proposal included in the Agreement; 4) partial construction may result in elimination of the ancillary facilities meant for service delivery (e.g. community center); and 5) given the current magnitude of transitional housing needs previously discussed, a reduction in the scope would have a limited impact on bridging the demand/supply gap.

**Option 3 – Redesign the Project** – The Project was designed to preserve the existing plat. Therefore, only 17 units could be accommodated on the 1.36-acre parcel. The Board may decide to abandon the Project as designed and direct Staff to pursue a new design that achieves a higher unit density. If the Board chooses this option, the following factors must be taken into consideration: 1) as of September 2022, the County has paid WPBHA \$199,585 in Project costs, the portion related to design services would still be of value to the County as the Agreement allows the County to re-use the design; 2) County Staff would be required to recommence project

development at the very beginning of the site planning process, and since the implications of combining lots would need to be explored, the final yield of potential unit density is unknown at this time and not guaranteed to be any greater than the current design products; 3) the site planning process is expected to take at least 9 months; 4) depending on the results of the site planning process, a new round of design, permitting and procurement will be required at additional time and expense; 5) County Staff estimates that, if this option is chosen, it will take approximately 5 years before the start of operations; and 6) Project cost will depend on final design but it is expected to exceed the currently approved project budget due namely to the additional supportive infrastructure required to accommodate a higher density project.

**Option 4 – Cancel the Project and Reallocate Funds** – Under the Board-approved housing strategy, there are other initiatives that can be pursued if the Board decides to cancel the Project and reallocate remaining funds (i.e. minus the amounts already paid to WPBHA for services provided). As noted under Option 3, the portion of the investment made to date related to design services would still be of value to the County as the Agreement provides for the re-use of the design. However, all indirect costs in reaching the current advanced stage of the Project would be lost.