



Cover Memorandum/Staff Report

File #: 24-041 CRA

Agenda Date: 7/23/2024

Item #: 7M.

TO: CRA Board of Commissioners
FROM: Renée A. Jadusingh, Esq., Executive Director
DATE: July 23, 2024

DELRAY BEACH HOUSING AUTHORITY- 134 SW 9TH AVENUE - SATISFACTION OF MORTGAGE OF \$95,000

Recommended Action:

Approve and authorize the CRA Board Chair to sign the Satisfaction of Mortgage for 134 SW 9TH Avenue and related documents in a form acceptable to the CRA Legal Counsel.

Background:

On April 19, 2004, the CRA and the Delray Beach Housing Authority executed a Purchase and Sale Agreement (Agreement) and Promissory Note in the amount of \$95,000; the Promissory Note was secured by a Mortgage on the Subject Property located at 134 SW 9th Avenue. The intent of the mortgage was to allow the Delray Beach Housing Authority to acquire the Subject Property and maintain single-family affordable rental units on the property.

Per Section XIII (d) , of the Agreement:

D. The purchase money mortgage set forth in Section II from Buyer to Seller will be in the original principal amount of \$95,000.00, for a term of 20 years from the date of closing, and shall bear no interest. Provided that the Buyer maintains the housing units located on the property as single family rental units at an Affordable Rent continuously until the expiration of the said 20-year term, the subject mortgage shall be forgiven and cancelled at the expiration of the term. "Affordable rent" shall be defined as being those fair market rents for the Housing Choice Voucher Program as established by the United States Department of Housing and Urban Development from time to time for the West Palm Beach, Florida, to Boca Raton, Florida, metropolitan area. In the event the subject property or any interest therein shall be sold, conveyed, or in any other manner disposed of, including by Agreement for Deed, the mortgage shall become due and payable in full. During the term of the mortgage, the Seller agrees that in the event the Buyer wishes to borrow against its equity in the subject property, the Seller will subordinate its mortgage to the lien of an institutional lender, provided that the total encumbrance of both the new financing and the purchase money mortgage to the Seller shall not exceed the then appraised value of the subject premises.

Per the Agreement, the Delray Beach Housing Authority was to maintain the housing units as single-family rental units at an affordable rent continuously until the expiration of the twenty-year term, for the \$95,000 to be forgivable.

On June 24, 2024, the CRA received a resolution from the Delray Beach Housing Authority stating that the single-family rental units had been maintained at an affordable rent continuously for the twenty-year term.

The mortgage still encumbers the property, and the Delray Beach Housing Authority is now requesting the \$95,000 loan be forgiven. The Delray Beach Housing Authority maintained the single-family rental units as affordable housing for the mortgage term, and thereby satisfied the intent of the Agreement to provide additional affordable housing in the CRA District.

At this time, CRA Staff is recommending the CRA Board authorize the CRA Board Chair to sign the Satisfaction of Mortgage for 134 SW 9TH Avenue and related documents in a form acceptable to the CRA Legal Counsel for said purpose.

Attachment(s): Exhibit A - Delray Beach Housing Authority Resolution 2024-06; Exhibit B - Purchase and Sale Agreement 134 SW 9th Ave.; Exhibit C - Satisfaction of Mortgage

CRA Attorney Review:

The CRA Legal Advisor reviewed all documents and found them to be acceptable.

Funding Source/Financial Impact:

N/A

Overall need within the Community Redevelopment Area from Delray Beach CRA

Redevelopment Plan:

Removal of Slum and Blight

Land Use

Economic Development

Affordable Housing

Downtown Housing

Infrastructure

Recreation and Cultural Facilities