



CITY OF DELRAY BEACH  
MARK R. LAUZIER, CITY MANAGER



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**DATE:** May 2, 2018

**TO:** Mayor and City Commission

**CC:** Dorothy Ellington, CEO, Delray Beach Housing Authority (DBHA); Jeff Costello, CRA Executive Director; Michael Coleman, Community Improvement Director; Ferline Mesidort, Neighborhood Services Administrator; Kim Ferrell, Finance Director; Faye Henry, Treasurer; India Adams, Assistant to the City Manager

**FROM:** Mark R. Lauzier, City Manager

**SUBJECT:** Affordable Housing Funding Opportunity – Item #1 Workshop May 8th

Hello Mayor and City Commission:

At the May 1<sup>st</sup> ribbon cutting of Village Square Phase 2, Mayor Petrolia pointed out to a supportive crowd of affordable housing advocates that the City (Finance Department) has identified substantial funding resources that can be dedicated to ongoing affordable housing efforts. The explanation is lengthy and Mayor Petrolia is familiar with much of the long history regarding the Auburn Trace apartments project. Our staff research thus far indicates that:

- An Urban Development Action Grant (UDAG) program loan of \$3.8 million was provided to the City that aided in funding the construction of the Auburn Trace apartment development.
- The project went into bankruptcy, the City purchased the foreclosed property, and it was subsequently sold, whereupon the entire principal balance of the UDAG loan and all accrued, unpaid interest was repaid to the City from sales proceeds.
  - \$3.84 million - UDAG grant
  - \$1.31 million - Accrued interest
- We are checking with Housing and Urban Development (HUD) regarding a detailed legal review and any restrictions regarding the use of these loan funds (many communities use them as a revolving loan fund). That said, it is a safe bet that restricting these funds and planning for their use on affordable housing project initiatives in the target area would be an authorized use pending said HUD review.
- In summary, City staff has identified between \$3.84 - \$5.1 million in funding (currently in non-restricted General Fund reserves) available for affordable housing development.

Recommendations/Opportunities:

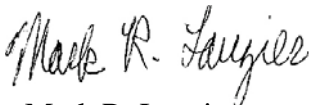
1. The City Commission, Delray Beach Housing Authority and CRA should consider partnering on affordable housing partnership initiatives utilizing these UDAG loan proceeds once confirmed.
2. Many leveraging options may be present, including public-private partnerships with City, private developers, DBHA and the CRA to develop creative solutions to our affordable housing crunch.

These resources may help toward enhancing our capability for larger, mixed use projects on West Atlantic Avenue as well. Finally, this could include leveraging off-site affordable housing projects with CRA land, etc.

3. The City, CRA and DBHA should work closely on all major, affordable housing project initiatives and opportunities.
4. The City's Affordable Housing Advisory Committee should be re-established and can help advise both the City Commission and provide input and support on DBHA Commission policy setting and program execution.
5. The department currently suited to best support Affordable Housing Programs is within our Community Improvement Department, Neighborhood Services Division where we currently employ a Housing Property Coordinator who oversees a workforce housing monitoring program. The program is currently funded from the Affordable Housing Trust Fund.

City staff stands ready to assist in helping establish and implement programs and policies with the City Commission that address affordable housing strategies in conjunction with our community partners.

Sincerely,



Mark R. Lauzier  
City Manager