



Cover Memorandum/Staff Report

File #: 18-0809 CRA

Agenda Date: 5/25/2021

Item #: 10B.

TO: CRA Board of Commissioners
FROM: Tara Toto, Redevelopment Manager
THROUGH: Renée A. Jadusingh, Esq., Executive Director
DATE: May 25, 2021

DISCUSSION - DELRAY BEACH COMMUNITY LAND TRUST - COREY JONES ISLE PROJECT CONSTRUCTION LOAN

Recommended Action:

Board discussion.

Background:

At the April 27, 2021, Delray Beach Community Redevelopment Agency (CRA) Workshop, the Board requested a discussion item about the impact of forgiving the Construction Loan Agreement between the CRA and the Delray Beach Community Land Trust (CLT).

On June 11, 2019, the CRA awarded the CLT RFP 2019-03 for the "Development and Disposition of CRA Owned Properties in the Southwest Neighborhood for Workforce Housing" in an amount not to exceed \$2,454,350.

Contract Negotiations with Delray Beach Community Land Trust:

Purchase and Sale Agreement: ten (10) vacant single-family residential lots (\$5,000)

- Executed: January 15, 2020

Amendment to Purchase and Sale Agreement:

- CRA Board Approved Item: July 28, 2020
- CLT Closed on Three (3) SF Homes: September 10, 2020
- CLT Closed on Seven (7) SF Homes: October 15, 2020

Construction Loan Agreement: ten (10) single-family workforce housing units (\$2,454,350)

- First Three (3) SF Homes: September 10, 2020
- Remaining seven (7) Homes: October 15, 2020

Construction Loan Amendment: Pending Approval

Mortgage and Security Agreement: \$2,454,350

- Mortgage for Lots 1-3: Recorded September 14, 2020
- Mortgage Spreader for Lots 4-10: Recorded October 22, 2020

Promissory Note: \$2,454,350

- Executed: September 9, 2020

Status of Construction

Construction of the ten (10) single homes and project shall be completed by the end of May 2021.

Sale Price

The CLT Sale Price of the homes are as follows (includes CLT Developer fee of 6%):

- Five (5) Single (1) Story: \$246,700
- Five (5) Two (2) Story: \$278,700

Note: The CRA is providing up to \$85,000 down payment assistance grant to each home buyer.

Construction Loan Amendment - Release price to reflect actual sale price (Pending Approval)

- Single (1) Story: \$229,445.60
- Two (2) Story: \$260,414.40

CRA Payments to the CLT on the Construction Loan:

The CLT has requested five (5) draws on the Construction Loan totaling thus far: \$2,175,125.08.

Note: The final draw request and approval shall not exceed \$2,454,350 as stated within the executed Construction Loan Agreement.

Each homebuyer will obtain a loan for any financial obligation remaining less the down payment, to purchase the home at the agreed upon sale price. The lender's interest will be secured by a leasehold mortgage. Consequently, the financial/lending institution will then distribute any funds due to the CLT (Developer).

Per the Promissory Note executed by the CLT:

"The entire amount of this Note will be due and payable upon the occurrence of any one of the following developments:

1. All of the Maker's title or any interest, legal or equitable, in all or part of the property securing this Note, is sold or transferred in any fashion;
2. Any default under the Mortgage securing this Note

At this time, CRA staff is requesting the CRA Board to discuss this item and provide direction.

Attachment(s): Exhibit A - CLT Letter; Exhibit B - Executed Construction Loan; Exhibit C - Draft Construction Loan Amendment; Exhibit D - Executed Promissory Note; Exhibit E - CRA Finance Assessment.

CRA Attorney Review:

N/A

Funding Source/Financial Impact:

See Exhibit E.