



Legislation Text

File #: 18-0746 CRA, Version: 1

TO: CRA Board of Commissioners
FROM: Tara Toto, Redevelopment Manager
THROUGH: Renée A. Jadusingh, Esq., CRA Executive Director
DATE: February 23, 2021

AUTHORIZATION FOR CRA EXECUTIVE DIRECTOR TO ADMINISTRATIVELY APPROVE AND EXECUTE ALL DOCUMENTS FOR THE CLOSINGS AND SECOND MORTGAGE PROGRAM FOR THE COREY JONES ISLE WORKFORCE HOUSING DEVELOPMENT

Recommended Action:

Authorize the CRA Executive Director to administratively approve and execute all documents for the second mortgage program for ten (10) single family homes within the Corey Jones Isle Workforce Housing Development in an amount not to exceed \$85,000 per applicant up to \$850,000.

Background:

The Corey Jones Isle Workforce Housing Development is located east of I-95 and South of Atlantic Avenue in the Southwest Neighborhood and is comprised of ten (10) residential parcels. As specified in the Delray Beach Community Agency Redevelopment Plan, the Delray Beach Community Redevelopment Agency (CRA) purchased the properties to provide affordable workforce housing.

On June 11, 2019, the Delray Beach Community Land Trust (Delray Beach CLT) was awarded RFP 2019-03 in an amount not to exceed \$2,454,350 for Development and Disposition of CRA Owned Properties in the Southwest Neighborhood. The Delray Beach CRA and the Delray Beach CLT entered into the following Agreements:

- Purchase and Sale Agreement
- Construction Loan Agreement
- Mortgage and Security Agreement
- Promissory Note

The building permits were obtained, and construction commenced in September 2019. The homes are currently under construction and have an anticipated Certificate of Occupancy date of:

Delray Beach, FL 33444			
Address	CO	Address	CO
328 SW 7 th Avenue	2-24-21	318 SW 7 th Avenue	3-22-21
326 SW 7 th Avenue	2-22-21	316 SW 7 th Avenue	3-30-21
324 SW 7 th Avenue	2-22-21	314 SW 7 th Avenue	4-15-21
322 SW 7 th Avenue	3-17-21	312 SW 7 th Avenue	4-15-21
320 SW 7 th Avenue	3-17-21	238 SW 6 th Avenue	4-1-21

RFP 2019-03 released on April 22, 2019 specifically states the following:

The CRA intends to make subsidies available to assist the homebuyer with the cost to purchase the home. After the RFP award, the CRA will work with the successful proposer to determine the subsidy amount.

The subsidy will allow homebuyers gap financing by providing down payment assistance based on financial eligibility. The CRA's subsidy will be secured by a second mortgage and a promissory note. The process will involve the Delray Beach CLT obtaining various documentation from the homebuyer including documentation from the first mortgage lender and the homebuyer regarding the financing availability. Upon verification of the documentation, the Delray Beach CLT will submit a request to the CRA for a subsidy amount for the gap financing for the homebuyer. One of the key conditions to the subsidy is that upon the sale, transfer, conveyance or alienation of any part or all of the home within twenty-five (25) years of the date of the promissory note by the homebuyer, full repayment of the CRA subsidy plus accrued interests shall become immediately due and payable to the CRA. If the home is sold after expiration of the twenty-five (25) year term, the restriction is removed. Staff will work with the CRA Attorney to secure the necessary documents to ensure compliance with all program requirements prior to closing.

As not to delay closing of the ten (10) single family homes, Staff is requesting authorization for the CRA Executive Director to administratively approve and execute all documents for second mortgage program up to \$85,000 to each buyer, and not to exceed \$850,000 total for ten (10) single family homes within the Corey Jones Isle Workforce Housing Development.

Attachment(s): Exhibit A - Aerial Map; Exhibit B - Photos of Houses; Exhibit C - Property List

CRA Attorney Review:

N/A

Funding Source/Financial Impact:

Funding is available in the amount of \$1,500,000 - GL#6506