



Legislation Text

File #: 18-0594 CRA, Version: 1

TO: CRA Board of Commissioners
FROM: Christine Tibbs, Assistant Director
THROUGH: Renée A. Jadusingh, Esq., Executive Director
DATE: June 23, 2020

DELRAY BEACH COMMUNITY LAND TRUST PROPOSAL TO PURCHASE - 309 SW 5th AVENUE - LOAN FORGIVENESS

Recommended Action:

Forgive the \$50,000.00 loan made to the Delray Beach Community Land Trust on August 31, 2009, for the acquisition of 309 SW 5th Avenue.

Background:

On August 31, 2009, the CRA and the Delray Beach Community Land Trust (CLT) executed an Acquisition Loan Agreement (Agreement) and Promissory Note in the amount of \$50,000.00; the Promissory Note was secured by a First Purchase Money Mortgage on the vacant lot located at 309 SW 5th Avenue. The intent of the loan was to allow the CLT to acquire the vacant lot and develop a single-family affordable house on the property.

Per the Section 2.2, "Maturity", of the Agreement:

"The CRA shall loan to the CLT the sum of \$50,000.00 which shall be forgivable provided the following two (2) conditions are satisfied by the CLT. The CLT shall have three (3) years from the date of the Promissory Note to 1) develop a single-family house on the Property, and 2) sell the single family house to an eligible third party. The failure to develop and sell the single family house to an eligible third party within three (3) years of the date of the Promissory Note shall result in the CLT having an obligation to pay the CRA the full sum of the Loan (\$50,000.00) to the CRA within thirty (30) days after the CRA provides a written demand for the repayment."

Per the Agreement, the CLT was to develop and sell the single-family home by August 31, 2012, for the \$50,000.00 to be forgivable.

On May 15, 2019, the CRA received a letter from the CLT stating that the single-family home was completed on December 20, 2019, and sold on February 11, 2020, to a moderate-income household. The mortgage still encumbers the property and the CLT is now requesting the \$50,000.00 loan be forgiven.

While the CLT did not meet the three (3) year development time frame as provided in the Agreement, the CLT did develop and sell a single-family workforce housing unit, and thereby satisfying the intent of the Agreement to provide additional affordable housing in the CRA District.

At this time, CRA Staff is recommending the CRA Board forgive the \$50,000.00 loan.

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Attachment(s): Exhibit A - CLT Letter; Exhibit B - Acquisition Loan Agreement

CRA Attorney Review:

N/A

Finance Review:

N/A

Funding Source/Financial Impact:

N/A