



Legislation Text

File #: 18-0219 CRA, Version: 1

TO: CRA Board of Commissioners
FROM: Kristyn Cox, Project & Development Relations Manager
THROUGH: Jeff Costello, CRA Executive Director
DATE: January 15, 2019

DELRAY BEACH COMMUNITY LAND TRUST SECOND MORTGAGE SUBSIDY REQUEST OF \$25,000.00 FOR PURCHASE OF 23 SW 14TH AVENUE BY JOANN GORDON

Recommended Action:

Approve the subsidy request not to exceed \$25,000 and authorize the CRA Board attorneys to draft and CRA Staff and Chair to execute the necessary documents to complete the transaction and close.

Background:

The CRA has budgeted \$150,000 for subsidy requests in FY 18-19 for its Affordable/Workforce Housing Program. The subject request has come from the Delray Beach Community Land Trust for the purchase of 23 SW 14th Avenue by Ms. Joann Gordon. Due to the City's purchase assistance funding cap of 120% of Annual Household Income (AMI), which is exceeded by this moderate-income household of two at 121%, the assistance is being requested of the CRA. The request is not to exceed \$25,000 and would fill the affordability gap of the \$175,000 that has been pre-qualified by the lender, with the \$195,000 purchase price for The King III model (under construction), and the addition of the DBCLT's \$11,700 (6%) developer fee. The Purchaser has already submitted their required 5% deposit of \$9,750, which should be noted is non-refundable in the event they are unable to close the transaction.

Like past approved and funded subsidy requests, this funding assistance would include the following stipulations:

- 1) That the subsidy be a zero-interest second mortgage due upon sale or transfer of the property; and
- 2) That if a subsequent buyer is not able to purchase the house without a subsidy, and meets the qualifications for a subsidy, then all or part of the CRA's subsidy could stay with the home upon sale (based upon CRA Board approval).

If the CRA Board authorizes the request, it would be secured through a second mortgage and promissory note drafted by the CRA's legal counsel, executed by the Purchaser, and recorded in the Palm Beach County Public Records at closing, which is scheduled according to the Addendum to the DBCLT's Purchase Contract to occur on or before February 28, 2019. The balance to close is \$21,950, not including closing costs. The exact amount to close will be determined in the closing statements, which is why the request is not to exceed \$25,000. Additionally, at closing, the CRA Chair will need to execute a Release of the Repurchase Agreement entered with the DBCLT when the property was sold to them for affordable housing construction.

Attachment(s): Exhibit A - DBCLT's Subsidy Request; Exhibit B - DBCLT's Purchase & Sale Contract and Addendum w/ Gordon for 23 SW 14th Ave; Exhibit C - Valley Home Mortgage Pre-Qual Letter; Exhibit D - The King III Model and Construction Costs; Exhibit E - The City's Resident Income Certification for Affordable Housing Programs; Exhibit F - Homebuyer Cert of Completion from the Urban League of PBC

CRA Attorney Review:

N/A

Finance Review:

N/A

Funding Source/Financial Impact:

Funding Source: FY 18-19 Board Approved Budget - 6500 Affordable/Workforce Housing Program;
GL #6506 - Subsidies \$150,000

Financial Impact: Request of \$25,000; GL #6506 balance if approved and funded for FY 18-19 is \$125,000

Timing of Request:

N/A