



Legislation Text

File #: 18-1060 CRA, Version: 1

TO: CRA Board of Commissioners
FROM: Kim N. Phan, Legal Advisor
THROUGH: Renée A. Jadusingh, Executive Director
DATE: May 24, 2022

FUNDING AGREEMENT - DELRAY BEACH COMMUNITY LAND TRUST, INC.

Recommended Action:

Approve the funding agreement between the CRA and the Delray Beach Community Land Trust, Inc. ("DBCLT") in an amount not to exceed \$1,224,650.00, in substantially the attached form.

Background:

On June 11, 2019, the CRA awarded the DBCLT the Request for Proposal 2019-03 "Development and Disposition of CRA Owned Properties in the Southwest Neighborhood for Workforce Housing" ("RFP 2019-03"). The CRA and DBCLT entered into a Purchase and Sale Agreement ("PSA"), dated November 19, 2019, for the disposition of the ten (10) residential properties owned by the CRA pursuant to the RFP 2019-03. On September 10, 2020, the CRA and DBCLT executed a Construction Loan Agreement ("Construction Loan") for the CRA to provide a construction loan to the DBCLT in the principal amount of \$2,454,350 to develop long-term affordable housing consisting of ten (10) single family homes pursuant to the requirements of RFP 2019-03. On September 9, 2020, the CRA and DBCLT executed a mortgage to secure the Construction Loan and a promissory note to repay the CRA the Construction Loan. On or around October 21, 2021, the DBCLT fully repaid the received amount of \$2,449,300.01 of the Construction Loan to the CRA.

At the May 25, 2021 CRA Board meeting, the CRA Board approved a motion to forgive fifty (50%) percent of the amount of the Construction Loan that the DBCLT received and expended and that the forgiven funds be used for a specific purpose.

The CRA has received full repayment of the amount the DBCLT received and expended from the Construction Loan and in order to effectuate the CRA Board's May 25, 2021 intent of forgiving fifty percent (50%) of the Construction Loan the DBCLT received and expended, the CRA will provide funding to the DBCLT in the amount up to \$1,224,650.00 ("Funding Amount"), in a funding agreement ("Funding Agreement"), in order to assist the DBCLT with activities that address the goals and objectives contained in the CRA's Redevelopment Plan.

The DBCLT submitted a letter, date May 5, 2021, to the CRA outlining how the Funding Amount will be used. Accordingly, the Funding Agreement will restrict the use of the Funding Amount to the following use by the DBCLT within the CRA Area:

- a. New construction of affordable housing; or
- b. To acquire land or existing single-family units for affordable housing; or
- c. To acquire rental property or for rental development for affordable housing.

Pursuant to the Funding Agreement, the DBCLT shall request funds from the CRA by submitting a detailed written request for a specific amount of funds and providing supporting documentation regarding the project for the expenditure of funds ("Project"). The CRA may approve, in its sole and absolute discretion, the payment of funds to the DBCLT if the DBCLT's Project is consistent with the terms and conditions of the Funding Agreement.

The Funding Agreement also provides that the CRA, in its sole and absolute discretion, may terminate the funding agreement without cause immediately upon providing written notice to the DBCLT.

At this time, Staff is recommending approval of the Funding Agreement between the Delray Beach Community Redevelopment Agency and the Delray Beach Community Land Trust, Inc. in an amount not to exceed \$1,224,650.00, in substantially the attached form.

Attachments: Exhibit A - May 5, 2021 Delray Beach Community Land Trust Letter; Exhibit B - Funding Agreement

CRA Attorney Review:

The CRA Attorney has prepared the attached Funding Agreement and finds it sufficient as to form.

Funding Source/Financial Impact:

Funding has been allocated from GL # 6512.

Overall need within the Community Redevelopment Area from Delray Beach CRA

Redevelopment Plan:

Removal of Slum and Blight

Land Use

Economic Development

Affordable Housing

Downtown Housing

Infrastructure

Recreation and Cultural Facilities