



Broward County

Legislation Text

File #: 21-953, Version: 1

Broward County Commission Regular Meeting

Director's Name: Leonard Vialpando

Department: Environmental Protection

Division: Housing Finance & Comm. Redevelopment

Information

Requested Action

A. **MOTION TO AUTHORIZE** County Administrator to execute all agreements, subject to approval as to legal sufficiency by the Office of the County Attorney, related to gap financing in the amount of \$5,000,000 to be provided to Douglas Gardens IV, Ltd. or an affiliate of Douglas Gardens IV, Ltd., for new construction of the Douglas Gardens IV Project, consisting of 200 affordable (low and very low area median income) multifamily residential units for seniors (62+) in the City of Pembroke Pines, Florida; and authorizing County Administrator to take the necessary administrative and budgetary actions related to the gap financing. **(Commission District 6)**

(A member of the public pulled this item.)

ACTION: (T-11:49 AM) Approved. (Refer to minutes for full discussion.)

VOTE: 9-0.

B. **MOTION TO ADOPT** budget Resolution No. 2021-329 within the Affordable Housing Trust Fund in the amount of \$5,000,000 for the purpose of providing gap financing for the construction and development of the Douglas Gardens IV Project for affordable housing for seniors (62+). **(Commission District 6)**

(A member of the public pulled this item.)

ACTION: (T-11:49 AM) Approved. (Refer to minutes for full discussion.)

VOTE: 9-0.

C. **MOTION TO ADOPT** budget Resolution No. 2021-330 within the Affordable Housing Trust Fund in the amount of \$3,860,000 for the purpose of providing gap financing for the construction and development of the Pembroke Towers II Project for affordable housing. **(Commission District 6)**

(A member of the public pulled this item.)

ACTION: (T-11:49 AM) Approved. (Refer to minutes for full discussion.)

VOTE: 9-0.

Why Action is Necessary

- A. Board action is required to approve agreements with outside agencies and to create a new capital project above \$25,000.

- B. Board action is required to adopt budget resolutions.

- C. Board action is required to adopt budget resolutions.

What Action Accomplishes

- A. Authorizes the County Administrator to execute agreements for financing of the Douglas Gardens IV Project.

- B. Allocates \$5,000,000 from the Affordable Housing Trust Fund for gap financing for the development and construction of the Douglas Gardens IV Project, consisting of 200 new, affordable rental multifamily housing units.

- C. Allocates \$3,860,000 from the Affordable Housing Trust Fund for gap financing for the development and construction of the Pembroke Towers II Project, consisting of 88 new, affordable rental multifamily housing units.

Is this Action Goal Related

Yes

Previous Action Taken

- A. None taken

- B. None taken.

- C. The Board approved \$4,860,000 of gap financing on November 5, 2019 (Agenda #89). Subsequent to that action the developer submitted the project to the Florida Housing Finance Corporation (FHFC) for the State Apartment Incentive Loan (SAIL) program. The loan application was approved. The FHFC loan allowed the County staff to negotiate a lower amount of County gap financing, resulting in a reduction of \$1,000,000. Therefore, the final County gap financing award is \$3,860,000.

Summary Explanation/Background

THE ENVIRONMENTAL PROTECTION AND GROWTH MANAGEMENT DEPARTMENT AND THE HOUSING FINANCE AND COMMUNITY REDEVELOPMENT DIVISION RECOMMEND APPROVAL OF THE ABOVE MOTIONS.

This item supports the Board's Value of "Offering sustainable, compatible, innovative housing options for all income-levels, including integrated permanent supportive housing" and the corresponding goal of; "Increase the availability of affordable housing of all types, countywide, in every community using effective, uniform criteria, policies and strategies".

The Affordable Housing Trust Fund (AHTF) Program is administered by the Housing Finance and Community Redevelopment Division (HFCD) and provides gap financing as an incentive to create

partnerships that produce and/or preserve affordable housing units. The program is designed to serve very low, low and moderate income families.

On April 2, 2021, a Request for Applications (“RFA”) was issued seeking applications from qualified and responsive firms who could demonstrate the requisite knowledge, experience, technical expertise, organizational and financial capacity to perform the services specified in the RFA to construct a minimum of 70 new, affordable rental, multi-family housing units countywide.

On April 23, 2021, the HFCRD received two Applications. Both Applications were submitted timely, but only one Application passed the Fatal Flaw Checklist and was accepted and determined to be responsive to the RFA.

On May 10, 2021, an Evaluation Committee (“EC”) meeting was convened via WebEx to score the one Application. The Application, Douglas Gardens IV, Senior Health and Living, scored greater than the minimum 75 points needed by the majority of the members to be considered for approval for funding. The EC recommended funding the Project. The Evaluation Committee Scoring Sheet is attached as Exhibit 3.

Douglas Gardens IV, Ltd (“Borrower”) anticipates applying for Housing Finance Authority (“HFA”) of Broward County bonds and has stated all other financing commitments are currently in place. The gap financing will serve as leverage for the Borrower to use the HFA bonds, in addition to other required sources of funding to finance the construction of the project.

As stated in the RFA, 10 points were awarded to a “Shovel Ready” Project, one which would close on construction financing within 12 months of Board approval. There is a \$100,000 per month reduction of the gap financing award for each month that construction is delayed beyond the 12 months. After Board approval, a loan agreement and other related loan documents will be drafted and executed by Broward County. These documents include but are not limited to a servicing agreement for servicing of the loan during the construction period between the County, Borrower, and the selected fiscal agent and selected servicer. In addition, standard subordination agreements executed by the County in favor of the senior lenders will be drafted. The terms of the \$5,000,000 AHTF loan agreement will include a minimum of a 30-year affordable housing land use restriction; 0% interest for a loan with a minimum term of 30 years, with the loan payable on the maturity date, or upon sale, change of title, or refinancing, whichever occurs first, subject to the provisions of the loan agreement. The transaction is expected to close in February, 2022.

The Borrower will be responsible for all of the following Project elements: financing, design, obtaining all required development approvals and permits, construction, operation, and maintenance of the proposed Project. The Douglas Gardens IV Project will include 200 new, affordable housing units dedicated to seniors (62+), and a 15,000 square foot medical facility (PACE Center), located on a 10-acre site at 705 SW 88th Avenue, Pembroke Pines. The development is part of the Miami Jewish Health Systems 27-acre campus.

The Borrower agrees that contractor and vendor awards to the County Business Enterprise (CBEs) are crucial to the achievement of the County’s CBE participation objectives. Per the Application, the Borrower “...agrees to choose, whenever possible, contactors, subcontractors, vendors, suppliers and providers of service who are of Broward County-certified CBE firms. Furthermore, the Proposer shall include a provision to the same effect in any subcontract it enters into agreement with. The

Proposer shall establish a goal of at least 30% CBE participation subject to the Broward County Business Opportunity Act of 2012, as amended on May 9, 2018. The development team has a successful track record of unitizing CBE, WBE and MBE vendors at a level that exceeds the County's established 25% goal."

Regarding Pembroke Towers II, the Board approved \$4,860,000 in gap financing on November 5, 2019. Subsequent to that action the developer submitted the project to the Florida Housing Finance Corporation (FHFC) for the State Apartment Incentive Loan (SAIL) program, and the loan application was approved. The FHFC loan allowed the County staff to negotiate a lower amount of County gap financing. The reduction in County funding is \$1,000,000. Therefore, the final County gap financing award is \$3,860,000.

Source of Additional Information

Ralph Stone, Director, Housing Finance and Community Redevelopment Division, (954) 357-5320.

Fiscal Impact

Fiscal Impact/Cost Summary

The agenda item proposes to utilize existing gap financing of \$5,000,000 approved by the Board for Fiscal Year 2021, and \$3,860,000 approved by the Board in Fiscal Year 2020, to increase the construction of affordable housing units countywide.