



Broward County

Legislation Text

File #: 22-724, Version: 1

Broward County Commission Regular Meeting

Director's Name: Leonard Vialpando

Department: Resilient Environment **Division:** Housing Finance Division

Information

Requested Action

MOTION TO AUTHORIZE County Administrator to execute agreements, subject to approval as to legal sufficiency by the Office of the County Attorney, related to a \$14 million gap financing loan to Douglas Gardens IV (400 units, 20 of which are market rate, for seniors) in the City of Pembroke Pines, Florida, representing a consolidation of two previously approved projects, Douglas Gardens IV at \$5 million (DGIV) and Douglas Gardens VI at \$9 million (DGVI), into one project which will result in material benefits to the development; and authorizing the County Administrator to take the necessary administrative and budgetary actions. **(Commission District 7)**

Why Action is Necessary

Board action is required to approve all agreements with outside agencies.

What Action Accomplishes

Authorizes the County Administrator to execute agreements for a \$14 million (400 units) gap financing loan, consolidating DGIV & DGVI into a single development and single funding transaction which will result in material benefits to the development.

Is this Action Goal Related

Yes

Previous Action Taken

No Previous Action.

Summary Explanation/Background

THE RESILIENT ENVIRONMENT DEPARTMENT AND THE HOUSING FINANCE DIVISION RECOMMEND APPROVAL OF THE ABOVE MOTION.

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".

On June 15, 2021, Agenda Item #48, the BOCC approved gap financing in the amount of \$5 million for the Douglas Gardens IV Senior Health and Living Affordable Housing Project, a 200-unit residential building in the City of Pembroke Pines, Florida.

On February 22, 2022, Agenda Item #23, the BOCC approved gap financing in the amount of \$9 million for the Douglas Gardens VI Senior Health and Living Affordable Housing Project, a 200-unit residential building of which 20 units are market rate, in the City of Pembroke Pines, Florida.

On August 8, 2022, the Director of the Housing Finance Division, received correspondence, attached as Exhibit 1, requesting consolidation of the previously approved funding for Douglas Gardens IV and Douglas Gardens VI into a single development.

A single transaction would allow the developer to close financing for all 400 units in the first quarter of 2023, versus a multiphase execution which could delay the closing of Douglas Gardens VI (200) units until the fourth quarter 2023. Consolidating the projects into a single transaction will expedite the delivery of the affordable housing units in the City of Pembroke Pines. With the increase in construction costs, executing a single transaction will gain significant economies of scale and efficiency in construction that will reduce overall construction costs. Furthermore, with the rising interest rates, if the projects are developed in sequential phases, the additional time it would take to close DGVI would put the development at risk of losing critical loan proceeds and further increase the gap in financing the projects.

The consolidated project is required to receive full and individual credit underwriting and servicing. Underwriting and servicing firms are selected based on sources of equity and may include Housing Finance Agencies (HFA) or Florida Housing Finance Corporation (FHFC) underwriters and servicers as determined by County staff or FHFC staff. The underwriting process provides a detailed review of all sources and uses of funding for both construction and project operation. Subsequent to Board approval, a loan agreement and related loan documents will be executed simultaneously with the construction financing for the project. 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 \$14 million 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.

Source of Additional Information

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

Fiscal Impact

Fiscal Impact/Cost Summary

This agenda item proposes utilizing previously allocated \$9 million in Request for Applicants (RFA) Funding and \$5 million in Affordable Housing Trust Funds totaling \$14 million to construct 380 affordable housing units and 20 market rate units totaling 400 units in the City of Pembroke Pines.