



Delray Beach Housing Authority

REGULAR BOARD MEETING

DECEMBER 16, 2010

MINUTES

I. CALL TO ORDER

Meeting called to order at 8:56 a.m..

II. ROLL CALL

Joseph Hepp – Absent

Christel Silver – Absent

Choli Aronson – Present

Sylvia Morris – Present

Shelly Petrolia – Present

Shelly Weil – Absent

Guarn Sims - Present

III. APPROVAL OF AGENDA

A motion to approve the agenda was made by Commissioner Petrolia. Motion seconded by Commissioner Sims. All in favor. Motion passed.

IV. APPROVAL OF THE MINUTES OF NOVEMBER 12, 2010

A motion to approve the minutes of November 12, 2010 was made by Commissioner Morris. Motion seconded by Commissioner Sims. All in favor. Motion passed.

V. RECOGNITION OF VISITORS

Michael Hartman – Roundstone Development

Richard MacFarland – Broad and Cassel

Dr. Victor Kirkson –

Dr. Morris Weinman – CLT/DHG

VI. PUBLIC COMMENTARY

Please refer to Old Business Item a. Public Hearing

VII. CONSENT

A motion to approve consent agenda was made by Commissioner Petrolia. Motion seconded by Commissioner Morris. All in favor. Motion passed.

VIII. CORRESPONDENCE

NAHRO's Newsletter

IX. OLD BUSINESS

a. Public Hearing

The CEO noted that this Public Hearing related to the DBHA's Annual Plan. The DBHA is required to submit the plan to HUD by January 15, 2011 and is also

required to provide a 60-day Comment Period. The CEO reminded the Board that the Comment Period began in November and this Public Hearing was to allow the community the opportunity to voice their opinions. The CEO noted some of the Authority's goals, accomplishments and projects for the upcoming year, including the revitalization of Carver Estates, to be known as Village Square and implementation of the plan as described in the HOPE VI application which was submitted November 22, 2010; completion of the new West Settler's Service Center; a possible interim move of the agency operations from the current location to a less expensive site. The Board opened the floor for public commentary.

Public Commentary

Dr. Victor Kirkson-

Dr. Kirkson stated that he is not against low income persons. Dr. Kirkson stated that he would like to see some sort of protection when the Authority rents to low income persons that they are not crime producing individuals. Dr. Kirkson stated that his objective is to keep the crime in Delray Beach at a minimum.

Dr. Morris Weinman-

Dr. Weinman stated that as the DBHA's former Chairman he is aware that the DBHA has always had a way of screening individuals through the qualification process. Dr. Weinman further stated that for those individuals who become a problem once in the program, the Authority has proper procedures to terminate their subsidy if necessary. Dr. Weinman stated that he is looking forward to the revitalization of Carver Estates.

b. Development Officer's Report

West Settlers Office/Service Center Building

The Development Officer noted that the Authority has until February 2011 to secure financing otherwise the Authority will have to amend the Purchase & Sale Agreement. The DBHA is hopeful that they will be successful in securing financing.

226 SW 12th Avenue Duplex

The Development Officer stated that these two units will be the Authority's first two units for public housing. This property was given to the Authority by the CRA. The Development Officer reported that these units were rehabilitated by the CRA however some work is necessary such as installing central air, windows, and landscaping. The Development Officer estimated these costs at approximately \$50,000 in Replacement Housing Factor Funds. The Development Officer reported that an appraisal was ordered and the property was valued at \$130,000.

Village Square Revitalization (Former Carver Estates)

The Development Officer noted that the Board approved the Master Development Agreement (MDA) with conditions at the November 12, 2010 board meeting and a revised MDA was received and was ready for the Board's approval. The Development Officer reported that they were successful with Palm Beach Housing Finance Authority in securing the Tax Exempt Bonds. The Development Officer stated that the next step in the financing plan is to apply for funding from Florida Housing Finance Corporation.

Proposed Name for Limited Partnership

The Development Officer reminded the Board that with each tax credit deal, a limited partnership needed to be created and the name of the partnership needed to be filed with the State. The names had been chosen and filed with the state as: Village Square Elderly, Ltd. and Village Square Family, Ltd.

c. President/CEO's Report

The CEO informed the Board that because her report involved background regarding the Master Development Agreement and other related agreements, the information would be presented by the Authority's Legal Counsel as all topics related to approving three resolutions that needed to be explained by the Attorney.

1. Resolution 2010-11 Approving a Modified Master Development Agreement (MDA)

The Attorney reminded the Board that at the last board meeting the Board approved the MDA subject to some minor changes. The Attorney reported that at the last meeting the DBHA requested that Roundstone Development provide the Authority with a Development Schedule and a Development Budget. The Attorney noted that Resolution 2010-11 approving a modified MDA included the DBHA's request. The Attorney noted that this resolution terminates and rescinds the prior resolution. At this time The Attorney asked Michael Hartman of Roundstone Development to review the Development Schedule and the Development Budget.

Development Schedule Elderly Phase

Mr. Hartman reviewed some areas of the Development Schedule that included the Ground Breaking/Commencement of Construction for the Elderly Phase to be December 2011. Mr. Hartman reported that the development schedule before the Board did not include Hope VI funds and stated that in the event the DBHA is awarded the Hope VI Grant it would allow a more accelerated development schedule. Mr. Hartman reported that all potential sources had

been included even with the tax credit process going up, there is a gap between the cost and what the sources will be between the Bonds and the sale of the tax credit. Mr. Hartman explained that the gap could be filled with Hope VI money or the money from the CRA. Mr. Hartman reported that a meeting had been scheduled for January 5, 2011 with the Planning and Zoning Department to get their timelines. The Attorney asked how long Roundstone anticipated that it would take to build because the current development schedule did not reflect those dates. Mr. Hartman reported that for the Elderly Phase the projected date was October 2012.

The CEO noted that the DBHA must realize the impact of Hope VI on the schedule because the various approvals that may be required from HUD.. Mr. Hartman pointed out that HUD must have final agreements signed with the grantees by November 2011. Mr. Hartman stated that the current schedule will work because it reflects closing by December 2011.

Development Schedule Family Phase

Mr. Hartman reported that this schedule was based on the 9% tax credit from the State and was not based on Hope VI. Mr. Hartman stated that if Hope VI is awarded this schedule would also be accelerated allowing this phase to start at the same time as the Elderly Phase. Mr. Hartman reported that the current development schedule for this phase reflected that there will not be a delay in the 9% Tax Credit deal. Mr. Hartman explained that once the rule is approved by Florida Housing Finance Corporation's Board it will get published in the Florida Administrative Weekly for 30 days. Mr. Hartman reported that there will be a rule hearing that is scheduled for January 14, 2011. Mr. Hartman reported that if the 9% is done no other financing will be needed because the \$100,000 grant has already been approved by the CRA. Mr. Hartman noted that if the state gives the go ahead, the application for the 9% will be filed on February 28, 2011 and 9% tax credit applications are scheduled for approval on October 2011. Mr. Hartman reported that Ground Breaking/Commencement of Construction is scheduled for June 2012. Mr. Hartman reported that this development's completion will be between 11 and 12 months. Mr. Hartman reported that each building can be CO'd (Certificate of Occupancy) separately, allowing the ability to lease the units as the buildings are completed. Mr. Hartman reported that the completion of this development is estimated for May of 2013. At this time the CEO asked who is responsible for the infrastructure. Mr. Hartman stated that the infrastructure can be done in phases. Example: If the Elderly Phase is started first they can bring the water and sewer for this piece and close it off and complete the work

later. The CEO asked if the entire 18 acres will be platted separately. Mr. Hartman reported that it will be platted at one time but will be named differently. Example: Track A, Track B etc. The Attorney asked that in the event the DBHA is not successful in obtaining the Tax Credit is there a contingency plan. Mr. Hartman stated that in that case they would try to do the Bonds and try to obtain more gap financing from the City, CRA, and the County. Mr. Hartman reported that when speaking of 4% tax bonds, these have been approved for the Family Phase and for the Elderly Phase.

Development Budget

Mr. Hartman reported that there are two development budgets for each phase. One budget includes Hope VI the other does not. In summary Mr. Hartman reviewed the Development Budget the review consisted of cost, net operating income analysis, expenses, sources of funds, construction funds, and net proceeds for both the Family and Elderly Phases. The Attorney noted that under the MDA they had identified a predevelopment cost line item and asked Mr. Hartman to identify these items as such under the development budget by the next board meeting. The Attorney recommended approval pending a modified version of the development budget.

A motion to approve Resolution 2010-11 approving the Modified MDA as presented pending a modified version of the development budget reflecting the predevelopment cost, there components, and the total was made by Commissioner Petrolia. Motion seconded by Commissioner Morris. All in favor. Motion passed.

2. Ground Leases

The Attorney noted that there are three Phases, three Entities, and three Leases. The Attorney explained that the Authority is the landlord and the Limited Partners are tenants. The Attorney reported that the Leases have been negotiated and stated the he was very pleased with the results of the negotiations. The Attorney noted that the difference in the leases is that in the Elderly Lease the rent is truly basic (\$10.00 per yr) and in the Family's Lease there may be a possibility of obtaining \$800,000 due to the way the deal is financed. The Attorney recommended approval.

- a. A motion to approve Resolution 2010-12 approving a Ground Lease between DBHA and Village Square Family, LTD. was made by Commissioner Petrolia. Motion seconded by Commissioner Morris. All in favor. Motion passed.

- b. A motion to approve Resolution 2010-13 approving a Ground Lease between DBHA and Village Square Elderly, LTD. was made by Commissioner Petrolia. Motion seconded by Commissioner Morris. All in favor. Motion passed.

X. NEW BUSINESS

None

XI. COMMENTS

None

XII. ADJOURNMENT

Meeting Adjourned at 10:15 a.m..