



Predevelopment Loan Program

Development Plan

Delray Beach Community Land Trust

Atlantic Park Square

PLP-07-158

A.

General Information

Development Name	Atlantic Park Square
Development Address	SW 14 th Street, Delray Beach , Florida
Developer Entity Name	Delray Beach Community Land Trust
Development Team	Delray Beach Community Land Trust
Contact Person	Joseph Gray
Development Type	<input type="checkbox"/> Rental <input checked="" type="checkbox"/> Homeownership (Community Land Trust)
Total Units	20
Target Population (other than income set-asides)	<input type="checkbox"/> Farmworker <input type="checkbox"/> ALF <input type="checkbox"/> Elderly <input type="checkbox"/> Homeless <input type="checkbox"/> Other
Construction Type	<input type="checkbox"/> Rehabilitation <input checked="" type="checkbox"/> New Construction <input type="checkbox"/> Combined
Applicant comments and/or explanation:	
<p>The Delray Beach Community Land Trust (CLT) will be purchasing a total of seventeen lots from the City’s Community Redevelopment Agency (CRA). It owns three lots with building permits currently under review. This project will consist of 20 infill lots to be owned by Delray Beach CLT. The lots will then be sold to the CLT homebuyer for construction of a single family home.</p> <p>A comprehensive Homebuyer Education program (attaining, maintaining and retaining) is coordinated by Delray Beach CLT staff and is offered throughout the year. A person can qualify for a CLT home by meeting income and household requirements, completing a homebuyer education course and obtaining first mortgage financing evidenced by a commitment letter. Upon meeting these requirements, the Delray Beach CDC will purchase a lot from the City’s CRA and then enter into a Purchase and Sale Agreement with the homebuyer. Construction of the unit will not begin on a particular unit until the Purchase and Sale Agreement is signed. The project will be constructed in five phases with approximately four units per phase. The homes will consist of three and four bedrooms consisting of five different model types, all with rear garages off the alleyway, and designed to promote age diversity and aging in place. Varying degrees of green design and energy savings are being included with the goal of obtaining green certifications.</p>	
TAP comments:	
<p>The Delray Beach CLT has developed 30 new homes since it was established two years ago. As a sub recipient of the City of Delray Beach’s SHIP Program, it receives a designated amount of SHIP funding for homebuyer/buy down assistance. The project has been in planning phases for approximately one year and staff has worked diligently in successfully competing through the CRA’s RFP process, securing collaborative efforts to assure the project’s success and structuring the phasing of the project.</p>	



This is its first attempt to include The Florida Housing Finance Corporation Predevelopment Loan Program funds in its CLT financing plans. A project update meeting was held by Lydia Beltrán, Florida Housing Coalition Technical Advisor to obtain project updates, timelines and to provide information regarding the overall PLP financing process. In attendance were Joseph Gray, Executive Director and Kymenski Kemp, Development Manager.

B.

Loan Information

PLP Requested Amount	\$370,585
TAP Recommended Amount	\$291,225
Total Predevelopment Costs	\$483,897
Total Development Costs	\$3,432,250
Amount of Loan Requested for Acquisition	0
Applicant comments and/or explanation:	
Given that the project is on fast track, Delray Beach CLT has elected to exclude the acquisition portion (\$120,000) of its original PLP funding request and will seek a low interest alternative funding source such as the Palm Beach County's FHA.	
TAP comments:	
The CRA Purchase and Sale Agreement allows for individual lots to be purchased by Delray Beach CLT as part of its CLT Ground Lease. The subject Agreement requires that Delray Beach CLT approve a homebuyer (including first mortgage financing) for purposes of the CLT home. In addition, the project timeline allows for the construction of four to five homes at a time. It appears that securing a line of credit is financially feasible for Delray Beach CLT to purchase individual lots and then repay its line of credit since the Agreement does not require the entire property to be purchased at one time. In addition, the underwriting process associated with the use of PLP funds for acquisition is not conducive to Delray CLT's project timeline goals.	

C.

Development Team

Team Member	Name	Status
Developer	Delray Beach CLT	<input type="checkbox"/> Contracted <input type="checkbox"/> Negotiating <input type="checkbox"/> Not Identified <input checked="" type="checkbox"/> N/A
Contractor	RTG Construction, Inc. Randolph & Dewdney Construction, Inc.	<input checked="" type="checkbox"/> Contracted <input type="checkbox"/> Negotiating <input type="checkbox"/> Not Identified <input type="checkbox"/> N/A
Architect	JMWA Architects	<input checked="" type="checkbox"/> Contracted <input type="checkbox"/> Negotiating <input type="checkbox"/> Not Identified <input type="checkbox"/> N/A
Engineer	JMWA – In-house	<input checked="" type="checkbox"/> Contracted <input type="checkbox"/> Negotiating



		<input type="checkbox"/> Not Identified <input type="checkbox"/> N/A
Consultant	-----	<input type="checkbox"/> Contracted <input type="checkbox"/> Negotiating <input type="checkbox"/> Not Identified <input checked="" type="checkbox"/> N/A
Other	-----	<input type="checkbox"/> Contracted <input type="checkbox"/> Negotiating <input type="checkbox"/> Not Identified <input checked="" type="checkbox"/> N/A
Applicant comments and/or explanation:		
Two local contractors (Randolph and Dewdney Construction, Inc. and RTG Construction Inc) will be interchangeably used to construct the homes. The contractors are on the City's Qualified Contractor List.		
TAP comments:		
A review of the contractor's resumes and project portfolio indicates that they have worked for non-profit affordable housing entities in the past constructing similar projects and that they appear to be qualified for the project.		

D.

Market and Feasibility

Type of Study	Name	Status
Formal Market Study		<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Contracted <input type="checkbox"/> N/A
Informal Study	Delray Beach CDC	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Planned
TAP Evaluation		Describe Below
Applicant comments and/or explanation:		
As stated in its original PLP application, 8 units (a tri-plex and five-plex multi-family style) were to be included in the project plan pending the results of the market demand of this type. It was concluded that the multi-family style would not meet the market demand (based on Delray Beach CLT's current single family inventory) so five single family homes will be included for a total of 20 infill single family homes. A total of 55 persons are participating in the homebuyer education class and a total of six have been qualified as a CLT homebuyer (including mortgage financing).		
TAP comments:		
According to the August 2008 appraisal a single lot was valued at \$55,000. The Delray Beach CLT will benefit from a land purchase cost savings since it is purchasing each lot at \$6,000 therefore making it possible to secure the property for its CLT Ground Lease. Delray CLT staff works closely with the participants to assure they are on track to obtain the necessary financing to meet requirements for a Sale and Purchase Agreement. In addition, they work to assure that the homebuyers are aware of the CLT ownership structure. The CLT Homebuyer option also appears to be feasible given that Delray Beach CLT has a commitment of SHIP funds for homebuyer assistance/buy down of up to \$75,000 per applicant.		



E.

Site Control

Evidence	Purchase and Sale Agreement
Warranty Deed	Warranty Deed to be obtained for 17 lots Warranty Deed Obtained for 3 lots (two dated April 2007, and one dated May 2007)
Contract for Purchase	Yes – August 2008 Executed between CRA and Delray Beach CLT
Lease Agreement	N/A
Not Under Contract	N/A
Not Identified	N/A
Applicant comments and/or explanation:	
Once a lot is purchased from the City of Delray Beach’s CRA, a Warranty Deed will be provided associated with each lot for the construction of a home. A lot will not be sold to Delray Beach CLT unless it provides a Sale and Purchase Agreement as evidenced for each qualified homebuyer. Delray CLT is the current owner of three lots.	
TAP comments:	
A review of the Sale and Purchase Agreement indicates that the lots will be sold on an individual basis to Delray Beach CLT. The Agreement is currently being routed for one more signature to be fully executed.	

F.

Zoning

	Status
Zoning on Property	R1A
Current Use	R1A
Future Land Use Plan	R1A
No Zoning Evidence	N/A
Location map	Yes
Site Plan Approval	To be submitted for construction start up per lot
Applicant comments and/or explanation:	
Each of the two contractors is responsible for submitting the site plan approval and building permit for each home. A contractor will be approved to start approximately four to five homes in a single phase. Once the project is 60% completed, another contractor will begin the next construction phase accordingly.	
TAP comments:	
The selection of the contractors and the project phasing plan seems conducive to the overall goals and feasibility of the project.	



G.

Development Elements

	Status
Survey	Yes
Soil Test	Yes
Building Permit	On-going for each individual home constructed
Other Permits	N/A
Availability of Utilities	Yes
Availability of Water and Sewer	Yes
Availability of Roads	Yes
Environmental Assessment	Pending
Appraisal	Yes – for value of CRA property (August 29, 2008 @ 55,000 per lot) Yes – for the selling cost of a comparable single family homes purchased in the area (August 2008) with purchase price @ \$185,000 to \$290,000 within the last 12 months and current sales prices of \$169,900 to \$479,000
Financial Statements	Yes
Drawings, Plans and/or Specs	Yes
Applicant comments and/or explanation:	
Appraisals were obtained to assess project costs savings for the land and the land equity value. An appraisal from the existing CLT homebuyer portfolio was used to assess the reasonable sales price range for Atlantic Park Square.	
TAP comments:	
A review of the subject appraisals indicates that the CLT home sales (\$127,000 to \$184,792) are within a reasonable range and that the purchase of the land is favorable to the project. In addition, Delray Beach CLT staff report that the CRA will fund road improvements (alleyway to the back of the homes) valued at \$1,000,000, which is also a project cost savings.	

H.

Marketing and Sales/Lease Up

Please Provide Narrative Describing Marketing and Sales/ Lease Up
The CLT concept is incorporated into its homebuyer education classes. Homebuyers are aware of the Ground Lease associated with the purchase and that when sold, they will



only receive the original amount they invested (their 3% down payment along with first mortgage financing and an additional 4% annual increase for each year of owner-occupancy). The Delray Beach CLT has first right of refusal and will be able to provide the home to a new qualified homebuyer.

TAP comments:

According to staff, the 55 person class will generate the necessary number of qualified persons to purchase the remaining number of units (14) because six have already been qualified. In addition, a new class schedule will begin and end in mid 2009 (prior to the last phases of the overall project construction) in the event there is a need for other potential homebuyer clients.

I.

Sources

Funding Source	Status	Amount
Construction Revolving Loan /Line of Credit – Palm Beach Housing Finance Authority	Application to be submitted December 2008	\$2,341,025
Predevelopment Loan	Pending -	\$291,225
SHIP (Homebuyer Assistance/Buy down	Pending -	\$800,000
Total		\$3,432,250
TAP comments:		
The funding sources appear reasonable for the project.		

J.

Overall Uses

Title and Recording	\$0
Pre development	\$483,897
Land Acquisition	\$120,000
Construction	\$2,498,761
Construction Contingency	\$45,707
Bond Premium Fee	\$0
*Developer Fees @ 6%	\$271,885
Real Estate Taxes	\$12,000
Cost Certification Audit	\$0



Pre-Marketing	\$0
Soft Cost Contingency	\$0
TOTAL	\$3,432,250

K.

PLP Budget

Item	Paid To	Amount
Title Search/Recording	N/A	\$37,640
Legal Fees	Simon & Schmidt (to be paid)	\$20,000
Boundary Survey	To be determined	\$1,500
Credit Underwriting Fees	To be determined	\$4,085
Soft Cost Contingency	To be determined	\$10,000
Environmental Assessments	To be determined	\$5,000
Soil Tests	To be determined	\$9,000
Surveys	To be determined	\$3,000
Appraisal Fee	Donald J. Smith - \$350.00	\$7,000
Architectural/Engineering	GMWA - (\$10,000)	\$57,000
Impact Fees	City of Delray (to be paid)	\$67,000
Insurance	To be determined	\$20,000
Utility Fees	City of Delray (to be paid)	\$50,000
Administrative Expenses	N/A	\$0
Consulting Fees	N/A	\$0
TOTAL		\$291,225

L.

Narrative

Please describe any facts regarding this development that are not covered previously in this report

A tour of a number of constructed/occupied CLT homes evidences the overall dedication of the Delray Beach CLT to provide low and moderate income households with a type of homeownership opportunity that they would not be able to afford otherwise. On-going neighborhood stabilization is evidenced by the Delray Beach CLT's efforts to secure additional in fill lots through a competitive process. In addition, rather than to depend on CRA for construction financing (as it has in the past with its other 30 homes), it is



securing other forms of construction financing (provided as a reimbursement with its two contractors for the early phases of the project) and establishing itself as credit worthy for construction loan/line of credit through other financial entities.

The Delray Beach CLT is an example of non profit capacity building as it seeks to (1) competitively securing in-fill properties, (2) establishing collaborative efforts, (3) obtaining the necessary affordable housing development training: (attendance at Florida Housing Coalition Catalyst development workshops and site visit trainings and Green certification training), (4) retaining the necessary staff to assure successful project results and (5) establishing varied funding sources for project financing.

M.

Timeline

Timetable	Expected Date	Comments
Additional Financing Applications Submitted	December 2008	Palm Beach Housing Finance Authority reported approximately \$7,000,000 is available for affordable housing projects
Apply for Building Permit	Three submitted and is pending approval	The remaining 17 are on-going and will be submitted as Sales and Purchase Agreement is signed between Delray Beach CLT and the homebuyer
Construction Commencement	November 2008	3 homes on property owned by Delray Beach CLT and the remaining phased in with four – five at a time
Construction Completion	October 2009	Final phase (five homes)

