



Delray Beach Housing Authority

REGULAR BOARD MEETING **JUNE 24, 2010** **MINUTES**

I. CALL TO ORDER

Meeting Called to order at 8:50 a.m..

II. ROLL CALL

Joseph Hepp – Present
Christel Silver – Absent
Choli Aronson – Present
Sylvia Morris – Present
Sandra Owens – Present
Shelly Petrolia – Present
Shelly Weil - Present

III. APPROVAL OF THE AGENDA

The Agenda was amended to take Public Comments after the Developer presentations. A motion to approve the amended agenda was made by Commissioner Aronson. Motion seconded by Commissioner Weil. All in favor. Motion passed.

IV. RECOGNITION OF VISITORS

Jack Ullrich – Kleivin Construction, Inc
Tyler Kleivin – Kleivin Construction, Inc
Michael Hartman – Roundstone Development, LLC
Dr. Victor Kirson – Pres B.O.P. Tierra Verde
Morris Weinman – Director, Community Land Trust
Tammy Anderson – Star Group Realty
Seabron A. Smith – Ted Center
Clifford P, Wright JR – Waveguide Communications
Alice Finest - ajfinst@earthlink.net
Chuck Ridley – NW/SW Steering Committee
Nigel Roberts – City of Delray
Gary Eliopoulos - City Commission
Neil Sterling – Klewin Const, Inc
Bill Plum – Plum Reality Inc
Jeff Costello – CRA
Allan Schnier – Auburn Group
Mayer S. Abbo – Prime Developer
Colleen Palmer – Top Branch Industries
David London
Chuck Halberg - Stvant & Shelby
Patricia Wright – Community Land Trust Board - Sunshinep57@yahoo.com
Angeleta Gray – City Commission
Scott Pape – P & Z Dept
Sharon H. Burke – Montage Diversity Consultants

Evelyn S. Dobson – DBCLT
Kimberly Camejo – CNB/DBCLT
William Hatcher – Hatcher Construction
Bill Sanders – Delray CDC
Denard Wright – Architect Student
Diane Colonna – Delray Beach CRA

V. **CONSENT**

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

VI. **CORRESPONDENCE**

NAHRO Newsletter

NCHM Newsletter

VII. **NEW BUISNESS**

Resolution 2010-04 Approving the engagement of Star Group Realty Corporation to secure Commercial Tenant(s) for NW 5th Avenue in association with the West Settlers Office Building.

The Development Officer noted that after meeting with Thomas Benetto from Fifth Third Bank regarding construction loan financing on June 1, 2010, it was determined that a commitment letter or a pre-lease will be needed in order to proceed with the application for construction financing. Staff recommended approval to engage Star Group Realty Corporation to secure commercial tenant(s) at 82 NW 5th Avenue. A motion to approve Resolution 2010-04 was made by Commissioner Morris. Motion seconded by Commissioner Weil. All in favor. Motion passed.

VIII. **OLD BUISNESS**

Presentations from Proposing Developers for the Redevelopment of Carver Estates.

The CEO noted that the DBHA issued an RFP for the redevelopment of Carver Estates a couple of months ago and received responses from four interested developers, all four proposing developers are qualified developers. The Attorney stated that the Board will be making the most important decision for the Authority, in choosing the Developer that will rebuild the land that Carver Estates once occupied. The Attorney recommended that the Board listen to each presentation, review all the information provided from the RFP, and listen to the recommendations from staff. The Attorney advised the Board not to rush into a decision. The decision to award the contract may be done at the next scheduled Board Meeting. The CEO reminded the Board that the Reviewing Committee which consisted of Commissioner Aronson, Nguyen Tran - Development Officer, and herself met and reviewed in detail each proposal. The Proposals were rated according to the criteria that was presented to the Board.

1- **Roundstone Development**

Presentation by: Michael Hartman – Project Manager

History

- Roundstone has developed over 10,000 units of affordable housing
- Extensive experience in Florida
- Prior experience working with Housing Authorities & Non-profits
- Commitment to utilizing local vendors, subcontractors & employees (M/WBE & Section 3)
- Have successfully completed every project
- The Team is Palm Beach County based
- All members are assembled and ready to go

THE DEAL

The DBHA will be co-developer and co-general partner on all phases.

- Share in development fees
Roundstone projected the DBHA will receive \$663,000 of developer fees.
- Share in the operating cash flow & ownership
The DBHA will have 100% of these items once guarantees are released.
Roundstone projected the DBHA will receive \$6,400,000 of cash flow over 30 year life cycle.
- The DBHA will receive lease payments on the land while retaining ownership
This will be a onetime projected lease payment in the amount of \$504,000.
- The DBHA will serve as a leasing/qualifying agent
For the senior and multi-family rental units and will receive lease up fees for the service.
- The DBHA will receive 50%
- of the profits from sale of the Phase 3 home component, the DBHA will retain ownership of the land in a land trust
- Total benefit to the DBHA
- \$9,477,000 over the Project life Cycle and the DBHA will own it 100%

2- Prime Investors & Developers

Presentation by: Larry Abbo– Vice President/CEO

History

- Prime Investors is family owned and operated
- Prime Investors is centrally located within Florida's industrious, tri county area of Palm Beach, Broward and Miami Dade counties.
- Prime Home Builders stands as a trusted local and state wide builder and developer of fine residential communities and commercial projects.
- Prime Group has participated with a number of grant programs & a number of public financing.

THE DEAL

Mr Abbo stated that the development of the multifamily projects will be undertaken by a joint venture. The joint venture entity will be structured in the form of a land trust, where both entities will be beneficiaries. The DBHA will manage the elderly units (68) under the supervision and assistance of Prime. Both entities will share resources to avoid duplication. Mr. Abbo noted that Prime will contribute equity required to obtain financing for the project. The DBHA will obtain a grant for the site development costs and project soft costs totaling \$2,250,000 (\$680,000 for the 68 unit site, \$1,440,000 for the 144 unit site, and \$130,000 for project soft costs) from the Delray Beach CRA and/or DBHA. Once the two product lines are stabilized (measured by an 88% occupancy rate) with an effective gross income at a minimum of \$680,000 (Elderly units) and \$1,750,000 (144 units) respectively, the 68 unit development will be transferred to the DBHA and the 144 unit development will be retained by Prime. The 31 unit for sale project will be developed by Prime. There will be a developer's agreement whereby the DBHA will make an initial contribution of the land but will be paid \$10,000 for each individual unit at the time of sale. The DBHA will obtain a grant of \$200,000 for the land development cost from the Delray Beach CRA, and at the completion of the project Prime will share 50/50 of any overage of a net profit of 15% over gross sales revenue.

3- Delray Investors & Developers, LLC

Introduction by: Lean Wolf – Cornerstone President

Cornerstone Group was founded in 1993 and has developed nearly 50 apartment communities consisting of more than 15,000 multifamily rental and condominium units throughout Florida. Cornerstone reported having financed more than 13,000 units of housing with FHFC resources (LIHTC, SAIL, Ship, tax-exempt bonds) Mara Mades-Executive Vice President noted that Cornerstone is minority women business owned.

FINANCING

Presentation by: Mara Mades-Executive Vice President

Ms. Mades noted that on the multifamily phase one of the key points is to get the project moving. Cornerstone reported that the first phase that would be developed would be the elderly phase, by using the Housing Authority's Project Based Section 8 (HUD allows a Housing Authority to utilize up to 20% of its vouchers for project Based Elderly Section 8 Housing), Tax-exempt bonds.

Alternate Site Plan

Presentation by: Richard Jones-Architect

Mr. Jones reported that this alternate site plan was consistent with the DBHA's. Phase I Elderly, Phase II Single Family Homes, and Phase III Multifamily. Mr. Jones noted that one of the changes reflected on this site plan is that things were shifted around. The single families were extended to the north, creating a re knitting consistent in size with the current lots. The Single families will be up against the commentary instead of a 3 story building looking over the commentary. Delray Investors & Developers, LLC proposed to build two story townhouses instead of the duplexes (same 14 units), Mr. Jones noted that 14 units and two townhouse buildings are much more affordable to build than seven duplexes, and as a cost savings the result will be a cost savings to the homebuyer. Mr. Jones stated that one of the most important things reflected on this alternate plan is that there will be no road connecting all the way through Auburn, avoiding a funnel of non-resident use traffic. The Elderly Building would be broken down to consist of two buildings instead of one (10 units per building) creating a more attractive site. Delray Investors & Developers, LLC is willing to revert back to the DBHA's plan.

THE DEAL

Presentation by: Mara Mades-Executive Vice President

- 1- Multifamily- The DBHA will own 51% of the ownership entity of the these units, at the end of 15 yrs the Authority would be able to refinance with a lender who accepts the Authority's guarantees, the applicant would allow the Authority to take over its ownership interest.
- 2- Homeownership- There may be a sharing in profits, Delray Investors & Developers, LLC is willing to negotiate.
- 3- Management Fees- There may be a sharing of these profits, Ms. Mades stated that all these items are negotiable if selected.

4- Carlisle Development

Presentation by: Matthew Greer-CEO

History

Carlisle has established itself as a premier partner for housing authorities, nonprofit community groups, faith-based institutions and private sector partners looking for creative solutions to their unique housing needs.

Financial Capacity

Carlisle certified to have the financial capacity to plan and execute the development of Carver Estates.

- **THE DEAL**

Homeownership Component

Habitat for Humanity homes (21 homes)

14 duplexes, 7 single family homes

Mr. Greer stated that the authority will receive land proceeds for each single family and duplex lot totaling \$280,000. These proceeds will be delivered as follows;

- \$10,000 per single family home

- \$15,000 per duplex

DFC Homes of Florida (10 homes)

- 10 single family homes

The Authority will receive land proceeds equivalent to the appraised value

For each lot DFC builds on.

- **Rental Component (210 Units)**

Mr. Greer stated that is Carlisle's intention to explore all avenues between now and closing in an effort to provide fair compensation for the rental phase.

Mr. Greer noted that Carlisle anticipated using 9% tax credit in addition to a mixture of private funds to finance the development.

Mr. Greer stated that at the end the Housing Authority will be the owner. Carlisle will develop the property for a fee that they are at risk to make or not make, depending on whether they are able to bring in substantial financing.

Mr. Greer stated that the Authority will get the asset, the Authority will receive the cash flow from the asset once the Agency takes over and pays the deferred developer fees that may be there once completed.

IX. PUBLIC COMMENTS

Chuck Ridley – Mr. Ridley thanked the DBHA for keeping the communities vision in mind when issuing the RFP for the redevelopment of Carver Estates. Mr. Ridley stated “Get it Right” and reminded the DBHA’s Board of Commissioners that their credibility will be on the line as the project moves forward. Mr. Ridley recommended that the DBHA host several community meetings allowing the community the ability of staying informed.

Alice Finest – Ms. Finest stated that she had attended several of these meetings and the bottom line is the final appearance of the project. Ms. Finest stated that the community wants alleys, porches, with an old fashion feel, most important the community wants a safe neighborhood.

Dr. Victor Kirson – Dr. Kirson stated that he believes that none of the developers will be able to obtain financing and felt that the community will be left with yet another incomplete project.

X. COMMENTS

A. President/CEO

The CEO noted that a special meeting is in order, an e-mail will be sent to the Board to determine the date. The CEO informed the Board that Kevin Kenny of NCT has arrived to conduct this year’s audit.

B. Attorney

C. Commissioners

XI. ADJOURNMENT

Meeting adjourned at 12:04 p.m.

