



LEGISLATIVE MEMORANDUM

TO: Honorable Mayor and Members of the City Council

FROM: Suzanne Sherman, City Manager

THRU: Clinton Hatcher, Community & Economic Development Director

DATE: October 17, 2024

RE: Consideration of utilizing State Housing Initiatives Partnership (SHIP) Program funds for the demolition and reconstruction of a single-family home located at 2254 Washington St. NE to preserve affordable housing (\$308,989).

SUMMARY:

The City of Palm Bay's SHIP Local Housing Assistance Plan (LHAP) for fiscal years 2023-2024, 2024-2025 and 2025-2026, was adopted by Resolution 2023-13 on April 20, 2023. Established strategy Section II, C. Code 4 Demolition/Reconstruction, allows for the demolition and reconstruction of single-family properties for income-eligible households, with a maximum award of \$349,000.

The City of Palm Bay provided SHIP funding assistance in the amount of \$25,230 to the property located at 2254 Washington St NE, Palm Bay, FL 32905 in 1998. The property was placed on the SHIP waitlist in 2019 for additional funding assistance. However, the City-adopted LHAP at that time allowed for only one (1) mortgage, and the property was denied for assistance on September 27, 2019. The mortgage was paid off in full on February 6, 2020. The Property was placed back on the waitlist in 2020. In 2021, the contracted inspector, Green Leaf Home Inspections deemed the structure needed significant rehabilitation beyond the maximum award amount under the SHIP program. The City later updated the SHIP LHAP increasing the SHIP Rehab award amount and included a Demo/Reconstruction Strategy. Green Leaf Home Inspections recommended the property be considered eligible under the SHIP Demo/Reconstruction Program on September 25, 2024. According to the SHIP LHAP, in order for the funds to be awarded towards this strategy, single family properties that are not in a flood zone but are beyond repair and unsafe for human habitation, must be deemed by the City's Building Official. The property must meet the definition of an unsafe structure as defined by the Florida Building Code § 151.200.

On May 3, 2024 the City released the Bid package through Vendor Link for the Demo/Reconstruction of 2254 Washington St. NE, Palm Bay, FL 32905. On June 3rd, 2024 the

City received one (1) bid, which was over the maximum award amount per the LHAP. Staff spoke with multiple developers who viewed the bid in Vendor Link but did not bid. Developers advised the 30-day period to provide a bid was not sufficient time.

On June 24, 2024 the City released the Bid package through Vendor Link for a second time, with a closing date of August 8, 2024 to allow developers 45-days to provide a complete bid. On August 8, 2024 two (2) bids were received. OTD Development Group, LLC submitted a proposal using the May 3rd, 2024 bid package, but staff determined the proposal to be ineligible, as it did not include the updated bid changes made on the second release of bid package on June 24, 2024. JJ's Design and Construction, Inc submitted a proposal in the amount of \$308,989 and was determined to be the lowest, qualified bidder.

The timeline for demolition and reconstruction is approximately nine (9) months for the two (2) bedroom structure located at 2254 Washington St NE, Palm Bay, FL 32905. This household is a SHIP income eligible applicant, at less than 30% area median income (AMI), characterized as an elderly household. Upon completion of the new demo/reconstruction, the City will record a subordinated mortgage lien/note, to include a 30-year affordability period, in accordance with Section II, C., Code 4, of the City's adopted SHIP LHAP. In cases where qualifying homeowner(s) die(s) during the loan term, the loan may be assumed by an income-eligible heir who must occupy the home as a primary residence. If the legal heir is not income-eligible or chooses not to occupy the home, the outstanding balance of the loan will be due immediately and payable in-full.

REQUESTING DEPARTMENTS:

Community & Economic Development

FISCAL IMPACT:

If approved, SHIP program funds totaling \$308,989 will be appropriated to account 111-3411-554-3807 and included on the next available Budget Amendment.

STAFF RECOMMENDATION:

Motion to 1) approve \$308,989 in SHIP program funds for the demolition/reconstruction of a single-family home at 2254 Washington St NE., Palm Bay FL, 32905; and 2) authorize the City Manager to execute agreements with homeowner and contractor.

ATTACHMENTS:

1. SHIP Local Housing Assistance Plan FY 2023-2024, 2024-2025 and 2025-2026
2. JJ's Design and Construction Proposal, 8 August 2024
3. Green Leaf Home Inspections – 2254 Washington Street NE
4. Demo-Reconstruction letter and pictures, 2254 Washington St, NE Palm Bay, FL 32905