



## LEGISLATIVE MEMORANDUM

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Suzanne Sherman, City Manager

**THRU:** Ibis Berardi, Community & Economic Development Assistant Director

**DATE:** August 13, 2024

**RE:** Consideration of donating six (6) City-owned surplus lots and award HOME Investment Partnership Program funds to Macedonia Community Development Corporation of South Brevard for affordable housing development (\$370,000); authorize execution of related agreements.

### SUMMARY:

As you may recall, the above request was scheduled for the last regular Council meeting. Council voted to table the request.

The City of Palm Bay is a member of the HOME Consortium for which Brevard County is designated as the lead agency. The HOME Consortium also includes the cities of Melbourne, Cocoa, and Titusville. The Brevard County HOME Consortium (Consortium) brings together the cities and the unincorporated areas of the County. On March 7, 2024, Palm Bay City Council approved the Fiscal Year (FY) 2023-2024 HOME Disbursement Agreement, allocating HOME funds in the amount of \$1,858,022.95, which includes disbursements from Fiscal Years 2021-2022, 2022-2023, and 2023-2024, which were previously withheld from the City due to prior non-compliance with the HOME program. All funds from FYs 2021-2022, 2022-2023, and 2023-2024 have been allocated to eligible activities with the exception of a remaining balance of \$370,000 from FYs 2021-2022 (\$163,501.97), 2022-2023 (\$201,601.93), and 2023-2024 (\$4,896.10) to be reallocated for eligible activities under the HOME program.

On December 16, 2021, City Council designated 2171, 2173, 2181, 2185, 2189, and 2193 Northview Street (collectively known as 'Northview Properties') as surplus real estate to be solicited for the development of affordable housing for elderly and veterans.

On May 18, 2023, City Council adopted Resolution 2023-17 identifying the Northview Properties for future permanent affordable housing in accordance with Florida Statutes (F.S.), Section 166.0451. The term "affordable" is defined by F.S. 420.004.(3).

On April 18, 2024, City Council approved an allocation of \$370,000 in HOME program funds for the development of permanent affordable housing using the Northview Properties for income-eligible elderly and veterans through a Request for Proposals (RFP) competitive solicitation process. On April 19, 2024, the City published an advertisement for the RFP in Florida Today and emailed the RFP to eligible Non-Profit Organizations requesting proposals for the rehabilitation or construction of new affordable housing for income-eligible senior citizens and/or veterans on six (6) lots located at 2171, 2173, 2181, 2185, 2189, and 2193 Northview Street, owned by the City of Palm Bay. The proposal also committed to donate said lots and contribute \$370,000 in HOME program funds to the awardee.

On May 21, 2024, the City received two (2) applications: 1) Community of Hope and 2) Macedonia Community Development Corporation (CDC) of South Brevard. On June 5, 2024, Community of Hope requested to have their application withdrawn. At the June 12, 2024, Community Development Advisory Board (CDAB) regular board meeting, the Board unanimously recommended to City Council to support Macedonia CDC's application. Macedonia CDC proposes affordable housing rental units in two phases.

Phase 1 includes two lots (2171 and 2173 Northview Street) and proposes the rehabilitation of the two (2) existing triplex structures to provide six (6) affordable rental housing units for eligible seniors and/or veterans. The proposal notes that 24 eligible residents will be served through a total of 12 bedrooms at an estimated two household members per bedroom. Proposed rental rates shall not exceed the HUD maximum rental rate of \$1,362 (inclusive of utilities) for two-bedroom rentals. Macedonia CDC will accept Section 8 Vouchers clients. The proposal notes that Macedonia CDC will invest \$133,940 for Phase 1, in addition to the City's HOME allocation of \$370,000. The total project budget is \$503,940. The timeline for construction is 18 months. Macedonia CDC proposes an affordability period of 15 years.

Phase 2 includes the four remaining lots (2181, 2185, 2189, and 2193 Northview Street) and proposes two duplexes containing two units each. Each unit is proposed to be a three-bedroom and two-bath (3/2) rental unit for a total of four (4) new affordable rental housing units, serving an estimated 24 eligible residents (12 bedrooms at an estimated two household members per bedroom). Estimated timeline for construction can range from 24 to 60 months following completion of Phase 1. Please note that the timeline for construction is dependent upon Macedonia CDC's ability to secure funding. While there are no HOME program funds allocated to Phase 2, Macedonia CDC may submit an application to the City when additional HOME funds are available.

If the proposal is accepted by City Council, the City shall enter into a subrecipient grant agreement with Macedonia CDC outlining the above terms and conditions, as well as the requirement for the City to perform on-site inspections of HOME-assisted rental housing, in accordance with HUD

regulations. Additionally, the City will establish a Land Use Restrictive Agreement (LURA) requiring the 15-year affordability period stipulating the requirement that rental amounts shall not exceed the HOME rental limits established annual by the U.S. Housing and Urban Development (HUD).

Additional Staff Conditions:

Staff is proposing a deed restriction to be recorded with the Brevard Clerk of Courts requiring that the property be deeded for affordable housing in perpetuity. The deed shall include a reversionary clause that should the property cease to exist for purposes of affordable housing, as defined by F.S. 420.004.(3), the property ownership shall revert back to the City of Palm Bay.

**REQUESTING DEPARTMENTS:**

Community & Economic Development

**FISCAL IMPACT:**

If awarded, HOME program funds from Fiscal Year 2021-2022 (\$163,501.97), Fiscal Year 2022-2023 (\$201,601.93), and Fiscal Year 2023-2024 (\$4,896.10) totaling \$370,000.00 will be appropriated to account 114-3411-554-8254 and included on the next available Budget Amendment.

**STAFF RECOMMENDATION:**

1) Motion to donate six (6) City-owned surplus lots and award \$370,000 in HOME program funds for affordable rental housing to Macedonia Community Development Corporation of South Brevard, to include the additional staff conditions, and 2) authorize the City Manager to execute a Subrecipient Agreement and a Land Use Restriction Agreement with Macedonia Community Development Corporation of South Brevard, and record a deed restriction with the Brevard County Clerk of Courts.

**ATTACHMENTS:**

1. Macedonia CDC Application
2. Northview Street Zoning Verification Letter
3. Northview Street Aerial
4. Northview Street – Property Appraiser Aerial