



**Hallandale Beach Community Redevelopment Agency
Board of Directors Meeting
Agenda Cover Memo**

Meeting Date:	November 13, 2017		Item Type:	Resolution X	Ordinance	Other		
Fiscal Impact:	Yes	No	Ordinance Reading:		1st Reading		2nd Reading	
	X		Public Hearing:		Yes	No	Yes	No
Funding Source:	130-5910-583040		Advertising Requirement:		Yes		No	
							X	
Account Balance:	\$930,000							
Project Number :	99638		RFP/RFQ/Bid Number:		N/A			
Contract/P.O. Required:	Yes	No	Strategic Priority (Enter X in box):					
	X		Capital Improvements					<input type="checkbox"/>
			Goal 1 - Undertake Total Improvements of Public Realm					<input type="checkbox"/>
			Goal 2 - Promote Public/Public and Public/Private Partnership					<input type="checkbox"/>
								<input type="checkbox"/>
			Promote Projects with Large-Scale Impacts					<input type="checkbox"/>
			Goal 1 – Issue a Request for Proposals (RFP) for NW infill Housing					<input type="checkbox"/>
			Goal 2 – Issue a Request for Qualifications (RFQ) for Dixie Highway/Foster Road parcel					<input type="checkbox"/>
			Priority Area:					
			North West Quadrant					<input type="checkbox"/>
			FEC Corridor					<input type="checkbox"/>
			Southwest Quadrant					<input type="checkbox"/>
			Northeast Quadrant					<input type="checkbox"/>
			Southeast Quadrant					<input type="checkbox"/>
Sponsor Name:	Roger M. Carlton HBCRA Executive Director		Department:		HBCRA			



Short Title:

A RESOLUTION OF CHAIR AND BOARD OF DIRECTORS OF THE HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY APPROVING ADDITIONAL FUNDING FOR THE REPLACEMENT HOME PROGRAM LOAN FOR MS. BARBARA FERGUSON IN THE AMOUNT OF \$40,000, FOR A TOTAL LOAN NOT TO EXCEED \$190,000; AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE LOAN DOCUMENTS; AUTHORIZING THE EXECUTIVE DIRECTOR TO TAKE ALL STEPS NECESSARY AND APPROPRIATE TO IMPLEMENT THE TERMS AND CONDITIONS OF THE LOAN DOCUMENTS AND DISBURSE THE LOAN NECESSARY FOR THE REPLACEMENT HOME; AND PROVIDING AN EFFECTIVE DATE.

Staff Summary:

Background:

Ms. Barbara Ferguson (applicant) submitted an application for the Neighborhood Improvement Program (NIP) in June 2015 for repairs to her home. The property inspection that was conducted on the applicant's home revealed that the building was in very poor condition and should be demolished and replaced with a new structure. This qualified the applicant as a candidate for the Replacement Home Program. The current HBCRA Policy Manual, adopted in November 2013, include the Replacement Home Program in which the HBCRA provides a low interest or interest-free loan up to \$150,000 to single-family homeowners when it has been determined (by way of the inspection as part of the preliminary loan approval process) that the necessary repairs to their property to bring it up to code will exceed 50% of the assessed value of the property. Financial assistance can be used towards design, demolition and construction of a new home on the same piece of land. The property must be used as a primary residency (homestead).

When the applicant submitted the application for the NIP program, the property contained three buildings under the same folio number. The property was deeded to the applicant and her late sister. Relatives of the late sister occupied two of the dwellings and the other one was occupied by the applicant. The home occupied by the applicant is the property to be rebuilt.

Since all the structures were under the same folio number, the applicant began the process with the Broward County Property Appraiser to separate the properties. This action was completed on March 1, 2016. After splitting the property the applicant had to request a variance from the City's Zoning Department to proceed with the building of a new home due to the size of the lot. The Planning & Zoning Board approved the variance June 8, 2016. Because the funds were not encumbered while the applicant was going through the process of obtaining a variance and separating the properties, funds were exhausted for FY15/16 by the time she completed the process. Therefore; the applicant had to wait until the funds were available in the FY16/17 budget to move forward with the replacement home.



The applicant began the process of soliciting the services of a general contractors to build her home. The applicant was introduced to a general contractor, Bespoken Homes, LLC during a community gathering. The applicant selected this contractor to build her home, who provided her with a construction agreement in April 2017. She provided the HBCRA office with a copy of said agreement as required. The document was forwarded to the HBCRA Attorney, Steven Zelkowitz, for review on April 14, 2017. HBCRA staff also provided a copy of the agreement to Matthew Cohen, HBCRA Project Manager, for review. Once the review was completed by the Attorney and the Project Manager, serious issues became apparent with the agreement, such as a 10% administrative cost in addition to a 25% builder fee, 25% verbal change order cumulative unit cost and a \$30,000 up front fee for soft costs. Even though Bespoken Homes, LLC, proposed to construct the home from ground to turn key for \$150,000 which the City team determined could not be done.

The Project Manager continued to make attempts to gather information from Bespoken Homes, LLC to no avail. On August 9, 2017, the Project Manager received an incomplete construction budget without a set of approved building plans and with no proven method of construction. While attempting to gather information from Bespoken Homes, LLC, Dr. Earle, ACM, tasked the Project Manager to find an alternative building method for affordable homes. Staff spoke with several manufacturers including Affinity Homes. Staff met with Little River Box Co./Affinity Homes that provides modular homes. Modular homes are constructed in the factory, meet the Florida building codes standards for winds of 160 mph and are shipped to the site for installation on a foundation. This is achieved for a fraction of the cost of onsite construction. Staff met with the applicant and her family members and introduced this concept to them. The applicant enthusiastically selected one of the models and choose it for her new home. After all this, the applicant later informed staff that she communicated with Bespoken Homes, LLC and decided again to utilize their services.

During the Project Manager's investigation, it was discovered that Bespoken Homes, LLC is a broker with no experience in the type of construction they were proposing to build in the City. The Project Manager scheduled a meeting between COHB Development Services and Bespoken Homes, LLC to review their plans. During this meeting Bespoken Homes, LLC indicated that a different contractor would construct the home other than the contractor stated in the proposed agreement. Bespoken Homes, LLC made this decision without informing the applicant.

Staff held a follow-up meeting with the applicant who would provide, in writing, the contractor that she would be utilizing for the new construction. At that meeting, the applicant expressed her extreme frustration with Bespoken Homes, LLC and provided staff with a letter selecting the Little River Box Company who would provide the modular home.



Current Situation:

The applicant selected Little River Box Company to construct the new home. This company will provide a modular home manufactured by Affinity Homes. The house will be constructed in the factory and delivered to the site for set up. The total cost of the modular home selected (Fish Hawke Model, Exhibit 4) is \$152,000. Demolition and hardscape is approximately \$28,000 for total construction cost of \$180,000. In discussion with the Building Department the estimated permit fee for this project including plan review, planning and zoning and all other related disciplines will be an additional \$10,000, approximately. The CRA policy manual allows for a maximum loan of \$150,000 to be utilized for this replacement home. However, the cost to construct the modular home, demolition of the existing home, hardscape, permitting and other related costs exceed the policy amount by approximately \$40,000. The applicant will require additional funds to complete this project.

Due to the increase construction cost of the new home, the HBCRA will absorb the demolition cost and permit fees. In order to make the mortgage affordable, the HBCRA has requested that the applicant have a co-signor to the mortgage and note. The mortgage will be a twenty year mortgage payable to Hallandale Beach CRA with stipulations that the payments will be made to the City when or if the CRA sunsets prior to the loan maturity. The monthly mortgage, insurance and property taxes will be less than 30% of the applicant and co-signor's gross income.

Fiscal Impact:

\$190,000

Why Action is Necessary:

The current HBCRA Policy Manual provides for replacement home expense up to \$150,000. It is necessary for the Board of Directors to approve any amount exceeding the approved policy manual amount. Simply stated, due to the complexity of this situation, the advance age of the applicant and the long process she has had to endure, staff recommends a one time exception to the policy

Proposed Action:

Staff recommends approval of the attached Resolution (Exhibit 1) authorizing additional funding for the replacement home as well as authorizing the Executive Director to take all action necessary to increase funding for the replacement home, in an amount not to exceed \$190,000.

Attachment(s):

- Exhibit 1 – Resolution
- Exhibit 2 – Agreement
- Exhibit 3 – Applicant's Letter
- Exhibit 4 – Modular Home Cost (Fish Hawke)



400 South Federal Hwy
Hallandale Beach, FL 33009

Exhibit 5 – Modular Homes Sample

A handwritten signature in blue ink, appearing to read "Lovern Parks".

Prepared by: Lovern Parks, CRA Specialist