

**West Palm Beach
Community Redevelopment Agency**

**Downtown/City Center CRA
District**



**HOUSING INVESTMENT PROGRAM
(HIP)**

Housing Investment Program (HIP) For Projects up to \$5,000,000

Program Principles

The West Palm Beach Community Redevelopment Agency (CRA) will collaborate with private sector property owners, developers, institutions or civic organizations to expand the residential investment opportunities that meet the implementation goals and objectives of the CRA Plan. The intent of this CRA program is to promote the residential development of a variety of housing types that address the needs of a mix of household income levels.

The fundamental goal is to increase the production of residential units within the CRA area over the next five years. The development mix should be such that rental and for-sale projects are available for both affordable and market-rate households. The Housing Investment Program (HIP) addresses the CRA Plan objectives in the Downtown/City Center CRA area; namely, to enhance the pace, content and quality of residential development. The program also focuses on the CRA Plan's goals to create an environment conducive to a mix of uses and the urban design, infrastructure and commercial activities necessary to support inner city residential neighborhoods.

The objectives of the HIP are to:

- Serve as a catalyst to stimulate residential investment for both for-sale and rental products.
- Reduce or eliminate financial gaps that cannot be addressed through conventional financing.
- Encourage quality residential design.
- Create identifiable, residential neighborhoods for a mix of household incomes.
- Effectively monitor the fiscal impact of the program.



**Project Funding Criteria for
Housing Investment Program**

The criteria for the final determination of projects approved for funding and the specific amount allocated to each project under the Housing Investment Program will follow a three-step process. The initial step relates to the project's ability to meet specific CRA-related objectives. The criteria is presented in order of importance, and a corresponding numerical weight is attached to each as shown below. A one (1) score has the highest rating.

Applicant should review the following scoring mechanism before applying.

Step I: Project's Ability to Meet CRA Objectives

	Priority #	Weighted #	Criteria
I.	1.0	1.0	For-sale developments with 25% of the units set aside for affordable household incomes.
		1.5	For-rent developments with 25% of the units set aside for affordable household incomes.
		2.5	For-sale developments without an affordable set aside component.
		3.0	For-rent developments without an affordable set aside component.
II.	1.0	1.0	Quality of design reinforces street life and urban environment as exemplified in "new urbanism" and has been officially approved by CRA prior to

			permitting process.
		1.5	Generally meets design requirements for the above.
		3.0	Does not meet generally recognized "new urbanism" design criteria and does not have CRA approval.
III.	1.0	1.0	Project has a minimum equity investment of 15%.
		1.5	Project has a minimum equity investment of 10%.
		3.0	Project has less than 10% equity investment.
IV.	2.0	1.0	Project will be under construction within the next 12-16 months.
		1.5	Project will be under construction within 17-24 months.
		2.0	Project will be under construction after 24 months.
V.	3.0	1.0	Project's tax increment revenues will equal or exceed dollar amount of incentives within 10 years.
		1.5	Project's tax increment will be equal to or exceed dollar amount of incentive within 15 years.

The numerical priority # will be multiplied by the "weighted" # corresponding to appropriate project description under each element. The sum of each element will be totaled to determine the project's level of adherence to the CRA's objectives. The numerical scores will serve as a ranking list, with the lowest score ranked highest, for the allocation of resources.

Example: A well-designed for-sale residential project of 20 units at a development cost of \$130,000 per unit, or \$3.9M, is to be constructed. Five of the units are set-aside for affordable income households. Owner is providing 20% equity and expects construction to begin within 18 months. The only other source of financing is a local bank.

I.	1.0 x 1.0	=	1.0
II.	1.0 x 1.0	=	1.0
III.	1.0 x 1.0	=	1.0
IV.	2.0 x 1.5	=	3.0
V.	3.0 x 1.0	=	<u>3.0</u>
			9.0 Total Score

Ranking of the Criteria:

Score range:

- 8 – 11.0 Project should be funded if resources are available
- 11.1 – 14.0 Project could be funded if all higher ranked projects are funded and resources are available
- 14.1 + Project should not be funded

The above scoring criteria are established to provide the CRA staff with the means to relatively quickly determine the merits of a particular project submission. Projects that score favorably are not guaranteed funding. Once the score is established for each project it would then move to the second step of the evaluation.

Step II: Outside Business Plan/Financial Analysis

This step includes an analysis by a third party, outside firm, hired by the CRA to evaluate:

- Proposed business plan
- Development Pro forma
- Partnership/ownership information with equity positions
- Mortgage on property
- Lease agreements
- Letter of Intent from lending institution
- Any other documents provided by applicant

It is the intent of this review to provide the CRA with additional assistance in determining the business merits of each application.

Step III (A) Investment Criteria for “For Sale” Residential Developments

Once eligibility is established in Steps I and II the amount of HIP funding will be determined by the following:

- Number of units to be developed.
- Number of units set aside as affordable (i.e. 120% of median income household).

The specific calculations for HIP funds include:

- \$5,000 for each unit or 5% of actual hard construction and land costs, whichever is higher.
- An additional \$5,000 per unit for each unit set aside as affordable households with the total number not to exceed 25% of units within project.

- Projects are eligible for streetscape matching funds as long as the total CRA incentives (HIP, SIP and Streetscape) do not exceed \$500,000 for any one project.

Step III (B): Investment Criteria for Rental Residential Developments

Rental developments will be addressed in a similar way as for-sale developments. Once Steps I and II are concluded, project is ranked and is eligible for HIP funds, the amount of funding will be determined by the following:

- Number of units to be developed.
- Number of units set aside as affordable household incomes (i.e. 120% of median income) for at least 10 years.

The specific calculation for HIP funds include:

- \$5,000 for each unit (estimated costs for building, impact and permitting fees) or 5% of hard construction and land costs, whichever is higher.
- Additional \$5,000 per unit for each unit set aside as affordable with the total number not to exceed 25% of units within project.
- Projects are eligible for streetscape matching funds as long as total CRA incentives (HIP/SIP and Streetscape) do not exceed \$500,000 for any one project.

Example #1

A 30-unit rental project developed at a cost of \$3.9 million of which six of the units are to be set-aside as affordable for at least 10 years. Under the proposed formula, the HIP funds would be calculated as follows:

Project costs at \$3.9M x .05 =	\$195,000
6 units x \$5,000/unit =	<u>\$ 30,000</u>
	\$225,000

The Housing Investment Program benefits are contingent on funding availability and CRA approval, and are not to be construed as an entitlement or right of a property owner or applicant. Properties in the CRA area are not eligible for City/CRA funded programs when such funding conflicts with the goals expressed in the CRA Strategic Finance Plan or Community Redevelopment Plan.

Property to be improved must be free of all municipal and county liens, judgments or encumbrances of any kind. This provision can be waived by the CRA Board of Commissioners if development plans for said property meets the goals and objectives as set forth in the Downtown/City Center CRA Five Year Strategic Finance Plan. Upon grant approval, said property must remain free of all municipal and county liens, judgments or encumbrances of any kind under the term of the agreement.

**Housing Investment Program (HIP)
APPLICATION**

Date of Application _____

1. Address of project requesting CRA investment:

2. Name of Applicant: _____

Address of Applicant: _____

Phone: _____ Fax: _____

Email: _____

3. Does the applicant own project property? Yes No

If "No" box is checked, when will property be in control (own or long-term lease) of applicant?

Indicate the owning entity of the property (i.e. name on property title)

4. What is the total estimated project investment?

Current assessed value: _____

New capital investment dollars: _____

Total estimated new assessment: _____

5. What is the percentage (%) amount of ownership equity relative to total estimated project investment?

_____ 20% or more

_____ 10% to 19.9%

_____ Less than 10%

_____ None

6. Is this a rental or for sale development?

_____ Rental

_____ For sale

7. How many total units are being developed? _____

8. How many units are set-aside as affordable? _____

9. When is it anticipated that construction will begin, assuming project receives HIP assistance? (A detailed project schedule must accompany application).

_____ Less than 12 months

_____ 12 to 16 months

_____ 6 to 24 months

_____ Longer than 24 months

10. Application must include the following:

Applicant to initial their understanding of each application requirement

1. _____ A photograph of the property showing the area(s) for improvement, preliminary site plan, floor plans and renderings that enable staff to determine quality of design; parking must be included in the site plan and meet current code regulations.

2. ____ Meet with the Planning and Zoning Department to determine if the project will be in compliance with the City of West Palm Beach codes.

3. ____ A site plan of infrastructure improvements, if applicable, in either the public ROW or on private property. If your site plan or application request includes landscaping, the landscaping must be a species and variety of native plants that are drought tolerant, require little irrigation and withstand the environmental conditions of West Palm Beach. Irrigation systems must prevent over spray and water waste and it is recommended a drip irrigation system be installed.

4. ____ Two (2) bids from licensed contractors. The bids must be typed written and contain the following information; contractors license number, name, address, phone number and fax number. Hand written bids will not be accepted.

5. ____ If the property is not owned by the applicant, the application must be signed by the property owner authorizing the proposed improvements.

6. ____ If applicable, a valid Business Tax License with the City of West Palm Beach must be submitted.

7. ____ Preliminary project schedule

8. ____ Tenant makeup (if applicable)

9. ____ Resume of developer indicating related development experience

10. ____ Business and Financial Information:
 - ____ Business Plan
 - ____ Pro forma
 - ____ Mortgage on property (property owner)
 - ____ Lease agreement
 - ____ Letter of Intent from lending institution (if applicable)
 - ____ Partnership and/or ownership information with equity positions.

11. ____ Eligibility/Application Requirement Sheet initialed and signed by applicant.

12. ____ Property to be improved must be free of all municipal and county liens, judgments or encumbrances of any kind. This provision can be waived by the CRA Board of Commissioners if development plans for said property meets the goals and objectives as set forth in the Downtown/City Center CRA Five Year Strategic Finance Plan.

Upon grant approval, said property must remain free of all municipal and county liens, judgments or encumbrances of any kind under the term of the agreement.

- 13. _____ Once the application is completed, it will initially be reviewed by CRA Staff within ten (10) business days who will then recommend approval or denial of the application. If additional information is required to finalize the application, additional time will be required for approval process.
- 14. _____ If the property is not owned by the applicant, the application must be signed by the property owner authorizing the proposed improvements.

11. _____ Applicant must submit 12 copies for distribution.

Authorized Representative

Name

Title

Signature

Date

The Housing Investment Program benefits are contingent upon funding availability and CRA approval and are not to be construed as an entitlement or right of a property owner or applicant. Properties in the designated CRA areas are not eligible for CRA funded programs when such funding conflicts with the goals expressed in the CRA Strategic Finance Plan or Community Redevelopment Plan.

**Community Redevelopment Agency (CRA)
Eligibility/Application Requirements**

Applicant to initial their understanding of each application requirement

The incentive program benefits are contingent upon funding availability and CRA approval and are not to be construed as an entitlement or right of a property owner or applicant. Properties in the designated CRA areas are not eligible for CRA funded programs when such funding conflicts with the goals expressed in the CRA Strategic Finance Plan or Community Redevelopment Plan.

Step 1: Application Process

- _____ **All CRA grants are reimbursable grants and paid upon completion of the project.**
- _____ Incomplete applications will not be accepted.
- _____ It is recommended that no construction begin until a Grant Agreement is signed by all parties. Improvements completed prior to CRA staff review and approval by the CRA Board will not be eligible.
- _____ Meet with CRA Staff to determine if the project/business is eligible for a CRA grant incentive.
- _____ Meet with the Planning and Zoning Department to determine if the project will be in compliance with the City of West Palm Beach codes.
- _____ Eligible businesses must have a valid Business Tax license with the City of West Palm Beach. A copy must be submitted with the application. The property must be free of all municipal and county liens, judgments or encumbrances of any kind.
- _____ If the project is deemed eligible, a complete incentive application(s) must be submitted to CRA Staff with all applicable documents required for the program including bids from two (2) licensed contractors for each scope of the project. **The bids must be typed and contain the following information; contractors license number, name, address, phone number and fax number. Hand written bids will not be accepted. Bids from property owners will not be accepted.**
- _____ CRA Staff will review the application within ten (10) business days of submittal. You will be notified if additional information is required to make a determination on whether your application can be submitted to the CRA Advisory Board (if applicable) and the CRA Board for formal approval. The process for approval by the CRA Board can take a minimum of ninety (90) days from the date of submittal to CRA staff. **If additional information is required to finalize the application, additional time will be required for approval.**

Step 2: Execution of Grant Agreements and Setting up a Financial Account

- _____ Following CRA Board approval, CRA Staff will provide the applicant with following but not limited to legal documents for signature; Grant Agreement, Promissory Note, Mortgage and Security, Guaranty, and Restrictive Covenant. Some documents may be recorded in the public records.
- _____ At this time a Social Security Number/and or Tax Identification number must be provided for financial documentation and reimbursement purposes.
- _____ You will be provided one (1) fully executed original of the Grant Agreement for your file.
- _____ Upon receipt of the executed legal documents, CRA staff will request a Purchase Order be issued by the City of West Palm Beach Purchasing Division which will allow for an account to be set up for reimbursement purposes. A Purchase Order will be mailed or faxed to the address provided in the Grant Agreement. The issuance of a Purchase Order may take up to four (4) weeks.

Step 3: Grant Reimbursement Procedures

- _____ All disbursements of the grant proceeds shall be made as a lump sum payment pending full completion of the project as described in Exhibit A of the Grant Agreement.
- _____ Written verification stating that the project is complete and the applicant is satisfied with the work is required prior to reimbursement submittal.
- _____ Upon completion of the project, the submission for reimbursement of the grant proceeds must be submitted in writing to the CRA and contain the following information: name as provided in the Grant Agreement, address, reimbursement amount and documentation establishing payment by the applicant of the total cost of all the improvements (all receipts, invoices, canceled checks and any other documents the CRA may require as proof of payment.)
- _____ The CRA will review the grant reimbursement request within ten (10) business days of submittal of the required documentation and forward it to the Finance Department to process the reimbursement payment. A check will be disbursed within thirty (30) days of the payment request to the Finance Department.

I have read completely and understand the application process, the execution of Grant Agreements, setting up a financial account and reimbursement procedures.

Signature

Date