LAKE WORTH

COMMUNITY REDEVELOPMENT AGENCY

29 SOUTH J STREET
LAKE WORTH, FLORIDA 33460-3787
www.lakeworthcra.org

Phone: (561) 493-2550
Fax: (561) 493-2549

MEMORANDUM

TO: Chair, Vice Chair and Members of the CRA Board

FROM: Joan C. Oliva, Executive Director

DATE: August 11, 2015

SUBJECT: Gulfstream Goodwill Industries – Home at "J" St. Request for Funding

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EXPLANATION

In 2010, the CRA and its partners, the Lake Worth Consortium, applied and received $23,237,500 in funding from the United States Department of Housing and Urban Development under the American Recovery and Reinvestment Act of 2009. Initial development partners include Adopt-Family (AAF) of the Palm Beaches and Habitat for Humanity of Palm Beach County. Over the past five years, the Consortium developed 165 residential units including 64 single-family homes, 79 rental units, 9 townhomes, 1 condo and 12 live/work lofts.

In July 2015, CRA Staff received a request from Gulfstream Goodwill Industries for a development subsidy in the amount of $75K for their project on South "J" Street, called the Home at "J" Street (Exhibit "**A**"). The "J" Street project includes the renovation of four buildings (101 and 107 S. "J" St.) and the eventual development of 15 rental units. A summary of the project, interior photos and renderings are included as Exhibit "**B**."

The properties will be owned and maintained by Gulfstream Goodwill for a minimum period of twenty (20) years. The majority of the funding for the project comes from a Florida Housing Finance Corporation (FHFC) grant. The Home at "J" Street will serve extremely low and low income, formerly homeless individuals. Case management services will be offered but there will be no on-site management.

In total, 97 properties were developed with NSP funds. Of those, 10 do not pay ad valorem taxes because they are owned by a non-profit (AAF). However, the majority, 87 properties, do pay both ad valorem and non ad valorem taxes. Because Gulfstream Goodwill is owned by a non-profit and has applied and received an affordable housing designation, no ad valorem taxes will be paid to the City in the future CRA Staff did inquire if Gulfstream Goodwill would consider staying on the tax role or pay a

fee in-lieu of taxes but were told that was not an option due to the tight operation and maintenance budget. A spreadsheet of taxes paid on the 101-107 property from 1998-2014 is included as Exhibit "**C**".

Staff considered both current and projected costs to help the Board in their decision. Currently the CRA has approximately $1.1M in Program Income (PI) generated by the NSP-2 program. Program income is generated by the sale of units sold to qualified applicants. Program income also includes interest on loans made with NSP funds, the capture of NSP subsidies if an assisted unit is sold before the end of the affordability period or gross income from the use or rental of real property constructed or improved with NSP funds. Our tentative working budget for 15/16 includes the following:

$737K	West Village
$80K	Encumbered construction costs
$3,550	Non ad-val taxes for 11 lots
$9,900	Maintenance of 11 lots
$70,000	Tentatively budgeted for the disposition of 11 lots (advertising, survey, appraisal, title and lien search, environmental review, legal and closing costs)
$900,450	

If all 11 lots are not conveyed over the next year, non ad valorem taxes and maintenance costs would also need to be budgeted in 16/17.

A county owned lot on South "E" Street, adjacent to another CRA lot, will soon be conveyed to the CRA, bringing the number of CRA owned land-banked lots to 12. Another two or three lots in the District may be offered and possibly conveyed, if desired, to the CRA within the next six months. Costs associated with maintenance, taxes and eventual disposition could increase costs by another $18K.

When computing future costs, considerations for the Board include not only taxes and on-going maintenance, but the ability of the CRA to purchase foreclosed lots, when available. CRA Staff believes that having some funding set aside could prove helpful if a key piece of property becomes available for purchase. Also, the CRA may want to set aside some remaining NSP funds to use as a partial incentive for the disposition of lots along Lake and Lucerne in the mixed-use district.

As with all subsidy requests, the CRA Board has to weigh the pro's and con's associated with the request and the eventual use and benefit of the project in question. The intent of the NSP-2 program was two-fold. One, it provided funding for neighborhood stabilization by removing foreclosed, abandoned and non-performing properties from our neighborhoods. Two, it created safe, secure housing for families and individuals that under other circumstances were not attainable. In an ever changing market, a minimum of 165 units will stay affordable for a minimum of 15 years and up to 30 years.

The Home at "J" Street completely renovates a number of dilapidated units in close proximity to the Downtown. Our hope this that the Home at "J" Street and the completion of the single-family home at 127 South "J" Street serves as in impetuous for additional investment.

However, the ultimate goal of the CRA is to increase property values, thus increasing TIF. This increase allows the CRA to invest funding back into the City. The Home at "J" Street will not increase in value or pay TIF to the CRA. The CRA must use the remaining program income to spur the improvement of underperforming properties and create opportunities for economic activity. With anticipated carrying

and disposition costs for our land banked properties, any reduction in PI could negatively affect our future work program.

RECOMMEDATION

Staff requests the Board review the request from Gulfstream Goodwill and direct Staff to draft the necessary agreements, if needed.

EXHIBIT "A"

Hard Hats
Required
Beyond this Point

Gary R. Nikolits, CFA
Property Appraiser
Palm Beach County

Homestead Exemption E-file

Location Address	101 S J ST 1
Municipality	LAKE WORTH
Parcel Control Number	38-43-44-21-15-051-0170
Subdivision	LAKE WORTH TOWN OF
Official Records Book	27250 Page 1123
Sale Date	DEC-2014
Legal Description	TOWN OF LAKE WORTH LTS 17 TO 19 INC BLK 51

Owners
GULFSTREAM GOODWILL INDUSTRIES INC

Mailing address
1715 E TIFFANY DR
WEST PALM BEACH FL 33407 3277

Sales Date	Price	OR Book/Page	Sale Type	Owner
DEC-2014	$700,000	27250 / 1123	WARRANTY DEED	GULFSTREAM GOODWILL INDUSTRIES INC
AUG-2014	$575,100	26971 / 0853	CERT OF TITLE	101 107 SOUTH J INC
OCT-2005	$1,250,000	19411 / 0105	WARRANTY DEED	REM ACQUISITIONS FUND LLC
MAY-1998	$350,000	10392 / 1898	WARRANTY DEED	PHOENIX PROPERTIES OF
JUN-1992	$100	07287 / 0145	WARRANTY DEED	

1 2

Exemption Applicant/Owner	Year	Detail
GULFSTREAM GOODWILL INDUSTRIES INC	2015	FULL: AFFORDABLE HOUSING

Number of Units 10 *Total Square Feet 5134 Acres 0.2325

Use Code 0300 - MULTIFAMILY Zoning MF-30 - Medium Density Multi-family (38-LAKE WORTH)

Tax Year	2014	2013	2012
Improvement Value	$246,775	$235,718	$208,136
Land Value	$100,000	$100,000	$145,000
Total Market Value	$346,775	$335,718	$353,136

All values are as of January 1st each year

Tax Year	2014	2013	2012
Assessed Value	$346,775	$335,718	$353,136
Exemption Amount	$0	$0	$0
Taxable Value	$346,775	$335,718	$353,136

Tax Year	2014	2013	2012
Ad Valorem	$8,216	$7,974	$8,488
Non Ad Valorem	$1,931	$1,930	$1,920
Total tax	$10,147	$9,904	$10,408

Gary R. Nikolits, CFA
Property Appraiser
Palm Beach County

Homestead Exemption E-file

Location Address	107 S J ST A
Municipality	LAKE WORTH
Parcel Control Number	38-43-44-21-15-051-0200
Subdivision	LAKE WORTH TOWN OF
Official Records Book	27250 Page 1123
Sale Date	DEC-2014
Legal Description	TOWN OF LAKE WORTH LT 20 BLK 51

Owners
GULFSTREAM GOODWILL INDUSTRIES INC

Mailing address
1715 E TIFFANY DR
WEST PALM BEACH FL 33407 3277

Sales Date	Price	OR Book/Page	Sale Type	Owner
DEC-2014	$700,000	27250 / 1123	WARRANTY DEED	GULFSTREAM GOODWILL INDUSTRIES INC
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MAY-1998	$350,000	10392 / 1898	WARRANTY DEED	PHOENIX PROPERTIES OF
JUN-1992	$100	07287 / 0145	WARRANTY DEED	

1 2

Exemption Applicant/Owner	Year	Detail
GULFSTREAM GOODWILL INDUSTRIES INC	2015	FULL: AFFORDABLE HOUSING

Number of Units 5 *Total Square Feet 2199 Acres 0.0775

Use Code 0800 - MULTIFAMILY < 10 UNITS Zoning MF-30 - Medium Density Multi-family (38-LAKE WORTH)

Tax Year	2014	2013	2012
Improvement Value	$95,643	$81,057	$73,762
Land Value	$75,000	$90,000	$90,000
Total Market Value	$170,643	$171,057	$163,762

All values are as of January 1st each year

Tax Year	2014	2013	2012
Assessed Value	$170,643	$171,057	$163,762
Exemption Amount	$0	$0	$0
Taxable Value	$170,643	$171,057	$163,762

Tax Year	2014	2013	2012
Ad Valorem	$4,043	$4,063	$3,936
Non Ad Valorem	$2,107	$2,107	$2,102
Total tax	$6,150	$6,170	$6,038

EXHIBIT "B"

PLACE
Planning & Design

700 US Highway One, Suite I
North Palm Beach, FL 33408
561-863-2722

July 9, 2015

Joan Oliva, Executive Director
Lake Worth CRA
29 South J Street, Unit 1
Lake Worth, FL 33460

Re: Gulfstream Goodwill Industries – Home at "J" Street
Request for Grant Funding

Dear Joan,

In follow-up from our meeting and subsequent correspondence, this letter and the attachments requests consideration and approval from the Lake Worth CRA for grant funding in the amount of $75,000 to help reimburse Goodwill for some of the construction cost overages that have been encountered on this project. Based on our previous conversations, we understand that this amount of NSP2 funding is available.

Attached is a narrative description of the project, the need for additional funding, and information regarding operation of the project over time. I have also provided some photographs of conditions encountered during construction, some photographs showing construction progress, and architectural elevations which illustrate the finished product.

At your convenience prior to review by the CRA Board, we would like to meet with you to go over the information, to ensure that you have everything you need for a positive recommendation. Thank you very much for your time and consideration.

Sincerely,

Corey W. O'Gorman, AICP
President

/co
Attachments

CC: Kevin Logsdon, Gulfstream Goodwill Industries

REQUEST FOR FUNDING ASSISTANCE
Gulfstream Goodwill Industries, Inc.
Home at J Street – 101 & 107 South J Street, Lake Worth

Summary

This is a request for a $75,000 grant from the Lake Worth Community Redevelopment Agency (LWCRA) from Gulfstream Goodwill Industries, Inc. (GGI), to reimburse GGI for some of the unforeseen conditions encountered during the renovations of 101 & 107 South J Street. The property consists of four (4) buildings which included a total of sixteen units (16) at the time of acquisition.

The scope of renovation generally included new hurricane impact windows and doors, new roofs, new electric, new air conditioning, new walls floors and ceilings, new appliances, new bathroom and kitchen fixtures, new landscaping, new cabinets in the kitchens and baths, and elimination of one (1) unit that appeared to have been illegally added. GGI obtained a grant from the Florida Housing Finance Corporation (FHFC) in the amount of $1,958,400 for the acquisition and renovation of this property resulting in a total of fifteen (15) units.

Upon removal of existing building systems and interiors, some significant unforeseen conditions were revealed. These included deteriorated building structure and plumbing systems, need to replace subfloors, install hurricane strapping and tie-downs, and the need to replace exterior siding in order to conduct structural repairs and comply with historic preservation requirements among others. These unforeseen conditions increased the total construction cost by nearly $300,000 and substantially exceeding the $100,000 construction contingency. Consequently, there is a need to obtain funding to cover the $200,000 construction overages.

Project Funding

This project is funded through a grant from FHFC in the amount of $1,958,400 under their program entitled "Financing to Build Permanent Supportive Housing For Homeless Persons and Families". The Request for Applications was issued by FHFC in the fall of 2013, and GGI was notified of award in the spring of 2014. GGI had contracted for purchase of the property from the prior owner in a short-sale although the lender ultimately foreclosed. After the bank took possession they issued a request for bids, and the bid from GGI was selected. However, because the bid exceeded the appraisal prepared for FHFC, GGI was required to invest $60,000 in order to close on the purchase.

In addition, because construction costs have increased so dramatically, GGI has also been required to pay for consulting and legal fees out of pocket resulting a total investment of approximately $200,000 thus far. For additional project funding, GGI has contacted FHFC, Palm Beach County, the PB County Homeless Coalition, and the LWCRA. To date, the LWCRA is the only known source of additional funding.

Funding Requirements

Award of the grant includes design parameters as well as programmatic requirements that must be met for the project. Design parameters include use of low or no VOC paints, low-flow water fixtures, EnergyStar appliances, minimum 14 SEER air conditioning (including efficiency testing to ensure no leakage), and conversion of a unit for HC accessibility. In order to comply with the programmatic funding requirement and to ensure long-term success of this project, GGI will own and operate this project for a minimum of 20-years (as required by the grant agreement). Operational information is provided below.

Project Operation

Lewis Center Graduates. All of the people who will be living at Home at J Street will be graduating from a Goodwill homeless residential program. (In addition to the Lewis Center, GGI operates several programs/106 apartments in the community funded by HUD for the homeless). All of our residents have been referred from the Lewis Center since it opened 3 years ago. (Some of our graduates going to Home at J Street may have come into one of our programs prior to the opening of the Lewis Center). Every person who moves to Home at J Street will have learned life skills and strategies to handle problems that they may have had in the past. The one factor that has kept them from moving out of our programs has been their inability to pay rents in Palm Beach County. FHFC funded Home at J Street to specifically address the issue of Low Income and Extremely Low Income formerly homeless individuals. All of the residents will be persons that we know well and that we feel will be successful in the community with less staff support. We also know that they will be very proud of their J Street residence and will be proactive in keeping it safe and beautiful.

Case Management. Gulfstream Goodwill will hire a full time Case Manager whose only job is to provide supervision and assistance to residents at Home at J Street. These residents will be quite independent so there will be no need for anyone to live on-site. The Case Manager will work full time with residents either at their apartment, their job site or in the community. He/she will be on call for any after-hours emergencies.

Goodwill has a team of professionals who work with residents in our homeless programs. Included in the team are a Licensed Clinical Social Worker and a Licensed Addictions Professional. The residents at Home at J Street will not need the assistance of these staff on a regular basis any longer. If someone relapses we will have them assessed by one of our licensed professionals who will make a recommendation for the best source of treatment. Staff will help them get into treatment and will support them through the process. We don't anticipate that any of the persons living on J Street will have issues that will necessitate a need for more intensive assistance but if this does happen we wouldn't leave them on their own. We would transfer them to a program with more supervision that would meet their needs.

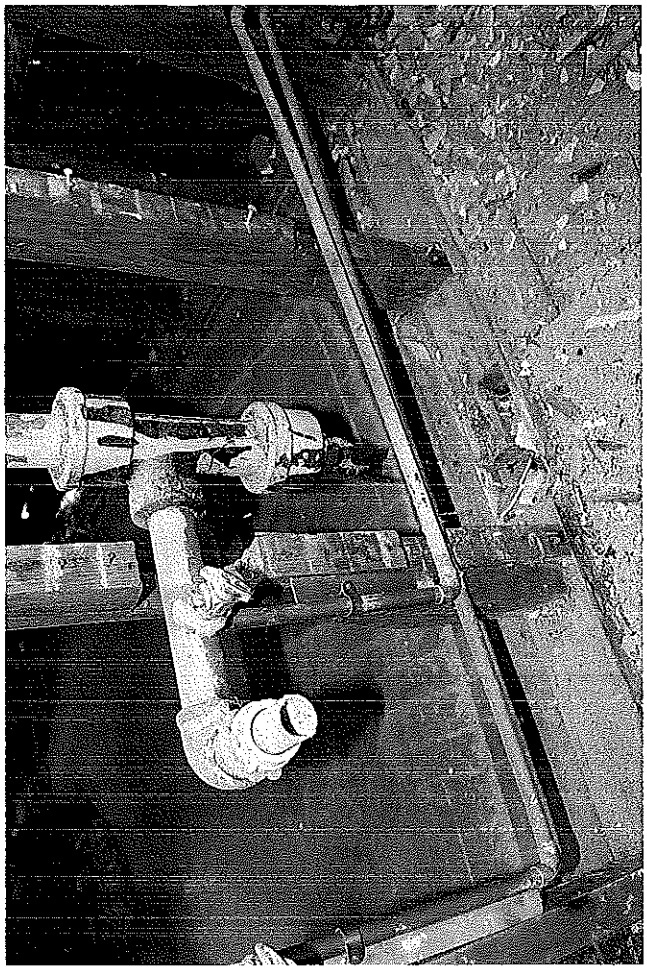
Resident Profiles. Each resident is a unique individual and the only certain common profile will be that they had a period of chronic homelessness and are low income. Many persons who are

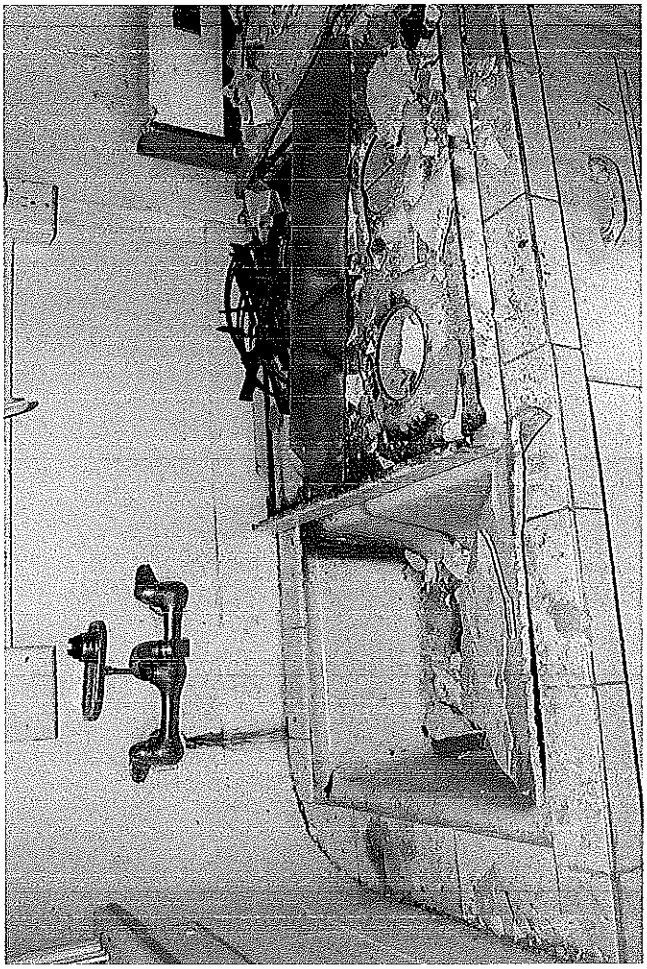
chronically homeless do have histories of addiction or psychological issues. It is also unusual for those who are on the streets for long periods to have had no criminal issues. None of the persons that we refer to Home at J Street will have violent criminal backgrounds. The most common profile will be of an individual who has turned their life around but who doesn't make enough money to live in a place where they would feel safe. They also fit a profile of persons who are very grateful for the assistance that they receive.

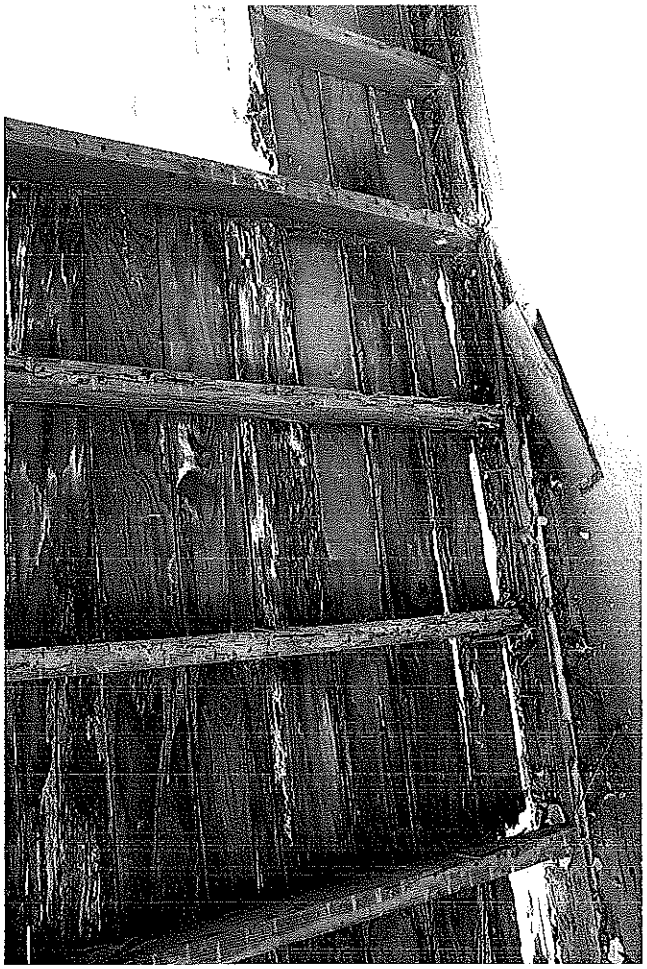
The Units

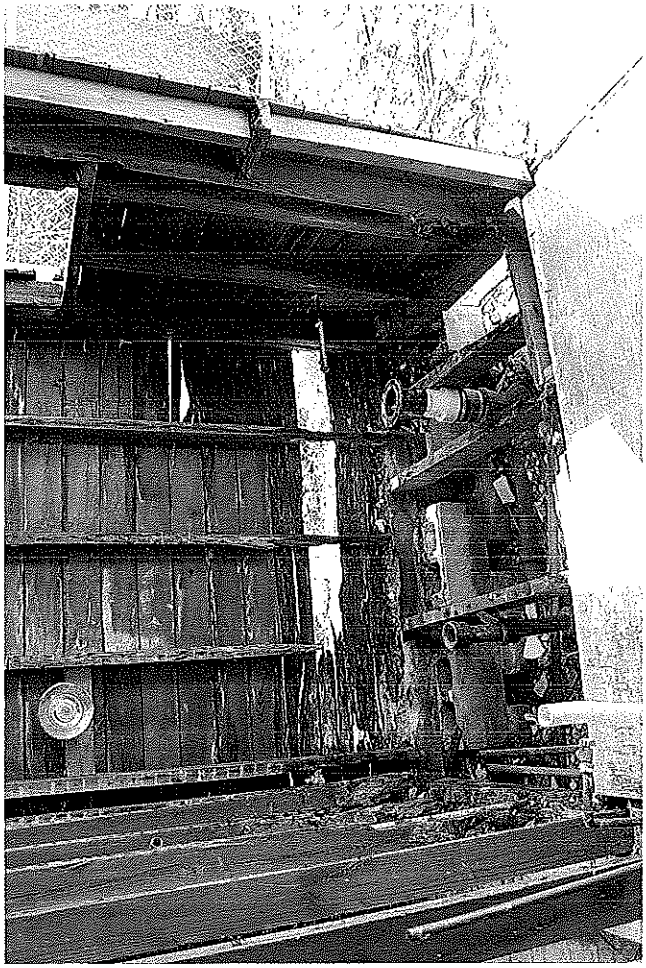
As noted above, the project consists of four (4) buildings and will include a total of fifteen (15) units when completed. Prior to foreclosure, the prior owner allowed the property to deteriorate and did not provide any maintenance or management of the property. In fact, the city Code Enforcement had so many issues with this property that they issued an order to board the property. This was done by the bank after foreclosure, and although it better secured the property from illegal activity and additional deterioration it also added to the construction cost to have all the boards removed.

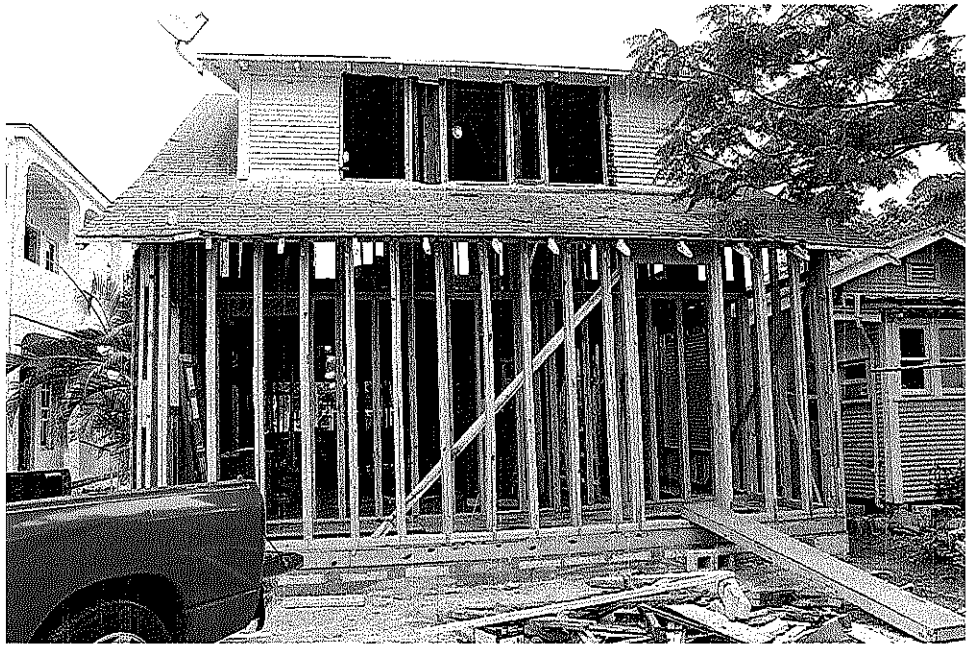
According to the PB County Property Appraiser, these buildings were originally constructed in the 1920's and 1940's and without significant investment for repairs, maintenance and to comply with current codes (to the extent possible and required) these buildings would continue to deteriorate and be a blight on the neighborhood. When renovation is completed, all of the units will have been rebuilt from the structure out, and all deteriorated structure will have been replaced. Consequently, with the investment of FHFC, GGI, and the LWCRA (if approved), these units will become an asset to the community visually and socially. This capital investment for renovation will significantly extend the life of these buildings, and the investment in people will turn around the lives of individuals from being tax supported to being tax payers. These residents will become productive members of the community by being housed in this property and locally employed.

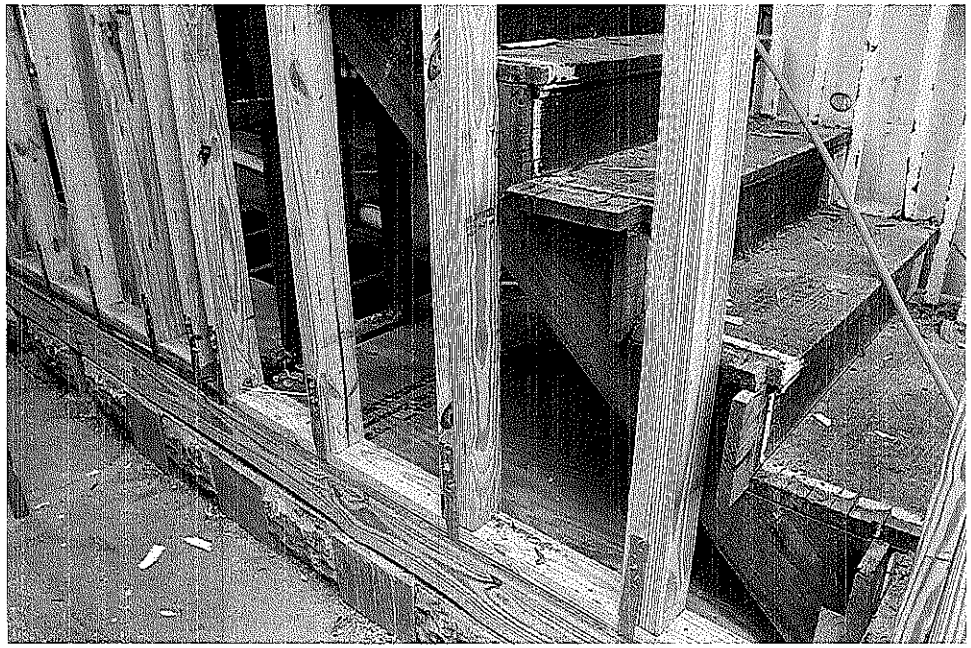


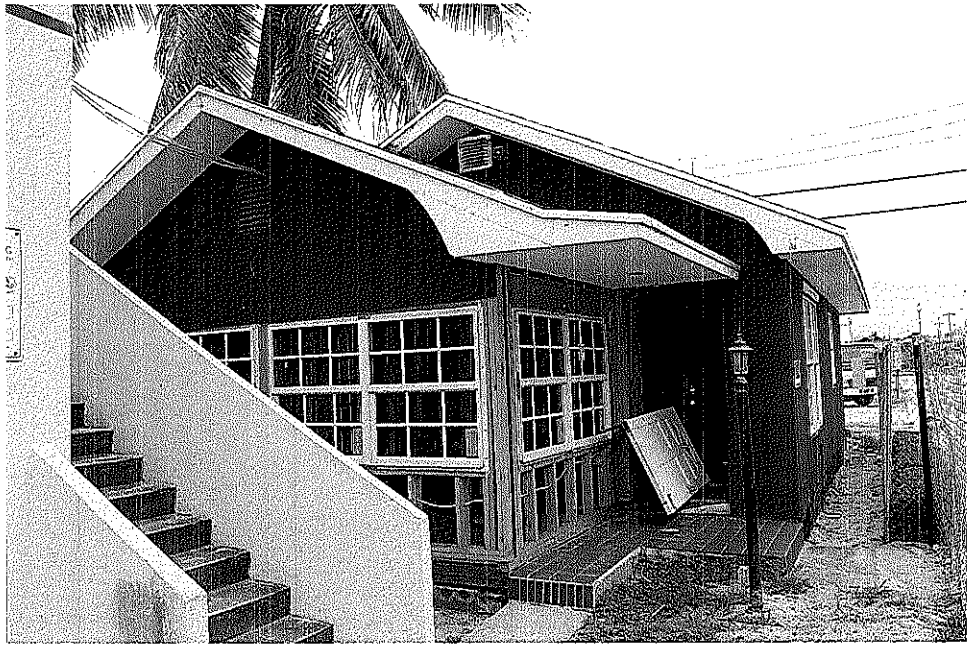


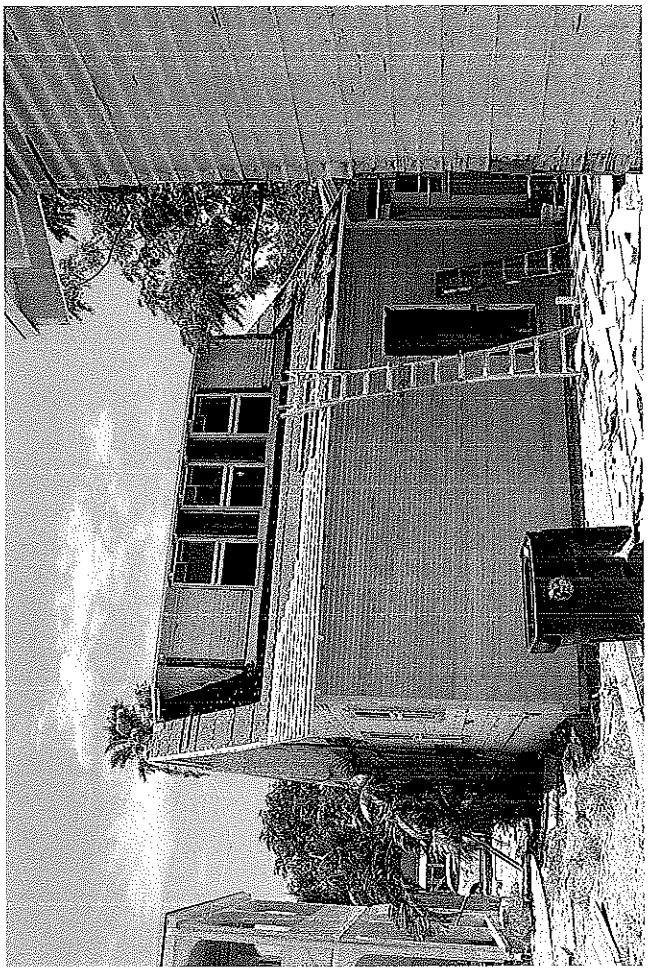


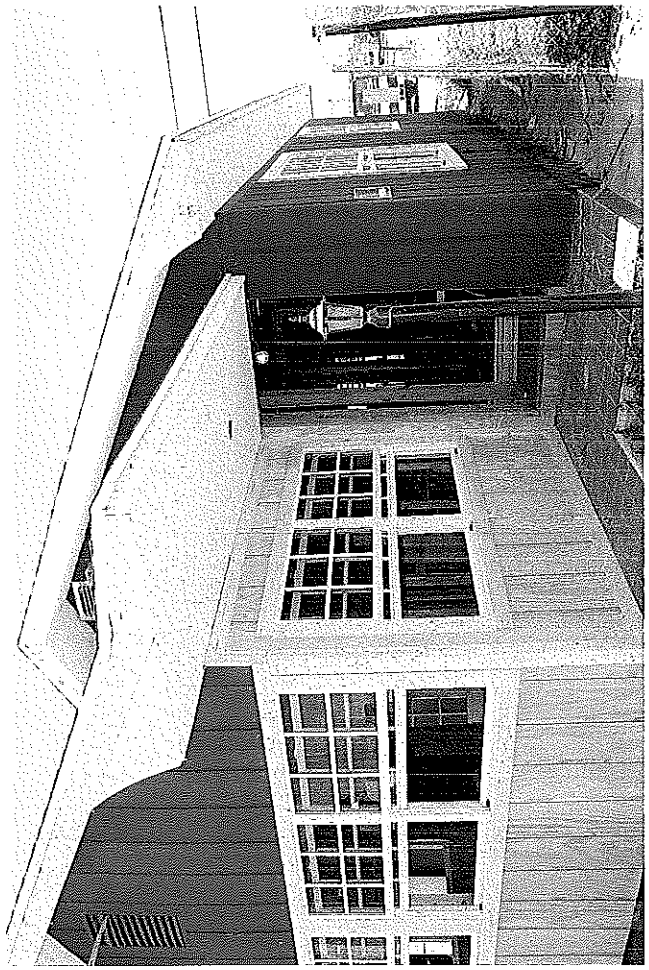


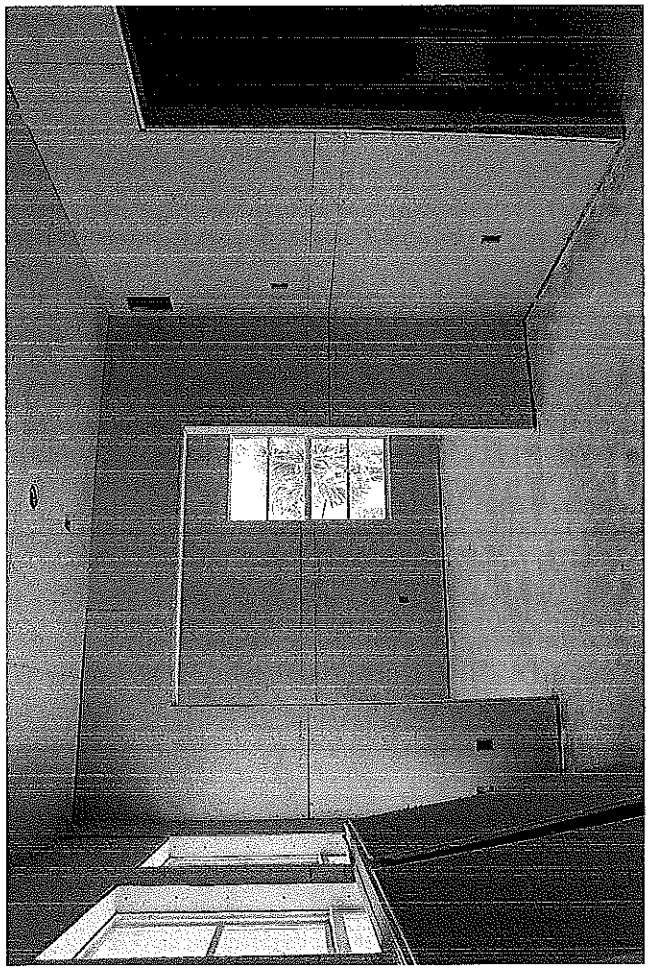


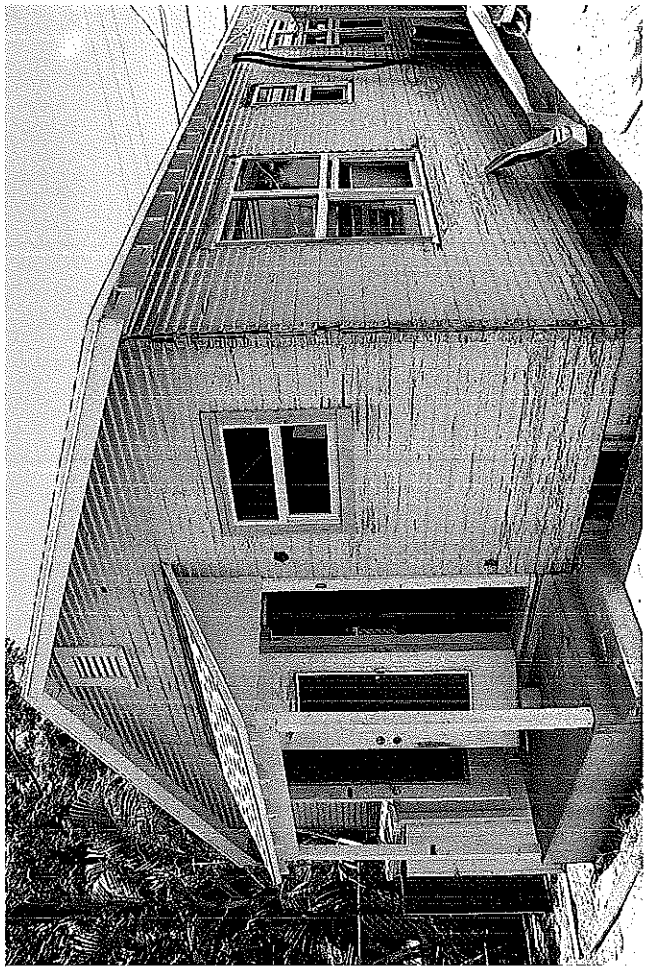


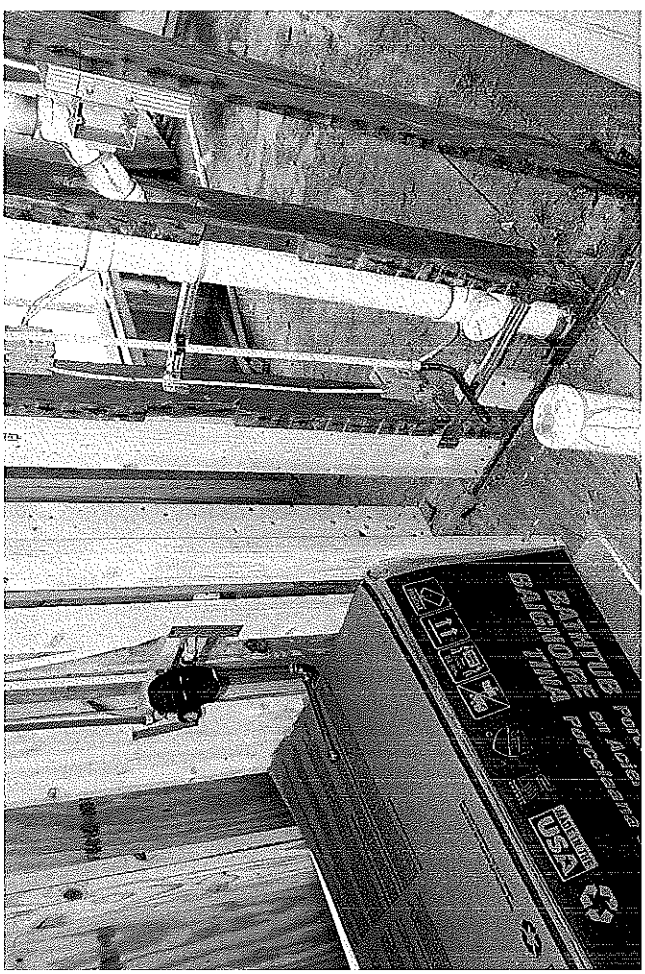








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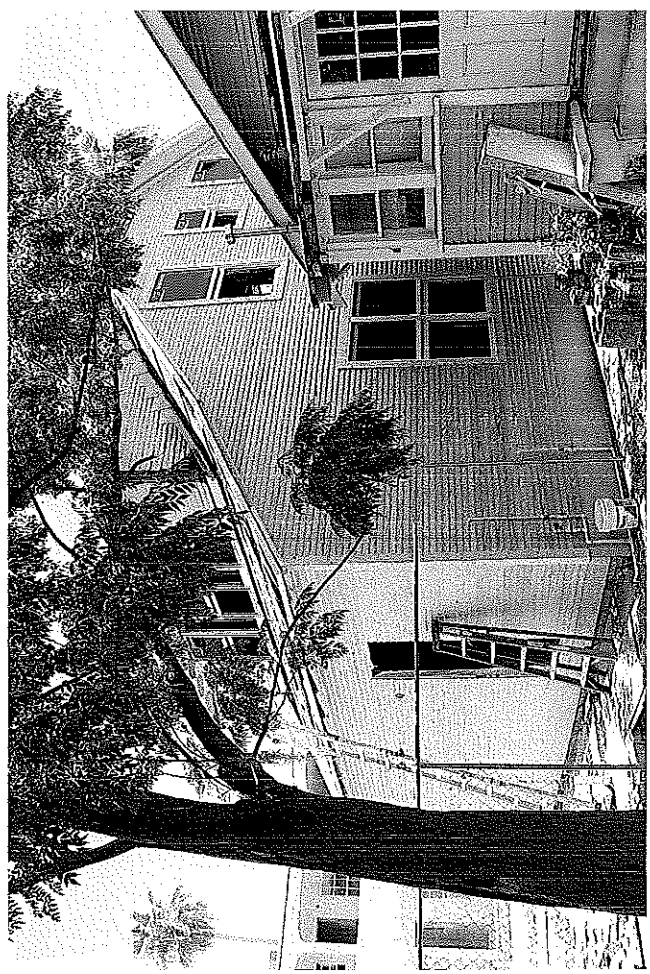
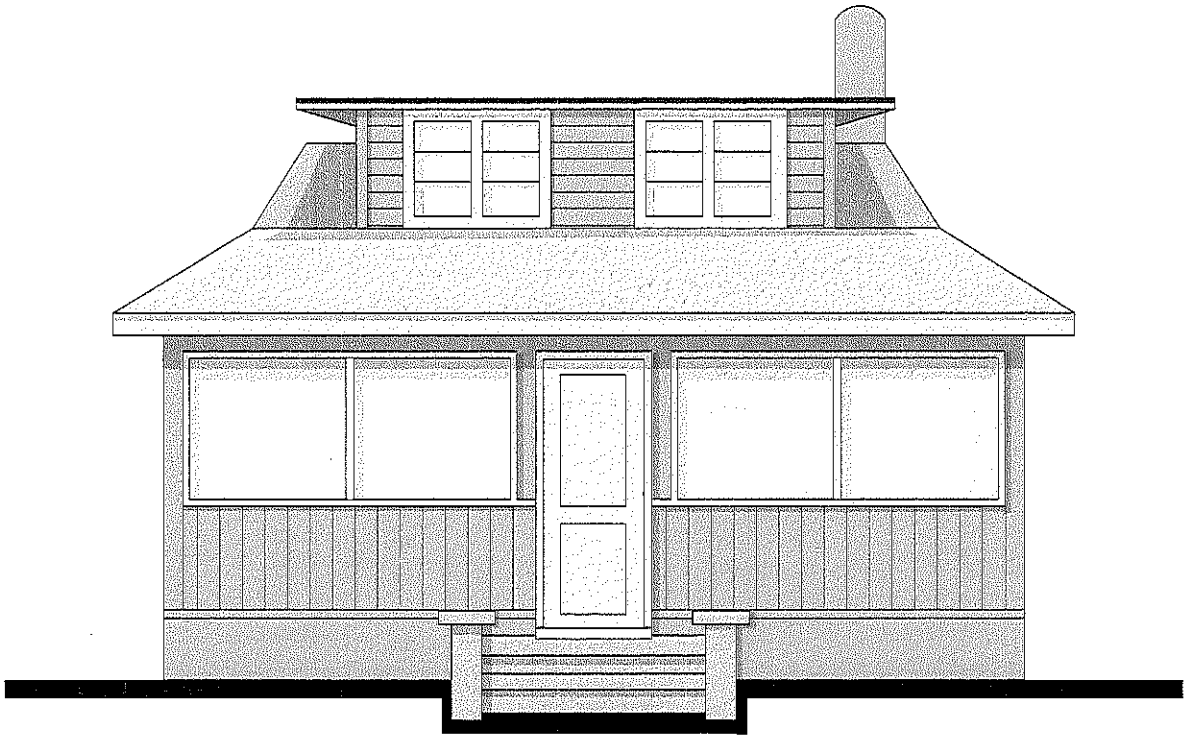
BAIGNOIRE
TINA
USA





COLOR SELECTION

EXTERIOR

BENJAMIN MOORE #038

TRIM

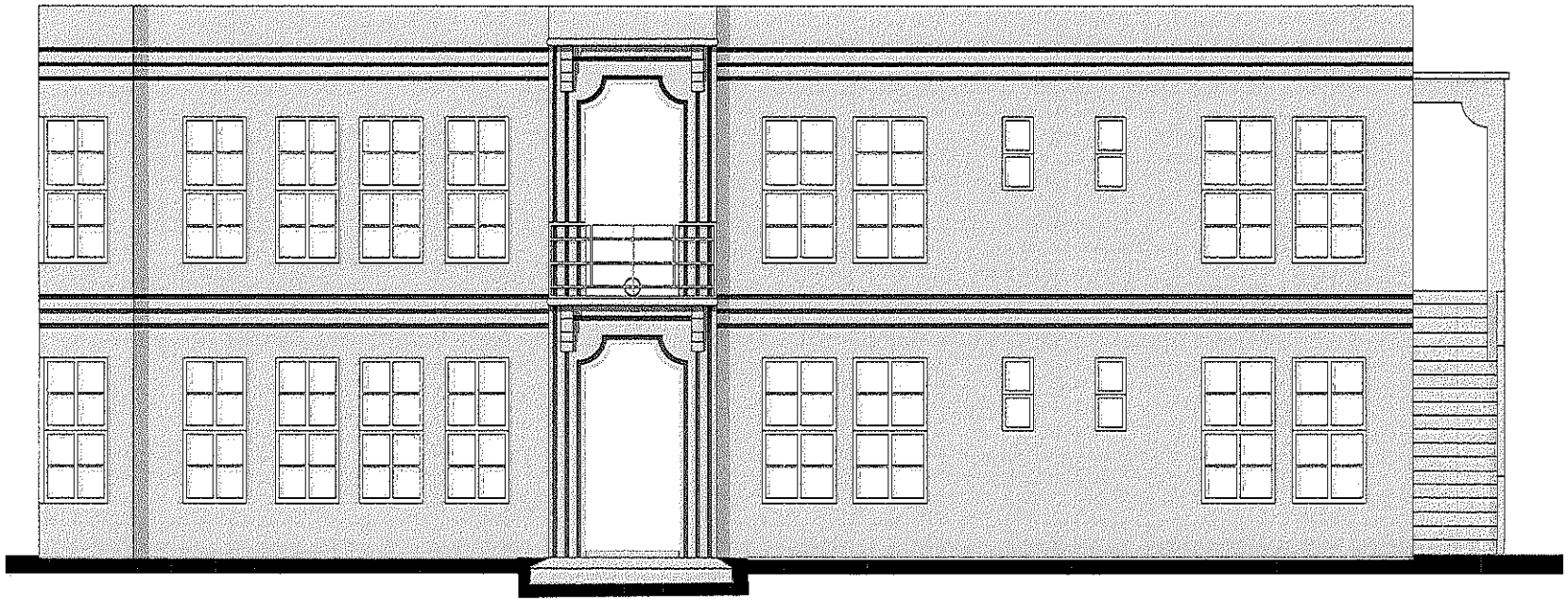
WHITE

REG
• ARCHITECTS
• INTERIORS
• PLANNERS
INCORPORATED
200 CLEMATIS STREET
WEST PALM BEACH
FLORIDA 33401
(561) - 659 - 2383

UNIT A ELEVATION

JOB # 1420	DATE: 09/22/14	COLOR SELECTIONS

EST. 1988



COLOR SELECTION

EXTERIOR
SHERWIN WILLIAMS – #2857

TRIM
WHITE

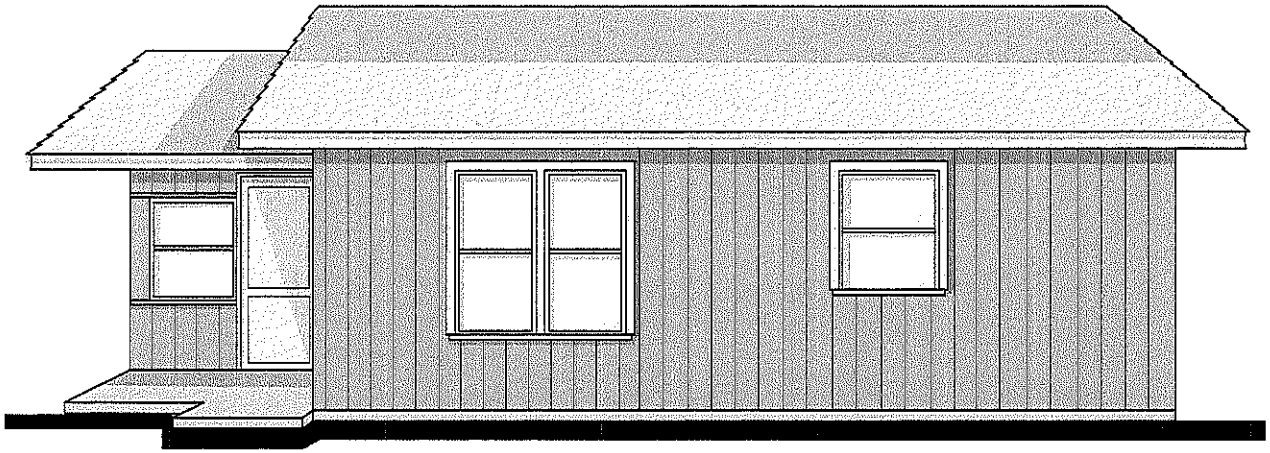
REG
ARCHITECTS
INTERIORS
PLANNERS
INCORPORATED
309 CLEMATIS STREET
WEST PALM BEACH
FLORIDA 33401
(561) 659-2383

UNIT B ELEVATION

JOB # 1420	DATE: 09/22/14	COLOR SELECTIONS

EST. 1988

COLOR SELECTION



EXTERIOR

SHERWIN WILLIAMS - #2852

TRIM

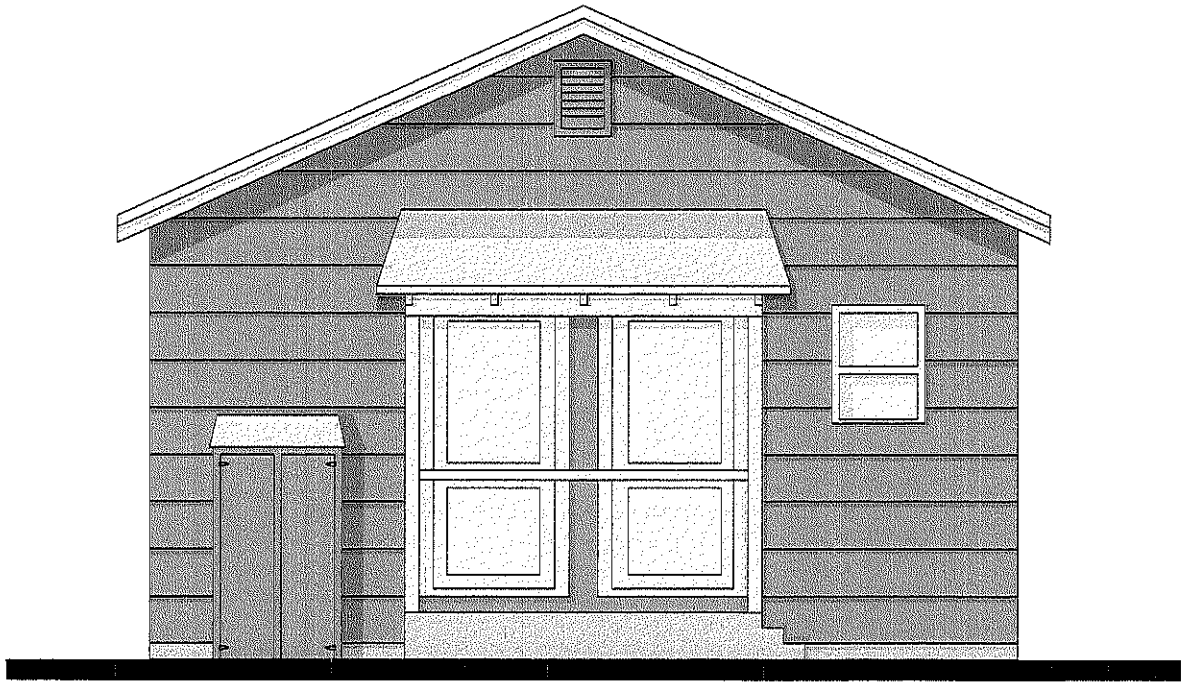
WHITE

REG
• ARCHITECTS
• INTERIORS
• PLANNERS
INCORPORATED
309 CLEMATIS STREET
WEST PALM BEACH
FLORIDA 33401
(561) • 659 • 2383

UNIT C ELEVATION

JOB # 1420	DATE: 09/22/14	COLOR SELECTIONS

EST. 1988



COLOR SELECTION

EXTERIOR

SHERWIN WILLIAMS - #2863

TRIM

WHITE

REG
ARCHITECTS
INTERIORS
PLANNERS
INCORPORATED
300 CLEMATIS STREET
WEST PALM BEACH
FLORIDA 33401
(561) 659-2383

UNIT D ELEVATION

JOB # 1420	DATE: 09/22/14	COLOR SELECTIONS

EST. 1988

101-107 S J Street **Exhibit "C"**

Tax Year	City	County	Total AD Valorem	Other	Total
1998	$ 2,375.29	$ 1,031.81	$ 3,407.10	$ 3,523.83	$ 6,930.93
1999	$ 2,427.56	$ 1,083.16	$ 3,510.72	$ 3,405.25	$ 6,915.97
2000	$ 2,486.28	$ 1,084.43	$ 3,570.71	$ 3,386.37	$ 6,957.08
2001	$ 2,695.10	$ 1,175.25	$ 3,870.35	$ 3,614.71	$ 7,485.06
2002	$ 2,597.00	$ 1,191.80	$ 3,788.80	$ 3,691.67	$ 7,480.47
2003	$ 3,567.82	$ 1,687.57	$ 5,255.39	$ 4,818.24	$ 10,073.63
2004	$ 3,712.72	$ 1,786.19	$ 5,498.91	$ 5,004.23	$ 10,503.14
2005	$ 4,972.70	$ 2,696.91	$ 7,669.61	$ 6,962.48	$ 14,632.09
2006	$ 8,292.23	$ 4,432.73	$ 12,724.96	$ 11,192.41	$ 23,917.37
2007	$ 6,593.89	$ 3,497.96	$ 10,091.85	$ 9,481.08	$ 19,572.93
2008	$ 7,095.96	$ 3,569.76	$ 10,665.72	$ 12,062.26	$ 22,727.98
2009	$ 3,926.79	$ 3,377.01	$ 7,303.80	$ 13,818.77	$ 21,122.57
2010	$ 3,114.97	$ 2,812.59	$ 5,927.56	$ 12,190.54	$ 18,118.10
2011	$ 2,961.44	$ 2,690.88	$ 5,652.32	$ 11,557.54	$ 17,209.86
2012	$ 2,840.10	$ 2,579.43	$ 5,419.53	$ 11,026.56	$ 16,446.09
2013	$ 2,784.47	$ 2,526.38	$ 5,310.85	$ 10,762.76	$ 16,073.61
2014	$ 2,842.96	$ 2,573.06	$ 5,416.02	$ 10,880.81	$ 16,296.83
Total PD	65,287.28	39,796.92	$ 105,084.20	137,379.51	242,463.71