



April 7, 2025

Jamie Brown, Interim City Manager
City of Lake Worth Beach
7 North Dixie Highway
Lake Worth Beach, Florida 33460

RE: Request for \$640,000 “Local Government Area of Opportunity” Contribution for Proposed “Pinnacle on Sixth” Community on 6th Avenue South and South H Street, Lake Worth Beach

Dear Mr. Brown:

Pinnacle Communities II, LLC (“Pinnacle”) is most pleased to submit the above-captioned request in connection with our proposed development of a new ninety-two (92) unit affordable rental community in the City of Lake Worth Beach. This proposed development will span both sides of South H Street, just south of 6th Avenue South, on an assemblage originally acquired by Dixie Capital Partners and being sold to Pinnacle. These lots are located at 610, 615, 617, 621, 622, 625, 626, 629, 630 and 702 South H Street. Among this assemblage is 610 South H Street, a former Lake Worth Beach Electric substation that has been decommissioned with an agreement in place between the City and Dixie Capital Partners to acquire the parcel.



Last year, Pinnacle received a financial commitment totaling \$75,000 from the City of Lake Worth Beach City Commission for Pinnacle on Sixth, which was essential for filing an application to the Florida Housing Finance Corporation for an allocation of Housing Tax Credits, which would allow us to raise investment equity to finance this affordable rental community. We were not successful in last year’s funding cycle. This year, we are targeting the “Local Government Area of Opportunity” (“LGAO”) designation for our upcoming application to Florida Housing. This designation can be provided by the City for a cash contribution in the form of a loan or grant in the amount of \$640,000, and only one development can be designated as such per cycle by the City as required by Florida Housing.

Entity Submitting this Request

Pinnacle Communities II, LLC will be the developer of Pinnacle on Sixth. The owner will be a single-purpose entity named **Pinnacle on Sixth, LLC**. Both are Florida limited liability companies in good standing and are part of the Pinnacle family of companies controlled by the principals of Pinnacle.



Pinnacle is a South Florida-based full-service real estate development company committed to solving the critical need for affordable and workforce housing in Florida’s urban centers, suburban areas and rural communities. Since 1997, the Pinnacle family of companies has been developing, building, leasing and owning both affordable- and market-priced apartment homes. Pinnacle’s development portfolio now approaches 11,000 units. Pinnacle adds beneficial improvements such as quality design



and environmentally friendly features to energize and revitalize the larger communities in which it serves. More information about all of Pinnacle’s numerous success stories in community redevelopment and affordable housing can be found at www.pinnaclehousing.com. Pinnacle has extensive experience in redevelopment ventures with communities (including CRAs) having

completed numerous developments involving a public agency or non-profit organization as a meaningful collaborative partner. Pinnacle has a long track record of satisfaction with respect to fulfilling the obligations and needs of our public sector partners and is a “user-friendly” organization with a positive, transparent and organized business approach. Pinnacle is also known for its acclaimed Art in Public Places program, with iconic murals and sculptures adorning its properties throughout Florida.

The following are highlights of recently completed and/or locally-owned Pinnacle developments.

Pinnacle completed the **Berkeley Landing** affordable rental community in Riviera Beach in 2024, which is the first new significant development on the U.S. #1/Broadway corridor in Riviera Beach in 30 years. This 112-unit community lies close to the Intracoastal Waterway east of Broadway, with easy access to schools, shopping, employment and some of the finest recreational opportunities in Palm Beach County. Berkeley Landing is a key component of the “Reimagine Riviera Beach” initiative, emphasizing its significance as a city on the rise. Similar to our strategy for Pinnacle on Sixth, Berkeley Landing received \$640,000 from the City of Riviera Beach as the designated Local Government Area of Opportunity, thereby securing \$27 million in investment equity using Housing Credits from Florida Housing which only could have been leveraged through the Local Government Area of Opportunity contribution. This led to a multi-layered financing structure involving Bank of America, the National Equity Fund, Neighborhood Lending Partners, Palm Beach County and the City of Riviera Beach.





Berkeley Landing was conceived to create a best-in-class blend of one, two and three bedroom units. Specific site amenities include a resort style pool and cabana, covered playground and outdoor pavilion area, indoor fitness facility, meeting room and common area, cyber lounge, package delivery room, and indoor bike storage space. The development's civic plaza also includes a custom-built Palm Tran bus shelter. Units are well-appointed and include hard-surface granite countertops, luxury vinyl tile wood-grain flooring, spacious eat-in island kitchens, and an Energy Star appliance package.



Elegance, privacy and energy efficiency are also offered with roll-down solar shades. Berkeley Landing contains two truly unique features: two dedicated civic plazas, both containing sculpture art donated by Pinnacle, one by internationally-renowned artist Romero Britto; and two live/work lofts facing Broadway, leased to emerging entrepreneurs who live upstairs with a private entrance to their unit downstairs. For these

innovations and the significant urban revitalization impacts of this new community, **the Florida Redevelopment Association recognized Berkeley Landing as the recipient of the prestigious Roy F. Kenzie Award for the outstanding affordable housing development of 2024.**

Pinnacle developed and operates the ***Pinnacle Palms*** community in the City of West Palm Beach. This 152-unit development, contained in four residential buildings and a clubhouse, is part of the City of West Palm Beach's skyline along Interstate 95 south of the Palm Beach Lakes Boulevard exit. It offers quality affordable housing for 152 senior households, which includes a sizeable population of veterans. Pinnacle Palms is conveniently located near the Tanger Outlets Palm Beach, downtown West Palm Beach and an array of shopping and senior lifestyle amenities, including medical providers and easy access to Palm Tran. Construction was completed in 2003. In 2019, Pinnacle Palms was refinanced, allowing for a modernization of the exterior of the buildings and substantial renovations to the residents' amenities such as the pool and clubhouse. Pinnacle embarked on additional capital improvements in



late 2024, commencing the installation of all new elevators in each residential building. Residents can enjoy a covered outdoor patio and BBQ area, putting green, fitness center and gathering space with computer and internet access. Pinnacle Palms is an excellent example of Pinnacle's long-term ownership strategies and willingness to operate properties at top-of-the-market standards.



Pinnacle 441 is a mixed-use affordable community, noted for winning the **Best Affordable Residential Project of 2024** as named by the **South Florida Business Journal's prestigious Structures Awards**. The first phase of 113 units plus 6,760 square feet of commercial was completed and leased in the summer of 2024. Phase 2, with 100 units, was completed and fully leased in the spring of 2025. Pinnacle 441 is located at the intersection of Johnson Street and US 441/SR 7 (890 N. State Road 7).



Phase 1 replaced a shuttered pharmacy and other underutilized commercial uses. Phase 2 was built on the site of a mobile home park, which was in considerable disrepair and was a focal point of illegal activity in the community. Pinnacle 441 contains surface parking, state-of-the-art improvements and common amenities shared by both phases. Those common elements include an outdoor covered patio, meeting space, fitness, cyber lounge and a cutting-edge “virtual reality” gaming room. Demand for Pinnacle 441 was unprecedented, necessitating that a lottery be used for each phase to select applicants, with a combined total of 32,000 registrants for both phases!

These integrated developments contain features encouraged by the City of Hollywood, such as a large public plaza at the intersection of SR 7 and Johnson Street, bike racks, and two enhanced Broward County Transit bus shelters offering connections to multiple routes, including the express “441 Breeze.” These improvements, access to services and employment in the immediate area, and the mixed-use nature of the development, will ensure Pinnacle 441 thrives as an ideal destination to live, work, and play.

Local Need

The need for affordable housing is dire and worsening with the unprecedented growth of Lake Worth Beach and South Florida overall. The provision of affordable housing is an ongoing objective of the City and its CRA and is reflective of the stark realities of an insufficient supply to house the City's workforce. The Housing Leadership Council of Palm Beach County's Affordable Housing needs assessment from 2021 brings this into focus – in Lake Worth Beach, a staggering 65.4% of renter households are “cost-burdened” or paying more than a proportionate share of their income on housing, a figure that has surely only increased as rents have skyrocketed. The demand is particularly acute for those at 80% of the area's median income or less, which will be served by Pinnacle on Sixth, which will have rents affordable for families and working individuals at an average of 60% of area median income.



Pinnacle on Sixth Development Plan



Over the past year, since the City Commission heard our presentation for local support in connection with our previous application, we have developed a dynamic conceptual framework and a detailed schematic plan. We believe it reflects the input we received from Commissioners, City and CRA staff and local residents. Our development plan is permissible under current zoning and we have created this conceptual framework to comply with City codes.

We have enclosed a conceptual design package which includes a site plan, rendered elevations and aerial contextual renderings of the proposed development. We believe the design context fits within the community and is consistent with the unique and stylish design objectives promoted by the City and CRA. Some notable highlights:

- All units would be affordable for residents earning an average of sixty percent (60%) of area median income. Using “income averaging” allowed in the Housing Credit program, some units may be leased to households as high as eighty percent (80%) of area median income.
- The buildings would be no taller than four stories in height, each serviced by an elevator.
- We recognize Lake Worth Beach as a hub for artists, and we also recognize the City’s desire to see this development be mixed-use in character. Therefore, we plan to have a preference for leasing four (4) of the units to artists, with additional space in those units as “artists studios” to practice their craft and attract members of the public.
- Pinnacle will donate permanent public art to the development from a local artist to be chosen.
- Pinnacle intends to construct an outdoor pavilion on the southern portion of the development, which may allow the city’s artists to display their work on a rotating basis or during scheduled outdoor exhibitions.

Funding Plan and City LGAO Loan Terms

As discussed above, our financing plan for Pinnacle on Sixth relies upon an allocation of Housing Credits from the Florida Housing Finance Corporation through the 2025 Request for Applications (RFA) process. We utilize these Housing Credits to generate critical equity investment in our developments, which reduces debt and ensures affordability. The “Geographic RFA” process at Florida Housing, where affordable housing communities are selected for awards from Broward, Palm Beach, Hillsborough, Pinellas, Duval and Orange counties, occurs once each year. Florida Housing applications are expected to be due in July or August of 2025.

Housing Credits are essential to our financing plan. Pinnacle will syndicate the Housing Credits to raise the equity investment necessary to cover a significant amount of the development cost. In exchange



for these Housing Credits, Pinnacle must agree to maintain the property as affordable for a fifty (50) year period. Pinnacle will also procure conventional construction and permanent financing to combine with the Housing Credits to form the overall financing strategy.

Acquiring these Housing Credits is a competitive process, but competing as a Local Government Area of Opportunity application enhances the odds of securing Housing Credits. As mentioned previously, a city may select only one development annually to provide a cash loan or cash grant in the Florida Housing RFA process at the LGAO funding level and thereby confer the LGAO designation. These funds can be provided by the City from local, state or federal resources, but they must be committed to the development (conditioned on an award from FHFC) in the amount prescribed by Florida Housing, which for this upcoming cycle is anticipated to be \$640,000. The draft RFA has not been published, therefore we cannot say with certainty that the LGAO amount required by Florida Housing will remain the same, but it has been constant at \$640,000 the last several years and if there is a change we will advise the City accordingly.

Pinnacle is requesting that the City make an LGAO commitment for two years – the 2025 and 2026 Florida Housing 9% application cycles. This two-year commitment would allow us to compete in the 2026 cycle if not successful this year, which gives the City and Pinnacle certainty about the process moving forward. Attached to this letter you will find:

- Conceptual design for Pinnacle on Sixth
- The LGAO verification form required by Florida Housing
- Pinnacle's master development list
- News coverage of Pinnacle developments in the past year

We are excited about the possibility of working in Lake Worth Beach to develop Pinnacle on Sixth. We look forward to further consideration of our request and are available to meet with staff and appear before the City Commission to discuss further.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Timothy P. Wheat', is written over a light blue circular stamp.

Timothy P. Wheat
Partner

Attachments

cc: Joan Oliva, CRA Director