



LAKE WORTH BEACH COMMUNITY REDEVELOPMENT AGENCY

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www.lakeworthcra.org

MEMORANDUM

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

FROM: Joan C. Oliva, Executive Director

DATE: June 27, 2024

SUBJECT: Approval of Local Government Verification and Commitment for Development of Affordable Housing at Multiple Properties on South "H" Street ("Pinnacle on Sixth")

EXPLANATION:

Since 2010, the Lake Worth CRA, in cooperation with the City of Lake Worth Beach, has produced or helped produce hundreds of affordable housing units. The CRA and the Community Land Trust partnered to develop a Low Income Housing Tax Credit, (LIHTC) (Exhibit "A") project, called La Joya on Sixth Avenue South and South "F" St. in 2012. The CRA not only assembled the land for the project but also awarded the project \$1.2M in subsidy. La Joya is now owned by the West Palm Beach Housing Authority but continues to offer low-income apartments for households making 60% of AMI or less.

Last year, the CRA pledged support for another LIHTC project, located at South Dixie Highway and 8th Avenue South, called Madison Terrace. This project, when complete, will contain 176 affordable units for seniors. All units will be offered to households making 80% of Average Median Income (AMI) or less. The CRA is providing the local match for Phase 1 of this project. The required local match totals \$640K. The developer will also require a local contribution for Phase II and that request will be brought to the CRA Board next month.

For several years, the CRA has been working closely with Dixie Capital and its representative, Vito Giannola. Mr. Giannola began purchasing derelict lots in 2017 near 6th Avenue South and Dixie Highway with the hopes of bringing a mixed-use project and more commercial choices, adding to his Dunkin Development project that was completed in 2019.

Earlier this year, Staff had conversations with Tim Wheat from Pinnacle Communities and his Staff about opportunities for a mid-size LIHTC project in the District. After much research and multiple conversations with property owners, Pinnacle has pin-pointed its desired location to the area near 6th Avenue South and South "H" Street (Exhibit "B"). There are over a dozen properties in that area that are all controlled by the same owner, Mr. Giannola. These prime properties are ideal for a LIHTC credit application because the parcels are assembled, the LIHTC proposer can prove site control and produce enough units to receive funding consideration. The proposed development is named "Pinnacle on Sixth."

Since 1997, the Pinnacle has been developing, building, leasing and owning both affordable and market-priced apartments. Pinnacle's development portfolio exceeds 10,000 units with total development costs

in excess of \$2 billion. Pinnacle adds beneficial improvements such as quality design, green and environmentally friendly features and public art to energize and revitalize the larger communities in which it operates. Pinnacle is based in Miami but has maintained a regional office in West Palm Beach since 2002 and owns and operates the successful Pinnacle Palms affordable seniors' community in West Palm Beach. Recently, Pinnacle opened its new Berkeley Landing affordable residential community for families on US #1 in Riviera Beach. More information about all of Pinnacle's numerous success stories in community redevelopment and affordable housing can be found at www.pinnaclehousing.com.

To apply for the LIHTC funding, Pinnacle will need the CRA to sign a verification letter, stating that the proposed development is supported by the goals of the CRA (Exhibit "C"). Goal one in the housing section of the CRA Redevelopment Plan reads, "Encourage home ownership and develop and market housing opportunities within the Redevelopment Area." Secondly, Staff is requesting that the Board approve the local contribution in the amount of \$75K. Once the Board approves the funding, the required form (Exhibit "D") will be forwarded to the City for the Mayor's signature. If approved by the City, the CRA will then need to enter into an Interlocal Agreement with the City of Lake Worth Beach for the funds transfer.

RECOMMENDATION:

Staff is requesting the Board approve the Chair signing the LIHTC local government verification form and agree to a local CRA contribution of \$75K. Monies for the contribution will be budgeted in next year's fiscal 24/25 housing budget. Staff would also like the opportunity to bring this item back to the Board if the project moves forward to discuss the CRA becoming a funding partner in the endeavor.

EXHIBIT "A"

The Housing Credit (HC) program provides for-profit and nonprofit organizations with a dollar-for-dollar reduction in federal tax liability in exchange for providing equity financing for the rehabilitation (with or without acquisition), or new construction of low and very low-income rental housing units. A Housing Credit allocation to a development can be used for 10 consecutive years once the development is placed in service and is designed to subsidize either 30 percent (the 4 percent tax credit) or 70 percent (the 9 percent tax credit) of the low-income unit costs in a development. Qualifying buildings include garden, high-rise, townhouses, duplexes/quads, or mid-rise with an elevator. Ineligible development types include hospitals, sanitariums, nursing homes, retirement homes, trailer parks, and life care facilities. This program can be used in conjunction with the HOME Investment Partnerships program, the State Apartment Incentive Loan program, the Predevelopment Loan program, or the Multifamily Mortgage Revenue Bonds program.

Each development must set aside a minimum percentage of the total units for eligible low or very low income residents for the duration of the compliance period, which is a minimum of 30 years with the option to apply for a Qualified Contract after the 14th year, unless this option is waived by the Applicant in the Application, or pursuant to requirements in a competitive solicitation. Applicants must commit to one of the following set aside commitments: (i) at least 20 percent of the housing units set aside for households earning 50 percent or less of the area median income (AMI), (ii) 40 percent of the units set aside for households earning 60 percent or less of the AMI, or (iii) 40% of the units set aside for households whose earnings may range from 20% to 80% of the AMI provided the average on the income designations within that range do not exceed 60% of the AMI.

Because of the competition among developers seeking an allocation of tax credits from Florida Housing, most Developers commit to provide deeper set asides and for a longer period of time than the minimums described above as required by the IRS Code.

Housing need is assessed based on the current statewide market study, and funds are distributed annually to meet the need and demand for targeted housing in large, medium, and small-sized counties throughout Florida. Additionally, competitive 9 percent housing credits are sometimes reserved for affordable housing that addresses specific geographic or demographic needs, including the homeless, elderly, persons with special needs, the Florida Keys Area of Critical State Concern, or for disaster recovery efforts.

Taken from the Florida Housing Finance Corporation web site, July 2024

<https://www.floridahousing.org>



DOROTHY JACKS
CFA, AAS
Palm Beach County Property Appraiser

Pinnacle South

Exhibit "B"



Exhibit "C"

FLORIDA HOUSING FINANCE CORPORATION LOCAL GOVERNMENT VERIFICATION THAT DEVELOPMENT IS PART OF A LOCAL REVITALIZATION PLAN

Name of Development: Pinnacle on Sixth

610, 615, 617, 621, 622, 625, 626, 629, 630 and 702 South H Street, Lake Worth Beach

Development Location: _____
(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

The above referenced Development is within the legal boundaries of a local revitalization plan, adopted on _____ by the appointed or elected body of the general local government with the authority to regulate the use of the subject site, or an instrumentality thereof (e.g., City, County, Community Redevelopment Agency). Such plans may be in the form of a community redevelopment plan, as outlined in Section 163.362, F.S., or another type of neighborhood plan formally adopted by one of the entities above or adopted into a larger local planning framework, but that at a minimum provides the following standards:

- Contains a written description of streets and/or established landmarks, or a legal description of the boundaries of the local revitalization area and the reasons for establishing such boundaries shown in the plan.
- Shows by diagram or in general terms the street layouts; proposed use of buildings; the approximate number of dwelling units; and property intended for use as public parks, recreation areas, streets, public utilities and public improvements of any nature.
- Includes public and private sector (other than the Applicant) investment and/or involvement in the designated area.
- Contains safeguards that the work of revitalization will be carried out pursuant to the plan.
- Provide assurances that there will be replacement housing for the relocation of persons temporarily or permanently displaced from housing facilities within the planning area.
- Describes actions taken by the below local government that have or will lead to broader economic investment in the area.
- Describes the public involvement process leading to the adoption of the final plan.

CERTIFICATION

I certify that the foregoing information is true and correct.

Signature

Print or Type Name

Name of Local Government

Print or Type Title

Name of Plan/Initiative

Date this form was signed

This certification must be signed by the chief appointed official (staff) responsible for such approvals, Mayor, City Manager, County Manager/Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. Other signatories are not acceptable.

**FLORIDA HOUSING FINANCE CORPORATION
LOCAL GOVERNMENT VERIFICATION OF CONTRIBUTION – GRANT FORM**

Name of Development: Pinnacle on Sixth
610, 615, 617, 621, 622, 625, 626, 629, 630 and 702 South H Street, Lake Worth Beach

Development Location: _____
(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

The City/County of Lake Worth Beach commits \$ _____ as a grant to the Applicant for its use solely for assisting the proposed Development referenced above. The City/County does not expect to be repaid or reimbursed by the Applicant, or any other entity, provided the funds are expended solely for the Development referenced above. No consideration or promise of consideration has been given with respect to the grant. For purposes of the foregoing, the promise of providing affordable housing does not constitute consideration. The commitment for this grant must be effective as of the Application Deadline for the applicable RFA, and is provided specifically with respect to the proposed Development.

The source of the grant is: _____
(e.g., SHIP, HOME, CDBG)

CERTIFICATION

I certify that the foregoing information is true and correct and that this commitment is effective at least through the date required in the applicable RFA.

Signature

Print or Type Name

Print or Type Title

Date Signed

NOTE TO LOCAL GOVERNMENT OFFICIAL: Additional information is set forth in the applicable Request for Application under which the Applicant is applying for funding for the above referenced Development.

This certification must be signed by the chief appointed official (staff) responsible for such approvals, Mayor, City Manager, County Manager/Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons named above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. The amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

If there are alterations made to this form that change the meaning of the form, the form will not be accepted.