



Brevard County Board of County Commissioners

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Legislation Text

File #: 6830, **Version:** 1

Subject:

Public Hearing, Re: Defeasance of a United States Department of Housing and Urban Development (HUD) Section 108 Loan (\$1,064,646.77 Grant Funds)

Fiscal Impact:

Defeasement of a Section 108 loan (West Canaveral Groves B-14-UC-12-0011-A) will be accomplished by utilizing \$1,064,646.77 in Community Development Block Grant (CDBG) funds already awarded to Brevard County. This action will not impact currently approved projects or the solicitation of future projects. There will be no impact to the General Fund.

Dept/Office:

Housing and Human Services

Requested Action:

It is requested that the Board of County Commissioners:

1. authorize the Housing and Human Services Department Director to take all steps necessary (including endorsing documents) to complete the defeasement of a United States Department of Housing and Urban Development (HUD) Section 108 (West Canaveral Groves B-14-UC-12-0011-A) loan upon approval of Risk Management and the County Attorney's Office and
2. authorize the County Manager to approve any related budget change requests.

Summary Explanation and Background:

Under the provisions of 24 CFR 570.902 of the Community Development Block Grant (CDBG) regulations, a grantee is considered to be timely, if 60 days prior (August 2nd of every year) to the end of the grantee's program year, the balance in its line-of-credit (LOC) does not exceed 1.5 times the annual grant. Currently, our LOC exceeds this threshold due to issues regarding contract regulations and private development impacting previously approved projects (for example, a more than 1,000 linear foot sidewalk project was impacted by the development of a subdivision, which has caused delays due to school busing issues and added a railroad crossing which requires additional state review). These factors have hindered requirements related to "timeliness" as defined by HUD. The consequence of violating the timeliness requirement could be a reduction in the County's future allocations.

Along with opening up requests for new projects from the communities, staff initiated a conversation with HUD regarding using CDBG funds for the defeasance of a Section 108 loan as a means to meet the timeliness requirement. The HUD representatives stated it was an appropriate use of the funds and expedient considering the current impediments relating to project expenditures.

The Board of County Commissioners approved two Section 108 loans through the United States Department

of Housing and Urban Development (HUD) on April 28, 2015 and the notes were finalized on March 28, 2019. One was for the installation of a waterline and fire hydrants in the West Canaveral Groves Neighborhood Strategy Area (NSA) and the other was to fund half of the construction of the Health Department Clinic in Melbourne. The loans have 20-year terms, utilize Community Development Block Grant (CDBG) funds for payment, and required the County to set aside General Funds equal to one year's debt service. Payment on the loans (utilizing CDBG funds) commenced upon completion of each project. Additionally, during the term of the loan the West Canaveral Groves NSA is under a moratorium and unable to submit new projects under CDBG. This action will allow the community to apply for new projects 13 years sooner.

The defeasement of the West Canaveral Groves NSA loan (B-14-UC-12-0011-A) will allow the Department to meet timeliness, eliminate the remaining term of the loan (13 years), allow the community to seek new CDBG projects, and reduce the General Fund guarantee by approximately \$104,174.

Per HUD regulations and the local Citizen Participation Plan, notice of a thirty-day Public Comment Period was placed in a newspaper of general circulation beginning on April 21, 2024 with an end date of May 20, 2024. As of May 13, 2024, no public comments have been received.

Clerk to the Board Instructions:

None