



Brevard County Board of County Commissioners

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Legislation Text

File #: 4691, **Version:** 1

Subject:

Approval, Re: Partial Defeasance of Two United States Department of Housing and Urban Development (HUD) Section 108 Loans

Fiscal Impact:

Defeasance of three years on each Section 108 loan will be accomplished by utilizing \$524,000 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 a partial defeasance of two HUD Section 108 loans 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:

The Housing and Human Services Department (Department) has been experiencing issues with approved projects (both housing and infrastructure) relating to the procurement of materials, contractors, and cost. These factors have impacted requirements related to "timeliness" as defined by HUD. Under the provisions of 24 CFR 570.902 of the 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 by approximately \$502,000. The Department has sought to utilize existing Construction Management contracts through Facilities and the School Board, but both exceed the procurement timeframe mandated by HUD (not more than three years since the procurement), are currently out to bid, and don't include required HUD provisions (such as Davis Bacon requirements). The Department has also sought to advance a project (sidewalk) which could have utilized a current County vendor, but this contract is also currently out for bid. The consequences of violating the timeliness requirement could be a reduction in the County's annual allocation.

Staff initiated a conversation with HUD regarding using CDBG funds for the partial defeasance of our Section 108 loans 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 these loans on April 28, 2015. They were for

the installation of a waterline and fire hydrants in the West Canaveral Groves Neighborhood Strategy Area and the construction of a Health Department Clinic located at 601 E. University Blvd., Melbourne, FL. Both loans had 20-year terms, utilize CDBG funds for payment, and required the County to set aside General Funds equal to one year's debt service. Payment on the loans commenced upon completion of each project.

This action will allow the Department to meet timeliness, reduce the term of the loans approximately three years (thereby allowing those communities to seek new projects sooner), reduce total interest over the life of the loans (\$18,181.04), and reduce the period that the County has to hold a reserve of General Fund aside as a guarantee.

Clerk to the Board Instructions:

None