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June 4, 2020

To: Kennie Hobbs, Deputy City Manager/Finance Director

From: Sean Henderson, CRA Director/Deputy Finance Director 

RE: Central CRA – Interfund Loan Request

The Lauderhill CRA has embarked on its local solution to the affordable housing crisis by facilitating the CRA Infill Housing Program. Phase I consists of 10 single-family homes in the Cannon Point Community. We are in the final stages of negotiating a contract with the successful bidder Minority Builders and thus far have worked with staff to value engineer the homes to make the purchase attainable for our lottery winners. The plan is to build all ten homes in 3 phases, building four homes per phase. We plan on beginning construction for the first four homes in July/August and completing by December/January.

To fund the construction of the first four homes, the CRA acquired construction funding through Southeast Florida CDFI by way of the Housing Finance Authority (HFA). While finalizing the terms of the funding, legal expressed a concern with a covenant requiring the CRA to assign mortgages to the vacant lots. After discussion with Broward County, legal was able to negotiate a compromise by making a \$1,000,000 deposit into escrow assigned to the HFA in lieu of the assignment of mortgages on the lots.

To facilitate the funding of the escrow account, I am recommending an interfund transfer as a source of liquidity. This type of borrowing would be reflected as a balance due to other funds on the balance sheet. The intent of the funds are strictly to collateralize the construction loan with SFCDI and to ensure there is no opportunity cost associated with the transfer, all interest earnings while the funds are in possession of the CRA will be remitted back to the City. We respectfully request approval of an interfund transfer to facilitate the construction of Phase I of the CRA Infill Housing Program.