



Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Legislative Analysis

Economic Development & Social Services
Committee

April 13, 2011

9:30 A.M.

Commission Chamber

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**Miami-Dade County Board of County Commissioners
Office of the Commission Auditor**

**Legislative Notes
Economic Development & Social Services Committee
Meeting Agenda**

April 13, 2011

Written analyses and notes for the below listed items are attached for your consideration:

Item Number(s)

1(G)2
1(G)4 & 3(E)

Acknowledgements

Bia Marsellos, Legislative Supervisor

Mia Marin, Legislative Analyst

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 1(G)2

File Number: 110699

**Committee(s)
of Reference:** Economic Development and Social Services Committee

Date of Analysis: April 11, 2011

Type of Item: Resolution

Summary

This resolution amends the FY2009 Action Plan to reallocate \$50,000 in HOME Investment Partnerships Program funds (HOME) from Centro Campesino Farworker Center, Inc., (CCF) to Lutheran Services of South Florida, Inc., (LSSF).

The funds being reallocated come from an activity that County Executive Office staff deems at risk for cancellation by U.S. HUD if the funds are not expended within the 12 month period. Staff has confirmation from CCF that it will not incur any project expenses by the April 20, 2011 deadline. Therefore, staff is recommending the funds from CCF be reallocated to Lutheran Services of South Florida, Inc. for tenant based rental assistance for youths, ages 18 through 23, aging out of foster care throughout Miami-Dade County.

Background and Relevant Legislation

On March 3, 2011, the Board of County Commissioners (BCC) approved the FY2011 Action Plan through Resolution R-179-11. The FY2011 Action Plan lists the activities to be carried out to address the goals and objectives of the FY2011 Consolidated Plan which was approved by the Board on November 4, 2010 through Resolution R-1083-10.

The FY2011 Action Plan includes \$25,289,000 in funds for the following programs: Community Development Block Grant (CDBG), HOME, Emergency Shelter Grant (ESG) and State Housing Initiatives Partnership (SHIP). The funding source allocations for these programs are as follows:

- CDBG allocation - \$17,360,000
- HOME allocation - \$6,679,000
- ESG allocation - \$750,000
- SHIP allocation - \$500,000

The BCC approved the FY2010 Action Plan on November 4, 2009 through Resolution R-1284-09 and the FY2009 Action Plan on October 21, 2008 through Resolution R-1127-08.

Additional Information

According to the U.S. Department of Housing and Urban Development (U.S. HUD) website, Home Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use in partnership with local non-profit groups to fund a wide range of activities that include:

- build, buy, and/or rehabilitate affordable housing for rent or homeownership; and
- provide direct rental assistance to low-income people.

Additionally, HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. Approximately \$2 billion in HOME funds is distributed annually among the states and hundreds of localities nationwide.

According to the U.S. HUD website, HOME funds are awarded annually as formula grants to participating jurisdictions. U.S. HUD establishes a HOME Investment Trust Fund for each grantee, providing a line of credit that the participating jurisdiction may draw upon as needed. The HOME program's flexibility allows states and local governments to use HOME funds for grants, direct loans, and loans to grantees or other forms of credit enhancement, or rental assistance or security deposits. Participating jurisdictions must have a current and approved Consolidated Plan, which includes an action plan that describes how the jurisdiction will use its HOME funds.

U.S. HUD Cancellation of HOME funds

On June 1, 2010, U.S. HUD adopted a HOME Cancellation Policy, which required that any HOME funded activity, which had not disbursed funds within a 12-month period, be cancelled in HUD's Integrated Disbursements and Information System (IDIS), beginning January 1, 2011, and on the first business day of each month thereafter, U.S. HUD will change the status of any "open" activities in IDIS to "cancelled" when the following occurs:

- the "Initial Funding Date" is over 12 months;
- the "Funded Amount" is greater than \$0; and
- the "Drawn Amount" is \$0

IDIS provides U.S. HUD with current information regarding the program activities underway across the nation, including funding data. U.S. HUD uses this information to report to Congress and to monitor grantees. IDIS is the draw down and reporting system for CDBG, HOME, ESG and Housing Opportunities for Persons with AIDS (HOPWA).

Furthermore, once the activity is cancelled, any funds that were committed to that activity will no longer be considered committed HOME funds. However, the funds uncommitted from these activities are available to the participating jurisdiction to commit to other projects.

According to the U.S. HUD Initiated Activity Cancellation Report of January 2011, effective January 1, 2011, eight (8) Miami-Dade County HOME activities were cancelled. The cancelled activities and their funding amounts are as follows:

Activity I.D.	Funding Amounts
4075	\$20,000
4095	\$20,000
4096	\$20,000
4490	\$105,677
4492	\$125,000
4568	\$1,250,000
4526	\$69,970
4827	\$1,083,000

On February 8, 2011, Chairman Martinez issued a Memo to the Mayor concerning HUD automatically cancelling the above-mentioned eight (8) HOME activities. The memo requested a detailed report on the activities cancelled by HUD and whether corrective actions were taken.

On March 3, 2011, the County Manager provided a report on the eight (8) cancelled activities to include the following:

- Activity I.D. #4075, #4095 and #4096, funds for these activities were reprogrammed to new homeowners within the same activity;
- Activity I.D. #4490, #4568, and #4826, funds were recaptured and reallocated through Resolution R-67-11; and
- Activity I.D. #4827 and #4492, funding reallocation to be presented to Committee of jurisdiction in March 2011, to be approved by the Board before March 31, 2011.

On March 15, 2011, the BCC approved Resolution R-198-11 amending the FY2007, FY2008 and FY2009 Action Plans to reallocate \$1,208,000 in funds from the above-mentioned cancelled HOME activities to eligible projects.

Questions

The following questions were posed to the County Executive Office (CEO) followed by their responses:

- The item mentions that HUD will cancel the project on May 1, 2011, did HUD send notification? Or is staff anticipating that because expenses will not be incurred that it will be cancelled?
As of today, no cancellation notifications with respect to this project have been issued by US HUD. US HUD is adhering to their policy of cancelling all activities that have not spent funds within the last 12-month period - and staff anticipates the cancellation of this specific allocation come May 1. Staff tracks all of the County's funded activities to ensure compliance.
- Will Centro Campesino funds be cancelled by the time this gets to BCC for approval?
This recommendation is scheduled to go before the Board on May 3, 2011, assuming Committee approval in April. However, the County has 90 days from the date of US HUD's cancellation to reallocate the funds. In other words, staff has until August 3, 2011 (give or take) to recapture and reallocate the funds. Staff is being proactive and attempting to get this reallocation approved within days of US HUD's cancellation – and not towards the end of the 90-day period.

- The closest regional office for Lutheran Services of South Florida is in Ft. Lauderdale, do they have satellite offices in Miami-Dade County?

According to staff from the Department of Housing and Community Development, Lutheran Services has three office locations in Miami-Dade County:

- 1. 9750 SW 24th Street;***
- 2. 3360 W Flagler Street and***
- 3. 16201 SW 95th Avenue***

Prepared by: Mia B. Marin

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 1(G)4 and 3(E)

File Number: 110727 and 110701

**Committee(s)
of Reference:** Economic Development and Social Services Committee

Date of Analysis: April 11, 2011

Type of Item: Resolution

District: 10

Summary

The proposed resolutions approve the following:

- Agenda item 1(G)4, is requesting the parcel located on the southwest corner of SW 24th Street and SW 84th Avenue be designated as a brownfield site. This above-mentioned parcel is owned by Walmart Stores East, LP.
- Agenda item 3(E), supports Walmart Stores East, LP application for a State of Florida Brownfield Redevelopment Bonus Refund which proposes the following:
 - construct and operate a Supercenter Store at the 8400 Coral Way Parcel;
 - total investment of \$7.5 million from its rehabilitation and redevelopment activity; and
 - create 330 new jobs.

Background and Relevant Legislation

The Brownfields Redevelopment Act was created by the Florida Legislature and amended in 1998. Florida Statutes, Section 376.80(9), specifically authorizes and encourages the Florida Department of Environmental Protection (FDEP) to enter into delegation agreements with local pollution control programs to administer the Brownfields Program, thereby integrating this process with other local development processes to facilitate redevelopment of a Brownfield area.

According to the FDEP, a brownfield is any real property where the expansion, redevelopment or reuse is complicated by actual or perceived contamination. Furthermore, if a property is located in a designated Brownfield area, the property owner may be eligible for several financial incentives to include the following:

- 2,500 Job Bonus Refund for each new job created in a designated Brownfield area by an eligible business;

- Sales Tax Credit on building materials purchased for the construction of an affordable housing project or mixed-use affordable housing projects in a designated brownfield area; and
- State Loan Guarantees for primary lenders, up to 50% on all brownfield sites and up to 75% if the property is redeveloped as affordable housing, a health care facility or health care provider.

Additionally, if the property owner enters into a Brownfield Site Rehabilitation Agreement (BSRA) they will be eligible for the following:

- 50% Voluntary Cleanup Tax Credit (VCTC)* annually on all eligible costs;
- 25% Additional VCTC on all eligible costs when cleanup is complete; and
- 50% One-Time VCTC on eligible solid waste removal costs

**The VCTC is applicable to Florida's corporate income tax.*

On September 21, 2010, the Board of County Commissioners (BCC) approved Resolution R-942-10, approving the Brownfields Delegation Agreement (BDA) between Miami-Dade County and the FDEP. The BDA is effective for a term of ten years and replaced the previous agreement approved by the BCC on December 16, 1999 through Resolution R-1355-99. The BDA authorizes Miami-Dade County to execute a BSRA with eligible persons seeking to clean up and rehabilitate properties located within the designated Brownfield areas.

On July 13, 1999 the BCC approved Resolution R-767-99 and Ordinance 99-85, designating as brownfield areas all unincorporated areas of Miami-Dade County which are located within the Urban Development Boundary, Enterprise Zones, Enterprise Communities, Empowerment Zones, Developable Areas, Target Urban Areas, and unincorporated areas eligible for Community Development Block Grants (CDBG). The ten Brownfield areas designated in 1999 included Carol City, Central Miami, Model City/Brownsville, Opa-Locka, Perrine, Redlands/Leisure City, Richmond Heights, South Dade, South Miami and Sweetwater.

According to Miami-Dade County's 2010 Brownfields Annual Report, additional areas were added to the designated brownfield areas for unincorporated Miami-Dade County to include the following:

- Beacon Lakes (Resolution R-559-03);
- Dedicated Transportation Area, 2201 N.W. 110 Avenue (Resolution R-248-05);
- Amend Miami-Dade County Brownfield Area Map to add twenty-five brownfield areas (Resolution R-149-08 and Ordinance 08-19).

There have been no additional areas added to the Brownfield Map since 2008.

Questions

The following questions were posed to Office of Economic Development and International Trade (OEDIT) followed by their responses:

- Walmart had another bonus refund application approved by the BCC late last year (R-1198-10), are there any other bonus refund applications that Walmart had approved by the BCC? Are there limits to the amount that a company can apply for?

No, other than the one that was mentioned, Wal-mart has not been approved for any other Brownfield Refund Bonuses. No, the program does not have a refund cap. As long as they create

at least 10 new permanent jobs, the amount of the refund is determined by the number of jobs created.

- How many Brownfield bonus refund applications has the County approved recently? What were the refund amounts for each?

In addition to the aforementioned, the Department of Housing and Community Development F/K/A Office of Community and Economic Development received two other refund bonus applications. They are: Confidential Project 08-00241 (this agenda item was pulled by the ACM on 11/2008, it was never approved) and Confidential Project 07-00135 (R-152-08) with an approved refund amount of \$150,000.

- Do you need an area to be designated a Brownfield first before you can apply for the refund? Or both applications (designation and bonus application) submitted concurrently?

If an area is outside of the aforementioned boundaries, then the site must be designated as a Brownfield before the refund bonus can be approved. The applications can be submitted concurrently; however, the site must be designated first.

- The County is choosing not to contribute a 20% match to the Walmart Stores East, LP bonus refund program application, does the County consistently choose not to contribute a funding match to the bonus refund program?

Yes

- If the County chooses to opt-out from contributing to the bonus refund? What role does Miami-Dade County play in the program?

Per Florida Statutes 376.80, local government's role is to notify the State of its decision to designate a site as a Brownfield; the notification must include a resolution and must comply with the procedures outlined in the governing statutes. The County must also ensure that the rehabilitation activities are compliant with federal, state, local laws, and with the Brownfield site contamination cleanup criteria, as outlined in the governing statutes (DERM performs this function). A detailed description can be found in County Ordinance 125.66. Local government is also responsible for promoting and advertising the program to the public.

- When does the State pay the incentive?

The incentive is paid after the capital investment has been made, the jobs have been created, and the taxes have been paid. The company must annually complete a claim and submit it to the State in order to receive the refund.

- Are there contract terms that Walmart must adhere to, or maintain to qualify for the refund?

Yes, they must comply with the capital investment and job creation criteria, which are monitored by the State. Refunds are based on taxes paid by the business, including corporate income, sales, ad valorem, intangible personal property, and other taxes as specified by the governing statutes. No more than 25 percent of the total refund approved may be paid in any single fiscal year.