



Housing and Community Development Business Plan

Fiscal Years: 2010 and 2011
(10/1/09 through 9/30/11)

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TABLE OF CONTENTS

DEPARTMENT PURPOSE/MISSION	Page 3
STRATEGIC ALIGNMENT	Page 3
PERFORMANCE MEASURES AND TARGETS	Page 5
CRITICAL SUCCESS FACTORS	Page 6
INTERNAL SUPPORT REQUIREMENTS	Page 7
SUSTAINABILITY	Page 7
3 to 5 YEAR OUTLOOK	Page 8
Attachment 1	
DEPARTMENTAL PROFILE	9
Table of Organization	
Financial Summary	
Capital Budget Summary	
Business Environment	
Attachment 2	
BUSINESS PLAN REPORT	

DEPARTMENT PURPOSE/MISSION

The Department of Housing and Community Development is committed to enhancing our community by building and preserving affordable housing, creating new and retaining existing jobs for our citizens, financing business opportunities, and improving the quality of life in our neighborhoods.

Additional departmental information can be found in the Departmental Profile (Attachment 1).

STRATEGIC ALIGNMENT

I. The Department's efforts align with the following County Strategic Plan Goals:

1. Allocate County Government resources in support of activities that increase jobs and income while eliminating socio-economic disparities in underserved areas. (ED1)
2. Expand entrepreneurial development opportunities within Miami-Dade County. (ED3)
3. Create a more business friendly environment in Miami-Dade County. (ED4)
4. Provide adequate, quality and affordable housing equitably throughout Miami-Dade County. (HH5)
5. Capitalize on technology to improve service, increase efficiency and provide greater information access and exchange. (ES4)

II. Department-related Strategic Plan Outcomes, Departmental Objectives, and Programs & Initiatives:

- 1.1. Provide adequate, quality and affordable housing equitably throughout Miami-Dade County (Goal HH5)
 - 1.1.a. Provide decent and affordable housing for those with low income and moderate income.
 - o Merge Community Affordable Housing Strategies Alliance (CAHSA) and the Affordable Housing Advisory Board (AHAB) to improve efficiency (FY09-10)
 - o Develop 2010-2013 Local Housing Assistance Plan (SHIP)(3rd qtr FY 09-10)
 - o Develop the Master Affordable Housing Plan (FY09-10)
 - o Implement the Master Affordable Housing Plan (FY 10-14)

Departmental Business Plan and Outlook

Department Name:

Fiscal Years: 2009-10 & 2010-11

- Continue to provide low interest construction financing and incentives to developers of affordable housing (Ongoing)
- 1.1b. Foster a suitable living environment for low and moderate income residents
 - Manage and implement a strategy for CDBG land inventory (ongoing)
 - Help to develop capacity among the CDC's and Community Based Organizations (CBOs) within the Neighborhood Revitalization Strategy Areas (NRSAs).
 - Target completion of capital development projects underway
 - Work with the Office of Strategic Business Management (OSBM) to develop strategies to complement County's five year capital plan specifically in NRSAs
 - Ensure high occupancy rate in our County owned Asset Management housing units
- 1.1c. Improve completion rate for multi-family housing for low and moderate income residents
 - Develop improved Request for Applications (RFA) process with assistance from County Attorney and Procurement management that targets shovel ready projects only
- 1.1d. Manage Homeownership Program to establish greater control with the ability to forecast and implement improved system of checks and balances.
 - Streamline procedures to reduce loan processing times while ensuring thorough review for accuracy and completeness
 -
- 1.1e. Monitor and properly manage NSP funds (Obligated and expended)
 - Analyze program goals, amend IO for greater flexibility
 - Meet obligations for expenditure and commitment spending requirements
 - Reallocate funding as necessary through Board action to ensure money is appropriately encumbered and expended within the time frames permitted
- 2.1. Allocate County Government resources in support of activities that increase and diversify jobs and incomes while eliminating socio-economic disparities in underserved areas (ED-1)
 - 2.1a. Monitor the expenditure of allocated funds under the various programs
 - Align required sub-recipient progress reports with staff desk and site monitoring
 - Target Annual 1.5 ratio expenditures to ensure compliance with Federal spending regulations.

Departmental Business Plan and Outlook

Department Name:

Fiscal Years: 2009-10 & 2010-11

- Target the recapture of stalled projects for multi-family surtax funded projects
- Timely meet EZ expenditure deadlines (3 quarter)
- 2.1b. Develop and implement plan to address past allocations (greater than 5 years) with outstanding unspent funds.
 - Coordinate with US HUD in developing meaningful response to past Audits
 - Mitigate findings of non compliance by systematically closing out the stalled projects.

- 3.1. Expand entrepreneurial development opportunities within Miami-Dade County (ED3)
 - 3.1a. Coordinate loan and venture capital programs to address needs of small and medium size businesses with emphasis on access to capital
 - Provide meaningful technical assistance to current recipients failing to move forward
 - Provide and enhance performance based incentives to local targeted industries
 - 3.1b. Develop strategy on defaulted loan portfolio to address loans as to collections, write offs and resolutions
 - 3.1c. Develop entrepreneurial strategy utilizing the CDBG land portfolio.

- 4.1. Capitalize on technology to improve service, increase efficiency and provide greater information access and exchange (ES4)
 - 4.1a. Complete migration of housing projects to centralized system
 - Internally, transfer housing projects from Community Development (CD) Division to Housing (HDLAD) division
 - Integrate with other agencies (Homeless Trust, General Services Administration (GSA) and Housing Finance Agency (HFA) to scorecard mapping of all housing related activities
 - Develop management system to aid in determining appropriate use of land in HCD portfolio
 - 4.1b. Develop interactive data management system for federally funded recipients
 - Facilitate easy access to contract records and status by incorporating the progress reports with project manager input with quarterly review
 - Improve higher level management and decision making using monthly reports to assess staff / project status
 - Improve timely completion of projects by providing proactive management

Departmental Business Plan and Outlook

Department Name:

Fiscal Years: 2009-10 & 2010-11

- Forecast strategic policy improvements in annual Policy Paper through the development of strategic mapping tools and development of a departmental policy and procedure manual

PERFORMANCE MEASURES AND TARGETS

For ease of reference, specific information regarding departmental objectives and performance measures including the targets for FY 2009-10 and FY 2010-11 can be found in Attachment 2 – Business Plan Report.

CRITICAL SUCCESS FACTORS

1. Strict adherence to the US Housing and Urban Development (US HUD) mandatory requirements of the federal funding regulations. Support from elected officials is critical in adherence to the regulations as changes to the Policies must be approved by the Board.
2. The adoption of new policies to include in the Consolidated Plan. New essential policies include absorption of carry over reserves from Commission District Fund (CDF) and Community Advisory Committee (CAC) accounts into the overall pool of CDBG funding to ensure timely allocations as required by US HUD.
3. Placing effective management in positions to lead and nurture staff in meeting the departmental objectives and initiatives.
4. A trained and educated staff knowledgeable in the federal and state rules and regulations governing the multiple funding sources for which the department is responsible.
5. Closing out of US HUD negative findings resulting from numerous audits of activities funded under previous action plans, specifically targeting activities that are more than 3 years old.
6. Financial and staffing assistance for administrative work associated with closing out activities funded more than five years. This is anticipated as an 18 month to three year program.
7. Decrease administrative costs while securing other funding sources in an effort to increase revenues to support staff, data systems and activity closeouts where federal funds should no longer be used.

INTERNAL SUPPORT REQUIREMENTS

1. Better coordination and integration of HCD priorities by CAO, OSBM and HR.
2. Increase rate of spending of CDBG funds by County Agencies (supports objective to timely meet 1.5 ratio)
3. Procure and implement a single source data system for all open projects (supports multiple objectives)
4. Approval to Increase fees identified by HCD such as fees associated with loan servicing duties.

SUSTAINABILITY

The funding utilized by the department is received from the State and Federal governments. Both the sources have sustainability initiatives in alignment with Miami-Dade County. Our funding process is designed with incentives points for those sub-recipients incorporating green design into their proposals. The department commits to going further with this effort.

Internally, the Department has established a 'green committee' and a policy manual governing 'green' initiatives is already underway. The following objectives are set for this year:

- Consolidating all staff onto one (1) floor, thus reducing energy and improving efficiency.
- Eliminating individual laser printers thus requiring the use of the multi-purpose large machines that are more energy efficient and allow for opportunity to choose scanning over copying or printing.
- Committing to meeting 100% employee participation in the Mayor's Green Pledge.
- Increasing the availability of the annual RFA in electronic format while reducing the production of paper copies.

3 to 5 YEAR OUTLOOK

Any projection of HCD's future outlook must recognize the certainty that the potential of a continued program requires reform take a paramount issue. Essential to reform, is appropriate staffing, both in number and ability. The key to the reform is the ability to effectively manage the work flow annually while systematically closing out lingering issues that have hindered the department from moving forward. Listed below are those issues that are targeted for close out over the next 3 to 5 years more than 100 of which are over 5 years old and date back to 1994.

1. The Department should be managing funded projects for a period of no more than 1 year with few exceptions. On an average, there are approximately 50 to 70 new projects annually. Contract to project manager ratio should be approximately an 11 to 1. However, due to the lack of effective oversight over the last 5 years or more, the ratio of open projects to staff sits at closer to 50 to 1. Clearly this effects ability to work effectively. Accordingly, the number one priority over the next 3 to 5 years is to manage to an annual project work load.
2. Second in paramount importance, is finding resolution to the County's land inventory for land purchased with federal funds. Because the land was purchased with federal monies, federal requirements must be met on how the land may be utilized. It is anticipated, during the next few years, HCD will carry out a plan to ensure disposal the large land inventory by actively pursuing highest and best use while meeting the required National Objectives.
3. Finally, the third chronic issue that is affecting the department's ability to proactively manage is the outstanding the loan portfolio of 193 economic development loans of which only 10 (.05%) are current. The Department must work to collect on these loans, determine which if any, should be written off, and finally, litigate as appropriate.
4. The Department of Housing and Community Development (HCD) is responsible for the administration of Federal and local monies set aside for housing and economic development in Miami-Dade. Under the provisions of 24 CFR 570.902 of the CDBG regulations, a grantee is considered to be timely, if 60 days prior to the end of the grantee's program year, the balance in its account does not exceed 1.5 times the annual grant. Failure to meet the expenditure requirements will result in the reduction of CDBG funding to our community. In 2008, the department failed to meet this objective. In 2009, through a concerted effort, the new management of HCD timely met the 1.5 ratio. The 3 to 5 year outlook is forecasting that the department manages to a 1.25 ratio.
5. The Department will continue to participate as staff to the CAHSA task force and implement the five year Master Affordable Housing Plan. It is anticipated, through the policy paper and the Master Plan, that funding in the NRSAs is expected to play a greater role during the upcoming period.

Attachment 1

DEPARTMENTAL PROFILE

Department Description

As of October 1, 2009, the Office of Community and Economic Development (OCED) became the Department of Housing and Community Development (DHCD). The transition from an Office to a Department was the direct result of actions taken in 2009 when additional responsibilities were transferred to the OCED and the staff size doubled. The new name better reflects the mission and focus of the department. The Development and Loan Division and its 50 employees, with responsibility for managing more than \$30 million additional dollars annually, was transferred from the County's Housing Agency. The Housing Agency also transferred the Property Management Division and its second mortgage and servicing programs. Moreover, as part of the County's economic development strategies, the Empowerment Zone (EZ) duties were also transferred during this same time period. The following description serves to define the array of responsibilities that make up the departmental profile.

The department now administers 12 different funding sources from the federal, state and local governments- each with its own set of rules, regulations and time requirements as follows: CDBG, CDBG-R, HOME, ESG, HODAG, DRI, RR, Section 108, EZ, SURTAX, SHIP and NSP. In FY 08-09 the department oversaw over \$100 million in contracting that must be carried out in FY09-10. Additional funding targeting jobs is expected from the US federal government, becoming a 13th funding source.

The use of these funds are designed primarily to develop viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities, principally for low income and moderate income persons. The foremost means towards this end is to extend and strengthen partnerships among all levels of government and the private sector, including for profit and nonprofit organizations, in subsidizing the production and operation of affordable rental housing in Miami-Dade County. Concurrently, significant uses of these funds are used to provide low interest second mortgages to low income and moderate income first time homebuyers.

As part of the Community Development strategic area, DHCD programs are administered through sub-grantee community based organizations (CBOs) and various county departments. Forty percent of the CDBG funding is set aside for county departments. If these dollars weren't available, some of the program would not be funded with general fund dollars and may not be able to move forward.

Annually, the department issues multiple RFAs to recommend funding and subsequently submit to US HUD (and the Board) for approval. The process to award and contract this funding lasts approximately 10 months. Multiple community meetings are required by USHUD. They are usually in the evening and staff must attend. The contracting is required (with the exception of capital development) to be completed the next year. Failure to timely complete the contracts will ultimately have an adverse effect of the County, including a reduction in funding in subsequent years.

Departmental Business Plan and Outlook

Department Name:

Fiscal Years: 2009-10 & 2010-11

Because of the extremely difficult economic crisis, the federal government issued new funding through the American Recovery and Reinvestment Act (ARRA). While the funding is desperately needed, the additional work under these ARRA programs coincided with an unfortunate reduction in staff. The FY08-09 budget recognized the receipt of the funding, but the FY09-10 budget requires the contracting implementation and spending with the reduced resources.

Consequently, current innovative programs and initiatives are necessary. Of the highest priority is the procurement and development of a single source data management system to manage the large number of open contracts. Very intense 'hands on' management of these contracts is required, as spending must be completed within the year and many of the sub-recipients need management support and technical assistance. Without the use of a data management tool, there is no capacity to be proactive.

Because of the effect on the work load caused by the infusion of the ARRA dollars, there are no new services or programs planned for the next fiscal year; unless, the Federal government stimulus program issues funding for job creation. Should this happen, additional staff will be requested.

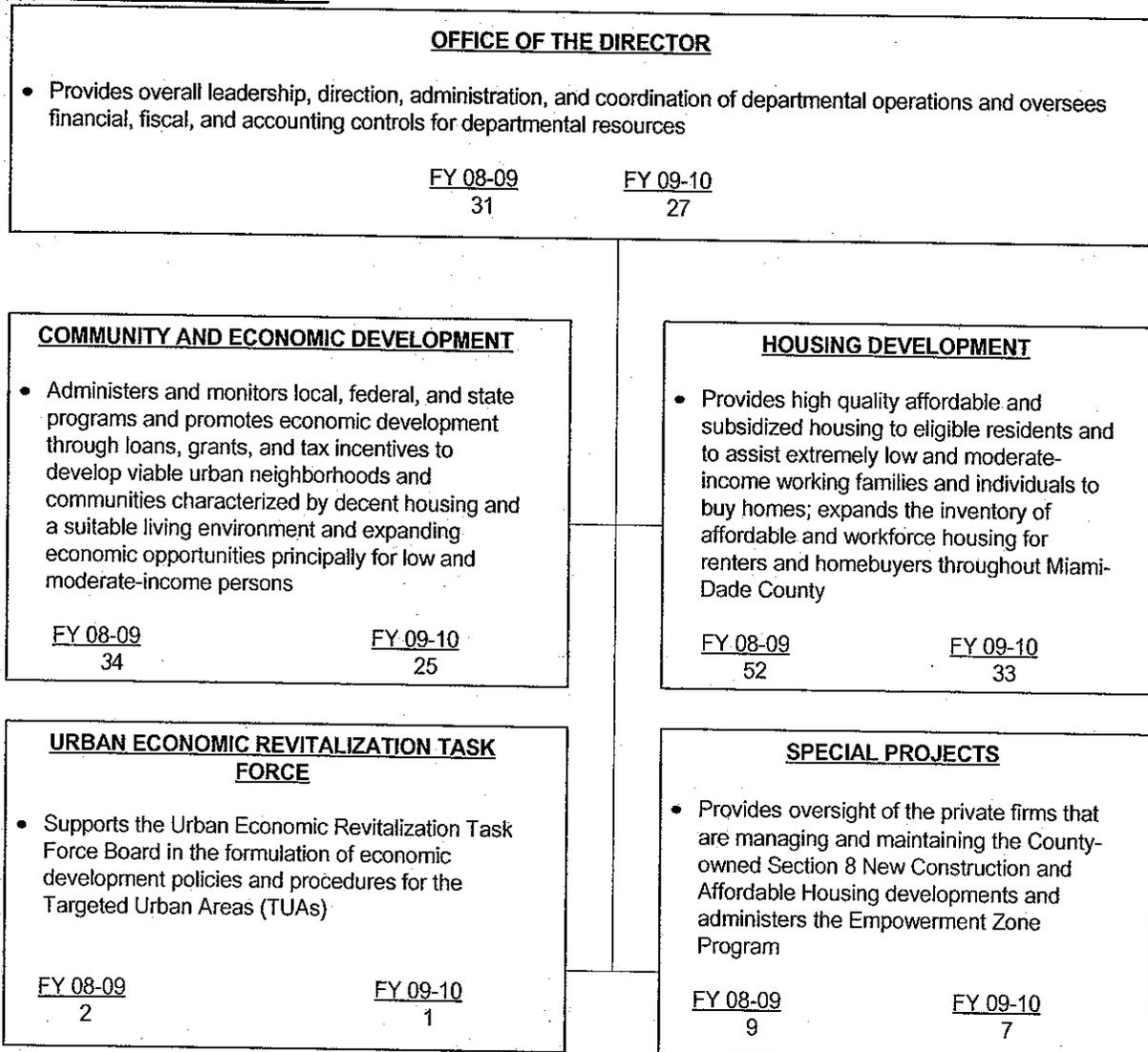
A review of the current departmental table of organization and financial summary closes out this plan.

Departmental Business Plan and Outlook

Department Name:

Fiscal Years: 2009-10 & 2010-11

Table of Organization



FINANCIAL SUMMARY

(dollars in thousands)	Actual FY 07-08	Budget FY 08-09	Adopted FY 09-10
Revenue Summary			
EDI and BEDI Loan Repayment	0	0	150
General Fund Countywide	1,155	786	425
HATF Carryover	813	678	283
HODAG Carryover	7,917	4,937	6,113
ESG Carryover	1,187	491	510
EDI and BEDI Loan Repayment	1,168	1,744	4,778
EDI Carryover	2,778	2,475	1,102

(dollars in thousands)	Total Funding		Total Positions	
Expenditure By Program	Budget FY 08-09	Adopted FY 09-10	Budget FY 08-09	Adopted FY 09-10
Strategic Area: Economic Development				
Administration	3,181	2,624	31	27
Community and Economic Development	4,235	3,470	34	25
Housing Development	100,667	47,905	52	33
Projects	110,764	145,356	0	0
Special Projects	3,630	2,550	9	7

Departmental Business Plan and Outlook

Department Name:

Fiscal Years: 2009-10 & 2010-11

Abatement Fees	6	18	5	Urban Economic Revitalization	316	0	2	1
BEDI Carryover	2,417	2,185	2,116	Task Force				
Carryover	19,606	37,723	70,626	Total Operating Expenditures	222,793	201,905	128	93
CDBG Carryover	20,797	20,754	24,946					
Housing Assistance Payments	413	939	1,243					
Interest Income	3,491	1,758	1,500					
Loans Servicing Fees	816	700	500					
Program Income	1,484	291	680					
Rental Rehab Carryover	2,453	503	516					
SHIP	8,960	8,828	732					
SHIP Carryover	9,404	4,220	0					
SHIP Loan Repayments	1,600	4,000	1,600					
HOME Carryover	27,770	25,093	18,408					
Surtax Carryover	98,313	44,057	24,995					
Surtax Loan Repayments	9,993	15,000	7,500					
Documentary Stamp Surtax	20,982	22,000	10,000					
State Grants	24,994	0	0					
HOME Program Income	800	900	720					
CDBG Program Income	251	400	300					
Community Development Block Grant	17,982	17,621	17,060					
Emergency Shelter Grant	799	788	760					
HOME	6,419	6,291	6,725					
Total Revenues	294,768	225,180	204,293					
Operating Expenditures Summary								
Salary	7,889	9,357	6,288					
Fringe Benefits	2,094	2,770	1,997					
Other Operating	79,245	210,611	193,483					
Capital	24	55	137					
Total Operating Expenditures	89,252	222,793	201,905					
Non-Operating Expenditures Summary								
Debt Service	2,280	2,387	2,388					
Total Non-Operating Expenditures	2,280	2,387	2,388					

Capital Budget Summary

(dollars in thousands)	PRIOR	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FUTURE	TOTAL
Revenue									
Building Better Communities GOB Program	1,728	25,322	41,413	54,702	15,386	0	14,417	69,432	222,400
CDBG Neighborhood Stabilization Fund	11,543	17,936	10,847	5,846	0	0	0	0	46,172
Comm. Dev. Block Grant - 2003	222	0	0	0	0	0	0	0	222
Comm. Dev. Block Grant - 2004	712	0	0	0	0	0	0	0	712
Comm. Dev. Block Grant - 2005	83	0	0	0	0	0	0	0	83
Comm. Dev. Block Grant - 2006	127	0	0	0	0	0	0	0	127
Comm. Dev. Block Grant - 2007	5,765	0	0	0	0	0	0	0	5,765
Comm. Dev. Block Grant - 2008	631	0	0	0	0	0	0	0	631
Comm. Development Block Grant 2007	68	0	0	0	0	0	0	0	68
Documentary Surtax	2,000	0	0	0	0	0	0	0	2,000
Emergency Shelter Grant	277	0	0	0	0	0	0	0	277
Home - 2008	389	0	0	0	0	0	0	0	389
Rental Rehabilitation	200	0	0	0	0	0	0	0	200
Total:	23,745	43,258	52,260	60,548	15,386	0	14,417	69,432	279,046
Expenditures									
Strategic Area: Economic Development									
Community Development Projects	8,533	42,547	33,270	41,668	0	0	0	53,554	179,572
Future Capital Projects	0	7,500	17,939	18,880	15,386	0	14,417	15,878	90,000
Historic Preservation	1,845	2,254	1,051	0	0	0	0	0	5,150
Homeless Facilities	595	1,643	1,389	0	0	0	0	0	3,627
Human Services Facilities	48	172	0	0	0	0	0	0	220
Infrastructure Improvements	372	105	0	0	0	0	0	0	477
Total:	11,393	54,221	53,649	60,548	15,386	0	14,417	69,432	279,046

Current Business Environment

Current Climate

The department serves to bring grant funds into the community to foster economic growth and make housing affordable. During the 1990s and through 2006, the funding was managed with inadequate oversight or control. Consequently, in 2008, the County failed to meet a critical requirement of US HUD – the 1.5 CDBG ratio spending threshold. Since that time, US HUD, its auditors and the Federal Office of the Inspector General have been conducting audits on all programs and corresponding spending during those years. The effect on the current business environment has led to increased regulatory control – some of which requires changes to the fundamental business processes in place. Failure to implement these changes will result in decreased financial assistance from the Federal government.

In addition to the need to change fundamental business practices due to past non-compliance, the community is suffering from an economic crisis. There are more requests for funding, but less money available. The new business processes will not allow the funding of some past recipients. All of this has led to a very competitive and sensitive business environment.

One of the more competitive and sensitive groups are the developers of multi-family affordable housing projects. The allocation of money is designed to be awarded based solely as 'gap financing.' Gap is defined, as the final funding needed to get projects shovel ready. Funding only projects that are shovel ready, suggests a quicker turn around towards completion of units. Affordable housing is needed more than ever in Miami-Dade and this is the time to adhere to this objective. Because funding is limited, it is also time to recapture funds that have previously been awarded to developments that are currently not moving. Due to the sensitivity of these decisions, support at all levels will be required in order to effectuate the change.

Service Delivery in a Regulatory Environment

The department is conforming to a federally imposed regulatory environment coupled with a self imposed commitment to change. Ultimately, this will have a very positive effect on our service delivery. It is anticipated the changes will lead to funding projects, (housing as well as loan programs and business opportunities), that expend their allocations actively and timely, thus delivering the needed services effectively. However, change is always a challenge. Getting the community and its leaders to understand the need for this change and eventually embracing it, is our biggest test. While the department will be courteous and professional, the word "no" will need to be used.

Customer Feedback

Customer feedback is a regulatory requirement for our funding sources as outlined in the Board approved Citizens Participation Plan (CPP). Our countywide approach uses eight CACs located in Neighborhood Revitalization Strategy Areas (NRSA). Each CAC has four meetings a year and serve as the forum for leaders to discuss their respective neighborhoods. Our programs are always part of the agenda and DHCD staffs the meeting.