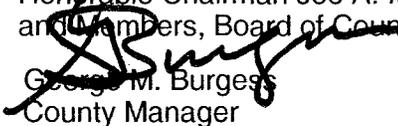


Memorandum



Date: August 23, 2005

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: 
George W. Burgess
County Manager

Agenda Item No. 12(A)(1)

Subject: RESOLUTION AUTHORIZING THE RECAPTURE AND RE-ALLOCATION OF \$1 MILLION OF COUNTY GENERAL FUNDS FROM THE MIAMI-DADE EMPOWERMENT TRUST, INC.'S NEW MARKETS VENTURE CAPITAL FUND TO TRG-THE LOFT, LTD FOR THE DEVELOPMENT OF THE LOFT AT K PLACE CONDOMINIUM LOCATED AT 230-234 NE 3RD STREET, MIAMI, FLORIDA

Recommendation

It is recommended that the Board adopt the attached resolution authorizing the recapture and re-allocation of \$1 million of County general funds from the Miami-Dade Empowerment Trust, Inc.'s New Markets Venture Capital Fund to TRG – The Loft, LTD. for the development of The Loft as K Place Condominium located at 230-234 NE 3rd Street, Miami, Florida. This resolution provides \$1 million in funding support for this project from general funds instead of from currently allocated federal HOME funds due to the inability of the project to meet the applicable HOME income limits for the purchasers of units in this sales-price restricted condominium development.

Background

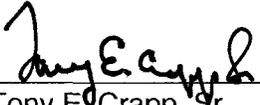
Through the adoption of Resolution No. R-1035-03 on October 7, 2003, the Board of County Commissioners allocated HOME funds in the amount of \$2 million to the Miami-Dade Empowerment Trust, Inc. (MDET) for the purpose of providing funding support to the development of affordable housing units through an activity entitled, "The Loft at K Place" (K Place) under development by The Related Group of Florida through TRG-The Loft, Ltd. Pursuant to an agreement dated March 12, 2004, the City of Miami provided funding support for the K Place project in the amount of \$1 million from the City's Affordable Housing Trust Fund for the purpose of ensuring that the sale price of the condominium units would be limited so as to provide affordable workforce housing (e.g. the units must not be priced in excess of 90% of the median new housing sales price as of August 2003 as published by the Florida Association of Realtors). The City's agreement requires that not less than 102 of the total 196 units shall be affordable (e.g. 91-1 bedroom/1 bath and 11- 2 bedroom/2 bath). The development and construction of K Place has proceeded forward based on a total development budget of \$30,015,000 that includes the construction of 196 condo units (e.g. 131-1 bedroom/1 bath and 65-2 bedroom/2 bath) at a site in Downtown Miami located at 230-234 NE 3rd Street. The development budget for the project includes \$2 million in funding from MDET.

Subsequent to the pre-sale of the units and the commencement of construction it was determined that K Place could not utilize the allocated HOME funds due to the lack of a sufficient number of buyers that met the affordable income limits. In addition, pursuant to a subsequent review of the \$2 million funding commitment to the project, MDET determined that the funding to the project should be limited to \$1 million. Subsequent to the determination regarding HOME funds, an analysis of the feasibility of a swap of SURTAX for HOME funds was conducted and resulted in a similar determination regarding the lack

Honorable Chairman Joe A Martinez
and Members Board of County Commissioners
Page -2-

of a sufficient number of buyers within the affordable income limits for the Surtax program which are higher than the HOME program limits for homebuyers.

In an effort to provide funding support and in light of the inability to identify a sufficient number of buyers within the HOME income limits, the Office of Community and Economic Development (OCED) submitted a formal request to USHUD dated April 5, 2005 seeking a waiver of the HOME income limits for the K Place project. On May 10, 2005 a representative of The Related Group of Florida appeared before the Board's Community Empowerment and Economic Revitalization Committee during the public hearing on a proposed plan amendment that included a recommendation for the recapture and reallocation of \$1 million of the \$2 million in HOME funds that had been allocated to the Miami-Dade Empowerment Trust, Inc. for the K Place project to request that \$1 million be provided to the project as soon as possible in light of the near completion of construction. On May 19, 2005 the Board of County Commissioners adopted Resolution No. R-597-05 thereby approving the plan amendment that included the recapture and reallocation of \$1 million of the \$2 million in HOME funds previously allocated for assistance to the K Place project. At the present time the construction of K Place is nearing completion with the occupancy of the units expected in August 2005, and the requested USHUD waiver has not been granted there is now a need to identify an alternative source of funding for the \$1 million in funding from the County to the K Place project.



Tony E. Crapp, Sr.
Assistant County Manager



MEMORANDUM

(Revised)

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

DATE: August 23, 2005

FROM: Murray A. Greenberg
County Attorney

SUBJECT: Agenda Item No. 12(A)(1)

Please note any items checked.

- "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Bid waiver requiring County Manager's written recommendation
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- Housekeeping item (no policy decision required)
- No committee review

Approved _____ Mayor

Agenda Item No. 12(A)(1)

Veto _____

08-23-05

Override _____

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE RECAPTURE AND RE-ALLOCATION OF \$1 MILLION OF COUNTY GENERAL FUNDS FROM THE MIAMI-DADE EMPOWERMENT TRUST, INC.'S NEW MARKETS VENTURE CAPITAL FUND TO TRG-THE LOFT, LTD FOR THE DEVELOPMENT OF THE LOFT AT K PLACE CONDOMINIUM LOCATED AT 230-234 NE 3RD STREET, MIAMI, FLORIDA; REQUESTING THE MIAM-DADE EMPOWERMENT TRUST, INC. TO SUBSTITUTE AVAILABLE AND UNALLOCATED FEDERAL FUNDS IN THE AMOUNT OF \$1 MILLION TO FUND ANY PENDING COMMITMENTS IN THE NEW MARKETS VENTURE CAPITAL FUND; AND FURTHER AUTHORIZING THE OFFICE OF COMMUNITY AND ECONOMIC DEVELOPMENT TO PREPARE A PLAN AMENDMENT TO RECAPTURE AND RE-ALLOCATE THE \$1 MILLION OF HOME FUNDS THAT ARE CURRENTLY ALLOCATED TO THE MIAMI-DADE EMPOWERMENT TRUST, INC.FOR THE LOFT AT K PLACE PROJECT

WHEREAS, through the adoption of Resolution No. R-1035-03 on October 7, 2003, the Board of County Commissioners allocated HOME funds in the amount of \$2 million to the Miami-Dade Empowerment Trust, Inc. (MDET) for the purpose of providing funding support to the development of affordable housing units through an activity entitled, "The Loft at K Place" (K Place) under development by The Related Group of Florida through TRG-The Loft, Ltd; and

WHEREAS, pursuant to an agreement dated March 12, 2004, the City of Miami provided funding support for the K Place project in the amount of \$1 million from the City's Affordable Housing Trust Fund for the purpose of ensuring that the sale price of the condominium units would be limited so as to provide affordable workforce housing (e.g. the units must not be priced in excess of 90% of the median new housing sales price as of August 2003 as published by the Florida Association of Realtors). The City's

agreement requires that not less than 102 of the total 196 units shall be affordable (e.g. 91-1 bedroom/1 bath and 11- 2 bedroom/2 bath); and

WHEREAS, the development and construction of K Place has proceeded forward based on a total development budget of \$30,015,000 that includes the construction of 196 condo units (e.g. 131-1 bedroom/1 bath and 65-2 bedroom/2 bath) at a site in Downtown Miami located at 230-234 NE 3rd Street. The development budget for the project includes \$2 million in funding from MDET; and

WHEREAS, subsequent to the pre-sale of the units and the commencement of construction it was determined that the K Place could not utilize the allocated HOME funds due to the lack of a sufficient number of buyers that met the affordable income limits; and

WHEREAS, pursuant to a subsequent review of the \$2 million funding commitment to the project, MDET determined that the funding to the project should be limited to \$1 million; and

WHEREAS, subsequent to the determination regarding HOME funds, an analysis of the feasibility of a swap of SURTAX for HOME funds was conducted and resulted in a similar determination regarding the lack of a sufficient number of buyers within the affordable income limits for the Surtax program which are higher than the HOME program limits for homebuyers; and

WHEREAS, in an effort to provide funding support and in light of the inability to identify a sufficient number of buyers within the HOME income limits, the Office of Community and Economic Development (OCED) submitted a formal request to USHUD

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dated April 5, 2005 seeking a waiver of the HOME income limits for the K Place project;
and

WHEREAS, on May 10, 2005 a representative of The Related Group of Florida appeared before the Board's Community Empowerment and Economic Revitalization Committee during the public hearing on a proposed plan amendment that included a recommendation for the recapture and reallocation of \$1 million of the \$2 million in HOME funds that had been allocated to the Miami-Dade Empowerment Trust, Inc. for the K Place project to request that \$1 million be provided to the project as soon as possible in light of the near completion of construction; and

WHEREAS, on May 19, 2005 the Board of County Commissioners adopted Resolution No. R-597-05 thereby approving the plan amendment that included the recapture and reallocation of \$1 million of the \$2 million in HOME funds previously allocated for assistance to the K Place project; and

WHEREAS, the construction of K Place is nearing completion with the occupancy of the units expected in August 2005, and the requested USHUD waiver has not been granted there is now a need to identify an alternative source of funding for the \$1 million in funding from the County to the K Place project ,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that 1) The County Manager is authorized to re-allocate \$1 million of County general funds from the Miami-Dade Empowerment Trust, Inc. New Markets Venture Fund to TRG -The Loft, LTD. ; 2) The Miami-Dade Empowerment Trust, Inc. is requested to substitute available and unallocated federal funds in the amount of \$1 million to fund any pending commitments

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in the New Markets Venture Fund; and 3) OCED is authorized to prepare and present an appropriate plan amendment to recapture and re-allocate the \$1 million in HOME funds that are currently allocated for funding support to K Place.

The foregoing resolution was offered by Commissioner _____, who moved its adoption. The motion was seconded by Commissioner _____ and upon being put to a vote, the vote was as follows:

Joe A. Martinez, Chairman	
Dennis C. Moss, Vice-Chairman	
Bruno A. Barreiro	Dr. Barbara Carey-Shuler
Jose "Pepe" Diaz	Carlos A. Gimenez
Sally A. Heyman	Barbara J. Jordan
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 23rd day of August, 2005. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.



Shannon D. Summerset



MIAMI-DADE
Empowerment Trust, Inc.
Partnering for Progress

April 5, 2005

Ms. Maria R. Ortiz, Director
Community Planning and Development Division
U.S. Department of Housing and Urban Development
809 S.E. First Avenue, Room 500
Miami, Florida 33131-3402

Dear Ms. Ortiz:

I am writing to ask for your assistance in addressing the need for workforce housing in Miami-Dade County. As Miami-Dade deals with the same boom in real estate, which has affected all U.S. urban centers for the past 3 years, we find that the workforce population, earning 80 – 120% of median income, is ignored in most of our public policy decisions. Unfortunately with median prices well beyond the reach of a family of four earning \$48,200, the market is not developing products that meet the needs of this population either.

While many working class people have who bought homes in the 1990s have benefited from the wealth building opportunity of rising equity in their homes, many other working class families were not able to get into the home buyer market before the prices skyrocketed. The National Association of Realtors, Quarterly Housing Affordability Index indicates that in 2003 the median sales price in the Miami/Hialeah metro area was \$202,200 and in the first quarter of 2004 the median sales price was \$245,900. This represents an increase of 21.6%. While this is a shocking increase for a potential homebuyer it is only a small percentage of the growth. In 2001, the median sales price was \$152,000 and in 2002 \$172,500. This means that since 2001 until the first quarter of this year the median price of a house has climbed 61.8%. In the same period of time the median household income rose in the low single digits barely keeping up with the rate of inflation.

Another piece of the puzzle in Miami-Dade, is to lure the working class back into the highly developed urban area of our downtown that have remained largely underutilized to date. We are an urban area of cars and all of the pollution and traffic problems a car community brings with it. As we seek to rebuild our city, we are seeking to build neighborhoods that provide a high quality of life. Therefore, encouraging residential development near large commercial/office district,

Ms. Maria R. Ortiz, Director
April 5, 2005
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public transportation and quality educational institutions would begin to lay the groundwork for these neighborhoods.

We are looking for HUD's assistance in establishing a pilot project to address many of our previously stated problems. We believe that we can establish a model to use HOME dollars to subsidize a project in our underutilized downtown area that would bring low-to-moderate residents close to many jobs and provide accessibility to public transportation and then market these units to not just 80% or less of median income but also the working class who may earn up to 120% of median income. This innovative use of HOME dollars will allow other urban areas that are experiencing the same gap in subsidy to explore new ways to tackle the needs of the working class.

The Office of Community and Economic Development has approved but not disbursed \$1,000,000 toward this initiative referred to as K-Place. This project entails the development of affordable condominiums located in Downtown Miami. While the project is nearly complete, many of the residents appear to be slightly above the 120 threshold but can be characterized as working class folks i.e. Police, Municipal employees and others.

I would appreciate your consideration in this matter and look forward to discussing this activity with you in detail.

Sincerely,



Bryan K. Finnie
President/CEO

THE LOFT DOWNTOWN

Sources And Uses of Funds

Land Cost	2,500,000
Hard Cost	18,500,000
Soft Cost	<u>9,015,000</u>
Acceptable Bank Project Cost	30,015,000
Bank Loan	<u>(22,624,000)</u>
Funds Required	7,391,000

Commission	(280,000)
Administrative	(160,000)
Turnover	(300,000)
County Funds	(2,000,000)
City of Miami Grant	<u>(1,000,000)</u>
Cash Equity Required in Deal	<u><u>3,651,000</u></u>

Sources & Uses

Bank Loan	22,624,000
Miami Dade Empowerment Zone	2,000,000
City of Miami Grant	1,000,000
Deferred Expenses	740,000
Cash Equity required in Deal	<u>3,651,000</u>
Total Project Cost	<u><u>30,015,000</u></u>

THE LOFT DOWNTOWN

Long Term Budget Summary

Condo Saleable Square Feet = 164,186 / Average Condo Size = 838 / Number of Condos = 196

Retail Saleable Square Feet = 2150 / Average Retail Size = 2150 / Number of Retailers = 1

Area of Property = 15,150 Square Feet (.3475 Acres)

	Budget	Per Sq. Ft.
LAND	\$2,500,000	\$15.23
CONSTRUCTION		
Construction Costs - Contractor	\$15,190,000	\$92.52
Construction Costs - Retail	\$140,000	\$0.85
Construction Contingency	\$400,000	\$2.44
Construction Costs - Owner	\$2,770,000	\$16.87
TOTAL CONSTRUCTION COST	\$18,500,000	\$112.68
OPERATING COSTS		
Architect/Design Fees	\$500,000	\$3.05
Engineering And Consultant Fees	\$430,000	\$2.62
Municipal Fees	\$1,015,000	\$6.18
Association Fees	\$370,000	\$2.25
Condominium Turnover Cost	\$300,000	\$1.83
Loan Costs	\$435,000	\$2.65
Taxes and Insurance	\$520,000	\$3.17
Interest Expense	\$800,000	\$4.87
Legal Fees	\$230,000	\$1.40
Administrative Expenses	\$975,000	\$5.94
Marketing / Advertising	\$270,000	\$1.64
Sales Admin. Expenses	\$351,000	\$2.14
Commissions	\$1,434,000	\$8.73
Sales Center	\$205,000	\$1.25
Developer Overhead Allocation	\$1,000,000	\$6.09
Project Contingency	\$180,000	\$1.10
TOTAL OPERATING COSTS	\$9,015,000	\$54.91
TOTAL COSTS	\$30,015,000	\$182.82