

# Memorandum



**Date:** June 5, 2007

**To:** Honorable Chairman Bruno A. Barreiro  
and Members, Board of County Commissioners

**From:** George M. Burgess  
County Manager

**Subject:** Funding Recommendations for the FY 2007 Documentary Surtax Mid-Year Cycle

Agenda Item No. 12(A)(1)

**The following item was amended at the May 16, 2007 Economic Development and Human Services Committee meeting to include language committing future Surtax funds to projects listed in the "next in line" list of applicants upon their continued eligibility, removes Villa Maria Apartments project (\$800,000) from the "next in line" list, and corrects the subtotal for the "next in line" list accordingly. This item further corrects scrivener's errors in Exhibit A and Exhibit B related to Commission Districts.**

It is recommended that the Board of County Commissioners (BCC) approve the funding recommendations for the FY 2007 Mid-Year Request for Applications (RFA) allocating \$25 million in Documentary Surtax (Surtax) funds for gap financing. With this final or "gap" financing, the County will contribute to adding at least 1,243 affordable housing units in the County with expected completion no later than two years from this date.

## **Scope**

The impact of this resolution is to allocate \$25 million of gap funding for a minimum of ten separate projects. A thorough breakdown for each project is attached as Exhibit A, with such information as previous County funding, number of units, total development cost, type of activity, and current stage of construction.

In addition, for the information of the BCC, developers who requested a local minimum contribution (\$300,000) to access tax credits are listed in Exhibit B, with the number of associated units, and location.

## **Background on the Mid-Year RFA**

After reviewing the previous administrative procedures used by staff to recommend funding for the development of affordable housing projects, staff concluded that implementing a Mid-Year RFA would: 1) standardize the process of awarding gap financing, and 2) synchronize timing of the award of Surtax local match commitments with the Universal Application Cycle at Florida Housing Finance Corporation ("FHFC").

The BCC, through Resolution R-38-07, approved the criteria and process, and authorized the advertisement of the RFA for the FY 2007 Surtax Mid-Year Cycle to include a minimum of \$15 million. The Mid-Year 2007 RFA was structured to award funding under two categories:

- 1) Applicants that would be applying for tax credits and required a minimum local contribution to qualify, and
- 2) Applicants that had previously received tax credits from the Florida Housing Finance Corporation (FHFC) or other public funds and still required additional or "gap" funding to complete their affordable housing developments.

### **Background on the Tax Credit Process**

In order to be eligible for Housing Credits, a developer must set aside all of the units in a development that is receiving tax credits for eligible low- or very low-income residents. Rents for units funded by Housing Credits are restricted as set by the U.S. Department of Treasury in order to ensure that units are affordable to eligible families. The current FHFC rule requires a minimum compliance period of 50 years.

Given these restrictions on operating income, the proposed developments can support only a small amount of conventional market priced debt. Thus, increases in construction costs cannot be covered by borrowing additional funds in the conventional market because it is not possible to simply raise the proposed rents without rendering the project unaffordable to the target income group. Pairing Surtax funds with Housing Credits is therefore very attractive to developers facing construction funding gaps created by increases in construction costs and the very real increases in operating costs. In many cases the availability of local funds is the only mechanism available to develop rental projects for low-income families. This is especially true given recent increases in the cost of construction, land, insurance, and taxes.

The County received 26 applications requesting a minimum commitment of County funds sufficient to meet the "local match" requirement of the Universal Tax Credit Application Cycle offered by the FHFC during March of this year. One of those subsequently withdrew their application. As per the conditions established within the RFA, and as adopted by the BCC, the local match applicants were reviewed to ensure that they met the established minimum threshold criteria. Subsequent to this review it was determined that 25 applicants met threshold requirements and each received an executed commitment stating that if the applicant were to receive an award of tax credits, the County would provide the \$300,000 required as the local match contribution. Understanding that in order for a developer to receive tax credits, they must score 100 percent on their application to the state and then, compete in a lottery. Miami-Dade County expects no more than four developments to receive tax credits at which time, the total number of additional units within geographic Miami Dade can be assessed. All projects not receiving tax credits will have their County minimum contribution commitment rescinded.

### **Background on Gap Financing Process**

Gap financing is the final funding required to ensure the viability of a project. Funds are needed to either finish construction or to finalize the financing package for the projects. In order to ensure that these requests reflect actual gap financing costs, as part of this allocation process, the County is implementing a Subsidy Layering Review (SLR) process prior to issuing any funding. SLR is a process to determine the appropriate amount of subsidy necessary to complete the construction for each successful development. It is instrumental in our efforts to effectively and appropriately manage Surtax funds. This credit underwriting process will be utilized for all future RFA processes.

To accomplish this management improvement, the County has contracted with three credit underwriters to perform the analysis: AmeriNational Community Services, Seltzer Management Group, and First Housing Development Corporation. These underwriters are already contracted with the FHFC and are familiar with each of the tax credit projects for which the County received gap financing applications. These underwriters will perform the SLR on all applications being recommended for gap funding and issue an opinion as to the accuracy of the funding request. Fees associated with the SLR process will be paid by all successful applicants.

It is anticipated that the SLR analysis will be completed during May and June of 2007. It is anticipated that the SLR process will result in a total required funding amount less than the total requested by the developers, which is \$25 million across 10 developments, or 1,243 units. Should the SLR process yield enough savings to fund additional projects, staff will reduce the allocation to any of the ten projects that would have been over subsidized and fund the "next in line" applicant until the \$25 million is fully utilized.

Exhibit A includes the order of the applicants. The item was amended at the May 16, 2007 Economic Development and Human Services Committee meeting to further include language that would commit future funds towards projects in the "next in line" list of applicants.

### **Projects Requesting Gap Funding of Projects**

Developers requesting Surtax for gap financing are listed in Exhibit A, and are divided into two categories: 1) developments having already received tax credits under a prior cycle (Group A) and 2) non-tax credit developments (Group B). As dictated by the advertised document, applicants in Group A were to be awarded funds first and depending on the amount of funding available, Group B applicants would be considered. Within both groups, percentage of construction completion was a primary scoring criteria. The intent of this requirement in the scoring criteria is to expedite the availability of affordable housing. Therefore the percentage of construction completion accounts for 50 percent of a project's score. Due to the fact that the requests in Group A totaled \$52.95 million and funds available were limited to \$25 million, Group B could not be addressed in this Mid-Year cycle.

### **Fiscal Impact**

In July 2006, the County through the help of consultants produced a five-year pro forma addressing Surtax cash balances and outstanding commitments. A recent update of the pro-forma coupled with the significant amount of funding requests resulted in a decision to allocate \$25 million for this Mid-Year RFA's gap financing recommendations. The amount of funding requests for gap financing far exceeded the minimum \$15 million dollars that were made available under the Mid-Year RFA.

As indicated previously, the 25 applications for the local government contribution, have already received commitments of \$300,000, which is separate from the \$25 million allocated towards gap financing. As stated earlier, staff will not know the final amount required for the local match commitment, which is dependent on the number of developments that receive an award from the State. Given the FHFC's allocation formula, it is expected that no more than four developments will be awarded tax credits, resulting in an estimated \$1.2 million in local minimum contribution. Developers who do not receive an award from FHFC will have their commitments rescinded.

### **Additional Information**

In addition, staff is preparing a report listing all the Surtax supported developments throughout the County and their progress.

Attachments



Cynthia W. Curry  
Senior Advisor to the County Manager



# MEMORANDUM

(Revised)

**TO:** Honorable Chairman Bruno A. Barreiro  
and Members, Board of County Commissioners

**DATE:** June 5, 2007

**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)  
06-05-07

Veto \_\_\_\_\_

Override \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

RESOLUTION APPROVING THE RECOMMENDATIONS  
OF FUNDING FOR THE MIAMI-DADE COUNTY  
REQUEST FOR APPLICATIONS FOR FY 2007  
DOCUMENTARY SURTAX (SURTAX) MID-YEAR CYCLE;  
AND AUTHORIZING THE COUNTY MAYOR OR HIS  
DESIGNEE TO EXECUTE ANY NECESSARY  
AGREEMENTS

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board authorizes the recommendation of \$25,000,000 in funding for the Request for Applications for FY 2007 Funding from Documentary Surtax (Surtax) Mid-Year cycle; and upon completion of a Subsidy Layering Review Process, further authorizes the County Mayor or his designee to award funding to developments in ranked order as outlined in the accompanying memorandum in order to fully expend the \$25 million. Commits to fund those agencies listed in "Exhibit A" as Next in line in amounts no more than listed in the exhibit from FY 2008 Surtax funds, subject to receipt of sufficient Documentary Surtax funds from the State of Florida, completion of a Subsidy Layering Review process, continued eligibility of the listed projects and developers, and compliance with all applicable state and local laws. Finally, the Board authorizes the County Mayor or his designee, following approval by the County Attorney's Office, to execute agreements, contracts, and amendments on behalf of Miami-Dade County; to shift funding sources for this program activity without exceeding the total amount allocated to that agency; and to exercise amendment, modification, renewal, cancellation and termination clauses on behalf of Miami-Dade County, Florida.

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:

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

The Chairperson thereupon declared the resolution duly passed and adopted this 5th day of June, 2007. 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

**GAP TAX CREDIT APPLICANTS IN RANKED ORDER**  
Recommended Funding

DEVELOPERS NAME/APPLICANT	ACTIVITY / PROJECT NAME	ACTIVITY ADDRESS	TOTAL DEVELOPMENT COST (TDC)	PRIOR COUNTY FUNDS AWARDED	RECOMMENDED GAP FUNDING PRIOR TO SLR	ACTIVITY TYPE	UNITS	CONST. STAGE	COMM. DIST.	SCORE
1 Pinnacle Housing Group (35)	Los Suenos	500 NW 36 St., Miami, FL 33127	\$33,352,270	\$2,000,000	\$2,500,000	Rental	179	85%	3	90
2 Carrfour Supportive Housing (8)	Harding Village	8500-8540 Harding Ave., Miami Beach, FL 33141	10,415,994	1,400,000	1,427,633	Rental Rehab	92	98%	4	84
3 Corinthian Apartments, Ltd./Pinnacle Housing Group (12)	Corinthian Apartments	7705 NW 22nd Ave., Miami, FL 33147	19,757,957	4,000,000	1,400,000	Rental	126	50%	2	75
4 Pinnacle Park, Ltd./Pinnacle Housing Group (37)	Pinnacle Park	7901 NW 7 Ave., Miami, FL 33150	31,384,088	1,000,000	2,000,000	Rental	135	22%	3	55
5 Sugar Hill Apartments, Ltd./Urban League of Greater Miami (47)	Sugar Hill Apartments	NW 71 St. & 14th Ave., Miami, FL 33142	14,505,568	1,100,000 2,801,206	3,500,000	Rental Rehab	132	19%	2	45
6 Royalton Development, LLC (43)	Royalton	131 SE 1 St., Miami, FL 33131	16,839,076	1,000,000 880,000	1,250,000	Rental H	100	7%	5	40
7 Coral Place Limited Partnership (11)	Coral Place	1001 NW 54 St., Miami, FL 33127	21,578,997	4,100,000	1,287,638	Rental	100	0%	3	25
8 Pinnacle Square, Ltd./Pinnacle Housing Group (40)	Pinnacle Square	8340 NE 1 Place, Miami, FL 33138	28,520,754		3,219,095	Rental	110	0%	3	25
9 Pinnacle Place, Ltd./Pinnacle Housing Group (38)	Pinnacle Place	5600 NE 4th Ave., Miami, FL 33137	32,210,843	2,600,000	3,586,991	Rental	137	0%	3	25
10 Pinnacle Plaza, Ltd./Pinnacle Housing Group (39)	Pinnacle Plaza	3650 NW 36th St., Miami, FL 33142	34,196,550	1,000,000	4,828,642	Rental	132	0%	2	25
<b>TOTAL RECOMMENDED FUNDING PRIOR TO SUBSIDY LAYERING REVIEW</b>					<b>\$25,000,000</b>		<b>1,243</b>			

**POSSIBLE FUNDING AFTER SLR PROCESS**

"Next in Line"

DEVELOPERS NAME/APPLICANT	ACTIVITY / PROJECT NAME	ACTIVITY ADDRESS	TOTAL DEVELOPMENT COST (TDC)	PRIOR COUNTY FUNDS AWARDED	RECOMMENDED GAP FUNDING PRIOR TO SLR	ACTIVITY TYPE	UNITS	CONST STAGE	COMM. DIST.	SCORE
11 Pinnacle Housing Group (36)	Postmaster	8800 SW 8 St., Miami, FL 33174	9,970,252	\$2,000,000	\$3,000,000	Rental	55	0%	10	24
12 Emerald Terrace Limited Partnership/The Gatehouse Group, LLC (14)	The Emerald	NW 72nd Terrace&NW 2nd Ave., Miami, FL 33150	\$31,828,843	-	7,000,000	Rental	124	0%	3	20
13 Village Allapattah Development, LLC (53)	Village Allapattah	2370 NW 17th Ave., Miami, FL 33142	30,603,613	-	6,750,000	Rental	110	0%	3	20
14 Village Carter Development, LLC (54)	Village Carver	401 NW 71 St., Miami, FL 33150	27,574,154	-	4,350,000	Rental	112	0%	3	20
15 St. David Development, LLC (350 NW LLC) (45)	Labre Place also know as St. David	350 NW 4th St., Miami, FL 33128	30,603,596	1,300,000	2,300,000	Rental	90	0%	5	19
16 Poinciana Grove, Ltd./Carlisle Development Group, LLC (42)	Poinciana Grove	5601 NW 2 Ave., Miami, FL 33127	22,322,845	-	3,200,000	Rental	80	0%	3	14
17 Parkview Gardens, LP (33)	Parkview Gardens	1475 NW 61 St., Miami, FL 33142	8,535,882	250,000	1,350,000	Rental	40	0%	3	12
<b>TOTAL PRIOR TO SUBSIDY LAYERING/REVIEW</b>					<b>\$27,950,000</b>		<b>611</b>			

8:

**LIST OF APPLICANTS FOR \$300K LOCAL GOVERNMENT CONTRIBUTION  
Exhibit "B"**

DEVELOPERS NAME/APPLICANT	ACTIVITY/PROJECT NAME	ACTIVITY ADDRESS	TOTAL DEVELOPMENT COST (TCD)	ACTIVITY TYPE	UNITS	COMM DIST	HFHC LOTTERY NUMBER
1 Biscayne Trace, LLC (2)	Biscayne Trace Apartments	185 NE 84 St, Miami, FL 33138	21,815,040	Rental	80	3	85
2 Brickell View Terrace/Pinnacle Housing Group (3)	Brickell View Terrace	940 SW 1 Ave., Miami, FL 33130	23,469,726	Rental	100	5	126
3 Camacol Tower, Ltd./Pinnacle Housing Group (4)	Camacol Tower	1401 West Flagler St., Miami, FL 33135	20,633,951	Rental	84	5	45
4 Carlisle Group IV, Ltd. (5)	Everett Stewart, Sr. Village	NW 29 Ave. & NW 53 St., Miami, FL 33142	27,596,672	Rental	102	3	1
5 Carlisle Group IV, Ltd. (6)	Everett Stewart, Sr. Village Phase II	NW 29 Ave. & NW 51 St., Miami, FL 33142	27,782,134	Rental	108	3	145
6 Carfour Supportive Housing (7)	Skyline Project	6900-6920 NE 2nd Ave., Miami, FL 33138	21,846,988	Rental	72	3	118
7 Casa Bella Apartments, Ltd./Pinnacle Housing Group (9)	Casa Bella Apartments	1455 NW 35 St., Miami, FL 33142	26,381,077	Rental	99	3	144
8 City Heights Apartments, Ltd. (10)	City Heights Apartments	750 NW 36th St., Miami, FL 33127	26,877,000	Rental	100	3	122
9 Emerald Bay Apartments, Ltd. (13) (WITHDRAWN)	Esmeralda Bay (WITHDRAWN)	3100 NW 7th Ave., Miami, FL 33127	15,851,085	Rental	70	3	N/A
10 Friendship Tower Phase II, Ltd./Pinnacle Housing Group (15)	Friendship Tower Phase II	1555 NW 36th St., Miami, FL 33142	20,648,885	Rental	88	3	155
11 Georgia Apartments, LLC (17)	Biscayne Court	5211 NW 17 Ave., Miami, FL 33142	16,800,765	Rental	60	3	26
12 Georgia Ayers Apartments, LLC (18)	Georgia Ayers Apartments	13280 Port Said Rd., Opa-Locka, FL 33054	13,134,046	Rental	72	1	140
13 Las Nubes Apartments/Pinnacle Housing Group (20)	Las Nubes Apartments	1472 NW 36th St., Miami, FL 33142	17,196,205	Rental	71	3	175
14 Lemon City Apartments, LLC (23)	Lemon City Apartments	102 NW 62 St., Miami, FL 33150	19,960,308	Rental	70	3	114
15 Madison Housing II, Ltd./The Gatehouse Group (24)	Madison Plaza	NW 7 St. bet NW 5 & NW 6 Ave., Miami, FL 33136	9,901,576	Rental	43	3	56
16 Madison Housing, Ltd./The Gatehouse Group (25)	Madison View	NW 5 Ave. bet NW 6 & NW 7 St., Miami, FL	28,985,787	Rental	120	3	125
17 Poinciana Gardens View, Ltd. (26)	The View at Poinciana Gardens	NW 12 Ave & NW 36 St., Miami, FL 33142	15,264,735	Rental	70	3	95
18 Moriah Apartments, Ltd./Pinnacle Housing Group (31)	Moriah Apartments	1735 SW 8 St., Miami, FL 33135	28,009,470	Rental	100	5	N/A
19 Notre Dame Development, LLC (32)	Notre Dame	5725 NW 2 Ave., Miami, FL 33127	26,881,465	Rental	90	3	162
20 Pinnacle Heights, Ltd./Pinnacle Housing Group (34)	Pinnacle Heights	7400 NE Miami Court, Miami, FL 33138	26,986,888	Rental	104	3	53
21 Poinciana Gardens, Ltd. (41)	The Cove at Poinciana Gardens	1230 NW 36th St., Miami, FL 33142	15,264,735	Rental	70	3	180
22 Spinal Cord Living Assistance Development inc. (44)	SCLAD Plaza	201 E. Second St., Hialeah, FL 33010	3,270,914	Rental	18	6	N/A
23 Sunrise Commons, Ltd. (48)	Sunrise Commons	26600 Naranja Rd., Miami, FL 33032	23,446,000	Rental	100	8	11
24 JDG VI, LLC (51)	Jazz Village	316 NW 11th St., Miami, FL 33136	18,633,387	Rental	75	3	119
25 Village Carver Phase II, LLC/Carlisle Development, LLC (55)	Village Carver Phase II	North Side of NW 71 St. & NW 5 Ave., Miami, FL 33150	24,064,130	Rental	98	3	43
26 Village Carver Phase III, LLC/Carlisle Development Group, LLC (56)	Village Carver Phase III	North Side of NW 71 St. & NW 5 Ave., Miami, FL 33150	27,123,055	Rental	98	3	63

Note: Emerald Bay Apartments, Ltd withdrew their request for the Esmeralda Bay project