Memorandum

MIAMI-DADE COUNTY

Date: May 18, 2010

Supplement to Agenda Item No. 14(A)1

To: Honorable Chairman Dennis C. Moss and Members, Board of County Commissioners

From: George M. Burgess County Manager

Subject: Supplemental Report on the Steven E. Chaykin Apartments (formerly 321-327 Michigan Avenue) Affordable Housing Development

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The following supplemental report provides additional information regarding the Resolution authorizing a unit change to Steven E. Chaykin apartments (formerly 321-327 Michigan Avenue), which was discussed at the last meeting of the Housing and Community Development (HCD) Committee on April 14, 2010. More specifically, the information serves as a justification to authorize the reduction of previously approved units, from 40 to 30.

Project History

On August 24, 2005, The Housing Authority of the City of Miami Beach (HACMB) submitted an application for Documentary Surtax (Surtax) in the amount of $2 million to fund the construction of a 40-unit elderly housing building under the 2006 Request for Applications (RFA) process. Based on the funding request level of $2 million, the RFA required that a minimum of 12 units be County assisted. The HACMB proposed to provide 40 units or 28 additional units above the minimum required level. The project anticipated a $300,000 development fee (developer profit).

The County received approximately $70 million in requests for funding under the 2006 RFA, including the $2 million from HACMB for this project. On January 24, 2006, through Resolution R-131-06, the County only awarded $1.6 million, which is $400,000 less than the amount requested, for the 40-unit building. At the time of the Surtax award in January 2006, the developer had not secured any other funding and was advised by County staff to seek additional funding.

Around the same time of the Board of County Commissioners' (BCC's) award, the Florida Housing Finance Corporation (FHFC) issued a notice of funding that up to $10 million in HOME funds were available for the development of housing for the special needs population. HACMB modified the development to provide housing for elderly persons with disabilities in order to apply for funding. The architect modified the design of the building to be fully ADA accessible and incorporated features, such as: 1) two separately located elevators to better address the needs of the special needs residents, and 2) unit sizes were increased from 550 square feet to between 558 and 580 square feet. At that time, the composition of the development was changed from 40 to 30 units.

On April 18, 2006, HACMB submitted an application to the FHFC for approximately $2.762 million and was awarded the full amount on June 9, 2006. On April 21, 2006, HACMB submitted an application to the City of Miami Beach for $367,613 in additional HOME funds to further leverage the Surtax funds awarded by the County. On July 12, 2006, the City made a partial funding award of $200,000.

In summary, certain aspects of the project were enhanced as a result of the HOME funds and are consistent with the project description approved by the BCC. The following enhancements were not mentioned during the discussion of the Resolution to reduce the number of units at the April 14 HCD Committee meeting, and include the following:

- Changed from an elderly housing development to housing for elderly persons with disabilities.

- Increased the size of the units from the initial 550 square feet to a range of 558 to 580 square feet.
- Reduced the net rent per square foot to $13.50 from the initial $16.39 anticipated.
- Changed the project scope to provide housing to the extremely low-income population. Previously, all units were targeting rents to persons at 50 percent of average median income (AMI). The project now provides six units to extremely low-income elderly disabled persons with incomes less than 30 percent of the AMI.

As a final measure, the County requested a subsidy layering review (SLR) to ensure only the necessary funding was in place. The County's third-party underwriter, confirmed the project is fully financed through a HOME Loan from the Florida Housing Finance Corporation (FHFC), the County's $1.6 million Surtax commitment and the grant from the City of Miami Beach.

This change in the number of units is necessary for consistency with the application approved by the FHFC, as well as the grant by the City of Miami Beach. Both applications to the FHFC and Miami Beach were submitted after the design was completed with the 30-unit configuration. Despite the reduction of units, the overall total development cost of $5.1 million has remained constant from the initial consideration of the project, as verified through the underwriter's cost certification. At the time of the initial $1.6 million Surtax funding, all numbers and design considerations were estimates. With each request for funding, the project became fully refined. The architect worked with each new requirement such as the extra elevators to accommodate the disabled, and the City's permitting and zoning restrictions. The final product is a 30-unit affordable housing development for the disabled elderly population.

After further discussion with HACMB, it recommended that the affordability period for the project be extended to 100 years, representing an increase of 70 years to the affordability period, commencing upon the closing of the loan. Incorporation of this extended affordability period requires that the item be amended.

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