

Memorandum



Date: March 6, 2012
To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

Supplement to
Agenda Item No. 11A2

From: Carlos A. Gimenez
Mayor 

Subject: Background Information on Star Creek Atlantic, Ltd. and Star Creek Biscayne, Inc.

The Administration is providing the following information regarding the Star Creek Biscayne and Star Creek Atlantic projects.

Project	Address	Units	Very Low Income Set Aside Units	Commission District
Star Creek Atlantic	361 NE 191 Street Miami, FL 33179	144	31	1
Star Creek Biscayne	401 NE 191 Street Miami, FL 33179	170	51	1

On August 3, 2011, the owners of Star Creek Atlantic and Star Creek Biscayne affordable housing developments (the "Developments") requested approval to pay off the remaining balance of the existing Housing Development Action Grant (HODAG) loans. As of January 31, 2012, the payoff amount for the loans, combined, is approximately \$803,000. The HODAG program is no longer active; any proceeds received will be treated as program income. As such, the early forgiveness and permission to sell the property will be contingent upon the new owner executing such agreements and covenants necessary for the County to continue ensuring the units remain affordable until the year 2018.

On November 27, 1985, a loan was given for Star Creek Atlantic in the amount of \$1,436,900 at 6 percent for 20 years and was secured with a second mortgage. In 2002, Miami Dade County subordinated and modified the loan when Star Creek Atlantic, Ltd. acquired the property. The principal balance at the time of this modification was \$1,397,286 and was structured as follows:

- Payment of \$66,000 towards the principal balance reducing the principal balance to \$1,331,288;
- \$100,000 amortized at 2% commencing on November 29, 2002 for 20 years;
- \$400,000 amortized at 2% commencing on June 30, 2008 for 10 years; and
 - A total of \$300,000 was forgiven as a result of capital improvements to the project.
- Remaining balance of \$831,288 is forgiven and waived at the rate of \$83,128.80 per year, commencing on June 30, 2008 for 10 years.

On April 7, 1987, a loan was given for Star Creek Biscayne, in the amount of \$2,824,089 with an interest schedule as follows:

- 0% for the first 6 years;
- 1% in year 7;
- 2% in year 8;
- 3% in year 9;
- 4% in year 10;
- 6% in years 11 through 20; and
- A balloon payment of \$2,824,089 in year 20.

In 2002, the County subordinated and modified the loan when Star Creek Biscayne, Ltd. acquired the property. The principal balance at the time of this modification was \$2,824,089 and was structured as follows:

- Payment of \$134,000 towards the principal balance reducing principal balance to \$2,690,089;
- \$200,000 amortized at 2% commencing on November 29, 2002 for 20 years;
- \$800,000 amortized at 2% commencing on June 30, 2008 for 10 years; and
 - A total of \$300,000 was forgiven as a result of capital improvement to the project.
- Remaining balance of \$1,690,089 is forgiven and waived at the rate of \$169,008.90 per year commencing June 30, 2008 for 10 years.

For both Developments, the loan documents stipulate that in the event the current owners sell or convey the properties before the expiration of the respective restrictive covenant, then the entire amount of the respective Note will become due – including portions already forgiven – unless the purchaser agrees in writing to assume the Note and Mortgage and agrees to honor the restrictive covenant until 2018.

The current owners are seeking to pay off of the existing non-forgivable debt on both loans totaling approximately \$803,000 together and sell the properties. The owner is also requesting that the Board authorize the early forgiveness of \$1,764,700, which represents the -forgivable portion of the loan(s). The new owner(s) will comply with the existing restrictive covenants. The owner has agreed that any authorization to forgive the loans and permit transfer of the properties is contingent upon the new owner(s) executing and recording all necessary estoppels, agreements and covenants deemed necessary by the County to ensure continued affordability of the Developments until 2018. Annual monitoring and contract compliance with the restrictive covenants will continue to be performed by the Department of Public Housing and Community Development.



Deputy Mayor