MEMORANDUM

Agenda Item No. 14(A)(3)

TO:	Honorable Chairwoman Rebeca Sosa and Members, Board of County Commissioners	**DATE:**	February 5, 2013
FROM:	R. A. Cuevas, Jr. County Attorney	**SUBJECT:**	Resolution approving the sale or transfer of the Villages of Naranja affordable housing development to Malibu Gardens Apartments, Ltd., an affiliate of Landmark Development Corp.

The accompanying resolution was prepared by the Public Housing and Community Development Department and placed on the agenda at the request of Prime Sponsor Commissioner Dennis C. Moss.

R. A. Cuevas, Jr.
County Attorney

RAC/lmp

Memorandum

MIAMI-DADE COUNTY

Date: February 5, 2013

To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

From: Carlos Gimenez
Mayor

Subject: Approving the Sale of the Villages of Naranja Affordable Housing Development to Malibu Gardens Apartments, Ltd., an affiliate of Landmark Development Corp

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Recommendation

It is recommended that the Board of County Commissioners (Board) approve the attached resolution to approve the sale (or transfer of ownership and/or the general partner interest) of the Villages of Naranja development, of which Villages of Naranja, Ltd. is the sole owner, to Malibu Gardens Apartments, Ltd., an affiliate of Landmark Development Corp. (Landmark), as reflected in Exhibit I; and authorizes the County Mayor or the County Mayor's designee to enter into contract(s) and loan documents with the new entity to secure or subordinate the County's interest in the project and ensure compliance with the federal, state and local requirements.

Scope

The Villages of Naranja development is a completed affordable housing rental development comprised of 259 affordable rental housing units, playground, laundry facilities, community room, and swimming pool, located at 13700 SW 268 Street, in Commission District 9.

Fiscal Impact / Funding Source

No additional funding is being awarded to this project, and there is no direct fiscal impact to Miami-Dade County.

Approval of this item authorizes Miami-Dade County to enter into agreements with the new general partners/owner to assume the outstanding debt owed to the County and to modify existing agreements in order to protect the County's secured interest in the project. The current debt to the County for Villages of Naranja is $6 million.

Monitoring

Annual monitoring for compliance with the executed agreements, including rental regulatory agreements, will continue to be performed by Public Housing and Community Development (PHCD). As a part of the sale or transfer of the project, the new owner will agree to the existing 30-year affordability period. PHCD Supervisor, Lourdes Perez and the compliance staff will continue to work with the developer to address compliance issues related to the physical condition of the property in order to ensure compliance with the federal, state and local requirements.

Background

In 2008, Miami-Dade County, the Florida Housing Finance Corporation (FHFC), and Greater Miami Neighborhoods, Inc. worked together to develop a financing solution whereby properties still under Greater Miami Neighborhoods Inc. control could remain affordable through the following methods: by transferring ownership of properties by bringing in a new general partner into each owner entity and by transferring ownership and control to protect the affordable units from the bankruptcy process. On January 10, 2008, prior to Greater Miami Neighborhoods, Inc. declaring bankruptcy, the Board adopted Resolution No. R-24-08, which permitted the transfer of the general partnership interest and/or ownership of 18 developments (of which Villages of Naranja is one of the 18 developments) owned in part or in full by Greater Miami Neighborhoods, Inc. to two entities: Enterprise Community Partners, Inc.

and Preservation of Affordable Housing, Inc. This transfer was necessary to preserve the County's interest in the 18 properties.

However, Greenwich Institutional Tax Credit Fund 1993 LP, the tax credit equity investors for Villages of Naranja, exercised their right to retake ownership and management of the project prior to the implementation of the financial solution, and as such, the new general partner was not included as part of Resolution No. R-24-08. As a result, the Board approved Resolution No. R-604-10 to correct the transfer of the general partnership interest in the development to the new general partner chosen by Greenwich Institutional Tax Credit Fund 1993 LP, Replacement, GP LLC, and permitted the County to take necessary actions to protect its financial interest and enter into contracts and loan documents with Villages of Naranja, Ltd. (new general partner). Concurrent with the replacement of the general partner, Richman Property Services assumed the day-to-day property management duties.

Villages of Naranja, Ltd., with Greater Miami Neighborhoods, Inc. as the general partner, received $5 million of HOME Disaster Relief funding in 1994 to rehabilitate the project after Hurricane Andrew. The HOME Disaster Relief loan was a zero percent balloon mortgage due on October 1, 2009. This $5 million loan to Villages of Naranja, Ltd. was not repaid in 2009 but was restructured in May 2012 with the maturity date and affordability period extended until 2042.

Also in May 2012, the County closed with Villages of Naranja, Ltd. on an outstanding $1 million Documentary Stamp Surtax (Surtax) loan approved by the Board under Resolution No. R-32-07 for rehabilitation work. That loan also included a maturity date of and affordability period until 2042. The Surtax funds were awarded to perform much needed repairs to the property, of which $438,627.53 has been expended. The remaining balance will become available to the new owner to complete needed repairs to the property.

The Villages of Naranja project recently received approval from the Housing Finance Authority Board as well as the Economic Development and Social Services Committee for bond financing to upgrade and further develop this property. This project was also submitted by Malibu Gardens Apartments, Ltd. (an affiliate of Landmark) for funding consideration through the FY 2013 Consolidated Request for Applications (RFA) process. The current owner is working closely with Landmark to structure a transaction that will transfer ownership of the property from Villages of Naranja, Ltd. to Malibu Gardens Apartments, Ltd. To this end, Landmark has pursued additional first mortgage financing for the property, which will be used for extensive renovations to the units and the overall development, greatly improving the property. To accomplish this goal and as part of this process, the current developer is requesting that Miami-Dade County provide consent to approve the sale of the property owned by the Villages of Naranja, Ltd. to Malibu Gardens Apartments, Ltd., an affiliate of Landmark, and permit Malibu Gardens Apartments, Ltd. to assume all County financing relating to this development. The additional financing may include an increase of the first mortgage and require the County's subordination to that additional amount.

All of the units in the development are set aside for families earning 60 percent or less of the Area Median Income (AMI). The building is currently operating under a Rental Regulatory Agreement (RRA) that restricts rental rates in accordance with FHFC and the U.S. Department of Housing and Urban Development (HUD) guidelines. The current Rental Regulatory Agreement ensures these rental rates remain affordable until 2042. By assuming the County loans, Malibu Gardens Apartments, Ltd. is aware that the affordability period extends until 2042.

Russell Benford, Deputy Mayor

Exhibit I - Villages of Naranja Transfer to Landmark

Ownership/Managing Partner	Ownership Period	County Resolution	County Funding
Greater Miami Neighborhoods, Inc.	May 4, 1993 to May 8, 2007	R-32-07	$5,000,000 and $1,000,000
Greenwich Institutional Tax Credit Fund 1993 LP and Named Replacement GP, LLC as the General Partner (Villages of Naranja Ltd.)	May 9, 2007 to Present	R-24-08 and R-604-10 Transfer general partner to wrong entity; R-604-10 corrected transfer from GMN to Villages of Naranja, Ltd.	
Malibu Gardens Apartments, Ltd.	Expressed interested in purchasing the property in March 2012.	Pending Board Approval	

MEMORANDUM
(Revised)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: February 5, 2013

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Agenda Item No. 14(A)(3)

Please note any items checked.

_____ **"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**

_____ **Ordinance creating a new board requires detailed County Mayor's report for public hearing**

✓ **No committee review**

_____ **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous _____) to approve**

_____ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 14(A)(3)
2-5-13

RESOLUTION NO. _____

RESOLUTION APPROVING THE SALE OR TRANSFER OF THE VILLAGES OF NARANJA AFFORDABLE HOUSING DEVELOPMENT TO MALIBU GARDENS APARTMENTS, LTD., AN AFFILLIATE OF LANDMARK DEVELOPMENT CORP.; AUTHORIZING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO ENTER INTO CONTRACT(S) AND LOAN DOCUMENTS WITH THE NEW ENTITY TO SECURE OR SUBORDINATE THE COUNTY'S INTEREST IN THE PROJECT AND ENSURE COMPLIANCE WITH FEDERAL, STATE AND LOCAL REQUIREMENTS

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:

Section 1. The Board ratifies and adopts the matters set forth in the foregoing recitals and in the accompanying justification memorandum.

Section 2. The Board approves the sale (or transfer of ownership and/or the general partner interest) of the Villages of Naranja Development, of which Villages of Naranja, Ltd. is the sole owner, to Malibu Gardens Apartments, Ltd., an affiliate of Landmark Development Corp., and the Board further authorizes the County Mayor or the County Mayor's designee to enter into agreements and loan documents with the new general partners/owner to assume the outstanding debt owed to the County and to modify existing agreements in order to protect the County's secured interest in the project and ensure compliance with the federal, state and local requirements. The current debt to the County for Villages of Naranja is $6 million.

Section 3. Pursuant to Resolution No. R974-09, the Board directs the County Mayor or the County Mayor's designee to record the instruments assigning or otherwise securing the County's interest in the Villages of Naranja project in the Public Records of Miami-Dade County, Florida; and to provide a recorded copy of the instruments to the Clerk of the Board within thirty (30) days of execution of said instruments and directs the Clerk of the Board to attach and permanently store a recorded copy together with this resolution.

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:

Rebeca Sosa, Chairwoman
Lynda Bell, Vice Chair

Bruno A. Barreiro	Esteban L. Bovo, Jr.
Jose "Pepe" Diaz	Audrey M. Edmonson
Sally A. Heyman	Barbara J. Jordan
Jean Monestime	Dennis C. Moss
Sen. Javier D. Souto	Xavier L. Suarez
Juan C. Zapata	

The Chairperson thereupon declared the resolution duly passed and adopted this 5th day of February, 2013. 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. BKN

Brenda Kuhns Neuman