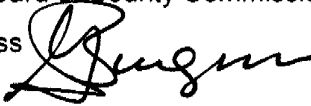


## Memorandum



**Date:** August 24, 2006

**To:** Honorable Carlos Alvarez, Mayor  
Honorable Chairman Joe A. Martinez  
and Members, Board of County Commissioners

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

**Subject:** Status Report 3 – Miami-Dade Housing Agency

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The following is the third update on issues pertaining to the Miami-Dade Housing Agency (MDHA). This report is a status of the County's efforts regarding the County's relationship with the MDHA Development Corporation, and the conditions at the Ward Towers Assisted Living Facility (ALF).

### **MDHA Development Corporation**

The MDHA Development Corporation was created by Resolution R-903-00 as a not-for-profit organization for the development of residential and commercial developments, such as the Ward Towers ALF, and to take related actions in furtherance of MDHA's mission, purpose and goals. Since its inception, the MDHA Development Corporation has existed primarily because of its relationship with the County. The MDHA Development Corporation's dealings with the County include:

- Allocations totaling \$30.3 million, of which \$16 million from Documentary Stamp Surtax has been transferred;
- Transfer of an additional \$1 million from operating and capital funds, increasing the total amount transferred to \$17 million;
- Conveyance of 71 properties for infill and other affordable housing developments, of which only 59 have been transferred; and
- Award of lease agreements for Smather's Plaza, Virrick I and II, Townhouse Villas, and the construction of a wellness center which was later cancelled.

As staff analyzed the Infill Housing Initiative Program (IHIP), I was made aware of issues regarding development delays on various projects. Because of the significant number of parcels conveyed and the lack of progress, I immediately requested an audit by Audit and Management Services (AMS) of the MDHA Development Corporation in April 2006. The audit is currently in progress; however, staff has expressed concerns that MDHA Development Corporation has used County funds designated for specific projects to fund other costs, including other development joint ventures. Our records reflect that MDHA Development Corporation actually spent \$9.4 million towards projects associated with the \$17 million transfer, and spent another \$600,000 on other approved projects that have not received any transfers from the County to date. In addition, \$750,000 was invested by the MDHA Development Corporation in a joint venture partnership (Sunset Pointe of South Miami, LLC) to develop a project that was cancelled by the County. Staff continues to meet with the MDHA Development Corporation to review all issues between the County and the corporation.

At my request, the County Attorney's Office in recent weeks has reviewed the resolutions, contracts, deeds, leases, other agreements, and reports in connection with affordable housing projects developed or to be developed by MDHA Development Corporation. I have also asked the County Attorney's Office to advise me on any legal issues or actions to take regarding the County's relationship with the MDHA Development Corporation.

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Upon receipt of the final audit being performed by AMS regarding the utilization of allocated Surtax and HOPE VI funds by the MDHA Development Corporation, the County Attorney's office will provide me with recommendations on available options to recover funds and/or property. I fully intend to have staff look into the reversion of parcels or re-conveyance to other entities, the cancellation of leases, and repayment of funds not used for intended purposes. I will keep the Mayor and the Board updated on any information regarding repayments, cancellation of agreements, or the reversion of property.

### **Ward Towers Assisted Living Facility**

According to *The Miami Herald* series, several deficiencies at the Ward Towers ALF today include, but are not limited to: the unfinished aquatic center with piles of construction debris, the failure to maintain a sprinkler system and fire alarm panel, building leaks, malfunctioning air-conditioning units, and the unfinished kitchen. The reality of the situation is that the enclosed therapeutic pool has not been completed, the sprinkler system is not related to the life safety system, but for lawn maintenance, and the fire alarm panel was repaired by MDHA public housing staff at the time that MDHA commenced management of the facility.

Currently, the land and buildings are owned by the MDHA Development Corporation and the County operates as the facility manager. Considering the County's role, staff discussed what can be done to correct many of these deficiencies, including minor repairs that make a big difference to the residents. Staff has toured the site, and found that there are several issues that need to be corrected; however, the current conditions of the facility do not impede the residents' ability to live in a clean and safe environment. Most notably, the pool area is located in an enclosed area behind locked doors thereby not creating a safety hazard to residents walking through the courtyard. Many of the other deficiencies cited are "punch list" items that are currently being addressed by the buildings' owners.

Staff has authorized a portion of the contract retainage payment (approximately \$800,000) and is providing assistance to the MDHA Development Corporation to complete negotiations with Delant Construction to resolve pending disputed change orders which are currently estimated at approximately \$900,000. An additional \$900,000 has been estimated as a result of the reduced amount of tax credits that will be received by the project. The total financial cost of completing the project is estimated at \$2.6 million.

Upon the completion of negotiations, Delant Construction has indicated that they will agree to return to the project site and complete the therapeutic pool. It must be noted that in order to receive all the tax credits required to pay-off the housing bonds, the therapeutic pool must be completed by February 1, 2007. Staff is working diligently to review the merits of any additional funding requests and will recommend to the Board any adjustments with appropriate funding sources.

It should be noted that a service agreement was in place between the County and the MDHA Development Corporation for County staff to provide specific services related to construction management. Although the agreement has expired, the County is owed approximately \$400,000 for services rendered.

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### **Management Assistance**

Under the leadership of Senior Advisor Cynthia W. Curry and the MDHA Management Assistance Team, MDHA has been infused with a significant resource of talents and skills. Staff from various County departments such as Finance, Water and Sewer, Office of Strategic Business Management, Enterprise Technology Services, Communications, and my office is playing a key role in fixing MDHA. As stated in my first Status Report, the local US Housing and Urban Development office has also provided staff support to help Senior Advisor Curry with the day-to-day operations of MDHA.

Individuals from the private sector have also joined the MDHA Management Assistance Team. Anne Kashmer, Executive Director of the local Fannie Mae office, has many years of experience in the financial sector and is assisting the Team with the revamping of the Documentary Stamp Surtax program.

In addition, key members of the Tampa Housing Agency (THA) staff visited MDHA and discussed with Senior Advisor Curry and the Management Assistance Team the ongoing need for technical support at MDHA as we move aggressively to restructure our organization and practices in response to US HUD's new requirements with regard to Public Housing. In addition, staff discussed the need to ensure that our Scott/Carver HOPE VI Revitalization Project moves forward in the most effective and expeditious manner possible. The County will be executing an interlocal agreement with THA to provide MDHA with technical and management consulting services on these key issues.

### **Additional Information**

As stated in my previous status report, staff continues to develop the 30-day progress report. Any additional information regarding the County's relationship with the MDHA Development Corporation, and the Ward Towers Assisted Living Facility will be included in the report.

If you have any questions or concerns, please contact Senior Advisor Cynthia W. Curry at 305-375-4126 or me directly.

C: Assistant County Managers  
Members of the MDHA Management Assistance Team