



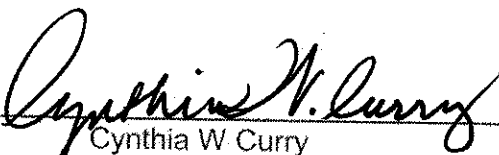
# Office of Community and Economic Development Business Plan

**Fiscal Years: 2008 and 2009**  
(10/1/07 through 9/30/09)

Plan Date: December 2007

Approved by:

  
\_\_\_\_\_  
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## DEPARTMENT MISSION

The Office of Community and Economic Development is committed to enhance our community by building and preserving affordable housing, creating and retaining jobs and improving the quality of life for our neighborhoods.

Additional departmental information can be found in the Departmental Profile (Attachment 1).

## STRATEGIC ALIGNMENT

- I. The Department's efforts align with the following Miami-Dade County Strategic Plan Goals:
- **ED1-** Allocate County Government resources in support of activities that increase and diversify jobs and income while eliminating socio-economic disparities in underserved areas.
  - **ED2--** Lead the coordination of economic development activities throughout Miami-Dade County [*within impoverished neighborhoods*]
  - **ED3-** Expand entrepreneurial development opportunities within Miami-Dade County
  - **ED4-** Create a more business-friendly environment in Miami-Dade County
  - **HH5-** Provide adequate, quality and affordable housing equitably throughout Miami-Dade County.
- II. Department-related Strategic Plan Outcomes, Departmental Objectives, and Programs & Initiatives:
- Increased number of businesses and employment opportunities in higher-paying targeted industries [**ED1-1**]
    - Provide and enhance performance-based incentives to local targeted industries
      - New businesses and jobs related to incentives/coordinated effort to promote growth in targeted industries
  - Increased number of low-to moderate-income homeowners [**ED1-3**]
    - Continue to provide low interest construction financing and incentives to developers of affordable housing
    - Continue partnerships with local lenders and intermediaries to facilitate homeownership opportunities for low and moderate income homebuyers and protect these buyers against predatory lending practices
    - Pursue additional revenue sources to fund the County's affordable housing programs

## Departmental Business Plan and Outlook

Department Name:

Fiscal Years: 2007/2008 – 2008/2009

- Improved access to capital for small and minority business linked to meaningful technical assistance **[ED1-9]**
  - Coordinate loan and venture capital programs that structured to address requirements of small and medium size businesses, with emphasis on equity
  
- Coordinated effective economic and community development programs **[ED2-1]**
  - Consolidate economic development planning into one unified, proactive structure
  - Establish system to track economic development plan implementation
  - Establish public private partnerships to promote economic development
  - Distribute County funds based on pre-established criteria including agency performance

Initiative: Develop a strategy for \$75.0 million GOB Economic Development Fund

- Higher leveraging of County programs' financial resources with private sector financing **[ED3-3]**
  - Enhance and promote County-driven loan guarantee programs that would contribute to reducing the financial risk to private sector financing entities
    - Increase the dollar amount of business loans in minority and other at-risk communities
  
- Improved infrastructure and redevelopment to attract businesses to underserved and distressed areas **[ED4-1]**
  - Identify and improve aesthetics in neglected neighborhoods

Initiative: Develop a strategy for \$15.0 million GOB Economic Development Fund In Targeted Urban Areas (TUA'S)

- Increased availability of affordable and special needs housing **[HH5-1]**
  - Assess existing land use policies and building codes and identify affordable and special needs housing barriers
  - Coordinate with affordable and special needs housing providers and County Planning and Zoning staff to review potential changes and their impact (e.g. land use density increases impact on the surrounding community schools, etc.)
    - Accelerate completion of new housing and rehabilitated units
    - Provide homebuyer assistance or tenant-based rental assistance
    - Convey land parcels for housing development

## Departmental Business Plan and Outlook

Department Name:

Fiscal Years: 2007/2008 – 2008/2009

- Provide construction financing and or other incentives/subsidy to developers of affordable housing

Initiative: Develop and implement strategy for \$137.0 million GOB funds for affordable housing - December 31, 2007

Initiative: Develop and implement strategy for \$32.3 million GOB Public Housing sites.

Initiative: Issue GOB RFP for Phase I development of affordable housing by January 15, 2008

## PERFORMANCE MEASURES AND TARGETS

For ease of reference, specific information regarding departmental objectives and performance measures including the targets for FY 2007-08 and FY 2008-09 can be found in Attachment 2 – Business Plan Report.

## CRITICAL SUCCESS FACTORS

### Department-wide Critical Success Factors

The Department is facing both current and future uncertainties caused by a debate at the federal government level regarding the very existence of the Community Development Block Grant (CDBG) program itself, which provides the lion's share of funding to local governments. The CDBG program is an entitlement program in transition. At the very least, the federal government Office of Management and Budget has raised questions about the manner in which grantees spend CDBG funds, the adequacy of US Department of Housing and Urban Development's (US HUD) monitoring and actions regarding programmatic non-compliance. These concerns have resulted in program reform measures. In 2006, US HUD implemented a new performance outcome measurement framework and made mechanism for reporting and maintaining project information.

In May 2006, the *Affordable Housing in Miami-Dade County: Review of Data, Policies and Initiatives* report was issued on affordable housing in Miami-Dade County that compiled existing information on the current housing inventory, projected housing need, and current and projected affordability gaps in the housing market. Since that report, housing market conditions have been quite dynamic. OCED has been tasked with the development of multi-family housing for rent or purchase on County-owned parcels, utilizing the GOB Multi-Family Housing Development Program. The following are some of the challenges to the Department's success in meeting this objective:

- Cost - the cost of development is driven by land costs, hard and soft costs, impact fees infrastructure costs and time. The cost of development and subsequent long-term debt financing must be significantly reduced to allow for below-market rents or purchase prices

## Departmental Business Plan and Outlook

Department Name:

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- Financial feasibility :
  - In the case of affordable rental housing, the question is whether rental income generated from below-market rents can support the long-term financing and other operating costs once a project is developed.
  - In the case of home-ownership units, the question is whether below-market purchase prices cover the cost of development while offering the developer a reasonable profit.
- Impact of time - barriers impacting time, specifically in the areas of permit review and issuance, have been well documented, yet solutions have not been institutionalized.

On November 2, 2004, Miami-Dade County voters approved the Building Better Communities General Obligation Bond Program (GOB Program) and, on March 1, 2005, the Miami-Dade County Board of County Commissioners (BCC) authorized the issuance of such bonds. Under the GOB program a total of \$90.0 million in bond proceeds was made available for economic development activities. The Department has been tasked with development of programs designed to accomplish the economic development objectives approved for these bond funds. While a significant portion of the funds are proposed to be used in support of infrastructure projects aligned with the department's affordable housing initiative, no major policy decisions have been addressed with respect to an overall approach to economic development programs throughout Miami-Dade County.

Miami-Dade County has received three separate Disaster Recovery CDBG awards totaling \$39.9 million from the Florida Department of Community Affairs. OCED is responsible for the administration of these funds which expire 24 months after each of the agreements have been signed. The process for distribution of these grants to other municipalities, in addition to the contract award, funding, payment processing, record keeping, monitoring and reporting for these three programs, adds a significantly increased level of administrative responsibilities to the department's portfolio.

On July 10, 2007 the BCC approved Ordinance 07-98 which added OCED as part of the administration and implementation of the Local Housing Assistance Program (LHAP) and the Local Housing Plan (LHP), along with the Miami-Dade Housing Authority (MDHA) and the Housing Finance Authority (HFA). Budget Ordinance 07-129 formally transferred the finances of the Department of Loan Administration (DLAD) from MDHA to OCED, after DLAD was put under the supervision of OCED, which had been previously been providing supervisory and administrative support to DLAD.

The November 6, 2007 Ordinance creating the Empowerment Zone strategic alliance, which placed the responsibility for implementation of the County's Empowerment Zone designation with OCED, is another activity that will extend beyond the Department's FY 2008-09 Plan year. That Ordinance is pending final approval by the BCC. Approximately \$3.9 million of federal Empowerment Zone funds remain to be used within the Zone and a method and staff resources must be put into place for the management of the Empowerment Zone, until the designation expires on December 31, 2009.

Expansion of the department's portfolio to include consolidation of the housing development function from MDHA, the Urban Economic Revitalization Task Force and the Empowerment Zone, will necessitate significant support from the County's Enterprise Technology Services

## **Departmental Business Plan and Outlook**

**Department Name:**

**Fiscal Years: 2007/2008 – 2008/2009**

Department to develop systems that will support the activities of each of these functions. Additionally, the departments from which staff who comprise the GOB Housing Development Team has been assigned, must be encouraged to continue to commit those staff persons for the entire period of the Team's development and implementation of affordable housing strategies.

### **Critical Success Factors for Specific Objectives**

- Provide decent and affordable housing for low -and moderate income people
  - Ability to maximize financing for multi-family rental housing units with varying income/subsidy levels.
  - Ability to maintain other County Department's participation on the interdisciplinary GOB Housing Development Team.

### **3 to 5 YEAR OUTLOOK**

Any assessment of OCED'S future must recognize the uncertainty surrounding the potential of a CDBG program for which reform remains a paramount issue. Funding resources and staffing will also be significant factors in assessing the department's prospects. These factors notwithstanding, the key to the future of OCED will largely be how effectively management is able to restructure the department to accommodate some of the new functions of the Urban Economic Development Task Force (URTEF) and the Empowerment Zone as the County adapts to the dynamic and constant changes in the community.

The proposed creation within the Office of Strategic Business Management of an economic research and policy unit, for the purpose of developing county wide economic development strategies will have a yet to be determined impact on the manner in which OCED approaches and implements economic development activities in the future. Currently, OCED performs limited economic development activities driven largely by the limited clientele focus of the federal programs that the department administers. Future program design, focus and development within OCED will be driven by the policy direction and strategies provided by OSBM's economic research unit.

Development of affordable housing units and expansion of homeownership through the use of the GOB Multi-Family Housing Development Program is an activity that will extend significantly beyond the Department's FY 2008-09 Plan. To meet this challenge, the Department has established an inter-disciplinary team, comprising staff from several County departments with varying skills in several areas of housing development. The team, augmented with independent housing consultants, is expected to provide the professional and technical expertise required to develop an implementation plan for the GOB housing program.

*Attachment 1*

## **DEPARTMENTAL PROFILE**

### **Department Description**

The Office of Community and Economic Development (OCED) administers federal and state funding programs including the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Program (HOME), designed to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities principally for low-income and moderate-income persons. The primary means towards this end is to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing in Miami-Dade County.

OCED is the primary County department responsible for developing affordable housing. The department will oversee the Building Better Communities general obligation bond, the Documentary Stamp Surtax, and State Housing Initiatives Partnership (SHIP) funds for affordable housing development. In addition, the department will support the Urban Economic Revitalization Task Force (UERTF) Board in the formulation of economic development policies and procedures for the Targeted Urban Areas (TUAs). A November 2007 Ordinance approved by the BCC, created the empowerment zone strategic alliance, by which OCED was given responsibility for the implementation of the County's Zone designation, further adding to the department's program capacity for economic development initiatives.

As part of the Economic Development strategic area, OCED's programs are administered primarily through sub-grantee community-based organizations (CBOs) and various County departments. To promote economic development, the Department administers loans, grants, and tax incentives through the State Enterprise Zone (EZ), Qualified Target Industry (QTI), and Targeted Job Incentive Fund (TJIF) Programs. The EZ Program offers both state and County incentives to encourage private sector investment and job creation in economically distressed areas of Miami-Dade County. The QTI and TJIF Programs encourage the relocation of higher paying jobs into Miami-Dade County and the expansion of existing companies within our community. The Department also provides infrastructure improvements and relocation assistance to individuals and businesses through the acquisition and disposition of land.

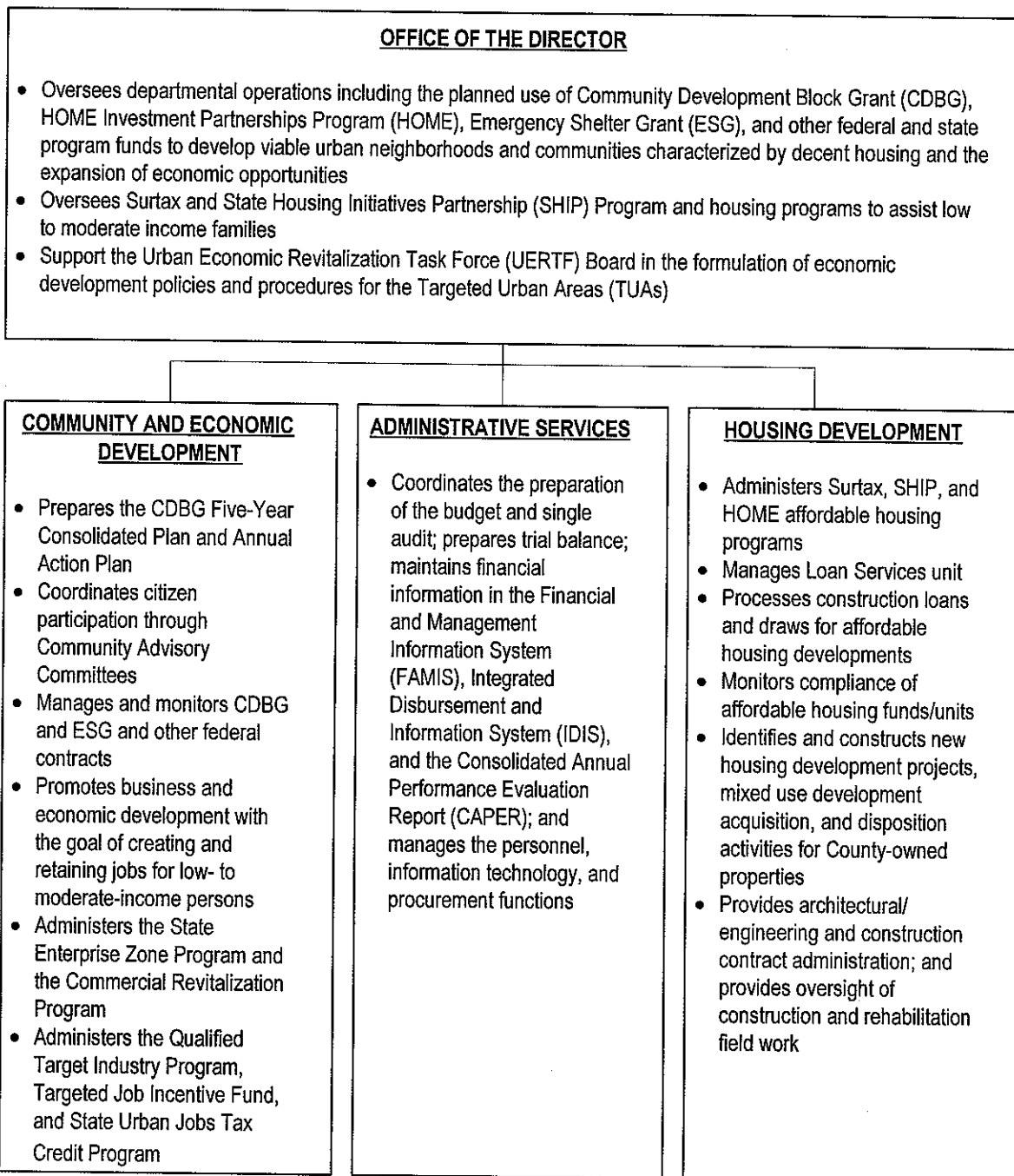
OCED works with community development corporations, CBOs, the Board of County Commissioners (BCC), and other County departments and provides services to low-income to moderate-income households.

**Departmental Business Plan and Outlook**

**Department Name:**

**Fiscal Years: 2007/2008 – 2008/2009**

**Table of Organization**



# Departmental Business Plan and Outlook

Department Name:

Fiscal Years: 2007/2008 – 2008/2009

## FINANCIAL SUMMARY

(Dollars in Thousands)	Actual FY 05-06	Budget FY 06-07	Adopted FY 07-08
<b>Revenue Summary</b>			
General Fund Countywide	867	867	1,191
Abatement Fees	5	45	30
BEDI Carryover	0	0	2,266
Carryover	0	0	11,607
CDBG Carryover	26,948	26,948	26,950
Documentary Stamp Surtax	0	0	25,798
EDI and BEDI Loan Repayment	0	0	1,306
EDI Carryover	0	0	2,776
ESG Carryover	0	0	135
Fannie Mae Reimbursement	0	0	600
HATF Carryover	946	1,052	755
HODAG Carryover	7,191	6,000	5,959
HOME Carryover	31,301	22,727	30,014
Interest Income	0	0	3,320
Loans Servicing Fees	0	0	800
Local Business Tax Receipt	0	0	330
Program Income	118	95	120
Rental Rehab Carryover	2,132	1,400	1,683
SHIP	0	0	1,866
SHIP Loan Repayments	0	0	4,000
Surtax Carryover	0	0	61,289
Surtax Loan Repayments	0	0	11,900
State Grants	0	0	22,043
CDBG Program Income	1,075	400	400
Community Development Block Grant	18,731	17,794	18,296
Emergency Shelter Grant	862	862	808
HOME	6,087	6,608	6,517
HOME Program Income	1,808	900	900
<b>Total Revenues</b>	<b>98,071</b>	<b>85,698</b>	<b>243,659</b>
<b>Operating Expenditures Summary</b>			
Salary	4,163	4,093	7,250
Fringe Benefits	1,233	1,255	2,185
Other Operating	23,909	80,350	232,019
Capital	0	0	74
<b>Total Operating Expenditures</b>	<b>29,305</b>	<b>85,698</b>	<b>241,528</b>
<b>Non-Operating Expenditures Summary</b>			
Debt Service	0	0	2,131
<b>Total Non-Operating Expenditures</b>	<b>0</b>	<b>0</b>	<b>2,131</b>

(Dollars in Thousands) Expenditure By Program	Total Funding		Total Positions	
	Budget FY 06-07	Adopted FY 07-08	Budget FY 06-07	Adopted FY 07-08
<b>Strategic Area: Economic Development</b>				
Administration/Director	2,230	2,998	24	29
Community Development	3,602	3,843	30	32
Economic Development	1,210	1,394	11	12
Housing Development	0	109,553	0	41
Projects	78,656	123,740	0	0
<b>Total Operating Expenditures</b>	<b>85,698</b>	<b>241,528</b>	<b>65</b>	<b>114</b>

# Departmental Business Plan and Outlook

Department Name:

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## Capital Budget Summary

### CAPITAL BUDGET SUMMARY

(Dollars in Thousands)	PRIOR	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FUTURE	TOTAL
<b>Revenue</b>									
Building Better Communities GOB Program	7,562	7,261	18,011	13,238	7,257	9,000	15,000	93,930	171,259
Comm. Dev. Block Grant - 1993	300	0	0	0	0	0	0	0	300
Comm. Dev. Block Grant - 1996	700	0	0	0	0	0	0	0	700
Comm. Dev. Block Grant - 1997	75	0	0	0	0	0	0	0	75
Comm. Dev. Block Grant - 1998	515	0	0	0	0	0	0	0	515
Comm. Dev. Block Grant - 1999	849	0	0	0	0	0	0	0	849
Comm. Dev. Block Grant - 2000	306	0	0	0	0	0	0	0	306
Comm. Dev. Block Grant - 2001	78	0	0	0	0	0	0	0	78
Comm. Dev. Block Grant - 2002	1,516	0	0	0	0	0	0	0	1,516
Comm. Dev. Block Grant - 2003	1,121	0	0	0	0	0	0	0	1,121
Comm. Dev. Block Grant - 2004	1,796	0	0	0	0	0	0	0	1,796
Comm. Dev. Block Grant - 2005	1,002	0	0	0	0	0	0	0	1,002
Comm. Dev. Block Grant - 2006	1,140	0	0	0	0	0	0	0	1,140
Comm. Dev. Block Grant - Future	0	750	750	750	750	0	0	0	3,000
Community Development Block Grant 2007	2,846	0	0	0	0	0	0	0	2,846
Documentary Surtax	220	130	50	50	50	50	50	0	600
Emergency Shelter Grant	373	0	0	0	0	0	0	0	373
EPA Grant	3,252	0	0	0	0	0	0	0	3,252
Florida Department of Environmental	2,630	0	0	0	0	0	0	0	2,630
<b>Protection</b>									
HODAG	149	0	0	0	0	0	0	0	149
Home - 1995	170	0	0	0	0	0	0	0	170
Home - 2000	229	0	0	0	0	0	0	0	229
Home - 2002	500	0	0	0	0	0	0	0	500
Home - 2007	557	0	0	0	0	0	0	0	557
Other - Non County Sources	520	0	0	0	0	0	0	0	520
Rental Rehabilitation	200	0	0	0	0	0	0	0	200
State Hurricane Trust Fund	124	0	0	0	0	0	0	0	124
<b>Total:</b>	<b>28,730</b>	<b>8,141</b>	<b>18,811</b>	<b>14,038</b>	<b>8,057</b>	<b>9,050</b>	<b>15,050</b>	<b>93,930</b>	<b>195,807</b>
<b>Expenditures</b>									
<b>Strategic Area: Economic Development</b>									
Future Capital Projects	0	750	750	750	750	0	0	0	3,000
<b>Strategic Area: Health And Human Services</b>									
Day Care Facilities	0	200	0	0	0	0	0	0	200
Departmental Information Technology	220	130	50	50	50	50	50	0	600
<b>Projects</b>									
Homeless Facilities	276	1,342	231	229	0	0	0	0	2,078
Human Services Facilities	42	674	572	565	0	0	0	0	1,853
Public Housing Improvements	2,830	7,891	17,182	13,220	5,947	9,000	15,000	93,930	165,000
<b>Strategic Area: Neighborhood And Unincorporated Area Municipal Services</b>									
Infrastructure Improvements	1,523	5,506	3,898	3,868	0	0	0	0	14,795
Neighborhood Service Centers	0	87	57	56	0	0	0	0	200
<b>Strategic Area: Recreation And Culture</b>									
Historic Preservation	1,182	425	1,081	1,998	1,478	0	0	0	6,164
Park, Recreation, and Culture Projects	586	631	350	350	0	0	0	0	1,917
<b>Total:</b>	<b>6,659</b>	<b>17,636</b>	<b>24,171</b>	<b>21,086</b>	<b>8,225</b>	<b>9,050</b>	<b>15,050</b>	<b>93,930</b>	<b>195,807</b>

## Current Business Environment

Currently, there are two conditions that have the potential to have major influences on OCED's business environment. One is with respect to the ongoing funding of the federal government programs from which the Department receives a major portion of its funding. The other is the housing crisis in Miami-Dade County.

The reason for concern for the ongoing funding of the federal programs can be best gauged by summarizing a sampling of a recently published report on the Community Development

## **Departmental Business Plan and Outlook**

**Department Name:**

**Fiscal Years: 2007/2008 – 2008/2009**

Block Grant program entitled "*Bringing Communities into the 21st Century: A report on Improving the Community Development Program*", prepared for the U.S. House Subcommittee on Federalism, recommended the "Congress should refrain from enacting any legislation that would either eliminate the CDBG program or move it from the Department of Housing and Urban Development to the Department of Commerce. The report goes on to say that sustaining funding for the CDBG program should remain a federal priority. Further, HUD's newly implemented performance outcome measurement standards, has forced grantees to be more attentive to practices that tend to foster programmatic non-compliance.

The affordable housing crisis that currently exists in Miami-Dade County and in fact throughout South Florida has been caused by many factors. Primary among those has been the consistent appreciation of home values at an increasingly higher rate of return than any other form of investment in the past decade. This reality when joined together with a scarcity of land available for development has contributed to the cost of land increasing geometrically. Coupling that factor with the increased costs of construction, maintenance and insurance has made it practically infeasible to create affordable housing.

In order to keep up with the housing demand in Miami-Dade County, very-low income (household income of 50 percent or less of area median income, AMI, including extremely low-income households) and low-income (household income of 51-80 percent of AMI) households will require 39 percent of the units that will need to be built through 2015. These households will require 45 percent of the units that will need to be built between 2015 and 2025. The availability of funds to meet the deep subsidies that will be required to satisfy the housing needs of this segment is both a short and long term issue to the department.

The recent consolidation of UERTF and the EZ Alliance (the Ordinance creating the EZ Alliance is pending approval by the BCC) under OCED portends the framework for a consolidated economic development environment. The expectations of individual communities within Miami-Dade County for a comprehensive yet, area focused approach, is another factor that will influence the department's current and future business environment.