RESCINDED BY RESOLUTION NO. R-181-24 AT THE MIAMI-DADE BOARD OF COUNTY COMMISSIONER'S MEETING OF MARCH 5, 2024



# MEMORANDUM

Agenda Item No. 8(K)(1)

**TO:** Honorable Chairman Oliver G. Gilbert, III and Members, Board of County Commissioners

**DATE:** June 21, 2023

**FROM:** Geri Bonzon-Keenan
County Attorney

**SUBJECT:** Resolution approving, after a public hearing, the filing of a substantial amendment to the Fiscal Year (FY) 2022 action plan and corresponding FY 2020-2024 consolidated plan with the United States Department of Housing and Urban Development to allocate up to $1,564,000.00 of Home Investment Partnerships Program (HOME) program income funds to Cornerstone Group Development, LLC, or related entity, for the development of the Royal Pointe affordable housing project; authorizing the County Mayor to execute a conditional loan commitment and standard shell contracts, standard shell loan documents, amendments and other documents or agreements necessary to accomplish the purposes of this resolution; and authorizing the County Mayor to subordinate or modify the terms of contracts, amendments and loan documents, and to exercise the termination, waiver, acceleration and other provisions therein

Resolution No. R-520-23

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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 Kionne L. McGhee.

Geri Bonzon-Keenan
County Attorney

GBK/uw

# Memorandum

MIAMI-DADE COUNTY

**Date:** June 21, 2023

**To:** Honorable Chairman Oliver G. Gilbert, III
and Members, Board of County Commissioners

**From:** Daniella Levine Cava
Mayor

Daniella Levine Cava

**Subject:** Substantial Amendment to the FY 2022 Action Plan and Corresponding FY 2020-2024 Consolidated Plan to Allocate $1,564,000.00 in Prepaid Home Investment Partnerships Program (HOME) Program Income and Prepaid Housing Development Assistance Grant (HoDAG) Program Income, administered as HOME funds, to Cornerstone Group Development, LLC, or Related Entity, for the Development of the Royal Pointe Affordable Housing Project

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**Executive Summary**

The purpose of this item is to seek approval of the Board of County Commissioners (Board) for a substantial amendment to the Fiscal Year (FY) 2022 Action Plan and corresponding FY 2020-2024 Consolidated Plan to loan $1,564,000.00 in Home Investment Partnerships Program (HOME) program income funds from prepaid loans from prior completed affordable housing projects to Cornerstone Group Development, LLC, or related entity (Cornerstone Group), for the development of the Royal Pointe affordable housing project. The project to be funded is a 102-unit development. The redeployed HOME and HoDAG funds, administered as HOME funds, will continue to be subject to United States Department of Housing and Urban Development (HUD) regulations governing Federal grants.

**Recommendation**

It is recommended that the Board:

1. Approve a substantial amendment to the FY 2022 Action Plan and corresponding FY 2020-2024 Consolidated Plan to loan $1,564,000.00 in HOME program income funds from prepaid loans from prior completed affordable housing projects to Cornerstone Group, or related entity, for the development of the Royal Pointe affordable housing project. The HOME loan consists of HOME and HoDAG funds prepaid by Monterey Pointe Associates, LTD, Mirabella I Associates, LTD, and Valencia Pointe Associates, LTD, related entities of Cornerstone Group, in accordance with section 17-02 of the Code of Miami-Dade County, Florida;

2. Authorize the County Mayor or County Mayor's designee to execute the conditional loan commitments, in substantially the form attached to the resolution as Exhibit A, standard shell contracts, agreements, loan documents, and amendments necessary to accomplish the purposes set forth in this legislation; and

3. Authorize the County Mayor or County Mayor's designee, upon a determination that such actions are in the best interest of the County, to subordinate and/or modify the terms of contracts, amendments, and loan documents so long as such modifications are approved by the County's Attorney's Office as to form and legal sufficiency and are not substantially inconsistent with this resolution, and to exercise termination, waiver, acceleration and other provisions in said agreements and documents.

**Scope**

Royal Pointe is a planned affordable housing development, located at the northeast corner of Washington Boulevard and Dunbar Drive in Miami, Florida 33176, in Commission District 9, represented by Commissioner Kionne McGhee. Royal Pointe will consist of the new construction of 102 garden-style units. The funds recommended for allocation to this project are from prepaid loans from prior completed affordable housing projects.

**Delegation of Authority**

This item requests a delegation of authority to authorize the County Mayor or the County Mayor's designee to: (1) execute conditional loan commitments, standard shell contracts, agreements, loan documents, and amendments necessary to accomplish the purposes set forth in this legislation; (2) upon a determination that such actions are in the best interest of the County, to subordinate and/or modify the terms of contracts, amendments and loan documents so long as such modifications are approved by the County's Attorney's Office as to form and legal sufficiency and are not substantially inconsistent with this resolution; and (3) to exercise termination, waiver, acceleration and other provisions in said agreements and documents.

**Fiscal Impact/Funding Source**

This item will not have a negative impact on the County's general fund. This item is allocating prepaid HOME and HoDAG funds, administered as HOME program income, to Cornerstone Group Development, LLC, or a related entity, for the construction of the Royal Pointe affordable housing project. The reallocated HOME funds will continue to be subject to HUD's regulations governing Federal grants.

**Track Record/Monitoring**

The project will be monitored by Clarence Brown, Deputy Director, Public Housing and Community Development Department (PHCD).

**Background**

HOME funds in the amount of $500,000.00 were awarded to Monterey Pointe Associates, LTD. a related entity of the Cornerstone Group Development, LLC through Resolution No. R-1331-99 for the development of Monterey Pointe Apartments, a 240-unit affordable housing community located at 1400 E Mowry Dr, Homestead, FL 33033. The maturity date of the loan was April 30, 2032, however, the borrower paid the loan in full on December 22, 2021, as summarized in Table 1, below.

HOME funds in the amount of $1,000,000.00 were awarded to Mirabella I Associates, LTD. a related entity of the Cornerstone Group Development, LLC through Resolution No. R-489-08 for the development of Mirabella Apartments, a 200-unit affordable housing community located at 12801 SW 252nd St, Princeton, FL 33032. The maturity date of the loan was December 31, 2040, however, the borrower paid the loan in full on December 22, 2021, as summarized in Table 1, below.

HoDAG funds in the amount of $392,739.00 were awarded to Valencia Pointe Associates, LTD, a related entity of the Cornerstone Group Development, LLC through Resolution No. R-489-08 for the development of Valencia Pointe Apartments, a 148-unit affordable housing community located at 7755 NW 27th Ave, Miami, FL 33147. The maturity date of the loan was December 31, 2038, however, the borrower paid the loan in full on December 22, 2021, as summarized in Table 1, below.

**Table 1.**

| Loan # | Project Name | Funding Source | Loan Amount | Maturity Date | Pay-Off Amount | Pay-Off Date |
|---|---|---|---|---|---|---|
| 23300 | Monterey Pointe | HOME | $500,000.00 | 4/30/2032 | $172,222 | 12/22/2021 |
| 7858 | Mirabella I | HOME | $1,000,000.00 | 12/31/2040 | $1,000,000 | 12/22/2021 |
| 6721 | Valencia Pointe | HODAG | $392,739.00 | 12/31/2038 | $392,739 | 12/22/2021 |
| **TOTAL** | | | **$1,892,739.00** | | **$1,564,961.00** | |

On February 9, 2023, PHCD received a request from Cornerstone Group to redeploy a total of $1,564,000.00 of HOME funds that were prepaid from Monterey Pointe Apartments, Mirabella Apartments, and Valencia Pointe Apartments to the Royal Pointe project (Attachment 1). The item recommends that the Board approve $1,564,000.00 of HOME program income funds to support the development of the Royal Pointe affordable housing project. The remaining $961.00 in the pay-off amount was not requested for redeployment by Cornerstone Group. The prepaid loan program is designed to expedite the development of affordable housing projects by making those funds available again for new projects faster.

Upon approval of this item, a conditional loan commitment in substantially the form attached as Exhibit A to the resolution will be issued to Cornerstone Group, or related entity, for the development of the Royal Pointe affordable housing development in the amount of $1,564,000.00.

The Royal Pointe affordable housing project will be subject to a full credit underwriting analysis, including subsidy layering review. The project must receive a favorable recommendation and show written financing commitments for the total development costs, all prior to the financial closing of the loan approved herein for the release of the loaned funds. The loan shall be subject to those terms issued in accordance with section 17-02 of the Code of Miami-Dade County, Florida, and as set forth in the FY 2022 Surtax/SHIP/HOME Request for Applications (RFA), subject to change at the discretion of the County Mayor or County Mayor's designee based upon the credit underwriting analysis.

Attachment

Morris Copeland
Chief Community Services Officer

CORNERSTONE GROUP

February 9, 2023

Mr. Clarence Brown
Public Housing and Community Development
701 NW 1st Court
Miami, Florida

Re: Redeployment of $1,564,000 HOME/HODAG funds from various projects to Royal Pointe Associates, Ltd.

Dear Mr. Brown:

Several projects paid off HOME/HODAG funds in December 2021 and will be redeploying those funds for the development of 102 housing units at Royal Pointe, a new construction development breaking ground by year end 2023. The loan maturies for the projects that redeployed subsidy were all after the December 2021 payoff dates.

Royal Pointe offers a mix of 1 bedroom, 2 bedroom and 3 bedroom units, with set asides serving households earning from 33% to 70% of the median income.

Royal Pointe is located at the northeast corner of Washington Boulevard and Dunbar Drive in the Richmond Heights area of Miami-Dade County.

Should you have any questions regarding the above, please don't hesitate to contact me.

Sincerely,

Mara S. Mades
Vice President

Cc: Leyani Sosa

# MEMORANDUM
(Revised)

**TO:** Honorable Chairman Oliver G. Gilbert, III
and Members, Board of County Commissioners

**DATE:** June 21, 2023

**FROM:** Geri Bonzon-Keenan
County Attorney

**SUBJECT:** Agenda Item No. 8(K)(1)

**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**

_______ **Statement of social equity 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 present ____, 2/3 membership ____, 3/5's ____, unanimous ____, CDMP 7 vote requirement per 2-116.1(3)(h) or (4)(c) ____, CDMP 2/3 vote requirement per 2-116.1(3)(h) or (4)(c) ____, or CDMP 9 vote requirement per 2-116.1(4)(c)(2) ____) 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. 8(K)(1)
6-21-23

RESOLUTION NO. R-520-23

RESOLUTION APPROVING, AFTER A PUBLIC HEARING, THE FILING OF A SUBSTANTIAL AMENDMENT TO THE FISCAL YEAR (FY) 2022 ACTION PLAN AND CORRESPONDING FY 2020-2024 CONSOLIDATED PLAN WITH THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TO ALLOCATE UP TO $1,564,000.00 OF HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) PROGRAM INCOME FUNDS TO CORNERSTONE GROUP DEVELOPMENT, LLC, OR RELATED ENTITY, FOR THE DEVELOPMENT OF THE ROYAL POINTE AFFORDABLE HOUSING PROJECT; AUTHORIZING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO EXECUTE A CONDITIONAL LOAN COMMITMENT AND STANDARD SHELL CONTRACTS, STANDARD SHELL LOAN DOCUMENTS, AMENDMENTS AND OTHER DOCUMENTS OR AGREEMENTS NECESSARY TO ACCOMPLISH THE PURPOSES OF THIS RESOLUTION; AND AUTHORIZING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO SUBORDINATE OR MODIFY THE TERMS OF CONTRACTS, AMENDMENTS AND LOAN DOCUMENTS, AND TO EXERCISE THE TERMINATION, WAIVER, ACCELERATION AND OTHER PROVISIONS THEREIN

**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**. This Board ratifies and adopts the matters set forth in the accompanying justification memorandum as if fully set forth herein.

**Section 2**. This Board authorizes, pursuant to the provisions of section 17-02 of the Code of Miami-Dade County, Florida, a loan in the amount of $1,564,000.00 of HOME Investment Partnerships Program (HOME) program income funds to Cornerstone Group Development, LLC, or related entity, as referenced in Attachment 1 of the Mayor's memorandum, for the development of Royal Pointe, a planned new-construction, 102-unit, garden-style affordable housing community, located at the northeast corner of Washington Boulevard and Dunbar Drive in Miami, Florida 33176, in Commission District 9.

**Section 3**. This Board authorizes the County Mayor or County Mayor's designee to execute conditional loan commitments in substantially the form attached hereto as Exhibit A, standard shell contracts, standard shell loan documents, amendments, and other agreements necessary to fulfill the purposes of this resolution.

**Section 4**. This Board further authorizes the County Mayor or County Mayor's designee, upon a determination that such actions are in the best interest of the County, to subordinate and/or modify the terms of contracts, amendments, and loan documents so long as such modifications are approved by the County Attorney's Office and are not substantially inconsistent with this resolution and to exercise the termination, waiver, acceleration, or other provisions set forth therein.

The foregoing resolution was offered by Commissioner **Danielle Cohen Higgins**, who moved its adoption. The motion was seconded by Commissioner **Marleine Bastien** and upon being put to a vote, the vote was as follows:

Oliver G. Gilbert, III, Chairman **absent**
Anthony Rodríguez, Vice Chairman **aye**

| | | | |
|---|---|---|---|
| Marleine Bastien | **aye** | Juan Carlos Bermudez | **aye** |
| Kevin Marino Cabrera | **absent** | Sen. René García | **aye** |
| Roberto J. Gonzalez | **aye** | Keon Hardemon | **absent** |
| Danielle Cohen Higgins | **aye** | Eileen Higgins | **absent** |
| Kionne L. McGhee | **aye** | Raquel A. Regalado | **aye** |
| Micky Steinberg | **aye** | | |

The Chairperson thereupon declared this resolution duly passed and adopted this 21st day of June, 2023. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this resolution and the filing of this approval with the Clerk of the Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

JUAN FERNANDEZ-BARQUIN, CLERK

By: **Basia Pruna**
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency. MMG

Melissa M. Gallo

**Exhibit A**

# Miami-Dade County
# Conditional Loan Commitment

Date

To: Cornerstone Group Development, LLC., or related entity

Re: Royal Pointe
Northeast Corner of Washington Boulevard and Dunbar Drive, Miami, Florida 33176 ("the Property")

Dear Borrower:

We are pleased to advise you that on , the Board of County Commissioners (BCC) approved a Conditional Loan Commitment for development activity at the above-listed properties (the "Properties"). The loan is conditionally committed for the payment of hard construction cost as a portion of the development costs to construct the affordable housing units on the Property. This Conditional Loan Commitment is made based upon the request submitted by the Borrower for repaid loan funds, and is subject to the following terms and conditions:

**Borrower:** Cornerstone Group Development, LLC., or related entity

**Project(s):** Royal Pointe is a new construction, 102-unit, garden-style affordable housing community, located at the northeast corner of Washington Boulevard and Dunbar Drive in Miami, Florida 33176, in Commission District 9. The development will serve 17 units at or below 30% of Area Median Income (AMI), 37 units at or below 60% AMI, and 48 units at or below 70% AMI.

**Loan Amount:** The loan shall be in an amount of not-to-exceed **$1,564,000.00** as approved by the BCC in Resolution_____________ for the Royal Pointe affordable housing project, and includes all terms and conditions of such BCC approval, including project scope, activity type and, for federal funds, national objective to be achieved (the "Loan"). The loan amount may be decreased as determined by the Mayor or the Mayor's designee, based upon Underwriting (defined below) and information and documentation provided by Borrower.

**Conditions:** The Loan is conditioned upon the terms, conditions and requirements set forth below (the "Conditions"). The County shall not issue a final unconditional loan commitment, enter into a funding contract, close on the Loan or disburse the Loan funds until all the Conditions are met.

**Collateral:** Upon satisfaction of the Conditions, Miami-Dade County (County) and Borrower will enter into a funding contract and loan agreement. The Loan shall be evidenced by a promissory note and secured by a construction/permanent mortgage with assignment of leases and rents, a collateral assignment of leases and rents, a collateral assignment of construction documents, a rental regulatory agreement (where applicable), and any other security or collateral as deemed appropriate by the Mayor or Mayor's designee, in his or her sole discretion, with approval of the County Attorney's Office. Borrower shall additionally be required to provide the County with an environmental indemnification agreement, a UCC-1, title affidavit, partnership affidavit (if applicable), corporate resolution approving the loan documents, opinion of counsel, certification of borrower to borrower's counsel, and title policy making the County an insured. The Collateral shall be determined based upon financial feasibility and subsidy layering underwriting to be performed by County staff in an internal process and by an independent underwriter and paid for by Borrower ("Underwriting") following review of a current title search. Additional forms of security may be required if liens, encumbrances, restrictions or covenants exist on the Property which the Mayor or Mayor's designee determines, in his or her sole discretion, threaten the County's Collateral. The Mayor or Mayor's designee shall determine, in his or her sole discretion and in consultation with the County Attorney's Office, whether the Collateral provided by Borrower is sufficient to close and disburse the Loan.

**Interest Rate:** Loan terms, including the interest rate, are those set forth in the FY 2022 Surtax/SHIP/HOME Request for Applications (RFA) for Multi-family rental projects. Those terms are **0%** interest during construction - years 1 and 2 - and **.75%** interest-only payments for years 3–30 from development cash flow. Full principal is due at maturity; and as modified prior to closing by the Mayor or Mayor's designee in accordance with the results of Underwriting.

**Repayable:** There will be no penalty for prepayment of the Loan (payment of Loan balance before the end of the repayment term). Repayment terms are those set forth in the FY 2022 Surtax/SHIP/HOME RFA for repaid loan funds in accordance with Section 17-02 of the Code. All terms may be modified prior to closing by the Mayor or Mayor's designee in accordance with the results of Underwriting. The prepayment of any Loan shall not affect the term of affordability set forth in the Rental Regulatory Agreement or in any of the other Loan Documents.

**Term:** The Loan will be for 30 years, or as may be established prior to closing by the Mayor or Mayor's designee in accordance with the results of Underwriting.

**Conditions:**

1. Underwriting, as explained above, shall include financial feasibility review, subsidy layering review, and credit review. Underwriting is performed to protect the County's scarce affordable housing funds and is performed to ensure that the Project has sufficient financing to be completed timely and that the Project is not over-subsidized, meaning the Loan is not needed or the Loan Amount is too high. The County reserves the right to reduce the Loan Amount subject to Underwriting. The County further reserves the right to refuse to issue a final, unconditional loan commitment to Borrower or to enter into a contract for the Loan or to close on the Loan in the event that Underwriting determines that the project is financially unfeasible or otherwise is unfeasible. The costs of Underwriting are to be paid by Borrower.
2. Borrower must prove control of the Property through purchase or lease, as evidenced by a deed or lease and recorded memorandum of lease in Borrower's name. Absence of any threat of foreclosure, taking by eminent domain, or pending bankruptcy are additionally required.
3. Borrower must provide the County with written financing commitments showing committed financing for the entire Development Cost of the Project, including any gaps between the Loan and the overall costs to develop the Project. The Development Cost of the Project means the total cost of completing the entire Project, from acquisition to the issuance of Certificate of Occupancy, including but not limited to the costs for acquisition, design and planning, zoning and variances, financing costs, legal costs, construction, and permitting. In the event of a dispute as to what amount constitutes the actual Development Cost, Borrower and County will use the amount determined by Underwriting to be the Development Cost.
4. Conformance of the Project with the County legislation approving the Loan.
5. Complete plans and specifications of the Project.
6. Payment and performance bond in the amount of the entire construction budget or otherwise in conformance with applicable law. Where a payment and performance bond is not required by law, the Mayor or Mayor's designee may alternatively accept – at the Mayor or Mayor's designee's sole discretion – a letter of credit in an amount acceptable to the Mayor or Mayor's designee.
7. Appraisal of the Property showing that the value of the Project and Property, when completed, exceeds the total amount of debt from all sources to be secured by the Project, unless waived by the Mayor or Mayor's designee.
8. A Phase I environmental report requiring no further action.

9. Such other conditions which are customary and reasonable for a loan of this nature, such as adhering to all Federal, State and local regulations, ordinances, codes and standards.
10. Meeting all requirements of the State Housing Initiatives Partnership ("SHIP"), Documentary Surtax or Home Investment Partnerships Program ("HOME") program, as applicable, and County resolutions and ordinances governing affordable housing development.
11. Compliance with Resolution No. R-346-15, establishing a maximum total development cost per unit; and, where applicable, Resolution No. R-343-15, establishing a maximum amount of total development costs that may be paid with Documentary Surtax funds.
12. The Loan, if SHIP or Surtax funds, may only be used for the development of affordable housing for residents with household incomes not greater than 140% of AMI. The Loan, if HOME/HoDAG or CDBG funds, may only be used for the development of affordable housing for residents with household incomes not greater than 80% of AMI.
13. Pursuant to the Miami-Dade Board of County Commissioners' Resolution No. R-34-15, Developers, its agents and/or representatives, shall provide written notice to the County related to the availability of rental opportunities, including, but not limited to, the number of available units, bedroom size, and rental prices of such rental units at the start of any leasing activity; requiring the developer advertise the information described in newspapers of general circulation.
14. This loan is conditioned upon the repayment of the Monterey Pointe Associates, LTD, loan in the amount of $500,000.00; the repayment of the Mirabella I Associates, LTD, loan in the amount of $1,000,000.00, and; the repayment of the Valencia Pointe Associates, LTD, loan in the amount of $392,739.00.

This Conditional Loan Commitment will expire in six (6) months if not extended by Miami-Dade County. An extension of this Conditional Loan Commitment may be granted at the sole and absolute discretion of Miami-Dade County. Any extension granted will be contingent upon compliance with and in accordance with Resolution No. R-232-14, as applicable and must be signed by the Mayor or Mayor's Designee to be valid. If the loan does not close prior to the expiration or extension of this Conditional Loan Commitment, the funds will be subject to recapture and allocated to other projects. This Conditional Loan Commitment is not assignable. This Conditional Loan Commitment is the sole and complete agreement between the parties as to the terms of the Loan described herein. The terms of this Conditional Loan Commitment may only be changed in writing in a document signed by the Mayor or the Mayor's designee. No representations, written or verbal, of Miami-Dade County employees, or others purporting to act on behalf of Miami-Dade County, may change the terms of this Commitment.

Miami-Dade County wishes to thank you for your proposal and the opportunity to provide financing for this development, and we look forward to closing this transaction.

Sincerely,

Miami-Dade County

________________________
Daniella Levine Cava, Mayor

Date: ____________________

c: Morris Copeland,
Chief Community Services Officer

Approved as to Form and Legal Sufficiency

________________________________
Assistant County Attorney

Date ______________________________