

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING THE CONTRACT BETWEEN THE CITY, AS BUYER, AND 81ST ST INVESTMENT, LLC, AS SELLER, FOR THE CITY'S PURCHASE OF A MULTIFAMILY PROPERTY LOCATED AT 795 81ST STREET, MIAMI BEACH, FLORIDA (THE "PROPERTY"), FOR USE AS AFFORDABLE HOUSING, FOR THE TOTAL SALES PRICE OF \$1,050,000 PLUS CLOSING COSTS, CONTINGENT UPON THE CITY MANAGER'S ACCEPTANCE OF INSPECTIONS IN ACCORDANCE WITH THE CONTRACT, AND AN INDEPENDENT APPRAISAL REFLECTING AN APPRAISED MARKET VALUE FOR THE PROPERTY EQUAL TO OR GREATER THAN THE SALES PRICE OF \$1,050,000, WITH SUCH APPRAISAL MEETING HUD'S AREA MEDIAN PURCHASE AND MAXIMUM PER-UNIT SUBSIDY REQUIREMENTS; WITH CITY'S PURCHASE TO BE FUNDED FROM COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS AND HOME INVESTMENT PARTNERSHIP (HOME) FUNDS; FURTHER, AUTHORIZING THE CITY MANAGER TO EXECUTE ALL CLOSING DOCUMENTS AND POST-CLOSING DOCUMENTS AND NOTIFICATIONS WHICH MAY BE REQUIRED UNTIL THE PROPERTY MAY BE OPERATED AS AN AFFORDABLE HOUSING PROJECT PURSUANT TO HUD GUIDELINES; FURTHER, AUTHORIZING THE NECESSARY "SUBSTANTIAL AMENDMENTS" TO THE FY2007-2012, FY2014, FY2018 ACTION PLANS AND CORRESPONDING FY2003-07, FY2008-12, FY2013-17, AND FY2018-22 CONSOLIDATED PLANS, TO PROVIDE FOR THE REALLOCATION OF \$336,150 IN CDBG FUNDS AND \$742,270 IN HOME FUNDS, AND TO PERMIT THE ACQUISITION OF THE PROPERTY AS A "PROJECT" UNDER THE FOREGOING PLANS; FURTHER, AUTHORIZING A REVISION TO THE DRAFT FY 2019 ACTION PLAN AND CORRESPONDING FY 2018-22 CONSOLIDATED PLAN TO ALLOCATE PREVIOUSLY UNPROGRAMMED CDBG FUNDS IN THE AMOUNT OF \$396,037, AND HOME FUNDS IN THE AMOUNT OF \$271,000 TO MULTIFAMILY REHABILITATION, AND TO ADD HOMEOWNERSHIP ASSISTANCE AS A "PROJECT" TO BE FUNDED WITH HOME FUNDS IN THE AMOUNT OF \$258,067; AND FURTHER AUTHORIZING THE CITY MANAGER TO SUBMIT THE REVISED ACTION PLANS AND CONSOLIDATED PLANS TO HUD.

WHEREAS, the City's *Comprehensive Plan*, amended via Ordinance 2017-4147, established the goal of creating and maintaining 6,300 affordable housing units to serve low- and moderate-income and special needs households within its boundaries; and

WHEREAS, the strengthening of the City's real estate market, coupled with the sharp reduction in housing funds from the state and federal governments, have severely curtailed the development growth the City experienced in 2000 - 2011; and

WHEREAS, an opportunity to add to the City's affordable housing stock has arisen as a result of the City's resolution of past compliance issues with the U. S. Department of Housing and Urban Development (HUD); and

WHEREAS, on July 2, 2018, the City Commission approved Resolution No. 2018-30374 appropriating \$1,079,000 (the Appropriated Funds) from the general fund for the repayment of HUD funds that the HUD Office of the Inspector General (OIG) deemed were inappropriately expended by the City's previous administration; and

WHEREAS, these funds are available for use pursuant to expenditure rules and deadlines prescribed by the Community Development Block Grant (CDBG) and HOME Investments

Partnership (HOME) programs; and

WHEREAS, the funds that will be returned to the City's line of credit may be used to acquire, develop or rehabilitate affordable housing for households earning up to 80 percent of Area Median Income (AMI); and

WHEREAS, on October 17, 2018, the Commission approved Resolution No. 2018-30551, authorizing the City Manager to identify, negotiate, and if successful, execute a purchase agreement and other related purchase documents for the acquisition of a property for use as affordable housing, including payment of an initial deposit, in the amount of \$1,000, provided, however, that any purchase agreement would be subject to and contingent upon the prior approval of the City Commission; and

WHEREAS, subject to the City Commission's approval of this Resolution, the Administration identified and executed a purchase agreement for a multifamily property, located at 795 81st St, Miami Beach, FL 33141 (the "Property"), for the purchase price of \$1,050,000; and

WHEREAS, the Property is a 2-story, 4,883 square foot building is comprised of five units: two, three-bedroom/one-bathroom units; two, two-bedroom/one-bathroom units; and one, one-bedroom/one-bathroom unit; and

WHEREAS, the City's purchase of the Property is contingent upon the receipt of an acceptable appraisal, with an appraised market value equal to or greater than the \$1,050,000 to be paid by the City, and provided the appraisal results adhere to HUD's Area Median Purchase and maximum per-unit subsidy requirements; and

WHEREAS, all of the units are occupied and the Administration will have to follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) requirements, in the event that the existing tenants are not able to continue living at the property as an affordable housing project; and

WHEREAS, typical closing costs for a purchase and sale transaction could total approximately three percent (3%) of the sales price (\$30,750), which costs will be paid from the Appropriated Funds; and

WHEREAS, the cost associated with the URA requirements will be paid from the Appropriated Funds; and

WHEREAS, the Administration anticipates an estimated \$500,000 to \$1,100,000 for rehabilitation and URA requirements; a more precise estimate will be obtained following an engineer's assessment and roof inspection conducted during the due diligence phase; and

WHEREAS, the Administration is fully funding all eligible projects received for the FY 2019 HOME and CDBG RFP earlier this year; and

WHEREAS, a balance of CDBG funds in the amount of \$396,037 and HOME funds in the amount of \$529,067 (amount contingent upon HOME subsidy limits) can be utilized to ensure the Property can be properly rehabilitated; and

WHEREAS, HUD sets maximum per-unit subsidy limits for the HOME Program; therefore, an approximate amount of \$271,000 in HOME funds can be allocated to the Property; and

WHEREAS, the Administration is requesting the full balance of the unprogrammed CDBG funds and \$271,000 in HOME funds be allocated to the rehabilitation of the Property, if it is ultimately acquired, and further recommends that \$258,067 of the remaining HOME funds be

allocated to homeownership assistance; and

WHEREAS, the Administration recommends that the Mayor and City Commission approve the Contract between the City, as buyer, and 81st ST Investment, LLC., as seller, for the purchase of the Property, for the total sales price of \$1,050,000 plus closing costs; and

WHEREAS, HUD requires entitlement jurisdictions to submit a five-year *Consolidated Plan*, which establishes the strategic framework upon which the City utilizes its funds and is augmented and refined by the City's annual submission of a one-year *Action Plan*, which delineates the specific projects and activities funded by each year's HUD allocation; and

WHEREAS, from time to time, it is necessary for the City to process a "substantial amendment" to the five-year *Consolidated Plan* or the one-year *Action Plan* to allow for the funding of new activities, modifications or other administrative actions; and

WHEREAS, any proposed amendment that is considered a "substantial amendment" is subject to the citizen participation process; requires formal action by the City Commission; and requires approval by HUD; and

WHEREAS, accordingly, the repayment funds returned to the City require substantial amendments to the FY 2007-2012, 2014, 2018 *Action Plans* and corresponding FY 2003-07, FY 2008-12, FY 2013-17, FY 2018-22 *Consolidated Plans* for the reallocation of \$336,150 of CDBG funds and \$742,270 of HOME funds and to include acquisition as a project in these Plans for the purchase of this property; and

WHEREAS, the Administration recommends revisions to the draft 2019 Action Plan, and corresponding FY 2018-2022 Consolidated Plan to: allocate previously unprogrammed CDBG funds in the amount of \$396,037 and HOME funds in the amount of \$529,067 (amount contingent upon HOME subsidy limits) to multifamily rehabilitation; and include homeownership assistance as a project in the Plan with an allocation of \$258,067 in HOME funds; and

WHEREAS, to determine whether entitlement grantees meet CDBG timely performance, HUD calculates the ratio of unexpended funds to the annual grant award 60 days prior to the end of the program year; and

WHEREAS, the City's next CDBG timely performance test will be on August 2, 2019 and the City must meet the 1.5 ratio by July 27, 2019 in order to comply with HUD rules; and

WHEREAS, the purchase of the Property is a significant expenditure planned to contribute towards the achievement of the timely performance test.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby approve the contract between the City, as Buyer, and 81st St Investment, LLC, as Seller, for the City's purchase of a multifamily property located at 795 81st Street, Miami Beach, Florida (the "Property"), for use as affordable housing, for the total sales price of \$1,050,000 plus closing costs, contingent upon the City Manager's acceptance of inspections in accordance with the contract, and an independent appraisal reflecting an appraised market value for the Property equal to or greater than the sales price of \$1,050,000, with such appraised value meeting HUD's area median purchase and maximum per-unit subsidy requirements; with City's purchase to be funded from Community Development Block Grant (CDBG) funds and Home Investment Partnership (HOME) funds; further, authorize the City Manager to execute all closing documents and post-closing documents and notifications which may be required until the Property can be operated as an affordable housing project pursuant to HUD guidelines; further authorize substantial amendments to the FY 2007-2012, FY 2014, FY 2018 Action Plans and

