



Building and Sustaining Community -- Unique, Vibrant, Diverse

Date: 3/8/2022

Att: Ms. Alida T. Hudak
City Manager
City of Miami Beach
1700 Convention Center Drive,
Miami Beach, FL 33139

Commissioner Kristen Rosen Gonzalez, Mark Samuelian, Alex J. Fernandez, Steven Meiner, Rick Arriola and David Richardson
City of Miami Beach
1700 Convention Center Drive,
Miami Beach, FL 33139

Cc: Ms. Alba Ana Tarre
Interim Department Director
City of Miami Beach
Office of Housing and Community Services
1000 Convention Center Drive
Miami Beach, FL 33139

Re: MBCDC update on its administration, rent-increase, strategic roadmap and partnership with PHCD and City of Miami Beach Office of Housing and Community Services

Administration

On December 31, 2021, Mr. Ahmed Martin retired from the role of Executive Director for the MBCDC after serving for three consecutive years. On January 1, 2022, the MBCDC appointed Mr. Cristian Arango, formerly the MBCDC's Chief Operating Officer from 3/2019 - 3/2021, as its Chief of Operations to lead the MBCDC and its affiliates through the initial and final stages of a portfolio-wide acquisition by either a private developer and/or investor(s) or Miami-Dade County PHCD (*i.e.*, in conjunction with the City of Miami Beach).

Since January, Mr. Arango, working along with the City of Miami Beach, has assisted the MBCDC Board of Directors and residents during this transition. In January and February of 2022, the MBCDC held meetings with all of its stakeholders, partners, property-level vendors and cross-functional teams to secure business continuity, uphold its standing relationships and avoid issues that could hinder the full transition of ownership and management of the assets. Additionally, in efforts to further diminish corporate level expenses Mr. Arango relocated the corporate office to the Fernwood Apartments at 935 Pennsylvania Ave. Ste. 102 Miami Beach, FL 33139, where Property Management currently holds its operations. Mr. Arango will serve as Chief of Operations until June 1, 2022, at which point a transition strategy will have been agreed upon by the Board.

MIAMI BEACH COMMUNITY DEVELOPMENT CORPORATION

935 Pennsylvania Avenue STE 102 • Miami Beach, Florida 33139 • Phone 305-538-0090

Rent Increase

Working together with Royal American Management's ("RAM") compliance department, Mr. Ahmed Martin, in 2019, initiated the process of increasing the rents across the portfolio in accordance with each property's Rent Regulatory Agreement(s). The last time the MBCDC increased rents, in accordance with all allowable applicable regulatory limits, dates back to 2018 under the administration of Ms. Beatriz Cuenca-Barbeiro. After two years of analyzing each Rent Regulatory Agreement, property-based program(s), and studying rents in the market the MBCDC Board authorized the rent increase across all its assets (with the exception of the HUD properties, since rents automatically increase upon the annual HAP contract(s) renewal (HUD properties: Shelbourne, Fernwood, Villa Matti, and Villa Maria)). Additionally, please refer to **Exhibit B** which contains each property's compliance rent test.

On February 9, 2022, following the City of Miami Beach's passing of an ordinance requiring 60-day notice to combat substantial rent hikes, the MBCDC partnered with the Office of Housing and Community Services to delay the implementation of the new rents by an additional 30 days. The rent increase should have taken effect on March 1, 2022, but was further delayed to April 1, 2022.

The RAM compliance department failed to advise the MBCDC of a notice requirement to PHCD for the Sabrina Apartments, Meridian Place, The Jefferson Apartments, Allen Apartments, The Michigan Apartments, Crespi Park Apartment, Westchester, and Allen Apartments. Therefore, PHCD sent a Notice of Non-Compliance to the MBCDC for not meeting the following requirement: *thirty (30) days prior to the effective date of any rental increases, the Owners shall furnish MDHA with notification provided to tenants advising them of the increase.* Please refer to **Exhibit C** which contains the notices. As a result, Mr. Arango and the Community Manager immediately got in contact with PHCD's Monitoring & Compliance Unit to get guidance and pave a path to resolution. To remediate the issue the MBCDC agreed to extend the date of the new rent increases to May 1, 2022. The RAM compliance department drafted and sent to PHCD memorandums for each of the properties containing a *Corrective Action Plan*.

The MBCDC took immediate action, promoted transparency and explored the best next steps to further accommodate the needs of its residents.

Strategic Roadmap

As of March 1, 2022, the MBCDC's corporate-level liabilities total \$ 545,129.47. The affiliates owe to the MBCDC a total of \$730,603.00 (the "Account Receivables"). Since the properties do not cash-flow enough, property level costs keep increasing year over year with the most significant cost being insurance, and the MBCDC has not received any form of City or County subsidy since 2014, the MBCDC continues to experience a deficit. For example, the MBCDC, currently, pays insurance, capital improvements and utilities on behalf of its affiliates with any cash available in its corporate account. And, as a result, this continues to consume any available cash the MBCDC receives from reimbursements or asset management fees leaving a monthly operating deficit.

For additional clarity, the MBCDC monthly corporate expenses, without paying affiliate-level property insurance or utilities, would be only \$6,500. This total amount encompasses salaries, office equipment, communication, Directors and Officers insurance, accounting services, etc. Currently, paying insurance and utilities on behalf of its affiliates, the MBCDC's monthly expenses amount to \$31,363. This amounts to a yearly cost to MBCDC of \$376,356.00 (current average deficit). As it stands, the MBCDC continues to pay these expenses on behalf of its affiliates and does not have a viable solution despite having the most conservative operating and spending protocols in place in its forty-one-year history.

Moreover, the MBCDC continues to have friendly conversations with PHCD on how to offload its portfolio. In fact, the MBCDC is willing to have PHCD take over the ownership and management of its assets subject to the County agreeing to pay corporate level outstanding liabilities as part of the transfer. PHCD, in a letter dated January 13, 2022 (see attached), and through follow up e-mail communication as of February 23, 2022, is not willing to assist the MBCDC or give any form of consideration that would aid in curing MBCDC's outstanding corporate-level liabilities in exchange for its assets, which are valued at approximately \$29,000,000 MM. For the MBCDC to transfer its assets to PHCD, the MBCDC must satisfy

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its legal obligations to its creditors first.

Therefore, the MBCDC, to effectuate the eventual transfer of its portfolio to PHCD and/or the City, has no other choice but to sell assets(s) to offset these liabilities. One possibility is to sell the Sabrina Apartments located at 1551 Pennsylvania Ave. Miami Beach, FL 33139. Currently, the property is listed on the market. **This is a solution that the board continues to explore since the current County affordability restriction would remain after a sale, and the MBCDC would pay off the current County debt at closing.** If the sale of an asset(s) does not occur, then the MBCDC will have to file for bankruptcy and close its doors indefinitely. But, if the sale of an asset(s) does occur then the MBCDC will have the necessary funds to pay its liabilities and transfer its remaining assets to PHCD as long as PHCD agrees to immediately take over the management and liabilities of each property pending the actual transfer of the asset(s).

Please note this plan was already communicated to Miami-Dade County and memorialized in a letter sent to the County on December 7, 2021 (See attached).

Lastly, the MBCDC, with any remaining proceeds from the sale of an asset(s), and during the remaining days of Mr. Arango's tenure, intends to create a nonprofit foundation on Miami Beach and begin the process of *winding down* the MBCDC. The foundation will serve as a beacon of hope and support for low-moderate income families and residents on Miami Beach on a variety of issues relevant to the need for more affordable housing (*e.g.*, provide information, resources and guidance on how and where to apply), financial literacy, housing counseling, and LGBTQ+ awareness in subsidized housing on Miami Beach.

We look forward to seeing you at the March 30, 2022, Finance and Economic Resiliency Committee meeting. We invite any questions from its Committee Members or the City of Miami Beach staff.

Sincerely,



Cristian A. Arango
Chief of Operations

MIAMI BEACH COMMUNITY DEVELOPMENT CORPORATION

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Exhibit B



Jefferson

2021 AMIL HOME Increase effective 06/01/2021

Per spreadsheet provided by owners

Report Date 5/10/2021
 RAM No. 704
 Tax Credit ID# None
 Program Type HOME/Surtax
 Demographic Elderly
 County Miami Dade
 City Miami Dade
 State Florida
 Number of Units 27

HOME Surtax SHIP?
 6 Low HOME units 9 units at 50%
 21 High HOME units 9 units at 80%
 1 unit at 140%

2018 HOME Gross Rents on MBCDC Sheet do not Match 2018 HO

Set Asides	# of Unit
Studio Low HOME	1
Studio High HOME	3
1 BR Low HOME	5
1 BR High HOME	18

Rent in OS as of 05/10/21

Set Aside	Low HOME	High HOME
Studio	756	976
1 Bedroom	786	1023

Gross Rents-2021

Set Aside	Low HOME	High HOME
Studio	800	1020
1 Bedroom	857	1094

Eff. 3/1/2021
on site

44
71

Eff. 1/01/21 on form

Maximum Resident Rent Contribution

Set Aside	Low Home	High HOME
Studio	756	976
1 Bedroom	786	1023

2021 HOME Limits Effective 6/1/2021									
Median Income	Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
2021	Low HOME Income Limits	\$31,650	\$36,200	\$40,700	\$45,200	\$48,850	\$52,450	\$56,050	\$59,700
	High HOME Income Limits	\$37,980	\$43,440	\$48,840	\$54,240	\$58,620	\$62,940	\$67,260	\$71,640

Notes: SHIP Agreement CFN: 20160390381 Book 30140 PAGE 2101-Doesn't give AMI information - don't know income limits. CMB Jefferson Reso for SHIP Funds 6-2015; Jefferson Closing Docs SHIP 2016; Rents on



THE ALLEN

2021 LIHTC Income Limits effective 5/15/2021

Report Date 5/10/2021
 RAM No. 707
 Tax Credit ID#
 Program Type Elderly Housing Community Loan (FHFC)
 Demographic Elderly
 County Miami Dade
 City Miami
 State Florida
 # of Units 39

Set Asides EHCL
 25% @ 33%
 75% @ 50%

Surtax

Reduce Rents by 6/1/21

Rents Verified in OS 5/10/21

Set Aside	33%	50%
0 Bedroom	10	26
1 Bedroom	0	3

Set Aside	33%	50%
0 BR	484	756
1 BR	none	786

Miami Dade

RENTS	0BR	1BR
2021 Low Home	800	857
2021 High Home	1020	1094
FMR	1057	1231
2021 33% LIHTC	522	559
2021 50% LIHTC	791	848

2021

Set Aside	33%	50%
0 BR	522	791
1BR	559	848

Miami Dade PHA
 effective
 01/01/2021 on site

44
71

Maximum Resident Rent Contribution

Set Aside	33%	50%
0 BR	478	747
1 BR	488	777

Median Income	Household Size	1 Person	2 Person	3 Person	4 Person
2021	33% Income Limits	\$20,889	\$23,892	\$26,862	\$29,832
	50% Income Limits	\$31,650	\$36,200	\$40,700	\$45,200
2021 Low HOME Rents higher than TC rents					

FHFC Special Housing Assistance and Development Program (SHADP)-3,000,000; City of Miami funding 1,500,000 -term and affordability period is 15 years, consistent with existing SHIP regulations (December 2006).. Second document (2007) indicates 30 year Compliance Period (CFN 2007R0156454) City of Miami Beach HOME funds 2008 & 2010. CO dated 9/26/13 reducing number of units from 70 to 34. AFHMP we have on file is expired. 2019 SHIP 50% limits same as HOME limits. SHIP 50% rents the same. There are no SHIP 60% income limits or rents. 1 Building mid rise 3 stories. Miami Dade County RRA dated January 21, 2010 grant \$440,431-set aside 8 units at 50% and 26 units at 80%. 2012 Surtax agreement 30 year compliance.



530 MICHIGAN AVENUE

2021 HOME AMIL decrease eff. 06/01/2021

HOME SET ASIDES: 100% @ 50%

Surtax

Report Date 5/10/2021
RAM No. 733
Tax Credit ID# No tax credits
Program Type Miami Dade County HOME/Florida Community Loan Gimf. Zomv//FHLB AHP Loan (9 units)
Demographic Elderly or Disabled/Homeless (5 Units AHP Loan)
County Dade
City Miami
State Florida
Number of Units 27

Set Asides	Units
50%	100%

Rent change was entered incorrectly
Need to fix ASAP

Rents verified in OS 05.10.21

Set Aside	
0 Bedroom	786
1 Bedroom	756

Gross Rents 2021

Set Aside	50%
0 Bedroom	800
1 Bedroom	857

UA Effective
1/1/2021 on
site

44
71

Maximum Resident Rent Contribution

Set Aside	50%
0 Bedroom	756
1 Bedroom	786

Eff 1/1/21 on form-no change from 2021

2021 HOME Income Limits									
Median Income	Household	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
	50% Income Limits	\$ 31,650.00	\$ 36,200.00	\$ 40,700.00	\$ 45,200.00	\$ 48,850.00	\$ 52,450.00	\$ 56,050.00	\$ 59,700.00

Documents indicate HOME Rents used 2003 and units 100% at 50% however there is one unit on the rent roll at 60% and paying 60% rent.



CAMACHO

2021 TC and HOME Review decrease effective 05/15/21

Report Date 5/7/2021
RAM No. 960
Tax Credit ID#
Program Type NSP
Demographic Not Senior
County Miami-Dade
City Miami
State Florida
Number of Units 24

Set Asides
NSP-100% @ 50% or less
12 Units @ 35%
12 Units @ 50%

Set Asides	Units
35%	12
50%	12

reduce by 5/15 for new move ins

Must reduce rents immediately 6/1/21

Rents in OS 5/7/21

Set Aside	35%	50%
1 Bedroom	529	786

Gross Rents 2021

Set Aside	35% TC	50% TC
1 Bedroom	593	848

Eff 01/01/2021
on site

71

Eff 1/1/2021 - no change from 2020

Maximum Resident Rent Contribution

Set Aside	35%	50%
1 Bedroom	522	777

Median Income	Household Size	1 Person	2 Person	3 Person	4 Person
2021 35% Tax Credit Limit/50% TC/HOME Limits	35% Income Limits	\$22,155	\$25,340	\$28,490	\$31,640
	50% Income Limits	\$31,650	\$36,200	\$40,700	\$45,200

Notes: Haven't found anything indicating 50% set aside however 11 units on rent roll provided are designated at 50% set aside. Also MBCDC rent and utility allowance sheet has HOME rents. 2021 LIHTC and HOME income limits are the same. The 2021 LIHTC rent limits are lower than Low HOME rent limits so using 50% LIHTC rent for 50% unit.



Report Date 5/10/2021
RAM No. 925
Tax Credit ID#
Program Type Surtax
Demographic
County Miami-Dade
City Miami Beach
State FL
Number of Units 16

Crespi Park
2021 HOME AMIL Increase effective 06/1/2021

Surtax
 100% @ 65%

UA Update eff 3/1/2021

Rents verified in OS 05/10/21

Set Aside	65%
1 Bedroom	1023
2 Bedroom	1218

Miami Dade

	RENTS	1 BR	2 BR
2021	Low Home	857	1028
2021	High Home	1094	1316
	FMR	1285	1625
2021	50% LIHTC	848	1017
2021	60% LIHTC	1017	1221
2021	65% LIHTC	1102	1322

Gross Rents 2021

	High HOME Rent
Set Aside	
1 Bedroom	1094
2 Bedroom	1316

PHA eff
 3/1/2021 on
 site

71
98

Eff 1/1/2021 on form

Maximum Resident Rent Contribution

	65%
Set Aside	
1 Bedroom	1023
2 Bedroom	1218

2021 LIHTC/HOME Income Limits-Miami Dade-effective 06/1/2021									
Median Income	Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
	65% Income Limits	\$41,145	\$47,060	\$52,910	\$58,760	\$63,505	\$68,185	\$72,865	\$77,610

Notes: Miami Dade Agreement has 100% of the units @ 65% of AMI (signed 2002-30 year agreement). Miami-Dade County HOME funds appear to have expired. Only HUD 50059 Program checked on owner questionnaire. Information provided by owner for 2018 indicates High HOME rent used for 65% units

Exhibit C



Public Housing and Community Development

701 NW 1st Court, 16th Floor
Miami, FL 33136-3914
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miamidade.gov

Daniella Levine Cava, Mayor

March 2, 2022

Rob Oley
Senior VP of Compliance
Royal American Management
1022 West 23rd Street, Ste 3
Panama City, Florida 32405

Sent Via Email

**RE: Notice of Non-Compliance
The Jefferson, Inc.
542 Jefferson Avenue
Miami Beach, Florida 33139**

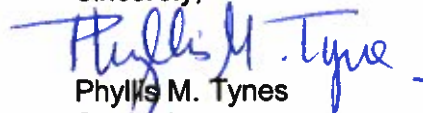
Dear Mr. Oley:

Public Housing and Community Development (PHCD) has the responsibility of monitoring for programmatic and project related compliance pursuant to the Rental Regulatory Agreement (RRA).

PHCD staff reviewed the RRA for the above referenced property for compliance as it relates to notification of rent increases. Pursuant to Section II, please be advised that 542 Jefferson Avenue, Inc. is **non-compliant** with the terms and conditions of the RRA. Section II states that "... thirty (30) days prior to the effective date of any rental increases, the Owner shall furnish MDHA with notification provided to tenants advising them of the increase." Tenants received correspondence regarding rental increases without notification to PHCD.

Please provide the PHCD with the notification provided to the tenants advising them of the rent increases, within 5 business days of the date of this letter. If you have any questions, please contact me directly at (786) 469-4167 or Phyllis.tynessaunders@miamidade.gov.

Sincerely,


Phyllis M. Tynes
Supervisor

Enclosure

Cc: Marilyn Urroz, Regional Vice President, Royal American Management
Mercy Laffont, Regional Manager, Royal American Management
Gema Hernandez, Community Manager, Royal American Management
Cristian A. Arango, Chief of Operations, MBDC
Clarence Brown, Division Director, PHCD Project File



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Daniella Levine Cava, Mayor

March 2, 2022

Rob Oley
Senior VP of Compliance
Royal American Management
1022 West 23rd Street, Ste 3
Panama City, Florida 32405

Sent Via Email

**RE: Notice of Non-Compliance
The Allen LLC
2001 Washington Avenue
Miami Beach, Florida 33139**

Dear Mr. Oley:

Public Housing and Community Development (PHCD) has the responsibility of monitoring for programmatic and project related compliance pursuant to the Rental Regulatory Agreement (RRA).

PHCD staff reviewed the RRA for the above referenced property for compliance as it relates to notification of rent increases. Pursuant to Section III, please be advised that The Allen LLC is **non-compliant** with the terms and conditions of the RRA.

Section III states ... "thirty (30) days prior to the effective date of any rental increases, the Owner shall furnish MDHA with notification provided to tenants advising them of the increase." Tenants received correspondence regarding rental increases without notification to PHCD.

Please provide PHCD with a corrective action plan, within 5 business days of the date of this letter. If you have any questions, please contact me directly at (786) 469-4167.

Sincerely,


Phyllis M. Tynes
Supervisor

Enclosure

Cc: Marilyn Urroz, Regional Vice President, Royal American Management
Mercy Laffont, Regional Manager, Royal American Management
Gema Hernandez, Community Manager, Royal American Management
Cristian A. Arango, Chief of Operations, MBDC
Clarence Brown, Division Director, PHCD
Project File



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Daniella Levine Cava, Mayor

March 2, 2022

Rob Oley
Senior VP of Compliance
Royal American Management
1022 West 23rd Street, Ste 3
Panama City, Florida 32405

Sent Via email

**RE: Notice of Non-Compliance
MBDC Meridian Place, LLC
530 Meridian Avenue
Miami Beach, Florida 33139**

Dear Mr. Oley:


Public Housing and Community Development (PHCD) has the responsibility of monitoring for programmatic and project related compliance pursuant to the Rental Regulatory Agreement (RRA).

PHCD staff reviewed the RRA for the above referenced property for compliance as it relates to notification of rent increases. Pursuant to Section III, please be advised that MBDC Meridian Place, LLC is **non-compliant** with the terms and conditions of the RRA.

Section III states ... "thirty (30) days prior to the effective date of any rental increases, the Owner shall furnish MDHA with notification provided to tenants advising them of the increase." Tenants received correspondence regarding rental increases without notification to PHCD.

Please provide PHCD with a corrective action plan, within 5 business days of the date of this letter. If you have any questions, please contact me directly at (786) 469-4167.

Sincerely,


Phyllis M. Tynes
Supervisor

Enclosure

Cc: Marilyn Urroz, Regional Vice President, Royal American Management
Mercy Laffont, Regional Manager, Royal American Management
Gema Hernandez, Community Manager, Royal American Management
Cristian A. Arango, Chief of Operations, MBDC
Clarence Brown, Division Director, PHCD
Project File



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Daniella Levine Cava, Mayor

March 2, 2022

Rob Oley
Senior VP of Compliance
Royal American Management
1022 West 23rd Street, Ste 3
Panama City, Florida 32405

Sent Via Email

**RE: Notice of Non-Compliance
Westchester LLC
516 15th Street
Miami Beach, Florida 33139**

Dear Mr. Oley:

Public Housing and Community Development (PHCD) has the responsibility of monitoring for programmatic and project related compliance pursuant to the Rental Regulatory Agreement (RRA).

PHCD staff reviewed the RRA for the above referenced property for compliance as it relates to notification of rent increases. Pursuant to Section III, please be advised that Westchester, LLC is **non-compliant** with the terms and conditions of the RRA. Section III states that ..." thirty (30) days prior to the effective date of any rental increases, the Owner shall furnish MDHA with notification provided to tenants advising them of the increase." Tenants received correspondence regarding rental increases without notification to PHCD.

Please provide the PHCD with the notification provided to the tenants advising them of the rent increases, within 5 business days of the date of this letter. If you have any questions, please contact me directly at (786) 469-4167 or Phyllis.tynessaunders@miamidade.gov.

Sincerely,

A handwritten signature in blue ink that reads "Phyllis M. Tynes". The signature is fluid and cursive, with the first name "Phyllis" being more prominent and the last name "Tynes" following in a similar style.

Phyllis M. Tynes
Supervisor

Enclosure

Cc: Marilyn Urroz, Regional Vice President, Royal American Management
Mercy Laffont, Regional Manager, Royal American Management
Gema Hernandez, Community Manager, Royal American Management
Cristian A. Arango, Chief of Operations, MBDC
Clarence Brown, Division Director, PHCD Project File



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Daniella Levine Cava, Mayor

March 2, 2022

Rob Oley
Senior VP of Compliance
Royal American Management
1022 West 23rd Street, Ste 3
Panama City, Florida 32405

Sent Via email

**RE: Notice of Non-Compliance
532 Michigan, LLC
532 Michigan Avenue
Miami Beach, Florida 33139**

Dear Mr. Oley:

Public Housing and Community Development (PHCD) has the responsibility of monitoring for programmatic and project related compliance pursuant to the Rental Regulatory Agreement (RRA).

PHCD staff reviewed the RRA for the above referenced property for compliance as it relates to notification of rent increases. Pursuant to Section III, please be advised that 532 Michigan Avenue, LLC is **non-compliant** with the terms and conditions of the RRA. Section III states that "... thirty (30) days prior to the effective date of any rental increases, the Owner shall furnish MDHA with notification provided to tenants advising them of the increase." Tenants received correspondence regarding rental increases without notification to PHCD.

Please provide the PHCD with the notification provided to the tenants advising them of the rent increases, within 5 business days of the date of this letter. If you have any questions, please contact me directly at (786) 469-4167 or Phyllis.tynessaunders@miamidade.gov.

Sincerely,

A handwritten signature in blue ink that reads "Phyllis M. Tynes".

Phyllis M. Tynes
Supervisor

Enclosure

Cc: Marilyn Urroz, Regional Vice President, Royal American Management
Mercy Laffont, Regional Manager, Royal American Management
Gema Hernandez, Community Manager, Royal American Management
Cristian A. Arango, Chief of Operations, MBDC
Clarence Brown, Division Director, PHCD Project File



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Daniella Levine Cava, Mayor

March 2, 2022

Rob Oley
Senior VP of Compliance
Royal American Management
1022 West 23rd Street, Ste 3
Panama City, Florida 32405

Sent Via Email

**RE: Notice of Non-Compliance
1551 Pennsylvania Apartments, LLC
1551 Pennsylvania Avenue
Miami Beach, Florida 33139**

Dear Mr. Oley:

Public Housing and Community Development (PHCD) has the responsibility of monitoring for programmatic and project related compliance pursuant to the Rental Regulatory Agreement (RRA).

PHCD staff reviewed the RRA for the above referenced property for compliance as it relates to notification of rent increases. Pursuant to Section II and III, please be advised that 1551 Pennsylvania Apartments LLC is **non-compliant** with the terms and conditions of the RRA.

Section II states, *"The Agency acknowledges that Owner may submit, from time to time, a revised rent schedule to the Agency for approval. PHCD did not receive or approve a revised rent schedule for 2022. Section III states, "thirty (30) days prior to the effective date of any rental increases, the Owner shall furnish MDHA with notification provided to tenants advising them of the increase."* Tenants received correspondence regarding rental increases without notification to PHCD.

Please provide PHCD with a corrective action plan, within 5 business days of the date of this letter. If you have any questions, please contact me directly at (786) 469-4167.

Sincerely,


Phyllis M. Tynes
Supervisor

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Clarence Brown, Division Director, PHCD
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Daniella Levine Cava, Mayor

March 2, 2022

Rob Oley
Senior VP of Compliance
Royal American Management
1022 West 23rd Street, Ste 3
Panama City, Florida 32405

Sent Via Email

**RE: Notice of Non-Compliance
Crespi Park Apartments, Inc.
7900 Crespi Boulevard
Miami Beach, Florida**

Dear Mr. Oley:

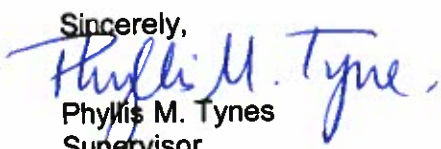
Public Housing and Community Development (PHCD) has the responsibility of monitoring for programmatic and project related compliance pursuant to the Rental Regulatory Agreement (RRA).

PHCD staff reviewed the RRA for the above referenced property for compliance as it relates to notification of rent increases. Pursuant to Section II and III, please be advised that Crespi Park Apartments, Inc is **non-compliant** with the terms and conditions of the RRA.

Section II states, *"The Agency acknowledges that Owner may submit, from time to time, a revised rent schedule to the Agency for approval. PHCD did not receive or approve a revised rent schedule for 2022. Section III states, "thirty (30) days prior to the effective date of any rental increases, the Owner shall furnish MDHA with notification provided to tenants advising them of the increase."* Tenants received correspondence regarding rental increases without notification to PHCD.

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Sincerely,


Phyllis M. Tynes
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Additional Attachments



Daniella Levine Cava, Mayor

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January 13, 2022

Mr. Michael Hammon, Chairman
Board of Directors
Miami Beach Community Development Corporation, Inc.
1688 Meridian Avenue, Suite 600 & 700
Miami Beach, FL 33139

RE: Miami Beach Community Development Corporation Proposal

Dear Chairman Hammon:

In a follow-up to our recent discussions related to your correspondence of December 7, 2021, the Public Housing and Community Development (PHCD) department would like to take this opportunity to respond to your proposal. We have addressed your offer by the three primary areas presented in the letter. Our response is as follows:

Management and Operations

Similar to our offer over the past few years, the County would work with Miami Beach Community Development Corporation for a period not to exceed 180 days to transition your properties to the PHCD portfolio at which time the County would assume management of the properties inclusive of the administrative costs associated with the change in status and responsibility of MBCDC. We will continue to work with our partners at the City of Miami Beach (City) to coordinate the transfers. We have precedent in this transition model based on the transfer of the Madison in 2018 from MBCDC to PHCD. The County does not envision a role for the MBCDC after the transition.

Recapitalization and Redevelopment Plan

Any redevelopment plans for the portfolio will be done based on the County's evaluation and done on the County's timeline based on stakeholder meetings and analysis of the individual projects. The County will make sure that the projects are compliant, including the Shelbourne. PHCD will work with our partners at US HUD and the City to ensure the preservation of these units. The County does not envision any role for the MBCDC in this process, however as members of the community, staff and board members are free to participate in any public engagement.

Michael Hammon, Chairman
Board of Directors, Miami Beach Community Development Corporation, Inc.
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Non-Disparagement

There is no intent of the PHCD to unfairly present in any forums, comments that disparage MBCDC. Our goal remains the preservation of the affordability of these units and making sure they are decent, safe and sanitary.

In conclusion, although we have discussed it on many occasions, let me reiterate that there will be a need to have Board of County Commissioners' approval for the acceptance of the properties. We will also work with the City. If we can agree, it would be our intent to identify the projects that will allow us to step in as the lender while we work to transition all of the assets. We look forward to a cooperative working relationship to move this forward. Feel free to reach out to me for next steps.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Liu", with a stylized flourish at the end.

Michael Liu, Director

C: MBCDC Board, Staff and Counsel
Gerald Farr, PHCD CFO
John Benton, PHCD Development Division Director
Ignacio Ortiz-Petit, PHCD Senior Executive Assistant
Clarence Brown, PHCD Community Development Division Director



Building and Sustaining Community -- Unique, Vibrant, Diverse

Date: 12/7/2021

Att: Mr. Michael Liu
Director
Miami-Dade County
Public Housing and Community Development
701 NW 1st Court, 16th Floor
Miami, FL 33136

From: Mr. Michael Hammon
Chairman
Board of Directors
Miami Beach Community Development Corporation, Inc.
1688 Meridian Ave., Suite 600 & 700
Miami Beach, FL 33139

Re: Miami Beach Community Development Corporation Proposal

Dear Director Liu:

In follow up to our phone meeting held on November 22, 2021, the following is an outline of proposed terms concerning the proposed partnership with The Miami Beach Community Development Corporation (the "MBCDC") and conveyance of assets to Miami-Dade County (the "County"). Please note that the following is simply an outline of proposed material business terms and remain subject to full MBCDC board approval and any required approvals from lenders with interests in the assets, including the City of Miami Beach.

Upon mutual agreement by the County and MBCDC, our respective legal teams will immediately begin drafting a formal Memorandum of Understanding (the "MOU") which shall be agreed upon and executed by December 31, 2021. As time is of the essence, we respectfully request PHCD provide an outline of the approval, or ratification process, that will be necessary for the County to enter into any such agreement or MOU.

MIAMI BEACH COMMUNITY DEVELOPMENT CORPORATION

1688 Meridian Avenue Suite 600 & 700 • Miami Beach, Florida 33139 • Corporate Office: 754.216.5853

MBCDC would be willing to convey all, or select assets within the MBCDC's portfolio to the County based on the following terms:

Management and Operations

- The County through its Department of Public Housing and Community Development (the "PHCD") agrees to assume the management and operational oversight as well as financial responsibility of the assets in consult with the existing MBCDC board, staff, and service providers
- PHCD and MBCDC will identify and agree to a point of contact/liaison for the transition period until the assets have been fully transferred to the County
- The County shall satisfy MBCDC current indebtedness and financial obligations in the estimated amount of \$375,000
- PHCD shall provide funding during the transition period for MBCDC staff compensation at a rate of \$10,000 per month
- PHCD agrees to enter into an ongoing service agreement with MBCDC to provide supportive services to the residents and enlist the MBCDC board membership in an advisory role

Recapitalization and Redevelopment Plan

- PHCD will provide a commitment to complete a comprehensive Physical and Capital Needs Assessment ("PCNA") of the portfolio within 30 days of an executed MOU
- PHCD will make immediate repairs and improvements to all life safety issues identified within the PCNA
- PHCD agrees to maintain all existing affordability levels across the existing MBCDC portfolio such that no existing tenants are displaced
- PHCD agrees to immediately begin working with HUD to satisfy any obligations and provide a timely plan to renovate The Shelbourne
- By March 1, 2022, PHCD agrees to devise a comprehensive redevelopment plan that shall be undertaken directly by PHCD, or to issue an RFP for a third-party development partner
- MBCDC shall be provided a selection committee seat in the public procurement process of selecting a developer or co-developer, if applicable
- MBCDC shall be provided an advisory role during the redevelopment process.

Non-Disparagement

- MBCDC considers this a mutually beneficial partnership and would retain the right to publish the deal accordingly
- The County and PHCD agree not to disparage the MBCDC, its staff, nor its Board of Directors

In summary, an arrangement between the County and MBCDC could prove to be a win-win, ensuring the long-term viability and affordability of these inherently valuable assets while providing the MBCDC with a continued role.

Please let us know if you and/or your team have any questions or concerns about the above.

Since time is of the essence, the MBCDC would appreciate a response no later than December 13, 2021, as it is exploring all available opportunities to preserve the portfolio and the continued existence of the organization. Therefore, the MBCDC would like to meet with PHCD at your earliest opportunity to discuss the terms in greater detail. Please advise on a convenient date and time.

Sincerely,

Michael Hammon
Chairman