

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING, IN SUBSTANTIAL FORM, AN "AS IS" RESIDENTIAL CONTRACT FOR SALE AND PURCHASE BETWEEN THE CITY, AS BUYER, AND GERARDO E FERRER HERNANDEZ, AS SELLER, FOR THE CITY'S PURCHASE OF A MULTIFAMILY PROPERTY, LOCATED AT 971 79 TERRACE, MIAMI BEACH, FLORIDA, FOR THE TOTAL SALES PRICE NOT TO EXCEED \$800,000.00 PLUS CLOSING COSTS, PAYABLE FROM COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS AND HOME INVESTMENT PARTNERSHIP (HOME) FUNDS; SAID PURCHASE BEING CONTINGENT UPON: (1) THE CITY MANAGER'S ACCEPTANCE OF INSPECTIONS IN ACCORDANCE WITH THE CONTRACT; (2) AN INDEPENDENT APPRAISAL REFLECTING AN APPRAISED MARKET VALUE FOR THE PROPERTY EQUAL TO OR GREATER THAN THE SALES PRICE OF UP TO \$800,000.00; (3) SATISFACTION OF HUD'S AREA MEDIAN PURCHASE AND MAXIMUM PER-UNIT SUBSIDY REQUIREMENTS; AND (4) RECEIPT OF FUNDING AUTHORIZATION FROM HUD; AND, FURTHER, AUTHORIZING THE CITY MANAGER TO TAKE ALL ACTIONS, AND NEGOTIATE AND EXECUTE ALL DOCUMENTS, WHICH MAY BE NECESSARY IN CONNECTION WITH THE PURCHASE, REHABILITATION AND COMPLETION OF THE PROPERTY AS AN AFFORDABLE HOUSING PROJECT PURSUANT TO HUD GUIDELINES.**

**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**, in 2014 and 2015, the City acquired the 5 properties listed below from the Miami Beach Community Development Corporation (MBCDC) as a result of a series of programmatic and financial irregularities that jeopardized the ongoing use of these properties as affordable housing:

- Neptune Apartments (35 units)
- Lottie Apartments (9 units)
- Madeleine Village Apartments (16 units)
- London House Apartments (24 units)
- Barclay Apartments; and

**WHEREAS**, in 2014, the Barclay was red-tagged by the City's Building Department for having repeatedly failed to complete its 40-year assessment and was vacated of tenants by MBCDC that same year; and

**WHEREAS**, the other 85 units have been managed by the Office of Housing and Community Services since their acquisition; and

**WHEREAS**, in 2019 the City acquired a 5-unit property located at 795 81 Street, bringing the total count of units owned and operated by the City to 89; and

**WHEREAS**, the City is a U.S. Department of Housing and Urban Development (HUD) and automatically qualifies for an annual allocation of federal funding under HUD's grant programs including the HOME Investment Partnership (HOME) Program and Community Development Block Grant (CDBG) funds; and

**WHEREAS**, cities that receive entitlement funds from the CDBG program are required to use their funds in a timely manner; and

**WHEREAS**, to determine whether entitlement grantees meet 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**, as such, the City must spend \$746,004.00 to meet the 1.5 ratio by July 27, 2023 to comply with HUD rules; and

**WHEREAS**, on June 22, 2022, the City Commission adopted Resolution 2022-32188 allocating a total of \$636,183.67 in Community Development Block Grant (CDBG) funds for the acquisition of units to be added to the City's affordable housing portfolio; and

**WHEREAS**, the completion of this acquisition activity will ensure the City will be in compliance with the CDBG timeliness requirements for the 2022 program year, while also adding additional units to the affordable housing portfolio; and

**WHEREAS**, to maximize and leverage resources, in addition to the \$636,183.67 in CDBG funds allocated via Resolution 2022-32188, the City Commission adopted Resolution 2023-32524, allocating a total of \$296,795.88 in HOME funds for a total of \$932,979.55 ("Appropriated Funds") to increase affordable housing units and ensure timely and compliant expenditure of HUD funds; and

**WHEREAS**, the Administration identified one property on the market within the available budget; and

**WHEREAS**, the property is a one-story, 2,036 SF duplex, located at 971 79 Terrace, Miami Beach, FL 33141 (the "Property"); and

**WHEREAS**, the Property is comprised of two, two-bedroom, one-bathroom units and features private parking and a backyard, which along with the unit composition of the building, will be accommodating to families, a critical need in our City; and

**WHEREAS**, the current asking price is \$850,000.00 and the Administration would like to negotiate a price not to exceed \$800,000.00 to have funds available to make any needed repairs to the Property; and

**WHEREAS**, 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 (\$24,000.00), which costs will be paid from the Appropriated Funds; and

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

**WHEREAS**, due to the nature of these funds, the Administration must complete an environmental review process, required for all HUD-assisted projects, and await the receipt of HUD's authorization to release the funds, to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself will not have an adverse environmental or health effect on end users; and

**WHEREAS**, the environmental review must be completed, with an approved request for release of funds from HUD, prior to closing; and

**WHEREAS**, language delineating this requirement has been included in the proposed purchase contract as a contingency; and

**WHEREAS**, the Administration anticipates an estimated \$200,000.00 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**, after closing costs, an estimated \$100,000.00 will be remaining to expend on the rehabilitation of the Property; and

**WHEREAS**, the City expects to receive \$610,709.00 in State Housing Initiatives Partnership Program (SHIP) funds after June 2023; up to 75% of this funding can be set-aside for construction costs, and a portion of these funds can be allocated to the rehabilitation of the Property if there is a funding gap; and

**WHEREAS**, the SHIP Program includes set-aside requirements related to rental properties and homeowner programs; therefore, approximately \$213,478.20 of FY 2023 SHIP funds would be the maximum permitted allocation funding for the rehabilitation of this rental Property; and

**WHEREAS**, HUD requires all HOME projects to complete a subsidy layering review and underwriting to determine the maximum HOME funding allocation and compliance with maximum per-unit subsidy limits, which are published by HUD annually; and

**WHEREAS**, after the project's completion, the Property will remain affordable and must comply with HOME rent limits for thirty (30) years; and

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

**WHEREAS**, the Administration recommends that the Mayor and City Commission approve, in substantial form, the "As Is" Residential Contract for Sale and Purchase between the City, as buyer, and Gerardo E. Ferrer Hernandez, as seller, for the purchase of the Property, for the total sales price of an amount not to exceed \$800,000.00 plus closing costs, a draft copy of which is attached to the City Commission Memorandum accompanying this Resolution; and further authorize the City Manager to take all actions, and negotiate and execute all documents, necessary in connection with the purchase, rehabilitation and completion of the Property as a multi-family affordable housing project pursuant to HUD guidelines.

**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, in substantial form, an "As Is" Residential Contract for Sale and Purchase between the City, as Buyer, and Gerardo E. Ferrer Hernandez, as Seller, for the purchase of a multifamily property, located at 971 79 Terrace, Miami Beach, Florida, for the total sales price not to exceed \$800,000.00 plus closing costs, payable from Community Development Block Grant (CDBG) funds and Home Investment Partnership (HOME) funds; said purchase being contingent upon: (1) the City Manager's acceptance of inspections in accordance with the contract; (2) an independent appraisal reflecting an appraised market value for the Property equal to or greater than the sales price of up to \$800,000.00; (3) satisfaction of HUD's area median purchase and maximum per-unit subsidy requirements; and (4) receipt of funding authorization from HUD; and, further, authorize the City Manager to take all actions, and negotiate and execute all documents, which may be necessary in connection with the purchase, rehabilitation and completion of the Property as an affordable housing project pursuant to HUD guidelines.

**PASSED and ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

**ATTEST:**

\_\_\_\_\_  
Dan Gelber, Mayor

\_\_\_\_\_  
Rafael E. Granado, City Clerk

APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION

  
\_\_\_\_\_  
City Attorney

4-13-23  
\_\_\_\_\_  
Date

