

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING AN "AS IS" RESIDENTIAL CONTRACT FOR SALE AND PURCHASE BETWEEN THE CITY, AS BUYER, AND NORMANDY 1735 LLC, AS SELLER, RELATING TO A FOURPLEX RESIDENTIAL PROPERTY, LOCATED AT 1735 NORMANDY DRIVE, MIAMI BEACH, FLORIDA, FOR THE TOTAL PURCHASE PRICE NOT TO EXCEED \$1,600,000.00 PLUS CLOSING COSTS, PAYABLE FROM COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS AND HOME INVESTMENT PARTNERSHIP (HOME) FUNDS; SAID PURCHASE BEING CONTINGENT UPON: (1) THE INTERIM 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 \$1,600,000.00; PROVIDED, HOWEVER, THAT IN THE EVENT THE PROPERTY APPRAISES BELOW \$1,600,000.00, THE INTERIM CITY MANAGER WILL HAVE AUTHORITY TO INCREASE THE CITY'S OFFER BY UP TO \$100,000.00 ABOVE THE APPRAISED VALUE, NOT TO EXCEED A TOTAL PURCHASE PRICE OF \$1,600,000.00; (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 INTERIM CITY MANAGER TO TAKE ALL ACTIONS, AND NEGOTIATE AND EXECUTE ALL DOCUMENTS, WHICH MAY BE NECESSARY IN CONNECTION WITH THE PURCHASE, REHABILITATION AND OPERATION OF THE PROPERTY AS AN AFFORDABLE HOUSING PROJECT PURSUANT TO HUD GUIDELINES.

WHEREAS, the City of Miami Beach (the "City") 2040 Comprehensive Plan, established the goal of having a minimum of 6,800 affordable and workforce 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, the City is a U.S. Department of Housing and Urban Development (HUD) designated entitlement City 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) program funds; and

WHEREAS, the Mayor and City Commission previously allocated funds for property acquisition through Resolution No. 2022-32188, allocating \$636,183.67 in FY 2022 CDBG funds, and through Resolution No. 2023-32524, allocating an additional \$296,795.88 in HOME funds; and

WHEREAS, previous attempts to acquire suitable properties utilizing CDBG and HOME funds were unsuccessful due to various circumstances, including the unavailability of multifamily properties within budget constraints and concerns regarding potential special assessments associated with condominium units; and

WHEREAS, on June 28, 2023 the Mayor and City Commission adopted Resolution No. 2023-32637, allocating an additional \$607,866.00 in FY 2023 CDBG funds to the acquisition or rehabilitation

of a property; and

WHEREAS, on March 13, 2024, the Mayor and City Commission adopted Resolution No. 2024-32949, allocating an additional \$121,569.44 in prior year unexpended CDBG and HOME funds to the acquisition or rehabilitation of a property and authorizing the City Manager to negotiate and execute a purchase agreement for a total sum not to exceed \$1,662,415.00; and

WHEREAS, the Office of Housing and Community Services (OHCS) has identified a 3,603 SF fourplex residential property, located at 1735 Normandy Drive, Miami Beach, FL (the "Property"); and

WHEREAS, the one-story Property consists of two, two-bedroom two-bath units and two, one-bedroom one-bath units; and

WHEREAS, the four apartments have been rehabilitated including: plumbing, electricity, appliances, and flooring; and

WHEREAS, the scope of the project includes property acquisition, tenant relocation, and window replacement; and

WHEREAS, the Administration negotiated the purchase price of \$1,600,000.00; and

WHEREAS, although the Property is expected to appraise at the asking price, in order to remain competitive, the Administration recommends that the Interim City Manager be authorized to offer up to \$100,000.00 above appraised value, not exceeding the purchase price of \$1,600,000.00; and

WHEREAS, customary closing costs for a purchase and sale transaction could total approximately three percent (3%) of the sales price (\$48,000.00), which costs will be paid by the City from previously 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, 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, the Administration anticipates spending approximately \$200,000.00 in connection with the rehabilitation of the Property and any relocation costs for current residents of the Property who will not qualify to participate in an affordable housing program, as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA); and

WHEREAS, the City expects to have approximately \$450,000.00 in unallocated CDBG FY 2024 funds available for housing projects, which would become available after October 1, 2024 and can be utilized for these purposes; and

WHEREAS, all HOME-funded projects must follow the maximum per-unit subsidy limits which are published annually; and

WHEREAS, with the inclusion of HOME funds, the Property will remain affordable and must comply with HOME rent limits for thirty (30) years; and

WHEREAS, the City's next CDBG timely performance test will be August 2, 2024, as such, the City must expend \$410,295.00 to meet the 1.5 ratio by July 27, 2024 in order to comply with HUD rules; and

WHEREAS, failure to do so could result in being placed on a HUD performance improvement plan or facing recapture of unspent funds; and

WHEREAS, completing this acquisition activity will ensure the City will comply with the CDBG timeliness requirements for the 2023 program year while increasing affordable housing in the City; and

WHEREAS, based upon the foregoing, the Interim City Manager recommends approving the signed "AS IS" Residential Contract for Sale and Purchase of the Property, between the City, as Buyer, and Normandy 1735 LLC, a Florida limited liability company, as Seller, a copy of which is attached to the City Commission Memorandum accompanying this Resolution, authorizing the purchase of the Property in the amount of \$1,600,000.00; provided, however, that in the event the Property appraises below \$1,600,000.00, the interim City Manager will have authority to increase the City's offer by up to \$100,000.00 above the appraised value, not to exceed a total purchase price of \$1,600,000.00; authorizing the subsequent rehabilitation of the Property, subject to funding availability; and further authorizing the Interim City Manager to execute all required documents related to the purchase, rehabilitation, and operation of the Property.


NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND THE CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby approve an "AS IS" Residential Contract for Sale and Purchase between the City, as Buyer, and Normandy 1735 LLC, as Seller, relating to a fourplex residential property, located at 1735 Normandy Dr., Miami Beach, Florida, for the total purchase price not to exceed \$1,600,000.00 plus closing costs, payable from Community Development Block Grant (CDBG) funds and Home Investment Partnership (HOME) funds; said purchase being contingent upon: (1) the Interim 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 \$1,600,000.00; provided, however, that in the event the Property appraises below \$1,600,000.00, the Interim City Manager will have authority to increase the City's offer by up to \$100,000.00 above the appraised value, not to exceed a total purchase price of \$1,600,000.00; and (3) receipt of funding authorization from HUD; and, further, authorize the Interim City Manager to take all actions, and negotiate and execute all documents, which may be necessary in connection with the purchase, rehabilitation and operation of the Property as an affordable housing project pursuant to HUD guidelines.

PASSED AND ADOPTED this 15 day of May 2024.

ATTEST:

Steven Meiner, Mayor

Rafael E. Granado, City Clerk

APPROVED AS TO
FORM & LANGUAGE
FOR EXECUTION
 5/17/2024
City Attorney _____ Date _____