



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

To: Mayor Philip Levine and Members of the City Commission

From: Jimmy L. Morales, City Manager

Date: December 12, 2018

Subject: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING AND ADOPTING THE AMENDMENTS TO THE CITY OF MIAMI BEACH LOCAL HOUSING ASSISTANCE PLAN (LHAP) FOR THE STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM FOR FY 16/17, 17/18, AND 18/19; THE APPROVAL OF THE LHAP FOR FISCAL YEARS 19/20, 20/21 AND 21/22, AS REQUIRED BY THE STATE HOUSING INITIATIVES PARTNERSHIP PROGRAM ACT, SUBSECTIONS 420.907 - 420.9079; AUTHORIZING EXECUTION OF ANY NECESSARY CERTIFICATIONS BY THE MAYOR AND THE CITY CLERK; AND FURTHER AUTHORIZING THE ADMINISTRATION TO SUBMIT THE AMENDED LHAP TO THE FLORIDA HOUSING FINANCE CORPORATION (FHFC) FOR ITS REVIEW AND APPROVAL.**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution.

BACKGROUND

The State Housing Initiatives Partnership Program (SHIP), administered through the Florida Housing Finance Corporation (FHFC), was established in 1992 by the William E. Sadowski Affordable Housing Act to stimulate the production of affordable housing statewide. SHIP Program funds are derived from documentary stamp levies on real estate transactions and held in the SHIP Program Trust Fund. Annually, FHFC allocates SHIP program funds among participating jurisdictions on a formula basis. SHIP program funds serve to increase access to affordable housing for income-eligible participants.

Entitlement communities receiving SHIP funds are required to produce and file a Local Housing Assistance Plan (LHAP) which governs each community's use of SHIP funds. A new LHAP must be filed every three years. The LHAP delineates the strategies that will be employed to increase the availability of affordable housing for income-eligible residents within the jurisdiction.

On April 13, 2016, the City Commission approved Resolution No. 2016-29364 adopting the LHAP for State FY 16/17 through 18/19. The current plans provide for the use of SHIP funds utilizing the

following assistance strategies:

- A. Owner-Occupied Rehabilitation
- B. Disaster Mitigation Recovery
- C. New Construction
- D. Purchase Assistance
- E. Rental Housing Development

Additionally, the SHIP program guidelines impose certain restrictions requiring that funds be allocated as follows:

- At least 75% of the overall funds must be used for construction, rehabilitation or emergency repairs of affordable, eligible housing;
- At least 65% of the overall funds must be used for homeownership activities (homebuyer activities or owner-occupied rehabilitation projects);
- At least 30% of the overall funds must be reserved for activities that benefit low-income households;
- At least 30% of the overall funds must be reserved for activities that benefit very-low income households; and
- At least 20% of overall funds must be utilized to assist households with a disabled member.

During the LHAP's three-year term, a jurisdiction may elect to use the funds for an eligible activity that is not included in its approved strategies, but it must amend its strategies to include the new activities and submit the amended LHAP to the State for approval.

However, an opportunity to add to the City's affordable housing stock has materialized as a result of the City's resolution of past compliance issues with the U.S. Department of Housing and Urban Development (HUD). On July 2, 2018, City Commission approved Resolution No. 2018-30374, approving, in part, the Third Amendment to the General Fund budget for FY 17/18. The amendment appropriated \$1,079,000 from the General Fund to be used for the repayment to U.S. Department of Housing and Urban Development (HUD) to comply with the completed Office of the Inspector General Audit, as recommended by Letter to Commission (580-2017) on December 5, 2017.

In its letter to the City of August 6, 2018, HUD's Community Planning and Development Division (CPD) provided wiring instructions for the repayment of the federal funds. The instructions further explained that these funds would return to the City's Line of Credit Control System (LOCCS) and be available for expenditure by the City in compliance with expenditure rules and deadlines prescribed by the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs. HUD requires its entitlement jurisdictions to ensure that funded activities are carried out in the defined project scope and within the timeframe allowed by each program. On October 17, 2018, pursuant to Resolution No. 2018-30551, the Mayor and Commission approved the purchase of a multi-family residential building for affordable housing in an amount not to exceed \$1,079,000.

ANALYSIS

SHIP's specific expenditure guidelines pose challenges in communities like ours with high property values and limited stock. The City has expended \$208,247.78 in Purchase Assistance with Rehab and \$38,823.68 in the Owner-Occupied Rehabilitation categories. Staff is working with local area mortgage companies, and lenders to leverage resources and serve these households seeking homeownership. The Office of Housing and Community Services (HCS) has collaborated with the Office of Communications to promote the existing programs to prospective homeowners, including City employees, educators and the public-at-large. HCS has also distributed information for the owner-occupied rehabilitation program to all homeowners receiving homestead exemptions throughout the City.

HCS expended \$13,027 in homeownership counseling funds in August 2018 and provided five (5) workshops for potential homeowners. These efforts were also promoted via social media and press release.

The Administration is also proposing the addition of a new strategy to the current LHAP of FY 16/17-18/19 that will provide the City with the ability to acquire and rehabilitate a multi-family housing property to increase the City's affordable housing portfolio.

The Administration is proposing several new strategies for the LHAP FY 19/20-21/22 to ensure that funds are available to the broadest range of income-eligible households. The Administration is proposing the adoption of the following strategies in the new LHAP:

- A. Owner-Occupied Rehabilitation
- B. Disaster Repair
- C. New Construction
- D. Purchase Assistance with Rehab
- E. Demolition/ Reconstruction
- F. Emergency Repair
- G. Foreclosure Prevention
- H. Acquisition/ Rehabilitation
- I. Land Acquisition
- J. Rental Development

The LHAP will also incorporate the newly-adopted incentive strategies adopted by the City Commission, pursuant to Ordinance No. 2017-4148, to encourage private developers for affordable housing unit size and Parking Requirement. The Ordinance further facilitates new construction or rehabilitated housing units for low and/or moderate-income housing for elderly and non-elderly persons by reducing the parking requirements.

The Plan must be submitted for initial review to the FHFC by March 1, 2019. Any amendments to incorporate strategies must be adopted by March 31, 2019. The final LHAP approval must be submitted to the FHFC by May 2, 2019.

The City is drafting a proposed Plan for review by the Affordable Housing Advisory Committee (AHAC) and the Plan will be available for public comment on the City's website.

CONCLUSION

The Administration recommends approval and adoption of the technical revisions to the State Housing Initiatives Partnership (SHIP) Program Local Housing Assistance Plan (LHAP) that increases the amount of assistance provided to eligible participants, and the amendment to the LHAP that adds a new assistance strategy which allows the City to purchase, rehabilitate and resell properties to eligible households to become homeowners, for the SHIP Program FY 16/17 through 18/19 and FY 19/20 through 21/22, as required by the SHIP Program Act, subsections 420.907 - 420.9079; authorizing execution of any necessary certifications by the Mayor and the City Clerk; and further authorizing the Administration to submit the amended LHAP to the Florida Housing Finance Corporation (FHFC) for its review and approval.