


MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Alina T. Hudak, City Manager 

DATE: December 8, 2021

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE A CONSENT AGREEMENT FOR MIAMI BEACH COMMUNITY DEVELOPMENT CORPORATION (MBCDC), A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION, IN CONNECTION WITH MBCDC'S REQUEST FOR A LOAN EXTENSION FROM THE NATIONAL HOUSING TRUST COMMUNITY DEVELOPMENT FUND FOR THE MERIDIAN PLACE APARTMENTS, LOCATED AT 530 MERIDIAN AVENUE, SUBJECT TO APPROVAL BY THE CITY ATTORNEY.

ADMINISTRATION RECOMMENDATION

The Administration recommends approving the Resolution.

BACKGROUND

The City is an entitlement community designated by the U.S. Department of Housing and Urban Development (HUD) and as determined by the decennial census information on population growth lag, age of housing stock and poverty. As an entitlement community, the City qualifies for an annual allocation under HUD's grant programs. The HOME Investment Partnership Program (HOME) was established in 1992 to provide funding specifically for affordable housing. HUD allocates these housing funds to strengthen public/private partnerships and expand the supply of affordable housing that is decent, safe and sanitary.

Miami Beach Community Development Corporation (MBCDC), a non-profit housing provider, has received approximately \$12M for the acquisition and rehabilitation of their affordable housing portfolio in Miami Beach. In 2007, MBCDC requested funding for the acquisition and rehabilitation of the Meridian Place Apartments, a 34-unit multi-family property located in 530 Meridian Avenue. Subsequently, the City awarded the Meridian LLC, a subsidiary of MBCDC, a total of \$2,864,642 in HOME Program funds and \$1,500,000 in Redevelopment Agency funding; both programs' affordability period end in 2043. Currently, the housing property is designated for elderly homeless or homeless persons at or below 60% AMI.

On June 4, 2021, MBCDC submitted its 2021- 2033 Business Strategy Plan ("the Plan"), which describes MBCDC's current financial position and delineates different strategies to preserve their portfolio. MBCDC reported their performing debt as \$5,580,080.00 as of July 30, 2021, which includes \$2,273,312 in private loans. In order for MBCDC to obtain

loan modifications that will result in reduced finance rates, they are requesting that the City subordinate for various properties, including the Meridian Place Apartments.

ANALYSIS

The chart below lists the funding Meridian Place Apartments has received from various public and private lenders in the order of lender position.

Mortgage Holder	Amount	Loan Structure
Florida Housing Finance Corporation	\$201,278	
National Housing Trust Community Development Fund	\$635,012	Payable loan; management is working with lender to secure a 2-year extension.
Florida Housing Finance Corporation	\$1,000,000	Non-interest bearing loan; management is working with lender to secure a 5-year extension.
Miami-Dade County Surtax Loan	1. \$1,000,000 2. \$775,000	Non-interest bearing loan expiring January 29, 2043.
Miami Beach Redevelopment Agency	\$1,500,000	Non-interest bearing loan expiring December 21, 2041.
City of Miami Beach	\$2,864,642	Non-interest bearing loan expiring December 21, 2041.

National Housing Trust Community Development Fund Loan

In 2013, the Meridian, LLC entered into a construction loan payable with the National Housing Trust Community Development Fund (NHTCDF) in the amount of \$335,012 with an interest rate of 6.5% per annum with a 10-year amortization schedule. An additional loan in the amount of \$300,000 with interest at a rate of 6.0% per annum and a 30-year amortization schedule was secured.

The combined loans require monthly payments of approximately \$5,600 that were due on June 29, 2020. The maturity date was extended to October 22, 2021, while MBCDC requests a 2-year extension from the lender. MBCDC provided the City with the necessary documents for the loan modification on November 15, 2021.

Although the City’s position is inferior to the other lenders, any loan modification documents must be approved by City Commission. Administration continues to work with MBCDC to evaluate strategies that focus on preserving the units in their housing portfolio and ensuring compliance with local, state and federal regulations.

CONCLUSION

The Administration recommends the Mayor and City Commission authorize the City Manager to sign a Consent Agreement extending the maturity date of the NHTCDF loan to December 2023, which maturity date may be extended further to a date not to exceed December 2024, at NHTCDF’s option required by MBCDC for the Meridian Place Apartments loan modification, subject to review and form approval by the City Attorney.

MT/ATH