

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 RRE PROYECT LLC, AS SELLER, FOR THE PURCHASE OF A CONDOMINIUM UNIT, LOCATED AT 8420 BYRON AVE, UNIT 5, MIAMI BEACH, FLORIDA, FOR THE TOTAL SALES PRICE NOT TO EXCEED \$220,000.00 PLUS CLOSING COSTS, PAYABLE FROM COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) 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 \$190,000.00; (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 OPERATION OF THE PROPERTY AS AN AFFORDABLE HOUSING UNIT PURSUANT TO HUD GUIDELINES; AND, FURTHER, SHOULD THIS TRANSACTION FAIL TO CLOSE, AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A NEW "AS IS" CONTRACT FOR THE PURCHASE OF ANOTHER PROPERTY WITHIN THE CITY OF MIAMI BEACH BOUNDARIES FOR USE AS AFFORDABLE HOUSING FOR A TOTAL SUM NOT TO EXCEED \$932,979.55; PROVIDED THAT THE NEW CONTRACT IS CONTINGENT UPON THE APPROVAL OF THE CITY COMMISSION AND IN THE FORM APPROVED BY THE CITY ATTORNEY.**

**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**, 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 \$538,749.00 to meet the 1.5 ratio by July 27th 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 2023-32574 allocating a total of \$296,795.88 in HOME funds for a total of \$932,979.55 to increase affordable housing units and ensure timely and compliant expenditure of HUD funds; and

**WHEREAS**, on April 28, 2023, the Mayor and City Commission adopted Resolution No. 2023-32574, approving the "As is" purchase contract to purchase a multifamily property at 971 79 Terrace, Miami Beach, FL; and

**WHEREAS**, on May 11, 2023, the seller's agent advised that the seller accepted another offer that had more favorable terms for the seller; and

**WHEREAS**, the Administration intended to utilize the funding to acquire a multi-family property; however, the options in the real estate market remain scarce based on the limited funding available, especially for multifamily properties; and

**WHEREAS**, therefore, the Administration recommends the purchase of a condominium unit to rehabilitate and resell or rent to a low- to moderate-income household; and

**WHEREAS**, this strategy would allow for the timely expenditure of CDBG funding, increase affordable housing, and make a turnkey unit available to an eligible homebuyer; and

**WHEREAS**, the Office of Housing and Community Services (OHCS) has identified a unit and is currently conducting the due diligence process; and

**WHEREAS**, the property is a 538 square foot condominium unit located at 8420 Byron Ave, Unit 5, Miami Beach, FL 33141 (Property); and

**WHEREAS**, the scope of the project includes property acquisition, interior rehabilitation, tenant relocation for an existing tenant, and temporary holding costs (such as homeowner association fees and utilities) while the unit is being rehabilitated; and

**WHEREAS**, once the rehabilitation is complete, the unit will be sold or rented to a low- to moderate-income homebuyer; and

**WHEREAS**, although the unit is expected to appraise at the asking price, to be competitive, the Administration is recommending that the City be authority to offer to pay up to \$30,000.00 above appraised value, not exceeding the asking price of \$220,000.00; and

**WHEREAS**, CDBG funds can also be used to temporarily manage the acquired Property until the Property is sold or while the Property is being rented; and

**WHEREAS**, the Administration will have to follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) requirements; and

**WHEREAS**, typical closing costs for a purchase and sale transaction could total approximately three percent (3%) of the sales price (\$6,600.00), which costs will be paid from previously appropriated funds; and

**WHEREAS**, the cost associated with the URA requirements will be paid 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**, language delineating this requirement has been included in the purchase contract as a contingency; and

**WHEREAS**, The Administration anticipates an estimated \$80,000 for all costs tied to rehabilitation, URA requirements, and the temporary cost of managing the Property, including homeowner association fees and utilities; and

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

**WHEREAS**, in order to preserve the opportunity to purchase the Property and ensure the timely expenditure of the CDBG funds, the City Attorney's Office form approved the "As Is" Sale and Purchase Agreement, for signature by the City Manager, contingent upon the Mayor and City Commission approving the contract; otherwise, the contract would automatically terminate and the City would be entitled to a refund of its deposit, in the amount of \$1,000.00; and

**WHEREAS**, based upon the foregoing, the City Manager recommends approving the signed contract, a copy of which is attached to the City Commission Memorandum accompanying this Resolution, authorizing the purchase of the Property; authorizing the subsequent rehabilitation of the Property; and further authorizing the City Manager to execute all required documents related to the purchase, rehabilitation, and operation of the Property; and

**WHEREAS**, should this transaction fail to close, the Administration recommends authorizing the City Manager to negotiate and execute a new "As Is" purchase agreement for the purchase of another property within the City; provided that the new contract is contingent upon the approval of the City Commission and in the form approved by the City Attorney.

**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 an "AS IS" Residential Contract for Sale and Purchase Between the City, as Buyer, and RRE Proyect LLC, as Seller, for the purchase of a condominium unit, located at 8420 Byron Ave, Unit 5, Miami Beach, Florida, for the total sales price not to exceed \$220,000.00 plus closing costs, payable from Community Development Block Grant (CDBG) 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 \$190,000.00; and (3) 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 operation of the Property as an affordable housing unit pursuant to HUD guidelines; and, further, should this transaction fail to close, authorize the City Manager to negotiate and execute a new "As Is" contract for the purchase of another property within the City of Miami Beach boundaries for use as affordable housing for a total sum not to exceed \$932,979.55; provided that the new contract is contingent upon the approval of the City Commission and in the form approved by the City Attorney.

**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

  
\_\_\_\_\_  
Date

6-8-23