

Condensed Title:

A Resolution of the Mayor and City Commission approving and authorizing the City Manager to recapture and reallocate CDBG and HOME funds; amend the FY 2008 through FY 2013 Action Plans; issue a notice of a thirty (30) day comment period and public meeting on the proposed Substantial Amendments to the Action Plans; and reallocate the funds to ensure compliance with HUD rules and regulations regarding the timely expenditure of funds.

Key Intended Outcome Supported:

Sustainable initiatives. Affordable housing for the labor force.

Supporting Data (Surveys, Environmental Scan, etc.: Based on the 2012 Community Satisfaction Survey, 80% of residents believe the City's standard of living is good and improving. 34% of businesses rated the lack of affordable housing in Miami Beach for their labor force as their most important challenge.

Item Summary/Recommendation:

As an entitlement community, the City receives an annual allocation of HUD funding. The CDBG and HOME programs have timeliness requirements regarding the expenditure of funds. HOME funds must be committed to a project within two years of City's receipt, and expended within five years. CDBG funds must be expended such that the total amount of funds in its allocation account never exceeds 1.5 times its annual allocation. HUD further requires its entitlement jurisdictions to ensure that funded activities are carried out in the defined project scope and within the timeframe allowed. The City's Action Plan is monitored throughout the year to ensure compliance with federal regulations and progress towards the National Objective, which stipulates that CDBG/HOME-funded services/housing activities must benefit low- and moderate-income persons who earn at or below 80% of the area median income (AMI).

The City previously awarded \$500,000 of FY 2010/2011 HOME funds and \$75,018 of FY 2011/2012 CDBG funds to Miami Beach Community Development Corporation's (MBCDC) Barclay Apartments project. The funds were to be utilized to modernize the elevator and upgrade the electrical systems to meet the requirements of the 40-Year Building Re-Certification. MBCDC has already drawn \$299,721.94 in HOME funds and \$24,753.21 in CDBG funds. City staff reviewed the project and determined that MBCDC will not be able to complete the project on time to satisfy the HUD timeliness requirement. Although a Temporary Certificate of Operation (TCO) was issued for the elevator by the Building Department in September 2013, MBCDC had not been able to complete the "punch list" items that are required in order for the elevator to receive a final closeout of the elevator permits until March 2014, six months later than promised. Instead, MBCDC had relied on extensions of the TCO to continue operating the elevator. A portion of the electrical upgrade has been finished but it is not near its completion. Based on MBCDC's current fiscal and operating conditions the likelihood of on-time completion is minimal.

The Administration recommends the recapture of \$119,197.22 of HOME funds and \$50,264.79 of CDBG funds from the Barclay project. The Administration further recommends the reallocation of \$92,885 of the HOME funds to Carrfour's Harding Village project, reallocation of \$26,312.84 of the HOME funds to be included in the FY 2014/2015 HOME Program funding cycle, and reallocation of the \$50,264.79 of CDBG funds to the City's London House Apartments. The City recently acquired the London House Apartments from MBCDC, and will continue its rehabilitation.

Advisory Board Recommendation:

N/A

Financial Information:

Source of Funds:		Amount	Account
<div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto;"></div> OBPI	1	N/A	
	2		
	3		
	Total		

Financial Impact Summary:

City Clerk's Office Legislative Tracking:

Maria Ruiz/Housing & Community Development

Sign-Offs:

Department Director	Assistant City Manager	City Manager
MLR	KGB	JLM



MIAMI BEACH

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

COMMISSION MEMORANDUM

TO: Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: April 9, 2014

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING AND AUTHORIZING THE CITY MANAGER TO RECAPTURE AND REALLOCATE \$119,197.22 OF HOME INVESTMENT PARTNERSHIP (HOME) FUNDS AND \$50,264.79 OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS; AMEND THE FY 2008 THROUGH FY 2013 ACTION PLANS; ISSUE A NOTICE OF A THIRTY (30) DAY PUBLIC COMMENT PERIOD AND PUBLIC MEETING ON THE PROPOSED SUBSTANTIAL AMENDMENTS TO THE CITY'S FY 2008 THROUGH 2013 ACTION PLANS; REALLOCATE \$92,885 AND \$26,312.84 OF THE HOME FUNDS TO THE CARRFOUR HARDING VILLAGE PROJECT AND TO THE FY 2014/2015 FUNDING CYCLE, RESPECTIVELY, AND \$50,264.79 OF CDBG FUNDS TO THE LONDON HOUSE APARTMENTS PROJECT TO ENSURE COMPLIANCE WITH UNITED STATES HOUSING AND URBAN DEVELOPMENT DEPARTMENT (HUD) RULES AND REGULATIONS REGARDING THE TIMELY EXPENDITURE OF FUNDS.**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution.

BACKGROUND

The City is a U.S. Department of Housing and Urban Development (HUD)-designated entitlement community, as determined by the decennial census information on population growth lag, age of housing stock, and poverty. The HOME Investment Partnership (HOME) Program was created in 1992 providing funding specifically for affordable housing. HUD allocates these funds to strengthen public/private partnerships and expand the supply of decent, safe, sanitary, and affordable housing for low-income families. The City has received HOME funds since the program's inception.

As an entitlement community, the City receives an annual allocation of HUD funding. HUD requires entitlement jurisdictions to submit a Five-Year Consolidated Plan which establishes the strategic framework upon which the City utilizes its funds. The Consolidated Plan is augmented and refined by the City's annual submission of a One-Year Action Plan which delineates the specific projects and activities funded by each year's HUD allocation. The City has historically used HOME funds for multi-family rental housing and first-time homeownership.

The HOME and CDBG Programs have timeliness requirements regarding the expenditure of funds. HOME funds must be committed to a project within two years of City's receipt, and expended within five years. CDBG funds must be expended so that the total amount of funds in the City's allocation account never exceeds 1.5 times its annual allocation. HUD further requires

its entitlement jurisdictions to ensure that funded activities are carried out in the defined project scope and within the timeframe allowed. The City's Action Plan is monitored throughout the year to ensure compliance with federal regulations and progress towards the National Objective, which stipulates that HOME-funded activities must create housing units that benefit low- and moderate-income persons who earn at or below 80% of the area median income (AMI).

From time-to-time, it may be necessary for the City to process a "Substantial Amendment" to the Five Year Consolidated Plan or the One Year Action Plans to allow for the funding of new activities, modification of existing activities, or other program administrative actions. The City is required by HUD [24 CFR 91.505 (b)] to identify the criteria to be used in determining if a proposed action will be considered a "Substantial Amendment", as follows:

- Addition of a new activity or project not previously described in the *Consolidated or Action Plan*;
- Deletion of an activity or project previously described in the *Consolidated or Action Plan*;
- Change in the purpose, scope, location or beneficiaries of an activity or project previously described in the *Consolidated or Action Plan*;
- Change in the use of funds from one eligible activity or project to another previously described in *Consolidated or Action Plan*; and/or
- A cumulative change in the use of funds from an eligible activity to another eligible activity that decreases an activity's funding by 10% or more OR increases an activity's funding by 10% or more during the fiscal year.

Any proposed amendment that is considered a "Substantial Amendment" is subject to the Citizen Participation process; requires formal action by the City Commission; and requires approval by HUD. Furthermore, a thirty (30) day public notice is required to provide the opportunity for the public to review and comment on the proposed substantial amendments to the City's FY 2008 through 2013 Action Plans. The City will also include a notice of a public meeting on the proposed substantial amendments. The City will consider all comments or views received from the public concerning proposed substantial amendments in accordance with 24 CFR 91.105 (c) (3). A summary of these comments and views shall be attached to the substantial amendment.

ANALYSIS

The City previously awarded \$500,000 of FY 2010/2011 HOME funds and \$75,018 of FY 2011/2012 funds to Miami Beach Community Development Corporation's (MBCDC) Barclay Apartments project. The funds were to be utilized to modernize the elevator and to upgrade the electrical systems to meet the requirements of the 40-Year Building Re-Certification. MBCDC has already drawn \$299,721.94 in HOME funds and \$24,753.21 in CDBG funds.

City staff reviewed the project and determined that MBCDC will not be able to complete the project on time to satisfy the HUD timeliness requirement. Although a Temporary Certificate of Operation (TCO) was issued for the elevator by the Building Department in September 2013, MBCDC was unable to complete the "punch list" items that are required in order for the elevator to receive a final closeout until March 2014. Instead, MBCDC relied on extensions of the TCO to continue operating the elevator. A portion of the electrical upgrade has been finished but it is not near its completion. Based on MBCDC's current fiscal and operating conditions the likelihood of on-time completion is minimal. It should be noted that MBCDC has yet to apply for the appropriate Certificate of Use for this property and its 40-year certification has been out of compliance for the past four years.

The City is facing the possibility of the de-obligation/recapture of \$185,272 of HOME funds. The completion of the Barclay project would have provided the ability to satisfy the expenditure requirements and avoid the loss of funds. Therefore, since MBCDC has not demonstrated the capacity to complete the project in a timely manner, the Administration is proposing the recapture of \$119,197.22 of HOME funds and \$50,264.79 of CDBG funds from the Barclay project.

Carrfour Supportive Housing (Carrfour) had originally applied for, and was awarded, funding from the City's FY 2013/2014 HOME Request For Proposals (RFP) for its rehabilitation of Harding Village, a 92-unit affordable housing project located in North Beach. The City originally funded only a portion of the project because of a limitation in funds. The Administration recommends the reallocation of \$92,885 of the recaptured HOME funds to Carrfour's Harding Village project. Given Carrfour's ability to mobilize and capacity to complete the rehabilitation prior to HUD's expenditure deadline, the funding of this project will provide the City with the ability to satisfy its expenditure requirements.

The balance of the remaining recaptured HOME funds, \$26,312.84, will be reallocated to the FY 2014/2015 HOME Program funding cycle and will be included in the RFP issued in March 2014 but not yet awarded.

The \$50,264.79 of recaptured CDBG funds is recommended to be reallocated to the City's London House Apartments. The City recently acquired the London House Apartments from MBCDC, and will continue its rehabilitation. The CDBG funds will be used to offset the acquisition closing costs as well as address additional costs associated with the issuance of a Design/Build RFP.

The changes described above meet the definition of Substantial Amendment. Accordingly, once funds are recaptured, the City will amend its Annual Plan with HUD reflecting these changes and ensure that required noticing and amendments will be completed. Funds will not be awarded to Carrfour until the completion of the 30-day public comment period.

MBCDC's Barclay Apartments will remain with a balance of \$81,080.22 in HOME funds to complete its required elevator repairs. It is expected that the remaining MBCDC funds will be utilized in the following manner:

\$ 6,408.00	Elevator Machine Room Contractor Retainage
\$ 6,300.00	Elevator Modernization Contractor Retainage
<u>\$68,372.22</u>	<u>Electrical Contractor Remaining Contract Costs</u>
\$81,080.22	

CONCLUSION

The Administration recommends approval of the recapture of funds, filing the amended Action Plans as required by HUD; issuance of a notice of a thirty (30) day comment period and a public meeting on the proposed Substantial Amendments to the City's FY 2008 through FY 2013 Action Plans; reallocating HOME funds to Carrfour Supportive Housing's Harding Village project and the FY 2014/2015 HOME Program funding cycle; and reallocating CDBG funds to the City's London House Apartments.

RESOLUTION TO BE SUBMITTED

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