Condensed Title:

A resolution authorizing a SHIP Program Agreement with MBCDC to provide $1,009,633 SHIP FY 2007/08 and FY 2008/09 allocations pursuant to a Notice of Funding Availability to fund eligible affordable housing activities in accordance with the SHIP Program Rule and the City's Local Housing Assistance Plan.

Key Intended Outcome Supported:

Increase access to workforce or affordable housing.

Supporting Data (Surveys, Environmental Scan, etc.): Based on the 2007 Customer Satisfaction Survey, affordable housing was a concern for 82% of those surveyed.

Issue:

Shall the City provide $1,009,633 in SHIP Program funds to assist income eligible households with down-payment assistance, closing costs, related rehabilitation, home ownership counseling, and rental housing development for income eligible households in accordance with the SHIP Program requirements?

Item Summary/Recommendation:

On October 10, 2008, the City issued a SHIP Program Notice of Funding Availability (NOFA) in the amount of $1,009,633, which represents two SHIP funding years' allocations combined. The SHIP FY 2007/2008 allocation in the amount of $536,462 includes program income up to June 30, 2008, and excludes the allowable City administration fees. The FY 2007/2008 funds must be committed by the City on or before the State deadline of June 30, 2009. The SHIP FY 2008/2008 allocation in the amount of $473,171 excludes the City's administration fee and future program income, which is undetermined at this time. Traditionally, program income is approximately $60,000 per year, and the final amount will be added to the allocation.

Only one response was received to the NOFA. Miami Beach Community Development Corporation (MBCDC) was responsive in proposing to utilize the SHIP funds as prescribed for first-time homebuyer activities, including down-payment assistance, closing cost assistance, related rehabilitation, housing counseling, and rental housing development for income-eligible households. The City's Loan Review Committee reviewed MBCDC's proposal and unanimously recommended awarding a contract for the use of the SHIP funds to MBCDC.

Due to the widespread foreclosure circumstances, the SHIP agreement will call for approximately 65% of the funding to be dedicated to allowable activities as it relates to the purchase of foreclosed and abandoned properties.

The other 35% (which is the maximum percentage of rental housing assistance allowable by the State) will be dedicated to continued rental housing development either in the Villa Maria project, or another City-approved affordable housing project. A recent financing gap in the Villa Maria Project arose when the State Legislature withdrew $190 million from the State Housing Trust Fund, resulting in a decrease of $2 million which had previously been committed to Villa Maria from the Florida Housing Finance Corporation. If the $2 million of State funding is ultimately reinstated to the Villa Maria project, or otherwise filled by another source, then MBCDC may, pending City approval, utilize the rental development funding for the continued rehabilitation of Meridian Place, a 34-unit affordable rental housing development project located at 530 Meridian Avenue.

Advisory Board Recommendation:

On November 19, 2008 the Loan Review Committee recommended that MBCDC be allocated SHIP Program funds from FY 2007/08 and 2008/09.

Financial Information:

Source of Funds: SHIP PROG

OBPI

	Amount	Account	Approved
1	$536,462 (FY 07/08)	152 - 5717	
2	$473,171 (FY 08/09)	152 - 5718	
Total	$1,009,633		

Financial Impact Summary:

City Clerk's Office Legislative Tracking:

Anna Parekh

Sign-Offs:

Department Director	Assistant City Manager	City Manager
AP	HF	

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MIAMIBEACH

AGENDA ITEM R7J

DATE 2-25-09

MIAMIBEACH

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

COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: February 25, 2009

SUBJECT: **A RESOLUTION OF THE MAYOR AND THE CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING THE MAYOR AND THE CITY CLERK TO EXECUTE A STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM AGREEMENT IN A FORM ACCEPTABLE TO THE CITY MANAGER AND CITY ATTORNEY, BETWEEN THE CITY AND MIAMI BEACH COMMUNITY DEVELOPMENT CORPORATION, WHICH PROVIDES SHIP PROGRAM FUNDS, IN THE AMOUNT OF $1,009,633 FROM FISCAL YEARS 2007/08 AND 2008/09, FOR FIRST-TIME HOMEBUYER ACTIVITIES, INCLUDING HOME OWNERSHIP COUNSELING, DOWN-PAYMENT ASSISTANCE, CLOSING COST ASSISTANCE, RELATED REHABILITATION, AND RENTAL HOUSING DEVELOPMENT FOR INCOME ELIGIBLE HOUSEHOLDS, IN ACCORDANCE WITH THE SHIP PROGRAM RULE AND THE CITY'S LOCAL HOUSING ASSISTANCE PLAN**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution.

ANALYSIS

The State Housing Initiatives Partnership (SHIP) Program, administered through the Florida Housing Finance Corporation, was established by the 1992 William E. Sadowski Affordable Housing Act to stimulate the production of housing statewide. SHIP Program funds are derived from documentary stamp levies on real estate transactions. Annually, the Florida Housing Finance Corporation allocates SHIP Program funds among participating jurisdictions on a formula basis. The City has participated in the SHIP Program since fiscal year 1995/96. As required by the Florida Housing Finance Corporation, on April 14, 2004, the City adopted a new Local Housing Assistance Plan, which serves as the guideline to utilize SHIP Program funds.

For FY 2007/08 the City received $529,771 of SHIP Program funds plus $62,809.33 of program income. For FY 2008/09 the City was allocated $525,768. An additional amount is anticipated for program income but has not yet been received. Program income is defined by the State as "the proceeds derived from interest earned on or investment of the local housing distribution and other funds deposited into the local housing assistance trust fund, proceeds from loan repayments, recycled funds, and all other income derived from use of funds deposited in the local housing assistance trust fund." It is estimated to produce approximately $60,000 annually.

According to SHIP Program regulations, ten percent (10%) of each fiscal year's allocation may be retained by the City for its administration. Additionally, the City may retain five percent (5%) of program income towards administrative costs. The total amount the City will

receive in administration funding will be approximately $56,117 from FY 2007/08, and approximately $55,577 from FY 2008/09. The exact final amounts will depend on the final program income figures for fiscal year 2008/2009. The sub-recipient/sponsor awarded funding is allowed to keep as administrative fees 10% of the costs of rehabilitation projects it undertakes, 1/2 of 1% of the cost of acquired units, and 2% of the overall contract award for counseling services.

The combined available SHIP Program funding of $1,009,633 for fiscal years 2007/08 and 2008/09 was advertised in a Notice of Funding Availability (NOFA) on October 5 and October 9, 2008 in the Miami Herald. The NOFA was also emailed to approximately twenty-five Miami-Dade affordable housing organizations and developers. It was clarified that applicants do not have to have offices in Miami Beach. The NOFA sought an experienced housing provider with a proven track record in administering affordable housing funds. Responses to the NOFA were due on November 14, 2008. A pre-bid conference was held on October 29, 2008. Six different entities were represented at the pre-bid conference. The City received only one proposal, which was from the Miami Beach Community Development Corporation (MBCDC).

Of the allowable uses of SHIP Program funds, The City of Miami Beach's current SHIP Local Housing Assistance Plan (LHAP) which covers Fiscal Years 2007 - 2010 limits its strategies to:

- Housing rehabilitation for first time home buyers or owner-occupied housing;
- New construction;
- Closing costs and down payment assistance for first-time homebuyers for purchase of scattered sites;
- Rehabilitation of multi-family buildings for condominium conversion;
- Rental housing development (defined as rehab of units in vacant multi-unit buildings);
- Acquisition/Rehabilitation for Workforce Housing (rental).

In accordance with the City's Local Housing Assistance Plan, the SHIP Program funds will be used to provide rehabilitation, down payment assistance, closing cost assistance and rental development.

Additionally, in light of the prevalent foreclosure problem plaguing the South Florida real estate market, these activities will be also restricted to the purchase and rehabilitation of foreclosed properties (as was required in the NOFA). Specifically, sixty-five (65%) of the SHIP funds will be limited to activities related to foreclosed properties. MBCDC has recently assisted eight (8) families utilizing previously allocated SHIP and CDBG funds to purchase foreclosed homes.

The following strategies will be implemented to the fullest extent possible:

a. Reserve escrow accounts will be set up at closing to fund potential condo special assessments.
b. In addition to customary condominium unit inspections, MBCDC will conduct an inspection of the entire building to assess general conditions and determine repair needs and possible future assessments.
c. A more stringent income qualification process to ensure that approximately 30% of a household's income will be necessary to fund mortgage payments, taxes, insurance, and condo/maintenance dues combined. Flexibility will be

provided when new homebuyers can show a history of paying a rent amount on time which exceeded these percentages of income and where the new homeownership costs (mortgage, taxes, etc.) do not exceed their prior rental amount.

SHIP funds will serve approximately 18 households with annual earnings at or below three percentiles of area median income: 50%, 80% and 120%.

The remaining thirty five (35%), or $353,371, will be dedicated to the continued rental housing development of the Villa Maria project in order to partially close a $2 million financing gap in the Villa Maria rental development budget. The financing gap was created in early 2009 when the State withdrew from the Florida Housing Trust Fund an estimated $190 million to cope with the state's budget shortage. The withdrawal of funds from the Housing Trust Fund eliminated $2 million previously committed to the Villa Maria project by the Florida Housing Finance Corporation's Special Housing Assistance Development Program. MBCDC is actively working with the Florida Housing Finance Coalition to have the funds reinstated. If the $2 million of State funding is ultimately reinstated or otherwise filled by another source, then MBCDC may, pending City approval, utilize the rental development funding for the continued rehabilitation of Meridian Place, a 34-unit affordable rental housing development project located at 530 Meridian Place. This project has received prior City funding, but currently has a funding gap.

On November 19, 2008, the Loan Review Committee recommended that MBCDC, the sole respondent to the NOFA, be awarded available SHIP funds for FY 2007/08 and FY 2008/09.

CONCLUSION

The Administration recommends that the Mayor and City Commission of the City of Miami Beach, Florida, adopt a resolution authorizing the Mayor and City Clerk to execute a State Housing Initiatives Partnership (SHIP) Program Agreement in a form acceptable to the City Manager and City Attorney, between the City and Miami Beach Community Development Corporation (MBCDC), which provides SHIP Program funds, in the amount of $1,009,633 from fiscal years 2007/08 and 2008/09, for first-time homebuyer activities, including home ownership counseling, down-payment assistance, closing cost assistance, related rehabilitation, and rental housing development for income-eligible households, in accordance with the SHIP Program Rule and the City's Local Housing Assistance Plan.

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RESOLUTION NUMBER_____

A RESOLUTION OF THE MAYOR AND THE CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING THE MAYOR AND THE CITY CLERK TO EXECUTE A STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM AGREEMENT, IN A FORM ACCEPTABLE TO THE CITY MANAGER AND CITY ATTORNEY, BETWEEN THE CITY AND MIAMI BEACH COMMUNITY DEVELOPMENT CORPORATION, WHICH PROVIDES SHIP PROGRAM FUNDS, IN THE AMOUNT OF $1,009,633, FROM FISCAL YEARS (FY) 2007/08 AND 2008/09, FOR FIRST-TIME HOMEBUYER ACTIVITIES, INCLUDING HOME OWNERSHIP COUNSELING, DOWN-PAYMENT ASSISTANCE, CLOSING COST ASSISTANCE, RELATED REHABILITATION, AND RENTAL HOUSING DEVELOPMENT FOR INCOME ELIGIBLE HOUSEHOLDS, IN ACCORDANCE WITH THE SHIP PROGRAM RULE AND THE CITY'S LOCAL HOUSING ASSISTANCE PLAN.

WHEREAS, the State of Florida enacted the William E. Sadowski Affordable Housing Act (the Act) on July 7, 1992, allocating a portion of new and existing documentary stamp taxes on deeds to local governments to stimulate the production of housing through the State Housing Initiatives Partnership (SHIP) Program; and

WHEREAS, the Act requires that in order to qualify for funding, local governments develop a Local Housing Assistance Plan outlining how the funds will be used; and

WHEREAS, the City issued a Notice of Funding Availability (NOFA) on October 10, 2008, pursuant to the City's approved Local Housing Assistance Plan; and

WHEREAS, the only response to the NOFA was from the Miami Beach Community Development Corporation (MBCDC), which was found to be qualified for said funding; and

WHEREAS, MBCDC will utilize the SHIP Funding Years 2007/2008 and 2008/09, in the amount of $1,009,633, for homebuyer activities, including down payment and closing cost assistance, home ownership counseling, related rehabilitation, and rental housing development for the Villa Maria Project, located at 2800 Collins Avenue, or alternatively, pending City approval, MBCDC may utilize the rental development funding for the continued rehabilitation of Meridian Place, a 34-unit affordable rental housing development project located at 530 Meridian Avenue; and

WHEREAS, at its meeting on November 19, 2008, the Loan Review Committee recommended that MBCDC be allocated SHIP Program funds from FY 2007/08 and FY 2008/09; and

WHEREAS, the Administration further requests that the Mayor and City Commission approve and authorize the Mayor and City Clerk to execute a State Housing Initiatives Partnership (SHIP) Program Agreement, in such form as approved by the Administration and City Attorney's Office.

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 and authorize the Mayor and City Clerk to execute a State Housing Initiatives Partnership (SHIP) Program Agreement, in a form acceptable to the City Manager and City Attorney, between the City and MBCDC, which provides SHIP Program funds, in the amount of $1,009,633, from FY 2007/08 and 2008/09, for first-time homebuyer activities, including home ownership counseling, down payment assistance, closing cost assistance, related rehabilitation, and rental housing development, for income eligible households, in accordance with the SHIP Program Rule and the City's Local Housing Assistance Plan.

Passed and adopted this_____day of_____, 2009.

_____
MAYOR

ATTEST:

_____
CITY CLERK

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APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION

City Attorney 2/19/09 Date