



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CONFERENCE MEETING**

#13-0532

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee Feldman, ICMA-CM, City Manager

DATE: April 2, 2013

TITLE: Proposed Plan of Action for Repayment to HUD for the HOME Program

The purpose of this memorandum is to outline a proposed plan of action for repayment to the Department of Housing and Urban Development (HUD) for the HOME Investment Partnership Program (HOME). The Department of Sustainable Development intends to present several items for consideration by the City Commission between April and July of 2013 in order to attempt to resolve HUD audit findings from 1995 through 2008 regarding the improper expenditure of HOME funds.

The City received technical assistance from HUD in late February/early March 2012 on the HOME Program. The purpose of the technical assistance was to assess projects on the HOME Open Activities Report, review project files, complete a visual inspection of selected housing sites and make recommendations for improvements. Upon conclusion of the technical assistance, HUD confirmed that the City would need to repay \$591,774.05 to its HOME line-of-credit account

In order to ensure the \$591,774.05 can be repaid and expended by the deadline of October 30, 2013, the City will need to wire transfer this amount to HUD as soon as possible. The plan of action for repayment involves the use of past property sales proceeds from surplus properties where HOME funds have been invested in the amount of \$67,153.12 and \$524,620.93 of Northwest-Progresso-Flagler Heights Community Redevelopment Agency (NPF CRA) funds that would be available after certain properties have been acquired from the City of Fort Lauderdale. There are six procedural steps required, which will occur over numerous City Commission meetings to implement the plan of action as recommended by City Staff, and as outlined below:

Step 1

On **April 16, 2013** the City Commission will meet as the Board of Directors for the Northwest Neighborhood Improvement District (NWNID) to approve the transfer of vacant residential lots from the NWNID to the City of Fort Lauderdale. A list of the NWNID properties and the map of those properties within the NPF CRA is attached as Exhibit 1.

City staff proposes transferring most of the properties within the NWNID inventory to the City. The NWNID was established by City Ordinance C-87-98, pursuant to Section 163.523 F.S. to implement the City of Fort Lauderdale's safe neighborhood improvement plan. As part of the safe neighborhood strategy the City transferred property to the NWNID to strengthen the neighborhood by making the properties available for housing development. Some of the properties within the NWNID will be kept in the City's surplus property inventory.

Over the past couple years declining resources from the State of Florida has impacted the ability of the City of Fort Lauderdale, through the Housing and Community Development Division, to fund the development of new, affordable housing units. Additionally, with reductions in Federal and State funding, the City does not receive enough grant money to construct enough infill housing to develop all of the properties within its inventory.

Because many of the safe neighborhood district strategies are being implemented through the activities of the NPF CRA, it is staff's recommendation that the NWNID be dissolved. In order to dissolve the NWNID, Staff intends to bring back additional items to accomplish this once NWNID's assets are reviewed and closed out.

Step 2

On **May 7, 2013**, it is anticipated that after the property transfer between the NWNID and City is complete, a CRA Board agenda item will be presented authorizing the CRA's offer to purchase the properties from the City and approving how the use of NPF CRA funds for this purchase will be in furtherance of the plan for the Area. Once acquired, staff intends to market the CRA properties for affordable housing development opportunities. Staff constantly fields interest from affordable housing developers about constructing new, affordably priced single-family housing units on properties throughout the NPF CRA. It is staff's opinion that by placing these properties under the focus of the NPF CRA that development opportunities might be accelerated when combined with the current activities associated with the redevelopment program. The CRA funds used to pay for the properties will be recycled to construct affordable housing units on the properties acquired.

Step 3

Step 3 is a companion item to Step 2. On **May 7, 2013**, after the CRA approves the use of CRA funds to purchase the properties, the City must follow the Charter procedure to permit the conveyance of property from the City to the CRA. In order to convey the property to another public body, Section 8.02 of the City Charter provides that the City Commission must adopt a resolution determining and declaring its intention to convey the property to the CRA. The resolution shall particularly describe the public lands to be conveyed or improved and the purchase price to be paid, if any. The public purpose for which such land or such property will be used by the CRA, and other details of the sale shall be identified. Finally, the City shall designate a day not less than thirty (30) days after the adoption of such resolution, on which a public hearing will be had before the City Commission upon such proposal. Such resolution shall be published in full in two (2) issues of a newspaper published in the city with the first publication not less than ten (10) days before such public hearing and the second publication one (1) week after the first publication.

Procedurally, Step 3 should occur after the CRA Board has approved Step 2.

Step 4

To allow for execution of the public notice requirements as outlined above, staff will prepare a public hearing item on the **June 18, 2013** City Commission agenda to request the Commission consider conveying the property to the CRA. At that time, the terms of the proposal and the use of the property will be explained to the public as part of the agenda item, and opportunity will be given for citizens and taxpayers to be heard upon such proposal.

At this same agenda meeting, the City Commission will be presented with another resolution to confirm, amend or repeal the resolution previously adopted on April 16, 2013. If the previous resolution is confirmed in its original form, or with amendments or additions, the proper city officials will be given authority to execute and deliver a deed of conveyance under the terms and conditions set out in the resolution.

Step 5

On **July 2, 2013**, after the City Commission approves the conveyance, the CRA Board will then accept the transfer of property and authorize the transfer of funds to the City.

Step 6

Step 6 is a companion item to Step 5. Staff will prepare an item for the **July 2, 2013** regular agenda, recommending the City Commission approve and authorize the City to use the proceeds from sale of the lots to the CRA to repay HUD for the ineligible HOME Program expenditures. Upon approval of this item, staff will then transmit \$591,774.05 to HUD to comply with the HOME repayment requirement.

HOME funds will then be used in accordance with programs approved by the City Commission in the 2012-2013 Annual Action Plan. Programs consistent with the 2012-2013 Annual Action Plan include down payment assistance and home rehabilitation

Additional Information

HOME funds have to be expended by October 30, 2013; therefore it is further recommended that in order to accomplish the spending requirements by the federal deadline that another available non-federal funding source be used to fulfill the repayment requirement immediately. By utilizing a non-federal funding source as a bridge loan at this time, rather than waiting to complete the steps outlined above to convey land from the City to the CRA, payment to HUD can be accelerated by almost two months. The non-federal source would be repaid once the procedural steps as outlined above are completed to legally convey city assets to the NPF CRA. In order to use a non-federal source a budget amendment would be required. If the plan of action for repayment is endorsed by the City Commission a budget amendment can be approved on May 7, 2013.

Resource Impact

Non-Federal Funding is available in Undesignated Fund Balance in NPF CRA 2004B Bonds Fund 322.

Attachment:

Exhibit 1 – List of NWNID properties and the map of NWNID properties in NPF CRA

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