



CITY OF FORT LAUDERDALE

Approved
MEETING MINUTES
CITY OF FORT LAUDERDALE
VIRTUAL MEETING
MONDAY, AUGUST 3, 2020 – 9:00 A.M.

Cumulative

June 2020-May 2021

Committee Members	Attendance	Present	Absent
Brandon Stewart, Chair	P	2	0
Frances Epstein, Vice Chair	P	2	0
Phallon Bullard	P	1	1
Uwe Cerron	P	2	0
Nancy Daly	P	2	0
Patricia Hale	A	0	2
Irv Minney	P	1	1
Donnalee Minott	P	2	0
Margi Nothard	P	2	0
Edwin Parke (arr. 9:13)	P	2	0
Mitchell Rosenstein	P	2	0

Staff / Guests

Avis Wilkinson, Housing Programs Administrator/Staff Liaison
Lashanda Elliott, Administrative Assistant
Jerry Jean-Phillippe, City Moderator
Pamela Adams, Fort Lauderdale Community Development Corporation
Katharine Berry, H.O.M.E.S., Inc.
Linda Taylor, H.O.M.E.S., Inc.
Jamie Opperlee, Recording Secretary, ProtoType, Inc.

Communication to the City Commission

None.

I. ROLL CALL / DETERMINATION OF A QUORUM

Chair Stewart called the meeting to order at 9:06 a.m.

II. APPROVAL OF MINUTES – July 6, 2020

Chair Stewart noted a correction to his name on p.5, paragraph 6.

Motion made by Vice Chair Epstein, seconded by Ms. Minott, to approve [as corrected]. In a voice vote, the **motion** passed unanimously.

III. OLD BUSINESS

- **Affordable Housing Trust Fund Balance Update**

Ms. Wilkinson stated that she would send this information to the Committee members via email later in the week, as there have been additions to this fund balance.

- **CHDO RFP Update – Presenter Pamela Adams, Fort Lauderdale CDC**

Pamela Adams, Executive Director of the Fort Lauderdale Community Development Corporation (FLCDC), showed a presentation on projects her organization is undertaking, which would require a funding amendment. Ms. Wilkinson noted that the Committee members had been provided with a handout to accompany the presentation.

Ms. Adams recalled that FLCDC's original proposal for the use of Community Housing Development Organization (CHDO) funds was approved by the Committee in 2019. This original proposal included three projects, which were located on NW 2nd Street, 1425 NW 3rd Street, and 735 NW 10th Terrace. In 2019, FLCDC proposed to acquire a lot to the south of the NW 2nd Street location, tear down the existing two buildings, and rebuild 12 to 18 affordable units on the combined site.

Revision of this proposal became necessary when FLCDC was unable to acquire the second lot on NW 2nd Street. Instead, a new proposal was submitted to use \$115,000 in CHDO funds in the 1425 NW 3rd Street property and \$185,000 in the 735 NW 10th Terrace project. Both of these projects would substantially rehabilitate existing properties.

Chair Stewart recalled that one reason FLCDC was unable to develop the 735 NW 10th Terrace property as planned was the site's inability to meet its parking requirement. Ms. Adams replied that the organization had discussed requesting a variance or waiver from the City for this requirement, but had not formally applied for either measure. Two architects had confirmed that the project could not meet the parking requirement.

Mr. Rosenstein asked if there were other challenges to the 735 NW 10th Street site as well. Ms. Adams explained that FLCDC could not acquire control of another site on which parking would have been available. She confirmed that lack of site control was the most important issue.

Ms. Daly commented that one of the selling points of the project for the Committee was the increase from six to 18 units. She asked if the 2019 funds may be held back and combined with 2020 funds to meet another need. Ms. Wilkinson replied that the final decision will be left to the City Commission. She has submitted a City Commission Agenda Item (CAM) including both the original and revised projects. She noted that she can include the Committee's proposal to combine two years' funding with the CAM if that is their wish.

Motion made by Ms. Daly to hold those funds and put them in the bucket that [the Committee] normally has to spend until they have decided the best use of those funds.

Ms. Wilkinson explained that any **motion** on this issue will need to specify the amount of HOME funds to be withheld. It was clarified that the original amount allocated to 735 NW 10th Terrace was \$106,000, and the additional amount necessary for the original NW 2nd Street project was \$179,600. Ms. Daly stated that her intent was to combine the \$179,600 with the original allocation of \$106,000 and take the total amount of \$285,600 off the table.

Mr. Rosenstein requested that any **motion** be tabled until Ms. Adams completed her presentation on FLCDC's proposed use of funds.

Ms. Adams advised that the project at 1425 NW 3rd Street is expected to be complete by the end of September 2020. This project will be the first solar-powered property in its area and will provide first-time home buyers with the opportunity to benefit from lower energy bills.

While the updated proposal for the 735 NW 10th Terrace project would not increase the number of units on that site, it would improve quality of life for residents at that location through substantial rehabilitation of the property. It would include roofing, impact-resistant windows, a sewer connection, and interior and exterior improvements. FLCDC has complete control of both the 735 NW 10th Terrace site and the 1425 NW 3rd Street site.

Ms. Adams continued that if new projects in the subject area were brought before the Committee, they were likely to be single-family home projects, as multi-family development takes more time to prepare. She noted that it may be possible to put together another solar power project similar to the one underway at 1425 NW 3rd Street.

Ms. Daly explained that the intent behind her **motion** was to give FLCDC additional time to identify new projects on which the funds could be used. Ms. Adams advised that while she is disappointed that additional units cannot be constructed at 735 NW 10th Terrace, she felt the proposed rehabilitation would be preferable to postponing the use of the funds. FLCDC is prepared to begin this project as soon as they have approval to shift the funds as requested. She estimated the 735 NW 10th Terrace project could be complete by no later than the end of the first quarter, barring emergencies.

Ms. Wilkinson emphasized that while FLCDC has brought the updated project before the Committee as a courtesy, it will go before the City Commission for final disposition after this meeting. She reiterated that she can include any recommendations the Committee wishes to make in the CAM for the Commission's consideration.

Ms. Daly restated her earlier **motion** as follows: to take approximately \$106,000 that was to be used on 735 [NW 10th Terrace] that cannot be used for that purpose now and the funds for the NW 2nd Street [project], which was approximately \$180,000, which cannot be used for that purpose, and move them forward into [the] next year to decide what is the best use for them.

Ms. Minott **seconded** the **motion**.

It was clarified that the **motion**, if approved, would serve as the Committee's recommendation for use of the funds and would be included in the CAM.

Mr. Rosenstein suggested that a future threshold requirement of projects seeking CHDO funds be site control for a project, and/or a scoring metric for the feasibility of projects. He concluded that while he was supportive of the revised project presented today, these criteria could improve the process in the future.

In a roll call vote, the **motion** passed 7-3 (Mr. Cerron, Ms. Nothard, and Mr. Parke dissenting).

- **Affordable Housing Recommendations Updates**

None.

- **Affordable Housing tools to address racial inequalities**

Chair Stewart advised that he and Ms. Nothard would bring forward items for discussion at the September 2020 meeting.

Motion made, seconded by Ms. Daly, to table this Item until the next meeting. In a voice vote, the **motion** passed unanimously.

IV. NEW BUSINESS

- **H.O.M.E.S. – Katharine Berry**

Katharine Berry, representing Housing Opportunities, Mortgage Assistance, and Neighborhood Solutions (H.O.M.E.S.), Inc., showed a PowerPoint presentation to the Committee on policy considerations for the use of U.S. Department of Housing and Urban Development (HUD) CHDO program income in Fort Lauderdale. H.O.M.E.S., Inc. is a 501(c)(3) not-for-profit organization whose mission is to provide quality programs for Broward County at-risk and lower-income residents and neighborhoods. These include:

- Affordable home ownership program
- Rehabilitation of properties for sale to families with lower incomes
- Affordable rental program
- At-risk youth program for young adults aged 18-24
- Neighborhood revitalization

Ms. Berry explained that her concern is with the City's current interpretation of its program income policy, which is interpreted in favor of the City and to the detriment of CHDO organizations. This has a negative financial effect on the CHDOs involved, rather than following the HUD mandate of working with these agencies to help them build their

capacity. She requested that the Committee undertake a thorough review of these policies to determine what would best carry out the federal purpose of CHDO funds.

Ms. Berry advised that CHDOs in Fort Lauderdale include the FLCDC and H.O.M.E.S., Inc. Under HUD guidelines, these agencies may acquire, own, and develop rental or ownership housing for low-income residents earning up to 80% of the area median income (AMI). Cities are mandated by federal law to work with these agencies under HUD guidance notices. The relationship between participating jurisdictions and CHDOs is intended to provide those jurisdictions with tools, including housing production and preservation, leverage, matching funds, volunteer contributions, political support, and adaptability in response to changing community needs.

Each participating jurisdiction must use at least 15% of its Home Investment Partnerships Program (HOME) from federal sources toward housing owned or developed by a CHDO. Program income consists of the gross income received by a participating jurisdiction, directly generated from the use of HOME funds. Each jurisdiction has choices of how its program income is distributed. Options include:

- Treating HOME funds invested in a project as a grant to the CHDO, permitting them to retain the net proceeds of a sale to a qualified low-income buyer
- Treating HOME funds as a forgivable zero-interest loan to the CHDO by canceling a portion of debt each year over the life of the loan
- Treating HOME funds as a forgivable zero-interest loan to the CHDO by erasing the full debt after the full affordability period has expired, giving no credit to the CHDO for the years in which affordability was maintained
- Not forgiving the debt accrued from the CHDO to the participating jurisdiction for either funds invested in the project or the proceeds after the affordability period has run

Ms. Berry advised that Fort Lauderdale's policy regarding program income is one of the strictest possible interpretations in favor of the City and against CHDOs. If the CHDO is permitted to retain some of this income, they may use it for issues such as emergency repairs to affordable housing, operating costs of affordable housing projects, project reserves, or CHDO operating expenses. If the CHDO is not allowed to retain any of the program income, it is shown as a loss on the organization's audited financial statements for that year, which affects the ability to obtain future loans and grants. This leaves the organization with diminished financial capacity, with which it is limited in its ability to accomplish future affordable housing projects.

All of the terms between a participating jurisdiction and a CHDO must be clearly stated in a written agreement between the parties. A mortgage promissory note and/or restrictive covenant is typically recorded in the public records, also listing these terms and restrictions.

Ms. Berry requested that the Committee consider making the following policy recommendations to the City Commission:

- Taking into account the requirement that a participating jurisdiction must use at least 50% of its HOME funds for CHDOs
- Supporting and increasing the capacity of CHDOs

Additional considerations include:

- Whether local governments in the role of participating jurisdictions are obligated to build the capacity of nonprofit CHDOs engaged in building their community
- Whether the City's program income policies, as currently interpreted and enforced, should be reviewed by the Committee, followed by recommendations made to the City Commission

Chair Stewart requested clarification of the proceeds a CHDO receives from the sale of any of its properties within Fort Lauderdale. Ms. Berry confirmed that H.O.M.E.S., Inc. receives none of these proceeds, which ensures that they lose money in each case.

Vice Chair Epstein noted that the organization's inability to recapture any of its investment is a dilemma best addressed through collaboration between the CHDOs, the Committee, and the City Commission. She proposed creating a subcommittee to identify and discuss remedies for this issue, which could then be brought before the Commission for their consideration.

Ms. Wilkinson advised that she could invite a Housing Manager to speak to the Committee and clarify HUD guidelines as well as City policies and procedures. She recalled that at an earlier date, under different City management, greater flexibility had allowed CHDOs to retain monies from the sales of properties. When these funds are retained, they are categorized as CHDO proceeds; when these funds go back to the City, they are classified as program income and may be used for other eligible projects.

She recommended that the Item be tabled until a Housing Manager can address the Committee and provide additional information on CHDOs and HUD guidelines.

Mr. Rosenstein asked if Ms. Adams and FLCDC have experienced similar issues to those described by Ms. Berry regarding income and/or proceeds. He suggested that the City's CHDOs may wish to form a coalition to address this situation. Ms. Adams replied that she is familiar with HUD's policies, although her agency has not always been subject to the same concerns Ms. Berry had described. She agreed that there should be additional discussion of the issues raised by the presentation.

V. AGENDA TOPICS FOR NEXT MEETING

Ms. Wilkinson advised that she would forward the Committee members the language that will be sent to the City Commission regarding their recommendation on FLCDC's amended project. Chair Stewart encouraged the members to forward any information they may have regarding the use of affordable housing tools to address racial inequalities to Ms. Wilkinson's office as well. Ms. Wilkinson stated that AHAC members were sent a copy of a PowerPoint from the Florida Housing Coalition regarding affordable housing tools to

address racial inequalities, and encouraged the members to send any questions about the document to her. The Committee may also hear from a Housing Manager regarding the disposition of CHDO project income.

VI. GOOD OF THE ORDER

None.

VII. NEXT SCHEDULED MEETING DATE – September 14, 2020

VIII. ADJOURNMENT

There being no further business to come before the Committee at this time, the meeting was adjourned at 10:41 a.m.

Any written public comments made 48 hours prior to the meeting regarding items discussed during the proceedings have been attached hereto.

[Minutes prepared by K. McGuire, ProtoType, Inc.]