

MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC #

225-2016

LETTER TO COMMISSION

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: May 24, 2016

SUBJECT: **Miami Beach Community Development Corporation Update**

The purpose of this LTC is to update the Mayor and City Commission on its request from the April 13th Commission meeting that I reach out to Miami Beach Community Development Corporation (MBCDC) and assess its needs.

As you may recall, Commissioner Kristen Rosen Gonzalez presented a discussion item associated with the rent increases impacting the residents of the Allen Apartments, an affordable housing project owned by MBCDC. About 18 residents of the Allen Apartments have had substantial rent increases as a result of MBCDC raising rents to stabilize the building's finances in order to keep the building operational and fulfill its debt service. Commissioner Rosen Gonzalez had also inquired as to the possibility of waiving the water and sewer bill for MBCDC to provide fiscal relief that could be extended to the tenants. Unfortunately, the City cannot waive storm and sanitation fees.

On May 4th, staff and I met with Beatriz Cuenca-Barberio, the MBCDC's Executive Director, and MBCDC's legal representative to discuss the fiscal health of the agency and assess if the agency had any needs. Ms. Cuenca-Barberio assured us that MBCDC is financially stable but that it can only remain so if it charges the maximum rents allowed by the Department of Housing and Urban Development (HUD) guidelines. She further advised that MBCDC has already sold several of its single-family properties to reduce its debt load and will be selling additional single-family properties to create an operating reserve. It should be noted that these properties being sold have all fulfilled their affordability period and are no longer legally required to be used to provide affordable housing.

In light of Ms. Cuenca-Barberio's assurances, it appears that MBCDC is solidifying its financial footing. As to the issue that started the conversation, the rising rents for tenants of the Allen Apartments, Ms. Cuenca-Barberio advised that the rent increases are necessary and will not be rescinded. However, her staff is ensuring that tenants are fully accessing entitlements and other community-based resources to offset the increases where possible. As such, no areas of need were identified at this time.

Should you have any questions, please contact me.

JLM/KGB/MLR

c: Kathie G. Brooks, Assistant City Manager
Maria L Ruiz, Department Director