



AGENDA

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY REGULAR BOARD MEETING

Tuesday, February 23, 2010
5:30 P.M.

**NORTH MIAMI CITY HALL - COUNCIL CHAMBERS
776 N.E. 125TH STREET, SECOND FLOOR**

- I. CALL TO ORDER – Pledge of Allegiance; Roll Call
- II. APPROVAL OF MINUTES – February 9, 2010
- III. ITEMS FOR REVIEW AND/OR ACTION



AFFORDABLE HOUSING EFFORTS

• NEW HOUSING CONSTRUCTION

TAB 1

Status update regarding the Pioneer Gardens affordable housing development relative to the ongoing site assessment/remediation and issues relating to the development agreements with the Urban Residential Development Group for the Pioneer Gardens and Bel House projects (Attachment)

- **HOMEBUYER PURCHASE ASSISTANCE**
- **SINGLE FAMILY HOME REHABILITATION**
- **AFFORDABLE RENTAL HOUSING**
- **OTHER**



COMMERCIAL & ECONOMIC DEVELOPMENT PROGRAMS

- **COMMERCIAL GRANTS**
- **OTHER**



CAPITAL IMPROVEMENTS & INFRASTRUCTURE



ADMINISTRATIVE & OTHER

TAB 2

Discussion regarding the process and timetable for the CRA Board to refine the listing of funding priorities for debt financing in an amount up to \$27 million to more specifically define and/or prioritize the

redevelopment projects, programs and activities to be funded (Attachment)

Note: The CRAAC held a discussion relative to this subject during its meeting on 2/1/10 and as the result adopted the following motion for consideration by the Board:

Motion that the CRA Board request the CRA Executive Director to organize a workshop with the participation of the CRA Board, CRAAC, and City Staff for the purpose of engaging in a discussion relative to a shared redevelopment vision for the City of North Miami.

TAB 3

Status update regarding the consideration of the CRA's FY 2009-10 Budget and the related proposed amendment to the Interlocal Agreement to provide the City of North Miami with a TIF Refund Option for FY 2009-10, FY 2010-11 and FY 2011-12 by Miami-Dade County (No Attachment)

COMMUNITY OUTREACH

IV. REPORTS

A. Board Member Reports

Chair Andre D. Pierre
Member Michael R. Blynn
Member Scott Galvin
Member Jean Rodrigue Marcellus
Member Marie Erlande Steril

B. CRA Attorney

C. Executive Director

D. Next Regular Board Meeting – Tuesday, March 9, 2010 at 5:30 p.m. at City Council Chambers

Next Regular Advisory Committee Meeting – Monday,
March 1, 2010 at 6:00 p.m. at City Council Chambers

V. ADJOURNMENT

Note:

Two or more members of the City Council/CRA Board of Commissioners and/or other elected or appointed public officials may be present at this meeting. If any person decides to appeal any decision made with respect to any matter considered at this public meeting or hearing, he/she will need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. If you desire auxiliary services to assist in viewing or hearing the meetings, or reading meeting agendas and minutes, please contact the Office of the CRA Secretary at (305) 895-9817.

NMCRA board agenda for 022310 tecsr 021710

SUMMARY MINUTES

REGULAR COMMUNITY REDEVELOPMENT AGENCY MEETING

February 9, 2010

A regular meeting of the Chairman and Members of the Community Redevelopment Agency (CRA) Board was held in the North Miami Council Chambers of City Hall on Tuesday, February 9, 2010, beginning at 5:36 p.m.

(Phonetic spelling of each speaker's name may be used throughout the minutes unless correct spelling is known.)

Note: The actual agenda and all backup materials for each CRA Board meeting and CRA Advisory Committee meeting can be found at: www.NorthMiamiCRA.org

Flag salute

I. ROLL CALL

Board Member Marie Erlande Steril	Here
Board Member Scott Galvin	Here
Chairman Andre D. Pierre	Here
Board Member Jean Rodrigue Marcellus	Here
Board Member Michael R. Blynn	Here

Additions, Deletions or Withdrawals

The Executive Director advised supplemental information was provided for Agenda Item, Tab 2.

II. APPROVAL OF MINUTES:

Regular Meeting – Tuesday, January 26, 2010.

Board Member Galvin moved to approve the minutes, seconded by Board Member Blynn; passed unanimously.

III. ITEMS FOR REVIEW AND/OR ACTION

TAB 1 – STATUS UPDATE REGARDING THE PIONEER GARDENS AFFORDABLE HOUSING DEVELOPMENT RELATIVE TO THE ONGOING SITE ASSESSMENT REMEDIATION AND ISSUES RELATING TO THE DEVELOPMENT AGREEMENT WITH THE URBAN RESIDENTIAL DEVELOPMENT GROUP

The CRA Executive Director provided an update advising the CRA received a response letter from Miami-Dade County DERM dated December 21, 2009 and met with them on January 12, 2010. The CRA Executive Director is currently working to prepare a response including a plan of action with additional soil and water assessments needed and technical issues addressed. The CRA Executive Director will bring this forward for further discussion at the next CRA Board meeting before submitting to DERM.

The CRA Executive Director updated the Board regarding the Development Agreement for the housing enterprise relating to the Pioneer Gardens site. The CRA Executive Director met with the representatives of the Urban Residential Development Group pertaining to issues of payment of project expenses between the developer and the CRA. The CRA Executive Director is currently pending the receipt of additional information from URDG to further analyze the situation and will bring forward a report at the next CRA Board meeting.

TAB 2 – RESOLUTION REGARDING CRA FUNDING PRIORITIES FOR DEBT FINANCING IN AN AMOUNT UP TO \$27 MILLION FOR REDEVELOPMENT PROJECTS, PROGRAMS AND ACTIVITIES

The CRA Executive Director reviewed the proposed Resolution and advised if approved, further approval would be required from Mayor and Council of the City of North Miami and the Miami-Dade Board of County Commissioners. Board Member Steril moved approval of the Resolution, seconded by Board Member Galvin; for discussion. Public discussion. Board discussion.

Board Member Galvin requested putting in the Olympic Training Facility and the New City Library, should these projects be revisited; removing specific language referring to the YMCA, when speaking

of potential health facilities; and where police substations are listed for NW 7th Avenue, to add “and other locations”. The CRA Executive Director noted the changes. Board Member Galvin requested obtaining additional input from the City Manager and the City Attorney.

The CRA Executive Director advised he anticipated Miami-Dade County requesting information regarding relative priorities and approximate dollar allocations for the projects. Additionally, the CRA Executive Director advised several of the institutions that were interested in providing the debt financing requested additional detailed information for the projects. The CRA Executive Director advised, if approved, a Resolution similar to the one approved by the CRA Board would be presented to the Mayor and City Council to adopt the same priorities as the CRA Board. If the proposed Resolution is approved by the Mayor and City Council, the CRA Executive Director would then formally transmit the request to Miami-Dade County for review and approval.

The CRA Executive Director reviewed the financial plan with the Board. Ed Marquez, Senior Vice President of the First Southwest Company, provided information to the Board, regarding the projections provided. Mr. Marquez advised the projections would be adjusted as additional information is received. Board discussion.

The CRA Executive Director advised regarding the line of credit, the bank would provide parameters relative to accessing the funds that would be consistent with the CRA’s ability to pay the debt service obligation.

The Board voted on the Resolution, as amended, including the additional requests provided from Board Member Galvin; passed by a 4-1 vote. Board Member Blynn denied.

TAB 3 – REQUEST TO AUTHORIZE THE CRA’S EXECUTION OF A SUBORDINATION AGREEMENT TO PERMIT AN ADVANCE OF FUNDS IN THE AMOUNT OF \$22,000 FROM US CENTURY BANK RELATIVE TO THE CRA COMMERCIAL GRANT FOR FORTUNA AND MOISES BICHACHI AND 624-26 LLC

The CRA Executive Director reviewed the documentation regarding the request for the CRA to subordinate to permit an increase in the

amount of an existing loan from US Century Bank by \$22,000 from \$308,000 to \$330,000. The CRA Executive Director recommended the approval. Board Member Galvin moved to approve the request, seconded by Board Member Steril; for discussion. No public discussion. Board discussion. The CRA Executive Director advised the CRA-assisted commercial rehabilitation project was completed. The Board voted; passed unanimously.

IV. REPORTS

A. Board Members

Chairman Pierre expressed gratitude for the CRA's assistance with providing temporary protective status applications to those citizens needing help.

Chairman Pierre announced an upcoming event of the Harlem Ambassadors Basketball Team, fundraiser, benefiting Haitian relief efforts.

Board Member Steril thanked the citizens of North Miami for their support in Haitian relief efforts.

B. CRA Attorney

Mr. Zelkowitz advised the Supreme Court, State of Florida has ordered mediation of all mortgage foreclosure cases.

Mr. Zelkowitz advised that through his law firm he was successful in helping a resident, preventing a foreclosure and reducing the mortgage amount and interest rate.

C. Executive Director

The CRA Executive Director advised he thanked Commissioner Rolle for sponsoring an item for the CRA regarding an amendment that was approved by the CRA Board and the City Council allowing the option for a TIF refund for the next three fiscal years and received no other questions from other County Commissioners. The agenda item was scheduled to be considered by the County Commission's Housing and Community Development Committee on February 10, 2010.

D. Next Regular Board Meeting: Tuesday, February 23, 2010, at 5:30 p.m. at City Council Chambers.

Next Regular Advisory Committee Meeting – Monday, March 1, 2010 at 6:00 p.m. at City Council Chambers

V. ADJOURNMENT

Meeting adjourned at 6:21 p.m.

2-9-10 CRA SUMMARY MINUTES tccsr 021710



AGENDA ITEM 1

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

CRA Board
Andre D. Pierre, Chair
Michael R. Blynn
Scott Galvin
Jean Rodrigue Marcellus
Marie Erlande Steril

Executive Director
Tony E. Crapp, Sr.

CRA Attorney
Steven W. Zerkowitz

CRA Secretary
Alix Desulme

Date: February 23, 2010

To: Honorable Chairman and Members
CRA Board of Commissioners

From: Tony E. Crapp, Sr.
Executive Director

Subject: **Status update regarding the Pioneer Gardens affordable housing development relative to the ongoing site assessment/remediation and issues relating to the development agreements with the Urban Residential Development Group for the Pioneer Gardens and Bel House projects**

Please note and find attached the most recent correspondence from the Urban Residential Development Group (URDG) dated February 17, 2010 in response to the CRA's prior correspondence dated October 12, 2009 regarding the Pioneer Gardens development agreement and dated November 19, 2009 regarding the Bel House Apartments development agreement.

It is requested that the Board review and consider the attached correspondence for discussion with the CRA Executive Director, CRA Attorney and representatives of URDG during the upcoming meeting on February 23, 2010. **It is further recommended that the Board consider directing the CRA Executive Director and CRA Attorney to engage in further discussions with URDG to negotiate possible settlement terms for presentation to the Board at a future meeting.**

*Helping Build
North Miami's
Tomorrow!*

615 NE 124th Street
North Miami, FL 33161
P: 305.899.0272
F: 305.899.9376

NMCRA board memo for 022310 re Pioneer Gardens Status Update 021710

GRAY | ROBINSON
ATTORNEYS AT LAW

1221 BRICKELL AVENUE
SUITE 1600
MIAMI, FL 33131
TEL 305-416-6880
FAX 305-416-6887
gray-robinson.com

FORT LAUDERDALE
JACKSONVILLE
KEY WEST
LAKELAND
MELBOURNE
MIAMI
NAPLES
ORLANDO
TALLAHASSEE
TAMPA

305-416-6880

STEVEN.ZELKOWITZ@GRAY-ROBINSON.COM

October 12, 2009

VIA EMAIL AND FEDERAL EXPRESS

Mr. Otis Pitts
Urban Residential Development Group, Ltd.
2200 N.E. 143rd Street, Suite 100
North Miami, FL 33181

Re: Amended and Restated Development Agreement for Pioneer Gardens dated March 6, 2008, as amended (the "Agreement") between Urban Residential Development Group, Ltd. (the "Developer") and the North Miami Community Redevelopment Agency (the "CRA")

Dear Mr. Pitts:

This purpose of this letter to provide the Developer with written notice of a material breach by the Developer under the Agreement as set forth in further detail below. This letter is being sent to you in accordance with Section 13.1 of the Agreement and constitutes notice in accordance with the Agreement.

Pursuant to Section 7.6 of the Agreement, the CRA made a CRA Advance to the Developer on October 8, 2008, in the amount of \$464,957.61 for FY 2008-09. The repayment of the CRA Advance was due on September 30, 2009. On that date, the Developer made a payment to the CRA in the amount of \$36,730.12, leaving a balance due of \$428,227.49. The failure to repay the CRA Advance in full on September 30, 2009, constitutes a material breach on the part of the Developer under the Agreement. Pursuant to Section 8.1(a) of the Agreement, the Developer has thirty (30) days to cure said material breach, failing which the CRA is entitled to terminate the Agreement as well as seeking any available legal and equitable remedies. As this letter is being sent to you by Federal Express, payment in the amount of \$428,227.49 must be received by the CRA on or before November 11, 2009, in order to cure the breach. Please note that, as this is a monetary default, it is capable of being cured in thirty (30) days. Accordingly, the extended cure provisions in Section 8.1(a) are inapplicable in this instance.

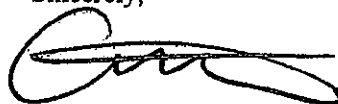
The CRA has waited patiently for repayment and made other concessions with respect to the Agreement in order to accommodate the Developer's requests including agreeing to a prior advance of the Development Fee. Such concessions were based upon, among other things, the CRA's expectation that the Developer would repay the CRA Advance on time. However, as the recent statements of Developer's representatives indicate that repayment will not be forthcoming, the CRA has no alternative but to provide the Developer with notice of this material breach. Please note that the CRA is simultaneously making a claim under the \$2,000,000 Promissory Note provided by Messrs. Street and Cohen (collectively, "Maker") pursuant to Section 9.4 of the Amended and Restated Munisport Agreement. While the CRA is well aware of the current foreclosure of the interests of Biscayne Landing, LLC by the senior lender, such

Mr. Otis Pitts
October 12, 2009
Page 2

does not affect or excuse the Developer's obligations under the Agreement or the Maker's obligations under the Promissory Note.

Once you have reviewed this letter, please contact us at your earliest convenience to discuss this matter. We look forward to your response.

Sincerely,



Steven W. Zelkowitz

SWZ:ht

cc: Chairman and Board Members of the NMCRA (via email)
Tony E. Crapp, Sr., Executive Director (via email)
Clarence Patterson, City Manager (via email)
V. Lynn Whitfield, Esq., City Attorney (via email)
Ted Stotzer, Esq. (via email)
Kimberly S. LeCompte, Esq. (via email)

GRAY | ROBINSON
ATTORNEYS AT LAW

1221 BRICKELL AVENUE
SUITE 1600
MIAMI, FL 33131
TEL 305-416-6880
FAX 305-416-6887
gray-robinson.com

FORT LAUDERDALE
JACKSONVILLE
KEY WEST
LAKELAND
MELBOURNE
MIAMI
NAPLES
ORLANDO
TALLAHASSEE
TAMPA

305-416-6880

STEVEN.ZELKOWITZ@GRAY-ROBINSON.COM

November 19, 2009

VIA EMAIL AND FEDERAL EXPRESS

Urban Residential Development Group, Ltd.
c/o Theodore R. Stotzer, Esq.
Executive Vice President and General Counsel
Biscayne Landing Management, LLC and Boca Developers, Inc.
321 East Hillsboro Blvd.
Deerfield Beach, Florida 33441

Re: Development Agreement ("Agreement") dated June 20, 2008, between Urban Residential Development Group, Ltd. ("Developer") and the North Miami Community Redevelopment Agency ("CRA") for the Bel House Apartments

Dear Mr. Stotzer:

This letter is being sent to you on behalf of the Developer as previous notices to Mr. Pitts on unrelated matters at the notice address set forth in the Agreement have been returned as undeliverable. Based upon your prior email correspondence in those unrelated matters, we presume that you will accept this letter as notice in accordance with Section 13.1 of the Agreement. Any defined terms not defined in this letter shall have the meanings ascribed to them in the Agreement.

The purpose of this letter is to provide the Developer with written notice of the exercise of the CRA's right to terminate the Agreement pursuant to Section 5.1 thereof. In this regard, Section 5.1 of the Agreement contains a number of conditions precedent to the commencement of the pre-development work and Work, which the parties have been working in good faith and with diligence to satisfy well beyond the sixty (60) day extension period. Among other things, the inability to obtain the Development Loan and/or Landlord financing have resulted in the termination of the Lease pursuant to its terms. The Landlord and CRA are entering into a Termination of Lease Agreement with Option to Purchase which will be effective as of November 30, 2009. Accordingly, the Agreement, pursuant to this notice, will also terminate as of that date. The Developer is directed to comply with all terms and conditions of the Agreement relative to termination including, but not limited to, Section 8.3. In this regard, it is my understanding that our clients are working together to ensure a smooth transition with the Landlord.

Please call me with any questions or comments you may have regarding the foregoing.

Sincerely,



Steven W. Zelkowitz

SWZ:ht

cc: Tony E. Crapp, Sr., Executive Director (via email)
John C. Dellagloria, Esq (via email)
Kimberly S. LeCompte, Esq. (via email)

GRAY | ROBINSON
ATTORNEYS AT LAW

1221 BRICKELL AVENUE
SUITE 1600
MIAMI, FL 33131
TEL 305-416-6880
FAX 305-416-6887
gray-robinson.com

FORT LAUDERDALE
JACKSONVILLE
KEY WEST
LAKELAND
MELBOURNE
MIAMI
NAPLES
ORLANDO
TALLAHASSEE
TAMPA

305-416-6880

STEVEN.ZELKOWITZ@GRAY-ROBINSON.COM

January 14, 2010

VIA EMAIL AND FEDERAL EXPRESS

Urban Residential Development Group, Ltd.
c/o Theodore R. Stotzer, Esq.
Executive Vice President and General Counsel
Biscayne Landing Management, LLC and Boca Developers, Inc.
321 East Hillsboro Blvd.
Deerfield Beach, Florida 33441

Re: Amended and Restated Development Agreement for Pioneer Gardens dated March 6, 2008, as amended ("Agreement") between Urban Residential Development Group, Ltd. ("Developer") and the North Miami Community Redevelopment Agency ("CRA")

Dear Mr. Stotzer:

This letter is a follow-up to our exchanges of email correspondence, telephone conversations and your letters to me dated October 22, 2009 and November 20, 2009. In this regard, the CRA and representatives of the Developer, including you, previously met on December 8, 2009, at the CRA office for the purpose of discussing, among other things, the issues surrounding the material breach by the Developer under the Agreement as previously alleged in writing by the CRA. As a result of that meeting, the Developer agreed to provide certain information to the CRA so it could better understand the Developer's position relative to project expenditures. The CRA received such information and is still in the process of reviewing those materials. The CRA anticipates completing its review in the near future and scheduling a meeting later this month with the Developer to further discuss this matter.

The purpose of this letter is to extend the cure period for the noticed default until February 8, 2010, which extension supersedes any prior extensions. Such extension of the cure period is made by the CRA without waiving any of its rights and remedies set forth in the Agreement or otherwise available at law or in equity, all of which are reserved. Such extension is also made with the full knowledge and understanding that, pursuant to your letter to me dated November 20, 2009, the Developer's position is that there is no default by the Developer under the Agreement that requires cure.

Sincerely,



Steven W. Zelkowitz

SWZ:ht

cc: Tony E. Crapp, Sr., Executive Director (via email)
Kimberly S. LeCompte, Esq. (via email)

596585 v1

3.1

URBAN RESIDENTIAL DEVELOPMENT GROUP, LTD.

**321 East Hillsboro Blvd.
Deerfield Beach, Florida 33441**

Phone: (954) 418-0208

Fax: (954) 418-0207

Direct (954) 949-3489

February 17, 2010

Mr. Tony E. Crapp, Sr.
Executive Director
North Miami CRA
615 NE 124th Street
North Miami, FL 33161

**RE: PIONEER GARDENS AND BEL HOUSE DEVELOPMENT
AGREEMENTS (individually, the "Development Agreement" and
together, the "Development Agreements")**

Dear Tony:

With respect to the above-mentioned Development Agreements by and between the North Miami CRA ("NMCRA") and Urban Residential Development Group, Ltd. ("URDG"), it is the desire of the partners of URDG (the "Partners") to amicably settle all financial obligations incurred by URDG and the NMCRA pursuant to these Development Agreements. Moreover, in the context of such a financial settlement, the Partners are open to addressing and resolving other issues and concerns voiced by the citizens and elected representatives of the City of North Miami (the "City") with respect to the existing and continuing relationship between the NMCRA and URDG. Accordingly, on behalf of the Partners, the NMCRA is hereby requested to seek its Board's approval at its next scheduled meeting to take the following actions and to approve and authorize payment to URDG of the following sums:

For Bell House:

Description	Amount	Comment
Application #3	\$ 58,741	Includes Developer Fee of \$51,568 earned on project costs incurred prior to the cancelation of the project
TOTAL	\$ 58,741	

With respect to Bell House, Section 7.2 of the Development Agreement sets forth that the Development Fee is to be paid in two installments: the first 50% upon substantial completion and the remaining 50% upon final completion of the project. The Bell House project has, in fact, been completed by virtue of the voluntary and unilateral termination of the project by the NMCRA, with the result that no further work will be performed on the project. Consequently, the NMCRA is obligated to make the payment of the Development Fee described in the table above, as such payment is both earned by URDG and is a cost of electing to cancel the Bell House project.

For Pioneer Gardens:

Description	Amount	Comment
Costs Incurred Against the Pre-Development Budget (Approved by the NMCRA Board in December 2006)	\$ 682,049	Third-Party Costs Only
Environmental Application #4	99,719	Third-Party Costs Only
Environmental Application #5 R1	3,000	Third-Party Costs Only
Environmental Application #6	7,858	Third-Party Costs Only
TOTAL	\$ 792,626	

The Pioneer Gardens project planning commenced in 2003. During the ensuing seven years, the NMCRA has directed URDG to develop several development plans for the Pioneer Gardens site and, as noted in the table above, in furtherance thereof a substantial portion of the design costs, as well as other costs pursuant to the Pre-Development Budget, were incurred and paid by URDG to third parties pursuant to Section 4.5 of the Development Agreement. Moreover, such costs were incurred and paid at the direction of the NMCRA Board despite the fact that the City Planner, Mark Collins, had issued a letter in 2004 stating that

the Pioneer Gardens property was not developable as planned due to significant environmental conditions existing on the site (which were not fully disclosed to URDG).

Section 4.5 of the Development Agreement states that such costs incurred and paid by URDG pursuant to the Pre-Development Budget, as well as other direct project costs incurred by URDG, are to be reimbursed by the NMCRA to URDG upon: (a) the closing of a project construction loan or (b) the termination of the project pursuant to Section 5.1 of the Development Agreement. Since it appears that the Section 5.1(a), (d), (f) and/or (g) conditions precedent have not been, and likely will not be, satisfied within the timeframes required therefor, URDG requests that the NMCRA Board vote to terminate the Pioneer Gardens project and the Development Agreement therefor, pursuant to Section 5.1 of the Development Agreement. In addition to the environmental concerns raised by Mark Collins, current site conditions together with economic and real estate market conditions have rendered satisfaction of the Section 5.1(a), (d), (f) and/or (g) conditions precedent within the required timeframes problematic at best. A recent market study prepared by Miami Economic Associates, Inc. further supports this assertion; a copy is attached for your review and consideration.

Termination of the Pioneer Gardens Development Agreement pursuant to Section 5.1 would entitle URDG to the reimbursement of the Pre-Development costs identified in the table above, plus additional direct project costs currently amounting to approximately an additional \$200,000. In exchange for an expedited re-evaluation of the viability of the project and a resultant termination of the Development Agreement and payment pursuant to a mutually agreeable schedule to URDG of the Pre-Development costs set forth above, the Partners are willing to write-off the \$200,000 of additional direct project costs that URDG would be otherwise entitled to receive upon Development Agreement termination.

Finally, the Partners request the prompt reimbursement of the three environmental draw applications referred to in the table above. As noted, these costs represent obligations or payments directly to third party vendors for which the NMCRA is obligated.

The proposal described above is being made for the purposes of reaching an amicable settlement of financial and other outstanding issues with respect to the Bell House and Pioneer Gardens projects, as well as other issues pertaining to the

global and ongoing relationship between URDG and the NMCRA. Nothing contained herein shall be deemed an admission against the interests of URDG, nor shall this letter or prior communications concerning the subject matter hereof be admissible in any legal proceedings that may ensue between us. In the event we cannot reach a settlement, URDG's claims will include all related costs incurred by URDG pursuant to these two projects, as well as substantial other monetary damages, for total damages to URDG in excess of \$2 million. We encourage the NMCRA Board and staff to respond to this proposal in a timely, equitable and proactive manner in order to avoid further controversy, which would be costly and would represent an unfortunate and unproductive use of both parties' resources.

Sincerely,

URBAN RESIDENTIAL DEVELOPMENT GROUP, LTD.
BY: URDG-GP, LLC, as General Partner



Jeffery S. Scott
Vice President

Enc

Cc: Steven W. Zelkowitz, Esq. (w/encl.)
Theodore R. Stotzer, Esq. (w/encl.)
Andre Pierre, Esq. (w/encl.)

Miami Economic Associates, Inc.

February 15, 2010

Mr. Herb Tillman
Urban Residential Development Group
North Miami, Florida

Dear Mr. Tillman:

Miami Economic Associates, Inc. (MEAI) has performed market research with respect to the 136-unit townhouse condominium project known as Pioneer Gardens at North Miami that is proposed for development within the City of North Miami's Community Redevelopment District. The analysis we have performed essentially constituted an update of the market analysis we prepared for the City of North Miami's Redevelopment Agency (CRA) in 2007. The objective of our analysis was to estimate the prospective market performance of the proposed project in terms of achievable absorption pace and pricing taking into account the change in market conditions caused by deflation of the housing "bubble" that existed at the time of our prior work and the current economic and real estate financing environment. The purpose of this letter, which is organized in the manner shown below, is to apprise you of the findings of our analysis.

Section	Page
Project Description	1
Site Evaluation	2
Market Demographics	5
Market Environment	7
Prospective Market Performance	9

Project Description

Pioneer Gardens is proposed for development on a 6-acre site in the area of N.W. 138th Street and N.E. 5th Avenue in the north central portion of the City of North Miami. The

site is located within the portion of the City that has been designated as a Community Redevelopment District.

The plans for Pioneer Gardens envision the development of 136 townhouse condominium units in 13 four-story buildings. According to the plans, the units would each be two-story town-houses, with the entries to the units at the project's ground and 3rd levels. Elevator service to the 3rd level would be provided. Each unit would provide 3 bedrooms and 2.5 baths and contain 1,267 to 1,287 square feet. The project, which would be managed by a condominium association, would provide 327 parking spaces and offer amenities such as a gym/exercise room or tot lot.

Pioneer Gardens is proposed to provide an equal proportion of assisted and market rate units. Fifty percent, or 68, of the units would be offered at prices approximating \$215,000 to first time homebuyers with annual household incomes ranging from 50 percent to 120 percent of the Miami-Dade County Area Median Family Income (AMI) for a family of four, which is currently \$50,300 (as of March 2009).¹ The amount of assistance available to perspective buyers will be dependent on the amount of their annual income within the defined range and their family size. The remaining 68 units will be offered to buyers without assistance at prices within the range determined by this analysis.

For the reason discussed in Footnote 1 below, the maximum sales price of the 68 assisted units proposed for the Pioneer Garden project now being estimated of approximately \$215,000 is below the level discussed in MEAI report dated March 2007. This is a potentially significant issue because it means that 68 market rate units, which are the primary focus of this report, will likely need to sell for more than was projected in 2007 to assure overall project feasibility. The extent to which this is true will be dependent on the extent to which construction costs have decreased in the intervening period due to overall slowdown in the amount of construction activity taking place.

For the purpose of this analysis, it is assumed that if construction were to begin shortly, the first units would be available for occupancy in the fourth quarter of 2011 or the first quarter of 2012.

Site Evaluation

The site of the proposed Pioneer Gardens project has several significant positive attributes, which are as follows:

- When Miami-Dade County is looked at in overview terms, the following points become evident about its pattern of development:

¹ In the market analysis that MEAI prepared in March 2007, the prospective price of these units was expected to be \$222,000 based on Area Median Income (AMI) that the U.S. Department of Housing and Urban Development estimated in March 2006 to be \$55,900. After we issued our report, the Department issued its 2007 estimate, which lowered AMI to \$45,200. The figure has increased since to the current level stated above but remains the level used in our earlier report, with the result that pricing of the non-market rate units needs to be below the figure stated in our 2007 report.

- In terms of residential uses, the County has been substantially depleted in terms of vacant land except in south of S.W. 184th Street in the Cutler Bay/Homestead/Florida City areas. Development of new residential uses in the northern portion of the County will require redevelopment. However, land values even in the current depressed real estate market in the most desirable areas of the northern portion of the County require high-rise projects even for which hard construction costs alone while require that a 1,000 square foot unit approximate at least \$300,000 price. When land cost, soft costs and development profit are taken into consideration, even higher sales prices would result.

Accordingly, households seeking newly-constructed housing priced below \$350,000 to \$400,000 will have to either live in the south end county or live in areas such as the North Miami Redevelopment District that have not been attractive to potential buyers during the past 15 to 20 years. The decision they make may be influenced by a variety of factors including their relationships with family, friends, religious institutions, etc. and/or the time and costs associated with commuting to work.

- The overwhelming preponderance of Miami-Dade County's major employment centers are located in the northern portion of the County including substantial portions of Downtown Miami, the Jackson/Cedars Medical Complex, the Port of Miami and Miami International Airport, Blue Lagoon, Airport West/Medley, Miami Lakes and Golden Glades as well as the extensive commercial uses along Biscayne Boulevard stretching from North Miami to Aventura. Most of these are within a 45 minute commute of the Pioneer Gardens site during rush hour. Further, new employment opportunities are expected to come into existence within North Miami though implementation of the City's redevelopment plan. In contrast, commutation from the south end of the County to the employment centers enumerated would require an hour or more during rush hour and likely to get worse as the extensive development now occurring in that area continues and require the payment of tolls.
- From a commutation standpoint, the proposed Pioneer Gardens project is well-situated by virtue of its location within a mile of an entrance to Interstate 95 and within a block or so of bus routes along both N.E. 135th Avenue and N.E. 6th Avenue.

However, there are also issues of concern with respect to the proposed site, which are as follows:"

- In 2007 when MEAI conducted its original market analysis for the proposed Pioneer Gardens project, we noted as another positive attribute of the site the fact that the City of North Miami, unlike many areas in the northern portion of Miami-Dade County where new moderate-to-medium priced residential units could potentially be constructed through redevelopment activities, has established a Community Redevelopment Agency and prepared a detailed redevelopment plan that addresses

a number of issues relating to infrastructure improvements, traffic, parks, etc. that would serve to assure an enhanced quality of life for residents of the Community Redevelopment District even with the increased densities proposed in the plan. In 2007, it appeared that the funding necessary to implement these improvements would be available as a result of the tax increment revenues that were projected to be generated for the Redevelopment Agency from the development of the Biscayne Landing project. The fact that that project is a casualty of the downturn in real estate development and sales activity, particularly with respect to high-rise condominium units, has significantly reduced the funding that will be available in the near to mid-term future to implement the redevelopment plan.

- In 2007 when MEAI conducted its original market analysis for the proposed Pioneer Gardens project, we also considered as positive attributes with respect to the site, the facts that one new condominium project, The Oaks, was already under development in the general vicinity of the Pioneer Gardens site, at N.E. 138th Street and N.E. 3rd Court. We also noted that several nearby rental multifamily projects in the area had either already undergone conversion to ownership tenure or were in that process.

With respect to the Oaks, review of the records of the Miami-Dade County Property Appraiser records shows that while the project is completed and available for occupancy, there have only been closings on 13 of the 96 units, or less than 15 percent. Clearly, this is a level of performance considerably below what was anticipated in March 2007 when there were reputedly 49 units under contract. MEAI believes that the recorded level of performance reflects the fact that by the time the project was completed in 2008, mortgage underwriting standards had tightened and the sub-prime mortgage market had virtually disappeared. The unsold units are currently being occupied by renters, some of whom have been enticed by the incentive-laden "rent to own" program being offered by the project's developer, Omn Developers, LLC. All of the recorded sales were for units significantly smaller than those proposed for development at the Pioneer Gardens projects, only 1,079 square feet, and at considerably lower prices, under \$235,000.

The condominium conversions have also not proceeded at the sales paces anticipated, with fewer than 65 sales --- only a small portion of the units offered --- being recorded in the 3 year period from January 2007 to December 2009. Approximately one-third of the units sold were involved in bulk transactions at prices well below market price. Fewer than 5 of the units sold were greater than 1,000 square feet in size, with the average unit being sold being 800 square feet in size. The sales prices of the units sold individually as opposed as in a bulk transaction were significantly below \$200,000, with the average price approximating \$125,000. The overwhelming preponderance of these sales were in 2007 and the first half of 2008 before the housing "bubble" burst and during a period when there were still very ample quantities of mortgage money available, including for sub-prime loans.

- The primary negative feature of the site noted in MEAI's original market study, i.e., the presence of a sewer pump station adjacent to the proposed entrance to the

project from N.E. 5th Avenue, continues to impact the site. We continue to believe that this liability can be minimized through landscaping and/or other screening.

Market Demographics

The bulleted paragraphs that follow summarize the market demographics of the City of North Miami and Miami-Dade County:

- Table 1 indicates that the City of North Miami had a population of just under 60,000 official residents at the time of the U.S. Census was conducted in April, 2000. The table further shows that Claritas, Inc., a highly respected national demographic service located in Ithaca, New York, estimates that during the period from 2000 through 2009, the population has been decreasing, a trend that is expected to continue through 2014, when the City's population will approximate 55,000 people.

Claritas' estimate of population growth is considerably more pessimistic than that of prepared by the University of Florida (UF), which projects a population in North Miami in 2015 approximating 67,800 people. MEA believes that UF's figure is inflated because it is based on a trending of population growth that takes into account the rate of growth experienced during the 1990's and could only be achieved if the Biscayne Landing project was, in fact, going full tilt, which of course it is not at the present time and is not likely to resume doing in the near- to-mid term future. On the other hand, we believe Claritas' estimate may be overly pessimistic. We expect population in North Miami to be in the range of 57,500 to 60,000 people.

- The data displayed in Table 1 relating to population growth in Miami-Dade County was also provided by Claritas, Inc. The absolute rates of growth reflected in the table --- 21,806 people annually in the 2000 – 2009 period and nearly 28,000 people annually from 2009 though 2014 --- are impressive but may be conservative. The Miami-Dade County Planning Department projects growth to occur at a rate approximating 30,000 people per year during those periods.
- As shown in Table 1, the households residing in the City of North Miami are on average larger than those countywide. It is believed that this reflects the fact, shown in Table 2, that the median age of the heads of North Miami households is younger than that of heads of household countywide. There is also significantly lower percentage of households in North Miami headed by people 65 years old or older.
- Table 3 shows the distribution of North Miami households as well as those countywide in terms of income range as well as the median income of the households residing in the two jurisdictions. At the time of the 2000 U.S. Census, Miami-Dade County had one of the lowest median incomes of any metropolitan area nationwide with a population exceeding 1 million people. In fact, it was one of only 4 major metropolitan areas with a median income below \$40,000. It is, therefore, noteworthy that the median income of North Miami households was less than 85 percent that of households countywide. Table 3 indicates that the median income of North Miami households will increase at a slower rate than that of households

Table 1
Population and Households
North Miami and Miami-Dade County
2000 - 2014

<u>Area</u>	<u>2000</u>	<u>2009</u>	<u>2014</u>	<u>2000 - 2009</u>		<u>2009 - 2014</u>	
				<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
				<u>North Miami</u>			
Population	59,880	55,897	55,114	(443)	(0.7)	(157)	(0.3)
Households	20,427	18,717	18,206	(190)	(0.9)	(102)	(0.5)
Average Household Size	2.93	2.99	3.03	N/A	N/A	N/A	N/A
				<u>Miami-Dade County</u>			
Population	2,253,362	2,449,618	2,588,862	21,806	1.0	27,849	1.1
Households	777,378	840,404	886,983	7,003	0.9	9,316	1.1
Average Household Size	2.90	2.91	2.92	N/A	N/A	N/A	N/A

Source: Claritas, Inc.; Miami Economic Associates, Inc.

Table 2
Distribution of Households
By Age of Household Head
North Miami and Miami-Dade County
2000 - 2014

Age Range	2000			2009			2014			Average Annual Change					
	Number	Percent	2009	Number	Percent	2014	2000 - 2009		2009 - 2014		2000 - 2009		2009 - 2014		
							Number	Percent	Number	Percent	Number	Percent	Number	Percent	
15 - 24	1,315	6.4	1,101	5.9	972	5.3	(24)	(1.8)	(26)	(2.3)	(24)	(1.8)	(26)	(2.3)	
25 - 34	4,139	20.3	2,883	15.4	2,713	14.9	(140)	(3.4)	(34)	(1.2)	(140)	(3.4)	(34)	(1.2)	
35 - 54	9,696	47.5	8,671	46.3	7,887	43.3	(114)	(1.2)	(157)	(1.8)	(114)	(1.2)	(157)	(1.8)	
55 - 64	2,475	12.1	3,079	16.5	3,473	19.1	67	2.7	79	2.6	67	2.7	79	2.6	
65 and over	2,802	13.7	2,983	15.9	3,161	17.4	20	0.7	36	1.2	20	0.7	36	1.2	
Total	<u>20,427</u>	<u>100.0</u>	<u>18,717</u>	<u>100.0</u>	<u>18,206</u>	<u>100.0</u>	<u>(190)</u>	<u>(0.9)</u>	<u>(102)</u>	<u>(0.5)</u>	<u>(190)</u>	<u>(0.9)</u>	<u>(102)</u>	<u>(0.5)</u>	
Median Age	<u>44.10</u>		<u>47.52</u>		<u>49.17</u>										
North Miami															
15 - 24	29,415	3.8	31,709	3.8	30,492	3.4	255	0.9	(243)	(0.8)	255	0.9	(243)	(0.8)	
25 - 34	133,120	17.1	111,369	13.3	121,389	13.7	(2,417)	(1.8)	2,004	1.8	(2,417)	(1.8)	2,004	1.8	
35 - 54	333,347	42.9	359,188	42.7	355,931	40.1	2,871	0.9	(651)	(0.2)	2,871	0.9	(651)	(0.2)	
55 - 64	113,270	14.6	142,786	17.0	164,122	18.5	3,280	2.9	4,267	3.0	3,280	2.9	4,267	3.0	
65 and over	168,226	21.6	195,352	23.2	215,049	24.2	3,014	1.8	3,939	2.0	3,014	1.8	3,939	2.0	
Total	<u>777,378</u>	<u>100.0</u>	<u>840,404</u>	<u>100.0</u>	<u>886,983</u>	<u>100.0</u>	<u>7,003</u>	<u>0.9</u>	<u>9,316</u>	<u>1.1</u>	<u>7,003</u>	<u>0.9</u>	<u>9,316</u>	<u>1.1</u>	
Median Age	<u>47.94</u>		<u>50.54</u>		<u>51.76</u>										
Miami-Dade County															

Source: Claritas, Inc.; Miami Economic Associates, Inc.

Table 3
Distribution of Households
By Income
North Miami and Miami-Dade County
2000 - 2014

Income Range	2000		2009		2014		Average Annual Change					
	Number	Percent	Number	Percent	Number	Percent	2000 - 2009		2009 - 2014		2000 - 2014	
							Number	Percent	Number	Percent	Number	Percent
Under \$25,000	8,505	41.6	6780	36.2	6,095	33.5	(192)	(2.3)	(114)	(1.7)	(192)	(2.3)
\$25,000 - 34,999	3,368	16.5	2,941	15.7	2,672	14.7	(47)	(1.4)	(45)	(1.5)	(47)	(1.4)
\$35,000 - 49,999	3,419	16.7	3,274	17.5	3,186	17.5	(16)	(0.5)	(15)	(0.4)	(16)	(0.5)
\$50,000 - 74,999	2,787	13.6	2,861	15.3	2,980	16.4	12	0.4	20	0.7	12	0.4
\$75,000 - 99,999	1,026	5.0	1,204	6.4	1,342	7.4	20	1.9	23	1.9	20	1.9
\$100,000 - 149,999	826	4.0	1,002	5.4	1,170	6.4	20	2.4	28	2.8	20	2.4
\$150,000 - 249,999	294	1.4	392	2.1	458	2.5	11	3.7	11	2.8	11	3.7
\$250,000 and over	202	1.0	263	1.4	303	1.7	7	3.4	7	2.5	7	3.4
Total	20,427	100.0	18,717	100.0	18,206	100.0	(190)	(0.9)	(85)	(0.5)	(190)	(0.9)
Median	\$30,073		\$33,766		\$36,584							
Miami-Dade County												
Under \$25,000	277,959	35.8	244,892	29.1	236,734	26.7	(3,674)	(1.3)	(1,360)	(0.6)	(3,674)	(1.3)
\$25,000 - 34,999	100,833	13.0	96,402	11.5	94,585	10.7	(492)	(0.5)	(303)	(0.3)	(492)	(0.5)
\$35,000 - 49,999	121,780	15.7	125,069	14.9	125,978	14.2	365	0.3	152	0.1	365	0.3
\$50,000 - 74,999	129,533	16.7	148,123	17.6	155,597	17.5	2,066	1.6	1,246	0.8	2,066	1.6
\$75,000 - 99,999	63,132	8.1	85,270	10.1	95,321	10.7	2,460	3.9	1,675	2.0	2,460	3.9
\$100,000 - 149,999	48,253	6.2	81,353	9.7	100,968	11.4	3,678	7.6	3,269	4.0	3,678	7.6
\$150,000 - 249,999	23,746	3.1	37,783	4.5	49,400	5.6	1,560	6.6	1,936	5.1	1,560	6.6
\$250,000 and over	12,142	1.6	21,512	2.6	28,400	3.2	1,041	8.6	1,148	5.3	1,041	8.6
Total	777,378	100.0	840,404	100.0	886,983	100.0	7,003	0.9	7,763	0.9	7,003	0.9
Median	\$36,219		\$44,464		\$48,356							

Source: Claritas, Inc.; Miami Economic Associates, Inc.

countywide, with the result that the median income of North Miami households in 2014 would be only 76 percent of that countywide. The gap would close if the Biscayne Landing project regains momentum and/or to the extent that the redevelopment process moves forward aggressively. However, at this time, it is uncertain that either will occur in the near-to-mid term future.

- Reflective of the low median income of both the City of North Miami and Miami-Dade County, more than 40 percent --- approximately 50 percent in the case of the City --- of the households in both jurisdictions are renters rather than owners. To place this in perspective, less than 30 percent of households nationwide and in the State of Florida are renters. It is further estimated that more than 40 percent of the renter households in both the City and County have household incomes in the range from to 50 to 120 percent of Miami-Dade County Area Median Income for a family of four. Therefore, up to 4,000 households within the City of North Miami and more than 100,000 within Miami-Dade County would potentially be eligible for assistance with the purchase of a unit at Pioneer Gardens priced at approximately \$215,000, clearly numbers of sufficient size to indicate that the 68 assisted units within the project should enjoy strong demand. It should be noted to for potential buyers to be eligible for a subsidy of up to \$50,000 per unit by the North Miami CRA, they will need to meet a residency requirement.
- Table 4 segments prospective annual housing demand within the City of North Miami and Miami-Dade County during the period from 2009 through 2014 by age of household head and income. Based on our understanding of the costs associated with constructing the proposed Pioneer Gardens project, we believe that prospective buyers will need to have incomes in excess of \$100,000 per year in order to qualify for a mortgage. As shown in Table 4, the normative growth in the number of households with incomes in excess of \$100,000 annually within City of North Miami is projected to minimal, with fewer than 60 such households projected to be added each year.² However, on a countywide basis there will be significant levels of growth, with more than 7,000 being added annually, including nearly 4,000 annually with incomes between \$100,000 and \$150,000. Accordingly, the success of proposed project in terms of the sale of the market rate units will be dependent on attracting households to the City of North Miami that normatively would not have been expected to live there.

MEAI believes that achieving this in turn could be dependent on the pace at which implementation of the redevelopment plan in terms of infrastructure and traffic improvements occurs. As expressed previously, MEAI has concerns in this regard given that the requisite increment revenues are not be generating at the levels anticipated when the redevelopment plan was formulated due to the problems currently besetting the Biscayne Landing project with the collapse of the high-rise condominium market.

² Since the table is based on the Claritas population estimates and projection, it is likely conservative; however, the figure is unlikely to exceed 70.

Table 4
Average Annual Household Growth
By Age of Household Head and Income
North Miami and Miami-Dade County
2006 - 2011

<u>Income Range</u>	<u>15 - 24</u>	<u>25 - 34</u>	<u>35 - 54</u>	<u>55 - 64</u>	<u>65 & over</u>	<u>Total</u>
	<u>North Miami</u>					
Under \$25,000	(19)	(28)	(91)	3	(1)	(136)
\$25,000 - 34,999	(6)	(11)	(44)	10	(3)	(54)
\$35,000 - 49,999	(8)	(2)	(41)	17	14	(20)
\$50,000 - 74,999	7	4	(24)	26	11	24
\$75,000 - 99,999	(1)	1	17	7	3	27
\$100,000 - 149,999	0	1	13	11	9	34
\$150,000 - 249,999	1	2	7	3	2	15
\$250,000 and over	<u>(1)</u>	<u>0</u>	<u>7</u>	<u>1</u>	<u>0</u>	<u>7</u>
Total	<u>(27)</u>	<u>(33)</u>	<u>(156)</u>	<u>78</u>	<u>35</u>	<u>(103)</u>
	<u>Miami-Dade County</u>					
Under \$25,000	(367)	(179)	(1,726)	303	337	(1,632)
\$25,000 - 34,999	(64)	8	(996)	138	551	(363)
\$35,000 - 49,999	(51)	58	(863)	344	694	182
\$50,000 - 74,999	95	430	(358)	727	602	1,496
\$75,000 - 99,999	42	462	346	650	511	2,011
\$100,000 - 149,999	75	820	1,391	1,005	633	3,924
\$150,000 - 249,999	25	295	966	677	360	2,323
\$250,000 and over	<u>4</u>	<u>59</u>	<u>537</u>	<u>319</u>	<u>21</u>	<u>940</u>
Total	<u>(241)</u>	<u>1,953</u>	<u>(703)</u>	<u>4,163</u>	<u>3,709</u>	<u>8,881</u>

Source: Claritas, Inc., Miami Economic Associates, Inc.

Market Environment

As discussed above, the sales performance of The Oaks, the only new development project in the immediate vicinity of the proposed Pioneer Gardens project in 2007 has been disappointing with closings being recorded on less than 15 percent of its 96 units since it was completed in 2008. Sales activity has also been disappointing at nearby condominium conversion projects. These experiences are indicative of a weak residential real estate market that is further documented by the information presented below:

- Portions of the City of North Miami are located in 3 zip codes, including 33161, which is where the site of the proposed Pioneer Gardens project, as well as 33168 and 33168. The records of the Miami-Dade County Property Appraiser document a total of 1,966 residential sales occurred in these 3 zip codes during the period from January 2007 through December 2009, including 611 in 2009. The fact that approximately 30 percent of the recorded sales occurred in 2009 is, however, misleading since nearly 60 percent of them involved foreclosed properties in which the seller was a financial institution or related entity. An additional number of the transactions were short sales, i.e., sales of properties at prices below the value of the outstanding mortgage, that occurred under the threat of a pending foreclosure.

Within Zip Code 33161, there were a total of 749 residential sales in the period from January 2007 through December 2009. Approximately 260 of these sales occurred in 2009. More than 54 percent of them involved foreclosed properties.

- During 2009, there were a total of 2,773 residential sales throughout the entirety of the portion of Miami-Dade County located north of State Road 112/Interstate 195 between Biscayne Bay and Interstate 95. Included in this figure are the 611 sales in the City of North Miami. Over 35 percent of 2,773 sales involved foreclosed property despite the fact this broader area includes a number of affluent areas such as the City of Aventura, which accounted for approximately 25 percent of all the sales in the designated study area during 2009.
- Approximately 80 of the 2,773 residential units sold in 2009 in the study area designated in the preceding bulleted paragraph involved new construction units being sold by a developer to a first owner. All of the units involved were completed in 2007, hence had been unsold inventory for a period of at least 1 year. Further, all were located in either Aventura or Sunny Isles Beach. Approximately 70 of the 80 were waterfront or beachfront units with the remaining 10 having bay views.
- As discussed previously with respect to The Oaks, mortgage underwriting standards have tightened significantly since MEAI performed its original market research in March 2007. Clearly the fact that financial institutions have had to foreclose on many properties between then and now has been a factor behind the tightening of credit standards. As important, if not more so, has been the shrinkage in the amount of mortgage money available due to the collapse of several major national lenders as

well as the mortgage-backed security markets. Sub-prime lending has also basically disappeared. As this has occurred, community banks have increased their share of the mortgage market, essentially doubling it since 2005. Such institutions must, however, be cautious in their underwriting activities to assure that they maintain appropriate capitalization ratios as dictated by the governmental bank regulators. In this environment, potential buyers of the market rate units at Pioneer Gardens are likely to experience significant difficulty in obtaining the mortgage money they will need to close from financial institutions that are typically uncomfortable with "pioneering projects" and generally unfamiliar with projects that include both market rate and assisted units.

- Construction lenders typically consider a variety of factors when deciding whether to fund new projects including the credit worthiness of the developer as well as the general economic environment and the activity currently being recorded in the specific market in which the proposed project will be located. However, even when that latter two indices were not strong, they had in the past frequently been willing to override them where the developer seeking the construction loan could demonstrate its specific project had market support through pre-sales or pre-leasing activity. Given the mortgage underwriting environment described in the preceding bulleted paragraph, MEAI believes that it is highly unlikely that this can be achieved with respect to the proposed Pioneer Gardens project.

MEAI further believes that in the current environment, lenders are going to be less reliant on pre-sales activity than they have been in the past, reflecting that fact the experience of The Oaks was not unusual. As discussed above, that project claimed to have 49 units under contract in March 2007 but has actually closed sales on only 13 of its 96 units, less than 15 percent, since its construction was completed in 2008. Another unfortunate example is the Solabella project, which was also discussed in market study MEAI issued in March 2007.

Solabella is a townhouse located at 17387 N.W. 7th Avenue Road within blocks of the Golden Glades Interchange in the City of Miami Gardens. Already under construction in 2007, it was originally proposed to be comprised of 210 townhouse units inclusive of 2-bedroom, 2.5-bath townhouse units 1,140 square feet in size and 3-bedroom, 2.5-bath units of between 1,361 and 1,460 square feet. The units were originally priced in the range from \$224,900 to \$275,000. Its construction loan was based on a claim of pre-sales for approximately 100 to 110 units. To date, closings have occurred on only 73 units. Further, construction on several buildings within the project has not yet begun and one building stands unfinished with rotting roof trusses on a pad highly visible at the project's entrance, in effect announcing to potential buyers that they are entering a distress project.

- According to Realtytrac.com, there are currently approximately 2,625 foreclosed residential units in the hands of financial institutions and available for sale in the portion of Miami-Dade County north of State Road 112/Interstate 195 between Biscayne Bay and Interstate 95. There are an additional 8,300 units whose owners are in default with respect to the mortgages and potential candidates for foreclosure. Accordingly, there is a substantial amount of product available at discount prices for

Mr. Herb Tillman
Urban Residential Development Group
February 15, 2010
Page 9

potential homebuyers. Nearly 600 of the foreclosed units and more than 2,725 of the units are in the City of North Miami.

Prospective Project Performance

Based on the research conducted for this report, MEAI believes the proposed Pioneer Gardens project is not viable in the current economic and market environment and should be abandoned at this point in time. Any attempts to develop the project currently would, in our opinion, result in the expenditures of time and money on which no return will be realized. The CRA and its developer may wish to revisit the viability of the project 18 to 24 months from now to see if a more favorable economic and market environment has materialized.

Sincerely,
Miami Economic Associates, Inc.



Andrew Dolkart
President



AGENDA ITEM 2

NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY

CRA Board

Andre D. Pierre, Chair
Michael R. Blynn
Scott Galvin
Jean Rodrigue Marcellus
Marie Erlande Steril

Executive Director

Tony E. Crapp, Sr.

CRA Attorney

Steven W. Zelkowitz

CRA Secretary

Alix Desulme

Date: February 23, 2010

To: Honorable Chairman and Members
CRA Board of Commissioners

From: Tony E. Crapp, Sr.
Executive Director

Subject: **Discussion regarding the process and timetable for the CRA Board to refine the listing of funding priorities for debt financing in an amount up to \$27 million to more specifically define and/or prioritize the redevelopment projects, programs and activities to be funded**

It is recommended that the CRA Board discuss and provide input regarding the process and timetable for refining the listing of funding priorities for debt financing in an amount up to \$27 million. Attached please find a table that can be used to identify relative funding priorities among the listed redevelopment projects, programs and activities and to make funding allocations among the redevelopment priorities.

Background

During its meeting on February 9, 2010 the CRA Board approved a resolution in support of the CRA's plan to obtain debt financing in an amount up to approximately \$27 million for redevelopment projects, programs and activities.

On November 10, 2009 the CRA Board authorized the First Southwest Company to distribute a Request for Input (RFI) relative to the possible future issuance of a Request for Proposals from banks and other financial institutions to provide debt financing in the approximate amount of \$27 million to the CRA for redevelopment projects, programs and activities. The results of the RFI process indicated interest from banks and other institutions in responding to a future RFP for CRA debt financing.

NMCRA board memo for 022310 re CRA debt financing priorities and allocations up to 27 million
tecsr 021610

*Helping Build
North Miami's
Tomorrow!*

615 NE 124th Street
North Miami, FL 33161
P: 305.899.0272
F: 305.899.9376

www.NorthMiamiCRA.org

EXHIBIT A

DEBT FINANCING PRIORITIES

NMCRA Redevelopment Project and Program Funding Priorities for a short-term bank loan in an amount up to \$27M as Approved by the CRA Board on February 9, 2010

Possible Uses of Funds (Not Listed In Any Order Of Priority)	Priority #	\$ Funding Allocation
Affordable Housing Subsidies for home purchase and home rehabilitation (including the refunding of the CRA LOC in the amount of \$10,758,300 with Regions Bank for the Pioneer Gardens housing development)		
Funding for new and/or existing commercial and business CRA projects and programs (e.g. economic development grants and incentives, etc.)		
Infrastructure, Road Construction, Landscape, etc. (e.g. roads, water & sewage, drainage, streetscape); and Public Projects (e.g. parks & recreation, parking facilities, misc. structures) <ul style="list-style-type: none"> • Community Policing Innovations – Police Substation on NW 7th Avenue or other location(s) • Park & Recreation Facility Improvements – Interactive Water Features • Griffing Park Community Center Improvement/Expansion – Fully equipped health and exercise facility 		
Land and/or Building Acquisition including demolition, site preparation, and relocation (e.g. rental units, residential units, commercial units, vacant)		
Museum of Contemporary Art (MOCA)Expansion		
New City Library		
Olympic Training Facility		
Total Amount		