

**City of Coral Gables City Commission Meeting**  
**Agenda Item D-3**  
**July 7, 2009**  
**City Commission Chambers**  
**405 Biltmore Way, Coral Gables, FL**

**City Commission**

**Mayor Donald D. Slesnick, II**  
**Vice Mayor William H. Kerdyk, Jr.**  
**Commissioner Maria Anderson**  
**Commissioner Rafael “Ralph” Cabrera, Jr.**  
**Commissioner Wayne “Chip” Withers**

**City Staff**

**City Manager, Patrick Salerno**  
**City Attorney, Elizabeth Hernandez**  
**City Clerk, Walter J. Foeman**  
**Deputy Clerk, Billy Urquia**

**Public Speakers**

**Laura Russo, Esq.**  
**Debrah Sinkle Kolsky, Redevco Corporation**

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Agenda Item D-3 – Waiver of City permit, impact, and variance fees for the Lola B. Walker Homeowners Foundation

Mayor Slesnick: Slesnick: D-3 we have Laura Russo on behalf of Lola B. Walker Homeowners Foundation of Coral Gables requesting the City Commission to waive various fees for affordable housing that has to be built on the MacFarlane Homestead District. Ms. Russo. You too have a busy day today.

Ms. Russo: Good morning. Members of the Commission for the record, Laura Russo, with offices at 2655 Le Jeune Road. I am here this morning representing the LBW Homeowners Foundation. With me here this morning is Ms. Leona Cooper, who is president of this not for profit community foundation. We are here to make a very special request of you. Some of you may or may not know, but the LBW Homeowners Foundation has been involved in the restoration of some historic homes in the MacFarlane district. We have completed 3 historic home renovations. Two more are being funded by the County or are in process now, and we are in the process of submitting a grant to restore five more. All of these are homes that qualify as affordable housing units. As you know, both the State and the County require municipalities to have affordable housing units, and so the LBW Homeowners Foundation is doing its part to try to bring the City’s numbers up. What is also in the drawing board and some of you may or may not remember that I was here back October of last year requesting a waiver of the building site determination fees for four vacant lots that are in the MacFarlane Homestead District. At that time you agreed to waive not the process, but the fees for determining whether or not two of the four sites were building sites. Well, the homes have been designed. The homes are currently

almost ready for a permit to be pulled. They've been reviewed by the Historic Preservation Board, they've had a couple of variances due to some comments made by Historic Board members, and these four homes, so you know, the land was donated by the County. The County has also put up \$600,000 for buyer subsidies. The four homes are under contract and have been sold. They have a deadline of delivering the homes to the buyers by December 1 of this year. The County has also agreed to waive its impact fees; and what I'm asking you here, and you'll see in the request I had asked originally for a waiver and I am going to amend the request. We would like to waive the building and variance fees for the four homes and with respect to the impact fees for the four homes, we would like a deferral of those impact fees until such time if the four homes are sold outside of the Federal Guidelines for affordable housing is administered by the County. And what we'd like to do is work with the City Attorney and with Assistant City Manager Maria Jimenez to do this by a deed restriction declaration of restrictive covenant and work on with coming up with an Ordinance that actually addresses this should there be other affordable housing projects in the City of Coral Gables. So, the slight amendment, a waiver of building and variance fees and the deferral of the other fees and working closely with the City Attorney's office and Maria Jimenez, Assistant City Manager, to find a way to come back, but we are agreeing to do this via deed restriction declaration of restrictive covenant.

Commissioner Anderson: Let me ask you a question before I make a motion. How much are these affordable housing units going for?

Ms. Russo: Well, the contracts for about, correct me, but \$225,000, and then the County is providing a subsidy of approximately \$100,000 and there are guidelines on income for the four buyers.

Commissioner Anderson: And the County is also waiving its impact fees?

Ms. Russo: The County is waiving its impact fees in addition to having deeded the land and providing \$600,000 for buyer subsidies and development costs.

Commissioner Anderson: Alright, I'll go ahead and make the motion as presented.

Mayor Slesnick: Ms. Anderson moves it.

Vice Mayor Kerdyk: I'll second it.

Mayor Slesnick: Mr. Kerdyk seconds it. Let me, there's one thing I think is very important here because this confusion has happened before. This is affordable, but also subsidized housing. Correct?

Ms. Russo: Correct.

Mayor Slesnick: Subsidized. When we got into discussion before, people had a very fuzzy line before between subsidized and just affordable housing. As you said yourself, even these homes are in the 225, these are not inexpensive homes, they are \$225,000. They are going to be subsidized in part, but in other cases where we will be talking in the future about affordable

housing, it does not necessarily mean any government subsidy. It does not necessarily mean any subsidation whatsoever...

Ms. Russo: Correct. There is a range within...

Mayor Slesnick: And the last time we talked about the affordable housing units, the cheapest affordable housing unit was what that we were talking about? Three...it was a rental, and what was the rental? Just give me the figure that monthly it was. \$1,500 a month. So, I just want everyone to understand that there's all different degrees of subsidized housing...I mean degrees of affordable housing, and when we talk about one size does not fit all, there is different kinds.

Ms. Russo: That is correct

Mayor Slesnick: OK. Do we have a recommendation from staff before we go any further on this item?

Commissioner Withers: No I don't think it came with a recommendation.

Mayor Slesnick: OK.

Commissioner Withers: I have a concern that I would like to express. You know, I have a problem with this. I wish it wasn't the MacFarlane Homestead, I just think on the broader picture and our commitment in the next five, seven years, to affordable housing, you know what is it going to mean when other developers come to us and ask the same waivers of fees and...

Ms. Russo: Can I just make a clarification? It will depend because the impact fee is only if there's never been a home on the property, so if there'd been a previous home on the property, the City doesn't collect the impact fee.

Commissioner Withers: No I'm talking about someone that's building a...

Ms. Russo: Oh, you're talking about the waiver of the building, ok, the other portion of the request.

Commissioner Withers: Do we require them to put in 22 units or 30 units of affordable housing?- but I guess the bigger concern I have is, who is the developer on this?

Ms. Russo: The Lola B. Walker Homeowners Foundation. It's a 501(c)3 not for profit community foundation. They're the owners of the land and they're the developers.

Commissioner Withers: But how can we be assured that these fees that we're waiving go directly to the bottom line?

Ms. Russo: Well, let me bring...

Commissioner Withers: No, I don't need anyone up here Laura, I mean I'm just saying what pricing has been established beforehand?-and what new pricing is now established, if we waive these fees, if the homes have been costed out? I just, where is this?

Ms. Russo: Debrah Sinkle Kolsky with Redevco is consultant that's working with the LBW Homeowners Foundation, and she'll be able to.

Ms. Sinkle Kolsky: Debrah Sinkle Kolsky with Redevco. The pricing is basically set by the Federal HUD standards in the County for affordable housing. The County's maximum they allow to be charged with the subsidy that comes from HUD is \$225,000. The cost of the house is substantially more than that, so that's where the subsidy comes into play, being provided from both the County and the nonprofit to bring down the construction costs, basically; and then they also buy down the mortgages for the buyer. The buyers have to meet the income criteria of 80% or below counting immediate income. Don't quote me, counting immediate income is roughly \$21,000.

Commissioner Withers: How are you involved in this? Are you a not for profit?

Ms. Sinkle Kolsky: I've been managing the Federal Funds for the County in the process and doing the paperwork.

Commissioner Withers: So are you a Federal employee? A County?

Ms. Sinkle Kolsky: I am not. I am a private consultant that's doing the paperwork for the County and the non-profit, all the grant management, meeting all the Federal Guidelines for making sure that all the professionals that were hired were bid out, advertised bids...it's a lot of paperwork.

Commissioner Withers: So are you hired by the County or by Lola B. Walker, or by the City? Who?

Ms. Sinkle Kolsky: LBW, LBW.

Laura: [inaudible]

Commissioner Withers: And I assume you're paid through this?

Ms. Sinkle Kolsky: I am paid a fee on this, yes.

Commissioner Withers: And how are your fees, what do you get paid for this. I mean what are your fees, I'm just curious to know.

Ms. Sinkle Kolsky: Off the top of my head roughly \$60,000 for the grant consulting and management of the project, doing the financial statements, reporting all the financials, doing the financing.

Commissioner Withers: So about \$15,000 per home.

Ms. Sinkle Kolsky: Correct.

Commissioner Withers: ...On a \$225,000 home.

Ms. Sinkle Kolsky: We've been at it for like 4 years, 5 years, so...

Commissioner Withers: Yeah, I know you've been up here for a while. So on the deferral, so what you're saying is once the first owners occupies this, when they go to sell it, that's when we collect our deferral costs?

Ms. Russo: No, once it stops meeting the standards for affordable guidelines as established by HUD?? and an administered by the County, it could be 2 or 3 buyers, it could be...

Commissioner Withers: It could be forever.

Ms. Russo: It could be, yeah it could be. I wouldn't say forever, but it could be an extended period of time. But the idea is that once the houses meet that affordable housing status, that then the City is dealing with the different buyer, the different economics, and the City should be reimbursed. We're asking the City to make a contribution here to try to help both this neighborhood and this project and the City needs affordable housing units toward its count.

Commissioner Withers: What does...well I agree. Laura I'm not arguing with you, I'm just worried about where we're headed with this, for waiver of fees, for not for profits, I just think it's a slope that I don't know that I want to get on right now, that's my biggest concern. But what happens when the... I mean if the subsidy is never paid back, then I assume it's always categorized affordable housing, is that correct??

Ms. Sinkle Kolsky: It is a deed restriction for the buyers. It's basically recorded as a second mortgage, zero percent interest, 30 years deed restriction. If at any time they sell the home, they can sell it only in the affordable range market during that 30 year period.

Commissioner Withers: So a typical homeowner...

Ms. Sinkle Kolsky: And then they would pay back the County if they did sell and make a profit, so the County is subsidizing roughly \$125,000 a home. So the affordability changes.

Commissioner Withers: Who's managing the affordable housing criteria throughout the next thirty, forty, fifty years of this?

Ms. Sinkle Kolsky: Well that's usually set by Federal HUD guidelines, and then the County basically implements it through their legal department deed restrictions.

Commissioner Withers: So the County is managing these homes, not our City?

Ms. Sinkle Kolsky: Correct. The homeowner is a valid homeowner like anyone else, with a deed restriction and a second mortgage. So, if they were to be foreclosed out, the County technically could get wiped out, but again that deed restriction is tied to the bank now, too on keeping it in the affordable stock.

Commissioner Withers: So who's the bank.

Ms. Sinkle Kolsky: Northern Trust is actually the lender for most of the buyers.

Commissioner Withers: OK so how much will Northern Trust be into the 225?

Ms. Sinkle Kolsky: Like \$100,000

Commissioner Withers: And the other, how much does the homeowner have to come up with?

Ms. Sinkle Kolsky: 3%

Commissioner Withers: So 3%, and that's they're hard money, and then the gap is then made up with the \$600,000 or whatever the Federal Government is subsidizing. And that's a second mortgage that they pay zero interest over 30 years.

Ms. Sinkle Kolsky: Yes it varies.

Commissioner Withers: And then when the home is sold, that second has to be taken out? Or no, it can be...

Ms. Sinkle Kolsky: The second has to be ultimately taken out. I mean it is a recorded second mortgage. I haven't seen the County's final deed restriction, I just know that it's a 30-year deed restriction.

Commissioner Withers: And is there a cap? I'm sorry to ask all these questions, but...

Ms. Sinkle Kolsky: No, it's OK.

Commissioner Withers: Is there a cap on how much the home can go up in value each year?

Ms. Sinkle Kolsky: It doesn't matter what the home goes up in value. The County sets the standard on the maximum you can sell.

Commissioner Withers: Well that's what I'm saying, what is the max, what is the County set?

Ms. Sinkle Kolsky: Well actually it was 225 when this project was in the Federal Process. Now the County's rolling that back to 205,000 due to the economic changes.

Commissioner Withers: So, just hypothetically, five years from now, if the house sells for \$300,000 or \$275,000.

Ms. Sinkle Kolsky: It's a deed restriction that they have to sell within whatever the County's maximum...

Commissioner Withers: No, I know, I'm just saying let's say that that value is say \$250,000 and its now at 205. That \$45,000 of capital...

Ms. Sinkle Kolsky: Profit.

Commissioner Withers: ...Of profit, who gets that?

Ms. Sinkle Kolsky: Well it's based on the percentage of the County's contribution. The County keeps that money rolling back into its affordable housing program. So if it's 50 percent, they would get 50 percent out of it.

Commissioner Withers: Well but we would never see our money unless it changed from affordable housing status?

Ms. Sinkle Kolsky: Right.

Commissioner Withers: So the County gets their money back, Northern Trust gets their money back, and we don't get our money back.

Ms. Sinkle Kolsky: Mmm hmm.

Ms. Russo: Just to clarify, the County has put in the cost of the land. I mean I think we're forgetting here that they put in the cost of the land plus that 600,000 plus the waiver of their fees, so on a percentage basis, the County has put in a lot more.

Commissioner Withers: I understand Laura. OK. Thank you very much.

Mayor Slesnick: Ok. Any other questions? OK, I just want to say that I am concerned as Mr. Withers is. I will support this, but that's why I brought Chip the other thing up. I really think that we need some standardized guidelines for how we'll approach, you know, these type of question in the future, and the Vice Mayor leaned over and said we needed also for the sustainability greening portion, too, as to what we're going to do when people come to us and ask for various things, so we need that. Mr. Manager, like how we're going to approach in the future, supporting if we do wish to support affordable housing, and supporting sustainability and greening issues. The only reason I can distinguish this and support this as an issue I tried to clarify, this is subsidized housing, this isn't really affordable housing. I know it's affordable, but this is government subsidized housing. I think that's something we're not going to face often in this City. It's very seldom, and so therefore I can distinguish that and I'd like it on the record that my vote is really based on the fact that this is government subsidized housing and...

Commissioner Withers: And you know the other thing, Don, is I hope the process of selecting these folks, and then we had this big discussion when the project on Dixie was going under way,

and we were concerned about who was going to manage, year after year after year, to make sure the guidelines were met, and make sure that there was no, you know, nothing going on that, you know, ran amuck of the regulations, so, you know I just hope that some Coral Gables residents can end up in these homes. I don't know if they get preferential treatment or...

Ms. Sinkle Kolsky: [inaudible]

Ms. Russo: They will be Gables residents, I mean at the end of the day when they buy, they will be...

Commissioner Withers: No, no, no. I mean existing Gables residents?

Ms. Russo: Well I'm saying we need to welcome new people who will now be Gables residents.

Ms. Sinkle Kolsky: We did inaudible]

Commissioner Withers: Yeah but I'm talking about folks that are in the Gables community now that have been aspiring to be homeowners that now have the opportunity to do it. You know I would think, gosh, since we're so invested in this thing they would get preferential treatment.

Ms. Russo: And I think that LBW has shown its commitment to that by doing the 3 restorations in the MacFarlane District, which is in the historic, you know, federally designated historic district in Coral Gables. They have two more that are about to commence, and they have five more, the original 13, and those all fall under affordable housing standards and those are all homes owned by Gables residents, so I think this is an organization that has shown its commitment to the City of Coral Gables.

Commissioner Anderson: Just to add to the discussion, one of the things, when I looked at the numbers I had to swallow hard, but I also felt, as with the Mayor, that this was a special circumstance, but I also believe that we do have to have some guidelines because in this particular agenda we have two other people asking us for deferrals and waivers. So we have to figure out as a Commission what we'll do in the future. I have no problem right now on this, but I would like some guidelines because I do believe that we have to treat people fairly, equally across the board and how we do it. For me also, it was non profit versus a for profit. That helped me make that decision. So, but I do think we need guidelines because it...in these economic times and with certain circumstances it will be difficult, so...

Mayor Slesnick: Thank you.

**Mr. Clerk.**

**Commissioner Withers: Yes.**

**Commissioner Anderson: Yes.**

**Commissioner Cabrera: Yes.**

**Vice Mayor Kerdyk: Yes.**

**Mayor Slesnick: Yes.**



**Vote (5-0)**

Laura: Thank you.

Slesnick: Thank you Laura.