

**CITY OF RIVIERA BEACH CITY COUNCIL**  
**AGENDA ITEM SUMMARY**

MEETING DATE: December 16, 2009

AGENDA ITEM SUMMARY NO. I-09-122-2

- AWARDS / PRESENTATIONS / PETITIONS
- CONSENT
- PUBLIC HEARING
- ORDINANCE ON SECOND READING
- ORDINANCE ON FIRST HEARING

- REGULAR
- RESOLUTION
- DISCUSSION & DELIBERATION
- BOARD APPOINTMENT
- WORKSHOP

**SUBJECT:** A presentation of the City of Riviera Beach Infill Housing Program Review and Analysis Executive Summary by Mr. Arnold Broussard.

**RECOMMENDATION / MOTION:** Accept the Presentation.

◆ City Attorney <i>PAR 12/8/09</i>	Library
◆ City Clerk <i>[Signature]</i>	Marina
Community Development	Police
◆ Finance <i>12-7-09</i>	Public Works
Fire	Purchasing
Human Resources	Recreation & Parks
◆ Assistant City Manager	CRA

APPROVED BY CITY MANAGER *[Signature]*

DATE: 12-8-09

Originating Dept. Community Development <i>[Signature]</i>	Costs: None at this time Current FY: <u>2009-2010</u> Funding Source: <input type="checkbox"/> Capital Improvement <input type="checkbox"/> Operating <input type="checkbox"/> Other: Budget Account Number:	City Council Actions: <input type="checkbox"/> Approved <input type="checkbox"/> Approved w/conditions <input type="checkbox"/> Denied _____ <input type="checkbox"/> Tabled to _____ <input type="checkbox"/> Referred to Staff _____ Attachments: 1. Executive Summary of the Broussard Report
Advertised: Date: Paper: <input checked="" type="checkbox"/> Not Required	Affected Parties <input type="checkbox"/> Notified <input checked="" type="checkbox"/> Not Required	

**SUMMARY:** In May, 2009, the City retained the services of Mr. Arnold Broussard of Palm Beach Consulting Group to review and analyze the City's Housing Program. Mr. Broussard met with staff during this entire process and completed his investigation and analysis and submitted his final report on November 4, 2009. At this time Mr. Broussard is prepared to present his report to the City Council.

Subsequent to receiving the report, City staff thoroughly reviewed the report and has begun preparation of policies and procedures for the Housing Program, which would correct any deficiencies and adopt some of the best practices recognized by the Broussard Report. Those policies are close to being in final form to be reviewed by the City Manager.

Staff recommends the Council accept the report by Mr. Broussard.

**Item No. 12**

## EXHIBIT A-1

### II. FISCAL IMPACT ANALYSIS

#### A. Five Year Summary of Fiscal Impact: Broussard Report

Fiscal Years	<u>2009</u>	<u>2010</u>	2011	<u>2012</u>	<u>2013</u>
Capital Expenditures	<u>na</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Operating Costs	<u>na</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Impact Fee					
Fund					
External Revenues	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Program Income (City)	<u>na</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
In-Kind Match (City)	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<b>NET FISCAL IMPACT</b>		<u>na</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

NO. ADDITIONAL FTE  
POSITIONS (Cumulative) n/a n/a n/a n/a n/a

Is Item Included in Current Budget? Yes No \_\_\_\_\_

Budget Account No.: Fund Dept/Div. CDD Org. Object

Reporting Category n/a

#### B. Recommended Sources of Funds/Summary of Fiscal Impact:

#### C. Departmental Fiscal Review:

  
 \_\_\_\_\_  
 Mary McKinney, Dir. of Community Development

### III. REVIEW COMMENTS

#### A. Finance Department and/or Purchasing/Intergovernmental Relations/Grants Comments:

\_\_\_\_\_  
Finance Department

\_\_\_\_\_  
Purchasing and Grants

#### B. Other Department Review:

  
 \_\_\_\_\_  
 Department Director

### **III. EXECUTIVE SUMMARY**

The form, structure, and specific purposes of the City of Riviera Beach's housing program strategy was incorporated in Resolution No. 169-04, "The Riviera Beach Housing Renaissance Program," passed on September 1, 2004. The resolution also authorized certain program guidelines and activities and proposed an initial commitment of funds for the program. The program was structured as a partnership between the City, various participants involved in financing and developing affordable housing, and organizations who provide support services to prospective homeowners. The City of Riviera Beach is the only city of its relative size, in terms of population in Palm Beach, Broward, and Miami-Dade counties, that directly sponsors a housing program initiative.

The City's housing program has several components. The program's features include lot acquisition, down payment assistance and/or closing cost assistance, identification of properties, assistance with buyer purchase contracts, financing assistance, identification and acquisition of vacant lots, emergency housing assistance, emergency repair assistance, code enforcement mitigation assistance, façade improvements, neighborhood improvement projects, demolition of unsafe structures, and similar social services. Eligibility criteria for program participants is limited to first-time homebuyers who meet specific qualifications.

#### ***Housing Program Funding***

Housing programs are primarily funded through financial support from the Minority Employment and Affordable Housing Opportunity Plan (MEAHOP), Chapter 26 of the Code of Ordinances. The purpose of the MEAHOP is to decrease unemployment by encouraging the hiring of minorities in the construction industry; provide a means of increasing the supply of affordable housing in the City; encourage revitalization of the downtown, particularly through mixed use development; and, accomplish the objectives of the MEAHOP ordinance through the use of a voluntary program utilizing zoning-related incentives, in various zoning districts throughout the City. The current version of the MEAHOP ordinance was adopted on July 9, 2006.

Funds used in support of the City's housing program are accounted for in the Housing Trust Fund. The MEAHOP is the primary financial support mechanism for the City's housing programs. However, over the past several years, the fund has also received transfers from the City General Fund; private donations; interest on deposited funds; and, miscellaneous revenues, which primarily consist of the proceeds from the sale of lots in the housing program's inventory. For financial reporting purposes, the Housing Trust Fund is a part of the City's "Trust and Agency Funds."

Based on a review of the financial data that represents the primary revenue sources for the City's housing programs (the MEAHOP and miscellaneous revenue), program funding is very unstable and unpredictable. Data from the City's financial accounting system show the Housing Trust Fund had net operating losses in 2006 and 2007. The fund received no income from the MEAHOP in 2004 and 2007. Although the fund had miscellaneous revenue increases in 2006 and 2007, miscellaneous revenue decreased in 2008.

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Funds generated by the MEAHOP are primarily dependent on development activity in the City. Development activity is a function of local and national economic conditions, which have been on the decline over the past several years. Housing production using City sponsored programs has also undergone a slowdown due to the severe decline of the housing market. Such funding instability makes it impossible to do effective long-term and short-term program planning in which goals can be set and program effectiveness evaluated.

***Housing Program Accomplishments***

Statistical information on the accomplishments of the City's housing programs was collected from the City's budgets for the six (6) year period 2004 through 2009. The data shows the number of program participants that were served through the City's various housing programs. The data also compares actual performance information to annual goals set for the program. Although there are several areas in which negative variances exist, the data primarily supports the fact that the City's housing initiatives have been largely successful over the past five years for which data is reported.

***Housing Program Administration and Staffing***

The City's housing programs are administered through the Department of Community Development. The housing function is allocated one (1) full-time staff position (the "Housing and Community Development Coordinator"). The Housing and Community Development Coordinator is responsible for development, design and implementation of the City's affordable housing program which includes assistance with providing affordable housing; coordinating housing rehabilitation and emergency housing rehabilitation programs; and, assisting with neighborhood improvement activities. The staff person is responsible for vacant lot acquisition; inventory of abandoned, vacant housing units; meeting with neighborhood groups to identify their housing and neighborhood concerns; assisting first time home buyers with financing assistance; conducting home buyer seminars; and, assisting with demolition of unsafe structures in conjunction with the Department Director and the Building Official.

Aside from the official duties and responsibilities of the position, the coordinator is responsible for coordinating some social service needs of residents and certain aspects of the City's juvenile justice programs, and assisting with the development of grant applications for projects such as the Neighborhood Stabilization Program (NSP). Some of these responsibilities are not compatible with the overall functional role of the Community Development Department in the City structure.

The Housing and Community Development Coordinator receives direction and requests for service assistance directly from public officials, including the Mayor and members of the City Council; City administrative staff, including the City Manager and Assistant City Managers; and, the Community Development Director. City residents also make direct appeals for assistance to the staff person. Given the unique nature of the role this staff person plays in the operations of the City, the staff person has been given much latitude in addressing housing and social service issues and accomplishing the position's many objectives. The ability to address sometimes complex, time sensitive social service and emergency issues in a timely manner and stay within established (or

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implied) City rules, regulations, policies, and procedures, has sometimes been a challenge.

***Houses in City Inventory***

As a result of a complaint by a contractor who constructed two single houses under the infill housing program, the City Council, at a special meeting on February 25, 2009, authorized the purchase of the two houses. The City paid approximately \$430,000 for the two properties. The purchase prices for the houses did not include compensation for the City's lots. As of the date of this report, there were no sale's contracts on the houses and no individuals were being processed to purchase them. These houses are part of the City's inventory.

While interviewing several contractors who have built houses under the Infill Housing Program, it came to our attention that a third house, which was constructed through the program in 2008, is potentially part of the City's housing inventory. Like the other two houses, this house was built for a prospective buyer who was not able to obtain financing for the house, prior to the construction of the house. The house is being rented to a third party and maintained by the contractor.

Although the City has not paid the contractor for building the house, the City is responsible for having the house built on one of its lots and it is the "owner" of the house. Since the house is "controlled" and rented by the contractor, the City may be exposed to potential liability by not having its property properly insured. Additionally, the funds being collected by the contractor for rent payments should be considered City funds received for the rental of its property.

The City should verify its liability associated with the construction, occupancy, and maintenance of this house. The City should immediately seek advice from its legal counsel and work with the contractor to take control of the house and the rental proceeds. The City should pay the contractor for the improvements to its property. The house should be placed in the City's inventory for sale and the City should take the necessary steps to manage the rental property until it is sold.

***Infill Housing Program Strengths and Weaknesses***

Strengths and weaknesses of the infill housing program were documented, along with perceived opportunities and threats associated with the program's operations. Based on an analysis of the factors identified, the bases for a strategic action plan was developed. The City should develop comprehensive housing program documentation that thoroughly identifies all pertinent information about the programs it supports and administers. The documentation should clearly identify the roles and responsibilities of all program participants, including the role, responsibility, and authority of City staff. All program participants should sign-off on documentation that identifies their respective roles and responsibilities in the housing program process. The City's commitment to the implementation of the various housing programs it administers should be demonstrated by a commitment of the necessary staff and financial resources to support the effective and efficient administration of affordable housing for City residents. Such priority setting and resource allocation should be an integral part of the City's budgeting process. Although the City cannot play a major

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role in turning around the area economy, it can continue to develop an effective plan, and the associated policies and procedures, for increasing affordable housing opportunities in the City when a turn-around does occur.

The City should continue to build upon its identified strengths. It should do all it can to provide business opportunities for local contractors, to help ensure that they can weather today's bad economy and be a part of the recovery as it materializes. Additionally, the City should continue to focus its planning efforts on identifying and acquiring "low" cost buildings and other vacant properties that can be developed into affordable housing and commercial sites in the future. The proposed acquisition of "low" cost buildings and other vacant properties is an integral part of the Renaissance Plan.

***Housing Program Best Practices***

"Best practices" of programs with similar objectives were identified. A "best practice" is a technique, method, process, activity, incentive or reward that is believed to be more effective at delivering a particular outcome than any other technique, method, process, etc. Best practices can also be defined as the most efficient (least amount of effort) and effective (best results) way of accomplishing a task, based on repeatable procedures that have proven themselves over time.

The following is a list of "best practices" the City can consider in expanding on and making improvements to its current infill housing program and its other housing program components. They include possible "new" programmatic criteria and processes.

1. Develop a housing program web site.
2. Establish penalties for violating program rules and requirements.
3. Develop formal program documentation for the public.
4. Provide financial incentives for infill development.
5. Provide development incentives.
6. Document program eligibility.
7. Provide pre-development loans/grants to non-profit developers.
8. Develop a lease/purchase program for housing units.
9. Develop a Community Land Trust.

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The above features represent a small sample of the many practices included in housing programs being implemented locally and across the country. Other practices, not included in this report, may also have a role to play in strengthening the City's housing programs. These "best practices" have proven to be useful in the communities in which they have been implemented. Their usefulness in the City of Riviera Beach must be determined through careful review and analysis.

***Observations, Findings, and Recommendations***

One of our primary objectives was to identify challenges to the effective and efficient operations of the City's Infill Housing Program and develop recommended actions to improve program operation and effectiveness and correct any deficiencies noted. Effectively addressing the challenges identified is paramount to improving the program's overall operations for the future. A summarized comprehensive listing of the observations, findings, and recommendations made as a result of this detailed review and analysis follows.

1. Better staffing of the City's housing program efforts are required to meet housing program goals. (See Recommendation 14 for a conceptual framework for restructuring and administering the City's housing program initiatives.)
2. Develop a more stable funding source for the City's housing programs.
3. Establish clear lines of authority and reporting responsibility for staff.
4. Re-assign social service and assistance functions and juvenile program services functions to the City Manager's office or a departmental area better structured to handle such functions.
5. Pay the contractor for the house constructed on the City's West 32<sup>nd</sup> Street property and place the house in the City's inventory for sale. Insure that no other houses have been constructed, that remain unsold, for which it has any liability to a contractor.
6. Develop comprehensive infill housing program guidelines, operating policies, and procedures.
7. The City should consider re-instituting the use of an updated version of the "Infill Housing Participation and Lot Purchase Agreement." The basic terms of the agreement should be incorporated in the restricted covenants associated with a lot transfer or in connection with any other subsidy support provided by the City.
8. Establish clear guidelines on who can commit and/or obligate the City in program agreements/contracts.

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9. Unless the City is to be the owner of a house, there should be no contracts between the City and any party except for the lot sale agreement. Additionally, any agreement used to apply special terms and conditions as a result of the City providing a subsidy or other assistance to facilitate an affordable housing transaction should be properly documented, approved, and executed.
10. The City Attorney should timely review and approve for execution all housing program agreements and contracts that obligate the City, prior to the execution of such agreements and contracts by an authorized City representative.
11. All communications, agreements, program directives, and related program information should be in writing, and when necessary, signed-off by the proper administrative and supervisory authority.
12. Conduct a programmatic and operational review of the infill housing program on a periodic basis.
13. Maintain files documenting programmatic activity by participating homeowners.
14. The following two recommendations are integral parts of a proposed new conceptual framework for structuring and administering the City's housing program initiatives.
  - a. The City and the Community Redevelopment Agency (CRA) should coordinate their housing program planning and implementation efforts.
  - b. The City might consider formally incorporating the use of a non-profit community development corporation or housing development corporation into its planning and implementation efforts.
15. Develop a housing program web site and make detailed program information available on the site.
16. Ensure that contractors working with the program are qualified and have the financial ability to support the projects they undertake.
17. City owned lots should be transferred to homebuyers or contractors only at the formal closing of construction or permanent loan financing. A building permit should never be granted before the lot has been legally transferred.
18. Establish standard features and guidelines for upgrades for houses receiving program subsidies.
19. The City should update its housing market analysis.

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20. The City should review the best practices section of this report and consider incorporating those which can improve its housing program initiatives.
21. To facilitate the development of infill housing by non-profit organizations and developers, the City might consider re-instituting or re-focusing its efforts towards contractor or developer acquisition of City owned lots and properties for potential development.
22. To increase the potential for development of affordable housing, the City should expand its efforts to strategically acquire undervalued and vacant properties or buildings for redevelopment.
23. The City should consider the creation of a "Community Land Trust" as part of its strategy to create affordable housing.