

**Summary of Discussion
Broward County Charter Review Commission
Health & Social Services Subcommittee Meeting
Monday, May 21, 2007
Governmental Center Room 302A
10:00 AM - 11:30 PM**

Members Present:

Wil Trower, Chair
Mark Ketcham
Dr. Mark Lieberman
Bernadette Norris–Weeks, Esq.

Members Absent:

David Esack
Joseph Maus, Esq.
Jodi Jeffreys–Tanner, Vice Chair

Others Attending:

Chedley Etienne, Administrative Assistant, CRC
Yolanda Grooms, Administrative Specialist, CRC
Maria Gross, Assistant Director, CRC
Phyllis A. King, Transcriber, PKING Consulting, Inc.
Ralph Stone, Director, Broward County Housing & Community Development
Patricia G. West, Executive Director, CRC

(A copy of the sign-in sheets identifying those present is filed with the supplemental papers to the summary of this Subcommittee Meeting.)

A meeting of the Broward County Charter Review Health / Social Services Subcommittee “Committee, Subcommittee, or HSSC”, was held at 10:00 a.m. on Monday, May 21st, 2007 at the Broward County Governmental Center – Room 302A, Fort Lauderdale, FL.

I. Call to Order/Roll Call

The Chair Wil Trower called the meeting to order at 10:19 a.m and requested the roll call by Phyllis A. King, PKING Consulting, Inc. The Chair recognized the presence of a quorum.

II. Approval of Summary of Discussion of May 9, 2007 Subcommittee Meeting

The Chair asked if anyone had any comments, additions, or deletions to the Summary of Discussion. He advised the dais that the Summary of Discussion will be tabled to the next HSSC meeting.

Ms. West stated that they will leave the draft imbedded in the Summary until it is approved.

The Chair introduced Mr. Ralph Stone.

III. Presentation – Ralph Stone, Director, Broward County Housing & Community Development

Mr. Stone provided the dais with a handout entitled **Housing and Community Development Division *Affordable Housing and Community Development*** which includes general and statistical information on Broward County's Housing Situation.

Mr. Stone advised that within the past 5 years there has been a serious run-up in the real-estate market. He stated that Fort Lauderdale ranks 83rd in relation to the 95 United States metropolitan areas; on average 43% of an individual's monthly pay goes toward housing costs in the Miami / Broward metropolitan areas. He stated that Broward County is among one of the least affordable places to live in the Country. Mr. Stone stated that he has a Planning and Economic Development background and has worked in the Capacity of City Manager. He stated that most of his career has been in the built-out Urban Coastal County of Pinellas. He advised that Pinellas County was built out before Broward because it is much smaller; and that Broward County is unique because we are pinned in by the Atlantic Ocean and the Everglades and Miami-Dade and Palm Beach Counties, which are just as bad as Broward County in terms of affordability.

Mr. Stone stated that even though Broward County is a very dense urban area, we do not have the density and infrastructure to support Mass Transit; the Tri-rail really does not address the masses that are in the market. He advised that the wages are depressed, because half of our employees are service employees and in low-wage jobs. He added that

the geographic limitations and the lack of infrastructure do not help to solve Broward County's problems. He added that extreme real-estate values, taxes, and insurance are all also hindrances. Mr. Stone stated that he believes the market is artificial as far as the taxes and insurance situation. He compared properties for sale vs. actual sales and advised that there are very few properties being sold. He believes that everyone is now waiting to see what will happen in the legislature with insurance and taxes.

Mr. Stone advised that there was something produced at the State level for the on-going debate over the Sadowski Act. Broward County receives approximately \$5 million dollars a year through a program called State Housing Initiatives Partnership (SHIP) that is funded through the Sadowski Act. He added that the sources of those funds come from a portion of the Doc Stamps that are paid on real estate transactions statewide and that, there is then a population formula used for distribution of those funds. Mr. Stone advised that a number of years ago the State decided to cap the Sadowski Act funds, and that the legislature has continued to experience problems with operating funds.

Mr. Stone added that Broward County needs 38,000 new affordable units. He advised that Broward County receives \$5 million a year and if it was uncapped we would receive almost \$11 million. Mr. Stone advised that statewide by the year 2010, approximately 1/2 million additional affordable housing units will be in place. The cap is costing the City, County, and State this year almost \$259 million dollars in revenue.

The Chair asked what would the difference between the \$5 and 11 million result in, in terms of additional Affordable Housing units. Mr. Stone replied approximately 420 units, 21,000 statewide. He advised that there is a Federal block grant program, a Federal home program and a State program which totals \$15 million, with which they were able to do approximately 700 new units. He advised that the County Housing includes Section 8 Housing; and explained the breakdown of funding.

Ms. Norris-Weeks asked how long does the program last. Mr. Stone replied 30 years for the full primary mortgage, that it depends on the credit worthiness and the income of the family borrowing. He advised that they have their SHIP funds and block grant funds to also help facilitate services for families.

Ms. Norris-Weeks asked how many people are serviced with the \$15 million. Mr. Stone advised Ms. Norris-Weeks that there is a number, but he does not remember the actual figure. He explained how everything is divided and added that there is 3 people per million.

The Chair asked Mr. Stone how homes are purchased for individuals. Mr. Stone replied that there is a market funding tool; and that they have 7 major banks in the County that are trained about the program. Builders and realtors are interested in trying to match their clients up with the program, and combinations of these entities compete for first-in, first served. He stated that the program will open two weeks from now and the first applicant in, is underwritten and reviewed for the different programs. Mr. Stone stated that the first approved and funded goes out to pick their home.

Ms. Norris-Weeks asked if the banks are selecting the client, as opposed to the public knowing about this program. Mr. Stone advised that it is all of the above, and sometimes they will do a press release, then people will start calling. Ms. Norris-Weeks asked Mr. Stone how and where they advertise. Mr. Stone replied through the newspapers, radio and television. Ms. Norris-Weeks asked Mr. Stone if they advertise in minority newspapers. Mr. Stone responded that there are no particular targets; but that he hopes all of the newspapers receive the press releases.

Ms. West inquired about a program in Lauderhill. Mr. Stone advised that those homes are funded by Broward County. He advised that there was a lottery for 13 homes and there were 1100 applicants. He added that there is a need to ensure that the awareness is broadly disseminated.

Dr. Lieberman asked Mr. Stone who can apply for the program, and who makes the decisions. Mr. Stone replied anyone who meets the income limitations and has credit worthiness can apply. Dr. Lieberman then asked what the income limitations are. Mr. Stone stated that there is a menu of 4 different programs for which the bond funds can be used. He advised that the bank underwrites it, but the client must be an affordable client, and cannot be above 120% of median income.

Dr. Lieberman asked if \$60,000 is median income. Mr. Stone advised approximately \$67,000. Mr. Stone reiterated that an applicant can be no higher than 120% median

income. He added that the way they incent the lower levels is that they provide free / soft second mortgages for 80% and below, that the Home and Block Grant programs are earmarked. He advised that one advantage is getting the client a 2nd mortgage at no cost for them.

Dr. Lieberman asked if this is the household income. Mr. Stone referred Dr. Lieberman to his handout, advising that there is a chart provided based on household sizes.

Mr. Ketcham asked Mr. Stone who holds the mortgage. Mr. Stone replied that the bank holds the mortgage. Mr. Ketcham asked who the \$15 million check goes to. Mr. Stone advised that based on the County's Bond Transactions the \$15 million sits with the trustee; that on single family homes they are tax credits, but on a multi-family home there are tax credits which get syndicated, then there is value to the tax credits which help drive down cost of the home or the project. He explained that on the single family home the pool of money sits there and is ultimately sold to the secondary market.

Dr. Lieberman asked if \$15 million dollars cover 75 people. Mr. Stone stated that last year they handled \$83 million dollars in bonds. The more powerful deals are the multi-family homes because of the tax credits. Mr. Stone advised that they handled 1,225 units last year.

Ms. West stated that the real problem is the cost of housing.

Dr. Lieberman asked if the subsidy is approximately \$86 thousand per unit. Mr. Stone replied that the subsidy is \$70 to \$80 thousand depending on the borrower. The Broward County Housing Authority and Section 8 Program budget is approximately \$100 million annually. They only get funding that represents any City less than 50 thousand residents and if they are over 50 thousand they handle their own programs. He advised that these programs are significant but are not solving the problems.

Ms. Norris-Weeks discussed the MESC meetings held with various housing authorities; she stated that she does not understand how the County is working with the cities to monitor land use, etc. She asked if there is legislature that requires the cities to state what their housing stock is, and what is happening with coordination of the cities. Mr. Stone replied

that there is coordination; that they have received \$22 million dollars from the Federal government which is a follow up to Hurricane Wilma. He advised that 25 of the 31 cities wished to participate, but did not wish to administer the program, therefore each city will be contracted and Broward County will perform the administrative work. Mr. Stone stated that on the traditional funding sources, the Home and Block Grants and SHIP. There is not as much coordination, but that they are serving their market and geography. Their programs are limited to what the Federal and State rates allow them to do. He stated that they can get creative and subsidize as much as they wish, but they are serving the same clientele. He added that a community with less of a low income population may choose to provide a higher service; he stated that the areas where he thought it might be helpful would be to collaborate on the homeless. Ms. West advised that Mr. Steve Werthman will be presenting to the HSSC shortly.

Mr. Stone advised that Mr. Werthman will discuss a project regarding 1,200 new support housing for the homeless, which will be needed by the year 2010. Mr. Stone advised that the way to support this project would be to have each City with SHIP, Block Grant, and Home funds to take a piece of their funding, dedicate it toward homeless and all fund one or two non-profits jointly. He stated that this way instead of the County solving the problem and 31 Cities are having 31 non-profits, it can be handled jointly.

Ms. Norris-Weeks asked if anyone is having that dialogue right now. Mr. Stone replied no, not as much as needed. He stated that Broward County Housing Community Development Division (HCDD) has a great relationship with the Housing Authority; they are teaming up with non-profits to build rentals. The biggest piece of the affordability challenge is for the people who can not afford a home; he stated that the problem is that everyone wants to buy a home. Mr. Stone added that the particular crisis now is trying to figure out how to put someone in a home vs. rental unit. He advised that every rental apartment that could go condo has gone condo (which he stated are not going back). He added that they have traditional sources of funds and every year there is a political attack on them at the Federal and State level, he advised that the Sadowski Act has been cut in half.

Mr. Ketcham asked where the money comes from. Mr. Stone replied that it could come from general fund set-asides, or other limited sources. He added that the County, in the

year, has mandated that any Land Use Plan amendment that has over 100 units must provide 10% of affordable units. He stated that these programs and policies will have an affect on providing affordable housing. Mr. Stone stated that the third concern is how to get more funding to provide additional production. He explained that a source of revenue is needed to subsidize deals. He gave an example of how Miami-Dade County made its own local pool of money through an affordable Doc Stamp.

Ms. Norris-Weeks asked if Broward County is looking at doing something like this. Mr. Stone replied no, he advised that some communities use tax on lenders; the older communities that have had affordability issues use programs such as Rent Control and Community Land Trusts. He advised that the Broward Housing Partnership which is a private corporation that forms three non-profits plans to start a Community Land Trust. Mr. Stone advised that a menu of options will be provided to the Board sometime next year; the frustration will be the property tax situation and where to find additional revenue.

Dr. Lieberman asked how the Miami-Dade County Doc Stamp was passed. Mr. Stone replied through a County-wide referendum. Dr. Lieberman asked if this is something that can be put through as a Charter amendment. Ms. Norris-Weeks advised that it could come from the County Commission if they are studying, or it could come from the CRC as a recommendation to go before the voters. Ms. West reminded the dais that it does not have to be a Charter amendment; it could be a recommendation from the CRC to the County Commission. Dr. Lieberman asked if the voters in Miami-Dade County voted for this amendment, and what the likelihood would be for voters of Broward County to vote for it. Ms. Norris-Weeks responded that you would never know, but she stated that it could be a Charter Amended regarding revenue streams. Ms. West stated that it could be timing, because timing is always an issue. Dr. Lieberman stated that the good thing about Doc Stamps is that it does not affect the voters unless they buy a new house. Mr. Ketcham pointed out that they are also the people paying the huge new taxes. A discussion ensued regarding closings, taxes, and how the doc stamps would affect the buyers. Dr. Lieberman suggested that there could be a way to only affect the higher income homes.

Ms. Norris-Weeks stated that she likes the idea that Miami-Dade has. She asked with regard to the Land Trust issues, if the Cities can actually donate the land to the people

running the non-profit programs. Mr. Stone advised that when a land use plan change takes place a percentage has to be towards affordable housing. Ms. Norris-Weeks asked how the current program is working. Mr. Stone replied that developers have no choice, it is a condition of their approval, and he added that the authority was left to the Cities to determine how the developer will satisfy them. He advised that the County has a contract with FAU to conduct a Zoning Study; that any type of zoning change would precipitate affordable requirements. He stated that a portion would transfer into affordable housing through land trust, etc.; he added that the study is 6 months out.

Ms. Norris-Weeks asked regarding the new Land in Parkland if 10% must be afforded. Mr. Stone replied this would be only if there is a change, however they would inherit the existing land use. But if someone changes it, then the requirements go into effect. He stated that this particular developer proposed a combination of scenarios.

The Chair asked if this only applies to land use changes. Mr. Stone replied yes, over 100 units. He explained that the County has contracted with FAU to conduct a Zoning Study. Any type of zoning change would precipitate an affordable requirement where a portion would transfer into affordable housing through land trust etc. Study is 6 months out.

Mr. Ketcham asked if only the County would change. Mr. Stone advised that it is being looked at as a county-wide ordinance.

Ms. Norris-Weeks asked when the Land Use requirement passed. Mr. Stone replied in January.

Ms. Norris-Weeks pointed out that the amendment came out of the MESC.

Ms. West stated that there are a lot of things that the CRC has no control over.

Mr. Stone advised that a big part of the solution, is in order for private industry to compete and retain employees. He stated that there was an article where the Dade County Hospital District will build a housing campus for their nurses. He advised that in Monroe County Employee Credit Union is building housing on top of their offices for their workers. He advised that it is about real estate and how you pay for it.

Mr. Ketcham advised that there are anecdotal stories of people leaving Broward County, of the School District cutting back on schools and that Broward County's population will be at 2 million by 2010 or 2012. He asked Mr. Stone if he thinks the trend is leveling off. Mr. Stone replied that it is not a trend as it is actually happening; he added that we are losing, and much is tied to the current property tax and insurance crisis, and until those issues are resolved at some point in time, the market will adjust. He stated that the County lending partners are getting people approved, however by the time they get to the closing table they cannot afford it, because the insurance has changed. He stated that it is an extraordinary environment that has happened over the course of a few years.

The Chair reflected on the fact that BCHCD covers half of the Cities in terms of funding for housing and that there are 15 – 17 others receiving their own Block Grants, etc. He asked if there is a coordinating structure to assist because there seems to be duplication. He also inquired about the subsidy and the fact that some cities don't have a lot of low income to increase the subsidy. He suggested the creation of a Central Coordinating function at the County level to ensure that all grant funds coming into Broward County are equally distributed. The Chair asked if this has been discussed. Mr. Stone advised the funding formulas were established by a combination of population and incomes, therefore he advised it is not like a brand new community with relatively few low income residents will not receive an allocation based on their population. He added that they will get less money but this does not mean they will not still have enough to have more available for housing units. He believes that funding formulas are set Statewide and Nationwide. Mr. Stone advised that a consortium meets. He stated that what is missing is the prioritization of the critical issues. Ms. Norris-Weeks suggested that someone needs to lead this discussion because the Cities fought against the Czar and saw him as a treat to home-rule. She suggested it be set forth as a recommendation and agreed that there must be some sort of coordination between the County and the Cities but she is not sure it will work unless the County Commission makes it a priority.

Mr. Stone stated that what is interesting is that the Cities have too much affordable housing and do not want any more and their neighborhoods need to revitalization. Ms. Norris-Weeks stated that these are huge issues and someone needs to step out on them. Mr. Ketcham suggested that this issue should come from the League of Cities.

Ms. West reminded that we are in a situation where people have to rent and people they rent from can not afford the tax bills. Mr. Stone stated that he does not believe this can be attacked at a local level. He added that the Broward County Property Appraiser (BCPA) can value rental properties based on a reasonable income stream. Ms. Norris-Weeks asked what happens to the businesses with no tenants would there be an alternative. Mr. Stone replied that appraisers handle this all the time through comp value vs. income value. He added that the frustration is that the property gets valued higher because of the value of the property that sold next door.

Dr. Lieberman asked what happened to HUD and if HUD is building homes for low income families. Mr. Stone replied that HUD is not building homes but they are funding them; he advised that funding is provided to local governments and they come up with the development of the communities. He advised that HUD dollars are leveraged through State tax credits and points for local contributions for applications. He advised that Broward County guaranteed \$250,000 and the State matched to help developers build 200 units.

Dr. Lieberman inquired about the status of a project near downtown which he visited as a member of Leadership Broward. A brief discussion ensued amongst the dais.

Mr. Stone advised that another way of funding is through filing of funding gaps with the developers. The Chair asked if anyone has looked at income, he suggested that just by paying people more could potentially solve the problems. Mr. Stone replied no.

Ms. West advised that there is a debate going on where they are talking about the living wage in Congress, there is a survey that deals with creating less jobs vs. but provide more pay for the jobs created.

Mr. Stone advised that between 2002 and 2005 median family income increased State-wide 1.4% and home prices increased 77% based upon a document from the Florida League of Cities.

The Chair asked if there has been any discussion about adjacent County development.

Mr. Stone replied that there have been some discussions. He advised that if we do not gravitate toward that we are going to end up with significant problems. He stated that there

is a larger debate about infrastructure and reinvestment. He advised that it requires a lot more density than Broward County currently has. He asked if we should allow the density to occur or finance the future through bonds, he advised that it is a bigger debate but in his opinion it is the future of the County and Metro areas.

Ms. Norris-Weeks asked Mr. Stone if he had any recommendations for the HSSC of what to suggest to the full Committee that might assist him with his job.

Mr. Stone suggested the desire to find sources of revenue might be a good place to begin. Dr. Lieberman stated that a Housing Commission will be mentioned. The Chair also suggested something similar to the Fire Rescue Council. The Chair thanked Mr. Stone for his time.

[End of Speaker]

A general discussion ensued. The Chair stated that 38 thousand more units in 3 years, he advised that they need to get 15 times that much in the next three years. Ms. West suggested removing the Cap from the Sadowski Act.

The Chair asked what role the Charter should have in solving some of these problems. Dr. Lieberman suggested selling doc stamps as not impacting the citizens. The dais agreed that the entire issue is down to funding.

Ms. Norris-Weeks suggested perhaps a Commission would not be a bad idea, or something similar to the Planning Council that would force the coordination efforts to come together. She advised that this is a political issue.

The Chair MOTIONED, SECONDED by Ms. Norris-Weeks to extend the meeting, motion passed unanimously.

Dr. Lieberman asked staff to find out about Miami-Dade Doc Stamp and how does it work. He also suggested a Housing Council which will be responsible for managing the funds.

Next Meeting

Ms. West advised the dais that there are going to be two speakers at the next HSSC meeting Mr. Jim Carras and Ms. Cindy Arenberg. The Chair stated that the next HSSC meeting is on June 13th, he asked the dais to bring their calendars for vacation coordination. Dr. Lieberman requested coordination with the Public Safety Subcommittee meeting.

The Chair asked the dais if there are any other Community issues that they may wish to look at. He advised that there is not much in the Charter related to taxes. Ms. Norris-Weeks suggested Mental Health and mentioned a Sun Sentinel article and how Mental Health ties into Affordable Housing. Ms. West reminded the dais that Commissioner Wasserman-Rubin spoke on this topic.

The Chair called for any other comments.

IV. Public Comment

None

V. Adjournment

There being no further discussion the meeting was adjourned at 11:44 a.m.

The minutes of this meeting are recorded on CRC-HSSC CD # 5.21.07 (BCGV CTR)