

Affordable Housing Justification Statement

Miami Economic Associates, Inc. has reviewed the documents filed by The Village at Gulfstream Park, LLC (“Developer”), the Developer of The Village at Gulfstream Park Development of Regional Impact (“Project”) regarding the modifications being requested with respect to the development order conditions pertaining to the provision of the affordable housing units. We understand that modification of the development order will require that a restrictive covenant entered into by the Developer of the Project for the benefit of the City of Hallandale Beach (“City”) and Broward County (“Broward”) at the time the Project was originally approved will also need to be modified, provided that the requested changes are deemed to be acceptable to both City and County.

Based on our review, we have concluded that modifications of the development order and the restrictive covenant with respect to the provision of affordable housing are justified. As the bulleted paragraphs below describe, the factors contributing to this conclusion relate to changes in the approach being advocated by the City with respect to how the issue of affordable housing should be addressed within its jurisdiction and changes that have occurred in the economic and financial environment since the Project was originally approved. Also underlying our conclusion are the benefits that the continued development of the Project can have on the economic and fiscal well-being of the City and the County.

- Since the approval of the Project, significant changes have taken place with respect to both the type and availability of affordable housing, and as important, the City’s goals relative to the provision of affordable housing. The City no longer believes that the type of housing that was originally envisioned is in the best interest of the City. Rather, the City would prefer to see their need for affordable housing addressed in an infill manner which is more compatible with the existing neighborhoods and/or through the rehabilitation of the existing inventory of substandard units. The proposed plan is sensitive to and compatible with the City’s current and projected need for affordable housing. In addition, the large scale type of affordable housing development originally contemplated is not only incompatible with the City’s goals, but represents a significant impediment to developing market rate residential.
- The original condition was negotiated during the period of the housing bubble when it appeared reasonably feasible to develop profitable condominium units that would have provided the necessary value to front-end the development of the affordable/workforce units. Given the significant changes in market conditions that have occurred, we now anticipate that the first phase of residential units will be rental housing. The economics and financing methodologies of rental housing are different than that of for sale product and based on inherently tighter margins. Accordingly, this type of development does not provide adequate value to support upfront development and thus the affordable/workforce housing must be constructed on a proportional basis

- The Project was approved for the development of 750,000 square feet of retail space, 140,000 square feet of office, 500 lodging units, 1,500 residential units and a 2,500-seat movie theater. It was estimated that development on this scale would result in the creation of approximately 2,400 jobs. Based on the development that has occurred to date, which has included approximately 420,000 square feet of retail space and 100,000 square feet of office space, about 1,200 jobs, or only about 50 percent of the projected amount, have been created . Given that Broward County is currently experiencing unemployment at a rate exceeding 10 percent, it is in the best interest of Broward residents that projects such as The Village at Gulfstream Park, which represents one of the greatest opportunities to contribute to job creation, be encouraged to proceed. In that regard, the Developer believes that opportunities may exist in the near term to develop a 250-room hotel and cinema which will result in approximately 150 to 175 direct jobs on-site and an approximately similar number of indirect jobs off-site. Development of those two Project components as well as a potential 250 unit rental apartment project will also create approximately 850 direct labor construction jobs. When the multiplier effect is considered, it is estimated that approximately 1,485 total jobs will be created during the construction period.
- Development of the Project was also projected to be fiscally beneficial to the City and the County and the Broward County Public School District. Based on the development that has occurred to date, these jurisdictions are currently receiving approximately \$280,000, \$265,000 and \$353,000, respectively. Of the approximate \$545,000 jointly collected by the City and the County, approximately \$205,000 is transferred to the Hallandale Community Redevelopment Trust Fund. Development of the proposed 250-room hotel, movie theater and 250-unit rental apartment project is expected to produce approximately double the ad valorem revenues generated by the Project for these jurisdictions at a time when there is a critical need for new revenue to support their ability to provide an adequate level of services to their citizens.