



## Legislation Details (With Text)

<b>File #:</b>	ID#20-8290	<b>Version:</b>	1	<b>Name:</b>	Select winning proposal for RFP for 306 S Washington
<b>Type:</b>	Action Item	<b>Status:</b>			Passed
<b>File created:</b>	9/18/2020	<b>In control:</b>			Community Redevelopment Agency
<b>On agenda:</b>	10/12/2020	<b>Final action:</b>			10/12/2020
<b>Title:</b>	Authorize the CRA Executive Director to prepare an agreement for the development and sale of the property at 306 South Washington Avenue for the purposes identified in RFP 53-20.				
<b>Sponsors:</b>					
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	1. 53-20_Development of S Washington Ave Site, 2. 53-20_ExhibitA(1)_Photos, 3. Tab 1. Narrative and Vision Statement, 4. Tab 2. Developer Experience & Qualification, 5. Tab 2.1.a. FL SUNBIZ_SP CLEARWATER WFH LLC, 6. Tab 2.3. Developer Projects Completed Last 5 Years, 7. Tab 3.2. Preliminary Financial Plan_Wash. Ave Proforma 9.10.2020, 8. Tab 4. Narrative and visual form of the development proposal, 9. Tab 4.01. Architect's Bird's Eye View of Development Concept, 10. Tab 4.02. Architect P1_Site Plan_P2_Perspectives_P3 Unit Plans_Exterior View, 11. Tab 4.a. to Tab 4.g., 12. Tab 4.h. to Tab 4.j.				

Date	Ver.	Action By	Action	Result
10/12/2020	1	Community Redevelopment Agency		

### SUBJECT/RECOMMENDATION:

Authorize the CRA Executive Director to prepare an agreement for the development and sale of the property at 306 South Washington Avenue for the purposes identified in RFP 53-20.

### SUMMARY:

The purpose of this item is to select SP Clearwater WFH LLC as the winning respondent for RFP 53-20 and to authorize the CRA Executive Director to prepare an agreement for the sale, development and grant funding for the project.

The Community Redevelopment Agency issued an RFP for the redevelopment of its site at 306 South Washington on August 17, 2020. The request called for a mixed-use or apartment development with a focus on workforce and market rate housing, the opportunity for shared parking to serve surrounding restaurant/retail businesses, construction to begin in 2021 and ample outdoor amenity space. There is currently a lack of rental supply for employees in the technology industry downtown, at Morton Plant Hospital and on Clearwater Beach who earn 80% or higher of the area median income. Building shared parking on the South Washington site is key to preserving existing greenspace on the CRA owned site across the street on Pierce Street as well as supporting commercial uses on the ground floors of APEX 1100 and The Nolan apartment.

The CRA received responses from the Housing Trust Group, LLC and SP Clearwater WFH LLC. The review committee read the proposals and listened to presentations from each respondent. The projects were ranked on Developers Experience and Qualifications, Legal and Financial Feasibility, Ability to Meet Redevelopment Objectives, and Proposed Timeline for Construction. The committee ranked SP Clearwater WFH LLC as the

first choice and recommended moving forward with requesting authorization to negotiate.

While both applicants have significant experience with affordable housing and presented attractive architectural proposals, SP Clearwater WFH scored higher for the following reasons:

- More detailed proposal including construction cost estimates and ability to begin construction in 2021
- Ability to source local financing, not dependent on the state 9% and 4% tax credit program
- The provision of workforce rental housing above 80% AMI
- Long term affordability through a partnership with the Pinellas County Land Trust
- Significant research into the market and financial feasibility of the project

SP Clearwater WFH is proposing to construct a 171-unit mixed income apartment development, a 275-space parking garage with tenant amenities including a pool, dog walking area, two playgrounds, exercise room and community room. There is a mixture of 1-bedroom (725sf) units and 2 bedroom (925sf) units. There will be 18 affordable units at 80% of AMI, 49 units at 100% of AMI and 104 affordable units at 120% of AMI. The building will include high efficiency HVAC, Energy Star rated windows, low flow toilets and sound deadening construction. The parking area will include a dedicated Uber/Lyft area to support car sharing services as well as ample bicycle parking. The current proposal calls for 40 public parking spaces, however the CRA will negotiate to increase this number and the developer has indicated they are amenable to that.

There are two aspects to this proposal that provide long term housing affordability. First, the developer proposes that the CRA sell the land to the Pinellas County Land Trust who will own the underlying land in perpetuity. The land trust will then provide a 99-year lease to the developer. Second, the rental rates are set by the AMI established by Pinellas County and cannot increase more than 1.02% per year. Typically, market rate rental amounts increase more than 1% per year.

SP Clearwater WFH has presented an in-depth proposal. They have conducted environmental studies on the site, a market analysis to show the proposed rental rates are achievable for this project and obtained preliminary approval for construction financing from Neighborhood Lending Partners. They have already received a construction cost estimate from Wichman Construction to provide an accurate overall project budget.

The overall project cost is \$38,436,995. The table below shows the sources of funds and how they will be used.

<b>SOURCES OF FUNDS</b>	<b>PER UNIT</b>	<b>PERMANENT PERIOD</b>
Equity	\$ 18,421	\$ 3,150,000
nlp First Mortgage	152,865	26,139,859
CRA Investment - Land Lease Sale	20,000	3,420,000
City Home Loan	5,146	880,000
Brownfield Sales Tax Exemption	585	100,000
CDBG/Other City Grant	4,678	800,000
Penny IV Economic Development Grant	12,865	2,200,000
Interim Income	-	
Replacement Reserves	-	-
Equity Bridge Loan	-	
Deferred Fee - 50%	10,217	1,747,136
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$224,778</b>	<b>\$ 38,436,995</b>
<b>USES OF FUNDS</b>	<b>PER UNIT</b>	<b>PERMANENT PERIOD</b>
Construction Costs & Contingency	\$ 167,544	28,649,990
Financial Costs	12,911	2,207,755
General Development Costs	17,427	2,979,978
Legal & Audit Costs	614	105,000
ODR	5,848	1,000,000
Developer Fee	20,434	3,494,272
<b>TOTAL USES OF FUNDS</b>	<b>\$224,778</b>	<b>\$ 38,436,995</b>

In addition to being selected as the developer, the applicant is requesting the following actions from the CRA:

- Sell the site to the Pinellas County Land Trust for \$3,420,000 and reinvest those funds into the project
- Provide an \$800,000 grant towards the project in exchange for public parking
- Support an application before the Community Development Board to receive 3 housing units from the density pool

The applicant is requesting the following funding from the City:

- \$880,000 HOME loan

The applicant is requesting the following funding from Pinellas County entities:

- \$3,420,000 for the purchase of the CRA land
- \$2,200,000 from Penny IV Economic Development Grant funds for the construction of workforce housing

This project is contingent upon support from all three parties listed above. The applicant anticipates receiving a decision on the County funding within the next three months. In order to qualify for the County funds, the

applicant must show a good faith partnership with the CRA.

The proposed project meets the goals outlined in RFP 53-20 that are derived from the 2018 Clearwater Downtown Redevelopment plan. This is a catalyst project for this area that would provide new residents to downtown and parking to support nearby businesses on Cleveland Street. Staff recommends selecting SP Clearwater WFH LLC as the winning respondent for RFP 53-20 and authorizing the CRA Executive Director to prepare an agreement for the sale, development and incentive funding for the project.

**APPROPRIATION CODE AND AMOUNT:**

There is funding available in CRA project fund Housing - City R2009.