



Legislation Text

File #: ID#20-8277, Version: 1

SUBJECT/RECOMMENDATION:

Approve a local government contribution of \$610,000 in General Fund Reserves to be set aside as a commitment for the Minimum Local Government Areas of Opportunity Funding that is required for Blue Pierce, LLC, as Successor-in-Interest to Blue Sky Communities, LLC, (Blue Sky) to receive a basis boost in the State of Florida's Low Income Housing Tax Credit Program (LIHTC) for an 81-unit affordable housing development project at 610 Franklin Street; approve the First Amendment to Agreement for Development and Purchase and Sale of Property (Amendment) between the Community Redevelopment Agency of the City of Clearwater, the City of Clearwater and Blue Pierce, LLC (Blue Pierce); and authorize appropriate officials to execute same. (consent)

SUMMARY:

On August 15, 2019, the City's Community Redevelopment Agency released Request for Proposals 50-19 (RFP) for an affordable housing development at 610 Franklin Street, the former location of Fire Station 45. The RFP called for a Low-Income Housing Tax Credit Project under the Florida Housing Finance Corporation's (FHFC) Request for Applications 2019-114 (RFA114). The City received three proposals on September 16, 2019. Proposals were submitted by Southport Development, American Resident Communities and Blue Sky. A review committee comprised of staff from the Community Redevelopment Agency, the Economic Development and Housing Department and the Planning and Development Department reviewed the submittals and selected the proposal from Blue Sky.

After entering into the Agreement for Development and Purchase and Sale of Property (Agreement), Blue Sky submitted an application to the FHFC under RFA114. Blue Sky's application to FHFC was unsuccessful; however, the Agreement contained an option for an extension of one additional year for Blue Sky to re-apply in a future RFA, which was exercised in accordance with the terms of the Agreement. The Amendment provides updated information regarding FHFC's 2020 Application cycle. Following approval of this item and CRA approval of the Amendment, Blue Sky will submit an application in response to FHFC's Request for Applications 2020-202 (RFA202). The minimum Local Government Area of Opportunity Funding amount reduced by the State from \$747,000 in 2019 to \$610,000 for this year's RFA. If more than one firm submits an acceptable application for a project located in Pinellas County with local government support of \$610,000, then FHFC's selection becomes akin to a lottery pick; only one project will be awarded tax credits. Applications for RFA202 are due on October 20, 2020 and FHFC's selection is expected in March 2020.

Approval of the Amendment between the CRA, the City and Blue Pierce commits the city to a contribution of \$610,000, as noted above.

The contribution from the city will be in the form of an interest-bearing loan. While staff is recommending setting aside General Fund Reserves for this purpose, the loan will ultimately be funded as a fifty-fifty split between HOME investment Partnership funds from the United States Department of Housing and Urban Development and funding from the CRA.

As background, the Low-Income Housing Tax Credit Program is governed by the U.S. Department of Treasury under Section 252 of the Tax Reform Act of 1986 and Section 42 of the Internal Revenue Code, as amended. The program was established to provide for-profit and non-profit organizations with a dollar-for-dollar reduction in federal tax liability in exchange for the acquisition and substantial rehabilitation or new construction of low-

and very low-income rental housing units.

APPROPRIATION CODE AND AMOUNT: N/A

USE OF RESERVE FUNDS:

Funding for this contract will be provided by a commitment of General Fund Reserves in the amount of \$610,000.

Inclusive of this item if approved, a net total of \$610,000 of General Fund reserves has been appropriated by Council to fund expenditures during fiscal year 2020/2021. The remaining unappropriated balance of General Fund reserves, after the 8.5% reserve, is approximately \$25.7 million, or 16.9% of the current General Fund operating budget.