



Legislation Text

File #: ID#20-8312, Version: 1

SUBJECT/RECOMMENDATION:

Approve a loan in the amount of \$880,000 to SP Clearwater WFH LLC, using HOME Investment Partnership Program funding for the development of property at 306 South Washington Avenue and authorize the appropriate officials to execute documents required to affect closing. (consent)

SUMMARY:

The Community Redevelopment Agency (CRA) issued RFP 53-20 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 up to 120% of the Area Median Income (AMI).

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 Developer Experience and Qualifications, Legal and Financial Feasibility, Ability to Meet Redevelopment Objectives, and Proposed Timeline for Construction. The committee unanimously ranked SP Clearwater WFH LLC as the first choice and recommended moving forward with requesting authorization to negotiate.

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 and below, 49 units up to 100% of AMI and 104 units up to 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.

There are several 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. Lastly, the investment of HOME funds requires the City and the developer to enter into a Land Use Restriction Agreement requiring up to eleven units to be rented at rates affordable to households earning less than 80% of AMI.

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. In addition to the requested HOME loan, the applicant is requesting the following assistance:

- Sell the site to the Pinellas County Land Trust for \$3,420,000 and reinvest those funds into the project
- \$2,200,000 from Penny IV Economic Development Grant funds for the construction of workforce housing
- 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

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.

SP Clearwater WFH is also requesting that \$680,000 of the \$880,000 loan is deferred through the affordability period (twenty years), at which time, it will be forgiven. Housing Division staff has reviewed financial projections for the project and has determined that these terms are appropriate. SP Clearwater WFH's repayment of \$200,000 of the loan will be amortized at zero percent interest over twenty years.

APPROPRIATION CODE AND AMOUNT:

HOME Investment Partnership Program funding is available in fund 683 for the proposed loan.

USE OF RESERVE FUNDS:

N/A