



Legislation Text

File #: ID#21-9007, **Version:** 1

SUBJECT/RECOMMENDATION:

Approve an agreement for the sale and development of the property located at 306 South Washington to Southport, LLC for the purposes identified in Request for Proposals (RFP) 53-20 and authorize the appropriate officials to execute same.

SUMMARY:

The purpose of this item is to approve a development agreement between the Community Redevelopment Agency (CRA) and SP Clearwater WFH, LLC to redevelop the CRA-owned property at 306 South Washington Avenue for the purposes identified in RFP 53-20.

Background

The Community Redevelopment Agency 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 supply of rental housing 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 (AMI). Building shared parking on the South Washington site is key to preserving existing greenspace on the CRA-owned property nearby on Pierce Street as well as supporting commercial uses on the ground floors of APEX 1100 and The Nolen apartment buildings.

The CRA received responses from the Housing Trust Group, LLC and SP Clearwater WFH LLC. The projects were ranked on Developers Experience and Qualifications, Legal and Financial Feasibility, Ability to Meet Redevelopment Objectives, and Proposed Timeline for Construction. 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, and
- Significant research into the market and financial feasibility of the project.

On October 12, 2020, the CRA Trustees selected SP Clearwater WFH, LLC as the winning bidder and authorized the CRA Director to prepare a development agreement.

Current Status

In the past four months, the developer has obtained approval for grant funding from Pinellas County, filed with the City for site plan approval and for six additional units from the public amenities pool, confirmed construction cost estimates and completed environmental site analysis. The next step is to adopt a development agreement which will allow all for parties involved to prepare for closing and sale of the property.

Proposed Project

The project is a 171-unit mixed income apartment development, a minimum of 260-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 (725 sq. ft.) units and 2-bedroom (925 sq. ft.) 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. There will be 40 public parking spaces operated by the apartment management company that will be available to the public for a minimal charge. The overall project cost is approximately \$38,436,995. We expect this number to increase due to a rise in lumber costs and potential environmental remediation, however the CRA contribution currently is remaining the same. Any additional requests for financial support from the CRA would occur outside of this development agreement.

The proposed development agreement is conditioned on the construction of plans substantially similar to those submitted with the original application and the following CRA incentives:

- The sale of the site to the Pinellas County Land Trust for \$3,420,000 and reinvestment of those funds back into the project
- The provision of an \$800,000 grant towards the project in exchange for public parking
- Support an application before the Community Development Board to receive 6 housing units from the density pool

The applicant is requesting the following funding from the City (which is a separate action from the CRA development agreement):

- \$880,000 HOME loan

Sale of the property, or closing, is anticipated to occur in early September 2021. The proposed agreement requires the following conditions to be met prior to closing:

- Approval for the \$880,000 HOME loan from the City
- Final zoning entitlements for the additional 6 units from the density pool
- Closing dates and final approvals established for transfer of ownership to the Pinellas County Land Trust

The proposed project meets the goals outlined in RFP 53-20 derived from the Principles, Goals and Objectives of the 2018 Clearwater Downtown Redevelopment Plan to support redevelopment projects that are pedestrian friendly, incorporate quality urban design and provide a variety of land uses in downtown, including:

- Policy 12: The City shall make use of Community Development Block Grant, HOME Investment Partnership Program, State Housing Initiatives Partnership program, and other federal, state, and county funds for Downtown infrastructure and increasing affordable housing options.
- Policy 18: The design of all projects in Downtown shall incorporate pedestrian-scale elements that create and maintain an inviting pedestrian environment.
 - Objective 1F: Allow for a variety of residential densities and housing types to provide for a range of affordability and mix of incomes consistent with the Character Districts.
 - Objective 1G: Continue to utilize a variety of incentives to encourage the construction of new residential uses to location Downtown.
 - Objective 2M: Create parking as infrastructure through a park once strategy that utilizes consolidated parking to serve all of Downtown and reduces the requirement for use by use on-site parking.

This is a catalyst project for this area that would provide new residents to downtown and parking to support nearby businesses on Cleveland Street. 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.

CRA approval of the sale and development of this site to SP Clearwater WFH, LLC is recommended.

APPROPRIATION CODE AND AMOUNT:

Funds are available in CRA Project Code 3887552 - R2009 Housing - City.