



Legislation Text

File #: ID#21-9987, Version: 1

SUBJECT/RECOMMENDATION:

Approve additional loan financing in an amount not to exceed \$1,800,000 for an 81-unit affordable housing development project at 610 Franklin Street and authorize the appropriate officials to execute same.

SUMMARY:

The Community Redevelopment Agency of the City of Clearwater (CRA) is under a development agreement with Blue Pierce, LLC (Blue Pierce) for development of the CRA-owned site located at 610 Franklin Street. Blue Pierce is wholly owned by Blue Sky Communities, LLC (Blue Sky). Since submitting their initial application in September 2019, Blue Pierce's total development costs for the project have increased by an estimated \$5,412,022. At the October 18 CRA meeting, CRA Director Amanda Thompson explained that Blue Pierce was seeking an additional \$2,000,000 from the City and \$2,000,000 from the County to assist with filling the funding gap. City Council, serving as the Board of Trustees of the CRA, instructed staff to provide a recommendation for funding.

Blue Pierce has secured an additional \$1,360,000 in conventional financing. Following the October 18 CRA Meeting, Blue Pierce also agreed to increase its deferred developer fee which will reduce the portion of the developer fee paid at closing by \$389,022 which would directly contribute to filling the funding gap. They have requested a \$2,000,000 grant from Pinellas County through the Penny for Pinellas grant program. The final county grant amount, if approved, will be based on the property's appraised value.

Staff Recommendation:

In addition to the \$610,000 HOME loan previously approved by City Council, staff recommends an additional HOME loan in the amount of \$775,000, a loan in the amount of \$875,000 funded with HOME-ARP and a \$150,000 loan using State Housing Initiatives Partnership Program funds. Blue Pierce has agreed to this proposal of an additional \$1,800,000 subsidy rather than the \$2,000,000 discussed at the October 18 CRA meeting. Further, if the total gap funding from Blue Pierce, Pinellas County and the City exceeds the \$5,412,022 gap, the City's funding will be reduced by an amount equal to the overage. If total gap funding is less than \$5,412,022, then Blue Pierce will be responsible for contributing additional funds.

Background:

The CRA issued RFP 09-19 on August 17, 2019 to redevelop the former Fire Station 45 site at 610 Franklin Street as a housing tax credit project. Blue Sky, the successful respondent proposed to construct a 9-story, 81-unit housing development with a two-story, 81-space parking garage. The unit mix is 30 one-bedroom, 47 two-bedroom and 4 three-bedroom units. This is a mixed income project with 16% of the units at 30% Area Median Income (AMI), 69% of the units at 60% AMI and 15% of the units at 80% AMI. The total development costs were estimated to be approximately \$22,000,000. This included a purchase price of \$2,000,000 from the CRA and a loan from City/CRA of \$747,000 at an interest rate of 4%. The CRA will reimburse the City \$305,000 for their portion of the loan. The City/CRA amended the development agreement in 2020 to reduce the loan to \$610,000 based on requirements established by Florida Housing Finance Corporation. This loan will be funded with HOME Investment Partnership Program funds (HOME).

APPROPRIATION CODE AND AMOUNT:

N/A

USE OF RESERVE FUNDS:

N/A