

Affordable Housing Funding Recommendation

Developer	Sunrise Affordable Housing Group
Development	Indigo Apartments (fka Prospect Towers)
Location	801 Chestnut St, Clearwater, FL
Total Project Cost	\$47,689,191
Per Unit Cost	\$229,274.96
County Funds Requested	\$7,000,000
Per Unit Subsidy	\$33,653.84
Property Tax Exemption	Ineligible for Newly Constructed Multifamily Exemption
Other Local Government Funds	\$3,000,000
Total Per Unit Local Gov. Subsidy	\$48,076.92
Affordable Unit Subsidy	\$33,653.84 (County Only)
Total Affordable Unit Subsidy	\$48,076.92 (County and City)
County Funds as % of Project Cost	14.67%
Leverage	6.81
Developer Fee	\$6,098,594
Deferred Fee	\$4,298,495
Developer Fee as % of Project Cost	12.79%
Total Units/Assisted Units	208/207
Percent of Assisted to Total Units	100%
Use of Penny IV Funds	Land Acquisition and Renovation Construction
Location (CRA, Transit)	Primary Transit Corridor; Downtown Clearwater Community Redevelopment Area (CRA)
Mixed Use	No

Households Served – The development consists of 208 units that will serve families that have incomes in the following categories:

- Below 30% - 50 households
- Below 60% - 82 households
- Below 80% - 75 households

Staff Recommendation – Staff is recommending approval for funding the land acquisition and a portion of the rehabilitation to the property with Penny IV funding. The developer has agreed to place the property in the Land Trust to ensure permanent affordability for the property. The City of Clearwater is committed to the designation of the property to 100% affordable and the City intends to provide \$1.0M of funding. In addition, the CRA will be providing \$2.0M.

The housing preservation project is being partially financed with 4% Tax Credits through the Housing Finance Authority

The Clearwater Housing Authority is proposing to provide 50 project-based vouchers for the project which will keep the rents affordable to the extremely low-income households. The developer is proposing to reduce the rents so that the households under 60% Area Median Income (AMI) will not pay

more than 30% of their income for housing. The rent chart below reflects the monthly decrease in rents that are being proposed.

Newly Constructed Multifamily Property Tax Exemption -The development will not be eligible for the property tax exemption because the units will be subject to an agreement with the Florida Housing Finance Corporation.

Conditions – Final approval of financing from the City of Clearwater and the Clearwater Community Reinvestment Agency.

Scoring – The project scored 148 out of 220 available points. Strengths include increase in the number of households that will be less than 80% AMI.

Narrative – The Indigo Apartments (fka Prospect Tower) is a 208-unit high rise apartment complex that was built in 1971. It was designed as a senior housing development that served as a 55+ low-income community. The project consisted of 96 studios and 112 1-bedroom units. The property was converted to market rate in 2015 and the only 20 units continued to be restricted by City of Clearwater funding. In 2020, existing ownership terminated the age restrictions, and the property was available to families and there was no longer income or rent restrictions on the units.

Sunrise Affordable Housing is proposing to acquire the property and make the entire property 100% affordable housing with a 50-year affordability commitment through the LIHTC program. Income limits will include 30, 60, and 80% Area Median Income. As part of the land acquisition, the developer is proposing to place the property in the Land Trust that will have a 99-year lease with Pinellas County, ensuring permanent affordability. The City and the CRA are committed to the preservation of the property and will provide a combined total of \$3.0M toward the acquisition and rehabilitation of the property. For those households that are currently over income at the property, Sunrise will explain the process for finding them new accommodations and no household will be expected to leave prior to expiration of their lease.

The developer has a \$9.5 million capital improvement plan that will include renovation of all classic apartment units, mechanicals including boiler, chiller, cooling tower, roofing, and life and safety upgrades that include elevators.

Financing

Source	Amount	Use	Status
Tax Credit Equity HFA	\$32,247,923	Construction/Permanent Financing	Requested
Penny IV	\$5,000,000 \$2,000,000	Land Renovations	Requested
Deferred Developer Fee	\$4,298,495	Construction	Completed
Operating Cash Flow	\$1,142,773	Construction	Completed
Clearwater CRA	\$2,000,000	Construction	July Council
City of Clearwater	\$1,000,000	Construction	July Council
Total	\$47,689,191		

Proposed Rent Reductions				
Number of units	Unit Size	Current Indigo Rent	30% AMI Limit	Monthly Decrease
23	Studio	\$ 1,250.00	\$ 403.00	\$ (847.00)
27	1 Bedroom	\$ 1,400.00	\$ 427.00	\$ (973.00)
Number of units	Unit Size	Current Indigo Rent	60% AMI Limit	Monthly Decrease
38	Studio	\$ 1,250.00	\$ 905.00	\$ (345.00)
44	1 Bedroom	\$ 1,400.00	\$ 965.00	\$ (435.00)
Number of units	Unit Size	Current Indigo Rent	80% AMI Limit	Monthly Decrease
35	Studio	\$ 1,250.00	\$ 1,240.00	\$ (10.00)
41	1 Bedroom	\$ 1,400.00	\$ 1,323.00	\$ (77.00)

Project Location Map

