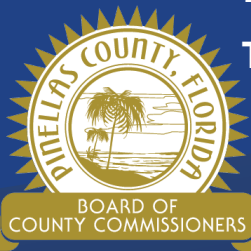


# Orange Station Penny IV-ESP



**Pinellas County Economic Development**

**Teresa Brydon, Redevelopment Manager**



Our Vision: To Be the Standard for Public Service in America





# Orange Station Project



## Office Building

- 50,000 rentable square feet of Class A office, 10,000 square feet of retail, and 61 condominiums

## Parking Garage

- 600 parking spaces, with 4,000 square feet of ground floor retail

## Workforce Housing

- 42 units that adhere to affordability standards at or below 120% AMI

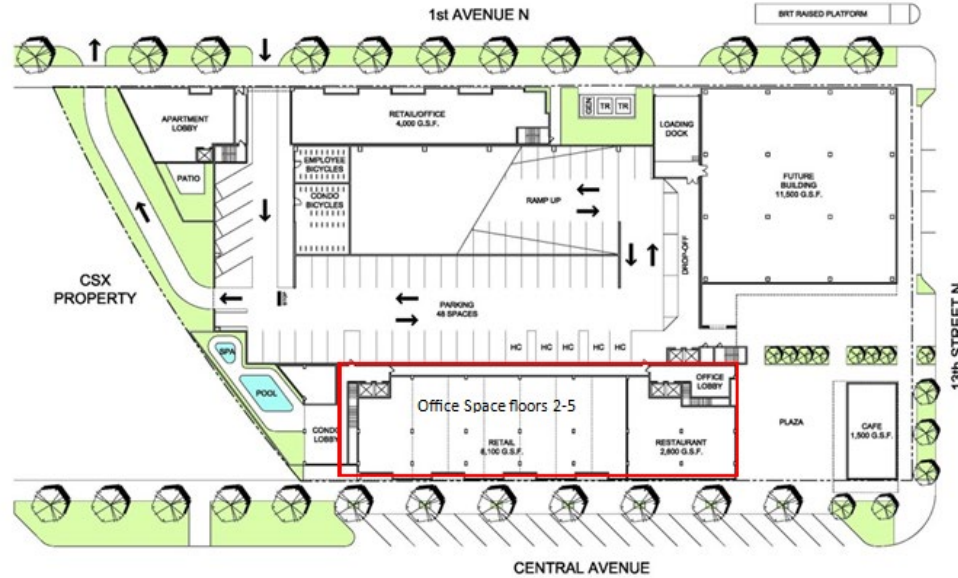
## Land/Demolition

- Appraised value of \$7.2MM and negotiated purchase price \$6.4MM

## Future Development (Phase II)

- An additional 60,000 square feet of office space or a boutique hotel

# Proposed Site Plan



Site Plan  
SCALE: 1" = 40'-0"

# Project Proposed Subsidies



Element	Total Cost	Government Funds	Other Support
Office Building (ESP)	\$20.0 million	\$3.0 million (ESP)	
Parking Garage	\$16.8 million	\$8.0 million (City/TIF)	
Workforce Housing*, Retail, and Condos	\$57.4 million		\$2.0 million (loan)*
Land Acquisition	\$6.4 million	\$550,000 (City)	
Demolition	\$450,000	\$450,000 (Intown West CRA)	
<b>Totals</b>	<b>\$101.0 million</b>	<b>\$12 million</b>	<b>\$2.0 million</b>

# Penny IV-ESP Funding Rationale



Industry standard returns required to attract investment capital for development of speculative multi-tenant office space are 8.5-8.75% of total project cost (the COVID pandemic and rising interest rates have pushed these return expectations higher given the perceived risk of the office sector). The project cost for this project is now \$399 per SF of rentable area, up from \$338 one year ago. Notably, this now includes a portion of the cost of the public parking garage in excess of a contribution from the City of St. Petersburg. Based on the project budget, the net rental rate required to achieve an 8.625% return on cost (assuming 5% vacancy) is \$36.25 per square foot on a triple net basis. Adding annual operating costs of \$11.00 per square foot to the net rate, the required full-service rental rate to generate industry standard returns would be \$47.25 per square foot. Forecast achievable market rental rates for the project upon delivery in late 2023/early 2024 are \$39.50-\$40.00 per square foot. The difference explains the financial gap of \$5.00-\$7.00 per square foot. The requested funding will reduce the overall project cost to a level that will generate industry standard returns at market rental rates.

—Cushman & Wakefield of Florida, LLC Certification of Financial Gap

# Penny IV-ESP Process



## EMPLOYMENT SITES PROGRAM APPLICATION PROCESS



Pre-Application meeting with applicant

Staff reviews application to determine:

- 1) Completeness
- 2) Eligible project
- 3) Eligible use of funds

Applicant submits electronic/online form during 60-day application window

Incomplete/ineligible applications will not move forward

Staff issues deficiency letter if incomplete

Applications will be scored against the evaluation tool. A multi-department staff will review and recommend.

Staff will prepare recommendation reports for each application.

Notifications to applicants will be sent regarding the BCC date.

A BCC agenda item will provide a summary of the completed applications received, the score for each application, and staff recommendations for each project. Project recommendations will include a maximum funding award amount and timeframe for closing. All projects approved by the BCC will be subject to final approval by the County Administrator following completion of all due diligence review.

Applicants that are approved by the BCC for funding will be notified in writing. Staff will coordinate with each applicant and request any updated items needed, finalize any outstanding due diligence and underwriting requirements and prepare documents needed for a closing. These items may include, but not be limited to, updated survey information, appraisal, environmental information, financial information and title commitment. During the due diligence period, staff will determine the amount of funding assistance needed based on a comprehensive project review and a financial review conducted by a third-party entity (if applicable). Applicant will be required to pay for any costs associated with third-party due diligence efforts, as negotiated.

To receive funding, the deal must close within the designated timeframe.

If the approved maximum funding award is insufficient, additional BCC authorization will be required to increase the award.

### ESTIMATED TIMEFRAME

60-DAY WINDOW

UP TO 30 DAYS

UP TO 2 MONTHS

UP TO 2 MONTHS

UP TO 2 YEARS

ONGOING