



Pinellas County

Staff Report

File #: 23-1598A, **Version:** 1

Agenda Date: 10/31/2023

Subject:

Affordable housing program project funding recommendation for Fairfield Avenue Apartments by Fairfield Avenue Apartments LLC.

Recommended Action:

Recommend approval of the affordable housing program project funding for Fairfield Avenue Apartments by Fairfield Avenue Apartments LLC (Applicant).

It is further recommended that the County Administrator be authorized to negotiate and approve terms, conditions, and the final funding amount not to exceed the Board of County Commissioners (Board) approved amount.

- The funding recommendation for Fairfield Avenue Apartments is an amount not to exceed \$12.4M for land acquisition and construction costs.
- Fairfield Avenue Apartments is a planned rental housing construction project of 264 multi-family apartment units. The site is a former lumberyard located at 3300 Fairfield Avenue South, in St. Petersburg.
- The proposed affordable unit set asides are: 53 units for households earning less than 50% of Area Median Income (AMI), 67 units for households earning less than 80% of AMI, and the remaining 144 units for households earning less than 120% of AMI. Affordability period restrictions will be enforced by acquisition of the land and a long-term ground lease or through a land use restriction agreement encumbering the property.
- The Board previously approved a conditional funding recommendation on May 10, 2022 (Legistar #22-0487A) in the amount \$5.6M for the Fairfield Avenue Apartments. At that time, the total development cost was estimated to be \$51,426,942.00. Other sources of funding included a pending HUD 211 (d) (4) loan of \$43,826,942.00, and St. Petersburg Community Redevelopment Area funds (\$2.0M).
- A new application for County funding was submitted on July 18, 2023, seeking a revised County assistance amount of \$12.4M. The total project cost estimate has increased from \$51.4M to \$87.9M. The applicant has also re-applied to the City of St. Petersburg with a revised funding amount request of \$9.7M.
- Next steps: County staff will complete additional due diligence activities including, but not limited to, property appraisals, title searches, loan underwriting and third- party financial analysis. Funding agreements, leases, loan documents and affordability restrictions will be prepared, negotiated, and executed.

Strategic Plan:

Ensure Public Health, Safety, and Welfare

2.4 Support programs that seek to prevent and remedy the causes of homelessness and move individuals and families from homelessness to permanent housing

Foster Continual Economic Growth and Vitality

4.2 Invest in communities that need the most

Deliver First Class Services to the Public and Our Customers

5.1 Maximize partner relationships and public outreach

5.2 Be responsible stewards of the public's resources

Summary:

Fairfield Avenue Apartments is a planned rental housing construction project with a total of 264 multi-family housing units. The proposed affordable unit set asides are: 53 units for households earning less than 50% of AMI; 67 units for households below 80% AMI and 144 units for households below 120% AMI. The housing complex will be adjacent to a main bus line (34th Street), Gibbs High School, and the Pinellas Trail. The site is a former lumberyard and is located in a CRA, and on a primary transit corridor.

Revised cost estimates, higher interest rates and increased costs have significantly impacted the feasibility of the project.

Background Information:

County Housing and Community Development staff have evaluated and scored the project application and found it to be eligible for funding assistance.

The project is located near primary and secondary transit corridors and within the St. Petersburg South CRA. The primary funding source for the project is a pending HUD 211 (d) (4) loan. In addition, the St. Petersburg South CRA has committed \$5.7M to the project and the city is evaluating a request to increase the funding amount to \$9.7M. The County previously approved \$5.6M for the project in May 2022 for land acquisition (\$3.0M) and construction costs (\$2.6M).

Since the County funding approval, the developer has not successfully secured the HUD loan. A new application for County funding was submitted on July 18, 2023, seeking a revised County assistance amount of \$16.4M. The total project cost estimate increased from \$51.4M to \$87.9M. Based on negotiations with County staff, the requested amount was reduced to \$12.4M and offset by a \$4.0M increase in the amount of assistance requested from the city of St. Petersburg.

Fiscal Impact:

Total maximum expenditure: \$12.4M

Funding is budgeted in the County's Capital Improvement Program, in FY24-FY25, funded by the Local Infrastructure Surtax (Penny for Pinellas) in project 004150A Penny IV Affordable Housing Program. This funding is from the Penny for Pinellas countywide investment for Economic Development Capital Projects and Housing.

Staff Member Responsible:

Carol Stricklin, Director, Housing and Community Development

Partners:

City of St. Petersburg

St. Petersburg South CRA

Attachments:

Project Application Evaluation Summary Sheet

Project Location Map