



Pinellas County

Staff Report

File #: 23-0146D, **Version:** 1

Agenda Date: 4/25/2023

Subject:

Subordination Agreement for the Pinellas County Affordable Housing Loan to SD St. Pete 454, LLC for the Arya Apartments project.

Recommended Action:

Approval and execution by the County Administrator of a Subordination Agreement for the Pinellas County Affordable Housing Loan to SD St. Pete 454, LLC for the Arya Apartments project.

The County Administrator has been authorized by the Board of County Commissioners to negotiate terms, conditions, and other funding agreements for the project. Legistar file 20-2127A - the Board delegated authority to the County Administrator to negotiate and execute all contracts, loan documents, leases, restrictive covenants, and any other such agreements and documentation associated with the application approvals in the amounts authorized by the Board of County Commissioners or less, and authority to direct the Housing Finance Authority to acquire properties utilizing affordable housing land acquisition funding.

- The Board approved funding for the project in the amount of \$4M utilizing Penny for Pinellas funds for construction on January 12, 2021, Granicus item #20-2127A.
- Funding is for the development and construction of a 415-unit multi-family affordable rental apartment complex, structured as a forgivable loan. 125 units will be income restricted, including 66 units restricted to at or below 120.0% of Area Median Income (AMI), and 59 units restricted to households at or below 80.0% AMI.
- County loan documents including a mortgage, promissory note, agency agreement, and land use restriction agreement were approved and executed by the County Administrator Granicus file #21-1480D.
- The total project cost is estimated to be \$97M. Other sources of funding include lender financing and developer equity.
- The project is located at 5475-3rd Lane North, St. Petersburg, FL.

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:

SD St Pete 454, LLC (SD) was awarded \$4M in funding from the County to partially fund the development and construction of the 415-unit multi-family project located at 5475 3rd Lane North, St. Petersburg, Florida. Arya will provide 125 affordable units that will remain affordable for a period of 30 years. CIBC Bank USA, the senior lender, will provide \$87,500,000.00 in construction loan funds and requests the County subordinate the senior lender loan.

Background/Explanation:

The County is providing construction funds using Penny IV Program funds for the Arya project. Per the requirements of the documents, 66 units will be restricted to households at or below 120.0% AMI and 59 units will be restricted to households at or below 80.0% AMI as determined by the U.S. Department of Housing and Urban Development, meeting program requirements. CIBC Bank, as senior lender, requires that the loan being provided to the development be in first position.

Fiscal Impact:

The total maximum loan amount is \$4M, approved by Granicus Item #20-2127A and Granicus Item #21-1480D. Total maximum funding will not exceed \$4M. The source of funding is the Local Option Sales Surtax (Penny for Pinellas). The Penny IV Affordable Housing Program (project 004150A) has an FY23 Budget of \$28,627,000.00. Project 004150A Housing Projects aligned with 8.3% Countywide Investment is programmed in the Capital Improvement Plan, in the CIP Human Services function, Penny-Econ Dev&Housing (8.3%) program.

The County Administrator has been authorized by the Board of County Commissioners to negotiate terms, conditions, and other funding agreements for the project. Legistar file 20-2127A - the Board delegated authority to the County Administrator to negotiate and execute all contracts, loan documents, leases, restrictive covenants, and any other such agreements and documentation associated with the application approvals in the amounts authorized by the Board of County Commissioners or less, and authority to direct the Housing Finance Authority to acquire properties utilizing affordable housing land acquisition funding.

Delegated Authority:

Authority for the County Administrator to sign this Subordination Agreement is granted by Granicus Item #20-2127A.

Staff Member Responsible:

Carol Stricklin, Director, Housing and Community Development

Partners:

N/A

Attachments:

Subordination Agreement

Granicus Reference Item #21-1480D - March 8, 2022

Granicus Reference Item #20-2127A - January 12, 2021

