



# Pinellas County

## Staff Report

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### **Subject:**

Affordable housing construction loan to Delmar Terrace South, LLC for the multifamily rental housing development project Delmar 745.

### **Recommended Action:**

Approval of the recommendation to fund an affordable housing construction loan to Delmar Terrace South, LLC for the multifamily rental housing development project Delmar 745.

It is further recommended that the Board of County Commissioners (Board) delegate authority to the County Administrator to execute loan documents, leases, restrictive covenants, and any other such agreements and documentation associated with the loan in the amount authorized by the Board.

- The recommended loan amount is \$500,000.00 utilizing State Housing Initiatives Partnership funds for partial construction financing. The loan term is 30 years with annual payments based on available cash flow as required by the senior lender and housing tax credit requirements.
- The project is the new construction of 65 multi-family affordable apartment units including 10 units restricted to households at 50.0% AMI or less and 55 units restricted to households at 60.0% AMI or less. The total project development cost is \$22.3M.
- Boley Centers, Inc. will be providing on-site case managers for tenant services including self-sufficiency and employment skills, health referrals and financial management.
- The City of St. Petersburg is providing \$334,000.00 for the construction of the project.
- The County previously provided \$1,050,000.00 to purchase the property through the Penny for Pinellas Land Assembly Program. The property was purchased, conveyed to a land trust with the Housing Finance Authority as Trustee and leased to Delmar Terrace South, LLC on April 26, 2018.
- The application for County construction funding was made as a result of unanticipated project cost increases that exceed budgeted contingency and developer fee that could be provided by the developer.
- The combined County investment of \$1,550,000.00 will represent 6.9% of the total project cost.

### **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:**

Delmar Terrace South, LLC is applying for funding from the County for partial construction funding for a 65- unit multi-family affordable housing development called Delmar 745. The project is located at 745 Delmar Terrace South, St. Petersburg, Florida. Parcel ID# 19/31/17/74547/001/0150.

**Background Information:**

Staff recommends the Board approve a construction loan in the amount of \$500,000.00 using SHIP funds for the Delmar 745 project. Pinellas County previously provided \$1,050,000.00 to purchase the property through the Penny III for Pinellas Land Assembly Program. The developer is requesting construction funds due to project delays and cost overruns resulting from the loss of an offsite staging area, tower crane expenses, theft of concrete forms and contractor disputes. These unanticipated costs have been partially addressed with budgeted contingency and developer fee funds to reduce the funding gap to \$834,000.00. The amount of the recommended County loan and city of St. Petersburg loan will pay the balance of the deficit. The revised project budget includes a deferred developer fee however deferred fees are paid on an annual basis from project income after the project is placed in service and all other expenses and funding reserves are met.

The combined County investment of \$1,550,000.00 will represent 6.9% of the total project cost. Construction on the project was suspended while the developer unsuccessfully tried to work out disputes with the original contractor. The developer has now engaged the services of a new general contractor (GC) and the project is again under construction. The new GC, Whiting-Turner, is a national construction firm with more than 100 years' experience, and a solid reputation. The new contractor has provided an updated construction schedule which establishes a new completion date of September 30, 2021. The loan documents will restrict 10 of the units to households with incomes not to exceed 50.0% AMI, and 55 of the units will be restricted to households with incomes not to exceed 60.0% AMI.

The State of Florida's SHIP Program provides funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low, and moderate-income families.

**Fiscal Impact:**

Total maximum loan amount is \$500,000.00. The source of funding is SHIP. These funds are available in the FY21 Adopted Budget. The loan will be repaid, with no interest accrued, in 27 annual payments starting on June 1, 2024 with the full amount to be repaid no later than June 1, 2051. The loan payments are deferred for the first three years.

**Staff Member Responsible:**

Carol Stricklin, Director, Housing and Community Development

**Partners:**

City of St. Petersburg

**Attachments:**

Delmar Leasehold Mortgage and Promissory Note

Delmar Agency Agreement

Delmar Location Map