



Pinellas County

Staff Report

File #: 23-0579A, Version: 1

Subject:

Affordable Housing Program project funding recommendation for Heritage Oaks by Heritage Oaks, LLLP.

Recommended Action:

Recommend approval of affordable housing funding for Heritage Oaks by Heritage Oaks, LLLP (Newstar).

It is further recommended that the County Administrator be authorized to negotiate and approve the terms and final funding amounts not to exceed Board approved amounts.

The funding recommendation for Heritage Oaks is \$3.36M for construction costs.

- The funding recommendation for Heritage Oaks is an amount not to exceed \$3.36M for construction financing.
- The County's portion of the funding will be derived from the following: \$1.0M CDBG, \$1.5M HOME, \$860,000.00 State Housing Initiatives Program.
- This funding is consistent with the Fiscal Year (FY) 2024 Budget Development and is included in FY24 Requested Budget for Housing and Community Development Department within the respectable Federal and State Funds.
- Heritage Oaks is the first phase of redevelopment of the Rainbow Village public housing complex located in the Greater Ridgecrest area.
- Heritage Oaks is a new construction project consisting of 80 multi-family affordable units serving senior households at or below 60.0% Area Median Income.
- The total development cost is estimated to be \$ 28,983,622.00. Other sources of funding include 9.0% Tax Credit Equity (\$17,931,007.00), Raymond James Loan Proceeds (\$6.5M) and Deferred Developer Fee (\$1,192,616.00).
- The County previously committed \$610,000 in support of the 9% housing tax credit application as a Local Government Area of Opportunity commitment in 2021.
- The project is located at 12455 130th Avenue North, Largo, FL 33774.
- A project summary sheet is attached with additional project information.
- Next steps: County staff will complete additional due diligence activities including, but not limited to, loan underwriting and financial analysis. Funding agreements, 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:

Heritage Oaks is the first phase of redevelopment of the Rainbow Village public housing community. Heritage Oaks was awarded 9.0% tax credits in early 2022 but has since reported significant construction cost increases as well as interest rate hikes. As part of the Tax Credit award, the County committed LGAO funding in the amount of \$610,000 as described in Granicus 21-1499A. The developer is requesting an additional \$2.75M due to construction cost increases totaling 3.65M.

Background Information:

Heritage Oaks will consist of 80 newly constructed senior affordable units to be contained in a single three (3)-story elevator equipped building. This project will replace 48 existing units on the Rainbow Village Apartments site, which includes demolition of approximately 24 buildings that have substantial deferred maintenance and are functionally obsolete. The new building will consist of 74 one (1)-bedroom and six (6) two (2)-bedroom units. The County previously committed LGAO funds in the amount of \$610,000 to Heritage Oaks, which will be used for hard construction costs. The additional \$2.75M request from the County will help offset the increased construction costs.

Fiscal Impact:

Total maximum expenditure: \$3.36M.

The funding source will be a combination of affordable housing funds including, \$1M Community Development Block Grant funding (CDBG), \$1.5M HOME, and \$860,000 State Housing Initiatives Program (SHIP).

This funding is consistent with the FY24 Budget Development and is included in FY24 Requested Budget for Housing and Community Development Department within the respectable Federal and State Funds.

Staff Member Responsible:

Carol Stricklin, Director, Housing and Community Development

Partners:

Florida Housing Finance Corporation
Pinellas County Housing Authority

Attachments:

Project Application Evaluation Summary Sheet
Granicus #21-1499A LGAO approval