



# Pinellas County

## Staff Report

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File #: 20-1713A, Version: 1

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### **Subject:**

Affordable housing development by Southport Community Development, Inc. on approximately 5.67 acres of land owned by the Housing Finance Authority of Pinellas County as Trustee of the Lealman Land Trust. (Companion to Item No. 24)

### **Recommended Action:**

Approval of the ranking of proposals received in response to a Request for Negotiation (RFN) for the development of residential property. Authorization for the County Administrator or designee to direct the Housing Finance Authority of Pinellas County as Trustee of the Lealman Land Trust to finalize negotiations and enter into a ground lease agreement and other related documents with the top ranked respondent, Southport Community Development, Inc. for the development of affordable housing on approximately 5.67 acres of land in substantial conformance with the proposal as recommended by staff.

- At the direction of Pinellas County, the Housing Finance Authority (HFA) acquired the multiple properties, commonly known Lealman Heights, through the Affordable Housing Land Assembly Fund (Penny III).
- An RFN (190-0084-RN) for the redevelopment of the property was issued by Pinellas County (County) on January 3, 2020.
- Four proposals were received and ranked by an evaluation committee in the following order 1- Southport Community Development 2- Norstar Development 3-Habitat for Humanity 4- Namaste Homes. The committee recommended negotiating with the top three ranked respondents.
- County and HFA staff negotiated with the top three ranked RFN respondents and recommends leasing a portion of the properties to Southport for multifamily rental housing construction and a portion of the properties to Habitat for Humanity for the construction of single-family houses.
- Southport responded to the RFN with a proposal to develop an approximately eighty-six-unit affordable rental housing apartment community which will feature one, two, and, three-bedroom units and will be restricted to 60% of Area Median Income.
- The annual ground lease payment is based on a current value of \$1,290,000.00. The initial annual payment amount is \$13,030.30 for the first seven years and escalating at a rate not to exceed 2.0% annually thereafter.
- Construction is anticipated to begin in the fall of 2021.
- Southport will enter into a management agreement with the HFA as Trustee for the

management of eleven remaining rental units.

### **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:**

On January 3, 2020, the Purchasing Department released a Request for Negotiation (RFN) (190-0084-RN) for the development of residential property - Lealman Community Redevelopment Area in order to advance one or more County community development goals. The RFN resulted in four (4) response submittals.

Evaluation of RFN submittals were based on the following criteria:

- Highest quality development plan for the properties
- Ability of applicant to complete proposed project
- Inclusion of community amenities
- Expense reduction to County
- Experience and the financial and organizational capacity of the responder

On April 14, 2020, the Evaluation Committee recommended negotiating with the top three ranked respondents to enter into a long-term ground lease. The Committee recommended negotiation to expand partnership opportunities, increase the diversity of housing styles and improve the timeframe for development completion. Staff initiated the negotiation with the top three ranked respondents and narrowed the negotiation to Southport Community Development (first ranked) and Habitat for Humanity of Pinellas County (third ranked) to incorporate a proposed partnership between the two respondents.

Staff has successfully negotiated long-term ground leases and terms for affordable housing developments with both Southport Community Development, Inc. and Habitat for Humanity for the construction approximately ninety units of affordable housing in the Lealman CRA.

Upon Board approval, the HFA will finalize negotiations and issue a conditional commitment letter to enter into a ground lease with Southport for the development an affordable rental housing apartment community subject to affordable housing program terms and conditions. The expiration of the conditional commitment is December 31, 2021.

Southport will construct approximately eighty-six multi-family units and assume the management responsibilities of the eleven remaining rental units. The development will feature one, two, and three-bedroom units and will be restricted to 60% of Area Median Income (AMI).

The long-term ground lease will result in the development of an approximately 86-unit affordable rental housing apartment community and the management of the remaining eleven rental units in the Lealman CRA in order to advance one or more of the Community Development goals. The negotiated terms of the ground lease are \$1,290,000 to be paid for ninety-nine years based on the land lease rent calculations in the amount of \$13,030.30 for the first seven years and escalating thereafter. The lease payment is determined by the negotiated per unit cost of \$15,000 per unit.

The remaining twenty-six rental units on the site will be demolished by either Southport or Habitat. The residents will be placed on a waitlist and given priority for the new rental units when completed.

**Background Information:**

The properties are in the Lealman Community Redevelopment Area (CRA). The CRA is comprised of a mix of low-medium density, residential development (6.22 du/acre), with commercial uses along the major corridor of 34th Street/US-19, Haines Road and sections of 28th Street and 54th Avenue. Interstate-275 forms the eastern boundary, adjacent to Joe's Creek Greenway Park which begins just east of 28th Street North and 42nd Avenue. The Lealman CRA is an unincorporated area north of and adjacent to the city of St. Petersburg, Florida.

The properties, now known as Lealman Heights, include 53 residential units, 39 of which are occupied, with a mix of 1BR, 2BR, 3BR and 4BR units, an administration building, storage facilities, laundry, and a former fire station with a cumulative land area of approximately 8.0 acres. Several structures were demolished following assessment of conditions. The remaining residential units were renovated and leased to tenants.

The properties were acquired in February 2016. Funding for the acquisition was provided by Pinellas County through the Affordable Housing Land Assembly Fund, a Capital Improvement Program using Penny for Pinellas funds. Three additional single-family houses have been acquired in the area since the original acquisition date.

The objective is to redevelop the properties with a mix of well-designed housing types and tenancies ranging from single-family infill houses to multi-family apartments with the inclusion of affordable units.

**Fiscal Impact:**

No fiscal impact to the County.

**Staff Member Responsible:**

Carol Stricklin, Director, Housing and Community Development

**Partners:**

Southport Community Development, Inc.  
Housing Finance Authority of Pinellas County

**Attachments:**

RFN Ranking Spreadsheet  
Southport Community Development, Inc. Development Proposal  
Project Location Map - Lealman Heights  
Project Location Map - Southport Parcels