



# Pinellas County

## Staff Report

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File #: 20-1791A, Version: 1

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### **Subject:**

Affordable housing development by Habitat for Humanity of Pinellas County, Inc. on approximately 1.53 acres of land owned by the Housing Finance Authority of Pinellas County as Trustee of the Lealman Land Trust. (Companion to Item No. 23)

### **Recommended Action:**

Approval of the ranking of proposals received in response to a Request for Negotiations 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 third ranked respondent Habitat for Humanity of Pinellas County, Inc. for development of affordable housing on approximately 1.53 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 multiple properties, commonly known as Lealman Heights, through the Affordable Housing Land Assembly Fund (Penny III).
- A Request for Negotiation (RFN) for the redevelopment of the property was issued by Pinellas 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 (Habitat) for the construction of single-family houses.
- Habitat responded to the RFN with a proposal to develop approximately twelve affordable single-family homes (two, three, and four-bedrooms) that will be restricted to 120% or less of Area Median Income. The proposal was ranked #3 by the evaluation committee.
- Negotiated terms of the Habitat ground lease are \$240,000.00 to be paid in the amount of \$2,424.00 annually for ninety-nine years.
- Eight properties are currently vacant and available for immediate leasing to Habitat. Four properties are currently occupied and will be leased to Habitat following the proper notice and expiration of the tenant's current rental agreement.
- Construction is anticipated to begin in the Spring of 2021.

### **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 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 (3) 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.

County and HFA staff have successfully negotiated long-term ground leases and terms for affordable housing development with both Southport Community Development and Habitat for Humanity for the construction of approximately ninety (90) new units of affordable housing in the Lealman CRA. Upon Board approval, the HFA will enter into a ground lease and other associated documents with Habitat for the development of approximately twelve (12) affordable single-family homes subject to affordable housing program terms and conditions.

The single-family homes and will be restricted to 120% of Area Median Income (AMI). The homes will be a mix of two, three and four-bedrooms.

The long-term ground lease will result in the development of approximately twelve single-family homes in the Lealman CRA in order to advance one or more of the Community Development goals. The negotiated terms of the ground lease are \$240,000 to be paid in the amount of \$2,424 annually for ninety-nine years. The lease payment is determined by the negotiated price of \$20,000 per lot. Habitat will enter a master ground lease with the HFA as Trustee. Habitat will enter a sub-lease with the homeowner of the property.

### **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:**

Habitat for Humanity of Pinellas County

Housing Finance Authority of Pinellas County

**Attachments:**

RFN Ranking Spreadsheet

Habitat for Humanity Proposal

Project Location Map - Lealman Heights

Project Location Map - Habitat Parcels