



# Pinellas County

## Staff Report

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**File #:** 21-1031A, **Version:** 1

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### **Subject:**

Penny for Pinellas Affordable Housing program funding recommendations.

### **Recommended Action:**

Recommend approval of funding for four projects from the Penny for Pinellas Affordable Housing Program third round application cycle.

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.

- A total of 10 applications were received and evaluated. Four applications are recommended for contingent funding commitments. Six applications are not recommended for funding at this time based on evaluation of project readiness to proceed. These projects will be presented to the Board of County Commissioners at a future date.
- The funding recommendation for Whispering Pines Apartments by Pinellas Affordable Living, Inc. is for \$680,000.00 for land acquisition and closing costs. The project is new construction of 20 multi-family affordable apartment units serving special needs families with children. All units will be restricted to households earning 60.0% or less of area median income.
- The funding recommendation for Sixty90 on Central by DDA Development is for \$3,500,000.00 for construction costs. The project is demolition of an existing structure and construction of 204 new, multi-family, mixed income units, consisting of 42 units for tenants with incomes at or below 80.0% of area median income, 141 units for tenants with incomes at or below 120.0% of area median income, and 21 units at market rate rents.
- The funding recommendation for Innovare by Volunteers of America is for \$1,000,000.00 for land acquisition. The project is new construction of a 51-unit affordable apartment community that will serve households earning 60.0% or less of family median income.
- The funding recommendation for Oakhurst Trace by Southport Pinellas III is for \$6,750,000.00 for land acquisition costs for a 220-unit mid-rise, low-income apartment community serving households earning 60.0% or less of area median income. The project is new construction in the City of Pinellas Park.
- Next steps: The County and Housing Finance Authority staff will complete additional due diligence activities including, but not limited to, property appraisals, title searches, loan underwriting and financial analysis. Funding agreements, leases, loan documents, and affordability restrictions will be prepared. Any project changes resulting in an increase to County funding or a decrease in affordability will not be approved without additional Board consideration.
- During the first application round, four projects were approved by the Board for Penny IV

funding totaling \$11,070,00.00. No projects were recommended for funding from round two. The total amount of Penny IV funding for the four round three recommended projects is \$12,331,500.00. Approval of these four new projects will bring the total committed amount to \$23.4M to produced 884 affordable units.

- Round three is the last application round. The application for funding was made available on June 7, 2021 on an on-going basis. Project funding recommendations will be brought to the Board for consideration as applications are received, evaluated and are ready to proceed.

### **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:**

The third application cycle for Penny IV affordable housing funding opened on February 1, 2021 and closed on March 31, 2021. 10 applications were submitted requesting project funding assistance in a total amount of \$25.4M. County staff from multiple departments and HFA staff have reviewed, scored, and completed an initial analysis of all proposed projects. The project scores and readiness evaluation results in four projects recommended for funding.

The six (6) projects not recommended at this time do not meet thresholds for readiness to proceed. Staff will continue to assist these applicants as project planning efforts progress to make additional funding recommendations if and when appropriate.

### **Background Information:**

The Penny for Pinellas Affordable Housing Program builds on previous County-led efforts to support affordable housing throughout the county. Utilizing revenue from the infrastructure surtax revenue generated under Penny III (approved by referendum in 2007), the County created the Penny for Pinellas Land Assembly Fund ("Penny III LAF") in 2015 and has allocated a total of \$18.0M. Administrative support of the Penny III LAF has been provided by the HFA through an interlocal agreement with the County. The previous Penny III authorization (2010 - 2019) did not include the ability to utilize economic development funds for capital improvements to support the development of affordable housing.

As a result of including the ability to utilize Penny IV Funds for economic development in the ballot, and the relationship between workforce housing and economic development, the County is now able to expand the eligible forms of assistance to most efficiently utilize the funds and maximize the opportunities to incentivize and support the production and preservation of Assisted Units. In doing so, the goal is to support projects with the greatest benefit to Pinellas County.

The third application cycle was publicized with press releases, direct email notifications and through the Purchasing department notification system. A new website was launched [www.homesforpinellas.com](http://www.homesforpinellas.com) to focus on affordable housing in Pinellas and provide information on the Penny Affordable Housing Program. Applications became available on February 1, 2021 with an application deadline of March 31, 2021.

10 applications were submitted requesting project funding assistance in a total amount of \$25.4M. All applications were scored following the established criteria. In addition, staff members from the following departments reviewed the applications and provided comments based on their area of expertise: Housing Finance Authority, Housing and Community Development, Economic Development, Development Review Services, Administrative Services, County Attorney.

Staff recommends the Board approve the following not to exceed funding amounts for four (4) project applications and authorize the County Administrator to negotiate and approve the terms and final funding:

\$ 680,000.00 for Whispering Pines Apartments by Pinellas Affordable Living

\$ 3.5M for Sixty90 on Central by DDA Development

\$ 1.0M for Innovare by Volunteers of America

\$ 6,750,000.00 for Oakhurst Trace by Southport Pinellas III

\$ 401,500.00 Estimated Closing Costs

\$ 12,331,500.00 Total funding amount

**Fiscal Impact:**

Total not-to-exceed expenditure: \$12,331,500.00

Funding to support the recommended applications is budgeted in the County's Capital Improvement Program, funded by the Local Infrastructure Sales Surtax (Penny for Pinellas) in project 004150A Penny IV Affordable Housing Program. This funding is from the Penny for Pinellas countywide investment for Economic Development Capital Projects and Housing.

**Staff Member Responsible:**

Carol Stricklin, Director, Housing and Community Development

**Partners:**

Housing Finance Authority of Pinellas County

City of St. Petersburg

**Attachments:**

Recommended Projects: Summary Sheets

Penny IV Affordable Housing and Economic Development Program Guidelines