

Affordable Housing Redevelopment Loan Program
South St. Petersburg CRA Tax Increment Financing Program

I Description and Purpose

The **Affordable Housing Redevelopment Loan Program** (Program) provides funding through a variety of loan products such as bridge loans, loan guarantees, and low-interest or forgivable loans to support affordable housing developments in the South St. Petersburg Community Redevelopment Area. The intention is to utilize the Program to provide funding for affordable housing developments that require public assistance to leverage federal, state or other funding vehicles.

Where not otherwise defined by an applicable grant funding program, developments must meet the City's definition of "affordable housing", which is defined as housing meeting the needs of households whose income is 120 percent and below the area median household income. The maximum income and rent levels for this program are based on the Florida Housing Finance Corporation's SHIP Program, which are periodically adjusted (see attachment for the current income and rent levels).

II Consistency with the South St. Petersburg Redevelopment Plan

The South St. Petersburg Redevelopment Plan notes that housing affordability is a serious issue throughout St. Petersburg, but it is particularly stark in South St. Petersburg. The 2012 Pinellas County Poverty Report, which helped drive the creation of the South St. Petersburg CRA, asserted that "historically, housing expenditures exceeding 30 percent of household income have been an indicator of a housing affordability problem." In 2016, the percentage of households with housing costs exceeding 30 percent of income was 53 percent in South Petersburg and 38.6 percent in the city, both rising sharply from 2000, when the comparable figures were 41 percent and 31 percent respectively. Not surprisingly, renter households in both the CRA and city were highly likely to be paying more than 30 percent of their income in housing costs – 68.5 percent and 53.1 percent respectively.¹

An important source of affordable housing is larger multifamily complexes that can keep costs (and rents) lower due to the economies of scale with constructing and maintaining higher density units. Multifamily units also have the potential to lower transportation costs when located on transit corridors as well as increase the purchasing power of a neighborhood to sustain local businesses. However, there is a lack of multifamily housing in South St. Petersburg.

Throughout St. Petersburg, nearly 31 percent of all dwelling units are in complexes with five or more units, and 16 percent are in complexes with 20 or more units. In contrast,

¹ U.S. Census Bureau. 2000 Census. Table DP-4-Profile of Selected Housing Characteristics. U.S. Census Bureau. American Community Survey, 2012-2016 5-Year Estimates. DP04: Selected Housing Characteristics.

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South St. Petersburg has fewer than 11 percent of its total dwelling units in multifamily complexes larger five units and larger, and only 5 percent in 20-unit or larger complexes. By the same token, almost 80 percent of South St. Petersburg housing is single-family, and nearly 90 percent of its units are in four-unit buildings or smaller, compared with 64 percent of the city's units.² Increasing the availability and quality of multifamily units would help to alleviate the serious housing affordability issues facing renters in South St. Petersburg.

The **Affordable Housing Redevelopment Loan Program** is consistent with the South St. Petersburg Community Redevelopment Plan by providing incentives to increase the supply of affordable housing in the CRA. The Redevelopment Program and Funding Strategy calls for the City to use TIF to “assist renovation of existing multifamily and single-family units and build new multifamily developments...” and to continue to work with developers, nonprofits and federal, state and county agencies to provide affordable single-family and multi-family housing to families below 120 percent of the area's median income. The Plan states that the City will use TIF to assist renovation of existing multifamily and single-family units and build new multifamily developments as well as assist programs that provide single-family homeownership opportunities. (The Redevelopment Plan, in recognizing the dearth of multifamily units, also calls for the City to evaluate strategic zoning and land use amendments to increase the supply of land suitable for multifamily zoning.)

III Funding Source

The City of St. Petersburg and Pinellas County may allocate revenue annually from its TIF contributions to support the loan program. Any developments requesting \$100,000 or more in funding through this Program will first require City Council approval. Depending on the size of the project and its potential impact on the revitalization of South St. Petersburg, City Council may at its discretion appropriate funding from future year(s) budget to fund the loan.

IV Program Goals and Objectives

The **Affordable Housing Redevelopment Loan Program** uses TIF funds for bridge loans, subordinated long-term debt, loan guarantees, forgivable loans and other financial vehicles to close financing gaps for affordable housing projects. The focus will be to provide TIF funding to affordable housing developments that need public funding to leverage other federal, state and/or other sources of funding, such as Florida's Low-Income Housing Tax Credit Program. However, funding from this Program can be also utilized to purchase land, fund construction, buy-down interest rates, reduce

² U.S. Census Bureau. American Community Survey, 2012-2016 5-Year Estimates. DP04 – Selected Housing Characteristics.

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development fees or other strategies designed to lower the delivery costs of affordable housing.

V Eligible Projects

The **Affordable Housing Redevelopment Loan Program** is available to fund construction of affordable housing in the South St. Petersburg CRA. To be eligible, a developer must construct or substantially renovate³ residential units that meet the City's definition of "affordable". Adaptive reuse projects that convert nonresidential buildings to residential use are eligible for the program. Mixed-income projects that provide both affordable and market-rate units are also eligible for the program with the annual incentive based on the number of affordable units in the project. City Council has the final authority to approve the loan type and amount taking into consideration the impact on current and/or future year's budget, commitment to comply with the affordability requirements mandated by this program, financial need based on the project's pro forma, number and location of units to be constructed, leverage from other funding sources, applicant's creditworthiness as well as other factors.

V Submission Procedures and Requirements

Applications for the **Affordable Housing Redevelopment Loan Program** are accepted throughout the year with the final award made by City Council. They are to be submitted in an 8"x10" envelope or larger with the project's name and location and the applicant's name and address. Applications must be submitted to the Economic and Workforce Development Department (or successor department) on the 9th Floor of the Municipal Services Building, which is located at 1 Fourth Street North, St. Petersburg, Florida, 33701.

For more information, please contact

Mr. Anthony Chan
Economic Development Specialist
727-551-3279
tony.chan@stepete.org

The applications must include the following:

³ "Substantial" renovation is defined as construction costs in excess of 50 percent of the assessed value of the building according to the records of the Pinellas County Property Appraiser's Office.

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- Completed and signed application form
- \$35 application fee paid in check or money order
- Documentation of property ownership or written consent from property owner giving permission to conduct the identified improvements. The property owner will be required to sign the Grant Agreement to assume responsibility to maintain the affordable housing units for the duration of the Agreement.
- Confirmation the project complies with the City's land development regulations.
- A five-year financial pro forma to demonstrate the viability of the project
- Confirmation that mortgage, property insurance and property tax payments are current and in good standing.
- Legal description and survey of project site
- Digital photographs of existing conditions of the project site
- Written description of project improvements including number of units, size and bedroom/bathroom configuration and rental rates per unit type
- Sketches or conceptual drawings of improvements that will be funded by the program.
- Written affirmation that applicant will abide by the terms of the loan agreement including restrictions on leasing or selling to eligible families at affordable rents or prices and maintain the properties according to the City's code requirements.

Failure to provide the above information will delay the review and approval process.

Note, applicants meeting any of the following disqualifying criteria may be ineligible for funding:

- Code enforcement liens
- Special assessment liens
- Pending judgment or foreclosure
- Felony conviction for financial mismanagement within the last five years
- Mortgage payments three months in arrears
- Unpaid property taxes
- Unpaid property insurance

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VI Review and Approval Process

Loan applications will be reviewed by staff from the following departments: Housing and Community Development, Planning and Development Services, and Economic and Workforce Development. Staff will make a recommendation to the Mayor on whether the project should be funded. A recommendation of approval by the Mayor will be forwarded to City Council for final action if the requested amount exceeds \$100,000.

City Council will review and approve the loan amount based on the number of units that will be constructed, the current and projected fiscal impact that the loan will have on the on the budget of the South St. Petersburg CRA Redevelopment Trust Fund, the period of time in which the units will remain affordable, the potential catalyst that the development might provide on the surrounding neighborhood, the maintenance and security plan to be implemented by the developer and other relevant factors described above.

VII Compliance Requirements for Approved Developments

Successful applicants to the Program must sign a Loan Agreement with the Mayor or designee which specifies their obligations and rights upon issuance of the loan. Applicants shall have no more than 180 days from City Council approval to execute the loan agreement that defines performance obligations, otherwise the City will revoke the awards. The Mayor at his or her discretion may waive the revocation upon demonstration of good cause.

To receive the loan, the applicant must agree to certify annually for the duration of the required affordability period that it meets the affordable housing criteria that were the basis for the initial approval as well as the SHIP household income and rent limits that are applicable in that year. Failing this, the loan will be revoked and will be repaid to the City plus interest by the applicant or successor.

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Attachment 1

2018 Income and Rent Limits for Affordable Housing Projects

Income Limit by Number of Persons in Household

	Percentage of Area Median Household Income			
	<u>30%</u>	<u>50%</u>	<u>80%</u>	<u>120%</u>
1	\$13,450	\$22,400	\$35,800	\$53,760
2	\$16,460	\$25,600	\$40,900	\$61,440
3	\$20,780	\$28,800	\$46,000	\$69,120
4	\$25,100	\$31,950	\$51,100	\$76,680
5	\$29,420	\$34,550	\$55,200	\$82,920
6	\$33,740	\$37,100	\$59,300	\$89,040
7	\$38,060	\$39,650	\$63,400	\$95,160
8	\$42,200	\$42,200	\$67,500	\$101,280
9		\$44,730	\$71,568	\$107,352
10	Refer to HUD	\$47,286	\$75,658	\$113,486

Rental Limit by Number of Bedrooms in Unit

0	\$336	\$560	\$895	\$1,344
1	\$373	\$600	\$958	\$1,440
2	\$519	\$720	\$1,150	\$1,728
3	\$681	\$831	\$1,328	\$1,995
4	\$843	\$927	\$1,482	\$2,226
5	\$1,003	\$1,023	\$1,636	\$2,455

Source: Florida Housing Finance Corporation State Housing Initiatives Partnership (SHIP) Program "2018 Income Limits and Rent Limits" for Pinellas County (March 30, 2018). Limits are revised annually.

<https://www.floridahousing.org/owners-and-managers/compliance/rent-limits>