

## Affordable Multifamily Housing Development Program

South St. Petersburg CRA Tax Increment Financing Program

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### I Description and Purpose

The **Affordable Multifamily Housing Development Program** provides an annual incentive to developers to construct new affordable multifamily housing in the South St. Petersburg Community Redevelopment Area (CRA).

### II Consistency with South St. Petersburg Redevelopment Plan

Housing affordability is a serious issue throughout St. Petersburg, but it is particularly stark in South St. Petersburg. Housing is considered unaffordable if 30 percent or more of household income is devoted to shelter. Based on 2012 American Community Survey data, the percentage of all households with housing costs in excess of 30 percent of income was 55.0 percent in South Petersburg and 45.2 percent in the city, both rising sharply from 2000. Housing affordability is an even more dire issue for renter households where 73 percent pay more than 30 percent of their income in housing costs.

Multifamily housing is an important element in improving affordability, but there is a substantial deficit of this housing type in the CRA. 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, South St. Petersburg has fewer than 11 percent of its total dwelling units in multifamily complexes 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.<sup>1</sup> Retaining and 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 Multifamily Housing Development 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...” (The CRP, in recognizing the dearth of multifamily units, calls for the City to evaluate strategic zoning and land use amendments to increase the supply of land suitable for multifamily zoning.) The CRP also calls for the City to develop a TIF program that provides annual incentives to developers of affordable housing for a period up to 15 years.

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<sup>1</sup> U.S. Census Bureau. American Community Survey, 2012-2016 5-Year Estimates. DP04 – Selected Housing Characteristics.

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### III Type and Amount of Award

The **Affordable Multifamily Housing Development Program** is an annual incentive for up to 15 years to promote the development of affordable housing for working families and households in the South St. Petersburg CRA. The incentive will be based on the following:

|                      |                             |
|----------------------|-----------------------------|
| 4 to 30 units        | up to \$1,000/unit per year |
| 31 units to 99 units | up to \$750/unit per year   |
| 100 units or more    | up to \$500/unit per year   |

There is no maximum award for the program to ensure that catalytic affordable housing projects can take full advantage of the program. However, to ensure that the cumulative impact of projects utilizing the incentive does not constrain the CRA budget in future years, the City will generally limit its total obligation to fund the multiyear incentive in any given year to no more than 20 percent of the annual budget for the South St. Petersburg CRA. City Council may waive this limitation on a project-by-project basis.

The award amount will be based on the project's pro forma demonstrating that "but for" the incentive the project cannot be built. An increase in the annual incentive may be provided to a project that is based on factors such as the increase in CRA taxable property values or growth in the consumer price index from the prior year. For the purposes of this program, "affordable housing" is defined as housing meeting the needs of working-age families and 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 annually adjusted (see attachment).

### IV Funding Source

City of St. Petersburg and Pinellas County TIF contributions.

### V Eligible Projects

The **Affordable Multifamily Housing Development Program** is available to fund construction of affordable multifamily housing in the South St. Petersburg CRA. To be eligible, a multifamily developer must construct a minimum of 4 new residential units that meet the City's definition of "affordable". Adaptive reuse projects that convert nonresidential buildings to residential use are eligible for the incentive. Mixed-income projects that provide both affordable and market-rate units are also eligible for the

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program with the annual incentive based on the number of affordable units in the project. City Council has the final authority to approve the ultimate annual amount granted to the awardee, taking into consideration the impact on future year's budget, the awardee's maintenance and upkeep of the property, compliance with the affordability requirements mandated by this program and expected property taxes as well as existing projects that have received this incentive.

## **VI Submission Procedures and Requirements**

Applications for the **Affordable Multifamily Housing Development Program** are accepted throughout the year with the final award made by City Council. They are to be submitted in an 9"x12" 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 9<sup>th</sup> Floor of the Municipal Service 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](mailto:tony.chan@stepete.org)

The applications must include the following:

- Completed and signed application form
- \$35 application fee paid in check or money order, refundable if not awarded grant
- 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.
- 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

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- 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 Grant.
- Written affirmation that applicant will abide by the terms of the grant agreement including restrictions on leasing to eligible families at affordable rents 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 over \$2,500
- Special assessment liens over \$500
- 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

## **VII Review and Approval Process**

Because the incentive involves a multiyear incentive, City Council will review and approve the project and award amount, which will be based among other factors on its current and projected fiscal impact on the "Housing and Neighborhood Revitalization" budget of the South St. Petersburg CRA Redevelopment Trust Fund. City Council will also take into consideration budgetary and revenue projections for the South St. Petersburg CRA Redevelopment Trust Fund when awarding the incentive, may reduce the incentive when annual revenue projections for the CRA decline, revoke the incentive if the awardee fails to abide by the requirements of an executed grant agreement, and claw-back prior year(s) incentive if awardee is in default.

## **VIII Compliance Requirements for Approved Projects**

Successful applicants must sign a Grant Agreement with the Mayor or designee which specifies their obligations and rights upon issuance of the Grant. To ensure timely

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commencement and completion of the Project, the Applicant shall abide by the following deadlines:

- a. Within 60 days of execution of the Grant Agreement, file a “Notice of Commencement” pursuant to the requirements of the City’s Construction Services and Permitting Department.
- b. Within 6-18 months of execution of the Grant Agreement, request a “Review of Completed Work” from the City of St. Petersburg. (Length of time will vary based on size of project.)

Applicants shall have no more than 180 days from City Council approval of awards to execute grant agreements, otherwise the City will revoke the awards. The Mayor at his or her discretion may waive the revocation upon demonstration of good cause. Applicants requiring the execution of a Grant Agreement to secure additional financing will be allowed 90 days from the execution date to do so before the above deadlines will commence. Absent approval of an extension of these deadlines by the City, failure to comply will result in the cancellation of the TIF Agreement and rescission of the incentive.

The **Affordable Multifamily Housing Development Program** is a multi-year program that pays an incentive annually for a period of up to fifteen years. To be awarded the incentive, a project must be annually certified 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 incentive will be revoked and all previous incentives repaid to the City by the applicant or successor.

Affordability must be maintained in accordance with the U.S. HUD’s time periods established for the HOME program. After the final year that the incentive is paid, the project units that received the incentive payments must be retained as affordable for the period established in Attachment 2. The amount of CRA investment, which determines the affordability period, will be based on the per unit payment in the last year that the incentive was paid.

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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 |          |          |           |
|----|--|----------|----------|-----------|
|    | 30%  | 50%      | 80%      | 120%      |
| 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>

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### Attachment 2

| CRA Investment per Unit            | Length of Affordability Period |
|------------------------------------|--------------------------------|
| Less than \$15,000                 | 5 years                        |
| \$15,000 to \$40,000               | 10 years                       |
| More than \$40,000                 | 15 years                       |
| New construction of rental housing | 20 years                       |
| Refinancing of rental housing      | 15 years                       |

*Based on affordability periods established in US HUD's HOME program.*