

Affordable Residential Property Improvement Grant Program

South St. Petersburg CRA Tax Increment Financing Program

I Description and Purpose

The **Affordable Residential Property Improvement Grant** program can be used as a rebate for exterior and/or interior improvements on affordable residential housing in the South St. Petersburg Community Redevelopment Area. Emphasis will be placed on funding renovations that upgrade vital building systems and sustain and extend the economic life of a structure, such as plumbing, structural improvements, energy efficiency, HVAC and electrical wiring. The **Affordable Residential Property Improvement Grant** program supplements the City's annual investment in the "Rebates for Residential Rehabilitation" (RRR), which is oriented toward single-family residential renovations, but instead is focused on incentivizing the substantial renovation of both affordable single-family and multifamily housing (defined as four or more units in a building or property) by increasing the total grant award allowed for these projects. Also eligible for this program are renovations to accessory dwelling units (ADUs) or the conversion of existing structures to ADUs.

The program will be administered through the existing RRR process to ensure that the minimum building systems, products and materials required by the RRR program are utilized for this program. Funding from this program can also be used to supplement the annual funding allotted to the RRR program from the General Fund but only to ensure the renovation of single-family units for income eligible families consistent with the affordability requirements of this program. For the purposes of this program, "affordable housing" 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 annually adjusted (see Attachment 1).

II Consistency with South St. Petersburg Redevelopment Plan

Housing rehabilitation is vitally important in the CRA where new construction is faced with a significant gap in the cost to build versus the price for which units can be sold. The housing stock is substantially older in South St. Petersburg than the City at-large. Residential units built before 1970 represent 76 percent of the stock in the CRA, but only 55 percent of the City. With critical housing systems such as roofs, plumbing, HVAC and electrical in need of replacement every 15-20 years, houses of this age generally will have gone through at least their third generation of upgrades, if properly maintained.

There is also a substantial deficit 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, South St. Petersburg has fewer than 11 percent of its total dwelling units in multifamily

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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.¹ 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 Residential Property Improvement Grant** program is designed to counteract these issues by promoting rehabilitation of affordable single-family and multifamily units. The program is consistent with the South St. Petersburg Community Redevelopment Plan by implementing several strategies identified in the "Housing and Neighborhood Revitalization" section of the Action Plan. This section calls for developing TIF Incentive Programs that:

- assists rental residential property owners in renovating their properties;
- expands the City's successful "Rebates for Residential Rehab" program to provide a consistent source of annual funding support but with a focus on meeting the critical affordable housing needs of the South St. Petersburg CRA and the City; and
- increases the supply of affordable housing for both homeownership and rental opportunities.

III Type and Amount of Award

An applicant may receive a reimbursable grant equaling up to 40 percent of the pre-construction value of eligible improvements. There is no maximum award for a project awarded funding under this grant program, but any award exceeding \$20,000 for a single-family project and \$60,000 for a multifamily project must first be approved by City Council. 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 incentive. The program requires a minimum investment of \$10,000 toward eligible improvements per residential unit. Projects must meet the City's definition of affordable. For the purposes of this program, "affordable housing" 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 1).

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

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IV Funding Source

City of St. Petersburg and Pinellas County TIF contributions to the South St. Petersburg Redevelopment Trust Fund.

V Eligible Properties and Improvements

Exterior and/or interior improvements on affordable residential housing. Eligible improvements include²

- Structural repairs (i.e., foundations, piers, load bearing walls)
- Roofing (no roof-overs)
- Replacement of all windows
- Electrical upgrades, including GFCI, service upgrades, and rewiring
- HVAC replacement, air handler and condensing units, duct replacements, and insulation upgrades
- Plumbing upgrades
- Kitchen and bath upgrades
- Insulation upgrades with City specified R-values for ceiling walls and floors

Mixed-use projects with a residential component are eligible for the grant as are adaptive reuse projects that convert nonresidential buildings to residential use. Mixed-income projects that provide both affordable and market-rate units are also eligible for the program, although only the affordable units are eligible for funding from this program.

VI Submission and Approval Requirements

Applications for the **Affordable Residential Property Improvement Grant** program will be processed through the City's RRR program and abide by its established time frames for completion. All projects must be approved for funding under this program prior to beginning construction. However, applicants requiring a demonstration of the City's intent to provide TIF funding to secure additional financing will be allowed 90 days from the date of an approved RRR application to do so. Any projects requesting \$60,000 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 incentive.

² See Attachment 2 for list of eligible repairs for the RRR program.

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The applications must include the following:

- Completed and signed application form
- If necessary, a letter requesting an extension of ninety days to seek additional financing if TIF funding application is approved
- Documentation of property ownership or written consent from property owner giving permission to conduct the identified improvements. If seeking TIF funding for affordable units, the property owner will be required to maintain the affordable housing units for the duration of the Grant 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
- Written description of project improvements including number of units, size and bedroom/bathroom configuration and rental rates per unit type
- Submission of the project cost worksheet found in Attachment 3
- 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

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VII Compliance Requirements for Approved and Completed Projects

Successful applicants must execute a Grant Agreement with the Mayor or designee which specifies their obligations and rights upon issuance of the Grant. To ensure timely 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 Division.
- 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 90 days from approval of awards to execute grant agreements, otherwise the City will revoke the awards. At the discretion of the Mayor, the revocation may be waived 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.

All projects funded through this program must comply with the requirements of the City’s “Rebates for Residential Rehabilitation” program. Affordability must be maintained in accordance with the U.S. HUD’s time periods established for the HOME program, which are identified in Attachment 2. The applicant is required to submit documentation annually for that affordability period to ensure that the Project continues to provide affordable housing in accordance with the City’s definition. Failure to do so will result in repayment of the rebate(s) to the City plus interest.

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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 Units

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.

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Attachment 3

Eligible Costs Worksheet for Program

Eligible Improvements	
<input type="checkbox"/> Structural Repairs	\$ _____
<input type="checkbox"/> Roofing	\$ _____
<ul style="list-style-type: none"> • No roof-overs • Code Compliant for Insurance Cost Reduction (SWB) 	
<input type="checkbox"/> Windows (must replace all windows if any are replaced)	\$ _____
Electrical Upgrades	
<input type="checkbox"/> Arc fault in bedrooms	\$ _____
<input type="checkbox"/> GFCI	\$ _____
<input type="checkbox"/> Service upgrades	\$ _____
<input type="checkbox"/> Rewires	\$ _____
<input type="checkbox"/> Other	\$ _____
HVAC Replacement	
<input type="checkbox"/> Complete equipment upgrades (air handler and condensing units)	\$ _____
<input type="checkbox"/> Duct replacement	\$ _____
<input type="checkbox"/> Other	\$ _____
Plumbing Upgrades	
<input type="checkbox"/> Water closet low water use	\$ _____
<input type="checkbox"/> Shower head water flow reduction	\$ _____
<input type="checkbox"/> Dishwasher with high energy efficiency/low water use	\$ _____
<input type="checkbox"/> Sanitary and potable water line upgrades	\$ _____
<input type="checkbox"/> High efficiency water heater upgrades	\$ _____
<input type="checkbox"/> Other	\$ _____
Kitchen and Bath Upgrades	
<input type="checkbox"/> Upgrade electrical to GFCI and LED	\$ _____
<input type="checkbox"/> Low maintenance counters	\$ _____
<input type="checkbox"/> New appliances	\$ _____
<input type="checkbox"/> Other	\$ _____
Insulation Upgrades	
<input type="checkbox"/> Ceiling (min R-30 when space allows)	\$ _____
<input type="checkbox"/> Walls (R-13 when walls exposed)	\$ _____
<input type="checkbox"/> Floors (R-19 where accessible)	\$ _____
<input type="checkbox"/> Other Improvements (describe)	\$ _____
Total Approved	\$ _____