

ST. PETERSBURG CITY COUNCIL

Housing, Land Use and Transportation Report Item City Council Meeting of October 4, 2018

TO: The Honorable Lisa Wheeler-Bowman, Chair, and Members of City Council

SUBJECT: A resolution authorizing the Mayor or his designee to sign and provide the Local Government Verification of Contribution Loan Form for the amount of \$90,000 to each of the two developments, for a total of \$180,000, which are requesting local contributions as part of their application under the Florida Housing Finance Corporation (“FHFC”) request for applications number 2018-112; approving supplemental appropriations in the amount of \$90,000 each, for a total of \$180,000, from the unencumbered balance of the Community Housing Donation Fund (“CHDF”) (1117) to the Housing and Community Development Department, Housing Administration Division (082-1089), Avery Commons Oracle Project (16878) and The Shores Oracle Project (16879); providing that the City’s loan closing will be subject to the developer: 1) obtaining the recommendation for approval of FHFC administered 9% low income housing tax credit funding, 2) receiving final site plan approval, and 3) providing all of the standard underwriting due diligence documents to the City in order to close on the City loan by June 30, 2019; authorizing the Mayor or his designee to execute all documents necessary to effectuate this transaction; and providing an effective date.

EXPLANATION: On September 6, 2018, the Florida Housing Finance Corporation (“FHFC”) issued Request for Applications (RFA 2018-112) for Low Income Housing Tax Credit (“LIHTC”) financing for Affordable Housing Developments located within the Counties of Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas Counties. RFA 2018-112 indicates that applications are due on October 30, 2018. On August 24, 2018, housing staff requested that proposals from developers interested in applying for the contribution required for this competition be submitted to the City by September 10, 2018. Housing staff received two applications and forwarded them to the City’s Project Review Team (“PRT”), which is a group of development-related City staffers assembled to provide project review and critique. The PRT reviewed the merits of the proposals and is recommending that both applicants be provided with a Local Government Contribution Loan Form for the competition. The loan commitments will be subject to the developer: 1) obtaining a recommendation of approval for FHFC administered 9% Low Income Housing Tax Credit funding, 2) receiving final site plan approval, and 3) providing all of the required standard underwriting due diligence documents to the City in order to close on the City loan by June 30, 2019 and would be provided to the following developers for the following proposed developments:

1. Blue Sky Communities, LLC or its Affiliate for the proposed development of Avery Commons a 65-unit affordable apartment complex, to be located at 3900 34th Street South and 3319 39th Avenue South (“Avery Commons”).

2. The Shores Apartments, Ltd., for the proposed development of a 51-unit affordable apartment complex, to be located at the SW corner of 26th Ave. S. and 31th Street South ("The Shores Apartments").

The FHFC competition requires that an applicant proposing the development of affordable multifamily housing as part of this competition, secure a local contribution toward the financing of the development. However, the FHFC has indicated that a funding goal has been established to fund one (1) Family Development located in a Geographic Area of Opportunity in Pinellas County. Therefore, the City's exposure for these two (2) commitments would not exceed \$90,000, as only one (1) development in Pinellas County can be funded under the RFA selection guidelines.

Principals from The Shores Apartments, Ltd. have successfully completed a LIHTC funded new construction development previously in St. Petersburg, (Booker Creek Apartments), and principals of Blue Sky Communities, LLC have successfully completed two LIHTC renovations previously in St. Petersburg (Peterborough Apartments, and Brookside Square). Both have stated that they have the requisite level of affordable housing developer experience needed to qualify its development to obtain maximum scoring related to the developer experience requirements of the LIHTC funding.

Each group has requested that the City provide a non-recourse, 0% interest, subordinate loan of \$90,000 structured in a manner to equate to a minimum \$75,000 Net Present Value contribution loan amount as required by the FHFC after using the FHFC published discount Rate of 6.1%, which in each case will include forgiveness in year 21 of \$64,000 of the loan. The Community Housing Donation Fund ("CHDF") is an eligible source of affordable multi-family rental housing construction funding that would be available to use for this purpose.

On September 17, 2018, the City's PRT Committee met to review the merits of signing the forms for each of the two (2) applications received and voted that the request should be forwarded to the Housing, Land Use and Transportation Committee for review and for future full Council action at the October 4, 2018 City Council meeting. Each of the developers are moving forward with preparation for the FHFC application deadline of October 30, 2018 and is hopeful to secure tax credit financing for its development as the result of this competition. The FHFC schedule indicates that it will request its Board to approve the final ranking of LIHTC funding applicants in January 2019 and requires all applicants to have a local commitment valid through at least June 30, 2019.

RECOMMENDATION: The Administration recommends adoption of the attached resolution authorizing the Mayor or his designee to sign and provide the Local Government Verification of Contribution Loan Form for the amount of \$90,000 to each of the two developments, for a total of \$180,000, which are requesting local contributions as part of their application under the Florida Housing Finance Corporation ("FHFC") request for applications number 2018-112; approving supplemental appropriations in the amount of \$90,000 each, for a total of \$180,000, from the unencumbered balance of the Community Housing Donation Fund ("CHDF") (1117) to the Housing and Community Development Department, Housing Administration Division (082-1089), Avery Commons Oracle Project (16878) and The Shores Apartments Oracle Project (16879); providing that the City's loan closing will be subject to the developer: 1) obtaining the recommendation for approval of FHFC administered 9% low income housing tax credit funding, 2) receiving final site

plan approval, and 3) providing all of the standard underwriting due diligence documents to the City in order to close on the City loan by June 30, 2019; authorizing the Mayor or his designee to execute all documents necessary to effectuate this transaction; and providing an effective date.

COST/FUNDING/ASSESSMENT INFORMATION: Supplemental appropriations in the amount of \$90,000 each, for a total of \$180,000, from the unappropriated balance of the Community Housing Donation Fund (Fund 1117), to the Housing and Community Development Department, Housing Administration Division (082-1089), Avery Commons Oracle Project (16878) and the Shores Apartments Oracle Project (16879) will be necessary.

ATTACHMENTS: Resolution 2018-_____
Local Government Contribution Form

APPROVALS:

Administration: 

Budget: DAVID L. FULLER 9.20.18

Legal:

A RESOLUTION AUTHORIZING THE MAYOR OR HIS DESIGNEE TO SIGN AND PROVIDE THE LOCAL GOVERNMENT VERIFICATION OF CONTRIBUTION LOAN FORM FOR THE AMOUNT OF \$90,000 TO EACH OF THE TWO DEVELOPMENTS, FOR A TOTAL OF \$180,000, WHICH ARE REQUESTING LOCAL CONTRIBUTIONS AS PART OF THEIR APPLICATION UNDER THE FLORIDA HOUSING FINANCE CORPORATION ("FHFC") REQUEST FOR APPLICATION NUMBER 2018-112; APPROVING SUPPLEMENTAL APPROPRIATIONS IN THE AMOUNT OF \$90,000 EACH, FOR A TOTAL OF \$180,000, FROM THE UNENCUMBERED BALANCE OF THE COMMUNITY HOUSING DONATION FUND ("CHDF") (1117) TO HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT, HOUSING ADMINISTRATION DIVISION (082-1089), AVERY COMMONS ORACLE PROJECT (16878) AND THE SHORES APARTMENTS ORACLE PROJECT (16879); PROVIDING THAT THE LOAN CLOSING WILL BE SUBJECT TO THE DEVELOPER: 1) OBTAINING THE RECOMMENDATION FOR APPROVAL OF FHFC ADMINISTERED 9% LOW INCOME HOUSING TAX CREDIT FUNDING, 2) RECEIVING FINAL SITE PLAN APPROVAL, AND 3) PROVIDING ALL OF THE STANDARD UNDERWRITING DUE DILIGENCE DOCUMENTS TO THE CITY IN ORDER TO CLOSE ON THE CITY LOAN BY JUNE 30, 2019; AUTHORIZING THE MAYOR OR HIS DESIGNEE TO EXECUTE ALL DOCUMENTS NECESSARY TO EFFECTUATE THIS TRANSACTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of St. Petersburg, Florida ("City") has established the need for additional affordable rental housing units as a priority in its 2016-2021 Consolidated Plan; and

WHEREAS, on September 6, 2018 the Florida Housing Finance Corporation ("FHFC") issued a Request for Applications ("RFA") 2018-112 for the award of Low Income Housing Tax Credits ("LIHTC") indicating that funding would be limited to one (1) application per county for each of the six counties of Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas, with the exception that Broward may receive two (2) if funding remains after the first six applications are funded; and

WHEREAS, two (2) developers submitted applications to the City requesting a local contribution for their applications and representing that they have the requisite affordable housing developer experience to qualify their development to obtain sufficient scoring related to the developer experience requirements of the Florida Housing Finance Corporation administered Low Income Housing Tax Credits (“LIHTC”) under the FHFC request for applications 2018-112; and

WHEREAS, the developers also represent that they have identified sites which should qualify their development to obtain scoring sufficient to receive LIHTC funding; and

WHEREAS, each developer has requested that the City provide a non-recourse 0% interest subordinate loan of \$90,000 structured in a manner to equate to a \$75,000 Net Present Value minimum contribution loan amount as required by the FHFC after using the FHFC published Discount Rate of 6.1%, which includes forgiveness in year 21 years of \$64,000 of the loan; and

WHEREAS, the City of St. Petersburg currently has an unencumbered balance in the Community Housing Donation Fund (“CHDF”) (1117) which is the Local Housing Assistance Fund created in accord with Pinellas County Ordinance 06-28 for the deposit of Pinellas County Trust Funds and the program income received from loan repayments to that fund; and

WHEREAS, the Administration requests a supplemental appropriation in the amount of \$180,000 from the unencumbered Community Housing Donation Fund (“CHDF”) (1117) balance in order to establish the Avery Commons Apartments Oracle Project (16878) and The Shores Oracle Project (16879); and

WHEREAS, the units proposed would be reserved for a mixture of households with incomes at and below 80%, and 60%, and at or below 35% of the area median income (AMI) and will be required to remain affordable for the CHDF program’s 30-year compliance period; and

WHEREAS, the City’s Local Housing Assistance Plan (LHAP) for the period of 10/01/2016 through 9/30/2019 submitted as a requirement of Pinellas County Ordinance 06-28 requires annual monitoring of the tenant eligibility files and a random sample of the units during the 30-year period; and

WHEREAS, on September 17, 2018, the City’s Project Review Team reviewed the merits of the proposed developments, the developer entities, and their management companies and agreed that the following requests should be forwarded to City Council for approval:

1. Blue Sky Communities, LLC or its Affiliate for the proposed development of Avery Commons a 65-unit affordable apartment complex, to be located at 3900 34th Street South and 3319 39th Avenue South (“Avery Commons”).

2. The Shores Apartments, Ltd., for the proposed development of a 51-unit affordable apartment complex, to be located at the SW corner of 26th Ave. S. and 31th Street South ("The Shores Apartments").

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida, that the Mayor or his designee is authorized to sign and provide the Local Government Verification of Contribution loan form for the amount of \$90,000 to each of the two developments, for a total of \$180,000, requesting local contributions as part of their application under the Florida Housing Finance Corporation ("FHFC") Request for Application number 2018-11; provided that the loan closing will be subject to the developer: 1) obtaining recommendation for approval of FHFC administered 9% Low Income Housing Tax Credit funding, 2) receiving final site plan approval, and 3) providing all of the standard underwriting due diligence documents to the City in order to close on the City loan by June 30, 2019; and

BE IT FURTHER RESOLVED that the following supplemental appropriation for FY 2018/19 is hereby approved from the unappropriated balance of the CHDF Fund (1117):

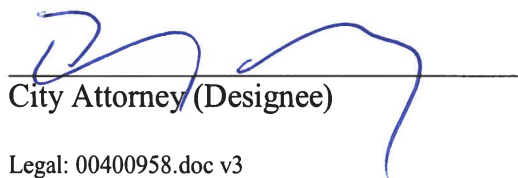
Community Housing Development Fund (1117)

Avery Commons (16878)	\$90,000
The Shores Apartments (16879)	\$90,000

BE IT FURTHER RESOLVED that the Mayor or his designee is authorized to execute all documents necessary to effectuate this transaction.

This Resolution shall become effective immediately upon its adoption.

LEGAL:



City Attorney (Designee)

Legal: 00400958.doc v3

HOUSING & COMMUNITY DEVELOPMENT:



Joshua A. Johnson, Director

BUDGET:



Elizabeth M. Makofske, Budget Director

**FLORIDA HOUSING FINANCE CORPORATION
LOCAL GOVERNMENT VERIFICATION OF CONTRIBUTION – LOAN FORM**

Name of Development: Avery Commons

Development Location: 3900 34th Street South & 3319 39th Avenue South

(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

The City/County of St. Petersburg, commits \$ 90,000.00 (which may be used as an FHFC Non-Corporation Funding Proposal in an Application for FHFC funding if it meets the required criteria) in the form of a reduced interest rate loan to the Applicant for its use solely for assisting the proposed Development referenced above.

The value of the contribution based on the difference between the face amount of the above-referenced loan and the net present value of its payment stream, inclusive of a reduced interest rate and the designated discount rate (as stated in the applicable RFA) is: \$75,209.40.

No consideration or promise of consideration has been given with respect to the loan. For purposes of the foregoing, the promise of providing affordable housing does not constitute consideration. The commitment for this loan must be effective as of the Application Deadline for the applicable RFA, and is provided specifically with respect to the proposed Development.

CERTIFICATION

I certify that the foregoing information is true and correct and that this commitment is effective at least through the date required in the applicable RFA.

Signature

Dr. Kanika Tomalin

Print or Type Name

Deputy Mayor/City Administrator

Print or Type Title

This certification must be signed by the chief appointed official (staff) responsible for such approvals, Mayor, City Manager, County Manager /Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons named above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. To be considered for points, the amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

If the Application is not eligible for automatic points, this contribution will not be considered if the certification contains corrections or 'white-out' or if the certification is altered or retyped. The certification may be photocopied.

Please note: This form may be modified by Florida Housing Finance Corporation per Section 67-60.005, F.A.C.

**FLORIDA HOUSING FINANCE CORPORATION
LOCAL GOVERNMENT VERIFICATION OF CONTRIBUTION – LOAN FORM**

Name of Development: The Shores

Development Location: 26th Avenue South, 26th Avenue South & 31st Street South, St. Petersburg
(At a minimum, provide the address number, street name and city, and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county). If the Development consists of Scattered Sites, the Development Location stated above must reflect the Scattered Site where the Development Location Point is located.)

The City/County of St. Petersburg, commits \$ 90,000.00 (which may be used as an FHFC Non-Corporation Funding Proposal in an Application for FHFC funding if it meets the required criteria) in the form of a reduced interest rate loan to the Applicant for its use solely for assisting the proposed Development referenced above.

The value of the contribution based on the difference between the face amount of the above-referenced loan and the net present value of its payment stream, inclusive of a reduced interest rate and the designated discount rate (as stated in the applicable RFA) is: \$75,209.40.

No consideration or promise of consideration has been given with respect to the loan. For purposes of the foregoing, the promise of providing affordable housing does not constitute consideration. The commitment for this loan must be effective as of the Application Deadline for the applicable RFA, and is provided specifically with respect to the proposed Development.

CERTIFICATION

I certify that the foregoing information is true and correct and that this commitment is effective at least through the date required in the applicable RFA.

Signature

Dr. Kanika Tomalin

Print or Type Name

Deputy Mayor/City Administrator

Print or Type Title

This certification must be signed by the chief appointed official (staff) responsible for such approvals, Mayor, City Manager, County Manager /Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons named above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. To be considered for points, the amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

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