

## ST. PETERSBURG CITY COUNCIL

### Meeting of November 9th, 2023

**TO:** The Honorable Brandi Gabbard, Chair and Members of City Council

**SUBJECT:** A resolution approving an Agreement between the City of St. Petersburg and Fairfield Avenue Apartments, LLC for the city to provide \$9,700,000 in Tax Increment Financing ("TIF") funds from the South St. Petersburg Redevelopment District Fund (1104) for the construction of 264 affordable dwelling units in the South St. Petersburg Community Redevelopment Area; authorizing the City Attorney's office to make non-substantive changes to the agreement; finding the expenditure of TIF funds for the proposed construction project to be consistent with the intent of the South St. Petersburg Community redevelopment plan; authorizing the Mayor or his designee to fill in blanks and execute the agreement and all other documents necessary to effectuate this transaction; approving a supplemental appropriation in the amount of \$7,418,311 from the unappropriated balance of the South St. Petersburg Redevelopment District Fund (1104) to the Economic and Workforce Development Department, Administration Division (375-2609), Fairfield Avenue Apartments Project (TBD); and providing an effective date.

**PROJECT OVERVIEW:** The applicant, Fairfield Avenue Apartments LLC, plan to redevelop the Tibbett's Lumber Company site located between 34<sup>th</sup> St. So. and 31<sup>st</sup> Street So.; between the Pinellas Trail and Fairfield Avenue So.

The applicant proposes to demolish the existing warehouses and lumber yard to construct a multi-family community consisting of 264 affordable and workforce apartments. The development will consist of three (3) buildings and 345 parking spaces and bicycle parking. In total, the development will include 74 one-bedroom units, 163 two-bedroom units and 27 three-bedroom units. The proposed affordability provision of the apartments is as follows with a minimum 30-year affordability period (project is permanently affordable due to County land acquisition):

- 53 units for households at 50% of area median income and below (currently \$39,150 annually for a household of three) including 36 one-bedroom units, 15 two-bedroom units and 2 three-bedroom units
- 67 units for households at 80% of area median income and below (currently \$62,550 for a family of three) including 19 one-bedroom units, 43 two-bedroom units and 5 three-bedroom units
- 144 units for households at 120% of area median income and below (currently \$93,960 for a household of three) including 19 one-bedroom units, 104 two-bedroom units and 21 three-bedroom units

**BACKGROUND:** On August 18, 2022 City Council approved Resolution 2022-419 providing \$2,281,689.00 in Tax Increment Financing (TIF) funds from the South St. Petersburg Redevelopment District Fund (1104) for the construction of 264 affordable dwelling units in the South St. Petersburg Community Redevelopment Area.

A condition of the City funding was written evidence that the developer was awarded a HUD 221 d4 Loan of approximately \$56 Million Dollars, a key component of their financing plan.

Delays in HUD's processing of this loan have resulted in significant project delays and cost increases.

**CURRENT SITUATION:** HUD approval of the 221 d4 loan now appears imminent, and the developer has reapplied for increased City financial assistance of \$9,700,000, inclusive of the previously awarded amount.

The total project cost is estimated at \$87,800,000, making the per unit cost \$332,576.

At \$9.7M, the City of St Petersburg subsidy equals \$36,742 per unit.

Key funding sources include the HUD 221 d4 loan (\$56,128,000), Pinellas County (\$12,400,000), City of St Petersburg (\$9,700,000), Developer equity (\$8,176,850), Sales Tax Rebate (\$1,500,000).

**RECOMMENDATION:** Administration recommends that City Council adopt the attached resolution approving an Agreement between the City of St. Petersburg and Fairfield Avenue Apartments, LLC for the city to provide \$9,700,000.00 in Tax Increment Financing (TIF) funds from the South St. Petersburg Redevelopment District Fund (1104) for the construction of 264 affordable dwelling units in the South St. Petersburg Community Redevelopment Area; authorizing the city attorney's office to make non-substantive changes to the agreement; finding the expenditure of TIF funds for the proposed construction project to be consistent with the intent of the south St. Petersburg Community Redevelopment Plan; authorizing the Mayor or his designee to fill in blanks and execute the agreement and all other documents necessary to effectuate this transaction; approving a supplemental appropriation in the amount of \$7,418,311 from the unappropriated balance of the South St. Petersburg Redevelopment District Fund (1104) to the Economic and Workforce Development Department, Administration Division (375-2609), Fairfield Avenue Apartments Project (TBD); and providing an effective date.

**COST/FUNDING/ASSESSMENT INFORMATION:** A portion of the funds, \$2,281,689, have been previously appropriated in the South St. Petersburg CRA Fund (1104), Economic and Workforce Development Department, Administration Division (375-2609) and will be available upon approval by City Council of the FY23/24 Cleanup Ordinance. The remaining funds will be available upon approval of a supplemental appropriation in the amount of \$7,418,311 from the unappropriated balance of the South St. Petersburg Redevelopment District Fund (1104) to the Economic and Workforce Development Department, Administration Division (375-2609), Fairfield Avenue Apartments Project (TBD).

**ADMINISTRATION:** He Foster

**BUDGET:** My Bar

**ATTACHMENTS:** Illustration, Resolution 2022-419



## ILLUSTRATION



A RESOLUTION APPROVING AN AGREEMENT BETWEEN THE CITY OF ST. PETERSBURG AND FAIRFIELD AVENUE APARTMENTS, LLC FOR THE CITY TO PROVIDE \$2,281,689 IN TAX INCREMENT FINANCING ("TIF") FUNDS FROM THE SOUTH ST. PETERSBURG REDEVELOPMENT DISTRICT FUND (1104) FOR THE CONSTRUCTION OF 264 AFFORDABLE DWELLING UNITS IN THE SOUTH ST. PETERSBURG COMMUNITY REDEVELOPMENT AREA; AUTHORIZING THE CITY ATTORNEY'S OFFICE TO MAKE NON-SUBSTANTIVE CHANGES TO THE AGREEMENT; FINDING THE EXPENDITURE OF TIF FUNDS FOR THE PROPOSED CONSTRUCTION PROJECT TO BE CONSISTENT WITH THE INTENT OF THE SOUTH ST. PETERSBURG COMMUNITY REDEVELOPMENT PLAN; AUTHORIZING THE MAYOR OR HIS DESIGNEE TO FILL IN BLANKS AND EXECUTE THE AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY TO EFFECTUATE THIS TRANSACTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of St. Petersburg City Council approved the South St. Petersburg Community Redevelopment Plan ("Plan") for the South St. Petersburg Community Redevelopment Area ("CRA") on May 21, 2015 (Ord. #169-H), which included establishment of a tax increment financing ("TIF") district and redevelopment trust fund for the entire 7.4-sq.mi. South St. Petersburg CRA; and

WHEREAS, the Plan identified building and maintaining affordable housing as one of the key strategies to revitalize the South St. Petersburg CRA, where 55 percent of its residents expend more than 30 percent of their income on housing, which is the threshold percentage for defining unaffordable housing; and

WHEREAS, the Fairfield Avenue Apartments LLC ("Fairfield") has requested funding assistance through the City's Affordable Housing Redevelopment Loan Program to construct affordable dwelling units on properties it currently owns located at 3300 Fairfield Avenue South, 3200 Fairfield Avenue South, and 695 31<sup>st</sup> Street South in St Petersburg, Florida, which are also identified by the Parcel ID numbers 23-31-16-18736-000-0010, 23-31-16-18736- 000-0020, and 23-31-16-18736-000-0030; and



WHEREAS, the total project cost is estimated to be at least \$52,748,733; and

WHEREAS, other sources of funding include \$42,548,733 in the form of a United States Department of Housing and Urban Development (HUD) loan and \$5,600,000 from Pinellas County's Penny for Pinellas funding; and

WHEREAS, Administration desires to enter into a funding agreement ("Agreement") to provide \$2,281,689 from the South St. Petersburg Redevelopment District Fund (1104) to Fairfield to fund a portion of the cost of the project in exchange for Fairfield ensuring the affordability of rent for the 264 dwelling units until for a period of thirty years, and providing certain community and other benefits as set forth in the Agreement; and

WHEREAS, pursuant to the Agreement, the City's funding will be provided after a certificate of occupancy has been issued for the units, provided certain other conditions are also met; and

WHEREAS, the \$2,281,689 to be provided to Fairfield is available in the South St. Petersburg Redevelopment District Fund (1104), Economic and Workforce Development Department (375.2609); and

WHEREAS, at its July 5, 2022 meeting, the Citizen Advisory Committee ("CAC") for the South St. Petersburg CRA recommended to the St. Petersburg Community Redevelopment Agency ("Agency") that City Council approve the funding request for \$2,281,689 and make a finding that expenditure of TIF funds for the Fairfield affordable housing project is consistent with the Plan; and

WHEREAS, at an August 18, 2022 meeting, the Agency made a recommendation to St. Petersburg City Council to approve the expenditure of \$2,281,689 in TIF funds toward the Fairfield affordable housing project and made a finding that expenditure of TIF funds for the Fairfield affordable housing project is consistent with the Plan.

NOW, THEREFORE, BE IT RESOLVED by the St. Petersburg City Council that the agreement between the City of St. Petersburg and Fairfield Avenue Apartments LLC for the City to provide \$2,281,689 in Tax Increment Financing ("TIP") funds from the South St. Petersburg Redevelopment District Fund (1104) for the construction of 264 affordable dwelling units in the South St. Petersburg Community Redevelopment Area is hereby approved.

BE IT FURTHER RESOLVED that the City Attorney's Office is authorized to make non-substantive changes to the agreement.

BE IT FURTHER RESOLVED that the St. Petersburg City Council finds that the expenditure of TIF funds for the proposed construction of the Fairfield Avenue Apartments is consistent with the intent of the South St. Petersburg Community Redevelopment Plan.

BE IT FURTHER RESOLVED that the Mayor or his designee is authorized to fill in the blanks and execute the agreement and all other documents necessary to effectuate this transaction.

This Resolution shall become effective immediately upon its adoption.

Adopted at a regular session of the City Council held on the 18<sup>th</sup> day of August 2022.



Gina Driscoll, Chair-Councilmember  
Presiding Officer of the City Council

ATTEST:   
Chan Srinivasa, City Clerk

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RESOLUTION NO. 2023-\_\_

A RESOLUTION APPROVING AN AGREEMENT BETWEEN THE CITY OF ST. PETERSBURG AND FAIRFIELD AVENUE APARTMENTS, LLC FOR THE CITY TO PROVIDE \$9,700,000 IN TAX INCREMENT FINANCING (“TIF”) FUNDS FROM THE SOUTH ST. PETERSBURG REDEVELOPMENT DISTRICT FUND (1104) FOR THE CONSTRUCTION OF 264 AFFORDABLE DWELLING UNITS IN THE SOUTH ST. PETERSBURG COMMUNITY REDEVELOPMENT AREA; AUTHORIZING THE CITY ATTORNEY’S OFFICE TO MAKE NON-SUBSTANTIVE CHANGES TO THE AGREEMENT; FINDING THE EXPENDITURE OF TIF FUNDS FOR THE PROPOSED CONSTRUCTION PROJECT TO BE CONSISTENT WITH THE INTENT OF THE SOUTH ST. PETERSBURG COMMUNITY REDEVELOPMENT PLAN; AUTHORIZING THE MAYOR OR HIS DESIGNEE TO FILL IN BLANKS AND EXECUTE THE AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY TO EFFECTUATE THIS TRANSACTION; APPROVING A SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF \$7,418,311 FROM THE UNAPPROPRIATED BALANCE OF THE SOUTH ST. PETERSBURG REDEVELOPMENT DISTRICT FUND (1104) TO THE ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT, ADMINISTRATION DIVISION (375-2609), FAIRFIELD AVENUE APARTMENTS PROJECT (TBD); AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of St. Petersburg City Council approved the South St. Petersburg Community Redevelopment Plan (“Plan”) for the South St. Petersburg Community Redevelopment Area (“CRA”) on May 21, 2015 (Ord. #169-H), which included establishment of a tax increment financing (“TIF”) district and redevelopment trust fund for the entire 7.4-sq.mi. South St. Petersburg CRA; and

WHEREAS, the Plan identified building and maintaining affordable housing as one of the key strategies to revitalize the South St. Petersburg CRA, where 55 percent of its residents expend more than 30 percent of their income on housing, which is the threshold percentage for defining unaffordable housing; and

WHEREAS, the Fairfield Avenue Apartments LLC (“Fairfield”) has requested funding assistance through the City’s Affordable Housing Redevelopment Loan Program to construct affordable dwelling units on properties it currently owns located at 3300 Fairfield Avenue South, 3200 Fairfield Avenue South, and 695 31<sup>st</sup> Street South in St Petersburg, Florida, which are also identified by the Parcel ID numbers 23-31-16-18736-000-0010, 23-31-16-18736-000-0020, and 23-31-16-18736-000-0030; and

WHEREAS, on August 18, 2022, City Council approved Resolution 2022-419 providing \$2,281,689.00 in TIF funds from the South St. Petersburg Redevelopment District Fund (1104) for the construction of 264 affordable dwelling units in the South St. Petersburg Community Redevelopment Area, but third party delays in processing of the loan have resulted in delays of the project and increased costs; and

WHEREAS, the total project cost is now estimated to be at least \$87,800,000; and

WHEREAS, other sources of funding include \$56,128,000 in the form of a United States Department of Housing and Urban Development (HUD) 221 d4 loan and \$12,400,000 from Pinellas County, \$8,176,850 from Developer equity, and a Sales Tax Rebate of \$1,500,000; and

WHEREAS, Administration desires to enter into a funding agreement (“Agreement”) to provide \$9,700,000 from the South St. Petersburg Redevelopment District Fund (1104) to Fairfield to fund a portion of the cost of the project in exchange for Fairfield ensuring the affordability of rent for the 264 dwelling units until for a period of thirty years, and providing certain community and other benefits as set forth in the Agreement; and

WHEREAS, a portion of the funds, \$2,281,689, have been previously appropriated in the South St. Petersburg Redevelopment District Fund (1104) and will be available upon approval by City Council of the FY 23/24cleanup Ordinance. The remaining \$7,418,311 to be provided to Fairfield is available in the South St. Petersburg Redevelopment District Fund (1104), Economic and Workforce Development Department (375.2609); and

WHEREAS, at its November 7, 2023 meeting, the Citizen Advisory Committee (“CAC”) for the South St. Petersburg CRA will review the funding request and its recommendation will be presented to City Council during Administration’s presentation of the funding request on November 9, 2023; and

WHEREAS, at a November 9, 2023 meeting, the Agency made a recommendation to St. Petersburg City Council to approve the expenditure of \$2,281,689 in TIF funds toward the Fairfield affordable housing project and made a finding that expenditure of TIF funds for the Fairfield affordable housing project is consistent with the Plan; and

WHEREAS, Administration recommends that the City Council adopt this resolution authorizing the Mayor, or his designee, to execute an Agreement between the City of St. Petersburg and Fairfield Avenue Apartments, LLC for the city to provide \$9,700,000 in TIF funds for the construction of 264 affordable dwelling units in the South St. Petersburg Community Redevelopment Area.

NOW, THEREFORE, BE IT RESOLVED by the St. Petersburg City Council that the agreement between the City of St. Petersburg and Fairfield Avenue Apartments LLC for the City to provide \$9,700,000.00 in Tax Increment Financing (“TIF”) funds from the South St. Petersburg Redevelopment District Fund (1104) for the construction of 264 affordable dwelling units in the South St. Petersburg Community Redevelopment Area is hereby approved.



BE IT FURTHER RESOLVED that the City Attorney's Office is authorized to make non-substantive changes to the agreement.

BE IT FURTHER RESOLVED that the St. Petersburg City Council finds that the expenditure of TIF funds for the proposed construction of the Fairfield Avenue Apartments is consistent with the intent of the South St. Petersburg Community Redevelopment Plan.

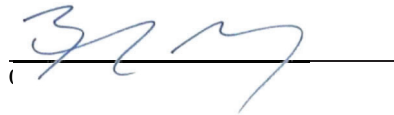
BE IT FURTHER RESOLVED that the Mayor or his designee is authorized to fill in the blanks and execute the agreement and all other documents necessary to effectuate this transaction.

BE IT FURTHER RESOLVED that there is hereby approved from the unappropriated balance of the South St. Petersburg Redevelopment District Fund (1104), the following supplemental appropriation for FY24:

<u>South St. Petersburg Redevelopment District Fund (1104)</u>	
Economic and Workforce Development Department,	
Administration Division (375-2609),	
Fairfield Avenue Apartments Project (TBD)	\$7,418,311

This resolution shall become effective immediately upon its adoption.

LEGAL:

  
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DEPARTMENT:

  
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BUDGET:

  
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