

ST. PETERSBURG CITY COUNCIL
Consent Agenda
Meeting of October 15, 2020

TO: The Honorable Ed Montanari, 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 \$610,000 to Burlington Post 2, Ltd., who is requesting the local government area of opportunity (“LGAO”) funding as part of their application under the Florida Housing Finance Corporation (“FHFC”) request for applications number 2020-202; approving a supplemental appropriation in the amount of \$290,384.05 from the unencumbered balance of the Community Housing Donation Fund (“CHDF”) (1117) to the Housing and Community Development Department, Housing Administration Division (082-1089), Burlington Post II Apartments Project (18094); reserving \$319,615.95 from the HOME Multi-family Housing Development Program Projects (16248, 16654, 17191); 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 December 31, 2021; authorizing the Mayor or his designee to execute all documents necessary to effectuate this transaction; and providing an effective date.

EXPLANATION: On August 26, 2020, the Florida Housing Finance Corporation (“FHFC”) issued Request for Applications (RFA 2020-202) for 9% 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 2020-202 indicates that applications are due on October 20, 2020. On August 17, 2020, housing staff requested that proposals from developers interested in applying for the contribution required for this competition be submitted to the City by August 31, 2020. Housing staff received four applications, however two were subsequently withdrawn. The applications were forwarded 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 on September 14, 2020 by Zoom and is recommending that the Burlington Post 2, Ltd. be provided with a Local Government Contribution Loan Form for the \$610,000 required for the competition.

Burlington Post 2, Ltd. proposes the development of Burlington Post II Apartments a 68-unit affordable apartment complex for seniors, to be located on Burlington Avenue North, NE of the intersection of Burlington Ave N. and 33rd Street N. (“Burlington Post II”). Burlington Post II is the proposed second phase of the Burlington Post senior residences, located at 3201 Burlington Avenue North. Principals from Burlington Post 2, Ltd. have successfully completed two LIHTC funded new construction developments previously in St. Petersburg, (Burlington Place and Burlington Post Apartments), demonstrating 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. The building will achieve ‘National Green Building Standard’ energy efficiency (“green”) certifications. Additionally, and as they did with Burlington Post, the developer will install rooftop solar panels to help reduce energy expenses

and carbon emissions. A listing of other design amenities and a draft site plan are attached for information, but please note that both are subject to final reviews.

The FHFC competition requires that an applicant proposing the development of affordable multifamily housing, secure a local contribution toward the financing of the development. In addition, a proposed project will receive a scoring boost if provided with an increased level of local funding commitment, which FHFC refers to as local government area of opportunity (“LGAO”) funding. The City often refers to the LGAO as priority funding. For the 2020 competition, a project located within Pinellas County would need \$610,000 LGAO funding. We anticipate that at a minimum both the County and Largo will also fund a priority project within Pinellas. If that is the case, and Burlington Post II and the other two possible projects within Pinellas County, score equally, their lottery numbers would then determine who would receive funding. The FHFC has indicated that 9% tax credit funding for 2020-2022 will most likely be awarded to 8 developments; 1 application per county for each of the six counties of Broward, Duval, Hillsborough, Orange, Palm Beach and Pinellas would be funded, with 1 additional funded in Broward, and 1 final from the highest scoring unfunded application from any of the six counties.

The City would provide a non-recourse, 0% interest, subordinate loan of \$610,000 payable from the first 25% of cash flow after payment of the developer’s first mortgage. The Community Housing Donation Fund (“CHDF”) and HOME are both eligible sources of affordable multi-family rental housing construction funding that would be available to use for this purpose. If awarded the FHFC funding, Housing & Community Development would come back to City Council to officially add the name and address of the project into the City’s 2020 Consolidated Plan. The City’s loan commitment 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 December 31, 2021.

The FHFC schedule indicates that it will request its Board to approve the final ranking of LIHTC funding applicants on December 4, 2020 and requires all applicants to have a local commitment valid through at least June 30, 2021, the City will use December 31, 2021 as the closing date.

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 \$610,000 to Burlington Post 2, Ltd., who is requesting the local government area of opportunity (“LGAO”) funding as part of their application under the Florida Housing Finance Corporation (“FHFC”) request for applications number 2020-202; approving a supplemental appropriation in the amount of \$290,384.05 from the unencumbered balance of the Community Housing Donation Fund (“CHDF”) (1117) to the Housing and Community Development Department, Housing Administration Division (082-1089), Burlington Post II Apartments Project (18094); reserving \$319,615.95 from the HOME Multi-family Housing Development Program Projects (16248, 16654, 17191); 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 December 31, 2021; authorizing the Mayor or his designee to execute all documents necessary to effectuate this transaction; and providing an effective date.

COST/FUNDING/ASSESSMENT INFORMATION: Funding will be available after a supplemental appropriation in the amount of \$290,384.05 from the unappropriated balance of the Community Housing Donation Fund (1117), to the Housing and Community Development Department, Housing Administration Division (082-1089), Burlington Post II Apartments Project (18094).

ATTACHMENTS: Resolution 2020-_____
Local Government Contribution Form
Draft Site Plan and Design Amenities listing

APPROVALS:

Administration: Robert Gerdes

Budget: _____

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

Name of Development: Burlington Post II
On Burlington Ave., N, Northeast of the intersection of Burlington Ave. N. and 33rd St. N., St.
Petersburg, FL 33713

Development Location: _____
(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 \$ 610,000 (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 net present value of the above-referenced loan, based on its payment stream, inclusive of a reduced interest rate and the designated discount rate (as stated in the applicable RFA) is: \$ _____.

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

Print or Type Name

Print or Type Title

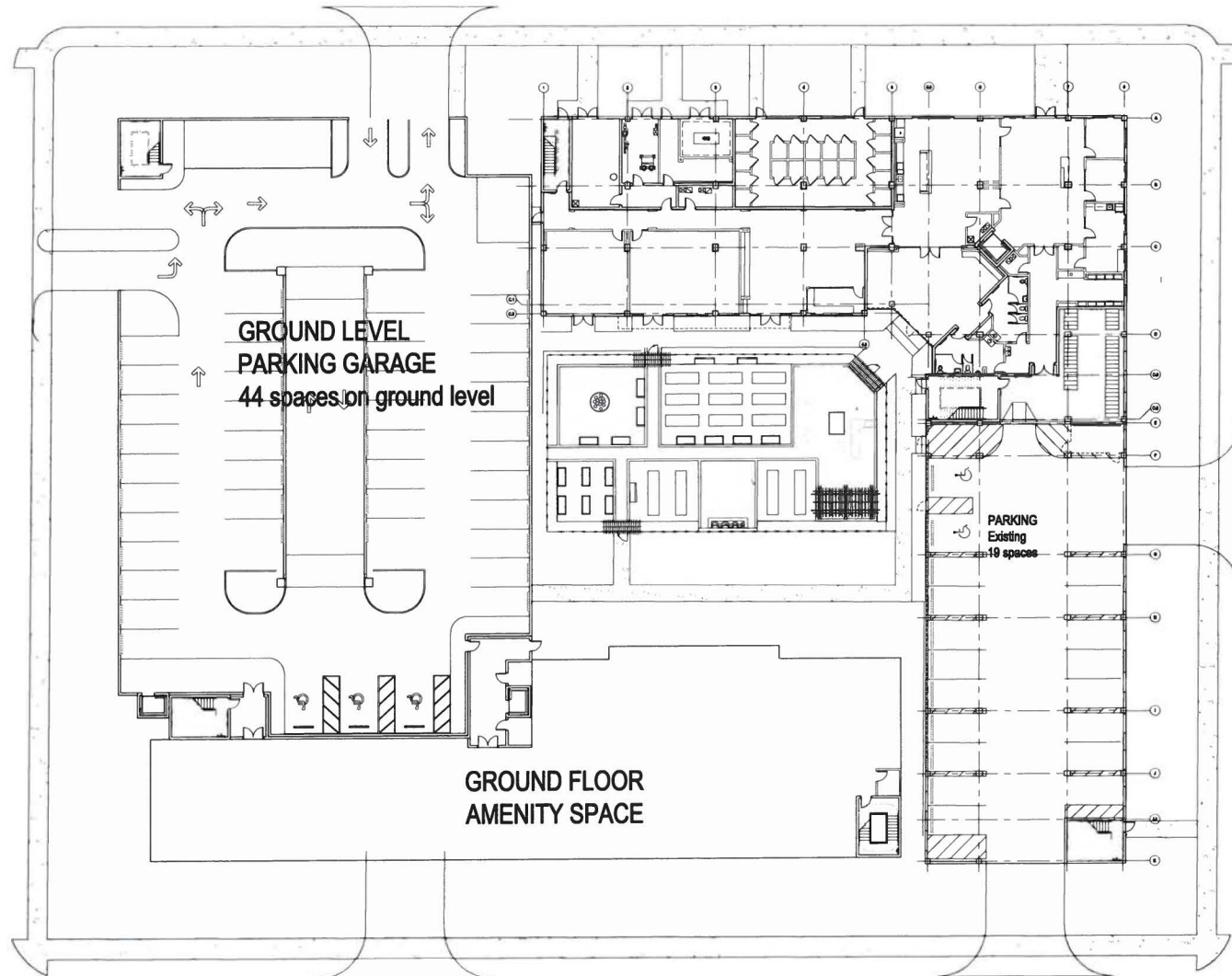
NOTE TO LOCAL GOVERNMENT OFFICIAL: Additional information is set forth in the applicable Request for Application under which the Applicant is applying for funding for the above referenced Development.

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.

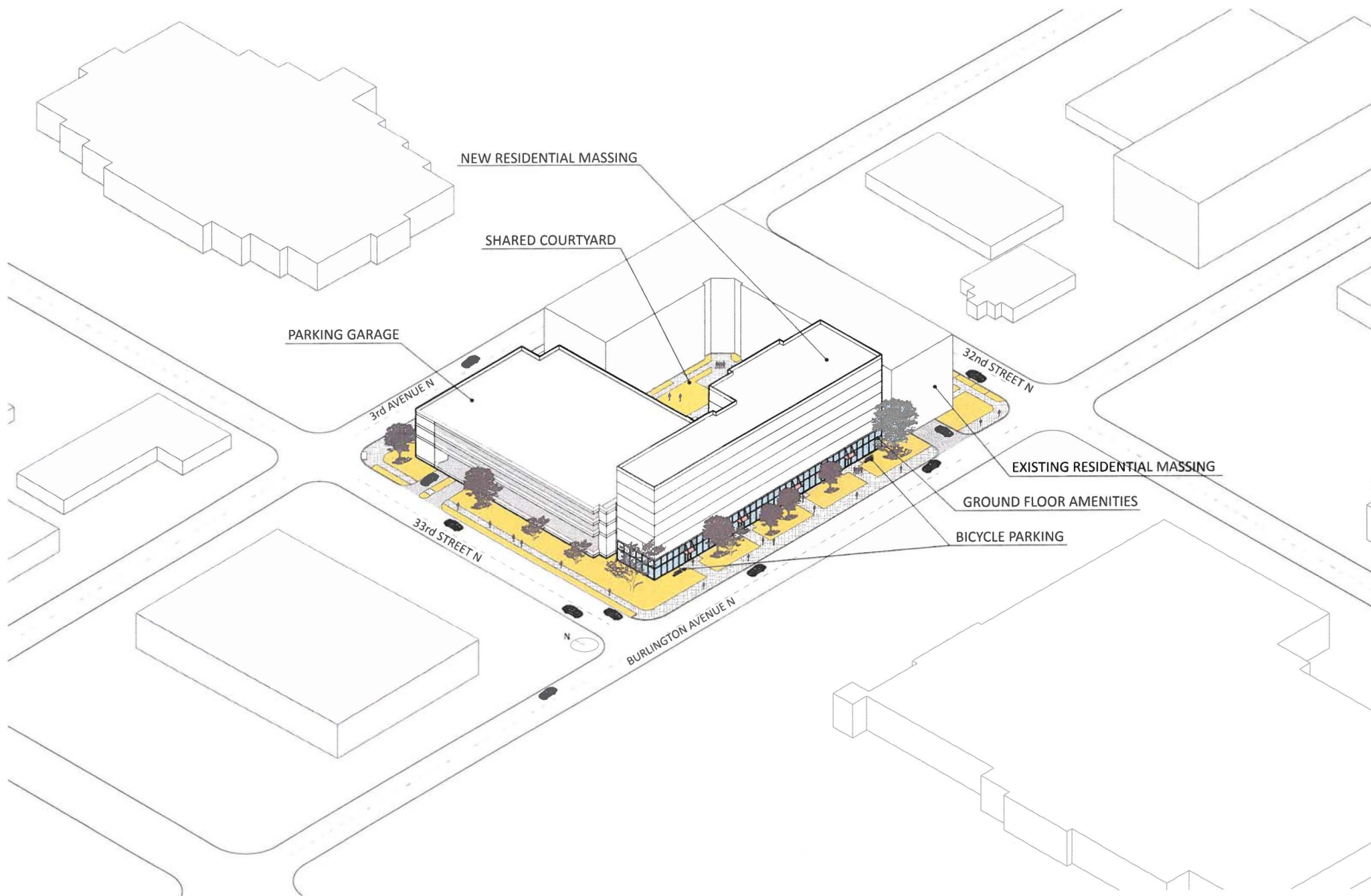
BUILDING TYPE I (IF ON SITE)	
25	A1 - 1 BED / 1 BATH
30	B1 - 2 BED / 2 BATH
1	UPPER LEVEL AMENITY
35	TOTAL UNITS



PARKING
Existing
19 spaces

GROUND FLOOR AMENITY SPACE

A2.01



NEW RESIDENTIAL MASSING

SHARED COURTYARD

PARKING GARAGE

3rd AVENUE N

33rd STREET N

BURLINGTON AVENUE N

32nd STREET N

EXISTING RESIDENTIAL MASSING

GROUND FLOOR AMENITIES

BICYCLE PARKING

Burlington Post II - Exhibit 17

We would like to thank the City of St. Petersburg administration for making the Local Government Area of Opportunity ("LGAO") funding available and for considering Burlington Post II for this critical subsidy. Four important factors make Burlington Post II an excellent choice for this award: (1) property location; (2) our willingness to contribute the land at favorable terms; (3) our commitment to excellence; and (4) our team's successful track record.

Location:

Burlington Post II is the proposed second phase of the Burlington Post senior residences, located at 3201 Burlington Avenue North. When Green Mills developed Burlington Post senior apartments three years ago, it was, and remains, readily apparent that land suitable for the affordable/workforce housing development within the City of St Petersburg is too rare. Given the two+ acres of developable land and additional residential density permitted within Burlington Post's original property, we made provisions to keep a future second phase (this application) despite significant additional legal and financial expenses. In other words: at our expense and with lots of work, we preserved the unused 68 units of density in the hopes of developing Burlington Post II.

As a second phase, many typical development risks no longer apply. For example:

- the property's zoning is as of right;
- utility infrastructure is readily available for connection;
- since Burlington Post is nearly always fully occupied with a managed prospective resident interest list, pent up demand for additional affordable housing already exists; and
- an additional phase of housing will create meaningful operating efficiencies unavailable to stand-alone developments of similar size.

The Burlington Post location offers St. Pete's residents a unique opportunity to live within a designated activity center and within walking distance to major transit and neighborhood amenities. The property's central location is directly north of Walmart (across the street) and two blocks from Grand Central Station which gives residents access to 14 bus routes, including the Trolley system. Directly north of the property is a Metro Inclusive Health Clinic which is committed to providing quality health and wellness services that are inclusive, relevant, supportive, and represent the lifetime continuum of the diverse people in the St. Petersburg community. Residents will also enjoy direct access to important retail and commercial corridors along 34th St. and Central Avenue. Florida Housing Finance Corporation's proximity score of 20.5 is considered extremely high.

The property also benefits from being located within Flood Zone X - an area of minimal flooding - and is not located within a coastal hazard area. It is also located within the South St. Petersburg CRA boundary which will enhance the economic tax benefits for the City of St. Petersburg and this CRA.

For all these important reasons, we believe the location of Burlington Post II warrants consideration for the LGAO.

Favorable Land Terms:

Given the above and our team's efforts to preserve development density for more affordable housing within the City, we are willing to structure Burlington Post II's land lease payment as subordinate and subject to available cash flow.

This flexibility is critical for several reasons:

- it will help us balance the budget, which has become increasingly difficult given painfully high construction costs and lowered tax credit equity pricing (will help ease the burden of higher costs and fewer sources);
- it will enable us to build structured parking sufficient to serve residents/staff of both Burlington Post (phase I) and Burlington Post II;
- it proves our willingness to put what would otherwise be our land (re)sale profits or income "on par" with the City's subordinate LGAO contribution.

As we've currently assumed, Burlington Post II's already *favorable* annual ground lease payment of \$40,000 per year would normally be easy to absorb and supportable by third-party appraisals. We estimate the present value of this subordinated ground lease to equal at least as much as the City's LGAO contribution.

Thought of another way: if typical affordable housing land costs within the City of St. Petersburg are between \$12,000 and \$18,000 per unit, a reasonable capitalized ground lease payment for Burlington Post II would be between \$816,000 and \$1,224,000. This is significantly more than we propose to charge Burlington Post II, even before the land payment subordination and it being subject to available cash flow.

Notwithstanding the already favorable land terms, subordinating the ground lease payment will mean fewer capitalized development costs and more supportable conventional debt. As explained, the confluence of these show our commitment to developing Burlington Post II as a true partner with the City.

Commitment to Excellence in Design, Amenities, Green Building, Operations:

Developing affordable housing is a challenging but imperative community service. Like the City, we take this responsibility very seriously; Green Mills' business is solely focused on affordable and workforce housing development, and has not strayed into market rate housing.

Our commitment to excellence extends to our communities' residents, local stakeholders, City staff/officials, and the neighborhoods in which we work. As with all Green Mills developments, we are committed to building an attractive, well-amenitized, energy efficient building and we operate our communities to create a clean, safe, and happy environments. We commit to provide the following community amenities within Burlington Post II:

- Community Clubroom

- Community Fitness Center
- Community Library
- Community Game Room
- Covered Garage Parking
- Key Fob / Secured Building Entry
- Security Cameras
- Private Security during busy and/or evening hours
- Raised Community Garden
- Outdoor Summer Kitchen
- Bicycle Parking
- Elevator with Back-Up Generator
- Grab-bars around Tubs and Toilets
- On-site Professional Management and Maintenance

Each apartment will include the following features:

- Wood Face Cabinets
- Porcelain Tile Bathroom Floors
- Full Size 'Energy Star' Certified Appliances
- Water Saving Fixtures
- LED Lighting
- Kitchen Pantry
- Window Treatments
- Step Out and/or Juliet Balconies
- Affordable Income & Rent Restrictions, ranging from 30% AMI to 80% AMI (average will be at or below 60% AMI)

The building will achieve 'National Green Building Standard' energy efficiency ("green") certifications. Additionally, and as we did with Burlington Post, we will install rooftop solar panels to help reduce energy expenses and carbon emissions.

We commit to utilize best practices for urban planning, including use of enhanced storefronts, sidewalks, public art, and benches.

This commitment to building a first-class community further warrants consideration for the LGAO.

Successful Track Record Securing the Coveted 9% LIHTC Award:

Since our company's inception in 2012, Green Mills has earned among the highest - if not the highest - competitive 9% LIHTC application success rate in the State of Florida. This is the result of our team's combined 40+ years of experience focused solely on developing affordable housing which utilizes Florida Housing Finance Corporation subsidies. We remain laser-focused on affordable housing development. As a result of this focus, and by design, we choose to submit only a few (historically between three and six) tax credit funding applications every year. While we have successfully challenged competitors' tax

credit awards, we have never lost an award due to an application appeal or error because we've never made a fatal mistake within our funding applications.

Conversely, many of our competitors submit far more tax credit and subsidy applications (often 30 or more!). While they might receive more total funding awards, it is because they submit far more development applications with a scattershot approach which, inherently, increases the likelihood of application errors and creates conflicts of interest amongst their own applications, development partners, landsellers, and local governments.

Since the City can only award the LGAO to a single applicant, these distinctions are important. The City must rely on the selected applicant to submit a perfect application to Florida Housing Finance Corporation. We can say with confidence, there is no developer with a better track record than Green Mills of submitting solid applications to FHFC.

Thank you for considering Burlington Post II for the City's Local Government Area of Opportunity award. We wish you good fortune in your efforts to provide more affordable housing to the citizens of St. Petersburg.

A RESOLUTION AUTHORIZING THE MAYOR OR HIS DESIGNEE TO SIGN AND PROVIDE THE LOCAL GOVERNMENT VERIFICATION OF CONTRIBUTION LOAN FORM FOR THE AMOUNT OF \$610,000 TO BURLINGTON POST 2, LTD., WHO IS REQUESTING THE LOCAL GOVERNMENT AREA OF OPPORTUNITY ("LGAO") FUNDING AS PART OF THEIR APPLICATION UNDER THE FLORIDA HOUSING FINANCE CORPORATION ("FHFC") REQUEST FOR APPLICATIONS NUMBER 2020-202; APPROVING A SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF \$290,384.05 FROM THE UNENCUMBERED BALANCE OF THE COMMUNITY HOUSING DONATION FUND ("CHDF") (1117) TO THE HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT, HOUSING ADMINISTRATION DIVISION (082-1089), BURLINGTON POST II APARTMENTS PROJECT (18094); RESERVING \$319,615.95 FROM THE HOME MULTI-FAMILY HOUSING DEVELOPMENT PROGRAM PROJECTS (16248, 16654, 17191); 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 DECEMBER 31, 2021; 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 August 26, 2020 the Florida Housing Finance Corporation ("FHFC") issued a Request for Applications ("RFA") 2020-202 for the award of Low-Income Housing Tax Credits ("LIHTC"); 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 2020-202; and

WHEREAS, on September 14, 2020, 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 request should be forwarded to City Council for approval:

1. Burlington Post 2, Ltd. proposes the development of Burlington Post II Apartments a 68-unit affordable apartment complex for seniors, to be located on Burlington Avenue North, NE of the intersection of Burlington Ave N. and 33rd Street N. ("Burlington Post II")

WHEREAS, the developer has agreed that the City loan will be a non-recourse 0% interest subordinate loan of \$610,000 payable from the first 25% of cash flow after payment of the developer's first mortgage; 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 \$290,384.05 from the unencumbered balance of the Community Housing Donation Fund ("CHDF") (1117) in order to establish the Burlington Post II Apartments Oracle Project (18094); and

WHEREAS, the remaining \$319,615.95 needed for the loan commitment will be reserved from the HOME Multi-family Housing Development Program Projects (16248, 16654, 17191); and

WHEREAS, the units proposed would be 1- and 2-bedroom units reserved for seniors with incomes at and below 80%, 60%, and at or below 30% of the area median income (AMI) and will be required to remain affordable for the CHDF program's minimum 30-year compliance period or the term of the loan whichever is longer; and

WHEREAS, the City's Local Housing Assistance Plan (LHAP) for the period of 2019-2022 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

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 \$610,000

to Burlington Post 2, Ltd., who is requesting the local government area of opportunity ("LGAO") funding as part of their application under the Florida Housing Finance Corporation ("FHFC") request for applications number 2020-202 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 December 31, 2021 ; and

BE IT FURTHER RESOLVED that there is hereby approved from the unappropriated balance of the Community Housing Development Fund (1117) the following supplemental appropriation for FY21:

Community Housing Development Fund (1117)

Housing and Community Development Department,
Housing Administration Division (082-1089),
Burlington Post II Apartments (18094)

\$290,384.05

BE IT FURTHER RESOLVED that the remaining required funding of \$319,615.95 be reserved in the HOME Program Projects (16248, 16654, 17191).

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:

/s/ Bradley Tennant
City Attorney (Designee)

Legal: 00531339.doc v1

HOUSING & COMMUNITY DEVELOPMENT:

Joshua A. Johnson
Joshua A. Johnson, Director

BUDGET:

Elizabeth M. Makofske
Elizabeth M. Makofske, Budget Director