

PASCO COUNTY, FLORIDA
INTEROFFICE MEMORANDUM

TO: Honorable Chairman and Members of the Board of County Commissioners DATE: 7/31/09 FILE: CD09-425

THRU: Michael Nurrenbrock OMB Director SUBJECT: Local Match Contribution for Rental Developers seeking State Funding

FROM: George Romagnoli, AICP Community Development Manager REFERENCES: Commission Districts 1, 4 and 5

It is recommended that the data herein presented be given formal consideration by the Board of County Commissioners.

DESCRIPTION AND CONDITIONS:

The State of Florida receives federal tax credits which are awarded to housing developers to develop affordable housing. These credits are sold to corporations and individuals to lower their federal income taxes. The State awards points in their application if the development receives local funds that are contributed to the project. Because the application is very competitive, developments that do not receive the local funds are not able to compete.

The County received seven applications for funding. Five were senior apartment applications:

Project Name: Mallard Bay
 Developer: Roundstone Development
 Location: 4206 Madison Street, New Port Richey
 Number of Units: 74
 Property Size: 6.2 acres
 Unit Size: 37 1-bedroom units
 37 2-bedroom units

Rental Restrictions: 4 units affordable to 35% of the area medium income (AMI)
 2 1-bedroom units \$277 estimated initial rent
 2 2-bedroom units \$334 estimated initial rent
 70 units affordable to 60% of the AMI
 35 1-bedroom units \$540 estimated initial rent
 35 2-bedroom units \$650 estimated initial rent

Income Levels:	Household Size	1	2	3	4
	35% AMI	\$13,860	\$15,855	\$17,815	\$19,810
	80% AMI	\$23,760	\$27,180	\$30,540	\$33,960

Sources and Uses:

Revenue:	Private Financing:	\$ 1,530,000
	Pasco County:	\$ 225,000
	State Tax Credits:	\$ 7,433,208
	Developer:	\$ 240,726
	Total:	\$ 9,428,934
Expenses:	Site Acquisition:	\$ 350,000
	Site Work/Construction:	\$ 6,088,070
	Closing/Finance Costs:	\$ 851,447
	Soft Costs:	\$ 887,150
	Developer Fee:	\$ 1,252,267
	Total:	\$ 9,428,934

Project Name: Residences at Port Richey
 Developer: JPM Group/ Westbrook Housing Development
 Location: 7000 Ridge Road, Port Richey
 Number of Units: 108

Property Size: 6.6 acres
 Unit Size: 60 1-bedroom units
 48 2-bedroom units
 Rental Restrictions: 11 units affordable to 35% of the area medium income (AMI)
 6 1-bedroom units \$277 estimated initial rent
 5 2-bedroom units \$334 estimated initial rent
 97 units affordable to 60% of the AMI
 54 1-bedroom units \$540 estimated initial rent
 43 2-bedroom units \$650 estimated initial rent
 Income Levels: Household Size 1 2 3 4
 35% AMI \$13,860 \$15,855 \$17,815 \$19,810
 80% AMI \$23,760 \$27,180 \$30,540 \$33,960

Sources and Uses:
 Revenue: Private Financing: \$ 2,200,000
 Pasco County: \$ 225,000
 State Tax Credits: \$ 9,277,536
 Developer: \$ 1,026,584
 Total: \$12,729,120
 Expenses: Site Acquisition: \$ 1,500,000
 Site Work/Construction: \$ 8,138,000
 Closing/Financing Costs: \$ 896,300
 Soft Costs: \$ 534,500
 Developer Fee: \$ 1,660,320
 Total: \$12,729,120

Project Name: Vista Grand at Bayonet Point
 Developer: New Vision Communities
 Location: 13821 Lakeshore Boulevard, Hudson
 Number of Units: 90
 Property Size: 10 acres
 Unit Size: 45 1-bedroom units
 45 2-bedroom units

Rental Restrictions: 10 units affordable to 35% of the area medium income (AMI)
 5 1-bedroom units \$277 estimated initial rent
 5 2-bedroom units \$334 estimated initial rent
 80 units affordable to 60% of the AMI
 40 1-bedroom units \$542 estimated initial rent
 40 2-bedroom units \$652 estimated initial rent
 Income Levels: Household Size 1 2 3 4
 35% AMI \$13,860 \$15,855 \$17,815 \$19,810
 80% AMI \$23,760 \$27,180 \$30,540 \$33,960

Sources and Uses:
 Revenue: Private Financing: \$ 1,950,000
 Pasco County: \$ 225,000
 State Tax Credits: \$ 8,916,075
 Developer: \$ 804,363
 Total: \$11,895,438
 Expenses: Site Acquisition: \$ 750,000
 Site Work/Construction: \$ 7,877,383
 Closing/Financing Costs: \$ 552,621
 Soft Costs: \$ 1,177,840
 Developer Fee: \$ 1,537,594
 Total: \$11,895,438

Two developments, Evergreen Apartments and Vista Grand at Hudson, withdrew their application.

It is proposed that funds be made available to the applications through two funding sources: State Housing Initiatives Partnership (SHIP) Program funds and the Government Acquisition Impact Fee Credits (GAIFC). Although the County will not receive SHIP funds from the Legislature this year, there are sufficient funds on hand and there is expected program income to be received that will cover the funds needed for the application. As of July 23,

2009, there is \$112,030.70 available in the GAIFC, and approximately \$500,000 uncommitted in SHIP.

While it is unlikely, it is possible that two or three applications may be approved for Pasco County. If that occurs, the County will be required to fund all approved applications. The Board in the past has committed funds to all applications. With reduced funding in the SHIP Program, there is concern that other programs could not be funded, especially the Foreclosure Prevention program, which has been suspended since the County received notice that there was no SHIP funding this year.

It should be noted that the County has committed \$3 million in SHIP funds (principally loan repayments over the next 3 years) as leverage to the National Stabilization Program II. By funding this project, other SHIP Programs will have fewer funds to spend on their activities. The \$115,000 that is projected to be used in SHIP funds could assist 16 families needing foreclosure prevention assistance, ten families needing downpayment assistance, and 6 families needing repairs completed on their homes. Two projects would use \$340,000, and three projects \$565,000. Community Development must ensure that there are sufficient funds on hand when the State underwrites and reviews the applications for these projects.

Neighborhood Lending Partners (NLP), the County's loan underwriter, reviewed all the proposals and ranked them on the following factors: financial stability of the organization; sources of funding; and development pro forma. With a maximum of 30 points, this is how they were ranked by NLP:

Mallard Bay	26
Vista Grand at Hudson	23
Vista Grand at Bayonet Point	23
Residences at Port Richey	23

Two applications were received for family apartments:

Project Name:	Arbours at Fort King				
Developer:	Arbour Valley Development				
Location:	12851 Fort King Road, Dade City				
Number of Units:	106				
Property Size:	13.54 acres				
Unit Size:	36 1-bedroom units				
	35 2-bedroom units				
	35 3-bedroom units				
Rental Restrictions:	21 units affordable to 35% of the area medium income (AMI)				
	8	1-bedroom units	\$277 estimated initial rent		
	7	2-bedroom units	\$334 estimated initial rent		
	7	3-bedroom units	\$385 estimated initial rent		
	84 units affordable to 60% of the AMI				
	28	1-bedroom units	\$542 estimated initial rent		
	28	2-bedroom units	\$652 estimated initial rent		
	28	3-bedroom units	\$752 estimated initial rent		
Income Levels:	Household Size	1	2	3	4
	35% AMI	\$13,860	\$15,855	\$17,815	\$19,810
	80% AMI	\$23,760	\$27,180	\$30,540	\$33,960
Sources and Uses:					
Revenue:	Private Financing:	\$ 2,145,288			
	Pasco County:	\$ 344,712			
	State Tax Credits:	\$11,926,420			
	Developer:	\$ 468,731			
	Total:	\$14,885,151			
Expenses:	Site Acquisition:	\$ 1,272,000			
	Site Work/Construction:	\$ 9,838,920			
	Closing/Financing Costs:	\$ 725,054			
	Soft Costs:	\$ 1,202,074			
	Developer Fee:	\$ 1,847,103			
	Total:	\$14,885,151			

This development will receive reduced transportation impact fees as part of the Transportation Impact Fee Ordinance's reduced amount for affordable housing projects. The project will receive \$3,252 per unit reduction, for a total of \$344,712. Because of the Ordinance provisions, no Board action is required for this action.

Another application was received for the Jordan West Apartments. This is a proposed 84 unit family project in Zephyrhills. It is located in the city, and the city will provide the required local funds.

For all of these projects, funding will come in the form of a 0% loan. No payments will be required for the first five years. Amortization begins in year six and will be based on a 30 year amortization period.

ALTERNATIVES AND ANALYSIS:

1. The Board may approve funding for all apartment developments.
2. The Board may approve funding for only some or one of the developments.
3. The Board may not approve any funding for any of the developments.

RECOMMENDATION AND FUNDING:

The Community Development Division recommends that the BCC approve Alternative No. 1 and approve funding for all applications. Funding will come both from SHIP, and GAIFC.

Authority is also requested that the Chairman or the County Administrator sign all forms required by the application.

Funding is available in B157-811590-33400 (SHIP) and B161-363950 (GAIFC), B163-363950 (GAIFC), and B165-363950 (GAIFC).

ATTACHMENTS

1. Underwriting summary report and letter from NLP

GR/GR