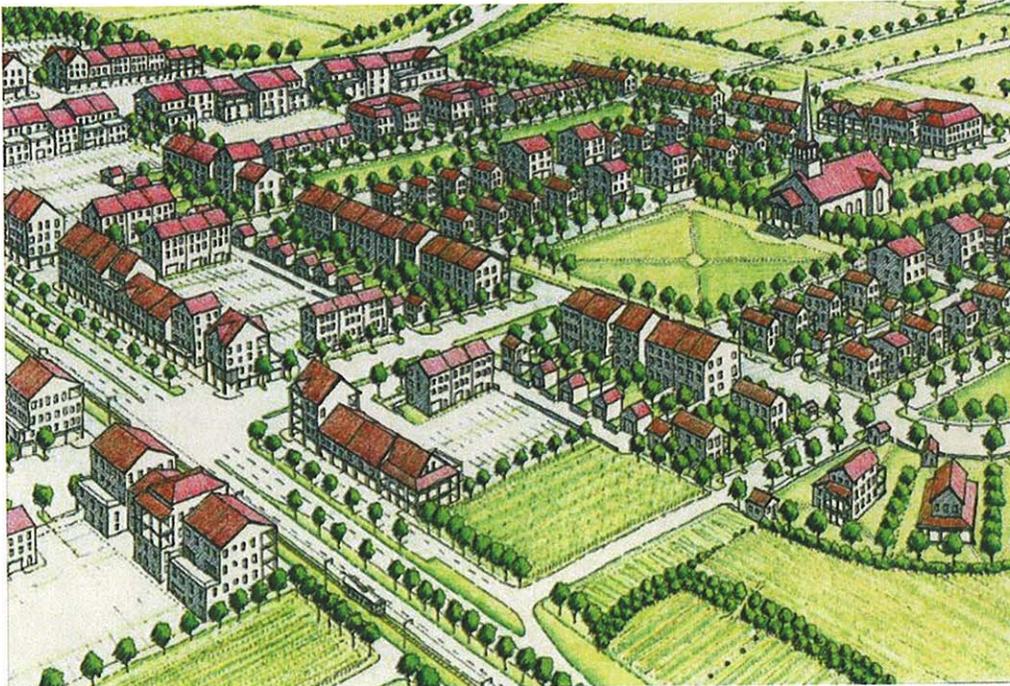


# ATTAINABLE WORKFORCE HOUSING TOOLKIT



Prepared by:  
Treasure Coast Regional Planning Council  
301 East Ocean Boulevard, Suite 300  
Stuart, FL 34994  
772 221-4060 (office) 772 221-4067 (fax)

December 2006

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## Executive Summary

This *Attainable Workforce Housing Toolkit* is a compendium of leading attainable housing policies and programs in effect in communities across the country. The policies and programs are grouped into the categories of Housing Development, Housing Preservation and Financial Tools and Resources. In the Housing Development category, for example, the strategies illustrated are intended to help facilitate the establishment of new attainable workforce housing units through the adoption of flexible planning and zoning tools and developer incentives. The section on Housing Preservation reflects two key strategies intended to help preserve a community's existing affordable housing stock. The Financial Tools and Resources section highlights how various financial tools and resources are being adopted to help defray the costs of providing attainable housing, even in high-growth or high-cost communities.

These select strategies are designed to help communities make better informed decisions about the policies and programs they may want to consider adopting locally. The *Toolkit* provides a brief description of each policy or program, followed by a discussion of prospective benefits and key policy considerations. In some cases, a detailed program description is provided as an exhibit. A strategy that may work well for a community focused on redevelopment would not necessarily be effective in a high growth community. Local governments looking at a range of policy and program options should consider the larger demographic and market context in which their potential programs would operate. Ultimately, a local government should consider a range of options to promote attainable housing.

A summary of attainable workforce housing strategies adopted or under consideration in communities across the Treasure Coast Region is presented in Section IV. The summary provides a snapshot of the respective policy or program, suggests actions to implement the strategy and provides resources for more information. The *Toolkit* and the summary section will be periodically updated to reflect the most current information available.

## **Attainable Workforce Housing Toolkit**

In October 2005 the Treasure Coast Regional Planning Council published a report entitled *Workforce Housing: Defining Issues and Trends in the Treasure Coast Region*. The report provides background information to policymakers in the Treasure Coast Region on the subject of workforce housing. Topics covered include a definition of workforce housing, an overview of regional workforce housing issues and initial policy considerations. The report is the first part of a Workforce Housing work program designed to provide a comprehensive overview of workforce housing issues in the Region and suggest pragmatic courses of action to address the issues raised. Part II of the Workforce Housing work program was represented by a workforce housing summit that took place in December, 2005. *Achieving Results: A Symposium on Workforce Housing* brought together national and local experts on the subject of smart growth and workforce housing, highlighted best practices and provided an array of possible actions that local governments could take to provide workforce housing solutions in their communities. Part III of the work program, this *Attainable Workforce Housing Toolkit* suggests strategies – both public and private that can be undertaken along with current efforts underway to meet the demand for workforce housing across the Region.

The Treasure Coast Regional Planning Council's *Attainable Workforce Housing Toolkit* is a compilation of leading policies and planning tools that local governments can use to preserve and promote attainable workforce housing in their communities. It provides information on a wide array of community-based workforce housing strategies aimed at helping to increase and preserve the attainable housing stock in the Treasure Coast Region.

The toolkit is divided into four sections. Section I provides an overview of programs and policies designed to encourage the development of attainable workforce housing. Section II discusses approaches to help preserve existing attainable housing units. Section III highlights financial tools and resources that can be adopted to help spur workforce housing development. A summary of attainable workforce housing strategies adopted or under consideration in communities across the Treasure Coast Region is presented in Section IV.

### **How to Use the Toolkit**

The purpose of this toolkit is to provide information on a wide range of workforce housing development and preservation strategies, highlight benefits of those strategies and illustrate key policy issues. The toolkit provides examples of policies in action and links to additional resources. For the purposes of this report, the terms “workforce housing”, “attainable housing” and “affordable housing”, are used interchangeably.

Ultimately, local governments working on ways to provide workforce housing for essential services personnel in their communities will need to consider a variety of complementary options. The Toolkit is not intended to represent an entire array of possible approaches to help promote and preserve affordable housing. It includes

approaches being used nationwide, some of which are being considered as policies and programs by local governments in the Region.

As local governments adopt policies and programs to address workforce housing, the toolkit will be updated to reflect local success stories. Ideally, a coherent and integrated workforce housing program would be the outcome of a carefully vetted public private process that has reached consensus on mutually beneficial approaches.

### **What is Workforce Housing and Why is it a Problem?**

The cost of housing in the Treasure Coast Region is soaring. Middle-income households are finding it increasingly difficult to locate housing they can afford in proximity to where they work. According to business and community leaders, many moderate income families are seeking housing they can afford outside of the Region's major job centers.

A lack of affordable workforce housing in our communities negatively affects the Region's economy due to increased commute times to work and congested roads. Hardships are created for employers who find it increasingly difficult to find employees to fill much-needed entry and mid-level positions in industries such as Professional Services, Retail Trade, Education and Health Services. "Workforce Housing" can generally be defined as housing designed to be affordable to those earning between 60 and 120% of Area Median Income (AMI). That is housing that is moderately priced and addresses the demand for new homes generated by households with annual incomes ranging between \$32,000 and \$75,000.

Council's Strategic Regional Policy Plan highlights the chief dimensions of the affordable housing problem in the Region:

- Rapid population growth has stressed the ability of the private sector to provide a range of affordable housing concurrent with need;
- The cost of housing in much of the Region is much higher than the ability of workers to pay;
- An increasing proportion of the population earns low wages;
- There is a lack of rental housing of alternative types for low-income residents;
- There is a lack of housing in proximity to employment opportunities;
- Many local codes and subdivision regulations prohibit historic methods and means for naturally providing a range of housing affordabilities within existing and new communities; and
- Large lot, low density forms of development do not include a range of building types and lot sizes necessary to accommodate affordable housing.

#### **What are Workforce Households?**

The term "workforce households" is defined here as "households, with at least one full-time worker, whose members earn incomes that are too low for them to afford to pay market prices for homes or apartments in the communities where they work but, by most definitions, too high to enable them to qualify for significant federal housing subsidies." The target group includes teachers, police officers, fire fighters, and other municipal employees, as well as health care workers, retail clerks, administrative personnel, and other moderate income workers, all of whom are essential to the economic vitality of a city or a region and the success of its corporations, institutions, and governmental functions.

Urban Land Institute, 2003  
*Encouraging Workforce  
Housing in the Chicago  
Region, Atlanta, and  
the District of Columbia*

## Policy and Program Considerations

Council's report *Workforce Housing: Defining Issues and Trends in the Treasure Coast* noted that no single solution exists to the problem of meeting an increasing demand for affordably-priced workforce housing. This is a point that cannot be overemphasized. "There are numerous and varied program and policy responses to meet the challenge of providing workforce housing in the Treasure Coast Region... people ask why the market can't fix the problem or why local governments can't mandate a solution. The problem, however, is housing markets are inherently complicated. They are influenced by diverse factors such as local demographics and geography, the price of land, types of housing available, mobility of the workforce, interest rates, and land use regulations. Access to and availability of moderately priced housing for working households is determined by two conditions – market and non-market."

Market conditions such as a strong demand for housing, a limited supply of land, high land prices and higher profit margins for the construction of high-end housing all contribute to where and how much workforce housing is built.

Non-market conditions such as regulatory policies and practices at the local level often discourage the construction of moderately-priced homes even if market conditions make this type of development feasible. Regulatory barriers to workforce housing include:

- Large lot zoning;
- Restrictions on attached and manufactured units;
- Exclusionary zoning;
- Building codes;
- Lack of regulatory and program coordination.

Local governments, through their SHIP programs, recent FEMA hurricane relief funding and other initiatives have attempted to provide affordable housing for their residents. But, the demand for affordably priced housing continues to exceed supply. Additional measures being adopted and/or reviewed by local governments include:

- ✓ Adoption of inclusionary zoning;
- ✓ Developing community land trusts;
- ✓ Sponsoring a regional housing trust fund;
- ✓ Brownfields redevelopment;
- ✓ Density bonuses for affordable units;
- ✓ Allowing granny flats/accessory apartments;
- ✓ Mixed-income, mixed-use development;
- ✓ Traditional neighborhood development.

It is worth noting however, that no single solution exists to the problem of meeting an increasing demand for affordably-priced workforce housing. Most local governments are working on the problem and will need to consider a number of options. There are demand-side and supply-side strategies to consider. Demand side initiatives typically

focus on the cost of housing and seek to alleviate barriers such as subsidizing the down payment on a home purchase. Employer assisted housing is an example of a demand-side solution. Supply-side solutions seek to correct inadequacies in the housing market by increasing the supply of housing units provided. Sample programs include inclusionary housing and housing trust funds.

In an analysis of regional workforce housing issues the East Central Florida Regional Planning Council noted that

...virtually all communities are faced with the challenge of providing adequate and affordable housing to their residents. How they go about meeting that challenge, however, is as individual as each community itself. The suitability and effectiveness of solutions will depend on unique local circumstances—what works in one community, or even in part of one community, may not work in another. There is no one-size-fits-all solution to the affordable housing issue—a combination of strategies is necessary to effectively address this challenge.

Local governments looking at policy and program options to create and preserve workforce housing in their communities should consider the larger demographic and market context in which their potential programs would operate.

In its *Workforce Housing Toolkit*, the East Central Florida RPC also noted that attainable housing policies need to work within the larger demographic and land use context of their respective communities.

In *rapidly growing communities* with strong housing markets, inclusionary zoning could be an effective strategy for increasing the supply of affordable housing. Policies to diversify the housing stock to include townhomes, smaller homes and higher-density rental housing also could be appropriate strategies for housing the current and expected future population in these areas. In *established communities*, particularly if they are landlocked, the focus might be on redevelopment and adaptive reuse in downtown areas, rehabilitation of housing in older areas and increasing density around transit. If *first-ring suburbs* in the community have problems with aging housing stock and loss of economic opportunity, then strategies such as economic development or community land trusts might be appropriate. *Older communities* might be faced with losing rental units to expiring federal subsidies, while new suburban communities often face opposition to the development of higher-density and rental housing.

## **SECTION I: HOUSING DEVELOPMENT**

Housing development strategies refer to options to help create new attainable workforce housing units. They are a combination of community-based policies and programs that encourage the development of attainable housing through the adoption of flexible planning and zoning tools and developer incentives to help defray the cost of providing affordably priced housing to essential services personnel.

### **Planning and Zoning Tools**

Many local government codes and subdivision regulations prohibit historic methods and means for naturally providing a range of housing types, tenures and affordabilities within existing and new communities. Large lot, low density forms of development do not include a range of building types and lot sizes necessary to accommodate affordable housing.

The following strategies are designed to remove regulatory barriers and encourage the development of attainable housing:

- Accessory Dwelling Units
- Expedited Permitting
- Inclusionary Zoning
- Infill Housing Development
- Special Area Plans

## I.1. Accessory Dwelling Units

### Description

Accessory dwelling units (ADUs) are most commonly understood to be a separate additional living unit, including separate kitchen, sleeping, and bathroom facilities, attached or detached from the primary residential unit, on a single-family lot. They are usually subordinate in size, location, and appearance to the primary unit.

In its first year of implementation in 2003, the City of Santa Cruz, California's Accessory Dwelling Unit Development Program helped to produce thirty five accessory dwelling units. Over the next five years, the City estimated that between 40 and 50 new accessory dwelling units were built per year. The program has been so successful that eighty cities throughout California have requested copies of the implementing ordinance and ADU manual. A program summary is attached as Appendix A.

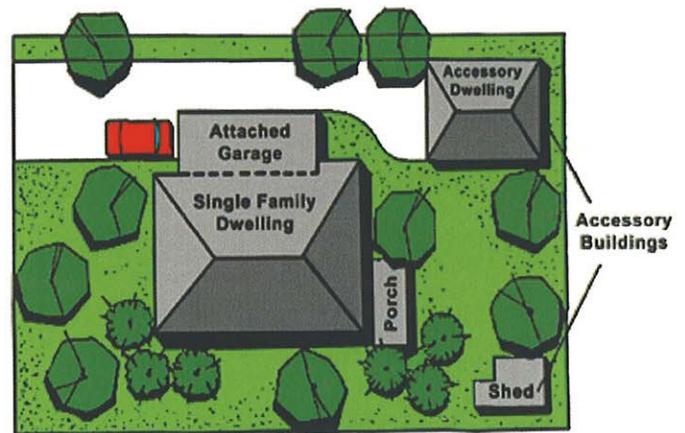


This ADU is built over a detached garage in Kirkland, Washington.

### Benefits

In its research report, *Affordable Housing Techniques: A Primer for Local Government Officials*, the Municipal Research and Services Center of Washington (MRSC) suggests that by allowing ADUs communities can provide more affordable housing opportunities without the necessity of local government expenditures or subsidies. This is important in light of declining federal support for the construction of new affordable housing units. Compared to the costs of constructing new government-subsidized apartments, the lower cost of converting existing units, which are paid for by the homeowner, can be an attractive option for most communities. MRSC also found that:

- If allowed, accessory apartments are a relatively easy way to obtain a source of affordable housing.
- Generally, rents for accessory apartments are lower than rents for comparably sized non-accessory apartments.
- Accessory dwelling units provide an additional income stream to elderly



Accessory Dwelling

Source: Palm Beach County Unified Land Development Code

residents who are living on fixed incomes and can use the added income to offset the costs of rising property taxes and utility bills, thus allowing them to stay in their homes.

- First-time home buyers can use the extra income to help pay their mortgage payment.
- Accessory apartments use surplus space in large older homes, thus making the most efficient use of the existing housing stock.
- Accessory apartments offer renters affordable housing located in more desirable single-family neighborhoods.

### **Key Policy Issues**

Neighborhood opposition to accessory dwelling units usually arises from concerns about declining property values, exterior appearance of accessory units, and impacts on parking and traffic from increased density.

Regulations designed to address community concerns are usually devised to deal with such issues as the size of units, exterior appearance, off-street parking, and concentration of units. The challenge to policy-makers is to address the concerns of residents opposed to the concept of accessory units without making conversions too difficult or expensive for homeowners.

## I.2. Expedited Permitting / Reducing Regulatory Barriers

### Description

Uncertainties and time delays in the development review process increase the costs of development. If local governments can better define the development process, strive to decrease the length of the approval process and streamline permitting, affordable housing projects can be more attractive to developers. Expedited permitting is a cost-efficient and effective way of reducing developer costs. Fast-tracking review and permitting of affordable housing projects reduces developer costs at little cost to local jurisdictions.

U.S. Department of Housing and Urban Development (HUD) research suggests, in some communities, inflexible local development rules and regulations can account for as much as a third of the cost of a new home. HUD's website, *Regulatory Barriers Clearinghouse* at [www.regbarriers.org](http://www.regbarriers.org) suggests ten main areas that local governments can review for potential barriers to affordable housing development:

- [Administrative Processes & Streamlining](#)
- [Building & Housing Codes](#)
- [Fair Housing & Neighborhood Deconcentration](#)
- [Fees & Dedications](#)
- [Planning & Growth Restrictions](#)
- [Redevelopment/Infill](#)
- [Rent Controls](#)
- [State & Local Environmental & Historic Preservation Regulations/Enforcement Process](#)
- [Tax Policies](#)
- [Zoning, Land Development Construction & Subdivision Regulations](#)

Jaimie Ross, Affordable Housing Director for 1000 Friends of Florida cites in her analysis of expedited permitting in Florida, ..."Expedited permitting is required for all affordable housing land use decisions in every Florida county. Fast track permitting for this housing also is required in every SHIP entitlement city. Some local governments, such as in Pinellas County, have been fast tracking land use permits for affordable housing for years. Others, however, continue to expedite only building permits, with the result that zoning requests and variances for affordable housing are regularly treated the same as those for market rate homes..."

The Pinellas County Land Development Code, for example, provides incentives to encourage the provision of affordable housing (See Appendix B). These incentives include:

- Expedited Permit Processing
- Density Bonuses
- Impact and Review Fee Relief
- Accessory Structures
- Reduced Parking Requirements
- Reduced Setbacks
- Housing in Commercial Zones

- Street Design Modifications
- Donation of Publicly Owned Land
- Zero Lot Lines
- Identifying Qualified Renters or Buyers

### **Benefits**

According to the Washington Area Housing Partnership's *Toolkit for Affordable Housing Development*, expedited permitting is a cost-efficient and very effective way of reducing developer costs. Fast-track review and permitting of affordable housing projects can:

- Be administered with little or no cost to local governments.
- Provide meaningful incentives to developers of affordable housing.

### **Key Policy Issues**

Local governments seeking to remove regulatory barriers to affordable housing in their communities need to conduct a comprehensive review of current rules and regulations to identify those which inhibit affordable housing development.

### I.3. Inclusionary Zoning

#### Description

Inclusionary zoning ordinances are designed to require new residential developments over a certain size to set aside a certain number of affordable housing units within the development. The number of affordable units to be included in the new development is based on a percentage of the total number of proposed units in the development (generally 12% - 15%). In exchange, local governments may provide certain benefits such as a density bonus, fast-track permitting and waivers of certain municipal fees. In some cases, inclusionary zoning ordinances allow the developer to build the units off-site or make a contribution to a housing trust fund. A model inclusionary housing ordinance developed by the Florida Housing Coalition is attached as Appendix C.

#### Benefits

Inclusionary zoning programs do not generally require the expenditure of local tax dollars to fund affordable housing development.

In 2000, in response to rapidly rising housing costs and the ineffectiveness of the voluntary inclusionary housing program, Boulder passed a mandatory inclusionary housing ordinance. The new program required 20% of housing in new developments to be priced affordably for low-income households, which Boulder now defines as households earning less than 80% of the area median income.<sup>26</sup> The comprehensive mandatory ordinance covers all residential developments regardless of size (with the exception of developments of a single lot with one owner and total floor area of less than 1,600 feet).



Boulder, Colorado

Source: *Success in Affordable Housing: The Metro Denver Experience*, Business and Professional People for the Public Interest, Chicago, 2005.

Proactive ordinances with built-in developer incentives, such as density bonus programs, offer a positive alternative to mandatory programs that may be resisted by local developers. Voluntary programs allow developers to determine for themselves whether participation will be cost effective.

Inclusionary programs avoid the problems of overconcentration, isolation, and stigmatization of affordable housing units, by integrating them into housing developments located throughout the community. This enhances the concept of mixed-income communities.

Inclusionary zoning can be flexible, since the provision for affordable housing can either be regulated or encouraged by developer incentives.

#### Key Policy Issues

MRSC suggest that mandatory requirements of inclusionary housing programs should be relatively modest (10 -15 percent of total units) if there are no compensating developer incentives.

Inclusionary programs will require some ongoing administrative oversight to provide for the collection and management of fees paid by developers who opt to pay into a housing trust fund. These programs will also require staff time and resources to ensure that attainable housing units that are constructed will be maintained as attainable housing for the foreseeable future and will be available to income eligible workforce households.

## I.4. Infill Development

### Description

Infill refers to development that makes use of vacant or underutilized land and buildings in downtown or suburban areas.

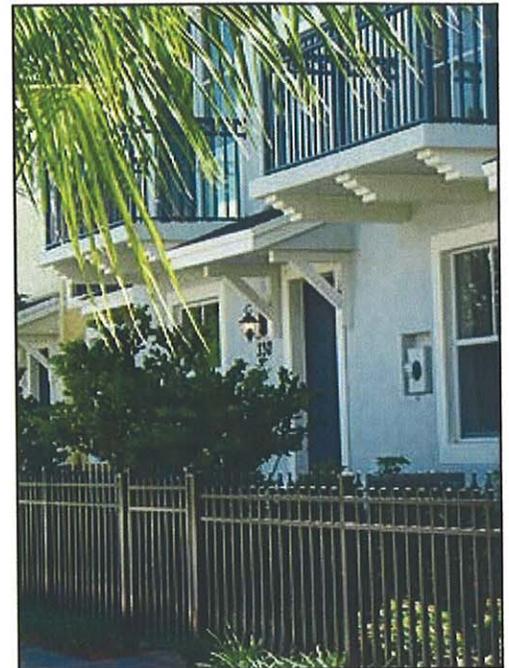
Interest in infill development stems from a desire to concentrate development into areas already served by public facilities, including police, fire, utilities, schools, and transit, to make more efficient use of existing land and public facilities.

Community redevelopment agencies are one of the main vehicles used by local governments to encourage infill development as part of a strategy to revitalize and bring new activity to older neighborhoods and downtown areas. Infill development provides more affordable housing opportunities for smaller households, helps to discourage urban sprawl, utilizes existing infrastructure and encourages pedestrian friendly-neighborhoods.

In their publication, *Successful Infill Development*, the Northeast-Midwest Institute suggests that successful infill development looks and feels different from typical suburban development, "...Successful infill looks, feels, and functions differently from development that is single use, low density, and dominated by automobiles and highways. It creates neighborhoods and districts that embrace a mix of uses and incomes, where a wide variety of citizens live, work, and play. It serves pedestrians and cyclists as well as autos."

### Benefits

- The trend towards smaller households can be readily served by infill development.
- Infill sites already served by infrastructure services can reduce a developer's upfront costs and may help to reduce the cost of the housing unit.
- Infill development can help to revitalize communities and downtowns.
- Infill redevelopment can help to reduce urban sprawl and encourage pedestrian-friendly neighborhoods.



### Atlantic Grove Delray Beach

Atlantic Grove is a mixed-use, mixed-income redevelopment project, consisting of fifty-five (55) for-sale townhouses and two (2), 3-story, commercial buildings, with retail on the first floor, offices on the second floor, and twenty (20) residential lofts on the third floor, overlooking Atlantic Avenue.

It is the first major private development on West Atlantic Avenue, located just west of the world-class Delray Beach Tennis Center, and one quarter of a mile west of downtown Delray Beach.

### **Key Policy Issues**

If infill sites are located on higher cost urban land, multi-family housing and/or mixed-use projects, with lower per-unit development costs, may be the most appropriate type of development.

Where land costs may be particularly high, incentives such as density bonuses or allowance of mixed uses, may add to a project's overall feasibility.

Infill redevelopment projects should be carefully designed to ensure compatibility with existing neighborhoods, surrounding buildings and architecture, and minimize parking, and traffic problems. This will help to increase neighborhood acceptance.

## I.5. Special Area Plans

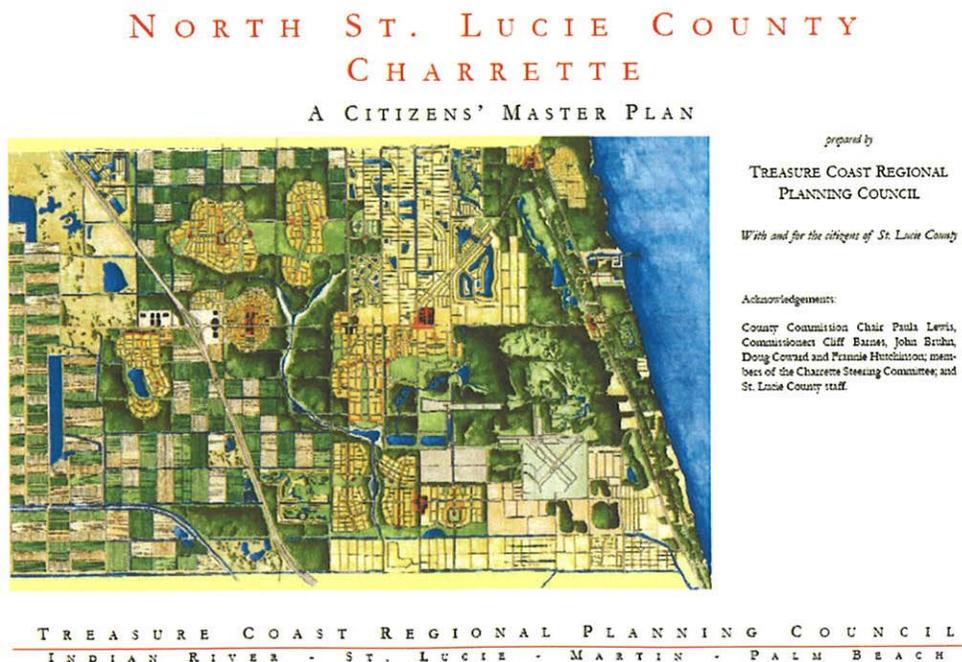
### Description

Unique problems or issues in a community require extra consideration and attention. In high growth communities, the threatened loss of open space and agricultural lands may be a primary issue. There could be a critical need for private sector reinvestment to occur in an underutilized corridor or downtown area. A community might choose to develop a special area plan to address these concerns. Examples of special area plans include plans for a downtown or industrial district, waterfront or agricultural area. Special area plans offer carefully considered land use, open space and development strategies to guide the growth and development of the area in question.

### Benefits

- Provide a comprehensive analysis of issues and opportunities.
- Strategies are tailored to address the issues of the special planning area.
- Special land use, developer and financial incentives can be developed to help implement the special area plan.

The principles set forth in the recently adopted Towns, Villages and Countryside Element (TVC) constitutes a pro-active plan for future growth in St. Lucie County. The planning approach outlined in this element contains a strategy for development in the existing rural



agricultural areas that will ensure that future growth is sustainable, predictable, protects and enhances the natural environment, and improves the citizens' quality of life. The TVC preserves and enhances existing private property rights while providing incentive-based options to landowners intended to achieve these goals. Importantly, the TVC Element establishes workforce housing policies that require each Town and Village created within the TVC area to provide a minimum of 8% of the proposed number of dwellings as workforce housing. The Workforce Housing section of the TVC Land Development Regulations also specify affordability and resale provisions for workforce housing units to ensure that long-term affordability is maintained.

### **Key Policy Issues**

Developing special area plans requires a good deal of public participation, staff time and resources. There may be conflicting issues and needs expressed by constituencies and landowners located within the special planning area. These diverse issues and needs must be addressed fairly and comprehensively in the final plan that is developed.

### **Developer Incentives**

The cost of producing a housing unit is typically passed on to the purchaser of the home in the form of the final purchase price. The higher the costs to the developer to build housing the higher the prices that local households will pay for the housing. Developer incentives in the form of density bonuses and impact fee reductions or waivers can help to reduce the overall cost of housing and make affordable housing more likely. This section of the toolkit focuses on the following programs:

- Density Bonuses
- Impact Fee Strategies (reduction, waiver, alternative methods of payment, delayed payment)

## **I.6. Density Bonuses**

### **Description**

A density bonus allows a developer to build more units within a project than would otherwise be permitted under normal density limits in a community. A developer who commits to providing a certain percentage of below market attainable housing units may be allowed to reduce lot sizes or increase the number of houses on a lot, thereby reducing land cost per unit.

### **Benefits**

- Bonuses can be provided at little or no cost to local governments.

### **Features**

Zoning and subdivision regulations could be modified by a local government to allow density bonuses. Density bonuses may be used in conjunction with an open space development or planned unit development where the community desires to preserve open space and have lower municipal costs (street, water, and sewer).

### **Key Policy Issues**

Density bonuses alone may not be sufficient, depending on market conditions, as an incentive to developers. Local governments may want to consider additional incentives such as reduced setbacks, street frontages, and other cost reducing inducements.

Policy makers need to consider what level of additional density will be allowed in exchange for a specified number of affordable units. Density bonuses are usually expressed as a percentage of the density allowed under normal zoning regulations.

An understanding of market conditions and context is important in designing a density bonus program. Programs must be designed on the basis of a thorough understanding of the real estate market to determine feasibility and to develop appropriate regulations. If current zoning allows enough density to satisfy current market demand, developers may have no interest in using a density bonus.

Careful attention should be given to the location and design of affordable housing units within proposed projects to ensure project quality.

**I.7. Impact Fee Strategies**

**Description**

Like all other development costs, impact fees add to the final cost of housing. Some local governments seeking to promote affordable housing development as part of market-rate residential projects have waived a portion or all of impact fees on these types of projects.

**Benefits**

- Helps to promote attainable housing development by lowering development costs.
- Helps to make attainable housing more feasible in high-cost communities.

**Key Policy Issues**

In order to develop an impact fee reduction and/or waiver program, communities need to review all current impact fees and exaction requirements to determine where reductions and/or waivers for affordable housing projects may be appropriate.

Impact fee reductions and/or waivers can be combined with other affordable housing techniques such as density bonuses or inclusionary zoning requirements to promote the construction of affordable housing.

**Affordable Housing Impact Fee Grant**

The City of Orlando currently reimburses the amount of City impact fees to certified developers of affordable housing within the City of Orlando. A developer utilizing this program would pay the impact fees when building permits are pulled, but would be reimbursed for the amount of the sewer impact fee and the transportation impact fee when certificates of occupancy are issued. The developer would also be reimbursed 25% of the school impact fees if developing rental housing and 62% if developing owner occupied housing. The current amount of impact fees are as follows:

Transportation Impact Fee	
Single Family	\$1,192
Sewer Benefit Fee	
Single Family	\$3,007.60
School Impact Fee (County)	
Single Family	\$7,000
Multi-Family	\$3,807

Actual amount reimbursed for school impact fee is \$951.75 for Rental Multi-Family; \$2,360.34 for Owner-Occupied Multi Family; and \$4,340 for owner Occupied Single Family.

In order to qualify for this incentive, the project must be certified as an affordable housing project under the Affordable Housing Certification Process.

Source: City of Orlando, Housing Department Website accessed on 10/10/2006.

## **SECTION II: HOUSING PRESERVATION**

In many communities across the country affordable housing is lost through conversion of existing attainable units to market rate units. Through a variety of means such as condominium conversions of apartment buildings or replacement of mobile home parks with new development, affordable housing units are lost. Housing preservation strategies are designed to help preserve affordable housing stock that already exists in communities.

The following strategies can be used to help preserve affordable housing units:

- Adaptive Reuse
- Community Land Trusts

## II.1. Adaptive Reuse

### Description

Adaptive reuse programs involve converting surplus and/or outmoded buildings into new economically viable uses. Adaptive reuse projects could involve the conversion of old buildings such as hospitals, schools, warehouses and train stations and other outmoded buildings to new productive uses including housing.

The Flower Street Lofts (inset graphic) is an example of a former industrial use building, located in downtown Los Angeles, that was converted to residential uses under the City's Adaptive Reuse Program. Introduced in 2003, the City of Los Angeles's program is so successful it has helped to create over 10,000 housing units. The Adaptive Reuse Ordinance works by significantly reducing the time required to obtain a building permit (See Appendix D).

### Benefits

Adaptive reuse is a good way to introduce housing into non-residential areas.

Many older buildings which may be converted to housing uses are located in downtown areas and may therefore offer new residents convenient access to transportation, shopping and employment.

In some cases adaptive reuse of previously vacated or deteriorated buildings can be less expensive than new construction since infrastructure and other site improvements are already in place. This may help to reduce the cost of producing affordable housing units.

Adaptive reuse is a good tool to facilitate the revitalization of previously declining or blighted areas by rehabilitating deteriorating buildings and by bringing in new residents.

### Key Policy Issues

Communities can facilitate adaptive reuse projects by adopting flexible zoning policies, such as mixed-use zoning, or by allowing residences as a permitted or conditional use in appropriate commercial and industrial zones.

**Flower Street Lofts**  
1130-1140 S. Flower Street  
Los Angeles, CA, 90015



The Lee Group spearheaded the Flower Street Lofts, downtown's first for-sale adaptive reuse project. In September, 2003, the United Parcel Service's central operations facility was reborn, with a newly constructed floor, as 91 loft-style condominium homes. At a record pace, the project sold out, proving there's a vibrant condominium market in downtown Los Angeles. Flower Street Lofts is located in South Park, across the street from the Staples Center, and next to the Palm Restaurant. With the Harbor freeway and the Blue Line close by, transportation access couldn't be more convenient to its homeowners.

**Number of Units:**  
91

**Number of Stories:**  
4

**Status:**  
Completed

**Neighborhood:**  
South Park

**Building Floor Area:**  
156,416

**Housing Type:**  
Loft-style Condominiums

**Total Project Cost:**  
\$35,000,000

Successful adaptive reuse involves extensive partnerships and coordination activities, and may involve many steps, including making inventories of potential adaptive reuse sites, amending local zoning regulations, arranging for possible property transfers of publicly-owned buildings, and providing funding assistance such as loans, grants and rent subsidies.

## II.2. Community Land Trusts

### Description

Community land trusts (CLTs) are typically organized and formed as nonprofit organizations to preserve long-term housing affordability. CLTs maintain housing units as affordable by separating ownership of the land and the homes built upon it. Buyers of land trust homes agree that when they move they will sell their home to an income-qualified low- or moderate-income family at an affordable price. By establishing resale prices of the CLT homes, the community land trust ensures long-term affordability.

There are 211 active community land trusts across the country, ten of which are located in Florida. See Table 1.

**Table 1**  
**Community Land Trusts in Florida**

Name	City	Status
Boynton Beach CLT	Boynton Beach	Actively being planned
Gulf County CLT	Port St. Joe	Actively being planned
South Florida Regional Smart Growth land Trust	Miami	Active and still growing
Community Housing Trust of Sarasota County	Sarasota	No property yet
Lee County Community Land Trust	Ft. Meyers	Actively being planned
Bahama Conch CLT of Key West	Key West	Actively managing property
Delray Beach CLT	Delray Beach	No property yet
Escambia County CLT	Pensacola	Active and still growing
Hannibal Square CLT	Winter Park	Active and still growing
Middle Keys CLT	Marathon	Active and still growing

Source: Burlington Associates website accessed 10/11/2006.

### Benefits

- Helps to ensure long-term affordability of housing
- Helps to ensure the public investment in attainable housing will last a lifetime

### Key Policy Issues

Community land trusts can be used in communities which are experiencing differing rates of growth, investment and/or disinvestment. In its *Workforce Housing Toolkit* the East Central Florida Regional Planning Council illustrated how CLTs can be used to accomplish different goals based upon the community setting and context.

In **fast-growing areas**, where the price of real estate is escalating rapidly. They can be used in gentrifying areas to preserve a community's character, and limits on resale prices ensure that some housing remains affordable even in these areas.

In **disinvested neighborhoods**, CLTs can be used to increase owner occupancy, decrease absentee ownership, improve the physical condition of housing and stabilize the community. Such CLTs assist not only the buyers of the CLT's homes, but also existing homeowners in the area, who likely are lower income families.

In expensive **resort communities**, CLTs can provide housing for the community's workers.

In addition to residential uses, CLTs have constructed community facilities, businesses, parks and other types of facilities. CLTs can be located on a contiguous site or can be jurisdiction-wide.

### **Pros/cons of CLTs**

- Pro: CLT is a flexible strategy—it can be used in different kinds of areas, as noted above. All kinds of housing types can be provided in a CLT—owner or rental housing, single family or multi-family. CLTs also can be used to provide economic development opportunities for the neighborhood
  
- Con: Some believe that a negative of CLTs is that the owner does not realize the full benefit of building equity—the equity is shared with the land trust because the owner does not own the land. There are many responses to this concern, depending on the particular CLT. If the CLT is in a gentrifying area (such as Winter Park), home appreciation likely will happen at a faster rate than a home the buyer could purchase on the market. In the Winter Park CLT, the buyers purchased the homes at a price far below the market value, so the equity they build should be commensurate with their investment.

### **SECTION III: FINANCIAL TOOLS AND RESOURCES**

The cost of residential development, especially in high-growth or high-cost communities can be high. There are however, financial tools and resources that can be used to help defray pre-development and development costs and ultimately help make attainable housing affordable to workforce households. This section illustrates how the following mechanisms can be used to promote attainable housing development and preservation:

- Donation of public land
- Down payment assistance
- Employer-assisted housing
- Housing trust funds
- Linkage fees

### **III.1. Donation of Public Land**

#### **Description**

The identification and donation of surplus government owned land can be used to help reduce the cost of developing attainable housing. Donations of land to a non profit affordable housing developer is the typical mechanism.

The Florida Legislature recently passed House Bill 1363 requiring each local government (county and municipality) to prepare an inventory list of all real property it owns within its jurisdiction that is appropriate for use as affordable housing (First Inventory due July 1, 2007). Local governments have three options if they choose to use any of the properties for affordable housing:

1. The land may be offered for sale to generate funds to a local government to purchase land for affordable housing or the proceeds can be put into a local affordable housing trust fund; or
2. The land may be sold with a restriction that requires the development of the property as permanent affordable housing; or
3. The land may be donated to a nonprofit housing organization for the construction of permanent affordable housing.

#### **Benefits**

- Little or no cost to local governments
- Can work in conjunction with housing trust funds and other programs

#### **Key Policy Issues**

Local governments will have to task staff to identify, inventory and dispose of surplus or other underutilized government-owned property.

### III.2. Down Payment Assistance

#### Description

Down payment assistance programs typically provide interest-free and low-interest loans to qualified low to moderate income homebuyers, which may be used for down payment or closing costs. In many instances, the loans can be forgiven provided the homeowner resides in the home for a certain number of years.

The Florida Housing Finance Corporation's First Time Homebuyer Program provides low-interest 30 year fixed-rate loans that can be used for down payment and closing costs associated with a home purchase. Eligible applicants could receive up to \$25,000 in assistance in certain high cost counties. Essential services personnel such as teachers, firefighters, healthcare workers, police officers, as well as active duty and veteran military personnel could be eligible for lower interest rates through the Community Loan Program. The State of Florida's affordable housing programs are presented in Appendix E.

The State Housing Initiatives Partnership (SHIP) Program, established in the 1992 Sadowski Affordable Housing Act, allocates funds to each of Florida's 67 counties on a population-based formula. SHIP funds can be used to help produce and preserve affordable homeownership and multifamily housing for income-qualified households. Current 2006/2007 funding for SHIP is \$166,400,000.

The Florida Housing Finance Corporation notes in their description of the SHIP program that higher construction costs and purchase prices for housing have required significant changes to many local SHIP programs. Some of those changes are:

- Development of strategies to assist specific employment categories (teachers, nurses, first responders) to address the needs of the local community.
- The need to provide deeper subsidies from SHIP for down payment assistance to make home purchasing possible for low to moderate income households (see Table 2 below).

Table 2

MSA	1995				2005			
	Income for Typical SHIP Homebuyer (70% of Median Income)	Mortgage Amount Qualified For	SHIP Eligible Home Price	Subsidy Needed to Afford SHIP Eligible Home Price	Income for Typical SHIP Homebuyer (70% of Median Income)	Mortgage Amount Qualified For	SHIP Eligible Home Price	Subsidy needed to Afford SHIP Eligible Home Price
Daytona Beach	\$23,730	\$62,912	\$66,600	\$2,355	\$34,055	\$72,360	\$190,800	\$114,625
Fort Myers	\$26,250	\$72,138	\$74,700	\$1,067	\$37,870	\$79,077	\$229,500	\$145,833
Ft. Lauderdale	\$30,170	\$86,214	\$88,200	\$221	\$40,670	\$98,740	\$216,900	\$113,822
Fort Pierce-St. Lucie	\$27,510	\$76,366	\$72,000	\$0	\$36,715	\$76,066	\$220,500	\$140,023
Fort Walton Beach	\$25,410	\$67,392	\$77,400	\$8,460	\$38,605	\$98,245	\$187,200	\$85,210
Jacksonville	\$27,580	\$77,094	\$78,300	\$0	\$40,495	\$116,870	\$163,800	\$43,654
Lakeland	\$23,170	\$61,420	\$62,550	\$0	\$33,320	\$80,319	\$154,800	\$70,385
Miami	\$24,990	\$62,930	\$85,500	\$20,860	\$32,445	\$51,370	\$225,000	\$169,130
Naples	\$31,290	\$86,694	\$103,500	\$14,736	\$44,310	\$76,705	\$333,000	\$249,635
Ocala	\$20,790	\$50,893	\$61,200	\$9,082	\$30,170	\$74,639	\$126,000	\$48,841
Orlando, FL	\$28,000	\$78,338	\$81,000	\$1,041	\$38,570	\$90,944	\$207,000	\$111,915
Pensacola, FL	\$24,290	\$64,126	\$71,100	\$5,551	\$35,490	\$96,930	\$144,000	\$44,191
Punta Gorda	\$23,240	\$58,957	\$72,000	\$11,602	\$34,405	\$82,953	\$166,500	\$80,217
Sarasota-Bradenton	\$26,390	\$70,841	\$81,000	\$8,538	\$39,130	\$85,564	\$230,400	\$140,228
Tallahassee	\$28,280	\$80,847	\$77,400	\$0	\$40,390	\$123,415	\$144,000	\$17,704
Tampa-St. Pete	\$25,480	\$69,202	\$71,100	\$476	\$36,505	\$91,745	\$173,700	\$78,481
West Palm Beach	\$31,150	\$86,041	\$103,500	\$15,389	\$43,470	\$98,354	\$260,100	\$156,543

Source: Florida Housing Coalition

A dedicated revenue source is needed to ensure the program's long-term viability as well as dedicated staff resources for program oversight.

### **III.3. Employer-Assisted Housing**

#### **Description**

Employer-assisted housing (EAH) programs are designed to enable employers to help their employees achieve homeownership. EAH programs include low-interest loans, grants for down payment assistance, homeownership education and other savings plans to help employees become homeowners.

The Metropolitan Planning Council of Chicago has conducted extensive research on Employer Assisted Housing and has helped to launch a regional employer-assisted housing program in the Chicago metropolitan area.

#### **Employer-Assisted Housing in Action**

Since the Council first introduced employer-assisted housing to one Chicago-area manufacturer in 2000, that successful program and partnerships with REACH Illinois housing counseling agencies and Housing Action Illinois have yielded impressive results.

The State of Illinois provides matching funds and tax credits for employer-assisted housing initiatives, more than 50 employers have signed on and saved on their recruitment and training costs, and 1,200 employees have been counseled, with over 500 successful buyers. An estimated \$1.35 million in employer dollars went to help employees purchase homes in Illinois in 2005.

#### **Benefits**

- Little or no cost to local governments
- Improved employee retention for employers
- Reduced recruitment and training costs for employers
- Shorter commute time for employees
- Effective home purchase counseling for employees

#### **Key Policy Issues**

EAH programs are typically implemented through public-private partnerships and the cooperation of local area employers. Local governments wishing to implement such a program need to dedicate staff time and resources to facilitate the creation of the partnership. Employers need to be convinced of the merits of the program.

### III.4. Housing Trust Funds

#### Description

Housing trust funds are locally established accounts, like bank accounts, that may receive dedicated public funding and/or private sector contributions and distribute those funds toward development, rehabilitation and preservation of affordable housing units. Because they are established locally, housing trust funds can be customized to address a community's specific housing needs. The funds may have a variety of revenue sources which may include developer contributions, sale of municipal owned property, local government appropriations and inclusionary zoning payments in lieu of providing on-site units.

#### Benefits

- Dedicated funding source for affordable housing development or preservation.

#### Key Policy Issues

Housing Trust Funds generally are established through an ordinance or legislation passed by a county, city or state legislature. The legislation accomplishes at least two necessary steps in the creation of a Housing Trust Fund. First, it dedicates a revenue source to the Housing Trust Fund or establishes other obligations (e.g., developer exactions) that create revenue. Second, it establishes the Housing Trust Fund as a separate and distinct entity that can receive and disburse funds and defines its purposes and operation.

#### PROFILE: THE HOUSING TRUST OF SANTA CLARA COUNTY

THE HOUSING TRUST OF SANTA CLARA COUNTY'S MONTHLY ELECTRONIC FACT SHEET



OUR PROGRESS TO DATE		
TOTAL HTSCC INVESTMENT	TOTAL LEVERAGE	TOTAL HOUSING OPPORTUNITIES
<b>\$23.6</b> million	<b>\$1.067</b> billion	<b>5,945</b> created

**HOMELESS W/SPECIAL NEEDS HOUSING**

As of October 1, 2006 the Housing Trust of Santa Clara County has invested \$5.973 million (as 23 loans to 16 developments) in the creation of shelters and housing programs for people who are homeless with special needs. These developments contain 823 units of shelter and housing, and are valued at more than \$159 million. In addition, the Trust has invested \$470,013 in 21 emergency homeless prevention grants, assisting 2,199 individuals.

**INVESTMENT**  
**\$6.39**  
million

**LEVERAGE**  
**\$159**  
million

**LOANS/GRANTS** **PEOPLE HELPED**  
**44** **3,022**

A full listing of developments appears below.

**FIRST-TIME HOMEBUYER ASSISTANCE**

As of October 1, 2006 the Housing Trust has helped 1,665 families buy their first home in Santa Clara County through our closing cost loans, Homeownership Venture Fund program, HomeStart program and SuperFlex loans. The average household income of our loan recipients is \$70,433; average household size is 2 people. The average home purchased with the Housing Trust's assistance sold for \$354,636, with total valuation of more than \$567 million.

**INVESTMENT**  
**\$11.73**  
million

**LEVERAGE**  
**\$567**  
million

**FAMILIES HELPED**  
**1,665**

**MULTIFAMILY RENTAL HOUSING**

As of October 1, 2006 the Housing Trust has invested more than \$5.46 million (15 loans) in affordable multifamily rental developments, creating 1,258 units of new rental housing in 16 developments located throughout Santa Clara County. The total value of these developments is more than \$341 million.

**INVESTMENT**  
**\$5.46**  
million

**LEVERAGE**  
**\$341**  
million

**LOANS** **HOUSING UNITS**  
**15** **1,258**

A full listing of developments appears below.

Source: The Housing Trust of Santa Clara County website accessed on 10/11/06.

Mr. Carl Guardino, President and CEO of the Silicon Valley Leadership Group and Mr. Taylor Dial, Executive Director of the Housing Trust of Santa Clara County, participants at Council's Workforce Housing Symposium held in December, 2005 indicated just how powerful a catalyst for the creation of attainable housing their housing trust fund had become. Since its inception, the Housing Trust Fund has made some \$23.6 million in investments. These investments have leveraged over \$1.1 billion in additional investment and have helped to create affordable housing opportunities for almost 6,000 families.

### **III.5. Linkage Fees**

#### **Description**

Linkage fees are fees or other requirements that local governments place on new industrial, commercial and office developments to offset the impact that new employment has on housing needs within a community. In the same way that local governments require residential developers to offset the school impacts caused by their development, businesses are required to mitigate the increased demand for moderately priced housing from workers in newly created jobs.

Local governments wishing to enact a linkage fee ordinance must first conduct a study (often called a “nexus study”) which demonstrates the need for such fees and determines an appropriate amount to be charged that is reasonably proportional to a business development’s impact. Local governments then use the linkage fees collected to support affordable housing development within their own jurisdictions.

Linkage fees vary widely—both by jurisdiction and by business type. The nexus study helps determine what that difference should be by business type. The fee should be designed to adjust to inflation, typically done by indexing the fee to the Consumer Price Index. Many jurisdictions have a threshold minimum project size that triggers the policy. The Florida Housing Coalition has developed a model Linkage Fee ordinance (see Appendix F).

#### **Benefits**

- Linkage programs do not generally require the expenditure of local tax dollars to fund the construction of affordable housing units.
- Can provide substantial funding to support affordable housing development with minimal administrative burden.

#### **Key Policy Issues**

Voluntary/incentive-based linkage programs offering benefits to developers in exchange for housing are more likely to avoid or withstand legal challenges.

Linkage programs will be more successful in a strong commercial office market where developments are more numerous and developers are more willing to take advantage of development incentives.

Local governments seeking to establish a linkage fee program need to consider which types of development will pay the fee, how much each type of development will pay, and the geographic boundaries that are to apply.

## **SECTION IV: SUMMARY OF WORKFORCE HOUSING STRATEGIES**

The final section of the report provides a summary of all of the programs and policies highlighted in the Toolkit. Where applicable, policies and programs adopted or under consideration for adoption by a local government(s) is noted. The Toolkit will be periodically updated with the most current information available.

**Summary of Attainable Workforce Housing Strategies  
Treasure Coast Regional Planning Council**

Tool	Goal	Implementing Entity	Implementing Actions	Models	Resources	Local Examples
<b>Accessory Dwelling Units</b>	Increase the amount of affordable housing development.	City/County Governments	Review and adjust zoning / land development code, as necessary.	Santa Cruz, California - Accessory Dwelling Unit Development Program	Smart Growth Online – Smart Growth in Action <a href="http://www.smartgrowth.org">www.smartgrowth.org</a>	Palm Beach County – Unified Land Development Code
<b>Expedited Permitting</b>	Facilitate affordable housing development.	City/County Governments	Review codes, internal processes and set clear standards for timing of affordable housing development.	Pinellas County – Affordable Housing Incentives offered through the Pinellas County Land Development Code	U.S. HUD – Regulatory Barriers Clearinghouse <a href="http://www.regbarriers.org">www.regbarriers.org</a>	Required in all Florida counties and SHIP entitlement communities.
<b>Inclusionary Housing</b>	Increase the amount of affordable housing development.	City/County Governments	Develop and adopt an inclusionary housing ordinance.	Montgomery County, Maryland - Moderately Priced Dwelling Unit (MPDU) Program	Florida Housing Coalition – Model Inclusionary Housing Ordinance (see Appendix C) Smart Growth America – <i>Making the Case for Mixed Income and Mixed Use Communities</i> <a href="http://www.smartgrowthamerica.org">www.smartgrowthamerica.org</a>	Palm Beach County – Interim Workforce Housing Program
<b>Infill Housing Development</b>	Promote affordable housing development.	City/County Governments	Identify important infill sites / locations, facilitate infrastructure, create design guidelines.	The City of Portland’s Living Smart Program <a href="http://www.livingsmartpdx.com">http://www.livingsmartpdx.com</a>	<i>Strategies for Successful Infill Development</i> – a publication of the Northeast-Midwest Institute	City of Delray Beach – Infill Workforce Housing Area
<b>Special Area Plans</b>	Guide growth and development in a specific area.	City/County Governments	Adopt implementing ordinance. Comprehensive plan amendment(s).	St. Lucie County - Towns, Villages and Countryside Element	<a href="http://www.tcrpc.org">www.tcrpc.org</a>	St. Lucie County - Towns, Villages and Countryside Element
<b>Density Bonuses</b>	Increase the amount of affordable housing development.	City/County Governments	Adopt implementing ordinance.	City of Sarasota - Downtown Density Bonus and Attainable Housing Policy	Downtown Density Bonus and Attainable Housing Policy: Recommended Comprehensive Plan Amendment, prepared by ERA for City of Sarasota, FL, March 2006 <a href="http://www.cityoflando.net/housing/default.htm">http://www.cityoflando.net/housing/default.htm</a>	City of Delray Beach
<b>Impact Fee Strategies</b>	Promotes affordable housing development by lowering development costs.	City/County Governments	Adopt implementing ordinance.	City of Orlando – Affordable Housing Impact Fee Grant		

Treasure Coast Regional Planning Council

Tool	Goal	Implementing Entity	Implementing Actions	Models	Resources	Local Examples
<b>Adaptive Reuse</b>	Promotes affordable housing development.	City/County Governments	Adaptive reuse ordinance and design guidelines	City of Los Angeles – Adaptive Reuse Program	City of Los Angeles – <i>Adaptive Reuse Program Handbook</i> (see Appendix D)	
<b>Community Land Trusts</b>	Create affordable housing in perpetuity.	Private, Non-Profit Corporation, can be sponsored and seeded by City/County Governments	Require extensive financial and technical assistance to establish.	Institute for Community Economics <a href="http://www.iceclt.org">www.iceclt.org</a>  As originator of the <u>CLT model</u> ICE has worked with groups in a wide variety of communities around the country to establish local CLTs. ICE has also developed a \$13 Million <u>Revolving Loan Fund</u> to provide critical project financing to CLTs and other innovative community organizations across the country.  See Florida HB 1363.	Florida Community Land Trust Institute	Delray Beach CLT Boynton Beach CLT
<b>Donation of Public Land</b>	Increase the amount of affordable housing development by reducing associated costs.	City/County Governments	Identify, inventory and sell/donate surplus public land for affordable housing purposes.			
<b>Down Payment Assistance</b>	Increase homeownership opportunities.	Florida Housing Finance Corporation	n/a	SHIP Program	Florida Housing Finance Corporation (see Appendix E)	All 67 Florida counties and 50 CDBG entitlement cities.
<b>Employer-Assisted Housing</b>	Help employees live near their workplaces.	City/County Government or public-private partnership		Reach Illinois Employer-Assisted Housing	Metropolitan Planning Council – Technical Assistance for Employer-Assisted Housing	City of Orlando EAH Program – <i>Housing Opportunities for Florida's Workforce</i>
<b>Housing Trust Funds</b>	Create a dedicated revenue source for attainable housing.	City/County Governments or private non-profit entity	Often works in tandem with inclusionary housing ordinance as “in-lieu” fee.	Housing Trust Fund of Santa Clara County	<a href="http://www.housingtrustsccc.org">www.housingtrustsccc.org</a>	TBD
<b>Linkage Fees</b>	Create a dedicated revenue source for attainable housing.	City/County Governments	Implementing ordinance and nexus study.	City of Winter Park Linkage Fee Program (\$0.50 per square foot for non-residential development)	See Appendix F	

**ATTAINABLE WORKFORCE HOUSING TOOLKIT  
REFERENCE MATERIAL**

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- East Central Florida Regional Planning Council. *Central Florida Workforce Housing Toolkit*. <http://www.ocfl.net/WorkForceHousing/default.htm> (16 October 2006).
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- The Washington Area Housing Partnership. *Toolkit for Affordable Housing Development*. 2005. <http://www.wahpdc.org/toolkit.html> (20 November 2006).
- Business and Professional People for the Public Interest. *Success in Affordable Housing: The Metro Denver Experience*. February 2005. [http://www.bpichicago.org/rah/pubs/Denver\\_Report.pdf](http://www.bpichicago.org/rah/pubs/Denver_Report.pdf) (20 November 2006).
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- Florida House of Representatives. *House Interim Workgroup on Affordable Housing*. Meeting Packet for September 20, 2006.
- Regional Affordable Housing Initiative of Business and Professional People for the Public Interest. *A Community Guide to Creating Affordable Housing*. 2005. <http://www.bpichicago.org/rah/pubs/BPICCommunityGuide.pdf> (20 November 2006).
- Broward Housing Partnership. “*Listing of Potential Affordable Housing Tools*”. <http://www.browardhousingpartnership.org/clientuploads/PotentialToolsIndexDRAFT.xls> (20 November 2006).

## **Appendix A**

### **Accessory Dwelling Unit Development Program Santa Cruz, California**

# SMART GROWTH IN ACTION

## Accessory Dwelling Unit Development Program

### SANTA CRUZ, CALIFORNIA

Like many communities in northern California, Santa Cruz has seen its housing costs increase dramatically. These rising costs mean the city is struggling to retain teachers, police officers, and service workers. To address these challenges, Santa Cruz created an Accessory Dwelling Unit (ADU) Development Program. Accessory units create separate residences by converting all or part of a garage or by building new structures on a homeowner's property.

The city's program aims to create more housing opportunities by making it easier for homeowners to build accessory units. For example, the city revised its zoning ordinance to eliminate a covered parking requirement for single-family homes, which freed up space for accessory units. In addition, the revision included design elements that ensure the accessory units complement the surrounding homes. Seven architects designed compact building prototypes (500 square feet) that address a variety of site needs. These plans have been pre-reviewed by city departments, which helps homeowners by reducing processing time, planning fees, and design costs.

The city also released an ADU "How To" manual to help residents navigate the development process. The manual packages all the information homeowners need to develop an accessory unit, including guidance on making an accessory unit "neighbor-friendly," managing a construction project, and being a good landlord. Over 175 manuals and prototype plan sets have been sold. To encourage affordable housing, homeowners get financial assistance through accessory unit loan and fee waiver programs if the unit will be rented at an affordable level.

The program has broadened the range of available housing opportunities. In 2003, the program's first full year, 35 accessory units were built, which is a significant increase over the eight units built in 2001. Over the next five years, the city estimates that between 40 and 50 new accessory units will be built per year. The program has been so successful that more than 80 cities throughout California have requested copies of the ADU manual and ordinance. The EPA awarded it the Policies and Regulations Smart Growth Achievement Award ([http://www.epa.gov/smartgrowth/sg\\_awards\\_publication\\_2004.htm#policies\\_reg](http://www.epa.gov/smartgrowth/sg_awards_publication_2004.htm#policies_reg)) in 2004, and the program has also been recognized by the state chapters of the American Planning Association ([www.planning.org](http://www.planning.org)) and the American Institute of Architects ([www.aia.org](http://www.aia.org)).

*"...as my parents reached retirement age and found that they could no longer climb the stairs to the second story bedroom, they began looking for alternative ways of staying in the neighborhood ....With the help of the city's revised accessory dwelling unit ordinance, the design workshops, and the ADU loan program, we are now building the 'granny unit' of my parents' dreams."*

— David A. Foster, Homeowner, Santa Cruz

### QUICK FACTS

Contact: Carol Berg, Housing and Community Development Manager  
City of Santa Cruz, Dep't of Housing & Community Development  
831-420-5108  
cberg@ci.santa-cruz.ca.us

Location: Santa Cruz, California  
Website: [www.ci.santa-cruz.ca.us/pl/hcd/ADU/adu.html](http://www.ci.santa-cruz.ca.us/pl/hcd/ADU/adu.html)  
Implemented: 2003



### SMART GROWTH PRINCIPLES ACCESSORY DWELLING UNITS

- |      |                                    |   |
|------|------------------------------------|---|
| # 1  | Includes Mixed Land Uses           |   |
| # 2  | Exhibits Compact Building Design   | ★ |
| # 3  | Provides Range of Housing Types    | ★ |
| # 4  | Promotes Walkable Neighborhoods    | ✓ |
| # 5  | Exhibits a Distinct Sense of Place |   |
| # 6  | Preserves Open Space               | ✓ |
| # 7  | Utilizes Existing Development      | ✓ |
| # 8  | Provides Transportation Choices    | ✓ |
| # 9  | Practices Fair Decision-making     | ★ |
| # 10 | Promotes Stakeholder Participation | ✓ |

Additional Smart Growth Initiatives can be found at [www.smartgrowth.org](http://www.smartgrowth.org).

## **Appendix B**

# **Pinellas County Land Development Code Affordable Housing Incentives**

# AFFORDABLE HOUSING INCENTIVES

offered through the

## PINELLAS COUNTY LAND DEVELOPMENT CODE



**Pinellas County Community Development**  
600 Cleveland Street, Suite 800  
Clearwater, Florida 33755

### Affordable Housing Incentives offered through the Pinellas County Land Development Code

#### Purpose and Intent

Section 138-1346 of the Pinellas County Land Development Code describes the procedure for certification of Affordable Housing Developments ("AHD"), specifies incentives available to developers of AHD's, and provides for a review process for approval of these incentives. Affordable Housing Development is defined as owner-occupied housing development in which at least 20 % of the units are affordable to households at or below 80% of Area Median Income ("AMI") or rental housing development in which 20% of the units are affordable to households at or below 60% of AMI. Income limits are updated periodically and are available from the Community Development Department upon request.

#### Incentives to Encourage Provision of Affordable Housing

The incentives listed below are made available by the Board of County Commissioners in order to encourage development of affordable housing in unincorporated Pinellas County. These incentives are fully described in the Appendix to this document and in the Pinellas County Land Development Code.

- Expedited Permit Processing
- Impact and Review Fee Relief
- Reduced Parking Requirements
- Housing in Commercial Zones
- Donation of Publicly Owned Land
- Identifying Qualified Renters or Buyers
- Density Bonuses
- Accessory Structures
- Reduced Setbacks
- Street Design Modifications
- Zero Lot Lines

The Community Development Department administers the AHD certification process, provides relief of impact and review fees, and enforces mechanisms to ensure affordability of assisted units and compliance with applicable regulations. The Development Review Services Department processes all requests for modification of development standards.

### **Owner-Occupied Housing**

Builders and developers of affordable homes for sale to income-eligible households may seek expedited permit processing; relief from County impact, connection, and review fees; and modification of development standards. Impact and connection fee relief is provided only for the number of units that serve eligible residents and may be limited to 20% of the total units in a development. The price of the home may be restricted by the source of funds used to pay the fees or by local policy. Maximum house prices are determined annually and are available from the Community Development Department. To be eligible for fee relief, the builder or developer must be certified as an Affordable Housing Development prior to applying for permits. There can be no waiver of this requirement. Fee relief for owner-occupied housing is available only to the extent that budgeted funds remain available at the time of certification. Impact and connection fee relief is also available to an owner or builder building a single stand-alone affordable unit.

### **Rental Housing Development**

Developers building affordable units for rent to income-eligible households may seek expedited permit processing; relief from County impact, connection, and review fees; and other incentives provided through modification of development standards. Applicants for fee relief must sign a Land Use Restriction Agreement pledging to rent to eligible households at affordable rents for the period required by the funding source or by local policy. To be eligible for fee relief, the developer must

apply for certification as an Affordable Housing Development prior to applying for permits. There can be no waiver of this requirement. Impact and connection fee relief is provided only for the number of units that will serve eligible households and is limited to 20% of the total units. Rental housing fee relief is available only to the extent that budgeted funds remain available at the time of certification.

Within a rental community, affordable units may not be substantively different from market rate units in size, amenities, or condition. Affordable rents are determined annually and are available from the Community Development Department. Owners may adjust rental rates as maximum rents change and must give residents at least 30 days written notice before increases are implemented. Residents whose incomes increase above program limits are not required to move. However, the next available unit must be rented to an eligible household.

### **Administrative Procedures**

Builders and developers may submit applications for AHD certification to the Community Development Department at any time. If certified as an AHD, the developer is issued a voucher specifying the amount of impact and connection fee relief, if any, for which the project is eligible and the time limit on the use of the voucher. The voucher also serves as documentation of AHD certification and is submitted with permit and review applications. The applicant will immediately be entitled to permit and review fee waivers and expedited permit processing.

If a certified AHD is seeking modification of development standards, the developer must provide a concept plan and an explanation of why the requested modifications are needed. The developer also submits plans and specifications where appropriate. The Development Review Administrator serves as an ombudsman to shepherd the AHD through the review

and permitting process and is responsible for coordinating all County review comments, questions, and responses. This ombudsman will provide the developer with a single point of contact for all questions concerning the review process.

Certain modifications of development standards are awarded through administrative action. Other modifications require action of the Board of Adjustment. Development Review Services prepares all recommendations to the Board of Adjustment. Modifications are recommended for approval based on local housing needs and compatibility with the surrounding neighborhood. Staff and the Boards reserve the right to review architectural designs and specifications and, where appropriate, make recommendations that would enhance the development and the neighborhood. If the request for modifications is approved, the developer will be issued a variance or special exception. The developer shall insure that all housing is constructed and operated in accordance with the plans reviewed and approved by the County.

Impact and connection fees are prepaid by the developer and reimbursed once the Community Development Department receives documentation of compliance with the applicable criteria. Funds for fee relief are limited and available on a first-come, first-serve basis

### **Summary**

The intent of Section 138-1346 of the Pinellas County Land Development Code is to provide private sector builders and developers with regulatory and financial incentives to produce affordable housing in Pinellas County. This section is intended to be a tool to both spur construction and to engage the creativity of our development community. It is our goal that all your interactions with Pinellas County government be simple and straightforward. We need your feedback on how we're

doing and where you see opportunities for improvement. Your comments and suggestions are always welcomed.

For further information, contact Bernie Carnevale in the Pinellas County Community Development Department at (727) 464-8241, [bcarneva@co.pinellas.fl.us](mailto:bcarneva@co.pinellas.fl.us).

## Appendix

### Pinellas County Land Development Code Section 138-1346 Affordable Housing

The following is excerpted directly from Section 138-1346 of the Pinellas County Land Development Code.

**(a) Purpose and Intent.** The purpose and intent of this section is to provide a permitting procedure for the construction of affordable housing in keeping with the affordable housing incentive plan (Resolution 94-60) adopted by the board of county commissioners pursuant to the state housing initiatives partnership (SHIP) program pursuant to F.S. § 420.9072. This section will describe procedures and criteria for the certification of affordable housing developments to (AHD's), describe the package of incentives which may be made available to developers of AHD's and provide a review process for the approval of AHD's. This section may also provide reference to other county ordinances and regulations effecting the development of AHD's.

**(b) Incentives.** The following incentives may be made available to encourage the provision of affordable housing:

(1) *Expedited permit processing.* The county administrator shall provide a review process that gives AHD's priority in the permit review process. A two-week turnaround time shall be the desired goal for the processing of a site plan for such development. To assist in achieving this goal a pre-application meeting will be required between the applicant and county site plan review staff. The development review administrator will serve as an ombudsman to assist the applicant in achieving an expeditious review.

(2) *Impact and other review fees may be waived or paid by the county.* The county administrator is authorized to waive all fees for affordable housing units, except where "bond covenants" (i.e. on water, sewer connection fees) or other legal constraints prevent such waiving. Subsidies for payment of fees may be provided in the form of deferred payment or low interest loans. The department of community development shall administer a program to assist the applicant subject to available funds.

(3) A density bonus of up to 50 percent above the normal density permitted by this chapter may be provided as a special exception pursuant to article II division 7 of this chapter. Such bonus shall be subject to compatibility with the surrounding natural and physical environment, site constraints, concurrency management requirements and shall be in keeping with the purpose and intent of this chapter.

(4) Parking requirements may be reduced where it can be shown that such reduction will be compatible with the surrounding neighborhood and not cause an adverse impact to the neighborhood. Such reduction shall be reviewed by the board of adjustment pursuant to section 138-240(23).

(5) Setback requirements may be reduced up to 25 percent provided such reductions are not permitted for structures along the periphery of the AHD. Reductions along the periphery or in excess of the 25 percent limitation may be considered by the board of adjustment.

(6) Zero lot line configuration will be permitted in all single-family residential districts as follows:

guidelines, parking and that the primary unit be owner-occupied (see section 138-1).

(10) *Identifying qualified buyers or renters.* Existing sources will be identified and made available to AHD's to provide assistance in locating a qualified pool of homebuyers and renters for the affordable units. The department of community development will make this information available.

(11) *Affordable housing development.* Up to ten units per acre shall be permitted in commercial zoning districts provided all development standards of the zoning district are adhered to. Where residential development is provided as upper floors above commercial uses, the allowable floor area permitted for the commercial use shall not be reduced.

a. Zero lot line configuration when not located on the periphery of the AHD may be permitted provided no setback is required on one side of the lot and the setback on the opposite side is double on one side of the lot and the setback on the opposite side is the normal requirement of the district in which the AHD is located. All other requirements must be met including article 4 division 11 of this chapter shall be applicable.

b. Zero lot line configuration proposed on the periphery of an AHD where located in a single-family residential district may be permitted as a special exception pursuant to article II division 7 of this chapter.

(7) *Street design.* Modifications in street layout and design may be permitted subject to site constraints, type and intensity of development, and compatibility with surrounding development. The county public works director or his designee may recommend such modifications as deemed appropriate to achieve the intent of this section. However, such recommendation will be in keeping with standard; safe engineering practice and construction standards generally shall not be modified.

(8) *Donation of publicly owned land.* County ordinance 88-47 currently permits donations of escheated property to nonprofit organizations. Using state or federal housing funds, the county may also make deferred payment or low-interest loans to both nonprofits and for-profits for the purchase of property when the use meets the requirements of the funding source.

(9) *Guest cottages.* Will be permitted in all areas permitting single-family homes subject to size limits, design

## **Appendix C**

### **Florida Housing Coalition Model Inclusionary Housing Ordinance**

**APPENDIX 3**

**MODEL INCLUSIONARY HOUSING ORDINANCE**

*The model inclusionary housing ordinance that follows is only a starting place. It must be modified to conform to your local government's needs.*

**AFFORDABLE HOUSING INCLUSIONARY ORDINANCE**

AN ORDINANCE OF \_\_\_\_\_ COUNTY, FLORIDA,

ESTABLISHING THE COUNTY'S AFFORDABLE HOUSING INCLUSIONARY DEVELOPMENT ORDINANCE; DESCRIBING THE INTENT AND PURPOSE OF THE ORDINANCE; PROVIDING APPLICABILITY, PROVIDING PAYMENT IN LIEU OPTION, PROVIDING FOR EXEMPTIONS, PROVIDING FOR DEVELOPMENT INCENTIVES; PROVIDING FOR ADMINISTRATION; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF \_\_\_\_\_ COUNTY, FLORIDA:

**SECTION I. CREATION**

The \_\_\_\_\_ County Affordable Housing Inclusionary Development Ordinance is hereby created as follows:

**SECTION II. PURPOSE AND INTENT**

The purpose and intent of the Inclusionary Development Ordinance is as follows:

1. To implement the goals, policies, and objectives of the \_\_\_\_\_ Comprehensive Plan to increase the supply of housing that is available and affordable to very-low, low, and moderate income persons; and
2. To provide a range of housing opportunities for those who work in \_\_\_\_\_ County and who provide the community with essential services but may be unable to pay market rents or housing prices in the community; and
3. To ensure that affordable housing opportunities are available throughout the entire community; and
4. To ensure that such housing remains in the affordable housing stock; and
5. To mitigate the impacts of market-rate housing on the supply and cost of very-low, low and moderate income housing, due to the decreasing available supply of developable sites in \_\_\_\_\_ County and the upward pressure on the pricing of all housing in the county; and
6. To provide incentives to developers of residential developments providing inclusionary housing; and
7. To provide alternative methods for compliance with the intent of this Ordinance, including payment in lieu to a Housing Trust Fund.

**SECTION III. DEFINITIONS**

The following words and phrases, as used in this Section, have the following meanings:

1. Affordable Housing Units (*either refer to the definition in the local SHIP ordinance. or draft a definition such as*):  
Affordable Units are housing for which monthly mortgage payments (including taxes and insurance), or monthly rents (including utilities), do not exceed thirty percent (30%) of that amount which represents the percentage of the median adjusted gross annual income for the households qualifying under the definitions of very-low, low, and moderate income persons, as provided by the U.S. Department of Housing and Urban Development data provided annually to \_\_\_\_\_ County by the Florida Housing Finance Corporation.
2. Developments of Regional Impact - as defined in Part II, Chapter 380.06, Florida Statutes

3. Eligible Households - (you may want to redefine, or refer to the definition in the local SHIP ordinance)
4. Inclusionary Housing Trust Fund - a trust fund established by \_\_\_\_\_ County to support the development and preservation of affordable housing (you should establish a trust fund separate from the local SHIP trust fund)

#### SECTION IV. APPLICABILITY

1. The provisions of this Section shall apply to all developments seeking subdivision approval, special permits with site plan review such as Developments of Regional Impact (DRIs) or Planned Unit Developments (PUDs) that propose to develop 50 or more dwelling units of new construction, (hereinafter sometimes referred to as Inclusionary Development). Developments shall not be segmented or phased in a manner to avoid compliance with these provisions.

For the purposes of this policy two or more developments shall be aggregated and considered as one development, if they are no more than 1/4 mile apart and any two of the following criteria are met:

- (i) There is a common interest in two or more developments.
  - (ii) The developments will undergo improvements within the same five-year period.
  - (iii) A master plan exists submitted to a governmental body addressing two or more of the developments.
2. Developments having more than 50 units, shall provide a minimum of fifteen percent (15%) of the total number of permitted dwelling units on-site as Affordable Units as follows: Ten percent (10%) of the Affordable Units shall be affordable to moderate income families (those earning less than 120% of area median income) and five percent (5%) of the Affordable Units shall be affordable to low income families (those earning less than 80% of the area median income). Where the application of this formula results in a fractional dwelling unit, that fractional unit shall be considered as one Affordable Unit.

3. All Affordable Housing Units shall remain affordable in perpetuity though the use of a deed restriction that shall be recorded in the public records of \_\_\_\_\_ County.

4. All Affordable Housing Units shall be initially and subsequently certified as to unit and income household eligibility by the \_\_\_\_\_ County Housing Office, based on the current SHIP income guidelines provided annually by the Florida Housing Finance Corporation; and, in the event of rental units, shall be monitored at least annually thereafter.

#### SECTION V. DEVELOPER INCENTIVES

1. All eligible households shall have the benefit of additional downpayment and closing cost assistance, provided specifically for housing produced pursuant to this inclusionary housing ordinance, within the \_\_\_\_\_ County SHIP Local Housing Assistance Plan;
2. All Inclusionary Developments providing inclusionary units shall have the benefit of a density bonus as provided pursuant to \_\_\_\_\_ Ordinance without further review or approval.
3. All Affordable Units constructed pursuant to this Ordinance shall have fees waived for building permits... (whatever fees the local government may be able to waive to provide further incentives to the developer)

All PUD developments developed in accordance with this inclusionary housing ordinance shall have the benefit of PUD pre-application fee and PUD application fee waiver.

**SECTION VI. PAYMENT IN LIEU OPTION**

1. Although it is intended that Affordable Units be included on-site, \_\_\_\_\_ County may allow the requirements of this ordinance to be met through the payment of a fee in lieu of construction for Developments with less than 100 residential units, as follows:

- a) The fee in lieu of construction shall be equivalent to 25% of the difference between the average proposed selling price of units within a PUD, the current phase of a DRI, and the maximum affordable housing sales price allowed under the \_\_\_\_\_ County SHIP Home Buyer Program at the time of payments. In no event shall the fee exceed \$50,000.
- b) A request may be made to the Board of County Commissioner to accept an alternative to the payment in lieu option, in the event some equal or greater contribution is proposed that would further the goals of this ordinance. Examples include, but are not limited to, the donation of developable land in an area that would provide housing choice and accessibility to employment opportunities, or the provision of infrastructure in specific areas where the County plans to build or rehabilitate affordable housing.
- c) The Affordable Housing In Lieu Fee shall be deposited in the Inclusionary Housing Trust Fund of \_\_\_\_\_ County.

**Example**

80-Unit Development  
 $\frac{15\%}{4}$  Reserved for Low and Moderate Income Buyers  
 10% Mod. 8 units  
 5% Low 4 units  
 Total = 12 units

With a mean (average) proposed sales price of \$175,000:

\$175,000  
 -106,017 (maximum SHIP sales price for \_\_\_\_\_ County, new construction)  
 68,983  
 x .25  
 \$17,245.75 per unit  
 x 12  
 \$206,949 payment in lieu due to County

**SECTION VII. EXEMPTIONS**

The following developments shall be exempt from this Ordinance:

- 1. Developments intended to accommodate the construction of less than fifty residential units;
- 2. Residential development provided as part of the County's affordable housing program, or any federal, or state affordable housing and community development programs;

3. Residential development in census tracts where the median family income is equal to or less than the median family income for \_\_\_\_\_ County, except for Developments of Regional Impact. This Ordinance applies to Developments of Regional Impact having a residential component wherever located.
4. Nursing homes, assisted care living facilities, and retirement homes;
5. School dormitories; and
6. Mobile home and manufactured home parks and subdivisions.

**SECTION VIII. ADMINISTRATION**

The implementation of the Ordinance shall be administered by the Department of Community Development, (or whatever the appropriate local office, such as SHIP office is called in your area) or its successor in interest. Among other things, this Department shall be responsible for certifying the eligibility of applicants before certificates of occupancy or their equivalent are issued inclusionary units and for certifying eligibility of tenants for rental units. (In this Ordinance or in the ordinance establishing the Inclusionary Trust Fund you may want to provide that a certain portion of the funds may be used for administration).

**SECTION IX. SEVERABILITY**

If any work, phrase, clause, section or portion of this Ordinance shall be held invalid or unconstitutional by a court of competent jurisdiction, such portion or words shall be deemed as a separate, district and independent provision and such holding shall not affect the validity of the remaining portion of the Ordinance.

**EFFECTIVE DATE**

This Ordinance shall become effective according to law.

DULY PASSED AND ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2001.

By: \_\_\_\_\_

Board of County Commissioners

ATTEST:

Clerk of the Circuit Court

BY: \_\_\_\_\_

APPROVED AS TO FORM

\_\_\_\_\_

County Attorney

## **Appendix D**

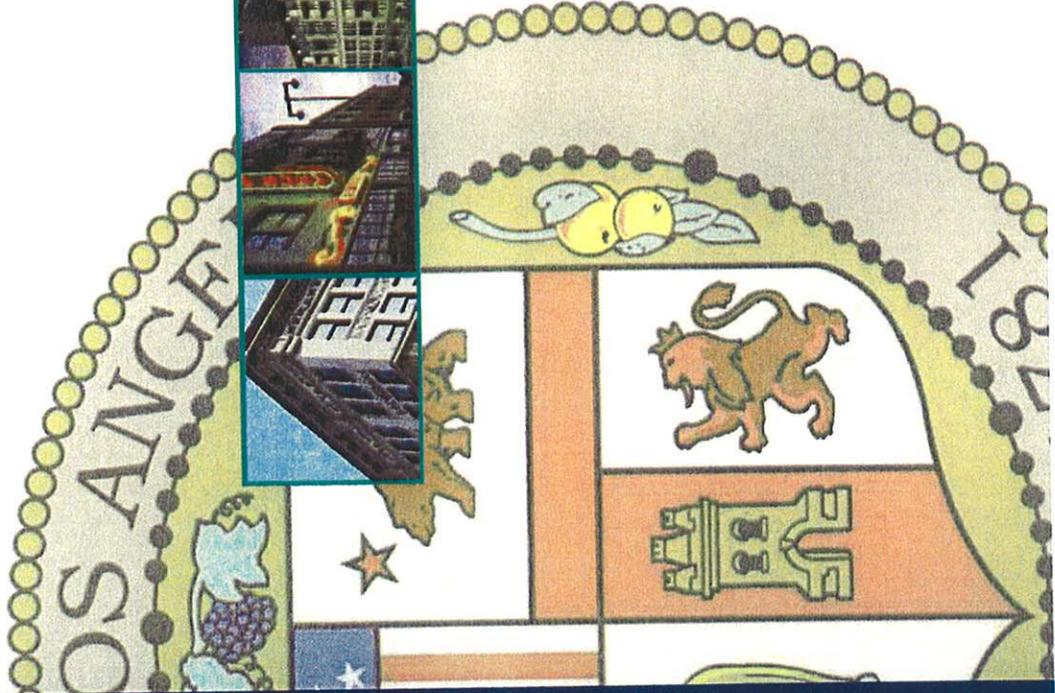
### **City of Los Angeles Adaptive Reuse Program Summary**

MAYOR JAMES K. HAHN'S

# Adaptive Reuse Program



- Creates new housing opportunities
- Revitalizes neighborhoods
- Preserves historic architecture
- Encourages community development
- Stimulates economic investment
- Facilitates mixed-use growth models



MAYOR HAHN'S OFFICE OF ECONOMIC DEVELOPMENT  
LA's Housing and Business Team  
200 North Spring Street, Los Angeles, CA 90012  
(213) 978-0600 Fax (213) 978-0780  
<http://www.lacity.org/mayor/moed/arp>

PHOTO CREDITS:  
Interior of Santee Court - Gary Leonard • Standard Hotel doors, exterior and rooftop pool - Tim Street Porter  
All other photos by Jeff Malin except for East Gate and interior of Hoover Street Lofts

Publication funded by a grant from the State of California Department of Housing & Community Development under the Downtown Rebound Planning Grant program. The grant was administered by the Los Angeles Housing Department and included studies in several areas. To access the studies, please visit LADHD's web site: <http://www.lacity.org/dahd>

## ABOUT ADAPTIVE REUSE

### Adaptive Reuse is the conversion of existing vacant or underutilized buildings into new residential and live/work spaces

In 1999, the City adopted landmark legislation to encourage the conversion of downtown's mostly historic office buildings into lofts, apartments, condominiums, and hotels. The *Adaptive Reuse Ordinance's* mission was to attract residents and visitors who would bring vitality to the urban core, while addressing the City's housing crisis. Restaurants, stores and nighttime venues would follow, and downtown Los Angeles would once again become a 24-hour central city.

By any measure, the new ordinance has been a spectacular success. Media attention has been widespread. Starting with the Old Bank District, a 230-unit project at 4th and Main, over 2,100 units have been completed. Almost 8,000 additional units are either under construction or in the development pipeline. The new residents come from all over the city, attracted by Downtown's unmatched cultural venues, transit and subway access, and business and government centers.



Santee Court

The *Adaptive Reuse Ordinance* works by significantly reducing the time required to obtain a building permit. Changing an industrial or a commercial building to a new residential use would normally require compliance with numerous rules and regulations. The ordinance works by cutting through this red tape. The advantage has been significant, enabling the City to leverage an extraordinary amount of private sector investment with a minimum of public subsidy.



Far East Café

Encouraged by the success in downtown, the City expanded the *Adaptive Reuse Ordinance* to cover the historic suburbs of Hollywood, Chinatown, Lincoln Heights, and Wilshire Center business districts. New adaptive reuse projects in these areas are already in the works. Effective on December 1, 2003, the ordinance was expanded citywide, providing a streamlined process for revitalizing neighborhoods and providing much needed housing throughout the City of Los Angeles.



Los Angeles has always been a city of innovation, the place where new ideas get their start. Today, our city is transforming itself again. How? By turning its historic commercial and industrial buildings into beautiful lofts, apartments, condominiums, and even hotels.

The process is called adaptive reuse, a trend taking hold in communities all across the city: from downtown to Hollywood, from San Pedro to the San Fernando Valley.

Adaptive reuse is an important part of my comprehensive plan for building needed housing and revitalizing neighborhoods. This brochure explains my adaptive reuse program, and how it has helped produce thousands of housing units citywide.

By reclaiming the rich cultural legacy of our past, we can create a vibrant future for Los Angeles. Take a look at some of the older buildings around the city, and imagine what they will become in the next few years thanks to adaptive reuse.

*James K. Hahn*

JAMES K. HAHN  
Mayor

## Overview

"Adaptive reuse" means adapting existing, economically obsolete buildings for new, more productive purposes. The changes are substantial, physical alterations that modify the building's original, intended use. For the City of Los Angeles Adaptive Reuse Program, an adaptive reuse project means converting existing buildings to new apartments, condominiums, live/work spaces, or hotel rooms.

### Incentive Areas

The City of Los Angeles has designated the following as adaptive reuse incentive areas:

- Downtown Los Angeles (Central City community plan area and the Figueroa Corridor economic development strategy area)
  - Hollywood redevelopment project area
  - Wilshire Center/Chinatown redevelopment project area (certain portions only)
  - Lincoln Heights and Chinatown
  - Central Avenue (between Vernon Avenue and the Santa Monica Freeway)
- Adaptive reuse projects outside these designated incentive areas may be approved on a case-by-case basis by the Department of City Planning.

### Standards

**Apartments, Condominiums and Live/Work Spaces:** The minimum size for each unit is 450 square feet. The minimum average size for all units in a single building (or group of buildings) is 750 square feet.

**Hotel Rooms:** Each hotel room must include a toilet and bathing facilities. There is no required minimum size or minimum average size for hotel rooms.

### Program Incentives

**Density:** Underlying density restrictions are waived. There is no limit on the number of apartments, condos, live/work spaces, or hotel rooms permitted, so long as the project complies with the standards specified above.

**Exceptions:** When an existing building is converted to an adaptive reuse project, non-conforming floor area, setbacks and height are "grandfathered in." A variance is not required. **Mezzanines:** Loft spaces may be added, so long as they do not exceed one-third the size of the floor below and comply with the program's fire/life safety requirements.

**Loading Space:** Not required.

**Parking:** No new parking spaces are required. However, existing parking spaces must be maintained, but may be used for any on-site or off-site use.

**Fire/Life Safety:** Flexibility is provided in meeting the following requirements: building code, disabled access, electrical code, fire code, mechanical code and seismic upgrade.

Flower Street Lofts

Case Study #2  
Santee Court



Santee Court

At the beginning of the 20th century, Michael J. Connell developed the first garment manufacturing buildings in an area that became and is known today as downtown's Fashion District. Designed by architects Arthur Angel and Carl Leonard, the Connell, the Bailey Hat, and the Brownstein-Louis buildings were constructed between 1911 and 1912. All three buildings have been locally designated as historic monuments.

MJW Investments converted these buildings into 165 loft-style apartments, completing the first phase of downtown's largest adaptive reuse project, Santee Court. Twenty percent of the lofts are affordable units. Amenities include a rooftop garden, a basketball court, and a swimming pool. There's even a rooftop mini driving range and a hot tub.

The buildings are connected by a landscaped, pedestrian promenade (complete with outdoor tables and chairs) that was originally a service alley. The promenade is anchored by Rite Aid, and also features a Subway eatery. Other retail tenants will include a market and a food court.



The Continental

The Hellman



Case Study #1  
The Old Bank District Lofts



The San Fernando

The Old Bank District, located just south of City Hall, jump-started the downtown residential boom. Gilmore Associates led the redevelopment of three historic buildings: the San Fernando, the Hellman, and the Continental. For years, these once-empty structures were considered a nuisance. Today, they're the center of a thriving new residential community.

The eight-story San Fernando was the first to be redeveloped. This 1906, Renaissance revival style building was originally six stories. Then, in 1911, two stories were added. At one time, the basement included a café, a billiards room, and even a Turkish bath. Today, the building features 70 lofts, the award-winning Pete's Café, Bank Art Gallery, Victor's Hosley Store, the Barquette Coffee Shop, and a yoga studio.

The seven-story Hellman, with its perplexing configuration, fronts on Fourth, Main, and Spring streets. The building was constructed over three phases from 1905 to 1914 for Los Angeles's first banker, Isaias W. Hellman. Today, this Beaux-Arts style building houses 104 lofts, a Quizno's, the Old Bank District General Store, and the Wanung Indonesian Café.

The thirteen-story Continental was Los Angeles' first skyscraper. This Beaux-Arts style building was designed in 1904 by renowned architect John Parkinson – the same architect that designed City Hall twenty-four years later. Today, the Continental has found a new life as 56 lofts.

**Case Study #3  
Flower Street Lofts**



The Lee Group spearheaded the Flower Street Lofts, downtown's first for-sale adaptive reuse project. In September, 2003, the United Parcel Service's central operations facility was reborn, with a newly constructed floor, as 91 loft-style condominium homes. At a record pace, the project sold out, proving there's a vibrant condominium market in downtown Los Angeles.

Flower Street Lofts is located in South Park, across the street from the Staples Center, and next to the Palm Restaurant. With the Harbor freeway and the Blue Line close by, transportation access couldn't be more convenient to its homeowners.



**The Standard**



**Case Study #4  
The Standard Hotel**



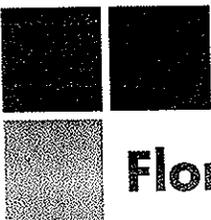
The Superior Oil Company once occupied this historic office building, which now holds 207 of the most artistic hotel rooms in the City. The Columbia Development Group completed the hotel, which provides an ideal option for business travelers and visitors who want to experience the essence of downtown Los Angeles.

Located in the Financial District and famous for its reconfigured rooftop bar, where patrons can take in the view of downtown's glittering skyline, the Standard is a popular gathering spot where hotel guests can escape to its stylish lounge and rooftop infinity pool.



## **Appendix E**

### **Florida Housing Finance Corporation Affordable Housing Programs**



# Florida Housing's Affordable Housing Programs

## HOMEOWNERSHIP PROGRAMS

### First Time Homebuyer Program

Florida Housing issues bonds under the Single Family Mortgage Revenue Bond Program and the proceeds from these bonds are used to originate 30-year mortgage loans through the First Time Homebuyer Program. First-time homebuyers then benefit from lower mortgage interest rates due to the tax-exempt status of the bonds. Eligible borrowers have to meet certain criteria such as the first-time homebuyer requirement, as defined by the Internal Revenue Code, credit worthiness, and an appropriate income level, not exceeding program limits.

### Down Payment Assistance Programs

Funds for down payment assistance and closing costs are often provided in conjunction with the First Time Homebuyer Program through the Homeownership Assistance Program (HAP), the HOME Investment Partnerships program, the Homeownership Assistance for Moderate Income (HAMI) program and Three Percent Cash Assistance.

### Homeownership Pool Program

Florida Housing Finance Corporation, in response to the recognized need to enhance the ability and process of Developers to match qualified homebuyers with purchase assistance, has created the HOMEOWNERSHIP POOL ("HOP") PROGRAM. The "HOP" Program is designed to be a noncompetitive and on-going program, where Developers, by way of an online system have the ability to reserve funds for eligible homebuyers to provide purchase assistance on a first-come, first-served basis.

### Mortgage Credit Certificate

A Mortgage Credit Certificate (MCC) allows the homebuyer to claim a tax credit for some portion of the mortgage interest paid per year. It is a dollar for dollar reduction against their federal tax liability. An MCC may be issued to homebuyers at tax credit rates varying from 10 percent to 50 percent based on the mortgage interest paid per year capped at \$2,000 annually. Florida Housing determines the tax credit rate. The credit is non-refundable but may be carried forward for a period up to three (3) years.

## MULTIFAMILY DEVELOPMENT PROGRAMS

### Multifamily Mortgage Revenue Bonds

The Multifamily Mortgage Revenue Bond program uses both taxable and tax-exempt bonds to provide below market rate loans to nonprofit and for-profit developers who set aside a certain percentage of their apartment units for low income families. Proceeds from the sale of these bonds are used to construct or acquire and rehabilitate multifamily rental properties. The Bond program's application scoring and ranking criteria encourage increased set asides for low-income households. Special consideration is given to properties that target specific geographic areas such HOPE VI communities.

### Florida Affordable Housing Guarantee

The Florida Affordable Housing Guarantee Program encourages affordable housing lending by issuing guarantees on financing for affordable housing. This program provides guarantees on taxable and tax-exempt bonds, and creates a security mechanism that allows lenders to sell affordable housing loans in the secondary market. It also encourages affordable housing lending activities that would not otherwise have taken place.

### HOME Investment Partnerships

The HOME program provides non-amortizing, low interest rate loans to developers of affordable housing who acquire, rehabilitate, or construct housing for low income families. Loans are offered through the annual Universal Cycle at the simple interest rate of zero percent to nonprofit applicants and three percent to for-profit applicants. Florida Housing's HOME program is designed for smaller developments in rural areas.

## Florida Housing's Affordable Housing Programs

### Elderly Housing Community Loan

A portion of State Apartment Incentive Loan funds is set aside to fund the Elderly Housing Community Loan (EHCL) program. This program provides up to \$750,000 in loans to make substantial improvements to existing affordable elderly rental housing. The EHCL program generally has one competitive funding cycle each year and the application period is open for a minimum of 60 days. These funds are available for the purpose of making building preservation, sanitation repairs or improvements required by federal, state or local regulation codes, and for life safety or security related improvements.

### Low Income Housing Tax Credits

The competitive Housing Credit program provides for-profit and nonprofit organizations with a dollar-for-dollar reduction in federal tax liability in exchange for the acquisition and substantial rehabilitation, substantial rehabilitation or new construction of affordable rental housing units. Special consideration is given to properties that target specific demographic groups such as the elderly, homeless people, farmworkers and commercial fishing workers. Consideration is also given to properties that target specific geographic areas such as the Florida Keys, rural areas, urban infill areas, and Front Porch Florida communities.

### State Apartment Incentive Loan Program

The State Apartment Incentive Loan (SAIL) program provides low-interest loans on a competitive basis to developers of affordable rental housing each year. SAIL funds provide gap financing that allows developers to obtain the full financing needed to construct affordable multifamily units. SAIL dollars are available to individuals, public entities, and nonprofit or for-profit organizations for the construction or substantial rehabilitation of multifamily units. Special consideration is given to properties that target specific demographic groups such as the elderly, homeless people, farmworkers, and commercial fishing workers.

## SPECIAL PROGRAMS

### Predevelopment Loan Program

The Predevelopment Loan Program (PLP) assists nonprofit and community based organizations, local governments, and public housing authorities with planning, financing, and developing affordable housing. Eligible organizations may apply for a loan of up to \$500,000 for predevelopment activities such as rezoning, title searches, legal fees, impact fees, administrative costs, soil tests, engineering fees, appraisals, feasibility analyses, audit fees, earnest money deposits, insurance fees, commitment fees, administrative costs, marketing expenses, and acquisition expenses. Technical assistance is also provided.

### State Housing Initiatives Partnership

The State Housing Initiatives Partnership (SHIP) program provides funds to local governments on a population-based formula as an incentive to produce and preserve affordable housing for very low, low, and moderate income families. These funds are derived from the collection of documentary stamp tax revenues, which are deposited into the Local Government Housing Trust Fund. SHIP funds are distributed on an entitlement basis to all 67 counties and 50 Community Development Block Grant entitlement cities in Florida. The minimum allocation per county is \$350,000. SHIP dollars may be used to fund emergency repairs, new construction, rehabilitation, downpayment and closing cost assistance, impact fees, construction and gap financing, mortgage buy-downs, acquisition of property for affordable housing, matching dollars for federal housing grants and programs, and homeownership counseling. Each participating local government may use up to ten percent of their SHIP funds for administrative expenses.

### Demonstration Loans

Florida Housing issues Demonstration Loans under authority of 420.507, F.S. Demonstration Loans are issued through a request for proposals (RFP) process one or more times throughout the year. Each RFP is developed to address a certain type of special needs housing. Demonstration Loans have been approved for housing for homeless people and elders, farmworkers, persons with disabilities and victims of domestic violence.

### Affordable Housing Catalyst Program

The Affordable Housing Catalyst Program provides on-site and telephone technical assistance and training on the State Housing Initiatives Partnership Program (SHIP), the HOME Investment Partnerships Program and other affordable housing programs. This technical assistance includes assisting agencies in leveraging those dollars with other public and private funding sources, training on forming local and regional public/private partnerships, working effectively with lending institutions, implementing regulatory reform, training for boards of directors, implementing rehabilitation and emergency repair programs, developing volunteer programs, assisting with the design and establishment of fiscal and program tracking systems, and compliance requirements of state and federally funded housing programs. Workshops are conducted throughout the year at locations around the state.

# Florida Housing's Affordable Housing Programs

## HURRICANE HOUSING RECOVERY PROGRAMS

The eight hurricanes that hit Florida in 2004 and 2005 damaged approximately one million homes. As part of Florida's response, Governor Bush created the Hurricane Housing Work Group, which made recommendations in February 2005 for the appropriation of hurricane housing recovery funds. During the 2005 legislative session, the Florida Legislature approved \$250 million in funding for some of these recommendations, including a locally-administered Hurricane Housing Recovery Program (HHRP), funded at \$208 million, and the Rental Recovery Loan Program (RRLP), funded at \$42 million.

In 2006, the legislature appropriated another \$92.9 million for RRLP and \$15 million to fund two additional hurricane housing recovery programs recommended by the Hurricane Housing Work Group, the Farmworker Housing Recovery Program (FHRP) and the Special Housing Assistance and Development Program (SHADP).

### Hurricane Housing Recovery Program

The \$208 million Hurricane Housing Recovery Program was established to enable local governments impacted by the 2004 hurricanes to develop and implement long-term affordable housing strategies for their communities. The Work Group identified 28 counties that would be eligible for funding through this program and recommended various funding levels for each of those counties. The Legislature made those funds available on July 1, 2005. Local governments developed and submitted disaster recovery plans to Florida Housing that outlined how their funding would be spent. Local governments are currently in varying stages of rebuilding and recovery using HHRP funds.

#### Hurricane Housing Recovery Program Fast Facts:

- HHRP was developed to assist households earning incomes up to 120% of area median income (AMI), with 30 percent of program funds reserved for extremely low-income households.
- Eligible Activities include:
  - ▶ Repair and replacement of site built housing;
  - ▶ Land acquisition;
  - ▶ Construction and development financing;
  - ▶ Down payment, closing costs, and purchase price assistance for site-built and post-1994 manufactured homes where the wind load rating is sufficient for the location;
  - ▶ The acquisition of building materials for home repair and construction;
  - ▶ Housing re-entry assistance, such as security deposits, utility deposits, and temporary storage of household furnishings, rental assistance; and
  - ▶ Community collaboration activities to develop affordable housing.

### Rental Recovery Loan Program

The Rental Recovery Loan Program has made funds available to affordable housing developers in 2005 and 2006 as a means of leveraging existing federal rental financing programs, such as Multifamily Mortgage Revenue Bonds. One of the goals of this program is to facilitate the production of additional affordable rental housing stock in areas hurt by the hurricanes.

#### Rental Recovery Loan Program Fast Facts:

- At least 70% of the units must be set aside for those at or below 60% of area median income (AMI), and a minimum of 15% set-aside for extremely low income (ELI).
- Units must be set aside as affordable for at least 50 years.
- There is a supplemental forgivable loan provided for each ELI unit that a developer commits to set aside for at least 20 years.
- Rents for all units financed through this program are restricted at the appropriate income level using the restricted rents applicable for the Low Income Housing Tax Credit program.

## Florida Housing's Affordable Housing Programs

### Farmworker Housing Recovery Program

The Farmworker Housing Recovery Program (FHRP) provides one-time funds to finance the construction and/or rehabilitation of housing for farmworkers, with special targeting to migrant farmworkers. Funds will be awarded on a competitive basis through an application process to finance housing provided by non-profits, public housing authorities and other housing providers. Based on the Hurricane Housing Work Group's recommendations, the FHRP encourages partnerships with nonprofits, farmers, growers, local governments, trade associations or other organizations that can share in the cost of providing this housing. For farmworkers unaccompanied by their families, rents may be based on "beds" as necessary and paid daily, weekly, or monthly. Loans may be forgivable in certain situations. FHRP is targeted to agricultural areas of the state impacted by the 2004 and 2005 storms and proximate to services.

### Special Housing Assistance and Development Program

The Special Housing Assistance and Development Program (SHADP) is designed to target smaller rental developments for hard-to-serve populations such as persons with a disability, frail elders and people who are homeless. Funds will be awarded on a competitive basis through an application process to finance housing provided by non-profits, public housing authorities and other housing providers. Based on the Hurricane Housing Work Group's recommendations, SHADP provides flexible loans which may be forgivable in certain situations.

The Hurricane Housing Work recommended that funding be targeted to developments in Tier I and II counties. Based on combined impacts from the 2004 and 2005 storms, those counties are:

- Tier I: Brevard, Broward, Charlotte, DeSoto, Escambia, Hardee, Hendry, Indian River, Martin, Miami-Dade, Monroe, Okeechobee, Palm Beach, Polk, St. Lucie and Santa Rosa.
- Tier II: Collier, Franklin, Glades, Highlands, Lee, Orange, Osceola and Volusia.

## WORKFORCE HOUSING

### Community Workforce Housing Innovation Pilot Program

The 2006 Florida Legislature passed House Bill 1363 (Ch. 2006-69, s. 27, Laws of Fla.), a housing bill focused on addressing some of the affordable housing challenges the State currently faces. HB 1363 includes \$50 million for an affordable housing pilot program called the Community Workforce Housing Innovation Pilot Program (CWHIP). Florida Housing will administer CWHIP, and these funds will be awarded on a competitive basis through a Request for Proposals (RFP) process to public-private entities seeking to build affordable housing for Florida's workforce.

CWHIP promotes the creation of public-private partnerships to finance, build and manage workforce housing and requires the coordinated efforts of all levels of government as well as private sector developers, financiers, business interests and service providers. The program requires that 50 percent of the units built using CWHIP funds be targeted to "essential services personnel," to be defined in local SHIP plans. In addition, 80 percent of the units built using CWHIP must be available to households earning incomes up to 140 percent of area median income (AMI). This program may serve a broad range of incomes up to 140 percent of AMI.

#### Eligible Counties:

- High cost counties (relative cost to purchase home compared to incomes).
- High growth counties.
- Counties willing to make regulatory changes and financial investments in affordable housing.

#### Eligible Developments:

- Homeownership and rental housing, which may be in a mixed use and/or scattered site setting.
- Developments that have at least 15 percent of the total development costs granted or donated.
- Developments in neighborhoods close to employers, services, transportation.

**Appendix F**

**Florida Housing Coalition**  
**Model Linkage**

**APPENDIX 4**  
**MODEL LINKAGE FEE ORDINANCE**

AN ORDINANCE OF THE CITY/COUNTY OF \_\_\_\_\_, FLORIDA, TO ESTABLISH A LINKAGE FEE TO INCREASE THE SUPPLY OF AFFORDABLE HOUSING, PROVIDING FOR THE PURPOSE AND INTENT, PROVIDING DEFINITIONS, PROVIDING THE ESTABLISHMENT OF AN AFFORDABLE HOUSING LINKAGE FEE, PROVIDING FOR EXEMPTIONS, ESTABLISHING AN AFFORDABLE HOUSING TRUST FUND, PROVIDING FOR IMPLEMENTATION, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE CITY/COUNTY OF \_\_\_\_\_

**SECTION I. Creation**

The Code of Ordinances of the City/County of \_\_\_\_\_ is hereby amended to adopt a linkage fee program to read as follows:

1. The City/County Commission of \_\_\_\_\_ has determined that the public health, safety and general welfare requires the implementation of an affordable housing program for the following purposes:

- a. To implement the goals, policies and objectives of the \_\_\_\_\_ Comprehensive Plan,
- b. To provide housing opportunities for lower income families in order to meet the existing and anticipated housing needs of such persons and to maintain a socio-economic mix in the community,
- c. To satisfy the community's obligation to provide that a fair share of the community's housing production is affordable to lower income families,
- d. To provide for a range of housing opportunities for those who work in \_\_\_\_\_ and who provide the community with essential services but cannot afford to live in the community,
- e. To provide that developments which create additional affordable housing demand within \_\_\_\_\_ share in the responsibility to provide affordable housing.

**SECTION II. Definitions**

Affordable Housing. (A definition consistent with the definition in the local SHIP program may be appropriate)

Residential Construction. Enclosed building and floor areas used for living and habitation including screened porches, recreation rooms, guest houses, but excluding garages, carports, open balconies, screen pool enclosures, cabanas, attics and storage sheds.

Square Footage. Square footage shall be calculated in the same method as defined and utilized within the zoning code as calculated for floor area or floor area ratio.

Non-residential Construction. Enclosed building and floor areas used for non-residential purposes, but excluding parking decks or garages, carports or covered parking, attics, external mechanical or storage buildings.

**SECTION III. Affordable Housing Fee Established**

1. In order to implement an affordable housing program, an affordable housing fee is hereby established, to be paid at the time of the issuance of building permits, based on the following schedule:
  - a. For residential construction the fee shall be \$.50 per square foot of construction.
  - b. For non-residential construction, the fee shall be \$3.00 per square foot of construction.
2. The affordable housing fee shall be assessed for all new construction, building additions and on the renovation of existing

buildings and building space when the building permit value of the renovation or improvement exceeds fifty (50%) percent of the replacement cost of the building or building space at the time of the construction.

**SECTION IV. Exemptions**

1. The following buildings constructed within the City/County of \_\_\_\_\_ shall be exempt from the affordable housing fee:
  - a. Residential buildings constructed as part of the City's affordable housing program.
  - b. Residential building projects which contain a set-aside of housing units(s) which qualify under the definition of affordable housing or residential units which are constructed such that they qualify as affordable housing, as defined herein.
  - c. Non-residential building construction that constitutes the exempt use of property for education, literary, scientific, religious, charitable or governmental use, as defined by Chapter 196, Florida Statutes, or that is used for such purposes by organizations which qualify for exemption from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.
  - d. Nursing homes or assisted living facilities, but not including retirement homes.
2. Whenever questions arise as to the applicability of these exemptions, such interpretations may be requested from the City Commission by the City Manager or by the affected party.

**SECTION V. Affordable Housing Linkage Fee Trust Fund**

There is hereby established an Affordable Housing Linkage Fee Trust Fund. All fees collected under these ordinance provisions shall be deposited within this fund, and shall be expended only for those purposes budgeted and authorized by the City/County Commission.

**SECTION VI. Affordable Housing Program Implementation**

The City/County of \_\_\_\_\_ shall use the funds deposited within the Affordable Housing Linkage Fee Trust Fund for the following purposes:  
(Put in eligible uses of funds or tie to an existing program)

**SECTION VII. Reference in Building Code**

Reference to the Affordable Housing Linkage Fee shall be included within the Building Code, Section \_\_\_\_ Permits; schedule of permit fees.

**SECTION VIII. Conflicts**

All ordinances or portions of ordinances in conflict herewith shall be hereby repealed.

**SECTION IX. Effective Date**

This ordinance shall become effective on \_\_\_\_\_

ADOPTED at a meeting of the City/County Commission of \_\_\_\_\_, Florida \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2001.

\_\_\_\_\_  
Mayor/County Commission Chair

ATTEST:

\_\_\_\_\_  
City/County Clerk