



# Affordable Housing “Linkage Fees” and Impact of New Law

*Board of County Commissioners Special Meeting  
September 17, 2019*

# BOCC MOTION FROM APRIL 2, 2019

- Prepare comprehensive plan amendment requiring new developments to provide a percentage of workforce affordable housing or pay a “linkage” fee sufficient to provide affordable housing in another location in cooperation with local housing providers
- Prepare a Nexus Study
- County registers opposition to SB 1730/HB 7103
- Chair letter to City of Gainesville to inform that the County is relooking at affordable housing and requesting City work with County staff to identify opportunities for cooperation

## **SUBSEQUENT TO APRIL 2, 2019**

- Florida Legislative process resulted in Ch 2019-165 (Committee substitute for HB 7103)
- Approved by Governor June 28, 2019

## **FOCUS OF THIS DISCUSSION**

- What is impact of new law/approaches to complying
- Does Board wish to proceed with further development of Inclusionary Housing Program?

# PRESENTATION OUTLINE

- New Law and Its Requirements
- Affordable Housing Definition / Local Housing Data
- Approaches to Inclusionary Housing in accordance with new law

# NEW LAW

## (CHAPTER 2019-165 SECTION (1))

- (1) Notwithstanding any other provision of law, a county may adopt and maintain in effect any law, ordinance, rule, or other measure that is adopted for the purpose of increasing the supply of affordable housing using land use mechanisms such as inclusionary housing ordinances.
- (2) An inclusionary housing ordinance may require a developer to provide a specified number or percentage of affordable housing units to be included in a development or allow a developer to contribute to a housing fund or other alternatives in lieu of building the affordable housing units. However, in exchange, a county must provide incentives to fully offset all costs to the developer of its affordable housing contribution. Such incentives may include, but are not limited to:
  - (a) Allowing the developer density or intensity bonus incentives or more floor space than allowed under the current or proposed future land use designation or zoning;
  - (b) Reducing or waiving fees, such as impact fees or water and sewer charges; or
  - (c) Granting other incentives.

# NEW LAW

## (CHAPTER 2019-165 SECTION (1))

- Inclusionary housing ordinance may require developer to:
  - Provide specified number or percentage of affordable units or allow developer to:
    - Contribute to a housing fund or other alternatives in lieu of building the affordable housing units
- In exchange, a county must:
  - Provide incentives to fully offset all costs to developer of its affordable housing contribution

Continued . . .

# NEW LAW

## (CHAPTER 2019-165 SECTION (1))

- Incentives may include:
  - Allowing developer density or intensity bonuses
  - Reducing or waiving fees
  - Granting other incentives
- Also added specifics on rational nexus to Florida Impact Fee Act; also “allowed exception or waiver of impact fees for affordable housing” and local government “is not required to use any revenues to offset the impact”

# INCLUSIONARY HOUSING COMPONENTS

- Nexus study
- Specific areas v. whole jurisdiction
- Development threshold
- Implementation point (eg, plan amendment, rezoning, development plan approval)
- Target income levels & housing units price/rents
- Percentage of units to set-aside or mitigation options
- Incentives to compensate developers of affordable housing
- Control Period
- Comparable design standards
- Affordable housing development plan
- Qualification of buyers and tracking resales
- Managing Housing Trust Fund



# AFFORDABLE HOUSING DEFINITION

- Monthly rent or mortgage payments (including insurance and taxes) do not exceed 30% of household income for moderate-income, low-income, and very low-income households.

# WORKFORCE HOUSING

Housing for necessary occupational fields, such as, but not limited to, education, government, health care and retail services

- E.g., housing affordable to households in the range from 61-140% of Area Median Income (Town of Jupiter, FL Ordinance)

# AFFORDABLE HOUSING

<b>2019 Income Limits Florida Housing Finance Corporation SHIP Program – Alachua County area</b>					
	<b>Income Limit by Number of Persons in Household (\$)</b>				
<b>Percent of AMI*</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>120% (Moderate)</b>	59,760	68,280	76,800	85,320	92,160
<b>80% (Low)</b>	39,850	45,550	51,250	56,900	61,500
<b>50% (Very Low)</b>	24,900	28,450	32,000	35,550	38,400
<b>30% (Extremely Low)</b>	14,950	17,100	21,330	25,750	30,170

\* AMI – Area Median Income for Gainesville MSA

# AFFORDABLE HOUSING

## Adjusted for Family of 3

Percent of AMI	Annual Household Income (\$)	Buying Power (\$)
<b>120% (Moderate)</b>	76,800	230,400
<b>80% (Low)</b>	51,250	153,750
<b>50% (Very Low)</b>	32,000	96,000
<b>30% (Extremely Low)</b>	21,330	63,990

# AFFORDABLE HOUSING

Florida Housing Rent Limits, 2019 (\$)							
	AMI Category	0 Bedroom Limit	1 Bedroom Limit	2 Bedroom Limit	3 Bedroom Limit	4 Bedroom Limit	
Alachua County	30%	373	400	533	699	864	
	50%	622	666	800	924	1,031	
	80%	996	1,067	1,281	1,480	1,651	
	120%	1,494	1,600	1,920	2,218	2,475	
Source: Florida Housing Finance Corporation, 2019 Combined Income and Rent Limits by County							

## KEY QUESTION

- What are “costs to the developer of its affordable housing contribution” that must be “fully offset” in accordance with the new law?
- The cost of a developer’s affordable housing contribution will depend on various factors

# FACTORS THAT WILL AFFECT COST OF AFFORDABLE HOUSING CONTRIBUTION

- Price/affordability level
- Percent of units required to be affordable
- Form of contribution
  - Affordable units included in development
    - Construction of units (or provision of land or lots to affordable builder)
  - Contribution in lieu of affordable units in development
- Components of development cost

# COMPONENTS OF DEVELOPMENT COST

- Size and other aspects of units
- Land price
- Lot sizes
- Site work, streets, utilities, stormwater, amenities
- Approvals, permitting, and fees
- Construction costs
- Other (administration, consultants)
- Financing/return on investment
- Subsidies



# FEE IN LIEU

Review of some inclusionary ordinances in Florida indicates:

- Dollar amounts of fees in lieu for required affordable units not built in development varies widely among jurisdictions; total amounts of fees for developments of the same size depends on factors such as percent of units required to be affordable, target household income ranges, and other factors built into specific ordinances
- Develop fee for Alachua County in consultation with local affordable providers based on fee necessary to enable them to provide equivalent affordable units

## KEY QUESTION

What are potential incentives to fully offset the cost of the developer's contribution?

- Allow developer density bonus more than allowed under current or proposed future land use or zoning
- Waiver of impact fees or other fees
- Other incentives

## RECOMMENDATION

If Board wishes to proceed with development of approaches to inclusionary housing in accordance with new law, direct staff to work with local housing providers to develop needed cost and other data and bring back recommendations for components of an inclusionary housing program for a policy discussion.

## *AFFORDABLE HOUSING*

# **BOARD DISCUSSION & DIRECTION**



## FOR MORE INFORMATION

**Alachua County**  
**Department of Growth Management 10 SW**  
**2<sup>nd</sup> Avenue, 3<sup>rd</sup> Floor Gainesville, FL, 32601**  
**(352) 374-5249**

**[Planning@alachuacounty.us](mailto:Planning@alachuacounty.us)**