

**ALACHUA COUNTY
LOCAL GOVERNMENT INFRASTRUCTURE DISCRETIONARY SALES TAX
ANALYSIS - AFFORDABLE HOUSING**

Target: To build, rehabilitate and acquire affordable housing for low-income people and those with special needs.

The Infrastructure Sales Tax, also commonly referred to as the Penny Sales Tax or the One-Cent Surtax, can only be used to support capital projects and infrastructure. A county may levy a discretionary sales surtax of 0.5 percent or 1 percent authorized by Florida Statute Section 212.055 (2) and pursuant to an Ordinance enacted by the Board of County Commissioners. The statute specifies the approved uses.

According to this Statute, the proceeds must be expended to finance, plan, and construct infrastructure; to acquire land for public recreation, conservation, or protection of natural resources; or to finance the closure of local government-owned solid waste landfills that have been closed or are required to be closed by order of the Department of Environmental Protection (DEP). A local government infrastructure surtax imposed or extended after July 1, 1998, may allocate up to 15 percent of the surtax proceeds for deposit into a trust fund within the county's accounts created for the purpose of funding economic development projects having a general public purpose of improving local economies, including the funding of operational costs and incentives related to economic development. The ballot statement must indicate the intention to make an allocation under the authority of this subparagraph. [FS212.055 (2)3]

This funding request is several years in advance of implementation, as the lead time required for planning and approving capital improvement projects can take an extended period of time. By scheduling the referendum a few years in advance, there is time to plan and potentially design projects to be shovel-ready, thereby enabling the projects to provide an economic benefit to the community more quickly.

As it relates to the authorized uses of the surtax proceeds and any accrued interest, the term infrastructure related to housing structures has the following meanings according to FS 212.055:

1.a. Purchase, Renovate and Operate Motels and Multifamily Complexes

Any fixed capital expenditure or fixed capital outlay associated with the construction, reconstruction, or improvement of public facilities that have a life expectancy of 5 or more years, any related land acquisition, land improvement, design, and engineering costs, and all other professional and related costs required to bring the public facilities into service. For purposes of this subparagraph, the term "public facilities" means facilities as defined in s. 163.3164(39), s. 163.3221(13), or s. 189.012(5), and includes facilities that are necessary to carry out governmental purposes, including, but not limited to, fire stations, general governmental office buildings, and animal shelters, regardless of whether the facilities are owned by the local taxing authority or another governmental entity.

d. Land Acquisition

Any land-acquisition expenditure for a residential housing project in which at least 30 percent of the units are affordable to individuals or families whose total annual household income does not exceed 120 percent of the area median income adjusted for household size, if the land is owned by a local government or by a special district that enters into a written agreement with the local government to provide such housing. The local government or special district may enter into a ground lease with a public or private person or entity for nominal or other consideration for the construction of the residential housing project on land acquired pursuant to this provision.

3. Workforce Housing

Notwithstanding any other provision of this subsection, a local government infrastructure surtax imposed or extended after July 1, 1998, may allocate up to 15 percent of the surtax proceeds for deposit into a trust fund within the county's accounts created for the purpose of funding economic development projects having a general public purpose of improving local economies, including the funding of operational costs and incentives related to economic development. The ballot statement must indicate the intention to make an allocation under the authority of this subparagraph. The name of this is the Discretionary Sales Surtax Clearing Trust Fund.

Alachua County “Low Income and Special Needs Housing”

Focus will be on purchasing, constructing and renovating housing for those with the greatest need, including homeless families and individuals, persons with disabilities, and people with extremely low-incomes. Vacant land will be purchased under the Infrastructure Sales Tax upon which affordable housing will be constructed, owned and operated by Alachua County. Motels and multifamily apartment complexes will be purchased under this tax as well to meet the affordable housing needs of residents. The motels will be renovated into efficiencies. These units will be owned and operated by the County. Economic Development projects include the capital investment to be made, including property acquisition, new construction, and/or renovations for workforce housing under the Discretionary Sales Surtax Clearing Trust Fund.

While a lack of affordable housing is a national problem, Alachua County is particularly impacted due to its' status as a college town. There is a large student housing market (approximately 12% of the renter pool in the City of Gainesville). Some students need affordable rental units, causing a competition between local residents and incoming students. This type of competition causes increased rates. According to Harvard University's Joint Center for Housing Studies*, in 2017 Gainesville had the highest rent-cost burden rates of any metro in the state of Florida. In Gainesville, 65 percent of the population are rent-cost burdened and 42 percent have a severe rent-cost burden.

The National Income Housing Coalition** has calculated that the “housing wage” for Alachua County (the amount required to comfortably afford a two-bedroom apartment) is \$18.23 per hour. Additionally, the cost of utilities in Alachua County exceeds that of the state and nation, further burdening low income tenants.

**Proposal for use of Infrastructure Tax Funds allocation –
Land acquisition expenditure for residential housing projects**

Purchase vacant property for the purpose of constructing affordable housing.

VACANT LAND ACROSS ALACHUA COUNTY

Size	Price	Zoning	Location	Comments
1.13 acres	\$500,000	RMF8	Gainesville	MFR <10 UNITS
1.5 acres	\$800,000	MU	Unincorporated	Commercial Delinquent Taxes
1.93 acres	\$1,495,000	MU1	Gainesville	MFR<10 UNITS
2.22 acres	\$2,900,000	U-9	Gainesville	Redevelopment Project
4.01 acres	\$165,000	MU1	Gainesville	2.5 buildable Delinquent Taxes
7.53 acres	\$1,300,000	BUS	Gainesville	
9.94 acres	\$2,000,000	MU	Unincorporated	Delinquent Taxes
10.79 acres	\$2,400,000	MF	Gainesville	
12.77 acres	\$1,000,000	R-1A	Unincorporated	Delinquent Taxes
45.02 acres	\$2,400,000	Commercial	Unincorporated	

**Proposal for use of Infrastructure Tax Funds Trust Fund allocation -
Trust fund for the purpose of funding affordable housing and economic
development projects**

- Purchase older motels and renovate to efficiency units.
- Acquire and renovate existing, aged multifamily complexes
- Construct new rental units on available/purchased vacant property

Proposed purchase examples

MULTIFAMILY UNITS

Property #1 – Five unit apartment building in Gainesville

Purchase price: \$425,000

Estimated Renovations: \$100,000

Total estimate: \$525,000 = \$105,000/unit

Property #2 – 32 unit apartment building in Gainesville

Purchase price: \$4,662,500

Estimated Renovations: \$150,000

Total estimate: \$4,812,500 = \$150,391/unit

Property #3 – Eight unit apartment building in unincorporated Alachua County

Purchase price: \$575,000

Estimated Renovations: \$150,000

Total estimate: \$725,000 = \$90,625/unit

Property #4 – Seventy-eight room two story motel on 3.44 acres in Gainesville

Renovate to efficiency units.

Purchase price: ~\$4,000,000 (last sold in 1997 for \$1,350,000)

Estimated Renovations: \$1,000,000

Total estimate: \$5,000,000 = \$64,935/unit

Analysis

Government owned and maintained housing will secure their affordability for low-income residents and those with special needs. The above search demonstrates that there currently is a sufficient stock of both existing structures that could be renovated along with vacant land on which to construct multifamily housing. The housing needs to be government owned, but could be leased to other entities to operate and maintain or can be directly overseen by the County.

*<https://www.jchs.harvard.edu/son-2019-cost-burdens-map>

** <https://reports.nlihc.org/oor/florida>