



City of Gainesville

Office of the City Manager

City Manager Memorandum No. 210008

To: The Honorable Mayor and City Commission

From: Lee R. Feldman, ICMA-CM, City Manager

Date: February 2, 2021

Re: **Summary of Recommendations & Implementation Schedule - City of Gainesville Housing Action Plan (Draft)**

The purpose of this memorandum is to provide a summary of recommendations and proposed implementation schedule on the City of Gainesville Housing Action Plan (Plan) as prepared by the Florida Housing Coalition (FHC). The Plan will be submitted to the City Commission on February 18, 2021. The Plan includes proposed strategies, recommendations and implementation schedule over a 5-year period. The implementation schedule is summarized as follows:

- Long-Term (2-5 years);
- Medium-Term (1-2 years); and
- Short-Term (less than 1 year).

STRATEGY 1: DIVERSIFY FUNDING SOURCES

Recommendation 1: Linkage Fees

Linkage Fees are a way for local governments to collect a fee, typically on non-residential development but sometimes also on high-end market rate residential development. The revenue generated from the fee is placed in a housing trust fund for others to use in building affordable housing.

(Long-Term) Additional research is needed before this recommendation can be implemented. Only a few local governments, particularly in Florida, have adopted linkage fees. This recommendation could be expensive to implement, with limited potential to generate funds for affordable housing. Prior to implementing linkage fees, the City would be required to conduct a nexus study to justify any fees. The study would determine the level of demand for affordable housing caused by different development types, and the costs of meeting that demand with new housing. Staff estimates that conducting the study could cost up to \$100,000. Additionally, without the study, the City cannot estimate how much revenue linkage fees would generate, or the costs associated with administering the fees.

Recommendation 2: Partnerships with Employers

The FHC suggests that the City work with the University of Florida, UF Health, Alachua County Schools, and other large employers to create an Employer-Assisted Housing (EAH) program to support workforce housing for low- and moderate-income residents. An EAH program could be the result of a broad partnership with developers, lenders, a community land trust, or other 501(c)(3) housing organizations to help steward the program.

(Long-Term) The City has not yet begun implementation of this recommendation. The FHC estimates that outreach to other large employers, and program design could be completed in two years, with the program beginning in Year 3.

Recommendation 3: Inventory Public, Institutional and Otherwise Underutilized Land for Appropriateness for Housing Development

The FHC suggests that the City examine its inventory of surplus lands, as well as partner with other institutions, such as the University of Florida, Alachua County Schools, Library System, Fire District and owners of underutilized commercial properties to create a database of properties suitable for affordable housing that could be donated, leased or sold at below-market prices for affordable housing development.

(Short-Term) The City is developing maps and databases of land suitable for housing development. The City is currently analyzing vacant City owned property for potential donation to nonprofit affordable housing developers. As a result, the City has developed a Land Donation Pilot Program to create and strengthen public/private partnerships to develop affordable housing within the City. The pilot program will donate 12 City-owned properties and is currently underway in the Duval Neighborhood. City staff is aiming to present the inventory of available land at the March 4, 2021 City Commission meeting.

Recommendation 4: Continue Advocacy for SHIP

The FHC states that the Florida Housing Finance Corporation uses a population-based formula to distribute State Housing Initiatives Partnership (SHIP) funds to all 67 counties and to cities eligible for Community Development Block Grant (CDBG) funds. The SHIP Program is most commonly used to support home construction, rehabilitation to make homes safe and/or handicapped accessible, and down payment assistance. In 2020, the Legislature fully appropriated the funds in the trust fund, which would provide the City of Gainesville with \$1,420,373. Unfortunately, the funds were vetoed by the Governor in favor of local governments utilizing federal Coronavirus Relief Funds to address urgent needs.

(Short-Term) Advocacy for SHIP will continue to be a key part of the City's State Legislative Priorities and Funding Requests. In addition, the City retains a firm to lobby the State Legislature.

Recommendation 5: Devote General Revenue

General Revenue funds can also be used to address housing affordability. The City of Gainesville already uses General Revenue to address homelessness. While General Revenue must be allocated by the City Commission, it is more flexible and has fewer outside restrictions than other sources of funding.

(Short-Term) While the City has not dedicated general revenue directly to the provision of affordable housing, the City has used another local funding source for various affordable housing needs. That source is the ConnectFree Program, which is funded through a surcharge on water and wastewater connections outside of the municipal limits of the City. Those funds have been used to: 1) subsidize the development of new single-family homes by non-profit affordable housing developers; and 2) as a local contribution to affordable rental housing developers applying to the Low Income Housing Tax Credit Program and the State Apartment Incentive Loan Program.

City staff will be bringing forth a recommendation to the City Commission on how the Connect Free funds can better be allocated to support affordable housing in the City.

STRATEGY 2: INCREASE ZONING FLEXIBILITY WITH A FOCUS ON ACCESSORY DWELLING UNITS

Recommendation 6: Facilitate the Increase of Accessory Dwelling Units (ADUs)

In September 2020, the Gainesville City Commission adopted an ordinance that allows greater flexibility for ADUs. This ordinance allows ADUs in all residential zones (including the single-family zones where they were formerly banned), removes parking requirements, and removes owner occupancy requirements that made ADUs a less viable option across the City. FHC recommends that in the future, the City should consider working to encourage the use of ADUs as an affordable housing option (using recent state requirements created during the 2020 legislative session), and to encourage the development of ADUs through education and funding programs.

(Short-Term) The City is now researching ways to incentivize the development of ADUs that must be rented to income qualified households at affordable rates. As part of this process, staff is developing a pilot program proposing to utilize ConnectFree funds to subsidize the development of ADUs.

Recommendation 7: Allow More Housing Types and Sizes "By Right"

The City could promote housing type flexibility in single-family zones to encourage "missing middle" housing types such as duplexes, triplexes, town homes and small apartment buildings. The City could also increase maximum lot coverage, reduce minimum lot sizes across the single family districts (RSF-1 through RSF-4), and alter the zoning code to reduce parking, setbacks, and street requirements to encourage the development of affordable housing.

(Medium-Term) In conjunction with the update of the City’s Comprehensive Plan, the City is working to develop an Inclusionary/Exclusionary Housing Development Policy. That policy will address these issues in more detail. The City is in the process of hiring a consultant to help develop this policy.

Recommendation 8: Provide Development Incentives and Waive or Reduce Fees for Affordable Housing

Zoning and land use regulations impact the financial feasibility of a particular project. There may be certain local development regulations that unnecessarily increase the cost of development without providing a measurable public benefit. These may be regulations that address aesthetics, design, required parking, minimum lot sizes, maximum lot coverages, or other development standards. The City may consider hosting a local workshop with affordable housing developers to identify specific land use regulations that are particularly cost intensive and may be amended or waived in exchange for affordable housing.

(Medium-Term) In conjunction with the update of the City’s Comprehensive Plan, the City is working to develop an Inclusionary/Exclusionary Housing Development Policy. That policy will address these issues in more detail. The City is in the process of hiring a consultant to help develop this policy.

Recommendation 9: Expedite Review Processes Whenever Possible

Local zoning and development review processes impact the cost of development. The City should strive for “by right” development as much as possible to facilitate the development of housing that is affordable. The City should assess its various development requirements and consider how to expedite, waive, and amend certain processes in exchange for the production of affordable housing.

(Medium-Term) Currently, the City’s Housing and Community Development Division staff certifies as “Affordable Housing Projects” residential projects that are either, funded by SHIP, CDBG, HOME, Low-Income Housing Tax Credits, the State Apartment Incentive Loan program, or similar programs; or built by nonprofit affordable housing providers like Habitat for Humanity and Neighborhood Housing Development Corporation. The City expedites Affordable Housing Projects in two ways. First, the Building Department expedites the review and inspection of Affordable Housing Projects to a greater degree than other projects.

In addition, the Department of Sustainable Development offers the Affordable Housing Concept Review and Approval Process to help Affordable Housing Projects meet the requirements of several State of Florida affordable housing programs (including the Low-Income Housing Tax Credit Program, and the State Apartment Incentive Loan Program). In addition to verifying that the project location has the appropriate zoning for the project, this review process notifies applicants of potential problems that would need to be addressed prior to final approval. The money saved by developers through the early review of the project can result in the delivery of housing at a lower cost than it would have been without the information generated by that review.

Additionally, in conjunction with the update of the City's Comprehensive Plan, the City is working to develop an Inclusionary/Exclusionary Housing Development Policy. That policy will address these issues in more detail. The City is in the process of hiring a consultant to help develop this policy.

STRATEGY 3: INCREASE EQUITY BY PROMOTING PERMANENT AFFORDABILITY

Recommendation 10: Support Community Land Trust

The FHC explains that when an income qualified household purchases a CLT home, the home is conveyed while the cost of the land is removed, subject to a 99-year ground lease. CLTs are also an effective means of subsidy retention in that initial subsidies to the unit remain with that unit to serve future generations as the home remains perpetually affordable.

(Short-Term) The City is in the process of seeking a partner to operate as a CLT. The City will soon issue a Request for Proposals, with the hope that the CLT will begin activities in Gainesville in 2021. A draft of the CLT RFP Scope Work will be discussed at the February 4, 2021 City Commission meeting.

Recommendation 11: Prioritizing Land for Permanent Affordability

The FHC suggests that setting up policies where surplus land is accessible to affordable housing developers, particularly CLTs, and where land is donated efficiently, can dramatically impact the efficacy of a CLT.

(Short-Term) In May 2020, the City Commission amended the City's Land Disposition Policy to allow these types of actions. Although the policy does not automatically make "permanent affordability" a requirement of all residential development on land that the City donates, the policy allows the City Commission additional flexibility to make that determination.

Recommendation 12: Structuring Subsidy Sources for Permanent Affordability

The FHC suggests that the City could immediately incorporate CLT add-on language to its purchase assistance strategy and revise its HOME program to utilize the resale approach rather than the recapture approach.

(Medium-Term) Although FHC suggests that this recommendation could be quickly and easily implemented, additional research is needed to determine the best options for structuring funding sources for permanent affordability.

Recommendation 13: Assign an Employee to Implement a Review Process for Housing and Equity

Expedited permitting (for any and all permits or land use changes needed to develop affordable housing), and an ongoing process of review for all comprehensive plan or land development policies are two statutory requirements for all jurisdictions that receive SHIP funds. This employee could also be charged with shepherding affordable housing applications through the relevant reviews (not just building permits) to expedite permitting.

(Short-Term) At this time, most of the functions proposed for this position are carried out by various City staff. Further review of these functions can be evaluated to determine if this position is needed.

Attachment:

1. Gainesville Housing Action Plan

cc: Deborah V. Bowie, Assistant City Manager
Phil Mann, Interim Assistant City Manager
Fred Murry, Assistant City Manager
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