



***SHIP Affordable Housing
Advisory Committee
(AHAC)***

***2013 Incentives and
Recommendations Report***

***(as reapproved by the SHIP AHAC on
December 2, 2013)***

Legislative # 130486

City of Gainesville
Affordable Housing Advisory Committee
2013 Incentives and Recommendations Report

I. Background

The City of Gainesville's Affordable Housing Advisory Committee (AHAC) is mandated by state law in Chapter 420, Part VII, F.S.; and established in Section 14 of the City Code. One purpose of the AHAC is to recommend specific initiatives and incentives to encourage or facilitate affordable housing within the City. Similar committees are mandated for each City and County which receives state funds under the State Housing Initiatives Partnership (SHIP) Program.

AHAC Membership

The AHAC consists of eleven citizens appointed by the City Commission. Ideally, the committee should include:

- a citizen who is in the home building industry, including affordable housing;
- a citizen who is in the banking or mortgage banking industry related to affordable housing;
- a citizen who represents labor engaged in home building, including affordable housing;
- a citizen who advocates for affordable housing for low-income persons;
- a citizen who is a for-profit provider of affordable housing;
- a citizen who is a not-for-profit provider of affordable housing;
- a citizen who is a real estate professional related to affordable housing;
- a citizen who serves on the local planning agency;
- a citizen who resides in the City of Gainesville;
- a citizen who represents employers within the City of Gainesville; and
- a citizen who represents essential services personnel.

AHAC Mandate

The AHAC shall review the established policies and procedures, ordinances, land development regulations, and adopted comprehensive plan of the City and shall recommend specific actions or initiatives to encourage or facilitate affordable housing, while protecting the ability of the property to appreciate in value. The recommendations may include the modification or repeal of existing policies, procedures, ordinances, regulations, or plan provisions; the creation of exceptions applicable to affordable housing; or the adoption of new policies, procedures, regulations, ordinances, or plan provisions, including recommendations to amend the local government comprehensive plan and corresponding regulations, ordinances, and other policies. At a minimum, the committee shall submit a report for local housing incentive strategies to the mayor and City commission that includes recommendations on, and every three years thereafter evaluates the implementation of, local housing incentive strategies in the following areas:

- 1) Expedited processing of approvals of development orders or development permits issued by the City for affordable housing projects, including without limitation, building permits, zoning permits, subdivision approvals, rezonings, certifications, special exceptions, variances, or any other official action of local government having the effect of permitting the development of land for affordable housing projects.

- 2) Modification of impact fee requirements, including reduction or waiver of fees and alternative methods of fee payment.
- 3) Allowance of flexibility in densities for affordable housing.
- 4) Reservation of infrastructure capacity for housing for very-low-income persons, low-income persons, and moderate-income persons.
- 5) Allowance of affordable accessory residential units in residential zoning districts.
- 6) Reduction of parking and setback requirements for affordable housing.
- 7) Allowance of flexible lot configurations including zero lot line configurations for affordable housing.
- 8) Modification of street requirements for affordable housing.
- 9) Establishment of a process by which the City considers the impact on the cost of housing before adoption of policies, procedures, ordinances, regulations or plan provisions.
- 10) Preparation of a printed inventory of locally owned public lands suitable for affordable housing.
- 11) Support of affordable housing development near transportation hubs and major employment centers and mixed use developments.
- 12) Other affordable housing incentives identified by the advisory committee.¹

General Comments

The AHAC aims to identify ways to encourage affordable housing that are cost effective, environmentally sound, and supportive of broad community goals. This report seeks to explicitly link affordable housing with broad community values, such as environmental protection, energy efficiency, smart growth, mixed use, and infill development. Many of the areas we are mandated to consider benefit affordable housing, while also advancing elements of good urban design and more sustainable, environmentally-friendly development practices in general. We wish to integrate rather than isolate affordable housing, so that it becomes indistinguishable from market rate housing in contributing to the betterment of our citizens and community. Providing affordable housing should be something we do in integration with, not isolation from, wider goals and aspirations of our community, such as environmental protection, energy efficiency and smart growth.

Given the current housing situation, and related constraints on public funding, there is also a need to encourage affordable housing while limiting the burden on property owners and taxpayers. One means to this end is clearly to find ways in which existing affordable housing resources can be more effectively used, particularly to meet the needs of very-low-income persons that may not be well served by the private market. However, many affordable units in our community are provided with little or no direct financial subsidy through small “mom and pop” rentals, and we must consider how our policies impact on the preservation and improvement of these units as well. Though considerable affordable housing subsidy is available for both home ownership and rental programs, a much larger public subsidy for all types of housing is provided through federal home mortgage income tax deduction, and property tax homestead and Save Our Homes provisions—yet these, larger subsidies

¹ City of Gainesville, Ordinance No. 070872, Passed and Adopted April 14, 2008.

provide only limited help to moderate, low and very-low-income residents (and may in fact come at the detriment of renters). As a community, we must ensure that working people and their families can reasonably afford housing costs without sacrificing other key expenditures (utilities, healthcare, food, etc.) or compromising safety or being forced to live unreasonably far from places of employment, schools and shopping (particularly in light of higher transportation costs).

Finally, while there is an understandable interest in direct and indirect subsidies, we have also focused on ways in which all housing can be made more affordable by reducing the cost of government requirements—while still meeting the legitimate need for regulation to protect the public interest. We believe that there exist opportunities to make regulation clearer, simpler, and more environmentally friendly, while reducing the cost of development of new housing. There is a strong alignment between the potential for infill development (largely making better use of existing public infrastructure) and opportunities for quality housing development at all income levels.

Beyond this report, the AHAC will seek to continue further study and dialogue on this subject. We welcome the input, ideas and suggestions of our entire community in this endeavor.

II. Public Hearing

All AHAC meetings are noticed and open to the public. There were eight AHAC meetings at which incentives were discussed and recommendations were formulated for this report. The dates of those meetings are listed below:

- March 6, 2012
- April 3, 2012
- May 5, 2012
- August 7, 2012
- September 4, 2012
- February 5, 2013
- March 5, 2013
- November 12, 2013

In addition, the AHAC held a public hearing on December 2, 2013 to receive public input. The AHAC's recommendations were presented at the public hearing and approved by a majority of the committee. That public hearing was noticed as a public hearing in the Gainesville Sun and the Gainesville Guardian. The recommendations report will be considered by the City Commission at its December 5, 2013 meeting.

III. Incentives & Recommendations

1) Incentive: The processing of approvals of development orders or permits, as defined in s.163.3164 for affordable housing projects is expedited to a greater degree than other projects.

Review Synopsis: The City's Fast Track Permitting Process was developed to make the option of requesting a faster permitting process available to applicants, including contractors, developers and homeowners, when applying for a building permit. If applicants pay an additional fee, this program provides them with faster permit review. Housing developments that qualify as affordable are provided with the fast track service for no additional fee by the Building Department, although they do pay for building permits. Housing developments funded by SHIP, CDBG, HOME or associated programs are qualified as affordable. In order to receive expedited permitting, applicants in the City

may apply to the Housing & Community Development Division for a Certificate of Housing Affordability.

The City also offers the affordable housing concept review and approval process to assist all certified affordable housing developments in meeting the State of Florida Low-Income Housing Tax Credit Program application requirements. The review process notifies applicants as to problems and objections pertaining to proposed developments. The money saved by developers through the reduced expenditures in the development of detailed engineered plans is meant to result in the delivery of housing at a lower cost than it would have been without these savings.

The AHAC also considered a variety of proposals to simplify regulatory compliance for all development, including affordable housing. Staff indicated they are already pursuing better indexing and simplification of the Land Development Code (LDC), for which the AHAC is supportive.

Recommendation: In the interest of integrating affordable and market-rate housing, provide automatic fee waived Fast Track review for projects that include at least 10% affordable units. Any project that meets this standard shall receive priority processing under Fast Track review.

Board Action: Adopted.

2) Incentive: Modification of impact fee requirements including reduction or waiver of fees and alternative methods of fee payment.

Review Synopsis: The City does not currently require the payment of impact fees for new development. Connection fees for water and wastewater services, however, can be expensive. The City's Connect Free Program can reduce or eliminate connection fees for some existing and new affordable housing units.

The City Commission established the Connect Free Program by Resolution #030223 on July 28, 2003; and amended by Resolution #050601 on November 14, 2005 authorizing GRU to collect a 25 percent surcharge on connection charges for customer connection to the water and wastewater system outside of the City limits. The Connect Free Program is funded from one-half of the surcharge monies collected. The Connect Free Program funding is used to extend water, wastewater and reclaimed water services within the City. The funds are allocated to address Public Health/Safety/Environmental Problems, Affordable Housing, and Programmed Extensions. In the event that funds allocated to Public Health/Safety/Environmental Problems or Affordable Housing are not encumbered by the end of each Fiscal Year, those funds are used the subsequent year for Programmed Extensions.

Recommendation: In the event that Connect Free Program funds allocated to Affordable Housing are not encumbered by the end of each Fiscal Year, use those funds in the subsequent year for Affordable Housing (rather than Programmed Extensions). The Committee also recommends the City increased outreach to make the community more aware of the Connect Free Program for affordable housing.

Board Action: Adopted.

3) **Incentive: Allowance of flexibility in densities for affordable housing.**

Review Synopsis: In some multiple-family zoning districts, the City currently allows developers to increase density, within specified limits, based on a point system. In this system, points are awarded for certain design and development features, including affordable housing.

Under this system, affordable housing is defined as monthly rent or mortgage payments, including taxes and insurance, not exceeding 30% of the median annual gross income for households in the Gainesville Metropolitan Area. The percentage of units that must be affordable for a project to be awarded the bonus points is not defined. According to staff, in the few instances when this provision has been implemented, the City has negotiated with the applicant to determine the percentage of affordable units needed to obtain the bonus points.

These density bonus points allow projects to be developed at a higher density than is otherwise allowed by the City. This incentive is meant to lower land costs for affordable housing projects and subsequently lower per unit housing costs for eligible households.

However, the City's system of density bonuses and its affordable housing density bonus, in particular, are rarely used. There are probably several reasons for that fact, including the following:

- compared to recent market demand, most City residential zoning districts allow relatively high density by right; as a result, most residential projects are permitted their preferred density without having to utilize the density bonus system; and
- even in the City's highest density zoning district, providing affordable housing would result in only a small density increase—less than 2 units per acre.

For these reasons, the City, as part of a larger LDC update, is studying how to revise the density bonus system to increase its usage.

Recommendation: Increase the value (density bonus points) for providing affordable housing; and use a sliding scale where the number of points awarded increases (or decreases) as the number of affordable units provided increases (or decreases). If the LDC update results in the elimination of the density bonus points system, the City should retain some type of simple direct density bonus, such as more units or more height, for the provision of affordable housing.

Board Action: Adopted.

4) **Reservation of infrastructure capacity for housing for very-low income persons, low-income persons, and moderate-income persons.**

Review Synopsis: As stated in the Local Housing Assistance Plan, City policy is to reserve a portion of existing infrastructure capacity for affordable housing in the future. At the present, GRU maintains sufficient water and wastewater capacity, while stormwater retention capacity is met on a site-by-site basis.

The Transportation Mobility Program Area (TMPA) covers a large portion of the City and allows for development such as urban redevelopment and infill development to occur along roads that are over their traffic capacity. Although the development may be allowed, the exemption does not relieve the

developer from various improvements stated in the Transportation Mobility Element of the Comprehensive Plan.

Recommendation: Continue to reserve infrastructure capacity for housing for very-low-income persons, low-income persons, and moderate-income persons; Study the possibility of reserving a portion of the Feed In Tariff capacity for Affordable Housing.

Board Action: Adopted.

5) Allowance of affordable accessory residential units in residential zoning districts.

Review Synopsis: Accessory residential units (ARU) were historically an effective means to provide mixed-income housing widely dispersed throughout the City. ARUs can provide affordable housing at little government cost, in neighborhoods where it is otherwise costly or impractical to create new affordable housing. ARUs can also generate a revenue stream to existing homeowners, making their home ownership more affordable and funding better property maintenance. Many ARUs currently exist in successful older single family residential neighborhoods, but new ones are generally not allowed by City's current LDC. By comparison, in the unincorporated part of Alachua County, the County does allow "Accessory Living Units" in all single family residential zoning districts.

There are concerns about the impacts of ARUs on neighborhood quality of life. Those concerns are greatest in the neighborhoods north of the University of Florida, where it is anticipated that the demand for ARUs would be the greatest. These neighborhoods have already been impacted by the conversion of owner occupied units to rental units.

These concerns have been addressed, with varying degrees of success, in Alachua County and around the country in a variety of ways, including one or more of the following:

- Limiting the number of ARUs to one per lot;
- Limiting the size of ARUs;
- Limiting the number of parking spaces;
- Requiring owner-occupancy of the primary residence;
- Limiting the number of new ARUs created each year;
- Prohibiting new ARUs in single family neighborhoods where the number of existing rental units (primary or accessory) exceed a particular threshold;
- Developing design requirements intended to ensure ARUs complement their neighborhood.

The City has begun working on a possible ordinance, which includes many of the provisions mentioned above. In the past, there has been a lack of consensus, and even organized opposition, regarding allowing ARUs. Because ARUs are difficult to track and document, enforcement of many of these regulations can be difficult.

Recommendation: Further study. There is a significant amount of literature suggesting that ARUs can be an effective tool to provide affordable housing within various types of single family residential neighborhoods.

Board Action: Adopted.

6) Reduction of parking and setback requirements for affordable housing.

Review Synopsis: The City's Comprehensive Plan contains a policy that allows for reduced parking requirements, where appropriate. In instances where it is proven that the proposed use will generate less parking than the minimum required by City ordinances, a City process allows for the reduction of required parking spaces. The City's current parking regulations require fewer parking spaces for low- and moderate-income housing. City code currently requires one parking space per bedroom for market rate multiple-family housing.

Recommendation: Further study of reducing setback requirements (other than zero lot line) for affordable housing.

Board Action: Adopted.

7) Allowance of flexible lot configurations, including zero lot line configurations, for affordable housing.

Review Synopsis: Zero lot line developments have no required setbacks on one or more sides. Consequently, they allow the use of a greater percentage of the lot. As a result, the allowance of zero lot line developments in appropriate locations can lower overall housing costs by reducing land costs. Additional cost savings in subdivision and building design can also be gained through the *Cluster Subdivision Ordinance*, found in *Section 30-190 of the LDC*.

Recommendation: On-going.

Board Action: Adopted.

8) Modification of street requirements for affordable housing.

Review Synopsis: The City's street width requirements are relatively modest. However, there may still be opportunities to allow further modification of street requirements. Many thriving older neighborhoods have long benefited from much smaller street widths, even including on-street parking and two-way traffic. Changes could allow alternative street specifications (and other reductions in hardscape) for all residential development, to reduce construction costs while benefiting the environment. Methods may include minimizing right of way widths, pavement widths, turn around dimensions, intersection curb radii, reduced curb and gutter requirements, etc. Modified street requirements, can reduce construction costs for all housing, including affordable housing.

Recommendation: Further study required. Coordinate with the Public Works Department regarding new streets and alleys.

Board Action: Adopted.

9) **Establishment of a process by which the City considers before adoption policies, procedures, ordinances, regulations or plan provisions that increase in the cost of housing.**

Review Synopsis: The City has implemented an ongoing review of local policies, ordinances, regulations and comprehensive plan provisions that impact the cost of housing. Through this process, new regulations are reviewed to determine potential impact on affordable housing, and negative impacts are mitigated, when appropriate and feasible. As part of this process, the City reviews and evaluates zoning and other housing regulations to ensure that they do not limit housing opportunities for lower-income groups within the City. Petitions that regulate land use are required to include a fiscal impact statement regarding the impact of proposed development on affordable housing in the City.

Recommendation: On-going.

Board Action: Adopted.

10) **Preparation of a printed inventory of locally owned public lands suitable for affordable housing.**

Review Synopsis: An inventory of public lands available for affordable housing is currently maintained by the City.

Recommendation: On-going.

Board Action: Adopted.

11) **Support of affordable housing development near transportation hubs and major employment centers and mixed use developments.**

Review Synopsis: The City's implementation of Special Area Plans in the College Park, University Heights, S.W. 13th Street as well as other areas is an example of Gainesville's commitment to development near many employment centers as well as transit routes.

Recommendation: Coordinate with the University of Florida's Shimberg Center for Affordable Housing and/or other similar agencies, to create a high quality Geographic Information System map comparing the existing location of transportation hubs; major employment centers (grouped by ¼ mile radius); mixed use development; and existing affordable housing.

Board Action: Adopted.

IV. **Additional Recommendations**

Other affordable housing incentives identified by the advisory committee.

Energy Efficiency: Currently GRU offers many energy saving programs to property owners, including landlords, and renters.

Recommendation: Find effective means to encourage energy efficiency upgrades to rental units. Further study required.

Recommendation: Evaluate how bundled rebates are effective at encouraging most cost-effective upgrades, and in particular how often they are used by rental property owners (as opposed to homeowners, builders or others). Further study required.

Recommendation: Explore ways that private investors could install energy efficiency upgrades in affordable rental or homeowner housing, while tapping Federal tax incentives, state incentives, and local/GRU incentives and also reducing total housing costs. Further study required.

SHIP Staff Support: Occasionally, members of the public have complaints or grievances regarding how staff operates SHIP programs. Currently, there is no formal procedure to hear those issues. As a result, staff often is the only entity available to consider problems with staff. This sometimes results in a real or perceived conflict of interest. To counter that problem, some have suggested that the AHAC is a good body to hear these complaints and grievances, and to make corrective recommendations. This allows an entity, other than staff, that is familiar with real estate, to hear complaints and grievances regarding staff.

Recommendation: Have the AHAC serve as a citizen panel for first level appeal of complaints or grievances from members of the public in the operation of Housing programs.

Property Taxes and Insurance: The costs of property taxes and insurance often rise dramatically after the first year for first-time home buyers, particularly for those in the low-income category.

Recommendation: Further study required.

Community Land Trust: According to the website of the National Community Land Trust Network, a community land trust (CLT) is a private non-profit community organization that safeguards land in order to provide affordable housing opportunities. CLTs buy and hold land permanently, preventing market factors from causing prices to rise. CLTs build and sell affordably-priced homes to families with limited incomes. CLTs keep the price of homes affordable by separating the price of the house from the cost of the land. When a family decides to sell a CLT home, the home is resold at an affordable price to another homebuyer with a limited income. The goal of CLTs is to balance the needs of homeowners to build equity and gain stability in their lives, with the needs of the community to preserve affordable home ownership opportunities for future generations.

Recommendation: Further study required. Explore establishment of a community land trust for affordable housing.

Mobile Homes: An advantage of mobile homes is that they are generally, much more affordable than site built homes. That advantage must be weighed against certain disadvantages such as they contribute less to the local construction economy, and they are more likely to be seriously damaged by hurricanes and tropical storms than site built homes.

Recommendation: Further study required. Consider public incentives to increase the availability of mobile home slots, and mobile home communities, in the area (particularly in light of recent closings of mobile home parks).

V. City Commission Consideration

This report will be submitted to the City Commission on December 5, 2013.