



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

***2016 Incentives and  
Recommendations Report***

Approved

***November 7, 2016***

Legislative #160547

**City of Gainesville**  
**Affordable Housing Advisory Committee**  
**2016 Incentives and Recommendations Report**

**I. Background**

Chapter 420, Part VII, of the Florida Statutes requires that the City of Gainesville establish an Affordable Housing Advisory Committee (AHAC); and Section 14 of the City Code actually establishes the Committee. One purpose of the AHAC is to recommend specific initiatives and incentives to encourage or facilitate affordable housing within the City. The State mandates similar committees for each City and County that 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**

At least once every three years, the AHAC shall review the City's comprehensive plan, land development regulations, ordinances, policies and procedures. Based on that review, the AHAC shall submit a report to the mayor and the City commission. That report shall recommend specific actions or initiatives to encourage or facilitate affordable housing, while protecting the ability of property to appreciate. The recommendations may include the modification or repeal of existing policies, procedures, ordinances, regulations, or plan provisions. Modifications may include exceptions for affordable housing. The recommendations may also include the adoption of new policies, procedures, regulations, ordinances, or plan provisions. Additionally, the AHAC report shall recommend and evaluate 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.

- 2) Modification of impact fee requirements, including reduction or waiver of fees and alternative methods of fee payment for affordable housing.
- 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.<sup>1</sup>

### **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 explicitly seeks to link affordable housing with broad community values, such as environmental protection, energy efficiency, smart growth, mixed use, and infill development. As mandated by State Law, we consider eleven topics that could increase affordable housing in Gainesville. We recognize, however, that consideration of many of these topics also advances 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.

There are several challenges associated with developing local government housing policy and affordable housing incentives. Given the current housing situation, and related constraints on public funding, the AHAC must consider the need to limit the burden on property owners and taxpayers. One means to reducing that burden is to find ways to use existing affordable housing resources more effectively. This is particularly important for very-low-income persons, because the private market often fails to accommodate their needs. However, many affordable units in our community are provided with little or no direct financial subsidy through small “mom and pop” rentals, and the City must consider how its policies affect the preservation and

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<sup>1</sup> City of Gainesville, Ordinance No. 070872, Passed and Adopted April 14, 2008.

improvement of these units as well. Although considerable affordable housing subsidy is available for both, home ownership and rental programs, the federal home mortgage income tax deduction, the property tax homestead and Save Our Homes provisions provide a much larger public subsidy for all types of housing. Those larger subsidies, however, provide only limited help to moderate, low and very-low-income residents (and, in fact, may 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**

The City publishes notices of all AHAC meetings and opens those meetings to the public. AHAC discussed and formulated incentives and recommendations for this report at four meetings held on the dates shown below.

- April 5, 2016
- May 10, 2016
- June 14, 2016
- July 12, 2016

In addition, the AHAC held a public hearing on November 7, 2016 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 City Commission will consider the AHAC recommendations report at the Commission's December 1, 2016 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 Housing and Community Development staff certifies as "Affordable Housing Projects" residential projects that are either, funded by SHIP, CDBG, HOME, State of Florida Low-Income Housing Tax Credits or associated programs; or built by nonprofit affordable housing providers like Habitat for Humanity and Neighborhood Housing Development Corporation. The City expedites Affordable Housing Projects in the two ways listed below.

- The Building Department expedites the review and inspection of Affordable Housing Projects to a greater degree than other projects.
- The Planning Department offers the affordable housing concept review and approval process to help Affordable Housing Projects meet 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 can result in the delivery of housing at a lower cost than it would have been without these savings.

**Recommendation:** Ongoing/Continue.

**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.

**Recommendation:** Not applicable.

**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, the City awards points for desired design and development features, including affordable housing.

Staff has identified several problems with this system including the fact that it does not define the term “affordable.” Although not codified, in the past, staff has usually defined affordable 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.

Another problem is that this system does not state the number or percentage of units that must be affordable for a project to earn the bonus points. According to staff, in the few instances when the City and a developer have agreed to use this provision, they have negotiated to determine the amount of affordable units needed to obtain the bonus points (in other words, how many units must be affordable to get the points).

The City permits developers of projects that earn enough density bonus points to build projects at a higher density than is otherwise allowed. With this incentive, the City intends to lower land costs and subsequently, lower per unit housing costs.

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 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.

As an alternative, the City is in the process of adopting a Land Development Code update that implements a new “Form Based” zoning over a portion of the City. Rather than a Density Bonus, the Form Based Code allows a Height Bonus for the provision of affordable housing. The City’s experiences over the last few years indicate that developers are more likely to utilize a height bonus than a density bonus. Additionally, the new Form Based Code clearly defines which units are affordable, how many units must be affordable for the project to qualify for a height bonus, and how much additional height the bonus can provide.

**Recommendation:** Update the Density Bonus Manual by the end of 2018. That update should clearly define which units are affordable (based on rent or mortgage payments, including taxes and insurance) and how many units must be affordable to earn a density bonus. Additionally, consider increasing the value (density bonus points) for providing affordable housing; and using a sliding scale where the number of points awarded increases (or decreases) as the number of affordable units provided increases (or decreases). As an alternative, explore restructuring the Density Bonus Manual to align more closely with the Form Based Code’s Height Bonus.

**Board Action:** Adopted.

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

**Review Synopsis:** The City plans ahead to ensure that there is adequate infrastructure capacity to accommodate all new development. Part of that planning includes extensive coordination with various Federal, State, Regional and County Agencies. At present, GRU maintains sufficient water and wastewater treatment capacity. Each development is required to demonstrate that it provides the minimum stormwater retention level of service through either on-site retention or a coordinated system.

For automobiles, nearly all roads in the City operate at or better than the adopted level of service. The Transportation Mobility Program Area covers a large portion of the City and allows for development, such as urban redevelopment and infill development, to occur along roads that operate below or over their traffic capacity. Although the City may permit the development, the exemption does not relieve the developer from various improvements stated in the Transportation Mobility Element of the Comprehensive Plan.

**Recommendation:** Continue to monitor current and projected infrastructure needs and capacity. Identify and utilize adequate funding sources to provide enough capacity to meet future housing needs.

**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.

Although the City's LDC does not allow new ARUs in single-family residential zoning districts, some ARUs currently exist in several of the City's older single-family residential neighborhoods. Generally classified as legal non-conformities, the City Code allows those units to remain, but not expand. In other words, they are "grandfathered in." Because ARUs are difficult to track and document, enforcement of many of these regulations can be difficult.

By comparison, in the unincorporated part of Alachua County, the County does allow "Accessory Living Units" in all single-family residential zoning districts. Even in the City, ARUs are permitted where single-family units are built within multiple family zoning districts.

Many Gainesville residents have major concerns about the impacts of ARUs on neighborhood quality of life. Those concerns are greatest in the neighborhoods close to the University of Florida, where many anticipate that the demand for ARUs is the highest. The conversion of owner occupied units to rental units has already had a large negative impact on many aspects of these neighborhoods. As a result, residents have coordinated to create a vocal and well-organized opposition to any attempts to expand allowances for ARUs.

**Recommendation:** Ongoing/Continue.

**Board Action:** Adopted.

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

**Review Synopsis:** Future Land Use Element Policy 1.2.4 of the City's Comprehensive Plan allows for reduced parking requirements, where appropriate. In instances where analysis demonstrates that a 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:** Ongoing/Continue.

**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:** Ongoing/Continue.

**Board Action:** Adopted.

**8) Modification of street requirements for affordable housing.**

**Review Synopsis:** The City's street requirements provide flexibility in regards to width and construction techniques. Many older neighborhoods have thrived with narrower street widths, even including on-street parking and two-way traffic. Developers are encouraged to select alternative street specifications (including reductions in pavement widths) for all residential development, to reduce construction costs while benefiting the environment. Flexibility exists for 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:** Flexibility currently exists within the Design Manual and Green Book guidelines for addressing modified street requirements for affordable housing.

**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 affect the cost of housing. Through this process, the City reviews new regulations to determine their potential impact on affordable housing. When appropriate and feasible, the City mitigates for negative impacts. 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:** Ongoing/Continue.

**Board Action:** Adopted.

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

**Review Synopsis:** The City's Public Works Department maintains an inventory of City-owned lands available for affordable housing. Public Works routinely shares that inventory with various city departments and with other governmental and nonprofit agencies that provide affordable housing.

**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 following objective and policies of the Future Land Use Element of the City's Comprehensive Plan encourage, support or require affordable housing near mixed use and employment centers:

- Objective 1.4
- Policy 1.4.1
- Policy 1.5.7
- Policy 4.1.4
- Policy 4.3.4g.6 (Plum Creek)
- Policy 4.3.6a.4 (Butler Development PUD)

Additionally, review of the City's Future Land Use and Zoning Maps indicate that residential zoning often is located near bus routes, major roads, mixed use areas and employment centers.

**Recommendation:** On-going.

**Board Action:** Adopted.

**IV. Additional Recommendations**

**Other affordable housing incentives identified by the advisory committee.**

**Subsidizing Water and Wastewater Utility Connection Fees for New Affordable Housing:**

Connection fees are a significant portion of the cost of new development, including residential development. This is particularly relevant to small, local, non-profit organizations that build new affordable housing.

These fees are an important part of GRU's budget. The City has adopted the philosophy that, to some extent, new growth should pay for itself, rather than existing rate-payers subsidizing the entire cost of serving that growth. Additionally, certain bond covenants require the City to collect connection fees for repayment. For those reasons, the City cannot simply waive the fees for affordable housing projects.

The City, however, can use other funding sources to subsidize at least a portion of the fees for projects that meet certain criteria. If the City chose to subsidize those fees, further study would be required to identify those funding sources. Funding options include, but are not limited to, State and Federal programs, surcharges on connection fees for market rate projects, and the General Fund.

Additionally, the City would need to establish criteria used to determine which projects to subsidize. As with determining the funding sources, further study would be required to identify those criteria. To limit the initial budget impacts, the City generally designs such criteria to include only specific, limited projects (e.g., nonprofit organizations that build new, affordable, single-family houses). The City does this with the understanding that, if warranted, it can amend the criteria in the future.

**Recommendation:** Consider studying possible funding sources and criteria to help subsidize the costs of connection fees for nonprofit organizations that build new, affordable, single-family houses.

**V. City Commission Consideration**

The AHAC will submit this report to the City Commission on December 1, 2016.