



# City of Hallandale Beach

## Affordable Housing In-Lieu Fee Study

### **FINAL** Report

April 19, 2018



Prepared for:

**City of Hallandale Beach**

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April 19, 2018

Ms. Marie Gouin  
Director of Budget & Program Monitoring  
City of Hallandale Beach  
400 South Federal Highway  
Hallandale Beach, Florida 33009

**Re: City of Hallandale Beach Affordable Housing In-Lieu Fee Study**

Dear Ms. Gouin:

Enclosed is the Final Technical Report for the City of Hallandale Beach Affordable Housing In-Lieu Fee Study. If you have any questions or comments concerning this report, please do not hesitate to contact me or Nilgün Kamp.

It has been our pleasure to have worked with the City staff on this important project.

Sincerely,



Steven A. Tindale, P.E., AICP  
President

# City of Hallandale Beach Affordable Housing In-Lieu Fee Study

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Appendix A – Affordable Housing In-Lieu Fee Case Studies

# I. Introduction

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In-lieu fees are established to provide new development an alternative method to meet local governments' requirements for the provision of a given infrastructure. In-lieu fees are not used to create additional requirements, but rather they provide an option to address land use/zoning requirements that are already in place. In the case of affordable housing, in-lieu fees refer to monies paid to the local governments by developers when affordable housing is not included on-site in a development. Establishment of in-lieu fees facilitate the provisions of required facilities for the new development without having to provide land or build facilities. On the local governments' side, the resulting pool of revenues may increase the flexibility in terms of construction of facilities and/or provision of additional housing related assistance, such as construction assistance, rehabilitation assistance, etc.

In response to affordable/workforce housing requirements established by Broward County and Broward County Planning Council, the City of Hallandale Beach is interested in developing an affordable housing in-lieu fee. This report provides the calculations of the affordable housing in-lieu fee and includes the following sections:

- Background and requirements;
- Local housing availability and practices;
- In-lieu fee calculations;
- In-lieu fee comparison; and
- Use of in-lieu fee funds.

It is highly important that the City has a program in place that identifies how the collected revenues will be used.

## II. Background and Requirements

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Broward County Land Use Plan (BCLUP) was most recently amended in 2017 through the BrowardNext process. Policy 2.16 of the BCLUP addresses Affordable Housing and requires that all local governments establish programs to provide, encourage, or enable low and moderate income housing to meet the needs of the County's existing and future residential population and economic activities. Local governments with planned population of less than 15,000 are exempt from this requirement.

Further, Policy 2.16.2 of BCLUP requires the following:

- For amendments that propose to add 100 or more residential dwelling units to the existing densities approved by the BCLUP, Broward County and affected municipalities shall coordinate and cooperate to implement the affected municipality's chosen policies, methods and programs to achieve and maintain a sufficient supply of affordable housing.
- Some of the methods/strategies suggested in Policy 2.16.2 include:
  - Programs and policies, involving mechanisms such as, but not limited to, impact fees, in-lieu fees, and/or public funds to provide for the construction or supply of affordable housing or facilitate the affordable purchase or renting of housing;
  - Programs and policies to facilitate the maintenance of the existing supply of affordable housing stock, if any;
  - Property tax abatement programs aimed at preserving or creating affordable housing;
  - Streamlined and reduced-cost permitting procedures for affordable housing;
  - Specific minimum set-aside requirements for new affordable housing construction;
  - Use of appropriate public lands, or public land-banking, to facilitate an affordable housing;
  - Programs and policies to facilitate the development and use of municipal and/or Broward County affordable housing density bonus provisions;
  - Land development regulations such as reduced lot size and floor area for dwelling units, construction of zero lot line and cluster housing, vertical integration of residential units with non-residential uses, and the allowance of accessory dwelling units; and
  - The existing supply of affordable housing.

To comply with the requirements of Policy 2.16, the City of Hallandale Beach is interested in determining the appropriate level of an in-lieu fee.

In addition to the County policies, the Future Land Use and Housing Elements of the City's Comprehensive Plan discuss and serve as guides in the development of plans and policies aimed at meeting identified and projected deficits in the supply of affordable housing.

Policy 1.8.10 of the Future Land Use Element of the City's Comprehensive Plan states that the City shall actively promote the provision of affordable housing opportunities within Local Activity Centers by favoring urban development patterns characterized by:

- Reduced lot sizes;
- Construction of zero lot lines and cluster housing;
- Vertical integration of residential units with non-residential uses;
- Allowance of accessory dwelling units; and/or
- Other similar mechanisms.

Similarly, Policy 1.9.7 of the Future Land Use Element requires that Regional Activity Centers include opportunities to address affordable/workforce housing needs of the city.

The Housing Element recognizes the difficulty in increasing affordable housing supply outside of publicly funded construction, and emphasizes the need to incentivize private sector through public/private partnership and other means.

Some of these incentives are provided through the City's Community Redevelopment Agency (CRA). The goals of the affordable workforce housing program, as stated within the 2012 Community Redevelopment Agency Implementation Plan include:

- To create affordable workforce housing opportunities for homebuyers and the elderly;
- To provide financial opportunities to area residents to improve their living conditions by creating incentives for additional private investment; and
- To facilitate the rehabilitation of existing housing and the creation of new affordable/workforce housing.

Examples of strategies that are discussed in the CRA's Implementation Plan that align with the County suggested programs include:

- Provide subsidies to assist income qualified buyers in obtaining affordable housing;
- Make funding available for renovation and rehabilitation of existing affordable units; and

- Acquire property for the construction of new affordable/workforce housing, to be developed either privately or by a competitive bid process or by the CRA in partnership with other housing providers.

### III. Local Housing Availability and Practices

Under Policy 2.16 of BCLUP, the supply of affordable housing needs to be determined based on the data and methodology referenced within the “Administrative Rules Document: Broward County Land Use.” This document requires that the methodology to estimate the supply of affordable housing should follow that included in “*Recommended Methodology for Supply and Demand Analysis for Broward County’s Affordable Housing Market*,” prepared by Meridian Appraisal Group, dated June 9, 2015. Based on this methodology, **Table 1** provides a summary of the City’s current affordable housing supply and demand.

**Table 1 <sup>(1)</sup>**  
**City of Hallandale Beach Affordable Housing Supply and Demand Analysis**

2016 Total Housing Unit Count <sup>(2)</sup>										28,872
2016 Med. Inc. \$60,900	Hallandale Beach, Florida								Total <sup>(3)</sup>	
	Owner				Renter					
Bands	Inc. Band	Demand(D)	Supply(S)	No Gap/(Gap) S-D	Rent Band	Demand(D)	Supply(S)	No Gap/(Gap) S-D		
0.0% 50.0%		3,867	2,828	(1,039)		4,109	1,697	(2,412)	(3,451)	
	\$0 \$30,450				\$0 \$761					
50.1% 80.0%		1,615	2,357	742		1,680	2,804	1,124	1,866	
	\$30,511 \$48,720				\$763 \$1,218					
80.1% 120.0%		1,558	1,954	396		1,424	2,768	1,344	1,740	
	\$48,781 \$73,080				\$1,220 \$1,827					
									154	
Courtesy of: Robert Von, Meridian Appraisal Group, Inc.										
Source: 2016 American Community Survey. U.S. Census Bureau										

Courtesy of: Robert Von, Meridian Appraisal Group, Inc.

Source: 2016 American Community Survey, U.S. Census Bureau

- 1) Source: Broward County Planning Council. Figures represent the 2016 supply/demand analysis based on the 2012-16 American Community Estimates and follow the “Recommended Methodology for Supply and Demand Analysis for Broward County’s Affordable Housing Market,” prepared by Meridian Appraisal Group, dated June 9, 2015.
- 2) Source: 2016 American Community Survey, 5-Yr Estimates, Table DP04
- 3) Sum of No Gap/(Gap) for both owner and renter

As shown, overall, the City has sufficient supply of affordable housing, and the County policy addresses the aggregate supply of available affordable housing, and not necessarily each band. In terms of individual income bands, the City is estimated to have a shortage of owner-occupied and rental housing for the 0% to 50% income band, for a total of 3,451 units (1,039 owner occupied units and 2,412 rental units). For the low to moderate income bands, 50.1% to 120%, the City is estimated to have a surplus of homes, totaling 3,605 units; of which, 1,866 are within the 50.1% to 80% income band and the remaining 1,740 units are within the 80.1% to 120% income band.



### **Level of Service**

Administrative Rules Document states that the County will use a requirement of 15% of additional project housing units as a default guideline for an affordable housing standard within proposed residential development subject to Policy 2.16.2. The municipalities have the option to adopt different standards; however, if the standard is lower than 15%, the local government must make evident that the proposed standard can accommodate demand in the applicable area.

Based on calculations shown in Table 1, total available supply of affordable homes, including both owner and renter-occupied housing, amounts to 14,407 units, or approximately 50% of the total housing stock in the city. It is important to note that this ratio is not sustained in the case of recently built homes. Of the homes built since 2010, only about 5% qualify under the affordable housing criteria, which will be discussed in more detail later in this report. This suggests that in the absence of City policies and requirements, the supply of affordable housing is likely to be depleted in the future. The City's current policy is to require 15% of all units to be set aside for affordable housing in the case of developments determined to be subject to the City's affordable housing requirements, which are typically larger developments and/or those located in local or regional activity centers. This ratio is between that observed in the case of new homes (5%) and existing housing stock (47%) in Hallandale Beach, and is also consistent with Broward County's default guideline. As such, it can be considered a reasonable requirement for the City to implement for all development that qualifies under Broward County requirements.

### **Current Charges/Fees**

As outlined in Article 5 of the "Administrative Rules Document: Broward County Land Use Plan," Broward County uses one dollar **\$1 per gross square foot** (gross floor area) of the residential dwelling unit as a default guideline in the review of in-lieu methodologies for all additional market rate units within a project; however, a local government may officially approve, as part of their affordable housing report and strategy, a different standard and program utilizing professionally accepted methodologies, policies and best available data and analysis.

**Table 2** provides a summary of the City's approved and active negotiated development orders in terms of affordable housing requirements, in-lieu fees, and a summary of total fees collected. As shown, the current fee for affordable housing is \$8,833 per required unit, or \$1,325 per unit if all units developed are considered. Since 2003, the fee for all units ranged from a low of \$90 per unit (Ocean Marine development agreement) to a high of \$3,570 per unit (Beachwalk development agreement). Total fees collected since June 2003 amounted to \$510,000. Based on existing development agreements, the City may collect up to \$1.7 million of additional fees in the future as development occurs, totaling \$2.2 million.

Using the average size of condo/multi-family (apartments) units built since 2010 (1,140 sf), the total fee per square foot ranged from \$0.10 to \$3.15. This average size is also consistent with average size of condo/multi-family homes built between 2014 and 2017.

Table 2 <sup>(1)</sup>

## Hallandale Beach Summary of Active Affordable Housing Development Agreements

Development Agreement	Agreement Date	Affordable Housing Fee Requirements									
		Residential Development Type	Total Residential Units	Fee per Unit	Set Aside %	Required Units	Total Fee	Total Fee/Total Units	Total Fee per Square Foot <sup>(2)</sup>	Paid	Located in CRA (Y/N)
Active Agreements											
Hallandale Village (Shanco)	N/A	Townhouse	14	N/A	N/A	N/A	\$15,000	\$1,071	\$0.94	Yes	Y
Ocean Marine	Jun-03	Condos	283	N/A	N/A	N/A	\$25,000	\$88	\$0.08	Yes	Y
Cornerstone / Harbor Cove	Jun-03	Apartments	212	N/A	N/A	N/A	\$150,000	\$708	\$0.62	Yes	Y
Gulfstream Park Tower	Feb-07	N/A	182	N/A	N/A	N/A	\$136,500	\$750	\$0.66	No	Y
Domus 804 S Federal Highway	Feb-08	N/A	N/A	N/A	N/A	N/A	\$50,000	N/A	N/A	No	N
Wal-Mart Parcel at Seawalk Pointe	Mar-11	N/A	N/A	N/A	N/A	N/A	\$20,000	N/A	N/A	Yes	N
Beachwalk	Jul-12	Condos	84	N/A	N/A	N/A	\$300,000	\$3,571	\$3.13	Yes	N
2000 S. Ocean Drive	Jun-14	Condos	64	N/A	N/A	N/A	\$100,000	\$1,563	\$1.37	No	N
Diplomat Golf Course	Mar-16	Condos	250	\$8,833.33	15%	38	\$331,250	\$1,325	\$1.16	No	Y
Hallandale Oasis	May-16	Condos	500	\$8,833.33	15%	75	\$662,500	\$1,325	\$1.16	No	Y
Nine Hundred	Aug-16	Condos	320	\$8,833.33	15%	48	\$424,000	\$1,325	\$1.16	No	Y
Total			1,909			161	\$2,214,250				
- Fee Paid							\$510,000				
- Fee Not Paid							\$1,704,250				

1) Source: City of Hallandale Beach

2) Total fee divided by the average size of a condo/MFR unit built since 2010 (1,140 sf)

The following sub-section presents the affordable housing in-lieu fee calculations completed as part of this study.

## IV. In-Lieu Fee Calculations

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To develop the City of Hallandale Beach's affordable housing in-lieu fee, the Market Affordability Gap approach is used. The Market Affordability Gap approach calculates the difference between the current price of a market rate unit (including both owner occupied homes and rentals) and the price that is affordable for low to moderate income level households.

$$\text{Affordable Housing In-Lieu Fee} = [\text{Market Price of Home}] - [\text{Affordable Home Price}]$$

To develop the in-lieu fee, data published by the U.S. Department of Housing and Urban Development (HUD) and property sale data recorded in the Broward County Property Appraiser's (BCPA) Database is utilized.

Use of data from these sources allows for regularly updating the results easily. In addition, property sale data accounts for changes in market conditions as they are inherent in the sale price of a home.

The following steps were completed in developing the affordable housing in-lieu fee for the City of Hallandale Beach:

- 1) Calculation of the home price that households in the target income category can afford;
- 2) Estimation of the current market price for housing, including both owner-occupied and rental units based on recent sales recorded in the BCPA database; and
- 3) Calculation of the difference between the current market price for housing and the price that is affordable to targeted income levels.

### 1. Calculation of Affordable Home Price

To calculate the affordable home price, first the targeted household income level need to be developed. Then, using the targeted household income level, an affordable home price can be calculated. The proceeding sub-sections outline this process.

#### **Household Income Target Level**

Consistent with Broward County accepted methods, the household income target level is developed based on a review of the 2017 Broward County Median Family Income (MFI) as reported by HUD for the Fort Lauderdale HUD Metro Fair Market Rent Area and a review of the City's population per household (PPHH) as reported by the 2016 American Community Survey (ACS) 5-Yr sample.

The current MFI in Broward County is \$64,100 and the City's current PPHH as reported by the 2016 ACS is 2.16. Both figures, as well as, the MFI adjusted for family size for Broward County are shown in **Table 3**.

The next step in developing the household income target level for the City involves adjusting the County's reported MFI to the City level by utilizing the persons per household (PPHH) of the City. As shown in Table 3, the MFI adjusted for the average household size in the City of 2.16 people ranges from the \$18,668 to \$74,659.

**Table 3**  
**2017 HUD MFI for Broward County Adjusted for the City of Hallandale Beach**

2017 Broward County Median Income <sup>(1)</sup>		\$64,100			
Hallandale Beach, 2016 Persons per Household <sup>(2)</sup>		2.16			
Median Family Income	Persons per Household				
	1.0	2.0	2.16 <sup>(3)</sup>	3.0	4.0
Extremely Low (30%)	\$16,000	\$18,300	\$18,668	\$20,600	\$26,600
Very Low (50%)	\$26,700	\$30,500	\$31,108	\$34,300	\$38,100
60%	\$32,040	\$36,600	\$37,330	\$41,160	\$45,720
Low (80%)	\$42,700	\$48,800	\$49,776	\$54,900	\$60,950
100%	\$53,400	\$61,000	\$62,216	\$68,600	\$76,200
Moderate (120%)	\$64,080	\$73,200	\$74,659	\$82,320	\$91,440

1) Source: Broward County Income Category Chart which is based on the U.S. Department of Housing and Urban Development (HUD) Income Limits Documentation System

2) Source: 2012-2016 American Community Survey 5-Year Estimates, Tables B25033 (Population in Occupied Housing Units) and Table S2501 (Occupancy Characteristics)

3) Income determined by (3-person-MFI - 2-person MFI) \* 0.16 + 2-person MFI

The targeted median family income category used in the affordable housing in-lieu fee calculation for the City of Hallandale Beach is 60%. This category is used because although the City's programs are designed to serve the full range of income levels, on average they are likely to serve the mid-point, 60% (households earning 60% of the MFI).

### **Affordable Home Price**

To calculate the affordable home price, key assumptions regarding the mortgage interest rate, loan term, and down payment percentage need to be considered. To be consistent with the BCLUP Administrative Rules Document, Article 5.4, the assumptions consistent with the “Recommended Methodology for Supply and Demand Analysis for Broward County’s Affordable Housing Market,” prepared by Meridian Appraisal Group, dated June 9, 2015, are used, including:

- Fixed-rate mortgage term of 30 years;
- Affordable housing payment as a percentage of income = 22%;
- Annual mortgage interest rate in the amount of 4.5%; and
- Down payment of 3%.

**Table 4** provides the affordable home price calculation, using the 60% MFI household income category and the assumptions mentioned previously. As shown, the resulting affordable home price is approximately \$139,000.

**Table 4**  
**Affordable Home Price Calculation**

Affordable Home Price Calculation Steps	Value
<b>Target Income</b>	
Maximum Income - Moderate MFI (2.16 PPHH) <sup>(1)</sup>	\$74,659
Midpoint/Target Income (60% MFI) <sup>(2)</sup>	\$37,330
<b>Affordable Home Price</b>	
Affordable Monthly Payment (22% of Monthly Target Income) <sup>(3)</sup>	\$684
Mortgage Interest Rate (Annual) <sup>(4)</sup>	4.5%
Maximum Mortgage <sup>(5)</sup>	\$134,995
- Down Payment (3%) <sup>(6)</sup>	\$4,050
<b>Maximum Affordable Home Price (With Down Payment)<sup>(7)</sup></b>	<b>\$139,045</b>

1) Source: Table 3

2) Calculated by dividing the maximum income by two

3) Midpoint/target income (Item 2) multiplied by 22% and divided by 12 to calculate a monthly amount

4) Assumption based on County’s Supply and Demand Analysis as prepared by the Meridian Group

5) Present value of affordable monthly payment at an annual interest rate of 4.5% over 30 years

6) Assumption based on County’s Supply and Demand Analysis as prepared by the Meridian Group. Maximum mortgage (Item 5) multiplied by 3%

7) Sum of maximum mortgage (Item 5) and the down payment (Item 6)

## 2. Determination of Market Price per Unit

The next step in calculating the City's affordable housing in-lieu fee is to determine the current market price of an affordable unit. To do so, an analysis was conducted that reviewed home sales as reported by the BCPA. Specifically, this analysis included:

- Housing sales throughout Hallandale Beach, which included single family attached and detached homes, multi-family homes, and condominiums. Mobile homes were excluded from the analysis due to limited data.
- Sale records were limited to qualified sales only. The analysis excluded short sales, foreclosures, non-monetary transactions, multiple property sales, etc.
- The review analyzed all home sales over the past three years (2015-2017).

This analysis resulted in an average sale price per square foot of \$220 which is used in the determination of the market price of an affordable unit.

To determine the average size, the same sale records were analyzed for homes sold at prices affordable to 120% MFI households. This review indicated the home size of units sold at prices below the 120% MFI averages 1,000 square feet, which remained stable over the past three years and is also consistent with the median size (950 square feet). The majority (90%) of these homes are multifamily units, with a limited number of single family units within this price range.

Finally, the affordable home price is determined by multiplying the market price per square foot of \$220 by the average affordable home size of 1,000 square feet, which amounts to **\$220,000 per unit**.

## 3. Calculation of Affordable Housing In-Lieu Fee (Calculation of Gap)

To calculate the Market-Affordable price gap, the difference between the market price per unit and the affordable home price is calculated. As shown in **Table 5**, this price gap in Hallandale Beach is **\$80,955 per affordable unit** or **\$80.96 per square foot of affordable unit**. Based on the City's current policy of a 15% set-aside, affordable housing cost is **\$12,143 per home** or **\$12.43 per square foot**. Finally, if the City follows the County's guideline of applying 15% requirement only to additional units obtained through the land use amendment, the cost per unit will vary when all units being developed are considered, depending on the development size. An example of this option is provided in **Table 6**.

**Table 5**  
**Calculation of In-Lieu Fee (Market-Affordability Gap)**

Market Affordability Gap Calculation Steps	Value
Max Affordable Home Price (With Down Payment) <sup>(1)</sup>	\$139,045
<b>Past Three Years of Sales</b>	
Market Price per Sq. Ft. <sup>(2)</sup>	\$220
Average Sq. Ft. per Affordable Unit (120% MFI and Below) <sup>(3)</sup>	1,000
<b>Market Price of Affordable Unit<sup>(4)</sup></b>	<b>\$220,000</b>
<b>Affordability Gap</b>	
Gap per Affordable Unit <sup>(5)</sup>	<b>\$80,955</b>
Gap per Sq. Ft. per Affordable Unit <sup>(6)</sup>	<b>\$80.96</b>
- Gap per All Homes Subject to Aff. Housing Requirement (Based on 15% Inclusionary Requirement) <sup>(7)</sup>	\$12,143
- Gap per Sq. Ft. of All Homes Subject to Aff. Housing Requirement (Based on 15% Inclusionary Requirement) <sup>(7)</sup>	\$12.14

1) Source: Table 4

2) Source: Broward County Property Appraiser's Database. Figure represents the average sale price per square foot of homes sold over the past three years (2015-2017)

3) Source: Broward County Property Appraiser's Database. Figure represents the average home size of an affordable unit based on homes sold over the past three years (2015-2017)

4) Market price per square foot (Item 2) multiplied by the average square feet of an affordable unit (Item 3)

5) Market price of affordable unit (Item 4) less max affordable home price (Item 1)

6) Gap per affordable unit (Item 5) divided by the average size of an affordable unit (Item 3)

7) Gap per affordable unit or square foot (Items 5 and 6) multiplied by 15%



**Table 6**  
**Example – Total Fee Calculation**

Item	Scenario
<b>Example Development</b>	
Housing Units Allowed under Existing Zoning/Land Use <sup>(1)</sup>	500
Housing Units Requested to be Developed <sup>(2)</sup>	800
Units Subject to Affordable Housing Requirement <sup>(3)</sup>	201
<b>Calculated Fee</b>	
Inclusionary Units (Requirement of 15%) <sup>(4)</sup>	30
Fee per Unit with 15% requirement <sup>(5)</sup>	\$12,143
<b>Total Fee<sup>(6)</sup></b>	<b>\$2,440,743</b>
Fee per Unit Developed <sup>(7)</sup>	\$3,051
<b>Current Fee</b>	
Fee Currently Charged per Affordable Unit <sup>(8)</sup>	\$8,833
Fee Currently Charged per Unit Developed <sup>(9)</sup>	\$1,325

1) Assumed

2) Assumed

3) Housing units requested (Item 2) less housing units allowed (Item 1) and 99 units (to account for land use amendments of 100 or more units)

4) Units subject to affordable housing (Item 3) multiplied by the inclusionary requirement of 15% (based on the County's guideline)

5) Source: Table 5

6) Units subject to affordable housing requirement (Item 3) multiplied by the fee per unit (Item 5)

7) Total fee (Item 6) divided by housing units developed (Item 2)

8) Source: Table 2

9) Source: Table 2

## V. Affordable Housing In-Lieu Fee Comparison

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A review of affordable housing in-lieu fee programs implemented in several communities in South Florida, as well as, the City of Tallahassee, suggests that the fees vary as some jurisdictions charge on a per square foot basis vs. a fixed fee per unit; some apply the fee to all residential units in the subject development while others charge per required unit.

Information related to each of the community's programs, including requirements, results, and additional affordable housing strategies/incentives are included in Appendix A.

## VI. Use of Affordable Housing In-Lieu Fee Revenues

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When implementing in-lieu fees, it is important to identify how the collected revenues will be used. Fee revenue generated from housing in-lieu fees can be used in several ways to promote and incentivize affordable housing. As mentioned previously under the BCLUP Policy 2.16.2, potential programs include assistance for new construction and/or rehabilitation, property tax abatement, expedited permitting, among others. Also, funds can be leveraged with other federal and state grants to allow for a more diverse range of programs.

The City of Hallandale Beach is currently in the process of developing impact fees for multi-modal transportation, fire rescue, law enforcement, and parks and recreation facilities. The revenue collected from affordable housing in-lieu fees could potentially be used to buy down impact fees to encourage new development to provide affordable housing units. The School District of Broward County has a program in effect to buy down school impact fees for very low income certified projects countywide, and the District is in the process of expanding this program, which should help support affordable housing programs in Hallandale Beach.

As mentioned previously, the City's Community Redevelopment Agency (CRA) includes a number of goals/policies designed to promote and incentivize affordable housing, which also align with the County's suggested programs. The Housing Element of the Comprehensive Plan recognizes that the properties located within the Hallandale Beach CRA offer the greatest opportunities to meet the City's very low and moderate income housing needs.

Goals and strategies of the CRA are important to the City's affordable housing program because the high valued home development along the waterfront is not likely to lead to affordable housing units. Instead, affordable housing units are likely be developed within the CRA, where land cost and market conditions are more favorable for lower priced homes. We understand that the City is in the process of updating the CRA Plan, which provides an opportunity to coordinate affordable housing goals/policies within CRA with the in-lieu fee revenue use.

**Table 7** presents the median, average, minimum, and maximum just value per unit for all homes, as well as, single family/townhouse, and multi-family/condominiums as reported by the BCPA Database. As shown, the average home value per unit is much greater for each type of home outside the CRA (or along the waterfront) compared to those within the CRA.

**Table 7 <sup>(1)</sup>**

**Hallandale Beach, Just Value per Unit Summary**

Statistic	All Homes			Single Family/Townhouse			Condominium/Multi-Family		
	Citywide	CRA	Outside CRA	Citywide	CRA	Outside CRA	Citywide	CRA	Outside CRA
Count	26,992	10,315	16,677	2,846	2,203	643	24,146	8,112	16,034
Median	\$163,610	\$98,540	\$202,860	\$166,950	\$140,485	\$414,695	\$162,730	\$86,557	\$196,990
Average	\$225,953	\$109,398	\$276,915	\$326,903	\$157,552	\$896,537	\$212,435	\$88,837	\$251,839
Minimum	\$15,840	\$15,840	\$22,230	\$20,230	\$20,230	\$123,100	\$15,840	\$15,840	\$22,230
Maximum	\$3,792,700	\$509,580	\$3,792,700	\$3,792,700	\$509,580	\$3,792,700	\$2,274,630	\$244,800	\$2,274,630

1) Source: Broward County Property Appraiser's (BCPA) Database

**Tables 8 through 10** includes a summary of housing unit counts that are affordable by residential type (All, SFR/TH, and Condo/MFR) and are based on the reported just value per unit within the BCPA. This analysis suggests that a larger portion of affordable homes are multi-family units rather than single family/townhouse units. Further, given the market conditions, going forward, this trend is likely to continue.

To develop the maximum affordable home price, the methodology used to determine the citywide affordable home price was adjusted for the occupancy of single family/townhomes and condo/multi-family units.

As presented in **Table 8**, 47% of all homes citywide are affordable at the 60% MFI category. However, for homes built since 2010, this number decreases to 5%. Within the CRA, the figures are 86% and 20% respectively, while outside the CRA, the number falls to 23% and 0%. This data suggest that most of the City's housing stock that is affordable are older homes. In comparison, new development includes a more limited number of homes that are affordable. As mentioned previously, given this range, the City's current requirement of 15% is a reasonable target for the City to continue to use for development that qualify under the County regulations.

**Tables 9 and 10** replicate the same analysis for single family/townhomes and condo/multi-family units.

**Table 8**  
**Count of All Homes by Affordability and Geographical Location**

Income Category	Max Affordable Home Price (w/Down Payment) <sup>(1)</sup>	Count of Units by Just Value per Unit <sup>(2)</sup>			Count of Units by Just Value per Unit <sup>(2)</sup> Built 2010 or after		
		Citywide	CRA	Outside CRA	Citywide	CRA	Outside CRA
Count of Homes <sup>(3)</sup>		26,992	10,315	16,677	427	108	319
Extremely Low (30%)	\$69,523	3,458	3,304	154	0	0	0
Very Low (50%)	\$115,871	9,810	7,475	2,335	12	12	0
60%	\$139,045	12,702	8,871	3,831	22	22	0
Low (80%)	\$185,597	17,410	9,688	7,722	100	100	0
100%	\$231,945	19,997	9,988	10,009	100	100	0
Moderate (120%)	\$278,293	22,007	10,192	11,815	106	106	0
Portion of All Homes <sup>(4)</sup>							
Extremely Low (30%)	\$69,523	12.8%	32.0%	0.9%	0.0%	0.0%	0.0%
Very Low (50%)	\$115,871	36.3%	72.5%	14.0%	2.8%	11.1%	0.0%
60%	\$139,045	47.1%	86.0%	23.0%	5.2%	20.4%	0.0%
Low (80%)	\$185,597	64.5%	93.9%	46.3%	23.4%	92.6%	0.0%
100%	\$231,945	74.1%	96.8%	60.0%	23.4%	92.6%	0.0%
Moderate (120%)	\$278,293	81.5%	98.8%	70.8%	24.8%	98.1%	0.0%

- 1) Source: Developed using the MFI of Broward County for all homes at an occupancy level of 2.16 people per household, as well as, the assumptions included in the Recommended Methodology for Supply and Demand Analysis for Broward County prepared by the Meridian Appraisal Group.
- 2) Source: Broward County Property Appraiser's Database (BCPA). Figures presented represent the total count of residential units that their just value per unit is less than or equal to the max affordable home price (Item 1) and include single family, townhomes, multi-family, and condominium units.
- 3) Source: Broward County Property Appraiser's Database (BCPA)
- 4) Count of units (Item 2) divided by the count of all homes (Item 3)

Table 9 presents the count of affordable single family/townhouse units. As shown, the portion of homes affordable at the 60% MFI citywide is 44%. This figure falls to 5% for homes built since 2010. Within the CRA, 57% of all single family/townhouse units are affordable at the 60% MFI. This figure falls to 21% for homes built since 2010. In terms of homes outside the CRA, the same figures amount to 0.5% of all single family/townhomes and 0% of homes built since 2010.

**Table 9**  
**Count of SFR/Townhouse Units by Affordability and Geographical Location**

Income Category	Max Affordable Home Price (w/Down Payment) <sup>(1)</sup>	Count of Units by Just Value per Unit <sup>(2)</sup>			Count of Units by Just Value per Unit <sup>(2)</sup> Built 2010 or after		
		Citywide	CRA	Outside CRA	Citywide	CRA	Outside CRA
Count of Homes <sup>(3)</sup>		2,846	2,203	643	427	108	319
Extremely Low (30%)	\$76,637	210	210	0	0	0	0
Very Low (50%)	\$127,457	972	971	1	16	16	0
60%	\$153,071	1,249	1,246	3	23	23	0
Low (80%)	\$204,096	1,719	1,710	9	43	43	0
100%	\$255,119	2,124	2,024	100	44	44	0
Moderate (120%)	\$306,143	2,359	2,146	213	45	45	0
Portion of SFR/Townhomes <sup>(4)</sup>							
Extremely Low (30%)	\$76,637	7.4%	9.5%	0.0%	0.0%	0.0%	0.0%
Very Low (50%)	\$127,457	34.2%	44.1%	0.2%	3.7%	14.8%	0.0%
60%	\$153,071	43.9%	56.6%	0.5%	5.4%	21.3%	0.0%
Low (80%)	\$204,096	60.4%	77.6%	1.4%	10.1%	39.8%	0.0%
100%	\$255,119	74.6%	91.9%	15.6%	10.3%	40.7%	0.0%
Moderate (120%)	\$306,143	82.9%	97.4%	33.1%	10.5%	41.7%	0.0%

- 1) Source: Developed using the MFI of Broward County for SFR/Townhomes at an occupancy level of 2.98 people per household, as well as, the assumptions included in the Recommended Methodology for Supply and Demand Analysis for Broward County prepared by the Meridian Appraisal Group.
- 2) Source: Broward County Property Appraiser's Database (BCPA). Figures presented represent the total count of residential units that their just value per unit is less than or equal to the max affordable home price (Item 1) and include single family and townhome units
- 3) Source: Broward County Property Appraiser's Database (BCPA)
- 4) Count of units (Item 2) divided by the count of all homes (Item 3)

Table 10 presents the same type of analysis for condominium/multifamily units. As shown, the portion of homes affordable at the 60% MFI citywide is 48%. This figure falls to 2% for homes built since 2010. Within the CRA, 96% of condo/multifamily homes are affordable at the 60% MFI. This figure falls to 10% for homes built since 2010. In terms of homes outside the CRA, the same figures amount to 24% and 0% respectively.

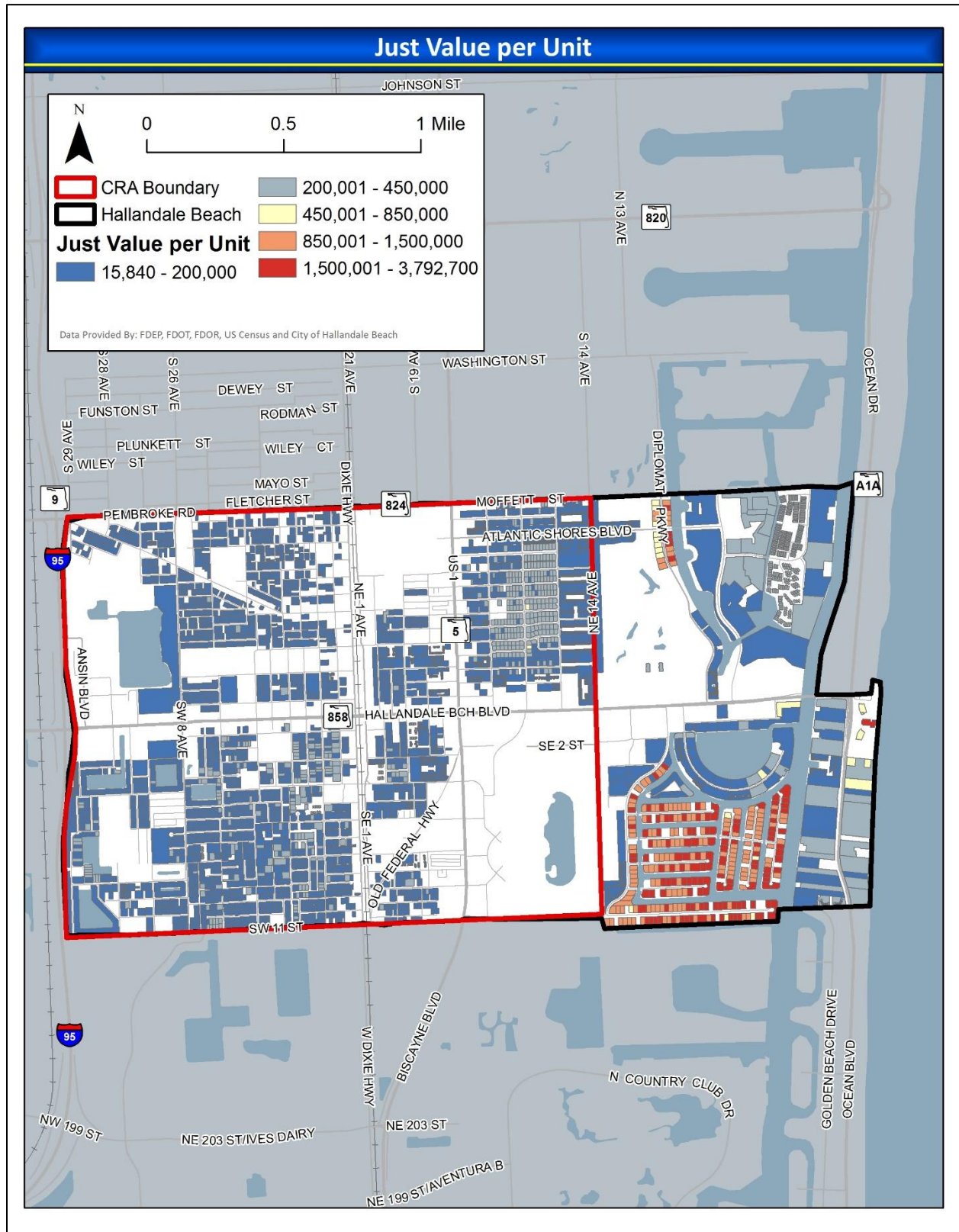
**Table 10**  
**Count of Condo/MFR Units by Affordability and Geographical Location**

Income Category	Max Affordable Home Price (w/Down Payment) <sup>(1)</sup>	Count of Units by Just Value per Unit <sup>(2)</sup>			Count of Units by Just Value per Unit <sup>(2)</sup> Built 2010 or after		
		Citywide	CRA	Outside CRA	Citywide	CRA	Outside CRA
Count of Homes <sup>(3)</sup>		24,146	8,112	16,034	361	61	300
Extremely Low (30%)	\$67,693	3,356	3,202	154	0	0	0
Very Low (50%)	\$112,821	9,013	6,678	2,335	4	4	0
60%	\$135,386	11,589	7,759	3,830	6	6	0
Low (80%)	\$180,515	15,750	8,034	7,716	57	57	0
100%	\$225,643	18,623	8,109	10,514	58	58	0
Moderate (120%)	\$270,772	19,977	8,112	11,865	61	61	0
Portion of Condo/MFR Homes <sup>(4)</sup>							
Extremely Low (30%)	\$67,693	13.9%	39.5%	1.0%	0.0%	0.0%	0.0%
Very Low (50%)	\$112,821	37.3%	82.3%	14.6%	1.1%	6.6%	0.0%
60%	\$135,386	48.0%	95.6%	23.9%	1.7%	9.8%	0.0%
Low (80%)	\$180,515	65.2%	99.0%	48.1%	15.8%	93.4%	0.0%
100%	\$225,643	77.1%	100.0%	65.6%	16.1%	95.1%	0.0%
Moderate (120%)	\$270,772	82.7%	100.0%	74.0%	16.9%	100.0%	0.0%

- 1) Source: Developed using the MFI of Broward County for Condo/MFR homes at an occupancy level of 1.94 people per household, as well as, the assumptions included in the Recommended Methodology for Supply and Demand Analysis for Broward County prepared by the Meridian Appraisal Group.
- 2) Source: Broward County Property Appraiser's Database (BCPA). Figures presented represent the total count of residential units that their just value per unit is less than or equal to the max affordable home price (Item 1) and include multi-family and condominium units.
- 3) Source: Broward County Property Appraiser's Database (BCPA)
- 4) Count of units (Item 2) divided by the count of all homes (Item 3)

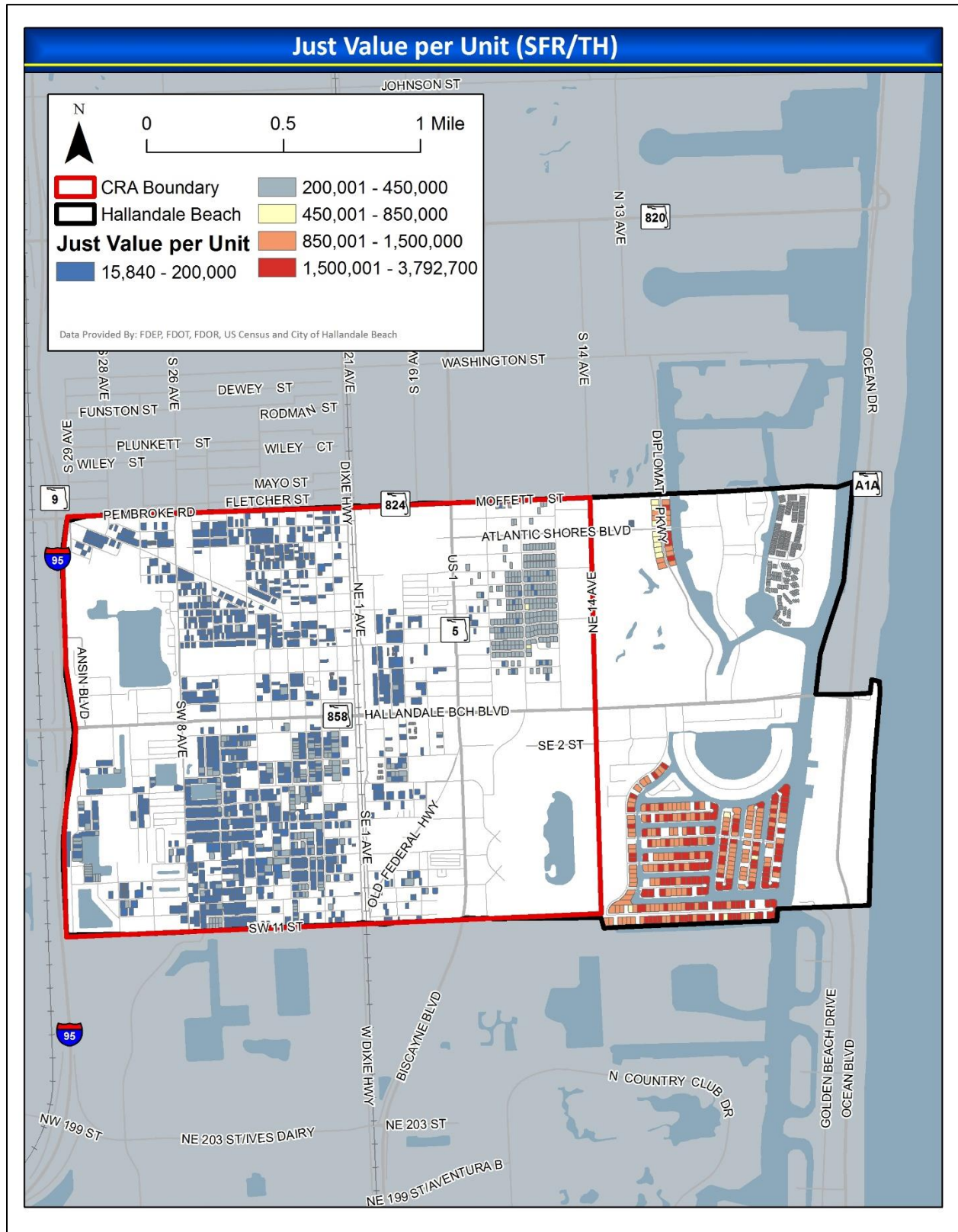
**Maps 1 through 3** on the following pages present the just value per unit homes by type. Sectioned off within each map is the CRA, as well as, section of the city outside the CRA (or along the waterfront). As expected, homes along the waterfront tend to have higher value than those within the CRA, especially for single family/townhomes.

**Map 1**  
**Just Value per Unit of All Homes – City of Hallandale Beach**





**Map 2**  
**Just Value per Unit of Single Family/Townhomes – City of Hallandale Beach**



**Just Value per Unit (Condo/MFR)**

**Legend:**

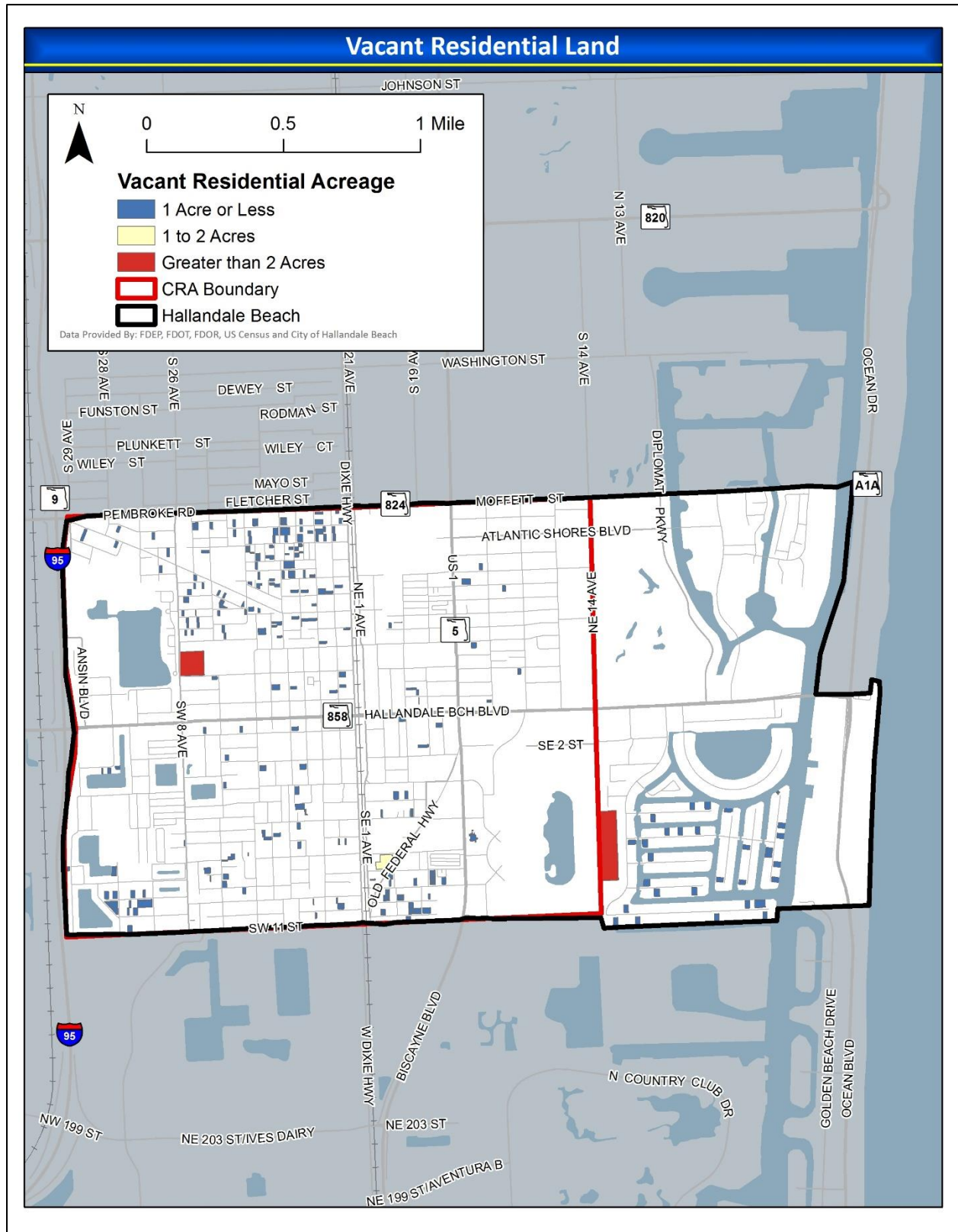
- CRA Boundary
- Hallandale Beach
- Just Value per Unit**
  - 15,840 - 200,000 (Dark Blue)
  - 200,001 - 450,000 (Light Blue)
  - 450,001 - 850,000 (Yellow)
  - 850,001 - 1,500,000 (Orange)
  - 1,500,001 - 3,792,700 (Red)

Data Provided By: FDEP, FDOT, FDOR, US Census and City of Hallandale Beach

**Map Labels:** JOHNSON ST, WASHINGTON ST, S 14 AVE, N 13 AVE, OCEAN DR, DIPLOMAT PKWY, A1A, ATLANTIC SHORES BLVD, MOFFETT ST, HALLANDALE BCH BLVD, SE 2 ST, BISCAYNE BLVD, N COUNTRY CLUB DR, GOLDEN BEACH DRIVE, OCEAN BLVD, NE 199 ST/AVENTURA B, NE 203 ST, NE 203 ST/IVES DAIRY, NW 199 ST, SW 11 ST, OLD FEDERAL HWY, SE 1 AVE, SW 8 AVE, ANSIN BLVD, PEMROKE RD, FLETCHER ST, MAYO ST, WILEY CT, RODMAN ST, DEWEY ST, FUNSTON ST, PLUNKETT ST, WILEY ST, S 29 AVE, S 28 AVE, S 26 AVE, 9, 824, 858, 5, 820, 95, 1.

**Map 4** presents the available vacant residential land by size within the City. Similar to the previous maps, the CRA boundary is sectioned off. As shown, available vacant residential land is mostly within the CRA and are smaller in size. The City's two largest vacant residential parcels include one within the CRA with 5.0 acres in size and one outside the CRA with approximately 10.2 acres in size. Almost all of the remaining available vacant residential parcels (272 parcels out of 274 parcels) are 1.0 acre or smaller in size. As such, it is highly likely that larger developments that will trigger the land use amendment will be multifamily homes, and will be in the form of redevelopment.

**Map 4**  
**Vacant Residential Land – City of Hallandale Beach**





## VII. Summary and Conclusions

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The following provides a summary of key findings of this study:

- Policy 2.16 of the BCLUP requires that land use amendments that propose to add 100 or more residential units to the existing approved densities will require affected municipalities to demonstrate that the necessary level of affordable housing is being provided.
- The County's Administrative Rules Document offers 15% of additional project housing units or \$1 per gross square foot as default guidelines, although local governments may approve different standards.
- At this time, the City of Hallandale Beach is requiring 15% of all units for developments subject to affordable housing requirements. These are typically larger developments and may be located in activity centers.
- Using the guidelines approved by the Broward County Planning Council and Broward County, the home price that qualifies as affordable housing is almost \$140,000 in Hallandale Beach.
- Approximately 50% of all existing homes are valued at or below this value and qualify as affordable housing. When the price of recent construction (homes built since 2010) is reviewed, the qualified inventory decreases to 5% of those units that were constructed over the past eight years.
- Given this range, the City's current requirement of 15% of all units appears to be a reasonable standard for the City to adopt for development that will require a land use amendment to add 100 or more residential units.
- Under this percentage, the calculated fee in-lieu per unit is \$12,143, which would be applied to all units of the development that triggers the affordable housing requirement.
- It is important for the City to develop a program that identifies how the collected revenues will be used. Examples may include assistance for new construction/rehabilitation, property tax abatement, impact fee buy down, down payment assistance program, among others.
- A review of vacant residential parcels in the city suggests that there is a limited number of vacant property (276 parcels) and most of these are small in size (272 parcels are 1 acre or smaller in size). As such, it is likely that developments that will trigger affordable housing will be of multi-family nature and part of a redevelopment project.
- Most of the future affordable housing is likely to be developed in the CRA since land values and market conditions outside of the CRA make it not feasible to develop homes

valued at \$140,000 or less. It is our understanding that the City is in the process of updating its CRA Plan, which provides an opportunity to incorporate the use of in-lieu fee revenues and/or affordable housing requirements into this revised Plan.

## **Appendix A**

### **Affordable Housing In-Lieu Fee Case Studies**

As part of this study, Tindale Oliver obtained information from seven communities and summarized their affordable housing in-lieu fee programs. More specifically, the following was reviewed:

- Structure of inclusionary requirements and fee in-lieu;
- Program's historical results; and
- Other affordable housing programs and/or incentives.

The communities surveyed include:

- City of Coral Springs, Broward County
- Town of Davie, Broward County
- City of Pompano Beach, Broward County
- City of Delray Beach, Palm Beach County
- Town of Jupiter, Palm Beach County
- Palm Beach County
- City of Tallahassee, Leon County

Throughout this summary, the following terminology is used:

- Very low income – 50% or less of the community's median household income, adjusted for family size;
- Low income – 51% to 80% of the community's median household income, adjusted for family size; and
- Moderate income – 81% to 120% of the community's median household income, adjusted for family size.
- Workforce income – 121% to 140% of the community's median household income, adjusted for family size.



## City of Coral Springs (Broward County)

### Structure of In-Lieu Fee

The City of Coral Springs requires that any residential development requiring a Comprehensive Plan amendment to add 100 units or more to the existing allowed densities to provide at least 10 percent of the units as inclusionary units restricted to occupancy by eligible households for a period of no less than 30 years. Eligible households include the full range of affordable income levels, very low to workforce housing income.

The payment of fee in-lieu of inclusionary units may be paid to the City and is currently \$1 per gross floor area of all proposed residential dwelling units. The fee is due at time of building permit issuance. Lastly, should the owner occupied inclusionary unit become non-homestead property, the inclusionary unit shall be considered the same as a unit that has been sold and the City shall be paid the shared equity.

### Program Results

Discussions with the City staff indicated that since 2006, the City has had one instance of fees paid in-lieu of providing inclusionary units. The County charged and collected the fees and dispersed the revenue to the City in 2017 in the amount of \$286,000. City staff indicated that this revenue will likely be used to leverage additional programs offered by the City, such as mortgage assistance and rehabilitation assistance.

### Other Housing Programs/Incentives

In addition to the City's inclusionary requirement of providing affordable housing units or payment in-lieu of, the City has a number of programs/incentives in place to incentivize the development and preservation of affordable housing.

In addition to local dollars, some of the programs are funded with state or federal dollars such as the State Housing Initiative Partnership (SHIP) and the Community Development Block Grant (CDBG). Examples of the additional programs offered by the City include:

- Expedited review of plans;
- Density bonuses;
- Second Mortgage Assistance (eligible household may receive up to 25 percent, not to exceed \$50,000);
- Rehabilitation assistance;
- Special assistance (designed to remove barriers and improve accessibility); and
- Disaster relief assistance.

## **Town of Davie (Broward County)**

### **Structure of In-Lieu Fee**

The Town of Davie requires all new residential development of 100 or more units to provide inclusionary units as follows:

- Within the Transit Oriented Corridor (TOC) Future Land Use designation, the minimum rate of inclusionary units shall be 15 percent.
- In all areas of the town outside of the Transit Oriented Corridor, the minimum rate of inclusionary units shall be 20 percent.

Eligible households include the full range of affordable income levels, very low to workforce housing income (which is up to 120% in the Town).

The payment of fee in lieu of inclusionary units may be paid to the City and is currently \$1 per gross floor area of all proposed residential dwelling units. The fee must be paid in one of the following methods:

- 1) Single lump sum, paid prior to the issuance of a certificate of occupancy for the first new residential unit.
- 2) For-sale units only: Incremental payments, pro-rated on a building-by-building basis as established at the time of site plan approval.
- 3) Rental units only: Incremental payments, based on an agreement acceptable to the Town attorney, providing for graduated payments based on expected project income within a period of no more than three (3) years after issuance of a certificate of occupancy.
- 4) Other such agreement approved pursuant to Article XVII Affordable Housing Incentive Program, Section 12-579 (alternative compliance).

Lastly, should the owner-occupied inclusionary unit become non-homestead property, the inclusionary unit will be considered the same as a unit that has been sold and the Town shall be paid the shared equity as if the unit were sold. If the shared equity is not paid to the Town within ninety (90) days after notice to the owner of record, the Town may place a lien against the property.

### **Program Results**

Based on discussions with Town Staff, since 2012, the Town had three proposed developments that elected to pay a fee in-lieu of providing inclusionary units. However, discussions with the Town indicated that the projects are yet to be started, and as such, the fees have not been collected.

## **Other Housing Programs/Incentives**

In addition to the Town's inclusionary requirement of providing affordable housing units or payment in-lieu of, the Town has several programs/incentives in place to encourage the development of affordable housing.

Some of these programs are funded with state or federal dollars such as the State Housing Initiative Partnership (SHIP) and the Community Development Block Grant (CDBG). The following provides some examples of these programs:

- Expedited review of plans;
- Density bonuses;
- Purchase and rental assistance programs;
- Parking and setback flexibility; and
- Construction/Rehabilitation assistance.

## **City of Pompano Beach (Broward County)**

### **Structure of In-Lieu Fee**

Based on BCLUP Policy 2.16.2, the City of Pompano Beach requires that any residential development that necessitates a Comprehensive Plan amendment to add 100 units or more to provide at least 15% of the units as inclusionary units. Furthermore, the units must be held by eligible households for a period of no less than 30 years through the use of restrictive covenants.

Additionally, the City requires applications for the use of residential flexibility or redevelopment units to provide affordable housing units or pay a fee-lieu of. The number of workforce housing units required varies by the level of income (low, moderate, or workforce (120% AMI)) and by the number of proposed units, except infill development of 1 acre or less, which are exempt.

Off-site units may be built if on-site construction is not determined to be feasible, subject to the off-site location not causing incompatibility with neighboring land uses and any future potential development patterns.

The City conducted an affordable housing fee methodology study in 2013 to develop the City's current in-lieu fee of \$15,600 per affordable unit or \$2,333 per all units subject to affordable housing requirement. The fee is to be paid to the City at the time of building permit.

## **Program Results**

Based on discussions with the City staff and a review of available data, between 2007 and November 8, 2016, approximately \$608,000 of in-lieu fees has been collected which has contributed to the City developing 4 owner occupied homes, totaling approximately \$341,100. The remaining balance of fees collected is placed in the City's Housing Trust Fund to be used for future assistance.

Discussions with the City indicated that they believe the program has been a success and the in-lieu fee revenue allowed the City to expand/preserve affordable housing to its residents. Furthermore, the current balance and future revenue will continue to allow the City to leverage local funds with State and Federal dollars to provide a complete program of affordable housing strategies.

## **Other Housing Programs/Incentives**

In addition to the City's inclusionary requirement of providing affordable/workforce housing units or payment in-lieu of, the City has additional strategies in place to incentivize and support the development and preservation of affordable/workforce housing. Similar to other jurisdictions, the City is currently leveraging state and federal funds such as the Home Investment Partnership Program (HOME), Community Development Block Grant (CDBG), and State Housing Initiatives Partnership (SHIP) to assist with their affordable housing strategies. The following list provides examples of the programs currently used by the City:

- Housing rehabilitation;
- Purchase assistance;
- New construction assistance;
- Emergency rehabilitation assistance;
- Rental and security deposit assistance; and
- Density flexibility/bonus.

## **City of Delray Beach (Palm Beach County)**

### **Structure of In-Lieu Fee**

The City of Delray Beach's workforce housing program requires developments to provide workforce units depending on the type of building request. The specific number of required units vary by request (increase in height allowance, increasing density, or obtaining maximum density)

as well as by sub-area. The following provides a summary of the specific requirements by building request and area:

- **Increase in height allowance** – Requires developments within the Southwest Neighborhood Overlay District, Carver Estates Overlay District, and the Infill Workforce Housing Area to provide 20% of residential units on the top floor as workforce housing units.
- **Increase in density** – Requires developments seeking an increase in density within the Central Business District from the base amount allowed in the West Atlantic Neighborhood Sub-district to provide 20% of the bonus units as workforce housing units.
- **Maximum density** - To obtain the maximum density within the Southwest 10th Street, Mixed Residential, Office, and Commercial (MROC), I-95/CSX Railroad Corridor, and Silver Terrace Courtyards Overlay Districts, the City requires that the development provide workforce housing units. The specific requirements include:
  - Within the Southwest 10<sup>th</sup> Street, MROC, and Silver Terrace Courtyards Overlay Districts, a minimum of 20% of residential units must be developed as workforce housing.
  - Within the I-95/CSX Railroad Corridor Overlay, a minimum of 25% of residential units must be developed as workforce housing.

In each case, workforce housing units can be provided within the development onsite, offsite, or through monetary contributions. The workforce housing units need to be at the low or moderate income levels (61% to 120% of County's AMI adjusted for family size).

For each required workforce housing unit, the developer may make a monetary contribution in the amount of \$160,000 per required unit in lieu of providing the workforce housing unit within the development.

Finally, the City requires that the units developed shall remain affordable for a period of no less than 40 years commencing from the date of initial occupancy. Deed restrictions or restrictive covenants are placed in legally binding agreements and must be approved by the City Attorney prior to recording.

### **Program Results**

Discussions with the City indicated that since the program's 2006 inception, a total of 352 units have been developed under the inclusionary requirements. Of the 352 units, 20 were owner occupied homes and the remaining 332 units were rentals. Furthermore, the City has 5 additional owner occupied homes proposed to be built.

The City had one case where the developer paid fees in-lieu of developing units for a total of \$1.4 million. This revenue is currently within City's Housing Trust Fund and is expected to be supplemented with SHIP funds to assist with the City's workforce housing strategies.

The City staff indicated that the program has been successful in meeting some needs, but currently demand is greater than supply. Additionally, staff indicated that it is important to develop partnerships (such as with Habitat for Humanity) for continued success.

### **Other Housing Programs/Incentives**

In addition to the City's inclusionary requirement of providing workforce housing units or payment in-lieu of, the City has several strategies in place to incentivize and support the development and preservation of workforce housing. The following list provides examples of these programs:

- Expedited permitting;
- Density bonus;
- Parking and setback flexibility;
- Housing assistance (rehabilitation and purchase);
- Land acquisition;
- Disaster relief assistance;
- Foreclosure assistance;
- Rental assistance;
- Waiver of building permit fees;
- Reservation of infrastructure capacity; and
- Acquisition and/or rehabilitation of bank-owned foreclosure properties (through the Neighborhood Stabilization Program (NSP)). Program funds have been exhausted, but City Staff indicated the funds have helped with the acquisition of and/or rehabilitation of nearly 42 homes.

In addition to local funds, the City is utilizing federal and state grants, such as the Community Development Block Grant (CDBG), State Housing Initiatives Partnership (SHIP), Residential Construction Mitigation Program (RCMP) and Disaster Recovery Initiatives (DRI) Programs for its funding.

## **Town of Jupiter (Palm Beach County)**

### **Structure of In-Lieu Fee**

The Town of Jupiter's inclusionary housing program requires that any residential development of ten dwelling units or more to provide 6% or more of units as workforce housing units. In addition, any residential development that is applying for a land use amendment and/or rezoning to increase density is required to develop 20% of the dwelling units associated with the increased density as workforce housing dwelling units. The Town indicated that an ordinance has recently been passed allowing for the required units to be built off site to address developers' concerns with producing on-site workforce housing units alongside market rate units selling for \$1,000,000 or more.

Development may make a payment of fee or donation of land in lieu of developing units. The fee in lieu is currently \$200,000 for each workforce housing dwelling unit offered for-sale, or \$150,000 for each rental workforce housing dwelling unit. All fees collected are deposited into the Town's Housing Trust Fund and must be paid prior to issuance of the first building permit. In the case of land donation, the value of land must be equal in value to the applicable in-lieu fee.

The Town requires a covenant to be recorded in the public records of Palm Beach County for any real property which has been developed as for-sale workforce housing or rentals.

For sale housing must be owned by low (60-80% of AMI), moderate (80-120% of AMI), or middle (120-140% of AMI) income households for a period of 99 years.

Rental housing must be rented to low, moderate-low (80-100% of AMI), or moderate-high (100-120% of AMI) income eligible households for a minimum period of 30 years.

### **Program Results**

Discussions with the Town indicated that since the program's inception in 2015, three developments triggered the obligation to build workforce housing units or pay a fee-lieu of. Of the three developments, one opted to develop three off-site housing units. The other two developments have the option of either developing two workforce housing units each or pay a total in-lieu fee of \$400,000 each, but no action has taken place to date.

### **Other Housing Programs/Incentives**

In addition to the City's inclusionary requirement of providing workforce housing units or payment in-lieu of, the City has a number of additional strategies in place to incentivize and support the development and preservation of workforce housing.

Of the communities reviewed, the Town of Jupiter is unique in that it is the only one with both a mandatory workforce housing program and a non-residential development linkage fee. In addition to local funds generated, the Town is also using the Community Development Block Grant (CDBG) for funding of workforce housing programs. The following list provides some examples of the programs currently used by the City.

- Linkage Fees - All new commercial and industrial development exceeding 10,000 square feet of gross floor area, or development which expands or redevelops existing commercial or industrial development by more than 10,000 square feet of new gross floor area is required to pay a linkage fee of \$1 per square foot. Discussions with the Town indicated that since 2015, a total of \$25,650 from linkage fees has been collected and \$181,710 are yet to be paid.
- Density bonus.
- Homeowner and homebuyer assistance program which include:
  - Purchase assistance;
  - Grants or loans to assist in rehabilitation; and
  - Grants for minor exterior rehabilitation.
- Flexible traffic performance standards.

## **Palm Beach County**

### **Structure of In-Lieu Fee**

Palm Beach County's mandatory inclusionary workforce housing program requires developments of 10 or more dwelling units located within the Urban/Suburban Tier in Unincorporated Palm Beach County to set-aside a number of workforce housing units or make a cash contribution in-lieu of or donate land of equal value to the fee. The specific number of workforce housing units required varies by the number of bonus units pursued, type of development (standard or planned unit development), and the level of density allowed by zoning.

Currently, the County's in-lieu fee is set at \$81,500 per required owner-occupied unit and \$50,000 per required rental unit. The County's in-lieu fee was determined by a combination of a technical study conducted in 2006 and discussions between the Board of County Commission and local developers.

Eligible households include those with income ranges between 60 percent and 140 percent of the County AMI, adjusted for family size.



Lastly, the County requires a 7-year or 15-year affordability period for owner-occupied units, depending on if bonus density is sought, and a 30-year period for rental units. A deed restriction is placed on the property to guarantee affordability.

### **Program Results**

Discussions with County representatives indicated that since the program's inception in 2006, approximately 1,300 rental units were developed for workforce housing income eligible families. Additionally, the County indicated that there are a number of apartment and townhome units on the verge of producing more workforce housing units, totaling approximately 750 rental units and townhomes.

Furthermore, the County accumulated approximately \$4 million of fund balance. Although the fund balance has not yet been used, it is intended to be used of repurchase assistance and possibly fee reductions in the future.

### **Other Housing Programs/Incentives**

There are several other incentive programs to promote and preserve affordable/workforce housing offered by Palm Beach County. Some of the programs available are funded with federal and state dollars such as State Housing Initiatives Partnership (SHIP), Community Development Block Grant (CDBG), and the Home Investment Partnerships (HOME) program. The following list provides some examples of the additional programs offered by Palm Beach County.

- Impact fee discounts (County pays portion of road, public buildings, and parks impact fees);
- Expedited permitting;
- Density flexibility which allows greater density levels that would encourage the creation of affordable housing;
- Transfer of development rights program;
- Purchase assistance;
- Rehabilitation assistance;
- Replacement housing assistance; and
- Emergency repairs assistance.

### **City of Tallahassee (Leon County)**

#### **Structure of In-Lieu Fee**

The City of Tallahassee passed an ordinance in 2005 that requires developments within the urban services area, selected census tracts, zoning districts that implement the planned development

future land use category, and developments of regional impact (DRI) with 50 or more residential dwelling units to set aside 10 percent of their units at an affordable price.

The City also requires that all inclusionary housing units meet the following requirements:

- 1) All housing units produced to satisfy the inclusionary requirement shall be sold for no more than the maximum purchase price established in the Local Housing Assistance Plan (LHAP) adopted by the City Commission; and
- 2) The average sales price of all units produced to satisfy the inclusionary requirements shall not exceed the average sales price (\$159,379) established by the City Commission.

Eligible households include those earning 70 percent to 100 percent of the Tallahassee Metropolitan Statistical Area (TMSA) AMI, adjusted for size, based upon the most recently published Census or HUD data. Multifamily units constructed for rental purposes are not subject to the City's inclusionary requirements; however, multifamily units constructed for rental purposes may be provided to satisfy certain requirements for inclusionary housing.

As an alternative to developing the inclusionary units, an owner or developer may pay a fee in-lieu to the City. The fee rate varies by the following criteria:

- For developments where the average sales price of all housing units is greater than 100 percent of the average sales price (ASP) but less than 110 percent of ASP, the fee is \$10,000 per required unit;
- For the developments where the average sales price of all housing units is greater than 110 percent of ASP and less than or equal to 175 percent of ASP, the fee is \$15,000 per required unit;
- For the developments where the average sales price of all housing units is greater than 175 percent of ASP and less than or equal to 225 percent of ASP, the fee is \$20,000 per required unit; and
- For developments where the average sales price of all housing units is greater than 225 percent of the ASP, the fee is \$25,000 per required unit.

Additionally, as opposed to developing inclusionary units or paying the fee in-lieu of, the developer or owner may also provide multi-family rental units at a rate of 1.5 rental units per owner occupied unit or provide residential lots in-lieu of the inclusionary requirements.

## **Program Results**

Discussions with the City indicated that their program has not recently been used. The most recent available data that could be provided indicated that between 2005 and 2008, the inclusionary program required 1,016 homes to be built, of which 406 were owner occupied and

610 were renter occupied. Of the total units, 1,006 of them were developed as part of two large developments, one being a Planned Unit Development (PUD) of more than 1,500 homes and the other a Development of Regional Impact (DRI) with 2,800 homes.

### **Other Affordable Housing Programs**

In addition to the City's inclusionary requirement of providing affordable/workforce housing units or payment in-lieu of, the City has a number of additional programs currently in place to incentivize and support the development and preservation of affordable/workforce housing. Currently, the City is utilizing the Community Development Block Grant (CDBG), Home Investments Partnership Programs Grant (HOME), and State Housing Initiatives Partnership (SHIP) along with their local funds to fund their housing programs. Some of the programs/incentives currently employed by the City include:

- Purchase assistance;
- Owner occupied rehabilitation assistance;
- Assistance for persons with disabilities;
- Acquisition rehabilitation program (rehab of vacant single family homes);
- Acquisition and new construction program;
- Disaster relief assistance;
- Disaster mitigation program;
- Emergency repair program;
- Ongoing review process;
- Water and sewer fee exemption;
- Density bonus for providing inclusionary housing; and
- Allowance of accessory dwelling units in residential districts.