



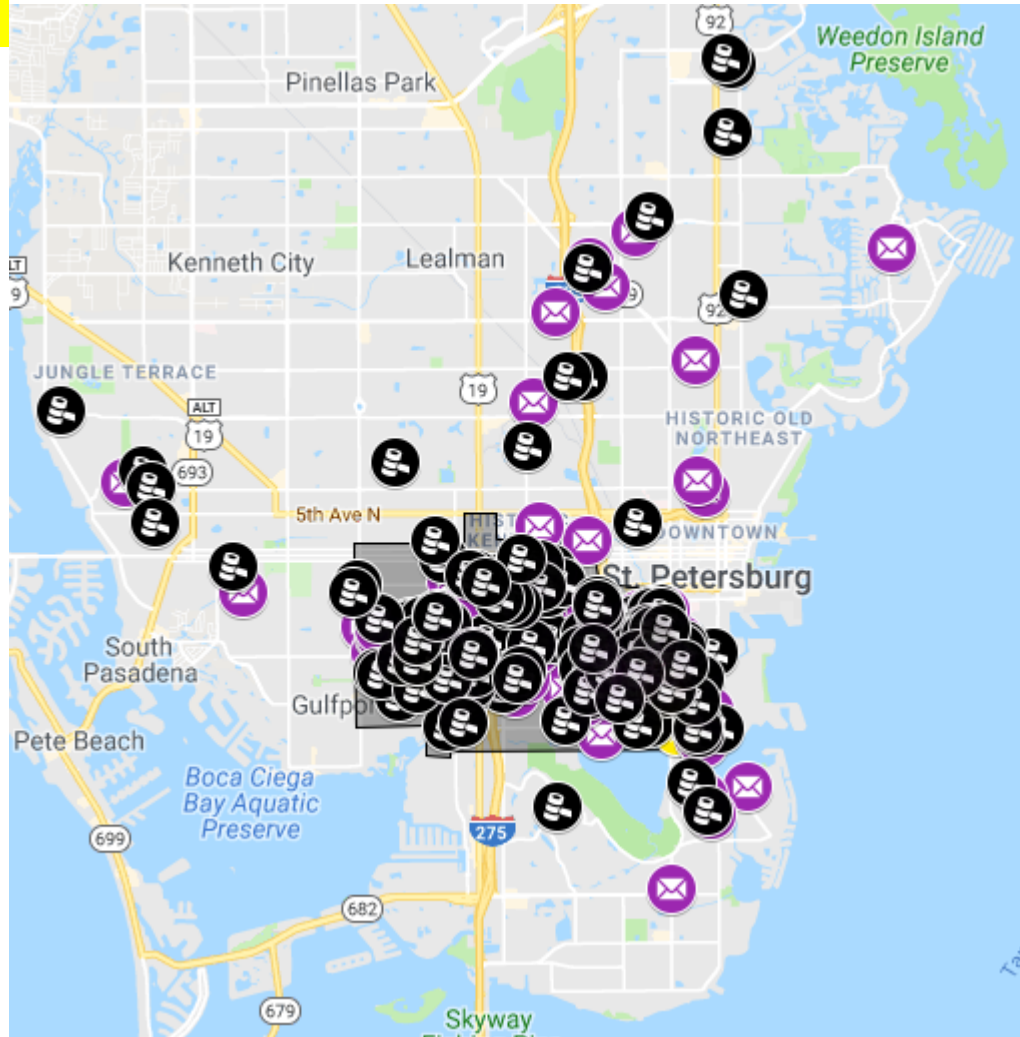
Foreclosure Lot Disposition & Linkage Fee

Dead Property Initial Analysis

- 284 Properties with \$10k or more in assessments and Just Market Value of Less Than \$10k
 - 257 (90%) Vacant Lots
 - 27 (10%) Have Structures
 - Average: \$21,656 in assessments per property
 - Average: 15 Assessments per property
- 86 Properties with \$5k or more in assessments and Just Market Value of Less Than \$5k
 - 63 (73%) Vacant Lots
 - 23 (27%) Have Structures
 - Average: \$2,658 in assessments per property
 - Average: 10 Assessments per property



Foreclosure Program



Settlement Agreement	38
Foreclosed and sold at judicial auction	155
Liens paid prior to auction	45
Foreclosure complaint filed	19
Demand letter sent prior to foreclosure complaint	80
Total	337



Foreclosure Program

Process

- Demand letter mailed to owners.
 - 30 days to satisfy liens before case is forwarded to outside attorney to file for foreclosure.
- Programs available for lien reduction/forgiveness for owners who did not cause liens.
 - Option A – Forgiveness of special assessment lien interest if principal is paid in full.
 - Option B – Offer of deed to City in lieu of special assessment liens.
 - Option C – Principal reduction when just market value is less than special assessment lien principal amount.
 - Option D – Forgiveness of special assessment principal and interest and Code Enforcement Board liens if new structure is constructed and receives certificate of occupancy within 12 months.
 - Stipulated Lien Waiver Agreement – Waiver of all Code Enforcement Liens if property is brought into full compliance with property maintenance standards.



Foreclosure Program

Benefits

- Over 50% reduction in the number of Codes cases filed against properties that have been foreclosed and sold
- 70% reduction in the number of abatement actions required to maintain properties (lot clearing, securing, etc.)
- 25 % of properties have pulled permits or began construction/ improvements
- Funds from program exceed cost required to foreclose

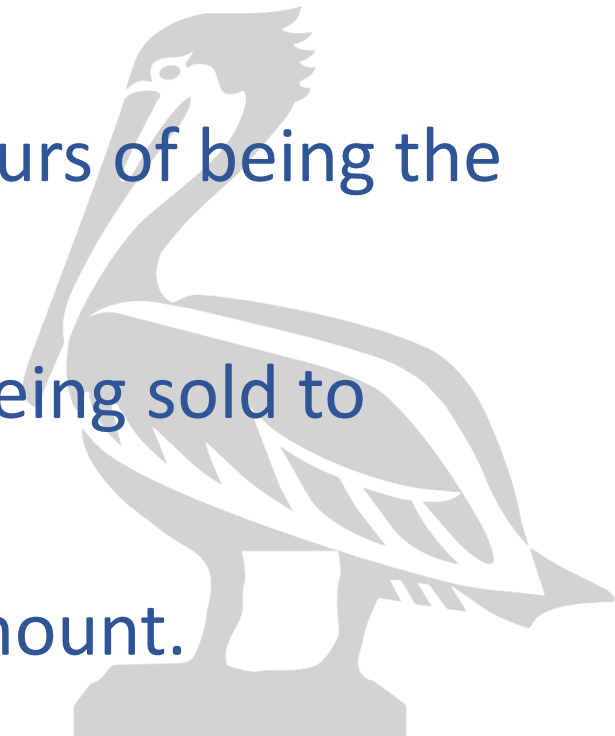
Funds received from foreclosure or settlement payments	\$2,129,273
<u>Hard Costs and Expenses</u>	<u>\$752,074</u>
Net amount	\$1,377,199



Affordable Housing Initiative

Community Outreach

- Met with several non-profits and discussed the challenges they experienced with obtaining affordable lots to build on.
- Speculators buying and selling at a price higher than they could compete with.
- Auctions required payment to be made within 24 hours of being the successful bidder.
- No control on how property were being used after being sold to highest bidder.
- Outstanding taxes must be paid in addition to bid amount.



Lot Disposition Program

Development



- Feedback from community outreach led to development of the Lot Disposition Program combining our ability to successfully foreclose on properties utilizing final judgements to credit bid for properties.
- Obtaining such lots provides the ability to control how lots are disposed, developed, and maintained as affordable housing moving forward.



Lot Disposition Program

Procedure

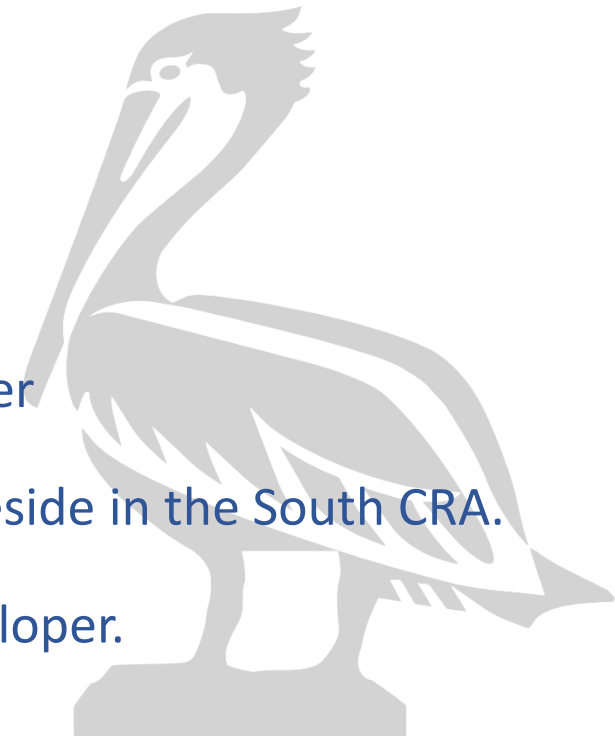
- Selected foreclosure properties to be included in lot disposition program are brought before City Council to be confirmed for inclusion in program.
- Developers interested in acquiring property through the lot disposition program apply to be approved for the program based on the following criteria:
 - Must be solvent.
 - Legally entitled to own/operate a business in Florida.
 - Financial ability to build home.
 - Basic business acumen to manage home construction from start to finish.



Lot Disposition Program

Procedure

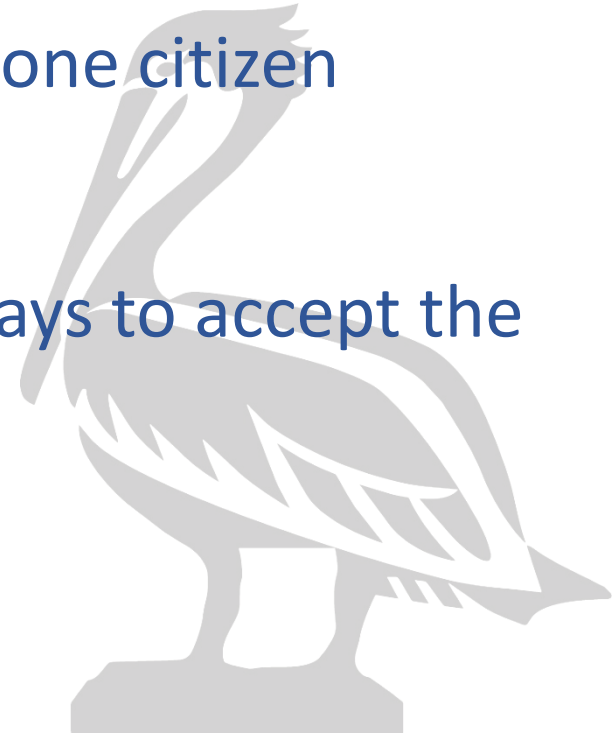
- Approved developers are notified of available lots and must submit property request 30 days prior to lot disposition committee meeting.
- Applications are scored on a point matrix approved by committee based on the following factors:
 - Non-profit developer
 - Timeframe to complete construction
 - Experience assisting borrowers in sales limited by income eligibility
 - Prior home construction experience or partnership with experienced builder
 - Commitment to hire contractors, subcontractors and other laborers who reside in the South CRA.
 - Other work or construction within close proximity of lot requested by developer.



Lot Disposition Program

Procedures

- Lots are disposed at quarterly public committee meetings in which the applicant with the highest score is awarded property after review by committee members.
- Committee consist of two administrative employees and one citizen selected by the Mayor or his designee.
- After applicant is notified of selection, they have seven days to accept the property and 30 days to execute the lease.



Lot Disposition Program

Lease

- 99 year lease with option to purchase.
- Nominal rent for the first 18 months, \$10 per month.
- After 18 months, rent increases to \$500 per month.
- Home must be sold to a qualified homebuyer at 120% of AMI or below.
- Restricted Covenant – limits resale to income eligible buyers for 7 years or the current required number of years for homebuyer assistance, if provided.
- At closing, qualified homebuyer shall exercise option to purchase and City will transfer title to qualified homebuyer.
- \$4,000 is paid to City from closing funds. Remainder of funds are transferred to developer.



Lot Disposition Program

Results

- 8 lots initially approved by Council to be included in the program.
- 4 lots were requested and awarded to approved developers.
- Additional lots will be acquired through foreclosure process and approved by Council to be included in the program.
- Updates made to process after first committee meeting and disposal of properties.



Linkage Fee – Nexus Study

- **What are linkage/mitigation fees?**
 - **Linkage fees are a means for local government to collect monies to help support affordable housing. These fees, collected from market rate residential development and non-residential development, are placed in a trust fund to provide for the construction and maintenance of affordable residential units.**



Linkage Fee – Nexus Study

Legal Requirement for a Nexus

- Under Florida law, there must be a rational relationship between the linkage/mitigation fee imposed and the impact of new construction on the need for affordable housing.



Linkage Fee – Nexus Study



Development of residential units



Construction workers & operations and maintenance workers



Demand for affordable housing



Development of non-residential buildings



Construction workers & workers at new development



Demand for affordable housing

Creates demand for labor

Workers can't afford housing

Linkage Fee – Nexus Study

- **Local governments must determine the need new market rate residential and non-residential developments create for housing that is affordable to the workforce, as a legal basis for establishing a workforce housing mitigation program**
- **Affordable housing study for workforce – a nexus study provides the required information for the workforce housing need created by new developments and provides statistical support for the fee calculation**
- **Fee is typically calculated on a square foot basis or a per unit basis for residential**



Linkage Fee – Nexus Study

Other Communities

Entity	Pop.	Year	Type of Fee	Amount	Fee Collection and Administration	Fee Alternatives	Added Incentive	Exemptions
Winter Park, FL ⁸	30,208	1990	Commercial and Residential	\$0.50 per sq. ft.	Funds have gone to a number of not-for-profit groups in the community including Habitat for Humanity, the Hannibal Square Community Land Trust and the Winter Park Housing Authority to help fund homes in Winter Park.			Affordable housing; nursing homes; ALF; civic institutions
Jupiter, FL ⁹	63,813	2015	Commercial and Industrial Development exceeding 10,000 sq. ft.	\$1.00 per sq. ft. after the first 10,000 sq. ft.	Collected at the time of issuance of new building permit and deposited into housing trust fund. The fees in the Housing Trust Fund may be used for the following: (a) Second mortgage assistance; (b) Down payment assistance to eligible households; (c) Acquisition and construction of Workforce Housing dwelling units; (d) Resale gap for Workforce Housing dwelling units; (e) Enhancement of county, state and federal affordable housing programs; (f) Rehabilitation of existing Workforce Housing dwelling units; and (g) Administrative functions necessary for this program.			Education, religious, charitable or government use Target industries

⁸ City of Winter Park, FL. *Housing*. <https://cityofwinterpark.org/departments/planning-community-development/housing/>. Accessed on June 14, 2018.

⁹ Town of Jupiter. Memo (2015). https://www.jupiter.fl.us/DocumentCenter/View/7347/Tab_4. Accessed on June 14, 2018.

Entity	Pop.	Year	Type of Fee	Amount	Fee Collection and Administration	Fee Alternatives	Added Incentive	Exemptions
Coconut Creek, FL ¹⁰	59,405	2006	All Non-Residential	Industrial \$0.37 per sq. ft. Commercial \$1.36 per sq. ft. Office \$0.15 per sq. ft. Hotel \$2.42 per sq. ft. Limited service hotel \$0.70 per sq. ft.	Collected at the time of issuance of new building permit.	A developer of non-residential project or mixed-use project may construct affordable housing units, upon approval of developer's agreement by city commission.		Education, religious, charitable or government use

¹⁰ Municode, Coconut Creek, Florida. Ord. No. 2006-005, § 2, 3-9-06.

https://library.municode.com/fl/coconut_creek/codes/code_of_ordinances?nodeId=CD_ORD_CH13LADECO_ARTIADREPR_DIV5IMFE_S13-112AFHOLIFE. Accessed on June 14, 2018.

Entity	Pop.	Year	Type of Fee	Amount	Fee Collection and Administration	Fee Alternatives	Added Incentive	Exemptions
Arlington County, VA ¹¹	229,164	2006	Commercial only	\$1.77 per sq. ft. indexed to Consumer Price Index (CPI) and adjusted annually		May build units if preferred.		
Boston, MA ¹²	673,184	1987	Large scale Commercial, Retail, Hotel or Institutional seeking zoning relief	\$10.01 per square foot after the first 100,000 square feet, with \$8.34 per square foot designated for housing and \$1.67 for job training; indexed to CPI and increased every three years.	Linkage payments are split into two trust funds. Fees are paid on either a 7-year (downtown) or 12-year (neighborhood) schedule, usually beginning at issuance of a building permit. To address concerns over concentrations of poverty, Boston requires at least half of its fee revenues to be invested in neighborhoods that have less than the citywide average of affordable housing or have a demonstrated need for producing or preserving affordable housing.	May build units if preferred.		

¹¹ ArlingtonVA.us. *Housing*. <https://housing.arlingtonva.us/development/land-use-zoning-tools/>. Accessed on June 14, 2018.

¹² Boston Municipal Research Bureau (2015). *City's Linkage Program under Review*. <http://bmr.org/citys-linkage-program-under-review/>. Accessed June 14, 2018.

Entity	Pop.	Year	Type of Fee	Amount	Fee Collection and Administration	Fee Alternatives	Added Incentive	Exemptions
Denver, CO ¹³	693,060	2017	All new development and new additions	Multi-unit dwellings, \$1.55 Single-unit, two-unit or any primary residential use other than multi-unit Dwellings, \$0.62 Commercial sales, services and repair, \$1.76 Civic, public or institutional, \$1.76 Industrial, manufacturing and wholesale, \$0.41 Agricultural, \$0.41 Indexed to CPI and adjusted annually.	Due in full before building permits will be issued. The fund will support permanent housing and supportive services for at-risk residents, low- and moderate-income workforce rental housing, and moderate-income for-sale housing.	An applicant for a building permit has the option of including affordable housing units either on, or within a quarter-mile radius of, the subject property, according to a set formula.		*ADUs *Charitable or religious organization with deed restriction or commercial project that provides social services *Lack of employment impact *Reconstruction of building destroyed by disaster *Affordable housing project *Government building

¹³ City and County of Denver. *Affordable Housing Fee*. http://www.denvergov.org/content/denvergov/en/denver-development-services/help-me-find-/Development-Services-updates/affordable_housing_fee.html. Accessed on June 14, 2018.

Entity	Pop.	Year	Type of Fee	Amount	Fee Collection and Administration	Fee Alternatives	Added Incentive	Exemptions
Boulder, CO ¹⁴	108,090	2018 (2021)	All Non-Residential	Retail/restaurant: \$20 Office: \$30 Hospital: \$20 Institutional: \$10 Warehousing: \$10 Light Industrial: \$17.50 (Phased in over three years)	New construction – prior to final inspection; Additions – at building permit			Non-profit/government uses provided relief.
Seattle, WA ¹⁵¹⁶	704,352	2015	Commercial only	\$8.00 to \$17.50 per square foot in the Downtown and South Lake Union urban centers, depending on the zone their project is in. Elsewhere, they will pay \$5 to \$10. Linked to upzones. Paid on all sq. footage in the building, included added FAR.	The fees will go into a fund managed the Seattle Office of Housing for both preserving and building affordable housing. Some money will be competitively awarded to developers who build units with rent restrictions based on the tenants' income. Developments favorable for funding will be located in urban villages, near frequent transit service, and in communities threatened by economic displacement.	Commercial developers could choose to include affordable units in their commercial building as a mixed-use project or commit to building affordable units elsewhere within	Amount of commercial development allowed increased by one Floor Area Ratio (FAR)	Exemptions for the first 4,000 square feet of required commercial space where buildings front designated pedestrian streets.

¹⁴ City of Boulder. *Council Agenda Item: meeting date on April 17, 2018*. https://www-static.bouldercolorado.gov/docs/Commercial_Linkage_Fee_4172018-1-201804151102.pdf?_ga=2.73024403.1243729710.1528900838-1583373531.1528900838. Accessed on June 14, 2018.

¹⁵ The Urbanist (2015). *How Seattle's Mandatory Affordable Housing Program Will Work*. <https://www.theurbanist.org/2015/10/01/how-seattles-mandatory-affordable-housing-program-will-work>. Accessed on June 14, 2018.

¹⁶ Seattle.gov. *Housing Affordability and Livability*. [http://www.seattle.gov/hala/about/mandatory-housing-affordability-\(mha\)](http://www.seattle.gov/hala/about/mandatory-housing-affordability-(mha)). Accessed on June 14, 2018.

Linkage Fee – Nexus Study

2007 Nexus Study

- **Included St. Petersburg, Pinellas County, Largo & Clearwater**
- **Scope of Work**
 - **Housing Need and Market Conditions**
 - **Demographics**
 - **Housing Stock**
 - **Rental Housing**
 - **For-Sale Housing**
 - **Housing Affordability**
 - **Inclusionary Zoning Analysis**
 - **Return on Investment**
 - **Development Costs**
 - **Recommended Requirements**



Linkage Fee – Nexus Study

2007 Nexus Study

- **Scope of Work**
 - **Linkage Fee**
 - **Commercial Nexus Analysis**
 - **Residential Nexus Analysis**
 - **Linkage Fee Analysis**



Linkage Fee – Nexus Study

2007 Nexus Study

- Linkage Analysis

Table 18: Recommended Commercial Development Linkage Fee

Land Use	Maximum Allowable Fee per Sq. Ft.	Average Hard Construction Cost per Sq. Ft.	Maximum Fee as Percent of Hard Cost	Recommended Fee as Percent of Hard Cost	Recommended Fee per Sq. Ft.
Office	\$106.01	\$84	126%	3%	\$2.50
Industrial	\$59.76	\$45	133%	3%	\$1.40
Retail	\$81.75	\$58	141%	5%	\$2.90
Full-Service Hotel	\$50.53	\$82	62%	3%	\$2.50
Limited-Service Hotel	\$13.57	\$84	16%	2%	\$1.70

Sources: *R.S. Means Square Foot Costs*, 2007; BAE, 2007.



Linkage Fee – Nexus Study

2007 Nexus Study

100 Units of For-Sale Housing

Key Inputs	Extremely Low Income (15% to 30%)	Very Low Income (31% to 50%)	Low Income (51% to 80%)	Below Median (81% to 100%)	
Cost to Produce One Affordable Unit	\$200,000	\$200,000	\$200,000	\$200,000	
Average Subsidy Per Affordable Unit ²	\$125,000	\$125,000	\$30,000	\$0	
Capitalized Value of Affordable Rents	-\$45,000	-\$10,000	\$40,000	\$90,000	
100 New Ownership Units	Extremely Low Income (30 % or less)	Very Low Income (31% to 50%)	Low Income (51% to 80%)	Below Median (81% to 100%)	Total
Unit Demand by Income Level	0.9	3.0	7.6	5.5	17.0
Cost to Produce Units	\$180,000	\$600,000	\$1,520,000	\$1,100,000	\$3,400,000
Total Subsidy	\$112,500	\$375,000	\$228,000	\$0	\$715,500
Total Ability to Pay	-\$40,500	-\$30,000	\$304,000	\$495,000	\$728,500
Affordability Gap	\$108,000	\$255,000	\$988,000	\$605,000	\$1,956,000
Maximum Linkage Fee Per 100 Unit Ownership Development	\$1,956,000				
Maximum Linkage Fee Per Unit	\$19,560				

Linkage Fee – Nexus Study

2007 Nexus Study

100 Units of New Rental Housing

Key Inputs	Extremely Low Income (15% to 30%)	Very Low Income (31% to 50%)	Low Income (51% to 80%)	Below Median (81% to 100%)	
Cost to Produce Affordable Unit	\$200,000	\$200,000	\$200,000	\$200,000	
Average Subsidy Per Affordable Unit ²	\$125,000	\$125,000	\$30,000	\$0	
Capitalized Value of Affordable Rents	-\$45,000	-\$10,000	\$40,000	\$90,000	
100 New Rental Units	Extremely Low Income (30 % or less)	Very Low Income (31% to 50%)	Low Income (51% to 80%)	Below Median (81% to 100%)	Total
Unit Demand by Income Level	0.3	0.9	2.3	1.7	5.2
Cost to Produce Units	\$60,000	\$180,000	\$460,000	\$340,000	\$1,040,000
Total Subsidy	\$37,500	\$112,500	\$69,000	\$0	\$219,000
Total Ability to Pay	-\$13,500	-\$9,000	\$92,000	\$153,000	\$222,500
Affordability Gap	\$36,000	\$76,500	\$299,000	\$187,000	\$598,500
Maximum Linkage Fee Per 100 Unit Ownership Development	\$598,500				
Maximum Linkage Fee Per Unit	\$5,985				

Linkage Fee – Nexus Study

- **Scope of Work for New Nexus Study**
 - **Housing Market Affordability Analysis**
 - **Development Feasibility**
 - **Comparison of current fees to surrounding communities**
 - **Nexus Analysis and Maximum/Recommended Fees**
 - **Report Presentation to Public and City Council**
 - **Appendix with Information on Jurisdictions with Linkage Fees**



Linkage Fee – Nexus Study

RESIDENTIAL APPLICATION TYPE	# ISSUED	SQ FT	COMMERCIAL APPLICATION TYPE	# ISSUED	SQ FT
NSFA	197	423,374	MIX(live work/or retail office condo	4	3,307
DUPLEX	2	5,009	MIXM (mixed use retail/office/res 2+units)	1	750,482
ADU	23	17,134	NNON	43	1,194,255
MULTI FAMILY 3-4 UNITS	2	12,515	NOFF	3	70,907
MULTI FAMILY 5+ UNITS	7	308,015	NONH	1	106,918
NSFR	225	581,296	NPKG	2	187,024
NSFF	2	3,208	NSTO	5	117,053
TOTALS	458	1,350,551	TOTALS	59	2,429,946

NNON OTHER NON RESIDENTIAL BUILDINGS - NEW
 NOFF OFFICES, BANKS & PROFESSIONAL - NEW
 NONH RESIDENTIAL NONHOUSEKEEPING - NEW
 HOTL/M
 NPKG PARKING GARAGES - NEW
 NSFA SINGLE FAMILY RESIDENCE ATTACHED, NEW
 NSFF SINGLE FAMILY RESIDENCE, NEW <1400SF FLA
 NSFR SINGLE FAMILY RESIDENCE, NEW
 NSTO STORES & CUSTOMER SERVICES - NEW

2017 Construction Permits



Linkage Fee – Nexus Study

- **Linkage fee considerations**
 - **Conducting a nexus study**
 - Cost
 - Time
 - Focus – sq. foot basis
 - **Establishing exemptions**
 - Affordable housing
 - Accessory Dwelling Units
 - Dwelling units under a certain size
 - **Setting fee amount**
 - **Establish Alternatives**
 - Construct affordable housing
 - **Establishing when fee is paid**
 - **Deciding how money will be used**
 - Land acquisition
 - Subsidize construction
 - Home buyer assistance including over 120% AMI
 - Administrative costs



Linkage Fee – Nexus Study

- **Public Outreach**
 - **Emerging Leaders Meeting 6.7.18**
 - **Housing Development & Affordability Meeting 6.26.18**
 - **C.O.N.A Meeting 7.18.18**
 - **Housing Affordability Meeting 8.7.18**
 - **ISAP Summit Meeting 8.14.18**
 - **Pinellas County Realtors Meeting 8.22.18**
 - **Chamber of Commerce Meeting 8.29.18**
 - **New Deal St. Petersburg 10.9.18**
 - **Developer Meeting – 10.18.18**



Linkage Fee – Nexus Study

- **Next Steps**
 - RFP issued
 - Evaluate responses and bring to Council Committee
 - Conduct study if approved by Council Committee
 - Use results of study for public outreach and Council discussion
 - Make decision on establishing a linkage fee

