

Chair Orshefsky welcomed the Committee's new member, Margi Northard. Ms. Northard introduced herself and noted that she is an architect.

II. APPROVAL OF MINUTES – MAY 14, 2018

Motion made by Vice Chair Walters, seconded by Mr. Jernigan, to approve. In a voice vote, the **motion** passed unanimously.

III. OLD BUSINESS

Chair Orshefsky stated that on July 9th, the Committee would be going through the presentation to be presented to the City Commission. Specific language for some of the recommendations discussed at the last meeting would be reviewed as well as additional recommendations, many of which were in the report previously, but not specifically discussed. During the last meeting it was noted that there should be discussion of inclusionary zoning and how it related to this endeavor. It was noted that Staff from Sustainable Development was present.

Mr. Hetzel mentioned a Joint Workshop a couple of years ago with the Planning and Zoning Board regarding Affordable Housing. Sustainable Development has been asked by the Commission to put together information regarding Affordable Housing. The Commission also requested information on inclusionary zoning, which is very complex, and this will be presented to them at the July 10, 2018 meeting.

Chair Orshefsky commented that one of the things discussed was the complexity of inclusionary zoning and why that issue is so complex. Mr. Hetzel was asked to explain that.

Mr. Hetzel advised that there is a Power Point and Mr. Schnell will be speaking on July 10th. Inclusionary zoning is very complex; on the surface there are usually units set aside for Affordable Housing whether it be 10%, 15%, 20%; it ranges depending on the part of the country. Downtown has a 15% requirement, which is basically inclusionary zoning but on a Land Use side of things. When the City did their recent amendment for 5,000 units they did not have an Affordable Housing policy Citywide and had to come up with something through the Land Use process, which is where the 15% came from. It is the same approach and is inclusionary on Land Use approval so what they are looking at is inclusionary with zoning with other development approvals. That is very complex and ranges throughout the entire country. Most places have financial incentives attached of some sort, whether it is in lieu of fee, waiver fees, permit fees, or waivers, but the scale is very different depending on the part of the country for inclusionary zoning. There will be some slides that get into the detail so the Commission can see how complex it is. Staff is still going to present what was presented to the previous

Commission, which were some other options; a buy down program and looking at affordability with their flex policy with unified flex units, because those are not permitted rights; it is not a permitted residential right and has to be requested.

Vice Chair Walters questioned the pros and cons of inclusionary zoning. He mentioned Downtown and questioned who should be monitoring compliant to the 15%.

Mr. Hetzel stated that he deals with that. Affordable Housing units Downtown have to be tracked based on Land Use approvals, not necessarily what is affordable across the board and has been built Downtown since the beginning of time. The Planning Division is responsible for the Land Use side of things. In 2006, there was a 15% requirement on the Land Use approval. The City reports twice a year to the County to track their approval dates, the number of units, what pool of Land Use approval it came from, etc. The City also must monitor that for Downtown, the same thing for any Regional Activity Center Land Use like the north, west, south and central beach.

Mr. Rosenstein questioned what approved means in that instance.

Mr. Hetzel indicated that approved is anything that gets site plan approval; it is very early in the process. Currently, there are 489 Affordable Housing built that have gone through the process of tax credits and so forth, registered with the County. Some projects, market rate units, are not moving forward but they have their approvals. From a development tracking perspective, if site plan approval is received they go on the table because the City is giving their approval. There are a couple of market rate projects that have not submitted building permits, which have to be tracked.

Vice Chair Walters questioned if any of the developers in the Downtown area or any other areas in the City of Fort Lauderdale do the in lieu of, whatever that amount happens to be.

Mr. Hetzel responded not in their City because there is not an established in lieu of fee but there are other Cities in the County that have it. There are some Cities that have an impact fee. Coconut Creek has a non-residential impact fee so they assess non-residential development for Affordable Housing impact fees so they do not hit the residential developers.

Chair Orshefsky mentioned that units can be incorporated or payment can be in lieu of. Market rate in certain areas can meet Affordability criteria applied in the community.

Vice Chair Walters questioned if two or three of the 15% set aside units can be purchased.

Mr. Hetzel advised they do not have it set aside but if you wanted to do Affordable Housing they would allocate those units so it would help them meet their 15%.

Vice Chair Walters questioned if he could buy three units if 15% was approved. He did not want to see someone purchase the units, take the affordable price off, and rent the units at regular rates.

Mr. Hetzel indicated that nothing like that could be done at this time. If Affordable Housing is done, the project must be registered either with the County, tax credits, etc., so there is documentation that the project will be affordable. It usually comes along with deed restrictions.

Mr. Jernigan mentioned the 15% requirement in Downtown and questioned if that could be met through both, rental and market rate for sale units.

Mr. Hetzel stated that when dealing with the County's Land Use process they are under the County's control. Affordable Housing definition under the County is very low, low, and moderate. What tends to get built is either very low and low and not much credit is given for moderate. A lot of units coming in Downtown are smaller units and the percentage is coming in at a moderate-income rental amount they should be getting credit for because, technically, they would help the City meet the definition for Affordable Housing. The difference is that the project is not deed restricted and the rents were coming in at the same level the moderate income can afford. There was a disconnect in meeting the 15%, which falls under the County's definition for Affordable Housing and what was getting built and not capturing that moderate income monthly rent. The City is trying to get a more realistic picture and working with the County.

Mr. Jernigan was not sure he understood the answer; yes, we are getting rental or yes, we are getting market rate.

Mr. Hetzel advised that they are getting both. They are trying to look at market rates coming in that could be deemed Affordable. Obviously, the majority is market, not Affordable. Currently everything is for rent; there are a couple for sale.

Mr. Jernigan questioned if there is a requirement for the 15% if someone comes into the City and they are not looking for additional density through the Land Use Plan.

Mr. Hetzel stated that does not apply to individual projects; they are looking to meet that total 15% in all Downtown. They are looking at a total number of what is coming in versus what is market.

Mr. Jernigan was trying to understand if a developer comes in and is not getting the benefit of the additional units that come from the Comp Plan changes and questioned if

the developer is additionally burdened by the 15% if they are not getting any of the benefits.

Mr. Hetzel indicated that once the market rate units run out they cannot hand out any more units. If that pool is already exhausted the only option available is Affordable Housing. Downtown has a density cap tied to the Land Use. They are working on unified flex because they are trying to do flex units Citywide on a different approach. If someone came in now and there were no market rate and they wanted to do a market rate project, no units could be given and they would either have to do Affordable Housing or wait.

Mr. Jernigan was trying to compare what is going on in Fort Lauderdale to what he sees in other communities. He realizes that because of the County Charter, the Land Use requirements, and the special rules and regulations of Broward County that it is sometimes difficult to make those comparisons. He mentioned the Palm Beach Affordable Housing Ordinance and noted that they are in the middle of the third rewrite of that ordinance. Their requirement is if a project is built of more than ten units in the unincorporated area where they have control, there is an automatic 10% requirement for Affordable Housing. In exchange for that you get some additional density bonus to offset the subsidized cost of building that unit. Mr. Jernigan was trying to understand if the process that exists in Fort Lauderdale benefits the developer to the extent that there is something within the process that gives additional density or in some manner underwrites the subsidy they are paying as required by the 15%.

Mr. Hetzel stated that the County Land Use Plan and the City's Comprehensive Plan is the same and have regulatory control by the County. The City of Fort Lauderdale has had a bonus program for 30 years and no one in the County has ever used it. It is like a tiered system; if there are a very low number of units there are so many market rate bonuses and if there is a low number of units there are only so many bonuses. The program is out there for developers but the challenge heard the most is deed restrictions, limiting the property, and restricting the property, not so much they do not want to provide Affordable Housing but they do not want the Deeds on the land restricting the land. It is a hard balance unless someone is an Affordable Housing builder.

Mr. Jernigan commented that the deed restrictions apply both to the for-sale units and the rental units. In the rental unit it would be a deed restriction on the entire project saying that 15 out of 100 units must be Affordable Housing, not a specific unit and then it would be monitored to see that there are 15 units.

Mr. Hetzel advised that developers have to register with the County as well so they get notification from the County. Property Appraisal is run by the County so anything that is tied to the land goes to them.

Mr. Jernigan questioned if the deed restriction is 15 or 25 years.

Mr. Hetzel stated it could be 15 or 30 years.

Mr. Jernigan questioned how developers are seen responding to deed restrictions. Apartments are doable because there is flexibility within ownership to move those units around and achieve the 15%. Rental rates are high and closer to matching up with real rental rates than market rate housing. Mr. Jernigan questioned if the biggest stumbling block for construction of market rate housing, single family housing, is the deed restriction or some other issue.

Mr. Hetzel indicated that there are not many single-family homes being constructed in the City; most of the Affordable single-family homes are through rehabilitation through businesses and a Housing Community Development. Not many new projects are seen because there is no land. There are not many single-family homes but if someone was to do a single-family home project that was Affordable they would be restricted to the property that the house is on.

Mr. Rosenstein mentioned that there is often the need of an intermediary to monitor. Land Trust type models are used more often in that kind of ownership in a single-family scenario.

Mr. Jernigan mentioned Coconut Creek and the impact fee on non-residential to help fund Affordable Housing and questioned if that is an impact fee or a linkage fee. There is a finite difference between what an impact fee and linkage fee are, at least from a legal perspective.

Mr. Hetzel stated it is a linkage fee.

Chair Orshefsky mentioned Broward County is presently working on developing a linkage fee study to support a potential impact fee for Affordable Housing that would go on non-residential, which was raised years ago.

Mr. Hetzel did not recall their study and if it exempted small businesses; the fee depended on the size of businesses.

Chair Orshefsky questioned if Mr. Hetzel could be prepared when presenting to the City Commission and to this Committee in July. In reading literature on inclusionary and the effects, in some places it has been in place for over 30 years. There are mixed reports

on success, with success being defined as how much housing is getting built and how much of a cost burden is put on the 85% of the remaining housing. There are 15% who get the subsidized and then that subsidy burden is carried by the other 85%. To the extent that information could be shared as to how that has been quantified, might be helpful to the Commission and to this Committee to understand the complexity of this issue. The other thing discussed was places where there has been some level of community acceptance of an inclusionary zoning program. There have been incentives that were meaningful such as density bonuses, impact fee waivers, fee waivers, real expedited permitting, things that translate into a financial savings for the developer to help offset the subsidy. To the extent that those are options and if the City is going to proceed with this, it was questioned how they could be included in a meaningful way. There have been a lot of incentives in the Incentive Report for ten years but they are soft incentives. No one goes for Density bonuses because you can get the density needed in the places being built or in another part of the community when bumping into community resistance to greater intensification. The balance needs to be understood.

Mr. Parke commented that there are a lot of consumers living in the City who cannot afford it. He questioned when someone will care about consumers, not developers.

Mr. Hetzel stated that they were looking at a buydown program. There is an Affordable Housing Trust Fund and if that continues to grow there could be a program of some sort where the City contributes money to bring down the cost of the unit so there is a financial help to the consumer, the resident. Looking at inclusionary zoning on the side of the developer, they also want to help future or current residents gain wealth through different type of approaches. The buydown program is one where the cost of the unit can be brought down and the other is trying to tie housing and transportation together. These are things that have been put out to the previous Commission and will be put out to the new Commission as well to get direction.

Mr. Jernigan questioned how the subsidized rental units are being marketed to potential consumers.

Mr. Hetzel advised that they have not been developed yet; the concept was just put it out to the Commission. Those are questions that must be laid out.

Mr. Jernigan questioned how people in Downtown heard about the 489 units that were built.

Mr. Hetzel indicated that those were built by Affordable Housing developers and they would go on a wait list.

Mr. Jernigan mentioned that to date, none of the 15% requirement units are built.

Vice Chair Walters questioned if anyone has sat down with the new Commission to familiarize themselves with certain terms.

Mr. Hetzel stated that Planning staff has been directed to look at things and there are things that the Housing Community Development has been asked to look at. There has been a meeting between the two Divisions to prepare for the Workshop. A Power Point Presentation is being put together with the information. They have not sat down individually with the Commission; that is the purpose of the Workshop. The directive was to do research and come back to the Commission so they would go back with more information. Planning staff has been looking at inclusionary zoning, which came from the Commission.

Chair Orshefsky advised that the Committee is coordinating with Sustainable Development because this group has some specific incentives. There is a statutory requirement to get the Incentive Report out; however, incentives are now going to be in somewhat of a different context. In previous years, this Committee's recommendations were going into a report that was going to the State, which was satisfying so the City could get SHIP funds. Today, it is going into a larger policy discussion, which is part of the reason why Mr. Hetzel and other staff members were asked to attend this meeting. There is going to be a lot to put in a two-hour joint meeting but the Committee would like to make a specific presentation at the joint meeting. Staff will be doing their Power Point on Affordable Housing issues and then everyone can discuss what is important, supportive, and why certain things were proposed. If it is okay, she will continue to work with Mr. Hetzel so those presentations fit together because Sustainable Development is trying to seek the same goal, which is figuring out how to get more Affordable Housing in this community.

Mr. Hetzel anticipates more discussions. This will be the first meeting with the new Commission where they are getting into very detailed and complex topics. The Commission will probably narrow the topics down or give direction to staff to do further research or start drafting something. The Affordable Housing Trust Fund must have adopted policies or implementation measures before that money can be spent. If money is being collected to spend they need to come up with something as a City.

Ms. Wilkinson stated that the policy and procedures has already been developed by the Committee and that will be one of the things to be discussed with the Commissioners. It was scheduled to be on the City Commission agenda but the City Manager told them to pull it so it could be discussed.

Chair Orshefsky requested that Ms. Wilkinson be sure that Mr. Hetzel gets a copy so Sustainable Development has what has come out of this Committee. It is a bare bones

kind of structure; it is very broad in part because they were not sure where the funds would fit in and what program the Commission would come up with. It is more aspirational than operational but it has operational elements because it had to have them.

Vice Chair Walters mentioned that in preparation for the meeting certain things must get done as they progress through the year. He will be asking a lot of questions to make sure the Committee is on track as to what the Commission will accept. If the Commission does not know where the Committee is going they are not going to be ready on July 10th.

Mr. Hetzel indicated that staff is in a strange place too because they were given direction from the previous Commission. With the new Commission, this is their first opportunity to have this conversation. The City is bringing back a lot of recommendations that were presented to the previous Commission. The Commission will have backup information and there will be direction as to how they want to proceed. If additional information is needed, that is staff's job.

Mr. Cooper requested clarification of the 15% required by the County and questioned if that included regular developers as well as Affordable Housing developers.

Mr. Hetzel advised if regular developers want to do Affordable Housing, then yes, they are included.

Chair Orshefsky stated if a market rate rental development is being done and the City has discovered because some of the units that have been built in the past few years are small and they are renting at a rate that meets affordability standards under the County Comprehensive Plan, that does not mean they are at 60% and below AMI. There can be 60% to 120% AMI income eligible units and meet those requirements but they are not restricted. The market could be explosive tomorrow and the rent could be doubled and suddenly they are not affordable.

• **Discussion of 2018 AHAC Affordable Housing Incentive Report**

Chair Orshefsky commented that there was a handout on the table with six recommendations that were somewhat new and improved that were discussed at the last meeting. She wrote them in a way that they could be incorporated into a report. If this language could be approved or modified she would be happy to discuss it further. The second page are the more traditional recommendations that were in the prior AHAC Report that the Committee appeared to embrace. This could be moved forward so revisions to the report could begin so it could be distributed incorporating these recommendations, additions, and reiterating the statutory required ones.

Mr. Rosenstein thought the report was close and suggested making #5 a little more actionable. The Committee does not want to create the expedited permitting or ensure that the new digital process provides for that. It was believed that what would be provided with the expedited permitting should be reiterated.

Chair Orshefsky believed that expedited permitting was one of the statutory required items so perhaps it should say, "Go beyond the statutory requirement for expedited permitted than it has traditionally been". This is a time when the entire permitting process is going to change. The City is going to roll out new ways to do electronic filing and by February everything should be live.

Mr. Jernigan agreed. He was thinking something along the lines of "ensure" and thought sufficient should be "significant opportunities".

Vice Chair Walters referenced #2 where it says, "Place 15% of the net proceeds from the City owned commercial and in-depth lots into Affordable Housing". Even though it says residential, he suggested making that "In addition to residential".

Chair Orshefsky suggested putting the "In addition to" at the end"; this should supplement the current. "Place 15% of the net proceeds into.....Affordable Housing Trust Fund to supplement the 100% of net proceeds of residential". Let's make sure that the 15% captures the reader.

Mr. Jernigan mentioned #4 and questioned if four years was realistic. He also questioned if it would take three years to get the Trust Fund through. Mr. Jernigan was happy leaving it but believed realistically it would be longer.

Chair Orshefsky stated that part of the three years was because the incentive analysis is done every three years.

Ms. Northard questioned #1; it was not clear that there was no specific area being referred to for the overlay district.

Chair Orshefsky indicated that the goal was that the overlay of the application was Citywide.

Ms. Northard mentioned inclusionary zoning and questioned if there was a reason it was left out.

Chair Orshefsky stated that it was too complicated an issue and was left to staff to go with it. Should the Commission direct staff to proceed with whatever kind of research

and policy formulation, a monthly report will be requested from Sustainable Development to this Committee as to how that is proceeding. That would be a huge policy shift to the City and something the Committee wants to be sure we are aware of the dialogue.

Vice Chair Walters referenced #6 and recalled someone saying there was a problem with the County giving away land a few years ago. He thought it had to be a very, very, very reduced rate but not free.

Chair Orshefsky advised that the question of how government can dispose of land relates to how they acquired it. If it was donated and there was a deed restriction; it is case by case, it is not a question of can they give it away or do they have to sell it; it depends upon how the land was acquired. The City must evaluate what properties can be sold, given away, donated, etc.

Mr. Jernigan mentioned #6 and questioned if the Committee was asking for a comprehensive list of properties that are vacant, underutilized or properties that are vacant and underutilized, which can be donated.

Chair Orshefsky clarified that it was which are vacant, underutilized, and suitable; it is both. These were presented conceptually to the BBA Board last week and this one resonated because they talked about several lots that both the City and the County own that are either vacant or used for parking today. To her, that is underutilized.

Ms. Wilkinson advised that the City cannot donate land based on the current City Charter.

Chair Orshefsky mentioned that #6 would be changed from “donated” to “transferred”.

Ms. Wilkinson stated that “transfer by sale” can be listed but it needs to be specific.

Chair Orshefsky suggested changing “donated” to “provided”.

Motion made by Vice Chair Walters, seconded by Mr. Jernigan, to approve the recommendations as amended. In a voice vote, the **motion** passed unanimously.

Chair Orshefsky mentioned additional recommendations, which were the ones historically in the document and were taken verbatim out of the document. These are beyond the statutory. When presenting these to the Commission, there needs to be a list of the statutes required, and that is what must be in the Incentive Report. Then, there are traditional additional recommendations, the six, and what specific recommendations are coming from the Committee.

Mr. Jernigan questioned how to deal with #4 and noted that he was not opposed to not for profits.

Chair Orshefsky commented that this is the City; they do training and support.

Ms. Wilkinson stated that the City does not do a lot of in-house but we do let them know when there are free Workshops available.

Mr. Stewart referenced #6 and questioned if there was a place that would include marketing to developers and if a notice to the general public could be included. It is an additional recommendation.

Chair Orshefsky advised that these five recommendations have been in the Affordable Housing Committee Incentive Report historically. If something new were added, it would be #7 on Page 1 and should be identified as new recommendations.

Mr. Rosenstein questioned what specific circumstance Mr. Stewart was referring to.

Mr. Stewart stated there are two sides. There is a benefit that went unused for 30 years or there may be incentives that are not taken advantage of. He questioned if that was because developers were not aware of them. There is the developer side and there is the general public side. There are opportunities available as a resident; just general knowledge for the public that this program is ongoing and happening in the City.

Chair Orshefsky questioned if there is trouble finding tenants when a new development is opened and done at 60% AMI.

Mr. Rosenstein replied no. People are camping out and are on waiting lists at every property. The problem is worse in Broward County; there is no trouble leasing.

Mr. Jernigan mentioned Palm Beach County and stated that to date, they have not been able to put a buyer into a for sale Affordable Housing unit because they cannot find lending institutions that will accept the 25-year deed restriction. The last conversation he had with Palm Beach County was that they were held in to work with the buyer to find a lending institution, which they have been working on for over three months for an Affordable Housing single family unit.

Mr. Rosenstein questioned if this could be tabled so he could have a month to check with bankers who provide Affording Housing lending. He will bring back information to the next meeting for discussion.

Chair Orshefsky stated that is something important to know going into the joint meeting. There are a lot more challenges in the for-sale product for inclusionary than there is for rentals. To the extent that we could bring some lending experience might be helpful to communicate to staff.

Mr. Cooper questioned if the City has reached out to community banks.

Mr. Jernigan advised that he was not handling that specifically but thought that was mentioned to him.

Mr. Cooper commented that community banks are generally more favorable in doing that type of lending; they get publicity for that as well.

Mr. Jernigan thought #5 should be addressed since they just heard from the presenter that they are working on the rules and regulations on how to implement and monitor the 15% requirement that is coming forward. Specific language put into the Palm Beach Ordinance was mentioned that covers the issue of how people know there are Affordable Housing units available.

Mr. Parke questioned how hotels and motels work with Affordable Housing.

Chair Orshefsky advised that there is currently no obligation on hotels and motels as a commercial development. An earlier discussion about creating an impact fee or a linkage fee between commercial development, which would include hotels, etc., would begin to capture and allow that type of development to help support the provision of Affordable Housing.

Mr. Parke questioned if that could be made as a recommendation.

Chair Orshefsky questioned if the Committee wanted to recommend creating funding sources through the linkage fee.

Mr. Jernigan indicated that he was a strong advocate of linkage fees. Currently, the entire burden for Affordable Housing is being placed on residential construction. There is retail, commercial, hotels, and restaurants, and they are the ones who are employing people at an income level that guarantees those employees must seek Affordable Housing. For those institutions not to contribute either through increased salaries so those people can afford Affordable Housing or through some sort of assistance to the subsidy that provides Affordable Housing is unconscionable. He did not think that a recommendation could be made at this time because there has not been enough discussion and the issue is not understood clearly but it will be one of those that he personally would like to see this Committee address within the next several months. Mr. Jernigan would like to see it as a flat fee per square foot on commercial industrial

development, retail as well, and the flat fee per square foot go into the Affordable Housing Trust Fund so that it helps to build that fund so this Committee can use the decisions made about how to spend that money in the future to provide Affordable Housing.

Chair Orshefsky commented that if meaningful input is given to the Commission then issues need to be dealt with before July 10th. She suggested if the linkage fee in this community that has been so far accepted is the City of Coconut Creek, then perhaps Mr. Hetzel may have the backup reports. If not, we can identify what that is and distribute it to the Committee so the Committee can get a sense of Coconut Creek's experience with it. From what she has heard, they have raised money but have not figured out how to spend it yet and are focusing on what to do with the funds.

Mr. Jernigan stated that it would take another couple of months to get through this discussion. He would like to see the issue of linkage fee on the agenda sometime before the end of the year and would also like information be provided at the appropriate time and then perhaps people from Coconut Creek could be invited to a meeting to explain how the program works.

Chair Orshefsky indicated that there is six months but there is also an opportunity coming up on July 10th. She questioned if the linkage fee in the study plan was being conducted at this time and if it was going to be recommended to the Commission.

Mr. Chris Cooper replied not at this current moment.

Chair Orshefsky advised that they were talking about a specific linkage fee that would be charged on all non-residential development.

Mr. Schnell stated there are some topics in the presentation but it is very general.

Mr. Parke believed that it should at least be mentioned that we are going to look at it.

Chair Orshefsky questioned if a seventh recommendation should be added to our new and improved that says, "Evaluate whether a linkage fee approach would be appropriate in the City".

Mr. Jernigan was concerned about raising a red flag that disrupts conversation with the Commission. He got the sense that this Committee feels that linkage fees should be looked at but he did not think it should be raised at the Commission level at this time until there is something substantive to say.

Chair Orshesky questioned how the Committee felt about red flag versus let's see what comes up.

Mr. Cooper believed it was better to investigate further. He did not see anything wrong with mentioning that this Committee is studying and looking at linkage fees and that further recommendations would be made later in the year.

Vice Chair Walters and Mr. Stewart agreed.

Chair Orshesky indicated that the Committee would work with Sustainable Development and make sure that it is incorporated as an option perhaps in their presentation so they can begin to educate the Commission. The Committee could express that it is an alternative source of funding that we would like some exploration on but not necessarily put it in our direct recommendations.

- **Joint Meeting with City Commission – Update – July 10, 2018 12 noon – 2:00 p.m.**

Chair Orshesky advised that part of what she believes and what the Commission needs to understand is why the City is not getting Affordable Housing. If you talk to Ralph Stone, the County's Housing leader, he will tell you that it is roughly \$50,000 gap on rental housing. She requested that Mr. Rosenstein walk the Committee through and explain what findings should be taken from this.

Mr. Rosenstein noted that the instruction was to prepare a visual analysis, which would illustrate how much gap subsidy is needed to make an Affordable Housing Development work. This was done two different ways. The first was looking at recently completed Affordable Housing Developments and their use make up was analyzed, what it took to build them, both from a soft cost perspective and from a construction cost perspective, and how they were financed. The developments that were completed were very different from each other. The information was sent out a spreadsheet, which Ms. Wilkinson forwarded to everyone. Because the developments were so different it was not really telling because everything was an outlier from the next development. After analyzing the completed developments, the number of variables were minimized and made standard assumptions, using the same development size, the same unit mix, the same land costs, and compare each by the development type; it is garden style, mid-rise, or high-rise, and which type of tax credit financing is paired with it; either the 9% tax credit or the 4% tax credit. For these purposes, they decided not to say what if there is no tax credit component because the numbers would have been so far from working that it would have been a fruitless discussion. They wanted to narrow down the list of possibilities for discussion purposes as much as possible. There are six different charts; three for garden style, three for mid-rise; three for high-rise. They did not include

rehab, renovations, because the variables could be wildly different; maybe one could be acquired for \$50,000 per unit but the next one, if it is in a better location with a different construction type might cost \$150,000 per unit and it is too hard to analyze the data with such wide-ranging variables. The standard assumptions are 90 units, new construction, land cost of \$20,000 per unit, a certain tax credit price, and a certain garage cost in the high-rise scenario. There is going to be a little bit of sticker shock. He expressed some reservation about 30 days about whether that could be counterproductive but maybe it is important because it is incredibly expensive to build housing let alone Affordable Housing. Affordable Housing developers must pay market rate prices for architecture fees, engineering fees, legal fee, constructions costs, and land costs. The costs to develop are high, whether that is for Affordable Housing or Market Rate Housing. That's one of the major takeaways. There are two types of tax credits; one is the 9% tax credit, which is competitive, it is very hard to get and is often based on a lottery. The second type is a 4% tax credit that gets paired with tax exempt bonds; they are non-competitive but because the 4% tax credit is so much less valuable, it is a much smaller source, the gap needed to build with that non-competitive subsidy goes way up; it is huge. The top row is 9% tax credit and the bottom row is 4% tax credit and the portion in red is the sort of x factor; our target. That is what we were hoping to see from this analysis; that is the gap subsidy per unit and it is tremendous. The gap subsidy per unit need under the non-competitive 4% tax credit is significant. The garden style example was used. The analysis showed 90 units, certain land costs, showed that about \$120,000 was needed per unit to bridge the gap to balance the source and uses, to make the numbers feasible. The analysis is not that far off because if comparing a County subsidy, maybe that could be paired with \$50,000 to \$60,000 of State subsidy. The point is, from what has been made available, if that can be paired with Florida Housing Sale Funds, which is another subordinate loan, of \$50,000 then maybe you could get impact fee waivers and free land or parking reductions, maybe some SHIP funds from the City and/or the County and then maybe find a way to get to \$125,000 per unit. That is how the numbers might work under a garden style scenario.

Chair Orshesky stated that those subsidies are already built in.

Mr. Rosenstein mentioned subsidies built in and noted that the green is lawn, canals, and tax credit equity; those are the tax credit subsidies. The red is other, which would include subordinate loans like SHIP or a sale or other; that is the bucket of gaps. Rules change year to year as to how much you can get per unit, how much is available, and because they are ever changing they did not want to further break down the red portions of the graphs.

Chair Orshesky commented that in order to put this in perspective, the fundamental, even with the 9%, makes the deal work except with high-rise. That presumes you are

getting 9%. One of the things we need to be able to explain is how many 9% deals are available each year in the State of Florida and how many come to Broward County.

Mr. Rosenstein indicated that is a great point. Historically, only one or two 9% tax credits come to Broward a year.

Chair Orshefsky advised that the RFP recently put out was a 4% tax credit deal and the County put in \$5 million for 100 units; \$50,000 a unit, and then they will start to build on all that. The 4% is more available because they are not the competitive process. Aside from creating a bigger gap, it was questioned if there are other burdens on 4% deal that there is not on a 9% deal.

Mr. Rosenstein stated there are; they are more complex. There are additional financial and legal costs associated that come along with doing a more complex structure when involving tax exempt municipal bonds. There are complexities that a lot of people shy away from. There is more red tape involved with going through the bond process; you have to ask either the State agency or the County for bonds and pay for bond reservations, which take a long time and costs a lot of money. It is more expensive and more complex and it is a lot harder to do from an overhead perspective to make bond deals work. With subsidies, tax credits are not competitive. If you can get through the process and put up the money you can get the bonds; there is usually bond capacity available. There is typically not enough gap subsidy available to balance the budgets.

Mr. Parke questioned how this contributes to living expenses being so high.

Mr. Rosenstein advised that the median income in Broward is high compared to other Counties in the state. When the median income is higher, the rents are higher. Lack of available land is one of the major reasons why rents are so high; land costs are very high because there is not a lot of buildable property left in the County, especially in the City of Fort Lauderdale. When looking at Flagler Village, Victoria Park, the U.S. 1 corridor, or Las Olas, land costs keep going up and market rate developers, big REITS, can afford to pay them by charging \$3,000 a month rent.

Chair Orshefsky referenced the ALICE Report, which was the United Way Analysis, and noted that they found housing was not so overpriced in this community but that there is such a large percentage of individuals earning less than 60% of the area median income, which gets back to the earlier comment about those in the hospitality industry, which are historically very low paying jobs. There are a lot of low paying jobs and people who want to live here and cannot afford to because housing is expensive for a whole bunch of different reasons. We have been the poster child for the need for Affordable Housing not because our housing is so astronomical, it is just that it is so high relative to the number of people we have who do not earn a great deal of money.

Chair Orshefsky did not know how to package this and communicate it to the Commission to understand the magnitude of the issue. She believed this kind of analysis is helpful to communicate to them but we probably also need explanation, an Executive Summary that explains what this represents if it is going to be used in a meaningful way. A rule of thumb is to say, "The subsidy I need to provide for the gap is \$50,000 per unit". It was questioned how the Committee wants to use this and present these suggestions.

Vice Chair Walters suggested letting Mr. Rosenstein be the presenter, he knows what he is talking about and will be able to answer questions.

Mr. Rosenstein questioned if a summary was needed.

Mr. Jernigan believed that five or six findings summarized in simple language would be all that is needed.

Ms. Northard thought it would be meaningful to say there was only one or two 9%, maybe tell how many 4% credits there are.

Chair Orshefsky mentioned the Broward County Housing Finance Authority person, John Primo, and noted that he has said they are doing all these 4% deals. Perhaps discussing their experience would give a little bit of Broward County/City of Fort Lauderdale focused effort.

Ms. Wilkinson stated that everything must go through her. She requested that nothing be sent to anyone directly due to the Sunshine Law; it should be sent to her only.

Mr. Jernigan questioned what the new City email thing was about.

Ms. Wilkinson advised that going forward, as recommended by the City Manager, all Board and Committee members will be given their own City email address. Emails sent and received using the City email address will be stored on the City of Fort Lauderdale server and should be used only for Board or Committee business. Utilizing this email for all City business will take some of the burden off Board and Committee members to maintain communications that are public record. Everyone has gotten their email addressed with set up instructions except for two people.

Chair Orshefsky questioned if Mr. Rosenstein was all right doing bullets and getting them to Ms. Wilkinson so she could circulate.

Mr. Rosenstein replied that he would do his best and requested that the Committee try and get it into final form for the July 10th meeting.

Chair Orshefsky commented that the Committee was going to work on a Power Point Presentation.

Ms. Wilkinson noted that implementation should be discussed.

Ms. Northard advised that she would be out of the country during the next meeting.

Chair Orshefsky indicated that #5 of the additional recommendations was to adopt corresponding ordinances to implement the programs discussed. Let's get the direction. The 2018 work plan goal was to have a draft report by June or July so, the Committee is on track. The draft report will be completed and distributed at the August meeting.

Mr. Cooper advised that he would not be here for the August meeting.

Ms. Wilkinson stated that the August meeting would be held on August 13th.

Mr. Parke stated that normally we take a summer break and would like to know what months we are taking off.

Ms. Wilkinson indicated that normally a break is taken based on when the City Commission takes their break. She will double check to see when they are taking their break and then will send an email with that information.

Mr. Parke questioned how many Commission members would comprehend what is presented.

Chair Orshefsky indicated that Mr. Rosenstein has agreed to draft bullets that summarize what was found on this chart. It is believed that for the Commission to appreciate the issue why Affordable Housing is not getting built, that this is a real benefit for everyone to understand. This Commission has clearly given different direction to staff and has publicly indicated a desire to understand the Affordable Housing issue and do something about it.

Mr. Rosenstein questioned if Ms. Wilkinson could get the current list of Affordable Housing properties and find out specifically when each of those were completed within the last five years. Let's start with tax credit financed developments at 9% or 4%.

Mr. Parke mentioned a presentation at the last Workshop and noted that it was a mess; the Commission was lost.

Chair Orshefsky advised that the Commission needs to understand the complexity of financing Affordable Housing. Until they have done that they will not appreciate the levels that go into financing these projects.

Mr. Parke questioned if there was a way to present the Commission with something prior to the presentation.

Vice Chair Walters noted that was what he asked this morning. He agreed that the Commission was willing to do something but was unsure what that was.

Chair Orshefsky thought the Commission was looking for recommendations as to how to address this issue, which is the task this Committee has been working on for a couple of months. They are looking for some direction as to can be done that has not been done before.

Mr. Jernigan advised that this is a new Commission and the Committee is going to meet people they have not met with before. He believed the meeting would be with people who want to learn some information and whose minds are not quite as set in concrete because of longevity. Adding to that, this is complicated and sometimes it takes hearing it two or three times for it to sink in and register. He was not concerned about talking to the Commission about something they might not get immediately but he was pleased to talk to them in a background where there will be more of a receptive nature than what there has been in the past. Mr. Jernigan thinks this Committee is doing a lot of good new things and there has been more in-depth conversation than they have ever talked about. It is important to express that to the new Commission so they know the Committee is not just signing off on a report every three years. The concerns are valid and he believes the Commission will hear us better than we were heard in the past.

Mr. Parke stated they are going to try to decide at the Workshop.

Chair Orshefsky believed the Committee is looking at this Workshop for a dialogue and the things being recommended are a little different than this Commission has ever heard. These recommendations go into a report that is going to be in front of the City Commission; we are planning to submit it to them in October. They are going to have to act on it by November if we are going to get SHIP funds.

Mr. Jernigan was not concerned that this Commission was going to say no on anything. He thought the Commission would give the Committee some direction and may say those five or six suggestions should be prioritized.

Chair Orshefsky stated that there is a big difference, it is not just the change in the Commission, but there is a change in the discussion of Affordable Housing in this

community. It is no longer viewed as a social welfare issue, it is not an economic development reality. She referenced the Florida Restaurant and Lodging Association, a very active organization on this community, and noted that for the first time they are having a dialogue about how they can pay their employees more so they can afford to live here because they cannot get servers and housekeepers. She agreed with Mr. Jernigan and believed they would have a receptive Commission and the burden that is going to be put on the Administration, whether it is Sustainable Development, City Manager's Office, etc. is going to be bigger and more than it has ever been on this issue and the Committee is being looked at to do more than the statutory responsibility.

Ms. Wilkinson commented that first the Committee must tell the Commission what the purpose is. The key things to get them to the proposals for Affordable Housing, incentive strategies, and Affordable Housing Trust Fund policy; those are the main things. She has been working with Mario DeSantis, Temporary Director for Housing, who will be at the next meeting. Mr. DeSantis has been working closely with the City Manager to come up with an outline the City Manager wants, which she will get to the Committee. It is a combination of Urban Design and Planning. The overall perspective of Affordable Housing has changed and this is an opportunity.

Chair Orshefsky questioned if the Committee should take off for the August meeting.

Mr. Jernigan preferred not to; if there is a quorum in August he would like to keep the meeting going. There was a consensus to keep the meeting going.

Chair Orshefsky stated that whoever can make it, great, and whoever cannot should let Ms. Wilkinson know so phone arrangements can be made.

• Affordable Housing Trust Fund Monthly Balance Report

None.

IV. NEW BUSINESS

V. AGENDA TOPICS FOR NEXT MEETING

None.

VI. GOOD OF THE ORDER

None.

VII. NEXT SCHEDULED MEETING DATE – July 9th - City Commission Chambers

VIII. ADJOURNMENT

There being no further business to come before the Committee at this time, the meeting was adjourned at 10:45 a.m.

Any written public comments made 48 hours prior to the meeting regarding items discussed during the proceedings have been attached hereto.

[Minutes prepared by C. Guifarro, Prototype, Inc.]