

Chair Orshefsky called the meeting to order at 9:01 a.m. Roll was called and it was noted a quorum was present.

II. APPROVAL OF MINUTES – January 14, 2019

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

III. OLD BUSINESS

- **Urban Planning & Design Presentation on Inclusionary Zoning – Adam Schnell**

Adam Schnell, representing Urban Design and Planning, showed a PowerPoint presentation, explaining that it may include information presented to the Committee at previous meetings. Its main focus is on inclusionary zoning, as well as on County and federal initiatives and next steps.

Mr. Schnell recalled that in July 2018, the City Commission provided guidance on how the Affordable Housing Advisory Committee (AHAC), the Department of Housing and Community Development, and the Department of Sustainable Development can work together to create inclusionary zoning policy. Since that time, two meetings have been held for this purpose.

The basic policy structure on which inclusionary zoning is based includes the following:

- Income eligibility
- Where inclusionary zones will be located
- Time frame of deed restrictions
- Incentivization of policy

Mr. Schnell advised that it is very important to define what is meant by “affordability.” The definition used by the U.S. Department of Housing and Urban Development (HUD) states that the term applies to an individual or household income in which more than 30% of income is spent on housing and basic utility costs. The baseline for Fort Lauderdale’s definition of affordability is the HUD metro area median family income (MFI) of \$65,700. This amount is consistent with federal, state, and County programs.

Mr. Schnell continued that the City focuses on moderate income, or individuals who earn 80% to 120% of the median family income for for-sale units. Rental units will target individuals making 60% to 100% of MFI, based on municipal income distribution.

The location of the inclusionary zone overlays unified flex zones, which encompass the Northwest Regional Activity Center (RAC), Downtown RAC, and South RAC. This allows economies of scale to offset the cost of affordable housing units, as these areas have higher densities than other parts of the City. It also provides options for

transportation, as the main corridors on which the RACs are located have access to transit. This automatically lowers the cost of living.

Mr. Schnell was asked to clarify the difference between median family income (MFI) and average median income (AMI). He explained that there is approximately \$8000-\$10,000 difference between these measurements, as the County's MFI is higher than that of the City.

Vice Chair Walters asked why inclusionary zoning would be limited to the overlay area including RACs. Mr. Schnell replied that this area includes the City's primary corridors, where most development occurs. He noted that there are other efforts the City may undertake to provide affordable housing: inclusionary zoning is only one tool the City may use. He emphasized again the area's access to transit.

The set-aside requirements of inclusionary zoning are tied to requests for residential flex units. RAC units must be applied prior to the application of residential flex units. In areas with a Future Land Use of Commercial, residential flex units must be applied for automatically, as residential use is not otherwise permitted in those areas. Within the Northwest RAC, approximately 5000 RAC units remain that must be applied for before flex units may be requested; in Downtown there are zero such units, and roughly 300 remaining in the South RAC. Across the City, there are approximately 11,000 flex units remaining.

While affordable housing units remain through the County, there is no mechanism under current regulations through which the City may apply for them. In addition, no one has sought these units because the requirements for them are very steep: for example, 50% of all units received must provide affordable housing. For this reason, the only developers likely to request these units would already be building affordable housing.

Mr. Jernigan asked what would happen if a developer wished to construct affordable housing within the Downtown RAC, where no units remain. Mr. Schnell advised that in this case, flex units must be applied for. Once no more flex units are available, the City must apply to the County for "redevelopment units."

Mr. Schnell continued that the set-aside requirements can be broken down into three different groups:

- Small developments: these exceed 15 units and have a 10% set-aside requirement for affordability, with a 30-year deed restriction requiring that 5% of units must be at or below 80% MFI and 5% below 100% MFI
- Large developments: developments exceeding 30 units, with 15% set aside as affordable for 30 years, broken down into 5% at 60% MFI, 5% at 80% MFI, and 5% at 100% of MFI
- Payment in lieu: a rational nexus study tax would be implemented to determine the payment per unit and whether or not this amount would differ according to

geography, with the possibility that funds generated would be placed in the Affordable Housing Trust Fund

For-sale units have different set-aside requirements at each level, with 7% set-aside for small developments and 10% for large developments, as well as the payment in lieu option.

Vice Chair Walters asked how the payment in lieu amount would be determined. Mr. Schnell stated that the study would determine this amount, using square footage and cost of development per unit. This option differs from city to city based upon localized markets, which is the reason a study would be required. The County may undertake a rational nexus study to determine if this option would work locally. Mr. Schnell advised that Staff cannot undertake a rational nexus study in-house.

Chris Cooper, Deputy Director of the Department of Sustainable Development, added that once the AHAC has shared their impressions of the presentation and provided feedback, these can be sent on in the form of a Communication to the City Commission accompanying Staff's presentation.

Mr. Schnell continued that there is also the option of a non-residential development floor area linkage fee, although this would require work to be done to determine the percentage of floor area. It would also be necessary to take the proposal's impact on the business community into consideration, as there could be unintended consequences for small businesses. A 10,000 sq. ft. building with a 14% linkage fee per square foot could generate approximately \$60,000 in the Downtown area, for example. Staff would also need to determine where this policy would apply if implemented.

Chair Orshefsky pointed out that the County is also discussing the possibility of a linkage fee, and cautioned that the City should take care not to levy a second linkage fee if the County implements such a plan. She noted that the County has also considered raising the millage fee by a small percentage, which could realize an additional \$30 million/year at the County level.

Mr. Schnell stated that Staff believes incentivization could be provided if certain baseline requirements are met: for example, if a development exceeds the set-aside requirement percentage, it could receive further financial incentives through the Affordable Housing Trust Fund for each additional dwelling unit, or a potential reduction in a non-residential linkage fee.

Mr. Schnell reviewed examples of how the requirements discussed thus far would affect a family of four renting or purchasing a unit, as well as how incentives could affect the developer. He noted that there may be restrictions on how many individual units a person could purchase.

Although the RACs have the fewest restrictions on development within the City, potential zoning incentives could include floor plate increases, parking reductions, expedited review, and height increases. He cited examples of how these incentives could apply. Ongoing County and federal initiatives include \$5 million to the Affordable Housing Trust Fund from the County, which equals roughly \$2.50 per person. The rational nexus study for residential development is also ongoing at the County level.

The Broward County Planning Council is reviewing a text amendment that would allow accessory dwelling units in all residential single-family zoning districts. Structures must comply with County regulations of affordability and must provide an affidavit stating the units are being rented at an affordable rate. The benefit of this amendment is that accessory dwelling units are not counted toward density calculations. At present, these units are permitted in three different single-family zoning districts in Fort Lauderdale, although this could be enlarged to include other districts.

Chair Orshefsky advised that another initiative at the County level would amend the “commerce center” category, which currently applies to strip malls and other underused areas, to permit residential use at any density governed by the municipality. This amendment is tied to two components: there must be some kind of transit component, as well as percentages of affordable housing at the very low-, low-, and moderate income levels. This encourages County-wide transformation of strip centers. She felt this has the potential to be an influential County policy to help incorporate affordable housing on transit corridors.

Mr. Schnell advised that the County also advocates that money no longer be swept from the Sadowski Fund. The intent of this fund is to provide a 70%-30% split in which 70% of funds come back to the County’s Affordable Housing Trust Fund, with 30% remaining to be spent on the State Housing Initiatives Partnership (SHIP). Because this does not regularly occur, efforts are being made to amend legislation so at least 90% of document stamps go toward affordable housing.

The Committee discussed the potential zoning change that would permit accessory dwelling units in single-family residential districts, clarifying that current regulations do not allow for the leasing of these units to third parties. Mr. Schnell stated that if zoning regulations are changed to allow leasing of the units, incentives would be added for these units. It was noted, however, that possible barriers to the addition of accessory dwelling units include costs of construction, and units would not be permitted to operate as short-term rentals. It was also noted that the proposed amendment may not be accepted by the public.

Mr. Schnell continued that the federal government has identified “opportunity zones,” which may be subject to change in the future due to the inclusion of potential loopholes. The Governor of Florida has nominated 25% of census tracts throughout the state to qualify as opportunity zones, where opportunity funds are available. Capital gains from

any venture may be invested in these funds, which prevents the investor from having to pay taxes on them.

The money must be invested within 180 days of receiving the capital gains, and investors must pay the difference between the capital gains and the reduction once the regulation expires in 2026. The property must have been purchased or the investment made on the day of or after the actual act was adopted, on December 22, 2017. The investor also receives a 10% reduction in the taxable amount through the first five years of the program, with an additional 5% available after year seven. After year 10, it will be determined whether or not all the capital gains realized through the investment would be exempt from taxation. Fort Lauderdale's opportunity zones are located in the Northwest RAC and southeast portion of the City.

Mr. Schnell concluded that next steps include going to the City Commission to hear their feedback on the work Staff has done thus far, hopefully followed by the creation of inclusionary zoning policy.

Chair Orshefsky suggested that the Committee members break down their comments on the inclusionary zoning proposal into specific issues. She recommended that the members try to reach consensus on whether or not they would like to communicate their opinion of the proposed policy to the City Commission, and provide a position paper to the Commission, to be either discussed in a workshop format or presented to members of the Commission at the upcoming workshop.

Chair Orshefsky pointed out that the Broward County Planning Council annually publishes a supply/demand study for each of the income levels in the City. This study identifies a shortage of more than 7000 units in Fort Lauderdale for individuals earning less than 60% of AMI, although the supply for other income levels was sufficient. She recommended that this be taken into consideration when determining the percentage of units reserved for various income levels. She also pointed out that on a County-wide basis, the number of units for this income level was sufficient: the shortage is specific to Fort Lauderdale.

Mr. Schnell confirmed this, explaining that Staff has conducted a needs analysis based upon the County's requirement for additional units. He also noted that there are households within Fort Lauderdale that are in danger of being unable to pay their bills due to this shortage of affordable units. Federal and state programs, however, do not target households earning above 60% of AMI, which means the City's proposal would include a demographic for which no other programs currently exist.

Chair Orshefsky emphasized that the target demographic of households earning 60% of AMI are the demographic most in need of workforce housing. She felt this should be communicated as part of the overall discussion, adding that a study currently underway for the City by consultants Kittelson & Associates shows a significant portion of the

City's workforce is employed by the hospitality industry, which pays notoriously low incomes.

Mr. Jernigan expressed concern that inclusionary zoning provides only a limited way to react to the issue of workforce/affordable housing, which would place most of the burden on developers to address the problem. He felt a more comprehensive plan was necessary. He also noted that if this proposal is passed by elected officials, further opportunities to discuss measures such as linkage fees, bond issues, or raising the millage rate, all of which would rely on the larger community to act as an economic engine, would be lost. Mr. Jernigan concluded that the problem would come closer to resolution if multiple programs were included in the solution.

Chair Orshefsky recommended that Urban Design and Planning Staff incorporate some of these concerns into their presentation to City Commission, including the fact that inclusionary zoning alone is not the solution. She proposed looking at cities that have used inclusionary zoning for some time and determining how many units their programs have produced. She felt this would provide greater context for the City Commission.

Vice Chair Walters commented that the amount of money going into and currently available in the Affordable Housing Trust Fund is negligible compared to what is needed. Mr. Schnell stated that this concern could be made clear to the City Commission, noting that the payment in lieu option is one alternative. The Committee members were not optimistic that this option would be seriously considered by the Commission.

Ella Parker, Urban Design and Planning Manager, advised that the intent is to present a broad approach, which would include providing transportation options along major corridors and tying the provision of flex units to a form-based zoning Code. An affordable housing component is part of this multifaceted proposal. Mr. Schnell encouraged the Committee to provide comments on specific issues such as income eligibility, overlay zones, set-aside requirements, and deed restrictions.

Chair Orshefsky proposed that the Committee include issues such as City matching funds, linkage fees at the City or County level, payment in lieu, and applicability of inclusionary zoning on a City-wide basis rather than limited to the RACs and areas where there is transit-oriented development (TOD). She emphasized the need for additional mechanisms to encourage construction of affordable, income-restricted housing in order to implement affordable housing City-wide.

Ms. Daly noted that income eligibility is once more a key aspect of the discussion, and asked if there should be consideration of changing the recommended percentage of AMI that could qualify recipients for affordable housing. Mr. Schnell confirmed that there is a greater need for housing for individuals and families with lower-income; however, this does not fit the method by which the City breaks down incomes in 10% increments.

Ms. Nothard requested clarification of the costs of construction for affordable housing, as well as the likelihood of resistance from surrounding neighborhoods. Mr. Schnell recalled that due to the high cost of construction, plans did not originally focus on for-sale workforce housing units. The inclusion of these units magnifies the need for incentives for developers of for-sale units to offset the cost burdens of more affordable housing. While there is municipal land available that could accommodate housing, there are many potential competing uses for this land.

Ms. Epstein pointed out that the hospitality industry does not contribute toward affordable housing although many of their employees need it. It was noted that linkage fees apply to non-residential properties and could capture a segment of this industry.

Motion made by Ms. Nothard, seconded by Mr. Parke, that the Committee believes [the City] should have a multi-pronged approach, looking at things such as linkage fee[s], payment in lieu, broader incentives, [with the] City to actually figure out a match where perhaps even general revenue would be directed towards these efforts, and that [the City] should be perhaps looking more closely at the needs and income levels for the workforce within the City and whether the policies we are promoting really address those.

Ms. Parker pointed out that Staff's presentation addressed many of these issues, and suggested that the Committee recognize the alignment between these items and the proposals within the **motion**. Vice Chair Walters offered the following **amendment** to the **motion**: to allow the Chair to work with Staff to come up with whatever recommendation the Committee wants to send through Staff to the City Commission. The proposed **amendment** was accepted.

Chair Orshefsky recommended including discussions of specific programs, such as inclusionary zoning, in the larger context of promoting affordable housing. She advised that the City Commissioners may not fully understand the issue of affordable housing and for this reason could perceive inclusionary zoning as a "silver bullet" to address the entire problem rather than a single aspect of it.

Ms. Nothard expressed concern with stating such a broad goal, as she felt this risks the possibility of making the issue too weighty. Mr. Parke added that the City Commission has previously rejected a proposal for a payment in lieu system. Chair Orshefsky suggested that a future meeting Agenda include time for a discussion of how much the City should dedicate to affordable housing from the General Fund.

In a voice vote, the **motion** passed unanimously.

The following Item was taken out of order on the Agenda.

V. NEW BUSINESS

- **Update on the Transportation Tax – Karen Warfel, Transportation Planning Manager**

Karen Warfel, representing the Department of Transportation and Mobility, showed a PowerPoint presentation on the recently enacted Broward County sales tax, which passed on referendum in November 2018. The sales tax adds one penny per dollar spent and may only be used for transportation projects.

Ms. Warfel reviewed the average market rent in Broward County, pointing out that the disparity between AMI and median sale price of homes has led to an increase in renters in Fort Lauderdale. Despite low unemployment, Broward County also has a very high poverty rate of 13%. Less than 2% of residents currently use public transit, although using public transit could help individuals save up to \$10,000/year in expenses. Transit issues include reliability, frequency, and accessibility, among others.

Ms. Warfel continued that the County is looking at ways to accommodate different populations, from aging “baby boomers” who may be approaching a time when they can no longer drive to millennials who appear to be less interested in driving cars. Broward County also anticipates continuing significant growth in its over-85 population.

The County was required to submit a plan for the use of surtax funds. Most of these will be spent on transit improvements throughout the County. Agreements between Broward County, its 31 different municipalities, and the Florida Department of Transportation (FDOT) developed the plan for surtax funds, which includes signalization improvements, greenways, multimodal transportation, flooding, and more.

Ms. Warfel continued that the language in the law states that no less than 10% of the revenue will be spent on municipal projects each year. In some years, the amount spent on these projects may be up to 20%. The surtax has a 30-year horizon. Transit programs within the County include community shuttles, improving the Transportation Options (TOPS) and Paratransit programs, improving existing Broward County Transit (BCT) routes and their headways, creating connectivity, relieving traffic congestion, multimodal Complete Streets improvements, and many others.

Two boards oversee the use of surtax funds: an Appointing Authority, and the the Oversight Board. The Oversight Board makes determinations on the funding of projects. Its members represent different areas of expertise. The first disbursement of surtax funds will come to the County in February 2019, followed by the next Oversight Board meeting in March. They will put together policies and procedures for the distribution of funds, prioritization of projects, and other concerns.

Ms. Nothard asked if there was a way affordable housing and TOD areas might be linked to some of the surtax projects. Chair Orshefsky replied that the City had received grant funds used to study TOD in conjunction with the Wave Streetcar; after the Wave project failed, the City instead invested in its current study undertaken by Kittelson &

Associates, which focuses on housing and transportation. She asked that prioritized projects within the City which are also close to major transportation corridors be identified so the Committee can see some of the places where transportation and affordable housing projects might overlap.

Mr. Parke asked how transit service in Downtown Fort Lauderdale can be prioritized now that the Wave project is no longer moving forward. Mr. Jernigan advised that the Sun Trolley now serves as the key vehicle for transit in the Downtown area. Ms. Warfel stated that Transportation and Mobility Staff will continue to work with both the Downtown Fort Lauderdale Transportation Management Association (DFLTMA), which operates the Sun Trolley, and the Broward Metropolitan Planning Organization (MPO) to help plan the future of transit in Fort Lauderdale. Ms. Nothard emphasized the need for a transit master plan that integrates housing in some way.

- **Affordable Housing Trust Fund Balance**

Ms. Wilkinson reported that the current balance of the Affordable Housing Trust Fund is \$895,483.63.

The previous year, the Committee was asked to make funding recommendations for Community Housing Development Organizations (CHDOs), which are created to undertake affordable housing for the low- to moderate income categories within City limits. Ms. Wilkinson advised that another CHDO request for proposal (RFP) has been received, which will use \$79,569.75 in 2017-2018 HOME funds, combined with \$103,171.05 in 2018-2019 HOME funds. The total HOME funds used for CHDOs will equal \$182,740.80.

Ms. Wilkinson explained that her request is that the Committee consider providing \$117,259.20 from the Affordable Housing Trust Fund to make the CHDO funds an even \$300,000. These dollars will be used for acquisition and/or rehabilitation of affordable housing for rental purposes or for sale. Four certified CHDOs will submit RFPs to the Committee, which will have the final decision of which agency will receive funding.

Motion made by Vice Chair Walters, seconded by Mr. Parke, to adopt the recommendation made by Staff.

Mr. Jernigan expressed concern with the possibility of spending money from the Trust Fund without first having determined all policies and procedures for its use. He felt this was a necessary step before any Trust Fund dollars are committed. Ms. Wilkinson clarified that CHDOs are required to bring a certain amount of money to the process as well.

Chair Orshefsky recalled that an Ordinance was passed listing the policies and procedures for Trust Fund expenditures, and suggested that these be distributed to the

full Committee once more for review. She proposed that the knowledge the Committee has gained in recent months be incorporated into these policies and procedures.

Ms. Wilkinson recalled that the Committee had expressed concern that not enough steps were being taken to address the needs of the City's low-, very low-, and extremely low-income populations. She explained that CHDOs address the needs of these populations, although City programs do not focus on them.

Chair Orshefsky recommended tabling the **motion** until the next meeting, and requested that a draft of the CHDO RFP be provided so the Committee can see that residents with the lowest incomes will be helped by the organizations' efforts. Ms. Wilkinson emphasized the need for all the members to read the materials she sends them prior to meetings so they are well-informed when issues come before them.

The Committee agreed by consensus to table the **motion** until the next meeting.

- **New Local Housing Assistance Plan for 2019-2020, 2020-2021, & 2021-2022**

Ms. Wilkinson advised that she has submitted the Local Housing Assistance Plan (LHAP) to the Florida Housing Finance Corporation, which returned the document with comments to be incorporated for approval. The LHAP has now been submitted to upper management for review. The document will go before the City Commission on April 2, 2019. Once approved, it will be submitted again to the Florida Housing Finance Corporation.

Motion made by Vice Chair Walters, seconded by Mr. Cooper, to suspend the remainder of the Agenda until the next meeting. [The **motion** was approved by consent.]

- **Election of AHAC Officers for 2019**

VI. AGENDA TOPICS FOR NEXT MEETING

VII. GOOD OF THE ORDER

Mr. Jernigan distributed information to the members regarding the Silverwood affordable housing project, as well as information on state legislation related to the property appraisal of affordable housing. This would mean subsidies may be taken into consideration when the value of a property is appraised.

VIII. NEXT SCHEDULED MEETING DATE – March 18, 2019

IX. ADJOURNMENT

Affordable Housing Advisory Committee

February 20, 2019

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There being no further business to come before the Committee at this time, the meeting was adjourned at 10:59 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 K. McGuire, Prototype, Inc.]