MONROE COUNTY

THE FLORIDA KEYS AREA OF CRITICAL STATE CONCERN (ASCS)

FLORIDA KEYS POST-IRMA

AFFORDABLE HOUSING RECOVERY AND REBUILDING

RECOMMENDATIONS AND ACTION PLAN

Goal:

To secure land, funding, and regulatory incentives to develop 300-400 new units of Affordable and Workforce Housing for residents with incomes averaging 60% of AMI in 2018.

This plan is intended to offer a set of recommendations for what can be practically accomplished in the next two years to address the immediate need for the rebuilding of affordable housing in the Florida Keys.

Request:

1. Request **$30 million in SAIL funding** (to match with Low Income Housing Tax credits);
2. Request **$4 million in housing tax credits from FHFC** (to use with SAIL funding);
3. Request **$20 million** in additional funds for Monroe County to help purchase Trailer Park properties and other sites for affordable Housing;
4. Authorize the **Monroe County Land Authority** the flexibility to utilize its funds for the construction/development of affordable housing;
5. Dedicate one of the two currently **unutilized Tourist Development Tax pennies for affordable housing**, limiting this use for a period of two years.

Need:

The challenges facing citizens of finding and securing affordable housing in Monroe County are not new but have increased exponentially after the devastation from Hurricane Irma. The destruction of mobile home parks and other residential structures have left residents without housing and employers without employees.

Early reports indicate that the storm destroyed or significantly damaged over **1,700 properties** (in Unincorporated Monroe alone) and left **4,000 households** (County-wide) displaced and eligible for FEMA rental assistance. FEMA is still gathering data on the extent of this human catastrophe, but early estimates underscore the dramatic impact Irma has had on families, communities and our economy.

Unfortunately, the storm compounded an already dire affordable housing market throughout the Florida Keys prior to Irma. A variety of factors have contributed to the Keys affordable housing shortage: our tourist economy and hospitality workforce, the historic challenges and pressures on the real estate market resulting in high housing prices, all exacerbated by the dwindling availability of developable land, environmental restraints and rising construction and insurance costs, continue to drive up the price of housing while limiting the ability to develop new affordable units.

The 2015 *Monroe County Workforce Housing Stakeholder Assessment Report* underscored the dramatic need for affordable and workforce rental housing for residents whose incomes range from 35% up to 140% of AMI and who are employed in critical sectors of our economy.

Analysis from the UF Schimberg Center for Housing Research demonstrates the scope of the housing challenge:

- Estimates indicate that **17,027 households** – almost **50% of total Monroe County population -** were "**cost burdened**", paying **more than 30%** of their income on housing, and **8,809** (**25% of total county population**) are paying **more than 50%** of their income.

- For **renters**, the percentage of cost-burdened families is more staggering. Of the **14,608 renters** in the county, **8,762 (60%)** pay **more than 30%** of their income for housing, with **4,352 (30%)** of them paying **more than 50%** of their income.

Over the last 15 years, local government officials, businesses and stakeholders have offered various recommendations to retain and build affordable/workforce housing.

The Legislature and Florida Housing Finance Corporation have responded to the need by ensuring that Monroe County, as an "Area of Critical State Concern," is the only County to receive an annual allocation of housing tax credits and SAIL funds to develop one affordable and workforce rental project per year.

However, the housing and displacement crisis created by Hurricane Irma has magnified the need for additional funding resources to rebuild affordable housing for the thousands of displace residents, restore the economy, and ensure the quality of life for these Keys communities.

Current Barriers to Affordable Housing

- **Land -** Developable land in the Keys is scarce and therefore extremely expensive. (Land prices represent a higher proportion of total development costs here than in any other part of Florida.)
- **Funding** – Florida Housing Finance Corp provides funding for 1 housing credit/SAIL fund development per year. This will allow for one project of between 50-100 units. The only other guaranteed money for housing development programs is SHIP dollars to County (~$800,000 per year) and Land Authority (~$2 million for land purchases per year.)
- **Regulatory Challenges -** Requirements like density, setback, open space, height which apply to all development in the Florida Keys – market or affordable - are significant for reasons related to conservation, land and permit limitations, evacuation requirements, and building code.
- **Permits** (or ROGOs) **-** The County is allotted a limited number of affordable permits per year.

Action Plan:

Florida Housing RFA for Hurricane Rebuilding Announced

Florida Housing Finance Corporation has announced it will issue RFA 2018-107, "Monroe County SAIL Housing Credit Financing for Affordable Housing for Hurricane Recovery" on January 18, 2018, with an expected Application Deadline of February 15, 2018.

It is critical that the County and local governments provide the FHFC and policy makers recommendations on funding for affordable housing rebuilding.

We believe that we should provide state policy makers recommendations a plan to help accomplish these goals. Governor Scott, the Florida Legislature and the Florida Housing Finance Corporation have all indicated staunch support – both financial and regulatory - for assisting the Keys with rebuilding housing.

Based on that strong interest, it is critical that the County, in concert with Cities, provide them with a specific request for moving quickly to accomplish this housing recovery and rebuilding effort. The following suggestions and legislative recommendations provide a framework to rebuild from devastation of Irma.

I. Recommendations to Ensure Rebuilding of Affordable Housing

➢ **Land Availability**.

The most critical factor for developing new housing units is to secure available developable land for multifamily rental property from both the public and private sector.

- Local governments need to update available developable land and secure property that they can make available for affordable and workforce Housing.
- County should purchase private property where available and cost effective to make available for development for affordable/workforce housing.
- County and Cities need to support private property owners in their efforts to develop affordable housing by helping to overcome regulatory obstacles.

The following parcels have been identified as possibly available for development and will be considered, including:

1. **School Board land** – Incentivize School Board to donate or sell two key parcels of land:
   a. **Marathon Manor, Marathon** – Former nursing home, zoned for 120 units;
   b. **Trumbo Point**, **Key West**– School board Admin and bus maintenance site, zoned for 145 units affordable and workforce;
2. **Damaged Trailer Park Properties –** 6-9 trailer park sites may be available for purchase by the county to make available for affordable housing. Funds are necessary to help secure these sites. The County has submitted an appropriations request to purchase these properties;
3. **Easter Seals site, City of Key West –** Transition homeless shelter and develop affordable units for very low, low income citizens;
4. **Catholic Church Properties** – Discuss with Church selling several parcels of land in Monroe which may be suitable for affordable housing;
5. **Islamorada –** Several privately-owned parcels in the Village may be available and should be supported for development;
6. **Private parcels ready for affordable development –** Several parcels in the lower and middle Keys appear ready for development and should be supported.

➢ **Secure Additional Funding**

The goal to develop 300 - 400 new multifamily rental units requires Legislative and Florida Housing support. This equates to 3-4 new affordable and workforce housing developments in 2018.

Resources necessary include:

1. Request **$30 million in SAIL funding** to match with Low Income Housing Tax credits;
2. Request **$4 million in housing tax credits from FHFC (to use with SAIL funding);**
3. Request **$20 million** in additional funds for Monroe County to help purchase Trailer Park properties and other sites for affordable Housing;
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- **<u>Local Government Regulatory Relief</u>**

The County has implemented a number of ways that provide regulatory relief and lower Cost of Development for affordable development. Where appropriate, utilize or expand local regulatory incentives to help lower the cost of developing affordable housing, including:

1. **Property Tax abatement for Affordable Housing** – Allow partial or full ad valorem exemption of affordable properties to lower cost of affordable housing development and incentivize more units at affordable rents.
2. **Impact Fee waivers** – Waive impact fees for affordable housing developments that keep housing affordable for 50 + years through deed restriction.
3. **Expedited Local Permitting Process -** To expedite rebuilding, fast track local permitting approvals for affordable developments.
4. **Streamlined Comp Plan approval for rezoning** – For properties that need to be rezoned, streamline comp plan approval with County and DEO.
5. **Density Bonus** – Density bonuses for affordable properties.
6. **Modify Height restriction on Limited Basis –** To build flood resistant developments with increased density, relax height restrictions in designated areas– up to 40 ft.
7. **Trailer Park Incentives** – Identify incentives for Trailer park owners to redevelop quality affordable housing. Provide Land Authority funding to assist.

- **<u>Cost of Development in Monroe County</u>**

The figures utilized to estimate funding necessary to build 300-400 units are based on recent affordable housing developments and guidelines from Florida Housing Finance Corporation.

The average Total Development Cost of developing 1, 2, and 3 bedroom multifamily units ranges between $285,000- $300,000 per unit depending upon size of the development and land cost.

- **<u>Proposed Project Income and Rent Levels</u>**

We are proposing to utilize a combination of housing tax credits, SAIL funding, and Land Authority funds to develop new affordable housing units of which **<u>70% of the units will be for low and very low incomes</u> (60% AMI or less) and <u>30% will be for moderate incomes</u> (80-120% AMI).**

Should we acquire additional funds to purchase the land for affordable housing projects, we could expect that the following distribution would favor a greater percentage of lower income units, and lower rent levels.

a) **Units at Various Income Levels** - It is important that Monroe County local governments provide recommendations to FHFC on the numbers of units developed at the different income levels.

These are the target income levels recommended:

10% of units at 25% AMI
60% of units at 60% AMI
15% of units at 80% AMI
15% of units between 80% to 120% AMI

b) **70% of Units will have "Affordable" Rents** (60% of AMI and below) to range from:

1 Bdrm = $346 (25% AMI) to $950 (60% AMI)
2 Bdrm = $412 (25% AMI) to $1137 (60% AMI)
3 Bdrm = $467 (25% AMI) to $1304 (60% AMI)

30% of Units will have "Workforce" Rents (80% - 120% AMI) to range from:

1 Bdrm = $1295 (80% AMI) to $1755 (120% AMI)
2 Bdrm = $1550 (80% AMI) to $2149 (120% AMI)
3 Bdrm = $1780 (80% AMI) to $2508 (120% AMI)

Florida Housing Finance Corporation will be issuing a Request for Application for "*Monroe County SAIL Housing Credit Financing for Affordable Housing for Hurricane Recovery*" on January 18, 2018, with an expected Application Deadline of February 15, 2018.

The RFA will provide Housing Tax Credits and SAIL dollars to allow development of project(s) with a combination of affordable and workforce housing units with income ranging from 35% of AMI to 120% AMI. Florida Housing will set the guidelines for the percentage of units at 60% of AMI and below ("affordable") funded with housing tax credits and for those ranging from 60% -120% of AMI ("workforce").

Monroe will seek to recommend to FHFC to reflect the income level distribution above as the target for the RFA.

FHFC has scheduled a workshop for this RFA on January 4, 2018.

Please contact:

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