



**CITY OF FORT LAUDERDALE  
City Commission Agenda Memo  
CONFERENCE MEETING**

**#20-0143**

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**TO:** Honorable Mayor & Members of the  
Fort Lauderdale City Commission

**FROM:** Chris Lagerbloom, ICMA-CM, City Manager

**DATE:** March 3, 2020

**TITLE:** Affordable Housing Policy Presentation - **(Commission Districts 1, 2, 3  
and 4)**

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**Background**

At the June 4, 2019 Joint Workshop between the City Commission and the City's Affordable Housing Advisory Committee, the Urban Design and Planning Division (UD&P) provided a presentation on affordable housing policy recommendations. On June 28, 2019, the Governor approved House Bill 7103, amending Section 166.04151 of the Florida Statutes, restricting municipal regulatory authority on implementing local inclusionary zoning regulations.

The new law requires municipalities using inclusionary housing ordinances to provide incentives to fully offset all costs to a developer for affordable housing contributions. Staff has updated the proposed draft affordable housing policy recommendations in order to comply with the new State regulations and will provide a presentation to the City Commission for feedback and direction.

The following is an outline of the proposed Affordable Housing Policy to be presented:

- Optional Inclusionary Zone Location

The residential unified flex zone had similar qualities and geographic distribution sought under the inclusionary zoning policy, offering an opportunity for a citywide approach. Therefore, the proposed inclusionary zoning policy will overlay the Unified Residential Flex Zone. These areas include three Regional Activity Centers (RACs) - Northwest RAC, Downtown RAC and South RAC and primary transit corridors. Uptown has adopted its own policies to facilitate growth, with complementary components of affordability, and is therefore being excluded from the proposed inclusionary zoning policy recommendation.

- Allocation of Residential Flexibility Units

The inclusionary zoning policy is proposed to function through the allocation of

residential flex units, requiring a percentage of the residential flex units to be set-aside as affordable. Within RAC areas, residential flex units can be applied for after all RAC units are allocated. Areas outside RAC areas, designated Commercial, may only utilize residential flex units.

- Income Eligibility

The Housing and Community Development Division focuses on households making 30 percent to 60 percent of the median family income (MFI), while the intent of the proposed inclusionary zoning policy is to focus on households making between 60 percent to 100 percent of MFI for rental units and 80 percent to 120 percent of MFI for sale units. The purpose of this recommendation is to capture a segment of the population that does not receive housing aid from County, State or Federal programs which typically focus on the 30 percent to 60 percent of the MFI income range. Maximum incomes are based on the United States Department of Housing and Urban Development (HUD) annually released MFI for Broward County. The Broward County MFI was \$68,600 for fiscal year 2019. Maximum rental and sale prices are referenced below.

**Rental Income Limit by Persons in Household**

	1	2	3	4	5	6
<b>60%</b>	\$35,400	\$40,440	\$45,480	\$50,520	\$54,600	\$58,620
<b>80%</b>	\$47,200	\$53,920	\$60,640	\$67,360	\$72,800	\$78,160
<b>100%</b>	\$59,000	\$67,400	\$75,800	\$84,200	\$91,000	\$97,700

**Rent Limit by Number of Bedrooms in Unit**

	0	1	2	3	4	5
<b>60%</b>	\$885	\$948	\$1,137	\$1,314	\$1,466	\$1,618
<b>80%</b>	\$1,180	\$1,264	\$1,516	\$1,752	\$1,954	\$2,157
<b>100%</b>	\$1,475	\$1,580	\$1,895	\$2,190	\$2,443	\$2,696

**For Sale Income Limit by Persons in Household**

	1	2	3	4	5	6
<b>80%</b>	\$47,200	\$53,920	\$60,640	\$67,360	\$72,800	\$78,160
<b>100%</b>	\$59,000	\$67,400	\$75,800	\$84,200	\$91,000	\$97,700
<b>120%</b>	\$70,800	\$80,880	\$90,960	\$101,040	\$109,200	\$117,240

**Maximum Affordable Sales Price by Bedroom Count**

	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>80%</b>	\$132,970	\$158,355	\$183,741	\$209,126	\$229,676	\$249,924
<b>100%</b>	\$177,546	\$209,277	\$241,009	\$272,740	\$298,428	\$323,737
<b>120%</b>	\$222,121	\$260,199	\$298,276	\$336,354	\$367,179	\$397,551

HUD does not compute the maximum income for 100 percent of MFI, or maximum affordable sale price, by bedroom count and will have to be calculated and released by staff annually. Additionally, for sale units are based off a set of variable assumptions (homeowner association fees, property taxes, loan term, annual interest rate and down payment). Reference assumptions below.

<b>Housing Cost</b>	35%	Of gross income (includes PITI, HOA, etc.)
HOA fees	\$350.00	Per month
Property tax	1.90%	Of sales price (assumes homestead exemption)
Insurance	0.75%	Of mortgage amount
<b>Term</b>	30	Years
<b>Interest rate</b>	5.75%	Annual
<b>Down payment</b>	5.0%	Of sales price

- **Set-Aside Requirements**

The proposed percentage of units required to be set aside as affordable is based on the number and type of units being proposed for construction through the allocation of residential flex units. Rental and for sale units have different percentage requirements, primarily based on the ability of recouping funds, thus maintaining a projects feasibility. Rental units have an extended period to offset the cost of affordable housing units through the collection of rental income. Sale transactions are the only mechanism for sale units to recoup investment funds, therefore set-aside requirements are lower, and the target income level is higher.

Rental set-aside requirements are no less than 15 percent of a development's residential units and are proposed to be income restricted for 30 years - 5 percent at or below 60 percent of MFI, 5 percent at or below 80 percent of MFI, 5 percent at or below 100 percent of the MFI. For sale set-aside requirements are no less than 10 percent of a development's residential units and are also proposed to be income restricted for 30 years – 5 percent at or below 100 percent of the MFI, 5 percent at or below 120 percent of the MFI.

A payment in lieu of affordable housing is also being considered, but a rational nexus study or similar analysis would need to be conducted. Funds from the payment in lieu would be deposited into the City's Affordable Housing Trust Fund and used to support affordable housing development.

- Affordable Housing Incentives and Regulatory Changes

#### Density Bonus

Developments in commercial zoning districts opting to add affordable housing units over the required 10 percent or 15 percent set-aside requirement, would receive a density bonus of 1.5 market rate units per additional affordable housing unit, not to exceed 30 percent over permitted density. Permitted density within commercial districts is 50 units per acre. Under this proposed policy, developers could build up to an additional 15 market rate units per acre, for a maximum of 65 units per acre. Since the permitted height of commercially zoned properties is 150 feet, no additional height bonus would be needed to accommodate the additional density.

#### Expedited Review

Developments applying for additional height within the Northwest Regional Activity Center require the submission of a Site Plan Level II Application, with City Commission Approval, in exchange for 10 percent of residential units set-aside as affordable in perpetuity. The proposed modification would change the requirements from City Commission Approval to a City Commission Call-up, potentially saving applications two to three months of review time.

The South Regional Activity Center requires applicants to apply for a height bonus through a Site Plan Level II Application, with City Commission Approval, but does not require developers to set-aside residential units as affordable. The proposed modification would require developers to set-aside 10 percent of residential units for 30 years and would change the requirements from City Commission Approval to a City Commission Call-up. This change could potentially save applications two to three months of review time.

#### Accessory Dwelling Units

To encourage the expansion of housing opportunities, modifying existing accessory dwelling unit regulations could increase naturally occurring affordable housing. These changes include increasing the maximum 600 square foot size restriction and expanding the number of residential zoning districts that permit accessory dwelling units.

### **Attachment**

Exhibit 1 – Presentation

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