

# **2005 EAR for Lee County's Housing Element**

## **Unincorporated Lee County's Affordable Housing Achievements: Special Studies and Affordable Housing Initiatives**

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### Special Studies

1. ***Affordable Housing: Recommendations to Increase Homeownership***—Prepared by the Ad Hoc Affordable Housing Incentives Committee (including staff comments). Reviewed by the Lee County Affordable Housing Committee. Endorsed by the Lee County Board of County Commissioners (BoCC) Management and Planning Committee, February 4, 2002.

The *Affordable Housing: Recommendations to Increase Homeownership* was prepared because the Affordable Housing Committee (AHC) identified the need to increase the production of affordable housing in Lee County. The AHC appointed an Ad Hoc Housing Incentives Committee whose goal was to find incentives for creating affordable housing by coordinating and combining local resources and cost-saving measures through public and private partnerships. The Committee also wanted to tie the need for an adequate supply of affordable housing to the BoCC's goal of improving the quality of life of Lee County by balancing growth and environment through a Smart Growth initiative. This study developed 15 recommendations as a means of increasing homeownership in Lee County. The following is a list of these recommendations:

- Forgiving overdue property taxes and liens on vacant properties identified by non-profit housing providers
- Establishing an Affordable Housing Land Bank Program
- Making available surplus County land for affordable housing development
- Updating the County's affordable housing needs assessment
- Establishing an Affordable Housing Impact Fee Trust Fund
- Establishing alternative design and development review standards to promote in-fill housing
- Leveraging funds for affordable housing, including tax-exempt bond fund
- Diversifying the economy to enhance employment that pays wages adequate for existing housing
- Educating non-profit developers on current state tax incentives
- Encouraging employer assisted housing programs
- Establishing a non-profit mortgage company
- Encouraging local lenders to provide innovative banking products
- Educate all stake holders on existing housing assistance programs
- Increasing housing rehabilitation activities
- Analyzing the need for affordable housing generated by development, identifying who is responsible for meeting that need and how that need can be met.

**2. *The Public Costs Of Inadequate Affordable Housing In Lee County, Florida*--**  
Prepared By Consultant Deborah Halliday, MPA, Missoula, Montana. Endorsed by the Lee County Affordable Housing Committee on September 3, 2002, and The Lee County BoCC Management and Planning Committee on September 9, 2002.

*The Public Costs Of Inadequate Affordable Housing In Lee County, Florida* was completed to ascertain if there were public costs to Lee County citizens that resulted from an inadequate supply of affordable housing.

The following are the findings from the study:

**(a) There is inadequate affordable housing in Lee County, Florida**

Ample research supports the finding that Lee County does not have enough housing that is affordable to families living at or below 80% Area Median Income (AMI).

- The 2002 hourly wage needed to buy a median priced home in Lee County (\$154,000) is \$25.87--far exceeding the \$14.86 a fire fighter earns, or the \$9.66 a receptionist earns in Lee County.
- The development of affordable housing is declining. The percentage of single-family units priced at \$120,000 or less fell from 40 percent of all homes built in 1999 to 26 percent of all units built in 2001.
- The average cost of a two-bedroom rental apartment rose from a 3 percent increase between 1999 and 2000 to a 25 percent increase between 2000 and 2001.
- It is estimated Lee County will need 30,000 units of owner-occupied housing and 11,493 rental units by the year 2010.

**(b) The need for more affordable housing costs Lee County citizenry over \$249 million annually and is expected to rise with growing unmet need**

This study calculates the public costs associated with inadequate housing in three sectors of the community: lost economic opportunity, transportation infrastructure, and the direct and indirect social costs related to education and health care. This study concludes it costs Lee County citizenry:

- **\$240.7 million per year in lost economic opportunity**
  - \$158.8 million - lost jobs and wages as a result of not developing needed housing
  - \$78.6 million - lost economic opportunity as a result of families spending too much money on housing
  - \$3.3 million - lost property tax revenue

- **\$3.2 million per year in transportation infrastructure**
  - For every 15,000 workers who must travel great distances to work
- **\$5.4 million per year in education and health care social indicators**
  - \$4.4 million – education indicators
  - \$1 million – health care indicators

These figures are for 2002. These costs are expected to rise in subsequent years as the need for affordable housing outpaces efforts to increase affordable housing opportunities, absent aggressive measures. The study recommends that Lee County initiate an aggressive affordable housing development strategy incorporating the recommendations of the Ad Hoc Affordable Housing Incentives Committee's report.

### 3. **Affordable Housing Methodology**

In November 2004, the BoCC directed Planning Staff to ascertain whether non-residential developments had an impact on affordable housing and, if so, what could be done to mitigate that impact. On April 26, 2005, Clarion Associates, a national consulting firm, was retained to develop an Affordable Housing Methodology. Clarion Associates held a kickoff meeting on June 16, 2005, presenting its strategies for developing a methodology. Between June-September 2005, Clarion Associates developed a Policy Memorandum describing a standardized methodology to assess the impact of new non-residential development on affordable housing. The Policy Memorandum, presented to the Affordable Housing Committee (AHC) on September 22, 2005, evaluates legal/policy issues, analyzes relevant data, and outlines implementation options. It includes: (a) an analysis of affordable housing needs and problems, (b) an inventory of affordable housing in Lee County, (c) methods for assessing impacts of non-residential development on affordable housing, (c) a survey of affordable housing programs in other communities, and (d) an Affordable Housing Methodology and policy considerations.

In the future part of this project, Clarion Associates will conduct a support study that refines the Policy Memorandum and explains how mitigation could be implemented. The support study will include: (a) establishing a level of service (LOS) standard and housing goal identifying the amount and number of employees needing housing and the quality of affordable housing to be provided, (b) a needs analysis demonstrating the persons employed have a need for affordable housing consistent with the established goals, (c) an inventory of affordable housing to evaluate current conditions, (d) a forecast of the demand for affordable housing from future commercial development, (e) a description demonstrating the nexus or linkages between new commercial development and affordable housing needs, as well as the amount of housing to be subsidized, and (f) an outline of types of mitigation (*e.g.* construction of units, dedication of land, conversion of units, in-lieu fees, and so on). The last step to be created by Clarion Associates is the Implementing Legislation to address issues of time of mitigation, its

form, credits, restrictions on units developed, locational requirements, size/material standards, conveyance requirements, independent fee calculations, refunds, appeals, study updates and other provisions necessary to ensure due process and conformance with relevant case law.

#### 4. Employer Assisted Housing

Lee County has started a dialog with various employers in the County about the possibility of increasing the number of employers that provide employer assisted housing. The County has a number of employers that provide a housing benefit either by making units available at reasonable rents or providing down payment assistance. The Lee County Planning Division in partnership with Lee County Office of Economic Development has designed a survey of employers to identify those that provide employer assisted housing and the type of assistance provided.

### Affordable Housing Initiatives

#### 1. State Housing Initiatives Partnership (SHIP)

The Lee County Board of County Commissioners has approved the SHIP Local Housing Assistance Plan (LHAP) for State Fiscal Years 2005/06-2007/08, continuing Lee County's development of decent and affordable housing.

Lee County State Housing Initiative Partnership (SHIP) Affordable Housing Strategies				
Description of Activities	Income Category and program Eligibility	Selection Criteria	Recapture Provisions	Other Funds Leveraged
<b>Home ownership</b> New Construction	Very-low, low and moderate income per HUD guidelines adjusted for family size	IRS approved non-profit affordable housing providers selected by competitive proposals	Deferred, non-amortizing subordinate mortgage grants	State and local HOME, HOPE 3, CDBG, misc. Grants, RHS Section 502, PLP, AHP, private contributions, private capital
<b>Homeownership</b> Down Payment/Closing Cost Assistance	Very-low, low and moderate income per HUD Guidelines adjusted for family size	Income eligible households, by waiting list first/come - first/ready. Very-low and low-income households are a priority	Deferred, non-amortizing subordinate mortgage grants	Private capital, RHS Section 502,514.
<b>Homeownership</b> Rehabilitation	Very-low, low and moderate income per HUD Guidelines adjusted for family size	Government agency or IRS approved non-profit affordable housing providers, selected by competitive proposal	Deferred, non-amortizing subordinate mortgage grants	HOME, CDBG, HOPE 3, private capital, County or other historic preservation funds
<b>Homeownership</b> Rehabilitation	Very-low, low and moderate	Government agency or IRS approved non-	Deferred, non-amortizing	HOME, CDBG, HOPE 3, private

Lee County State Housing Initiative Partnership (SHIP) Affordable Housing Strategies				
Description of Activities	Income Category and program Eligibility	Selection Criteria	Recapture Provisions	Other Funds Leveraged
Barrier Free Access	income per HUD Guidelines adjusted for family size	profit affordable housing providers, selected by competitive proposal	subordinate mortgage grants	capital
<b>Rental</b> Construction New/ Rehabilitation	Very-low, low and moderate income per HUD Guidelines adjusted for family size	Government agency or IRS approved non-profit affordable housing providers, selected by competitive proposal	Deferred, non-amortizing subordinate mortgage grants	HOME, FEMA, SAIL, tax credits, AHP, CDBG, HUD 202, and HUD 811.
<b>Rental</b> Special Needs	Very-low, low and moderate income per HUD Guidelines adjusted for family size	Government agency or IRS approved non-profit affordable housing providers, selected by competitive proposal	Deferred, non-amortizing subordinate mortgage grants	HOME, FEMA, SAIL, tax credits, AHP, CDBG, HUD 202, and HUD 811.
<b>Disaster Mitigation and Recovery for Homeownership or Rental Units</b>	Very-low, low and moderate income per HUD Guidelines adjusted for family size	Income eligible households by waiting list on a first/come, first ready, most/need and IRS approved non-profit affordable housing providers selected by competitive proposals. Very-low and low-income households are a priority.	Deferred, non-amortizing subordinate mortgage grants	Available federal, state and local funds for disaster mitigation and recovery

Source: Local Housing Assistance Plan-LHAP 03/05.

## 2. Community Land Trust (CLT)

Lee County is in the process of developing a Community Land Trust (CLT) and has set aside \$1,000,000 from the County's own general fund reserves to fund this initiative. The CLT will be a non-profit organization that will own land and provide a 99-year renewable lease to those owning dwellings built on the land. By permanently limiting land costs, the CLT can lock in subsidies and lower purchase prices, allowing very low and low-income families to qualify for homeownership.

Lee County has made the \$1,000,000 available in the form of a loan to create a CLT. Under the CLT model, a non-profit acquires parcels of land, holds the land in perpetuity. The CLT will address Lee County's urgent affordable housing needs by making available long-term ground leases, transferring ownership of any structural improvements located on such leased parcels to the lessees, and retaining a preemptive option to purchase any structural improvement on the land at a price determined by a formula designed to ensure the improvement remains affordable to very low and low income households.<sup>1</sup>

<sup>1</sup> Definition of Community Land Trust from Section 233 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12773).

The development of affordable housing using the Community Land Trust can be located anywhere in Lee County, ensuring geographic distribution of affordable housing and avoiding concentration of affordable housing units in any specific areas.

In summary, Lee County's CLT will create housing that remains permanently affordable, by providing affordable housing on leased land to very-low-income and low-income households. This housing will incorporate elements of Universal Design and energy efficiency, and will be located in areas with urban services, which are in keeping with Smart Growth principles.

### **3. School Impact Fee Reimbursement**

On December 4, 2001, the Lee County Board of County Commissioners (BOCC) allocated \$200,000 for partial reimbursement of school impact fees for the development of affordable housing for very low and low-income households. Due to a lawsuit filed by the Building Industry to halt the implementation of school impact fees, the reimbursement program was not implemented until 2005—after the lawsuit was settled.

Of the \$200,000 set aside for the reimbursement, \$50,000 has been designated for partial reimbursements in Sanibel's Below Market Rate Housing (BMRH) Program and the County's Enterprise Zones (Charleston Park, Dunbar and Harlem Heights). As of August 22, 2005, applications were being accepted from non-profit and for-profit housing.

### **4. Historically Significant Housing**

Lee County Planning Division is committed to preserving its cultural and historic resources. As a Certified Local Government, Lee County has an active Historic Preservation Board (HPB), consisting of seven members, that has been in existence since 1988. During that time, the HPB has reviewed and provided decisions regarding the rehabilitation of numerous houses and businesses in Boca Grande, Matlacha, Pine Island, and other areas. The County has also partnered with the Koreshan State Historic Site, Estero, Florida, to preserve the park's historic buildings. In addition, the County has partnered with the Florida Museum of Natural History at the University of Florida at Gainesville to establish the Rendell Research Center at Pineland—an archeological research facility dedicated to the study and preservation of the culture of the Calusa Indians.

The Lee County Historic Preservation Program encourages the appropriate rehabilitation of historically significant homes owned by low income residents by partnering with the Lee County Department of Human Services (DHS) and providing historic preservation grant assistance to DHS' rehabilitation projects to guarantee that historic features are preserved.

### **5. Barrier Free Housing**

Since the adoption of the last plan and, Lee County has implemented two initiatives for providing infrastructure that encourages independent living through the SHIP program:

**(a) Threshold Universal Design Criteria To Receive SHIP Funding**

To be considered for SHIP funding, proposed projects must meet a threshold design criteria for Universal Design that facilitates accessibility. The threshold criteria are listed below:

- i. *All homeownership new construction projects must meet the following two minimum design criteria:*
  - *On the first habitable floor of the building, a 32 inch clear passage through at least one exterior door and a 29 inch clear passage through all interior doors including bathrooms exist*
  - *On the first habitable floor of the building, a 36 inch wide level route through hallways and passageways exist*
- ii. *All rental (new or rehabilitation) construction projects must meet the following two minimum design criteria for accessibility:*
  - *32 inches clear passage through at least one exterior door and 29 inch clear passage through all interior doors, including bathrooms*
  - *36 inch wide level route through hallways and passageways*
- iii. *All new homeownership and new rental projects must provide:*
  - *Reinforcement in first floor bathroom walls around the toilet and bathtub/shower for installing grab bars*
  - *Light switches, thermostats and electrical panels no higher than 48 inches about the floor and electrical outlets at least 15 inches above the floor*
  - *Levered faucets and door handles eliminates the need for painful twisting; electric rocker switches, rather than conventional switches, are easily turned on and off*
- iv. *All rental rehabilitation projects must provide at least one entrance, which will be a ramp or no-step entrance, unless the proposed construction of a no-step entrance will require the installation of an elevator.*

**(b) SHIP Funding for Rehabilitation Projects that Create Barrier Free Housing**

In its SHIP Local Housing Assistance Plan (LHAP), Lee County has included a Barrier Free Affordable Housing Strategy. Lee County makes funding available to IRS approved non-profit affordable housing providers, disability support organizations and government agencies for the rehabilitation of homes in order to retrofit make them as barrier free. Sponsors are selected according to their qualifications as determined by mission, experience, financial stability, capacity, type of program, and overall ability to meet SHIP requirements. Funds awarded are used to pay for permitting fees, construction and construction related costs.

SHIP funds used in the home ownership/rehabilitation – barrier free strategy are subject to a subordinate mortgage on the property in the amount of the subsidy or according to costs and other subsidies used in the project. Only the amount of subsidy needed is awarded. The mortgage is zero interest, deferred payment, and



non-amortizing that are forgiven in 15 years if the owner maintains the home as a principal residence. Upon the transfer of ownership or sale of the property before 15 years, the entire amount of the mortgage is due and payable to the SHIP Trust Fund. If the new buyer is income eligible for the program, the mortgage may be assumed so long as all other SHIP requirements are met.

Every effort will be made to leverage public dollars to the maximum extent possible in the program. The home ownership rehabilitation strategy encourages the use of private capital, HOME, HOPE, and other available programs.

## **6. Consolidated Plan**

The Lee County Consolidated (HUD FY 2007) has been approved by the Board of County Commissioners, continuing the Lee County Department of Human Service's rehabilitation of owner-occupied housing and necessary infrastructure development, especially for community based projects located in Neighborhood Districts, and provision of emergency shelter services for the homeless. The local *Urban County* entitlement consortium consists of the municipalities of Bonita Springs, Fort Myers Beach, Sanibel, and unincorporated Lee County area. This consortium benefits from programs funded by the HUD *Community Development Block Grant (CDBG)*, *Home Investment Partnership Program (HOME)* and *Emergency Shelter Grant (ESG)* programs. Based on analysis of needs and review of public input, the Urban County governments have prioritized HUD *CDBG* resources for Neighborhood Development, *HOME* resources for Supportive and Affordable Housing and *ESG* resources for the elimination of Homelessness.

## **7. Neighborhood District Program**

The Lee County Department of Human Services has an extensive Neighborhood Building Program targeting communities in unincorporated Lee County with revitalization initiatives to include infrastructure (sidewalks, bus shelters, street lighting, etc.), code enforcement, community centers and social service programs, as well as homeownership rehabilitation, demolition of substandard housing and relocation (if necessary). Funding for these initiatives comes from Community Development Block Grant and HOME HUD programs as well as from the State of Florida and local foundations. Lee County is the center point for coordination of these initiatives, coordinating with community residents to determine area needs and providing eligible non-profit organizations or government agencies with the opportunity to apply for funding to provide the necessary infrastructure and services.

## **8. Continuum of Care for the Homeless**

The Lee County Board of Commissioners has approved the Continuum of Care for the Homeless for HUD FY 2005, continuing the Lee County Department of Human Services' development of permanent and transitional housing for the homeless with associated supported services.