

Incentives to Encourage the Private Sector to Build Affordable Housing in the Community

WEBINAR
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Our Thanks to the Florida Housing Catalyst Program

AFFORDABLE HOUSING CATALYST PROGRAM

Sponsored by the Florida Housing Finance Corporation



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WEBINAR OBJECTIVES

- Take a different approach to resolving the supply and demand equation for affordable housing
- Explore how the over arching benefits of having an adequate supply of affordable housing is an incentive to the private sector to fill in the market gaps
- Discuss tools and opportunities for housing advocates to use in increasing private sector participation in developing and operating affordable housing

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Premise of Today's Webinar

- Affordable housing creates many private sector benefits
- Affordable housing is profitable to private developers
- There is a market niche that the private sector may fill to mutually benefit the community and the business bottom line

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Why does housing matter?

The health, safety, and welfare of Floridians and the strength of Florida's overall economy depends on a sufficient supply of housing affordable to Florida's working families, elders, and people with disabilities living on fixed incomes.



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What is "Affordable Housing"? LET'S LOOK AT SOME DEFINITIONS:

- General Definition: Cost of housing is below 30% of gross family income
- Applies to income of household:
- Extremely Low Income- below 30% of Area Median Income (AMI)
- Very Low Income- below 50% of AMI
- Low Income- below 80% of AMI
- Moderate Income- below 120% of AMI (100% for federal programs)

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Affordable housing is safe and decent housing. It differs from market rate housing in two ways:

1. The income of the family living in the housing
2. The financing of the housing

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Income of the Household

- Definitions can vary by program – key is to avoid cost burden
 - 30% of income for housing- A Cost Burden
 - 50% of income for housing- A Severe Cost Burden
- The issue of whether housing meets a technical definition of affordable ceases to be a concern if occupant exceeds 80% or 120% of AMI
- Terms of Art
 - Low Income Housing
 - Workforce Housing
 - Attainable Housing
 - Sustainable Housing

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Quick Facts

- Florida has a severe affordable housing shortage.
- **912,967** very low-income Florida households — which include hardworking families, seniors, and people with disabilities — **pay more than 50% of their incomes for housing.**
- Florida has the third highest homeless population of any state in the nation, with **32,190 people living in homeless shelters and on the streets.** This includes 2,817 veterans and 9,422 people in families with at least one child.
- **Low-wage jobs are prevalent in Florida's economy.** In many occupations, workers do not earn enough to rent a modest apartment or buy their first home.

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The Financing of Housing

- Key to making housing affordable is a decrease in monthly rent or mortgage payments
- Lower payments is result of government programs that subsidize the cost of production
 - Low Income Housing Tax Credits
 - SHIP
 - HOME
- Affordable housing no longer synonymous with “public housing” of yesteryear- no longer distinguishable in appearance from market rate housing

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WHO LIVES IN AFFORDABLE HOUSING?

- **Workforce**
- **Elderly**
- **Persons with Special Needs**
- **Families large and small**



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WHO PRODUCES AFFORDABLE HOUSING?

- Public Sector
 - Public Housing
 - Municipal Housing
- Private Sector
 - Nonprofit organizations
 - **For profit corporations**
- Philanthropic Sector
- Sweat Equity Program
- Homebuyers with purchase assistance

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Who Lives in Affordable Housing

The Workforce...teacher's aids, nursing assistants, medical technologists, retail workers, emergency service providers, law enforcement, government workers...those we rely upon to make every community viable.



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Affordable Housing and the Local Economy

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Top Factors in Corporate Relocations

- Lower cost of doing business
- Incentives and tax breaks
- Better or larger pool of employees
- Modernize and/or consolidate facilities
- Current location is declining
- **BETTER QUALITY OF LIFE**

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Quality of Life Factors

- Lower cost of living
 - **Housing**
 - Transportation
- Education system
- Cultural assets and amenities
- Shopping and entertainment options
- Lower crime rates
- Healthcare services

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Affordable Housing Attracts and Retains Jobs

- Workers may leave area due to housing costs – what is the tipping point?
- Median income of coveted millennial workforce typically significantly lower than other age groups
- Recruiting and retaining professions that contribute to quality of life
 - Teachers
 - Public Safety

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Affordable Housing Attracts and Retains Jobs



Hospitals... Schools... Technology/Business Parks all need housing for employees
To attract new industry and raise the property tax base of your community through the development of nonresidential properties, you must have an adequate inventory of affordable housing.

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Example: Genius Central – St. Petersburg

BUSINESS

Trigaux: Why GeniusCentral came and why it left – Lessons for St. Petersburg's hunt for innovative firms



GeniusCentral moved its headquarters from the Sarasota-Manatee area to downtown St. Petersburg and set up a nifty work space. But the company pulled out, partly because workers had trouble finding affordable housing in St. Petersburg's booming real estate landscape. 01/17 02:12 PM

"GeniusCentral moved its headquarters from the Sarasota-Manatee area to downtown St. Petersburg and set up a nifty work space. But the company pulled out, partly because workers had trouble finding affordable housing in St. Petersburg's booming real estate landscape."

SCOTT KEELER/Tampa Bay Times

<https://www.tampabay.com/news/business/economic-development/why-geniuscentral-came-and-why-it-left-lessons-for-st-petersburgs-hunt-for-2303351>

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Example: Hertz – Estero (Lee County)



Corporate relocation in this case was driven by merger of two companies, one in NJ and the other in OK. Quality of life, including housing affordability, cited in by several sources as key factor in choosing Lee County for new headquarters.

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Affordable Housing Creates Jobs: Housing Trust Fund



\$314 MILLION

Projected funding for the 2018-19 Housing Trust Fund if it is not raided by legislators.



30,000 JOBS

Over 30,000 jobs will be created if the Housing Trust Fund is used for its purpose — affordable housing.

Source: Sadowski Coalition: <http://www.sadowskicoalition.org/>

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Affordable Housing's Ripple Effect: Housing Trust Fund



\$314 MILLION

Projected funding for the 2018-19 Housing Trust Fund if it is not raided by legislators.



\$4 BILLION+ IMPACT

More than \$4 billion in positive economic impact if the Housing Trust Fund is fully funded.

Source: Sadowski Coalition: <http://www.sadowskicoalition.org/>

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Affordable Housing is Profitable

- Many national homebuilders producing affordable product aimed at first-time homebuyers
- Affordable housing largely supported by groups such as NAHB and FAR
- For-profit developers most active with low-income housing tax credits



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Objections to Affordable Housing Development

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WHAT ARE THE PUSHBACKS TO AFFORDABLE HOUSING: **From the General Public**

- Misconceptions
- No-Growth Positions
- Appearance
 - Scale
 - Styles
 - Locations
 - Quality
- Crime
- Property Values
- Increased Traffic
- Crowding from increased Enrollment in Schools

Confront NIMBYISM

- Listen to all concerns
- Address each concern
- After addressing each concern, understand that opposition is unfair and possibly discriminatory

WHAT ARE THE PUSHBACKS TO AFFORDABLE HOUSING: **From Some Developers**

- The numbers just don't work (margin)
- We don't understand the regulations

Incentivizing Private Sector Development of Affordable Housing

Inclusionary Zoning: Desirability and Profitability

- Creates housing choice
- Creates communities of opportunity and inclusion
- Creates more business and community stability
 - Rental, first home and second move-up all in same community
- Lowers impacts
 - Workforce at all income levels can live where they work
- Density bonuses and other incentives increase profitability

Inclusionary Zoning: Profitability



Inclusionary Zoning: New and Beneficial Partnerships

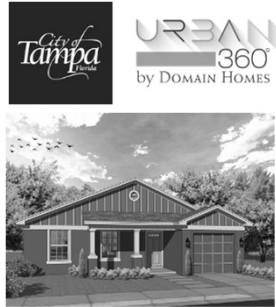
- Low-Income Housing Tax Credit Developers
 - For-profit and non-profit developers building market-rate like product
 - Developer just supplies the land
- Community Land Trusts
 - Manage marketing and qualifying of homebuyers and tenants
 - Manage ongoing stewardship
- Other nonprofits
 - Knowledge of and access to financing
 - Relationships with local government and target market

New Land Pipeline for Developers: Surplus/Public Land and Infill Lots

- Surplus land as a resource
 - Free or reduced price in exchange for affordable housing
 - Additional funding as further incentive
- Other underutilized public land as resource to developers
 - School properties – closed buildings, parking lots
 - Libraries – redevelop as mixed-use
- Desirability of location due to attractiveness of city living
 - Infill development can produce varying housing types (missing middle)
 - Public-private partnerships for large scale redevelopments

Surplus Land Example: City of Tampa and Domain Homes

- 75 city-owned lots in downtown and up-and-coming central neighborhoods
- RFP process resulted in agreement with Domain Homes
- Domain Homes launches new brand: Urban 360
- Domain Homes to also collaborate with Habitat for Humanity for additional 10 homes



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Large-Scale Redevelopments Example: Creative Village, Orlando

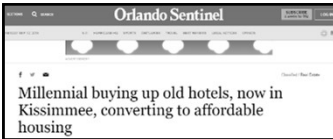


Amelia Court, Creative Village, Orlando

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New Land Pipeline for Developers: Adaptive Reuse

- School buildings no longer in use
- Abandoned hotels and motels
- Dead retail
 - Housing as driver of redevelopment
- Former industrial sites
 - Brownfield Funding



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EMPLOYER ASSISTED HOUSING

- Where people live can be critical
 - Productivity declines the further one lives from workplace
 - Housing increases employee retention
- Employers who help their workers in turn achieve their business goals
- Types of Programs:
 - Financial incentives from affinity lender- easy
 - Homebuyer education- cost covered, at jobsite
 - Repayable loan or grant-low cost to employer
 - Matched savings grant-cost is less than replacement
 - Forgivable loan or grant- employee retention
 - Upfront grant- hard to recruit employees
- Many national models
 - Northrup Grumman- Long Island Housing Partnership
 - Baltimore City Live Near Your Work Program

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Regulatory Benefits

- Expedited review for affordable housing projects
- Modification of impact fee requirements
- Accessory dwelling units
- Setback reductions
- Parking reductions
- Flexible lot configurations and street requirements

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More questions? Need help with a project? Just ask!

- Technical Assistance Hotline
800-677-4548
www.flhousing.org

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