



BLUEPRINT FOR
**Workforce
Housing**

**AN ACTION PLAN
FOR THE COUNTY
& CITY OF SARASOTA**



PREPARED BY:
The Florida Housing Coalition
OCTOBER 2018



*Delivering Results for
Affordable Housing.*

Florida Housing Coalition

1367 E. Lafayette Street
Suite C, Tallahassee, FL 32301

Phone | 850.878.4219

Website | FLhousing.org

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Executive Summary

The affordable housing issue permeates throughout the community and the local economy. Because of the lack of affordable housing in close proximity to employment centers, essential employees and citizens are forced to live far away from the communities they serve. Several major employers in the area have remarked that because of the lack of affordable housing opportunities, they have seen local talent move from the City of Sarasota to the more affordable city of North Port and other surrounding areas. Several employers noted that this trend has cost them valuable workers. One major employer in the area noted that if the trends in lack of affordability continue, they will be forced to move production elsewhere due to a diminution in the local talent pool.

It is no secret that the City and County of Sarasota has an affordable housing issue. Based on recent Census data, 42% of all households in the County are cost-burdened – these households spend more than 30% of their monthly income on housing costs. In the City, 77% of all renters and 62% of all homeowners with incomes below 80% of the Area Median Income are paying more than 30% of their income on housing. A total of 76,613 households in Sarasota County are cost-burdened.

A review of the City's and County's planning documents and internal studies make clear that both the City and County have done excellent work to identify policies that will encourage workforce housing development. Staff for both local governments are familiar with the most effective tools for meeting their affordable housing goals. What is needed now is for both local governments to implement these tools within a cohesive land use planning and financing framework/blueprint. The key to success will be local elected leadership committed to ensuring that workforce housing is provided in Sarasota County and the City of Sarasota.

Section I of this Action Plan acknowledges the work that has been done by the City and the County regarding affordable housing policies. We address some of the main findings of the Sarasota County Situational Report, as well as the City's Executive Summary on Workforce Housing – two reports which contain relevant data on housing needs and steps the local governments have already taken. Section II contains a review of City and County documents such as the respective comprehensive plans, budgets, and joint Local Housing Assistance Plan. Section III discusses the interviews undertaken with local stakeholders in addition to key City and County government planning and management professionals. Section IV is the blueprint of recommendations for the City and County to implement. The intent of this Plan is to create actionable steps for the City and the County to take that will result in an increase in workforce housing.

Blueprint Recommendations:

1. Encourage More Flexibility in Housing Types to Promote Infill Development
2. Allow Accessory Dwelling Units in All Single-Family Zones
3. Increase Sadowski Funding and Augment with Locally Generated Funds
4. Repurpose Vacant Commercial, Retail, and Industrial Properties for Affordable Housing
5. Adopt a Surplus Lands Policy that Maximizes the Use of Surplus Lands for Affordable Housing
6. Implement Inclusionary Housing Policy/Workforce Housing Overlay Districts
7. Reinvigorate, Reconstitute, or Otherwise Support a Community Land Trust
8. Use a Complement of Code Enforcement and Rehabilitation to Turn Dilapidated & Abandoned Housing into Workforce Housing
9. Provide NIMBY/Fair Housing Training to Governmental Staff
10. Collaborate with the School Board and other Large Employers
11. Develop an Employer-Assisted Housing Program
12. Create an Affordable Housing Ombudsman Position within the Office of Housing and Community Development

I. Review of the Work Done by City and County Staff

A. Reports by the City and County

1. City Executive Summary on Workforce Housing

As with the Sarasota County Situational Report, the City of Sarasota Executive Summary on Workforce Housing demonstrates that the City has a firm grasp on the available tools for a successful workforce housing strategy. This section identifies and summarizes the main points of the City's Executive Summary.

At the outset, the Executive Summary notes that the median sales price for single family homes in Sarasota has increased roughly 40% from 2012 while wages have not kept up. In fact, since 2012, the median income of households in the City has only risen .07% from \$40,813 in 2012 to \$43,477 at the time of this writing. The Summary notes that "77% of all renters and 62% of all homeowners with incomes below 80% of the Area Median Income (AMI) are paying more than 30% of their income for

housing. Additionally, 49% of all renters and 42% of all homeowners with incomes below 80% of the AMI pay more than 50% of their income for housing.” The Summary states that “[a] lack of workforce housing creates challenges for employers who struggle to hire and retain workers who do not live in the community. There is . . . an intangible community social cost as employees that are unable to live in the community in which they serve tend to be less invested in that community.” The Summary recognizes that without adequate housing for “nurses, teachers, police officers, firefighters, restaurant workers, construction laborers,” and the like, the community as a whole will suffer. This all demonstrates that the City is aware of the scope of the problem.

The Summary begins with the idea to establish a process to “annually allocate funds for the purchase of land . . . to allow for the construction of workforce housing units . . . to support the infrastructure for more housing diversity in the community.” The document then goes through the responsibilities of the AHAC, the comprehensive plan process, and a brief survey into relevant definitions to affordable housing policy.

The Summary notes that many of the recommendations presented by the SHIP AHAC have “not led to the adoption of any truly effective attainable housing incentives for use by the private sector or the designation of long-term attainable housing units.” The document itself notes that “[m]ost of the affordable housing tools studied over the years by [the affordable housing committees] remain the same today.”

The City should take this message to heart and use the tools recommended by the Summary. The remainder of this section describes the affordable housing tools which the City has identified.

First, the Executive Summary discusses an expedited review process for affordable housing projects. It recognizes that an expedited process “can help to make attainable housing projects more attractive to the private sector.” It then describes expedited processes already in place. The City should expand upon this section and provide more by the way of expedited review processes moving forward.

Next, the Summary discusses impact fee waivers and reductions – another tool for an effective workforce housing strategy. The City recognizes that the County is the entity that regulates all impact fees except for multimodal transportation impact fees and water and sewer impact fees and notes that it already provides for a discount in the multimodal transportation impact fees of 100% to households with an income equal to or less than 80% of the AMI. Yet again, the City is on the right track here.

The Summary then contains sections on flexible lot configurations and parking – noting the impact these elements have on housing affordability. The Summary encourages reducing parking requirements in certain areas of the City as “[e]xcessive parking requirements can have an impact on the cost of

attainable housing as they have the ability to limit the number of housing units on a site.” It then cites an Urban Land Institute Study that found that minimum parking requirements were the most noted barrier to housing development. Similarly, the Summary reports that “[p]roviding for more variability when it comes to regulating lot sizes can have the net result of increasing more housing.” It finds that a reduction to certain development standards such as minimum lot size, lot width, and minimum setbacks can facilitate “smaller, more affordable units.” The City should continue to work through these issues to allow for a broader range of diversity in its housing stock.

On page 9, the Summary discusses accessory dwelling units (ADUs). The City recognizes the purposes of ADUs – namely, as a tool to increase a community’s affordable housing stock, to provide residents that opportunity to age in place, and as a resource to provide homeowners an additional revenue source within existing neighborhoods in a manner that is less intensive than alternatives. This is promising. The ADU section also discusses several concerns with ADU regulations with a concern that ADUs could be widely used as short-term rentals. A later section of this Action Plan will provide guidance as to what an ideal ADU program looks like.

Importantly, the Executive Summary discusses inclusionary zoning, density bonuses, and linkage fees as tools to encourage, aid, and require workforce housing. Again, the City staff’s knowledge of these tools is encouraging. However, after reviewing the City’s land development regulations and Draft Form-Based Code, these tools need better implementation. The City should actively pursue all three of these tools.

Finally, the Executive Summary reports on existing overlay districts that have been implemented. Specifically, it discusses the Rosemary Residential Overlay District (RROD) and its allowable density increases. Clearly, the City is aware of the use of overlay districts as a tool to increase density. However, without conditioning the density bonuses on long-term affordable housing, the overlay districts will not be a success for workforce housing. As the City is aware, the RROD did not spawn attainable housing for the workforce. In future amendments to the RROD and other overlay districts, long-term affordable housing should be a requirement.

2. Sarasota County Situational Report

In May of 2017, the County released a thorough and well-thought out Situational Report to support its Housing Affordability Initiative. The Report contains barriers and solutions to housing affordability, community recommendations for a successful affordable housing initiative, current and past recommendations from the Affordable Housing Advisory Committee and other sources, demographic data, examples of other local governments and their affordable housing policies, and a final Proposed Workforce Housing Activities Plan. This summary highlights some of the key points of the Situational Report.

Proposed Workforce Housing Activities Plan. As will be mentioned throughout this Action Plan, the Situational Report demonstrates that the County has an excellent understanding of the primary tools needed to further a successful workforce housing policy; the Proposed Workforce Housing Activities Plan in the report specifically demonstrates that knowledge. The first Activity offered in this Plan is to “Amend the Zoning and Land Development Regulations to Encourage Workforce Housing.” Under this Activity, the County proposes to “[a]mend the Zoning and Land Development Regulations to allow more flexibility in the regulations in exchange for more workforce housing units which may include increased density considerations.” This Activity lists several topics for potential code amendments. These include:

- Flexible housing type allowances
- Expanded opportunities for accessory dwelling units
- Parking reduction/flexibility
- Open space reductions
- Storm water management alternatives
- Mixed use
- Incentives for proximity to transit
- Creation of a workforce housing overlay district

In this Activity, the staff recommended focusing on the first three of these ideas. These proposed code amendments and this Activity contains tools and ideas which we ourselves would have recommended at the outset of this Action Plan. The Florida Housing Coalition supports these tools as necessary code amendments to encourage workforce housing development and supports the efforts the County staff has undertaken to get to this point.

In addition to Proposed Activities 2-5 of the Proposed Workforce Housing Activities Plan, which can prove to be essential for a successful workforce housing strategy, Activity 6 sets the necessary groundwork for additional workforce housing requirements such as inclusionary zoning and linkage fees. This Activity is essential to the County’s work as it recommends not only the evaluation of inclusionary policies but recommends tying inclusionary zoning activities to the creation of a housing trust fund. The County should continue its work in this area and implement these ideas.

In the Concluding Comments to the Proposed Plan, staff noted that “respondents to community feedback as well as SHIP AHAC members discussed the need to keep workforce units affordable in perpetuity.” This is a need that we find to be particularly pressing. The County and City should consider various strategies to ensure affordable housing in perpetuity such as conditioning structural bonuses on a set term of required affordability and an inclusionary zoning policy.

Demographic Data. The Situational Report (“Report”) contains demographic information which underpins a common understanding of housing affordability in the County. This section contains some of the key findings worth highlighting.

First, the Report notes that the housing inventory “continues to be dominated by single family units which comprise approximately two-thirds of the housing stock.” As will be described throughout this document, this dominance of the single-family home may be a barrier to affordable housing. With so much of the area zoned single-family, there is less of an opportunity for higher density housing units such as duplexes, triplexes, and apartments. The single-family dominance also demonstrates that the area is primed for a strong accessory dwelling unit (ADU) presence. ADUs should be allowed in all single-family zones. The local governments could utilize the dominance of the single-family home to allow ADUs to be a tool for affordable rental development.

Similarly, the Report finds that Sarasota County has a much larger share of its housing dedicated to seasonal or occasional use compared to the State of Florida and the United States. Sixteen percent of the housing stock is classified as seasonal or occasional use – double the rest of Florida and four times the rest of the nation. Only 43% of all homes sold in 2014 were homesteaded in 2015. The Report notes that “many property owners and investors are choosing to rent their homes to seasonal residents and vacationers, at much higher rates, rather than to local, year-round residents.” Importantly, the Report finds that “[t]he growing demand for investment and vacation rental properties need to be recognized as factors that limit the supply of housing, both rental and owner-occupied, available to full time residents.” As the County understands, the proliferation and impact of seasonal homes on housing affordability should be discussed, at minimum, in devising a workforce housing strategy.

The housing inventory section also notes that multi-family housing of three or more units accounts for 24%, or one-fourth of the housing stock. Further, only 2% of the housing stock consists of two family dwellings such as duplexes and villas. The section acknowledges that multi-family rental units provide a “needed housing option for younger people, lower income households, and newly-arrived residents.” In the jurisdictions’ workforce housing strategies, weight must be placed on allowing flexible housing types to provide affordable rental opportunities given that only 28% of all units in the County are renter-occupied – a lower percentage than that of the rest of the state.

In terms of affordability, 42% of all households in the County are cost-burdened – these households spend more than 30% of their monthly income on housing costs. 54% of rental households are cost-burdened compared to just 38% of owner households. Almost one-third of all rental households are severely-cost burdened compared to just 19% of owner households – demonstrating that focus must be made on affordable rental opportunities.

In terms of age, more than half of the households with a householder younger than 45 is cost-burdened. If the County is to attract younger people to the area, it must create opportunities for affordable housing for these people – a problem that, as the Report notes, may be compounded by the fact that there is an influx of affluent retirees and snowbirds which drive the cost of housing upwards and out of the range of lower-income and younger residents.

As an interesting data point, only 59% of households in Sarasota County received earnings in 2015. This percentage is nearly 13 percentage points lower than the state and 21 percentage points less than the United States total. A greater share of all the total income earned in Sarasota County comes from investment sources (42%) rather than from employment (38%). This data point is relevant when mapping locations to target workforce housing development near centers of employment.

Finally, in the demographic data section, the Report notes that the average wages for the top five industries are not sufficient to afford a median-priced home without being cost-burdened; only two of the three top growth industries have average annual wages “just scarcely adequate to afford a one-bedroom home at fair market rent.” Importantly, the Report finds that the required income in the Sarasota County metro area to purchase a median-priced home from 2015 to 2016 increased by over 27% -- the fifth highest increase of all metro areas in the United States. Affordable rent and affordable homeownership opportunities remain unattainable for many lower income workers. This highlights the need for the County and the City to enact meaningful reforms to ensure that affordable workforce housing is built in the area to retain and attract residents. This also demonstrates the connections between wages and housing – something the local governments should consider addressing in its workforce housing policies.

Current and Past Recommendations. The Report contains current and past recommendations from various sources to address affordable housing. Attachment C, specifically contains many recommendations which would be essential in a successful workforce housing strategy, enumerated below:

- Broadly allow accessory dwelling units (ADUs) on single-family residential lots
- Consider the proximity and availability of transportation/public transit and job access in evaluating affordable housing projects
- Broadly allow residential uses above commercial buildings
- Increase the supply of land zoned/designated for multifamily housing
- Revise penalties for code violations to provide strong motivation for absentee landlords to repair and maintain their properties
- Density Bonuses – Opt-In
- Allow 25 units/acre for Low-Income Housing Tax Credit (LIHTC) projects
- Grant increased density for affordable housing projects
- Identify government owned lands that could be used to produce more community housing
- Establish Housing Incentive Districts in neighborhoods where replacement of substandard housing could be undertaken without payment of impact fees
- Mandatory Inclusionary Housing
- Long-term deed restrictions on resale prices to avoid speculation and market-rate resale of affordable properties
- Tax incentives for land sale for affordable housing
- Create a senior staff position of housing advocate

These are only a few of the promising recommendations that have been made to the County in the past. Many of these recommendations have not been implemented.

The Report also provides current recommendations for a workforce housing policy ranked by priority as given by the Affordable Housing Advisory Committee (“AHAC”) as recently as May 2017. These recommendations are solid and should be incorporated. The first ten recommendations by priority are as follows:

- Consider the Impact of Development Decisions on Workforce Housing Demand
- Increase Density for Workforce Housing
- Increase the Number of Rental Units
- Provide More Flexible Housing Types
- Create a Supportive Environment for Workforce Housing Regulations
- Provide Redevelopment and Infill Opportunities
- Unlock County Government Land Supply
- Streamline Government Approval Process
- Utilize Financial Incentives
- Improve Community Perception of Workforce Housing Needs

The AHAC has already done a phenomenal job with these recommendations and the County and City should follow their guidance. The Report also contains recommendations from the community at large which identifies the same recommendations albeit in a different order of priority. The Actionable Plan section of this Plan will help refine some of these recommendations. For example, increasing density for workforce housing will be ineffective without a requirement that those workforce units remain affordable long term.

3. Sarasota County Meeting 5/25/18: Half-Dwelling Unit Discussion

On May 25, 2018, the Sarasota County Commission considered counting smaller-sized dwelling units as a half-dwelling unit for housing affordability. A report was presented by the Director of Planning of Development Services which first found that “[i]nnovative affordable housing is important to meet the diverse needs of our growing population.” The report discusses the possibility of micro-units as an emerging trend that increases the affordable housing stock. The report also contains information on density bonuses and inclusionary zoning ordinances. Again, we note that the County Commission is aware of such tools.

This report proposed counting smaller units as a half unit to encourage affordable housing. One possibility presented is counting smaller units as a half unit only if it houses persons at or below 80% of the AMI. Other conditions are described at page 5. The report also proposes adding a new classification for a smaller housing unit when calculating wastewater fees. The smaller housing unit (at or below 750

square feet) would be charged as a Mobile Home and save developers thousands of dollars. Additional fee waivers are also discussed. Discussions like these, which have already been undertaken by staff, are encouraging and the County would benefit by following its staff's lead.

B. Tools Already in Place

1. City of Sarasota

Impact Fee Modifications, Loans, & Deferrals. As noted in the Executive Summary, the City reduces the Multimodal Transportation Impact Fee for new low income or very low-income housing. Further, as of this writing, the City is seeking an allowance of Multimodal Transportation Impact Fee deferrals. When reduced or deferred, the City will annually monitor the income of owners or occupants of the housing units and recapture the impact fee if the impact fee agreement is breached. The City recognizes that impact fee reductions and waivers can foster and encourage the development of affordable housing for low income residents. The City also acknowledges that the County regulates all impact fees except for multimodal transportation impact fees and water and sewer impact fees.

The City also allows nonprofit organizations building and selling affordable housing units to receive a Temporary Certificate of Occupancy (TCO), which allows the organization to defer impact fee payments until the unit is sold. Similarly, nonprofit organizations who rent affordable housing for a period of 10 years are allowed to defer their impact fees in the same manner. Residents of the City can receive a low-interest loan from the county to pay the water and sewer capacity fees. As with the County, affordable housing projects funded through the Office of Housing and Community Development may include the cost of impact and utility connection fees in the development costs and pay those fees using federal and/or state funds.

As with the County, the City assesses impact fees by square footage rather than by unit type. This is in great practice and a policy that bodes well for smaller units in the affordable housing stock.

Accessory Dwelling Units. Also noted in the Executive Summary discussion, the City recognizes the importance of Accessory Dwelling Units. The City's ADU ordinance contains several impressive elements. However, they are not allowed in all single-family districts. The section below on ADUs will provide guidance as to what an ideal ADU ordinance looks like for optimal ADU development.

Overlay Districts. The City has demonstrated its capacity to create overlay districts for housing goals. The Rosemary Residential Overlay District (RROD) is a prime example of this. The RROD allowed for an increase in residential density from 25 dwelling units/acre to 75 units/acre on individual sites within

the District to encourage residential development. However, because the RROD did not contain requirements for affordable housing, many, if not all, of the units are attainable to the workforce. In the future, the City should utilize overlay districts for affordable housing purposes.

Structural Bonuses for Affordable Housing. In the City's current Land Development Regulations (LDRs), there is a lack of structural incentives for affordable housing development. However, there are some incentives which demonstrate that the City is willing to condition structural bonuses for desired outcomes.

For example, in the Commercial Residential District, the City allows a height bonus to 65 feet from 35 feet if the additional height is used exclusively for housing purposes. However, this height bonus does not mention conditioning the height bonus on units being used for affordable housing purposes. Similarly, in the Downtown Core District, the City allows a height bonus to 11 stories from 10 stories if the developer provides 50 public parking spaces. These two examples show that the City is willing to condition structural bonuses for stated deliverables. The City should condition height bonuses, parking reductions, setback requirements, and similar structural bonuses based on the developer setting aside units for workforce housing within the Land Development Regulations.

2. Sarasota County

Inclusionary Zoning. Currently, Sarasota County has an inclusionary zoning policies that apply only to the Sarasota 2050 plan, the Affordable Housing Overlay, and certain Critical Area Plans. For "Village Development" as part of Sarasota 2050, a minimum of 15% of the dwelling units constructed shall be affordable to low and moderate-income families and developers are granted density bonuses for every affordable housing unit. Similar requirements are imposed for the Affordable Housing Overlay.

According to the County, these affordable housing requirements have resulted in more than 2,800 affordable housing units. However, these units typically appear to be on the outskirts of the area – not within the center of Town. While success of this program can be debated, the County is aware of and has access to data about the success of inclusionary zoning strategies.

Impact Fee Modifications, Loans, & Deferrals. The County has in place several impact fee policies for owners of affordable units. The County's Code of Ordinances provides for an Affordable Housing exemption for the Educational System Impact Fee. Further, the Code at § 70-94 grants the Board of County Commissioners the authority to exempt impact fees for affordable housing developments by a simple majority vote. This tool is essential to encouraging workforce housing and the County should continue to utilize impact fee modifications.

Further, pursuant to the Joint City and County LHAP, the County has in place a utility connection program that offers 3% interest deferred payment loans to lower income families for costs associated for hooking up to required sewer services. In addition, affordable housing projects funded through the Office of Housing and Community Development may include the cost of impact and utility connection fees in the development costs and pay those fees using federal and/or state funds. The County also allows any affordable housing unit to receive a Temporary Certificate of Occupancy (TCO). This allows the builder of an affordable housing unit to defer impact fee payments until the unit is sold. These existing tools are encouraging for workforce housing prospects. However, as the County, not the City, has the authority to regulate most impact fees, they should consider modifying more of the fees for affordable housing units.

The County already does a great job in how it assesses impact fees overall. The County assesses based on square footage for most of its impact fees rather than simply by unit type. This progressive form of assessment is a necessary tool that ensures that smaller, affordable units are assessed fairly and in proportion to the impact they cause.

Accessory Dwelling Units. The County has an ordinance regulating accessory dwelling units. This is encouraging as ADUs are a great tool for affordable rental housing in single family districts. However, the ordinance restricts the total floor area of ADUs to 500 square feet or less. As described in the section on ADUs below, certain restrictions on ADUs may discourage ADU development altogether.

Overlay Districts. The County has established an Affordable Housing Overlay District. This overlay requires at least 15% of the units on site to be sold to households with a Moderate Income (earning less than 100% AMI). No less than two-thirds of the housing units on site must be sold to households with incomes at 80% AMI or less and are required to have a minimum of three bedrooms. With this tool, the County can require affordable housing in more parts of the jurisdiction.

Expedited Approvals of Development Orders or Permits. Currently, the County has a process to direct projects that advance affordable housing to receive expedited review times if the project meets certain standards. The standards are outlined in Administrative Directive 9.28.

Reduction to Parking Requirements. In December 2017, the Board of County Commissioners approved reducing parking requirements for multifamily developments that have units of 900 square feet or less. Such policies should be implemented broadly. The cost of parking could discourage developers of affordable housing and/or small units from entering the market.

Flexible Lot Configurations. As mentioned in the SHIP AHAC Local Housing Incentive Plan, the zoning code currently allows for zero-lot line houses. A cluster subdivision or rezoning to a PUD allows for units to be clustered in exchange for open space.

II. Review of Best Available Housing Data

This section supplements the prior section on “Demographic Data” with an overview of the best available housing data for the area. The data below reflects information primarily based on Census data, data gathered by the Shimberg Center at the University of Florida, information provided by the Florida Housing Finance Corporation, and statistics collected in the local governments’ own documents. This section contains brief paragraphs of the main points of our findings.

A. City of Sarasota

Cost-Burdened Households. Nearly one-fifth (19.5%) of Sarasota residents with incomes under 100% of the Area Median Income (AMI) pay between 30 and 50% of their income for housing. Almost the same amount (18.97%) of persons in this income group pay more than 50% of their income on housing.

More renters than owners incur a housing burden at lower income levels. Based on data from the American Community Survey, the following chart demonstrates the percentages of persons in each income bracket spending 30 percent or more of their income on housing. As to be seen, more needs to be done to ease the affordability burden on low-income renters.

Household Income	Owner-Occupied Housing Units	Cost-Burdened Owner-Occupied Units	Renter-Occupied Housing Units	Cost-Burdened Renter-Occupied Units
<i>Less than \$20,000</i>	11.7%	9.3%	24.9%	22.5%
<i>\$20,000 - \$34,999</i>	18.1%	9.4%	21.6%	17.3%
<i>\$35,000 - \$49,999</i>	12.8%	5.0%	19.5%	9.0%
<i>\$50,000 - \$74,999</i>	17.4%	4.7%	15.4%	2.3%
<i>\$75,000 or more</i>	39.1%	5.5%	12.9%	0.6%

Strikingly, in 2016, 44.9% of renters, or around 4,547 Sarasota residents, paid 35% or more of their household income on housing costs. By comparison, only 31.5% of renters in North Port paid this amount of their income on housing. This data point correlates to what we have heard from employers in that workers are moving to North Port because of its affordability.

Housing Types. Of the estimated 29,674 housing units in the City of Sarasota, a little over half are single-family homes (51.1%). Multi-family structures with 2-4 units make up 7.4% of the housing population. Multi-family structures with 5-19 units make up 11.9% of the housing population. Finally, multi-family structures with 20 or more units provide 25.5% of the City's housing units. This shows that the City needs to focus its efforts on ensuring that more structures with 2-4 units are built. This "missing middle" housing type should be addressed. The City should review its own Housing Support Document in regards to housing type.

B. Sarasota County

Cost-Burdened Households. As noted in the jurisdictions' joint Consolidated Plan, "[t]he most common housing problem in [Sarasota County] is cost burden." Seventy-seven percent of all renters and 62% of all homeowners with incomes below 80% of the Area Median Income (AMI) are paying more than 30% of their income for housing. Of this economic class, 49% of renters and 42% of homeowners pay more than 50% of their income for housing.

As of 2015, a total of 76,613, or 42%, of households in Sarasota County are cost-burdened. 34,408 are severely cost-burdened. As noted in the Consolidated Plan, when families spend a high percentage of their income on housing costs, they often "lack the ability to maintain their home or make necessary repairs. These individuals are at risk of becoming homeless unless financial assistance is available for property maintenance." Thus, cost burden statistics point directly at the need for more affordable workforce housing opportunities. For workers who may live paycheck-to-paycheck, one major housing problem may force them to move out of the area to a more affordable location. Further, the more individuals spend on housing costs, the less they invest in the general economy.

As noted in the section above regarding the Demographic Data found in the Situational Report, from 2015 to 2016, the required income to purchase a median-priced home increased by over 27% -- the fifth highest increase of all metro areas in the United States. Only two of the three top growth industries have average annual wages "just scarcely adequate to afford a one-bedroom home at fair market rent." The average wages for the top five industries are not sufficient to afford a median-priced home without being cost-burdened.

Housing Types. Further, in the County, almost six out of ten housing units are detached single family homes. Only 3% of the population lives in two to four unit multi-family units and only 12% lives in five plus unit multi-family units. In 2015, multi-family homes made up only 6% of residential building permits issued. To accommodate the workforce of the area, the number of permitted multi-family units must be increased. The Blueprint at the end of this Report will provide a list of ways to encourage higher density affordable units

Population Growth. Population growth indicators also demonstrate the need for new affordable workforce housing. Over the past several years, both the City and County have experienced tremendous growth. Since 2010, the County’s population has grown by 16% as the region as a whole (including Manatee County) ranks as the tenth-fastest growing in the United States. Supply of affordable housing needs to be in place to meet the growing demand and increase in population.

III. Review of Existing Documents

A. Comprehensive Plans

Both the City and the County’s Comprehensive Plans lay a solid groundwork for affordable workforce housing development. If the respective local governments were to follow and implement the directives found in their comprehensive plans, they would be in great shape.

1. City of Sarasota

Future Land Use Plan. The Future Land Use Plan contains many elements that should be utilized by the City. The groundwork is clearly in place for the City to enact the tools needed to encourage affordable housing. Objective 2, specifically, addresses the groundwork for the City’s Land Development Regulation. Overall, the Objective is promising for workforce housing prospects and the City should follow the Action Strategies laid out in the FLUP.

Action Strategies 2.5 Incentives for Mixed Use Projects and 2.9 Incentives for Downtown Housing, for example, recognize the need to consider incentives for the “development of mixed-use projects that foster economic development [and] provide diversity in land uses” and the importance of “housing and redevelopment of the downtown,” by “consider[ing] incentives for housing,” respectively.

Action Strategy 2.6 Overlay Districts presents the possibility of using Overlay Districts to improve workforce housing opportunities in certain areas of the city. These Overlay Districts, which may be established to “protect or enhance specified areas, land uses and structures which . . . have characteristics which are distinct from other areas,” may act as a great tool for growth and redevelopment within the City.

Action Strategies 2.11 Bayou Oaks Zoning District and 2.12 Rosemary Residential Overlay District set the stage for the use of Overlay Districts as a tool for workforce housing. Action Strategy 2.12 is particularly important because it recognizes the impact density restrictions have on housing

development – a theme that will recur in the analysis of the City’s Land Development Regulations in relation to workforce housing policies. In sum, these three proceeding Action Strategies provide the possibility of using Overlay Districts to encourage affordable workforce housing development.

Objective 4 of the Future Land Use Plan acts to implement components of the Downtown Master Plan consistent with the Urban Neighborhood, Urban Edge, Downtown Core, and Downtown Bayfront Land Use Classifications. First, Action Strategy 4.1 Live/Work Space directs the City to support private sector efforts to development and/or renovate properties for live/work space. Second, Action Strategy 4.2 Incentives for Downtown Housing provides a solid baseline to consider incentives for workforce housing development. This Action Strategy directs the City to “identify incentives that encourage downtown housing, including attainable housing, such as streamlined permitting, grants, and planning assistance that can be employed to increase the number of housing units in the downtown.” As will be described in our recommendations on incentives for workforce housing, this Action Strategy should be used in thoughtful manner so as to include affordable housing units within the downtown area through structural bonuses and an inclusionary zoning ordinance.

Although Action Strategy 4.5 “New Urbanism” does not directly address affordable housing units, this Strategy may be used in conjunction with 4.2 Incentives for Downtown Housing and 4.14 Incentives to encourage affordable housing units within mixed-use spaces. Under 4.5, the City is directed to implement “New Urbanism” principles such that zoning districts shall provide for a “mixture of land uses in order to facilitate development that is compact, and diverse within a walkable environment.” This Action Strategy lays the groundwork for mixed-use developments that incorporate affordable housing for the workforce within them.

Objective 5 acts to preserve and enhance the physical environment by reducing blight, discouraging urban sprawl, encouraging aesthetic amenities and developing design standards that enhance compatibility. First, Action Strategy 5.3 Code Compliance is a tool that should be strengthened. This Strategy directs that the City’s code compliance program continue to be used to bring structures into compliance with the Housing and Building Codes. This is an opportunity to improve blighted structures which depreciate a community’s value. It is encouraged that the City strongly enforce its Code. One dilapidated structure can greatly diminish the value of a community which in turn, prevents families from maximizing their potential for wealth creation through home ownership. Thus, it is encouraged that Code Enforcement be strengthened to preserve community appearance and more importantly, to maximize the use of land for affordable housing.

Action Strategy 5.4 Urban Infill and Redevelopment Areas recognizes that the City depict areas which may apply for grants under the Urban Infill and Redevelopment Assistance Grant Program. It is encouraged that the City continue to use this tool to target communities with the most pressing needs for assistance.

Housing Plan. Similarly, the City’s Housing Plan contains many directives that should be followed. For example, Action Strategy 3.6 City Employees within the City states that “[t]he City will encourage city employees to live within the City.” There is no clearer directive in the Comprehensive Plan that the City should implement workforce housing policies. The City may consider creating an Employer-Assisted Housing program to assist its own employees in purchasing or renting a dwelling within the City. There are many other directives in the Housing Plan that equally relate to workforce housing. For example, Action Strategy 1.1 Range of Housing Density directs the City to provide for range of housing densities allowing for a diversity of housing types. This Strategy, when considered and implemented, should lead to a variety of densities that are conditioned on affordable housing development. Further, Action Strategy 4.5 Location of Very Low, Low and Moderate-Income Housing is very important in devising a workforce housing policy. It directs the Office of Housing and Community Development to include certain criteria as a guide for placement of this type of housing. The criteria demonstrate that the City already understands the basics of what needs to be done to ensure an integration of income levels and housing.

Action Strategies 3.12 Integration of Attainable Housing and 3.13 Compatibility of Attainable Housing are particularly impressive as the City recognizes two important concepts of affordable housing. Strategy 3.12 states that the City will “encourage the integration of attainable housing units with market rate units; not only within neighborhoods, but within residential structures as well. Enclaves of units consisting primarily of lower income households should be avoided.” 3.13 supplements this concept by directing the City to encourage attainable housing construction that creates an exterior appearance that is compatible in style and quality with market rate units. This creates a heightened sense of community regardless of income levels. It is strategies like these which show that the City has already considered and understand the tools that can lead toward a successful workforce housing strategy.

Action Strategy 3.8 Other Attainable Housing Mechanisms directs the City to consider “increased densities for affordable housing projects; use of linkage fees; real estate tax deferral/abatement; in-lieu fees; development on public land; use of Community Redevelopment Authority Tax Increment Financing Funds; City funding for parking and/or infrastructure; development permit and fee reductions; expedited approval process; and co-development using county housing trust funds/management.” If the City were to implement these concepts and other action strategies in the Housing Plan into its land development regulations and policies broadly, they would have a solid cornerstone for workforce housing development. However, many of these ideas are not in the current code or draft form-based code.

The Housing Plan also contains the two affordable housing incentives. Action Strategy 1.8 Fee Deferral Program is great for affordable housing as it directs the City to continue its Fee Deferral Program to reduce development review costs for organizations that construct or remodel affordable housing to families earning up to 80% of the AMI. Action Strategy 5.4 Priority Review for Affordable Housing is important as it directs the City to conduct a priority review for all housing projects designated as

affordable to expedite the review of affordable housing projects. These types of incentives, incentives which may encourage workforce housing development, must be implemented broadly.

2. Sarasota County

As with the City's Comprehensive Plan, the County's Plan has lofty goals for affordable housing development – goals which should be implemented and made a reality. Housing Objective 1.1 of the Housing chapter is to “[e]ncourage the market to provide ample diversity in housing types and affordability levels to accommodate present and future housing needs of Sarasota County residents.” The policies under this objective, as noted in the Situational Report, recognizes actions such as “approving upper limits of permitted density ranges, evaluating the permission of accessory dwelling units, and pushing for a mix of rental and for-sale housing in the county.” The policies under this objective focus on market-based actions and should be followed.

First, Housing Policy 1.1.1 and 1.1.5 finds that the County should accommodate a broad range of housing opportunities through land use regulations and identify land use changes that can maximize affordable and workforce housing opportunities, respectively. Housing Policy 1.1.12 holds that the County should collaborate with major employers to encourage the development of housing accommodations for the workforce that reflect their housing needs and preferences. Clearly, these are key to any policy the County undertakes.

Similarly, Housing Objective 1.2 Community Housing focuses on increasing the supply of housing for households earning 120% or less of the Area Median Income. Most of the policies under this objective direct the County to promote collaboration between developers, employers, residents, community groups, the private sector, and governmental agencies. For example, Housing Policy 1.2.5 directs the County to “[f]acilitate the creation of developments with Community Housing that provide longer-term and in-perpetuity affordability through homeownership, nonprofit ownership, resident-owner cooperatives, and land trusts.” Likewise, Housing Policy 1.2.13 holds that the County should “[e]ncourage joint use development that combine Affordable housing in association with schools, parks, hospitals, places of worship and places of employment.” When devising the workforce housing strategy, the County has a solid cornerstone of thought in its Comprehensive Plan.

Housing Policy 1.2.12 directs the County to encourage the continued operation of existing manufactured home parks and subdivisions, and the replacement of existing older manufactured or mobile homes in property zoned manufactured home or mobile home parks and subdivisions. The County should follow this as manufactured homes and mobile home parks provide affordable housing for the elderly population and low income workforce.

Housing Objective 1.5 Neighborhoods – Conserve and improve housing, neighborhoods and the health of residents throughout Sarasota County is important to a workforce housing strategy as it focuses on code enforcement, home repair, and positive community relations. An understated aspect of a successful workforce housing plan is the ability of a local government to correct code violations – especially violations that deal with dilapidated and unsafe structures. Not only do unsafe and uninhabitable structures render a property useless and a waste of space, but they can have the effect of lowering investment in surrounding neighborhoods. One dilapidated structure can lower the property values of an area. Therefore, the County should follow its policies under this Objective to ensure that the quality of communities is kept at a high level.

Housing Policy 1.5.2, for example, is a solid cornerstone for this principle as it directs the County to “[p]romote the repair, improvement and rehabilitation of housing and encourage replacement of substandard housing to enhance quality of life in neighborhoods.” Housing Policy 1.5.5 is encouraging as well as it directs the County to pursue prompt judicial action when needed to resolve code violations. From a reading of the comprehensive plan, it is clear that the County understands the importance of maintaining the existing housing stock. This understanding can translate to its workforce housing strategy.

In sum, as with the City’s comprehensive plan, the County’s documents provide a solid cornerstone for an effective workforce housing policy. The text of the Housing chapter demonstrates that the County is aware of many strategies that could improve its affordable housing stock and maintenance.

B. Land Development Regulations

1. City of Sarasota – Current Land Development Regulations

Generally, the Land Development Regulations (LDRs), combined with the Future Land Use Plan are on the right track in terms of laying the groundwork for workforce housing development. There are several zone districts which, from a reading of the text, contain flexibility in use, densities, parking, and the like that are well-suited for workforce housing development. In particular, the Zone Districts within the Community Commercial and Community Office/Institutional land use classifications offer great possibilities for workforce housing development. However, the application of the Land Development Regulations have not resulted in workforce housing as desired. This can be traced to the fact that the City lacks an Inclusionary Zoning Ordinance, lacks adequate incentives for developing affordable housing, and is dominated by the single-family district.

The Rosemary Residential Overlay District provides a good example of this phenomenon. This District allows for increased density within the Rosemary neighborhood of the Downtown Area in order to

“[p]romote high density residential development and use in order to encourage a residential balance to existing non-residential uses within the [District]” and “[e]ncourage more people to permanently reside within the boundaries of the [District] in order to enhance the economic vitality of the Rosemary neighborhood and Downtown.”

Unfortunately for affordable housing prospects, this new Overlay District spawned expensive housing that is unattainable for the workforce. There is no Inclusionary Zoning Ordinance applicable to this Overlay District and few incentives built into the text of the LDRs that would encourage affordable housing development within this District.

Although the LDRs provide an opportunity for high-density workforce housing within mixed-use, single-family, and multi-family districts, there is not enough of an incentive structure to encourage affordable housing development throughout all parts of the City. Generally, the City needs to incorporate more incentives and needs an Inclusionary Zoning Ordinance to meet its goal of providing affordable housing to its workforce. Further, the City needs to work to rezone certain areas to allow for more multi-family residential uses to encourage a wide range of housing types.

Housing Types. As noted several times throughout this Housing Action Plan, the City is dominated by single-family homes which is reflected in the Zoning Code. All single-family districts, minus the RSM-9 and RTD-9, only allow detached single-family homes. While this inherently makes sense, the City should consider allowing more housing types in the single-family districts on a conditional basis. In Residential Single Multiple-9 (RSM-9), a moderate density single-family zone which allows up to 9 dwelling units per acre, duplexes and triplexes are allowed on a conditional basis. This type of conditional use structure for non-single family homes in single-family districts should be incorporated to a greater degree.

The multi-family districts of the City are good models for how to allow a variety of housing types. The multi-family districts generally allow duplexes, triplexes, and attached/detached single family units. This flexibility in allowable uses in encouraging for workforce housing development.

The Downtown Zone districts are also good models for allowing for workforce housing development. Downtown Neighborhood and Downtown Neighborhood Edge, for example, allow for high density residential development with limited retail, artisanal, and lodging uses. These mixed-use districts provide an opportunity for employees to live close to their place of work. Similarly, the Commercial Neighborhood, Commercial Storefront, and Commercial Residential, which allow for 13, 13, and 25 units/acre, respectively, are primarily for commercial uses but allow multi-family uses as a secondary component of a mixed-use project. More on these districts will be described below.

Accessory Dwelling Units. The City of Sarasota has a strong ordinance that recognizes the use of ADUs as a tool to increase affordable housing units in a manner that is less intense than alternatives, to allow for more efficient use of existing housing stock and infrastructure, to provide a mix of housing that responds to changing family needs, and to provide a means for residents, particularly seniors, single parents, and families with grown children, to remain in their homes and obtain extra income. However, since ADUs are not allowed on zoning lots with three or more dwelling units or single-family districts up to four units/acre, (specifically only the DTN, RSM-9, and RTD-9 zone districts) there are very few places in which ADUs may actually be incorporated. The City should allow ADUs in all single-family districts and consider abolishing the three or more dwelling units rule.

Under Sarasota's LDRs, if an ADU is created on a zoning lot with an existing single-family unit and at least one abutting street allows on-street parking, no additional parking space is required. If none of the abutting streets allows on-street parking or the ADU is created at the same time as the single-family unit, one additional parking space is required. This is promising as it demonstrates that the City is aware of the costs in which parking spaces bestow upon a homeowner. In order to glean the many benefits ADUs provide, the LDRs must be as flexible as possible so as to reduce the cost and time of development.

Notably, there is nothing in the LDRs regarding if an owner must occupy a primary or accessory unit except for if the accessory dwelling unit is for a caretaker or watchman. For a caretaker or watchman ADU, the accessory dwelling must be located within the principal building and shall only be used by the owner, owner's relative, or employee of the principal use. For ADUs not used for a caretaker or watchman, the LDRs provide for a set of design standards that ensure that the units are compatible with the desired character and livability of the city's residential neighborhoods. For RSM-9 and RTD-9, only one ADU is allowed per lot and shall not be included in calculating the maximum density. This facet, not including the ADU in density calculations, is a great method by which to attract ADUs. The ADU may be not more than 600 feet of habitable space and must be located at least six feet behind the principal dwelling if it is detached.

As of now, the design requirements for ADUs are generally good but the fact that they are so limited in where they may be located is a problem that should be corrected.

Underutilized Zone Districts. There are some Zone Districts that are defined in the Land Development regulations that could be more utilized to attract workforce housing. Urban Neighborhood, for example, is a Land Use Classification that is intended to implement the concepts of "New Urbanism." Here, in the Downtown Neighborhood and Downtown Neighborhood Edge District, residential dwellings are the primary use and non-residential uses are allowed on a limited basis. However, these districts are not utilized broadly. Mixed-use districts such as these should be considered as an avenue to workforce housing development given that non-residential uses could subsidize affordable housing in the same buildings and workers could live closer to employment centers.

The Community Office/Institutional and Community Commercial Land Use Classifications also provide good models in how the City can integrate workforce housing close to the economies that the workers serve. Within these Classifications, there are Zone Districts that allow for residential uses in conjunction with office space. Such a mixed-use behavior is essential for a productive workforce housing model. Commercial Neighborhood and Commercial Storefront, two zone districts within the Community Commercial classification for example, allow for ADU's, live/work units, and mixed-use development while the Commercial Residential district allows for those in addition to attached single family units, group living structures, and multi-dwelling structures. Districts with a broad range of housing types such as these coupled with inclusionary zoning policies are promising for workforce housing development.

Further, as part of the Future Land Use Plan, this Land Use Classification contains the Zone Districts of Residential Multi Family 6 and 7 (RMF-6, RMF-7). These Districts allow for 35 and 50 units/acre with a height restriction of 130 and 180 feet, respectively. However, this Land Use Classification is not contained on the Future Land Use Map nor are these Zone Districts in existence. The City may consider amending its maps to include these Zone Districts as it would provide for dense building that could be utilized for affordable housing.

Incentives. As a plus for workforce housing development in the Commercial Residential district, height bonuses are offered to increase the height allowance from 35 feet to 65 feet if the additional height is used exclusively for residential uses. Similarly, in the Downtown Core district, the City allows a height bonus to 11 stories from 10 stories if the developer provides 50 public parking spaces. The City should consider conditioning height bonuses such as these on if the developer sets aside units for affordable housing. This type of incentive structure should be incorporated throughout as much of the area as possible.

Impervious Coverage. Under § VI-203(g), the LDRs note that nonprofit organizations constructing housing sold to low and moderate income families may apply to use housing partnership funds to offset costs to comply with impervious coverage requirements. Programs which assist developers of affordable housing such as this should be incorporated broadly.

Parking Regulations. Requiring more parking than is necessary not only imposes higher costs onto affordable housing developers, but removes otherwise valuable land from its ability to provide housing or more efficient uses. In its LDRs, the City should create incentives whereby less parking need to be required if a developer devotes units to affordable housing.

Generally, under Sarasota's LDRs, two parking spaces are required per residential dwelling unit. 1.5 spaces are required for residential dwellings for persons over 55 years old. As stated in the Accessory Dwelling Units section above, parking may or may not be required for ADUs depending on if the ADU is

built after or in conjunction with the primary unit. In RTD-9, ADUs are not required to provide off-street parking. No off-site parking is allowed for any residential district.

In Downtown Zone Districts, new buildings over 10 stories require 200 public parking spots. The City may consider conditioning or tempering this amount of required parking based on need and the building's use for affordable housing units instead of setting a specific, inflexible amount. In the DTE, DTC, and DTB districts, one space per dwelling unit is required and parking ratios may be lowered if the applicant provides data to determine the proper ratio. In these districts, shared parking may not be used to satisfy off-street parking for residential uses unless developers submit a shared parking analysis that clearly demonstrates the feasibility of shared parking. The City must study its parking requirements and their impact on potential affordable housing development.

As mentioned in the preceding paragraph, there are several instances in the LDRs whereby a developer can submit a request to lower the required parking ratios. Placing this requirement on the developer may be burdensome to affordable housing prospects, as the cost of such study may deter folks from entering the marketplace. The City should consider undergoing such analysis on its own to determine how much parking shall be required in certain parts of the jurisdiction.

Further, in the DTE, DTC, and DTB districts, if there is available excess parking capacity in a public garage within one-quarter mile radius of a proposed project, a developer may request to pay the city in-lieu-of parking trust fund \$12,000 for each nonresidential parking space required. The City may want to reconsider this price – especially if a mixed-use development contains affordable housing.

Code Enforcement. The LDRs provide for a robust code enforcement structure driven by citizen complaints. The City will need to study the success of its enforcement and should consider adding a City-led enforcement program, rather than relying on filed complaints. One dilapidated structure in a neighborhood can vastly depreciate the value of surrounding lands – lowering a neighboring homeowner's chance of building wealth through their land to pass on to their children. Given that neighbors may be hesitant to rat out their neighbors regarding code violations, the City should study its code enforcement mechanisms and determine the best way to strictly enforce its regulations.

The City Lacks a Surplus Land Policy. Notably, the City's LDRs do not mention City-owned surplus lands as a means for affordable housing. The City must work on creating a process by which its surplus lands shall be used for workforce housing. Section 166.0451 of the Florida Statutes requires that every three years, municipalities maintain a list of government-owned property that is appropriate for use as affordable housing.

2. City of Sarasota -- Draft Form-Based Code

In October of 2018, the City released a Draft of a new Form-Based Code. This product was a result of the Urban Design Studio – a workgroup established to replace the City’s current Zoning Code.

Housing Incentives and Standards. At Section 2.3.2., the Draft Form-Based Code (FB Code) contains provisions intended to “provide a proactive method to address inequities of housing affordability and a lack of housing inventory.” Consistent with the recommendations in this report, the FB Code identifies missing middle housing types as an area the City needs to address.

At subsection F of this Section, the FB Code allows the City to establish overlay districts to allow additional density in specific geographic areas contingent upon an approved public purpose such as affordable housing. Once a density overlay is established, increased densities are allowed as of right. However, these Density Overlay Districts are only allowed in the General Urban Zone, Urban Center Zone, and Urban Core Zone. They are not allowed in the Sub-Urban Zone – an area in which encompasses the majority of the City and its single-family districts. Density Overlays should be allowed in all districts if the City is to make strides towards ensuring an affordable housing stock with smaller units into the future. Especially given the population increases expected in the area, there should be no portion of the City that is off-limits to density bonuses for affordable housing.

The draft Form-Based Code falls short in that the density for affordable housing is optional, not required. Developers who choose to develop within Density Overlay Districts do not have to provide affordable units at all. Thus, more should be done to ensure that developers take the increased density incentive rather than leave it on the table. This may be accomplished through a modification of impact fees, other structural bonuses, and other local government assistance. Finally, there needs to be language that ensures that the affordable housing units built are affordable in the long-term. Density bonuses will be for naught if there is not a guarantee of long-term affordability.

The draft Form-Based Code can be improved by conditioning other structural requirements on a development’s use for long-term affordable housing such as parking, height, setback, and other requirements. The FB Code is silent as to the possible effects that parking requirements impose on housing affordability. It would be better if developers received regulatory incentives such as less stringent parking and similar requirements if units are devoted to affordable housing.

Inclusionary Zoning. To the problem addressed immediately above, the Draft FB Code allows for Inclusionary Zoning within all districts. Thus, when addressing Density Overlay Districts, the City may consider incorporating inclusionary zoning policies to guarantee that affordable housing units are built. The FB Code also states that inclusionary zoning “may be combined with a voluntary fee-in-lieu

program, providing the option of developing the housing or paying into the City's Economic Development Fund." We suggest that an in-lieu fee be paid into an affordable housing trust fund.

Remodel/Infill Incentives. The Draft Form-Based Code states that "[a] flexible rehabilitation code helps reduce the cost of rehabilitation by avoiding excessive requirements for materials or size of materials." The Code contains a section on Infill Plans whose purpose is to "promote and facilitate the development and redevelopment of underutilized sites by encouraging flexibility and use of innovative approaches to development." This section addresses missing middle housing types, ADUs, an efficient development review process, inclusionary zoning, small minimum lots sizes, and other great tools for workforce housing development.

Although the FB Code identifies missing middle housing types and small minimum lot sizes as tools that can provide more affordable housing opportunities, there are no requirements that these tools are conditioned in some way on their dedication to affordable housing. Moving forward, the City should consider allowing these tools with the condition that a portion of them are using solely for long-term affordable units. For example, density overlay districts or other inclusionary zoning elements can be incorporated over areas that are planned to be utilized for the missing middle housing types.

Accessory Dwelling Units. The Draft Form-Based Code permits Accessory Dwelling Units in all single-family districts. This is a policy that we strongly recommend be incorporated in the City's land use regulations regardless of if the Form-Based Code is adopted. The FB Code allows for a maximum square footage of 600 square feet for an ADU if there is an exterior staircase and 650 square feet if there is an interior staircase. As mentioned in the Blueprint at the end of this Report, the City should consider raising the maximum allowed square footage to 800 square feet to give homeowners flexibility in building size and to be able to recoup on their investments. It is encouraging that the Form-Based Code does not include ADU in calculating the maximum density of a lot.

The FB Code requires that one additional parking spot be built if no abutting streets allow on street parking. In devising such parking requirements, the City should consider the costs that this imposes on developers.

Fee Waivers. The Draft Code allows for fee waivers or reductions based on the provision of affordable housing units. The percentage of fee reduction depends on the percentage of included affordable housing units. This is an element of the Code that should be adopted as it reduces upfront development costs which should allow homes to be more affordable.

Community Workshops. The Form-Based Code mandates community workshops for certain activities such as major and minor conditional use approval, FLU Map Amendments, and the like. If there is an

increase to the height, density or intensity of an application request following the community workshop, an additional workshop is required. It must be advised that this additional community workshop not be a breeding ground for NIMBY activism that stifles high-density affordable housing development.

3. Sarasota County Land Development Regulations

Housing Types. In single-family districts, the County allows for two-family houses and townhouses as conditional uses. Because of the proliferation of the single-family home, the County should be flexible in allowing these types of units in single-family districts to allow for more housing opportunities. Multi-family districts allow for a broader range of housing types -- single-family, two-family, townhouse -- as of right.

In the Commercial and Industrial District, upper-story residential dwelling units are allowed as a conditional use in conjunction with lower-level retail – promoting live-work and mixed use opportunities. Manufactured homes are allowed in the Manufactured Home District.

Accessory Dwelling Units. The County allows for ADUs in single-family districts. Only one ADU shall be allowed per lot and the property owner must occupy either the principal dwelling or the ADU. The ADU cannot exceed 500 feet and will be equal to one-half dwelling unit for density purposes. One additional parking space is required for the ADU. As will be described in our recommendations below, some of these standards may prove to restrict the development of ADUs. ADUs are a valuable tool in increasing the stock of affordable housing and standards should be in place to encourage their growth. Parking requirements, for example, are expensive and the cost of which, therefore, may be passed on to perspective renters. The County should reassess its ADU ordinance and revise to make it flexible for development prospects.

Affordable Housing Overlay/Inclusionary Zoning. The County has an Affordable Housing Overlay District at its disposal. In the Overlay, at least 15 percent of housing units built on a site must be sold to households earning less than 100 percent of the AMI; no less than two-thirds of these units must be sold to households with incomes at or less 80 percent of the AMI. These units must be owned by these income-eligible households for no less than five years. In addition, there must be a maximum sales price in a control covenant to keep the units affordable.

Incentives. The 2050 Regulations are the only place in which structural bonuses are mentioned. Here, it is recognized that density bonuses are an incentive for future development to provide affordable housing. As will be described in the Recommendations below, the County should condition more structural bonuses on use for affordable housing.

C. LHAP/Consolidated Plans

1. SHIP Local Housing Assistance Plan

The City of Sarasota and Sarasota County have a joint SHIP Local Housing Assistance Plan (LHAP). These plans are required under the State Housing Initiatives Partnership Program in order for the jurisdictions to receive state funds. The purpose of the LHAP is for the local governments to describe how they will make affordable rental units available to persons of very low income, low income, or moderate income and to persons who have special housing needs. The plans are intended to increase the availability of affordable residential units by combining local resources and cost-saving measures into a local housing partnership and using private and public funds to reduce the cost of housing.

For the 2013-2014 cycle, the County had nearly \$940,000 in available funds. The next cycle, that amount went up to nearly \$2.2 million and that number has stayed nearly consistent throughout the rest of the data. For the 2016-2019 cycle, the County as a whole had \$2.8 million in total SHIP dollars per year. This sections will describe the Strategies within the LHAPs starting in 2013-2014 cycle, their relation to the goals of the City and County's Comprehensive Plans, and their implementation.

At the outset, it is important to note that while the LHAP Strategies here provide for great opportunities to fund workforce housing development through the Housing Partnership program and the Rental Development program, the City allocated too little funds for these programs in the 2016-2019 LHAP. The City should reconsider the allocation of its SHIP dollars to ensure workforce housing development for very low and low-income households.

LHAP Strategies. The Strategies presented differ from the 2013-16 document to the 2016-19 document. The first document, for example, contains a Down Payment Assistance strategy while the latter does not. The 2016-19 cycle includes a Rental Development program while the first cycle does not include one. The local governments should consider re-incorporating Down Payment Assistance and continue to implement the Rental Development program in future funding.

Relevant to workforce housing, the most funds per unit are offered for the Housing Partnership program (provides funding to nonprofit agencies to acquire, rehab, and sell properties to low-income individuals) and the Rental Development program (finances rental developments for low-income persons). The second most funds per unit are given to the Owner -Occupied Rehabilitation program – a program which awards funds to low-income persons to correct code violations and dilapidated housing. This is promising for the local governments to meet their goals of improving their workforce housing policies.

Below is a chart of the SHIP dollars that went into each LHAP Strategy and how many units were served. As a reaction, it is interesting that only three to four units per year are aided under the Housing Partnership Program and under the Rental Development Program. The jurisdictions may want to consider restructuring their distribution so more units are served in these two categories. Further, the Down Payment Assistance Program, which was not a Strategy in the 2016-2019 LHAP, received no funding after the 2014-2015 FY.

The Owner- Occupied Rehabilitation program received the most dollars consistently over this period. For the last two years in the data pool, this program received 50% of the SHIP Dollars after receiving over 60% of the funding in 2013-2014. Moving forward, the jurisdictions should divert this money to programs which directly aid workforce housing. The 2015-2016 FY provides a good model for this allocation.

Notably, the Rental Development program was distributed the least amount of funds and served the least amount of units. This program was given only 2.86% of the SHIP dollars in the 2017-2018 cycle. Given the local governments' acknowledgements of the issue of cost-burdened renters, they should consider allocating more money to this program in order to aid a wider swath of persons. It should be a goal to better fund long-term affordable rental housing opportunities.

2013-2014. Available funds: \$937,875.00

Strategies	Very Low-Income Units Served	Low-Income Units Served	Total SHIP Dollars	Total Percentage of SHIP Dollars
<i>Owner Occupied Rehabilitation</i>	30	20	\$596,739	63.63%
<i>Down Payment Assistance</i>	1	6	\$150,000	15.99%
<i>Special Needs</i>	4	2	\$130,000	13.86%

2014-2015. Available funds: \$2,192,362.00

Strategies	Very Low-Income Units Served	Low-Income Units Served	Total SHIP Dollars	Total Percentage of SHIP Dollars
<i>Owner Occupied Rehabilitation</i>	20	1	\$326,892	14.91%
<i>Down Payment Assistance</i>	1	32	\$500,000	22.81%
<i>Housing Partnership Program</i>	1	3	\$455,235	20.76%
<i>Special Needs</i>	10	2	\$620,000	28.29%

2015-2016. Available funds: **\$2,170,585.00**

Strategies	Very Low-Income Units Served	Low-Income Units Served	Total SHIP Dollars	Total Percentage of SHIP Dollars
<i>Owner Occupied Rehabilitation</i>	20	10	\$418,527	19.26%
<i>Housing Partnership Program</i>	1	5	\$800,000	36.86%
<i>Special Needs</i>	11	6	\$525,000	24.19%

2016-2017. Available funds: **\$2,800,000**

Strategies	Very Low-Income Units Served	Low-Income Units Served	Total SHIP Dollars	Total Percentage of SHIP Dollars
<i>Owner Occupied Rehabilitation</i>	15	5	\$1,000,824	35.74%
<i>Housing Partnership Program</i>	1	3	\$650,000	23.21%
<i>Rental Development</i>	2	1	\$350,000	12.50%
<i>Special Needs</i>	5	1	\$500,000	17.86%
<i>Rapid Rehousing</i>	3	2	\$35,000	1.25%

2017-2018 Available funds: **\$2,800,000**

Strategies	Very Low-Income Units Served	Low-Income Units Served	Total SHIP Dollars	Total Percentage of SHIP Dollars
<i>Owner Occupied Rehabilitation</i>	30	5	\$1,400,000	50%
<i>Housing Partnership Program</i>	1	2	\$405,000	14.46%
<i>Rental Development</i>	2	1	\$150,000	5.36%
<i>Special Needs</i>	5	1	\$500,000	17.86%
<i>Rapid Rehousing</i>	3	2	\$80,000	2.86%

2018-2019 Available funds: **\$2,800,000**

Strategies	Very Low-Income Units Served	Low-Income Units Served	Total SHIP Dollars	Total Percentage of SHIP Dollars
<i>Owner Occupied Rehabilitation</i>	30	5	\$1,400,000	50%
<i>Housing Partnership Program</i>	1	2	\$405,000	14.46%

Rental Development	2	1	\$150,000	5.36%
Special Needs	5	1	\$500,000	17.86%
Rapid Rehousing	3	2	\$80,000	2.86%

Incentive Strategies. Under the first strategy, the City and County will expedite permits for affordable housing projects. For the City, applicants must meet one of eight requirements for permitting to be expedited. For the County, an applicant must meet one of six requirements. The requirements are broad and satisfactorily cover necessary projects. In regards to the City, this is the only current strategy that grants developers an incentive for building affordable housing within market rate units or for building rental housing that will remain affordable for a period of 10 years or more.

Second, the jurisdictions maintain an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption. At the City level, staff is required to estimate the dollar value of the impact to housing because of a new enactment. The County is working to expand these similar procedures.

Finally, the last incentive strategy under the LHAP contains several incentives regarding payment of impact fees. First, it directs the City to allow nonprofit organizations building housing for families with incomes below 100% of the AMI to receive all final inspections and defer impact fee payments until the home is sold to the low-income homebuyer. A nonprofit can get an impact fee deferral for promising to rent a property for no more than fair market rent for a period of ten years. These types of deferral of impact fees is a good step to incentivizing developers to build workforce housing.

Further, the City and County are directed to allow low income families receive a loan from the county to enable them to pay impact fees. The jurisdictions will also allow affordable housing projects to include the cost of impact fees in the development costs to be paid with federal and/or state funds. Finally, the LHAP itself states that it will identify other tools that are available to make a positive impact on affordable housing. There are options for further incentives which will be discussed in the Actionable Plan section.

2. Annual Action Plan/Consolidated Plans for Federal Dollars

As with the SHIP LHAP, the City and County participate in a Joint Consolidated Plan process. The Consolidated Plan is a five-year road map for local jurisdictions that receive Federal funds for housing and community development activities. Each year, the jurisdictions are required to produce an Annual Action Plan to describe its goals in using federal dollars. This first subsection will describe findings in the Annual Action Plan.

Backing up its workforce housing goals, the Annual Action Plan begins by identifying elements separated by priority that the jurisdictions will address. As part of its high priority needs, the City and County identify these:

- Create additional affordable rental units for individuals and families;
- Maintain the existing housing stock to prevent the loss of any additional affordable units; and
- Increase the number of Housing Choice Vouchers in the community

As for medium priority needs, the City and County identify these goals:

- Provide financial assistance to families who are required to connect to public water and sewer; and
- Create additional affordable owner-occupied units; redevelop the existing public housing units

Clearly, this is encouraging that the City and County identified these problems as priorities.

City-Specific Funding. The Office of Housing and Community Development (OHCD) is a joint City/County agency that is responsible for acting as the CDBG, HOPWA, and HOME administrator. For FY 2017, the City of Sarasota received these funds for the three programs:

- CDBG: \$395,813
- HOPWA: \$518,026
- HOME: \$661,488

This chart will show the amount of CDBG funds the City of Sarasota received over the last five years:

Year	CDBG Allocation	Program Income Received From Previous Funds	Total Funds Available
2016	\$414,827.00	\$20,958.51	\$435,785.51
2015	\$401,136.00	\$33,664.76	\$434,800.76
2014	\$402,666.00	\$37,403.24	\$440,069.24
2013	\$431,656.00	\$20,548.06	\$452,204.06
2012	\$386,949.00	\$38,998.49	\$425,947.49

The following charts will show how Sarasota allocated their CDBG funds over the past three years:

2016-17 Total Disbursements: \$477,299.14

Activity	Disbursements	% of Total
Rehab; Single-Unit Residential	\$9,972.00	2.09%
Acquisition for Rehabilitation	\$289,054.00	60.56%
Rehabilitation Administration	\$92,285.51	19.33%
Street Improvements	\$3,057.65	0.64%
General Program Admin	\$82,929.98	17.37%

2015-16 Total Disbursements: \$614,151.10

Activity	Disbursements	% of Total
<i>Rehab; Single-Unit Residential</i>	\$577.00	0.09%
<i>Acquisition for Rehabilitation</i>	\$0.00	0.00%
<i>Rehabilitation Administration</i>	\$87,678.21	14.28%
<i>Street Improvements</i>	\$414,642.65	67.51%
<i>General Program Admin</i>	\$83,203.26	13.55%
<i>Operating Costs of Homeless/AIDS Patients Programs</i>	\$24,574.50	4.00%
<i>Employment Training</i>	\$3,475.48	0.57%

2014-15 Total Disbursements: \$204,119.57

Activity	Disbursements	% of Total
<i>Rehab; Single-Unit Residential</i>	\$5,961.35	2.93%
<i>Acquisition for Rehabilitation</i>	\$0.00	0.00%
<i>Rehabilitation Administration</i>	\$65,173.53	31.93%
<i>Street Improvements</i>	\$12,940.35	6.34%
<i>General Program Admin</i>	\$84,532.21	41.41%
<i>Operating Costs of Homeless/AIDS Patients Programs</i>	\$17,597.30	8.62%
<i>Employment Training</i>	\$17,372.71	8.51%

As demonstrated in the charts above, it was only in the 2016-17 cycle where the City began to seriously acquire properties for rehabilitation with their CDBG funds. Prior to that, little funds were spent on rehabilitation. In fact, most of the CDBG dollars had been spent on street improvements. This shift reflects the high priority goal to “maintain the existing housing stock to prevent the loss of any additional affordable units.” While funding street improvements and the like are clearly a need for jurisdictions across the country, the City may want to consider shifting the focus of their allocations to workforce housing and addressing other needs from other funding sources. Moving forward, the City should continue to fund rehabilitation projects with its CDBG funds to meet this priority goal.

In the Annual Action Plan, the City noted that the greatest obstacle to meeting underserved needs is the lack of funding for affordable housing. They stated their allocation of CDBG funds has been reduced and that “[c]ombined with the effects of inflation, the effect of the funding reductions makes it difficult to initiate meaningful programs to meet the needs of the underserved.” On a related note, they state that new administrative burdens on grantees, without providing any additional financial resources to implement requirements, is a burden to affordable housing.

This makes it all the more necessary to develop more coordination with the private sector for workforce housing needs – one of the key goals of the City of Sarasota. This may come in the form of a productive

incentive structure to bring in private development rather than relying on state and federal dollars for help.

County Specific Funding. For FY 2017, Sarasota County received \$1,500,000 in CDBG funding.

This chart will show the amount of CDBG funds the City of Sarasota received over the last five years:

Year	CDBG Allocation	Program Income Received From Previous Funds	Total Funds Available
2016	\$1,574,251.00	\$93,291.34	\$1,667,542.34
2015	\$1,552,583.00	\$68,482.08	\$1,621,065.08
2014	\$1,556,860.00	\$53,693.50	\$1,610,553.50
2013	\$1,558,026.82	\$5,180.82	\$1,558,026.82
2012	\$1,458,692.00	\$100,899.64	\$1,559,591.64

The following charts will show how Sarasota County allocated their CDBG funds over the past three years:

2016-17 Total Disbursements: \$828,825.85

Activity	Disbursements	% of Total
<i>Rehab; Single-Unit Residential</i>	\$36,025.39	4.35%
<i>Acquisition for Rehabilitation</i>	\$161,163.34	19.44%
<i>Rehabilitation Administration</i>	\$175,162.41	21.13%
<i>Street Improvements</i>	\$88,620.12	10.69%
<i>General Program Admin</i>	\$289,242.95	34.90%
<i>Public Services</i>	\$78,598.64	9.48%

2015-16 Total Disbursements: \$1,769,740.06

Activity	Disbursements	% of Total
<i>Rehab; Single-Unit Residential</i>	\$5,500.50	0.31%
<i>Acquisition for Rehabilitation</i>	\$246,321.98	13.92%
<i>Rehabilitation Administration</i>	\$236,026.68	13.34%
<i>Street Improvements</i>	\$788,099.08	44.53%
<i>General Program Admin</i>	\$311,020.46	17.57%
<i>Public Services</i>	\$103,236.59	5.83%
<i>Homeless Facilities</i>	\$46,823.11	2.65%
<i>Subsistence Payment</i>	\$32,711.66	1.85%

2014-15 Total Disbursements: \$1,284,359.62

Activity	Disbursements	% of Total
<i>Rehab; Single-Unit Residential</i>	\$212,090.81	16.51%
<i>Acquisition for Rehabilitation</i>	\$95,669.15	7.45%
<i>Rehabilitation Administration</i>	\$216,664.53	16.87%
<i>Homeless Facilities</i>	\$153,176.89	11.93%
<i>Street Improvements</i>	\$13,381.78	1.04%
<i>Sidewalks</i>	\$127,565.31	9.93%
<i>General Program Admin</i>	\$310,902.04	24.21%
<i>Public Services</i>	\$97,329.17	7.58%
<i>Subsistence Payment</i>	\$57,580.94	4.48%

Joint City/County Goals. This chart demonstrates the goals of the City/County and their funding sources from 2016-2020.

Goal	CDBG	HOME	SHIP	General Fund	Other
<i>Provide housing and services to the homeless</i>	\$230,000			\$285,000	Florida Challenge Grant: \$15,000 State Emergency Grant Solutions: \$35,000
<i>Maintain the existing affordable housing stock</i>	\$110,000	\$200,000	\$1,000,000		
<i>Increase number of affordable housing units</i>		\$520,000	\$750,000		
<i>Increase the number of special needs housing units</i>			\$500,000		
<i>Preventing households from becoming homeless</i>					Florida Challenge Grant: \$13,000 State Emergency Grant Solutions: \$15,000
<i>Fair Housing Training and Education</i>				\$20,000	

With an overview of these goals, it seems that the jurisdiction has a good funding allocation. If anything, the jurisdiction may consider raising the funds for the “Increase the Number of Affordable Housing Units” Goal and lowering the “Maintain the existing affordable housing stock” Goal to make up the difference.

D. Other Sources of Funds for the City of Sarasota

1. City of Sarasota Budget

In the 2017-18 Action Plan, the City stated that “[t]he greatest obstacle to meeting underserved needs is the lack of funding for affordable housing.” They noted the funding reductions to the CDBG program as well as the sweep of the Affordable Housing Trust Fund in the State of Florida. This prompted us to look at how the City spends its own revenue on affordable housing. While lack of money is a legitimate barrier to their goals, the City should consider playing more of a role in raising and expending its own funds.

Initially, we discovered in the City’s “Budget-in-Brief” for FY 2017-2018 that the City spent over four times the amount on their Performing Arts Center than Community Development as a whole – prompting further study of the budget. Upon further study, it was found that most of the funding for the Performing Arts Center actually comes from revenue garnished by ticket sales and the like. This form of revenue allows the City to budget on expenditures for the Performing Arts Center. The City should consider its own form of dedicated revenue to operate an affordable housing trust fund. Linkage fees and a creative use of tax revenues can be used to garnish funds.

City Manager’s Message. The first few pages of the Financial Plan for FY 2018-2019 contains a message from the City Manager to the Mayor and City Commissions describing priorities and issues, the budget summary, and budget highlights. Notably, the City Manager ascribes the “Affordable Housing Deficit” as one of the main priorities and issues. In this section, he states that the City will “prioritize to work effectively with our partners throughout the region to support local job growth, and to create affordable housing options for residents and the service employees who work in our community.”

The City Manager then notes that the City will be “working diligently on this challenge throughout the rest of the year and FY 2018-19, beginning with consideration of zoning incentives or affordable housing requirements in future multi-family developments.” This is clearly promising for workforce housing development as the City Manager is implicitly endorsing an Inclusionary Zoning Ordinance for the City and zoning incentives conditioned on units devoted for affordable housing – two main recommendations that we will supply. This is an encouraging message from the City Manager.

Strategic Plan 2017-2020. The FY 2018-19 Proposed Budget also includes a 2017-2020 Strategic Plan. Goal 2 – Support Residents’ Desire for Quality Neighborhoods that are Safe, Attractive, and Unique is relevant. Key Action 2.3 under this Goal directs the City to “Support housing diversity throughout the City: affordable, workforce, and permanent supportive housing should be spread throughout the community and not pooled in any particular neighborhood.”

Key Action 4.5 within Goal 4 – Growth & Development directs the City to ensure adequate funding is planned to meet current and future service demands including “sufficient affordable housing options.” This Key Action is encouraging in that the City Commission itself has identified that sufficient affordable housing options must be adequately funded. This opens the door to more General Revenue being used for affordable housing and the possibility of the City establishing its own affordable housing trust fund – a recommendation which we will supply.

Use of General Revenue & Dedicated Revenue. The City proposed \$509,032, or 0.70% of General Revenue for “Economic Environment.” This money would only go to the personnel, operating, and capital expenditures of the Office of Economic Development to run the Economic Development Fund and Tax Increment Financing Fund. In the Proposed Budget, the City notes that historically, the City Commission’s major expenditure emphasis has been to provide for public safety. Further, the City planned to devote nearly ten times more of their General Revenue to “Culture and Recreation” than to “Economic Environment.” Quite simply, no General Revenue is directed specifically at affordable housing. The City should consider changing this or create their own dedicated source of revenue for affordable housing.

In FY 2017-18, the City created an Economic Development Fund that is funded with budgeted Local Business Tax Receipts of \$875,000 and a General Fund Transfer of \$476,713. The City projects a fund balance of \$2,138,713 for FY 2018-19. The goal of this fund is to help with economic development that was previously funded through the Community Redevelopment Agency. It will facilitate economic and physical improvements through public/private projects and initiatives as directed by the City Commission. The City Commission should use this new fund for affordable housing goals.

In the FY 2018-19 Proposed Budget, the City proposed \$509,032 from General Revenue to pay for personnel, operating expenditures, and capital expenditures. The Office of Economic Development, as dictated by the City Commission, will have say as which projects are funded. The City should continue to study its various taxable districts and possible streams of revenue and how they can be used for affordable housing.

E. Other Sources of Funds for Sarasota County

1. Sarasota County Budget

The Adopted Financial Plan for FY 2018-2022 contains a section describing the Board of County Commissioner’s Priorities and Major Initiatives. Strikingly, the top priority identified was to “[f]acilitate a community-based effort to help identify creative solutions to housing affordability.” Similarly, the

Preliminary 2019 Budget identifies “continued efforts to stimulate affordable housing” as a Major Initiative highlighted within the budget.

According to the Proposed Budget for FY 2019, monies collected from the Housing & Community Development Fund for Planning and Development Services increased from \$50,783 in FY 2017 to \$3,365,226 and then \$2,963,502 in FY 2018 and FY 2019, respectively. Further, expenditures for Planning and Development Services rose from \$24,312,410 in FY 2017 to \$38,999,639 in FY 2018. This is encouraging as this demonstrates that the County is putting more resources into the Department that works towards its affordable housing goals. This trend should continue.

IV. Stakeholder Interviews

The following section reflects interviews with market rate and affordable housing developers, major employers, and other housing professionals, including realtors in the City and County of Sarasota. Specifically, we interviewed three local government staff members, three persons specialized in nonprofit development, three persons specialized in for-profit housing development, and several other local stakeholders to get their feedback in how the City and County can improve their workforce housing policies. In order to have an active, open, and honest dialogue, we maintain the anonymity of those we spoke with. While each interviewee had different backgrounds and relationships with affordable and market rate housing, we asked a minimum of these five items to all interviewees:

1. Why do you think Sarasota has such a great need for affordable workforce housing?
2. What could Sarasota do to improve affordable workforce housing opportunities?
3. Do you think Sarasota is implementing the tools it currently has? If not, why not?
4. To the extent you are familiar with these incentives, tell us how well the following tools are working in Sarasota: expedited permitting; impact fee waivers, reductions, and deferrals; density bonuses; accessory dwelling units; parking and setback requirement reductions; flexible lot configurations; and surplus lands.
5. Please provide any other comments you would like.

The following reflects the main points and themes we heard throughout the interview process.

Scope of the Issue. When asked Question 1, the answer was generally consistent. Sarasota has a service-based economy with an intense demand for workforce employees. Interviewees responded that this has created a housing market that is in such high demand that there is a huge gap between the need for housing and actual affordable housing supply. One interviewee stated that this is a result of a market-driven housing policy that has gone unchecked for over three decades.

Some attributed this unchecked behavior to the political realities of campaign contributions from the market rate housing development industry, a perception that is certainly not unique to Sarasota. This accounts for the willingness of local elected officials to remove affordable housing requirements that were previously in place and makes local elected officials reluctant to enact inclusionary housing policies.

The employers we interviewed remarked that they have lost employees as a result of the lack of affordable housing in the City of Sarasota. One interviewee told us that they have had employees find jobs in North Port or other areas near where they live rather than commute to Sarasota. Further, this interviewee stated that during and after disasters, such as hurricanes, essential personnel have not been able to get to work at all as they lived too far away.

One major employer expounded at length about the negative effect of the affordable housing shortage on their business. Of the over 1,800 workers this business employs, around half live on the opposite side of the County. This person described the phenomena of workers choosing to live North Port and commuting because of the relatively low housing prices. In describing this, the interviewee openly worried about what would happen if the high demand of North Port leads to unaffordable housing prices in that area and thus further pushes out the business's employees.

This employer told us that if the affordable housing situation in Sarasota continues or worsens, they may be forced to move their production elsewhere. They discussed the tight labor pool and worried that if low-wage workers are not able to live near their campus, they will have a harder time attracting and retaining competent workers. The employer noted that even though they were trying to raise hourly wages to meet the rising cost of housing, the realities of their business could not sustain widespread wage increases. This employer voiced their willingness to work with all available resources to lessen their employee's housing cost burdens.

Another major employer described the affordable housing stock as their "Achilles heel" of hiring. In describing that a large portion of new applicants come from outside the state of Florida, this employer opined on how the lack of affordable housing makes it harder to recruit new talent. This employer explained that they have been forced to develop a program of their own in which they partner with participating apartment complexes that provide discounts to new employees. They have also partnered with local real estate agents to find affordable rentals for their employees. While these efforts are indeed innovative and encouraging, the local governments should act to ease the burden of employers in finding affordable housing for prospective employees.

One thing is clear when speaking with local stakeholders – everyone recognizes there is a serious affordable housing issue and something needs to be done to correct the current state of affairs. While the individuals differed in some respects as to how best to tackle the issue, all agreed that something needs to be done.

Need for Greater Political Will. Most of the interviewees described the lack of action in implementing affordable housing tools as a main barrier to affordable workforce housing. A common thread in the responses was that the local governments are supportive of affordable housing strategies “conceptually” but simply lack the necessary follow-through. As mentioned above, City and County staff are knowledgeable about the tools available to improve workforce housing prospects. However, these tools have not been implemented. Whether it is lack of political will or lack of community push, the interviewees were split. Some were of the belief that the elected officials have not acted because there has not been political pressure to do so. Some believed that the City and County have simply been dragging their feet on affordable housing initiatives.

One thing is clear – to enact a successful workforce housing strategy, there must be leadership at the top. Enacting workforce housing tools will not be without neighborhood opposition. However, due to the extent of the affordable housing issues, work must be done and leadership must be present.

Several stakeholders expressed their opinion that there are simply not enough resources for affordable housing prospects. In the interview process, we were told about the County’s past decisions to allow funds earmarked for housing to be used on economic development. Several interviewees opined on the lack of devoted staff time and finances devoted to a workforce housing strategy. The City and the County should allocate more funds and staff resources to the goal of improving the workforce housing stock.

Need for More Conversation at All Levels of Government & Communication Between Governments. In our interviews, we got a general sense that there needs to be more of a constant dialogue at all levels of government and between City and County governments about the affordable housing situation. One interviewee remarked that the County has no conversation about local policies and their impact on affordable housing at the time decisions are made. This is concerning as it is a statutory obligation for local governments to establish a process by which to consider, before adoption, policies, procedures, ordinances, regulations, or plan provisions that increase the cost of housing.

Further, respondents opined that there needs to be more conversation between the City and the County regarding the affordable housing situation. These interviewees expressed their desire for the two local governments to engage in public/private partnerships, joint funding opportunities, comprehensive policies, and other tools to better the affordable housing stock of the entire area. These respondents recognized that since the affordable housing issue is not confined to one jurisdiction, the two local governments should join forces to tackle the problem together. One interviewee applauded the City and the County for their efforts in running joint meetings of both local governments’ Affordable Housing Advisory Committees. This type of collaboration is working and should serve as an example to be emulated.

Need for Facilitating Redevelopment/Adaptive Reuse. When asked Question 2 as noted above, many respondents stated that tools aimed at facilitating redevelopment and adaptive re-use would have the greatest potential to positively impact workforce housing prospects. When presented with ideas about repurposing abandoned or vacant commercial and industrial structures, all interviewees responded positively. Adaptive reuse refers to the process of taking an old site and reusing it for a purpose other than it was designed. In the interview process, we were made aware of several projects in the area regarding the repurposing of abandoned hotels for affordable housing. The City and the County should continue to identify underutilized commercial, retail, and industrial districts as potential sites for adaptive reuse for affordable housing.

Need for Incentives & Better Development Review Processes. Several interviewees of the business community specifically focused their answers on the need for the proper incentives to build affordable housing. One interviewee described the rise in land prices and the basics of supply & demand as the main reason for the lack of affordable housing. There was much discussion about the need for developers to seek a reasonable return on their investments and how local government can create the proper incentives to make affordable housing worth a developer's time and money.

Several interviewees discussed the high cost of the development review process as a barrier to affordable housing. These persons all argued that lengthy reviews have discouraged affordable housing development as developers are unable to turn a profit if the review costs are too high. These interviewees stated that developers cannot make money through affordable housing development given the web of zoning and permitting procedures. These review costs have a greater negative impact on nonprofit organizations.

One nonprofit developer expressed their dissatisfaction with the time it takes to receive certificates of occupancy as well as other review decisions. This person noted that lengthy review processes have discouraged them from building in the City altogether.

Nearly all interviewees who have played a role in affordable housing development in the City and/or County had a negative experience to voice. These experiences have discouraged some interviewees from developing affordable housing altogether. These experiences typically involved lengthy review processes, frustration with certain zoning codes, arbitrary discretionary decisions, and high costs of development fees. One nonprofit developer believed the City and County staff expressed no willingness to ease procedures for affordable housing development and described "burdensome" lot size and other structural regulations as a barrier to affordable housing.

Much was discussed about the history of density bonuses in the City and County. The density bonus system should be used to help the market meet inclusionary requirements. It is our understanding that some inclusionary housing requirements have been waived in the past for certain developments. Further, in these instances, although the inclusionary elements were waived, developers were still awarded

density bonuses. The City and County must remain steadfast in its application of inclusionary requirements.

One interviewee noted that in the 2050 Villages at the County level, there was an issue of missing affordable housing because the Area Median Income was too high. Typically, an inclusionary policy is designed to provide housing to families making a certain percentage of the Area Median Income (AMI). However, as one interviewee remarked, since the AMI of Sarasota County is high compared to surrounding jurisdictions, the housing which resulted from the inclusionary policy remained unaffordable to many residents. Thus, in devising an incentive structure within an inclusionary housing policy, the City and County should consider crafting its policy to meet local needs to the greatest degree possible.

Need to Work More Effectively with Nonprofit Developers. The nonprofit developers we interviewed expressed their general dissatisfaction about the state of affordable housing in the Sarasota area. These interviewees were largely dissatisfied with what they perceived as a lack of desire to encourage and aid affordable housing development. One executive argued that the local governments should do more to help nonprofit developers offset costs of impact and other development fees. This person claimed that there are not enough adequate incentives for nonprofit housing entities to set up shop in Sarasota. Another executive was troubled by the lack of concessions and relief that is granted to nonprofit affordable housing developers. This person argued that since nonprofit developers are the ones who are investing in historically disinvested areas, creating new tax revenues for the local governments in the process, they should be granted more in the way of relief in respect to fees and other costs.

The nonprofit developers were adamant about the need for the local governments to partner more effectively with the private, nonprofit sector. The interviewees recommended that surplus lands, an affordable housing trust fund, and other tools be implemented to aid nonprofits in providing housing to the workforce.

One nonprofit executive described a positive experience in regards to a developer paying an in-lieu of fee to get out of building mandated affordable housing units in the County. This executive's organization received \$3 million from the for-profit developer which they were then able to use effectively to build affordable units. The nonprofit executive argued that for-profit entities, with help from the local governments, should partner with nonprofit entities to build affordable housing rather than being required to build it on their own. In this scenario, local governments can be the middleman between nonprofit and for-profit entities to aid in affordable housing development.

Need for a Robust Surplus Lands Policy. In our interviews, several persons noted the lack of a robust surplus lands policy in the County. We were told that instead of adding developable properties to an inventory of lands appropriate for affordable housing, the County has left developable surplus land off the inventory in order to use the sale proceeds for other purposes. We urge the City and County to place

all surplus property that is developable to be included on the inventory as appropriate for affordable housing. Once lands are identified as appropriate for affordable housing, then the land can be utilized for affordable housing, or not, with and sale proceeds going exclusively into the local affordable housing trust fund to be used for affordable housing purposes.

A distinction can be drawn between those properties that will be donated for affordable housing use and those that will be sold, but to keep surplus land off the inventory that is going to be sold undermines the intent of Sections 125.379 and 166.0451 of the Florida Statutes.

Need to Address Neighborhood Opposition and NIMBYism. We were advised that neighborhood opposition and NIMBYism have been a barrier to achieving necessary workforce housing policies. Specifically, we were made aware of the various community groups that are striving for more public hearings in the development process and that there is not a lot of general support for more administrative review of projects. We were told that there are community members that want input on everything – possibly resulting from mistrust between citizens and staff and citizens and elected officials when it comes to development.

It is important and necessary to have the public engaged in the development processes that shape their communities. However, more required public hearings at more stages of the development process means more time and money for developers. In the case of affordable housing prospects, this additional money can be pushed onto renters and homeowners in the form of higher prices for housing. Thus, a balance needs to be achieved. There must be a system in place that allows for public input while also giving developers the predictability needed for affordable housing development to be a feasible line of business. Moreover, increasing the number of public hearings for affordable housing runs afoul of the statutory requirement that affordable housing developments receive expedited permitting, as well as the Florida Fair Housing Act, Section 760.26, which makes it unlawful to discriminate in land use decisions based on the financing of the development (i.e. projects that have SHIP, tax credits, or other affordable housing financing).

A solution to neighborhood opposition must contain predictable standards that developers can meet to allow for quicker, administrative review with less pushback from the community. This will require a discussion with the community at the outset of formulating the workforce housing policy in an effort to gain community buy-in to the greatest extent feasible to reduce opposition later in the process. This Action Plan contains recommendations for conditioning structural bonuses, such as density, in exchange for affordable housing units. If the public were to demand additional public hearings for every development that is granted structural bonuses, the system would be clogged and affordable housing developments would be stalled. Providing predictable standards and allowing for community discussion at the outset is key for reducing NIMBYism once the workforce housing policy is underway.

One interviewee with nonprofit development experience in the City and County described their concern with potential misinformation campaigns spurred by neighborhood opposition. This person noted their displeasure with local government staff in their failure to help dispel misinformation about affordable housing developments. Thus, both local governments should keep this in mind and support workforce housing projects when faced with neighborhood opposition.

Another interviewee stated that it is essential that the City and County demonstrate leadership throughout implementation of this Plan as there is an expectation that implementing these recommendations will not be without neighborhood opposition. Local government leadership will need to come from the top.

Need for Long-Term Compliance of Affordability. Several interviewees expressed concern about the capacity of the City and County to monitor long-term affordability in regards to an inclusionary zoning policy. One staff member sought input on how their office could monitor long-term affordability without an active Community Land Trust. Thus, to meet this need, we suggest that the City and County create an Affordable Housing Liaison Position within the Office of Housing and Community Development to take on this task as well as other policy implementations. Without a long-term compliance program and procedures in place, the City and the County's inclusionary housing policy will likely sputter as housing developed for affordable purposes may quickly become unaffordable for failure to properly manage ongoing compliance.

V. Blueprint for Workforce Housing

A review of the County Situational Report, the City Executive Summary on Workforce Housing, the SHIP AHAC recommendations, the applicable land development regulations, and other documents, makes clear that the respective jurisdictions and their staffs are knowledgeable about the tools available to encourage workforce housing development. The City has written about incorporating inclusionary zoning, density bonuses conditioned on affordable housing, expanded opportunities for accessory dwelling units, and parking reductions, among other items. Through the Situational Report, the County has demonstrated that it is equally aware of these tools. However, many of these tools are not incorporated or implemented into the local governments' policies which in turn, does not reflect the work that has been done regarding workforce housing. As the City's Executive Summary on Workforce Housing remarked, their work has "not led to the adoption of any truly effective attainable housing incentives for use by the private sector or the designation of long-term attainable housing units."

Land Value Capture. It is essential for there to be a paradigm shift in how the City and the County approach using their land use authority for housing. First and foremost, the goal of local government action is to promote the public health, safety, and welfare of its citizens and to be a good steward of the land for current and future generations. This requires a balancing of property rights with public interests.

Under Section 163.3177(6)(f) of the Florida Statutes, every jurisdiction in Florida has the obligation to plan for and provide for housing its entire current and anticipated population, including the most vulnerable.

Local governments should consider the principle of land value capture when property owners request land use and zoning changes that will increase the value of their private property. Local governments contribute greatly to private land value through public-works projects, zoning changes, and other interventions. The principle of land value capture is that when public intervention, such as a land use or zoning change occurs, the public body should ensure that a portion of the increase in land value that results from that public intervention is used to meet community needs, such as affordable housing. When local government makes a land use change that increases the value of a particular land owner's property, it is not only appropriate that a portion of that increase in value come back to the community for affordable housing, but indeed, the local government obligation under Section 163.3177(6)(f), may make land value capture for affordable housing an imperative.

This final Section provides an Actionable Plan for both the City and the County to implement. The Actionable Plan will be most effective if implementation is cohesive, rather than piecemeal.

1. Encourage More Flexibility in Housing Types through the Zoning Code to Promote Infill Development

The City and County could amend their Zoning Codes to allow for more variety in the types of housing allowed, in accordance with each of the local governments' comprehensive plans. The local governments should allow for and encourage more multi-family, duplexes, villas, and other housing types that house more than just a single family. For example, as of now at the City level, the RSM-9 district is the only single-family district that allows duplexes and triplexes as a conditional use. The City should consider allowing these types of units as conditional or permitted uses in more single-family districts to provide more housing opportunities to more people. Overall, the City and County should permit smaller units, adjust minimum lot sizes, setback requirements, and similar regulations to allow for smaller units, encourage mixed use properties, and allow higher-densities in more parts of the area to capitalize on available land close to employment centers.

This strategy addresses what is known as the "missing middle." The missing middle is described as the medium-density stock of housing options between the scales of single-family homes and mid- or high-rise developments; these options range in density from 16 units/acre to 35 units/acre. This includes duplexes, triplexes, courtyard apartments, bungalow courts, townhouses, and other similar structures. They are "missing" in most jurisdictions due to the single-family home being the dominant residential land use. These missing middle housing types create small-footprint, middle-density buildings which are ideal for singles, childless couples, and empty nesters. It is a market-based strategy for producing modest housing, which will create housing affordable to households who may not be income eligible for "affordable housing" but need a product that costs less than the typical single family home in Sarasota.

The City and County should initiate more “up-zonings” in the area – that is, they should allow higher densities in more locations to encourage affordable housing development and a more efficient use of the land. However, when allowing higher densities, the City and County should make sure that some of this density is used for affordable housing and assurances are provided for long term affordability. If the City and County had an inclusionary zoning ordinance, increased densities in the zoning code could produce more units overall provided a portion of those units would be for permanent or lasting affordable housing.

The proliferation of single-family districts within the area is a barrier to affordable housing. With so much of the area dedicated to the single-family home, there is a scarcity of available land for multi-family uses – driving up the cost of multi-family units in the process. If the City and County were to lower the total area of single-family districts, there would be more land available for the possibility of higher density affordable housing. The local governments should ensure that more land is zoned for multi-family residential uses.

There are some Zone District concepts that are defined in the City’s Land Development regulations that could be more utilized to attract workforce housing. Urban Neighborhood, for example, is a Land Use Classification that is intended to implement the concepts of “New Urbanism.” Here, in the Downtown Neighborhood and Downtown Neighborhood Edge District of the City, residential dwellings are the primary use and non-residential uses are allowed on a limited basis. Mixed-use districts such as these should be considered as an avenue to workforce housing development given that non-residential uses could subsidize affordable housing in the same buildings and workers could live closer to the Downtown.

The Community Office/Institutional and Community Commercial Land Use Classifications also provide good models in how the City and County can integrate workforce housing close to the economies that the workers serve. Within these Classifications, there are zone districts that allow for residential uses in conjunction with office space. Such mixed-use behavior is essential for a productive workforce housing model. Commercial Neighborhood and Commercial Storefront, two zone districts within the Community Commercial classification for example, allow for ADUs, live/work units, and mixed use development while the Commercial Residential district allows for those in addition to attached single-family units, group living structures, and multi-dwelling structures. Districts with a broad range of housing types such as these coupled with inclusionary zoning policies are promising for workforce housing development. Whatever government action is taken should be coupled with assurances of long term/perpetual affordability.

2. Allow Accessory Dwelling Units in All Single-Family Zones

Accessory Dwelling Units are small-scale rental units situated on the lot of a single-family home; providing a smart growth tool for increasing development in areas with existing infrastructure. ADUs are a market-based tool that enhances the property rights of landowners. Sarasota County and the City of Sarasota

should allow accessory dwelling units (ADUs) in all single-family districts. To its credit, the County does allow ADUs on all single-family lots.

Both local governments already understand the value of ADUs as noted in their land development regulations, the County's Situational Report, and the City's Executive Summary on Workforce Housing. Currently, ADUs are restricted to higher density districts in the City and the City policy prevents many single-family lots from having lawfully constructed accessory dwelling units.

The housing stock of the area is dominated by single-family units as nearly two-thirds of the County is of that housing type. The City and the County should utilize this land most effectively for workforce housing development by allowing ADUs in all single-family districts as of right. Further, as mentioned in the Situational Report, 16% of homes are classified as seasonal/occasional use. ADU development on single-family lots that are used as a seasonal/occasional use can provide housing to the local workforce when the single-family homes themselves are not occupied by full-time Sarasota residents. Simply, ADUs utilize existing land effectively and with low impact as an affordable housing opportunity.

In conjunction with allowing ADUs in all single-family districts, which should be a priority, the City and County should consider other amendments to its ADU ordinances to encourage development. First, the City and the County should consider raising the allowable size of the units from 600 and 500 square feet, respectively, to 800 square feet. This would give homeowners flexibility in building size to be able to recoup on their investments. If concerned with larger ADUs transforming the nature of neighborhoods, the local governments should use maximum lot coverage and setback requirements to regulate rather than a low square footage requirement. When devising structural requirements, however, the local governments must regulate in ways to facilitate the development of ADUs. Minimum lot size, ADU size, and other requirements should be formulated so as not to exclude a large portion of single-family homeowners from their ability to construct ADUs.

Similarly, parking requirements for ADUs can be particularly burdensome for the homeowner if too stringent. This can lead to construction of unlawful ADUs, as homeowners skirt the requirement. For smaller lots, a requirement for additional parking could render an ADU impractical – as a lot may not have enough space for both an ADU and a parking spot. These spots can cost thousands of dollars to construct -- pushing the costs onto the renter and lowering the prospects for an ADU to be used as an affordable unit. When devising parking requirements, the City and County should balance the cost of the additional parking against the need for the parking. If the ADUs are being built as part of a new single family residential subdivision, incorporating on-site parking is much less of an issue.

As to the concern of ADUs being used as short-term rentals, the City and County could impose rental restrictions and only permit ADUs if the landowner signs an affidavit agreeing to use restrictions.

Alternatively, the City and County could use the tax revenue gained from short-term rental ADUs to help fund ADUs that are used for affordable rental housing for residents.

Further, ADUs should be given a streamlined and transparent permitting process; since homeowners are the ones constructing these units, the local governments should create an easy-to-navigate process to avoid discouraging development. The City and County should also consider a modification of impact fees if the ADU is used as an affordable rental.

The City should also prepare information materials for property owners that clearly demonstrate the advantages of adding an ADU to their property. The information should explain to the property owner the design or development restrictions and what type of permitting is required. Staff should be trained to work with property owners to help them through the permitting process.

Finally, in terms of financing ADU development, the Florida Housing Coalition has long recommended the program run by Santa Cruz as a model program. The Santa Cruz, California practices were noted in the County's Situational Report. In order to assist homeowners develop rental ADUs for persons at 80% or below the City's median household income, the City of Santa Cruz has an ADU loan program by which homeowners can receive loans of up to \$100,000 at a 4 ½% interest rate for ADU construction. To receive the financing, the homeowner must agree to keep the rental unit affordable to low-income tenants for a period of at least 15 years. If the homeowner backs out of the affordability requirement, they must repay the full amount of the loan plus interest. With loan and deed restrictions and the threat of default, the local governments can ensure that the ADUs they help finance are used for affordable rental housing for low to moderate income persons. The City and County would have to have an available pool of loan funds – a pool which can be created by methods described below.

3. Increase Sadowski Funding and Augment with Locally Generated Funds

The County and City of Sarasota have collectively lost approximately \$30 million dollars over the past 15 years due to the “sweeps” of the Sadowski Trust Funds by the Florida Legislature. Local governments though their advocacy with their legislative delegation directly or through contract lobbyists should continue to have as a legislative priority that the state appropriate all the SHIP funds solely for housing.

Even with full appropriation of the SHIP funds, the County and City of Sarasota will need additional monies to meet workforce housing needs. Currently, the main assistance for low-income persons and developers looking to rent or build a home comes from state and federal dollars. Local governments can better utilize their own pool of funds dedicated to grants, loans, or tax incentives for workforce housing to assist more renters, homebuyers, and developers. Further, locally generated funding allows the greatest flexibility in

meeting locally determined priorities. The following are ways to generate funds for a local housing trust fund.

- A. **Linkage Fee Ordinance.** First, the local governments should consider adopting a linkage fee ordinance. As noted in the City Executive Summary on Workforce Housing, linkage fees “link” the development of non-residential construction to the housing demand that is generated by the employees who work there. Under a linkage fee ordinance, which is complementary to an inclusionary ordinance, the local governments will collect money from commercial developments to be placed in a housing trust fund for others to use to produce and preserve affordable housing. Action Strategy 3.8 of the City’s Housing Plan addresses this tool as a possibility to address workforce housing. The ordinance must address who pays, how much, and what the funds will be used for. Linkage fees are a great way by which to raise funds for workforce housing as the employers are the ones who will be subsidizing the housing for the workforce.

- B. **Vacation Rental Revenue.** This past year, Sarasota County raised over \$978,000 in tax revenue from Airbnb alone. As recognized in Sarasota County’s Situational Report, the proliferation of short-term rentals limit the supply of housing for the local workforce. Using this stream of tax revenue for affordable housing could help off-set some of those negative effects.

- C. **Infrastructure Surtax.** Sarasota County has had a one-cent surtax on the books since 1989 in which twenty-five percent of the proceeds are for the Sarasota County School Board with the rest divided up between the four main municipalities. Pursuant to Section 212.055(d)(1)(e) of the Florida Statutes, the revenue from the surtax can be used for affordable housing land acquisition. Affordable housing for the workforce is infrastructure and the City and County should spend their funds as such.

Additionally, the City and the County should ensure that proceeds from sales of surplus lands are deposited into the local housing trust fund. In general, monies from a local housing trust fund could go to payment of impact fees for affordable housing developments, down-payment and closing-cost assistance for homeowners, an ADU loan program, an Employer-Assisted Housing program, land acquisition, assistance for the payment of constructing structural requirements, and other affordable housing purposes. Because the money will be locally funded, the City and the County will have more local control over the use of the monies than if the funds were received from the state or federal government. A local housing trust fund is needed to supplement other monies received and can greatly aid workforce housing development.

4. Repurpose Vacant Commercial, Retail, and Industrial Properties for Affordable Housing

One of the most limited resources that the City and County have in achieving a successful workforce housing program is land near employment centers. Therefore, the City and County need to think creatively about how to best utilize the existing, built-up space. The local governments could partner with landowners, developers, and non-profits to best repurpose existing commercial, retail, and industrial properties that appear to be in disrepair or are abandoned. Whatever government action is taken should be coupled with assurances of long term/perpetual affordability.

As a part of this strategy, the City and the County should allow whatever land use changes are needed for an adaptive reuse program. This might entail rezoning certain commercial and industrial districts, amending the zoning code, and amending the Comprehensive Plan Future Land Use Map as necessary to allow for more residential uses in these areas. For example, the heavily industrially-zoned land between Gillespie Avenue and Euclid Avenue around 6th Street to 20th Street could be considered as an area in which residential uses would be allowed and encouraged for affordable housing purposes. There are multiple locations in that area which could be repurposed for housing. The local governments could partner with landowners and developers who are interested in developing housing in unused commercial, retail, and industrial zone districts and work to repurpose these underutilized properties for live- work spaces, with the assurances for permanent or lasting affordability for the workforce housing.

In furtherance of this strategy, the City and County could make use of Brownfields programs to receive state and federal aid for redevelopment. If an area is designated as a Brownfield, the state provides financial incentives for affordable housing development. For example, there is 1) a sales tax refund available for building materials purchased and used in the construction of a housing or mixed-use project located in a Brownfield area; 2) a Voluntary Cleanup Tax Credit (VCTC) in which a 50% state tax credit is provided up to a maximum annual \$500,000 per site for eligible costs for environmental cleanup work; 3) a State Brownfield job bonus refund which gives up to \$2,500 per new job created; and 4) state loan guarantees for Brownfield projects. The Florida Brownfields program is a great option in repurposing industrial areas.

5. Adopt a Surplus Lands Policy that Maximizes the Use of Surplus Lands for Affordable Housing

Pursuant to Sections 166.0451 and 125.379 of the Florida Statutes, commonly referred to as the “surplus land statutes,” both the City and the County must prepare an inventory list of real properties within the respective jurisdiction to which the local government holds title that are appropriate for affordable housing. In addition, these laws enumerate several options for local governments to make the identified properties, or the proceeds for the sale of the properties, available for affordable housing purposes.

If surplus property is developable, e.g. it is not a sliver of property left over from right of way work, or a health hazard such as a toxic site, it should be found appropriate for affordable housing and be placed on the affordable housing inventory list. As noted in the Affordable Housing Advisory Committee Housing Incentive Plan, Sarasota County only had one property on the list of lands suitable. If local government keeps surplus lands off the inventory in order to sell and use the proceeds for other purposes, it is not acting within the intent of the surplus land statute. A distinction should be drawn between properties that will be donated or sold for affordable housing use and those that will be sold for non-affordable housing uses.

To monitor surplus lands, the local governments should utilize a full-time Affordable Housing Liaison that can monitor the surplus lands program – this position will be described in a later Recommendation. As a part of a surplus land program, the City and County should strongly consider donating its surplus land to nonprofit organizations that will keep the property affordable long term or to Community Land Trusts to develop and manage the lands for permanently affordable housing. As the City recognized in its Executive Summary on Workforce Housing, “CLTs are a vital part of an inclusionary housing program in order to manage and monitor long-term affordability.” CLTs can carry out stewardship services which local government staff would have to perform if CLTs were not in existence.

6. Implement Inclusionary Housing Policy/Workforce Housing Overlay Districts

An inclusionary housing policy is another market based land use tool for producing workforce housing. As the production of market rate units increases, the more workforce units are produced. The most effective inclusionary housing policies are those that are seamless between jurisdictions. We therefore recommend that the inclusionary housing policy for the City and County are as close to identical as possible.

At a minimum, the City and County should adopt an inclusionary housing policy that applies to large scale developments. For example, an inclusionary housing policy could apply to all developments or redevelopments of 500 or more units. This ordinance could be implemented immediately, while the more complex inclusionary policies related to smaller developments or redevelopments are under consideration. If there are proposed large-scale developments or developments which the City and County know to be in the works, the inclusionary housing policy should be implemented immediately. An inclusionary policy can also be enacted through a Workforce Housing Overlay District in all areas that are ripe for redevelopment. For smaller developments that do not meet the threshold number of market rate units or are not covered by a Workforce Housing Overlay District, the inclusionary housing policy should provide for structural bonuses to incentivize developers to build affordable units in exchange for less burdensome building requirements.

The inclusionary policy or ordinance must be tailored to meet the local development patterns, market conditions, and affordable housing needs. The details of the land use ordinances will include the threshold number of market rate units that activates the inclusionary requirement.

Further, the ordinance should be flexible to provide developers an array of options in meeting the workforce housing requirements. This ordinance could contain options that include off-site development of affordable housing, payment of a fee in lieu of development, and land donation. If a developer donates land, for example, the local government can then utilize that land for off-site affordable housing by donating it to a nonprofit entity who can then develop and operate workforce housing that will be permanently affordable. Flexibility in the inclusionary requirements ensures a better partnership between the private and public sector and better outcomes when the market rate site is not appropriate for the development of affordable units. It is typically not a good idea to expect a market rate developer who is not also in the business of producing affordable housing to expand his/her line of business into affordable housing.

One of the most critical elements in an inclusionary ordinance is permanent or long-term affordability. When an affordable product is included in an otherwise unaffordable area, appreciation inflates at a substantially greater rate. Once the local governments have adopted and implemented their inclusionary ordinance, it must include mechanisms to keep the property affordable in long-term or in perpetuity. Managing the program will require local government staff time and can also be handled through a local nonprofit, such as a community land trust to manage the resale of the homeownership units or the income compliance for rental units.

Specifically, as it relates to a Workforce Housing Overlay District, the City and County should select areas that are ripe for redevelopment and close to employment centers. Currently, the County's Affordable Housing Overlay District only applies to an area east of I-75 which is far away from main employment centers. In general, the County's inclusionary housing requirements only apply to areas which are on the outskirts of town. The City and County should include more areas that are within the Urban Service Area Boundary. For example, an overlay district can be implemented over Payne Park in preparation for possible development in that area.

As mentioned briefly above, the inclusionary housing policy should allow for structural bonuses to developers who do not meet the threshold number of market rate units or do not exist within a Workforce Housing Overlay District. Structural bonuses incentivize developers to build affordable units in exchange for less burdensome building requirements. This type of bonus structure is a market-friendly policy which demonstrates that the City and County are serious about its affordable housing goals. In enacting a structural bonus policy, the local governments may target areas that are close to employment centers. As demonstrated by the type of housing developed in the Rosemary Residential Overlay District, it is not enough to simply increase the allowable density of an area. Increased densities, and other structural bonuses, must be conditioned on the development of a specific amount of long-term or permanently

affordable housing. For example, the City and the County should only allow densities above the allowable amount for an applicable zoning district if a developer devotes a certain number of units for the local workforce.

Structural zoning requirements that can be relaxed in exchange for the production of affordable workforce housing include increase in density, increase in building heights, reduction in parking requirements, flexibility in setback requirements, maximum lot coverages, and other similar requirements.

The City and County must ensure that the workforce housing built for structural bonuses is permanently affordable, or affordable long-term. This requires the local governments to monitor long-term unit affordability. It is recommended that the local governments require a land use restriction agreement to maintain permanent affordability for rental units or long-term affordability for homeownership units if they are not kept affordable with a mechanism such as a 99-year ground lease. Without ensuring long-term affordability, structural bonuses would be for naught.

7. Reinvigorate, Reconstitute, or Otherwise Support a Community Land Trust

A community land trust is a vital tool for workforce housing. The Sarasota CLT has not been active for many years. There are a number of strategies that could be used to remedy this situation, including making changes to the current operations and control of the existing CLT, merging with another CLT, or starting a new CLT. A well-functioning CLT would go a long way toward maximizing the potential of this Action Plan. A CLT can monitor long-term affordability to provide housing opportunities to more low-income persons, maximize the use of surplus lands for affordable housing, preserve local government subsidies with resale restrictions, and otherwise carry out stewardship tasks for the local governments.

CLTs are great vehicles by which to preserve a local government's SHIP and other housing funds. Because CLT homes are affordable in perpetuity due to their resale restrictions, they are a one-time investment of SHIP and other government dollars. Under the normal economic environment of rising prices, local government monies recovered from a loan made five to ten years earlier are typically not enough to get a similarly situated income-eligible family into homeownership, as the gap between the family income and the cost of the house will now be greater. In the typical growth economic environment, the local government would have to spend more of its funds to make homeownership available to the next homebuyer. In using local government dollars to support CLT homeownership, however, the local government subsidy is retained in the home and continues to be affordable to a similarly situated income-eligible family regardless of the rise in home prices. Considering that the Sarasota County metro area experienced the fifth highest increase of income required to purchase a median-priced home of all metro areas in the United States from 2015 to 2016, the CLT model is clearly an optimal tool to keep housing affordable to low-income workers as the median cost of housing rises.

8. Use a Complement of Code Enforcement and Rehabilitation to Turn Dilapidated & Abandoned Housing into Workforce Housing

The City and County should continue to strictly enforce its housing code to ensure that all housing structures are being used efficiently. The local governments should identify dilapidated and abandoned structures and take corrective actions to ensure that these units are being purposed effectively. If possible, the City and County should actively engage in the foreclosure process to allow the housing stock to be available to those who will use it. As of now, code enforcement procedures are driven by citizen-complaints. The local governments should consider initiating their own code enforcement actions on noncompliant structures.

To avoid displacement from code enforcement, the City and County can continue to use funds for rehabilitating, maintenance, and redevelopment of dilapidated structures using CDBG, HOME, SHIP, and other revenue sources.

9. Provide NIMBY/Fair Housing Training to Governmental Staff

The federal Fair Housing Act makes it unlawful to discriminate against persons in housing transactions because of race, color, national origin, religion, sex, familial status, and disability. The state Fair Housing Act bars discrimination against these protected classes and further bars discrimination in land use decisions based on the financing of the development. Federal law requires that local jurisdictions affirmatively further fair housing. Using local land use authority to maximize opportunities for affordable housing in areas of opportunity is an optimal way to affirmatively further fair housing.

NIMBY neighborhood opposition is a recurring barrier for affordable housing in the City of Sarasota and Sarasota County. Diligent enforcement of the protections afforded by the federal and state fair housing laws would go a long way toward alleviating the neighborhood opposition hurdle. For instance, the protection afforded by Florida Statute 760.26 should prevent neighborhood opposition from delaying or denying land use approvals for affordable housing. Affordable housing should be treated equally to market rate housing, except that it should receive more favorable treatment than market rate housing in terms of expedited permitting. Fair housing training for elected officials, key staff, and the county and city attorneys advising the Commissioners, could help to avoid and overcome NIMBYism.

10. Collaborate with the School Board and other Large Employers

Local governments can partner with the School Board to improve affordable housing prospects for essential school employees. Pursuant to Section 1001.43(12) of the Florida Statutes, school boards have

the authority to use portions of purchased school sites, land deemed not suitable for education purposes, or land declared as surplus by the board to provide sites for affordable housing for teachers and other school personnel. In a partnership with the School Board, the local governments can assist through the development process and provide resources as necessary to ensure that more housing opportunities are provided for these workers.

School boards have the authority to waive, reduce, or otherwise modify school impact fees. As noted throughout this document, the reduction of impact fees can incentivize and ease affordable housing development. A partnership with the school board can aid in providing the necessary housing to essential school employees close to their places of work.

Collaborations with other large employers, including hospitals, and private sector businesses may also make a substantial contribution to the development of workforce housing. These entities could donate land for development of affordable housing and receive incentives in return.

11. Develop an Employer-Assisted Housing Program

The local governments should consider implementing an Employer-Assisted Housing (EAH) program for governmental employees. The City and County could offer their workforce down-payment and closing-cost assistance to help overcome the initial barrier to homeownership. Further, they could offer rental assistance or security deposit assistance to their employees. As an example, under an EAH program, City of Sarasota and Sarasota County employers could be eligible to receive a deferred, 0% interest loan and a matching funds grant for down-payment and closing-costs to purchase their first single family home, condominium, or cooperative unit within the City or County. The terms of this loan could vary but could be for \$5,000 or more, forgiven over a five-year period, and come with housing counseling.

There are many options for employer-assisted housing such as gap financing, payroll savings matches, and land donation. An EAH program should be the result of a broad partnership with developers, lenders, and community-based housing assistance programs such as Habitat for Humanity, a Community Land Trust, or other 501(c)(3) housing organizations to help steward the program. The City and County may also consider partnering with other employers in the area to establish a robust program.

A City and/or County-run EAH program would provide law enforcement, public safety workers, and other vital government employees the opportunity to live in the communities in which they serve. Not only would this be sound policy, but it would be politically advantageous to assist this critical subset of the workforce. An Employer-Assisted Housing Program could help retain government workers for a set amount of time by assisting them with housing costs.

The EAH program could be expanded to encourage private sector employers to contribute to the housing trust fund with the proceeds used to assist employees to purchase homes. The program would offer employers to administer the application and approval process, thus relieving the employer from managing this process.

12. Create an Affordable Housing Ombudsman/Liaison Position within the Office of Housing and Community Development

Expedited permitting (for any and all permits or land use changes need to develop affordable housing) and an ongoing process of review for all comprehensive plan or land development policies are two statutory requirements for all jurisdictions that receive SHIP funds. A specific employee within the joint housing office for the City and County could be charged with shepherding affordable housing applications through the relevant reviews (not just building permits) to expedite permitting. That person could also facilitate the process of having an affordable housing impact analysis that would meet the intent of the statutory requirement for ongoing review to consider the impact on housing of all newly adopted plans and policies.

Implementing all the recommendations in this Action Plan will require additional staff time and resources. The City and County should jointly fund an Affordable Housing Ombudsman/Liaison Position for a qualified individual to work full-time to implement these recommendations.



Florida Housing Coalition

1367 E. Lafayette Street
Suite C, Tallahassee, FL 32301

Phone | 850.878.4219

Website | FLhousing.org