<u>Hernando County Voluntary Inclusionary Housing – Policy Memo</u>

Considerations for Designing an Incentive Program

Prepared by the Florida Housing Coalition

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The Florida Housing Coalition ("FHC" or the "Coalition") was contracted by Hernando County ("County") to assist with the creation of a voluntary inclusionary housing ("IH") policy in the County. This policy memorandum provides recommendations on designing a voluntary IH policy with a particular focus on how to structure a density bonus program for affordable housing purposes.

This memorandum covers the following policy areas regarding a voluntary IH program in Hernando County:

- What are voluntary inclusionary housing policies?
- Policy discussion for a zoning incentive program for affordable housing
- Administering voluntary IH policies
- Additional policy considerations to support affordable housing development and preservation

FHC team dedicated to this effort:

Kody Glazer, Chief Legal and Policy Officer, glazer@flhousing.org

Ali Ankudowich, Land Use Technical Advisor, ankudowich@flhousing.org

Wis Benoit, Research Associate, benoit@flhousing.org

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A. What are voluntary inclusionary housing policies?

There are two main types of inclusionary housing ("IH") policies, also called inclusionary zoning or inclusionary housing ordinances: 1) mandatory IH; and 2) voluntary IH. Both types of policies are designed to increase the production of below-market-rate homes for income-eligible households.

A mandatory IH policy is a land use planning tool where a local government *requires* certain market-rate developments to set aside a number or percentage of units as affordable housing to income-eligible households. Typically, there will be a "unit threshold" that triggers the affordable housing requirement. For example, a mandatory IH could mandate affordable units only for developments of 50 units or more or other threshold as decided by the local government. The local government will also need to determine the set number or percentage of units that must be affordable within the market rate development as well as a host of other policy considerations.

As opposed to a mandatory IH policy which requires below-market-rate homes within a market-rate development, a voluntary IH *encourages* the private sector to provide affordable homes to income-eligible households through the use of financial and regulatory incentives. A typical voluntary IH policy includes an incentive structure, targeted incomes served, a determination of the number or percentage of affordable units needed to receive the incentives, and program compliance methods. Both mandatory and voluntary policies require staff capacity to run the program and an analysis of local development patterns and the existing regulatory structure.

For any voluntary IH program to work, the incentives must be structured in a way to give the private sector something they want or need but do not already have. In other words, each city or county must identify the "carrots" they can offer (zoning flexibility, fee waivers, expedited permitting, financial subsidy, etc.) in exchange for providing affordable units below market-rate based on local conditions.

There are generally two types of incentives for affordable housing – regulatory and financial. Regulatory incentives are designed to provide relief from zoning or other development processes either to allow more market-rate homes to be built within a development or to reduce costs associated with building. Financial incentives are designed to provide public subsidy in exchange for the production of affordable homes.

Here is a list of typical voluntary IH policies within a local government's toolkit:

Regulatory Incentives	Financial Incentives
Density and intensity bonuses	Public subsidy for development costs
Flexibility in housing types	Fee waivers (impact fees, permit fees, inspection fees, etc.)
Parking reductions	Local option property tax exemptions authorized by state law (i.e. Live Local Act's local optional property tax exemption)
Flexibility in lot design (setbacks, open space, impervious lot coverage, etc.)	Contributions to infrastructure and associated costs
Expedited permitting and building inspection process	Offering publicly-owned land at below-market price
Transfer of development rights	

Section B of this Memo will discuss zoning incentives for affordable housing in depth, with a focus on density bonuses, Section C will discuss administrative and process considerations for providing zoning incentives, and Section D of this Memo will discuss and provide examples of policies related to local affordable housing trust funds, local option property tax exemptions, and fee waivers for affordable housing.

B. Policy discussion for a zoning incentive program for affordable housing

The most effective incentive for the private sector to build affordable housing is oftentimes the density bonus. With a density bonus, a local government allows private sector builders to build more market-rate homes than they otherwise could under the jurisdiction's land development regulations in exchange for a portion of the homes in the development to be rented or sold below market rate to income-eligible households. For example, a county may offer a 25% density bonus to a builder in exchange for 10% of the overall units in the development to be sold or rented at an affordable price to households at or below 80% of the area median income, with the particulars defined by the county.

However, providing a density bonus is only one part of the equation to entice the private sector to build affordable homes in exchange for more market-rate units. All of the County's other land development regulations must facilitate and unlock the bonus density being offered. For example, a developer could be offered a 300% density bonus, but if the regulations governing height, setbacks, parking, open space, impervious lot coverage, and other lot design standards are not calibrated to unlock that level of density, it is highly unlikely that the maximum density bonus will be achieved.

Alternatively, a local government could also permit a great deal of flexibility with regards to density and use another factor to regulate development outcomes. For example, a local government may allow three to four times the permitted base density allowances so long as the development meets a certain height requirement, like how form-based codes regulate by building form dimensions as opposed to density. The local government might retain this height requirement or only marginally increase the allowance to maintain building scale compatibility, which may help foster community support for the density bonus program and encourage small unit sizes. The City of Sarasota used this approach in its recently adopted downtown and mixed-use corridor density bonus programs.

There are a host of considerations when designing a locally tailored density bonus program for affordable housing, which this memo will describe. This type of zoning incentive also typically needs to be regularly calibrated to local development patterns, market considerations, affordability needs, and results. This Section will cover the following policy considerations specific to an affordable housing density bonus program in Hernando County:

- **Applicability.** Will there be a unit threshold that triggers the voluntary density bonus? Will the density bonus cover single-family housing, multi-family housing, or both?
- **Geographic scope.** Which areas of the County will be eligible for the density bonus?
- **Affordability requirement.** What number or percentage of units must be affordable? Is the requirement based on total number of units within the development or will it exclude any bonus units?
- **Bonus density.** How much bonus density will the County provide?
- **Other Incentives.** In addition to a density bonus, how can other incentives be reformed to unlock maximum bonus densities? If general flexibility on most regulations is allowed as an incentive, will the County retain any specific regulatory thresholds?
- **Income levels served.** Which household incomes will be served with this incentive?

- **Term of affordability.** How long will the units be affordable?
- **Exemptions.** What exemptions, if any, will be included in the density bonus policy?
- **Alternative compliance methods.** Could a builder satisfy the affordable housing requirement through a fee-in-lieu or alternative method?
- **Regulating the mix of affordable and market-rate units.** How can the County ensure the affordable units are built of the same quality as the market-rate units?

This section will cite a variety of affordable housing density bonus examples across Florida. Here are the jurisdictions with footnote citations that this Section discusses:

- St. Petersburg, FL[1]
- Miami, FL[2]
- Hillsborough County, FL[3]
- Sarasota, FL[4]
- Miami-Dade County, FL[5]
- Monroe County, FL[6]
- Palm Beach County, FL[7]
- Lee County, FL[8]
- Broward County, FL[9]
- Manatee County, FL[10]
- Collier County, FL[11]
- Tallahassee, FL[12]
- Jupiter, FL[13]
- Davie, FL[14]
- Coral Springs, FL[15]
- Orlando, FL[16]
- Chicago, IL[17]
- Santa Monica, CA[18]
- West Hollywood, CA[19]

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[1] St. Petersburg, FL, Code of Ordinances, Chapter 17.55, Article V.
[2] Miami, FL, Land Development Code, Sections 3.15-3.16.
[3] Hillsborough County, FL, Comprehensive Plan Housing Element, Policy 1.3.1; Land Development Code Sec. 6.11.07 and Sec. 3.23.15.
[4] Sarasota, FL, Land Development Code, Section VI-1005 and Section VI-1103.
[5] Miami-Dade County, FL, Land Development Code, Chapter 33, Article XIIA.
[6] Monroe County, FL, Land Development Code, Section 139-1.
[7] Palm Beach County, Land Development, Article 5, Chapter G, Section 2.
[8] Lee County, FL, Land Development Code, Chapter 2, Article IV; Administrative Code 13-5.
[9] Broward County, FL, BrowardNext Land Use Plan, Section 2, Policy 2.16.3 and 2.16.4.
[10] Manatee County, FL, Land Development Code, Section 545.2.D.
[11] Collier County, FL, Land Development Code, Section 2.06.00.
[12] Tallahassee, FL, Land Development Code, Chapter 9, Article VI. – Inclusionary Housing.
[13] Jupiter, FL, Code of Ordinances, Subpart B, Chapter 27, Article VI, Division 44.
[14] Davie, FL, Code of Ordinances, Part II, Chapter 12, Article XVII.
[15] Coral Springs, FL, Land Development Code, Chapter 2, Article II.
[16] Orlando, FL, Code of Ordinances, Sec. 58.1133.
[17] https://www.chicago.gov/content/dam/city/depts/doh/aro/2021%20ARO%20In-lieu%20Fee%20Table%20effective%20January%201,%202024.pdf.
[18] See https://www.santamonica.gov/media/HED/Housing/BMH/AHPP%2012.1.23.pdf.
[19] See https://weho.granicus.com/MetaViewer.php?view_id=22&clip_id=3385&meta_id=168593.

1. Applicability

An affordable housing density bonus policy may first set the unit threshold, tenure, or type of development that is eligible for the bonus. For example, the County could decide to only provide the bonus for multifamily rental developments that have 10 units or more. Alternatively, the County could allow developments of any tenure or size to receive a density bonus as long as the affordability requirements and other standards of the policy are met. The County could also set different affordability requirements and bonuses based on the size of development (see Miami-Dade County). Most jurisdictions with density bonus policies in Florida do not have a unit minimum to trigger the incentive.

It is important to determine development type eligibility by studying local market trends. For example, if the County only applies the policy to developments of 50 or more units but the vast majority of developments are much less than 50 units in total, a density bonus policy will not capture enough buildings to be worthwhile.

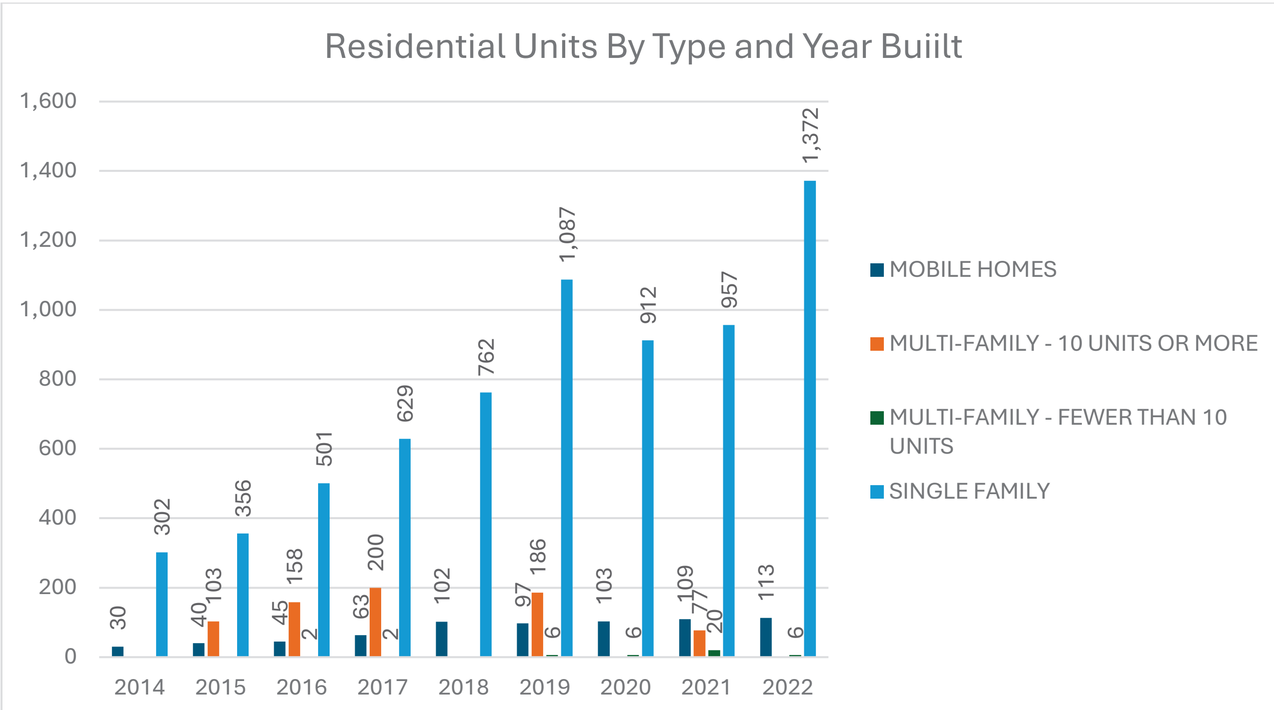
Examples:

- **St. Petersburg, FL; Sarasota, FL** – Developments of any tenure or size are eligible as long as they are within an eligible zoning designation and comply all other provisions.
- **Miami-Dade County, FL** – Has different affordability requirements for developments with 20 or more dwelling units and developments with fewer than 20 units.
- **Monroe County, FL** – Projects receiving a density bonus cannot be greater than 20 units unless approved by the County Planning Commission.
- **Palm Beach County, FL** – Density bonus incentives only apply to developments with 10 or more dwelling units.

Options:

1. Allow any type of development, single family and multifamily, that meets all the eligibility criteria to be eligible for a density bonus regardless of housing type or number of units. (**recommended)**

The figure below shows the trend of residential units by unit type and year built according to Department of Revenue data. New units within the county have primarily been within single-family residential developments with few units being built in multifamily structures. Therefore, in order to maximize the potential of affordable housing incentives, we recommend the density bonus incentives be offered to any type of development – single-family or multifamily.

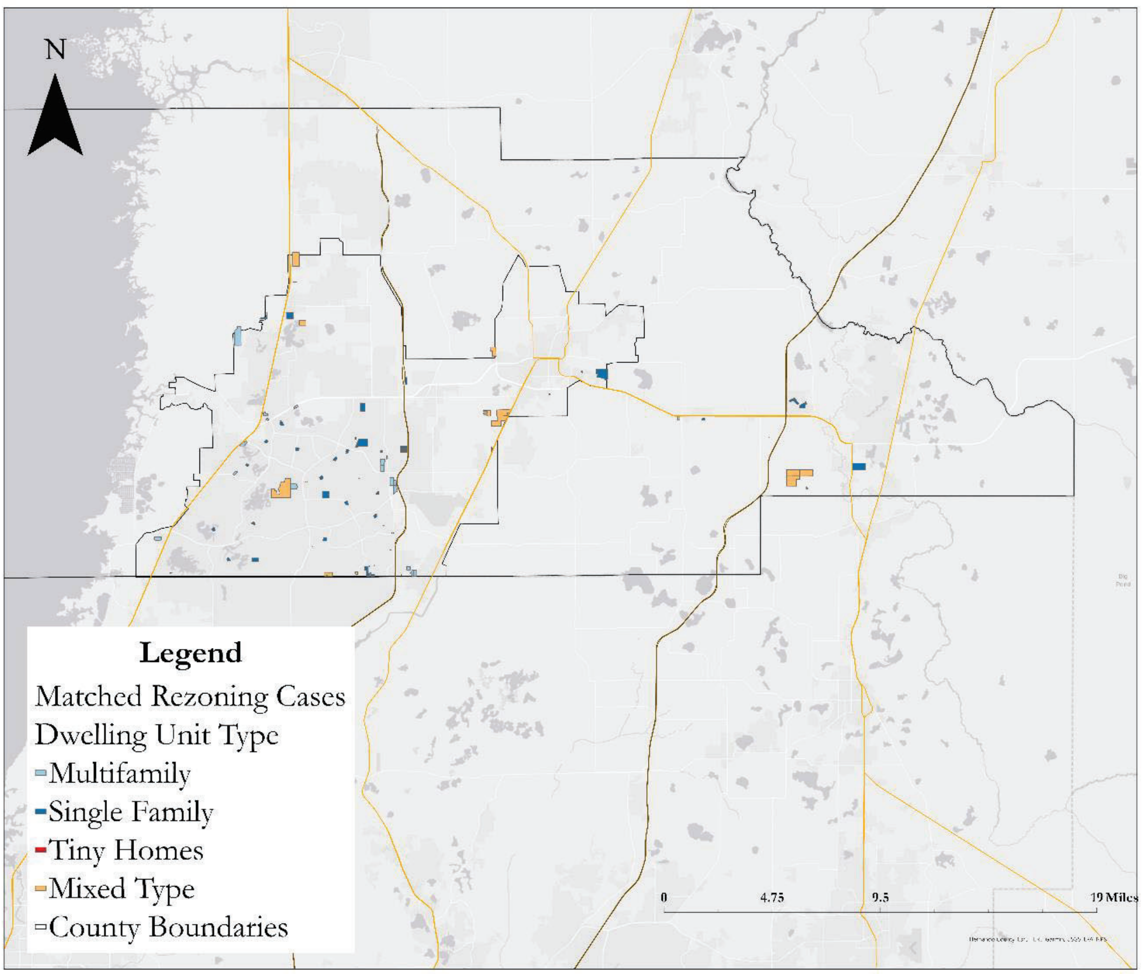


2. Incorporate affordability incentives into the rezoning process.

Rezoning is common in the county. The County could incorporate incentives within the rezoning process to seek deed-restricted affordable homes in exchange for favorable development rights. The map below shows recently rezoned parcels identified by Hernando County Planning and Zoning Department. Out of rezonings identified by Hernando County staff, 122 cases were reported with approved residential dwelling units ranging from 1 to 980 between the years of 2015 and 2024 (a few cases did not have an identifiable date). Of these cases, 25 were agriculturally zoned parcels being rezoned to planned development projects. This data indicates that there has been a steady flow of rezoning activity over the years in the county, with interest in landowners seeking land use changes to build more residential units. Also, of note, is that many of these PDPs have an included description that indicates that the project will include deviations from certain regulatory standards. These deviations may serve as negotiable components that the County could leverage to ensure more affordable units are included in these projects, if not already doing so.

The following map depicts rezoning cases that were able to be matched to existing parcels IDs within the county, just over 100 project parcels belonging to 70 unique projects, symbolized in color by generalized residential use types. The legend shows the dwelling unit types that each rezoning allowed the parcel to contain. Much of the activity is trending within the adjusted urbanized area, but large swathes of formerly agricultural land at the edges and outside of this area can be seen as well.

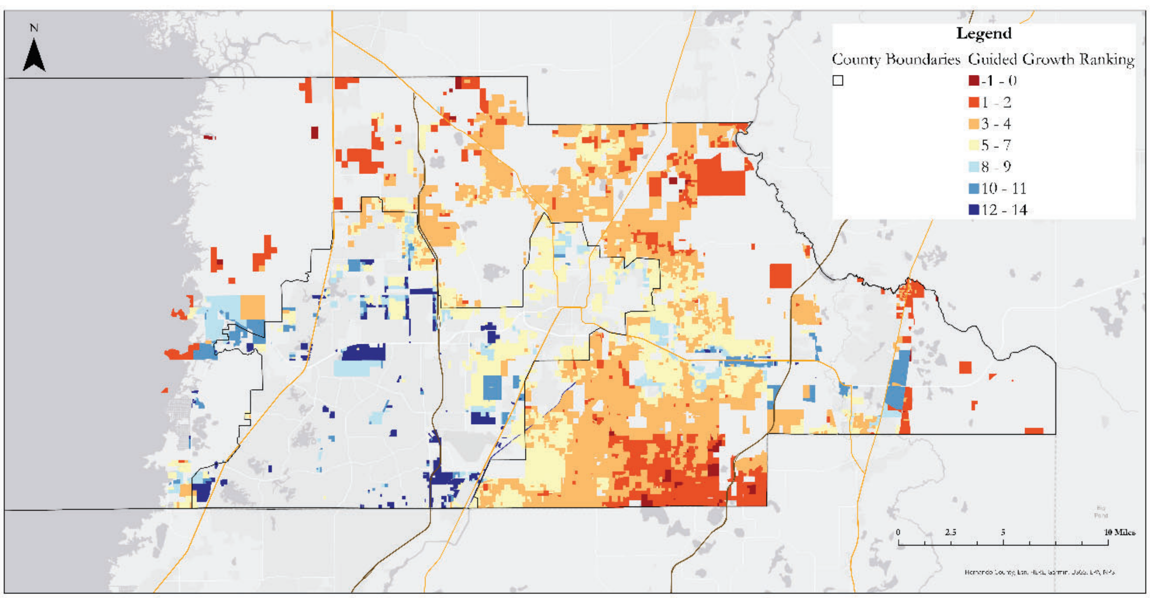
Recent Rezoning Cases Map



Sources:
Census Designated Places Shapefile, US Census TIGER files; Country Boundaries, Florida Geographic Data Library; parcels2023, Florida Geographic Data Library

The following map employs a spatial multicriteria analysis, which we call the "guided growth methodology" and is described at length in Appendix, to score currently vacant parcels in terms of their suitability for housing. Parcels that score the highest according to our methodology (which are deemed "most suitable" for housing) are symbolized in blue and parcels that score the lowest are symbolized in red. The map below shows land within the county that is currently zoned for agricultural use that scores the highest with the guided growth methodology. High scoring agricultural parcels may be converted in the future for housing development and the county could condition rezonings from agricultural to residential on some form of affordable housing being provided. The county has most of its agricultural land located outside of the adjusted urbanized area, which also means this land is likely further way from important services, some job centers, and needed infrastructure, providing for mid-tier to lower tier scores.

Guided Growth Mapping
Parcels Zoned Agricultural



Sources: Hernando County GIS; Hernando County Planning and Zoning; Hernando County Building Permits; Florida geographic Data Library "parcels 2023",

2. Geographic scope

The County can decide to apply the IH policy only to targeted areas. An IH policy can cover an entire jurisdiction, only certain areas that are particularly primed for higher density development, areas within close proximity to jobs and community amenities, relatively high-income areas to promote mixed-income communities, or other locations the County deems suitable for affordable housing.

Examples:

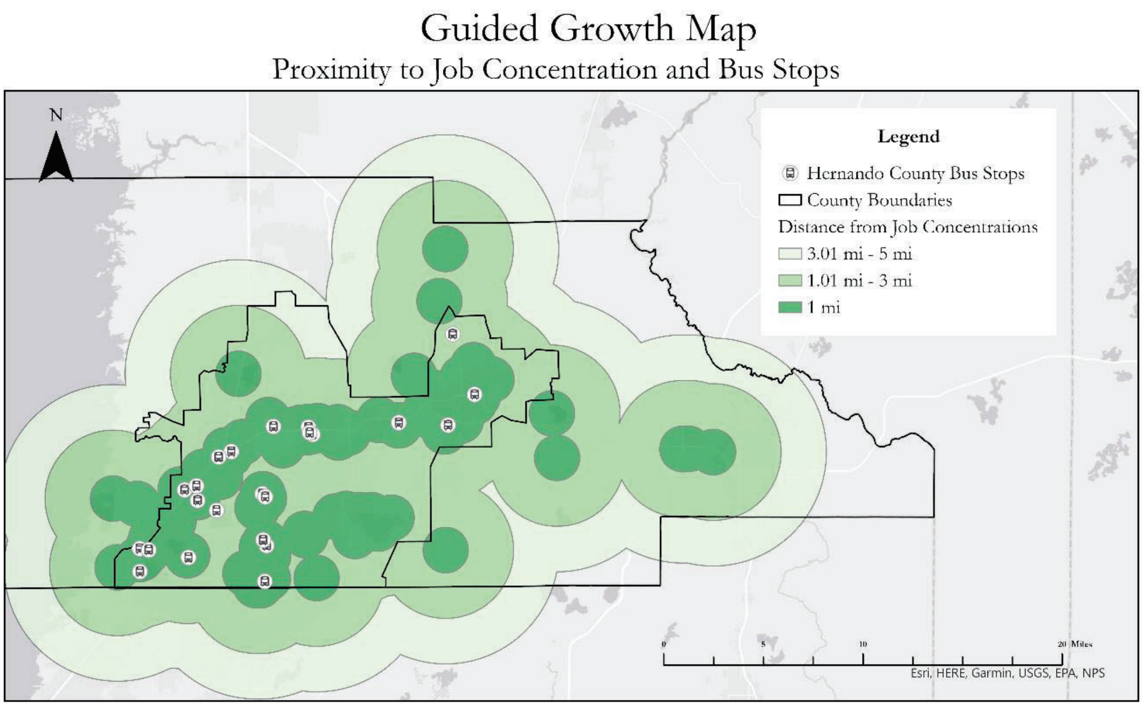
- **St. Petersburg, FL –** Developments must be located in a defined zone district to be eligible for the density bonus. Eligible zone districts include the Neighborhood Suburban Multifamily District, Neighborhood Planned Unit Development District, Institutional Center District, Employment Center District, Corridor Commercial Transition District, Corridor Residential Transition District, and Retail Center District.
- **Sarasota, FL** – Sarasota limits their attainable housing density bonus to targeted commercial corridors and downtown zone districts.
- **Miami, FL** – Developments that are within a quarter (1/4) mile of a Transit Corridor or within a Transit Oriented Development (TOD) area are eligible for development incentives.
- **Hillsborough County, FL** – Site must be located within the Urban Service Area, shall be served by public water and sewer and have access to public streets.

Options:

1. Define specific geographic areas where the density bonus for affordable housing is allowed.
2. Allow the density bonus in all places in the County where residential development is allowed.

Regarding option #1, the County could target the density bonus incentives to certain defined areas. One option is to target the incentives in areas in close proximity to jobs, public schools, and other community amenities.

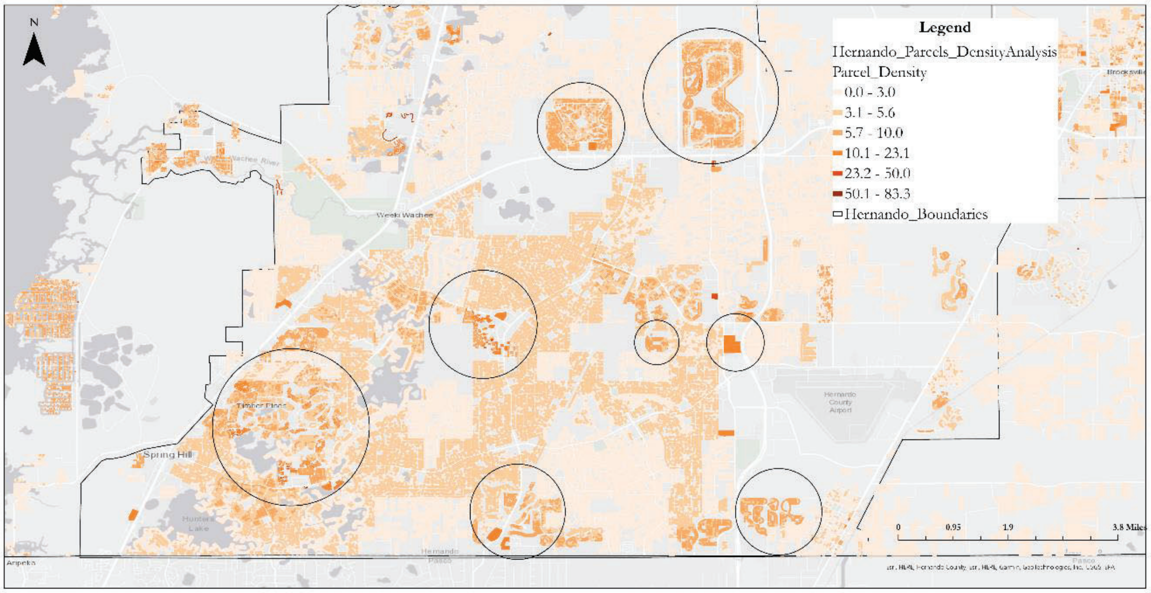
The following map uses Longitudinal Employer-Household Dynamics data to identify employment concentrations in the community. This map could be used to target density bonuses in close proximity to employment concentrations. The buffers displayed on the map represent 1, 3, and 5 miles from the highest points of concentration for employment within the County. Employment concentrations serve not only as a representation of distance to work, which is a factor that can have tremendous impact on housing and transportation costs, it also functions as a proxy for community services, such as grocery stores, shopping centers, schools, and other daily destinations and spatial needs. By using these concentrated activity zones in a tiered approach, the county can ensure denser urban patterns are achieved closer to existing services and achieve planning goals of accessibility, while creating gentle transitions between more urban and more rural areas. The dots on the map represent transit stops which are highly correlated with areas close to job concentrations.



Sources:
Census Designated Places Shapefile, US Census TIGER files; Country Boundaries, Florida Geographic Data Library; parcels2023, Florida Geographic Data Library

The County could also look at targeting density bonuses to areas that already have dense built environments. The following map shows parcels by their density of residential units. Because the county's housing stock consists predominantly of single-family structures, the map largely gives a view into how site dimensions vary across the county. Secondarily, it depicts concentrations of multifamily units. Circled areas on the map indicate an assortment of smaller than typical lot sizes, multifamily units, and – more generally – where in the county already has densities greater than average. Density discussions can often be political hot button issues and by understanding as-built patterns, new denser patterns can build upon existing success and community character.

Parcel Density Map



Sources: Hernando County GIS; Hernando County Planning and Zoning; Hernando County Building Permits; Florida geographic Data Library "parcels 2023",

3. Exemptions

An IH policy may contain exemptions where certain areas may not be eligible for a density bonus. Typically, exemptions will be based around ensuring that bonus density is not provided in areas that are not suitable for high density development – such as areas that are at risk of environmental issues, areas that are not in close proximity to jobs and community amenities, and other places where the County wants to avoid siting affordable housing.

Examples:

- **Manatee County, FL –** Density bonuses are not permitted on sites within the County's Costal Evacuation Area or Coastal High Hazard Area.
- **Lee County, FL –** Exempts the barrier and coastal islands and property located within the coastal high hazard area from receiving an affordable housing density bonus with certain exemptions.

Options:

1. Exempt areas from eligibility where the County finds that higher density residential development is not suitable. This could include certain flood zones, certain

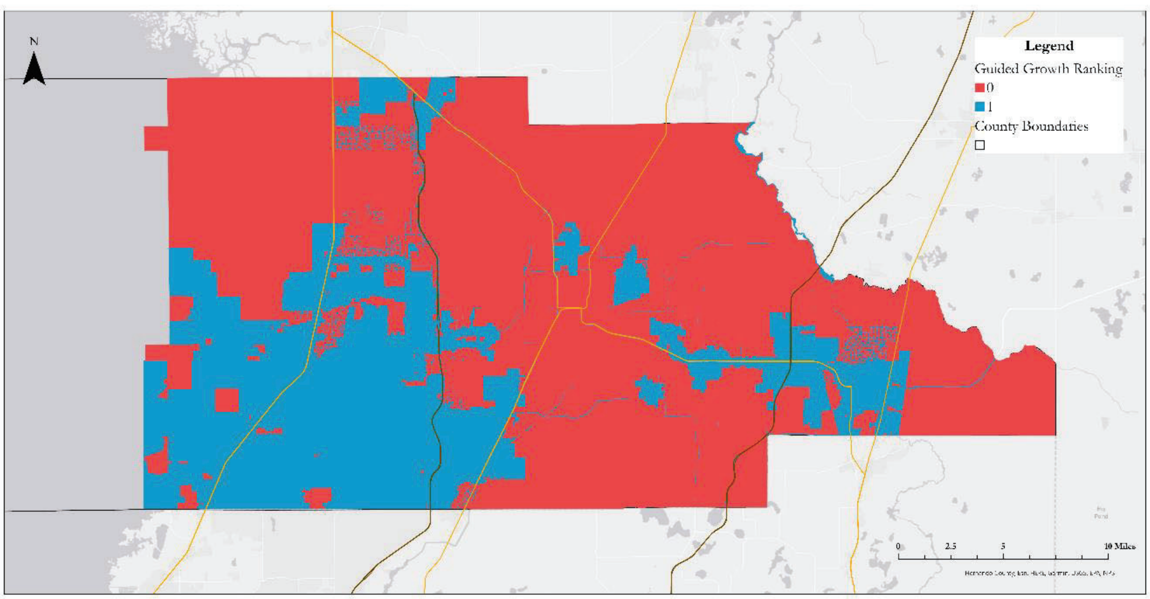
evacuation zones, areas without access to water and sewer, areas prone to storm surge, and other considerations.

The County can exempt areas that lack adequate infrastructure for higher density residential development, areas that are at risk of flood, and areas that meet other risk criteria decided by the County. The following maps are isolated variable maps that underlie the guided growth methodology described in the Appendix. These maps depict parcels that are in close proximity to access to water and sewer and parcels that are not impacted by flood zones. For the first two maps showing access to water and sewer infrastructure, parcels in blue are located within .125 miles from existing water and sewer infrastructure.

The county has limited access to sewer for new developments, and while it currently has a septic to sewer program in place, it is not currently funded. If the county wishes to concentrate growth in areas that can allow for a sustainable pattern of development, access to sewer infrastructure or requiring extension could serve as a limiting factor for use of a density bonus.

Guided Growth Map

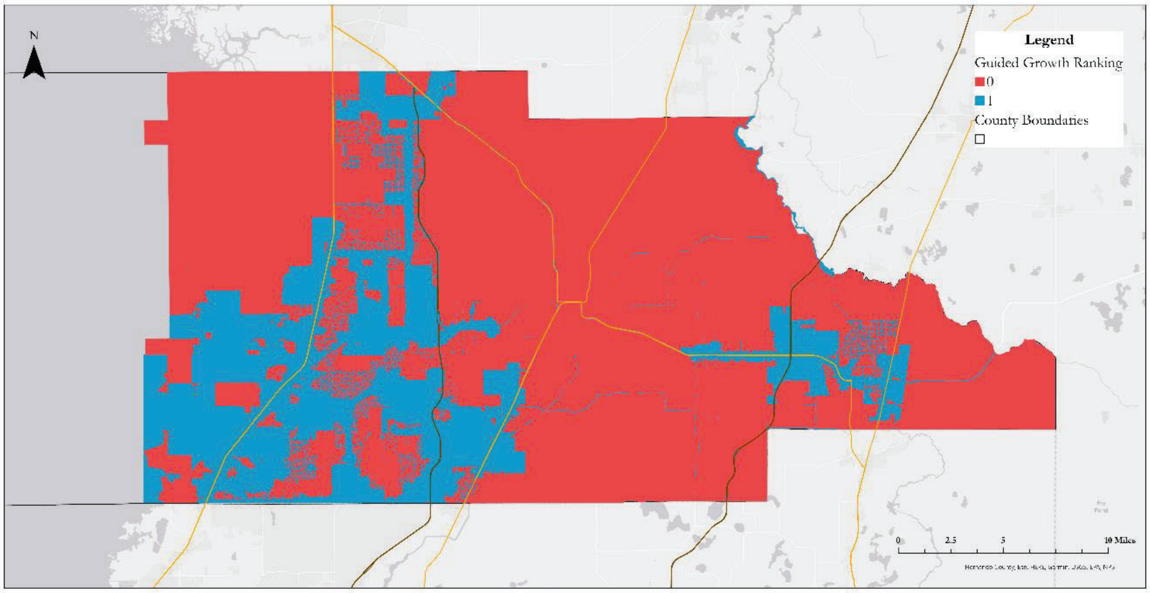
Parcels Access to Water Infrastructure



Sources: Hernando County GIS; Hernando County Planning and Zoning; Hernando County Building Permits; Florida geographic Data Library "parcels 2023",

Guided Growth Map

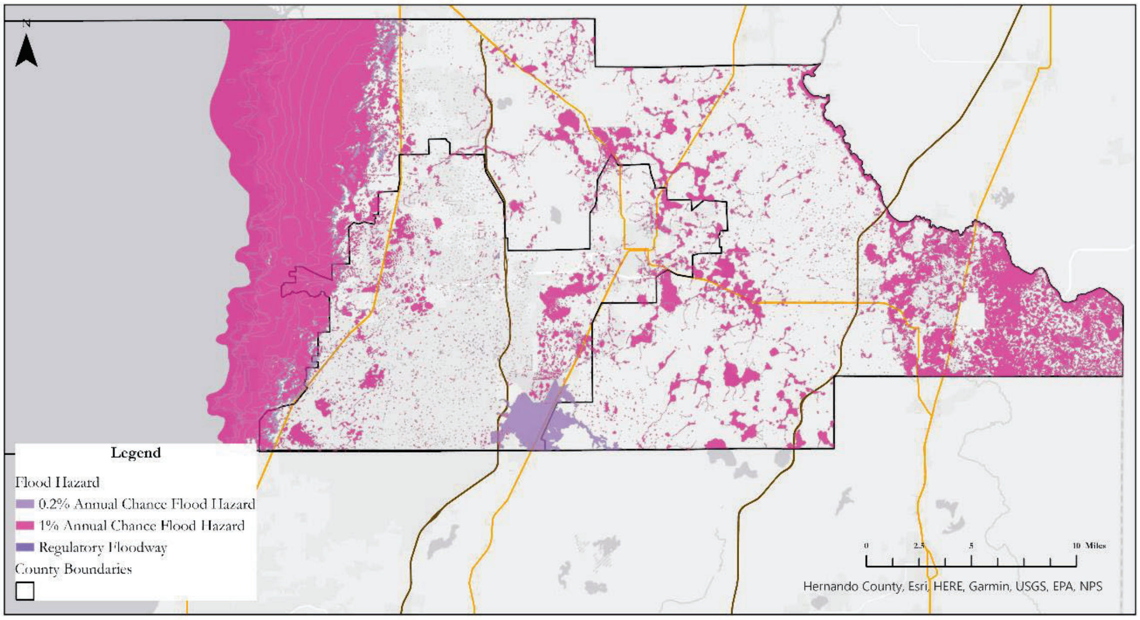
Parcels Access to Sewer Infrastructure



Sources: Hernando County GIS; Hernando County Planning and Zoning; Hernando County Building Permits; Florida geographic Data Library "parcels 2023",

The following map shows areas with flood risk in Hernando County. The map shows 100-year flood zones, 500-year flood zones, and storm surge inundation on the coast. The County could allow density bonuses in these areas as long as the housing built incorporates mitigation measures to reduce the risk of damage and heighten resiliency. This could include elevated construction, stronger building materials and innovative techniques to withstand wind and flood damage such as FORTIFIED, incorporating green infrastructure approaches to flood mitigation (such as targeted placement of trees, shrubbery, or pervious surfaces), and other resiliency tactics, some of which may require technical amendments to the Florida Building Code. The County could also decide to avoid providing density bonuses in any area that has the highest risk of flood altogether or conversely, only target density bonuses to the areas at least risk of flooding or environmental damage.

Flood Risk Map



Sources: Hernando County GIS; Hernando County Planning and Zoning; Hernando County Building Permits; Florida geographic Data Library "parcels 2023"; FEMA Flood Insurance Rate Map, Esri

4. Affordability requirement

The County will need to decide how many units within a development are required to be affordable to be eligible for the incentive program. The affordability requirement can either be a percentage or set number of units and should state whether the affordability requirement is calculated before or after bonus units are provided. Affordability requirements are generally set in consideration of income levels served, incentives provided, the local housing market, development size, the jurisdiction's affordable housing goals, and other factors.

Regarding income levels served, if a development provides the affordable homes to households with lower incomes, the County could decide to require less percentage of the overall units to be affordable. For example, the County could require 25 percent of the total units to be affordable if the units serve up to 120% AMI but only require 15 percent of the total units to be affordable if the units serve up to 80% AMI or lower income levels. The affordability requirement can also be tied to the levels of bonus density or other incentives sought (as will be discussed in item # 7 – Bonus density provided). For example, developments that serve lower income households can receive a greater density bonus than developments that serve higher income households, relatively speaking.

Examples:

- **Sarasota, FL –** A minimum of 15% of the bonus units must be designated as attainable units.
- **Hillsborough County, FL –** At least 20% of the units must be restricted to households with incomes at or below 80% AMI.
- **Clearwater, FL –** Affordability requirement ranges from 15% to 25% depending on density bonus sought. A 25% density bonus is allowed if a development commits 15% of its units as affordable; a 50% density bonus is allowed if a development commits 25% of its units as affordable (with a 2.5% bonus increase for each 1% increase in share of affordable housing).
- **Collier County, FL –** Has different affordability requirements based on the underlying district from 10-20% of the total development.
- **Manatee County, FL –** A minimum of 25% of the units must be designated as affordable.
- **Palm Beach County, FL –** A minimum of 65% of the dwelling units must serve households at incomes of 60% AMI or below.

Options:

1. Provide a set affordable housing requirement for all eligible developments.
    a. Example – To be eligible for the voluntary IH program, developments must set aside at least 10% of its units as affordable housing. With this set minimum, the County can still require a greater percentage of affordable homes depending on incentives sought or income levels served.
2. Create a sliding scale for the affordability requirement from 5-30% based on the incentives selected by the developer.
    a. Example – A development that seeks a 25% density bonus will need to provide more affordable homes compared to a development that seeks a 10% density bonus.
3. Create a sliding scale for the affordability requirement from 5-30% based on the income levels served.
    a. Examples – A development that serves households from 80-120% AMI will need to provide more affordable homes compared to a development that serves households at or below 50% AMI.
4. Delegate affordability requirement to staff responsible for processing IH applications.

a. This option would require a heavier emphasis on case-by-case negotiations between staff and the developer. Based on each project, staff would set an affordability requirement based on the incentives selected and income levels served.

5. Income levels served

The County will need to define what is “affordable housing” which includes the household incomes that will be served by the affordable units under an IH policy. Most voluntary inclusionary housing programs tend to serve households between 80-120% of the Area Median Income. This is because most voluntary IH policies rely on the private sector to build rent-restricted units without public funding. If the County provides financial incentives on top of the regulatory incentives it can offer, then the County could seek affordable units for households at lower income levels. The County can also set the affordability requirement to serve differing income ranges (see St. Petersburg).

The decision as to which income levels must be served is strongly related to the decisions on the incentives provided and percentage of affordable homes within a market-rate development.

Examples:

- **Sarasota, FL –** Of the required attainable dwelling units, at least 1/3 of the dwelling units must be available to households with incomes at or below 80% AMI and no more than 1/3 may be available to households with incomes in the range of 100% - 120% of the AMI.
- **Miami, FL –** 40% of the units must serve residents at or below 60% AMI or 20% of the units must serve residents at or below 50% AMI.
- **St. Petersburg, FL –** For each multiple of six workforce housing bonus density units: the first unit shall be offered at 80% AMI or below, the second and third units shall be offered at 120% AMI or below, the fourth and fifth units shall be offered at 80% AMI or below, and the sixth unit shall be offered at 120% AMI or below.
- **Broward County, FL; St. Petersburg, FL –** Have policies similar to the SHIP program where the incomes of occupants in the IH units can increase up to 140% of the income level served. For example, for a unit intended for occupancy by a household at 80% AMI, the household’s income can increase to 140% of 80% AMI.

Options:

1. Set eligible household incomes based on Hernando County's specific median income rather than the median income of the Metropolitan Statistical Area. This will be described more in detail below.
    a. Example – Affordable units must be available to households with incomes at or below 80% of the county median income.
    b. Note that if this option is selected and a development seeking a zoning incentive also seeks subsidy from a publicly funded affordable housing program, there may be conflict with Hernando County's IH policy and the income targeting rules of the funding source. In these cases, the most stringent definition of "affordable housing" will control.
    c. For homeownership, the County could prioritize first-time homebuyers.
2. Set eligible household incomes based on the Area Median Income for the Metropolitan Statistical Area.
3. Tier eligible household incomes based on the incentives selected by the developer and number of percentage of affordable homes.
    a. Example – A development that commits 20% of its units as affordable homes must ensure that the affordable homes serve households with incomes at or below 100% of the county or area median income (as decided by the County). If a development serves households at or below 60% of the county or area median income, it can opt to commit 10% of its units as affordable housing.
4. For whichever income levels are targeted, the County could include a policy similar to the State Housing Initiatives Partnership (SHIP) program where current occupants of the affordable rental units are allowed to increase their income to a certain amount before being required to leave their units. The County could also decide to allow initial eligible occupants of rental units to continue residing in their home regardless of income increases.
    a. The SHIP statute at s. 420.9071 of the Florida Statutes states that while occupying a SHIP-assisted rental unit, an eligible household's annual income may increase to an amount not to exceed 140% of the income level served. For example, if a household is considered low-income, or 80% of the Area Median Income upon initial occupancy, their income can increase to 140% of 80% of the Area Median Income, and they can still occupy the unit. This type of policy ensures the initial occupancy of IH units is kept for households below a certain income level without preventing upward mobility and force renters in IHO units to seek other housing options that may not be affordable to them.

Calculating Area Median Income Adjustment by Household for the County

Many communities in Florida face challenges where the city or county area median income (AMI) is lower or higher than the broader metropolitan statistical area AMI. This discrepancy can lead to program income limits that do not accurately reflect the needs of the immediate local market. One solution is for counties (or cities) to adopt a local area median income calculation to address this issue.

The typical AMI limits for an affordable housing program in Florida (such as SHIP) are derived from HUD's annual program limits, which are based on the most recent American Community Survey data for the Metropolitan Statistical Area (MSA). These figures are adjusted for inflation to reflect current year values and then modified to account for several factors, including designated AMI thresholds (e.g., 50% AMI for Very Low Income), family size, and other administrative adjustments. Hernando County is within the Tampa-St. Petersburg-Clearwater MSA. This MSA is made up of Hillsborough, Pasco, Pinellas, and Hernando counties. Therefore, HUD's annual program limits (which again, are used for a variety of affordable housing programs)

The following example presents a Hernando County-specific income threshold chart, created using the methodology outlined in the Appendix. It is compared with the Tampa-St. Petersburg-Clearwater metropolitan area chart as shown on the Florida Housing Finance Corporation website. Compared to the calculated Hernando County median family income and income limits below, the MSA income limits are 20% higher. Meaning, that programs within Hernando County that base their low-income (80% AMI) threshold limits on the MSA data are addressing the household need at what would be considered a moderate income level, or at approximately 100% of the County's median income.

Hernando County Income Limits 2024										
Area Median Income - $74,300										
	1	2	3	4	5	6	7	8	9	10
30%	$16,124	$18,410	$20,712	$25,028	$29,344	$33,659	$37,975	$42,291	Refer to HUD	Refer to HUD
50%	$26,833	$30,643	$34,493	$38,304	$41,392	$44,440	$47,529	$50,577	$53,625	$56,690
80%	$42,916	$49,053	$55,190	$61,286	$66,219	$71,113	$76,006	$80,899	$85,801	$90,703
120%	$64,399	$73,543	$82,784	$91,929	$99,341	$106,657	$114,069	$121,385	$128,701	$136,055
140%	$75,132	$85,801	$96,582	$107,251	$115,898	$124,433	$133,081	$141,616	$150,151	$158,731

Tampa-St. Petersburg-Clearwater MSA Income Limits 2024										
Area Median Income: $92,000										
	1	2	3	4	5	6	7	8	9	10
30%	$20,100	$22,950	$25,820	$31,200	$36,580	$41,960	$47,340	$52,720	Refer to HUD	Refer to HUD
50%	$33,450	$38,200	$43,000	$47,750	$51,600	$55,400	$59,250	$63,050	$66,850	$70,670
80%	$53,500	$61,150	$68,800	$76,400	$82,550	$88,650	$94,750	$100,850	$106,960	$113,072
120%	$80,280	$91,680	$103,200	$114,600	$123,840	$132,960	$142,200	$151,320	$160,440	$169,608
140%	$93,660	$106,960	$120,400	$133,700	$144,480	$155,120	$165,900	$176,540	$187,180	$197,876

6. Term of affordability

Hernando County will need to decide the number of years that the affordable units must remain affordable (called the “term of affordability,” “affordability period,” or other term). Long-term affordability is key to administering a program that has a long-term impact. If the affordability term is set too low and the IH units are allowed to be converted to market-rate in a short period of time, the overall benefits of the program may not be realized.

Typically, units created under an inclusionary housing program are affordable for at least 30 years although some jurisdictions, such as Chapel Hill, NC, Burlington, VT, and Davidson, NC, require permanent affordability. Instead of setting a term of years in the inclusionary housing ordinance itself, a local government may delegate authority to staff to set the affordability term based on current market conditions and negotiations with the developer on cost offsets.

The County may have different considerations for rental and ownership IH units. Jurisdictions may decide to set different affordability terms for homeownership and rental housing. For example, Palm Beach County’s IH policy has a 15-year affordability period for ownership and 30-year period for rental units. On the ownership side, the County may consider maximum wealth building as a primary goal and set a lower affordability term to allow homeowners of IH units maximum profits when their affordability terms expire. However, with certain resale restrictions, as will be discussed below, the County can adopt shared appreciation provisions that allow the IHO homeowners to retain a portion of the appreciation on resale and ensure the home remains affordable to the next homebuyer.

Examples:

- **St. Petersburg, FL; Broward County, FL; Hillsborough County, FL; Fort Lauderdale, FL; Sarasota, FL –** 30 years
- **Palm Beach County, FL –** 30 years for rental units; 15 years for ownership units
- **Miami, FL –** For rental developments, 30-year term with 2 automatic 10-year extensions that may be released by a City Commission vote
- **Naples, FL –** 15 years
- **Lee County, FL –** 7 years
- **Monroe County, FL –** 99 years

Options:

1. Set the affordability period at 30 years for all housing tenures.
2. Require permanent affordability for all housing tenures.
3. Have separate affordability periods for rental and ownership units.

7. Bonus density provided

The County will need to determine how much bonus density will be available as an incentive to builders that provide affordable housing. There are a number of possibilities for the County to consider when setting its density bonus incentive. The County can enact a strict percentage of bonus density allowed for all eligible developments in the County, set different bonus allowances based on location or zone district, and tier the levels of bonus density based on the affordability provided. For example, the County could provide a greater density bonus when units are provided to households below 80% AMI rather than if units are provided to households from 80-120% AMI (see Broward County and Miami-Dade County examples).

It is very important to note that codifying a bonus density in a vacuum is not enough to make an incentive zoning program attractive to the private sector. Several density bonus programs in Florida do not attract private sector involvement for a number of reasons – one of which is that most programs only offer bonus density and do not calibrate all the other zoning regulations that unlock that bonus density. The County must also consider height bonuses, reductions in setbacks, minimum lot size, and parking requirements, and other lot design reforms that unlock the density bonus that the County seeks.

Examples:

- **Sarasota, FL –** Eligible developments along mixed-use corridors may receive up to three times the permitted base density of the future land use classification when attainable housing units are provided on-site.
- **Sarasota County, FL –** Up to a 120% density bonus is allowed.
- **Hillsborough County, FL –** Bonus density is found in the County's Housing Element of the Comprehensive Plan and is based on the underlying Future Land Use (FLU) designation. Bonuses range from 2 to 15 units per acre depending on the FLU.
- **Broward County, FL –** 6 bonus units are allowed for each moderate-income unit (80-120% AMI); 9 bonus units are allowed for each low-income unit (50-80% AMI); and 19 bonus units are allowed for each extremely low-income unit (50% AMI and below). The total number of bonus units may not exceed 50% of the maximum base density.
- **Manatee County, FL –** Density bonus maximums range from 6 to 32 gross units/acre (9 to 36 net units/acre) depending on the Future Land Use Category and specific zoning/development case.
- **Miami-Dade County, FL –** Provides different levels of bonus density (with a maximum of a 25% bonus) depending on the percentage of affordable units provided. A 5% workforce unit set-aside = 5% density bonus; 6% workforce unit set-aside = 9% density bonus; 7% workforce unit set-aside = 13% density bonus; 8% workforce unit set-aside = 19% density bonus; 9% workforce unit set-aside = 21% density bonus; 10% workforce unit set-aside = 25% density bonus.
- **Collier County, FL** – A maximum of 12 units/gross acre may be added to the basis density except in Urban Residential Fringe Subdistrict where the maximum is up to 6 units/gross acre.
- **Lee County, FL** – If the parcel is one acre or less, bonus density may be used to add one dwelling unit; if the parcel is larger than one acre bonus density may be used to add one dwelling unit per acre.
- **Seminole County, FL** – Similar to Hillsborough County, density bonus is provided on a sliding scale based on the site's Future Land Use category. In the Low-Density Residential category, a maximum of 7 units/acre is allowed (up from 4 units/acre). In the Medium-Density Residential category, a maximum of 12 units/acre is allowed (up from 10 units/acre). In the High-Density Residential category, a maximum of 22 units/acre is allowed (up from 20 units/acre).
- **Palm Beach County, FL** – Bonus density is provided based on proximity scoring criteria up to 100% total bonus density. Eligible developments are eligible for

additional density based on proximity to public transit, employment and shopping opportunities, a grocery store, a public school, a medical facility, social services, and public recreation facilities.

Options:

1. Craft a set percentage or unit bonus in the comprehensive plan or land development code for all eligible developments. This option can account for the existing maximum density allowance in Residential Future Land Use categories of 22 units per acre.
    a. The County could set a more modest density bonus allowances, such as 10%-25% additional bonus, but ensure robust flexibility on other regulations (see Section 8) to facilitate the ability to use all of the bonus.
    b. The County could set a more robust density allowance, such as two or three times the base density, particularly if targeted to certain growth areas, but retain parameters for height to maintain the building scale compatibility and facilitate smaller unit sizes. The County could permit larger height allowances in core target growth areas if identified, while retaining existing heights or marginal increases adjacent to existing single-family neighborhoods. Robust flexibility on other regulations, particularly unit size and maximum number of units per building for multi-family would still be needed in this case to avoid direct limitations on the addition of units. Robust reductions in parking minimums could be tied to areas closest to transit and job centers (see Section 8).
2. Craft a different percentage or unit bonus for different locations or zone districts (see Hillsborough County and Seminole County examples).
    a. For example, the County may codify that a 50% bonus is allowed in the multi-family districts, including multi-family PDPs, or target growth areas and that a 25% bonus is allowed in remaining Residential districts.
3. Tier density bonuses based on affordability provided.
    a. For example, using Broward County as the model, the County may codify that __ bonus units are allowed for each unit that serves at or below 50% AMI, ___ bonus units are allowed for each unit that serves from 50-80%, and _____ bonus units are allowed for each unit that serves from 80-120% AMI up to a set bonus density maximum.
4. Provide bonus density through a case-by-case negotiation process.

a. Rather than codify a strict density bonus allowance, the County could provide bonus density on a case-by-case basis depending on site characteristics, proximity to infrastructure, and other concerns.

8. Other incentives

Providing a density bonus is only one part of the equation when designing an incentive or voluntary inclusionary housing program for affordable housing. All the County's other land development regulations must facilitate and unlock the bonus density being offered. For example, a developer could be offered a 300% density bonus, but if the other regulations governing the development are not calibrated to unlock additional density, it is highly unlikely it will be achieved, and builders may be inclined to leave the density incentive on the table.

The following regulation types codified in the County's land development code could be considered for flexibility, either in a general sense for review and administrative approval or with more specific amounts of flexibility allowed. This flexibility can also include requirements for planned development projects in Appendix A Article VIII and Article II, Section 2 and housing type requirements, particularly since PDPs are where the county will likely see most of the multi-family development activity. Buffers may be retained for planned developments if needed to facilitate flexibility for projects abutting single-family developments.

Regulation	Standards Summary for Non-PDP Residential Districts	Considerations for Affordable Housing Developments
Min. lot area	• Single- and 2-family only districts (includes mobile home district), single- and 2-family lots in multi-family districts: 6,000 to 13,000 sq ft • Residential Single-Family Manufactured District (R-1-MH): 5,000 sq ft with a 20-acre minimum development area • Multi-family developments (3+ units): 12,000 sq ft plus 3,000 sq ft for each additional unit over 2 units	Consider reduced minimum lot sizes of 5,000-6,000 sq ft to enable use of density bonuses or additional housing allowances in rezonings for subdivisions, particularly in current/future urban service areas already experiencing development. Also consider allowing these smaller lot sizes in target growth areas (e.g., near job centers, transit) along with multi-family development to enable more flexibility and promote a more compact development style. Consider changes in view of infrastructure and stormwater management planning/investments (water management district stormwater requirements will also apply to subdivisions).
Min. lot width	75 ft, except R-1A (60 ft) and R-1-MH (50 ft)	Consider lot width flexibility, such as 50-ft lots, in conjunction with lot size flexibility opportunities noted above.
Max. building height	• Single- and 2-family only districts: 35 ft, 2.5 stories, with certain exceptions • R-1-MH: none • Multi-family districts: 45 ft and/or 3 stories, unless additional conditions are met	Consider additional height for multi-family development to take further advantage of density bonuses and other regulatory flexibility. Consider targeting the most robust additional height allowance to target growth areas closest to job centers, transit, etc. Maintaining or only marginally increasing height allowances near existing single-family development can also facilitate building scale compatibility and smaller unit sizes when larger density allowances are provided in conjunction with other regulatory flexibility (e.g., flexibility on minimum unit size and maximum number of units per building). Maintain heights in single- and 2-family districts, as well as transition areas to multi-family areas, for building scale compatibility. These transition areas are also great to allow additional small-

		scale multi-family development opportunities within the 35-ft/2.5-story height limits for areas already developed.
Min. yards	• Front: 25 ft, with certain exceptions • Side: 15 ft in R-1-MH, 10 ft in other Residential districts with certain exceptions • Rear: 10 ft in R-1-MH and 20 ft in other Residential districts with certain exceptions	Consider flexibility on minimum yards, particularly in target growth areas, in view of stormwater management (water management district requirements will also apply to subdivisions). Screening requirements are an example of regulations that can also promote privacy and aesthetic standards in a way that does not require as much space as a large minimum setback/yard requirement.
Min. street frontage	50 ft, except for R-1-MH district	Consider reductions in conjunction with lot width reductions
Max. building area as percent of lot area	• Single- and 2-family only districts: 35% • R-1-MH: none • Multi-family districts: 45%	Consider flexibility in view of stormwater management requirements; water management districts regulations will also apply to subdivisions.
Max. multi-family units per building	12	Consider full flexibility on this regulation to promote smaller units in conjunction with minimum unit size flexibility and to enable better use of bonus density
Living area	Min. of 600 to 900 sq ft depending on district and housing type, except for R-1-MH with a max. living area of 600 sq ft	With habitable area size regulated by the Florida Building Code, offer full flexibility on this regulation.
Min. parking	"Residential": 2 spaces per unit "Multifamily": 1.5 spaces per unit for 1 and 2 bedrooms, 2 spaces per unit for 3+ bedrooms	Current parking requirements reflect the highly suburban/rural context of the county and do not require additional guest spaces for multi-family developments. Consider more robust parking minimum reductions near transit.

Min. on-site open space	15% for multi-family developments of 12 units or more in R-3 and R-4 districts, along with other open space dimensional requirements	Consider flexibility on this open space requirement for developments near (e.g., within a quarter mile) of a public park or open space.
Landscaping/ tree preservation requirements	Landscaping requirements for multi-family projects include those related to vegetative buffers, treed roadways/accessways, landscape materials, minimum percentage of landscaped areas, tree preservation and installation, and minimum area of natural vegetation. Requirements for minimum area of natural vegetation and tree preservation also apply to subdivisions.	Consider a degree of flexibility on these regulations, but given the benefits of trees, the core requirements might be more of an opportunity for subsidy to offset costs of meeting a certain level of landscaping. This program could also incorporate considerations for landscaping features that are particularly strong in providing additional benefits, such as low-impact development features that will significantly increase on-site stormwater management.
Architectural design requirements	Multifamily development façade design requirements in R-3 districts	Consider flexibility on required design features.

To help entice the private sector to seek bonus density in exchange for affordable housing, the County should consider providing additional regulatory incentives to achieve maximum bonus densities.

Examples:

- **Miami, FL –** Miami's Affordable and Attainable Mixed-Income Program provides incentives and regulatory relief on a number of development standards including height, intensity, minimum unit size, and parking.
- **Tallahassee, FL –** At sec. 9-946 of its Land Development Code, Tallahassee offers a host of incentives, beyond a density bonus, to developments subject to their inclusionary housing requirement. Tallahassee offers a 25% density bonus plus offerings of design flexibility, choice of housing types, alleviation of setback and lot size requirements, alleviation of buffering and screening requirements, reduced parking, expedited review, transportation concurrency exemption, any allows builders to "request additional incentives" that furthers the City's goals in producing affordable homes. The Code provides standards for review for the City to process additional incentive requests.
- **Palm Beach County, FL –** Offers additional incentives related to lot size including width and frontage, setback requirements, building coverage, and open space.

Options:

1. Within the County's density bonus policy, create a process where builders can request a host of other incentives including parking reductions, height bonuses, reduction of minimum lot size requirements, setback standards, and other lot design regulations that impact buildable density.
    a. Tallahassee's inclusionary zoning ordinance policy is a great example of this.

9. Alternative compliance methods

i. Fee in-lieu

In its voluntary IH policy, Hernando County can establish an in-lieu fee where a developer can opt to pay a fee instead of producing affordable homes on the site of the property that is seeking the incentives. Most jurisdictions with density bonus policies in Florida do not allow for a fee in-lieu.

When setting an in-lieu fee, it is important to establish a payment that reflects the County's goals to provide immediate on-site affordable housing development versus generating revenue for a local affordable housing trust fund. A fee that is set too low will not only encourage the private sector to opt for paying the fee instead of on-site production of affordable housing but may also not be enough to meaningfully support the local affordable housing trust fund. For example, let's say a developer only needs to pay $5,000 per affordable unit to receive a density bonus. That $5,000 payment into the local trust fund is not going to be enough to meaningfully support the development of another similar affordable unit through a local affordable housing program.

There are two common methods to calculate an in-lieu payment: 1) the Affordability Gap Method; and 2) the Production Cost Method.[20] With the **Affordability Gap Method,** the in-lieu fee is the difference between the fair market price for housing in the area and what a low- or moderate-income household can afford. For example, if the fair market price for a single-family home in a city is $350,000 and a household at 80% AMI could only afford a home the costs $275,000, the in-lieu fee per unit would be $75,000. This method requires accurate and available local data to assess fair market prices and area incomes and the ability to adjust the fee as the market or household income shifts.

The **Production Cost Method** calculates an in-lieu fee by basing it on the typical amount that the local government or similar public entity invests in a comparable affordable unit compared to what an income-eligible household could afford. In an example provided by the Grounded Solutions Network, if it generally costs $250,000 to build a new unit and a qualified household could generally afford a unit worth $200,000, then the fee would be $50,000 per unit. This method requires an accurate assessment of how much it costs to build an affordable unit.

For either method, the County has the discretion to set the fee at an amount that meets its goals to both produce on-site affordable units and to fund the local affordable housing trust fund.

Examples:

- **Miami-Dade County, FL** – Sec. 33-193.9 of Miami-Dade County's land development code provides the formula for setting their fee in-lieu of on-site construction for their

[20] For more information on setting in-lieu fees see https://inclusionaryhousing.org/designing-a-policy/off-site-development/in-lieu-fees/setting-the-in-lieu-fee/ and this piece by the Urban Institute titled "Determining In-Lieu Fees in Inclusionary Zoning Policies" at https://www.urban.org/sites/default/files/publication/102230/determining-in-lieu-fees-in-inclusionary-zoning-policies.pdf.

density bonus program.[21] The standard formula uses the Affordability Gap Method and provides that the in-lieu fee is equal to the median sales price within the Urban Development Boundary (for a single-family or multi-family residential unit, as applicable) minus the Affordable purchase price for a family of 4 at 60 percent of median family income for the County.

- **Davie, FL** – Davie, FL does not set a specific formula for an in-lieu fee in their density bonus ordinance.[22] Instead, the ordinance at sec. 12-578 defers to a resolution of the town council for the exact numbers. The ordinance states that the “"in lieu" fee shall be established by resolution of the town council based on either the typical production cost for affordable units or the average affordability gap within the regional housing market. The "in lieu" fee methodology shall be reviewed periodically and may be adjusted as needed based on current or projected market conditions.”
- **St. Petersburg, FL** – At sec. 16.20.120.6.2 of its code[23], St. Petersburg allows an in-lieu fee for Floor Area Ratio (FAR) bonuses based on the total construction cost of the project. For each additional 1.0 FAR allowed under the bonus, a developer must dedicate 5% of the total units as affordable housing and for each additional 0.5 FAR, the developer may support the City’s housing capital improvements projects trust fund equal to 0.5% or more of the total construction cost per each 0.5 of FAR bonus.
- **Coral Springs. FL** – Coral Springs has arguably one of the simplest in-lieu fee policies[24]. In-lieu of providing on-site affordable units, a developer can pay a fee of one dollar per gross square foot (gross floor area) of the residential dwelling unit.
- **West Hollywood, CA** – West Hollywood has an important memo with recommendations on how the city can utilize the production cost method. Their fee-in-lieu is based on the total cost per unit of deals funded by the City in its other affordable housing programs.

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[21] https://library.municode.com/fl/miami_-_dade_county/codes/code_of_ordinances?nodeId=PTIIICOOR_CH33ZO_ARTXIIAWOHODEPR_S33-193.9MOCOLICOWH.

[22] https://library.municode.com/fl/davie/codes/code_of_ordinances?nodeId=PTIICOOR_CH12LADECO_ARTXVIIAFHOINPR_S12-578PAFELIINUN.

[23] https://library.municode.com/fl/st._petersburg/codes/code_of_ordinances?nodeId=PTIISTPECO_CH16LADERE_S16.20.120DOCEDIDC_16.20.120.6.2BOFACA

[24] https://library.municode.com/fl/coral_springs/codes/land_development_code?nodeId=CH2BURE_ARTIIAFHOPR_S224PAFELIINUN

- **Chicago, IL –** Chicago provides clear in-lieu fee amounts in its code with different levels of fees in 1) low-moderate income areas; 2) higher income areas; and 3) downtown districts. Depending on the location and incentives sought by the developer, the fee ranges from $62,138 to $434,964 per unit.

Options:

1. Do not allow a fee in-lieu of on-site construction.
2. Set an in-lieu fee using one of the methods above. Revenue gained from the in-lieu fee shall be placed in a local affordable housing trust fund.

ii. Land in-lieu

Similar to allowing builders to pay a fee in lieu of building affordable homes on-site, the County can allow builders to donate land to the locality or a nonprofit housing developer in lieu of on-site construction that can be used for future affordable housing purposes. If the County pursued this option, it could require the donation to be of lots within the primary development, lots within a close proximity to the primary development, or in other geographic areas identified by the County.

This option poses challenges in terms of ensuring that the land is of similar value to the on-site construction. A builder should not be allowed to use this option by donating undevelopable parcels, parcels that are not within the urban service area, parcels with high risk of flooding or other environmental condition, or other parcels that are contrary to the County's affordable housing goals. Most jurisdictions with density bonus policies in Florida do not allow a land in-lieu option.

Examples:

- **Tallahassee, FL –** The City allows builders subject to its IH requirements to provide one residential lot per each required IZ unit not provided. The lot must be located on-site within the primary development and must have "sufficient area devoid of environmental constraint to allow construction of a residential unit."

Options:

1. Do not allow donation of land in lieu of on-site construction.
2. Allow land in-lieu but only if the donated site is located within the primary development, in close proximity to the primary development, or in a targeted area that is suitable for affordable housing.

iii. Off-site construction

A voluntary inclusionary housing program may also allow builders to build affordable homes “off-site” from the primarily development that is seeking a density bonus. Allowing off-site construction should be done with care as policymakers should avoid placing affordable housing in less desirable locations. The off-site location should be in close proximity to the main site seeking the density bonus or in a targeted area where the County wants to place affordable housing (such as middle or higher-income areas to promote a mix of incomes or areas in close proximity to jobs and amenities). The County could also require that the off-site affordable homes be built concurrently with the market-rate homes built on-site so the affordable housing is still being provided at similar times as the market-rate homes. Most jurisdictions with density bonus policies in Florida do not allow off-site construction.

Examples:

- **Broward County, FL –** Only allows off-site construction if the jurisdiction finds that on-site construction of affordable units is infeasible. The “off-site” location must be within ½ mile of the “on-site” application site or within a Regional Activity Center, Local Activity Center, Transit Oriented Development, or Transit Oriented Corridor if the on-site application site is within the same area; and the “off-site” location’s density allows for the project.
- **Miami-Dade County, FL –** The off-site construction may be at one or more sites within a 2-mile radius of the propped location of the primary development within unincorporated Miami-Dade County. The off-site units must be constructed concurrently with the market-rate units on the primary site and the code allows for portability of the density bonus.
- **Santa Monica, CA –** Allows off-site development if the off-site units are within a quarter mile of the market-rate project or up to one mile away if the affordable units will not result in overly concentrated affordable housing.

Options:

1. Do not allow off-site construction.
2. Allow off-site construction only if on-site construction is not feasible. If on-site construction is not feasible, allow off-site construction only within a close proximity to the main site or in targeted growth areas.
3. Allow off-site construction only if the off-site construction is within a close proximity to the main site that seeks the density bonus.

10. Regulating the mix and quality of the affordable and market-rate units

The County can also prescribe regulations governing the mix and character of the required affordable units. It is a best practice for local policy to state that the affordable units be built with the same quality as the market rate units. Additional local policies can cover the unit mix, location, phasing, and exterior appearance of a development that receives a density bonus

Examples:

- **St. Petersburg, FL –** Sec. 17.5-100 of St. Petersburg's Code governs criteria for location, integration, and the character of workforce housing bonus density dwelling units.

Options:

Below are some examples of options for Hernando County to regulate the characteristics of the affordable units within a development that receives a density bonus. These examples are largely taken from St. Petersburg, Florida's density bonus program which is a model ordinance in this regard.

1. Affordable units shall be mixed with, and not clustered together or segregated in any way, from the market-rate units.
2. The bedroom-mix of the affordable units shall be reasonably proportional to the market rate units. For example, if 50% of the market rate units are 2 bedroom, then around 50% of the affordable units must be 2 bedroom or larger.
3. If the development is phased, the phasing plan shall provide for the development of the affordable units proportionally and concurrently with the market-rate units.
4. The exterior appearance of the affordable units shall be similar to the market-rate units and the exterior building materials and finishes shall be of substantially the same type and quality.
5. The interior building materials and finishes of the affordable units shall be of substantially the same type and quality as the market rate units.
6. Variances to the above requirements may be requested to the Development Review Commission.

C. Administering voluntary IH policies

This Section will cover the following administrative considerations specific to an affordable housing density bonus program Hernando County:

- **Program administration.** Who will be responsible for managing and monitoring the affordable units?
- **Application requirements.** What is the application process for a builder to receive a density bonus?
- **Pricing.** For any affordable ownership units, how will pricing and resale be handled?
- **Penalties.** What will the penalties be if a builder is not in compliance with their affordable housing requirement?

1. Program administration

When implementing inclusionary housing programs, jurisdictions must have a method to ensure that affordable units created through the IH policy remain affordable for the affordability term. The County's housing staff has the expertise to decide which methods of compliance monitoring are best based on experience which other affordable housing programs such as the State Housing Initiatives Partnership (SHIP) program. Legally enforceable land use restrictions in the form of restrictive covenants, deed restrictions, land use restriction agreements (LURAs), or 99-year ground leases (as applicable) are necessary to ensure long-term affordability.

One key issue for the County to decide is which party (County, the developer, or third party) will be responsible for income certifying households to reside in the affordable housing units created by an IH program.

Compliance monitoring options:

1. County staff could be tasked with 1) income-certifying all households that have applied to live in the affordable units; and 2) ensuring that the rents are affordable per the County's guidelines.
2. The County could require the developer to income-certify each household and submit detailed documentation to the County on program eligibility each year. The County would have audit authority to investigate any potential issues with household eligibility and affordable rents or sales prices. This is the most common method of program administration for density bonus programs.
3. The County could partner with a third-party organization with experience in compliance monitoring for affordable housing programs.

Examples:

- **St. Petersburg, FL –** Owner of a development that has received bonus density must submit an annual report by June 1 of each year identifying which units are the affordable units, the monthly rent for each unit, vacancy information for each month for the prior year, monthly income for the tenants of each unit, and other information as required by the City. The annual report must contain information sufficient to determine whether tenants are income eligible.

- **Palm Beach County, FL –** At the time of sale, resale, or rent of any affordable unit, the owner or seller must provide the County Administrator with documentation sufficient to demonstrate compliance with the program on a form provided by the County. Developer provides monthly reports during initial sales period for number of affordable units and market-rate units built, number under contract, number sold. Income verification for rental units is the responsibility of rental unit owner or designated management company. Annual reporting by owner of the affordable units is required to demonstrate continued compliance.
- **Collier County, FL –** The developer is responsible for accepting applications from buyers or tenants, verifying income and program eligibility. All forms and documentation must be provided to the County prior to qualification of a household for occupancy and shall review the information from time to time. Developer must provide the County Manager or their designee with an annual progress and monitoring report provided by the County. Failure to submit the report within 60 days from the due date results in a penalty of up to $50 per day per incident unless a written extension request is made.

2. Application requirements

The County will need to craft an application process where builders can seek the incentives under the County's voluntary IH program. The application process can include a pre-application conference where the County can work with the builder to identify eligible incentives and arrive at the development bonuses that the builder will seek. The County can require specific information for each application and the Board of County Commissioners can delegate to the County Administrator or Planning Director the authority to create the application process. The ordinance or policy that provides the development incentives can also

Typical application requirements for a voluntary IH program include:

- Description of the development, including total number of market-rate and affordable units, whether the units will rental or ownership, bedroom makeup of the market-rate and affordable units, and any other information reasonably needed to assess eligibility;

- Incentives sought by the developer;
- Incomes served by the affordable units and the estimated sales price or monthly rent;
- Marketing plan for the affordable units;
- Plan for verifying the incomes of the tenants or homebuyers;
- Site plan as required by the County;
- A phasing plan, if applicable.

Examples:

- **St. Petersburg, FL –** The application for a density bonus shall include: (1)A general description of the development, including whether the development will contain units for rent or for sale; (2)The total number of market-rate units and workforce housing bonus density dwelling units; (3)The number of bedrooms in each unit; (4)The square footage of each unit measured from the interior walls of the unit and including heated and unheated areas; (5)The location in the development of each workforce housing bonus density dwelling unit; (6)If the construction of dwelling units is to be phased, a phasing plan identifying the number of workforce housing bonus density dwelling units in each phase; (7)The estimated initial sale price or monthly rent of each unit; (8)Documentation and plans regarding the interior and exterior appearances, materials, and finishes of the workforce housing bonus density dwelling units if not exactly the same as the other units; (9)The marketing plan the applicant proposes to implement to promote the sale or rental of the workforce housing bonus density dwelling units within the development to eligible households; (10)An accurate legal description of the property, which may require a copy of the title insurance policy or deed for the property; (11)Such other information as may reasonably be required by the POD.
- **Miami-Dade County, FL** – To receive administrative approval, the applicant must submit a site plan including location of affordable units and market rate units by bedroom county, location of parking, open space, floor plans, and other requirements.
- **Collier County, FL –** Provides applicants opportunity for a preapplication conference. The density bonus ordinance delegates to County Manager or their designee the authority to create an application that contains, at minimum, the zoning districts and acreage, number of dwelling units categorized by number of bedrooms and whether the unit is rented or owner-occupied, total number of density bonus units requested, total number of affordable housing units proposed

categorized by level of income, number of bedrooms, and rental and owner-occupied units, gross density, and any other information which would reasonably be needed to address eligibility.

- **Orlando, FL –** Requires a development seeking a bonus to undergo a neighborhood compatibility review. The Planning Official is required to issue a written report determining whether the intensity or density bonus will have a significantly greater negative impact on surrounding neighborhoods than the same development without the bonus. The written report shall address a) whether building setbacks significantly decrease sight-line separation between building sites; b) whether bufferyard widths provide sufficient buffers or significantly decrease sight-line separation between building sites; c) whether bufferyard landscaping provides sufficient screening between building sites; d) whether orientations of buildings, doors, or windows allow sufficient sight-line separation between building sites; e)whether location of open space buffers separate adjacent building sites; f)whether increased traffic will reduce the level of service on roadways adjacent to the development (outside the Transportation Concurrency Exception Area); and g)whether the development will increase daily trips on local or collector streets by more than 10 percent (inside and outside the Transportation Concurrency Exception Area).

3. Standards of Review and Review Process

The County will need to decide the best process to review applications under the voluntary IH program. For example, will an application for a density bonus or other incentive be approved administratively? Or will each application require a formal vote by the Board of County Commissioners to be granted a development bonus? The Coalition recommends that the incentives be granted administratively by-right, to the greatest extent possible, to expedite approvals of affordable housing.

Options:

1. Allow development incentives to be granted by-right in all areas and give the Planning Director, or similar position, the authority to administratively approve voluntary IH applications.
    a. Alternatively, the County could allow development incentives to be granted by-right only in defined zone districts or locations (see Lee County example), such as target growth areas. Applications proposed in zone districts or locations that are not eligible for by-right approval could be required to go to

the Planning Commission or Board of County Commissioners to receive approval.

2. Allow development incentives to be granted by-right to developments of a certain size or below.
    a. Example – developments with 20 units or less may be administratively approved by the Planning Director.
3. Allow development incentives to be granted by-right, such as in target growth areas, and if any variances are sought, require the applications to go to __________ or the Board of County Commissioners.

Examples:

- **Palm Beach County, FL; –** Final determination to provide incentives is granted to the Planning Director.
- **St. Petersburg, FL** – Any variances must be approved by the Development Review Commission.
- **Lee County, FL** – Bonus density is permitted by right in certain districts (TFC-1, TFC-2, TF, RM-2 through RM-10, CT, C-1A, C-1, C-2A, and C-2) provided the regulations concerning lot size, setbacks, and height are met. Lee County's density bonus program also gives the Planning Director the authority to administratively approve density bonuses in other districts if certain standards are met.
- **Miami-Dade County –** Provides for administrative review if the application meets site plan, architectural review, and affordability criteria.
- **Manatee County, FL –** Authority for final approval is granted to the Development Director. Development Director shall consider the following: The proposed project shall not have a negative impact on the transportation level of service. b. The design of new development shall respect the scale and development pattern of existing residential sites abutting the affordable housing project. c. The project shall meet, at a minimum, the following project compatibility standards. More stringent setbacks and buffers may be proposed by the applicant to achieve compatibility. At minimum the applicant must choose from i., ii., or iii. below and must comply with iv.:
    - i. To encourage the placement of smaller lots interior to the site, the minimum side and rear building setbacks for those lots abutting a single-family residential zoning district shall be as required by the zoning district or the same required setback of the adjacent single family residential district, whichever is greater, or

- ii. Lots that are consistent in size with those in the adjacent zoning district shall be located along the perimeter of the project, or
- iii. A twenty (20) foot screening buffer shall be provided in accordance with Section 701.4.B.3, and
- iv. Additional building setbacks are required if the building exceeds three (3) stories (see Section 401.5).

- **Collier County, FL –** Each application for a density bonus must be approved by the County Manager or their designee, the Planning Commission, and the Board of County Commissioners.

4. Pricing

The purchase prices and rents for the affordable IH units must be affordable to the eligible households as defined by Hernando County. If the IH program targets households at 100% AMI, the purchase price or rent must be affordable to household making 100% of the Area Median Income or county income (as decided by the County). Strict purchase and rental price amounts set via ordinance may prove inflexible in rapidly changing housing markets.

i. Ownership considerations

For affordable ownership units built as part of the County's IH program, there may need to be policies in place about how to monitor resales of the affordable units if an IH unit is sold within the affordability period. Generally, if the homeowner is still in the affordability period, they must sell their home at an affordable price to a subsequent income-eligible homebuyer. The resale procedures should provide a resale formula that establishes the price the homeowner can sell their unit for, the process by which the County is notified about the homeowner's intent to sell, and the local government or monitoring party's role in facilitating resales of ownership IH units.

A resale formula can be structured in several ways similar to models employed by a Community Land Trust (CLT). A resale formula should be set balancing wealth building potential and assurances to keep the home affordable to the next buyer. There are three typical resale formulas used for long-term affordability programs:

- 1. <u>Fixed-rate formula</u>: a fixed-rate resale formula increases the purchase price by a set percentage each year so the home appreciates at a rate lower than the overall housing market but still allows some wealth-building. For example, a fixed-rate formula could increase the purchase price by 2% per year to allow the homeowner some appreciation on resale but at a rate lower than if the home had no resale restrictions.

- 2. Appraisal-based formula: these types of resale formulas allow the resale restricted homeowner to receive a specified percentage of the home's increase in market value on sale. With this option, the home will be appraised at the initial purchase and when the initial homeowner wishes to sell, and the subsequent purchase price will reflect a set percentage of the home's increase in market value, as if the home had no resale restrictions. For example, an appraisal-based formula may say that the subsequent purchase price is the initial purchase price plus 25% of the increase in appraised market value. So if an IH home increased in market value by $10,000, the subsequent purchase price would be the price the initial homeowner purchased the home for plus $2,500 ($10,000*25%). This allows the IH homeowner some appreciation and ensures the home is affordable to the next homebuyer.
- 3. Index-based formula: an index-based formula sets the purchase price as the initial affordable price plus a percentage change of a defined index over time. Here, the purchase price of the home can be indexed to the percentage increase in the Consumer Price Index, Area Median Income, or other metric. If the formula is indexed to Area Median Income and the AMI increases 3% a year on average, the purchase price of the home will increase by 3% a year on average.

Once the County establishes a method to set affordable prices for the term of affordability, it will also need to decide its role in the resale process. Some long-term affordability programs require IH homeowners to notify the local government when the homeowner has the intent to sell and help facilitate resales of the affordable units. Other programs delegate resale administration to third parties such as Community Land Trusts.

Considerations:

1. Set a process to determine the resale price if an affordable home is sold within the affordability period. This process should include:
    a. Setting a resale formula to determine the price at resale that keeps the home affordable to subsequent income-eligible homebuyers.
    b. A process for notifying the County or other party when a homeowner has the intent to sell their affordable home.
    c. A process for identifying subsequent income-eligible homebuyers to purchase the affordable home.
2. The County could require a right of first refusal for affordable homeownership units. The County could then purchase the home at the resale formula price and facilitate the sale to a subsequent income-eligible homebuyer.

3. Contract with a third-party entity to handle resale restrictions.

ii. Rental considerations

Rental units built through an IH program are more straightforward to monitor than ownership units since there are no resale restrictions to consider. Rental units built through the IH program will need to be rented at an affordable rate to income-eligible households for the affordability term.

Considerations:

1. If basing household eligibility off the area median income, use the income and rent limit charts posted by the Florida Housing Finance Corporation. If basing household eligibility off the county median income, the County will need to annually publish its own income and rent limit charts that reflects how the County defines "affordable housing."
2. As mentioned in the previous section on eligible households, consider a policy that allows eligible households to increase their incomes above the maximum incomes for the program to a certain amount without being forced to move out. The County could also decide to allow initial eligible occupants of rental units to continue residing in their home regardless of income increases.
3. Floating units – rather than require specific units to be affordable for the affordability term, allow the affordable units to "float" throughout the development. With floating units, the property owner would just need to ensure that a set percentage of the units as considered "affordable housing" to income-eligible households rather than specific units.

5. Penalties and enforcement

Legally enforceable land use restrictions in the form of restrictive covenants, deed restrictions, land use restriction agreements (LURAs), or 99-year ground leases (as applicable) are necessary to ensure long-term affordability under the voluntary IH program. The County will need to create or approve a land use restriction agreement, in whatever form the County dictates, that provides the standards for compliance including use restrictions, affordable housing requirements, method and process for compliance monitoring, notice provisions, and defaults and penalties for noncompliance. All density bonus programs for affordable housing will include a requirement to record some type of restrictive covenant that keeps the affordable units affordable and habitable for the agreed upon term.

As part of this land use restriction agreement, the County can set penalties for noncompliance. Common penalties for density bonus programs include:

- Specific performance - requiring the property owner to lease or sell the affordable units at the affordable price stated per the agreement;
- Restitution damages - paying the County the difference between the affordable rent the property owner should have charged under the agreement and the rent that was actually charged if in violation of the agreement;
- Monetary damages defined in the agreement - paying the County a set amount per violation of the agreement
- Probation – banning the property owner from doing business with the County for a set number of years

Examples:

- **Miami-Dade County, FL –** Any fines levied against the property owner shall not exceed the in-lieu contribution for the workforce housing units. The County can use the standard code enforcement process to enforce violations of the density bonus covenants.
- **St. Petersburg, FL –** Among the penalties listed at sec. 17.5-104 of its code, the City makes it a violation to fail to submit the annual report on time with daily fines by the Code Enforcement Board. The City also has a $500 per violation per day penalty if any person violates the terms of the workforce housing density bonus agreement. This section of the code also notes that if the City obtains an injunction against the property owner for violation, the defendant shall pay the City's costs and that the City may "use any lawful method to enforce" the density bonus ordinance and the terms of a workforce housing bonus density agreement.

6. Annual review

It is important for the County to continually assess the results of its IH policy to identify elements that are working and elements that are in need of improvement. If the County finds that the density bonus program is not working to attract affordable housing development, the annual review process should help the County determine what the issues are and how the policy can be reformed. As the County's housing needs, development patterns, financial markets, and land use policies shift over time, so should the County's inclusionary housing policies.

Examples:

- **Palm Beach County, FL –** Requires the Planning Director to submit an annual report to the Board of County Commissioners indicated the status of their density bonus program.

Considerations:

1. Require the Housing Department or Planning Department to submit an annual report to the County Commission describing the results of the IH policy. The annual report could include:
    a. Application statistics for the IH program such as number of applications, number approved, number denied
    b. For each IH development approved, present data on:
        i. Number of affordable units and number of market-rate units
        ii. Incentives provided
        iii. Income levels served
        iv. Purchase prices and rents for the affordable units and market-rate units
        v. Location of the development
    c. Any information relevant to compliance monitoring
    d. Recommendations from staff on how to improve the program

D. Additional policy considerations to support affordable housing development and preservation

1. Fee waivers

The County could consider providing fee waivers in addition to the zoning incentives offered under the IH program. Fee waivers could be targeted to developments that serve lower-income households or devote a greater amount of affordable units than required to receive the incentives. Fees to consider waiving for affordable housing purposes include impact fees, building permit fees, application fees, inspection fees, and any other fee that is assessed by Hernando County.

Options:

1. Provide fee waivers to IH developments that serve households at the income band below maximum eligibility.

a. For example, if the County allows IH units to serve moderate-income households and below (120% AMI), the County could provide fee waivers to developments that serve households at 80% or below (or lower).

2. Provide fee waivers to IH developments that dedicate a greater percentage of units as affordable housing than required to receive the incentives.
    a. For example, if the County allows developments that set aside 20% of its units as "affordable" to receive a density bonus, allow developments that set aside 50% of its units as "affordable" to receive a fee waiver.

2. Local affordable housing funding

Dedicated local revenue can supplement a voluntary IH program. For example, public subsidy could be provided to a builder seeking a density bonus in exchange for the builder devoting more units as affordable housing. There are number of ways for local governments to fund the construction of affordable homes including the use of general revenue, proceeds from the sale of publicly owned property, Community Redevelopment Agency (CRA) funding, bonds, and other avenues. This section will explore some of those local funding sources that can support a voluntary IH program.

i. General Revenue

Hernando County can commit a portion of its General Fund towards affordable housing initiatives. The County can do this by pledging a specific dollar amount each year in an adopted ordinance or policy or by deploying General Funds on a case-by-case yearly basis as part of the County's budget process. Hillsborough County's affordable housing trust fund ordinance, for example, clearly states that the County will devote at least $10 million of its general fund, per year, towards its affordable housing trust fund whereas Orange County's trust fund ordinance states that the amount of general funding will be dictated by the annual budget process.

Examples:

- Broward County, FL –Broward County transferred $14,002,000 and $16,002,000 from its General Fund for FY 23 and 24, respectively,[25] towards its Affordable Housing Trust Fund.
- Hillsborough County, FL – In 2019, Hillsborough County established the Hillsborough County Local Affordable Housing Fund Program through its HOPE

[25]https://www.broward.org/Budget/Documents/FY24/FY24%20Adopted%20Budget/00%20FY24%20Adopted%20All%20Operating%20PDF.html.

Affordable Housing Act. Sec. 40-118 states that the County's Budget Officer "shall insure that each [budget] includes an allocation of at least $10,000,000.00 in new Countywide General Fund monies for the Program and the inclusion in the Fund." From the creation of this program until the FY 23-24 budget, the County met this obligation but reduced the amount to $4 million for the most recent budget cycle.

- Orange County, FL – In 2020, Orange County created its own local affordable housing trust fund which can be found in Chapter 2, Article VIII, Division 2 of its Code of Ordinances. Orange County's affordable housing trust fund ordinance specifically states that the annual amount of general funds deployed to the trust fund "shall be identified as part of the county's annual budgeting process." For reference, Orange County deployed $14,641,000 towards its affordable housing trust fund in FY 23-24, [26]$20,000,000 in FY 22-23,[27] and $12,100,00 in FY 21-22[28].
- Fort Myers, FL – in its Affordable Housing Trust Fund Ordinance[29] at sec. 42.132(4), Fort Myers specifically states that the city "shall allocate a portion of the city's ad valorem tax millage revenue to the affordable housing trust fund." At the time of this writing, the City dedicates $750,000 annually in ad valorem property tax revenue, through levying .07335 mills within the total tax levy of 6.6999 mills.[30]

ii. Community Redevelopment Agency funding

Pursuant to legal parameters, the County could deploy funding from its Community Redevelopment Agency (CRA) towards affordable housing efforts. If a project seeking a density bonus for affordable housing is located within the Kass Circle CRA, for example, the Kass Circle CRA could provide CRA funds to support the development of units at lower income levels.

Examples:

- Broward County, FL – Broward County's trust fund ordinance states that funding may come from "Savings from Expired Tax Increment Financing Payments to Community Redevelopment Agencies within the County."

[26]https://www.orangecountyfl.net/Portals/0/resource%20library/open%20government/Orange%20County%20Budget%20Book%20FY%202023-24-CERT.pdf.
[27]https://www.orangecountyfl.net/Portals/0/resource%20library/open%20government/Orange%20County%20FY%202022-23%20Budget%20Book%20for%20internet.pdf?v=011023
[28]https://www.orangecountyfl.net/Portals/0/resource%20library/open%20government/Orange%20County%20FY%202021-22%20Budget%20Book.pdf
[29] Can be found at Chapter 42, Division 5 of the Fort Myers Code of Ordinances.
[30] See Fort Myers FY 23/24 Annual Budget at https://www.cityftmyers.com/DocumentCenter/View/20586/FY2023-2024-Annual-Budget-Book.

- Fort Myers, FL – Fort Myers' trust fund ordinance states that "Funds accepted by the City from the City of Fort Myers Redevelopment Agency associated with the TIF rebate community contribution program shall be deposited in the affordable housing trust fund."

iii. Local Government Infrastructure Surtax.

Florida law allows county governments to levy a discretionary sales surtax of 0.5 percent or 1 percent to raise revenue that must be expended to finance, plan, and construct eligible infrastructure projects, among other uses, if approved at a countywide wide voter referendum. This surtax, called the Local Government Infrastructure Surtax (IS), can fund the eligible uses listed at section 212.055(2)(d) of the Florida Statutes. Eligible infrastructure uses include funds for any fixed capital expenditure or fixed capital outlay associated with the construction or improvement of certain public facilities, emergency vehicles, emergency shelter, and for these purposes, land acquisition for affordable housing. The IS can be a source of revenue for eligible infrastructure improvements that facilitate affordable housing development.

At the time of this writing, Hernando County does not levy an infrastructure surtax as the most recent ballot initiative to enact the surtax in 2022 failed. The County could consider enacting a new infrastructure surtax via a countywide voter referendum to allow a portion of the surtax revenue towards land acquisition for affordable housing. As of 2024, Pinellas, Alachua, Collier, Sarasota, and Palm Beach counties all deploy a portion of IS revenue on affordable housing related expenditures.

iv. Proceeds from the sale of county-owned property

The County can dedicate the proceeds from the sale of county-owned property towards affordability housing. The County can do this by adopting a policy that provides a specific percentage of eligible sales proceeds that will go to the fund or by dedicating a portion of sale proceeds on a case-by-case basis. For example, the County can establish, by ordinance or policy, that 20% of all sale proceeds of county-owned property be dedicated to a local affordable housing trust fund. Alternatively, the County can establish, by ordinance or policy, that the County Commission has the discretion to dedicate sale proceeds as they see fit towards an affordable housing trust fund.

Examples:

- Fort Myers, FL – Fort Myers' Affordable Housing Trust Fund Ordinance at sec. 42.132(3) specifically states that the city "shall allocate three percent of the revenue generated by the sale of city-owned property to the affordable housing trust fund account." As of March 2024, $341,608 worth of sale proceeds have been distributed to the Fort Myers Affordable Housing Trust Fund.[11]

- Miramar, FL – Miramar's local Affordable Housing Trust Fund Ordinance at s. 2-264 states that "100% of the net sales proceeds from the sale of all city owned residential surplus lots shall fund the Trust Fund" and "15% of the net sales proceeds from the sale of city-owned . . . non-residential (commercial/industrial)" lots shall fund the Trust Fund."

- Lee County, FL – In its resolution providing a list of county-owned properties appropriate for use as affordable housing, Lee County included a provision stating that "The County Lands Director is authorized to offer any of the 65 lots for sale . . . with any land sale proceeds to be directed to the Affordable Housing Trust Fund. . . Acceptable lot sales will be brought before the Board requesting conveyance approval and acknowledge incoming funding for the Affordable Housing Trust Fund.[12]

3. Local option property tax exemption

Hernando County could consider enacting the local option property tax exemption for affordable housing that was enacted as part of the Live Local Act signed into law in 2023. Codified at section 196.1979 of the Florida Statutes, cities and counties can enact this local option to provide property tax relief to developments of 50 units or more that set aside at least 20% of the units as affordable housing to households at or below 60% AMI. At the time of this writing, Jacksonville, St. Petersburg, and St. Lucie County have enacted this exemption.

Local governments have discretion to set the property tax relief offered to eligible developments. First, local governments can provide up to a 100% exemption for the value of the affordable units if 100% of the units within the development are affordable to eligible households. For example, Hernando County could pass an ordinance that provides a 75% property tax exemption to units within 100% affordable developments (any percentage up to 100%). Second, local governments can provide up to a 75% exemption for the affordable units if less than 100% of the units within the development are affordable to eligible households. In this example, Hernando County could provide a 50% property tax exemption (or any other percentage up to 75%) to units within developments that devote less than 100% of its units as affordable housing to households at or below 60% AMI.

By-Right Additional Zoning Flexibility

The County can consider areas where additional by-right allowances may be permitted for further relative housing affordability. These types of by-right allowances would likely not factor in as incentives for a density bonus program. For example, smaller lot sizes may be enabled for existing single-family lots in target growth areas to allow for minor lot subdivision in the future enabling incremental increases in smaller homes. The County can also evaluate existing platted and developed areas for transitional land use allowances, such as small-scale multi-family, to transition from larger scale multi-family zoning districts, mixed-use areas, and target growth areas to single-family neighborhoods.

Appendix

1. Guided Growth Methodology

The Florida Housing Coalition conducted a multi-criteria decision analysis (MCDA) on all parcels in Hernando County. MCDA is a widely used approach for determining geographic suitability when multiple factors need to be considered. The Coalition identified ten key factors influencing housing development suitability then identified geographic representations of these factors applying them to the parcels with a weighted scoring system. This analysis provided a streamlined method to rank complex variables and identify the most suitable properties for housing development. Parcels earned points based on features that facilitate or enhance development, such as proximity to jobs or amenities and inclusion within the urban service boundary. Each parcel was scored, ranging from those most suitable for housing development and likely to generate the highest community value to those better left undeveloped. The follow are a detailed descriptions of that process.

1. Establish Scoring Criteria: The Florida Housing Coalition began by defining the key factors influencing housing development suitability, selecting variables such as proximity to jobs, transit, medical facilities, and infrastructure.

Variable	Source	Description	Scoring Weight
Distance to Job Concentration	LEHD	The Longitudinal Employer-Household Dynamics program at the US Census provides maps of job concentrations across the US. By analyzing distance from a parcel to job concentrations, the county can prioritize developments with better access to jobs and shorter commutes. The Florida Housing Coalition created buffers around	1 mile: 2 pts 3 miles: 1 pts

		the highest concentration of jobs locations in 1 and 3 miles buffers from these concentrations.	
Transit Stop	Hernando County GIS	Proximity to a transit stop provides alternative modes of transportation to new residents, which is particularly important to low-income residents and the elderly. Density near transit can also make the transit system more efficient. Walking distances are very important for transit usage, so the Coalition used a .25 mile buffers around transit stops.	2 pts
Medical Facility	Hernando County GIS	Prioritizing development near medical facilities helps keep residents safer and better utilizes existing healthcare infrastructure, reducing the need for new facilities. The Coalition applied a 3-mile buffer from medical centers.	1 pts
Fire Station	Hernando County GIS	Proximity to a fire station makes homes safer and reduces the need for new fire station development, saving governments money. The Coalition proposes a 3-mile buffer from fire stations.	1 pts
Road Proximity and Current Road Use	Hernando County GIS	Developing near existing roads reduces the cost of building and maintaining infrastructure. The Coalition applied a 0.1-mile buffer around major roads to prioritize parcels that minimize infrastructure costs.	3 pts
Flood Zones	Esri	Including flood zones helps avoid development in areas prone to flooding, which reduces the risk of property damage and infrastructure costs. Parcels intersecting floodplain boundaries received a penalty.	-1 pt
Near Existing Water/Sewer	Hernando County GIS	There are areas within the urban growth boundary that do not have existing water and sewer and areas outside the urban growth boundary that do provide water and sewer. Using shapefiles provided by the county, the Coalition selected parcels that were within .125 miles from existing water and sewer.	Water: 3 pts Sewer: 3pts
Within Adjusted Urbanized Area	Hernando County GIS	Urban growth boundaries help local governments focus development where utilities and services are already established, making development more practical and cost-effective. The Coalition included this factor by analyzing parcels within the urban service boundary.	

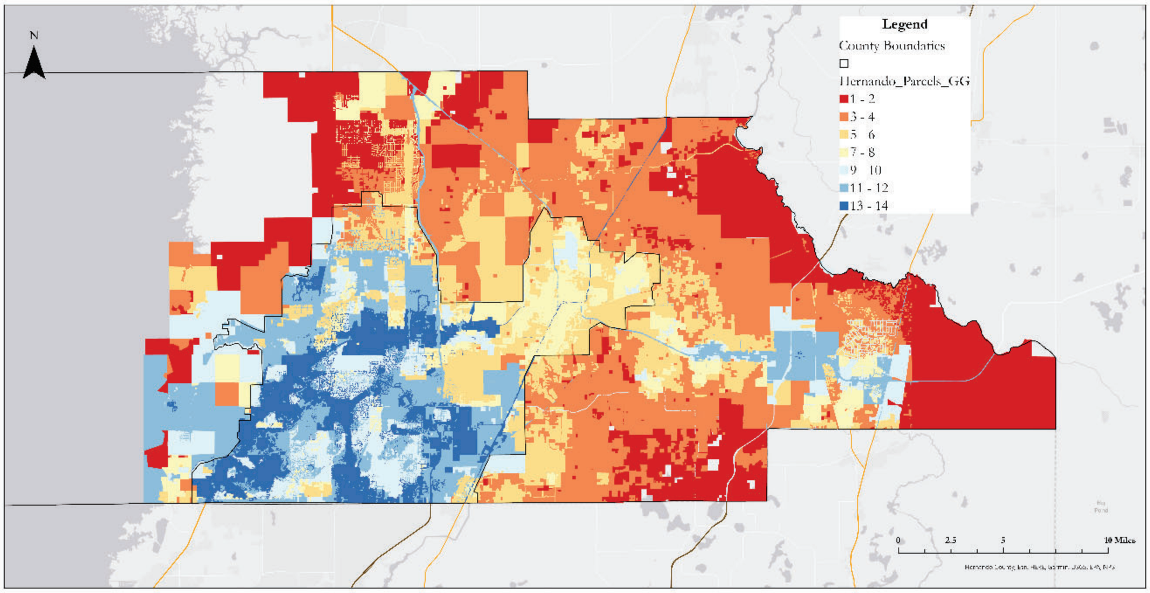
2. Prepare Spatial Data: Next data was gathered from a variety of sources, including the Longitudinal Employer-Household Dynamics (LEHD) program, Hernando County GIS and Zoning Department, and Esri. This data was integrated into the Florida Department of Revenue parcel file in ArcGIS Pro,

ensuring a comprehensive and consistent dataset for analysis. A big thank you goes to Hernando County staff in the GIS and Zoning departments, who helped assemble the necessary data needed to complete this analysis.

3. Create Spatial Buffers: Using ArcGIS Pro, spatial buffers were created around key locations, such as job centers, transit stops, and medical facilities (e.g., 1 mile, 0.25 mile).
4. Select Parcels Based on Spatial Relationships: With the spatial buffers in place, the "Select by Location" tool in ArcGIS Pro was used to identify parcels that met the spatial criteria defined for each variable. This step allowed for determining which parcels were located within the ideal distances to key features, such as existing roads and utilities.
5. Assign Binary Indicators: For each parcel, FHC assigned a binary indicator (1 or 0) to every variable, based on whether it met the criteria set for that factor:1 for "meets criteria", 0 for "does not meet criteria" and apply them using the “Calculate Field” tool in ArcGIS Pro to automate this assignment for all parcels.
6. Apply Scoring Weights and Calculate Final Scores: The final step was to rank the parcels based on their overall scores. Parcels with the highest scores emerged as the most suitable for housing development, reflecting their favorable proximity to jobs, infrastructure, and essential services. Each variable's binary indicator was multiplied by its assigned scoring weight to get the weighted score for each factor, then the “Calculate Field” tool was used to sum the weighted scores for all factors, resulting in a final score for each parcel.

Guided Growth Map

All Parcels Ranked



Sources: Hernando County GIS; Hernando County Planning and Zoning; Hernando County Building Permits; Florida geographic Data Library "parcels 2023"; OntheMap Data, US Census Longitudinal Employer-Household Dynamic Program,

2. Hernando County Area Median Income (AMI) Calculations

The AMI limits for programs like SHIP are drawn from HUD's annual program limits, which are based on the most recent American Community Survey (ACS) data. These figures are adjusted for inflation to reflect current-year values and further modified to account for various factors, including specific AMI thresholds (e.g., 50% AMI for Very Low Income), family size, and other administrative adjustments. Administrative adjustments may consider areas with atypical income-to-housing cost ratios, as well as limitations on year-to-year increases or decreases.

The following methodology outlines the steps used by the Florida Housing Coalition to generate a local AMI chart for Hernando County, adapted from HUD sources:

1. Data Retrieval: The Florida Housing Coalition began by obtaining median family income data from the American Community Survey (ACS), specifically using Table B19113. To align with HUD's procedures, we used the most current statistically sound available data, which was the 1-year 2022 data. For the Tampa-St. Petersburg-Clearwater MSA, the 2024 FHFC Income Limits utilized the 1-year 2022

data, which was $86,642. The corresponding 1-year 2022 median family income for Hernando County was $69,541.

2. Inflation Adjustment: Following HUD's 2024 procedure, FHC adjusted the median family income figures to account for inflation, using forecasts from the Congressional Budget Office (CBO).[31] For FY 2024, the CBO forecasted a Consumer Price Index (CPI) of 310.683, up from 292.613 in 2022, representing a 6.2% increase (310.683 / 292.613 = 1.062). Applying this adjustment, the 2024 median family income for Hernando County was estimated at $73,835, compared to $91,992 for the MSA. These figures were rounded to the nearest hundred, resulting in $73,800 for the county and $92,000 for the MSA.

3. Income Threshold and Household Size Adjustment: The $73,800 figure was used as the base for 100% AMI, with calculations performed for 30% to 140% AMI. Adjustments for household size were made based on HUD Housing Affordability Data System procedure:[32]

    - 1 person: 0.70
    - 2 people: 0.80
    - 3 people: 0.90
    - 4 people: 1.00
    - 5 people: 1.08
    - 6 people: 1.16
    - 7+ people: 1.16 + 0.08 × (Persons - 6)

4. Proportional Adjustments: HUD's methodology includes administrative adjustments, which result in income limit increases over from the initial outputs. To avoid underestimating local income limits, proportional adjustments were incorporated into the Hernando County estimates. Percent difference, featured below as rounded to the nearest whole number, from step 3 outputs for the MSA and final FHFC income limits were found, then applied to preliminary county income limit by household data.

[31] https://www.huduser.gov/portal/datasets/il/il24/Medians-Methodology-FY24.pdf
[32] https://www.huduser.gov/datasets/hads/hads_doc.pdf

Percent Difference in Income Limits Figure Before and After Adjustments										
	1	2	3	4	5	6	7	8	9	10
30%	4%	4%	4%	13%	23%	32%	38%	45%	Refer to HUD	Refer to HUD
50%	4%	4%	4%	4%	4%	5%	4%	4%	4%	4%
80%	4%	4%	4%	4%	4%	5%	4%	4%	4%	4%
120%	4%	4%	4%	4%	4%	5%	4%	4%	4%	4%
140%	4%	4%	4%	4%	4%	5%	4%	4%	4%	4%