

**CITY OF TALLAHASSEE**  
**CITY COMMISSION AGENDA ITEM**

<b>ACTION REQUESTED ON:</b>	February 27, 2008
<b>SUBJECT/TITLE:</b>	Public Hearing on Ordinance No. 08-O-07 Amending the Water and Sewer Affordable Housing Exemption Provisions of the City of Tallahassee Code of General Ordinances
<b>TARGET ISSUE:</b>	Affordable Housing

**STATEMENT OF ISSUE**

On June 7, 1989, the City Commission passed the ordinance that provided exemptions from the payment of water and sewer systems charges, and water and sewer tap fees for affordable housing. The formulas used to determine the home value qualification for the exemptions were amended in March 2007. The City Attorney's Office has drafted an ordinance (Ordinance No. 08-O-07, attached) to amend the Water and Sewer Exemption Ordinance in the following ways:

- The name of the ordinance would be changed from Affordable Housing to Water and Sewer Connection Fee Exemptions.
- Clarifying language would be added to describe the program requirements more accurately.
- A provision would be added to address depleted funds in rental or homeownership categories, and unused funds at the end of the fiscal year.
- The 7-year loan term would be forgiven on a prorated basis to provide a financial benefit to program recipients.

The City is rarely repaid for the water and sewer exemption before the 7-year loan is forgiven. Since the program's inception only 8 units have had to repay the City. Of those repaid loans, 7 were repaid in less than 3 years. Only 1 was repaid between 5 and 7 years. The total amount returned to the General Fund over 18 years was \$24,055.63. Forgiving the loan on a prorated basis would have minimal impact on program funds. This ordinance is sponsored by the Long Range Target Issue Committee.

**RECOMMENDED ACTION**

Approve Option 1. Hold the first and only public hearing and adopt Ordinance 08-O-07 and related policy amendments.

**FISCAL IMPACT**

The impact to the program by forgiving the 7-year loan on a prorated basis will be minimum. This item has been reviewed and approved by the Office of Budget and Policy and the Water Utilities Department.

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Thomas H. Lewis, Director, NCS

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Anita Favors Thompson, City Manager

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Jim English, City Attorney

For information, contact: Thomas H. Lewis, Ext. 6500 or Cassandra K. Jackson, Asst. City Atty., Ext. 8554

### **HISTORY/FACTS & ISSUES**

June 7, 1989, the ordinance that first provided exemptions from the payment of water and sewer systems charges, road impact fees, and water and sewer tap fees for affordable housing was adopted. The ordinance provided fee exemptions for ownership or rental housing units meeting certain sales price and resident income requirements.

March 28, 2007, the City Commission held a public hearing and adopted Ordinance No. 07-O-14 revising Section 21-152, the section outlining the formulas to calculate the maximum eligible sales price for homes to qualify for the exemption. The eligible sales price was changed to reflect the maximum sales price and maximum home value published in the City's Local Housing Assistance Plan (LHAP).

Proposed Ordinance No. 08-O-07 would amend Section 21-152 to clarify ambiguity in the ordinance language and make the ordinance more consistent with current practice. The proposed amendments would accomplish the following:

1. change the name from Affordable Housing to Water and Sewer Connection Fee Exemptions to more accurately describe the content of the Ordinance (Section 21-152(a));
2. delete road impact fees as subject to exemption as the City of Tallahassee no longer charges road impact fees and authorize a tap location fee exemption (Section 21-152(a));
3. clarify information required for approval of an application for exemption (Section 21-152(a)(1));
4. set the maximum rental housing exemption amount at \$150,000 per development regardless of the yearly amount allocated for rental housing (Section 21-152(a)(2));
5. authorize a refund for units meeting exemption qualifications subsequent to payment of water and sewer connection fees upon the demonstration of an equivalent reduction in sales price (Section 21-152(a)(2));
6. authorize a lien on the rental and homeownership units for the amount of the exemption granted and change the terms of the 7-year loan to be forgiven on a prorated basis (Section 21-152(b) and (e));
7. as was accomplished by the March 2007 amendment to Section 21-152 for homeownership unit sales price criteria, change the rental housing and income criteria to make them consistent with 2007-2010 Local Housing Assistance Plan adopted in April 2007 (LHAP) (Section 21 21-152 (b)(1) and (b)(2));
8. provide that if funds were depleted in either the rental or homeownership categories, remaining funds could be distributed to the depleted category and unused funds would be reallocated for use in the following fiscal year (Section 21-152(d));
9. require repayment of the amount of the exemption, on a prorated basis, if the primary residence, income and sale and rental rate qualifications are not retained upon subsequent sale or rental (Section 21-152(e)); and
10. abolish the participation option for the unincorporated area and developer incentive due to lack of use and third party audit requirement due to protection afforded by mandatory lien (formerly designated Section 21-152 (h), (l) and (o)).

With regard to Number 6 above, the Department of Neighborhood and Community Services proposes the 7-year loan be forgiven on a prorated basis to provide a financial benefit to the

homeowner or rental development owner. In the current ordinance, owners that sell the property within the 7-year loan term would have to pay the loan amount back in full.

In examining the Water and Sewer Fee Exemption program, NCS has determined that the City rarely gets repaid for the water and sewer exemption before the 7-year loan is forgiven. Since the program's inception, 1,630 units have received the fee exemption (1,005 multifamily rental and 625 homeownership) and only 8 units have had to repay the City before the loan was forgiven. In addition, if a homeowner sells the house within the loan term, but sells the house to an income-qualified household at an affordable price and the home will be occupied by the new homeowner, the lien may be subordinated for the new homeowner. Of the 8 repaid loans, 7 were repaid in less than 3 years. Those owners would still have to repay most of the loan funds if their loan were forgiven an equal amount each year. Only 1 of the 8 loans was repaid between 5 and 7 years. All 8 loans were repaid since 1999. The total amount returned to the General Fund over the years was: \$24,055.63. Forgiving the loan on a prorated basis would have minimal impact on program funds. It would be impossible to predict the exact amount of revenue potentially "lost" because it would depend on what year the property was sold, to whom it was sold, etc. The Department of Neighborhood and Community Services does not expect a higher rate of repayment than has been received in the past.

The proposed ordinance was introduced by the City Commission and the public hearing was set on February 13, 2008.

### **City Policy Amendments Proposed if Ordinance is Adopted**

Should the amendments to Section 21-152 be adopted by the City Commission, it is further requested that the Commission amend policies 710, Affordable Housing Permitting Policy (Attachment 2), Policy 1104, Certification of Affordable Single and Multi-Family Developments (Attachment 3), and the City of Tallahassee Local Housing Assistance Plan 2007-2010 (Attachment 4). City Commission Policy 710 implements three incentives unique to affordable housing projects and which are applicable to all land development projects certified as an affordable housing project.

The amendments to Policy 710 are twofold: (1) Code references are updated; and (2) a phraseology change is requested for incentive 1 of the policy. Incentive 1 provides that certified housing projects be given priority status in the land use/growth management process. In practice, this essentially results in affordable housing projects being given expedited review by the Growth Management Department. Thus, it is requested that the word priority be changed to expedited to clarify the type of review.

As for Policy 1104, the amendments requested are again twofold: (1) to update the City of Tallahassee Code references; and (2) to incorporate the changes necessitated by the adoption of proposed Ordinance No. 08-O-07. The policy would be amended to reflect the change in threshold criteria for certification of the housing units as affordable housing. Additionally, as the Tax-Exempt Housing Bond Policy, Policy 1102, sunset on October 1, 1996, reference to such policy is recommended for deletion from Policy 1104. Policies 710 and 1104 sunset on May 24, 2005. It is requested that the amended policies sunset on February 27, 2013.

The SHIP program funds a Water and Sewer Expansion program that is used in conjunction with the Water and Sewer Connection Fee Exemption, to assist low-income homeowners using septic systems to connect to the City's water and sewer utility. The City's Local Housing Assistance Plan (LHAP) 2007-2010 provides for a 7-year loan term, forgivable in full only after 7 years for the Water and Sewer Expansion program. If the City Commission adopts Ordinance No. 08-O-07, amending the 7-year loan term such that it is forgivable on a prorated basis, the Department requests amendment of the LHAP to make the Expansion program consistent with the instant proposed amendments.

## **OPTIONS**

Option 1. Hold the first and only public hearing and adopt Ordinance 08-O-07 and related policy amendments.

Pros:

1. The proposed ordinance would make the rules of the water and sewer system fee exemption more accurate.
2. Forgiving the fee exemption loan could benefit program recipients by decreasing the amount they would have to repay to the program.

Cons:

1. Making the loan forgivable on a prorated basis may cause fewer funds to be paid back to the program.

Option 2. Hold the first and only public hearing and adopt Ordinance 08-O-07 and related policy amendments, but change the term of the Water and Sewer Fee Exemption loan. (5 years forgiven on a prorated basis or 10 years forgiven on a prorated basis)

Pros:

1. The proposed ordinance would make the rules of the water and sewer system fee exemption more accurate.
2. Reducing the loan term to 5 years may benefit program recipients by forgiving the loan sooner.
3. Increasing the loan term to 10 years may cause more funds to be paid back to the program than the 7-year term. Making the loan forgivable on a prorated basis may still benefit program recipients by decreasing the amount they would have to repay to the program.

Cons:

1. Reducing the loan term to 5 years and making the loan forgivable on a prorated basis may cause fewer funds to be paid back to the program.
2. Increasing the loan term to 10 years would not benefit program recipients by allowing the loan to be forgiven sooner.

Option 3. Hold the first and only public hearing and do not adopt Ordinance 08-O-07. Give staff alternative direction.

Pros:

1. Maintaining the 7-year loan term forgivable only after the full term period may cause more funds to be paid back to the program than if the loan was forgiven on a prorated basis.

Cons:

1. The proposed amendments would not clarify the rules of the water and sewer system fee exemption.
2. Program recipients would not benefit by an annual decrease in repayment.

**ATTACHMENTS/REFERENCES**

1. Proposed Ordinance No. 08-O-07
2. Proposed Revisions to Policy No. 710
3. Proposed Revisions to Policy No. 1104
4. Proposed Revisions to the City of Tallahassee Local Housing Assistance Plan 2007-2010, Housing Strategy C. Owner-occupied Home Rehabilitation

## ORDINANCE NO. 08-O-07

AN ORDINANCE OF THE CITY OF TALLAHASSEE AMENDING SECTION 21-152 OF THE CODE OF GENERAL ORDINANCES OF THE CITY OF TALLAHASSEE, FLORIDA, RELATING TO WATER AND SEWER CHARGE AFFORDABLE HOUSING EXEMPTIONS; CHANGING SECTION TITLE; DELETING ROAD IMPACT FEE EXEMPTION; CREATING TAP LOCATION FEE EXEMPTION; CLARIFYING DEFINITION OF SALES PRICE; AUTHORIZING WATER AND SEWER FEE EXEMPTIONS FOR RENTAL HOUSING; CHANGING THE MAXIMUM AMOUNT FOR RENTAL EXEMPTIONS; REQUIRING RECORDING OF LIEN AND AUTHORIZING PRORATION UPON SALE OR RENTAL RESTRICTION DISCONTINUANCE; REDEFINING AFFORDABLE HOUSING QUALIFICATIONS; AUTHORIZING FUNDING TRANSFERS; MODIFYING REQUIREMENTS FOR EXEMPTION UPON SALE; REMOVING PARTICIPATION OPTION FOR UNINCORPORATED AREA; DELETING DEVELOPER INCENTIVE AND THIRD PARTY AUDIT REQUIREMENT; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICT; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE CITY OF TALLAHASSEE,  
FLORIDA, AS FOLLOWS:

Section 1. Section 21-152, City of Tallahassee General Code, is hereby amended to read as follows:

**Sec. 21-152. Affordable Housing. Water and Sewer Connection Fee Exemptions.**

(a) The city may exempt affordable homeownership and rental housing within the City limits and as specified in subsection 21-152(b) from the payment of the water systems charge, sewer systems charge, ~~road impact fees~~, ~~tap location fee~~, and for the ~~affordable residence of a homeowner~~, water and sewer tap fees. The exemptions may be provided to a unit when its after-rehabilitation value, sales price, or rental rate qualifies as set forth in this section and the owner or proposed tenants meet the necessary income requirements. The exemptions shall not be provided for mobile homes as defined by Florida Statutes.

1                         (1) Any entity seeking an affordable housing exemption shall file  
2 an application for exemption with the director of neighborhood and community  
3 services or designee, an application for exemption and subsequently connect to  
4 the City of Tallahassee water and sewer system. The application for exemption  
5 shall contain the following:

6                         a. The name and current address of the owner;

7                         b. The legal description of the property upon which the  
8 residential unit is or will be constructed;

9                         c. The proposed sales price to the owner after any  
10 assistance and deduction for water and sewer connection fee exemptions, or  
11 the after-rehabilitation value of an existing unit, or the proposed rental rate  
12 based on unit type price if the residential unit is or will be offered for rent;

13                         d. The number of bedrooms which the residential unit  
14 contains or will contain;

15                         e.d. The size and gross annual income of the household  
16 (this may be provided at a later date if agreed to by the director of  
17 neighborhood and community services or designee); and

18                         f.e. Any other documentation as required by the director of  
19 neighborhood and community services or designee.

20                         (2) If the proposed residential unit meets the requirements for  
21 an affordable housing exemption, then the director of neighborhood and  
22 community services or designee may issue a sewer and water systems charge,  
23 tap location fee, exemption, and a road impact fee exemption, and water and  
24 sewer tap fee exemptions for the residence of a homeowner or rental housing.  
25 not to exceed \$150,000.00 except i. In the case of affordable rental units, in  
26 which case the maximum exemption amount shall be the lesser of \$150,000.00  
27 or 50 percent of the funds allocated for rental properties for a specific fiscal  
28 year not exceed \$150,000 per development. and except for additional  
29 incentives as defined in subsection (m). The exemption approvals shall be  
30 presented in lieu of payment of such charges. If a residential unit cannot be  
31 qualified at the time of payment of such charges, upon exemption approval, the  
32 amount previously paid shall be refunded to the payer if the unit subsequently  
33 qualifies for the exemption through the demonstration of an equivalent  
34 reduction in sales price to the homeowner.

35                         (b) To qualify for exemptions the unit must have been constructed and  
36 a certificate of occupancy issued subsequent to June 7, 1989, and

37 CODING: Words in struck through type are deletions from existing law; words underlined are  
38 additions.

1                   (b) ~~The amount for which the residential unit may be valued after~~  
2 ~~rehabilitation, sold, or rented must be restricted to an amount within the~~  
3 ~~standards set forth in this section as identified in subsections (b), (c), (d), and~~  
4 ~~(e) and (g) and such restrictions must continue for a period of at least seven~~  
5 ~~years from the date of first issuance of the certificate of occupancy, following~~  
6 ~~the date of issuance of the exemption certificate. If the restrictions do not~~  
7 ~~continue, the amount of the exemption granted shall be returned to the City by~~  
8 ~~the owner on a prorated basis determined by the passage of time from the date~~  
9 ~~of the issuance of the certificate of occupancy. Such restrictions must be~~  
10 ~~contained within the deed for the residential unit or within the provisions of a~~  
11 ~~contract entered into between the city, the applicant and the owner of the~~  
12 ~~residential unit. It shall be the responsibility of the recipient to supply the~~  
13 ~~neighborhood and community services department with dated proof of~~  
14 ~~occupancy which can be a copy of certificate of occupancy or other~~  
15 ~~documentation. The contract shall be recorded in the Public Records of Leon~~  
16 ~~County, Florida, and shall constitute a lien against the residential unit. A unit~~  
17 ~~may qualify as affordable housing for the purpose of receiving an affordable~~  
18 ~~housing exemption under any one of the criteria listed below if:~~

19  
20                   (1) ~~The purchase price for the home, is within those limits~~  
21 ~~established by the City value of an existing home, or after-rehabilitation value~~  
22 ~~of a home being provided an exemption does not exceed the maximum~~  
23 ~~purchase price published in the Local Housing Assistance Plan (LHAP), as may~~  
24 ~~be amended from time to time; or the rental rate does not exceed the High~~  
25 ~~HOME rents as published and amended by the United States Department of~~  
26 ~~Housing and Urban Development (HUD) from time to time; and~~

27  
28                   (2) ~~A dwelling unit which is offered for rent for a total monthly~~  
29 ~~amount, less utilities, that is not greater than 30 percent of the monthly low-~~  
30 ~~income household income using the formula specified in subsection (d).~~

31  
32                   (3) ~~Any approved city affordable housing project.~~

33  
34                   (2) ~~The income level of the purchaser or owner-occupant is at or~~  
35 ~~below 80% of the area median income (AMI), adjusted for family size, as defined~~  
36 ~~by HUD, as may be amended from time to time or, in the case of rental units,~~  
37 ~~the income level of the household is at or below 60% AMI, adjusted for family~~  
38 ~~size.~~

39  
40                   (c) In determining the total monthly rental charge for the purpose of  
41 determining eligibility for a ~~residential unit, all payments except utilities which~~  
42 are required to be made by a tenant as a condition of residing at such dwelling  
43 unit shall be included. Should any utilities be included, an adjustment will be  
44 made based on the most recently published utility allowance table ~~from~~  
45 ~~provided by the Tallahassee Housing Authority.~~

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1                   (d) A dwelling unit which receives an exemption based on subsection  
2 (b)(1) shall be sold to a buyer who qualifies as a lower income (low income and  
3 below) purchaser under the guidelines established by the United States  
4 Department of Housing and Urban Development identified as the low and very  
5 low income limits for the Tallahassee Standard Metropolitan Statistical Area:

6  
7                   (1) Area low income is defined:

8                   Area median income  $\times$  0.5 (as defined by HUD standards) = Very  
9 low income

10                  (2) The allowance for monthly mortgage (P&I) or rental  
11 payments will be calculated as follows:

12                  Area median income  $\times$  0.5  $\times$  0.31/12

13                  (e) The maximum amount of rental and the income limits for  
14 purchasers will be adjusted based upon changes by the United States  
15 Department of Housing and Urban Development income guidelines.

16                  (f)(d) Funding will initially be distributed each fiscal year as  
17 follows:

18                  (1) Rental units, 40 percent;

19                  (2) Home ownership, 60 percent;

20 with the carryover from the previous year being forwarded with the same  
21 restrictions as the original allocation of funds. The carryover from previous  
22 years will be placed in the rental or homeownership exemption accounts. All  
23 provisions and restrictions at the time of allocation will apply. In the event that  
24 funds are fully depleted from either category, the remaining funds may be re-  
25 distributed to the depleted category. Any unused funds remaining at the end  
26 of the fiscal year shall be reallocated for use during the subsequent year.

27                  (g)(e) At the time of Following the granting of any such exemption, a lien  
28 shall be placed upon the dwelling unit. Such lien shall commit the last  
29 qualified owner to repay to the city 100 percent of the prorated outstanding  
30 balance of the amount of the fees exempted if within seven years of the date of  
31 first issuance of certificate of occupancy, following the date of exemption  
32 determination, that determination becomes invalid. In order to maintain the  
33 validity of an affordable housing exemption, the following conditions shall be  
34 met:

35 CODING: Words in ~~struck through~~ type are deletions from existing law; words underlined are  
36 additions.

1  
2       (1) In the event of a sale, the sale price of a homeownership unit  
3 shall not exceed that necessary to qualify the unit as affordable housing under  
4 the LHAP, and the unit shall be the primary residence of the owner and the  
5 purchaser must qualify as a low or very low income purchaser meet the income  
6 limits established in subsection (b)(2). The criteria of this section in effect at  
7 the time of the sale shall apply.

8  
9       (2) In the event of rental, the rental rates charges for the unit  
10 and the renter household must continue to qualify under the criteria of this  
11 section as it is amended from time to time established in subsection (b). In no  
12 event shall the amount allowed for rental rates to qualify as affordable be  
13 decreased so as to require repayment provided that the rental charges rates do  
14 not, during the relevant seven-year term, exceed the highest maximum allowed  
15 during that period.

16  
17       (h) For each residential unit which receives a sewer and water systems  
18 charge exemption and which is located within the unincorporated area, the  
19 county shall pay into the appropriate sewer and water systems fund the  
20 amount of the sewer and water systems charge which was exempted. This  
21 exemption provision shall only apply upon the execution of an agreement by  
22 the county agreeing to pay such sewer and water systems charges as may be  
23 exempted.

24  
25       (f) For each residential unit which that receives an exemption, which  
26 is located within the municipal boundaries of the city, the city shall pay into  
27 the appropriate sewer and water systems fund, road impact fee fund, and the  
28 water and sewer tap fee and tap location fee fund the amount which was  
29 exempted.

30  
31       (g) The granting of exemptions under the terms of this section are at  
32 the discretion of the city government and shall be limited by the availability of  
33 funds appropriated by the city commission. In addition, any entity which is  
34 approved for an exemption through approval of their application for exemption  
35 must exercise that exemption by obtaining a building permit within a specified  
36 time. For entities seeking waivers for homeownership units the exemption must  
37 be exercised within six months of the application approval date. For those  
38 entities seeking waiver for rental units the exemption must be exercised within  
39 12 months of the application approval date. Approved applications not  
40 exercised within these time frames will become invalid.

41  
42       (k) Affordable housing units which received a certificate of occupancy  
43 prior to June 7, 1989, may qualify for exemptions under the terms and  
44 conditions of this section, but such exemptions shall be in the amount of 50  
45 percent of the actual charges paid.

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1  
2        (l) An additional 25 percent incentive shall be awarded to developers  
3 whose projects are located in a non low/moderate income census tract as  
4 defined by the Tallahassee/Leon County Planning Department census  
5 statistics and the development is larger than 20 units.

6  
7        (m)(h) The director of neighborhood and community services or designee  
8 shall have the final authority for the certification and eligibility of affordable  
9 housing projects.

10  
11       (n)(i) Should there be no funds available during any fiscal year, an  
12 approved owner or applicant can be eligible for funds as disbursement begins  
13 the following fiscal year. Disbursement will be based on certification date.  
14 Priority will be given to previously approved projects; however, applications will  
15 be subject to the time limitations outlined in subsection (j) (g).

16  
17       (o) Applicants which are developers, builders, not-for-profit agencies  
18 or any other entities applying for the exemption for an owner or tenant shall  
19 provide upon request the most current audit or any other records required to  
20 monitor eligibility requirements for the seven year period.

21  
22       Section 2. Severability. If any phrase or portion of this ordinance, or  
23 the particular application thereof, shall be held invalid or unconstitutional by  
24 any court, administrative agency or other body with appropriate jurisdiction,  
25 the remaining sections, subsections, sentences, clauses, or phrases and their  
26 application shall not be affected thereby.

27  
28       Section 3. Conflict. All ordinances in conflict herewith are repealed to  
29 the extent of any conflict.

30  
31       Section 4. Effective Date. This ordinance shall take effect immediately.

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INTRODUCED in the City Commission on the \_\_\_\_\_ day of  
\_\_\_\_\_, 2008.

PASSED by the City Commission on the \_\_\_\_\_ day of \_\_\_\_\_,  
2008.

## CITY OF TALLAHASSEE

By: \_\_\_\_\_  
John R. Marks, III  
Mayor

**ATTEST:**

**APPROVED AS TO FORM**

By: \_\_\_\_\_  
Gary Herndon  
City Treasurer-Clerk

By: \_\_\_\_\_  
James R. English  
City Attorney

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## Attachment 2

### **City Commission Policy 710 - Affordable Housing Permitting Policy**

DEPARTMENT: Growth Management

DATE ADOPTED: February 24, 1993

DATE OF LAST REVISION: May 24, 2000 February 27, 2008

**710.01 AUTHORITY:** City Commission action on May 24, 2000 February 27, 2008.

#### **710.02 SCOPE AND APPLICABILITY:**

The City Commission of the City of Tallahassee has determined that the provision of affordable housing is a critical need in Tallahassee. To that end, the City Commission has directed that 1) certified housing projects be given priority expedited status in the land use/growth management process; 2) that staff services also be offered to perform Part I Environmental Assessments the Natural Features Inventory for small certified affordable housing projects; and 3) that an interdepartmental Affordable Housing Technical Assistance Team be made available to consult, on an informal basis, on project feasibility at the outset of project planning. This policy will implement those incentives that are to be unique to affordable housing projects, and is applicable to all land development projects certified as affordable housing projects.

#### **710.03 POLICY STATEMENT:**

1. **Priority Expedited Permitting** - For Certified Affordable Housing Projects, the Growth Management Department will expedite give first priority to Certified Affordable Housing Projects in the processing of applications for Limited Partition subdivisions, Type A site plans and all certificates, permits and approvals issued by the Department.
2. **Environmental Assessments** - Upon the payment of the appropriate fee, the receipt of a complete application and a map of the property in question, showing two (2) ft. contours, the Growth Management Department will perform the Part I environmental assessment Natural Features Inventory for small (20 units or less) certified affordable housing projects, as required by Section 61 of the Environmental Management Ordinance Section 5-54 of the Tallahassee Land Development Code.
3. **Affordable Housing Technical Assistance Team** - An interdepartmental team of City staff will be available to certify a project as affordable and/or to consult on an informal basis with applicants for potential affordable housing projects regarding the feasibility of the project and issues of land use approvals, permitting and utility service. The team will consist of representatives from the following City Departments:
  - Neighborhood and Community Services
  - Growth Management Department
  - Public Works Department (Real Estate and Engineering Divisions)
  - Tallahassee-Leon County Planning Department
  - Water & Sewer Department

There will be no fee for this service. The recommendations of this team will have no formal or legal bearing on the project and its standing through the land use/permitting process. This service is thought to be particularly of benefit to non-profit project sponsors. This team is intended to provide access to available City

expertise in the areas of real estate acquisition, zoning, permitting, infrastructure design, and governmental funding. The Director of Neighborhood and Community Services or his/her designee will Chair the team. A project does not have to have received affordable housing certification to qualify for this service.

**710.04 DEFINITIONS:**

**Certified Affordable Housing Project** - A residential land development project that meets the criteria specified in Policy #1104CP and that has been so certified by the Director of the Neighborhood and Community Services Department.

**710.05 ADMINISTRATION:** Growth Management Department.

**710.06 SUNSET REVIEW:** May 24, 2005 February 27, 2013.

**710.07 EFFECTIVE DATE:** May 24, 2000 February 27, 2008.



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# **City Commission Policy 1104 - Certification of Affordable Single-and Multi-Family Developments Policy**

DEPARTMENT: Neighborhood and Community Services

DATE ADOPTED: February 24, 1993

DATE OF LAST REVISION: May 24, 2000 February 27, 2008.

**1104.01 AUTHORITY:** City Commission action on May 24, 2000 February 27, 2008.

## **1104.02 PURPOSE:**

The City Commission of the City of Tallahassee has determined that the provision of affordable housing is a critical need in Tallahassee. To that end, the City Commission declares that projects which meet the definition of affordability outlined in the threshold criteria set forth below, should be eligible for priority expedited processing, certain technical assistance services, and special regulatory provisions, in order to improve project viability and to encourage additional affordable housing developments. Individual qualifying units would be eligible for impact fee waivers water and sewer connection fee waivers. The criteria set forth in this policy represent the minimum standards necessary for a development or individual residential unit to qualify as an affordable housing project. It is the intent of this policy to encourage innovative and creative developments which provide affordable housing.

## **1104.03 SCOPE AND APPLICABILITY:**

### **A. GENERAL:**

Individual dwelling units, multi-family residential units, and residential subdivisions, are eligible to seek affordable housing certification through the City of Tallahassee. Neither individual mobile homes, mobile home subdivisions, nor multi-family residential projects of more than 25 units which are intended for 100% occupancy by very low income residents, shall be eligible for certification.

Exceptions to the cap restriction may be granted by the Neighborhood and Community Services Department if, after review and finding of fact, the Planning Commission rules that the project is consistent with the Comprehensive Plan, and that no adverse impact will result from the project that will affect the general health, safety, and welfare of the public.

### **B.TAX EXEMPT HOUSING BOND PROJECTS:**

~~Projects that are seeking tax-exempt housing bond financing and want to qualify as a certified housing project, must first go through the review process for tax-exempt projects as established in City Commission Policy No. 1102CP.~~

## **1104.04 PROCEDURE:**

### **A. INDIVIDUAL UNITS:**

1. Each builder/developer seeking certification for affordable housing certification for individual units will be provided an application to be completed and submitted to the Housing Division of Neighborhood and Community Services of the City of Tallahassee for evaluation, determination, and certification by the Director of

Neighborhood and Community Services. The builder/developer must sign an affidavit of his/her intent to comply with the requirements set forth below.

2. Upon approval, the applicant will be entitled to submit his/her unit for priority expedited processing and technical assistance services; for consideration under special regulatory provisions; and for water, and sewer, connection and transportation impact fee waivers.

**B. SUBDIVISIONS:**

3. Each builder/developer seeking certification for an affordable housing project will be provided an application to be completed and submitted to the Housing Division of Neighborhood and Community Services of the City of Tallahassee for evaluation, determination, and certification by the Director.
4. Upon approval, the applicant will be entitled to submit his/her project for priority expedited processing and technical assistance services; for consideration under special regulatory provisions; and for water, and sewer, and transportation impact fee waivers.

**1104.05 DEFINITIONS:**

- A. Priority Expedited Processing: Pursuant to Policy No. 710CP, the Tallahassee City Commission authorized projects which have received affordable housing certification to be entitled to special handling through the land use administration/growth management review process.
- B. Special Regulatory Provisions: Pursuant to Ordinance No. 93-0-007 Chapter 5 of the Tallahassee Land Development Code, the City Commission has granted authority for applicants whose projects have received affordable housing certification to seek variances to certain provisions of the Environmental Management Ordinance.
- C. Technical Assistance Services: Pursuant to and under the conditions specified in Policy No. 710CP, the Tallahassee City Commission has authorized the Growth Management Department to perform Part I Environmental Assessments-the Natural Features Inventory at no cost for projects of twenty (20) units or less which have received the affordable housing certification.
- D. Impact Connection Fee Waivers: Pursuant to Section 25-80 21-152 of the City of Tallahassee Land Development Code, the City Commission has provided for exemptions from the payment of the water systems charge, the and sewer systems charge connection fees, and the Collector Road and County wide Road Impact Fees for residential units which qualify as affordable housing.

**1104.06 THRESHOLD CRITERIA FOR CERTIFICATION AS AN AFFORDABLE HOUSING PROJECT:**

**A. INDIVIDUAL UNITS:**

1. Sales or Rental Price:

a. For an individual dwelling unit to be certified as affordable, it must be offered for sale for a total amount not greater than purchase price within those limits established by the City of Tallahassee Local Housing Assistance Plan (LHAP) as may be amended from time to time or a rental rate that does not exceed the High HOME rents as published and amended from

time to time by the United States Department of Housing and Urban Development (HUD); and

Area Median Income X .8 X 2—  
Final Sale Price for Affordable

or have a monthly mortgage payment amortized over the term of the mortgage, including principal, and interest (PI) which does not exceed that monthly payment amount shown in paragraph b. Maintenance fees for condominiums shall be excluded from the allowable monthly mortgage payment (PI).

b. An individual dwelling unit to be certified as affordable must be offered for rent for a total monthly amount, less utilities, not greater than the amount derived from the following formula:

(Area Median Income X .5 X .31)  
/12 = Affordable Monthly  
Mortgage or Rental Payment

In determining the total monthly rental charge for the purpose of determining eligibility for a residential unit, all payments except utilities, which are required to be made by a tenant as a condition of residing at such Dwelling Unit, shall be included. Should any utilities be included, an adjustment will be made based on the most recently published Utility Allowance Table from the Tallahassee Housing Authority.

c. The maximum amount of rental, sale price, PI and the income limits for purchasers will be adjusted based upon changes by the United States Department of Housing and Urban Development.

2. Buyer/Tenant Qualifications As Low Income:

A dwelling unit which is certified as affordable based upon Sec. 1104.06(A)(1)(a) or 1104.06(A)(1)(b), shall be sold or rented to a buyer/Tenant whose income does not exceed 80%80% of the area median income (AMI), adjusted for family size, under the guidelines established by the United States Department of Housing and Urban Development (HUD) identified as the Low and Very Low Income Limits for the Tallahassee S.M.S.A. and shall be rented to a tenant whose household income is at or below 60% AMI, adjusted for family size.

**B. SUBDIVISIONS:**

1. Percentage of Project Serving Low-Income Residents:

- a. Single Family Fee Simple Developments or Condominium Developments

In order to receive an affordable housing certification, at least 30 percent of the units in a

fee simple single family development (attached or detached units) or condominium development shall meet the threshold requirements of Sec. 1104.06(A). Single family fee simple developments may include units sold under a lease/purchase agreement. The certification provides priority expedited permitting, certain technical assistance services and special regulatory provisions. Impact Connection fee waivers will only be granted to units meeting the requirements as set forth in Sec. 1104.06(A).

b. Multi-Family Rental Developments:

In order to receive an affordable housing certification, at least 30 percent of the units in a multi-family rental development shall meet the threshold requirements of Sec. 1104.06(A)

(1)(b). Plan Consistency The proposed development must be consistent with the Tallahassee-Leon County Comprehensive Plan and the City of Tallahassee's Consolidated Plan.

**1104.07 PENALTY FOR NON-PERFORMANCE:**

In the event that the requirements upon which the certification is based are violated, the City of Tallahassee may deny one or more certificates of occupancy, may require the repayment of any impact connection fee waivers, and/or refuse to grant future building permits to the builder, development company or its principals, or may apply to the Circuit Court for injunctive relief.

**1104.08 ADMINISTRATION:** Neighborhood and Community Service.

**1104.09 SUNSET REVIEW:** May 24, 2005 February 27, 2013. An annual report will be provided to the City Commission on activity under this policy.

**1104.09 EFFECTIVE DATE:** May 24, 2000-February 27, 2008.

**ASKTALGOV**

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**C. Name of the Strategy: Owner-Occupied Home Rehabilitation**

1. ***Summary of the Strategy:*** This program is designed to provide assistance to income eligible households with repairs, alterations, and/or additions in order to improve the health, safety and wellbeing of the household, or to contribute to the structural integrity and preservation of the unit. Repairs will address an emergency, make the home handicap accessible, connect the home to the City water and sewer system, correct code violations, and/or substantially rehabilitate the home. Priority shall be given for life threatening hazards, code violations, and health and safety issues as determined by program staff.
2. ***Fiscal Years Covered:*** FY 2007/2008, 2008/2009, 2009/2010.
3. ***Income Categories to Be Served:*** Extremely Low-, Very Low- and Low-Income households.
4. ***Maximum Award is Noted on the Housing Delivery Goals Charts:*** \$40,000
5. ***Terms, Recapture and Default:*** Assistance will be provided in the form of a grant for repairs that are performed to remedy emergencies, or to make homes handicap accessible. Beginning October 1, 2007, for certain long-lasting emergency repairs determined in the Housing and Community Redevelopment Division Policy and Procedures manual, assistance will be provided in the form of a five-year, 0 % interest loan that will be forgiven 20 % each year of the five-year term. Assistance provided to correct code violations will be in the form of a grant until October 1, 2007, when assistance will be in the form of a 5-year, 0 % interest loan that will be forgiven at the end of the loan term. Assistance provided to connect homes to the City water and sewer system will be provided in the form of a grant until October 1, 2007, when it will be provided as a 7-year, 0 % interest loan that will be forgiven an equal amount each year of the 7-year loan term at the end of the loan term. For substantial rehabilitation, assistance will be provided in the form of a 0 % interest, five-year deferred payment loan until October 1, 2007 when the term of the loan will be extended to 10 years. The loan will be forgiven at 20 % each year until October 1, 2007 when the loan will be forgiven at 10 % each year. All owner-occupied rehabilitation loans

will be secured by a lien on the property and will be due and payable during the term of the lien only in the event the house is rented, sold, refinanced, no longer owner-occupied, or title is transferred to an ineligible beneficiary, based on income (see Housing and Community Redevelopment Division Policy and Procedures manual for exemptions).

6. ***Recipient Selection Criteria:*** Applications for assistance under this program will be reviewed for eligibility and approved on a first-come, first-ready basis. For life threatening health or safety hazards, application review will be prioritized. Applicants must be owner-occupants of the home for which assistance is sought. Mobile homes are not eligible for rehabilitation under this program.
7. ***Sponsor Selection Criteria:*** Applications may be reviewed on an ongoing basis by the Housing and Community Redevelopment Division staff or by non-profit agency sponsors selected using the criteria above in *Program Description Section P. Program Administration*. Contracted agencies that perform the home rehabilitation activities will be selected through a competitive bid process for projects costing more than \$1,000. The contracted agencies are selected based on criteria including, but not limited to, the following:
  - Financial strength of the sponsor
  - Up-to-date status of sponsor's license and insurance
  - Ability of the sponsor to complete the rehabilitation projects in a timely manner
  - The capacity of the sponsor
  - The experience of the sponsor
  - Willingness of the sponsor to contractually commit to SHIP and other City requirements
  - Preference for sponsors who employ personnel from Welfare Transition Program

8.        ***Additional Information:*** See the Housing and Community Redevelopment Division Policy and Procedures manual for more specific information on each of the activities to be funded under this strategy.