

# CITY OF TALLAHASSEE

## CITY COMMISSION AGENDA ITEM

<b>ACTION REQUESTED ON:</b>	August 20, 2008
<b>SUBJECT/TITLE:</b>	First and Only Public Hearing on Ordinance No. 07-O-07AA; Proposed Amendment to the Land Development Code to Amend the Inclusionary Housing Ordinance to Add New Definitions; to Amend the Resale Methodology to Increase Flexibility of the Program; and to Amend the Monitoring and Sunset Review Section.
<b>TARGET ISSUE:</b>	

### STATEMENT OF ISSUE

This agenda item proposes to change the sales price methodology in the inclusionary housing program to make the program more flexible. The proposed changes (Attachment 1) are to: add new definitions (Average Sales Price (ASP) and Maximum Purchase Price (MPP)); establish a new sales price methodology for the Inclusionary Housing Ordinance (IHO); change the reference to Target Planning Area (TPA) and Critical Planning Area (CPA) zoning districts to “zoning districts that implement the Planned Development future land use category”; amend the Monitoring and Sunset Review section; and revise City Commission Policy 1103.

### RECOMMENDED ACTION

Option 1: Adopt Ordinance No. 07-O-07AA, thereby amending the Land Development Code’s Inclusionary Housing Ordinance to establish \$159,000 as the Average Sales Price (ASP) and \$204,000 as the Maximum Purchase Price (MPP); and to adopt the proposed amendments to the City Commission Policy 1103 (Administration and Implementation of Inclusionary Housing Ordinance).

### FISCAL IMPACT

If approved, this ordinance could increase the affordable housing stock. Increased affordable housing opportunities within the City limits could potentially reduce impacts on the transportation network and other infrastructure.

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Wayne Tedder, Director  
Planning Department

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Anita Favors Thompson  
City Manager

For information, please contact: Deepika Andavarapu ext: 6435

**SUPPLEMENTAL MATERIAL/ISSUE ANALYSIS**

**ITEM TITLE:** First and Only Public Hearing on Ordinance No. 07-O-07AA; Proposed Amendment to the Land Development Code to Amend the Inclusionary Housing Ordinance to Add New Definitions; to Amend the Resale Methodology to Increase Flexibility of the Program; and to Amend the Monitoring and Sunset Review Section.

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

**April 2005:** The City Commission adopted Inclusionary Housing Ordinance 04-O-90AA requiring certain residential developments to set aside at least 10% of the proposed housing as Inclusionary Housing Units.

**November 8, 2006:** The City Commission conducted an annual review of the Inclusionary Housing Ordinance and voted unanimously to adopt a motion directing staff to draft an ordinance revising the Maximum Affordable Selling Price and establishing a sliding scale for the sale of Inclusionary Housing Units.

**February 6, 2007:** The Planning Commission reviewed Ordinance 07-O-07 and found it consistent (6-0) with the Tallahassee Leon County Comprehensive Plan.

**February 14, 2007:** The City Commission introduced Ordinance 07-O-07.

**March 28, 2007:** The City Commission continued this item to allow staff sufficient time to amend the ordinance.

**July 10, 2007:** The Planning Commission reviewed the amended Ordinance 07-O-07 AA and the amended City Commission Policy 1103. Planning Commission voted (5-0) to find the Ordinance and the Policy changes consistent (5-0) with the Tallahassee Leon County Comprehensive Plan.

**September 26, 2007:** The City Commission held a public hearing and adopted Ordinance 07-O-48. This ordinance deleted the sunset provision and avoided the repeal of the Inclusionary Housing Ordinance. The ordinance also requires staff to present a status report on the implementation of the Inclusionary Housing Program prior to October 1, 2008.

**May 13, 2008:** The proposed amendments to the inclusionary housing ordinance went to the Long Range Community Based Planning Target Issues workshop. Commissioners directed staff to present more information about the ordinance.

**June 17, 2008:** The proposed amendments to the inclusionary housing ordinance were presented to the Long Range Community Based Target Issue workshop. Commissioner Gillum expressed concern that the IHO provides too many incentives and requested staff to review other communities' programs. Commissioners directed staff to proceed with presenting the IHO to the City Commission in August.

**August 5, 2008:** Tallahassee Leon County Planning Commission voted (5-0) to recommend approval of the proposed ordinance.

**August 20, 2008:** The City Commission is scheduled to have a public hearing on this Ordinance.

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### **Facts/Issues**

This amendment requires City Commission action. The Planning Department and City Treasurer-Clerk's Office will advertise the Ordinance consistent with State Statutes and the Land Development Code.

### **Planning Commission Discussion**

The Commission had a few questions about the implementation of the Inclusionary Housing Ordinance. After staff clarified the process, the Planning Commission voted unanimously to approve the ordinance as presented.

### **ISSUES**

- The proposed changes to the Inclusionary Housing Program remove the Maximum Affordable Sales Price (MASP) definition: The current sales price methodology, which was established in 2005, requires all the Inclusionary housing units to be sold at \$159,379 (which is the MASP). One of the proposed changes is to remove Maximum Affordable Sales Price (MASP) definition and introduce a new sales price methodology.
- The proposed changes add new definitions:
  - Maximum Purchase Price (MPP): The MPP is the highest price allowed for the purchase of a housing unit as established in the City's Local Housing Assistance Plan adopted every three years by the City Commission. The current proposed MPP is \$204,433.
  - Average Sales Price (ASP): The ASP is the purchase price that all Inclusionary housing units in a single development must average. Staff is proposing the following two ways to establish the ASP.

#### **Recommended Option 1 (As seen on Page 9):**

Current market conditions in Tallahassee indicate a higher demand for affordable housing. Increasing the Average Sales price in current market conditions would place an extra pressure on eligible buyers. As seen on page 5 of Attachment 2, the average cost of construction per sq. ft. in the City of Tallahassee has dropped by 11.5% between 2006 and 2007. As of March 2008, the average cost per square feet has decreased by 4.5%. These numbers indicate that the cost of new market rate constructions have significantly come down in recent times. Therefore, staff believes that the ASP should not be increased and should be left at the current rate,

which is \$159,379. The ASP of \$159,379 is also consistent with what a 4-person household with 70% area median income can afford with a mortgage interest rate of 6.22 percent<sup>1</sup> (Attachment 3).

**Option 2 (As seen on Page 9):**

The ASP is calculated based on what a 4-person household with 80%<sup>2</sup> area median income can afford with a mortgage interest rate of 6.22 percent. The ASP based on these calculations is \$181,426 (Attachment 3). However, per the Inclusionary Housing Ordinance, the review of the Average Sales Price should also consider analysis of housing economic information, including supply side factors, demand side factors and financing factors. Based on the analysis of these three & other factors there is a high demand and low supply for housing for households (Attachment 2) within the 70- 100% AMI. The Consumer Price Index and the Construction Cost Index indicate that the ASP can be increased to up to \$170,000. Therefore, the ASP would be established as \$170,000 based on those factors.

- **The proposed changes establish a new sales price methodology:** The proposed ordinance requires that any development subject to the Inclusionary Housing Ordinance satisfy the following two requirements:
  - (i) The sales price of any Inclusionary housing unit cannot exceed the Maximum Purchase Price (\$204,433); and
  - (ii) The average sales price of all Inclusionary housing units should not be more than the ASP \$159,379 (Option 1) or \$170,000 (Option 2)).
- The proposed changes rename “CPA” & “TPA” zoning districts as “zoning districts that implement the Planned Development future land use category” to make it consistent with the current Comprehensive Plan language.
- The proposed changes require staff to monitor the market conditions on a quarterly basis and present a status report every two years or as needed.
- **Changes to the City Commission Policy 1103:** City Commission policy 1103 (Attachment 2) must be amended in order to make it consistent with the proposed ordinance changes.

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<sup>1</sup> This interest rate is equal to the average interest rate for the first six(6) months of the year (30-year, fixed-, non-jumbo rate) as published by the Federal Housing Finance Board (FHFB). This interest rate will be updated annually based on the average interest rate of the first 6 months of each fiscal year as published by FHFB (Attachment #3).

<sup>2</sup> Although the ASP is calculated based on what a household earning 80% or less is earning, the new sales price methodology allows for creation of units above and below the average sales price. Therefore, some of the units built may target those with lower incomes.

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- **Changes to the Resale Methodology:** Inclusionary Housing units are restricted to purchase by eligible households for a period of no less than 10 years from the date of sale to the original eligible household. The current resale methodology in the Inclusionary housing policy is stated as below:

*“The sales price shall not exceed the Average Sales Price at the time of resale or the initial sales price of the house inflated over the period of ownership at a rate equal to the rate of increase in the CPI all items, for the South US for that period or 2% per annum for that period, whichever is greater, plus 50% of the value of any improvements made to the property.”*

The above statement should be clarified to state that the 2% per annum equity is not guaranteed and that the market conditions partially dictate the equity of a housing unit.

### **Consistency with Tallahassee Leon County Comprehensive Plan**

*Tallahassee Leon County Comprehensive Plan* policy 1.2.4 [H] calls for regulations to increase developer-provided affordable housing. The proposed changes are consistent with this policy, as they will continue to require developer provided affordable housing, especially in those census tracts which have higher than median household income.

### **Status Report**

<b>Project Name</b>	<b>Residential Units/ Inclusionary Units</b>	<b>Current Status</b>
Evening Rose	110/10	PUD approved/ permits pending
Canopy Road PUD	1572 (after 25% density bonus)/126 (owned)- 180 (rented)	PUD pending
Southside DRI	2800 (before density bonus)/ 280 (Owned)- 420 (Rented)	ADA approved/ no applications with the City

The proposed Southside DRI, a large scale mixed use development, which will be located south of Tram Road and Capital Circle Southeast, will be required to comply with the requirements of the IHO. The development is located in both the City and the County. The Apalachee Regional Planning Commission approved Southside’s Application for Development Approval in August 2007. The approved ADA proposes 2,800 residential units and other non-residential uses. The IHO requires DRI’s to provide on site inclusionary housing units. Approximately half of the DRI is in the County where the IHO does not apply, however, the ADA application indicates that the developer intends to either annex unincorporated areas of the development in to the City of Tallahassee or will voluntarily meet the City’s Inclusionary Housing Ordinance even in the County.

Another project that is in the pipeline is the Canopy Road PUD. The 508-acre property is part of the Welaunee Critical Area Plan (CAP) and is proposed as a mixed-use development.

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The PUD concept plan proposes up to 1,572 dwelling units and up to 162,927 gross square feet of non-residential uses. The PUD is currently under review.

*Other Issues:*

At the May 13, 2008 LRTI Meeting, Commissioners asked staff to provide comparison between incentives and mandates of the Inclusionary Housing Ordinance.

<b>Incentives</b>	<b>Mandates</b>
<ol style="list-style-type: none"> <li>1. 25% Density Bonus.</li> <li>2. Design Flexibility (lot size, set back, buffer etc...).</li> <li>3. Expedited Review.</li> <li>4. Fees waived for Deviations</li> <li>5. Transportation concurrency exemption for the inclusionary housing units as well as the density bonus units.</li> </ol>	<ol style="list-style-type: none"> <li>1. Provide a minimum of 10% owner-occupied or 15% renter-occupied inclusionary housing units.</li> <li>2. The maximum sales price of inclusionary housing units is \$159,378.00. The maximum affordable rent shall not be more than the HUD HOME rent for the Tallahassee Metropolitan Statistical Area.</li> <li>3. Bond equivalent to the fee-in-lieu of the inclusionary housing units is required at the time of site plan approval.</li> </ol>

*Other Communities Research:*

The California Coalition for rural housing and non-profit housing association of northern California conducted a survey on all inclusionary housing programs in California in 2003. The survey had a 92 % return rate (98 out of the 107 inclusionary housing programs responded to the survey). The State of California mandates density bonuses for all inclusionary housing programs therefore a majority of Inclusionary housing programs (91%) offer density bonuses. The next popular incentive was fast track processing (45 percent), followed by subsidies (43 %), design flexibility (40%), fee waivers (39%), fee reductions (32%), and fee deferrals (25%).

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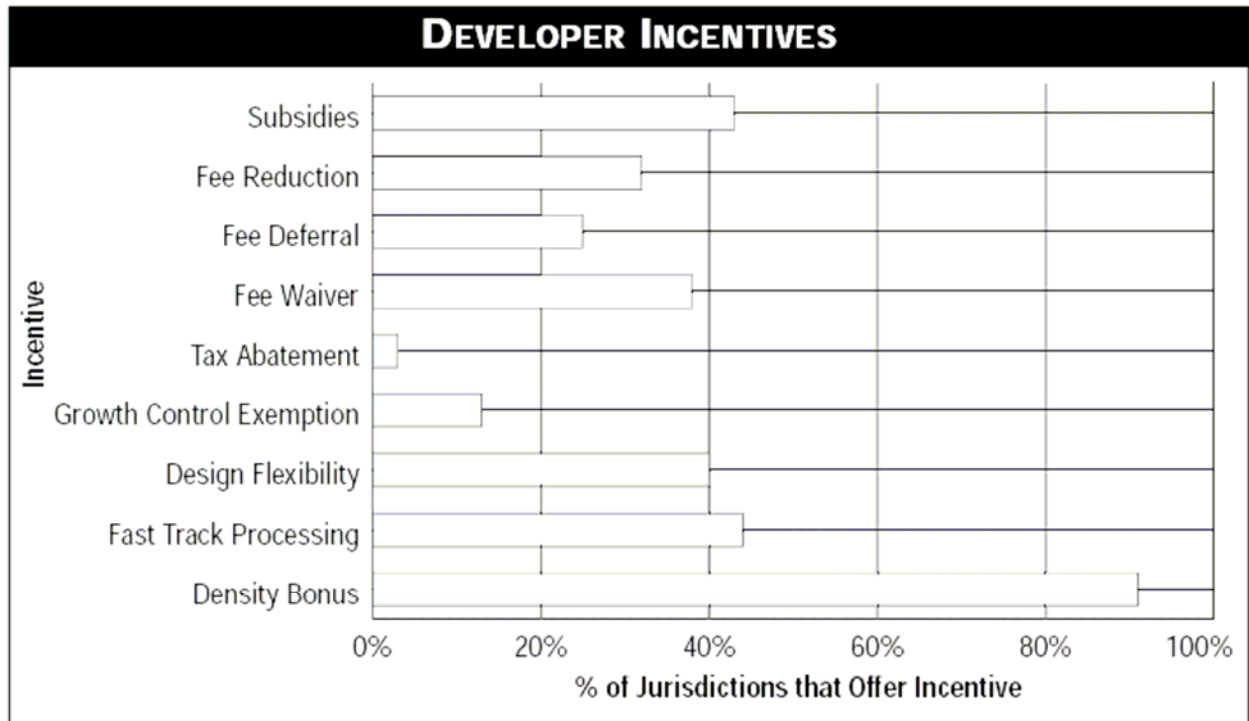


Figure 1: Developer Incentives Offered by 107 communities in California Accessed from [http://www.nonprohousing.org/knowledgebank/publications/Inclusionary\\_Housing\\_CA\\_30years.pdf](http://www.nonprohousing.org/knowledgebank/publications/Inclusionary_Housing_CA_30years.pdf) On July 15, 2008 at 10:30 AM

While fee deferrals are not included in the current list of incentives, such a strategy is consistent with the recent commission action on the Growth Management Stimulus Package, which the City Commission approved on July 9, 2008.

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Another survey conducted by American Planning Association in 2003:

<b>Municipality</b>	<b>Developer Incentives</b>	<b>Population in 2000</b> (Tallahassee's population in 2000 was 150,624)
Boulder, Colorado	<ul style="list-style-type: none"> <li>• Waiver of excise tax</li> <li>• Eligible for local housing subsidy grants</li> <li>• Waiver of development review application fees</li> </ul>	94, 673
Fairfax County, Virginia	<ul style="list-style-type: none"> <li>• Density bonus (sliding scale of up to 20 percent for owner units; up to 10 percent for rental units)</li> <li>• Reduced bulk regulations</li> </ul>	969,749
Irvine, California	<ul style="list-style-type: none"> <li>• Density bonus</li> <li>• Reduction in fees</li> <li>• Eligibility for CDBG and HOME funds</li> <li>• Expedited processing</li> </ul>	143,072
Longmont, Colorado	<ul style="list-style-type: none"> <li>• Density bonus</li> <li>• Fee reductions of up to 75%</li> <li>• Expedited plan review</li> <li>• Variances from land development regulations</li> <li>Reduction of water/waste water fees</li> </ul>	71,093
Monterey County, California	None	401,762
Montgomery County, Maryland	<ul style="list-style-type: none"> <li>• Density Bonus</li> <li>• Smaller lot sizes</li> <li>• Ability to build attached units on detached zoned property</li> </ul>	873,341
Santa Fe, New Mexico	<ul style="list-style-type: none"> <li>• Density Bonus</li> <li>• Fee waivers for plan submittal</li> <li>• Waiver of building fees for affordable units</li> </ul>	62,203



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**CHARITABLE CONTRIBUTIONS**

N/A

**OPTIONS:**

1. Adopt Ordinance No. 07-O-07AA, thereby amending the Land Development Code's Inclusionary Housing Ordinance to establish \$159,000 as the Average Sales Price (ASP) and \$204,000 as the Maximum Purchase Price (MPP); and to adopt the proposed amendments to the City Commission Policy 1103 (Administration and Implementation of Inclusionary Housing Ordinance).
2. Adopt Ordinance No. 07-O-07AA, thereby amending the Land Development Code and the Inclusionary Housing Ordinance and to establish \$170,000 as the ASP and \$204,000 as the MPP; and to adopt the proposed amendments to the City Commission Policy 1103 (Administration and Implementation of Inclusionary Housing Ordinance).
3. Do not to adopt Ordinance No 07-O-07AA. (Note: Per the requirements of the City Land Development Code, failure to provide a review of the Inclusionary Housing Ordinance by October 1, 2008 will result in repealing the Ordinance.)
4. Provide staff alternative direction.

**ATTACHMENTS/REFERENCES**

1. Ordinance 07-O-07 AA.
2. Amendments to City Commission Policy 1103.
3. Housing Economic Information (Supply side, Demand side, Financing and Market Factors).
4. Average Sales Price Calculation.

**ORDINANCE NO. 07-O-07 AA**

**AN ORDINANCE OF THE CITY OF TALLAHASSEE, FLORIDA, AMENDING THE CITY OF TALLAHASSEE LAND DEVELOPMENT CODE RELATED TO INCLUSIONARY HOUSING REQUIREMENTS; AMENDING DEFINITIONS; ADDING DEFINITION FOR AVERAGE SALES PRICE AND MAXIMUM PURCHASE PRICE; UPDATING REFERENCES TO PLANNED DEVELOPMENT ZONING DISTRICTS; AMENDING THE MONITORING AND SUNSET REVIEW PROVISIONS; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.**

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

**SECTION 1:** This ordinance shall be known as the City of Tallahassee Sales Price Methodology Amendments to the Inclusionary Housing Regulations.

**SECTION 2:** Chapter 9, Subdivisions and Site Plans, Article VI, Inclusionary Housing, Section 9-240, Purpose and intent, of the City of Tallahassee Land Development Code is amended as follows:

**Sec. 9-240. Purpose and intent.**

The regulations and requirements of this article are intended to:

- (a) Promote the health, safety and general welfare of the citizens of the city through the implementation of the goals, objectives and policies of the Tallahassee-Leon County Comprehensive Plan Housing Element;
- (b) Increase affordable home ownership opportunities within the City;
- (c) Stimulate the private sector production of housing available to families within the range of 70 percent to 100 percent of the area median income, or lower;
- (d) Facilitate and encourage development that includes a range of housing opportunities through a variety of residential types, forms of ownership, and home sales prices; and;

(e) Encourage the even and widespread distribution of affordable housing opportunities throughout all portions of the community, including within new developments in fastest growing areas of the community.

**SECTION 3:** Chapter 9, Subdivisions and Site Plans, Article VI, Inclusionary Housing, Section 9-241, Definitions, of the City of Tallahassee Land Development Code is amended as follows:

**Sec. 9-241. Definitions.**

In addition to the definitions and rules of construction in section 1-2 of this Code, the following words, terms and phrases, when used in this section, shall have the meanings ascribed to them as set forth below, except where the context clearly indicates a different meaning:

*Area Median Income (AMI)* means the median family income for the Tallahassee Metropolitan Statistical Area, as published by the US Bureau of the Census and the US Department of Housing and Urban Development, unless otherwise specified.

*Average Sales Price (“ASP”)* means the price at which all inclusionary housing units in a single development must average. The current ASP is \$159,379. The ASP shall be reviewed annually by the City Commission, and reset if necessary.

*Eligible households* shall be defined as those households composed of residents of the City earning 70 percent – 100 percent of Tallahassee Metropolitan Statistical Area (TMSA)~~or county wide median family income~~, adjusted for size, based upon the most recently published Census or HUD data. In addition, eligible households shall include the following:

- 1) Households earning less than 70 percent of the area median family income but able to secure a first institutional mortgage wherein the lender is satisfied that the household can afford principal and interest mortgage payments in excess of 27 percent of its

income, shall be deemed eligible households for purposes of owner-occupied housing provided pursuant to requirements of this ordinance; ~~and,~~

- 2) Households earning less than 70 percent of the area median family income but willing to pay rents in excess of 2730 percent of its income, shall be deemed eligible households for purposes of rental housing provided pursuant to requirements set out in this article. and
- 3) Households earning less than 70 percent of the area median income when available housing units considered affordable to that income group by first institutional mortgage lenders are available through a development.

*Fee in-lieu* means the fee paid by the developer/owner of any primary development as an alternative to providing required inclusionary housing for sale within the primary development.

*Inclusionary unit* means a newly constructed dwelling unit offered to an eligible household at or below ~~MASP~~ the Maximum Purchase Price (MPP) such that the average sales price of all the required inclusionary units within the development are at or below the Average Sales Price (ASP) established by this ordinance.

*Market-rate unit* means a dwelling unit in a residential development that is not an inclusionary unit.

*Maximum affordable rent* means the maximum monthly rent that may be charged for an inclusionary rental unit provided in lieu of owner-occupied inclusionary housing provided within the primary development.

~~*Maximum affordable sales price ("MASP")* means the initial maximum sales price of an inclusionary housing unit at the time of the effective date shall be \$159,378.00. Thereafter, the MASP shall be reviewed no less than once every 12 months by the city commission, and reset, if~~

~~necessary. The city commission review shall consider analysis of housing economic information, including supply side factors, demand side factors, and financing factors, not limited to the following: consideration MASP computed through the formula used to set the initial MASP; FHA single family home mortgage limits; CPI, area median income, prevailing mortgage rates, FHFC first time home buyers bond limit, construction materials costs, and other information as may be deemed relevant.~~

Maximum Purchase Price (MPP) means the highest price allowed for the purchase of an inclusionary housing unit as established in the City's Local Housing Assistance Plan adopted by the City Commission.

*Metropolitan Statistical Area (MSA)* means a geographic entity defined by the federal office of management and budget for use by federal statistical agencies, based on the concept of a core area of a city with 50,000 or more inhabitants, or the presence of an urbanized area, as defined by the office of management and budget, and a total population of at least 100,000, plus adjacent communities having a high degree of economic and social integration with that core. The Tallahassee MSA (TMSA) consists of the city, Leon County, Gadsden County, Jefferson County, and Wakulla County, Florida, and all inclusive local governments.

*Off-site unit* means an inclusionary unit that will be built at a different location than the primary development.

*On-site unit* means an inclusionary unit that will be built as part of the primary development.

*Primary development* means a subdivision or site plan including 50 or more housing units intended for sale and owner-occupancy, required to provide inclusionary housing within its physical confines or to provide those in-lieu comparables as authorized by this section.

*Selected census tracts* means those census tracts where the median family income is greater than the countywide median, based upon the most recently published Census or HUD data.

**SECTION 4:** Chapter 9, Subdivisions and Site Plans, Article VI, Inclusionary Housing, Section 9-242, Applicability, of the City of Tallahassee Land Development Code is amended as follows:

**Sec. 9-242. Applicability.**

(a) The requirements of this section shall apply to new development within the urban services area, located within selected census tracts as defined herein, ~~Critical Planning Area (CPA) and Target Planning Area (TPA)~~ zoning districts that implement the Planned Development future land use category, and Developments of Regional Impact (DRIs) with 50 or more residential dwelling units intended for owner occupancy. Developments subject to the requirements of this section providing no less than 10 percent and as much as 100 percent of the total number of residential dwelling units in the primary development as inclusionary housing units shall be eligible for development incentives as provided in accordance with section 9-246.

(b) Sales Price Methodology: Any inclusionary housing development project shall meet the following requirements:

- (i) All housing units produced to satisfy the requirements of this article shall be sold for no more than the Maximum Purchase Price established by this article, as it may be amended from time to time; and
- (ii) The average sales price of all units produced to satisfy the requirements of this article shall not exceed the Average Sales Price established by this article, as it may be amended from time to time.

(c) City Commission Review of Average Sales Price (ASP): The City Commission review of the ASP shall consider analysis of housing economic information, including supply-side factors, demand-side factors, and financing factors, not limited to the following: consideration of ASP computed through the formula used to set the initial ASP; Florida Housing Authority (FHA) single-family home mortgage limits; Consumer Price Index (CPI), area median income, prevailing mortgage rates, Florida Housing Finance Corporation (FHFC) first-time home buyers bond limit, construction materials costs and other information as may be deemed relevant. The formula used to set the initial ASP shall consider published HUD income limits and the current interest rate based on the average interest rate of the most recent six months (30-year, fixed-, non-jumbo rate) as published by the Federal Housing Finance Board. The City Commission through the passing of a resolution can amend the ASP.

~~(b)~~ (d) Developments not subject to.....

~~(e)~~ (e) For the purposes of this section....

**SECTION 5:** Chapter 9, Subdivisions and Site Plans, Article VI, Inclusionary Housing, Section 9-244, Exemptions, of the City of Tallahassee Land Development Code is amended as follows:

**Sec. 9-244. Exemptions.**

...

(e) All developments within the Southern Strategy Area, as established in the *Tallahassee-Leon County Comprehensive Plan*, except for ~~those that~~ included within ~~Critical Planning Area (CPA) and Target Planning Area (TPA) zoning districts~~ Planned Development zoning district, or Developments of Regional Impact (DRIs); and,

...

**SECTION 6:** Chapter 9, Subdivisions and Site Plans, Article VI, Inclusionary Housing, Section 9-245, Requirements for Inclusionary Housing, of the City of Tallahassee Land Development Code is amended as follows:

**Sec. 9-245. Requirements for inclusionary housing.**

The following requirements shall apply:

(a) *Number of inclusionary units required.* Subdivisions and site plans including 50 or more dwelling units shall provide a minimum of ten percent of the units at prices no greater than the [MASP Maximum Purchase Price and with purchase prices averaging not greater than the Average Sales Price](#). For purposes of this section accessory apartment units shall not be construed as a dwelling or residential unit, either for purposes of determining the number of inclusionary units required or the number of inclusionary units provided.

...

(c) *Location of inclusionary units.* Required inclusionary housing units shall be provided within the primary development, at an alternative location within the same census tract or, in a contiguous selected census tract, so long as the off-site location is within the urban service area; the option of providing inclusionary housing at an off-site location shall not be available for developments within ~~TPA or CPA~~ [Planned Development](#) zoning district, nor within DRIs.

...

(e) *Developer financial responsibility.* At the time of the approval of any site plan or preliminary plat for any primary development required to provide on-site or off-site, owner-occupied or rental, inclusionary housing units, or buildable lots, as authorized by this section,



the applicant shall post a bond or submit a letter of credit or other acceptable instrument equivalent to the fee in-lieu of providing the required inclusionary housing. The City shall retain the bond money in escrow in an interest-bearing account for a period of no less than three years, or other time period agreed upon by the applicant and the City, or until the City has documented that the required inclusionary housing or in-lieu comparables have been provided. Upon documentation that the inclusionary housing requirement has been met in part or in full, the City shall remit that portion of the bond money and interest proportionally equivalent to portion of the inclusionary housing requirement satisfied to the applicant or their assigns. If, after a period of three years, or other time period agreed upon by the applicant and the City, the applicant has not demonstrated compliance with the requirement, the bond shall be forfeited and the bond money and interest shall be transferred to the Inclusionary Housing Trust Fund, and may thereafter be utilized for purposes of providing inclusionary housing. In those instances where the applicant has agreed in advance to pay a fee in-lieu of all or a portion of the required inclusionary housing, no bond shall be required to be posted for that amount of the requirement to be satisfied through payment of the fee in-lieu. This provision shall not be available for developments within TPA or CPA-Planned Development zoning districts, nor within DRIs.

(f) *Fee in-lieu of providing inclusionary units.* As an alternative to providing inclusionary housing units, the owner/developer may pay a fee in-lieu to the City. The fee rate shall be as follows:

- (1) For those developments where the median-average sales price of all housing units is equal to greater than 100% of the Maximum Affordable Average Sales Price

(~~M~~ASP) ~~up to~~ but less than 110% of ~~M~~ASP: \$10,000 per required inclusionary unit not constructed;

(2) For those developments where the median-average sales price of all housing units is greater than 110% of ~~M~~ASP and less than or equal to 175% of ~~M~~ASP: \$15,000 per required inclusionary unit not constructed;

(3) For those developments where the median-average sales price of all housing units is greater than 175% of ~~M~~ASP and less than or equal to 225% of ~~M~~ASP: \$20,000 per required inclusionary unit not constructed; and,

(4) For those developments where the median-average sales price of all housing units is greater than 225% of ~~M~~ASP: \$25,000 per required inclusionary unit not constructed.

This provision shall not be available for developments within ~~TPA or CPA~~ Planned Development zoning districts, nor within DRIs.

(g) *Multifamily rental housing in-lieu of providing inclusionary units.* As an alternative to providing inclusionary owner-occupancy housing units, the owner/developer may provide 1½ multifamily rental units per each owner-occupancy unit not otherwise provided. Rental units provided in lieu of owner-occupancy units shall be provided on-site within the primary development, at an alternative location within the same census tract or, in an adjacent selected census tract, so long as the off-site location is within the urban service area. Rents charged for these rental units shall not exceed the current US HUD's High HOME rent limit by bedroom size in the Tallahassee Metropolitan Statistical Area (TMSA). The option of providing off-site multifamily rental housing in-lieu of providing inclusionary units shall not

be available for developments within ~~TPA or CPA~~ Planned Development zoning districts, nor within DRIs.

**SECTION 7:** Chapter 9, Subdivisions and Site Plans, Article VI, Inclusionary Housing, Section 9-249, Monitoring and Sunset Review, of the City of Tallahassee Land Development Code is amended as follows:

**Sec. 9-249. Monitoring and Sunset Review.**

The inclusionary housing implementation provisions in this Code shall be monitored to ensure effective and equitable application. ~~Prior to October 1, 2008, t~~The City Manager will present a status report to the City Commission on the implementation of ~~the City's Inclusionary Housing Program~~ this article every two years or as needed.

**SECTION 8: Conflicts.** All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

**SECTION 9: Severability.** If any provision or portion of this ordinance is declared by any court of competent jurisdiction to be void, unconstitutional, or unenforceable, then all remaining provisions and portions of this ordinance shall remain in full force and effect.

**SECTION 10: Effective Date.** This ordinance shall become effective immediately upon adoption.

**INTRODUCED** in the City Commission on the \_\_\_\_\_, A.D., 2008.

**PASSED** the City Commission on the \_\_\_\_\_ A.D., 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

## **City Commission Policy 1103 - Administration and Implementation of the Inclusionary Housing Ordinance**

**1103.01 Authority:** The City Commission

**1103.02 Scope and Applicability:** This policy shall be used in the administration and implementation of the inclusionary housing ordinance, under Section 9-111, Required improvements, Division 3, Article II, Subdivisions, Chapter 9; Section 9-152, Site plan review process, Division 2, Review and Approval, Article III, Site Plans, Chapter 9; and Article VI, Inclusionary housing, Chapter 9, of the City of Tallahassee Land Development Code.

**1103.03 Policy Statement:**

1. The developer of inclusionary housing shall not be precluded through the application or implementation of the inclusionary housing ordinance from obtaining financial assistance for the inclusionary housing component of a new development in the form of loans, grants, or other assistance as may be available from the City, County, State of Florida, United States Department of Housing and Urban Development, quasi-governmental entities, private lenders, or other non-governmental organizations.
2. Homeowners' association or condominium association fees applied within a residential development that includes inclusionary housing units shall not be applied in a manner that distinguishes between inclusionary and non-inclusionary housing units. [Residents of inclusionary housing units shall pay an equal share of homeowners' association fees or similar costs as non-inclusionary housing units.]
3. Compliance with the inclusionary housing ordinance shall constitute compliance with the minimum requirements for affordable housing in all Developments of Regional Impact with 50 or more residential units, and in all ~~Target Planning Area and Critical Planning Area~~ zoning districts that implement the Planned Development future land use category.

**1103.04 Definitions:** Words and terminology used here shall have the same meaning as defined within the inclusionary housing ordinance/land development code. In addition, the following term, as used in the Policy is herewith defined: **Reserved**

**1103.05 Responsibilities:**

1. **Determination of eligibility for purchase, rental, and occupancy of Inclusionary Units.** The ~~Neighborhood and Community Services Department~~ Economic and Community Development Department shall verify eligibility of households to rent or purchase an inclusionary housing unit. For inclusionary rental units, the ~~Neighborhood and Community Services Department~~ Economic and Community Development Department or its designee shall annually verify that each tenant household's income at the time of initial rental and annually thereafter is within the

- range established in the definition for "eligible households" as appears in the inclusionary housing ordinance.
2. **Determination and collection of value of fee in-lieu of inclusionary Units.** The Growth Management Department shall establish the amount of fees owed to the City when the applicant elects to pay a fee in-lieu of providing inclusionary housing unit(s). The Growth Management Department shall assure that the payment made by the applicant is for the correct amount. Should it be determined upon the construction and sale of housing units within the applicant's on-site development that the fee paid was insufficient, the Growth Management Department shall suspend any and all future permits until the balance of the required payment has been received. Should it be determined upon the construction and sale of housing units within the applicant's on-site development that the fee paid was in excess of that owed, the ~~Neighborhood and Community Services~~ Economic and Community Development Department/Growth Management Department shall inform the Treasurer who shall remit the excess balance, along with any associated interest accrued, to the applicant.
  3. **Collection and disposition of inclusionary housing fees and bond monies.** Inclusionary housing in-lieu fees and developer financial responsibility bonds due at the time of development order approval shall be paid to the City of Tallahassee ~~Department of Neighborhood and Community Services~~ Growth Management Department. ~~Department of Neighborhood and Community Services~~ Growth Management Department shall furnish a receipt as proof of payment to the payer. Copies of the receipt shall be furnished to the ~~City of Tallahassee Growth Management Department,~~ and City Utilities, for authorization for ~~permitting and~~ utility service connection for the development. Copies of the receipt shall also be provided and maintained in the City's official file containing the development order.

Developer financial responsibility bonds shall be tendered in the form of irrevocable surety bonds, irrevocable letters of credit, or other alternative, irrevocable redeemable instrument acceptable to the City. The City shall retain the bond or other instrument for a period of three years, or other time period agreed upon by the applicant and the City. If, within a period of three years, or other time period agreed upon by the applicant and the City, the applicant provides documentation that the requirements for inclusionary housing or in-lieu comparables have been satisfied, the City shall release the bond or instrument to the applicant or their assigns. If after a period of three years, or other time period agreed upon by the applicant and the City, the applicant has not demonstrated compliance with the requirement, the bond or other instrument shall be forfeited and converted to currency and transferred to the Inclusionary Housing Trust Fund, and may thereafter be utilized for purposes of providing inclusionary housing as provided in this policy.

4. **Oversight of the Inclusionary Housing Trust Fund.** The ~~Neighborhood and Community Services~~ Economic and Community Development Department shall oversee the Inclusionary Housing Trust Fund. All disbursements from this fund shall be approved by the director the ~~Department of Neighborhood and Community Services~~ Economic and Community Development Department or his/her designee according to City Policy.

5. **Maintenance of residential lots provided in-lieu of inclusionary units.** The ~~Department of Neighborhood and Community Services~~ Economic and Community Development Department shall maintain and dispose of all residential lots provided in-lieu of inclusionary units. The ~~Department of Neighborhood and Community Services~~ Economic and Community Development Department shall assume responsibility for the development of these lots with inclusionary units.
6. **Maintenance and disposition of residential units if purchased by the City.** The ~~Department of Neighborhood and Community Services~~ Economic and Community Development Department or its designee shall maintain and dispose of all inclusionary housing units purchased by the City. As a condition of sale/transfer, these housing units shall be maintained as inclusionary housing units.
7. **Assisting the inclusionary housing provider and eligible households in the marketing of available inclusionary housing units.** The ~~Department of Neighborhood and Community Services~~ Economic and Community Development Department or their ~~assigns~~ designee may assist sellers and landlords of inclusionary housing units and eligible households seeking inclusionary housing opportunities through providing information on availability of inclusionary housing opportunities and eligible households. When inclusionary housing units are offered for resale on the market after a period of ownership of no less than three years from the date of original purchase, the ~~Department of Neighborhood and Community Services~~ Economic and Community Development Department or ~~assigns~~ designee retain the right to arrange and facilitate the purchase of these units by eligible households.
8. **The City maintains right of first resale purchase of City-assisted inclusionary housing units.** The City of Tallahassee or its designee shall maintain the right to purchase any inclusionary unit wherein the City or its designee provided direct financial assistance to the developer, builder, or owner of that unit, including any waivers or reductions of utility fees or charges. If the City or its designee purchases an inclusionary unit pursuant to this provision from the developer or builder prior to first sale to an eligible household, the purchase price shall not exceed a ~~maximum~~ the sales price of 100% of the maximum affordable sales price at time of issuance of certificate of occupancy proposed for an eligible home owner pursuant to the criteria established by the Inclusionary Housing Ordinance. If the City or its designee purchases an inclusionary unit at any time subsequent to its first sale to an eligible household, the purchase price shall not exceed a ~~maximum sales price of 100% of the maximum affordable sales~~ Average Sales price at time of resale or the initial sales price of the house inflated over the period of ownership at a rate equal no more than 2% per annum for that period plus 50% of the value of any eligible improvements made to the property, whichever is greater. In those instances where units are purchased by the City or its designee, they shall be maintained for sale or purchase to other eligible households at prices or rents at or below the Maximum Purchase Price ~~maximum affordable sales price~~ or maximum affordable rent, as defined in the inclusionary housing ordinance, in accordance with subsections 1103.063 and 1103.064, below. Eligible improvements will include all eligible improvements as evidenced by receipts for each eligible improvement or a cost estimate for each eligible improvement discounted by the percentage resulting from subtracting the Consumer Price Index, South Urban, all items, not seasonally adjusted, as published

- by the U.S. Department of Labor, Bureau of Labor Statistics (CPI), at the end of the month of completion of such eligible improvement from the latest available CPI available at the time of execution of transfer of the property or the Property ceases to be the Grantee's homestead. Eligible improvements will include each capital improvement that increases the value of the home and has a value in excess of \$5,000. Eligible improvements will not include maintenance and repair items such as but not limited to, interior or exterior painting, new appliances, window treatments, plumbing repairs, nor will it include luxury items such as but not limited to, swimming pools, spas, and specialty items. The annual date of the CPI index will that date closest to the completion of the improvement as evidenced by receipts or certificates of occupancy for such eligible improvement.
9. **Penalty for violation. ~~The Neighborhood and Community Services Department~~ Economic and Community Development Department shall be responsible for citation of any violations of the inclusionary housing ordinance.** When necessary to ensure compliance, the ~~Neighborhood and Community Services~~ Economic and Community Development Department shall inform other Departments, such as the City Attorney's Office and the Growth Management Department, to take appropriate action, as described below.
  10. **Establishment of a designee agency.** The City of Tallahassee may establish one or more agencies to act on its behalf with regard to the administration of any part of this policy.
  11. **Establishment of a fast-track review/assistance team for inclusionary housing developments.** The City of Tallahassee shall offer technical assistance and expertise to assist the developer to complete the application and review process quickly and successfully, including, assistance with the design of the development and inclusionary housing units. This team is composed of, at a minimum, the following staff: a planner from the Planning Department, a development coordinator from the Growth Management Department, an environmental permitting specialist from the Growth Management Department, a member of the Public Works Department staff, a development coordinator from the City Utilities, and a housing specialist or planner from the ~~Neighborhood and Community Services~~ Economic and Community Development Department.

### **1103.06 Procedures:**

1. **Eligibility for inclusionary units.**
  - a. General eligibility. No household may occupy an inclusionary unit unless the City or its designee has first verified the household's eligibility. If the City or its designee maintains a list or identifies eligible households, initial and subsequent occupants will be selected first from the list of identified households, to the maximum extent possible. Eligibility verification shall include review of documents that demonstrate the prospective renter's or owner's total income, such as income tax returns, W-4, or W-2 tax forms for the previous calendar year, documentation of employment along with pay stubs from their current employer, and submit such information on a form approved by the City or City's agent/designee.



- b. Occupancy. Any household who occupies a rental inclusionary unit or purchases an inclusionary unit must occupy that unit as a principal residence.
2. **Limitations and restrictions on eligibility and rent.** The City Commission hereby establishes that rental inclusionary housing units be restricted to occupancy by eligible households and rented at a rate not exceeding the maximum affordable rent for a period of no less than 10 years; thereafter, these units may be rented to any person and at any rent.
3. **Limitations and restrictions on eligibility and sales price.** The City Commission hereby establishes that owner-occupied inclusionary housing units be restricted to purchase by eligible households ~~and sold at sales prices not exceeding the maximum affordable sales price~~ for a period of no less than 10 years from the date of sale to the original eligible household; thereafter, these units may be sold to any person and at any price.
4. ~~**Sales of owner-occupied inclusionary housing after initial purchase.**~~
  - a. General. Owners of inclusionary housing units that must sell their unit before the termination of the 10-year period of sales price limitation may do so. Notice of intent to sell owner-occupied housing after ownership of less than 10 years shall be provided in writing to the City ~~Neighborhood and Community Services~~ Economic and Community Development Department or other specified assigns or designated agency no less than two weeks prior to offering the unit for sale.
  - b. Remuneration of direct assistance to the City. At the time of sale, or at such point in time as is previously established in contract between the seller and the City, the seller shall remit to the City, the total amount of any direct financial assistance provided to them by the City for purposes of enabling purchase of the inclusionary housing unit, including, but not limited to "down-payment assistance." For purposes of this provision, the amount of remittance shall be equivalent to the "face-value" of the assistance at the time it was provided and shall not include any interest.
  - c. Sales within three years of the initial date of purchase. All such sales of inclusionary housing units within three years of the initial date of purchase shall be to another eligible household, as defined in the inclusionary housing ordinance. Electively, the City or their assigns/designated agency may purchase such housing units for purpose of recycling housing to other eligible households. The sales price shall not exceed the ~~Maximum Affordable Sales Price~~ Average Sales Price at the time of resale or the initial sales price of the house inflated over the period of ownership at a rate ~~equal to the rate of increase in the CPI all items, for the South US for that period or no more than~~ 2% per annum for that period, whichever is greater, plus 50% of the value of any improvements made to the property whichever is greater.
  - d. Sales within the period of three to ten years from the initial date of purchase. Units sold after three years of the initial date of purchase but before the termination of the 10-year period of sales price limitation may be sold to any purchaser, however, the City or their assigns/designated agency shall have

first right to consummate such sale to another eligible household as well as to purchase such housing units for purpose of recycling housing to other eligible families at affordable sales prices. The sales price shall not exceed the ~~Maximum Affordable Price~~ Average Sales Price at the time of resale or the initial sales price of the house inflated over the period of ownership at a rate ~~equal to the rate of increase in the CPI all items, for the South US for that period or~~ no more than 2% per annum for that period, ~~whichever is greater,~~ plus 50% of the value of any improvements made to the property whichever is greater.

- e. Sales after ten years from the initial date of purchase. Units sold after 10 years from the date of original purchase may be sold to any person at any price.
- f. Assets acquired by the City. Units acquired from buy-back by the City or their assigns/designated agency should be kept as affordable housing stock, and sold to other eligible households, as may be available. If it is not possible to resell such units to eligible households at or below the ~~Maximum Affordable~~ Maximum Purchase Price, these units should be sold to other households that the City has recognized as requiring assistance, at as low a price as practicable. Should that not be possible, the City or their assigns/designated agency may sell these units to any person at any price. The revenues from all sales of units bought back by the City or their assigns/designated agency shall be placed in the inclusionary housing trust fund.

§ 4 **Rental units.** Rental units will be offered to eligible households at a rent of less than or equal to the amount equal to 100% of High HOME Rent for the Tallahassee Metropolitan Statistical Area, as established by HUD, and published periodically. The owner or managing entity in control of the rental inclusionary housing units shall annually furnish the ~~Neighborhood and Community Services Department~~ Economic and Community Development Department or its designee information to be used for the purpose of certifying the eligibility of tenant. The property owner must obtain and review documents that demonstrate the prospective renter's total income, such as income tax returns, W-4, or W-2 tax forms for the previous calendar year, documentation of employment along with pay stubs from their current employer, and submit such information on a form approved by the City or City's agent/designee.

- a. Selection of Tenants. The owners of rental inclusionary units may fill vacant units by selecting income-eligible households from a waiting list prepared by the City or their designee. In those instances where the rent for inclusionary rental housing is less than or equal to the amount equal to 100% of High HOME Rent for the Tallahassee Metropolitan Statistical Area, as established by HUD, the Section 8 Housing Choice Voucher Waiting List can be used for this purpose. Alternatively, owners may fill vacant units through their own selection process, so long as rents do not exceed 100% of High HOME Rent and provided that rents they publish notices of the availability of these units according to guidelines established by the City. These guidelines may require

the owner to identify or describe available units offered for rent to eligible households, state income requirements, indicate where applications are available, state when the application period opens and closes and contact information for additional information. The guidelines can also designate specific newspapers and other media in which a unit's availability may be advertised.

- b. Notification of vacancy. The owners of rental inclusionary units shall notify the City or its designee of any vacancy of rental inclusionary units.
- c. Annual Report. The owner shall submit to the City (~~Department of Neighborhood and Community Services~~ Economic and Community Development Department) or its designee an annual report summarizing the occupancy of each inclusionary unit for the year, demonstrating the continuing income-eligibility of the tenant. The City may require additional information pertaining to the efficiency and effectiveness of the rental aspect of the inclusionary housing strategy. In the case that the City utilizes a designee to administer some or all of aspects of the inclusionary housing strategy pertaining to monitoring renter eligibility and occupancy status, the designee(s) shall forward all reports as required by this section to the City's ~~Department of Neighborhood and Community Services~~ Economic and Community Development Department for annual review.
- d. Subsequent rental to income-eligible tenant. The owner shall apply the same rental terms and conditions to tenants of inclusionary units as are applied to all other tenants, excepting any that would preclude compliance with the inclusionary housing ordinance (for example, rent levels, occupancy restrictions and income requirements) or with other applicable government subsidy programs. Discrimination against persons receiving housing assistance is prohibited.
- e. Changes in tenant income. If, after moving into a rental inclusionary unit, a tenant's household income exceeds the limit for that unit, the tenant household may remain in the unit as long as the household income does not exceed 140% of the income limit. Once the tenant's income exceeds 140% of the income limit, the following shall apply: The tenant shall be given one year's notice to vacate the unit. If within that year, another unit in the development is vacated, the owner may, at the owner's option, allow the tenant to remain in the original unit and raise the tenant's rent to market-rate and designate the newly vacated unit as an inclusionary rental unit affordable at the income-level previously applicable to the unit converted to market rate. The newly vacated unit must be comparable in size (for example, number of bedrooms, bathrooms, square footage, etc.) as the original unit.
- f. Conversion of rental to owner-occupied units. Rental units provided to implement inclusionary housing requirements may be converted to be sold as owner-occupied units. These owner-occupied shall be sold to eligible households and the sales price restricted to the ~~maximum affordable sales~~ Maximum Purchase price, as provided by the inclusionary housing ordinance, and subject to those term periods and limitations established for owner-

occupied inclusionary housing units, and the restrictions upon the ~~maximum affordable~~ sales price and eligible household income of homeowners set forth herein, including that converted owner-occupied inclusionary housing units be restricted to being sold to eligible households ~~and at the sales price restricted to the maximum affordable sales price~~ established by the Inclusionary Housing Ordinance for a period of years equal to 10 minus the number of years it had been rented to eligible households at no greater than the maximum affordable rent.

- ~~6.~~ 5. **Inclusionary housing units unable to be sold on the market.** In those instances where a property developer has endeavored in good faith to consummate the first sale of an inclusionary housing unit to an eligible household by marketing the unit for sale for a period of no less than 180 days, the property owner may sell the unit to City of Tallahassee or its designee at its originally listed price, so long as that price meets the Inclusionary Housing Ordinance and the Average Sales Price (ASP) of all the units within the development are not above the ASP established by the Inclusionary Housing Ordinance and is supported by an appraisal by an independent real estate appraiser licensed to do business in the state of Florida. ~~does not exceed the maximum affordable sales price, as defined in the inclusionary housing ordinance.~~
- ~~7.~~ 6. **Phasing of required inclusionary units for developments of more than 100 units allowed.** Developments of more than 100 dwelling units wherein the development requires final approval in two or more site plans or preliminary plats, may meet the requirements for each phase, plat, or site plan separately so long as at the time of the approval of the initial master plan development order (e.g., PUD, DRI) the applicant posts a bond equivalent to the fee in-lieu of 100% of the inclusionary housing requirement for the entire development.

**8. 7. Disposition of In-Lieu Fees.**

- a. Inclusionary housing in-lieu fees shall be transferred to the City of Tallahassee Inclusionary Housing Trust Fund. Inclusionary housing trust funds shall be used exclusively for either of the following purposes:
- i. the construction of low- or moderate-income housing within selected census tracts, as defined in the inclusionary housing ordinance/land development code, ~~CPA or TPA zoning districts that implement the Planned Development future land use category,~~ or within DRIs with 50 or more residential units; or,
  - ii. monetary assistance to eligible households, as defined in the inclusionary housing ordinance/land development code, in terms of reducing downpayment or "cash required at closing" for housing located within selected census tracts.

- b. For purposes of implementing the inclusionary housing ordinance, the following activities shall be considered as examples of appropriate uses of fee in-lieu revenues:
- i. purchase land and or buildings for other affordable housing within selected census tracts, ~~CPA or TPA~~ zoning districts that implement the Planned Development future land use category, or within DRIs with 50 or more residential units that would be provided to persons that meet the eligibility criteria for inclusionary housing;
  - ii. if approved by the City Commission, payment in full or part of any fees imposed by the City, directly attributable to the development of inclusionary housing units. provide settlement expense, down payment and mortgage write-down assistance to eligible persons or households;
  - iii. purchase and or rehabilitation of rental housing units for conversion to homeownership within selected census tracts, ~~CPA or TPA~~ zoning districts that implement the Planned Development future land use category, or within DRIs with 50 or more residential units that would be provided to persons that meet the eligibility criteria for inclusionary housing;
  - iv. purchase and or rehabilitation of owner-occupied units within selected census tracts, ~~CPA or TPA~~ zoning districts that implement the Planned Development future land use category, or within DRIs, with 50 or more residential units that would be provided to persons that meet the eligibility criteria for inclusionary housing;
  - v. ~~providing~~ provision of funds to match other state, federal, or other non-governmental homeownership programs that expand homeownership for eligible households within, ~~CPA or TPA~~ zoning districts that implement the Planned Development future land use category or DRIs with 50 or more residential units; and,
  - vi. contracting with nonprofit developers for development of housing units to be sold at prices established by the Inclusionary Housing Ordinance for sale or rented to eligible households at or below maximum affordable sales price and at or below maximum affordable rent to eligible households within selected census tracts, ~~CPA or TPA~~ zoning districts that implement the Planned Development future land use category, or within DRIs with 50 or more residential units.
9. **8. Use of a combination of compliance methods.** Where in-lieu comparables may be provided to comply with the requirements of inclusionary housing requirements, the developer/applicant may utilize a combination of compliance methods, including provision of any portion of the required number of inclusionary housing units and provision of one or more in-lieu comparable compliance method, so long as the method of compliance is approved by the entity with authority to grant development order approval.

- ~~10.~~ 9. **Restrictions on resale price and rental rates of inclusionary housing imposed by other than the City of Tallahassee.** In those instances where the owner, developer, or resident of any unit receives assistance from entities other than the City of Tallahassee, the resale sales price or rental rate of an inclusionary housing unit may be further restricted through contractual requirement or obligation imposed by the lender, underwriter, or other party to the contractual agreement, for purposes of maintaining the unit as affordable housing stock for other eligible households. Applicable restrictions, if any, shall be specified in the terms of the contract. It shall not be the obligation of the City of Tallahassee to monitor and enforce such terms.
- ~~11.~~ 10. **Expedition of review of inclusionary housing applications.** Any application including inclusionary housing shall have a brightly colored cover sheet affixed to it (all copies of the application) that specifies in no less than 3-inch bold face lettering that the application includes inclusionary housing and is to be expedited. In addition, this cover sheet shall specify the date the application was taken into the official review section; what the legally established deadlines are for that application (such as any dates for publishing notice, meeting/hearing dates, agenda item due dates, permit issuance dates); and contact information for staff (from the Planning and Department of Neighborhood and Community Services ~~the Economic and Community Development Departments~~) able to provide technical assistance regarding inclusionary housing requirements. In addition, upon receipt of any such applications, the Growth Management Department shall inform the Department director (or chief of staff) of all other applicable development review Departments/Agencies of the application that will be coming to their staff review and that this review shall be expedited. This information is to be conveyed via e-mail followed by hard-copy memorandum.
- ~~12.~~ 11. **Penalty for violation.** The City may institute any appropriate legal actions or proceedings necessary to ensure compliance with the inclusionary housing ordinance, including:
- a. actions to revoke, deny or suspend any permit, including a building permit, certificate of occupancy, or discretionary approval;
  - b. actions to recover from any violator of this of the inclusionary housing ordinance civil fines, restitution to prevent unjust enrichment from a violation and/or enforcement costs, including attorneys fees;
  - c. revocation of business license;
  - d. eviction or foreclosure; and
  - e. any other appropriate action for injunctive relief or damages. Failure of any official or agency to fulfill the requirements of the inclusionary housing ordinance shall not excuse any person, owner, household or other party from the requirements set forth in the ordinance.

**1103.07 Exceptions:** Waivers of some or all of the requirements of the inclusionary housing ordinance may be granted by the City Commission, pursuant to the provisions for waiver, provided in the inclusionary housing ordinance.

**1103.08 Sunset Provision:** ~~This policy is subject to sunset review by the City Commission at least once every five (5) years from the adopted date and thereafter from the most recent date of revision. Revisions to this policy will become effective immediately upon City Commission approval.~~

**1103.089 Effective Date:** This Policy shall become effective upon adoption of the inclusionary housing ordinance by the City of Tallahassee.

**Housing Economic Information**  
**(Supply side, Demand side, Financing and Market Factors)**

Demand Side Factors

**Housing Cost Burden (>30% of income spent on housing), by Percentage of Area Median Income (AMI), 2005**

Shimberg Center Data			Inclusionary Housing Income Range	
% of Income Spent on Housing	Household Income (% AMI)	# of Households (HH)	Household Income (% AMI)	Estimated # of HH
30-39%	60-79.9%	2,052	70-79.9%	1,026
	80-119.9%	1,247	80-99.9%	624
40-49%	60-79.9%	434	70-79.9%	217
	80-119.9%	205	80-99.9%	103
50+ %	60-79.9%	315	70-79.9%	158
	80-119.9%	142	80-99.9%	71
Total HH spending >30% on housing	60-79.9%	2,801	70-79.9%	1,401
	80-119.9%	1,594	80-99.9%	797
<b>Total Cost Burdened HH:</b>	<b>60-120% AMI</b>	<b>4,395</b>	<b>70-100% AMI</b>	<b>2,198</b>

Source: Shimberg Center for Affordable Housing, University of Florida

**Housing Cost Burden (>30% of income spent on housing), by Percentage of Area Median Income (AMI), 2010**

Shimberg Center Data			Inclusionary Housing Income Range	
% of Income Spent on Housing	Household Income (% AMI)	# of Households (HH)	Household Income (% AMI)	Estimated # of HH
30-39%	60-79.9%	2,152	70-79.9%	1,076
	80-119.9%	1,321	80-99.9%	661
40-49%	60-79.9%	456	70-79.9%	228
	80-119.9%	213	80-99.9%	107
50+ %	60-79.9%	342	70-79.9%	171
	80-119.9%	144	80-99.9%	72
Total HH spending >30% on housing	60-79.9%	2,950	70-79.9%	1,475
	80-119.9%	1,678	80-99.9%	839
<b>Total Cost Burdened HH:</b>	<b>60-120% AMI</b>	<b>4,628</b>	<b>70-100% AMI</b>	<b>2,314</b>

Source: Shimberg Center for Affordable Housing, University of Florida

**Increase in Cost Burdened Households, 2005-2010**

	<b>60-120% AMI</b>	<b>70-100% AMI (estimated)</b>
<b># of Households</b>	233	117
<b>% Increase</b>	5.30%	5.30%



**Housing Economic Information**  
**(Supply side, Demand side, Financing and Market Factors)**

Demand Side Factors

**Households with Income Ranges of 70-100% Area Median Income (AMI), 2005**

Shimberg Center Data		Inclusionary Housing Income Range	
Household Income (% AMI)	# of Households (HH)	Household Income (% AMI)	Estimated # of HH
50-79.9%	10,855	70-79.9%	3,618
80-119.9%	11,144	80-99.9%	5,572
50-120% AMI	21,999	<b>70-100% AMI</b>	<b>9,190</b>

Source: Shimberg Center for Affordable Housing, University of Florida

**Households with Income Ranges of 70-100% Area Median Income (AMI), 2010**

Shimberg Center Data		Inclusionary Housing Income Range	
Household Income (% AMI)	# of Households (HH)	Household Income (% AMI)	Estimated # of HH
50-79.9%	11,962	70-79.9%	3,987
80-119.9%	12,319	80-99.9%	6,160
50-120% AMI	24,281	<b>70-100% AMI</b>	<b>10,147</b>

Source: Shimberg Center for Affordable Housing, University of Florida

**Households with Income Ranges of 70-100% Area Median Income (AMI), 2015**

Shimberg Center Data		Inclusionary Housing Income Range	
Household Income (% AMI)	# of Households (HH)	Household Income (% AMI)	Estimated # of HH
50-79.9%	12,960	70-79.9%	4,320
80-119.9%	13,321	80-99.9%	6,661
50-120% AMI	26,281	<b>70-100% AMI</b>	<b>10,981</b>

Source: Shimberg Center for Affordable Housing, University of Florida

**Increase in Households with Income Ranges of 70-100% AMI, 2005-2015**

2005-2010	60-120% AMI	70-100% AMI (estimated)
# of Households	2,282	957
% Increase	10.37%	10.41%
2005-2015	60-120% AMI	70-100% AMI (estimated)
# of Households	4,282	1,790
% Increase	19.46%	19.48%

**Housing Economic Information (Supply side, Demand side, Financing and Market Factors)**

**Target Population Affordability Factors/ Financing Factors**

		Maximum Mortgage for First Time Homebuyers at 80% AMI at Florida Housing Interest Rate							
		Family Size				Family Size			
		1	2	3	4	5	6	7	8
FHFC Florida First Mortgage rate:	6.89%								
80% AMI Income Limits		34,800	39,750	44,750	49,700	53,700	57,650	61,650	65,600
27% of income		9,396	10,733	12,083	13,419	14,499	15,566	16,646	17,712
Avail per month for housing		783	894	1,007	1,118	1,208	1,297	1,387	1,476
Maximum Mortgage		119,009	135,937	153,036	<b>169,965</b>	183,644	197,152	210,831	224,339

Source: HUD Income Limits, 2008 & Florida Housing Finance Corporation Florida First Program Interest Rates, March 2008

		Maximum Mortgage for Households at 80% AMI at Federal Interest Rate							
		Family Size				Family Size			
		1	2	3	4	5	6	7	8
Federal Housing Finance Board Interest Rate:	6.22%								
80% AMI Income Limits		34,800	39,750	44,750	49,700	53,700	57,650	61,650	65,600
27% of income		9,396	10,733	12,083	13,419	14,499	15,566	16,646	17,712
Avail per month for housing		783	894	1,007	1,118	1,208	1,297	1,387	1,476
Maximum Mortgage		127,573	145,719	164,048	<b>182,194</b>	196,858	211,338	226,002	240,482

Source: HUD Income Limits, 2008 & Federal Housing Finance Board 2007/2008

Calculation of Federal Housing Finance Board Interest Rate		Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	<b>AVERAGE</b>
Average of the first 6 months of each year	6.57	6.44	6.29	6.07	6.00	6.18	<b>6.26</b>	

Source: Federal Housing Finance Board

		U.S. City Average			South Region, Medium City		
		CPI	% Increase	Adjusted MASP/ASP	CPI	% Increase	Adjusted MASP/ASP
Feb-06	198.7			\$159,378	191.8		\$159,378
Feb-07	203.5	2.42%		\$163,228	196.0	2.16%	\$162,826
Feb-08	211.7	4.03%	<b>\$169,800</b>	205.1	4.65%	<b>\$170,397</b>	

Source: U.S. Department of Labor, Bureau of Labor Statistics

**Housing Economic Information**  
**(Supply side, Demand side, Financing and Market Factors)**

**Supply Side Factors**

<b>Houses Available in the \$150,000 - \$180,000 Price Range as of January 2008</b>			
	<b>150K-160K Price Range</b>	<b>160K-170K Price Range</b>	<b>170K-180K Price Range</b>
<b>All</b>	<b>192</b>	<b>183</b>	<b>141</b>
Detached	92	99	106
Mobile Homes	2	2	1
Condos	73	56	19
Townhomes	25	26	15

Source: Multiple Listing Service database

**Housing Economic Information**  
**(Supply side, Demand side, Financing and Market Factors)**

Market Side Factors

<b>Construction cost index</b>			
	<b>CCI</b>	<b>% increase</b>	<b>Adjusted MASP/ASP</b>
Jun-05	7415		\$159,378.00
Jun-06	7700	3.8436	\$165,503.79
Jun-07	7983.58	3.6829	<b>\$171,599.06</b>
* Mar-08	8109		
Total Increase		<b>7.6680</b>	

*\*Data for 2008 reflects the CCI up to March and therefore cannot be used to calculate the adjusted MASP*

*Source: Engineering News Record website*

<b>Sales of New Residential Construction</b>				
	<b>Total Sales</b>	<b>Average Sales price</b> <b>/ sq ft</b>	<b>% increase</b>	<b>Adjusted MASP/ASP</b>
2004	765	\$123.31		
2005	1082	\$138.75	12.52	\$159,378.00
2006	546	\$150.51	8.48	\$172,886.36
2007	880	\$133.18	-11.51	\$152,979.91
*2008	112	\$127.16		

*\* Data for 2008 reflects sales as of March 2008 and therefore cannot be used to calculate the adjusted MASP*

*Source: Multiple Listing Service database for Tallahassee Metro Area*

## Calculation of Average Sales Price for Inclusionary Housing, 2008

FHFB Interest Rate

0.0626

AMI LEVEL	Family Size							
	1	2	3	4	5	6	7	8
80.00%	34,800	39,750	44,750	49,700	53,700	57,650	61,650	65,600
27% of income	9,396	10,733	12,083	13,419	14,499	15,566	16,646	17,712
Avail per month for housing	783	894	1,007	1,118	1,208	1,297	1,387	1,476
Maximum Mortgage 6.26%	<b>127,035</b>	<b>145,104</b>	<b>163,356</b>	<b>181,426</b>	<b>196,027</b>	<b>210,447</b>	<b>225,048</b>	<b>239,467</b>

Source: HUD Income Limits, 2008 & Federal Housing Finance Board

AMI LEVEL	Family Size							
	1	2	3	4	5	6	7	8
70.00%	30,450	34,790	39,130	43,470	46,970	50,400	53,900	57,400
27% of income	8,222	9,393	10,565	11,737	12,682	13,608	14,553	15,498
Avail per month for housing	685	783	880	978	1,057	1,134	1,213	1,292
Maximum Mortgage 6.26%	<b>111,155</b>	<b>126,998</b>	<b>142,841</b>	<b>158,684</b>	<b>171,460</b>	<b>183,981</b>	<b>196,758</b>	<b>209,534</b>

Source: HUD Income Limits, 2008 & Federal Housing Finance Board

### Calculation of Federal Housing Finance Board Interest Rate

	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	AVERAGE
Average of the first 6 months of each year	6.57	6.44	6.29	6.07	6.00	6.18	<b>6.26</b>

Source: Federal Housing Finance Board