

# INDIAN RIVER COUNTY, FLORIDA

## MEMORANDUM

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**TO:** Jason E. Brown; County Administrator

**THROUGH:** Phillip J. Matson, AICP  
Community Development Director

**FROM:** Bill Schutt, AICP  
Chief, Long Range Planning

**DATE:** May 29, 2020

**SUBJECT:** Resolution Authorizing the Community Development Department Director, On Behalf of the Indian River Board of County Commissioners, to Execute Single-Family Affordable Housing Impact Fee Waiver/Reduction Agreements and Request for Approval of a Proposed Template Affordable Housing Impact Fee Waiver/Reduction Agreement

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It is requested that the following information be given formal consideration by the Board of County Commissioners at its regular meeting of June 9, 2020.

### **DESCRIPTION & CONDITIONS**

On February 18, 2020, the Board of County Commissioners (BCC) approved a list of recommendations from the County's Affordable Housing Advisory Committee (AHAC). Included in that list was a recommendation that the BCC provide for an impact fee exemption for new single family housing units of less than 1,000 square feet under air when occupied by households earning no more than 80% of Area Median Income (AMI); and a 50% impact fee reduction for new affordable single family housing units of between 1,000 and 1,500 square feet under air when occupied by households earning no more than 80% of AMI.

On March 10, 2020, as part of an overall county impact fee study, the BCC adopted a new impact fee schedule with an effective date of June 15, 2020. Included in that schedule are the two new single family affordable housing land use categories.

At this time, it is requested that the BCC review and consider a resolution (Attachment 1) delegating authority to the Community Development Director to execute Single-Family Affordable Housing Impact Fee Waiver/Reduction Agreements (Attachment 2) consistent with BCC direction.

### **ANALYSIS**

Consistent with Florida Statutes Sections 163.31801 the County may provide an exception or waiver

for an impact fee for the development or construction of affordable housing, as defined in s. 420.9071. Jurisdictions that choose to do so are not required to use any revenues to offset the impact.

The new single family housing unit impact fee waiver/reduction categories while consistent with Florida Statute, are more narrowly defined than the broad allowances allowed by State Statute. This is due to the initial desire to encourage the construction of smaller affordable housing for homeownership and/or rental and due to the fact that single family housing impact fee rates are higher than multi-family housing impact fee rates. As discussed at the February 18, 2020 BCC meeting, the BCC could in the future consider impact fee waivers/reductions for multi-family affordable housing. This will be brought to the AHAC at a future date for discussion.

With respect to the proposed Single-Family Affordable Housing Impact Fee Waiver/Reduction Agreement, that agreement includes an establishment of an affordability time period/term, the financial impact fee waiver amount, the impact fee that otherwise would be charged without the waiver, a financial penalty amount for violating, processes for income verification, and applicability language, and general legal language for breach of agreement. This analysis will focus on the time period, terms, penalties, and review processes.

The proposed income qualification requirements are based on the requirements used by the County's State Housing Initiative Partnership (SHIP) program. As written, the impact fee agreement requires for a period of 10 years (same as SHIP rehab mortgage time period), income verification at time of initial occupancy and at time of change of occupancy. If the single family home is sold or rented to a household that has a household income that exceeds 80% of the AMI, 100% of the impact fees that otherwise would have been charged must be paid, plus a 3% annual penalty (same as SHIP program). If the single family home is sold or rented anytime between 5 and 10 years since the effective date to a household that has a household income that exceeds 80% of the AMI, then 50% of the impact fees that otherwise would have been charged must be paid plus a 3% annual penalty. After ten years of use by income qualified households, the impact fee agreement terminates and no impact fees would be required to be paid (100% forgiveness).

There are a couple different income verification options established in the agreement depending upon the entity/person developing the housing and circumstances involved. For developers of affordable housing that have income restrictions and verification requirements established through State or Federal programs, or through nonprofit housing provider established processes acceptable to the County, they will have the option of executing a certification of household income form. In these cases, the County will have the right to audit and review applicant files to verify income. For builders and homeowners that are not subject to established State, Federal, or nonprofit housing programs with income verification processes acceptable to the County, County staff will verify income based on established State Housing Initiative Partnership (SHIP) processes. Two separate application packets have been prepared by staff for use.

## **Conclusion**

As proposed, the County's Affordable Housing Single-Family Housing Unit impact fee waiver/reduction agreement sets the parameters and performance criteria for the waivers/reductions. The 10 year period of performance, 3% penalty for non-compliance, and income qualification processes set up in the agreement are modeled after the County' SHIP program; a program that has

been operating successfully with similar provisions (with some variations) since the early 1990's. Using the provisions of the County's established affordable housing program allows for consistency, particularly when SHIP home purchase applicants will also likely be applying for the impact fee waiver/reduction program. Further, the impact fee waiver categories are narrowly defined to single-family affordable housing units of no more than 1,500 square feet, which will help to encourage the construction of smaller homes that are affordable.

## **RECOMMENDATION**

Staff recommends that the Board of County Commissioners:

1. Adopt the Proposed Resolution Authorizing the Community Development Department Director, On Behalf of the Indian River Board of County Commissioners, to Execute Single-Family Affordable Housing Impact Fee Waiver/Reduction Agreements together with the Proposed Affordable Housing Impact Fee Waiver/Reduction Agreement, in substantially the form attached to the resolution; and
2. Authorize County staff to prepare and utilize appropriate affordable housing impact fee waiver/reduction application paperwork and related documents including income certification form(s).

## **ATTACHMENTS**

- 1) Proposed Resolution
- 2) Proposed Agreement