

INDIAN RIVER COUNTY, FLORIDA

MEMORANDUM

TO: Jason E. Brown
County Administrator

THROUGH: Stan Boling, AICP
Community Development Director

FROM: Sasan Rohani, AICP
Chief, Long-Range Planning

DATE: April 4, 2019

SUBJECT: Consideration of the Disposition of County Owned Surplus Properties for Affordable Housing

It is requested that the data herein presented be given formal consideration by the Board of County Commissioners at its regular meeting of April 16, 2019.

BACKGROUND

In 2006, the legislature passed HB 1363 relating to affordable housing. According to that bill, each county shall, by July 1, 2007, and every 3 years thereafter, prepare an inventory list of all real property within its jurisdiction to which the county holds fee simple title that is appropriate for use as affordable housing. The inventory list must include:

- Address of each parcel
- Legal description of each parcel (property tax I.D. number)
- Indication if the property is vacant or improved
- Indication if the property is appropriate for affordable housing

As per Section 125.379 (1), F.S., the governing body of the county must review the inventory list at a public hearing and may revise the list at the conclusion of the public hearing. The Board shall then adopt a resolution that includes an inventory list of county owned surplus properties that are appropriate for affordable housing.

According to Florida Statutes, the properties on the list that are identified as surplus county owned properties and are appropriate for use as affordable housing may be:

- Sold to generate funds for the provision of affordable housing
- Sold with a restriction that requires the development of the property as permanent affordable housing, or
- Donated to non-profit housing organizations for the construction of permanent affordable housing

Consistent with 125.379(1), F.S., the county, in 2007, 2010, 2013 and 2016 prepared an inventory of all county owned properties, identified which properties were appropriate for affordable housing, and held a public hearing to review the inventory list. At each of those past public hearings, the BCC agreed with staff's list of county owned properties that were not designated for a specific use and that were deemed appropriate for disposition for affordable housing purposes. In 2007, the BCC voted to donate the identified surplus properties to eligible non-profits for the provision of affordable housing. The county signed agreements with non-profit organizations to build affordable housing units on those surplus properties within three years. Some units were built, but some of the donated lands were later returned to the county. In 2010, 2013, and 2016 the Board of County Commissioners directed staff to sell the surplus properties and contribute the sale proceeds to the County's affordable housing (SHIP) trust fund rather than spend staff and non-profit resources on trying to administer, develop, and track use of individual properties.

The Board must now consider the attached list of proposed surplus properties, determine that the properties are appropriate for affordable housing purposes, and direct staff to dispose of the properties for affordable housing purposes.

ANALYSIS

To comply with the every three year requirement of 125.379(1), F.S., planning staff recently coordinated with the county's GIS staff and updated the county owned properties list. Using County Property Appraiser data, staff identified 523 county owned properties. After coordination and extensive research provided by various departments, staff identified the designated use for each of the properties on the list.

Of the 523 county owned properties, most were obtained by the county for right-of-way, stormwater management, conservation, parks, or other county related uses. Based on its research, staff has determined that only 8 out of the 523 parcels on the original list are not designated for any specific public use. All 8 of those properties are vacant single-family lots and may be appropriate for affordable housing (Appendix A of the attached resolution). One of the 8 lots is landlocked with no access and is not buildable as a separate lot. Other lots on the list appear to be buildable as separate/independent lots. Even the "not buildable" lot on the list may have value since it may be sold to an owner of an adjacent lot and essentially enlarge an existing lot. In the end, funds resulting from the sale of any designated surplus lots that are transferred to the SHIP fund will contribute toward affordable housing efforts in the county.

Alternatives

With respect to the referenced surplus properties, the Board of County Commissioners has the following choices:

1. Keep the surplus properties for future use, or
2. Surplus the properties for providing affordable housing.

Staff supports alternative number 2. Because each of the properties is located in a residential subdivision and is not needed for right-of-way, drainage, utilities, emergency services, parks/recreation, or conservation purposes, those properties are not conducive for any standard public use. Consequently, the county does not have a reason to retain those properties. On the other hand, there is a constant demand for affordable housing within the county and development of affordable housing on the properties or proceeds from the sale of the properties for increased SHIP funding will supplement the County's affordable housing efforts. If the Board decides to surplus the subject properties for the provision of affordable housing, then there are three options available. Those options are:

1. Sell the properties and contribute the proceeds to the county's affordable housing trust fund (SHIP Trust Fund), or
2. Sell the properties with a deed restriction that requires that the properties be developed as permanent affordable housing, or
3. Donate the properties to non-profit housing organizations to construct affordable housing units with deed restrictions to ensure that the properties are maintained as permanent affordable housing.

Details of each option are provided below.

- **Option 1**

Option one is the easiest to implement because it does not require long term monitoring.

Under the Option 1 approach, funds derived from selling the surplus properties would be deposited in the county's affordable housing trust fund (SHIP fund) and used for affordable housing program activities such as down payment and closing cost assistance or rehabilitation assistance. Over the last twenty-five years, the county's affordable housing program (SHIP/HHR) has been extremely successful, providing assistance to over 1,769 very low, low, and moderate income households. Most of that assistance has been provided in the form of down payment and closing cost loans and rehabilitation loans. With that program, the process for providing assistance is already established and only limited monitoring is required.

- **Option 2**

In contrast to Option 1, Option 2 is difficult to implement. Under Option 2, the county would need to coordinate with lot buyers to ensure that lots are developed with affordable housing units and structure resale restrictions for each lot. Then, a process would need to be established for the long-term monitoring of all subsequent transactions for each lot to ensure that the assisted units remain affordable and that new buyers are income eligible.

- **Option 3**

Under Option 3, long term monitoring and other difficulties similar to those referenced in Option 2 would be encountered. Another challenge with Option 3 is actually getting houses constructed on the lots. That difficulty became evident as a result of the 2007 decision to surplus lots to non-profits. After implementing that decision, results were mixed and difficult to achieve: some of the donated lots were not built on, a few were built on, and others were returned to the County. Therefore, staff feels that Option 3 is not a good alternative.

Staff supports Option 1, which is the most efficient approach and was successfully used in 2010, 2013, and 2016.

Summary of Options

Although some of the identified surplus lots have building constraints, such properties could still have value to potential buyers. In some cases, those buyers could be adjacent property owners or others who see value in the properties. In addition, many of the lots are buildable. In every case, each property can be sold and proceeds can be used to fund the County's Affordable Housing efforts. For that reason, staff supports Option 1.

RECOMMENDATION

Staff recommends that the Board of County Commissioners review the proposed list, make any appropriate changes, and approve the proposed resolution accepting the list of County owned surplus properties that are appropriate for the provision of affordable housing.

Also, staff recommends that the Board direct purchasing division staff to sell the identified surplus properties and contribute the sale proceeds to the county's affordable housing (SHIP) trust fund for the provision of affordable housing through the county's existing established affordable housing program.

Attachments

1. Sections 125.379 and 420.0004 of the Florida Statutes
2. List and Map/Aerial Series of Proposed Surplus Properties
3. Copy of Resolution Containing List of Surplus Properties Appropriate for the Provision of Affordable Housing