

Case Study - St. Petersburg, FL



Population: 261,256

Median Household Income: \$64,375

Median Value of Housing Units: \$242,100

Median Gross Rent: \$1,251

Households: 111,860

Person Per Household: 2.26

Problem/Need/Opportunity

The City of St. Petersburg developed a comprehensive 10-year plan to address housing affordability by expanding existing programs and introducing new solutions. The plan began in 2020 and was funded through various public and private sources, impacting approximately 7,000 households and improving life for 19,000 community members across the city. The plan mainly focuses on supporting low- and moderate-income households but also offers solutions for middle-income households and above.

In the City of St. Petersburg, housing supply has not kept up with demand. A recent study conducted with key representatives from the City and a Harvard Kennedy School Transition Team identified the following factors contributing to this issue:

- COVID-19 led to an influx of remote workers with higher-paying jobs, who were able to afford a higher rent.
- St. Pete contends with limited land capacity, older housing stock, and an extended approval system; several interviewees reported that St. Pete had the longest approval time of any municipality in Tampa Bay.
- The prevalence of month-to-month leases in St. Petersburg made it easy for landlords to not renew a lease without formally evicting a tenant. As developers reported, it is more likely to see a price increase for a new lease than for a renewed lease.
- Corporate investor purchases have grown at an exponential rate in the past 10 years, calling into question who is in control of the housing supply.

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Qualifications

BENEFITS FOR LOW- AND MODERATE-INCOME HOUSEHOLDS- (EARN UP TO 120% OF AREA MEDIAN INCOME)

- Creates and preserves 2,400 multi-family units.
- Supports the development of 200 non-subsidized Workforce Density Bonus Units (zoning strategy to encourage developers to include affordable units).
- Includes mixed-income developments on City-owned land to increase the supply of multi-family units.
- Supports the construction of 300 accessory dwelling units, such as encouraging developers to include affordable units like carriage houses and garage apartments.
- Enables the purchase of 500 single-family homes for households earning 120% of the area median income or below.
- Provides 150 single-family lots for the construction of new affordable homes.
- Enables more than 3,200 single-family homeowners to stay in their homes by remedying code violations through available grants and additional City funding.

BENEFITS FOR MIDDLE-INCOME HOUSEHOLDS AND ABOVE- (EARN MORE THAN 120% OF AREA MEDIAN INCOME)

- Makes housing more affordable by increasing the supply of market rate units through the new Neighborhood Traditional Multi-Family zoning districts.
- Supports the construction of 300 accessory dwelling units, such as encouraging developers to include affordable units like carriage houses and garage apartments.
- Includes mixed-income developments on City-owned land to increase the supply of multi-family units.

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Programs

The largest and most impactful piece of the plan leverages approximately \$60 million of City funding for the construction and preservation of 2,400 affordable multi-family units. Since most of these funds are sourced by taxes already paid to each level of government, everyone is contributing to this important solution.

Federal Level Program(s)-

- **HOME (HOME Investment Partnership) — \$1.5 million**
A federal funding source that provides money to the City through the annual Federal budget process.

State Level Programs-

- **SHIP (State Housing Initiative Partnership) — \$2.5 million**
A state funding source that provides money to the City through the annual state budget process.

Local Level Programs-

- **City-Owned Land — \$10 million**
Existing City-owned land and future acquisitions, valued at approximately \$10 million, for the use of housing that is affordable.
- **Penny for Pinellas — \$15 million**
A 1% sales tax that funds long-term capital projects in Pinellas County.
- **SSP CRA (South St. Petersburg Community Redevelopment Area) — \$8.5 million**
A City program by which local taxes collected from the CRA are used for projects located within the CRA alone.
- **Floor Area Ratio Bonus — \$2.5 million**
A fee paid by developers for the right to develop additional square footage on a property.
- **Linkage Fee — \$20 million**
A proposed impact fee on new market-rate construction, pending results of the City's nexus study which is in progress.

Program Funding & Impact:

- » Combination of Federal, State & Local Funding
- » Local Funding: City-Owned Land, Penny for Pinellas (1% sales tax), CRA and considering Linkage Fee
- » Preservation and development of 3,200 units of affordable housing citywide.
- » Provided 150 single-family lots for construction of new affordable homes with the Lot Disposition Program.
- » Helped 500 households purchase a single-family residential home, condominium, or townhome

Lot Disposition Program-

To date, the City has acquired 22 lots through this process.

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Workforce Housing Density Bonus Program-

This program creates incentives for developers and property owners to provide workforce housing as a part of new development within the city. The density bonus allows an increase in the number of units on a site to provide an incentive for the construction of workforce housing and which may be allowed by a zoning district either as additional units or as an additional Floor Area Ratio (FAR).

Any development proposing to utilize the density bonus, or the exemption from FAR calculations allowed in a zoning district enter into a workforce housing bonus density agreement which shall irrevocably commit the developer and/or property owner to provide a specific number of workforce housing bonus density dwelling units for a minimum of 30 years on the property.

The workforce housing bonus density dwelling units shall be offered for sale or rent at a price which is affordable to income eligible households. For each multiple of six workforce housing bonus density dwelling units approved:

- (1) The first unit shall be offered at 80 percent AMI or below.
- (2) The second and third units shall be offered at 120 percent AMI or below.
- (3) The fourth unit shall be offered at 80 percent AMI or below.
- (4) The fifth unit shall be offered at 80 percent AMI or below.
- (5) The sixth unit shall be offered at 120 percent AMI or below.

Workforce housing bonus density dwelling units are to be mixed with, and not clustered together or segregated in any way, from the market-rate units. The number of efficiency, one, two, and three or more bedroom workforce housing bonus density dwelling units shall be proportional to the number of one, two, and three or more bedroom market-rate units.

Recently increased the Workforce Housing Density Bonuses from 6 units per acre to 8 in select zoning districts, 6 to 10 and 10 to 15 in other districts, and removed additional and burdensome requirements for public notice and public hearings.

Zoning, Permitting & Incentives-

- Instituted an expedited permit review policy for affordable housing developments which provides for a 10-day initial permit review process.
- Instituted a process to reimburse developers of affordable single-family housing for the cost of constructing new sidewalks up to \$4,000 per development.
- Reduced multi-family parking requirements for market-rate units, affordable units, affordable senior units, and units adjacent to high-frequency transit routes to reduce the cost of development and incentivize the construction of additional units

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Purchase Assistance Program

The City of St. Petersburg offers financial assistance to homebuyers purchasing a new or existing single-family residential housing unit, condominium, townhome, or cooperative apartment located within the City's municipal boundaries.

REQUIREMENTS

The buyer should be willing and able to meet the following conditions before applying for a loan to assist with buying a home:

- Contribute an amount equal to 1% of the sales price into the transaction including out-of-pocket expenses attributed to the transaction such as earnest money deposit, appraisal, credit report, and property inspection.
- Attend a first-time homebuyer educational training class provided by a HUD-approved housing counseling agency and receive a certificate of completion for that class.
- Purchase a modest housing unit with a sales price not exceeding \$349,525.80 located within the city's municipal boundaries.
- Have the property inspected by a licensed home inspector to ensure compliance with the City's Quality Housing Standards and have all deficiencies cured prior to closing.
- Substantiate sufficient assets available to acquire the housing.
- Demonstrate the ability to sustain homeownership with sufficient residual income to meet anticipated and unanticipated expenses.
- Obtain a primary mortgage loan that is affordable over the term of the loan.
- Apply for and be approved for homestead exemption after the property is purchased.
- Maintain occupancy of the unit as a primary residence for the term of the Purchase Assistance subordinate mortgage loan or until the loan is paid, after which time the mortgage loan will be satisfied.

INCOME ELIGIBILITY

To be eligible for Purchase Assistance, a homebuyer's total annual household income, as defined by the U. S. Department of Housing and Urban Development (HUD), cannot exceed the maximum annual income limit as adjusted for the number of occupants, related or not, residing within the residence.

LOAN TERMS

For Homebuyers at or below 80% Area Median Income (AMI)

Purchase Assistance is provided in the form of a subordinate mortgage loan not to exceed \$60,000 and shall be made available to eligible homebuyers whose total household income does not exceed 80% of the Area Median Income (AMI) as defined by the U.S. Department of Housing and Community Development for the St. Petersburg geographic area. The loan amount is determined by the property's sales price and costs associated with closing the transaction.

- An amount equal to 20% of the purchase price shall be attributed to the downpayment.
- A maximum of \$5,000 shall be provided to fund standard closing fees and service charges. Should the borrower's required 1% contribution into the transaction be insufficient to pay all necessary prepaid items such as the appraisal, credit report, home inspection, and hazard insurance, the City will consider funding the cost of those items over and above the maximum 1% requirement.

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- The total loan amount, for assistance in paying for down-payment and closing costs, is secured by a mortgage recorded in the public records of Pinellas County. The mortgage lien is subordinate to the first mortgage.
- After 10 years of continued occupancy, the Purchase Assistance loan will be 100% forgiven and the City's subordinate mortgage loan will be satisfied, and no monies will be owed to the City.

For Homebuyers up to 140% Area Median Income (AMI)

Funding for households with income between 81% and 140% of the Area Median Income (AMI) may be limited. Purchase assistance is available up to \$60,000 to homebuyers with a total annual household income between 81% and 140% AMI.

- 50% of the subordinate mortgage loan is payable monthly at 0% interest for a term of 10 years.
- 50% forgiveness of the loan after 10 years of continued occupancy.
- The purchase price cannot exceed \$349,525.80 in the South St. Pete CRA.
- Funds within the 140% category are limited and available on a first-come-first-served basis.

Best Practices/Lessions Learned

The City of St. Petersburg has leveraged multiple sources of funding and a variety of programs since developing and implementing their 10-year plan in 2020. Compared to other case studies, they have continued to adjust and adapt their programs. Listed below are some examples of recent adjustments:

- Changed the fees for zoning reviews and reduced fees for smaller homes and for workforce housing bonus applications.
- Established a Community Housing Policy Group to review and discuss affordable housing initiatives.
- Instituted an expedited permit review policy for affordable housing developments which provides for a 10-day initial permit review process.
- Amended the Downtown Zoning District bonus structure to prioritize the Workforce Housing bonus, to either provide on-site units or a payment in lieu that is then used to build new affordable units.
- Reduced multimodal fees for smaller residential units and for low-income units designated as a component of an affordable housing development incentive program.
- Established the new NTM-I zoning category to allow a variety of housing types with up to 4 units on a standard lot along the city's major corridors.