



Attainable Housing Coalition
OF THE ST. JOHNS COUNTY CHAMBER OF COMMERCE

Workforce Housing in St. Johns County:

UNATTAINABLE

Challenges and Solutions
to Attainable Workforce Housing





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OF THE ST. JOHNS COUNTY CHAMBER OF COMMERCE

Essential workers keep the local economy going. They ensure the community’s residents and visitors experience the best quality of life. They protect our neighborhoods and teach our children.

And many of them cannot afford to even live in the communities they serve due to a lack of housing in an attainable price range.

The Attainable Housing Coalition of the St. Johns County Chamber of Commerce is a group of businesses and individuals who recognize these challenges and are committed to working toward making St. Johns County a great place to live for everyone, especially the most essential workers.

The average St. Johns County teacher would need to earn more than three times their current wage to afford a home at the median sales price of more than \$500,000. And homes in lower price ranges simply aren’t available, even for rent.

These challenges have forced many of the most fundamental workers to seek housing outside of St. Johns County. Their extended commutes create traffic congestion and excess wear on county infrastructure and place an unfair burden on those reliant on child care. In some cases, they seek new jobs closer to home, further impacting the local economy.

The Attainable Housing Coalition is committed to working with builders and developers, local business leaders, financial institutions, and government partners to address the needs of our essential workers now and into the future.

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INTRODUCTION

Essential workers play a vital role in providing services that uphold the high quality of life we desire and expect in St. Johns County. We rely on these fundamental workers to keep us healthy and safe, to educate our children and to respond in a time of crisis. However, due to lack of attainable housing, many of these workers are forced to buy and rent homes outside of St. Johns County. Their absence can lead to a decline in quality of life for all St. Johns County residents.

This Attainable Workforce Housing Report is focused on the challenges faced by these workers who provide a high quality of life for all of St. Johns County’s citizens, and proposes solutions to address this critical issue.

Developing policies and partnerships to address the county’s critical workforce housing needs requires a full understanding of the complex dynamics of the housing market and the economic contexts underpinning attainable housing. This report fully demonstrates the scope and scale of St. Johns County’s workforce housing challenges, along with solutions to consider for policy direction and collaboration with both public and private stakeholders.

WHO ARE ‘ESSENTIAL’ WORKERS?

Many fundamental workers contribute to the quality of life in St. Johns County. For this report, “essential worker” refers to these professions, but many others fall within these income ranges.



Teachers and school support staff



Nurses and other health care workers



Tourism and hospitality workers, including food service



Law enforcement and first responders



Manufacturing workers

KEY FINDINGS

- Population growth, changing demographics, remote employment, short-term rentals and investor purchases are impacting the supply and demand for attainable housing.
- Relying on market fluctuations in interest rates and housing prices is not a sustainable solution for attainable housing.
- When considering options for attainable workforce housing, the county should explore a range of approaches for the short- and long-term implications that must also balance considerations for financial resources, local market conditions and community support.
- No single solution will fix this issue, but the county does have options to alleviate these housing challenges for essential workers. A comprehensive approach will involve a combination of options tailored to the specific context and requirements of our community. **For solutions to be sustainable, they must become the cornerstone of the St. Johns County Comprehensive Land Use Plan.**

WORKFORCE HOUSING CHALLENGES

Essential workers face a number of housing challenges that can impact not only their own quality of life but also the quality of life they contribute to for St. Johns County residents. **Two primary challenges are affordability of a mortgage or rent, as well as housing inventory in an attainable price range.**

HOUSING AFFORDABILITY

Defining ‘affordability’

Housing affordability is measured as a percentage of total household income spent on housing, including rent or mortgage, property taxes, homeowners insurance, homeowners association fees, community development district fees and utility costs.

The general guideline for how much income should be spent on housing is to spend no more than 30% of a household’s gross monthly income on housing expenses. This is often referred to as the “30% rule” and is commonly used by lenders, landlords and housing assistance programs to determine affordability.

What workers can afford

Every worker faces different financial situations and demands, but based on home price and salary data in St. Johns County, many of our essential workers cannot buy or rent housing in the county. The St. Johns County Board of County Commissioners in 2023 passed an ordinance establishing “affordable” housing as having a maximum initial sales price of \$260,000 per unit. **Even housing at this price is unattainable for the essential workers highlighted in this report.**

The following scenarios illustrate what these workers can afford based on the average salary of each profession, as well as the minimum income someone would need to attain housing in St. Johns County.



Households spending more than 30% of income on housing expenses are considered “cost burdened.”¹

1. Source: U.S. Department of Housing & Urban Development

ASSUMPTIONS

Illustrating what occupations can afford for housing can be a challenge due to the complexity and variability of individual financial situations and the wide variety of financing options offered by lenders and governmental agencies.

The examples on the following pages attempt to standardize the scenarios using a set of criteria that are reflective of averages whenever possible or the criteria that is typical for the essential worker occupations selected.

Worker salaries



Tourism & hospitality **\$28,300**

Average wage for food worker or hotel worker.



Teacher **\$47,500**

Annual base salary for 0-3 years of experience. Does not include any advanced degree compensation.



Law enforcement **\$55,000**

Officer with 5 years of experience.



Nurse **\$65,000**

Registered Nurse with 5 years of experience.



Manufacturing worker **\$65,000**

College graduate with security clearance but fewer than 3 years of experience.

Key figures

- The average first-time buyer pays about 6% of the home price for their down payment, while repeat buyers put down 13%.² We used 10% to represent both types of potential buyers.
- Median home price in St. Johns County: \$510,000³
- 30-year fixed mortgage rate: 6.87%⁴
- Down payment: 10%⁵
- Average credit score: 680-699⁶
- Homeowners insurance: 0.00912% of home value⁷
- Private mortgage insurance: 1.22% of loan amount⁸
- Homeowners association fee: \$200 per month⁹
- Median rental prices: \$1,623 (1BR); \$1,795 (2BR); \$2,290 (3BR); \$2,823 (4BR)¹⁰

2. Source: National Association of Realtors

3. Source: Northeast Florida Association of Realtors, March 2023

4, 5. Source: Bankrate

6. For moderate income in age range 18-40. Source: American Express

7. Source: Clovered

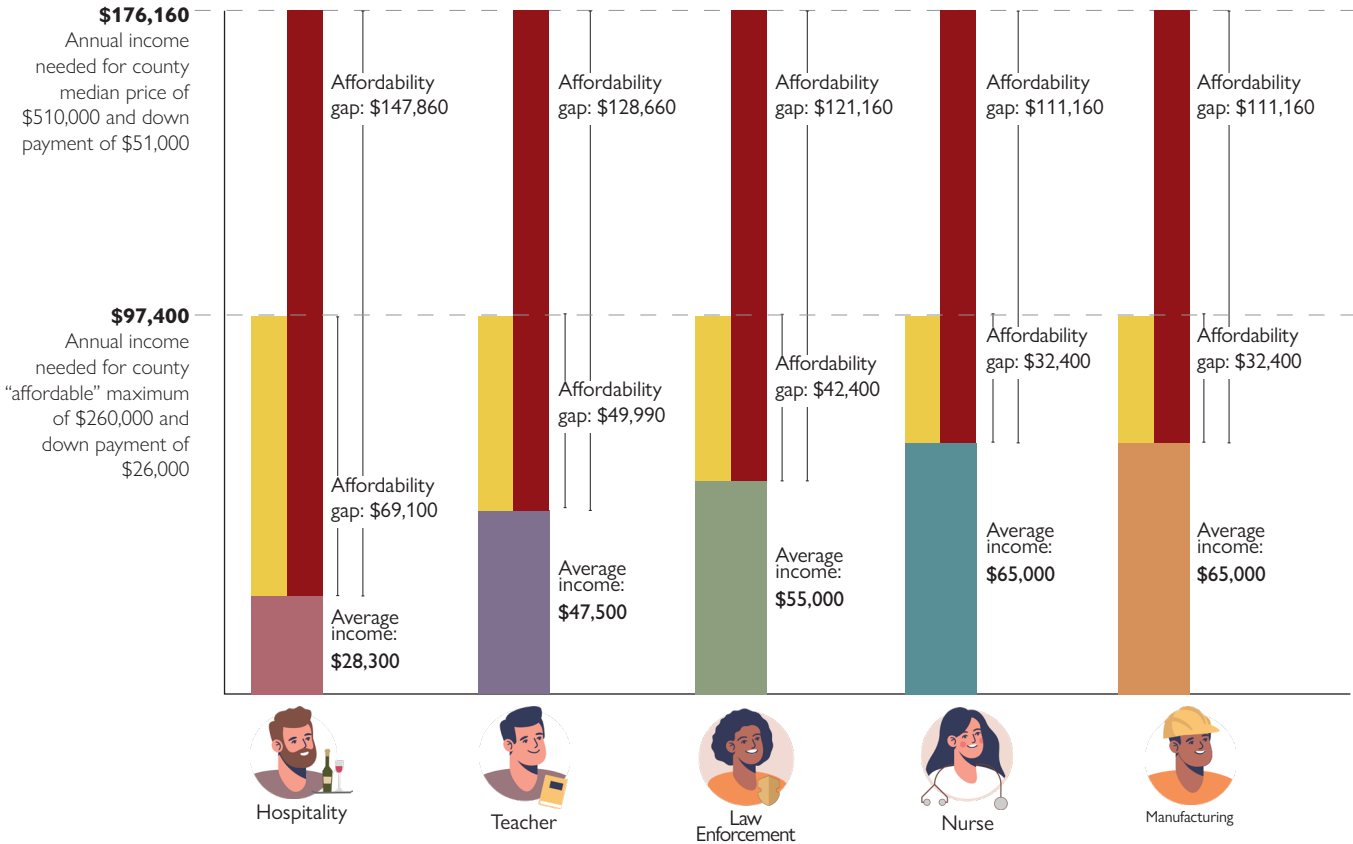
8. Average of carrier rates. PMI is required when down payment is less than 20%. Source: Nerdwallet

9. Average HOA fee across Florida. Source: HOAManagement.com

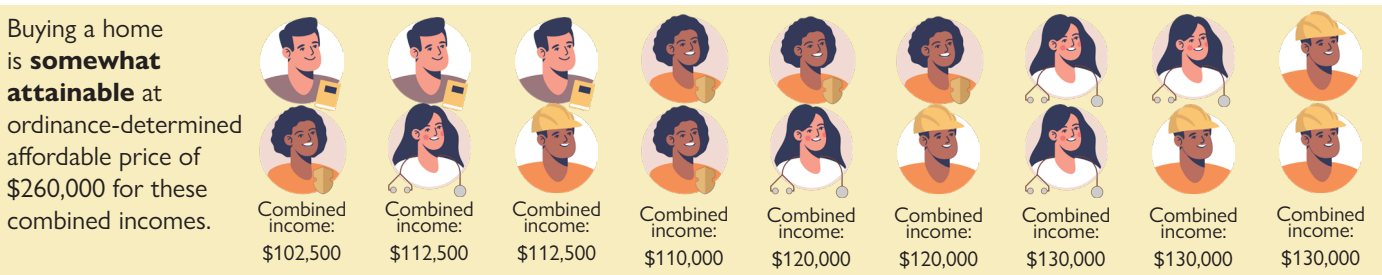
10. Source: Zumper

OWNERSHIP

To purchase a home in St. Johns County at the median price of \$510,000, a buyer needs a minimum annual income of \$176,160 (assuming no more than 30% of annual income will be spent on housing). To purchase a home at the ordinance-determined affordable price of \$260,000, a buyer needs a minimum annual income of at least \$97,400. **None of the essential workers are able to attain housing in St. Johns County on single-earner wages.**



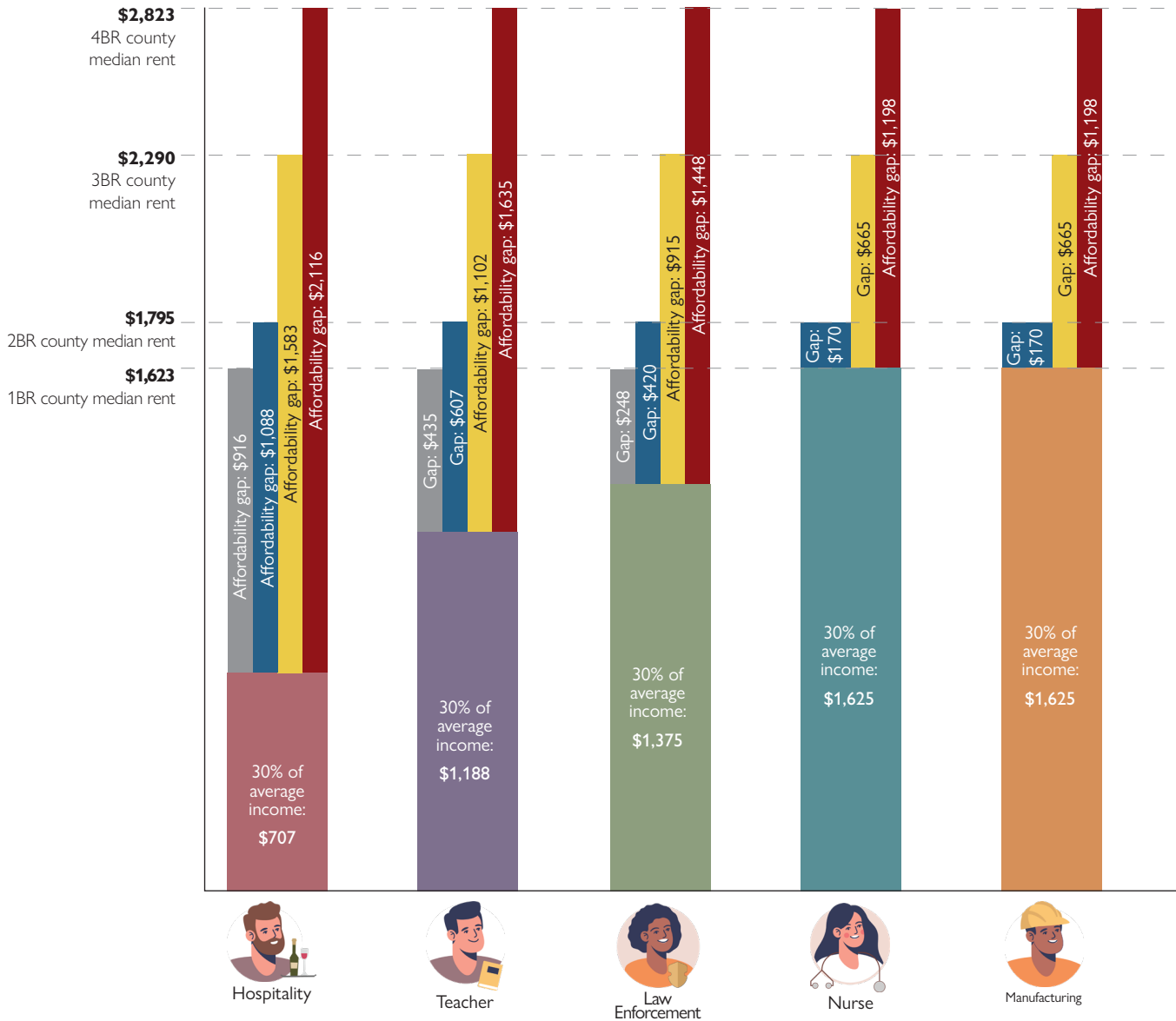
With two essential worker incomes, purchasing a home becomes somewhat more likely at the \$260,000 price. Notably, many hospitality workers cannot reach the necessary income, even when combined with another essential worker's income.



None of the essential worker incomes combined reach the income needed for the \$510,000 median home price.

RENTING

Rental housing is a presumable option for essential workers, as it offers lower upfront costs and fewer expenses related to property maintenance, insurance and taxes. To determine rental affordability, the same rule applies of spending no more than 30% of income on housing.*



Again, housing in St. Johns County remains out of reach for food service and hospitality workers. They would need to spend more than half their monthly income just to rent a 1-bedroom home, and only two of the workers — a nurse or a manufacturing worker — can rent a 1-bedroom home in St. Johns County on a single-earner income.

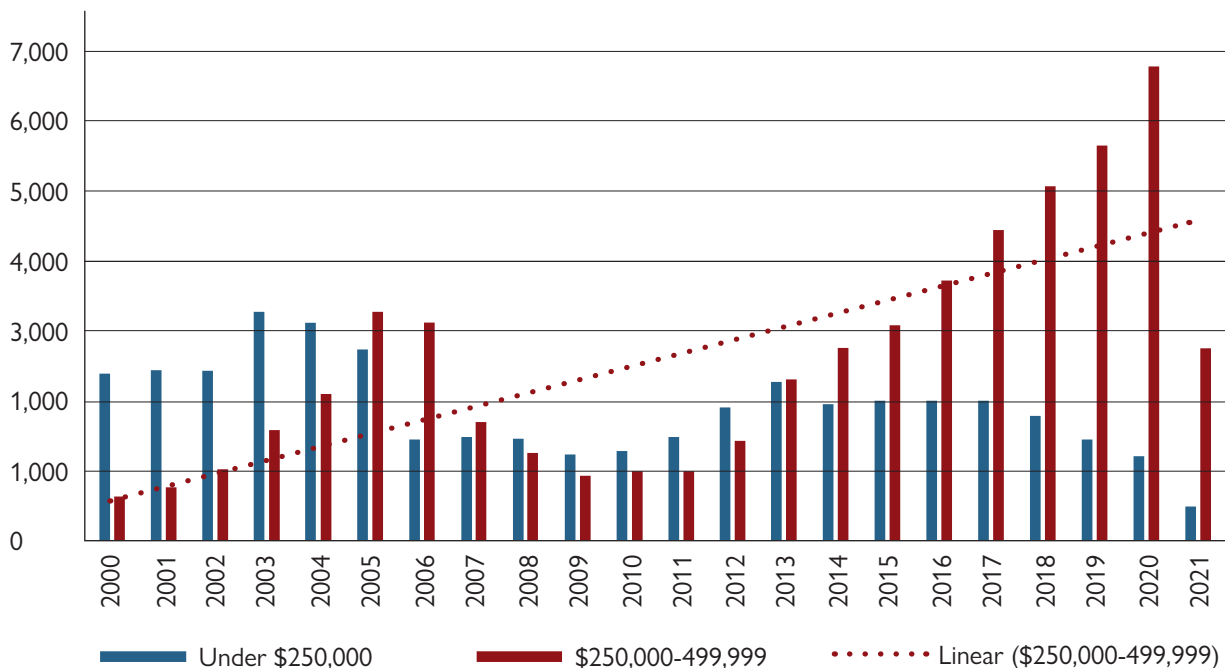
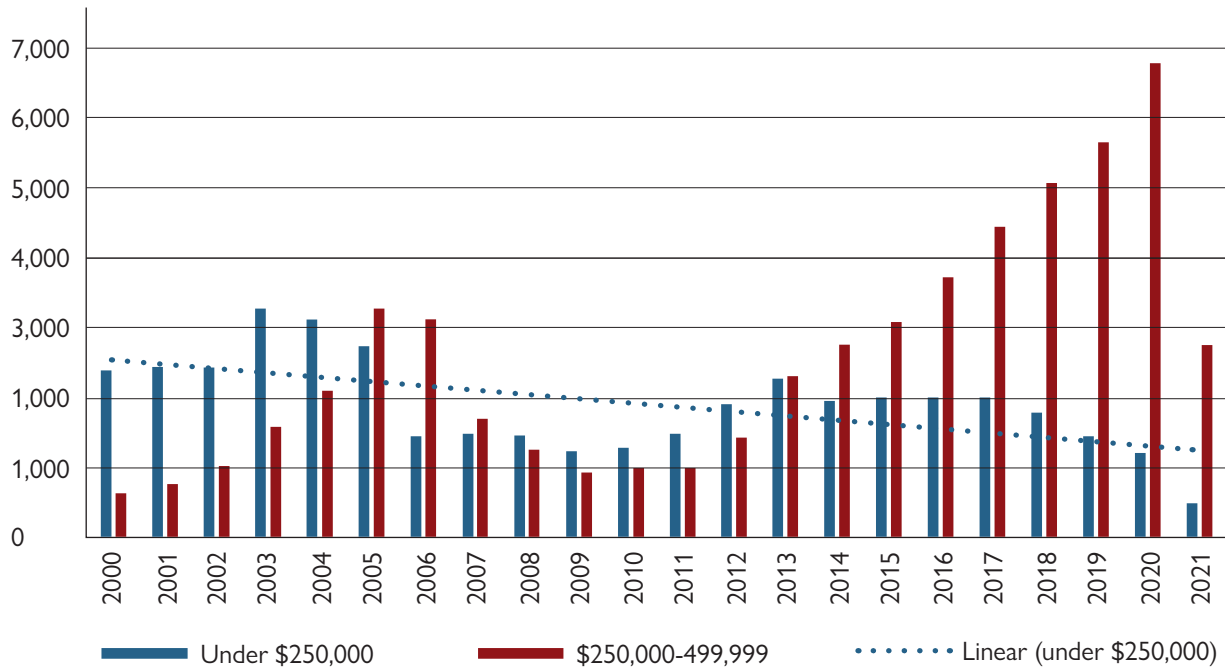
Multi-bedroom rental units are out of reach for many essential workers on a single income.

* Rental prices listed in this report do not reflect additional rental fees or renters insurance.

HOUSING AVAILABILITY

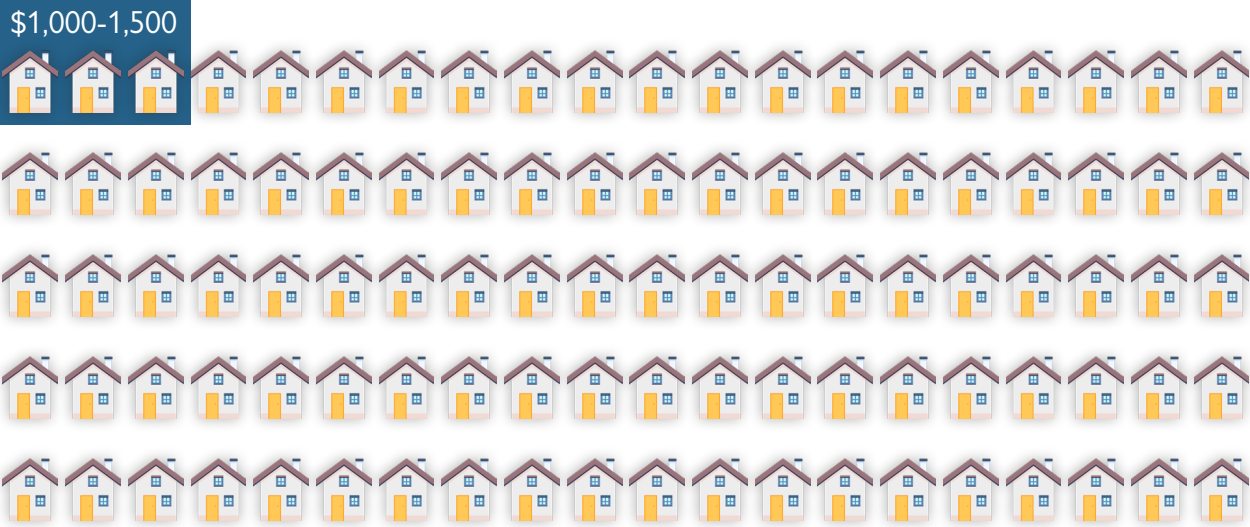
In addition to housing cost as a barrier to attainability for essential workers, housing availability presents a significant challenge for both purchase and rent. The supply of single-family housing in the county's affordability range has dwindled over the last 20 years, while inventory of higher-priced housing has surged.¹¹

The following chart shows the number of homes sold under \$250,000 and from 250,000 to \$499,999 over the years starting in 2000. The number of homes under \$250,000 in St. Johns County has been steadily declining since 2000 while the number of homes over \$250,000 has grown substantially and at a higher rate since 2013.



11. Sources: Florida Housing Data Clearinghouse, Shimberg Center for Housing Studies

Unfortunately, the same availability challenge exists for rental housing units. Only 3% of available rental units are priced in the affordability range of \$1,000-\$1,500 for two of the essential worker occupations. While many more units are available in the next higher range of \$1,501-\$2,000, they are unaffordable for the majority of essential workers. Based on median prices for rental units, these available units are most likely to be 1-bedroom units and impractical for families.



In May 2023, the number of available rental units in St. Johns County totaled 2,369, meaning only 70 units would be available in the \$1,000-\$1,500 range.¹³

Affordability and availability summary

- Purchasing a home at the median price is not attainable for any of the essential workers on their salary alone.
- Only the combined incomes of two essential workers (at the higher wage range) meet the minimum required income for the county’s affordable housing maximum sales price of \$260,000.
- Notably, a hospitality and food service worker could not afford even the \$260,000 sales price in most cases, even when combined with another essential worker’s income.
- Renting is only attainable for two of the essential worker occupations at the higher wage range.
- Availability of homes for purchase or rent at the price ranges our essential workers can afford is extremely limited.

13. Source: RentCafe

HOW WE GOT HERE

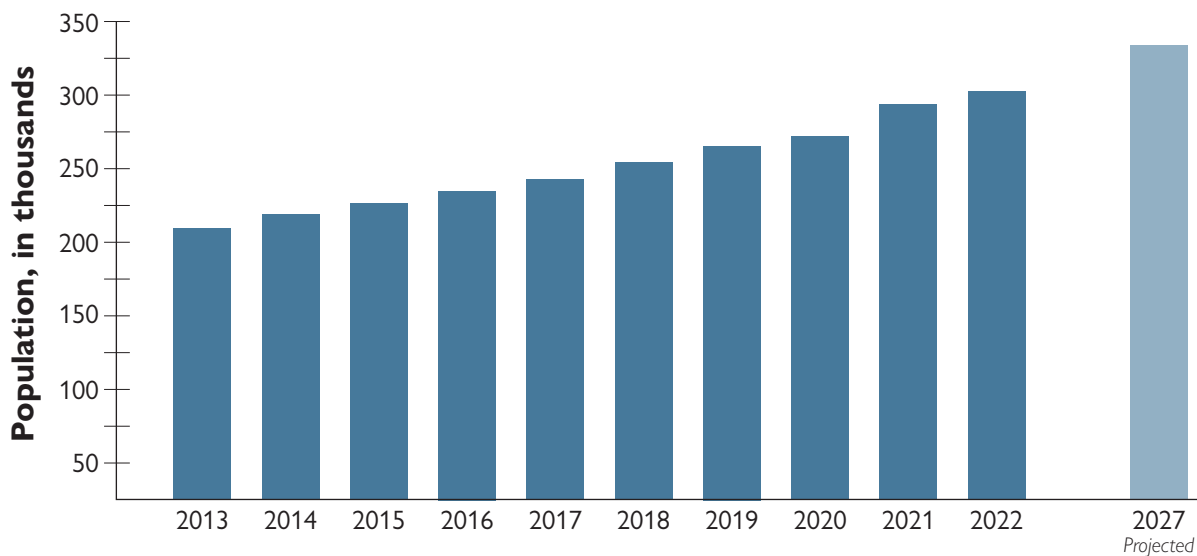
The current housing market in St. Johns County is the result of a variety of familiar market dynamics, such as supply and demand, along with new and emerging forces, like short-term rentals.

Understanding these dynamics can help guide, direct, and prioritize the evaluation of potential solutions to make housing more attainable for the county’s essential workers.

FACTORS IMPACTING HOUSING DEMAND

Population growth

St. Johns County’s population has increased 43% between 2013 and 2022 — from 209,647 to 306,841. Population is projected to reach more than 336,000 by 2027.¹⁴



St. Johns County has benefited from a well-deserved reputation as a desirable place to live, which has had a positive impact on population growth. The population increase in the county has been driven by several factors:

Quality of life	Economic growth	Proximity to Jacksonville
<ul style="list-style-type: none">• Excellent schools• Recreational activities• Natural amenities, such as beaches and parks	<ul style="list-style-type: none">• Strong job market• Low unemployment rate• Continued development	<ul style="list-style-type: none">• Major metro area within 30- to 45-minute commute of most communities• Larger job market

14. Source: St. Johns County Government

Demographic changes

Changes in demographics such as an aging population, changing household sizes and migration patterns all impact the demand for housing in St. Johns County.

Aging population: The median age in St. Johns County has increased from 42 years in 2010 to 44 years in 2021,¹⁵ indicating an aging population.

Increased population in older age groups: The proportion of residents age 55 and over, especially those aged 65 to 74 years old, has grown from 8.9% in 2010 to 12.7% in 2021.¹⁶

Shift in proportion of working-age adults: The proportion of working-age adults age 25-65 has decreased slightly from 53% in 2010 to 50.6% in 2021.¹⁷

Number of single people living alone: The percentage of total households with a householder living alone makes up more than 25% of the total households, with more than half of those over the age of 65.¹⁸ The increase in the number of single-person households has led to a demand for smaller, less expensive homes and apartments

Generational changes

Baby boomers (1946-1964): As this generation ages, there is an increased demand for retirement communities and homes that are more suitable for aging in place.

Gen X (1965-1980): Members of the “sandwich generation” are often raising children while also caring for aging parents. They seek housing options that offer family-friendly layouts, larger bedrooms and potential for multi-generational living arrangements.

Millennials (1981-1996): This demographic group represents more than 22% of the population. Members of this group are now entering their prime home-buying years and looking for homes that are affordable, located in walkable areas and have the latest technology.

Gen Z (1997-2012): While this generation is still relatively young, some emerging trends and preferences indicate what will be important to them for housing. They seek housing options with flexible floor plans, multifunctional spaces and accommodations to work or study remotely. They prefer housing in walkable communities near public transportation, shopping, entertainment and recreational facilities.

Overall, these changes to the population have shifted demand for different types of housing and where those homes are located, which has had a corresponding impact on the supply of this desired housing.

15, 16, 17, 18. Source: U.S. Census Bureau

Emerging pressures on demand

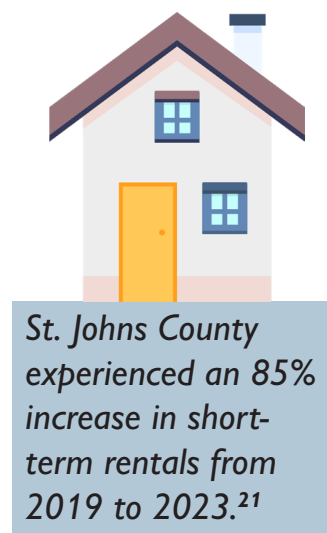
In addition to the normal drivers of demand for housing, such as population growth and changing demographics, new factors have contributed to an increase in demand.

Remote workers: Remote work has had a significant impact on the demand for housing. Many employees are now able to work from anywhere, leading to an increased demand for homes in what are typically vacation destinations, including areas like St. Augustine, where essential workers live year-round. Remote workers are moving to these areas, creating competing demand with essential workers.

Investors: Corporate investors could control 40% of U.S. single-family rental homes by 2030.¹⁹ By 2030, these investors are projected to hold 7.6 million homes, or more than 40% of all single-family rentals on the market.²⁰

Short-term rentals: The short-term rental phenomenon has impacted not only the demand for housing but also on supply and affordability in the following ways:

- With the demand for short-term rentals, homeowners can more easily list their homes as a vacation rental property rather than list them for sale. This has led to an increase in demand for homes in vacation destinations.
- Homeowners may choose to rent out their homes only on a short-term basis instead of to long-term tenants.
- The availability of short-term rentals has driven up housing prices — both for purchase and for rent — and increased difficulty for essential workers to attain housing in the same communities where they work.



Public transportation

With limited options for public transportation in St. Johns County, essential workers typically must drive to their jobs, reducing the amount of income that could be used for housing. The lack of public transportation also extends commute times and increases traffic congestion.

Demand summary

- The significant population growth in St. Johns County has driven up the demand for housing, as well as home prices for both purchase and rent.
- Changing demographics are shaping the demand for different types of housing.
- Remote employment, short-term rentals and investors are new factors that have impacted demand for housing.

19. Source: MetLife Investment Management

20. Source: CNBC

21. Source: All the Rooms

DRIVERS OF HOUSING SUPPLY

Land

Acquisition costs: Land cost is typically one of the largest expenses in any development project. In St. Johns County, land acquisition costs have been increasing in recent years, due in part to the increased demand for residential and commercial properties.

Site preparation costs: These costs include clearing the land, grading the site, installing utilities such as water and sewer lines, and building access roads.

Design and planning costs: These costs include architectural and engineering fees, as well as any costs associated with obtaining necessary permits and approvals.

Permitting and zoning costs: These costs refer to the expenses and time associated with obtaining required permits and complying with zoning regulations when undertaking a construction or development project.

Construction

Labor wages and materials: Labor and materials costs rose with the onset of the Covid-19 pandemic in 2020, and the upward trend has continued in the construction industry.

Higher transportation costs: Getting building materials to construction sites has become more costly, due to increased fuel prices and other transportation-related expenses.

Construction Costs

	1-Year Change	Since Pre-Pandemic
Wages	+5.6%	+10.5%
Materials	+16.8%	+42.5%
Total Costs	+10/.%	+23.9%

Sources: U.S. Bureau of Labor Statistics, Construction Outlook

Impact fees

In St. Johns County, impact fees are charged to new developments to help offset the county's costs of providing necessary additional infrastructure and services. These fees are typically based on the size and type of development, and they are intended to ensure the cost of growth is borne by the developers and new buyers rather than by current taxpayers. The fees might include:

- **Transportation:** Building and maintaining roads, bridges, and other transportation infrastructure.
- **Parks and recreation:** Building and maintaining parks, playgrounds, and other recreational facilities.
- **Public safety:** Providing law enforcement and fire protection services.
- **Schools:** Building and maintaining schools to accommodate additional students.

Zoning and ordinances

Zoning regulations and ordinances can have a significant impact on the supply and type of attainable housing depending on the specific requirements and standards set by the county.

- **Zoning for single-family homes:** Regulations that require a certain percentage of land to be set aside for single-family homes can make it difficult to build developments with more affordable options, such as apartments, townhomes or duplexes.
- **Density requirements:** Conversely, some zoning regulations require a low density of development, which can make it more difficult to build attainable housing.
- **Minimum lot sizes:** These requirements can limit the number of housing units that can be built on a given piece of land, reducing supply and options for attainable workforce housing.
- **Parking requirements:** Many zoning regulations require a minimum number of parking spaces per housing unit, which can increase the cost of development and reduce the number of attainable units that can be built on a given piece of land.
- **Height restrictions:** Keeping buildings low limits density and availability of multifamily housing like apartments and reduces access to lower-cost housing for essential workers.

Public opinion and community resistance

Public opinion can affect housing supply through resistance to certain types of housing development. Known as “not in my backyard” or NIMBYism, this local opposition is usually fueled by concerns over property values, increased density or perceived negative impacts, and can lead to stricter regulations or denial of affordable housing projects altogether.

Supply summary

- Cost of land has increased significantly in St. Johns County.
- Construction costs for labor and materials have remained high despite many supply chain issues being resolved post-pandemic.
- Impact fees offset cost to the county but can make attainable housing development too expensive for builders and developers.
- Zoning, ordinances and regulations have impacted the supply of housing that can be offered in the attainable price range for essential workers.
- Public opinion and “NIMBYism” can affect housing supply by either resistance to or support of certain types of housing development.

SOLUTIONS TO EVALUATE

When considering options for attainable workforce housing, a range of approaches are available for the county to explore, with both short- and long-term implications to balance with considerations for financial resources, local market conditions and community support.

No single solution will address the lack of of attainable workforce housing. But St. Johns County has a variety of “levers” to pull to increase availability and accessibility to housing for our most fundamental workers.

A comprehensive approach typically involves a combination of options tailored to the specific context and requirements of a community and **must become a cornerstone of the St. Johns County Comprehensive Land Use Plan.**

Other communities around the United States have developed and implemented a variety of programs to address attainable workforce housing shortages. The chart below summarizes these approaches. St. Johns County can apply these best practices and tailor the plans to the unique and complex dynamics of housing in this community.

These examples were selected based on programs or approaches that could be applied to the environment in St. Johns County. Some were selected based on a particularly innovative approach, similar demographics or similar economy. **A consistent best practice across many of these programs is incorporating accountability and reporting on successes and shortfalls for the respective programs.**

Land Use & Comprehensive Plans	Zoning & Regulations	Government Programs	Builder/ Developer Incentives
<ul style="list-style-type: none"> • Mixed-use development • Transit-oriented development • Land banking and public land use 	<ul style="list-style-type: none"> • Density bonus • Parking bonus • Cottage code • Form-based code 	<ul style="list-style-type: none"> • Government-owned city surplus property • Lot disposition program • Multiple unit property tax exemption • Low-income rental property tax exemption • Purchase assistance program • Opportunity zones 	<ul style="list-style-type: none"> • System development charge exemptions • Affordable housing impact fee assistance program • Special tax assessment for affordable housing • Expedited/ streamlined permit review for affordable housing

CASE STUDIES

LAND USE & COMPREHENSIVE PLANS

Land use and comprehensive plans shape the physical and regulatory framework for development and provide a more sustainable solution for promoting and providing affordable housing.

Mixed-use development

Comprehensive plans can encourage mixed-use development, combining residential and commercial uses within a single development. By integrating less expensive housing units into mixed-use projects, governments can enhance housing attainability while promoting vibrant, walkable communities.

Transit-oriented development

Land use plans can promote transit-oriented development, which focuses on building housing and other amenities around transit hubs. By prioritizing attainable housing in these areas, communities can provide more robust housing options for residents who rely on public transportation, reducing their transportation costs and increasing accessibility to areas with more jobs and essential services.

Land banking and public land use

Comprehensive plans can include strategies for land banking, where local governments acquire land for future development, including affordable housing projects. Public land can be repurposed for affordable housing, ensuring its availability for essential workers.

ZONING & REGULATIONS

Evaluating current zoning and regulations can have a significant impact on the supply of attainable workforce housing by attracting investors and developers to build housing in price ranges attainable for essential workers. Zoning is important to ensure complementary use of land, such as balancing residential areas with commercial properties. Thoughtful zoning and regulations contribute to a high quality of life for residents by managing development, depending on the needs of the community.

Land use restrictions

Regulations often dictate how land can be used within a specific area. In some cases, these restrictions may limit the types of housing that can be built or the density of development. If regulations prioritize larger (thus more expensive) housing units, building less expensive housing options can be difficult.

Minimum lot sizes and setbacks

Zoning regulations can require minimum lot sizes and setbacks, which can increase the cost of development. These requirements can limit the ability to build smaller, less expensive housing units on available land, making these developments financially less attractive to developers.

Density restrictions

Some zoning regulations impose density restrictions, such as limiting the number of units that can be built on a given plot of land. These restrictions can hinder the development of higher density, less expensive housing options like apartment buildings.

Parking requirements

Zoning regulations often include parking requirements that mandate a specific number of parking spaces per housing unit. These requirements can significantly increase construction costs, making affordable housing more difficult for developers to provide.

Approval processes and fees

Lengthy approval processes and high permit fees can add significant costs and delays to affordable housing development. These additional expenses can make pursuing affordable housing projects financially unfeasible for developers and builders.

Examples

Addressing the impact of zoning and regulations on attainable housing requires collaboration between policymakers, community stakeholders and housing advocates to promote the development of affordable housing and requires a comprehensive approach and long-term planning. Other communities have implemented zoning and regulation changes to promote attainable housing.

Density bonus

- **Bend, Ore.** Projects that defined up to 50% of the units as affordable are allowed to go to 1.5 times the standard density for that zone with a decreasing scale of 1.4 for 40% affordable, 1.3 for 30%, and so on.
- **St. Petersburg, Fla.** The Workforce Housing Density bonus allows an increase in the number of units on a site to provide an incentive for the construction of workforce housing which may be allowed by a zoning district either as additional units or as an additional floor area ratio. 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.
- **Palm Beach County, Fla.** Transfer of Development Rights is a voluntary program that allows a property owner to achieve a density bonus by purchasing the increase in density in new residential developments within the urban/suburban tier in unincorporated Palm Beach County from the PBC TDR Bank, or from a property owner with land in a designated area, without going through the land use amendment process. In order to increase density, the site must meet requirements to become a designated area and follow defined procedures. All TDR units are built on the development site, and 35% of TDR units are provided as workforce housing units.

Parking bonus

- **Bend, Ore.** For all multi-family developments at 60% of the area median income or under, the requirement is one parking space per unit instead of 1.5.
- **St. Petersburg, Fla.** Reduced multifamily parking requirements for market-rate units, affordable units, affordable senior units, and units adjacent to high-frequency transit routes to lower the cost of development and incentivize the construction of additional units.

Cottage code

- **Bend, Ore.** A cottage code provides a housing type that responds to changing household sizes and ages, e.g., retirees, small families or single-person households; provides opportunities for ownership of small, single-family detached units within residential zoning districts; encourages the creation of more usable space for residents of the development through

flexibility in density and lot standards; and supports growth management through efficient use of urban residential land. Small units (fewer than 1,000 square feet) share outdoor space.

Form based code

- **Arlington County, Va.** Form based code is an alternative zoning district for regulating development that helps realize a community’s vision for a specific area. Arlington County is uses form based code to transform Columbia Pike into a walkable community anchored by a lively “main street,” lined with restaurants, businesses and attractive public spaces, while preserving housing options for residents with a mix of incomes. The revitalized Columbia Pike will accommodate more people and higher-density development, and the form based code clearly defines and illustrate requirements for building heights, building and parking placement, historic facades, windows, balconies and other architectural features, as well as standards for public sidewalks, street trees, parking and parks, civic greens, and town squares. Affordable units and energy-efficient buildings are requirements of the neighborhood’s form based code.

GOVERNMENT PROGRAMS

Government incentives or exemptions can have a positive impact on affordable housing by encouraging its development and making it more financially viable. Here are some ways in which government incentives or exemptions can affect affordable housing:

Florida’s ‘Live Local Act’

Gov. Ron DeSantis signed the Live Local Act into law effective July 1, 2023. The following summary briefly describes the changes to existing county/municipal ordinances regarding the future development of “affordable housing” in select zoning areas.*

Prior law and new law effective July 1, 2023

Prior to July 1, 2023, a county/municipality was allowed to circumvent its comprehensive plan and zoning regulations when approving the development of affordable housing on any parcel zoned for residential, commercial, or industrial use, subject to certain conditions.

The Live Local Act

Under the Live Local Act, each county/municipality is required to prepare an inventory list of all real property within its jurisdiction that is owned by the county/municipality and deemed appropriate for affordable housing.

A county/municipality must administratively authorize a proposed residential or mixed-use project on any parcel zoned as commercial, industrial, or mixed-use, without any comprehensive plan amendments, rezoning or other special approvals needed, provided that the project contains at least 40% affordable units at a density that does not exceed the highest density allowed on any parcel where residential use is allowed with a building height that does not exceed the highest allowable building height for residential or commercial structures within one mile of the parcel and the project satisfies all other applicable land development regulations. If any other applicable land development regulations cannot be satisfied, then further action by the county/municipality may be required to obtain the necessary relief, but in no event shall a

* This summary is subject to revision once the implementation details are finalized.

county/municipality require a comprehensive plan amendment or rezoning (or other special approval) to allow the use, building height, or density.

A developer will now be able to view the county's/municipality's property that is deemed appropriate for affordable housing without having to contact the county/municipality and enter into a long-term ground lease (rather than acquiring fee title to the property) for purposes of developing affordable housing.

Property tax discounts/exemptions

First applies to the 2024 tax roll and is repealed Dec. 31, 2059. A nonprofit can now receive an ad valorem exemption on its land when a nonprofit enters into a 99-year ground lease with an affordable housing developer.

The 'missing middle'

The bill adds an ad-valorem property tax exemption for portions of property in a multifamily project up to 75% of the assessed value if the project provides housing to persons or families whose annual household income is greater than 80% but no more than 120% AMI; or 100% of the assessed value if the project provides housing to persons or families whose annual household income does not exceed 80% AMI. All developers can now receive a property tax exemption on the portions of their properties used for affordable housing if their properties qualify, including market rate developers.

Affordable housing property tax exemption

Allows counties and municipalities to adopt an ordinance to exempt portions of property used to provide affordable housing.

To be eligible, the portions of the property must be used to house persons or families whose annual income is no greater than 60% area median income; must contain more than 50 residential units of which at least 20% will be used to provide affordable housing; units must be rented for the lesser of an amount that does not exceed the amounts specified by the most recent multifamily rental program income and rental limit chart posted by Florida Housing Finance Corporation (derived from Housing and Urban Development); or 10% below the market rate; and the property must not have been cited for three code violations in the preceding 24 months and must not have outstanding code violations or related fines before final determination on a property's qualification.

Amount of exemption

If all units in the development are used for affordable housing, then the local government can exempt up to 100% of the assessed value of each residential unit used to provide affordable housing. If fewer than 100% of the units are used for affordable housing, then the local government can exempt up to 75% of the assessed value of each residential unit used to provide affordable housing.

Building materials sales tax refund

An owner may receive a refund for sales tax paid for building materials used to construct property, subject to a recorded agreement with Florida Housing, that has newly constructed units restricted by a land use restriction agreement to provide affordable housing to natural persons or families meeting the Extremely Low Income, Very Low Income, or Low Income limits. An affordable

housing developer can now seek a refund for sales taxes paid for building materials used for an eligible unit. This refund can be substantial as it allows for a refund of \$5,000 per eligible unit.

Corporate tax donation credit

This new law allows a corporation to receive a tax credit for money's contributed to Florida Housing for its State Apartment Incentive Loan, or SAIL, program. This credit is highly complex and could be very beneficial to companies that have substantial revenue, which may have maximized their yearly 10% charitable deduction limit and would also like to invest in affordable housing.

Federal opportunity zones

Opportunity zones are a community development tool authorized in the Federal Tax Cuts and Jobs Act of 2017 (H.R. 1) to encourage investment in designated areas. The Opportunity Zone program is intended to spur investment in distressed communities by allowing taxpayers specialized tax treatment, including deferred capital gains, for investments in Qualified Opportunity Funds, which, in turn, must invest at least 90 percent of their assets in businesses located in qualified Opportunity Zones. The IRS officially designates a census tract as an Opportunity Zone based on the recommendation of a tract by the state's governor. St. Johns County has two opportunity zones, which include Census Tract 204 and Census Tract 210.03. The opportunity zones are located within or adjacent to the City of St. Augustine limits.

Tax incentives

Governments can provide tax incentives to developers or investors who build or invest in attainable housing projects. These incentives can include tax credits, deductions, or exemptions that reduce the financial burden of developing or operating affordable housing units. By reducing the costs, tax incentives make it more attractive for developers to engage in affordable housing projects.

Grants and subsidies

Governments can offer grants or subsidies to support the construction or operation of attainable housing. These funds can help offset the higher costs associated with developing housing that are attainable for low-income individuals or families. Grants and subsidies can be provided directly to developers, housing organizations or individuals as rental assistance or down payment assistance.

Land and property incentives

Governments can provide land or property at reduced costs or through long-term leases to promote affordable housing developments. By reducing land acquisition costs, developers can allocate more resources toward building less expensive units, making the projects financially feasible.

Density bonuses and zoning incentives

Governments can offer density bonuses or zoning incentives to developers who include affordable housing within their projects. Density bonuses allow developers to build additional units beyond what is typically allowed in exchange for including affordable units. Zoning incentives can include relaxing parking requirements, height restrictions or setback rules for affordable housing developments.

Expedited approval processes

Governments can streamline and expedite the approval processes for affordable housing projects. Reducing bureaucratic red tape and shortening the timeline for obtaining permits and approvals, will save developers time and money, making affordable housing projects more attractive.

Regulatory exemptions

Governments can provide exemptions from certain regulations or fees that apply to market-rate housing developments. These exemptions can reduce costs and provide more flexibility in the design and construction of affordable housing units.

Examples

Government incentives or exemptions can significantly impact the availability and affordability of housing. By reducing financial barriers and providing supportive measures, governments can incentivize developers and investors to participate in affordable housing projects, ultimately increasing the supply of attainable housing.

Opportunity zones

- **Orlando, Fla.** Parramore Oaks will bring 120 new energy-efficient homes and a boost of economic activity to a downtown Orlando, community that has been a priority investment area for more than three decades. Parramore Oaks is located in a downtown Orlando redevelopment area where the city is pursuing reinvestment and revitalization efforts with an emphasis on providing more homes, cultural arts, retail, and transit options. A comprehensive plan for the Parramore neighborhood was developed in recent years through Enhance Central Florida — a community-generated plan for sustainable, inclusive transit-oriented development around several SunRail stations. The comprehensive plan called for new affordable and market-rate homes as a measure to prevent resident displacement given an increased desire to live in downtown Orlando.

City surplus property program

- **Bend, Ore.** The city periodically sells city-owned land for development as affordable housing.

Lot disposition program

- **St. Petersburg, Fla.** The City of St. Petersburg's Affordable Housing Lot Disposition Program connects qualified developers to vacant lots acquired by the city through foreclosure. The lots are provided at a nominal amount, with no up-front costs, on one condition: the developer constructs and sells the property to a qualified buyer whose income meets affordable housing standards notated by the city (at or below 120% area median income).

Multiple unit property tax exemption

- **Bend, Ore.** A 10-year tax exemption on improvements for multi-unit residential projects in core and transit-oriented areas that meet certain public benefit requirements.

Low-income rental property tax exemptions

- **Bend, Ore.** Qualifying low-income rental housing projects are eligible to receive a 20-year exemption from city property taxes.

Purchase assistance program

- **St. Petersburg, Fla.** 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.

BUILDER/DEVELOPER INCENTIVES

Incentive programs can encourage and attract builders and developers to participate in projects that specifically target the development or preservation of attainable housing. Providing benefits or rewards can influence the private sector to contribute to the attainable housing supply.

Examples

System development charges exemption

- **Bend, Ore.** All city system development charges are exempted for housing for which the developer or property owner agrees to record a deed restriction to maintain the property as affordable housing.

Affordable housing impact fee assistance program

- **Palm Beach County, Fla.** The county utilizes impact fee investment earnings to support the construction of affordable owner-occupied, for-sale and rental housing.

Special tax assessment for affordable housing

- **Greenville, S.C.** A property owner who provides affordable housing and is planning to rehabilitate the property may apply to have their tax assessment frozen for up to 20 years at the pre-rehab value and avoid tax increases over the same 20-year period.

Expedited/streamlined permit review for affordable housing

- **St. Petersburg, Fla.** An expedited permit review policy for affordable housing developments 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.

'Smart' density

- **Omaha, Neb.** Prairie Queen in Papillion, Neb., near Omaha, is the nation's first exclusively "missing middle" housing neighborhood, with 50 acres of housing that includes duplexes, triplexes, townhomes and similar options to accommodate a variety of household sizes and incomes. Homes are placed around a refined network of narrow streets and blocks to promote walkability, including thoughtful ways to "park" with alley loading and on-street parking, which helps maintain a tranquil vibe and keeps cars from defining the character of the neighborhood.

Prairie Queen was designed by Opticos Design of Berkeley, Calif., and the key to the project was a MMH Neighborhood Kit system, which presents a suite of simple unit plans that can

be deployed across sites to create buildings with character and vibrant neighborhoods of missing middle housing options.

To create efficiencies and cost savings, and to deliver projects at attainable price points, six unit plans are standardized with the intention that the unit plans can be assembled intelligently into a variety of building types, which in turn can be placed together to create neighborhoods with a lot of variety and character.

LAND TRUSTS

In the community land trust model, housing is made affordable by separating its value from the value of the land underneath it. A qualified low-income homebuyer can purchase a house, but the land is owned by a community-based nonprofit corporation, which provides a 99-year ground lease to the homeowner. Because the sales price of the home does not include the value of the land, the homebuyer has an affordable monthly mortgage payment and a nominal ground lease payment.

Florida is a national leader in the growth of community land trusts and is the first in the nation to have a certification program.

The terms of the 99-year ground lease place limitations on the resale of the home, requiring that the home be sold to another income-qualified family. The lease prescribes a “resale formula” that keeps the home price affordable to the next buyer while providing the seller with a fair return. There are several types of resale formulas, but most community land trusts use what are called “appraisal-based” formulas. These formulas set the maximum price as the sum of what the seller paid for the home plus a certain percentage of any increase in market value (as measured by appraisals). Most local groups starting community land trust programs spend a good deal of time examining various types of resale formulas before deciding on one that is right for them.

Examples

- **Palm Beach, Fla.** In exchange for a reduced purchase price and affordable homeownership opportunity, when a community land trust homeowner decides to sell a community land trust home (which does not include the land), he/she agrees to sell the home to another low- to moderate-income household for a price that is predetermined by the resale formula contained in the ground lease. The formula is designed to balance equity gain for the owner with a resale price that is affordable for future buyers.
- **Tallahassee, Fla.** The ground lease that secures the use of the land is for 99 years and is renewable and inheritable. Homeowners pay a nominal \$20-30 monthly ground lease fee to support the community land trust nonprofit organization, and the selling price starts at the investment in the home (mortgage plus down payment minus closing costs) and grows with the owner’s share of the equity as the home gains value over time.



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