

MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Land Use and Sustainability Committee

FROM: Alina T. Hudak, City Manager

DATE: January 25, 2023

SUBJECT: **Discuss Increasing Allowable Floor Area Ratio for Workforce Housing**

HISTORY

On November 16, 2022, at the request of Commissioner Ricky Arriola, the City Commission referred a discussion item regarding increasing the allowable floor area ratio (FAR) for workforce housing (item C4 V) to the Land Use and Sustainability Committee (LUSC).

BACKGROUND

As noted more specifically in the attached referral memo, the item sponsor is requesting that the Land Use and Sustainability Committee discuss increasing the allowable floor area ratio in certain areas of the City for the benefit of workforce housing.

ANALYSIS

Over the last several years, South Florida has experienced significant increases in property values and housing prices. This has exacerbated existing challenges for the City of Miami Beach, as a larger percentage of the workforce must commute from outside the city.

In response to the lack of adequate workforce housing in the City, several incentives and amendments to the Land Development Regulations (LDRs) pertaining to the development of workforce and affordable housing units have been implemented. For reference, these incentives include the following:

- Expedited building permit review for low- & moderate-income housing;
- The waiver of mobility fees, parks concurrency, sustainability fees, and art in public places fees, for affordable and workforce housing;
- Reduced off-street parking requirements;
- The waiver of fees for the permanent removal of on-street parking spaces;
- Reduced minimum unit size requirements;
- An 80% density bonus for workforce and affordable units; and
- Allowing the rental of accessory dwelling units (ADUs) built prior to 2019 in the mid-beach area.

The Administration has also reviewed best practices for incentivizing workforce and affordable housing that are utilized by other jurisdictions. Below is a list of those best practices:

Miami-Dade County, FL

- Accessory Dwelling Units (ADUs) are permitted in all single-family zoning districts.
- Workforce Housing (WFH) Development Program: voluntary program that provides the following incentives:
 - Up to 25% Density Bonus:
 - 5% WFH provides 5% Bonus
 - 6% WFH provides 9% Bonus
 - 7% WFH provides 13% Bonus
 - 8% WFH provides 19% Bonus
 - 9% WFH provides 21% Bonus
 - 10% WFH provides 25% Bonus
 - The density bonus can be transferred.
 - Increases intensity standards per zoning district such as:
 - Increased FAR
 - Increased height limits
 - Maximum lot coverage
 - Reduced minimum open space
 - Reduced setbacks
 - Parking requirement reductions
 - Sets a tiered income limit target
 - Allows monetary contribution in lieu of WFH
 - 2-year deferral of impact fees. Exempts impact fees for affordable housing
 - Expedited plan review
 - Requires a 20-year covenant
- Rapid Transit Zone: voluntary zoning district permitted within a half mile of a SMART Plan Corridor
 - Additional height
 - Increases Floor Area Ratio and provides density bonuses
 - Requires 12.5% of units be set aside for WFH
 - Provides reduced parking requirements
 - Streamlined rezoning process

City of Miami, FL

- Allows ADUs in T3-L districts
 - Property owner must live on site
 - 450 SF maximum
- High Intensity Area Incentives:
 - Project may double residential density for projects that are 100% affordable and workforce
 - May not abut T3 (Single Family District)
 - Parking reductions of up to:
 - 80% in a TOD (Transit Oriented Development) areas
 - 50% in a transit corridor
 - Relaxation of number of stories, only sets maximum height for T5, T6-8, and T6-12

- Staff level design review, instead of design review board
- Increased FLR (Floor Lot Ratio)
 - Increase varies per Zoning District.
- No maximum lot area requirements
- Modification of setback requirements above the 8th story
- Allow transfer of unused density from historic sites to TOD areas
- 30-year covenant with two automatic 10-year extensions

State of California

- The Density Bonus Law: State mandate in all jurisdictions that provides density bonuses and other incentives to provide low- and moderate-income housing.
 - Density bonus varies based on affordable housing percentage provided and income level served
 - Applies to projects with 13% to 20% affordable housing
 - Requires local governments to provide other zoning concessions that result in cost reductions such as site development standards, zoning code modifications, architectural design requirements, mixed-use zoning, or other incentives
 - Prohibits local governments from enforcing standards which preclude such developments and provides a waiver process, including setbacks, lot coverage, open space, and height limits
 - Sets a maximum minimum parking requirement
 - Requires a 55-year term for income restrictions
 - Allows local governments to apply FAR bonuses in place of density bonuses

San Francisco, CA

- Exceeds minimum standards of the statewide Density Bonus Law
- When development has 30% of units affordable for low and middle income, allows 2 stories above existing height limits
- When 100% of a project is affordable, allows 3 stories above existing height limits
- Modifies other building bulk controls to facilitate development
- Modifies design principles to facilitate development

New York City, NY

- Inclusionary Housing Program has three (3) types of inclusionary housing areas:
 - Mandatory
 - Affordable units are required for all new developments
 - Bonus provided in optional areas apply
 - Optional
 - Bonuses are provided for providing Affordable units
 - However, opting out may incur a zoning penalty in certain districts
 - R10 Optional areas.
 - Program provides a floor area bonus of up to 20 percent, increasing the maximum FAR of 10.0 to 12.0 for the provision of affordable housing in applicable residential and commercial districts with R10 density
 - The Inclusionary Housing Program provides two optional floor area incentives in exchange for the creation or preservation of affordable housing, on or off-site, predominantly for low-income households.

- In Inclusionary Housing designated areas mapped in medium- and high-density residential neighborhoods and commercial districts with equivalent density, a bonus of 33 percent of floor area can be obtained for providing 20 percent as affordable housing. The base FAR in designated areas is, in most cases, lower than the maximum FAR allowed in the same zoning district located outside a designated area.
- Bonuses vary by zoning district.
- Manufacturing areas have rezoned to allow for housing.

Orlando, FL

- Reduced or Waived Impact Fees.
- Density/Intensity Bonus:
 - The City of Orlando offers developers a density/intensity bonus to construct a greater number of dwelling units per acre or commercial floor area per acre than would otherwise be permitted.
 - The City provides a density bonus program opportunity for many of the City's zoning districts to receive additional density or intensity by providing on-site affordable units in conjunction with another approved use.
 - The City also provides a program for some of the residential, commercial, and office zoning districts to receive a density or intensity bonus in exchange for an-in-lieu fee contribution to the City of Orlando's Housing Trust Fund, or provide on-site housing units that are dedicated to low and very low income households.
- Alternative Development Standards
- Expedited Permitting

As it pertains to best practices, many jurisdictions provide development incentives to encourage the development of workforce and affordable housing. A common feature found in most of the incentives is intensity/FAR bonuses in exchange for providing workforce or affordable units. The Miami Beach LDR's do contain many of the same incentives that are provided by other cities, with the notable exception of FAR bonuses. While many of the cities listed above do struggle with issues of affordability, it appears that they have had some success at encouraging private sector investments in providing workforce and affordable units.

FAR Bonus Options

In terms of establishing an FAR bonus for workforce or affordable housing, there are two routes that could be considered. The first option is to provide a uniform FAR increase for the purpose of providing workforce or affordable units. Such a proposal was considered by the City Commission several years ago, in which a flat 0.5 FAR bonus would be provided for the purpose of developing workforce housing units. This option did not move forward.

A second option would be to utilize percent increases from the base FAR. Utilizing a percentage would ensure that the additional FAR is proportionate to the underlying FAR, thereby ensuring that a proposed project is more compatible with its surroundings. Such a program could provide for a flat percent increase, or an increasing percentage based upon meeting greater targets for workforce housing. Attached is a table demonstrating

how percent increases could apply to typical lots in various zoning districts within the city and the resulting floor area increases.

One factor that should be considered when setting targets to utilize any potential incentive is that to improve the attractiveness of such a program to developers, the FAR incentive should be designed to allow for a slight increase in the development of market rate units to offset the costs of building the workforce or affordable housing units. Miami-Dade County's incentives utilize such a technique whereby the bonus increases at an increasing rate in exchange for a greater percentage of workforce housing units.

Any proposed increases in allowable FAR require voter approval pursuant to section 1.03 (c) of the City Charter. Additionally, such an increase could be considered in conjunction with a Transfer of Development Rights (TDR) program or Transit Oriented Development (TOD) ordinance.

PLANNING BOARD RECOMMENDATIONS

Since March 24, 2022, the Planning Board has been holding regular discussion regarding ways to incentivize the creation of workforce and affordable housing within the City at its monthly meetings. As part of those discussions, the Planning Board has made several recommendations to the City Commission which have been transmitted via Letters to Commission (LTCs). The initial recommendations primarily consisted of removing regulatory and financial hurdles for such projects. The following two recommendations were specific to FAR issues:

- On July 26, 2022, the Planning Board held a discussion regarding affordable and workforce housing. As part of this discussion the Board unanimously approved the following motion with six (6) members present:

Transmit a recommendation to the City Commission that the Planning Board be designated as a taskforce to address issues to incentivize the creation of affordable and workforce housing to run concurrently with the Charter Review that will be taking place. Furthermore, the Planning Board recommended that if there are recommendations that would require voter approval that those be placed on the November 2023 ballot.

- At the December 20, 2022 meeting, the Planning Board reviewed various regulations intended to encourage the development of workforce and affordable housing that have been adopted by various cities throughout the nation. As part of this discussion the Board unanimously approved the following motion with seven (7) members present:

Transmit a recommendation to the City Commission to undertake an analysis of using publicly owned land for affordable housing prior to the issuance of any future Request for Proposals (RFPs) for the use of such land for any other purposes. Furthermore, consider incentives such as increased height and Floor Area Ratio (FAR) for the development of workforce and affordable housing.

SUMMARY

The Administration believes that pursuing an FAR incentive would be very useful in helping to address the housing affordability issues that are affecting the City's workforce. If the LUSC wishes to proceed with the item, the Administration would suggest incorporating affordable housing in addition to workforce housing and utilizing a percent increase, rather than a fixed number, to ensure that any development utilizing such incentives is compatible with the surrounding neighborhood. Additional study should also be undertaken to develop targets that are achievable given the very high land values and built-out nature of the City.

CONCLUSION

The Administration recommends that the Land Use and Sustainability Committee discuss the item and provide appropriate policy direction. If there is consensus on moving forward with a workforce housing FAR incentive identified herein, it is further recommended that the item be sent to the full City Commission for referral to the Planning Board, as well as the drafting of any required ballot questions for an FAR increase.

PW
ATH/RW/TRM/RAM