

Workforce/Affordable Housing in Miami Beach

A Workshop for the Mayor and Commission



Affordable Housing Defined

Affordable housing is any housing in which its occupants expend no more than 30% of household income on housing costs (rent, utilities, etc.)

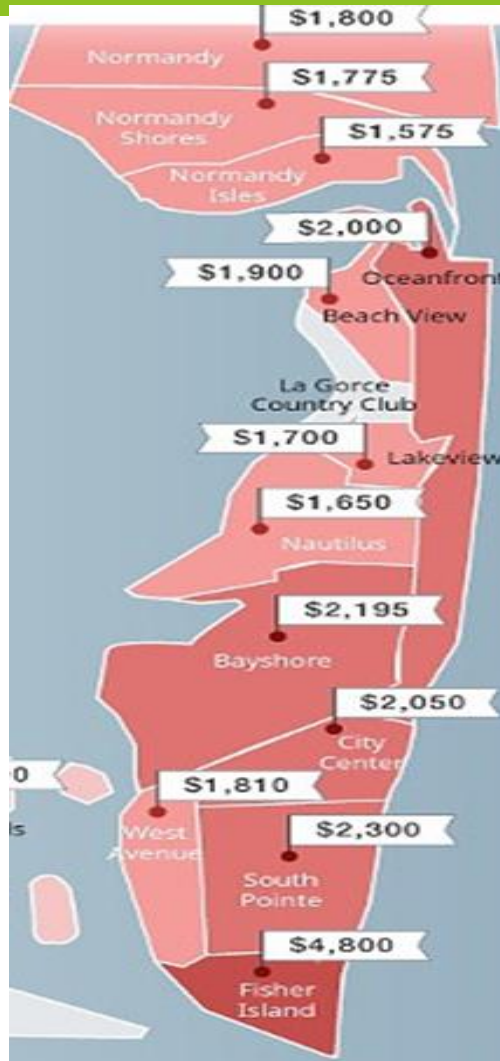
In the vernacular, many people have associated affordable housing with the Section 8 housing program because the program requires participants to pay 30% of their income towards rent.

Workforce Housing Defined

Workforce housing is affordable housing directed at individuals and their families employed in the area's local workforce.

Its modern use is most closely aligned with Aspen, Colorado's effort to provide subsidized housing for its workforce.

Typical Miami Beach Rents



Average rents for a 1-bedroom apartment in our City range from \$1,575 to \$2,300

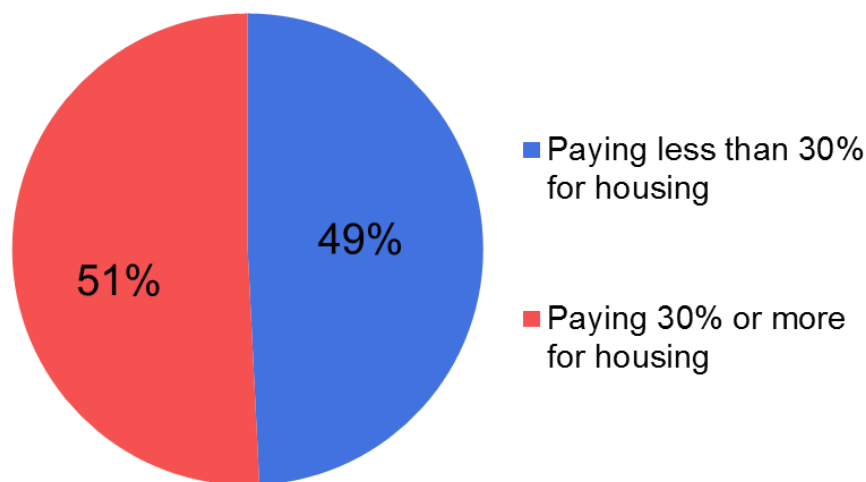
Area Median Income Rates

FAMILY SIZE	<=50% VERY LOW	50.01% - 80% LOW	80.01% - 100% MEDIAN	100.01% - 120% MODERATE	120.01% - 140% MODERATE/ MIDDLE
1	\$ 24,850.00	\$ 39,800.00	\$ 49,700.00	\$ 59,640.00	\$ 69,580.00
2	\$ 28,400.00	\$ 45,450.00	\$ 56,800.00	\$ 68,160.00	\$ 79,520.00
3	\$ 31,950.00	\$ 51,150.00	\$ 63,900.00	\$ 76,680.00	\$ 89,460.00
4	\$ 35,500.00	\$ 56,800.00	\$ 71,000.00	\$ 85,200.00	\$ 99,400.00
5	\$ 38,350.00	\$ 61,350.00	\$ 76,700.00	\$ 92,040.00	\$ 107,380.00
6	\$ 41,200.00	\$ 65,900.00	\$ 82,400.00	\$ 98,880.00	\$ 115,360.00
7	\$ 44,050.00	\$ 70,450.00	\$ 88,100.00	\$ 105,720.00	\$ 123,340.00
8	\$ 46,900.00	\$ 75,000.00	\$ 93,800.00	\$ 112,560.00	\$ 131,320.00

**Income Limits are retroactive as of March 28, 2016. They are subject to change periodically via U.S. HUD revisions.*

The Need for Workforce Housing

Cost Burden

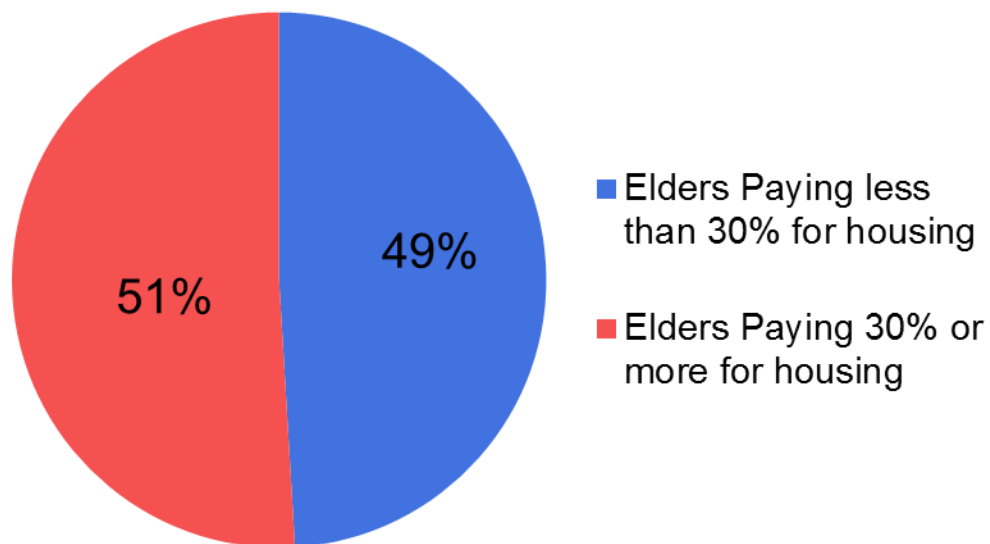


- **51% of all of the City's households** are paying 30% or more of their income for housing (25,400 households)

- **20% of all homeowners** are paying 30% to 49.9% of their household income for housing (3,967 households)
- **25% of all homeowners** are paying 50% or more of their household income for housing (4,962 households)
- **26% of all renters** are paying 30% to 49.9% of their household income for housing (7,755 Households)
- **29% of all renters** are paying 50% or more of their household income for housing (8,716 Households)

The Need for Workforce Housing

Cost Burden



- **51% of all elder households** are spending 30% or more of their household income for housing (5,618 households)

- **27% of our elder households are spending 50% or more** of their household income for housing

The Need for Workforce Housing

Households with severe housing costs burden¹:

Miami Beach			Miami-FT. Lauderdale- West Palm Beach Region		
# w/severe cost burden	# households	% w/severe cost burden	# w/severe cost burden	# households	% w/severe cost burden
11,580	43,115	26.86%	511,130	2,015,980	25.35%

- 1- Cost-burdened – households spend more than 30% of income for housing expenses
Severely Cost-burdened - households spend more than 50% of income for housing expenses

The Need for Workforce Housing

Benefits of workforce housing in a community:

- Reduces traffic (*by eliminating cars carrying workers from other communities*)
- Creates closer community ties (*by those who live and work here*)
- Encourages residency by vital employees including teachers, emergency service personnel, and nurses, among others

Affordable Housing Types

- **Subsidized Housing**
- **Public Housing**
- **Section 8**
- **Fair Market Rents**

Subsidized Housing Defined

Subsidized housing provides a rent reduction to income-eligible households (typically at or below 80% of Area Median Income) that results in either Fair Market Rents (typically lower than Market Rent which is dictated by the open marketplace) or rent costs capped at 30% of household income.

Can be publicly or privately provided.

Public Housing Defined

Public housing is affordable housing owned by a housing authority in which 30% of the household's income pays for rent.

Rebecca Towers' South Tower is an example of public housing.

Section 8 Defined

Section 8 is a rent subsidy program requiring income-eligible households to pay 30% of their household income for rent. The program has two aspects:

Project-based – Property-specific housing is typically owned privately but subsidized by federal funds.

Voucher-based – The rent subsidy is portable and can be used for housing in the marketplace

Affirmatively Furthering Fair Housing

Affirmatively Furthering Fair Housing (AFFH) is a legal requirement that federal agencies and federal grantees further the purposes of the Fair Housing Act to:

- Overcome historic patterns of segregation;
- Promote fair housing choice; and
- Foster inclusive communities that are free from discrimination.

Affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The Assessment of Fair Housing identifies four fair housing issues:

1. **Patterns of integration and segregation;**
2. **Racially or ethnically concentrated areas of poverty;**
3. **Disparities in access to opportunity; and**
4. **Disproportionate housing needs.**

The City's Comprehensive Plan

Five objectives that address affordable housing:

Objective 1: Have 16,000 affordable units for low/moderate-income and special needs households

Current Status: Through government sponsored programs, there are 2,048 affordable units for low/moderate income and special needs households as well as 3,138 Section 8 vouchers administered by the Housing Authority of Miami Beach.

Out of the total number of units in the City (50,006), including the 2,048 mentioned above, 4,525 are affordable to low/moderate-income households.

The City's Comprehensive Plan

Five objectives that address affordable housing:

Objective 3: Maintain a minimum of 40% of City's land area that is designated so as to permit residential uses and 25% of the City's total land area as areas in which land use policies are either designed to encourage, or mitigated to allow for, housing affordable to very low- to moderate-income families

Current Status: There has been no change to these standards.

The City's Comprehensive Plan

Five objectives that address affordable housing:

Objective 4: Maintain a minimum of 20% of the City's total land area designated so as to permit "community residential homes" licensed or funded by the Florida Department of Children and Families and assisted living facilities for the elderly and special need populations

Current Status: This encompasses the City's commercial districts in RM-1, RM-2 and RM-3.

The City's Comprehensive Plan

Five objectives that address affordable housing:

Objective 5: The City will continue to promote preservation or rehabilitation of housing, including identification of historically significant housing and the re-use of historic structures as housing.

Current Status: The City continues to support this objective.

The City's Comprehensive Plan

Five objectives that address affordable housing:

Objective 7: Implement housing activities or programs as set forth in the City's five-year Consolidated Plan submittals to HUD and Local Housing Assistance Plan to the State

Current Status: The City continues to prioritize its housing funds to create 159 affordable rental units and maintain/rehabilitate 200 affordable units in the past 8 years.

City's Efforts

The City has funded a variety of affordable housing projects over the past 15 years through either direct City funding or as subrecipients of Federal and State funding including:

Affordable rental housing for the **elderly**

- Allen Apartments (39 units)
- Jefferson Apartments (27 units)
- Rebecca Towers (400 units)

Affordable rental housing for **working families**

- Lottie Apartments (9 units)
- London House Apartments (24 units – opened summer 2016)

Affordable rental housing for **veterans and formerly homeless individuals**

- Harding Village Apartments (92 units)
- Meridian Place Apartments (36 units)

Affordable rental housing for **working and disabled individuals**

- Madeleine Village Apartments (16 units)
- Neptune Apartments (35 units)

MBCDC & HUD

The City suspended MBCDC's CHDO (Community Housing Development Organization) status in July 2013.

This action was taken after the new City Administration noted serious and significant discrepancies and inconsistencies regarding MBCDC projects.

The City notified HUD of its findings in July 2013 and undertook a forensic audit of two City-funded MBCDC projects:

- Allen Apartments
- Neptune Apartments

The audit identified a variety of compliance and financial irregularities including:

- Advance funding was provided to MBCDC in violation of HUD regulations
- MBCDC was unable to provide proof that advanced funds were expended as proposed

MBCDC & HUD

The City was able to obtain ownership of five MBCDC-owned but City-funded properties to address some of the financial irregularities:

- Barclay Apartments
- Lottie Apartments
- London House Apartments
- Madeleine Village Apartments
- Neptune Apartments

The City has a purchase contract for the Allen Apartments. However, this property has significant debt and regulatory issues involving the State and County that are impeding its acquisition.

The City & HUD

The City has been working collaboratively with HUD since 2013 to:

- Identify the areas of non-compliance and mismanagement prior to May 2013
- Audit project files and determine compliance failures
- Retrieve advanced funds provided to MBCDC but not expended properly
- Establish checks and balances to prevent the repeat of prior errors and ensure compliance in the use of federal funds
- The City expects to repay HUD more than \$1 million for prior compliance errors
- The City has requested to repay the funds utilizing three future funding years.

Workforce Housing and Parking

At its March 18, 2016 meeting, the Finance and Citywide Projects Committee discussed flexibility in parking garage design to enable:

- ▶ The possible inclusion of workforce housing in the design of future new garages (e.g. 2660 Collins Avenue)
- ▶ The possible future conversion of garage space to workforce housing if parking demand declines with innovation such as driverless cars, etc.

** Please note some current projects were underway before this direction was provided*



The Commission adopted Resolution 2016-29355 at its April 13, 2016 meeting₂₄

North Beach Master Plan

“The City aims to balance the desirable physical and economic revitalization of North Beach with the retention of much needed affordable housing.”

► Protecting and assisting renters

► Increasing Available Affordable Housing

- ◇ Encourage Non-Profit housing developers to operate in the City
- ◇ Requiring developers to dedicate affordable units in new projects
- ◇ Regulating unit sizes to reduce construction and housing costs
- ◇ Understanding that short-term rentals may exasperate the situation



Proposed Miami-Dade County Ordinance



**Miami-Dade Legislative Item
File Number: 161255**

- ▶ As initially proposed by Commissioner Barbara Jordan, the ordinance created a mandatory Workforce Housing Development Program that required municipalities to compel inclusionary housing on developments of 20 or more units among other changes
- ▶ When the item returned to the Board, it was effectively gutted enabling municipalities to voluntarily pursue inclusionary policies.
- ▶ Each municipality has until June 30, 2017 to submit a resolution making findings as to the need for or practicality of providing workforce housing
- ▶ Each municipality that adopts a resolution indicating that it will adopt a voluntary or mandatory workforce housing program shall have until December 31, 2017 in which to adopt any ordinance or resolution necessary to address its need for workforce housing

The Land Use Committee

At its April 20, 2016 meeting, the Committee discussed a variety of incentives to encourage further private development of workforce housing including:

- ▶ Expedited review and permitting
- ▶ Refund of application and review fees and the deferral/restructure of impact fees
- ▶ Encourage micro-housing and mixed-tenant projects
- ▶ Utilization of City-owned properties to develop workforce housing
- ▶ Defined workforce housing beneficiaries to those earning up to 140% AMI
- ▶ Encourage mixed income/mixed use development through positive marketing efforts
- ▶ Promote an education effort to developers so they fully understand incentives offered
- ▶ Establish a long-term deed restriction program to preserve affordability
- ▶ Assess the potential demand from the City's workforce ensuring that appropriate units are developed
- ▶ Research the possibility of short-term tax abatements for eligible new projects

What Other Areas Are Doing

Boston – Community Preservation Act is on the ballot this year to establish a one percent tax (about \$24 per year for the average homeowner) on property taxes to create revenue to develop affordable housing.

California – Fee on real estate transactions to support affordable housing, redevelopment and homeownership programs.

Minnesota – Use of income tax credits for affordable housing development.

Portland – Transient lodging tax that charges 11.5% per Airbnb reservation for land acquisition and capital costs.

Alameda, California – Passed moratorium on rent increases.

Chicago – Created a community land trust to address its limited supply of affordable housing

Please note that some of the actions above would require State legislative action.

We Need Direction: Shall we amend Comprehensive Plan?

Shall the Comprehensive Plan be amended to reflect current market conditions?:

- Objective 1 for affordable housing establishes a goal of **16,000** affordable units for low/moderate income and special needs households

We Need Direction: How should we comply with the County workforce ordinance ?

1. The County requires a resolution making findings as to the need or practicality of providing workforce housing within our jurisdiction” by **June 30, 2017**.

☐ Shall we adopt a resolution establishing need but delineating the impracticality of mandating inclusionary practices in our City?

2. The County requires a resolution or ordinance indicating that the City “will adopt a voluntary or mandatory workforce housing program” by **December 31, 2017**.

☐ Shall we adopt a resolution incentivizing a voluntary workforce housing program reflecting the recommendations?

We Need Direction: Potential Workforce Rental Housing Project Sites

We need direction as to where you would like us to develop workforce housing and/or what parameters you want us to follow in considering these locations:

- ☐ **Barclay Plaza Apartments**, 1940 Park Avenue
 - The Commission asked that we target educators, public safety personnel and municipal workers earning 120 - 140% AMI as tenants

Shall we build for?:

- ☐ Single Individuals
 - ☐ Micro Units
- ☐ Families
- ☐ Current Workers within the City

What rents will the tenants pay?

- ☐ 30% of Tenant Income
- ☐ Fair Market Rent (i.e. \$774 – Studio, \$975 – 1 bedroom)
- ☐ Other Rent Formula?
- ☐ Market Rent

We Need Direction: Potential Workforce Rental Housing Project Sites

☐ **2660 Collins Avenue**

Shall we build for?:

- ☐ Single Individuals
 - ☐ Micro Units
- ☐ Elderly
- ☐ Families

What shall they earn?

- ☐ Up to 140% AMI
- ☐ 120 – 140% AMI
- ☐ Other Income Level

Who shall they be?

- ☐ Any Current Workers within the City
- ☐ Specific Workers within the City

What rents will the tenants pay?

- ☐ 30% of Tenant Income
- ☐ Fair Market Rent (i.e. \$774 – Studio, \$975 – 1 bedroom)
- ☐ Other Rent Formula?
- ☐ Market Rent

We Need Direction: Potential Workforce Rental Housing Project Sites

☐ **Future Housing Sites – (eg site in north beach)**

Shall we build for?:

- ☐ Single Individuals
 - ☐ Micro Units
- ☐ Elderly
- ☐ Families

What shall they earn?

- ☐ Up to 140% AMI
- ☐ 120 – 140% AMI
- ☐ Other Income Level

Who shall they be?

- ☐ Any Current Workers within the City
- ☐ Specific Workers within the City

What rents will the tenants pay?

- ☐ 30% of Tenant Income
- ☐ Fair Market Rent (i.e. \$774 – Studio, \$975 – 1 bedroom)
- ☐ Other Rent Formula?
- ☐ Market Rent

We Need Direction: Potential Workforce Rental Housing Project Sites

The **City Lot at Collins Avenue and 23rd Street**, east of Liberty Avenue, is being developed separate from the Collins Park Garage located at 23rd Street and Collins Avenue, west of Liberty Avenue, and is programmed for artist and workforce housing.

The City has hired a Public Private Partnership (P3) consultant to assist with the development of the RFP to develop this site.

We Need Direction: **Tenant Policies?**

We need direction as to certain tenant policies that may impact how we approach workforce/affordable housing :

- Should tenants be current residents of the City?
- Should tenants be current workers in the City?
- What happens if a tenant changes jobs?
- What happens if a tenant's income changes drastically?
- Other Concerns?

We Need Direction: How will we pay?

► The Commission has already earmarked a portion of collected short term rental fines to address the retention/development of workforce/affordable housing. However, this will likely not produce sufficient revenues to address workforce housing needs. If the Commission is seeking other revenue sources:

We need direction as to certain fiscal/financial policies that may impact how we approach workforce/affordable housing:

- ☐ Should we use all or a portion of proceeds from the sale of City assets?
- ☐ Should we commit a percentage of General Fund annually?
- ☐ Other ideas?

Direction Needed

Is there something else you would like us to do?