POLK COUNTY, FLORIDA

- ✓ Impact fee waivers and reductions
- ✓ Housing trust funds
- ✓ Workforce housing
- ✓ Expedited permitting processes

Polk County, Florida, has found that a combination of strategies is the most effective solution to house prices that have recently become unaffordable even for moderate-income households.

One of these strategies is an impact fee waiver. Although Polk County has used impact fee waivers to encourage affordable housing for nearly two decades, growing evidence that moderate-income households also face affordability problems led Polk County to pass a workforce housing ordinance in the spring of 2007 that provides partial impact fee waivers to moderate-income households.

The new workforce housing ordinance targets those with incomes between 80 percent and 120 percent of area median income (AMI). It waives 50 percent of all impact fees for workforce housing units as long as the buyer stays in the home at least seven years. With impact fees in Polk County totaling almost $12,000, the partial fee waiver means a savings of almost $6,000 for workforce housing units.

Fee waivers 101

The logistics of the fee waiver are complicated. First, the developer pays the full impact fee when applying for a permit. Upon sale of the house to a qualified moderate-income buyer, the developer is reimbursed by the county. The impact fee portion of the price is "paid" by the county, reducing the price to the borrower. To enforce required repayment of the waived impact fees if the house is sold within seven years, the county places a lien on the property.

Take, for example, a house purchased by a moderate-income buyer for $150,000. The buyer is responsible for financing $144,000 of the price ($150,000 minus $6,000 in waived impact fees); the remaining $6,000 is "paid for" by the county and secured by the lien. If the owner chooses to sell the house before the end of seven years, he or she must pay the county back the $6,000. If the owner stays in the house for seven years, the lien is forgiven, and the owner realizes the additional $6,000 in equity.

Fee waivers also apply to rental housing, although the administration of the waiver is slightly different. The fee waiver on rental housing requires an annual certification of eligibility from the property owner. When the fee waiver is granted, a percentage of the units are set aside as workforce housing units, to be rented to families with incomes between 80 percent and 120 percent AMI. For the next seven years, the owner must certify annually that these units are occupied by households that were verified to be workforce housing-eligible when they rented the unit. If the units have been rented to households that are not eligible, the lien on the property is due to the county.

Impact fee waivers nothing new for Polk County

Polk County first introduced impact fee waivers in 1990, when it passed an ordinance that waives all impact fees for affordable housing development. Affordable housing developments that qualify for the waiver must contain units that are designated for households with incomes at or below 80 percent of AMI. This ordinance also includes the seven-year provisional period, in which the ownership and affordability status must be maintained, or the fee applies.

To limit the financial impact that the fee waivers might have on the county budget, the county sets a maximum annual waiver cap of $250,000 across all projects in the county. If the cap is reached, a developer may appeal to the appropriate commission for fee waivers that would exceed the cap.

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>
> -Scott Coulombe

Fee waivers granted are funded from general revenues, gas taxes, and other county sources of revenue. However, Scott Coulombe of the Polk County Builders Association believes the revenue generated from new residents through property taxes and an overall more diversified and vibrant community will more than offset the impact fee losses. "You have to look at the big picture. You'll get 20 times as much as you're giving up," he said.

Impact fee waiver has been slow to produce results

Despite the county's good intentions, only nonprofit organizations including the Keystone Challenge Fund, Habitat for Humanity, and Rural Development have thus far taken advantage of the impact fee waiver ordinance.

The impact fee waiver alone is not enough to make homeownership affordable for moderate-income families in Polk County, according to Jeff Bagwell. Bagwell is director of the Keystone Challenge Fund, a local affordable housing nonprofit that provides homebuyer education, constructs community housing developments, and has helped over 3,000 low to moderate-income households obtain downpayment and closing cost assistance.

Bagwell notes that despite both the healthy buyer's market that currently exists in Polk County and the recently passed impact fee waiver ordinance, qualified buyers need deeper subsidies to purchase a home. He believes that funding for downpayment assistance to be used in combination with the waiver would solve the problem.

"This is the best time in five to six years to buy a home in Florida, but without downpayment assistance to help them out, the waived impact fees have yet to do much good," Bagwell said. "If I [as a nonprofit lender] had both downpayment assistance and impact fee waivers, I could close loans all day long."

In addition, Bagwell notes that an impact fee waiver must be well publicized and fully understood by the building community before a county or other municipality can expect it to yield results. Up until recently, many of the details about the waiver had yet to be worked out, which may have kept builders from building homes that would, with the impact fee waiver, be affordable to moderate-income families.

Florida's HTF heads list of additional affordable housing strategies

In addition to the impact fee waiver ordinance, Polk County expedites permitting procedures for affordable housing projects, and is considering adopting voluntary inclusionary zoning that would include density bonuses.

Bagwell, also the chairman-elect of the Board of the Florida Affordable Housing Commission, says that the key to affordable housing production in Polk County and throughout Florida, however, is the state's housing trust fund. The fund generates between $400 and $600 million a year, primarily from documentary stamp revenue.[105] A substantial percentage of the revenue goes directly into the fund.

HTF money is used to fund the State Housing Initiatives Partnership (SHIP) Program. SHIP is the nation's first permanently funded state housing program to provide funds directly to local governments to produce and preserve affordable housing opportunities. This is accomplished through the creation of partnerships between local public and private stakeholders. Using SHIP funds, these partnerships offer very low-, low-, and moderate-income families with assistance to purchase a home, funding to repair or replace a home, and other types of housing assistance.[106]

Not all money collected for the state's housing trust fund is dedicated for affordable housing, however. Substantial portions of the money have been used to pay for hurricane damage relief in 2002 and to help balance the state's budget. Currently, the amount collected by the fund that can be used for affordable housing is capped at $243 million annually; the remainder has been left unappropriated. Bagwell notes that were the cap removed, these funds plus the impact fee waiver would provide more than enough in subsidies (such as downpayment assistance) to generate significant affordable housing production.

Bagwell has joined others in Polk County in a committee formed in 2006 called Polk Vision. The committee will re-examine ways to promote and generate affordable housing for the long term.

In the meantime, Bagwell is optimistic that with the right combination of strategies, Polk County can increase opportunities for affordable and workforce housing for its residents.

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