

**MINUTES OF THE CITY OF FORT LAUDERDALE
CITY COMMISSION
WORKFORCE HOUSING ROUNDTABLE DISCUSSION**

JANUARY 21, 2006 – 1:00 P.M.

**BROWARD CENTER FOR THE PERFORMING ARTS
ABDO NEW RIVER ROOM
201 SW 5TH AVENUE
FORT LAUDERDALE, FLORIDA**

Mayor Naugle welcomed everyone to the roundtable discussion. Chaplain Rick Braswell, Chaplain of the Montgomery County Sheriff's Office, gave the invocation, followed by the Pledge of Allegiance.

Mayor Naugle introduced the members of the City Commission – Commissioner Carlton Moore, Vice Mayor Christine Teel, Commissioner Cindi Hutchinson, Commissioner Dean Trantalis, City Attorney Harry Stewart, and Jonda Joseph, City Clerk.

Mayor Naugle thanked everyone who came today to discuss and see how the City could do a better job with workforce and affordable housing. Other important members of the community present today were from the Downtown Development Authority and are Alan Hooper, Chairman; Charlie Ladd, Jack Loos, and Peter Feldman.

Mayor Naugle said the City Commission is very interested in hearing what everyone has to say after results of the study that was commissioned by the City are given. He said many people in the community and from the building industry have been very involved in this issue. There are committees regarding this matter at the County level, along with other governmental agencies. He explained that the Commission is going to take the input given today and discuss such information at the Commission level, and then formally adopt a strategy dealing with workforce housing and affordable housing for this City.

Mayor Naugle introduced City Manager, George Gretsas.

The City Manager thanked everyone for attending today's discussion. He said that the City Commission charged staff to provide them with information so they could make a decision and address this issue. There are many ways to accomplish the goal regarding workforce and attainable housing, and he felt if everyone works together a solution could be found. Different approaches would be shown today to achieve such an objective. He said the City's Planning Department is present, along with the consultant who is a national expert on this matter, and the public can provide constructive suggestions and information that would be compiled and presented to the City Commission. Policy decisions would then be made.

The City Manager introduced Marc LaFerrier, Director of the Planning and Zoning Department for the City, and Robert J. Gray of Strategic Planning Group, Inc.

Marc LaFerrier thanked everyone for attending today's discussion, and said that this was the third meeting in a series of public forums that the City held regarding this issue. Recently, the City and the consultant completed a study on this matter and presented the results to the City Commission. The report is on the City's web site and is available today.

Mr. LaFerrier said that today another presentation would be made to the public, and then discussion would be opened to the public for comments. He said the consultant is Mr. Robert Gray who is Chairman and CEO of Strategic Planning Group, Inc., which is based in Jacksonville, Florida. The firm specializes in housing, economic development, and redevelopment.

Mr. Gray provided a 30-minute presentation to the public. He said that there was no silver arrow or silver bullet that would solve the problem, but that this would require a combination of things. Demand means many things, and not only salary. Most households have at least two wage earners. Credit ratings are critical and America is presently indebted to credit cards which has become an educational issue. Down payment is the next issue that makes the difference as to what someone can afford. Prevailing interest rates are also an important factor. In the last three years the country has been living on a wave that began in 2002 regarding land costs which was driven by speculators. At that time everyone forgot to consider interest rates. Over a three-year period where housing costs increased by 40% to 50%, the cost differential was absorbed by low interest rates. Interest now trumps land costs. Other issues which come into play regarding affordability are property and utility taxes, the cost of operation, which are all increasing. This is the dollar amount which dictates what individuals can afford.

Mr. Gray further said that the supply side asks whether units are available in a certain price range. The cost of the building itself is also a major factor which involved materials, building codes, and the grade of furnishings. Over a 30-year period the average size of a house has increased by 300%. There are more bathrooms in those houses with three-car garages, which used more expensive building materials. The development costs also impact the cost of the structure, along with the size of the unit.

Mr. Gray said that affordable housing basically is going towards 80% of the area's average median income, and in this case that is \$58,100. At 80% or below would be affordable. There is another component involved which is how much an individual makes per month. The Feds use the 30% range, but communities are raising that such as Florida Housing Finance Corporation who raised the percentage to 40%. He said this raises the issue as to when the public would get involved in the housing. He said further that workforce housing is looking at 80% to 120% of area median income, which is also dependent on areas of high growth and limited land which is going up to 140%. A major study in California said that affordable was still at 30%.

Mr. Gray said that this City is unique and the majority of the houses were built between 1950 and 1969. It means there is a lot more of older housing stock which is not turning over. It also means that the predominant housing unit is a multi-family structure. The percentage for multi-family structures has increased between the 1990 and 2000 census. The majority of such structures in this City consist of 5-12 units. There are few mobile homes, but less available land.

Mr. Gray showed a chart of arbitrary occupations that are typical. Entry refers to the bottom third of the pay scale, and median is the 50% mark of the pay scale. Sales are also an important factor. He said that loan criteria was also reviewed as to the ratio of various geographic areas. The cost of housing has not always gone up over the years. The question is will such costs continue to rise or would there be a leveling out. Three months of deed reporting was also reviewed so the range of sales could be determined. It showed that from July to September, there was a great distribution of sales. Where there is a big change between median and average indicates high cost homes.

Mr. Gray said in looking at entry level and comparing the wages as to what an individual could afford, an estimate would be arrived at for the cost of the dwelling. He said there is a negative for single wage earners. In 1993 a single-family house cost 3.3 times the median income and it is now 6.5%, but a good portion of this has been absorbed by historically low interest rates. There is still affordable housing available in the County under \$200,000. Rentals were also reviewed and most of the large rental complexes had been converted to condominiums. He said the Feds closely monitored the local market as to fair market values. Basically, rental housing at \$1,000 should be available in the area.

Mr. Gray said interest trumps land costs and proceeded to show a range at 6% and 10%. There is a tremendous differential as to what an individual could afford in that range. One other thing they looked at was the population projections for the City based upon history and growth. The MPO is saying that the City would double their population over the next 15 years. He proceeded to show a table illustrating the gap relating to affordable and workforce housing. Various tools are available to address the gap in housing. One of the things looked at is increasing an individual's income through down payment assistance programs for first-time homebuyers. Economic development is another tool, along with tax exemptions. Education is very critical so individuals could begin saving, along with housing trust funds and linkage fees. Deed information provides two figures; one is market value and the other is assessed value. The assessed value is what the tax is based on, and there is a difference between the two numbers. Many people are stuck in older units due to economics.

Mr. Gray further said documentary fee stamps for workforce housing is being reviewed, but there are some problems at the State level. Permitting costs for the developer are also a factor. Housing trust funds could be provided which is part of the implementation arm, along with public/private partnerships, which is the number one source of affordable housing. Other factors involved are rezoning, density issues, tax exempt bonds for redevelopment, the transfer of development rights, and other forms of redevelopment. Lastly, the workforce housing set aside program is an inclusionary concept that is a general rule linking the housing workforce to a developer. A target area is normally defined for such a program.

Mr. Gray said that in most areas it is not specified that workforce housing has to be the same as a planned unit development containing 3,000 sq. ft. homes. Workforce housing is normally smaller per square foot, and interior building materials are not top-of-the line. Miami-Dade has approved a program at first reading recently. He said that about 334 communities in the US are implementing such programs. The community has to decide

on the cost burden because it affects the amount of money to close the gap. There are places in the community where bonuses could not be offered. Coconut Creek is implementing linkage fees. Possibly, pension dollars could assist City employees to obtain workforce housing. He said that education is a key component in this matter.

Finally, there are many initiatives at the State level that could be explored.

Mr. LaFerrier said that the public portion of the meeting would now take place.

Marsha Goldsby said there are new developments occurring within the City's boundaries and outside, and when they are marketed for the community they appear to address firefighters, police officers, and teachers. She said that individuals in the field of health care should also be addressed because she felt that such professions fell within the same salary ranges. She said that it appears the City Commission has recognized the urgency for this type of housing, and she hopes the matter would move forward quickly. Two items mentioned in the presentation was housing trust funds and workforce set aside, and she hoped the City recognized that they might have to be the driving force to initiate such developments. If such housing is to be provided, quality is a must and individuals are willing to pay for it.

Jay Koenigsberg said he was impressed with the presentation, but he is concerned that some features overlap and their effectiveness could be reduced. He said he is not a big believer in inclusionary housing, and feels a developer-friendly environment is needed. The City's approval process appears very cumbersome and he feels that creates an unfriendly environment. He said the Commissioners and Consultant, along with staff, have done an excellent job regarding this presentation, but he feels they need to be selective and focus on the more effective programs so they don't get caught in a quagmire of indecision. He believes this is a good step forward for the future.

Peter Cooksee said one of the issues important to him when he arrived here was how many families lived in a multi-family apartment because that would explain how difficult the procedure was to own a home. He said that upfront costs and credit checks prevent individuals from purchasing their first home. He believes when someone is eligible to purchase a home they will retain it, and he feels the City has done a great job, but that they cannot accomplish this on its own. There needs to be a reduction in taxes and incentives supplied for first-time homeowners. He said where he had lived the permitting process for affordable housing consisted of an impromptu meeting of city officials with a developer and planners, reviews done, and a week later permits issued. An extra fee was paid by the developer for such a meeting to be held.

Frederick Allen said that he is a realtor and affordable housing is a tough issue. He felt the construction occurring at Dixie Court was the way to address this issue. Land was available and being used to its best possible use. He felt also that older areas should be redeveloped to create more units in areas by using density.

Charlie Ladd said he has been involved in this issue from several aspects, including being a member of the DDA Board, being part of a mixed-use project in Coral Springs, and building homes in Dorsey Riverbend. He said that fees in connection with the Dorsey Riverbend project range from \$7,000 to \$9,000. He said government is part of

the problem in this issue due to fees and taxes being so high. He said he is concerned about some of the alternatives being suggested. He prefers the second mortgage program because it is powerful, and it was through this program that the Federal Government has encouraged home ownership for the last 70 years through the GI Bill and Fannie Mae. Prices of homes are increasing faster than incomes, and the gap has to be addressed. All alternatives should be explored so a bureaucracy would not be created such as rent controls. The real goal is to help individuals own homes.

Todd Adderly said he used to work for the City in the Zoning Department, and he feels the City should encourage developers to build this type of housing. The City's process is tedious, and therefore, incentives and benefits should be offered to the developers.

Frank Dyer said he opposed every silly thing the City did, but he would like a clarification of the median household income. He said he respected the Commission and would like to know their personal feelings on this matter. He thought this was a good presentation, but all the words were intertwined.

James Carras, President of Broward Housing Partnership, said he wanted to applaud the Commission and the City Manager for taking the leadership in addressing this type of housing. He encouraged them to explore at all available solutions. He said the Broward Housing Partnership was formed in 2005 and held a summit regarding affordable housing in October. They retained FIU to do a county-wide study which stated they were beyond the problem stage and were in a crisis stage regarding workforce housing. They need to take into account the number of condominium conversions because last year there were 18,000 such conversions in the County with a significant number in the City of Fort Lauderdale. Rental units are disappearing and he was not aware of any developers contemplating the construction of rental units which were critically needed. Another concern of his was relative to the definition of workforce housing which stated that it was 80% to 120%. He said most of the County's workforce was at the 80% level, and it should not be limited to those making 80% but include those below that number. There is an assumption that if individuals are below the 80% range than they are not working. He urged the City to take some of the policy options and convert them into an action plan. He further said they need to streamline the approval process because most developers were also concerned about that issue, along with the lack of predictability in terms of getting projects approved. There is vacant land owned by the County and the City through foreclosures and such properties should be turned over to the Community Land Trust whereby the land could be held in perpetuity for affordable and attainable housing. The City is on the right track relative to updating its zoning and should continue to do so, and encourage redevelopment, mixed-use projects, transit-oriented development, incentives for developers, and uniform zoning. Such components are important relative to providing a greater supply of attainable and affordable housing for all income categories. He cautioned the City on putting in too high of a floor and too low of a ceiling. He said the Broward Housing Partnership looks forward to working with the City, and they would be announcing their strategic plan in the next couple of weeks, as well as the results of the FIU study.

George Mensal asked what effect taxes and insurance would have on affordable housing, and did the study produce any results on how to reduce the effects on this type of housing.

Mr. Gray said in terms of affordability, it took into account the cost burden such as taxes and insurance, but they did not get involved in such strategies.

Ginnee Hancock said the County needs to be in a partnership with this study in order for there to be workforce housing, and she felt the City should encourage the County Commission to give up some of the impact fees. She suggests that in doing multi-family projects, the City allow 2-3 additional units per acre for affordable housing which could be accomplished if the City and County work together in forgiving some setback requirements. The County should provide positive feedback as to how such additional units could be placed in these developments. Keeping units affordable was important because 15 minutes after they were sold, the unit was no longer affordable, but she did not have a solution to that problem. Larger cities had rent restrictions in place, and possibly the City needs to explore such issues. The permitting process should be expedited, and there should possibly be a partnership with some of the corporations to provide affordable housing. She said that North Broward Hospital was not able to fill their nursing positions because people felt the City was not affordable to live in. Such housing should be provided for City and County employees, along with school teachers, and maybe partnerships could be formed with the unions and pension monies be contributed to such projects. Some developments should be increased in height leaving a larger footprint for some areas. She did not think that two incomes should be a requirement in order to afford a home. She said they need to discuss the incorporation of solar energy into the projects, and other "green building" practices which could be incorporated for only 2% to 3% more to the cost of the structure.

Daniel Steiner Stull said he is Vice President of the Broward County Landlord's Association Community Redevelopment Agency, and Vice President of the Twin Lakes North Homeowners Association, as well as Vice President of Paragon Corporation. All of these groups are interested in community redevelopment and have funds available. He felt money is not the problem, but the big problem is reducing costs. He recommends that the Mayor and other officials cut through the red tape regarding the processes. In addition, they need to lower construction costs to make the units more affordable, but yet profitable to the developers. Technology is available and changes need to be made to the Code so new methods that are more cost effective could be used. Broward County requires individuals to go to seven different places in order to obtain a permit. Up north he never spent more than one day to obtain a permit. He said the Commission and Mayor are doing a good job, but they need to meet with the County and other counterparts to get laws enacted so innovative building materials could be used in projects that would lower costs. Time kills developers and their projects while raising costs. He urged the Commission to review today's tape and develop a plan on this issue. Action is needed to solve this issue and the Mayor needs to lead the show.

Kaizer Talib, architect, said that low-income housing is available in the northwest corner of the City and density should be considered. The City should release the number of units in order to reduce the costs. The Mayor in North Miami suggested that the City's CRA purchase existing rental properties, improve them, and then rent or sell them to individuals. He said the Building Department needed to be more efficient, otherwise the work should be privatized.

Romney Rogers said he is involved in the Broward Housing Partnership and past Chair of the Chamber of Commerce, and he appreciated the City taking the leadership in this issue. He said this affects everyone in the room. The general populace needs to be educated on the real issues, and the officials are being encouraged to take action in this matter.

Samuel Lennox said many people do not qualify to purchase homes due to the costs involved. He said no one addressed single parents who could not afford to purchase homes.

Alan Hooper said he is a member of the DDA and has a broad understanding of housing on the east side of the City and what was needed to make the City better. He said that affordable housing was intertwined with many things. Density bonuses were mentioned, along with the expedition of the permitting process, and those are all intertwined with marketing issues such as interest rates and the number of units built. A simple plan is needed to make affordable housing work. What used to cost \$175,000 now was considered affordable at \$350,000, and the future rates will continue to increase. Therefore, prices would trickle down along with the product, and construction costs could be reduced because many developers would not be able to afford to build their projects. He said he builds mid-rise projects and gets density bonuses for affordable housing, but density does not solve the problem because high rises are expensive to build. He said in a pro forma of doing real estate development 75% of costs are in construction. He said with building in the CRA his permits are to be expedited, but they take just as long as for any other permit in the City. There is a trust in lieu of building affordable housing, but if this is City-wide is everyone paying impact fees. Why is Downtown the only area being forced to have affordable housing. He said the most important thing they could do is to go to the County because they have the "biggest purse," and are affecting everyone daily. Property taxes have skyrocketed and the City is attempting to keep the millage at a low rate. He suggested the County loan money into a pool for individuals to obtain mortgages. He said giving land away could be difficult, and therefore, financing could be the key to make this work.

Sanford Rosenthal said there are many individuals wanting to own their own home, but are left out of the loop and he believes this has a lot to do with the crime factor. He said one of the problems in this area is that individuals who previously owned property are being penalized. He said that mixed-use developments could be constructed because the elderly would be in favor of those. He urged the City to begin these types of projects.

Rene Lepine said he is a developer and has built affordable apartments and is currently working in England who is ahead of the US in inclusionary zoning, but there appears to be a minimum size involved and the buildings have larger footprints so there could be two separate entrances with two buildings. He said this is difficult to do on a 10-unit site. He said they need to go to a fee base under a certain size. He does not think that fees should only be charged to multi-family projects or to Downtown projects, but on all permits. He further said that parking is also a problem and needs to be addressed. Density bonuses are being mentioned and should be encouraged. The City should apply a property tax credit for affordable units, thereby enabling first-time homebuyers. Impact fees should be done on a ratio of units meeting the affordable program's goals. He said the city of Ottawa guarantees construction permits within 60 days. He said a permit cannot be obtained in this City within six months, and the average time for a permit for a

multi-family building takes over one year. He said this administration needs to get their act together to guarantee 60-90 days for issuing permits for projects consisting of affordable housing. He said that discussion has occurred regarding privatizing the approval process, but the big question for developers is whether the City Inspector would issue a CO once the job was completed. Therefore, that aspect should also be privatized if the permitting process is done in that fashion.

Elizabeth Veliky said she is the planner for the DDA, but today she wants to speak as a first-time homebuyer. All the programs appear great, but the City needs to discuss with the County about raising the homestead exemption. There needs to be better information provided for individuals wanting to purchase homes. Whatever system is adopted needs to be fair for everyone.

Brandon Biederman said he is with the Builders Association of South Florida and today's presentation shows that everyone needs to be at the table regarding this issue. There is an affordable housing crisis in the area, and it doesn't help that the Governor has capped the affordable housing trust fund for the last three years and raided those funds for general revenue. Land is scarce in this County, labor costs have risen, and construction materials have risen especially due to all the hurricanes that have occurred. Impact fees have risen, along with school mitigation costs. It now takes 18 months for a land use change, along with \$500,000 to get it done. The perfect storm has been created in Florida and in this County. Mandatory programs are not the answer, and many groups have met to discuss this issue and do not feel such programs would solve the problem. He said the permitting process needs to be streamlined, along with the creation of community land trusts, voluntary density bonus programs for sites that can accommodate such an increase in density, and programs created by bankers regarding lower interest rates. Employers also need to be approached regarding this issue. He believes that today was a good first step.

Margaret Birch said she wants to commend the City Commission for their participation in deciding that affordable housing is a necessity both for the City and the County. She asked for some further clarification regarding the term median income and how the figures had been arrived at. Education is important for homebuyers. She hopes this issue progresses and the matter does not get buried.

Jack Loos said he is a member of the DDA Board and a real estate developer. He said he wants to commend the City in putting together today's program. He encouraged the Commission to be careful about building a bureaucracy that would eat up whatever funds go into the program that would be chosen for this matter. He further said there is no "one size fits all" regarding projects. Each project was different and each site was different. To have an effective program, the City needs to view partnership programs cooperatively in order to create a mechanism to be used on a project-by-project basis. There needs to be flexibility in whatever is created, and a fair playing field offered to everyone. He believed that staff has made progress in the departments, but further progress is needed to make the City even better.

Marilyn Mammano said she is a professional planner and teaches at FAU and has lived here since 1999, and previously for five years she had been the Director of Zoning and Urban Design for New York City and has experience regarding affordable housing. She said she is concerned about what is being said today. A great presentation has been

made describing the gap between the cost of housing and people's ability to pay for it. The gap will always be there and the question is not quantifying the gap, but the fact of the matter is that a large percentage of the population cannot afford private market housing. No matter what is done to make the gap smaller, it will always exist. She urged the City to be careful of individuals stating that this is a private enterprise and private free market, and the only solutions to make this work are free market economy solutions because they do not work and only chase the gap. She said the City should be wary of density bonuses as a way to solve this problem because they are illusory and don't solve the problem and only make buildings bigger and affect people's quality of life. She further said the only way they could get a hold on this issue in New York was to aggressively take control of the housing affordability issue on the government's part. People in South Florida are not used to such aggressive approaches and public housing does not have a good reputation. She said the New York City Housing Partnership was a public/private partnership between the City of New York and the private development community (The Rockefeller Foundation), but the City was in control and provided the land and subsidy. When it was sold, the equity was given back to the owners and to the partnership. The concept of direct government involvement might be foreign to this community, but that is the only way to be in control and get ahead of the issue. They should not only rely on private market enterprises to fill the ever present and continuing gap.

Ray Dettmann said they need to give incentives to rentals because that is the stepping stone to ownership. People need to be educated on the facets of owning property. This should have been done years ago, but possibly a bond should be floated in order to obtain money and help subsidize this type of building.

Bunney Brenneman said she has been inspired by the Commission's firm decision in having this public forum. There is a crisis for such development and good ideas have been recommended. She said she attended a housing roundtable in Dade County and learned that supporting local and state incentives was a must. There is an \$8 Million Program by the State for housing for new construction and rehabilitation for "green buildings." She hoped the Commission would arrive at 15% for workforce housing because she would like to see the City get a large portion of that state money for such buildings.

Al Imgrund, President of the Greater Flamingo Park Civic Association and a member of the Community Services Advisory Board, said there has been an improvement in City services and how the government is run under George Gretsas. He said that he works part-time as a special process server in the County which takes him to all types of housing. He said he is pessimistic, but this is a huge problem and the City and County are about 20 years late in their approachment of this problem. The bottom line is that there is no "magic money tree," and they are the victim of their own success in the housing market in South Florida. Something needs to be done fast and it requires continued action by the elected officials.

Nathaniel Wilkerson said he works closely with the Front Porch Program, and he wants to thank the Commission for today's program. He said he was disappointed in hearing that the figures handed out today were based on a two-family income. He said he does not represent such individuals. He thinks it is irresponsible that costs are so high that

individuals making a decent salary cannot afford a home because there is no two-person income in a family.

Mr. LaFerrier said that the Mayor would provide some final comments and he thanked everyone for attending today's session.

Mayor Naugle said that they are appreciative of all the input that has been provided today. The report would be posted on the web site, and the Commission would take all comments under advisement as the strategy is developed for affordable and attainable housing.

The session ended at approximately 4:00 p.m.