

Office of School Facilities  
Jaime G. Torrens, Temporary Chief Facilities Officer

**SUBJECT: REQUEST AUTHORIZATION FOR SUPERINTENDENT TO SUBMIT TO MIAMI-DADE COUNTY A PROPOSED IMPACT FEE WAIVER SCHEDULE IN CONNECTION WITH THE PROVISION OF AFFORDABLE HOUSING, AND CONTINGENT UPON COUNTY ADOPTION OF ALL THE PROPOSED REVISIONS TO THE EDUCATIONAL FACILITIES IMPACT FEE ORDINANCE, AS PRESENTED TO AND APPROVED ON FIRST READING BY THE MIAMI-DADE BOARD OF COUNTY COMMISSIONERS AT ITS FEBRUARY 20, 2007 MEETING**

**COMMITTEE: FACILITIES AND CONSTRUCTION REFORM**

**LINK TO STRATEGIC PLAN: IMPROVE CONSTRUCTION SERVICES**

Background

At its March 15, 2006 meeting, the Board received the Final Report on the Educational Facilities Impact Fee Review (Final Report) and authorized that it be forwarded to Miami-Dade County (County) with a recommendation for implementation. At such time as a new Impact Fee Ordinance (Ordinance) was adopted by the County, the District was authorized to discontinue the current policy of seeking additional mitigation from residential developers with proposed developments exceeding the established threshold level, as detailed in Agenda Item F-7 approved by the Board at its April 13, 2005 meeting. Further, District staff was authorized to continue working with stakeholders in the area of affordable housing, as a possible incentive for teacher recruitment. At the time the Board received the Final Report, the Builders Association of South Florida (BASF) expressed full support of the Final Report, contingent upon repeal of the mitigation process governed by Board Item F-7, and with a request for the parties to continue working together to address possible incentives for affordable housing. As the Board is aware, the BASF has since rescinded their support, citing as one of the reasons, the potentially adverse effect of the proposed fee increase on the provision of affordable housing.

Additional Information

Over the last few months, and in connection with the proposed new Educational Facilities Impact Fees (impact fees), District staff reviewed possible incentives for affordable housing waivers and discussed them with its County counterparts. Generally, discussions centered on the possibility of providing some level of impact fee waivers, under the proposed new impact fee structure, in connection with residential projects or developments that are intended to provide affordable housing for extremely low income, very low income or low income persons, based on Area Median Income

(AMI), published by the U.S. Department of Housing and Urban Development (HUD). The current AMI in the County for a family of four is \$55,900. AMI is the most common benchmark to determine eligibility for federally sponsored affordable housing programs.

The difficulties encountered by District staff in its discussions with the County over the possibility of impact fee waivers were mostly financial and legal in nature, as the District was repeatedly advised impact fee waivers cannot be implemented, without the recognition that an alternate revenue source is available. This posed then and still poses today some difficulty for the District, given that there is no additional funding source available to offset the impact fee collection shortfalls resulting from the waivers, other than allocating more of the Local Option Two Mill Levy (LOML) to new capacity, and/or Public Education Capital Outlay (PECO) dollars which, as the Board is aware, has substantially decreased over time.

Impact fee waivers would have a financial impact on the District's total available revenues for new capacity; however, in a good faith attempt to facilitate the future provision of additional affordable housing units under the proposed new impact fee structure, while at the same time ensuring that the waivers meet a strict test of applicability, District staff is proposing an option that would limit the waivers to affordable housing projects funded wholly or in part, by the Federal and/or state governments. It should be noted that the District has no additional funding sources to offset the loss in impact fee revenues that would result from this incentive program. As noted above, the shortfall would be covered by the LOML and/or PECO.

The proposed waivers should only be recommended with the understanding and on the condition that their implementation is contingent on adoption by the Board of County Commissioners of the Ordinance revisions, already approved on first reading by the County on February 20, 2007. Additionally, the proposed affordable housing impact fee waivers and the resulting reduction in impact fee collections would preclude any possibility of considering a phase-in for the fees in general, as also requested by the BASF.

#### Proposed Affordable Housing Impact Fee Waiver Program

The proposed program would work as follows:

1. Eligibility Criteria (waivers as function of AMI, to be updated annually):
  - Extreme low income (30% of AMI, or \$16,750) - provide a 100% waiver;
  - Very low income (50% of AMI, or \$27,950) - provide a 75% waiver;
  - Low income (80% of AMI, or \$44,700) - provide a 50% waiver.
2. Other Criteria:
  - The developer seeking an impact fee waiver must provide documentation from the federal and/or state housing agencies and

applicable local government where the development is situated, indicating that the proposed development meets the affordable housing test;

- Not-for-profit status under section 501 (a) of the IRS Code is preferred although not mandatory;
- Affordable housing units granted waivers of impact fees shall maintain the affordability status for a minimum of 15 years;
- A covenant running with the land must be recorded for every unit/development granted an affordable housing waiver.

Note: The two percent administrative fee would not be subject to the affordable housing waiver program (also not waived by the County).

The tables in the Attachment show the potential revenue shortfall to the District of providing these types of affordable housing impact fee waivers, based on a set of assumptions which include an average number of 2,000 eligible units per year, or approximately 3% of total units permitted, county-wide, pursuant to information provided by County staff. While it should be recognized that the hypothetical scenario contemplated in the Attachment could vary, depending on actual conditions, the estimated shortfall in impact fee collections to the District could approach approximately \$5 million annually.

The County began the implementation process for the new Ordinance and held its first reading February 20, 2007. It is anticipated that a public hearing will take place on April 10, 2007, with final reading on May 8, 2007. If the Board accepts the recommended affordable housing impact fee waivers, District staff will work with its County counterparts to include the applicable provisions in the Ordinance.

The School Board Attorney's Office will review the proposed changes prior to their submittal to the County; the Office of Treasury Management has reviewed the proposed affordable housing incentives and does not object to their incorporation in the Ordinance, again contingent upon the County's full adoption of all the proposed revisions to the Ordinance. A copy of relevant information on the topic of Educational Facilities Impact Fees, most of which was previously forwarded to the Board, will be re-submitted under separate cover.

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida, authorize the Superintendent to submit to Miami-Dade County a proposed impact fee waiver schedule in connection with the provision of affordable housing, and contingent upon the County's full adoption of all the proposed revisions to the Educational Facilities Impact Fee Ordinance, as presented to and approved on first reading by the Miami-Dade Board of County Commissioners, at its February 20, 2007 meeting.

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# ATTACHMENT

## ANALYSIS OF IMPACT OF PROPOSED AFFORDABLE HOUSING INCENTIVE PROGRAM (Based on Revised Impact Fee Ordinance)

### PROPOSED IMPACT FEES WITHOUT AFFORDABLE HOUSING WAIVERS

Type of Construction	No. of Bedrooms	Northeast	Northwest	Southeast	Southwest
Multi-family (5+ unit)	2	\$2,007	\$5,618	\$2,461	\$3,665
Single-Family Detached	2	\$7,422	\$6,190	\$4,570	\$5,541

\*Excludes 2% Administrative Fee

### PROPOSED IMPACT FEES WITH AFFORDABLE HOUSING WAIVERS

Multifamily 5+ unit	Northeast	Northwest	Southeast	Southwest
Low Income 50% Waiver	\$1,004	\$2,809	\$1,230	\$1,833
Very Low Income 75% Waiver	\$502	\$1,405	\$615	\$916
Extreme Low Income 100% Waiver	\$0	\$0	\$0	\$0

  

Single-Family Detached	Northeast	Northwest	Southeast	Southwest
Low Income 50% Waiver	\$3,711	\$3,095	\$2,285	\$2,770
Very Low Income 75% Waiver	\$1,855	\$1,547	\$1,142	\$1,385
Extreme Low Income 100% Waiver	\$0	\$0	\$0	\$0

### POTENTIAL ESTIMATED IMPACT FEE REVENUE SHORTFALL WITH AFFORDABLE HOUSING WAIVERS

#### MULTIFAMILY 5+ UNIT AND SINGLE-FAMILY DETACHED UNITS (Affordable Housing Incentive Program)

Multifamily 5+ unit	Northeast	Northwest	Southeast	Southwest
Low Income (800 units / 4 at 50%)	\$200,704	\$561,834	\$246,078	\$366,520
Very Low Income (100 units / 4 at 75%)	\$37,632	\$105,344	\$46,140	\$68,723
Extreme Low Income (100 units / 4 at 100%)	\$50,176	\$140,459	\$61,520	\$91,630
<b>Sub-total</b>	<b>\$288,512</b>	<b>\$807,636</b>	<b>\$353,737</b>	<b>\$526,873</b>

  

Single-Family Detached	Northeast	Northwest	Southeast	Southwest
Low Income (800 units / 4 at 50%)	\$742,154	\$618,968	\$456,974	\$554,092
Very Low Income (100 units / 4 at 75%)	\$139,154	\$116,057	\$85,683	\$103,892
Extreme Low Income (100 units / 4 at 100%)	\$185,539	\$154,742	\$114,244	\$138,523
<b>Sub-total</b>	<b>\$1,066,846</b>	<b>\$889,767</b>	<b>\$656,900</b>	<b>\$796,507</b>

  

<b>Total Potential Estimated Loss in Impact Fee Revenues by Benefit District</b>	<b>\$1,355,358</b>	<b>\$1,697,403</b>	<b>\$1,010,637</b>	<b>\$1,323,380</b>
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<b>TOTAL ESTIMATED POTENTIAL REVENUE SHORTFALL</b>	<b>\$5,386,778</b>
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#### Assumptions:

- 1) Average of 2,000 affordable housing units approved annually (assumes 80% of the units to be low income, 10% very low income and 10% extreme low income)
- 2) All 2-bedroom units
- 3) 50% of the affordable housing units are single-family and 50% of the affordable housing units are multifamily (distributed evenly among four benefit districts)