The City of Ormond Beach

Housing Study Update 2008

Prepared by:
Affordable /Attainable Housing Task Force and
The City of Ormond Beach Planning Department
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INTRODUCTION

Affordable housing is a critical issue to many municipalities throughout the United States. Housing has been identified as an essential element for economic and social stability of a community. Those cities and communities that are considered to be “sustainable” and “economically stable” have typically included provisions for a variety of safe and affordable housing to all income levels.

The City of Ormond Beach is an area that has been identified in the past as the “bedroom” community to Daytona Beach. In the 1980’s there were many efforts by the elected officials to diversify the economy of Ormond Beach in order to have a financially stable future. The critical issue was ensuring that there was a balance between the residential developments, economic development projects and the protection of the area’s natural resources. This was evident throughout the Comprehensive Plan that the City adopted in 1990.

One of the critical issues identified in the 1990 Comprehensive Plan was the ability to provide affordable housing in the area. Ormond Beach has typically had one of the more affluent populations and higher-priced housing. The principle development trend in the City was single-family homes until developments of the 1980’s used the Planned Unit Development (PUD) zoning concept to include a variety of housing types, such as townhomes, zero lot-line and residential cluster developments. The Housing Element of the City’s Comprehensive Plan identified a detailed study assessing the need for affordable housing and identified how housing can be provided. This study was completed in 2003 and provided a sound document for data and implementation strategies. Unfortunately, many of the recommendations were not implemented. The City Commission in 2005 and 2006 directed staff to take additional steps to update the housing study and develop recommendations that could be integrated into the Comprehensive Plan, Land Development Code and Code of Ordinances. The City Commission also directed staff to establish a task force that would be represented with a range of stakeholders that would serve to guide the process and provide recommendations to staff.

On April 2, 2007, the City’s Affordable/Attainable Housing Task Force held its first meeting. Over the course of nine months the task force met to review the following:
What is Affordable Housing?
Is there a problem with affordable housing in Ormond Beach?
Does our code allow for affordable housing?
How do impact fees/building permit fees hinder affordable housing?
What are the opportunities for new and redevelopment efforts in the city? How do new technologies and design efforts make housing more affordable?
What can the City of Ormond Beach actually do and what roles do the business, public, and not-for-profit sectors play in providing affordable housing?

The above listed questions were reviewed to identify needed changes to the City’s Comprehensive Plan, Land Development Code, Code of Ordinances and Capital Improvement Program that would provide for increasing the supply of affordable housing. Additionally, the Affordable Housing Task Force expressed a desire to demonstrate the various techniques identified in this plan through a model example.

The following report provides a summary and update of the 2003 Housing Study and provides for updated recommendations from the Affordable Attainable Housing Task Force. Once this report has been reviewed and adopted by the Planning Board and City Commission, staff will initiate the implementation of the recommendations.
WHAT IS AFFORDABLE HOUSING?

The term affordable housing means housing that is affordable to people with low to moderate incomes. The definition of “low income” is established by the US Department of Housing and Urban Development (HUD) as a percent of the Area Median Income (AMI) and varies region to region and by household size. HUD defines "affordable" as housing that costs no more than 30 percent of a household's monthly income. That means rent and utilities in an apartment or the monthly mortgage payment and housing expenses for a homeowner should be less than 30 percent of a household's monthly income to be considered affordable.

Families who pay more than 30 percent of their income for housing are considered “cost burdened” and may have difficulty affording necessities such as food, clothing, transportation and medical care. In the United States there is an estimated 12 million renter and homeowner households that now pay more then 50 percent of their annual incomes for housing, and a family with one full-time worker earning the minimum wage cannot afford the local fair-market rent for a two-bedroom apartment anywhere in the United States. The lack of affordable housing is a significant hardship for low-income households preventing them from meeting their other basic needs, such as nutrition and healthcare, or saving for their future and that of their families.
The term affordable housing also means housing that is affordable to people with low incomes. The definition of “low income” is also established by HUD as a percent of the AMI and varies region to region and by household size.

Defining the term affordable housing is not an easy task since there are a variety of factors that could be accounted for in the average monthly expenses. In other words, should cost of food, transportation, and other non-rent/mortgage costs be factored into the calculation of affordability? There have been numerous studies completed that have integrated a variety of factors into calculating the components that factor into a typical households housing expenses. For the purposes of a simplified and accurate estimate, this report will defer to the standards used by HUD.
AFFORDABLE HOUSING NEED IN ORMOND BEACH

Assessment of demographic information is needed in order to determine the current and future needs for affordable/attainable housing. The primary source of housing data comes from the Shimberg Center for Affordable Housing and the Florida Housing Data Clearinghouse. The Shimberg Center for Affordable Housing was established at the University of Florida, in the M.E., Sr. Rinker School of Building Construction, in 1988 by the Florida legislature (Section 240.5111, Florida Statutes). Tables 1-5 summarize the current and projected population and housing needs for the City of Ormond Beach.

Table 1: Population Projections

<table>
<thead>
<tr>
<th>Place</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ormond Beach</td>
<td>39,684</td>
<td>44,408</td>
<td>48,701</td>
<td>52,599</td>
<td>56,014</td>
<td>59,213</td>
</tr>
<tr>
<td>Volusia County</td>
<td>494,570</td>
<td>545,009</td>
<td>591,200</td>
<td>633,284</td>
<td>670,067</td>
<td>705,258</td>
</tr>
</tbody>
</table>

Source: Florida Housing Data Clearinghouse, Shimberg Center for Affordable Housing 2007
### Table 2. Income Projections 2005-2030

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Households</td>
<td>Persons</td>
<td>Percent of total</td>
<td>Number of Households</td>
<td>Persons</td>
<td>Percent of total</td>
</tr>
<tr>
<td>&lt;30% of AMI</td>
<td>1,271</td>
<td>2,931</td>
<td>7.39%</td>
<td>1,441</td>
<td>3,292</td>
<td>7.41%</td>
</tr>
<tr>
<td>30.01-50% of AMI</td>
<td>1,716</td>
<td>3,958</td>
<td>9.97%</td>
<td>1,952</td>
<td>4,459</td>
<td>10.04%</td>
</tr>
<tr>
<td>50.1-80% of AMI</td>
<td>2,906</td>
<td>6,702</td>
<td>16.89%</td>
<td>3,298</td>
<td>7,534</td>
<td>16.97%</td>
</tr>
<tr>
<td>80.01-120% of AMI</td>
<td>3,896</td>
<td>8,985</td>
<td>22.64%</td>
<td>4,401</td>
<td>10,053</td>
<td>22.64%</td>
</tr>
<tr>
<td>120.01%+ of AMI</td>
<td>7,418</td>
<td>17,108</td>
<td>43.11%</td>
<td>8,348</td>
<td>19,070</td>
<td>42.94%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>17,207</td>
<td>39,684</td>
<td>100.00%</td>
<td>19,440</td>
<td>44,408</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: Florida Housing Data Clearinghouse, Ormond Beach Demographic Profile
The previous tables reflect that the City of Ormond Beach has a relatively large percentage (40 to 43%) of its residents who have incomes exceeding 120% of the AMI. In Ormond Beach and the surrounding metro area, the HUD-estimated median income for a family of four is $49,900 or $4,158.33 per month in 2007. As such, in 2007 a family of four could not spend over $1,247.50 per month to cover rent/mortgage, utilities, insurance and other items. According to the Florida Housing Data Clearing House, the average sales price for a single family home was $305,373 in 2005. The median sales price that year was $265,000, compared to a statewide median sales price of $226,000.

The recent trends in the real estate market indicate that sales price would not be a sound gage of affordability. According to a March 2006 report from the Office of Federal Housing Enterprise Oversight (OFHEO), the Daytona Beach Metropolitan Statistical Area (MSA) had the 10th highest percentage increase in the housing appreciation in the nation. This trend has stopped with the downturn in the housing market that is resulting in decreasing values.

In order to have an accurate estimate this report is based on the average value reported by the Florida Housing Data Clearinghouse. The average value according to the Florida Housing Data Clearinghouse in 2005 was $223,449 for a single-family home; $37,619 for a mobile home; and $267,300 for a residential condominium. Assuming that the average values have remained the same since 2005, this means that a family of four with income at the AMI for the metropolitan area could not afford purchasing an average valued home, assuming a 10% down payment and conventional financing. The following tables reflect calculations that factor into determining the price of an affordable home, based on a gross annual income of $49,900. The tables use the following assumptions:

1. The determination for affordability is based on the belief that the mortgage, insurance and taxes account for no more than 30% of the annual gross income. This does not factor in other living expenses such as food or transportation costs. If these expenses were factored into the analysis, there would be even more disparity of those who could afford living in Ormond Beach;
2. Minimum down payment of a house is 10%;
3. Fixed rate mortgages are set at 30-years at 6.5% interest;
4. Insurance based on an annual cost $3,000; and
5. Taxation based on 85% of sales price minus $25,000 homestead exemption deduction and millage rate for Ormond Beach as of FY 2007-2008.
The following table reflects that a home with a value of **$147,500** would be considered affordable to a household at the AMI for Volusia County.

<table>
<thead>
<tr>
<th>Sales Price of Home</th>
<th>$100,000</th>
<th>$125,000</th>
<th>$147,500</th>
<th>$150,000</th>
<th>$175,000</th>
<th>$200,000</th>
<th>$225,000</th>
<th>$250,000</th>
<th>$300,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term of Loan (years)</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Interest</td>
<td>6.50%</td>
<td>6.50%</td>
<td>6.50%</td>
<td>6.50%</td>
<td>6.50%</td>
<td>6.50%</td>
<td>6.50%</td>
<td>6.50%</td>
<td>6.50%</td>
</tr>
<tr>
<td>Down Payment</td>
<td>$10,000.00</td>
<td>$12,500.00</td>
<td>$14,750.00</td>
<td>$15,000.00</td>
<td>$17,500.00</td>
<td>$20,000.00</td>
<td>$22,500.00</td>
<td>$25,000.00</td>
<td>$30,000.00</td>
</tr>
<tr>
<td>Monthly Mortgage Payment</td>
<td>$586.86</td>
<td>$711.08</td>
<td>$839.07</td>
<td>$853.29</td>
<td>$995.51</td>
<td>$1,137.72</td>
<td>$1,279.94</td>
<td>$1,422.15</td>
<td>$1,706.58</td>
</tr>
<tr>
<td>Property taxes (2007/2008 millage)</td>
<td>$94.05</td>
<td>$127.36</td>
<td>$157.34</td>
<td>$160.67</td>
<td>$193.98</td>
<td>$227.29</td>
<td>$260.60</td>
<td>$293.91</td>
<td>$360.53</td>
</tr>
<tr>
<td>Insurance</td>
<td>$250</td>
<td>$250</td>
<td>$250</td>
<td>$250</td>
<td>$250</td>
<td>$250</td>
<td>$250</td>
<td>$250</td>
<td>$250</td>
</tr>
<tr>
<td>Sum of Monthly Housing Expenses</td>
<td>$930.91</td>
<td>$1,088.44</td>
<td>$1,246.41</td>
<td>$1,263.96</td>
<td>$1,439.49</td>
<td>$1,615.01</td>
<td>$1,790.54</td>
<td>$1,966.06</td>
<td>$2,317.11</td>
</tr>
<tr>
<td>Annual Gross Salary Needed to Qualify</td>
<td>$37,236.40</td>
<td>$43,537.58</td>
<td>$49,856.31</td>
<td>$50,558.35</td>
<td>$57,579.53</td>
<td>$64,600.30</td>
<td>$71,621.48</td>
<td>$78,642.25</td>
<td>$92,684.20</td>
</tr>
</tbody>
</table>
The current condition also reflects that a family earning the AMI could not purchase a condominium, but would be able to purchase a mobile home and not be cost-burdened. This brings to light the issue of those who are “cost-burdened”, as defined previously. Another important aspect is those “cost-burdened” households that have incomes of less than the AMI. This has been used by the Florida Housing Data Clearinghouse as the primary indicator of need for assistance regarding the provision of housing.

The City of Ormond Beach is striving to attain a balanced employment environment with stable, professional and technical positions that provide for wages and salaries in excess of the AMI. This is a common goal of all communities so there is extensive competition. According to the City’s Strategic Economic Development Plan, the current largest employer in the City of Ormond Beach is Florida Hospital-Memorial Division with approximately 1,400 full time employees. The remaining top ten employers are primarily manufacturing businesses, with the exception of the City of Ormond Beach. This means that with the exception of the top two employers, the majority of major employers are manufacturers. The area’s manufacturing average annual wages vary from $21,382 for an assembler/fabricator to $32,635 for a machinist according to the Volusia County Economic Development. Average annual wages for the hospital and the City are widespread, but follow similar patterns as the manufacturing sector. This means that a person employed by a local business has an annual gross annual income that could barely qualify for a home with a sale price of $100,000 unless that same person has a spouse also employed. This means that many of the workers that the public see at Florida Hospital, the City of Ormond Beach, and various manufacturing operations cannot afford to purchase a home in Ormond Beach.

Determining who needs affordable/attainable housing has been generally categorized in the previous paragraph. The critical issue is to use demographic data and projections to identify future needs for affordable housing such that the City of Ormond Beach can pursue measures towards meeting the housing needs of the entire population.

As a summary indicator of local affordable housing need, the number of households that are low-income (incomes below 80% of area median) and severely cost-burdened (paying 50% or more for mortgage costs or rent) has been projected by the Florida Housing Data Clearinghouse. This indicator encompasses a broad range of households likely experiencing distress because of their housing costs. With their low incomes, a large portion of income taken up by housing costs is likely to limit these households’ ability to afford other necessities. Moreover, the 80% of median income figure is a traditional measure of eligibility for programmatic housing assistance. For example, all beneficiaries of the federal public housing program and federal HOME program must have incomes below this amount.
The need indicator can serve as an approximation of the total number of households that would benefit from some type of housing assistance. Such assistance could include the construction of new affordable housing units, but it could also include the provision of subsidies to make current units more affordable. However, the total number of households does not include homeless individuals and families, since they are not included in household enumerations. In addition, many migrant farm worker households, missed by Census counts are not included in determining need.

Table 4 reflects that there will be approximately 35% of the population over the next 25 years that will need assistance in order to afford rental or owner occupied housing in the City of Ormond Beach. In 2030 it is projected that 9,884 households or 21,743 persons will need to have some sort of assistance to ensure provision of housing. This projection does not take into account those individuals between 80% and 120% of the AMI who may still be cost burden since the cost of housing exceeds 30% of their gross monthly income.
It is important to point out that this analysis is based solely on annual income and may overstate the need for affordable/attainable housing. According to the US Census, in 2000 approximately 27% of the City’s population was over the age of 65. According to the Florida Housing Data Clearinghouse there were 4,710 elderly households in Ormond Beach in 2005 and 33.4% of them were considered to be cost-burdened. It is assumed that using these ratios would provide an accurate estimate of the number of retirees in need of assistance in the City. This assumption is needed to provide an accurate range of the actual need for assistance. For example, a retiree whose income may be 80% of the areas AMI and still may be able to afford a new residence if the sale of the home in the other state results in a large capital gain. The person would be counted as a household in need of assistance, but would actually be able to purchase a home outright or with a mortgage that is manageable given the retirement benefits (person’s pension, IRA, 401C, etc.). The following table shows a range for those households that are projected to need assistance in order to avoid being cost-burdened:

<table>
<thead>
<tr>
<th>Year</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>4,907</td>
<td>5,893</td>
</tr>
<tr>
<td>2010</td>
<td>5,571</td>
<td>6,691</td>
</tr>
<tr>
<td>2015</td>
<td>6,240</td>
<td>7,495</td>
</tr>
<tr>
<td>2020</td>
<td>15,570</td>
<td>18,701</td>
</tr>
<tr>
<td>2025</td>
<td>16,874</td>
<td>20,267</td>
</tr>
<tr>
<td>2030</td>
<td>18,103</td>
<td>21,743</td>
</tr>
</tbody>
</table>

The projections provided are simplified and based on several assumptions. These projections provide a general understanding of the need facing the City of Ormond Beach to provide affordable/attainable housing. Again, assuming that the current trends are maintained until 2030, there will be approximately one third of the households in the City of Ormond Beach classified as cost-burdened. The next step is identifying how the City of Ormond Beach could further address the housing needs of its residents and what are the redevelopment opportunities available for new development in existing neighborhoods.
Table 6: Key Issue Areas in Housing Affordability in Ormond Beach

<table>
<thead>
<tr>
<th>Housing Affordability Issues</th>
<th>Issues applicable to Ormond Beach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate levels of service</td>
<td>Schools and Transportation - yes</td>
</tr>
<tr>
<td>Land costs</td>
<td>Yes</td>
</tr>
<tr>
<td>Land development regulations</td>
<td>Yes</td>
</tr>
<tr>
<td>Construction costs</td>
<td>Yes</td>
</tr>
<tr>
<td>Infrastructure capacity</td>
<td>Yes</td>
</tr>
<tr>
<td>Site Preparation costs</td>
<td>Yes</td>
</tr>
<tr>
<td>Building codes</td>
<td>No</td>
</tr>
<tr>
<td>Fire sprinkler requirements</td>
<td>No</td>
</tr>
<tr>
<td>Administrative procedures</td>
<td>Yes</td>
</tr>
<tr>
<td>Processing times</td>
<td>Yes</td>
</tr>
<tr>
<td>Fees and exactions</td>
<td>Yes</td>
</tr>
<tr>
<td>Inspection procedures</td>
<td>No</td>
</tr>
<tr>
<td>Incentives for affordable housing</td>
<td>Yes</td>
</tr>
<tr>
<td>Availability of housing choices</td>
<td>Yes</td>
</tr>
<tr>
<td>Development standards</td>
<td>Yes</td>
</tr>
<tr>
<td>Access to credit</td>
<td>Yes</td>
</tr>
<tr>
<td>Interest rates</td>
<td>No</td>
</tr>
<tr>
<td>Flexible underwriting criteria</td>
<td>No</td>
</tr>
<tr>
<td>Public policy constraints on linked deposits</td>
<td>Yes</td>
</tr>
<tr>
<td>Density limitations</td>
<td>Yes</td>
</tr>
</tbody>
</table>
LAND USE TECHNIQUES AND REGULATORY PROVISIONS THAT AFFECT AFFORDABLE/ATTAINABLE HOUSING

There are a number of approaches to increasing affordable housing in Ormond Beach. Several land use and regulatory techniques are sourced from the publication entitled, “Affordable Housing Techniques: A primer for Local Government Officials,” prepared by Municipal Research and Services Center of Washington. The publication’s content represented so well the diverse and detailed discussions and opinions that the Task Force had concerning certain techniques and their relevance to Ormond Beach that it has been liberally adapted and included in this section of the study.

A. Up-zoning (higher density)\textsuperscript{1} - Up-zoning is the most basic and potentially effective technique for promoting housing affordability. It involves the selective rezoning of residential land to allow greater density (measured by the number of housing units that can be placed on a parcel of land). Higher density can include both multi-family and single-family housing. Higher densities require special design requirements to ensure that new higher density developments are compatible with existing housing in the community. A single-family home on a 20,000 square foot lot in the R1 Zoning District uses 12.5 times as much land per household as a garden apartment of 25 units per acre.

1. Benefits: Increasing allowable density generally has the effect of reducing land and site development costs for developers, letting them spread these costs over a larger number of units, and therefore, reducing purchase prices for homes and rents for apartments. Site development costs include the labor, material and equipment expenses for the construction of roads, sidewalks, water and sewer lines, drainage, landscaping, and other on-site work. Higher density urban development may help to preserve farm land, open space and environmentally sensitive areas by reducing the overall amount of land needed for residential development. Density increases near employment centers and transit stops can help reduce traffic congestion by providing more opportunities for residents to live near their jobs. Higher densities can result in more efficient use of existing infrastructure capacity assuming it is adequate to serve growth.

\textsuperscript{1}Affordable Housing Techniques: A primer for Local Government Officials. Page 10, March 1992 – Report No: 22
2. Key Policy Issues: Higher density development requires greater attention to design (architectural style, landscaping, lot coverage, open space, parking, etc.) to enhance aesthetic appeal and to blend in with surrounding developments. High density developments require convenient access to recreation and transit. Opposition to up-zoning in Ormond Beach is typically based on concern over increased traffic congestion, impact on schools, impact on property values, and the perception that people who live in higher density housing are somehow "different." Debate over desirability of greater density is often couched in terms of "high" verses "low." Ormond Beach may want to consider other options, including "moderate" densities or a mix of densities. Finally, the creation of additional units through up zoning may not be the best option should the Transfer of Development Rights occur where density from Volusia County’s environmental core as illustrated on “Map A” could be transferred to urban areas to include Ormond Beach.

B. Inclusionary Zoning

- This technique to increase affordable housing is usually applied to new housing developments in which a certain portion of the units being constructed are set aside to be affordable to low- and moderate-income home buyers. [Affordable Housing - Local Government Regulatory and Administrative Techniques, p.16] This technique may be applied to both rental and owned units, and single- or multi-family housing projects. Inclusionary zoning ordinances can be either mandatory, requiring developers to build a specified number of affordable units, or voluntary, based on development incentives, such as density bonuses which allow a developer to build more units (at a higher density) on the same site in exchange for the inclusion of a number of affordable units. Inclusionary zoning ordinances generally contain provisions defining income eligibility requirements, criteria used for determining the pricing of affordable units, restrictions on the resale of affordable units (to ensure that new owners do not turn around and resell the units at market rates). Ormond Beach has within its housing policies of the Comprehensive Plan (Policy 1.5.4) which support inclusionary zoning but no such implementing ordinance provision has been made to the Land Development Code.

1. Benefits: Inclusionary zoning programs do not generally require the expenditure of local tax dollars to fund the construction of affordable housing units. Ordinances based on developer incentives, such as density bonus programs, offer a positive alternative to mandatory programs that may be resisted by local developers. Voluntary programs allow developers to determine for themselves whether participation will be cost effective. Inclusionary programs that do not provide for density bonuses can preserve zoning restrictions on higher

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2 Ibid, page 11
density development and may be more acceptable in communities opposed to general up-zoning as a solution to affordable housing shortages. Inclusionary programs avoid the problems of over concentration, isolation, and stigmatization of affordable housing units, by integrating them into housing developments located throughout the community. Inclusionary zoning can be flexible, since the provision for affordable housing can either be regulated or encouraged by developer incentives.

2. Key Policy Issues: Set aside requirements should be relatively modest (10 to 15% percent of total units) if there are no compensating developer incentives. Inclusionary programs under Florida law permit a developer to opt for payment into a housing trust fund if the project is too small. For example, the Ormond Beach Comprehensive Plan states that any Planned Residential Development greater than 20 units would need to apply but 10% set aside applies to four areas only and is not citywide.

C. Density Bonuses

Density bonuses are often offered to a developer in exchange for the inclusion of affordable units within a proposed residential project. A density bonus allows a developer to build more units within a project than would otherwise be permitted under normal density limits. Both zoning and subdivision regulations can be modified to allow density bonuses. Ormond Beach permits density bonuses within the Planned Residential Development but there is no targeting of the bonus for modestly priced units regardless of tenure type.

1. Benefits: By increasing the overall value of a project, density bonuses make the provision of affordable housing units more economical. Density bonus programs allow for the provision of affordable housing that in many cases would not be economically feasible for either the developer or the City.

2. Key Policy Issues: Density bonuses alone may not be sufficient, depending on market conditions, as an incentive to developers. Ormond Beach may want to consider additional incentives such as reduced setbacks, street frontages, and other cost reducing inducements as part of a project that includes affordable unit set asides.

Ormond Beach would need to consider what level of additional density will be allowed in exchange for a specified number of affordable units. Density bonuses are usually expressed as a percentage of the density allowed under

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3 Ibid, page 12
normal zoning regulations. Density bonus programs must be designed on the basis of a thorough understanding of the real estate market to determine feasibility and to develop appropriate regulations. If current zoning allows enough density to satisfy current market demand, developers may have no interest in using a density bonus. A partnership between the Builder’s Association and the City would be required in order to structure a density bonus that would be sufficient to provide an incentive but not “enrich” a developer. Attention should be given to the location and design of affordable housing units within proposed projects to ensure project quality. For a density bonus to work, a minimum size of development is required. A review of the literature indicates that at least 50 units would be needed for a density bonus to work effectively. [How Regulatory Improvements Can Help, p. 19]

D. Garage Apartments/Accessory Apartments/Echo Cottages⁴ - Ormond Beach allows the development of Garage Apartments in all residential districts except for R-7. However, the limiting factor that only members of the family of the owner of the single family dwelling unit may occupy such a unit thwarts this technique as being a viable option for providing affordable housing. The type of unit better suited towards this restriction would be an accessory apartment which uses surplus space in existing single-family homes. An accessory dwelling unit is an additional living unit, including separate kitchen, sleeping, and bathroom facilities, attached to the primary residential unit, on a single-family lot. Attached units, contained within a single-family home, known variously as "mother-in-law apartments," "accessory apartments," or "second units," are the most commonly encountered type of accessory dwelling unit. Garage apartments typically involve the renovation of a garage. Less common are detached "accessory cottages" or "echo homes," which are structurally independent from the primary residence. These units, typically placed in the rear yard area, are usually constructed or installed for the purpose of providing housing for an elderly parent being cared for by their adult children living in the primary unit. Accessory cottages or echo homes are less frequently allowed in zoning codes and are generally more expensive to build than accessory or garage apartments. [Accessory Units: An Increasing Source of Affordable Housing, p.5]

1. Benefits: Accessory apartments are a relatively simple way to obtain source of affordable housing. Allowing accessory units is a way to provide affordable rental housing without the necessity of local government expenditures or subsidies. Rents for accessory apartments are generally lower than rents for comparably sized non-accessory apartments, both because the owner lives in one of the units and because they are cheaper to build. [Accommodating Accessory Apartments, p. 34] Older residents who are living on fixed incomes can use

⁴ Ibid, page 18
the added income to offset the costs of rising property taxes and utility bills, thus allowing them to stay in their homes. Elderly home owners may also offer lower rents to tenants in exchange for help in performing routine maintenance chores. Young, first-time home buyers can use the extra income to help pay their mortgage payment. Accessory apartments use surplus space in large older homes, thus making the most efficient use of the existing housing stock. Accessory apartments encourage the upkeep of existing housing stocks since owners have extra income that can be applied to maintenance expenditures. Accessory apartments offer renters affordable housing located in more desirable single-family neighborhoods.

2. Key Policy Issues: Opposition in Ormond Beach to attached accessory units or detached garage apartments usually arises from neighborhood concerns about declining property values, exterior appearance of accessory units, and impacts on parking and traffic from increased density. In response to those expressed concerns, regulations can be designed to deal with such issues as the size of units, exterior appearance, off-street parking, and concentration of units. The challenge is to address the concerns of opponents without making conversions too difficult or expensive for homeowners. Although opposition groups often express concern that single-family neighborhoods will be overrun by accessory apartment conversions, studies done in cities which have allowed accessory units show that the actual number of conversions has been relatively small. [Accessory Apartments - Using Surplus Space in Single-Family Houses, p. 4] American Planning Association.

E. Cluster Subdivisions\(^5\) - This technique provides for the clustering of housing units within a residential development (usually single-family detached- or attached-housing) on lots smaller than those normally allowed under existing zoning, usually with the provision that the land that is saved be set aside permanently as open space. Cluster subdivisions generally conform to a zoning districts "gross density" requirements (measured by the number of housing units per acre relative to the total area of the site), but may increase the site's "net density" (measured by the number of housing units per acre relative to the buildable area of the site), by reducing lot sizes and concentrating development on a smaller portion of the available site. [Affordable Housing - Local Government Regulatory and Administrative Techniques, p. 13] Cluster subdivisions are similar to planned residential developments (PRDs) to the extent that they both involve clustering of homes on smaller lots; however, a cluster subdivision is a narrower concept, limited to residential uses (as opposed to mixed uses allowed in a PRD), usually requiring less stringent review procedures, and which may or may not result in higher overall densities. Cluster subdivisions are more closely related

\(^5\)Ibid, page 20
to traditional subdivision development since they generally comply with existing zoning standards governing overall density and land use restrictions. [The Cluster Subdivision: A Cost-Effective Approach, pp.1-2]. In Ormond Beach, clustering is permitted but only in a Planned Residential Development which is classified as a rezoning and therefore subject to public hearings.

1. Benefits: As in PRDs, clustering decreases development costs by reducing street lengths, sidewalks, utility lines, and other site development costs. This, in turn, also helps to reduce the costs of infrastructure maintenance. Clustering allows for more environmentally sensitive site planning by concentrating development on the most buildable portion of the site while preserving natural drainage, vegetation, and other natural features. [The Cluster Subdivision: A Cost Effective Approach, p. 3] Permitting cluster subdivisions "by-right" in certain zones can provide a relatively straightforward (and therefore, less costly) way of encouraging economical development without increasing overall density. Cluster developments can provide residents with an enhanced sense of community and security within each cluster and among neighboring clusters. [Affordable Residential Land Development, p. 30]

2. Key Policy Issues: Ormond Beach sets as a minimum size for cluster subdivisions as 5 acres. Ormond Beach should consider reducing this acreage threshold to 1 acre given it is a built out community (except for Ormond Crossings) and opportunities for affordable housing can best be found in infill and redevelopment through lot consolidation. Consideration should be given to the issue of how much of a reduction in lot sizes will be allowed. Some communities set maximum reduction limits. Cluster subdivisions usually require that the amount of open space must at least equal the total reduction in lot areas. Communities may allow for both public or private ownership and maintenance of open space. Cluster subdivisions should be permitted as a "by-right" use.

F. Infill Development\textsuperscript{6} - Infill can refer to either: 1) development that takes place on land within built-up urban areas that has been passed over for various reasons during previous development phases and has remained vacant or under-utilized; 2) or it can refer to redevelopment. Ormond Beach has several infill opportunities one of which is the Cardinale site that will be discussed later in this report as a demonstration site for creating infill modestly priced housing. Interest in infill development stems from a desire to channel development into areas that are already served by public facilities, including police, fire, utilities, schools, and transit, to make more efficient use of existing land and

\textsuperscript{6} Ibid, page 25
public facilities. Ormond Beach should also encourage redevelopment to higher densities as part of a strategy to
revitalize and bring new activity to older neighborhoods. This type of infill development can also provide opportunities
for the construction of affordable housing. Infill development can range from construction of single-family housing on
one or two adjacent lots, to an entire city block containing mixed residential and commercial uses such as in and
adjacent to the Downtown area. [Affordable Housing - Local Government Regulatory and Administrative Techniques,
p. 15]

1. Benefits: The infill sites in Ormond Beach are already served by utilities and other public services which can
reduce developer's up-front costs, and, in turn, may help in reducing the costs of completed housing units. The
infill sites are well served by VOTRAN which can reduce traffic congestion by offering housing options that are
closer to employment centers. New housing, or mixed-use projects resulting from infill development, can have a
revitalizing effect on surrounding neighborhoods. Redevelopment efforts are already taking place on US Highway
1 in the area south of Granada Boulevard. Encouragement of infill development seeks to make the best use of
existing urban land and infrastructure reduces development pressures on suburban locations, slowing the
tendency toward urban sprawl and preserving open space and agricultural lands.

2. Key Policy Issues: Where infill sites are located on higher cost urban land, multi-family housing and/or mixed-
use projects, with lower per-unit development costs may be the most appropriate type of development. Where
land costs are particularly high, incentives such as density bonuses or allowance of mixed uses, may add to a
project's feasibility. Careful design, with particular attention to enhancing compatibility with surrounding buildings,
parking, and traffic problems, will help to increase neighborhood acceptance.

Ormond Beach can encourage infill or redevelopment by:

- Preparing an inventory of potential infill sites and making it available to developers (already completed);
- Allowing sufficient density to induce housing development;
- Identifying receiving zones for transfer of development rights where facility and services exist in order to
  maximize infrastructure investment; and
- Providing financial incentives.
G. **Rezoning vacant land for residential use**\(^7\) - This involves amending the Zoning Map and rezoning commercial or industrial land no longer suitable for its originally intended uses. It can include land zoned for office, commercial, and industrial uses as well as underutilized agricultural land and surplus land owned by the City.

1. **Benefits:** The advantages to rezoning for residential use includes close proximity to job centers, shopping and transit. Land for affordable housing development can be created without disturbing current residential areas. Residential use generates less traffic than industrial, office or commercial uses.

2. **Key Policy Issues:** A land use inventory, together with an analysis of projected need for commercial and industrial land, is needed to determine the availability of surplus commercial and industrial land supply. Special attention to site development is needed in terms of proximity to industries which produce emissions or may be unattractive in appearance. Special attention must be paid to the possible presence of toxic materials in the soils of industrial lands developed for housing. Allowable densities should be sufficient to ensure economical development. Higher densities will generally result in lower per unit development costs. Consider allowing density bonuses, or other types of developer incentives, in return for construction of affordable housing.

H. **Transfer of Development Rights**\(^8\) - Transfer of development rights (TDR) programs have been implemented in a number of States across the country as a means of generating funds for the preservation and/or rehabilitation of low- and moderate-income housing primarily in downtown areas. TDR programs have also been used as a means for preserving historic landmark structures, open space, and agricultural land. Collier, Charlotte and Dade Counties are three examples of counties in Florida that have implemented TDR legislation in 2008.

TDR programs are based on the idea that ownership of real property is comprised of a "bundle of rights," including, among other things, a property's "development rights," which can be separated, sold, and transferred to another piece of property. "Development rights" are defined as the "difference between the existing use of the parcel and its potential use as permitted by existing law." [Making TDR Work, p. 203] A TDR program allows for the sale and transfer of unused development rights from one building or parcel of land (the "sending site") to another (the "receiving site").

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\(^7\) Ibid, page 28
\(^8\) Ibid, page 30
1. Benefits: Use of this technique benefits both developers, who can increase the density of their projects, and the community, which benefits from the Open Space preservation or the creation of affordable workforce housing. Increased housing opportunities in the Urban Service Area can help to reduce traffic congestion and provide workers with housing close to Ormond Beach’s activity centers. TDR programs can also be used to conserve land in Volusia County by transferring excess density into Ormond Beach.

2. Key Policy Issues: TDR programs can be complex to administer and apparently work best primarily in healthy real estate markets where developers have sufficient incentives to purchase and use development rights. Ormond Beach should determine whether they are willing to accept increased density in receiving areas in order to preserve open space in the sending areas and provide some low- and moderate-income housing in the receiving areas. Property owners in receiving areas may find TDRs to be acceptable in theory, but not in their back yards. Once development rights have been transferred, Ormond Beach can place legal restrictions on the sending site, prohibiting future use of the transferred development potential. TDR programs often provide only limited funds which may need to be supplemented, depending upon needs, through other funding sources including private financing and public subsidies. TDR programs must be designed on the basis of a thorough understanding of the real estate market both to determine feasibility and to develop appropriate regulations. If existing zoning allows enough density to satisfy current market demand, developers will have no interest in purchasing additional development rights. Ormond Beach may want to consider a requirement that construction of housing units be completed within some fixed period of time because reservation of capacity for services should be limited.

I. Exemption of Impact Fees and City fees\textsuperscript{9} - All public facilities and services which have projects contained within Ormond Beach Capital Improvements Program are subject to either impact fees, utility fees, or connection fees. Recognizing that impact, utility, and connection fees can have a negative effect on the construction of affordable housing, the need to enact measures to reduce or waive such fees for projects that include affordable housing units may be warranted.

1. Benefits: Fee reductions or payment of the developer's upfront costs using the City’s portion of the Community Development Block Grant and can help to support the construction of affordable housing units.

\textsuperscript{9} Ibid, page 31
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2. Key Policy Issues: Impact fees are imposed so that new home buyers bear the financial responsibility for the infrastructure costs necessitated by new developments. These policies are based on the notion that the person who benefits should pay. In the case of affordable housing construction, a good argument can be made that such developments benefit the entire community, and, therefore, reductions or payment of impact fees on behalf of the developer are appropriate. Waiving impact fees for affordable housing may also jeopardize the basis for why the impact fee is needed. Ormond Beach would need to review the current impact fee legislation to determine where reductions and/or payment by the City in lieu of the developer for affordable housing projects may be appropriate. Impact fee reductions and/or alternative payment can be used in conjunction with other affordable housing techniques such as density bonuses or inclusionary requirements to promote the construction of affordable housing.

J. Zoning/Subdivision/Development Standards
Ormond Beach can lower the costs of creating affordable housing by re-evaluating their ordinances and updating or modifying regulations where possible. Minimum requirements can often be lowered to reflect actual projected usage and needs. Subdivision requirements involve site-improvement standards which are designed to hold down future maintenance and minimize both public and private repair and replacement costs. These standards are also used to prevent flooding, minimize accidents, protect air and water quality, and to preserve or enhance the residential setting. [How Local Regulatory Improvements Can Help, p. 5] In subdivisions, the frontage, or width, of the lot determines the linear distance of streets, sidewalks and utility lines that must be put in place for each house. Requiring lot widths of, say, 100 feet when 50 feet would suffice, may be almost doubling the cost of the major site improvements per housing unit. Reducing the minimum lot frontage is an important way to reduce housing costs in many communities. Site improvement standards include drainage requirements, dimensions and spacing of storm drains or other storm catchments, street construction standards, minimum street pavement widths and cul-de-sac turning radii, parking standards, sidewalk standards, sewer pipe sizes and spacing of manholes. Additionally, the City as an alternative may elect to keep its current city wetland regulations intact, but provide exemptions for residential developments which provide a percentage of modest price housing. Cost savings in site improvements allow direct reductions in the cost of new housing. Site improvement costs (including labor and materials) have been found to account for roughly 10 percent or more of development costs for a new single-family home. [How Local Regulatory Improvements Can Help, p. 5] Such savings passed on to the consumer, may make the difference between affordable and non-affordable housing. Strategic

10 Ibid, page 32
Planning Group, Inc. conducted a Housing Study for Ormond Beach in 2003 and documented the costs and the opportunities for regulatory reform. These recommendations should be vigorously pursued.

1. Benefits: The money savings in development costs can significantly reduce the cost of housing, particularly when they can be spread over a large number of housing units. The revision of subdivision standards can promote more efficient use of labor, materials and time, thus expediting the construction process and saving on total development costs. These savings can also be passed along to the consumer.

2. Key Policy Issues: Care must be taken to avoid site development shortcuts which may prove to be more costly in the long run. Subdivision ordinances that have not been amended in many years and which may contain some out-dated standards, in particular, may benefit from a review aimed at increasing housing affordability.

K. Community Land Trusts – A Community Trust constructs homes, but retains ownership of the land. The homebuyer purchases the home and receives a 99-year renewable ground lease. The resale price of the home is determined by an indexed formula, which limits the resale price of the home, thereby keeping it affordable for future buyers. In exchange for the opportunity to own or rent a home that might not otherwise be able to afford, applicants agree to pass the opportunity along to others through the resale formula. The Land Trust model is a program to create shelter, not investment. Since the land remains in the control of the Trust, only those qualifying under the affordable housing income limits are allowed to purchase the home at a controlled cost, therefore the land are used for affordable housing in perpetuity. By taking the cost of the land out of the equation, the homebuyer can purchase the home at a lower cost. The homeowners or renters must be members of the Land Trust and must make a commitment to attend meetings and assist others to achieve the same opportunity for safe, decent shelter and stability. This creates a strong sense of community and commitment to help others. Typically, this type of mechanism is operated through a non-profit based community housing corporation. In Florida, there are several Community Land Trusts (CLT) operating such as the Bahama Conch CLT (Key West); Escambia Community CLT (Pensacola); and Middle Keys CLT (Marathon).

1. Benefits: The primary benefit of this mechanism is that it preserves the affordability of the unit in perpetuity. The criticism of providing affordable housing is that a unit is initially an affordable unit but due to appreciation over time the resale of the unit is often not affordable.

2. Key Policy Issues: CLT's are grassroots type ventures and requires a marriage of several partners for this to work.
L. Manufactured Housing - Florida Statute 553.36 states, “The department shall enforce every provision of the Florida Building Code adopted pursuant hereto, except that local land use and zoning requirements, fire zones, building setback requirements, side and rear yard requirements, site development requirements, property line requirements, subdivision control, and onsite installation requirements, as well as the review and regulation of architectural and aesthetic requirements, are specifically and entirely reserved to local authorities. Such local requirements and rules which may be enacted by local authorities must be reasonable and uniformly applied and enforced without any distinction as to whether a building is a conventionally constructed or manufactured building (denoted in red for added emphasis). A local government shall require permit fees only for those inspections actually performed by the local government for the installation of a factory-built structure. Such fees shall be equal to the amount charged for similar inspections on conventionally built housing. The Attorney General was asked two questions: 1) May a local government excluded factory built housing which is constructed to the standards of Part IV of Chapter 553, F.S., from a zoning classification that permits conventionally constructed housing; and 2) if the answer to question 1 is in the negative, may a local government impose additional construction standards for aesthetic purposes applicable to both conventional and manufactured housing? The Attorney General concluded local government cannot exclude manufactured housing constructed to the standards required by the Department of Community Affairs under Part IV of Ch. 553, F.S., from a zoning classification that permits conventionally constructed housing but local aesthetic regulations may be uniformly applied and enforced without any distinction as to whether a building is conventionally constructed or manufactured, but such regulations must be reasonable and bear a relationship to aesthetic uniformity or safety. The stated statute and AGO applies also to modular housing but it does not apply to "mobile homes." As a result, manufactured and modular housing are permitted within SR districts without restriction. The City is permitted to adopt aesthetic standards (i.e.: architectural genre, colors, exterior appearance, etc...) but those standards cannot be drafted so as to prohibit manufactured housing. The City cannot adopt a standard that requires masonry wall construction. Current practice has been to limit manufactured homes to T-1/PMHC and T-2 districts. To date, there has been no challenge to this practice.

1. Primary Benefits – Incorporating manufactured housing into the SR districts with aesthetic standards would immediately introduce a moderately priced product into the market and could be used as infill and replacement housing for units that cannot be rehabilitated due to economics.

2. Key Policy Issues – The introduction of manufactured housing into the SR Districts without aesthetic standards could bring about objections from current residents. However the aesthetic standards must be uniform and be applicable to all types of housing – not just manufactured housing.
M. Wetland Standards - The current standards were incorporated into the City’s Land Development Code (LDC) in 1997 after the amendments to the comprehensive plan were adopted. The City Commission revised these standards in 1999 to limit the applicability to the Airport Business Park and airport property (See Conservation Element Policy 5.4.47). This meant that no other properties within the city would be allowed to use the relief from the wetland standards. Minutes from the 1999 and 2000 City Commission meetings reflect how the current regulations played into the annexation of the CTLC and Flagler Development Corporation (FDC) properties. This issue also was discussed as part of the efforts to retain Florida Hospital-Memorial Division at its current location on Sterthaus Drive. The only change to occur since that time was in 2005 when the wetland protection policies were amended so that master planned projects with an area of 2,000-acre or greater could use the wetland standards from the St. Johns River Water Management District (SJRWMD) for impacts to wetlands within business/industrial parks. These provisions are to be included in the Planned Development for Ormond Crossings. Attached to this memo is past information provided to the City Commission regarding previous discussions on this issue. The City’s LDC Section 3-21; SJRWMD’s Applicants Handbook: Management and Storage of Surface Waters; and Biological Consulting Services’ Wetland Protection Standards Comparative Analysis Report prepared for the Ormond Beach in 1996 were consulted in answering the following first two questions:

1) How do City wetland standards differ from that of SJRWMD?
2) Which standard (City or SJRWMD) is more restrictive of the two compared?
3) Which regulation provides the most protection?

In doing the analysis of the three documents, there are several areas of the wetland regulations for Ormond Beach and SJRWMD that are different and can be determined as being more or less restrictive. They include: the use of a Numerical Classification System; buffers; mitigation; mitigation ratios; acreage thresholds; and exemptions.

Neighborhood Classification System: One of the most unique aspects of the City’s wetland regulations is its Numerical Classification System. SJRWMD does not use a classification system. The agency reviews a project and makes a determination on the value of the wetland and uses that information in determining mitigation ratios while the City requires the applicant to classify a wetland into one of four classes and permitting is based upon the classification. Class I wetland no impacts may occur; Class II only 10% of the aggregate wetlands can be impacted; Class III 20%; and Class IV – 30%. The applicant can use Class IV wetlands for stormwater and buffer requirements. The City’s regulations are considered more restrictive than SJRWMD since 70% to 100% of the
wetland depending on its Class is preserved regardless of its value or condition. SJRWMD will permit a prime wetland to be removed if there is no other alternative but it is expensive.

Buffers: The city requires upland buffers and their width depends on the wetland classification. Class I is 50-100 feet; Class II – Average 30 feet but not less than 25 feet; Class III – Average 25 feet but not less than 20 feet; and there is no Class IV required buffer. SJRWMD regulations do not require buffers but they are often used for mitigation and the width is less than the City’s minimum buffers. Buffers may be proposed to SJRWMD by an applicant to protect secondary impacts and the buffers are suggested by the state to be a minimum width of 15 feet and an average of 25 feet in width. As it pertains to buffers, Ormond Beach is much more restrictive.

Mitigation: SJRWMD permits wetland mitigation to occur offsite, but Ormond Beach requires that any mitigation occur on site or immediate adjacent to the site except for those exceptions which have occurred as mentioned in the Background section of this memo. On-site mitigation is much more restrictive than SJWMD’s mitigation requirements.

Mitigation Ratios: Mitigation ratios for Ormond Beach are extremely small compared to SJWMD. SJWMD staff uses a variety of mitigation ratios for restoration, creation, enhancement, or preservation depending on the value of the impacted wetland. The ratios are applied during the review of the application. Mitigation banks are used by SJWMD when an alternative is needed for projects with limited resources or plans which do not feasibly allow for adequate mitigation on site. Clearly, SJWMD mitigation ratios are more stringent than the City’s wetland standards for mitigation ratios.

Thresholds: While both SJWMD and Ormond Beach regulate all sizes of wetlands, SJWMD permits the removal of up to ½ acre without mitigation provided certain conditions exist. Ormond Beach regulates ¼ acre or more for Class II; 1 acre or more wetland for Class III; and ¼ acre or more in Class IV if not being used for stormwater. Ormond Beach is considered more restrictive.

Exemptions: Finally, both SJWMD and Ormond Beach have exemptions, but Ormond Beach is considered more restrictive due to the limited number of exemptions.

Primary Benefits - The underlining lynchpin in the regulations imposed by SJWMD and Ormond Beach is the end goal. SJRWMD regulations are based upon the value of the wetland which in turn are based upon function.
Function includes condition, hydrologic connection, uniqueness, location and fish/wildlife utilization. Ormond Beach wetland standards rely on physical features and hydrology. SJRWMD is regional and their goal for wetlands is different than for the City. For example, SJRWMD places greater value on wetlands that are contiguous which provides for better recharging of the aquifer and free movement of wildlife. The City’s regulations treat contiguous or isolated wetlands the same. The indirect result of preserving isolated wetlands, regardless of condition, in the City is the preservation of open space.

1. Key Policy Issues - If recharging the Floridan Aquifer and permitting the free movement of wildlife is the goal, regulations provide the most protection. What if Ormond Beach wanted to assist in recharging the aquifer since that is the source of the City’s potable water, promote wildlife, and preserve open space? Ormond Beach, like many cities, has competing priorities. Ormond Beach has already expressed it’s willingness to consider SJRWMD regulations for economic development projects. The Airport Business Park and Ormond Crossings are fine examples of economic development where the intent is to increase the number of value added jobs. Also, the City’s Affordable Housing Task Force is attempting to determine what incentives exist that could support more affordable workforce housing. One alternative is to keep the current city wetland regulations intact, but provide exemptions for economic development and residential developments which provide workforce housing that support the City’s Strategic Economic Development Plan.
AFFORDABLE HOUSING STRATEGIES

Essentially, there are two basic types of affordable housing strategies when investigating opportunities to provide affordable housing. The first is reactive and the second is proactive. Reactive strategies can include the following:

a. Administrative and procedural reforms to reduce carrying cost in the form of interest;
b. Targeted impact fee payments or reductions to reduce hard costs in the form of off-site exactions;
c. Increasing density and providing public excess land to reduce land costs; and
d. Development standard reforms to reduce construction and site preparation costs.

Reactive strategies that can best be accommodated in Ormond Beach are (a) through (d) individually or a combination of these three strategies. Opportunities do exist to amend development standards contained in the Design Standards Manual that the City employs which save significant development costs but do not sacrifice quality or safety. For example, there are significant costs savings in moving away from best management practices featured in typical stormwater ponds to integrated management practices which involve Low Impact Development techniques. Proactive strategies can best be described as follows:

a. Inclusionary zoning through the provision of incentive based density bonuses;
b. Establishment of a Housing Trust Fund through a dedicated source of revenue to support first time homebuyer assistance programs, housing loan guarantees, and existing housing conservation efforts;
c. Developing loan pool consortia agreements among area lenders or with one lender that the City has a financial relationship for first time homebuyers; and
d. Permitting infill development of vacant lots within the older parts of the City east of Nova Road.

Proactive strategies that can best be accommodated in Ormond Beach are (a) through (d) or any combination of these strategies.
**Cost Reduction Strategies**

*Table 7* depicts the cost inputs on the development side of the equation and the typical public responses to these inputs.

<table>
<thead>
<tr>
<th>Cost Inputs</th>
<th>Public Responses</th>
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<tbody>
<tr>
<td>1. Land Costs</td>
<td>- Increase Density</td>
</tr>
<tr>
<td></td>
<td>- Sale/grant of publicly-owned land</td>
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<tr>
<td>2. Carrying Costs</td>
<td>- Permit Streamlining</td>
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<tr>
<td>- Interest</td>
<td>- Subsidies/low-interest loans</td>
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<td>- Property taxes</td>
<td></td>
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<tr>
<td>3. Hard Costs</td>
<td>- Zoning standard modifications</td>
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<tr>
<td>- Construction costs</td>
<td>- Targeted exemptions</td>
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<td>- Site Preparation costs</td>
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<td>- Off Site Exactions</td>
<td>- Accessory units</td>
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<tr>
<td>4. Streamlining/Risk Factor</td>
<td>- Regulatory incentives</td>
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<td></td>
<td>- Early vesting</td>
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<tr>
<td></td>
<td>- Inclusionary zoning</td>
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<tr>
<td></td>
<td>- Housing Trust Funds</td>
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<td></td>
<td>- Public/Private Partnerships</td>
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**MITIGATING PROCEDURAL MEASURES**

*Table 8* outlines several objectives and techniques Ormond Beach could use to support affordable housing. These objectives fall into one of three categories: Alleviating uncertainty or providing predictability in the development process, shortening the approval process, and reducing the risk that developer’s experience in the process.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Techniques</th>
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| 1. Alleviating uncertainty in the development review process | - Fixed versus discretionary standards  
- Permit manuals  
- Ombudsman                                    |
| 2. Abbreviating the approval process           | - Establish time limits for review  
- Enforce time limits through “deemed approved” provisions – One stop permitting & joint public hearings  
- Increased or improve staffing  
- Increased role of staff in decision-making |
| 3. Protecting Developer’s investment – alleviating risk | - Early vesting  
- Eliminating successive discretionary reviews |
INFILL/REDEVELOPMENT DEMONSTRATION PROJECT:

The Affordable/Attainable Housing Task Force (AAHTF) requested that staff present information to the City Commission regarding a private-public venture to expand the amount of affordable housing in the City. This request pertains to one of the parcels identified by staff as being "surplus". The AAHTF reviewed the list of surplus properties in August of 2007. This was in part to ensure compliance with a provision in Florida Statutes that includes a requirement that all local governments must determine if publicly-owned property can be used for affordable housing prior to declaring the land as surplus. The AAHTF members inquired if the City was willing to use some or all of the land for affordable housing; and if so, how that would be accomplished. Staff indicated that there are a variety of methods of developing affordable housing on the subject property.

Subsequent to that meeting the AAHTF members identified that in order for the City to declare it surplus that they need to first determine if there is a need to use the property for affordable housing for essential staff (police, fire, teachers, etc.). Pursuant to a request from several members of the Affordable/Attainable Housing Task Force (AAHTF), staff presented various options for developing a 3.0-acre parcel located north of Cardinal Drive and east of Riverside Drive.

The subject property was previously acquired by the City for a future utilities site. The utility improvements originally planned for the site are no longer needed due to other improvements in the system. Based on the lack of need for utility purposes, staff identified the subject city-owned property that could be declared surplus.

At the AAHTF December 3, 2007, meeting, members unanimously recommended that the City Commission authorize staff to proceed with whatever actions are needed to secure proposals from private entities willing to partner with the City. The critical elements identified by staff and the AAHTF were:

1. The City must issue a request for proposals to ensure compliance with the regulations pertaining to the disposition of surplus public lands;
2. The RFP will specify that the City is looking to partner with a private entity who will be responsible for the development of affordable housing on the subject property;
3. The AAHTF members all identified that in order for a project to be feasible that the City has to provide land at no cost, defer all development fees, and provide the infrastructure (roads, water, sewers and sidewalks) at no cost. Funding for the infrastructure may be available with CDBG or SHIP funding;
4. The AAHTF identified that the development of the property for more compact, attached residential units (townhomes) would provide a greater opportunity to serve the needs of the areas residents. It was acknowledged that superior design and home owner association requirements would be needed to ensure compatibility with the adjoining single-family residential; and

5. Ownership of the land could be maintained in a community land trust or requirements for pay-backs with future sales could be used to ensure continued affordability into the future.

The subject property has a designation on the adopted Future Land Use Map as “Medium Density Residential” and is classified on the Official Zoning Map as R-3 (Single-Family Medium Density). The regulations for this land use and zoning include development of the property for single-family detached dwelling units on lots with a minimum area of 8,625 square feet (75’ by 115’). There are attached schematic drawings reflecting simplified versions of what could be done with the subject property under the current land use and zoning (Figures 1 and 2) and if the property were rezoned to the R-4 (Single-Family Cluster and Townhouse) zoning classification (Figures 3 and 4). The minimum number of homes appears to be five single-family homes and the maximum is around 12 townhomes, if the property were rezoned to R-4.

The Planning Department staff identified that there would be considerable outcry by the adjoining neighbors regarding any proposed use of the land for affordable housing. The connotations and misconceptions of affordable housing will be prevalent. Any attempt to develop this property for affordable housing would require that the selected development firm hold a series of neighborhood meetings in order to address these concerns and to show how the project will be an improvement to the area. The adopted 2007-2008 Budget does not include any funds for this particular use or project. The actual amount of funds needed to cover the costs of the impact fees, permit and development fees cannot be determined until the final development plan is approved. The following table provides a rough summary of fees that would need to be encumbered in order for the City to cover the various permits and impact fees. The City cannot waive these fees. If the City agrees that the applicant does not have to pay the fees, then the City must make sure that the fees are properly accounted for in the appropriate funds. Table 9 reflects best guess estimates based on the conceptual plans presented to the AAHTF in November 2007:
Table 9: Projected Project Development and Impact Fees

<table>
<thead>
<tr>
<th>Type of Development</th>
<th>Number of Units</th>
<th>Development Application Fees (total)</th>
<th>Building Permit Fees (unit/total)</th>
<th>City Impact Fees (unit/total)</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Detached</td>
<td>5</td>
<td>$5,650</td>
<td>$1,800/$9,000</td>
<td>$5,300/$26,500</td>
<td>$41,500</td>
</tr>
<tr>
<td>Single-Family Detached</td>
<td>6</td>
<td>$5,680</td>
<td>$1,800/$10,800</td>
<td>$5,300/$31,800</td>
<td>$48,280</td>
</tr>
<tr>
<td>Zero-Lot Line</td>
<td>8</td>
<td>$5,740</td>
<td>$1,800/$14,400</td>
<td>$5,300/$42,400</td>
<td>$62,540</td>
</tr>
<tr>
<td>Townhouse</td>
<td>12</td>
<td>$5,860</td>
<td>$1,800/$21,600</td>
<td>$4,990/$59,880</td>
<td>$87,340</td>
</tr>
</tbody>
</table>

The estimated cost for the infrastructure is still very early to provide detailed estimates, but a generalized cost of the improvements, based on the conceptual designs included in the packets is around $200,000 to $250,000. This means that the range in costs is as low as $241,000 and as high as $337,340 in direct and indirect costs to the City, excluding the value of the land.

In summary, the City would need to expend between $200,000 and $250,000 for the infrastructure and set aside between $41,500 and $87,340 to reimburse the appropriate development review fees. There is a potential that funding from the federal or state authorities could be used to cover the cost of the infrastructure improvements. This means that the aside from the land value, the proposed project could cost the City between $241,500 and $337,340. This is based on the assumption that there is no revenue from the sale of the land and no grant funds. These are very preliminary estimates so the actual costs will vary considerably.
ACTION PLAN

The City of Ormond Beach has a limited role in the affordable housing production process because of limited resources and lack of vacant land. The City however can affect affordable housing in the regulatory portion of its codes as it relates to density, streamlining regulatory process, fee waiver/reduction, and infill and neighborhood redevelopment. Potential strategies toward reducing costs and risks are listed below.

Strategies for reducing land costs:

1. Develop and codify a density bonus program in the Land Development Code (LDC), using the existing language in the Comprehensive Plan for guidance, to offset the cost of an inclusionary provision for affordable housing.

2. Amend the LDC to include a mandatory percentage set aside or payment in lieu of for smaller projects for all residential re-zonings to be deposited into a Housing Trust Fund.

3. Establish a Transfer of Development Rights Program in the LDC outlining both Receiving and Sending Zones.

4. Amend the LDC to reduce the PRD threshold from 5 acres to 1 acre.

Strategies for reducing the carrying costs:

1. Establish a One Stop Permitting Process where all permits for land development should be initiated from one central location, thereby eliminating needless backtracking to various municipal or county offices. Employees who staff the permit information desk must be adequately trained in the details of all requirements and demonstrate the ability to answer the most frequently asked questions. They should be trained to see their role as facilitators—rather than adversaries—in the approval process. Consequently, consider reallocating the Planning Technicians from the Planning Department (2) and Permit Techs from Engineering (1) and Building Department (3) to a One Stop Permitting Office managed by a Permit Manager. Use the HTE computerized tracking systems to permit staff to advise applicants of the status of their application and identify coordination problems between departments.
2. Continue with the current efforts by the City to evaluate the current permitting system, paying particular attention to those elements that offer insight into the effectiveness of the operation, looking specifically at:

- The length of the process from application to issuance of permits;
- The number of separate permits, approvals, hearings, and administrative reviews necessary for construction and dwelling occupancy;
- The number of agencies, departments, boards, and other groups that are required to review the application; and
- The types and details of information, including special plans and designs required for various approvals.

**Strategies for reducing the hard costs:**

1. Establish a Housing Incentive Program that provides financial incentives to offset the development costs of those units set aside as modest priced housing. Waive Site Plan and Building Permit fees. Pay on behalf of the applicant impact fees or connection fees that relate to maintaining level of service standards.

2. Amend the Flood Plain fill limitations (45%) by requiring compensatory storage (15% more than what is filled to meet the public interest test) and permit the application of St. John’s Water Management District regulations for wetlands residential projects that incorporate affordable/attainable housing set asides.

3. Implement the recommendation concerning accessory apartments from the Strategic Planning Group’s Housing Study which states:

   Legalize accessory apartments in single-family neighborhoods. Create an accessory apartment ordinance that:

   1) Addresses the concerns of community residents by requiring that:

      a. The owner live in the home,
      b. Little or no exterior change occur to the structure, and
      c. Concentrations of accessory apartments be prohibited; and that:
2) Addresses homeowners needs by making sure that:
   a. Long permit and approval times and high permit fees are not required, and
   b. Not just elderly homeowners be allowed to create accessory apartments.

4. Amend the Land Development Code to comport with State Statute and to the rendered AGO. In addition, aesthetic standards should be incorporated but they must apply to all housing types – not just manufactured housing.

**Strategies for reducing risk:**

1. Leverage the City's considerable deposits and business relationship with it's lender to develop a financial mechanism in partnership with a non-profit housing group to assist Ormond Beach residents to gain access to affordable capital to purchase a home in the area where they work.

2. Use the concept of Neighborhood Compatibility Meetings by involving residents early in the rezoning process to participate in the design of the project to address land use compatibility concerns.
CONCLUSION:
The Affordable Housing/Attainment Task Force met from April, 2007, and its final meeting was held on March, 2008. With the submittal of this update of the housing study, the Task Force has completed its assignment. We appreciated the opportunity to provide the City Commission with our work product. The Task Force stands ready to answer any questions the City Commission may have.

Dwight Selby, Chairman
John Adams, Member
Bill Chapin, FAIA, Member
Sue Darden, Member
Bill Motzel, Member
John Nutting, Member
Joe Ronca, Member
Ty Wilson, Member
Michael Opalewski, Member
Bob Pralle, Member
Maggie Sacks, Member
Brian Share, Member
SOURCES:
City of Ormond Beach: Comprehensive Plan Housing Study. Strategic Planning Group 2004