

Hernando County Inclusionary Housing Incentive Program

Purpose: The purpose of this program is to

- 1) Incentivize developers to construct affordable housing units as part of the market-rate residential projects.
- 2) Assist in making affordable housing available for employees of businesses that are or will be in Hernando County
- 3) Maintain balanced housing opportunities in the County to provide housing for people of all income levels.
- 4) Assist in implementing planning for affordable housing

Hernando County is offering developers an opportunity to participate in its voluntary Inclusionary Housing Program that offers density bonuses or other regulatory or financial incentives in exchange to produce new affordable units.

Applicability. Any new or existing developments, whether for sale or rent proposing to modify or deviate from present zoning will be reviewed for voluntary participation in County's Incentive Program. Eligibility review and incentives are determined by the County's review team consisting of various departments.

Geographic Scope: The Inclusionary Housing program will be available to new development in unincorporated Hernando County, except in areas where the county finds that higher density residential development is not suitable. Such as Flood zones, certain evacuation zones, and areas prone to storm surge, and other considerations.

Affordability Requirement: The number affordable units incentivized shall be determined by the County on a case-by-case basis taking into consideration location, size of the development, the county's affordable housing goals, and other factors.

For the Purpose of this program, income-qualified households earning income between 50% and 120% Area Median Income of the Tampa St. Pete MSA adjusted for household size

For the purpose of this program, affordable shall mean as follows:

- 1) Rental housing where the qualified tenants do not pay more than thirty percent (30%) of their gross monthly income on rent and utilities. While occupying an incentivized rental unit; an eligible household annual income may increase to an amount not to exceed 120% of the area income level served, and
- 2) Owner housing where the income- qualified owners do not pay more than thirty present (30) of their gross monthly income on mortgage loan payments (s), private mortgage insurance premium (If applicable, homeowners' association dues, hazard insurance premium and property taxes.

However, it is not the intent of to limit an individual's households ability to devote more than 30 percent of its income for housing, and housing for which a household devotes more than 30 percent of its income shall be deemed affordable if the first institutional mortgage lender is satisfied that the household can afford mortgage payment in excess of 30 percent, then such payments , including revolving and installment debt shall not exceed 50 percent of the median annual gross income

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Term of Affordability: The affordability period shall be thirty (30) years from the Certificate of Occupancy as detailed in the Land Use Restriction Agreement for the potential occupant and determined on case-by-case basis for developers, but typically two to five years.

Allowable incentives may include any of the following,

- 1) Reduced Setbacks
- 2) Reduced Parking
- 3) Lot Dimensions and Size
- 4) Zero Lot Lines
- 5) Density Bonus
- 6) Expedited Review of application and building permit applications
- 7) Expedited Building inspection services
- 8) Financial Contribution from appropriate revenue sources, such as the Affordable Housing Trust Fund, Community Development Block Grant, Home, and State Housing Initiative Partnership funds.
- 9) Variance, special permits, design waivers and similar actions approved by the County

As part of the review of the site, eligible households must occupy the affordable housing unit within the unincorporated area of the development application of Hernando County or other relevant development application. Prior to the issuance of a certificate of occupancy for any affordable housing unit or development which received any incentive provided, a restrictive covenant or other land use control, as approved by the County Attorney's office, shall be recorded in the Official Records of Hernando County, Florida ensuring the affordability of the unit for a period of no less than 30 years.

Inclusionary Plan and Process

- A. Every residential development to which this section applies shall include an inclusionary housing plan as part of the application submittal for site plan approval.
- B. The inclusionary housing plan shall include the following:
 - a. The number, location structure (attached, semi-attached or detached, and size of the proposed market rate and inclusionary units and the basis for calculating this number of inclusionary units.
 - b. A site plan depicting the location of the inclusionary units and the market rate units.
 - c. The income levels to which each inclusionary unit will be made affordable.
 - d. The methods to be used to advertise the availability of the inclusionary units.
 - e. For a phased development, a phasing plan provides for the timely development of the number of inclusionary units proportionate to each proposed phase of development.
 - f. An estimate of the initial sales price and/or the initial monthly rental price of each proposed dwelling unit.

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- g. An assessment of the developer's opportunity cost associated with the development of the inclusionary units required by this Article as compared to the development of the proposed market-rate units. In the case of "for sale" units, the differential shall be based on the anticipated sales price of each unit at the time of the initial sale, whereas in the case of rental units, the differential shall be based on the total profit anticipated for each unit twenty (20) years from the date of completion.
- h. Any additional information reasonably requested by the county administrator or his designee to assist with evaluation of the inclusionary housing plan.

C. The housing inclusionary plan shall be approved as part of the site plan approval.

Construction standards for inclusionary units.

Inclusionary units built pursuant to this article shall conform to the following standards:

- A. *Design.* Except as otherwise provided in this article, inclusionary units may be included in a residential development by the developer or the developer my contract or sale various lots in the development to a nonprofit organization to develop. The inclusionary unit must be comparable in construction quality and exterior design to the market rate units constructed as part of the development. Inclusionary units may be smaller in aggregate size and may have different interior finishes and features than market rate units so long as the interior features are of good quality and consistent with contemporary standards for new housing.
- B. *Size of Units.* The unit mix (bedroom count per unit) of the inclusionary units must be proportional to the unit mix (bedroom count per unit) of the overall project. When measurements determining the unit mix of inclusionary units result in any decimal fraction less than 0.5, it shall be rounded down to the nearest whole number, and any decimal fraction of 0.5 or more shall be rounded up to the nearest whole number.
- C. *Timing of Construction.* A certificate of occupancy for inclusionary units must be issued concurrently with or prior to the certificate of occupancy of market rate units of development. In phased developments, inclusionary units may be constructed and occupied in proportion to the number of units in each phase of the residential development.
- D. At least ten (10) percent of the inclusionary units shall incorporate Uniform Federal Accessibility Standards (i.e. be ADA compliant).

Alternative compliance and submittal of proposed developers' agreement for approval by county

- A. While "on-site is the preferred provision of the inclusionary housing units, Hernando County may allow other forms of compliance which may include, but are not limited to, the donation of land in the development to a local nonprofit organization to build inclusionary units, the donation of funding sufficient to develop the required inclusionary units, or the rehabilitation of existing residential units. To exercise this provision, a

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proposal in the form of a developer's agreement must be submitted to the County administrator or his designee for review and recommendation to the Board.

B. In other cases, where compliance with the ordinance is impractical, the applicant may petition, through a developer's agreement process explaining why the applicant cannot meet the requirements of the ordinance and how they intend to mitigate. The Board of County Commissioners shall be empowered to make a quasi-judicial determination that substantial evidence exists to grant relief from the provisions of this article.

Sales and Rental Prices for inclusionary units

A. Initial Sales Price. The initial sales price of an inclusionary unit to an eligible household shall be set such that the monthly mortgage payment, including interest and property taxes, permits the unit to be an affordable housing unit for the family size in accordance with the County's affordable housing policies and procedures.

B. Transfers of property under the following circumstances shall be allowed and are not subject to restrictions included in this program provided that the property is still the primary residence of the subsequent owner of record.

- 1) Transfers by inheritance to the purchaser-owner's spouse or offspring; or
- 2) Transfers to a spouse as part of a divorce proceeding; or
- 3) Acquisition of ownership or interest therein in conjunction with marriage.

Any other transfers shall be treated as if there is a sale of the property, and the applicable provisions of this article shall control.

C. Resale Price of Inclusionary Unit. The maximum sales price for an inclusionary unit shall be in accordance with the County's affordable housing policies and procedures. Any resale of an inclusionary unit during the thirty-year period in accordance with the recorded covenant shall be sold to an eligible household. The price must be set such that the monthly mortgage payment, including interest and taxes, permits the unit to be an affordable housing unit for the family size in accordance with the town's affordable housing policies and procedures.

D. Should the owner-occupied inclusionary unit become non-homestead property, the inclusionary unit shall be considered the same as a unit that has been sold, and the county shall be paid the shared equity as if the unit were sold. If the shared equity is not paid the county within ninety (90) days after notice to the owner of record, the county may place a lien against the property.

E. Rental Prices.

- 1) Rental prices are established by the income level type and size as detailed in the inclusionary housing plan and leased to eligible households. The monthly price will be an affordable housing unit at the time of lease signing in accordance with the County's affordable housing policies and procedures.

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- 2) After the signing of the first lease with an eligible household, renewal leases may be granted in the following circumstances per household income type:
 - a. Very low-income household's annual anticipated gross income may increase to an amount not to exceed one hundred twenty (120) percent of fifty (50) percent of the applicable median income adjusted for family size.
 - b. Low-income household's annual anticipated gross income may increase to an amount not to exceed one hundred twenty (120) percent of eighty (80) percent of the applicable median income adjusted for family size.
 - c. Moderate income household's annual anticipated gross income may increase to an amount not to exceed one hundred forty (140) percent of one hundred twenty (120) percent of the applicable median income adjusted for family size.
 - d. Upon request of the county, the eligible household shall submit documentation in a form acceptable to county, and as outlined in the county's affordable housing policies and procedures, that the household is eligible to continue as an eligible household occupying an inclusionary unit.

Qualifications for eligible household under the inclusionary affordable housing programs.

- A. The eligible household must be a first-time homebuyer if purchasing a unit.
- B. For the purchase of a residential unit, at least one (1) adult member of the eligible household must be employed in the County of Hernando or a resident for one year of the Hernando and have been employed for at least one (1) full year prior to any application under the designated affordable housing program.
- C. For participation in a rental program, at least one (1) adult member of the eligible household must be employed in Hernando County or be a resident of Hernando County for 6 months.
- D. The household income must meet the income criteria for either very low income, low income or moderate income as defined in the affordability requirement of this article.
- E. The assets of the eligible household must not exceed twenty-five thousand dollars (\$25,000.00)
- F. The eligible household must occupy the affordable housing unit within unincorporated Hernando County.

Procedures for housing incentive fund payments and waivers

Application. Once the developer informs the County's planning, building, zoning and/or licensing department of their intent to apply for deviation, modification or waiver of certain requirements. The county will schedule a pre-trial conference with the Developer to discuss the use of incentives as provided in this section. The developer must submit a conceptual site plan and data including a layout of the project showing buildings, parking and internal streets, the

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frontage of the project along city streets, and information on the units including square footage and number of bedrooms. Housing incentive fund credits will be pro-rated based on the percentage of affordable units. Developers certify that the proposed affordable housing units will be affordable as defined and meet minimum housing standards for participation in this program. A written agreement must be submitted to the building official by the developer or his agent which states that the set-aside and affordable unit requirements will be met, representing a contract between the County and the applicant.

Annual Review: Housing and Supportive Services with the assistance of Planning will submit an annual report to the county Commission Describing the results of the Inclusionary Housing Policy.

Approved as to form
And Legal Sufficiency
By: W. H. Johnson
County Attorney's Office
LR 25-328