



Affordable Housing as a Component to a Sustainable Future



**Alliance for Innovation – Transforming Local Government
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Cover Sheet Information

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Title: Affordable Housing as a Component to a Sustainable Future

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Presentation Synopsis

In 2004, the City of Coconut Creek adopted a vision for a mixed-use downtown center on a largely undeveloped portion of the City, known as MainStreet. The City planned to create this downtown center in an historically suburban city and on an old family farm which contained a future land use designation of industrial. This area has remained undeveloped despite aggressive growth around the property. Unlike any other development in the region, the vision for MainStreet is based on sustainable architecture as a style with a development requirement that all buildings receive a Leadership in Environmental and Energy Design (LEED) certification by the United States Green Building Council to ensure sustainable construction is achieved.

In addition to the MainStreet development standards, the City was faced with a complex set of both challenges and opportunities. The Seminole Tribe of Florida operates a small piece of sovereign territory right in the middle of our future downtown creating a "hole in the donut." Their plans are to expand their facility into a large resort-casino facility thereby creating a high number of low wage earners. At the same time, throughout the State and Broward County, housing prices were increasing at an irrational rate becoming unaffordable to middle income families or those families who are unable to obtain Federal assistance. Both of these issues raised concerns for the City's vision for a sustainable downtown community. The question at hand was; how do we create a true sense of community and economic diversity within our city's boundaries?

To progressively tackle this issue, the City conducted global research on programs from around the country including areas such as California and Colorado. This effort resulted in adoption of an Affordable Housing Impact Fee ordinance in March of 2006. Coconut Creek is the first city in the State of Florida to adopt a city-directed and controlled Affordable Housing Impact Fee based on nonresidential uses. While most cities in the region had or were moving toward inclusionary zoning, the City recognized the negative aspects of inclusionary zoning which increases the price on market rate homes to offset the construction cost of affordable units. This essentially adds to the housing crisis. The benefits and opportunities for home ownership for working families, economic diversity throughout the City, and the ability for families to live and work within city limits, provides for local solution in creating a sustainable future for the City.

Innovation/Creativity

How did you unleash or encourage creativity in order to generate solutions?

The City of Coconut Creek recognized a need. The MainStreet project and those planned by the Seminole Tribe will generate the demand for thousands of low to mid-wage employees such as hotel and retail workers. These types of workers traditionally earn too much to be eligible for housing assistance programs yet their incomes prevent them from living in Coconut Creek where the average cost of a single family home is over \$350,000.

The City felt it would be remiss to adopt progressive environmental goals for the MainStreet project without addressing the needs of those who worked there. Hence the City began its research into creating an Affordable Housing Program which would enable residents of all income levels to live and work within the city. Thereby farther reducing the environmental impact associated with a traditional commute.

In order to generate solutions, City staff conducted research into the most innovative affordable housing approaches around the world. In addition, the City also put together an expert panel to explore the many facets of the issue and finally, the City initiated a housing study by the Strategic Planning Group out of Jacksonville Beach, Florida.

What ideas or opportunities emerged during your creative process?

The City rejected the traditional means of providing affordable or workforce housing through inclusionary zoning. Inclusionary zoning may reduce the cost of some housing units but increases the cost of other housing units as the expense of development is recouped elsewhere. Instead, the City challenged the retail and hospitality industries to accept some responsibility in the housing needs of their low to mid-wage employees.

The City began to set goals. The housing study revealed that as a historically bedroom community to the Fort Lauderdale metropolitan area, only 9% of its residents worked within the city (compared to 19% for the region). Now, however, the City is developing its own downtown core, and a goal was set to double the number of residents working and living in the City. This goal compliments the desire to reduce the environmental impact of the traditional commute and provides a true sense of community.

The housing study also revealed the feasibility of creating an affordable housing linkage fee for nonresidential development. This linkage fee would create a constant revenue stream which could be used to assist low to mid-wage employees.

How did your program/concept stretch or improve the boundaries of ordinary governmental operations?

In the midst of a regional crisis, where the cost of housing was rapidly increasing by more than 20%, the City responded by developing an innovative approach to meet the needs of those affected most.

In fact, the City of Coconut Creek was the first in the State to adopt this type of Affordable Housing Impact Fee based on nonresidential uses. Sharing the concept with other agencies, Broward County added this approach as an option in addressing affordable housing county-wide.

The City's program for affordable housing strengthened its goals for growing in a more environmentally sustainable way by fostering an opportunity for those employed within the city to live within the city.

Quality Management

What quality management principles, tools, and procedures were applied to your service delivery?

- Hired a consultant with knowledge and expertise in the field and conducted a study
- Adopted Affordable Housing Impact Fee ordinance which established a fund for affordable housing
- Currently collecting monies

Value Proposition

What customer needs and expectations were identified and fulfilled?

The City's mission was to develop a plan that would provide for a sustainable downtown business district in a historically suburban community. With the housing market recording record increases in cost, it was imperative that we be able to identify our future housing assistance customers. Our affordable housing linkage analysis provided the direct link between defining our future employment base and our future housing customer needs. The development program for our downtown district includes a plan for two hotels, totaling 1,800 rooms. Defining these future workers as future customers to our housing program assured that the program is designed to accommodate the specific needs of the area.

How did your initiative improve access to your government?

- Creating and providing a new program that never existed before
- Program supplements existing Federal programs
- City program is more accessible to City residents than a federal program
- The program is city-run and controlled

How has the health of your community improved as a result?

- Socioeconomic - City program is more applicable to City residents and their incomes and housing expenses
- Provides more opportunities for home ownership within the community
- Provides opportunities for all residents to live and work within our city for a healthier community and environment (less commuting, more community involvement and a greater sense of ownership)

Building Organizational Capacity

How did you remove the barriers to innovation?

Staff created a mechanism to allow the development community the opportunity to assist the City in a public/private partnership to meet the goals of affordable housing. We created a developers agreement and city ordinance that guaranteed a revenue stream for affordable housing, a process that did not exist prior to the Affordable Housing Impact Fee.

If you incorporated critical thinking and problem solving techniques, explain your execution process.

Through technical data analysis, staff was able to link the gap between middle-wage earners and affordable housing opportunities.

If your project involved teams, describe the level of autonomy, i.e. setting goals, HR function, budget authority, etc.

First, the Development Services Department sought to address the issue, lead the effort to research options and set goals to develop a program. Second, applicable concepts and ideas were presented to the City Commission and later approved after public input was received at City Commission meetings. Third, the Finance department set up the affordable housing account. And finally, Development Services is enforcing and collecting the linkage fee to set the program in motion. In the future, Development Services and the City Commission will shape the affordable housing program to find the best ways to spend the account and assist applicants.

What technological barriers did your organization overcome?

The initial barrier faced by staff was the lack of understanding of the impact of new development, mostly in the MainStreet area, and its abundance of low/middle-wage workers and their lack of housing options. With medium household income of \$58,000 and average single family home at over \$350,000, staff intuitively realized that there was a problem between retail and hotel employees working in the City and the exploding housing market throughout South Florida. Coconut Creek's stance is one of inclusion which consists of a diverse economic population. As such, the City researched and created a method to close the gap. This model was created to test different development scenarios to assess the impact on housing needs. As a result, the City was able to determine an impact fee on different uses and their demand on housing.

In addition to affordable housing, the City secured the "green culture" in its planning. The idea of "green building" sometimes denotes expense and elitism, yet as the "Butterfly Capital of the World" and its certification as a Wildlife Habitat, Coconut Creek has embraced the "green" concept in its affordable housing planning.

Management Philosophy and Culture

What philosophy, literature, or body of research influenced your service delivery?

The City of Coconut Creek is guided by its mission: *"To foster continuous quality improvement to enhance a sense of community, quality of life, and personal security."* The MainStreet Design Standards were developed under this overriding philosophy, which embrace the concept of people and buildings intermingling comfortably within a compact environment.

How is it evident in your program/concept?

The philosophy and culture embodied with the MainStreet Design Standards provided the natural foundation for our innovative efforts to create housing opportunities for all income levels. Through leadership and innovation, Coconut Creek was the first City in the State to adopt an Affordable Housing Impact Fee based on nonresidential uses while most cities had or are moving toward inclusionary zoning.

Integrated Processes and Reengineering with the Use of Technology

What new technologies were necessary and what methods and/or applications did you incorporate?

The efforts to create an innovative approach to addressing the affordable housing crisis involved study methods unlike any in the State of Florida. The resulting affordable impact fee was based on the concept of employment generation creating additional need for affordable housing. The supporting linkage fee analysis focused on the relationship among development, growth, employment, income and demand for housing. The analysis yielded a connection between new construction of office, industrial, commercial, and hotel buildings and the need for additional affordable housing; a connection that was quantified both in terms of number of units and in terms of subsidy assistance to make units affordable.

While a macroeconomic analysis was conducted to review the past and projected relationships involving construction, employment, and housing in Coconut Creek, there was also a microeconomic analysis, which demonstrated the linkages associated with individual buildings of the different land-use types. It is the microanalysis that served as the basis for quantifying the linkage or quantifying the fee amount.

What business processes were used during the development of your program/concept?

The City prides itself on best management practices and the ability to recognize when a business process can be improved by utilizing outside experts who work with staff and not in a vacuum. Together, as a team, City staff and our consultant collaborated on an unprecedented analysis that led to the creation of a program that gained support from elected officials, residents, and even to the business community that is impacted. In summary, strong research, strong team components and consensus building with all stakeholders.

Was an outside consultant used?

Yes

If yes, please indicate the level of involvement and identify the firm.

Strategic Planning Group, Inc.
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Jacksonville Beach, FL 32250

Applicable Results and Real World Advice

What are the applications you could share, that would be of value to other local governments (minimum of three)?

- Research beyond your region to see how other local governments are responding to the issue.
- Address the issues in a way that is applicable to your constituency (i.e. our affordable housing program uses income rates that are common for working families in our region who may struggle with homeownership while federal aid is only available to those with income levels that are much lower).
- Keep in mind the growth stage and opportunities of your city – if a city is nearly built-out the response to issues is probably much different than if a city is still growing.

- Implications of nonresidential growth on residential growth should be considered at all times, and visa versa.
- Provide opportunities for all residents to live and work within your city for a healthier community and environment (less commuting, more community involvement and a greater sense of ownership).

What are the results/outcomes?

- City Commission adopted an ordinance which allowed the establishment of an affordable housing linkage fee.
- City began collecting money.
- Opportunity to use the funds in a city-directed and city-controlled affordable housing program
 - Some of the options being considered by the City Commission include down payment assistance, partnering with non-profit groups and financial institutions, and purchasing and refurbishing derelict properties within the City to accommodate affordable housing options.
 - City also seeking other sources of funding to bolster the fund such as the use of the Green Communities Grant program which helps cover the cost of planning and implementing green components of affordable housing.

If performance measures were used, indicate what they were within the category of qualitative, quantitative, efficiency, effectiveness, or workload statistics.

- During the development of the MainStreet Standards in 2003-2004, the staff set goals to develop an affordable housing program that related to nonresidential growth.
- Established a relationship between construction and job growth and housing needs through an affordable housing study completed in January of 2006.
- Adopted an ordinance which established an Affordable Housing Linkage Fee in March of 2006 and began collecting funds.
- Within 8 months, the City had already collected \$338,000 with a projection to collect over one million dollars in the near future.
- Discussion of specific affordable housing projects to pursue will continue in the fall of 2007.