

MIXED INCOME HOUSING POLICY

The City of Pompano Beach (City) and the Pompano Beach Community Redevelopment Agency (CRA) are both committed to ensuring that there is an adequate supply of affordable housing within the City. The purpose of this Mixed Income Housing Policy is to foster the commitment to encourage affordable housing as well as provide for relief from the adverse impacts of the concentration of affordable housing within the City. Notably, the City is the third highest municipality in terms of proportionate share of total income restricted units to non-restricted units and is only second to Fort Lauderdale in the total number of income-restricted housing – both of which far exceed any other municipality in the County.¹ Significantly, out of 31+ municipalities in Broward County, there are 10 municipalities that do not have any income restricted development.²

BACKGROUND

1. The Lambert Studies

The City hired Lambert Advisory (Lambert) to evaluate the City's market rate and affordable housing markets. Specifically, Lambert was engaged to provide an evaluation of inventory aimed at determining the rent-restricted, subsidized and market-rate housing inventory and conditions at the citywide, CRA and neighborhood level; to provide an assessment which analyzed both the subsidized, rent-restricted and market rate housing inventory and opportunities for investment at the Citywide and neighborhood level; and to provide strategy and policy recommendations.

Lambert completed the evaluation and furnished the City with a study entitled "Affordable Housing Study Summary Findings" dated May 17, 2017 (the Study). A concern raised by the Study was that "a large proportion of low-income tax credit housing (LIHTC) units are being developed in census tracts where there is already a concentration of existing rent restricted or subsidized units."

¹ Affordable Housing Study Summary Findings May 17, 2017, and Pompano Beach Housing Study Update April 2021

² *Id.*

The Study also found that “[C]oncentration of low-income families has a very real impact on families and neighborhoods” and that policies which promote the production of rent restricted affordable housing must do so in a way which concurrently encourages deconcentration of that housing.”

Appendix A to the Study identified several long-term studies which have tracked low income children who grew up in poor neighborhoods versus low income children who grew up in middle income neighborhoods and have “clearly found that, everything else being equal, a low income child who grows up in a middle income neighborhood will have significantly more earnings as an adult than if the same child was to grow up in a low income neighborhood.”

The Study found that “deconcentration of poverty is a central poverty fighting tool and following the publishing of these studies, the U.S. Department of Housing & Urban Development refined its deconcentration policies and requirements in 2016.

Because of the research conducted as part of the Study, Lambert made several policy recommendations including the following:

- The City should review the 2015-2019 City Consolidated Plan to determine whether it facilitates the City’s deconcentration objectives as is or requires modification. If the plan requires modification, the City should modify the City’s Consolidated Plan to delineate census tracts consistent with the Census tracts in Figure 2 of the Study. For those tracts within excess of 20 or 30 percent poverty, income restricted units should be discouraged except in the case of homeownership units targeted to families between 50 and 80 percent of median income in order to further the City’s deconcentration objectives;
- The City should approve local match/support required by the State within LIHTC applications only if the proposed LIHTC units are in census tracts where less than 20% of the rental units are rent restricted and poverty rate is below 20%.
- In addition to supporting deconcentration of low income housing the converse also is a benefit as it relates to community reinvestment and development. The City and CRA should continue to encourage the development of market rate housing and mixed-income housing within lower income neighborhoods.

On January 26, 2021, by Ordinance No. 2021-36, the City Commission adopted a temporary moratorium to enable the City sufficient time to review and evaluate deconcentration policies, hold public hearings and adopt an amendment or amendments to the City’s Code of Ordinances, Consolidated Plan,

Comprehensive Plan and/or Zoning Code, relating to the development of affordable housing within the City (the Ordinance). A further purpose of the Ordinance was to fulfill the City's constitutional charge and statutory obligations to protect and preserve the public health, safety and welfare of the citizens of the City, including the enactment of proper zoning regulations for such purpose, and thus defer official government action until the City has properly held public hearings and adopted amendments to the City's Code of Ordinances, Consolidated Plan, Comprehensive Plan and/or Zoning Code, where necessary.

Following enactment of the Ordinance, the City again engaged Lambert to update the Study to assist City staff with developing an appropriate policy and accompanying regulations to achieve deconcentration of affordable housing. The updated study, entitled "Pompano Beach Housing Study Update – Summary Comparison of Key Housing Market Metrics between Original Study (2017) and Update (2021) was completed in April 2021 (the Updated Study).

As with the Study, the Updated Study made several key findings in support of its policy recommendations. The Updated Study found that the Rental Affordability gap at both the City and County level continues to widen at a significant rate. "Specific to the City, the rental affordability gap for low and very low-income households (below 58 percent median income), increased more than 25 percent between the Original Study and Update analysis."

Additionally, in the City, "the median listing price among single family homes sky-rocketed from \$294,000 to \$529,000 (a 13% average annual increase) between the two study periods." In addition to this increase in median listing price, there were 65% fewer single family homes listed for-sale in the first quarter of 2021 as opposed to the 1st quarter of 2016.

As for the rental market, "the City's occupancy tightened further from 95 to 96 percent between the two study periods." The average monthly rental rates "increased from \$1,490 to \$1,830; or a 5.2 average annual increase which is among the strongest in the County." According to the Updated Study, this trend in the rental market, "in light of the pandemic, clearly illustrates a compounding challenge to affordability for moderate income families."

The Updated Study also found that since 2016, there have been a total of five market rate developments (896 units) and three new income-restricted developments (319 total units) within the City. “This represents nearly 35 percent of the City’s new multifamily housing comprising income restricted development. Comparatively, the County added more than 15,000 new market rate units, of which approximately 12% were income restricted.

As stated above, “Pompano Beach has remained the third highest municipality in terms of proportionate share of total income restricted to non-restricted housing” and “is only second to Fort Lauderdale in the amount of income-restricted housing –both of which far exceed any other municipality in the County.” Please refer to Exhibit “A” *Broward County Cities with Income Restricted Properties*, for a complete table of Broward municipalities, the number of income restricted projects, number of income restricted units, and ratio of income restricted units to total units.

Literature from US HUD and two other major studies “make it clear why policies which promote the production of rent restricted affordable housing must do so in a way which concurrently **encourages deconcentration of that housing**. (Emphasis supplied). These long-term studies, “which have tracked low-income children who grew up in poor neighborhoods vs. low-income children who grew up in middle income neighborhoods clearly found that, everything being equal, a low income child who grows up in a middle income neighborhood will have significantly more earnings as an adult than if that same child was to grow up in a low income neighborhood.”

As with the Study, the Updated Study made several recommendations to the City. They are:

- Continue to encourage the inclusion of affordable housing units in market rate housing developments in more affluent areas of the City;
- Increase the per unit bonus cost to a level which approaches the actual difference in value to building vs. paying into a fund from \$2,333 to a range of \$6,000 to \$6,100 and revisit the fee every three years;
- Continue to embrace and enforce Broward County affordable housing policies related to strengthening the mix of incomes in market rate housing as new product is development throughout the City;

- Either place a radius restriction between new wholly or nearly wholly income restricted developments or require the inclusion of a significant number of non-income restricted housing in otherwise income restricted developments built in areas where a concentration of income restricted housing already exists;
- Advocate at the County and State for policies that strongly encourage the development of 15 to 20 percent of income restricted units in developments built in middle income and affluent neighborhoods, particularly in jurisdictions that have a very limited number of income restricted units already.

2. Existing City Programs

The City implements extensive policies and programs that have resulted in the success of the Affordable Housing Trust Fund (AHTF) and other policies that have the intent of increasing the supply of affordable housing on a scale that will not result in the concentration of poverty.

The AFHT regulations have only existed for eight years, and have resulted in over \$6 million dollars in collections (from both in-lieu-of fees and proceeds from the OHUI sales of single-family homes). If 100% of the committed in-lieu-of fees are collected, this amount will exceed \$10 million. Based on the units built with these funds (29 SF homes), the affordable units built or committed by the private sector in areas approved as LUPAs or projects including flex units (1,951 units), and administrative flex units issued for single-family and duplex units (24), a total of 2,004 units of affordable housing have been built or committed over this eight year time period.

The housing policies that result in the Affordable Housing Trust Fund activity include:

- The requirement that all land use plan amendments that create over 100 units in new residential entitlements restrict 15% of those units to be affordable or contribute to the AHTF;
- Projects that receive flex units must commit some or all of those units to be affordable or contribute to the AHTF (except when less than one acre and/or in the AOD);

- The use of the AHTF monies to build and sell single-family homes to qualified families results in proceeds from those sales that are placed back into the AHTF and create a renewable source of funds for additional affordable housing projects.

Other existing policies that increase the supply of affordable housing include:

- The City has recently amended the Code to allow Single-Family homes to be constructed in B-2 zoned commercial districts with the allocation of flex units. The policy results in unrestricted housing that due to their relatively small scale are likely to be in the affordable price range.
- The City has also adopted a policy that allows the administrative allocation of flex units for use in developing duplex units in both B-2 and in areas zoned for duplex but which are platted into lots that do not meet the minimum lot size for duplex. This results in additional affordable units that are compatible with the remainder of the street frontage even when they don't have the density by right.
- The City is in the process of adopting an ordinance that allows for the development of accessory dwelling units without a density calculation in single-family areas. Assuming this ordinance passes, it will be in effect in January, 2022 and the City will start tracking the number of affordable units created as a result.

3. Land Use and Affordable Housing Analysis Map

The Florida Housing Finance Corporation typically requires ½ mile separation between Low Income Housing Text Credit projects in Broward County. In order to gain an understanding of the City's existing clusters of income restricted housing, City staff created a map of all known income restricted

housing development and drew a ½ mile buffer surrounding each project. The resulting map entitled “Land Use and Affordable Housing Analysis Map” is included as Exhibit “B”.

4. Comprehensive Plan

The City of Pompano Beach updated Comprehensive Plan was adopted October 27, 2020. A central theme within the Housing Element of the Comprehensive Plan is to encourage the de-concentration of poverty. To this end, the City established several affordable housing objectives and polices as follows:

- Policy 03.01.05: Affordable housing will be promoted in a manner which reflects the relative needs of all groups in the city and is oriented toward the goal of deconcentrating poverty and low income tax subsidized housing projects.
- Objective 03.03.00 – Land for Affordable Housing: The City shall continue to provide adequate sites for very-low, low and moderate income housing and manufactured homes through the long term planning horizon in a manner that supports the goal to deconcentrate poverty.
- Policy 03.03.01: The City shall continue to include Land Use Plan and Zoning Code designations which allow for manufactured homes. Development proposals shall be reviewed with regard to compatibility to adjacent or surrounding uses and the extent to which the proposal will aid in the de-concentration of poverty, if applicable.
- Policy 03.03.02: Through the review of development proposals, the City shall support public and private sector efforts to create and/or preserve affordable housing for very-low, low and moderate-income groups in areas designated for residential land use for future and current residents recognizing the need for distance separation for subsidized low income tax credit projects of no less than one-half mile. Review of such proposals shall be based on overall compatibility with

already established residential areas, the extent to which the location supports the de-concentration of poverty, and consistency with the land development code.

- Policy 03.03.03: To meet the goal of de-concentration of poverty, the City will continue to follow all State agency regulations in regard to locating subsidized housing while requiring the distance separation described by the Florida Housing Finance Agency funding guideline that defines a one-half mile radius separating Low Income Housing Tax Credit projects from each other.
- Policy 03.07.02: The City's Affordable Housing Advisory Committee (AHAC) shall periodically review the land development regulations to assess potential areas of improvement in the provision of affordable housing in the city consistent with the goal to deconcentrate poverty.
- Policy 03.07.03: Encourage the City's Office of Housing and Urban Improvement, Community Redevelopment Agency and the Pompano Beach Housing Authority to improve the coordination between public and private sectors involved in housing production for all residents including those with very-low, low and moderate incomes in a manner which implements the goal of de-concentration of poverty while mitigating the negative effects of major redevelopment.

5. Broward County Housing Policies

In June 2017, Broward County published “Broward Next – Highlighted Regional Issues” (Broward Next). Broward Next describes Broward County’s affordable housing vision. In summary, Broward Next states: “...the County is committed to support and employ a variety of policies and programs to maximize the attainability of housing for persons and households of moderate to lower incomes.” To this end, the County established several affordable housing strategies as follows:

- Strategy AH-1: Support sustainable funding sources to develop and/or rehabilitate affordable housing.
- Strategy AH-2: Support private, non-profit and governmental sector development of housing which utilizes construction techniques affording significant costs savings, while meeting the Florida Building Codes, including resiliency to hurricane-level storms.

- Strategy AH-3: The Broward County Land Use Plan shall include an Affordable Housing Density Bonus Program, including promoting a supply of smaller, traditionally affordable units, such as efficiency/studio occupancy units.
- Strategy AH-4: Municipalities shall adopt a comprehensive strategy to ensure a sufficient supply of affordable housing to help meet the needs of our population and economy.
- Strategy TR-1: Prioritize new development and redevelopment to existing and planned downtowns and major transit corridors and transit hubs.

As part of its implementation strategies, the County adopted several affordable housing incentives.

The County adopted Policy 2.16.3, which provides bonus residential density for the development of affordable housing for persons within specified income categories as defined in the Broward County Land Use Plan within residential land use categories.

Additionally and significantly, the County adopted Policy 2.16.4, Additional Permitted Residential Density dealing with “Commerce” and “Activity Center” land use categories. The policy provides in pertinent part:

Within parcels located west of and including US 1*, and designated “Commerce” on the Broward County Land Use Plan and fronting with direct access to a roadway classified as a State road, County arterial, per the Broward Highway Functional Classification Map, or other road or portion thereof, as approved by the Board of County Commissioners, or within a parcel designated “Activity Center,” multi-family residential use is permitted in addition to that permitted otherwise in those designations by this Plan, subject to the following:

What follows the statement of policy are ten criteria which apply to the Additional Permitted Residential Density policy. The most significant for the City of Pompano Beach is (10) which states:

(10) Units of local government may be more restrictive and are not required to adopt, utilize or implement the above referenced Policy.

This opportunity for local government to be more restrictive is important because the City has several commercial corridors, including Dixie Highway, North Powerline Road (between Atlantic Boulevard and NW 15th Street), where redevelopment potential exists and additional restrictions are in the best interest of the development of those corridors. In particular, these corridors are targeted for mixed use that includes an emphasis on retail and commercial and are not well-suited to a housing project that is

wholly or near-wholly affordable due to the redevelopment potential and the proximity to existing income restricted housing and the City's expressed goal of de-concentrating poverty

POLICY

Having carefully considered the Study, the Updated Study and the data on which both studies are based, together with the County's policies contained in Broward Next, the City of Pompano Beach adopts the following as its Mixed Income Housing Policy:

1. Effective immediately, the City shall promote the deconcentration of poverty by prohibiting any City department from providing discretionary financial or non-financial support for any development project that has less than 50% non-income restricted housing units that elects to locate within a one-half (1/2) mile radius from a development project that contains less than 50% of non-income restricted housing units. Non-financial support includes project demand-related utilities, drainage, parking, lighting, road improvements, streetscapes and any other type of non-monetary support. This shall not apply to any existing City commitments.
2. Effective immediately, the City's Mixed Income Housing Policy shall apply equally to the CRA. The CRA is prohibited from providing discretionary financial or non-financial support, as defined above, for any development project that has less than 50% non-income restricted housing units that elects to locate within a one-half (1/2) mile radius from a development project that contains less than 50% of non-income restricted housing units. This shall not apply to any existing CRA commitments.
3. As soon as practicable, City staff shall prepare appropriate legislation to provide that as to Broward County Policy 2.16.4, the City intends to utilize its discretion to be more restrictive on its commercial corridors than the County's policy pursuant to Section 2.16.4(10). The legislation shall provide that on Dixie Highway and Powerline Road (between Atlantic Boulevard and NW 15th Street), non-accessory commercial uses are required on the ground floor of any development and residential housing shall contain a minimum of 80% non-income restricted units. To incentivize the use of this more restrictive policy, the City shall offer a 50% bonus on the density allowed in the applicable zoning category, which is primarily B-3. This zoning district allows 46 du/ac which will be increased to 69 du/acre.
4. For all other applicable commercial corridors, the City will use available density bonus programs provided in the County Land Use Plan to increase the supply of affordable housing without a requirement for income mixing. The City shall, however, adopt design guidelines for all projects taking advantage of the Broward County policies 2.16.3 and 2.16.4.
5. The City will implement Broward County Policy 2.16.3 to use available density bonus programs provided in the County Land Use Plan to increase the supply of affordable housing without a requirement for income mixing.

6. In addition to density bonuses provided by the County and to the extent practicable, the City and CRA may provide economic incentives to housing development projects that provide 80% non-income restricted housing units.

Exhibit “A”

HUD- Broward County Cities with Income Restricted Properties

2018					
City	Properties	Income Restricted	Est. 2018 Housing Units	Inc. Restricted Unit: Total Unit Ratio	Percent Income Restricted
Pembroke Park	3	620	3,647	1:6	17.0%
Lauderhill	3	1166	26,483	1:23	4.4%
Pompano Beach	13	2,140	54,163	1:25	4.0%
Lauderdale Lakes	3	528	14,197	1:27	3.7%
North Lauderdale	2	532	14,496	1:27	3.7%
Cooper City	1	300	11,712	1:39	2.6%
Ft. Lauderdale	14	1,941	96,444	1:50	2.0%
Miramar	3	772	44,205	1:57	1.7%
Oakland Park	1	312	18,615	1:60	1.7%
Hallandale Beach	2	450	28,021	1:62	1.6%
Hollywood	7	1,063	69,710	1:66	1.5%
Weston	1	300	25,041	1:83	1.2%
Coconut Creek	1	300	27,294	1:91	1.1%
Deerfield Beach	5	347	41,609	1:120	0.8%
Sunrise	2	300	37,394	1:125	0.8%
Tamarac	1	240	31,084	1:130	0.8%
Dania Beach	1	96	15,433	1:161	0.6%
Margate	1	159	26,799	1:169	0.6%
Coal Springs	1	219	44,720	1:204	0.5%
Davie	2	127	39,239	1:309	0.3%
Plantation	1	87	37,731	1:434	0.2%
Total	68	11,999	708,037	1:59	2.4%

Exhibit "B"

Land Use Affordable Housing Analysis Map

