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City considers new fee to boost affordable-housing options

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With foreclosures up and prices still so high that police officers and teachers have trouble buying a home in Orlando, city leaders are thinking about charging developers a new fee to raise money for affordable housing.

If Orlando adopts the fee, it apparently would be only the second city in Florida to do so, joining Winter Park, which embraced the idea 18 years ago.

"Making sure residents can afford quality housing is very important to us," Orlando Mayor Buddy Dyer said Tuesday. "Housing has gotten out of reach for many people, even in the middle class, like police officers, firefighters and teachers."



Here is how it would work: Developers of office buildings, restaurants, shopping centers, and other commercial and industrial projects would pay the so-called "linkage fee" based on project size when they apply for a building permit. The money would go into a fund used to bring down the cost of building homes earmarked for low-income buyers.

Orlando officials plan to conduct a study during the next few months to figure out how much the fee should be, and developers are sure to weigh in.

Winter Park charges 50 cents per square foot on all new construction, renovations and additions, including residential property. So, the fee adds \$1,000 to the cost of a 2,000-square-foot house.

"Winter Park had zero affordable-housing units constructed when the fee was adopted," Winter Park planning director Jeff Briggs said.

The fee now brings in about \$600,000 a year, and with an increase in the per-square-foot rate, has raised \$2.5 million so far.

Winter Park has used the money to buy 36 lots for Habitat for Humanity and the Hannibal Square Community Land Trust, help build mixed-income apartments, and pay for renovations of a subsidized apartment building for the elderly.

Linkage fees haven't spread in Florida.

They're most common in California, New Jersey and Massachusetts, where they vary widely, from a low of 27 cents per square foot for one type of development in Sacramento to a high of \$19.89 in San Francisco.

It's an attractive idea to officials in Orlando, where property-tax cuts and a slumping economy mean there's not much left for affordable-housing projects.

"You really need resources to make changes, and our resources are declining," housing director Lelia Allen said.

Still, it's far from a done deal.

After finishing the study, city officials still must bring the proposal back for City Council approval.

In recent years, linkage fees have been studied in Boca Raton, Destin, Islamorada and Marathon, as well as Collier, Lee and Palm Beach counties. So far, none have been adopted.

Orange County's Workforce Housing Task Force recommended a county linkage fee last year, and panel member Terry Delahunty said the fees can work.

But the land-use attorney also heads the Central Florida chapter of the National Association of Industrial and Office Properties, and its members would prefer that linkage fees be voluntary.

Some developers would choose to pay the fee in exchange for permission to build at a higher density than would otherwise be allowed by city code, he said.

"If you put unreasonable burdens on commercial real estate, you run the risk of it going to Georgia or North Carolina," Delahunty said.

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