Local Government Incentives for Making Mixed Income Housing Feasible

Alberto Milo, Jr. | Principal and Senior Vice President | Related Urban
City of Miami Affordable Housing Workshop
March 1st 2018
Local Government Incentives

Land
• Leverage existing public assets

Financial
• Direct and indirect subsidies

Zoning-Based
• Codified incentives for mixed income housing
Land

• Encourage thoughtful redevelopment of underutilized public land

• Offer flexible ground leases / purchase and sale agreements

• Participate in cash flow (below the line payments)
IV. Financial Proposal

a. Approach to Financing

- Encourage multiple income level set-asides in funding awards
  - 80/20 and 60/40 programs including ELI units @ 30% of AMI

- Reward developers for building more efficiently and leveraging government funding (subsidy per unit)

- Tax Abatements
  - Gradual tax abatement tiered process for mixed-income, public-private partnership developments on government parcels
IV. Financial Proposal

a. Approach to Financing

- Tax Increment Financing which can be leveraged
- Opportunity Zones Program
  - Coordination needed at the Federal and State level to maximize the resources available for the production of mixed-income housing
- City of Miami Housing Bond Program ($100 million)
  - Establish parameters to maximize the leveraging of funds with mixed-income developments
Case Study

Joe Moretti / The Gallery at West Brickell (Miami, FL)
Joe Moretti Site – Previous
Joe Moretti Site – Current
Joe Moretti Phase One
The Gallery at West Brickell – Proposed
### The Gallery at West Brickell – 195 Units

- **156 Workforce Units (80%)**
- **39 Very Low-Income Units (20%)**

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>Permanent Source of Funds</th>
<th>Per Unit</th>
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<tbody>
<tr>
<td>Tax Credit Equity</td>
<td>2,794,093</td>
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<td>First Mortgage:</td>
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<tr>
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<td><strong>TOTAL</strong></td>
<td><strong>51,345,342</strong></td>
<td><strong>263,309</strong></td>
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- **90% Private Financing**
- **6% Government Financing – City ($3MM)**
- **4% Government Financing – County**
The Gallery at West Brickell – 195 Units

- 117 Workforce Units (60%)
- 78 Affordable Units (40%)

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>Permanent Source of Funds</th>
<th>Per Unit</th>
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<tbody>
<tr>
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- 85% Private Financing
- 11% Government Financing – City ($5.5MM)
- 4% Government Financing – County
## The Gallery at West Brickell – 195 Units

- 195 Affordable Units (100%)

### SOURCES

<table>
<thead>
<tr>
<th>Source</th>
<th>Funds</th>
<th>Per Unit</th>
</tr>
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<tr>
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<tr>
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<td>City of Miami</td>
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<td><strong>TOTAL</strong></td>
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- 74% Private Financing
- 22% Government Financing – City ($11.4MM)
- 4% Government Financing – County
### Scenario Recap

**The Gallery at West Brickell – 195 Units**

<table>
<thead>
<tr>
<th>Program</th>
<th>City Dollars per Unit</th>
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<td>80/20</td>
<td>$15,385</td>
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<tr>
<td>60/40</td>
<td>$28,205</td>
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<tr>
<td>100% Affordable</td>
<td>$58,205</td>
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Zoning-Based

- Density Bonuses based on ELI units produced
- Parking Requirement Reductions
- Architectural Relaxations
- Permit Fee Reductions
- Impact Fee Waivers / Deferrals
- Expedited Permit Approvals
Case Study

Miami 21 Zoning Code
IV. Financial Proposal

a. Approach to Financing

- Section 42 of the Internal Revenue Code allows for tax-exempt bond financing to be coupled with 4% Low Income Housing Tax Credits
- Allows for Mixed-Income Housing where at least 20% of units are for households earning 50% AMI or less and 80% can be for workforce housing (140% AMI or less)
- City of Miami’s “Miami 21” Zoning Code provides local incentives for Mixed-Income Housing
Section 3.15 – Affordable and Attainable Mixed-Income Housing

- Thirty-five percent (35%) reduction in required parking is permitted by Right; up to 80% reduction is possible
- Setback requirements above the eighth floor by Waiver
- Development not subject to maximum Lot Area requirements
- Height (subject to a Warrant):
  - T5: Max of 75 ft
  - T6-8: Max of 125 ft
  - T6-12: Max of 240 ft
Summary
MUST BE A COLLABORATIVE EFFORT BETWEEN LOCAL GOVERNMENT AND DEVELOPER
IV. Financial Proposal

a. Approach to Financing

- Public-private partnerships are a collaborative effort
- Local government has various incentives at its disposal
  - Reward efficiency
  - Promote density
  - Streamline process
  - Leverage existing public assets
  - Leverage local government funding