

Local Government Incentives for Making Mixed Income Housing Feasible

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Local Government Incentives

Land

- Leverage existing public assets

Financial

- Direct and indirect subsidies

Zoning-Based

- Codified incentives for mixed income housing

Local Government Incentives – Land

Land

- Encourage thoughtful redevelopment of underutilized public land
- Offer flexible ground leases / purchase and sale agreements
- Participate in cash flow (below the line payments)

Local Government Incentives – Financial

Financial

- 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

Local Government Incentives – Financial

Financial

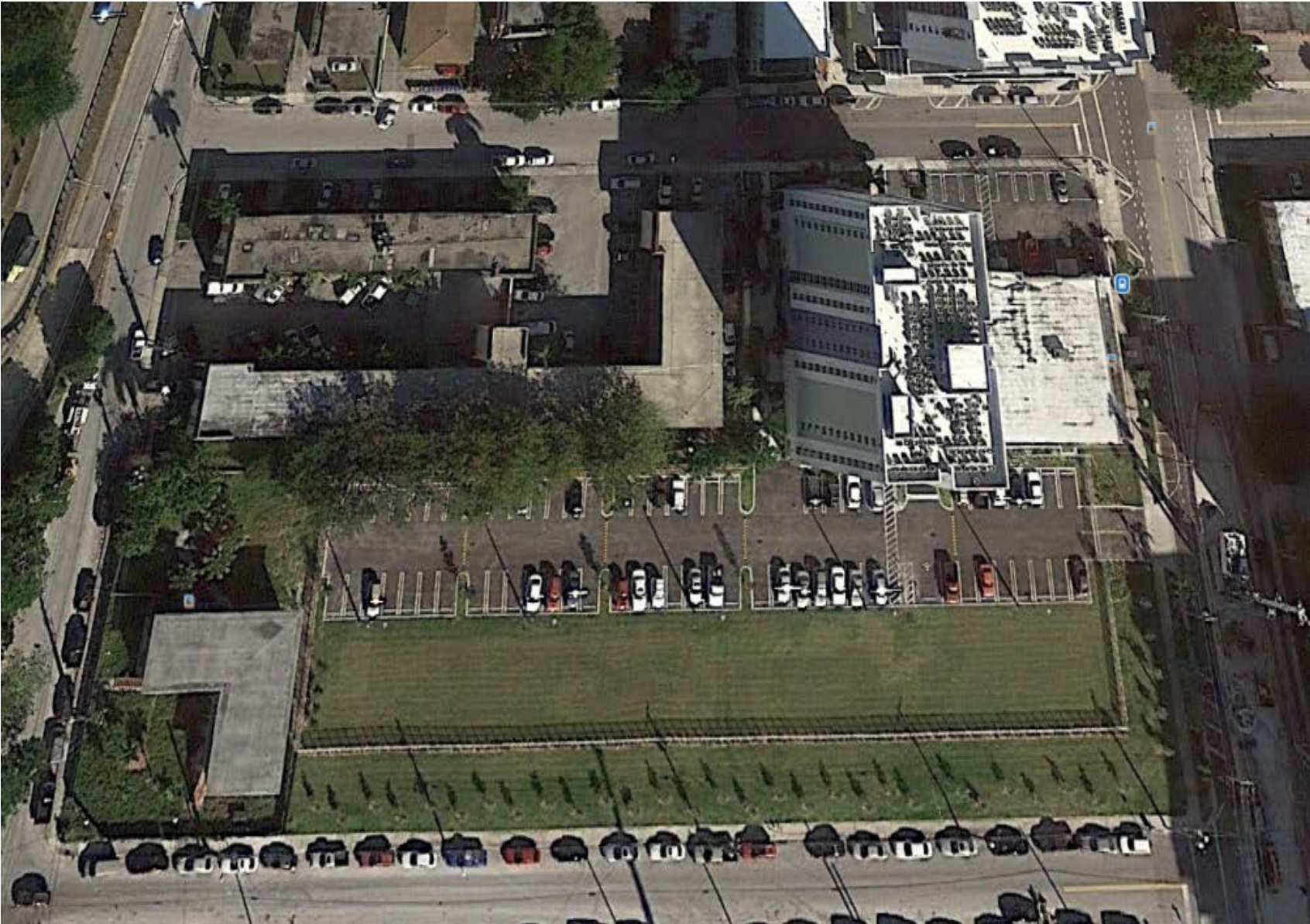
- Tax Increment Financing which can be leveraged
- Opportunity Zones Program
 - Coordination needed at the Federal and State level to maximize the resources available for the production of mixed-income housing
- City of Miami Housing Bond Program (\$100 million)
 - Establish parameters to maximize the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

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



Case Study – 80/20

The Gallery at West Brickell – 195 Units

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

SOURCES	Permanent Source of Funds	Per Unit
Tax Credit Equity	2,794,093	14,329
First Mortgage:	41,550,000	213,077
Miami Dade County Surtax	2,000,000	10,256
City of Miami	3,000,000	15,385
Deferred Developer Fee	2,001,249	10,263
TOTAL	51,345,342	263,309

- 90% Private Financing
- 6% Government Financing – City (\$3MM)
- 4% Government Financing – County

60/40 Comparison

The Gallery at West Brickell – 195 Units

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

SOURCES	Permanent Source of Funds	Per Unit
Tax Credit Equity	5,575,788	28,594
First Mortgage:	36,250,000	185,897
Miami Dade County Surtax	2,000,000	10,256
City of Miami	5,500,000	28,205
Deferred Developer Fee	2,019,554	10,357
TOTAL	51,345,342	263,309

- 85% Private Financing
- 11% Government Financing – City (\$5.5MM)
- 4% Government Financing – County

100% Affordable Comparison

The Gallery at West Brickell – 195 Units

- 195 Affordable Units (100%)

SOURCES	Permanent Source of Funds	Per Unit
Tax Credit Equity	18,665,649	95,721
First Mortgage:	17,300,000	88,718
Miami Dade County Surtax	2,000,000	10,256
City of Miami	11,350,000	58,205
Deferred Developer Fee	2,029,693	10,409
TOTAL	51,345,342	263,309

- 74% Private Financing
- 22% Government Financing – City (\$11.4MM)
- 4% Government Financing – County

Scenario Recap

The Gallery at West Brickell – 195 Units

Program	City Dollars per Unit
80/20	\$15,385
60/40	\$28,205
100% Affordable	\$58,205

Local Government Incentives – Zoning-Based

Zoning-Based

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

Miami 21 Zoning Code

Miami 21 Zoning Code

- 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

Miami 21 Zoning Code

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 240ft

Summary

**MUST BE A COLLABORATIVE EFFORT BETWEEN
LOCAL GOVERNMENT AND DEVELOPER**



Summary

- 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