City commissioners in Sarasota, Fla., voted to raise the fees that developers of downtown projects pay for density bonuses, reported the *Sarasota Herald-Tribune*. Under the new fee structure, developers who want to build more than 50 homes per acre on downtown land must pay the city 3 percent of the sales price of the bonus units. A luxury condo selling for $2.7 million would generate $81,000 for the city's affordable housing and transit trust funds, compared with $3,500 under the old rules. The city will likely use housing trust fund money to buy and donate land to a nonprofit community land trust, said the mayor. According to advocates, the new rate will help create much-needed housing for workers in the city. But a commissioner who opposed the fee increase said the city should just give developers "the density to get the affordable housing built."

New Fees for Downtown Projects Could Fatten Trust Funds

Dale White
Sarasota Herald-Tribune (Florida)
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SARASOTA

A recently enacted change in a city law could potentially raise millions for affordable housing and downtown transit, if developers want to build a higher number of luxury condos and town houses in the downtown core.

"I'm really excited about it," said Mayor Mary Anne Servian, who championed the idea of increasing the fees assessed on downtown residential development for those two initiatives. "It's going to get us some substantial dollars into these trust funds."

Precisely how much could be collected is a matter of speculation. There are no projects planned for which the new, higher rates, which were adopted last week, would apply.

Yet the City Commission believes that, by offering density bonuses, it will continue to get proposals for pricey residential developments in the mostly commercial downtown district.

Because of the high cost of land downtown, developers are likely to ask the city for permission to build more than the 50 homes per acre now allowed in the area. The city is willing to consider up to 200 homes per acre.

To do that, developers must pay the city 3 percent of the sales price on those bonus units.

Some condo units grandfathered in under a previous rate structure are expected to sell for as much as $2.7 million.

A developer would have to pay the city $81,000 for the right to build and sell that same condo under the new fee structure. Seventy percent, or $56,700, would go into the affordable housing trust fund. The remainder, $24,300, would go into the transit fund.

Under the previous law, a developer of that same condo would have paid $2,500 into the affordable housing fund and $1,000 into the transit fund.

So far, two developers have taken that deal: Christopher Brown, who is building a 17-story condo tower at 1350 Main St. and Sam Hamad, who will build a much-smaller, 15-condo project at 1301 Main St.

When those developments are built out and sold, they will contribute about $393,000 into the now-empty trust funds.

Had those projects been subjected to the new rates, the trust fund contributions would have been far greater.

For affordable housing advocates, the rate hike is welcome.

Kathy Baylis, president of the Economic Development Corp. of Sarasota County, said the public and private sectors realize a sense of urgency in getting more moderate-priced housing on the market if Sarasota wants its work force to be able to live here.

She doubts the 3 percent fee will stifle development efforts downtown.

"The market is so strong that I'd be surprised that it would have much of an impact," Baylis said.

Sarasota United for Responsibility and Equity, a coalition of churches and faith-based organizations, has been pressing the City Commission for months to get more aggressive about affordable housing.

"The concept is headed in the right direction," SURE spokesman John McGruder said. McGruder said the 3 percent fee is "a bargain" for developers of luxury housing. "I probably would have shot a little higher."

The trust funds fee will be levied within the 47-acre Downtown Residential Overlay District, which the city created in early 2004.

The city wants to encourage more residential development in the mostly-commercial area roughly bordered by Cocoanut Avenue, Fruitville Road, Orange Avenue, Ringling Boulevard and Palm Avenue.

The area now has 17 homes. City officials think it has the potential of having as many as 2,300 homes.

Servian discovered that resort-destination cities in California and Colorado have similar programs. They tended to charge 1.5 percent to 10 percent of the sales price of the additional luxury homes built in their downtowns when they grant higher densities.

"I thought 3 percent was a reasonable amount," Servian said.

City Commissioner Danny Bilyeu opposed the new rates because he objects to the trust fund for affordable housing.

"If we want affordable housing downtown, rather than make developers give the city money, let's give them the density to get the affordable housing built," Bilyeu said. "They're building here anyway."

Servian said that, because of the high cost of land there, she doesn't expect developers to build work force housing in the downtown core.

City officials don't have a plan for the trust fund. Most likely, Servian said, they will use the affordable housing money to buy less expensive land outside of downtown but within the city limits and donate it to a nonprofit community land trust.

The land trust will perpetually own property on which work force housing is built. When the property is resold, the price will stay below what the market would otherwise command because the value of the land would not be included.

The transit fund will be used to eventually create a downtown transportation system that functions independently of the county bus service.

"I don't want people to take their cars out of their condos just to go six or eight blocks," Servian said.

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The Philadelphia City Council approved a bill that would create the city's first housing trust fund, reported the *Philadelphia Inquirer*. Money for the fund would come from doubling deed and mortgage recording fees and a one-time $1.5 million grant from the Neighborhood Transformation Initiative. Officials expect the fund to provide about $15 million annually. After administrative costs, at least half of the remaining money would be spent on producing or preserving housing for people who make up to 30 percent of the city median income. The rest would fund projects or programs for people who make between 30 and 115 percent of the median income. The state House has approved a bill allowing the city to create the fund, but the Senate hasn't yet acted on the measure, the article said.

Philadelphia Housing Trust Fund Passes Council

Anthony S. Twyman
Philadelphia Inquirer
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The city moved a step closer yesterday toward creating its first housing trust fund, which would provide about $ 15 million annually to help low- and moderate-income residents buy, rent or repair housing in Philadelphia.

City Council unanimously approved a bill that would create the fund. State legislation is also necessary.

"It's an historic step forward," said David Koppisch, advocacy coordinator for the Women's Community Revitalization Project, a nonprofit group that joined more than 100 other housing-advocacy organizations to lobby for the fund.

More than 50 counties in Pennsylvania have housing trust funds, but state law currently prohibits Philadelphia from creating one. On Monday, the state House approved a bill that would allow the city to create the fund. The state Senate has yet to act.

Lee Derr, chief of staff for Sen. Dominic Pileggi (R., Chester), a cosponsor of the Senate bill and chairman of the Senate's Urban Affairs and Housing Committee, said the committee expects to consider the bill this year.

"We'll be taking action," Derr said.

Money for the trust fund would come primarily from a doubling of the fees the city charges for recording deeds and mortgages. Mayor Street's Neighborhood Transformation Initiative also would provide a one-time infusion of $ 1.5 million.

Nonprofit neighborhood community-development corporations, known as CDCs, plan to use the trust fund to help build housing for low- and moderate-income people. It would also be used to provide grants for home repair, adapt housing for the disabled, and provide emergency rent, mortgage, and utility-bill assistance to prevent homelessness.

"The trust fund will help CDCs create and preserve affordable housing and revitalize neighborhoods," said Rick Sauer, executive director of the Philadelphia Association of Community Development Corporations.

No more than 15 percent of the money would be used for administrative costs. Fifty percent of the remaining money would be for producing and preserving housing for people with incomes at or below 30 percent of the city's median income. For example, a family of four making $ 20,640 a year or less would qualify.

The other half of the money would be for producing and preserving housing for people with incomes between 30 and 115 percent of the median income. A family of four making less than $ 69,832 a year would qualify.

Also yesterday, Council unanimously adopted the Street administration's plan to spend more than $ 130 million in federal, state and city funds on low-income housing and community-development projects in the coming fiscal year, which begins July 1.