



COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: September 11, 2024

TITLE: UPDATE ON THE ADMINISTRATION'S PLAN TO INCENTIVIZE RESIDENTIAL DEVELOPMENT PROJECTS PROPOSED UNDER THE LIVE LOCAL ACT TO PRIORITIZE INCOME-ELIGIBLE CITY OF MIAMI BEACH EMPLOYEES (INCLUDING LAW ENFORCEMENT AND FIRE RESCUE PERSONNEL) AND MIAMI BEACH EDUCATORS AS WORKFORCE HOUSING TENANTS.

RECOMMENDATION

The Administration recommends that the Mayor and City Commission discuss a policy to prioritize tenant eligibility for workforce housing units developed under the City's Workforce Housing Program and the Live Local Act Administrative Procedures. This policy would establish a tiered system to ensure that housing is allocated to those most in need and who contribute significantly to the community. Additionally, the Administration suggests that this matter be further explored and refined at the committee level to ensure all aspects are thoroughly considered.

BACKGROUND/HISTORY

During the COVID-19 pandemic, Florida became a highly sought-after relocation destination, with an estimated 1,000 new residents moving to the state daily. This influx led to a surge in the housing market, characterized by increased demand and rising prices.

According to the 2023 Miami-Dade Housing Needs Assessment by Miami Homes for All, there is a shortage of 90,181 affordable units for renter households earning below the Area Median Income (AMI) in Miami-Dade. This housing crisis disproportionately impacts those working in rapidly expanding sectors. The Miami Herald recently reported that 79% of Miami-area neighborhoods are unaffordable for families earning a median household income, making Miami the eighth least affordable housing market in the U.S. (*"Miami has one of the least affordable housing markets in US."* Miami Herald. May 7, 2024. <https://www.miamiherald.com/news/business/article288376390>).

On June 24, 2024, the Mayor and City Commission adopted Resolution No. 2024-33138, as sponsored by Commissioner Joseph Magazine. This resolution highlighted the critical shortage of workforce housing in Miami Beach and underscored the importance of providing housing to ensure that essential community service providers, such as law enforcement personnel, firefighters, and teachers, can live within the city they serve. The resolution directs the Administration to devise a plan to encourage developers of workforce housing projects, including those applying under the Live Local Act, to prioritize offering housing to City of Miami Beach employees, as well as educators and veterans, to foster a stronger community.

The Miami Beach City Commission, along with the Miami-Dade County Board of County Commissioners, has consistently prioritized the promotion and enhancement of workforce housing, with the overarching goal of improving housing solutions for local residents. The City

Commission has discussed and authorized a variety of incentives to encourage private-sector development of affordable and workforce housing units. These incentives include expedited plan reviews and permitting processes, the potential development of city-owned properties to include workforce housing, restrictions on the proliferation of short-term rentals, and the elimination or restructuring of development-related fees.

In addition to these initiatives, the City Commission has enacted ordinances to reduce fees specifically associated with affordable and workforce housing development projects. Currently, the City exempts qualified projects from fees related to the Sustainability Fee (Green Building Ordinance), Mobility Fees, the Technology and Training Surcharge on Building Permits, Parks Concurrency Fees, Art in Public Places, and land use board application fees for the Design Review Board, Historic Preservation Board, and Board of Adjustment. These measures are intended to make it financially viable for developers to build affordable and workforce housing, thereby increasing the availability of such housing within the city.

Live Local Act

In 2023, the Florida Legislature adopted the "Live Local Act," a significant piece of legislation aimed at providing development incentives for affordable housing projects. The Act is designed to increase the proliferation of affordable housing by allowing qualified housing projects to bypass local zoning, density, and height regulations, provided they include a minimum of 40% workforce or affordable housing. This legislative effort reflects the state's commitment to addressing the housing crisis by making it easier for developers to build affordable housing. In 2024, the Act was amended to require local governments to establish a public policy for expediting permits and development orders for affordable housing.

On January 31, 2024, the City Commission adopted Ordinance No. 2024-4584, amending the Land Development Regulations to create an administrative review process for projects under the Live Local Act. This process includes application requirements, eligible districts, affordability covenants, public notice, review criteria, and compliance with existing regulations and the Comprehensive Plan.

ANALYSIS

Ordinance No. 2017-4149, which created Chapter 58 of the City Code, aims to encourage the development and maintenance of workforce housing rental units for Miami Beach's workforce, including City employees. Developers who utilize the Code's reduced unit size and parking requirements must enter into a workforce housing agreement with the City. While the City sets the rental prices, developers manage the rental process and provide annual compliance documentation. Before leasing, developers must submit a marketing plan and offering notice and comply with tenant verification requirements.

Proposed Workforce Housing Residents Prioritization

Pursuant to Resolution No. 2024-33138 (attached), the Administration has developed a proposed plan to encourage certain eligibility prioritization for workforce housing units. To enhance the effectiveness of workforce housing initiatives, the City Commission could consider the implementation of a priority system for tenant eligibility. This system, referred to as a "waterfall or priority" list, would establish a hierarchy for allocating workforce housing units based on specific criteria. The goal is to ensure that the housing is provided to those who are most in need and who contribute significantly to the community.

A potential waterfall list could include the following tiers:

1. **Tier 1:** City of Miami Beach employees, including, without limitation, City of Miami Beach law enforcement personnel and firefighters; Area Educators and nurses/healthcare providers employed within the City of Miami Beach; and Veterans who are either employed within the City of Miami Beach or whose last place of residence was within the City of Miami Beach;
2. **Tier 2:** Income-eligible individuals employed within the City of Miami Beach;
3. **Tier 3:** Any other individuals employed within Miami-Dade County.
4. If a priority tenant in a given Tier is unavailable to lease the unit, any workforce housing unit remaining vacant for at least sixty (60) consecutive days may be offered and leased to any other eligible tenant in a subsequent tiered acceptance priority.

The Mayor and City Commission could consider including a provision specifying that, after a designated period of sixty (60) days of marketing exclusively to a priority tier, the project may market and lease individual units to other persons who meet the workforce housing income criteria. This provision would help ensure that units do not remain vacant while still prioritizing those who qualify under the established criteria.

FISCAL IMPACT STATEMENT

The proposed policy for prioritizing tenant eligibility for workforce housing units is expected to have a minimal direct fiscal impact on the City. There may be staff costs associated with monitoring leasing activity and tenant eligibility. However, it may indirectly contribute to cost savings by reducing the need for additional public assistance and support services for low-income residents. Additionally, the recommended amendments to the City Code could enhance the effectiveness of the City's workforce housing initiatives, potentially attracting more developers to invest in affordable housing projects, which could generate economic benefits for the community.

Does this Ordinance require a Business Impact Estimate?

(FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on:

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

CONCLUSION

Ensuring housing affordability is a crucial aspect of developing and maintaining a vibrant and inclusive community. By including tenant prioritization guidelines in the development of affordable and workforce housing, the city can enhance economic sustainability and improve the quality of life for its residents. Such guidelines will make housing more accessible and affordable to those who contribute significantly to the community, including city employees, educators, veterans, and others who are integral to the city's social and economic fabric.

The Administration recommends the Mayor and City Commission provide clear guidance on the parameters for tenant prioritization, subject to any additional policy direction from the Mayor and City Commission or further exploration of the topic at committee meetings. By adopting a structured approach to workforce housing, the City can better address the needs of its residents and ensure a more equitable distribution of housing resources.

Applicable Area

Citywide

Is this a “Residents Right to Know” item, pursuant to City Code Section 2-17?

No

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s): N/A

Department

Economic Development/Planning

Sponsor(s)

Commissioner Joseph Magazine

Co-sponsor(s)

Condensed Title

Update on Plan to Incentivize Workforce Housing Tenant Prioritization in Live Local Projects.
(Magazine) ED