

History of Linkage Fees in Florida

In Florida, the 1985 Growth Management Act required all local governments in the state to adopt a housing element which addresses affordable housing for all residents. In Broward County, Policy 8.1.4 specifically states that the County shall, in cooperation with the private sector, non-profit organizations, and municipalities increase the supply of affordable housing, with emphasis on housing for very low, low and moderate income households. One method of increasing funds for affordable housing is through the adoption of a linkage fee. The theory of linkage fees is that there is a rational nexus between the development of new residential, industrial, commercial, office and hotel use and the subsequent creation of jobs and the demand for low and moderate income housing for new employees. Linkage fees are in essence a housing impact fee.

In 1990, the City of Winter Park became the first city in Florida to adopt a linkage fee. Originally, Winter Park charged \$0.15 per square foot of building area for new construction, but the fee has since increased to \$0.50 per square foot, applicable to residential and non-residential development but exempting non-profit and institutional uses as well as affordable housing developments and developments containing an affordable housing set-aside.

Coconut Creek was the first municipality in Broward County to adopt a linkage fee. The concept of the linkage fee is that it links wages and the cost of housing in the city and is focused on providing workforce housing. The city assesses its linkage fee on all new non-residential development and non-residential renovations which exceeds 50% of the replacement cost of the building occurring in the city. Coconut Creek's linkage fees range from \$0.15 per square foot of office use to \$2.42 per square foot of hotel use. The fees have not increased since the program's inception in 2006. The ordinance exempts property used for educational, literary, scientific, religious, charitable or governmental uses as defined by Ch. 196 F.S. and property used by non-profits. In discussions with the Director of Sustainable Development at the City, the city has collected approximately \$2 million since the program's inception but admits the ordinance should have an automatic implicit price deflator adjustment to keep fees current with inflation. The city has sponsored three public/private partnerships to build workforce housing units. In addition, the linkage fee trust fund is used for programs to assist applicants with purchase assistance down payments in the form of fully forgivable loans if the property owner stays in the property for a minimum of 10 years. Paloma Lakes was one of their public/private ventures where the developer matched the City's contribution dollar for dollar. The city has also implemented a Sustainable Minor Home Repair Program. This program provides up to \$30,000 for energy efficient and "green" improvements.

In addition, the City of Wilton Manors adopted a linkage fee program which assesses a fee \$0.25 per square foot for all new construction and renovations which exceed 50% of the replacement cost of a building for both residential and non-residential development. The ordinance exempts residential buildings constructed as part of the City's affordable housing program and residential projects which contain an affordable housing set-aside. For non-residential property, the city exempts property used for educational, literary, scientific, religious, charitable or governmental uses as defined by CH. 196 F.S. and property used by non-profits.

Other cities, such as Coral Springs and Davie, developed inclusionary housing ordinances which require residential development to provide some affordable, lower cost units, within their developments. However, the municipalities suspended the ordinances when the economic downturn occurred.