Sec. 106-102. Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Affordability threshold means the maximum amount (including mortgage principal, interest, taxes, insurance, rent, and utilities) that a dwelling unit can be sold or rented for to be considered affordable housing. This threshold must be no greater than 30 percent of the income of a moderate-income household earning 120 percent of the median household income for the Ocala MSA. Rental units must be at or below Fair Market Rents for moderate-income households as established by the United States Department of Housing and Urban Development (HUD).

Affordable housing means quality housing that is available for a price equal to or below the affordability threshold and that shall meet minimum housing quality standards for Section 8 housing, as established by HUD.

Certification means a written and signed statement confirming that the claim for an affordable housing project is true and accurate, and that the development conforms to applicable federal and state regulations.

Construction period means three years after disbursement of housing incentive funds for a site plan or two years after disbursement of housing incentive funds for a building permit.

Housing incentive fund refers to funds as may be available for affordable housing purposes as funded through the city's annual budget process, with state or federal funds, and through developer contributions. In no event will a developer's contribution affect their ability to draw from the housing incentive fund at any time.

Internal review board means a board comprising the building, zoning and licensing director or their designee, the city's HUD program administrator or their designee, and the planning director or their designee.

Shortfall means the number of affordable housing units that were subsidized by the housing incentive fund subtracted by the number of affordable housing units that were constructed during the construction period.

Shortfall amount means the amount calculated by multiplying the shortfall by the sales price (or rent) of the average of the ten most-expensive dwelling units sold or leased in the project for which housing incentive fund money was disbursed (other than affordable housing) subtracted by the affordability threshold for each unit.

(Code 1985, § 7-749(b); Ord. No. 2319, § 1, 12-1-92; Ord. No. 2480, § 1, 9-6-94; Ord. No. 5204, § 2, 9-23-03; Ord. No. 2018-39, § 1, 8-21-18; Ord. No. 2020-1 , § 2, 10-15-19)

Cross reference(s)—Definitions generally, § 1-2.

Sec. 106-105. Housing incentive fund.

(a) *Eligibility.* Eligible work shall include:

(1) Rehabilitation to address HUD or building code violations in units that will be provided as affordable housing.

(2) Construction of new single-family affordable housing units.

(3) Construction of new duplex affordable housing units on one individual lot.

(4) Construction of multiple new duplex affordable housing units as part of a larger development requiring site plan review. The housing incentive fund payments may be attributed up to a maximum of 30 units or forty percent of the approved new units, whichever is greater.

(5) Construction of new multifamily affordable housing units under the following conditions:

a. Site plans including at least four proposed new units must consist of a minimum of twenty percent affordable units to qualify for housing incentive fund payments.

b. Housing incentive fund payments may be attributed to a maximum of 60 units or forty percent of new units, whichever is greater.

(b) *Fees eligible for payment from the housing incentive fund.* All fees must be paid in their entirety by the developer for the percentage of dwelling units not set aside as affordable housing units. Eligible fees may include:

(1) Building permits.

(2) Plumbing permits.

(3) Electrical permits.

(4) Mechanical permits.

(5) Gas permits.

(6) Fire review fee.

(7) Site plan review fee.

(8) Site permit fee.

(9) Fees to access city-owned drainage retention areas.

(10) Water and sewer impact fees.

(11) Water meter charges.

(12) Sidewalks.

(13) Fire impact fee.

(14) Education impact fee.

(15) Transportation impact fee.

(16) Sanitation impact fee.

(c) *Application.* At a mandatory pre-application conference prior to applying for building permits or a site plan, the applicant will inform the city building, zoning and licensing department of the intent to apply for payment of fees from the housing incentive fund. Once the applicant subsequently submits their building permit or site plan application, the applicant must also submit the following to apply for a housing incentive fund distribution:

(1) *For rehabilitation of existing units:*

a. Written description of work.

b. At least two quotes from eligible contractors detailing costs.

c. Evidence that the proposed work is addressing HUD or building code violations and that completion of the proposed work will result in full code compliance.

d. A written statement that the developer agrees to pay back housing incentive fund distributions for any units intended to be affordable housing units that do not meet the definition of affordable housing units any time in the 10 years after issuance of a certificate of occupancy.

e. Any other information reasonably deemed necessary by the internal review board.

(2) *For construction of new units:*

a. Written description of the project.

b. Floor plans.

c. Architectural elevations.

d. The number of proposed owner-occupied and renter-occupied units along with those units' associated prices, number of bedrooms, and area in square feet.

e. Amenities and unit finishes available for residents of the affordable housing units.

f. A written statement that the developer agrees to pay back housing incentive fund distributions for any units intended to be affordable housing units that do not meet the definition of affordable housing units any time in the 10 years after issuance of a certificate of occupancy.

g. Any other information reasonably deemed necessary by the internal review board.

(d) *Application review.* After an application is submitted, the internal review board shall complete their review within 15 business days allowed for staff review in a building permit or site plan review process. The internal review board sends a decision in writing to the applicant regarding whether the internal review board will recommend distributing housing incentive funds, and the amount, and may reasonably condition a housing incentive fund distribution. The applicant may request additional conferences with the internal review board to reach an agreement, if necessary. The applicant shall submit a statement in writing that they agree or disagree with the internal review board's recommendation no more than 30 days after the internal review board issues their recommendation, otherwise, the application shall be deemed withdrawn, and the recommendation along with the applicant's letter shall be included as an agenda item at the first available public meeting of the city council.

(e) *Housing incentive fund distributions.* Housing incentive fund distributions shall not exceed $20,000 per affordable housing unit across all eligible fees and stages of development and will be distributed after an application for funds is reviewed and approved by the internal review board.

(1) Projects located within an eligible Community Redevelopment Area (CRA) shall have the ability to utilize the CRA to pay eligible fees listed in 106-105 (b) in-lieu of the housing incentive fund.

(2) Housing incentive funds may be utilized to assist in down payment or rental assistance for applicable projects. Down payment assistance may be allowed up to the maximum as referenced in chp.106-105(e) for individual units. Rental assistance may be allowed to cover the cost of the security deposit, first and last month's rent.

(3) The decision to distribute housing incentive funds shall be based on:
  a. estimated need for the housing product being proposed;
  b. quality of the development layout;
  c. architecture;
  d. unit finishes;
  e. amenity package;
  f. historic status of existing units being rehabilitated;
  g. other factors reasonably deemed relevant by the internal review board.

(f) *Process for payment through housing incentive fund escrow deposit or lien.* The applicant must allow a lien to be placed on the property, which stipulates that reimbursable liens will be paid back to the city if units intended to be affordable housing units do not meet the definition of affordable housing units:

(1) Housing rehabilitation and new single-family units will be required to remain affordable for a period of 10 years from the issuance of the certificate of occupancy. The value of the lien will be reduced by 10 percent of the total original lien value each year until the lien is released.

(2) New multi-family residential units will be required to remain affordable for a 20 year period from the issuance of the certificate of occupancy. The value of the lien will be reduced 5 percent per year until the lien is released.

(3) If the unit is sold or rented at a rate beyond the amount specified in (g) below, the city shall require repayment of the remaining lien amount for all fees paid out of the housing incentive fund.

(g) *Changes to the affordability threshold.* In the case of increases in the affordability threshold, since the time housing incentive fund money was distributed for an affordable housing unit, those units may be sold or rented in accordance with the new affordability threshold. In the case of a decrease in the affordability threshold, the originally determined affordability threshold recorded in the lien shall govern.

(h) *Affordable housing agreements and grant matches.* The City may include commitments to dedicate housing incentive funds in formally executed agreements with a developer or as a local match for grant funding. These commitments may supersede conflicting requirements in subsections 106-105(a)—(e), except that the maximum distribution per affordable housing unit shall be $20,000, the minimum amount of affordable housing provided in the development covered by the affordable housing agreement shall be 20%, and housing incentive fund payments may be attributed to a maximum of 60 units or forty percent of affordable housing units, whichever is greater in the development covered by the affordable housing agreement.

(i) *Affordable housing loans.* When funding is available, the City may establish a loan program to help finance the creation or preservation of affordable housing units. The City Council shall have full discretion with regard to the administration of said loan program. Modifications to the loan program as provided for herein may be made by City Council following a public hearing held to consider the advisability of any such modification. The loan program shall address both short-term loans and long-term loans, as provided for in subsections i(1) and i(2) below and herein. Interest rates for the loan program may vary from zero percent (0%) to less than the U.S. Prime Rate, as may be adjusted from time to time. Generally, loans with a zero or very low interest rates will have a shorter duration while loans with a longer term may have higher interest rates, closer to said U.S. Prime Rate. The City Manager or designee shall have authority to approve and sign final loan documents associated with the terms of the loan program.

1. Short terms loans shall:

    A. Mature 10 years or less from their effective date; and

    B. Have a maximum interest rate established by City Council ranging from zero percent (0%) to half of the U.S. Prime Interest Rate.

2. Long term loans shall:

    A. Mature more than 10 years from their effective date;

    B. Not exceed 30 years;

    C. Be made available to assist with grant opportunities and federal, state or other local affordable housing programs; and

    D. Have an interest rate established by City Council which ranges from half of the U.S. Prime Interest Rate to the U.S. Prime Interest Rate.

    E. Long term loans as provided for in this subsection shall not be the sole funding source for an affordable housing project.

(Code 1985, § 7-749(e); Ord. No. 2319, § 1, 12-1-92; Ord. No. 2480, § 1, 9-6-94; Ord. No. 5204, § 5, 9-23-03; Ord. No. 2018-39, § 2, 8-21-18; Ord. No. 2019-28, § 8, 3-19-19; Ord. No. 2020-1 , § 5, 10-15-19)