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Small-Scale Development

June 11, 2024

Webinar presented by:



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About the Florida Housing Coalition

We are a statewide nonprofit organization providing training and technical assistance to local governments and nonprofits on all things affordable housing.

Our work covers:

- Compliance with local, state, and federal affordable housing programs
- Affordable housing program design
- Capacity building for nonprofit housing providers
- Land use planning for affordable housing
- Research & data gathering

We can provide free training and technical assistance to you under the Catalyst Program.





AFFORDABLE HOUSING CATALYST PROGRAM

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Guest Speakers



Christina Anthony
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Executive Director, Community of Hope



Webinar Logistics

- All participants are on mute.
- Please type questions and comments into the question box on the side panel.
- We will not identify who has asked a question.
- Webinar is recorded.
- PPT is provided as a handout.
- For follow-up information or problems downloading handouts, please contact **ankudowich@flhousing.org**.



Agenda

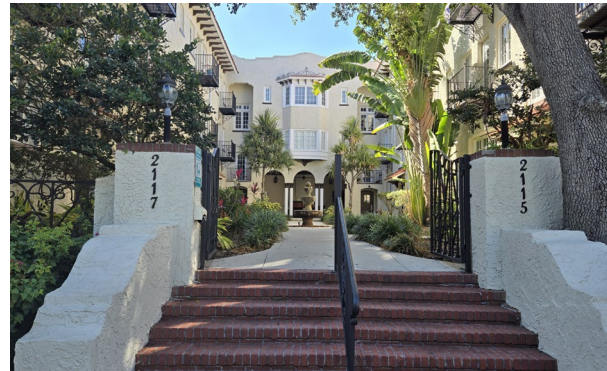
- Overview
- Considerations for Developers
- Example Projects
- Considerations for Local Governments



Missing Middle, Small Scale Development Overview

How Are We Defining Small-Scale Housing?

Multi-family and attached/clustered unit developments



Smaller end of spectrum

- Scale comparable to single-family home
- May range from 2 to 12 units

Larger end of spectrum

- Scale approaches mid-rise apartment (5 stories)
- May range from 12 up to 50 units



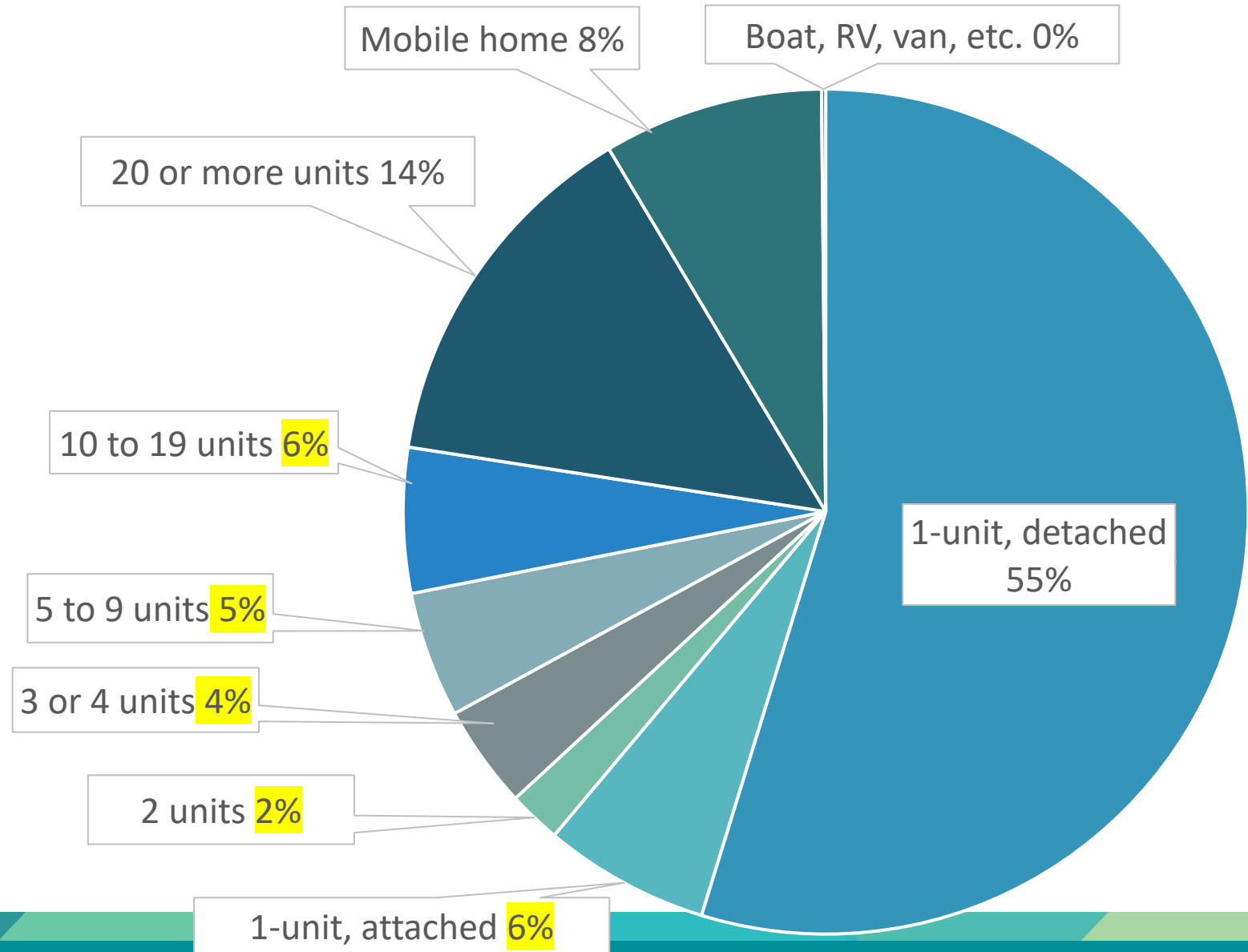
Traditional “missing middle” definition typically ranges up to 12 units, in some cases up to 19 (Parolek, *Missing Middle Housing*)

Why Build Small-Scale Housing?

- Expands opportunities in/around single-family neighborhoods
 - Diversifies unit type, tenure, size, price points **while maintaining comparable building form/scale** and single-family home characteristics (e.g., home entrance with porch and lawn)
- Infill development approach in existing infrastructure service areas
- Expands access to activity nodes and shared community amenities
- Provides transitions between small-scale neighborhoods and large-scale activity nodes and commercial corridors



Share of Housing Types in Florida



Why Not Just Build More General Multi-Family?

For some areas, additional larger scale multi-family is a great option!

Elsewhere it may be:

- Politically more difficult to allow and build
- Significantly different in scale, eliminating scale transition
- Not well supported by existing public services/amenities
- Not worth the additional complexity and cost to build



General Locational Considerations

Locate in areas with:

- Key community elements (e.g., schools, parks, retail) and transportation options
 - Supports minimizing on-site requirements (e.g., parking, open space) to enable infill
- Public infrastructure and services area
- Walkability and strong transportation connections
- Connections to activity and employment centers

Avoid environmentally sensitive/vulnerable areas (or mitigate when possible)

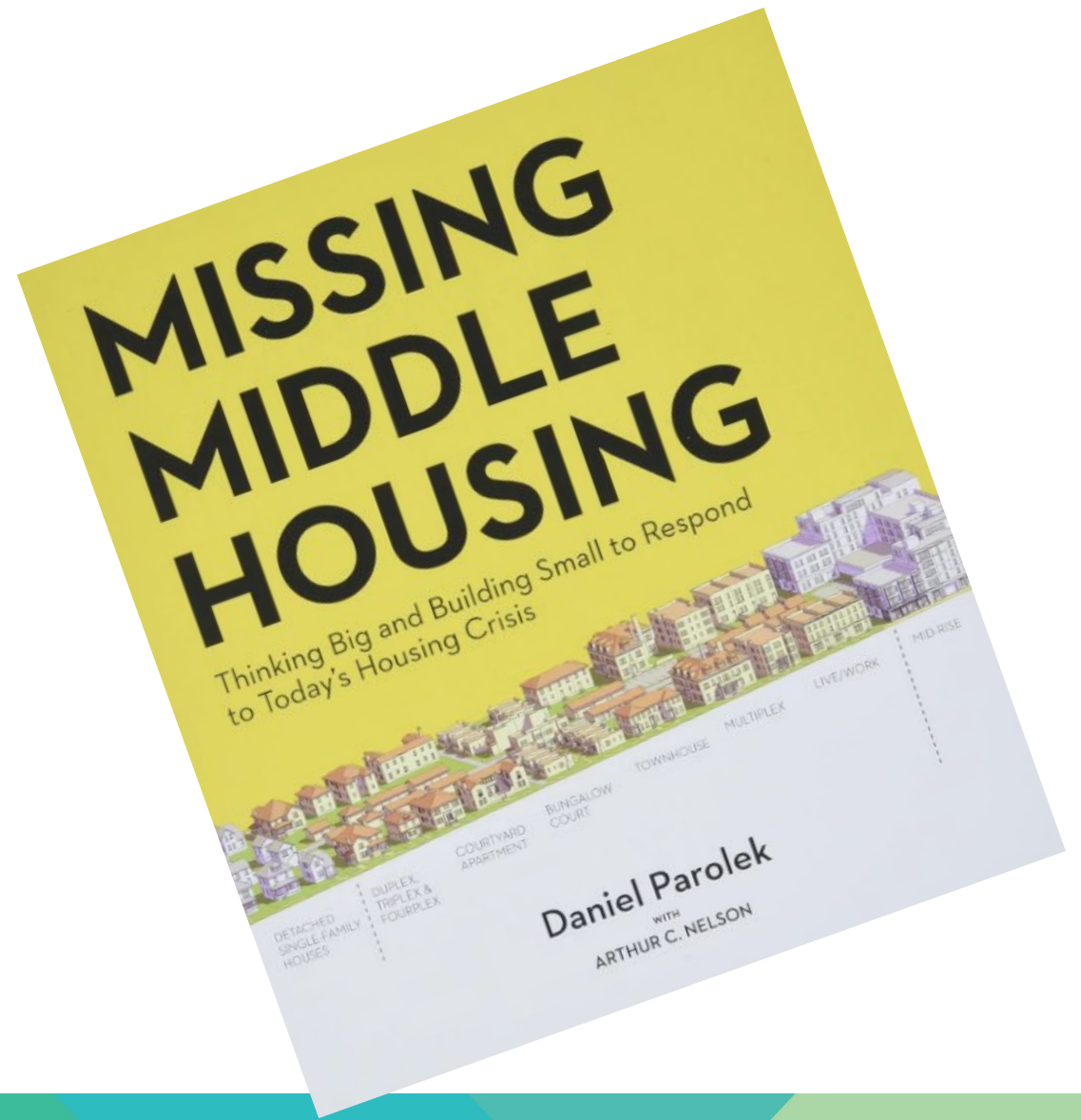


Design + Regulations Resource

Daniel Parolek's *Missing Middle Housing*

Website:

<https://missingmiddlehousing.com>





Detached Single-Family Houses

Duplex: Side-By-Side + Stacked

Fourplex: Stacked

Courtyard Building

Cottage Court

Townhouse

Multiplex: Medium

Triplex: Stacked

Live-Work

Mid-Rise

Missing Middle Housing

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Accessory Dwelling Unit (ADU)

- Commonly referred to as granny or mother-in-law flats, accessory apartments, garage apartments, carriage houses, or backyard cottages, accessory dwelling units (ADUs) are additional living quarters typically on single-family lots that are independent of the primary dwelling unit.
- An ADU can be an apartment within a primary residence, or it can be an attached or freestanding home on the same lot as the primary residence.
- Smaller in size than the primary residence and are generally located toward the rear of the parcel.
- ADUs share parking and other common areas with the primary residence.

Duplex



- Side by side
- Stacked
- Divided into two units under a shared roof
- Shared wall
- Separate entrances for each household
- Typically ranges from 1,000 sq. ft. to 1,800 sq. ft.
- Shared parking area or individual garages.

<https://missingmiddlehousing.com/types>

Triplex

- Three individual units in one building sharing either common walls, ceiling, or floor
- Can be stacked
- Each household has its own entrance
- May have separate yards
- Building design can look like single-family home, with not all doors facing the street.
- Typically range from 800 sq. ft. to 1,400 sq. ft
- Shared parking area or individual garages



Courtyard Building



- Surrounding a common use outdoor open space
- One- to two-story buildings that total four or more units
- Units are accessed by individual entrances from the courtyard.
- Open space transitions between the street and housing units
- Parking is usually located in a shared lot or garage
- Units typically range from 600 sq. ft. to 1,200 sq. ft.
- May incorporate private balconies or yards in the rear of the building



Cottage Court

- Detached units facing shared court that replaces function of rear yard
- Each home has its own entrance
- More than one unit can be developed on one lot
- Units range from 500 sq. ft. to 800 sq. ft.
- Shared parking area



Townhouse & Rowhouse

- Townhouses/rowhouses are side-by-side single family, multi-story units that share a common wall
- Rowhomes are uniform in layout, Townhomes are not
- The homes are set as the same property line point and have consistent design on the exterior
- Form a “continuous group” of three or more units and have a shared roofline
- Typically adjacent to the street, where the entrance is located
- Generally, between 800 sq. ft. to 1,800 sq. ft.
- Parking is available in a rear alley





Multiplex

- From the outside, a multiplex building may look like a medium or large single-family home.
- 5 to 12 individual apartments, either stacked over two to two and a half stories or designed side-by-side structures
- Entrance is shared and located at the street
- Shared outdoor space, laundry facilities, and other common area amenities
- Apartments range from 500 sq. ft. to 1,400 sq. ft.
- Parking is offered in a shared lot or garage

Live-Work

- Mixed use development
- Ground level of the building is used for retail or commercial space (owner's place of business)
- This transit-oriented development model
- Proximity to dwelling units, key community elements, and other amenities or services
- Four or more residential units that are stacked on top of or behind commercial space
- Unit size ranges from 1,200 sq. ft. to 2,000 sq. ft.
- Parking is in the rear alley



Considerations for Developers

The Development Process



- ✓ Conceptual Vision
- ✓ Site Selection
- ✓ Programming/Preliminary Design
- ✓ Funding Application and Award
- ✓ Credit Underwriting
- ✓ Closing
- ✓ Construction and Lease-Up/Sale
- ✓ Project Stabilization and Final Closing
- ✓ Project Operation and Program Compliance

What is your Target Market?

Workforce Housing (WFH): <140% AMI

Low-Moderate Income (LMI): <80% AMI

Very Low Income (VLI): <50% AMI

Extremely Low Income (ELI): <30% AMI

Seniors: Persons ages 62+

Farmworkers: 40% of residents are farm laborers



Conceptual Vision

- Motivation for transformation is addressing an unmet housing need within the community
- Development goals and objectives are based on fact and documented needs within the target area which encourages local government approvals, incentives, subsidies, and other forms of support
- Analyze the overall concept to meet the demand, including place-based considerations, neighborhood stabilization, prevention of gentrification and displacement
- Conduct a preliminary financial feasibility analysis of the proposed project



Highlights show the contrast between infill development's height and density and surrounding neighborhood.

Image Courtesy of The Caryatid Collaborative, LLC

Site Selection

- Site control of a good parcel that:
 - Is zoned appropriately to develop the project concept
 - Has infrastructure (water, sewer, electricity, roads)
- If there are no properties/land for sale in the target area or within the target price, the strategic plan should be reevaluated and adjusted accordingly to reflect achievable goals and objectives.

Innovative, Infill Development in Deerfield Beach



Source: South Florida Community Land Trust. <https://southfloridaclt.org/innovative-infill-development-deerfield-beach/>

Site Selection and Evaluation

- Site should match the project concept
 - Broker listings, seller solicitation
 - Target areas – public funding or policy initiatives
- Attributes of the site may determine the project
- Conduct feasibility analysis during site selection
- Why is this property available?



PLP Site Selection and Evaluation Checklist

PROPERTY ADDRESS

ENVIRONMENTAL FACTORS

- What is the soil type and elevation? Does it appear to be buildable?
- Is there evidence of hazardous materials or underground tanks on the site?
- What was the site previously used for?
- What is the degree and direction of runoff?
- Is the site in a flood zone? What classification?
- Are there wetlands on the site?
- Is there evidence that any type of endangered species use the site for habitat?
- What are the adjacent uses to the site?
- Does the site have existing infrastructure, including utilities?
- Does the site have curb appeal?

NEIGHBORHOOD AND COMMUNITY FACTORS

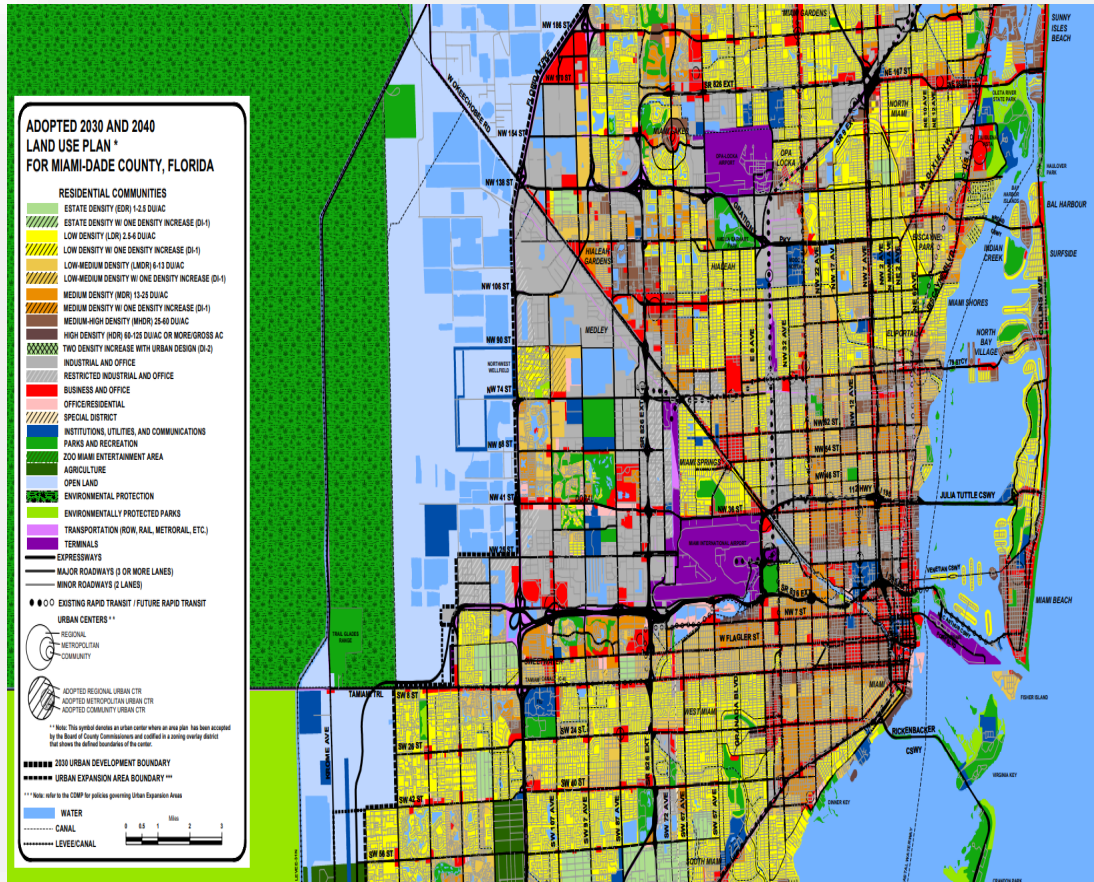
- Are there schools nearby? Are more schools planned?
- Is the site served by public transportation?
- Are the streets in good condition? How heavy is local traffic?
- Is there shopping nearby?
- Where are the closest daycare and health care centers?
- Is the site adequately served by fire, police, and EMS services?
- Are there parks and community centers within walking distance?
- Is the site near local areas of employment?
- Is the overall neighborhood in good condition?
- Does it appear to be static or changing?
- Are there many vacant residents or businesses in the area?
- Is the area known as a high-crime area?

REGULATORY FACTORS

- How is the property zoned?
- What are the allowed uses for the property?
- What is the maximum unit density that is allowed?
- What are the parking and setback requirements for the site?
- Are there concurrency requirements that should be considered?
- Will variances be needed to develop the property?
- If variances will be required, what is the process for obtaining approval?
- Are there any special conditions for use of the site?
- Will the project need to comply with accessibility provisions?



Local Requirements



- Land Use
 - Future Land Use Element
 - Housing Element
- Zoning
 - Base
 - Overlay: Downtown, attainable, rural village, historic
 - Site Configuration, density, intensity
- Incentives
- Land Development Regulations
- Special Concerns
 - Historic Designations
 - Form Based Codes

Infrastructure

- Water, sewer, drainage, power, roads
- City or County provided, if possible
- Engineering can be expensive
 - Frequently under-estimated
- Most funding sources only pay for on-site utilities
- Can use CDBG to bring it to site
- Verification forms and Credit Underwriting Report



Environmental Factors-Site Suitability

- Soil
 - Type, stability, previous use
- Slope
 - Runoff
- Flood Plain
 - Zone classification, elevation
- Conservation areas
 - Wetlands



Economic Factors

- Land Cost per Unit
- Financing Availability
- Impact Fees
- Utility Connection fees, Impact fees, Rates
- Earnest Money
- Special Incentives-Density
- Surplus Land

Initial Title Report and Title Insurance Policies

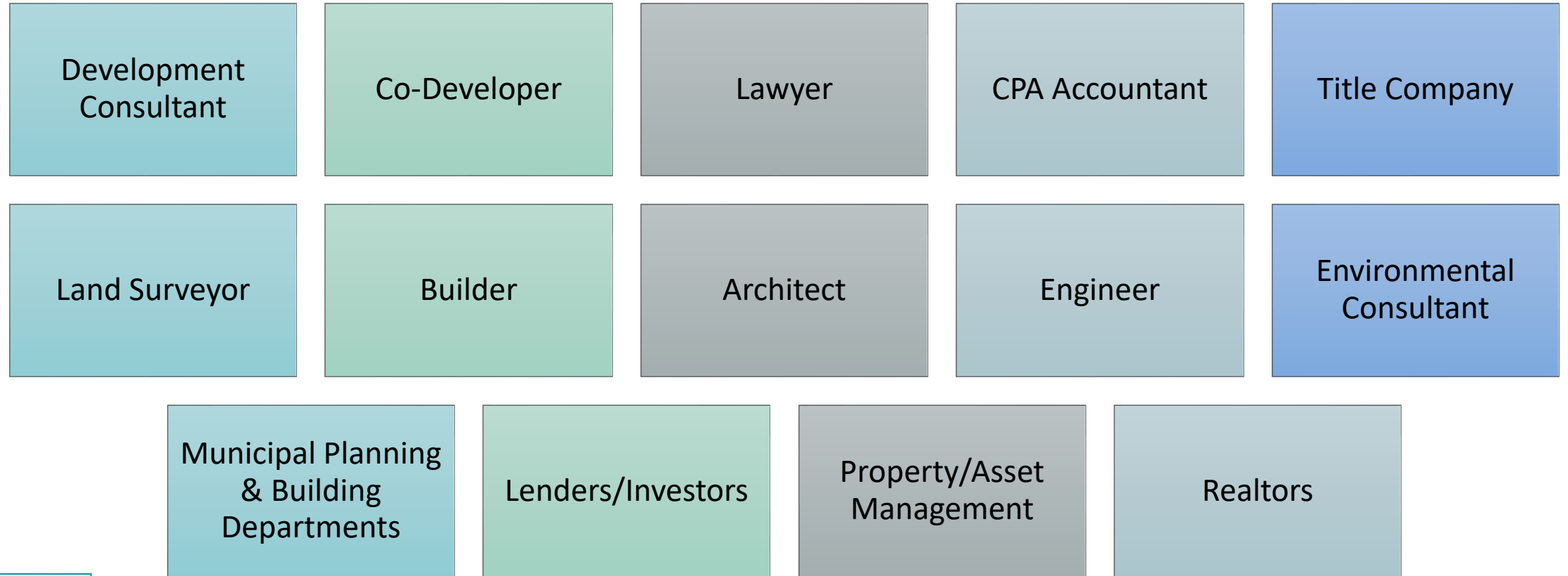
- Completed by title insurance company or attorney
- Will reveal any issues affecting title for issuance of title insurance policy
- Lenders/investors do not want anything that will negatively affect their ability to recover their investment
- Both Lender and Owner's policies usually required; cost included in development budget



Programming & Preliminary Design



Development Team



The Timeframe

Development Plan

- 6 MONTHS

Due Diligence

- 3-6 MONTHS

Loan Application

- 2 MONTHS

Rezoning

- 2-6 MONTHS

Underwriting for Construction Financing

- 9-12 MONTHS

Permitting

- 2-4 MONTHS

Construction

- 12-18 MONTHS

Lease-up or Pre-Sales

- 4 MONTHS

Expedited Permitting

- Every local government that receives SHIP funds is required to expedite permits for affordable housing projects “to a greater degree” than other projects. See F.S. 420.9071(18), 420.9072, 420.9075, 420.9076.
- "Affordable" housing as defined in 420.9071(2)
- The SHIP statute does not establish a specific timeframe for approving permits, only that affordable projects are expedited “to a greater degree” than other projects
- If FHFC finds that a SHIP jurisdiction has failed to implement this strategy, it can withhold SHIP funds. F.S. 420.9075(13)(b).



Changes to Expedited Permitting Under the Live Local Act

- Posting expedited permitting procedures online
- Requires local governments to maintain on its website a policy containing procedures and expedited processing of building permits and development orders required by law to be expedited



3rd Party Reports

Survey(s)

Appraisal

Market Study

Capital Needs Assessment (for existing buildings)

Plan and Cost Review

Environmental/Engineering

(Phase I/II, Soils Testing, Radon Testing (if required), Asbestos and Lead)

Operating and Maintenance Plans

Title Report

Project Feasibility

- Reduced number of units can be problematic to cashflow when vacancies occur, especially for an extended time.
- Predevelopment and site work costs remain the same, and the cost of construction materials and contractors does not change either.

Debt Service Coverage Ratio (DSCR)

- The relationship between Net Operating Income (NOI) and Annual Debt Service.
- Generally, the acceptable DCR for affordable housing projects is no less than 1.15 and no more than 1.3.

$$\text{NOI/DS}=\text{DSCR}$$

$$\$100,000/90,000 = 1.11$$

$$\$100,000/85,000 = 1.25$$

$$\$100,000/75,000 = 1.33$$

Loan to Value Ratio (LTV)

- The relationship between the appraised value of the total project and the loan.
- Generally, lenders will not exceed 100% of appraised value.

LTV

First Position Loans:
$$\text{LTV} = \frac{\text{Loan Amount}}{\text{Fair Market Value}}$$

Example:

$$\text{LTV} = \frac{\$100,000}{\$140,000} = 71\%$$

Also:

$$80\% = \frac{\text{Loan Amount}}{\$140,000} = \frac{\$112,000}{\$140,000}$$

Loan Sizing by LTV and DSCR

Two methods:

- **1. Based on Loan to Value Ratio (LTV)**
- **2. Based on Debt Coverage Ratio (DCR)**
- The lender uses the lesser result of LTV or DCR methods
- Lenders use LTV based on real estate appraised value
- Lenders use DCR to determine amount available for debt services

Standards Example

$$\text{LTV} < 80\%$$

$$\text{DCR} < 1.25$$

Example using LTV

Appraised Value =

\$5,000,000

$$\text{LTV} = 80\%$$

Maximum loan amount =

\$4,000,000

$$\$5,000,000 \times .80\% =$$

Example Using DCR:

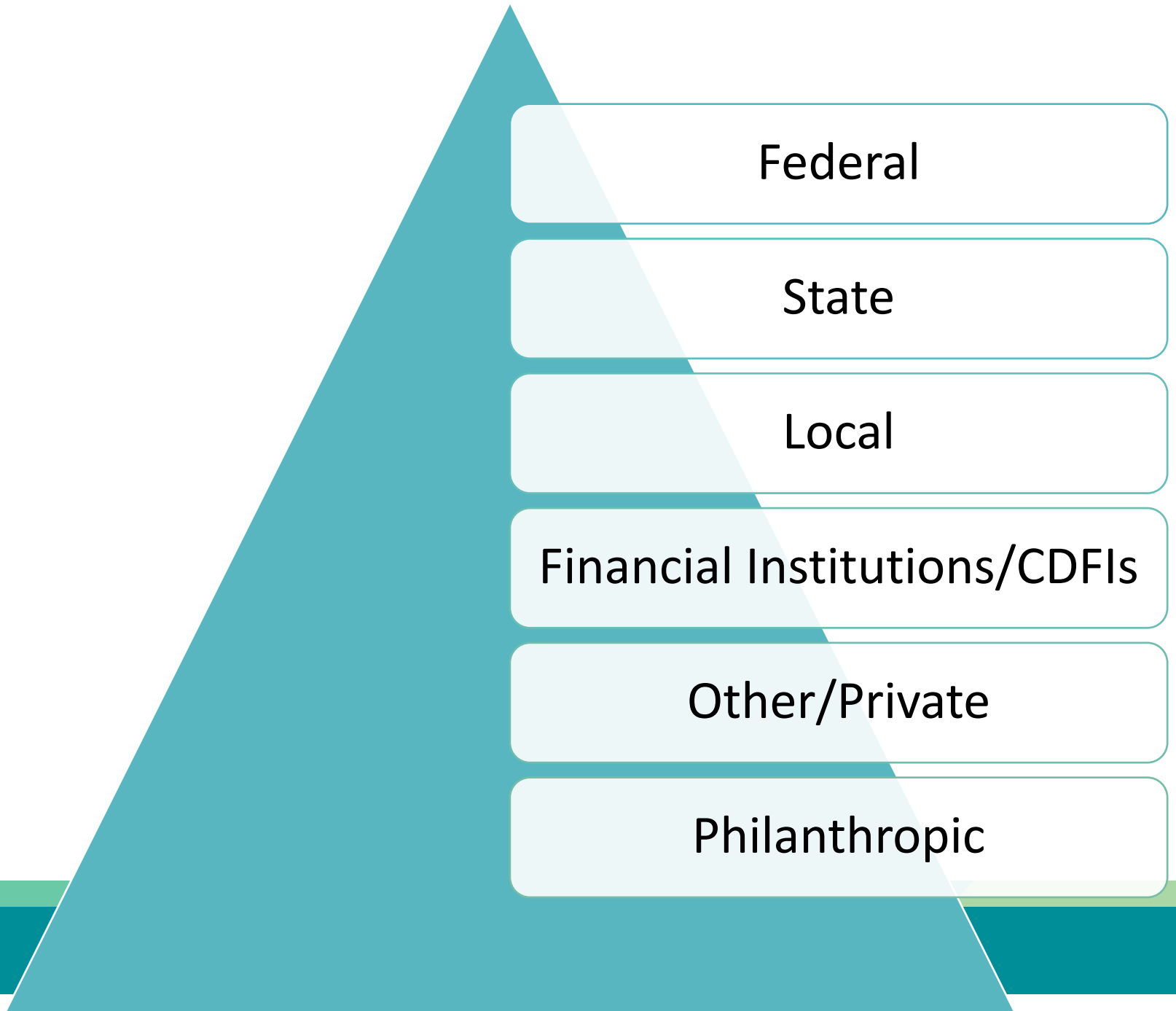
NOI = \$400,000

Maximum loan amount =

$$\$400,000 / 1.25 * 12 =$$

\$3,722,000

Financing Sources



Primary Loans, Applications, Closing

- Costs money to borrow money
- More risk with less cash flow and smaller developer
- Superior loans
 - First position
 - Collateralize site
 - Guaranty loan
- Rental may require construction to permanent lending
- Homeownership units may require a revolving loan
- Small-scale projects may require localized lenders such as a CDFIs





Credit Underwriting

1. Evaluation of you and your organization's capacity and mission to develop, own, operate this type of housing.
 - ✓ Board of Directors
 - ✓ Community need
 - ✓ Who else supports you in your community?
 - ✓ What are the other big partners?



Credit Underwriting

2. Site

- ✓ Is it adequate for the use?
- ✓ Ability to proceed
- ✓ Qualitative analysis – zoning, land use
- ✓ Proximity
- ✓ Verification of infrastructure

	Budget 10/26/20	Revision 1	Final	Variance	per	
	400,000	400,000	400,000	-		
CONSTRUCTION COSTS						
Construction Cost	544,444	544,444	544,444	-	15.56	14.73
Construction Costs	2,514,380	2,514,380	2,514,380	-	71.84	68.01
Build to Suit incl. Tenant Improvements)	-	-	-	-	#DIV/0!	#DIV/0!
Incl. \$35/SF Tenant Improvements)	-	-	-	-	#DIV/0!	#DIV/0!
Commissions	-	-	-	-	#DIV/0!	#DIV/0!
Items	987,625	987,625	987,625	-	28.22	
Conditions	4.00%	161,858	161,858	-	4.62	
Profit	4.00%	161,858	161,858	-	4.62	
Price Increase	5.00%	218,508	218,508	-		
CONSTRUCTION COSTS	4,588,674	4,588,674	4,588,674	-		
FINANCIAL COSTS						
Interest	-	-	-	-		
Loan Fees	-	-	-	-		
Debt Interest	-	-	-	-		
Debt Fees	0.00%	-	-	-		
Fee	0.00%	-	-	-		
FINANCIAL COSTS	-	-	-	-		
DEVELOPMENT COSTS						
	2,000	2,000	2,000	-		
	7,500	7,500	7,500	-		
	6,000	6,000	6,000	-		
Design	41,000	41,000	41,000	-		
Inst. Admin	-	-	-	-		
	45,887	45,887	45,887	-		
Fee	-	-	-	-		
Work Insurance	4,589	4,589	4,589	-		
Items	78,199	78,199	78,199	-		
Marketing Fee	51,800	51,800	51,800	-		
Permitting Fee (Permitting Contract)	-	-	-	-		

Credit Underwriting

3. Deal

- ✓ Do you have enough money to build it?
- ✓ Do you profit enough to pay your debts?
- ✓ Is the cash flow enough to support operating costs?



Applying Small Scale Development to Rental Housing



Marketing Plan & Lease Up



Created during the predevelopment phase of the project



When using surplus land or local government funds, the nonprofit may be required to target specific demographics and meet marketing requirements set out in the development agreement.



Identify a target market income level, demographic characteristics, and geographic area such as the primary or secondary market, with a strategy defined to outreach potential residents.



Incorporated in the total development cost of the project is a marketing budget for advertising and marketing.



Identify incentives that will ensure timely lease-up/sale with the desired mix of tenants/qualified homebuyers.



Sometimes, nonprofit organizations that provide community-based services may have a list of potential applicants that can receive assistance to be well prepared to apply for the upcoming rental or homeownership units.

Property Management

Property Management Firm/Staff	Tenant rules and regulations	Tenant selection plan and criteria	Lease execution	Income certification and recertification
Rent collection procedures	Security deposit procedures	Late fees	Partial rent/ security payment guidelines	Eviction procedures
Handling tenant complaints	Repairs and maintenance	Long- and short-term capital needs review	Budget and property performance	Property turnover

Considerations: In-House vs. Outsourcing Property Management

- Many smaller properties and portfolios do not have the revenue to support full time leasing and maintenance staff.
- It is difficult to find experienced staff who are willing to work part time.
- Planning for a diverse group of tenants who will benefit or require cultural and linguistically appropriate services can encourage the hiring of bilingual staff or staff that reflects the demographics of tenants living in the building(s).
- Small scale, affordable projects generally do not offer bonuses for lease-up and occupancy.
- Smaller projects also may not be able to afford a vehicle for maintenance or for inspections and site visits to geographically dispersed properties.



Applying Small Scale Development to Homeownership



Homeownership Development Finance

- Determine total development costs
- Complete an Affordability analysis to determine what would be an affordable mortgage for households, say at 80% AMI and/or 50% AMI
- Establish what the gap between development cost and the affordable mortgage
- Determine construction and permanent sources, considering
 - Size of gap
 - Effects on lending and sales transaction
 - Effect on the homeowner at resale
 - Implications for long-term affordability



Affordability Analysis

- Utilize most recent income limits to determine income within range of target market and/or program limits
- Talk with lenders to understand
 - Interest rates
 - Debt ratio requirements
 - Mortgage insurance requirements
 - Estimates of homeowners insurance and taxes
 - Closing costs
- Estimate an affordable mortgage based on information gathered
- Determine sales price based on affordable mortgage and anticipated subsidy sources



Marketing To and Qualifying Perspective Homebuyers

- Pre-sales
 - Plans
 - Model home w/ staging
 - Marketing
- Homebuyer Counseling
- Purchase assistance
- Contracts
- Permanent financing
- Closing
- Post-purchase counseling



Assistance Available to Prospective Buyers

- SHIP Purchase Assistance
- FHFC Homeownership Opportunity Pool (HOP)
- FHFC Hometown Heroes
- HFA Preferred Grant Down-Payment Assistance
- Rural Development Single-Family Loan (Section 502) and Guarantee program
- Lender purchase price and closing cost assistance



Permanent Affordability



Nonprofits should establish permanent affordability policies that will guarantee upon sale of the land or improvement, the home maintains affordability.



This can be achieved through deed restrictions, requiring compliance with each new homebuyer who takes ownership of the home.



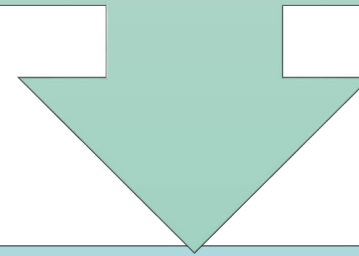
Nonprofits that adhere to the Community Land Trust (CLT) model retain ownership of the land and sell the improvement to an income qualified homebuyer.



The CLT ensures permanent affordability through various mechanisms including a resale formula, land lease, and homebuyer restrictions that prevent sellers from increasing sales price beyond an approved amount and qualifying potential buyers to ensure they income qualify.

Legal

Florida Statutes define laws regarding Homeowners Associations, Condominiums, and Cooperatives.



Ensure legal representation that has experience with these laws and skills to develop the necessary agreements for shared wall dwellings and common areas required for specific types of residential development.

Association Management

- Essential to the sustainability of the project once occupied, the nonprofit should consider having appropriate and skilled management to oversee the association.
- The association must comply with legal requirements in Florida Statutes.
- A Homeowners Association should consider hiring a Licensed Community Association Manager (LCAM) to ensure that the community is supported by a licensed professional who can meet all obligations, monitor reserves, and report to the board.

Compliance



Deed Restrictions



Resale Policies



Infill Program Guidelines



Christina Anthony

CEO, Affordably Lavish Foundation











LEE COUNTY AFFORDABLE HOMES

9 HOMES
LEHIGH ACRES, LEE COUNTY
STEELHOMES MODULAR

BED	BATH	TYPE	# UNITS	AVG UNIT SIZE (SF)		AMI	\$ PER SQ FT	\$ TO BUILD
3	2	SINGLE FAMILY	3	1,400	1 STORY	80%	\$180	\$252,000
3	2	DUPLEX/VILLA	6	1,200	1 STORY	50% & 140%	\$180	\$216,000



USE OF FUNDS

NOTES

TOTAL

ACQUISITION COSTS

Building(s)	0	\$0
Land	6 lots	\$0

TOTAL ACQUISITION COSTS **\$0**

HARD COSTS

Building Costs SINGLE FAMILY \$180	1200 sq ft	\$252,000
Building Costs DUPLEX/VILLA \$180	1200 sq ft	\$216,000

AVG HARD COSTS **\$234,000**

SOFT COSTS

Site Engineering		\$3,000
Builder's Risk Insurance		\$2,000
Survey with Elevations		\$1,500
Soil Test		\$1,500
Impact Fees		\$10,000
Permit Fees		\$4,000

TOTAL SOFT COSTS **\$22,000**

FINANCIAL SOURCES

Land Equity	6 lots	\$90,000
Lee County Awarded Subsidy SHIP Funds		\$875,000
Florida Housing Finance Corporation PLP (Pre-Development)		\$386,700
<i>FHFC PLP Interest (Deferred until Construction Loan Secured)</i>	1.00%	\$2,256
SELF		\$2,500,000
<i>SELF Interest</i>	7.50%	\$281,250

TOTAL FINANCIAL COSTS **\$283,506**

AVG DEVELOPMENT COSTS **\$539,506**

SALES

Single Family Home Sale	3	\$350,000
Villa Home Sale	6	\$280,000

TOTAL SALES **\$2,730,000**

SUMMARY

HARD COSTS	9	\$2,052,000
SOFT COSTS	9	\$198,000
TOTAL DEVELOPMENT COSTS	9	\$2,533,506
DEVELOPER PROFIT	9	\$196,494
DEVELOPER PROFIT %	9	7.76%



Drew Warren

Executive Director, Community of Hope







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PROJECT SUMMARY



Project Information

Project Name: Hope Hammock – Phase I
 Neighborhood: _____
 Street Address: 550 S. Brown Avenue
 City: Titusville County: Brevard
 Zip Code: _____

Developer/Sponsor/Owner Information

Dev/Owner/Sponsor: Community of Hope CHDO? YES

Total Units: 4 Project Type: New Construction Target Population: Homeless
 HOME Units: 4 Fixed or Floating HOME Units? Not Applicable Unit Type: Other

Unit Mix

	Efficiency	1 BR	2 BR	3 BR	4 BR	Total
≤ 30% AMI	0	0	0	0	0	0
40% AMI	0	0	0	0	0	0
50% AMI	0	0	0	0	0	0
60% AMI	0	0	1	3	0	4
Market Rate	0	0	0	0	0	0
Total	0	0	1	3	0	4



	Annual	Per Unit		
Gross Rent Potential:	\$55,476	\$13,869	Avg Monthly Rent:	\$1,156
Other Income:	\$360	\$90		
Operating Expenses:	\$26,612	\$6,653	Total Square Feet:	4,196
Net Operating Income:	\$25,874	\$6,468	Avg SqFt/Unit:	1049
Cash Flow:	\$3,569	\$892		
Debt Coverage Ratio:	1.16			

Development Costs	Total	Per Unit	% of Total	Per SqFt
Total Predevelopment:	\$44,700.00	\$11,175	4.4%	
Total Acquisition:	\$0	\$0	0.0%	
Total Construction:	\$919,250.00	\$229,813	89.9%	\$219.08
Total Professional Fees:	\$0	\$0	0.0%	
Total Carrying Costs:	\$10,638.63	\$2,660	1.0%	
Total Permanent Financing & Syndication:	\$0.00	\$0	0.0%	
Total Reserves:	\$0	\$0	0.0%	
Construction & Bridge Loan Interest:	\$4,217.87	\$1,054	0.4%	
DEVELOPER FEE	\$44,188.01	\$11,047	4.3%	
Total Development Costs	\$1,022,994.51	\$255,749	100.0%	\$243.80

Sources	Total	Per Unit	% of Total
Mortgage	\$335,818.00	\$83,955	32.8%
Tax Credit Equity	\$0	\$0	0.0%
HOME - City of Titusville	\$305,577.99	\$76,394	29.9%
HOME - Brevard County	\$381,598.52	\$95,400	37.3%
		\$0	0.0%
		\$0	0.0%
		\$0	0.0%
		\$0	0.0%
Total Sources	\$1,022,994.51	\$255,749	100.0%

PROJECT SUMMARY



Project Information

Project Name: Hope Hammock – Phase II
 Neighborhood: _____
 Street Address: 550 S. Brown Avenue
 City: Titusville County: Brevard
 Zip Code: _____

Developer/Sponsor/Owner Information

Dev/Owner/Sponsor: Community of Hope CHDO? YES

Total Units: 6 Project Type: New Construction Target Population: Homeless
 HOME Units: 6 Fixed or Floating HOME Units? Not Applicable Unit Type: Other

Unit Mix

	Efficiency	1 BR	2 BR	3 BR	4 BR	Total
≤ 30% AMI	0	0	0	0	0	0
40% AMI	0	0	0	0	0	0
50% AMI	0	0	0	2	0	2
60% AMI	0	0	1	3	0	4
Market Rate	0	0	0	0	0	0
Total	<i>0</i>	<i>0</i>	<i>1</i>	<i>5</i>	<i>0</i>	6



	Annual	Per Unit		
Gross Rent Potential:	\$94,344	\$15,724	Avg Monthly Rent:	\$1,310
Other Income:	\$360	\$60		
Operating Expenses:	\$50,840	\$8,473	Total Square Feet:	6,300
Net Operating Income:	\$37,235	\$6,206	Avg SqFt/Unit:	1050
Cash Flow:	\$14,080	\$2,347		
Debt Coverage Ratio:	1.61			

Development C \$371,421	Total	Per Unit	% of Total	Per SqFt
Total Predevelopment:	\$24,497	\$4,083	1.5%	
Total Acquisition:	\$0	\$0	0.0%	
Total Construction:	\$1,365,000	\$227,500	84.2%	\$216.67
Total Professional Fees:	\$4,250	\$708	0.3%	
Total Carrying Costs:	\$5,000	\$833	0.3%	
Total Permanent Financing & Syndication	\$2,228	\$371	0.1%	
Total Reserves:	\$0	\$0	0.0%	
Construction & BridgeLoan Interest	\$9,124	\$1,521	0.6%	
DEVELOPER FEE	\$210,146	\$35,024	13.0%	
Total Development Costs	\$1,620,245	\$270,041	100.0%	\$257.18

Sources	Total	Per Unit	% of Total
Mortgage	\$274,835	\$45,806	17.0%
Tax Credit Equity	\$0	\$0	0.0%
Brevard County	\$400,000	\$66,667	24.7%
SLFRF-ARPA-Titusville	\$945,410	\$157,568	58.3%
		\$0	0.0%
		\$0	0.0%
		\$0	0.0%
		\$0	0.0%
Total Sources	\$1,620,245	\$270,041	100.0%

Role of Local Governments

Land Use + Zoning: Small-Scale Missing Middle

Housing Type Allowances

Ensure desired types are permitted by right

Density

May be perceived as low but typically requires a min. of 35 units/acre

Min. Lot Size

Ensure it is not prohibitively large; typical lot widths vary by type, from 18-100 ft, and lot depths from 80-100 ft

Small-Scale Building Dimensions

Width, depth: 45- 60 ft
Height: 2-2.5 stories

On-Site Parking Requirements

Remove or reduce (e.g., 0.5-1 space/unit); consider street/shared parking, transit available

On-Site Open Space Requirements

Remove; invest in public shared parks/open space

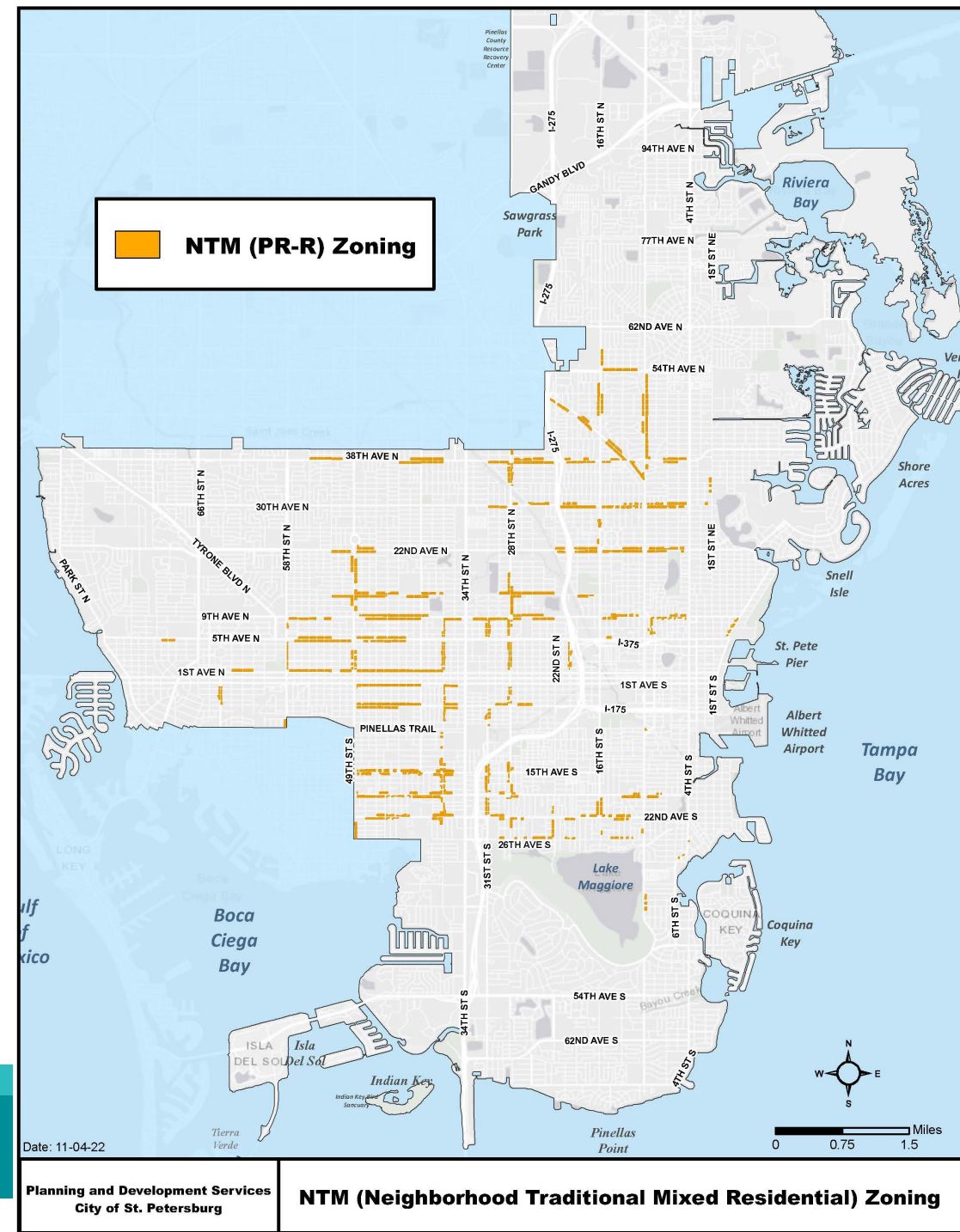


Example zoning parameters sourced from Daniel Parolek, *Missing Middle Housing*, Island Press, 2020

Example: St Petersburg NTM-1 Zoning District

Location:

- Future Major Streets (includes transit routes)
- Avoids Coastal High Hazard Area, Special Flood Hazard Areas, Hurricane Evacuation Zone A, Preservation lands, listed species habitat, and other environmentally sensitive lands



Example: St Petersburg NTM-1 Zoning District

- Allowed housing types: Up to 4 units/building (fourplex) and bungalow courts
 - Max. density: 30 units/acre
 - Max. floor area ratio: 0.50
 - Max. building width: 40 ft
 - Max. building height (to roofline): 24 ft
 - Min. lot area: 2,000 sq ft
- Min. lot width: 20 ft
 - On-site parking:
 - More than 750 sq ft: 0.75/unit up to 2 bedrooms, plus 0.5 for each additional bedroom
 - Equal to or less than 750 sq ft: 0.50/unit
 - On-site open space: no additional requirements to setbacks/yards



Public Land for Affordable Missing Middle

- Some land may be more suited for small-scale development – think small lots in single-family neighborhoods
- Encourages the sale or transfer of government-owned properties to qualified developers, including nonprofits
- Reduces total development cost when conveyed at low-or-no cost
- Restrictive covenants, community land trust, or other mechanisms to preserve affordability at time of conveyance
- Strict time limit to develop
- Attention to lien resolution, zoning and land use changes

Infill Development Programs

- Expands the availability of affordable homes for very low-, low- and moderate-income persons and households
- Increases a stock of affordable housing in urban areas with parcels that have availability of infrastructure and utilities
- Promotes the redevelopment of urban neighborhoods
- Addresses vacant, dilapidated, or abandoned properties



Affordable Housing Incentives & Subsidies

- Contribution to development costs, reducing the TDC
- Layering down payment assistance funding for qualified buyers
- Expediting the development and sale processes
- Flexibilities and modifications to parking, setbacks, lot configurations, street requirements
- Impact fee waivers
- Reservation of infrastructure capacity
- Proximity



Example: Raleigh, NC Small-Scale Rental Development Program

Assistance provided:

- **\$4 million** over 2 funding rounds
- **20 city-owned lots** in round 1, **13** in round 2

Funding source: **bond**

Eligible applicants:

- Non-profit developers
- Mission-based non-profit + for-profit developer partnership

Eligible activities:

- acquisition/preservation
- new construction

Housing types: rental units – up to a **duplex + ADU**, some triplexes allowed

Income Cap:

- A least **1/3 of units must serve up to 30% AMI** income level and below
- If exactly 1/3 of units are <30% AMI, remaining units must serve up to **60% AMI** and below.
- If more than 1/3 of units are <30% AMI, remaining units may serve up to **80% AMI** and below.

Min. Affordability Period: **40 years**

Use of city-owned lot requires long-term lease



Example: Minneapolis, MN Missing Middle Housing Pilot Program

First year assistance provided:

- Total program funding: **\$500,000**
- Per unit at 50% AMI: **\$70,000**
- Bonus/unit for enhanced affordability/sustainability: **\$25,000**
- Provided as 30-year 0% interest deferred loan secured with note and mortgage on property (or covenant for ownership)

Funding source: **general revenue**

Eligible applicants: developers with financial capacity, recent experience, demonstration of responsible ownership, and in good standing with the City

Eligible activities: new construction

Housing types: ownership or rental development of 3-20 units

Income Cap:

- Rental: **min. 20%** of units must serve **50% AMI** or below.
- Ownership: **min. of 10%** of units must **serve 80% AMI** or below

Min. Affordability Period: **30 years**

Option to submit an offer to purchase city-owned lot along with the funding application

An additional year of the program focused on rental development of 2-20 units with the funding assistance/affordability terms noted here.



Small-Scale Development Wrap Up

- Expand housing opportunities in single-family neighborhoods and in transition areas to larger scale development with access to community amenities using small-scale development compatible in form with single-family development.
- Account for impacts of smaller number of units in development process, such as reduced cashflow and revenues.
- Consider how this housing type can be used for affordable rental and ownership opportunities.



Small-Scale Development Wrap Up

- Ensure zoning reflects necessary small-scale dimensions, higher allowable densities, and other elements to truly enable small-scale development.
- Support effective zoning regulations with publicly owned land, infill programs, and other housing incentives/subsidies to further facilitate affordable small-scale development.



Contact Us for Assistance Opportunities!



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Coming soon!
Small-scale
development
guidebook update

