



# Site Testing for Missing Middle Implementation Strategies

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Florida Housing Coalition Annual Conference  
August 27, 2024



# Site Testing Process for Policies + Programs: St. Petersburg NTM-1 Example

- St. Petersburg NTM-1 Zoning District adopted in 2023 allows up to 4 units/building (fourplex) and bungalow courts
- Site testing process applied to this case includes **physical** and **financial** feasibility testing by analyzing **development scenarios**



*Image: Google Maps*

# Goals of Analysis

1

Facilitate general implementation  
(e.g., land availability and financing)

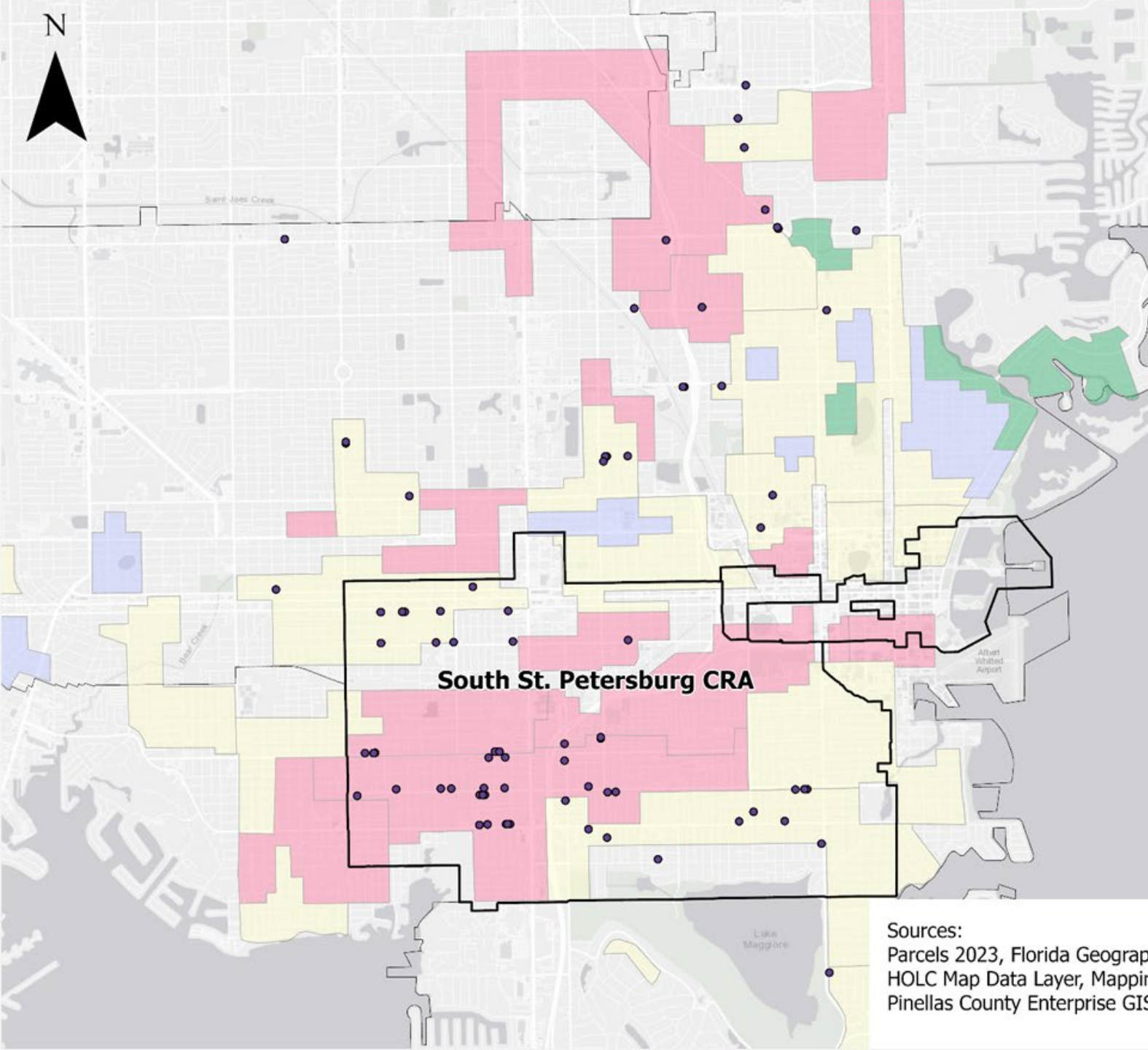
2

Encourage deeper levels of absolute housing affordability with quality housing options

3

Ensure benefits from new development flow to communities with more limited access to housing finance tools and quality housing options





### Legend

- St. Petersburg City Limits
- Community Redevelopment Areas
- NTM-1 Zoned Vacant Parcels
- HOLC Redlined Areas
  - A
  - B
  - C
  - D

# Vacant NTM-1 Lots + Historic Redlining

Sources:  
Parcels 2023, Florida Geographic Data Library;  
HOLC Map Data Layer, Mapping Inequality: Redlining in New Deal America;  
Pinellas County Enterprise GIS

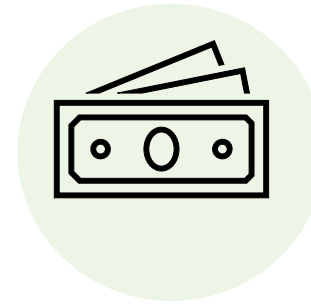
# Development Scenario Testing Objectives + Assumptions



**NTM-1 Zoning Consistency**  
Use of NTM-1 regulations, except adding accessory dwelling unit (ADU) to duplex



**Affordability**  
Use of City's Workforce Housing Density Bonus Program (WHDBP) requirements + incentives



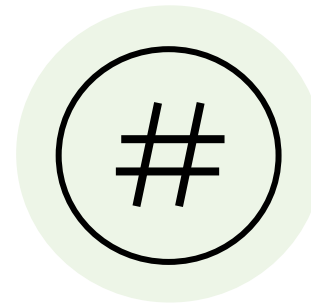
**Profitability**  
20% increase of preliminary total dev. costs for developer fee/contingency



**Reduced Costs**  
Use of modular construction for duplexes + fourplex



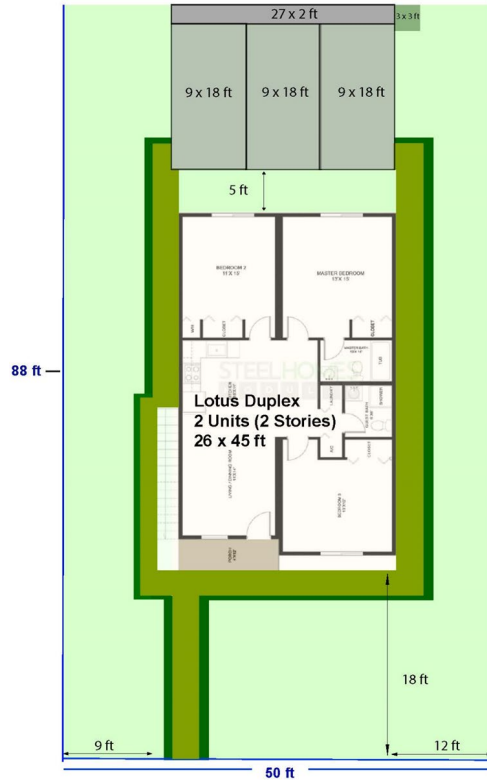
**Use of Public Lots, Small Lots**  
Use of 3 vacant City-owned lots + 1 vacant private lot



**Increased Housing Supply**  
Maximized number of units

# Scenarios on Individual Lots

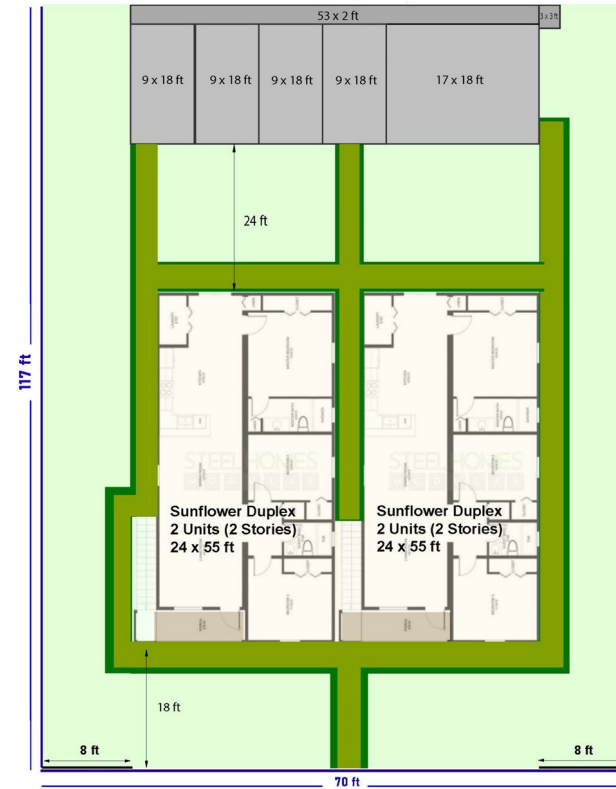
Stacked duplex on  
0.102-ac City lot



Stacked duplex +  
ADU on 0.124-ac  
City lot



Fourplex on 0.19-ac  
private lot



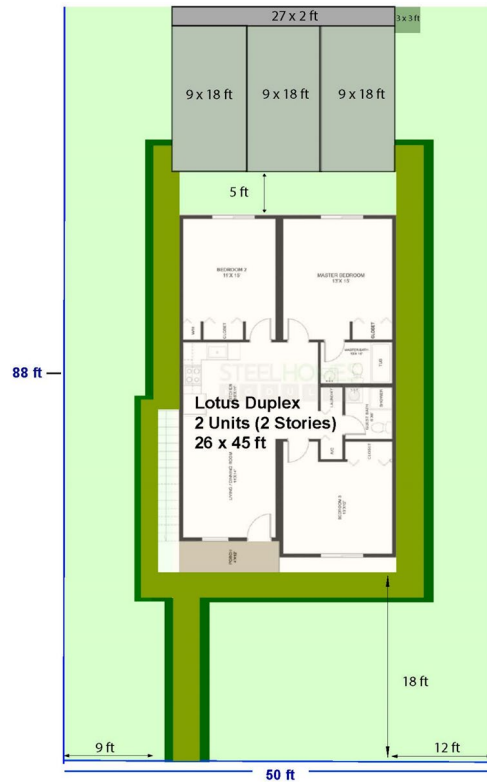
Modular layout images courtesy of Steel Homes

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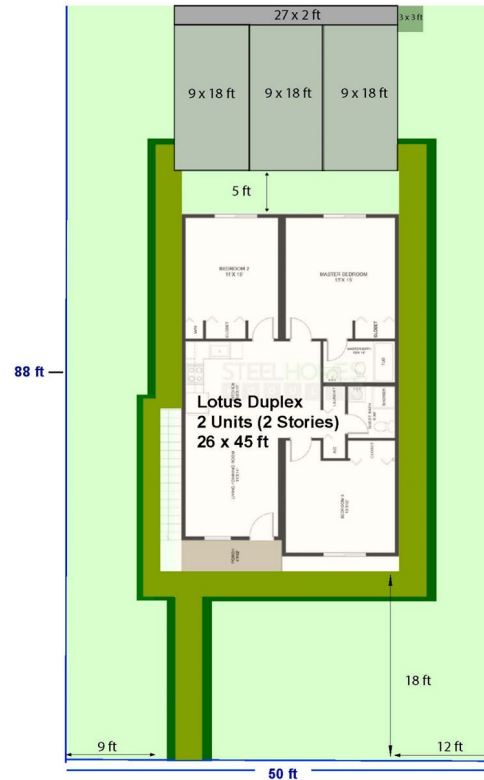


# Multi-Lot Scenario on City-Owned Lots

Stacked duplex on  
0.102 acres



Stacked duplex on  
0.113 acres



Stacked duplex +  
ADU on 0.124 acres



Modular layout images courtesy of Steel Homes

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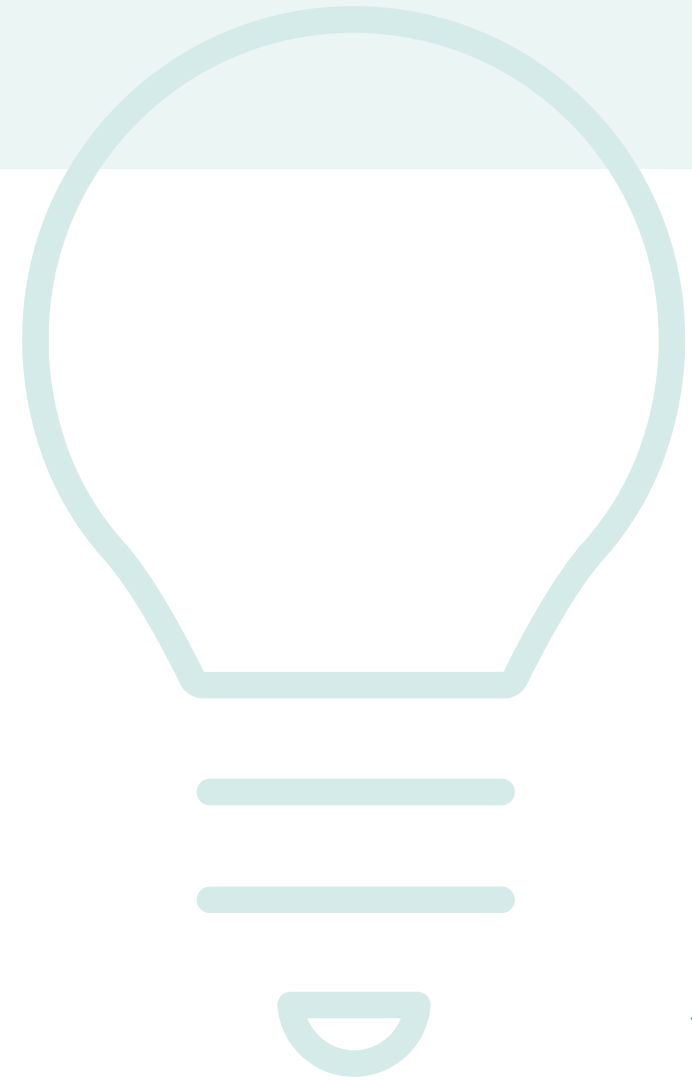
# Physical Feasibility Outcomes

- **Floor-area-ratio (FAR)** would be a limiting factor for duplex and fourplex scenarios if assumptions did not include use of the WHDBP for an FAR exemption.
- **Impervious surface area assumptions** and resulting lot coverage for duplex with ADU scenario approach regulatory maximums (~71% impervious surface area coverage of lot versus 75% maximum).



# Regulatory Reform Idea

**Evaluate allowance of ADU with duplexes,** including potential limitations of impervious surface area requirements; evaluate other means of reducing impervious lot coverage (e.g., allowance of duplexes with ADUs in ADU parking exemption areas).



# Financial Testing Assumption Summary for WHDBP Scenarios

- **Tenure:** rental and ownership (with community association) scenarios tested
- **Costs:** structure and site finishing costs reflect actual Steel Homes modular project costs. Fees reflect local regulations. Soft, land, and operating costs are estimated from prior study team experience. Selling costs for ownership are assumed at 10% of market-rate sale prices, based on comparable Zillow sales.
- **Rents:** rents for WHDBP rental scenarios reflect 2024 State Housing Initiatives Partnership (SHIP) program rent limits.
- **Value:** 8% capitalization rate used to estimate future return on investment for rental scenarios
- **Sales Prices:** Prices for WHDBP ownership scenarios reflect 3X the income threshold for a household of 2 at 80% and 120% area median income (AMI), approximating more detailed calculations of an affordable price based on SHIP requirements. The ADU price is assumed at 25% above structure cost.

# WHDBP Rental Scenario Financial Feasibility Outcomes

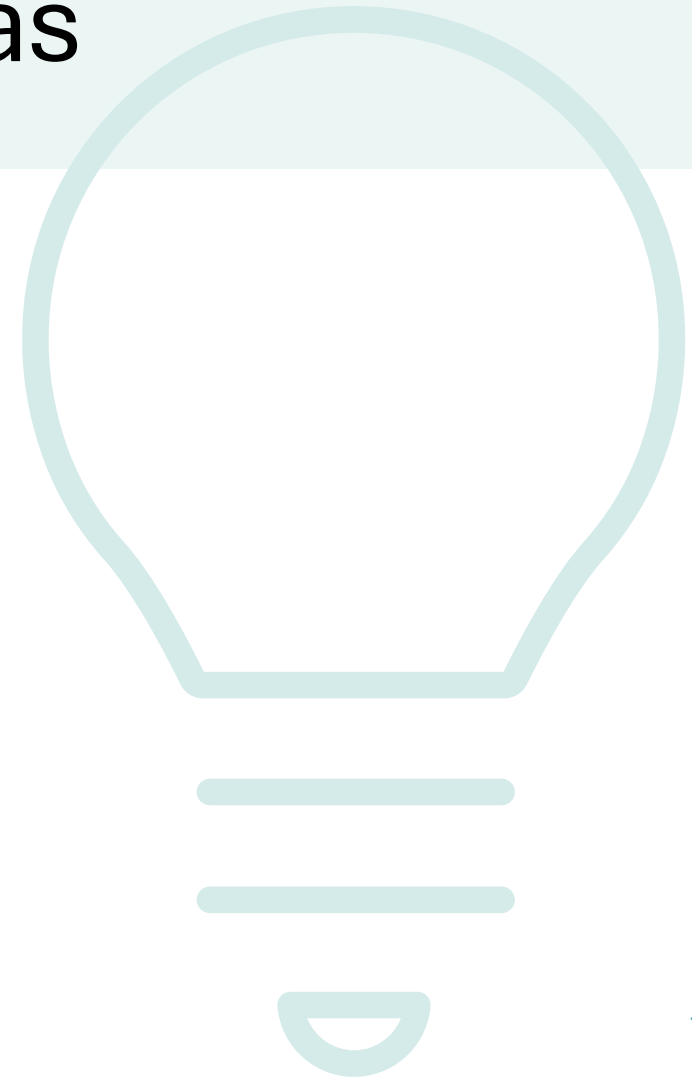
Scenario	Net Income	Value	Total Development Cost + 20% Developer Fee/Contingency	Profit or Loss	Return
Duplex	\$47,032	\$587,897	\$611,989	\$(24,092)	-4%
Duplex + ADU	\$69,305	\$866,318	\$763,007	\$103,311	14%
Fourplex	\$94,064	\$1,175,795	\$1,249,030	\$(73,235)	-6%
Multi-Lot Scenario	\$155,615	\$1,945,184	\$1,987,057	\$(41,873)	-2%

# WHDBP Ownership Scenario Financial Feasibility Outcomes

Scenario	Total Sales	Selling Costs	Total Development Cost + 20% Developer Fee/Contingency	Profit or Loss	Return
Duplex	\$458,490	\$80,000	\$611,989	\$(233,499)	-38%
Duplex + ADU	\$583,490	\$92,500	\$763,007	\$(272,017)	-36%
Fourplex	\$916,980	\$160,000	\$1,249,030	\$(492,050)	-39%
Multi-Lot Scenario	\$1,500,470	\$252,500	\$1,987,057	\$(739,087)	-37%

# Funding Policy + Program Ideas

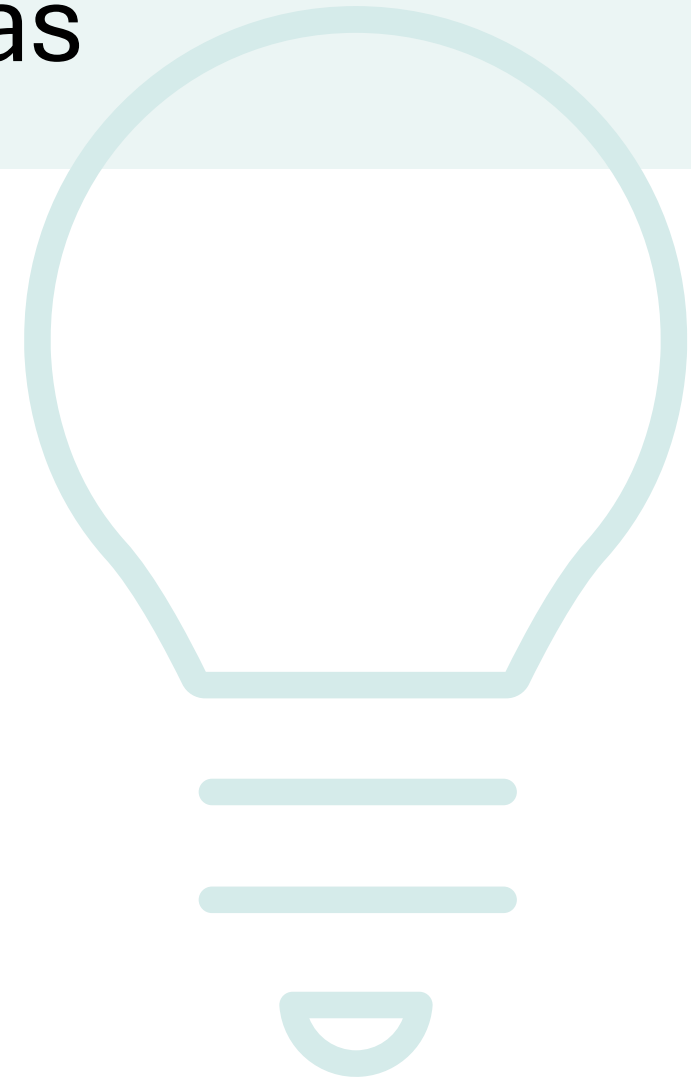
- Public land for free/reduced cost
- Higher AMI thresholds for households served (e.g., more units serving households up to 120% AMI)
- Public subsidy
- Marketing these resources to developers who will accept lower returns





# Funding Policy + Program Ideas

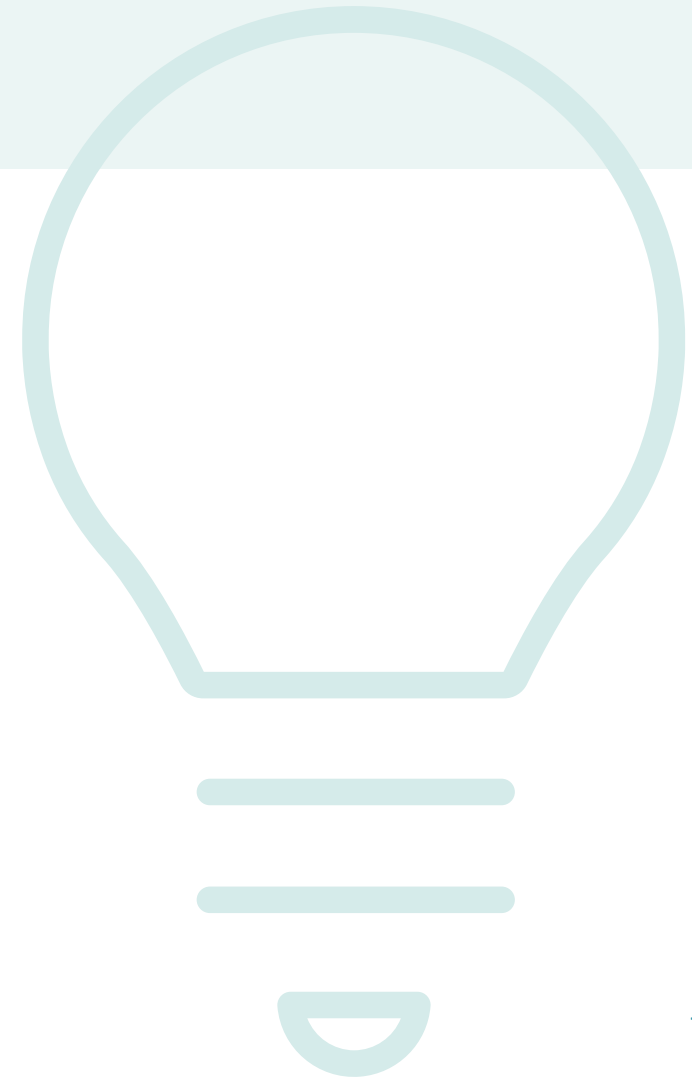
Rental Scenarios	Ownership Scenarios
Single strategies such as donated public land, 120% AMI income thresholds, or public subsidy address funding gaps.	Given larger funding gaps, a combination of strategies may be needed or larger downpayment assistance amounts.



# Finance Program Ideas

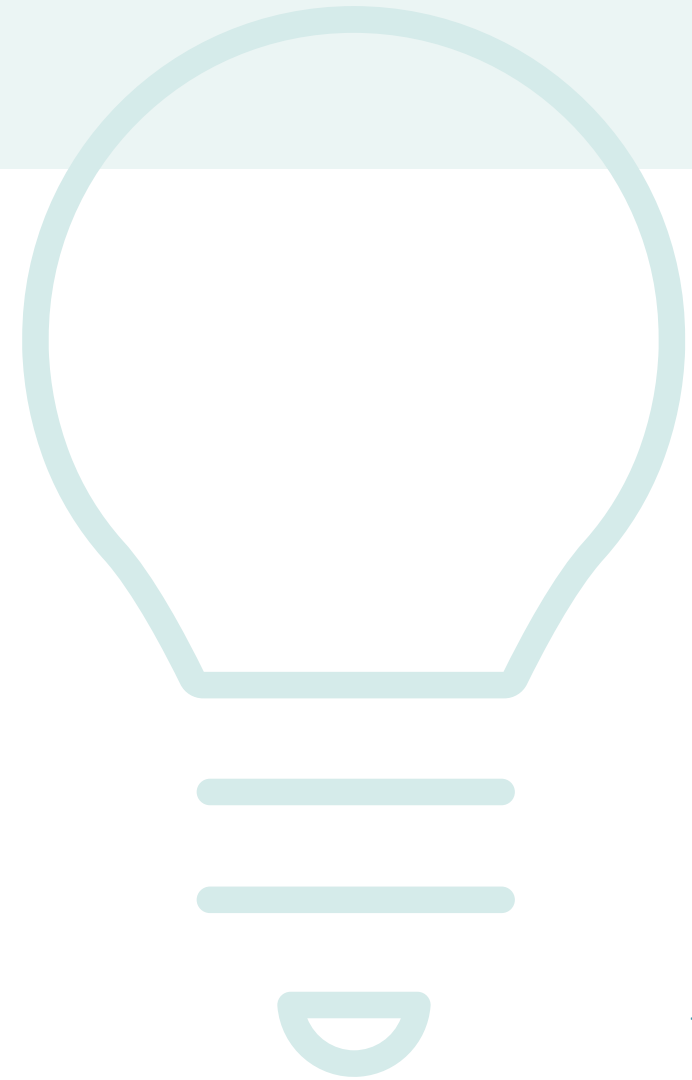
- Assuming strategies are in place to address funding need, local gov't can provide **gap financing**.
- Estimated gap financing needs assuming an 80% loan-to-value and 85% loan-to-cost maximums for a primary loan from CDFI:

Duplex	Duplex + ADU	Multi-Lot	Fourplex
\$141,671	\$114,451	\$430,838	\$308,394



# Increasing Equitable Access

**Evaluate a community preference policy** to prioritize development resources and units for community members of the South St. Petersburg CRA or other target areas of the city in view of fair housing law, anti-discrimination law, and other funding source program requirements.



# Is It Working? Check the Numbers!

## St Petersburg ADUs per Year

*Data source:*

*City of St Petersburg*

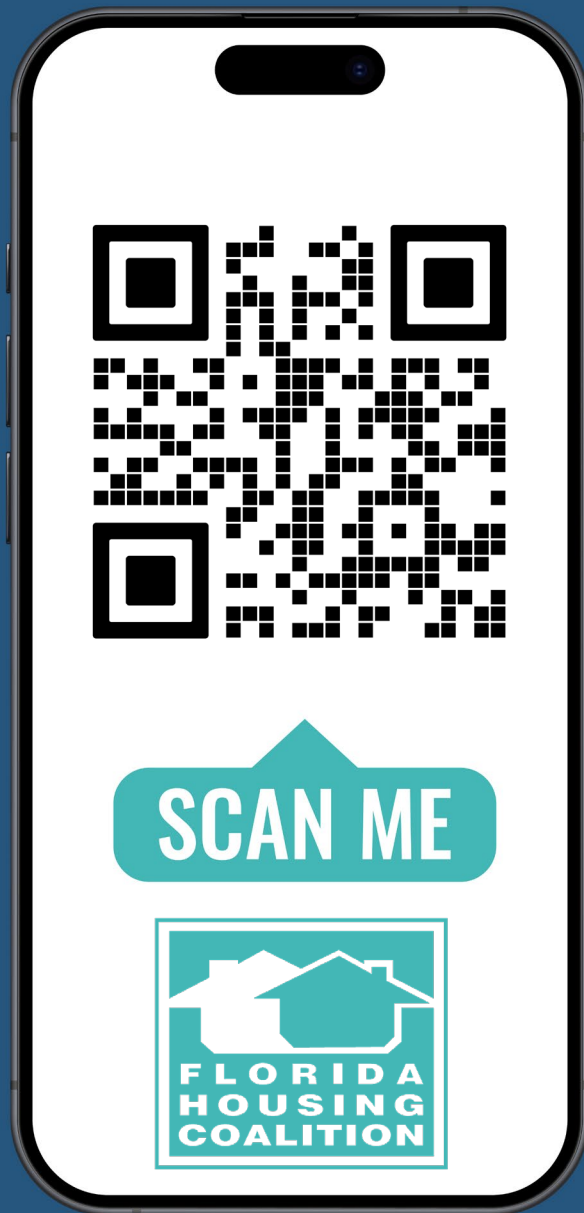
2007	1
2008	2
2009	1
2010	0
2011	1
2012	3
2013	3
2014	0

2015	2
2016	16
2017	23
2018	21
2019	29
2020	44
2021	53
2022	86

**Total: 285**

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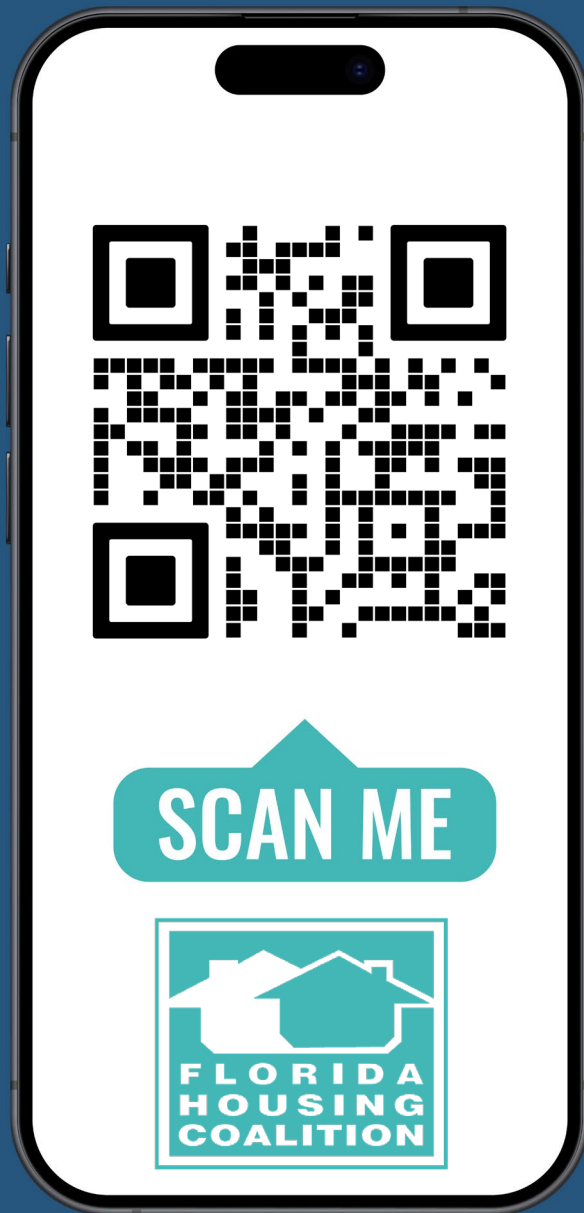
This publication from the Florida Housing Coalition provides a wealth of information to supplement today's presentation.



# DOWNLOAD: THE ACCESSORY DWELLING UNIT (ADU) GUIDEBOOK

Scan the QR code with your mobile device to download our guidebook, *The Accessory Dwelling Unit (ADU) Guidebook*.

This publication from the Florida Housing Coalition provides a wealth of information to supplement today's presentation.



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