



Site Testing for Missing Middle Implementation Strategies

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)

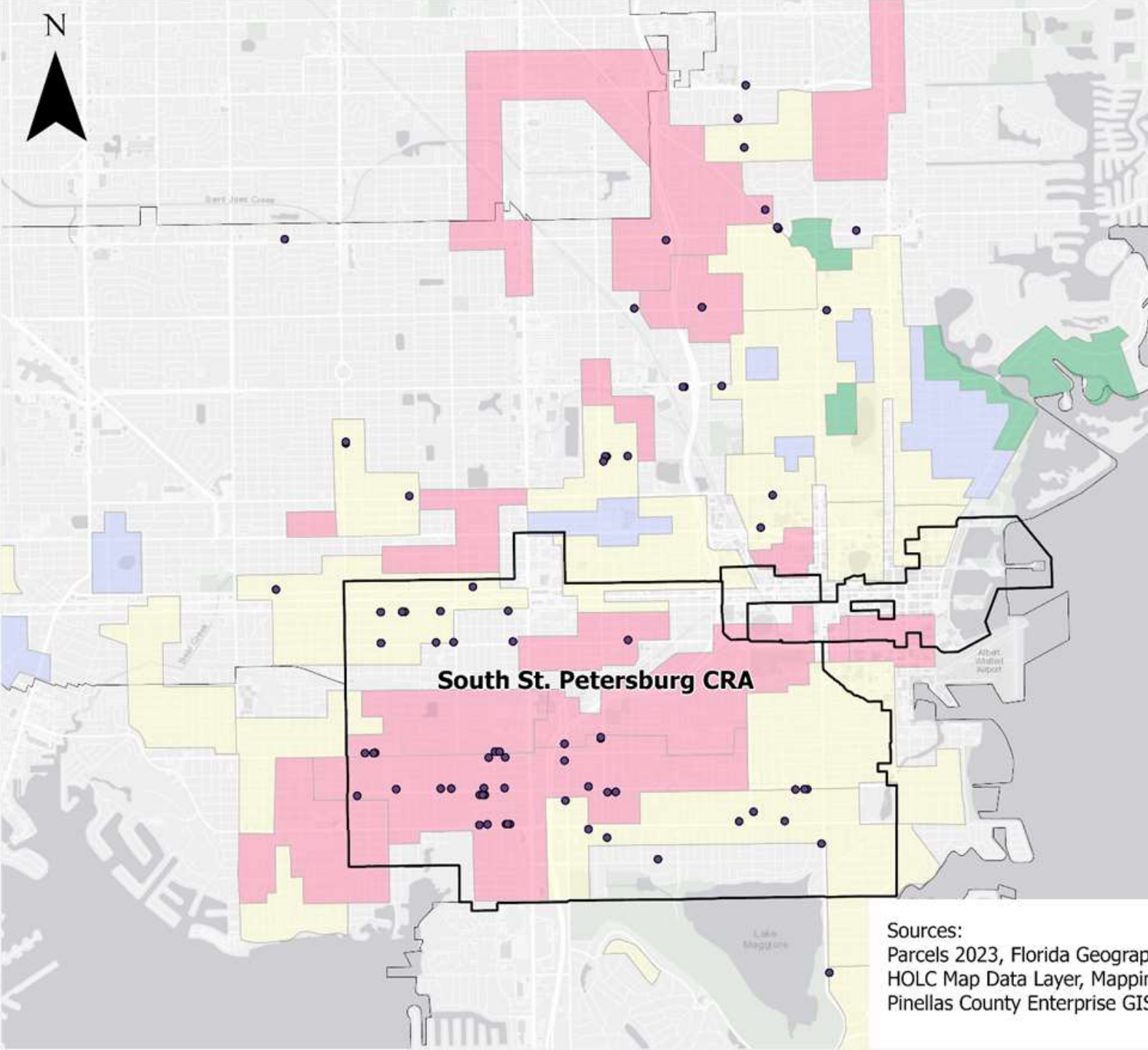
2

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

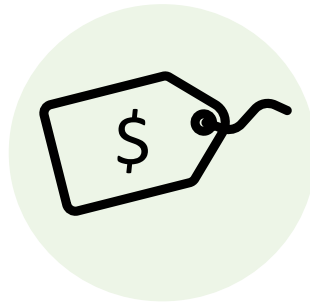
Vacant NTM-1 Lots + Historic Redlining

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



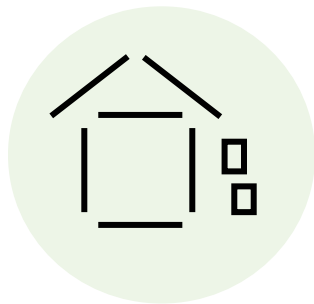
NTM-1 Zoning Consistency
Use of NTM-1 regulations, except adding accessory dwelling unit (ADU) to duplex



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



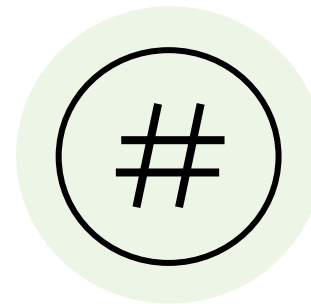
Profitability
20% increase of preliminary total dev. costs for developer fee/contingency



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

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



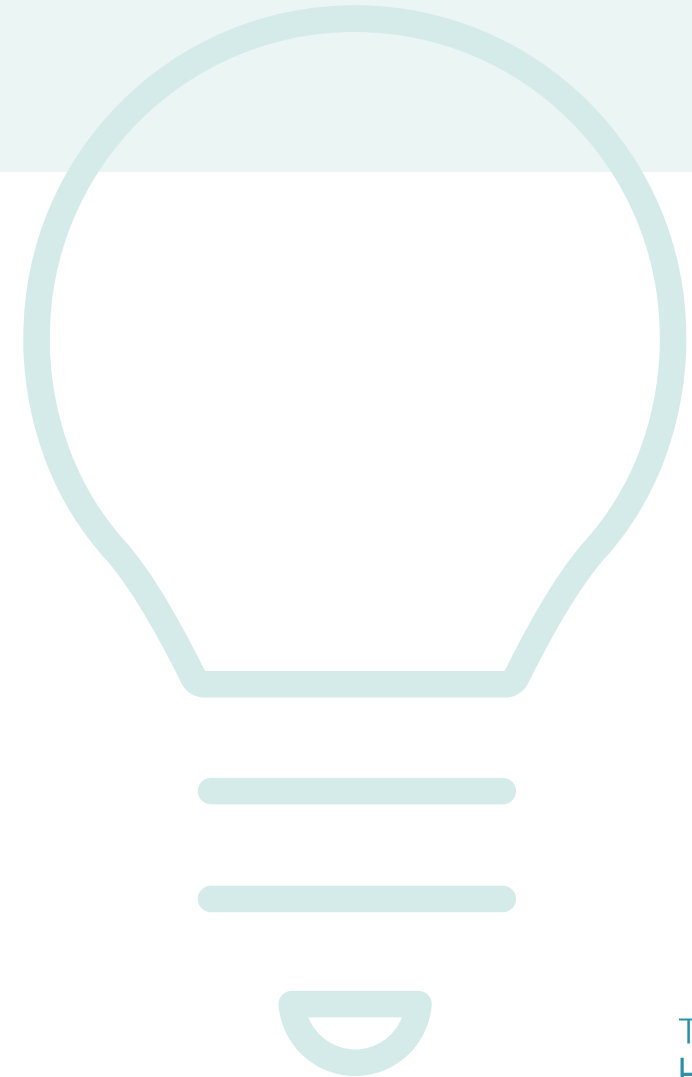
Modular layout images courtesy of Steel Homes

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

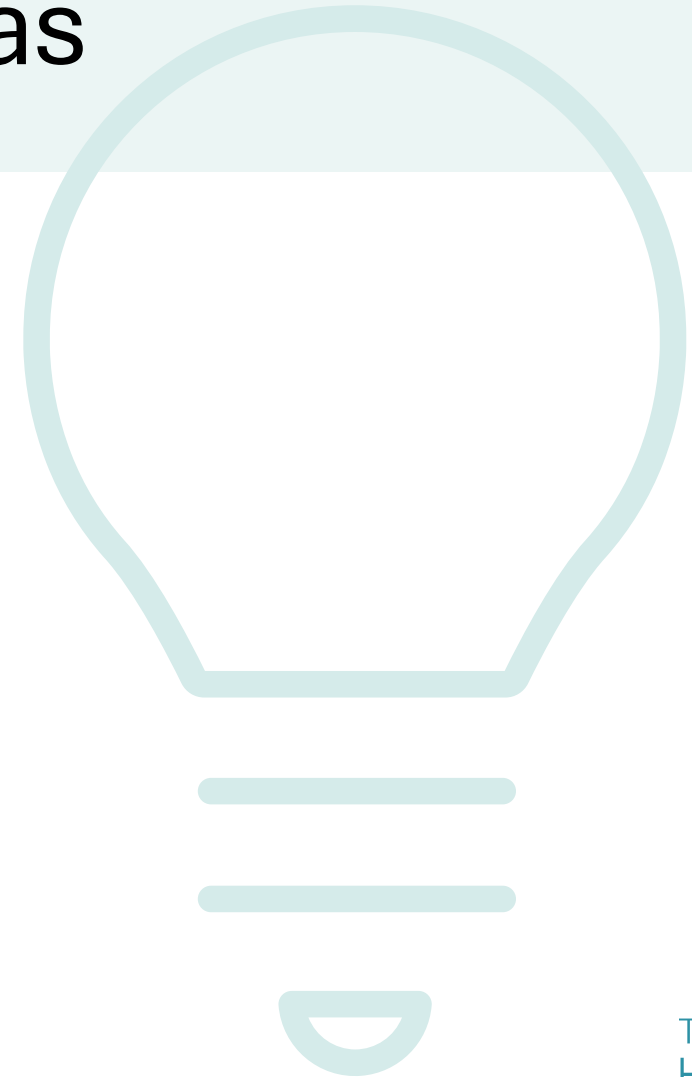
Scenario	Net Income	Value	Total Development Cost + 20% Developer Fee/Contingency	Profit or Loss	Return
Duplex	\$47,032	\$587,897	\$611,989	\$(24,092)	-4%
Duplex + ADU	\$69,305	\$866,318	\$763,007	\$103,311	14%
Fourplex	\$94,064	\$1,175,795	\$1,249,030	\$(73,235)	-6%
Multi-Lot Scenario	\$155,615	\$1,945,184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

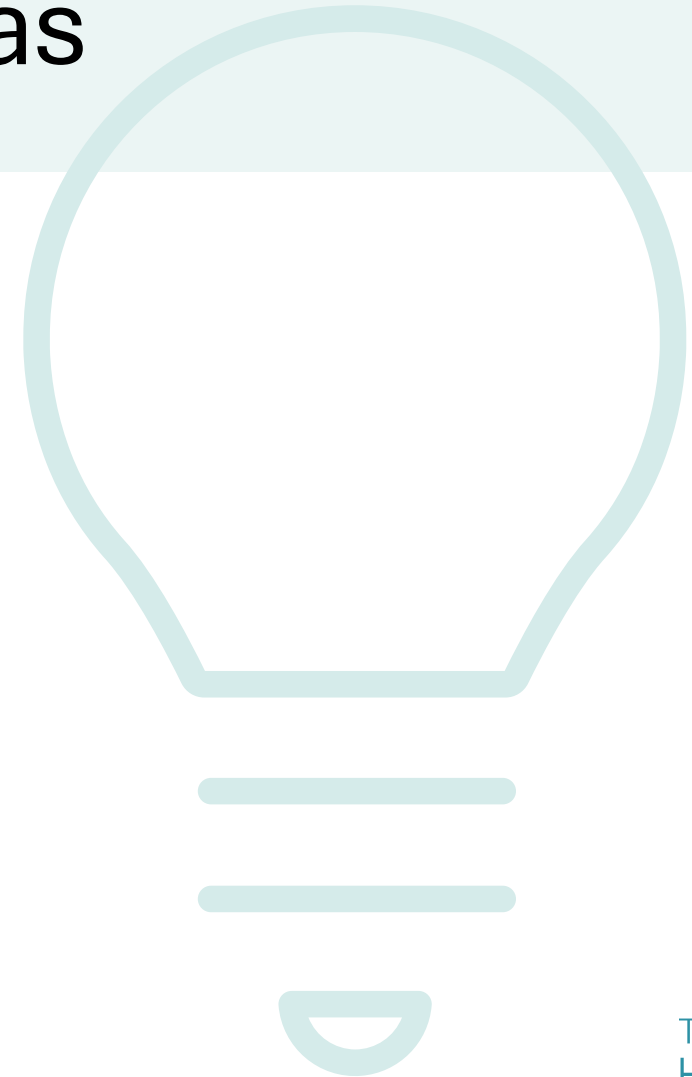
Funding Policy + Program Ideas

- 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

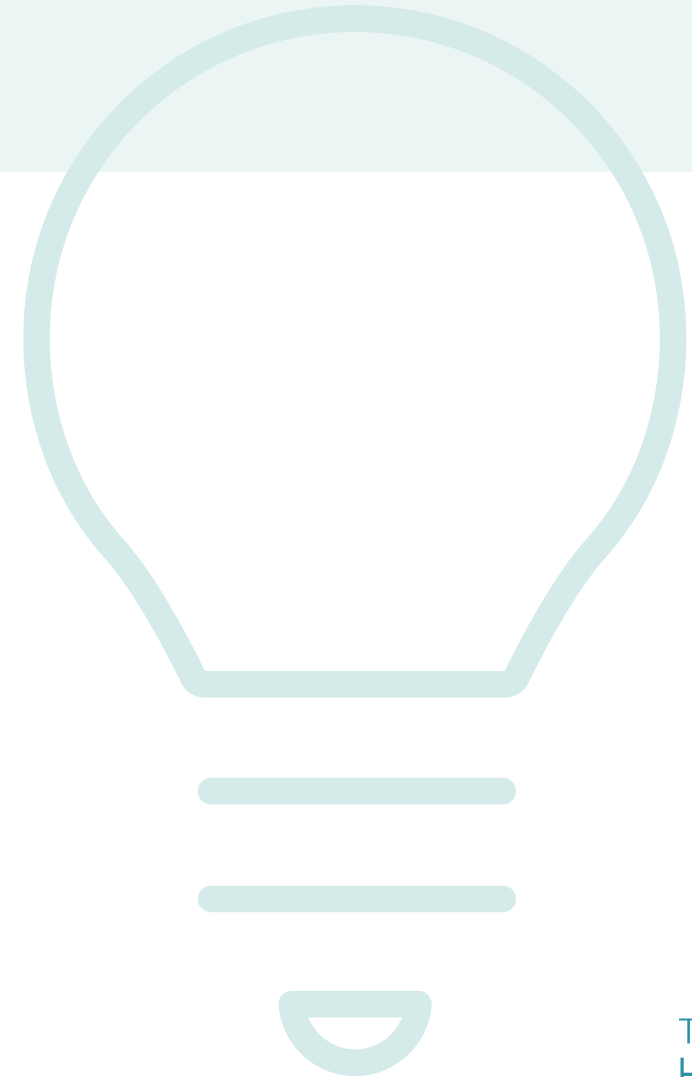
Rental Scenarios	Ownership Scenarios
Single strategies such as donated public land, 120% AMI income thresholds, or public subsidy address funding gaps.	Given larger funding gaps, a combination of strategies may be needed or larger downpayment assistance amounts.



Finance Program Ideas

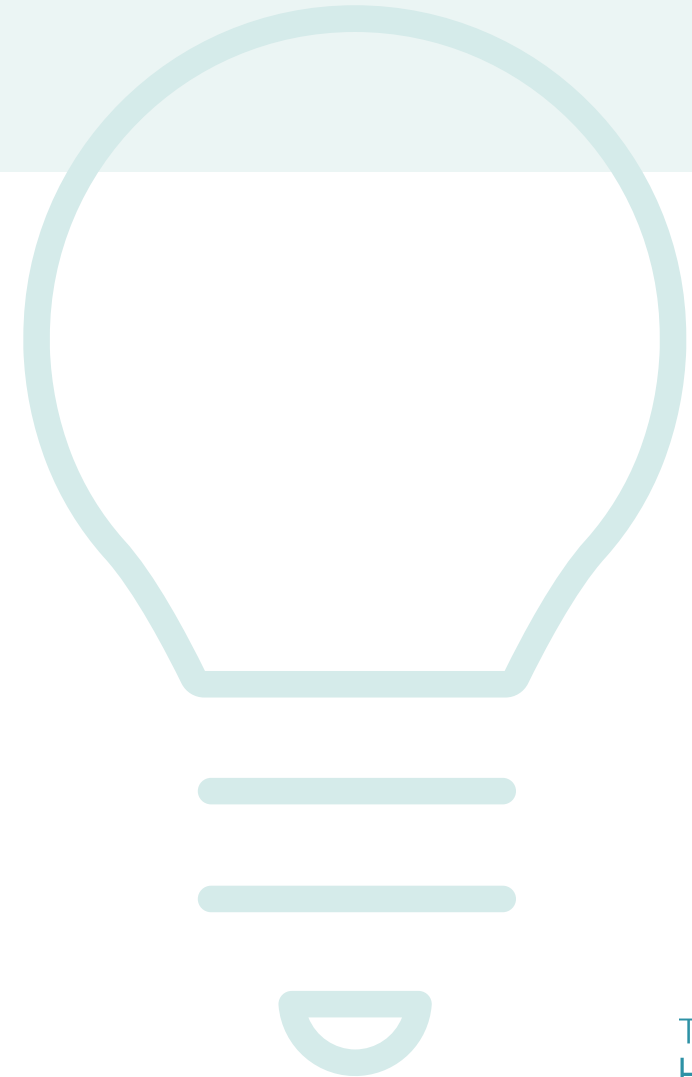
- Assuming strategies are in place to address funding need, local gov't can provide **gap financing**.
- Estimated gap financing needs assuming an 80% loan-to-value and 85% loan-to-cost maximums for a primary loan from CDFI:

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

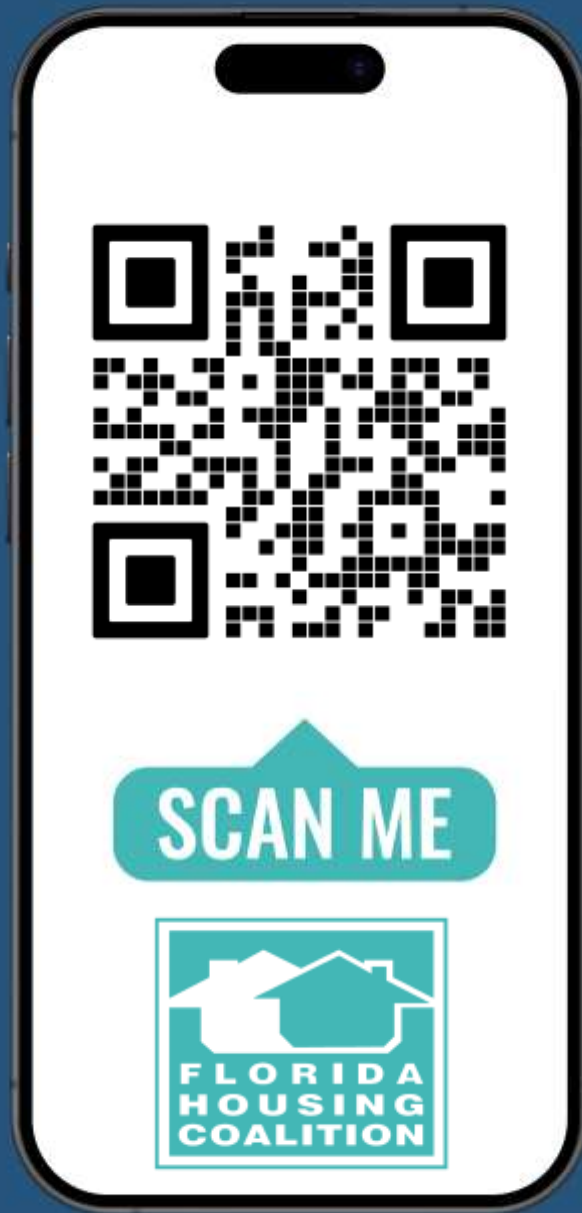
2015	2
2016	16
2017	23
2018	21
2019	29
2020	44
2021	53
2022	86

Total: 285

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





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