

MEMORANDUM

To: Jose Gomez, Department Director
Seminole County Development Services

From: Jessica Rossi, AICP, Senior Planner and Economist
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Kimley-Horn

Date: September 22, 2025

Subject: Density Bonus Review and LDC Recommendations

To assist Seminole County with determining appropriate density bonuses to achieve affordability goals, Kimley-Horn reviewed various resources for guidance on establishing the incentives and target income cohorts, as well as examples of policy approaches for flexible density implemented in other jurisdictions across Florida. This research informed Kimley-Horn's pro forma analysis for testing mixed-income development scenarios to estimate the number of additional units that would be required to offset the increase in affordable units. Ranges for density bonuses that would be most likely to attract developer interest in building projects that incorporate affordable units are also provided.

Implementing a density bonus to incentivize affordable housing requires careful consideration to ensure a balance between affordability for new developments and attractiveness for developers utilizing the bonuses. When determining which income levels to target with the density bonus and how to define the project eligibility requirements, Seminole County will need to consider market-specific factors, such as housing market strength and gaps, construction costs, and current zoning codes to define the objective for the policy and identify the most appropriate type of density bonus to achieve the objective.

It has been observed that few projects have moved forward under the County's prior affordable housing density bonus program, and that stronger incentives may be needed if the policies are to be effective at spurring the production of affordable housing. Recent updates to the comprehensive plan require the establishment of calculations for an affordable housing density bonus within the comprehensive plan as follows:

Policy FLU 4.2.2 Mixed-Use Developments (MXD) Land Use Designation (excerpt)

"A density bonus of up to 20 dwelling units per acre for the provision of housing affordable to low or very low-income households. The ratio of affordable units (by type) to bonus market-rate units shall be specified in the Land Development Code and adjusted no less than every five years based on market analysis."

The quantity of density bonuses are shown below in units per buildable acre (UPA). These bonuses are described within comprehensive plan Policy HSG 3.3 for the provision of units serving low and very low-income households:

<u>Future Land Use District</u>	<u>Base Density</u>	<u>Bonus Density</u>	<u>Density with Bonus</u>
<u>LDR</u>	<u>4 UPA</u>	<u>3 UPA</u>	<u>7 UPA</u>
<u>MDR</u>	<u>10 UPA</u>	<u>2 UPA</u>	<u>12 UPA</u>
<u>HDR</u>	<u>20 UPA</u>	<u>2 UPA</u>	<u>22 UPA</u>

The Seminole County Land Development Code (Sec. 2.3) defines Affordable Housing as follows:

A dwelling unit occupied by a household of very low, low, or moderate-income, in which housing costs do not exceed thirty (30) percent of the household's gross income for an owner-occupant, and thirty-five (35) percent of gross income for a renter.

- A very low income household earns fifty (50) percent or less of the area's median household income.
- A low income household earns from fifty (50) to eighty (80) percent of the area's median income.
- A moderate-income household earns from eighty (80) to one hundred twenty (120) percent of the area's median income.

Housing costs include mortgage principal, interest, taxes, and insurance or, in the case of a renter, gross rent and utilities.

At this time, no changes to the Comprehensive Plan are being proposed. For the purpose of this update, the focus is on the consideration of the ratio of density bonus required to incentivize affordable housing, specifically for MXD. While this analysis is central to the update, additional data points are also provided to give a more complete picture of current housing conditions and to underscore why this matter is essential.

BEST PRACTICE RESEARCH

Income Requirements

Based on local housing gaps and the income cohorts most cost-burdened, specific market segment(s) must be identified to guide developers on the affordability range to be targeted in order to receive a density bonus. Density bonuses are typically created based on the Department of Housing and Urban Development (HUD) estimates for area median income (AMI). Generally, there are five commonly referred to categories for the AMI:

- Extremely Low-Income (30%) - households making thirty percent or less than thirty percent of the AMI

- Very Low-Income (50%) - households making fifty percent or less than fifty percent of the AMI
- Low-Income (60%) - households making sixty percent or less than sixty percent of the AMI
- Moderate-Income (80%) - households making eighty percent or less than eighty percent of the AMI
- Workforce-Income (120%) - households making 120 percent or less than 120 percent of the AMI

The “Workforce-Income” category is also sometimes broken down further or used as a range of income rather than a threshold. For example, Broward County defines workforce-income households as households that make less than 120 percent but more than 100 percent of the AMI, while households making more than 80 percent but less than 100 percent of the AMI are defined as “Moderate Workforce-Income”.

HUD defines a household to be cost-burdened when they spend more than thirty percent of their income on housing costs (e.g. rent or mortgage payments) and severely cost-burdened when they spend more than fifty percent of their income on housing costs. The Florida Housing Finance Corporation issues annual reports outlining income and rent limits based on median income in each county in Florida.

Income limits define the maximum income that a household can make annually to qualify for units deemed “affordable” under the criteria for that AMI category. The income thresholds for Seminole County are listed below based on the number of people living in the household.

Household Income Limits by Household Size, Seminole County, 2025

Source: Florida Housing Finance Corporation

AMI Category	1 Person	2 Person	3 Person	4 Person
30%	\$22,140	\$25,290	\$28,470	\$31,620
50%	\$36,900	\$42,150	\$47,450	\$52,700
60%	\$44,280	\$50,580	\$56,940	\$63,240
80%	\$59,040	\$67,440	\$75,920	\$84,320
120%	\$88,560	\$101,160	\$113,880	\$126,480

Rent limits are established to determine the thresholds to prevent households from becoming cost-burdened (spending more than 30% of their income on housing costs). The table below overviews the rent limits for Seminole County. These limits correspond to the household income limits established by the number of people in the household that were previously summarized.

Rent Limits by Floorplan Size, Seminole County, 2025

Source: Florida Housing Data Clearinghouse

AMI Category	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
30%	\$553	\$592	\$711	\$822	\$917
50%	\$922	\$988	\$1,186	\$1,370	\$1,528
60%	\$1,107	\$1,185	\$1,423	\$1,644	\$1,834
80%	\$1,476	\$1,581	\$1,898	\$2,193	\$2,446
120%	\$2,214	\$2,371	\$2,847	\$3,289	\$3,669

Quick Facts (as of June 2025)

- Rental Housing: The average rent across all unit types and household sizes was \$1,720 (CoStar).
- Homeownership: The average sales price in Seminole County was \$444,250.

Average mortgage rates are not available as they are highly variable based on individual circumstances. Bankrate.com estimates a typical monthly payment for a sale price of \$444,250 (including property taxes and homeowner's insurance) as \$2,576 based on current interest rates and a 20% down payment. This exceeds the affordable rent limits listed above for all categories under 120% of average median income. This may underestimate the challenges facing low income buyers who are less likely to have a substantial down payment and may face higher interest rates, resulting in higher monthly payments.

Cost-Burden by Income

The table below provides a snapshot of housing cost burden among households in unincorporated Seminole County, broken down by income level as a share of the Area Median Income (AMI), and grouping them into three categories of housing cost burden: <30% (Not Burdened), 30.1%-50% (Cost Burdened) or >50% (Severely Cost Burdened). The table shows both the number and share of households impacted across income groups, illustrating the depth and concentration of affordability challenges in the county.

All Households, Cost Burden by Income Group, Unincorporated Seminole County, 2023 Estimates

Source: Florida Housing Data Clearinghouse

Household (HH) Income	HH in Income Group			# HH with Housing Cost Burden				% HH with Housing Cost Burden			
	# HH	Share of HH	Share of Burdened	≤ 30%	> 30 - 50%	> 50%	All >30%	≤ 30%	>30 - 50%	> 50%	All >30%
≤ 30% AMI Extremely Low	5,669	6.5%	19.6%	587	450	4,632	5,082	10.4%	7.9%	81.7%	89.6%
30.01-50% AMI Very Low	7,994	9.1%	24.5%	1,646	1,964	4,384	6,348	20.6%	24.6%	54.8%	79.4%
50.01-80% AMI Low to Moderate	13,029	14.9%	32.3%	4,683	6,086	2,260	8,346	35.9%	46.7%	17.3%	64.1%
80.01-100% AMI Workforce	7,988	9.1%	11.3%	5,071	2,568	349	2,917	63.5%	32.1%	4.4%	36.5%
> 100% AMI Workforce+	52,811	60.4%	12.3%	49,635	2,816	360	3,176	94.0%	5.3%	0.7%	6.0%
Totals	87,491	100%	100%	61,622	13,884	11,985	25,869	70.4%	15.9%	13.7%	29.6%

Key Takeaways

- High burden at lowest incomes: Nearly 90% of extremely low-income households (≤30% of AMI) are cost burdened, with over 80% severely burdened.
- Low-income stress: About 4 in 5 very low-income households (30–50% of AMI) face cost burdens. Among low and moderate-income households (50–80% of AMI), nearly two-thirds (64%) are affected. While these income categories represent only 24% of the population, they represent more than half (56.8%) of cost-burdened households.
- Above-average income households less impacted: Only 6% of households above 100% AMI are cost burdened, showing the problem is concentrated among lower- and moderate-income residents.
- Concentration of burden: Households below 80% of AMI account for more than three-quarters of all cost-burdened households in unincorporated Seminole County.

Owner vs. Renter Households by Income Groups, Unincorporated Seminole County, 2023 Estimates

Source: Florida Housing Data Clearinghouse

Household (HH) Income	Total HH	Owner	%	Renter	%
≤ 30% AMI	5,669	2,702	47.7%	2,967	52.3%
30.01-50% AMI	7,994	4,312	53.9%	3,682	46.1%
50.01-80% AMI	13,029	7,622	58.5%	5,407	41.5%
80.01-100% AMI	7,988	5,266	65.9%	2,722	34.1%
> 100% AMI	52,811	41,676	78.9%	11,135	21.1%
Grand Total	87,491	61,578	70.4%	25,913	29.6%

The overall analysis demonstrates that nearly one-third of all households in unincorporated Seminole County are cost-burdened. A further breakdown by tenure, comparing owner households and renter households, provides details on the share of households experiencing cost burden and the extent of that burden by tenure.

Owner Households, Cost Burden by Income Group, Unincorporated Seminole County, 2023 Estimates
Source: Florida Housing Data Clearinghouse

Household (HH) Income	HH in Income Group			# HH with Housing Cost Burden				% HH with Housing Cost Burden			
	# HH	Share of HH	Share of Burdened	≤ 30%	>30 - 50%	> 50%	All >30%	≤ 30%	>30 - 50%	> 50%	All >30%
≤ 30% AMI Extremely Low	2,702	4.4%	17.6%	353	381	1,968	2,349	13.1%	14.1%	72.8%	86.9%
30.01-50% AMI Very Low	4,312	7.0%	22.2%	1,338	1,054	1,920	2,974	31.0%	24.4%	44.5%	69.0%
50.01-80% AMI Low to Moderate	7,622	12.4%	29.1%	3,735	2,757	1,130	3,887	49.0%	36.2%	14.8%	51.0%
80.01-100% AMI Workforce	5,266	8.6%	12.5%	3,589	1,470	207	1,677	68.2%	27.9%	3.9%	31.8%
> 100% AMI Workforce+	41,676	67.7%	18.6%	39,183	2,161	332	2,493	94.0%	5.2%	0.8%	6.0%
Totals	61,578	100%	21.7%	48,198	7,823	5,557	13,380	78.3%	12.7%	9.02%	21.7%

Key Takeaways

- About 22% (13,380 of 61,578) of owners are cost-burdened.
- A high proportion of Seminole County households are owners (70%) with a majority of households owning their home in every income band except extremely low-income (≤30% of AMI).
- The majority of owner households at 80% of AMI or lower are cost-burdened with increased cost burden in lower income bands.
- Only 6% of owner households above the average median income (AMI) are cost-burdened.

Renter Households, Cost Burden by Income Group, Unincorporated Seminole County, 2023 Estimates
Source: Florida Housing Data Clearinghouse

Household (HH) Income	HH in Income Group			#HH with Housing Cost Burden				% HH with Housing Cost Burden			
	# HH	Share of HH	Share of Burdened	≤ 30%	>30 - 50%	> 50%	All >30%	≤ 30%	>30 - 50%	> 50%	All >30%
≤ 30% AMI Extremely Low	2,967	11.4%	21.9%	234	69	2,664	2,733	7.9%	2.3%	89.8%	92.1%
30.01-50% AMI Very Low	3,682	14.2%	27.0%	308	910	2,464	3,374	8.4%	24.7%	66.9%	91.6%
50.01-80% AMI Low to Moderate	5,407	20.9%	35.7%	948	3,329	1,130	4,459	17.5%	61.6%	20.9%	82.5%
80.01-100% AMI Workforce	2,722	10.5%	9.9%	1,482	1,098	142	1,240	54.4%	40.3%	5.2%	45.6%
> 100% AMI Workforce+	11,135	43.0%	5.5%	10,452	655	28	683	93.9%	5.9%	0.3%	6.1%
Totals	25,913	100%	100%	13,424	6,061	6,428	12,489	51.8%	23.4%	24.8%	48.2%

Key Takeaways

- Nearly 48% (12,489 of 25,913) of renter households are cost-burdened, more than double the share of owners.
- A majority of households under 80% of AMI are cost-burdened, whether they own or rent, but a higher proportion of renters are cost-burdened than owners.
- Only 6% of renter households above 100% AMI are cost-burdened, similar to owners.

Project Eligibility

In addition to identifying the AMI categories to target, the County must also determine how the density bonus will be awarded and implemented. There are a variety of policy approaches that have been utilized, with some jurisdictions adopting specific eligibility requirements for projects seeking to benefit from flexible density. The density bonus incentive can be tailored based on the overarching goals for the policy intervention – where to incentivize development, what type of housing product, and which income cohorts will be served.

“Case by Case” Approach

Broader language within the code outlining density bonuses can allow for a “case-by-case” awarding of density bonuses, where the specifics of the bonus can be tailored to site conditions and feasibility. This approach provides greater control over development decisions for communities, although it comes at the cost of increased staff administration costs and reduced transparency in the development process that can deter potential investment.

Policy Examples

Pinellas County, Florida: Land development code outlines in [Section 138-3211](#) that density bonuses “may be granted in accordance with the comprehensive plan and when it is demonstrated that the

development will be compatible with the surrounding neighborhood in terms of scale and building character”.

Saint Lucie County, Florida: [Policy 11.1.3.1](#) (County Incentives) states, “For projects that conform to the TVC Land Development Regulations and, additionally, provide affordable housing, workforce housing, or propose mixed-use development, the County may offer incentives such as, but not limited to, expedited permit review or density bonuses as established by the County Commission.

Standardized Approach

To provide a more defined and uniform approach to project eligibility requirements, more specific language can be used to clearly define the density bonus and factors that can increase or decrease the bonus granted based on specific characteristics of the development. This standardizes the process and reduces the uncertainty for developers. Bonuses can be awarded as simple, blanket increases for all projects which meet eligibility. Alternatively, they can be designed to provide further incentives for developments which meet additional criteria, such as transit proximity if aiming to increase affordable housing options near transit, or a sliding scale based on density, with greater density projects receiving larger bonuses in additional units per acre allowed.

To determine how many units must be developed within the affordability range, a density bonus must be identified. This can be in the form of a single threshold or multiple thresholds may be offered at different affordability levels. Nationally, the percentage of affordable units required typically ranges between 5-35%, with 10-25% being the most common.

An example of a single threshold eligibility requirement could be:

- At least 20% of units within a development must remain affordable to low-income households for a period of 20 years.

An example of using multiple thresholds for eligibility could be:

- At least 20% of units within a development must remain affordable to low-income households **OR** at least 10% of units within a development must remain affordable to very low-income households.

Multiple thresholds can be helpful by providing a “menu” of options that developers can select from based on what is most economical for them. However, having multiple thresholds can lead to higher administrative costs due to increased review time for staff.

Thresholds do not have to be percentage-based; they can be offered on a per-unit basis. In the case of Broward County, multiple thresholds are employed, and the additional total units granted for each affordable unit provided increase on a sliding scale, with greater density allowed for lower-income AMI categories. An example of this is:

- One (1) bonus “market rate” unit per every one (1) “workforce- income” unit
- Three (3) bonus “market rate” units per every one (1) “moderate workforce” unit

- Five (5) bonus “market rate” units per every one (1) “low-income” unit

Policy Examples for Blanket Increases

- *Volusia County*: [Policy 5.1.6.2](#), outlines a flat 10% density increase for all developments which meet very low or low-income affordability requirements.
- *Collier County*: [Land Development Code Section 2.06](#) outlines an increase from four units per acre to sixteen units per acre for developments that include provisions for affordable housing.

As previously mentioned, eligibility for density bonuses can also be tied to other characteristics of development and can be written to include or exclude other types of development based on what is appropriate for the area. This allows for maximum tailoring of the flexibility in density to specifically target the bonuses based on the type of development that is desired to be achieved by the bonus. Examples of these factors include:

- Tenure type – does the density bonus include both rental and for-sale properties?
- Construction type – does the density bonus apply only to new construction, or to redevelopment/rehabilitation as well? Are recognized sustainable building practices incentivized?
- Product type – does the density bonus apply to both single-family and multi-family housing? Is it tied to a specific zoning district or applicable throughout all zoning districts?
- Size limitations – does the density bonus apply to developments of all sizes? Is it capped at a specific number of units or acreage?
- Location – is the project located in a specific area or proximity to public infrastructure that is prioritized for expanding affordable housing options? Is it located in an area where housing development is discouraged, such as environmental protection or airport overlay districts?

Policy Example for Incentive-Based Increases

- *Santa Rosa County*: To incentivize additional workforce housing development, density bonuses scale upwards as the intensity of the zoning district for proposed development increases. This is outlined in the table below. The density bonus is not applicable in the Garcon Point Protection Area, the Bagdad Historic District Overlay, Category 3 Storm Surge Boundaries, and select Rural Areas.

Future Land Use Category	Maximum Dwelling Units Without Density Bonus	Maximum Dwelling Within Workforce Housing Density Bonus	Proposed Zoning District	Housing Uses
*Agriculture	1 unit per acre	3 units per acre	R1 (Single Family Residential)	Single-family Homes
*Single Family Residential	4 units per acre	10 units per acre	R2 (Medium Density Residential)	Single-family Homes, Multi-family Housing
*Medium Density Residential	10 units per acre	18 units per acre	R3 (Medium High Density Residential)	Single-family Homes, Multi-family Housing

- *City of Oviedo*: The City updated their density and intensity bonus for public benefit policy ([Section 4.14](#)) in 2024. For projects that meet multiple requirements for density and intensity bonuses, they may receive a combination of the bonuses, without exceeding maximum thresholds set in the Comprehensive Plan. Other public benefits incentivized besides affordable/workforce housing include green buildings, space that contributes to the public realm, preservation of historic structures, among others.

The requirements and bonuses for affordable and workforce housing development include:

- (a) For each workforce/moderate-income housing unit (80-120% AMI)
 - i. One half (0.5) of a bonus unit
 - ii. Two thousand five hundred (2,500) square feet
- (b) For each low-income housing unit (50-80% AMI)
 - i. Four (4) bonus units
 - ii. Five thousand (5,000) square feet
- (c) For each very low-income housing unit (<50% AMI)
 - i. Six (6) bonus units
 - ii. Five thousand (5,000) square feet
- (d) In select zoning districts (Marketplace, Gateway West Core, Downtown Core, Downtown Transition, and West Mitchell Hammock Corridor), the residential density bonuses described in (a) through (c) are doubled.

Alternative Approaches

In some cases, a density bonus ordinance may give developers the option to pay an “in-lieu” fee to receive the density bonus. The purpose of this fee is to generate revenue which can go directly to affordable housing programs, such as local housing trust funds, community land trusts, and other inclusionary zoning programs.

Establishing Restrictive Covenants

To assure units within a proposed development remain affordable, restrictive covenants should be established as a part of the creation of a density bonus agreement. The most common way to do this is through deed restrictions, which bind development to a set period where units must remain within the affordability limit. This is typically either 20 or 30 years.

SAMPLE PROJECT PROFORMA ANALYSIS

As part of this task, Kimley-Horn used a hypothetical sample project to test the impact of density bonuses on a rental multifamily project in Seminole County. Pro forma inputs like market-rate rent assumptions were derived from the Density Financials memorandum prepared by Kimley-Horn as part of an earlier phase of work supporting the Land Development Code. Base assumptions are described as part of each test case, with the only variable being the targeted income level that the incentives are trying to achieve. It should be noted that the densities required to make the inclusion of affordable units financially viable will vary on a case-by-case basis, which is driving many jurisdictions to review the impacts individually as described above.

Market-Rate Sample Project Base Assumptions

A sample market-rate multifamily project includes the assumptions in the following table. This project is used as the base case for comparison against the three scenarios that include different levels of affordable units. The 300-unit project is assumed to have a unit mix of 40% one-bedroom units, 50% two-bedroom units, and 10% three-bedrooms. In the base assessment, all the units are assumed to be market-rate, resulting in an average monthly rent of \$1,950, or \$2.12 per square foot.

Market-Rate Project Assumptions, 2025

Source: Kimley-Horn

Unit Type	Units	Mix %	Avg. Sq.Ft.	Avg. Rent	Rent/ Sq.Ft.
1 Bedroom	120	40.0%	725	\$1,800	\$2.48
2 Bedroom	150	50.0%	1,000	\$2,000	\$2.00
3 Bedroom	30	10.0%	1,300	\$2,300	\$1.77
Total/Avg.	300	100.0%	920	\$1,950	\$2.12

For this planning-level analysis, the costs of operating expenses per unit were held constant across the three sample projects, as well as the assumptions shown to the right. In the market-rate base case, the initial yield is estimated at 7.3%. Initial yield is defined as the net operating income divided by the total

Pro Forma Assumptions

Land Cost:	\$80,000/acre
Building Efficiency:	85%
Absorption Pace:	12 units/month
Stabilized Occupancy:	7%
Loan to Cost Ratio:	75%
Construction Loan:	6%
Inflation:	2025 constant \$

development cost. A 7% yield is a widely adopted investment performance threshold in the multi-family industry.

Ultimately, the project is assumed to be sold after five years at a capitalization rate of 8.0%. Capitalization rates are the ratio between the annual net operating income produced by an asset and its current market value. Construction costs, which have increased significantly in recent years, are projected based on product type and summarized in the next section.

Based on the outlined pro forma assumptions and a density of 13 units per acre, a 7.3% yield is achieved for the base market-rate scenario at \$1,950 per month, or \$2.12 per square foot. The total project cost for the test site is estimated at \$62.3 million. Based on the proposed yield, unit mix and rents, the stabilized net operating income (NOI) after the first year of construction would be \$4.5 million. This equates to an initial yield of 7.30%.

Market-Rate: Financial Summary

Equity Investment	\$15,584,591	25.0%
Loan Amount	<u>\$46,753,774</u>	75.0%
Total Project Cost	\$62,338,365	
NOI – Year 1	\$4,550,656	
Initial Yield (Overall)	7.30%	

Sample Project #1: 10% Moderate-income (80% AMI)

Under the first sample project, 10% of the units are reserved for residents earning 80% AMI, \$59,040 for a single-person household. This would restrict rents on these units to between \$1,476 for a studio unit to \$2,193 for a three-bedroom. As previously noted, the pro forma analysis focuses on a multifamily rental development. This approach will provide an apples-to-apples comparison of the impact of including affordable units as multifamily revenue and expenditure streams are well-documented. Most assumptions are held constant across each sample project to clearly demonstrate the impact of including the affordable units and the incentive that increased density could provide.

As shown below, the first sample project includes 10% of the units at 80% AMI target rents, spreading the units evenly across all three-bedroom types. This results in a weighted average monthly rent of \$1,935, or \$2.10 per month. The average monthly rent is 1% lower than the market-rate base case.

Project Assumptions, Sample Project #1 (80% AMI), 2025

Source: Kimley-Horn

Unit Type	Units	Mix %	Avg. Sq.Ft.	Avg. Rent	Rent/ Sq.Ft.
1 Bedroom	108	18.8%	725	\$1,800	\$2.48
1 Bedroom AFF	12	2.1%	725	\$1,581	\$2.18
2 Bedroom	135	23.4%	1,000	\$2,000	\$2.00
2 Bedroom AFF	15	2.6%	1,000	\$1,898	\$1.90
3 Bedroom	27	4.7%	1,300	\$2,300	\$1.77
3 Bedroom AFF	3	0.5%	1,300	\$2,193	\$1.69
Total/Avg.	300	52.1%	920	\$1,935	\$2.10

With no density incentive, including 10% of units at an AMI of 80% reduces the overall rental points in a way that limits the financial viability of the project. At a density of 13 units per acre, including 10% of the units at 80% AMI results in a lower 6.29% yield. Based on the proposed yield, unit mix and rents, the stabilized net operating income (NOI) after the first year of construction would be \$3.9 million. These metrics are not likely enough to attract private investment without incentive.

Sample #1: Financial Summary (No Incentive)

Density	13 units/acre	
Equity Investment	\$15,584,591	25.0%
Loan Amount	<u>\$46,753,774</u>	75.0%
Total Project Cost	\$62,338,365	
NOI – Year 1	\$3,919,341	
Initial Yield (Overall)	6.29%	

As shown below, increasing the density allowance to 18 units/acre provides enough units to offset the inclusion the 10% affordable units at 80% AMI. Densities below this threshold maintain a challenge for private investment to be financially viable based on current metrics, which include elevated interest rates and above historical average construction costs.

Sample #1: Financial Summary (Density Incentive)

Density	18 units/acre	
Equity Investment	\$20,461,020	25.0%
Loan Amount	<u>\$61,383,060</u>	75.0%
Total Project Cost	\$81,844,080	
NOI – Year 1	\$6,003,093	
Initial Yield (Overall)	7.33%	

Sample Project #2: 10% Low-income (50% AMI)

The second sample project focuses on including 10% of the units at a lower 50% AMI. A single-person household at 50% AMI earns \$36,900 per year based on regional standards. This would restrict rents on these units to between \$922 for a studio unit to \$1,370 for a three-bedroom.

As shown below, the first sample project includes 10% of the units at 50% AMI target rents, spreading the units evenly across all three-bedroom types. This results in a weighted average monthly rent of \$1,868, or \$2.03 per month.

Project Assumptions, Sample Project #2 (50% AMI), 2025

Source: Kimley-Horn

Unit Type	Units	Mix %	Avg. Sq.Ft.	Avg. Rent	Rent/ Sq.Ft.
1 Bedroom	108	36.0%	725	\$1,800	\$2.48
1 Bedroom AFF	12	4.0%	725	\$988	\$1.36
2 Bedroom	135	45.0%	1,000	\$2,000	\$2.00
2 Bedroom AFF	15	5.0%	1,000	\$1,186	\$1.19
3 Bedroom	27	9.0%	1,300	\$2,300	\$1.77
3 Bedroom AFF	3	1.0%	1,300	\$1,370	\$1.05
Total/Avg.	300	100.0%	920	\$1,868	\$2.03

With no density incentive, including 10% of units at an AMI of 50% reduces the overall rental points in a way that limits the financial viability of the project. At a density of 13 units per acre, including 10% of the units at 50% AMI results in a lower 5.89% yield. Based on the proposed yield, unit mix and rents, the stabilized net operating income (NOI) after the first year of construction would be \$3.9 million. These metrics are not likely enough to attract private investment without incentive.

***Sample #2: Financial Summary
(No Incentive)***

Density	13 units/acre	
Equity Investment	\$15,584,591	25.0%
Loan Amount	<u>\$46,753,774</u>	75.0%
Total Project Cost	\$62,338,365	
NOI – Year 1	\$3,919,341	
Initial Yield (Overall)	5.89%	

As shown below, increasing the density allowance to 27 units/acre provides enough units to offset the inclusion the 10% affordable units. Densities below this threshold maintain a challenge for private investment to be financially viable based on current metrics.

Sample #2: Financial Summary (Density Incentive)

Density	27 units/acre	
Equity Investment	\$28,994,770	25.0%
Loan Amount	<u>\$86,984,331</u>	75.0%
Total Project Cost	\$115,979,081	
NOI – Year 1	\$8,349,911	
Initial Yield (Overall)	7.21%	

Sample Project #3: 10% Very-low-income (30% AMI)

The third sample project focuses on including 10% of the units at 30% AMI. A single-person household at 60% AMI earns \$22,140 per year based on regional standards. This would restrict rents on these units to between \$533 for a studio unit to \$822 for a three-bedroom.

As shown below, the first sample project includes 10% of the units at 30% AMI target rents, spreading the units evenly across all three-bedroom types. This results in a weighted average monthly rent of \$1,823, or \$1.98 per month.

Project Assumptions, Sample Project #3 (30% AMI), 2025

Source: Kimley-Horn

Unit Type	Units	Mix %	Avg. Sq.Ft.	Avg. Rent	Rent/ Sq.Ft.
1 Bedroom	108	36.0%	725	\$1,800	\$2.48
1 Bedroom AFF	12	4.0%	725	\$592	\$0.82
2 Bedroom	135	45.0%	1,000	\$2,000	\$2.00
2 Bedroom AFF	15	5.0%	1,000	\$711	\$0.71
3 Bedroom	27	9.0%	1,300	\$2,300	\$1.77
3 Bedroom AFF	3	1.0%	1,300	\$917	\$0.71
Total/Avg.	300	100.0%	920	\$1,823	\$1.98

With no density incentive, including 10% of units at an AMI of 30% reduces the overall rental points in a way that limits the financial viability of the project. At a density of 13 units per acre, including 10% of the units at 30% AMI results in a lower 5.18% yield. Based on the proposed yield, unit mix and rents, the stabilized net operating income (NOI) after the first year of construction would be \$3.9 million. These metrics are not likely enough to attract private investment without incentive.

Sample #3: Financial Summary (No Incentive)

Density	13 units/acre	
Equity Investment	\$15,584,591	25.0%
Loan Amount	<u>\$46,753,774</u>	75.0%
Total Project Cost	\$62,338,365	
NOI – Year 1	\$3,919,341	
Initial Yield (Overall)	5.18%	

As shown below, increasing the density allowance to 30 units/acre provides enough units to offset the inclusion the 10% affordable units. Densities below this threshold maintain a challenge for private investment to be financially viable based on current metrics.

Sample #3: Financial Summary (Density Incentive)

Density	30 units/acre	
Equity Investment	\$35,090,306	25.0%
Loan Amount	<u>\$105,270,919</u>	75.0%
Total Project Cost	\$140,361,225	
NOI – Year 1	\$9,661,836	
Initial Yield (Overall)	7.13%	

Sample Project Density Bonus Summary

The following table summarizes the findings of the sample test cases on a rental multifamily property. These findings provide guidance on the general level of incentives that would be needed to increase project densities enough to support attainable housing goals. These findings are specific to rental multifamily housing as a way to make an apples-to-apples comparison across a variety of affordability assumptions. More specific analyses of product types and zoning densities should regularly be assessed to confirm relevance and feasibility as market conditions change.

Summary of Pro Forma Testing Results for Density Incentives, 2025

Source: Kimley-Horn

Test Scenario	Share Market Rate	Share 80% AMI	Share 50% AMI	Share 30% AMI	Assumed Units	Assumed Density	Yield	Feasible?
Base	100%	0%	0%	0%	300	13 DUA	7.30%	Y
Sample 1 (No Incentive)	90%	10%	0%	0%	300	13 DUA	6.29%	N
Sample 1 (Incentive)	90%	10%	0%	0%	400	18 DUA	7.33%	Y
Sample 2 (No Incentive)	90%	0%	10%	0%	300	13 DUA	6.01%	N
Sample 2 (Incentive)	90%	0%	10%	0%	620	27 DUA	7.21%	Y
Sample 3 (No Incentive)	90%	0%	0%	10%	300	13 DUA	5.18%	N
Sample 3 (Incentive)	90%	0%	0%	10%	700	30 DUA	7.13%	Y

RECOMMENDATIONS

The primary purpose of this effort is to establish the density bonus for the provision of affordable housing in the MXD future land use as required by recent updates to Policy FLU 4.2.2.

The Land Development Code currently includes Sec. 30.9.7: Alternative Density Option for Affordable Housing, abbreviated (ADO). It is recommended that the MXD bonus material be added to this section of the Code, which also includes standards for approval of ADO projects and requires the preparation of an affordability agreement.

Recommended Ratios for Affordable Housing in MXD

Ratios of affordable housing to bonus units were calculated based on the Pro Forma Testing Results as follows:

-	<u>Total Units</u>	<u>Bonus Units</u>	<u>Market Rate Units</u>	<u>Affordable Units</u>	<u>Bonus Units per Affordable Unit</u>
<u>Market Rate</u>	<u>300</u>	<u>0</u>	<u>300</u>	<u>0</u>	<u>n/a</u>
<u>10% of Units at:</u>	-	-	-	-	-
<u>Low Income:</u> <u>80% AMI</u>	<u>400</u>	<u>100</u>	<u>360</u>	<u>40</u>	<u>2.5</u>
<u>Very Low Income:</u> <u>50% AMI</u>	<u>620</u>	<u>320</u>	<u>558</u>	<u>62</u>	<u>5.2</u>
<u>30% AMI</u>	<u>700</u>	<u>400</u>	<u>630</u>	<u>70</u>	<u>5.7</u>

Because the affordable units are included in the bonus units, a ratio of 2 would mean that one bonus market-rate unit is created for each bonus affordable unit. Higher ratios indicate that more than one bonus market rate unit is created for every affordable unit. The ratios in the table above labeled “Bonus Units per Affordable Unit (Calculated)” estimates the minimum ratio required for the provision of affordable units by the private market without direct financial subsidies based on the Pro Forma Testing Results.

The “Bonus units per affordable rental unit” in the table below are based on the calculated ratios from the “Pro Forma Testing Results” rounded up to the nearest 0.5 units for ease of implementation. In order to provide additional incentives for the provision of ownership units, an enhanced bonus is recommended for ownership units.

As a result of this analysis, the following ratios are recommended for MXD.

<u>Unit Type</u>	<u>Bonus units per affordable rental unit</u>	<u>Bonus units per affordable ownership unit</u>	<u>Maximum Total Bonus</u>
<u>Low-income (<80%)</u>	<u>2.5</u>	<u>4</u>	<u>20 DU/acre</u>
<u>Very-low-income (<50%)</u>	<u>5.5</u>	<u>7</u>	

The base density for MXD varies depending on factors described in the comprehensive plan and ranges from 30 units per acre to 60 units per acre. This method could result in the following distribution of affordable units in MXD:

<u>Bonus Density: 20 Units per Acre</u>	<u>Bonus units per affordable unit</u>	<u>Affordable units as a % of bonus</u>	<u>Approx. affordable units as % of project</u>
<u>Density with Bonus: 50 UPA</u>	-	-	-
<u>Low-income Rental</u>	<u>2.5</u>	<u>40%</u>	<u>16.0%</u>
<u>Low-income Ownership</u>	<u>4</u>	<u>25%</u>	<u>10.0%</u>
<u>Very-low-income Rental</u>	<u>5.5</u>	<u>18%</u>	<u>7.3%</u>
<u>Very-low-income Ownership</u>	<u>7</u>	<u>14%</u>	<u>5.7%</u>
<u>Density with Bonus: 80 UPA</u>	-	-	-
<u>Low-income Rental</u>	<u>2.5</u>	<u>40%</u>	<u>10.0%</u>
<u>Low-income Ownership</u>	<u>4</u>	<u>25%</u>	<u>6.3%</u>
<u>Very-low-income Rental</u>	<u>5.5</u>	<u>18%</u>	<u>4.5%</u>
<u>Very-low-income Ownership</u>	<u>7</u>	<u>14%</u>	<u>3.6%</u>

Increasing the incentive ratio for an outcome, such as very low-income units or ownership units, increases the likelihood of provision of such units but decreases the number of units provided as a percentage of any given project. This could still increase the number of affordable units created in any given category in comparison to an incentive that theoretically produces a higher percentage of units per project, but results in fewer projects creating units of the desired type.

Comparison of Calculation Methods

Ratios of affordable housing to bonus units can be expressed as a multiplier ratio, e.g., 2.5 bonus units per affordable unit. They can also be expressed as a percentage. If 2.5 bonus units are provided per affordable unit, then 40% of the bonus units are affordable. The benefit of using a ratio rather than a percentage is that it is easier to mix unit types if applicants are expected to mix low-income and very low-income units. Applicants could also mix rental and ownership units, though this is less likely in practice. The use of a percentage may be easier for applicants to interpret or may be appropriate where there are no separate ratios for low-income and very low-income units.

If the percentage approach is selected in some or all cases, the use of a percentage of bonus units, rather than a percentage of the total project, ensures that the number of required affordable units does not exceed the number of bonus units.

Methodology Applied to LDR, MDR, and HDR

While the focus of this effort is MXD, the ADO currently addresses affordable housing within LDR, MDR, and HDR. This section applies to properties assigned the R-1, R-1A, R-1AA, R-1AAA, R-1AAAA, R-2, R-3, R-3A, and R-4 zoning classifications.

The comprehensive plan establishes maximum bonus densities for LDR, MDR, and HDR as shown below. The percentages of the bonus are calculated. MXD is also shown for comparison.

<u>Future Land Use District</u>	<u>Base Density</u>	<u>Density with Bonus</u>	<u>Bonus as % of base density</u>	<u>Bonus as % of max. density</u>
<u>LDR</u>	<u>4 UPA</u>	<u>7 UPA</u>	<u>75%</u>	<u>43%</u>
<u>MDR</u>	<u>10 UPA</u>	<u>12 UPA</u>	<u>20%</u>	<u>17%</u>
<u>HDR</u>	<u>20 UPA</u>	<u>22 UPA</u>	<u>10%</u>	<u>9%</u>
<u>MXD (opt. 1)</u>	<u>30 UPA</u>	<u>50 UPA</u>	<u>67%</u>	<u>40%</u>
<u>MXD (opt. 2)</u>	<u>60 UPA</u>	<u>80 UPA</u>	<u>33%</u>	<u>25%</u>

The ADO establishes density bonuses as shown in the table below based on affordable units as a percentage of the total project. These bonuses correspond to the available bonus range for LDR. The effective ratio of affordable to bonus units has been calculated to provide a basis of comparison with the recommendations for MXD. For the calculation, it is assumed that an applicant will select the minimum required affordable units:

<u>Percentage of Low-income or Very-low-income Housing Units (minimum)</u>	<u>Maximum Dwelling Units (DUS) Per Buildable Acre</u>	<u>Ratio of Bonus Units to Affordable Units (Calculated)</u>
<u>10 to 15 percent</u>	<u>5 DUS/acre</u>	<u>2</u>
<u>15 to 20 percent</u>	<u>6 DUS/acre</u>	<u>2.2</u>
<u>20 to 30 percent</u>	<u>7 DUS/acre</u>	<u>2.1</u>

The incentives in the current code may be too low to incentivize the creation of affordable units as the ratio in each case is less than 2.5, which was the ratio established for low income units in the Pro Forma Analysis. This conclusion is supported by the lack of applicants seeking to use this incentive bonus. This category has the highest likelihood of creating ownership units, which the Board of County Commissioners indicated as desirable, and which would support providing a higher bonus.

While the ADO appears includes zoning districts that corresponds to MDR and HDR, the standards for development flexibility and the calculations do not appear to address MDR and HDR. If a 10% requirement for affordable housing units were applied to the HDR bonus (currently the minimum for LDR), this would result in a negative ratio of 0.9, meaning that an applicant would lose 1 market rate unit for every 11 affordable units created.

If the ratios developed for MXD were applied to LDR, MDR, and HDR, the following would apply:

-	<u>Bonus units per affordable unit</u>	<u>Affordable units as a % of bonus</u>	<u>Approx. affordable units as % of project</u>
<u>LDR: 7 UPA (3 UPA Bonus)</u>	-	-	-
<u>Low-income Rental</u>	<u>2.5</u>	<u>40%</u>	<u>17.1%</u>
<u>Low-income Ownership</u>	<u>4</u>	<u>25%</u>	<u>10.7%</u>
<u>Very Low-income Rental</u>	<u>5.5</u>	<u>18%</u>	<u>7.8%</u>
<u>Very Low-income Ownership</u>	<u>7</u>	<u>14%</u>	<u>6.1%</u>
<u>MDR: 12 UPA (2 UPA Bonus)</u>	-	-	-
<u>Low-income Rental</u>	<u>2.5</u>	<u>40%</u>	<u>6.7%</u>
<u>Low-income Ownership</u>	<u>4</u>	<u>25%</u>	<u>4.2%</u>
<u>Very Low-income Rental</u>	<u>5.5</u>	<u>18%</u>	<u>3.0%</u>
<u>Very Low-income Ownership</u>	<u>7</u>	<u>14%</u>	<u>2.4%</u>
<u>HDR: 22 UPA (2 UPA bonus)</u>	-	-	-
<u>Low-income Rental</u>	<u>2.5</u>	<u>40%</u>	<u>3.6%</u>
<u>Low-income Ownership</u>	<u>4</u>	<u>25%</u>	<u>2.3%</u>
<u>Very Low-income Rental</u>	<u>5.5</u>	<u>18%</u>	<u>1.7%</u>
<u>Very Low-income Ownership</u>	<u>7</u>	<u>14%</u>	<u>1.3%</u>

Recommended Bonuses for LDR, MDR, and HDR

As a result of the analysis above, the bonuses shown below are recommended for LDR, MDR, and HDR.

The same ratios are proposed for LDR as for MXD. Because the proportion of the bonus to base density (67% for MXD low, 75% for LDR) is in a similar range, the resulting yield of affordable units as a percentage of the project is similar. This results in a base bonus slightly higher than the existing bonus, with stronger incentives for ownership units and units serving very low-income households.

Because the ratios proposed for MXD would result in projects with less than 5% affordable units for all projects in HDR and most categories in MDR, as constrained by the maximum bonuses in the comprehensive plan, a lower ratio is proposed, and no additional categories are proposed for very-low-income units. This lower ratio could decrease the desirability of this incentive for applicants; however, the value of projects with well under 5% affordable units may not be worth the management burden of reviewing and monitoring. During a future comprehensive plan update, it may be advised to consider higher bonus densities in these categories if there is a desire for the provision of more affordable units as a percentage of total project units.

-	<u>Bonus units per affordable unit</u>	<u>Affordable units as a % of bonus units</u>	<u>Estimated affordable units as a percentage of project (informational only)</u>
<u>LDR: 7 UPA (3 UPA Bonus)</u>	-	-	-
<u>Low-income Rental</u>	<u>2.5</u>	<u>40%</u>	<u>17.1%</u>
<u>Low-income Ownership</u>	<u>4</u>	<u>25%</u>	<u>10.7%</u>
<u>Very Low-income Rental</u>	<u>5.5</u>	<u>18%</u>	<u>7.8%</u>
<u>Very Low-income Ownership</u>	<u>7</u>	<u>14%</u>	<u>6.1%</u>
<u>MDR: 12 UPA (2 UPA Bonus)</u>	-	-	-
<u>Low-income Rental</u>	<u>2</u>	<u>50%</u>	<u>8.3%</u>
<u>Low-income Ownership</u>	<u>3</u>	<u>33%</u>	<u>5.6%</u>
<u>HDR: 22 UPA (2 UPA bonus)</u>	-	-	-
<u>Low-income</u>	<u>2</u>	<u>50%</u>	<u>4.5%</u>

LDR Alternative Option:

If there is a desire to maintain the percentage of the project as the basis of the bonus density for LDR, the below percentages would result in a bonus to affordable unit ratio of 2.9-3.0, meaning approximately 33-35% of bonus units would be affordable. If desired, the existing percentages (ratio 2.0-2.2) could be maintained for rental units, and a new ratio could be applied only to ownership units.

<u>Percentage of Low-income or Very-low-income Housing Units (minimum)</u>	<u>Maximum Dwelling Units (DUS) Per Buildable Acre</u>
<u>7 percent</u>	<u>5 DUS/acre</u>
<u>12 percent</u>	<u>6 DUS/acre</u>
<u>15 percent</u>	<u>7 DUS/acre</u>

Design and Dimensional Standards

The ADO section currently lists specific zoning districts: R-1, R-1A, R-1AA, R-1AAA, R-1AAAA, R-2, R-3, R-3A, and R-4. The list does not include R-AH (Affordable Housing). It also does not include MM (Missing Middle) or MUCD (Mixed Use Corridor District), which are more recently created special zones. It is recommended that the ADO be available for all zones where residential is permitted and not limited to a specific list of zones.

The ADO currently provides specific variations from dimensional standards and other development standards specific to affordable housing projects. These variations are applicable primarily to single-family development and, in some cases, include standards that are more restrictive than more recently updated standards for market-rate housing. Seminole County is currently considering a set of alternative standards for LDR that could provide flexibility for both market-rate and ADO projects. It is recommended that the dimensional and site design standards be removed from this section, as they are adequately addressed by other existing or pending zones and standards.

RESOURCES

Florida Housing Coalition

<https://www.flhousing.org/wp-content/uploads/2012/03/AHAC-Guidebook-2017.pdf>

Local Housing Solutions

<https://localhousingsolutions.org/housing-policy-library/density-bonuses/>

Inclusionary Housing

<https://inclusionaryhousing.org/designing-a-policy/land-dedication-incentives/density-bonus/>

University of Wisconsin-Stevens Point

<https://www.uwsp.edu/wp-content/uploads/2024/04/densitybonus.pdf>

American Planning Association (APA)

https://planning-org-uploaded-media.s3.amazonaws.com/publication/download_pdf/PAS-Report-556.pdf

POLICY EXAMPLES

Broward County

<https://www.broward.org/PlanningCouncil/Documents/AdministrativeRules/adrulart8.pdf>

Collier County

https://library.municode.com/fl/collier_county/codes/land_development_code?nodeId=CH2ZODIUS_2_06.00AFHODEBO

Hillsborough County

<https://www.benesch.com/wp-content/uploads/2024/07/benesch-hillsborough-county-florida-affordable-housing-density-bonus-study.pdf>

Indian River County

https://library.municode.com/fl/indian_river_county/codes/code_of_ordinances?nodeId=COORCOINR_IFL_TITIXLADERE_CH911ZO_S911.14PLDEDI

Orange County

<https://www.orangecountyfl.net/Portals/0/Library/Development-Planning/docs/Vision2050/Chapter%202%20-%20Draft%202022-07-20.pdf>

Pasco County

[https://cms1files.revize.com/pasco/Documents/Services/Community%20Development/Programs/2021%20Affordable%20Housing%20Advisory%20Committee%20Report%20to%20the%20Board%20of%20County%20Commissioners%20\(AHAC\).pdf](https://cms1files.revize.com/pasco/Documents/Services/Community%20Development/Programs/2021%20Affordable%20Housing%20Advisory%20Committee%20Report%20to%20the%20Board%20of%20County%20Commissioners%20(AHAC).pdf)

Pinellas County

<https://pinellas.gov/affordable-housing-incentives/>

Polk County

<https://www.polk-county.net/wp-content/uploads/2023/07/annual-polk-affordable-housing-incentives-implementation-report-nov-16-2021.pdf>

Saint Lucie County

<https://documents.stlucieco.gov/WebLink/PDF10/5e23b219-4fe9-4d4a-bd43-96a61f8c017a/3162850>

Santa Rosa County

<https://www.santarosa.fl.gov/DocumentCenter/View/561/Density-Bonus-Information-PDF>

Volusia County

https://www.volusia.org/core/fileparse.php/6521/urlt/Ordinance_2023_Affordable_Housing_AHAC.pdf

City of Oviedo

<chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.lowndes-law.com/assets/htmldocuments/Ord1752%20Ex1%20LDC%20Final%20Draft.pdf>

City of Orlando

https://library.municode.com/fl/orlando/codes/code_of_ordinances/396378?nodeId=TITIICICO_CH58_ZODIUS_PT6DEINBO

City of Okeechobee

<https://www.cityofokeechobee.com/images/uploads/pages/cc-agenda-07-06-21-ex-1.pdf>

City of Tallahassee

https://www.talgov.com/Uploads/Public/Documents/growth/afford_ord.pdf