

EXECUTIVE SUMMARY



To: Patti McLauchlin, City Manager

From: Katie P. Halloran, Planning Director

Meeting Date: May 18, 2022

Agenda Item: **Text Amendment of the Land Development Regulations**– A Resolution of the City of Key West Planning Board recommending an Ordinance to the City Commission amending Chapter 122 of the Land Development Regulations, entitled “Zoning”, Article IV, entitled “Districts”, Subdivision III. - Single Family Residential District, Section 122-233. – Special criteria applicable to accessory units, and Section 122-232. – Accessory units.

Action Statement:

The proposed ordinance to amend the City’s Land Development Regulations is designed to further incentivize construction of Accessory Units in the Single-Family zoning district and to correct an error in Section 122-232. This text amendment is sponsored by Commissioner Mary Lou Hoover through the City of Key West.

Background:

The proposed ordinance to amend the City’s Land Development Regulations has been requested in order to ensure consistency between the requirements of the accessory unit regulations for properties in the Single Family zoning district (Section 122-233) and the definition of affordable housing (median income) for a rental dwelling unit in Section 122-1466, - Definitions, in the Code of Ordinances of the City of Key West.

Currently, property owners contemplating construction of a deed restricted affordable accessory unit are required to limit rental rates, including utilities, to not more than 15 percent of the median household income in the county. This provision conflicts with and is more restrictive than the definition of affordable housing (median income) in the City’s Workforce Housing ordinance which allows the unit’s rental rate, not including utilities, to be up to 25% of median household income, adjusted for family size, for Monroe County.

This discrepancy results in an additional financial disincentive for those property owners that desire to construct an accessory unit. The rental rate restriction at 15% of the annual Monroe County median family income (AMI) may discourage construction of these accessory units by extending the time required for the owner to recoup initial construction and design costs. These privately owned and managed affordable units do not receive state or federal subsidy; it is unknown at this time if tax incentives apply.

For reference, for 2021, annual median family income (AMI) for Monroe County was \$71,200 for a one-person household (see attached “Rental Affordable Housing Units, Monroe County 2021 Qualifying Income Limits” document). City of Key West Code requires accessory units to be efficiencies or one bedroom, unless a larger unit is approved by variance through the Planning Board. City Code Section 122-

1472.- Family size, states that the assumed family size for an efficiency (no separate bedroom) is one occupant. A one bedroom unit is assumed to have a family size of two occupants. The monthly rental rate, including all utilities, for a one-person household per existing Code Section 122-233 would be \$890 ($\$71,200 \times .15/12 = \890), and ($\$81,400 \times .15/12 = \$1,017.50$) for two people.

If this proposed text amendment is approved, the rent, not including utilities, for a single person in an accessory unit could reach up to \$1,483 (based on 2021 Annual Median Family Income) ($\$71,200 \times .25/12 = \$1,483$). The rent for a two- person household could reach up to \$1,696, not including utilities ($\$81,400 \times .25/12 = \$1,696$). Although these are higher rents for prospective tenants, they may help to incentivize private property owners to construct more of these under-market-rate units.

Currently, for larger developments, City Code allows the average rental to be ten percent above affordable housing (moderate income). This results in an allowed higher rental rate for larger projects, and a lower permitted rental rate for accessory units in Single Family zoning districts.

Section 122-1467(1)(c) Affordable work force housing. The maximum total rental and/or sales price for all affordable work force housing units in a single development shall be based on each unit being affordable housing (moderate income). The rental and/or sales price may be mixed among affordable housing (low income), (median income), (middle income) and (moderate income) in order that the total value of rental and/or sales does not exceed ten percent of the rental and/or sales of all the units at affordable housing (moderate income).

Separately, Section 122-232. – Accessory units, currently includes an error. It states, “The building permit allocation methodology includes a permit formula in which one accessory unit equals 0.55 dwelling unit.” This is incorrect; the correct Equivalent Single Family Unit Factor for accessory units (not exceeding 600 feet) is established in Comprehensive Plan Policy 1-1.16.3 (“Permit Allocation System Ratios by Structure Type) and Code Section 108-994, as 0.78. This correction is also recommended below as part of this proposed text amendment.

Request / Proposed Amendment: *Coding: Added language is underlined; deleted language is ~~struck through~~ at first reading.

Sec. 122-232. Accessory units.

The single-family residential district (SF) shall accommodate one accessory attached or detached unit per principal dwelling unit so long as the accessory unit is duly approved pursuant to the building permit allocation system, as provided in article IV of chapter 54, and meets the criteria cited in this subdivision. The building permit allocation methodology includes a permit formula in which one accessory unit equals ~~0.55~~ 0.78 dwelling unit. Accessory units shall meet all size and dimension requirements of a principal structure and shall not be excluded from impact fee provisions.

(Ord. No. 97-10, § 1(2-5.2.2(A)(1)), 7-3-1997)

Sec. 122-233. Special criteria applicable to accessory units.

- (a) Accessory units proposed within the single-family residential district (SF) shall met the following criteria:
- (1) ~~Each unit shall have a rental rate, including utilities, not exceeding 15 percent of the median household income in the county. The monthly rent for a rented accessory unit, not including utilities, shall not exceed 25 percent of that amount which represents 100 percent of the monthly median household income (adjusted for family size) for Monroe County.~~ This affordability criteria shall be duly recorded as a deed restriction in perpetuity.
 - (2) Accessory units shall be restricted to occupancy by permanent residents.
 - (3) Accessory units shall not be sold separately as a condominium.
 - (4) When an accessory unit permit is originally initiated, the principal unit must be owned and occupied by a permanent resident.
 - (5) Accessory units shall not take up more than 40 percent of the principal structure.
 - (6) Accessory units shall comply with maximum impervious surface regulation within the SF district. Parking surfaces shall not be counted as open space.
 - (7) Accessory units shall comply with applicable landscaping requirements.
 - (8) Accessory units shall comply with the maximum threshold for lot coverage by impervious surfaces.
 - (9) Parking requirements shall be satisfied by both the principal and accessory unit.
 - (10) Density shall be calculated based only upon the number of principal units on a site.
 - (11) Accessory units shall not exceed 600 square feet and the minimum size shall be 300 square feet.
- (b) Any application for accessory units shall include deed restrictions which shall be filed with the city and the clerk of the circuit court. The deed restrictions shall incorporate mandatory compliance with the criteria cited in subsection (a) of this section.

(Ord. No. 97-10, § 1(2-5.2.2(A)(2)), 7-3-1997)

**Coding: Added language is underlined; deleted language is ~~struck through~~ at first reading.*

Land Development Regulations Text Amendment Process:

Planning Board:	March 17, 2022 (Planning Board Res. 2022-015)
City Commission:	May 17, 2022 (first reading)
Local Appeal Period:	30 Days
City Clerk renders to DEO:	10 working Days
DEO Review:	Up to 45 Days
DEO Final Order:	LDR amendment becomes effective when the final order is received

Analysis:

The purpose of Chapter 90, Article VI, Division 2 of the Land Development Regulations (the “LDRs”) of the Code of Ordinances (the “Code”) of the City of Key West, Florida (the “City”) is to provide a means for changing the text of the Land Development Regulations. It is not intended to relieve particular hardships nor to confer special privileges or rights on any person, but only to make necessary adjustments in light of changed conditions. In determining whether to grant a requested amendment, the City Commission shall consider, in addition to the factors set forth in this subdivision, the consistency of the proposed amendment with the intent of the Comprehensive Plan.

This Land Development Regulations amendment may incentivize property owners to create additional deed- restricted accessory units in the Single Family zoning district by decreasing the time it takes to recoup initial design/construction costs. Allowed rental rates would increase somewhat which would burden renters. It is the determination of the Planning Department however, that given these are privately subsidized affordable housing (median) units, the City should facilitate the construction of these units, and this legislation would be supportive of Comprehensive Plan policies to provide sufficient housing within the City limits.

Other Matters:

N/A

Options / Advantages / Disadvantages:

Option 1:

Approve the proposed text amendment to Chapter 122 of the Land Development Regulations, entitled “Zoning”, Article IV, entitled “Districts”, Subdivision III. - Single Family Residential District, Section 122-233. – Special criteria applicable to accessory units, and Section 122-232. – Accessory units, as recommended by the Planning Board through Resolution No. 2022-015.

- a. Financial Impact:
There will be no cost to the City if this request is approved.

Option 2:

Deny the proposed text amendment to Chapter 122 of the Land Development Regulations, entitled “Zoning”, Article IV, entitled “Districts”, Subdivision III. - Single Family Residential District, Section 122-233. – Special criteria applicable to accessory units, and Section 122-232. – Accessory units

- a. Financial Impact:
There will be no cost to the City if this request is denied.

Recommendation:

Staff supports Planning Board Resolution No. 2022-015, and further recommends approval of these amendments as stated in OPTION 1.