

RE: Broward County Commercial Linkage Fee – Affordable Housing

For those of you that are not aware, Broward County is contemplating a Commercial Linkage Fee to be imposed on all new construction. What this means is that every commercial property will be taxed upon commencement and those fees would be set aside to support a yet undefined affordable Housing Program/Initiative. The impact of these are summarized below:

- Retail and Office (Including Restaurants) - **\$1.00 - \$5.00 psf (potentially \$500,000.00 NEW fee on a 100,000 shopping center or office building)**
- Other Non-residential - **\$.50 - \$2.50 psf**
- There could be some waivers for public projects, schools, houses of worship, not-for-profits, etc.
- Also, if the city has their own fee that is equal or higher than the county, then the city would retain the money and control how it would be spent.

The funds collected would be then distributed by the county based upon cities that may be entitled to them. The example provided was for 2014 the county could have collected up to \$2 million. There is not a well-conceived mechanism to distribute the funds or how this will resolve the affordable housing shortage. We and others contend that the funds collected will have a minimal impact to what is really needed to resolve this issue on a county wide issue. However, the size of these fees could be so large that it could stop new development projects in many instances, which will then negatively impact job creation and increased tax base.

This potential ordinance has been quietly making its way through County Commission and will soon be presented to the League of Cities (date not set) and Broward Workshop (potentially 2/3). Henry Sniezek, Deputy Director of Broward Environmental Protection and Growth Management presented to Broward County Planning Council and it was not well received. The votes were unanimous to not support this initiative (0-14). The planning council is made up of mostly elected city officials. So there may be some movement against this, but developers, brokers, design professionals and all people who support economic growth need to speak up and make the County Commission know how you feel.

There is a public hearing at 2:00 pm, 1/26/16 for Broward County Commission to consider transmitting to the designated State review agencies which is required under Florida Statutes.

Many cities have indicated that if this ordinance is passed, they would pass a matching ordinance to retain the funds within their own city to control how the funds would be spent.

Attached is the presentation that was given at the Broward County Commission Board Workshop. This was attended by 5 of the 9 commissioners. **On 12/8/15 – the Broward County Commission approved during the meeting to moving the proposed ordinance along 6-3 to the varying stake holders.** As a stakeholder in Broward County, it is imperative that we monitor this progress and reach out to the municipalities that you do business in, the economic development departments, chambers of commerce, etc. to get the word out that this is an inappropriate way to resolve the issue by adding one more fee to commercial/industrial developers, as well a tax that will stifle growth, job creation and improved tax base. This is a county wide issue that needs to be solved by all residents of Broward County, not just one particular segment that ultimately will not be able to put a dent in the affordable housing challenge.

As talking points you can share with people you speak with, we have formulated the below:

1. This needs to be a holistic approach. This is a county wide issue and should not be solely supported on the backs of commercial/industrial developers. Should be addressed to all property owners including residents either as Broward county tax or a Non-Ad valorem tax to support this initiative.
2. If the fee is too high will cause development to jump to other counties and states that have not implemented the fee. Development impacts are already higher in South Florida due to high land prices, hurricane related construction enhancements, and now the energy code impacts when compared to other neighboring states.
3. If development and re-development is reduced, this will have a negative effect on the jobs in the county, thus reducing employee's ability to pay as well.
4. The funds raised do not have a strategy associated with it and if not nearly enough to have a substantive difference. **(Need to derive a solution that actually works for all and that all Broward County residents participate in).**
5. The administrative costs to implement are also not incorporated into this as well.
6. Many cities have indicated that if this gets passed that they will implement a matching fee so the funds stay in the city thereby negating their goal.

The individual that is facilitating this on behalf of the commission is Henry Sniezek, the Deputy Director of Broward Environmental Protection and Growth Management. All inquiries should be directed to Henry and his staff. Henry's contact information is: hsniezek@broward.org (954) 357-6670.