City of Venice
Office of the Manager

TO: Mayor & Members of the City Council
FROM: Ed Lavallee
RE: Donations: Family Promise
DATE: December 1, 2021

MEMORANDUM

At the November 16, 2021 meeting of the Venice City Council, *Family Promise of Sarasota County* made a presentation to the Council of a transitional housing project planned for Substation Road in Venice. The project proposes to operate ten (10) single-family one and two-bedroom homes as transitional residences for prequalified families. While in residence, the occupants would be obligated to pay a nominal administrative cost towards the operation of the program. The purpose of the program is to offer short-term housing to the occupants and put them on a pathway towards residential self-sufficiency.

The purpose of the *Family Promise* presentation was to solicit financial support from the City towards the $2.5 million cost of purchasing the ten houses. The presentation enumerated four specific requests to the City:

- Cash donation from the City of $100,000
- Reimbursement to the developer for the cost of building permit fees paid to the City
- Relief to the property owner/developer on the cost of Impact Fees due with the issuance of Certificates of Occupancy (CO's) for the 10 houses
- Abatement of property taxes for the 10 houses

Following the presentation, City Council directed staff to research the requested items and provide a response to Council for the December 14, 2021 Council meeting. The results of staff research are summarized below.

<u>$100,000 Cash Donation</u>: In the past, the City has received requests for financial support of capital projects from both the private sector and governmental agencies. In the wake of receiving several funding requests, Council established a policy standardizing the City's response to such requests. In fiscal year 2020, Council passed Resolution No. 2020-18 establishing rules for cash donations of public funds. The resolution distinguishes the funding limits for capital campaign contributions to government and non-government entities. Under this rule, the maximum donation allowable for a non-government capital campaign is $5,000. The City employed this resolution in contributing funds to the Venice Theatre Capital Campaign in 2018. Accordingly, the current policy would limit a cash donation to the Family Promise capital campaign to $5,000.

<u>Reimbursement of building permit fees:</u> The City's Building Department is a Special Revenue Fund, that is, the Department operates on revenues derived from its fees charged for various services, including the issuance of building permits. The charging of fees and expenditures incurred within the Building Department are subject to regulation by the State of Florida. As such, the Department is not

permitted to unilaterally waive fees for its services. According to a data search through the City's TRAKIT software system, permit fee charges for the 10 houses under consideration total $21,181.88. If the City elected to waive or credit these costs, the Building Department budget would have to be reimbursed that amount from an external source.

Relief of Impact Fees: The City collects a number of Impact Fees with the issuance of a certificate of Occupancy (CO) for a residential structure. Certain Impact Fees are collected by the City on behalf of Sarasota County. Those fees belong to the County and are transferred to the County within 30 days of receipt by the City. They include impact fees for roads, and parks among others. The City also collects impact fees of local designation. They include fees for: General Government, Fire, Police, and Solid Waste & Recycling. Those fees are retained for use in capital projects involving expanding the capacity of services for their respective municipal functions. The appropriate use of those funds are defined in State statute. The City's Impact Fee Ordinance No. 2020-18 narrowly prescribes a provision for Impact Fee credit: *for the donation of land or equipment or for the construction of capital facilities for the city.* Otherwise, the City Code has a defined, limited list of exemptions for the payment of impact fees but none apply to this project. The request by Family Promise for concession of the City's Impact fees as described herein do not qualify for waiver or credit.

Property Tax Abatement: In fiscal 2016, the City passed Ordinance 2016-06, establishing a provision for Ad Valorem Tax Exemption. In the interest of promoting economic growth in the City, that ordinance provided for abatement of property tax for new businesses and expansion of existing businesses, each with provisions for defined measures of expanding employment. The current request does not meet these eligibility criteria. Further, Ordinance 2016-06 expired in August 2020. Non-profits are exempt from the payment of property taxes when all applicable State Law criteria are met. This would be an option to be pursued by the applicant; the eligibility to be determined by the State.

In summary, of the requests made to the City in support of the Family Promise transitional housing project, by current policy the City could donate up to $5,000 toward the cost of the capital campaign. The City is not authorized under current regulations and policy provide exemption or rebate for the costs otherwise requested.

Affordable housing is prominently discussed in the City's Comprehensive Land Use Plan. Specifically, the plan cites a variety of housing options to be explored as a means of providing residence opportunities for a broad spectrum of income levels. Among the strategies cited in the plan is a housing density bonus for developers that choose to incorporate an *attainable housing* component as part of an overall development plan. No allocation of municipal funding is provided in the current budget, but emphasis is focused on partnerships with private developers to support concepts like the density bonus provision. In planning the fiscal year 2023 budget, the City may wish to consider a funding component to explore programs such as the transitional housing model.