

**TAB 2**

**Point Paper  
City of Palmetto**

**Housing Update - 2010**

**Statement of Problem:**

Article III, Attainable Housing Section 17-47 through 17-51, requires the City Planner to provide an update of the number of total residential units and the number of residential units expected to be constructed in the City in the next five years. The Code also requires the City Planner to declare a “voluntary period” if determined that a sufficient number of attainable residential units exist.

**Background:**

In order to comply with the statutory requirement, the City Planner undertook an analysis based upon building permit activity and based upon current data provided by the County Property Appraiser’s Office. Based upon those sources, it was possible to estimate the number of residential units and determine that the “voluntary period” should be in effect.

**Budget Impact:**

None

**Staff Recommendation:**

1. Acknowledge receipt of this Housing Update – 2010.
2. Instruct the City Planner to provide the City Commission an updated Housing Analysis in December 2012 in order to reexamine the housing conditions at that time.
3. Instruct the City Planner/City Attorney to provide the City Commission revised language for this article along with the development of the Land Development Code.

**Action Required:**

Acknowledge the 2010 Housing Update

## **City of Palmetto**

### **Housing Update – 2010**

#### **Background**

The City's Attainable Housing Ordinance (Ordinance No. 06-892) requires several actions by the City as summarized below:

As stated below, Section 17-49, Article III of the Palmetto City Code requires the City to determine the current number of residential units and to determine the availability of attainable housing available in the City.

Section 17-49(a)(b)(c) requires the following:

"Section 17-51 of this article shall apply only during such times when the number of attainable housing units falls below fifteen (15) percent of the total number of residential units constructed or expected to be constructed within the city after the effective date of this article and by the next determination date set forth below in subsection (b) ("total residential units"). This shall be referred to as a "mandatory period." Those times when the number of attainable housing units meets or exceeds fifteen (15) percent of the total residential units shall be referred to as a "voluntary period".

1. The city planner shall initially determine the number of total residential units by utilizing reliable data to estimate the number of residential units expected to be constructed in the city from the effective date of this article to January 1, 2010.
2. Beginning on January 1, 2010, and on January 1 every five (5) years thereafter ("determination date"), the city planner shall update the number of total residential units by utilizing reliable data to estimate the number of residential units constructed as of the effective date of this article and expected to be constructed in the city by a date that is five (5) years from the date of the prior determination.
3. In determining whether the required percentage of attainable housing units exists, the city planner may include, in his or her sole discretion and pursuant to an adopted administrative policy, those attainable housing units which have been sufficiently guaranteed, in writing, to be constructed before the next determination date set forth in subsections (1) and (2) above. The city planner shall be authorized, pursuant to an adopted administrative policy, to withhold declaring a voluntary period until all or some portion of the attainable housing units that have been sufficiently guaranteed are constructed."

### Existing Residential Units

Because the census of housing is now an outdated document, two methods were used in order to estimate the current number.

**Updating Existing Estimates:** In 2005, the Shimberg Report estimated a total of 5,123 residential units within the City. That figure was split between 4,155 single-family and 968 multi-family residences. According to Building Department records between June 2005 and August 2009, there have been 107 residential permits and 37 demolition permits issued.

Using this methodology, it would appear that there are approximately 5,193 residential units within the City, assuming that dwelling units were constructed when permits were issued.

**Tax Appraiser's Data:** A second method for estimating current residential units is to use current information from the Manatee County Property Appraiser's Office. In that regard, we contacted the Appraiser's office and were provided with the following current information:

Single-Family	2,581
Mobile Home	676
Condominium	944
Multi-Family	788
Vacant Residential	<u>81</u>
<b>Total</b>	<b>5,070</b>

Based upon these two methods, it appears that there are between 5,070 and 5,193 residential units within the City. For practical purposes, the estimate is 5,100 dwelling units.

### Expected Residential Units

A second requirement is to estimate the number of residential units expected to be constructed in five years (2015).

As we know, the housing market has been weak for two years. According to the Appraiser's Office, there are currently 81 vacant residential units within the City.

According to the Shimberg Report and an updated prepared by WRT in 2006, the anticipated growth in residential units is approximately 100 units per year through the year 2025. The unit breakdown is one (1) multi-family unit for every four (4) single-family units constructed.

The unknowns at this time are when the housing market will rebound, what the sale price for those new homes will be, and what the loan/credit market will be for home loans. Based upon available information, it appears that the backlog of available homes is disappearing and the sales price for existing homes continues to decline.

Assuming that there are 81 vacant residences and that there are 100 occupied residences for sale (based upon the information from the Manatee County Association of Realtors, which indicates 400 homes for sale within the 34221 zip code), it appears that there is a supply of available residences within the City for approximately two years. That means in the year 2012, the market will demand new residential construction. Please note that there will be exceptions within this two-year period. For example, Holy Cross Manner II, with 68 affordable dwelling units, is planned to commence construction in 2010. This is a special case, however, since all of these units are affordable and are being funded by HUD.

Based upon the most reliable, current data, the estimate is that the total number of residential units within the City will be 5,500 in the year 2015.

**Percentage of Attainable Units**

At the time the Housing Ordinance was adopted, there was a high demand for housing of all types, interest rates were low, and the economy was strong. Homes were selling at record high rates, and there was a genuine concern for the construction of affordable housing units.

The Code requires that at least fifteen (15) percent of total residential units be “attainable”, in conformance with the Code requirement.

Currently, there are homes for sale at most price levels, and most homes are reported to be selling at 20 to 30 percent less than in 2007. Several approved residential developments, including Sanctuary Cove, the 7<sup>th</sup> Avenue Cottages, and Holy Cross Manor Phase II include attainable residential units.

<b>Project</b>	<b>Total Residential Units</b>	<b>Attainable Units</b>
Holy Cross Manor II	68	68
7 <sup>th</sup> Avenue Cottages	6	6
Sanctuary Cove*	771	116
<b>Total Attainable Units Approved</b>		<b>190</b>

\*If Constructed during mandatory period, Palmetto Code Section 17-51

In addition, in an attempt to verify local market conditions, the Manatee County Association of Realtors reviewed the current, active real estate market in the 34221 zip code. It was determined that there are currently 400 listed, with the average listing price of \$199,000. This listing price is below the \$201,600 established attainable housing unit price. Furthermore, please note that the \$199,000 is the contract price, not the selling price. The selling price is likely to be substantially lower than the contract price.

It currently appears that there is a sufficient percentage of attainable housing units available to the City's residents. For this reason, **it appears that the voluntary period should remain in effect at the present time.**