



# Attainable Workforce Housing Strategic Plan



OKALOOSA COUNTY, FLORIDA

MARCH 2024



# Acknowledgements

TPMA would like to thank the following individuals for their support throughout this project, which would not have been possible without their contributions.

## Board of County Commissioners

- Vice Chair Paul Mixon, District 1
- Carolyn Ketchel, District 2
- Nathan Boyles, District 3
- Chair Trey Goodwin, District 4
- Mel Ponder, District 5

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- Nathan Sparks
- Nicholas Schwendt
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TPMA empowers organizations and communities through strategic partnerships and informed solutions that create positive, sustainable change. TPMA provides professional consulting services and delivers transparent insights to the complete workforce, education, and economic development ecosystem that allows them to move forward, together. TPMA envisions a world that thinks strategically, works collaboratively, and acts sustainably. Our economic development approach aims to achieve community resiliency through economic diversity, resource alignment, and community vibrancy. TPMA's Economic Development and Community Resiliency Team provides expertise in assessing markets, identifying business sector opportunities, building innovation and entrepreneurial ecosystems, and conducting housing assessments. Visit [www.tpma-inc.com](http://www.tpma-inc.com) and follow TPMA on social media, including [LinkedIn](#), [Facebook](#), and [Twitter](#).

The Okaloosa County Board of County Commissioners accepted this plan at the March 26, 2024 meeting, with the following added motions.

### No further action to be taken on the following strategies:

- 1.5: Establish Ad Valorem Tax Freeze and/or Tax Reduction Strategy
- 3.1: Commission an Inclusionary Zoning Study
- 4.1: Dedicate Portion of Infrastructure Surtax for Affordable Housing
- 4.4: Establish Affordable Housing Linkage Fee

Staff are to hold off on advancing the following strategies, until the North Okaloosa Planning Study is complete, for the areas included in the study. Staff can pursue these strategies for South Okaloosa County:

- 2.3: Unlock North County's Potential
- 3.2: Expand Use of R3 Zoning
- 3.4: Clarify Accessory Dwelling Unit (ADU) Permissions
- 3.5: Allow ½ unit counts for small units
- 3.6: Reduce Parking Requirements
- 3.7: Establish Redevelopment Districts to Target Development and/or Pilot Other Land Use Policy Changes

This information is also reflected in the [Implementation Matrix](#) at the conclusion of the report.



# Executive Summary

The Board of County Commissioners of Okaloosa County, Florida has identified the need to develop a countywide strategic plan regarding the need for attainable workforce housing in the county. This effort is in response to the growing shortage of attainable housing that has occurred in recent years due to the significant influx of new residents and the longer-term housing affordability challenge that Okaloosa County faces. This shortage of attainable housing threatens the economic health of the county as the high cost of living may drive the workforce to seek housing in more affordable parts of the region or outside of the area altogether. The intent of the following report is to identify the specific housing needs in Okaloosa County and provide strategic directions for addressing them.

Through statistical research, stakeholder and public engagement, and strategic workshops with county leaders and staff, the project team has identified three housing-related focus areas for the county in an effort to address its attainable housing goals. In each focus area, recommendations, case studies, and best practices are provided. Additionally, specific areas of Okaloosa County are identified as potential areas to implement these recommendations, particularly those related to redevelopment. The strategic framework also identifies a number of funding opportunities available to address the need for workforce housing.

While housing market dynamics may fluctuate in the near term, the intent of this report is for the county to address the long-term need of providing attainable housing for the workforce. Consequently, this report's focus and recommendations look for strategies that can be implemented over time to create a lasting impact. While circumstances such as legislative and funding changes may require some adjustments in the long-term, the overall strategy provides implementable steps that can help lay the foundation for a more affordable Okaloosa County.

## Focus Areas and Recommendations

### **Prioritize the Creation of New Attainable and Low-Income Housing**

- Ensure County Staff Have Adequate Capacity and Resources to Expand Housing Services and Programs
- Dedicate Portion of Non-Profit Allocation for Attainable Housing
- Continue Infrastructure Investments within the county
- Connect Local Developers to Available Funding and Programs
- Waive Permit Fees for Attainable Housing Developments
- Establish Ad Valorem Tax Freeze and/or Tax Reduction Schedule
- Publicly Demonstrate Support for Attainable and Low-Income Housing Efforts
- Conduct Public Education Campaign

### **Maximize Use of Available Land for Attainable Housing.**

- Partner with Department of Defense to Utilize Orphaned Parcels for Attainable Housing Development
- Establish or Partner with a Community Land Trust
- Unlock North County's Potential

## Update Land Use Policy

- Implement Inclusionary Zoning
- Expand Use of R-3 Zoning
- Adjust Density Bonus to Improve Attractiveness
- Clarify ADU Permissions
- Allow ½ Unit Counts for Smaller Units
- Reduce Parking Requirements
- Establish Redevelopment Districts to Target Development and/or Pilot Other Land Use Policy Changes

## Maximize, Expand, and Diversify Funding Opportunities for Attainable Housing

- Dedicate Portion of Infrastructure Surtax for Affordable Housing
- Maximize the Impact of State Housing Initiatives Partnership (SHIP) Funding Through the Development of Large-Scale Housing Developments
- Enhance and Diversify Housing Assistance Fund Sources
- Establish Affordable Housing Linkage Fee
- Utilize Florida Job Growth Grant Fund
- Advocate for Updates to State-Level Housing Strategy
- Advocate for State to Develop State-Level Housing Tax Credits



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# Introduction

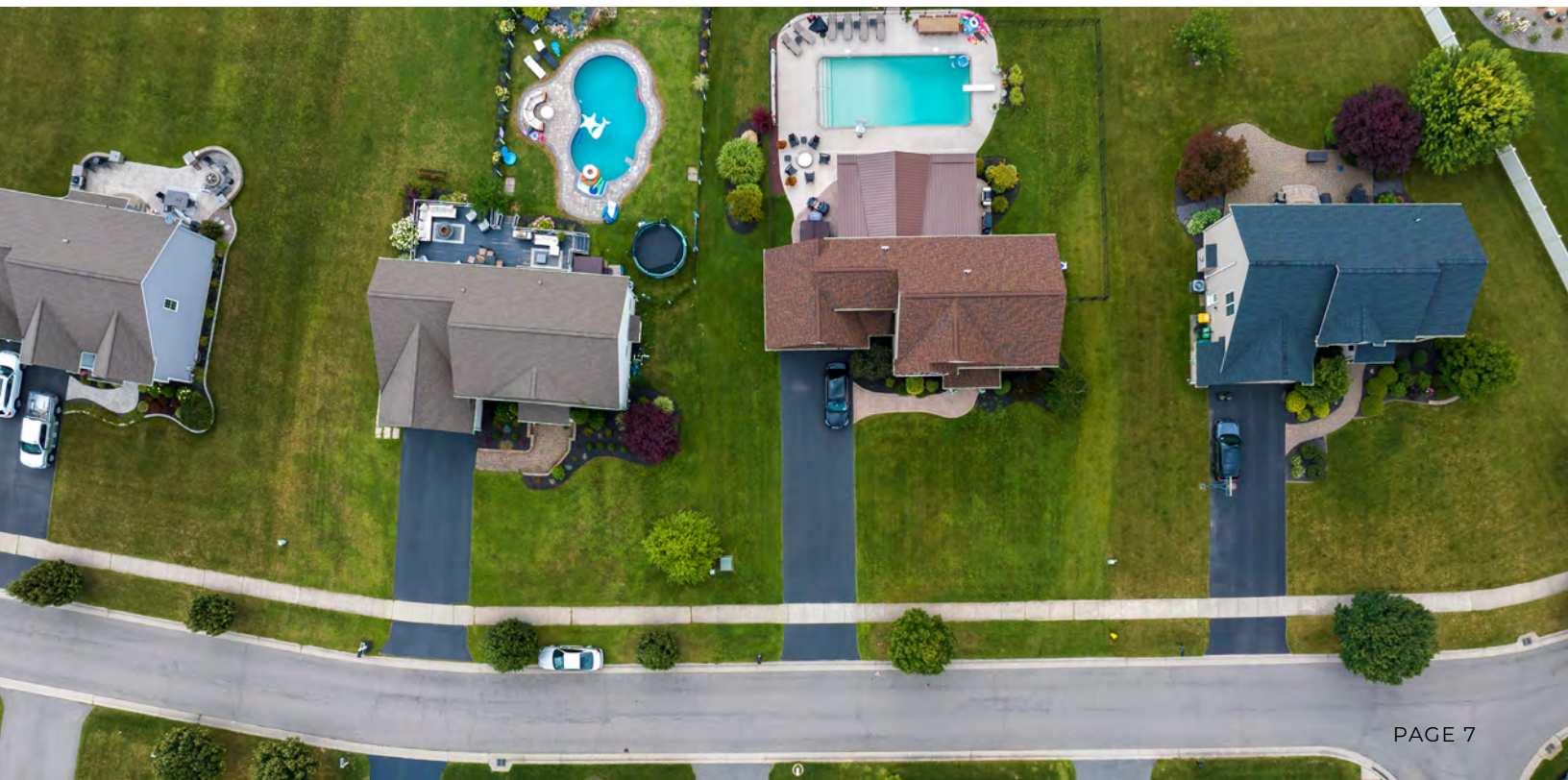
In January 2023, Okaloosa County (“County” or “the county”) issued a Request for Proposals (RFP) for the completion of a Countywide Attainable Workforce Housing Strategic Plan intended to analyze the housing needs and provide recommendations that would address the issues the county faces with the provision of housing that can be attained by the county’s workforce and those households of modest means. The county selected the consulting firm TPMA to conduct the assessment, which launched in the Spring of 2023.

Along with County staff, TPMA consultants designed a project plan, study, and final report with the goal of addressing the housing attainability challenges that the county currently faces and is projected to face in the future. Okaloosa County is a fast-growing county that is anticipated to continue its growth into the future due to the anticipated growth of Eglin Air Force Base and Hurlburt Field, located in Okaloosa, and the continued migration to the county due to favorable economic conditions and the attractiveness of its coastal living environment. These trends, which are already occurring, are leading to a spike in demand for housing and putting a strain on the financial situation of much of Okaloosa County’s workforce. Through implementing this plan’s recommendations, the county looks to address these issues to ensure the continued economic success of the region.

Through one-on-one interviews with subject matter experts and the Board of County Commissioners, stakeholder workshops, quantitative analysis, a housing-related public opinion survey, a housing-related business survey, and continual guidance and assistance from County staff, the project team identified four focus areas for Okaloosa County:

1. Prioritize the creation of new attainable and low-income housing.
2. Maximize the use of available land for attainable housing.
3. Update land use policy.
4. Maximize, expand, and diversify funding opportunities for attainable housing.

For each focus area, recommendations and best practices for addressing housing needs are provided.



# Methodology

## Discovery

At the launch of this engagement with the county, TPMA reviewed a number of documents to gain familiarity with the region, including:

- Okaloosa County 2020 Comprehensive Plan
- Okaloosa County Land Development Code
- Okaloosa County/City of Fort Walton Beach SHIP Local Housing Assistance Plan (LHAP)
- National Association of Counties Housing Affordability, 2021: Okaloosa County
- National Association of Counties Housing Solutions Matchmaker Tool: Okaloosa County
- 2022 Rental Market Study, Shimberg Center for Housing Studies
- Florida's Affordable Rental Housing Needs: Spring 2023 Update, Shimberg Center for Housing Studies
- Okaloosa County Community Health Assessment, 2022
- Hurlburt Field FY 2022 Housing Requirements and Market Analysis
- Eglin Air Force Base FY 2022 Housing Requirements and Market Analysis
- State Housing Initiatives Partnership (SHIP) program
- Live Local Act

A number of additional sources were used to gather housing data, including both public and third-party sources, including:

- U.S. Census Bureau
- Bureau of Labor Statistics
- Florida Housing Data Clearinghouse, Shimberg Center for Housing Studies
- Esri
- Lightcast
- CoStar
- Redfin

## Engagement

### Affordable Housing Advisory Committee (AHAC) Engagement

The AHAC was engaged at critical junctures throughout the project process to provide vital input and feedback. Presentations were made to the AHAC on April 6, 2023, and August 3, 2023. At the April 6<sup>th</sup> meeting, the AHAC provided feedback on discovery materials, as well as provided insight into potential challenges and barriers. During the August 3<sup>rd</sup> meeting, TPMA provided a project update, which included an overview of the Stakeholder Workshop results and findings from the discovery phase. At this time, the AHAC assisted in the development of the public opinion survey, discussed below.

The AHAC was also involved in the Stakeholder Engagement process. Members were invited to contribute to stakeholder identification for the Stakeholder Workshops. Additionally, the Chairman of the AHAC attended the Stakeholder Workshops and a Board Member participated in an interview and site visits.

Throughout the process, the AHAC provided TPMA with insights into the local housing conditions, based on their lived experience and in-depth local knowledge. At the end of the project, the AHAC reviewed and provided feedback to the project team, which was incorporated into the final version of this report.

### Stakeholder Interviews

Throughout the project, TPMA consultants met with a variety of stakeholders and subject matter experts to gather information on the current state of attainable workforce housing in Okaloosa and the county's housing needs. These interviews provided in-depth information on a variety of topics, including, but not limited to military housing needs, tax increment financing, barriers to development, zoning and development/redevelopment, senior needs, and affordable housing. In total, over ten interviews were conducted.



## Community Engagement Sessions

In June 2023, with the assistance of Okaloosa County staff, TPMA held two in-person workshops to discuss the current state of housing. These sessions provided critical feedback on the present-day housing ecosystem in the county, in addition to identifying barriers and opportunities within the housing space. A summary of these sessions is presented in [Appendix A](#) at the end of this report.

## Business Community Survey

TPMA and County staff developed a survey specifically targeting the local business community to gather information on the perceived impact of housing availability and affordability on business operations. The survey gathered information on the top economic development challenges, the current and future impact of the availability of attainable workforce housing on business operations, and willingness to assist with the attainable workforce housing shortage.

The survey was conducted in September and October 2023. In total, 65 completed surveys were submitted. The survey instrument is presented in [Appendix C](#) at the end of this report.

## Public Opinion Survey

TPMA, working in collaboration with Okaloosa County staff, developed a community survey to gather information from the public on perceived housing needs and attitudes toward attainable housing efforts. Respondents were asked to answer questions relating to:

- Household location and demographic information
- Individual preferences for housing types and amenities
- Levels of support for types and markets for new housing development
- Levels of support for a variety of housing-related policy changes
- Gaps in the available supply of housing to meet the needs of senior residents

The survey was launched in August 2023 and held open into September. In total, 1,616 completed surveys were submitted. TPMA created an online dashboard, where users can filter and view responses based on demographic and household information. This dashboard can be accessed [here](#). A complete list of survey questions is presented in [Appendix B](#) at the end of this report.



# Analysis

## Housing Demand Model

TPMA has developed a housing demand model that forecasts demand for new for-sale and for-rent housing units for the next ten years, broken down into five- and ten-year increments. This model segments projections into age brackets to achieve a more nuanced view of the county's projected growth and to help give additional insight into the specific housing needs within the county. Housing needs can be very different for different age groups, and this analysis can help to determine the types of housing that might be needed to address differences in population and market segments. With Esri data and American Community Survey estimates, the model estimates housing demand between 2023 and 2028.

The custom housing demand model built for this project anticipates demand based on three market segments: demand from new households, demand from existing households, and demand from outside the Okaloosa County market.

To predict demand from new households, the project team uses five-year projections. To extrapolate to ten years, the growth rate over the first five years (2023-2028) is assumed to remain constant over the next five years (2028-2033). The project team also assumes that the propensity to own or rent, based on American Community Survey estimates, will remain unchanged over the next ten years. Using this information, demand from new households is estimated.

Every year, some households may choose to move from one home in Okaloosa County to a new home within the county. This serves as the basis for demand from existing households. Using household projections, as discussed above, geographic mobility data, and estimates of demand for new housing, demand from existing households is calculated.

The outside submarket demand is calculated, using net commuting flows. The net number of individuals coming into the county for work could be potential residents of Okaloosa County. However, these are individuals, and must be converted to households. Using estimates of workers per household in the United States, the number of households is calculated. Finally, not all workers will want to move to Okaloosa County. By combining American Community Survey estimates of housing tenure and estimating the percent of households that want to live in Okaloosa County, the project team calculates outside submarket demand.

## Workforce Affordability Analysis

Data and Research Specialists with TPMA analyzed earnings associated with the common jobs and essential workers. The earnings associated with these occupations were then compared to housing costs in the county. These results can help to form a regionally specific definition of housing affordability for the local and regional workforce.

As the comparison of single occupations to overall household incomes and housing costs could potentially be misleading (individual incomes do not necessarily equate to household incomes), the affordability analysis uses the cost of one- and two-bedroom rental units where possible to calculate housing costs for single income-earners. Some of the most common jobs, and many of those expected to show growth, are often held by younger individuals, so these analyses are helpful for understanding a specific portion of the target market for new housing developments.

## Strategy Development

Throughout the study, the project team recognized the importance of preparing recommendations that aligned with the priorities of the Board of County Commissioners and county staff, local leaders, and area residents. At various stages throughout the process, it was necessary to provide occasional updates to County staff, the Affordable Housing Advisory Committee, and the Board of County Commissioners to ensure that the strategic framework matched the realities of the political and cultural environment in the county.

# County Overview

## County Context

Okaloosa County, Florida is located in the Florida Panhandle. The county has a total area over 1,000 square miles, extending north from the Gulf of Mexico to the Alabama state line. The county is home to two Air Force Bases, Eglin Air Force Base and Hurlburt Field. These bases, and the Eglin Reservation on which they are located, divide Okaloosa County into two distinct areas. The area south of the Reservation and close to the coast is substantially developed, with very few large parcels available to provide a “blank slate” for development. The area north of the Reservation is more rural, within which land and housing have, historically, been seen as more affordable than the area near the coast. However, increased development pressure in the area north of the Reservation has steadily increased with concomitant increases in the costs of land and housing such that affordability has become an issue in this area, as well.

Even as a county with continued growth and development, there is evidence of unmet demand for housing within Okaloosa County. Many of the towns and cities in the southern part of the county are built out and will likely require the identification and designation of redevelopment districts to have a significant impact on the overall affordability of housing in the area. While available land does exist in northern areas of the county, these may be unfit for more dense development due to the rural character of the area and lack of existing infrastructure.

## Military Installations

As mentioned above, the County has a long-standing military presence, dating back to the 1930s. An important part of the local economy and community, these military installations have an estimated economic impact of \$9.2 billion and support almost 74,000 jobs in the county.<sup>1</sup>

Housing for military personnel is provided through a combination of on-base housing and off-base private sector housing. On-base housing only provides housing to a fraction of military personnel and families; as a result, most housing is secured through the private market. Military members living off-base receive an allowance to offset their housing costs, known as the Basic Allowance for Housing (BAH). The BAH varies depending on location, rank, and dependents, and provided a minimum of \$2,013 per month in 2023.<sup>2</sup> In talks with stakeholders, the BAH was noted as a factor leading to rising rent throughout the county, as it effectively sets a price floor for housing in the areas around the installations, due to the number of military personnel seeking private-sector housing.

Between 2009 and 2022, the shortfall of suitable private-sector housing for military members increased by 67% (from 894 units to 1,495 units), despite just a 4% increase in the number of military families and a very slight decrease in the planned manpower at the installations (-0.3%), demonstrating the existing shortage of attainable workforce housing in the County.<sup>3</sup>

At the time of this report, the planned manpower for each of the military installations is projected to remain stable over the next five years. The private sector shortfall is projected to remain unchanged for Hurlburt Field (613 units), while Eglin Air Force Base estimates a decrease of 32% (or 280 units), a cumulative deficit of 1,215 units. This ongoing shortage of attainable workforce housing poses a threat to the County's long-standing military tradition, with over 1,000 Air Force jobs leaving Northwest Florida due to concerns about housing affordability and availability.<sup>4</sup> However, if there is an expansion of the mission at either military installation, that would further increase housing demand and compound existing housing challenges within the County.



<sup>1</sup> Florida Military and Defense Economic Impact Summary, 2022. Enterprise Florida. <https://www.selectflorida.org/wp-content/uploads/Florida-2022-EIS-Summary-Book-Final.pdf>

<sup>2</sup> Basic Allowance for Housing Rate Lookup. U.S. Department of Defense, Defense Travel Management Office. <https://www.travel.dod.mil/Allowances/Basic-Allowance-for-Housing/BAH-Rate-Lookup/>

<sup>3</sup> Suitability is determined by the Air Force's interpretation of the Department of Defense Housing Management Manual (DoD 4165.63-M).

<sup>4</sup> Affordable housing an issue for Northwest Florida military bases." Pensacola News Journal. <https://www.pnj.com/story/news/local/milton/2024/02/27/affordable-housing-an-issue-for-northwest-florida-military-bases/72743809007/>

## Efforts to Address Housing Costs Throughout the County

There are a number of existing affordable housing developments in Okaloosa County, providing essential housing opportunities for lower-income residents. Existing developments can be viewed in an interactive map by clicking [here](#) or in a static map in [Appendix D](#).<sup>5</sup>

Additionally, recognizing the strain of housing costs on residents, the county has enacted a number of policies and programs intended to help ensure that housing is attainable to households across the spectrum.

Using funds made available through the Neighborhood Stabilization Program (NSP), the county purchased 69 dwelling units (67 townhomes and 2 detached single family homes) which it now manages, through a contracted agent, as rental units for very low- to moderate-income households, as well as special needs households. Since the initial acquisition, 6 additional townhome units have been constructed, bringing the total to 75. This program is self-sustaining and, even after major maintenance activities such as a programmatic roof and air conditioner replacement, has established a positive revenue stream. By direction of the Board of County Commissioners, the rents charged for these units are well below market value.

The county’s Comprehensive Plan and Land Development Code incentivize the development of affordable housing through a variety of mechanisms. These include allowing an increase in residential density of up to 25% to allow for the development of affordable housing units, providing a substantially expedited process for the review and issuance of building permits for affordable housing developments, and requiring that any proposed change in the Land Development Code or Comprehensive Plan that could increase the cost of housing must be reviewed by the county’s Affordable Housing Advisory Committee whose comments and recommendations must be provided to the Board of County Commissioners before it takes action.

Finally, unlike many cities and counties across Florida, the county does not charge impact fees for libraries, schools, fire, and emergency medical services (EMS) stations, or park improvements.

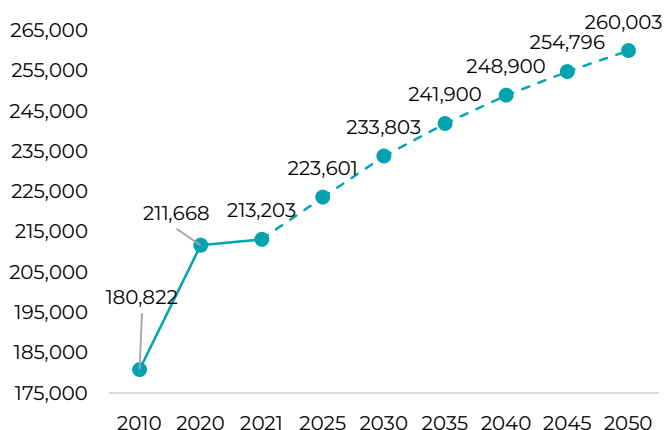
<sup>5</sup> Affordable housing developments based on information available through the US Department of Housing and Urban Development, Fort Walton Beach Housing Authority, and Crestview Housing Authority as of February 2024. This may not include all affordable housing units in the county.

## County Data

### Trends in Population and Residential Development

Population growth in the county has been steady in recent years, averaging 1.6% per year. Growth is projected to continue through 2050, as shown in Figure 1, though at a more modest pace. However, should either of the bases have expanded missions in the future, the population could experience a more rapid increase, and a greater demand for housing.

FIGURE 1: OKALOOSA COUNTY POPULATION GROWTH, 2010 - 2050 (PROJECTED).



Source: Florida Housing Data Clearinghouse, Shimberg Center for Housing Studies.

TABLE 1: POPULATION GROWTH RATES, 2010 - 2050 (PROJECTED).

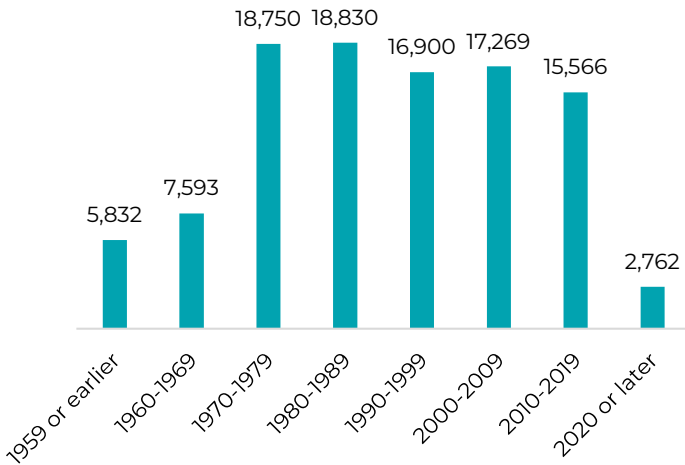
Location	% Growth, 2010 - 2021	Projected Growth, 2021 - 2050
Okaloosa County	18%	22%
Florida	16%	27%

Source: Florida Housing Data Clearinghouse, Shimberg Center for Housing Studies.

## Residential Development Trends

Okaloosa County has seen steady development since the 1970s. However, despite the continued growth, housing demand continues to outpace supply in the county.

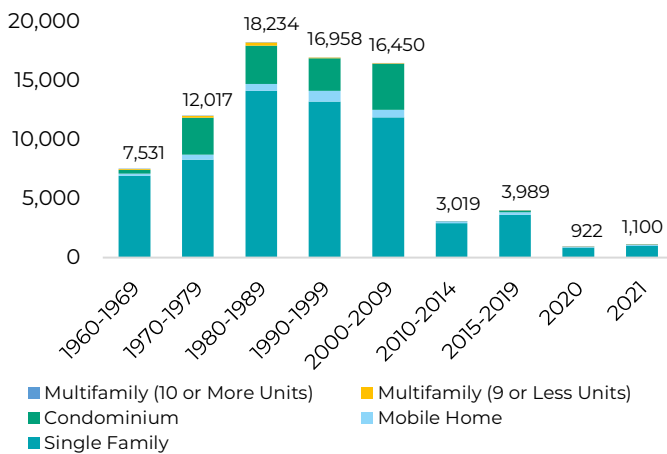
FIGURE 2: HOUSING STRUCTURE BY YEAR BUILT



Source: 2022 American Community Survey, 1-Year Estimates.

Since the 1960s, most of the parcels that were built were single family homes. Beginning in the 1970s, condominiums began accounting for a significant portion of the parcels being built. However, beginning in 2010, the construction of condominiums slowed, and single-family homes accounted for the vast majority of development.

FIGURE 3: RESIDENTIAL PARCELS BY YEAR BUILT, 1960-2021

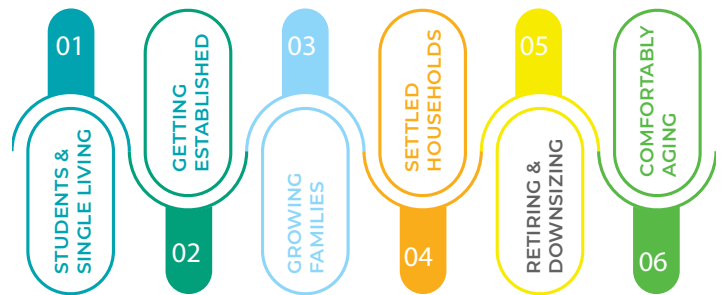


Source: Florida Housing Data Clearinghouse, Shimberg Center for Housing Studies.

## Housing Mix

A diverse housing mix is important to the overall health and sustainability of a local economy. This is especially important for a community like Okaloosa County, which has a reliance of seasonal tourism and is heavily influenced by an expanding military presence in Eglin Air Force Base and Hurlburt Field and growing demand pressures due to increasing population migrations from other regions of the country. It is critical that there is housing supply that meets a variety of needs for residents, both year-round and seasonal, to create stability for businesses and provide necessary critical services. Offering housing that meets the needs of the six stages of the housing life cycle<sup>6</sup> (outlined in Figure 4) provides a community and its residents with both flexibility and mobility through a wide range of options for residents with varying incomes and needs, as well as making the community more resilient to economic downturns.<sup>7</sup>

FIGURE 4: THE HOUSING LIFE CYCLE

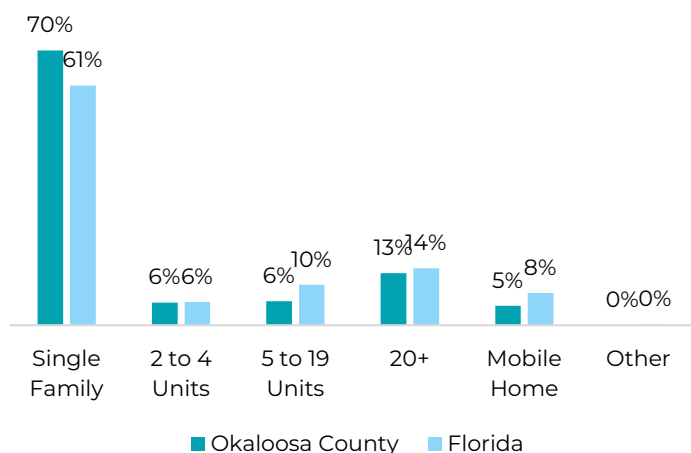


<sup>6</sup> For more information on the different stages of the housing life cycle, please see [Appendix E](#).  
<sup>7</sup> Chakraborty, A., & McMillan, A. (2022). Is Housing Diversity Good for Community Stability? Evidence from the Housing Crisis. *Journal of Planning Education and Research*, 42(2), 150-161. <https://doi.org/10.1177/0739456X18810787>

## Current Housing Mix

The current housing mix in Okaloosa County is heavily skewed towards single-family housing units. Approximately 70% of housing units in the county are single-family, which is higher than the state average of 61%. Conversely, Okaloosa County has a lower proportion of mobile homes (5%) and units in buildings of 5 to 19 units (6%) compared to the state averages of 8% and 10% respectively. The county is roughly aligned with the state average for units in smaller multifamily buildings (2-4 units) and large multifamily buildings (20+ units).

FIGURE 5: HOUSING UNITS BY UNITS IN STRUCTURE, 2022



Source: 2022 American Community Survey 1-Year Estimates.

Since 2000, the construction of new housing units has roughly maintained the existing housing mix. The first decade of the 2000s (2000-2009) saw single-family units make up 65% of newly constructed units while multifamily units (both condominium and rental units) accounted for 31%.<sup>8</sup> The decade of the 2010s saw the composition of newly constructed units break down as follows: 77% single-family, 4% mobile home, and 19% multifamily. Housing construction over the past twenty-plus years has further solidified the housing mix towards single-family homes and less towards other, more affordable housing types.

<sup>8</sup> Multifamily units based on CoStar data.

As a result of the high concentration of single-family homes, the housing mix has significant gaps in supply for single renters and owners, young and growing families, and downsizing seniors, which will take dedicated efforts to address. If aging households are without options for downsizing, they will choose to remain in their larger homes, which may be better suited for younger families. This reduces options for younger, growing households,<sup>9</sup> and some families, who would otherwise choose to stay in the county, are forced to leave. The lack of housing diversity contributes to the housing affordability challenge and could limit long-term growth and economic vitality in the county.

## Housing Affordability

Many factors, some of which include the supply and mix of the available housing stock, contribute to a significant affordability issue within Okaloosa County. Okaloosa’s Studies suggest that additional housing supply may lead to some decreases in rent, the size of the effects are mixed.<sup>10</sup> However, adding supply alone will not address the county’s affordability issues, and further steps must be taken to address the availability of attainable workforce housing, but not limited to zoning adjustments that incentivize affordable housing set asides, housing subsidies, and the enhancement and diversification of housing funds.

As a tourism destination, the impact of short-term rentals on housing affordability in the county cannot be overlooked. The conversion of residential homes to short-term rentals reduces the available housing stock for Okaloosa County residents. This constrains supply and can drive up rental and property prices, further exacerbating the affordability challenge.

If left unaddressed, the lack of attainable workforce housing can have far-reaching, negative impacts on the community. The workforce in Okaloosa County, which is essential to local businesses and community services, is quickly being priced out of the market. Many workers are already living in other counties, due to the high housing prices in the county. If enough of the population chooses to relocate to other areas that offer more affordable housing, the county could experience labor shortages. A growing, healthy workforce is an important asset for every community, and the housing stock should be built to accommodate the shifting needs of the population.

<sup>9</sup> Linna Zhu and Doug McManus. “While Seniors Age in Place, Millennials Wait Longer and May Pay More for Their First Homes.” Freddie Mac. February 2019. <https://www.freddie.com/research/insight/20190206-seniors-age-millennials-wait>

<sup>10</sup> Been, Vicki and Ellen, Ingrid Gould and O’Regan, Katherine M., Supply Skepticism Revisited (November 10, 2023). NYU Law and Economics Research Paper Forthcoming, Available at SSRN: <https://ssrn.com/abstract=4629628> or <http://dx.doi.org/10.2139/ssrn.4629628>

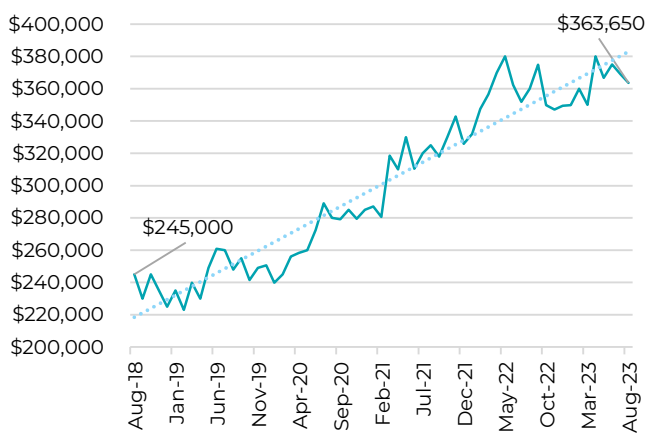
## Rising Housing Costs

The cost of housing throughout the State of Florida has increased considerably in the last five years, and Okaloosa County is no outlier. While many factors are likely contributing to these rising costs, it is clear that demand for housing is much higher than the existing supply.

## Rising Purchase Price

The median home purchase price in the county rose by 48% over the last five years, from August 2018 to August 2023. Even when compared to sale prices from just before the COVID-19 pandemic, recent median purchase prices have increased by over \$100,000. While the market appears to have plateaued, as shown in Figure 6, current sales prices remain well above historical prices.

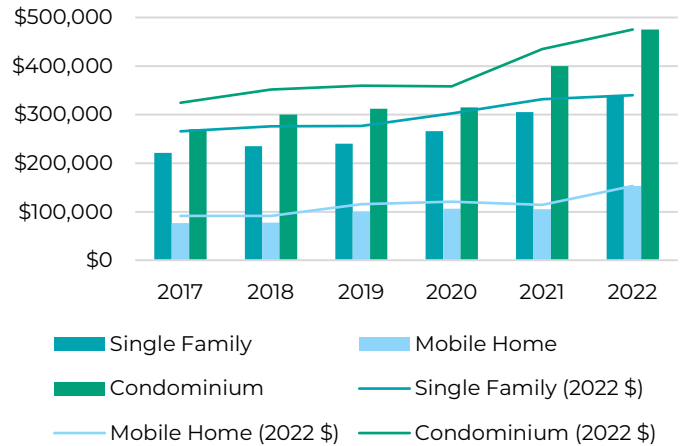
FIGURE 6: MEDIAN HOME SALES PRICE, AUGUST 2018 TO AUGUST 2023.



Source: Redfin Market Analytics

Even when evaluated by housing type and adjusted for inflation, this trend persists. Figure 7 shows the median nominal and real sales price by housing type. The bars represent the nominal value, the price that would have been paid in that year. The lines represent the real value, in 2022 dollars, which is the price after adjusting for differences in price levels. Even when adjusted for inflation, all home types have experienced real prices increases. Single family homes saw the smallest real increase, though it was still 28%. The median real purchase price for condominiums increased by 46% and mobile homes by 67%, respectively.

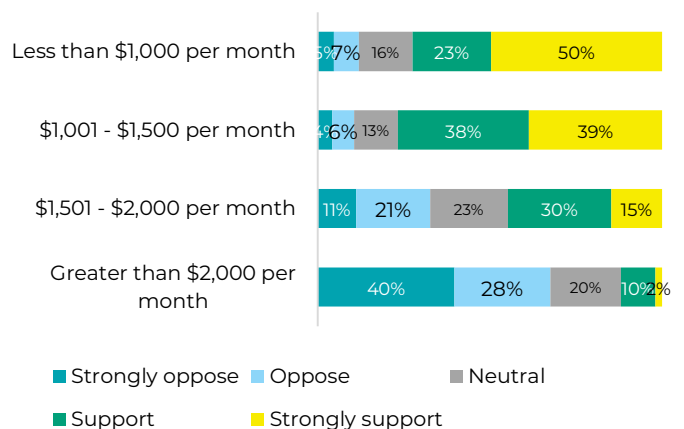
FIGURE 7: MEDIAN NOMINAL AND REAL SALES PRICE BY HOUSING TYPE, 2017-2022.



Source: Florida Housing Data Clearinghouse, Shimberg Center for Housing Studies.

Respondents to the Okaloosa County public opinion survey recognize the need for more lower cost housing, with almost 75% of respondents to the public opinion survey reporting that they support or strongly support more housing options that cost less than \$1,000 per month. An even larger majority recognize the need for housing that costs less than \$1,500 per month.

FIGURE 8: SUPPORT FOR INCREASING HOUSING OPTIONS IN OKALOOSA COUNTY BY PRICE POINT

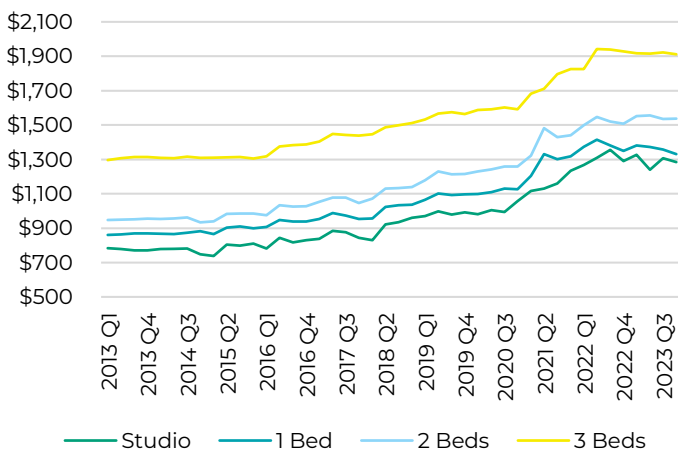


Source: Okaloosa County Public Opinion Survey, 2023.

## Rising Cost to Rent

Rental costs have also increased in Okaloosa County since 2020, affecting the renter community even more than homeowners and purchasers. Effective rents for most bedroom types have leveled off and shown a slight decrease since the second half of 2022, providing some relief to renter households in the county. This slowdown is likely due, in part, to the increase in rental unit supply as the market has delivered 879 new units during this time period. Despite the recent slowdown in rent growth, however, effective rents are still up 31% for studios, 21% for one-bedroom units, 25% for two-bedroom units, and 20% for three-bedroom units since the beginning of 2020.

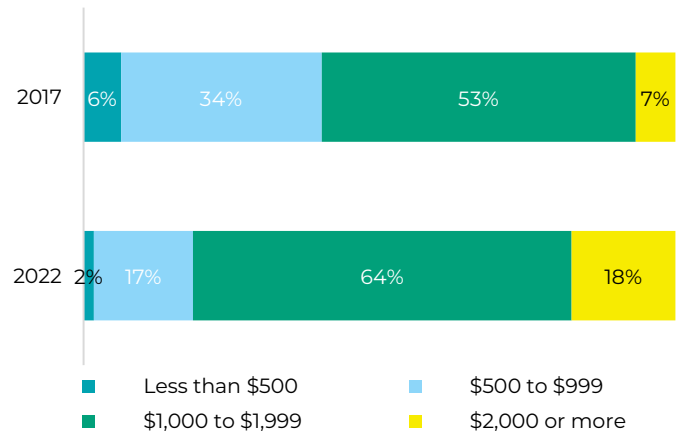
FIGURE 9: MARKET EFFECTIVE RENT BY BEDROOMS, 2013-2023



Source: CoStar Multifamily Rental Data.

Regardless of size, the supply of lower cost, “naturally affordable” rentals have decreased since 2017. In 2017, units with gross rents less than \$1,000 per month represented 40% of the rental supply. In 2022, rentals at that same price point represented just 19% of rental stock in the county.

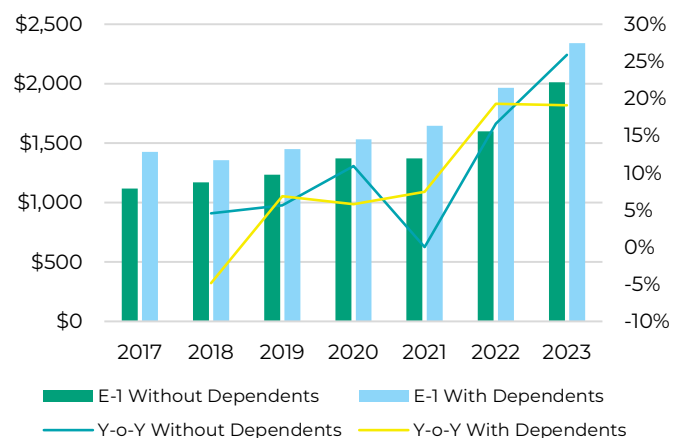
FIGURE 10: RENTAL HOUSING UNITS BY GROSS RENT, 2017 AND 2022



Source: 2017 and 2022 American Community Survey 1-Year Estimates.

The increase in overall rental costs may also result from recent increases in the BAH at the local bases. Between 2020 and 2023, the BAH for an E-1 without dependents rose by 47%, while the BAH for an E-1 without dependents increased by 53%, outpacing the growth in effective rent over the same time period. As mentioned previously in this report, the BAH may be acting as a price floor. If that is the case, future adjustments to the BAH will affect the cost of all market rate rental housing in the county, leading to further strain on non-military renters.

FIGURE 11: BAH FOR OKALOOSA COUNTY, 2017 TO 2023



Source: U.S. Department of Defense Travel Management Office BAH Lookup.



The steep rise in contract rent in Okaloosa County is placing a financial burden on many residents. There is some hope that the near-term rental market is likely to help with rental affordability as there are 1,408 rental units under construction as of 2023 quarter three. These units should come on to the market in the upcoming quarters, which will help the rental supply to more closely match the demand for rental housing units in Okaloosa County. However, as these new units are likely to enter the market at or near the top of the region’s range of charged rent, the impact on overall affordability is uncertain. Without units that are targeted to lower-income renters, there is some reason to expect limited relief on the overall rental market.

### Cost Burden

The U.S. Department of Housing and Urban Development (HUD) has established a national metric to determine the level of housing affordability. According to this metric, households that spend more than 30% of their household income on housing costs (can include mortgage, rent, taxes, insurance, and/or utilities) are considered “cost burdened,” meaning that they “may have difficulty affording necessities such as food, clothing, transportation, and medical care.”

In 2022, close to one-third of Okaloosa’s households meet this definition of cost burden, up four percentage points from 2017. Broken down by tenure, 22% of owner-occupied households are considered cost burdened, compared to 52% of renter households.

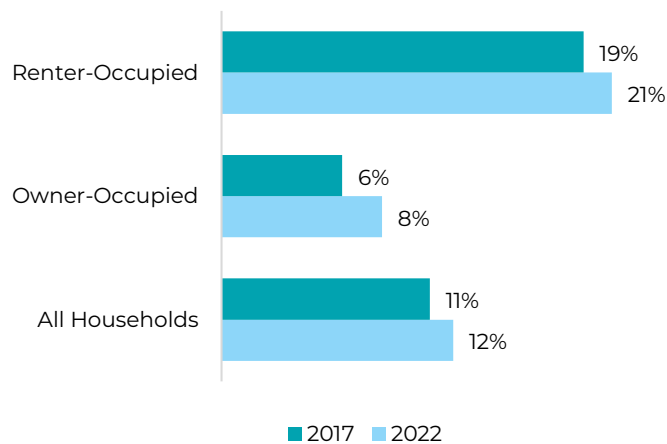
**TABLE 2: PERCENT OF OKALOOSA COUNTY HOUSEHOLDS THAT ARE COST-BURDENED, 2017 AND 2022**

Household Type	2017	2022
All Households	28%	32%
Owner-Occupied	18%	22%
Renter-Occupied	45%	52%

Source: 2017 and 2022 American Community Survey 1-Year Estimates.

Households spending more than 50% of their household income are considered “severely cost burdened.” In Okaloosa County, 12% of all households are considered severely cost burdened. Following the same trend as before, a higher percentage of renter households are severely cost burdened, compared to owner households. As of 2022, nearly 1 in 5 renter households are spending more than half of their income on housing costs alone.

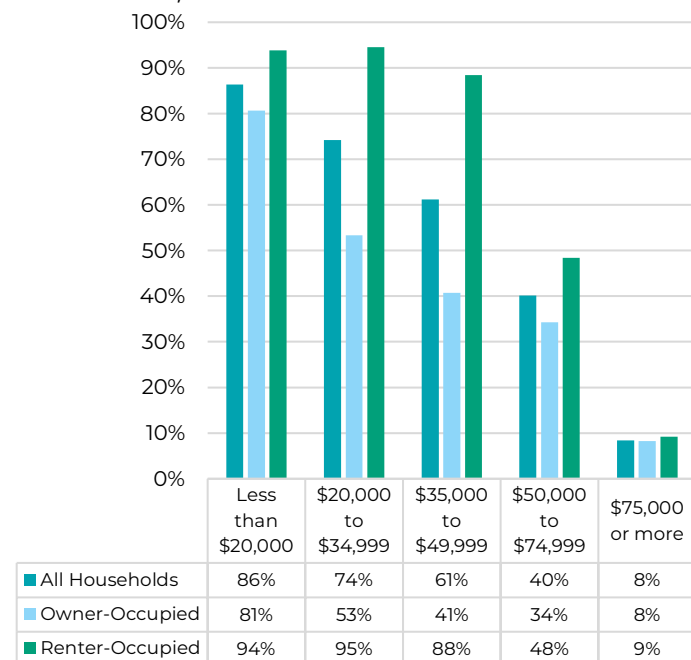
**FIGURE 12: SEVERE COST-BURDEN BY TENURE, 2017 AND 2022**



Source: 2017 and 2022 American Community Survey 1-Year Estimates.

The housing cost burden rate varies considerably by income, with low-income renters facing the highest incidence of cost-burden. Regardless of tenure, the cost burden rate decreases significantly when annual household incomes are at least \$75,000, at which point the incidence is below 10% for both owner and renter households.

**FIGURE 13: COST-BURDEN BY HOUSEHOLD INCOME AND TENURE, 2022**



Source: 2022 American Community Survey 1-Year Estimates.

## Workforce Affordability Analysis

Okaloosa is home to a complex economy relying on the core industry clusters of both tourism and a significant military presence and associated industries. The combination of these pillar industry groups creates unique pressures for the area’s housing supply to meet the needs of its workforce.

At one end of the earnings spectrum are the seasonal and low-income occupations that are critical to the success of the tourism industry. In a tight labor market, it becomes imperative for the community to provide adequate housing for these workers to ensure limited impact on tourism-dependent businesses. However, those employed either directly by the military or in adjacent industries tend to earn higher wages. In the case of active-duty residents, the BAH housing allowance can further complicate the entire housing market. Furthermore, as an aging community, the wellbeing of Okaloosa’s residents can also depend on the low- to-middle-earning workforce who provide essential services. Workers in these occupations (such as home health care aides, EMTs, and nurses) in addition to other important service providers (such as teachers, police officers, and firefighters) also need to be able to find housing that meets their needs and affordability to ensure that the local economy and residents are able to sustain the qualities that draw so many to the area.

Ultimately, Okaloosa’s housing supply must respond to the divergent needs of these competing markets. A broad mix of housing options can meet a variety of these needs. However, an undersupplied market very often leaves workers in the lower-earning occupations to find housing elsewhere, creating a risk to the local economy and potentially to the well-being and comfort of area residents.

## Earnings for Common Occupations and Growth Occupations

According to data from the American Community Survey, in 2022, the median annual earnings<sup>11</sup> in Okaloosa County were \$41,854. Of the ten most common occupations in the county, just three have median annual earnings higher than the county median.

TABLE 3: MOST COMMON OCCUPATIONS IN OKALOOSA COUNTY

Occupation	Jobs, 2022	Median Annual Earnings
Military-only occupations	10,400	\$44,709
Retail Salespersons	3,289	\$27,605
Waiters and Waitresses	3,031	\$26,248
Fast Food and Counter Workers	2,354	\$24,978
Cashiers	2,249	\$25,430
Office Clerks, General	2,156	\$35,632
General and Operations Managers	1,839	\$74,497
Stockers and Order Fillers	1,806	\$30,498
Cooks, Restaurant	1,700	\$27,803
Business Operations Specialists, All Other	1,699	\$82,618

Source: Lightcast 2023.4.

To understand the relationship between the most common occupations and housing affordability, the project team calculated the percentage of monthly income, based on reported annual earnings, which would need to be spent to rent a one-bedroom and two-bedroom apartment in Okaloosa County. Using this measure, eight of the ten most common occupations would be considered cost burdened. Retail salespersons, waiters and waitresses, fast food and counter workers, cashiers, and restaurant cooks, all critical to the county’s tourism industry, would need to spend more than half of their monthly income to afford a one-bedroom rental without considering the cost of utilities.

<sup>11</sup> Earnings, according to the U.S. Census Bureau, include, “wage or salary income, net income (gross receipts minus expenses) from nonfarm and farm self-employment, Armed Forces pay, commissions, tips, piece-rate payments, and cash bonuses.” Earnings are a component of income, primarily from wages or salary from a job. Income is composed of wage or salary income, Social Security payments, child support, pensions, public assistance, etc.

**TABLE 4: PERCENT OF MONTHLY INCOME FOR MARKET EFFECTIVE RENT FOR LARGEST OCCUPATIONS, 2022**

Occupation	1 Bedroom	2 Bedroom
Military-only occupations <sup>12</sup>	36%	40%
Retail Salespersons	59%	66%
Waiters and Waitresses	62%	69%
Fast Food and Counter Workers	65%	72%
Cashiers	64%	71%
Office Clerks, General	45%	51%
General and Operations Managers	22%	24%
Stockers and Order Fillers	53%	59%
Cooks, Restaurant	58%	65%
Business Operations Specialists, All Other	20%	22%

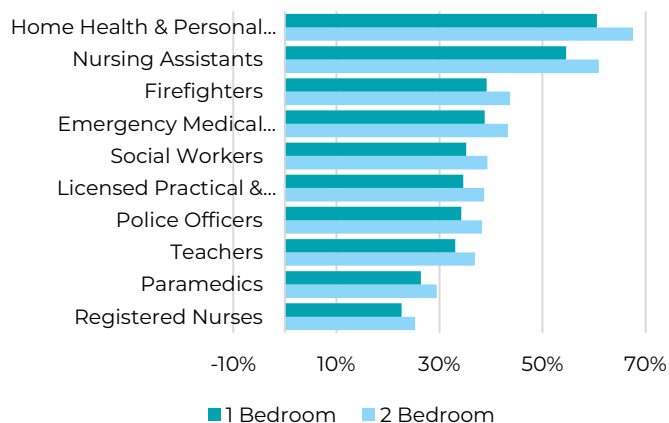
Source: Lightcast 2023.4 and CoStar.

## Essential Workers

As shown above, Okaloosa County has a large portion of its workforce in the tourism industry due to its location along the Florida panhandle. Workers in these industries tend to be concentrated in retail sales, food preparation, and service positions, which are less likely to be able to afford to live and work in the county. This housing affordability dynamic can put a strain on those businesses.

Workers of other occupations are affected by the limited availability of affordable housing, too. As shown in Figure 14, essential workers from many different industries, including healthcare workers, firefighters, social workers, police officers, and teachers would need to spend more than 30% of their monthly income on rent for a one- or two-bedroom rental, putting them into the “cost burdened” category. Failure to staff these critical positions can put public safety at risk; the responsiveness of critical social and health services depends upon the availability of nearby affordable housing.

**FIGURE 14: PERCENT OF MONTHLY INCOME FOR MARKET EFFECTIVE RENT IN OKALOOSA COUNTY**



Source: Lightcast 2023.4, CoStar, and Okaloosa County School District Instructional salary Schedule FY2023 – 2024.

The lack of attainable housing is impacting both the county’s most common occupations and its essential service providers. This is having an impact on the area’s businesses. When asked to identify the top three economic development challenges facing businesses in the county, more business representatives selected the “availability of attainable housing for employees” than any other factor. In total, 75% of respondents to the business survey chose this option compared to 62% who selected “recruiting a qualified workforce.”

Furthermore, over half of the respondents reported that their business operations are already being impacted by the lack of attainable workforce housing and 83% of respondents expect their operations to be impacted in the future.

**TABLE 5: EFFECT OF THE LACK OF ATTAINABLE WORKFORCE HOUSING ON BUSINESS OPERATIONS**

	Business operations have been impacted by the lack of attainable workforce housing	Business operations will be impacted in the future by the lack of attainable workforce housing
Yes	58%	83%
No	20%	5%
Don’t know	22%	12%

<sup>12</sup> This does not include the BAH.

In open-ended comments, respondents shared that they struggle with employee recruitment and attraction, both locally and from out-of-state, due to the high housing prices and availability of housing. Many shared that their employees cannot afford to live in the area and, therefore, are facing long commutes, with one participant saying that, “Employees are having to travel an hour to 2 hours to get to work due to the cost of living.”

## Estimated Housing Demand

### Affordable Housing Deficit

To better understand the need for attainable workforce housing, the current deficit in affordable housing can be estimated. Using data from the HUD Comprehensive Housing Affordability Strategy (CHAS) and methodology outlined by HUD,<sup>13</sup> the current deficit is 11,450 units across the county.

TABLE 6: ESTIMATED AFFORDABLE UNIT DEFICIT BY HOUSING TYPE.

Unit Type	Affordable Unit Deficit
Rental Units	8,345
For Sale Units	3,105
<b>Total</b>	<b>11,450</b>

Source: HUD CHAS, calculations by TPMA.

Looking at the deficit by household income, the largest gap in affordable units is for the lowest income households with incomes below 30% of the HUD Area Median Family Income (HAMFI).

TABLE 7: ESTIMATED AFFORDABLE UNIT DEFICIT BY HOUSEHOLD INCOME AND HOUSING TYPE.

	Household Income <= 30% HAMFI	Household Income >30% to <=50% HAMFI	Household Income >50% to <=80% HAMFI
Rental Units	3,725	3,350	1,270
For Sale Units	2,650	630	-175
<b>Total</b>	<b>6,375</b>	<b>3,980</b>	<b>1,095</b>

Source: HUD CHAS, calculations by TPMA.

<sup>13</sup> Utilized methodology from “Worst Case Housing Needs: 2019 Report to Congress. Available at: <https://www.huduser.gov/portal/publications/worst-case-housing-needs-2020.html>.

### Projected Demand for New Housing Units

TPMA’s Housing Demand Model, as detailed in the Methodology section of this report, estimates demand for an additional 16,103 housing units by 2028, and a total of 32,827 by 2033. Demand for these units could be a combination of market rate, affordable, and senior/age-restricted independent living.

TABLE 8: PROJECTED HOUSING DEMAND BY TENURE

Estimated 5-Year Demand		Estimated 10-Year Demand	
For-Sale Demand	For Rent Demand	For-Sale Demand	For Rent Demand
8,048	8,055	16,405	16,422

**Total Potential Demand for Additional Housing Units** **32,827**

Source: TPMA Housing Demand Model, Esri Population Projects, US Census Bureau OnTheMap.

Meeting the potential demand for additional housing units will require the county to utilize many different strategies, detailed in the Strategic Framework. If housing demand continues to outpace supply, housing prices will continue to rise, and the availability of attainable workforce housing will dwindle.



# Strategic Framework

## Context

As evidenced by the data in this report, Okaloosa County is a fast-growing county with growth driven by its geographic location and business-friendly environment. It is anticipated to continue to grow into the future due to anticipated expansion of the missions at Eglin Air Force Base and the continued migration to the county due to favorable economic conditions and the attractiveness of its coastal living environment. With this growth comes a significant demand for housing. In recent years, supply has not been able to match this demand, pushing housing costs to a level that makes it difficult for the county's workforce to own and rent homes in the area. This dynamic threatens the ability of the county to maintain its healthy economy. Through implementing this plan's recommendations, the county looks to address these issues to ensure the continued economic success of the region.

## Vision

The strategic framework that follows is rooted in a vision of how Okaloosa County intends to address its attainable housing needs. This vision is the result of the public input received during the process and the results of the housing needs assessment conducted to provide analysis on the details of the challenge of providing attainable housing in Okaloosa County.

Okaloosa County aspires to be a place where residents of various backgrounds, incomes, and ages can find attainable, quality housing of distinct types at price points that are affordable. The county will utilize a variety of strategies that allow the housing market to meet people where they are. Accomplishing this will maintain Okaloosa County's status as an attractive place for economic investment and population growth.

While the primary focus of these recommendation is directed toward the Okaloosa County Board of County Commissioners (BCC), it's important to note that the municipalities within the county can also leverage these strategies to address their own housing challenges. This collaborative effort will foster a more comprehensive and cohesive approach to addressing housing affordability throughout the entire county.



# Strategies

## Goal 1: Prioritize the Creation of New Attainable and Low-Income Housing

According to Okaloosa County's Comprehensive Plan (Chapter 2.3, Objective 1.1), the county must, "coordinate with public agencies and the private sector to... ensure that a sufficient quantity of affordable housing is created or preserved to meet the needs of all current and anticipated future County residents and households...". As indicated through rising housing costs, there is an insufficient quantity of affordable housing, creating strain in the Okaloosa County housing market. The consequences of this mismatch are not only felt by aspiring homeowners and renters but can be felt throughout the economy, with the shortage of workforce housing impeding businesses' ability to attract and retain a qualified labor force. Moreover, this has a direct impact on the military installations, leading to the relocation of jobs to other bases as personnel struggle to find attainable housing. Through targeted initiatives, the county can create an environment conducive to the creation of new attainable and low-income housing options, creating a housing ecosystem catering to the needs of all residents.

### **Strategy 1.1: Dedicate Portion of Non-Profit Allocation for Attainable Housing**

Okaloosa County allocates approximately \$250,000 annually out of the general fund to non-profit organizations. The county should consider setting aside a portion of this funding for use by housing developers seeking to construct new affordable housing. A portion of these funds dedicated to affordable housing could also be utilized for rental assistance and other supportive housing needs.

### **Strategy 1.2: Continue Infrastructure Investments within the County**

Infrastructure investments reduce the cost of affordable housing, increasing the financial feasibility for developers. The county has made significant investments in infrastructure in recent years, due to the half-cent infrastructure surtax, which has supported 34 infrastructure projects. The county should continue to focus on infrastructure improvements, which will reduce the barrier to the implementation of affordable housing.

### **Strategy 1.3: Connect Local Developers to Available Funding and Programs**

Recent state legislative efforts have greatly increased funding available for affordable housing efforts. The Live Local Act, adopted in March 2023, provides \$100 million for the Hometown Heroes Program, which provides downpayment assistance for eligible workers to purchase a home in the county they work in. The program was so successful that an additional \$36 million was allocated in November 2023, with a further \$100 million included in the Governor's budget request for 2024-2025.

Moreover, the Act provides additional funding for the State Apartment Incentive Loan (SAIL) program, which is intended to help fund mixed income, mixed-use, and infill multifamily development. In light of these expanded resources, the county should create an additional policy under Objective 1.1 of Chapter 2.3 of the county's Comprehensive Plan, stating that County staff will provide technical assistance and staff support to developers engaged in or planning to engage in the provision of affordable housing, facilitating connections with available funding and resources. By engaging with local developers and guiding them through the identification and navigation of diverse programs and opportunities, the county can effectively diminish barriers to the development of accessible workforce housing within its jurisdiction.

## Strategy 1.4: Waive Permit Fees for Attainable Housing Developments

Okaloosa County charges permit fees for development applications to help offset the cost of the review process and expansion of infrastructure and services that may result from new development. It is recommended that the county incorporate a new policy into its Comprehensive Plan to, at a minimum, waive these permit fees for all housing associated with Low-Income Housing Tax Credits (LIHTC). While waiving fees is generally counted as an in-kind contribution, this is specific to the Request for Applications issued for the funding. Additionally, local contributions for Local Government Areas of Opportunity cannot include fee waivers.

Notwithstanding, the waiving of fees as an in-kind contribution benefits a project by reducing the costs associated with the construction of affordable housing. Additionally, the county should consider waiving permit fees for the affordable units within any housing development which includes a certain percentage set aside for low-income housing. The waiving of other, development-driven fees (such as the payment-in-lieu-of providing parkland) inside a redevelopment overlay district can help to incentivize new infill development, which in turn, is likely to save the county money in the long run. Rather than having to expand infrastructure and services for greenfield development, infill development is taking advantage of the existing infrastructure, reducing the per unit cost for providing these services.

### Best Practice

#### SUMTER COUNTY, FL

Sumter County provides building permit fee waivers for all affordable housing projects in which the County is the lead entity. This has been codified in both their [Comprehensive Plan](#) and [Chapter 12, Article III, Section 12-44](#) of their Code of Ordinances.



### **Strategy 1.5: Establish Ad Valorem Tax Freeze and/or Tax Reduction Schedule**

Section 9 of the Live Local Act allows counties and municipalities to adopt tax exemption ordinances for portions of property used to provide affordable rental housing. In order to be eligible for the tax exemption, the Act stipulates that the exempt portions of the property must contain more than 50 residential units of which at least 20% are affordable housing units. The level of exemption is directly tied to the affordable housing level such that a local government can exempt up to 100% of the assessed value of each residential unit if all of the units in the development are used for affordable housing. This tax exemption can significantly improve the feasibility of affordable housing development and help to spur its construction. It is recommended that the county adopt an affordable housing property tax exemption in line with what is permitted under the Live Local Act.

### **Strategy 1.6: Publicly Demonstrate Support for Attainable and Low-Income Housing Efforts**

The Okaloosa County Board of County Commissioners has the opportunity for quick wins that can serve as a starting point for creating more housing attainable to households at various income levels. The county should create a factsheet and/or a dedicated webpage. This resource would provide information on available programs and services related to attainable housing. Okaloosa County currently has a page on its website dedicated to housing, which is primarily to provide staff contact information, information about the affordable housing advisory committee (AHAC), and general information regarding the SHIP program. However, the recommendation is to either revamp this existing page or create a separate webpage that can serve as a “one-stop shop” that can provide information for all of the attainable housing activities that the county supports and is involved in. This “one-stop-shop” should also include information specifically for contractors. While the county website currently has a SHIP Contractor Handbook and a SHIP Contractor Application posted, this information is difficult to find. This has been reported as a barrier to participation in the SHIP program. Additionally, working in collaboration with the county Public Information Office, the county should develop recruitment materials that can be sent to the Building Industry Association, the Association of Realtors, and the chambers of commerce, including possibly scheduling regular engagements. These strategies will increase information accessibility, allowing the county to better recruit contractors to the program.

### **Strategy 1.7: Conduct Public Education Campaign**

Community resistance can be a significant barrier to the development of affordable housing. Despite the Live Local Act mandating municipalities to approve developments with a minimum of 40% affordable units, conducting a housing education campaign can alleviate public opposition by fostering informed community engagement and promoting the advantages of housing diversity. This campaign should include a combination of informational fact sheets and brochures, as well as media, government, and public outreach. By demystifying the myths around affordable housing, the county will increase acceptance and understanding of affordable housing.

### **Strategy 1.8: Ensure County Staff Have Adequate Capacity and Resources to Expand Housing Services and Programs**

In order to maximize funding resources and support the regional housing environment, the county will likely need to hire additional staff to focus on housing programs and should consider expanding or reorganizing the efforts of the Housing Program Division. One housing program staff member should be tasked with strategic funding and planning. This person will provide regular communication to the public on progress being made on housing generally across the county and should be able to have high-level entrepreneurial conversations with developers, funders, and strategic partners across the non-profit sector and local governmental bodies. This sort of regular proactive communication with these parties is necessary to ensure receipt of available funding and developer recruitment.

This person will also apply for grant funding related to housing and ensure proper administration of housing program funding. In the Fiscal Year 2024 Budget, one additional position was allocated to the Housing Program Division in anticipation of the need for additional housing program capacity. The county should consider the structure of the existing housing program staff and responsibilities before filling this third vacancy. The county should view the cost of housing program staff as an investment that will lead to greater amounts of funding allocated to Okaloosa County that goes towards these housing and development programs.



## Goal 2: Maximize Use of Available Land for Attainable Housing

The Okaloosa County Comprehensive Plan (Chapter 2.3, Objective 1.2) calls upon the County to, “provide adequate sites and distribution of housing for very-low-income, low-income and moderate-income households...”. The significant portion of federally owned land in Okaloosa County places real limitations on the availability of land for the development of new housing, as do some existing covenants and ordinances. There is a significant amount of land available in north county, with suburban level development and even urban development in and around Crestview, but there has been, until somewhat recently, a lack of desire to focus development efforts in these areas. Due to these limitations and to meet the objective of the Comprehensive Plan, Okaloosa County needs to be innovative and efficient in use of the land that is available for development. The authors note that, at the time of this study, the County has engaged the services of a land use planning consultant to undertake a North Okaloosa Planning Study that will provide detailed guidance for the future development of the area north of the Eglin reservation.

### **Strategy 2.1: Partner with Department of Defense to Utilize Orphaned Parcels for Attainable Housing Development**

In recent years, Eglin Air Force Base, which owns a sizable portion of the total land area in Okaloosa County, has undertaken or participated in capital projects such as the Mid-Bay Bridge Extension and other initiatives that affect the installation’s operations as well as surrounding area. In some cases, properties that were formerly contiguous with the Base have become cut off or isolated such that it is no longer practicable to use them for military operations. There are also other properties in the county which, though owned by the Air Force, are not ideally suited for military use, and could be made available for other purposes.

Some of these parcels have been made available to development through the Air Force’s Enhanced Use Lease (EUL) program through which the land remains in military ownership but is subject to a long-term lease enabling other, mutually desired (military and civilian) uses. The county should work with local developers and the Air Force base personnel develop an inventory of “orphaned parcels” and develop a list of prioritized uses.

It is recommended that medium or even higher density residential development be considered as a high priority use for those properties that are proximate to existing population centers and are served with adequate infrastructure. Such parcels could provide housing opportunities for base personnel and the county’s workforce.

It should be noted that Eglin’s most recent Housing Requirements and Market Analysis (HRMA) identifies a significant shortage of housing for base personnel in the local market. This identified need provides an opportunity for the county to work with Eglin to utilize the orphaned land in a way that is aligned with the goals of the EUL program while providing additional housing opportunities for the military and civilian workforce in Okaloosa County. In turn, this increases the feasibility of many affordable and workforce housing projects. As a part of the enhanced use lease agreement, the county may attempt to work with Eglin on a housing model similar to the community land trust model that could allow for attainable homeownership on land that the Air Force would still control.



## Strategy 2.2: Establish or Partner with a Community Land Trust

A community land trust, or CLT, is a nonprofit organization that provides long-term homeownership opportunities to low-income residents within a community. CLTs often utilize publicly owned or donated land to develop homes that retain their affordability for generations of low-income homebuyers.

Through the CLT model, the land remains under the ownership of the land trust, which removes the price of the land from the cost of development, allowing the home to be built and sold at a price point below the typical market rate. The qualifying homebuyer is able to purchase the home at a more affordable price point and signs a long-term, renewable lease with the land trust, which maintains ownership of the land. As part of this lease, the homeowner accepts certain deed restrictions that typically limit the profit that can be made when selling the home to ensure that the home remains affordable for the next buyer.

Several local governments in Florida, recognizing the need for attainable homeownership opportunities, work to help establish and support community land trusts in their jurisdictions. Typically, local governments will provide a CLT with initial funding and resources to be able to get started and may provide ongoing operational support. Some local governments have donated public land to a CLT as a show of support.

It is recommended that the county look into partnering to establish or support an existing community land trust and include the establishment of the CLT in the Comprehensive Plan under Objective 1.2. The utilization of County owned parcel(s) suitable for housing or an orphaned parcel from Eglin Air Force Base may provide the land needed for a community land trust to start.

## Best Practice

### COMMUNITY LAND TRUST OF PALM BEACH COUNTY AND THE TREASURE COAST, PALM BEACH COUNTY, FL

The Community Land Trust of Palm Beach County and the Treasure Coast was formed in 2006 as a way to address the need for affordable homeownership options in Palm Beach County. Land is generally donated to the CLT, and a combination of state and federal grants, as well as below-market rate construction loans, are used to fund the design and construction of the homes. Palm Beach County spearheaded the effort along with several organizations in the County. To date, the CLT has developed 61 permanently affordable homes and 80 multifamily units.

## Best Practice

### FLORIDA COMMUNITY LAND TRUST

A Manual for Establishing, Sustaining and Scaling Community Land Trust Operations in Florida

The Florida Housing Coalition has developed a manual for establishing CLTs in the state. This resource contains a wealth of information, including an example ground lease.



### Strategy 2.3: Unlock North County's Potential

Residential development in Okaloosa County is overwhelmingly concentrated in the southern half of the county, the area south of the Eglin Reservation. One way to increase the land area that could be developed for residential units would be to allow for more residential in the northern half of Okaloosa. Currently, the county zones much of the northern half of the county for low-density residential and agricultural uses. The Future Land Use Map also regulates this area for the same low intensity uses. Given the land constraints for new large scale residential development in the southern half of Okaloosa County, the county should look to unlock portions of the northern half of Okaloosa, particularly those along major roadways, for additional residential development.

The county should also explore opportunities for infrastructure improvements in North County, which would enable more development than what would currently be supported given the limited infrastructure in certain areas of North County. At the time of this writing, Okaloosa County has issued a Request for Proposals (RFP) to undertake a North Okaloosa Planning Study that will, when complete, integrate land use and infrastructure planning to develop a blueprint for where and how the county will grow north of the Eglin Reservation. As previously noted, the county is undertaking a North County Planning Study that will identify areas suited for intensification of development as well as areas less suited for development which should remain in lower intensity use. In the areas identified as suitable for increased development, the provision of affordable housing should be a primary consideration.

There are many funding sources that could help offset some of the costs of providing this new infrastructure. The county has established the North Okaloosa Transportation Tax Increment Area, which utilizes tax increment financing to fund the roadway expansion of P.J. Adams Parkway in Crestview. A similar fund could be established for an identified area of North County that is appropriate for new workforce housing. One new source of funding is the Florida Job Growth Grant Fund, which was recently expanded to help fund state and local infrastructure projects tied to the construction of affordable housing under the Live Local Act.

### Goal 3: Update Land Use Policy

The demand for housing in Okaloosa County is significant as evidenced by the steady rise in home sales prices and market rents, which have risen by 41% since 2013. This significant rise in housing costs is a signal from the market that the supply of housing is not keeping up with the demand. Despite the growth in population and the demand for housing, there are underutilized areas within Okaloosa County that show signs of economic distress. One probable reason for this is the restrictiveness of the existing zoning that prevents the market from redeveloping properties to the highest and best use. A key recommendation to address housing supply and economically revitalize certain areas of the county is to re-zone appropriate areas of the county to designations that increase the number of high-density residential opportunities. Where possible, it would be preferential to include dedicated affordable housing units in new high-density developments.

The recommended changes in land use policies in Okaloosa County are intended to comply with the county's Comprehensive Plan and Future Land Use Plan. In certain instances, changes to the land use policies to increase the supply of attainable housing may require amendments to the Future Land Use Map and/or the Comprehensive Plan. The Comprehensive Plan for Okaloosa County was adopted by the Board of County Commissioners pursuant to Section 163.3177 of Florida Statutes to apply to all land in the unincorporated areas of Okaloosa County. The recommendations herein apply to land use policies for the unincorporated areas of Okaloosa County and thus are intended to be pursuant to the goals and policies of the county's Comprehensive Plan.

### Strategy 3.1: Commission an Inclusionary Zoning Study

Inclusionary zoning is one of the most popular tools used by jurisdictions across the country to increase the supply of housing affordable to households at various income levels. In general, inclusionary zoning requires, or encourages, a certain percentage of housing units in a new development, either multifamily or single-family, are affordable at certain income levels.

Inclusionary zoning is currently being utilized by various municipalities and counties in Florida to try to increase the supply of workforce and affordable housing. Sections 125.01055 and 166.04151 of the Florida Statutes permit counties and municipalities to adopt inclusionary housing ordinances. If a mandatory inclusionary zoning ordinance is adopted, Florida Statutes require that incentives are provided to, “fully offset all costs to the developer of its affordable housing contribution...”. Potential incentives include, but are not limited to, density bonuses, fee waivers or reductions, height bonuses, and parking reductions.

To ensure developers are adequately compensated, the Florida Housing Coalition created a four-step process, detailed below:<sup>14</sup>

- 1) Identify the costs of the affordable units (including construction, land, parking, soft costs, and other development costs).
- 2) Determine the revenue gained from the affordable units and subtract that from the costs to determine the cost to offset.
- 3) Identify which costs local government can reduce.
- 4) Bundle incentives to keep the developer economically whole.

An example from the City of Gainesville Exclusionary Zoning and Inclusionary Zoning Study can be seen in Table 9. In this example project, a 10% inclusionary zoning requirement without any density bonus would result in a yield on cost (YOC), a metric used to measure the return on investment, below the target YOC. Including a 30% density bonus, leading to the development of 20 affordable units (at 80% AMI), would result in a YOC that matches the target YOC over a ten-year period.

TABLE 9: INCLUSIONARY ZONING EXAMPLE PROJECT, INFILL MIDRISE

<b>Total Land (SF)</b>	<b>60,000</b>
Land Cost (PSF)	\$120
All-in Construction Costs (GSF)	\$207
Average Unit Size (NSF)	1,003
Market Rent (NSF)	\$2.40
Parking Rent (space/month)	\$225
Operating Expense per Unit	\$6,500
Cap Rate	4.25%
Target YOC	5.50%
	<b>5.30%</b>
YOC, 10% IZ No Density Bonus	150 total units, 15 affordable units
<b>YOC, 10% IZ and 30% Density Bonus</b>	<b>5.50%</b> 195 total units, 20 affordable units

Source: Exclusionary Zoning & Inclusionary Housing Study, City of Gainesville. <https://www.gainesvillefl.gov/files/assets/public/v/1/sustainable-development/planning-department/documents/final-report-gainesville-ez-iz-study.pdf>

However, many jurisdictions in Florida choose to incentivize inclusionary zoning in the form of density bonuses. Okaloosa County, as discussed further below, currently has a density bonus ordinance. Density bonuses allow a developer to build more housing units than would be permitted under the applicable zoning in exchange for providing a certain number of affordable units within the development. While voluntary policies encourage affordable housing development, they tend to be less effective than mandatory policies, because developers can decide whether or not they want to participate. An inclusionary zoning policy should be added under Objective 1.3 of Chapter 2.3 of the county’s Comprehensive Plan, with program regulations added to the Land Development Code. Should the Board of County Commissioners determine that a mandatory inclusionary zoning policy is the best fit for the County, then an inclusionary zoning study should be commissioned to conduct a feasibility analysis and provide recommendations for policy design.

<sup>14</sup> “Inclusionary Zoning & HB 7103 FAQ.” Florida Housing Coalition. <https://flhousing.org/wp-content/uploads/2020/04/inclusionary-zoning-faq-.pdf>

## Best Practice

### [WORKFORCE HOUSING PROGRAM, PALM BEACH COUNTY, FL](#)

The Workforce Housing Program, established in the county's Comprehensive Plan, requires that a percentage of units in new residential developments of 10 units or more be affordable to the county's workforce, defined as 60% to 140% of the area median income. Units can be for-sale or for-rent, with a required affordability period of 30 years for rentals, and 15 years for for-sale units. Available incentives for this program include density bonuses, traffic performance standards mitigation, expedited permitting, zoning, and plan approval, and offsets for impact fees and other development fees.

[Program Regulations \(Article 5, Chapter G, Section 1 of the Unified Land Development Code\)](#)

## Strategy 3.2: Expand Use of R-3 Zoning

The county's Residential-3 (R-3) district is intended to implement and put into regulatory effect the multifamily dwelling provisions of the "High Density Residential" future land use category established in the Comprehensive Plan. These R-3 zones are the highest density residential zones permitting multifamily development at a maximum density of twenty-five dwelling units per acre. The R-3 zones cover very small areas of the county and are concentrated in the unincorporated portion of Fort Walton Beach, leaving little opportunity for new multifamily to be developed without the need for a zone change request. The county should amend its zoning and future land use maps to incorporate more high-density residential and R-3 zones to increase supply of multifamily units in Okaloosa County. The location of the potential rezoning areas to the R-3 zone should align with Objective 2 of the Future Land Use Plan which states that "Development, redevelopment, land use plan amendments, and changes to the zoning of a site shall be coordinated with the availability of facilities and services, including assurance that land is available for the needed facilities and services. It is the intent of this recommendation that changes to the county's zoning to allow for high-density residential are in locations that have adequate services related to proximity to jobs and transportation networks.

## Strategy 3.3: Adjust Density Bonus to Improve Attractiveness

Density bonuses are a tool to increase the supply of affordable housing by granting a developer an increase in allowable density in exchange for providing a portion of the total units in the development as affordable to low- and/or moderate-income households. Okaloosa County has this tool in its ordinances. Section 2.19.04 of the Land Development Code details the county's density bonus for affordable housing. Currently, a developer looking to build a housing development with five or more units is able to increase the density of the project by at least twenty-five percent (25%) more units than allowed by the existing zoning if the developer agrees to build at least one-quarter of a project's units at levels affordable for low- or moderate-income households. Additionally, the affordable housing project receives expedited review as a minor development.

Almost none of the residential development that has occurred since the enactment of the density bonus ordinance has utilized this incentive to construct affordable housing, representing signaling by the market that the ordinance is either not feasible or not providing enough of an incentive to take advantage. It is recommended that the county look to reduce the minimum percentage of units that are to be affordable and/or increase the density bonus in order to entice future developers to incorporate affordable units within their development. A review of existing density bonuses in Florida shows a wide range of requirements, with some jurisdictions offering a 100% density bonus for as little as 10% of a project's units as dedicated affordable. In concurrence with an earlier recommendation, additional staff could play the role of promoting the density bonus ordinance and other incentivizes, detailed below, to spread the word to developers about how the market can take advantage of the opportunity created by the ordinance change

### Strategy 3.4: Clarify ADU Permissions

Accessory dwelling units (ADUs) are a housing typology that could help to improve the overall housing supply. ADUs are generally either attached dwellings that are attached to the principal single-family dwelling or a detached unit that is physically separated from the principal single-family residential dwelling. Section 2.21.05 of the Land Development Code permits guest houses and garage apartments in all zoning districts subject to certain restrictions that limit the number of guest houses to one per lot or parcel, requires guest houses to be detached from the principal dwelling unit and limits the total square footage of the guest house to less than the principal structure. While the code is permissive towards accessory dwelling units, the language regulating these uses leaves much uncertainty and interpretation. It is recommended that the language in the code is clarified, such as providing a definition for accessory dwelling units. The ordinance is recommended to be updated to allow accessory dwelling units to be attached to the principal structure, which could help to reduce construction costs and may be less obstructive to neighboring properties.

#### Best Practice

[ACCESSORY DWELLING UNITS GUIDEBOOK, FLORIDA HOUSING COALITION](#)

The Florida Housing Coalition has developed a for local governments to adopt an ADU ordinance that is contextually appropriate while ensuring the production of accessory dwelling uses based on best practices throughout the country. Included in the guidebook are model ordinances, best practices, and examples of ADU policies in Florida. This guide may be a useful tool for Okaloosa County as it looks to clarify the language regarding its existing ADU ordinance.

### Strategy 3.5: Allow ½ Unit Counts for Smaller Units

Okaloosa County regulates the intensity of residential development through the maximum density requirements which limits the number of dwelling units per acre. The county should look to reduce the density counts for smaller residential units, including tiny houses.<sup>15</sup> In Sarasota County, the ordinance was amended to permit multifamily dwelling units of 750 square feet or smaller to be counted as a half unit towards the overall maximum number of units per acre.<sup>16</sup> This threshold can allow for the construction of smaller, more affordable housing units for the county's workforce and older populations.

### Strategy 3.6: Reduce Parking Requirements

Parking requirements can represent a significant cost burden on developers, particularly on infill development sites. Given the nature of the recommended redevelopment districts, it is recommended that the parking requirements are reduced to incentivize this redevelopment to prevent this regulation from being cost prohibitive. The county may look to allow for shared parking, particularly for mixed-use development where parking spaces can be "shared" among the different uses as the demand for parking across hours of the day varies by the use. The existing shared parking provisions of the Land Development Code should be revisited to ensure that it provides as much flexibility as possible. The reduction of parking is also recommended to apply for any development that incorporates affordable housing.

<sup>15</sup> The Florida Building Code includes specific provisions for tiny houses to ensure their safety.

<sup>16</sup> See [Appendix F](#) for Sarasota County code.

### Strategy 3.7: Establish Redevelopment Districts to Target Development and/or Pilot Other Land Use Policy Changes

A main avenue for expanding opportunities for attainable housing is through the creation of redevelopment overlay districts, which would provide Okaloosa County the opportunity to establish multiple small redevelopment districts to serve as pilots for a scale and spectrum of policy and funding interventions to address the county's housing needs. More information on development districts, including selection criteria and potential sites, is available in [Appendix G](#).

This strategy provides increased flexibility for the market to provide more housing opportunities, limit risk to the county overall, and provide a clear line of sight to the effectiveness of each initiative. The adoption of redevelopment district aligns with Objective 3 of the Future Land Use Plan which states, "The county shall encourage redevelopment areas that are exhibiting evidence of decline... It is further the objective of the county to ensure that redevelopment does not create incompatibilities of land use districts or adjacent structures, continue existing incompatibilities, or degrade established levels of services standards". The redevelopment strategy that the county undertakes should be in strategic locations that can provide the maximum benefit to the county.

To complement the redevelopment overlay districts, the county should consider utilizing tax increment financing (TIF) through the Community Redevelopment Act. Florida's Community Redevelopment Act allows jurisdictions to establish a community redevelopment agency (CRA) and TIF, providing tools to incentivize growth and investment in areas targeted for redevelopment and blight mitigation. The City of Destin, for example, created a community redevelopment agency to reinvest in public infrastructure in the City's two community redevelopment areas. The Destin CRA has utilized TIF funding to improve infrastructure that otherwise would not be possible.

## Best Practice

### [HARBOR COMMUNITY REDEVELOPMENT AREA PLAN, DESTIN, FL](#)

The City of Destin, described above, established by Resolution on June 2, 2003, the Harbor Community Redevelopment Area (CRA), which encompasses nearly 400 acres along Destin Harbor. The Harbor CRA has successfully incentivized new development in this area of the City while the tax increment financing has helped to fund several infrastructure projects, including the Harbor Boardwalk, which were identified in the Harbor Redevelopment Plan.

[Resolution 98-09: To Establish the Destin Community Redevelopment Authority](#)

[Resolution 03-06: Relating to Community Redevelopment; Finding the Existence of Blight Conditions](#)

[Resolution 03-07: Approving a Community Redevelopment Plan for the Harbor Community Redevelopment Area](#)

[Resolution 03-14: Creating a Harbor Area Community Redevelopment Agency Advisory Committee](#)



## Goal 4: Maximize, Expand, and Diversify Funding Opportunities for Attainable Housing

While there are significant challenges with providing attainable housing in Okaloosa County, there are extensive resources at the local and state levels that the county can pull from to address this challenge.<sup>17</sup> This strategy identifies those resources and provides details on how these resources and programs can be better utilized to meet Okaloosa County's attainable housing goals.

### Strategy 4.1: Dedicate Portion of Infrastructure Surtax for Affordable Housing

Okaloosa County has a half-cent sales tax used to fund investment in critical infrastructure projects, known as the infrastructure surtax. The infrastructure surtax has generated more revenue than anticipated, far outpacing the \$12 million per year that were originally expected.<sup>18</sup> Currently, funding for the infrastructure surtax is divided evenly between stormwater, public safety, and infrastructure projects, with each receiving one-third of the funds raised.

Florida Statutes (212.055) allows the infrastructure surtax to be used for "any land acquisition expenditure for a residential housing project in which at least 30 percent of the units are affordable to individuals or families whose total annual household income does not exceed 120 percent of the area median income... The local government or special district may enter into a ground lease with a public or private entity...", meaning that these funds could be used to acquire or lease land for attainable workforce housing.

Additionally, up to 15% of the surtax proceeds can be allocated for the purpose of funding economic development projects (212.055). Available attainable housing benefit the local economy, and as discussed earlier in the report, Okaloosa County businesses are already feeling the impacts of the shortage. The county could use these funds for the Local Government Contribution for 9% LIHTC grants, or as is being done in Pinellas County, to fund the construction costs to create and preserve affordable housing units.

While a ballot referendum would likely be required to change the uses of the surtax, if passed, this would create regenerating revenue stream for affordable housing.

### Best Practice

#### [AFFORDABLE HOUSING DEVELOPMENT PROGRAM, PINELLAS COUNTY, FL](#)

Pinellas County allocates 4.25% of their infrastructure surtax for the development and rehabilitation of affordable housing. The County has developed an application process, whereby interested developers can apply for funding. Since 2020, the Pinellas County Government has invested \$33.9 million to support new projects, which has led to the construction or approval of 941 affordable units and 209 workforce units.

[Ordinance placing the extension of the Penny for Pinellas referendum question on the November 7, 2017 County Referendum and Municipal General Elections ballot.](#)

[Resolution to adopt PENNY IV Affordable Housing and Economic Development Program Guidelines \(contains the program guidelines document\)](#)

<sup>17</sup> An overview of existing funding opportunities can be found in [Appendix H](#).

<sup>18</sup> "Okaloosa's Half-cent Infrastructure Sales Tax ahead of schedule, with \$48 million collected so far." Jared Williams, Get the Coast. <https://www.getthecoast.com/okaloosas-half-cent-infrastructure-sales-tax-ahead-of-schedule/>

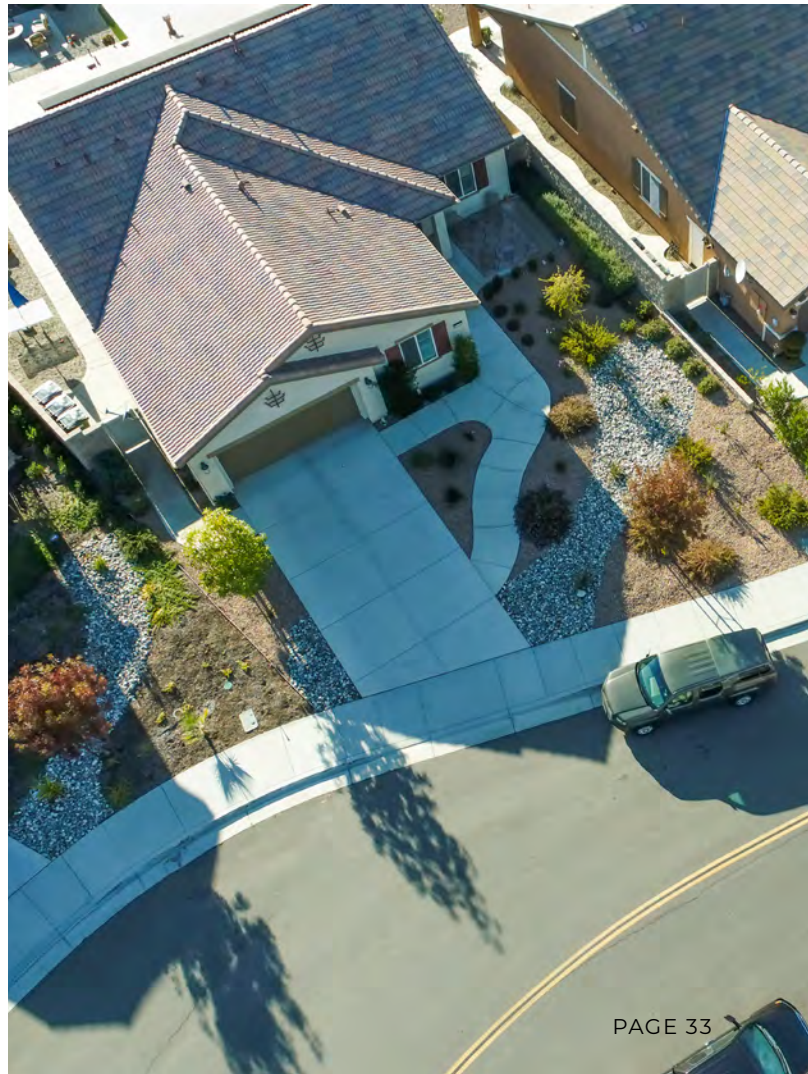


## Strategy 4.2: Maximize the Impact of SHIP Funding

Okaloosa County, the City of Fort Walton Beach, and (as of FY 23/24) the City of Crestview annually receive funds through the SHIP, which is administered by the Florida Housing Finance Corporation. As provided in Chapter 420 of the Florida Statutes, local governments must use SHIP funds to assist very low- to moderate-income and special needs households in obtaining affordable housing. The statute also encourages the creation of partnerships between local governments and between local governments and other housing agencies to use the funds most effectively. Okaloosa County and the City of Fort Walton Beach have entered into an interlocal agreement to jointly utilize their respective allocations, with the county serving as the SHIP administrator. The City of Crestview is, at the time of this writing, standing up its own SHIP program to utilize its newly-allocated funds.

A local government's expenditure of its SHIP funds must be in accordance with its adopted Local Housing Assistance Plan (LHAP) which identifies which of the strategies provided in Chapter 420 of the Florida Statutes the local government will use to expend the funds. At the time of this writing, Okaloosa County is using SHIP funds for owner-occupied housing rehabilitation and will soon initiate a purchase assistance program. The county also anticipates initiating a new housing construction program in partnership with non-profit agencies. The county should also consider utilizing a portion of its SHIP funding to maximize, within the limitations of Chapter 420, contributions for new, large scale housing development, such as housing projects receiving federal HOME funds or LIHTC funding. Specifically, the county may consider utilizing SHIP funding for the construction of affordable housing in the designated redevelopment districts. This potential change in how SHIP funds are spent by the county is timely as the Live Local Act increased the amount of funding for the SHIP program by \$252 million.

When considering new ways of expending SHIP funds, it is important to note specific requirements of the SHIP program that may limit the impact on certain activities. One such constraint is the requirement that at least 65 percent (65%) of SHIP funds must be spent on homeownership activities, which would limit the amount of funds that could act as gap financing of affordable multifamily rental projects. Additional constraints include the requirement that funds must be distributed by June 30<sup>th</sup> following the end of the applicable fiscal year or within 24 months of the applicable fiscal year if the money is deposited into an affordable housing trust fund. These time constraints may prove difficult for the construction of affordable multifamily housing as these projects are often reliant on gap financing from various sources that each have their own distinct timelines. The Board of County Commissioners may wish to work with the Florida legislature to have the SHIP program amended to allow for greater flexibility on timelines and expenditure requirements to promote the development of affordable multifamily housing.



### Strategy 4.3: Enhance and Diversify Housing Assistance Fund Sources

The Okaloosa County Housing Trust Fund currently receives money from SHIP. The fund is then used to fund rehabilitation and reconstruction projects for eligible low- and moderate-income households. Due to the limitations of the SHIP funding, it is difficult for the fund to meet the demand for other types of programs. Consequently, there are many unmet needs and, at times, a long waiting list of applicants to receive funding from the county. It is recommended that the county allow the Housing Trust Fund to receive additional funding through different revenue sources in addition to SHIP or establish a parallel fund if blending SHIP and other funds presents accounting problems.

### Strategy 4.4: Establish Affordable Housing Linkage Fee

Florida Statutes (166.04151 for municipalities and 125.01055 for counties) permits jurisdictions to adopt an affordable housing linkage fee ordinance, which requires the payment of a flat or percentage-based fee which would go towards affordable housing fees.<sup>19</sup> Jurisdictions across Florida have utilized affordable housing linkage fees to raise funds for affordable housing activities. These linkage fees are often a percentage of the difference in assessed property value before and after new construction. Given the level of development activity in the county, particularly development around Okaloosa's tourism industry, this type of fee could help to increase the amount of revenue received by the housing trust fund or provide a funding source for the Local Government Contribution for 9% LIHTC grants.

### Strategy 4.5: Utilize Florida Job Growth Grant Fund

The Florida Job Growth Grant Fund is an economic development program within the Florida Department of Commerce. The Fund is used to promote economic opportunity by improving public infrastructure and enhancing workforce training. The Live Local Act recently expanded the types of eligible projects for funding to include state or local public infrastructure projects to facilitate the development or construction of affordable housing (Florida Statute 288.101). This provision is intended to sunset on July 1, 2033.

<sup>19</sup> As with inclusionary zoning, for residential or mixed-use residential development, the county must provide incentives to offset the costs of the linkage fee.

## Best Practice

### [AFFORDABLE HOUSING LINKAGE FEES, WINTER PARK, FL AND JUPITER, FL](#)

Winter Park, Florida, a suburban community just north of Orlando and Jupiter, Florida, a town outside of Palm Beach are two examples of Florida municipalities that have enacted affordable housing linkage fees. In both examples, the linkage fees only apply to new commercial development. Florida statutes require that if an affordable housing linkage fee is placed on residential development, the developer must receive some kind of incentive in return, such as a density bonus or a reduction in some other type of fee. Winter Park generates approximately \$115,000 annually from the fee.

[Policy 3-1.2.1 - City of Winter Park Comprehensive Plan](#)

[Jupiter Code of Ordinances, Commercial and Industrial Development Linkage Fee](#)



## Strategy 4.6: Advocate for Updates to State-Level Housing Strategy

Chapter 420 of the Florida Statutes and Chapter 67-37 of the Florida Administrative Code regulate local governments' use of SHIP funds. The existing regulations were substantively written three decades ago when the housing markets and development environment were very different than today. In order to free up more money for rental housing, and to allow SHIP funds to be more "user-friendly" for the LIHTC programs, the county should work through its legislative delegates to enact moderate changes to these regulations in a manner that will:

- 1) Exempt funds encumbered for LIHTC projects from the 24-month expenditure requirement without penalty to the local government; and
- 2) Increase the amount of SHIP funds that can be spent on rental housing from 25% to 40%, and reduce the minimum that must be spent on home ownership to 50%. This would allow for one 9% contribution (a local government can only support one 9% each cycle) with additional funds remaining for either 4% applications (on which there is no limit) or other rental housing developments that may not necessarily seek to use LIHTC funds.

Chapter 196 of the Florida Statutes regulates property tax exemptions. Currently, the statutes allow the board of county commissioners of any county to adopt an additional homestead exemption for low-income seniors (aged 65 and older) of up to \$50,000 (Florida Statute 196.075). For low-income residents of all ages, high property taxes may create an additional burden. The county, through its legislative delegates, should work to expand the additional homestead exemption for income-eligible seniors to all income-eligible households, reducing the tax burden for those households.

## Strategy 4.7: Advocate for State to Develop State-Level Housing Tax Credits

Nine-percent (9%) LIHTC credits are subject to state allocation limits, making them limited and the application very competitive. Four-percent (4%) credits are not subject to the same allocations and are considered noncompetitive. However, because 4% credits only provide a 30% subsidy, these credits are seen as less desirable, and leave a larger financing gap. To increase the attractiveness of the 4% LIHTC credit, Okaloosa County should advocate to the legislature to create a state housing tax credit, which will help fill the financing gap between the LIHTC equity and total development costs. Reducing the financing gap will encourage uptake of 4% tax credits, leading to increased affordable housing development.

### Best Practice

#### [OHIO LOW-INCOME HOUSING TAX CREDIT PROGRAM, OHIO](#)

Ohio has created a state LIHTC program, modeled after the federal LIHTC, which allows developers of qualifying projects to claim tax credits over a 10-year period. Interested parties must have secured a letter of eligibility for the 4% federal LIHTC from the Ohio Housing Finance Agency before applying. This program will increase the financial feasibility of the federal 4% LIHTC, increasing the supply of affordable housing in the state.

[Program Legislation, Section 175.16](#)

# Implementation Matrix

The following matrix represents a guide for Okaloosa County to implement the recommendations described in the Strategic Framework section of the Plan. The specified timeframes are as follows: **short-term** = 1-3 years; **medium-term** = 4-6 years; **long-term** = 7-10 years. These timeframes are intended to provide the county with a realistic schedule of implementation and allow for prioritization in order to meet the projected housing needs and demands.

## Goal 1: Prioritize the Creation of New Attainable and Low-Income Housing

	Strategy Description	Timeline	Partners	Status
STRATEGY 1.1	Dedicate Portion of Non-Profit Allocation for Attainable Housing	Short-term	Board of County Commissioners	Pending
STRATEGY 1.2	Continue Infrastructure Investments within the County	Long-term	Board of County Commissioners, Infrastructure Surtax Advisory Committee	Ongoing
STRATEGY 1.3	Connect Local Developers to Available Funding and Programs	Short-term	Board of County Commissioners, Department of Growth Management	Pending
STRATEGY 1.4	Waive Permit Fees for Attainable Housing Developments	Short-term	Board of County Commissioners, Department of Growth Management	Pending
STRATEGY 1.5	Establish Ad Valorem Tax Freeze and/or Tax Reduction Schedule	Short-term	Board of County Commissioners, Department of Growth Management	No further action to be taken
STRATEGY 1.6	Publicly Demonstrate Support for Attainable and Low-Income Housing Efforts	Short-term	Board of County Commissioners, Department of Growth Management	Pending
STRATEGY 1.7	Conduct Public Education Campaign	Short-term	Board of County Commissioners, Department of Growth Management, Affordable Housing Advisory Committee	Pending
STRATEGY 1.8	Ensure County Staff Have Adequate Capacity and Resources to Expand Housing Services and Programs	Short-term	Board of County Commissioners	Underway

## Goal 2: Maximize Use of Available Land for Attainable Housing

	Strategy Description	Timeline	Partners	Status
STRATEGY 2.1	Partner with Department of Defense to Utilize Orphaned Parcels for Attainable Housing Development	Medium-term	Board of County Commissioners, Eglin Air Force Base	Underway
STRATEGY 2.2	Establish or Partner with a Community Land Trust	Long-term	Board of County Commissioners, Affordable Housing Advisory Committee	Pending
STRATEGY 2.3	Unlock North County's Potential	Long-term	Board of County Commissioners, Department of Growth Management	No further action in North County until study is complete. Staff can pursue in South County.

### Goal 3: Update Land Use Policy

	Strategy Description	Timeline	Partners	Status
STRATEGY 3.1	Commission an Inclusionary Zoning Study	Short-term	Board of County Commissioners, Department of Growth Management	No further action to be taken
STRATEGY 3.2	Expand Use of R-3 Zoning	Short-term	Board of County Commissioners, Department of Growth Management	No further action in North County until study is complete. Staff can pursue in South County.
STRATEGY 3.3	Adjust Density Bonus to Improve Attractiveness	Short-term	Board of County Commissioners, Department of Growth Management	Pending
STRATEGY 3.4	Clarify ADU Permissions	Short-term	Board of County Commissioners, Department of Growth Management	No further action in North County until study is complete. Staff can pursue in South County.
STRATEGY 3.5	Allow ½ Unit Counts for Smaller Units	Short-term	Board of County Commissioners, Department of Growth Management	No further action in North County until study is complete. Staff can pursue in South County.
STRATEGY 3.6	Reduce Parking Requirements	Short-term	Board of County Commissioners, Department of Growth Management	No further action in North County until study is complete. Staff can pursue in South County.
STRATEGY 3.7	Establish Redevelopment Districts to Target Development and/or Pilot Other Land Use Policy Changes	Medium-term	Board of County Commissioners, Department of Growth Management	No further action in North County until study is complete. Staff can pursue in South County.

## Goal 4: Maximize, Expand, and Diversify Funding Opportunities for Attainable Housing

	Strategy Description	Timeline	Partners	Status
STRATEGY 4.1	Dedicate Portion of Infrastructure Surtax for Affordable Housing	Medium-term	Board of County Commissioners, Department of Growth Management, Affordable Housing Advisory Committee	No further action to be taken
STRATEGY 4.2	Maximize the Impact of SHIP Funding Through the Development of Large-Scale Housing Developments	Medium-term	Board of County Commissioners, Department of Growth Management	Underway
STRATEGY 4.3	Enhance and Diversify Housing Assistance Fund Sources	Medium-term	Board of County Commissioners, Department of Growth Management	Pending
STRATEGY 4.4	Establish Affordable Housing Linkage Fee	Short-term	Board of County Commissioners, Department of Growth Management	No further action to be taken
STRATEGY 4.5	Utilize Florida Job Growth Grant Fund	Medium-term	Board of County Commissioners, Department of Growth Management	Pending
STRATEGY 4.6	Advocate for Updates to State-Level Housing Strategy	Short-term	Board of County Commissioners, Okaloosa County State Legislative Delegation	Pending
STRATEGY 4.7	Advocate for State to Develop State-Level Housing Tax Credits	Short-term	Board of County Commissioners, Okaloosa County State Legislative Delegation	Pending

# Appendix A: Community Engagement Summary

## Introduction

On June 27 and June 28, 2023, TPMA conducted two (2) in-person workshops to discuss the current state of housing in Okaloosa County with identified stakeholders. Each workshop followed the same agenda and lasted for two hours.

In order to prepare for these workshops, TPMA and Okaloosa County Staff collected contact information for the following stakeholder groups, representing key agencies and organizations:

- Government (19)
- Economic Development (22)
- Healthcare and Education (12)
- Business Community (41)
- Community Action (21)

Invitations were sent out to these stakeholders on May 26, 2023, and stakeholders (such as Chambers of Commerce) were asked to share the invitation through their networks. Registrations were accepted up until the start of the workshops, and stakeholders were welcome to participate even if they had not registered. Individuals who registered were sent advanced materials, including an agenda and list of current housing programs. Registered individuals were assigned groups in advance to foster interaction between a cross section of stakeholder groups.

In total, sixty-three (63) individuals participated in the workshop sessions. Of the sixty-seven (67) registrants, fifteen (15) did not attend. Eleven (11) unregistered individuals attended and participated. Of those attending, participants represented the following stakeholder groups: Government (25%); housing-related organizations (23%); utility providers, developers, builders, realtors, or lenders (19%); economic development, chambers of commerce, tourism, or downtown associations (10%); other community organizations/nonprofits (9%); other businesses (8%); healthcare or education (6%).<sup>20</sup>

Stakeholder engagement workshops were designed to collect information from stakeholders about current conditions throughout the county as they pertained to affordable housing initiatives. During these sessions, there were opportunities for individual reflection and group discussion, guided by the TPMA facilitators. Data was collected through notecards, sticky notes, and worksheets.

<sup>20</sup> Percentages are approximate as not all unregistered attendees were categorized.



# Session Overview

Sessions began with introductions from County staff and the TPMA facilitators, an overview of the project, and the purpose of the workshop.

## Prompts

Participants were asked to write on notecards:

- Name and organization
- Their motivation to attend the workshop
- The results they hope to see from the Strategic Plan

Participants were then asked to introduce themselves at their tables and discuss what they wrote on their notecards.

TPMA facilitators then set expectations for participants regarding the remainder of the session. Participants were also given instructions on how to share questions, concerns, information, or perspectives directly with the facilitators (anything they were not comfortable sharing or did not have the opportunity to contribute during the workshop).

## Breakout 1: Defining Problems and Identifying Barriers

During the first breakout, stakeholders were asked to define problems and identify barriers to current efforts. Participants were first asked to work individually to visualize the need through a sketching exercise. They were then asked to state the need concisely and share with their group. Groups identified common themes and consensus regarding the stated problem.

## Prompts

Participants were asked to write a goal statement before brainstorming and writing challenges and barriers on sticky notes. Next, the groups reconvened and worked together to categorize the barriers that each participant had identified. The barrier categories provided were:

1. Funding/Resources
2. Collaboration
3. Capacity
4. Policy
5. Other

Once the barriers had been divided into categories, groups were asked to work together to assign a level of difficulty (easy, medium, hard) to overcome each barrier. Levels of difficulty were denoted by corresponding sticker colors (green, yellow, red).

## Results

### FUNDING/RESOURCES

- Total Identified Barriers: 143
- Most Common Barriers: General Lack of Funding (41), High Cost of Living/Low Wages (28), High Construction Costs (20), High Insurance Costs (14), High Interest Rates (10)

### COLLABORATION

- Total Identified Barriers: 114
- Most Common Barriers: Public Perceptions/NIMBYism (30), Lack of “Willing” Developers (26), Lack of Engagement from Military (16), Lack of Community Coordination (12), Lack of Awareness/Commitment from Elected Officials (12)

### CAPACITY

- Total Identified Barriers: 102
- Most Common Barriers: Lack of Affordable Land (53), Transportation Challenges (9), Low Housing Supply (8), High Housing Cost (8), Lack of Infrastructure (6), Poor Property Management (6)

### POLICY

- Total Identified Barriers: 61
- Most Common Barriers: Zoning (10), Permitting (9), Not Enough Multifamily/Vertical Housing (4)

### OTHER

- Total Identified Barriers: 27
- Minimal Common Barriers Identified

### ASSESSING DIFFICULTY

*Lack of available land and lack of available funding were frequently identified as difficult barriers to overcome.*

There was little consensus on barriers which would be easy to overcome; for example, the challenge of lack of awareness/commitment from elected officials was identified as an easy challenge to overcome by some tables, but a difficult challenge to overcome by others.

## Breakout 2: Assessing Current Efforts

Breakout 2 was focused on identifying programs and strategies around affordable housing throughout the county. The goal of this breakout was to recognize efforts that have worked or are currently working and identify efforts that may not be working. Additionally, the project team sought to find out what factors are influencing the effectiveness of these efforts.

### Prompts

Stakeholders were asked to review the current efforts identified by the project team in advance of the workshop and add any missing efforts by writing them on sticky notes. The sticky notes were added to worksheets distributed to the groups.

Groups were asked to identify which programs were effective or not effective using stickers. Groups were then asked to use sticky notes to write the factors that are influencing the effectiveness of the efforts.

### Results

#### STRENGTHS IDENTIFIED:

- The Live Local Act has significant funding and state government support.
- CDBG and LIHTC Programs are effective.
- Expedited Permitting is a strength.

#### WEAKNESSES IDENTIFIED:

- SAIL, SHIP, and LIHTC Programs have limited funds and/or are highly competitive.
- Expedited Permitting is underutilized.
- The county AHAC Committee received mixed reviews in terms of levels of engagement and action.

## Additional Activities

In both sessions, additional activities were added based on the cadence, flow, and available time during the workshop sessions. These activities were included in both sessions, but at different times.

### Prompts

Participants were asked to think of a particular scenario relating to housing where a person, group, or business was attempting to accomplish a goal. They were then asked to write out the scenario including as many specific details as possible as to the process the person, group, or business went through and what challenges or roadblocks they encountered.

Prioritization was the other activity. Participants were asked to write their top four (4) priorities of challenges to address. Participants shared their priorities with their groups. For each priority they had in common with other group members, participants put a check mark next to the corresponding priority from their list. Participants also identified who would need to be at the table to address the priorities.

### Results

Participants scenarios fell into the following categories:

- Economic Challenges for Individuals or Families (28)
- Lack of Local Government Match/Gap Filling (14)
- Negative Public Perceptions (6)
- Burdensome Local Government Regulations (6)
- Lack of Understanding of Development Process (5)

Participants identified the following priorities:

- Increased Government Partnerships (Including Developer Incentives) (54)
- Secure More Developable Land (35)
- General Increase in Housing Supply (34)
- Secure More Funding (28)
- Ensure Public Awareness of Available Programs (18)
- Increase Military Partnership (17)
- Address Public Perceptions/NIMBYism (9)
- Improve Infrastructure (6)
- Increase Multifamily/Vertical Housing Supply (5)

Participants identified the following parties who need to be at the table:

- Government (45)
- Military Leadership (25)
- Developers (25)
- Businesses/Chamber of Commerce (18)
- Elected Officials (16)
- Public Housing Authorities (10)
- Banks (5)



## Next Steps

In closing, facilitators discussed how the information provided would help the project teams and local leaders to better understand the current conditions in the county related to housing. Feedback from the workshops is compared to other data gathered. Ultimately, these sessions help to more accurately identify problems, set priorities, and solidify goals. Facilitators reviewed the timeline of the project and set expectations for further communication and engagement with stakeholders. Workshop attendees received a follow-up email expressing appreciation for their participation and a short survey about the sessions. Once information collected from the workshops has been analyzed, participants received a copy of the summary for review.

## Community Survey

TPMA worked to develop a community survey to gather information from the public on perceived housing needs and attitudes toward affordable housing efforts. A robust distribution and communication plan helped drive responses from a diverse set of residents and workers in Okaloosa County. Workshop participants were given the opportunity and tools to assist with survey distribution. Results from this survey provided additional data on which to continue conversations with stakeholders and develop strategies.

## Strategy Workshop

Continued engagement help to ensure that housing recommendations and strategies for implementation are supported as acceptable, actionable, and achievable. Feedback from this workshop were analyzed with the collected data to assist the project team in developing initial strategy and implementation recommendations. It is important to understand if the proposed strategies will meet the needs of Okaloosa County residents and workers, meet the goals of the communities in the county, and be accepted by the public.

# Appendix B: Public Opinion Survey

Okaloosa County is developing an Attainable Workforce Housing Strategic Plan with the goal of informing decisions to address current and future housing issues throughout the county.

The questions in this survey will help your local leaders to better understand public opinions about housing affordability, needs, and types of development.

No personal or other identifying information will be provided to city or county departments, staff, or elected officials. All information collected in this survey will be reported only in the aggregate and will be fully anonymized.



# Begin Survey

1. In which Okaloosa County jurisdiction do you currently live: (for help identifying your jurisdiction, enter your address in the Know Your Jurisdiction map tool [here](#)):
  - Cinco Bayou
  - Crestview
  - Destin
  - Fort Walton Beach
  - Laurel Hill
  - Mary Esther
  - Niceville
  - Shalimar
  - Valparaiso
  - Okaloosa County (unincorporated)
  - I do not live in Okaloosa County
  - Other/Not Listed
  
2. Which of the following best describes your age:
  - 18-24 years
  - 25-34 years
  - 35-44 years
  - 45-54 years
  - 55-64 years
  - 65-75 years
  - Over 75 years
  
3. How long have you lived in Okaloosa County?
  - Less than 1 year
  - 1-5 years
  - 6-10 years
  - More than 10 years
  - I do not live in Okaloosa County
  
4. How many individuals live in your household?
5. How many children (under 18 years) currently live in your household?
6. How many non-senior adults (18-64 years) currently live in your household?
7. Including yourself, how many senior adults (65 years or older) currently live in your household?
  
8. Including yourself, how many people in your household are currently employed (either full-time or part-time)?
  
9. Do you currently own or rent your home?
  - Own
  - Rent
  - Other \_\_\_\_\_
  
- 9a. Which, if any, of the following factors is a barrier to your ability to purchase a home? (Select all that apply.)
  - Availability of for-sale units
  - Price of for-sale units
  - Affording a down payment
  - Difficulty in getting a loan due to credit score
  - Difficulty in getting a loan due to other debt
  - Affording monthly housing costs (e.g., mortgage, insurance, utilities, taxes)
  - Available interest rates
  - I'm unsure how long I will live in Okaloosa County
  - I am not interested in home ownership.
  - Other
  
10. Which of the following best describes your current residence?
  - Multifamily (apartment or condominium)
  - Townhome
  - Duplex
  - Single-family/Detached home
  - Tiny home
  - Manufactured or mobile home
  - Other: \_\_\_\_\_

11. Which of the following best describes your work arrangements?
- I work from home/remote exclusively
  - I work hybrid-remote (split time between home and office/on-location)
  - I work in-person/onsite exclusively.
  - I am not currently working
  - Other: \_\_\_\_\_
- 11a. In a typical week, how many days do you commute to your job?
- 1
  - 2
  - 3
  - 4
  - 5
  - 6
  - 7
  - Other: \_\_\_\_\_
- 11b. On the days you commute to your job, how much time does it typically take (one way)?
- Less than 10 minutes one way
  - Between 10 and 30 minutes one way
  - Between 30 and 60 minutes one way
  - Over 60 minutes one way
  - Other: \_\_\_\_\_
12. Over the past twelve months, have you had difficulty affording your housing costs?
- (Housing costs can include: mortgage or rent payments, homeowners or renters insurance, property taxes, homeowners association fees, and/or utilities)
- Yes
  - No
  - Prefer not to answer
  - Other: \_\_\_\_\_
- 12a. Are you having difficulty with the cost of maintaining your home? (including: repairs, yard maintenance, septic system, water softeners, HVAC, etc.)?
- Yes
  - No
13. Are you considering moving out of Okaloosa County due to any of the following reasons? (Select all that apply.)
- Availability of jobs in the area
  - Commute time
  - Property taxes
  - Cost of home or renters insurance
  - Cost to buy a home
  - Cost to rent a home
  - Lack of available housing options
  - Lack of senior-friendly housing
  - No, I am not considering moving out of Okaloosa County
  - I do not live in Okaloosa County
  - Other: \_\_\_\_\_
14. If/when you move to your next home, which type(s) of home would you consider? (Select all that apply.)
- Apartment
  - Condominium
  - Townhome
  - Duplex
  - Single-family/Detached home
  - Tiny home
  - Manufactured or mobile home
  - I have no intention to move to another home
  - Other: \_\_\_\_\_

15. How important is \_\_\_\_\_ as a factor for you when choosing a home.
- 1 – Very important
  - 2 – Important
  - 3 – Neutral
  - 4 – Unimportant
  - 5 – Very unimportant
    - Proximity to schools
    - Proximity to my job
    - Proximity to parks/green space
    - Proximity to shopping/groceries
    - Proximity to restaurants/bars
    - Proximity to public transportation
    - Proximity to major roadways
    - Having a yard
    - Having limited maintenance
16. Please indicate your level of support for each of the following statement on a scale of 1 to 5:
- 1 – Strongly support
  - 2 – Support
  - 3 – Neutral
  - 4 – Oppose
  - 5 – Strongly oppose
- Okaloosa County needs more housing options with total monthly housing costs \_\_\_\_\_ (including mortgage, rent, insurance, taxes, and/or utilities):
- Less than \$1,000 per month
  - \$1,001 - \$1,500 per month
  - \$1,501 - \$2,000 per month
  - Greater than \$2,000 per month
17. Please indicate your level of support for each of the following statements on a scale of 1 to 5:
- 1 – Strongly support
  - 2 – Support
  - 3 – Neutral
  - 4 – Oppose
  - 5 – Strongly oppose
18. New housing development in Okaloosa County should prioritize creating additional \_\_\_\_\_.
- Multifamily development (e.g., apartments and/or condominiums)
  - Rental housing opportunities
  - Mixed-use commercial/residential development
  - Townhomes
  - Detached homes
  - Allowances for tiny homes
  - Allowances for modular homes (manufactured or other pre-fabricated structure)
19. Please indicate your level of support for each of the following statements on a scale of 1 to 5:
- 1 – Strongly oppose
  - 2 – Oppose
  - 3 – Neutral
  - 4 – Support
  - 5 – Strongly support
- Future housing policy throughout Okaloosa County should include:
- Additional opportunities for mixed-use development (combination of commercial and residential uses)
  - Increased opportunities for accessory dwelling units (e.g., “in-law suite”)
  - Additional flexibility to build duplexes in single-family zones/neighborhoods
  - Replacing vacant or blighted commercial areas with residential development
  - More high-density development (apartment and condo buildings with multiple stories and 20+ units)
  - Incentives for developers to include affordable housing units in new developments
  - Requirements for developers to include affordable housing units in new developments
  - Creation of a small tax or fee to assist in the creation of affordable housing units

20. Please indicate whether you agree or disagree with each of the following statements:

- Agree, Okaloosa County needs more
- Disagree, Okaloosa County does not need more
- Unsure/No Opinion

To meet the needs of its older adult residents, Okaloosa County needs more \_\_\_\_\_.

- Smaller, more affordable housing options
- Options for creating accessory dwelling units within existing homes (e.g., “in-law suites”)
- Single-level living options (e.g., housing with bedrooms, kitchen, and bathrooms on the same level)

21. Which of the following best describes your annual household income (including all income earners who contribute to housing costs):

*Note: All personal information collected in this survey will remain anonymous. This question will help researchers determine the representativeness of survey results.*

- Less than \$19,999
- \$20,000 - \$34,999
- \$35,000 - \$49,999
- \$50,000 - \$74,999
- \$75,000 - \$99,999
- \$100,000 - \$149,999
- \$150,000 - \$199,999
- \$200,000 or more
- Prefer not to answer

22. In the space below, please provide any additional comments you have regarding housing Okaloosa County:

**Thank you for completing this survey!**

The information collected from these questions will be presented in an Attainable Workforce Housing Strategy Plan that will be completed later this year.





# Appendix C: Business Community Survey

Okaloosa County has undertaken an Attainable Workforce Housing Strategic Plan with the goal of developing strategies to address current and future housing issues throughout the county.

The questions in this survey will help your local leaders to better understand the potential impact of housing costs and availability on the Okaloosa County business community.

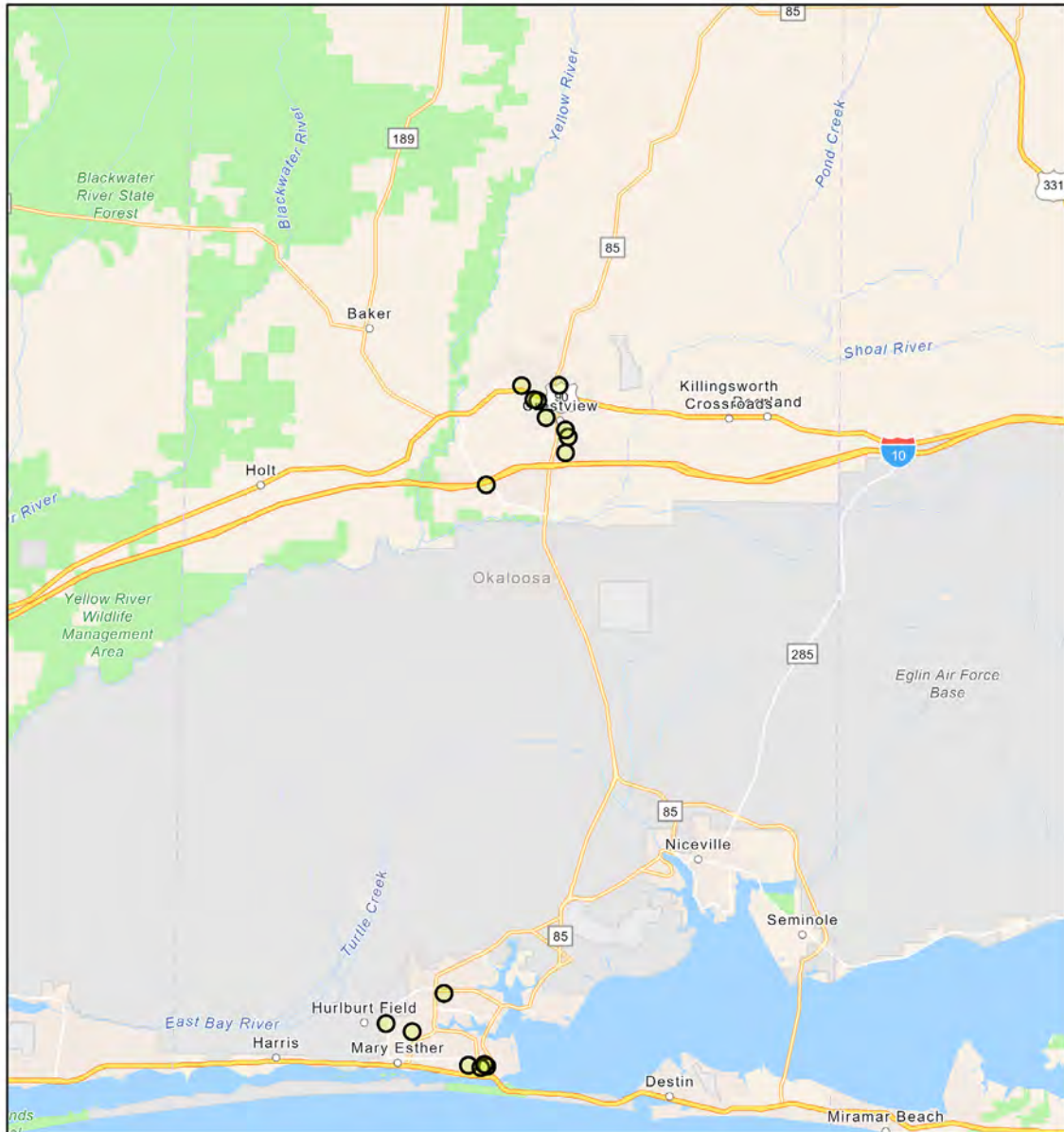
No personal or other identifying information will be provided to city or county departments, staff, or elected officials. All information collected in this survey will be reported only in the aggregate and will be fully anonymized.

## Begin Survey

1. How many full-time workers does your company employ?
  - 1-4 employees
  - 5-9 employees
  - 10-19 employees
  - 20-49 employees
  - 50 or more employees
2. How many part-time workers does your company employ?
  - 1-4 employees
  - 5-9 employees
  - 10-19 employees
  - 20-49 employees
  - 50 or more employee
3. Where do the majority of your employees currently live?
  - North Okaloosa (Holt, Baker, Crestview, Laurel Hill)
  - South Okaloosa (Niceville, Valparaiso, Destin, Fort Walton Beach, Shalimar, Cinco Bayou, Mary Esther)
  - Outside of Okaloosa County
  - Don't know
4. With respect to housing, do most of your employees currently rent or own?
  - Rent
  - Own
  - Don't know
5. Please select the top 3 most important issues facing Okaloosa County businesses from an economic development perspective. (Please select 3)
  - Availability of attainable housing for employees
  - Cost of doing business (labor costs)
  - Cost of doing business (non-labor costs, e.g., overhead, materials)
  - Recruiting a qualified workforce
  - Employee turnover
  - Supply chain issues
  - Energy infrastructure
  - Transportation infrastructure
  - Water infrastructure
  - Communications infrastructure (including broadband)
  - Limited economic incentives (e.g., tax rebates, subsidies, etc.)
  - Access to capital
  - Public safety
  - Other (please specify): \_\_\_\_\_

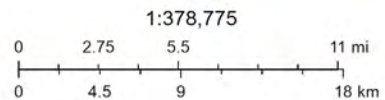
6. Has the lack of attainable workforce housing impacted your business operations?
- Yes
  - No
  - Don't know
7. If yes, please share what the main impact on your business has been: \_\_\_\_\_
8. Do you believe the availability of attainable workforce housing will impact your business operations in the future?
- Yes
  - No
  - Don't know
9. To increase the availability of attainable housing for your employees, would your company consider any of the following (check all options that your company would consider).
- Lack of attainable housing is not an issue for my employees.
  - Provide rental subsidies for employees
  - Provide an employee down payment assistance program
  - Provide rental housing for employees
  - Contribute resources, in partnership with local government, other employers, nonprofits, and private developers, to develop attainable workforce housing
  - Contribute resources, in partnership with local government, other employers, nonprofits, and private developers to purchase existing units to preserve/maintain attainable workforce housing
  - Provide security deposit assistance to your employees (deposit assistance or similar)
  - Contributing to an attainable housing trust fund
  - Other (please specify): \_\_\_\_\_
  - None of the above
10. How likely would you be to take advantage of an incentive program to add residential units to your existing commercial space?
- Very unlikely
  - Unlikely
  - Not likely or unlikely
  - Likely
  - Very likely
  - I don't own property zoned for commercial use.
11. Please explain your response to the previous question.

# Appendix D: Okaloosa County Affordable Housing Developments



3/7/2024

○ Affordable Housing Developments



FDEP, Esri, TomTom, Garmin, SafeGraph, FAO, MET/NASA, USGS, EPA, NPS, USFWS

# Appendix E: Housing Life Cycle

<b>1. “Students and Single Living”: Entry-level households</b>		
Singles or couples in their early 20s	No children, often living with roommates	Prefer inexpensive apartments
<b>2. Getting Established: First-time homebuyers and move-up renters</b>		
Often married or cohabitating couples; mid-20s to mid-30s	Some households include children	Purchase modestly priced single-family homes or relocate to upscale rental properties
<b>3. “Growing Families”: Move-up homebuyers</b>		
Mostly married or cohabitating families; late 30s through 40s	Many households include children	Often purchase newer, larger, and more expensive homes from previous stage
<b>4. “Settled Households”: Mature families, emerging empty-nesters, and never-nesters</b>		
Typically couples in their 50s and 60s	Couples whose children have left home or couples/individuals who never had children	Many prefer owning their homes, but some consider renting at this point. Prefer lower-maintenance housing options
<b>5. “Retiring and Downsizing”: Empty-nesters and younger independent seniors</b>		
Typically couples and individuals in their late 60s and 70s	Couples and individuals who are able to live without significant health or lifestyle constraints	Many still prefer owning their homes but are increasingly moving to low-maintenance options. Increasing preference for rental options
<b>6. “Comfortably Aging”: Older seniors</b>		
Increasing number of individuals living alone who are in their mid-70s or older	Higher percentage of females at this stage due to shorter life expectancy for males	Higher likelihood of the need to leave a single-family home due to health constraints or desire for very low-maintenance housing

# Appendix F: Sample Ordinances, Sarasota County

## Half Dwelling Units

### Section 124-72(5) of the Code of Ordinances of Sarasota County

#### **(5) Density.**

- a. Density means the maximum number of residential dwelling units permitted per gross acre of land, except where Sections [124-283\(b\)](#) and [124-283\(b\)\(1\)](#) allow additional dwelling units on a nonconforming lot of record. The maximum density set forth for the district shall constitute the maximum number of units allowed on property, unless a different density is otherwise specifically permitted in this UDC and must be consistent with the County Comprehensive Plan. Refer to each zoning district for specific density maximums. The density expressed in each zoning district is the maximum density that can be achieved. However, the maximum density/intensity is not guaranteed by right and shall be subject to the performance criteria set forth in this UDC.
- b. Within the Urban Service Area, cluster subdivisions may be developed on multiple unplatted parcels that are abutting or across a right-of-way with different Residential Single Family (RSF) zoning districts, provided that the maximum density for the entire subdivision is calculated using the density allowed by the lower-density RSF District. In addition, the development shall comply with the requirement for perimeter compatibility set forth in [Section 124-76\(b\)\(2\)k](#), and shall be consistent with the Future Land Use maximum density. The subdivision shall be treated as one parcel for purposes of habitat protection requirements. The provisions of this section shall not be applied to parcels located on the Barrier Islands.
- c. **A Multi-family dwelling that is no greater than 750 square feet of habitable space, located within the Urban Service Area Boundary but not on a Barrier Island, and not used as a Transient Accommodation, shall be counted as one-half unit (0.5) for density purposes only.**
- d. In the determination of the maximum number of residential dwelling units permitted on a specific parcel of land, a fractional unit shall not entitle the applicant to an additional unit.

# Accessory Dwelling Units

## Section 124-76(1)(b)(4) of the Code of Ordinances of Sarasota County

### **(4) Accessory dwelling unit, subject to the following:**

- i. No accessory dwelling units shall be permitted on Barrier Islands or within cluster subdivisions.
- ii. Only one accessory dwelling unit shall be permitted per lot or parcel.
- iii. The property owner shall occupy either the principal dwelling or the accessory dwelling unit. Restrictions on the rental of a dwelling that apply within the district shall also apply to the accessory dwelling unit.
- iv. The total floor area of the accessory dwelling unit shall not exceed 750 square feet.
- v. A subdivision with accessory dwelling units shall not exceed the maximum district density requirements, counting all principal dwelling units and any accessory dwelling units. The accessory dwelling unit shall not count for density purposes.
- vi. The principal dwelling and accessory dwelling unit together shall not exceed the maximum district building coverage.
- vii. The accessory dwelling unit may be part of or attached to the principal structure, and or may be a separate structure. All principal structure setbacks and yard requirements shall be met.
- viii. The accessory dwelling unit shall not exceed the height of the principal structure. The accessory dwelling unit shall have a similar architectural style, roof style, building materials, exterior appearance and finish (excluding roof material) to the principal structure.
  - *EXAMPLE:* If you have a stucco home, the accessory dwelling unit will need to be constructed with a stucco finish
- ix. One additional parking space on the same premises shall be required for the accessory dwelling unit. Tandem parking and shell or grass surfacing are permitted for such parking space.
- x. Reserved.
- xi. The accessory dwelling unit may include a kitchen.

# Residential Parking Ratios

## Section 124-120(g)(2)

### **(2) Required Parking Ratios.**

The following minimum off-street parking requirements are applicable to all base zoning districts. See [Section 124-102\(b\)\(4\)](#) for additional parking ratios for uses located in the Siesta Key Overlay District (SKOD).

#### RESIDENTIAL USES

Single-Family Units Less than 900 SF in floor area	1 per unit
Single-Family Detached, Lot Line, Traditional, Patio, Villa or Atrium House, greater than 900 SF in floor area	2 per unit
Two-Family	2 per unit
Multifamily with Average Dwelling Unit Sizes Less than 900 SF in floor area	1 per unit, plus 5 units labeled for visitors, located in proximity to each building
Multifamily, Greater than 900 SF in floor area	1 bedroom—1½ per unit, plus 1 per 5 units labeled for visitors, located in proximity to each building
	More than 1 bedroom - 2 per unit, plus 1 per 5 units labeled for visitors, located in proximity to each building
Manufactured Home Park	2 per space, plus 1 per 250 SF office, laundry, recreation floor area or similar building
Upper-Story/Attached Residential	2 per unit
Assisted Living Facility	.50 per bed
Fraternity or sorority house	1 per 2 bedrooms
Group Home	1 per 3 residents max, occupancy
Guest House	1 per unit
Rooming or Boarding House	1 per 2 bedrooms

# Appendix G: Redevelopment Districts

These redevelopment districts should be focused in areas with high levels of vacant or blighted buildings, or areas of the county where the existing infrastructure can support a greater intensity of development and near jobs and service centers. Intervention to address such areas was the number one supported idea in the survey of county residents, with over 80% of respondents supporting or strongly supporting the idea.

In order to create these redevelopment districts, the county should take advantage of overlay districts which are zoning districts that are layered on top of the existing, underlying zoning. This will allow for flexibility within the district while also allowing for the district to revert to certain aspects of its default zoning as time goes on or as needed based on changes to the economic landscape. The Florida Statutes permit the creation of multi-jurisdictional redevelopment districts. In cases where areas of suboptimal development span incorporated and unincorporated jurisdictions, it is recommended that all involved jurisdictions create redevelopment districts to ensure a coordinated approach.

## Redevelopment District Selection Criteria

The following criteria were utilized to create potential areas that would be appropriate for redevelopment district overlays. It should be noted that there are likely additional areas that meet the criteria and should be considered for redevelopment designation as the list of areas below are intended to provide examples of the types of areas that would be appropriate for this implementation strategy. The redevelopment districts are intended to revitalize specific commercial corridors in Okaloosa County while providing additional housing units in strategic infill locations. As a result, the recommended overlay districts cover one or multiple commercial zone districts under the county's jurisdiction.

Parcels that are solely or primarily underutilized surface parking lots are the most likely to be redeveloped for a multitude of reasons, but often because it is much less costly to tear down an existing building. Additionally, there is very little economic impact being generated from the surface parking lot that far exceeds the parking needs for the existing and surrounding uses. There are several examples of underutilized parking areas that could be redeveloped into a mixed-use or multifamily structure.

Vacant lots, like underutilized surface parking, are prime parcels for development given there is no existing building on the parcel. An application of a redevelopment overlay zone district that allows for a more intense use may encourage the property owner to develop the existing vacant lot to the highest and best use.



Underutilized parcels are parcels that are not improved with the highest and best uses according to the proposed zoning and infrastructure. An example of this is a parcel that is improved by a one-story, single use building where the proposed overlay zoning allows a property owner to redevelop the lot to accommodate a multiple story building with additional uses. While redeveloping an underutilized parcel may often make economic sense, this is not always the case, especially if the existing use is generating significant economic returns as would be the case of a large retail chain or grocery store. An alternative to tearing down an existing structure would be to analyze the economic viability of adding a second or third story over the existing use or to develop a portion of the property that is currently not utilized. A property owner making additions like this is likely to occur, but additional regulations such as parking minimums could make this type of addition challenging depending on the lot's size and the existing building footprint. In order to facilitate redevelopment, it is recommended that the county review its requirements regarding off-street parking requirements.

Signs of economic distress are potential reasons for projected redevelopment. Serious signs of economic distress could make a parcel more likely to redevelop than an underutilized parcel that is economically vibrant. What may make redevelopment of an economically distressed building unlikely is the cost of tearing down the existing structure. As a result, it may be more feasible for a developer to try to group underutilized parcels that are adjacent to each other to create on larger redevelopment.

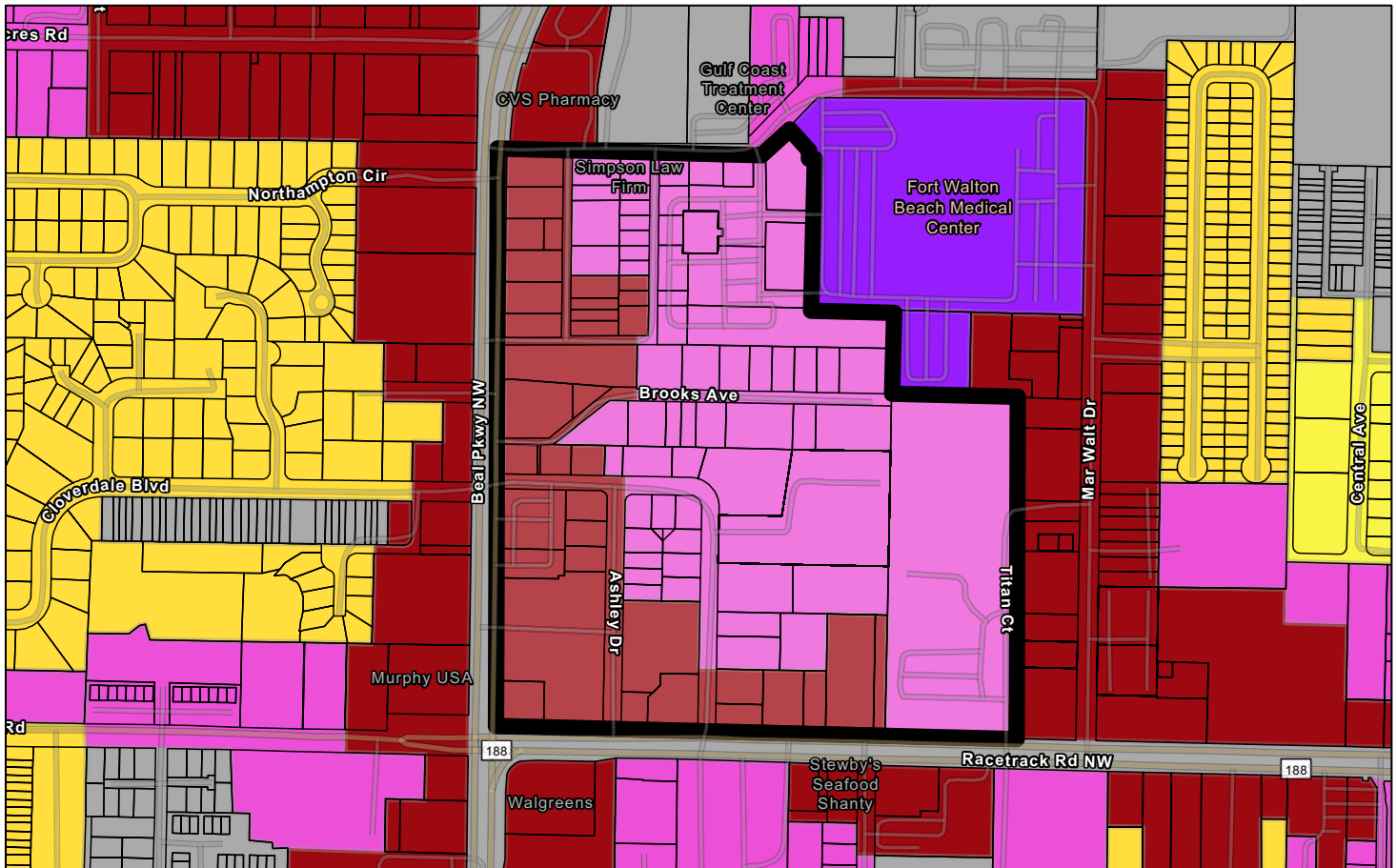
Common ownership of several adjacent parcels can make redevelopment more likely as the owner could combine these parcels into one larger parcel that could make a development of the parcels make more fiscal sense. There are several examples of this throughout Okaloosa County and it is likely that more instances of common ownership would occur as the redevelopment overlay districts would encourage the consolidation of multiple parcels into common ownership.

The size of the parcel is a critical characteristic that needs to be considered. A parcel could have several of the above-listed characteristics, but its size may make redevelopment not possible given the need for parking or infrastructure, such as stormwater management systems. A small parcel would require a developer to purchase adjoining parcels before development is possible. The redevelopment overlay district boundaries were considered to allow for greater consolidation of lots to address the size of some parcels in these areas. While not every parcel within the boundaries of a redevelopment overlay district will be improved, the boundaries were selected to provide for effective redevelopment that could complement the entire area, including parcels that may ultimately not be redeveloped.

## Beal Parkway North Redevelopment Overlay District

The recommended Beal Parkway North Redevelopment Overlay District (highlighted with a green outline in the map below) encompasses parcels on the east side of Beal Parkway North from Racetrack Road NW to Mar Walt Drive as well as all the parcels south and west of Marwalt Drive, excluding the hospital and medical offices. This area encompasses several commercial parcels that are ripe for redevelopment and would align with some of the newer multifamily development that has occurred in the area. Additionally, the location is strategically located adjacent to the HCA Florida Fort Walton-Destin Hospital, placing the needed housing next to a major employment center.

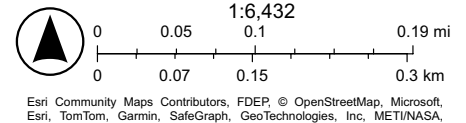
### Beal Parkway Redevelopment Overlay District



3/19/2024

- Parcels
  - C-3
  - INST
  - MU
  - R-1
  - R-2
  - Other
- World Imagery  
 Low Resolution 15m Imagery  
 High Resolution 60cm Imagery  
 High Resolution 30cm Imagery

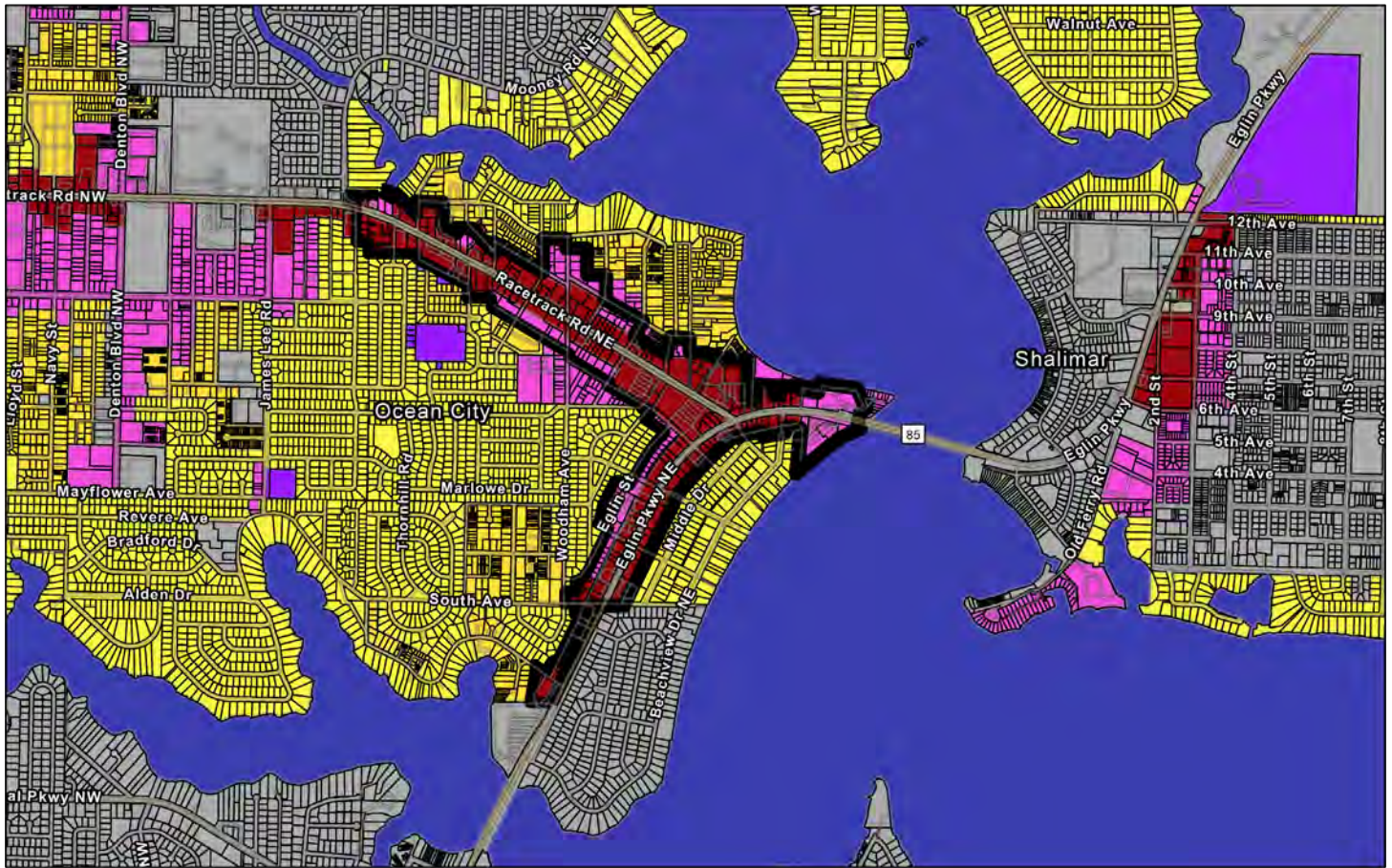
Citations  
 1.2m Resolution Metadata



## Eglin Parkway Redevelopment District

The recommended Eglin Parkway Redevelopment District (highlighted with a light red outline in the map below) would encompass the area around the Parkway from Lighthouse Road to the county’s southern jurisdictional boundary with Fort Walton Beach. The area would also cover the commercial areas on the northern and southern side of Racetrack Road from Eglin Parkway to Mooney Road. Like the Santa Rosa Boulevard Redevelopment District, the Eglin Parkway could use TIF funding to incentivize development in this part of the county. The Live Local Act would provide an incentive as the development could match the five-story building height of the Eglin Federal Credit Union building.

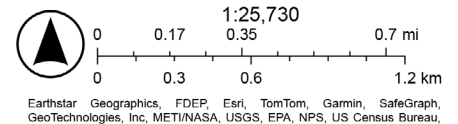
## Eglin Parkway Redevelopment Overlay District



3/19/2024

- |         |       |                              |
|---------|-------|------------------------------|
| Parcels | C-3   | Other                        |
| Zoning  | INST  | World Imagery                |
| MU      | R-2   | Low Resolution 15m Imagery   |
| R-1     | WATER | High Resolution 60cm Imagery |

High Resolution 30cm Imagery  
Citations  
4.8m Resolution Metadata



## Santa Rosa Boulevard Redevelopment Overlay District

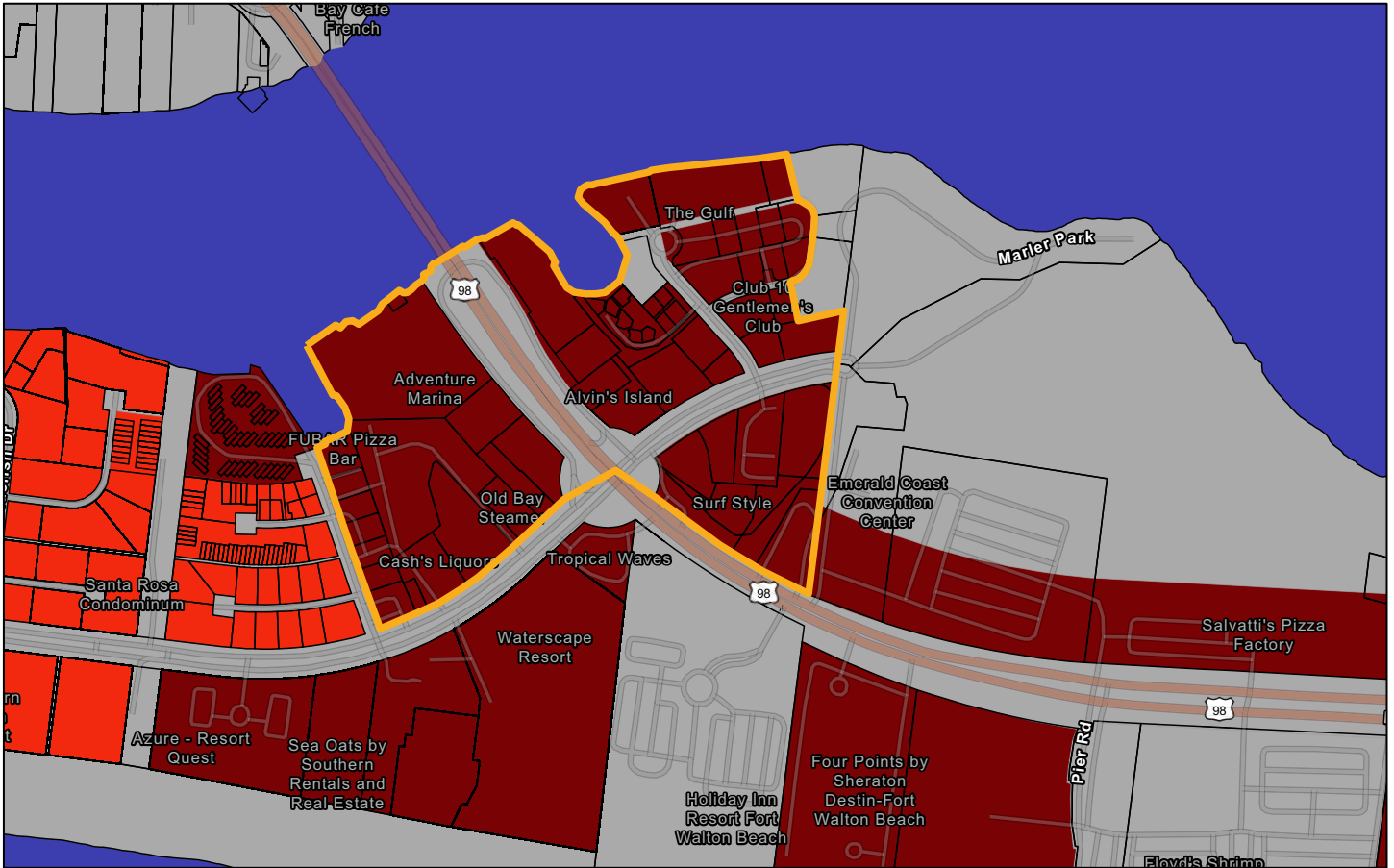
The recommended Santa Rosa Boulevard Redevelopment Overlay District (highlighted with a green outline in the map below) would encompass the north side of Santa Rosa Boulevard from Amberjack Drive to the convention center and parcels along Miracle Strip Parkway from Brooke Bridge to the convention center. These parcels are in the B-3 zone on Okaloosa Island. The existing conditions, which include a mix of commercial uses, are generally underutilized and could be ripe for redevelopment given its prime location along the bay and across the street from the beaches.

This area would also be a good location to designate as a community redevelopment area and adopt a community redevelopment plan. The plan could include placemaking improvements such as a boardwalk along the bay or enhancements to the surrounding parks. The increased incentive of the redevelopment designation could help spur the construction of new housing units with a portion of those units being set aside as affordable. The construction of new affordable housing in this location would allow for workforce housing strategically located close to a high percentage of jobs in the county. The workforce employed in the tourism and service industries, which are heavily concentrated along the shore, would be able to live near their jobs in

housing attainable to the incomes that these industries provide. Additionally, increasing workforce housing for these industries on Okaloosa Island would provide an opportunity for a mass transit route from the housing to nearby hotels, restaurants, and other hospitality industry employment areas. This strategy could help to alleviate traffic congestion on roadways leading to Okaloosa Island as employees of these industries would be able to live closer to their places of employment than the current housing market allows. The redevelopment could also allow for public improvements to the public spaces and infrastructure through a TIF program, further benefiting the whole of the Island.

While the Live Local Act would allow redevelopment in the Santa Rosa Boulevard Redevelopment Overlay District to equal the seven stories in building height as the commercial buildings along the shoreline regardless of the permitted height within the redevelopment overlay district, it should be noted that Okaloosa Island is subject to a series of covenants. Due to these covenants, changing the existing development standards or allowed uses on the Island is extremely difficult. Before pursuing the Santa Rosa Boulevard Redevelopment Overlay District, the county should analyze the feasibility, due to the constraints of the covenants.

# Santa Rosa Boulevard Redevelopment Overlay District

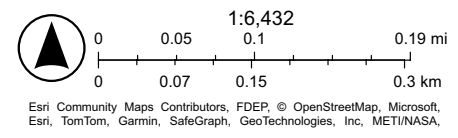


3/19/2024

- Parcels
- B-2
- B-3
- WATER
- Other

- World Imagery
- Low Resolution 15m Imagery
- High Resolution 60cm Imagery

- High Resolution 30cm Imagery
- Citations
- 1.2m Resolution Metadata



# Appendix H: Overview of Available Funding and Legislative Opportunities

## State Funding Sources

### State Housing Initiatives Program (SHIP)

The Florida State Housing Initiatives Program, or SHIP, was created in 1992 by the William E. Sadowski Affordable Housing Act. The intent of the Act was to create a dedicated source of state funding for affordable housing programs in the state. The SHIP program receives approximately two-thirds of state funding for affordable housing. The Florida Housing Finance Corporation administers SHIP, which provides funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program is designed to assist very low-, low-, and moderate-income households. SHIP funds can be used for various housing programs including new construction, rehabilitation, down payment and closing cost assistance, gap financing, and property acquisition for affordable housing. Funds are distributed to local governments on a population basis, and the state requires certain percentages of the funds be allocated towards specific activities and income thresholds. Okaloosa County received \$2,046,856 in SHIP funding for the State Fiscal year 2022-2023. As mentioned previously in the report that Rule No. 67-37.007 places certain restrictions on the use and timing of funds to be distributed, which may impact how the county is able to utilize these funds for the construction of new affordable housing units in Okaloosa. These restrictions are a topic that the Board of County Commissioners should work with the Florida legislature to amend to provide greater flexibility to align with the needs of affordable housing developers.

### State Apartment Incentive Loan (SAIL)

The Florida State Apartment Incentive Loan, or SAIL, program was created in 1992 by the William E. Sadowski Affordable Housing Act. The Act provides a dedicated funding source for affordable housing programs such as SAIL, which receives approximately 20% of state funding for affordable housing. The SAIL program is administered by the Florida Housing Finance Corporation and provides low-interest loans on a competitive basis to developers of affordable housing. Those eligible to receive funding include individuals, public entities, not-for-profits, or for-profit organizations that propose the construction or substantial rehabilitation of multifamily units affordable to very low-income households. A project must include a minimum of 20% of all units be set aside for families earning 50 percent (50%) or less of the area median income. SAIL funding has been used in the construction of four multifamily housing developments in Okaloosa County to provide affordable housing to low-income county residents.

# Other Funding Sources

## Tax Increment Financing (TIF)

Tax increment financing, or TIF, is a funding mechanism that can be used by local governments in Florida to promote growth in underutilized and blighted areas. The Florida Community Redevelopment Act allows a local community redevelopment agency to capture and spend a portion of the incremental increase in ad valorem tax revenues that results from redevelopment. The tax increment is the difference between the taxes generated before and after the redevelopment of property within a designated community redevelopment area. Under the Community Redevelopment Act, the local redevelopment agency is required to use TIF funds to pay for public improvements in the redevelopment area in accordance with the redevelopment plan. TIF can be used to offset costs for infrastructure improvements or redevelopment costs within the community redevelopment area.

## State Legislation

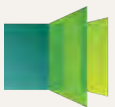
### Florida Community Redevelopment Act

Florida state statutes provide significant incentives that promote infill development and redevelopment and encourage the construction of housing. The Florida Community Redevelopment Act of 1969 allows local governments to create community redevelopment agencies (CRAs) that encompass areas where certain conditions such as blight exist. The local government can create a community redevelopment agency, which is an independent entity that is tasked with carrying out a community redevelopment plan. The redevelopment plan is intended to address the proposed land uses, infrastructure improvements, and affordable housing, if proposed, within the redevelopment area. The Act allows the CRA to finance redevelopment activities through tax increment financing, bonds, or other sources.

### Live Local Act

In 2023, the Florida legislature enacted the Live Local Act intended to expand the supply of workforce housing in the state through an increase in statewide housing funds and through the preemption of certain local development regulations. These preemption laws allow a qualifying project, which is a multifamily or mixed-use development where 40% of the residential units are affordable to households at or below 120% of the area median income (AMI), to be built on any land zoned for commercial, industrial, or mixed-use. Additionally, the qualifying project can have the same building height as any residential or commercial project within one mile and can have the same density as the highest residential density allowed within the jurisdiction. The Live Local Act also requires that qualified project applications must be approved administratively, with no regulatory changes required. This legislation is likely to have an impact on several areas of Okaloosa County. The Live Local Act may be particularly impactful on Okaloosa Island where several commercial buildings are seven stories in building height, making the impact on the recommendation for a redevelopment plan in the northern part of the island particularly high.

The Live Local Act also greatly increased funding available for affordable housing efforts. The Act provides \$100 million for the Hometown Heroes Program, which provides downpayment assistance for eligible workers to purchase a home in the county they work in. Additionally, the Act provides an opportunity for Florida businesses to receive a tax credit by contributing to the Florida Housing Finance Corporation (FHFC). These contributions would help to provide funding for the State Apartment Incentive Loan (SAIL) program, which is intended to help fund mixed income, mixed-use, and infill multifamily development. The Live Local Tax Credit program caps the amount the SAIL program can receive through the tax credit at \$100 million. The Live Local Act also increased the amount of funding for the SHIP program, which provides funding for a wide variety of housing activities for low- and moderate-income families and households, by \$252 million.



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