

**Affordable Housing  
Linkage Fee Programs**

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## **Affordable Housing**

### **Linkage Fee Programs**

Under the 1985 Growth Management Act, Florida communities are directed to adopt a Housing Element that provides affordable housing goals. Cities and counties are not required to build affordable housing, but they are required to assist private or non-profit organizations to do so (Ross, 2000). Inclusionary zoning ordinances are one way to achieve this goal. Another is to create a linkage fee program.

Linkage fees are a way for local governments to collect funds from developments, both residential and commercial, and place those monies in a housing trust fund for others to use to build affordable housing units. Linkage fees reflect the recognition that all commercial, industrial, and up-scale residential construction increase the need for low wage employment in a community. These workers will need affordable housing. Linkage fees will help offset the impact of new development on a community.

Developers may oppose linkage fee programs, stating that they reducing a community's competitiveness. However, when a new business identifies a site to expand or relocate, the availability of housing stock for its employees is one key aspect of that decision. Some may also feel that linkage fees force new business to unfairly "solve" the larger societal problem of affordable housing. However, new jobs attract employees. If they can not live in the community in which they work, it is unfair to require other communities to provide this housing. ([www.nonprohthousing.org](http://www.nonprohthousing.org))

### **Benefits**

- increase affordable housing stock
- decrease traffic congestion, as employees can live closer to where they will work

### **Issues**

Much of this section is summarized from the Equitable Development Tool Kit, Policy Link website: <http://www.policylink.org/EDTK/Linkage/How.html>

#### **1) Development Types that will pay**

Fees usually apply to some type of commercial development, e.g., hotels, office building complexes, etc. Industrial development may be assessed at a lower rate. The real estate market of the community should be reviewed, as if hotel development is projected to boom, it may be wise to assess this type of development and not others

## **2) Rates**

Fees are charged per square foot of the new development. As the Florida Affordable Housing Study Commission suggests:

The amount a local government charges per square foot in its linkage ordinance is best determined by a local or regional economic and demographic study that takes into account the local market conditions. (FAHSC, 2001)

In the example from Winter Park that is attached, the fee is \$.50 per square foot for residential development, and \$3.00 per square foot for non-residential development.

## **3) Timeline to pay the fee**

In some communities, e.g., San Francisco, all fees are due prior to the construction start. In other communities, e.g., Boston, developers have seven years to pay the fees. In Winter Park, the fees are due when the building permits are issued.

## **4) Use of funds**

In most cases, the funds are used for affordable housing. But some communities have used funds for job training, child care, and transportation. The impact of new development on areas other than housing could be assessed to determine, e.g., if employees of a new development would require training.

## **5) Location of housing supported by funds**

Some communities have a proximity requirement, e.g., the funds must be spent on housing located within 1.5 miles of the new development.

## **6) Square footage exemptions**

All programs have a threshold requirement to protect small businesses.

## **Bibliography**

Florida Affordable Housing Study Commission. 2001. Annual Report. Tallahassee, FL:  
Author

Ross, J. 2000. *Linkage Fees and Inclusionary Zoning Growing Smarter through  
Affordable Housing* [http://www.1000fof.org/Affordable\\_Housing/Growing\\_Smarter.asp](http://www.1000fof.org/Affordable_Housing/Growing_Smarter.asp)