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Deny an affordable housing bonus for Palmer Place development

Palmer Place is a massive development proposed for a parcel 3.5 miles east of Interstate 75 between Fruitville and Bee Ridge roads, outside the Urban Service Boundary. The Sarasota County Commission will meet Wednesday on the developer's request to rezone the land to an Affordable Housing Overlay District.

If approved, a density bonus provided by the overlay district would allow the developer to build 600 homes where zoning now allows 41 homes. The bonus would be granted in exchange for designating half the project -- 300 units targeting homebuyers earning up to \$71,500 a year -- as a part of the Community Housing Trust.

However, the proposal fails on many levels, and we urge the commissioners to deny approval of the request. As proposed, Palmer Place is too big and does not reflect the county's 2050 Plan. It would place too heavy a burden on the taxpayers for infrastructure improvements. More importantly, its affordable housing components, set at market prices, would subsidize above-average-income home buyers and would not serve those who truly need affordable housing.

With the housing bubble burst and home prices declining, the Palmer Place affordable housing pro forma does not make economic sense. In the plan, 300 units of resale-restricted housing would be built by the developer. The Community Housing Trust would retain ownership of the land forever and would "sell" the homes to income-qualified buyers. Homebuyers would not own the land, just the shelter. That's an important consideration for homebuyers in today's market conditions.

Analysis shows the prices anticipated for Palmer Place affordable housing units are already provided by the market. At Palmer Place, one group of 100 one-bedroom, one-bath and two-bedroom, two-bath stacked townhouse units would be priced for no more than \$136,929, targeting buyers with household incomes of \$47,680; a second group of 100 units of two- and three -bedroom, two-bath stacked townhouses is priced at more than \$189,877, targeting homebuyers with incomes of \$59,600; and a third group of three-bedroom, two-bath townhouses is priced no higher than \$243,825, targeting homebuyers with household incomes of \$71,520.

The Palmer Place affordable housing pricing misses the intended homebuyer segment: The Sarasota County median household income is \$46,416, according to the Census Bureau's 2006 American Community Survey, and the market offers similar if not better real estate values. More than 200 similar units are being marketed at Palmer Ranch, priced between \$129,000 and \$224,990, according to a study conducted in February and March. More than 1,000 single-family homes in northern Sarasota County

are listed for sale in the Board of Realtors Multiple Listing Service at less than \$243,000.

Taxpayers should not subsidize home buyers making \$60,000 to \$70,000 per year. At that income, they can afford mortgage payments (including taxes and insurance) of \$1,500 to \$1,750 a month.

Community housing/land trusts can work well. However, when they compete with a market full of homes at similar prices, the limited ownership provisions of the trust favor the purchase of single-family homes and lots in the open market.

Affordable housing initiatives should target homebuyers who cannot compete in the market -- those who make less than 80 percent of the area median income. That's the standard of more than 85 percent of the housing trusts nationwide. We urge the commissioners to focus our limited affordable housing resources on those who make less than, not more than, average incomes.

During a period of finite resources and budget belt-tightening, county taxpayers should not have to fund infrastructure improvements to support Palmer Place. Growth in the area has strained schools and roads. The school district says there is no elementary school capacity for the proposed project.

With a glut of inventory on the market, declining home prices and hundreds of affordable units already planned for construction, we urge the commissioners to deny approval of the Palmer Place rezoning and reject the idea of subsidizing homebuyers earning above-average incomes.

Don Schultz is chairman of the Bee Ridge Neighborhoods Committee, which includes representatives of most of the neighborhood and homeowners associations east of I- 75 along Bee Ridge Road, the Bee Ridge Extension and Iona Road.

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