



**ISLAMORADA, VILLAGE OF ISLANDS
VILLAGE COUNCIL WORKSHOP MINUTES**

**Founders Park Community Center
87000 Overseas Hwy
Islamorada, FL 33036
Wednesday, February 3, 2016
5:30 PM**

I. CALL TO ORDER / ROLL CALL

Mayor Deb Gillis called the meeting to order at 5:33 P.M. The following Councilmembers were present on roll call: Mayor Deb Gillis, Vice Mayor Jim Mooney, Councilman Mike Forster and Councilman Chris Sante. Councilman Dennis Ward was absent. Also in attendance were Village Manager Maria Aguilar, Director of Planning Cheryl Cioffari, Village Clerk Kelly Toth, and all other appropriate personnel.

II. PLEDGE OF ALLEGIANCE

Kate DeLoach led the Pledge of Allegiance.

III. WORKSHOP PRESENTATION AND DISCUSSION

A. Discussion Regarding Development of a DEO Administration Commission Rule Creating the Vacant Lot Reduction & Hotel Unit Allocation Program

(The proposed rule and presentation slides are incorporated into the minutes as an attachment.)

Department of Economic Opportunity (DEO) Area of Critical State Concern Program Administrator, Rebecca Jetton, provided an explanation of the proposed rule intended to reduce the supply of vacant lots, to acquire environmentally sensitive lots and to maintain the ability of the permanent population of the Florida Keys to evacuate within 24 hours.

Ms. Jetton explained that in 2023, when the allowed Rate of Growth Ordinance (ROGO) building allocations would be fully allocated, 829 vacant lots would still exist in Islamorada. She provided details on the types of lots where the extinguishment of development rights would be permitted. Ms. Jetton stated lots would be donated to the Monroe County Land Authority unless the municipality desired to take ownership. She stated she hoped the local governmental entities would establish an affordable housing linkage and proceeded to explain the City of Marathon's affordable housing linkage.

IV. PUBLIC COMMENT

Mayor Deb Gillis opened public comment.

Deanne Gable, General Manager of Cheeca Lodge & Spa, expressed concern regarding the ability to recruit staff and the economic impact that the proposed rule had on the resort. She expressed concern regarding the extremely limited affordable housing for these employees. Ms. Gable stated Cheeca employs 300 employees when staffed appropriately and that this season they began with 50 fewer employees than what needed. Ms. Gable stated that Cheeca has 20 staff housing units that are about 400 to 450 square in size and could accommodate four employees per unit. She stated Cheeca had recruited from the mid-west, but that the some of the employees could not remain because they could not sustain themselves in the Keys. Ms. Gable stated that Cheeca hired a realtor to find employee housing between Marathon and Key Largo. She stated they secured two waterfront homes on a six month lease, but that it was not economically feasible due to the number of employees they could place in a single house. Ms. Gable stated Cheeca had secured 16 housing units in Homestead, which Cheeca had to furnish, and that each unit would accommodate six employees. Ms. Gable stated Cheeca had to let the units go because there was no way to transport the employees from Homestead to Islamorada. She stated the cost was approximately \$3,000 per month.

Ms. Gable stated that the owner of Cheeca Lodge was seriously concerned about exercising Cheeca's current building permits due to the issues they faced with staffing. She stated that adding more hotel units would make staffing even more challenging.

Ms. Lorie LaLonde, Realtor, expressed the need for affordable housing assistance in the Keys and suggested a form of financial assistance and dormitory type housing for workers. She spoke in support of more affordable housing and fewer hotel units.

Mayor Deb Gillis explained the proposed rule was to allow the purchase of three lots for which the buyer would extinguish the building rights to allow the buyer to build one hotel unit.

Vice Mayor Jim Mooney stated that the addition of more hotel units would exacerbate the traffic and worker housing problems that already exist. He expressed concern that the proposed rule did not address the problem that would occur with the remaining lots which would most likely result in takings claims. He stated Islamorada was built out.

Deanne Gable suggested instead of hotel units given in exchange for the extinguishment of building rights, perhaps providing an incentive for building deed restricted affordable housing. She expressed concern that the infrastructure was built out and suggested repurposing the buyback to a more appropriate designation.

Councilman Chris Sante suggested employers get creative with addressing the issues of transportation and housing and provided examples of his creative, successful solutions. He stated he was in agreement with Vice Mayor Mooney in that Islamorada would face takings claims in 2023 and Vice Mayor Mooney's idea of limiting affordable housing deed restrictions on infill lots to twenty to thirty years. He stated he did not oppose the idea of purchasing three lots for a hotel unit.

Councilman Mike Forster suggested the proposed rule was a band aid on the bigger issue. Councilman Forster implied that it was likely the majority of the units would be purchased by a select few developers. He proffered the state consider limiting the number of units a hotelier could purchase to ten or fifteen thereby making units available to all hoteliers. He expressed concern for the greater problem that would occur in 2023 and commented that real estate values would continue to rise making the vacant lots even more expensive.

Vice Mayor Jim Mooney expressed concern that lots would be purchased outside of Islamorada; yet the hoteliers would decide to use the units in Islamorada hotels. He stated this would not reduce Islamorada's risk of takings claims as Islamorada would still be left with 829 vacant lots after all the allocations had

been distributed. Vice Mayor Mooney inquired as to how other municipalities remaining ROGO allocations would be distributed. Rebecca Jetton, DEO Area of Critical State Concern Program Administrator, stated that theoretically other municipalities were to distribute the remaining allocations to the other local governments. She stated the City of Key West put the bulk of their allocations into affordable; and that they could issue more than one allocation as long as they had the density to do so. She stated thus far, the City of Key West had not redistributed any allocations.

Mayor Deb Gillis suggested a tax incentive offered by the State of Florida that would be given to a property owner if they voluntarily extinguished the development rights of their vacant lot(s).

Jim Rhyne, Hotelier, inquired as to whether there were currently any takings claims in Islamorada. Councilman Sante explained that a permit could be requested of the Council if the applicant had been in the Building Permit Allocation System (BPAS) for four years. Mr. Rhyne stated he thought the Village had exceeded its growth limit; but expressed concern about future takings claims and suggested slow growth via the extension of ROGO. Mr. Rhyne read the following comment from the City of Marathon's Affordable Housing Study conducted by Florida International University:

"The analysis clearly indicates that Marathon's accelerating shortage of affordable housing for households earning from 30 to 160 percent of the City's Median Income (\$14,000 to \$75,000) has already significantly changed the city's income and economic structure. Looking to the future, Marathon may well be at a tipping point. If this pattern continues it is difficult to see how Marathon will remain sustainable as a community that supports permanent residents in an economy with a healthy range of incomes, skills and occupations."

Mr. Rhyne stated Marathon was growing with 450 hotel rooms being redeveloped over the next four years with over half of the hotels rooms being new units.

Vice Mayor Jim Mooney expressed concern regarding: the costs Islamorada would incur for takings claims; the extension of ROGO delaying the problem; and the limited ability of current roadways to accommodate increased traffic.

Deanne Gable, General Manager of Cheeca Lodge and Spa, stated she had lived in Hawaii for seventeen years and that during the 1980's the government made the decision to cease development to allow for infrastructure and housing to catch up with the demands that the existing development had created. She suggested considering taxation issues for land owners and offering incentives. Ms. Gable expressed concern regarding the limits and challenges of the current infrastructure and stated it was a diminishing quality of experience which would result in the Florida Keys losing visitors due to the amount of time a visitor spends in traffic in relation to what a visitor spent on their accommodations.

Carolyn Ambler, Realtor, inquired as to why additional hotel rooms were being considered when it appeared that it would exacerbate the current affordable housing issue.

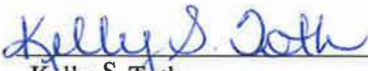
Rebecca Jetton explained that local Comprehensive Plans include provisions to require that when the evacuation period exceeded 24 hours, no more building permits would be issued and that based on the current models, it would occur in 2023. Ms. Jetton stated that the proposed rule was a method of addressing part of the issue.

Terry Tarabel suggested offering incentives and tax abatements to encourage builders to construct affordable housing in the Keys and to support the infrastructure.

Discussion ensued regarding tax credits for the construction of affordable housing, high cost of land and high construction costs, a low employee base, the approximate cost to the Village for takings claims and the various items that were considered when the hurricane evacuation model was created.

V. **ADJOURNMENT**

Councilman Chris Sante made a motion to adjourn. Vice Mayor Jim Mooney seconded the motion. The meeting adjourned at 6:49 PM.


Kelly S. Toth
Village Clerk

Approved by the Village Council this 25th day of February, 2016.

Notice of Development of Rulemaking

ADMINISTRATION COMMISSION

RULE NO.: RULE TITLE:

28-17.001 Purpose, Definitions and Program Implementation

PURPOSE AND EFFECT: This rule establishes a program to award to Florida Keys local governments Hotel Unit Allocations for hotel development in exchange for reduction of residential development rights on vacant buildable environmentally sensitive lots and ensure safe evacuation of residents of the Florida Keys during hurricane events. Up to 300 hotel room allocations shall be available in exchange for the extinguishment of 900 buildable lots.

SUBJECT AREA TO BE ADDRESSED: The rule covers residential development entitlements in the Florida Keys; the increase acquisition of vacant buildable environmentally sensitive platted lots; reduction of state and local government exposure to potential takings claims; and ensures the safe evacuation of residents of the Florida Keys and City of Key West Areas of Critical State Concern during tropical hurricane events.

RULEMAKING AUTHORITY: 380.05(22)(b) FS.

LAW IMPLEMENTED: 380.05, 380.0552 FS.

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS:

28-17.001 Purpose, Definitions and Program Implementation.

(1) Purpose. This rule establishes a program to award to Florida Keys local governments Hotel Unit Allocations for hotel development in exchange for extinguishment of residential development rights on vacant buildable environmentally sensitive lots. The purpose of the program is to reduce residential development entitlements and increase acquisition of vacant buildable environmentally sensitive platted lots, reduce state and local government exposure to potential takings claims, and ensure the safe evacuation of residents of the Florida Keys and City of Key West Areas of Critical State Concern during tropical hurricane events.

(2) Definitions. As used in this rule the following terms have the following meanings:

(a) "Florida Keys" means the Florida Keys Area of Critical State Concern and the City of Key West Area of Critical State Concern.

(b) A "Hotel Unit Allocation" means an allocation for development of one Hotel Unit consisting of one bedroom and up to two bathrooms.

(c) "Recipient(s)" means a non-government entity or an individual who receives a Hotel Unit Allocation award from a local government.

(d) Department and DEO means the State Land Planning Agency

(e) "Environmentally Sensitive" means lands targeted for acquisition by the Florida Department of Environmental Protection, lands designated Tier I and Tier II under the Monroe County comprehensive plan, or wetlands scoring 4 to 5 on the Keys Wetland Evaluation Program (KEYWEP)

(3) Communities; Local Government Hotel Unit Allocation Awards; Expiration. The Department of Economic Opportunity may designate up to three local governments in the Florida Keys as communities under this rule. The Department shall issue a Hotel Unit Allocation Award Letter to the community or communities awarding a combined total of up to 300 Hotel Unit Allocations. If more than one community is designated, the Department may award all Hotel Unit Allocations simultaneously or may stagger the Hotel Unit Allocation awards.

(4) Use of Hotel Unit Allocations for Development.

(a) Local Hotel Unit Allocation Program. A local government in possession of Hotel Unit Allocations may award those Hotel Unit Allocations to a Recipient for development of hotel units. Prior to any award to a Recipient, the local government shall establish a Hotel Unit Allocation Program that:

1. includes application, award, tracking, and record-keeping requirements,

2. requires development of affordable housing units or, if authorized by the local government's comprehensive plan or land development regulations, contribution of a fee for each hotel unit built, and

3. requires the extinguishment of residential development rights as provided in this rule.

(b) Conditional Use Approval; Expiration of Hotel Unit Allocation to a Recipient. Hotel Unit Allocations shall be awarded pursuant to a conditional use approval conditioning the award on the Recipient extinguishing development rights on three vacant buildable environmentally sensitive platted residential lots for each one Hotel Unit Allocation awarded. For the purpose of this rule, an environmentally sensitive platted residential lot is a platted lot designated as Tier I or II, targeted for acquisition by the Florida Department of Environmental Protection, or a lot that scores between 4.0 and 5.0 under the Florida Keys Wetland Identification Program and must have been platted on or before the effective date of this rule. The lots on which development rights are extinguished must be located within unincorporated Monroe County, Islamorada, or Marathon exclusive of offshore islands and Mainland Monroe. Residential development rights shall be extinguished within two years after the date of the conditional use approval or the Hotel Unit Allocation award shall automatically expire. Upon expiration, the Hotel Unit Allocations shall revert to the Department for further award pursuant to its adopted Hotel Unit Allocation program. Once the required residential development rights are extinguished in a manner consistent with this rule, the Hotel Unit Allocations are the sole property of the Recipient.

(c) Extinguishing Residential Development Rights. Residential development rights shall be extinguished by the Recipient recording a written instrument in the public records of Monroe County, Florida, extinguishing such development rights. The instrument shall be in a form acceptable to the local government in which the lots are located. The Recipient shall provide a copy of the recorded instrument to the Department and to the local government in which the lots are located no later than 10 days after the recording information is made available to the Recipient by the Clerk's Office. The Recipient shall not be entitled to receive a building permit for hotel units to be developed pursuant to a Hotel Unit Allocation award until the required residential development rights have been extinguished.

(d) Plan Amendment Designating Lots as Conservation. The local government in whose jurisdiction the lots on which development rights have been extinguished are located shall amend its comprehensive plan to designate the lots as "Conservation" on its Future Land Use Map within six months after the receipt of the recorded written instrument extinguishing such development rights. The local government in whose jurisdiction the lots are located may require the Recipient to apply for the plan amendment required by this section.

(e) Land Management. For the purpose of land management, the Recipient may convey the lots on which development rights have been extinguished to the Monroe County Land Authority or to the local government in which they are located to manage the lots.

(5) Evaluation and Report to the Administration Commission. Local governments participating in the program shall provide DEO an annual Report by July 30 of each year indicating the status of the program and reporting the number of units that have been transferred or acquired. Adjustments to the ten year building permit allocation shall be reflected in a plan amendment by the donor and receiver local governments within 12 months of adoption of a resolution to transfer units to another local government. Department of Economic Opportunity shall include in its Florida Keys annual report an assessment of the success or failure of the program and a recommendation whether the program should be expanded.

Rulemaking Authority: 380.05(22)(b), F.S.; Law Implemented: 380.05, 380.0552, F.S.; None



FLORIDA
DEPARTMENT of
ECONOMIC
OPPORTUNITY

Rule Development Workshop Proposed Hotel Unit Allocation Program

Rebecca Jetton, Area of Critical State Concern Program Administrator (850-717-8494)

Barbara Powell, Planning Analyst (850-717-8504)



Purpose:

- Reduce supply of vacant lots
- Acquire environmentally sensitive lots
- Ensure evacuation within 24 hours



FLORIDA DEPARTMENT of ECONOMIC OPPORTUNITY



Concept

- DEO designates three local governments to receive hotel allocations (up to 300)
- Award letters/§380.032 Florida Statutes Agreements
- Voluntary participation
- Allocate one hotel unit for extinguishment of development rights on three lots



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Vacant Lot Reduction

Municipality	Vacant Lots	Total Allocation	Vacant Lots Remaining
Monroe County	8,758	1,970	6,788
Marathon	1,281	300	981
Islamorada	1,109	280	829
Key Colony Beach	92	60	32
Layton	13	30	0
Key West	84	900	0

Source: 2012 Hurricane Evacuation Study



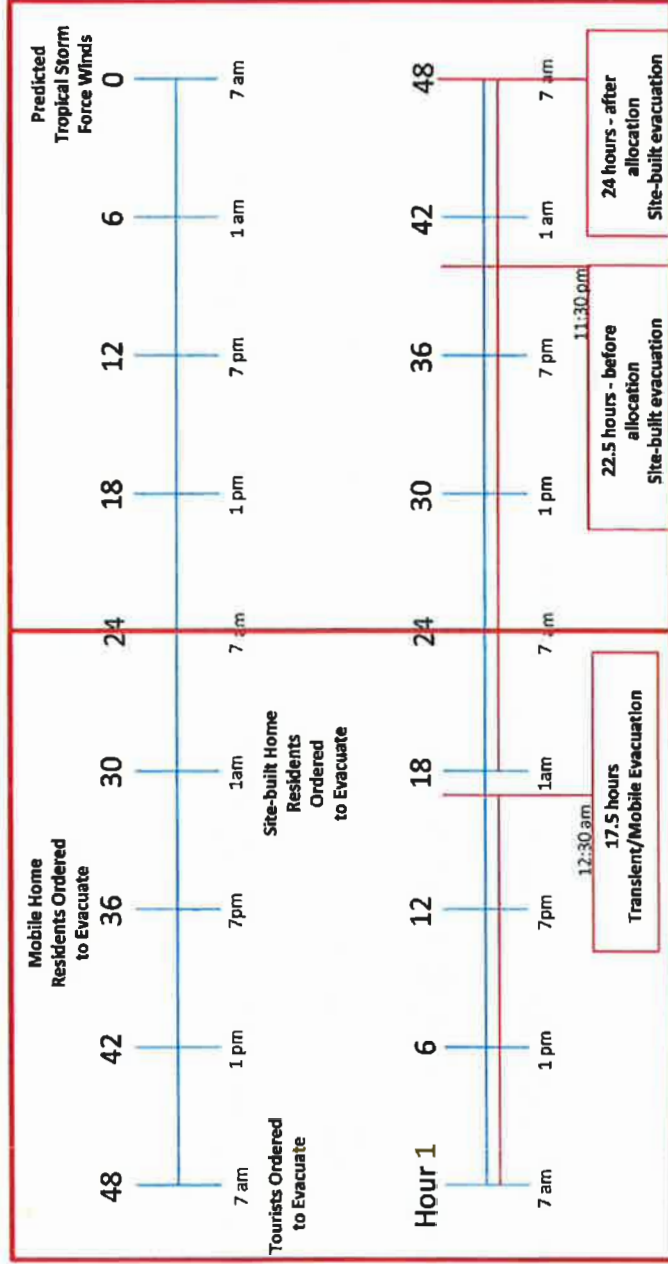
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Current Phased Evacuation

Day One: Phase 1

Day Two: Phase 2



FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY



Transient Hotel Opportunity

- Hotel occupancy 80-88 percent
- Strong average daily rate \$247
- Only 100 new hotel units constructed since 1996
- Recent per room value of major transactions



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Definitions

- Environmentally Sensitive Lots
- Located in Tier I or II unincorporated Monroe
- Targeted for acquisition by Florida Forever
- Keys Wetland Evaluation Program score of 5-6 but no higher
- Not including offshore islands or submerged land
- Not including mainland Monroe County



FLORIDA DEPARTMENT of ECONOMIC OPPORTUNITY



Local Government Linkage

- Conditional use approval or development agreement
- Coordinate tracking/record keeping
- Report to DEO



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Conditional Use Agreement

- Two years to extinguish development rights
- Hotel Units cannot be built until rights have been removed from lots and recorded
- Hotel units revert to DEO if unused
- Units are sole property of recipient
- Affordable housing linkage



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Affordable Housing Linkage Example

- Marathon
 - Twenty percent of hotel floor area constructed set aside as affordable housing
 - Request:
 - 5 hotel units x 300 sq. ft. (average room size) = 1,500 sq ft of floor area
 - 1,500 X 20% = 300 sq. ft. affordable housing set aside
 - 15 rooms = 900 sq. ft. set aside
 - 30 rooms = 1800 sq. ft. set aside
- Set Aside ÷ Room Size = Units of Affordable Housing



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Local Government

- Lots are designated Conservation on the Future Land Use Map within six months of rights being extinguished and recorded
- Land dedicated to Monroe County Land Authority or local government for management
- Assignment of costs for processing the amendment shall be determined by the local government containing the extinguished lots



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