



**CITY OF CAPE CORAL  
AFFORDABLE HOUSING INCENTIVE PLAN  
2025 INCENTIVE REVIEW AND RECOMMENDATION REPORT**

**APPROVED BY AFFORDABLE HOUSING ADVISORY COMMITTEE ON \_\_\_\_\_**

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**City of Cape Coral/County of Lee  
Affordable Housing Incentive Plan  
2025 Incentive Review and Recommendation Report**

**I. Background Information:**

The Sadowski Affordable Housing Act, as approved by the Florida Legislature and codified as Chapter 420 of the Florida Statutes, requires the development of an Affordable Housing Incentive Plan by all local governments electing to participate in the housing production and preservation initiatives authorized by the Act. Section 420.9076 of the Florida Statutes, effective July 1, 2007, requires cities and counties receiving State Housing Initiatives Partnership (SHIP) funds to establish an Affordable Housing Advisory Committee (AHAC). The City of Cape Coral approved the establishment of an AHAC, pursuant to Section 420.9076 Florida Statutes, by Resolution 23-08. All recommendations should encourage or facilitate the development of affordable housing in the City of Cape Coral. The Plan encompasses the specific recommendations of the AHAC, and the subsequent approval or denial of these recommendations by the City Council by official action by December 31, 2025.

The Affordable Housing Advisory Committee (AHAC) met to review the current Local Housing Incentive Plan and to discuss potential revisions to this plan.

The City of Cape Coral currently has eight (8) incentive strategies adopted through the 2024 Local Housing Assistance Plan. Excerpts from the plan detailing the incentives are provided below:

***Name of Strategy: Expedited Permitting***

Permits as defined in s.163.3164 (7) and (8) for affordable housing projects are expedited to a greater degree than other projects. The City developed and implemented a system of identifying and expediting affordable housing permits, plan reviews and related actions. The expedited permitting process continues to work well and provides a valuable service to contractors developing affordable housing projects within the City. Expedited permitting has been also expanded to include permits associated with Lee County Department of Human Services affordable housing programs that are being implemented in the City of Cape Coral.

***Name of Strategy: Modification of Impact Fees***

The City maintains a Single-Family Impact Fee Deferral Program. This allows agencies participating in City or County affordable housing programs to defer impact fees until the property is transferred.

***Name of Strategy: Ongoing Review Process***

The impact of City policy and actions on affordable housing is addressed in the Comprehensive Plan's Housing Element, the Consolidated Plan and in City procedures. The Housing Element of the Comprehensive Plan provides for the review of all development, codes, regulations, policy and ordinances. The City through its annual reporting requirements to the Florida Housing Finance Corporation includes a certification for implementation of regulatory reform activities in accordance with s.

163.3164(7) and (8) of the Florida Statutes. Proposed actions of the City Council are reviewed in this context.

***Name of Strategy: Flexible Density for the Provision of Affordable Housing***

The City of Cape Coral currently does not offer additional density for the provision of affordable housing. In the past the City had a density incentive program (DIP) for specific zoning districts. In these districts, the Downtown Community Redevelopment Area (CRA) zoning districts and the then Market Place Residential zoning district, developers will be eligible for increased density by utilizing choices from a number of categories, including affordable housing. Currently, affordable housing is one of nine (9) categories, of four (4) required, that developers may choose to increase density within projects. When the City adopted the new Land Development Code in 2019 the density programs were removed.

***Name of Strategy: Reduction Parking and/or Setback Requirements***

Applicants have the ability to deviate from required parking based on ITE minimums as currently allowed by code. Additionally, the zoning code calls for a significant reduction in required parking. Setback reductions were not included.

***Name of Strategy: Reduction in Street Width Requirements for affordable single family subdivisions***

Affordable single-family subdivisions shall be eligible for an administrative deviation to the minimum street width requirements in the City's Engineering Design Standards to the applicable State of Florida minimum street width.

***Name of Strategy: Zero-lot Line Configuration***

The City currently allows zero-lot line development for affordable and market rate housing through the Planned Unit Development process. Policy 1.2 of the Housing Element of the City's Comprehensive Plan states the City will maintain criteria for implementation of the City's Land Use and Development Regulations, pursuant to S.163.3202, F.S., for activities such as, zero lot line development, townhouse development, and transfer of development rights to encourage residential developments to include a wide mix of housing types and designs at a variety of allowable housing densities and intensities.

***Name of Strategy: The preparation of a printed inventory of locally owned public lands suitable for affordable housing.***

Description of policies and procedures: Section 166.0451, Florida Statutes states the following related to the disposition of municipal property for affordable housing by October 1, 2023 and every 3 years thereafter, each county and municipality must prepare an inventory list of all real property within its jurisdiction to which the county or municipality holds fee simple title that is appropriate for use as affordable housing.

**II. Public Hearing:**

The document itself was presented for public hearing to the Cape Coral City Council on \_\_\_\_\_.

**III. Statutory Incentives & Recommendations:**

This section examines the eleven (11) incentives that the Affordable Housing Advisory Committee (AHAC) must consider under Section 420.9076 Florida Statutes. For each incentive an analysis, recommendation and implementation schedule has been provided.

**Incentive A (MANDATORY):**

The processing of approvals of development orders or permits, as defined in Section 163.3164 (7) and (8), Florida Statutes, for affordable housing projects are expedited to a greater degree than other projects.

**Review Synopsis:**

Delays during any stage in the development process add to the final costs of new housing. Reducing the costs incurred by developers during the development review process makes affordable housing projects more attractive. Expedited permitting is a cost efficient and very effective way of reducing developer costs. Fast track review and permitting of affordable housing projects reduces developer costs at no cost to local government.

As a State Housing Initiatives Partnership (SHIP) program recipient, the City of Cape Coral provides expedited permitting services for affordable housing as required by Florida Statutes. A formalized process was put in place as a result of the 2008 Local Housing Incentive Plan. Any expediting is done at the request of a State/Federal subrecipient or the Lee County Department of Human and Veteran Services and processed by Planning Division Staff with the assistance of the permit expeditor and the Building Official within the Department of Development Services Building Division. Expedited permitting is adopted by City Council within the City’s Local Housing Assistance Plan (LHAP). The City put into place a formal policy and procedure in July 2023.

**AHAC Recommendation: Maintain expedited permitting process.**

**City Council Action:** \_\_\_\_\_.

**Incentive B:**

The modification of impact-fee requirements, including reduction or waiver of fees and alternative methods of fee payment for affordable housing.

**Review Synopsis:**

Impact fees are charges assessed by local government to cover the infrastructure costs associated with new development. These one-time expenses are typically levied upon issuance of building permits to ensure that public facilities and services have adequate capacity and infrastructure to meet the demands of a growing population. While impact fees are initially charged to the developers, the cost is often time passed on to the purchaser. The City of Cape Coral currently charges **\$7,758.65** in impact fees for a single-family home. This does not include capital expansion fees for water and sewer which add an additional price when water and sewer is extended to a property.

Eliminating, reducing, or deferring development fees is an incentive cities can offer to housing developers to encourage them to build lower cost housing. Impact fee deferral can reduce the cost of housing when the savings are passed on to the buyers or renters.

In 2008, the Affordable Housing Advisory Committee recommended the implementation of an impact fee deferral program as an incentive for providing affordable housing. The impact fee deferral program was proposed to be initially implemented utilizing State Housing Initiative Partnership Program (SHIP) funds as the funding source. City Staff amended the City's Local Housing Assistance Plan to include an impact fee payment program strategy, and this was approved by both the City Council and Florida Housing Finance Corporation. The strategy remained unfunded until 2016 when it was removed from the Local Housing Assistance Plan as part of a larger revision to the plan to reduce the number of strategies within the plan. In 2018, the City of Cape Coral City Council approved the City Council approved the Single-Family Impact Fee Deferral Pilot Program. This pilot program allows for the deferral of impact fees for partner agencies participating in the City's affordable housing programs. The pilot program expired in 2022.

On August 21, 2024, the City Council approved Permanent Single-Family Impact Fee Deferral Program for residential unit limited to developments participating in the City's or Florida Housing Finance Corporation affordable housing program (Ord. 58-25).

On May 14, 2025, the City Council approved Multi-Family Impact Fee Deferral Program for affordable multi-family residential units. The program is intended for the multi-family products that are financed by local, state, or federal funding or through the Live Local Act.

**AHAC Recommendation: Maintain both Single-Family Impact Fee Deferral Program and Multi-Family Impact Fee Deferral Program.**

**City Council Action:** \_\_\_\_\_

**Incentive C:**

The allowance of flexibility in density for affordable housing.

**Review Synopsis:**

The City of Cape Coral does not allow for flexibility in density for the provision of affordable housing. The City of Cape Coral in the past has had a density incentive program (DIP) for specific zoning districts. In these districts, the South Cape zoning district and the (then) Market Place Residential (MR) zoning district, developers will be eligible for increased density by utilizing choices from a number of categories, including affordable housing. Currently, affordable housing is one of nine (9) categories, of four (4) required, that developers may choose to increase density within projects. All incentive programs were repealed with the adoption of the new Land Development Code in 2019.

This type of ordinance allows increased density as quid pro quo for the provision of low- and moderate-income housing. A density bonus allows a developer to build more units within a project than would otherwise be permitted under normal density limits. Key to a density

incentive-based program is a strong residential real estate market, where a developer desires to obtain additional market rate unit entitlements and is confident that each additional unit will be marketable and contribute the expected profit to the project. In many strong residential markets, land costs also tend to rise – the option of providing affordable units in exchange for additional market rate units at zero additional land cost can therefore be especially attractive in these cases.

In some jurisdictions around the country, incentive programs allow for a variation of paying an “in-lieu” fee, rather than actually constructing the affordable units within the project. This option is allowed, and sometimes encouraged, in order to provide the developer with the option of paying money rather than impacting the perceived marketability of the project by including mixed household incomes within it. The “in-lieu” fee is often set at a level necessary to serve as equity in an off-site affordable project on a per unit basis, not the entire development cost of that unit. This approach is followed because affordable housing developers can utilize the equity amount to leverage debt on the units, thereby minimizing the payments collected from the market rate developer and maximizing the number of affordable units built elsewhere. Incentive based zoning programs do not always have to rely on additional density as the incentive.

**AHAC Recommendation: Do not implement this incentive.**

**City Council Action:** \_\_\_\_\_.

**Incentive D:**

The reservation of infrastructure capacity for housing for very-low, low and moderate- income persons.

**Review Synopsis:**

The City of Cape Coral currently does not have this program as an incentive. There is no reservation of capacity for affordable housing or any other type of development.

The City of Cape Coral is a pre-platted antiquated subdivision, with over 200,000 lots. The streets are constructed, and electric and telephone service is available. In addition, in areas where water and/or sewer service is not available the Health Department will permit the installation of an on-lot sewage treatment system and an individual water supply well for residential development.

The Growth Management Act (Florida Statute 163) requires that public facilities and service i.e., infrastructure be in place concurrent with development. In Cape Coral this means primarily water and sewer and to a somewhat lesser degree park facilities and streets. Since Cape Coral is a Platted Lands community as long as water and sewer service are available (City or on lot) and the applicable Land use Regulations are met, land can be developed to minimum densities. Currently single-family building sites (80’ X 125’) can be developed throughout the City without city water and sewer as previously explained. Regarding streets most of the platted building lots have access to public streets. When the City was originally developed the streets were constructed providing access to all the lots.

Because infrastructure as defined by statute is not a factor in housing development there is not a need to reserve capacity for affordable housing. There would be no advantage in adopting this incentive since affordable housing could be developed within the City’s existing capacity. The Affordable Housing Advisory Committee will consider this incentive in its annual evaluation of the LHIP.

**AHAC Recommendation: Do not implement this incentive.**

**City Council Action:** \_\_\_\_\_.

**Incentive E:**

The allowance of affordable accessory residential units in residential zones.

**Review Synopsis:**

The City of Cape Coral currently permits what are called “guest/staff” quarters in one zoning designation Residential Estate (RE).

*Residential Estate (RE)*

*Guest Staff Quarters are permitted by right. The minimum lot size in the RE zoning designation is 40,000 square feet.*

Accessory Dwelling Units (ADU’s) are defined by Florida Statutes as an ancillary or secondary living unit that has a separate kitchen, bathroom, and sleeping area existing either within the same structure, or on the same lot, as the primary dwelling unit. They are also referred to as granny flats, garage apartments, carriage houses, and ancillary units. ADU’s provide a unique opportunity to provide additional affordable units in a community.

Recognizing the shortage of affordable rentals within the state of Florida, the Legislature encouraged local governments to adopt ordinances to authorize the construction of accessory dwelling units within zoning districts that allow single family residential use. Further, these ordinances would require that the building permit application for an accessory dwelling unit be accompanied by an affidavit from the applicant attesting that the unit will be rented at a rate affordable to the targeted populations. Additionally, accessory dwelling units allowed by such an ordinance would apply toward satisfying the affordable housing component for the housing element in the local government’s comprehensive plan.

The City included ADU’s when developing the new Land Development Code however, this use was removed by the City Council prior to approval in 2019.

On July 31<sup>st</sup>, 2024, at the Committee of the Whole meeting, the City Council directed staff NOT to move forward with Accessory Dwelling Units.

**AHAC Recommendation: Revisit the topic of Accessory Dwelling Units (ADUs).**

**City Council Action:** \_\_\_\_\_.

**Incentive F:**

The reduction of parking and setback requirements for affordable housing.

**Review Synopsis:**

Parking standards not only affect cost but also the ability to achieve designated densities. They often fail to take into account real vehicle ownership rates and use patterns of the developments prospective residents resulting in excessive on-site parking. Excessive parking reduces the number of units that can be provided in the development, add to the per unit costs, encourage automobile use, reduce the potential for additional amenities and add additional impermeable surfaces. The Institute for Transportation Engineers (ITE) and the American Planning Association recommend 2 spaces per single family unit, 1 space for efficiency apartments, 1.5 spaces for a one- and two-bedroom apartment, 2 spaces for a three-bedroom apartment and 1.4 spaces for condominiums. While the single-family requirement is consistent with this recommendation, the City of Cape Coral, like many other communities, currently require higher than this standard for multi-family dwelling units. There are a number of factors programs/actions that can be considered related to parking requirements: a reduction in the requirements for affordable/special needs housing, reduction in parking for mixed use or projects adjacent to transit lines, increasing on street parking allowances, and using multipliers for certain situations (i.e., tenure, density, car sharing). The advantages of reducing parking requirements include reduction in construction costs, especially when spread out over many units and support of community design goals by reducing the perceived density of housing developments and minimizing the site area devoted to parking areas, which are generally considered unattractive.

Bulk requirements refer to zoning regulations that govern building height, location, and size. Bulk requirements often limit the variety of housing types that are available in a community. Reducing minimum lot sizes and minimum living area promote smaller more affordable units. Additionally, reduction in lot frontage reduces costs for utility installation, services lines, site clearance and landscaping. The City of Cape Coral generally requires a seven-and-a-half-foot side yard setback, twenty-five-foot front setback and twenty foot rear setback.

Applicants now have the ability to deviate from required parking based on ITE minimums as currently allowed by code. Additionally, the zoning code calls for a significant reduction in required parking.

**AHAC Recommendation: Maintain existing incentive to administratively deviate from parking requirements and no changes to setbacks.**

**City Council Action:** \_\_\_\_\_.

**Incentive G:**

The allowance of flexible lot configuration, including zero-lot-line configurations for affordable housing.

**Review Synopsis:**

The City of Cape Coral currently does not have a formal incentive program for the allowance of flexible lot configuration. The City currently allows zero-lot line configurations in residential zoning districts through a Planned Development Process (PDP).

**AHAC Recommendation: Maintain existing incentive to allow flexibility in lot configuration through the PUD process.**

**City Council Action:** \_\_\_\_\_.

**Incentive H:**

The modification of street requirements for affordable housing.

**Review Synopsis:**

The City of Cape Coral currently does not have an incentive program for the modification of street requirements. The City of Cape Coral was developed as a pre-platted subdivision with streets completed by the developer. Therefore, most all of the residential streets are already constructed. The City does maintain Engineering Design Standards that provide for a minimum local road width of fifteen (15) feet for new roads. The Engineering Design Standards do allow for an administrative deviation process.

Excessive street widths and sidewalk requirements can increase the cost of construction for a housing developer which is often times passed on to the consumer. The same development standards are applied to both large and small developments rather than being tailored to fit the developments use or intensity. Streets comprise about half of the improvement costs of the typical single family detached house. A street servicing a minor subdivision can be narrower than one planned for a more intense use. By tailoring standards to the size, use and intensity of a project the cost for all infrastructures can be reduced.

Because of the pre-platted nature of the community this is rarely an issue.

**AHAC Recommendation: Maintain existing incentive to administratively deviate from roadway width requirements**

**City Council Action:** \_\_\_\_\_

**Incentive I (MANDATORY):**

The establishment of a process by which a local government considers, before adoption, policies, procedures, ordinances, regulations, or plan provisions that increase the cost of housing.

**Review Synopsis:**

State statute requires that local governments review all proposed policy and procedure for impact of affordable housing. This deals with all aspect of policy from fees to ordinance changes. Beginning in 2003, all local governments were required to provide a monetary figure to the state

relative to policy and procedure reviews in their SHIP annual report. The primary increases in the City of Cape Coral have been impact fee increases, a new fee schedule and changes to the landscaping code.

The advantage of this incentive is providing decision makers an indication of the effect of such actions on the cost of affordable housing and housing in general. It provides a cost side of the proposed action versus the benefit side of the impacts of the proposed action.

There currently is no formal process in place regarding this review. Staff is aware that all potential legislation should be reviewed by the Planning Division. The burden is now on the Planning Division to be aware of all proposed changes coming from any department within the City before public hearing.

**AHAC Recommendation: Maintain existing process and policy.**

**City Council Action:** \_\_\_\_\_.

**Incentive J (MANDATORY):**

The preparation of a printed inventory of locally owned public lands suitable for affordable housing.

**Review Synopsis:**

Section 166.0451, Florida Statutes states the following related to the disposition of municipal property for affordable housing: by October 1, 2023 and every 3 years thereafter, each county and municipality must prepare an inventory list of all real property within its jurisdiction to which the county or municipality holds fee simple title that is appropriate for use as affordable housing.

- The inventory list must include the address and legal description of each such property and specify whether the property is vacant or improved.
- The governing body of the municipality must review the inventory list at a public hearing and may revise it at the conclusion of the public hearing.
- Following the public hearing, the governing body of the municipality shall adopt a resolution that includes an inventory list of such property.
- The properties identified as appropriate for use as affordable housing on the inventory list adopted by the municipality may be offered for sale and the proceeds:
  - may be used to purchase land for the development of affordable housing or to increase the local government fund earmarked for affordable housing.
  - may be sold with a restriction that requires the development of the property as permanent affordable housing; and/or

- may be donated to a nonprofit housing organization for the construction of permanent affordable housing.

Alternatively, the municipality may otherwise make the property available for use for the production and preservation of permanent affordable housing.

**AHAC Recommendation: Maintain existing process and policy.**

**City Council Action:** \_\_\_\_\_.

**Incentive K:**

The support of development near transportation hubs, major employment centers and mixed-use developments.

**Review Synopsis:**

Lack of affordable housing often times lead households to locate far from their places of work, dramatically increasing commute time and transportation cost. This phenomenon is often referred to as “drive until you qualify” in affordable housing circles. This impacts the households through transportation costs and lost time spent with family and the community through increased congestion and wear on infrastructure. For this reason, transportation, employment, and housing should be considered together when examining policy.

Currently, the City of Cape Coral’s Comprehensive Plan includes the following language within the Housing Element relative to the siting of affordable housing:

Policy 4.1: During the review of all housing plans the City shall address the housing needs of the elderly and handicapped to ensure that provisions for accessibility, transportation, affordability, and locational needs are addressed to the fullest extent possible.

Policy 4.4: The City shall incorporate in the provisions for the location of affordable housing, mobile homes, and foster care facilities requirements that such facilities are encouraged to have access to transit routes, arterial roads, shopping areas, schools, parks and community service facilities, medical centers

Given the pre-platted nature of the City, the bedroom community characteristics and lack of public transportation, the mandating of a policy such as this would be difficult. However, the City should seek to encourage this policy as it is consistent with solid planning policy and smart growth principles especially in areas such as Commercial Activity Center Land Use and the Downtown Community Redevelopment Area.

The policy will be examined by the Affordable Housing Advisory Committee on an annual basis.

**AHAC Recommendation: Do not implement. Concurs with that this is challenging and recommends the City encourages development near transportation hubs, major employment centers and mixed-use developments but not to mandate.**

**City Council Action: \_\_\_\_\_.**

**IV. Other Recommendations:**

**None.**

**V. Board/Council Consideration:**

The City of Cape Coral Local Housing Incentive Plan (LHIP) was reviewed by the City of Cape Coral City Council on \_\_\_\_\_.

**VI. Attachments:**

Resolution Approving LHIP

Implementation Matrix

## Incentive Matrix

Incentive	Currently Implemented			Implementation Date	AHAC Recommendation	City Council Recommendation
	Yes	No	Partial			
A. The processing of approvals of development orders or permits, as defined in Section 163.3164 (7) and (8), Florida Statutes, for affordable housing projects are expedited to a greater degree than other projects.	✓			07/09	Maintain.	
B. The modification of impact-fee requirements, including reduction or waiver of fees and alternative methods of fee payment for affordable housing.	✓			09/18 05/25	Maintain	
C. The allowance of flexibility in density for affordable housing.		✓		N/A	Do not implement	
D. The reservation of infrastructure capacity for housing for very-low, low and moderate- income persons.		✓		N/A	Do not Implement	
E. The allowance of affordable accessory residential units in residential zones.		✓		N/A	Revisit the topic of Accessory Dwelling Units (ADUs)	
F. The reduction of parking and setback requirements for affordable housing.			✓	06/99	Maintain existing parking deviation.	
G. The allowance of flexible lot configuration, including zero-lot-line configurations for affordable housing.			✓	05/96 08/2019	Maintain through PUD.	
H. The modification of street requirements for affordable housing.		✓		05/02	Maintain.	
I. The establishment of a process by which a local government considers, before adoption, policies, procedures, ordinances, regulations, or plan provisions that increase the cost of housing.	✓			12/12	Maintain.	
J. The preparation of a printed inventory of locally owned public lands suitable for affordable housing.	✓			11/07	Maintain.	
K. The support of development near transportation hubs, major employment centers and mixed use developments.		✓		N/A	Do Not Implement. Encourage the location of affordable housing in these locations.	