9:30a.m.

Agenda Item #:

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 01/27/09   [ ] Consent   [ ] Regular
[x] Workshop   [ ] Public Hearing

Department: Planning, Zoning & Building

Submitted By: Planning Division

Submitted For: Planning Division

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I. EXECUTIVE BRIEF

Motion and Title: **Workforce Housing**

Summary: This workshop addresses two topics relating to the County's continuing effort to address workforce housing. The first is a Board requested discussion on bonus density programs. The second is a discussion of the price points established for resident owned County required workforce housing units. Dr. Ned Murray from the Metropolitan Center at Florida International University will present an overview of housing issues related to Palm Beach County. Countywide (RB)

Background and Policy Issues:

1. The Board has requested that the issue of density bonus programs be discussed. Board members have questioned the use of the Transfer of Development Rights (TDR) program in addition to bonus densities being provided through the Mandatory Inclusionary Zoning (MIZ) program. Staff has prepared a memorandum detailing the history of the TDR program and its application since the MIZ program was approved. Attachment "A".
2. The Board has raised concerns over the price points established for County required workforce housing units. Prices were initially established at the creation of the MIZ program and are reviewed annually. The most recent review occurred in May 2008 and the Board did not make any changes at that time. The primary factor in establishing or modifying the unit prices is area median income (AMI). AMI has increased only nominally since inception of the program (two years) however, staff is presenting options for consideration to the price points as detailed in attachment "B".
3. Staff is seeking direction on potential changes to the MIZ which have been raised through discussions with members of the housing industry. These are detailed in attachment "C".

Attachments:

A. Memorandum from Michael Howe, Senior Planner dated January 6, 2009
B. Memorandum from Patrick Rutter, Chief Planner dated January 6, 2009
C. Memorandum from Patrick Rutter, Chief Planner dated January 12, 2009

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Recommended by: [signature] 1/15/09
Executive Director   **Date**

Approved By: [signature] 1/23/09
Deputy County Administrator   **Date**

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2009	2010	2011	2012	2013
Capital Expenditures	___	___	___	___	___
Operating Costs	___	___	___	___	___
External Revenues	___	___	___	___	___
Program Income (County)	___	___	___	___	___
In-Kind Match (County)	___	___	___	___	___
NET FISCAL IMPACT	* See below	___	___	___	___
# ADDITIONAL FTE POSITIONS (Cumulative)	___	___	___	___	___

Is Item Included In Current Budget? Yes ____ No ____

Budget Account No.: Fund _____ Department _____ Unit _____ Object _____ Program _______

B. Recommended Sources of Funds/Summary of Fiscal Impact:

* There is no fiscal impact associated with this workshop item. Fiscal impacts and funding sources for any specific Board direction resulting from this workshop would be analyzed at the time those items are brought to the Board for action.

C. Departmental Fiscal Review: Paul D'Agostino

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

[signature] 1-21-09
OFMB 1/21/09

CN 1/16/09
SH 1/20/09

[signature] 1/22/09
Contract Dev. and Control

B. Legal Sufficiency:

[signature]
Assistant County Attorney

C. Other Department Review:

____
Department Director

Department of Planning,
Zoning & Building

2300 North Jog Road
West Palm Beach, FL 33411
(561) 233-5000

Planning Division 233-5300

Zoning Division 233-5200

Building Division 233-5100

Code Enforcement 233-5500

Contractors Certification 233-5525

Administration Office 233-5005

Executive Office 233-5228

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Attachment "A"

MEMORANDUM

TO: The Honorable Jeff Koons, Chairman, and Members of the Palm Beach County Board of County Commissioners (BCC)

FROM: Michael Howe, Senior Planner
Planning Division

DATE: January 6, 2009

RE: **Transfer of Development Rights (TDR) Program and Workforce Housing Units**

The purpose of this memorandum is to provide background on the Transfer of Development Rights (TDR) Program and its relationship to the Workforce Housing efforts within the County.

In 1980, the Board of County Commissioners (BCC) adopted a Transfer of Development Rights (TDR) Program. The intent of this program was to redistribute population from low density rural areas into high density areas within the urban service area; to protect and preserve Environmentally Sensitive Lands; to encourage the protection of prime agricultural lands; and to provide residential density incentives which could lower the unit cost for housing construction, thereby reducing the overall housing cost for consumers. At the time of adoption, no other density bonus program existed. In 1993 and 1996, the County revised the way that the TDR program was administered but the original intent stayed the same.

The TDR program allows for an increase in density as follows:

1. Inside the Urban/Suburban Tier and west of the Florida Turnpike, up to 2 du/acre additional;
2. Inside the Urban/Suburban Tier, but not in the Revitalization and Redevelopment Overlay, up to 3 du/acre additional;
3. In the Revitalization and Redevelopment Overlay, up to 4 du/acre additional; and,
4. In the Urban/Suburban Tier in the Glades area: (a) But not in a Revitalization and Redevelopment Overlay, up to 3 du/acre additional; or (b) In a Revitalization and Redevelopment Overlay, up to 4 du/acre additional.

Additionally, the TDR policies allow receiving areas meeting one or both of the following criteria to be eligible for an additional one (1) du/acre density bonus: 1) proximity to community services and amenities including parks, community commercial facilities, and mass transit; or 2) proximity to employment centers (defined as regional commercial facilities or major industrial facilities).

In Comprehensive Plan Amendment Round 04-1 the BCC adopted amendments to the Housing Element that established and recognized a Voluntary Workforce Housing program.

At the time of adoption of the Voluntary Workforce Housing program the TDR Program did not provide incentives for the provision of attainable workforce housing units. Under the Voluntary Workforce Housing program staff could recommend to the BCC the use of TDR units and a reduced TDR price of one dollar ($1) for each workforce housing TDR unit.

In Amendment Round 06-1 amendments to the Housing Element were adopted that, established and recognized a mandatory Workforce Housing program.

In Amendment Round 07-1 amendments were adopted that allowed for the TDR Program to further the goals and objectives of the Workforce Housing program. These amendments establish that fifty percent (50%) of requested TDR units will be required to be Workforce Housing units and will be provided at one dollar ($1) or no cost to the developer. The remaining fifty percent (50%) of the TDR units will be sold at the effective TDR price, but an applicant may request these TDR units at a free or reduced price if further Workforce Housing units are provided.

Attached is a list of the ten (10) residential developments that have been approved with a density bonus and reflect the requirements of the Mandatory program since the Mandatory Workforce Housing program became effective in December 2006. Seven of these developments also requested and were granted TDR units.

A total of 187 TDR units have been approved and all of the units are to be provided as Workforce Housing units.

c: Verdenia Baker, Deputy County Administrator
Barbara Alterman, Executive Director, PZB
Lorenzo Aghemo, Planning Director
Bob Banks, Assistant County Attorney

T:\planning\Comprehensive\HOUSING\inclusionary\Workshop01-09\mtdr011309.doc

WORKFORCE HOUSING (as of 01/2009)

Developments Approved with a Density Bonus Following Mandatory WH Ordinance Approval.

Application Name	Total Units	Potential TDR Unit Total	TDR Units Approved	TDR Units at One Dollar ($1)	WFH Bonus Units
Glenwood Townhomes	52	24	0	0	12 (30% bonus)
Gulfstream Villas Cont #: 2007-053	6	3	3 (100%)	3 (100%)	0
Vivendi Cont #: 2000-111	36	14	0	0	8 (30% bonus)
Angelocci PUD Cont #: 2003-061	140	51	51 (100%)	51 (100%)	25 (40% bonus)
Aspen Square PUD Cont #: 2003-085	171	35 new <u>38</u> (2004) 73	35 new	35 (100%)	42 (45% bonus)
Colony at Lake Worth Cont #: 2003-011	221	23 new <u>38</u> (2004) 61	23 new	23 (100%)	49 (45% bonus)
Haverhill Acres Cont #: 2005-103	160	47	29 (62%)	29 (100%)	37 (40% bonus)
Mirzadeh Apartments Cont #: 2007-339	34	11	11 (100%)	11 (100%)	6 (40% bonus)
Colonial Lakes Cont #: 2006-010	144	59	35 (59%)	35 (100%)	31 (40% bonus)
Marquez-Jones Cont #: 2005-414	43	22	0	0	9 (22.5% bonus)
Totals	**1,007**	**289**	**187**	**187**	**219**

Attachment "B"

PALM BEACH COUNTY FLORIDA

Department of Planning, Zoning & Building

2300 North Jog Road
West Palm Beach, FL 33411
(561) 233-5000

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MEMORANDUM

TO: The Honorable Jeff Koons, Chairman, and Members of the Palm Beach County Board of County Commissioners

FROM: Patrick Rutter
Chief Planner Planning Division, PZ&B

DATE: January 6, 2009 PWR

RE: **Workforce Housing Unit Pricing**

The Board adopted a mandatory workforce housing program for the County on November 21, 2006. Part of this ordinance included provisions for establishing the rental and sales prices for the mandated units. The prices established for County required workforce housing units were derived using a multitude of factors. Income was the greatest determinant. The County used area median income (AMI) for a family of four as the basis for income. This is consistent with Housing and Urban Development and general practice standards in the housing field. Allowance for elevated tax and insurance burden was factored in as well. Also considered in the pricing were homeowner's association fees. The intent of the home pricing was to establish a baseline relative to the median income at the time. This baseline price could then be modified as income moved up or down in subsequent years. The price established by the County does not strictly follow a specific formula. The Board has the ability to modify pricing as they deem necessary. A review of pricing occurs as part of the ULDC required annual report. At that time staff reviews the median household income for Palm Beach County and proposes changes. Staff has been consistent in utilizing income as the primary determinant in potential unit price change.

The County workforce housing program (WHP) targets income groups ranging from 60%-150% of AMI. We have further subdivided this range to sub-groups which are Low 60-80%, Moderate (1) 81-100%, Moderate (2) 101-120%, and Middle 121-150%. The home sales price for each of these is as follows:

Low	$164,000
Moderate (1)	$189,000
Moderate (2)	$240,000
Middle	$304,000

When the initial pricing was determined in 2006 staff used the following specific levels within each category to determine income.

Low	80% of AMI
Moderate (1)	90% of AMI
Moderate (2)	110% of AMI
Middle	135% of AMI

Attachment "B"

For example the Low range is 60-80% of AMI. We calculated 80% of AMI and used this as part of the basis for a home sales price for someone making that level of income.

What this means is that if the Board finds the current price points to be too high there is flexibility within each range to make modifications to prices. For instance the 60-80% category which is priced using 80% of AMI could be lowered to 60% of AMI. This would represent a 25% decrease in income and in turn a 25% decrease in home price. For the 60-80% category this would lower the price from $164,000 to $123,000.

The chart below details changing all categories to the lowest levels within each income group. Also noted below the chart is the pricepoint in the 60-80% category if 70% of AMI is used. Because the Board maintains ultimate discretion on pricing any levels can be chose. These are presented as options for the Board to consider.

Range	Current % of AMI	Home Sales Price	Lowest Potential AMI	Potential Home Sales Price (1)
60-80%	80% ($51,520)	$164,000	60% ($38,460)	$123,000
81-100%	90% ($57,960)	$189,000	81% ($52,164)	$171,990
101-120%	110% ($70,840)	$240,000	101% ($65,044)	$220,800
121-150%	135% ($86,940)	$304,000	121% ($77,924)	$276,640

(1)This represents the change in income by percentage applied to the existing price i.e. in the 60-80% income was reduced 25%, was applied to the existing sales price to determine new number.

(2) If 70% of AMI is used the sales price would be $143,500.

Attachment "C"

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MEMORANDUM

TO: The Honorable Jeff Koons, Chairman, and Members of the Palm Beach County Board of County Commissioners

FROM: Patrick Rutter
Chief Planner Planning Division, PZ&B

DATE: January 12, 2009

RE: **Workforce Housing Code Changes**

Since approval of the Mandatory Inclusionary Zoning (MIZ) ordinance staff has continued to meet with members of industry to discuss application of the ordinance and review potential changes to it. We recognize that modifications to some elements of the ordinance are necessary. Most notably, the change in the housing market has illuminated areas where staff feels amendments would better reflect current conditions. Even with the reduction in home prices there remains a critical need for providing housing to certain income groups. The changes below address this point. While we have only identified two changes at this time staff continues to meet with industry and discuss potential adjustments. These will be identified for the Board as necessary.

At this time staff has begun working with industry on provisions addressing two facets of the MIZ. The first is utilization of the MIZ for projects that predominantly provide housing for incomes outside of the County established workforce ranges i.e. less than 60% of area median income (AMI). The housing market today is significantly different then that under which the MIZ was originally drafted and approved. Over the past two years activity has increased in projects which provide significant portions of the units to households earning incomes in ranges below the County workforce ranges. Staff has had difficulty addressing these projects as the County definition of workforce is 60-150% of AMI. We will draft amendments to the ULDC which will provide clear distinction on application of the benefits of the MIZ and how they may be utilized for affordable projects.

The second is reviewing how multi-family developments may be better addressed and supported in the MIZ. This in large part parallels the issue above as many of the multi-family projects target the lower ranges of the County mandated income ranges. Staff has received feedback from applicants who have brought projects through the development review process and other interested parties in the multi-family development industry. We will be working with industry to develop these specific changes.

9:30 Workshop
additional Backup

Verdenia Baker

From: Verdenia Baker
Sent: Friday, January 23, 2009 2:11 PM
To: chris@gcbaonline.com
Cc: Michael Howe; Barbara Alterman; Patrick Rutter; Jon MacGillis; Edward Lowery
Subject: Mandatory Inclusionary Zoning Ordinance Letter_1_15_09_ChrisRoog
Attachments: Mandatory Inclusionary Zoning Ordinance Letter_1_15_09_ChrisRoog.pdf

Attached is my response to your proposed amendments to the MIZ program. Please do not hesitate to call me if you would like to discuss this issues further prior to the January 27, 2009 BCC meeting. Please distribute your members.
Thanks

January 23, 2009

Chris Roog, Director Governmental Affairs
2101 Corporate Drive
Boynton Beach, FL 33426

Skeet Jernigan
Community and Economic Development Council

Dear Chris and Skeet,

Potential Changes to the MIZ Ordinance:

As discussed at our meeting on January 9, 2009 staff has reviewed your proposed changes to the MIZ ordinance. We agree in most part on the concepts you have brought forward and I think you will find this in our response which is noted below in bold print. We look forward to continuing our dialogue on these issues.

• Any project in which the entire development (meaning every unit within the development) is sold at prices between 60% and 150% of the County's median income (current range within the MIZ Ordinance) shall be exempt from the ordinance, and thus not eligible for any density bonus allowed under the MIZ ordinance. These units would be subject to a 5 year deed restriction assuring the unit remains affordable to eligible households during the 5 year period. This will allow for buyers to gain valuable equity through homeownership without the burden of carrying the 25 year deed restriction under the existing MIZ ordinance. **Staff is conceptually in agreement with this modification. Our chief concern is the deed restriction provision. We would offer that for units in the Middle (121-150%) category a 5 year deed restriction be maintained. Units in the Moderate 2 category (101-120%) category would be restricted to 10 years. Units in the Moderate (1) and Low categories (81-100% and 60-80% respectively) would be restricted to 25 years.**

• The MIZ ordinance was drafted primarily to address for sale residential units. The ordinance needs to be amended to specifically address rental projects. The industry suggests that County staff work with rental developers to address the current deficiencies in the ordinance and bring those back to the BCC as part of MIZ related code changes. **Staff agrees and will be advising the Board that we will work with the necessary parties to amend the code. Further, staff agrees that separate provisions for affordable projects (those targeting incomes less than 60% of area median income) are necessary and we will develop amendments that will address this as well.**

• Provide a release of the obligation once the developer has marketed the MIZ unit for sale, provided notice to PBC and related not-for-profits, banking institutions, etc., for a period of not less than 90 days. If the unit is not contracted for with an eligible MIZ buyer within the 90 days, that particular lot is released from the MIZ obligation. Unless this provision is added, the 50% market rate unit restriction (i.e. no more than 50% of the market rate units may be sold until the MIZ units are built), will stop all projects and would require the builder to construct MIZ units that remain unsold. **At the meeting it was**

decided that industry would return with recommendations amending the required dates for constructing the workforce units in a development.

• Remove the income floor established in the ordinance to allow for a greater range of buyers. All buyers should be eligible for unit's available understanding that they are end users occupiers. **Staff feels this change is not necessary as the code currently allows providing higher numbers of lower income units in the 60-150% of area median income range. Income units below 60% will be addressed as part of future code amendments that address affordable housing.**

• Reduction of the in-lieu of fee from $81,000 to $50,000. The reduction in home prices justifies a reduction in the in-lieu fee that would be used to buy existing units or land. **Staff cannot recommend reducing the in-lieu fee at this time but does agree to review at a future date.**

Sincerely,

Verdenia C. Baker
Deputy County Administrator

Cc: Barbara Alterman, Esq., Executive Director, Planning, Zoning & Building
Jon MacGillis, Zoning Director
Ed Lowery, Director, Housing and Community Development
Patrick Rutter, Chief Planner, Planning Division
Michael Howe, Senior Planner, Planning Division