

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

WORKSHOP SUMMARY

Meeting Date: April 25, 2017

Department: Planning, Zoning & Building

I. EXECUTIVE BRIEF

Title: Palm Beach County Workforce Housing Program


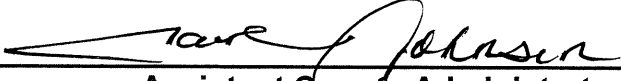
Summary: This workshop was requested by the Board of County Commissioners (Board) during the review of development proposals at the December 7, 2016 Zoning Public Hearing. The workshop will include an overview of the Workforce Housing Program (WHP), and review recent efforts to evaluate and enhance Program components. At this workshop, staff will present a history and summary of the WHP, and a representative from BAE Urban Economics, the County's consultant, will be in attendance to explain their methodology for determining the programs financial feasibility. Countywide (RPB)

Background and Policy Issues: The County's WHP program was established in 2006. It requires that a percentage of homes in developments of 10 or more units in the Urban/Suburban Tier (the area planned to accommodate the bulk of the County's existing and projected population, and its employment, goods and services), be provided as workforce housing. Workforce housing is defined as housing affordable to households having 60% to 140% of area median income. The 2016 Area Median Income in Palm Beach County was \$65,400 for a family of four. Please see Attachment 1, WHP Information Sheet. For 2016, the corresponding maximum sales prices of homes ranged from \$137,340 to \$255,060; for rental WHP units, the maximum rents ranged from \$756 to \$2,730. The WHP provides a number of benefits for developers including: an optional density bonus in exchange for a larger percentage of units dedicated as workforce housing, use of Transfer of Development Rights (TDRs) to increase density with a requirement to dedicate a percentage to workforce housing, relief from some property development regulations, relief from some Traffic Performance Standards, and also, a donation of buildable land is permitted to meet a developer's WHP obligation. The program also offers the option of constructing workforce housing units on site or off site and, in lieu of building the workforce units, to make an in-lieu fee payment to meet the workforce housing unit obligation. Since the inception of the program, the in-lieu fee amount has been set by the Board at \$81,500 per for-sale unit and \$50,000 per rental unit. To date, six developments have paid in-lieu fees totaling \$1,467,000 (18 units at \$81,500). Please see Attachment 2, Residential Project Chart.

Background and Policy Issues: Continued on Page 3.

Attachments:

- 1. WHP Information Sheet
- 2. Residential Project Chart
- 3. Power Point Presentation

Recommended by:		4/19/17
	Department Director	Date
Approved by:		4/19/17
	Assistant County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2017	2018	2019	2020	2021
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	_____	_____	_____	_____	_____
No. ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? Yes _____ No _____
 Budget Account No.: Fund _____ Department _____ Unit _____
 Object _____ Reporting Category _____

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

No fiscal impact associated with this item.

C. Departmental Fiscal Review: *Pat D'Agostino*

III. REVIEW COMMENTS

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

[Signature] 4/17/17
 OFMB ET 4/14

[Signature] 4/19/17
 Contract Dev. and Control
 4/17/17

B. Legal Sufficiency:

[Signature] 4/19/17
 Assistant County Attorney

C. Other Department Review:

 Department Director

Continued from Page 1.

Background and Policy Issues: Based on previous Board discussions about the price of in-lieu fees, coupled with the housing sector recovery, in 2015 staff initiated a process to review the existing provisions of the WHP including the in-lieu fee. Since 2015, staff has worked with the County's consultant to assess impacts of various policy scenarios and also held several meetings with industry representatives for input on the WHP. In April 2016, industry representatives provided a proposal on various WHP items which features an Off-Site Exchange Program and made a series of recommendations. Staff continues to work with industry representatives on this and other program components. In addition, the County continues to work with the consultant to review the overall financial feasibility of the program, in coordination with industry. At this workshop, staff will present a history and summary of the WHP, and a representative from BAE Urban Economics, the County's consultant, will be in attendance to explain their methodology for determining the programs financial feasibility.

Workforce Housing Program Information Sheet

Introduction: The County's Workforce Housing Program (WHP) is intended to encourage the provision of housing for moderate income workers necessary for the community's economic vitality. The program is applicable in the Urban/ Suburban Tier of the unincorporated County (area planned to accommodate the bulk of the County's existing and projected population, and its employment, goods and services), and in other areas where required by conditions of approval. The Workforce Housing Program and the Transfer of Development Rights program allow for density increase where appropriate without amendments to the Comprehensive Plan.

Components: The WHP has both a mandatory and an optional component.

Mandatory: All developments of 10 or more units are required to provide a percentage of units as workforce housing.

Optional: Developments of 10 or more units can opt for a density bonus, in exchange for a portion of the additional units being dedicated as workforce housing. Other incentives may also be available to the developer, such as expedited review of the project and accommodation of additional traffic.

Income Levels and Other Requirements: The WHP incomes, and unit prices and rents are based on the County's annual median family income numbers per US HUD. The 2016 numbers currently apply as the 2017 numbers have yet to be released. WHP units must be made available only to income-qualified households, at for-sale prices or rents within the designated ranges, and be guaranteed to remain so for a specified number of years. Income levels targeted by the WHP range from 60 to 140% of area median income; in Palm Beach County, the 2016 AMI for a family of 4 is \$65,400. The corresponding maximum prices in 2016 for WHP for-sale units are in the range of \$137,340 to \$255,060; for rental units, the maximum rents in 2016 range from \$756 to \$2730. In most cases, the WHP units must be equally distributed among the low, moderate and middle price ranges.

WHP Density Bonus Options: The WHP Density bonus provides for three options, summarized below:

Option	Density Bonus	Required WHP Units	Requirements for all Units		
			For-Sale Restriction	Rental Restriction*	Location of WHP Units Provided
Full Incentive	LR-1 to LR-3: up to 30% MR-5 to HR-18: up to 100% (typical = 40-50%)	5% standard density 16% max. density increment 34% Optional Density Bonus	15 year recurring	30 year non-recurring	On-site, Off-site, Payment in Lieu, Purchase of Market Rate Units, or Donation of Buildable Land permitted
Limited Incentive	LR-1 to LR-3: up to 15% MR-5 to HR-18: up to 50%	2.5% standard density 8% max. density increment 17% of Optional Density Bonus (Units must be provided in "Low" and "Moderate 1" income ranges.)	15 year recurring	30 year non-recurring	On-site, Off-site, Payment in Lieu, Purchase of Market Rate Units, or Donation of Buildable Land permitted
No Incentive	None	100% of units (max 90% in any one price category)	7 year non-recurring	30 year non-recurring	Must be provided on-site

* Recurring restrictions remain in effect for the specified period, from the date of the certificate of occupancy for each unit; in the event a unit is resold before the period concludes, a new period of the same duration shall take effect on the date of resale. Non-recurring restrictions remain in effect for the specified period, and a new owner assumes the requirement for the remaining years.

2016 WHP Income Ranges

\$65,400 – 2016 PBC Median Family Income (per HUD)

Income Category	WHP Household Ranges
Low (60-80% of AMI)	\$39,240 - \$52,320
Moderate-1 (>80-100% of AMI)	>\$52,320 - \$65,400
Moderate-2 (>100-120% of AMI)	>\$65,400 - \$78,480
Middle (>120-140% of AMI)	>\$78,480 - \$91,560

Attachment 2: Breakdown of Residential Project with Workforce Housing Program Units- Palm Beach County Planning, Zoning & Building- March 2017

Number	Name	WHP Units/Buyout*	Status	Single Family Approved	Single Family Built	Multi Family Approved	Multi Family Built	Total Approved	Total Built	Total Remaining
1	Arden (Highland Dunes)	120	Approved DO - Unbuilt	1,880	0	120	0	2,000	0	2,000
2	Artesa (aka Capistara)	34	Developing	110	98	0	0	110	98	12
3	Atlantic Commons PUD	22	Developing	458	126	395	302	853	428	425
4	Blu Atlantic Apartments	62	Built out	0	0	171	171	171	171	0
5	Briella PUD	23	Built out	0	0	230	230	230	230	0
6	Casa del Sol	2	Approved DO - Unbuilt	0	0	34	0	34	0	34
7	Colonial Lakes	12	Built out	0	0	132	132	132	120	12
8	Cypress Royal	10	Approved DO - Unbuilt	74	0	0	0	74	0	74
9	Elysium (Osprey Oaks)	37	Built out	171	171	37	37	208	208	0
10	Flavor Pict Townhomes	29	Approved DO - Unbuilt	0	0	218	0	218	0	218
11	Green Cay Village	320	Developing	286	0	420	420	706	420	286
12	Gulfstream PUD	36	Developing	449	25	524	0	973	25	948
13	Gulfstream Villas	3	Built out	0	0	6	6	6	6	0
14	In the Pines North	13	Developing	0	0	30	20	30	20	10
15	Indian Trail Groves	389	Proposed	3,897	0	0	0	3,897	0	3,897
16	Lake Point Condominiums	1	Approved DO - Unbuilt	0	0	34	0	34	0	34
17	Oasis (Cameron Park PUD)	5	Developing	0	0	324	200	324	200	124
18	Palazzo at Casa Brea (Toscana Isles)	142	Developing	253	0	161	80	414	80	334
19	Pine Run Villas (Colony at LW)	11	Developing	1	0	190	57	191	57	134
20	Reflection Bay	30	Approved DO - Unbuilt	0	0	689	0	689	0	689
21	Sabal Grove	6	Approved DO - Unbuilt	0	0	67	0	67	0	67
22	Silverwood Estates (Marquez-Jones)	32	Approved DO - Unbuilt	222	20	0	0	222	20	202
23	Stonybrook on the Lake	63	Approved DO - Unbuilt	0	0	346	0	346	0	346
24	Sunset Drive Duplex	1	Built out	0	0	6	6	6	6	0
25	Town Commons PUD	18	Approved DO - Unbuilt	0	0	132	0	132	0	132
26	Villaggio Isles PUD**	0	Developing	102	79	469	80	571	159	412
27	Vivendi Homes	6	Approved DO - Unbuilt	0	0	36	0	36	0	36
28	Wellington Club (Woodwind PUD)	154	Built out	0	0	204	204	204	204	0
29	Windsor Place MXPDP	18	Approved DO - Unbuilt	0	0	184	0	184	0	184
30	Abbington	3/3*	Developing	55	5	0	0	55	5	50
31	Andalucia	35/26Onsite/9**	Approved DO - Unbuilt	204	0	42	0	246	0	246
32	Angelocci- Purdy Royale PUD	1/1**	Approved DO - Unbuilt	52	0	0	0	52	0	52
33	Aqualina (PGA Waterfront)	4/4**	Approved DO - Unbuilt	0	0	88	0	88	0	88
34	Boca Del Mar (Golf Course)	6/6**	Approved DO - Unbuilt	115	0	137	0	252	0	252
35	Boca Dunes	5/5**	Approved DO - Unbuilt	0	0	211	0	211	0	211
36	Boca Lago	9/9**	Developing (9 WHP offsite)	0	0	1,828	1,698	1,828	1,698	130
37	Boca Pointe	3/3*	Approved DO - Unbuilt	100	4	0	0	100	4	96
38	Boca Reserve	5/5*	Built out	44	44	0	0	44	44	0
39	Collier PUD	4/4*	Approved DO - Unbuilt	57	0	0	0	57	0	57
40	Juno Landing (Hampton Cove)	2/2*	Approved DO - Unbuilt	0	0	32	0	32	0	32
41	Lantana Farms	2/2**	Approved DO - Unbuilt	141	0	0	0	141	0	141
42	Pointe of Woods PUD (Cheney Ranch)	3/3**	Approved DO - Unbuilt	109	0	0	0	109	0	109
43	Veritas (Auburn Park)	1/1*	Approved DO - Unbuilt	23	0	0	0	23	0	23
44	Villa Tara PUD (Hendrick Property)	1/1**	Approved DO - Unbuilt	33	0	0	0	33	0	33
Grand Total		1,683		8,836	572	7,497	3,643	16,333	4,203	12,130

* In Lieu Payment: 17 units x \$81,500 = \$1,467,000

* Paid

** Not Yet Paid

51 Attachment 2



Workforce Housing Program

BCC Informational Workshop

April 25, 2017



Background

- **August, 2006: BCC establishes a mandatory WHP**
 - **August, 2002: BCC evaluates the possibility of establishing a WHP**
 - **August, 2004: BCC establishes a voluntary WHP**
 - **March, 2006: Staff directed to establish the mandatory WHP**
- **January, 2010: BCC revises WHP to address economic conditions**

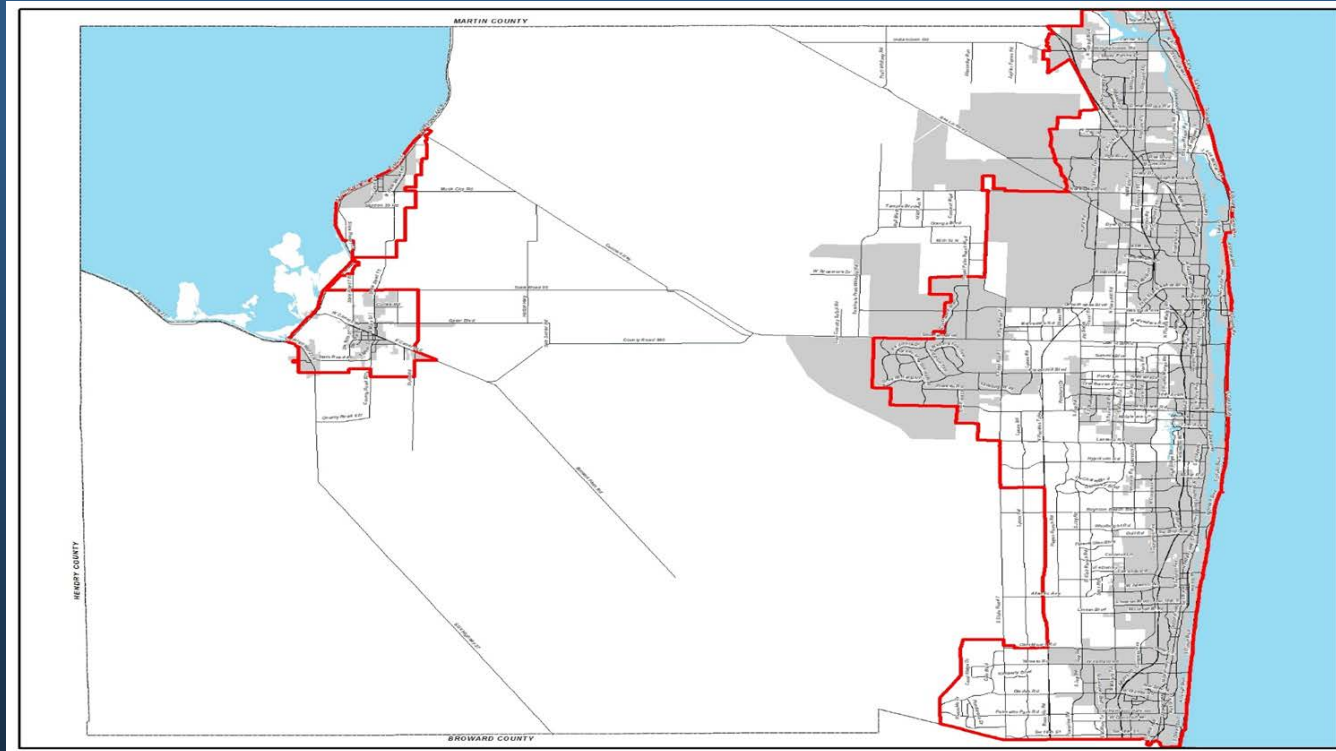


Workforce Housing Program

- Mandatory Program - U/S Tier of Unincorporated PBC
- All developments of 10 units or more, all developments using TDRs
- Optional Density Bonus, plus other incentives
- 3 Options: Full Incentive, Limited Incentive, No Incentive
- Meet obligation by:
 - On-site or off-site units
 - Donation of Land
 - Payment of In-Lieu Fee
- Affordability Period: Generally 15 yrs (for-sale) & 30 yrs (rental)



Urban Suburban Tier





WHP 2016 Income and Sales Prices

2016 Median Household Income (HUD) \$65,400

2016 Single-family Median Sale Price \$306,953

Category	Percent of AMI	HH Income Ranges	Sales Price*
Low	60-80%	\$39,240 - \$52,320	\$137,340
Moderate 1	> 80-100%	>\$52,320 - \$65,400	\$176,580
Moderate 2	>100-120%	>\$65,400 - \$78,480	\$215,820
Middle	>120-140%	>\$78,480 - \$91,560	\$255,060

* 25% of required WHP units in each category



WHP 2017 Income and Sales Prices

Year 2017 Median Household Income (HUD) \$67,900

March 2017 Single-family Median Sale Price \$325,000

Category	Percent of AMI	HH Income Ranges	Sales Price*
Low	60-80%	\$40,740 - \$54,320	\$142,590
Moderate 1	> 80-100%	>\$54,320 - \$67,900	\$183,330
Moderate 2	>100-120%	>\$67,900 - \$81,480	\$224,070
Middle	>120-140%	>\$81,480 - \$95,060	\$264,810

* 25% of required WHP units in each category



WHP Rent Prices 2016

2016 Florida Housing Finance Corporation Family Rental Programs

<u>Income %</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>
• 60%	\$ 756	\$ 907	\$1,048	\$1,170
• 80%	\$1,009	\$1,210	\$1,398	\$1,560
• >80%	\$1,009	\$1,210	\$1,398	\$1,560
• 100%	\$1,261	\$1,513	\$1,748	\$1,950
• >100%	\$1,261	\$1,513	\$1,748	\$1,950
• 120%	\$1,513	\$1,815	\$2,097	\$2,340
• >120%	\$1,513	\$1,815	\$2,097	\$2,340
• 140%	\$1,765	\$2,117	\$2,446	\$2,730



WHP Rent Prices 2017

2017 Florida Housing Finance Corporation Family Rental Programs

<u>Income %</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>
• 60%	\$ 810	\$ 972	\$1,122	\$1,252
• 80%	\$1,080	\$1,296	\$1,496	\$1,670
• >80%	\$1,080	\$1,296	\$1,496	\$1,670
• 100%	\$1,350	\$1,620	\$1,870	\$2,088
• >100%	\$1,350	\$1,620	\$1,870	\$2,088
• 120%	\$1,620	\$1,944	\$2,244	\$2,505
• >120%	\$1,620	\$1,944	\$2,244	\$2,505
• 140%	\$1,890	\$2,268	\$2,618	\$2,922



WHP Unit Obligation

Full Incentive

Limited Incentive

- WHP Unit Requirements:

- Standard Density	5% WHP units	2.5% WHP units
- Max (PUD) Density	16% WHP units	8% WHP units
- Optional Density Bonus (<i>Typical Bonus: 40%</i>)	34% WHP units	17% WHP units*
- TDRs	35% WHP units	

**all in lower 2 categories*



Program Incentives

- Optional Density Bonus (Full Incentive)
 - LR-1 thru LR-3 Up to 30% bonus
 - MR-5 thru HR-18 Up to 100% bonus
- TPS Mitigation (up to 30% above LOS “D”)
- Expedited Permitting (Platting/Design Review/Permits)
- Additional Flexibility
 - flexible regulations
 - open space reduction
 - internal incompatibility buffers
 - relocation of units to civic tracts



WHP Example

HR-8, 10 acres (Full Incentive Option)

Standard Density: $10 \text{ acres} \times 6 \text{ du/ac} \times 5\% = 3 \text{ WHP Units}$

Max (PUD) Density: $10 \text{ acres} \times 2 \text{ du/ac} \times 16\% = 3.2 \text{ WHP Units}$

Density Bonus: $10 \text{ acres} \times 8 \text{ du/ac} \times 40\% \times 34\% = 10.88 \text{ WHP Units}$
(Typical 40%)

Totals: **112 units**, including **17 workforce units** (11.2 du/ac)



Development Overview

Type of Development	Number of Developments	Units Approved	Units Built	Total WHP Obligation*	WHP Units Built	
					SF	MF
Single Family	13	4,917	171	488	0	0
Multi Family	21	5,002	2,667	466	0	249
Combination	10	3,919	1,377	729	0	505
TOTAL	44	16,333	4,215	1,683	0	754

* Including WHP obligation from any optional density bonus or TDRs



BAE Presentation

- Overview of methodology used to review financial feasibility of WHP



About BAE Urban Economics, Inc.

- ❑ National real estate and urban economics consulting firm
- ❑ Provided consulting services for over 2,000 projects from coast to coast
- ❑ Founded in 1986; Offices in CA, Washington DC, NYC
- ❑ Practice Areas Include:
 - Impacts Analysis
 - Affordable and Workforce Housing
 - Financing and Operations
 - Sustainable Development and TOD
 - Economic Development
 - Public-Private Transactions
- ❑ Workforce Housing Studies Completed In:
 - Los Angeles, New York City, Stanford University, Sacramento CA, Salinas, CA, Davis, CA, Santa Cruz, CA, Truckee, CA, Sunnyvale, CA, Fort Ord, CA, Arlington, VA, Livermore, CA, Thousand Oaks, CA, Fort Collins, CO



Scope and Approach

- I. Evaluate economics of prototype projects under existing regulations
 - a. Pro-forma financial feasibility analysis is the industry standard approach
 - b. Models feasibility of projects representative of Palm Beach County development
 - c. Financial model uses economic inputs based on local data
 - d. Inputs are collected from published data and primary research, including consultations with local development, real estate professionals, and County staff



Scope and Approach, continued

- II. Evaluate economics of prototype projects when potential workforce housing policy changes are applied
 - a. Tests the impacts on feasibility from changing “existing conditions” assumptions
 - b. Models are updated to reflect changes in costs and/or revenues due to changes in policy
 - c. Identifies changes in project profitability



Scope and Approach, continued

- III. Compare profitability of prototypes under existing vs. proposed regulations to understand impacts
 - a. Provides policy makers with understanding of economic impacts from policy changes
 - b. Helps fine-tune program to achieve policy objectives while preserving project feasibility



Possible 2017 Updates

- Construction costs
- Land costs
- Other development costs
- Changes in market rate sales prices and rents
- Changes in income limits for low- and moderate-income households/changes in restricted WFH rents and sales prices



Next Steps

- **Housing Summit**
- **Continue to work with industry, and with BAE to complete fiscal analysis**
- **Review completed analysis with industry**
- **Return to Board for direction**
- **Return with Proposed Code Changes**



Workforce Housing Program

Thank You!

Questions?