

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

WORKSHOP SUMMARY

Meeting Date: February 27, 2018

Department: County Administration
Department of Housing and Economic Sustainability
Department of Planning, Zoning & Building

I. EXECUTIVE BRIEF

Title: Staff recommends motion to approve: Workforce Housing Trust Fund Down Payment Assistance Strategy.

Summary: Palm Beach County’s Workforce Housing Program (WHP) was established in 2006 (Ord2006-055) to encourage the development of workforce housing units for households in low, moderate and middle-income groups. The program offers an in-lieu payment option whereby a developer that chooses to opt out of constructing workforce housing units can make a payment for each for-sale or rental unit. In-lieu payments are deposited in the Workforce Housing Trust Fund created to benefit households with incomes ranging from 60% to 140% of area median income (AMI). Currently, the Trust Fund has a balance of approximately \$3M generated from in-lieu payments from 38 for-sale units at \$81,500. Staff is proposing to use a portion of the funds for down payment assistance to eligible homebuyers using a tiered maximum subsidy detailed in **Attachment 1** and summarized as follows:

- 27% of WHP purchase price for low-income group: (60%-80% AMI)
- 20% of WHP purchase price for moderate-1 income group: (>80%-100% AMI)
- 15% of WHP purchase price for moderate-2 income group: (>100%-120% AMI)
- 10% of WHP purchase price for middle-income group: (>120%-140% AMI)

Under the WHP, for-sale units are required to have a 15-year affordability period. If down payment assistance is provided, it will be secured by a 15-year mortgage. Currently, 110 workforce housing units are available for sale in the County. Due to the availability of these units and applicants that have expressed interest in purchasing workforce housing, staff is bringing forward the Down Payment Assistance Strategy. Additionally, staff is exploring a developer assistance strategy and is gathering input from the development community to be brought back for Board approval. Countywide (JB)

Background and Policy Issues: The WHP was created in response to the lack of affordable housing opportunities for persons employed in Palm Beach County in jobs that residents rely upon to make the community viable. Approval of the Down Payment Assistance Strategy will assist homebuyers in purchasing available workforce housing.

- Attachment(s):**
1. Summary Table – Workforce Housing Program
 2. Workforce Housing Program 2017 Income and Sales Prices

Recommended By: Jonathan Brown 2/21/18
Department Director Date

Approved By: Lauren L.A. Johnson 2/26/18
Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2018	2019	2020	2021	2022
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT					

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes _____ No _____
Does this Item include the use of Federal funds? Yes _____ No _____

Budget Account No.:
Fund _____ Dept _____ Unit _____ Object _____ Program Code/Period _____

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

NO FISCAL IMPACT AT THIS TIME

C. Departmental Fiscal Review: Shairette Major 2-21-18
Shairette Major, Fiscal Manager II

III. REVIEW COMMENTS

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

Lisa Pan 2/22/18 OFMB 2/23
John J. Jacobson 2/23/18 Contract Development and Control
2/22/18 TW

B. Legal Sufficiency:

James Brul 2/26/18
Assistant County Attorney

C. Other Department Review:

Paul
Department Director

Palm Beach County Workforce Housing Program (WHP) <i>Proposed</i> Down Payment Assistance Strategy	
Clientele – Buyers purchasing a workforce housing unit from developers in the WHP.	
Maximum WHP Sales Prices for 2017 – Prices adjusted annually.	<ul style="list-style-type: none">• \$142,590 – Low income sales price• \$183,330 – Moderate-1 income sales price• \$224,070 – Moderate-2 income sales price• \$264,810 – Middle-income sales price
Proposed Approach – A maximum tiered subsidy for WHP income categories. Subsidy amounts will adjust annually as sales prices change.	<ul style="list-style-type: none">• 27% of low-income sales price: \$38,500• 20% of moderate-1 income sales price: \$36,666• 15% of moderate-2 income sales price: \$33,611• 10% of middle-income sales price: \$26,481
Proposed Underwriting / Affordability Criteria – Same criteria used for the State Housing Initiatives Partnership (SHIP) Program.	Actual amount of assistance will be based on debt-to-income ratios. <ul style="list-style-type: none">(a) Front-end ratio (<i>housing payment</i>) – between 30% and 35% of monthly household income, including HOA(b) Back-end ratio (<i>overall credit and debt payments</i>) – cannot exceed 48% of the monthly household income
Affordability Period – As required by the ULDC.	Requires a 15-year affordability period restriction. <ul style="list-style-type: none">(a) If property is sold prior to expiration, the housing unit must be sold to an eligible WHP buyer.(b) If property is sold prior to expiration, the down payment assistance will be repaid(c) If property is sold after expiration, the restriction is removed.
Legal Instruments	Requires execution of a mortgage and promissory note.

Workforce Housing Program (WHP) 2017 Income and Sales Prices

For 2017 the Median Household Income for Palm Beach County (per HUD) is \$67,900. The following chart provides the 2017 WHP household income ranges and the maximum WHP sales prices per household income category.

Category	Percent of AMI	HH Income Ranges	WHP 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