## PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

#### **AGENDA ITEM SUMMARY**

Meeting Date:	March 13, 2018	[ ] Consent [ ] Ordinance	[X] Regular [ ] Public Hearing	
Department:	Department of Housing and Economic Sustainability			

#### I. EXECUTIVE BRIEF

Title: Staff recommends motion to: A) approve the Workforce Housing Program Down Payment Assistance Strategy; B) direct staff to not exceed thirteen percent (43%) in administrative costs to administer the Workforce Housing Program; and C) authorize the County Administrator, or designee, to execute any necessary document to implement the Workforce Housing Program Down Payment Assistance Strategy.

**Summary:** At the February 27, 2018, Board of County Commissioners (BCC) Workshop, staff presented the Workforce Housing Program (WHP) Down Payment Assistance Strategy. Staff was authorized to finalize the strategy and present it at an upcoming BCC meeting.

Palm Beach County's 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. Currently, the Trust Fund has a balance of approximately \$3 Million 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**.

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, 121 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. 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. Proposed Down Payment Assistance Strategy

2. Workforce Housing Program 2017 Income and Sales Prices

Recommended E	By: Snathon Brown	3/5/18	
	Department Director	Date /	
Approved By:	some U.S. Achasor	<u> 3/8/18</u>	
	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)					
Is Item Included In Currer Does this Item include the Budget Account No.:	e use of Fed	leral funds?	Yes		
Fund Dept U	nitOk	oject	Program Cod	de/Period	-
B. Recommended Sou	irces of Fur	nds/Summa	ry of Fiscal I	mpact:	
*NO FISCAL		•			
C. Departmental Fisca	I Review:	Shairette M	lajor, Fiscal N	Manager II	_
	III. <u>RE</u> \	VIEW COMN	<u>IENTS</u>		
A. OFMB Fiscal and/o	r Contract E	)evelopmen	t and Contro	ol Comments	<b>s</b> :
OFMB PONEZ	316/18 910/3/g	,	tract Develop	J-Jue ment and Co	Barrol 3171
B. Legal Sufficiency:			10	•	
Assistant County Att	- 3/ 7/1 orney	Ľ			
C. Other Department F	Review:				
Department Director		_			

# PALM BEACH COUNTY WORKFORCE HOUSING PROGRAM (WHP) PROPOSED DOWN PAYMENT ASSISTANCE STRATEGY

#### a. Summary of the Strategy

Funding will be available to eligible homebuyers purchasing a workforce housing unit from developers in the WHP. WHP funds will assist with gap financing for the eligible workforce-housing unit.

#### b. Maximum Award

Income Groups	AMI %	Maximum Assistance %
Low	60-80%	27%
Moderate-1	>80-100%	20%
Moderate -2	>100-120%	15%
Middle	>120-140%	10%

<sup>\*</sup> Maximum assistance is a percentage of the Sales Price

#### c. Terms

1. **Loan:** Funds will be awarded as a deferred payment loan secured by a recorded mortgage and note.

2. Interest Rate: 0%

3. **Term:** 15 years

- (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.

#### 4. Default/Recapture

The loan will be in default if any of the following occurs: sale, transfer, or conveyance of property; conversion to a rental property; loss of homestead exemption status; or failure to occupy the home as primary residence. If any of these occur, the original loan amount will be due and payable.

#### d. Recipient Selection Criteria

Applicants will be ranked for assistance based on a first-qualified, first-served basis.

#### **e. Underwriting Criteria** (include but is not limited to):

Actual amount of assistance will be based on debt-to-income ratios.

- (a) Front-end ratio (housing payment) between 30% and 35% of monthly household income, including HOA
- (b) Back-end ratio (overall credit and debt payments) cannot exceed 48% of the monthly household income

#### f. Additional Information

- Applicants must first secure a first mortgage approval by a lender.
- If the property is determined to have mold or Chinese drywall, the property is ineligible for purchase assistance.
- Applicant may not currently own or have assets exceeding \$200,000, excluding retirement funds.

## 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