

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**AGENDA ITEM SUMMARY**

<b>Meeting Date:</b>	<b>May 15, 2018</b>	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing
<b>Department:</b> Department of Housing and Economic Sustainability			

**I. EXECUTIVE BRIEF**

**Motion and Title:** Staff recommends motion to: **A) amend** the Workforce Housing Program Down Payment Assistance Strategy to be referred to as the Workforce Housing Program Financial Assistance Strategy and incorporate additional features to enable the purchase and sale of housing units governed by the Workforce Housing Program; and **B) expand** the delegated authority to the County Administrator, or designee, to make administrative modifications and execute any documents necessary to implement the Workforce Housing Program Financial Assistance Strategy to now include authority to purchase and sell housing units governed by the Workforce Housing Program.

**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. On March 13, 2018, the Board of County Commissioners approved the WHP Down Payment Assistance Strategy, which provides assistance to eligible buyers to purchase for-sale workforce housing units and delegated authority to the County Administrator, or designee, to execute any documents necessary to implement the Strategy. The WHP Trust Fund has a balance of approximately \$3 Million generated from in-lieu payments from 38 for-sale units at \$81,500. Currently, there are 121 WHP units available for sale. Working in partnership with the current developers, some necessary program enhancements and clarifications have been identified. This includes renaming the Strategy to Workforce Housing Program Financial Assistance Strategy, incorporating additional features and expanding the authority delegated to the County Administrator, or designee. Specifically, the proposed amendments provide for the following (see **Attachment 1**):

1. Maximum asset limit – \$200,000 for all eligible WHP participants;
2. Buyer Occupancy Requirements – owner occupied buyers who will use the home as their primary residence;
3. First mortgage loan option for eligible buyers; and
4. Purchase and sell of eligible workforce housing units by the County. This provides for the County to purchase such units, under extenuating circumstances, rather than allowing them to be converted to market rate. Workforce Housing Trust Funds will be used to purchase the units at the predetermined WHP price points and for carrying costs. Proceeds from the sale of the WHP units to eligible buyers will be deposited back into the Fund. The FY2017 purchase price points per income category for the WHP units are as follows: \$142,590–Low Income Households; \$183,330–Moderate 1 Income Households; \$224,070–Moderate 2 Income Households; and \$264,810–Middle Income Households.

**These are WHP funds which do not require a local match. Countywide (JB)**

**Background and Justification:** Palm Beach County's Workforce Housing Program (WHP) was established in 2006 (Ord 2006-055) to encourage the development of workforce housing for households in low, moderate and middle-income groups. The Program offers an in-lieu payment option whereby developer who opt out of constructing workforce housing units make payments for each for-sale unit or rental unit. In-lieu payments are deposited into the Workforce Housing Trust Fund created to benefit households with incomes ranging from 60% to 140% of Area Median Income. 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.

**Attachment(s):**

1. Financial Assistance Strategy Guidelines

<b>Recommended By:</b>		5/5/18 Date
	Department Director	

<b>Approved By:</b>		5/14/18 Date
	Assistant County Administrator	

**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)					
<b>NET FISCAL IMPACT</b>					

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

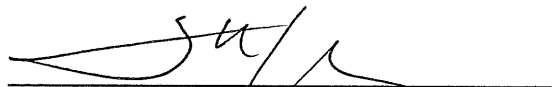
Budget Account No.:

Fund \_\_\_\_\_ Dept \_\_\_\_\_ Unit \_\_\_\_\_ Object \_\_\_\_\_ Program Code/Period \_\_\_\_\_

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

No fiscal impact

**C. Departmental Fiscal Review:**

  
 Shairette Major, Fiscal Manager II

**III. REVIEW COMMENTS**

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

 5/10/18  
 OFMB 5/10/18  
 5/11/18  
 Contract Development and Control 5/11/18

**B. Legal Sufficiency:**

  
 Assistant County Attorney 5/14/18

**C. Other Department Review:**

\_\_\_\_\_  
 Department Director

**PALM BEACH COUNTY**  
**WORKFORCE HOUSING PROGRAM (WHP)**  
**DOWN-PAYMENT FINANCIAL 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 first mortgage and gap financing for the eligible workforce-housing unit. Eligible costs include but are not limited to earnest money deposit, closing costs and down payment assistance.

b. **Purchase of eligible workforce housing units:** Under extenuating circumstances, the County will purchase eligible WHP units prior to the expiration of developer obligations under the WHP and sell the unit to an eligible buyer contingent on funding availability and at approval of the County Administrator.

c. **Maximum Buyer Asset Limit:** \$200,000 per household

d. **Buyer Occupancy Requirements:** Owner occupied for-sale units for eligible buyers who will make this property their primary residence.

e. **WHP Orientation:** Applicants must attend WHP Orientation.

f. **Homebuyer Education:** Applicants must attend an 8-hour homebuyer education training through a HUD approved or NeighborWorks approved Housing agency and present the certificate of completion.

g. **First Mortgage Assistance**

Maximum loan amounts are based upon established affordability guidelines and creditworthiness, based upon established underwriting guidelines. First Mortgage requirements (include but are not limited to):

1. **Loan:** Funds will be awarded as a fixed rate loan secured by a recorded mortgage and note.
2. **Interest Rate:** Based on the average 30-year fixed loan rate published on the first Saturday of the month in a newspaper of general circulation, plus .50 basis points.
3. **First Mortgage Loan Term:** 30 years
4. **Forgiveness/Repayment:** The loan will be amortized over a thirty (30) year period with monthly payment of principal and interest.
5. **WHP Affordability Period:** 30 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 first mortgage loan will be repaid.
  - (c) If property is sold after expiration, the restriction is removed.
6. **Default/Recapture:** The loan will be determined to 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.

In the event of death of the qualifying homeowner during the loan term, a WHP eligible buyer who will occupy the home as a primary residence and meets the WHP requirements may assume the loan.

In the event of a sale, the County may exercise its right of first refusal to purchase the property at its approved resale value for continued occupancy by income eligible persons.

7. **FICO Credit Score:** Middle FICO Score must be at least 630, if less than three scores the lowest score must be 630, if no score or lower than 630, the borrower is deemed ineligible for first mortgage financing.

**h. Maximum Second Mortgage Award**

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

\* Maximum assistance is a percentage of the Sales Price

**Terms** Second Mortgage / Gap Financing requirements (include but are not limited to):

1. **Loan:** Funds will be awarded as a deferred payment loan secured by a recorded mortgage and note.
2. **Interest Rate:** 0%
3. **Affordability Period Term:** 15 years
  - (d) If property is sold prior to expiration, the housing unit must be sold to an eligible WHP buyer.
  - (e) If property is sold prior to expiration, the down payment assistance will be repaid.
  - (f) 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.
5. Applicants must secure a first mortgage approval by a lender, to be eligible.

**i. Recipient Selection Criteria**

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

**j. 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

**h. 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.~~