

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**WORKSHOP SUMMARY**

**Meeting Date:** January 25, 2022

**Department:** Administration

**I. EXECUTIVE BRIEF**

**Title:** Affordable and Workforce Housing

**Summary:** Housing is a strategic priority of the Board of County Commissioners, and the current high cost environment in the local housing market is well documented. Palm Beach County administers and funds numerous programs that produce and preserve affordable and workforce housing. This includes the efforts of the Housing Finance Authority of Palm Beach County (HFA), the Planning, Zoning, and Building Department (PZB), the Department of Housing and Economic Development (HED), and the Westgate/Belvedere Homes Community Redevelopment Agency (WBHCRA).

This workshop will provide an update on County programs, housing accomplishments and current initiatives in affordable and workforce housing. All housing programs are designed to increase or preserve the County's affordable housing supply. Countywide (HJF)

**Background and Policy Issues:** Housing is typically considered to be affordable if its cost does not exceed 30% of gross household income. The Area Median Income (AMI) in Palm Beach County in 2021 was \$80,200, while the median home purchase price reached \$500,000 and the fair market rent for a two-bedroom apartment reached \$1,468. Affordable Housing refers to housing serving households with incomes up to 80% AMI. Workforce Housing refers to housing serving households with incomes from 60% AMI to 140% AMI. Several County Departments and organizations work to provide housing for these groups. The HFA issues tax-exempt private activity bonds to finance the development of multi-family and single-family housing and also funds homebuyer assistance. PZB administers an inclusionary zoning program in the County's unincorporated area that requires the provision of workforce housing in new residential developments. HED administers various federal, state and local funding that are used to construct, acquire and rehabilitate affordable housing and to provide financial assistance to homebuyers and homeowners. The WBHCRA works to stimulate residential development within its jurisdiction through utilization of CRA-owned properties, Tax Increment Financing and regulatory incentives.

**Attachment(s):** None

**Recommended By:** Jonathan Braun 1/7/2022  
 Department Director Date

**Approved By:** Donna A. Nide 1/11/2022  
 Assistant County Administrator Date





# Affordable and Workforce Housing

Board of County Commissioners Workshop  
January 25, 2022

# Overview

- **Definition**
  - Affordable vs Workforce
- **Strategies/Funding Sources**
  - Federal, State and Local Resources
- **Housing Finance Authority**
- **Westgate CRA**
- **Workforce Housing Program**
- **Policy Considerations**



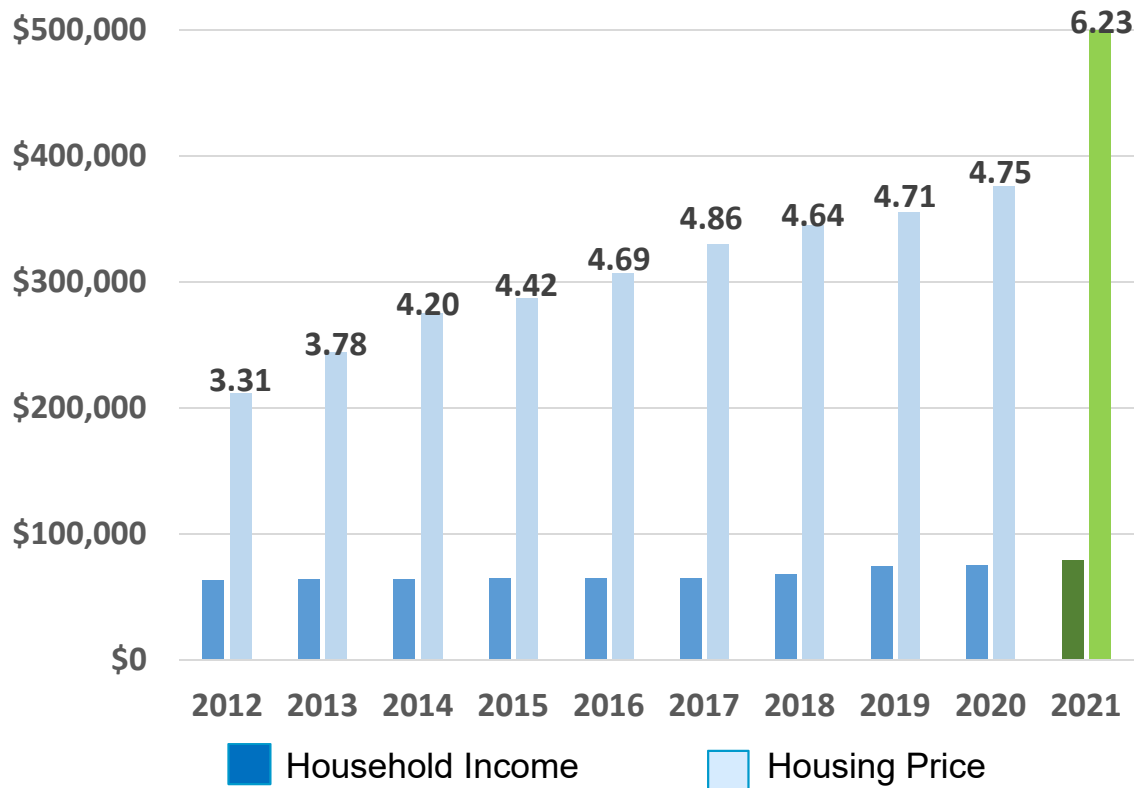
# Affordability

**General rule = housing is affordable if cost does not exceed 30% of gross household income.** Affordable and workforce programs target households at certain income levels:

- Affordable — *up to 80% of Area Median Income (AMI) for HUD funded programs and up to 140% AMI for SHIP funded projects*  
(\$68,500 for a family of four)
- Workforce — *60% to 140% of AMI*  
(\$48,120 to \$112,280 for a family of four)

# Housing Costs vs Household Income

Ratio of median housing price to median household income 2012-2021



In 2012, a median priced Single Family home cost 3 times median income. In 2021, a median priced SF home (\$500k+) costs 6 times median income (\$80,200).

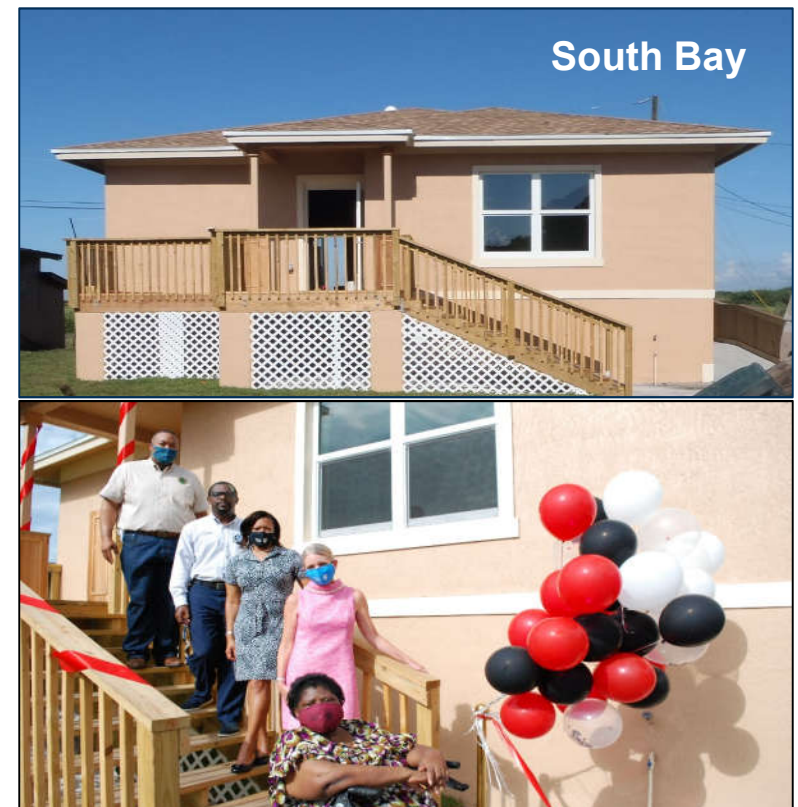
**RENTS TOO!**  
To afford the \$1,468 Fair Market Rent for a 2-bedroom apartment, a tenant needs annual income of \$58,720 or \$28.23 per hour.

# Federal Resources

## HOME Investments Partnership Program (HOME)

Over the past 10 years, HOME expended \$9,305,337 resulting in creation of 324 units.

- Single-family construction
  - 39 units / \$3,580,083
- Purchase Assistance
  - 38 units / \$2,266,492
- Multi-family development
  - 247 units / \$3,458,762



# HOME Funded Projects

## Heron Estates – Family Dev.



Riviera Beach 79 units

## Scattered Site SF



Palm Springs

Unincorporated Lake Worth

## Flagler Station

## Isles of Pahokee



Pahokee 129 units



West Palm Beach 94 units

Affordable and Workforce Housing



# Federal Resources

## Neighborhood Stabilization Program (NSP)

Over the past 10 years, we have awarded \$67,980,096 resulting in the creation 598 units.

- Purchase Assistance (*1<sup>st</sup> and 2<sup>nd</sup> Mortgages*)
  - 104 units / \$21,095,956
- Acquisition of Foreclosed Properties
  - 165 units / \$19,023,155
- Multi-family Development
  - 329 units / \$27,860,985



# NSP Funded Projects



**Mango Cove Apartments, 36 units  
unincorporated West Palm Beach**

# State Resources

## State Housing Initiatives Partnership (SHIP)

Over the past 10 years, SHIP has awarded \$32,351,827 resulting in the creation of 1,493 units.

- Purchase Assistance (*1<sup>st</sup> and 2<sup>nd</sup> Mortgages*)
  - 432 units / \$23,145,373
- Foreclosure Prevention
  - 87 units / \$1,068,486
- Housing Rehabilitation
  - 161 units / \$6,968,968
- Multi-family Development
  - 813 units / \$1,169,000



# SHIP Funded Projects

## Homes at Tamarind



## Heron Estates – *Senior Dev.*



## Banyan Court



Affordable and Workforce Housing

# Local Resources

## PBC Impact Fee Affordable Housing (IFAHAP)

- 50% of impact fee investment earnings are set aside for affordable housing
- Funds provided as credits towards Roads, Parks, and Public Building impact fees
- Single-family and Multi-family housing serving up to 140% AMI
- \$5,075,133 awarded for construction of 2,172 units

# PBC Impact Fee Funded Projects

## Ocean Breeze Apartments



## Banyan Court



# Federal Resources

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## Coronavirus Aid, Relief and Economic Security Act (CARES)

Over the past 2 years, CARES has awarded \$37,921,368 assisting 13,695 households.

- Rental / Eviction Prevention Assistance – \$22,520,442 / 11,857 households
- Mortgage / Foreclosure Prevention Assistance – \$12,535,258 / 1,621 households
- Emergency Repair – \$2,865,668 / 217 households

# Federal and Local Resources

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## Other DHED Federal, and local resources:

- Disaster Recovery Initiative (DRI):
  - Rehabilitation of storm damages
  - Replacement housing
  - Structural hardening for mitigation
- PBC Workforce Housing Program (WHP)
  - Purchase assistance for WHP homebuyers
  - Multi-family rental development



# DHED Housing Activities (2012 – 2021)

**\$156,073,110 awarded and 6,469 housing units assisted**

- Homeowner related assistance:
  - \$87,750,292 (56%) used to assist 3,141 units (49%)
- Renter related assistance:
  - \$68,322,818 (44%) used to assist 3,328 units (51%)



Homeowner activities subsidy averaged \$27,937 per unit, while Renter activities averaged \$20,530 per unit.

# Housing Activity and Expenditure (2012 – 2021)

**\$156,073,110 assisted 6,469 housing units**

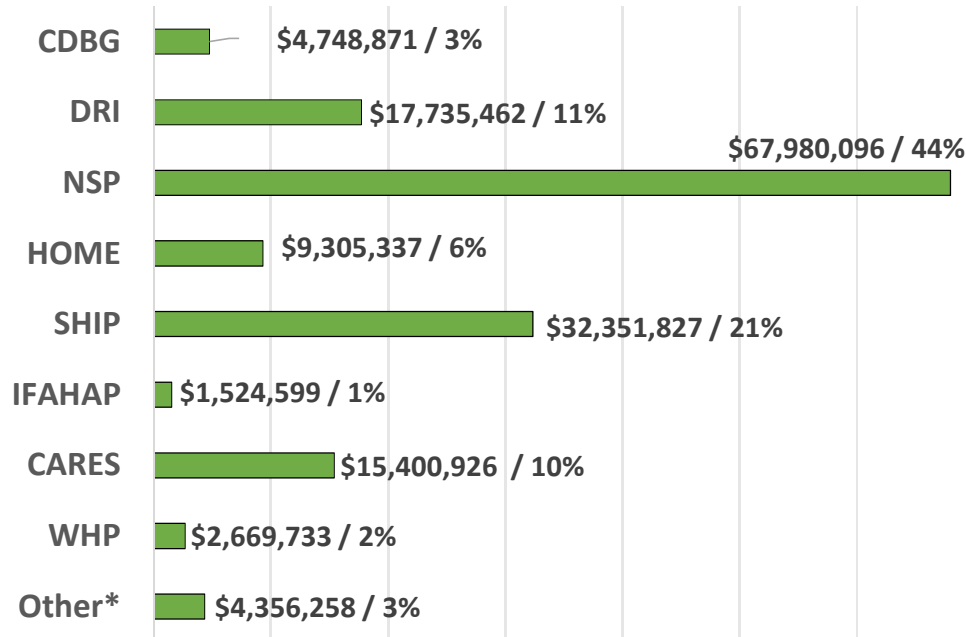
- Construction – 1,482 units / \$40,910,880
- Rehabilitation – 2,046 units / \$27,638,924
- Acquisition & Homebuyer – 883 units / \$71,085,519
- Mortgage / Foreclosure Prevention Assistance – 2,058 units / \$16,437,787

Average per unit subsidy: Acquisition - \$80,504; Construction - \$27,605; Rehabilitation - \$13,508; Mortgage Assistance - \$7,987.

# Use of Resources

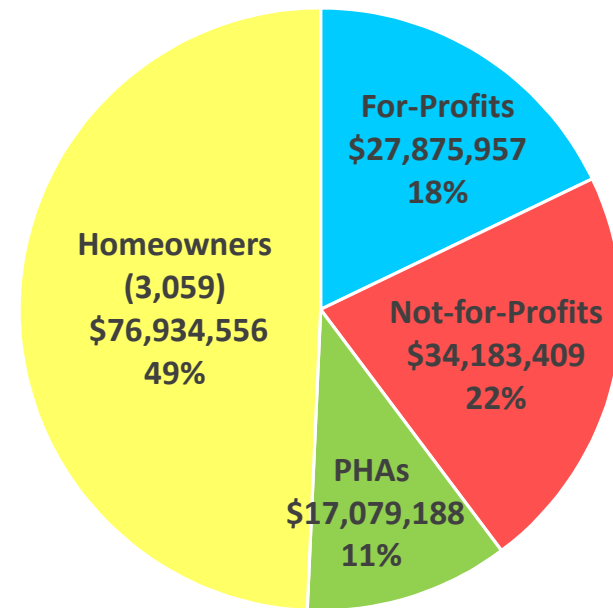
## DHED Funding Resources FYs 2012 to 2021

Funding Resources by Program



\*Other includes PBC Universal Housing Trust and Ad Valorem funds.

Funding by Recipient Type



# American Rescue Plan Act (ARPA)

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**ARPA allocated Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to Palm Beach County. On November 2, 2021, the Board approved \$60M for housing programs:**

- Brooks Subdivision
- Housing Rehabilitation
- Infill / Replacement Housing
- Affordable / Workforce Housing Development

# Infrastructure Sales Tax (IST)

- Total IST funding of \$25.5M accruing at a rate of \$2.5M per year
- IST Housing Strategy for assisting homeless, extremely low and Low income residents approved by the Board in February 2019
- Four components approved for sequential implementation
  - Cottage Homes (\$4,000,000)
  - Tax Deed & Incentive Funding (\$2,500,000)
  - Mixed Income Development (\$14,000,000)
  - Municipal Incentive Funding (\$5,000,000)

# Infrastructure Sales Tax (IST)

Total IST funds collected as of January 2022: **\$15.3M**

- Cottage Homes (\$4,000,000) – Ongoing
  - \$3.97M allocated under the contract with WPBHA for design, development, construction and operation of the Cottage Homes project.
- Tax Deed & Incentive Funding (\$2,500,000) – Ongoing
  - Gap allocation in the amount of \$620,948 used for Lake Village at the Glades (Non Congregant Facility)
  - Draft RFP in the works to allocate \$1.8M of available funding
- Mixed Income Development (\$14,000,000) – Fund accrual in process
- Municipal Incentive Funding (\$5,000,000) – Fund accrual yet to commence

# Housing Finance Authority

## Multifamily Housing Revenue Bond Program

- 2022 Private Activity Bond (PAB) allocation \$79M
- Tax exempt PAB's allows project owner to access the federal 4% Low Income Housing Tax Credit (HTC)
- New construction and acquisition/rehabilitation of rental housing for households up to 60% AMI

## Project funding summary from 2012 to 2021:

- New construction – six (6) projects consisting of 533 units financed with \$59.8M of bonds that leveraged \$45M of HTC
- Acquisition/rehabilitation – eleven (11) projects / 1,991 rental units preserved with \$259.9M of bonds leveraging \$138M of HTC private sector equity

# Housing Finance Authority

## **Down Payment Assistance Program:**

- 403 homes purchased
- \$194k average home price
- \$63.1k average borrower household income

## **Mortgage Credit Certificates (MCC) Program (2012 – 2021):**

- 251 homes purchased
- \$172k average first mortgage loan
- \$52.5k average borrower household income



# Westgate CRA

- **Land Assembly**
- **New Construction**
- **Neighborhood Preservation Grant Program**
- **Site Development Assistance Grant**
- **Bonus Density Program**
- **Grant Application Assistance**
- **Public Private Partnership**
- **Infill Housing Development**

# Westgate CRA

## Subsidized Infill Housing Development

- 31 Single family housing Units
- 80 multi family units for seniors
- Partners: DHED, Neighborhood Renaissance, EverBank, Iberia, Wells Fargo
- Funding: CRA, NSP2, DRI



# Westgate CRA

## Unsubsidized Workforce Infill Housing Development

- **Site Development Assistance Grant**
- **18 Cottage homes**
- **8 Single family homes**
- **4 Duplexes**



# Westgate CRA

## Projects in the Pipeline

- **Greene Apartment (198), under construction, 52 units set aside for Workforce Housing**
- **Autumn Ridge (123), Zoning Approval**
- **Palm Key (7 townhomes)**
- **Danza Group (36), planning stage**



# Workforce Housing Program

**August 2006 - BCC adopted a mandatory WHP**

**January 2010 - revised WHP due to economic conditions**

- Reduced required percentages, affordability periods

**August 2019 - revised WHP to:**

- Incentivize Single-family, for-sale, on site WHP units
- Streamline density bonuses up to 50%; enhance review for bonuses above 50%
- Increase in-lieu fees; add new exchange builder option

**Throughout:** Ensure return rates of at least 10% for-sale, 5.5% rental



# Workforce Housing Program

In the past 10 years, the County WHP has achieved:

- Rental: nearly 1,000 units available
  - 750 occupied
  - 200+ in leasing or preleasing stage
- For Sale: 273 units completed or under development
  - 143 sold or under contract
  - 23 actively for sale
  - 107 under development
- In Lieu Option: 363 units in 35 developments totaling \$30M+
- Pipeline:
  - 600 units approved but unbuilt – 90% rentals
  - 400 units not yet determined how WHP obligation will be met



**Overall, since 2006, a total obligation of more than 2,500 workforce housing units has been created.**

# Policy Considerations

## Workforce Housing Program (WHP) Recommendations:

1. Eliminate the buyout option for developers.
2. Implement a flat rate to be applied to any project above 10 units.
3. Expand the WHP beyond the U/S Tier.
4. Eliminate the limited incentive option.
5. Highly incentivize the highest priority – *for-sale units*, whether on or off site.



**QUESTIONS?**