



Palm Beach County

Workforce Housing Program Orientation

Review of Revised Code
Adopted: August 22, 2019
Effective: September 29, 2019

Planning, Zoning & Building Department



Agenda:

- Overview of the Program
- Highlight Major Changes
- Review Each Component
- Address Questions



Overview of WHP

- Inclusionary program: mandatory obligation for 10+ units in U/S Tier
- Optional density bonus in exchange for additional WH units
- Limited (minimize obligation) or Full Incentive (maximize density)
- Disposition: on-site, off-site, in lieu payment, restrict existing unit, donate land, or use exchange (off-site) builder
- Units priced for households with 60 to 140% of AMI
 - Low, Mod 1, Mod 2, and Middle Income
- For-sale units restricted 15 yrs, recurring; rentals restricted 30 yrs



How New Code is Organized

Area	Topics
Parameters:	Applicability, Income/Pricing, Affordability Periods, Design Requirements
Incentive Options: Limited or Full	Required Percentages, Incentives Available
Disposition Options:	On-site, Off-Site, Exchange, Restrict MR Units, Donate Land, In Lieu Fee
Delivery: For-Sale or Rental	Covenant, Marketing Requirements, Qualification Process, Resales, Release



Summary of 2019 Revisions

- Create incentives for SF, for-sale, on site WHP
- Streamline process for density bonuses up to 50%; institute more meaningful review for density bonuses greater than 50%
- Increase in lieu fee, and create new exchange builder option



Key Changes:

Topic	Change:
Design Features:	<ul style="list-style-type: none">● Model required;● Minimum bedrooms and appliances in for-sale units
Limited Incentive:	<ul style="list-style-type: none">● Max 50% Density Bonus Available, no pre-ap needed● TDRs no longer halved
Full Incentive:	<ul style="list-style-type: none">● Up to 100% Density Bonus Available for all FLUs<ul style="list-style-type: none">○ No pre-ap for up to 50% Density Bonus○ For > 50%: Point System & Compatibility Review● No "Middle" for-sale units: obligation reduced 12.5%● Discount for WHP on-site for-sale units:<ul style="list-style-type: none">○ 20% for single-family; 10% for townhomes



Topic	Change:
Additional Factor:	<ul style="list-style-type: none">● 1.5x obligation for for-sale developments providing WHP as off-site rentals
Disposition Methods:	<ul style="list-style-type: none">● New Exchange Builder option● Declaration of method at approval● Final @ 25% BP; thresholds pushed back● In Lieu Fees increased● Municipal notification required
Sale and Rental of WHP Units:	<ul style="list-style-type: none">● Rental price brackets narrowed● Marketing requirements & Release of Obligation not applicable to Exchange and Purchase of Market Rate Units



Review of Code Provisions

*The following slides review key sections of the code, highlighting in **green text** changes relative to the prior code*



Design Features:

- All WHP:
 - WHP Model at WHP Site, elsewhere in PBC, or MR Model with differences delineated
 - Compatible exteriors
- For-Sale WHP:
 - Minimums: 2 Bedrooms, 25% at least 3 bedrooms, minimum 100 ft²
 - Minimum appliances



Incentive Options

The WHP offers two incentive options:

- Limited: minimizes obligation
- Full: maximizes density



Limited Incentive

Available Incentive: 50% Density Bonus

WHP Required:

- 2.5% standard density
- 8% maximum density
- 17% density bonus
- 34% TDRs (full TDRs available)
- 1.5x above obligation if for-sale development provides WHP as off-site rentals

Unit Price Categories: Low & Mod 1



Full Incentive

Available Incentives:

- Up to 100% Density Bonus
 - Up to 50%: no pre-ap required
 - > 50%: requires enhanced review
 - point system to reflect WHP approach
 - compatibility review (to determine suitability of density bonus on site)

Other Incentives

- TPS mitigation, Expedited Review, Flexible PDRs



Point System

The following slides depict the Point System to be applied as part of the enhanced review used in determining density bonuses greater than 50%. The Point System would be applied to a project's proposed approach to workforce housing, to initially determine the density bonus 'earned' by the project. The density bonus would then be subject to a compatibility review, considering the suitability of the project site where the density bonus will be applied. The result of this two-step process is the basis for staff's recommendation to the Board of County Commissioners, who approves all density bonuses greater than 50%.



WHP Concentration

- 329 Census Tracts in PBC
- Concentration of WHP Households:
 - Average 34.14%
 - Median 33.86
 - Countywide 34.65%
- Tracts with Concentration > 34% 160

Point System awards point for locating WH in areas with WH concentrations under 34%



Density Bonuses Earned Based on Points		
Points Earned:	Density Bonus	Available Paths
1 to 8	60%	15
9 to 16	70%	27
17 to 24	80%	17
25 to 32	90%	9
33 to 42	100%	5

Possible Density Bonuses per Disposition Methods	
<u>Method Selected:</u>	<u>Density Bonus</u>
Build on Site	80 to 100%
Build Off Site	60 to 90%
Exchange (w/ builder)	60 to 90%
Exchange (no builder)	60 to 80%
Purchase MR Units	60 to 90%
Donate Land	60 to 70%



Full Incentive: Density Bonus >50%

- Point System Applied (need details!), and Compatibility Review conducted
- Sufficiency Letter Provided for Zoning Process
- Staff Recommendation to BCC:
 - To include point system and compatibility review
- BCC Approval of Density Bonuses >50%



Full Incentive

Rental WHP Units:

- Required Percentages:
 - 5% standard density
 - 16% maximum density
 - 34% density bonus
 - 34% TDRs
 - 1.5x obligation if for-sale development provides WHP as off-site rentals
- Unit Price Categories for Rentals:
 - Low, Mod 1, Mod 2, Middle



Full Incentive

For-Sale WHP:

- Required Percentages:
 - 4.375% standard density
 - 14% maximum density
 - 29.75% density bonus
 - 34% TDRs
 - Discount for WHP provided as on-site for-sale units:
 - 20% for single-family; 10% for townhomes
- Unit Categories for For-Sale WHP:
 - Low, Mod 1, Mod 2



Incentive Options and Density Bonuses Summary:

Incentive Option	Density Bonus	
	Up to 50%	> 50%
Limited	Letter upon Request	not available
Full	Letter upon Request	Enhanced Review (Pre-ap appointment)



Disposition Options

The following slides outline the methods available for disposition of a project's workforce housing obligation



WHP Disposition Process

- Declaration of method at public hearing
- Change in method until 25% of BP
- Expedited process (EAC) to amend declaration
- Recalculation of density bonus and obligation



Method: On-Site

Thresholds:

- 50% of WHP COs by 50% of market rate BPs
- 100% of WHP COs by 85% of market rate BPs



All Off-Site Methods

Requirements:

- Westgate CRA or Municipal notification
- Westgate CRA limitation: 'Low' units not to exceed 10%



Method: Off-Site, Same Builder

Thresholds:

- Site control/approvals by final DRO
- 50% of WHP COs by 50% of market rate BPs
- 100% of WHP COs by 85% of market rate BPs



Method: Exchange Builder

Path 1: Builder Engaged

At final DRO: BCC approval of other income restrictions, if applicable

At 1st BP for Subject Development:

- Paid exchange fee (80% of in lieu)
- Project details and financials (PZB and HES)
- Site control (CAO & County Administration)
- Recorded Restrictive covenant for WHP site
- Guarantee for 80% of in-lieu fee, for 39 months



Method: Exchange Builder

Path 1: Builder Engaged

At 36 months of guarantee:

- All WHP COs, OR
- 3 month extension of guarantee (to 42 mo.)

Additional extension: w/ BCC approval & add'l guarantee

No action: PBC collects guarantee



Method: Exchange Builder

Path 2: No Builder Engaged

At 1st BP for Subject Development:

- Guarantee for 100% of in-lieu fee, for 39 months

At 25% of SD BP:

- Switch to “Exchange-Builder Engaged” OR
- Pay full in lieu fee OR
- No action: PBC collects guarantee



Method: Restrict Market Rate Unit

- Must be approved by HES
- Options:
 - Deed to PBC
OR
 - Keep as restricted rental
OR
 - Sell as restricted for-sale unit



Method: Restrict Market Rate Unit

Thresholds:

- Site control/approvals by final DRO
- 50% of WHP restricted by 50% of market rate BPs
- 100% of WHP restricted by 85% of market rate COs



Method: Donate Buildable Land

- Value equal to In Lieu Fee
- Approved by PREM
- 100% deeded to PBC by 50% of BPs



Method: In Lieu Fee

- Amounts:
 - \$120,000 Single Family
 - \$100,000 Townhome
 - \$75,000 Multi-family
- Threshold: 100% paid by 50% of BPs



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For Sale / Rental Requirements

The following slides outline the requirements for WH units to be provided as rentals, and for WH units to be provided as for-sale units.



For Sale WHP Units

- Master Covenant @ 1st BP
 - Deed restriction, affordability period, income/price levels
- Buyer Orientation/Certification through DHES
- Marketing: For On-site/Off-site Same Developer Only
 - Market WHP as if MR, min 180 days/75% MR COs
 - Notify PBC, list of interested parties
 - WHP information at sales office & website, attend events
 - Provide monthly documentation of above
- Release of Obligation: good faith effort, full in lieu
- Annual Report: developer, then homeowner



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2019 For-Sale Prices

Income Category	Income Range	WHP Price
Low (60% to 80%)	\$45,240 – 60,320	\$158,340
Mod 1 (>80% to 100%)	\$60,320 - \$75,400	\$203,580
Mod 2 (>100% to 120%)	\$75,400 – 90,480	\$248,820



Subsequent Sales

- At current price for designated income category
- Sold to income-qualified household
- Affordability period begins again, if sold within the 15-year period



Rental WHP Units

- Master Covenant @ 1st BP
 - Deed restriction, affordability period, income/price categories
- Marketing/Leasing/Verification by Mgmt/Owner
- Project Information to PBC
- Notice of first WHP unit occupancy & all lease addenda to PBC
- Annual Reporting Requirement



2019 Rental Prices

	Income Category		1 BR	2 BR	3 BR	4 BR
Low	>\$45,240 - 52,780	60%-70%	\$941 - 1,098	\$1,129 - 1,318	\$1,304 - 1,522	\$1,455 - 1,698
	>\$52,780 - 60,320	>70%-80%	\$1,098 - 1,255	\$1,318 - 1,506	\$1,522 - 1,739	\$1,698 - 1,940
Mod 1	>\$60,320 - 67,860	>80%-90%	\$1,255 - 1,412	\$1,506 - 1,695	\$1,739 - 1,957	\$1,940 - 2,183
	>\$67,860 - 75,400	> 90%-100%	\$1,412 - 1,569	\$1,695 - 1,883	\$1,957 - 2,174	\$2,183 - 2,425
Mod 2	>\$75,400 - 82,940	>100%-110%	\$1,569 - 1,726	\$1,883 - 2,071	\$2,174 - 2,391	\$2,425 - 2,668
	>\$82,940 - 90,480	>110%-120%	\$1,726 - 1,882	\$2,071 - 2,259	\$2,391 - 2,608	\$2,668 - 2,910
Middle	>\$90,480 - 98,020	>120%-130%	\$1,882 - 2,039	\$2,259 - 2,447	\$2,608 - 2,826	\$2,910 - 3,153
	>\$98,020 - 105,560	>130%-140%	\$2,039 - 2,196	\$2,447 - 2,635	\$2,826 - 3,043	\$3,153 - 3,395

- *A project's WHP obligation to provide a unit in one of the 4 income categories can be fulfilled with a household qualifying in either the lower or upper half of the category, provided that the corresponding rent is charged.*
- *Rents do not reflect utility credit*



Future Considerations:

- *Different Clocks*
- *Banking of WHP units*
- *Other needed changes*



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Questions?