

Housing Steering Committee
Wednesday, May 12, 2021
9:00 a.m. - 10:30 a.m.

Attendance: Morris “Skip” Miller (Chair), Sammy Alzofon, Jesse Bailey, Mary Lou Bedford, Jim Bell, Derrick Berry, Madeline Bozo, Jonathan Brown, Fab Brumley, Layren Calvo, Phyllis Choy, Shereena Coleman, Matt Constantine, Wilneeda Emmanuel (for Mac Bernard), Pat Fitzgerald, Patrick Franklin, Lesley George, Dodi Glas, Hanna Matras, Stephanie Heidt, Michele Jacobs, Annetta Jenkins, Elliott Johnson, Jason Kaye, Ezra Krieg, Cindee LaCourse-Blum, Tom Lanahan, Denise Malone, Sharon Merchant, Dorritt Miller, Terri Murray, Tequisha Myles, Shelly Petrolia, Amy Pettway, Sergio Piedra, Amanda Radigan, Beth Rappaport, Mercedes Rodas, Barbara Roth, Michael Rumpf, Patrick Rutter, Caroline Shamsi, Joyell Shaw, Joann Skaria, Michael Weiner, Anna Yeskey, Gabrielle Zaidman. **Speakers:** George Gentile, Donaldson Hearing, Michael Howe, Kevin Ratterree, Jack Weir. **Staff:** Suzanne Cabrera, Leslie Mandell.

Welcome & Purpose – Development of a Countywide Housing Plan

- Morris “Skip” Miller welcomed everyone to the second meeting for the Housing Plan.
- Goal: To develop a Housing Plan to address the affordable and workforce housing shortfall in Palm Beach County by utilizing the results of the Housing Needs Assessment Study
 - To identify the number of new homes, existing units to be rehabilitated, and ways to decrease the cost of current units over the next few years
 - To incorporate four components into the Plan: Financial, Planning and Regulatory, Neighborhood Revitalization and Racial Equity
- Committee will hear two presentations for each component, then develop recommendations to present to the Board of County Commissioners and county municipalities, and ask for their support of the \$200M Bond Issue
 - April 2021 - Financing Presentation: “How tax credit financing works for lower income housing” and “How our counterparts in Broward County have approached this issue”

Planning/Regulatory Presentations

Topics: Land Use Changes; Rezoning & Density Bonuses; Approval Process; Production Barriers; Permitting Issues; ADUs; NIMBY; County Organization; County/Publicly Owned Land; Fee Waivers; Adaptive reuse (converting commercial space such as strip malls into housing); Regulatory Barriers; Incentives

Speaker: Kevin Ratterree, GL Homes

Kevin Ratterree, VP, GL Homes of Florida

Topic: Land Use Changes, Rezoning & Density Bonuses

Background: GL Homes builds mostly single-family detached homes with density 1-3 units/acre; average sales price \$672K/unit, average land cost \$100-\$225,000/acre. GL has built multiple projects with workforce housing obligations and have either cashed them out through the in lieu fee or have physically built the units in some of their projects. GL very rarely utilizes any of the density bonuses afforded under the County comprehensive plan through the workforce housing program. GL builds under their standard and PUD densities, so some of the benefits that come from developing under that program are realized because they do not ask for the density.

- Exchange Program:
 - A collaborative effort between for-profit and not-for-profit or workforce housing builders, allowing a market rate builder to enter into a partnership with a workforce housing builder to develop the market rate projects-required workforce housing units in an off-site location
 - Off-site location coordinated through the PBC Planning Division to ensure that the project site meets all the criteria as well as the county comprehensive plan and code
 - Market rate builder buys or pays the in lieu fee to the exchange builder; the exchange builder builds the workforce housing units for the market builder
 - Benefits
 - To market builders: exchange price is 80% of the total cash out
 - To workforce builders: becomes gap financing that they were not going to achieve otherwise
- Examples to facilitate more workforce unit construction
 - Collier County: Approval process allows developer to establish specific property development regulations for their project. (A zero-lot line SF home lot size of 45x100 would be for a minimum 4,500sf lot. If a developer a proposed a zero-lot line <4,500sf under the County regulation, a variance would be needed.)
 - Benefits:

- Allows for developer to establish product type flexibility to accommodate smaller lots without going through the variance approval process
- Establishes setbacks, lot coverage, minimum lot size, but does not bind developers to one specific chart in one specific code
- Port St. Lucie and Lee Counties: Developers establish their particular unit type proposal (how the units are defined, minimum lot requirements, maximum residential density, etc.)
 - Benefits:
 - Developer sets the individual criteria for lot coverage for open space, setbacks, yards, and buffering
 - The PUD document becomes the project's individual zoning code (development code).
 - Creates flexibility for the developers

Current property development regulations from the PBC unified land development code (i.e. suburban development-style code) are inflexible regarding new product alternatives/types that are coming into the market.

Speaker: George Gentile, 2GHO:

Topic: Regulatory Process Differences That Make It Difficult to Work in Workforce Housing or Housing That Will Meet the Needs of Essential PBC Workers

- Jupiter: New workforce housing ordinances have few incentives other than just regulatory, making it difficult for developers to build projects due to some ordinance elements. They provide some density bonuses in some overlay districts, but no real incentive process to help developers or landowners.
 - Created a disincentive for any land use or zoning changes: Now require an increase in the workforce housing units that must be provided with that project.
 - Example #1: Current 6% requirement for building 10+ units increased to 12% if there is a land use or zoning change on any property. Requires developers to have them on site – cannot provide offsite relief or facilities to accommodate requirements on the property. Obstacle: some of the remaining north county properties are either waterfront or expensive pieces of real estate and the developer cannot go off site to revitalize or rebuild new housing in more appropriate areas. Although the restructured ordinance (requiring an 80% size compatibility) is good for workforce housing, if a developer builds a 2,000sf unit in their project, they have to meet 80% of that same square footage for workforce housing if onsite. Most PUDs and development projects require an HOA with additional fees to manage and maintain the insurance, maintenance, and operations of that association.
- Example #2: Fisherman's Wharf project
 - Officials declined to approve a minor height variation allowed under the PUD in exchange for more workforce housing units, resulting in the property being reverted to commercial zoning. The community forfeited a great location for workforce housing integrated in a commercial area that provided walkability, nearby jobs, and a living environment conducive to north county.
- Palm Beach Gardens is more incentive based
- Recommendations: Encourage flexibility in densities and land development regulations, and new types of developments under the PUDs.

Current Palm Beach County ordinances make it difficult to develop alternative housing types, and this inflexibility and lack of incentives impacts the ability to get the needed workforce and affordable housing.

Speaker: Donaldson Hearing, Cotleur & Hearing

Topic: Easier Ways to Develop Affordable/Workforce Housing

- Flexibility is important in all aspects of housing, especially when building more affordable housing
- Several municipalities (Palm Beach Gardens, Westlake, St. Lucie County or Port Saint Lucie) allow flexibility. Rather than having a zero-lot line configuration, have a small lot that maintains the same types of separation as a zero-lot line but with a smaller setback on each side.
- Cottage homes becoming more prevalent within the ULDC today. Small lots (40' lot, 70' deep with 5' setbacks on either side with a reasonable amount of square footage) results in delivering a product with a more reasonable cost due to less land and infrastructure costs.
- Introduce flexibility into land development regulations to intersperse duplexes, townhomes, courtyard homes and apartments. More prevalent in older urban/historical areas with an existing grid network within the same block configuration. (Ex: Lake Worth, West Palm Beach, Naples, Aventura, or Victoria Park in Ft. Lauderdale)
- Auxiliary Dwelling Unit (ADU): Introduced in Abacoa and Alton - counts against density. Create simple incentives to build a full ADU on top of a garage. The limitation today is it counts as two units, so developers could deliver a lot of affordable housing. ADUs and granny flats are attractive to young people.

- Changing Platting Ordinances: Currently, in PBC and in most of our municipalities, in order to develop a fee simple for sale products, builders are required to develop rights of way (minimum 50' right of way), which uses a lot of land.
 - An alternative often used with townhouse development is to do it as a condominium form or rental form of development, which have no requirements to build those rights of way, thus enabling a more efficient and cost-effective delivery of product. (Ex: Cotleur & Hearing is building cottage homes in St. Lucie County without rights of way, resulting in delivering a livable and workable product.)
 - Provides more flexibility and creativity and enables a reduction in cost.
 - Downside: The condominium route does not lend itself to affordable housing.
- Timing and speed to market is critical: Average project approvals take 1+years before beginning construction
 - Coral Springs, Palm Springs and Westlake allow a shorter approval process.
 - Planned Unit Development (PUD) - writing your own land development regulations - provides the greatest amount of flexibility.
 - Should be seen as developing your own design guidelines or regulations and not be considered a waiver. (Important to clarify to the public that the developer is not getting handouts.)
 - Innovative development should be a benefit by itself; builders should be able to develop unique development regulations for each project.

Speaker: Michael Howe, PBC: Workforce Housing Program (WHP)

Topic: Description and Explanation of the County's Inclusionary Zoning Program. **(see attached PowerPoint)**

Questions can be addressed to Michael at mhowe@pbcgov.org

Speaker: Jack Weir

Topic: Zoning from a Multifamily Perspective

Goal: To create a Housing Plan tied to the number of units, incorporating density and multifamily rentals

- County Lens and Municipalities
 - Major challenge: determining where to build units
 - Density bonuses a more valuable tool in multifamily development and less valuable in a SF context, as part of what you are selling is a certain amount of space, size, and privacy from the dwelling units.
 - Unincorporated Palm Beach County comprises 40+% of the County population (six times larger than West Palm Beach, the largest municipality, and it is also most of the remaining area for growth.)
 - Located primarily in the western part of the county, and historically, because of the lower level of density, it has been zoned for lower density.
 - What are the conditions for upzoning and how effective a tool are density bonuses?
Density bonuses can be effective for multifamily housing, but the premise is that the landowner is not necessarily knowledgeable about the density bonus. How it works: the developer pays a certain amount for the land and then receives additional bonuses through the development plan so the cost per unit is cheaper for the land.
 - Density Challenges/Limitations: If the landowner is knowledgeable about the county codes and programs, then the benefits are muted because it is assumed that the developer will get the density bonus, so the land is priced accordingly and there is no reduction in the land per unit.
 - County: The logical place for density would be some of these main commercial and transit corridors, North, South, East, and West. Note: among those type of corridors might be places like Lake Worth Rd and State Route 7.
 - New developments recently considered by the County
 - Two parcels: 36 acres and 10 acres in a main commercial corridor, with underlying zoning one unit/acre
 - Challenges:
 - Developers need major up zoning requirements
 - Neighbors' average lot size is one unit/acre, so it becomes a NIMBY issue, as neighbors want to keep their neighborhood character
 - Case #1: Developer tried to increase the underlying zoning from 1 unit to 3 units/acre.
 - Case #2: Developer tried to increase the underlying zoning from 1 unit to 5 units/acre
Developers tried to use the workforce housing density bonus and TVRs. End result: an increase to 5 units/acre and 10 units/acre – both were rejected, as neighbors did not want smaller type homes in their neighborhood.
 - Challenge: Density is part of the problem, and more units need to be built, but where?
 - Cannot expect the County to rezone properties and up zone properties, so that puts the onus on developers and specific development sites
- AG Reserve
 - Originally set aside for land largely to be preserved with some exceptions

- #1: Large lot houses, 1 unit/acre
- #2: Limited commercial development
- Result: Since there is no workforce housing for anyone who either works in these houses or in the commercial corridor, they need to commute to their work
- County is considering a proposal to build apartments across from the commercial complexes.
- Challenge: How to preserve much of the open space of the AG Reserve. Does that mean that there is no workforce housing there at all, where there is no density there at all?
- West Palm Beach has been a leader in promoting density, particularly downtown, and now in some adjacent downtown neighborhoods. Success due to an incentive-based workforce housing program on density. (ask Rick Green to speak on this issue)
- Boynton Beach and Delray Beach have also opted for density in parts of downtown.
- Palm Beach Gardens is in some type of flux.
- Wellington has in limited cases opted for more density
- Questions to Consider
 - Where will the units go?
 - Will there be land use and then also neighborhood revitalization?
 - One of the original Steering Committee recommendations was to look at the underlying land use for non-residential properties that may be obsolete and change the land use to permit residential units (ex: commercial properties, aging strip centers, office buildings)
 - The County cannot just do this on its own – it would have to be the existing owner or someone potentially buying these sites.
 - Need to look at some of the underlying neighborhoods when considering where to build new housing. (Neighborhood Revitalization is next month's topic.)
 - Neighborhood revitalization provides opportunity for some of the innovative product types such as courtyard homes, townhomes, duplexes, and small apartment complexes that are interspersed with single family neighborhoods that are now in the process of trying to be revitalized.
 - Will require close work with municipalities in terms of up zoning for those to permit a slightly level higher level of density without totally being out of character for the neighborhood

Recommendation: The Housing Plan will have a goal for a given number of units for a number of years and then the challenge is where to build these units.

Questions for Michael Howe

- TDR (Transfer Development Rights): Developers can purchase a TDR to add density. TDRs are required to provide 34% of the TDRs as a workforce housing unit. The price of the workforce housing TDR is lower than the market rate TDR. If a price limitation is put on either the sale or the rental of that unit, you are not required to pay more for that particular unit. This is a total voluntary program.
- The County's Affordable Housing Program (AHP) provides a potential density bonus up to 30% and up to 100% based on the Future Land Use (FLU) category. The 30% density cap is for LR1, LR2, LR3 lower density FLUs to decrease the impact of the density bonus in areas developed at lower densities. In areas of higher density FLUs the MR5, HR8, HR12 and HR18 the proposed AHP developments have the potential of up to 100% density bonus.
 - Note: It is possible to more than double the density of an MR5 through TDR's and workforce housing. If it is in the urban service tier, you could get 15 units to an acre if you manipulated the programs correctly.
- Kevin Ratterree – Clarification about Ag Reserve
 - The AG Reserve is set up under a density program. If you develop it as a PUD it is one unit per gross acre. But developers are required to preserve acreage in addition to the area that is being developed, so the developable area under a 60/40 PUD ends up being about 2½ units per acre. If you develop under an 80/20 PUD, it is higher because you are developing on 20%, but overall, the number of units is based on one unit per acre gross. They are built on the development sites, which generally ends up being about 2½ units per acre on the developable portion.
- Question for Michael Howe on the Exchange Program (Terri Murray)
 - Can the 4% tax credits be used for the funding gap in the Exchange Program? **Answer:** If you were looking to be in the Exchange and are financing it with another set of regulations it would have to be evaluated. It is possible that there would be no issues. **Note:** The County Attorney's office will not put a workforce housing covenant on units that have other obligation.

- Jonathan Brown: Since affordable housing does not offer any gap financing, workforce housing may not be the solution because workforce housing is only for 60% AMI and above.
- Note: The most recent revision to the Workforce Housing program allows the option for someone to go to the Board of County Commissioners to request using multiple funding sources.

Note: According to the Housing Needs Assessment, most of the need is $\leq 60\%$. At the present time, the Exchange is only applying to the workforce housing program.

Recommendation: *Recommend that the Exchange also be available for affordable housing projects.*

- Dod Glas: Challenge #1: Production - one size does not fit all
 - May have to consider eliminating the ability to do single family housing as a single use in any land use or zoning district
 - Ask developers to look at product type on their sites where they're mixing a single family unit with a quad or duplex unit, same size lot, where the development regulations permit for an alternative product type within the same community, not just on blocks but within suburban subdivisions.
 - PBC is just gaining more income levels that cannot find housing options in the county
 - Gap financing is critical
 - Look at alternative ways for land development regulations (what is permitted in terms of density, uses within traditionally commercial corridors)
 - Acknowledge that transportation, concurrency, mobility, and impact fees are all tied into the cost of housing
 - Request the County to be open to more flexibility
 - Find the common ground between developers (ex: the exchange program was a way to give nonprofits a leg up in the issue, knowing that part of the goal was gap financing)
- Challenge: how do we change the way we produce housing and start looking at mixing incomes within communities in a way that facilitates the production of units for a broader range of people in the County?
Kevin Ratterree: In other jurisdictions where price is a more sensitive topic with the buyer GL does look at alternative product type for purposes of establishing a range of pricing, including attached villas, townhomes or even condos (not yet multifamily).
- Challenge: **This is a supply and demand issue, and as long as the supply of available land and lots is limited, it will be very difficult to achieve those type of pricing on low density projects.**
 - There is a limited supply of land which results in a limited supply in the number of units while having a huge demand for those number of units.
 - Land sellers that are fully aware of the entitlements that could be achieved on their property and property is priced accordingly.
 - As the price of land per acre is so high compared to the number of units that can be derived, it is very difficult from a market builder standpoint to come in with product that is priced commensurate with where affordable and workforce housing should be.
 - Developers like GL are big supporters of the exchange program. The only way to kind of flip that narrative is that you are granted density bonuses that result in your ability to provide some alternative product type on site. Acknowledge that residents of a development with a guardhouse, security, and recreational amenities result in HOA fees near \$350/month.
- Example: DC market:
 - Limited land high costs for housing and a huge demand for supply has been there for years, even when the market was down in in 2009. Some developers are changing their product type by lot in terms of the units, which means that if you are putting 2 units on a single lot versus a single unit, they may look the same but basically the cost of the house and the HOA fees are cut in half. It makes the product more affordable in a workforce setting.

Conclusion (Kevin Ratterree): Ultimately, PBC will get to a point where the availability of land is so restrained, we are going to have to start looking at alternative product options which help reduce the cost. But it is important to have flexibility associated with those regulations. If there is no flexibility, and we are not allowed to take that two lot or one lot situation, and convert it into two lots, it becomes an irrelevant conversation.

Next Month's Focus Area – June 9, 2021: Community Revitalization

Topics: Identify target areas; Role of Commercial Investment; Rehab programs; Homeownership; High renter percentage; national SF rental companies; Addressing gentrification; Infrastructure investment – CDBG/Other sources; Purpose Built community approach

Skip announced the following upcoming meetings:

Wednesday June 9	9:00-10:30	Steering Committee	Topic: Community Revitalization
Friday May 14	9:00-10:00	Community Revitalization Core Group	Topic: Identify presentation, speakers
Wednesday May 26	9:00-10:00	Core Group meeting	Open to everyone
Wednesday July 14	9:00-10:30	Steering Committee	Topic: Racial Equity or Financing: Part II
Wednesday August 11	9:00-10:30	Steering Committee	

Goal: Begin writing the Housing Plan in the Fall

Consultant

Skip reported that HLC is close to hiring a consultant.

Adjournment

Skip Miller thanked the speakers and participants who attended the meeting and asked anyone with further questions to email Suzanne Cabrera (scabrera@hlcpcb.org). The meeting was adjourned at 10:30 a.m.

Links

The plan we are loosely modeling our Housing Plan: <https://www.atlantaga.gov/government/mayor-s-office/projects-and-initiatives/housing-affordability-action-plan>

(Click on the image that says The One Atlanta - Housing Affordability Action Plan for the full plan)

PBC Housing Needs Assessment LINK: <https://www.hlcpcb.org/housing-resources/research-and-reports/palm-beach-county-affordable-housing-needs-assessment/>