



COMPREHENSIVE PLAN AMENDMENT STAFF REPORT AMENDMENT ROUND 19-A2

DEO TRANSMITTAL, JANUARY 28, 2019

A. Application Summary

I. General

Project Name: Workforce Housing Policy Revisions
Element: Housing Element, Future Land Use Element, and Transportation Element
Project Manager: Maria Bello, Principal Planner
Staff Recommendation: Staff recommends *approval* based on the findings and conclusions presented in this report.

II. Assessment & Conclusion

Summary: This proposed amendment would revise the Housing Element, the Future Land Use Element, and the Transportation Element to implement Board of County Commissioners' policy direction to increase the amount of density bonus available in lower density residential future land use designations. The amendment also updates and corrects related provisions and references.

Assessment: This amendment implements a Board direction as part of an effort to increase the availability of workforce units. The current limitation creates a disincentive for the use of the Workforce Housing Program (WHP) density bonus, and creates an incentive to instead pursue density increases through the future land use amendment process, which results in fewer WHP units. Increasing the density bonus may also encourage the development of more single-family, for-sale WHP units.

III. Hearing History

Local Planning Agency: *Denial*, motion by Neil Merin, seconded by Karen Brill, passed in a 9-2 vote (with David Dinin and Angella Vann dissenting) at the January 11, 2019 public hearing. The recommendation of denial centered on the lack of defined criteria in the Plan for evaluating proposed workforce housing density bonuses of up to 100% for the low residential future land use designations. Commission members stated that limitations on density increases in low density areas should be considered, such as allowing substantial density bonuses only adjacent to higher density residential designations, or limiting density increases to a combined total of 100% for projects proposing to use any or all of the density increase options (workforce housing bonus, Transfer of Development Rights, and/or future land use amendment process). There was no public comment.

Board of County Commissioners Transmittal Public Hearing: *Transmit*, motion by Commissioner McKinlay, seconded by Commissioner Weiss, passed in a 7 to 0 vote at the January 28, 2019 public hearing. There was minimal Board discussion. Two members of the public spoke in support of the amendment, citing the need for additional workforce housing.

State Review Agencies:

Subsequent to Transmittal:

Board of County Commissioners Adoption Public Hearing:

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B. Introduction

I. Intent of the Amendment

This proposed amendment would revise the Housing, Future Land Use, and Transportation Elements of the Comprehensive Plan to implement policy direction provided by the Board of County Commissioners (BCC) to update and enhance the County's Workforce Housing Program (WHP). Specifically, the amendment will remove the current 30% cap on the amount of density bonus that can be obtained through the WHP in the low residential categories within the Urban Suburban Tier. This amendment is required in order to proceed with changes to the Unified Land Development Code (ULDC) implementing the Board's direction to allow up to a 100% density bonus. The proposed amendment would also correct and update related WHP provisions and references.

Specific changes are shown in strike out and underline in Exhibit 1.

II. Background

The County's WHP program was established in 2006, and modified in 2010 in response to economic conditions at the time. It requires that a percentage of units in residential developments in the Urban/Suburban Tier be provided as for-sale or rental workforce housing, affordable to households having 60% to 140% of area median income. The WHP also provides a number of benefits for developers, including an optional density bonus in exchange for a larger percentage of units dedicated as workforce housing. The program offers several options to meet the WHP obligation, including construction of the workforce housing units on site or off site, or payment of an in-lieu fee.

To date, the program has resulted in the construction of more than 700 rental units and 150 single-family townhomes. In recent years, the Board has emphasized the need to increase the number of workforce housing units, particularly for-sale units, and to review the program's in-lieu fee. In 2015, the County initiated an effort to evaluate and enhance the WHP, to better reflect the current housing market and address the Board's concerns. This effort has included a series of meetings with industry and interested parties, several workshops of the Board of County Commissioners, and input from the countywide Housing Summit held in May 2017, and from the Housing Summit's Steering Committee and Regional Subcommittees. All proposed policy changes with potential economic impacts have also been reviewed for economic viability by an economic consultant, to ensure that developer profitability remains at sustainable levels.

At an October 23, 2018 workshop of the Board of County Commissioners, the Board discussed eleven key policy issues (See Exhibit 2) and directed a number of changes to the WHP. One of these changes directed by the Board, relating to the maximum amount of density bonus available, will require amendment of the foundational policies establishing the WHP in the Comprehensive Plan; that change is the main subject of this staff report. The balance of the changes directed by the Board will be addressed through changes to the specific regulations governing the WHP found in the County's Unified Land Development Code. This amendment also addresses provisions and references related to the WHP in the Future Land Use, Housing, and Transportation Elements of the Comprehensive Plan.

III. Data and Analysis

This section provides data and analysis for the proposed amendments.

WHP Provisions - Increasing Potential Density Bonus for LR-1, LR-2 and LR-3 FLUs

The WHP contains a mandatory component, requiring all projects of 10 or more housing units in the Urban/Suburban Tier to dedicate a percentage of units as workforce. The program also contains a voluntary component, allowing for an optional density bonus in exchange for an additional, higher percentage of units being provided as workforce units. Currently, the density bonus for low urban residential categories of Low Residential, 1 unit per acre (LR-1), Low Residential, 2 units per acre (LR-2), and Low Residential, 3 units per acre (LR-3) is limited by Comprehensive Plan policy to a maximum of 30%. Higher designations of Medium Residential, 5 units per acre (MR-5), and above, are eligible for density bonuses up to 100%, with the specific bonus determined through an assessment of the area where the development will be located. This limitation on density bonuses for the lower residential densities was imposed at the time the WHP was established in 2006, to limit potential impacts on lower density areas.

However, this limitation on potential density bonus through the WHP appears to have created a disincentive for the use of the WHP density bonus, and created an incentive to instead pursue density increases through the future land use amendment process. Of the 21 amendments increasing residential density in the Urban/Suburban Tier which have been adopted since the WHP was established in 2006, two thirds have been on properties with an LR-2 designation. About half of those sought LR-3 designation, which represented a 50% increase in density—not achievable through the WHP density bonus. Less than 15% of amendments were for properties with designations of MR-5 or higher; properties with MR-5 or higher have the ability to request density bonuses of up to 100% through the WHP.

Increasing density through the amendment process, rather than through the density bonus, results in fewer workforce housing units required. The table below compares a density increase achieved through a WHP density bonus and a density increase achieved through a future land use amendment. In this example, the developer of a 10 acre site is seeking to build 30 units. As indicated in the table, when the same density increase is achieved through a future land use amendment rather than through a WHP density bonus, significantly fewer WHP units result from the development. This creates an incentive to seek a density increase through an amendment rather than through the WHP density bonus.

Future Land Use	Units per FLU	Mandatory WHP Obligation	Density Bonus	WHP Obligation from DB	Total Units	Total WHP Units
LR-2	20	1.6	50%	3.4	30	5
LR-3	30	2.6	NA	NA	30	2.6, rounded to 3

Because using an amendment rather than a WHP density bonus to achieve the same density increase diminishes the amount of WHP obligation, in recent years staff has been recommending a condition of approval on future land use amendments to require a percentage of units to be provided as WHP—typically 25%. In its October 2018 workshop, the Board considered whether to formalize this approach as a policy, and ultimately chose instead to direct staff to continue to propose such a condition on each amendment, for Board consideration on a case by case basis. This proposed text amendment, to increase the possible density bonus on lower residential

densities, similarly serves to 'level the playing field' in terms of the WHP obligation for the various paths available to increase density.

Creating the ability to obtain higher density bonuses in the lower density residential categories may also create the opportunity for additional single-family for-sale workforce units, for projects that choose to meet their WHP obligation on site; even with substantial density bonuses applied, these low density residential future land use designations are likely to remain in the density ranges associated with single-family development.

To ensure that these potentially higher densities do not create compatibility issues with existing patterns of development, a new review process is being proposed in the concurrent Unified Land Development Code (ULDC) changes to implement Board direction. Any density bonus exceeding 40% will require an extra level of review that includes a compatibility assessment, and will require approval by the Board through the public hearing process.

Changes Proposed to WHP - Related Provisions and References

In addition to the change to allow up to 100% density bonus, additional revisions to Housing Element Policy 1.5-g are proposed to allow an expedited path for density bonuses up to 40% (currently allowed for bonuses of up to 30%), and to remove specifics regarding criteria to be applied in the review of density bonuses above 40%. Criteria for the review of density bonuses are specified in the ULDC. Establishing the details of the criteria in the ULDC allows these to be more readily revised and updated over time, as conditions warrant. For example, at the time the WHP program was established, the emphasis was on placing WHP units near mass transit facilities; subsequent research such as the National Household Travel Survey conducted by the Federal Highway Administration has demonstrated that car ownership rates are essentially the same for households in the workforce income ranges as in the higher income ranges. Finally, the current criteria for density bonuses also includes location within the Urban/Suburban Tier. The WHP program applies only in the Urban/Suburban Tier, and so this is a general WHP provision not specifically related to density bonuses; as a result, it is proposed to be relocated to the general policy related to the WHP.

Several other policies in the Future Land Use, Housing and Transportation Elements are also proposed to be updated and revised for consistency with the WHP provisions and Board direction. These include removing an incorrect reference to planned unit development (PUD) density for the LR-1 FLU, correcting references to income ranges and Comprehensive Plan tables, and revising the percentage of Transfer of Development Rights (TDRs) which must be provided as WHP units from 35% to 34%, for consistency with the WHP density bonus requirements.

IV. Assessment and Conclusions

This amendment implements a Board direction as part of an effort to increase the availability of workforce units. The current limitation creates a disincentive for the use of the Workforce Housing Program (WHP) density bonus, and creates an incentive to instead pursue density increases through the future land use amendment process, which results in fewer WHP units. Increasing the density bonus may also encourage the development of more single-family, for-sale WHP units.

Staff recommends approval.

Attachments

Exhibit 1 Proposed changes in strike out and underline format	E - 1
Exhibit 2 BCC Directions of WHP Policy Issues – October 23, 2018	E -
Exhibit 3 – Correspondence	E -

Exhibit 1

A. Housing Element, Workforce Housing Revisions

REVISIONS: To increase potential density bonus for LR-1 to LR-3 to 100%, and make related revisions. The added text is underlined, and the deleted text ~~struck out~~.

- REVISE Policy 1.5-g:** The County's mandatory Workforce Housing Program is established to facilitate development of workforce housing. The Program requires new residential developments to provide a percentage of housing units for households with incomes from 60% to 140% of area median income as a means to meet affordable workforce housing needs and to disperse that needed housing in the unincorporated County. The Workforce Housing Program applies in the Urban/Suburban Tier. For land use LR1, the PUD density does not apply. The Agricultural Reserve Tier is exempt from this program.

The Workforce Housing Program ~~development evaluation~~ shall address specific criteria, including but not limited to:

1. Eligible developments must have a minimum number of 10 permitted units;
2. Workforce units can be both rental units and for sale units;
3. Workforce units built on site will be designed to be compatible with the overall development;
4. Workforce units built on-site can be clustered or integrated within the development;
5. Rental unit and resale unit affordability controls shall be guaranteed for a period to be set forth in the Unified Land Development Code (ULDC);
6. Workforce units may be allowed based on location, and land use compatibility, in any of the following land use categories: Commercial (mixed use); Industrial (mixed use); Economic Development Center; Institutional and Public Facilities, Traditional Town Development (TTD); and Multiple Land Use (MLU).

Incentives ~~may~~ shall include:

1. For all urban residential land use designations LR-1, LR-2, and LR-3, a density bonus of up to ~~30~~100%.
2. Traffic performance standards mitigation,
3. An expedited permit, zoning, and land use site plan approval process including engineering plating procedures.
4. A method to effectively offset impact fees and other development fees for the Workforce units ~~only may be included~~.

~~Density Bonus Greater than 30%~~

~~For land uses MR-5, HR-8, HR-12, and HR-18 a~~ A density bonus greater than 30%, up to 100%, shall be permitted when all program criteria are met and the increased density creates no compatibility issues with adjacent properties. For projects requesting greater than a 40% density bonus, the Workforce Housing development evaluation shall consider factors specified in the ULDC including, but not limited to: compatibility with adjacent properties, provision of workforce housing onsite, concentration of workforce housing, and proximity to employment centers.

~~When a density bonus of greater than 30% is sought, the Workforce Housing development evaluation shall address the specific criteria (#1 – 6.) listed above and in addition the following criteria:~~

- ~~1. Eligible developments must be located inside the Urban/Suburban Tier;~~
- ~~2. Developments are required to be located near mass transportation and/or employment centers in order to receive a 100% density increase;~~
- ~~3. Existing very-low and low income concentrations in order to discourage undue concentrations; and~~
- ~~4. Review of County Housing Study Sector.~~

~~The specific program criteria including developer incentives will be set forth within the Unified Land Development Code (ULDC).~~

2. REVISE: B. Assessment and Conclusions

Housing Affordability

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The focus of County efforts is on affordable housing options for households in the very low ~~to low~~ income range (0-~~60~~80% AMI), and on low, moderate and middle income range workforce housing, which the County's program defines as households from 60% up to 140% of AMI.

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Workforce Housing Needs

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In addition, Palm Beach County through PZB's Workforce Housing Program (WHP) assists in serving some of the households that will experience cost burden issues. The WHP is designed to serve low, and moderate, and middle income households (60-120% of AMI) ~~and also middle income (120 -140% of AMI)~~ by requiring a component of housing units in new development in certain unincorporated areas of the county be provided for these income groups at rents and sale prices that are to remain affordable for periods of at least 15 years (for-sale) and 30 years (rental).

3. REVISE: Policy 1.1-o: The County shall preserve affordability of workforce and affordable housing units developed through the Workforce Housing Program and the Affordable Housing Program as follows:

1. The Workforce Housing Program will target households with incomes ranging from 60%-140% of area median income.
2. The Affordable Housing Program will target households at or below 60% of area median income.

The Workforce Housing Program and Affordable Housing Program units shall be made available at a rate affordable to the specified income groups, and only to income-eligible households for a period of time to be set forth in the Unified Land Development Code

(ULDC). All Workforce Housing Program and Affordable Housing Program criteria shall be subject to the review and approval of the Board of County Commissioners.

4. **REVISE: Policy 1.5-i:** The County shall establish a Affordable Housing Program to allow new residential developments within the Urban/Suburban Tier only, the opportunity to provide housing units for households with incomes at 60% of area median income and below, as a means to meet affordable housing needs and to disperse that needed housing in unincorporated Palm Beach County. The Affordable Housing Program may provide incentives including density bonuses; ~~Incentives shall be offered that will generally mirror the benefits of the Workforce Housing program criteria. D~~density bonus units will be allowed only when consistent with Housing Element Objective 1.5 to discourage the undue concentration of very low and low income housing in the County.

~~Consideration will be given to specific proposals that target households with incomes that crossover both the Workforce Housing and the Affordable Housing Programs. The Agricultural Reserve Tier is exempt from this Program.~~

B. Future Land Use Element, Workforce Housing Revisions

REVISIONS: To revise and update references and provisions related to the Workforce Housing Program. The added text is underlined, and the deleted text ~~struck out~~.

1. **REVISE: County Direction 7 - Housing Opportunity.** Ensure that housing opportunities are compatible with the County's economic opportunities by providing an adequate distribution of low, moderate, and middle ~~very low and low~~ income housing, Countywide, through the Workforce Housing Program.
2. **DELETE Policy 2.2.1-e:** ~~To facilitate development of affordable housing, the County shall not require an amendment to the Future Land Use Atlas to increase the density higher than the future land use category, provided the development is consistent with the Workforce Housing Program analysis or the Affordable Housing Program analysis required by policies in Housing Objective 1.1 and 1.5. and within the ULDC.~~
3. **REVISE Policy 2.4-a:** The Transfer of Development Rights program shall:
 1. designate sending areas;
 2. assign densities within the sending areas on equitable bases, based on the parcel's location, development potential and value to the community;
 3. delineate specific receiving areas, and designate appropriate density increases within each;
 4. provide variable pricing for the County-owned TDR units, based on location and furthering the County Goals and Objectives contained within the Comprehensive Plan;
 5. require 3435% of TDR units per project be provided as Workforce Housing Program units and provide each workforce housing TDR at a reduced cost to the developer;
 6. TDR units may be provided in conjunction with the Affordable Housing Program and may be provided at no cost or a reduced cost when the additional TDR units are determined to be consistent with Housing Element and ULDC provisions to discourage the undue concentration of very low and low income housing in the County;
 7. define administrative and legal requirements, including notification to the Property Appraiser's office and recordation in the public records; ~~and a development's~~

~~Workforce Housing Program or Affordable Housing Program density bonus increase may be given consideration when assigning TDR units to the development.~~

4. **REVISE Policy 2.4-g:** In order to encourage eastward development and a tapering off of density towards the western edge of the Urban/Suburban Tier and support development within the Urban/Suburban Tier in the Glades, or to protect rural residential areas by concentrating needed housing units where urban residential future land use designations already exist, bonus densities may be applied for as follows:
 1. Inside the Urban/Suburban Tier and west of the Florida Turnpike, up to 2 du/acre additional;
 2. Inside the Urban/Suburban Tier, but not in the Revitalization and Redevelopment Overlay, up to 3 du/acre additional;
 3. In the Revitalization and Redevelopment Overlay, up to 4 du/acre additional;
 4. In the Urban/Suburban Tier in the Glades area:
 - (a) But not in a Revitalization and Redevelopment Overlay, up to 3 du/acre additional;
or
 - (b) In a Revitalization and Redevelopment Overlay, up to 4 du/acre additional; and
 5. ~~Final assignment of TDR bonus density may take into consideration bonus density granted thru the Workforce Housing Program or Affordable Housing Program.~~
5. **REVISE Policy 2.4-I:** ~~The value cost of the County's TDR units, including discounted TDRs for and the reduced values of Workforce Housing and Affordable Housing TDR units, shall be established annually by the Board of County Commissioners. The price will be updated annually as part of the TDR annual report.~~

C. **Transportation Element, Workforce Housing Revisions**

REVISIONS: To revise and update references and provisions related to the Workforce Housing Program. The added text is underlined, and the deleted text ~~struck out~~.

1. **REVISE: Policy 1.2-d:** The Board of County Commissioners finds that under certain limited circumstances dealing with transportation facilities, countervailing planning and public policy goals may come into conflict with the requirement that adequate public facilities be available concurrent with the impacts of such development. The Board of County Commissioners further finds that under certain circumstances, lower level of service standards for specific roadway segments and intersections are appropriate. Consequently, this policy provides for lower transportation facilities level of service standard for certain purposes on roadway segments and intersections:

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4. For the public purpose of allowing developments that include Workforce and Affordable Housing units (as defined in Housing Element Policies 1.5-g and 1.5-i) to be constructed, the level of service standard permitted for all housing units beyond the standard density (as defined in Future Land Use Element Table 2.2.1-g.1 III.C.4) on affected segments and intersections shall be up to 30% above the LOS D volume on those segments and intersections.

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Exhibit 2
Workforce Housing Program
Board Direction on Key Policy Issues, October 23, 2018 Workshop

Policy Issues	Current Code	BCC Direction at October 23, 2018 Workshop
Optional Density Bonus	Under 'Full Incentive' Option: <ul style="list-style-type: none"> • LR-1 to LR-3: limited to 30% bonus • MR-5 and higher: based on concentration of VL-L income households and other factors 	Move forward with March 2018 recommendation, and in concurrence with Steering Committee recommendation: <ul style="list-style-type: none"> • Allow up to 100% density bonus
Limited/No Incentive Options	WHP offers, in addition to Full Incentive Option: <ul style="list-style-type: none"> • Limited Incentive Option, reduces bonus and obligation in half • No Incentive Option, for projects with all WH units, all on site, no bonus density 	Move forward with March 2018 recommendation, and in concurrence with Steering Committee recommendation: <ul style="list-style-type: none"> • Eliminate No Incentive option
Requirement for On-site WH Units	• No requirement for units to be on-site (except under 'No Incentive' Option)	Move forward with March 2018 recommendation, and in concurrence with Steering Committee recommendation: <ul style="list-style-type: none"> • Revise to reduce obligation by 10% if all WHP units are built on site, to incentivize onsite construction
Income Category Flexibility	<i>No requirement</i>	Move forward with March 2018 recommendation, and in concurrence with Steering Committee recommendation: <ul style="list-style-type: none"> • Allow, on a case by case basis, a buyer to purchase WHP unit for another income level, if qualifying ratios are met and unit is available
Bedrooms Proportional to Market Rate	<i>No requirement</i>	Move forward with revised recommendation, and in concurrence with Steering Committee recommendation: <ul style="list-style-type: none"> • Any for sale (SF, ZLL, TH, and Condo) WFH units have a minimum of 2 bedrooms with each bedroom being a minimum of 100 sf • Require a minimum of 25% of for sale WFH units to be 3 bedrooms or more, with each bedroom being a minimum of 100 sf • No restriction on rental WFH projects relative to number of bedrooms per unit or SF of each bedroom
In-Lieu Fee	\$81,500 (SF) \$50,000 (MF)	Move forward with March 2018 recommendation: <ul style="list-style-type: none"> • Increase to: \$120,000 (SF) \$100,000 (TH) \$75,000 (MF) In addition: <ul style="list-style-type: none"> • Annual CPI indexing beginning 24 months following adoption of the fee increase.

Policy Issues	Current Code	BCC Direction at October 23, 2018 Workshop
Select WHP Option at Public Hearing	Developer can revise selected method to meet WH obligation until final DRO or 1st building permit	Move forward with Steering Committee recommendation: <ul style="list-style-type: none"> • Require declaration at public hearing • Allow option to post performance surety to encourage off-site construction v. in lieu payment at first building permit. • Allow use of Expedited Application Consideration (EAC) process to amend the declaration of WHP disposition only
Release of Obligation	After 180 day good faith effort to market WH units, developer can request release from obligation and pay significantly reduced in lieu fee, if market rate units in project/phase are 80% under contract	Move forward with revised staff recommendation: <ul style="list-style-type: none"> • Replace 180 day timeframe with requirement that 75% of market rate units be CO'd • Eliminate discount on in lieu fee To include concurrence with Steering Committee recommendations: <ul style="list-style-type: none"> • Provide specific requirements for notification, marketing, and developer updates in an accompanying procedure
Exchange Program	<i>Not addressed (not precluded under current code)</i>	Move forward with revised staff recommendation, to include partial concurrence with Regional Subcommittee recommendation: <ul style="list-style-type: none"> • Require surety bond equal to full in lieu fee • Require developer to provide notice to County as building permits approach 85% at parent project • Evaluate exchange concept and report to BCC within 3 years of implementation To include partial concurrence with Steering Committee recommendations: Decoupling: If 100% of WHP units are not CO'd prior to building permits for 85% of parent project units, surety bond is paid to PBC, but parent project <u>will not</u> be stopped
Like-for-Like WH Units	<i>No requirement</i>	Move forward with Steering Committee recommendation: <ul style="list-style-type: none"> • Do not establish a like for like requirement. Require any off-site <u>rental</u> WFH units be calculated at 1.5 times the required on-site for sale (SF, ZLL, TH, and Condominium) WFH units. Condominium units should be construed as for sale units and not multi-family units.
WH Obligation on Comp Plan Amendments	<i>No requirement</i>	Move forward with revised recommendation: <ul style="list-style-type: none"> • Do not establish a FLU policy that requires WFP units must be provided on site at 10% if project is SF or 25% if MF. The BCC shall retain legislative authority to establish the WFH requirement (if in excess of ULDC) during the FLUA amendment process. • Staff to inform FLUA applicants that staff will be recommending WFP units be provided on site, at 10% if project is SF and 25% if MF.

**Exhibit 3
Correspondence**
