

Palm Beach County Workforce Housing Program

Exchange Builder Option

The Exchange Builder Option of Palm Beach County's Workforce Housing Program (WHP) presents an opportunity for builders throughout Palm Beach County to enhance their projects by taking on the workforce obligation of a market rate project that does not want to build their required workforce units or pay an in lieu fee. Below are some often-asked questions and answers about the Exchange Builder Option. For more information, please refer to the [Planning Division's WHP webpage](#) and ULDC Chapter [5.G.1](#), or contact the Palm Beach County Planning Division at 561-233-5300.

Frequently Asked Questions

What is the Workforce Housing Program? The WHP requires that developers of residential projects of 10 or more units in the Urban/Suburban Tier of the unincorporated County provide a percentage of units for as workforce housing, for households with incomes spanning at 60 to 140% of area median income (rentals) or 60 to 120% (for-sale). This obligation can be met several different ways, including by directly building and restricting the units on-site or off-site, paying an in lieu fee, or engaging an "Exchange Builder" to build and restrict the units in a separate project.

What is a Workforce Housing Unit? A WHP unit is a unit that is restricted to sale or rental only to qualified households in the specified income category, at specified rental rates and sales prices. The units are restricted for a period of 30 years (rentals), or 15 years, recurring if sold within the 15 years (for-sale). The County certifies buyers' eligibility for for-sale units; the qualification of tenants for rental units is the responsibility of the builder or management company. The 2020 Rental rates range from \$988 for a one-bedroom unit in the low category, to \$3566 for a 4-bedroom unit in the Middle Income category. For-sale units are priced from \$166,110 in the Low category, to \$261,030 in the Moderate 2 category.

How does the Exchange Builder Option work? The Exchange Builder Option allows a market-rate builder to engage another builder to provide the units at a separate project. The Exchange project can be located anywhere in Palm Beach County.

What is required to participate? The market rate and prospective Exchange Builders are responsible for initiating and formalizing their arrangements. The Market Rate Builder will declare the exchange option at the time of project approval, and must demonstrate the engagement of a viable Exchange Builder and project prior to the market rate project's first residential building permit. That demonstration includes include evidence of control of the exchange project site, a recorded restrictive covenant for both the market rate site and the exchange project site, guarantee acceptable to the County for an amount equal to 80% of the in lieu fee associated with the market rate project's WHP obligation, and other specific requirements outlined in the Unified Land Development Code, Article 5.G.

What is the benefit for the Market Rate Builder? The Market Rate Builder's obligation is considered met once the Exchange project is deemed acceptable, prior to the Market Rate Builder's first building permit. The Market Rate Builder's building permits will not be held up once the requirements are met. In addition, the Market Rate Builder may save money, since the required payment to the Exchange Builder is set at 80% of the in lieu fee that the Market Rate Builder would have been required to pay.

What is the benefit to Exchange Builder? The Exchange Builder receives an “exchange fee” from the Market Rate Builder in exchange for taking on the Market Rate Builder’s WHP obligation. The Exchange fee is equal to 80% of the in lieu fee associated with the market rate project’s WHP obligation. The 2020 in-lieu fees are set at \$120,000 for single family units, \$100,000 for townhomes, and \$75,000 for multi-family units. Note that any exchange project that proposes to utilize other programs that will result on income restriction on WHP units will require prior approval of the Board of County Commissioners.

How large an exchange fee can an Exchange Builder expect from a Market Rate Builder? The workforce unit obligations for market rate projects vary greatly, depending on the options selected by the market rate developer, so there is no set amount that can be estimated until a market rate’s obligation is determined.

Can an exchange project receive the obligation from more than one market rate project? There is no prohibition in the WHP code on a project serving as the receiving area for more than one market rate project. A separate restrictive covenant will be required for each exchange. In no case, however, can a unit be used to meet the WHP obligation of multiple projects. Note that the exchange units would be separate from and beyond those that may be required for the exchange project as a result of its own WHP obligation (if in the County) or the requirements of an applicable municipal inclusionary zoning program.

When must the WHP units be delivered? The WHP units are to receive certificates of occupancy within 36 months from the time the guarantee is issued, with some limited extensions possible. If the units are not delivered in the specified timeframe, the County will proceed to collect the guarantee.

Who is responsible for providing the guarantee? The guarantee can be provided by either the Market Rate Builder or the Exchange Builder.

Other considerations? Many! For example, per the WHP, if the market rate project is a for-sale project, but the WHP unit is provided as a rental in an off-site project (including exchange projects), the requirement increases by 50%; however, there is no provision in the code for the exchange fee to also increase by 50%. In addition, all of the requirements that apply to workforce units in the unincorporated County (such as exteriors compatible with market rate units, certain appliances and bedroom counts in for-sale units, etc.) will apply to any units delivered in a municipality, for the unit to count as meeting a workforce housing obligation. Please carefully review the WHP program requirements in the Unified Land Development Code.

Does the County connect Exchange Builders and Market Rate Builders? The County does not connect market rate builders and potential exchange builders. Interested parties may want to consult the ‘applications in process’ lists available for County [Comprehensive Plan amendments](#), and [rezonings](#) or project approvals, which may include potential projects for an exchange. Since WHP units can be provided anywhere in Palm Beach County, interested parties are encouraged to also check the same information in area municipalities to identify projects that could serve as exchange partners to receive the obligated WHP units.

Note that this is a very brief overview of the WHP and exchange option. Please carefully review the WHP program requirements in the Unified Land Development Code, available through the Planning Division’s [WHP webpage](#), and contact the Planning Division at 233-5300 with any questions.