

# **INTERIM REPORT**

## **Palm Beach County Western Regional Housing Summit Sub-Committee**

**April 2018**

## **INTRODUCTION**

In an effort to increase housing that is affordable, attainable and appropriate in Palm Beach County, an inaugural Housing Summit was held in May 2017. More than 500 stakeholders attended the summit and tremendous momentum was created to address the housing crisis in our community. To build on that momentum, the Steering Committee developed guiding principles and actions based on the presentations, discussions and ideas heard at the summit.

A regional framework consisting of four Regional Subcommittees was established to continue the ongoing effort on a countywide basis. The Regional Subcommittees are:

- South Region: Boca Raton, Boynton Beach, Briny Breezes, Delray Beach, Golf, Gulf Stream, Highland Beach, Hypoluxo, Manalapan, Ocean Ridge
- Central Region: Atlantis, Cloud Lake, Glen Ridge, Greenacres, Haverhill, Lake Clarke Shores, Lake Worth, Lantana, Palm Beach, Palm Springs, South Palm Beach, West Palm Beach
- Western Region: Belle Glade, Loxahatchee Groves, Pahokee, Royal Palm Beach, South Bay, Wellington, Westlake, large unincorporated area including portions of the Exurban tier
- North Region: Juno Beach, Jupiter, Jupiter Inlet Colony, Lake Park, Mangonia Park, North Palm Beach, Palm Beach Gardens, Palm Beach Shores, Riviera Beach, Tequesta

The goal of the regional subcommittees is to develop tailored regional housing plans through an inclusive, collaborative approach that ensures broad participation and is responsive to the local conditions. Each Regional Subcommittees was asked to:

- reach out to cities and other interested entities
- determine existing efforts and programs already in place in the region
- apply the relevant Guiding Principles-Actions and determine the specific identified action items or new items that may be appropriate for the subarea
- identify potential projects as focal points
- identify milestones
- identify any needed technical assistance

## **SUB-COMMITTEE EFFORTS**

The Western Regional Subcommittee has held 4 meetings (November 2017 – February 2018). We began our discussion with an overview of the local market information from each municipality in the Western Region (see **Exhibit 1**).

We also contacted the municipalities in the Western Region and asked them to share information on the following:

- Current state of housing in your municipality
- Housing developments planned in your municipality

- Greatest housing concerns (i.e. age of housing stock, housing costs, etc.)
- Your efforts (*including that of your community partners*) to date in addressing your identified housing concerns
- Housing aspects you would like this sub-committee to focus on as it relates to your municipality
- Are there available properties suitable for affordable or workforce housing in your municipality, if so please provide a list of what you are aware of to date
- Does your municipality offer expedited permitting for affordable and/or workforce housing

Attached as **Exhibit 2**, are the responses received from each Western Region municipality.

Additionally, Chandler Williamson, City Manager (*City of Pahokee*) has attended some meetings to discuss housing concerns in the Glades.

Within the Glades communities, we recognize that the lack of economic opportunities (*through new or existing business development*) has a direct impact on the lack of new housing. That coupled with the higher than normal unemployment rate and the lower than normal average wages earned in the Glades communities, we must address economic development as part of the housing solution.

In an effort to address housing concerns for teachers in the Western Region, Marcia Andrews (*School District of Palm Beach County*) attended a meeting to discuss the housing needs for teachers in the Glades communities. Amongst things discussed at our January 18, 2018 meeting, Ms. Andrews advised us that there is a \$3K annual salary incentive provided to teachers to work in the Glades Region.

The sub-committee discussed its desires to see a set aside established countywide, for teachers, law enforcement, etc.

While it was noted that the percentage of sub-standard housing in the Glades remains a concern and better housing options are needed, sub-committee members familiar with the Glades communities shared that some of the residents of the Glades community were moving to eastern Palm Beach County in part, because the quality of education was better for their children.

Lastly, committee members from the **Lake Okeechobee Regional Economic Alliance (LORE) Board** Housing Task Force discussed the efforts to date from the taskforce.

The LORE Board established the LORE Housing Task Force prior to the organization of the County Housing Task Force Regional Subcommittees. Its prime initiative is to focus on providing education and advocacy at the local, County, State and Federal level regarding housing in the Glades.

The Committee reviewed Glades census data and information contained in the Glades Region Master Plan as it relates to population, number of households, income levels, and

the number of housing units including vacant and occupied. Data was also collected demonstrating Glades area data versus Palm Beach County Data as it relates to housing units, poverty, median income, median gross rent, overcrowding, average age of structures and dwellings with a lack of complete kitchen and plumbing. HES also provided an 8-year snapshot of funding provided through the County with respect to housing units, infrastructure improvements and economic development initiatives in the Glades through funding received by HES.

Discussed were a number of educational initiatives including a Housing Education & Advocacy Program, Glades Housing Summit, Developer Familiarization Tour and Tiny Homes. The Committee has organized an “Is Homeownership for Me?” workshop scheduled on April 12, 2018, with a 5:30 p.m. registration. Panelists will include representatives from a financial institution, an insurance provider, Habitat for Humanity, the HES Mortgage and Housing Manager, and a representative from the Urban League. The goal of the Workshop is to educate residents regarding available resources to residents who desire homeownership. Members from the Western Regional Subcommittee will be in attendance at the workshop.

Upon the organization of the Western Regional Subcommittee, some LORE Housing Task Force members also participate in the Western Regional Subcommittee meetings and provide updates regarding the meetings to the LORE Housing Task Force to streamline communication with respect to housing challenges and initiatives in the Glades.

As part of our final efforts, we are seeking feedback from Palm Beach State College on any potential housing concerns. We want to identify the affordable / workforce housing impact on existing professors and the professors they are recruiting. Additionally, affordable housing could also negatively affect college students.

## **GUIDING PRINCIPLES & ACTIONS**

In developing the interim report, we have prepared recommendations that are consistent with the Guiding Principles & Actions, as developed by the Steering Committee.

The Guiding Principles & Actions consists of 7 Sections:

1. Shared Investment & Responsibility
2. Preservation of Existing Stock
3. Expanded Housing Diversity
4. Enhanced Development Incentives
5. Reduced Regulatory Barriers
6. Strategic Sustainable Developments
7. Increased Financial Resources

Below is feedback and discussion points brought up during our meetings on the guiding principle items:

## **Shared Investment & Responsibility**

- Establish **linkage fees** for non-residential projects and/or a dedicated local revenue source for attainable housing initiatives in local jurisdictions. Suggestions include an attainable housing impact fee, transfer fee, job creation fee, etc.
  - ✓ The sub-committee discussed Jupiter's linkage fee program (**Exhibit 3**). Additionally, the Village of Wellington has had some conversations about it and is contemplating whether or not to develop a linkage fee program that their Town Council can discuss.
  - ✓ Linkage fee programs throughout the County should be reviewed and if there are merits to the program, each municipality should consider adopting a program.
- Develop local partnerships with banks, local government, non-profits, developers, employers, service providers, school districts, etc.
  - ✓ It is recommended that private business and public entities such as the School District of Palm Beach County, Sheriff's Office, health care agencies and local municipalities should partner with Palm Beach County to fund affordable housing for employees.
  - ✓ Work with the CRA departments of local banks to get support in developing a loan pool for eligible affordable and workforce housing buyers.
  - ✓ The sub-committee discussed the need for changes in municipal codes to require developers to build affordable/workforce housing or buyout.
- Solicit government assistance for supplemental (area) improvements such as infrastructure and parks from local, state and federal funding.
  - ✓ The sub-committee supports the solicitation of funding to support infrastructure improvements, specifically in areas where it is lacking and is a barrier to affordable / workforce housing.

## **Preservation of Existing Stock**

- Review and implement strategies that provide timeframes for attainable housing unit affordability while understanding the principal that **housing ownership equity** is a wealth builder.
  - ✓ In an effort to understand what down payment assistance programs are offered by the municipalities throughout Palm Beach County, a matrix was developed comparing the programs offered (see **Exhibit 4**).
- Local governments work with state legislators, building code officials, insurance carriers, etc. to develop and implement strategies to bring **existing housing stock** to current building code, hurricane hardening and energy efficiency standards. There must be an understanding of the costs associated with such improvements and

providing local government subsidies, programs, mortgage assistance and fee structures that allow for the upgrades without pricing the unit out of attainable housing ranges.

- ✓ The age and need for preservation of existing housing was a major emphasis of our discussions. We discussed the added costs owners of older homes face and how improvements such as roof straps, hurricane hardening, etc. would allow owners to pass 4-point home inspections and reduce homeowners insurance costs paid by owners of these older homes.
- ✓ The sub-committee discussed how some owners will need subsidy assistance to make much needed repairs. It was also stated that some homeowners would be willing to sale their home, if they could secure the financing necessary to make the needed repairs. The sub-committee supports a set-aside of funds by municipalities for this effort, provided the funds are repaid once the home is sold.
- ✓ Sub-committee comments include:
  1. In the Glades communities, real estate transactions seem as if they would sell faster and for a greater purchase price if the Seller would spend the money to make the property more easily insurable.
    - i. This can be done by educating the community and possibly involving:
      - Realtor
      - Mortgage Banker
      - Roofer
      - Insurer
      - Hurricane Shutter Professional
  2. It would be good for all of our communities if a list was established with all of the programs and funding that could offer assistance to those in need for their properties.
    - i. Some examples
      - SWA Paint Your Heart Out. Free house painting with volunteers
      - Memory Trees. Volunteer Landscaping opportunities
      - Whirlpool Foundation
      - Habitat for Humanity
      - Families First
      - FP&L's program to retrofit and finance LED Pole Lights which may help a community with safety and power costs
  3. Establish Community Investment Matching programs, where community members' dollars are leveraged alongside municipal funding.

4. Hurricane hardening – provide funding for hurricane hardening to qualified buyers. \$3k in hurricane hardening can reduce insurance premiums sometimes \$3k annually.
5. Impact of Older Homes on Affordability. Western Region homes that are in the Glades Area have a median age of 49 years old. This issue caused our committee to investigate the impact of older homes on affordability. What we discovered was the cost of insurance was thousands of dollars higher per year on these older homes thereby making the total monthly payment unaffordable to many homebuyers. We then looked at ways to reduce the cost of the insurance and identified two different reports that are used by insurance companies to determine the cost of insurance. The 4-Point Mitigation Inspection and Wind Mitigation Inspection. Our research has determined that many homes maybe upgraded for a little as up a \$6000 investment and can save up to \$9000 in as little as 36 months. The added benefit of the windstorm hardening also allows the county to reduce the amount of property damage that is anticipated due to climate change and stronger hurricanes. Please read below to see a comprehensive definition of the two inspections.

- i. **Four (4) Point Mitigation Inspection**

A Four (4) Point Mitigation Inspection is often required when obtaining a new homeowner's insurance policy, or when renewing an existing policy. Four (4) Point requirements will vary from carrier to carrier usually starting at 30 years or older. Four (4) Point inspections consists of a limited visual survey of the following:

- Heating/Air conditioning system
- Roof
- Electrical
- Plumbing

The purpose of the inspection is to determine the approximate age, general condition, and remaining lifespan of these systems. This is a limited visual inspection of components the insurance company may find unsafe or problematic.

With regards to the insurance company, they are generally looking to see if your property has been updated to current standards and is in good condition. After Hurricane Andrew, Insurance Companies in Florida started to encourage home owners to make their homes safer and reduce insurance claims. Today, most if not all of the insurance companies and JUA (Joint Underwriting Association) request or require Four Point Inspections for homes older than 30 years.

As of 09/01/12, a 4 point insurance inspection is required by Citizen's

Insurance Company on every home 30 years or older in order to obtain a new insurance policy or renew an existing policy.

ii. **Wind Mitigation**

A Wind Mitigation Inspection is a great tool to reduce your overall cost when it comes to your homeowners insurance. Submitted to your insurance provider, it may result in discounts to your policy to help save money. Most existing homes have one or more construction features that will qualify for windstorm insurance premium discounts.

A Wind Mitigation Inspection verifies the construction details of your home and is used to qualify for discounts on your insurance premium. The better your house is built to withstand Wind Damage, the more discounts you will qualify for each year.

A wind mitigation inspection is a type of home inspection. The purpose of a wind mitigation inspection is to determine the appropriateness of a given structure's construction in the event of strong winds, such as those present in a hurricane.

A homeowner with windstorm insurance can often submit the results of a windstorm inspection to their insurer to obtain discounts on their windstorm insurance. In Florida premium discounts for certain favorable wind mitigation features are mandated by State law and can sometimes show savings that up to 45% of the original policy's premium.

This inspection will consist of the inspector looking for the following 8 key categories listed below:

- **Roof Covering:** inspectors want to know when the roof was installed and does it meet building codes.
- **Roof Deck Attachment:** inspectors will determine what type of roof decking is used and how it's attached to the underlying structure, for example, if it's nailed or stapled down. If nails are used, nail length and spacing between each will also be noted.
- **Roof to Wall Attachment:** the roof attachments become the focus here: are trusses attached with nails or hurricane clips? Are the wraps single or double? The more secure your roof, the more significant the savings.
- **Roof Geometry:** is your roof hip, gable or other? The inspector is looking for how it's shaped - a hip roof resembles that of a pyramid and is a definite qualifier for a discount.
- **Gable End Bracing:** if the roof is a gable style, an inspector will review if the gable ends are braced to Florida Building Code



standards. Gable ends measuring more than 48 inches tall should be braced for reinforcement, and inspectors will be checking for this qualification for discount.

- **Wall Construction Type:** Inspectors will review the construction materials used on your home for framing, reinforcement, and outer fascia, and at what percentages. Steel reinforced concrete block homes may yield a better discount than one with a plywood-only frame and plastic siding.
  - **Secondary Water Barrier:** This is a newer item for roofs. If your roof was installed or upgraded before 2008, it's unlikely you'll have this sort of barrier. As with most newer features, photo documentation, at a minimum, will be required for a discount in this area.
  - **Opening Protection:** Here, inspectors are looking for shutters and installed-protection devices from wind-born debris for doors and windows. They will also be checking the rating of the devices, if you have them (as in- are they hurricane-rated?). 100% of all openings (All or nothing) need to be covered with Hurricane rated protection to qualify for this discount.
- Local governments develop a long-term plan to utilize attainable housing initiatives to promote redevelopment and/or rehabilitation of existing housing stock to **bring back blighted neighborhoods**, thereby preventing gentrification of downtown areas. Such plans should promote flexibility, provide for a sense of place in existing neighborhoods and under appropriate circumstances allow additional density.
    - ✓ Establish a model ordinance (countywide) to allow density bonus, etc.
  - Use community land trusts to preserve the units being created, by permanently holding land under workforce units to reduce costs to initial and subsequent buyers.
    - ✓ A suggested program geared toward reinvesting and preserving the existing housing stock in neighborhoods of naturally occurring affordable housing would be to provide a set grant (flat amount) or variable grant amount (based on land value) to existing residents to rehab their homes. In exchange the homeowner would “sell” the land under their home to a community land trust. A ground lease would be recorded at closing that would require the home be sold to an income eligible households for a predetermined price ensuring affordability in perpetuity.
    - ✓ The sub-community supports the use of community land trusts for affordable / workforce housing. Attached as **Exhibit 5** is the CLT Resale Formula.

### **Expanded Housing Diversity**

No recommendation submitted

## **Enhanced Development Incentives**

- Establish infrastructure **subsidies** for projects containing attainable housing.
  - ✓ The sub-committee supports the solicitation of funding to support infrastructure improvements, specifically in areas where it is lacking and is a barrier to affordable / workforce housing.
  - ✓ The sub-committee supports mandatory inclusion of workforce housing units in new developments throughout Palm Beach County.
- Reduce and/or waive planning, zoning, utility, building and impact fees.
  - ✓ The sub-committee discussed long-term impact fee deferral, where impact fees are not waived but deferred until the house or unit is sold. This would effectively be a loan and would help in the Wellington / Royal Palm Beach area.
- Enhance PBC Impact Fee Credit Program.
  - ✓ Palm Beach County is presenting revised guidelines to the Board of County Commissioners on April 10, 2018. The proposed guidelines are attached as **Exhibit 6**.
- Provide tax abatement or other tax relief.
  - ✓ The sub-committee discussed potentially using County funding to provide construction loans or construction loan guarantees for new single family housing with a bank take out commitment at CO. Borrower could provide the lot and this could be combined with long-term impact fee deferral.

## **Reduced Regulatory Barriers**

No recommendation submitted

## **Strategic Sustainable Developments**

- Local governments should inventory and determine **publicly owned lands** that could be made available for attainable housing projects and establish an RFP (request for proposal) process by which these lands could be made available for attainable housing projects.
  - ✓ The committee researched and identified lots and land which maybe a target for new housing in Pahokee. The Palm Beach County Housing Authority currently owns vacant land and has been engaged by several developers including Habitat For Humanity. Habitat For Humanity has agreed to develop the land for affordable homebuyers at prices that are consistent with the homeowners are approved for, however the plan has stalled for unknown reasons. The Pahokee Housing Authority also owns vacant land and is looking for a partner to foster single family home ownership development. We've also identified vacant land that is owned by the City of Pahokee that is approximately

23 acres or larger. This land may also be suitable for a new construction development for the working class.

We've discussed individuals building on vacant lots and determined that we have two obstacles:

- i. Construction loans are difficult to gain for most home buyers and therefore we may need government assistance to execute the construction. If the cities in the Glades area can receive a revolving credit line in the form of a grant that is reimbursed in full at the sale of the properties this could eliminate the need for a construction loan. This would also require the borrower to receive a loan commitment before any funds are provided to the builder.
- ii. The second potential issue is the appraised value of the new construction loans. The first 2-3 properties may have appraisal issues based on the current inventory and sales in Pahokee, Belle Glade, and South Bay. This issue may require additional strategies to cover the difference in building and the actual cost of building the properties.

Attached as **Exhibits 7 – 9**, are maps that show public and/or privately owned lots available in Pahokee, Palm Beach County and South Bay.

### **Increased Financial Resources**

- Municipalities and business community should work diligently with neighboring municipalities and business groups to stop the State from sweeping the Sadowski Affordable Housing Trust Fund.
  - ✓ The sub-committee supports all municipalities and other housing advocates working to stop the sweeping of the Sadowski Affordable Housing Trust Fund.
- Additional recommendations:
  - ✓ The sub-committee recommends that the city Belle Glade apply for an exception to receive eligibility for USDA loans. Legal Aid has agreed to assist by reaching out to USDA and determining what is required to receive the exception. As we understand it, the USDA primary focus is on communities with less than 10,000 residents; however, USDA can make a city eligible with as high as 35,000 residents. Belle Glade should make a strong case for an exception based on the current poverty rate and income levels.

### **Other Sub-Committee Recommendations / Discussions**

1. There should be a focus on addressing the middle class / middle income families in the Glades area, that are moving to eastern Palm Beach County.

2. The sub-committee discussed the importance of getting the support from major employers in Palm Beach County. The employers include but are not limited to: private companies, educational institutions, etc.
3. If there are better housing options provided for the Glades communities, it will help communities such as Wellington, Royal Palm, Loxahatchee, etc., by lessening the impact of those residents that are moving from the Glades. Better housing options in the Glades communities would mean less residents moving to find housing options in eastern PBC.
4. There was a concern with Disparate Impact. Attached as **Exhibit 10** is data on Disparate Impact. The sub-committee will discuss a recommendation as part of our final report.
5. Establish minimum housing standards to improve the quality of life for our residents.

## **CONCLUSION**

Access to affordable housing continues to be a pressing issue in the Western Region of Palm Beach County. The complexity of high land costs, which leads to high sales prices places significant responsibilities on local governments and agencies. Affordable and accessible housing for working families and households is vital to the local economy and contributes greatly to community and well-being.

Housing affordably is a major issue in many of Palm Beach County's working neighborhoods for existing and potential owners and renters alike. As the need for quality affordable / workforce housing continues to grow, there must be unified support from all municipalities, agencies, etc. for local, federal and state funds are must be a priority.

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