



September 25, 2025

Ms. Anthea Giannotes, AICP, Development Services Director
Lynn Gelin, City Attorney
City of Delray Beach
100 N.W. 1st Avenue
Delray Beach, FL 33444

RE: **Request Letter, Atlantic Grove**

Dear Anthea and Lynn,

When we originally developed Atlantic Grove we voluntarily, after receiving all our approvals and prior to the adoption of the workforce housing provisions in Section 4.7 of the LDRs, provided 10 workforce housing units. The majority of those homes are still owned by the original owners, over 20 years later. In the second phase of Atlantic Grove, we were required to provide one additional workforce housing unit.

As discussed, we have found it very challenging to sell the workforce housing unit at Atlantic Grove. It's kind of like threading a needle. Buyers can't make too much or they don't meet the 120% requirement. But they can't make too little or they won't qualify for a mortgage. Higher interest rates than when we received approval and HOA fees also factor into the mortgage qualification process. The current HOA fee is \$730 per month, which does include homeowners and windstorm insurance. However, we have offered mortgage rate buydowns and significant discounts to help buyers qualify for a mortgage to no avail.

Another major hurdle for buyers is the 40-year restriction. Perhaps the single most important goal of homeownership is to allow households to build equity over time. For many households, homeownership is the primary method of building wealth and offers better control of their financial destiny than renting ever can. Overly long restrictions impede mobility, which is problematic because it locks owners into a home, deterring or preventing them from accepting new employment opportunities in different locations. It can also create a major hardship in the event of divorce or death, forcing households to find a buyer among a more limited pool of candidates in a short time. In these situations, the impact of a "forced" sale to another income qualified buyer could result in a loss of whatever equity had been built up and would have likely been able to be captured if there was no time constraint on the sale.

Consequently, this unit has remained vacant for the entire 15 months since we received its certificate of occupancy. Our realtor and lender have worked diligently but unsuccessfully with a number of potential buyers of the home over the past two years. All other homes in the development have been sold (and in some cases resold) at market prices ranging from \$632,000 to \$918,000. Also of note is that Atlantic Grove Partners is owned is a 50-25-25 joint

venture between New Urban Atlantic Grove LLC, and two not-for-profits, the TED Center, and the Delray Beach CDC.

We therefore request that we be allowed to rescind the workforce housing covenant from the restricted lot (Lot 65) and instead, per LDR Section 4.7.(B)(2), prior to the sale of the home, make an in-lieu payment of \$160,000 to the Delray Beach Housing Trust fund.

Please advise if you require any additional information. We would appreciate you placing this item on an agenda at the earliest possible date (October 21). Thank you for your consideration.

Sincerely,

Atlantic Grove Partners, LLC

Timothy L. Hernandez, AICP

Principal