



MEMORANDUM

AGENDA ITEM #14a

DATE: NOVEMBER 3, 2003
TO: COUNCIL MEMBERS
FROM: STAFF
SUBJECT: AFFORDABLE HOUSING REPORT

Introduction

At its meeting on September 8, 2003, the Council directed staff to provide a report on the status of affordable housing need in our region. Additionally, Council directed staff to develop policies in the *Strategic Regional Policy Plan* for South Florida that will lead to an increase in affordable housing opportunities within our region.

Background

The South Florida Region is growing at the rate of more than 600,000 persons per decade, and is projected to continue this phenomenal growth through the year 2030. By that time the Region's population is estimated to reach 5.9 million. As the region's population continues to soar the demand for quality affordable housing will inevitably increase.

Current Housing Condition

An adequate supply of affordable housing is vital to the creation of healthy communities. Affordable housing is an integral part of economic development. Access to decent, safe housing provides opportunities for individuals to hold jobs, excel in school and contribute to the vitality of their communities. South Florida's economy, which is largely driven by tourism, is particularly dependent on the availability of individuals in the service sector as well as those in other supporting industries. Therefore it is highly important that service workers be able to afford to live here. Unfortunately with the rising cost of housing throughout our state it is becoming increasingly difficult for significant numbers of people to afford decent housing.

Table 1 contains a list of average wages for some of Florida's workforce:

Table 1. Average annual wage of selected Florida occupations

Occupation	Income
Waiters and Waitresses	\$13,170
Security Guards	\$16,810
Preschool Teachers	\$16,580
Retail Salespersons	\$18,620
Tellers	\$19,590
Carpenters	\$26,770
Kindergarten Teachers	\$31,320

Source: 2002 Affordable Housing Study Commission Report

According to the Affordable Housing Needs Assessment conducted by the Shimberg Center for Affordable Housing at the University of Florida, in the year 2002, approximately 516,248 households, or 34% of all households, in Miami-Dade, Broward and Monroe Counties are cost burdened, or pay more than 30% of their income on housing. By the year 2010, it is projected that a total of 585,259 households will be cost burdened, an increase of 69,011 households. Miami-Dade County has the highest number of households with a cost burden, with 56% of all households in this situation. Table 2, below indicates the number of households by county with a cost burden.

Table 2. Affordable Housing Needs Assessment by County

HOUSEHOLDS WITH A COST BURDEN *				
Year: 2002		Year: 2010		
County	Number	% Of Total Households	Number	% Of Total Households
Miami-Dade	285,910	56%	317,277	55%
Broward	220,242	49%	257,856	48%
Monroe	10,096	40%	10,126	39%
Totals	516,248	34%	585,259	34%

* i.e. Households spending more than 30% of income on housing

Source: Affordable Housing Needs Assessment, 2002, Shimberg Center for Affordable Housing, University of Florida

To provide a statewide perspective, *Out of Reach 2003*, prepared by the National Low Income Housing Coalition, reports that an extremely low-income household in Florida earning an annual salary of \$15,217, or 30 percent of the state's median of \$50,723, can afford a monthly rent of no more than \$268, while the average fair market rent for a two-bedroom unit is \$742. In Florida, a worker earning the Minimum Wage (\$5.15 per hour) must work 111 hours per week in order to afford a two-bedroom unit at the area's Fair Market rent. Housing costs are higher in South Florida, particularly in Monroe County.

The Big Picture: The State's Housing Goal

Florida's Housing Goal, pursuant to Section 420.003 (1), Florida Statutes, states that *"by the year 2010, Florida will ensure that each resident has access to safe, decent and affordable housing."*

Beginning in 2000, the Affordable Housing Study Commission, a Governor appointed body, was given the task of evaluating the State's progress every two years. In a report issued in 2001 the Commission evaluated the State's progress towards meeting the statutory housing goal of 2010.

This evaluation was done by comparing the need for affordable housing with the number of affordable housing units projected to be built under federal, state and local housing programs through 2010. The findings of the Commission were astounding. It revealed that by the end of 2010 Florida would still have a need for almost 340,000 owner occupied affordable housing units and close to 400,000 affordable housing rental units. All together the State would have a demand for approximately 740,000 housing units by 2010. The Commission's report further added that approximately 580,000 units would be in poor condition and in need of rehabilitation or demolition. This number is expected to grow as Florida's housing stock ages.

Role of The Regional Planning Councils

The Housing Requirement

The 1985 Growth Management Act (Chapter 163, Part II, Florida Statutes) requires each local government in Florida to adopt a housing element as part of its comprehensive plan that provides for adequate affordable housing sites for current and future population. The local government's housing element must include data and analysis showing housing need (Chapter 9J-5, Florida Administrative Code). As such, local governments must ensure that adequate sites are available for affordable housing, including housing for those with special needs, such as farm workers. Unfortunately the regulations do not provide incentives to ensure that local governments implement measurable goals to meet current and future needs.

The Housing Element must also be consistent with the Strategic Regional Policy Plan (Chapter 186, Florida Statutes) and the State Comprehensive Plan, (Chapter 187, Florida Statutes). The Housing Element is one of 8 mandatory local comprehensive plan elements that must be adopted.

Regional Planning Councils serve in an advisory role to local governments by reviewing the Comprehensive Plans and making recommendations to the Department of Community Affairs as to whether or not all the elements in local government's Comprehensive Plan are consistent with the Strategic Regional Policy Plan. The Department of Community Affairs issues a finding of consistency after local government plans are found in compliance.

Other Regional Approaches To Affordable Housing:

Council staff has identified several regional programs throughout the country that have developed strategies to address affordable housing challenges on a regional level. The following contains a brief description of efforts occurring in California, New Jersey and Oregon.

❑ **California Housing Element Law, California**

The California Housing Element Law, established in 1980, requires each city and county to adopt a housing element in its comprehensive plan that is consistent with the State's Plan. As such, the California Department of Housing and Community Development (HCD) is responsible for determining each regional planning council's share of affordable housing based on the HCD's statewide assessment for four specific income groups (very low, low, moderate and above moderate income). The Regional Planning Councils in turn allocate each city or county's share of the region's total affordable housing need. Local governments are required to develop strategies in their comprehensive plans to address how they intend to meet their share. The Housing Element must include the following: existing and projected needs assessment, resource inventory, identification of barriers to affordable housing and measurable housing objectives and housing programs.

Pros

- Establishes numerical goals for the state, region, counties and cities for their present and future housing needs.
- Requires local governments to identify specific sites to accommodate housing needs for all household income levels.
- HCD reviews local government elements or amendments and provides certification for comprehensive plans that comply with the state statutes.
- Local governments without a Housing Element found in compliance by HCD are ineligible for or are disadvantaged in competing for certain state administered funds.

Con

- No requirement for Councils to report the number of affordable housing units being constructed. Without a monitoring mechanism in place, policy makers find it difficult to compare the total number of affordable housing units being provided with the total need throughout the State.
- The requirement that houses be constructed that are affordable for very low or low income households results in some communities avoid changing land use to residential.

❑ **New Jersey Fair Housing Act, New Jersey**

The New Jersey Fair Housing Act, established in 1985, allows the New Jersey Council on Affordable Housing (COAH), a governor appointed body, to designate housing regions throughout the State and estimate the present and prospective need for low and moderate income at the state and regional levels. The COAH allocates a fair share to each municipality in a housing region depending on the need of that particular region. Local governments in turn may voluntarily develop strategies in their comprehensive plans to address the present and future affordable housing needs of that region. The Act also allows COAH to grant

certification to local governments who have satisfactorily demonstrated that their comprehensive plans include policies that adequately address the needs of that region.

Pros

- Local governments are expected to establish numerical goals to address affordable housing needs in their housing region.
- Certification encourages compliance as it protects local governments from the “builders remedy.” This is a legal mechanism under New Jersey’s Mount Laurel Law that allows developers to petition the courts to obtain permission to build affordable housing in any community that has a limited number of affordable housing developments.
- The Act also allows some local governments to transfer up to 50% of their affordable housing obligation to a receiving municipality through the Regional Contribution Agreement (RCA) at a rate of \$25,000 per unit i.e. a rate equivalent to the cost of subsidizing an affordable housing unit.
- Since the State began monitoring its progress over 60,731 affordable units have been constructed. The State is also able to track progress on a regional level.

Con

- Local government participation is not mandated by the Act; therefore only 48% of the cities throughout the State were participating in the program as of 2002.

□ **Portland Metro Regional Affordable Housing Strategy, Oregon**

The State of Oregon requires local governments to adopt a Housing Element in their comprehensive plans to meet current and future projected housing needs. The Portland Metro Regional Council, which consists of three counties and 24 cities, developed the Regional Affordable Housing Strategy in 2000 in an effort to increase the supply of affordable housing in the region. The strategy calls for each local government to voluntarily adopt affordable housing goals in their local comprehensive plans based on a fair share formula developed by the Council. Metro identified a regional housing goal of 90,479 affordable housing units by the year 2017. This figure represents the projected housing need of the region for households at or below 50 percent median household income from 2000 to 2017. In order to reach its target Metro established a five-year short-term goal of 9,048 housing units by 2005, which represents 10% of the region’s long-term goal. The plan suggests several land use strategies for local governments such as: density bonuses, transfer of development rights, net-loss policies on affordable housing and fast tracking for affordable housing projects among other approaches.

Metro’s efforts to implement the Regional Affordable Housing Strategy were adversely affected when at the behest of the Oregon Building Industry Association, the State of Oregon adopted a law that prohibits cities, counties and the Portland Metro Council from adopting development regulations requiring a mandatory set aside of housing for sale.

Pros

- The Strategy identifies a numeric goal for the region as well as suggested strategies for reaching that goal.
- The Strategy calls on local governments to submit an annual progress report of their success in meeting the voluntary production goals.

Cons

- The voluntary nature of the Regional Affordable Housing Strategy and ineffective enforcement mechanisms has resulted in low participation from local governments.
- As a result of the law passed by the State, mandatory inclusionary zoning is not permitted as a land use tool. This can only be a voluntary strategy used by local governments.
- Due to the lack of incentives, only 8% of the local governments, have submitted progress reports as of 2003. As a result the Council is unable to effectively measure whether or not local governments have progressed in meeting their affordable housing goals.

Recommendations

This information is provided for consideration by the Council. Two expert presenters have been invited to the December Board meeting. A stakeholder roundtable will be held during November to discuss the following action steps and possible policy modifications to the *Strategic Regional Policy Plan*:

- Identify a numeric goal for affordable housing in our region and suggest tools for local governments to help them reach this goal.
- Create a regional tracking system or database that identifies the supply and location of affordable housing sites throughout our region to help monitor progress.
- Develop a task force consisting of Federal, State and Local government officials to address issues related to removing the barriers to affordable housing.
- Make a recommendation to the Affordable Housing Study Commission to advocate a Statewide Fairshare Model that is incentive based to encourage local governments to work towards achieving the State goal by 2010.

Action will be requested of the Board at the December Council Meeting.