

VI. Affordable Housing

1. Overview

In 1995, the Affordable Housing Work Group which developed the *Strategic Regional Policy Plan for South Florida* looked at:

- Ensuring the availability of affordable housing within reasonable commute distance of job centers by addressing the jobs/housing balance and transportation linkages; increasing the racial and income diversity of neighborhoods; and serving the special needs population. (*Goal 6.1*) The indicator for this goal focused on the reduction of the percent of households spending more than 30 percent of their income on housing.
- Increasing or improving the existing supply of affordable housing through the stabilization and revitalization of existing neighborhoods including renovation, rehabilitation, code enforcement, addressing crime via design programs, and protecting historic housing. (*Goal 6.2*) The indicator for this goal focused on the increase in the proportion of the region s home improvement loans to low income census tracts.
- Decreasing the cost and increasing the efficiency of providing affordable housing in the region by strengthening the institutional framework for housing delivery, reducing regulatory barriers and providing incentives, increasing funding and making it more flexible. (*Goal 6.3*) The indicator for this goal focused on the number of ordinances adopted which reduce barriers and provide incentives for affordable housing.

What we have been able to verify so far is the following:

- The South Florida region is not projected to meet the reductions of percent of households spending more than 30 percent of income on housing as specified by the indicator for Goal 6.1
- The South Florida region still falls short of the twenty five percent benchmark for percentage of home improvement loans [based on Home Mortgage Disclose Act (HMDA) data], (indicator for Goal 6.2).
- Because it is now a requirement of the State Housing Initiatives Partnership (SHIP) program, many local governments have either already adopted or are in the process of developing affordable housing ordinances (indicator for Goal 6.3). A review of the counties of Broward, Miami-Dade, and Monroe reveals that all have several policies which address regulatory barriers and provide incentives for affordable housing as do many of their municipalities.

Where do we go from here? Some of the indicators need to be updated and/or replaced such as the one which deals with the number of ordinances. Also, we need to look at why the policies which reduce regulatory barriers and provide incentives for affordable housing seem to have been in place for many years, yet builders of affordable housing are still frustrated that the permitting process is too lengthy and a discouragement to affordable housing. What are the other persistent barriers to affordable housing? If we can identify the invisible wall that separates written policies from implementation and reality, we are on the road to developing new policies and benchmarks capable of removing the barriers. The strategic planning process will help to update and identify the most appropriate measurements to determine the region's success (or lack thereof) in meeting the demand for affordable housing, and where to find the information.

2. Regional Trends and Conditions

Goal:

6.1 Ensure the availability of adequate, affordable housing for very low, low, and moderate-income households within a reasonable commute distance of job centers.

Indicator: By the year 2000, the percentage of very low income households with a cost burden spending more than 30% of their income on housing would be reduced to 60%. Similarly, for low income households, the percentage would be reduced to 35%.

Time Series Information:

VERY LOW AND LOW INCOME HOUSEHOLDS IN SOUTH FLORIDA

	1990	1995	2000
Broward County			
Very Low Income Households With A Cost Burden Of 30% Or More	92,592	98,245	105,542
Total Very Low Income Households	117,117	123,855	132,838
Low Income Households With A Cost Burden Of 30% Or More	44,530	47,586	51,771
Total Low Income Households	98,108	103,616	111,711
All Households In The County	528,442	570,766	624,877
Miami-Dade County			
Very Low Income Households With A Cost Burden Of 30% Or More	143,080	146,252	153,190
Total Very Low Income Households	188,432	192,575	201,635
Low Income Households With A Cost Burden Of 30% Or More	61,026	63,076	66,676

Total Low Income Households	94,612	97,496	102,989
All Households In The County	692,355	715,171	760,402
Monroe County			
Very Low Income Households With A Cost Burden Of 30% Or More	5,117	5,588	5,897
Total Very Low Income Households	7,244	7,835	8,273
Low Income Households With A Cost Burden Of 30% Or More	2,599	2,755	2,884
Total Low Income Households	5,991	6,289	6,576
All Households In The County	33,583	35,998	37,948
Region			
Very Low Income Households With A Cost Burden Of 30% Or More	240,789	250,085	264,629
Total Very Low Income Households	339,088	351,309	370,636
Percent With Cost Burden	71.0	71.2	71.4
Low Income Households With A Cost Burden Of 30% Or More	108,155	113,417	121,331
Total Low Income Households	198,711	207,401	221,276
Percent With Cost Burden	54.4	54.7	54.8
All Households In The Region	1,254,380	1,322,050	1,423,384

Source: Affordable Housing Needs Assessment Methodology, Shimberg Center for Affordable Housing, 1998

Analysis and Implications:

The above table contains estimates and projections from the Affordable Housing Needs Methodology for very low and low-income households by county and for the region. The table depicts the number of households with a cost burden of 30% or more compared with all households. According to the best available data, the South Florida region will not meet the reductions specified by the benchmarks/indicators by the year 2000. The data show that the reduction goals will not be met.

According to the table of data from the Shimberg Center for Affordable Housing in Tallahassee, the percent of *very* low income households in the South Florida region (Broward, Miami-Dade, and Monroe Counties) with a housing cost burden of thirty (30) percent or more of their income was estimated to be as high as 71 percent in 1990, 71.2 percent in 1995 and is projected to be 71.4 percent in the year 2000. Although the rise in percentage change from 1990 to 2000, at first glance, may seem to be small, the fact that it translates into a significant number of households makes the percentage change a significant one. The total number of *very* low income households in South Florida with a cost burden of 30 percent or more is projected to grow in number from 339,088 to 370,636 which is an increase of 31,548 households! The percentage of low income households in South Florida with a cost burden of 30 percent or more is projected to rise from 54.4 percent in 1990 to 54.8 percent in the year 2000. Again, this seemingly small percentage change is misleading considering

that it also translates into a significant number of households. The total number of low income households in South Florida with a cost burden of 30 percent or more is projected to grow in number from 108,155 to 121,331 which is an increase of 13,176 households. This represents a percentage increase of approximately 12.2%. in low income households in South Florida with a cost burden of 30 percent or more between 1990 and the year 2000.

Housing costs are rising faster than incomes, particularly with respect to those of low-income households. In terms of homeownership, home prices rose 3.8 percent faster than general price inflation between 1997 and 1998. Between 1993 and 1998, house prices rose eight percent as measured by the Freddie Mac Repeat Sales Index and adjusted for overall inflation.

The *State of the Nation s Housing 1999* reported that the number of rental units affordable (i.e., costing 30 percent of income) to extremely low-income households decreased from 1.9 million in 1991 to 1.5 million in 1995. The number of rental units receiving direct federal subsidies also decreased by 65,000 in the past four years. The Low Income Tax Credit program has not received an inflation adjustment since 1986, resulting in a decrease in the number of low-cost units produced under the program.

Technical Notes:

The best available data are the Affordable Housing Needs Methodology completed by the Shimberg Center for Affordable Housing at the University of Florida. The methodology was developed in conjunction with the Florida Department of Community Affairs and all local governments in Florida are required to utilize the methodology for the affordable housing analysis in their comprehensive plans. The Shimberg Center also published estimates and projections of population and housing demand and need for each local government. These data were based on available state-wide data and do not always reflect better available local data. It should be pointed out that the methodology and data do not take into account the efforts that local governments have undertaken to address affordable housing since 1995.

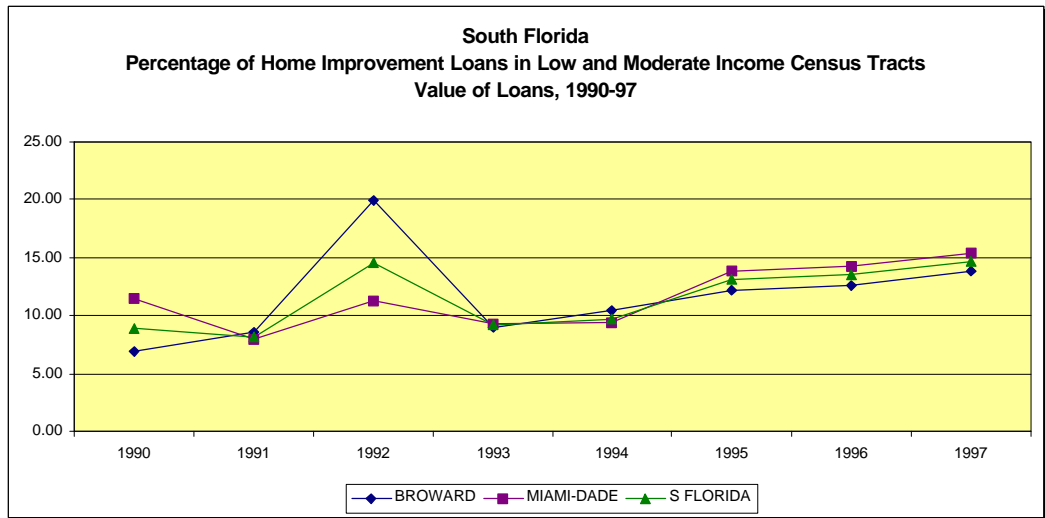
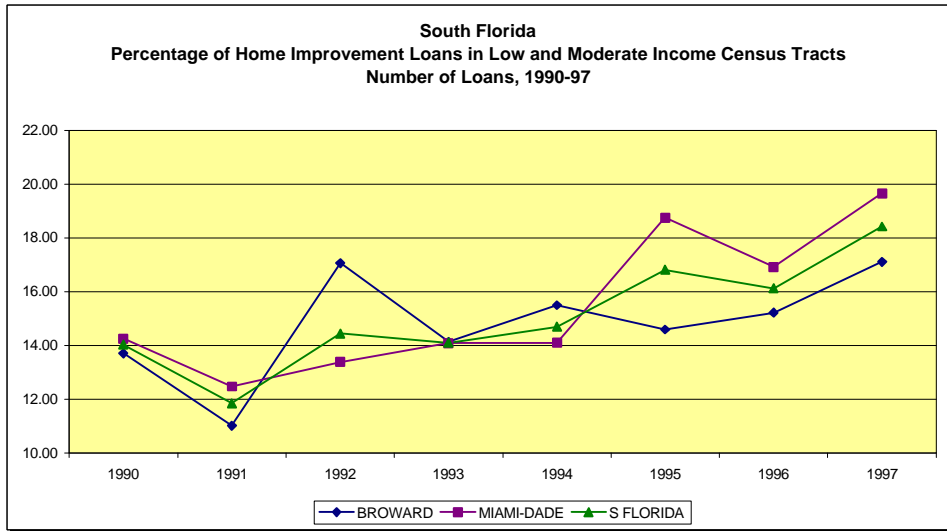
Goal:

- 6.2 Increase or improve the existing supply of adequate affordable housing through stabilization and revitalization of existing neighborhoods.

Indicator: Increase the proportion of the region's home improvement loans granted to residents in census tracts where the median family income is less than 80% of the county median to 25% of all home improvement loans.

Time Series Information:

		1990	1991	1992	1993	1994	1995	1996	1997
Broward	Number of loans*	13.70 %	11.02 %	17.05 %	14.12%	15.49%	14.58%	15.22%	17.11%
	Value of Loans**	6.89%	8.59%	19.92 %	8.99%	10.42%	12.22%	12.62%	13.81%
	Total Dollar Value of Loans (in \$1,000s)***	\$6,543	\$4,087	\$7,029	\$5,105	\$5,770	\$8,158	\$11,214	\$13,216
Miami-Dade	Number of loans*	14.26 %	12.48 %	13.37 %	14.08%	14.1%	18.75%	16.92%	19.65%
	Value of Loans**	11.42 %	7.91%	11.25 %	9.34%	9.41%	13.82%	14.21%	15.36%
	Total Dollar Value of Loans (in \$1,000s)***	\$8,672	\$6,188	\$6,506	\$11,591	\$10,561	\$12,536	\$16,777	\$16,718
Monroe County	HMDA data not available since Monroe not part of an MSA which is basis for HMDA.								
	*Number of home improvement loans to low/moderate census tracts expressed as % of all home improvement loans.								
	**Value of home improvement loans to low/moderate census tracts expressed as percentage of value of all home improvement loans (in thousands of dollars).								
	***Total dollar value of home improvement loans to low/moderate census tracts (in \$1000s).								



County	% of Home Improvement Loans originated in 1997	Regional Goal
Broward	17.11	25%
Miami-Dade	19.65	
Monroe	HMDA data not available since Monroe not part of an MSA which is basis for HMDA	
South Florida Region (Broward + Miami-Dade)	18.43	

Analysis:

The Home Mortgage Disclosure Act (HMDA) establishes that information must be provided to the public regarding the number and dollar figures of loans granted, as well as denied, by private financial institutions to low- and moderate-income households. Therefore, HMDA data are a valuable source to determine the trend of the percentage of the region's home improvement. (Please note that HMDA defines low, moderate, and middle income differently than as defined previously, in §420, Florida Statutes. According to the HMDA, the low and moderate income category consists of census tracts where the median family income is less than 80 percent of the median MSA income, based on the 1990 Census.)

HMDA data reveal that, in terms of the number of loans, the percentage of home improvement loans in low and moderate income census tracts did increase from 1990 to 1997 in Miami-Dade and Broward Counties and South Florida. However, the South Florida region fell short of the 25 percent benchmark. Miami-Dade County came closest to the goal by achieving a slightly less than 20 percent increase in the number of loans to low and moderate income census tracts. (Please note that data are not available for Monroe County.)

The pattern revealed by HMDA data for the value of loans is one of a slight overall increase in the percentage of home improvement loans in terms of value from 1990 to 1997. By 1997, Broward and Miami-Dade Counties and South Florida as a region, had approximately fifteen percent in the value of home improvement loans to low and moderate

income census tracts, still falling short of the 25 percent mark specified by the *SRPP*.

Implications

The HMDA data show that while there is a slight increase within the period of 1990 to 1997 in the percentage of home improvement loans for residents in census tracts where median family income is less than 80 percent, the region is still falling short of our goal.

Goal:

6.3 Decrease the cost and increase the efficiency of providing affordable housing in the region.

Indicator: The benchmark/indicator for the goal is the number of ordinances adopted which reduce barriers and provide incentives for affordable housing .

Proxy Indicator: Number of impact fees waived for affordable housing construction granted by local governments.

Analysis and Implications:

The State Housing Initiatives Partnership (SHIP) program, a creation of the William E. Sadowski Affordable Housing Act, now requires any jurisdiction receiving SHIP funds to adopt an affordable housing ordinance. The ordinance must have the following components:

- creation of a local housing assistance trust fund; adoption by resolution of a local housing assistance plan
- designation of the responsibility for the administration of the local housing assistance plan
- creation of an affordable housing advisory committee

Additional ordinances supporting affordable housing include Monroe County's Rate of Growth Ordinance (ROGO) which provides that 20% of residential building permits will be reserved for single or multi-family affordable housing.

In Broward County, an incentive plan for affordable housing was approved by the County Commission in 1994. County department divisions are in the process of developing ordinances that deal with affordable housing on a division-by-division basis. Three of the divisions have completed affordable-housing related ordinances. They are the: (1) Development Management Division; (2) Code and Zoning Enforcement Division; and (3) Building and Permitting Division.

In Miami-Dade, the Commission adopted an ordinance in 1995 to establish a Housing Assistance Program. A Housing Incentive Plan was approved in 1996. The County is currently in the process of developing further ordinances to support affordable housing.

There are a number of *SRPP* policies which also further Goal 6.3 and are increasingly becoming policies of the housing element of comprehensive plans for South Florida municipalities and counties. A review of the counties of Broward, Miami-Dade, and Monroe reveal that all have several policies which address regulatory barriers and provide incentives for affordable housing as described in *SRPP* Policy 6.3.7. For example, Monroe County developed a point system for permit allocation in its Rate of Growth Ordinance (ROGO) that assigns a positive point rating to affordable housing projects. Monroe County also stated in its comprehensive plan that it would adopt Land Development Regulations by January 4, 1997 (Policy 601.12) which may include density bonuses and impact fee waiver programs. Broward County continues to provide the use of Reserve Units through its Rules of Flexibility as an incentive to developers of very low, low and moderate income housing units (Policy 8.3.5). Broward County also commits to developing incentives (Policy 8.1.6) which may include funding or partial funding for infrastructure improvements needed for the construction of very low, low and moderate-income housing. This is an important approach because the costly upgrading often required for infrastructure in older areas where affordable housing may be located typically becomes an obstacle to affordable housing developers. Miami-Dade County commits to providing additional incentives to developers to construct housing in their projects for residents of low and moderate income, including providing new means of subsidizing low and moderate-income housing. Miami-Dade County also commits to continuing to investigate methods for providing low-cost residential dwelling units and to review and evaluate aspects of planning, taxing, zoning, and building codes that restrict or increase the costs of housing.