HOUSING ANALYSIS & STRATEGY COMMUNITY MEETING

January 30 2017
Overview

• Demographic Trends
• Current Housing Market Conditions
• Affordable Housing – Need, Supply & Concentration
• Affordable Housing – National Research & Guidance Housing Policy Guidance
• Relationship of Income Restrictions on Retail Space & Demand Affordable Housing
• Headline Conclusions
• Next Steps
Demographic Trends
Since 2000 population growth in the City has shifted from the Beach to west of Federal Highway and from the southwest to the center. Much of this has to do with aging in place and decreasing persons per household in the east and southwest.
While the percent of owner occupied housing has increased in some pockets, many areas have seen a diminishment of owner occupied units when compared to renters. This is most pronounced in the western areas of the City.
Dixie Highway is a major dividing line as it relates to income. East of Dixie, most the neighborhoods experienced growth in household incomes. West of Dixie the vast majority of neighborhood (although not all) either had no progress or experienced a diminishment of incomes.
Current Housing Market Conditions
Lambert Surveyed of 26 of 30 rental properties in Pompano Beach with fifty or more units
Rental Community Survey Results

• Only 14 of the 26 properties are market rate.
• Gross rents among the 14 market rate properties range from $969 (for Boardwalk Apartments), the oldest project in the survey to $2,075 for Orchid Grove Townhomes.
• The highest rents per square foot in the market are for the three newest projects - Luzano, Overlook Pointe and Jefferson at Lighthouse - averaging $1,681 ($1.69/sq. ft.) to $1,860 ($1.91/sq. ft.)
• Occupancy rates in stabilized market rate properties average 94-95% with all stabilized properties above 90% (3 properties in lease up currently)
• 12 of the 26 properties are income restricted communities
  o Rents among the 12 income restricted properties range from $634 ($1.22/sq. ft.) at St. Josephs Manor; to $1,043 ($1.34/sq. ft.) at Oaks at Pompano.
  o All income restricted rental communities have waitlists.
Over 300 rental units currently being marketed outside of large multifamily rental communities indicates an average rent above $1.60 per square foot which approaches the high end of the multifamily rental market.

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Size – Sq. Ft. Living Area</th>
<th>Monthly Rent</th>
<th>Monthly Rent/Sq. Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Fam.</td>
<td>61</td>
<td>1,012</td>
<td>3,042</td>
<td>1,625</td>
</tr>
<tr>
<td>Townhome</td>
<td>23</td>
<td>939</td>
<td>2,166</td>
<td>1,466</td>
</tr>
<tr>
<td>Condo</td>
<td>221</td>
<td>507</td>
<td>2,438</td>
<td>1,167</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>600</td>
<td>828</td>
<td>714</td>
</tr>
<tr>
<td>Total/Avg.</td>
<td>307</td>
<td>640</td>
<td>2,527</td>
<td>1,277</td>
</tr>
</tbody>
</table>
Current Rental Market Summary Conclusions

• Both market rate rental multi-family product and affordable product is enjoying high occupancies and despite new construction of three developments with nearly 900 market rate units, rents and occupancies are holding up well.

• Even for older product, market rents are at a level principally affordable to families with incomes at 80 percent of median or above.

• Fluid market for non-multifamily rentals of single family homes, condominium units, and townhomes.

• Market rate rental developments vs. rent restricted developments are separate and entirely concentrated by geography. Market rate rental apartments are concentrated southwest and northeast while income restricted are located in the central part of the City. Entire lack of mixed income housing which would assist in deconcentrating poverty.

<table>
<thead>
<tr>
<th>Rent Affordability for Family of Three at:</th>
<th>30% AMI</th>
<th>50% AMI</th>
<th>60% AMI</th>
<th>80% AMI</th>
<th>120% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>$504</td>
<td>$816</td>
<td>$980</td>
<td>$1,305</td>
<td>$1,959</td>
<td></td>
</tr>
</tbody>
</table>

Rent Affordability for Family of Three at:

- 30% AMI: $504
- 50% AMI: $816
- 60% AMI: $980
- 80% AMI: $1,305
- 120% AMI: $1,959
Single family housing value growth between 2011 and 2016 indicates significant for sale housing value growth in central, east central, and southwest Pompano Beach, slower growth in southeast Pompano Beach.
The strongest gains in condominium value growth between 2011 and 2016 dominant within the coastal areas, as well as the established neighborhoods in the west (Palm Aire) and north (Highlands).
Affordable Housing – Need, Supply & Concentration
Broward & Pompano Beach
Key Findings:

The $268,500 median sale price is affordable to households earning 208 percent and above the County’s median household income (20 percent of Broward County’s households)

The average monthly rent for a two-bedroom apartment in Broward County is $1,369

According to 2008-2012 5-Year ACS estimates, 49.7 percent of all households in Broward County (330,624 households) are cost-burdened (pay in excess of 30 percent of their incomes on housing costs)

Substantial “affordability gaps” exist for Broward County renter households earning 80% or less than the median household income.
Broward County Rental Affordability Analysis Census 2014 ACS

Large gap in affordable supply up to 50% then gap starts to decline until about 70% of median when there is excess affordability as incomes approach median income. More vacancy would exist if the world was perfect but lower income families are forced to stretch their budgets to be housed

<table>
<thead>
<tr>
<th>Affordable to Which Households?</th>
<th>Demand</th>
<th>Units at Affordable Rents</th>
<th>Gap or Excess of Units (+ = gap; - = excess)</th>
<th>Gap or Excess as % of Total Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 20% of median</td>
<td>25,499</td>
<td>14,683</td>
<td>10,816</td>
<td>42%</td>
</tr>
<tr>
<td>Up to 30% of median</td>
<td>43,534</td>
<td>17,107</td>
<td>26,427</td>
<td>61%</td>
</tr>
<tr>
<td>Up to 50% of median</td>
<td>80,822</td>
<td>30,700</td>
<td>50,122</td>
<td>62%</td>
</tr>
<tr>
<td>Up to 68% of median</td>
<td>114,700</td>
<td>89,003</td>
<td>25,697</td>
<td>22%</td>
</tr>
<tr>
<td>Up to 97% of median</td>
<td>157,737</td>
<td>173,099</td>
<td>-15,362</td>
<td>-10%</td>
</tr>
<tr>
<td>Up to 145% of median</td>
<td>202,158</td>
<td>237,703</td>
<td>-35,545</td>
<td>-18%</td>
</tr>
</tbody>
</table>
Broward County Affordable Housing Inventory

3 Major Programs

- **Public Housing**: 925 units
- **LIHTC**: 12,313 units
- **Section 8**: 10,437 vouchers

*Source: HUD*
Of cities in Broward Co. which have income restricted properties, Pompano Beach has the 3rd highest ratio of income restricted units to total units in the city. However, only 19 cities in County have income restricted developments at all. Not included are Westin, Parkland, Lauderdale-by-the-Sea plus 8 other Broward cities with no income restricted developments.

<table>
<thead>
<tr>
<th>City</th>
<th>Properties</th>
<th>Income Restricted</th>
<th>Est. 2014 Housing Units</th>
<th>Inc. Restricted Unit:Total Unit Ratio</th>
<th>Percent Income Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lauderdale Lakes</td>
<td>6</td>
<td>972</td>
<td>14,763</td>
<td>1:15</td>
<td>6.6%</td>
</tr>
<tr>
<td>Pembroke Park</td>
<td>1</td>
<td>180</td>
<td>4,028</td>
<td>1:22</td>
<td>4.5%</td>
</tr>
<tr>
<td>Pompano Beach</td>
<td>12</td>
<td>1,854</td>
<td>55,962</td>
<td>1:30</td>
<td>3.3%</td>
</tr>
<tr>
<td>Lauderdale</td>
<td>1</td>
<td>814</td>
<td>28,599</td>
<td>1:35</td>
<td>2.8%</td>
</tr>
<tr>
<td>Oakland Park</td>
<td>2</td>
<td>437</td>
<td>19,705</td>
<td>1:55</td>
<td>2.2%</td>
</tr>
<tr>
<td>North Lauderdale</td>
<td>1</td>
<td>292</td>
<td>13,963</td>
<td>1:48</td>
<td>2.1%</td>
</tr>
<tr>
<td>Ft. Lauderdale</td>
<td>15</td>
<td>1,917</td>
<td>94,610</td>
<td>1:49</td>
<td>2.0%</td>
</tr>
<tr>
<td>Hallandale Beach</td>
<td>4</td>
<td>578</td>
<td>28,687</td>
<td>1:50</td>
<td>2.0%</td>
</tr>
<tr>
<td>Davie</td>
<td>6</td>
<td>683</td>
<td>37,427</td>
<td>1:55</td>
<td>1.8%</td>
</tr>
<tr>
<td>Hollywood</td>
<td>8</td>
<td>1,128</td>
<td>70,719</td>
<td>1:63</td>
<td>1.6%</td>
</tr>
<tr>
<td>Deerfield Beach</td>
<td>7</td>
<td>666</td>
<td>41,842</td>
<td>1:63</td>
<td>1.6%</td>
</tr>
<tr>
<td>Coconut Creek</td>
<td>1</td>
<td>300</td>
<td>26,408</td>
<td>1:88</td>
<td>1.1%</td>
</tr>
<tr>
<td>Miramar</td>
<td>2</td>
<td>450</td>
<td>41,388</td>
<td>1:92</td>
<td>1.1%</td>
</tr>
<tr>
<td>Coral Springs</td>
<td>1</td>
<td>438</td>
<td>44,246</td>
<td>1:101</td>
<td>1.0%</td>
</tr>
<tr>
<td>Sunrise</td>
<td>3</td>
<td>360</td>
<td>36,973</td>
<td>1:103</td>
<td>1.0%</td>
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<tr>
<td>Pembroke Pines</td>
<td>5</td>
<td>497</td>
<td>63,098</td>
<td>1:127</td>
<td>0.8%</td>
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<tr>
<td>Tamarac</td>
<td>1</td>
<td>240</td>
<td>31,783</td>
<td>1:132</td>
<td>0.8%</td>
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<tr>
<td>Dania Beach</td>
<td>2</td>
<td>108</td>
<td>15,701</td>
<td>1:145</td>
<td>0.7%</td>
</tr>
<tr>
<td>Margate</td>
<td>1</td>
<td>160</td>
<td>24,579</td>
<td>1:154</td>
<td>0.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>79</strong></td>
<td><strong>12,074</strong></td>
<td><strong>694,481</strong></td>
<td><strong>1:58</strong></td>
<td><strong>1.7%</strong></td>
</tr>
</tbody>
</table>
**BROWARD COUNTY:**

Concentration of LIHTC Units in Neighborhoods with High Proportion of Restricted or Assisted Income Rental Units

LIHTC in Census Tracts with High Proportion of Rent Restricted or Assisted Housing in Broward County

- **12%** of LIHTC Units Countywide
- **30%** of LIHTC Units Countywide
- **58%** of LIHTC Units Countywide

Source: HUD
POMPANO BEACH:
Concentration of LIHTC Units in Neighborhoods with High Proportion of Restricted or Assisted Income Rental Units

Concentration of LIHTC & Section 8 Even Higher Than Broward as a Whole

8% of LIHTC Units Citywide

38% of LIHTC Units Citywide

54% of LIHTC Units Citywide

Census Tracts with less than 30% rental units income restricted or assisted

Census Tracts between 30 and 50% rental units income restricted or assisted

Census Tracts greater than 50% rental units income restricted or assisted

Source:
HUD
Household Incomes of LIHTC Households

- 61% AMI: 7%
- 0-30% AMI: 42%
- 51 - 60% AMI: 14%
- 41 - 50% AMI: 18%
- 31 - 40% AMI: 19%

Source: What Can We Learn about the Low Income Tax Credit Program by Looking at Tenants?
Developing LIHTC in Qualified Census Tracts In Practice Runs Against Deconcentration of Poverty

Objective:

Reality with LIHTC:

Households with Rental Assistance: 45%

Households Without Rental Assistance: 55%

Source: What Can We Learn about the Low Income Tax Credit Program by Looking at Tenants?
National Research to Guide Housing Policy Recommendations
Impact & Benchmarks for Deconcentrating Poverty and Associated Housing Policies

Key Research:
- Khadduri, Jill; *Deconcentration: What Do We Mean? What Do We Want?*; Cityscape: A Journal of Policy Development and Research • Volume 5, Number 2 • 200; U.S. Department of Housing and Urban Development • Office of Policy Development and Research
- Chyn, Eric; *Moved to Opportunity: The Long-Run Effect of Public Housing Demolition on Labor Market Outcomes of Children*; Department of Economics; University of Michigan; March 27, 2016
- Chetty, Raj; Hendren, Nathaniel; *The Impacts of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County-Level Estimates*; Harvard University and NBER; May 2015

Key Findings:
- Children of low income families who grow up in middle income neighborhoods perform significantly better in earnings than their low income peers who grow up in low income neighborhoods;
- Standard for what constitutes a high poverty area varies but HUD has long used any census tract which has a poverty rate above 20% as being a high poverty area.
Relationship of LIHTC to Deep Subsidy Units

• Key Research:
  o O’ Regan, Katherine; Horn, Keren M.; What Can We Learn about the Low Income Housing Tax Credit Program by Looking at the Tenants?; July 1, 2012
  o National Low Income Housing Coalition; Who Lives in Federally Assisted Housing?; Housing Spotlight; November, 2012

• Key Findings:
  o Although LIHTC units are generally allowed to rent most of their units to families at 60% of median income, in practice, many residents are substantially poorer and can only afford LIHTC units with housing choice or project based vouchers.
  o 45% of households in LIHTC developments receive rental assistance;
  o Nationally, 43% of households in LIHTC developments have incomes below 30% of median income ($24,300 for a family of 4 in Broward County) and 80% have incomes below 50% of median ($36,250 in Broward County for a family of 4)
Relationship of Household Income to Retail Demand & Expenditure
Pompano Beach has a total of 7.2 million square feet of non-auto retail space....
But residents only demand 3.7 million square feet of non-auto retail space*  

* Non-auto retail space represents retail space not including auto related goods and services such as dealerships, auto repair centers, and gas stations
Illustrative Impact of Development Type on Non-Auto Retail Demand

<table>
<thead>
<tr>
<th></th>
<th>LIHTC Senior Development</th>
<th>LIHTC Family Development</th>
<th>Market Rate Rental Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>250</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Mean Household Income</td>
<td>$25,400</td>
<td>$32,650</td>
<td>$60,900</td>
</tr>
<tr>
<td>% of income expended on non-auto retail goods</td>
<td>43%</td>
<td>33%</td>
<td>25%</td>
</tr>
<tr>
<td>Total Retail Sales Generated (250 units)</td>
<td>$2,730,500</td>
<td>$2,693,625</td>
<td>$3,806,250</td>
</tr>
<tr>
<td>Sales Per Square Foot</td>
<td>$300</td>
<td>$300</td>
<td>$300</td>
</tr>
<tr>
<td>Non-Auto Square Feet Demanded per 250 units</td>
<td>9,102</td>
<td>8,979</td>
<td>12,688</td>
</tr>
</tbody>
</table>
Headline Conclusions
Headline Conclusions

- **Housing markets have limited relationship to political boundaries in a South Florida context.** Schools are regional. Much greater homogeneity of population and housing needs at the census tract and neighborhood level while housing markets act at a regional level.

- **Significant demand for affordable housing throughout Broward County and City of Pompano exists primarily for households below 60% of median income.**

- As often typical for a City of Pompano Beach’s size, there is **great variability in the housing market throughout the City.** As a result, the policies and associated solutions to affordable housing needs should vary at the census tract level rather than municipal level. Beachfront census tracts in Pompano in terms of population, incomes, housing typology are more similar to beachfront census tracts in Ft. Lauderdale and Hollywood than they are to the census tracts on either side of I-95.
Headline Policy Recommendations

- As a result of the compelling recent research, **key aspect of every affordable housing program needs to be deconcentration of poverty in addition to production**;
- **Modify City Consolidated Plan to delineate census tracts where income restricted units can/cannot be developed as a result of City’s deconcentration objectives**;
- Add “Source of Income” as protected from discrimination;
- **Provide local match/support To LIHTC applications only if proposed LIHTC units are in census tracts where less than 20%-30% of rental units are rent restricted and poverty rate is below 20% or 30%;**
  - Limits number of units at County level which are submitted to Florida Housing which makes lottery less of a factor in which deals get funded;
- At County level, **require mandatory inclusionary units up to 15% in housing developed in census tracts with median household incomes in excess of 120% of AMI.**
Headline Conclusions

- Low Income Housing Tax Credits (LIHTC) is the dominant program today expanding the number of affordable units, but effectively without layered subsidy the majority of these units are only affordable to families close to 60% of median income;
- The current structure and raking system for the LIHTC program is concentrating these units in areas of higher poverty with higher concentrations of other income restricted units or deep subsidy renters;
- Significant studies over past two years have made clear that poor children who grow up in middle income neighborhood have substantially greater earnings as adults than poor children who grow up in poorer neighborhoods;
- Effectively the LIHTC program structure and incentives are now running counter to the objectives of deconcentration of poverty;
- Policies around the country which have yet to be implemented in Broward County can help promote deconcentration
Policy Recommendations: City & Advocacy at County

• As a result of the compelling recent research, key aspect of every affordable housing program needs to be deconcentration of poverty in addition to production;
• Modify City Consolidated Plan to delineate census tracts where income restricted units can/cannot be developed as a result of City’s deconcentration objectives;
• Focus CDBG, HOME and Tax Increment in Neighborhoods of either upward trajectory or downward trajectory;
• Add “Source of Income” as protected from discrimination;
• Provide local match/support To LIHTC applications only if proposed LIHTC units are in census tracts where less than 20% of rental units are rent restricted and poverty rate is below 20%;
  o Limits number of units at County level which are submitted to Florida Housing which makes lottery less of a factor in which deals get funded;
• At County level, require mandatory inclusionary units up to 15% in housing developed in census tracts with median household incomes in excess of 120% of AMI.
Modify City Consolidated Plan to delineate census tracts where income restricted units can/cannot be developed to meet City’s deconcentration objectives.
Next Steps

• Receive input from you
• Finalize Lambert report
• Bring Recommendations Before City Commission
HOUSING ANALYSIS & STRATEGY
COMMUNITY MEETING

January 30 2017