



NORTHEAST FLORIDA REGIONAL COUNCIL



AFFORDABLE HOUSING NEEDS PLAN

Contents

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INTRODUCTION

Northeast Florida has been focused on how it wants to grow since 300 leaders played “Reality Check” with Legos and yarn in 2009 and told the world where they wanted jobs and housing to be in 2060. Since that time, the Lego game was played in all seven counties in Northeast Florida and twice with young people from throughout the region, the region was polled regarding its preferences and the regional growth pattern of Multiple Growth Centers was chosen by a wide margin. This allows for job centers in each county, so that residents can choose to work close to home. First Coast Vision, the 2011 regional visioning effort that preceded the update to NEFRC’s Strategic Regional Policy Plan, imagined a future where a range of housing choices is available, affordable and works for all of our residents. The Strategic Regional Policy Plan (SRPP) incorporates the vision and includes the following Goal:

A safe, sanitary, efficient and resilient housing supply that provides lifestyle choice (agricultural, rural, suburban, and urban) and affordable options for all income, age and ability groups, equitably placed in vibrant, viable and accessible communities throughout the region.

The SRPP also includes the need for an “Affordable Housing Needs Plan”, without defining the parameters of such a plan. This recognizes that regions must think through what they want to become, and then determine what they need to accomplish their goals. This Affordable Housing Needs Plan includes what the Ad Hoc Affordable Housing Committee of the Northeast Florida Regional Council believes is needed to achieve the affordable housing goal, what metrics will help us determine success, and how leadership will be provided to guide implementation. They began with a concern that affordable housing is a purely local issue, and ended with a focus on the regional gaps that may be filled to make it easier for localities to provide affordable housing. They address the range of affordable housing, as does the goal: “affordable options for all income, age and ability groups”, and so address the full spectrum of income levels, from extreme poverty to 120% of area median income. The affordable/available rental analysis included with the metrics at the end of this plan estimate that there is a deficit of more than 29,000 units regionally needed by households making up to 30% of average median income, more than 30,000 units needed for those making up to 50% of average median income and more than

17,000 units needed for those making up to 80% of average median income. Ultimately, the prosperity of the residents and businesses in Northeast Florida depends on overcoming challenges at both the local and regional level, and it is only in partnership that we will succeed.

ECONOMIC AND FISCAL BENEFITS TO THE COMMUNITY

Affordable housing has short and long term benefits that are often overlooked or misunderstood. According to the Planning Commissioners Journal in 2011¹, not only are there short term benefits of building or rehabilitation affordable units as seen in the building construction field, but they estimate 100 affordable units will generate 120 jobs during the construction phase. The misunderstanding comes in with units once they are occupied. Those 100 units generate approximately 30 jobs, which is similar to the job generation of market rate units. According to a Chattanooga, Tennessee example cited in The Urban Land Institute's "Ten Principles for Developing Affordable Housing", affordable housing provides jobs, tax revenues and local business income well beyond a 1.65% multiplier to the affordable housing developer's direct investment². Like market rate units, affordable units generate one-time revenue for local governments, in the form of permit, impact and utility fees. This factor provides an opportunity to support affordable housing without spending local government funds, as waiving of such fees can be an option in the "tool box" of local governments. Another area of misunderstanding is the effect of affordable housing on nearby property values. Affordable housing that is well designed, built, managed and maintained is most likely to have a neutral or positive impact on nearby property values. Affordable development in areas that are "taking off" or "revitalizing" are positive factors that add to and speed up overall success. Another misunderstanding is that affordable housing costs communities more money than market rate housing because lower income families tend to have more children, and this costs money for schools. Overall, the average number of children per household has

¹ Cohen, Rebecca and Wardrip, Keith, *The Economic and Fiscal Benefits of Affordable Housing*, Planning Commissioner Journal Number 83 Summer 2011

² Bach, Alexa, Prema Katari Gupta, Richard, Haughey, George Kelly, Michael Pawlukiewicz, and Michael Pitchford, *Ten Principles for Developing Affordable Housing*. Washington, D.C.:ULI—the Urban Land Institute, 2007.

been falling for many years, and there is only a small difference in the number of children per household when comparing income levels. Affordable and moderate –income purchasers have a lower risk of delinquency and foreclosure than buyers with prime or sub-prime loans. In addition, taking advantage of homes in foreclosure for affordable housing programs saves communities costs in maintenance, and also reduces the risk that nearby homes will experience loss in property value, and local governments in tax revenue, that occur when vacancies exist near occupied homes.

ECONOMIC AND FISCAL BENEFITS TO THE BUSINESS SECTOR

The cited Planning Commissioners Journal article further notes that in a national survey of 300 companies, 55% of the largest respondents cited an insufficient level of affordable housing in their proximity, and 2/3rds of the same respondents believed that the shortage negatively affected their ability to hold onto qualified employees. From this perspective, lack of affordable housing becomes a competitive disadvantage for Northeast Florida. Living in affordable housing also increases the residual income that those households have to spend, and this increased buying power allows businesses to gain additional business.

COUNTY OVERVIEW

In order to get a more complete understanding of what was and wasn't working in affordable housing in each of the seven counties in the region, the Committee invited each county and interested parties to an information gathering meeting in November 2016, and Council staff conducted a "listening tour" during November 2017. As the SHIP Program data and information are covered elsewhere in this report that information will not be repeated here. The results are presented below.

Baker County

In addition to SHIP activities, the Northeast Florida Community Action Agency, USDA, the Baker County Veterans Council, the Macclenny Housing Authority and nearly all of the community churches participate at some level in providing housing assistance to needy households. The Macclenny Housing Authority manages 80 public housing units and 147 Section 8 Vouchers, both with waiting lists. While the overall rental market is extremely tight, Baker County currently has a new 30 unit multi-family affordable housing development under construction by a private developer. Baker County also allows close family members to develop homes on family land too small to otherwise meet density requirements. In order to reduce the price of housing, Baker County has suspended transportation impact fees on new home construction. Only Macclenny has the infrastructure needed to support multi-family housing. The gap between affordable housing needs and affordable housing resources is very pronounced in Baker County. It was summed up at the November, 2017 meeting with a general consensus that the approaches Baker County is using to address affordable housing are working, but more of all of them would be needed to address the problem

Clay County

The Clay County Housing Finance Authority (CCHFA) was created to provide safe, sanitary, and decent housing; to encourage investment by private enterprise and stimulation of construction and rehabilitation of housing through the use of public funds. The HFA issues bonds to raise money for affordable housing. They also buy and rehabilitate houses that are then used for affordable rentals.

Clay County also has an entity called Mercy Support Services that provides the communication and coordination between social service agencies and faith-based groups and provides access to resources and services to the low income, needy and homeless. Mercy Support Services serves the people of Clay County who are circumstantially in need by providing services that guide them to self-sufficiency through a network of compassionate-hearted people and organizations.

Through these two organizations Clay County has embarked on a homeless initiative by rehabilitation apartments for the homeless.

Duval County

The City of Jacksonville is served by a number of agencies and organizations dedicated to the affordable housing issue. The City of Jacksonville is a CBDG Entitlement Community, and as such, funds come directly from HUD for a variety of activities including affordable housing. Use of the CBDG funds is governed by the required Consolidated Plan.

The Jacksonville Housing Finance Authority exists for the purpose of addressing affordable housing needs in Duval County, Florida by stimulating the construction and rehabilitation of housing through the use of public financing. The JHFA is empowered to alleviate the shortage of affordable residential housing and to provide capital for investment in such facilities for low, moderate or middle income families and persons anywhere within Duval County, Florida through the issuance of its mortgage revenue bonds.

The Jacksonville Housing Authority operates the public housing program and the Section 8 Voucher program. The public Housing program has properties across the City and houses approximately 2,378 families.

Various other organizations in the City such as LISC, Habitat for Humanity and Ability Housing also provide affordable housing related services. Organizations like these operate throughout the region and are valuable in all counties, but as the county with the largest population, Duval has the widest diversity of such organizations.

Currently there are a couple of affordable multi-family projects being developed in the Downtown area. These projects are targeted for persons making 60% of average median income. However, in general, Duval County has found that market rental rates have increased therefore making it difficult to serve the full range of households making 30% to 140% of the average median household income.

In 2016 the City passed an ordinance to connect surplus city owned land with developers who want to construct affordable housing. Also the City is exploring the possibilities of repurposing empty commercial structures for affordable housing.

Flagler County

Flagler County has two distinct geographical areas, the largely rural west and the more urbanized areas of Palm Coast and the beaches. The needs and types of affordable housing in these two areas are different with mobile homes predominating the west and conventional built housing in the east.

HUD tables for subsidies allowable for renters based on HUD guidelines are far below the local market prices. The supply of available rental units, especially for affordable housing is very, very tight. Land and home prices have climbed so high that entry level teachers, firefighters and law enforcement households are now moving into Daytona and into the more rural areas of the County causing commuting demands on the road network.

Palm Coast recently became a CBDG Entitlement Community and through its Consolidated Plan uses some of that funding for affordable housing.

Nassau County

The Fernandina Beach Housing Authority manages 57 public housing units and 47 Section 8 vouchers. Nassau County allows for higher densities for projects that include affordable housing and recently worked with a developer to provide 10% of the units in a market rate multi-family project as affordable units. Nassau County has waived impact fees for affordable housing.

Putnam County

The Palatka Housing Authority operates public housing and Section 8 Voucher programs. Limited other affordable housing organizations/initiatives exist in the County.

Due to relatively inexpensive housing costs citizens of modest means from nearby counties, priced out of their home county markets have migrated to Putnam County to take up residence. This, plus local needs, has led to a critical shortage of available rental housing. There are only two affordable housing apartment complexes in Putnam County. About half of all residential building permits issued are issued for mobile homes. No infrastructure to support multifamily is available in many parts of the County. There is currently a moratorium on residential impact fees.

St. Johns County

In 1980 St. Johns County established a Housing Finance Authority. The Authority is authorized, in furtherance of the public purposes described in its organizational documents, to alleviate the shortage of affordable residential housing facilities and to provide capital for investment in such facilities for low, moderate and middle-income families in St. Johns County by issuing its revenue bonds.

St. Johns County also has the St. Johns Housing Partnership, a not-for-profit whose mission is to promote safe, decent and affordable housing in North Florida by creating links between the public and private sectors on projects that create low- and moderate-income housing. They rebuild neglected homes and neighborhoods, thus benefiting disadvantaged areas and enhancing community economic and social development.

St. Johns County recently became a CBDG Entitlement County and expenditures for affordable housing initiatives are governed by their Consolidated Plan.

St. Johns County had a rental market with little affordable rents before the 2016 and 2017 hurricanes and storms. Since those storms, average rents have increased by about \$200 per unit. An unexpected migration of people from the southern part of the State to the County has also exacerbated the rental market issues. St. Johns County currently has only one shelter for the homeless.

The County has spent over \$1.5 million from monies from developments of regional impact to fund five affordable housing projects. St. Johns County is also funding four homeless projects and helping with emergency rehabilitations for mobile homes. On one project,

St. Johns County is allowing the impact fees payment to be carried for 5 years with a lien. Some decisions have been made to dispose of County-owned surplus properties for use for workforce housing.

GOAL

Overarching Regional Goal: A safe, sanitary, efficient and resilient housing supply that provides lifestyle choice (agricultural, rural, suburban, and urban) and affordable options for all income, age and ability groups, equitably placed in vibrant, viable and accessible communities throughout the region.

MEASURES OF SUCCESS

We will know if we are succeeding if:

- Each County positively impacts ALICE households

ALICE stands for Asset Limited, Income Constrained, Employed. It is a metric created and measured by the United Way, and is a way for Florida Counties to consider the number of households that struggle to afford basic needs. The percentage of households below the ALICE threshold in Northeast Florida varies from a high of 52% in Putnam County to a low of 28% in St. Johns County. This number is not a fair measure of affordable housing, as it may simply be a measure of wealth. More useful indicators are the Housing portion of the monthly Household Survival Budget, which ranges between \$644 for a family (2 adults, one infant and one preschooler) in Putnam County and \$935 in Flagler County. Counties may also positively impact ALICE households by reducing the monthly costs within a survival budget associated with child care, food, transportation, health care or taxes, and changes to these will be noted. In addition, ALICE provides the housing burden of homeowners and renters, or the % of those who pay more than 30% of their income for their housing costs. This homeownership metric varies from a low of 22% in Baker and Putnam Counties, and a high

of 29% in Flagler County. The renter metric varies between a low of 45% in Clay and Nassau Counties, and a high of 59% in Putnam County. As each of these metrics may change based on factors beyond simply the number of affordable housing units, each will be reported as a metric of this plan each time the ALICE report is updated. The relevant data plus an excerpt from the 2017 Update to the Florida ALICE Report from the United Way is included in the Appendix.

- Each County reduces homelessness

The metric for homelessness is always subject to question, as there is no easy way to count the homeless and individual circumstances change. It is, however, the ultimate measure of success in providing affordable housing, even if it touches on many other issues beyond just the availability and affordability of units. Northeast Florida will combine the annual count of homeless citizens by County (Baker County does not participate in the count) plus the estimated number of homeless households determined by the Florida Department of Education Homeless Student Data, and the Unaccompanied Homeless Youth Data included in that report. The relevant data plus the source data is included in the Appendix.

- Each County increases the number of affordable units from local strategies

Each County and Local Government is asked to identify a strategy or set of strategies that they want the region to track to assess their increases in affordable units. A baseline will be developed from an initial survey provided to each local government after approval of this plan, and the number of units produced will be tracked annually, again by survey, thereafter.

REGIONAL AFFORDABLE HOUSING STRATEGIES

Training

NEFRC will convene social service planners and land use planners to discuss how they impact each other's activities and can share data.

NEFRC will assemble bankers, developers and other experts to teach about pro formas. The audience will be social service and land use planners as well as non-profit housing providers.

NEFRC will coordinate with developers on assembly of a developer's packet. It will contain a synopsis of this plan, a list of lenders and programs from the clearinghouse, and sample pro formas for affordable housing.

NEFRC will reach out to appraisers on the value of energy efficiency/resiliency/accessibility. The goal is recognition of the value of these building attributes when appraising affordable housing.

Clearinghouse

NEFRC will conduct an annual survey of what services banks are providing, where, and what kind of deals they are looking for in the Northeast Florida market. Results will be posted on a matrix available online.

NEFRC will provide a way to communicate such as a contact list or a list serve to share opportunities for investment with banks, and banks interests with communities and providers. NEFRC will also provide a way for communities and NFPs to ask banks for what they need, such as training, expertise, or funding.

NEFRC will coordinate with banks on a tour of projects that may serve as models for communities in Northeast Florida.

Partnerships

NEFRC will work with banks to ensure they know where funding is needed in support of affordable housing.

NEFRC will increase its familiarity with the Florida Community Loan Fund, and will explore the possibility of making Federal Home Loan Bank programs available to the entire region, by potentially partnering with the Housing Finance Authorities in Clay or Duval Counties or creating other authorities.

NEFRC will launch this plan by reaching out to partners. To build a constituency for Affordable Housing, the Urban Land Institute, the Northeast Florida Association of Realtors ULI, and the Northeast Florida Builders Association will be contacted and asked to convene stakeholders.

Once the strategies above are underway, NEFRC will convene interested parties to consider an Opportunity Bond and the structure and programs to implement it, or other regional approaches to funding.

Create More Affordable Units

NEFRC will share lessons learned and best practices related to land banking and land donation programs, including St. Johns County's experience in West Augustine and Duval County's experience with the land donation program.

NEFRC will ask each community to have its own strategy to address its needs. These may include density bonuses, inclusionary requirements, waiving fees, alternative infrastructure requirements, encouragement of affordable housing types (accessory units, co-habitation, etc.), funding, etc.

Regional Strategy

NEFRC will begin to implement this Affordable Housing Needs Plan immediately. With the benefit of experience and lessons learned from the Needs Plan, but before the next update to the Strategic Regional Policy Plan (SRPP), NEFRC will convene all of its counties to discuss how their policies and strategies relate to each other. This will include an update on regional transit initiatives. The results of this discussion may be reflected in the Housing and other elements of the next SRPP.

Champion

NEFRC will consider how the region might hire a regional Affordable Housing champion.

Appendix

The Need: Metrics related to Affordable Housing in Northeast Florida

ALICE

| County | Housing Portion of Monthly Household Survival Budget (Family) | Percent of Homeowners who Pay More than 30% of their Income on Housing Costs | Percent of Renters who Pay More than 30% of their Income on Housing Costs |
|-----------|---|--|---|
| Baker | \$728 | 22% | 53% |
| Clay | \$931 | 20% | 45% |
| Duval | \$931 | 26% | 52% |
| Flagler | \$935 | 29% | 47% |
| Nassau | \$931 | 26% | 45% |
| Putnam | \$644 | 22% | 59% |
| St. Johns | \$931 | 25% | 50% |

Affordable/Available Rental Analysis

| A | Renters 0-30% AMI | | Affordable @ 30% AMI | | Affordable/Available @ 30% AMI | | | Affordable, Not Available @ 30% AMI | | |
|------------------|-------------------|------------------|--|--|--------------------------------|--|--|---|--|--|
| | B | C | D | E | F | G | H | I | | |
| Place | Renter Households | Affordable Units | Absolute Difference Between Renters and Affordable Units (C-B) | Affordable Units per 100 Renter Households (C/(B/100)) | Affordable & Available Units | Absolute Difference Between Renters and Affordable & Available Units (F-B) | Affordable & Available Units per 100 Renter Households (F/(B/100)) | Affordable Units Occupied by Higher Income Households (C-F) | | |
| Baker County | 625 | 560 | 65 | 90 | 260 | (365) | 42 | 300 | | |
| Clay County | 2,220 | 1,360 | 860 | 61 | 340 | (1,880) | 15 | 1,020 | | |
| Duval County | 29,945 | 13,560 | 16,385 | 45 | 7,925 | (22,020) | 26 | 5,635 | | |
| Flagler County | 1,135 | 630 | 505 | 56 | 125 | (1,010) | 11 | 505 | | |
| Nassau County | 1,290 | 1,125 | 165 | 87 | 665 | (625) | 52 | 460 | | |
| Putnam County | 1,755 | 1,264 | 491 | 72 | 574 | (1,181) | 33 | 690 | | |
| St. Johns County | 2,895 | 1,730 | 1,165 | 60 | 560 | (2,335) | 19 | 1,170 | | |
| Region | 39,865 | 20,229 | 19,636 | 51 | 10,449 | (29,416) | 26 | 9,780 | | |

| A | Renters 0-50% AMI | | Affordable @ 50% AMI | | Affordable/Available @ 50% AMI | | | Affordable, Not Available @ 50% AMI | |
|------------------|-------------------|------------------|--|--|--------------------------------|--|--|---|--|
| | B | C | D | E | F | G | H | I | |
| Place | Renter Households | Affordable Units | Absolute Difference Between Renters and Affordable Units (C-B) | Affordable Units per 100 Renter Households (C/(B/100)) | Affordable & Available Units | Absolute Difference Between Renters and Affordable & Available Units (F-B) | Affordable & Available Units per 100 Renter Households (F/(B/100)) | Affordable Units Occupied by Higher Income Households (C-F) | |
| Baker County | 914 | 1,045 | 131 | 114 | 915 | 1 | 100 | 130 | |
| Clay County | 4,890 | 3,380 | (1,510) | 69 | 2,735 | (2,155) | 56 | 645 | |
| Duval County | 51,815 | 34,045 | (17,770) | 66 | 29,150 | (22,665) | 56 | 4,895 | |
| Flagler County | 2,175 | 1,045 | (1,130) | 48 | 845 | (1,330) | 39 | 200 | |
| Nassau County | 2,345 | 2,225 | (120) | 95 | 1,930 | (415) | 82 | 295 | |
| Putnam County | 3,280 | 2,794 | (486) | 85 | 2,138 | (1,142) | 65 | 656 | |
| St. Johns County | 5,515 | 3,190 | (2,325) | 58 | 2,670 | (2,845) | 48 | 520 | |
| Region | 70,934 | 47,724 | (23,210) | 67 | 40,383 | (30,551) | 57 | 7,341 | |

| A | Renters 0-80% AMI | | Affordable @ 80% AMI | | Affordable/Available @ 80% AMI | | | Affordable, Not Available @ 80% AMI | |
|------------------|-------------------|------------------|--|--|--------------------------------|--|--|---|--|
| | B | C | D | E | F | G | H | I | |
| Place | Renter Households | Affordable Units | Absolute Difference Between Renters and Affordable Units (C-B) | Affordable Units per 100 Renter Households (C/(B/100)) | Affordable & Available Units | Absolute Difference Between Renters and Affordable & Available Units (F-B) | Affordable & Available Units per 100 Renter Households (F/(B/100)) | Affordable Units Occupied by Higher Income Households (C-F) | |
| Baker County | 1,174 | 1,895 | 721 | 161 | 1,529 | 355 | 130 | 366 | |
| Clay County | 8,345 | 13,480 | 5,135 | 162 | 6,775 | (1,570) | 81 | 6,705 | |
| Duval County | 80,575 | 110,700 | 30,125 | 137 | 67,610 | (12,965) | 84 | 43,090 | |
| Flagler County | 3,590 | 4,870 | 1,280 | 136 | 2,240 | (1,350) | 62 | 2,630 | |
| Nassau County | 3,535 | 4,960 | 1,425 | 140 | 4,065 | 530 | 115 | 895 | |
| Putnam County | 4,715 | 5,804 | 1,089 | 123 | 4,803 | 88 | 102 | 1,001 | |
| St. Johns County | 9,290 | 12,560 | 3,270 | 135 | 7,170 | (2,120) | 77 | 5,390 | |
| Region | 111,224 | 154,269 | 43,045 | 139 | 94,192 | (17,032) | 85 | 60,077 | |

Homelessness

| County | 2015 Homeless Count (*Baker County does not participate) | UF Calculations based on FDOE FY 14/15 Data: Estimated Family Households | UF Calculations based on FDOE FY 14/15 Data: Unaccompanied Youth | Total |
|-----------|--|--|--|-------|
| Baker | | 43 | 9 | 52* |
| Clay | 147 | 471 | 100 | 718 |
| Duval | 1,566 | 802 | 170 | 2,538 |
| Flagler | 105 | 266 | 57 | 428 |
| Nassau | 140 | 199 | 42 | 381 |
| Putnam | 26 | 272 | 58 | 356 |
| St. Johns | 1,161 | 320 | 68 | 1,549 |
| | | | | |

SHIP Program Investment and Households/Individuals Served

| County (last completed SHIP Year) | Purchase Assistance | New Construction/ Reconstructio n | Rehabilitation Owner/Rental | Emergenc y Repairs | Disaster Repair/ Mitigatio n | Special Needs/No n Profit (Clay only) | Securit y Deposit s Utility Fees | Foreclosu re Preventio n | Rapid Rehousin g | Rental Housing Developme nt |
|--|------------------------|--|---|-----------------------|---------------------------------------|---|---|-----------------------------------|------------------------|--------------------------------------|
| Baker (13/14) | | 1/\$65,000 | 1/\$11,331 | 4/\$34,335 | | | | | | |
| Clay (13/14) | | | 18/\$301,401 | | | \$148,615 | | | | |
| Duval (14/15) | 141/\$1,507,150 | | 104/\$1,703,710 Owner 120/\$803,005 Rental | | | | | | | |
| Flagler (14/15) | 16/\$309,375 | | 6/\$145,161 | | | | | 2/\$4,990 | | |
| Nassau (14/15) | 10/\$204,443 | | 3/\$186,915 | | 4/\$19,500 | | | | | |
| Putnam (13/14) | 3/\$67,588 | | 9/\$159,636 | 14/\$148,677 | | | | | | |
| St. Johns (14/15) | | | 31/\$681,817 | | | | | | | 15/\$170,000 |