

EXCLUSIVE
**ST. JOHNS
COUNTY**
REPORT



HOME MATTERS

REPORT FROM THE FLORIDA HOUSING COALITION





HOME IS WHERE WE
FIND RESPITE;
where we feel safe where we
CONNECT with our **FAMILY**
keep our belongings and establish
ourselves within **OUR COMMUNITY.**

QUICK FACTS:

St. Johns County isn't paradise if you can't afford housing.

- About 6,800 very low-income households—including hardworking families, seniors, and people with disabilities—pay more than 50% of their incomes for housing.
- On a single day in January 2014, homeless service agencies counted about 1,400 people on the streets or in shelters—including nearly 340 people in families.
- Working-class jobs tend to have lower wages in St. Johns County than in the state as a whole. In many occupations, both blue-collar and white-collar, St. Johns County workers do not earn enough to rent a modest apartment or buy their first home.

*Note that these numbers only include people who are unsheltered or staying in emergency or transitional shelters. They do not include people who are doubled up or living in hotels/motels.

WHY DOES HOME MATTER?

The health, safety, and welfare of St. Johns County and the strength of its economy hinges on an adequate supply of affordable housing for working families, elders, and people with disabilities living on fixed incomes.

AFFORDABLE HOUSING REDUCES TAXPAYER EXPENSES

- Affordable, community-based housing for seniors and people with disabilities is about one-third of the cost of institutional care.
- Chronically homeless persons often cycle through jails, hospitals, and other crisis services. Permanent supportive housing for this high-need population can reduce taxpayer costs by about \$20,000 per person per year.
- Affordable housing can improve the health and educational outcomes of low-income families and children, reducing the public costs associated with illness and poor school performance.

AFFORDABLE HOUSING BOOSTS THE ECONOMY

- Money spent on affordable housing construction and rehabilitation has a ripple effect on local economies. Contractors and suppliers spend money on materials and labor, and workers spend their earnings locally.
- If the Sadowski Housing Trust Fund money is fully appropriated for housing, St. Johns County will receive over \$1.9 million in SHIP funds. This allocation will leverage a further \$8.4 million from public-private partnerships, creating nearly 200 jobs and generating over \$24.8 million in positive economic impact.

**Home
Matters®**

The Florida Housing Coalition has produced this report in support of Home Matters® (www.HomeMattersAmerica.com), a national movement to make Home a reality for everyone by elevating the importance of Home's impact on people's health, education, personal success, public safety, and the economy. Participating in Home Matters is a coast-to-coast coalition composed of members of the general public, leaders of housing and community development organizations, as well as other organizations concerned about increasing the positive impact of Home in their communities.

SECTION ONE:

Introduction: Why Does Home Matter?

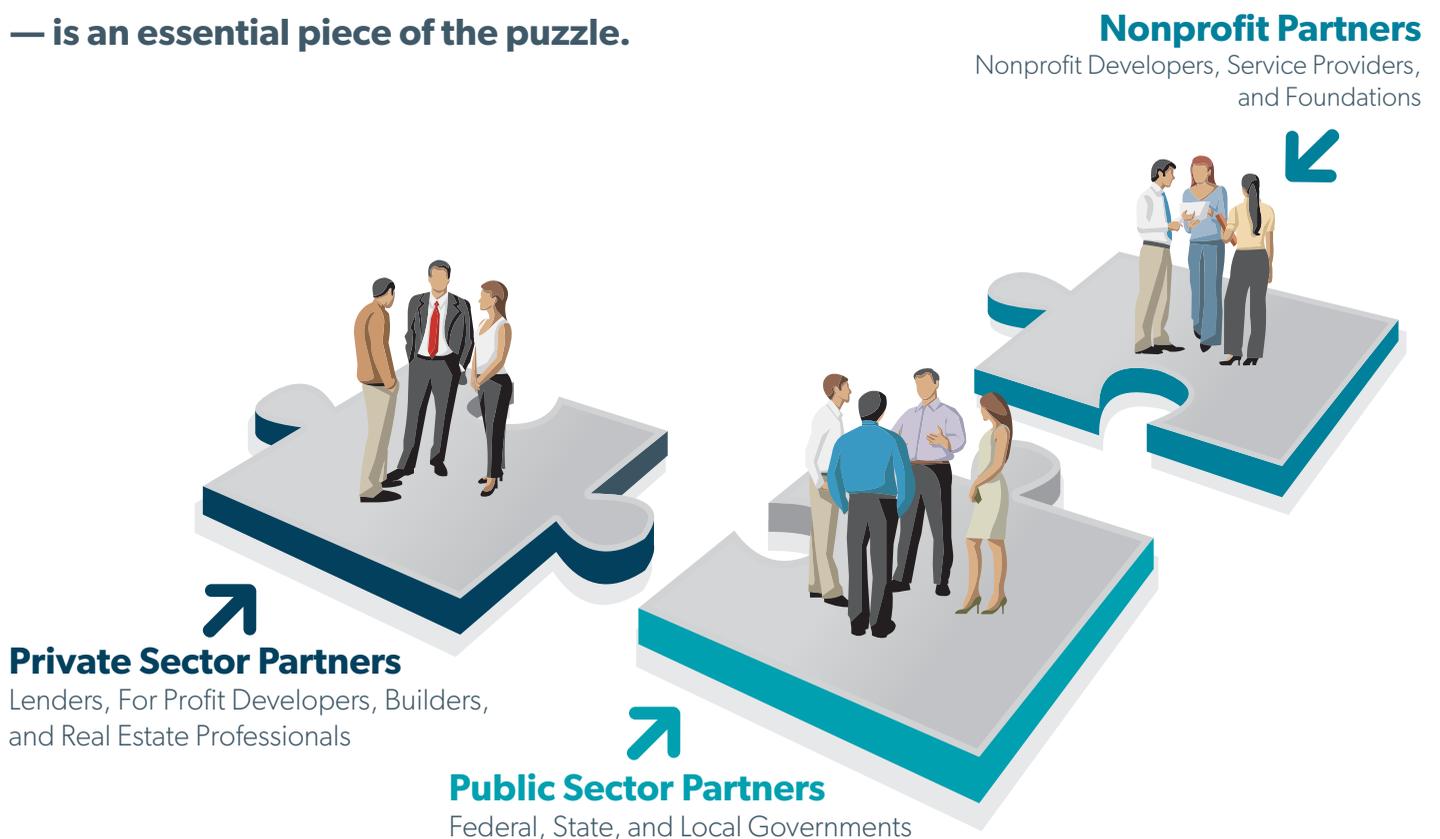
Home is the foundation of a vibrant community like St. Johns County. Home is our foothold in the neighborhoods where our children play and go to school. It is where we rest after a hard day's work, where we store our belongings, where our children do their homework. And for those of us who own homes, they are often our single greatest source of wealth.

For many low-income residents in St. Johns County, however, their housing is a source of stress rather than respite. Thousands of working families are paying more than they can afford for housing, and cutting back on necessities like nutritious food and health care as a result. Other low-income families respond to high housing costs by living in substandard housing, doubling up with family and friends, or moving frequently, all of which have negative impacts on their health, their children's education, and the wider community. By contrast, an adequate supply of affordable housing helps families put down roots, stay healthy and get ahead.

What is Affordable Housing?

In addition to being a basic human need, housing is a market commodity. However, the cost of constructing and maintaining a decent house or apartment exceeds what many low-income families can afford to pay in rent or mortgages. Additionally, in desirable communities like St. Johns County, more affluent homebuyers and renters bid up the price even of relatively modest housing. As a result, many low- to moderate-wage workers, and people living on fixed incomes due to age or disability, are priced out. Simply put, the inability of the housing market to supply these families with adequate housing is a market failure.

Every partner and every funding source in this community effort — **public, private, and nonprofit** — is an essential piece of the puzzle.



The way to correct this market failure is to provide incentives that make it profitable for private developers to invest in affordable housing. These incentives come from public-private partnerships among lenders, real estate professionals, community-based nonprofit organizations, and local, state, and federal government agencies. Affordable housing funders typically impose high standards for building quality and property management. Every partner and every funding source in this community effort—public, private, and nonprofit—is an essential piece of the puzzle.

The remainder of this section sets the stage for understanding the importance of affordable housing, summarizing research on its economic, health, and education benefits. Section 2 presents data on the need for affordable housing among low-income households in St. Johns County, including those in housing and those who are homeless. Section 2 also explores the influence of prevailing wages on housing cost burden, the tradeoffs that families must make between housing and transportation costs, and the implications of regional commuting patterns. Sections 3 and 4 explore drivers of housing cost burden for low-income renters and owners, respectively, in more detail. Section 5 examines future trends in affordable housing supply and demand, including the Silver Tsunami. Finally, Section 6 describes the role of the Sadowski Housing Trust Funds and other funding sources in crafting solutions to the affordable housing challenges in St. Johns County.

The Benefits of Affordable Housing

Economic Benefits

Affordable housing—like any other housing development—is an economic powerhouse. Construction and rehabilitation creates local jobs directly, as well as creating business for local suppliers, who in turn hire new workers to meet the increased demand. The workers provide a further boost to the economy by spending their wages at local restaurants, grocery stores, and other businesses. Once the development is finished and

occupied, the residents create demand for ongoing jobs to meet their needs.

Affordable housing also helps to attract employers to a region. In one survey, employers were asked which factors they consider when choosing a new branch location. Housing availability and cost were among the most important “quality of life” factors—only low crime rates and health care facilities ranked higher¹. When local housing costs are out of reach for entry-level and mid-level employees, they must live remotely and commute to work, increasing traffic congestion. Employers may find it harder to attract skilled workers, and have more problems with employee absenteeism and turnover².

In addition, affordable housing programs are less costly to taxpayers than providing social services to persons who are elderly, have disabilities, or are homeless or precariously housed. According to an AARP report³, Medicaid-funded nursing home care in Florida for seniors and people with disabilities cost over \$30,000 annually per person served, compared to less than \$10,400 for Medicaid Home and Community-Based Services. For an individual with developmental disabilities, HCBS costs \$30,323 annually, compared to over \$109,000 for an intermediate care facility. Homeless persons with severe mental illness, meanwhile, are often heavy users of public crisis services such as jails and emergency rooms. A study in Central Florida estimates that permanent supportive housing for chronically homeless individuals saves taxpayers an estimated \$20,000 per person⁴.

Health and Education Benefits

Housing plays a major role in our physical and mental health. For low-income individuals and families, lack of affordable housing can have a multitude of negative effects:

- Families in unaffordable housing are likely to cut back on nutritious food and health care⁵.

WHAT IS AFFORDABLE HOUSING?

Misconceptions about affordable housing are widespread, with many citizens associating it with large, distressed public housing projects in central cities. However, plenty of public housing authorities in communities around the nation, large and small, are well-managed and have decent units. Furthermore, public housing is only one type of affordable housing. In this report, “affordable housing” refers to privately owned housing that receives a subsidy to bring its rent or purchase price down to a level affordable to a low- or moderate-income family. Except for the subsidy, affordable housing is indistinguishable from non-luxury market-rate housing—it has the same architectural and landscaping styles, and often has basic amenities like energy efficient appliances and community gathering spaces. Substandard housing is, by definition, not affordable housing.

HOUSING PLAYS A MAJOR ROLE IN OUR PHYSICAL AND MENTAL HEALTH.

For low-income individuals and families, lack of affordable housing can have a multitude of negative effects:

Food & Health Care

Families in unaffordable housing are likely to cut back on nutritious food and health care.



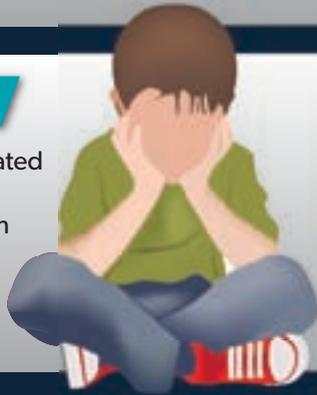
Health Hazards

Dust, mold, and cockroaches can cause asthma and allergies, and peeling lead paint can reduce IQs and cause behavioral problems in children. Unsafe structural conditions, such as faulty wiring, increase the risk of fire and injury.



Stress & Depression

Frequent moves are associated with stress and depression, and overcrowding has been linked to poor health in children.



Exacerbated Health Problem

Living on the streets or in shelters poses unique health risks. Homelessness also makes it difficult to rest and recuperate after illnesses, find a place to store medications, and keep wounds clean and dry.



- Substandard housing poses a variety of health hazards. Dust, mold, and cockroaches can cause asthma and allergies, and peeling lead paint can reduce IQs and cause behavioral problems in children. Unsafe structural conditions, such as faulty wiring, increase the risk of fire and injury^{6,7}.
- Many low-income families move frequently or double up with friends and relatives if they cannot find affordable housing. Frequent moves are associated with stress and depression, and overcrowding has been linked to poor health in children^{8,9}.
- Homelessness exacerbates a person's pre-existing health problems, and living on the streets or in shelters poses unique health risks (including tuberculosis, violence, and exposure to weather). Homelessness also makes it difficult to rest and recuperate after illnesses, find a place to store medications, and keep wounds clean and dry¹⁰.

Many of the health problems associated with a lack of affordable housing are closely connected to children's educational performance. For example, exposure to lead paint is known to cause developmental delays in children, while asthma from exposure to dust and mold can cause children to miss school and fall behind. Frequent moves, overcrowding, and homelessness have also been linked to lower educational attainment in children¹¹.

If a lack of affordable housing can contribute to ill health and educational problems among low-income families and children, then affordable housing is the foundation for good health and achievement in school. For example, a study in Boston found that children in subsidized housing were 19% less likely to be food insecure and 35% more likely to be in good health than children whose families were on the waiting list for subsidized housing¹². Additionally, both subsidized rental housing and homeownership have been linked to better educational outcomes for children^{13,14}.

SECTION TWO:
Housing Cost Burden and Related Factors
 Low-Income, Cost Burdened Households in St. Johns County

St. Johns County’s population of 197,115 is much smaller than the populations of Florida’s major urban counties, and accounts for only 1% of the state’s total population. St. Johns County has a relative lack of diversity, with Blacks and Hispanics comprising only 5% and 6% of the county’s population, respectively, compared to 16% and 23% for the state as a whole. Additionally, St. Johns County has a median household income of \$64,876, the highest in the state. By comparison, Florida’s overall median household income is \$46,956. Although the County has a higher homeownership rate than the state as a whole, median income is higher for both owner and renter households¹⁵.

If St. Johns County is a relatively small, wealthy community in Florida, does it even have an affordable housing problem?

As it turns out, the answer is yes. Households in the state as a whole are more likely to be low-income and struggling with high housing costs, but a significant share of St. Johns County

households—14,370 households, or 20% of the total—are low-income and housing cost burdened, or paying more than 30% of their incomes for housing (see definitions in Sidebar). About two-thirds of low-income households (67%) in St. Johns County are cost burdened, similar to the state as a whole (69%). In other words, although St. Johns County is relatively wealthy, its low-income households are nearly as likely to suffer from high housing costs as low-income households statewide (Figure 1).

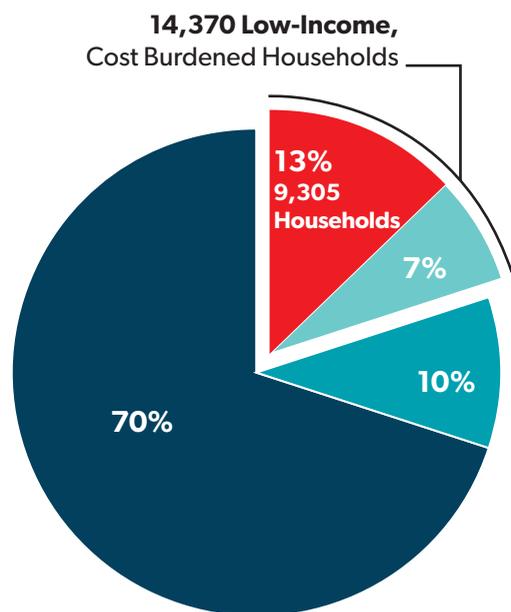
Of the County’s low-income, cost burdened households, 9,305 are severely cost burdened (Figure 2), meaning they spend more than 50% of their incomes for housing (see definitions in Sidebar). These households represent 13%, or about one in eight, of all St. Johns County Households. About 6,800 of these households are “very low-income”, meaning that their incomes are no more than 50% of the median income for the area¹⁶. These households are a particularly important population for local leaders to consider when discussing affordable housing need.

Not surprisingly, the absolute number of severely cost burdened households increases as income bracket decreases. Extremely

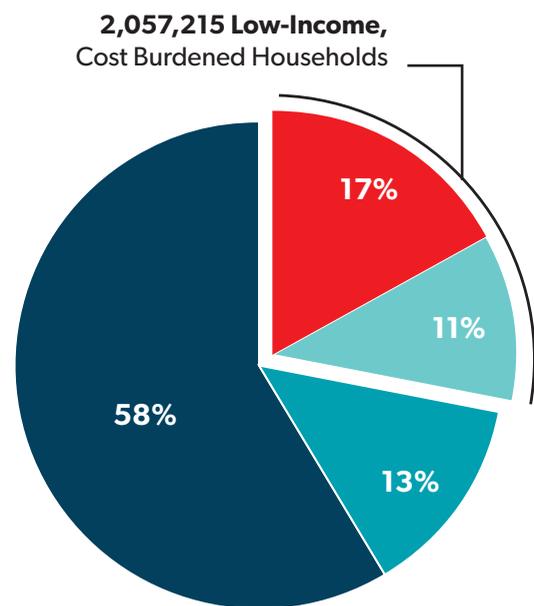
^a HUD uses the median income for the Jacksonville metropolitan area to determine the limits for low-income, very low-income, and extremely low-income households in St. Johns County. Median income among both owner and renter households is lower in Duval County than in St. Johns County.

Figure 1. Low-Income, Cost Burdened Households in St. Johns County and the State of Florida.
 (Source: U.S. Department of Housing and Urban Development [HUD] 2007-2011 Comprehensive Housing Affordability Strategy [CHAS] data.)

St. Johns County



State of Florida



Low-Income, Severely Cost Burdened

Low-Income, Not Cost Burdened

Low-Income, Moderately Cost Burdened

Non-Low-Income Households

A Note on Terminology Income and Housing Cost Burden

According to the federal government and the State of Florida, housing is affordable if it costs no more than 30% of a household’s gross income. This includes rent or mortgage payments, utilities, and property taxes and insurance, if applicable. If housing costs 30% or more of a household’s income, but less than 50%, the household is considered “moderately cost burdened”, and a household paying 50% or more of its income for housing is “severely cost burdened”.

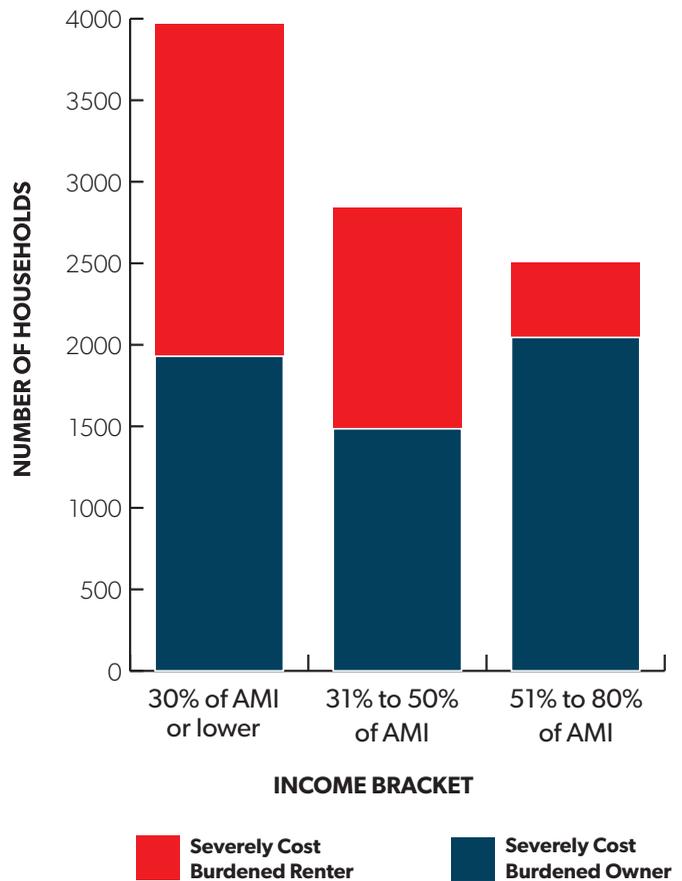
Florida Statutes and certain federal housing programs define “low-income” (or “LI”) households as those that earn no more than 80% of the median income for households of their size within their geographic area. Federal housing assistance programs usually calculate “Area Median Income” (AMI) for metropolitan areas and nonmetropolitan counties within a state. “Very low-income” (VLI) households are those that earn no more than 50% AMI, and “Extremely low-income” (ELI) households earn no more than 30% AMI. In this report, the term “low-income” includes all households at or below 80% AMI, and “very low-income” includes all households at or below 50% AMI. Thus, all ELI households are also classified as VLI and LI, but the reverse is not true.

Florida Statutes defines a “moderate-income” household as having an income up to 120% AMI. In this report, “moderate-income” refers to households with incomes between 80% and 120% AMI.



low-income households (0-30% AMI) with severe cost burden are more likely to be renters, while severely cost burdened households in the 51% to 80% income bracket are more likely to be owners (Figure 2). Although the latter income bracket has the highest absolute number of severely cost-burdened owner households, owners in lower income brackets have a higher likelihood of being severely cost burdened (see Appendix 1).

Figure 2. Severe Housing Cost Burden (Paying >50% of Income for Housing) Among Low-Income Households in St. Johns County.
(Source: HUD 2007-2011 CHAS data.)



Please note that the data for owner households in Figure 2 includes those with and without mortgages, and owners with mortgages are more likely to be cost burdened. State-level data shows that low-income owners with mortgages are also more likely to be cost burdened than renters in the same income bracket, which may be due in part to the proliferation of adjustable-rate mortgage loans during the housing boom (see the Home Matters for Florida 2015 report). In St. Johns County, the legacy of subprime and adjustable-rate loans may also explain why homeowners dominate the severely cost burdened households in the 51% to 80% AMI bracket in terms of absolute numbers.

Overall, 67% of St. Johns County’s low-income households are cost burdened, and 44% are severely cost burdened.



This translates to **14,370** cost burdened low income households, of which **9,305** are severely cost burdened.

Homelessness

When a household’s rent or mortgage payments compete with other basic needs, such as food and healthcare, they are at risk of homelessness. In the 2014 “Point-in-Time” [PIT] count^b, St. Johns County identified a total of 1,401 “literally homeless” people—those staying in shelters, on the street, or in other places not meant for human habitation. As Table 1 shows, the population of literally homeless people has increased by 13% in St. Johns County since 2007, compared to a 14% decrease statewide. Homeless people in families increased by an alarming 144% in the County, compared to a 15% decrease statewide. The County saw more progress in reducing chronic homelessness

among individual adults, compared to the state as a whole (a 45% decrease compared to an 8% decrease), but experienced a 17% increase in veteran homelessness while the state achieved a 42% decrease. Keep in mind that Point-in-Time counts are highly susceptible to factors such as weather and count volunteers, and PIT counts of smaller homeless populations are likely to have a higher level of error.

Unfortunately, family homelessness has steadily increased in St. Johns County, according to another commonly used measure. The U.S. Department of Education provides funding and other support for public school districts to identify children and youth

^bThe U.S. Department of Housing and Urban Development (HUD) requires Point-in-Time counts of “literally homeless” people to be conducted at least biennially by “Continuums of Care”, or geographically delineated networks of homeless service providers. Most Continuums of Care in Florida and across the nation conduct their PIT counts on a single night in the last week of January. PIT Count data has limitations, and it is not the only data source used to understand the scope of homelessness at the state and national levels. However, Continuums of Care across the nation have conducted PIT counts for about a decade, allowing analysts to identify homeless population trends within and between communities over time.

Table 1. Point-in-Time Counts of Homeless People in St. Johns County and the State of Florida.(Source: HUD Point-in-Time Count data¹⁷.)

Homeless Population Category	Population in St. Johns County 2014	Percent Change in St. Johns County	Percent Change in Florida
Total Homeless Population (2007-2014)*	1,401	13%	-14%
Persons in Families (2007-2014)	339	144%	-15%
Chronically Homeless Individuals (2007-2014)	65	-45%	-8%
Veterans (2011-2014)**	48	17%	-42%

*HUD uses 2007 as a baseline year for Point-in-Time data.

** 2011 was the first year that HUD had reliable estimates of Veteran homelessness at the Continuum of Care level.

Table 2. Homeless Students Identified in Public School Districts in St. Johns County and the State of Florida.(Source: National Center for Homeless Education¹⁹, Florida Homeless Education Program²⁰.)

Population	Number of Students in St. Johns County	St. Johns County % Change (Academic Year '09-'10 to '12-'13)	Florida % Change (Academic Year '09-'10 to '12-'13)
Total Homeless Students	679	98%	44%
Shelter, Transitional Housing, Awaiting Foster Care, Unsheltered	104	3%	19%
Doubled Up or in Hotels/Motels	575	138%	50%
Unaccompanied Children and Youths	130	171%	7%

who are homeless at any time during the academic year (including summer school), using a definition that includes children who are doubled-up or living in hotels or motels due to their family's loss of housing or economic hardship. Local school district liaisons help homeless children, youth and their families overcome barriers to school enrollment and attendance, and help them identify the services needed to return to stable housing¹⁸.

At the state level, the population of homeless students increased by 44% between the 2009-2010 and 2012-2013 academic years (Table 2). The increase in St. Johns County over the same period was even sharper—98%—yielding a homeless student population of 679 children and youths by the 2012-2013 academic year. At both the County and state level, the increase in student homelessness is driven primarily by an increase in students who are doubled up or living in hotels and motels. However, in St. Johns County, the increase in students who are literally homeless or awaiting foster

care placement is smaller than at the state level (3% compared to 19%), while the increase in students who are doubled up or living in hotels or motels is greater (138% compared to 50%).

Department of Education data on student homelessness can be used as a rough proxy for family homelessness, including families that are doubled up or living in motels, because most of the students identified by local liaisons are staying with their parents or guardians. However, a significant minority of homeless students are unaccompanied. Some of these children and youths are truly living alone, while others are living with adult relatives, friends, or neighbors in an informal arrangement with the child's parents or guardians. St. Johns County had 130 unaccompanied homeless students in the 2012-13 academic year, a 171% increase since the 2009-10 academic year. By comparison, the State of Florida saw only a 7% increase in unaccompanied homeless students during that time period.

HOMELESS CHILDREN POPULATION ON THE RISE

ON THE STATE LEVEL

The population of homeless students increased by 44% between the 2009-2010 and 2012-2013 academic years.



IN ST. JOHNS COUNTY

The increase over the same period was even sharper—98%—yielding a homeless student population of almost 700 by the 2012-2013 academic year.



Low-Wage Jobs

As we saw at the beginning of this section, St. Johns County has the state's highest median household income. As Table 3 shows, well-paid management occupations are a more prominent part of the labor market for people who live in St. Johns County^c. Median earnings for management occupations and several other white-collar occupation categories—including business and financial operation occupations and healthcare practitioner occupations—are higher for St. Johns County residents than for Florida workers as a whole. Sales occupations, the top occupation category among County residents, also have considerably higher median earnings than in the state overall—\$33,196 compared to \$25,435.

For several low- and medium-skill occupation categories, however, St. Johns County residents have lower median earnings compared to Floridians as a whole. Food service workers living in the County have median annual earnings of \$11,987—barely above the federal poverty line for a single person—compared to \$14,969 at the state level. County residents in building and grounds cleaning/ maintenance occupations are also somewhat lower paid, with median earnings of \$16,374, compared to \$17,316 at the state level. County residents in personal care and service occupations have median earnings of only \$13,174, compared to \$16,489 at the state level (not shown in Table 3).

In short, many well-paid, white-collar workers live in St. Johns County, but they mask the presence of many residents who work in occupations with depressed wages. Many low-income workers share housing costs with a spouse or roommates, but this is not a failsafe way to make housing affordable. These households can quickly fall into financial crisis due to job loss, illness, child care emergencies, break-down of an automobile, or other disruptions. Additionally, many low-income households consist of single parents with young children²¹.

These lower-paid workers provide services that are vital for the quality of life for wealthier St. Johns County

^c This dataset is for the civilian employed population 16 years and older in St. Johns County. Many employed people who live in St. Johns County have jobs in other counties.

residents, such as cooking restaurant meals, landscaping homes, and cleaning office buildings. Not only do these workers deserve to find affordable homes near their jobs, but they are more likely to

deliver top-quality services to their clients if they are not struggling to keep a roof over their heads.

Table 3. Most Common Occupation Categories Among Civilian Workers (Age 16+) Living in St. Johns County and the State of Florida.
(Source: American Community Survey 2013 5-year estimates.)

Top 10 Occupation Categories Among St. Johns County Residents	
Occupation Category	Median Earnings
Sales and related occupations	\$ 33,196
Management occupations	\$ 80,023
Office and administrative support occupations	\$ 28,808
Food preparation and serving related occupations	\$ 11,987
Business and financial operations occupations	\$ 56,374
Education, training, and library occupations	\$ 39,201
Health diagnosing and treating practitioners and other technical occupations	\$ 70,091
Construction and extraction occupations	\$ 29,649
Building and grounds cleaning and maintenance occupations	\$ 16,374
Personal care and service occupations	\$ 13,174

Top 10 Occupation Categories Among Florida Residents	
Occupation Category	Median Earnings
Office and administrative support occupations	\$ 27,134
Sales and related occupations	\$ 25,435
Management occupations	\$ 56,964
Food preparation and serving related occupations	\$ 14,969
Education, training, and library occupations	\$ 38,256
Building and grounds cleaning and maintenance occupations	\$ 17,316
Construction and extraction occupations	\$ 26,542
Business and financial operations occupations	\$ 48,003
Health diagnosing and treating practitioners and other technical occupations	\$ 62,886
Production occupations	\$ 26,843

Housing and Transportation Costs

Faced with high housing costs in the communities where they work, many families live in outlying communities. However, this strategy is not entirely successful, since many of these families have to pay for long commutes. The Center for Neighborhood Technology [CNT] calculates a “Housing + Transportation Affordability Index” for communities across the nation. Just as 30% is the maximum share of income that a family can affordably devote to housing, CNT has determined that 45% is the maximum affordable share of household income that can be spent on combined housing and transportation costs.

As Table 4 shows, many more St. Johns County households are cost burdened when transportation costs are taken into account^d. All typical households at 80% AMI pay over 45% of their incomes for housing and transportation, and the average household at this income pays 71% of its income for housing and transportation. In addition, 95% of typical median-income households in St. Johns County are cost burdened according to the H + T Index, paying an average of 57% of their incomes for housing and transportation. Housing + Transportation costs are similar in neighboring Flagler County, which has a smaller population than St. Johns County, and are lower in Duval County. Housing and transportation costs are strongly influenced by the flow of workers between counties, as discussed below.

^d These percentages, unlike Census data, are not based on a “universe” of actual households, but are the result of a mathematical modeling exercise using a hypothetical “average” household at 80% AMI (not at or below 80% AMI). The model uses actual regional data on incomes, household composition, workers, housing and transportation costs, and other variables to construct profiles of “average” households and determine their average housing and transportation costs.

Table 4. Housing + Transportation Costs for Residents of St. Johns and Neighboring Counties.
 (Source: Center for Neighborhood Technology [CNT] H+T Affordability Index²².)

County of Residence / Income Level	Average Housing + Transportation Costs (% of Income)	% of Households Paying >45% of Income for Housing +Transportation
St. Johns / 80% of Median Income	71	100
St. Johns / Median Income	57	95
Duval / 80% of Median Income	62	97
Duval / Median Income	50	72
Flagler / 80% of Median Income	71	100
Flagler / Median Income	57	98

Regional Commuting Patterns

Economists who study regional labor markets use a “gravity” model to understand workers’ commuting patterns. Larger economies in a region, which tend to be communities with larger populations, exert a “gravitational pull” on smaller communities, attracting numerous in-commuters. St. Johns County is strongly influenced by the “gravity” of Duval County’s economy, as well as other employment centers in the region.

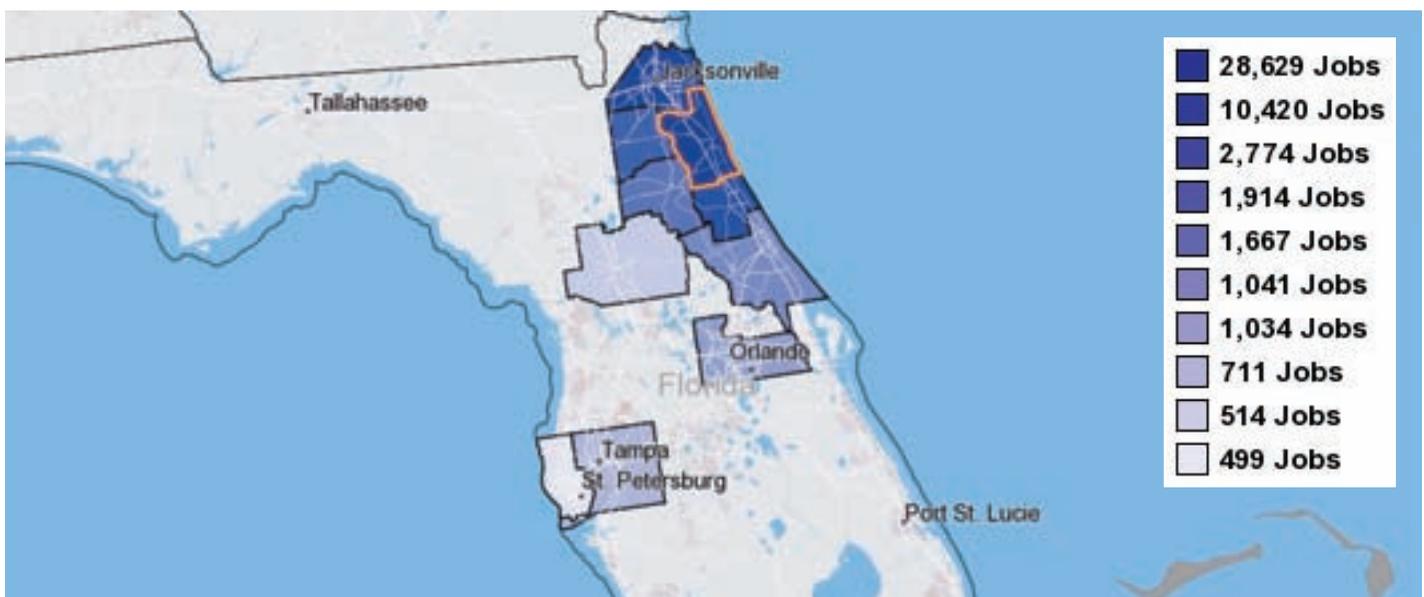
According to the most recent data available, St. Johns County had close to 57,000 jobs. About 28,600 of these jobs were filled by County residents, and the remaining 28,300 jobs were filled by residents of other counties. Most employed people living in St. Johns County commute to other counties for work. By contrast, nearly 77% of people who live in Duval County are also employed there²³.

Over 40% of the jobs held by St. Johns County residents are found in Duval County, more than any other county. A somewhat smaller share of residents (36.5%) stay in St. Johns County to work, and about one in four workers commute to other counties, including Hillsborough.

In addition to being affected by the “gravity” of Duval County and other regional economies, St. Johns County exerts its own gravitational pull on neighboring communities. As Figure 3 shows, over 18% of people who work in St. Johns County live in Duval County, and over 30% come from counties such as Flagler, Clay, and Putnam.

What do these commuting dynamics mean for housing affordability in St. Johns County? It is normal for a moderately

Figure 3. Counties Where St. Johns County Workers Live.
 (Source: U.S. Census Bureau 2011 LEHD data.)



urbanized county to draw in employees from more rural surrounding counties, even as some of its own residents out-commute for work. However, this “normal”, seemingly inevitable pattern may be a manifestation of the housing-transportation tradeoff discussed above. As Table 5 shows, St. Johns County has the highest housing costs in the region. If more people who work in St. Johns County could afford to live here, it would reduce wear and tear on our roads while increasing the tax base.

By the same token, could St. Johns County residents who work in other counties simply move to those counties to reduce their housing and transportation costs? The problem with this approach is that the economic vibrancy and quality of life in St. Johns County is not likely to benefit from an exodus of residents. It takes a critical mass of residents with a variety of job skills

to make St. Johns County the moderately powerful regional economy that it is.

For now, these commuting patterns are the reality in which St. Johns County operates. The issue of combined housing and transportation costs, and the commuting patterns that arise as families make these tradeoffs, are especially relevant to “workforce” housing. Moderately low-income individuals are more likely to work full-time than families at or near the poverty line, and have greater means to purchase and maintain automobiles for inter-county commutes. To encourage our teachers, police officers, and health care workers to live in the County, and to avoid driving skilled young residents away, it is necessary to have a wide range of housing options.

Table 5. Housing Costs in St. Johns County and Surrounding Counties.
(Source: ACS 2013 5-year estimates.)

County	Median Gross Rent	Median Monthly Owner Costs (Units With a Mortgage)
Clay	\$1,013	\$1,487
Duval	\$935	\$1,431
Flagler	\$1,039	\$1,413
Orange	\$1,022	\$1,619
Putnam	\$634	\$992
St. Johns	\$1,073	\$1,850
Volusia	\$898	\$1,326

**SECTION THREE:
Challenges for Renters**

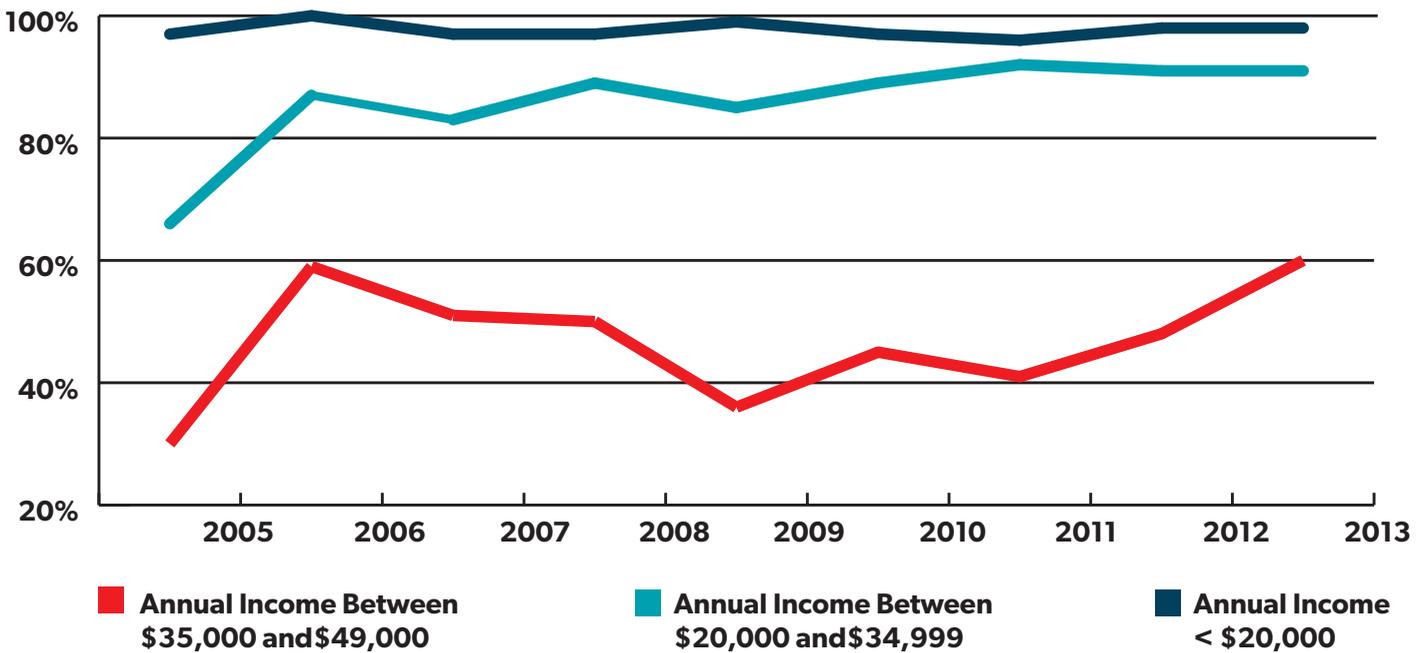
As Section 2 demonstrates, a majority of low-income households in St. Johns County are housing cost burdened. This is especially true for renters, and the prevalence of cost burden among St. Johns County renters is similar to statewide trends (see Appendix 1). The total number of renter households has increased in recent years while the supply of rental housing has remained fairly constant, with a decline in vacancy rates likely meeting the increased rental demand (see Appendix 2). However, more efficient utilization of the existing rental stock in St. Johns County is not enough to meet the housing needs of low-income renters. (See Appendix 3 for a note about methodology for examining trends over time.)

Figure 4 shows American Community Survey data on the percentage of renters at different income brackets that are cost burdened. These income brackets do not perfectly correspond

to federal and state designations of low-income, VLI and ELI households, since they do not account for household size, but they are a useful proxy to examine cost burden over time. Cost burden among renter households with annual incomes below \$20,000 has consistently hovered at or near 100% since 2005. For renter households with incomes between \$20,000 and \$35,000, rates of cost burden have crept up since 2005 and plateaued above 90%.

For renter households with incomes between \$35,000 and \$50,000, the dip in cost burden rates in the early recession years may indicate that landlords and property managers offered discounts and other incentives to renters in an effort to fill vacant units²⁵. It may also be due to a shift in the rental market away from high-cost units (see Figure 11 in Section 5), or to differences in the datasets for each year (Appendix 3). In either case, it is notable that the share of cost burdened renter households in this

Figure 4. Housing Cost Burden among Renters in Lower Income Brackets.
(Source: ACS²⁴.)



income bracket was 60% in 2013, similar to the level in 2006. The data suggests that even if the recession dampened rental costs for renters in this income bracket, the effect is starting to wear off.

The rest of this section discusses several factors unique to low-income renters, and explores why housing cost burden among these renters is high and increasing.

Mismatch Between Rents and Wages

Although St. Johns County has a relatively high median renter income, low-income renter households are nearly as likely to be cost burdened in St. Johns County as in the state as a whole (Appendix 1). Wealthy communities rely on many low-paid employees, including waiters and waitresses, janitors, cashiers, security guards, and nursing assistants. When these employees do not earn enough to afford housing near their jobs, they may have to sacrifice food, healthcare, and other necessities. Alternatively, they may be forced to live in neighboring communities where housing is less expensive, as discussed in the previous section. Both tradeoffs can impact job performance, increasing tardiness, absences due to illness and transportation issues, lost productivity, and employee turnover.

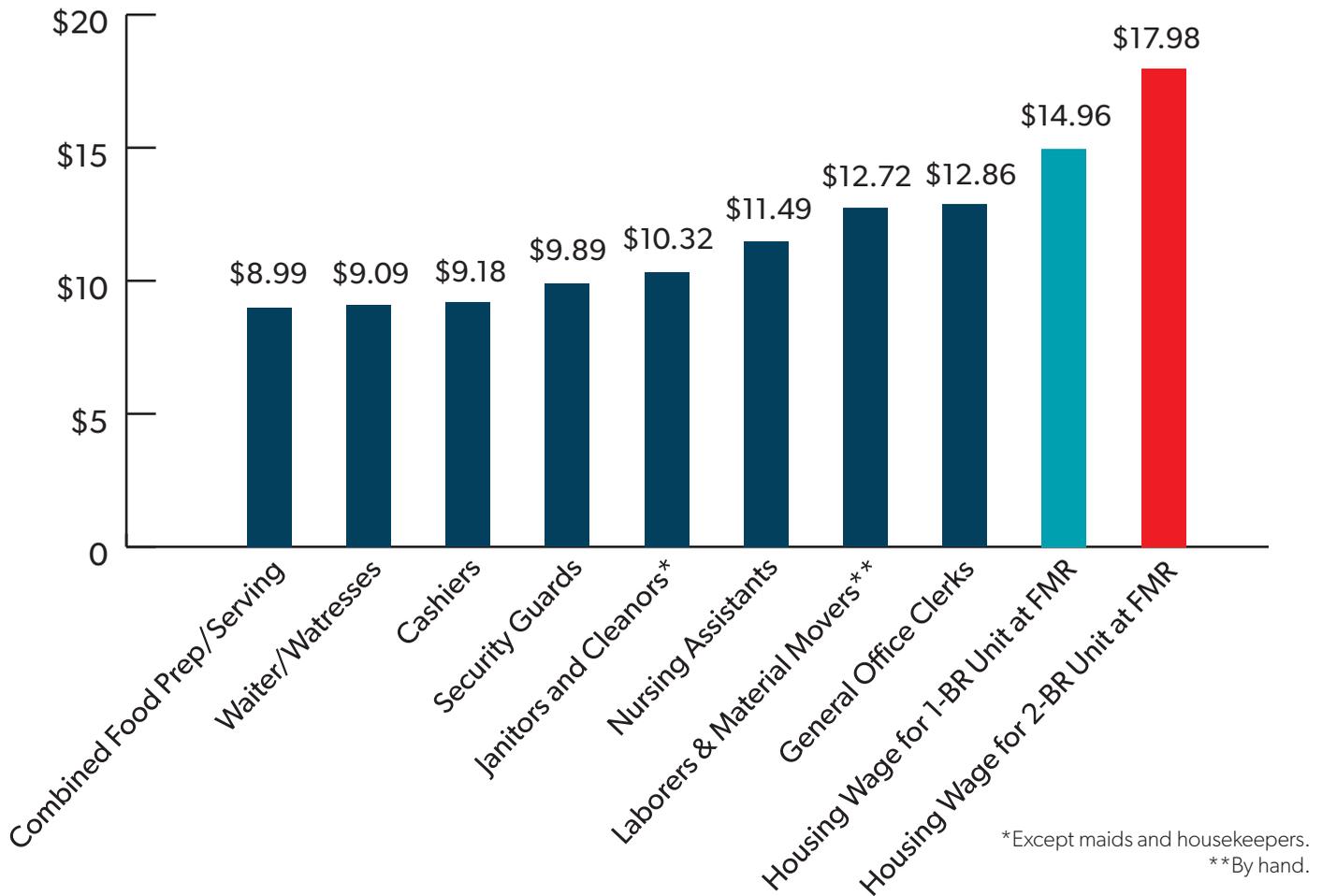
Figure 5 compares the median wages for key low-wage jobs with the hourly wage needed to afford a 1- or 2-bedroom apartment at

Fair Market Rent in the Jacksonville metropolitan area^e. All of the occupations shown are among the top 15 most common in the Jacksonville metro—with the exception of security guards, which are the 23rd most common occupation. The median wages range from \$8.99 for food preparation and serving workers to \$12.86 for general office clerks, and none of the occupations earns enough to afford a one- or two-bedroom apartment at Fair Market Rent.

Strikingly, the “housing wage” to afford a one-bedroom apartment translates to an annual income over \$31,000, assuming the renter works 40 hours per week, 52 weeks per year. As Table 3 shows, many occupation categories in St. Johns County have median annual incomes below this threshold. This includes office and administrative support occupations, as well as construction and extraction occupations. Although the Fair Market Rents in Figure 5 are calculated for the whole Jacksonville metro area, it is unlikely that they overstate housing costs in St. Johns County. As the data in Table 5 suggests, St. Johns County actually has higher housing costs than Duval County. The wages for specific occupations in Figure 10 may be higher or lower in St. Johns County compared to Duval County²⁸, but these figures are useful as a barometer of housing affordability for low-wage workers in St. Johns County.

^e The U.S. Bureau of Labor Statistics makes wage data for specific occupations available at the metropolitan area and balance-of-state level. St. Johns County is included in the Jacksonville metro area.

Figure 5. Comparison of Median Wages and “Housing Wages” for Common Occupations in the Jacksonville Metropolitan Area.
 (Source: Florida Department of Economic Opportunity [DEO] 2014²⁶, National Low Income Housing Coalition [NLIHC] 2014a²⁷.)



Shortage of Affordable and Available Rental Units

St. Johns County does have rental units, both subsidized and unsubsidized, that are affordable to low-income households. However, there are not enough of these units to go around. Not only is the overall supply of affordable rentals limited, but some of these rentals are already occupied by higher-income households. In other words, low-income renters find themselves in a game of musical chairs with other low-income renters and higher-income renters for a limited number of affordable units.

This shortage of affordable and available units is illustrated in the infographic on the adjacent page. For low-income households overall, 98 rental units are affordable and available for every 100 renter households. However, at lower income levels, the shortage is obvious: only 37 affordable and available rentals for every 100 very low-income households, and only 22

affordable and available rentals for every 100 extremely low-income households²⁹.

Please note that this measure may understate the actual prevalence of housing cost burden among low-income households. For example, a household at 60% AMI could live in an apartment affordable at 75% AMI. The household would be cost burdened, but the rental unit would still count as affordable and available to households between 51% and 80% AMI. In fact, slightly over half of renter households with incomes between 51% and 80% AMI are moderately cost burdened in St. Johns County³⁰. In other words, the estimated 98 affordable and available rentals for every 100 low-income households do not completely eliminate housing affordability problems for renters in this income bracket. Nonetheless, very low-income and extremely low-income renters clearly have the highest level of need in St. Johns County.

Tightened Rental Market

On a national level, the rental market recovered much more quickly than the homebuyer’s market. After peaking in 2009, rental vacancies have declined to levels not seen since the early 2000s. This tightening of the national rental market has been attributed to former homeowners entering the rental market after foreclosures, as well as to young families delaying first-time homeownership³¹.

Figure 6 shows rental vacancy rates for St. Johns County and the State of Florida. Rental vacancies in St. Johns County increased from 14% in 2007 to 17% in 2008, and then declined slightly in 2009 (see Appendix 3 for data limitations). Between 2010 and 2013, rental vacancies plunged from 16% to 9%, which may be lower than pre-recession rental vacancy rates. In 2013, the rental vacancy rate had dipped to about 9%, lower than its pre-recession level. Rental vacancy rates in Florida overall have generally been lower, cresting at 12% in 2011 and decreasing slightly to 11% by 2013.

Vacancy rates in any community are usually higher for rental units than for homeownership units, reflecting the fact that renter households tend to move more frequently. As a result, a rental unit is more likely to be vacant at any given time. The generally higher vacancy rates in St. Johns County may reflect a relatively high rate of turnover among tenants, which in turn could point to relatively high levels of economic instability among a subset of renters. It may also reflect a higher concentration of seasonal rentals³³.

In either case, the sharper and quicker decline in vacancy rates in St. Johns County indicates increased competition for rental units. Additionally, the 2013 Analysis of Impediments to Fair Housing reports that over 3,000 rental units have been lost to condominium conversions since the mid-2000s³⁴.

The cost of rental units is, of course, just as important as the supply of vacant rentals for low-income households.

^f In calculating rental vacancy rates, the American Community Survey excludes vacant units that are off the market, it does not distinguish between vacant-for-rent units that are meant for year-round or seasonal occupancy. A rental unit is counted as “occupied” if its inhabitants at the time of the survey live there at least three months out of the year.



As Figure 5 demonstrated, rents in St. Johns County are out of reach for many workers who earn low to moderate wages. This is reflected in the trend of median rents relative to the rents that are affordable to median-income renters, adjusted for inflation (Figure 7).

Despite some year-to-year variability (see Appendix 3), both median gross rents and the rents affordable to median-income renters have been relatively stagnant in St. Johns County since

the depth of the Recession. At the state level, median rents have been similarly stagnant, while affordable rents at median renter income have declined (see Home Matters for Florida 2015). Renter incomes in St. Johns County may be buoyed up by the strong tourism industry and the prevalence of higher-income renters. Nonetheless, median rents have been out of reach for the median-income renter in St. Johns County since 2006, and the gap does not appear to be narrowing.

Figure 6. Rental Vacancy Rates in St. Johns County and the State of Florida. (Source: ACS³².)

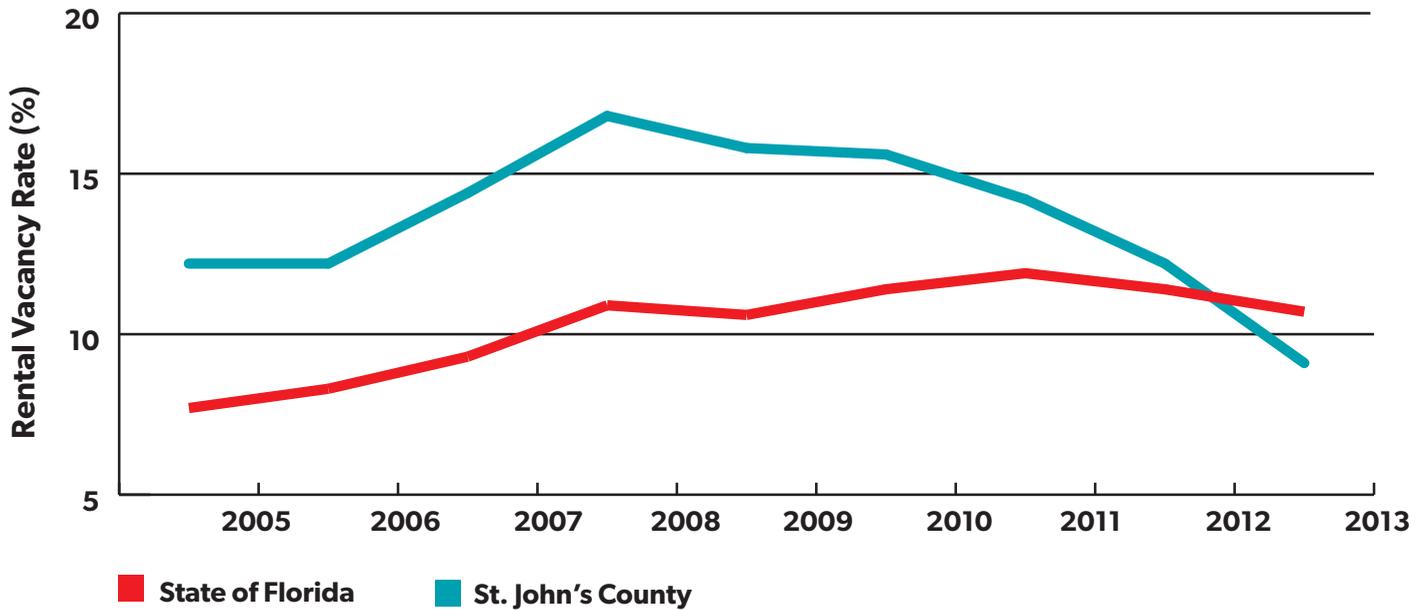
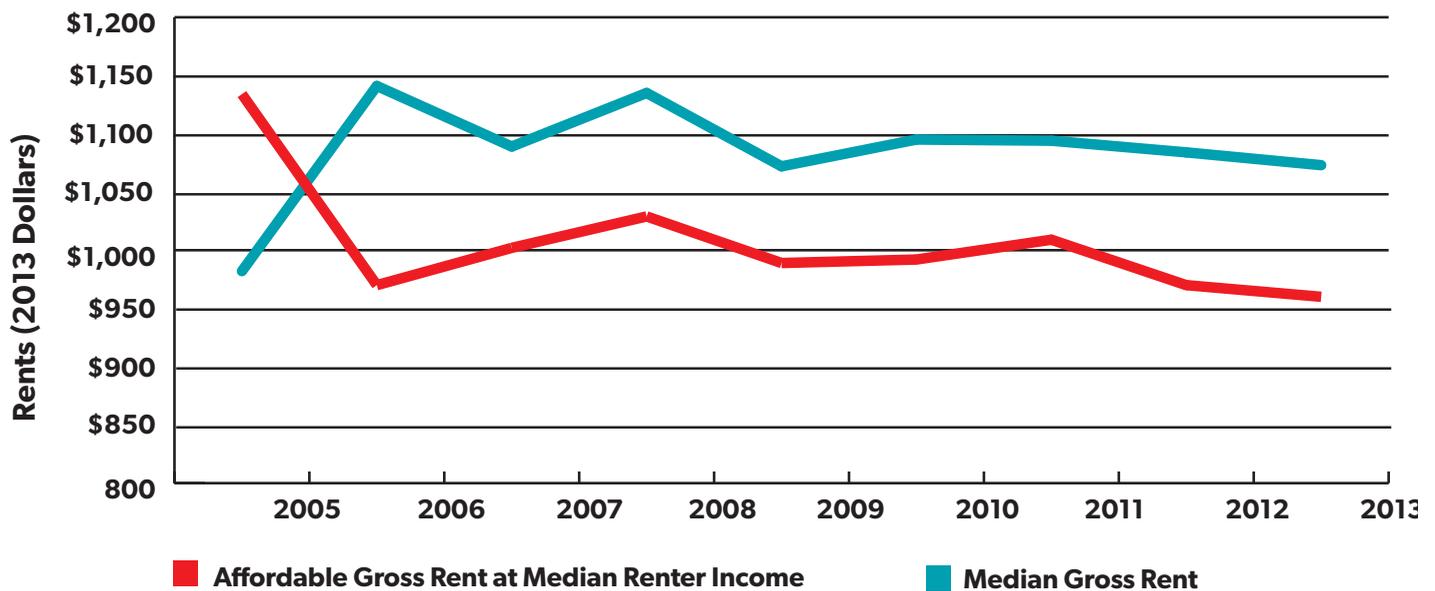


Figure 7. Comparison of Median Gross Rent and Affordable Gross Rent at Median Renter Income in St. Johns County. (Source: ACS³⁵.)



SECTION FOUR:**Challenges for Homebuyers**

Although the Great Recession has tempered American attitudes toward homeownership somewhat, most renters still aspire to own a home one day³⁶. While a community's affordable housing strategy should never neglect or disparage renters, homeownership has undeniable benefits, including a chance to put down roots in a community, gain access to desirable neighborhoods and schools, and build wealth.

For many low- and moderate-income families, homeownership is a viable option—provided it includes strong underwriting criteria and sustainable interest rates (see discussion of Figure 2 on p. 6). Some critics blame the Community Reinvestment Act (CRA) for precipitating the foreclosure crisis, since it requires banks to lend to underserved homebuyers in their communities, but rigorous research dispels this myth. CRA-regulated lenders are subject to strong underwriting standards, and their CRA-related loans have performed similarly to their other mortgage products. Moreover, fewer than 10% of subprime loans in the years before the foreclosure crisis were made by CRA-regulated institutions³⁷, and middle- and high-income homeowners accounted for the most mortgage defaults after 2007³⁸.

Despite the availability of inexpensive bank-owned and short sale homes in the wake of the foreclosure crisis, many Florida communities still have high populations of cost burdened owners and a limited supply of affordable homes for sale. This is certainly true in St. Johns County, where home prices are relatively high and over half of low-income, cost burdened households own their homes (see Figure 2). This section compares the wages of several occupations in K-12 education, an important sector of the economy in St. Johns County, with the wages needed to afford a median-priced home. We then examine the supply of homes for sale at different price points in St. Johns County.

Low Wages Relative to Local Home Prices

The Home Matters for Florida 2015 Report showed that median home prices in three metro areas (Melbourne, Tampa, and Miami) are out of reach for many low- and moderate-income

professionals and paraprofessionals in industries that provide essential services, such as health care, education, and public safety. In St. Johns County, the affordability of homes for K-12 education employees is of particular interest, since the School District plans to build over 10 new schools in the next decade.

According to data from the St. Johns County Property Appraiser on qualified warranty deed sales of single-family homes, townhomes and condominiums, the median sale price for homes sold between October 1, 2013 and September 30, 2014 was \$257,000. This is considerably higher than the statewide weighted median price of about \$166,300 for single-family homes, townhomes, and condos in 2014³⁹. The 2013 Analysis of Impediments to Fair Housing found that St. Johns County has higher home prices than the state as a whole for two reasons: 1) homes are more expensive per square foot, and 2) homes tend to be larger.

As Figure 8 shows, the County's median home sale price is well out of reach for several school employees with entry-level salaries, including teachers, secretaries and administrative specialists, custodians, and food service managers and workers⁸. A teacher, for example, could not afford to buy a median-priced home even if s/he had a spouse with the same annual income. Even with supplemental income from other jobs, these school employees would be unable to afford homes (see box on page 19 for assumptions about supplemental income).

Each entry-level school district employee shown in Figure 9 also falls short of the income needed to buy a home at \$150,000, a price often used to describe starter homes. The required annual income for a \$150,000 home, \$48,926, is close to the HUD income limit of \$50,550 for a low-income family of four in the Jacksonville metro area.

Food service workers and custodians fall short of the income needed even to rent a one-bedroom unit at fair market rent. The ability of food service managers to afford a one- or two-bedroom apartment at Fair Market Rent is dependent on their ability to supplement their salary from the School District.

⁹ The assumptions for calculating "housing wages" for median-priced homes were as follows: 1) 30-year fixed rate mortgage at 4% interest, 2) FHA-insured with a 3.5% down payment, 3) Front-end ratio of 31%, back-end ratio of 41%, 4) All other household debt service is 18% of annual income, 5) Assessed value is 85% of the purchase price, 6) Homestead exemption is \$50,000, 7) Mill levy is \$18.84, and 8) Property and mortgage insurance combined is 1% of the purchase price annually.

Figure 8. Comparison of Annual Incomes for Selected Entry-Level, K-12 School Employees to Annual Incomes Needed to Afford Local Housing. (Source: St. Johns County School District 2015⁴⁰, St. Johns County Property Appraiser 2014⁴¹, Florida DEO 2014.)

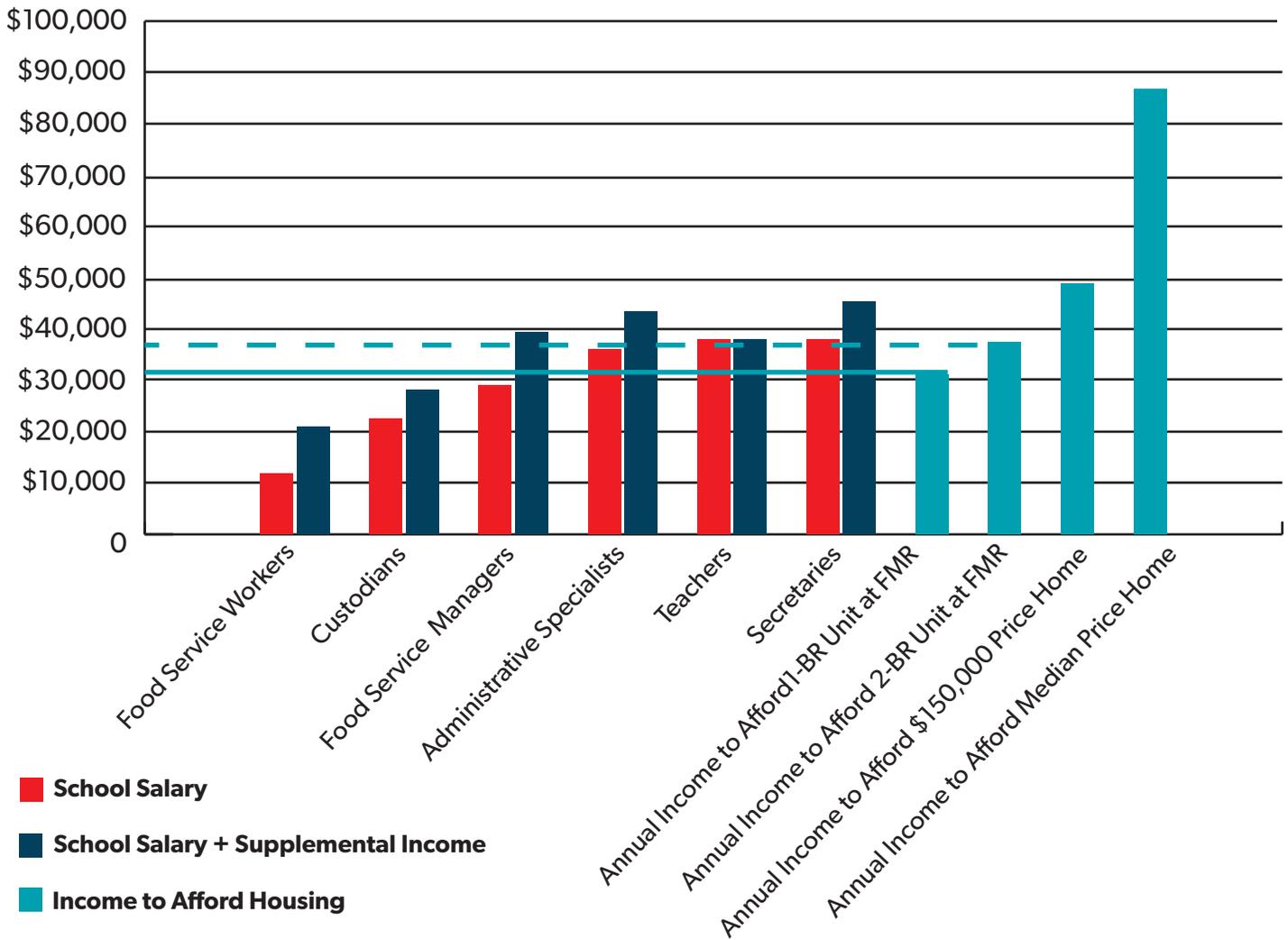
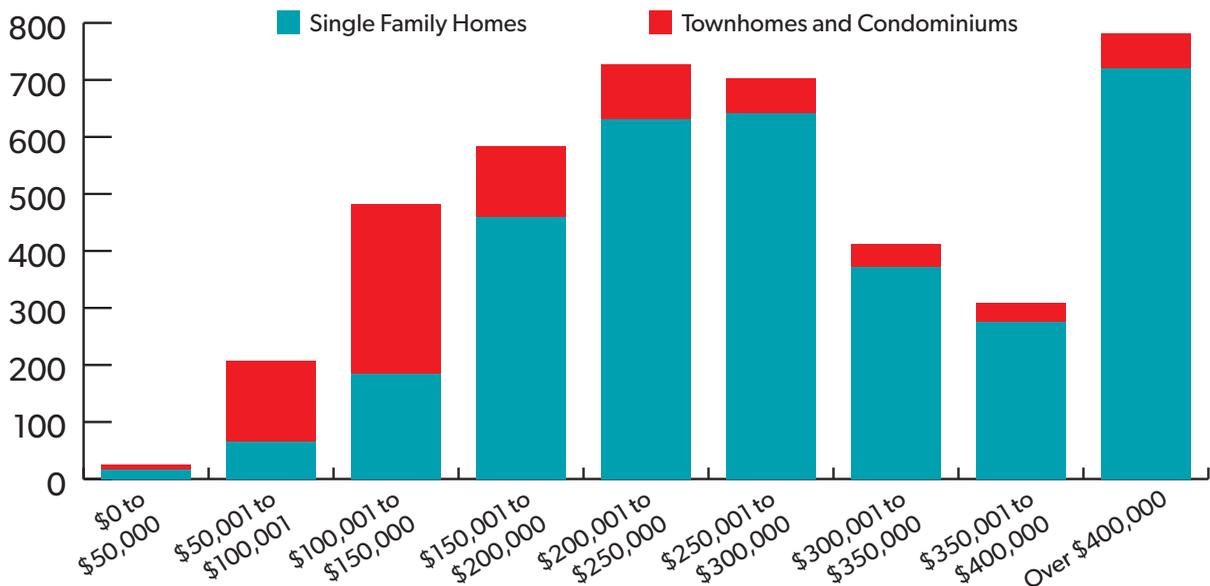


Figure 9. Sale Prices of Single-Family Homes, Townhomes, and Condominiums Sold from 10/1/13 to 9/30/14 (qualified warranty deed sales). (Source: St. Johns County Property Appraiser.)



Limited Supply of Moderately Priced Homes

Even if low- and moderate-income workers in St. Johns County cannot afford median-priced homes, they may be able to buy more modestly priced homes in the local inventory. However, the supply of homes at price points available to these workers and their families is limited. Figure 9 shows the distribution of sale prices for single-family homes, townhomes, and condominiums sold between October 1, 2013 and September 30, 2014. The market is clearly skewed toward higher-priced homes, with sales over \$150,000 accounting for 83% of the total.

In the 51% to 80% AMI income bracket, St. Johns County has 2,095 cost burdened renters⁴², of which 460 are severely cost burdened

(see Figure 2). Many of these renters would undoubtedly like to buy a home someday. The 714 homes sold for \$150,000 or less could, in theory, have made a dent in the severely cost-burdened renter households between 51% and 80% AMI^h. However, this number would fall far short of housing moderately cost burdened renters—let alone the 2,045 severely cost burdened owners who may want to downsize to a less expensive house (Figure 2). Moreover, this home sale data tells us nothing about the condition of the homes. Many of the less expensive single-family homes and condos may be “fixer-uppers” that require tens of thousands of dollars in repairs.

^h According to HUD’s 2014 income limits, the maximum income for low-income households in the Jacksonville metro area ranges from \$35,400 for a single person to \$66,750 for an 8-person household. Whether the supply of homes for sale at or below \$150,000 could meet the needs of low-income, severely cost burdened renter households depends on the number of bedrooms in the homes and the sizes of the renter households.

Annual Salaries & Estimated Supplemental Income of Selected St. Johns County School District Employees

The table below shows detailed data for Figure 8. The St. Johns County School District, upon request, selected five occupations for which to provide data on entry-level salary, number of days working for the School District during each calendar year, and the duration of a daily shift. We assumed that entry-level employees in the selected occupations (except for teachers) work 8 hours per day in a comparable occupation on days that they are not working for the School District. Please note that these days are not all consecutive—they include weekends and holidays during the school year, in addition to summer break. Since it would be impractical for school employees to fill all of these days with supplemental employment, our estimates of supplemental income are conservatively high.

For supplemental employment, we used the entry-level wage for comparable occupations from the Florida Department of Economic Opportunity’s Occupation and Employment Statistics (OES). Entry-level wages are appropriate because 1) the analysis focuses on entry-level School District employees, and 2) these employees have such narrow windows of time outside of their School District work that they may rely on staffing agencies, which pay lower wages than direct employment.

According to the School District data, food service workers have 6-hour shifts, teachers have 7.5-hour shifts, and the other three occupations have 8-hour shifts. We considered teachers to have full-time work, since they spend many hours outside of school grading papers and creating lesson plans. However, we assumed that food service workers would seek enough supplemental employment to bring their average work day up to 8 hours.

School Employee	Entry-Level Annual Salary	Days Not Working at School	Comparable Occupation	Entry-Level Wage	Total Income When Not at School	Total Annual Income
Teachers	\$38,000	169	N/A	N/A	N/A	\$38,000
Food Service Workers	\$11,914	179	Combined Food Preparation and Serving Workers	\$8.45	\$9,090	\$21,004
Custodians	\$22,599	113	Janitors and Cleaners	\$8.48	\$5,476	\$28,075
Secretaries	\$38,000	169	Secretaries and Administrative Assistants	\$10.40	\$7,429	\$45,429
Administrative Specialists	\$36,000	179	Secretaries and Administrative Assistants	\$10.40	\$7,429	\$43,429
Food Service Managers	\$29,050	113	First-Line Supervisors of Food Preparation and Serving Workers	\$10.90	\$10,277	\$39,327

(Source: St. Johns County School District 2015, Florida DEO 2014.)

SECTION FIVE:

Future Trends

The number of low-income, cost burdened households in St. Johns County is expected to rise in tandem with overall population growth, and the production of homes and apartments affordable to low-income families is not likely to keep pace under a business-as-usual scenario. Of particular concern is the “Silver Tsunami”, which will increase the population of low-income elderly people who are subject to high housing costs, and at risk of being institutionalized at taxpayer expense. This section provides a qualitative analysis of the future of housing affordability in St. Johns County.

More Low-Income, Cost Burdened Households

The Shimberg Center for Housing Studies at the University of Florida projects the number of cost burdened households by age of household head, income bracket, and tenure through 2040⁴³. As Table 6 shows, the number of low-income households that are severely cost burdened is expected to increase by over 9,000 between 2015 and 2040, from 12,128 households to 21,245 households. The number of low-income, elderly-headed, severely cost burdened households will more than double, from 3,432 in 2015 to 7,684 in 2040. On average, the projected annual growth rate of low-income, severely cost burdened households is 365. For the subset of these households that are headed by an elderly person, the projected annual growth rate is 170 households.

Affordable Housing Demand Likely to Exceed Supply

The projected increase in low-income, cost-burdened households shown in Table 6 does not take into account any new affordable

housing production. However, if affordable units (both subsidized and unsubsidized) are produced at a constant rate through 2040, it is unlikely that they will meet the future need for affordable housing.

For low-and moderate-income homebuyers, new building activity in St. Johns County will not necessarily relieve the pressure on home prices. Although the County Building Department issued 2,533 single-family permits in 2014, the average building value (excluding land value) was over \$279,000⁴⁴. By comparison, the average sale price (building and land combined) of single-family homes sold between 10/1/2013 and 9/30/2014 was \$275,000⁴⁵. It appears that new single-family home construction is targeted to the same affluent buyers who currently dominate the County’s home sale market.

In the rental market, the share of units with rents of \$1,250 and higher has declined, while the share of units renting for \$800 to \$999 has increased (Figure 10). Gross rents between \$800 and \$999 are affordable to households with annual incomes between \$32,000 and \$39,960, but Figure 10 shows contract rents for vacant-for-rent units. Taking utility costs into account, some of these units may be affordable to families at the high end of the low-income spectrum. However, there are several reasons not to place excessive confidence in the ability of the private rental market to serve these families:

1. The data in Figure 10 does not compare the mix of moderately priced units to the average size of moderately low-income families. For example, a family of four would be

Table 6. Projections of Low-Income, Severely Cost Burdened Households in St. Johns County*.
(Source: Shimberg Center for Housing Studies 2015a.)

Household Type	2015	2020	2025	2030	2035	2040	Average Annual Change (# of Households)
All Low-Income, Severely Cost Burdened Households	12,128	14,371	16,368	18,214	19,804	21,245	365
Low-Income, Severely Cost Burdened Owner Households	7,062	8,469	9,666	10,867	11,812	12,722	226
Low-Income, Severely Cost Burdened Renter Households	5,066	5,902	6,702	7,347	7,992	8,523	138
Low-Income, Severely Cost Burdened Elderly-Headed** Households (Owner and Renter)	3,432	4,544	5,545	6,684	7,254	7,684	170

*The data for all years shown are projections.

**Household head is 65 or older.

understandably reluctant to rent a unit with only one or two bedrooms, especially if they have children of different sexes.

2. The supply of vacant-for-rent units between \$800 and \$999 may not increase indefinitely. The increase seen during the recession and its aftermath may be a market correction after the excesses of the housing boom.
3. As discussed on p. 14, low-income renters are competing with higher-income households for moderately priced rentals.
4. Even if enough vacant-for-rent units were affordable and available for families between 51% and 80% of AMI, these families may prefer to buy homes. As Figure 10 shows, St. Johns County offers limited homeownership opportunities even for families near the top of the low-income spectrum.

The share of vacant-for-rent units below \$799 per month—those most affordable to the lowest-income families—is small and gradually declining. Units renting for \$600 to \$799 per month decreased from 18% of vacant-for-rent units in 2009 to 15% in 2013—from 584 to 329 units in absolute numbers. During the same period, units renting for \$599 or less decreased from 9% to 8% of vacant-for-rent units, an absolute drop from 286 to 162 units. These low-cost rental units tend to be older than the

overall rental housing stock, and are at greatest risk of loss due to demolition or conversion to higher-cost units⁴⁷.

The subsidized portion of the rental market in St. Johns County is limited, and the rate of production is slow. The County currently has 1,482 subsidized rental units in 25 privately owned developments (Table 7), with funding sources including the State Apartment Incentive Loan (SAIL) program, Low Income Housing Tax Credits, rental assistance contracts from HUD and the U.S. Department of Agriculture, state HOME funds, local bonds, and others. Since 2005, the County has lost three affordable housing developments with a total of 156 units, due to their affordability restrictions expiring. By 2024, another three developments with a total of 86 units may be lost from the County’s affordable housing stock. If the affordability restrictions for these developments are not extended, St. Johns County will have lost about 12 subsidized units per year between 2005 and 2024.

Production of subsidized housing in St. Johns County has slowed since the height of the housing boom. Between 2000 and 2007, nine developments with a total of 917 units were constructed, a production rate of about 115 per year. Most of these units are in six multifamily developments listed in the Shimberg Center’s

Figure 10. Rent Asked for Vacant-For-Rent Units in St. Johns County. (Source: ACS⁴⁶.)

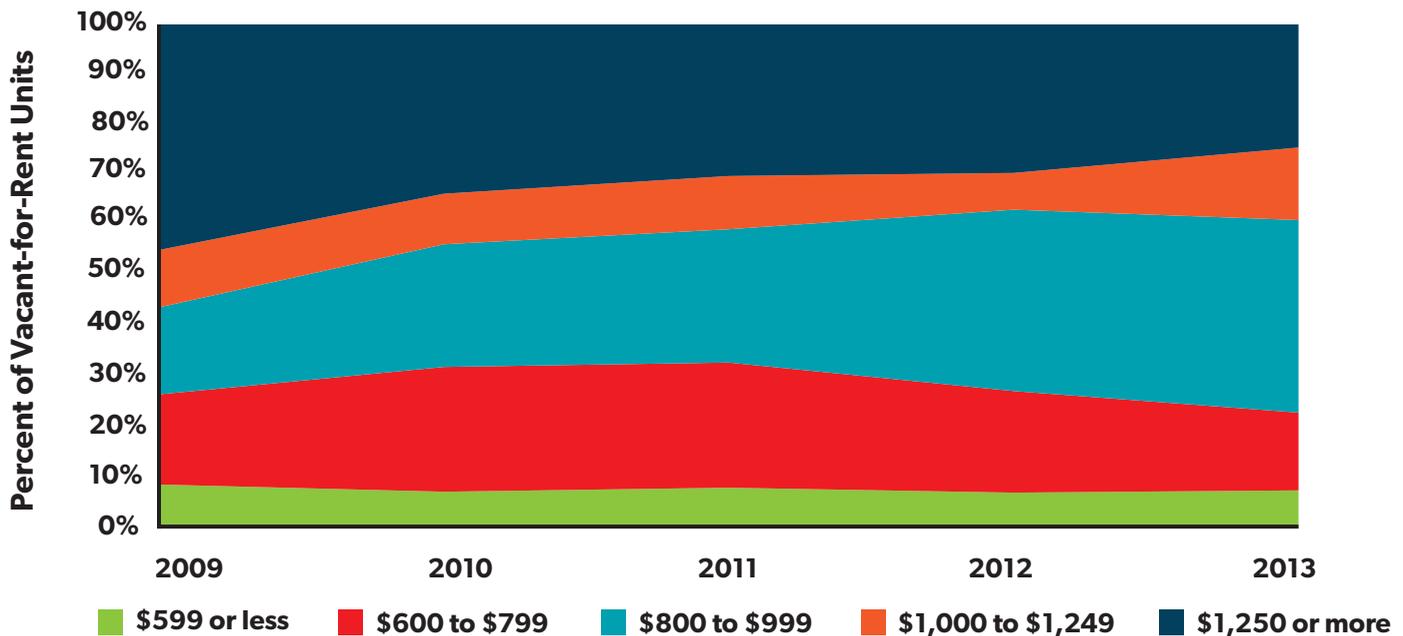


Table 7. Privately Owned, Subsidized Rental Housing in St. Johns County.

(Source: Shimberg Center for Housing Studies 2015b⁴⁸, data provided by local affordable housing providers⁴⁹, personal communication with property managers⁵⁰, Florida Housing Finance Corporation⁵¹.)

Category	Number of Units	Number of Developments
All subsidized rental housing currently in service	1,482	25
Lost from subsidized rental stock since 2005	156	3
Affordability restrictions set to expire before 2025	86	3
Subsidized rentals constructed between 2000 and 2007	917	9
Subsidized rentals approved for funding, not yet in service	10	2

Assisted Housing Inventory, which tracks rental units constructed or rehabilitated with major federal, state, and local funding sources (e.g. Low Income Housing Tax Credits, HUD and USDA rental assistance, state HOME funds, local bonds, etc.). Since 2008, local housing providers have added 70 new units, or about 10 per year, to the affordable rental stock through construction, acquisition, master leasing, or assumption of management responsibilities. Another ten units have been approved for funding, and will likely come online in 2015 or 2016. See Appendix 5 for a list of all subsidized rental developments in St. Johns County.

The Shimberg Center's Assisted Housing Inventory does not explicitly track units subsidized by the County's State Housing Initiatives Partnership (SHIP) program, an important locally controlled funding source discussed in Section 6. SHIP provides assistance primarily for homeownership activities, but also supports rental housing. In St. Johns County, SHIP assistance strategies include purchase assistance, rehabilitation of owner-occupied housing, disaster recovery, assistance with utility connection fees, and rental construction subsidies. In recent years, the number of housing units in the County assisted by SHIP has ranged from 12 in the 2011-12 fiscal year, when funding was severely limited, to 114 in the 2008-09 fiscal year. Between the 2006-07 and 2011-12 fiscal years, SHIP assisted an average of 64 housing units per year⁵².

In a business-as-usual scenario, the annual rate of units assisted by SHIP and state multifamily rental funds is not likely to keep pace with the annual increase in severely cost burdened households, let alone help the pool of severely cost-burdened households already living in St. Johns County. If we optimistically use available data for the most productive years for affordable housing (115 multifamily rental units + 114 SHIP-assisted units⁵³), the number of units assisted would fall short

of the annual increase in severe cost burden (365 households annually; see Table 6).

Moreover, St. Johns County is unlikely to return to pre-recession rates of affordable housing production in the near future, assuming a business-as-usual scenario. In recent years, affordable multifamily developers have had difficulty qualifying for Low Income Housing Tax Credits (LIHTC), an important source of financing for large developments. Since SHIP funds were often used as gap financing for LIHTC developments, the annual count of SHIP-assisted units is likely to be lower as well. Section 6 discusses strategies for overcoming "business-as-usual" in St. Johns County.

Silver Tsunami

As Table 6 shows, the number of low-income, elderly-headed households that are severely cost burdened in St. Johns County is expected to increase from about 3,400 in 2015 to over 7,600 in 2040. As people age, they are more likely to live on fixed incomes and have disabilities, and may struggle to remain in their homes due to high housing costs or lack of handicap-accessibility features. Aging baby boomers, in particular, are more likely to have high debt loads and less likely to have pensions than the generation that preceded them, further limiting their ability to move to more affordable, accessible homes or pay for retrofits to their current homes. Elders whose homes are unaffordable or lacking accessibility features may be forced to cut back on other necessities or move into nursing homes or assisted living facilities—at considerable taxpayer expense⁵⁴.

The homeownership rate among elderly-headed households in St. Johns County is projected to be 84% in 2040 (Appendix 4), about the same as in 2015. Homeowners generally enter old age in a better financial position than renters, since they often have paid off

their mortgages and have more wealth (in their homes and other sources)⁵⁵. Indeed, in St. Johns County, only 12% of elderly-headed owner households are predicted to be low-income and severely cost burdened in 2040, compared to 31% of elderly-headed renter households. However, since the homeownership rate among elderly-headed households is so high, the majority of low-income, severely cost burdened elderly households will be homeowners.

In many cases, elderly homeowners live in aging units that are water-and energy-inefficient. Even if property taxes, insurance, and any remaining mortgage costs are affordable, high water and energy costs may push an elderly homeowner's total housing costs above the cost burdened threshold. These homeowners benefit from federal, state, and local programs that subsidize energy and water conservation measures, including sealing cracks in the building envelope, improving insulation, fixing water leaks, installing low-flush toilets, and repairing or replacing inefficient heating and cooling units.

Whether or not they meet the definition for being housing cost burdened, low-income elderly homeowners may face challenges with housing quality and accessibility. For these elders, financial assistance with rehabilitations and retrofits—including installing wheelchair ramps, installing grab bars in bathrooms, and widening doorways to make them wheelchair-accessible—can make the difference between aging in place and being forced to move.

The County's SHIP program often helps to pay for these repairs, and 25% of SHIP-assisted units between the 2006-07 and 2011-12 fiscal years were occupied by or targeted to elderly-headed households. The share of low-income, severely cost burdened owner households that are elderly-headed is projected to increase from 33% in 2015 to 42% in 2040, suggesting that the County's SHIP program will have to spend a greater share of its funds on programs such as owner-occupied rehabilitation.

For elderly renters that are low-income and severely cost burdened, subsidized and handicapped-accessible housing is often the best approach. In fact, subsidized rental housing is generally more likely to have accessibility features than unassisted rentals⁵⁶. The share of low-income, severely cost burdened renter households that are elderly-headed is projected to increase from 22% in 2015 to 28% in 2040. Among the County's privately owned, subsidized rental housing (see Table 7), about 33% of units are targeted

toward elderly households. This suggests that affordable rental production is already well calibrated to the relative needs of elderly and non-elderly low-income households.

If St. Johns County shifted all of its affordable housing resources to constructing and rehabilitating housing for elders, it would pit this population's needs against the needs of children, their parents, people experiencing homelessness, and non-elderly people with disabilities. The best way to ensure that St. Johns County meets the housing needs of its growing elderly population is to ensure that local and regional affordable housing developers have the resources they need to serve both elderly and non-elderly households. Public- and private-sector support for dwelling-level and neighborhood-level features that improve accessibility—including wheelchair accommodations and access to public transit—will ensure that elders benefit from future affordable housing development.

With the help of SHIP funds, Mr. Pullium was able to replace his garden tub with a low-threshold shower equipped with grab bars and a bench.



SECTION SIX:

Affordable Housing Resources

Despite being a wealthy community, popular with tourists and retirees, St. Johns County has a substantial minority of households that are low-income and struggling with high housing costs. Both median rents and home sale prices are out of reach for many low-income workers, and the supply of modestly priced homes and apartments is limited. For working families who find lower-cost housing far from their jobs, their combined housing and transportation costs can easily absorb over half of their income. Meanwhile, an increasing number of individuals and families are literally homeless, doubled up, or living in motels. Going forward, the production and preservation of affordable housing in St. Johns County is not likely to keep pace with increased demand, let alone meet the needs of those who are already cost burdened or without permanent housing.

In the next few years, St. Johns County expects to become a HUD entitlement community, making it eligible for much-needed direct HOME and Community Development Block Grant allocations. However, there will always be a need for a locally controlled, highly flexible funding source, both to serve as a local match and to fund activities that may not comply with federal housing programs. State and local affordable housing funds can also buffer against fluctuations in federal funding. In St. Johns County and other Florida communities, the Sadowski State and Local Housing Trust Funds meet this need. The following section describes the structure and impact of the Sadowski Funds in St. Johns County, and their role in leveraging public-private partnerships.

Sadowski History and Major Programs

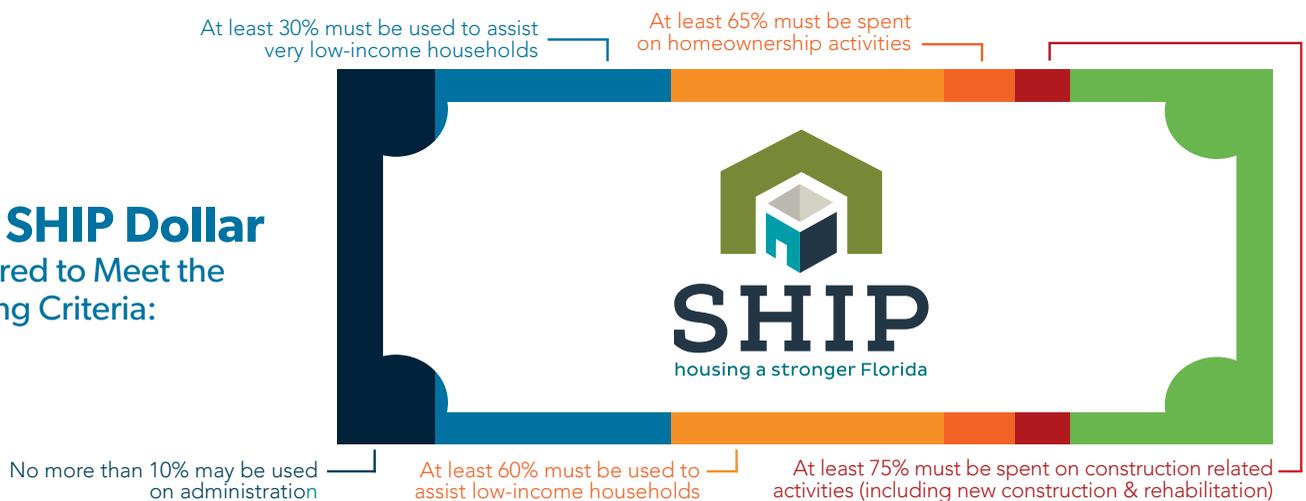
More than 20 years ago, a diverse coalition of Florida’s affordable housing advocates, business and industry groups, and faith-based organizations recognized the need for a dedicated state revenue source for affordable housing. In 1992, the state legislature passed the William E. Sadowski Affordable Housing Act, named after a Department of Community Affairs secretary who had recently died in a plane crash. The Sadowski Act raised the state documentary stamp tax on deeds by ten cents per \$100 of the property’s value¹, and directed the new funds to two trust funds, one for local governments and one for the state.

The Local Housing Trust Fund supports the State Housing Initiatives Partnership (SHIP) program, which primarily funds the production and preservation of affordable ownership housing for low- and moderate-income households. The Florida Housing Finance Corporation uses a population-based formula to distribute SHIP funds to all 67 counties and to cities eligible for Community Development Block Grant (CDBG) funds. SHIP is most commonly used to support home construction, rehabilitation to make homes safe and/or handicapped accessible, and down payment assistance. It gives local governments plenty of flexibility to meet local needs and preferences, as long as a few basic requirements are met. These requirements, found in Florida Statute 420, include:

- At least 65% must be spent on homeownership activities
- At least 75% must be spent on construction (including new construction and rehabilitation)
- At least 30% must be used to assist very low-income households
- At least 60% must be used to assist low-income households
- No more than 10% may be used on administration

¹ In 1995, the State Legislature shifted another ten cents of documentary stamp tax revenue from general revenue to the Sadowski trust funds.

Each SHIP Dollar is Required to Meet the Following Criteria:



The State Housing Trust Fund supports several activities, including administration of the Sadowski funds by Florida Housing. The main Sadowski-funded state program is the State Apartment Incentive Loan (SAIL) program. SAIL provides funding on a competitive basis for the construction of affordable multifamily rental housing. SAIL usually serves as “gap financing” for developments with other funding sources, such as the Low Income Housing Tax Credit.

Impact of Sadowski Funds in St. Johns County

The amount of SAIL funding that St. Johns County receives in any given year depends on whether proposed developments in the County receive SAIL funds from the State. SHIP funding, on the other hand, is guaranteed so long as the State Legislature appropriates the Sadowski Trust Fund monies dedicated for this purpose. If the funds are fully appropriated for housing, St. Johns County is expected to receive over \$1.9 million in SHIP funds in FY 2015-2016 (Table 8). This SHIP allocation would leverage over \$8.3 million in additional public and private funds—a ratio of 4.4 to 1. The funds leveraged by SHIP would assist 79 owner-occupied and 28 rental units, creating nearly 200 jobs and generating over \$24.8 million in economic impact for the County. (See the Sidebar on page 23 for a local example of using SHIP to leverage other resources.)

In addition to boosting the County’s economy, SHIP has given numerous low- and moderate-income families a hand up (Table 9). SHIP assisted 382 housing units in St. Johns County between FY 2006-07 and FY 2011-12. During this time period, the share of SHIP-assisted units occupied by elderly and homeless households

is similar to that for statewide SHIP expenditures. The share of SHIP-assisted units occupied by households with a member with developmental disabilities (1.3%) was lower than for the state as a whole (3.1%). For their FY 2013-14 and 2014-15 allocations, all SHIP communities will likely report higher shares of assisted units occupied by people with developmental disabilities, due to proviso language requirements in the legislative appropriation of SHIP funds for these years.

Additional Funding Sources

As important as the Sadowski Trust Funds are, they were never meant to single-handedly meet the affordable housing needs of Florida communities. They were intended to leverage a wide variety of public and private resources, including federal funding programs, local government contributions, support from local foundations and businesses, and volunteer hours. Local “skin in the game” is especially important—it shows that the community recognizes how a broad range of housing options improves its overall quality of life.

The beginning of this section discussed the potential benefits to St. Johns County of becoming a HUD entitlement community. Additional public support could come in the form of increased general revenue commitments from the County government, as well as a commitment from the Community Redevelopment Agency to include affordable housing in new residential and mixed-use developments. Consistent support from local public agencies allows affordable housing developers to gain experience and organizational capacity, laying the groundwork for leveraging private-sector contributions.

Table 8. Estimated Economic Impacts of State Housing Initiative Partnership Funds in St. Johns County (Source: Sadowski Coalition 2014⁵⁷.)

Type of Impact	Amount of Impact
Projected Trust Fund Revenue in FY 15/16	\$1,907,266
Other funds leveraged	\$8,364,993
Owner-occupied units assisted	79
Rental units assisted	28
Total jobs created	197
Total economic activity generated	\$24,831,537

Table 9. SHIP-Assisted Units in St. Johns County and the State of Florida. (Source: Florida Housing Finance Corporation⁵⁸.)

SHIP Impact FY 2006-2007 to 2011-2012	Target Population	
	St. Johns County	State of Florida
Total units	382	34,872
Elderly (% of Total Units)	25%	24%
Homeless (% of Total Units)	1.3%	1.4%
Developmental Disabilities (% of Total Units)	1.3%	3.1%

Conclusion

Affordable Housing is Essential for St. Johns County

Having a healthy, affordable place to call home is the foundation of our lives and the basis of a strong local economy. Affordable housing allows low- and moderate-income working families to live near their places of employment, and enables our elderly and disabled family members on fixed incomes to be integrated in their neighborhoods.

- Affordable housing construction and rehabilitation stimulates local economies by creating jobs and generating business for contractors and suppliers.
- Affordable housing improves a family's physical and mental health, and helps children excel in school.
- For the elderly and people with disabilities, affordable community-based housing is one-third of the cost of institutional care.
- For people who are chronically homeless, affordable housing breaks the costly cycle through hospitals, jails, and other taxpayer-funded crisis systems, saving about \$20,000 per person per year.

We Don't Have Enough Affordable Housing in St. Johns County:

- 14,370 households are paying more than 30% of their incomes for housing, the maximum amount considered affordable by experts.
- About 6,800 very low-income households are severely cost burdened, meaning that they pay more than 50% of their incomes for housing.
- Nearly 680 school-aged children and youths were doubled up with family and friends, living in motels, in homeless shelters, or on the street in academic year 2012-13, a 98% increase from academic year 2009-10.
- The number of unaccompanied homeless children and youths in our public schools increased by 171% between the 2009-10 and 2012-13 academic year.
- St. Johns County has the region's highest housing prices, and a typical low-income family pays 71% of its income for housing and transportation costs combined.

Many St. Johns County Workers Don't Earn Enough to Pay for Housing:

- Many low-wage workers in the region's most common occupations—including nursing assistants—don't earn

enough for a 1-bedroom apartment at Fair Market Rent.

- Even at the median renter income of \$38,414, a median-priced rental unit in St. Johns County is unaffordable.
- St. Johns County has only 37 affordable and available rental units for every 100 very low-income renter households.
- Median-priced homes in St. Johns County are well out of reach for many low- and moderate-income homebuyers, including many public school employees. Modestly priced homes for sale are in short supply.

Business as Usual Won't Keep Pace with Affordable Housing Need:

- The total number of low-income, severely cost burdened households is projected to increase by over 9,000 between 2015 and 2040, and the number of low-income elderly households that are severely cost burdened will more than double.
- New single-family homes and rental vacancies are not likely to be offered at prices affordable to low-income families.
- The current level of affordable housing subsidies available in St. Johns County will not keep pace with the rising demand for affordable housing.
- To ensure that the County's growing elderly population can live safely in their homes for as long as possible, we must scale up our affordable housing construction and rehabilitation efforts across the board. Accessibility retrofits are also vital to keeping elders in their homes.

St. Johns County is at a Crossroads

In many ways, St. Johns County is grappling with the consequences of its own success. Because we are an attractive community with low taxes, our population and demand for services have grown. As County citizens discuss the best way to sustain the public services that contribute to our high quality of life, we must remember that "we"—all of us—are members of this community and have a basic need for safe and affordable housing. Our janitors and nursing assistants are just as much a part of our community as our doctors, lawyers, and retirees. Our economy depends on the ability of every worker, job seeker, elder, and person with disabilities to have a decent place to call home.

When a significant share of our population can't find decent affordable housing, our quality of life is eroded. Employers struggle with

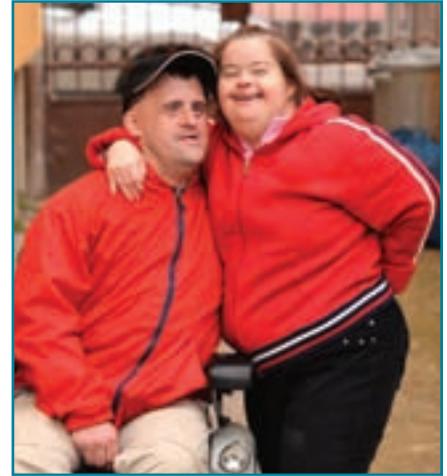
higher employee absenteeism, tardiness, and turnover, and customers get poorer service. Residents in substandard, low-cost housing struggle with poor indoor air quality, high utility costs, and other health and safety issues. The hidden costs of insufficient affordable housing include higher health insurance premiums, uncompensated health care provided by local hospitals, and higher taxes for public facilities like jails and detox centers.

For affordable housing developers and their partners, the State Housing Initiatives Partnership (SHIP), funded by the Sadowski Local Housing Trust Fund, has historically played a keystone role in leveraging public-private partnerships in St. Johns County. If the County receives its full SHIP allocation for FY 2015-16, it will create nearly 200 jobs and generate nearly \$25 million in positive economic impact.

Clearly, one of the most important things that St. Johns County leaders can do to promote affordable housing is to consistently advocate for full appropriation of the Sadowski State and Local Housing Trust Fund monies for housing. However, ensuring that we have a healthy mix of housing options is ultimately a community responsibility, requiring a community effort. This effort requires us to look both outward and inward—outward at more effective use of state and federal funding sources, and inward at our local tax base, business and faith communities, charitable organizations, and ordinary St. Johns County residents willing to volunteer their time. A healthier balance of homes at all price levels means a stronger St. Johns County.



HOME MATTERS FOR ST. JOHNS COUNTY'S FAMILIES



HOME MATTERS FOR ST. JOHNS COUNTY'S SPECIAL NEEDS POPULATIONS



HOME MATTERS FOR ST. JOHNS COUNTY'S ELDERLY



HOME MATTERS FOR ST. JOHNS COUNTY'S VETERANS



HOME MATTERS FOR ST. JOHNS COUNTY'S YOUTH AGING OUT OF FOSTER CARE



HOME MATTERS FOR ST. JOHNS COUNTY'S ECONOMY

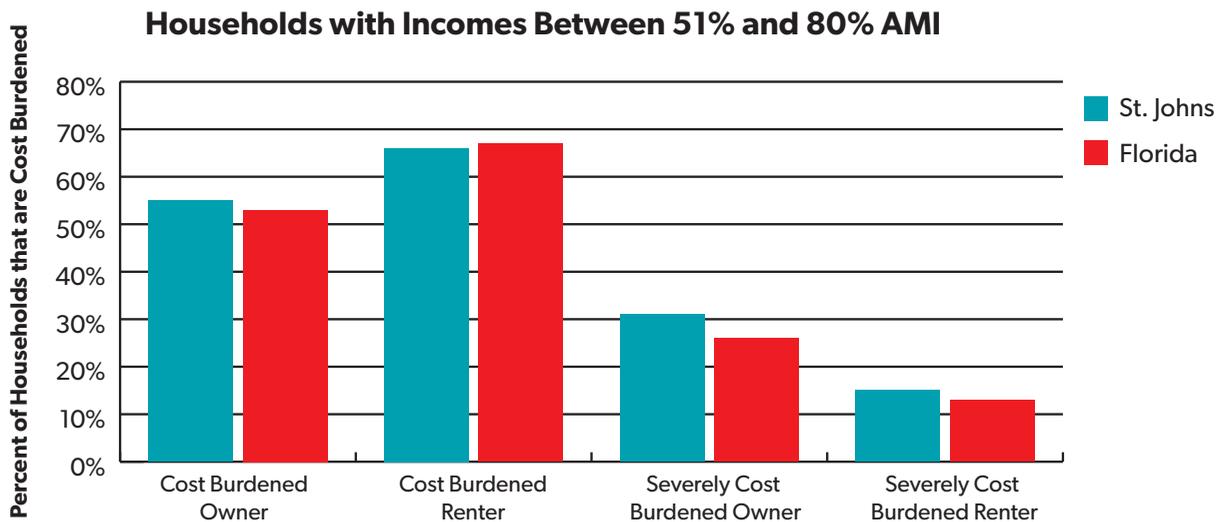
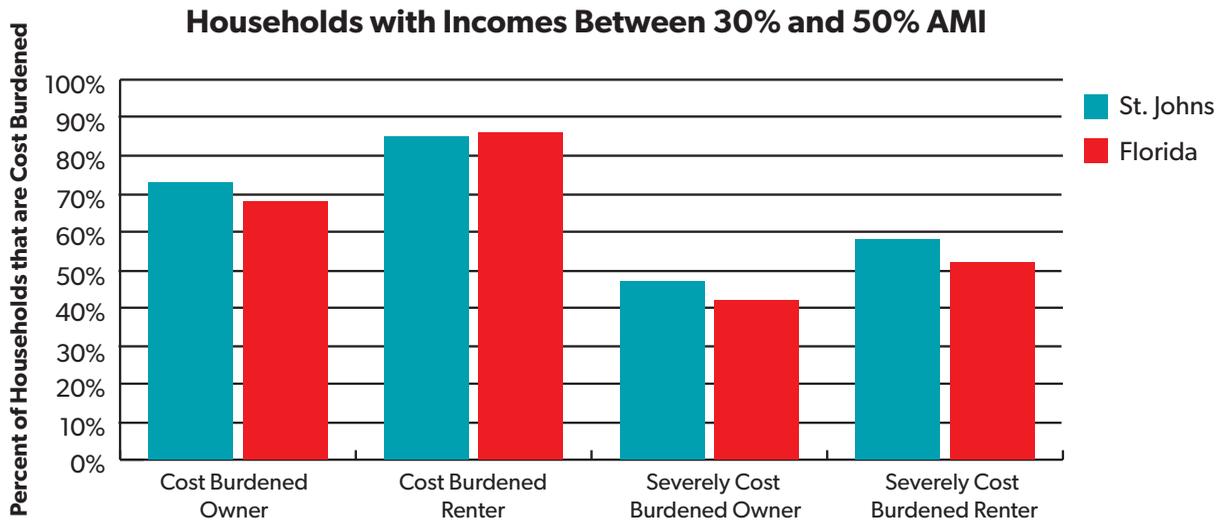
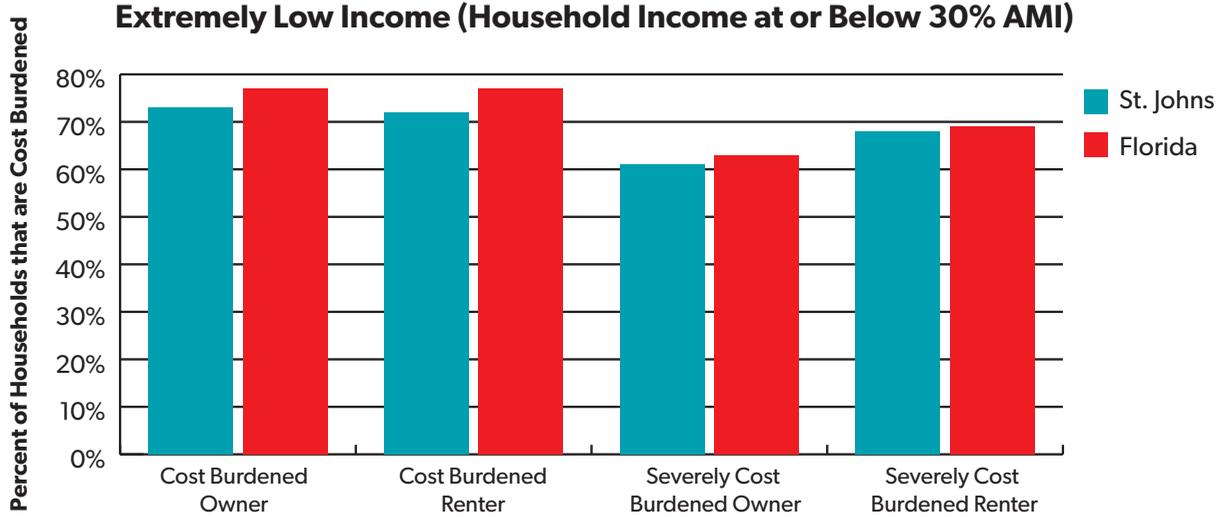
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- ⁵¹ Florida Housing Finance Corporation. In a review of applications selected in Requests for Applications [RFAs] in 2013 and 2014, we identified the Moultrie Lakes Condominium and Pacetti Group Home projects, which were awarded funding pursuant to RFA 2013-006 and RFA 2014-105, respectively.
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APPENDIX 1:

Housing Cost Burden by Tenure



(Source: 2007-2011 CHAS data.)

APPENDIX 2:**Owner and Renter Housing Unit Data**

Variable	2005	2006	2007	2008	2009	2010	2011	2012	2013
Owner Occupied	49,100	49,721	50,529	51,387	53,454	54,234	55,240	56,768	58,210
Renter Occupied	14,155	18,169	15,345	16,135	14,673	16,090	16,567	17,253	17,348
Owner Vacancy Rate	2%	4%	4%	4%	5%	4%	4%	3%	3%
Renter Vacancy Rate	12%	12%	14%	17%	18%	16%	14%	12%	9%
Owner Units (occupied and vacant)	49,949	51,955	52,470	53,696	55,973	56,730	57,482	58,705	59,887
Renter Units (occupied and vacant)	16,122	20,694	17,926	19,393	17,850	19,064	19,309	19,650	19,085
Homeownership Rate	78%	73%	77%	76%	78%	77%	77%	77%	77%
Percent Owner Units (occupied and vacant)	76%	72%	75%	73%	76%	75%	75%	75%	76%

ACS. [5-year estimates for years 2009 through 2013; 3-year estimates for 2007 and 2008; 2005 and 2006 ACS]

APPENDIX 3:**A Note on Methodology**

For analyses that required American Community Survey data, we used 5-year estimates whenever possible. Although 1- and 3-year estimates are more current than 5-year estimates, they are less reliable because each data point has a relatively high margin of error. The smaller the population of the geographic area in which data is gathered, the higher the margins of error are likely to be. Because St. Johns County has a much smaller population than the State of Florida as a whole, analyses of trends over time are far more likely to be distorted by random variations in the estimates from year to year. Preliminary analyses showed that, for certain variables of interest in St. Johns County, 5-year ACS data showed similar underlying trends over time as 1- or 3-year ACS data, with fewer random fluctuations.

5-year ACS estimates were not available for some variables in some years. For 2007 through 2009, we used 3-year ACS estimates for variables that did not have 5-year ACS estimates. The 2005 and 2006 ACS estimates are effectively 1-year estimates, although these survey years did not have the full scope of subsequent 1-year estimates. In this report, we presented ACS data from 2005 to 2009, in addition to more recent years, for the reader's reference. However, readers should not use the data to draw conclusions about trends in the years when 5-year estimates were not available, or about differences between more recent years and the years prior to 2009 or 2010. Each figure that shows a change in a variable over time includes a citation of the ACS estimates used.

APPENDIX 4:**2040 Projections of Severe Cost Burden Among Low-Income Elderly-Headed Households.**

Elderly-Headed Owner Households	39,119
Elderly-Headed Renter Households	7,729
Homeownership Rate Among Elderly-Headed Households	84%
Low-Income, Severely Cost Burdened, Elderly-Headed Owner Households	5,280
Percent of All Elderly-Headed Owner Households	12%
Low-Income, Severely Cost Burdened, Elderly-Headed Renter Households	2,404
Percent of All Elderly-Headed Renter Households	31%

(Source: Shimberg Center for Housing Studies 2015a.)

APPENDIX 5:**Affordable Rental Housing Inventory in St. Johns County**

Development Name	Affordable Units	Year Built or Added to the Affordable Housing Stock
Hastings Apartments	20	1971
Woodlawn Terrace Apartments	76	1971
Casa Del Mar Apartments	29	1978
Southern Villas Apartments	60	1981
The Oaks Apartments	32	1983
Hastings Manor Apts	23	1990
Arc Of St. Johns County	15	1992
Huguenot Harbour	34	1995
Woodcrest	90	1997
Whispering Pines - St Augustine	145	1999
Maxwell Manor*	12	2000
[Homes purchased by the Emergency Services & Homeless Coalition of St. Johns County]*	13	2001
Ponce Harbor	144	2002
Whispering Woods	200	2003
Oaks At St. Johns	160	2004
[Homes purchased by the Emergency Services & Homeless Coalition of St. Johns County]*	4	2004
Summer Breeze Apartments	132	2006
Summerset Village Senior	216	2006
Maxwell Manor II	36	2007
[Home purchased by the Emergency Services & Homeless Coalition of St. Johns County]*	1	2009
[Single-family homes purchased by St. Johns Housing Partnership]*	6	2009
[Four condominiums purchased and four condominiums master-leased by Alpha-Omega Miracle Home]*	8	2010 (approx.)
[Homes purchased by St. Johns County with Neighborhood Stabilization Program funds, managed by St. Johns Housing Partnership]*	17	2011
[Homes purchased by the Emergency Services & Homeless Coalition of St. Johns County]*	1	2013
Old Colony Apartments*	8	2014
Pacetti Group Home*	6	Not yet in service
Moultrie Lakes Condominiums*	4	Not yet in service

*Not listed in Shimberg Center's Affordable Housing Inventory

(Source: Shimberg Center for Housing Studies 2015b, data provided by local affordable housing providers, personal communication with property managers, Florida Housing Finance Corporation.)

The Florida Housing Coalition expresses its gratitude to St. Johns Housing Partnership, a St. Augustine-based not-for-profit organization committed to promoting safe, decent and affordable housing in north Florida.

Since 1998, St. Johns Housing Partnership has developed, rehabilitated, and retrofitted homes for low-income families, elders, and people with disabilities in St. Johns County. The Partnership has been a tireless advocate for the Sadowski State and Local Housing Trust Funds.





Affordable Housing is an Integral Part of Community Revitalization and Economic Development



The Florida Housing Coalition, Inc., is a nonprofit, statewide membership organization which brings together housing advocates and resources so that all Floridians have a quality affordable home and suitable living environment.

**FOR MORE INFORMATION,
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