

# ATTACHMENT C

## Affordable Housing Study

# **An Affordable Housing Market Assessment in the City of Hollywood, Florida**

December 1, 2022



## **Report Commission**

This report was commissioned in order to satisfy BrowardNext County Land Use Plan Policy 2.16.2 for a project that is proposed in the City of Hollywood, Broward County, Florida. That policy requires that “For amendments which propose to add 100 or more residential dwelling units to the existing densities approved by the Broward County Land Use Plan, Broward County and affected municipalities shall coordinate and cooperate to implement the affected municipality’s chosen policies, methods, and programs to achieve and/or maintain a sufficient supply of affordable housing.”

The City of Hollywood has adopted a Comprehensive Plan pursuant to Florida Statutes §163.3177. Within that adoption document, the City has included a Housing Element that sets forth certain goals, objectives, and policies.

As part of a land use plan amendment application, the Broward County Planning Council requires interim updates of the existing supply and demand for affordable housing and the strategies to be utilized to meet the expected needs.

This report estimates the current (2020/2022) demand and projects (to 2027) the future demand for various housing needs.

The report relies on various public and subscription sources of information regarding demographic, economic, market, and housing data that is referenced throughout the report.

## Report Summary

Using the Broward County Planning Council's required methodology, *A Baseline Model to Quantify the Levels of Affordable Housing Need and Supply in Broward County and its Municipalities*, prepared by Florida International University's Jorge M. Pérez Metropolitan Center (February 2020), the City of Hollywood has current deficits of affordable housing for home ownership in the low- and moderate-income bands but by 2027 the deficits will become much larger.

The methodology also demonstrates that deficits currently exist in rental properties for all income bands except the moderate-income band and that this will continue into 2027 for the extremely low-, very low-, and low-income bands. The moderate-income band will have a surplus by 2027, but it will have greatly diminished from the current surplus.

The City continues to make affordable housing a priority and devotes significant resources in an attempt to address the issues of affordable housing.

Increasing the availability of housing supply will help to alleviate pricing pressure make all housing more affordable. The proposed project will add needed housing that will address the diminishing available supply in the City. Moderate and high-income renters tend to convert to newer rentals due to aging and tenure thereby freeing up fractions of affordable housing that can be subsequently occupied by low- and moderate-income renters. Failure to build housing to meet the market's demands drives up pricing making affordable units become less affordable.

## Methodology

This study examines current housing conditions within the City of Hollywood, Florida (“the City”), which is generally stated for calendar years 2020/2027 (the latest U.S. Census Bureau American Community Survey data available (2020/2022) and the supplemental data source from Esri<sup>1</sup> (CY2022)) and projected to calendar year 2027 using Esri demographic forecasts available for that year. We have also supplemented our 2027 forecast utilizing estimates and projections by the Shimberg Center for Housing Studies, which based their forecast on the U.S. Department of Housing Development, Comprehensive Housing Affordability Strategy (CHAS) dataset and population projections by the Bureau of Economic and Business Research, University of Florida.

The Broward County Planning Council engaged Florida International University (FIU) to recommend a methodology for analyzing supply and demand of housing needs throughout Broward County. FIU developed their methodology utilizing published data from the U.S. Census Bureau’s American Community Survey (ACS). This ACS data is available for each municipality in Broward County. The methodology does not describe what methods to use to forecast out the five years required under the Planning Council’s rules. To forecast out to the year 2027, Esri’s Community Analyst/Business Analyst databases that provide this information using their sources and methods were used in conjunction with the Shimberg Center for Housing Studies forecast (“Shimberg”). The FIU methodology is particularly sensitive to the primary factors of Median Household Income and housing stock forecasts. The methodology also uses the Census Bureau’s definition of Median Household Income, which does not include transfer payments or other existing subsidies such as Section 9 housing, food assistance, or other forms of assistance which would elevate the amount of household finances available for household

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<sup>1</sup> Esri is an international supplier of geographic information system software, web GIS and geodatabase management applications. For this study, we have utilized various databases specific to the City of Hollywood that have been prepared by Esri. Products utilized include the Business Analyst, Community Analyst, and ArcGis systems. Details on how Esri conducts forecasts of demographic and housing information can be found in *Methodology Statement: 2022/2027 Esri US Demographic Updates, An Esri® White Paper, June 2022.*

expenses, including housing. Esri's forecasts are believed to be reliable and very up-to-date and draw upon a variety of publicly available and proprietary sources. Median Household Income (MHI) provides the basis for several benchmarks and assumptions. This number is parsed into three bands: Very Low Income (50% of the MHI); Low Income (50.1% to 80% of MHI); and Moderate Income (80.1% to 120% of MHI). All data used is initially derived from updates to information provided by the 2020 Census.

## Estimates and Projections of Population, Median Household Income, And Housing Units

The 2020/2022 ACS data for the City of Hollywood and the Esri estimates for 2022 and its forecasts for 2027 are summarized below:

|                         | 2020 ACS<br>Estimates | 2022 Esri<br>Estimates | 2027 Esri<br>Forecasts |
|-------------------------|-----------------------|------------------------|------------------------|
| Population              | 152,131               | 155,401                | 156,596                |
| Median Household Income | 55,835                | 61,553                 | 74,254                 |
| Housing Units, Total    | 72,585                | 73,390                 | 74,174                 |
| Housing Units, Occupied | 61,941                | 62,822                 | 63,270                 |

The Broward County Property Appraiser (BCPA) notes that for 2022 there were more than 69,642 residential dwelling units being assessed for fire protection services<sup>2</sup>. Added to this number are dwelling or residential units or assessed through the mixed use/special use category utilized by BCPA. This is their estimate as of January 1, 2022. The 2022 Esri estimates of

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<sup>2</sup> Broward County Property Appraiser's Office web link:  
<https://bcpa.net/Includes/Downloads/2022/ProposedFireRecaps/2022%20Hollywood%20Proposed%20Fire%20Rescue%20Assessment%20Recap.pdf>

housing units are based upon the ACS 2020 survey, plus Esri's forecasting methodology<sup>3</sup>. We have used the Esri estimates for the purposes of this report. The addition of the proposed residential units would increase the supply of rental housing. ***In the absence of this additional supply, housing costs would likely increase across most affordability bands than if the rental housing were not constructed.***

## Affordable Housing Criteria and Gap Analysis

The Broward County Land Development Code §5-201 defines Affordable Housing as “*Housing for which monthly rents or monthly mortgage payments (including taxes and insurance) do not exceed 30 percent of an amount representing the percentage (very low = 50%; low = 80%; moderate = 120%) of the median income limits, as published by the U.S. Department of Housing and Urban Development, adjusted for family size for the households.*”

Using the ACS and Esri data and applying that data to the FIU supply and demand model, the “Gap” analysis provided the following estimates of supply, demand, and differences, which uses the ACS's Owners Median Household Income Limits and Renters Median Household Income Limits of \$54,317 and \$43,079 (and the forecasted 2027 limits of \$74,254 and \$54,226) respectively, to determine the the percentage bands previously described:

(continued)

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<sup>3</sup> Esri is an international supplier of geographic information system (GIS) software, web GIS and geodatabase management applications. Esri provides subscriptions to various database information they maintain for their GIS software. Some of those databases contain forecasts based upon proprietary methodology developed and maintained by Esri. Housing units are forecasted by Esri using “[the] recorded change in the housing inventory...culled from several data sources, including multiple construction data inputs from Metrostudy, data for new manufactured homes placed by state from the Census Bureau, and building permits for permit-issuing places and counties. Numerous independent sources are leveraged to obtain detailed information on housing development data where no building permits exist. Independent estimates of change in occupancy are calculated from USPS residential lists, the American Community Survey, and various state and local data sources. Additionally, data from the Current Population Survey and the Housing Vacancy Survey from the Census Bureau is used to model trends in occupancy.” *Methodology Statement: 2022/2027 Esri US Demographic Updates*, June 2022

# **Gap Analysis, FIU Model** **Utilizing 2020/2022 American Community Survey Data and 2027 Esri Forecast** **Home Ownership**

| Total Owner-Occupied Units           |                     | 32,502                    |                                          |             |                                                              |                                           |
|--------------------------------------|---------------------|---------------------------|------------------------------------------|-------------|--------------------------------------------------------------|-------------------------------------------|
| Median Household Income              |                     | 54,317                    |                                          |             |                                                              |                                           |
| Median Owner Home Value              |                     | 281,300                   |                                          |             |                                                              |                                           |
| Cost-Burdened Owner Units            |                     | 11,542                    | 36%                                      | 0.513691465 |                                                              |                                           |
| "Severely" Cost-Burdened Owner Units |                     | 5,154                     | 16%                                      |             |                                                              |                                           |
| 2022 ACS                             | HH Income Category  | Total Households (Demand) | Home Purchase at Affordable Price Levels |             | Number of Owner Units Within Affordable Price Range (Supply) | Surplus/Gap within Affordable Price Range |
| Low Income Owners                    | 51% - 80% Median    |                           | 51% Median                               | 80% Median  | 51% - 80% Median                                             |                                           |
|                                      | \$27,702 - \$43,454 | 3,959                     | \$83,105                                 | \$130,361   | 2,475                                                        | -1,484                                    |
| Moderate Income Owners               | 81% - 120% Median   |                           | 81% Median                               | 120% Median | 81% - 120% Median                                            |                                           |
|                                      | \$43,455 - \$65,180 | 5,690                     | \$130,362                                | \$195,541   | 3,896                                                        | -1,794                                    |
| Moderate Income Owners and Renters   | 81% - 120% Median   |                           | 81% Median                               | 120% Median | 81% - 120% Median                                            |                                           |
|                                      | \$43,455 - \$65,180 | 10,752                    | \$130,362                                | \$195,541   | 3,896                                                        | -6,856                                    |

| Total Owner-Occupied Units           |                     | 35,321                    |                                          |             |                                                              |                                           |
|--------------------------------------|---------------------|---------------------------|------------------------------------------|-------------|--------------------------------------------------------------|-------------------------------------------|
| Median Household Income              |                     | 74,254                    |                                          |             |                                                              |                                           |
| Median Owner Home Value              |                     | 367,125                   |                                          |             |                                                              |                                           |
| Cost-Burdened Owner Units            |                     | 11,422                    | 32%                                      |             |                                                              |                                           |
| "Severely" Cost-Burdened Owner Units |                     | 5,048                     | 14%                                      |             |                                                              |                                           |
| 2027 Esri                            | HH Income Category  | Total Households (Demand) | Home Purchase at Affordable Price Levels |             | Number of Owner Units Within Affordable Price Range (Supply) | Surplus/Gap within Affordable Price Range |
| Low Income Owners                    | 51% - 80% Median    |                           | 51% Median                               | 80% Median  | 51% - 80% Median                                             |                                           |
|                                      | \$37,870 - \$59,403 | 5,399                     | \$113,609                                | \$178,210   | 1,511                                                        | -3,887                                    |
| Moderate Income Owners               | 81% - 120% Median   |                           | 81% Median                               | 120% Median | 81% - 120% Median                                            |                                           |
|                                      | \$59,404 - \$89,105 | 7,759                     | \$178,211                                | \$267,314   | 5,655                                                        | -2,103                                    |
| Moderate Income Owners and Renters   | 81% - 120% Median   |                           | 81% Median                               | 120% Median | 81% - 120% Median                                            |                                           |
|                                      | \$59,404 - \$89,105 | 14,661                    | \$178,211                                | \$267,314   | 5,655                                                        | -9,005                                    |

The FIU model shows a current deficit in all income bands for home ownership who would own homes. By 2027, home ownership in each band will have larger deficits.

When using the FIU model for renters, we find the following:

# **Gap Analysis, FIU Model** **Utilizing 2020 American Community Survey Data and 2027 Esri Forecast** **Renters**

|                                       |  |        |     |  |  |  |
|---------------------------------------|--|--------|-----|--|--|--|
| Total Renter-Occupied Units           |  | 24,593 |     |  |  |  |
| Median Renter Household Income        |  | 43,079 |     |  |  |  |
| Median Gross Rent                     |  | 1,262  |     |  |  |  |
| Cost-Burdened Renter Units            |  | 14,575 | 59% |  |  |  |
| "Severely" Cost-Burdened Renter Units |  | 7,286  | 30% |  |  |  |

  

| 2022 ACS             | HH Income Category  | Number of Renter Households (Demand) | Affordable Rent Levels |             | Number of Renter Units Within Affordable Price Range | Surplus/Gap within Affordable Price Range |
|----------------------|---------------------|--------------------------------------|------------------------|-------------|------------------------------------------------------|-------------------------------------------|
| Extremely Low Income | 0 - 30% Median      |                                      | 0% Median              | 30% Median  | 0 - 30% Median                                       |                                           |
|                      | \$0 - \$12,924      | 3,152                                | \$0                    | \$323       | 226                                                  | -2,926                                    |
| Very Low Income      | 31% to 50% Median   |                                      | 31% Median             | 50% Median  | 31% to 50% Median                                    |                                           |
|                      | \$12,925 - \$21,540 | 2,089                                | \$324                  | \$538       | 344                                                  | -1,744                                    |
| Low Income           | 51% - 80% Median    |                                      | 51% Median             | 80% Median  | 51% - 80% Median                                     |                                           |
|                      | \$21,541 - \$34,463 | 2,436                                | \$539                  | \$862       | 2,342                                                | -93                                       |
| Moderate Income      | 81% - 120% Median   |                                      | 81% Median             | 120% Median | 81% - 120% Median                                    |                                           |
|                      | \$34,464 - \$51,695 | 7,308                                | \$863                  | \$1,292     | 9,409                                                | 2,102                                     |

|                                       |  |        |     |  |  |  |
|---------------------------------------|--|--------|-----|--|--|--|
| Total Renter-Occupied Units           |  | 27,955 |     |  |  |  |
| Median Renter Household Income        |  | 54,226 |     |  |  |  |
| Median Gross Rent                     |  | 1,552  |     |  |  |  |
| Cost-Burdened Renter Units            |  | 15,737 | 56% |  |  |  |
| "Severely" Cost-Burdened Renter Units |  | 7,719  | 28% |  |  |  |

  

| 2027 Esri            | HH Income Category  | Number of Renter Households (Demand) | Affordable Rent Levels |             | Number of Renter Units Within Affordable Price Range | Surplus/Gap within Affordable Price Range |
|----------------------|---------------------|--------------------------------------|------------------------|-------------|------------------------------------------------------|-------------------------------------------|
| Extremely Low Income | 0 - 30% Median      |                                      | 0% Median              | 30% Median  | 0 - 30% Median                                       |                                           |
|                      | \$0 - \$16,268      | 4,563                                | \$0                    | \$407       | 543                                                  | -4,020                                    |
| Very Low Income      | 31% to 50% Median   |                                      | 31% Median             | 50% Median  | 31% to 50% Median                                    |                                           |
|                      | \$16,269 - \$27,655 | 5,582                                | \$408                  | \$691       | 383                                                  | -5,200                                    |
| Low Income           | 51% - 80% Median    |                                      | 51% Median             | 80% Median  | 51% - 80% Median                                     |                                           |
|                      | \$27,656 - \$43,381 | 6,997                                | \$692                  | \$1,085     | 1,963                                                | -5,034                                    |
| Moderate Income      | 81% - 120% Median   |                                      | 81% Median             | 120% Median | 81% - 120% Median                                    |                                           |
|                      | \$43,382 - \$65,072 | 5,800                                | \$1,086                | \$1,627     | 5,947                                                | 147                                       |

The City currently has rental deficits for all bands studied except the moderate-income band and those deficits are forecasted to grow by 2027. The moderate-income band surplus will all but disappear by then as well. Increasing median household income will grow, but is not expected to alleviate the shortfalls. Renters are also more likely to be both cost burdened and severely cost burdened without additional supply. Most of the rental properties being developed are marketed primarily to the moderate-income band and higher.

## **Addressing The Demand For Affordable Housing**

The City of Hollywood has a demonstrated commitment to affordable housing within the City. The City has spent or budgeted \$4,308,733 during the period of FY2015 through FY2018 through various programs:

**U.S. Housing and Urban Development’s HOME Investment Partnerships Program (HOME),** administered through the Broward County Home Consortium. The program provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

**U.S. Housing and Urban Development’s Community Development Block Grant (CDBG) program.** The program works to ensure decent affordable housing, to provide services to the most vulnerable in the community, and to create jobs through the expansion and retention of businesses. CDBG is an important tool for helping local governments tackle serious challenges facing their communities. A significant portion of the CDBG funding was used for housing rehabilitation.

**Florida Housing Finance Corporation’s State Housing Initiatives Partnership (SHIP) program,** which provides funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. It is designed to serve very low-, low- and moderate- income families.

The following table summarizes the City’s efforts to address affordable housing currently and in the recent past:

| Title                                                                                                                       | Activity                                                                          | Funding Source | Allocation  |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|----------------|-------------|
| <b>Current Efforts (FY2023)</b>                                                                                             |                                                                                   |                |             |
| <b>Multi-Family Affordable Housing</b>                                                                                      | Development Incentives                                                            | CDBG           | \$506,614   |
|                                                                                                                             |                                                                                   |                |             |
| <b>Multi-Family Affordable Housing</b>                                                                                      | Development Incentives                                                            | HOME           | \$459,019   |
|                                                                                                                             |                                                                                   |                |             |
| <b>Community Development Housing Organization Set-Aside</b>                                                                 | Purchase Assisance, Affordable Housing                                            | HOME           | \$91,780    |
|                                                                                                                             |                                                                                   |                |             |
| <b>Administration</b>                                                                                                       | Purchase Assisance, Tenant-based rental assistance, housing rehabilitation, other | HOME           | \$61,200    |
|                                                                                                                             |                                                                                   |                |             |
| <b>Administration</b>                                                                                                       | Purchase Assisance, Tenant-based rental assistance, housing rehabilitation, other | CDBG           | \$247,683   |
|                                                                                                                             |                                                                                   |                |             |
| <b>Owner Occupied Rehabilitation</b>                                                                                        | Direct to Owner Assisance                                                         | SHIP           | \$202,288   |
|                                                                                                                             |                                                                                   |                |             |
| <b>Remaining 5-Year Plan Expectations</b>                                                                                   |                                                                                   |                |             |
|                                                                                                                             |                                                                                   |                |             |
| <b>Acquisition; Adm and Planning; Economic Development; housing...</b>                                                      |                                                                                   | CDBG           | \$5,877,037 |
| <b>Acquistition; Homebuyer Assistance, Rehabiititation, Multifamily developer assitance; New construction for ownership</b> |                                                                                   | HOME           | \$1,987,234 |
|                                                                                                                             |                                                                                   |                |             |
|                                                                                                                             |                                                                                   |                |             |

Finally, in September 2018, the City and Broward County announced a partnership that would provide significant funding for affordable housing issues. As the City rebates to the County tax increment money (TIF) collected through its Beach Community Redevelopment Authority, the County will then return up to 25% of the amount returned to it from the TIF. This funding arrangement is expected to last through FY2026. The County has also agreed to pay an additional \$17.5 million over 10 years, beginning in FY2027.