

A F F O R D A B L E H O U S I N G

ISSUES

SHIMBERG CENTER FOR AFFORDABLE HOUSING

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The State of Florida's Housing, 2002

The Shimberg Center for Affordable has established the Florida Housing Data Clearinghouse as a resource for policy makers, planners, developers, and homebuilders seeking to meet the housing needs of Floridians. Each year the Shimberg Center publishes The State of Florida's Housing to serve as a common reference point describing the existing housing stock and, when available, housing demand. The current edition first discusses specific demographic patterns in the state and their impact on the need for housing. Second, it details characteristics of the housing stock in the state. Third, it discusses the movement in house prices and the rate of appreciation in housing. Finally, it discusses issues in the affordability of housing in the state. The expectation is that the information included in this study will help readers to understand the diversity, the needs, the public policy concerns, and the opportunities of Florida's many housing markets.

The entire report is available on the Internet at www.flhousingdata.shimberg.ufl.edu This web site also includes detailed county-by-county tables describing the existing housing supply.

The State of Florida's Housing, 2002 is a compendium of facts on Florida's housing. The data highlight the tremendous diversity in housing characteristics across the state, particularly between the 34 urban counties and the 33 rural counties, as well as between coastal and non-coastal counties.

Population

The discussion of population in Chapter 2 presents a picture of Florida and the state's fifteen largest counties that show shifts between the Census 2000 data and the 1990 Census. The shifts that occurred in Florida in the decade between the two census collections represent a continuation of previously established trends and are related to both the migration of people from states outside of Florida and to the immigration of people from foreign countries, particularly from Latin America. Understanding population change and how it impacts housing markets is crucial to understanding housing demand and developing effective housing policies.

The aging of the Baby Boom generation and migration impact household size and type of demand for housing. These changes in population also have implications for other aspects of society. It is important to study the implications of this population change on schools and employment as well as housing in the state of Florida.

Age Group	Number	Percent
Under 5 years	945,823	5.9
5 to 9 years	1,031,715	6.5
10 to 14 years	1,057,024	6.6
15 to 19 years	1,014,067	6.3
20 to 24 years	928,310	5.8
25 to 34 years	2,084,100	13.0
35 to 44 years	2,485,247	15.5
45 to 54 years	2,069,479	12.9
55 to 59 years	821,517	5.1
60 to 64 years	737,496	4.6
65 to 74 years	1,452,176	9.1
75 to 84 years	1,024,134	6.4
85 years and over	331,287	2.1
Total	15,982,378	100.0

The characteristics of Florida's housing reflect the characteristics of the state's population. The population of the state is growing, creating a demand for additional housing, yet that growth is not distributed uniformly across the state. Growth is most often a coastal phenomenon. Further, the nature of the growth differs across the state as characterized by age, income, race, ethnicity, and county of origin.

Housing Stock

Florida is a state in which homeownership and single-family housing units dominate. Multi-family buildings are the dominant source of rental units and are most prevalent in large urban areas. Condominiums are an important source of housing in some coastal counties and manufactured housing (mobile homes) play a key role in rural counties in the interior of the state. County property appraiser data is used by the Shimberg Center to describe the existing housing stock. This data source provides a wealth of data on characteristics of the housing stock across the state. The county-by-county and metropolitan statistical area (MSA) summaries clearly show differences in the importance of single-family properties, condominiums, and multifamily properties. Also apparent are differences across the state in the age and size of units. Finally, there are significant differences in the numbers of transactions each year and in the median values of properties. The differences show that the state might be characterized as two states when thinking about the housing market, with the large urban and coastal counties at one extreme and the small, rural, inland counties at the other. A majority of households are homeowners, but rental housing is needed to meet the needs of young and lower income households. Location, population size and

density, and growth rates are among the obvious variables that are not included in this analysis but are reflected in the housing activity across counties. For example, rapidly growing counties have a newer housing stock on average, and coastal counties have higher average property values. Florida is a state in which much housing has been built in recent years but the aging of portions of the stock require attention to the need for rehabilitation.

Finally, the Local Economic Impact Model developed by the Economics, Mortgage Finance, and Housing Policy Division of the National Association of Home Builders in Washington D.C. examines the economic impact of 1,000 new single family homes on a local economy for an average city. Using the same numbers would yield the following impact for the 92,270 new single-family units constructed in the state in 1999: 321,172 jobs, \$11.5 billion in local income (local business owners' income and local wages and salaries), and \$1.2 billion in local taxes.

Housing Affordability

The primary determinants of the affordability of owner housing are household income, housing prices, and mortgage rates. An additional factor is the rate of appreciation of housing prices. One measure of housing affordability is commonly conveyed through housing affordability indexes. The report provides

housing affordability indexes for each of Florida's counties. The index indicates that housing became more affordable in the late 1990s as compared to the early part of the decade; the primary factor for this change being a decline in mortgage interest rates. It is important to note that indices focus on the average and mask what is happening at the low end.

As a means of examining the number of renter households with a housing affordability problem, the report continues to explore the concept of "cost burden." Cost burden refers to the number of households paying more than 30 percent of their income toward housing costs.

Income: Percent of Area Median Family	Burden Cost		
	All Renters	Cost Burden >30%	Cost Burden >50%
<20%	203,679	143,328	126,118
20-29.9%	150,316	118,609	91,328
30-39.9%	143,884	118,970	68,525
40-49.9%	144,200	113,109	36,349
50-60%	150,885	104,359	16,055
60+ %	1,123,762	195,468	14,118
Total	1,916,726	793,843	352,493

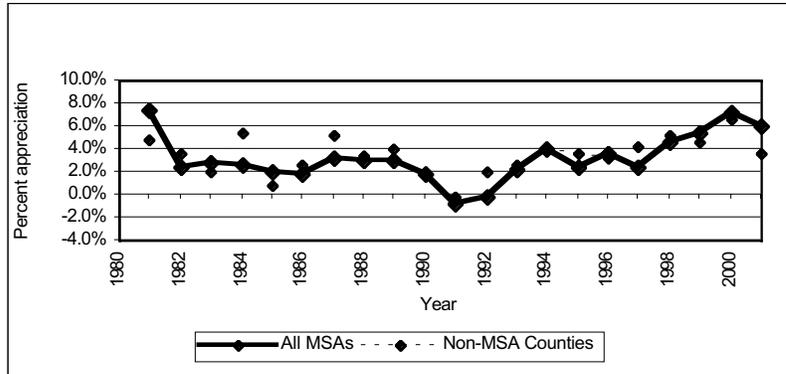
It is difficult to derive a single number of housing need and the 30-percent-of-income standard may not be an appropriate criteria to define affordability. However, even if 40 percent or 50 percent is used as the standard, it is clear that there is a substantial need in Florida. The affordability calculation indicates that the most severe needs are for households with incomes below 30 percent of the area median income. This group is difficult to reach without deep subsidies and becomes even more vulnerable to changes in the federal public housing programs.

Housing Price Trends

The value of Florida's residential real estate constitutes a sizable portion of state resident's wealth and expected changes in property values can dramatically influence the state's economy. The wealth and prosperity of most of the state's homeowners is more affected by movement of the market value of their personal residence than by changes in any other real or financial asset. Presented in Chapter 5 is a detailed discussion of single-family house prices plus house price appreciation trends in the state, in MSAs, and by county within planning districts. Appreciation in most markets has been higher in the past three years than earlier in the 1990s.

The chapter concludes with a discussion of the relationship be-

tween changes in population, real income, mortgage interest rates, housing starts, and house price changes. Using historical data, it is concluded that a model containing these variables can be a reliable tool for projecting future house prices. However, it is noted that forecasting requires the assumption that the relationships between inflation-adjusted price appreciation and the other exploratory variables continue into the future.



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