

First Coast Apartment Association

Affordable / Workforce Housing

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Who We Are

The First Coast Apartment Association (FCAA) is a membership based organization that represents over **105,000 apartment homes** in Clay, Duval, Flagler, Nassau, Putnam, and St. Johns counties.

As an association, FCAA offers education, advocacy, and networking opportunities to our members. Our members are owners, operators, leasing professionals, maintenance technicians, and many more.

FCAA, is an affiliate of both the Florida Apartment Association (FAA) and the National Apartment Association (NAA). FAA also provides advocacy and research resources, most of which will be presented here.

Jacksonville MSA Data

Jacksonville is one of the fastest growing cities in the country with a .9% population growth in the past 12 months. However, with this growth comes challenges with the supply of housing and the constant increase in demand. The data below was retrieved on 9/13/22 and provides a snapshot of the current housing situation in the Jacksonville MSA.

- Vacancy Rate: 6.9%
 - Historical Vacancy: 9%
 - Forecasted Vacancy: 9.4%
 -
- 12 Month Delivered Units: 4,580
 - Historical Delivered Units: 1,828
 - Forecasted Delivered Units: 3,118
- Supply Gap: 8,721 apartment units
 - 2030 Projected Supply Gap: 57,000 apartment units
- Market Asking Rent / Unit
 - Current: \$1,494
 - Previous Year: \$1,415
 - 5.63% Change
- Home Sale Price (Redfin)
 - July 2022: \$301,000
 - July 2021: \$266,385
 - 11.5% Change

Increased Expenses

Whether it be construction, insurance, or payroll our members have seen a large increase in overall expenses. As inflation reaches historical levels, apartment communities must ensure a quality of living for residents while having to operate under increased costs.

- The National Apartment Association conducted a research study to break down a dollar of rent.
 - 17% - Operating Expenses (insurance, maintenance, & utilities)
 - 15% - Property Taxes
 - 10% - Payroll
 - 38% - Mortgage
 - 11% - Capital Expenditures
 - 9% - Profit

FAA Research on Housing Opportunity and Affordability

FAA and its members have invested in a series of research studies from 2020-2022 to help policymakers learn more about Florida's housing challenges.

- First research study examined housing cost drivers and possible solutions (Looked at four major metros: Orlando, Tampa, Miami, and Jacksonville). Report available at www.faahq.org.
- Second study looked at the use of a property tax discount to stimulate the construction and preservation of affordable or workforce housing (Looked at four major metros: Orlando, Tampa, Miami, and Jacksonville). Report available at www.faahq.org.
- Third study to be released later this fall identifies apartment housing shortages in Florida's 67 counties and 26 MSA's.

FAA 2020 Cost Drivers Study: Housing Supply Shortage and Significant Population Growth

Housing Prices Compared with Available Listings

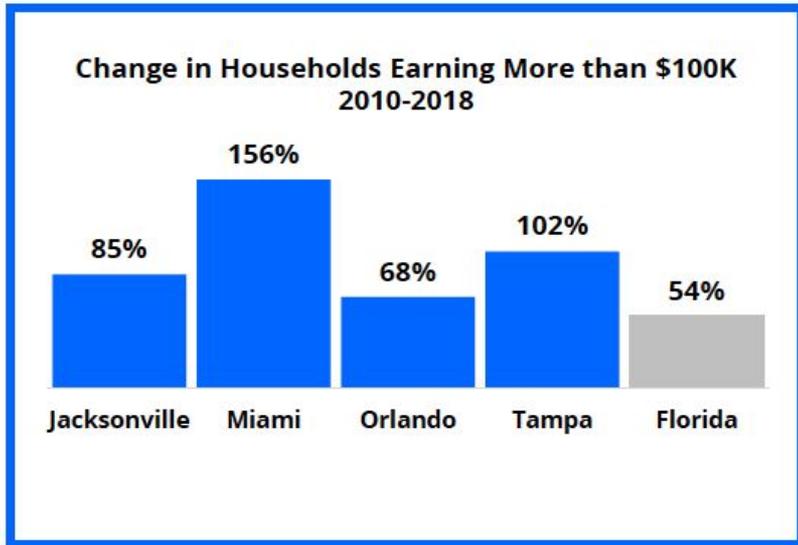


Between July 2019 and July 2020,
Florida gained **240,000** residents,
second only to Texas.

FAA 2020 Cost Drivers Study: High Income Earners are Increasing

The Fundamentals

New renters across the four cities have mostly been high-income households — further driving up housing costs.



Increasing household income for renters

The number of renter-households earning more than **\$100,000** more than doubled in Miami and Tampa and grew by more than **68%** in Orlando and Jacksonville.

FAA 2020 Cost Drivers Study:

What contributes to the rising cost of housing in Florida?

The Fundamentals

Florida's population and state GDP has outpaced national growth since 2010. This growth is particularly pronounced in the state's metro areas.

Exclusionary Zoning and Historic Disparities

Discriminatory zoning limits new multifamily development and constrains the supply of new apartments to a few specific neighborhoods.

Land and Construction Costs

Since 2000, construction costs in Florida have increased almost 100%, more than 26% of which was since 2017.

Municipal Policies

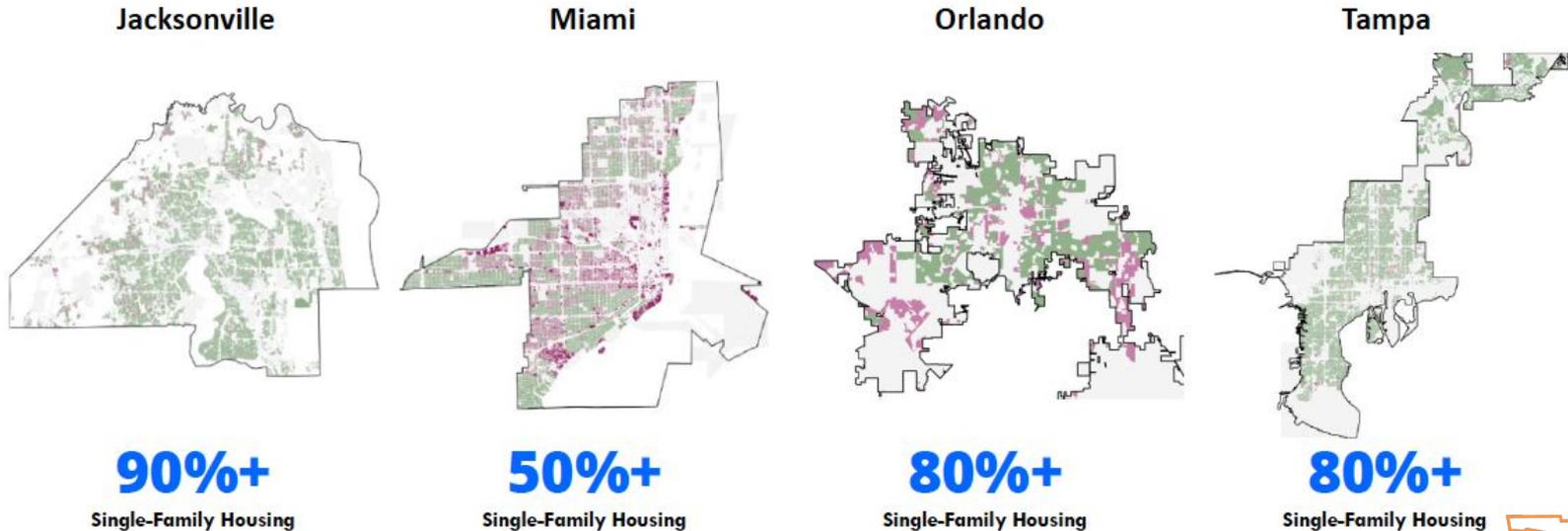
Local property taxes, impact fees, project delays, and overall uncertainty lead to municipal barriers that affect underlying cost drivers.

FAA 2020 Cost Drivers Study

Exclusionary Zoning and Historic Disparities

Except for a few neighborhoods in denser cities in south Florida, most residential land in Florida's cities is zoned exclusively for single-family residential housing.

Residential Land Use



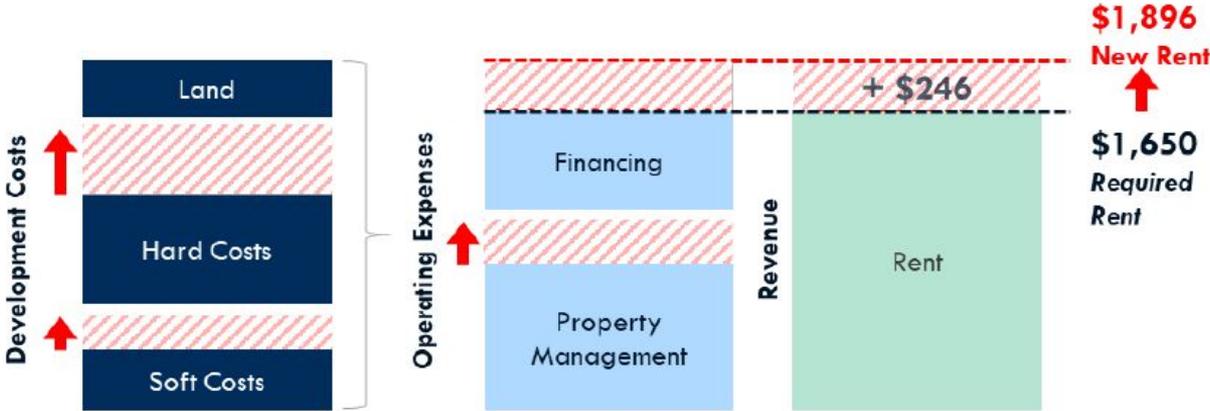
 Zoned Exclusively for Single-Family Housing
 Allows for Multifamily Residential Housing

FAA 2020 Cost Drivers Study

Municipal Policies

Although polices may seem to have a small individual impact, the costs often compound and together substantially increase rents.

Cumulative Impact of Hypothetical Municipal Policies: Podium Development in Jacksonville

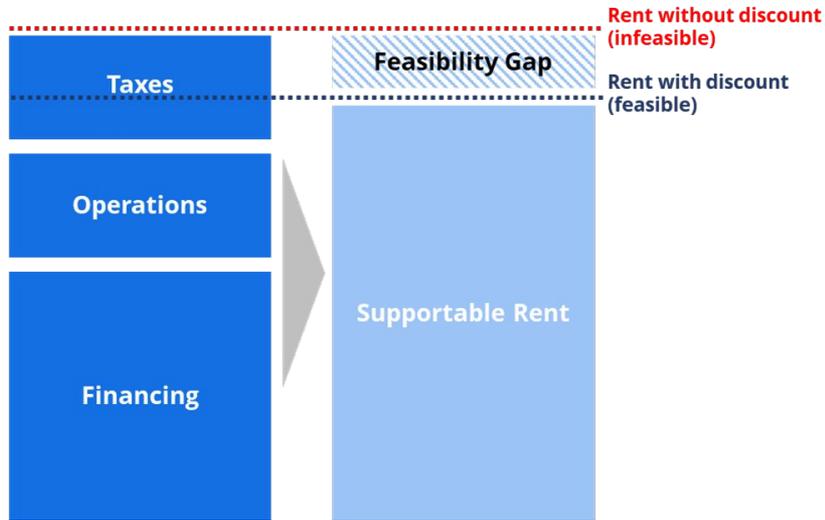


Municipal Policies Evaluated:	
1	Increase real estate taxes by 15% annually
2	Delay projects by six months and increase construction costs by 5%
3	Increase impact fees by \$8,000 per unit
4	Increase design review cost by \$2,000,000

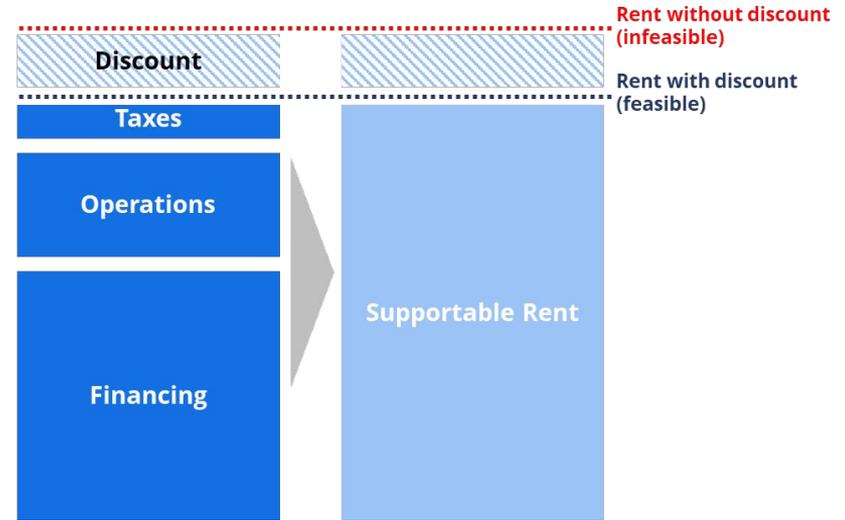
FAA 2021 Property Tax Discounts and their Impact on Housing Affordability Study:

Carefully designed tax discounts can provide additional housing capacity and stimulate local economies.

Operating Costs and Revenue

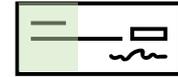


Operating Costs and Revenue with Tax Discount



FAA 2021 Property Tax Discounts and their Impact on Housing Affordability Study:

These tax discounts can have a significant impact on local economies if used to incentivize affordable units.



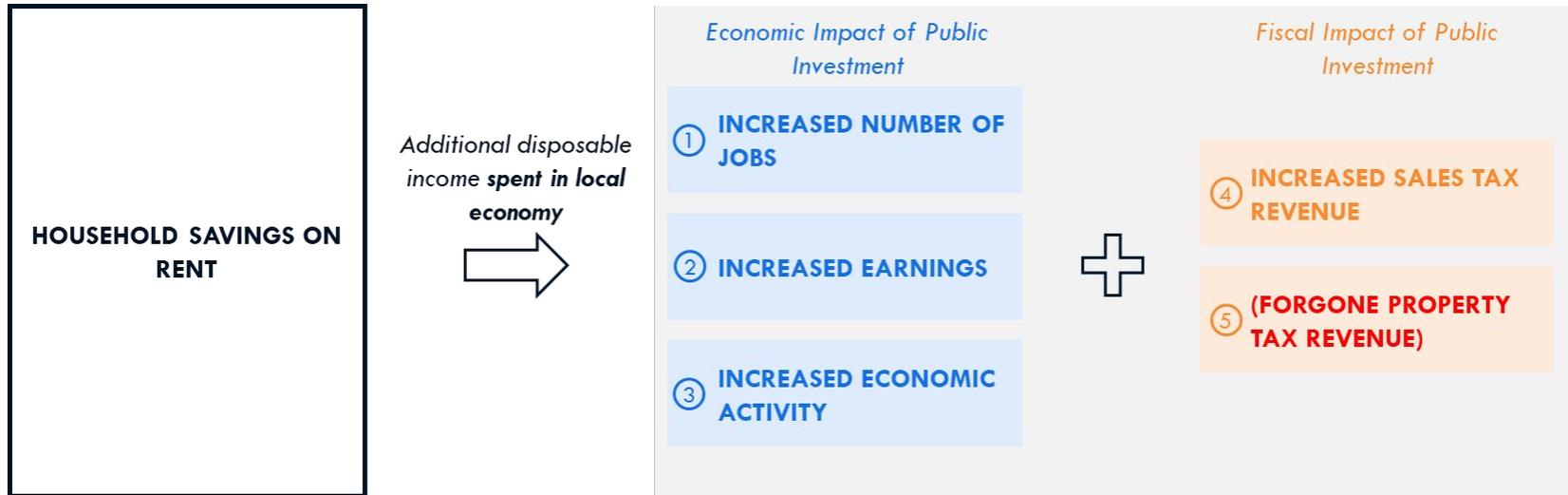
The average household in Orlando earning 60% of median income (~\$39,900) is currently paying 40-50% of their income on housing.



If the household had an affordable unit (with rent less than 1/3 of total income), they would save \$15,300 in rent annually.

FAA 2021 Property Tax Discounts and their Impact on Housing Affordability Study:

Using Property Tax Discounts Would Allow Household savings on rent to be reinvested in the local economy in a variety of channels.



FAA 2021 Property Tax Discounts and their Impact on Housing Affordability Study:

At a metro-level, these savings can significantly stimulate local economies.

Figure 13: Annual Economic Impact by Metro Area

	Jacksonville	Miami	Orlando	Tampa
Annual Rent Savings per Building <i>(Market Rate vs. 60% AMI)</i>	\$335,000	\$442,000	\$373,000	\$382,000
Average Annual Unit Production	3,500 (350 affordable/workforce)	12,500 (1,250 affordable/workforce)	7,000 (700 affordable/workforce)	5,600 (560 affordable/workforce)
Increase in Jobs	56 jobs	424 jobs	170 jobs	122 jobs
Increase in Earnings	\$2.4M	\$20.0M	\$8.1M	\$5.6M
Increase in Economic Activity	\$6.2M	\$52.0M	\$20.2M	\$13.5M

Source: Emsi

FAA 2021 Property Tax Discounts and their Impact on Housing Affordability Study:

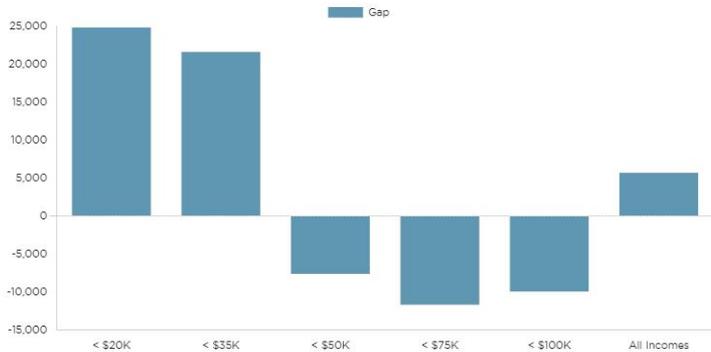
Enabling property tax discounts in support of expanding the affordable and workforce housing supply within market-rate developments could provide a range of benefits to municipalities, the state, building owners, and households.

- At the **municipal and metro-level**, property tax discounts can operate as a ground-up housing development and economic stimulus tool. Housing costs represent the largest share of expenditures for a typical household — savings on housing costs can effectively increase a household's disposable income, particularly for cost-burdened households.
- At the **state level**, additional local spending could support increased sales tax revenue statewide.
- For **building owners**, property tax discounts for affordable and workforce units could offer a potentially attractive incentive for existing properties to remain affordable in the future.
- For **households**, increased access to affordable and workforce units, particularly in areas of opportunity, could expand access to jobs, services, and amenities while also enabling households to work towards greater financial security.

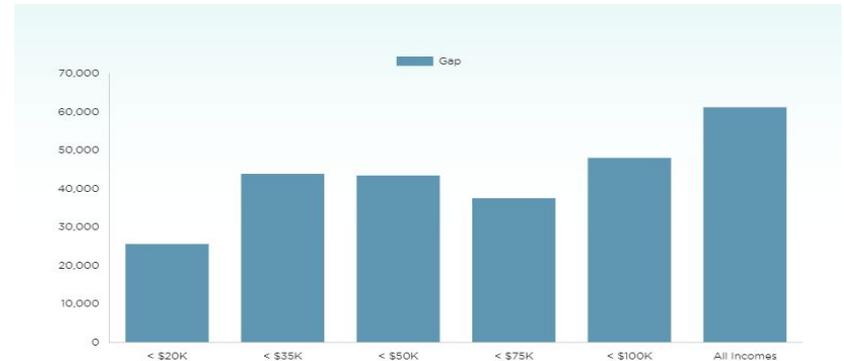
FAA 2022 Housing Gap Research to be Released in Fall 2022

Housing Supply Gap is Expected to Grow by 2030

Duval County currently has a shortage of **5,704 apartment homes** regardless of income level at this time. However, the overall shortage is not necessarily indicative of the inventory available to renters at lower income levels. For households earning below \$20,000 annually, the shortage is **24,848 units**.



Current Housing Supply Gap

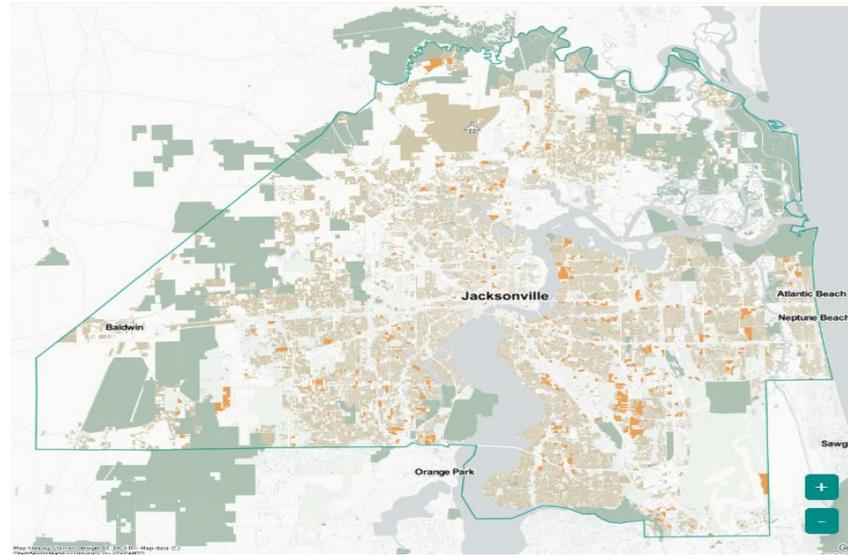


Future Housing Supply Gap

FAA 2022 Housing Gap Research to be Released in Fall 2022

Duval County Residential Zoning

91% of all Duval County residential land is zoned as single-family, while only 9% of residential land use supports apartment homes. The current zoning map creates a virtual shortage on the supply of available land for multi-family developments leading to a rise in the cost of construction and development.



FAA has and will continue to advocate for solutions

- FAA has invested and will continue to allocate significant resources into research on housing affordability issues and solutions.
- During the 2021 and 2022 legislative sessions, FAA and FCAA supported legislation that would have allowed but not required local governments to offer property tax discounts for affordable or workforce housing apartments (SB 1150, sponsored by Sen. Ana Maria Rodriguez in 2022).
- FAA and FCAA also supported legislation that allowed local governments to have zoning flexibility for affordable housing (Example: HB 1139 from 2020).

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