



Community Foundation  
FOR PALM BEACH AND MARTIN COUNTIES  
*Promoting philanthropy - Investing in communities*

# AFFORDABILITY FORECLOSED:

## The Rental Housing Challenge

January 2013

Palm Beach and Martin Counties



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The Metropolitan Center at Florida International University (FIU) delivers information and expertise to decision makers, community leaders and citizens as they seek to forge solutions to urban problems. The Center is engaged in the study of housing, demographics, economics and politics in South Florida. The overall goal of the Center, as an "applied research" institute, is to provide decision-makers with the best possible information to forge solutions to the problems confronting South Florida's urban areas. Toward that goal, the Center provides research, training, and technical assistance to governmental and nonprofit institutions in South Florida.

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# EXECUTIVE SUMMARY

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## A . B A C K G R O U N D

The *Affordability Foreclosed: The Rental Housing Challenge* was prepared by the Metropolitan Center at Florida International University (FIU) on behalf of the Community Foundation for Palm Beach and Martin Counties. The report provides an update to the 2007 *Rental Housing Study of Palm Beach and Martin Counties* prepared toward the end of South Florida’s “housing bubble.” The study revealed the impact of the explosive three-year residential boom from 2003-2005 which resulted in rapid housing appreciation, a severe shortage of affordable housing and extreme affordability gaps for all housing types. Palm Beach and Martin Counties’ affordable housing supply mismatch was exacerbated by speculative investment that resulted in the conversion of 16,000 rental units to condominiums and an overall development trend toward more upscale housing demand external to the local market.

The current report provides an in-depth rental housing needs assessment based on existing and future housing supply and demand conditions. The study determined that the rental housing market of Palm Beach and Martin Counties has undergone significant changes since the economic recession. Economic conditions have pushed up the number and share of renter households and this trend is expected to increase in the coming years. The increase in renter demand and concomitant decrease in rental housing production has resulted in reduced rental vacancies and escalating rents. Meanwhile, public subsidies (federal, state and local) for affordable rental housing production have become nearly depleted in recent years. The following are the key summary points of the *Affordability Foreclosed: The Rental Housing Challenge*.

### **1. The rental housing market has become exceedingly complex**

The collapse of the housing bubble and subsequent economic recession has had a ripple effect on the rental housing markets in Palm Beach and Martin Counties. The rental housing needs assessment found significant changes occurring in the larger housing market that have impacted rental housing supply and demand and overall affordability. The contributing factors and conditions include the lack of housing production, low vacancy rates, home foreclosure activity and depressed household incomes. Rental markets are tightening throughout the two counties, and with little new supply of multi-family units in the pipeline rents could continue to rise as demand increases. Further, owners who have gone through foreclosure are expected to remain renters for years to come, thus increasing competition for a diminished rental housing supply. While the foreclosure crisis had its greatest impact on homeowners, it has also displaced a significant number of renters. The loss of homeownership, displacement of renters, prolonged job loss and tightened credit availability have significantly altered housing tenure. Since 2006, renter-occupied units have increased by 11 percent in Palm Beach County and 7 percent in Martin County, an increase of 14,425 renter-occupied units.

## ***2. Affordable rental housing demand in Palm Beach and Martin Counties has dramatically increased***

Significantly, new renter housing production has not kept pace with growing renter demand. During the past four years there have been only 1,633 new rental housing starts and 1,504 rental housing completions in Palm Beach and Martin Counties. Current and projected housing and economic market conditions indicate a serious shortfall of affordable rental housing in both counties. The rental housing needs assessment shows there will be an estimated annual demand for an additional 5,216 rental apartments in Palm Beach County during the time period 2011-2015.

The vast preponderance of each county's workers earn salaries and wages in service sector employment, including retail trade, leisure and hospitality, and educational and health services. The household incomes of these service sector workers limit housing choices to affordable rental housing opportunities, where accessible. The assessment found the availability and accessibility of affordable rental housing vital to Palm Beach and Martin Counties' average working family and household employed in service sector occupations. However, the study's affordability analysis determined growing and substantial affordability gaps in all household income categories below 100 percent of AMI. In fact, approximately 90 percent of renter households in both counties earning less than \$35,000 and 62 percent of renters earning between \$35,000 and \$49,999 are cost-burdened. Further analysis of annual average renter household demand for the years 2015 to 2030 determined that approximately 60 percent of the units will need to accommodate Palm County and Martin County households earning less than 80 percent of the area median income (AMI).

## ***3. The affordable rental housing supply in Palm Beach and Martin Counties has greatly diminished due largely to the lack of public policies to support subsidies necessary to create affordable housing.***

Investing in new and existing affordable rental housing requires access to affordable financing. However, there is currently an absence of federal or state assistance to adequately produce and preserve rental housing and to defray the costs of renting. With funding for HUD's Neighborhood Stabilization Program (NSP) coming to an end, the Low-Income Housing Tax Credit (LIHTC) program is nearly all that is available to fund both new construction and substantial rehabilitation of existing properties including older assisted developments. However, the LIHTC program most commonly caps tenant eligibility at 60 percent of area median income (adjusted for family size), while the voucher program usually caps eligibility at 50 percent of area median income. Households with incomes above 60 percent of area medians are therefore excluded despite the rapid growth of cost-burdened and severely cost-burdened renter households with incomes well above that threshold.

The bottom line is that previously utilized affordable rental housing development subsidies and tools are severely limited or no longer available, thus creating a substantial program and financing gap for

rental housing production and preservation. The development of affordable multi-family housing will remain reliant upon innovative financing solutions brought forward by the community development industry which serves low-moderate income people. At the same time, local governments will need to re-assess their housing policies and programs to create expanded opportunities for affordable rental housing production and preservation in their respective communities. Local governments can begin by re-assessing the Future Land Use and Housing Elements of their Comprehensive Plans. Entitlement Communities will need to amend their HUD Consolidated Plans and State Local Housing Assistance Plans (LHAPS) to provide specific policies and objectives to address their affordable rental housing needs.

***4. The majority of rental housing properties in Palm Beach and Martin Counties consist of smaller (15-49 unit) multi-family properties which provide significant opportunity for affordable housing preservation.***

The assessment concluded that the bulk of REO and short sale multi-family properties in Palm Beach and Martin Counties are small, investor-owned properties generally in the range of 6-49 units. These properties are typically located along the I-95 Corridor, 40+ years old, have moderate levels of deferred maintenance and probable health and building code violations. Many of the properties surveyed were either fully or partially occupied with existing tenants. Coincidentally, this property profile is the under-served market for small multi-family loans nationally. Generally, most origination for small multi-family loans comes from state housing finance agencies, community banks and specialized local or regional loan pool originators. Much still relies either on recourse financing or community development motivations. Change to the current affordable rental housing crisis will require innovative solutions brought forward by the full contingent of community development partners, including public-private partnerships, philanthropic and financial institutions and community groups.

The assessment found that small, multi-family properties (less than 50 units) are the typical structure types most in need of gap financing for the reasons stated above. The assessment and supporting project pro forma for the acquisition and rehabilitation of typical 6-49 unit multi-family rental properties in Palm Beach and Martin Counties found higher per unit rehabilitation costs (\$50,000-\$60,000 per unit) for the smaller 6-9 unit structures. Larger multi-family structures of 24-49 units had average rehabilitation costs of \$25,000-\$30,000 per unit. The assessment found multi-family structures in the 24-49 unit range in generally better physical condition than the typical 6-9 unit structure. This may be attributed to several factors including age of the property, attention to deferred maintenance issues and the presence of on-site management. There is an identified financing need in the market for these units where affordability gaps were previously filled by subsidies from state agencies.

## *5. Rental housing investment in Palm Beach and Martin Counties has become highly competitive and lucrative*

The assessment found that rental housing investment has become highly competitive and lucrative given the supply shortage and growing rental housing demand in Palm Beach and Martin Counties. A survey of “for sale” multi-family properties found intense competition for real estate owned (REO) and “short sale” properties by a wide-range of prospective investors, many whose investment objectives may not align with either the production or preservation of affordable rental housing. The assessment found that the majority of these properties are located near employment centers and have existing at-risk tenants in place. Many of these properties are also located in HUD-NSP designated Areas of Greatest Need.

Palm Beach and Martin Counties have previously experienced the impact of speculative investment in multi-family rental properties during the height of the housing bubble when widespread condominium conversions resulted in the loss of 16,000 rental units. Now, with little rental housing production, lowering vacancy rates and escalating rents, small, multi-family rental properties have become obvious targets for private real estate investors. Local governments and non-profit community development partners will need to become more pro-active in the real estate market to help preserve the remaining supply of small, multi-family rental properties.

# TABLE OF CONTENTS

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<b>RESEARCH TEAM .....</b>	<b>2</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
A. Background .....	4
<b>TABLE OF CONTENTS .....</b>	<b>8</b>
<b>I. INTRODUCTION AND METHODOLOGY .....</b>	<b>9</b>
A. Methodology and Scope of Study .....	9
B. An Adequate Supply of Affordable Rental Housing .....	10
<b>II. POPULATION TREND ANALYSIS .....</b>	<b>11</b>
<b>III. RENTAL HOUSING SUPPLY AND DEMAND ASSESSMENT .....</b>	<b>13</b>
A. Rental Housing Supply Analysis .....	13
1. Overall Housing Inventory .....	13
2. Rental Housing Inventory .....	20
3. Development Trends .....	29
4. Foreclosure activity .....	31
B. Rental Housing Demand Analysis .....	35
1. Background .....	35
2. Renter Demand by Household Composition and Income .....	39
3. Level of Affordability for Renter Households .....	41
4. Future Demand .....	42
<b>IV. AFFORDABLE RENTAL HOUSING INVESTMENT SCENARIOS .....</b>	<b>48</b>
A. Background .....	48
B. Methodology .....	49
C. Investment Strategies .....	49
1. Investment prototype A: 9–unit multi-family rental property .....	51
2. Investment prototype B: 24–unit multi-family rental property .....	52
3. Investment prototype C: 49–unit multi-family rental property .....	53
<b>V. CONCLUSION .....</b>	<b>55</b>
<b>VI. APPENDIX .....</b>	<b>57</b>
A. Identification of Barriers to Affordable Rental Housing .....	57
1. Background .....	57
2. Findings .....	57
B. Assisted Rental Housing Inventory .....	65



# I. INTRODUCTION AND METHODOLOGY

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The *Affordability Foreclosed: The Rental Housing Challenge* was prepared by the Metropolitan Center at Florida International University (FIU) on behalf of the Community Foundation for Palm Beach and Martin Counties. The study provides a closer analysis of the renter housing market in two relatively different counties with respect to population, density and development philosophies. Despite these obvious differences, their spatial relationship co-joins the two counties in terms of shared economies and residential markets.

The following rental housing analysis of Palm Beach and Martin Counties is intended to provide a clear understanding of the rental supply and demand factors and conditions that impact the two counties. With this understanding the study then recommends rental housing investment strategies to help preserve existing affordable rental housing units in the two counties.

## A. METHODOLOGY AND SCOPE OF STUDY

The methodology used by the FIU Metropolitan Center in the research and preparation of the rental housing study for Palm Beach and Martin Counties was to assess current rental supply and demand factors and conditions to determine the level to which the local rental market is providing adequate choices and opportunities for households in need of rental housing. The housing demand and supply assessment examines the existing and future rental housing needs of Palm Beach and Martin Counties with respect to household income, affordability and location of the existing inventory

The study includes the following tasks:

- **Population Trend Analysis:** This section provides an assessment of population changes with an emphasis on recent shifts due to economic and housing conditions.
- **Rental Housing Supply and Demand Impact Analysis:** An assessment of the key rental housing supply and demand factors and conditions that impact the availability of affordable rental housing in the two counties. Includes,
  - ✓ **Housing Supply Analysis:** This section provides an update of Palm Beach and Martin Counties' housing inventory/supply based on housing type, tenure, development activity and values by major municipality;
  - ✓ **Housing Demand Analysis:** This section provides an update of Palm Beach and Martin Counties' current housing demand (need) based on an economic base analysis of the counties and the impact on owner and renter households;

- **Affordable Rental Housing Investment Strategies:** Based on the above assessments, specific rental housing investment strategies are proposed with supporting project pro forma.

## **B. AN ADEQUATE SUPPLY OF AFFORDABLE RENTAL HOUSING**

A basic premise of all housing markets is that there must exist a spectrum of housing choice and opportunity for local residents. This axiom establishes that housing choice and needs differ in most communities due to a variety of factors, including: household income, population age, proximity of employment and mere preference. A spectrum of rental housing choice and opportunity is particularly important as rental housing can accommodate an assortment of individual and household needs. First and foremost, an adequate supply of affordable rental housing provides choice and opportunity to working individuals and families with more modest incomes. Affordable rental housing allows independent household formation without the need to accumulate or deploy a lot of capital. In fact, affordable rental housing serves many family and household types, including:

- People of all income levels that prefer to rent due to its lower cost, greater flexibility, and reduced maintenance obligations
- Young people establishing new households
- People of all income levels in urban centers
- Seniors of many income levels, some who are leaving homeownership
- A mobile work force, both urban and rural
- Households recovering from job loss, foreclosure or other dislocation
- Low-income or poor credit households that cannot access homeownership

The need for an adequate supply of affordable rental housing is vital to the economies of Palm Beach and Martin Counties. However, economic conditions in South Florida have pushed up the number and share of renter households and this trend is expected to increase in the coming years. Rental markets are tightening throughout the two counties, and with little new supply of multi-family units in the pipeline, rents could continue to rise as demand increases. While the foreclosure crisis had its greatest impact on homeowners, it has also displaced a significant number of renters. According to statistics from the National Low Income Housing Coalition, about half of renters live in the types of properties that are at the center of the crisis, nationally including single-family homes, condominiums and buildings with 2–4 units. The Coalition’s study estimated that, as of 2009, renters may have accounted for some 40 percent of households that faced eviction because of foreclosure activity.

## II. POPULATION TREND ANALYSIS

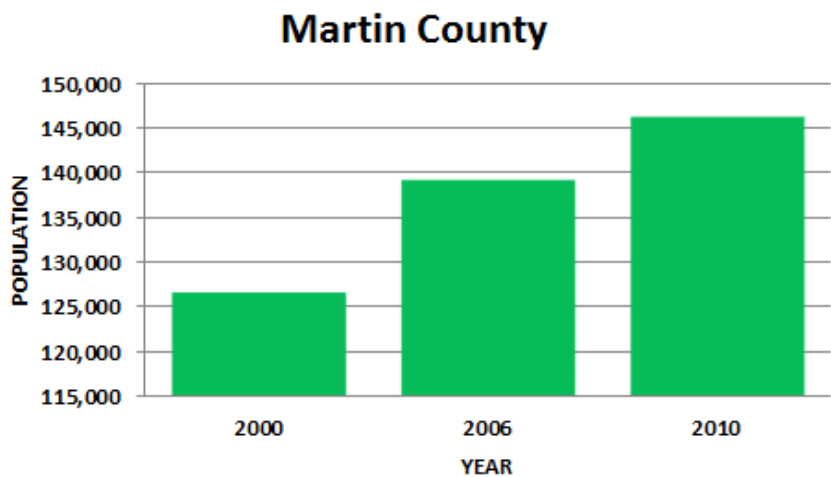
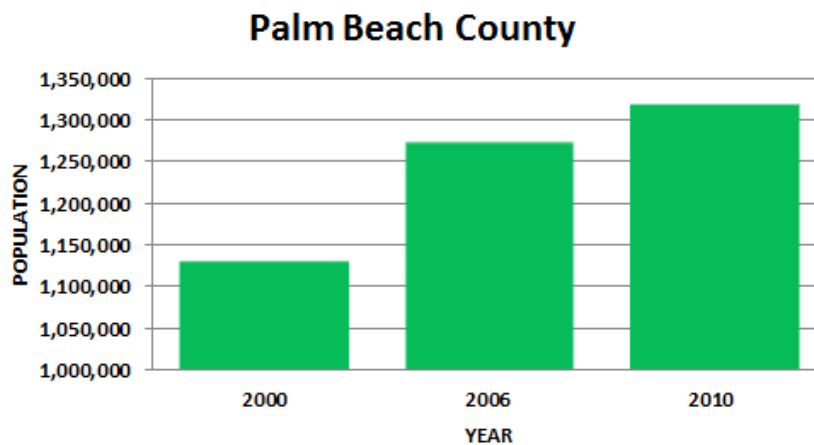
This section provides an assessment of population changes with an emphasis on recent shifts due to economic and housing market conditions. Both Palm Beach and Martin Counties experienced double digit population growth rates from 2000-2006. However, economic conditions have contributed to a slowdown in both counties' population growth rates from 2006-2010 (Table 2.1).

**TABLE 2.1: Population Changes, Palm Beach and Martin Counties, 2000-2010**

COUNTY/YEAR	2000	2006	2010	% CHANGE	
				2000-06	2006-10
Palm Beach County	1,131,184	1,274,013	1,320,134	13%	4%
Martin County	126,731	139,393	146,318	10%	5%

Source: U.S. Census 2000 General Population & Housing Characteristics SF 1 (DP-1), U.S. ACS 2006 Demographic & Housing 1 Year Estimate (DP05), U.S. Census 2010 Demographic Profile (DP-1)

**FIGURE 2.1: Population Changes, Palm Beach and Martin Counties, 2000-2010**



The largest population increases in both counties since 2006 was due to significant increases in the Hispanic population. Palm Beach County’s Hispanic population grew by 18 percent (37,561 persons), while Martin County’s Hispanic population grew by 36 percent (4,743 persons). Palm Beach County’s Black population also had a significant increase of 14 percent (27,714 persons) since 2006 (Table 2.2).

**TABLE 2.2: Population Changes by Race and Ethnicity, Palm Beach and Martin Counties, 2000-2010**

COUNTY/YEAR	2000	2006	2010	% CHANGE	
				2000-06	2006-10
<b>Palm Beach County</b>					
Population	1,131,184	1,274,013	1,320,134	13%	4%
White	894,207	935,941	970,121	5%	4%
Black	156,055	200,976	228,690	29%	14%
Other*	80,922	137,096	121,323	86%	-19%
Hispanic	140,675	213,262	250,823	52%	18%
Non-Hispanic	990,509	1,060,751	1,069,311	7%	1%
<b>Martin County</b>					
Population	126,731	139,182	146,318	10%	5%
White	113,912	123,177	127,691	8%	4%
Black	6,673	8,585	7,842	29%	-9%
Other*	6,146	7,420	10,785	52%	15%
Hispanic	9,506	13,138	17,881	38%	36%
Non-Hispanic	117,225	126,255	128,437	8%	2%

\*\* Includes: American Indian/Alaska Native, Asian, Native Hawaiian/Pacific Islander, Some Other Race and Two or More Races

Source: U.S. Census 2000 General Population & Housing Characteristics SF 1 (DP-1), U.S. ACS 2006 Demographic & Housing 1 Year Estimate (DP05), U.S. Census 2010 Demographic Profile (DP-1)

Both Palm Beach and Martin Counties experienced household growth rates of 8 and 10 percent, respectively since 2006 which is significantly higher than each county’s household growth rates from 2000-2006. Non-family households increased in both counties since 2006, although at a slower pace than from 2000 to 2006. Both counties experienced a slight loss in housing units “with a mortgage” since 2006 after significant increases from 2000-2006 (Table 2.3).

**TABLE 2.3: Changes in Household Composition, Palm Beach and Martin Counties, 2000-2010**

COUNTY/YEAR	2000	2006	2010	% CHANGE	
				2000-06	2006-10
<b>Palm Beach County</b>					
Total Households	474,175	504,518	544,227	6%	8%
Family Households	303,772	315,798	340,709	4%	8%
Non-Family Households	170,403	188,720	203,518	11%	8%
Housing Units with a Mortgage	172,856	237,303	227,228	37%	-4%
Housing Units without a Mortgage	70,557	142,697	146,169	102%	2%
<b>Martin County</b>					
Total Households	55,288	57,951	63,899	5%	10%
Family Households	36,194	36,267	40,148	0%	11%
Non-Family Households	19,094	21,684	23,751	14%	10%
Housing Units with a Mortgage	18,828	25,963	25,511	38%	-2%
Housing Units without a Mortgage	10,984	20,636	21,032	88%	2%

Source: U.S. Census 2000 General Population & Housing Characteristics SF 1 (DP-1), U.S. Census 2000 Profile of Selected Housing SF 4 (DP-4), U.S. ACS 2007 Demographic & Housing 1 Year Estimate (DP05), U.S. ACS 2006 Selected Housing Characteristics 1 Year Estimate (DP04), U.S. ACS 2007 Selected Social Characteristics 1 Year Estimate (DP02), U.S. Census 2010 Demographic Profile (DP-1), U.S. ACS 2010 Selected Housing Characteristics 1 Year Estimate (DP04)

### III. RENTAL HOUSING SUPPLY AND DEMAND ASSESSMENT

#### A. RENTAL HOUSING SUPPLY ANALYSIS

Housing supply factors include the total number of units by type, price range, tenure and absorption. Housing supply analysis must also consider development trends and projections based on planned development activity. As previously noted, Palm Beach and Martin Counties have endured the repercussions of the collapse of the housing bubble and subsequent “Great Recession.” These economic conditions have significantly impacted the supply of affordable rental housing by increasing the share and number of renter households in both counties.

##### 1. OVERALL HOUSING INVENTORY

The first step in defining a rental housing inventory is to establish an overall housing inventory that differentiates owner and renter housing by total units, structure type, occupancy, age and condition.

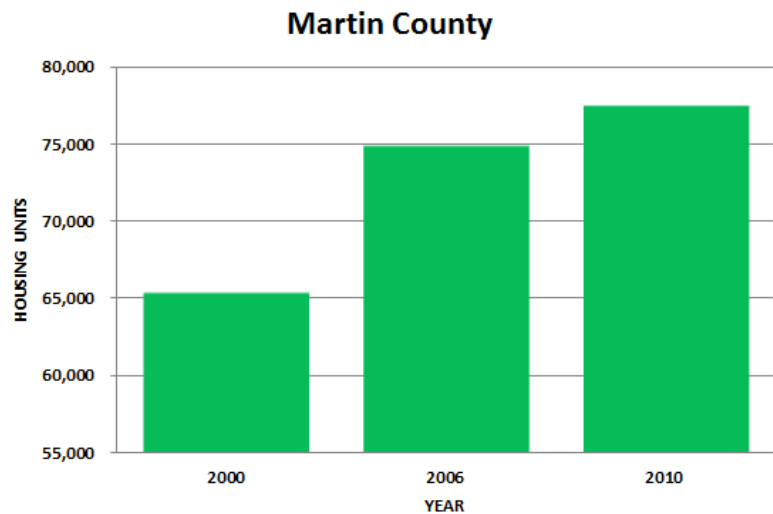
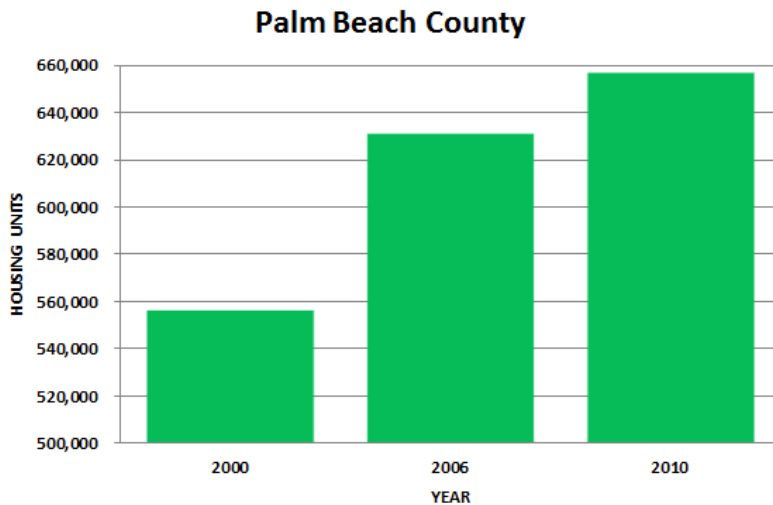
According to 2010 Decennial Census estimates, there are 734,596 housing units in Palm Beach and Martin Counties with nearly 90 percent of the units located in Palm Beach. Both counties experienced double digit growth rates from 2000-2006 followed by more modest 3-4 percent growth rates from 2006-2010 (Table 3.1).

**TABLE 3.1: Changes in Total Housing Units, Palm Beach and Martin Counties, 2000-2010**

COUNTY/YEAR	2000	2006	2010	% GROWTH	
				2000-06	2006-10
Palm Beach County	556,428	631,146	657,106	13%	4%
Martin County	65,471	74,921	77,490	14%	3%
<b>TOTAL</b>	<b>621,899</b>	<b>706,067</b>	<b>734,596</b>	<b>14%</b>	<b>4%</b>

Source: U.S. ACS, 2006-2010, Selected Housing Characteristics (DP04), 5 Year Estimates

**FIGURE 3.1: Changes in Total Housing Units Palm Beach and Martin Counties 2000-2010**



### 1.1 Housing Inventory by Type

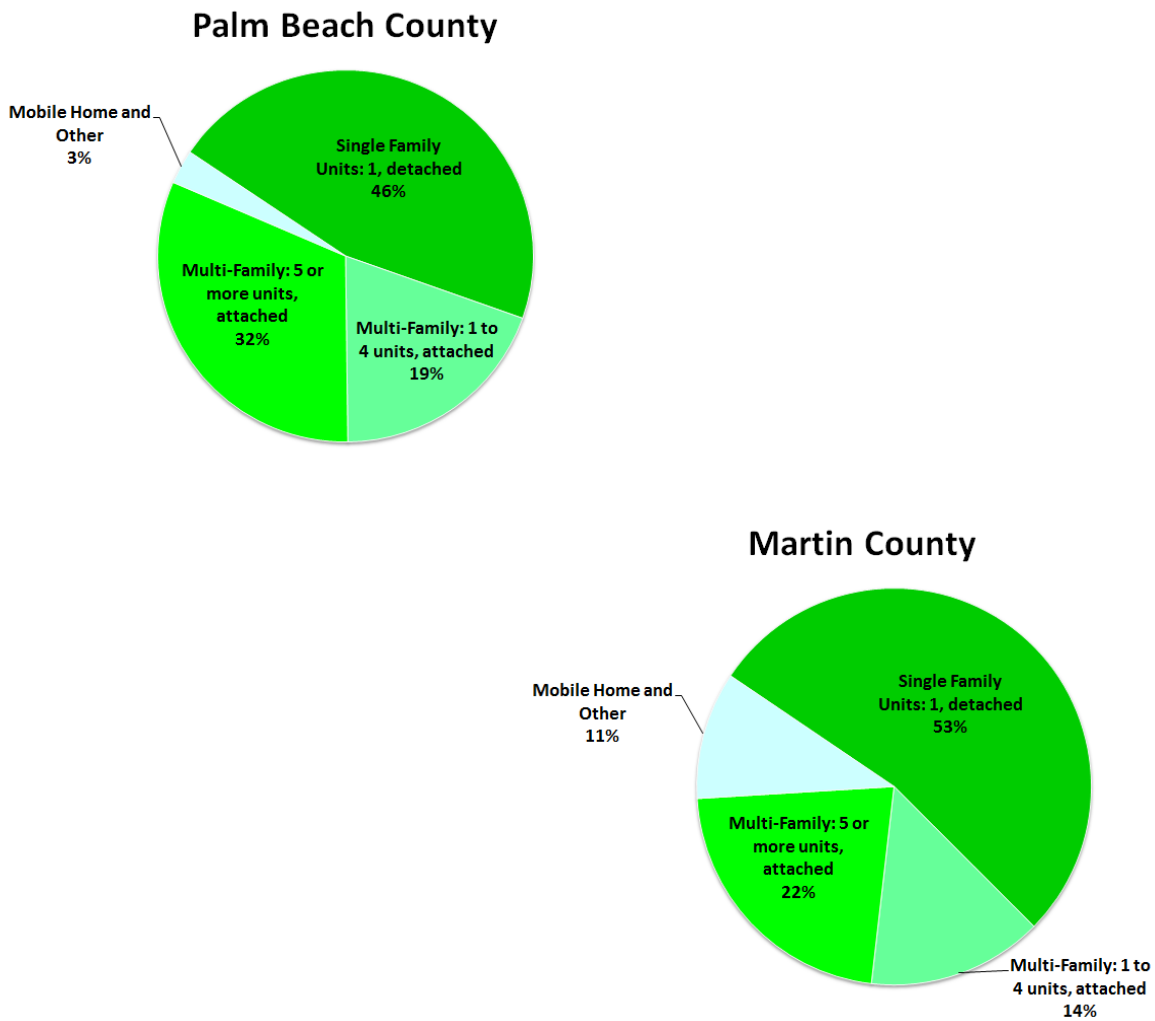
Both counties experienced significant increases in their respective single- and multi-family home inventories from 2000-2006, but relatively smaller increases from 2006-2010 (Table 3.2). According to 2010 Decennial Census estimates, there are currently 302,192 single-family detached homes in Palm Beach County compared to 335,476 multi-family units. Mobile homes comprise 19,438 units (2 percent loss) in Palm Beach County. There are currently 41,091 single-family detached homes in Martin County compared to 28,335 multi-family units. Mobile homes comprise 8,064 units (15 percent decrease) in Martin County.

**Table 3.2: Changes in Housing Units by Structure Type, Palm Beach and Martin Counties, 2000-2010**

COUNTY/YEAR	2000	2006	2010	% CHANGE	
				2000-06	2006-10
<b>Palm Beach County</b>					
Single Family Units: 1, detached	245,507	284,499	302,192	16%	6%
Multifamily: 1 to 4 units, attached	119,000	122,309	127,354	3%	4%
Multifamily: 5 or More units, attached	171,284	204,598	208,122	19%	2%
Mobile Home and Other	20,637	19,740	19,438	-4%	-2%
<b>Total</b>	<b>556,428</b>	<b>631,146</b>	<b>657,106</b>	<b>13%</b>	<b>4%</b>
<b>Martin County</b>					
Single Family Units: 1, detached	33,210	40,189	41,091	21%	2%
Multifamily: 1 to 4 units, attached	10,775	8,988	11,129	-17%	24%
Multifamily: 5 or More units, attached	13,720	16,293	17,206	19%	6%
Mobile Home and Other	7,766	9,451	8,064	22%	-15%
<b>Total</b>	<b>65,471</b>	<b>74,921</b>	<b>77,490</b>	<b>14%</b>	<b>3%</b>

Source: U.S Census 2000 Summary File 3 (H030) – ACS 2006 and 2010 Units in Structure (B25024), (B25024)

**Figure 3.2: Housing Units by Structure Type, Palm Beach and Martin Counties, 2010**



## 1.2 Housing Units in Structure

As previously noted, single-family detached housing units comprise the single largest unit/structure type in both counties. Single-family detached structures comprise 46 of Palm Beach County’s total housing units and 53 percent of Martin County’s total housing units (Table 3.3). Multi-family structures (1-unit, attached and above) comprise 41 percent (335,476 units) of the total inventory in Palm Beach County and 36 percent (28,335 units) in Martin County.

**Table 3.3: Housing Units by Structure Type, Palm Beach and Martin Counties, 2010**

STRUCTURE TYPE	Palm Beach County	% of Total	Martin County	% of Total
Single Family Units: 1, detached	302,192	46%	41,091	53%
Multifamily: 1 to 4 units, attached	127,354	19%	11,129	14%
Multifamily: 5 or More units, attached	208,122	32%	17,206	22%
Mobile Home and Other	19,438	3%	8,064	10%
<b>Total</b>	<b>657,106</b>	<b>100%</b>	<b>77,490</b>	<b>100%</b>

Source: U.S. ACS 2010 Units in Structure (B25024), 5Year Estimates

## 1.3 Age and Condition of the Housing Inventory

### 1.3.1 Age

The housing supply in Palm Beach and Martin Counties is very similar in terms of age. The vast majority of units (over 80 percent) were built after 1970 (Table 3.4). While the overall age of the housing stock in both counties is relatively new, the fact that over 120,172 units are now approaching over 50 years of age raises housing preservation issues. The older housing stock, particularly older rental housing units, often has code and deferred maintenance issues that can impact the longevity of the housing structure.

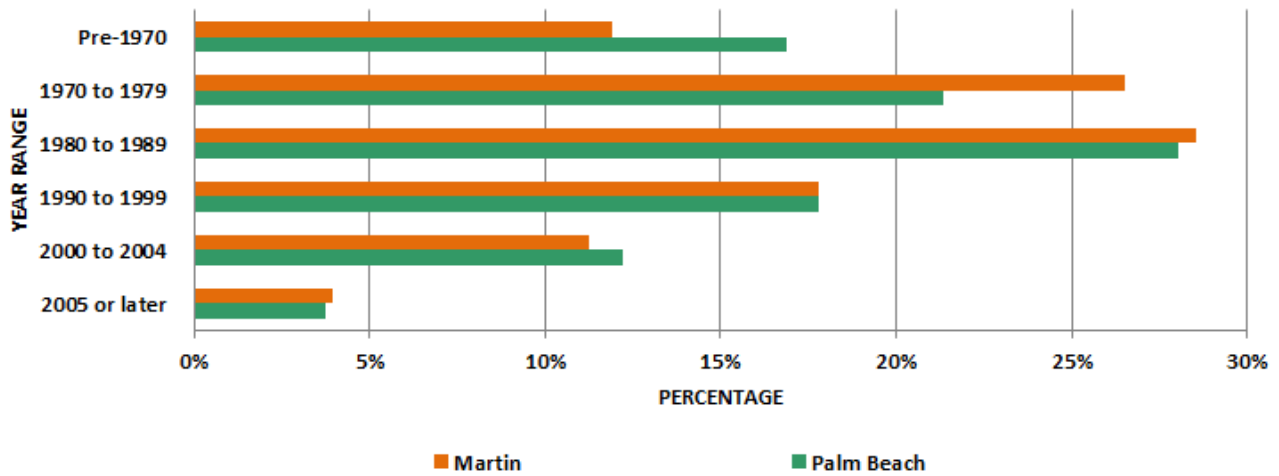
**Table 3.4: Age of Housing in Palm Beach and Martin Counties**

	Palm Beach County		Martin County		Both Counties	
	Total Units	%	Total Units	%	Total Units	%
2005 or later	24,582	4%	3,058	4%	27,640	4%
2000 to 2004	80,298	12%	8,731	11%	89,029	12%
1990 to 1999	116,803	18%	13,805	18%	130,608	18%
1980 to 1989	184,353	28%	22,129	29%	206,482	28%
1970 to 1979	140,124	21%	20,541	27%	160,665	22%
Pre-1970	110,946	17%	9,226	12%	120,172	16%
<b>Total</b>	<b>657,106</b>	<b>100%</b>	<b>77,490</b>	<b>100%</b>	<b>734,596</b>	<b>100%</b>

Source: U.S. ACS, 2006-2010, Selected Housing Characteristics (DP04), 5 Year Estimates



Figure 3.3: Age of Housing in Palm Beach and Martin Counties, 2010



**1.3.2 Condition**

The U.S. Census estimates the total number of substandard units in a geographic area by calculating both owner- and renter-occupied units 1) lacking complete plumbing facilities, 2) lacking complete kitchen facilities, and 3) 1.01 or more persons per room (extent of housing overcrowding). The U.S. Census defines “complete plumbing facilities” to include: (1) hot and cold piped water; (2) a flush toilet; and (3) a bathtub or shower. All three facilities must be located in the housing unit.

According to 2010 ACS 5-Year estimates, 4,452 units/.9 percent of Palm Beach County’s 523,150 occupied housing units are lacking complete plumbing or kitchen facilities. A total of 13,376 units/2.5 percent are classified as overcrowded. In Martin County, 323 units/2.3 percent of the County’s 59,203 occupied housing units are lacking complete plumbing or kitchen facilities. A total of 730 units/1.2 percent are classified as overcrowded (Table 3.5).

**Table 3.5: Palm Beach and Martin Counties, Selected Housing Characteristics, 2010**

	2010 Housing Units	% of Total Units
<b>Palm Beach County</b>		
Occupied Housing Units	523,150	100.0%
Lacking Complete Plumbing	1,916	0.4%
Lacking Complete Kitchen	2,536	0.5%
No Telephone Service Available	16,327	3.1%
Occupants per room:		
1.00 or less	509,774	97.4%
1.01 to 1.50	10,621	2.0%
1.51 or more	2,755	0.5%
<b>Martin County</b>		
Occupied Housing Units	59,203	100.0%
Lacking Complete Plumbing	146	0.2%
Lacking Complete Kitchen	177	0.3%
No Telephone Service Available	1,987	3.4%
Occupants per room:		
1.00 or less	58,473	98.8%
1.01 to 1.50	555	0.9%
1.51 or more	175	0.3%

Source: U.S. ACS, 2006-2010, Selected Housing Characteristics (DP04), 5 Year Estimates

### 1.4 Housing Occupancy by Tenure

According to 2010 U.S. Decennial Census estimates, owner-occupied units comprise 73 percent of Palm Beach County’s total occupied units and 79 percent of Martin County’s occupied units. Significantly, owner-occupied units increased by only 1 percent in both counties since 2006, while renter-occupied units increased by 11 and 7 percent, respectively (Table 3.6). The average household size of owner-occupied units is 2.40 in Palm Beach County compared to 2.58 for renter-occupied units. Martin County’s average household size of owner-occupied units is 2.32 compared to 2.66 for renter-occupied units.

**Table 3.6: Changes in Housing Occupancy Characteristics, Palm Beach and Martin Counties, 2000-2010**

COUNTY/YEAR	2000	2006	2010	% CHANGE	
				2000-06	2006-10
<b>Palm Beach County</b>					
Occupied Housing Units	474,175	504,518	523,150	6%	4%
Owner-Occupied	354,026	380,000	384,995	7%	1%
Renter-Occupied	120,149	124,518	138,155	4%	11%
<b>Total Housing Units</b>	<b>556,428</b>	<b>631,146</b>	<b>657,106</b>	<b>13%</b>	<b>4%</b>
<b>Martin County</b>					
Occupied Housing Units	55,288	57,951	59,203	5%	2%
Owner-Occupied	44,136	46,599	47,063	6%	1%
Renter-Occupied	11,152	11,352	12,140	2%	7%
<b>Total Housing Units</b>	<b>65,471</b>	<b>74,921</b>	<b>77,490</b>	<b>14%</b>	<b>3%</b>

Source: U.S. ACS, 2006-2010, Selected Housing Characteristics (DP04), 5 Year Estimates

## 1.5 Housing Vacancy Rates

Housing vacancies have continued to increase in both Palm Beach and Martin Counties. Total housing vacancies have increased by 5.7 percent in Palm Beach County and 8 percent in Martin County since 2006 (Table 3.7). The total number of housing vacancies has steadily increased in both counties since 2000.

**Table 3.7: Occupancy Characteristics, Palm Beach and Martin Counties, 2000-2010**

County/ Year	2000	2006	2010	% CHANGE	
				2000-06	2006-10
<b>Palm Beach County</b>					
Total Housing Units	556,428	631,146	657,106	13%	4%
Occupied Housing Units	474,175	504,518	523,150	6%	4%
Vacant Housing Units	82,253	126,628	133,956	54%	6%
Vacancy Rate	15.0%	20.0%	20.0%		
Homeowner Vacancy Rate	2.0%	3.5%	4.0%		
Rental Vacancy Rate	8.7%	9.9%	10.0%		
<b>Martin County</b>					
Total Housing Units	65,471	74,921	77,490	5%	2%
Occupied Housing Units	55,288	57,951	59,203	5%	2%
Vacant Housing Units	10,183	16,970	18,287	67%	8%
Vacancy Rate	16.0%	23.0%	24.0%		
Homeowner Vacancy Rate	2.3%	5.4%	5.0%		
Rental Vacancy Rate	10.4%	8.6%	13.0%		

Source: U.S. Census 2010 Census Summary File 1, General Housing Characteristics (QT-H1)

The high vacancy rates in Palm Beach and Martin Counties are attributed to the large number of homes intended for “seasonal, recreational, or occasional use.” These units account for 50 percent of the overall vacancies in both counties (Table 3.8). Significantly, this vacancy type has decreased in recent years in both counties. The recent decreases are attributed to the “selling-off” of “second” homes that have depreciated in value and other factors related to the economic recession.

**Table 3.8: Vacant Housing Units, Palm Beach and Martin Counties, 2000-2010**

	Palm Beach County		Martin County	
	Total Units	%	Total Units	%
For rent	21,961	18%	2,308	16%
Rented, not occupied	1,184	1%	146	1%
For sale only	13,645	11%	1,828	13%
Sold, not occupied	2,254	2%	334	2%
For seasonal, recreational, or occasional use	60,183	50%	7,475	53%
For migrant workers	101	0%	24	0%
Other vacant	21,039	17%	2,117	15%
<b>Total</b>	<b>120,367</b>	<b>100%</b>	<b>14,232</b>	<b>100%</b>

Source: U.S. Census 2010 Census Summary File 1, General Housing Characteristics (QT-H1)

## 2. RENTAL HOUSING INVENTORY

### 2.1 Change in Renter Housing Units

According to the 2010 ACS 5-Year estimates, there are 138,155 renter-occupied units in Palm Beach County which account for approximately 21 percent of all occupied units (Table 3.9). Palm Beach County experienced a 10.9 percent increase from 2006 in renter-occupied units. The increase is attributed to the collapse of the housing bubble and subsequent growth in demand for rental housing in the county.

Martin County has a total of 12,140 renter-occupied units which represents nearly a 7 percent increase since 2006. The renter share has increased during this period which is also attributed to the growing increase in renter demand.

**Table 3.9: Changes in Renter Occupied Housing Units, Palm Beach and Martin Counties, 2000-2010**

County/Year	2000	2006	2010	% of Total Housing Units			% Growth	
				2000	2006	2010	2000-06	2006-10
<b>Palm Beach County</b>								
Renter-Occupied	120,151	124,518	138,155	22%	20%	21%	4%	11%
Total Housing Units	556,428	631,146	657,106				13%	4%
<b>Martin County</b>								
Renter-Occupied	11,157	11,352	12,140	17%	15%	16%	2%	7%
Total Housing Units	65,471	74,921	77,490				14%	3%

Source: U.S. ACS 2006-2010, Tenure by Units in Structure (B25032), 5 Year Estimates

**Table 3.10: Renter-Occupied Housing Units by Structure Type, Palm Beach and Martin Counties, 2010**

	Palm Beach County	% of Total	Martin County	% of Total
Single Family Units: 1, detached	29,366	21%	3,443	28%
Multifamily: 1 to 4 units, attached	37,364	27%	3,149	26%
Multifamily: 5 or More units, attached	68,244	49%	4,399	36%
Mobile Home and Other	3,181	2%	1,149	9%
<b>Total</b>	<b>138,155</b>	<b>100%</b>	<b>12,140</b>	<b>100%</b>
<b>Avg. Household Size</b>	<b>2.58</b>		<b>2.66</b>	

Source: U.S. ACS, 2006-2010, Selected Housing Characteristics (DP04), 5 Year Estimates

An analysis of renter-occupied units in Palm Beach County by “age and structure type” shows the preponderance of rental units (45,948 units/32 percent) are one unit, detached or attached structures (Table 3.11). The majority of these structures (29,718 units/64 percent) were built between 1960 and 1999. Significantly, multi-family rental structures of 5-49 units (54,103 units/38 percent) comprise the largest share of Palm Beach County’s rental housing inventory. Approximately 75 percent of these structures (40,267 units) were built between 1960 and 1999.

**Table 3.11: Renter-Occupied Units by Age and Structure Type, Palm Beach County**

Palm Beach County						
	All Years	Built 2000 or later	Built 1980 to 1999	Built 1960 to 1979	Built 1940 to 1959	Built 1939 or earlier
Total renter occupied units	143,448	25,248	60,743	42,579	11,866	3,012
1, detached or attached	45,948	7,628	16,185	13,533	6,970	1,632
2 to 4	24,943	2,260	9,765	9,894	2,329	695
5 to 19	36,044	7,321	17,724	8,993	1,370	636
20 to 49	18,059	4,074	8,811	4,739	435	0
50 or more	15,423	3,520	7,614	3,728	512	49
Mobile home, boat, RV, van, etc.	3,031	445	644	1,692	250	0
Percentage						
	of renter occupied Units	of structure type				
Total renter occupied units	100%	18%	42%	30%	8%	2%
1, detached or attached	32%	17%	35%	29%	15%	4%
2 to 4	17%	9%	39%	40%	9%	3%
5 to 19	25%	20%	49%	25%	4%	2%
20 to 49	13%	23%	49%	26%	2%	0%
50 or more	11%	23%	49%	24%	3%	0%
Mobile home, boat, RV, van, etc.	2%	15%	21%	56%	8%	0%

Source: U.S. ACS, 2008-2010, Tenure by Year Structure Built By Units in Structure, 3 Year Estimates

**Table 3.12: Renter-Occupied Units by Age and Structure Type, Martin County**

Martin County						
	All Years	Built 2000 or later	Built 1980 to 1999	Built 1960 to 1979	Built 1940 to 1959	Built 1939 or earlier
Total renter occupied units	12,750	1,930	4,967	4,674	956	223
1, detached or attached	4,954	815	1,405	1,931	674	129
2 to 4	2,021	121	697	1,026	124	53
5 to 19	3,127	532	1,871	645	79	0
20 to 49	685	230	340	74	0	41
50 or more	588	117	343	102	26	0
Mobile home, boat, RV, van, etc.	1,375	115	311	896	53	0
Percentage						
	of renter occupied Units	of structure type				
Total renter occupied units	100%	15%	39%	37%	7%	2%
1, detached or attached	39%	16%	28%	39%	14%	3%
2 to 4	16%	6%	34%	51%	6%	3%
5 to 19	25%	17%	60%	21%	3%	0%
20 to 49	5%	34%	50%	11%	0%	6%
50 or more	5%	20%	58%	17%	4%	0%
Mobile home, boat, RV, van, etc.	11%	8%	23%	65%	4%	0%

Source: U.S. ACS, 2008-2010, Tenure by Year Structure Built By Units in Structure, 3 Year Estimates

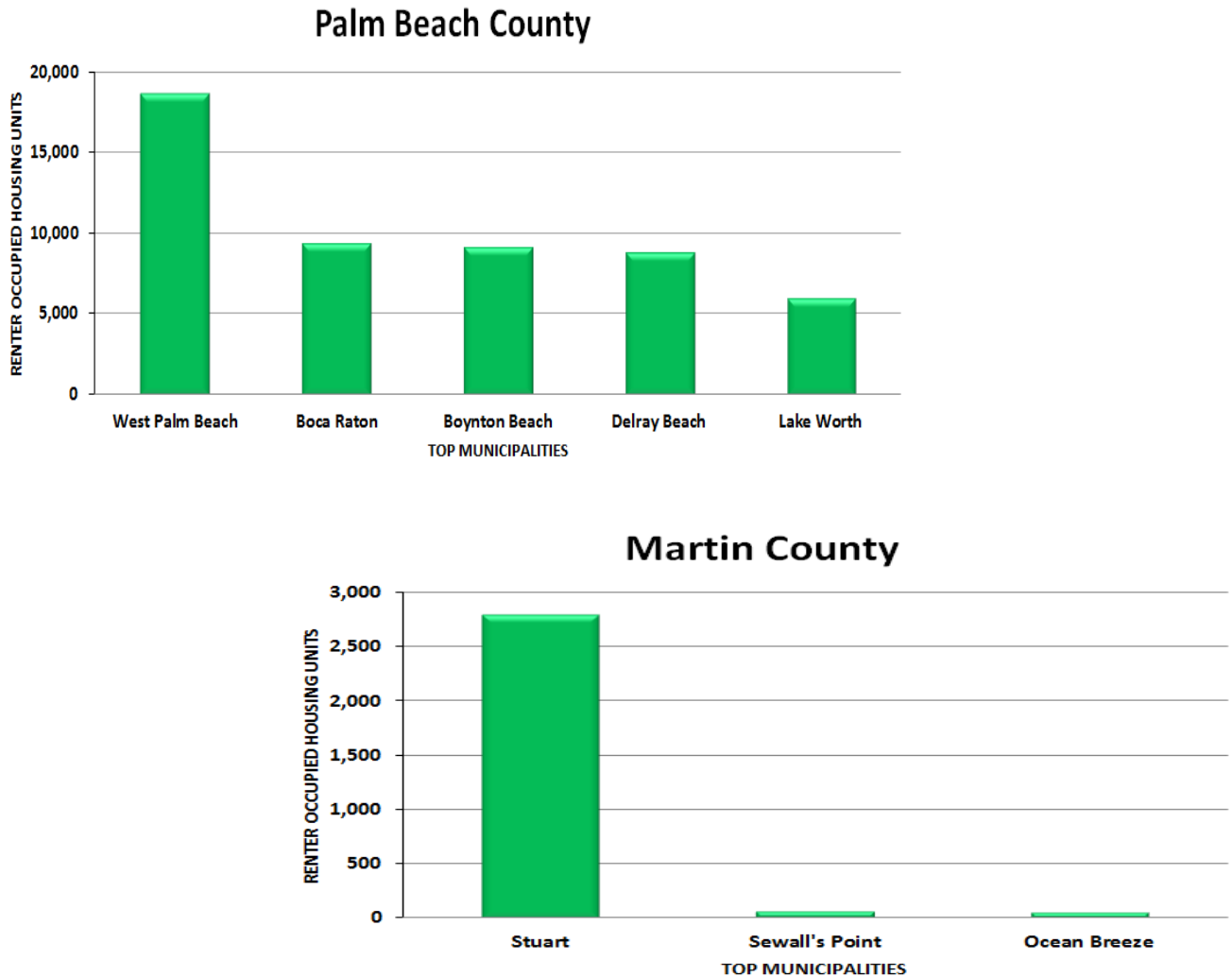
Renter-occupied housing units are dispersed throughout Palm Beach and Martin Counties with the largest totals in the unincorporated areas of each respective county. Concentrations of renter-occupied housing units exist in the major municipalities of each county (Table 3.13). West Palm Beach (18,692 units) and Stuart (2,799 units) have the largest totals of renter-occupied units in their respective counties.

**Table 3.13: Major Concentrations of Renter-Occupied Units, Palm Beach and Martin Counties**

LOCATION	TOTAL
<b>Palm Beach County</b>	<b>138,155</b>
West Palm Beach	18,692
Boca Raton	9,416
Boynton Beach	9,195
Delray Beach	8,887
Lake Worth	5,981
<b>Martin County</b>	<b>12,140</b>
Stuart	2,799
Sewall's Point	57
Ocean Breeze	48
Jupiter Island	0

Source: U.S. ACS 2006-2010 Tenure by Units in Structure (B25032), 5 Year Estimates

**Figure 3.4: Housing Occupancy Distribution, Palm Beach and Martin Counties, 2010**



## 2.2 Multi-family Rental Inventory

Large (100+ units) multi-family apartment communities (complexes) represent a significant share of the rental housing inventory. Apartment communities typically represent a significant share of the local affordable housing supply and generally provide opportunity and choice regarding bedroom distribution.

There are currently a total of 95 private rental apartment communities with 100+ units in Palm Beach County totaling 27,699 units. In Martin County, there is currently only one private apartment community of 100+ units. Multi-family rental complexes are either managed by outsourced management companies or by the owners of the development. In Palm Beach County, there are 60 multi-family rental properties managed by an outsourced management company and 35 managed by the owner of the development. The single large apartment complex in Martin County is managed by an outside professional management company.

Palm Beach County’s large multi-family rental apartment communities are concentrated in cities where the bulk of the County’s renter housing inventory is currently located, e.g. West Palm Beach (21 communities), Boca Raton (19 communities), Boynton Beach (16 communities) and Delray Beach (13 communities). The current analysis of multi-family complexes shows nearly across the board year-to-year increases in both average occupancies and average rents.

**Table 3.14: Palm Beach County Cities with Concentrations of Multi-Family Rental Housing, 2010**

Area	Rental Communities	% of Total	Avg. Occupancy	Yr/Yr Change	Avg. Rent	Yr/Yr Change
West Palm Beach	21	26%	96%	0%	\$987	1%
Boca Raton	19	24%	96%	1%	\$1,337	4%
Boynton Beach	16	20%	95%	1%	\$1,055	-1%
Delray Beach	13	16%	94%	1%	\$1,295	3%
Lake Worth	6	8%	94%	-2%	\$938	4%
Palm Beach Gardens	5	6%	94%	0%	\$1,169	0%

Source: Real Facts, 1st Quarter 2012 Data

The 95 multi-family rental communities in Palm Beach County are largely comprised of 2-bedroom/2-bath (11,954 units) and 1-bedroom/1-bath (9,313 units) apartments (Table 3.15). The average square foot is 1,044 and the average monthly rent \$1,132 or \$1.08 per square foot. The average monthly rent for a 2-bedroom/2-bath unit is \$1,196. The average occupancy rate for all multi-family rental communities is 94.5 percent compared to 91.3 in 2007.

**Table 3.15: Palm Beach County Multi-Family Rental Community Apartments by Size, Bedrooms and Average Rents, 2012**

Unit Type	# of Units	Avg. Sq. Ft.	Avg. Rent	Avg. Rent/ Sq. Ft.
<b>All</b>	<b>2,811</b>	<b>1,173</b>	<b>\$ 1,132</b>	<b>\$ 1.08</b>
Studio	76	577	\$ 824	\$ 1.43
Jr. 1bd	20	530	\$ 649	\$ 1.22
1bd 1bth	9,313	777	\$ 945	\$ 1.22
2bd 1bth	1,567	935	\$ 981	\$ 1.05
2bd 2bth	11,954	1,143	\$ 1,196	\$ 1.05
2bd TH	970	1,328	\$ 1,393	\$ 1.05
3bd 2bth	3,233	1,354	\$ 1,374	\$ 1.01
3bd TH	351	1,649	\$ 1,598	\$ 0.97

Avg. Occupancy	Avg. Year Built	Avg. Rent (All Units)	Avg. Rent/Sq. Ft. (All Units)
94.50%	1992	\$ 1,132	\$ 1.08

Source: Real Facts, 1st Quarter 2012 Data

The single large, multi-family rental community in Martin County consists of 123 rental units. The bedroom distribution consists of 57 1-bedroom/1-bath units; 37 2-bedroom/2-bath units; and 33 3-bedroom/2-bath units. The rents range from \$835 for the 1-bedroom units to \$1,308 for the 3-bedroom units. The average occupancy rate is 97.6 percent which is comparable to 2007.

**Table 3.16: Martin County Multi-Family Rental Community (100+ Units) by Size, Bedrooms and Average Rents, 2010**

Unit Type	# of Units	Avg. Sq. Ft.	Avg. Rent	Avg. Rent/ Sq. Ft.
<b>All</b>	<b>123</b>	<b>1,153</b>	<b>\$ 995</b>	<b>\$ 1.00</b>
Studio				
Jr. 1bd				
1bd 1bth	57	857	\$ 835	\$ 1.08
2bd 1bth				
2bd 2bth	37	1,185	\$ 983	\$ 0.96
2bd TH				
3bd 2bth	27	1,683	\$ 1,308	\$ 0.95
3bd TH				

Avg. Occupancy	Avg. Year Built	Avg. Rent (All Units)	Avg. Rent/Sq. Ft. (All Units)
97.60%	2004	\$ 995	\$ 1.00

Source: Real Facts, 1st Quarter 2012 Data

### 2.3 Low Income Multi-family Rental Housing

Important to the local rental housing inventory are multi-family communities (complexes) that provide rental opportunities to low-income individuals and households. There are 93 multi-family apartment complexes in Palm Beach County and 17 in Martin County comprising approximately 14,000 units subsidized either in part or full by the Florida Housing Finance Corporation. The following is a brief summary of the major assisted housing programs in Palm Beach and Martin Counties:



### **2.3.1 Multi-family Mortgage Revenue Bond Program**

The Multi-family Mortgage Revenue Bond (MMRB) program uses both taxable and tax-exempt bonds to provide below market-rate loans to non-profit and for-profit developers who set aside a certain percentage of their apartment units for low income families. These bonds are sold through either a competitive or negotiated method of sale or private placement. The program requires that at least 20 percent of the units be set aside for households earning at or below 50 percent of the area median income (AMI). The developer may also opt to set aside 40 percent of the units for households earning at or below 60 percent of the AMI.

The MMRB program gives special consideration to developments that target specific groups or areas such as the Florida Keys, rural development, the elderly, urban infill areas, Front Porch Florida communities, HOPE VI communities, homeless people, and farmworkers or commercial fishing workers. Affordable housing developers are able to use the dollars from this program in conjunction with other Florida Housing programs, such as the Affordable Housing Guarantee Program, which participates in the U.S. Department of Housing and Urban Development's Multifamily Risk Sharing program, and the State Apartment Incentive Loan Program (SAIL).

### **2.3.2 The Housing Credit (HC) Program**

The Housing Credit (HC) program provides for-profit and nonprofit organizations with a dollar-for-dollar reduction in federal tax liability in exchange for the acquisition and substantial rehabilitation, substantial rehabilitation, or new construction of low and very low income rental housing units. Eligible development types and corresponding credit rates include: new construction, 9 percent; substantial rehabilitation, 9 percent; acquisition, 4 percent; and federally subsidized, 4 percent. A Housing Credit allocation to a development can be used for 10 consecutive years once the development is placed in service.

Qualifying buildings include garden, high-rise, townhouses, duplexes/quads, single family or mid-rise with an elevator. Ineligible development types include hospitals, sanitariums, nursing homes, retirement homes, trailer parks, and life care facilities. This program can be used in conjunction with the HOME Investment Partnerships program, the State Apartment Incentive Loan program, the Predevelopment Loan program, or the Multifamily Mortgage Revenue Bonds program.

Each development must set aside a minimum percentage of the total units for eligible low or very low income residents for the duration of the compliance period, which is a minimum of 30

years with the option to convert to market rates after the 14th year. At least 20 percent of the housing units must be set aside for households earning 50 percent or less of the area median income (AMI) or 40 percent of the units must be set aside for households earning 60 percent or less of the AMI. Additionally, housing credits are sometimes reserved for affordable housing that addresses specific geographic or demographic needs, including the elderly, farmworkers and commercial fishing workers, urban infill, the Florida Keys Area, Front Porch Florida communities, or developments funded through the U.S. Department of Agriculture Rural Development.

### **2.3.3 The State Apartment Incentive Loan Program**

The State Apartment Incentive Loan program (SAIL) provides low-interest loans on a competitive basis to affordable housing developers each year. This money often serves to bridge the gap between the development's primary financing and the total cost of the development. SAIL dollars are available to individuals, public entities, not-for-profit or for-profit organizations that propose the construction or substantial rehabilitation of multifamily units affordable to very low income individuals and families.

A minimum of 20 percent of the development's units must be set aside for families earning 50 percent or less of the area median income. Developments that use housing credits in conjunction with this program may use a minimum set-aside of 40 percent of the units for residents earning 60 percent of the area median income. Developments in the Florida Keys Area may use a minimum set-aside of 100 percent of the units for residents with annual household incomes below 120 percent of the state or local median income, whichever is higher.

Tables 3.17 and 3.18 below depict the total properties and units assisted in Palm Beach and Martin Counties and the delineation by funding program.

**Table 3.17: Total Properties and Units, Assisted Rental Housing, Palm Beach and Martin Counties**

	Number of Properties	Total Units	Assisted Units
<b>Palm Beach County</b>	93	13,802	12,652
<b>Martin County</b>	17	1,221	1,219

*Source: U.S. Department of Agriculture Rural Development (RD), the U.S. Department of Housing and Urban Development (HUD), Florida Housing Finance Corporation (FHFC), and Local Housing Finance Authorities (LHFAs) in Florida*

**Table 3.18: Funding Programs, Assisted Rental Housing, Palm Beach and Martin Counties**

County	Funding Program	Funder	# of Properties	Total Assisted Units	
Palm Beach	CWHIP	FHFC	1	122	
	Elderly Housing Community Loan		1	195	
	Extremely Low Income		3	682	
	Federal Deposit Insurance Corporation Guarantee		5	451	
	Rental Recovery Loan Program		12	2,698	
	SAIL		1	80	
	Housing Credits 4%		25	4,311	
	Housing Credits 9%		29	5,851	
	State Bonds		19	2,283	
	State HOME		16	3,083	
	Tax Credit Assistance Program		6	594	
			1	144	
	Section 811 Capital Advance		HUD	1	11
	Section 542			9	2,176
	HUD Use Agreement	2		252	
	Rental Assistance/HUD	16		1,411	
	Section 202 Capital Advance	6		563	
	Section 202 Direct Loan	5		632	
	Section 207/223(f)	1		64	
	Rental Assistance/RD	RD	9	1,105	
Section 514/516	2		758		
Section 515	7		347		
Local Bonds	LHFA	25	4,118		
Martin	Demonstration Project	FHFC	1	60	
	Housing Credits 4%		2	536	
	Housing Credits 9%		1	200	
	State Bonds		2	536	
	State HOME		2	89	
	SAIL		1	344	
	Rental Assistance/HUD	HUD	2	124	
	Section 202 Direct Loan		1	100	
	Section 811 Capital Advance		1	24	
	Rental Assistance/RD	RD	12	359	
	Section 514/516		2	117	
Section 515	10		242		

*Notes: These are duplicated counts. Properties and units may appear in more than one row if they are funded under multiple programs, such as in a development with FHFC 9% Tax Credits and a HUD Rental Assistance contract. Programs that don't impose income or rent restrictions are only reported if combined with HUD Rental Assistance or other assisted programs. For example, if a county houses properties insured under the HUD Section 221(d)(4) program, the count in this table only includes those properties that also have HUD Rental Assistance.*

*Source: U.S. Department of Agriculture Rural Development (RD), the U.S. Department of Housing and Urban Development (HUD), Florida Housing Finance Corporation (FHFC), and Local Housing Finance Authorities (LHFAs) in Florida*

Figure 3.5: Funding Programs, Assisted Rental Housing, Palm Beach and Martin Counties

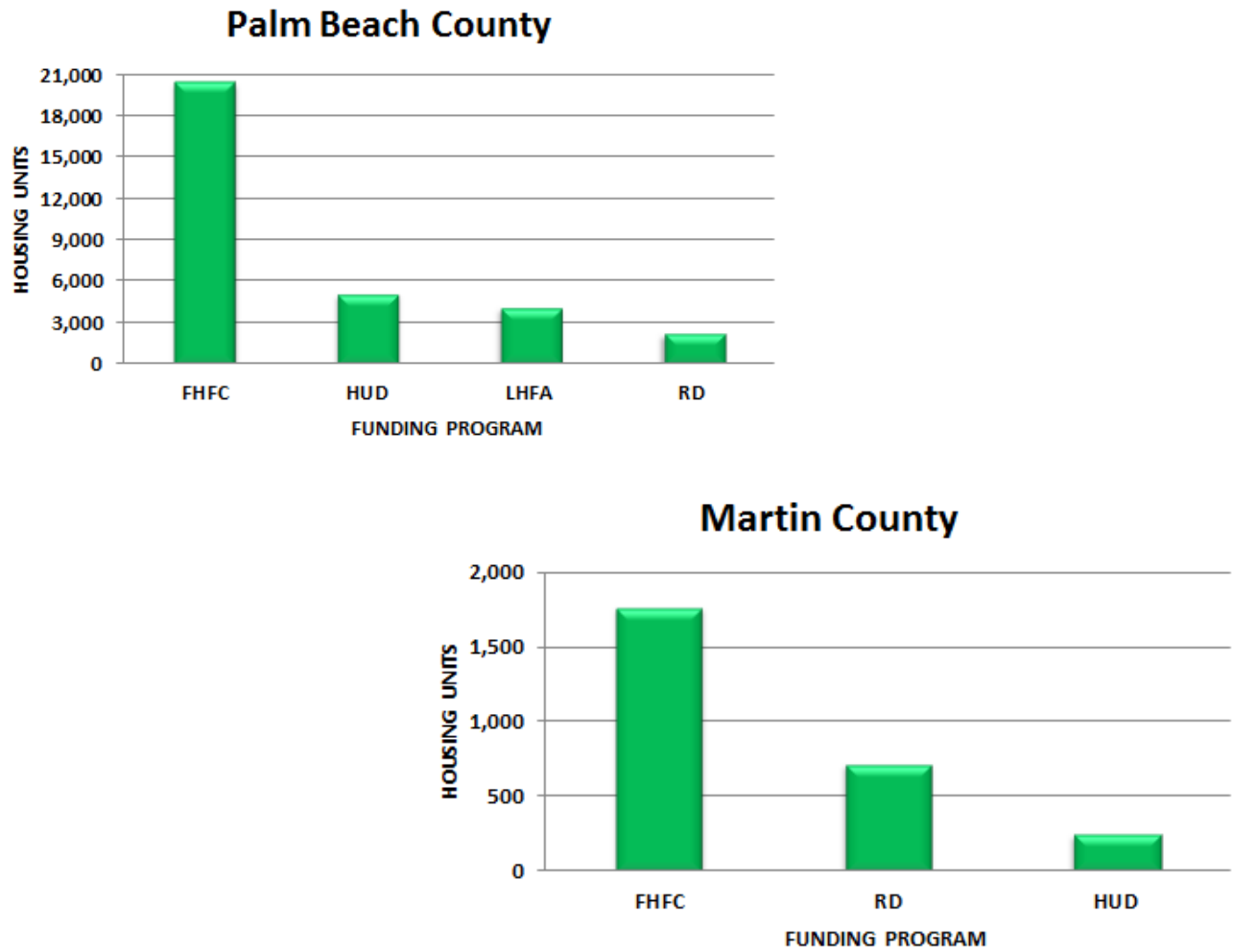


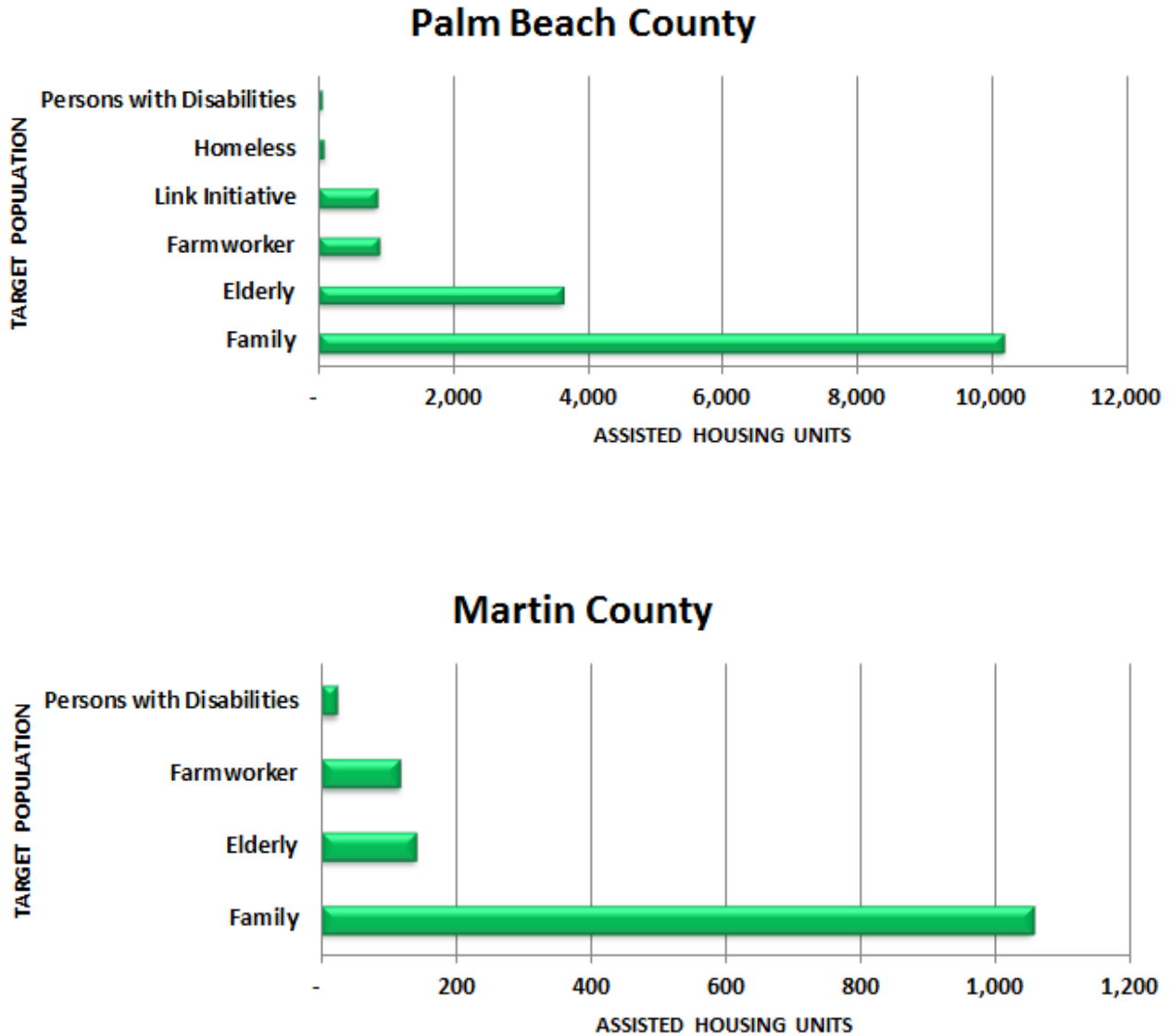
Table 3.19: Target Population, Assisted Rental Housing, Palm Beach and Martin Counties

		Palm Beach County	Martin County
Family	Number of Properties	69	14
	Assisted Units	10,170	1,055
Elderly	Number of Properties	28	2
	Assisted Units	3,628	140
Farmworker	Number of Properties	5	2
	Assisted Units	916	117
Homeless	Number of Properties	1	N/A
	Assisted Units	93	N/A
Link Initiative*	Number of Properties	3	N/A
	Assisted Units	870	N/A
Persons with disabilities	Number of Properties	2	1
	Assisted Units	46	24

\*"Link Initiative" refers to units set aside for extremely low income households, at least half of which are special needs households (homeless families, survivors of domestic violence, persons with a disability, or youth aging out of foster care). These are duplicated counts. Properties and units may appear in more than one column if they have multiple target populations, such as in a family/farmworker development.

Source: U.S. Department of Agriculture Rural Development (RD), the U.S. Department of Housing and Urban Development (HUD), Florida Housing Finance Corporation (FHFC), and Local Housing Finance Authorities (LHFAs) in Florida

Figure 3.6: Target Population, Assisted Rental Housing, Palm Beach and Martin Counties



### 3. DEVELOPMENT TRENDS

New rental housing development in Palm Beach and Martin Counties has remained sluggish since 2005. During the Fourth Quarter of 2011, a total of 50 new rental apartment units were absorbed (renter taking possession of a completed new rental unit) in Palm Beach County, while no units were completed and only 386 started. The 323 new units absorbed in the county during 2011 were 30 percent less than the 463 absorbed during 2010. During the six month period ending December,

2011, an average of only 20 new apartment units were absorbed per month. A total of 694 apartment units were found to be under construction in December, 2011 (Table 3.20).

According to Reinhold P. Wolf Economic Research, there will be an estimated annual demand for an additional 5,216 rental apartments in Palm Beach County during the time period 2011-2015. Up to six months of supply is considered acceptable to have available without the inventory being excessive. The market could support, therefore, up to 2,608 new units in inventory without having an excessive supply.

Over the past year, the vacancy rate for older rental apartment complexes that have been occupied for 18 months or more has declined by 1.0 percent. The vacancy rate decreased from 6 percent in November, 2011 to 5 percent in February, 2012. The highest vacancy rate was found in the Central and West Boca Raton areas and Central West Palm Beach. East Boca Raton had the lowest vacancy rates.

Based on the survey data from Reinhold Research, the overall average monthly rent for Palm Beach County is 4.6 percent higher than it was one year earlier. In the past quarter, rent for a one-bedroom has increased by \$29 and rent for a two-bedroom has increased by \$52. These rents are averaged from projects that include some small and older complexes and may not be representative of newer rental developments.

Reinhold also surveyed 29 lower income affordable tax credit developments in Palm Beach County. There were a total of 6,448 units with an average rent of \$855. As of February 2012, there was a vacancy rate of 6.9 percent in these developments which was down from 7.8 percent in November 2011. Compared to the market rate developments, the average rent is 30.3 percent less and the vacancy rate is 1.9 percent higher in the lower income developments.

**Table 3.20: Occupancies, Completions, and Starts of Rental Apartment Units, Palm Beach County (information for Martin County was not available)**

Time Period	Occupancies	Completions	Starts
<b>2008</b>			
1st Quarter	141	128	0
2nd Quarter	40	0	494
3rd Quarter	0	0	217
4th Quarter	0	0	0
<b>TOTAL</b>	<b>181</b>	<b>128</b>	<b>711</b>
<b>2009</b>			
1st Quarter	3	39	0
2nd Quarter	57	161	0
3rd Quarter	31	294	0
4th Quarter	82	200	0
<b>TOTAL</b>	<b>173</b>	<b>694</b>	<b>0</b>
<b>2010</b>			
1st Quarter	156	90	0
2nd Quarter	26	127	0
3rd Quarter	150	90	0
4th Quarter	131	233	248
<b>TOTAL</b>	<b>463</b>	<b>540</b>	<b>248</b>
<b>2011</b>			
1st Quarter	110	76	0
2nd Quarter	93	66	0
3rd Quarter	70	0	308
4th Quarter	50	0	386
<b>TOTAL</b>	<b>323</b>	<b>142</b>	<b>694</b>

Source: Reinhold P. Wolff, Inc., 2Q 2012.

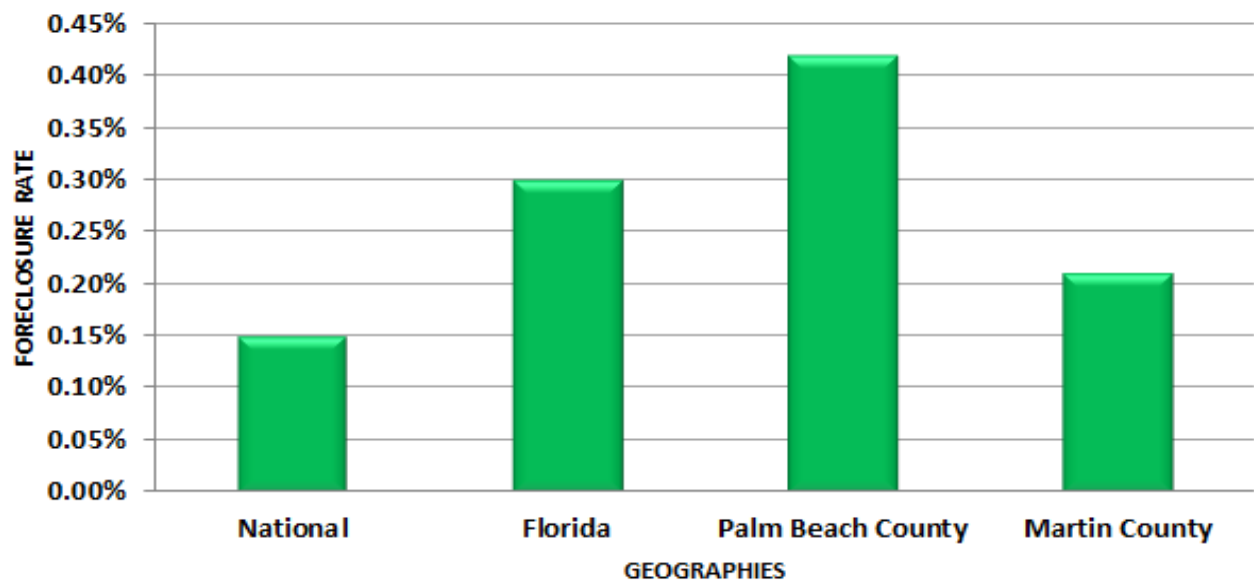
#### 4. FORECLOSURE ACTIVITY

South Florida, including Palm Beach and Martin Counties, experienced high foreclosure rates in the years following the collapse of the housing bubble. During the height of foreclosure activity in 2008, the Palm Beach MSA was ranked 18<sup>th</sup> among the “top 20” metropolitan areas in the country. Both Palm Beach and Martin Counties’ foreclosure rates have decreased in the past year to 1 per 462 and 1 per 610 housing units, respectively. However, Palm Beach County’s foreclosure rate remains significantly higher than both the State of Florida and the country as a whole.

The rise in home foreclosures was the result of several factors, including the proliferation of the subprime lending market during the height of the building boom, speculative investment and predatory lending practices. The home foreclosure crisis exacerbated an already volatile market in South Florida brought on by an oversupply of price-inflated housing. While no county or municipality

in South Florida was spared from the rampant increase in home foreclosures, there were discernible spatial concentrations of foreclosure activity. In all three counties, the level of foreclosure activity was generally highest in zip codes that experienced significant levels of new housing construction during the South Florida building boom. In Palm Beach County, the highest levels of foreclosure activity occurred in Royal Palm Beach, Wellington, Greenacres and the unincorporated areas west of I-95. High levels of foreclosure activity also overlapped areas of Palm Beach County impacted by condominium conversions during the 2003-2006 housing bubble years. These areas included West Palm Beach (5,542 units), Boynton Beach (2,056 units), Boca Raton (1,617 units), Palm Beach Gardens (1,354 units) and Delray Beach (1,100 units). Martin County lost 662 rental units from condominium conversions during this period.

**Figure 3.7: Foreclosure Rate Comparisons**



Source: RealtyTrac, May, 2012

**Table 3.21: Highest Foreclosures Rates by Sub-Geography, Palm Beach and Martin Counties, 2012**

Palm Beach County		
Municipality	Zip Code	Rate
West Palm Beach	33413	1 in 124
Lake Worth	33463	1 in 131
West Palm Beach	33414	1 in 151
Boynton Beach	33426	1 in 157
West Palm Beach	33412	1 in 158
Martin County		
Municipality	Zip Code	Rate
Indiantown	34956	1 in 313
Stuart	34997	1 in 330
Palm City	34990	1 in 439
Stuart	34994	1 in 497
Hobe Sound	33455	1 in 559

Source: RealtyTrac, May, 2012



#### 4.1 Areas with the Greatest Percentage of Home Foreclosures

In 2008, Palm Beach County submitted their Neighborhood Stabilization Areas (NSP) -1 Application to the Department of Housing and Urban Development (HUD). As part of the application, the county was required to identify contiguous, sub-geographical areas with the highest percentages of home foreclosures. The highest levels of foreclosures were found in the following areas:

- The Village of Wellington, Loxahatchee Groves and surrounding unincorporated Palm Beach County (14.26%);
- Unincorporated Palm Beach County located S of 45th Street, E of Turnpike, W of I-95, and N of Lake Worth Road (12.34%);
- Royal Palm Beach and the Acreage (9.47%);
- Unincorporated Palm Beach County - S of Clint Moore Rd., E of Loxahatchee National Wildlife Refuge, W of I-95, and N of Broward County line (9.24%);
- The City of Greenacres and the surrounding unincorporated areas (7.28%);
- Unincorporated Palm Beach County - S of Boynton Beach Blvd, E of Loxahatchee National Wildlife Refuge, W of Military Trail, and N of Clint Moore Rd.(4.72%);
- Unincorporated Palm Beach County (including Golf) – S of Gateway Blvd., E of Loxahatchee National Wildlife Refuge, W of Congress Ave., and N of Atlantic Ave. (4.48%);
- Jupiter/Tequesta/Unincorporated Palm Beach County (4.29%); and Lake Worth (4.11%)

Table 3.22 below updates to 2012 the county's foreclosure information provided in the 2008 NSP-1 Application. The current information shows a general decrease in home foreclosures, as noted above, from 11,997 housing units in 2008 to 8,052 housing units in 2012. At the zip code level, new foreclosure data shows a significant decrease in the percentage of foreclosures in the Wellington/Loxahatchee/Unincorporated Palm Beach County area with significant increases in other unincorporated areas including Westgate and the western areas of the county south of Clint Moore Road and Boynton Beach Boulevard.

**Table3.22: Number of Foreclosures in Palm Beach County CDBG Jurisdictions**

Zip Code	Geographic Location	Foreclosures			
		Number		Percentage	
		2008	2012	2008	2012
33414	Wellington/ Loxahatchee Groves/ Unincorporated PBC	1,708	459	14.26%	5.70%
33467					
33470					
33409	Unincorporated PBC (including Westgate) - S of 45th Street; E of Turnpike; W of I-95; and N of Lake Worth Road	1,479	1,176	12.34%	14.61%
33413					
33415					
33411	Royal Palm Beach/Acreage	1,135	275	9.47%	3.42%
33428	Unincorporated PBC - S of Clint Moore Road; E of Loxahatchee National Wildlife Refuge; W of I-95; and N of the Broward County Line	1,107	887	9.24%	11.02%
33433					
33434					
33498					
33463	Greenacres/ Unincorporated PBC	872	445	7.28%	5.53%
33445	Unincorporated PBC - S of Boynton Beach Blvd; E of Loxahatchee National Wildlife Refuge; W of Military Trail; and N of Clint Moore Road	566	632	4.72%	7.85%
33446					
33484					
33436	Unincorporated PBC (including Golf) - S of Gateway Blvd.; E of Loxahatchee National Wildlife Refuge; W of Congress Avenue; and N of Atlantic Avenue	537	252	4.48%	3.13%
33437					
33458	Jupiter/ Tequesta/ Unincorporated PBC	514	390	4.29%	4.84%
33469					
33477					
33460	Lake Worth	493	304	4.11%	3.78%
33412	Unincorporated PBC (including the Acreage) - S of Loxahatchee Slough Natural Area; E of Seminole Platt Whitney Road; W of I-95; and N of Orange Blvd.	473	154	3.94%	1.91%
33418					
33404	Riviera Beach	460	311	3.84%	3.86%
33461	Lake Worth/ Palm Springs/ Unincorporated PBC	399	327	3.33%	4.06%
33462	Hypoluxo/ Lantana/ Atlantis/ Manalapan/ Unincorporated PBC	364	370	3.03%	4.60%
33417	Haverhill/ Unincorporated PBC	352	344	2.93%	4.27%
33406	Cloud Lake/ Glen Ridge/ Lake Clarke Shores/ Unincorporated PBC	294	322	2.45%	4.00%
33410	Palm Beach Gardens	280	145	2.33%	1.80%
33426	Boynton Beach/ Unincorporated PBC	248	309	2.07%	3.84%
33483	Boca Raton/ Unincorporated PBC	225	242	1.87%	3.01%
33496					
33403	Lake Park	143	335	1.19%	4.16%
33408	North Palm Beach/ Juno Beach	108	108	0.90%	1.34%
33478	Unincorporated PBC (including Jupiter Farms) - S of Martin County Line; E of I-95; W of Seminole Platt Whitney Road; and N of Loxahatchee Slough Natural Area	94	54	0.78%	0.67%
33480	Palm Beach/ South Palm Beach	56	139	0.46%	1.73%
33430	Belle Glade/ Unincorporated PBC	41	40	0.34%	0.50%
33476	Pahokee	20	19	0.16%	0.24%
33493	South Bay	8	10	0.07%	0.12%
33438	Canal Point/ Unincorporated PBC	1	2	0.01%	0.02%

**TOTAL FORECLOSURES ALL GEOGRAPHIC LOCATIONS**

Source: Palm Beach County NSP-1 Application, 2008; RealtyTrac 2008, 2012.

As part of the HUD NSP-3 Application, Palm Beach County identified seven “Areas of Greatest Need” after analyzing pertinent data for all census tracts countywide. The seven target areas included:

**Table 3.23: Palm Beach County NSP-3 Areas of Greatest Need**

Area Designation	Area Name
A	City of Palm Beach Gardens
B	Village of Wellington
C	Lantana/Lake Worth Area
D	West Delray Beach Area
E	Glades Region
F	Coleman Park/Pleasant City Area
G	Westgate/Belvedere Homes Area

Source: Palm Beach County NSP-3 Application, 2010

The County’s NSP-3 Application notes that the predominant housing unit type in Target Areas B, D, and G is single-family, while a majority of housing units in Target Areas A, C, E, and F are multi-family (Table 3.24). A further extrapolation of the seven target areas shows a significant variation among the areas in terms of household income and foreclosure status. Households in the Glades Region, Coleman Park/Pleasant City Area and the Westgate/Belvedere Area predominantly have incomes of less than 80 percent of the area median income (AMI). These are also the areas with the highest percentages of households that were either delinquent on their mortgages or in foreclosure proceedings.

**Table 3.24: Palm Beach County Areas of Greatest Need by Unit Type, Household Income and Foreclosure Status**

General Location	Percentage			
	Single Family Units	Multi-Family Units	< 80 % AMI	Currently 90 days or more behind or in foreclosure
City of Palm Beach Gardens	48.6	51.4	42	13.2
Village of Wellington	94.2	5.8	33.8	14.2
Western Lantana/Lake Worth Area	47	53	50.3	17.4
West Delray Beach Area	62.3	37.7	30.8	14.8
The Glades Region (Cities of Belle Glade, Pahokee, and South Bay)	46.2	53.8	76.4	18.3
Coleman Park/Pleasant City Area	34.2	65.8	91.5	16.7
Westgate/Belvedere Homes Area	68.2	31.8	70.3	23.7

Source: Palm Beach County NSP-3 Application, 2010

## B. RENTAL HOUSING DEMAND ANALYSIS

### 1. BACKGROUND

Housing demand is largely driven by several key factor conditions – local employment patterns, shifts in population and household growth, and household income. Employment is the principal driver of population and household growth. Conversely, economic decline and associated job loss has the opposite effect, typically resulting in decreases in population, households and household income with a profound effect on residential markets. As previously noted, rental housing demand in Palm Beach and Martin Counties has been impacted by the collapse of the housing bubble and subsequent Great Recession. Access to traditional lending instruments and credit has been severely diminished for

foreclosed homeowners and most working families with homebuyer aspirations. The combination of these economic and financial conditions has significantly increased renter housing demand throughout the two counties.

The economic base of Palm Beach and Martin Counties is largely supported by the non-durable service-providing industries (Table 3.25). These industries currently comprise over 90 percent of each County’s employment base. The majority of these jobs are directly related to South Florida’s tourism industry. However, employment growth in professional and business services, education and health services and retail trade is directly related to the population growth during the past decade. The diversity of the employment base has significant implications with respect to rental housing demand.

South Florida’s prolonged housing downturn has significantly impacted the economy of Palm Beach and Martin Counties. Both counties experienced significant job loss through 2010 that was across the board in all leading industrial sectors, including construction, retail trade and financial activities. Palm Beach County’s employment base has shown modest growth in 2012, while Martin County has continued to experience overall job loss. According to employment figures released by the Florida Department of Economic Opportunity (DEO), Palm Beach County’s total employment grew by 2,500 jobs from February, 2011-February, 2012. Martin County’s total employment decreased by 2,100 jobs during this time period.

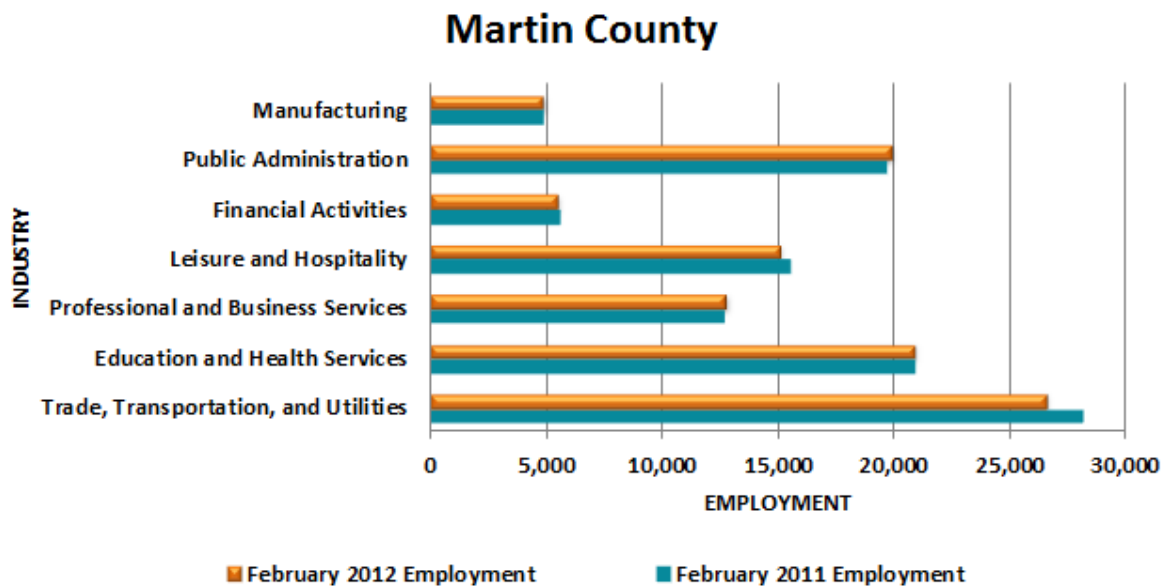
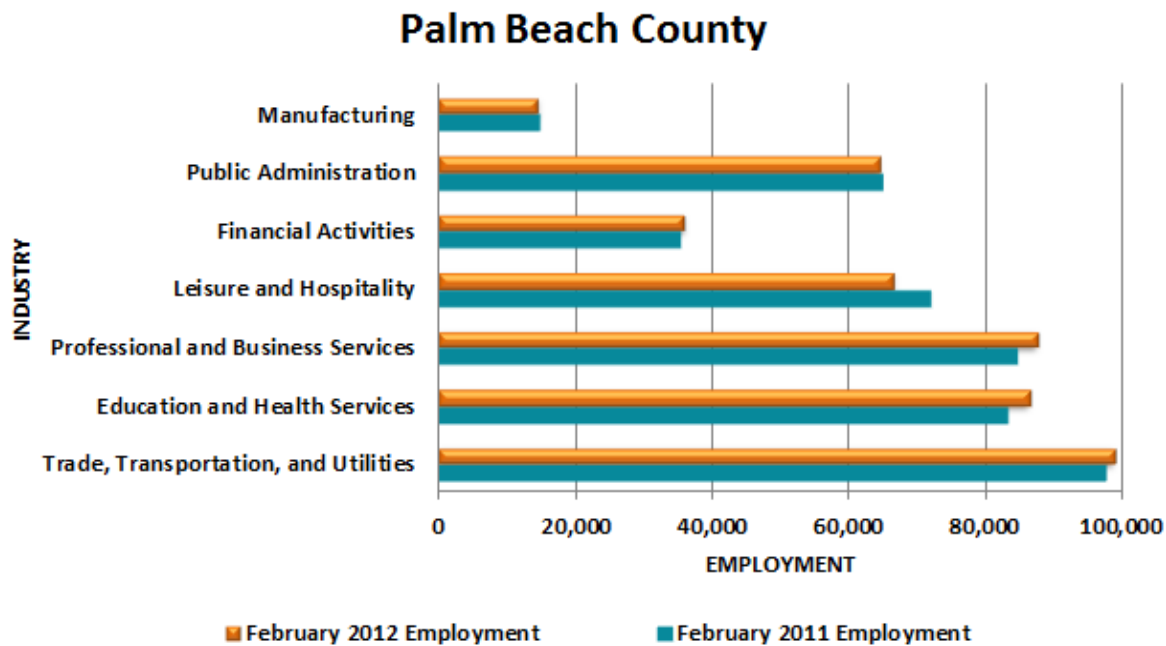
**Table 3.25: Employment by Industry & Occupation, Palm Beach and Martin Counties, 2011-2012**

Industry Title	February 2011 Employment	February 2012 Employment	% Change
<b>Palm Beach County</b>			
Total, All Industries	507,000	509,500	0.49%
Trade, Transportation, and Utilities	97,400	98,800	1.44%
Education and Health Services	83,000	86,300	3.98%
Professional and Business Services	84,500	87,500	3.55%
Leisure and Hospitality	71,800	66,600	-7.24%
Financial Activities	35,400	35,900	1.41%
Public Administration	64,700	64,400	-0.46%
Manufacturing	15,000	14,500	-3.33%
<b>Martin County*</b>			
Industry Title	February 2011 Employment	February 2012 Employment	% Change
Total, All Industries	121,100	119,000	-1.73%
Trade, Transportation, and Utilities	28,100	26,600	-5.34%
Education and Health Services	20,900	20,900	0.00%
Professional and Business Services	12,700	12,800	0.79%
Leisure and Hospitality	15,500	15,100	-2.58%
Financial Activities	5,600	5,500	-1.79%
Public Administration	19,700	19,900	1.02%
Manufacturing	4,900	4,900	0.00%

\* Data reported as Port St. Lucie MSA which includes St. Lucie and Martin Counties

Source: Florida Department of Economic Opportunity, Labor Market Information, Current Employment Statistics, Nonagricultural Employment by Ind.

Figure 3.8: Employment by Industry & Occupation, Palm Beach and Martin Counties, 2011-2012



The salaries and wages of Palm Beach and Martin Counties' workers ultimately determines family and household income and subsequently, levels of housing choice and opportunity. The decrease in the average annual wage in 2010 dollars since the onset of the Great Recession has reduced household income in both counties, thereby restricting housing choice and opportunity. Annual average wages in several industry sectors, including professional and business services, financial activities and manufacturing, provide the necessary household income to expand housing choices to an array of

homeownership and rental options. However, the vast preponderance of workers in both counties earn salaries and wages in service sector employment, including retail trade, leisure and hospitality and educational and health services. The household incomes of these service sector workers limit housing choices to affordable rental housing opportunities, where accessible.

**Table 3.26: Average Annual Wage, Palm Beach and Martin Counties, 2000-2010**

	2000	2007	2010
Palm Beach County	\$35,256	\$43,796	\$45,840
Martin County	\$28,080	\$37,239	\$38,506

Source: Florida Department of Economic Opportunity, Labor Market Statistics Center, Quarterly Census of Employment and Wages Program (QCEW).

**Table 3.27: Average Wage by Industry, Palm Beach and Martin Counties, 2010**

Industry	2010 Average Annual Wage	
	Palm Beach County	Martin County
Total, All Industries	\$45,840	\$38,506
Agriculture, Forestry, Fishing and Hunting	\$25,803	\$23,594
Natural Resources and Mining	\$26,433	\$24,038
Mining, Quarrying, and Oil and Gas Extraction	\$76,149	\$42,234
Construction	\$42,920	\$39,463
Manufacturing	\$61,536	\$49,285
Durable Goods Manufacturing	\$67,568	\$52,546
Non-Durable Goods Manufacturing	\$46,825	\$39,771
Trade, Transportation, and Utilities	\$39,426	\$38,468
Wholesale Trade	\$68,952	\$56,104
Retail Trade	\$28,936	\$26,174
Transportation and Warehousing	\$45,071	\$44,277
Utilities	\$95,280	
Information	\$58,107	\$49,356
Financial Activities	\$72,047	\$53,332
Finance and Insurance	\$90,717	\$63,725
Real Estate and Rental and Leasing	\$40,544	\$33,796
Professional and Business Services	\$60,225	\$45,283
Professional and Technical Services	\$71,758	\$59,887
Management of Companies and Enterprises	\$115,402	\$135,151
Administrative and Waste Services	\$37,703	\$28,388
Education and Health Services	\$46,000	\$40,703
Educational Services	\$41,778	
Health Care and Social Assistance	\$48,028	\$42,114
Leisure and Hospitality	\$22,417	\$19,232
Arts, Entertainment, and Recreation	\$29,631	\$26,621
Accommodation and Food Services	\$20,381	\$16,570
Other Services (except Public Administration)	\$31,107	\$28,206
Public Administration	\$56,755	\$52,401

Source: Florida Department of Economic Opportunity, Labor Market Statistics Center, Quarterly Census of Employment and Wages Program (QCEW).

## 2. RENTER DEMAND BY HOUSEHOLD COMPOSITION AND INCOME

As previously stated, renter housing demand is based on annual household income. Rental housing affordability is calculated by household income category. Affordability calculations are provided for the following household income categories:

- ✓ Extremely Low – 30% of Median HH Income
- ✓ Very Low – 50% of Median HH Income
- ✓ Low – 80% of Median HH Income
- ✓ Middle Income – 120% of Median HH Income

According to the most recent 2010 ACS estimates, the median household income of Palm Beach and Martin Counties is \$49,879 and \$48,311, respectively. Applying the above the household income categories, maximum rent levels are established based on the prevailing affordability standard (housing expenditures do not exceed 30 percent of household income). Households paying in excess of 30 percent of their monthly income on housing costs are considered “cost-burdened”.

**Table 3.28: Monthly Rent Affordability Levels, Palm Beach and Martin Counties, 2010**

	Median HH Income	30% of Median Income	50% of Median Income	80% of Median Income	120% of Median Income
<b>Palm Beach County</b>	\$ 49,879	\$ 374	\$ 623	\$ 998	\$ 1,496
<b>Martin County</b>	\$ 48,311	\$ 362	\$ 604	\$ 966	\$ 1,449

*Source: U.S. ACS 2010 Selected Economic Characteristics 1 Year Estimate*

Table 3.29 below identifies the number of renter households in Palm Beach and Martin Counties paying 30 percent or more of their household income on rent payments. The analysis shows that approximately 90 percent, collectively, of renters in both counties earning less than \$35,000 annually are cost-burdened. Significantly, 62 percent of households in both counties earning between \$35,000 and \$49,999 are also cost-burdened. This income range is closely proportionate with the 80-100 percent of median household income category.

**Table 3.29: Gross Rent as a Percentage of Household Income, Palm Beach and Martin Counties, 2010**

	Palm Beach County	Martin County	Total
<b>Renter-Occupied Housing Units:</b>	<b>143,448</b>	<b>13,547</b>	<b>156,995</b>
<b>Less than \$20,000:</b>	34,366	2,575	36,941
30 percent or more	31,886	2,377	34,263
Percent paying 30 percent or more	92.8%	92.3%	92.75%
<b>\$20,000 to \$34,999:</b>	31,626	3,423	35,049
30 percent or more	28,699	2,794	31,493
Percent paying 30 percent or more	90.7%	81.6%	89.85%
<b>\$35,000 to \$49,999:</b>	24,287	1,942	26,229
30 percent or more	15,515	796	16,311
Percent paying 30 percent or more	63.9%	41.0%	62.19%
<b>\$50,000 to \$74,999:</b>	22,443	1,902	24,345
30 percent or more	5,102	500	5,602
Percent paying 30 percent or more	22.7%	26.3%	23.01%
<b>\$75,000 or more:</b>	22,962	2,363	25,325
30 percent or more	1,242	0	1,242
Percent paying 30 percent or more	5.4%	0.0%	4.90%
<b>Zero or negative income</b>	2,217	67	2,284
<b>No cash rent</b>	5,547	1,275	6,822

Source: U.S. ACS 2010, Tenure by Housing Costs as a Percentage of Household Income (B25106), 1-Year Estimates

Significantly, job loss, declining household incomes and rising rent prices have increased the number of cost-burdened and “severely” cost-burdened (households paying in excess of 50 percent of income on housing costs) renter households in recent years. Cost-burdened renter households increased by 15 percent (currently 54,939 total renter households) from 2000 to 2010 in Palm Beach County and 16 percent (currently 4,812 total renter households) in Martin County. Severely cost-burdened renter households increased by 14 percent (26,934 renter households) in Palm Beach County and 16 percent (2,025 renter households) in Martin County during the same time period. Currently, 40 percent (59,751 households) of all renter households in Palm Beach and Martin Counties are cost-burdened.

**Table 3.30: Severely Cost-Burdened Renter Households, Palm Beach and Martin Counties, 2000-2010**

Year	Palm Beach County		Martin County	
	30.01 to 50%	50% or More	30.01 to 50%	50% or More
2000	24,318	23,603	2,403	1,751
2009	27,991	26,954	2,772	2,016
2010	28,005	26,934	2,787	2,025

Source: Florida Housing Data Clearinghouse

According to 2010 ACS 5-Year estimates, there are 137,901 occupied housing units in Palm Beach County that are paying rent (26 percent of all occupied units). The median monthly gross rent of all renter-occupied housing units in Palm Beach County is \$1,103. In Martin County, there are 12,272 occupied units paying rent (21 percent of all occupied units). The median monthly gross rent of all renter-occupied units in Martin County is \$887. Significantly, the median gross monthly rent in Palm Beach County is above the affordability levels of all renter households earning less than 80 percent of



the median income. In Martin County, the median monthly gross rent is well above the affordability levels of all renter households earning less than 50 percent of the median household income.

**Table 3.31: Occupied Unit Rental Cost Ranges, Palm Beach and Martin Counties, 2010**

	Palm Beach County	Martin County
Occupied Units Paying Rent	137,901	12,272
Less than \$200	1,545	-
\$200 to \$299	2,280	474
\$300 to \$499	3,608	643
\$500 to \$749	14,532	2,352
\$750 to \$999	32,992	3,681
\$1,000 to \$1,499	54,722	3,789
\$1,500 or more	28,222	1,333
Median Rent Paid	1,103	887
Occupied Units No Rent Paid	5,547	1,275

Source: U.S. ACS 2010 Selected Housing Characteristics (DP04), 1 Year Estimates

### 3. LEVEL OF AFFORDABILITY FOR RENTER HOUSEHOLDS

As previously noted, rental housing prices in Palm Beach and Martin Counties during the housing bubble was commensurate with rapidly escalating home sale prices. In Palm Beach County, the average monthly rent for a two-bedroom apartment increased from \$757 in 2000 to \$1,292 in 2011, an increase of 71 percent. The growing demand for rental housing has impacted vacancy rates, absorption levels and rent prices. The substantial increase in renter-occupied units in both counties is evidence of changing housing demand factors attributed to recent economic conditions, including the home foreclosure crisis.

An affordability analysis of market rate rental units using the most current median rent figures from Zillow Real Estate indicates growing and substantial affordability gaps at the low, very low and extremely low household income levels (Table 3.32). Rents are generally affordable at the upper end (110-120 percent) of the middle household income category.

**Table 3.32: Rent Affordability by Household Income Categories, Palm Beach and Martin Counties, 2012**

	30% of Median Income	Monthly Household Income	Affordable Rent @ 30% of Income	Median Rent*	Affordability Gap @ Median
Palm Beach County	\$14,964	\$1,247	\$374	\$1,400	\$1,026
Martin County	\$14,493	\$1,208	\$362	\$1,200	\$838
	50% of Median Income	Monthly Household Income	Affordable Rent @ 30% of Income	Median Rent*	Affordability Gap @ Median
Palm Beach County	\$24,940	\$2,078	\$623	\$1,400	\$777
Martin County	\$24,156	\$2,013	\$604	\$1,200	\$596
	80% of Median Income	Monthly Household Income	Affordable Rent @ 30% of Income	Median Rent*	Affordability Gap @ Median
Palm Beach County	\$39,903	\$3,325	\$998	\$1,400	\$402
Martin County	\$38,649	\$3,221	\$966	\$1,200	\$234

\*Median rent as of April 2012 from Zillow Real Estate

Source: U.S. ACS 2010 Selected Economic Characteristics 1-Year Estimate (DP03), Zillow Real State

The median gross monthly rents in many of Palm Beach County’s largest municipalities are well above the county-wide average, including Jupiter (\$1,700), Boca Raton (\$1,640) and Palm Beach Gardens (\$1,550). An affordability gap analysis was performed for the major municipalities in Palm Beach County, the City of Stuart in Martin County and both counties as a whole. The gap analysis shows significant affordability gaps in Belle Glade (\$484), Lantana (\$359), Highland Beach (\$261), Delray Beach (\$236) and Boynton Beach (\$191).

**Table 3.33: Rent Affordability in Palm Beach and Martin Counties by Major Municipalities, 2010**

Municipality	2010 Median HH Income	Monthly Median Household Income	Affordable Rent @ 30% of Income	Median Rent for Single and Multi-Family Homes*	Affordability Gap @ Median
<b>Palm Beach County</b>	\$53,242	\$4,437	\$1,331	\$1,400	\$69
Belle Glade	\$28,641	\$2,387	\$716	\$1,200	\$484
Boca Raton	\$70,780	\$5,898	\$1,770	\$1,640	\$130
Boynton Beach	\$44,372	\$3,698	\$1,109	\$1,300	\$191
Delray Beach	\$49,745	\$4,145	\$1,244	\$1,480	\$236
Greenacres	\$43,722	\$3,644	\$1,093	\$1,100	\$7
Highland Beach	\$89,545	\$7,462	\$2,239	\$2,500	\$261
Hypoluxo	\$54,115	\$4,510	\$1,353	\$1,350	\$3
Jupiter	\$67,905	\$5,659	\$1,698	\$1,700	\$2
Lake Park	\$41,345	\$3,445	\$1,034	\$1,050	\$16
Lake Worth	\$38,492	\$3,208	\$962	\$850	\$112
Lantana	\$41,624	\$3,469	\$1,041	\$1,400	\$359
North Palm Beach	\$60,408	\$5,034	\$1,510	\$1,300	\$210
Palm Beach Gardens	\$71,940	\$5,995	\$1,799	\$1,550	\$249
Palm Springs	\$42,204	\$3,517	\$1,055	\$950	\$105
Royal Palm Beach	\$65,459	\$5,455	\$1,636	\$1,250	\$386
West Palm Beach	\$44,905	\$3,742	\$1,123	\$1,200	\$77
<b>Martin County</b>	\$53,210	\$4,434	\$1,330	\$1,200	\$130
Stuart	\$39,909	\$3,326	\$998	\$1,150	\$152

\*Median rent of all rental units as of April 2012.

Source: U.S. ACS 2006-2010, Financial Characteristics (S2503), 5-Year Estimates, Zillow Real Estate

#### 4. FUTURE DEMAND

As previously discussed, housing demand is largely driven by several key factor conditions, including local employment patterns, shifts in population and household growth, and household income. Future housing demand is typically calculated using a combination of population and employment projections for a particular area or labor market. As previously noted, future renter housing demand in Palm Beach and Martin Counties will continue to be impacted by stagnant economic conditions, foreclosure activity and an uncertain homebuyer market.

The methodology for projecting future housing demand calculates Palm Beach and Martin Counties’ projected employment growth by industry type and population projections to 2030. Population projections provided by the Florida Bureau of Economic and Business Research (BEBR) indicate that Palm Beach and Martin Counties overall populations will increase by 356,763 permanent residents (24 percent) by the year 2030 (Table 3.34). These projections have been adjusted downward in recent years due to slowing migration patterns and the economic and housing impacts of the economic recession.

**Table 3.34: Population Projection Growth, Palm Beach and Martin Counties, 2010-2030**

	2010	2015	2020	2025	2030
Palm Beach County	1,320,134	1,394,300	1,482,900	1,568,500	1,648,000
Martin County	143,804	150,100	157,994	165,598	172,701
<b>Total</b>	<b>1,465,948</b>	<b>1,546,415</b>	<b>1,642,914</b>	<b>1,736,123</b>	<b>1,822,731</b>

Source: Palm Beach County Website, Florida Housing Data Clearinghouse

Employment projections by the Florida Department of Economic Opportunity (DEO) show 14 percent employment growth (79,285 total jobs) in Palm Beach County from 2011 to 2019 (9,910 annual job growth), and 17 percent employment growth (33,755 total jobs) in Martin County (4,219 annual job growth) during the same eight year period (Table 3.35).

The highest levels of employment growth in the two counties are projected in health care and social assistance (19,092 jobs), construction (13,005 jobs), professional, scientific & technical services (12,950 jobs) and accommodation and food services (11,339 jobs).

**Table 3.35: Employment Projections, Palm Beach County, 2011-2019**

Industries	Employment		Annual Change	
	2011	2019	Total	Percent
<b>Trade, Transportation, and Utilities</b>	96,185	105,658	1,184	1.23%
Utilities	1,380	1,367	2	0.12%
Wholesale Trade	20,789	23,987	400	1.92%
Retail Trade	67,064	72,630	696	1.04%
Transportation and Warehousing	6,952	7,674	90	1.30%
<b>Professional and Business Services</b>	84,831	105,473	2,580	3.04%
Professional, Scientific, and Technical Services	35,503	45,802	1,287	3.63%
Management of Companies and Enterprises	8,805	10,912	263	2.99%
Administrative and Support and Waste Management	40,523	48,759	1,030	2.54%
<b>Government</b>	63,169	67,636	558	88.00%
<b>Education and Health Services</b>	81,888	96,081	1,774	2.17%
Education Services	9,614	10,824	151	1.57%
Health Care and Social Assistance	72,274	85,257	1,623	2.25%
<b>Leisure and Hospitality</b>	68,852	78,751	1,237	1.80%
Arts, Entertainment, and Recreation	14,947	16,867	240	1.61%
Accommodation and Food Services	53,905	61,884	997	1.85%
<b>Self-Employed and Unpaid Family Workers</b>	49,481	54,655	647	1.31%
<b>Financial Activities</b>	34,817	38,477	458	1.31%
Finance and Insurance	22,226	23,237	126	0.57%
Real Estate and Rental and Leasing	12,591	15,240	331	2.63%
<b>Other Services (except Government)</b>	23,411	25,382	246	1.05%
<b>Construction</b>	23,141	31,773	1,079	4.66%
<b>Manufacturing</b>	15,030	15,955	116	77.00%
Durable Goods Manufacturing	10,539	11,542	125	1.19%
Non-Durable Goods Manufacturing	4,491	4,413	10	0.22%
<b>Information</b>	8,863	9,541	85	0.96%
<b>Agriculture, Forestry, Fishing and Hunting</b>	6,054	5,632	53	0.87%
<b>Mining</b>	92	85	1	0.95%
<b>Total, All Industries</b>	<b>555,814</b>	<b>635,099</b>	<b>9,911</b>	<b>1.78%</b>

Source: Florida Department of Economic Opportunity, Labor Market Information, Employment Projections by Workforce Region, 2012

**Table 3.36: Employment Projections, Martin County, 2011-2019**

Industries	Employment		Annual Change	
	2011	2019	Total	Percent
<b>Trade, Transportation, and Utilities</b>	39,074	44,670	700	1.79%
Wholesale Trade	6,555	7,738	148	2.26%
Retail Trade	27,600	31,461	483	1.75%
Transportation and Warehousing	3,371	3,927	70	2.06%
Professional and Business Services	17,567	22,339	596	3.40%
<b>Professional, Scientific, and Technical Services</b>	7,593	10,244	331	4.36%
Management of Companies and Enterprises	458	656	25	5.40%
Administrative and Support and Waste Management	9,516	11,439	240	2.53%
Government	27,158	30,032	359	1.32%
<b>Education and Health Services</b>	31,209	37,564	794	2.55%
<b>Education Services</b>	1,984	2,230	31	1.55%
Health Care and Social Assistance	29,225	35,334	764	2.61%
Leisure and Hospitality	22,767	27,003	530	2.33%
<b>Arts, Entertainment, and Recreation</b>	5,525	6,401	110	1.98%
Accommodation and Food Services	17,242	20,602	420	2.44%
Self-Employed and Unpaid Family Workers	15,736	17,993	282	1.79%
<b>Financial Activities</b>	8,092	9,439	168	2.08%
<b>Finance and Insurance</b>	5,157	5,660	63	1.22%
Real Estate and Rental and Leasing	2,935	3,779	106	3.59%
Other Services (except Government)	8,208	9,230	128	1.56%
<b>Construction</b>	10,498	14,871	547	5.21%
<b>Manufacturing</b>	6,745	7,521	97	1.44%
<b>Durable Goods Manufacturing</b>	4,824	5,668	106	2.19%
Non-Durable Goods Manufacturing	1,921	1,853	8	0.44%
Information	2,092	2,328	30	1.41%
<b>Agriculture, Forestry, Fishing and Hunting</b>	6,231	6,144	11	0.17%
<b>Mining</b>	91	89	0	0.27%
<b>Total, All Industries</b>	195,468	229,223	4,219	2.16%

\*Workforce Region 20 includes Indian River, Martin, Okeechobee, and St. Lucie Counties

Source: Florida Department of Economic Opportunity, Labor Market Information, Employment Projections by Workforce Region, 2012

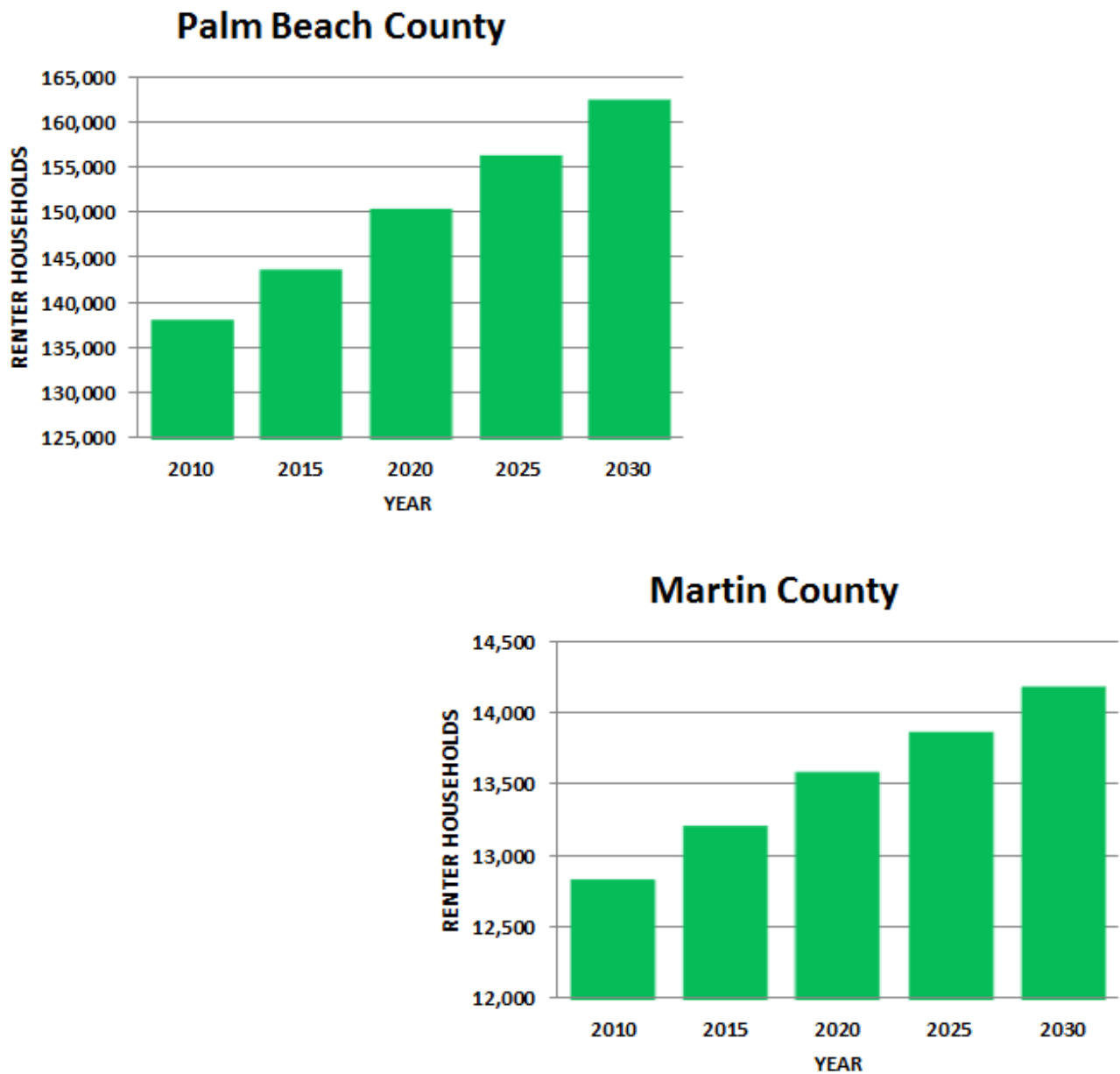
Future rental housing demand is calculated based on population and employment projections during the period 2010 to 2030 (Table 3.37). According to BBER statistics, renter-occupied units in Palm Beach County are expected to increase by 17 percent (24,128 units) by 2030 and by 10 percent (1,336 units) in Martin County.

**Table 3.37: Renter Household Projections, Palm Beach and Martin Counties, 2010-2030**

	2010	2015	2020	2025	2030
<b>Palm Beach County</b>	138,298	143,830	150,411	156,506	162,426
<b>Martin County</b>	12,845	13,222	13,597	13,875	14,181
<b>Total</b>	151,143	157,052	164,008	170,381	176,607

Source: Florida Housing Data Clearinghouse, 2012

Figure 3.9: Renter Household Projections, Palm Beach and Martin Counties, 2010-2030



An analysis of annual average demand for the years 2015 to 2030 by renter household income category indicates that approximately 60 percent of the units will need to accommodate Palm County and Martin County households earning less than 80 percent of the area median income (AMI). Approximately 19 percent of the average annual demand will be for renter households earning between 80 and 120 percent of AMI (Table 3.38).

**Table 3.38: Annual Average Renter Demand, Palm Beach and Martin Counties, 2015-2030**

<b>Palm Beach County</b>				
<b>Annual Average Demand</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Renter Housing Units	143,830	150,411	156,506	162,426
Low and Moderate Income Households (<80% AMI)	84,217	88,442	92,513	96,432
Workforce Households (80% to 120% AMI)	28,176	29,226	30,106	30,987
<b>Martin County</b>				
<b>Annual Average Demand</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Renter Housing Units	13,222	13,597	13,875	14,181
Low and Moderate Income Households (<80% AMI)	7,311	7,563	7,791	8,025
Workforce Households (80% to 120% AMI)	2,823	2,862	2,867	2,886

Source: Florida Housing Data Clearinghouse, 2012

As previously noted, Palm Beach and Martin Counties have experienced a steady increase in cost-burdened and “severely” cost-burdened renter household since 2000. Projections to 2030 show that trend will continue at approximately the same pace as recent years. By the Year 2030, 117,317 renter households in Palm Beach and Martin Counties will be cost-burdened and an additional 90,984 renter households severely cost-burdened.

**Table 3.39: Severely Cost Burdened Households with Projections, Palm Beach and Martin Counties, 2000-2030**

<b>Year</b>	<b>Palm Beach County</b>		<b>Martin County</b>	
	<b>30.01 to 50%</b>	<b>50% or More</b>	<b>30.01 to 50%</b>	<b>50% or More</b>
2000	24,318	23,603	2,403	1,751
2009	27,991	26,954	2,772	2,016
2010	28,005	26,934	2,787	2,025
2015	29,146	28,258	2,869	2,102
2020	30,488	29,945	2,946	2,189
2025	31,749	31,670	3,013	2,267
2030	32,971	33,310	3,079	2,350

Source: Florida Housing Data Clearinghouse, 2012

Figure 3.10: Severely Cost Burdened Households with Projections, Palm Beach and Martin Counties, 2000-2030

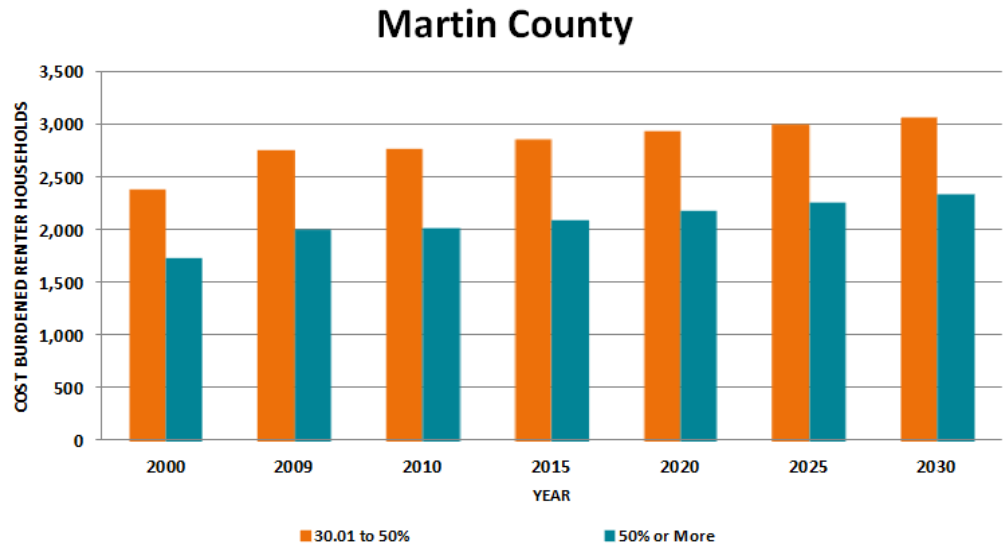
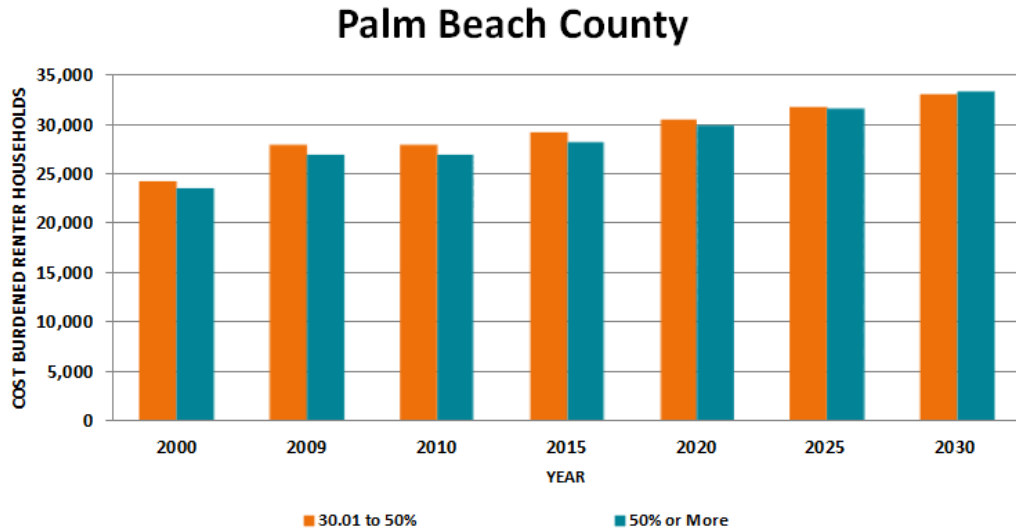


Table 3.40: Percent Change for 50 Percent or More Cost Burdened Households with Projections, Palm Beach and Martin Counties, 2000-2030

% Increase from	Percent Change for >50%	
	Palm Beach County	Martin County
2000-2010	13.35%	15.77%
2010-2020	12.39%	10.71%
2020-2030	12.87%	10.01%
2000-2030	43.79%	41.00%

Source: Florida Housing Data Clearinghouse

## IV. AFFORDABLE RENTAL HOUSING INVESTMENT SCENARIOS

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### A. BACKGROUND

Multi-family rental housing is an essential asset class in American housing. Some 15 million U.S. households live in multi-family rental housing, representing more than 13 percent of all U.S. households and nearly 43 percent of U.S. renters. Multi-family rental housing is also an element of national economic competitiveness for it enables workforce mobility, household formation, rebuilding of personal credit and capital accumulation for those aspiring to homeownership and a quality retirement for the elderly. The rebuilding of personal credit and capital accumulation are particularly relevant in the aftermath of the recent economic recession.

Multi-family rental housing has long been an essential asset in both Palm Beach and Martin Counties. As noted in the previous analysis, multi-family housing, and especially small, multi-family structures (5-49 units), are the principal multi-family housing type in both counties. Small structures of 5-49 units comprise 78 percent of all multi-family units in Palm Beach County and 89 percent of all multi-family units in Martin County.

The major goal of affordable rental housing investment is to help bridge the gap between what lower income renters can afford to pay and the rents necessary to produce or preserve and to maintain the affordable rental housing structure. Investing in new and existing rental housing requires access to affordable financing. Of particular concern, is that owners of smaller multi-family properties have access to affordable financing to maintain this valuable housing stock. Without subsidies developers are generally unable to produce rental housing for the lower household levels, leaving the growing number of poor renters to compete for a dwindling supply of affordable units. Absent greater efforts to preserve existing rental housing and build more affordable units, these trends are likely to persist.

Studies have found that the underserved rental housing investment market is small multi-family loans on properties ranging from 5 to 50 units. Unlike large multi-family properties of 100+ units, they are not typically operated by private developers and management companies with track records. Instead, they are income-producing properties requiring the same detailed, individualized underwriting as large multi-family loans. However, the loans, in the \$500,000 to \$2,000,000 range, support much smaller loan fees and must be packaged in greater volume to attract investors. Most origination for small multi-family loans comes from community banks, state housing finance agencies and specialized local or regional loan pool originators. The development of affordable multi-family housing remains reliant upon innovative financing solutions brought forward by the community development industry which serves low-moderate income people.



## B. METHODOLOGY

The proposed affordable rental housing scenarios were developed following a careful analysis of Palm Beach and Martin Counties' rental housing inventory and current market conditions with respect to sales and foreclosure activity. Specifically, an assessment, based on site surveys, was conducted of both market and distressed multi-family properties that were either foreclosed, real estate owned (REO) or presently on the market as a "short sale." The principal source for calculating sale and rental income comparables is the CoStar Group, a commercial real estate information company. Estimates for rehabilitation and operation costs were based on interviews with various housing professionals including county and municipal officials from Palm Beach County.

The analysis concluded that the bulk of REO and short sale properties are small, multi-family properties generally in the range of 6-49 units. These properties are typically located within the I-95 Corridor. As the previously housing supply analysis confirmed, these properties are typically 40+ years old and have moderate levels of deferred maintenance and probable health and building code violations. Many of the properties surveyed were either fully or partially occupied with existing tenants.

## C. INVESTMENT STRATEGIES

The following affordable rental housing investment scenarios were formulated based on the prior housing supply and demand analysis and general feasibility regarding potential acquisition and rehabilitation. The following "guiding principles" were established to help assign priority to specific rental properties:

- Rental properties of 5-49 units;
- Rental properties with existing at-risk tenants in place;
- Rental properties in generally good to fair condition requiring no more than moderate levels of rehabilitation;
- Rental properties in proximity to transit and employment
- Rental properties in HUD-NSP designated Areas of Greatest Need

Project pro forma were developed for three rental investment prototypes that represent the range of small, multi-family rental properties that 1) meet the above guiding principles, and 2) meet general acquisition and rehabilitation feasibility as noted above. The project pro forma used for the rental housing investment prototypes was modeled after the project pro forma calculations used in housing linkage fee nexus studies. Housing linkage fee nexus studies calculate local housing demand by the

various household income categories of the worker population. For the purposes of this study, calculations are performed for renter households earning 50, 80 and 120 percent of the area median income (AMI).

The following three rental housing investment scenarios include 9, 24 and 49 unit prototypes. As previously noted, rent calculations were determined for household incomes at 50, 80 and 120 percent of AMI based on HUD's Fair Market Rent Schedule. A \$25,000 equity contribution was applied to each project.

## 1. INVESTMENT PROTOTYPE A: 9-UNIT MULTI-FAMILY RENTAL PROPERTY

**Table 5.1: Investment Scenario #1, 9 Unit Multi Family Rental Property**

<b>Total Units:</b>	9	<b>Maximum Rent</b>	
<b>Average Size:</b>	900 sf.	50 Percent AMI	\$407
<b>Average Bedrooms:</b>	2	80 Percent AMI	\$651
<b>Median Income*:</b>	\$32,550	120 Percent AMI	\$977

\*HUD Median Family Income FY 2012

	AMI		
	50%	80%	120%
<b>Purchase</b>	\$375,000	\$375,000	\$375,000
<i>Per Unit Purchase Cost</i>	\$41,667	\$41,667	\$41,667
<b>Rehabilitation</b>	\$520,000	\$520,000	\$520,000
Architectural	\$17,000	\$17,000	\$17,000
Permits	\$15,000	\$15,000	\$15,000
Construction	\$400,000	\$400,000	\$400,000
Contingency	\$65,000	\$65,000	\$65,000
Lease Up and Marketing	\$14,000	\$14,000	\$14,000
Tenant Relocation - if applicable	\$4,000	\$4,000	\$4,000
Carry Costs During Construction	\$5,000	\$5,000	\$5,000
<i>Per Unit Rehabilitation Cost</i>	\$57,778	\$57,778	\$57,778
<b>Total Capital Investment</b>	\$895,000	\$895,000	\$895,000
<i>Per Unit Capital Investment</i>	\$99,444	\$99,444	\$99,444
<b>Operations</b>	\$49,795	\$52,193	\$55,789
Insurance	\$7,500	\$7,500	\$7,500
Electric	\$2,400	\$2,400	\$2,400
Water	\$3,000	\$3,000	\$3,000
Repairs and Maintenance	\$7,000	\$7,000	\$7,000
Landscaping	\$3,600	\$3,600	\$3,600
Marketing and Leasing	\$3,000	\$3,000	\$3,000
Administrative	\$4,000	\$4,000	\$4,000
Management Fee (12%)	\$4,795	\$7,193	\$10,789
Garbage and Pest Control	\$1,000	\$1,000	\$1,000
Replacement Reserve (\$1,500)	\$13,500	\$13,500	\$13,500
<i>Per Unit Operations Cost</i>	\$5,533	\$5,799	\$6,199
<b>Rent per Month</b>	\$400	\$600	\$900
<b>Gross Potential Income</b>	\$43,200	\$64,800	\$97,200
Vacancy and Loss (7.50%)	(\$3,240)	(\$4,860)	(\$7,290)
<b>Effective Gross Rental Income</b>	\$39,960	\$59,940	\$89,910
<b>Net Operating Income</b>	(\$9,835)	\$7,747	\$34,121
Less Debt Service	N/A	(\$6,198)	(\$27,297)
<b>Net Cash Flow</b>	N/A	\$1,549	\$6,824
<b>Capital Structure</b>			
Equity Contribution	\$25,000	\$25,000	\$25,000
Financing/Grant Shortfall	\$870,000	\$787,903	\$508,420
Loan Amount*	Unsupportable	\$82,097	\$361,580
<b>Total Capital Required</b>	\$895,000	\$895,000	\$895,000

\*Rate (5.75%, Amortization Period (25), Term (7), Debt Service Coverage (1.25)

## 2. INVESTMENT PROTOTYPE B: 24-UNIT MULTI-FAMILY RENTAL PROPERTY

Table 5.2: Investment Scenario #2, 24 Unit Multi Family Rental Property

		Max Rent	
		50 Percent AMI	80 Percent AMI
Total Units:	24		
Average Size:	950 sf.	\$407	
Average Bedrooms:	2.5	\$651	
Median Income*:	\$32,550	\$977	

\*HUD Median Family Income FY 2012

	AMI		
	50%	80%	120%
<b>Purchase</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>
Per Unit Purchase Cost	\$50,000	\$50,000	\$50,000
<b>Rehabilitation</b>	<b>\$685,000</b>	<b>\$685,000</b>	<b>\$685,000</b>
Architectural	\$35,000	\$35,000	\$35,000
Permits	\$15,000	\$15,000	\$15,000
Construction	\$480,000	\$480,000	\$480,000
Contingency	\$80,000	\$80,000	\$80,000
Lease Up and Marketing	\$36,000	\$36,000	\$36,000
Tenant Relocation - if applicable	\$24,000	\$24,000	\$24,000
Carry Costs During Construction	\$15,000	\$15,000	\$15,000
Per Unit Rehabilitation Cost	\$28,542	\$28,542	\$28,542
<b>Total Capital Investment</b>	<b>\$1,885,000</b>	<b>\$1,885,000</b>	<b>\$1,885,000</b>
Per Unit Capital Investment	\$78,542	\$78,542	\$78,542
<b>Operations</b>	<b>\$123,087</b>	<b>\$129,481</b>	<b>\$139,071</b>
Insurance	\$21,000	\$21,000	\$21,000
Electric	\$9,000	\$9,000	\$9,000
Water	\$6,500	\$6,500	\$6,500
Repairs and Maintenance	\$18,000	\$18,000	\$18,000
Landscaping	\$4,800	\$4,800	\$4,800
Marketing and Leasing	\$4,500	\$4,500	\$4,500
Administrative	\$8,000	\$8,000	\$8,000
Management Fee (12%)	\$12,787	\$19,181	\$28,771
Garbage and Pest Control	\$2,500	\$2,500	\$2,500
Replacement Reserve (\$1,500)	\$36,000	\$36,000	\$36,000
Per Unit Operations Cost	\$5,129	\$5,395	\$5,795
<b>Rent per Month</b>	<b>\$400</b>	<b>\$600</b>	<b>\$900</b>
<b>Gross Potential Income</b>	<b>\$115,200</b>	<b>\$172,800</b>	<b>\$259,200</b>
Vacancy and Loss (7.50%)	(\$8,640)	(\$12,960)	(\$19,440)
<b>Effective Gross Rental Income</b>	<b>\$106,560</b>	<b>\$159,840</b>	<b>\$239,760</b>
<b>Net Operating Income</b>	<b>(\$16,527)</b>	<b>\$30,359</b>	<b>\$100,689</b>
Less Debt Service	N/A	(\$24,287)	(\$80,551)
<b>Net Cash Flow</b>	<b>N/A</b>	<b>\$6,072</b>	<b>\$20,138</b>
<b>Capital Structure</b>			
Equity Contribution	\$25,000	\$25,000	\$25,000
Financing/Grant Shortfall	\$1,860,000	\$1,538,282	\$792,997
Loan Amount	Unsupportable	\$321,718	\$1,067,003
<b>Total Capital Required</b>	<b>\$1,885,000</b>	<b>\$1,885,000</b>	<b>\$1,885,000</b>

\*Rate (5.75%, Amortization Period (25), Term (7), Debt Service Coverage (1.25)

### 3. INVESTMENT PROTOTYPE C: 49–UNIT MULTI-FAMILY RENTAL PROPERTY

Table 5.3: Investment Scenario #3, 49 Unit Multi Family Rental Property

<b>Total Units:</b>	49	<b>Max Rent</b>	
<b>Average Size:</b>	950 sf.	50 Percent AMI	\$407
<b>Average Bedrooms:</b>	2.5	80 Percent AMI	\$651
<b>Median Income*:</b>	\$32,550	120 Percent AMI	\$977

\*HUD Median Family Income FY 2012

	AMI		
	50%	80%	120%
<b>Purchase</b>	<b>\$4,312,000</b>	<b>\$4,312,000</b>	<b>\$4,312,000</b>
<i>Per Unit Purchase Cost</i>	\$88,000	\$88,000	\$88,000
<b>Rehabilitation</b>	<b>\$1,352,750</b>	<b>\$1,352,750</b>	<b>\$1,352,750</b>
Architectural	\$70,000	\$70,000	\$70,000
Permits	\$15,000	\$15,000	\$15,000
Construction	\$960,000	\$960,000	\$960,000
Contingency (15%)	\$156,750	\$156,750	\$156,750
Lease Up and Marketing	\$72,000	\$72,000	\$72,000
Tenant Relocation - if applicable	\$49,000	\$49,000	\$49,000
Carry Costs During Construction	\$30,000	\$30,000	\$30,000
<i>Per Unit Rehabilitation Cost</i>	\$27,607	\$27,607	\$27,607
<b>Total Capital Investment</b>	<b>\$5,664,750</b>	<b>\$5,664,750</b>	<b>\$5,664,750</b>
<i>Per Unit Capital Investment</i>	\$115,607	\$115,607	\$115,607
<b>Operations</b>	<b>\$246,207</b>	<b>\$259,261</b>	<b>\$278,841</b>
Insurance	\$42,000	\$42,000	\$42,000
Electric	\$18,000	\$18,000	\$18,000
Water	\$13,000	\$13,000	\$13,000
Repairs and Maintenance	\$36,000	\$36,000	\$36,000
Landscaping	\$9,600	\$9,600	\$9,600
Marketing and Leasing	\$9,000	\$9,000	\$9,000
Administrative	\$16,000	\$16,000	\$16,000
Management Fee (12%)	\$26,107	\$39,161	\$58,741
Garbage and Pest Control	\$3,000	\$3,000	\$3,000
Replacement Reserve (\$1,500 per unit)	\$73,500	\$73,500	\$73,500
<i>Per Unit Operations Cost</i>	\$5,025	\$5,291	\$5,691
<b>Rent per Month</b>	<b>\$400</b>	<b>\$600</b>	<b>\$900</b>
<b>Gross Potential Income</b>	<b>\$235,200</b>	<b>\$352,800</b>	<b>\$529,200</b>
Vacancy and Loss (7.50%)	(\$17,640)	(\$26,460)	(\$39,690)
<b>Effective Gross Rental Income</b>	<b>\$217,560</b>	<b>\$326,340</b>	<b>\$489,510</b>
<b>Net Operating Income</b>	<b>(\$28,647)</b>	<b>\$67,079</b>	<b>\$210,669</b>
Less Debt Service	N/A	(\$53,663)	(\$168,535)
<b>Net Cash Flow</b>	<b>N/A</b>	<b>\$120,743</b>	<b>\$379,204</b>
<b>Capital Structure</b>			
Equity Contribution	\$25,000	\$25,000	\$25,000
Financing/Grant Shortfall	\$5,639,750	\$4,928,909	\$3,407,284
Loan Amount	Unsupportable	\$710,841	\$2,232,466
<b>Total Capital Required</b>	<b>\$5,664,750</b>	<b>\$5,664,750</b>	<b>\$5,664,750</b>

\*Rate (5.75%, Amortization Period (25), Term (7), Debt Service Coverage (1.25)

The project pro forma for the 9-unit multi-family property shows a substantial financing/grant shortfall of \$870,000 (\$96,667 per unit) at the 50 percent of AMI household income rent maximum decreasing to \$508,420 (\$56,491) at the 120 percent of AMI household income rent maximum. The negative net operating income at the 50 percent of AMI household income rent category precludes private loan financing. The larger 24 and 49 unit properties also show substantial financing/grant shortfalls at the 50 percent of AMI level but at a lower per unit cost. Financing/grant shortfalls are substantially lower for the 24 and 49 unit prototypes at the 80 and 120 percent of AMI household income rent categories.

## V. CONCLUSION

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An understanding of the shifting demands for housing is critical for the creation of effective housing policies and strategies. The increasing demand for worker housing documented in prior housing studies has magnified the importance of providing a wide spectrum of owner and renter choice and opportunity with respect to affordability, location and access to jobs. Significantly, new renter housing production has not kept pace with growing renter demand. During the past four years there have been only 1,633 new rental housing starts and 1,504 rental housing completions in Palm Beach and Martin Counties. Current and projected housing and economic market conditions indicate a serious shortfall of affordable rental housing in both counties. The rental housing needs assessment shows there will be an estimated annual demand for an additional 5,216 rental apartments in Palm Beach County during the time period 2011-2015.

The rental housing needs assessment provides a path for local governments and non-profit community development partners to address the critical affordable rental housing supply and affordability issues in Palm Beach and Martin Counties. A survey and analysis of distressed, multi-family properties found the vast majority to be older structures of less than 50 units in need of moderate levels of rehabilitation. The survey found multi-family structures in the 24-49 unit range in generally better physical condition than smaller properties in the 6-9 unit range. This may be attributed to several factors including age of the property, attention to deferred maintenance issues and the presence of on-site management. Small, multi-family properties under 50 units are typically the structure type most in need of gap financing for the reasons previously identified. These multi-family structure types are generally the more valued affordable rental housing investment from both a financial feasibility and programmatic perspective.

The challenge will be to devise appropriate investment strategies to preserve small, multi-family properties and expand affordability options to renters. However, the growing demand for affordable rental housing in Palm Beach and Martin Counties will not be addressed by current affordable rental housing development subsidies and tools that are severely limited or no longer available. The development of affordable multi-family housing will remain reliant upon innovative financing solutions brought forward by the community development industry which serves low-moderate income people. At the same time, local governments will need to re-assess their housing policies and programs to create expanded opportunities for affordable rental housing production and preservation in their respective communities.

Palm Beach and Martin Counties have previously experienced the impact of speculative investment in multi-family rental properties during the height of the housing bubble when widespread condominium conversions resulted in the loss of 16,000 rental units. Now, with little rental housing production, lowering vacancy rates and escalating rents, small, multi-family rental properties have become obvious targets for private real estate investors. Local governments and non-profit community development partners will need to become more pro-active in the real estate market to help preserve the remaining supply of small, multi-family rental properties.



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## APPENDIX A: Identification of Barriers to Affordable Rental Housing

### 1. BACKGROUND

The following section provides an assessment of existing public policies, regulations and public programs and their impact on the availability of an adequate supply of affordable rental housing in Palm Beach and Martin Counties. The prior analysis documents the critical supply and demand factors and conditions that have created a growing shortage of affordable rental housing in the two counties. The leading factors and conditions include: 1) a growing increase in renter housing demand resulting from the collapse of the housing bubble and subsequent economic recession; 2) limited federal and state funding for rental housing production and preservation; and 3) limited public and private multi-family housing production to keep pace with the rising demand for affordable rental housing.

Given the current and projected demand for affordable rental housing in Palm Beach and Martin Counties, local governments will need to evaluate their existing policies, regulations and programs to determine whether the requisite planning and management capacity is in place to effectively respond to the demand for affordable housing within their respective communities. The first step is to conduct a self-assessment to determine whether existing policies, regulations and programs encourage rental housing production and preservation or create barriers and other inefficiencies that prevent or discourage the availability of affordable rental housing in each community.

### 2. FINDINGS

#### 2.1 Policy

The prior renter housing supply and demand analysis concluded that the affordable rental housing shortfall is unlikely to improve any time soon. In fact, the growing demand for rental housing, at all income levels, will likely further diminish the supply of affordable rental housing in Palm Beach and Martin Counties. Rental housing affordability will also be impacted by persistently high unemployment and stagnant growth in household income in the coming years. Therefore, local government policymakers must find ways to do more with less as they confront their respective community's need for affordable rental housing.

Perhaps the most immediate need in Palm Beach and Martin Counties is the rising percentage of "severely" cost-burdened renter households. As the previous analysis showed, long-term increases in the number and share of severely cost-burdened renters show no sign of improving. And, with unemployment expected to remain high for the next few years and rental demand increasing, competition for affordable rental housing will likely intensify.

Both Palm Beach and Martin Counties have adopted policies in recent years to address their affordable housing needs. As previously reported, the most effective way to address a community's affordable housing needs is through the Comprehensive Growth Management Plan. One of the critical findings of the 2008 Rental Housing Study was a general lack of coordination and integration in the affordable housing delivery management systems of local governments. Housing delivery was found to be typically fragmented among each municipality's Housing and Community Development, Planning and Zoning Departments and Community Redevelopment Agencies (CRAs). The Comprehensive Growth Management Plan, through its various elements, can help coordinate and integrate a local government's overall housing delivery system, including programs administered through the HUD Consolidated Plan.

The current analysis found that both Palm Beach and Martin Counties have updated the Housing Element of their respective Comprehensive Growth Management Plans to include significant language regarding affordable housing, and specifically rental housing. Palm Beach County's Housing Element includes the following goal statement:

"The County shall increase its effectiveness addressing Housing needs by:

- ✓ Designating the Planning, Zoning and Building Department as the lead department for all data efforts for the Housing Element;
- ✓ Coordinating housing policy objectives with all County agencies, such as the Department of Planning, Zoning and Building; the Department of Housing and Community Development, the Commission on Affordable Housing; and the Housing Finance Agency, and designate the Department of Housing and Community Development as the lead agency for coordinating all housing efforts;
- ✓ The County shall also assist and encourage public/private partnerships with private community-based non-profit agencies and other private sector agencies that further County housing policy objectives, in order to improve cooperation among participants involved in housing production and to enhance the feasibility of producing and delivering affordable housing. The County could assist such agencies by paying administrative costs, by entering into joint ventures on land acquisition and by providing infrastructure."

In 2009, Martin County amended the Housing Element of the Comprehensive Growth Management Plan (CGMP) to address their affordable housing needs. The *Affordable Housing Needs Summary* analyzed the amount of land needed to accommodate the projected population and the proposed distribution, extent and location of all types of uses, including residential uses. The CGMP provides incentives for affordable housing projects in areas where infrastructure is already in place by allowing

a density bonus or deferring impact fees. The Future Land Use Element also provides for the establishment of a density and intensity bonus in community redevelopment areas and mixed-use developments that target urban in-fill and redevelopment areas.

Examples of the land use principles endorsed by Martin County are:

- ✓ The allocation of residential densities in a manner compatible with available public services, natural features of land and existing and anticipated future development;
- ✓ The allocation of higher residential densities to sites (1) accessible to major urban thoroughfares or urban collector streets, (2) sites adjacent to existing development with the same or higher density or less restrictive zoning district, (3) sites that can be adequately buffered from adjacent existing development of lesser intensity, and (4) sites that meet the density transitioning requirements of section 4.1F., of the CGMP;
- ✓ The provision of a variety of lot sizes, floor areas, setbacks and residential land use mixes to allow for a choice in housing types, designs and price levels for both urban and rural residential environments; and
- ✓ The use of the planned unit development, mixed use, and traditional neighborhood development concepts to encourage creativity in development, design, protection of open space, environmental features, and a mix of residential and nonresidential land uses.

## 2.2 Regulations

Administrative processes for developmental approvals continue to create unnecessary delays that ultimately raise development costs with subsequent increases to housing prices and rents. These barriers can particularly impact affordable rental housing production and preservation and exclude affordable rental housing developments in a community altogether.

Although much attention is given to the availability of federal and state housing programs to address local demand for affordable rental housing, the most important impact of local governments on affordable housing development is not limited to the channeling of federal funds but rather control over land use and construction standards. A slow regulatory process of local planning and zoning approvals can significantly increase the cost of construction. To minimize these costs, local governments can expedite their permitting process and thereby reducing the approval process to 1-2 weeks. Local governments can establish internal standards of performance to streamline the permitting policy to make it easier for residents and developers to schedule contractors and construction work. By providing this predictability, local governments can leverage costs savings as a way to negotiate additional affordable rental housing units.

One of the greatest regulatory barriers to rental housing production is land use. Typically, land use regulations often restrict the location and allowable densities that are needed to provide the land capacity for rental housing production. Given the scale of rental housing demand in Palm Beach and Martin Counties, land availability and density are essential. Palm Beach and Martin Counties will need to create or expand multi-family districts throughout their respective counties. The goal of a multi-family district is to encourage a well-planned and appropriate multiple-family developments within medium, high, and very high density land use classifications while stabilizing and protecting the residential characteristics of the district. Multi-family districts should be designed to create a suitable environment for multi-family living within existing and future land use designations that meet the diverse needs of local residents, and provide multi-family developers the flexibility to meet these goals.

### 2.3 Housing Programs

With funding for HUD's Neighborhood Stabilization Program (NSP) coming to an end, the Low-Income Housing Tax Credit (LIHTC) program is nearly all that is available to fund both new construction and substantial rehabilitation of existing properties including older assisted developments. However, the LIHTC program most commonly caps tenant eligibility at 60 percent of area median income (adjusted for family size), while the voucher program usually caps eligibility at 50 percent of area median income. Households with incomes above 60 percent of area medians are therefore excluded despite the rising the rapid growth of cost burdened and severely cost burdened renter households with incomes well above that threshold. One of the most important questions in the aftermath of the housing bubble is whether mortgage financing will be available for rental property acquisitions and investments. Even before the housing bubble and financial crisis, Fannie Mae and Freddie Mac were an important source of financing for both multi-family and investor-owned single-family properties.

Palm Beach and Martin Counties have programs in place to help fund affordable rental housing construction and preservation. As previously noted, however, the principal source of funding in recent years, HUD's Neighborhood Stabilization Program (NSP) is not expected to be reauthorized after the current funding round (NSP3). Palm Beach County's NSP3 allocation of \$11,264,172 was used to undertake the following activities:

- ✓ First and Second Mortgage Program (Category A-Financing Mechanism): provides first and/or second mortgages to homebuyers to acquire and rehabilitate approximately 45 foreclosed single-family housing units for owner-occupancy.
- ✓ Palm Beach County Housing Authority (Category B-Acquisition and Rehabilitation): Palm Beach County Housing Authority, acting a sub recipient, to acquire and rehabilitate 6 foreclosed single-family homes for rental to 0-50% AMI households. The activity will be located in an Area of Greatest Need located in western Palm Beach County (Target Area E).

- ✓ Pahokee Housing Authority (Category E-Redevelopment): Pahokee Housing Authority, acting as a sub recipient, to construct 6 new rental housing units on vacant or demolished property at the Authority's McClure Village development. The activity will be located in an Area of Need located in the western area of Palm Beach County (Target Area E).

Palm Beach County's principal affordable housing programs are the Workforce Housing Program and the Affordable Housing Program. The Workforce Housing Program targets households with incomes ranging from 60-150 percent of area median income (AMI). The Affordable Housing Program targets households at or below 60 percent of AMI.

The Workforce Housing Program and Affordable Housing Program units are made available at a rate affordable to the specified income groups and only to income-eligible households for a period of time set forth in the Unified Land Development Code (ULDC). All Workforce Housing Program and Affordable Housing Program criteria are subject to the review and approval of the Board of County Commissioners.

The County makes adequate provisions to enable the public, private and not-for-profit sectors to provide affordable housing, and supports the distribution of housing for very low, low, moderate and middle income households, to avoid undue concentrations of very low and low income housing throughout the County through the Workforce Housing Program and the Affordable Housing Program.

The Workforce Housing development evaluation addresses specific criteria, including but not limited to:

1. Eligible developments must have a minimum number of 10 permitted units;
2. Workforce units can be both rental units and for sale units;
3. Workforce units built on site will be designed to be compatible with the overall development;
4. Workforce units built on-site can be clustered or integrated within the development;
5. Rental unit and resale unit affordability controls shall be guaranteed for a period to be set forth in the Unified Land Development Code (ULDC);
6. Workforce units may be allowed based on location, and land use compatibility, in any of the following land use categories: Commercial (mixed use); Industrial (mixed use); Economic

Development Center; Institutional and Public Facilities, Traditional Town Development (TTD); and Multiple Land Use (MLU).

Incentives include:

1. For LR-1, LR-2, and LR-3, a density bonus of up to 30 percent
2. Traffic performance standards mitigation,
3. An expedited permit, zoning, and land use site plan approval process including engineering plating procedures.
4. A method to effectively offset impact fees and other development fees for the workforce units only may be included.

Density Bonus Greater than 30 percent

For land uses MR-5, HR-8, HR-12, and HR-18 a density bonus greater than 30 percent, up to 100 percent, shall be permitted when all program criteria are met and the increased density creates no compatibility issues with adjacent properties.

In 2008, Martin County created the Affordable Housing Land Bank and the Local Housing Trust Fund. The "Land Bank" is both an inventory and a functional program that identifies county and privately owned land that is suitable for affordable housing. The Local Housing Trust Fund was created to fulfill a need to have a locally established housing trust fund to bring additional dollars to match with other housing resources. The following policies and objectives have been adopted as part of the Housing Element of Martin County's Comprehensive Growth Management Plan:

1. *Policy 6.1E. 10. Housing Trust Fund*, "Martin County shall use the Local Housing Trust Fund to fund programs that contribute to the creation and maintenance of affordable housing. Revenue sources for the Local Housing Trust Fund may include, but are not limited to, general revenue, private donations, developer contributions, tax increment funding, grants, unclaimed funds, and the sale of County land."
2. *Objective 6.1D*. To provide adequate and affordable housing for very low, low, moderate, and workforce income households, including households with special housing needs, such as rural, farm worker and the elderly.
3. *Policy 6.1D. Consolidate housing functions*. The County shall consolidate its housing functions including implementation of housing programs, development of policies and programs, and

solicitation of public input. The County shall support and assist non-profit housing providers, administer County programs funded through state and federal funding sources, and coordinate land banking.

4. *Policy 6.1D.2. Affordable Housing Advisory Committee.* The County shall coordinate with the Affordable Housing Advisory Committee to assure safe, decent and sanitary housing to meet the needs of affordable housing for County residents. The Affordable Housing Advisory Committee membership shall meet statutory requirements and have the following duties:
  - a. Review policies, procedures, ordinances, land development regulations and the CGMP every three years pursuant to Section 420.9076, Florida Statutes.
  - b. Recommend specific initiatives or changes to the CGMP, to encourage or facilitate affordable housing while protecting property values and the potential for appreciation.
  - c. Evaluate the incentives in the LHAP and make recommendations for amendments, as needed, to encourage or facilitate the creation or maintenance of affordable housing.
  - d. Review changes to the LHAP before its submission to the Board of County Commissioners.
  - e. Review applications for SHIP funds by community-based organizations or eligible sponsors.
  - f. Function as the review committee to advise on and monitor the SHIP program, evaluate requests for exceptions from the regulations, and hear appeals from decisions made by the SHIP program administrator in accordance with the procedures set forth in the LHAP.
  - g. Submit a report to the Board of County Commissioners evaluating the implementation of affordable housing incentives and making recommendations for changes.
  - h. Perform additional responsibilities related to affordable housing at the request of the Board of County Commissioners, including creation of best management practices for the development of affordable housing in the community.
  
5. *Policy 6.1D.3. Pursue innovative programs and concepts.* The Affordable Housing Advisory Committee shall continue to investigate innovative concepts that facilitate the development or rehabilitation of very low, low, moderate and workforce income housing. Concepts to be investigated may include:
  - a. The promotion of innovative design, site plan or construction standards to reduce construction and/or infrastructure costs as part of the sustainable community initiative;

- b. The use of density bonuses for projects providing very low and low income housing;
- c. The development of criteria whereby impact fees could be paid by the County for very low income housing developments;
- d. The utilization of the Housing Trust Fund for very low and low income housing. One source of revenue could be a local option surtax on documentary stamps for commercial real estate transactions (legislative action is required to allow this revenue source) and/or other sources of funds identified by the Affordable Housing Advisory Committee;
- e. The development of a mortgage program through the Housing Finance Authority for very low, low and moderate income housing;
- f. The application of green building practices;
- g. The aggressive pursuit of grants and other funding possibilities.

6. *Policy 6.1D.4. Housing Programs.* Martin County shall undertake the following activities to provide very low, low and moderate income housing:

- a. Use the County's Affordable Housing Land Bank program to identify county and privately owned land that is suitable for affordable housing.
- b. Pursue Community Development Block Grants for neighborhood revitalization and housing programs.
- c. Assist private organizations to obtain grants and loans to build low and moderate income housing, including assistance in accordance with the LHAP and the SHIP program.
- d. Continue to provide information and referral on housing programs to individuals in need of housing, and to developers wishing to construct housing; and
- e. Continue working with for-profit and nonprofit organizations to obtain funding for Florida HOME projects.
- f. Use the County's Local Housing Trust Fund to combine donations towards affordable housing projects.



## APPENDIX B. Assisted Rental Housing Inventory

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Covenant Villas	601 Covenant Drive	Belle Glade	33430	Palm Beach	144	144	-	16	72	56	-	823	964	1,138	1,609	1,658
Glades Pioneer Terrace	200 Dorothy Wilford Cir	Belle Glade	33430	Palm Beach	70	70						823	964	1,138	1,609	1,658
Glades-diamond Housing	100 Down Circle	Belle Glade	33430	Palm Beach	65	64						823	964	1,138	1,609	1,658
Okee/osceola Center	1284 NW Avenue L	Belle Glade	33430	Palm Beach	714	714	-	155	316	207	36	823	964	1,138	1,609	1,658
Quiet Waters	306 SW 10th Street	Belle Glade	33430	Palm Beach	93	93	-	93	-	-	-	823	964	1,138	1,609	1,658
Boca Islands East	70 SE 11th St	Boca Raton	33432	Palm Beach	52	52	3	33	15	-	-	823	964	1,138	1,609	1,658
Shirley H. Gould House	21000 Ruth And Baron Coleman Blvd	Boca Raton	33428	Palm Beach	101	101						823	964	1,138	1,609	1,658
Weinberg House	21100 95th Ave South	Boca Raton	33428	Palm Beach	105	105						823	964	1,138	1,609	1,658
Ashley Lake Park	5020 Ashley Lake Drive	Boynton Beach	33437	Palm Beach	300	60	-	132	120	48	-	823	964	1,138	1,609	1,658

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Boynton Bay	499 Boynton Bay Circle	Boynton Beach	33435	Palm Beach	240	240	-	56	136	48	-	823	964	1,138	1,609	1,658
Clipper Cove - Boynton Beach	1500 Southern Cross Lane	Boynton Beach	33435	Palm Beach	384	384	-	56	328	-	-	823	964	1,138	1,609	1,658
Green Cay Village	12575 Green Cay Farms Blvd	Boynton Beach	33437	Palm Beach	160	160	-	16	84	60	-	823	964	1,138	1,609	1,658
La Costa Originally Known As Mahogany Bay Club	4101 Mahogany Drive	Boynton Beach	33436	Palm Beach	328	66	-	180	148	-	-	823	964	1,138	1,609	1,658
Preserve At Boynton Beach I	1866 NE 5th Street	Boynton Beach	33435	Palm Beach	122	122	N/A	N/A	N/A	N/A	N/A	823	964	1,138	1,609	1,658
Auburn Trace	625 Auburn Circle, West	Delray Beach	33444	Palm Beach	152	152	N/A	N/A	N/A	N/A	N/A	823	964	1,138	1,609	1,658
Groves Of Delray	1301 SW 10th Avenue	Delray Beach	33444	Palm Beach	158	158	-	87	71	-	-	823	964	1,138	1,609	1,658
In The Pines South	16101 Half Mile Road	Delray Beach	33447	Palm Beach	40	40	-	3	26	10	-	823	964	1,138	1,609	1,658

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Lake Delray	700 Lindell Blvd.	Delray Beach	33444	Palm Beach	404	404	4	360	40	-	-	823	964	1,138	1,609	1,658
Village At Delray	695 Auburn Ave	Delray Beach	33444	Palm Beach	264	212	N/A	N/A	N/A	N/A	N/A	823	964	1,138	1,609	1,658
Villages At Delray	695 Auburn Avenue	Delray Beach	33444	Palm Beach	144	144	N/A	N/A	N/A	N/A	N/A	823	964	1,138	1,609	1,658
Chelsea Commons	6351 Pine Avenue	Greenacres City	33463	Palm Beach	209	104	-	-	112	80	16	823	964	1,138	1,609	1,658
Colonial Lakes	SW Corner Lake Worth Rd & Westview St	Greenacres City	33463	Palm Beach	120	120	N/A	N/A	N/A	N/A	N/A	823	964	1,138	1,609	1,658
Jupiter Homes Corp Dba Smokerise, Ltd	431 Toney Penna Driv	Jupiter	33458	Palm Beach	18	18	-	-	18	-	-	823	964	1,138	1,609	1,658
Seagrape Apts	428 Jupiter Lakes Bl	Jupiter	33458	Palm Beach	60	60	-	54	6	-	-	823	964	1,138	1,609	1,658
Stephenson Manor Dba Smokerise, Ltd	457 Jupiter Lakes Blvd.	Jupiter	33458	Palm Beach	32	32	-	4	28	-	-	823	964	1,138	1,609	1,658

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Third Housing 401 Dba Smokerise, Ltd	331 Toney Penna Drive	Jupiter	33458	Palm Beach	24	24	-	-	24	-	-	823	964	1,138	1,609	1,658
Wood Duck Apts.	1101 Military Trail	Jupiter	33468	Palm Beach	64	64	-	12	52	-	-	823	964	1,138	1,609	1,658
Venetian Isles I	800 Venetian Isles Dr	Lake Park	33403	Palm Beach	288	288	-	90	108	90	-	823	964	1,138	1,609	1,658
Venetian Isles II	800 Venetian Isles Drive	Lake Park	33403	Palm Beach	112	112	-	18	60	34	-	823	964	1,138	1,609	1,658
Celtic	4680 Davis Road	Lake Worth	33460	Palm Beach	8	8	-	-	8	-	-	823	964	1,138	1,609	1,658
Congress Park	3010 Congress Park Drive	Lake Worth	33461	Palm Beach	288	288	-	-	144	144	-	823	964	1,138	1,609	1,658
H K & K Street	Various Addresses	Lake Worth	33460	Palm Beach	47	47	-	46	-	-	-	823	964	1,138	1,609	1,658

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Lake Worth Towers	1500 Lucerne Ave	Lake Worth	33460	Palm Beach	195	195	N/A	N/A	N/A	N/A	N/A	823	964	1,138	1,609	1,658
Lakewood Gardens	3783 & 3785 Coconut Road	Lake Worth	33461	Palm Beach	6	6	-	-	4	2	-	823	964	1,138	1,609	1,658
Marina Bay Apartments	2400 Lantana Road	Lake Worth	33462	Palm Beach	192	192	-	84	96	12	-	823	964	1,138	1,609	1,658
Palm Gardens	1710 Fourth Avenue North	Lake Worth	33460	Palm Beach	80	80	-	-	40	40	-	823	964	1,138	1,609	1,658
Riverview House	2571 Lake Worth Road	Lake Worth	33461	Palm Beach	160	160	-	125	35	-	-	823	964	1,138	1,609	1,658
Villa Madonna	4809 Lake Worth Rd	Lake Worth	33463	Palm Beach	99	99						823	964	1,138	1,609	1,658
Worthington Apts	6274 Pinestead Drive	Lake Worth	33463	Palm Beach	300	300	-	32	156	112	-	823	964	1,138	1,609	1,658

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Villas At Cove Crossing	2730 Lantana Road	Lantana	33462	Palm Beach	95	95	-	24	38	32	-	823	964	1,138	1,609	1,658
Amaryllis Gardens	381 J. Malone Drive	Pahokee	33476	Palm Beach	44	44	-	-	16	24	4	823	964	1,138	1,609	1,658
Doveland Villas	8633 Doveland Drive	Pahokee	33476	Palm Beach	88	88	-	17	39	32	-	823	964	1,138	1,609	1,658
Royal Palm Lakes	1749 East Main Street	Pahokee	33476	Palm Beach	42	42	-	42	-	-	-	823	964	1,138	1,609	1,658
Sugar Cane Villas	38520 86 St N	Pahokee	33476	Palm Beach	87	87	-	24	52	11	-	823	964	1,138	1,609	1,658
Mystic Woods I	4250 Leo Lane	Palm Beach Gardens	33410	Palm Beach	71	71	-	-	46	25	-	823	964	1,138	1,609	1,658
Mystic Woods II	4252 Leo Lane	Palm Beach Gardens	33410	Palm Beach	92	92	-	-	60	32	-	823	964	1,138	1,609	1,658
Portofino Apartments	2767 N. 10th Avenue	Palm Springs	33461	Palm Beach	270	270	-	66	120	84	-	823	964	1,138	1,609	1,658

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Indian Trace	1000 Indian Trace Circle	Riviera Beach	33407	Palm Beach	330	330	-	101	128	99	-	823	964	1,138	1,609	1,658
Stonybrook Apartments	1555 Martin Luther King Jr Blvd	Riviera Beach	33404	Palm Beach	216	216	-	-	108	108	-	823	964	1,138	1,609	1,658
Villa Franciscan	2101 Avenue F	Riviera Beach	33404	Palm Beach	85	85						823	964	1,138	1,609	1,658
South Bay Villas	151 Harrell Drive	South Bay	33493	Palm Beach	64	64	-	4	54	7	0	823	964	1,138	1,609	1,658
Cypress Manor Apts DbA Smokerise, Ltd	3818 County Line Rd	Tequesta Village	33469	Palm Beach	62	62	-	12	50	-	-	823	964	1,138	1,609	1,658
Ahepa 18 Apartments	4370 Community Dr	West Palm Beach	33409	Palm Beach	98	98	-	98	-	-	-	823	964	1,138	1,609	1,658
Ballet Villages I	430 South Rosemary Avenue	West Palm Beach	33401	Palm Beach	49	49	-	12	31	6	-	823	964	1,138	1,609	1,658

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Ballet Villages II	400 South Rosemary Avenue	West Palm Beach	33401	Palm Beach	17	17	-	12	-	3	-	823	964	1,138	1,609	1,658
Christian Manor	325 Executive Center Dr	West Palm Beach	33401	Palm Beach	200	200	N/A	N/A	N/A	N/A	N/A	823	964	1,138	1,609	1,658
Colony Park	8215 Belvedere Road	West Palm Beach	33411	Palm Beach	130	130	-	-	72	58	-	823	964	1,138	1,609	1,658
Country Lake N/k/a Lakeshore Landing Originally Known As Sherwood Glen	6010 Sherwood Glen Way	West Palm Beach	33415	Palm Beach	192	192	-	24	152	16	-	823	964	1,138	1,609	1,658
Courtyard On Flagler	1701 N. Flagler Drive	West Palm Beach	33407	Palm Beach	58	58	-	12	38	6	-	823	964	1,138	1,609	1,658
El Cid Apartments	315 Almeria Rd	West Palm Beach	33405	Palm Beach	73	72						823	964	1,138	1,609	1,658
Hampton Court - Mangonia Park	4761 Australian Way	West Palm Beach	33407	Palm Beach	288	288	-	-	176	112	-	823	964	1,138	1,609	1,658
Harris Music Lofts	206 Clematis Street	West Palm Beach	33401	Palm Beach	38	38	-	38	-	-	-	823	964	1,138	1,609	1,658
Haverhill Commons Phase II N/k/a Bayberry	4970 Haverhill Commons Circle	West Palm Beach	33417	Palm Beach	222	45	-	128	94	-	-	823	964	1,138	1,609	1,658



Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Jay Village	627 6th Street	West Palm Beach	33401	Palm Beach	6	6	N/A	N/A	N/A	N/A	N/A	823	964	1,138	1,609	1,658
Lake Shore	4660 North Congress Avenue	West Palm Beach	33407	Palm Beach	192	192	-	-	128	64	-	823	964	1,138	1,609	1,658
Lakeside Commons	550 Executive Center Drive	West Palm Beach	33401	Palm Beach	99	99	-	-	69	30	-	823	964	1,138	1,609	1,658
Live Oak Plantation	1551 Quail Drive	West Palm Beach	33409	Palm Beach	218	218	-	40	72	106	-	823	964	1,138	1,609	1,658
Madison Chase	1096 Madison Chase	West Palm Beach	33411	Palm Beach	230	230	-	40	104	86	-	823	964	1,138	1,609	1,658
Malibu Bay	750 Malibu Bay Drive	West Palm Beach	33401	Palm Beach	264	264	-	48	108	108	-	823	964	1,138	1,609	1,658
Mallards Landing	1598 Quail Drive	West Palm Beach	33409	Palm Beach	163	163	-	-	162	1	-	823	964	1,138	1,609	1,658
Mangonia Residence	2210 N. Australian Avenue	West Palm Beach	33407	Palm Beach	252	252	-	252	-	-	-	823	964	1,138	1,609	1,658
Merry Place	451 Cheerful Court	West Palm Beach	33407	Palm Beach	130	130	-	34	65	31	-	823	964	1,138	1,609	1,658

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Palm Beach County Group Home	322 10th St	West Palm Beach	33401	Palm Beach	6	6						823	964	1,138	1,609	1,658
Palm Grove Apartments	2100 Australian Ave	West Palm Beach	33407	Palm Beach	150	150	-	12	126	12	-	823	964	1,138	1,609	1,658
Pinnacle At Abbey Park	1921 Abbey Rd	West Palm Beach	33415	Palm Beach	160	160	-	-	112	48	-	823	964	1,138	1,609	1,658
Pinnacle Palms	601 Executive Center Drive	West Palm Beach	33401	Palm Beach	152	152	-	76	76	-	-	823	964	1,138	1,609	1,658
Quail Woods At Live Oak Plantation	1599 Quail Drive	West Palm Beach	33417	Palm Beach	72	72	-	-	-	36	36	823	964	1,138	1,609	1,658
Renaissance	4200 Bear Lake Court	West Palm Beach	33409	Palm Beach	344	344	-	48	172	124	-	823	964	1,138	1,609	1,658
Rosemary	706 8th Street	West Palm Beach	33401	Palm Beach	53	53	-	-	1	52	-	823	964	1,138	1,609	1,658

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Saddlebrook	5101 Caribbean Blvd.	West Palm Beach	33407	Palm Beach	192	192	-	-	48	96	48	823	964	1,138	1,609	1,658
Springbrook Commons	5500 N Haverhill Rd	West Palm Beach	33402	Palm Beach	144	144	-	24	48	72	-	823	964	1,138	1,609	1,658
St. Andrew's Residence	208 Fern St	West Palm Beach	33401	Palm Beach	182	182	N/A	N/A	N/A	N/A	N/A	823	964	1,138	1,609	1,658
St. Charles Place Manor	2701 Broadway	West Palm Beach	33407	Palm Beach	11	11	-	11	-	-	-	823	964	1,138	1,609	1,658
St. James Residences	400 South Olive Avenue	West Palm Beach	33401	Palm Beach	148	148	-	148	-	-	-	823	964	1,138	1,609	1,658
Villa Regina	2660 N Haverhill Rd	West Palm Beach	33415	Palm Beach	106	106	-	106	-	-	-	823	964	1,138	1,609	1,658
Village Crossing	3101 Village Blvd.	West Palm Beach	33409	Palm Beach	189	38	-	132	57	-	-	823	964	1,138	1,609	1,658
Village Place	2111 Brandy Wine Road	West Palm Beach	33409	Palm Beach	202	41	N/A	N/A	N/A	N/A	N/A	823	964	1,138	1,609	1,658

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Waverly Apartments	1386 Summit Pines Blvd	West Palm Beach	33415	Palm Beach	260	260	-	96	60	104	-	823	964	1,138	1,609	1,658
Wedgewood Apartments	4921 Wedgewood Way	West Palm Beach	33417	Palm Beach	48	48	30	18	-	-	-	823	964	1,138	1,609	1,658
Wedgewood Apartments Phase II	4819 Wedgewood Way	West Palm Beach	33417	Palm Beach	32	32	-	32	-	-	-	823	964	1,138	1,609	1,658
Westgate Plaza	1766 Donnell Road & 1560 Quail Drive	West Palm Beach	33409	Palm Beach	80	80	N/A	N/A	N/A	N/A	N/A	823	964	1,138	1,609	1,658
Windsor Park	1389 Summit Pines Blvd.	West Palm Beach	33415	Palm Beach	240	240	-	78	123	39	-	823	964	1,138	1,609	1,658
Wood Lake	1749 N Jog Road	West Palm Beach	33411	Palm Beach	224	224	-	52	80	92	-	823	964	1,138	1,609	1,658
Jupiter Assoc 201 Dba Smokerise, Ltd	15454 SW 151st Street	Indiantown	33456	Martin	10	10	-	-	10	-	-	737	739	936	1,237	1,275

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Jupiter Assoc 201a Db Smokerise, Ltd	15443 SW Osceola Str	Indiantown	33456	Martin	6	6	-	-	6	-	-	737	739	936	1,237	1,275
Jupiter Assoc 201b Db Smokerise, Ltd	14999 SW Indian Ave	Indiantown	34956	Martin	11	11	-	-	11	-	-	737	739	936	1,237	1,275
Third Housing 301 Db Smokerise, Ltd	14815 SW Indianmou nd	Indiantown	33468	Martin	10	10	-	-	10	-	-	737	739	936	1,237	1,275
Third Housing 302 Db Smokerise, Ltd	14815 SW Indianmou nd	Indiantown	34956	Martin	10	10	-	-	10	-	-	737	739	936	1,237	1,275
Joseph L Lee Gardens	14759 SW Andalusia Court	Indiantown	34956	Martin	33	32	-	6	17	10	-	737	739	936	1,237	1,275
New Hope Community	14555 SW 174 Ct	Indiantown	34956	Martin	60	60	-	-	12	36	12	737	739	936	1,237	1,275
New Hope Community II	17563 SW Lincoln St.	Indiantown	34956	Martin	57	57	-	-	17	22	18	737	739	936	1,237	1,275

Development Name	Street Address	City	Zip Code	County	Total Units	Assisted Units	Units by Bedroom Categories					2012 Fair Market Rent				
							0 BR	1 BR	2 BR	3 BR	4 or +	0 BR	1 BR	2 BR	3 BR	4 BR
Villa Assumpta	2539 NE Mission Dr	Jensen Beach	34957	Martin	100	100						737	739	936	1,237	1,275
Stuart Pointe	3521 Northwest Treasure Coast Dr	Jensen Beach	34957	Martin	192	192	-	64	96	16	16	737	739	936	1,237	1,275
Crossings At Indian Run	3800 S.e. Gatehouse Circle	Stuart	34994	Martin	344	344	-	72	96	176	-	737	739	936	1,237	1,275
Lakeside Apartments	701 SE Martin Luther King Blvd	Stuart	34994	Martin	32	31	-	3	16	13	-	737	739	936	1,237	1,275
Saint Lucie Place	300 S.e. St. Lucie Blvd.	Stuart	34996	Martin	200	200	-	48	112	40	-	737	739	936	1,237	1,275
Salerno Cove	3418 SE Cobia Way	Stuart	34997	Martin	50	50	-	7	41	2	-	737	739	936	1,237	1,275
Salerno Village	5833 SE 47th Ave.	Stuart	34997	Martin	42	42	-	15	23	4	-	737	739	936	1,237	1,275
Sierra Apartments	1001 SE Monterey Rd	Stuart	34994	Martin	24	24	-	24	-	-	-	737	739	936	1,237	1,275
Stuart Manor Dba Smokerise, Ltd	1490 S Kanner Hwy.	Stuart	34994	Martin	40	40	-	10	30	-	-	737	739	936	1,237	1,275

