

AFFORDABLE HOUSING ADVISORY COMMITTEE

There was a meeting of the Indian River County Affordable Housing Advisory Committee (AHAC) on February 14, 2019, at 1 PM in Conference Room B1-501 of the County Administration Building B, 1800 27th Street, Vero Beach, Florida. An audio recording can be found at <http://www.ircgov.com/Boards/AHAC/2019.htm>.

Members Present

Julianne Price, President, Every Dream Has a Price, Chair
Cindi Dixon, Employer Representative
Linda Morgan, Progressive Civic League, Small Business Owner
Laura Moss, Councilwoman, City of Vero Beach (COVB)
Jason Nunemaker, City of Fellsmere (Alternate)
Noah Powers, Town of Orchid
Mark Seeberg, Real Estate Professional in Connection with Affordable Housing
Tom Slater, Town of Indian River Shores
Bob Solari, Board of County Commission, Non-voting BCC Liaison
Sheryl Vittitoe, President, Habitat For Humanity, Vice Chair

Members Absent

Mary Cone, Banking or Mortgage Industry
Evan Esposito, Residential Home Building Industry
Kenneth "Chip" Landers, Local Planning & Zoning Agency
Mark Mathes, City of Fellsmere
James McAlhany, Building Contractor, SHIP
Bob McPartlan, City of Sebastian
David Myers II, Mortgage Industry
David Washington, Essential Services

IRC Staff/Officials Present

Susan Adams, IRC Commissioner, District 1
Stan Boling, Community Development Director
Dawn Bradford, Housing (SHIP) Planning Assistant
Jason Brown, County Administrator
Patricia Cappello, Planning Technician at IRC SHIP office
Bill DeBaal, Deputy County Attorney
Robin Miller, Rental Assistance Director
Ed Offutt, Commissioner Assistant, Recording Secretary
Dylan Reingold, County Attorney
Sasan Rohani, Chief, Long-Range Planning
Bill Schutt, Senior Economic Planner
Tim Zorc, IRC Commissioner, District 3

Others Present

Richard Bialosky, Local Architect
Anthony “Tony” Brown, President of IRC NAACP
Jerry Flick, Non-profit Developer
Lisa Frazier, City of Sebastian Community Development Director
Andrew Harper, President of RAIRC
Louise Hubbard, Treasure Coast Homeless Services Council, Inc.
Joe Idlette III, Indian River Neighborhood Association
Ursula Kupferer, Center State Bank
Colleen Lafferty and Perla Penaloza, Lafferty Group Real Estate
Matt Lipoff, Southport Financial Services, Inc.
Leigh Anne Uribe, Florida Department of Health
David Willis, Indian River Habitat for Humanity
Laura Zorc, School District of Indian River County

Call to Order

(1:08 PM) Chairman Price called the meeting to order at 1:08 PM and noted a quorum was present.

Election of Chairman – Action Required

(1:10 PM) ON MOTION BY Ms. Morgan, SECONDED BY Mr. Nunemaker, the members voted unanimously (9-0) to elect Ms. Julianne Price as Chair of the Affordable Housing Advisory Committee for 2019.

Election of Vice-Chairman – Action Required

(1:11 PM) ON MOTION BY Ms. Price, SECONDED BY Mr. Seeberg, the members voted unanimously (9-0) to elect Ms. Sheryl Vittitoe as Vice Chair of the Affordable Housing Advisory Committee for 2019.

(1:12 PM) Chairman Price agreed to add Commissioner Zorc’s presentation to the meeting agenda, with consent of the members present.

Approval of Minutes – Action Required

(1:13 PM) ON MOTION BY Ms. Dixon, SECONDED BY Mr. Nunemaker, the members voted unanimously (9-0) to approve the minutes of November 15, 2017 as presented.

Purpose of the Meeting and Review of IRC Affordable Housing Data, Programs, and Regulations

(1:13 PM) Mr. Rohani presented a series of slides on the current status of affordable housing in IRC, including the widely-accepted definition of affordable housing. (See Attachment 1 for Mr. Rohani's presentation.) Mr. Rohani reviewed the "Out of Reach" 2018 report for Florida and IRC, and discussed the components of affordable housing (size, location, land cost, cost of construction materials, zoning regulations, fees, and developers) and other relevant housing data.

(1:35 PM) Commissioner Zorc followed by presenting data on actual wages, detached home sales, and rental costs in IRC. (See Attachment 2 for Commissioner Zorc's presentation.) He stated that IRC is hoping to get significantly more State Housing Initiative Partnership (SHIP) funds from Tallahassee in the coming years than it had previously, and remarked that large chunks of contiguous acreage were needed for affordable housing developments.

(1:54 PM) Mr. Rohani resumed his presentation with a review of IRC's affordable housing programs (see slide 27 of Attachment 1). During his session, Councilwoman Moss asked for further details about how much money IRC contributed to SHIP and how much was returned from the State to the County; Commissioner Zorc specified that IRC sent about \$1.8M to Tallahassee last year and received about \$345,000 back through the State SHIP program. Mr. Rohani then finished his report by recounting IRC's regulations and policies supporting affordable housing. Mr. Slater then stated that the Committee really needed an estimate of how much affordable housing is still required in IRC, a specific measuring stick of "where we need to go."

Reports by City Representatives -- Policies and Initiatives in Support of Affordable Housing

(2:15 PM) Councilwoman Moss of Vero Beach stated the need for distinct action items in order to make forward progress. She divulged that the COVB recently completed a revision of its comprehensive planning policy document and proceeded to enumerate points from the document relevant to the affordable housing dialogue. With much of the COVB housing supply having been built in the 1970s and 80s, Councilwoman Moss stated the City was essentially "built out." She added that 54.5% of COVB homeowners spend over 30% of their income on housing costs, a percentage comparable with homeowners in Indian River County and the State of Florida. Among households with incomes less than 80% of the area median income, Councilwoman Moss asserted that the rate of severely cost-burdened households is greater for renters than homeowners, although this number is expected to decrease slightly over the next 20 years for both groups.

(2:23 PM) Ms. Frazier reported that the City of Sebastian is working to update its comprehensive plan by 2020 but "tracks the County as far as income and housing costs," and that Sebastian has three subsidized housing developments and multiple mobile home parks. One mobile home park is under consideration for redevelopment, to include tiny homes, but the prospective developer's price point for these was still

\$120,000. She added that Sebastian is a Community Development Block Grant (CDBG) entitlement city, but no one has applied for those dollars since 2015. She related that the City wants to use CDBG funds to support its large population of veterans.

(2:26 PM) Mr. Nunemaker disclosed that Fellsmere has small-lot subdivisions, but with an average family size of 3.2 people, affordable housing or “tiny house” developments can lead to increased code violations (in terms of excessive parked cars and similar issues), so the Town does not wish to “overpack” them. He aired concerns about how the growing cognitive divide could result in many living-wage jobs (such as truck drivers) disappearing in the near future, but stated that the trend was still toward more people occupying houses, not less.

(2:28 PM) Mr. Slater from the Town of Indian River Shores expressed that his community is also nearly built-out. The Town, hence, has no affordable housing plan at all, but if the County and other communities wish to set up targets, the private citizens of Indian River Shores are willing to contribute.

Reports from local non-profit housing organizations

(2:29 PM) Ms. Vittitoe commented the Habitat for Humanity (HFH) was currently in the third year of a five-year plan, and during the 2015/16/17 timeframe HFH had served about 145 families per year, including neighborhood revitalization actions -- such as roof repairs -- for about 100 families per year. They also provided scholarship funds to HFH family members who sought higher education. Ms. Vittitoe related how HFH pulls families out of overcrowding and reduces their expected workload, as a Habitat home costs less than \$600 per month. Finally, she stated that HFH families in IRC pay a total of over \$240,000 in property taxes each year, so they are giving back in direct fashion to the greater community.

(2:35 PM) Chairwoman Price recounted that Every Dream has a Price (EDHAP) was born in 2006 to fill local housing gaps using labor and materiel donations from subcontractors and builders. She conveyed that EDHAP focuses on new construction and rehabilitation projects for very low income households, seniors, veterans, and homeless pregnant women.

(2:38 PM) Louise Hubbard of Treasure Coast Homeless Services Council (TCHSC) revealed that 54.9% of renters in IRC are overburdened, but that her organization had screened 1,324 households facing eviction in the last seven months and helped 523 homeless families/individuals with security deposits and up to three months' rent. She advised that the rental market is very tight in IRC, and some landlords look for double security deposits and “perfect credit,” a difficult standard. TCHSC also placed 129 IRC families into emergency shelters by working with local hotels. The organization applied for permanent supportive housing funds from Housing and Urban Development (HUD) and received \$1.5M, paying \$801,000 to landlords to help 165 households for a whole year at a time. Since all properties used by TCHSC must pass HUD requirements, she explained that inspecting houses is a continuous burden. Ms. Hubbard also

summarized TCHSC's efforts in assisting homeless veterans and unaccompanied females.

(2:45 PM) Ms. Miller of IRC Rental Assistance described the County's efforts with "Section 8" and Veterans Affairs Supportive Housing (VASH) funds from HUD, specifically how those resources had been used to house 362 persons, including veterans. Most recently, she stated that HUD provided 46 leasing vouchers for veterans, and 41 of those had been used.

Discussion of Obstacles to Affordable Housing

(2:46 PM) Ms. Lafferty and Ms. Penaloza stated that residents of affordable housing sometime need budget training to make better choices, especially when SHIP requirements are so stringent and housing prices are on the rise. Mr. Saxton commented that affordable housing units must be located near grocery stores, existing utilities, and other services, and that the number of suitable properties was small and the number of those for sale even smaller. He emphasized that streamlining and expediting the rezoning process would be helpful, as would allowing more density in multifamily zoning districts. Mr. Lipoff concurred that low housing density demotivates the construction of affordable housing in IRC.

(3:00 PM) Mr. Seeburg left the meeting.

(3:03 PM) Mr. Flick specified that a key problem in IRC is that the average sale price for affordable housing should be around \$150,000, but that this is not a profitable number for local developers. Mr. Flick added that he estimated IRC's need as 8,500 rental units and an equal number of free-standing homes. Mr. Slater again mentioned the need for a goal, right or wrong, at which point he believed the conversation could progress to what's needed to hit the target. Ms. Dixon added that population and employment growth is relevant to the discussion, and that signs of another housing "bubble" (like 2008) were present. Mr. Powers reemphasized the importance of beginning with a goal in mind and then gauging success against the goal a year from now.

Discussion on Scope of Mission and Other Items for Further Consideration

(3:14 PM) Commissioner Solari recommended the AHAC achieve better understanding of affordable housing success stories in other Florida counties. He warned that the size of homes was a big factor in finding an acceptable way forward, and that asking for increased density in affordable housing developments would result in a local political fight. Finally, Commissioner Solari stressed the importance of the AHAC taking the time to learn the issues first before setting any concrete goals. Councilwoman Moss summarized that the main elements the AHAC should be studying presently include funding, available land and zoning, population, employment growth, and nearby case studies. Mr. Harper then contributed details regarding the "Vancouver model" of community development -- although noting this model may not be applicable to IRC -- and mentioned the importance of reducing impact fees.

(3:20 PM) Mr. Bialosky next declared that the most important thing to understand is why IRC needs affordable housing and described specific examples where employers sought to provide affordable housing to their employees and received tax credits for their efforts. Mr. Anthony Brown remarked that the AHAC must define what affordable housing means in IRC, asking whether it means rental units or home ownership; he stressed it should mean ownership, and returned to the importance of training affordable housing occupants to “springboard to ownership.” Mr. Lipoff cautioned that there are few applications approved each year in the area of Low-Income Housing Tax Credit (LIHTC) tax grants. Ms. Hubbard stressed that there are virtually unlimited numbers of models and alternatives IRC could follow to start on the path to improving its affordable housing outlook, but that IRC must first determine “what it wants to be” and clarify where it fits into the overall affordable housing plan for the entire community. Commissioner Solari agreed that, for IRC, it is a matter of defining the goals and committing to the hard work of pushing them through the political process.

(3:38 PM) ON MOTION BY Mr. Slater, SECONDED BY Ms. Morgan, the members voted unanimously (8-0, without a quorum) to recommend that the Board of County Commissioners (BCC) authorize AHAC to lead the process for improving access to affordable housing and designate AHAC to deliver key recommendations to the BCC on affordable housing.

Other Matters

(3:40 PM) Mr. Boling indicated that there are different programs to address the affordable housing needs of different populations, and that IRC cities can help with adding affordable housing units because every unit provided and every household helped is important progress. Mr. Boling also stated he would coordinate with Ms. Price to develop the agenda for the next AHAC meeting.

Adjournment

(3:41 PM) There being no further business, Ms. Price adjourned the meeting at 3:41 PM.

Attachments

Atch 1 – IRC Community Development slide presentation, Feb 14, 2019 (S. Rohani)
Atch 2 – IRC Commissioner Zorc slide presentation, Feb 14, 2019 (T. Zorc)

Attachment 1 to AHAC Minutes
February 14, 2019

Affordable Housing Advisory Committee

February 14, 2019

Happy Valentine's Day

Purpose of the Meeting

On December 4, 2018 the BCC directed staff to schedule a meeting of the AHAC to **discuss, study, and review** the affordable housing issue within Indian River County. First meeting tasks are to:

- **Review current information provided in meeting packet and presented at the meeting**
- **Determine direction and focus of committee's review and scope of its evaluation**

Purpose of the Meeting

During the February 14th meeting, the AHAC will review:

- existing affordable housing efforts
- various components of housing affordability such as:
 - Unit size
 - Location
 - Land cost
 - Cost of construction materials
 - Zoning regulations,
 - Developer issues, challenges, profits
 - Local government policies and procedures, ordinances
 - Land development regulations that encourage or facilitate affordable housing
 - Information on local wages and income for very low, low, and moderate income workforce residents

AHAC Meetings

- Affordable housing is complex and includes many factors involving:
 - private sector industry
 - non-profit organizations
 - the public sector
 - the AHAC will need multiple meetings to study the issue thoroughly and report its findings and recommendations to the Board
 - Staff anticipates meetings will need to be scheduled several weeks apart (perhaps every two to three months) to allow time for effective research and coordination between meetings
 - Initially, the AHAC will need to form the scope of its evaluation and determine how to focus on the most effective items.

Review of Affordable Housing Definition and Data

- Affordable Housing Definition
- Portion of Out of Reach Report for general information and for Florida
- ALICE (Asset Limited, Income Constrained, Employed) in IRC
- Components of housing affordability (unit size, location, land cost, cost of construction materials, zoning regulations, fees, developers)
- Construction material cost and construction forecast report
- Builders Profit Margin
- Income (wages)
- Other Data

Affordable Housing Definition

Housing affordability has two main components:
housing costs and household income

Monthly Rent, or Mortgage payment including taxes and insurance do not exceed 30% of the household gross income

Housing Costs: Mortgage Principal + Interest + Taxes + Insurance

Total Debt: Housing costs + other obligations (such as car payment, credit card payment, etc.)

Housing Cost

The 30% income threshold is especially critical for **very low** and **low** income households to cover basic, non-discretionary needs

- Such households paying over 30% of their income for housing costs are considered cost burdened
- Households paying over 50% of their income are considered severely cost burdened
- For households with higher income, the 30% threshold is not as critical since such households have discretionary income that can be directed toward housing if so desired by that high income household

National and Local Trends on Sizes of New Homes

- Increased housing **costs** and **shortage of modestly sized** and affordable housing stock will put housing **out of reach** of various segments of the county population
- More Builders building larger homes
- Nationally only about 5% of new homes built are smaller than 1400 sf
- Locally Only about 1% of new homes built are smaller than 1400 sf

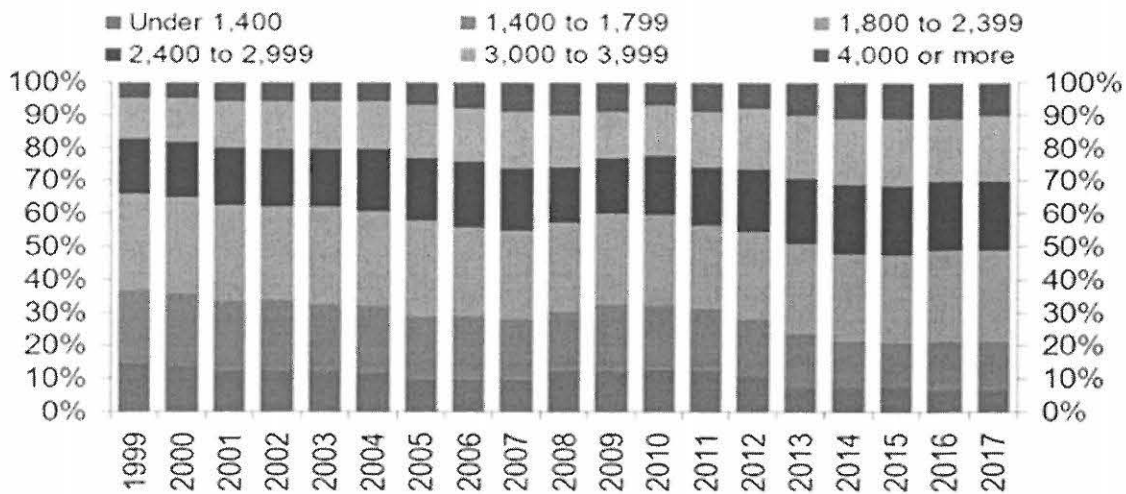
30% of new homes were
3,000 square feet or bigger in 2017



Posted on
1/5/19 The Daily Shot

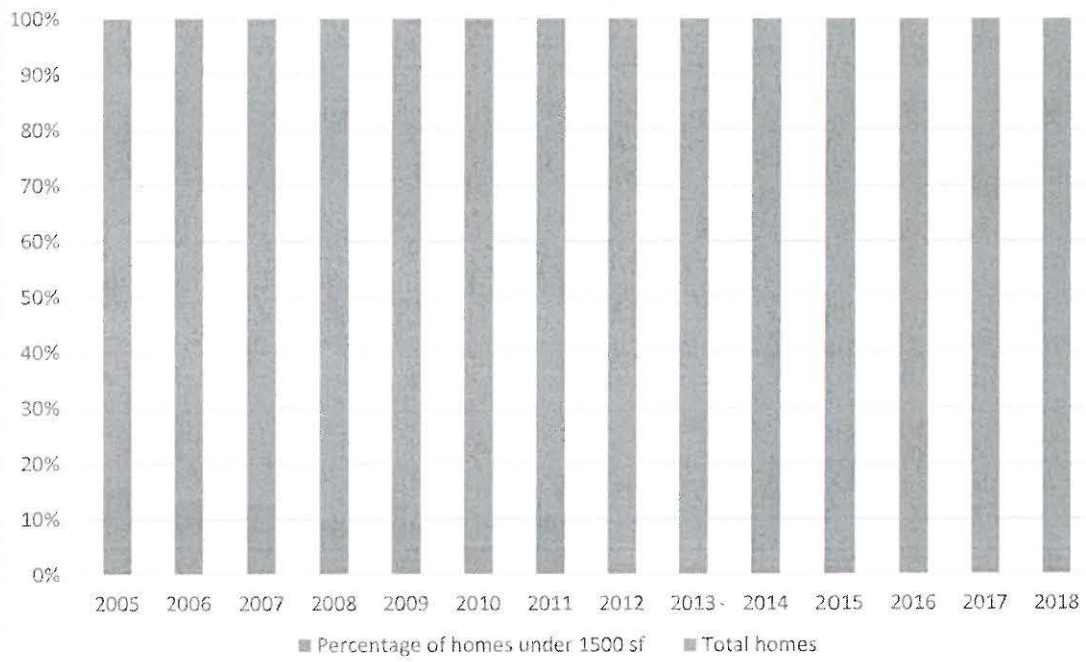
**New single-family houses completed by sq. feet of floor
area**

in 2019
@SoberLook



Source: Census, DB Global Research

Unincorporated Indian River County Residential New Construction 2005 - 2018



2018

OUT_{of} REACH

THE HIGH COST OF HOUSING



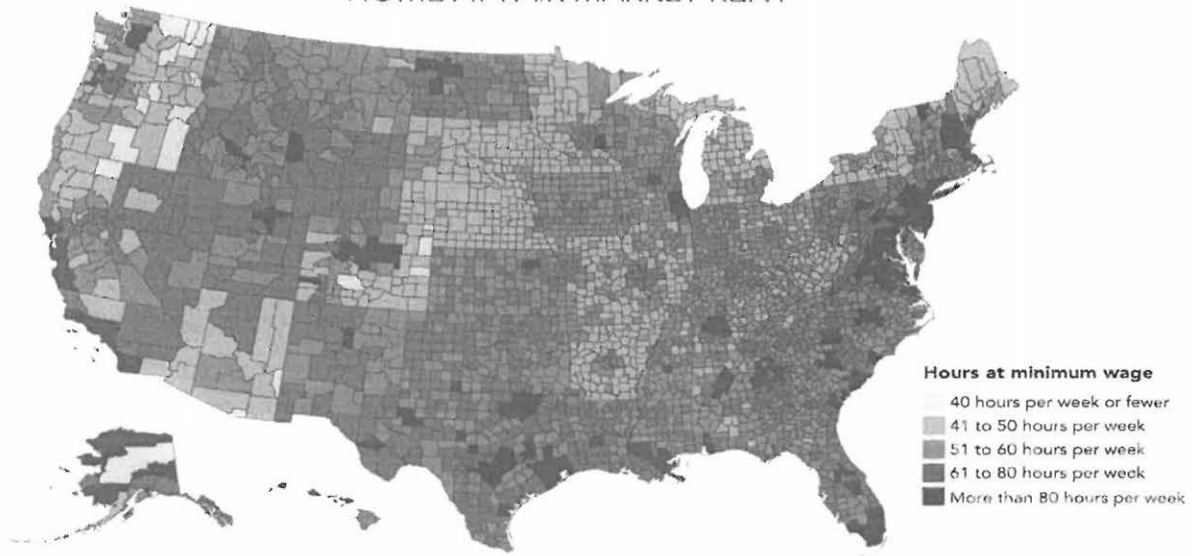
NATIONAL LOW INCOME
HOUSING COALITION

MADE POSSIBLE BY THE GENEROSITY OF
JPMORGAN CHASE & CO.

https://nlihc.org/sites/default/files/oor/OOR_2018.pdf

OUT_{of}REACH

2018 HOURS AT MINIMUM-WAGE NEEDED TO AFFORD A ONE-BEDROOM RENTAL HOME AT FAIR MARKET RENT



*Note: New England states are displayed with HUD Fair Market Rent Areas. All other states are displayed at the county level. This map does not account for the 37 localities with minimum wages higher than the standard state or federal minimum wage. No local minimum wages are sufficient to afford a one bedroom rental home at the Fair Market Rent with a 40-hour work week. The geographic variation of Oregon and New York's state minimum wages are reflected at the county level. Puerto Rico is excluded due to wage comparability issues.

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www.nlihc.org/oor



FLORIDA

STATE RANKING **#16***

In Florida, the Fair Market Rent (FMR) for a two-bedroom apartment is **\$1,118**. In order to afford this level of rent and utilities — without paying more than 30% of income on housing — a household must earn **\$3,726** monthly or **\$44,716** annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly Housing Wage of:

\$21.50
PER HOUR
STATE HOUSING
WAGE

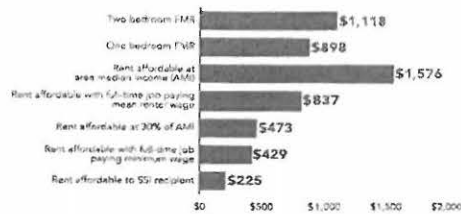
FACTS ABOUT FLORIDA:

STATE FACTS	
Minimum Wage	\$8.25
Average Renter Wage	\$16.10
2-Bedroom Housing Wage	\$21.50
Number of Renter Households	2,605,942
Percent Renters	35%

MOST EXPENSIVE AREAS	HOUSING WAGE
Monroe County	\$29.12
West Palm Beach-Boca Raton HMFA	\$27.35
Fort Lauderdale HMFA	\$26.67
Miami-Miami Beach-Kendall HMFA	\$25.98
Naples-Immokalee-Marco Island MSA	\$23.46

MSA = Metropolitan Statistical Area, HMFA = HUD Metro FMR Area
* Ranked from highest to lowest 7-Bedroom Housing Wage. Includes District of Columbia and Puerto Rico.

OUT OF REACH 2018 | NATIONAL LOW INCOME HOUSING COALITION



	FY18 HOUSING WAGE		HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTERS				
	Hourly wage necessary to afford 2 BR FMR*	2 BR FMR	Annual income needed to afford 2 BR FMR	Full-time jobs at minimum wage needed to afford 2 BR FMR†	Annual AMI‡	Monthly rent affordable at AMP	30% of AMI	Monthly rent affordable at 30% of AMI	Renter households (2012-2016)	% of total households (2012-2016)	Estimated hourly mean renter wage (2018)	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR§	
Dixie County	\$13.19	\$686	\$27,440	1.6	\$46,700	\$1,168	\$14,010	\$350	1,409	23%	\$13.50	\$702	1.0	
Duval County	\$18.21	\$947	\$37,880	2.2	\$69,900	\$1,748	\$20,970	\$524	142,765	42%	\$17.41	\$905	1.0	
Escambia County	\$16.27	\$846	\$33,840	2.0	\$65,200	\$1,630	\$19,560	\$489	46,096	40%	\$15.12	\$786	1.1	
Flagler County	\$18.60	\$967	\$38,680	2.3	\$58,900	\$1,473	\$17,670	\$442	8,817	23%	\$12.48	\$649	1.5	
Franklin County	\$15.09	\$784	\$31,360	1.8	\$51,200	\$1,280	\$15,360	\$384	1,161	27%	\$11.04	\$574	1.4	
Gadsden County	\$18.42	\$958	\$38,320	2.2	\$67,400	\$1,685	\$20,220	\$506	4,873	29%	\$9.54	\$496	1.9	
Golcrest County	\$17.19	\$894	\$35,760	2.1	\$71,300	\$1,783	\$21,390	\$535	1,102	18%	\$9.35	\$486	1.8	
Glades County	\$15.08	\$784	\$31,360	1.8	\$41,900	\$1,048	\$12,570	\$314	1,015	25%	\$14.35	\$746	1.1	
Gulf County	\$17.12	\$890	\$35,600	2.1	\$52,600	\$1,315	\$15,780	\$395	1,358	25%	\$12.58	\$654	1.4	
Hamilton County	\$13.19	\$686	\$27,440	1.6	\$43,300	\$1,083	\$12,990	\$325	1,291	27%	\$10.59	\$551	1.2	
Herde County	\$13.19	\$686	\$27,440	1.6	\$43,700	\$1,093	\$13,110	\$328	2,381	32%	\$11.88	\$618	1.1	
Hendry County	\$15.83	\$823	\$32,920	1.9	\$46,200	\$1,155	\$13,860	\$347	3,811	32%	\$11.76	\$612	1.3	
Hernando County	\$20.10	\$1,045	\$41,800	2.4	\$63,900	\$1,598	\$19,170	\$479	15,612	22%	\$12.03	\$625	1.7	
Highlands County	\$15.19	\$790	\$31,600	1.8	\$43,800	\$1,095	\$13,140	\$329	9,883	24%	\$10.56	\$549	1.4	
Hillsborough County	\$20.10	\$1,045	\$41,800	2.4	\$63,900	\$1,598	\$19,170	\$479	208,827	42%	\$17.82	\$926	1.1	
Holmes County	\$13.19	\$686	\$27,440	1.6	\$44,800	\$1,120	\$13,440	\$336	1,376	20%	\$5.68	\$296	2.3	
Indian River County	\$17.15	\$892	\$35,680	2.1	\$64,600	\$1,615	\$19,380	\$485	14,694	25%	\$13.08	\$680	1.3	
Jackson County	\$13.19	\$686	\$27,440	1.6	\$47,700	\$1,193	\$14,310	\$358	4,879	29%	\$9.69	\$504	1.4	
Jefferson County	\$18.42	\$958	\$38,320	2.2	\$67,400	\$1,685	\$20,220	\$506	1,196	21%	\$8.43	\$438	2.2	
Lafayette County	\$13.19	\$686	\$27,440	1.6	\$52,200	\$1,305	\$15,660	\$392	413	18%	\$9.13	\$475	1.4	
Lake County	\$21.08	\$1,096	\$43,840	2.6	\$62,900	\$1,573	\$18,870	\$472	31,754	26%	\$12.64	\$657	1.7	
Lee County	\$18.38	\$956	\$38,240	2.2	\$63,700	\$1,593	\$19,110	\$478	80,113	31%	\$14.38	\$748	1.3	
Leon County	\$18.42	\$958	\$38,320	2.2	\$67,400	\$1,685	\$20,220	\$506	53,097	48%	\$12.32	\$641	1.5	
Levy County	\$13.19	\$686	\$27,440	1.6	\$47,000	\$1,175	\$14,100	\$353	3,820	25%	\$9.28	\$482	1.4	
Liberty County	\$13.19	\$686	\$27,440	1.6	\$55,400	\$1,385	\$16,620	\$416	575	24%	\$14.97	\$778	0.9	
Madison County	\$13.19	\$686	\$27,440	1.6	\$43,700	\$1,093	\$13,110	\$328	1,432	21%	\$9.85	\$512	1.3	

1: BR = Bedroom

2: FMR = Fiscal Year 2018 Fair Market Rent

3: This calculation uses the higher of the state or federal minimum wage. Local minimum wages are not used. See Appendix B

4: AMI = Fiscal Year 2018 Area Median Income

5: "Affordable" rents represent the generally accepted standard of spending not more than 30% of gross income on gross housing costs.

* 50th percentile FMR (See Appendix B)

ALICE Report

Asset Limited, Income Constrained, Employed (ALICE)

<http://www.uwof.org/alice>

ALICE IN INDIAN RIVER COUNTY

2016 Point-in-Time Data

Population: 151,563 • Number of Households: 55,427

Median Household Income: \$49,072 (state average: \$50,860)

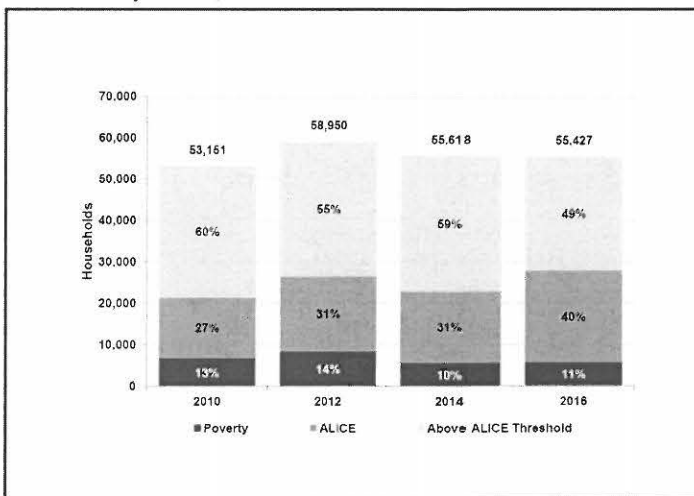
Unemployment Rate: 5.5% (state average: 6.0%)

ALICE Households: 40% (state average: 32%) • Households in Poverty: 11% (state average: 14%)

How has the number of ALICE households changed over time?

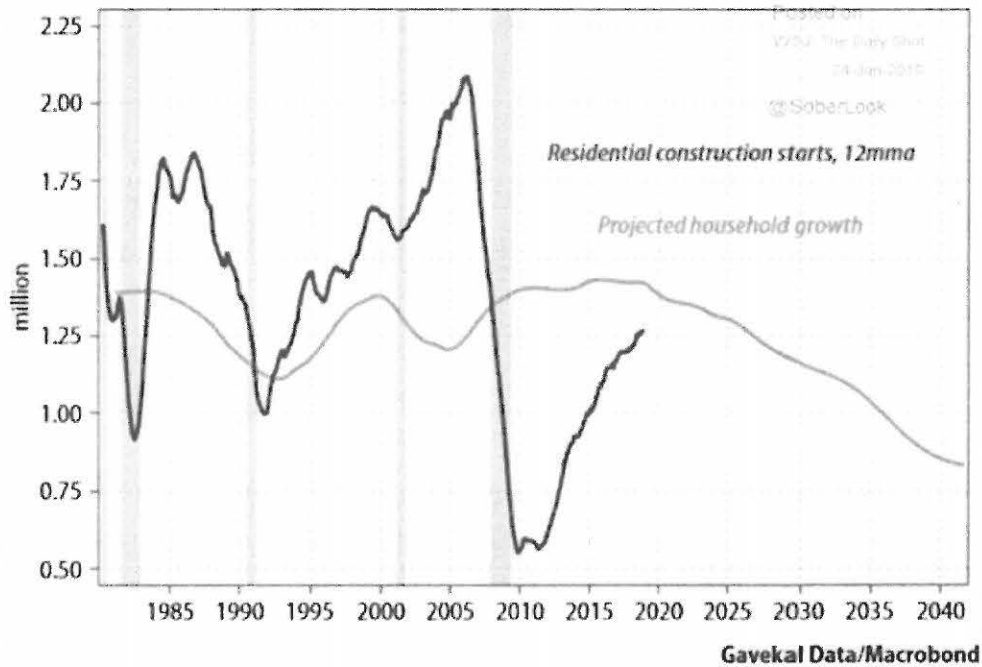
ALICE is an acronym for Asset Limited, Income Constrained, Employed – households that earn more than the Federal Poverty Level, but less than the basic cost of living for the county (the ALICE Threshold). Combined, the number of ALICE and poverty-level households equals the total population struggling to afford basic needs. The number of households below the ALICE Threshold changes over time; households move in and out of poverty and ALICE status as their circumstances improve or worsen. The recovery, which started in 2010, has been uneven across the state. Conditions have improved for some families, but with rising costs, many still find themselves struggling.

Households by Income, 2010 to 2016



We haven't seen the overbuilding trends that accompanied the previous housing market cycles. Household formation should support demand for homes over the next few years.

This cycle has not yet seen over-building in the housing market



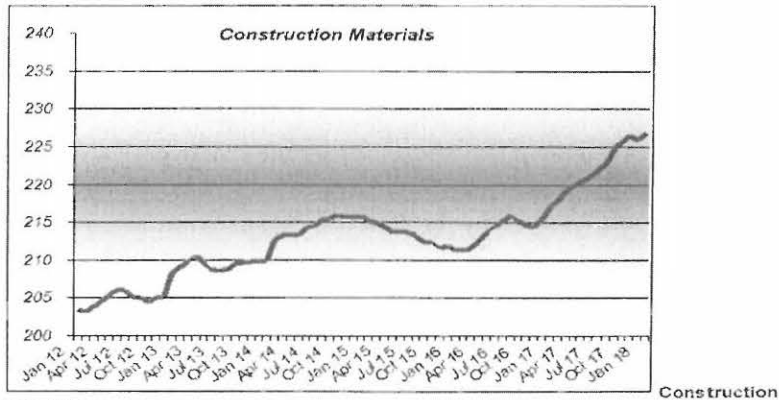
Construction Cost Trends—January 2018

Posted: January 4, 2018 | [Cost Trends](#)

BNI Building News Construction Costs January/February 2018

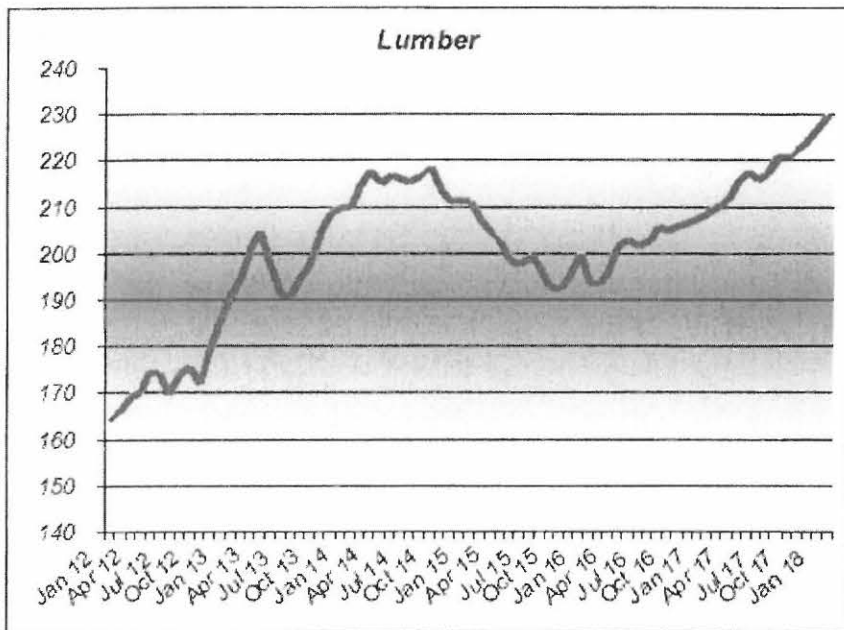
Source: US Department of Labor, *Producer Price Index*

The construction economy is still good. Commercial is strong and residential is still in positive territory. Housing prices are still moving upward mostly due to a lack of inventory and pent-up demand. The major disappointment is that public construction is down. Public construction has been stalled, but it may finally climb out of its slump with the rebuilding efforts we usually see following large hurricanes. Unfortunately, the infrastructure initiative we've been promised in Washington seems to also be stalled right now, so no help there. Wages are up 4-5% for the year. All in all, the construction industry will probably remain strong for next year.



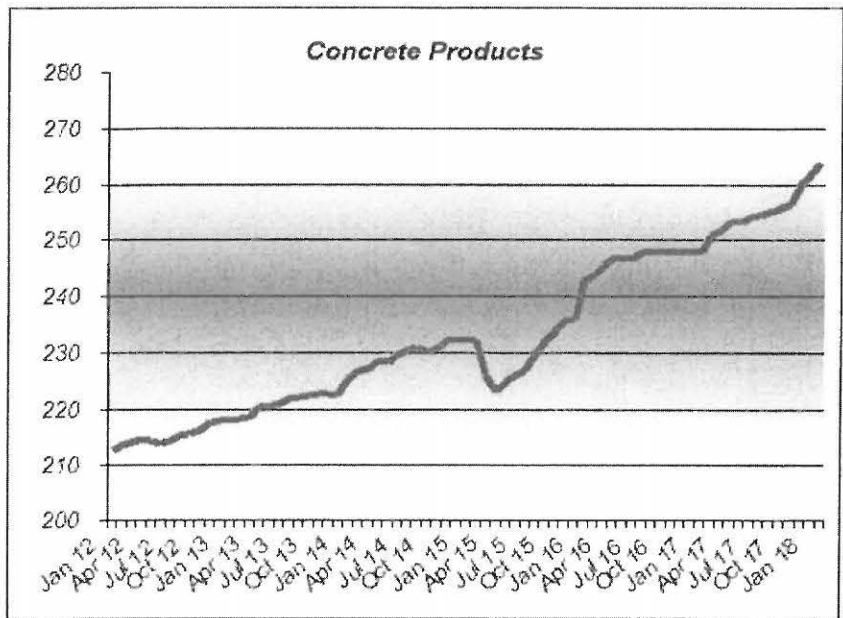
Materials

Construction commodities remain up, while some still show double-digit gains. Fuel will remain high until the refineries in Texas get up to full production (though rises in the price of crude may continue to keep prices high). Materials are 4-5% up for the year and appear to be continuing to rise.



Lumber

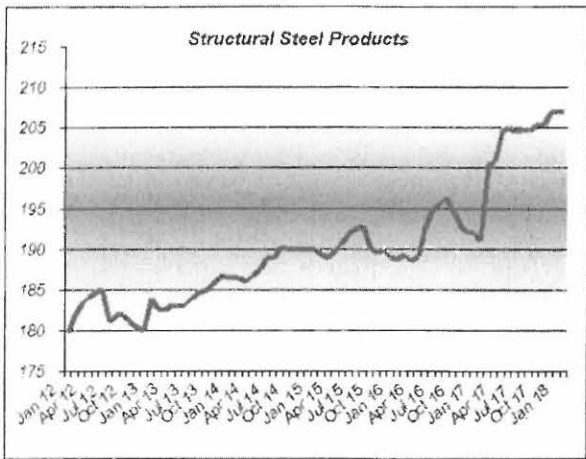
After rallying in 2016 with gains of 6%, lumber is on an accelerated path with gains of 10%. This up cycle is happening despite an erratic increase in housing starts. We'll just have to watch the effect of supply/demand on lumber. With the housing industry not behaving consistently, forecasting the price of lumber has become quite a challenge.



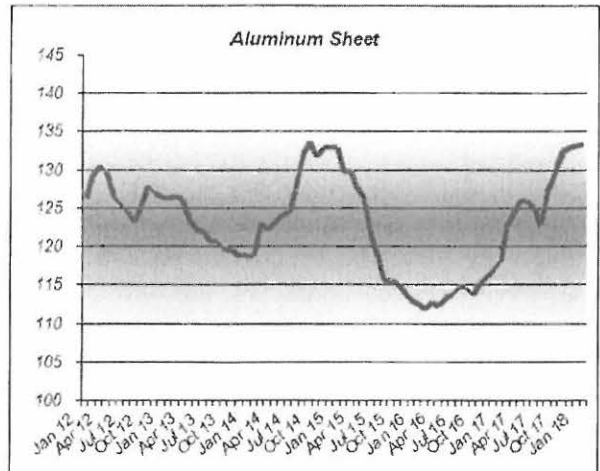
Cement and Concrete

Products

After both up and down moves, concrete now seems to be on a steady upward trajectory. Sand and stone are still flat to down, but the price of fuel and cement are up. For the last four years, the components of ready mix have been going in different directions, a possible explanation for the volatility we now see in concrete product prices. We'll keep this on the watch list...



Steel Products



Aluminum Sheet

Steel was once the component everyone watched. It was down to flat and languished from 2011 through 2016. The price suddenly spiked in mid-2016 but then declined to finish the year at a 1% rise. In 2017 we saw a different story, as steel jumped a healthy 6-8%.

The Average Profit Margin Of Single-Family Builders

Though not fully recovered to pre-recession numbers, the gross profit margins and net profit margins of the average single-family builder have shown steady improvement
March 22, 2016



NAHB recently conducted a survey of single-family builders, asking them to provide their income statements and balance sheets in an effort to gain a better overall understanding of the average profit margin of single-family builders and how the industry is looking overall.

Builders responding to the survey reported an average of \$16.2 million in revenue for fiscal year 2014, according to the Eye On Housing blog. Of that \$16.2 million, \$13.2 million was spent on things such as land costs and direct and indirect construction costs, leaving an 18.9 percent, or \$3.1 million, gross profit margin. Additionally, operating expenses such as finance, marketing, and owner's compensation, ate another \$2 million, leaving \$1 million (6.4 percent) as the average net profit.

This 18.9 percent gross profit margin is at a level not seen since 2006, when the gross profit margin for single-family builders was 20.8 percent. Since falling in 2008 the gross profit margin has been rising steadily. The net profit margin of 6.4 percent for 2014 was

How much profit does the average property developer make on a property development?

asked 10 years ago

[Have you tried this popular Internet hack?](#)

[This free tool applies every promo code on the Internet to your cart – and it's pretty awesome.](#)

[Learn more at iqahoney.com](#)

4 Answers



Steven Chandler, Property Development Expert 39 Years Experience (1980-present)

Answered Jan 27, 2018 Author has 167 answers and 67k answer views

Do you mean the property development company annually as a percentage of revenue, of cost, of turnover or some other measure?

Project based gross profits vary depending on the risk attached to the project. Gross profit on my projects allow for company overheads, risk margin and profit margin.

On small projects with short timeframes and "reasonable" risk profiles I use 25% return on cost as my basis. On larger projects with extended periods of time (where risk is greater) I look for better than 25% return on cost for the project.

Now let's consider what the company actually gets as a return on its investment into a project.

Let's say it is a project with \$100m cost and \$25m gross margin (ie revenues are \$125m) upon completion and it took 2 years to complete. Operating costs (overheads) were \$5m therefore profit from the project was \$20m (or 20%).

To do this project lets say I had to inject \$40m in equity. That means I made \$20m on my \$40m in 2 years (50% return in total and 25% per annum).

Indian River County Wages

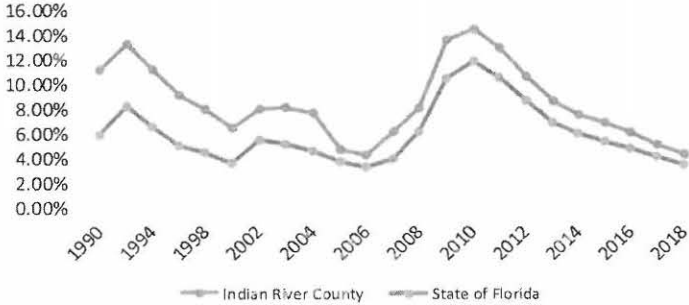
Indian River County Year	Average Annual Wage	% Change	Average Hourly Wage	% Change
2002	\$ 27,426.00	N/A	\$ 13.19	N/A
2003	\$ 28,585.00	4%	\$ 13.74	4%
2004	\$ 30,680.00	7%	\$ 14.75	7%
2005	\$ 31,729.00	3%	\$ 15.25	3%
2006	\$ 33,088.00	4%	\$ 15.91	4%
2007	\$ 35,862.00	8%	\$ 17.24	8%
2008	\$ 35,879.00	0%	\$ 17.25	0%
2009	\$ 34,730.00	-3%	\$ 16.70	-3%
2010	\$ 33,947.00	-2%	\$ 16.32	-2%
2011	\$ 34,119.00	1%	\$ 16.40	0%
2012	\$ 36,280.00	6%	\$ 17.44	6%
2013	\$ 36,193.00	0%	\$ 17.40	0%
2014	\$ 37,882.00	5%	\$ 18.21	5%
2015	\$ 39,390.00	4%	\$ 18.94	4%
2016	\$ 40,043.00	2%	\$ 19.25	2%
2017	\$ 41,572.00	4%	\$ 19.99	4%

Indian River County Unemployment Information														
2015 & 2016 Annual Average			2016 Monthly											
	2015	2016	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Labor Force	61,129	61,623	61,776	61,920	62,064	61,234	61,180	61,330	61,288	61,003	61,265	61,511	62,267	62,708
Unemployment Rate	6.8%	6.1%	6.2%	5.7%	5.5%	5.5%	5.5%	6.3%	6.8%	6.6%	6.7%	6.5%	6.2%	5.8%
2017 Annual Average			2017 Monthly											
Labor Force	63,715		64,121	64,157	64,550	63,750	63,620	63,567	63,201	63,026	63,833	63,139	64,010	63,597
Unemployment Rate	5.1%		6.3%	5.6%	5.0%	4.7%	4.9%	5.4%	5.6%	5.5%	4.6%	4.3%	4.5%	4.3%
2018 Annual Average			2018 Monthly											
Labor Force	63,999		63,776	64,284	64,331	63,757	63,902	64,120	64,142	63,290	63,344	63,679	64,600	64,753
Unemployment Rate	4.3%		4.8%	4.4%	4.3%	4.0%	4.1%	4.8%	5.1%	4.9%	3.9%	3.7%	3.6%	3.9%

Source: State of Florida, Local Area Unemployment Statistics

Note: Unemployment data are obtained from the Department of Economic Opportunity (formerly Florida Agency for Workforce Innovation). Monthly unemployment data are published by the state approx. 1 to 2 months after the particular month. See the following website for current unemployment data: <http://www.floridajobs.org/labor-market-information/data-center/statistical-programs/local-area-unemployment-statistics>

Historical Unemployment Pattern



Review of County Affordable Housing Programs (mainly owner occupied)

- **SHIP (State Housing Initiatives Partnership Program)**-1,277 SHIP loans
- **HHR (Hurricane Housing Recovery Program)**-482 loans (some assistance with Victory Park- rental)
- **Hurricane Wilma CDBG Program**-33 homes rehabilitated
- **HOME (HOME Program)**- 41 loans
- **NSP (Neighborhood Stabilization Program):**
 - **NSP1- 45 homes (18 of them rental-TCHSC)**
 - **NSP3- 17 homes**
- **CDBG:**
 - **2011 CDBG Housing Rehabilitation Grant- 24 homes rehabilitated**
 - **2018 CDBG Housing Rehabilitation Grant- estimated 15 house to rehab**

To date, a total of **1,919** eligible households within the county have been assisted through the county programs

**SUBSIDIZED RENTAL HOUSING PROJECTS
UNINCORPORATED INDIAN RIVER COUNTY**

PROJECT NAME	PROJECT #	NUMBER OF UNITS SET- ASIDE	TYPE OF SUBSIDY	YEAR APPROVED	DATE RESTRICTED PERIOD BEGAN	LENGTH OF RESTRICTED PERIOD
Victory Park		100	Farmers Home Administration	1989	11/4/88	20 years
Sunset Apartments	96110114	36	LIHTC*	1997	3/25/98	50 years
Orangewood Park		100	Farmers Home Administration	1992	9/5/91	20 years
Gifford Grove	94010142	61 (single-family rental)	LIHTC	1993	6/13/96	30 years
Indian River Apartments	94110154	180	LIHTC	1994	2/9/96	50 years
Kyles Run	95110062	200	LIHTC	1996	12/11/97	50 years
Gardenia Gardens	96040048	80	HUD Project/Elderly Housing Project	1998	3/26/98	40 years
River Park Place	97080124	144	LIHTC/Elderly Housing Project	1997	6/24/99	50 years
Lindsey Gardens Ph. I	96030057	96	LIHTC	1997	6/17/99	50 years
Lindsey Gardens Ph. II	2002040003	72	State Bond Program	2002	4/27/04	30 years
The Club at Vero	96030057	184	State Bond Program/ Elderly Housing Project	1998	8/15/01	30 years
Woods of Vero	98010133	176	State Bond Program	2000-01	9/4/01	38 years
The Walker Avenue Club	96120101	172	State Bond Program	2000	9/4/02	30 years
B Briar Wood of Vero Beach		45	LIHTC	1989	9/14/89	15 years
Pinnacle Groves	2001120128	234	State Bond Program	2003	1/18/05	30 years
The Palms of Vero Beach		259	State Bond Program	2003	5/31/05	30 years

Total Multi-Family Rental Units Set-Aside: 2,078 Units

Total Single-Family Rental Units Set-Aside: 61 Units

*LIHTC: Low Income Housing Tax Credit

SUBSIDIZED HOUSING RENTAL PROJECTS IN MUNICIPALITIES WITHIN INDIAN RIVER COUNTY

PROJECT NAME	MUNICIPALITY NAME	NUMBER OF UNITS	TYPE OF SUBSIDY	YEAR APPROVED	DATE RESTRICTED PERIOD BEGAN	LENGTH OF RESTRICTED PERIOD
Sandy Pines	City of Sebastian	45	LIHTC	1993	6/12/96	30 years
Grace Landing	City of Sebastian	69	LIHTC (Elderly)	1996	4/29/98	50 years
Pelican Isles	City of Sebastian	150	LIHTC	2003	8/16/2005	50 years
Sonrise Villas	City of Fellsmere	160	LIHTC (farmworkers housing)	2003	8/16/2004	50 years
Whispering Pines	City of Fellsmere	71	HUD and U.S. Dept. of Agriculture (farmworkers housing)	2003-04	9/24/01	20 years

Total Multi-Family Rental Units Within Municipalities: 495 Units

Total subsidized housing units in the county and municipalities = 2,078 + 61 + 495 = **2,634**

Review of the County's Regulations and Policies Supporting Affordable Housing

- 1.Housing Element Policy 1.3: Identify federal, state, and other funding sources
- 2.Housing Element Policy 1.6: Expedite permits for affordable housing projects
- 3.Housing Element Policy 1.7: Process for review of new policies and regulations
- 4.Housing Element Policy 1.8: Support of projects utilizing green building and Energy STAR Programs
- 5.Housing Element Policy 1.9: Support housing development near transportation hubs, major employment centers, and within mixed use developments
- 6.Housing Element Policy 2.4: Periodically evaluate inventory of surplus county owned lands
- 7.Housing Element Policy 2.5 and Section 911.14(4) of the LDRs: Provide Affordable Housing Density Bonus
- 8.Housing Element Policy 4.3: Offer financing for water and sewer capacity charges

County's Regulations and Policies Continue

- 9.Housing Element Policy 4.4: Maintain the Local Housing Trust Fund (SHIP)
- 10.Housing Element Policy 4.10: Assist Non-Profits with Community Land Trusts (CLT)
- 11.Housing Element Policy 4.11: Assist non-profits with Community Development Corporations (CDC)
- 12.Housing Element Policy 4.12: Assist Employers with Employer Assisted Housing
- 13.Housing Element Policy 5.1: Apply for CDBG housing grants
- 14.Section 971.41(9) of the LDRs: Provide for Small Lot Subdivisions
- 15.Section 971.41 (10) of the LDRs: Provide for Accessory Dwelling Units
- 16.Section 915.15: Provide for Planned Developments (PD) for flexible lot sizes and unit types

Indian River County provides several affordable housing incentives. The adopted incentives have resulted in non-profit housing organizations providing affordable housing in the county.

Recommendation

Staff Recommendation:

- that the AHAC discuss and provide direction to staff on the scope of its evaluation, determining data and specific items to consider at future meetings
- Request BCC authorization to conduct multiple AHAC meetings during 2019-2020.

Agenda and Agenda Items are available at:

<http://www.ircgov.com/Boards/AHAC/2019/agendas/AHAC021419A.pdf>

**INDIAN RIVER COUNTY
LOCAL HOUSING ASSISTANCE PLAN
INCOME CLASSIFICATIONS**

HOUSEHOLD SIZE	ELIGIBLE TO RECEIVE UP TO <u>\$20,000.00</u> PURCHASE ASSISTANCE LOAN IF TOTAL GROSS ANNUAL INCOME IS:		ELIGIBLE TO RECEIVE UP TO <u>\$15,000.00</u> PURCHASE ASSISTANCE LOAN IF TOTAL GROSS ANNUAL INCOME IS:	ELIGIBLE TO RECEIVE UP TO <u>\$10,000.00</u> PURCHASE ASSISTANCE LOAN IF TOTAL GROSS ANNUAL INCOME IS:
	EXTREMELY LOW LESS THAN 30% of MI	VERY LOW LESS THAN 50% of MI	LOW LESS THAN 80% of MI	MODERATE LESS THAN 120% of MI
1 Person	\$13,600	\$22,650	\$36,200	\$54,360
2 Persons	\$16,460	\$25,850	\$41,400	\$62,040
3 Persons	\$20,780	\$29,100	\$46,550	\$69,840
4 Persons	\$25,100	\$32,300	\$51,700	\$77,520
5 Persons	\$29,420	\$34,900	\$55,850	\$83,760
6 Persons	\$33,740	\$37,500	\$60,000	\$90,000
7 Persons	\$38,060	\$40,100	\$64,150	\$96,240
8 Persons	\$42,380	\$42,650	\$68,250	\$102,360

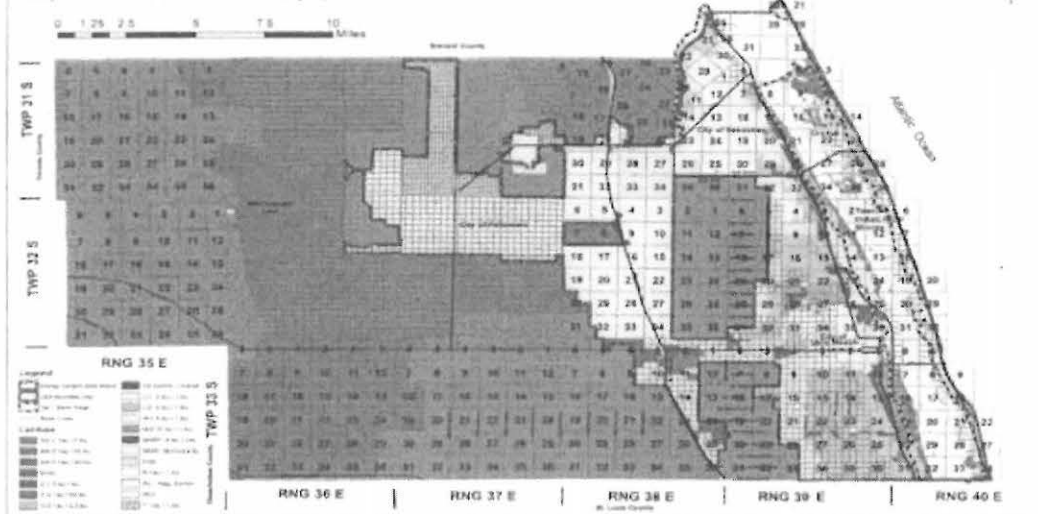
Median Income (MI) = \$64,600.00

Source: Florida Housing Finance Agency

	Households	Med HH Income
County Total	57,911	54,522
Mainland Total	50,653	47,112
Barrier Island Total	7,258	106,237

2030 Indian River County Future Land Use Map

Adopted October 12, 2010 Revised January 12, 2014



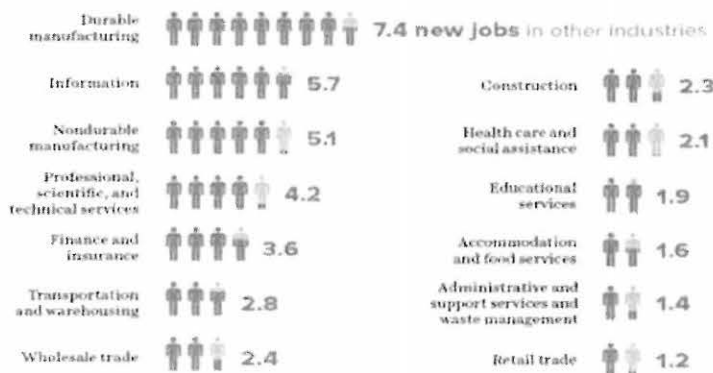
Indian River County, 2018

Town	Total 2018	% ADULTS Poverty
Fellsmere	1,127	90%
Fellsmere CCD	6,837	66%
Florida Ridge GDP	7,164	55%
Gifford CDP	3,658	67%
Indian River Shores	2,210	21%
Orchid	189	15%
Roseland CDP	754	43%
Sebastian	9,204	52%
South Beach CDP	1,690	19%
Vero Beach	7,127	57%
Vero Beach CCD	50,992	49%
Vero Beach South CDP	9,349	54%
Wabasso Beach CDP	666	21%
Wabasso CDP	213	49%
West Vero Corridor CDP	4,113	56%
Windsor CDP	119	20%
Winter Beach, CDP	837	40%

How many new jobs do you get when you create a job in these major industries?

June 2019
by Paul J. Miller

When you create a job, there's an employment multiplier effect beyond the job itself. Jobs spur demand for goods and services from suppliers, they generate tax revenue supporting public sector employment, and they stimulate economic activity when newly employed workers spend their paychecks. Here is the number of additional jobs you get when one job is created in each of these 13 major private-sector industry categories:



Source: Economic Policy Institute, 2019
go.epi.org/jobmultipliers

Economic
Policy
Institute

- Housing demand, supply, and prices fluctuate with business cycles
- Increased housing **costs** and shortage of **modestly sized** and affordable housing stock will put housing **out of reach** of various segments of the county population



Attachment 2 to AHAC Minutes
February 14, 2019

Sample Occupations & Salaries with Housing Expenses

Occupation	Entry Salary	Median Salary (Dept Labor OOH) OR IRC 3% annual	2018 SHIP Recipients (see table)	Monthly Gross	Monthly Net (80%)	Mortgage* (Back-end Filter)	Financed Home Cost w/30-yr Mort	Req'd Down Pymt	Rent^
Minimum Wage (\$8.10/hr)	\$16,848	\$16,848		\$1,404	\$1,123	\$237	\$34,307	\$1,201	\$421
Teacher Assistant	N/A	\$20,869		\$1,739	\$1,391	\$381	\$55,189	\$1,932	\$522
Cashier	\$18,794	\$21,346		\$1,779	\$1,423	\$398	\$57,666	\$2,018	\$534
Waiter/Waitress	\$19,229	\$21,735		\$1,811	\$1,449	\$412	\$59,687	\$2,089	\$543
Retail Sales	\$20,147	\$23,370	1	\$1,948	\$1,558	\$470	\$68,178	\$2,386	\$584
Janitor or Cleaner	\$21,214	\$23,593		\$1,966	\$1,573	\$478	\$69,336	\$2,427	\$590
Food Prep & Service	\$21,368	\$24,656		\$2,055	\$1,644	\$517	\$74,856	\$2,620	\$616
CNA	\$23,173	\$25,245	1	\$2,104	\$1,683	\$538	\$77,915	\$2,727	\$631
Maintenance/Repairman	\$25,069	\$29,061	1	\$2,422	\$1,937	\$674	\$97,732	\$3,421	\$727
Laborers/Stock/Freight	\$21,135	\$29,690		\$2,474	\$1,979	\$697	\$100,999	\$3,535	\$742
Assembly/Fabrication	\$27,769	\$31,850		\$2,654	\$2,123	\$774	\$112,216	\$3,928	\$796
Office Clerk	\$28,253	\$32,752		\$2,729	\$2,183	\$807	\$116,900	\$4,092	\$819
Customer Service Rep	\$24,548	\$32,890	3	\$2,741	\$2,193	\$812	\$117,617	\$4,117	\$822
Hvy Equip Operator	\$31,966	\$37,057		\$3,088	\$2,470	\$961	\$139,257	\$4,874	\$926
Bookkeeper (2-yr degree)	\$33,036	\$38,297	2	\$3,191	\$2,553	\$1,005	\$145,697	\$5,099	\$957
Sales Rep	\$37,278	\$43,242		\$3,604	\$2,883	\$1,183	\$171,378	\$5,998	\$1,081
Teacher	\$40,700	\$46,091	1	\$3,841	\$3,073	\$1,285	\$186,173	\$6,516	\$1,152
Accountant (4-yr degree)	\$42,866	\$49,693		\$4,141	\$3,313	\$1,414	\$204,879	\$7,171	\$1,242
Fire-medic	\$36,017	\$50,029		\$4,169	\$3,335	\$1,426	\$206,624	\$7,232	\$1,251
Construction	\$41,600	\$52,000	1	\$4,333	\$3,467	\$1,496	\$216,860	\$7,590	\$1,300
Plumber/Electrician	\$37,440	\$53,000		\$4,417	\$3,533	\$1,532	\$222,053	\$7,772	\$1,325
Cust Svc Mgr (4-yr degree)	\$47,246	\$54,771	1	\$4,564	\$3,651	\$1,596	\$231,250	\$8,094	\$1,369
RN	\$48,429	\$57,530		\$4,794	\$3,835	\$1,694	\$245,579	\$8,595	\$1,438
Sheriff's Deputy	\$42,000	\$58,359	1	\$4,863	\$3,891	\$1,724	\$249,882	\$8,746	\$1,459

Red is IRC data.

*Assume 43% back-end debt with \$100/month for credit cards and \$267/month for a car payment. Does not include student debt.

^www.myfirstapartment.com, using median salary data.



Detailed Home Sales – VB Housing Market, 2018





Apartment Availability Survey, 2/11/19

Complex	Style	Sq Ft	Cost/month	Available on 2/11
Taylor Pointe	1-bedroom	721	\$676	0
	2-bedroom	900	\$804	0
River Park Place	1-bedroom	660	\$668	0
(only for seniors)	2-bedroom	868	\$797	0
Heritage Villas*	1-bedroom	640	\$499	1
(gov't housing)	2-bedroom	770	\$595	2+
Palm at Vero Beach	2-bedroom	904	\$750	0 (building)

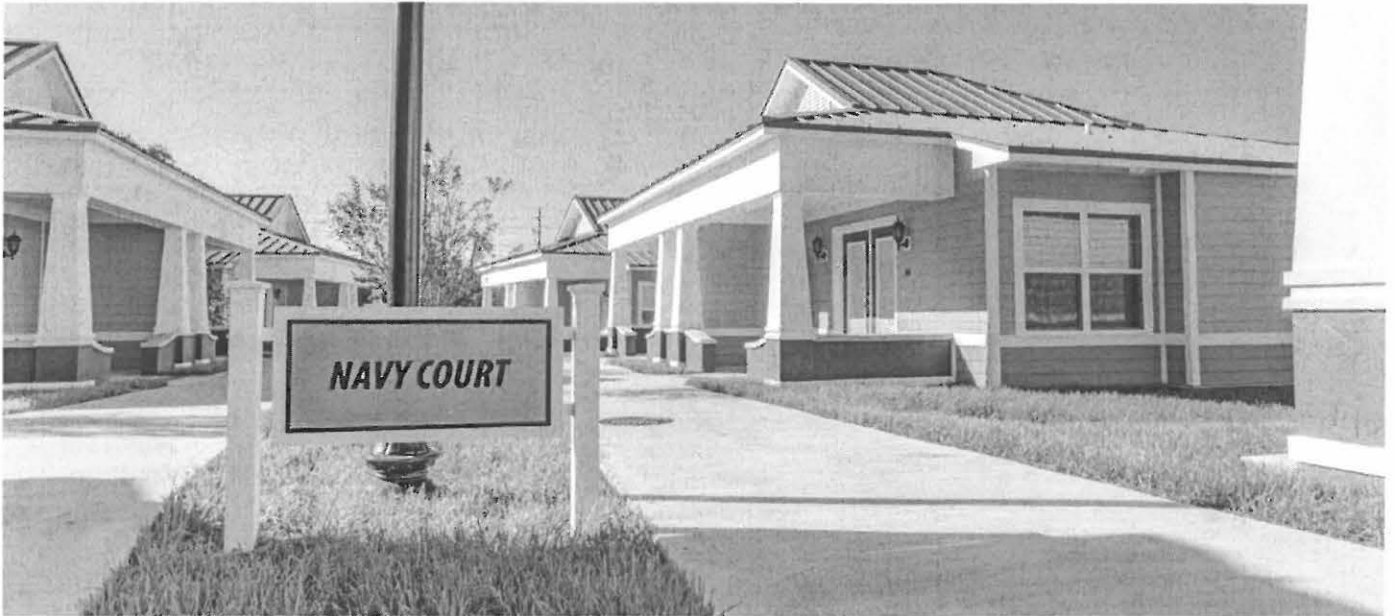


2018 IRC SHIP Recipient Data

Applicant	SHIP Input	Income Class	Gross Income	Family Size	Purchase Price
A	\$27,560	1 (very low)	\$22,469	2	\$170,000
B	\$27,560	1 (very low)	\$25,341	2	\$185,000
C	\$27,560	1 (very low)	\$28,370	3	\$185,000
D	\$27,560	1 (very low)	\$33,289	5	\$189,000
E	\$22,560	2 (low)	\$34,430	2	\$175,000
F	\$22,560	2 (low)	\$35,735	2	\$185,000
G	\$22,560	2 (low)	\$38,618	3	\$175,000
H	\$17,560	2 (low)	\$39,252	5	\$190,000
I	\$21,833	2 (low)	\$56,795	8	\$200,000
J	\$17,560	3 (middle)	\$46,294	2	\$170,000
K	\$17,560	3 (middle)	\$52,058	4	\$175,000
L	\$17,560	3 (middle)	\$58,816	5	\$185,000



WMB-ROI "Williamstown" Micro Cottages -- Lakeland





WMB-ROI "Williamstown" Micro Cottages -- Lakeland





Sale Price vs Square Feet – VB Housing Market, 2018

