



HOUSING DEMAND & PRESERVATION RECOMMENDATIONS

Pinellas County Board of County Commissioners

Presentation | April 18, 2024



VISION
ECONOMICS
STRATEGY
FINANCE
IMPLEMENTATION

INTRODUCTIONS

Welcome and Overview



Geoff Dickinson
Partner



Michael Ryzhov
Project Manager

RESEARCH TO SUPPORT THE HOUSING ACTION PLAN

Housing Demand Projections & Affordable Housing Preservation Recommendations

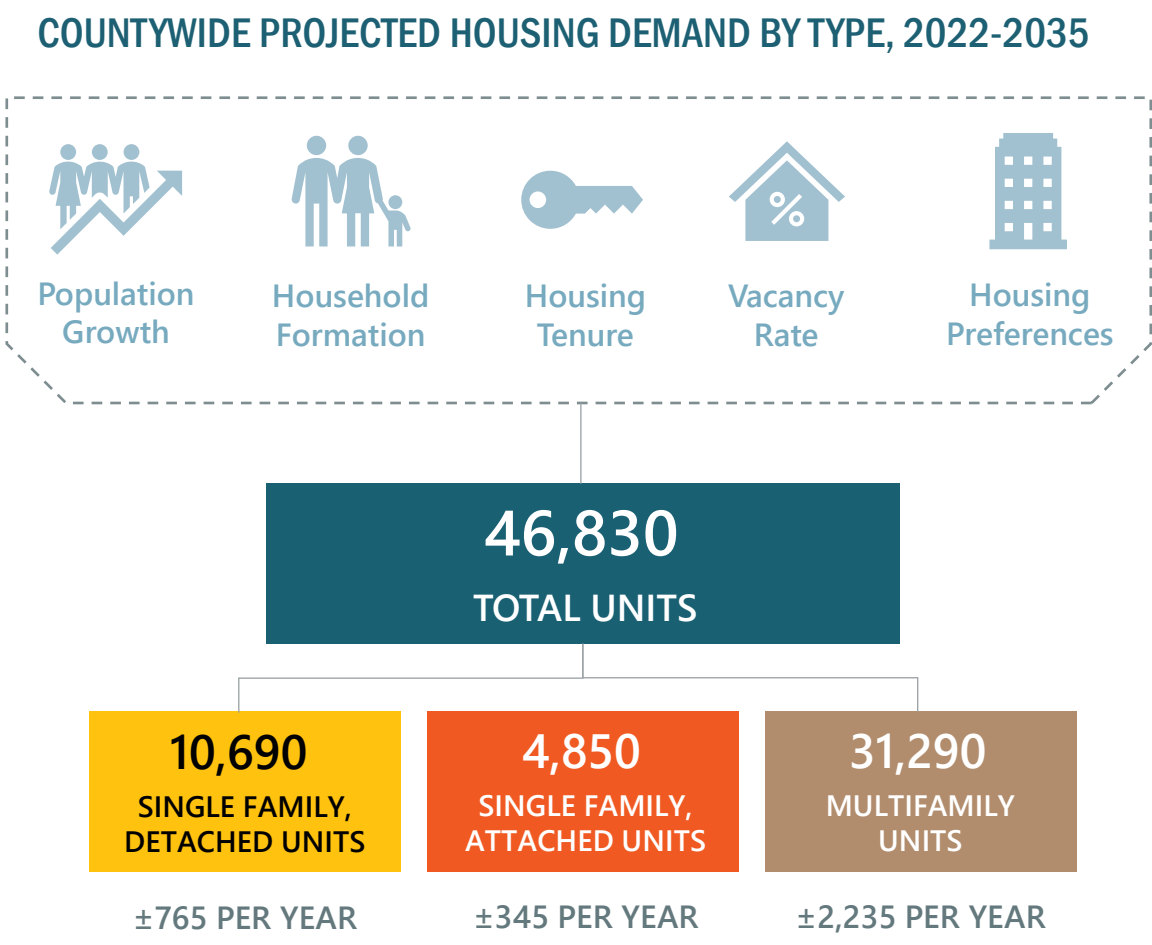
The Advantage Pinellas Housing Compact developed the **Housing Action Plan (HAP)** to support the creation of more housing choices attainable by people at all income levels. To support ongoing efforts, Pinellas County engaged SB Friedman to:

1. Conduct a housing assessment to **project countywide housing demand** which can then be used to inform benchmarks for monitoring the creation and preservation of affordable housing.
 - **HAP Goal 8, Action G** – Establish and monitor numerical targets for yearly market, affordable, and preserved housing units based upon coordinated data and analysis.
 - **HAP Goal 10, Action B** – Share analysis and findings among Compact members to understand countywide needs.
2. Research **best practices for preserving** legally restricted affordable housing (“LRAH”) and helping acquisition/rehabilitation projects transition naturally occurring affordable housing (“NOAH”) to LRAH.
 - **HAP Goal 5, Action D** – Develop programs that can be used to incentivize/recapitalize affordable housing that is nearing the end of affordability periods.
 - **HAP Goal 5, Action F** – Establish priority areas for investment and potential pilot programs to support the retention and development of affordable housing.

PINELLAS COUNTY HOUSING DEMAND

Significant housing production is needed to accommodate projected population growth

- To accommodate projected household growth and changing demographic trends in Pinellas County, an additional **±3,345 new housing units need to be constructed annually through 2035.**
- Between 2019 and 2023, an average of **±2,730 units were permitted per year** across Pinellas County.
- To meet anticipated demand, the rate of housing production in Pinellas County needs to increase for all housing types, **particularly multifamily housing.**



[1] Our housing demand model relies on ACS and PUMS data as a baseline. As the most recent data is from 2021, our demand projections start in 2022.
Source: American Community Survey (ACS) - Public Use Microdata Sample (PUMS) 2017-2021, SB Friedman, US Census Bureau
SB Friedman Development Advisors, LLC

PROJECTED COUNTYWIDE HOUSING DEMAND

New homes should be accessible to all income cohorts

- It is estimated that **26% of net new housing units** will be needed for households earning 60-120% AMI to accommodate projected countywide growth.
- Recent market housing production countywide has been heavily weighted to **higher price points**.
- Pinellas County, municipalities, and partners should **continue efforts to implement the Housing Action Compact** and increase the supply of new housing production for low-and moderate-income households.

PINELLAS COUNTY NEW HOUSING DEMAND DISTRIBUTION, 2022-2035

	<60% AMI	60-120% AMI	120%+ AMI
Owner-Occupied	1,970	3,770	10,580
Renter-Occupied	10,000	8,260	12,250
Total	11,970	12,030	22,830
Owner-Occupied	12%	23%	65%
Renter-Occupied	33%	27%	40%
Total [1]	26%	26%	49%

[1] Totals may not add to 100% due to rounding.
Source: ACS PUMS 2017-2021, SB Friedman
SB Friedman Development Advisors, LLC

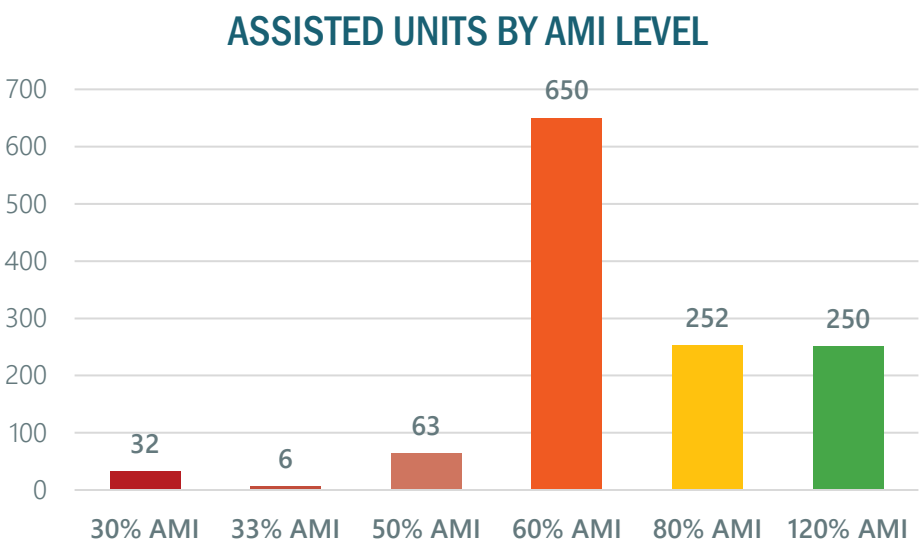
AFFORDABLE HOUSING DEVELOPMENT PROGRAM

Pinellas County approved 15 projects since 2021, helping support a total of 1,253 assisted units

The Affordable Housing Development Program helps preserve and develop affordable housing countywide. The program leverages a variety of funding sources, including HOME, SHIP, CDBG, and Penny funds.

PROGRAM SUCCESS [1]

Number of Projects (2021-2024)	15
Total Project Costs (All Projects)	\$475 million
Total Assistance Provided by County	\$50 million (11% of Total)
Total Units (All Projects)	1,597
Total Assisted Units	1,253 (78% of Total)
Average Assistance Level	\$39,900 per Assisted Unit
Affordability Period - County	20 years to perpetuity (land trust)



[1] Table includes projects approved by the Board of County Commissioners for funding between Jan. 2021 and Jan. 2024, and encompasses projects completed, under construction, and in pre-construction.

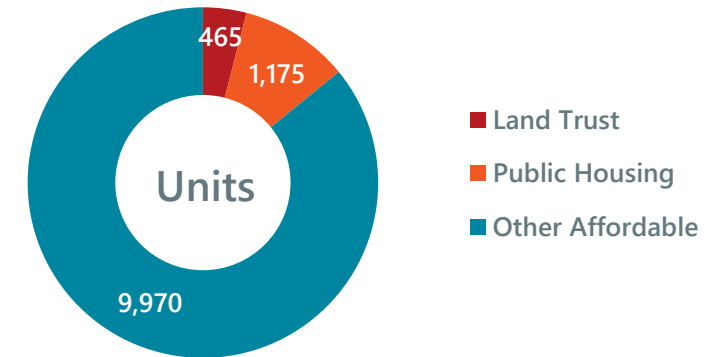
Source: Pinellas County

PINELLAS COUNTY EXISTING LRAH SUPPLY

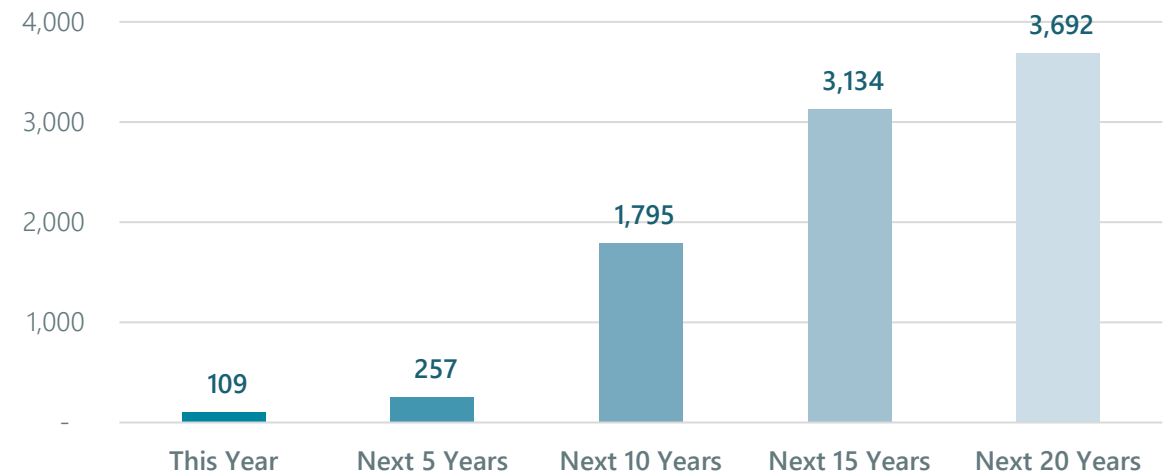
LRAH with expiring affordability covenants is at-risk of becoming unaffordable

- There are **11,610 legally restricted affordable housing (LRAH) units** in Pinellas County. The majority of these units (9,970 units, 86%) are subject to expiring affordability covenants.
- There is a growing number of units with affordability covenants set to expire in the next 10 to 20 years.
- The level of at-risk LRAH units could pose long term affordability issues in the County.

COUNTY LEGALLY RESTRICTED AFFORDABLE HOUSING



COUNTY EXPIRING AFFORDABILITY TERMS



ADDRESSING COUNTYWIDE HOUSING NEEDS

Housing Compact / Housing Action Plan Efforts that are Underway

- Updating Accessory Dwelling Unit (ADUs) allowances
- Launching a Local Homes for Local People campaign with partner communities
- Changing the land development code to create greater flexibility for affordable housing as part of the Regulatory Toolkit
- Partners community are engaged in providing regular updates to the Forward Pinellas Board as the implementing body
- Building partnerships across industries (e.g., business community; community organizations; housing developers; etc.)
- Creating pre-approved development templates to assist applicants
- Data sharing / Mapping Tool to understand vulnerable areas and gaps in resources
- Planning for 2025 Homes for Pinellas Summit

RECOMMENDATIONS

The County can take several steps to continue efforts around preserving affordable housing

PRESERVING LEGALLY RESTRICTED AFFORDABLE HOUSING

- Update guidance/criteria for projects requesting AHD funds for LRAH preservation
 - Provide specific guidance for projects requesting funds for recapitalization/rehabilitation to **maintain quality of units**
 - Provide specific guidance for projects requesting funds to **extend the affordability period**
- Conduct outreach to understand recapitalization needs of LRAH units with expiring restrictions
 - Identify properties with restrictions expiring in the near-term (3-5 years) to prioritize in the near-term
 - Conduct targeted outreach to understand need (e.g., Focus groups, round tables and/or developer survey)
- Facilitate connections between property sellers and conscientious buyers committed to managing properties and upholding affordability standards.

PRESERVING NATURALLY OCCURRING AFFORDABLE HOUSING

- Consider creating specific program(s) and/or guidance related to NOAH preservation, separate from the overall Affordable Housing Rental Development Program
- Conduct additional research on the existing supply of NOAH units to understand typology, housing quality, spatial distribution, and risk of gentrification in the County

Live Local Act Amendment Bills

1. Amendments to the Live Local Act's land use mandate for affordable housing on sites that are zoned mixed-use, commercial, or industrial
2. Amends the missing middle property tax exemption:
 - A. Allows taxing authorities to "opt-out" of the 80-120% AMI property tax exemption if:
 - a) Number of affordable units is greater than the number of renter households at that income level
 - b) The taxing authority votes by a 2/3 majority
 - c) Taxing authority must renew the opt-out each year

WHAT THE COUNTY IS DOING

- Researching economic impact of the 2023 exemptions
- Evaluating Affordable Housing Development program subsidy



70 W Madison St, Suite 3700
Chicago, IL 60602
312-424-4250 | sbfriedman.com

VISION | ECONOMICS
MARKET ANALYSIS AND REAL ESTATE ECONOMICS

STRATEGY
DEVELOPMENT STRATEGY AND PLANNING

FINANCE | IMPLEMENTATION
PUBLIC-PRIVATE PARTNERSHIPS AND IMPLEMENTATION

APPENDIX

LIMITATIONS OF OUR ENGAGEMENT

Our report is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry and meetings during which we obtained certain information. The sources of information and bases of the estimates and assumptions are stated in the report. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the report or to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include without limitation economic growth trends, governmental actions, additional competitive developments, interest rates and other market factors. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our study did not ascertain the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits and licenses. No effort was made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters.

Our report is intended solely for your information and for submission to and should not be relied upon by any other person, firm or corporation or for any other purposes. Neither the report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan or other agreement or any document intended for use in obtaining funds from individual investors.

We acknowledge that our report may become a public document within the meaning of the freedom of information acts of the various governmental entities. Nothing in these terms and conditions is intended to block the appropriate dissemination of the document for public information purposes.