



AFFORDABLE HOUSING DEVELOPMENT PROGRAM REVIEW

Pinellas County Board of County Commissioners

Presentation | May 15, 2025



VISION
ECONOMICS
STRATEGY
FINANCE
IMPLEMENTATION

INTRODUCTIONS

Welcome and Overview

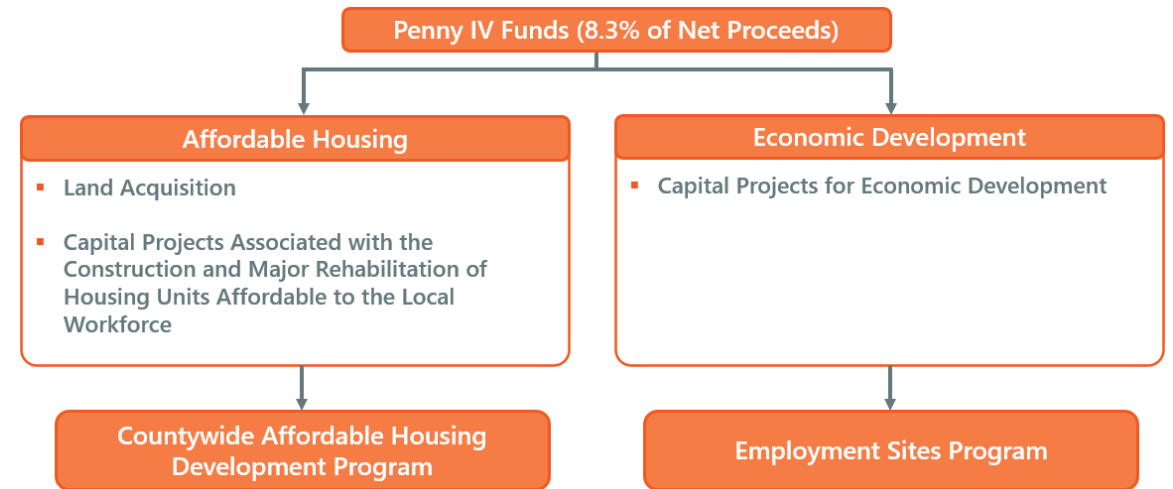


Caitlin Johnson, AICP
Vice President

PENNY FOR PINELLAS

\$98.6 million in Penny IV Funds are allocated to fund the Affordable Housing Development Program

- **Penny IV Funds** are generated by an extension of the Infrastructure Sales Surtax, a **1.0% voter-approved sales tax** dedicated to infrastructure improvements in Pinellas County
- Penny IV was approved by **83% of voters** in November 2017
- The *Penny IV Affordable Housing and Economic Development Program Guidelines*, effective December 19, 2019, guides the use of funds to support County priorities
 - Developed by a joint review committee including local municipal agency partners

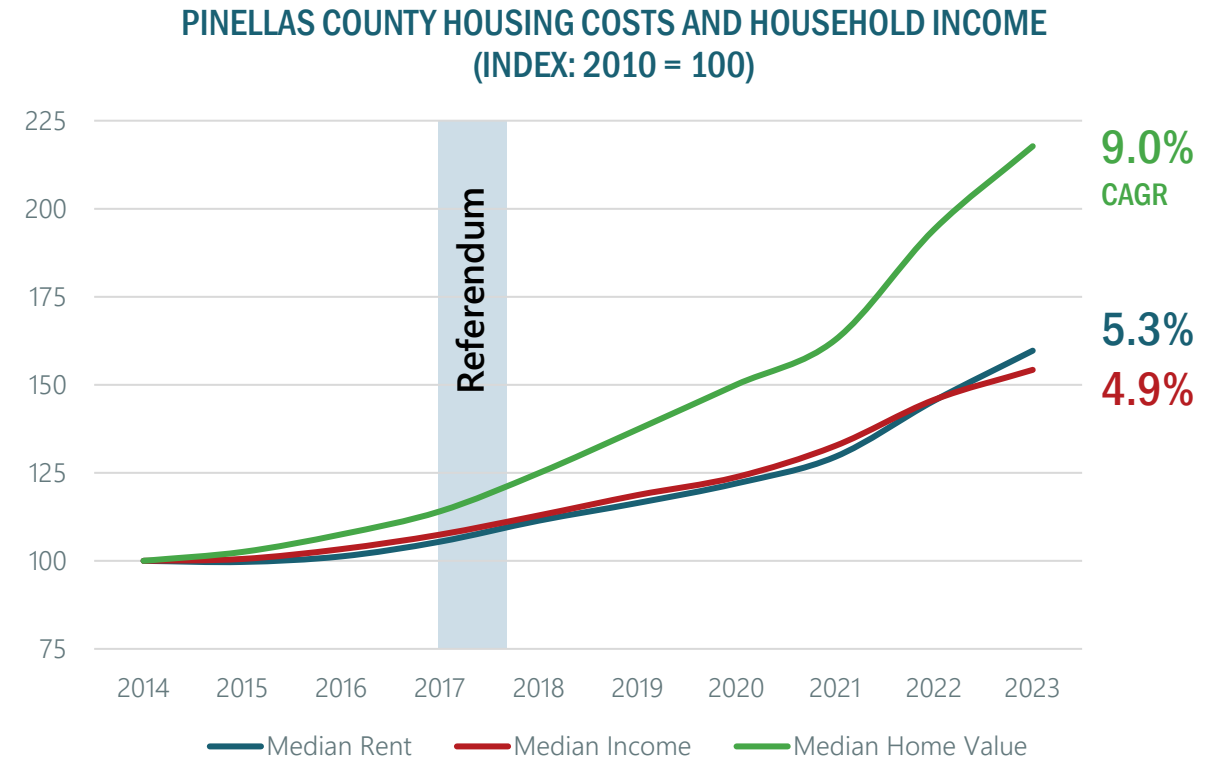


HOUSING COSTS HAVE OUTPACED HOUSEHOLD INCOME GROWTH

Median rent rose faster than wages, placing increasing strain on working families

- **Median household income** has grown from \$45,600 in 2014 to \$70,300 in 2023 at a 4.9% compounded annual growth rate (CAGR)
- **Median gross rent** has grown from \$955 in 2014 to \$1,530 in 2023 at a 5.3% CAGR.
- **Median home values** have grown from \$146,500 in 2014 to \$319,000 in 2023 at a 9.0% CAGR, with accelerated growth from 2022-2023

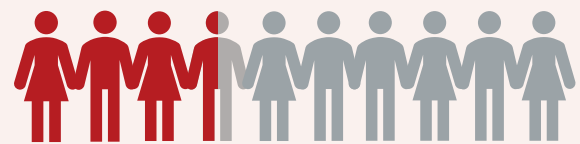
There is a continued need for investment in countywide housing affordability



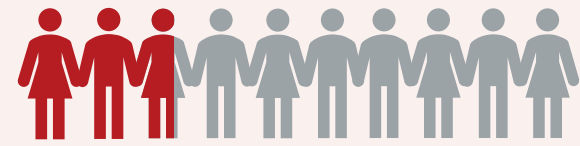
RISING HOUSING COSTS IMPACT RATES OF COST BURDEN

As of 2023, 58% of renter households are cost burdened; up from 54% in 2017

A household is “**cost burdened**” if it spends more than 30% of its gross income on housing.



34%
All Households
Cost Burdened

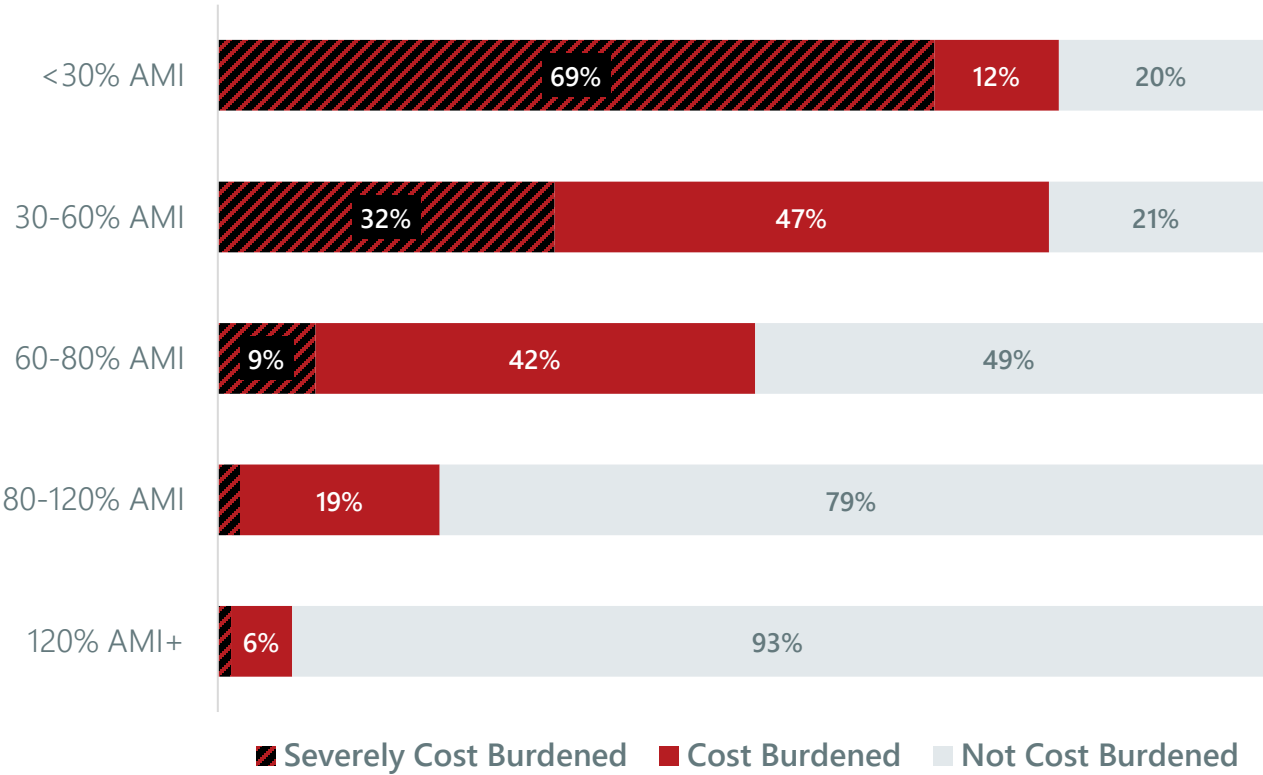


27%
Owner Households
Cost Burdened



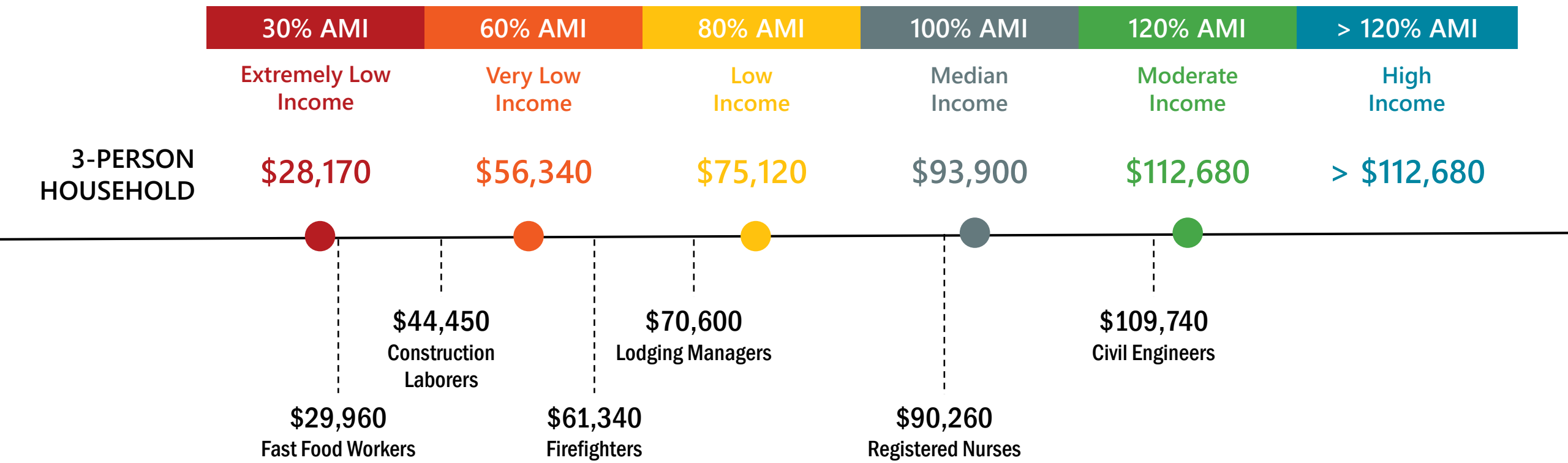
58%
Renter Households
Cost Burdened

PINELLAS COUNTY COST BURDENED RENTERS BY INCOME



WHO NEEDS WORKFORCE HOUSING?

Average wages vary widely by profession, but entry-level jobs are likely to pay lower than the average



[1] Wages are shown as the average annual salary across the Tampa MSA by occupation. Some jobs may exist with lower wages, or workers may work part-time.
Source: BLS OEWS (May 2024), Florida Housing Data Clearinghouse, SB Friedman
SB Friedman Development Advisors, LLC

AFFORDABLE HOUSING HELPS KEEPS WORKERS LOCAL

Units affordable at a range of income levels are needed to support the County’s workforce

- The availability of housing that is affordable to the workforce is a key component to **attract target industries, retain essential workers and bolster the region’s economy** by reducing turnover, long commutes, and economic strain.
- Without the availability of affordable housing, employees may have to **live elsewhere** in the region, increasing commute times and transportation costs. In some cases, employers may choose to **locate elsewhere** to be closer to their desired workforce.
- Housing affordability at all levels is important to attracting and retaining target industries and essential workers.** Even economic clusters with an average wage above the area median income may still include many lower-wage jobs.

[1] Asterisk indicates average cluster wages below the 120% AMI for a three-person households shown on the previous page.
 Source: Lightcast
 SB Friedman Development Advisors, LLC

TOP 15 TRADED CLUSTERS BY TOTAL JOBS

Economic Cluster	Total Jobs 2024	Job Growth 2010-2024	Average Wages [1]
Hospitality and Tourism	64,059	39%	\$37,208*
Business Services	30,857	41%	\$109,014*
Healthcare	22,574	25%	\$82,914*
Distribution and Electronic Commerce	11,703	14%	\$103,445*
Life Sciences	10,001	31%	\$99,492*
Information Technology	8,995	87%	\$132,437
Financial Services	8,861	8%	\$182,936
Marketing, Design, and Publishing	7,791	11%	\$100,249*
Education and Knowledge Creation	7,314	32%	\$86,781*
Insurance Services	5,825	34%	\$108,632*
Legal Services	4,219	14%	\$107,354*
Analytical Instruments Manufacturing	4,017	13%	\$170,828
Aerospace Vehicles and Defense	3,520	16%	\$116,452
Production Technology and Heavy Machinery	2,756	45%	\$86,035*
Transportation and Logistics	2,403	36%	\$72,864*

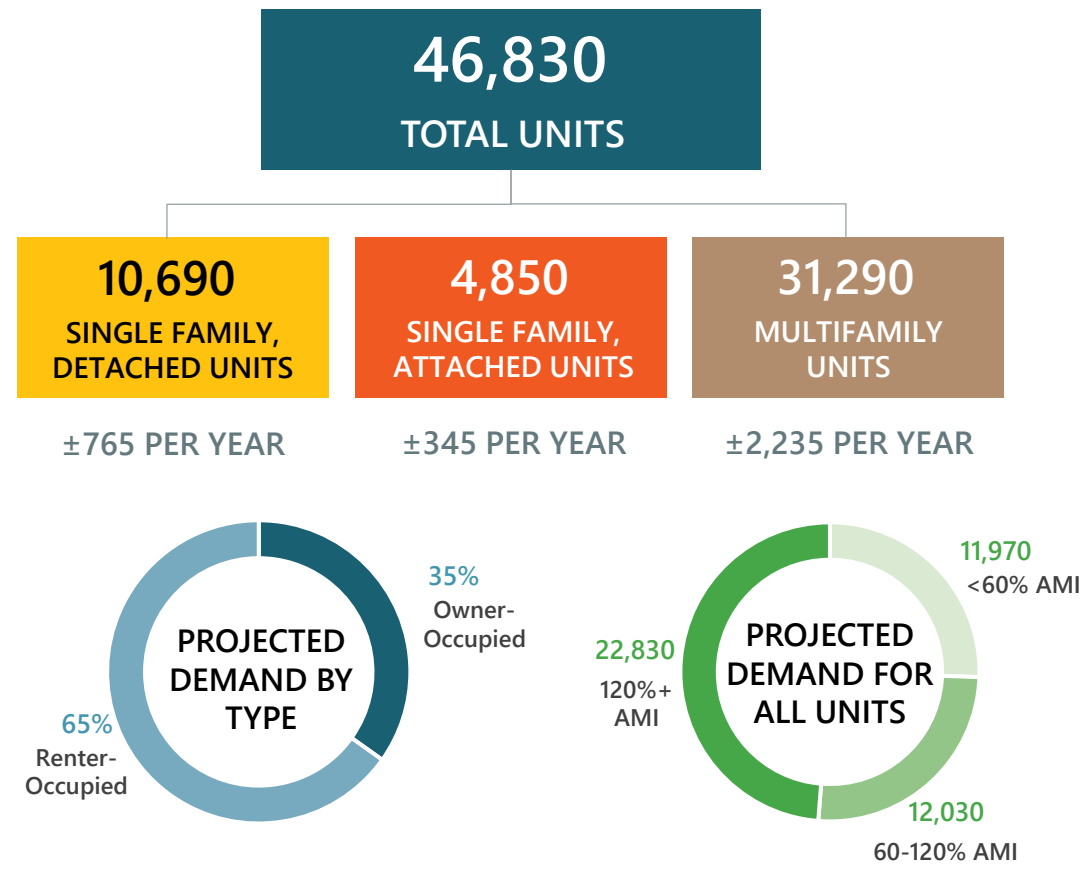
PCED Target Cluster

DEMAND FOR ±47,000 NEW HOUSING UNITS THROUGH 2035

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. Recent market housing production countywide has been heavily weighted to **higher price points.**
- To meet anticipated demand, the rate of housing production in Pinellas County needs to increase for all housing types, **particularly multifamily housing and lower price points.**

COUNTYWIDE PROJECTED HOUSING DEMAND BY TYPE, 2022-2035



[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: ACS - Public Use Microdata Sample (PUMS) 2017-2021, SB Friedman, US Census Bureau
SB Friedman Development Advisors, LLC

AFFORDABLE HOUSING DEVELOPMENT PROGRAM (AHDP)

The County's primary program to support production of new affordable units up to 120% AMI

COUNTYWIDE AFFORDABLE HOUSING DEVELOPMENT PROGRAM

Purpose: Support **acquisition, rehabilitation and/or new construction** of affordable rental or homeownership units for income-qualified households.

PENNY IV FUNDS

Penny IV Pinellas is a one-percent sales tax used to pay for projects to support Pinellas County infrastructure, affordable housing and economic development.

HOME FUNDS

Pinellas County is a participating jurisdiction in the federal HOME Investment Partnership Program that provides funds to further goals related to affordable housing.

SHIP FUNDS

The State Housing Initiatives Partnership (SHIP) program provides incentives to local governments to preserve affordable homeownership and multifamily housing.

[1] Pinellas County generally limits the form of investment to these types. State and federal regulations may permit other types of investments.

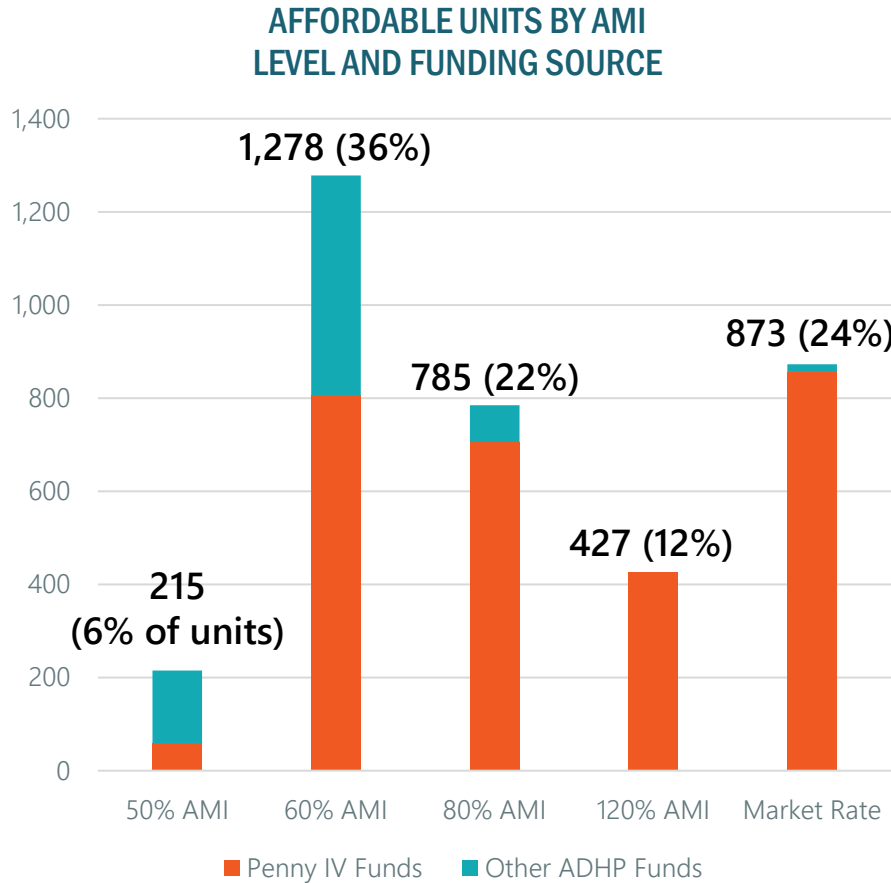
[2] The Affordable Housing Development Program relies on several different funding sources; only the three biggest sources are listed here.

42 PROJECTS (2,705 AFFORDABLE UNITS) APPROVED

Return on Investment: Every \$1 of Program funding supports \$9 of investment

PROGRAM SUCCESS [1]

Number of Approved Projects (2019-2025)	42
Total Project Costs (All Projects)	\$1.06 billion
Total Assistance Approved by County	\$101.9 million (10% of total) <i>\$84.7 million from Penny IV</i>
Total Units (All Projects)	3,578
Affordable Units	2,705 (76%)
Market Rate Units	873 (24%)



[1] Table includes projects approved by the Board of County Commissioners for funding between April 2019 and March 2025, and encompasses projects completed, under construction, and in pre-construction.

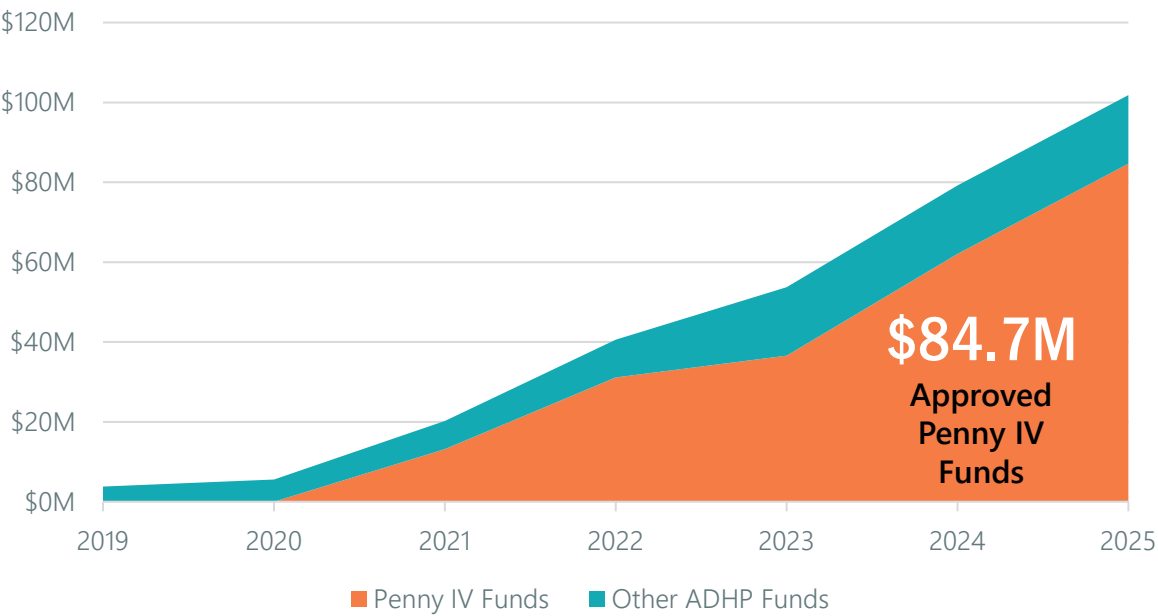
Source: Pinellas County

SB Friedman Development Advisors, LLC

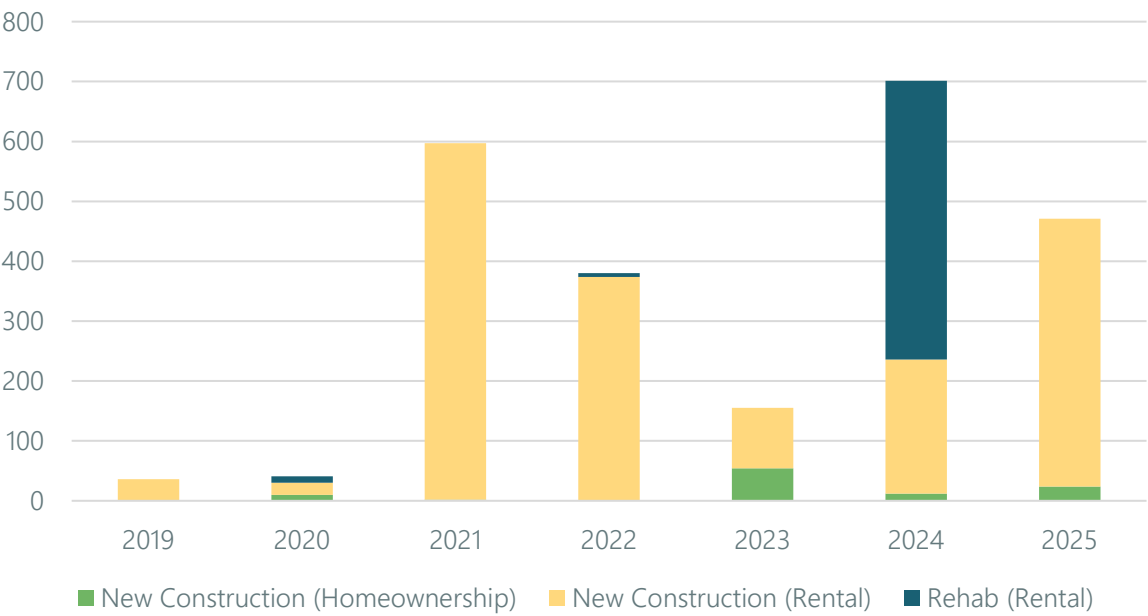
\$101.9M AND 2,381 ASSISTED UNITS APPROVED SINCE 2019

Penny IV Funds account for 83% of approved County Program funds

CUMULATIVE COUNTY FUNDS APPROVED OVER TIME



TOTAL ASSISTED UNITS BY APPROVAL DATE & CONSTRUCTION TYPE



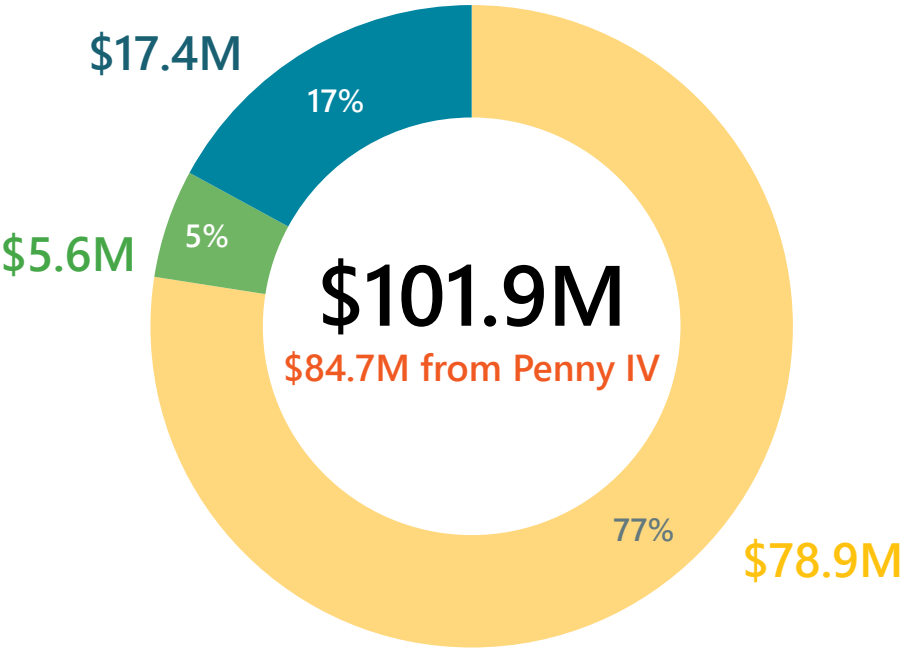
- Construction period varies by type, but it typically takes 20 months from project approval to construction completion

[1] Data for 2025 projects current as of March 26, 2025.
Source: Pinellas County, SB Friedman
SB Friedman Development Advisors, LLC

2,381 COUNTY ASSISTED UNITS APPROVED SINCE 2019

77% of County Program funding used for new construction rental housing

APPROVED FUNDING BY PROJECT TYPE, 2019-2025



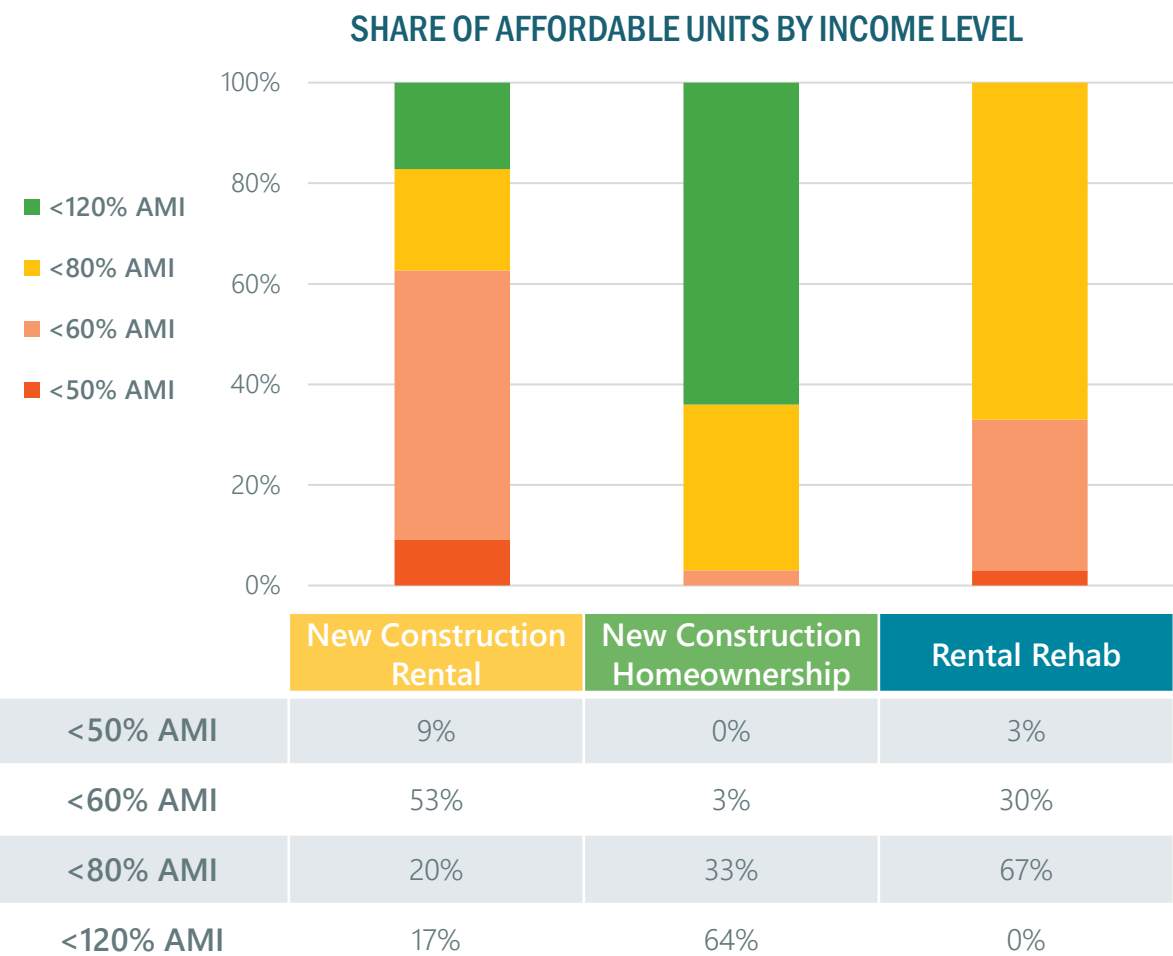
	PROJECTS	ASSISTED UNITS	% OF APPROVED FUNDING
NEW CONSTRUCTION RENTAL	27	1,796	77%
NEW CONSTRUCTION HOMEOWNERSHIP	11	103	5%
RENTAL REHAB	4	482	17%
TOTAL	42	2,381	100%

■ New Construction Rental ■ New Construction Homeownership ■ Rehab Rental

[1] Project data current as of March 26, 2025.
Source: Pinellas County, SB Friedman
SB Friedman Development Advisors, LLC

PENNY IV FUNDING TARGETS UNMET HOUSING DEMAND

Rental developments tend to provide deeper affordability than homeownership projects

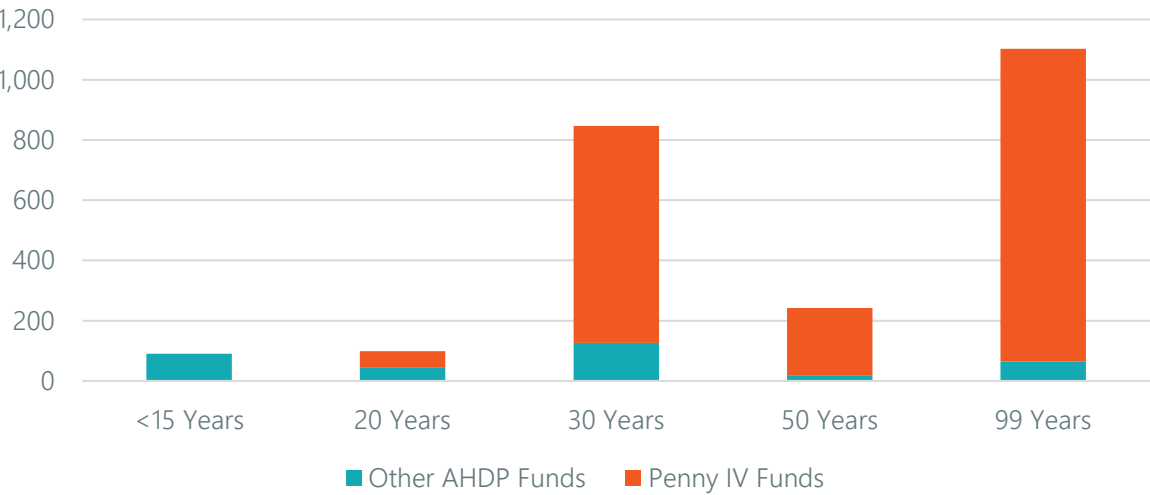


- Approximately 83% of affordable new construction rental units approved are affordable to households earning 80% AMI or less.
- Most homeownership units (64%) are set aside for households earning less than 120% AMI. Only 3% of units serve households earning less than 60% AMI.

PENNY IV HELPS ACHIEVE LONGER AFFORDABILITY PERIODS

Creates a resilient and sustainable housing stock that can withstand future affordability challenges

NUMBER OF ASSISTED UNITS BY AFFORDABILITY PERIOD



- Legally-restricted affordable housing is a long-term asset that provides a safe, quality living environment for families.

	New Construction Rental	New Construction Homeownership	Rental Rehab
<15 Years	4%	4%	1%
20 Years	2%	61%	--
30 Years	45%	23%	2%
50 Years	13%	--	--
99 Years	35%	12%	96%

Source: Pinellas County, SB Friedman
SB Friedman Development Advisors, LLC

PENNY IV FUNDING SUPPORTS A VARIETY OF HOUSING TYPES

Projects are located throughout the County



SKYWAY LOFTS



ONGLAKE PRESERVES

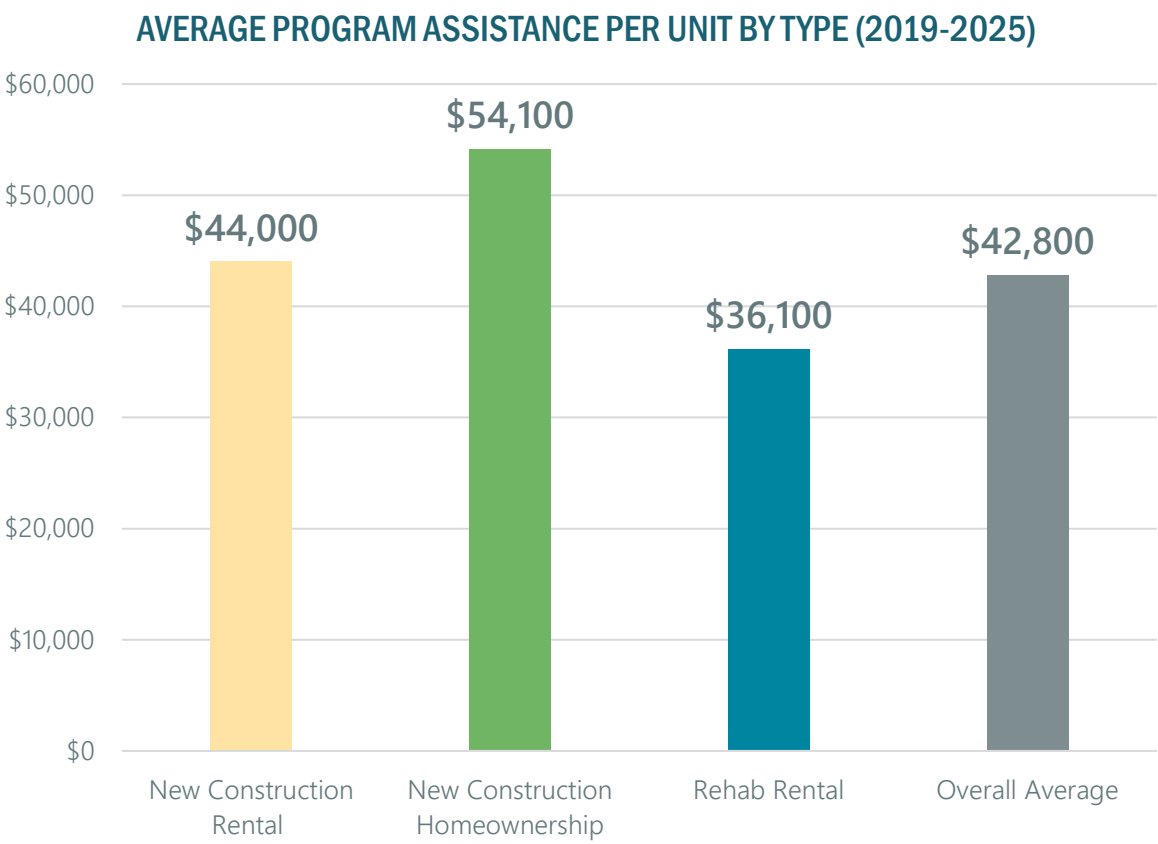
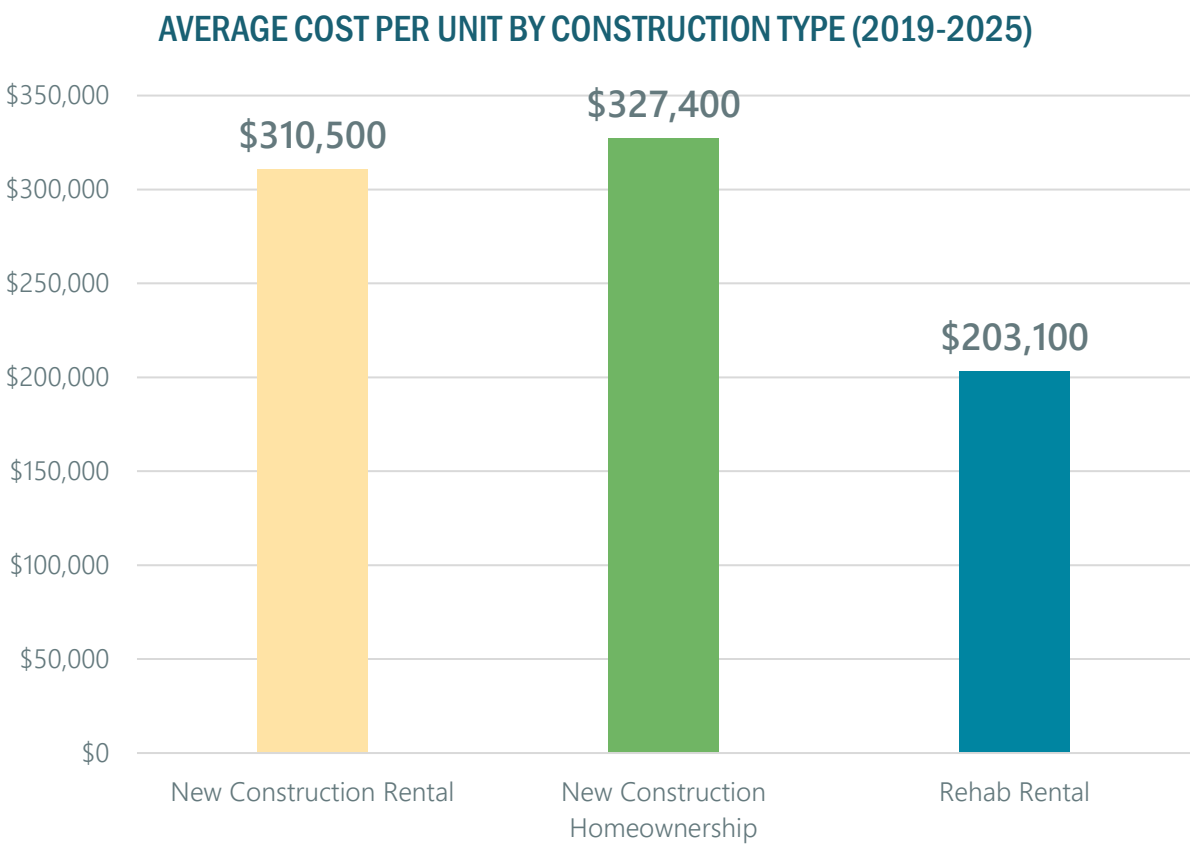


OASIS AT BAYSIDE

Type	New Construction Rental	New Construction Homeownership	Rental Rehab
City	St. Petersburg	Largo	Largo
Construction Complete	2022	2025	Est. 2027
Total Units / Assisted Units	65 / 65	54 / 54	304 / 258
Total Project Cost per Unit	\$253,300	\$337,700	\$195,000
Total County Assistance per Unit	\$10,800	\$37,000	\$38,400
Total County Assistance	\$700,000	\$2 million	\$9.9 million
AMI Levels Served	60%, 80% AMI	120% AMI	50%, 60%, 80%, Market Rate
Affordability Period	99 years	20 years	99 years

ADDITIONAL GAP FUNDING IS NEEDED AS COSTS INCREASE

On average, new construction units are more expensive to build than rehab



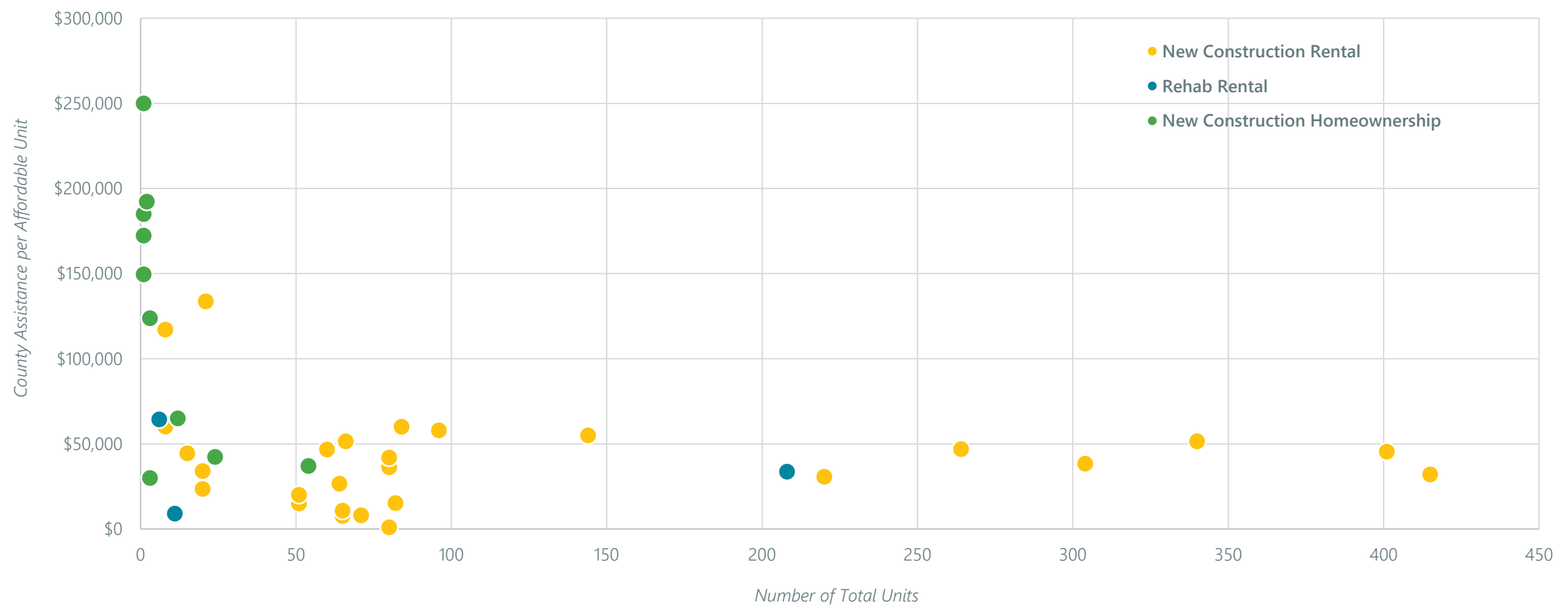
- The figures above represent a weighted average; assistance per assisted unit varies within Project types. See **Appendix** for more detail.

[1] Project data current as of March 26, 2025.
Source: Pinellas County, SB Friedman
SB Friedman Development Advisors, LLC

HIGHER DENSITY PROJECTS ARE MORE COST EFFECTIVE

Economies of scale are observed for different housing types, particularly homeownership projects

ASSISTANCE PER AFFORDABLE UNIT BY PROJECT SIZE (TOTAL UNITS)

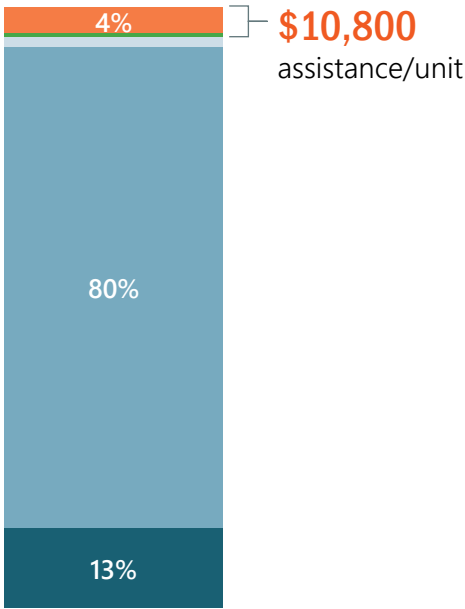


Source: Pinellas County, SB Friedman
SB Friedman Development Advisors, LLC

PENNY IV IS LEVERAGED TO SUPPORT A VARIETY OF PROJECTS

Penny IV is a flexible funding source to fill financing gaps

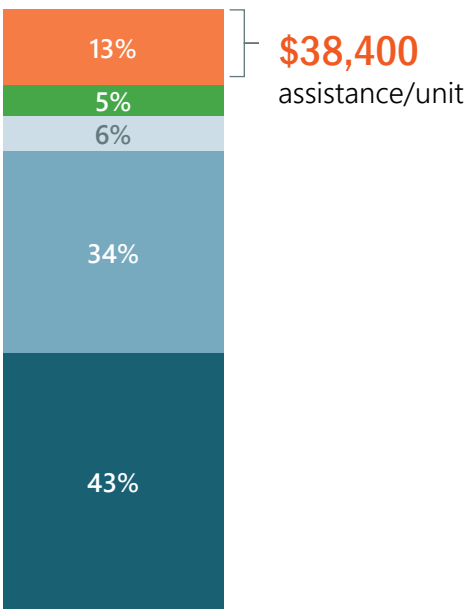
SKYWAY LOFTS: 9% LIHTC
\$16M DEVELOPMENT BUDGET



\$10,800
assistance/unit

65 units / 65 assisted units
30%, 60%, and 80% AMI

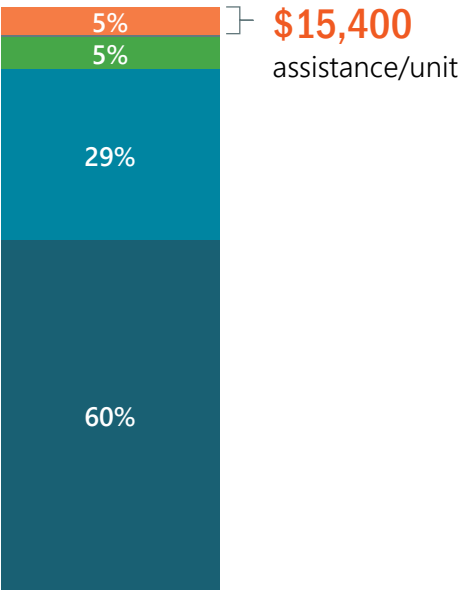
SEMINOLE SQUARE: 4% LIHTC
\$29M DEVELOPMENT BUDGET



\$38,400
assistance/unit

96 units / 96 assisted units
30%, 60%, and 80% AMI

AZALEA GATEWAY: NO LIHTC
\$110M DEVELOPMENT BUDGET



\$15,400
assistance/unit

340 units / 102 assisted units
80% AMI, 120% AMI, and Market Rate



KEY TAKEAWAYS

Penny IV funding has dramatically increased affordable housing production across the County

- Housing **affordability is declining** throughout the County. Housing costs in Pinellas County have been rising faster than household incomes, creating **significant financial strain**, particularly for low-to-middle-income workers.
- There is significant projected demand through 2035 for multifamily rental housing, particularly for households earning <120% AMI.
- **Sustained investment** is essential to meet growing demand and preserve the economic backbone of Pinellas County.
 - Of the largest economic clusters in the County, the majority pay an average wage that is below 120% AMI, including several County target industries like Life Sciences and Production Technology, as well as many essential jobs in Hospitality sectors.
- The Affordable Housing Program is **delivering results** that are cost-effective, targeted, and impactful.
 - Every \$1 of Program funds **supports \$9 of investment**.
 - The program is serving a substantial portion of the population in need, with 84% of affordable units set aside for households earning less than 80% of Area Median Income (AMI), and 55% of the units set aside for households earning 60% AMI or lower.
- Penny IV funds account for **83% of approved County funding** and **77% of affordable units - without Penny IV funds production of affordable housing will decrease countywide**.
- Penny IV funding complements other funding sources and **provides more flexibility**.

KEY TAKEAWAYS

NEW CONSTRUCTION RENTAL

- Can support a **variety of project types** including fully affordable projects as well as affordable units in market-rate buildings.
- Over 60% of units serve **households earning 60% AMI or less**.
- On average, projects **require less funding assistance/unit** than homeownership projects.
- Projects are typically denser, **maximizing the affordable units for a given land area**.
- Projects generally maintain affordability for **30 years or longer**.

NEW CONSTRUCTION HOMEOWNERSHIP

- Affordable, for-sale projects are limited by:
 - County housing market conditions
 - Lack of developer incentives
 - High costs of new development
 - Projects are not LIHTC eligible
- Projects generally maintain affordability for **20 years or less**.

RENTAL REHABILITATION

- **Preserves affordability of** existing naturally occurring affordable rental housing that could otherwise be subject to market rent increases.
- Subsidizes rehabilitation of existing restricted units to **maintain quality of units and/or incentivize longer affordability periods**.
- Total **cost per unit is typically lower** than new construction (although costs are highly variable), enabling the County to support more units that address demand for lower AMI households.
- Most projects maintain affordability for **99 years**.

RECOMMENDATIONS

Prioritize new construction rental projects to produce units with deeper and longer affordability

NEW CONSTRUCTION RENTAL

- Prioritize multifamily rental housing to meet the **greatest need and growing demand**.
- Prioritize funding rental units that **target households earning 80% AMI or less**.
- Use Penny IV's flexible eligibility criteria to **fund the gap for 4% LIHTC projects and market-rate projects with affordable units set aside** for low-income households (i.e., earning less than 80% AMI).
- **Maximize allowable density.**
- Negotiate **long-term affordability periods**.

NEW CONSTRUCTION HOMEOWNERSHIP

- Support **nonprofit developers** to build **workforce units** for households earning up to 120% AMI.
- Prioritize funding denser, **townhome projects of 10+ units** over smaller, detached single family home projects to maximize the number of units produced through County funding.
- Use other funding sources to provide **down payment assistance** and **home repair** programs for households earning less than 80% AMI.

RENTAL REHABILITATION

- Support acquisition and renovation of large rental housing complexes that **target households earning 80% AMI or less**.
- Focus rehab assistance on **projects with building quality issues** and/or in areas that are seeing high or **rapidly increasing housing costs**.
- Maintain a list of properties with income restrictions and **design an outreach program to understand recapitalization needs**. Focus on properties with restrictions expiring in the near-term (3-5 years).

ADDITIONAL RECOMMENDATIONS

Conduct additional research around stimulating additional affordable housing production

- Analyze the effectiveness of Pinellas County's Land Development Code incentives in producing affordable housing units; consider revising program affordability requirements based on findings.
- Collaborate with Forward Pinellas to expand the Affordable Housing Dashboard to track, evaluate and report the following annually:
 - Number of affordable units that have been approved for County funding, are under construction, and are stabilized.
 - Occupancy for stabilized properties.
 - Number of households served at different AMI levels.
 - Total project development cost and total amount of County funding disbursed.



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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.

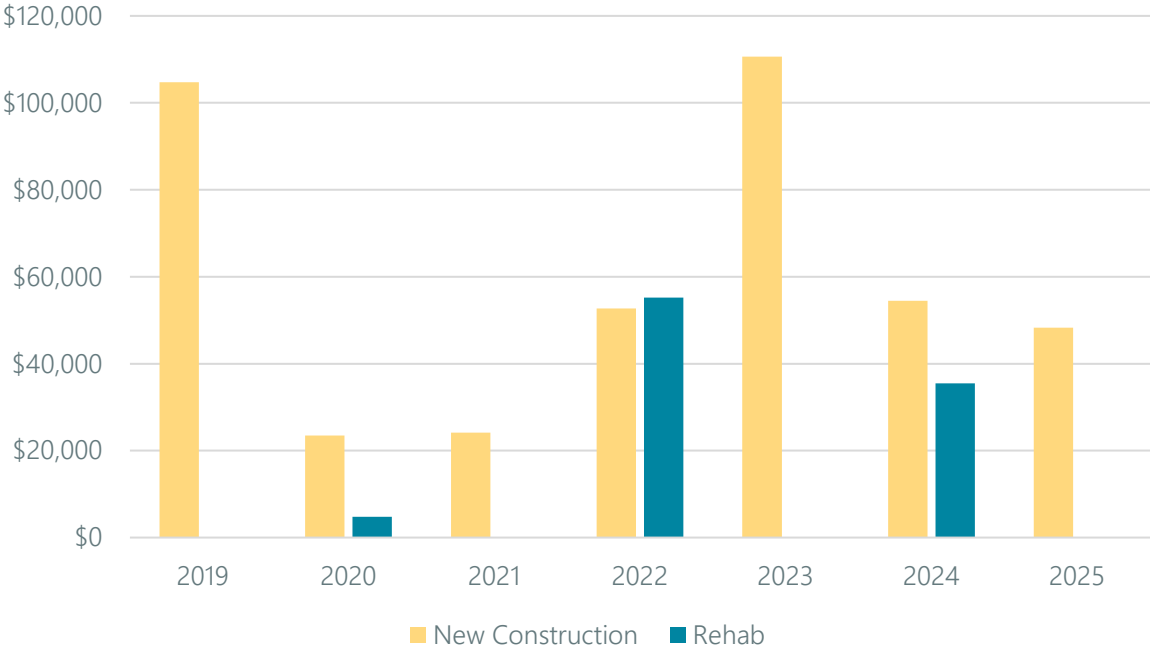
We acknowledge that our report may become a public document within the meaning of the freedom of information acts of the various governmental entities. Nothing in these terms and conditions is intended to block the appropriate dissemination of the document for public information purposes.

APPENDIX

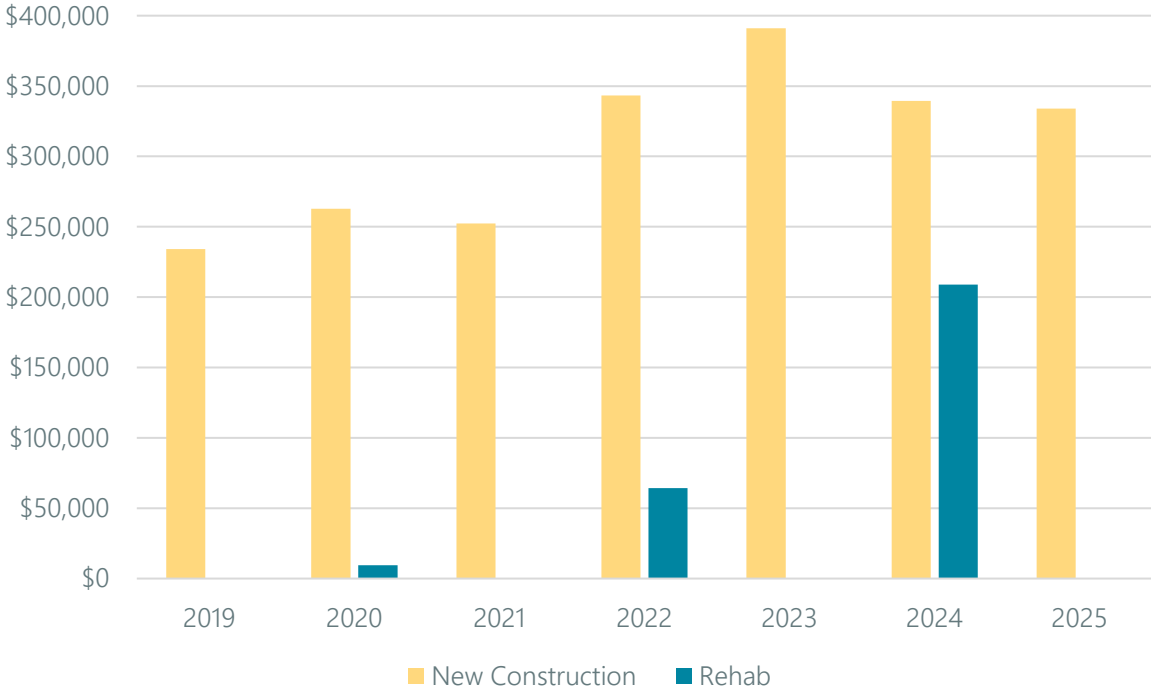
ASSISTANCE AND CONSTRUCTION COST PER UNIT

On average, new construction units are more expensive to build than rehab

REHAB VS NEW CONSTRUCTION AVERAGE FUNDING ASSISTANCE PER RENTAL UNIT OVER TIME^[1]



AVERAGE CONSTRUCTION COST PER RENTAL UNIT OVER TIME^[1]



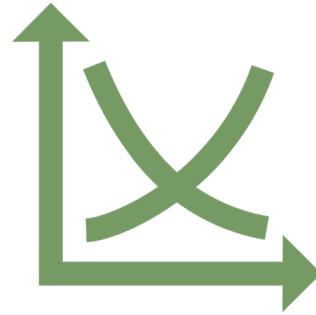
[1] Excludes homeownership projects. Project data current as of March 26, 2025.
Source: Pinellas County, SB Friedman
SB Friedman Development Advisors, LLC

FINANCIAL ASSISTANCE FOR HOMEOWNERSHIP

Penny IV can support affordable homeownership development



Habitat for Humanity uses public subsidy, including Pinellas County AHDP funds, to develop for-sale housing affordable to workforce and moderate-income households. Habitat's model subsidizes the cost of construction and provide low or zero interest rate loans to qualifying buyers.



Private, for-profit developers generally do not deliver for-sale housing affordable to workforce and moderate-income buyers without some sort of incentive. While there are some new construction homes in Pinellas County affordable to households earning 120% AMI, lower-income households—those earning <80% AMI—generally cannot afford for-sale housing.

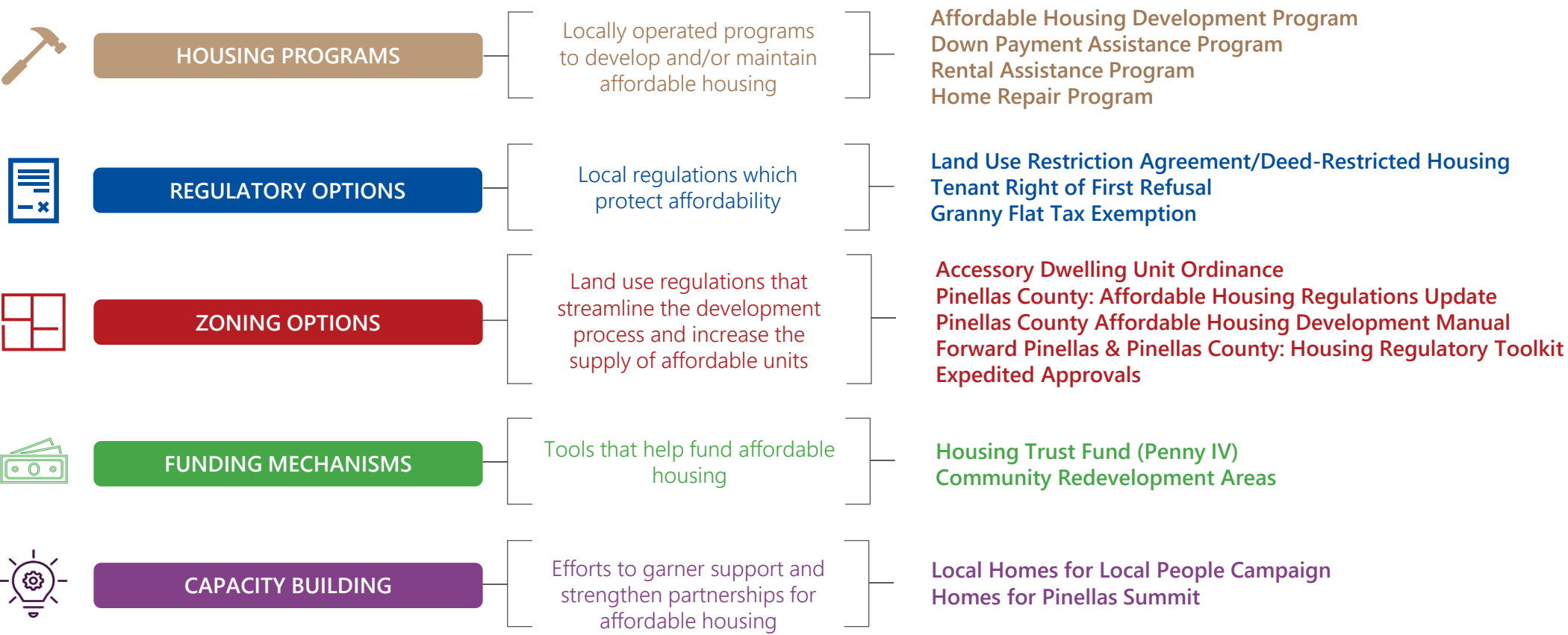


LIHTC is the most significant funding source for affordable, rental housing developments. Affordable for-sale projects rely on other funding sources, including SHIP, CDBG, and Penny. County assistance for large projects (12+ units) has averaged \$42,200 per unit, while County assistance for smaller projects (<4 units) has averaged \$136,500 per unit.

HOUSING AFFORDABILITY STRATEGIES

The County and partners are advancing a coordinated effort to address affordable housing needs

HOUSING COMPACT + HOUSING ACTION PLAN



AREA MEDIAN INCOME

Income Limits Definition

- For 2025, the area median income (AMI) for a four-person household in the Tampa-St. Petersburg-Clearwater, FL MSA is \$98,400

TAMPA-ST. PETERSBURG-CLEARWATER, FL MSA 2025 MAXIMUM INCOME LIMITS BY HOUSEHOLD SIZE

HH Size	30% AMI	60% AMI	80% AMI	100% AMI	120% AMI	> 120% AMI
	Extremely Low Income	Very Low Income	Low Income	Median Income	Moderate Income	High Income
1	\$21,900	\$43,800	\$58,400	\$73,000	\$87,600	\$87,600
2	\$25,020	\$50,040	\$66,720	\$83,400	\$100,080	\$100,080
3	\$28,170	\$56,340	\$75,120	\$93,900	\$112,680	\$112,680
4	\$31,290	\$62,580	\$83,440	\$104,300	\$125,160	\$125,160
5	\$33,810	\$67,620	\$90,160	\$112,700	\$135,240	\$135,240
6	\$36,300	\$72,600	\$96,800	\$121,000	\$145,200	\$145,200

AFFORDABLE HOUSING DEFINITIONS

“Affordable housing” encompasses both legally restricted and naturally occurring housing

AFFORDABLE HOUSING

MARKET RATE HOUSING

LEGALLY RESTRICTED AFFORDABLE HOUSING (LRAH)

- Housing contractually bound to serve households at specific income levels.
- Income targets are often tied to sources of funds.
 - Most state (HOME, SHIP) and federal sources (LIHTC) are targeted to serving households earning 60% AMI or less.
 - Some local programs (Penny) serve households earning as much as 120% AMI.

NATURALLY OCCURRING AFFORDABLE HOUSING (NOAH)

- Privately owned housing with rents affordable to households earning 80% AMI or below.
- Lower-cost due to age, building quality, location, condition, and/or historically inequitable housing policies like redlining
- Units may be vulnerable to affordability loss

MARKET-RATE HIGHER-COST HOUSING

- Privately owned housing not affordable to households earning under 80% AMI