

AFFORDABLE RENTAL HOUSING NEEDS: MIAMI-FORT LAUDERDALE-WEST PALM BEACH MSA

Prepared by
Shimberg Center for Housing Studies
University of Florida
P.O. Box 115703
Gainesville, Florida 32611-5703
(352) 273-1192
<http://www.shimberg.ufl.edu>
April 2015



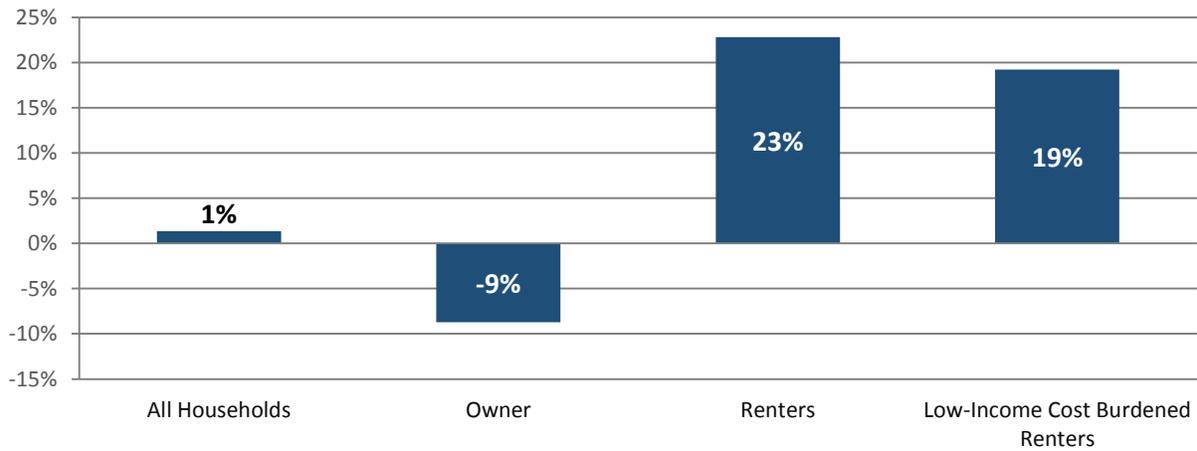
This brief provides an analysis of rental housing affordability trends in the Miami-Fort Lauderdale-West Palm Beach Metropolitan Statistical Area (MSA). It is based on an update of the [2013 Statewide Rental Market Study](#). For the purposes of this brief, a “low-income” household is one with an income at or below 60 percent of the area median income (AMI), adjusted for household size. A “cost burdened” household is one that pays more than 40 percent of income for gross rent (rent + utilities). Student-headed households are excluded from the analysis. The area under study includes Miami-Dade, Broward and Palm Beach Counties. All figures are based on data from the 2000 U.S. Census and the 2007 and 2013 American Community Survey.

The affordable housing gap grew throughout both the housing boom of the early 2000s and the economic stresses of recent years. In 2000, there were 166,653 low-income, cost burdened renter households in the Miami-Fort Lauderdale-West Palm Beach MSA. This number increased to 207,958 in 2007, and to 247,930 in 2013. This represents a 19 percent increase in renters in need just from 2007 to 2013, even though the total number of households in the area grew by only one percent.

More Households Are Renting

The metropolitan area started out the 2000s decade with a 66 percent homeownership rate. This rate held steady as housing prices started to rise in the early to mid-part of the decade. In the wake of the recession in the late 2000s, however, many households shifted from owning to renting. Figure 1 shows that the number of owner-occupied households fell by 9 percent from 2007 to 2013, while the number of renter households jumped by 23 percent.

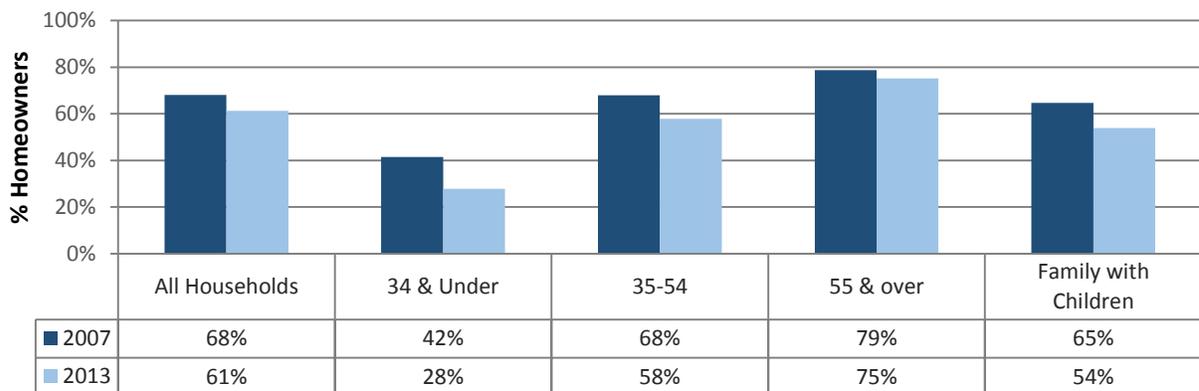
Figure 1. Changes in Households, Miami-Fort Lauderdale-West Palm Beach MSA, 2007-2013



Source: U.S. Census Bureau, 2007 and 2013 American Community Survey

The homeownership rate in the area fell to 61 percent in 2013, but the shift to renting was not experienced evenly by all types of households. As Figure 2 shows, the high homeownership rate for older households masks a larger decline among younger households. In 2007, 42 percent of households headed by someone age 34 or under owned their homes, a rate that fell to 28 percent in 2013. For the next age group, 35-54, the homeownership rate fell from 68 percent to 58 percent. For householders age 55 and older, the rate started at 79 percent in 2007 and fell to a still-high 75 percent in 2013. The drop in homeownership also was more pronounced for families with children. Their homeownership rate fell from 65 to 54 percent.

Figure 2. Homeownership Rate by Household Type, Miami-Fort Lauderdale-West Palm Beach MSA, 2007-2013

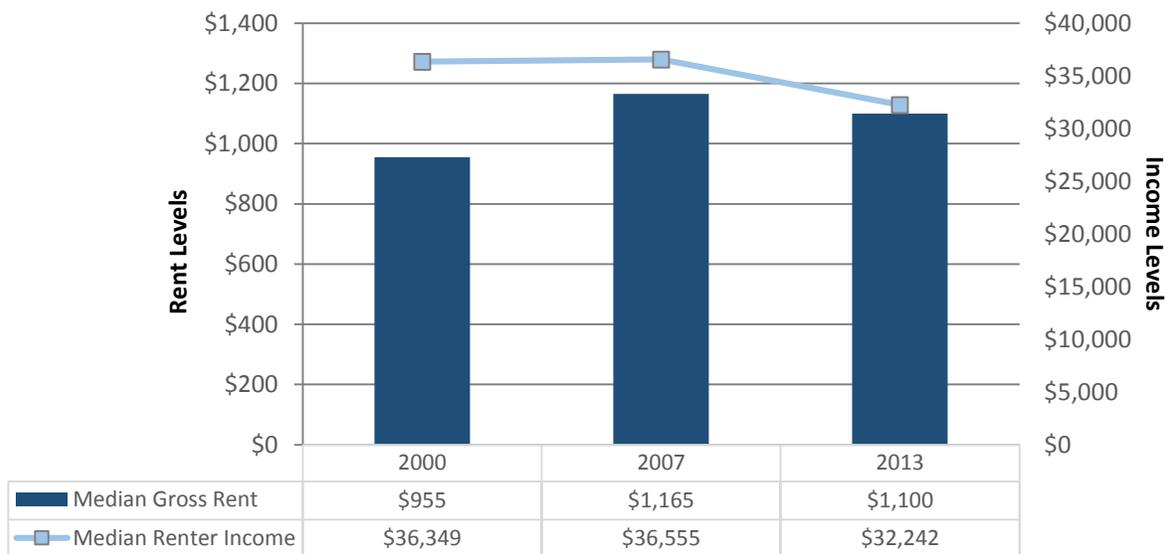


Source: U.S. Census Bureau, 2007 and 2013 American Community Survey

Rents Fluctuate, Renter Incomes Decline

Renters' real buying power shrank during the past decade and a half. Figure 3 shows that in real terms, renter incomes fell from approximately \$36,000 in 2000 and 2007 to \$32,242 in 2013 (all figures in 2013 dollars). During the same time period, median rent increased from \$955 per month in 2000 to \$1,100 in 2013. As a result, the share of median income that would be needed to pay the median rose rising from 32 percent in 2000 to 41 percent in 2013.

Figure 3. Median Monthly Gross Rent and Annual Renter Income (2013 \$), Miami-Fort Lauderdale-West Palm Beach MSA, 2000-2013*



Source: U.S. Census Bureau, 2000 Decennial Census and 2007 and 2013 American Community Survey

* Change in median rent between 2000 and 2007 is not statistically significant due to sample size

More Low-Income Renters Are Cost Burdened

Of the approximately 336,526 low-income renter households in the area, nearly half (45 percent) are considered “extremely low-income” (ELI), meaning their incomes are at or below 30 percent of AMI. The remaining 55 percent of these households have incomes between 30 percent and 50 percent AMI (38 percent), and between 50 percent and 60 percent AMI (17 percent).

Renters at all of these income levels have faced growing affordable housing needs since 2000. The cost burden rate for ELI households has remained high and relatively steady, ranging from 63 to 70 percent. However, because of growth in the total number of ELI renters, the area added more than 16,000 cost burdened households at this income level from 2000 to 2013.

Over the same period, cost burden became much more common for renters with incomes between 30 and 60 percent AMI. In 2000, 62 percent of 30-50 percent AMI renters were cost burdened. By 2007, this percentage jumped to 80 percent where it held steady until 2013. Over 40,000 additional households at this income level became cost burdened between 2000 and 2013. At the same time, the percentage of 50-60 percent AMI households who were cost burdened increased from just 36 percent in 2000 to 72 percent in 2013, adding over 24,000 cost burdened households at this income level.