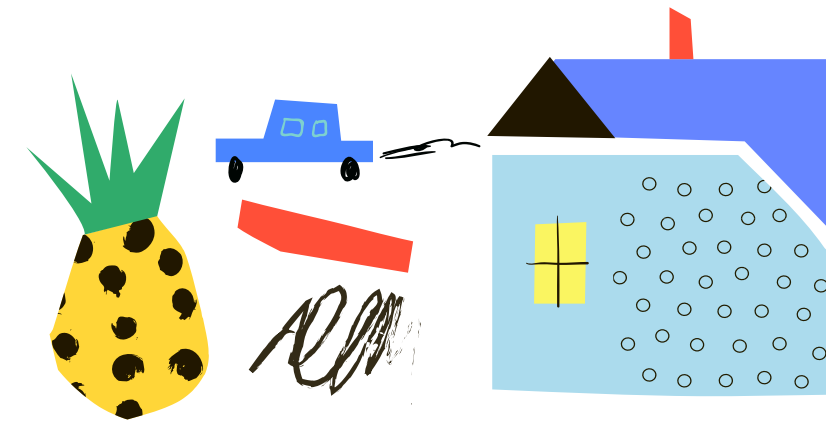


# The Housing Question

COVID-19 has revealed the depths of Sarasota's housing crisis — when you're priced out of the market, where do you go?

March 2022



## THE FUNDING PROBLEM

Sarasota County has not kept pace with the demand for workforce housing. Government has often waived large workforce housing components of major developments despite a growing need for decades. Though there are local workforce housing plans and a plethora of best practices available, local governments have made no concerted effort to incentivize developers to produce this vital resource. Now the county and region find themselves with a crisis in both rental housing and single-family availability.

At the state level, one of the mainstay sources of workforce housing – the Sadowski Affordable Housing Trust Fund, which is collected through the state’s doc stamps – has been swept of funds for years to be used for other state needs. The Legislature memorialized that in 2021 by setting the fund at 50% of what it used to be. Years of little or no funding has left Florida and its cities and counties with a gigantic deficit in supply, one that could arguably take decades to correct even with a large lift now.

## PANDEMIC SWELLS DEMAND FOR HOUSING

Enter the COVID-19 pandemic. Demand for housing in Florida soared even as federal moratoriums on evictions cut cash flow for many of the nation’s landlords. People fleeing concentrated life in big northern cities and early retirees deciding to check out in the face of the pandemic started a housing rush in Florida.

In January, the median price for existing single-family homes in Sarasota County hit \$464,500, up 37% year over year, and \$480,000 in Manatee, up 30% year over year. The peak during the 2000s housing bubble was \$360,000 in the Sarasota-Bradenton market, according to Sarasota-Manatee Association of Realtors data.

**Inventory is at an all-time low, with only about 41,000 homes for sale across the state. The statewide median sales price in \$424,000, up 22% year over year, according to Florida Chamber Foundation.**

Demand remains extremely strong, evidenced by the fact that condominiums are selling in all-cash deals 50% of the time, while homes are still selling for all cash 30% of the time.



## THE RENT CONUNDRUM

The median rental for a 2-bedroom unit is now \$2,021 per month in Sarasota County.

That adds up to \$24,252 per year -- and coincidentally matches almost dollar for dollar the federal poverty line for a family of four: \$24,250.

**Looking at rental costs another way. There are 60,000 households in Sarasota County that pay more than 30% of their income on housing. There are 20,000 that spend more than 50%.**

The United Way classifies those folks as ALICE families, or Asset Limited Income Constrained Employed. That is a family of four who make \$56,520 per year. Using that two-bedroom apartment annual rent of \$24,252,

the ALICE family would pay nearly 43% of their annual income on housing.

The Tampa Bay area recently became the fastest-growing rental market in the country, with rates rising 15.6% in the first half of 2021, more than triple the normal rental rate increase. Rent in the North Port-Sarasota-Bradenton metropolitan areas has increased 46% since November 2020, according to data from Apartmentlist.com.

In addition to the increase in the rental market prices, many landlords have sold existing affordable housing units because of the loss of revenue brought about by eviction moratoriums and the high value of their properties. Other landlords are simply not renewing leases or raising rents up to \$1,000 per month, pricing existing households out of their homes.

## FAMILIES ON THE BRINK

Because of this trend, the Suncoast Partnership to End Homelessness recently has experienced an influx of families entering homelessness: 59% of families calling for assistance were new families in June 2021. By November and December, those numbers spiked to 79% and 76%, respectively.

**The partnership's housing locators have documented that 77% of available units in Sarasota County are above fair market rent.**

And of those units at fair market rent, 50% of them are in a price range of \$1,875 per month or higher, the partnership reported.

Because of the dearth of available units, housing placements by the Suncoast Partnership have dropped 32% since 2019 (966 permanent housing exits in fiscal year 2019; 811 permanent housing exits in FY2020; 657 permanent housing exits in FY2021). This is also a function of the rental markets and unprecedented real estate value, the partnership reported.





## WORK UNDERWAY

A coalition of foundations and community and business leaders convinced the Sarasota County Commission to add \$20 million to a \$5 million allocation of American Rescue Plan Act dollars for workforce housing. That money would be used for leveraging \$137 million in projects creating 623 workforce housing units.







## THE FUTURE

Imagine the work that could be accomplished – the families saved from homelessness and the mental well-being of workers who no longer would have to worry about meeting their rent requirements – if there were a recurring funding source that could support such a workforce housing lift each year. It would not be sufficient to meet all the demand for housing, but it would ease the problem.

**In October 2018, the Florida Housing Coalition published a Blueprint for Workforce Housing for the city of Sarasota and Sarasota County.**

Little has changed in the intervening 41 months, other than the hole has gotten deeper. The original report even cites communities with expensive housing and a lack of workforce housing losing positions to less expensive markets in the region. That at least is no longer true, because many people who cannot afford housing are leaving the area altogether.

The report states: “The key to success will be local elected leadership committed to ensuring that workforce housing is provided in Sarasota County and the City of Sarasota.”

That also remains true, though leaders have only seriously embraced this need within recent months, and it remains to be seen how deep their commitment actually is.

## BLUEPRINT RECOMMENDATIONS

1. Encourage more flexibility in housing types to promote infill development.
2. Allow accessory dwelling units in all single-family zones.
3. Increase Sadowski Funding and augment with local funds.
4. Repurpose vacant commercial, retail, and industrial properties.
5. Adopt a surplus lands policy that maximizes the use of surplus lands for affordable housing.
6. Implement inclusionary housing policy/workforce housing overlay districts.
7. Reinvigorate, reconstitute, or otherwise support a Community Land Trust.
8. Use a complement of code enforcement and rehabilitation to turn dilapidated and abandoned housing into workforce housing.
9. Provide NIMBY/fair housing training to governmental staff.
10. Collaborate with the school board and other large employers.
11. Develop an employer-assisted housing program.
12. Create an affordable housing ombudsman position within the Office of Housing and Community Development.



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