

Our Vision: A City of Pensacola Affordable Rental Housing Trust Fund

PREPARED FOR PENSACOLA CITY COUNCIL MEMBERS
AND PENSACOLA CITY STAFF



A PROPOSAL BY

JUST Pensacola Affordable Housing
Steering Committee and
JUST Pensacola Members



JUST PENSACOLA

Our Vision:
City of Pensacola Affordable Rental Housing Trust Fund
November 2022

Goal

To establish a City of Pensacola Affordable Rental Housing Trust Fund with local public dedicated funding of at least \$4.2 million annually for at least ten years. Its goal is the production and preservation of safe, decent, and affordable rental housing for households with incomes at or below 80% of the Area Median Income, or AMI.¹ Given the City's budget cycle, we ask for seed money of at least \$1 million from American Rescue Plan dollars and other sources for the current fiscal year 2022, with the requested annual \$4.2 million contribution to begin in fiscal year 2023 and continue thereafter. **The proposed Housing Trust Fund is a flexible tool that will enable strategic planning to meet the City's current and future rental-housing priorities.**

The Affordable Rental Housing Trust Fund will:

- Increase the availability of *rental housing affordable to Pensacola households earning at or below 80% of the Area Median Income (AMI)*. As of 2022, the AMI for the area including Pensacola is \$79,500; 80% of AMI is \$43,360 to \$61,840 depending on a household size of 1 to 4 persons. The median household income for the City of Pensacola as of 2020 was \$56,199.²
- Reserve a certain percentage of dollars for projects serving those at or below 60% AMI. The greatest number of cost-burdened households in the City of Pensacola falls at or below 60% AMI, with 60% AMI at \$32,520 to \$46,380 depending on a household size of 1 to 4 persons.³ Thus, at least 60% of the Fund should be used to provide or preserve affordable rental housing for those with incomes at or below 60% AMI.
- Finance the *production and preservation of affordable rental housing* via grants and loans using a competitive process in harmony with city and state processes.
- Rely on the City of Pensacola's Housing Department ("Department") to administer the Fund, subject to an Oversight Board and overall management by the City Council.
- Ensure that rents charged to residents of rental housing created with the Fund do not exceed rent limits by bedroom size and income as provided annually by Florida Housing Finance Corp..
- Foster general public support and collaboration.
- Be established by a duly enacted ordinance.

JUST Pensacola hopes to engage the Board of Escambia County Commissioners in an effort to expand this initiative to include a County-wide Housing Trust Fund over time. But the need for affordable housing in the City is pressing, and we thus hope the City will move ahead under this proposal.

¹ Area median income (AMI) refers to the AMI set by HUD for the area comprised of Escambia and Santa Rosa counties, of which the City of Pensacola is a part.

² <https://www.census.gov/quickfacts/fact/table/pensacolacityflorida/INC110220#>.

³ [http://flhousingdata.shimberg.ufl.edu/Escambia County, Income & Rent Limits, 2022](http://flhousingdata.shimberg.ufl.edu/Escambia%20County%20Income%20&%20Rent%20Limits%202022).

Proposed Structure of Housing Trust Fund

Funding

The Fund will consist of at least \$4.2 million per year from local public dedicated revenues approved by the City Council. *Some* of the possible sources of revenue are provided at a link at the end of this proposal.

The City's 2022 total budget is \$253,203,200, with general funds expenditures budgeted at \$61,810,400. This proposal seeks to win a commitment that at least \$4.2 million from general fund dollars will be allocated to the Housing Trust Fund.

While this proposal seeks a commitment to allocate a certain portion of general funds to the Fund, it is not necessary to choose just a single source. The City could choose to supply the Fund with a *combination* of each or some of the other sources (noted at the end of this proposal) or choose to dedicate *other* public

revenue sources. Revenues dedicated to the Fund will be exclusively reserved to support eligible uses within the terms of the Fund, and not be used for the general operation of the City.

Administration

City Council will be responsible for the overall management of the Fund. The City Council will approve the terms of loans, grants and other contracts relating to the Fund.

The City Council will designate the City's Housing Department to administer the day-to-day operations of the Fund. The Department will be responsible to the City Council. It will provide regular financial reports to the City Council and the Oversight Board.

Fund Oversight Board

City Council will also appoint a Fund Oversight Board to include representatives of the City Housing Department, City Finance Department, Escambia County Housing Finance Authority, University of Florida or Pensacola State College, local lender(s), City residents knowledgeable of the need for affordable housing in their community, and others with experience relating to the provision of affordable rental housing. The Oversight Board will provide general expertise and oversight to the Fund, including its solicitation processes, income levels targeted, and recipient compliance with procedures and milestones governing grants and loans. It will also report annually on the activities and accomplishments of the Fund. The Oversight Board will meet on a regular basis no less than quarterly. Members will be subject to term limits.

Eligible Applicants

Eligible applicants may include governmental subdivisions, community housing development organizations, local housing authorities, community action agencies, community-based or neighborhood-based nonprofit housing organizations, and nonprofit and for-profit developers.

All applicants must guarantee unit affordability, through deed or land use restriction or agreement with the Fund, for a period of at least 30 years.

Eligible Uses for the Fund

The Fund will support the production and preservation of affordable rental housing for households with incomes at or below *80% AMI*. The "production" of affordable housing will

include the purchase of real property, as the City Council may deem appropriate, to be used for the development of affordable rental housing. This term also includes expenditures for the infrastructure necessary to facilitate the development of a proposed project. “Production” of affordable rental housing may also include permitting fees, impact fees or other similar costs as the Department may deem necessary to facilitate construction.

Housing developments financed through the Fund that also receive a subsidy, financing, tax credits, or other assistance under a state or federal housing program, may contain market rate units insofar as permissible under those programs and/or to the extent that they are necessary to support the creation of and/or on-going sustainability for the affordable housing units in the development. However, *Fund proceeds may not be used to support such market-rate units.*

The Fund may also be used to leverage SHIP and other state and federal housing dollars to the extent those dollars are earmarked for the construction or rehabilitation of affordable rental housing for those earning at or below 80% AMI.

Any project that receives Fund dollars must accept vouchers under the federal Housing Choice Voucher Program to the extent prospective tenants are eligible under that program and seek to use them.

Eligible uses will also include administrative costs not to exceed 5% of the Fund.

Fund Distributions

Disbursements from the Fund will be made as *loans or grants* for eligible uses. Loans will be repaid to the Fund to finance future projects. No disbursements will be made from the Fund without prior authorization from the City Council. The establishment of two distinct and separate award processes will provide for both consistency and flexibility. One will be a competitive RFP award process and the other for short-term needs.

The Fund will be structured to *afford flexibility* to both the City and housing providers. It is intended to be *responsive to arising opportunities* that require an immediate expenditure of a *relatively small amount* of funds for *emergency housing needs, to secure property or financing, or other short-term needs*. The distribution of Fund proceeds will be in accordance with established City procedures, applicable state and local public contracting laws, and the City of Pensacola’s priorities.

The Department will develop the terms governing loans or grants from the Fund, subject to approval by the Oversight Board and/or City Council.

Leverage Requirements

A Fund contribution to any eligible use will not exceed 30% of the total cost of the project unless specifically authorized in advance by City Council.

How We Calculated our Ask

As noted above, our ask is at least \$4.2 million annually for at least ten years. It reflects the estimated cost to the City of addressing its deficit of affordable rental homes.

The first step was to identify the City's deficit in affordable available rental homes. Deficit numbers for the City are not separately reported, so we must calculate the City's share from the deficit figure for Escambia and Santa Rosa Counties, which is reported.

Difference Between Affordable and Available Rental Housing Units and Renter Households by Income, 2022⁴

		Affordable/Available Units Minus Renter Households					
Region	Counties	0-30% AMI	0-40% AMI	0-50% AMI	0-60% AMI	0-80% AMI	0-120% AMI
Pensacola-Ferry Pass-Brent, FL MSA	Escambia, Santa Rosa	-7,842	-9,356	-7,851	-5,679	-771	3,292

We focused on the deficit in homes for households earning at or below 60% AMI.

- The **deficit in affordable available rental units in the two county area for households earning at or below 60% AMI is 5,679,⁵** and
- **The City's share of that deficit is 17.59%.**
 - That percentage represents the total number of renter households at or below 60% AMI in the City (4,978) divided by the total number of renter households at that income level in the two county level (28,289). (In duplicating this calculation, use a calculator that provides extended decimals, and does not round down to two decimals.)
 - *NOTE:* None of the readily available data report the number of renter households at or below 60% AMI. The reported income band includes households from 50% to 80% AMI. With the help of a researcher at the Florida Housing Coalition, who used a recognized methodology for calculating households at income bands not reported in the data, we now have reliable estimates for the numbers of households at or below 60% AMI (noted above).⁶

⁴ [Shimberg Center for Housing Studies, 2022 Rental Market Study, at 51-68.](#)

⁵ Shimberg Center for Housing Studies, 2022 Rental Market Study, at 60-61.

⁶ The share figure is based on 2019 census data, the most recent data available to Florida Housing Coalition.

- **A 17.59% share of a 5,679 unit deficit is 999 units.**

The next step is to multiply the number of units by the estimated total development cost (land, design, fees and construction costs) per unit for a multi-family project. We were told that \$250,000 per unit is a fair estimate for such projects in our area. Individuals at the Florida Housing Coalition viewed that figure as reasonable. Thus, the **total cost of producing 999 units is \$249,750,000.**

Next, we need to take into account the ability of housing trust funds to leverage local dollars against other resources, including tax-credit investment, bond funds and state and federal housing dollars. A survey of city housing trust funds reported that on average city trust funds can leverage \$6.00 from other sources for every dollar invested.⁷ So we divided the total cost by 6, which gave an **estimated City contribution of \$41,625,000.**

Finally, we propose addressing the deficit in rental housing over ten years, so we divided the City's contribution by 10, giving us **OUR ASK of \$4.2 million annually for ten years.** We rounded \$4,162,500 up to 4.2 million to account for some portion of administrative costs.

The Problem – Why the Affordable Rental Housing Trust Fund is Needed

Pensacola Households Cannot Afford the Rent. “Affordability” means a renter household pays no more than 30% of gross income on rent plus utilities. Households that pay more than 30% are considered cost-burdened. Cost-burden is one of the primary ways to assess housing affordability.⁸

Pensacola and Escambia County are in the midst of an affordable housing crisis.

- The Shimberg Center estimates that 62% of all renters earning at or less than AMI in Escambia County are cost-burdened and the problem is only getting worse.⁹
- Of all renters in Escambia County earning at or below 80% AMI, 71% are cost-burdened.¹⁰
- **Of all renters in the City of Pensacola earning at or below 80% AMI, 77% are cost-burdened.**¹¹
- In 2018, out of the 10 most common jobs in the Pensacola area, only one — a registered nurse — earned enough to afford a two-bedroom apartment at a fair market rate.¹² The situation has worsened.
- In 2021, the two-bedroom housing wage for Escambia and Santa Rosa counties was \$18.98. That year, *none* of the ten most common occupations in the two-county area could afford a two-bedroom unit. And seven of the ten – waiters, fast food workers, cashiers, janitors, sales persons, nursing assistants, and restaurant cooks – were among

⁷ <https://housingtrustfundproject.org>, select Publications and Resources, 2016 Housing Trust Fund Survey Report, at 17.

⁸ Pensacola Affordable Housing Task Force Report, at 41.

⁹ [http://flhousingdata.shimberg.ufl.edu/affordability/Escambia County, Renter Households, Cost Burden by Income, 2020 Estimate](http://flhousingdata.shimberg.ufl.edu/affordability/Escambia%20County,%20Renter%20Households,%20Cost%20Burden%20by%20Income,%202020%20Estimate).

¹⁰ Id.

¹¹ <http://flhousingdata.shimberg.ufl.edu/affordability/Pensacola>, Renter Households Cost Burden by Income, 2020 Estimate.

¹² Pensacola Affordable Housing Task Force Report, at 48.

those earning less than the *one*-bedroom housing wage of \$16.15.¹³

- Today, in Escambia and Santa Rosa counties, the hourly housing wage for a two-bedroom unit is \$19.46.¹⁴

How much can Escambia County workers afford to pay for housing each month?

\$500-649	\$650-799	\$800-999
<ul style="list-style-type: none">• Janitors, Maids and Housekeeping Cleaners• Fast Food, Counter, and Food Prep Workers• Childcare Workers• Cashiers and Retail Sales• Home Health and Personal Care Aides• Security Guards• Nursing Assistants• Preschool Teachers• Hairdressers• Landscaping and Groundskeeping Workers	<ul style="list-style-type: none">• Restaurant Cooks• Customer Service Representatives• Receptionists and Information Clerks• Light Truck Drivers• Construction Laborers• Office Clerks, General• Medical Assistants• Emergency Medical Technicians and Paramedics• Secretaries and Administrative Assistants	<ul style="list-style-type: none">• Bank Tellers• Pharmacy Technicians• Veterinary Technologists and Technicians• Painters, Construction and Maintenance• Heavy and Tractor-Trailer Truck Drivers• Firefighters• Dental Assistants• Child, Family, and School Social Workers

Source: Shimberg Center tabulation of Florida Department of Economic Security, Occupational Employment Statistics and Wages. Based on median wage for occupations in Pensacola-Ferry Pass-Brent MSA. Assumes full-time worker, 30% of income spent on housing costs.

Families and communities suffer. Families are dislocated to chase affordable rent and must make impossible choices between paying for rent or groceries. The fabric of the family is stressed, and the impacts are felt community-wide: children struggle in school due to frequent moves, health problems are more manifest, parents have less time for their children, and aging adults are denied comfort and security in vulnerable years.

Cost-burdened households may be on the verge of homelessness.

Cost-burdened families are often a car repair, illness, or job loss away from eviction or foreclosure, forcing families to rely on already strained City and County social services, and homeless resources.

The lack of affordable housing is a problem that exists across our City and is getting worse. The Pensacola City Housing Department currently provides housing to roughly 4600-5000 persons amounting to approximately 2200 low-income and working households, of which approximately 20% are in the City. The Housing Department maintains a waitlist for the Housing Choice Voucher Program (Section 8) for 1,300 families county-wide. But even the people with housing vouchers in hand can not find a place to use them because there are no units available, or landlords refuse to accept vouchers. On average there are about 116 vouchers on the street at any given time

¹³ <http://flhousingdata.shimberg.ufl.edu/workforce=employment/> Escambia County, Wage and Rent Comparison by Occupation, 2021. See National Low Income Housing Coalition, Out of Reach 2021: Florida (select MSA) for 2021 housing wages.

¹⁴ National Low Income Housing Coalition, Out of Reach 2022: Florida (select MSA), Housing Wage.

with people who are actively trying to find a place to use them.

As of August 2022: Average Rent for a one bedroom apartment by Neighborhood:

Neighborhood	Average Rent	District
Downtown Pensacola	\$1,834	District 6
Seville Historic District - Aragon	\$1,834	District 6
Dunmire Woods	\$1,469	District 2
Sanders Beach	\$1,458	District 7
St. John's Coalition	\$1,458	District 7
Bay Oaks	\$1,391	District 3
Brittany Forge - Bay Cliff Estates	\$1,391	District 3
Broadview Farms	\$1,391	District 2
College Heights	\$1,391	District 1
D'evereux - La Belle Terre	\$1,391	District 3
Eastgate	\$1,391	District 1
Lavallet	\$1,391	District 3
Scenic Heights	\$1,391	District 1
Tierraerde	\$1,391	District 1
Woodcliff - Scenic Hills	\$1,391	District 1/3
Cordova Park	\$1,369	District 4/5/2
Reserve At Carpenters Creek	\$1,369	District 2
Whispers	\$1,369	District 2
East Hill	\$1,341	District 4/5
East Pensacola Heights	\$1,341	District 4
Inverness	\$1,341	District 4
Mallory Heights	\$1,341	District 3
North Hill	\$1,341	District 6
Woodland Heights	\$1,341	District 4/2/5

Full List of revenue Sources Here :

<https://housingtrustfundproject.org/wp-content/uploads/2021/12/City-htfund-revenue-sources-2022.p>

Investing in Housing Fuels the Economy and Strengthens Communities

In addition to addressing the rental housing crisis, a Fund will *offer financial and other benefits* to the City.

- **A powerful link exists between affordable housing and the stimulation of the local economy.** The development of affordable housing creates jobs in two ways: (1) construction; and (2) new consumer spending after housing is occupied. The National Association of Home Builders estimated that building *100 new affordable housing units leads to the creation of 80 jobs* from the direct and indirect effects of construction, and 42 jobs from the induced effects of the spending. In addition, 30 new jobs are created from the consumer spending of new residents¹⁵.
- **Affordable housing attracts businesses.** “Like bridges and roads, affordable housing is an investment in a community’s infrastructure. Along with numerous social benefits, housing affordability supports diverse jobs and wage levels and also attracts and retains workers – critical to a community’s long-term economic success. . . .Housing affordability is a critical factor in attracting new employers and helping existing businesses grow. This is important not only for creating jobs, but also for building the region’s tax base so it can fund key services like education, public safety, parks and recreation, and mental health.”¹⁶
- **Providing quality, affordable and available housing also enhances the quality of life in the City of Pensacola,** not only making it a better place to live, but also a more inviting environment for investment and the creation of new jobs in the community.
- **Facilitates the City’s strategic planning by assuring a steady revenue stream over time to address the rental housing crisis.**

¹⁵ Keith Wardrip, Laura Williams and Suzanne Hague, The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A review of the literature, 2011 @ [Housing-and-Economic-Development-Report-2011](#)

¹⁶ John Welsh, Five Ways Housing Affordability Affects Local Businesses @ [www.arlingtonchamber.org/blog/five-ways-housing-affordability-affects-local-businesss, or Alliance for housing solutions report](#)

Thank You

If you have any questions about this proposal please let us know. We are excited to work with you moving forward to make Pensacola City a beautiful and equitable place for everyone to live.



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