



RECOMMENDED METHODOLOGY FOR SUPPLY & DEMAND
ANALYSIS FOR BROWARD COUNTY'S AFFORDABLE
HOUSING MARKET

PREPARED FOR
BROWARD COUNTY
110 NE 3RD STREET
FT. LAUDERDALE, FLORIDA 33301

ATTN: MR. RALPH STONE, EXECUTIVE DIRECTOR

DATE OF REPORT
JUNE 9, 2015

PREPARED BY
MERIDIAN APPRAISAL GROUP, INC.

ROBERT VON, PRESIDENT
STATE-CERTIFIED GENERAL REAL ESTATE APPRAISER RZ 1604



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June 9, 2015

Mr. Ralph Stone, Executive Director
Broward County
110 NE 3rd Street
Ft. Lauderdale, Florida 33301

Re: Recommended Methodology for Supply & Demand Analysis for Broward County's Affordable Housing Market

Meridian File No: 15-SNT

Dear Mr. Stone:

As requested, we have provided a recommended methodology for Supply & Demand Analysis for Broward County's Affordable Housing Market. The intended use of this report is to provide direction to the County in terms of accurately defining affordable housing supply and demand at the municipal level. The intended user of this report is Broward County. No other use or users are intended.

The analyses, opinions and conclusions were developed and this report has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

This letter of transmittal precedes the consultation report, further describing the property and containing the reasoning and most pertinent data leading to the final conclusions. Your attention is directed to the "Certification," which have been included within the text of this report.

Respectfully submitted,
Meridian Appraisal Group, Inc.

A handwritten signature in blue ink, appearing to read 'Robert Von', is written over the typed name.

Robert Von, President
State-Certified General Real Estate Appraiser RZ 1604

RV:dmh

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APPRAISERS' QUALIFICATIONS

CERTIFICATION

As the undersigned consultant, I hereby certify that to the best of my knowledge and belief:

- the statements of fact contained in this report (upon which the analyses, opinion and conclusions expressed herein are based) are true and correct.
- the analysis, opinions and conclusion in the report are limited only by the assumptions and limiting conditions and special assumptions, if any, set forth and are the personal, unbiased professional analyses, opinions and conclusions of the consultant.
- I have no present or prospective interest in the subject property and have no personal bias with respect to the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent upon the development or the reporting of a predetermined conclusion or conclusions that favor the cause of the client, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this report.
- My analyses and opinions were developed and this report has been prepared in conformity with (and the use of this report is subject to) all regulations issued by the appropriate regulatory entities regarding the enactment of Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA) and any subsequent updates, the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Standards Board of the Appraisal Foundation, and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- no one, other than the undersigned, prepared the personal unbiased professional analyses, conclusions and opinions concerning real estate that are set forth in this report unless and except as acknowledged in this report.
- I have performed within the context of the competency provision of the Uniform Standards of Professional Appraisal Practice.

Date of Report

June 9, 2015

Certified by

Meridian Appraisal Group, Inc.



Robert Von, President

State-Certified General Real Estate Appraiser RZ 1604

RECOMMENDED DATA SOURCE, DEFINITIONS & METHODOLOGY

Data Source:

I recommend that the American Community Survey (ACS) from the United States Census Bureau, which is part of the United States Department of Commerce, be utilized as the primary data source for both supply and demand calculations. More specifically, the ACS five-year estimates which are released each year for communities across the United States should be used. The current release covers 2013 and the 2014 release is expected in the fall.

This data source is free, available on the internet, updated annually and easily downloaded into Excel format for easy use. I have found no other source that has all of these characteristics.

Definitions:

For the purpose of this analysis the following definitions have been utilized:

Very Low Income is defined as households earning 50% of the county Area Median Income (AMI) or less.

Low Income is defined as households earning between 50.1 and 80% of AMI.

Moderate Income is defined as households earning between 80.1 and 120% of AMI.

Affordable Housing is defined as housing that costs no more than 30% of income for renters which includes rent plus utilities and 22% of income for home owners which includes principle and interest only. The lower "affordability" percentage for homeownership allows for some leeway regarding expenses such as mortgage insurance, taxes and other costs associated with home ownership.

Methodology:

The rental analysis utilizes a banded approach comparing supply and demand within the Very Low, Low and Moderate income bands as defined above. The rental analysis assumes that households can afford to pay no more than 30% of their income for housing.

The home ownership analysis also utilized a banded approach by comparing supply and demand within the Very Low, Low and Moderate income bands. The bands do not overlap. The analysis assumes that an affordable house would result from 22% of household income being available for principal and interest payments only. The analysis also assumes a current fixed rate mortgage interest rate of 4.50%, a 30 year amortization schedule and a 3% down payment.

Example: The city of Ft. Lauderdale

The data can be found within the American Fact Finder home page:

http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml (control + click to follow link).

The screenshot shows the American FactFinder website interface. At the top, there is a navigation bar with 'MAIN', 'COMMUNITY FACTS', 'GUIDED SEARCH', 'ADVANCED SEARCH', and 'DOWNLOAD CENTER'. Below this is a search prompt: 'Enter a state, county, city, town, or zip code: Fort Lauderdale city, Florida' with a 'GO' button. A sidebar on the left contains a 'Population' dropdown menu and a list of categories: Age, Business and Industry, Education, Governments, Housing, Income, Origins and Language, Poverty, Race and Hispanic Origin, Veterans, and Show All. The main content area is titled 'United States' and shows 'Population' with a dropdown menu set to 'Census 2010 Total Population'. The population value is displayed as '308,745,538' with a source note 'Source: 2010 Demographic Profile'. Below this, there is a section 'Popular tables for this geography:' with three sub-sections: '2010 Census' (listing General Population and Housing Characteristics, Race and Hispanic Origin, Hispanic or Latino by Type, Households and Families, and Compare States/Cities for Population, Housing, Area, and Density), '2013 American Community Survey' (listing Demographic and Housing Estimates), and '2013 Population Estimates Program' (listing Annual Population Estimates). A 'Census 2000' section also lists General Demographic Characteristics, Compare States, and Compare Large Cities and Towns. A footer note suggests using Guided Search or Census.gov's Quick Facts for more information.

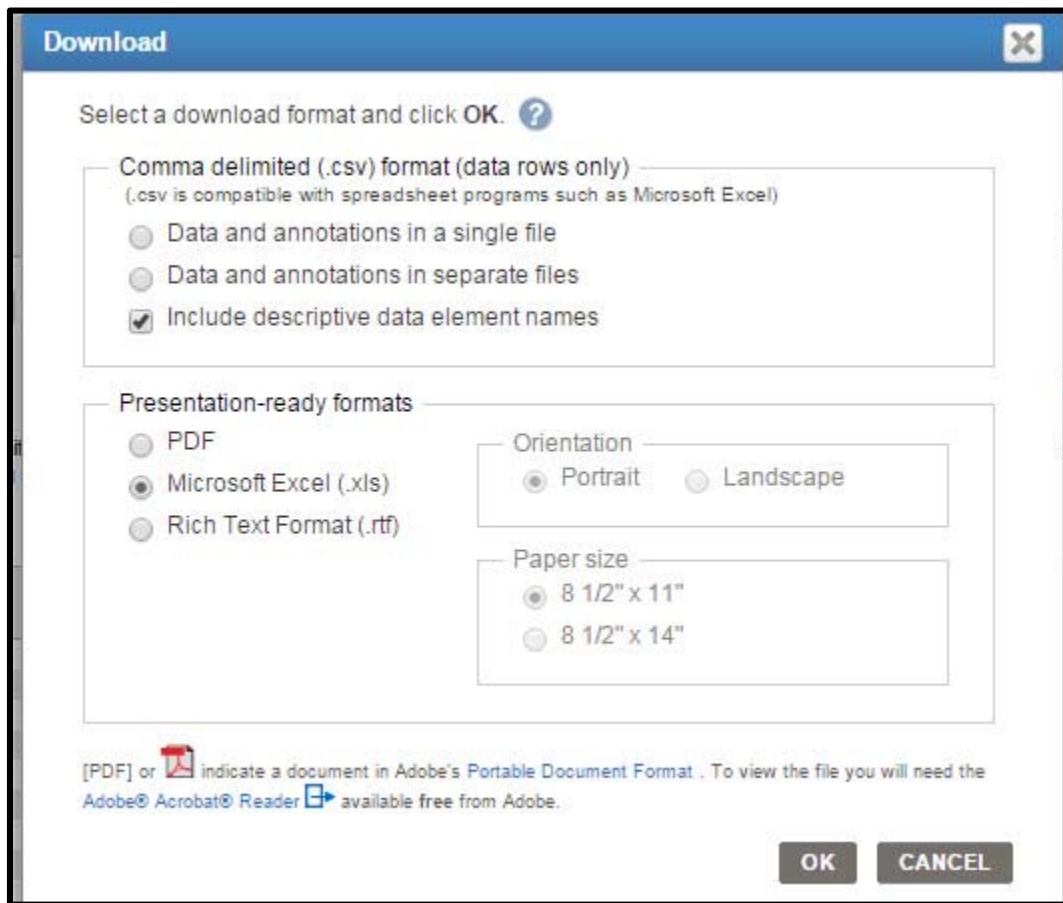
Enter the City in the dialogue box and then hit Go. The screen shot above is before hitting Go.

RECOMMENDED DATA SOURCE, DEFINITIONS AND METHODOLOGY (CONT'D)

Select the Housing Tab then select “Selected Housing Characteristics...” under the 2013 American Community Survey.

Subject	Fort Lauderdale city, Florida			
	Estimate	Margin of Error	Percent	Percent Margin of Error
HOUSING OCCUPANCY				
Total housing units	92,889	+/-1,319	92,889	(X)
Occupied housing units	71,749	+/-1,109	77.2%	+/-0.9
Vacant housing units	21,140	+/-972	22.8%	+/-0.9
Homeowner vacancy rate	4.3	+/-0.8	(X)	(X)
Rental vacancy rate	9.6	+/-1.2	(X)	(X)
UNITS IN STRUCTURE				
Total housing units	92,889	+/-1,319	92,889	(X)
1-unit, detached	34,274	+/-1,127	36.9%	+/-0.9
1-unit, attached	4,526	+/-388	4.9%	+/-0.4
2 units	5,199	+/-557	5.6%	+/-0.6
3 or 4 units	6,983	+/-565	7.5%	+/-0.6
5 to 9 units	5,582	+/-506	6.0%	+/-0.5
10 to 19 units	6,148	+/-585	6.6%	+/-0.6
20 or more units	29,110	+/-736	31.3%	+/-0.7
Mobile home	1,005	+/-198	1.1%	+/-0.2
Boat, RV, van, etc.	62	+/-49	0.1%	+/-0.1
YEAR STRUCTURE BUILT				
Total housing units	92,889	+/-1,319	92,889	(X)
Built 2010 or later	286	+/-90	0.3%	+/-0.1
Built 2000 to 2009	11,431	+/-641	12.3%	+/-0.7
Built 1990 to 1999	4,124	+/-470	4.4%	+/-0.5
Built 1980 to 1989	5,966	+/-443	6.4%	+/-0.5
Built 1970 to 1979	20,528	+/-854	22.1%	+/-0.9
Built 1960 to 1969	24,313	+/-1,054	26.2%	+/-1.1
Built 1950 to 1959	21,021	+/-1,003	22.6%	+/-1.0
Built 1940 to 1949	3,371	+/-375	3.6%	+/-0.4
Built 1939 or earlier	1,849	+/-302	2.0%	+/-0.3

All data from the American Community Survey can be downloaded into an Excel format for easy use.



Hit OK and then once the report fully loads hit Download. Make sure pop-ups are allowed for this site. The Download should appear in the Download folder within Windows Explorer or wherever your download path takes it. Open the file and save it to wherever you want to store it for this assignment. Open the ACS Template Excel file provided.

The ACS Template file has three tabs; one labeled ACS Template, one labeled ACS Input 1, and one labeled ACS Input 2.

The first download is copied into ACS Input 1. The area copied does not need to be the same size as in the template.

	A	B	C	E
1	DP04: SELECTED HOUSING			
2	2009-2013 American Community Survey			
3	Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the			

Click on the arrow to highlight the entire sheet and then hit Copy. Open the ACS Template file and click on the ACS Input 1 tab. Highlight the entire sheet by hitting the arrow and then hit Paste.

The supply portion of the for-sale analysis is now complete. On to demand.

Go back to the American Fact Finder screen. Above and to the right of the Download button is **Back to Community Facts**, hit that to retrieve the next data set.

RECOMMENDED DATA SOURCE, DEFINITIONS AND METHODOLOGY (CONT'D)

The next data set is the “Financial Characteristics ...” Download this file and retrieve as before. Repeat the same procedure as with the first download and paste into ACS Input 2.

That’s it. All the calculations should be complete and the analysis finished.

Ft. Lauderdale							
Demand(D)		Supply(S)	No Gap/(Gap)	Demand(D)		Supply(S)	No Gap/(Gap)
Band	Owner	Owner	S-D	Band	Renter	Renter	S-D
0-50%	8,833	6,797	(2,037)	0-50%	14,704	5,931	(8,773)
\$0				\$0			
\$30,850	22.7%	17.5%		\$771	44.8%	18.9%	
50.1-80%	5,901	6,947	1,046	50.1-80%	6,481	12,956	6,475
\$30,912				\$773			
\$49,360	15.2%	17.8%		\$1,234	19.8%	41.2%	
80.1-120%	6,020	7,857	1,837	80.1-120%	5,331	6,867	1,535
\$49,422				\$1,236			
\$74,040	15.5%	20.2%		\$1,851	16.3%	21.8%	

The results for Ft. Lauderdale are shown above. The left side of the chart indicates there is a 2,037 unit shortage of affordable homes for 0-50% AMI owners and surpluses in the two higher income bands. The right side of the chart indicates there is an 8,773 unit shortage for renter households earning 50% or less of the AMI for Broward County and surpluses in the two higher income bands.

Example #2 Davie

The same process as applied above was used to produce the results for the city of Davie as shown below. The home ownership analysis indicates a small shortage in the 50.1-80% AMI income band. The rental analysis indicates a 2,849 unit shortage within the 0-50% AMI income band and surpluses in the two higher income bands.

Davie							
Demand(D)		Supply(S)	No Gap/(Gap)	Demand(D)		Supply(S)	No Gap/(Gap)
Band	Owner	Owner	S-D	Band	Renter	Renter	S-D
0-50%	4,490	7,049	2,559	0-50%	3,904	1,056	(2,849)
\$0				\$0			
\$30,850	18.9%	29.7%		\$771	43.8%	12.4%	
50.1-80%	3,774	3,751	(23)	50.1-80%	1,683	3,235	1,552
\$30,912				\$773			
\$49,360	15.9%	15.8%		\$1,234	18.9%	38.1%	
80.1-120%	3,474	4,109	635	80.1-120%	1,615	2,628	1,013
\$49,422				\$1,236			
\$74,040	14.6%	17.3%		\$1,851	18.1%	31.0%	

Example #3 Coral Springs

The same process as used above was used to produce the results for the city of Coral Springs as shown below.

RECOMMENDED DATA SOURCE, DEFINITIONS AND METHODOLOGY (CONT'D)

Coral Springs							
Demand(D)		Supply(S)	No Gap/(Gap)	Demand(D)		Supply(S)	No Gap/(Gap)
Band	Owner	Owner	S-D	Band	Renter	Renter	S-D
0-50%	3,456	3,793	337	0-50%	5,029	1,118	(3,911)
\$0				\$0			
\$30,850	13.1%	14.4%		\$771	35.6%	8.1%	
50.1-80%	3,231	2,714	(517)	50.1-80%	3,049	4,880	1,831
\$30,912				\$773			
\$49,360	12.2%	10.3%		\$1,234	21.6%	35.3%	
80.1-120%	4,668	7,274	2,607	80.1-120%	2,991	4,499	1,508
\$49,422				\$1,236			
\$74,040	17.7%	27.6%		\$1,851	21.2%	32.6%	

The home ownership analysis indicates a shortage in the 50.1-80% AMI income band. The rental analysis indicates a shortage of 3,911 units within the 0-50% AMI income band and surpluses within the two higher income bands.

Conclusion

Policies should be designed to provide affordable housing where there are shortages and give no credit for providing housing for income bands that have surpluses.

ADDENDA

APPRAISERS' QUALIFICATIONS

QUALIFICATIONS OF ROBERT VON, PRESIDENT

BUSINESS ADDRESS	Meridian Appraisal Group, Inc. 1331 Sundial Point Winter Springs, Florida 32708 Phone: 407.637.8705 Fax: 407.875.1061 E-mail: rvon@meridianag.com
FORMAL EDUCATION	California State University, Northridge May 1986, Bachelor of Science in Business Administration, Real Estate Finance
REAL ESTATE EDUCATION	Has completed course work for admission to the Appraisal Institute and all necessary for State-Certification and continuing education. A partial list of course work is as follows: <i>Course/Seminars/Continuing Education</i> <ul style="list-style-type: none">• Real Estate Appraisal Principles• Basic Valuation Procedures• Standards of Professional Practice – Part A• Standards of Professional Practice – Part B• Capitalization Theory and Techniques – Part A• Capitalization Theory and Techniques – Part B• Highest and Best Use and Market Analysis• Appraising Troubled Properties• Advanced Applications• USPAP Update• MAP Valuation Training for Third Party Appraisers
EXPERIENCE	
2007 – Present	Meridian Appraisal Group, Inc. President and Principal Responsible for the acquisition, co-ordination and review of appraisal assignments on real property. Also responsible for the preparation of appraisal assignments on various real property with specialization in multi-family apartments and A&D projects throughout Florida.
January 2004 – 2007	Realvest Appraisal Services, Inc. President and Principal
June 1998 – 2003	Realvest Appraisal Services, Inc. Vice President and Principal Responsible for the acquisition, co-ordination and review of appraisal assignments on real property. Also responsible for the preparation of appraisal assignments on various real property with specialization in multi-family apartments and A&D projects throughout Florida.
1994 – 1998	Pardue, Heid, Church, Smith & Waller, Inc. Commercial Manager and Commercial Real Estate Analyst Responsible for the preparation and review of appraisal assignments on various real property including vacant land, subdivisions, retail centers, office buildings, apartments, industrial properties and special use properties.

QUALIFICATIONS OF ROBERT VON, PRESIDENT (CONT'D)

1993 – 1994

Barnett Banks, Inc.

Review Appraiser

Responsible for reviewing reports for Special Assets and Corporate and Commercial Real Estate Department. Performed all appraisal reviews for the CFCRC, a consortium of 12 lending institutions.

1986 – 1993

HomeFed Bank, FSB

Senior Review Appraiser

Responsible for the ordering and review of full narrative appraisal reports for the entire east coast portfolio. Assignments completed in 14 states and the District of Columbia

CERTIFICATIONS & LICENSES

State-Certified General Real Estate Appraiser RZ 1604

Orlando Chamber of Commerce – Member

Downtown Orlando Partnership – Member

PROFESSIONAL AFFILIATIONS

Board of Directors – Florida Housing Coalition

