

## SECTION IV HERNANDO COUNTY RENTAL HOUSING DEMAND

This section of the report presents SPG's projections of multi-family rental housing demand for Hernando County by delineated submarket areas for the 2003-2015 forecast period. Included is an analysis and discussion of affordable rental housing needs within the County.

### MULTI FAMILY RENTAL DEMAND

Future rental housing demand for Hernando County and the delineated submarkets has been calculated from the projected new household growth forecasted in Section II and summarized in Table IV-1 following. Of the new household growth, in-migration is anticipated to constitute almost all of the County's population expansion through the forecast period.

**Table IV- 1: Forecast Of Household Growth, Hernando County**

<b>Additional Households</b>	<b>Hernando County</b>	<b>Spring Hill Submarket</b>	<b>Brooksville Submarket</b>	<b>Ridge Manor Submarket</b>
2000-2003	5,175	4,362	704	109
2003-2005	3,000	2,200	700	100
2003-2010	10,100	6,110	3,470	520
2003-2015	18,200	10,710	6,470	1,020

Source: Strategic Planning Group, Inc., 2004.

According to the 2000 Census, renter households made up 13.5 percent of the total occupied households countywide. While the percentage of renter household is low compared to the other component MSA counties, it does reflect the rural character and relatively smaller population base in Hernando County. Thus, SPG has used the Census owner/renter ratio for forecasting 2003 renter housing demand.

For 2005-2015, however, SPG has increased the renter share of the overall housing market to reflect the continued increasing population growth and resultant expansion of the County's commercial / industrial base necessary to serve the market. That being the case, an increased renter housing demand ratio of 15 percent of total households has been utilized for forecast years 2005-2015.

SPG's analysis and field survey of the Hernando County rental market indicates a current (year-end 2003) rental housing demand of 700 units countywide. Of this, the majority of renter housing demand, 540 units, is in the Spring Hill Submarket. This represents 77 percent of the total Hernando County renter demand presently. An additional demand for 150 renter units was determined for the Brooksville Submarket and an insignificant demand in the Ridge manor Submarket.

Table IV-2, following, summarizes SPG’s forecast of total renter housing demand for Hernando County and the delineated submarkets for the 2003-2015 period.

**Table IV- 2: Hernando County Rental Housing Demand Forecast**

<b>Additional Renter Units</b>	<b>Hernando County</b>	<b>Spring Hill Submarket</b>	<b>Brooksville Submarket</b>	<b>Ridge Manor Submarket</b>
2000-2003	700	540	150	10
Adjusted for new added units	(400) 300	(400) 140	- - 150	- - 10
2003-2005	450	285	150	15
2003-2010	1,520	750	700	70
2003-2015	2,750	1,300	1,320	130

Source: Strategic Planning Group, Inc., 2004.

It should be noted that of the indicated 700 units rental demand for 2003, an additional 400 new rental units (Sun Coast Villas and Bridgewater Club Apartments) have been added to the inventory between 2000-2003. All of these new units were developed in the Spring Hill Submarket of Hernando County.

Thus, the adjusted net demand countywide for 2003 would be for a total of 300 rental units that would be almost equally distributed between the Spring Hill and Brooksville Submarkets.

SPG forecasts’ rental housing demand in Hernando County to be an additional 450 units between 2003-2005 increasing to 1,520 units by 2010 and 2,750 units by 2015. In the Spring Hill Submarket, an additional demand of 285 units is forecast, increasing to 750 units by 2010 and 1,300 units by 2015. In the Brooksville Submarket, an additional demand for 150 rental units is forecast by 2005. The rental demand increases to 700 units by 2010 and reaches approximately 1,320 units by 2015. Additional rental demand in the Ridge Manor Submarket is not significant until after 2015 and will most likely be filled by rental of investor owned single family and condominium units.

## **RENTAL HOUSING AFFORDABILITY**

According to the 2000 Census, Hernando County’s median household income was \$32,572. For rental housing development financing purposes and determining eligibility for rental assistance, both the U.S. Department of Housing and Urban Development (HUD) and the Florida Housing Finance Corporation (FHFC) use the MSA median income of \$37,406 which is significantly higher (15%) than that of Hernando County.

In 2003, the estimated median income used by HUD and FHFC for the MSA was \$49,700. The 2004 estimated median income for the MSA is \$51,200.

Based on the HUD and FHFC multifamily rental programs and all SHIP income limits, adjusted to household size for 2004, Hernando County maximum income and rent levels will be as shown in the following table:

**Table IV- 3: Hernando County Affordable Rent Levels, 2004**

<b>Income Range</b>	<b>Income Level</b>	<b>Income Limit</b>	<b>Maximum Rent</b>
<b>1 Person Household</b>			
Very Very Low	40% Of Median	\$14,320	\$358
Very Low	50% Of Median	\$17,900	\$448
Low	60% Of Median	\$21,480	\$537
Moderately Low	80% Of Median	\$28,650	\$716
Moderately Low	120% Of Median	\$42,960	\$1,074
<b>2 Person Household</b>			
Very Very Low	40% Of Median	\$16,400	\$410
Very Low	50% Of Median	\$20,500	\$513
Low	60% Of Median	\$24,600	\$615
Moderately Low	80% Of Median	\$32,750	\$819
Moderately Low	120% Of Median	\$49,200	\$1,230
<b>3 Person Household</b>			
Very Very Low	40% Of Median	\$18,440	\$461
Very Low	50% Of Median	\$23,050	\$576
Low	60% Of Median	\$25,355	\$634
Moderately Low	80% Of Median	\$36,850	\$921
Moderately Low	120% Of Median	\$55,320	\$1,383
<b>4 Person Household</b>			
Very Very Low	40% Of Median	\$20,480	\$512
Very Low	50% Of Median	\$25,600	\$640
Low	60% Of Median	\$30,720	\$768
Moderately Low	80% Of Median	\$40,950	\$1,024
Moderately Low	120% Of Median	\$61,440	\$1,536
<b>Median Income MSA</b>			
2004 = \$51,200			

Source: HUD and the Florida Housing Finance Corporation, 2004, and Strategic Planning Group, Inc., 2004.

The number of rent burdened households in Hernando County (those households paying more than 30 percent of income for rent) increased from 2,882 households in 1990 to 2,913 households in 2000. The share of rent burden households, however, declined from 44.9 percent in 1990 to 38.4 percent of the total renter households in 2000.

The number of rent burdened households recorded by the 2000 Census is summarized in the table following by submarket area.

**Table IV- 4: Household Income By Gross Rent As A Percent Of Income, 2000.**

<b>Income Range% Rent/Income</b>	<b>Hernando County</b>	<b>Spring Hill Submarket</b>	<b>Brooksville Submarket</b>	<b>Ridge Manor Submarket</b>
\$0 -\$19,999				
30 to 34 percent	148	76	72	0
35 percent or more	2,008	1,331	618	59
Total	2,156	1,404	690	59
\$20,000 to \$34,999:				
30 to 34 percent	337	250	80	7
35 percent or more	293	204	75	14
Total	630	454	155	21
\$35,000 to \$49,999:				
30 to 34 percent	36	36	0	0
35 percent or more	46	46	0	0
Total	82	82	0	0
\$50,000 to \$74,999:				
30 to 34 percent	11	11	0	0
35 percent or more	34	34	0	0
Total	45	45	0	0
\$75,000 to \$99,999:				
30 to 34 percent	0	0	0	0
35 percent or more	0	0	0	0

Source: U.S. Census 2000 and Strategic Planning Group, Inc., 2004.

Based upon this data, using HUD and SHIP standards, Hernando County had a need for approximately 2,900 affordable housing units in 2000. However, it is difficult, if not impossible, to accurately calculate those households in “true need”. For the purposes of this analysis SPG has assumed that only those households with incomes below \$35,000 in the Hernando County Market could find some difficulty in finding the full range of housing afforded higher income ranges but most should be able to find adequate housing given the County’s stock of older housing.

And, for those households earning under \$20,000 annually, the private sector cannot provide multifamily rental product that is financially feasible to develop. These lower income households need to be provided for by public housing and other rental assistance programs.

### **Forecast of Affordable Rental Housing Needs**

Based on the factors discussed previously regarding renter household income levels and 2000 rent levels as a percentage of total income reported by the Census, SPG estimates that “true” rent burdened households in Hernando County that can and should be provided for approximates 630 units in 2000 and 690 units in 2003. The majority of these units, 388 or 62%, are needed within the Spring Hill Submarket. This represents about 8.5 percent of the county’s total renter households. Assuming this ratio to be a constant through the horizon period of 2015, SPG forecast of affordable rental housing needs in Hernando County would be and additional 38 affordable rental units by 2005, 129 units by 2010 and 234 units by 2015.

**Table IV- 5: Forecast Of Affordable Rental Housing Need**

<b>Additional Renter Affordable</b>	<b>Hernando County</b>	<b>Spring Hill Submarket</b>	<b>Brooksville Submarket</b>	<b>Ridge Manor Submarket</b>
2000	630	388	217	25
2000-2003	60	46	13	1
2003-2005	38	24	13	1
2003-2010	129	64	60	6
2003-2015	234	111	112	11

Source: Strategic Planning Group, Inc., 2004.

It should be noted, that the term “affordable” as used in this forecast refers to those renter households earning over \$19,999 annually and under \$35,000 annually. This translates to monthly affordable rent levels; using HUD’s thirty (30%) of gross income, of between \$500 to \$825 monthly. For the very low-income households, below \$19,999 annually, the average monthly affordable rent would be only \$338. These are working renter households in Hernando County that include a large percentage of persons employed as teachers, policemen, firemen, other government employees as well as those in the retail / service support sectors of the local economy.