WORKFORCE HOUSING ACTION PLAN

APPENDIX

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APPENDIX 1: HOUSING, ECONOMIC AND DEMOGRAPHIC PROFILE

QUICK FACTS

AFFORDABLE HOUSING IS ESSENTIAL FOR OCALA AND MARION COUNTY

Ocala and Marion County enjoy low housing costs and high homeownership rates compared to the state of Florida as a whole. However, new job growth, recent trends in housing costs, disparities between older county residents and younger, working age residents in Ocala threaten the quality of life and economic growth of the area. This report provides an overview of the housing, demographic, and economic landscape as it relates to housing and will serve as a resource for phases 2 and 3 of the Marion County Workforce Housing Plan. The following facts provide an overview of the data report:

- There are only 34 rental homes affordable and available for every 100 households making below 50% AMI (Table 11: Affordable and Available Homes), suggesting a high level of need for households making close to minimum wage (I.e., retail and fast-food workers)
- Over 20,000 low-income households are paying more than 30% of their incomes for housing, the maximum amount considered affordable by experts (Figure 16: Cost Burden in Florida, Unincorporated Marion County, and Ocala)
- 50% of Ocala's jobs are in sectors with low median wages. Working age households (persons between 20-65 years of age) are, on average, lower income than the community as a whole, and the most common jobs do not pay enough to purchase a median priced home in Marion County, though estimates of new incoming jobs, particularly in the distribution sectors, pay far above the area median wage (Table 16: Occupations and Median Owner Mortgage)
- Workers in most of the Ocala/Marion County metro's most common occupations—including the most common job in the county, retail sales worker—do not earn enough to afford median rent (Table 18: Occupations and Median Rent)
- The working age population in Marion County is concentrated in Ocala and the surrounding areas (Figure 6: Median Age Map), the same areas where homeownership rates are low (Figure 27: Homeownership Rate Map). In these same Ocala and Ocala adjacent areas, household sizes are higher (Figure 9: Household Size) while incomes are lower (Figure 12: Median Income Map), suggesting a need for low-cost family housing. Almost all of the county's African American residents live in the low income, high-cost burden, low homeownership rate Census tracts in West Ocala (Figure 29: Map of the Percentage Black/African American in Marion County)
- Jobs in the county are concentrated in Downtown Ocala and West Ocala and the surrounding Census tracts (Figure 1: Jobs in Marion County). West Ocala is the poorest and most cost burdened area of the county, and these jobs are mostly occupied by workers commuting from outside the area.
- The population of Marion County is growing. However, the strongest growth has been outside of the working age population among those 65 years and older (Table 3: Population over Time).
- A typical family at the area median income pays close to 60% of its income towards housing and transportation costs combined. Workers choosing to live farther away from their job to save money on housing most likely pay more for transportation costs (Figure 10: H+T by Block Group).

WHY DOES HOME MATTER?

The health, safety, and welfare of Ocala and Marion County and the strength of the local economy hinge on an adequate supply of affordable housing for working households.

AFFORDABLE HOUSING BOOSTS THE ECONOMY

- Money spent on affordable housing construction and rehabilitation has a ripple effect on the local economy. Contractors and suppliers spend money on materials and labor, and workers spend their earnings locally. The Florida State University Center for Economic Forecasting and Analysis estimated that for every $1 spent on affordable housing in Florida there is $9.40 in economic impact.[1]
- Affordable housing helps businesses attract and keep workers. Without more housing that is affordable to people at the low- and moderate-income levels, the dramatic influx of businesses into Ocala over the last year will slow and stop.

THE BENEFITS OF AFFORDABLE HOUSING

ECONOMIC BENEFITS

Affordable housing—like any other housing development—is an economic powerhouse. Housing that is affordable encourages workers to move to an area and makes it possible for businesses to attract and retain talent[2]. Surveys of employers have found that high housing costs is a key area of concern for businesses[3][4]. Ocala's low cost of housing and strategic location have almost certainly contributed to the explosive growth of Marion County's distribution and manufacturing industry, but rising home values and a tightening market might temper this economic growth without efforts to increase the supply of housing.

Construction and rehabilitation create local jobs directly, as well as spurring business for local suppliers, who in turn hire new workers to meet the increased demand. These housing-related workers provide a further boost to the economy by spending their wages at local restaurants, grocery stores, and other businesses. Once the development is finished and occupied, the residents create demand for ongoing jobs to meet their needs.

HEALTH AND EDUCATION BENEFITS

Housing plays a major role in our physical and mental health. For low-income individuals and families, lack of affordable housing can have a multitude of negative effects that harm their ability to contribute to the county:

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[1]Florida Realtors, Analysis of the Impact of the Florida Housing Trust Funds. https://www.floridarealtors.org/tools-research/reports/florida-affordable-housing-trust-study-statistics#:~:text=Study%20Shows%20Positive%20Effects%20from%20Florida's%20Affordable%20Housing%20Trust&text=The%20report%20shows%20that%20two,in%20income%20for%20the%20state

[2] Shroyer, Aaron and Gaitan, Veronica. 2019. "Four Reasons why Employers Should Care about Housing." Housing Matters. https://housingmatters.urban.org/articles/four-reasons-why-employers-should-care-about-housing

[3] Los Angeles Business Council Institute. 2018. The Affordable Housing Crisis in Los Angeles: An Employer Perspective.

[4] Center for Housing Policy. 2011. The Role of affordable Housing in Creating Jobs and Stimulating Local Economic Development: a Review of the Literature.

- Families in unaffordable housing are likely to cut back on nutritious food and health care, meaning they take more sick days off from work[5]
- Substandard housing poses a variety of health hazards. Dust, mold, and cockroaches can cause asthma and allergies, and peeling lead paint can reduce IQs and cause behavioral problems in children causing long term loss for not only individuals but for the communities they will live and work in as adults. Unsafe structural conditions, such as faulty wiring, and a lack of basic facilities such as a kitchen increase the risk of fire and injury[6 7]
- Many low-income families move frequently or double up with friends and relatives if they cannot find affordable housing. Frequent moves are associated with stress, depression, job loss, and overcrowding, all of which have been linked to poor health in children[8,9]

Many of the health problems associated with a lack of affordable housing are closely connected to children's educational performance. For example, exposure to lead paint is known to cause developmental delays in children, while asthma from exposure to dust and mold can cause children to miss school and fall behind. Frequent moves, overcrowding, and homelessness have also been linked to lower educational attainment in children[10]. Affordable housing is a central factor for good health and achievement in school and the long-term success of low-income children. For example, a study in Boston found that children in subsidized housing were 19% less likely to be food insecure and 35% more likely to be in good health than children whose families were on the waiting list for subsidized housing[11]. Additionally, both subsidized rental housing and homeownership have been linked to better educational outcomes for children[12,13].

DEFINING THE WORKFORCE

In Marion County, the middle 50% of households (households with incomes at 25% and 75% of all households) make between $25,000 and $74,999 with a median household income in the city of $45,317 as of 2019 (2019, 5-Year American Community Survey). These numbers roughly correspond to the very low income (50% AMI) and just above moderate income (170% AMI). These groups are among the most cost burdened in the county. This report focuses on the need in this middle-class workforce demographic.

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[5]Cohen, R. 2011. The Impacts of Affordable Housing on Health: A Research Summary. Washington, DC: Center for Housing Policy. http://www.nhc. org/media/files/Insights_HousingAndHealthBrief.pdf. Last accessed 1/6/15.

[6] Ibid.

[7] Newman, S.J. 2008. Does Housing Matter for Poor Families? A Critical Summary of Research and Issues Still to be Resolved. Journal of Policy Analysis and Management 27 (4): 895-925.

[8] Cohen 2011

[9] Newman 2008

[10] Brennan M. 2007. The Positive Impacts of Affordable Housing in Education: A Research Summary. Washington, DC: Center for Housing Policy. http://www.nhc.org/media/documents/Housing_and_Education.pdf . Last accessed 1/6/15.

[11] Children's HealthWatch and Medical-Legal Partnership Boston. 2009. Rx for Hunger: Affordable Housing. http://www.childrenshealthwatch.org/ publication/rx-for-hunger-affordable-housing/. Last accessed 12/19/14.

[12] Newman 2008

[13] Newman, S.J. and Harkness, J. 1999. The Long-Term Effects of Housing Assistance on Self-Sufficiency: Final Report. Washington, DC: U.S. Department of Housing and Urban Development [HUD]. http://www.huduser.org/portal//Publications/pdf/longterm.pdf . Last accessed 12/19/14.

Ocala is seeing a large growth in middle class distribution and manufacturing jobs. For the jobs where the incoming wage is known (such as an Amazon distribution worker), the wage is close to $15 per hour, or about $30,000 annually for a full-time worker. A single worker at this wage is near the low end of this range, while a two-worker household is closer to the top ($60,000). These jobs pay far more than many of the most common jobs in the county (such as retail worker or fast-food worker), but still below what many family households need to survive.

These numbers roughly correspond to the Asset Limited, Income Constrained, Employed (ALICE) thresholds (Table 10: ALICE Rate in Marion County). ALICE thresholds, calculated by the United Way, calculate the minimum income for a single person, an elderly individual, or a family of four in Florida to afford basic necessities: this rate is $12.30 for the single adult Survival Budget and $34.76 for a family of four (or two workers making $17.38). For workers working full time, this comes to $24,600 for an individual survival budget or $69,520 for a family of four.

Another way to talk about income is through the moderate-income, low-income, very low-income, and extremely low-income categories, discussed in the sidebar. These categories are further delineated based on household size. Pursuant to the Florida Housing Finance Corporation's 2020 Income and Rent Limits, which are based on figures provided by the U.S. Department of Housing and Urban Development (HUD), the median income for a 4-person household in Marion County is $55,000. The following table provides the income levels for a family of three in Marion County, the median household size in the low and moderate income, young Census tracts where many of Marion County's workers live.

Income Categories for a Family of Four in Marion County			
Moderate Income (120% AMI)	Low Income (80% AMI)	Very Low Income (50% AMI)	Extremely Low Income (30% AMI)
$ 66,720	$ 44,500	$ 27,800	$26,500

Table 1: Income Categories for a Family of Four

Source: FHFC SHIP Income Limits for a Family of Four

Terminology

Income and Housing Cost Burden According to the Federal Government and the State of Florida, housing is affordable if it costs no more than 30% of a household's gross income. This includes rent or mortgage payments, utilities, and property taxes and insurance, if applicable. If housing costs 30% or more of a household's income, but less than 50%, the household is considered "moderately cost burdened", and a household paying 50% or more of its income for housing is "severely cost burdened". The Florida Statutes and certain federal housing programs define **"low-income" ("LI")** households as those that earn no more than 80% of the median income for households of their size within their geographic area. Federal housing assistance programs usually calculate **"Area Median Income" (AMI)** for metropolitan areas and nonmetropolitan counties within a state. "**Very low-income" (VLI)** households are those that earn no more than 50% AMI, and **"Extremely low-income" (ELI)** households earn no more than 30% AMI. In this report, the term "low-income" includes all households at or below 80% AMI, and "very low-income" includes all households at or below 50% AMI. Thus, all ELI households are also classified as VLI and LI, but the reverse is not true. Florida Statutes defines a "moderate-income" household as having an income up to 140% AMI. In this report, "moderate-income" refers to households with incomes between 80% and 140% AMI. These households, if they are a family with children, are still below the ALICE Family Threshold.

Key Takeaways

Jobs in Marion County are concentrated in Ocala, first in Downtown Ocala and then in West Ocala near the highway. These jobs are overwhelmingly in low and moderately paid sectors.

The following map shows an overview of where jobs are located within Marion County. Most of the jobs are located in Ocala, particularly in the western portion of the city. This area has a large number of service sector, distribution, and manufacturing jobs, all built up around highway I-75.

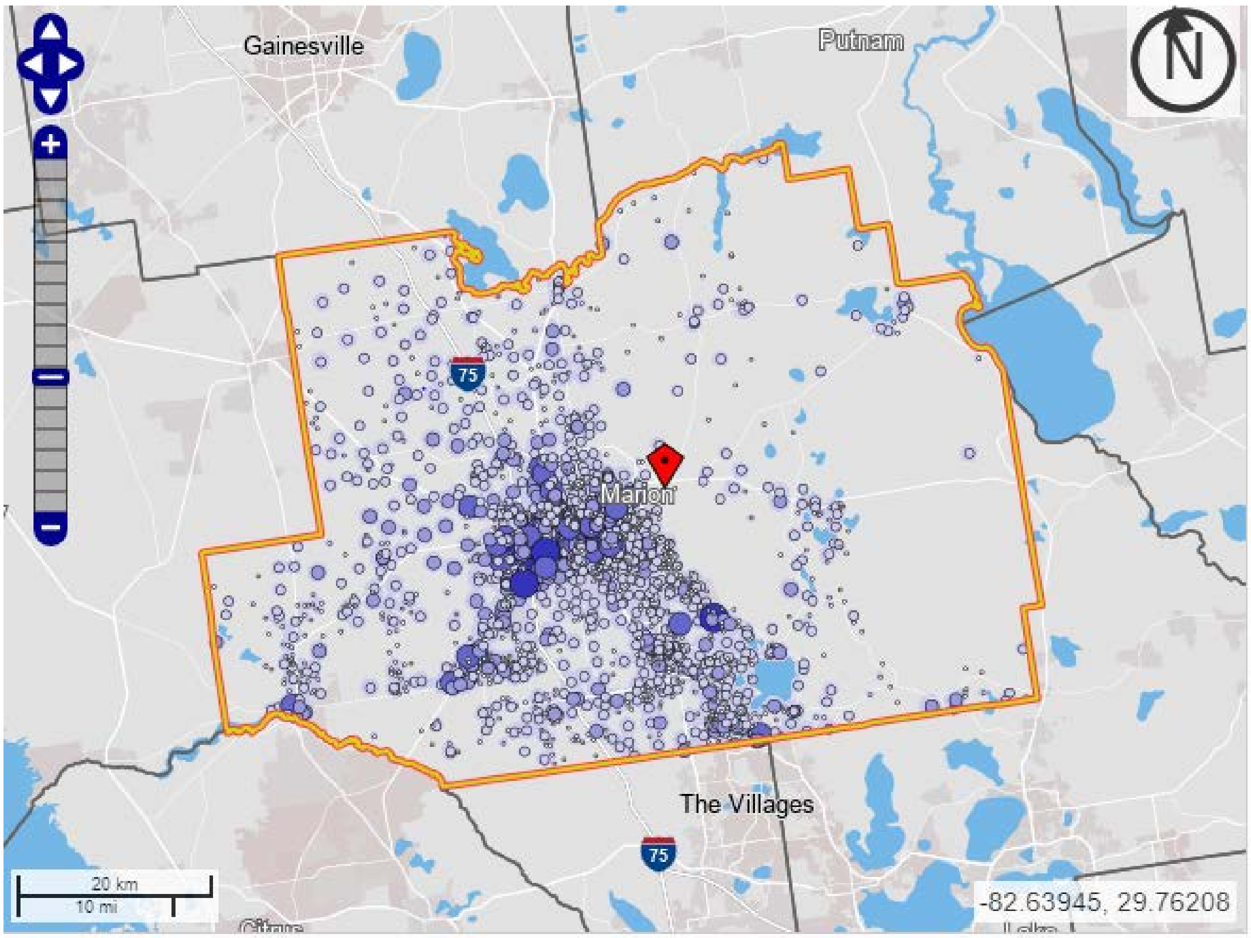

Figure 1: Jobs in Marion County

Source: LEHD On the Map Application

Zooming in to this central concentration of jobs, there are two nodes: first, there are a large number of jobs in downtown Ocala. Secondly, jobs are concentrated at the I-75/SW College Road (State Road 200) interchange. West Ocala is among the poorest areas of the county and has one of the highest cost burden and lowest homeownership rates but is also where the highest concentrations of jobs in the county is located. There are small jobs concentrations around the I-75/Highway 40 intersection and to the north and east of the city.

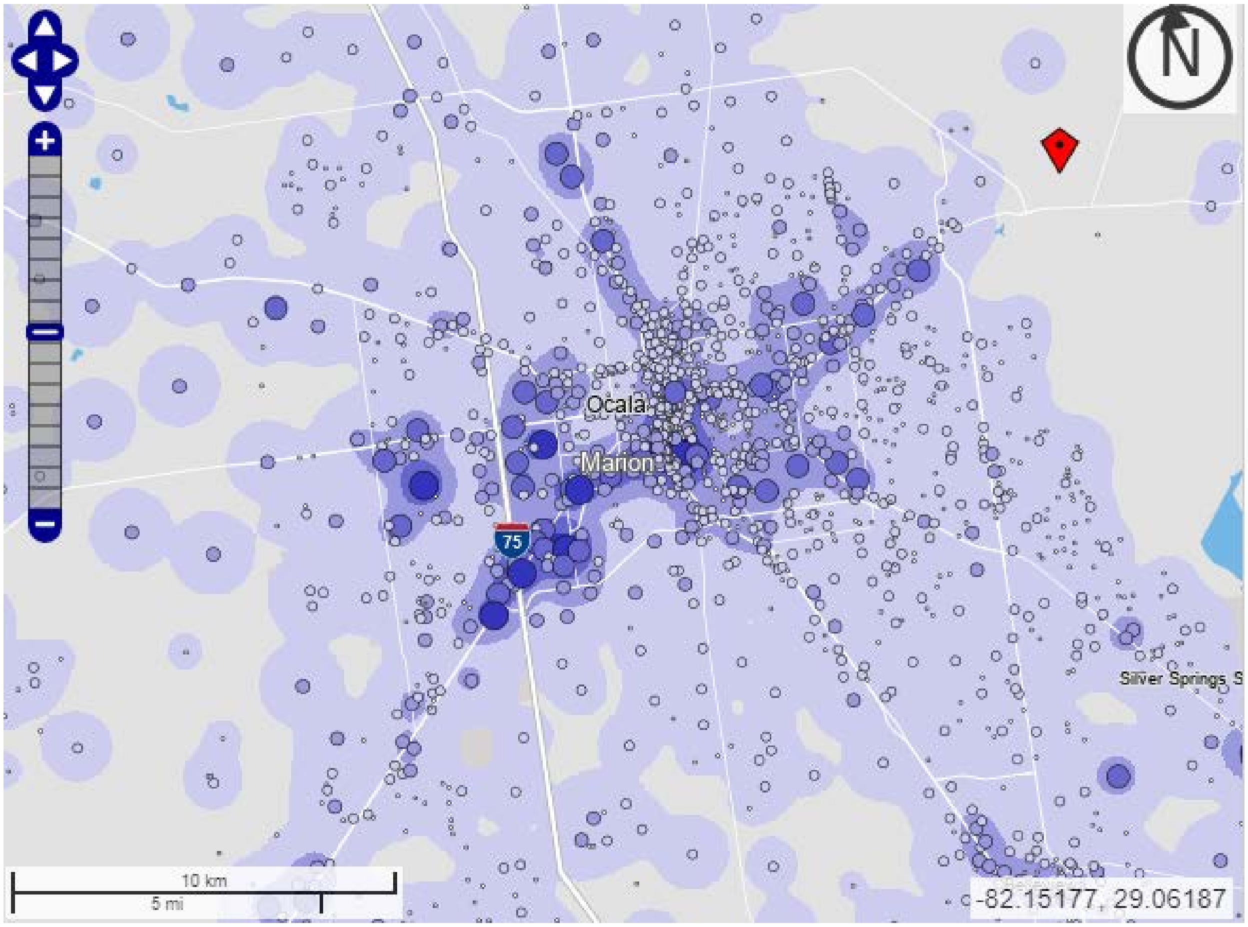

Figure 2: Zoomed in: Jobs in Ocala and around I-75

Source: LEHD On the Map Application

The following table provides a breakdown of jobs in Marion County by industry sector. The service sector, including retail trade, health care and social assistance, and accommodation and food service account for close to 50% of the area's jobs. While some health care workers (including doctors and nurses) make relatively high salaries, home health care workers (a growing segment of the healthcare industry, particularly in areas with large older populations like Marion County) retail workers, and people working in the food industry often make low wages in Marion County. Construction and manufacturing together make up another 18% of the county's jobs. The remaining 30% of jobs in the county are split across the remaining 15 sectors.

Job Counts by NAICS Industry Sector		
	2018	
	Count	Share
Total Private Primary Jobs	83114	100%
Agriculture, Forestry, Fishing and Hunting	1725	2%
Mining, Quarrying, and Oil and Gas Extraction	113	0%
Utilities	258	0%
Construction	7164	9%
Manufacturing	7717	9%
Wholesale Trade	3796	5%
Retail Trade	15060	18%
Transportation and Warehousing	2868	3%
Information	655	1%
Finance and Insurance	2176	3%
Real Estate and Rental and Leasing	1481	2%
Professional, Scientific, and Technical Services	3807	5%
Management of Companies and Enterprises	178	0%
Administration & Support, Waste Management and Remediation	4685	6%
Educational Services	1008	1%
Health Care and Social Assistance	16141	19%
Arts, Entertainment, and Recreation	2336	3%
Accommodation and Food Services	9427	11%
Other Services (excluding Public Administration)	2519	3%
Public Administration	0	0%
Source: LEHD On the Map		

Table 2: Jobs by Industry

JOB GROWTH

Key Takeaways

Strong job growth in Marion County has attracted workers to the area and has shrunk the unemployment rate over the last 5 years. Numbers provided by the Ocala Chamber and Economic Partnership suggest the jobs market will continue to stay strong in Marion County, particularly as distribution centers open to service an economy where commerce is increasingly online.

Between 2015 and 2019, the total labor force and the number of people employed has steadily risen and narrowed. This suggests a strengthening economy that is attracting workers to the county and will do so more in the future as the available workers already living in the county find work.

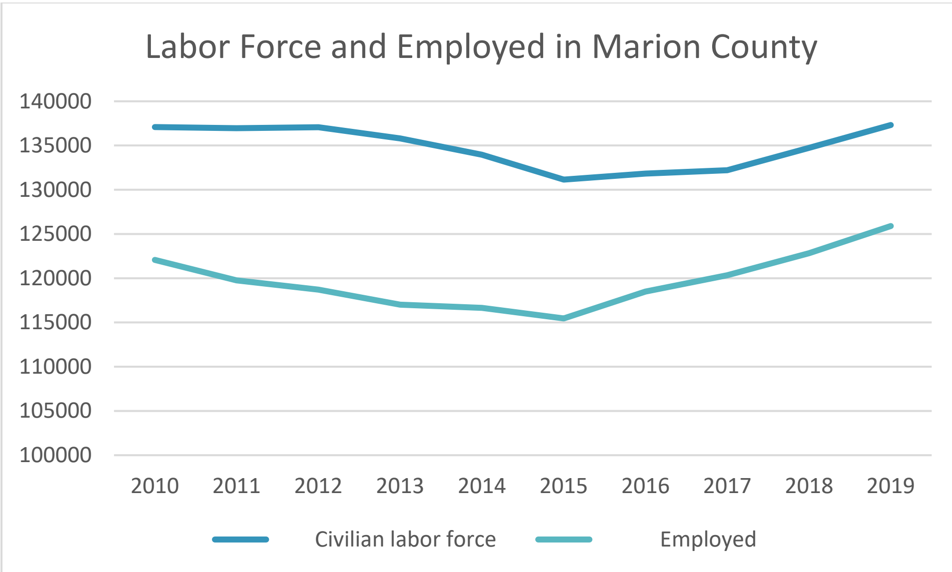

Figure 3: Labor Force and Employed in Marion County

5-Year ACS, Various Years, Table DP03

Numbers provided by the Ocala Chamber & Economic Partnership (CEP) tracking major employers in the county suggest a dramatic increase in the number of new jobs over the next few years. FedEx, Dollar Tree, and Chewy are all planning expansions over the next two years, with FedEx planning to create up to 1,300 jobs. CEP forecasts at least 3,340 new jobs over the next two years at existing major employers, representing close to a 3% increase in the number of jobs in the county. This does not factor in Amazon's planned expansion into the county, nor the service jobs that will be created to serve these primarily manufacturing and distribution occupations. These planned expansions should continue the existing trend from Figure 3: Labor Force and Employed in Marion County. The map below charts the location of these major employers: most are in West Ocala or the Census tracts just outside the city limits on the west side.

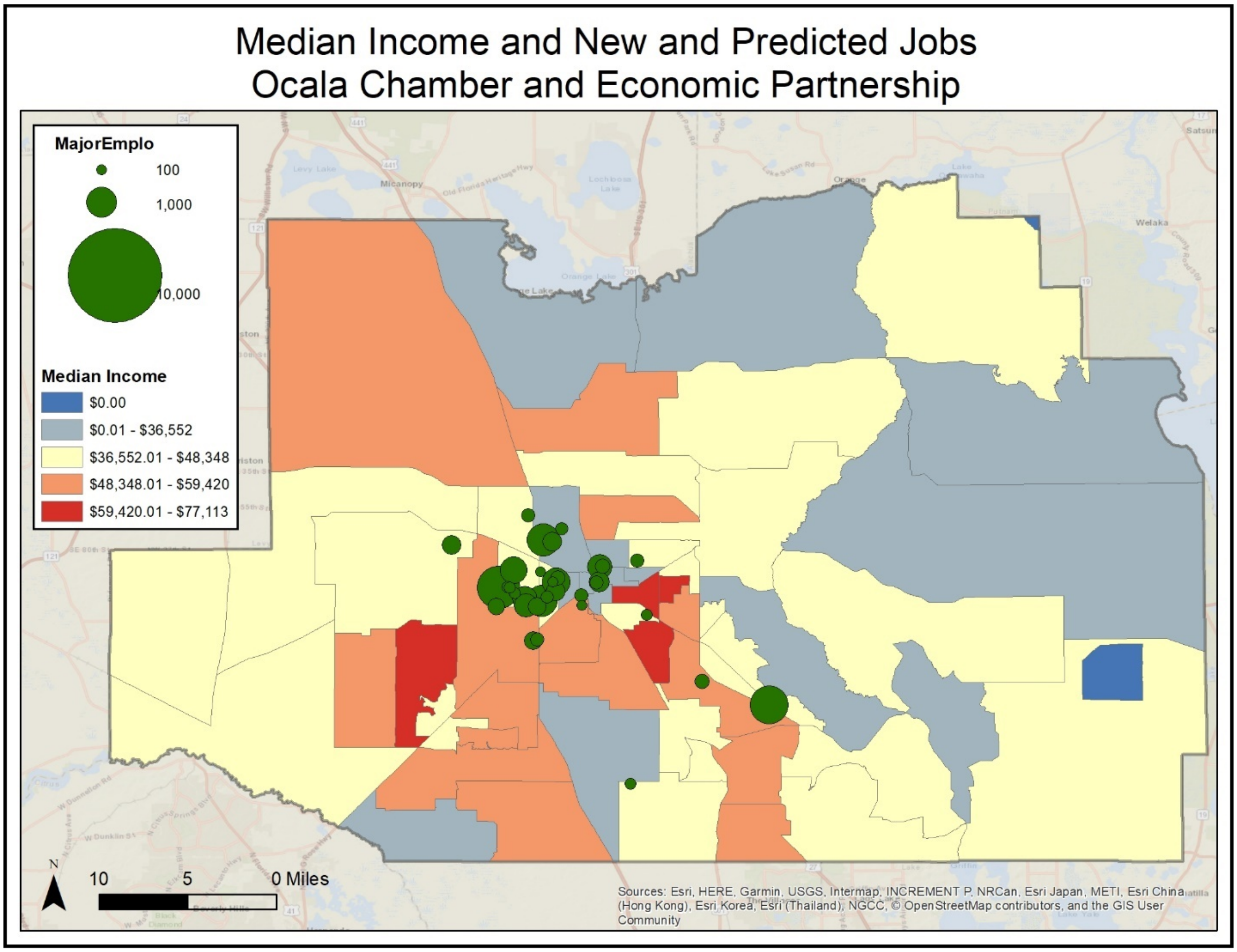

Figure 4: Income and Major Employers

Source: Ocala Chamber and Economic Partnership, US Census

POPULATION GROWTH

Key Takeaways

The population of Marion County is growing, although more steadily than the state of Florida as a whole.

Florida has seen dramatic growth over the last decade (13%). While still growing, Marion County (8%) and Ocala (6%) have been growing more steadily. If this trend holds, Marion County is primed to grow by 28,282 people by 2024. However, this growth rate for Marion County is primed to change as the Ocala MSA becomes one of the most affordable MSAs in the state and large companies like Amazon and Dollar Tree are creating tens of thousands of new jobs in fulfilment centers near Highway 75.

	2010	2015	2019	2029 Projections	% Change 2010-2019
Florida	18,511,620	19,645,772	20,901,636	23,618,848	13%
Marion County	326,833	336,811	353,526	381,808	8%
Ocala	56,051	57,209	59,267	62,823	6%
	Source: 5-Year ACS (Various Years), Table B01003				

Table 3: Population over Time

The inflow and outflow of U-Haul trucks in a community is a popular indicator of population growth. When a community has more in-bound U-Haul trucks and trailers, a community is experiencing growth, while more outgoing trucks suggest an overall population stagnation or decline. Florida overall has seen a jump in U-Haul in-migration, with 7 of Florida's cities ranking in the top 25 in 2019, and 5 of the top 25 in 2020.

Marion County/Ocala has climbed to #6 in U-Haul's 2020 growth cities, i.e., the county has the 6th highest net gain of one-way U-Haul trucks entering versus leaving the community during a calendar year. Although the number of incoming trucks is not a helpful indicator (not everyone uses a U-Haul), the in-migration trend suggests very high population growth. Ocala's job growth is depicted in Figure 4 and represents the growing opportunity within the county, coinciding with population growth data in Table 3.

THE WORKFORCE HOUSEHOLD

Note: unless otherwise noted, Marion County data is for the whole County including Ocala.

This section provides key data points on Marion County's overall population, with a focus on workforce, which are covered in more depth in the sections below.

Marion County is a medium sized county with 353,526 residents in 2019 (Table 3: Population over Time). The largest city in the county, Ocala, has only 59,267 residents; unlike comparable counties (Leon, Alachua) most of Marion County's residents live outside of the major city. Since 2015, Marion County has grown by 5% while Ocala has grown by 4%, compared to 6% for the state as a whole (Table 3: Population over Time).

Marion County has far fewer racial minorities than either Ocala or Florida as a whole. In Marion County, 70.3% of the population is white, not Hispanic, compared to 53.9% of the state and 59.4% of Ocala. The black/African American population in Marion is close to the state as a whole (12.5% compared to 15.3%) while Ocala's African American population is slightly higher than the state as a whole (19.9%) (Figure 29: Map of the Percentage Black/African American in Marion County). The Hispanic population in both the city and the county is far lower than the state of Florida.

The homeownership rate varies greatly between the state, county, and city. Over three-fourths of households own their home in Marion County, compared to just under 2/3rds in the state (65.4%) and less than half in Ocala (46.1%). The state homeownership rate is unchanged since 2015, while Marion and Ocala have both seen a drop in their homeownership rate since 2015 (Table 14: Homeownership Rate).

Median income has increased over the last five years at the state, county, and city level. The median income in Marion County ($45,371) and Ocala ($41,755) are far lower than the state ($55,660). Income has increased for both renters and owners across the state, county, and city (Figure 11: Median Income by Tenure). While incomes are lower in the city and the county than the state, these lower incomes are balanced by lower housing costs. Median rent and median owner costs are far lower in both Ocala and Marion than across the rest of the state of Florida (Figure 25: Freddie Mac House Price Index; Table 17: Rent Paid).

The percentage of the population in the labor force is far lower in Marion County (46.5%) than in Ocala (56.1%) or the state (58.8%). Unemployment was far higher in Ocala and Marion than in the state as a whole in 2019, although the COVID-19 pandemic has dramatically changed these numbers (Figure 15: Ocala Unemployment, January 1990-December 2020).

Marion County is far older than Ocala or the state of Florida with a median age of 48.7 compared to 42 for the state and 38.3 for Ocala. Nearly 30% of Marion's residents are over the age of 65, and thus unlikely to be working full time (Figure 5: Age Cohorts, Change 2015-2019 in Marion County).

Variable	Florida	Marion County	Ocala
Population	20,901,636	353,526	59,267
White %	53.9%	70.3%	59.4%
Black %	15.3%	12.5%	19.9%
Hispanic %	25.6%	13.2%	15.7%
Homeownership Rate (%)	65.4%	75.0%	46.1%
Median Household Income	$ 55,660	$ 45,371	$ 41,755
Median Owner Income	$ 67,113	$ 50,884	$ 58,008
Median Renter Income	$ 40,113	$ 33,528	$ 30,284
Median Monthly Owner Costs with a Mortgage	$ 1,503	$ 1,099	$ 1,271
Median Monthly Owner Costs without a Mortgage	$ 505	$ 374	$ 419
Median Gross Rent	$1,175	$896	922
% of Population 16 and Older in Civilian Labor Force	58.8%	46.5%	56.1%
Unemployed % of Civilian Labor Force	5.6%	8.3%	8.1%
% Population in Poverty	14.0%	16.1%	20.4%
Elderly (65+) %	20.1%	28.6%	18.1%
Median Age	42	48.7	38.3
Source: 2019 5-Year ACS, 2019 (Various Tables)			

Table 4: Key Data Points

While Marion County's population is whiter than the state as a whole, there are growing African American, Asian, people of two or more races, and Hispanic populations. These groups are far younger on average than the white population and represent a growing share of the workforce of Marion County. Below are the median ages, homeownership rates, and incomes for Marion County separated by racial and ethnic group.

	Black	Asian	Some other Race	Two or More Races	White	Hispanic
Median Age	34.2	41	39.7	19.5	55.1	33.2
Homeownership Rate	50.1%	83.7%	63.0%	80.6%	79.6%	62.5%
Median Income	$34,474	$63,564	$34,836	$41,903	$47,445	$41,569
Source: 2019 5-Year ACS, Various Tables						

Table 5: Key Stats by Race/Ethnicity

AGE

Key Takeaways

The retirement age population of Marion County is growing more quickly than other age groups. Younger residents are concentrated around Ocala, particularly in West Ocala.

Marion County has seen an increase in every age group since 2015, but growth has been the strongest for people 65 years and older. Older working age adults (40-64) still remain the largest cohort in the county but have seen far more modest growth over the last 5 years. Young workers (20-39) saw the second highest growth, while youths (0-19) saw the lowest. The median age has increased by about half a year since 2015 (from 48.2 to 48.7). Older adults tend to be wealthier than younger adults and thus less likely to need housing assistance. However, low-income older adults are often put in a horrific position of having to choose between medical care, housing, utilities, and food while living on a fixed income. Older adults are also far more likely to face a disability, with the majority of people having some type of disability by the time they reach their 70s and 80s, particularly affecting their ability to accomplish regular household activities and mobility[14]. These households will need care services and housing modifications that may require government help. Without this help, many households will have to move into more intensive group home settings which drive up family and government costs and are not the stated preference of most older adults.

[14] Harvard Joint Center for Housing Studies (2016). Projections and Implications for Housing a growing Population: Older Households 2015-2035. Retrieved from: https://www.jchs.harvard.edu/research-areas/reports/projections-and-implications-housing-growing-population-older-households

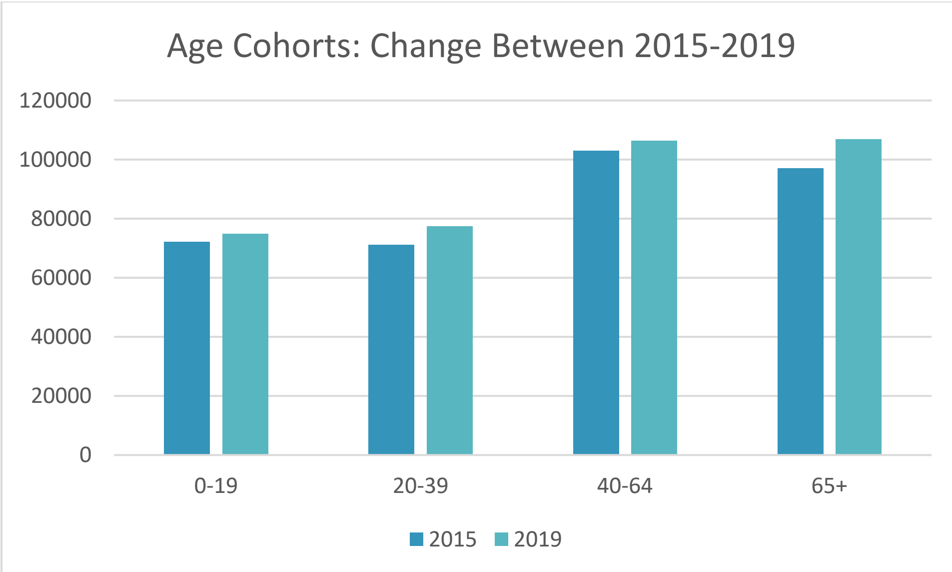

Figure 5: Age Cohorts, Change 2015-2019 in Marion County

2019 1-Year ACS, 2015 1 Year ACS, Table S0101

There is a clear geographic distribution to age in Marion County. People are, on average, far younger inward towards Ocala and older towards the more rural communities on the edge of the county. Working age people are concentrated in the city, while the median age for many of the more rural Census tracts is near retirement age.

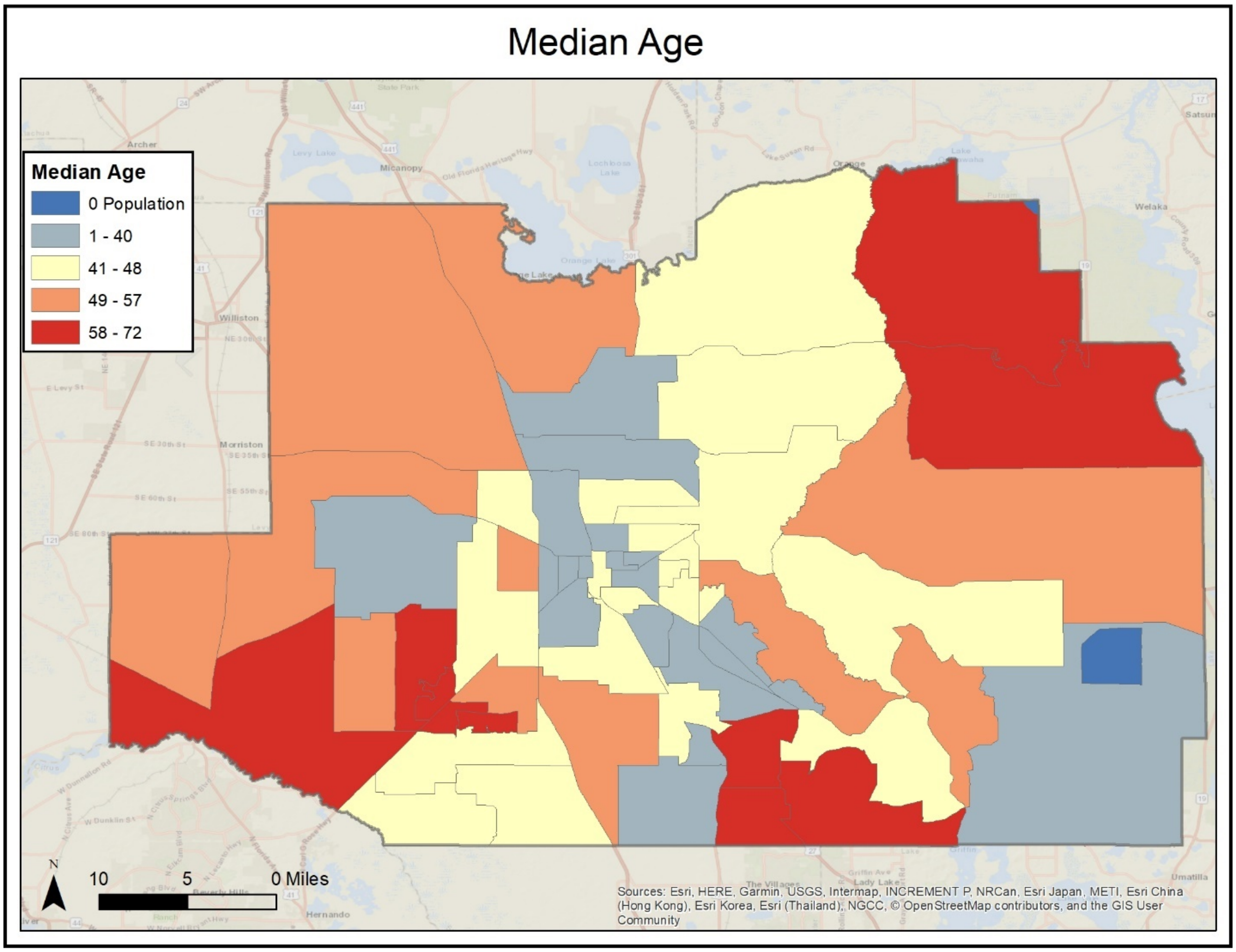

Figure 6: Median Age Map

Source: 2019 ACS, Table DP05

HOUSEHOLD SIZE

Key Takeaways

Marion County has more small households and fewer large households than the state as a whole. Large households are concentrated in Ocala and in the same Census tracts that have a lower median age, suggesting that working families are clustered around the city. The average home in Marion County is far larger than these small, older households need, but the average home in Ocala is much smaller even though it is occupied by more people on average.

The next chart compares household size in Florida, Marion County, and Ocala. Close to 70% of households in Ocala and Marion County, along with 66% of households in the state of Florida, have either one or two persons. Most of these households need only one bedroom. In both Ocala and Marion a bit over 12% of households have three members and small number (17.9% in Ocala and 15.5% in Marion) have more than three members.

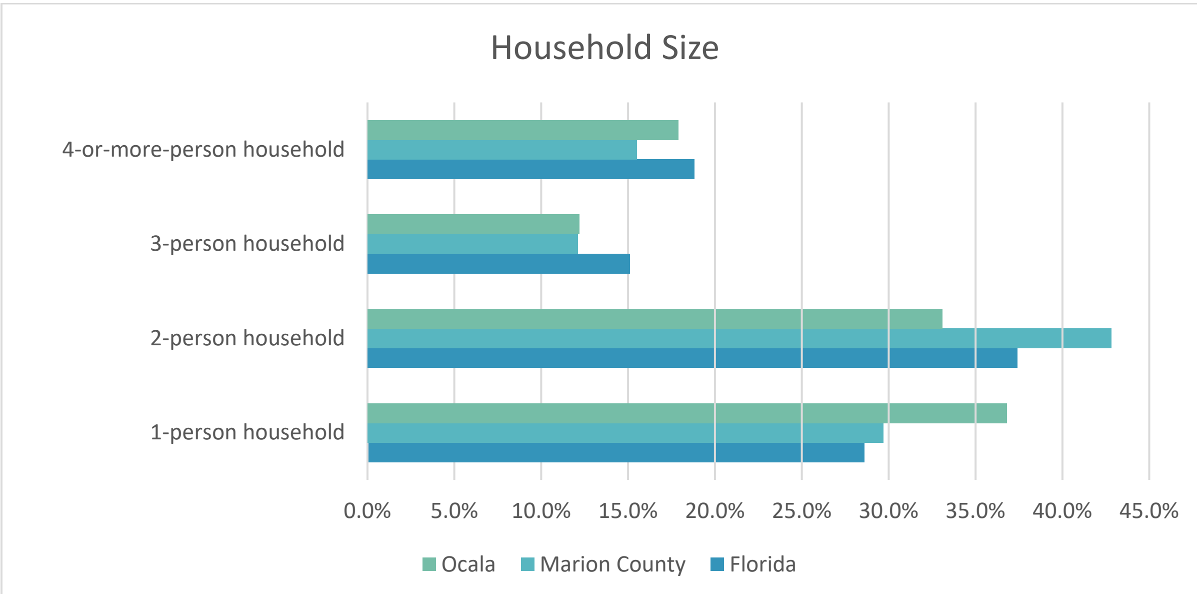

Figure 7: Household Size

2019 5-Year ACS, DP04

When comparing the average household size in Florida, Marion County, and Ocala, it is clear that the average home has more bedrooms than necessary to serve the households that live in them. While the average household in Marion, Ocala, and the state have 1 to 2 people, most homes have at least two bedrooms, with the largest share of homes in Marion County having three bedrooms. Older households and veteran households have particularly small households and might benefit most from market rate, smaller unit construction. This is not to say that people cannot or should not have more bedrooms than they strictly need, but the data suggests that people may be forced to pay for more house than they otherwise would if there were more small and moderate sized unit options.

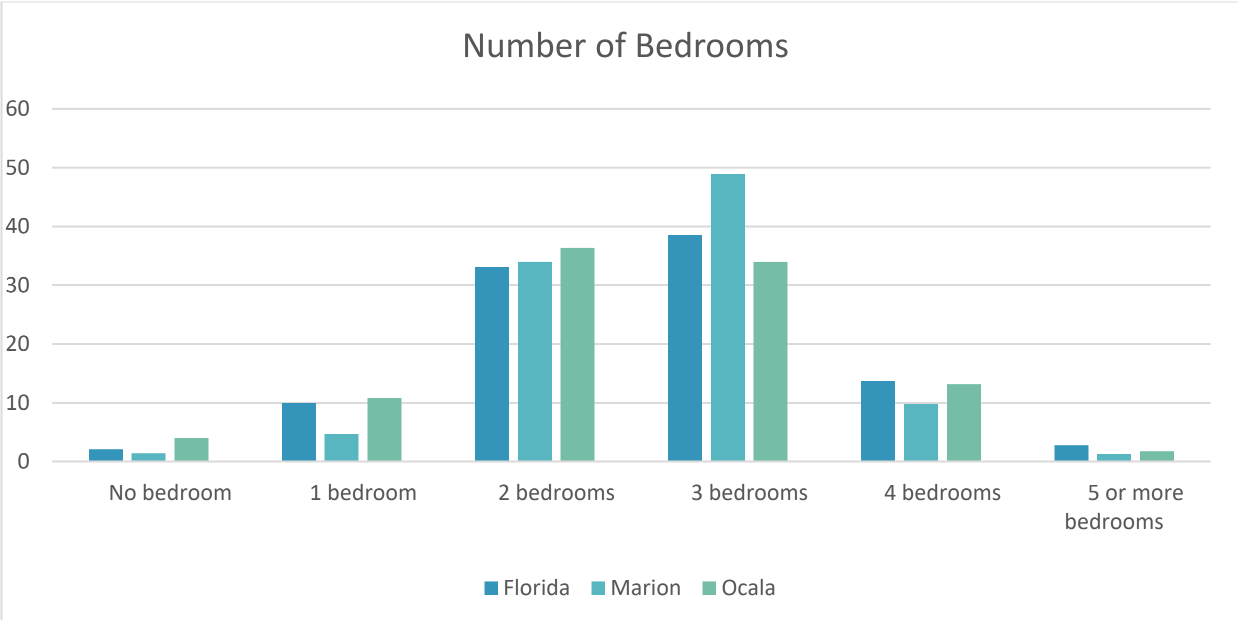

Figure 8: Number of Bedrooms

2019 5-Year ACS, DP04

The map below presents median household size by Census tract. While there is less of a clear pattern for household size compared to some of the other metrics, most of the Census tracts with very low household sizes are more rural and older, while more inward, towards Ocala, the average household has above the area median household size.

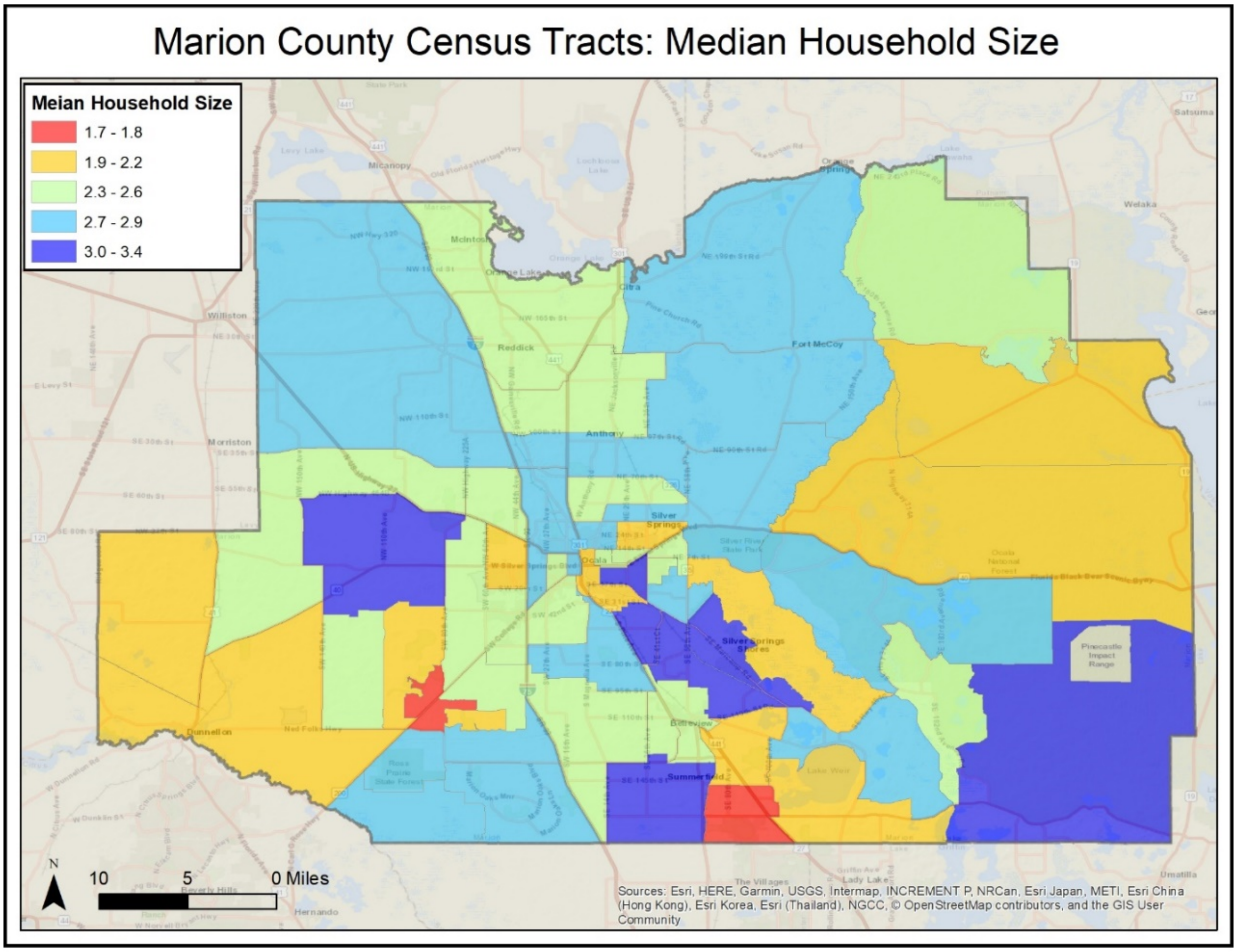

Figure 9: Household Size

HOW TRANSPORTATION AFFECTS HOUSEHOLD COSTS

Housing is the largest expense in most households' budget while transportation is the second. Transportation and housing costs though are often related: when households move farther from work, transit access, and amenities in order to save money on housing they often end up paying more for transportation. The following section looks at vehicle access, H+T Index, and the number of commuters entering and exiting the county for work to understand the way transportation affects household choices and housing cost.

H+T INDEX

Key Takeaways

The relatively low housing costs in Marion County are balanced by high transportation costs. Most households pay more than they can afford for housing and transportation.

The Center for Neighborhood Technology (CNT) estimates that households in Marion County have to spend between 40% and 96% of the median income on housing and transportation, with a median of 60%. 60% is far higher than the 45% the Center recommends, and these high housing and transportation costs are likely eating into the average Marion County household's budget, forcing difficult tradeoffs and leaving many households in a precarious position.

When H+T is examined by block group, it appears that a reason low wage households are concentrated in West Ocala and the block groups across the city boundary within the county is because this area has one of the lowest combined housing and transportation costs in the county. Many of the higher cost areas are rural or suburban Census tracts in the county still relatively near Ocala.

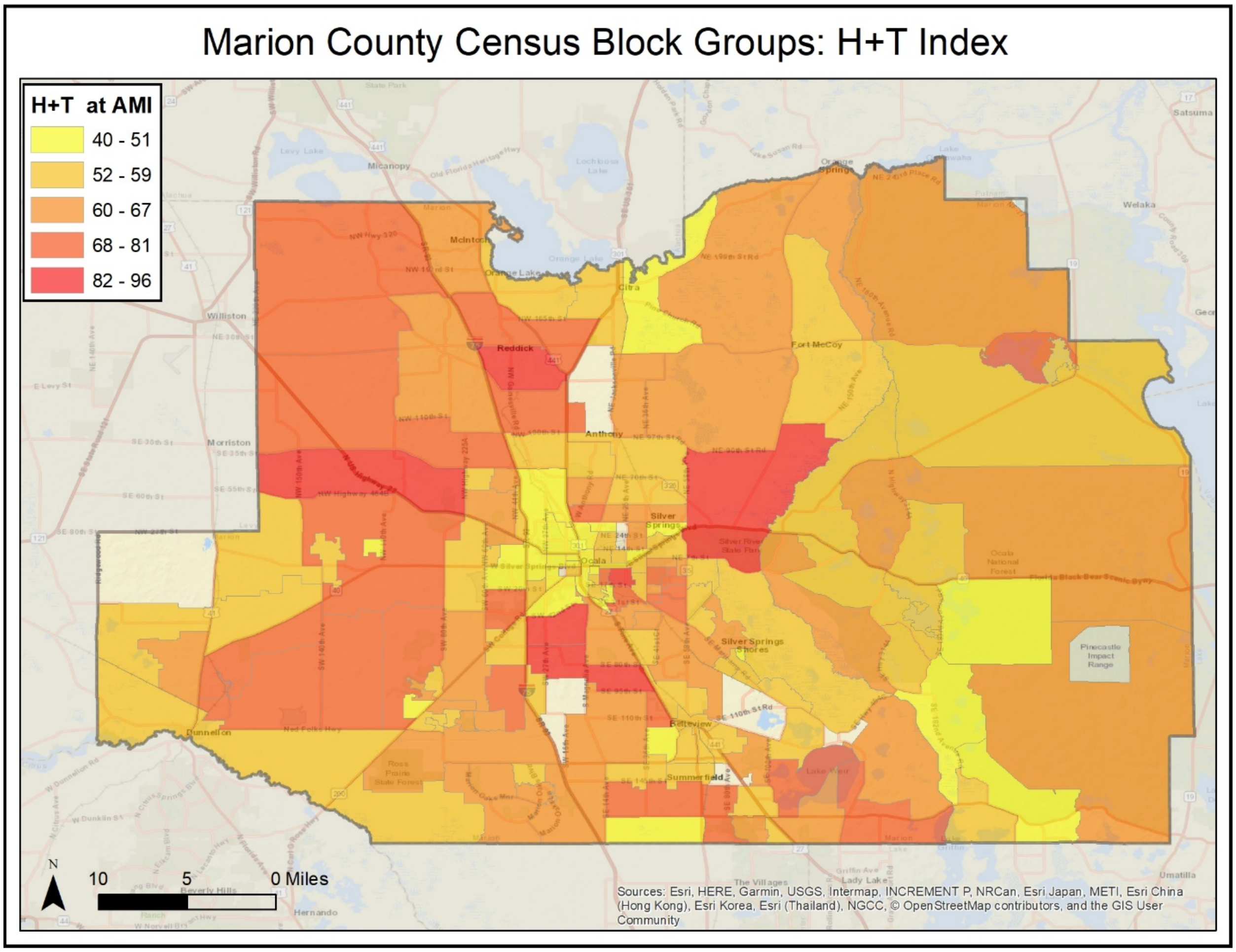

Figure 10: H+T by Block Group

COMMUTER INFLOW/OUTFLOW

Key Takeaways

Most workers in Marion County both live and work within the county. A slightly higher percentage of workers commute out of the county (17.4%) than into the county (11%).

The Florida Department of Transportation provided a special report in 2019 to estimate commuting trends in Florida. Marion County ranked 27th out of 40 for the largest counties in Florida by travel time to work, with a commute time (25.7 minutes) lower than the state average (28.4 minutes).

Based on their 2012-2016 American Community Survey and Census Transportation Planning Products Program

According to these estimates, the majority (82.6%) of workers living in Marion County both live and work within the county. A small number of resident workers commute out of the county to Lake (4.9%), Sumter (4.0%), and Alachua (2.9%).

An even smaller number of workers commute into the county (11%). 3.2% of Marion's workforce commutes in from Citrus County, 1.8% from Levy County, and 1.5% from Alachua.

ECONOMIC DATA

The housing market is the product of supply and demand: it is driven by the supply and construction costs of homes on one side and demographics, household economics, and lifestyle choices on the other. Economic data is an important factor for understanding the demand side of this equation. Factors like educational attainment, income, occupations, poverty, unemployment, and job growth over time shed light on trends in the housing market.

INCOME BY TENURE

Key Takeaways

Incomes are lower in Marion County and Ocala than in the state as a whole. Renter incomes are 26% lower than the median income in the County and 28% lower than the median income in the City of Ocala. West Ocala, which is majority African American and which has seen the most dramatic jobs growth over the last few years, has the lowest incomes in the county.

Income by tenure is one of the key factors for housing affordability: wealthier households can afford to pay more for housing. Households in Marion County ($45,371) and Ocala ($41,755) make far less than households in the state of Florida as a whole ($55,660). Ocala's residents have a lower median income than residents in the county, but owner households in the city tend to make higher incomes ($58,008) than owner households in the county as a whole ($50,884). In both the county and the city, renter households make far below the median income Renters make 74% of the median income in Marion County and 72% of the median income in the city of Ocala.

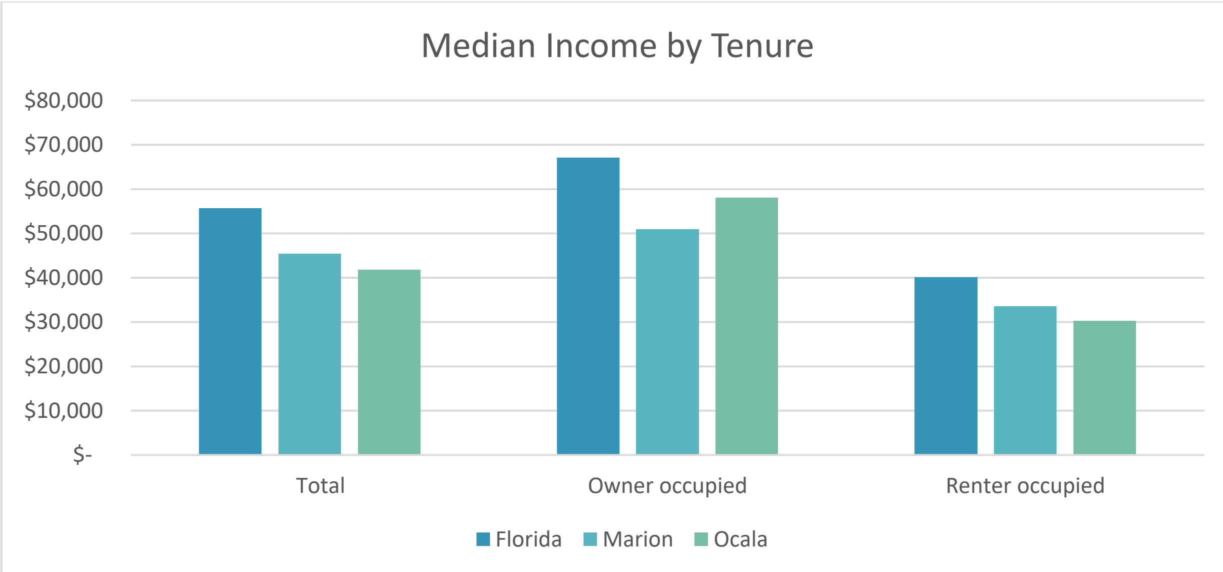

Figure 11: Median Income by Tenure

US Census, 2019 ACS 5 Year Estimates, Table B25119

As with cost burden, home age, race, and H+T Index, there are dramatic disparities in income by Census tract. The median income in the Census tracts in West Ocala are under $30,000. In the majority white Census tracts in southeast Ocala, incomes are over the statewide average.

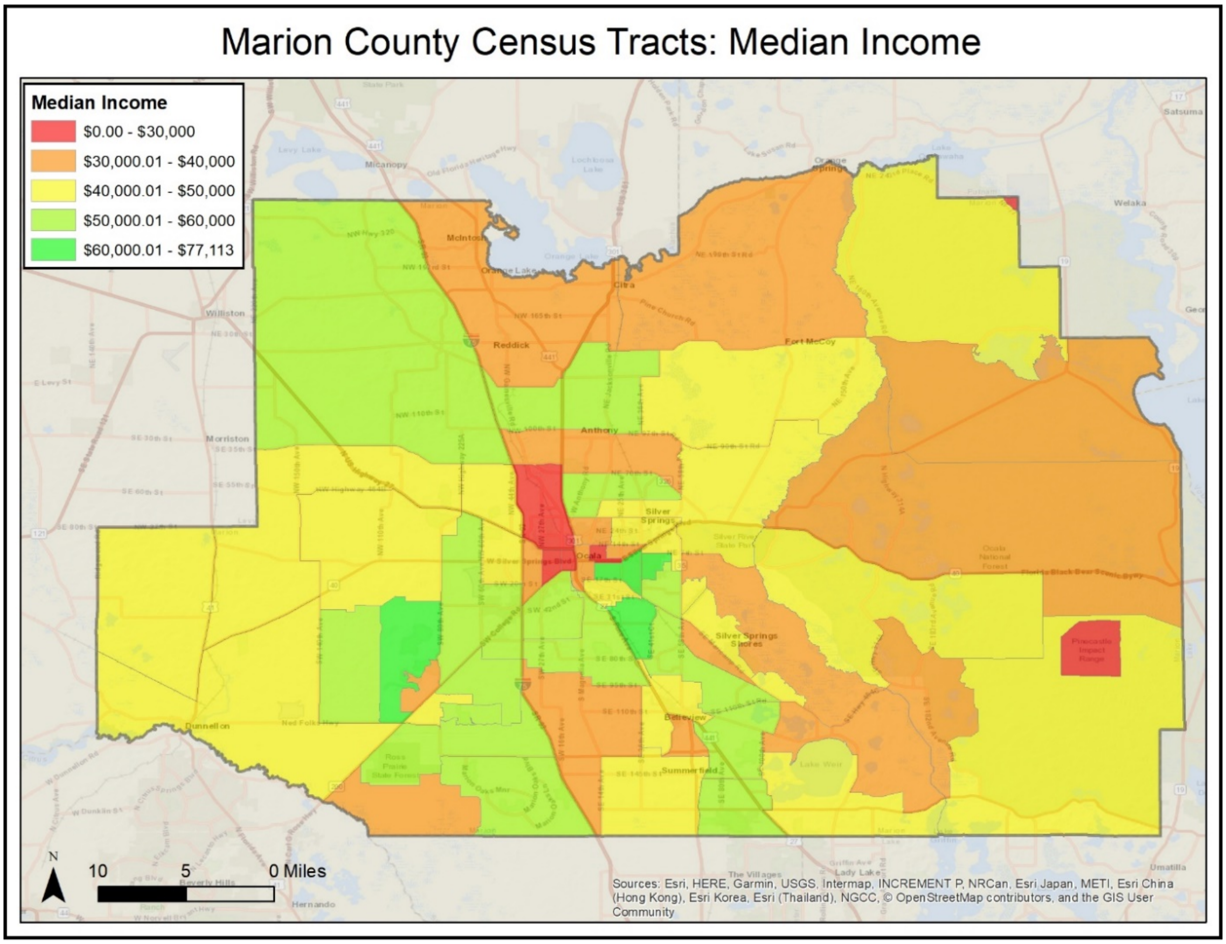

Figure 12: Median Income Map

US Census, 2019 ACS 5 Year Estimates, Table B25119

EDUCATIONAL ATTAINMENT

Key Takeaways

Marion County has lower levels of educational attainment than the state as a whole. Bachelor's degree holders are concentrated in East Ocala and in the south west of the county. Low educational attainment limits the types of jobs and businesses Marion County can attract.

Educational attainment is an important factor for the workforce: higher levels of education have higher median wages and lower unemployment rates. Ocala and Marion County have lower percentages of bachelor and graduate degree holders than the state of Florida as a whole, with comparable high school graduation rates.

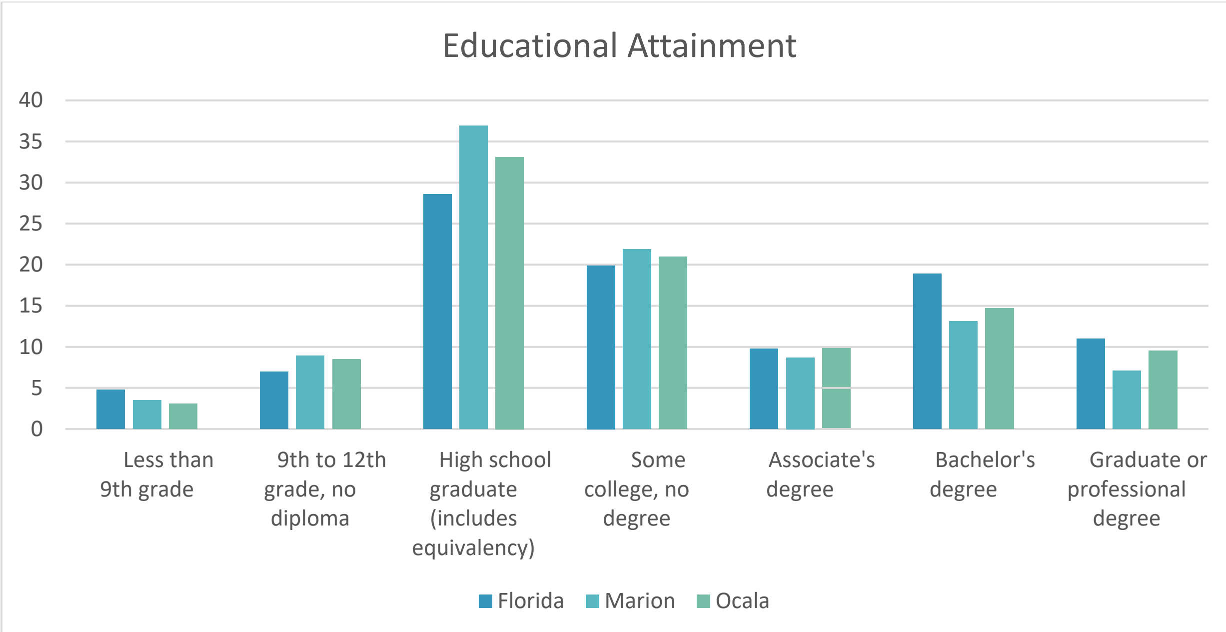

Figure 13: Educational Attainment

US Census, 2019 ACS 5 Year Estimates, Table S1501

The map below presents age and educational attainment across the city. Educational attainment is highest in southeast Ocala and lower in West Ocala and in the more rural Census tracts on the outskirts of the county.

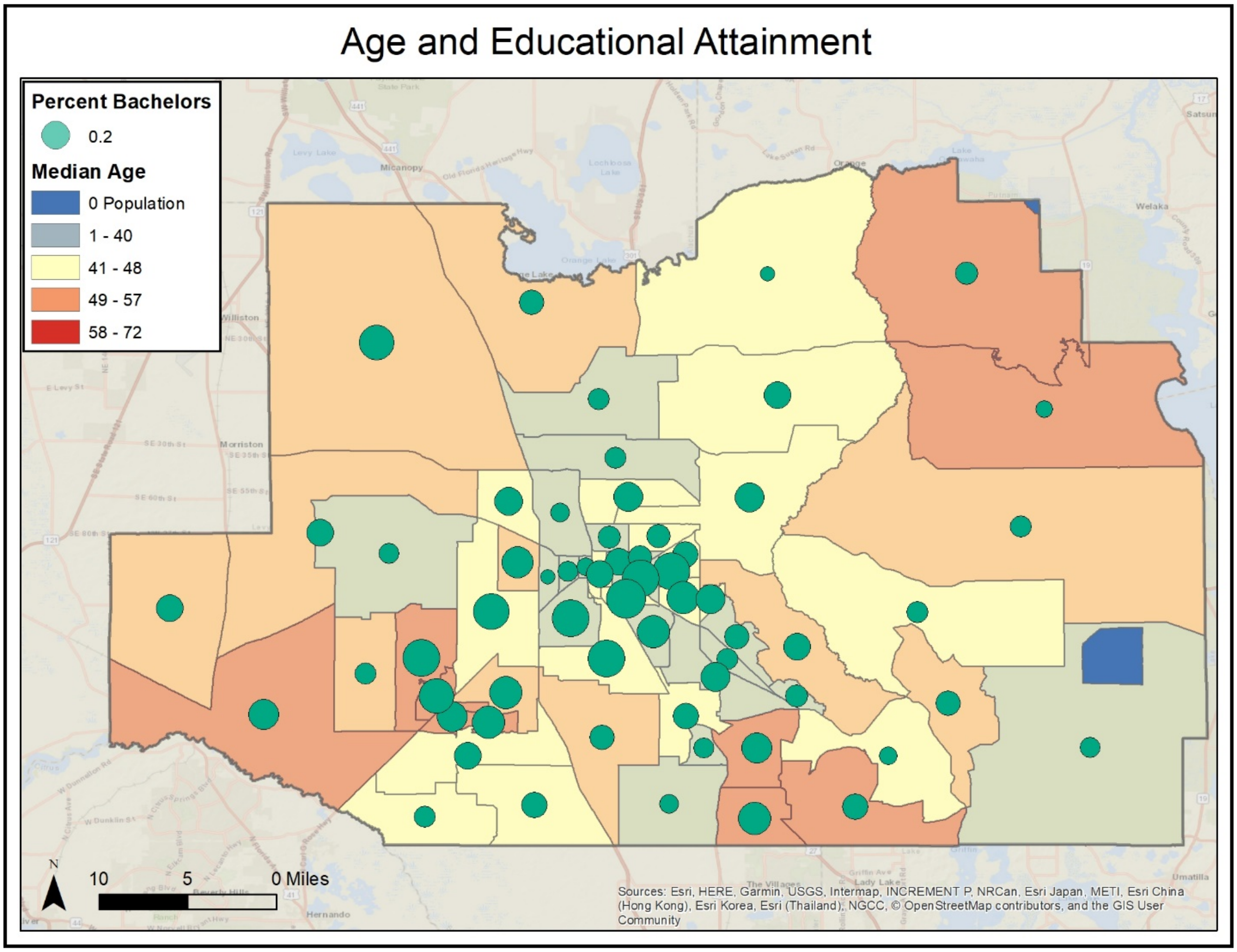

Figure 14: Age and Educational Attainment

POVERTY AND ASSET LIMITED, INCOME CONSTRAINED, EMPLOYED

Key Takeaways

Poverty is higher in Ocala and Marion County than the state as a whole, with 20.4% and 16.1% of households living in poverty, respectively. However, the poverty rate is a poor measure of actual need, and 51% of Marion's residents may have difficulty affording basic necessities according to the ALICE Thresholds.

The poverty line, which measures pre-tax income against a threshold set at three times the cost of a minimum food diet in 1963 and adjusted by family size, is somewhat arbitrary and does not capture the true costs of living in most places. However, it is a widely used indicator of household wealth and is used to assess program eligibility for a variety of federal assistance programs. The next table provides the poverty rate for families at various sizes.

2021 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA	
PERSONS IN FAMILY/HOUSEHOLD	POVERTY GUIDELINE
For families/households with more than 8 persons, add $4,540 for each additional person.	
1	$12,880
2	$17,420
3	$21,960
4	$26,500
5	$31,040
6	$35,580
7	$40,120
8	$44,660
Source: Office of the Assistant Secretary for Planning and Evaluation	

Table 6: Poverty Guidelines for the Contiguous States and DC

The poverty rate for Marion County was 2.1% higher than the state as a whole, but 4.3% lower than Ocala.

	Florida	Marion	Ocala
Poverty Rate	14	16.1	20.4
2019 5-Year ACS, Table S1701			

Table 7: Poverty Rate

A more accurate indicator of a household's ability to afford basic necessities and weather small financial setbacks is ALICE: Asset Limited, Income Constrained, Employed. The ALICE methodology, utilized by the United Way to assess real poverty, factors in household essential costs in housing, childcare, food, transportation, health care, and technology to identify the income where people are unlikely to be able to afford the bare minimum cost of living and thus might face eviction or bankruptcy in the case of a small financial setback.

In Florida, this rate is calculated at $12.30 for the single adult Survival Budget; $13.67 for the Senior Survival Budget; and $34.76 for a family of four (or two workers making $17.38). For workers working full time, this comes to $24,600 for an individual survival budget or $69,520 for a family of four. 46% of households in the state and 51% of households in Marion County lived below this level, although, since it is calculated at the state level, it fails to take in Marion County's lower cost of living.

	Florida	Marion County
Percent ALICE	46%	51%
United Way, ALICE Research Center		

Table 8: ALICE Rate in Marion County

UNEMPLOYMENT RATE

Key Takeaways

Unemployment in Marion County (the Ocala MSA) spiked in early 2020 and, while it has declined, remains high above 2019 levels.

The Unemployment Rate is the measurement of the number of people looking for work who cannot find work. The following chart tracks the percentage of the labor market that was unemployed between January 1990 and December 2020. The Unemployment Rate tends to spike quickly during recessions and then declines slowly over time. The COVID-19 Pandemic led to the fastest change in unemployment in over 30 years: within a month, unemployment in Ocala/Marion County rose from under 4% to 12%. While 2 percentage points lower than the unemployment rate during the Great Recession, it took almost three years to see the change in unemployment during the Financial Crisis that the COVID-19 Pandemic caused in a month. Since the peak COVID-19 related unemployment rate (12%) in April 2020, unemployment has fallen to just under 6%, still significantly higher than pre COVID-19 levels but far below the peak.

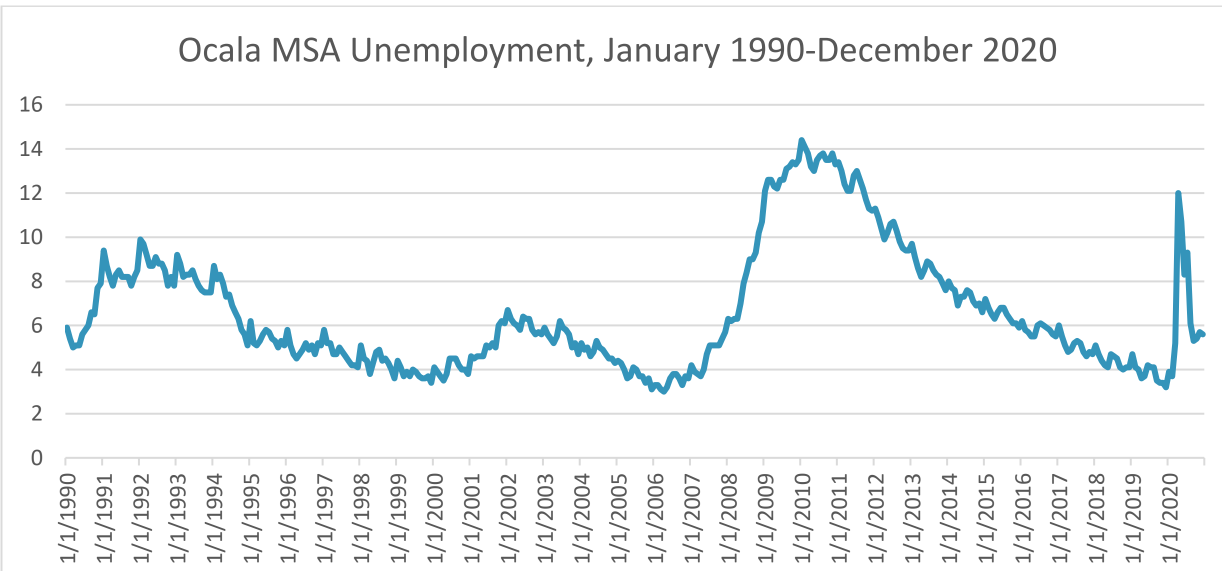

Figure 15: Ocala Unemployment, January 1990- December 2020

FRED, Unemployment

THE WORKFORCE HOUSING NEED

COST BURDEN

Key Takeaways

18% of Marion County's residents are low income and cost burdened. Cost burden is concentrated in Ocala, particularly in West Ocala and the surrounding Census tracts.

"Cost burden" is a technical term for a household paying more than 30% of their income towards housing. While not a perfect measurement, when a low- or moderate-income household pays more than 30% of their income towards housing, it is extremely difficult for them to meet other basic needs like healthy food, healthcare, and transportation and is basically impossible for them to save.

19,759 out of 110,532 households in Marion County are low income and cost burdened, with 10,358 low income and severely cost burdened, or paying more than 50% of their income towards housing. These numbers are high but lower than the state and the city of Ocala. In Florida, 41% of households are low income, compared to 34% in Unincorporated Marion and 39% in Ocala. At the same income percentages, low-income households in unincorporated Marion are far less likely to be cost burdened than people at the state level or in Ocala. Ocala has a problem with severe cost burden (where a household is paying more than 50% of their income towards housing, a completely unsustainable amount), with 18.3% of the city both low income and paying 50% or more of their income towards housing.

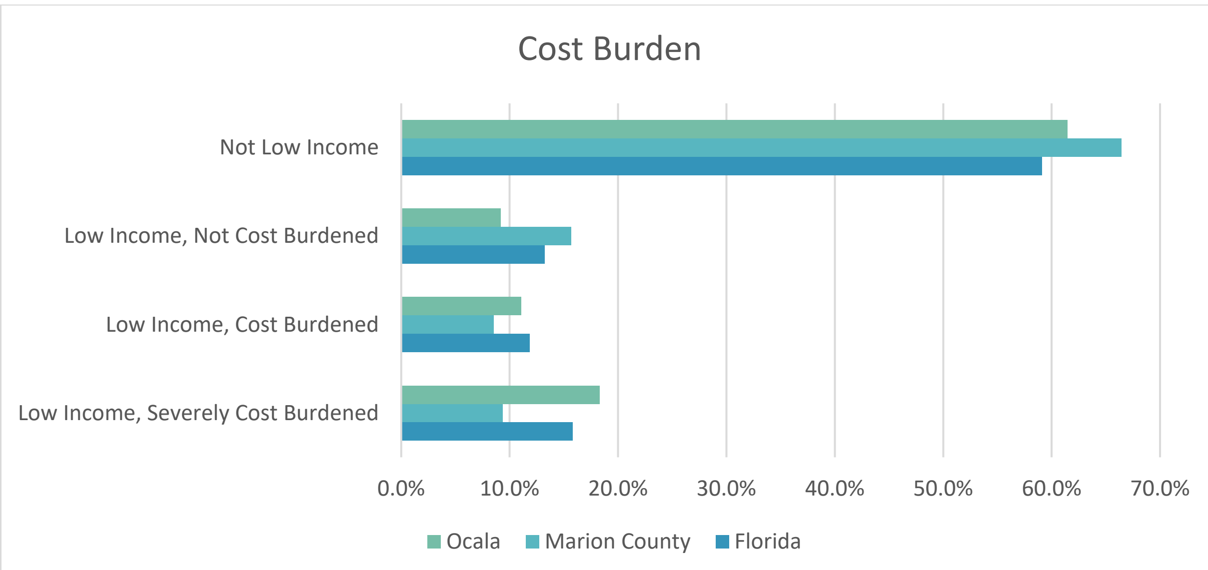

Figure 16: Cost Burden in Florida, Unincorporated Marion County, and Ocala

Estimates and projections by Shimberg Center for Housing Studies, based on U.S. Department of Housing Development, Comprehensive Housing Affordability Strategy (CHAS) dataset and population projections by the Bureau of Economic and Business Research, University of Florida

Cost burden differs dramatically, both geographically across the county and between renters and owners. The next two maps present the geographic distribution of renter and homeowner cost burden. While both maps use the same color scale, it is important to note that the percentage of renter households facing cost burden is far higher, with nearly 80% of renter households cost burdened in some Census tracts.

Homeowner cost burden is concentrated in the northwestern portion of the city and county with high African American populations (Figure 29: Map of the Percentage Black/African American in Marion County). There is also a relatively high level of cost burden in several of the more rural Census tracts to the west and south of Ocala. Notably, the highest level of homeowner cost burden (25.5%-34%) would fall within the second lowest level of (11.4%-36.5%)

of renter cost burden, suggesting far higher need among current renters in the city and a potential strategy of shifting renters into homeownership.

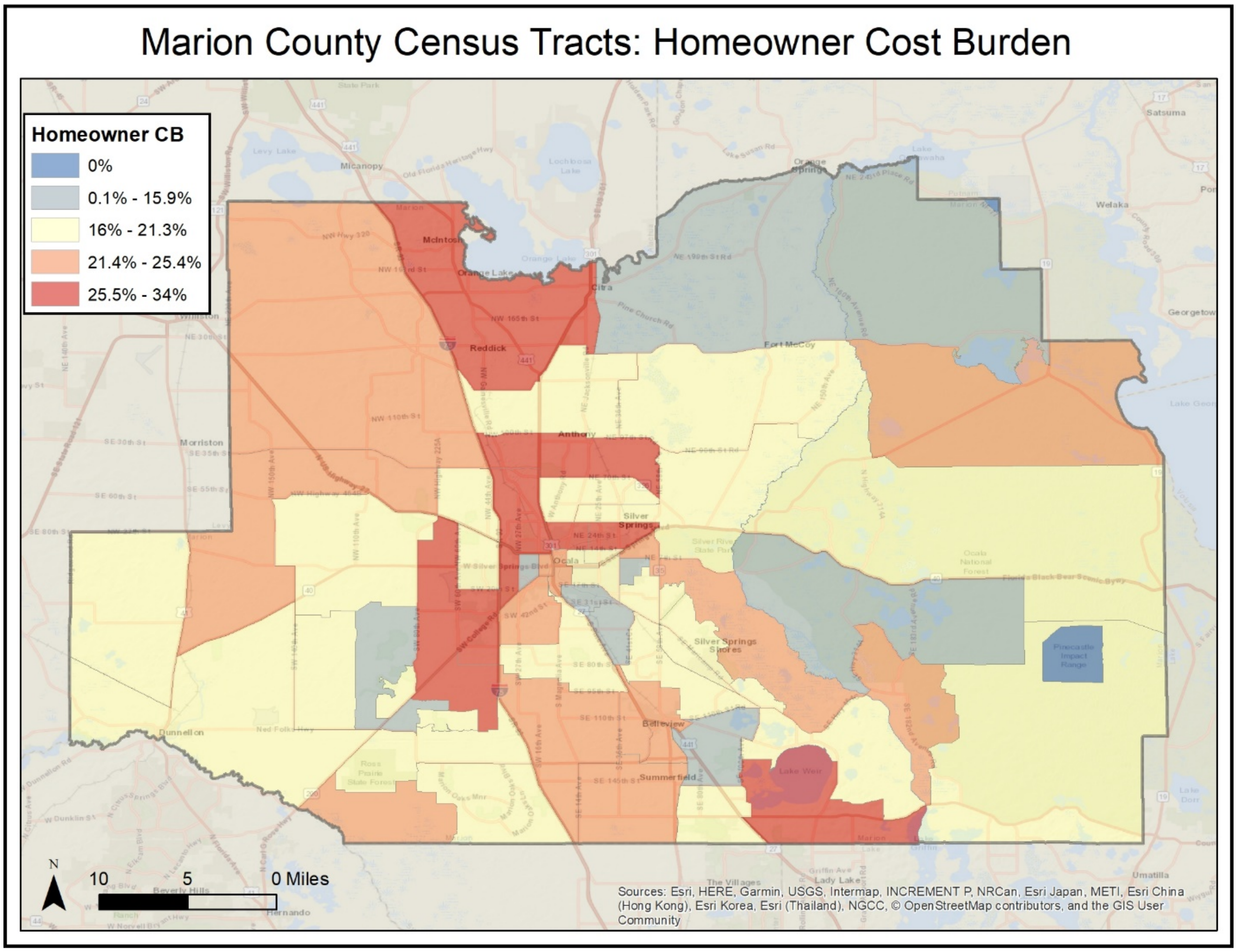

Figure 17: Homeowner Cost Burden Map

2019 5-Year ACS, DP04

Renter cost burden in the county is far more disbursed, though renter cost burden is still extremely high in the African American communities in West Ocala and the surrounding area. The entire county has far higher renter cost burden than homeowner cost burden.

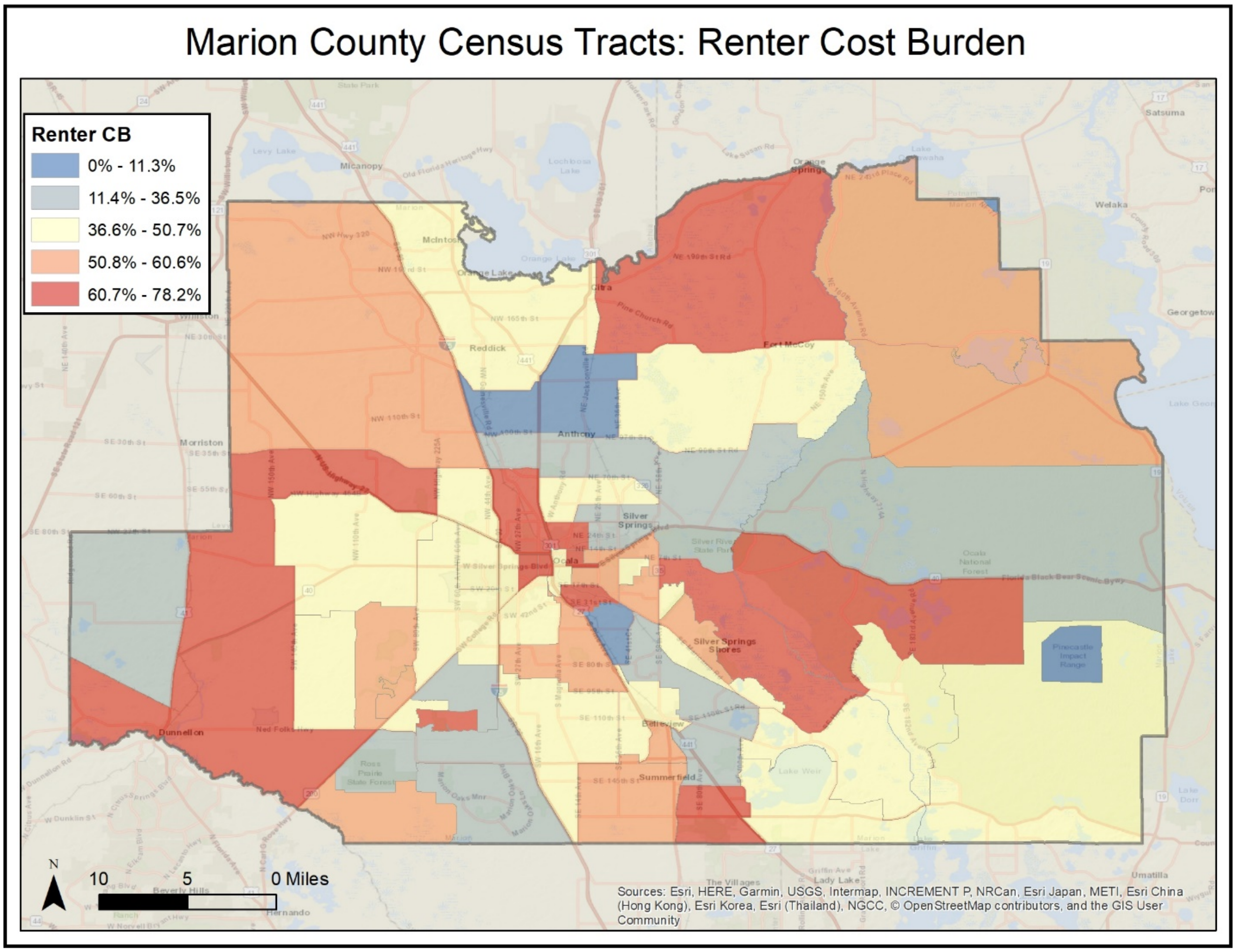

Figure 18: Renter Cost Burden Map

2019 5-Year ACS, DP04

HOUSING STOCK BY AGE

Key Takeaways

The housing in unincorporated Marion County is far newer than the housing in Ocala. Older housing tends to be less expensive but also subject to a variety of housing problems including lead paint.

Another key factor for housing quality and affordability is housing age. Older homes tend to be more affordable for both positive reasons (they are often smaller, have lower transportation costs, and were originally constructed for a far lower cost than could be built today) and negative reasons, i.e., because they are run down or have serious housing issues such as a dilapidated roof, flooring issues, a lack of heating or cooling systems, a lack of complete plumbing facilities, a lack of a complete kitchen, etc. Homes built before 1978 often have lead based paint, a serious environmental hazard that can lead to a host of negative outcomes, particularly for children.

Homes in Ocala are far older than homes in either Florida or Marion County, with close to half (47%) built before 1980. Marion County has more new homes than either Florida or Ocala, with over 70% built since 1980. = These newer homes are less likely to have serious problems in need of renovation but are also generally more expensive.

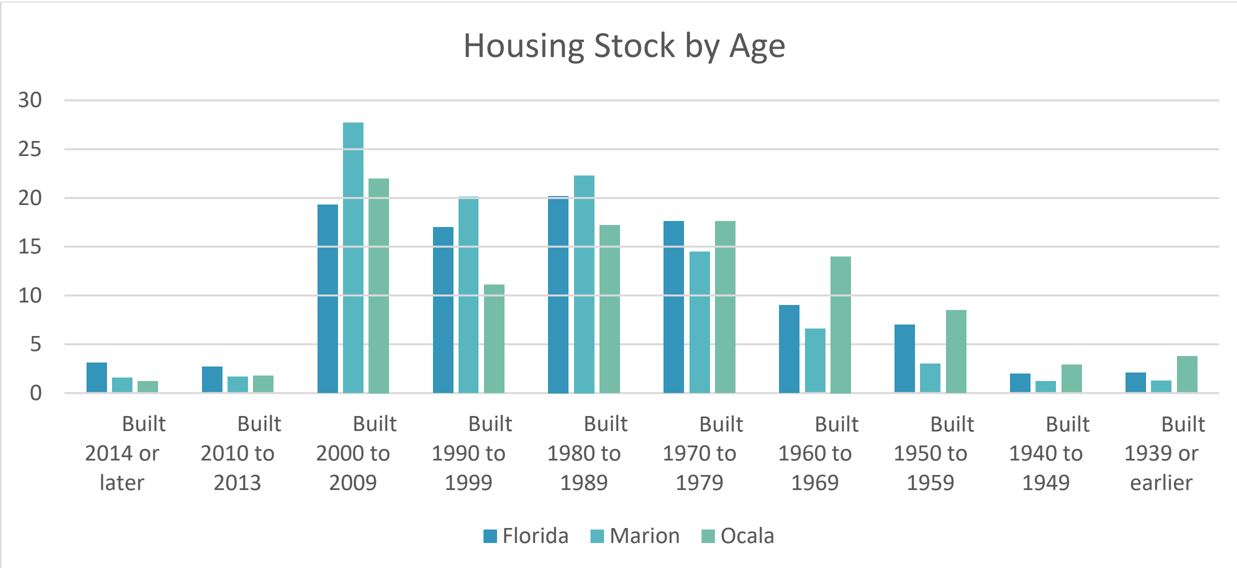

Figure 19: Housing Stock by Age

2019 5-Year ACS, DP04

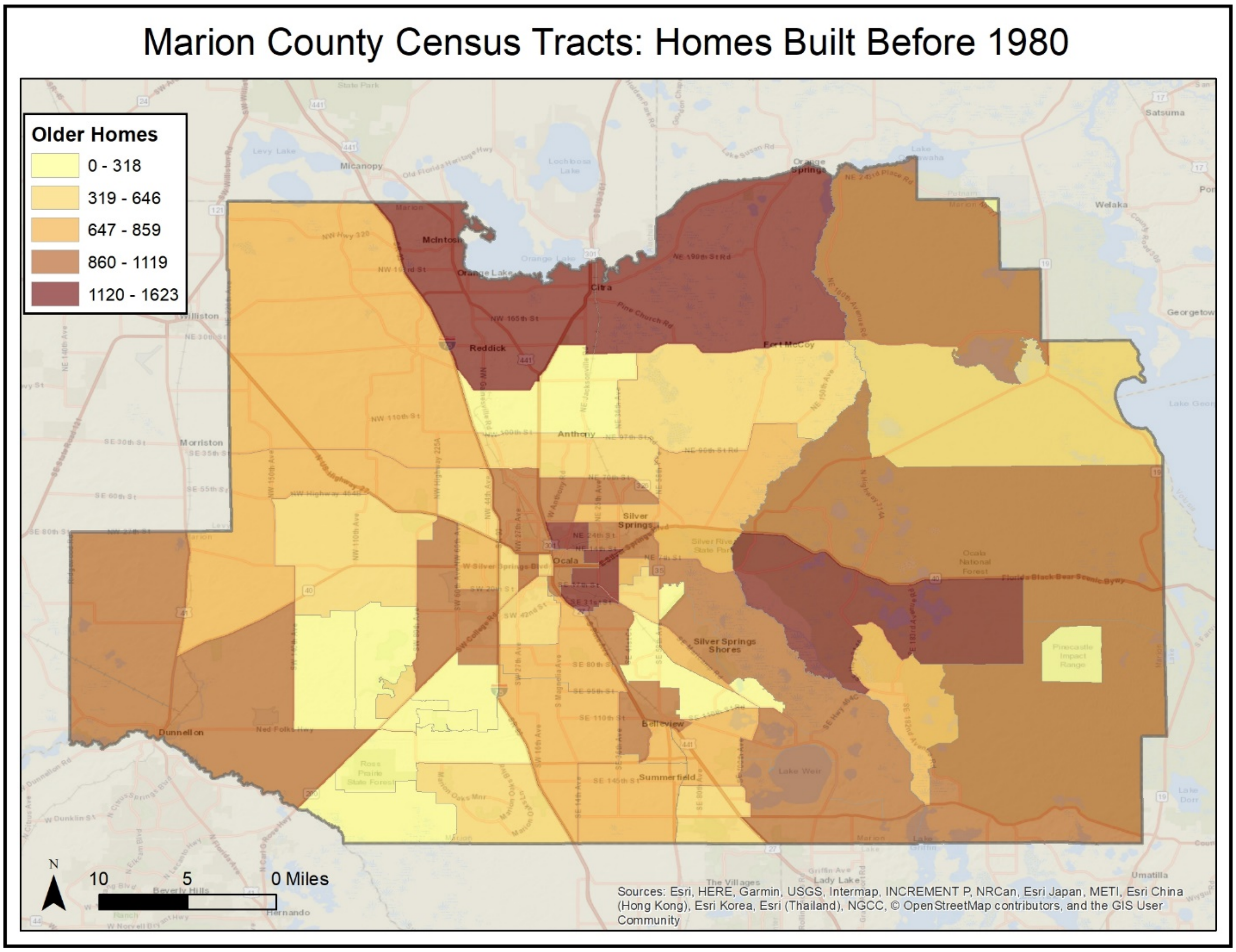

Figure 20: Older Homes Map

2019 5-Year ACS, DP04

AFFORDABLE AND AVAILABLE RENTAL HOMES

Key Takeaways

Marion County has a large number of homes affordable to people in the upper middle class (over the median income of $45,371). However, lower income workers (such as those making incomes between $20,000-$35,000 (such as retail, fast food, and distribution workers) may have difficulty finding housing that is affordable and available.

The Shimberg Center for Housing Studies, using HUD Comprehensive Housing Affordability strategy (CHAS) data and projections by University of Florida's Bureau of Economic and Business Research, is able to estimate the income of households in Marion County, the cost to live in homes in the County, and the number of affordable rental homes either for sale/rent or currently occupied by low-income households. This allows them to generate the following table of homes that are both affordable and available to low-income households. The table presents the number of affordable and available homes per 100. If the number is above 100 there are enough homes affordable and available to meet demand, while below 100 means there is a need for more affordable and available homes.

There are not enough homes affordable and available for people making working class incomes in Marion County. The yearly median income in Marion County is $45,371 (Figure 11: Median Income by Tenure). While there are enough homes affordable and available for households making 120% AMI, ($54,445 per year, close to the income for the median project management specialist in the county) there is a dearth of homes affordable and available for low- and moderate-income workers. In Marion County, a low-income household (80% AMI) makes $36,296 or roughly $18 an hour working full time. This is similar to the income of the 1,950 heavy and tractor-trailer truck drivers in the county (making a median income of $19.07 an hour). A household classified as very low-income (50% AMI) makes $22,685, or around $11.34 an hour working full time. Retail salespeople working in Marion County (the most common occupation in the county with more than 4,470 workers) make slightly less than this ($11.01), cashiers, the number three job with 3,760 workers in the county make $10.23, and assemblers and fabricators (2,390 workers employed in the occupation in the county) make a bit over this level, $12.54. People living at 30% AMI, classified as extremely low income, would still make almost $7 an hour if they were working full time, and is close to the income of a fast-food worker (2nd most common job in the county with 3,900 people employed in this occupation, $9.33) working 30 hours a week.

For every 100 very low-income rental households (50% AMI) there are only 34 homes affordable and available rental homes. While Marion County has more affordable and available rental homes at higher income levels compared to the state, there are fewer homes per household affordable and available for extremely low-income households (those making below 30% AMI).

Geography	0-30% AMI	0-40% AMI	0-50% AMI	0-60% AMI	0-80% AMI	0-120% AMI
Marion (including Ocala)	12	20	34	52	87	106
Florida	24	29	37	51	78	102
Sources: Estimates and projections by Shimberg Center for Housing Studies, based on U.S. Department of Housing Development, Comprehensive Housing Affordability Strategy (CHAS) dataset and population projections by the Bureau of Economic and Business Research, University of Florida						

Table 9: Affordable and Available Homes

HOUSING TYPE

Key Takeaways

Marion County's housing stock is overwhelmingly made up of single family homes, with relatively few missing middle or large apartment units. Marion County also has a high number of mobile units.

Housing type can dramatically affect affordability. A mixture of single family detached units, small "missing middle" multifamily such as town homes, duplexes, triplexes, and garden apartments, larger apartments, and manufactured and mobile homes can provide housing at a variety of sizes, locations, and price points. As in Florida as a whole, the majority of houses in Marion County and Ocala are single family homes, with the majority of missing middle homes concentrated in the city. This can drive up housing and transportation costs for households that, given the option, might choose to live in a smaller home, on less land, or closer to work or community in a bid to save money.

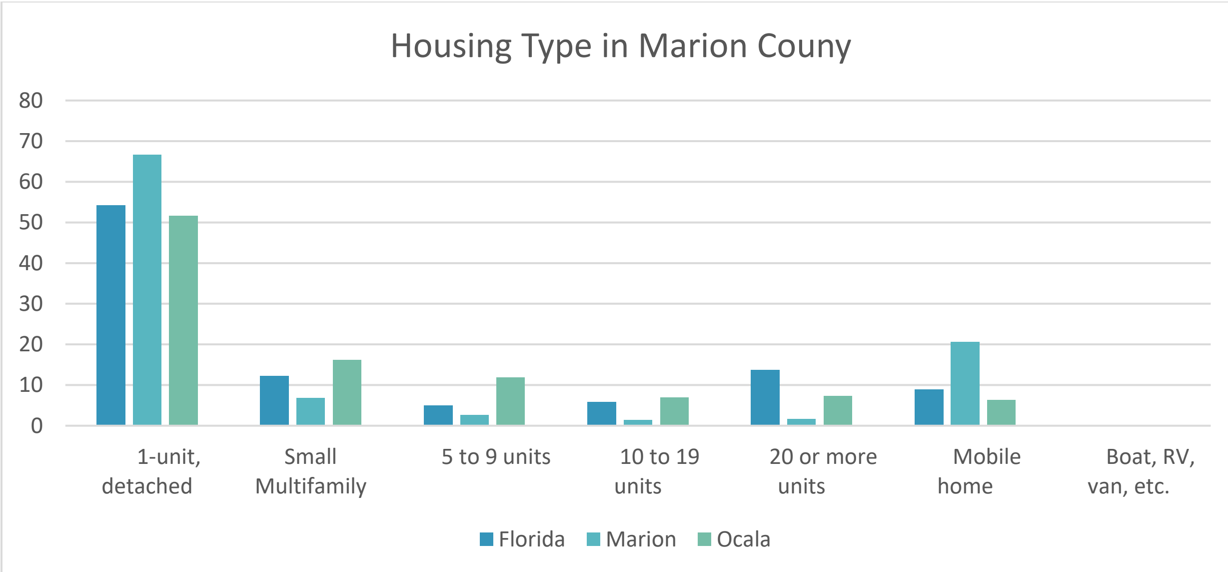

Figure 21: Housing Type

2019 5-Year ACS, Table DP04

PERMIT SURVEY

Key Takeaways

The last few years have seen more homes being built after a dramatic decline after the Great Recession. This housing construction has risen with, but has been out paced by, home sales values. Little multi-family housing has been built since 2007, even as the value of these units has risen more quickly than the value of single-family homes.

The US Census Building Permits Survey tracks the number of residential building permits in a community every year and the types of home permitted. The total homes built in Marion County roughly mirror the curve of the Freddie Mac House Price Index tracking appreciation, with a huge number of homes built through 2006, a gradual and then sharp decline through 2009, and then a slow rebound with new home constructions up but still lower than their 2006 peak. While single family homes have always been the most common type of development in Marion County, since 2007 very few homes have been built in buildings with 5 units or more. More homes in buildings with 5 units or more were built in 2007 alone than in all years combined since 2007. with all units in buildings with 5 units or more built since 2008 less than a single year between 2005 and 2007. This is true even as the value of these homes has risen more quickly than single family homes in the last year (Table 15: Florida Realtors Sales Data , 2020).

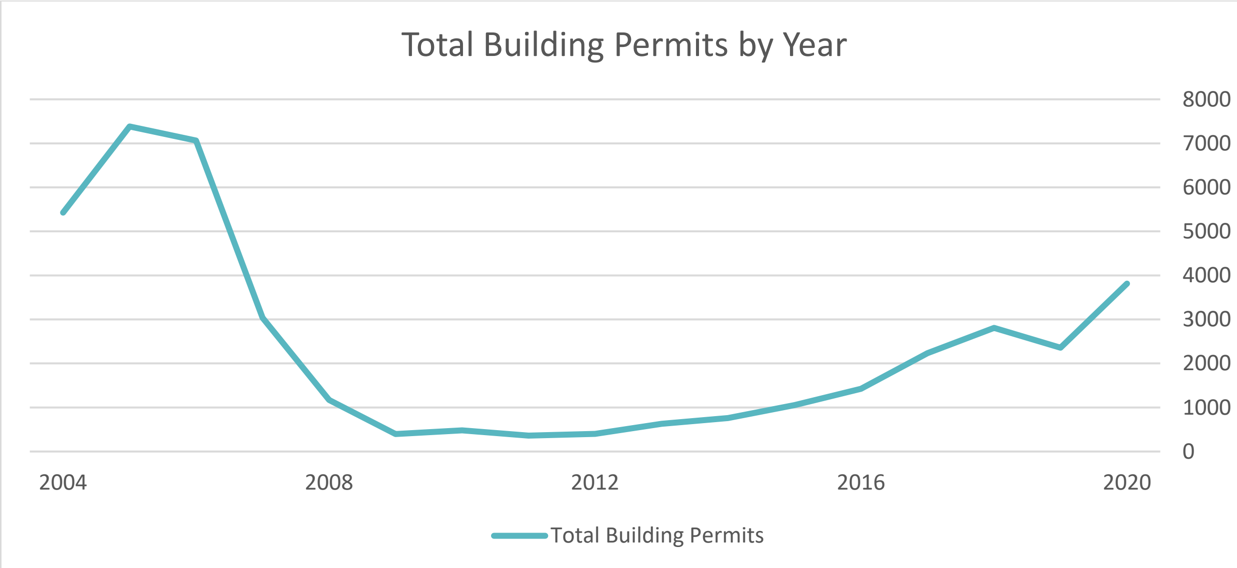

Figure 22: Total Building Permits by Year

US Census Building Permits Survey, Various Years

Ocala MSA (Marion County) Building Permits Survey`					
Year	**Total Building Permits**	**1 Unit**	**2 Units**	**3 and 4 Units**	**5 Units or More**
2020	3814	3769	8	10	27
2019	2357	2339	6	12	0
2018	2808	2717	34	57	0
2017	2234	1930	0	0	78
2016	1426	1410	16	0	0
2015	1055	1052	0	3	0
2014	760	712	2	10	36
2013	629	587	0	37	5
2012	401	397	0	40	0
2011	361	356	2	3	0
2010	481	481	0	0	0
2009	397	371	20	0	6
2008	1171	1149	22	0	0
2007	3035	2536	14	41	267
2006	7063	6753	54	51	205
2005	7383	6542	56	115	670
2004	5426	5268	90	57	11

Source: US Census Permit Survey, Various Years

Table 10: Building Permits by Type of Development

ISSUES FACING HOMEOWNERS

HOME VALUE

Key Takeaways
Home values in Marion County and Ocala are far lower than the state as a whole. Home values in West Ocala, the center of much of the new job development in the county, are extremely low.

The US Census' American Community Survey also identifies homes by value. The vast majority of homes in Florida, Marion County, and Ocala cost between $100,000 and $300,000, with a median value of $231,700 in Florida, $153,400 in Marion County as a whole, and $163,600 in the City of Ocala. Ocala and Marion have far more low-cost homes (under $100,000) than Florida as a percentage of their total housing stock. Ocala also has far more extremely expensive homes (over $1,000,000) as a percentage of total housing stock compared to Florida or the County, representing 2.6% of the total units in the city.

	Florida	Marion County	Ocala
Median (dollars)	$231,700	$153,400	$163,600
Source: 2019 5-Year ACS, DP04			

Table 11: Median Value of Homes

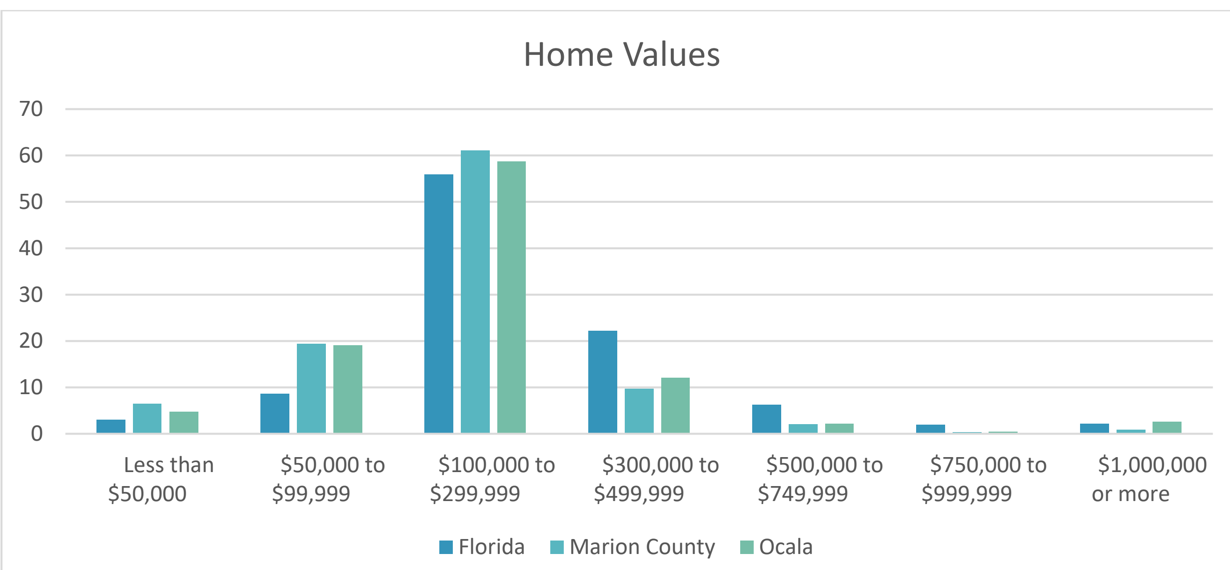

Figure 23: Home Values

2019 5-Year ACS, DP04

However, these numbers do not yet reflect the home value increases due to COVID-19. The Ocala MSA, as well as the state as a whole, has seen a dramatic increase in homes sales and an increase in the median sales price. As of January 2021, the median sales price in the Ocala MSA for a single-family home is at $189,000, a 9.2% increase from January 2020. This sales price increase, coupled with the decrease in available home supply, will create barriers to new affordable homeownership in the Ocala MSA.

Median homeowner occupied home values differ by area. Home values in the majority African American neighborhoods in West Ocala and in several rural Census tracts have median home values far below $100,000, while in southeast Ocala homes sell for over $200,000.

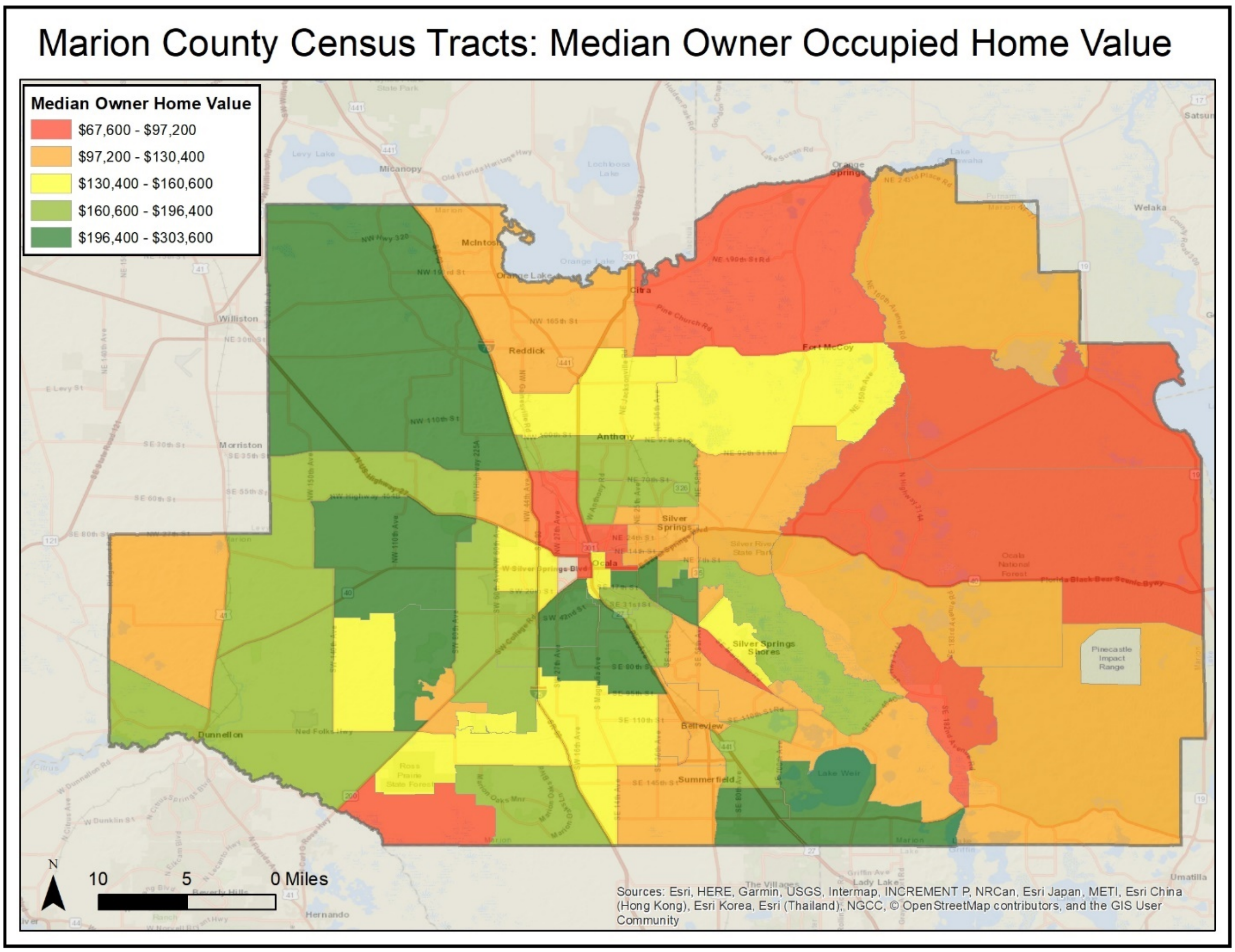

Figure 24: Median Home Value

Source: DP04

Key Takeaways

Marion County has seen dramatically appreciating home values since 2012, though appreciation has been lower than the state as a whole.

Freddie Mac's House Price Index, published since 1994 and now indexed to December 2000, presents the appreciation of homes by state using a "repeat transaction" methodology. This measures the appreciation of homes in Florida by comparing the price of a home over two or more transactions: essentially, the index measures how much a home sold for compared to the previous time(s) it was sold. Because the home is the same, this allows an easy assessment of how quickly already built homes are appreciating without relying on expensive assessments and in a way that does not factor in newly built homes until they have been sold twice.

The Ocala MSA (which is synonymous with Marion County) roughly mirrors the appreciation of Florida as a whole but saw a more dramatic decline in the 2008 Great Recession and a slower growth than the state of Florida after 2013. Like the rest of the state, home values in Ocala/Marion County grew slowly but steadily between 1975 and 2000 when they began a dramatic upward rise, culminating in the 2008 housing bubble. Since then, prices have rebounded, nearly doubling in value between 2013 and 2020.

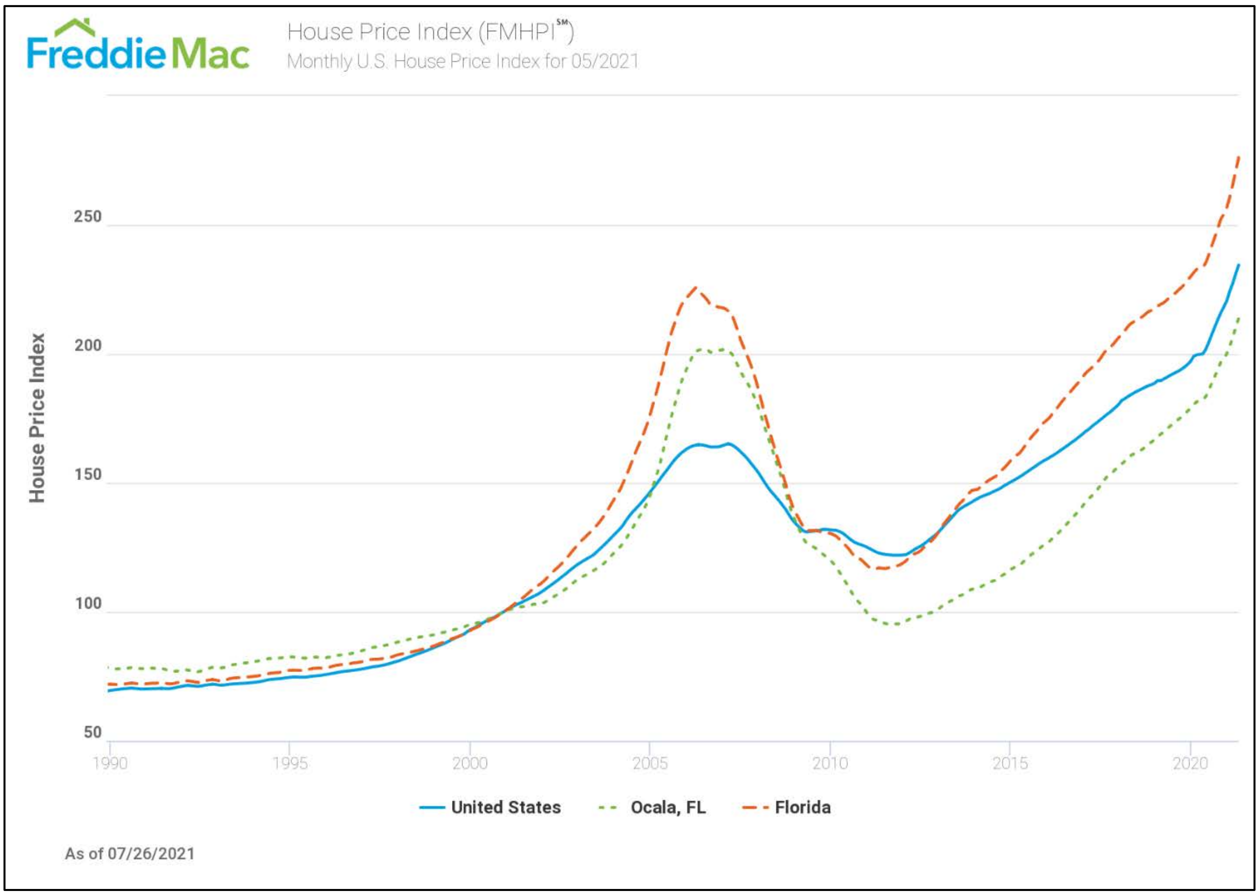

Figure 25: Freddie Mac House Price Index

Freddie Mac House Price Index, Seasonal Adjusted

HOMEOWNERSHIP RATE

Key Takeaways

The homeownership rate in Marion County is extremely high, putting the county in a good place to benefit from rising home prices. However, African Americans and the younger, lower income people living in Ocala have a far lower homeownership rate. Rising home prices may exacerbate existing inequalities and benefit older, often retired residents at the expense of the work force.

Homeownership is the most important wealth building tool in the United States. In most areas, owning your own home is cheaper than paying rent, and the equity built is often used to help pay for college, starting a small business, or for retirement. The homeownership rate in Marion County higher than the state as a whole: 72% of households own their own home in the county.

Marion County	#	%
Total:	145,622	
Owner occupied	104,152	72%
Renter occupied	41,470	28%
2019 5-Year American Community Survey, Table B25003		

Table 12: Homeownership Rate

However, the homeownership rate differs dramatically by race. 90% of Native Americans in the county own their own home, perhaps due to the relatively small sample size. 88% of households made up of two or more races and 78% of white households own their own homes, compared to 62% of Asian households, 58% of households made up of people who identify as some other race, 54% of Hispanics, and only 50% of African American households.

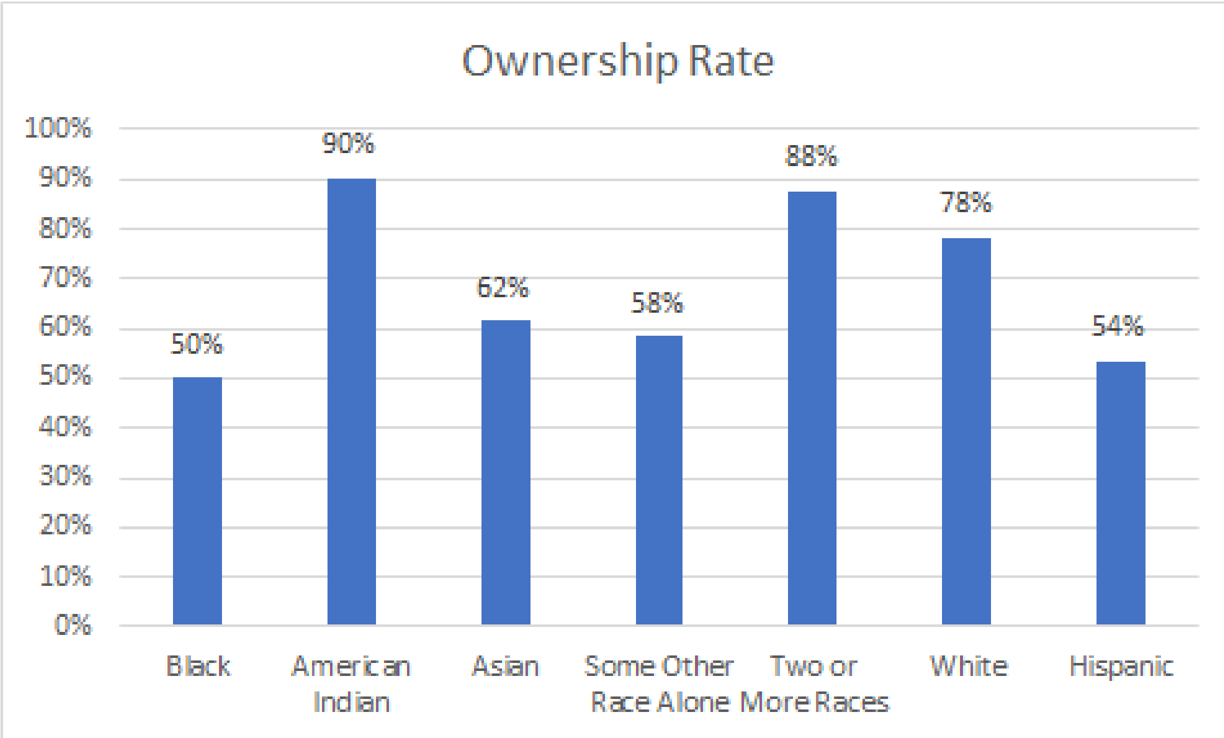

Figure 26: Ownership by Race

2019 5-Year American Community Survey, Table B25003

These racial demographics line up relatively closely with the homeownership rate visualized geographically. Ocala, and particularly mostly African American West Ocala, have very low homeownership rates. The more diverse and younger households that live in Ocala rather than the unincorporated county have far lower homeownership rates and are thus less likely to benefit from recent spikes in home values (Figure 23: Home Values).

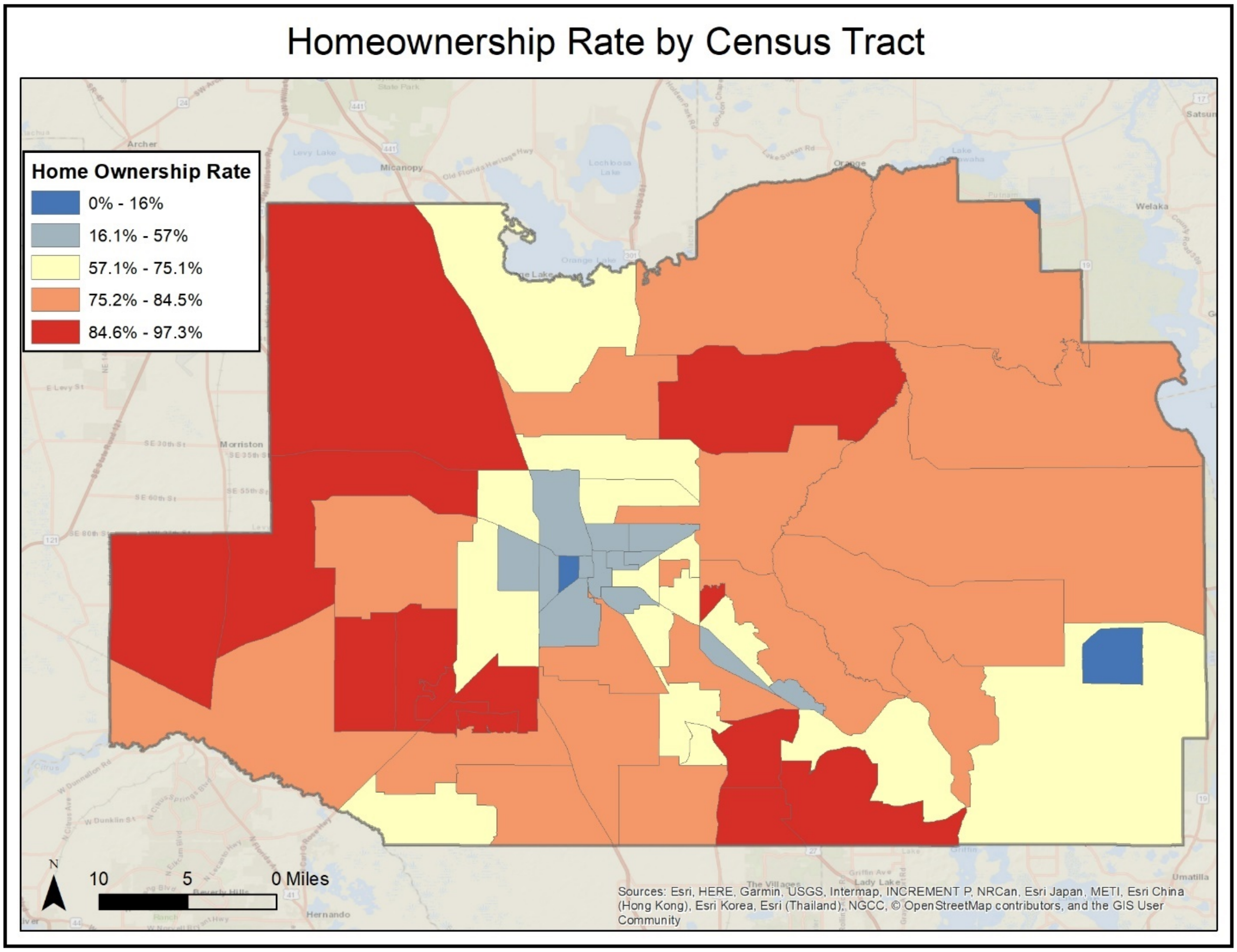

Figure 27: Homeownership Rate Map

Source: DP04

Key Takeaways
Home sales prices are up dramatically in the last year. This is particularly true for townhouses and condos that have seen a 4.4% increase in sales and a 16% increase in price.

Recent Sales Data

The Florida Realtors provide a breakdown of the number of single-family and multifamily homes sold along with those homes median price and percent change between 2020 and 2019. Single family home sales are up at both the state and MSA level, though both home sales and prices have risen more quickly in Florida than in Marion County. Conversely, townhouse and condo sales have risen far faster in Marion County than the state (4.4% in Marion compared to 2.5% in the state) and prices have skyrocketed for these multifamily owner-occupied units compared to single family units (up 16% compared to 8.4% for single family homes in the county). This suggests a desire for multifamily and single family attached units in Marion County that the market is currently not meeting.

	Single Family Homes				Townhouses and Condos			
	Closed Sales	Y/Y % Change	Median Sales Price	Y/Y % Change	Closed Sales	Y/Y % Change	Median Sales Price	Y/Y % Change
Florida	310,378	5.80%	$290,000	9.60%	119,336	2.50%	$215,000	12%
Ocala MSA (Marion)	7,489	4.30%	$185,000	8.40%	568	4.40%	$124,000	16%
Source: Florida Realtors Year End 2020 MSA Level Data								

Table 13: Florida Realtors Sales Data, 2020

According to the Shimberg Center for Housing Studies, no subsidized developments have been built since 2017, when a 6-unit development (Key Pine) was built to house people with disabilities, and a 9% Low Income Housing Tax Credit development was constructed to house 90 low-income households. Before 2017, no subsidized units had been constructed since 2017, while 32 subsidized units were lost back to the speculative market in the Hillside, Limited development.

MISMATCH BETWEEN WAGES AND THE COST OF PURCHASING A HOME

Key Takeaways

Most of the common jobs in Marion County do not pay enough to pay for a median priced home in the county.

While owners have far lower instances of cost burden in Ocala and Marion County than renters, paying the mortgage for a median priced home in the county is more expensive than rent. Of the top 10 occupations, only one (registered nurse, $30.04 per hour) earns a median hourly wage high enough to afford the median home. Low cost burden among homeowners in the county is a product of higher median homeowner income as well as a large number of long-term homeowners who purchased homes when they were cheaper or who have paid off their mortgage.

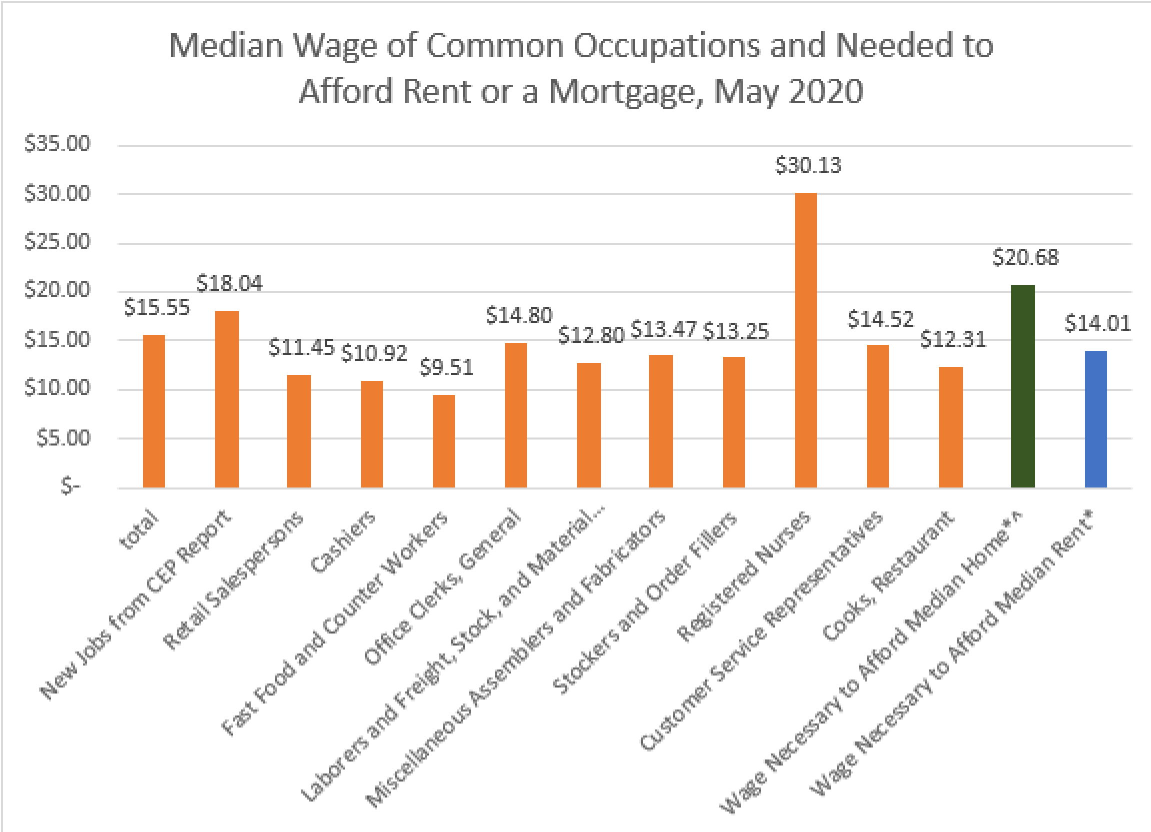

Table 14: Occupations and Median Owner Mortgage

US Bureau of Labor Statistics

***working 50 weeks a year, 40 hours a week.**

^Assuming a 10% down payment, $233 in homeowner's insurance and $104 in taxes per month, and a 3.75% interest rate over a 30-year term

ISSUES FACING RENTERS

RENT

Key Takeaways

Rent in Marion County and Ocala is quite low compared to the rest of the state, particularly in the rural Census tracts to the south west of Ocala.

The median gross rent in Marion County in 2019 was $705. Most households in both the city and the county pay between $500 and $999, far lower than the state as a whole.

	Florida		Marion County		Ocala	
	#	%	#	%	#	%
$1-$499	214375	8.0%	5510	15.8%	2054	16.8%

$500-$749	410703	15.3%	12356	35.5%	3979	32.5%
$750-$999	642161	24.0%	8622	24.8%	3378	27.6%
$1,000-$1,249	474376	17.7%	2885	8.3%	1581	12.9%
$1,250-$1,499	361666	13.5%	1377	4.0%	248	2.0%
$1,500-$1,999	305898	11.4%	386	1.1%	163	1.3%
$2,000+	155109	5.8%	518	1.5%	322	2.6%
Renter Paying No Rent	113182	4.2%	3137	9.0%	533	4.3%
Source: 2019 5-Year ACS, Table B25056						

Table 15: Rent Paid

Median rent varies dramatically across the county. In rural Census tracts in the eastern portion of the county and tracts in the center and west of Ocala have median rents below $700. In other communities, particularly in the Census tracts to the southwest of the city, median rents are dramatically higher.

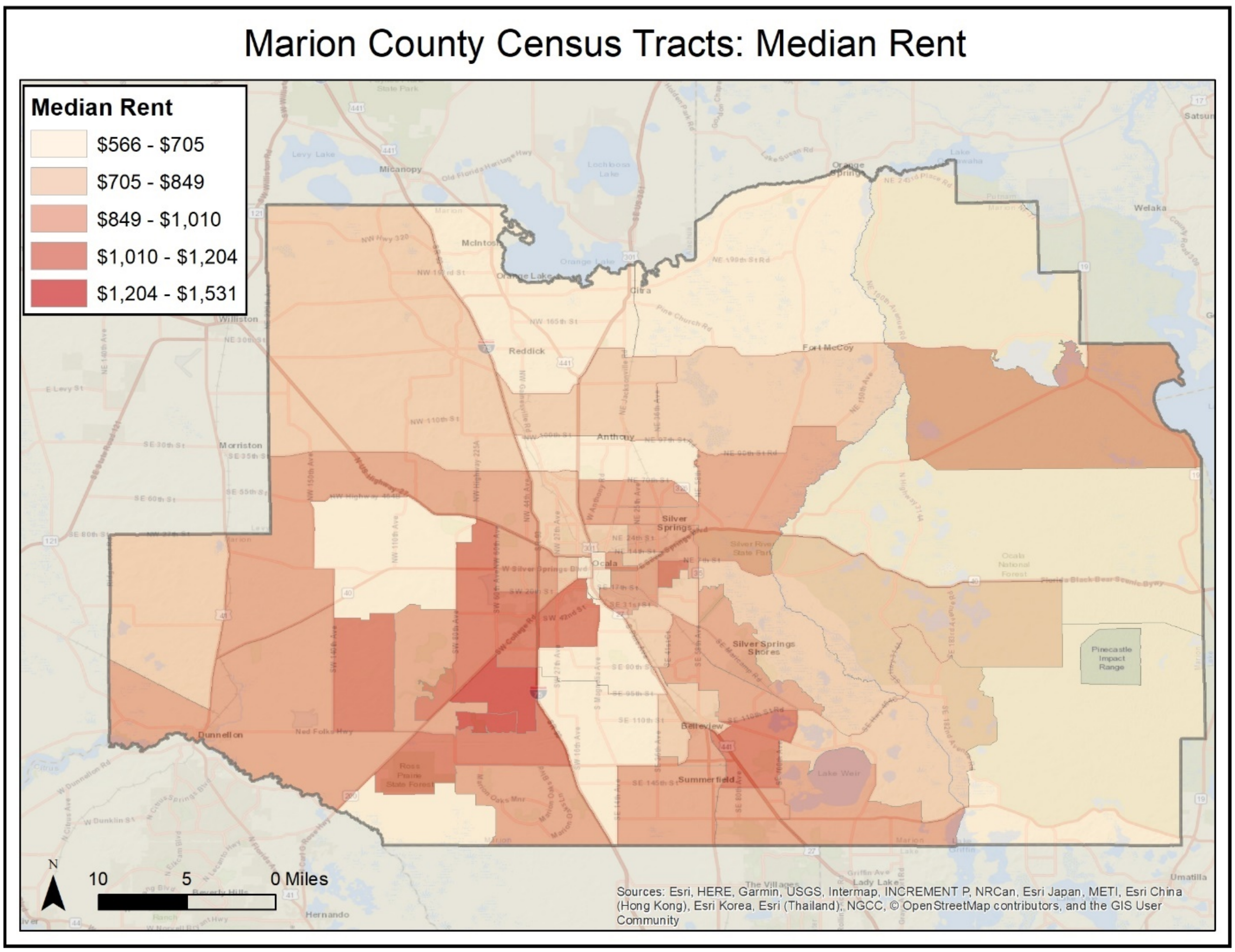

Figure 28: Median Rent

Source: DP04

MISMATCH BETWEEN RENTS AND WAGES

Key Takeaways

The average worker in Marion County can afford the average rent. However, renters still have far higher cost burden than owners in the county, and 7 out of the top 10 most common jobs do not pay enough for Marion's workers to afford rent without being cost burdened.

Median income only tells half the story: how households earn money and the disparities between different types of work may lead to high-cost burden for some households even with a high area median income. The table below provides the top 10 most common jobs in Marion County along with the total number of workers and the median hourly wage.

The average worker in the county has a median hourly wage ($14.93) that would allow them to afford the median rental home ($14.01). However, the top three largest occupations in the county (retail salesperson, fast food and counter workers, and cashiers) all have median hourly wages below what, working full time, would allow them to afford housing. Altogether, 7 of the top 10 most common jobs in Marion County do not pay enough to afford a median priced rental unit. Many low-income workers share housing costs with a spouse or roommates, but this is not a failsafe way to make housing affordable. These households can quickly fall into financial crisis due to job loss, illness, childcare emergencies, break-down of an automobile, or other disruptions. Additionally, many low-income households consist of single parents with young children.

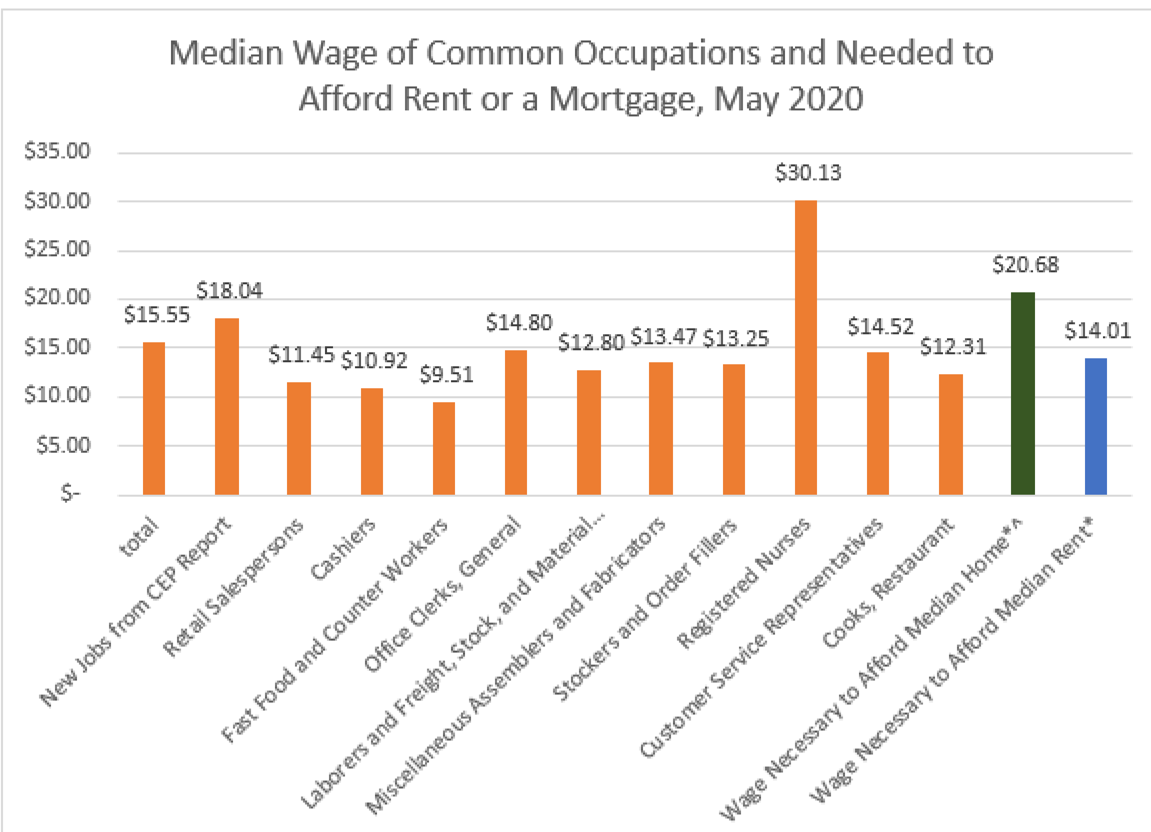

Table 16: Median Wage of Occupations and Median Rent

US Bureau of Labor Statistics

***working 50 weeks a year, 40 hours a week.**

ADDITIONAL DEMOGRAPHIC DATA

GEOGRAPHY OF RACE

Key Takeaways

Marion County is segregated, with African Americans mostly living in different areas (particularly West Ocala) than white residents, while Hispanic residents are relatively mixed between both populations. This is likely due to historic redlining and other government policies.

The following maps provide an overview of race in Marion County. For most of the 20th century, African Americans and Hispanics were excluded from owning a home in most neighborhoods and were not allowed to receive FHA loans. Neighborhoods were "redlined," where areas of a city were ranked from A to D, with corresponding colors, where neighborhoods with African Americans, Hispanic, and recent immigrants ranked D, or red. Neighborhoods colored "red" were excluded from federal home loan programs forcing residents to take on the most predatory loans[15]. While most of these laws and business practices have been removed over the last 50 years, black and Hispanic households are still disproportionately concentrated in these formerly redlined areas. These areas still have far lower homeownership rates and far lower home values than historically white neighborhoods where FHA loans were available. Patterns of racial segregation usually map onto patterns of poverty, unemployment, and cost burden. This trend holds true in Marion County, where Census tracts in the northwest of Ocala and Marion have a high concentration of black/African American households, high poverty, and high-cost burden.

[15] Promoting Neighborhood Diversity: Benefits, Barriers, and Strategies, Urban Institute, 2009.

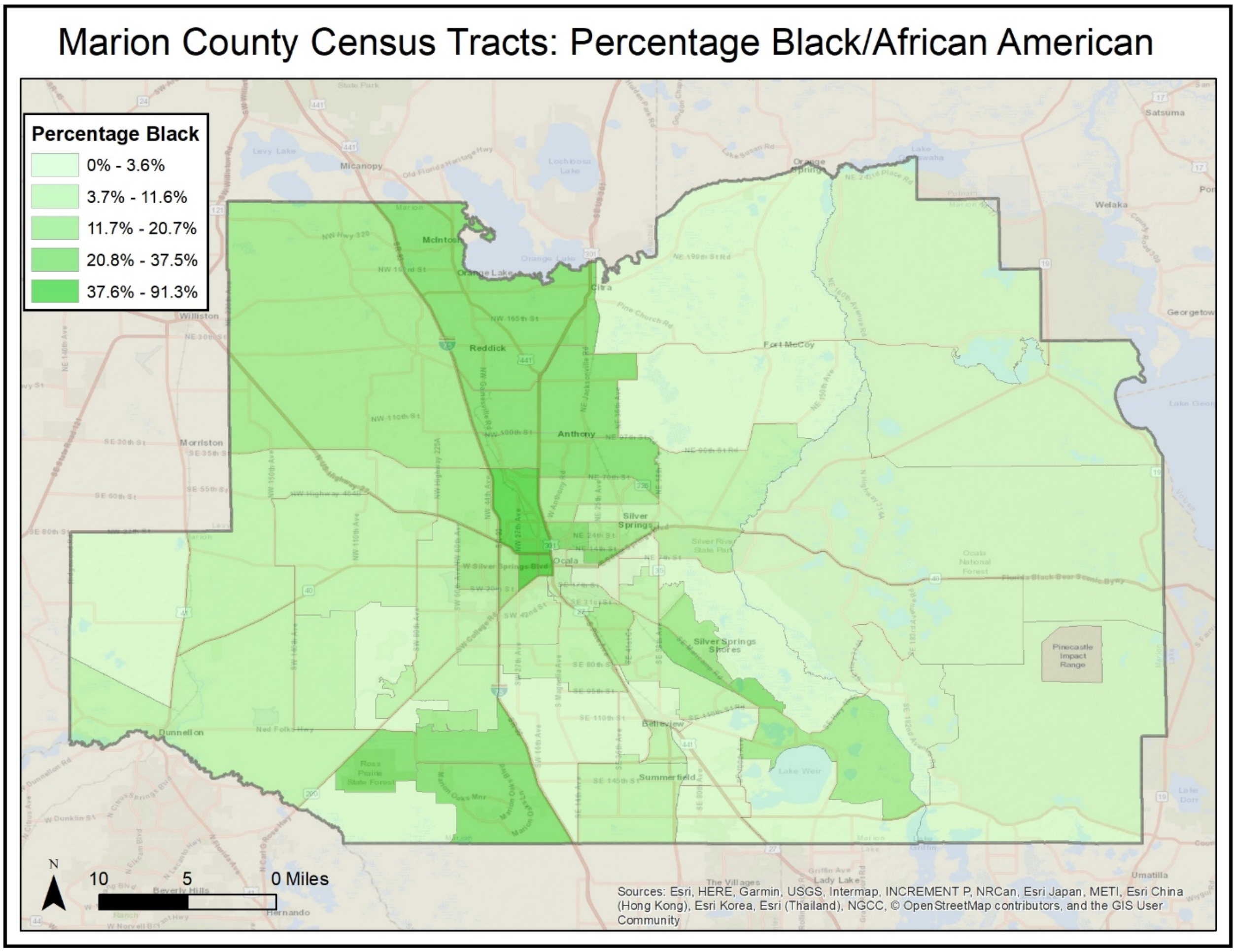

Figure 29: Map of the Percentage Black/African American in Marion County

2019 5-Year ACS, DP04

There are very few white residents in these same overwhelmingly African American Census tracts in the North of Ocala and the northwest of the county. The Census tracts to the east of the city, along with a Census tract in southeast Ocala are majority white.

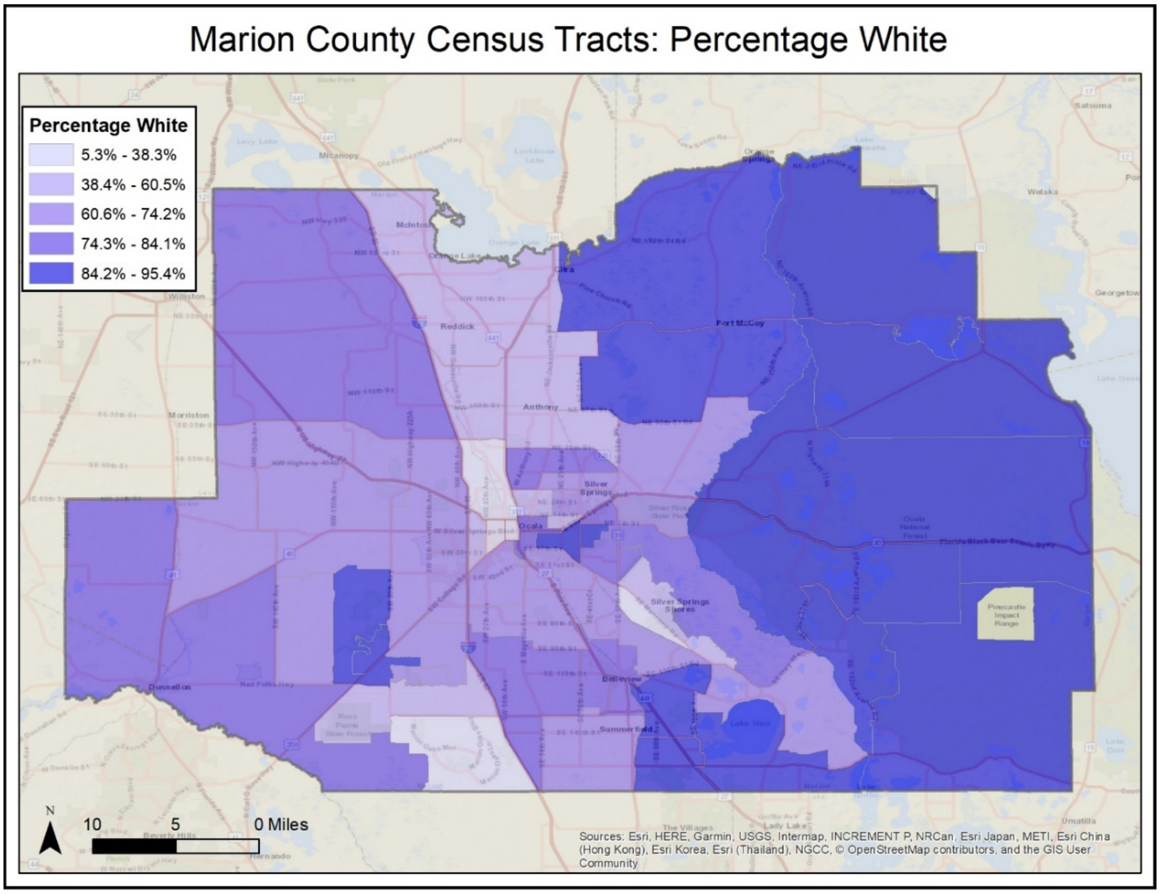

Figure 30: Map of Percentage White in Marion County

2019 5-Year ACS, DP04

Hispanics are far less concentrated than African Americans in Marion. Most Hispanics live in the southwest of the county, primarily in more rural Census tracts.

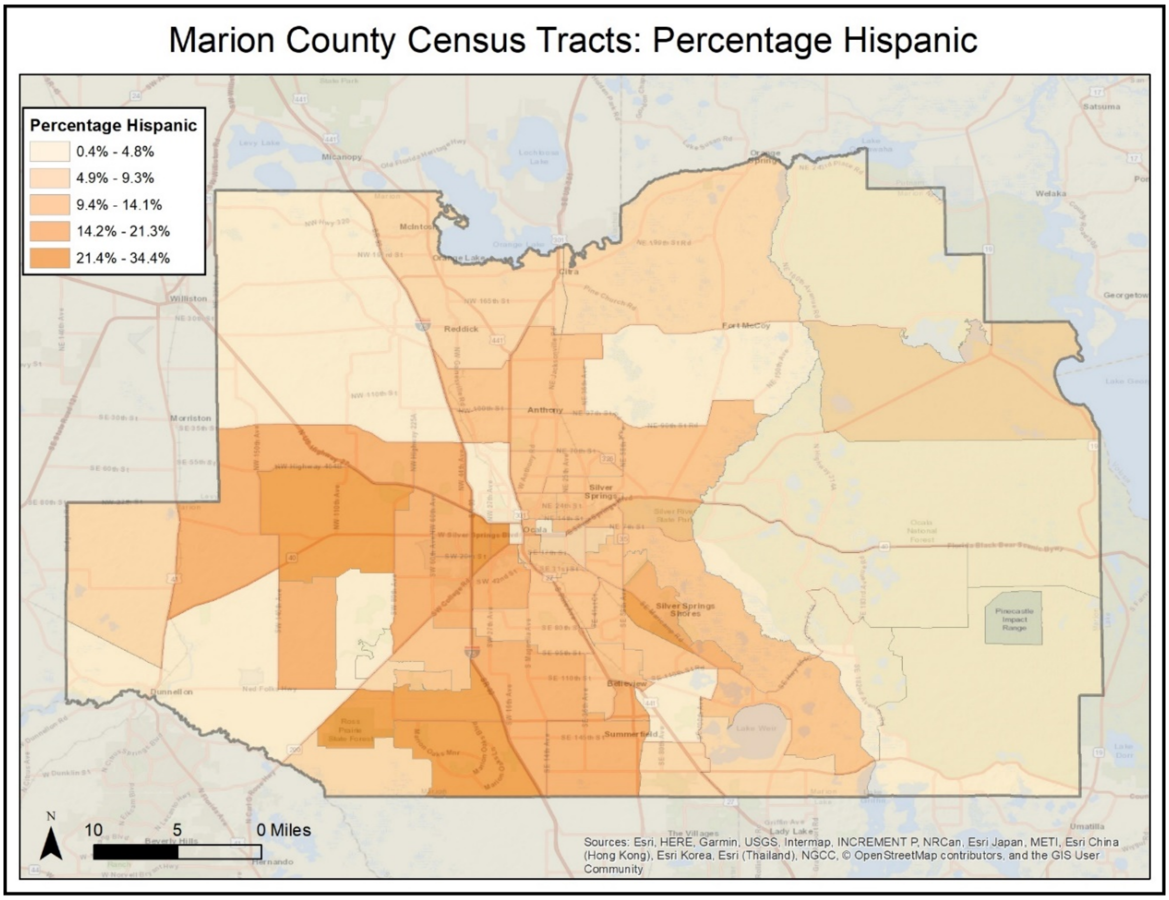

Figure 31: Map of Percentage Hispanic in Marion County

2019 5-Year ACS, DP04

APPENDIX 2: ASSESSMENT OF REGIONAL CAPACITY

INTRODUCTION TO ASSESSMENT OF REGIONAL CAPACITY REPORT

Part One of the Ocala/Marion County Workforce Housing Report offered an overview of the region's housing, demographic, and economic landscape. This report focuses on the region's current capacity to address the housing shortage by examining three dimensions:

1) Existing Resources,
2) Land development regulations, and
3) Human and organizational capacity.

Put together, these dimensions constitute the region's capacity to address its shortage of workforce housing. These dimensions do not stand in a vacuum or act distinct from one another. Rather, each dimension is interminably locked in a dynamic environment where changes in one dimension dictate outcomes in the others.

The funding section of this report identifies $30,150,411 of presently allocated federal and state housing funds between Marion County and the City of Ocala. Additionally, the region can expect approximately $82 million dollars in American Rescue Plan (ARP) Act Coronavirus Fiscal Relief Funds, with Marion County expected to receive approximately $71 million and the City of Ocala $11 million. ARP Fiscal Relief Funds may be used for a variety of uses, including housing and infrastructure. In terms of local funding sources, this report identifies over $1 million in the City of Ocala's Housing Incentive Fund.

The land development regulations section reviews key land use and regulatory considerations with a direct impact on housing cost. Through examination of allowable housing types and densities, minimum lot size allowances, housing affordability provisions, and impact fees in both the County and City, this section effectively highlights the region's need to pursue a long-term vision that goes beyond the large-lot single-family home.

Finally, the human and organizational capacity section offers a qualitative review of factors that support and limit the region's capacity. This review is accomplished through interviews with regional public and private sector housing system stakeholders. Interviews revealed a public sector with a constructive history of coordination between the City and County, effective program administrators, and well-timed planning efforts that could incorporate consideration of housing affordability. These supportive elements are balanced by a public sector with limited staffing capacity, a cautious approach to adopting new policies, and policies rooted in a view of the region as fundamentally pastoral or agricultural in nature. Considering the private sector, interviews highlighted high-capacity developers operating in the region and near unanimous recognition of the need for more workforce housing. Interviews also characterized a private sector limited by unprecedented cost of building materials, increasing responsibility to shoulder the cost of infrastructure, and an anemic nonprofit developer ecosystem.

This report is intended to describe regional capacity and is not meant to identify solutions or provide recommendations. Rather, recommendations to address funding, land development regulations, human and organizational capacity, and other challenges, will be the focus of the forthcoming report.

EXISTING RESOURCES

This section reviews resources available to the region by cataloguing federal, state, and local resources for affordable housing.

The table below summarizes the primary federal and state housing funds that Marion County and the City of Ocala received over the past five years.[16] These tables (1 and 2) provide an overview of all funding sources, while the County Budget and City Budget sections breakdown the exact funding sources and permitted uses for these dollars. The data does not include the one-time influx in federal fiscal relief funds through the American Rescue Plan Act, bond allocation, locally sourced funds, or program income – these are reviewed later in this section. This table illustrates funding expected in the next five years and helps plan for long-term housing goals. It should be noted that the FY 20-21 and FY 21-22 federal dollars are slightly inflated due to one-time supplemental funds intended to respond to the COVID-19 pandemic.

Marion County - Federal and State Funds for Housing		
Fiscal Year	Federal Funds	State Funds
FY 17-18	$2,571,702	$1,317,513
FY 18-19	$2,929,338	$470,408
FY 19-20	$2,906,315	$484,783
FY 20-21	$7,338,918	$0
FY 21-22	$6,285,908	$2,022,413
5-year total	$22,032,181	$4,295,117
5-year total Federal & State	**$26,327,298**	

Table 17. Marion County's federal and state funds for housing.

The following table summarizes the same information for the City of Ocala.

[16] The "primary" federal funds are funds administered by HUD including CDBG, HOME, and ESG. The "primary" state funding source is the State Housing Initiatives Partnership (SHIP) program.

City of Ocala - Federal and State Funds for Housing		
Fiscal Year	Federal Funds	State Funds
FY 17-18	$412,718	$259,838
FY 18-19	$465,407	$96,895
FY 19-20	$447,430	$99,082
FY 20-21	$1,145,663	$0
FY 21-22	$486,246	$409,834
5-year total	$2,957,464	$865,649
5-year total Federal & State	**$3,823,113**	

Table 18. City of Ocala's total federal and state funds for housing.

The County has nearly seven times the City's total federal and state funds available. Strictly based on housing funds, this differential supports an assessment that the County holds a greater capacity to influence the supply of workforce housing relative to the City.

The two charts above do not include the Fiscal Recovery Funds Marion County and Ocala will receive through the American Rescue Plan (ARP) Act of which Marion County and Ocala can expect to receive around $71 million and $11 million, respectively. Although these funds do not have to be used for housing, the City and County can and should use these dollars for housing purposes. The ARP Fiscal Recovery Funds present a valuable opportunity to use a one-time influx of federal dollars to address the region's affordable housing needs.

COUNTY BUDGET

This section provides an overview of Marion County's federal, state, and local funding for housing both in terms of dollar amounts and use. The dollar amount of total funding received over the past five years can be used to assess expected funding over the next five years to shape the County's housing plans. The overview of how the federal and state funds have been spent in the past illustrate possibilities for spending funds to address the needs identified in Report 1 and the recommendations in Report 3.

FEDERAL FUNDING FOR HOUSING

The table below shows federal funding from the United States Department of Housing and Urban Development (HUD) received by Marion County over the past five years. After the table, the section concludes with a brief summary of each funding source and how Marion County used the funds in the past.

Fiscal Year	**CDBG**	**HOME**	**ESG**	**CDBG-CV**	**ESG-CV**	**HOME-ARP**
FY 21	$2,011,613	$887,773	$168,937			$3,217,585
FY 20	$1,980,901	$864,892	$169,022	$2,190,780	$2,133,323	
FY 19	$1,932,601	$814,313	$159,401			
FY 18	$1,878,567	$891,055	$159,716			
FY 17	$1,774,181	$635,557	$161,964			
5-year total per program	$9,577,863	$4,093,590	$819,040	$2,190,780	$2,133,323	$3,217,585
5-year total ALL	$22,032,181					

Table 19. Marion County's funding from federal housing programs by fiscal year.

All recipients of HUD entitlement funding must produce a Consolidated Annual Performance and Evaluation Report (CAPER). The CAPERs report on accomplishments and progress toward Consolidated Plan goals and an Annual Action Plan to provide a summary of the actions, activities, and the specific federal and non-federal resources identified in the Consolidated Plan.

Marion County's CAPER from 2018, which covered the period from October 1, 2018 to September 30, 2019 to implement the 2014-2019 Consolidated Plan, reports the activities detailed in the table below. "Expected served" and "actual served" refer to the persons served throughout the 5-year Consolidated Plan from 2014-2019. This chart illustrates the number of persons expected to be served and actually served over a 5-year period with federal funds. This chart is necessarily abridged – see the CAPER for more detail.

Goal	**Source/Amount**	**Indicator**	**Expected Served/ Actual Served**
City of Ocala	HOME	Homeowner Housing Rehabilitated	45/16

Goal	Source/Amount	Indicator	Expected Served/ Actual Served
Owner-Occupied Rehab[17]			
Marion County Homeless Assistance/Prevention	ESG	Tenant-based rental assistance/repaid rehousing	50/137
Marion County Homeless Assistance/Prevention	ESG	Homelessness Prevention	50/19
Marion County Owner Occupied Rehabilitation	CDBG/SHIP - $160,000	Rental Units rehabilitated	0/9
Marion County Owner Occupied Rehabilitation	CDBG/SHIP - $160,000	Homeowner Housing Rehabilitated	110/102
Marion County Owner Occupied Rehabilitation	CDBG/SHIP - $160,000	Housing for Homeless added	0/2
Marion County Public Infrastructure	CDBG	Infrastructure activities other than Low/Mod Income Housing Benefit	4000/46852
Marion County Public Infrastructure	CDBG	Infrastructure activities for Low/Mod Income Housing Benefit[3]	0/0
Marion County/Ocala Creation of Affordable Housing Units	HOME/SHIP: $280,000	Rental units constructed	22/10
Marion County/Ocala Creation of Affordable Housing Units	HOME/SHIP: $280,000	Rental units rehabilitated	20/18
Marion County/Ocala Creation of Affordable Housing Units	HOME/SHIP: $280,000	Homeowner housing added	10/5

[17] Marion County and City of Ocala are a consortium for the receipt of HOME funds, of which Marion County is the lead agency. The City of Ocala is only an entitlement city for the CDBG program.

Goal	Source/Amount	Indicator	Expected Served/ Actual Served
Marion County/Ocala Creation of Affordable Housing Units	HOME/SHIP: $280,000	Direct financial assistance to homebuyers	5/5

Table 20. Marion County CAPER activities and results.

The following chart is copied from the 2018 CAPER which shows the goals and actual number of persons served over the course of one year.

	One-Year Goal	Actual
Number of Homeless households to be provided affordable housing units	50	29
Number of Non-Homeless households to be provided affordable housing units	36	44
Number of Special-Needs households to be provided affordable housing units	6	54
Total	**92**	**127**

Table 21. Marion County CAPER goals and actual results.

	One-Year Goal	Actual
Number of households supported through Rental Assistance	30	0
Number of households supported through The Production of New Units	4	19
Number of households supported through Rehab of Existing Units	36	12
Number of households supported through Acquisition of Existing Units	22	6
Total	**92**	**37**

Table 22. Marion County CAPER goals and actual results 2.

Community Development Block Grant. According to the 2018 CAPER, Marion County CDBG funds were used to fund three public facility projects: two for persons experiencing homelessness and one for abused children. Of the two projects that serve the homeless population, "one built a soup kitchen/dining room and the other restrooms with showers at a homeless shelter." CDBG funds have also been used with SHIP funds to provide low-income homeowners rehabilitation support and/or modular mobility ramps.

Community Development Block Grant (CDBG) funds can be used for a wide range of programs that meet at least one of three national objectives: 1) Benefit to low- and moderate-income persons, 2) Prevent or eliminate slums and blight, or 3) Meet urgent community needs. At least 70% of a local government's CDBG award must benefit low- and moderate-income persons. A community's housing activities using CDBG funds often qualify under the low/moderate-income national objective but can qualify under the other two national objectives as well. Primary uses of CDBG include gap financing, property acquisition, emergency repairs, home rehabilitation, slum and blight clearance, infrastructure, and public services. In sum, these funds can be used for housing, but they do not have to specifically be used for housing.

HOME Investment Partnership Program. According to the 2018 CAPER, Marion County used HOME funds, in conjunction with SHIP funds, to support its purchase assistance program and other housing activities. In FY 2018-19, five new homes for ownership were constructed with HOME funds, eleven rental units were rehabilitated, and forty new home buyers were provided funding for down payment and closing cost assistance (SHIP + HOME).

The HOME Investment Partnerships Program (HOME) is a HUD-administered federal program that provides funding for local communities to provide affordable housing for low- and very low-income residents. HOME funds can provide construction or acquisition/rehabilitation subsidies for affordable housing developers, purchase assistance and gap financing for homebuyers, rehabilitation assistance for homeowners, and tenant-based rental assistance. Marion County and the City of Ocala are a consortium for the receipt of HOME funds, of which Marion County is the lead agency.

Emergency Solutions Grants Program. According to the 2018 CAPER, Marion County provides Emergency Solutions Grants (ESG) funds to local non-profits that assist persons experiencing homelessness with Rapid Re-Housing and Homeless Prevention assistance, assisting 27 families in FY 18-19. Over the past five years, these expenditures were primarily used for rental assistance.

The ESG program provides funding to assist persons experiencing homelessness with a variety of housing activities. ESG funds may be used for these five components: 1) street outreach; 2) emergency shelter; 3) homelessness prevention; 4) rapid re-housing assistance; and 5) Homeless Management Information System (HMIS). Under homelessness prevention and rapid re-housing, ESG grantees can provide dollars for rental assistance (including security deposits, utilities, moving costs), housing relocation and stabilization services, and other activities.

CDBG & ESG CARES Act funds. In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to address the COVID-19 pandemic. The CARES Act established two supplemental sources of HUD funding most relevant to this Report: Community Development Block Grant – CARES Act (CDBG-CV) and Emergency Solutions Grants – CARES Act (ESG-CV) funds.

CDBG-CV funds must be used to prevent, prepare for, and respond to the spread of COVID-19. These funds came with waivers from the traditional CDBG program but can be used for housing activities so long as the activities are found to prevent, prepare for, and respond to the spread of COVID-19. ESG-CV funds must also be used to prevent, prepare for, and respond to coronavirus, but specifically for individuals and families who are homeless or are at risk of homelessness. These two sources of crisis response funding are managed by Marion County and can be expended until September 30, 2022.

American Rescue Plan Fiscal Relief Funds. The American Rescue Plan (ARP) Act, passed by Congress in March 2021, provided an estimated $71 million to Marion County in local fiscal recovery funds. These funds must be expended by December 31, 2024, and can be used to:

- Respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- Provide premium pay to essential workers performing essential work during the COVID-19 public health emergency;
- Provide government services to the extent of the reduction in revenue due to COVID-19 (replenish revenue shortfalls); and
- Make necessary investments in water, sewer, or broadband infrastructure.

Reading these uses broadly, and subject to subsequent U.S. Treasury guidance, Marion County can use these ARP fiscal recovery funds for a variety of housing activities including investments in water, sewer, or broadband.

American Rescue Plan Homelessness Assistance funds. The ARP Act contained a specific provision relating to homelessness assistance that is relevant to this report. Marion County received $3,217,585 through these homelessness funds (HOME-ARP) and can use the funds for several housing activities for persons experiencing homelessness, at risk of homelessness, or who are otherwise eligible under the Act including:

- Tenant-based rental assistance,
- Development and support of affordable housing for qualifying individuals,
- Supportive services,
- Acquisition and development of non-congregate shelter units, all or a portion of which may be converted to permanent affordable housing, used as emergency shelter, or remain as non-congregate shelter units.

STATE FUNDING

State Housing Initiative Partnership (SHIP) program**.** Codified at part VII of section 420 of the Florida Statutes and administered by the Florida Housing Finance Corporation (FHFC), the SHIP program is the state's primary source of funding for local affordable housing initiatives. All 67 counties and 52 entitlement cities receive SHIP funding from the state of Florida. To participate in the program, local governments must establish a local housing program by ordinance, develop a local housing assistance plan (LHAP) and housing incentive strategy, provide an annual report summarizing SHIP-funded activities, and follow state law and FHFC rules relating to the program. Here is a brief summary of the rules local governments must follow:

- At least 65 percent of funds must be used for homeownership activities,
- A minimum of 75 percent of funds must be spent on eligible construction activities,
- No more than 25 percent of funds can be spent on rental activities,
- At least 30 percent of funds must be reserved for very-low income households (up to 50% area median income) and at least another 30 percent for low-income households (up to 80% area median income), and

- At least 20 percent of funds must be reserved for persons with special needs.

After meeting these requirements, the SHIP program is flexible for local governments to meet local needs. SHIP funds can be used to fund new home construction, emergency repairs, rehabilitation, down payment and closing cost assistance, impact fees, construction and gap financing, mortgage buy-downs, acquisition of property for affordable housing, matching dollars for federal programs, homeownership counseling, and other activities as approved by FHFC.

This chart shows SHIP funding Marion County received over the past five years. This does not include program income.

SHIP funding for Marion County	
FY 21-22	$2,022,413
FY 20-21	$0
FY 19-20	$484,783
FY 18-19	$470,408
FY 17-18	$1,317,513
5-year total	$4,295,117

Table 23. Marion County's SHIP funding.

The following table reviews SHIP activities and funding by Marion County from 2016 – 2018.

	Number of Units	**$ Amount**
2016-2017	97	$2,000,484.06
Advocacy Res. Center (ARC)	23	$78,458.50
MDRN	3	$54,145.00
New Construction - KAP	1	$100,000.00
New Construction - Perf. Deed	5	$500,000.00
Purchase	23	$579,439.87
Rehab	14	$286,882.85
Rent Assistance	22	$41,557.84
Scattered Site Rental	6	$360,000.00

	Number of Units	$ Amount
2017-2018	98	$1,979,066.04
Purchase	30	$1,208,821.95
Rehab	20	$632,723.90
Rent Assist	32	$57,199.63
Shelter	16	$80,320.56
TOTAL	195	$3,979,550.10

Table 24. Marion County SHIP disbursements by activity and year.

Local Funding

According to the most recent budget, Marion County does not use any General Revenue funds towards the development of affordable housing. The County relies solely on state and federal sources of funding for its affordable housing goals. When a local government uses its own funds for housing purposes, it does not need to follow program-specific regulations of the federal or state government and thus has more flexibility in targeted use. We recommend that all local governments devote general funds toward affordable housing goals to supplement state and federal dollars.

Marion County has one Community Redevelopment Agency (CRA) area: the Silver Springs Community Redevelopment Area (SSCRA). According to several past annual reports, the Silver Springs CRA has not used its funds for affordable housing goals.[18] In its 2020-21 budget, the SSCRA had a budget of $335,561 after Tax Increment Finance (TIF) revenues of $177,500 with the remainder of the budget coming from unspent funds from prior years.[19] The budget of the SSCRA has slightly increased each year over the past three years.[20]

CITY OF OCALA BUDGET

FEDERAL FUNDING

[18] https://www.marionfl.org/government/departments-facilities-offices/growth-services/community-redevelopment-areas/silver-springs-cra

[19] https://www.marionfl.org/home/showpublisheddocument/21685/637384471163370000

[20] The SSCRA reported a budget of $257,459, $179,495, $91,972 for the FY 19/20, 18/19, and 17/18, respectively.

The City of Ocala only receives federal funding through the CDBG program as a direct grantee. The City receives HOME funds as a partner in a consortium with Marion County as the lead agency. The table below shows federal funding received by the City of Ocala over the past five years.

Fiscal Year	CDBG	CDBG-CV
FY 21	$486,246	
FY 20	$455,082	$690,581
FY 19	$447,430	
FY 18	$465,407	
FY 17	$412,718	
5-year total per program	$2,266,883	$690,581
5-year total all funds	$2,957,464	

Table 25. City of Ocala's funding from federal programs by fiscal year.

Ocala's CAPER from 2018, covering the period from October 1, 2018 to September 30, 2019 to implement the 2014-2019 Consolidated Plan, described the activities carried out using federal funds. "Expected served" and "actual served" refer to the persons served throughout the 5-year Consolidated Plan from 2014-2019. This chart does not show all of the activities – the CAPER has more detail.

Goal	Source/Amount	Indicator	Expected Served/ Actual Served
Clearance/Demolition/Acquisition	CDBG	Buildings Demolished	10/4
Housing Improvements	CDBG/SHIP/Florida Municipal Power Association Conservation	Homeowner Housing Rehabilitated	84/85
Public Facility Projects	CDBG	Infrastructure activities other than Low/Mod Income Housing Benefit	300/300
Public Facility Projects	CDBG	Infrastructure activities for Low/Mod Income Housing Benefit	500/200

Table 26. City of Ocala's CAPER activities and results.

The following chart is copied from the 2018 CAPER which shows the goals and actual number of persons served over the course of one year.

	One-Year Goal	Actual
Number of Homeless households to be provided affordable housing units	0	0
Number of Non-Homeless households to be provided affordable housing units	15	22
Number of Special-Needs households to be provided affordable housing units	0	0
Total	**15**	**22**

Table 27. City of Ocala's CAPER goals and actual results.

	One-Year Goal	Actual
Number of households supported through Rental Assistance	0	0
Number of households supported through The Production of New Units	0	0
Number of households supported through Rehab of Existing Units	15	17
Number of households supported through Acquisition of Existing Units	0	5
Total	**15**	**22**

Table 28. Marion County CAPER goals and actual results 2.

STATE FUNDING

This chart shows the amount of SHIP funding the City of Ocala has received over the past five years. This does not include program income.

SHIP funding for City of Ocala	
Fiscal Year	Dollar Amount
FY 21-22	$409,834
FY 20-21	$0
FY 19-20	$99,082

SHIP funding for City of Ocala	
Fiscal Year	Dollar Amount
FY 18-19	$96,895
FY 17-18	$259,838
5-year total	$865,649

Table 29. City of Ocala's SHIP funding.

The following chart provides a snapshot for how the City of Ocala spent its SHIP funds from 2016-2018.

	Number of Units	$ Amount
2016-2017	**11**	**$362,385.05**
Barrier Free Rehab	1	$9,721.00
New Construction/Rehabilitation	1	$48,724.27
Purchase Assistance	3	$54,316.00
Rehabilitation	6	$249,623.78
2017-2018	**19**	**$264,770.03**
Emergency Repair	3	$24,825.00
New Construction	1	$1,275.73
Purchase Assistance	4	$73,949.00
Rehabilitation	5	$146,877.00
Rental Assistance	6	$17,843.30
TOTAL	30	**$627,155.08**

Table 30. City of Ocala's SHIP disbursements by activity and year.

LOCAL FUNDING

Housing Incentive Fund. The City created a Housing Incentive Fund in 2005. At the time this report was written, the fund currently had approximately $1.3 million and generated $100,000-200,000 per year depending on development volume. The fund generates revenue by collecting $.05 per square foot for new construction, renovations, and additions. These funds can be used for home rehabilitation, construction of new single-family and multifamily affordable housing units, and eligible development fees. Eligible multifamily housing developments must set aside a minimum of 20 percent of its units for affordable housing and housing incentive fund payments may be attributed to a maximum of 40 percent of new units in a site plan. Housing fund distributions cannot exceed $10,000 per affordable housing unit and the City will place a lien on the property for a 10-year period of affordability. Distributions can be in the form of a loan or grant – a loan term can be a maximum of 10 years.

BONDING AUTHORITY

Private activity bonds in the form of both multi-family mortgage revenue bonds and single-family mortgage revenue bonds are an important, yet usually underutilized source, for the development and preservation of affordable housing. Bond financing for affordable housing is accessed through housing finance agencies. In Florida, that is Florida Housing Finance Corporation (FHFC) and county Housing Finance Authorities set up by local ordinance in accordance with Florida statutes. For multi-family developments, these are tax-exempt bonds that provide primary permanent financing at below-market rates. These first mortgages are often combined with noncompetitive (4%) housing tax credits as well as State Apartment Incentive Loan (SAIL) financing, both issued by FHFC, and other local funding to cover the cost of development. Both nonprofit and for-profit developers can utilize these multi-family loans. Single-family loans are provided directly to low-income purchasers of homes through agreements between housing finance agencies and lenders approved by those agencies to originate loans. Both the purchaser and home must meet lender and program underwriting requirements. Single-family loans are often paired with purchase assistance.

The availability of private activity bonds, known as the annual volume cap, is set by the US Department of Treasury for each state. Florida allocates its volume cap into pools for various uses. The State reserves a certain portion of the cap (around 50%) for statewide pools, including for FHFC programs, and allocates the rest into regional pools for use by local housing finance authorities, such as the Marion County Housing Finance Authority, and other local programs. Allocations for developments are accessed by request to the State of Florida Division of Bond Financing in accordance with state statutes (Section 159.805 F.S.). Marion County is located in Region 5. For 2021, Region 5 has a total allocation of $75,277,522.84.[21] At the time of this report, the entire allocation remains available for request.

[21] State of Florida Division of Bond Finance: https://www.sbafla.com/bondfinance/Other-Functions/Private-Activity-Bond-Allocation-Programs. Accessed 5/14/2021

LAND DEVELOPMENT REGULATIONS

This section provides an overview of the most pertinent issues regarding Ocala and Marion County's land development regulations as they relate to the production of affordable housing. Local government land development regulations should be designed to encourage and facilitate the production of affordable housing.

ALLOWABLE HOUSING TYPES & DENSITIES

Flexibility in housing types is a key strategy to encourage and facilitate the production of more affordable housing units. The first consideration is the types and densities allowed across the City and the County and where specific types of housing are allowed to be built. For the purposes of this analysis, the Florida Housing Coalition examined zoning districts in the land development code and the zoning map to gauge the degree to which buildable land is preserved for lower-density, single-family housing and how much land is allowed to lawfully contain missing middle housing types, such as duplexes, triplexes, and townhomes, and higher-density developments. A land development code's allowable housing types affect the lawful number of housing units that can be developed in a particular jurisdiction. If too much land is preserved for larger and low-density single-family housing units, less land is available for smaller housing types that allow more persons to live in a given area at a more affordable price.

MARION COUNTY

The table below details permitted housing types and densities allowed in residential zones in Marion County. It is important to note that denser housing is allowed in many areas with a special use permit. Not included are the business and industrial districts, which do allow for housing units for business owners and watchmen houses.

For permitted uses (not including special uses)					
Zoning Type	**Code**	**Single Family**	**Missing Middle**	**Multi-Family**	**Maximum Units per Acre (Excluding Bonuses)**
General Agriculture	A-1	Yes (stick built and manufactured)	Yes (guest cottages and apartments)	No	0.1
Improved Agriculture	A-2	Yes (stick built and manufactured)	Yes (guest cottages and apartments)	No	0.1
Residential Agriculture	A-3	Yes (stick built and manufactured)	Yes (guest cottages and apartments)	No	0.1
Rural Residential	RR-1	Yes (stick built and manufactured)	Yes (guest cottages and apartments)	No	Vested

For permitted uses (not including special uses)					
Zoning Type	**Code**	**Single Family**	**Missing Middle**	**Multi-Family**	**Maximum Units per Acre (Excluding Bonuses)**
Residential Estate	R-E	Yes (stick built and manufactured)	Yes (guest cottages and apartments)	No	1
Single Family Dwelling	R-1	Yes (stick built and manufactured)	Yes (guest cottages and apartments)	No	Vested or underlying land use designation
One and Two-Family Dwelling	R-2	Yes (stick built and manufactured)	Yes (duplexes)	No	4 for Single Family, 6 for duplexes, unless otherwise vested
Multiple Family Dwelling	R-3	Yes (stick built and manufactured)	Yes (duplexes, small apartments, townhomes)	Yes	4 for single family, 6 for two family, 8 for small multi-family, 8-16 for high-urban density unless otherwise vested
Mixed Residential	R-4	Yes (stick built and manufactured)	Yes (duplexes)	Yes (needs special permit)	5 for single family, 6 for two family, 8 for small multi-family, 8-16 for high-urban density unless otherwise vested
Manufactured Housing	MH	Yes (stick built and manufactured)	No	No	4
Manufactured Housing Park	P-MH	Yes (only manufactured housing)	Yes (duplexes)	No	4 for single family, 6 for two family
Residential Office	R-0	Yes	No	No	1

Table 31. Marion County zoning and allowable densities.

Overall, Marion County allows only low densities in most of its residential zones. The county's zoning map shows that the vast majority of the county's land is zoned A-1, General Agriculture, which only allows 1 housing unit per 10 acres. The densest zones in the county (R-3 and R-4) only allow up to 16 units per acre, which is close to the minimum necessary for walkability and transit efficiency. Thus, the current zoning inhibits development of missing middle and medium density units that would reduce auto-dependency and promote affordability. Without zoning changes, either by allowing more homes to be built on agricultural land or increasing the density in much of the county to provide more housing on the same number of acres, housing prices will continue to rise as people move to the county without an increase in the number of homes that are allowed to be built.

The majority of land in Marion County is zoned for agricultural uses only. Per the zoning map, there are pockets of land zoned for more intense uses. With a majority of land currently only allowed to be used for agricultural uses; the County should consider what will happen when a number of the owners of these multi-acre agricultural lots want to up-zone their property to develop housing. Policies should be in place to ensure affordable housing is built in conjunction with up-zoning requests. This will be explored more in depth in the final report.

Marion County regulates accessory dwelling units as a "family/guest cottage/apartment." These units are allowed in single-family districts but are only allowed on a "non-commercial" basis per section 4.3.18 of the Land Development Code. This restricts ADUs to family members, guests, and prohibits ADUs from being rented freely on the market.

CITY OF OCALA

Like many other local governments in Florida and across the country, a large share of the City's residentially-zoned land is zoned for single-family housing only. Ocala's single-family residential districts (R-1, R-1A, R-1AA) are a sizeable portion of Ocala's zoning map. These districts are more prevalent in the eastside of the City with R-1 districts scattered throughout the westside as well. These districts, which only allow for single-family dwellings and community residential homes (defined as a home licensed to serve clients of the state Department of Children and Families, which provides a living environment to elderly persons, persons with disabilities, and children in need of services), notably do not allow accessory dwelling units to be built in conjunction with the single-family home. Amending the zoning code to allow accessory dwelling units within these R-1 districts is an opportunity to produce affordable rental units without altering the character of these neighborhoods.

The City's two-family residential district (R-2) is a district that could be used as a model how the city can encourage affordability. The R-2 district allows single-family dwellings and two-family dwellings to permit two dwellings on one lot. However, compared to R-1, the R-2 district is underutilized. Districts such as these allow more housing units to be developed.

The City's multi-family residential district (R-3) is the most flexible of the residential zones. R-3 allows detached single-family, attached single-family, two-family, and multi-family dwellings. This flexibility in housing types allowed should be incorporated more broadly. However, for a single-family attached unit to be permitted in R-3, the developer is subject to the requirements of section 122-357 of the Land Development Code. Section 122-357 provides that a single-family attached unit is "intended to promote homeownership on smaller infill lots with city services" and "must be compatible in terms of design, scale and size with the surrounding residential neighborhood." To get special approval to build attached single-family units, the developer needs to meet a variety of special and additional conditions that do not apply to other housing units. Most striking is that a developer seeking to build single-family attached units in an R-3 zone has to submit their site plan to the city council at a public hearing for approval after hosting a required neighborhood meeting at the cost of the applicant. The set of additional requirements imposed by Section 122-357 to build single-family attached units in an R-3 district (that do not apply to other housing types) likely deters the production of these units.

There are two other main zone districts of interest to this report: the Residential-Office (RO) District and the Residential Zero Lot Line (RZL) District. Per the existing zoning map, the RO district is rarely used, is intended "primarily for professional and business office uses that are not incompatible with adjacent residential zones" but allows one- and two-family dwellings as well. The RZL district, which is used even less, is intended to "encourage infill within the city to enhance the economic feasibility of developing small tracts into detached single-family residential units under zero lot line construction." The RZL district is only allowed in transitional areas where office uses are deemed too intensive and is intended to act as a buffer between low-density, single-family areas and higher intensity uses. These two districts can be a model for incorporated mixed-use development and smaller housing types if utilized effectively to encourage production of units.

Residential uses are also allowed in other zone districts at varying densities and requirements including the Neighborhood Business District (B-1), Community Business Districts (B-2, B-2A), General Business District (B-4), Wholesale Business District (B-5), Office District (O-1), and Office Park District (OP).

For permitted uses					
Zoning Type	**Code**	**Single Family**	**Missing Middle**	**Multi-Family**	**Special Standards**
Single-Family Residential	R-1, R-1A, R-1AA	Yes (detached)	No	No	
Two-Family Residential	R-2	Yes (detached)	Yes (two-family dwelling)	No	
Multi-Family Residential	R-3	Yes (attached and detached)	Yes (two-family dwelling)	Yes	Attached single-family homes only allowed in accordance to sec. 122-357 as described above.
Residential Office	RO	Yes (detached)	Yes (two-family dwelling)	No	
Residential Zero Lot Line	RZL	Yes (detached)	No	No	Units per acre set at time of rezoning; requirements set in LDC.
Residential Business Historic	RBH	Yes (detached)	Yes (two-family dwelling)	Yes	Max 8/units acre for multi-family
Mobile Home Park	MH	Yes (detached)	No	No	

Table 32. City of Ocala zoning districts and permitted uses.

This table below shows the allowable densities in the City's Comprehensive Plan based on the relevant Future Land Use Classification. All residential districts can be contained within all these land use classifications except for RBH. RBH cannot be used within the Medium Intensity land use classification. FAR stands for "floor area ratio." Refer to the Future Land Use Map with Ocala's Comprehensive Plan to locate where these land use classifications are within the City.

Land Use Classification	Allowable Density	Intensity
High Intensity/Central Core	12 to 60 units/acre	0.20 to 8.0 FAR
Medium Intensity	5 to 30 units/acre	0.15 to 4.0 FAR
Low Intensity	3 to 18 units/acre	Up to 0.75 FAR
Neighborhood	Up to 5 units/acre for single-family; up to 12 units/acre for multifamily	Up to 0.25 FAR

Table 33. City of Ocala land use classifications and allowable density.

MINIMUM LOT SIZE

Minimum lot size provisions are used to control the size of lots with zoning districts in order to build a certain type of structure. Minimum lot size rules determine how small a developer can subdivide a lot into smaller parcels. A high minimum lot size requirement decreases the possible density for a given area, legally caps the number of buildable lots, and therefore lowers the number of potential housing units. In effect, high minimum lot size encourages larger housing units.

The lower the minimum lot size requirement, the greater potential to build smaller units, like duplexes, triplexes, and townhomes, on smaller sized lots. Well-crafted minimum lot size requirements can increase the number of developable homes in a given area.

MARION COUNTY

Marion County has comparatively large minimum lot size requirements for single-family and two-family dwellings. These lot size requirements likely prevent the production of infill housing and the ability for developers to build units on smaller lots.

Zone District	Minimum Lot Area (in square feet)
Single-family (R-1)	10,000/7,700*
One and two-family (R-2)	10,000 for one-family; 12,500 for two-family
Multiple-family (R-3)	7,500 for one-family 12,500/7,700 for two-family 12,500/7,700 for 3 or more family
Mixed Residential (R-4)	7,500/5,000 for one-family 12,500/7,700 for two-family

Zone District	Minimum Lot Area (in square feet)
Manufactured Housing (MH)	10,000
*For new residential subdivision development where central water and sewer services are utilized.	

Table 34. Minimum lot area by Marion County zoning district.

For the single-family dwelling district (R-1), the minimum lot area is 10,000 square feet unless central water and central sewer services are provided, and then the minimum lot area is 7,700 square feet. The one and two-family dwelling district (R-2) has a 10,000 square foot minimum lot area for a single-family home and a 12,500 square foot minimum lot area for a two-family dwelling, without the lower threshold allowance if central water and sewer services are required. The multiple-family dwelling (R-3) district does allow a lower minimum lot size allowance if central sewer and water are provided.

CITY OF OCALA

For comparison to the County, the City has a lower minimum lot area requirement generally for residential uses.

Zone District	Minimum Lot Area (in square feet)
Single-family (R-1, R-1A, R-1AA)	R-1: 13,500 R-1A: 8,000 R-1AA: 6,000
Two-family (R-2)	7,000 for single-family 10,000 for other residential uses
Multiple-family (R-3)	7,500 for single-family 10,000 for other residential uses

Table 35. City of Ocala zoning districts and minimum lot area.

AFFORDABLE HOUSING PROVISIONS

The City and County have specific provisions their land development codes intended to encourage the development of affordable housing. These provisions are voluntary in nature and provide land use incentives, such as density bonuses and other zoning adjustments, in exchange for the production of affordable housing. The final report will contain recommendations on ways to improve upon and add to these provisions.

MARION COUNTY

The Rural Village District (RVD) designation is available through the Planned Unit Development (PUD) application process. The RVD is intended to "provide for clustered mixed-use development in the Rural Lands in a manner which preserves natural open space . . ." Twenty percent of the residential units developed within an RVD "shall be affordable to low-income households" and the County shall record a land use restriction agreement setting the terms of affordability. An RVD project proposed as a time-share condominium may be exempted from this affordable housing requirement. To date, no developments have utilized this RVD designation.

CITY OF OCALA

Section 106-106 of Ocala's Code provides an affordable housing density incentive. Pursuant to the section, "[m]aximum densities in the High Intensity/Central Core, Medium Intensity/Special District, Low Intensity, and Neighborhood future land use classifications may be increased by up to 25 percent as an incentive for development projects that qualify for affordable housing incentive fund payments, per the requirements of section 106-105." A qualifying affordable housing project under section 106-105 must be at least four units and set aside a minimum of 20% of its units for affordable housing only for a period of 10 years.

The City of Ocala has a form-based code which applies to a large portion of the High Intensity/Central Core, also known as Central Core (CC); this is a relatively small area in downtown Ocala. The form-based code has a section that allows an applicant to earn "adjustment points" to allow a development applicant to request an adjustment of any standard in the code. For example, it costs seven adjustment points to receive a 10-25% adjustment from building placement standards.

One way for an applicant to earn adjustment points is by setting aside at least 20% of the proposed residential units as affordable housing. This grants an applicant five points. For comparison, providing at least three decks of public parking grants eight points, LEED Platinum certified grants 10 points and building more than the minimum number of required stories grants an applicant two points. No applicant has yet utilized the affordable housing option as a means to gain adjustment points.

IMPACT FEES

Impact fees in Marion County are very low compared to other local governments in the state. The only impact fee, a transportation fee, for a single-family home only ranges from $1,093-$1,562 depending on the size of the home. School impact fees have not been collected since June 2011. By comparison, similarly situated local governments may range from $2,000-$18,000 per single family home. This chart provides an impact fee estimate for a detached 1,500 square foot home in other jurisdictions in Florida.

Local Government	**Estimated Impact Fee for a 1,500 sq foot home**
Alachua County[22]	$3,412
Hernando County[23]	$5,757

[22] https://growth-management.alachuacounty.us/ImpactFeeCalculator/Calculate

[23] https://www.hernandocounty.us/home/showpublisheddocument/2802/637266046734470000

Hillsborough County[24]	$9,018
Lake County[25]	$12,536
Polk County[26]	$11,625
Volusia County[27]	$9,264

Table 36. Impact fees by local government in Florida, 2021.

FLORIDA SPRINGS AND AQUIFER PROTECTIONS ACT

In 2016, the Florida Legislature passed the "Florida Springs and Aquifer Protection Act" to reduce nitrogen pollution impacting 30 "Outstanding Florida Springs" as identified by the Legislature.[28] The Department of Environmental Protection (DEP) is responsible for adopting rules to implement the Act and outlines its restoration plans for the identified springs in what are called "Basin Management Action Plans" or "BMAPs". Each BMAP is required to identify the sources of nitrogen pollution within the specific springshed and include projects and strategies that achieve the reductions necessary to improve water quality in the region. Each BMAP must include a delineation of a "priority focus area." Under section 373.811 of the Florida Statutes, new "onsite sewage treatment and disposal systems" are prohibited on lots of less than 1 acre, unless the system includes enhanced treatment of nitrogen as described in the septic system remediation plan. Under a BMAP, existing septic systems may need to be enhanced with nitrogen-removing technology or connected to central sewer.

Marion County is subject to the Silver Springs and Upper Silver River and Rainbow Spring Group and Rainbow River Basin Management Action Plan.[29] New homes in the priority focus area in Marion County cannot install new septic systems unless enhanced with nitrogen-removing technology. This adds an additional cost to new home cost for areas not served by central sewer. Existing homes with septic systems may be required to enhance their systems in five years or more depending on when relevant rules are finalized.

[24] https://www.hillsboroughcounty.org/en/businesses/permits-and-records/permit-fees/mobility-fee-calculator

[25] https://lakecountyfl.gov/pdfs/growth_management/impact_fees/Residential-Impact-Fee-Schedule-ADA.pdf

[26] https://www.polk-county.net/building/fees

[27] https://www.volusia.org/core/fileparse.php/6204/urlt/2021-Residential-Impact-Fees.pdf

[28] Fla. Stat. §§ 373.801-813 (2020).

[29] https://floridadep.gov/sites/default/files/Silver%20Rainbow%20Final%202018.pdf.

REGIONAL CAPACITY TO ADDRESS WORKFORCE HOUSING

This report reviewed both the funding and regulatory environment in the region. A third component of capacity is qualitative in nature: a review of human and organizational capacity to address workforce housing. This section reviews the capacity of Marion County and the City of Ocala to address its critical workforce housing need through interviews with local stakeholders from the public and private sector.

DEFINING THE PUBLIC AND PRIVATE SECTOR

The housing system in Marion County is composed of a constellation of stakeholders interacting with, guiding, and dictating the supply of workforce housing in the region. The universe of actors can be divided into two categories: the public sector and the private sector. Conclusions from the interview process are divided into these two categories.

The public sector is composed of agencies and staff working for Marion County and the City of Ocala. Private sector stakeholders include for-profit agencies developing unsubsidized housing that is naturally affordable to the workforce, non-profit agencies developing subsidized housing, philanthropic organizations, the business community and its constituent members, social service and other mission-based agencies, and the financial community including lending institutions.

INTERVIEW APPROACH

The Florida Housing Coalition conducted stakeholder interviews in the first quarter of 2021. The objective of this effort was to assess the capacity of the Marion County region (inclusive of stakeholders operating within the City of Ocala) to administer existing programs and funding sources, implement new programs, build new units to meet demand, and sustain ongoing work necessary to support workforce housing.

Interviews were conducted by phone and held in confidence. To respect anonymity and to solicit honest answers, the Coalition does not associate specific stakeholders with statements, data, or other conclusions made in this section. All stakeholders were asked a set of common questions designed to build a comprehensive understanding of the region's capacity. In some interviews, specific questions were asked to solicit answers based on the respondent's subject matter expertise.

LIST OF CONSULTED STAKEHOLDERS BY CLASSIFICATION

Anonymity is essential to the Florida Housing Coalition's interview approach. To ensure commentary remains unattributable through inference, the Florida Housing Coalition does not publish lists of individuals consulted during the interview process.

Individuals working for each of the following stakeholder classifications were interviewed:

1. Marion County staff (public sector)
2. City of Ocala staff (public sector)
3. Business sector (private sector)
4. Financial institutions (private sector)
5. Non-profit housing developers (private sector)
6. For-profit housing developers (private sector)
7. Philanthropic institutions (private sector)

8. Real estate professionals (private sector)

SUPPORTS AND LIMITATIONS ON CAPACITY IN MARION COUNTY

The following section identifies primary capacity supports and limitations for the private and public sector in Marion County and the City of Ocala. Limitations are factors that constrain the capacity of each sector to address the shortage of workforce housing in the region while supports are factors that increase the capacity of the region.

Supports and limitations in this report are not listed in order of importance. After considering the limitations and supports for each sector, this section ends with an overall evaluation.

PUBLIC SECTOR SUPPORTS

Based on conversations with stakeholders in the region, the Florida Housing Coalition identified multiple supports providing an advantage for the public sector's capacity to address Marion County's housing dilemma.

Support 1: Aligned interests between the City and the County

There are encouraging indicators of a productive working relationship between the City and the County. Specifically, the City and the County identified the Pine Oaks redevelopment as a local government area of opportunity as defined by the Florida Housing Finance Corporation (FHFC) in its Request for Application (RFA) for low-income housing tax credit (LIHTC) allocation (for reference, see FHFC RFA 2020-201 Housing Credit for Affordable Housing Developments Located In Medium And Small Counties, application 2021-072C/2021-073C).

Coordination on RFA preference by both the City and the County builds the capacity of the region because it offers a basis for collaboration on future RFAs and efforts to address workforce housing in general.

Support 2: A history of successful acquisition and redevelopment efforts

Conversations with public sector stakeholders revealed active and sustained efforts to acquire, bundle, and solicit bids for redevelopment of scattered site parcels suitable for workforce housing development (for instance, see solicitation #2018-001, available on www.bidocala.com). A majority of the parcels made available in the last few years are zoned for single-family detached housing and are geographically distributed across the city.

The City's capacity to devote staffing resources to bundling properties for redevelopment is a significant and positive indicator of capacity. This approach shows that the City recognizes development opportunities, is able to package properties to encourage economies of scale for selected developers, and can maximize the use of its land by turning unproductive properties into new homes for its growing workforce.

It should be noted that there are challenges associated with many of the bundled properties, including antiquated lot-line configurations that conflict with existing land use regulations and inadequate septic or sewer/water connections that fail to meet code requirements. These challenges are not unique to the City – infill development opportunities face similar challenges in every community in Florida. What is encouraging is the City's proactive approach to making these properties available for private sector redevelopment.

Support 3: Effective administration and programmatic review

Discussions with stakeholders indicated that both the City and the County have demonstrated capacity in effective administration and programmatic review. In terms of effective administration, stakeholders indicated the City is efficient in its permit review process, processing building permits within one or two days – a remarkable accomplishment given the level of development activity in the region. While the City does have an expedited permit review process in place according to its Local Housing Assistance Plan (LHAP), the incentive is rarely needed because of the City's ability to quickly review permits undergoing standard review.

In terms of effective programmatic review, the County and City have also demonstrated capacity to undertake complex systems-level planning for its programs. Specifically, starting in 2019 the County and City participated in a housing crisis response system planning process with the Florida Housing Coalition and the Public Policy Institute of Marion County (PPI) to address increased homelessness in the region. An undertaking like this requires strong public sector leadership and the capacity to recognize when fundamental changes are necessary – features required for a similar systemic effort to bolster workforce housing.

Support 4: Aligned public sector planning efforts

Interviews revealed opportunities for aligning existing public sector planning efforts with workforce housing goals. For instance, the City's planning department expects to complete a unified code rewrite in 2023. The City expects to address substantial code issues, including revisions to its zoning districts and streamlining its requirements.

Similarly, the County is beginning a new 5-year strategic planning exercise, including strategic goals for its Community Services department. This presents an opportunity to incorporate recommendations from the housing report into existing planning efforts. By doing so, the County can bolster workforce housing recommendations and implement the recommendations through ongoing planning efforts.

Given the fortuitous alignment of the City's code rewrite and the County's strategic planning efforts, the public sector can weave new workforce housing programs, land use considerations, and funding strategies into existing City and County planning efforts.

PUBLIC SECTOR LIMITATIONS

Based on conversations with stakeholders, the Florida Housing Coalition identified multiple limitations hindering the public sector's capacity to address Marion County's workforce housing shortage.

Limitation 1: Uncertain staffing and human resources

While both the County and City staff have a proven record of accomplishment in effective administration of housing funds, interviews with private sector stakeholders revealed concerns related to the current and future capacity of City and County staff to effectively administer existing programs or pursue efforts focused on land use or new programs. At the time this report was written, the City's housing department was undergoing a significant transition in staffing – the department's long-time director was retiring and multiple positions were vacant or staffed by a recent recruit. Such a transition, while common for local governments in Florida, nevertheless poses a challenge for effective administration of federal, state, and local housing funds as well as for implementation of new programmatic solutions. At the time this report was written, the Florida Housing Coalition can confirm that multiple Florida local governments face similar staffing challenges. To maintain expected levels of professionalism, it may be necessary to consider adjustments to pay-scale or other incentives to attract and retain high-caliber housing staff.

In addition to staffing challenges, at the time of writing the City also faced a significant financial liability as a result of legal challenges to its collection of fire service fees. After years of legal battle, the City faced the prospect of repaying approximately $80 million in refunds to taxpayers (see https://www.ocalagazette.com/up-in-arms-over-fire-assessment/, Ocala Gazette, posted February 15, 2021). While stakeholders did not explicitly state that the refund liability would impact the City's capacity to administer its funds, there were concerns related to departmental budget and ongoing support for maintaining top-tier department operations.

Limitation 2: A history of missed opportunities

Interviews revealed a consistent trend: the public sector has not adopted proven land use and programmatic strategies for bolstering the supply of workforce housing. In terms of land use, neither the City nor the County have implemented best practices to leverage their land use authority or capture the value of new zoning or development rights. For instance, while the City did create an inclusionary zoning ordinance, the ordinance was designed as a voluntary density bonus for projects that incorporate affordable housing rather than as a mandatory ordinance. Explanations for this decision included the perception that a mandatory ordinance would disincentivize development in the city. Years later, the City's economy is resurgent, multifamily properties are being developed or have units coming online, with few new units affordable to the City's workforce. On the County side, interviews revealed a consistent lack of focus on inclusionary zoning, or leverage of the County's land use authority to capture the value of land to secure long-term affordable units.

Beyond land use solutions, both the City and County have also missed opportunities to ensure long-term affordability through programmatic solutions. For instance, stakeholders consistently described a lack of focus on community land trusts (CLT) as a viable option for permanent affordability in the region. While it is certainly encouraging that the City bundles scattered site properties for redevelopment, it misses an opportunity to place those same properties in a CLT as it does so. The County also missed opportunities to pursue a CLT strategy, whether by supporting a CLT through funding or building a pipeline of County-owned surplus lands.

Limitation 3: Lagging public policy to meet demographic reality

Stakeholders expressed concern that the public sector, particularly the County, is not cognizant of a fundamental shift in the identity of the region from one characterized primarily as agricultural to one that is metropolitan. There is compelling evidence for the region's increasing urbanization, including population growth estimates to 2040, where the population is expected to grow by 22.8%, from 354,949 people in 2020 to 442,426 by 2040. These already quite high estimates may not be accounting for the extremely high jobs growth in the warehouse and delivery sector near I-75 which has driven a large amount of immigration over the last two years (after the latest American Community Survey data that population projections depend on). This growth, fueled by a high-quality of life, relatively low cost of living, and ideal geographic location for distribution of goods, means Marion County's public sector faces considerable pressure to meet increased demand for housing and services today and for the next two decades.

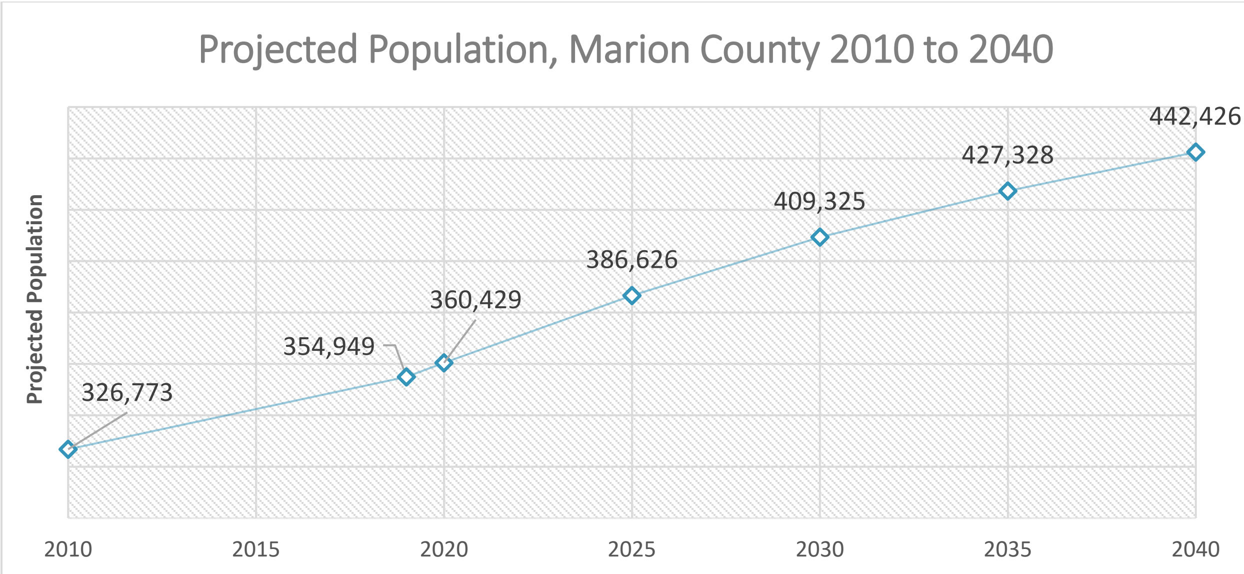

Figure 1. Projected Population, Marion County from 2010 (actual) to 2040.

Source: University of Florida Shimberg Center, population projections, permanent residents, 2010-2040.

Increasing urbanization of the region has wide-ranging implications for the role of the public sector in supporting a stably housed workforce for decades in the future. Stakeholders identified lagging public and elected official attitudes to the shifting character of the community as a primary barrier to the public sector's capacity to address workforce housing needs in the community. Without such adjustments in public sector policymaking, both the City and the County are unlikely to leverage their respective land use and regulatory authority to create a suitable environment for production of workforce housing. Specifically, stakeholders indicated the public sector has consistently shirked responsibility for paying for infrastructure like roads, sewer, utilities, and water connection to new development, hoisting these costs onto developers and driving up the cost of new housing.

PRIVATE SECTOR SUPPORTS

Based on conversations with stakeholders in the region, the Florida Housing Coalition identified multiple supports which bolster the private sector's capacity to address Marion County's workforce housing shortage.

Support 1: Capacity for substantial private sector unit production

Private sector stakeholders noted that the development community in central Florida, including those operating in the Ocala metropolitan statistical area (MSA) is experienced, high capacity, and capable of building a significant volume of housing to meet demand. Data from the U.S. Census Bureau on new building permits in the Ocala MSA supports this assertion. Building permits in the MSA have seen considerable growth since 2010, rising from a low of 361 in 2011 following the Great Recession to a high of 3,827 by 2020.

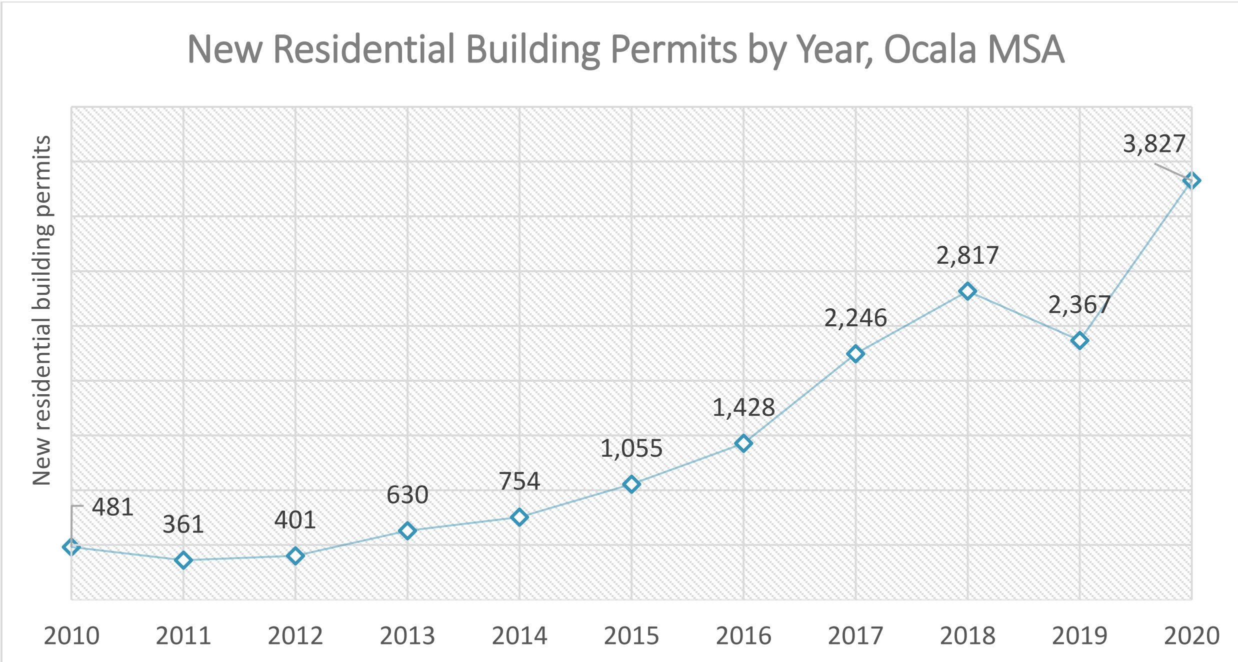

Figure 2. New Residential Building Permits by Year, Ocala Metropolitan Statistical Area (MSA)

Source: U.S. Census Bureau, Building Permits Survey, Annual 2010 to 2020.

The volume of units in production is due, in part, to the relative affordability of land in the MSA. Marion County enjoys significant availability of large tracts of land suitable for development. The public sector has a prime opportunity to design a land use and regulatory environment that encourages scaled development of entry-level ownership opportunities for thousands of new families in the area.

Support 2: Aligned focus on housing as a business and economic development challenge

During interviews with private sector stakeholders, there was a near-universal agreement that housing, including workforce and entry-level housing, is a pressing challenge for the region. Most encouraging, the business community also recognizes that housing affordability presents risks to employee attraction, retention, and productivity. Stakeholders expressed a sense that if left unchecked, the housing affordability crisis in the region presents a threat to Marion County's prospects for long-term, sustained economic growth and diversification.

PRIVATE SECTOR LIMITATIONS

Based on conversations with stakeholders, the Florida Housing Coalition identified multiple limitations which hinder the private sector's capacity to address Marion County's workforce housing shortage.

Limitation 1: Increased cost of building materials

Private sector stakeholders consistently pointed to a fundamental limitation to their capacity to produce new housing in Marion County: the cost of building materials is at an unprecedented level. In particular, the cost of lumber is placing a significant inflationary cost on new housing construction. Data on commodity prices confirms this concern; the cost of lumber as of the close of market trading on May 5, 2021 was up 507% since January 2012.

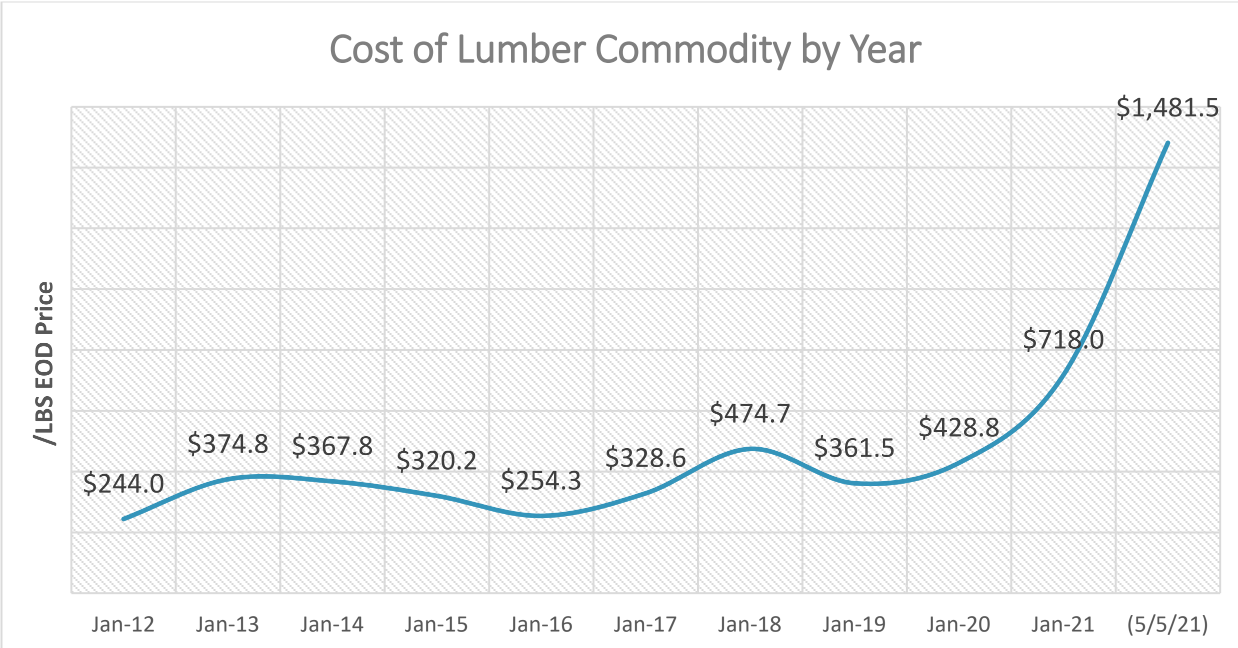

Figure 3. End of day (EOD) market price for lumber (/LBS), January 2012 to May 2021.

Source: Nasdaq EOD price, /LBS.

A review of lumber futures pricing points to an expectation that such prices will continue at least to the end of 2021 (at the time this report was written, lumber futures sold for $1,223 through November, 2021).

Unprecedented lumber costs increase the cost of construction, particularly new construction, which limits the private sector's capacity to develop entry-level housing at an affordable cost to the workforce.

Limitation 2: Burden of shouldering the cost of infrastructure

Private sector stakeholders expressed concern that the public sector, particularly Marion County, was not shouldering the cost of infrastructure. Developers with long-time experience operating in the region noted that the County prefers planned unit developments (PUD) over other forms of large-scale development because the cost of laying new roads, utilities, sewer and water, and other infrastructure components are effectively carried by builders and in homeowner association fees (HOA) once the homes are built.

Stakeholders identified a troubling trend in responsibility for infrastructure costs. According to some, both the City and the County once carried more of the costs for infrastructure development, allowing for a profit to be made from smaller homes with fewer bedrooms and square footage. In the current environment, builders are incentivized to either build larger and more profitable homes or use an HOA model which raises the cost of housing for residents.

Limitation 3: Insufficient nonprofit developer ecosystem

During interviews stakeholders in the region consistently identified a lack of nonprofit affordable housing developers in the region as a source of concern for the private sector's capacity to supply workforce housing in the region. Even though there are some high-capacity developers, with most stakeholders identifying Habitat for Humanity of Marion County as the leading example, the region's nonprofit developer ecosystem represents a significant limitation on the region's capacity to address its workforce housing need.

To address workforce housing shortages, any housing system requires dedicated, mission-based organizations with experience developing a range of housing types. A region with a robust ecosystem of nonprofit developers is characterized by multiple organizations with the strong board governance, financial position, and experience necessary to secure development and funding opportunities. These ecosystems are self-reinforcing, in that competition between developers encourages innovation and pursuit of excellence.

OVERALL EVALUATION OF REGIONAL CAPACITY

Overall, the private sector has the capacity to address workforce housing demand in Marion County and in the City of Ocala. The private sector in Marion County has the capacity to develop and otherwise support a development of a strong volume of units, primarily through development of unsubsidized, market rate housing that is naturally affordable to lower-income households in the region. The most significant factor limiting the capacity of the private sector is inadequate public policy supporting production of high quality, well located, entry-level rental and owner homes.

Of all actors in the housing system, the public sector has the greatest power to make a substantial difference in improving or hindering the region’s capacity to meet demand for workforce housing. The public sector’s principal charge is to support public health, safety, and welfare. Meeting the region’s growing demand for safe, quality, and affordable housing opportunities should be a top priority.

After balancing each of the supports and limitations discussed in this section, the public sector as currently positioned in Marion County and the City of Ocala does not have sufficient capacity to address the needs of its workforce. Specifically, the public sector requires adjustments to public policy, reconfigured prioritization of housing and community development agency budgets, and support from leadership to better position the region for success.