

Case Studies: Tampa

THE HOUSING AFFORDABILITY TOOLKIT

Developed in Partnership with
HR&A Advisors



Tampa, FL

Tampa's low cost of living has long been attractive to lower-income renters, but rising rents have begun to erode this affordability.

Rents for both new and existing rental housing have grown burdensome for the city's large base of low- and middle-income renters. However, the city has continued to attract a broad base of renters, at a rate similar to metro areas surrounding the city.

\$50,400

MEDIAN HOUSEHOLD
INCOME

\$35,000

MEDIAN RENTER
HOUSEHOLD INCOME

79,900

TOTAL RENTER
HOUSEHOLDS

41,800

TOTAL MULTIFAMILY
RENTAL UNITS

DRIVERS

Rapid Increase in Low- and High-Income Renters

Between 2000 and 2016, the number of renter households grew by 43%, nearly double the national rate of 23%. Over half were low-income. Meanwhile, though high-income renters do not comprise a large share of Tampa's renters, they have increased by 73%, more than ten times the national rate.

Rising Development Costs

Tampa's construction costs grew rapidly from 2000 to 2016. Land costs remain low but have rebounded 600% from a low point in 2011.

Worsening Housing Affordability for Middle-Income Renters

The number of cost-burdened renters grew by 86%, well above the national average of 55%. This is largely driven by the increase in the number of cost-burdened middle-income renters, which has more than tripled.

Relevant Tools

For more information on relevant housing tools, programs, and policies, see the following pages:

- Public Land
- Tax Abatement
- By-Right

IMPACTS

Significant Decrease in Supply of Lower-Rent Units

Demand has driven rents higher for all rental housing, including existing stock. In Tampa, the share of occupied rental units priced at under \$800 per month fell by 26.8 percentage points from 2000 to 2016, compared to 12.2 percentage points nationally.

Rising Rents for New Rental Housing

As development costs rise, and as developers deliver higher-end apartments, real rents for apartments have risen by 57%, albeit to a relatively affordable rent level of \$1,430.

Cities Facing Similar Challenges

Cities facing similar housing affordability challenges include:

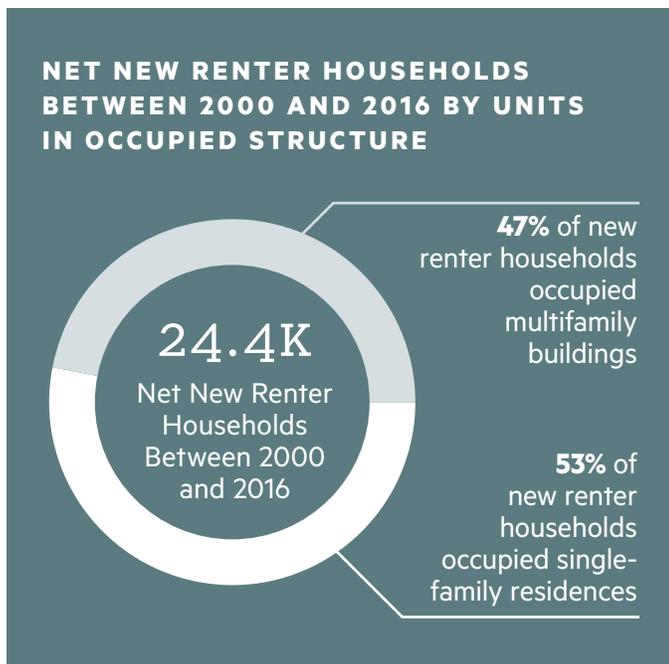
- Las Vegas, NV
- Riverside, CA
- Spokane, WA
- Charleston, SC

DRIVER

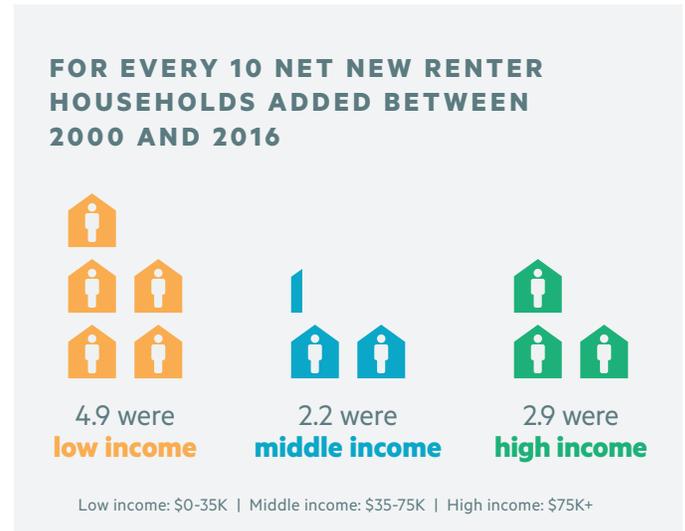
Rapid Increase in Low- and High-Income Renters: Strong household growth from low-income renters reflects the city’s relative affordability, though rapid growth in high-income renters may challenge that.

The number of renter households grew by 24,400 between 2000 and 2016. This amounts to a 43% increase, almost double the national average of 23%.

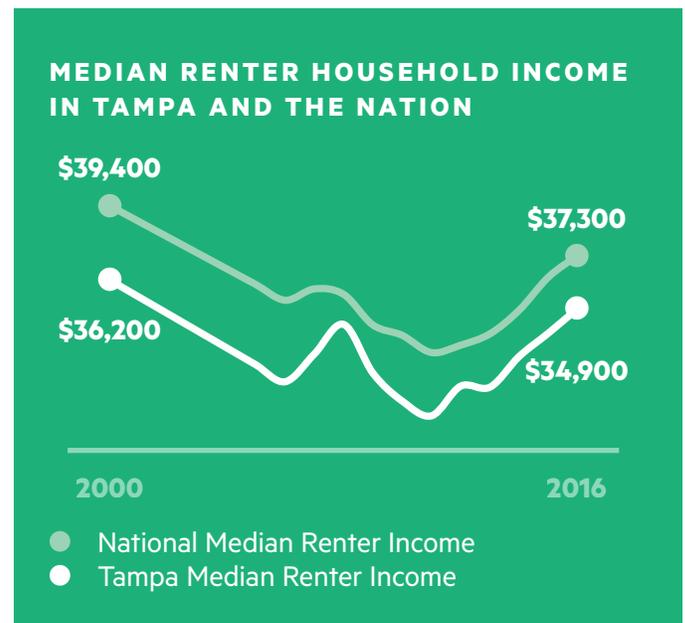
The majority of new renter households occupied non-multifamily buildings. This trend is unlike most cities, where new renters occupy densifying areas of the city. The large share of single-family renters indicates a substantial conversion of single-family housing from ownership to rental. This may indicate an undersupply of multifamily housing, at least at specific price points.



Low-income renters in Tampa made up more than half of all new renters added between 2000 and 2016. Middle- and high-income renters were added in equal amounts with each group representing one quarter of net new renters. Notably, high-income renters had the highest rate of growth due to the relatively small number of high-income renters in 2000.



Between 2000 and 2016, the real median renter income in Tampa decreased by 3.5%, though it has been rising in recent years. As with many cities nationwide, the median renter income has risen in Tampa over the last few years, but these gains have still not surpassed the overall decline which began in the early 2000s and continued during the Great Recession.



High-income renters are the fastest-growing income segment in Tampa, growing by 73% between 2000 and 2016. This growth, though small in absolute terms, marks a deviation from affordability. The increase in high-income renters has driven an emerging stock of high-end development.

DRIVER

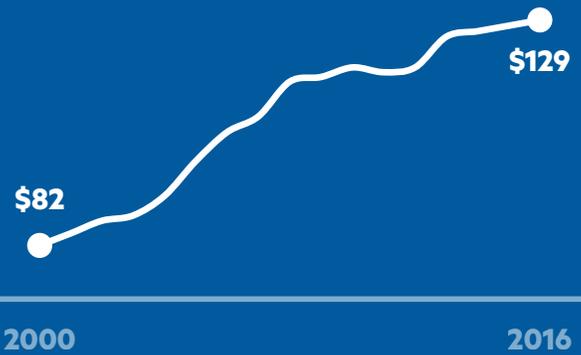
Rising Development Costs: Tampa's previously low construction costs have risen rapidly, contributing to rent increases.

When development costs increase, developers must increase rents in order to cover the higher costs. Development costs are driven by three main components: land, labor and materials, and regulatory soft costs.

Local regulatory conditions further intensify the rising cost of development. Policies that reduce the amount of land available for multifamily residential development, extend the development timeline through lengthy permit approval processes, limit development potential through stringent parking requirements, and other local requirements can each result in higher development costs.

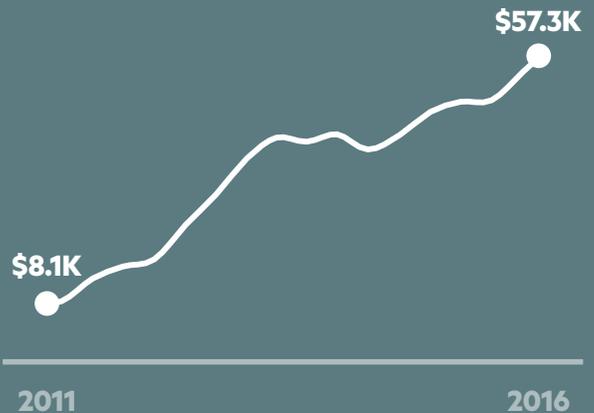
In the Tampa area, real hard costs, or the cost of labor and materials, increased significantly between 2000 and 2016. Real hard costs increased from \$82 PSF to \$129 PSF for multifamily buildings in real terms, amounting to a 57% increase. Nationwide increases in the cost of building materials and a tight labor market have led to increases well above the rate of inflation.

REAL MULTIFAMILY CONSTRUCTION COSTS IN TAMPA (HARD COSTS PSF)



Real land costs in Tampa increased 28% between 2000 and 2016 but were still below the peak reached in 2006. Having rebounded somewhat since the Great Recession, real land costs are still well below peak levels. Growth in land costs since 2011 indicates that land is becoming increasingly difficult to acquire in the Tampa market.

REAL COST FOR A SINGLE-FAMILY LOT IN THE TAMPA MSA



Rising real hard costs are the main driver behind rising rents. Land costs, which are far below the 2006 peak, likely play a smaller role.

IMPACT

Significant Decrease in Supply of Lower-Rent Units: Rising rents for existing units have halved the number of lower-rent units in what was once an affordable market.

Rents for existing units are increasing at a rate above the national rate. Between 2000 and 2016, the real gross median rent for units built before 2000 increased by 23%. This is significantly higher than the nationwide growth rate of 13%. Rent growth for existing units indicates strong demand for rental housing and an insufficient supply, as competition for scarce units drives up rents.

The availability of rental units priced at under \$800 in rent per month fell dramatically. While 53% of occupied rental units in 2000 were priced below \$800, this share fell to 27% by 2016 – a figure well below the national average.

27%

of occupied rental units were priced under \$800 in 2016, **down from 53% in 2000.**

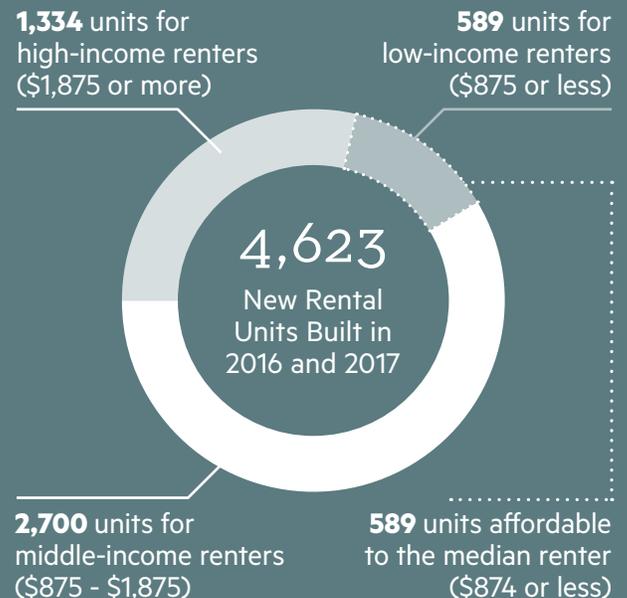
IMPACT

Rising Rents for New Rental Housing: Rents for new housing have risen rapidly, albeit from very affordable levels.

The average asking rent for new multifamily apartments increased rapidly between 2000 and 2016. In 2000, asking rent for a unit in a new building was \$912 in real dollars. In 2016, the rent for a unit in a new building was \$1,429, reflecting a 57% rise in real terms. This spike in rent for new units indicates a large influx of high-end development.

Of the units built in 2016 and 2017, 87% were not affordable to the median renter. In those two years, 589 units were delivered with average asking rents less than \$874, the monthly rent affordable to the median renter in 2016. In contrast, 4,034 units were delivered with asking rents greater than \$874, while 29% of all units (or 1,334 units) were priced to be affordable only for high-income renters, with rents above \$1,875.

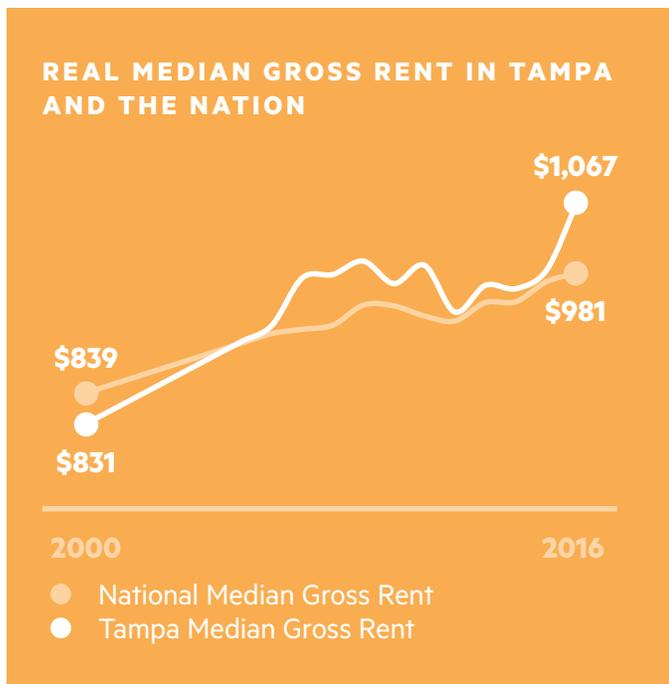
ASKING RENT DISTRIBUTION OF MULTIFAMILY UNITS BUILT IN 2016 AND 2017



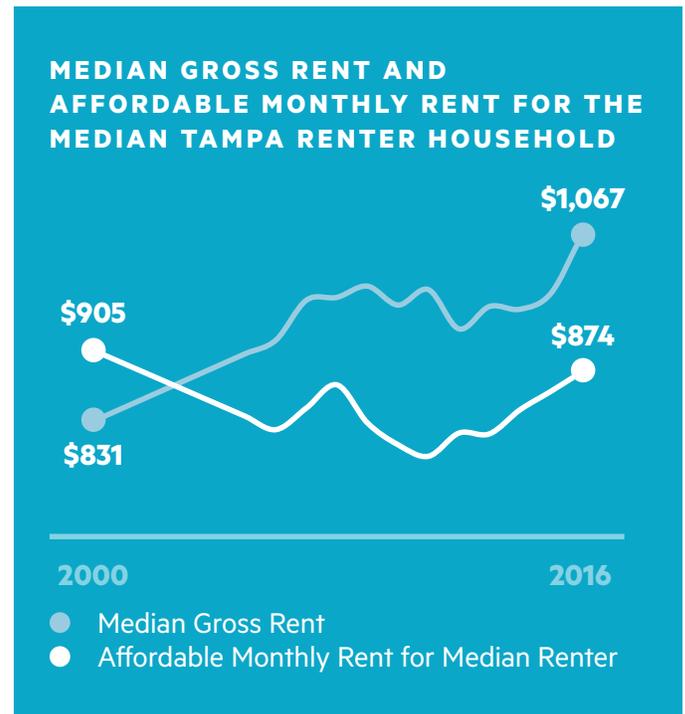
Note: Subsidized units are not included.

A large influx of new rental housing has contributed to a rise in the median rent in Tampa. Between 2000 and 2016, Tampa’s rental market experienced growth at a rate far above the national rate. The city delivered nearly 30,000 new multifamily rental units, which marks a 40% increase in the multifamily rental housing stock. Newer rental housing typically has higher rents, contributing to Tampa’s median rent increase.

Real gross median rent in Tampa increased by 28% from \$831 in 2000 to \$1,067 in 2016, much higher than the nationwide increase of 17%. High and rising development costs and substantial unmet demand for rental housing in the market contributed to rising rents.



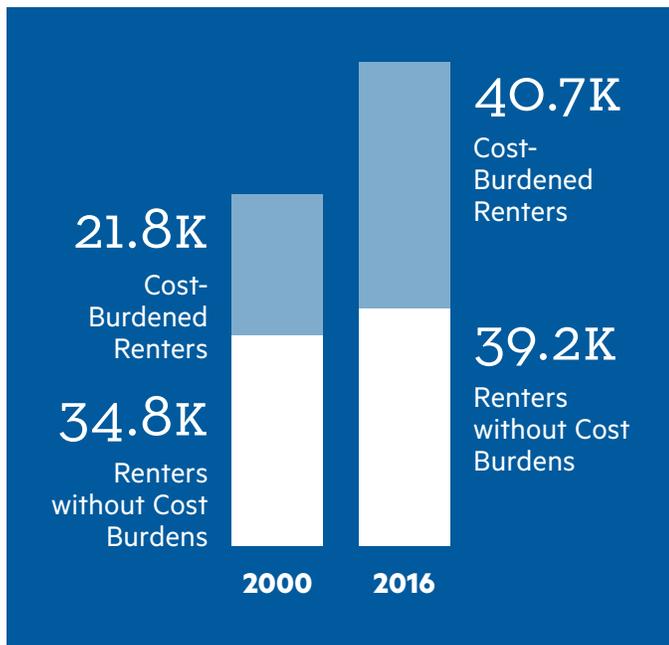
The growth in real median gross rent has far surpassed median renter income growth. In recent years, the median renter income has seen sustained growth, though it is still lower than it was in 2000 due to the large net increase in low-income renter households. This contributes to affordability challenges throughout Tampa.



IMPACT

Worsening Housing Affordability for Middle-Income Renters: Rising rents and low renter incomes have led to an increasing cost burden for both low- and middle-income renters.

Tampa saw significant increases in the share of rent-burdened households. The number of cost-burdened renter households grew by 86%, far higher than the national rate of 55%. More than half of all renters are now cost-burdened, up from 39% of renters in 2000. Between 2000 and 2016, Tampa added 18,900 net new rent-burdened households, representing 81% of all net new renters.



Low and middle-income renters in Tampa experienced large increases in affordability challenges. Of Tampa’s middle-income renters, 38% were cost-burdened in 2016 versus 13% in 2000. More than three out of every four (78%) low-income renters were rent burdened in 2016. Tampa’s affordability challenges reflect nationwide trends but to a higher degree.

Tampa continues to add households at all income levels, though middle-income renters are growing more quickly in surrounding metro areas. All renter income groups saw substantial growth in Tampa – low-income renters grew by 40%, middle-income by 28%, and high-income by 73%.

GROWTH IN THE NUMBER OF MIDDLE-INCOME RENTERS

28%

Tampa

45%

Surrounding Metro

SHARE OF RENT-BURDENED HOUSEHOLDS BY INCOME IN 2016



78% of low-income renters were rent burdened, up from 68% in 2000.



38% of middle-income renters were rent burdened, up from 13% in 2000.



4% of high-income renters were rent burdened, up from 1% in 2000.

Low income: \$0-35K | Middle income: \$35-75K | High income: \$75K+