LAKE WORTH BEACH EMERGENCY HOUSING STUDY AND POLICY RESPONSE ANALYSIS

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CHAPTER 1:
EXECUTIVE SUMMARY

This is the first of three reports in connection with the Lake Worth Beach Emergency Housing Study and Policy Response Analysis. The report addresses three broad questions: (1) Who lives in Lake Worth Beach? How do the City's social and economic characteristics compare to those of surrounding communities? (2) Is there a housing emergency in Lake Worth Beach? If so, what is its extent, scope, and nature? And (3) what are the underlying causes of housing unaffordability and distress in Lake Worth Beach?

To address these questions, we compiled data from a multitude of sources, including the American Community Survey (ACS); the Decennial Census; the Environmental Systems Research Institute (ESRI); the Shimberg Center for Housing Studies; the public databases maintained by real estate platforms such Zillow, Redfin, Apartment List, and Air DNA; the Florida Office of Insurance Regulation; official, court, property appraiser, and tax collector records from Palm Beach County; news stories and media reports; specialized records requests from units within the City and County governments; interviews with for-profit and non-profit housing developers, attorneys who handle eviction cases, social workers who provide assistive services to vulnerable community members, residents facing housing insecurity, insurance brokers, and experts on housing policy; field observations within the community; and multiple other sources.

While the answers to the above questions are complex, multi-faceted, and require considerable elaboration, the major findings of our study are highlighted below:

A. *How do the City's Social and Economic Characteristics Compare to Those of Surrounding Communities?*[1]

(1) Young Population: According to the 2022 ACS, Lake Worth Beach has an estimated population of 43,201 people. The average age of residents in Lake Worth Beach is 36 years old, which is nine years younger than the average age of Palm Beach County residents (45) (ACS, 2021). Lake Worth is predominantly composed of working age adults 18 to 64 years old, accounting for 62.5 percent of the population (ACS, 2021).

(2) Diverse household structures: There are 14,517 households in Lake Worth Beach as of the 2021 ACS. Lake Worth Beach residents are less likely to live with a spouse and more likely to live with siblings, extended family members, or unrelated roommates when compared to other Palm Beach County residents. In Lake Worth Beach, 71.6 percent of householders live with siblings, extended family, or unrelated roommates, compared to 54.4 percent in the County. Although most Lake Worth Beach residents live in one- or two-person households, the city has a very high proportion of very large households (7.8 percent), or those with six or more people, compared to the County (2.7 percent), state (2.9 percent), and

[1] Unless specified otherwise, the data reported in this section are estimates from the 2021 American Community Survey (ACS), as 2022 ACS data were not available at the time Report #1 was written. Some figures have been adjusted for inflation, and some ACS figures—where noted—have been retroactively adjusted with 2022 data.

country (3.8 percent). Finally, Lake Worth Beach residents are more likely to live in households with minor children (31.0 percent of households), and a greater proportion of children live with single parents (18.4 percent of households) in comparison to Palm Beach County households (25.4 percent and 9.0 percent of households, respectively). The children are also far more likely to live in rentals than other children across the County (68% according to the 2020 Census).

(3) Multi-cultural, immigrant population: The City of Lake Worth Beach is very diverse relative to the county, state, and nation. In 2021, 53.6 percent of residents identified as White alone, 16.7 percent identified as Black or African American alone, 13.5 percent identified as two or more races, and 13.3 percent identified as some other race. In terms of ethnic composition, just over half (52.2 percent) of residents identified as Hispanic or Latino—a rate that is about double Palm Beach County's (23.1 percent). Lake Worth Beach is particularly unique for having a thriving Guatemalan enclave. Nearly 10,000 residents are of Guatemalan descent. They comprise nearly one-quarter (22.0 percent) of the City's population.

As of 2021, Lake Worth Beach is also a city of immigrants. Nearly 40 percent of residents were born outside the U.S., two-thirds of whom moved to Lake Worth Beach before 2010 and have resided in the City for at least 13 years. Many such residents are still navigating the complex journey towards citizenship. Consequently, 29.2 percent of residents lack citizenship status.

(4) Working-class: Lake Worth Beach is a working-class city, with higher rates of labor market participation (66.6 percent) and employment (61.9 percent) than the County (59.8 and 56.1 percent, respectively), state (59.4 and 55.9 percent), or nation (63.6 and 59.6 percent). Nearly half of employed residents work in blue-collar occupations such as agriculture, production, transportation, construction, and maintenance. When industries such as food service and personal care are included, more than 75 percent of employed Lake Worth Beach residents have working-class occupations. Residents are less likely to work in management, professional, office, and related occupations, with only 30.3 percent engaged in these types of jobs, compared to 49.2 percent of residents of Palm Beach County as a whole.

Lake Worth Beach residents also have lower average rates of educational attainment when compared to other Palm Beach County residents. More than one-quarter (27.4 percent) of residents have not completed high school—a rate roughly 2.5 times higher than the County's (10.9 percent), state's (11.0 percent), and nation's (11.1 percent). Moreover, 22.7 percent of the City's adult population has a bachelors' degree or higher—about half of Palm Beach County's rate (31.5 percent).

Given these occupational and educational characteristics, most Lake Worth Beach residents earn substantially less income than residents across the County. The Department of Housing and Urban Development estimates Palm Beach County's current median household income to be $98,300. Although Lake Worth Beach has a higher rate of labor force participation compared to the County, with 66.6 percent of residents in the labor force compared to 59.4 percent in the County, its median household is nearly 50 percent lower, at just $53,656 (ACS, 2021; ESRI, 2023). With Census response rates that were depressed in 2020, the City's true median household income may be lower.[2]

(5) **A city of renters:** Since the Subprime Mortgage Crisis took place in 2008, Lake Worth Beach's homeownership rate has dropped from 52 percent to 43.6 percent (2022 ACS). It is currently more than 25 percentage points below the county rate (69.4 percent) and also substantially below the state's (66.5 percent) and nation's (64.6 percent). In Lake Worth Beach, 56 percent of housing units are renter-occupied, with approximately 60 percent of residents living in rental households. In some neighborhoods, 70 percent or more of residents rent. And among some racial groups, such as Black or African American residents, more than 80 percent rent.

(6) **Detached housing markets:** Over the past two and a half years, price accretion has placed home ownership out of reach for most Lake Worth Beach residents. According to Zillow, the median home value in the City was $446,197 in August 2023. This figure correlates with a Home Affordability Index value of 43, meaning that a family making the City's median household income earns just 43 percent of the income necessary to qualify for a mortgage loan on a median-priced home.[3] To qualify for a loan on a typical home in Lake Worth Beach, one's household would need to earn approximately $112,000 per year. According to 2021 5-year ACS estimates, less than 10 percent of the City's renter households earn incomes that meet that threshold. The standard down payment of 20 percent on a median value home would equate to nearly $90,000 before closing costs—a sum that is more than double the typical household income of Lake Worth Beach renters—highlighting the housing market's detachment from resident's financial capabilities.

(7) **Social and economic vulnerability:** Reflecting their relatively low incomes and low rates of homeownership, more than half (51.1 percent) of Lake Worth Beach residents were "doing poorly" or "struggling" to get by, according to the U.S. Census Bureau in 2021. This designation means that their incomes are under 200 percent of the federal poverty guideline. This is a far higher rate than the 28.9 percent of Palm Beach County residents whose incomes place them in these categories.

Lake Worth Beach's poverty rate is more than twice the county's and state's. Not only is poverty more widespread in Lake Worth Beach, it is also more severe. Whereas only five percent of County residents have an income that is less than half the poverty line, 11 percent of Lake Worth Beach residents do, or 4,597 people. Poverty most acutely affects single mothers with children, who typically earn under $25,000 per year. Indeed, 38.6 percent of the 9,695 children who live in Lake Worth Beach live in poverty. This is more than double the rate of childhood poverty in the County (16.5 percent), state (18.2 percent), and country (17.1 percent). Due to immigration status, many residents living in poverty also have limited access to public social services.

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[2] Non-response tends to be higher among vulnerable populations with limited incomes. Response rate data can be found here: https://www.census.gov/library/visualizations/interactive/2020-census-self-response-rates-map.html.
[3] See "Can Lake Worth Beach Residents Afford to Buy Homes Today?," page 32.

Residents' low-income levels, high poverty rates, and inability to access essential social services magnify the challenges that rapidly rising housing costs pose.

(8) Significant and worsening social inequality: Significant wealth and income disparities exist among the social groups that call Lake Worth Beach home.

- Homeowners tend to make much higher incomes and possess more wealth relative to renters. In 2021, the median owner-occupied household with a mortgage earned more than twice as much as the median renter households in Lake Worth Beach: $87,059 compared to $41,384. Whereas only 28 percent of owner-occupied units were cost-burdened in 2021, 60 percent of renter households were.

- Despite requiring less income to make ends meet, families without minor children earn more than twice as much as families with them. The income constraints of parents have resulted in a high incidence of student homelessness. According to Mckinney-Vento records, over one in five (21.3 percent) South Grade Elementary students experienced homelessness during the 2021-22 academic year.

- Individuals lacking college degrees, who often work in blue collar jobs, earn far less on average than white collar workers who possess them. Residents with degrees are also much more likely to be homeowners. Among owner-occupied housing units, 72.1 of owners achieved some level of college education, including obtaining an associate's degree or higher. In comparison, 28 percent of owners had a high school diploma or less (ACS 2022)

- Severe disparities exist between ethnic and racial groups. Hispanic or Latino households are about twice as likely to live in poverty as White non-Hispanic households, with 28 percent of Hispanic or Latino households living in poverty compared to 14.3 of White non-Hispanic households. Black households—who earn just 72 cents for every dollar earned by non-Hispanic White households—are also nearly twice as likely to live in poverty in comparison to this group, with a quarter of this population living in poverty.

- Income and wealth disparities have contributed to unequal rates of homeownership. White residents are nearly 3.5 times more likely to own their home than Black residents, and the number of Black homeowners is continuing to drop. Whereas 61 percent of non-Hispanic White households own their homes, only 30 percent of Latino households do, followed by just 18 percent of Black households (ACS, 2021). In 2021, only 388 of the City's Black households owned their homes; 1,790 rented.

The ongoing income and homeownership gap between Black and White residents is an artifact of three forces: (1) the ongoing and legacy effects of labor market discrimination, (2) historic redlining (i.e., lending and appraisal discrimination), and (3) the "predatory inclusion" of minorities into homeownership opportunities via subprime loans during the early 2000s.

In the years succeeding the Subprime Mortgage Crisis, a disproportionate share of the residents who lost ownership of their homes were People of Color—an issue that poses important implications for their current and future levels of wealth and income generation. The income gap between owner-occupied and renter households is one of the most salient disparities in the City, and the COVID-19 pandemic amplified it. As home prices skyrocketed between 2020 and 2022, homeowners saw their equity increase—and, in many cases, their costs diminish—due to opportunities for refinancing mortgage loans at low interest rates. More likely to work in professional occupations that enabled remote working arrangements, they were also less likely to experience economic disruptions such as job loss during the lockdown period.

On the other hand, many renters experienced income loss at the same time their rents increased. As the community health profile provided in this report indicates, these disparities not only have significant outcomes for economic well-being, but also outcomes for physical well-being. In majority racial or ethnic minority areas of the City with low homeownership rates, life expectancy is substantially less than in majority White areas with relatively high homeownership rates. In short, while skyrocketing home prices have generated significant wealth for homeowners across the City—who tend to be White—they have further impoverished renters, who are much more likely to be Black.

B. Is There a Housing Emergency in Lake Worth Beach? If So, What Is Its Extent, Scope, and Nature?

Yes, our research indicates that Lake Worth Beach is in the throes of a housing emergency. Since the pandemic, costs have risen unexpectedly and dramatically.[4] Among renter households, which earn lower incomes on average compared to owner-occupied households, fewer than ten percent earn enough to qualify for a loan on a median-priced unit. These figures indicate that Lake Worth Beach's housing market has become fundamentally detached from the needs and financial capabilities of residents. The disconnect has contributed to a declining homeownership rate, with levels falling from 53 percent in 2010 to 44 percent in 2021—a level that is 25 percentage points below the County's.

Conditions have also deteriorated in the rental market. From 2010 to 2020, the median price of a rental unit in Lake Worth Beach increased from $957 to $1,193, translating into a rent hike of just $23.60 per year, on average. Although the increases are not evenly distributed over time, they were still appreciating at a manageable rate in the years leading up to the pandemic. From 2017 to 2020, rents increased by just three percent per year, on average. Between January 2020 and June 2023, however, the City's median rent exploded to $1,826 —an increase of 53 percent in less than two and a half years. The rent hikes, which have averaged 13 percent per year in the wake of the pandemic, are nearly six times the average annual increase that renters faced in the ten years preceding the pandemic. Overall, they have translated into $7,596 per year in additional expenses for households leasing a median-priced unit, which constitutes nearly one-fifth of the typical renter household's income (ACS 2021 5-year estimates). Consequently, more than 60 percent of the City's renters were experiencing cost-burden in 2021—including 36 percent who

[4] See sub-point #6 in the executive summary.

were severely cost-burdened, meaning that they were allocating more than half of their income to housing costs.

To cover the City's median rent without experiencing cost burden—before additional housing costs, such as utilities, are even considered—a household would need to earn $73,040 per year. The City's average renter household would need to accrue a nearly $20,000 raise to meet that threshold. The situation is more dire for residents who are looking for a new rental. When we analyzed market listings on a sample day in August 2023, the median price of available units was $2,683 per month, which would require a $107,320 annual household income to avoid cost burden. Households that are currently searching for a rental unit typically earn only half that income level.

Because of these low levels of affordability, Lake Worth Beach residents have requested substantial housing assistance. According to our review of 211Helpline data available through 211 Palm Beach and Treasure Coast, requests for housing assistance from individuals residing in Lake Worth Beach are twice the rate in Palm Beach County on a per capita basis, and requests exhibit twice the need for shelter stays, low-cost housing, and rental assistance. Emergency Rental Assistance receipt data also evidence the City's high level of need. From 2020 until March 2023, the County approved 968 households in ZIP code 33460 alone for rental assistance, which constitutes approximately 14 percent of the City's renter population. This figure does not include the many assistance applications that were not approved. Had the program not been implemented, nearly one in seven renter households may have experienced displacement.

211 Helpline records also indicate that, on a per capita basis, requests from residents in and around Lake Worth Beach are about three times more likely to concern assistance with a problem in relation to their landlord, in comparison to those from Palm Beach County. Eviction records, interviews with social workers, analysis of local news coverage, and conversations with tenants conducted for this report highlighted experiences of exploitation, abuse, and extortion among tenants. They included scams in which tenants made substantial payments to landlords for housing units that did not exist; landlords who refused to maintain properties and subjected tenants to unconscionable living conditions, such as rodent infestations, non-working major appliances, broken windows, malfunctioning plumbing, and mold; property owners who pursued illegal "self-help" evictions to displace tenants; landlords who leveraged verbal leases and cash rent payments to steal money from tenants who could not show proof of payment; landlords who refused to participate in rental assistance programs; and landlords who threatened eviction if tenants did not provide sexual favors.

According to the U.S. Census Bureau, occupied housing units with more than one person per room in the unit are considered overcrowded. By this metric, more than one in ten housing units in Lake Worth Beach exhibits evidence of overcrowding. This is more than three times the county, state, and national rates of overcrowding. Overcrowding is particularly severe in renter-occupied housings: 15 percent of them are overcrowded compared to 6.5 percent of renter-occupied units across the county, 5.7 percent across the state, and 6.1 percent across the nation.

It is also important to note that the real rate of overcrowding in Lake Worth Beach is likely to be higher than what is indicated by these data. Due to low participation rates in the Census and

ACS, especially among undocumented migrant populations, the available data may underestimate the City's level of overcrowding.

Social workers interviewed told us that many of their clients, along with their children, were forced to double-up in overcrowded conditions—sometimes with strangers—due to a lack of affordable housing. These conditions can put individuals and children at increased risk for sexual and physical abuse. A number of testimonials from service providers point to this as a significant problem in the community. Moreover, research shows higher levels of household overcrowding were correlated with a 23 to 46 percent increase in the risk of child sexual abuse allegations (Cant et al. 2019).

Additionally, many landlords are implementing stringent qualification thresholds that lock prospective tenants out of the rental market.

In response to these unaffordable and hostile conditions, many lower- and moderate-income households have left the City. While the City gained 967 households earning over $100,000 per year between 2019 and 2021, it lost 476 that were earning under $40,000. We expect that that trend has since intensified. The low- and moderate-income residents who have remained are exhibiting myriad forms of distress, including financial insecurity, loss of self-sufficiency, eviction, homelessness, and malaise. Through interviews with service providers and residents, efforts to cope with and adjust to the rising costs of housing were shared as a common experience. Residents have foregone expenditures on basic needs such as medical care, taken out high interest loans from pawn shops, moved into smaller, often substandard, apartments, endured overcrowded living conditions, and, in some cases, tolerated extortion and abuse from opportunistic landlords. These distressing conditions have led to rallies, petitions, pleas for help, and a dispirited public mood.

The rising levels of distress that residents are experiencing has strained social workers' ability to assist them. Every housing leader interviewed for the purpose of this report stated that they were receiving more demand for assistance than their organizations could accommodate. Indeed, affordable housing units are at full occupancy, emergency shelters are frequently full, emergency rental assistance funds are nearly exhausted, and resources for assistive services are insufficient to need. Many individuals who provided assistive services reported struggling with high housing costs themselves, stating that their personal troubles—coupled with their limited ability help others—were leading to compassion fatigue and burnout.

Finally, on the production side, the affordable housing developers interviewed reported being severely constrained by high land, construction, insurance, and financing costs. Even after accounting for subsidies and tax incentives, one stated that they had lost the ability to develop housing that could accommodate households earning less than 80 percent of the area median income. Another said they had mostly given up on building new units in Palm Beach County due to high land costs. All reported that prohibitive costs had led to reduced building and development. Indeed, at the very moment when increased affordable housing production is needed, many developers have lost the capacity to provide it at scale.

In sum, housing costs have increased dramatically, become decoupled from residents' financial abilities, precipitated multiple forms of distress, and strained social services providers. Despite the presence of local, state, and national incentive programs, developers lack the capacity to satisfy the City's need for affordable housing. Without swift and significant relief, housing affordability will continue to deteriorate, low- and moderate-income households will continue to leave the City, and manifestations of housing-related distress will intensify.

C. *What are the Underlying Causes of Housing Unaffordability and Distress in Lake Worth Beach?*

Historical Context

Understanding the housing emergency that is gripping Lake Worth Beach first requires understanding the historical circumstances that preceded it. Predatory lending during the early 2000s led to a wave of mortgage foreclosures and a collapse in homes prices, with the Lake Worth Beach market reaching its nadir around 2013. When the dust settled from the Subprime Mortgage Crisis, thousands of residents had lost their homes, savings, and jobs, and the City had fallen into a severe recession. As *the* trustees of mortgage-backed securities began liquidating their housing stock, opportunistic investors pooled capital to acquire them at discounted prices. Rather than rehabilitating and flipping the properties, most converted them into permanent rentals, leasing them to economically vulnerable members of the community, including ALICE households (asset-limited, income constrained, employed), political and economic refugees arriving to the City from other countries, and some of the very individuals who had been dispossessed of their homes during the crash. Low- and moderate-income households across the City—especially Black households who had been targeted for subprime loans—thus emerged from the recession with lower wealth levels, lower rates of homeownership, reduced incomes, and tarnished credit ratings, which impaired their economic mobility over the succeeding years.

From 2010 to 2019, low purchase prices and deferred maintenance allowed nascent landlords to profitably rent their units at cheap rates. But despite living in low-cost rentals, many residents experienced cost-burden. Two-thirds of Lake Worth Beach renters were allocating more than 30 percent of their income to housing costs in 2017, and 40 percent were allocating more than half. Most Lake Worth Beach renters were living in a state of emergency before the pandemic erupted—a situation in which their ability to pay rent and remain stably housed was continuously threatened. However, large rent increases were not the primary threat to their housing security; constrained incomes, impaired credit, and limited savings were. Financial distress and/or loss of housing was more likely to result from an unexpected medical bill or job loss than a sudden rent hike.

Rental prices remained stable from 2010 to 2020, with the median price of a rental unit increasing just $23.60 per year on average. Homes values did not return to their pre-crash high—$230,500 in August 2006—until May 2018. And although price inflation began to accelerate slightly in 2017 due to early hints of gentrification, rental price inflation remained manageable—increasing just three percent per year on average from 2017 to 2020. However, while rents increased by only 8.5 percent from 2010 to 2017, median household income *declined* by 5.6 percent. Renters thus grew increasingly precarious despite price stability, forcing many to accept less-than-ideal living conditions as a means of navigating financial constraints. Such conditions included substandard units, overcrowding, and sometimes disconnected utilities. Moreover, with rising cost to income ratios, they became increasingly vulnerable to unexpected expenses, job losses, and price shocks.

The tenuous budgets that many Lake Worth Beach residents relied upon collapsed when they experienced all three contingencies during the COVID-19 pandemic. Whereas the period from 2008 to 2020 marked a *state of emergency*—a period in which insufficient earnings threatened residents' ability to cover their necessary expenses—the period from 2020 to present has marked a bonified *housing emergency:* that is, a period in which sudden and exorbitant increases in the cost of housing have threatened their ability to buy homes, pay rent, or even qualify for rental units. Indeed, over the past 2.5 years, housing prices have become fundamentally detached from residents' financial capabilities, leading to manifestations of acute distress across the community.

Primary Causes

Our research identified three primary causes of the housing emergency in Lake Worth Beach and several aggravating causes. The primary causes of the housing emergency in Lake Worth Beach are described below.

Population Growth among Affluent Households Fueled by Economic Development Initiatives and Remote Work Arrangements

First, Lake Worth Beach has experienced a wave of migration from affluent households in response to the expanded availability of remote work arrangements and the economic development initiatives of the County's "growth machine" coalitions.

These activities are perhaps best seen through the Business Development Board (BDB), which works to attract corporate relocations to Palm Beach County. In recent years, they have courted financial services firms and technology companies, with the goal of transforming South Florida into a "Wall Street South" and "Silicon Coast." By successfully recruiting blue chip companies such as BlackRock and Goldman Sachs, they have brought thousands of very high-income households into the County. Indeed, over the past five years, the BDB has facilitated 140 corporate relocations that have brought 13,110 jobs with an average salary of $80,000. Last year alone, relocations from New York brought $34 billion of wealth into Florida, and Palm Beach County was its top destination. In connection with their efforts, such as advertising the County on Wall Street with massive digital billboards in August 2023, the County has become home to 57 billionaires and 71,000 millionaires (BDBPBC 2022; Miller 2023). The institutionalization of remote work arrangements in the wake of the COVID-19 pandemic, which allowed additional professional workers with high incomes to migrate to Florida and shelter their earnings from state income taxes, augmented these tendencies.

The influx of affluent workers into Palm Beach County has altered the social and economic fabric of Lake Worth Beach. Lake Worth Beach's population was relatively static from 2000 to 2008, fell slightly after the Subprime Crash, and grew at a relatively normal pace from 2010 to 2019, increasing by about 344 people per year on average. However, over the past 2.5 years, thousands of high-earning households have relocated to Palm Beach County to follow blue-chip employers in the process of relocating themselves, shelter their earnings from state income taxes, and escape cold weather (Waczak 2022).[5] In the one-year period between 2019 and 2020, Lake Worth Beach's population increased by 4,209 people, which represents an 11 percent growth rate in a single year—a rate that was nearly six times higher than the County's 1.85 percent figure. To put this in perspective, the City experienced an influx of individuals amounting to approximately 1.5 times the total population increase observed from 2000 to 2019, all within a single year. Between 2020 and 2022, Lake Worth Beach added another 982 people to its population, growing 32 percent faster than the County.

Relatively affluent households comprise a significant portion of the City's population growth. Of the 1,485 households the City gained between 2019 and 2021, two-thirds earned at least $75,000 per year, and 46 percent earned at least $100,000 per year. Put differently, nearly half of Lake Worth Beach's population growth between 2019 and 2021 consisted of households that made more than twice the City's 2019 median household income of $42,500. As these households moved to the area, competition for homes and rentals increased, encouraging sellers and landlords to raise prices—a process that historically low interest rates intensified. The spiraling homes values that resulted priced most existing residents out of the real estate market, and the extreme rent hikes pushed many existing renter households—who had been facing escalating cost-burden for years, and whose fortunes were worsened by the job losses and health problems associated with the pandemic—over the edge.[6]

While the national eviction moratorium, Emergency Rental Assistance Program, 60-day fair notice ordinance, and efforts of social service agencies delayed the reckoning these vulnerable households faced, it arrived when emergency relief measures expired or were overturned, eligibility requirements for assistance programs became more stringent, and supportive agencies began to exhaust their resources.[7] Facing skyrocketing prices, many residents fell behind on their monthly rents and were evicted. Others left the City when their lease renewals arrived. Our interviews with residents and social workers revealed that others employed desperate survival strategies to remain in the City—including forsaking food and healthcare; doubling up with strangers; relocating into motels or even cars; taking out predatory loans from payday lenders, title loan companies, and pawn shops; and enduring sexual exploitation from unscrupulous landlords, who sometimes exchanged rental discounts for favors. Although some of these problems and survival strategies predated the pandemic, the rapid price hikes associated with nascent gentrification significantly increased their incidence and magnitude.

Speculation on Multi-Family Properties

The second primary cause of housing unaffordability and distress in Lake Worth Beach has been speculation on and gentrification of multi-family housing units. Over the past 2.5 years, many "mom and pops" landlords have sold their multi-family properties to institutional investors due to factors associated with the COVID-19 pandemic. Many of the new owners appear to be pursuing a "buy, rehab, and rent" strategy which has replaced low-income tenants with higher-income ones who can afford increased rental rates.

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[5] See The Effects of Business Recruitment and Growth Machine Coalitions, beginning on page 103

[6] See page 43; less than 10 percent of the City's renter households earn enough money to qualify for a loan for a typical city property.

[7] As noted earlier, many residents never qualified for service provision in the first place due to their immigration status.

In order to stop the spread of COVID-19 and protect human life, government entities across the nation began imposing lockdown procedures in March 2020. As social and economic activity ceased, widespread unemployment followed. Between February and April of 2020, the U.S. economy lost 22 million jobs. Income deprivation led to a wave of missed rental and mortgage payments. By July 2021, more than 7 million U.S. households were delinquent on rent payments, collectively owing more than $57 billion in back rent, utilities, and late fees (Ross 2021). Given its dependence on tourism, Florida disproportionately experienced these effects. According to the Household Pulse Survey, 31 percent of Florida renters had missed their last rent payment in July 2020.

As missed rent payments accumulated, and with moratoria prohibiting eviction for non-payment, many landlords managing multi-family properties began to experience stress. While large, corporate landlords possessed sufficient capital to weather the storm, small "mom and pops" landlords often did not, which forced sale of their units. Others, who may have been financially stable, perceived a convenient opportunity to capitalize upon the equity their properties had accumulated—especially if they had purchased more than five years ago. Between 2012 and 2016, the average median value of multi-family property transactions in Lake Worth Beach was $136,00. For the period between January 2021 and June 2023, however, the average median transaction value had increased to $474,000—with many properties fetching considerably higher prices.

Thus, much as they did during the Subprime Mortgage Crisis, private equity groups and corporate real estate investment companies pooled capital—$1.4 trillion of it by June 2020—in the expectation of a multi-family real estate sale (Ross 2021). With a slew of affluent households moving to South Florida due to the new availability of remote work arrangements, expectations for robust future population growth, and access to cheap debt due to historically low interest rates, many such investors targeted South Florida, including Lake Worth Beach, for their acquisitions. In the six-month period from March to August 2021, 75 multi-family properties were sold across the City, compared to 32 during the same period in 2020. And whereas the median sales price for a multi-family home was $300,000 in June 2019, it had increased to $715,000 by July 2023—a product of speculative pressure.

Given their opportunity to capitalize upon the influx of high-income households into Lake Worth Beach, many new landlords have evolved stringent vetting practices that limit the ability of low-income renters to lease their units. Through interviews, field observations, and public records research, we also found that landlords were using lease non-renewals, rapid evictions, and source of income discrimination to replace existing tenants—many of whom pay lowered rents or have high risk profiles—with the City's nascent class of affluent professionals. These practices have intensified existing patterns of price inflation, displacement, and gentrification.

Tourist Development, Short-term Vacation Rentals, and Seasonal Homeownership

Third, the expansion of tourist development initiatives, the growth of online vacation rental marketplaces, and the increasing concentration of wealth among a small segment of the population has intensified tourist activity in Lake Worth Beach, encouraged investors to convert the City's residential housing stock into hotels, and enabled affluent, out-of-state households to purchase a large number of second homes for seasonal occupancy.[8] These processes have taken thousands of housing units off rental and sales markets, leading to increased prices. In some cases, they have directly displaced long-term renters from their homes. For example, we interviewed one former resident who described being forced to move to a different city after an investor purchased their rental property, non-renewed their lease, and converted it into an Airbnb.

Indeed, access to cheap debt, the promise of strong capital gains from rapidly appreciating home values, and the potential for significant rental revenue—the median vacation property in ZIP Code 33460 generated $48,000 during the past 12 months—encouraged considerable real estate speculation around tourist activity in the months following the pandemic. After making a public records request for residential properties in Lake Worth Beach that are registered for the state's tourist development tax—a requirement for listing vacation properties on platforms such as Airbnb—we identified 511 short-term vacation rentals in ZIP codes 33460 and 33461—the overwhelming majority of which were located in Lake Worth Beach. The vast majority of these properties were purchased between 2020 and 2022, coinciding with price inflation across the City's real estate and rental markets. Air DNA, a data analytics company that specializes in providing market intelligence and insights for the vacation rental industry, shows an even higher number of vacation rentals: 832 active listings in ZIP code 33460 in August 2023, which encompasses most of the City, alone.

While vacation rentals, and the tourists they bring, provide some benefits to the City—such as demand for hospitality services, new service sector jobs, and increased property tax revenues—they take many units off the housing market, which creates price distortions, and encourage reliance on an economic sector associated with low-wage work. Similarly, researchers have found that high rates of seasonal homeownership cause disproportionate rental and home price increases (Smith 2022).

Seasonal homes pose similar challenges to affordability. A report by Florida International University's (FIU) Metropolitan Center (2008) concluded that "the significant increase in 'vacant seasonal' homes in Palm Beach and Martin Counties since 2000 has impacted the availability of rental housing." Today, Palm Beach County—with nearly 100,000 units belonging to seasonal residents—ranks second on a list of counties with the most second homes in the United States (Zhao 2020). The trend is likely accelerating, given that 15 percent of new housing starts in 2021 were purchased as second homes in the U.S. (Emrath 2021). Indeed, in 2021, 2,309 Lake Worth Beach homes were vacant—nearly 14 percent of the City's total housing stock. To put this in perspective, the number of vacant housing units is higher than the total number of new units produced between 2010 and 2023. According to 2021 ACS data, roughly half of those units

[8] See Chapter 9(e) and Chapter 22(a)(4).

belong to vacation rental owners, seasonal homeowners, or other people who use the units for recreation.

In sum, seasonal homeownership, coupled with speculation on vacation rentals, reduced the supply of housing in Lake Worth Beach at the same time that rapid population growth and low interest rates increased the demand for it; sellers and landlords raised prices to match the high incomes of incoming residents; institutional investors acquired, rehabilitated, and increased rents on multi-family properties to capitalize upon the incoming market for high-end rentals; and many existing renters, who were vulnerable to price shocks due to their low incomes, experienced unbearable cost-burden and displacement as a result.

These renters became caught between the pressures of four distinct forms of real estate speculation that have played out over the past 15 years: the marketing of predatory loans to unsuspecting homebuyers, the acquisition and conversion of foreclosed homes by property sharks, the conversion of affordable multi-family rental units into higher-priced units by large investors, and the conversion of additional homes into vacation rentals by investors seeking to capitalize upon tourism. Consequently, dispossessed residents who were enduring less-than-ideal conditions in exchange for low rental payments to negligent landlords are now being displaced by an incoming cohort of landlords who wish to convert their units for a more affluent demographic.

Summary of Primary Causes

Bringing this analysis full circle, Lake Worth Beach's housing emergency is in many ways a product of what did not occur in the wake of the 2008 Subprime Mortgage Crisis. An alternate ending to that crisis might have preempted the current one. During the Great Depression, the administration of Franklin Delano Roosevelt established the Homeowners Loan Corporation to provide distressed homeowners with relief. Funded with $200 million in tax proceeds, and authorized to raise $2 billion in bonds, HOLC purchased toxic mortgages from banks that were facing failure due to widespread payment delinquency. Acquired at discounted prices, HOLC refinanced predatory bullet loans into 30-year mortgages with affordable fixed rates and wrote down the principal amounts on loans that had fallen into negative equity. Collectively, the program saved more than one million families from foreclosure. With fixed, affordable payments, a secure place to live, and the ability to accumulate equity over time, most of these families—despite experiencing a crisis—went on to experience the American Dream.

Lake Worth Beach's story following the Subprime Mortgage Crisis could not be more different. Rather than implementing vigorous programs to keep the victims of predatory loans in their homes, federal policymakers allowed lienholders—many of whom were trustees for mortgage-backed securities owned by thousands of shareholders—to mass foreclose on households in distress. Although many of those foreclosures could have been prevented by reducing excessive interest rates or writing down principals to values that reflected actual home values, the trustees—hopeful that prices would one day rise, and that they could one day recoup their losses—sold them, after realizing that recovery was years away, for values far below the ones that distressed homeowners might have paid had they been permitted to refinance. Had banks been willing to extend credit to ordinary consumers during this time—something they freely did to many institutional investors—thousands of affordable homes might have become available. Instead, the units were acquired by property sharks who saw revenue potential in the rental market. As just one example, we identified a single investor who purchased 87 properties across the City during the years following the housing crash, paying $2,935,420 for all of them—an average cost of just $27,534 per unit.

The federal government might also have allocated more funding to programs such as the Neighborhood Stabilization Program 2 (NSP2), which the Community Redevelopment Agency (CRA), in collaboration with local partners, employed to turn foreclosed homes—which were acquired cheaply due to deflated prices—into units that offer long-term affordability. The trajectory of residents who acquired those homes, versus those who rented from property sharks, is brought into relief by public records. We are not aware of a single foreclosure or eviction associated with an NSP2 property since 2020; we are aware of over 1,000 in connection with private landlords.

In summary, although the effects of the COVID-19 pandemic may have led to inevitable disruptions in the Lake Worth Beach housing market, many of them could have been reduced or avoided if a different path had been taken 15 years ago. Because relief policies were not properly implemented, hundreds, if not thousands, of Lake Worth Beach residents who could be living in their own homes today—with fixed payments and substantial home equity—are instead vulnerable renters being squeezed by rapid price increases. The City therefore serves as an example par excellence of how federal policy in relation to housing—whether it has involved redlining, urban renewal, or subprime lending—had often made the poor poorer and the rich richer.

Aggravating Causes

In addition to the primary causes discussed above, the following factors have aggravated the housing emergency in Lake Worth Beach.

Rising Insurance Premiums

First, rapidly rising property insurance premiums and underwriting requirements are a contributing, but not primary cause, of Lake Worth Beach's housing emergency. With numerous insurers having left the Florida market or been declared insolvent, many Floridians have experienced trouble obtaining insurance in the private market. Overall, Floridians pay nearly three times more in insurance costs than the national average (Miller 2023a). These costs have slowed affordable housing production, burdened low-income homeowners, and been passed onto tenants in some rental units (McConnell 2023; ndp | analytics 2023). However, although the high premiums, and price hikes, have jeopardized housing access for some groups and complicated affordable housing development initiatives, they remain merely a nuisance for others that simply reduces disposable income.

According to data we collected from the Florida Office of Insurance Regulation, the average premium for all policies with wind coverage in Palm Beach County increased from $2,829 to $3,461—a $759 increase—between 2020 and the first quarter of 2023. However, premium hikes have affected some policyholders more than others. For example, the average premium for condo associations increased from $15,155 to $111,145—a staggering 627 percent increase amounting to an average premium hike of almost $95,000. The average premium for commercial residential policies (apartments) also increased significantly, moving from $5,624 to $11,031—a 96 percent increase amounting to a $5,406 price difference in less than three years. Homeowners policies (excluding individuals living in condo associations) increased by 45 percent, rising from $3,755 to $5,431 during the same period. Insurers have attributed these dramatic price hikes to losses they have incurred in relation to fraudulent roof replacement schemes, excessive litigation, the ability of attorneys to add multiplier fees to litigated cases, and the increasing property threats associated with climate change. Some have questioned the explanation, attributing them to opportunism (Mower 2022).

Prices changes have had differential effects. In Lake Worth Beach, homeowners with mortgages earn significantly higher incomes—more than $87,000 per year on average in 2021—than renter households (ACS 2021). Gauging by their moderate levels of cost burden and the County's negligible foreclosure rate, there is little evidence to suggest that these households are facing a widespread housing emergency.[9] This should not be taken to mean that the prices hikes are trivial; they are straining the finances of residents. While we do not believe they will put most homeowners at peril of foreclosure, they may cause some to relocate to area with lower rates.

On the other hand, senior homeowners on fixed incomes and low-income homeowners—for example, those who have participated in purchase assistance programs—are much more vulnerable to rising insurance costs. A senior resident interviewed for this report described selling their home as a direct consequence of rate increases. Because these homeowners have less financial cushion for absorbing economic shocks, rising insurance rates jeopardize their housing security (Sczesny 2024).

Additionally, homeowners living in condominium associations—especially buildings that are higher than three stories—are vulnerable to cost-burden and displacement. As the figures above attest, some of the sharpest insurance hikes we observed occurred in the coverages that such associations purchase. Moreover, such associations are vulnerable to the consequences of SB-4D, the post-Surfside[10] legislation, which requires condominium associations to undergo milestone inspections when their buildings reach 25 years in age (if they are within three miles of a coastline), follow-up inspections every 10 years thereafter, and repair problems that are identified. Journalists report that the maintenance problems such inspections have uncovered are leading to expensive special assessments and Homeowners' Association (HOA) fee hikes at the same time that insurance costs are increasing (Butler and DeMarco 2023; VanBennekom 2023; Stewart 2023). Moreover, several such buildings in Lake Worth Beach are age-restricted communities (55+), meaning that they may have high levels of senior citizens living on fixed

[9] According to 2022 ACS data, 17.8% of homeowners without mortgages are cost-burdened, and 38.9% of homeowners with mortgages are cost-burdened.
[10] On June 24, 2021, the Champlain Towers South, a 12-story condominium located in Surfside, Florida, partially collapsed, resulting in 98 deaths. It has been noted as one of the deadliest structural building failures in U.S. history, and resulted in legislative and regulatory changes to prevent similar incidents. For more information, see: "Surfside Building Collapse: Death Toll Rises to 64 as Workers at Florida Condo turn to Recovery." *New York Times*, June 8, 2021. https://www.nytimes.com/live/2021/07/08/us/miami-condo-collapse-victims-updates#surfside-us-building-failures.

incomes. Such households are thus at increased risk of cost-burden and displacement from insurance costs.

Many households *without* mortgages are also at special risk, as their incomes are significantly lower than homeowners with mortgages, and because they lack mortgages, they are not required to carry insurance on their properties. Our insurance analysis indicates that a substantial number of Palm Beach County residents have dropped their coverages in response to rate hikes, and it is likely that many fixed-income homeowners living in Lake Worth Beach—who may be unable to absorb the cost of their premium hikes, and who may face expensive underwriting requirements to insure their properties, such as roof replacements—are among them. Indeed, OIR data indicate that more than 60,000 fewer properties were insured in Q1 2023 compared to 2020. Although eliminating coverage has reduced their housing costs, these homeowners face extreme risk in the event of a major hurricane or other peril, given that it could destroy their wealth and leave them unhoused. A massive loss of housing without insurance funds for replacement would also worsen the housing emergency by reducing supply during a moment of great demand.

Furthermore, renters living in large multi-family buildings, and renters living in older properties of poor quality, are vulnerable to having increased insurance costs passed onto them. Insurance hikes have been highest in large commercial properties with high replacement costs and in older housing stock without modern hurricane protections. Unless the owners of such properties have dropped coverage, they will likely pass their overhead costs onto renters—especially when steep competition gives them the ability to do so.[11]

And finally, affordable housing providers who cannot adjust rents when their costs increase are vulnerable to insurance hikes. Because such organizations must provide housing to low-income households at contracted rates, they cannot raise rents to cover increased expenses. And because they already face increasing costs due to high interest rates, high construction costs, and high land costs, rising insurance rates might discourage the production new affordable units, necessitate more subsidy per unit, or reduce the scale at which developers build. Individuals we interviewed described reports of tax credit properties attempting to sell their affordable housing units due to budget constraints that had resulted from insurance hikes.

In sum, while insurance hikes can pose harmful risks to select populations, they do not appear to be a general cause of the affordable housing crisis. Rather, they pose problems for specific populations: namely, affordable housing developers, residents of large condo associations, and low- or fixed-income homeowners.

Ineffective Federal, State, and County Housing Policies

Another contributing cause of Lake Worth Beach's housing emergency is ineffective housing policies at the federal, state, and county levels of government. Over the past 40 years, the federal government has gradually withdrawn resources and support for public housing, funded the Section 8 Voucher program at levels that only permit about a quarter of eligible households to

[11] Assessing the necessity of this move is difficult. We interviewed an affordable housing operator who was able to limit rent hike to five percent, while keeping some rents at the same level, despite facing a 200 percent premium hike. Although this required a thinner budget and using reserve funding, large rent increases were avoided.

obtain one, and relied on a tax credit program to incentivize affordable housing development. Due to the limited availability of credits and a vetting process that favors large developments that depend on the availability of large land parcels at cheap prices, the program has not been able to stimulate an acceptable level of affordable housing development in Lake Worth Beach. Put differently, with relatively few sizeable land parcels relative to other areas, tax credit developers sometimes bypass the community due to difficulties achieving economies of scale in their production.

Second, the Florida Legislature has taken steps that limit the power of local governments in safeguarding renters from abrupt hikes in their housing expenses. Over the past decade, the Legislature has passed bills that prohibit local governments from regulating short-term rentals, implementing rent stabilization measures, regulating contracts between landlords and tenants—for example, screening processes, application fees, or notification requirements—and implementing inclusionary zoning practices that reduce developer profits.

Collectively, these bills have prevented Lake Worth Beach from taking measures to address the causes of its housing emergency, such as implementing temporary price controls or enhanced rights for tenants. And finally, the County's workforce housing units have been ineffective for Lake Worth Beach, because they are expensive, unavailable to most residents due to the County's income-limit formula, and set aside only temporarily. Resources for people facing housing insecurity are also limited.

<u>Increasing Production Costs</u>

Yet another contributing cause to the City's housing emergency involves rapidly rising housing production costs.[12] Since COVID-19, the costs of labor, land, materials, and debt have become excessive relative to historical norms. As a result, it is taking longer to produce housing, and new development projects are requiring extremely high inputs relative to their outputs. The high costs and paucity of sites for building new units has made it difficult to reduce demand pressures by bringing new housing supply into the market. High construction costs also prevent rehabilitation of substandard units without a loss of affordability (Greif 2022).

<u>Conclusions and Implications</u>

In sum, the primary underlying causes of the housing emergency in Lake Worth Beach have been real estate speculation: (1) the targeting of low-income households for predatory loans, which triggered mass foreclosure and subsequent blight; (2) the acquisition of blighted properties by opportunistic investors, who charged high rents without improving them; (3) the conversion of hundreds of homes into hotels in order to capitalize upon the tourist economy; (4) a rapid influx of high-income households in response to the economic development activities of county and state "growth machine" coalitions; (5) and an effort to generate rental revenue from the City's changing population through the requisition, rehabilitation, and re-rental of multi-family properties. Two additional sets of issues have aggravated these problems: (1) rising interest rates, construction costs, land scarcities, insurance premiums, and insufficient federal housing outlays

[12] For in-depth discussion on this topic, see Chapter 9, "Are Construction Costs Contributing to the Affordable Housing Crisis?," beginning on page 140.

have throttled affordable housing production, and (2) a slew of bills passed by the Florida Legislature have undermined the power of local governments to address unaffordable housing conditions by restricting inclusionary zoning, the regulation of short-term vacation rentals, rent stabilization, contracts between tenants and landlords, and the ability of condominium associations to employ discretion when making certain maintenance decisions.

A key takeaway of this report is that widespread vacancies exist across the City despite rising housing costs. As such, we believe that the housing emergency relates to the unequal distribution and inefficient use of housing, not the inadequate production of it. This is not to say that affordable housing production is undesirable. What is clear, however, is that reducing housing costs through expanding supply will be very challenging. Builders do not have the capacity to simultaneously provide for the needs of residents, tourists, and seasonal residents. First, there is very limited land for construction. As a leader within a housing organization told us, the County‘s approach is "buildout," and future housing production will depend upon adaptive reuse and redevelopment. Second, finance and construction costs have risen greatly. A leader within another housing organization told us that construction costs alone for modest single-family homes, which range in size from 1,200 to 1,700 square feet, are currently around $300,000 and are rising. That figure is subsidized through volunteer labor, special relationships with lenders and contractors, and does not include the price of land.

Given the extreme production costs that are currently at play, efforts to promote the use of housing for occupancy in lieu of tourism, leisure, and speculation may produce results more quickly while minimizing the damage to and displacement of existing residents. Although questions about the structure implementation remain, we believe an accessory dwelling unit program may be the City's best affordable housing option on the development side (detailed within the report).

Another key takeaway of this report is that Lake Worth Beach's housing market has become progressively detached from the needs and financial capabilities of residents over time due to the growing estrangement between property owners and the tenants they rent to. A common theme identified from interviews with residents was the importance of the tenant-landlord relationship. Several residents noted the benefits of and expressed appreciation for the presence of local landlords who maintain personal relationships with their tenants. Other residents described the effects of landlords who have a weaker connection to their tenants and the community at large. For example, one tenant told us that her absentee landlord had doubled her rent due to the failure of one of his overseas businesses. And another told us that his rent was nearly doubled due to the acquisition of his unit by an out-of-state investor. While identifying agglomerations of property ownership, we also identified a landlord, who lives in the community, who rents his units to tenants at below-market rates, keeps them well-maintained, and almost never evicts.

Although landlords with personal connections to the City appear to earn healthy profits, they strike us as more aware of residents' needs and situations, setting rents, and handling issues such as non-payment, accordingly. Our research suggests that as the landlord's size, distance from the community, and orientation toward profit maximization increases, the local housing market's ability to satisfy social needs diminishes, and the well-being of resides erodes-with the exception of interpersonal abuse and extortion, which we found to be more likely among local landlords.[13]

[13] More detailed policy recommendations are provided in Report #2 and #3.

CHAPTER 2:
PUBLIC AND SERVICE PROVIDER PERCEPTIONS OF HOUSING CONDITIONS

A. Public Perceptions: The Housing Crisis State of Emergency Resolution

Our research—which included observation of recorded city meetings, conversations with residents, interviews with social workers, analysis of local web forums, and a review of local news reporting—indicates that many Lake Worth Beach residents, particularly low-income and renter households, perceive the presence of a grave housing emergency. The perception of emergency manifested most starkly at the Commission's August 16, 2022, meeting, when scores of residents traveled to City Hall to express their support for the City's declaration of a "housing crisis state of emergency." For over 90 minutes during the meeting, residents approached the podium, one by one, to express their concerns about housing conditions. We have included a sample of their commentaries below:[14]

> "I've lived in Lake Worth Beach for over 15 years. My rent was $800 a month, and now they've raised it to $1,200. I have three children, and it's become impossible for me to pay this amount. I work two jobs, and even then, it's not enough. I don't know where we'll go if we can't afford to stay here."
>
> "I've been a resident here for 10 years. The situation with the rent is unbearable. They increased my rent by $400. I have elderly parents who live with me, and I'm the sole breadwinner. We're facing the possibility of being homeless. This is an emergency for families like mine."
>
> "I've been living in this city for 20 years. The house where I live was sold, and the new owner has doubled the rent. I have a daughter in college, and I don't know how I'm going to support her education with these rent prices. We need help."
>
> "I've lived here for 12 years. My family and I are facing eviction because we can't keep up with the rent hikes. We've always paid our rent on time, but now it's just too much. We're desperate and don't know where to turn."
>
> "I've been living here for 15 years, and I've seen the rent increase every year. I'm a single mother, and I work cleaning houses. My salary hasn't increased, but my rent has. I'm here representing many mothers who are in the same situation. We need your support."
>
> "I've been living in Lake Worth Beach for 20 years. I've been living in the same house for 15 years. My rent was $800, and now it's $1,500. I have three kids. I'm a single mother. I work in the fields. It's not fair that every year the rent goes up. We need your help."
>
> "I've been living here in Lake Worth Beach for 17 years. I'm here because of the rent increase. I'm a single mother with five children. My rent was $900, and now they've

[14] Many of these commentaries are translated from Spanish.

raised it to $1,600. I work in the fields, and my salary is not enough to cover the rent. I'm here to ask for your support."

"I've been living here in Lake Worth Beach for 10 years. I'm here to ask for your support because of the rent increase. I'm a single mother with three children. My rent was $1,000, and now it's $1,800. It's very difficult for us. We need your support."

"I've been living here in Lake Worth Beach for 12 years. I'm here because of the rent increase. I have four children. My rent was $950, and now they've raised it to $1,700. I work cleaning houses, and my salary is not enough. We need your help."

"I've been living in Lake Worth Beach for over 20 years. My rent was increased by $500 last year, and I'm struggling to make ends meet. I have two kids in school, and I'm worried about their future. We need a solution now."

"The housing crisis in this city is real. I've been a resident here for 15 years, and I've never seen it this bad. My landlord raised my rent by 40 percent last year. I had to move out and find a cheaper place, but even that is becoming unaffordable. Something needs to be done."

“I've lived in this city for a decade. The rent hikes are making it impossible for families like mine to survive. We're being pushed out of our homes, and there's nowhere else to go. The city needs to take action."

"I'm a single mother, and the rent increases are making it hard for me to provide for my children. Every month is a struggle, and I'm constantly worried about the future. The city needs to do something about this."

"I've been here for 5 years, and every year the rent goes up. It's becoming unaffordable for many of us. The city needs to step in and help its residents. We can't continue like this."

"I've lived here all my life, and I've never seen the rents this high. Something needs to be done. The community is changing, and not for the better."

"The rising rents are pushing long-time residents out of the city. This isn't the Lake Worth Beach I grew up in. We need to bring back the sense of community."

"I'm on a fixed income, and the constant rent hikes are making it hard for me to stay in my home. I've lived here for decades, and I don't want to leave. But I might have to if things don't change."

"My family and I are considering moving out because we can't afford the rent anymore. It's heartbreaking to think about leaving our home. But we might not have a choice."

"I'm a teacher, and many of my colleagues are struggling to find affordable housing in the city. We're essential workers, and we can't even afford to live in the city we serve."

> "I've been living in a studio apartment for the past 5 years. The rent has gone up by 60 percent. I can barely afford to live here anymore. The city needs to do something."

> "The city needs to address the housing emergency. Many of us are at breaking point. We can't afford to live here anymore, and it's tearing our community apart."

As the testimonies above show, renters across the City have faced extreme rent increases, leading to financial strain, psychological stress, and a feeling of desperation. While studying the City's housing conditions, we encountered stories such as these often: people who had faced substantial rent increases, people who had left the City due the unaffordable housing costs, and people who had been forced to take extreme measures to obtain housing. Housing insecurity and exploitation was a common theme identified through in-depth interviews with leaders of a local social services organization. Interviewees described the measures some of their clients had taken to stay housed, including a woman who had borrowed money at a predatory rate to cover the move-in fees associated with her dwelling, and a woman was coerced into engaging in non-consensual sexual acts with her landlord as a means of preventing a hike in her monthly rent.

Residents interviewed expressed emotions ranging from despair to extreme anger about the City's housing situation. For example, one man who had received an eviction notice for failure to pay his rent stated that he would violently resist the police if they attempted to remove him from his home. Another, who had been unhoused for years before receiving a housing voucher from a local non-profit—only to be displaced after his building was sold to a new developer who wanted to renovate the units and rent them for higher rates—expressed incredulity. Yet another, who stated that his rent increases had become "ridiculous," threatened to confront his landlord with a gun. In the past, he stated that he had faced $20 to $30 annual increases. However, his most recent lease had increased by $100. Although the increase was relatively small compared to what many Lake Worth Beach residents have faced, they pushed him over his budget and the edge: "What am going to do," he exclaimed, "ask my boss for another $100 to cover the extra rent?"

B. How Assistive Service Providers Perceive Housing Conditions

Local social workers interviewed described the scale and effects of extreme cost-burden experienced by their clients. One told us that they typically had a caseload of 25 families, and that at any given time, about "20 of those families are [typically] struggling to find stable housing…as far as being able to afford [their] rent." Most such families, they emphasized, faced housing insecurity despite having household members who worked full-time. However, interviewees stated that residents on fixed incomes and residents working low-wage jobs faced the greatest cost burden. As one case worker told us:

> I have a lot of folks that have fixed incomes from Social Security…They do not make more than $800, $900 a month—sometimes a little bit more than that. One-bedroom apartments are averaging anywhere between $800 or $900 just for…*sharing it with roommates*, and that may or may not include utilities. So it's already using up the entirety of their fixed income…If they are working…at a minimum wage job that makes $12 or $13 an hour, they are using over half of their income on rent, [which means] they are

> going to be struggling because [they will only have $400 to $450] to last the whole month for their utilities, their bills, their transportation, their food.

In addition to rising levels of cost burden, social workers stated that they had also noticed an increased incidence of homelessness since the pandemic, which they attributed to rising housing costs, lease non-renewals, and evictions. For example, a non-profit attorney we interviewed attributed the bulk of the eviction cases they handled to clients earning inadequate incomes relative to the City's rising housing costs. When we asked what happened to such individuals after their evictions, they replied:

> A lot of clients will live in their cars…If it's a really vulnerable client, we can sometimes reach out to the Community Services Department…and try to get some type of hotel paid for, but a lot of clients will just say, okay, I'm going to live in my car.

We interviewed a 77-year-old woman who had moved into a tent behind a gas station after being evicted from her house. She did not have a car. At the time of our interview, she was in danger of eviction again. She had fallen behind on her monthly payment after her son had died, because she had reallocated some of her rental budget to his funeral costs.

Her story, while extreme, does not appear to be an isolated incident. Several interviewees claimed that Palm Beach County's most recent Point-In-Time County Study, which revealed that Lake Worth Beach had one of the highest unhoused populations in the County (207 people in ZIP codes 33460 and 33461), drastically underestimates the true incidence of homelessness (Homeless & Housing Alliance & PBC Community Services 2023). One social worker, who directly worked with unhoused individuals, stated that the study was a "complete joke," and that "there are probably thousands of people that are houseless" across the County, and that the "number has gone up since the COVID-19 pandemic."

While we found that rising housing costs have placed the greatest strain on residents with low- or fixed-incomes—sometimes leading to the loss of shelter—we also found that they have strained individuals with moderate incomes. A leader within a local housing organization that develops affordable housing told me that they have begun to receive inquiries from families earning 140 percent of the area median income, because they too are being priced out of the community.

Moreover, many of the social and non-profit workers we interviewed told us that they themselves were struggling to survive in the City's housing market. One described, with frustration, the bidding war they had faced during the previous year to obtain a rental that was under $2,000. They had decided to move from their current apartment after receiving a combined $700 rent hike during the preceding two-year period. During our interview, they were stealing their nerves for the next rent increase. Another stated: "If I didn't have the landlords that I have right now," who were renting to them at a sub-market rate, "I don't know what I would do…I do not make enough money on my own." Yet another, who maintained a leadership position at a prominent Lake Worth Beach non-profit, wanted to live in the City—close to the clients they assisted—but could not afford to do so. And yet another told us that they had had to live with a roommate to cover their rental costs: "I've seen in the last two years, the rates go up anywhere between two to $200 to $400 just for a one bedroom." Despite maintaining a full-time job providing housing assistance, they claimed that obtaining a one-bedroom apartment for themselves was “not even a possibility.”

C. Housing Distress and Resource Availability

With such widespread and severe housing distress, local social workers stated they possessed insufficient resources for addressing the City’s housing needs. The housing providers we interviewed stated that they often received hundreds of applications for every affordable housing unit that became available—an observation that tracks with occupancy data that we reviewed from the Florida Housing Finance Corporation and Palm Beach County’s Workforce Housing Program, which show that Lake Worth Beach’s set-aside units are at full capacity.

Local social workers also stated that their own programming resources were inadequate to meet the needs of residents. One told the following story about a woman whose lease was non-renewed. The landlord, she reported, believed he could lease her unit, which had been renting for $1,200, for $2,500:

> She got a notice to vacate [and] had to be out in 60 days. She reached out to 14, 15 different agencies in the County. She came into my office with her notebook—[she had] written down [all the agencies] she had contacted with the follow-up dates, and all the times she reached out to them. Very thorough. [Out of] 14 or 15 different agencies in this County, nobody was able to help her, and she was living in her car with her four minor children for months [as a result].

The case worker lamented how they knew of approximately 20 other families with minor children living in their cars—in the same situation—because they were on the waitlist for assistive services. Support organizations were encountering a simple problem: while the cost of producing affordable housing, offering rental or purchase assistance, providing supportive services, and covering basic operating costs—such as property insurance—had increased substantially, their budgets had not increased at a commensurate level. As a local housing leader told us:

> We're dealing with a lot of…families needing close to $10,000 to move into a unit [due to increasing move-in costs]. So for us, our dollars don't go as far [as they used to]. Where we typically could serve 150 or 200 families a year [in the past], now we're serving 100, 120 families a year.

Another mentioned the same problem. Grants they had applied to in the past, which provided housing assistance resources based on past market conditions, were now inadequate to current housing costs. Yet another housing provider told us that they could assist incoming people in need “without deeply tapping into our agency’s operating funds…I feel like right now everything's a juggling act.”

Indeed, at the same time that need was increasing, we found that rising costs were reducing the ability of housing providers to meet it—despite heroic efforts. A social worker who, among other duties, helps to administer a rental assistance program told us that moving into a housing unit in Lake Worth Beach often requires $5,000 or more in move-in costs. Their program, however, caps rental assistance at $1,000 due to budget constraints. With such a low ceiling, they stated that they could not assist their clients with moving costs, and that they often had to house them in substandard conditions:

> There was a woman [we assisted] who moved into a place and it had broken windows. She had to use her sister's bathroom for a week…[And] I had [another] tenant who [applied the rental assistance to their move-in costs]…and had to purchase their own appliances. The landlord gave them the apartment with no refrigerator, no stove…and she had to buy those appliances herself.

Although they viewed substandard housing as superior to being unhoused, they viewed their resource constraints as a serious problem.

Several social workers also claimed that Palm Beach County, as one interviewee put it, lacks "any type of infrastructure to handle this type of housing crisis." "When I ask everyone I work with [about] the best direct way to get somebody housed in Palm Beach County," one interviewee who works on Department of Children and Families (DCF) cases told us, "they just throw their arms up." Indeed, nearly everyone we interviewed cited lack of shelter space for unhoused individuals, insufficient shelter space for people who had fled situations of domestic violence, and the exhaustion of the County's Emergency Rental Assistance Program as serious problems.

When attempting to find shelter for people in housing distress, social workers often had to reach out to resources located outside the County—an issue that often created problems, since many housing resources have local residency requirements. Another social worker stated: "Every time I have called the housing department here in Palm Beach County, I've left multiple messages and have never received a phone call back." Indeed, while interviewing social workers from a different non-profit, they discussed their attempts to house a woman who had fled from a situation of domestic violence. They were unable to house her because the County's two domestic violence shelters were full. The woman was denied from a third shelter they attempted to house her in, because she was not a resident of the County.

Interviewees were careful to emphasize that this problem related not to the County's individual social workers, but due to restrictive program requirements and the lack of resources the County devoted to housing assistance. As one interviewee, who had been attempting for weeks to get a client approved for the Emergency Rental Assistance Program, stated:

> The County stretches their case management team so thin that it's so hard to even get through to his assigned case manager in the last three weeks. I've only spoken to her a handful of times, and she's really apologetic…[The County] is throwing so much work that it becomes hard for [the case managers] to be able to respond in a timely manner. And I know this because I used to work for the County.

In addition to strained case workers, interviewees told us that many of their clients did not qualify for, and therefore could not utilize, government housing programs. Existing programs typically require applicants to show that they are Palm Beach County residents and/or that they are authorized to be in the United States, and they often require a multitude of documents for verification. Given that Lake Worth Beach has a large population of non-U.S. citizens and a large number of unhoused individuals, who often experience challenges in proving residency or lack government-issued identification, accessing public programs can be challenging. As a local social worker told us:

> When the County claims to have all these services for the people, there are always restrictions that get in the way. [For example], you have to either be a resident of Palm Beach County for six months, or you have to be documented for some of the shelters. How can you be a documented resident if you are houseless?

They claimed that they had worked with multiple individuals in housing distress who could not obtain assistance due missing documents—for example, a mother who was unable to obtain shelter for herself and her children because she was missing her birth certificate.

With public programs failing to meet the housing needs of residents, and with many housing non-profits weighed down with more demand than they have the capacity to satisfy, we found that many non-housing organizations had become de facto housing providers. As one social worker employed in a substance use recovery organization stated: “We surprisingly get participants referred to us…even though we're not a housing agency.” Indeed, one of their colleagues gave an example of an individual who sought housing assistance from their organization after being turned away from three housing resources—including the Lewis Center. A different social worker from the same organization told us:

> Nobody has a solution for the housing problem here. And all of these agencies…have nowhere to refer their individuals to get their housing needs met, and so what happens is, they send them to [us].

One social worker, who worked for a non-profit that provides recovery services, stated that individuals were obtaining referrals to their organizations specifically to obtain housing assistance: “People will call us and say, ‘I want peer services for the sole purpose of me getting a housing voucher because…I lost my job, or I'm homeless…or I'm living in my car with my kid because I got kicked out of my house, and I have shit credit and I have a background.”

D. Burnout Risk among Social Workers

Given the high level of need that they encountered—and their inability to address all of it due to resource constraints—we found that social workers were experiencing symptoms of burnout. As one individual told us: “It is so overwhelming and the current position I'm at, I have to take on the role of two or three different jobs at once.” Another complained of “compassion fatigue”—the feeling of being overwhelmed by distress they cannot fully remedy. Yet another lamented how “the really good employees that you have usually get burned out. There's only so much that they can do.” The loss of such social workers—whether due to displacement by high living costs, or due to exhaustion—would be a devastating blow that would only exacerbate housing distress across the community.

In sum, the testimonials we collected reflect the challenges and lived experience of Lake Worth Beach residents struggling with the affordability of housing and systemic failures of the City's housing system. They are supported by the quantitative and public records data we analyzed. Despite heroic efforts by social workers and affordable housing providers to assist residents in the acquisition of safe, affordable housing, they face insuperable challenges in relation to existing resources constraints. As such, it is our conclusion that the local housing system is failing to meet residents' basic needs, and human right to adequate, affordable shelter, and that an emergency housing situation is present in the community.[15]

Indeed, it is no wonder that the *Washington Post* has characterized the Miami Metro area as "the center of America's housing crisis" (Funcheon 2022); that the *Miami Urban Future Institute* has described South Florida's affordable housing crisis the worst in the nation (Reminington 2019); that sociologist Andrew Ross has claimed that Florida exemplifies "the failure of American housing" (Ross 2021); and that the *Housing Leadership Council of Palm Beach County* (2022) has declared that "Palm Beach County has an affordable and workforce housing crisis" (p.2).

[15] See Chapter 21 for a discussion of housing as a human right.

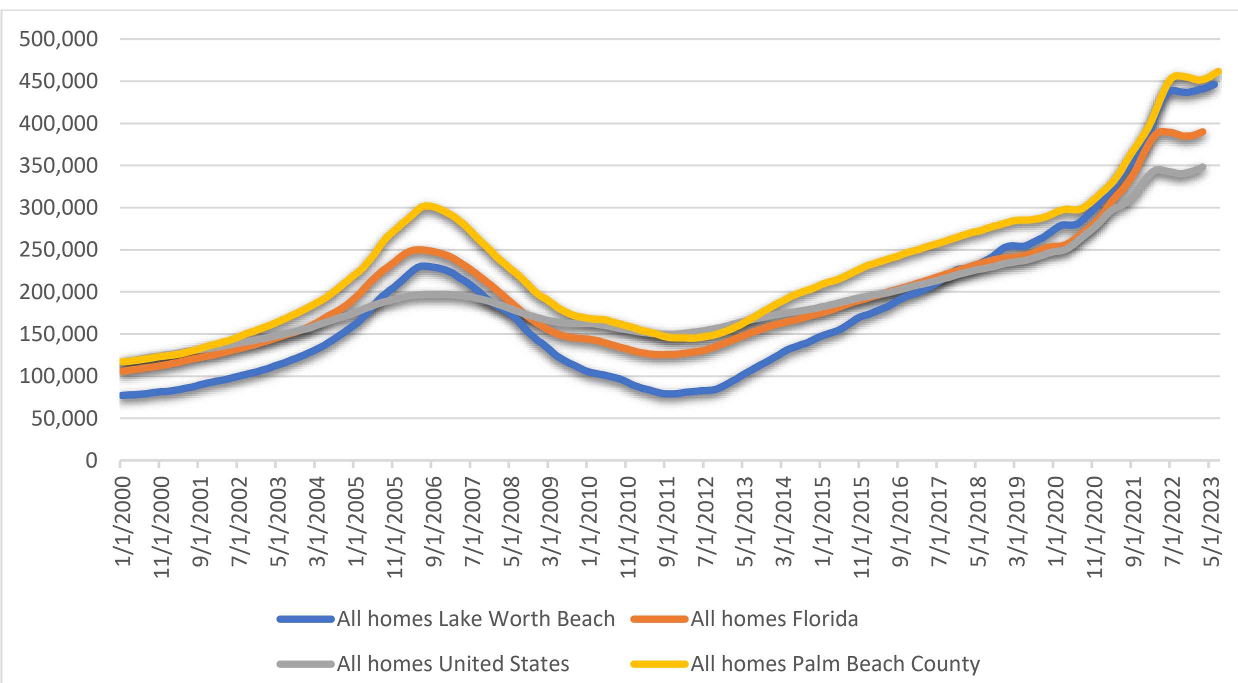
CHAPTER 3:
HOMEOWNERSHIP CONDITIONS IN LAKE WORTH BEACH

A. How has Lake Worth Beach's Home Sales Market Changed Over Time?

Lake Worth Beach's housing trajectory over the past two decades paints a concerning picture for housing affordability and accessibility. In the early 2000s, the City's housing costs were much more affordable than other markets, with home values approximately 15 percent below the county average, 12 percent below the state average, and 10 percent below the U.S. average. Although the City's home values rose in tandem with other markets during the years leading up to the 2008 housing market crash—becoming slightly more expensive than national prices from 2005 to 2007—they rapidly declined thereafter, finally bottoming out at the end of 2011.

Due to lost income in relation to the Great Recession, the erosion of credit access for working-class homebuyers, and a wave of foreclosures that left much of the City's housing stock vacant and in a state of disrepair, the Subprime Mortgage Crisis of 2007 impacted Lake Worth Beach more severely than most localities. Demand all but evaporated. During the nadir of the post-crash bust, the average Lake Worth Beach home was worth 25 percent less than the average Palm Beach County home. By November 2011, the City's median home value had plummeted to just $79,000, compared to $146,000 across the county and $150,000 across the nation, according to the Zillow Home Value Index (ZHVI).

Figure 1: Home Values over Time and Place (ZHVI), 2000-2023



Source: Zillow

After stabilizing between 2011 and 2012, City home values steadily increased, eclipsing the state and national averages by 2018. Rising home values were driven by economic growth during the 2010s; the redevelopment of distressed parcels through initiatives such as the NSP2; an influx of new residents with higher incomes than existing households, especially in the years following the COVID-19 pandemic; the purchase of homes by seasonal residents and short-term vacation rental operators, driven in part by tourist development activities; a rapid drop in interest rates from 2020 to 2021; and speculative acquisition by real estate investors. These forces, especially over the past 2.5 years, increased housing demand and greatly reduced the City's supply of distressed property.

Over the past few years, the City's home values have exploded—reaching valuations that are approximately $50,000 higher than the state average, and approximately $100,000 higher than the national average. Indeed, from January 2020 to July 2023, Lake Worth Beach's median home price skyrocketed by 61 percent, rising from $271,000 to $446,000. Local homes prices are now 14 percent above the Florida average, 28 percent above the U.S. average, and just 3.3 percent below Palm Beach County's average—despite having a median household income that is tens of thousands of dollars below the latter's.[16]

These trends are demonstrated in the figures below, which reflect steeply rising sales prices each year. After charting housing prices for arms-length housing transactions since 2010 (without controlling for inflation), we found that 2021 and 2022 had a significant increase in all sales, single-family sales, and corporate-investor home sales. The figure below indicates steep housing price change over the years. Although the prices have increasing over the years, there is a much sharper curve after 2020.

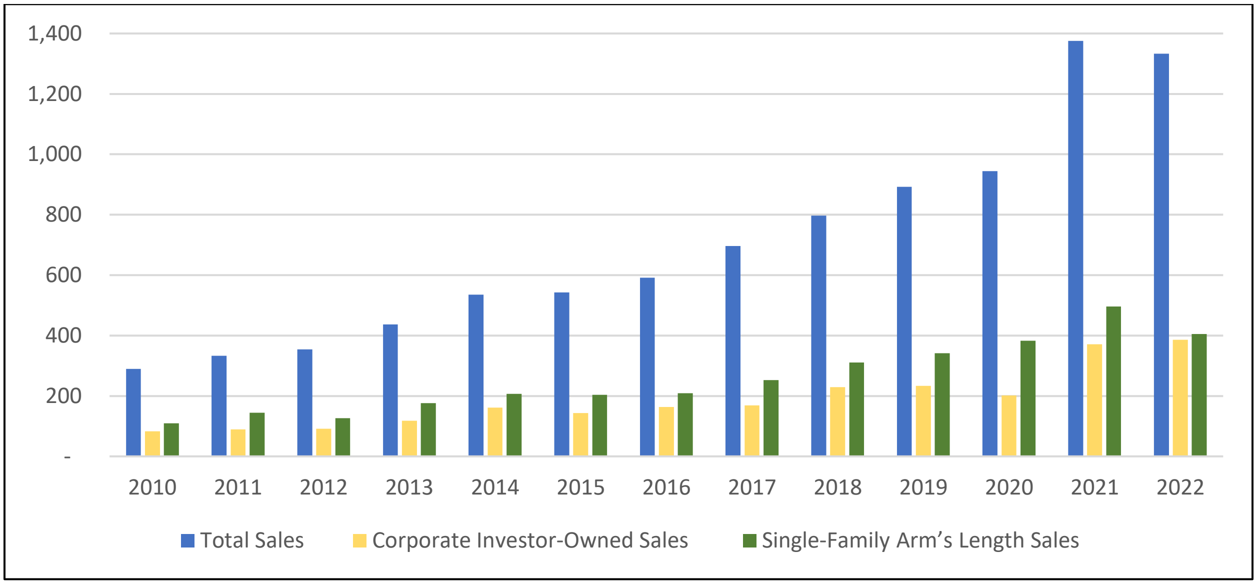
[16] Figures are based on Zillow historical data.

Table 1: Lake Worth Beach Home Sales Over Time, 2010-2022[17]

Year	Total Sales	Corp Investor -Owned Sales	Single-Family Arm's Length Sales	Median Sales Price (single-family)	Average Sales Price (single-family)	Maximum Sales Price (single-family)	Standard Deviation (single-family)
2010	290	83	109	$82,000	$124,141.8	$1,500,000	$175,716.0
2011	333	89	144	$60,000	$100,001.4	$1,750,000	$180,750.3
2012	354	92	126	$78,000	$121,765.1	$1,750,000	$172,382.7
2013	437	118	176	$95,000	$142,288.3	$950,000	$139,473.1
2014	535	161	207	$120,000	$160,698.6	$2,100,000	$190,138.9
2015	543	143	204	$147,750	$189,350.5	$1,350,000	$169,194.0
2016	591	163	209	$175,000	$202,046.5	$1,725,000	$162,805.8
2017	696	169	252	$194,350	$222,018.4	$1,650,000	$145,776.3
2018	797	229	311*	$238,000	$249,769.6*	$17,375,043	$164,064.1
2019	892	233	342	$252,000	$274,477.6	$1,900,000	$165,692.3
2020	944	202	383	$272,300	$312,311.2	$2,290,000	$267,305.9
2021	1375	371	496	$313,450	$384,618.3	$4,599,999	$385,569.7
2022	1333	386	405	$398,000	$486,094.1	$8,700,000	$521,528.1

Source: Table created by the authors using Lake Worth Beach 2023 parcel data

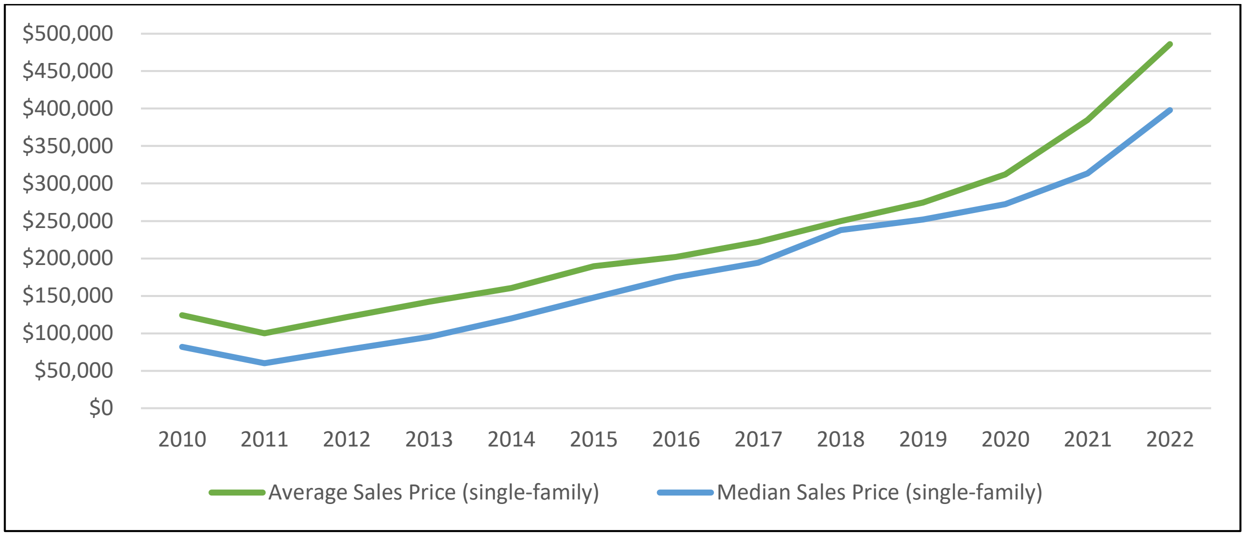
Figure 2: Distribution of Sales Types Over Time, 2010-2022



Source: Chart created by the authors using Lake Worth Beach 2023 parcel data

[17] In 2018, there should be a total of 311 single-family sales, among which 41 were sold for more than $10,000,000 each or a number of combined units, which is not usual. So, the calculation for 2018 average price excludes these 41 sales.

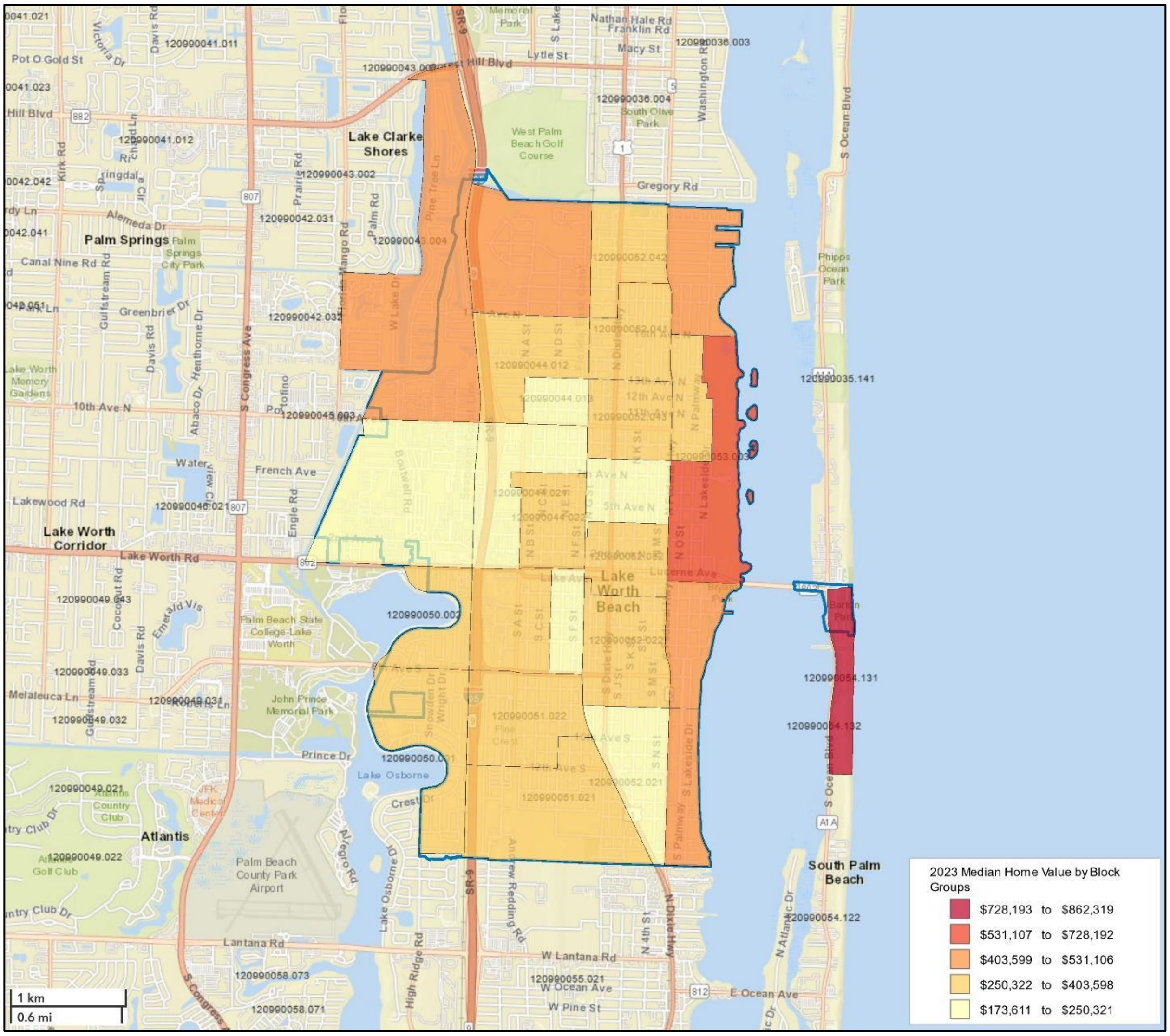
Figure 3: Median and Average Home Sales Prices Over Time, 2010-2022



Source: Chart created by the authors using Lake Worth Beach parcel data

The spatial distribution of median housing value for the City should also be noted. It shows that coastal and norther block groups have higher housing values than the rest of the City. However, all block groups have a higher average housing value than what a household with the median household income could afford (below $160,968). These observations are highlighted in the map below. Because the map is based on 2021 ACS data, readers should note that it underestimates current home values in the neighborhoods it represents.

Figure 4: The Spatial Distribution of Home Values in Lake Worth Beach



Source: Map created by the authors using ESRI Business Analyst Online (BAO)

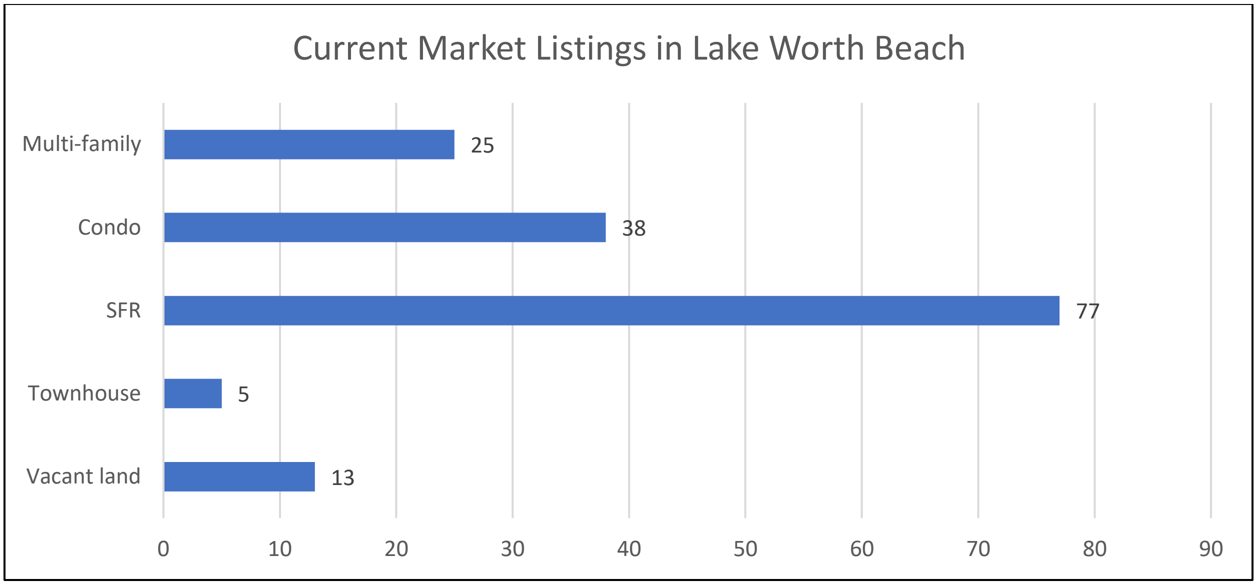
B. Can Lake Worth Beach Residents Afford to Buy Homes Today?

We analyzed the Lake Worth Beach real estate market on a sample day in late August 2023 to create a snapshot of the market conditions that aspiring homeowners in the community experience. On that day, there were 146 properties listed for sale in Lake Worth Beach.[18] The majority of listings were single family homes, and most—approximately 70 percent—were located east of Dixie Highway. There was also a cluster of approximately 15 homes for sale in the Lake Osborne area, which features high levels of age-restrict housing (55+). Listings ranged from $99,900 on the low end—which purchases a one-bedroom condo in a 55+ community near Lake Osborne that requires a $432 per month HOA payment—to $6,390,000 on the high end,

[18] When vacant parcels are included, there are 161 listings.

which buys a 5-bedroom, 4-bathroom, 3,885 square foot "waterfront sanctuary with ocean access" located in College Park.

Figure 5: Current Market Listings in Lake Worth Beach, August 2023



Source: Zillow

Housing prices are typically considered affordable when they cost 3x to 4x annual household income (Florida 2018). The median value of all current home listings in Lake Worth Beach—$499,900—is nearly 10x the typical income of a Lake Worth Beach household, $53,656 (2023 ESRI estimates),[19] which signifies severe unaffordability. Using the methodology of the National Association of Realtors,[20] we calculated that Lake Worth Beach's home affordability index is 43, which means that a family making the City's median household income earns just 43 percent of the income necessary to qualify for a mortgage loan on a typical home—assuming a standard down payment of 20 percent, which equates to nearly $99,980 before closing costs, and the going interest rate.

[19] Using HUD's procedures for inflation adjustment, the City's estimated current household income is $57,351.
[20] For more information on the methodology used to calculate the housing affordability index, see National Association of Realtors, "Methodology: Housing Affordability Index," accessed February 10, 2024, https://www.nar.realtor/research-and-statistics/housing-statistics/housing-affordability-index/methodology.

Table 2: Lake Worth Beach Market Snapshot – August 2023

Type of Listing	Number of Listings	Median Price	Price per Square Foot
Townhouse	5	$439,000	420
SFR	77	$543,321	507
Condo	38	$170,950	247
Multi-family	25	$971,000	383
Vacant land	13	$450,000	N/A
Total	158	$499,000	N/A

Source: Zillow

Indeed, to qualify for and afford a typical Lake Worth Beach home, a household would need to earn approximately $125,000 per year. Single family homes, which were selling for a median price of $543,321 and comprised most of the current listings, were particularly unaffordable—especially when one considers rising insurance costs. Qualification would require a household income of $136,000 per year—a figure that is nearly 2.7 times the median 2021 reported household income in Lake Worth Beach (ACS, 2021).

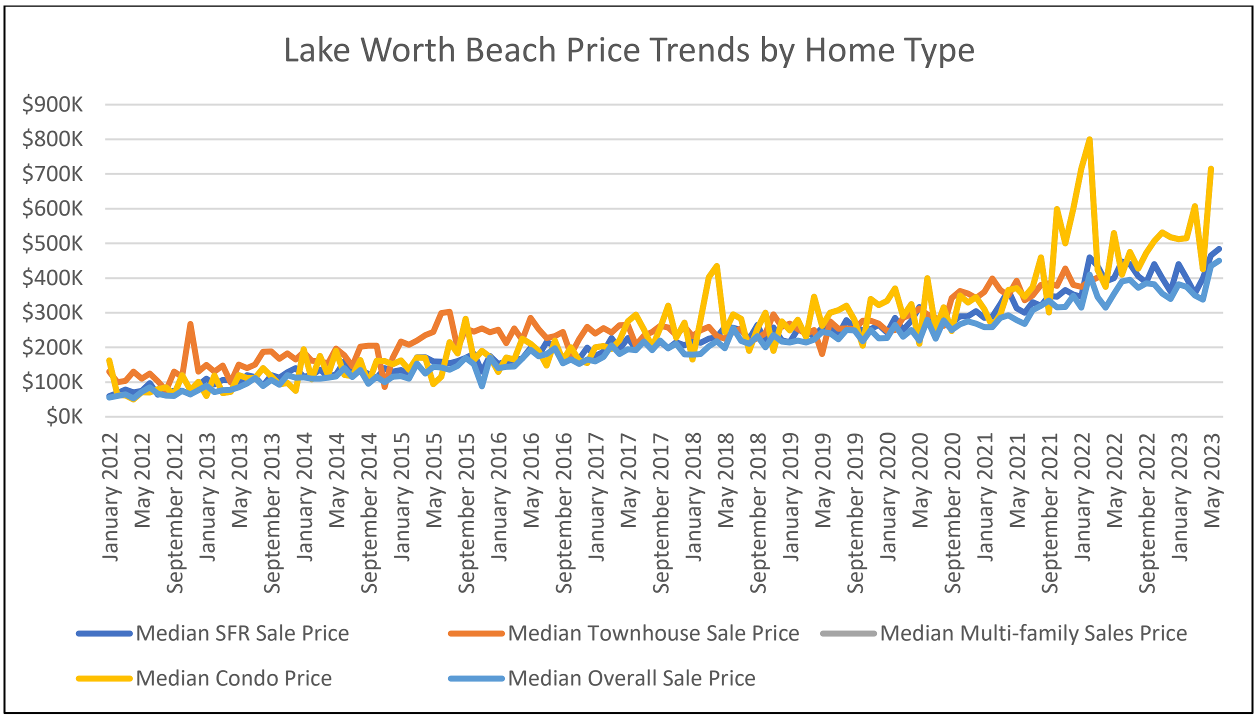
Although condo units appear to offer affordability given their cost to income ratio of 3.3, their prices exclude the substantial HOA fees owners incur, which among current listings are $492 on average. Moreover, nearly half of the condo units for sale are reserved for individuals who are 55 years of age or older. Assuming a 20 percent down payment and 30-year loan at the going mortgage rate, the least expensive non-restricted unit—a 734 square foot 1/1 condo on A Street—would cost approximately $1,300 per month before accounting for utilities. Assuming a 20 percent down payment, which would require savings of at least $34,190, monthly costs for a typical condo are estimated at approximately $1,700 per month. Moreover, most condo units were constructed in the 1970s—only two listings were built within the past 20 years—and could be expected to carry maintenance concerns.

Our August 2023 snapshot study tracks with the data Zillow's Home Value Index (ZHVI) lists for Lake Worth Beach. According to the ZHVI—which appraises all homes, not just current listings—the median home value in Lake Worth Beach is $446,197. This figure, which is more than $100,000 above the national median price, also correlates to a Home Affordability Index value of 43. To qualify for a loan on a typical home in Lake Worth Beach, one's household would need to earn approximately $112,000 per year. According to 2021 5-year ACS estimates, less than 10 percent of the City's renter households have incomes that meet that threshold.

In sum, our analysis indicates that home prices in Lake Worth Beach have become almost completely decoupled from the economic means of residents. In 2013, the median ZHVI figure in Lake Worth Beach was $107,282. When the COVID-19 pandemic began in January 2020, the median sale price in Lake Worth Beach was $227,000. Home prices have thus nearly doubled over the past 2.5 years. Household incomes have increased only 51 percent over the past 10 years. Although prices leveled off for a time during 2022, they have begun to rise again and may continue to do so. Less than 10 percent of renter households earn enough money to qualify for a mortgage on a typical home. Even fewer, we suspect, have sufficient savings to make the $90,000 to $100,000 down payment that is recommended for a typical home.

Although condo units are lower priced, they do not provide an adequate, affordable alternative to single family dwellings and townhomes, given that many are aged-restricted, associated with high HOA fees, feature smaller living areas for families, and, if they are three or more stories tall, are susceptible to large special assessments in connection with SB 4-D—the building safety legislation passed in the wake of the Surfside tragedy. SB 4-D requires condominium associations to undergo milestone inspections when their buildings reach 25 years in age (if they are within three miles of a coastline), follow-up inspections every 10 years thereafter, and to repair problems that are identified. The needed repairs such inspections have uncovered have required special assessment in some buildings of as much as $160,000 (Duerig 2022). Indeed, we received a report of one Lake Worth Beach condo owner who received a $25,000 special assessment. Another was forced to absorb a $200 per month rate hike. We spoke to yet another whose HOA had raised its monthly fees to $700 in response to the bill. They planned to sell their unit in response.

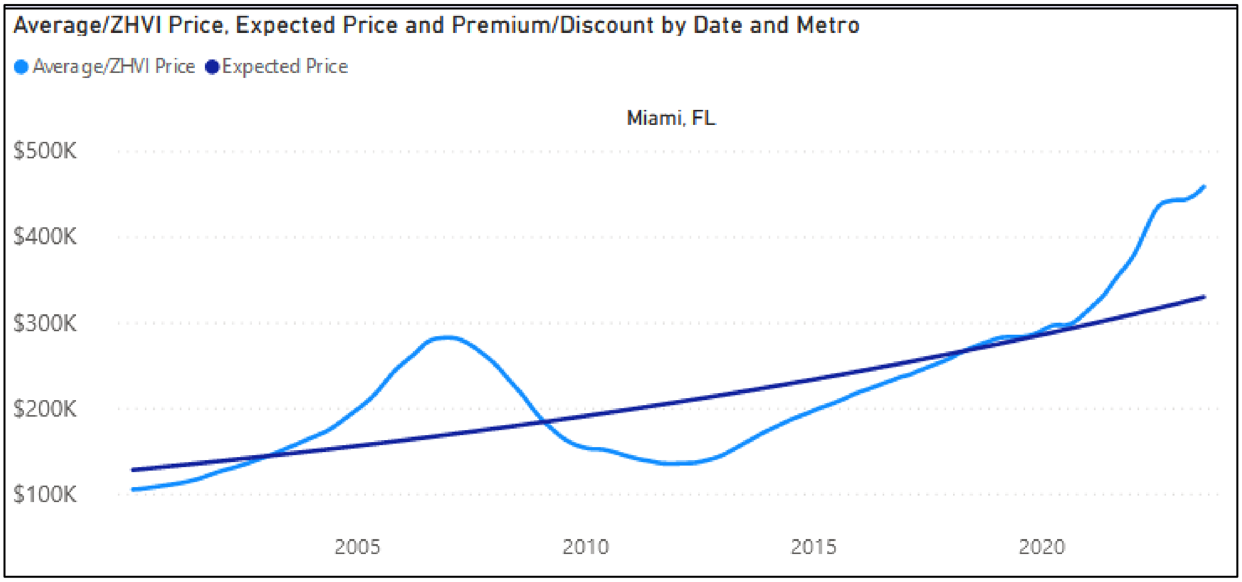
Figure 6: Lake Worth Beach Price Trends by Home Type, 2012-2023



Source: Redfin

Our findings fit with the Beracha and Johnson Housing Market ranking, which estimates the current degree of property overpricing and underpricing in the state of Florida's major metropolitan areas. In their July 2023 report, the ranking developers found that home values in the Miami Metro area, which encompasses Lake Worth Beach, were inflated by approximately 39.1 percent relative to normative expectations. The most overvalued metro area, Tampa, was inflated only three more percentage points than the Miami Metro area.

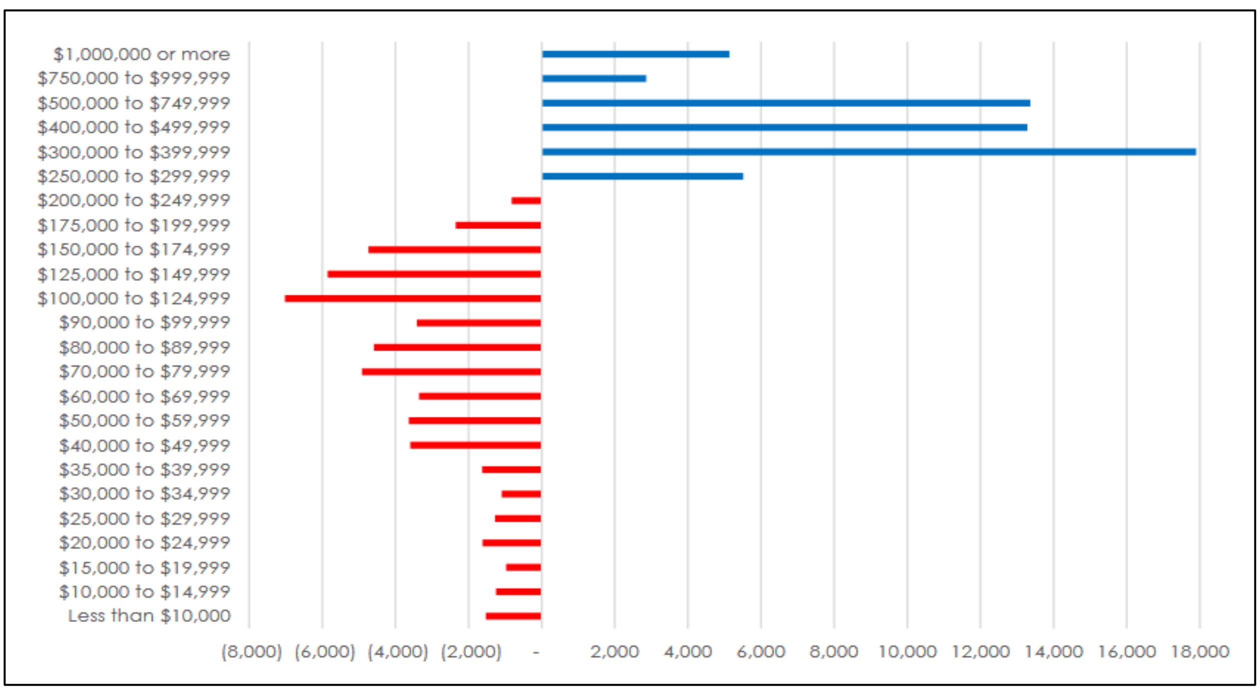
Figure 7: Average/ZHVI Price, Expected Price and Premium/Discount by Date and Metro



Source: Beracha and Johnson Florida Housing Value Rankings

Our findings also fit with the results of the County's 2021 Affordable Housing Assessment, which found severe loss of affordable ownership options through conversion.

Figure 8: Owner Occupied Unit Supply Change by Value, Palm Beach County, 2014-2018



Source: Palm Beach County Affordable Housing Needs Assessment

C. *Affordability among Current Homeowners*

According to 2021 ACS data, among owner-occupied housing units, 28 percent were cost-burdened. Among owner-occupied households with a mortgage, about 19.9 percent are cost-burdened, and among these households without a mortgage, 7.9 percent were cost-burdened. The most cost-burdened owners and renters are also among low- to very low-income households. Figure 9 below shows that severely cost-burdened (paying more than 50 percent of income on housing) owner-occupied households are mostly located on the west side of the City. Severely cost-burdened renters are distributed throughout the City. A higher proportion of racial and ethnic minorities are cost-burdened in comparison to non-Hispanic or Latino Whites.[21]

Table 3: Housing Cost Burden among Owner-Occupied Units, 2021

Housing Cost Burden for Owner-Occupied Units	Units	Percentage
Total Owner-Occupied Housing Units	6,560	100.0%
With a mortgage: Monthly owner costs as a percentage of household income in the past 12 months		
Less than 10.0 percent	191	2.9%
10.0 to 14.9 percent	507	7.7%
15.0 to 19.9 percent	625	9.5%
20.0 to 24.9 percent	493	7.5%
25.0 to 29.9 percent	510	7.8%
30.0 to 34.9 percent	240	3.7%
35.0 to 39.9 percent	111	1.7%
40.0 to 49.9 percent	218	3.3%
50.0 percent or more	735	11.2%
Not computed	38	0.6%
Without a mortgage: Monthly owner costs as a percentage of household income in the past 12 months		
Less than 10.0 percent	1,283	19.6%
10.0 to 14.9 percent	509	7.8%
15.0 to 19.9 percent	266	4.1%
20.0 to 24.9 percent	194	3.0%
25.0 to 29.9 percent	109	1.7%
30.0 to 34.9 percent	37	0.6%
35.0 to 39.9 percent	14	0.2%
40.0 to 49.9 percent	76	1.2%
50.0 percent or more	384	5.9%
Not computed	18	0.3%

Source: Table retrieved from ESRI ACS 2017-2021 data

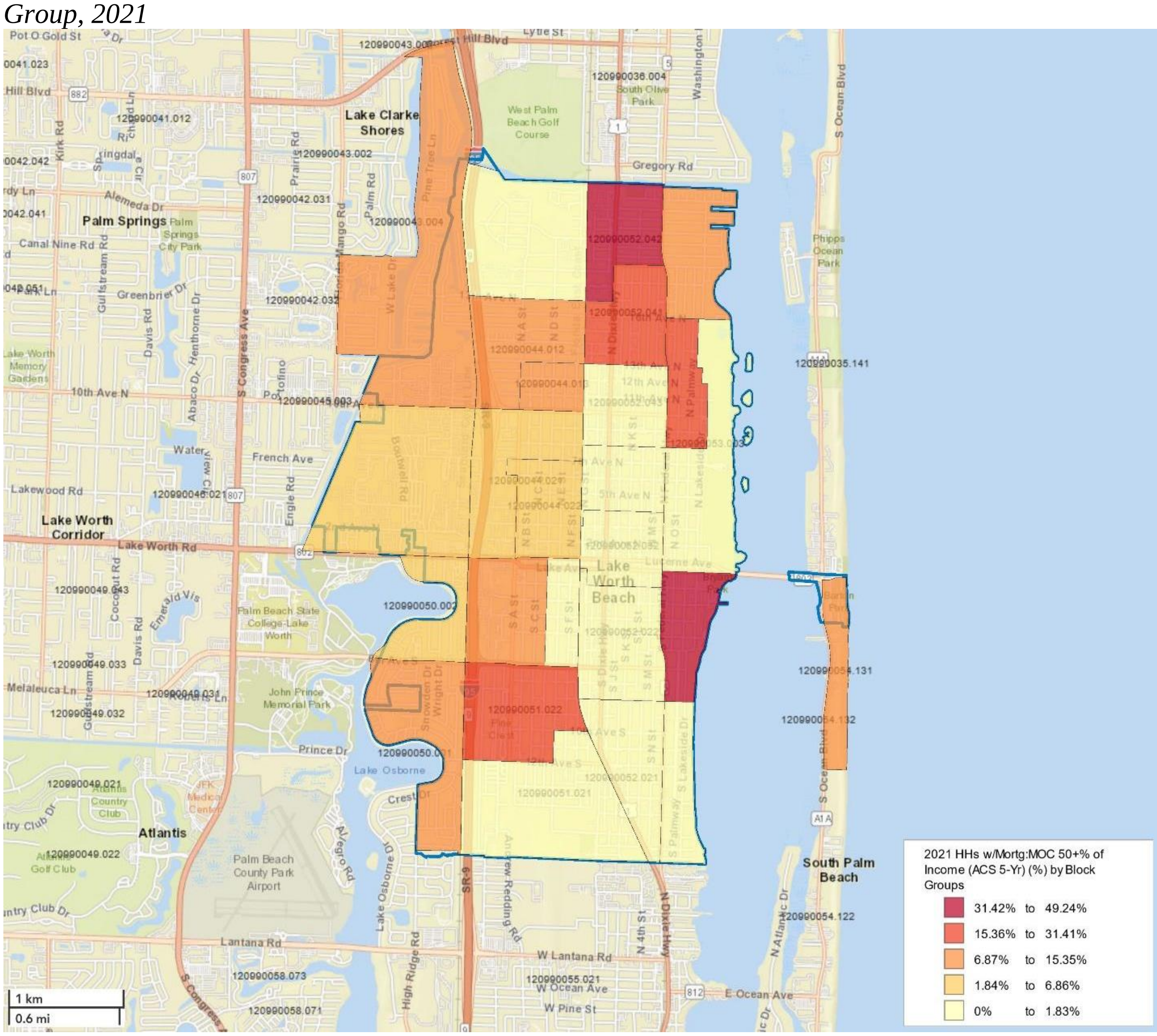
[21] Determining the precise proportion of cost-burdened renters by race is challenging due to data limitations in the ACS. However, our conclusion can be inferred from disparities in median household income. The median household income of non-Hispanic White households is $64,219 compared to $45,546 for Black or African American households, for example (ACS 2022).

Table 4: Housing Cost Burden of Owner-Occupied Households by Area Median Income (AMI)

Household Income	Housing Cost Burden ≤30% (#)	Housing Cost Burden 30.1% - 50% (#)	Housing Cost Burden >50% (#)	Owner-Occupied Households Cost-Burdened (%)
≤30% AMI or less	143	158	433	80.5%
30.01-50% AMI	606	291	195	44.5%
50.01-80% AMI	778	279	77	31.4%
80.01-100% AMI	636	238	24	29.2%
>100% AMI	2686	166	48	7.4%

Note: Owner-occupied household median income was $72,274.
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

Figure 9: Housing Cost Burden among Households with a Mortgage by Area Median Income, Block Group, 2021



Source: Map created by the authors using ESRI Business Analyst Online (BAO)

D. Summary: An Inflated and Detached Market

In summary, over the past decade—and especially over the past 2.5 years—Lake Worth Beach's housing costs have risen at a significantly higher rate than the county's, the state's, and the nation's. During the aftermath of the Subprime Mortgage Crisis, local home values were significantly lower than homes values across the county, state, and national level. During the nadir of the 2008-2011 housing crisis, the average Lake Worth Beach home was worth 25 percent less than the average Palm Beach County home; however, from 2012 to 2020, City home values steadily increased, eclipsing the state and national averages by 2018. Over the past few years, the City's home values have exploded—reaching valuations that are approximately $50,000 higher than the state average and approximately $100,000 than the national average. Whereas Lake Worth Beach was one of the most inexpensive places in the country to obtain housing ten years ago, its housing stock is significantly more expensive than that of most U.S. localities today.[22] Indeed, according to livingcost.org, Lake Worth Beach's cost of living now falls within the top 3 percent of the most expensive cities in the world.[23]

If using the "three times income" rule—that and individual or household should spend no more than three times their income to purchase a home—to calculate a rough estimate of housing values affordable to the households earning median household income, the housing value should be equal to or less than $160,968. When we conducted our snapshot analysis, only 18 of 160 listings—about 11 percent—fell within that threshold. All were condos with relatively high HOA fees ($492 on average, per our snapshot analysis). Lake Worth Beach's home ownership market is thus neither oriented around nor based on the needs of existing residents; it is oriented toward affluent households who are considering relocating to the area and investors who intend to establish short- or long-term rentals. Home prices are radically out of proportion with residents' financial capabilities, signaling a failure of the local market to satisfy their needs and preferences.

[22] See Figure 1.
[23] https://livingcost.org/cost/united-states/fl/lake-worth-beach

CHAPTER 4:
RENTAL MARKET CONDITIONS IN LAKE WORTH BEACH

A. How Much Does It Cost to Rent in Lake Worth Beach?

A wave of foreclosures during the 2008 Subprime Mortgage Crisis, stagnant wages and salaries over much of the past decade, rapidly rising interest rates, and exorbitant home prices that have become detached from the financial capabilities of residents have consigned most Lake Worth Beach residents to the rental market. Indeed, recent ACS estimates show that in 2022, 56 percent of Lake Worth Beach households rented. Given that more than half the City depends on the rental market for shelter, prices that correlate with typical household budgets are critical for the well-being of the City and its residents.

We analyzed rental market conditions in Lake Worth Beach by drawing from four sources:

(1) We collected comparative *Apartment List* rent estimates from 2017 to June 2023 (previous data were unavailable). Using a complex methodology, *Apartment List* estimates the median rent across new leases signed in a given market and month. For current market conditions, we view their estimates as more reliable than both ACS estimates, which are outdated and out of sync with current market conditions, and Zillow estimates, which only capture listed rent prices (as opposed to existing lease rates and newly signed leases, which may differ from asking rents).

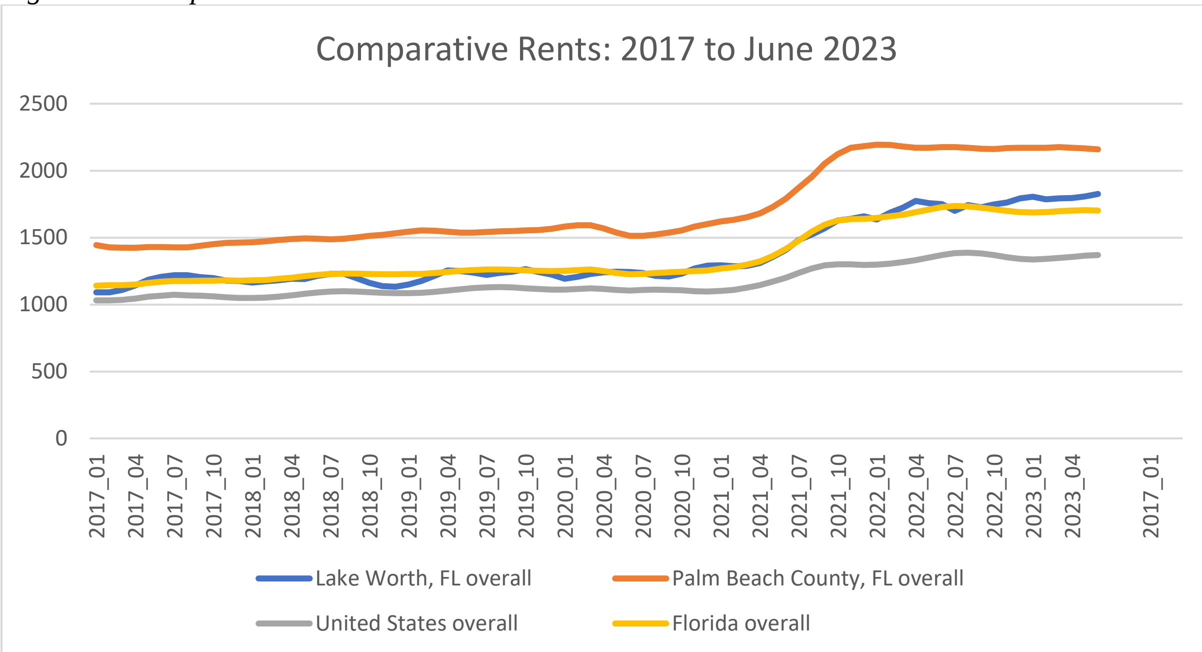
(2) We collected comparative data from Zillow's Observed Rent Index from July 2021 to present (previous data were unavailable). The Zillow data capture current asking prices, that is, the prices that individuals engaged in an apartment search would encounter today.

(3) We collected 5-year median gross rent estimates from the ACS from 2008 to 2021, which provide a more historical portrait of activity in the rental market.

(4) We took a snapshot of local rental conditions on a sample day in August 2023 by examining all current listings on the Redfin rental database. These data provide a more granular view of the market conditions prospective renters would encounter in Lake Worth Beach today.

The *Apartment List* data shows that Lake Worth Beach rents have risen dramatically over past several years, especially since the COVID-19 pandemic began. When recordkeeping began in January 2017, *Apartment List* estimated Lake Worth Beach's median rent at $1,091—a figure that is consistent with ACS estimates. From 2017 to 2020, rents increased at a manageable rate of 3.04 percent per year, translating into an approximately $34 increase per year. From 2020 to present, however, rental rates exploded, reaching $1,826 per month by June 2023—a 53 percent increase in less than 2.5 years.

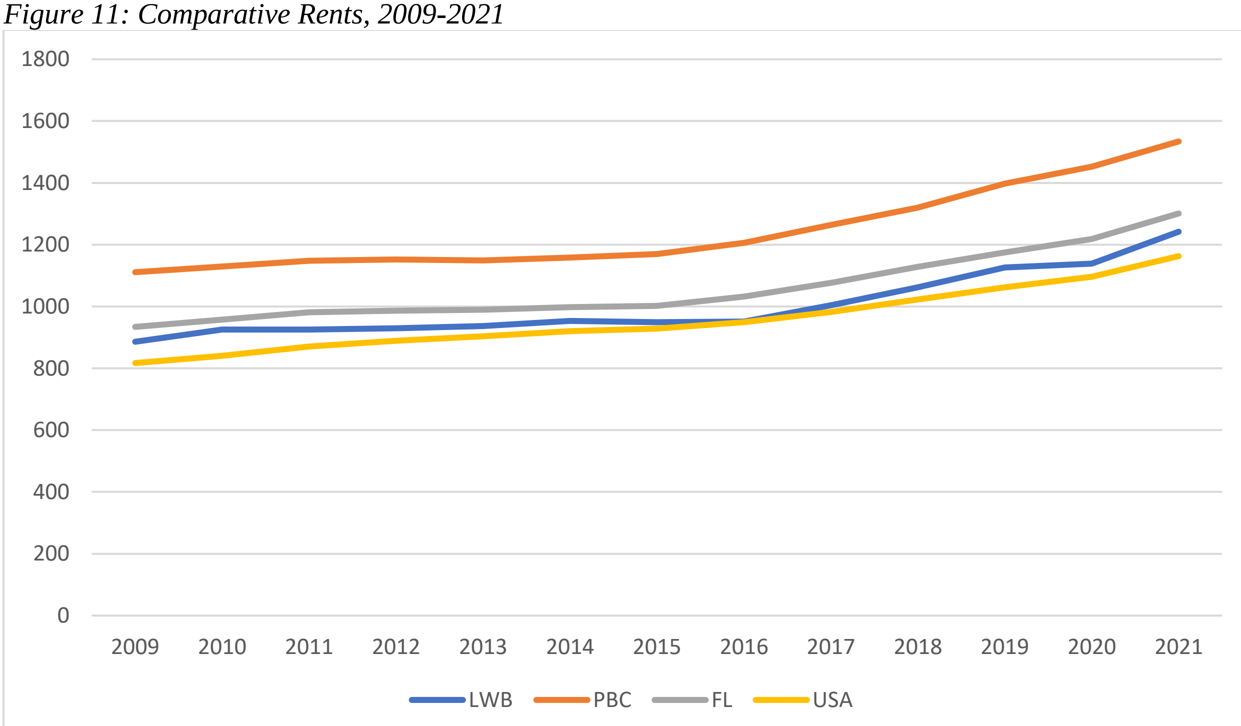
Figure 10: Comparative Rents: 2017 to June 2023



Source: Apartmentlist.com

These changes entail an average rent hike of 13.1 percent per year, which translates into an average year rent hike of $181—or $633 in total since the pandemic began. These figures track with the stories we heard from residents. Many described rent increases of several hundred dollars. Some even related hikes that doubled their rents.

Figure 11: Comparative Rents, 2009-2021



Source: Apartmentlist.com

The rapid rental increases substantially deviate from historical norms and expectations. As the ACS data below show, Lake Worth Beach's rents were mostly flat between 2010 and 2020. During the ten-year period, they increased $232—or about $23 per year.[24] The post-2020 rate increases, which average 13.1 percent per year, are nearly six times higher than the average annual increases that occurred during the ten years preceding the pandemic.

Even more alarmingly, while rents have remained stable across the county, state, and nation over the past 18 months, they have continued to increase at a steady clip across Lake Worth Beach. Whereas Palm Beach's County's median rent has decreased by $11 since November 2021, Lake Worth Beach's has increased by $186.[25] As with home values, the City's rental market is marching toward parity with the County's, despite residents' substantially lower household incomes.

These severe rent increases become evident when one views the asking prices for current rental units. Of current market listings, rental prices range from $1,250 per month, which buys a 350 square foot studio, to $20,000 per month for a luxury home with intracoastal views. The median price of all current listings is $2,683 per month, and the average price is $3,071 per month.

Table 5: Rental Market Snapshot – August 2023

Unit size	Median List Price	Number Listed
Studio	$1,550	9
One bedroom	$1,650	53
Two bedroom	$2,775	50
Three bedroom	$3,500	45
Four Bedroom	$6,250	8

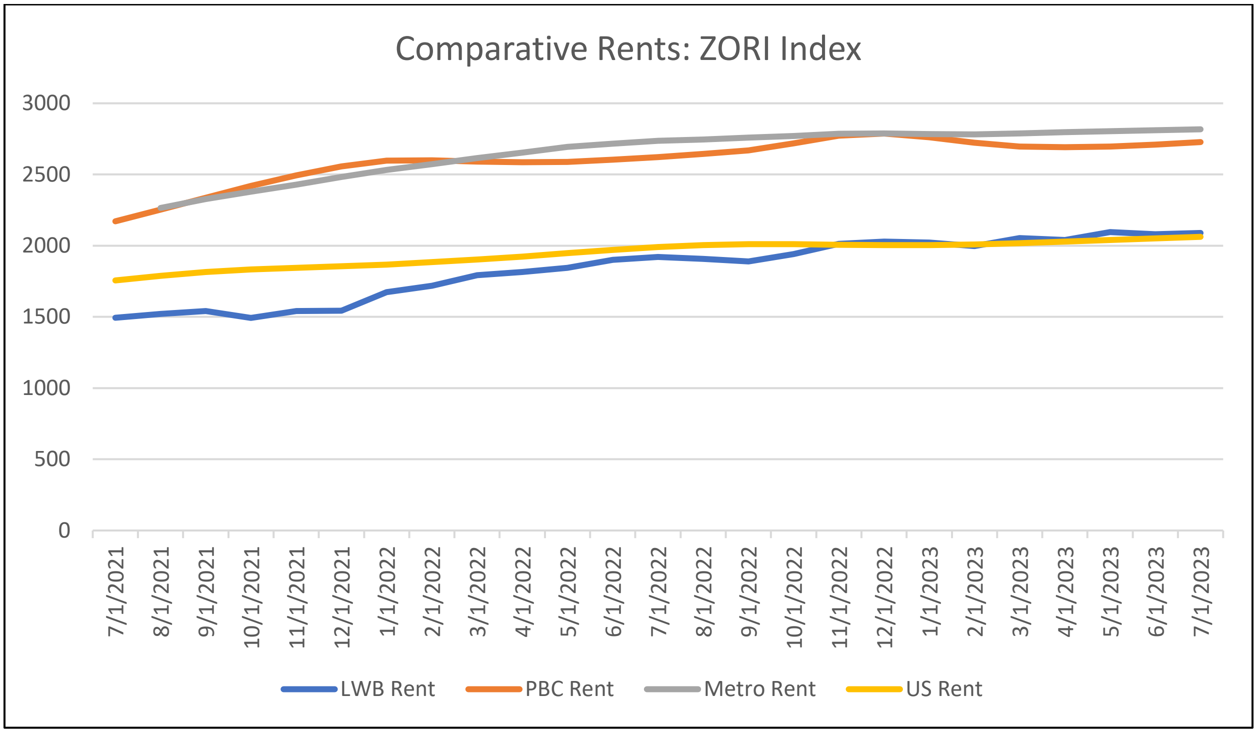
Source: Redfin, August 2023

As the Redfin table and qualitative description above demonstrate, many asking rents—especially for units with two or more bedrooms—are extraordinarily expensive, especially when one considers the product. Indeed, many of the units we viewed were small apartments in older buildings. Of the listings that indicated square footage, the largest was 733 square feet, and several were under 500 square feet.

Obtaining medium or large units that can accommodate families is considerably more expensive. The median list price for a two-bedroom apartment is a staggering $2,775. As the ZORI table below further illustrates, the City's asking prices have increased rapidly, even within the past year. A year ago, most landlords listing new units were asking for about $1,500 in rent. Today, the majority are asking for over $2,000.

[24] If Apartment List's figure for the 2020 time point, $1,193, is used, the increase constitutes $236.
[25] Compared to August 2023.

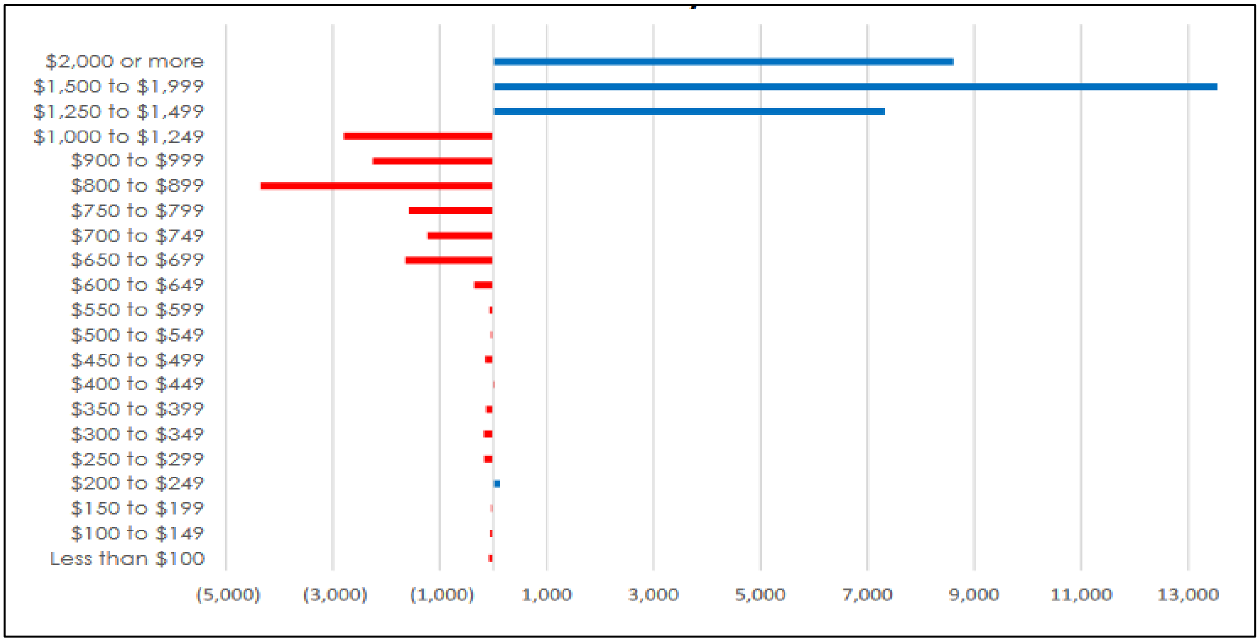
Figure 12: Comparative Rents: ZORI Index, 2021-2023



Source: Zillow

In sum, our findings indicate that recent price appreciation in the rental market has far outpaced historical expectations, and that rental prices are severely inflated relative to historical norms. If rents had continued growing at the 2017-2020 rate of 3.0 percent, their median price would be approximately $1,175 in 2023—about $651 less than current prices. Even with strong household income growth over the past 2.5 years, the City's price increases are incommensurate with local economic conditions and therefore unaffordable. As the figure below, which is culled from Palm Beach County's 2021 *Affordable Housing Assessment*, shows, affordable housing options are disappearing across the County, and they began to disappear before, but were further jeopardized by, the pandemic.

Figure 13: Renter Occupied Unit Supply Change by Value, Palm Beach County, 2014-2018

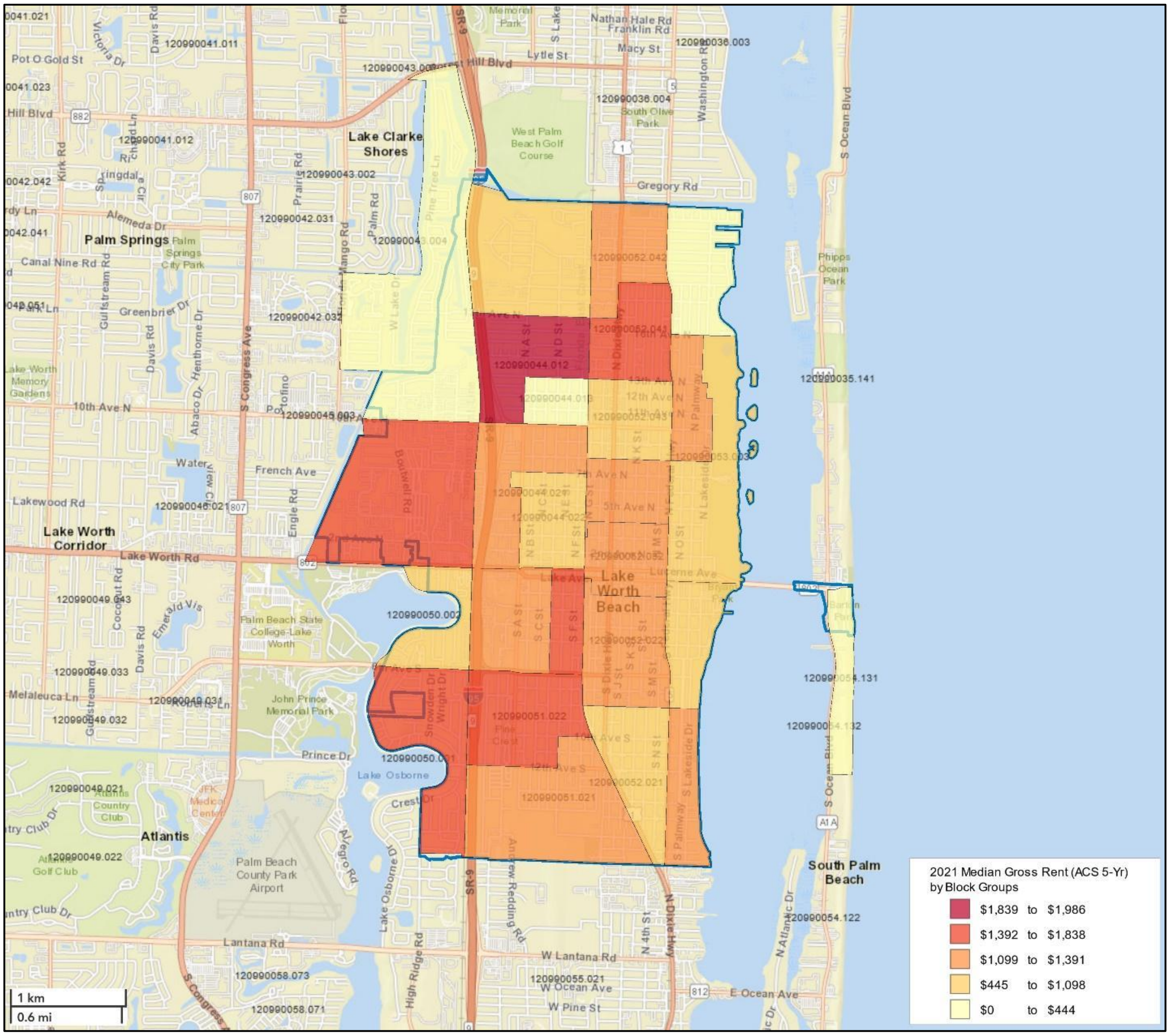


Source: Palm Beach County Affordable Housing Needs Assessment (2021)[26]

These trends become even more alarming when one considers that high rental rates are often concentrated in neighborhoods with low incomes that are least able to afford them. Figure 14 below shows the average median gross rent, which represents contract rent plus the estimated average monthly cost of utilities paid by the renter, by block group across the City. It should be noted that these numbers are from the 2017-2021 ACS estimates, which was before the rapidly increasing housing value and rents during the COVID-19 pandemic. Nonetheless, what they show is striking: Several block groups with relatively high median incomes and property values have lower gross median rents than neighborhoods with relatively low median property values and incomes.

[26] https://www.hlcpbc.org/wp-content/uploads/2021/04/Palm-Beach-County-Affordable-Housing-Needs-Assessment-02.26.2021-Final.pdf

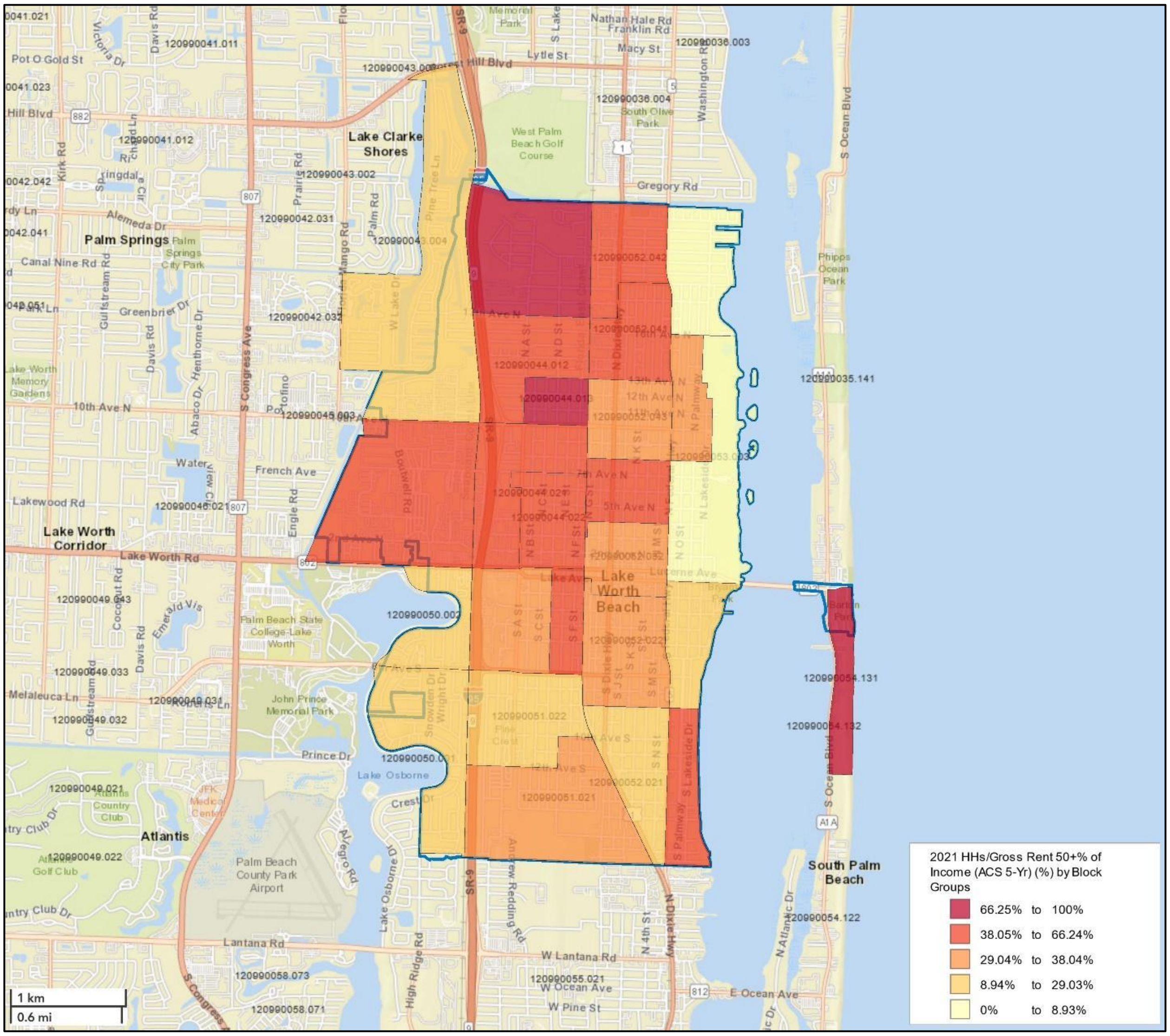
Figure 14: Household Average Median Gross Rent by Block Group, Lake Worth Beach, 2021



Source: Map created by the authors using ESRI Business Analyst Online (BAO)

As explained in other sections of this report, the mapping data suggest that high contract rents are not simply a function of home value prices driven by supply and demand dynamics. They are also driven by opportunism and price gouging. As they next map shows, high rents in low-income areas produce disproportionate levels of cost-burden for some neighborhoods:

Figure 15: Households Paying High Gross Rent (Above 50% of Income) by Block Group, Lake Worth Beach, 2021



Source: Map created by the authors using ESRI Business Analyst Online (BAO)

In the following sections, we compare the City's rental market characteristics to residents' financial capabilities to assess affordability.

B. How Much Rent can Lake Worth Beach Residents Afford?

As housing costs have risen in the aftermath of the pandemic, policymakers at the local and state level have grappled with the question of what housing affordability means. That is, what rental rate would allow residents of a community to secure adequate housing without experiencing financial strain? This is a crucial question, because failing to establish appropriate thresholds undermines the effectiveness of supportive housing services and inclusionary zoning programs. Palm Beach County's Workforce Housing Program serves as a potent example. As the income table below shows, County residents must earn nearly $59,000 to qualify for a set-aside unit. The median income of renter households in Lake Worth Beach, however, is roughly 30 percent below that at $41,384. Indeed, the income threshold disqualifies at least half of local renter households from eligibility.

Figure 16: Palm Beach County Workforce Housing Program, Income Categories, 2023

Workforce Housing Program (WHP)
2023 Rents and Incomes
Effective July 1, 2023

WHP prices are set annually, based on the provisions of
Article 5.G.1.A.3.c.2 of the Unified Land Development Code reflected below, and the following:

2023 PBC Median Family Income: $98,300 (per HUD)

WHP Income Category			Studio	1 BR	2 BR	3BR	4BR
Low	60-80% of MFI	$58,980 - $78,640	$1,023 - 1,364	$1,096 - 1,462	$1,315 - 1,754	$1,519 - 2,026	$1,695 - 2,260
Moderate 1	>80-100% of MFI	>$78,640 - $98,300	$1,364 - 1,705	$1,462 - 1,828	$1,754 - 2,193	$2,026 - 2,533	$2,260 - 2,825
Moderate 2	>100-120% of MFI	>$98,300 - $117,960	$1,705 – 2,046	$1,828 - 2,193	$2,193 - 2,631	$2,533 - 3,039	$2,825 - 3,390
Middle	>120-140% of MFI	>$117,960 - $137,620	$2,046 – 2,387	$2,193 - 2,558	$2,631 - 3,069	$3,039 - 3,545	$3,390 - 3,955

The limitations of the County's income tables are that: (1) the program is oriented to lower-middle class to upper-middle class households, not vulnerable households who are in the most need of subsidized housing, and (2) the program uses the County's median household income, which is significantly higher than cities such as Lake Worth's, to set eligibility requirements. These shortcomings severely limit the program's reach.

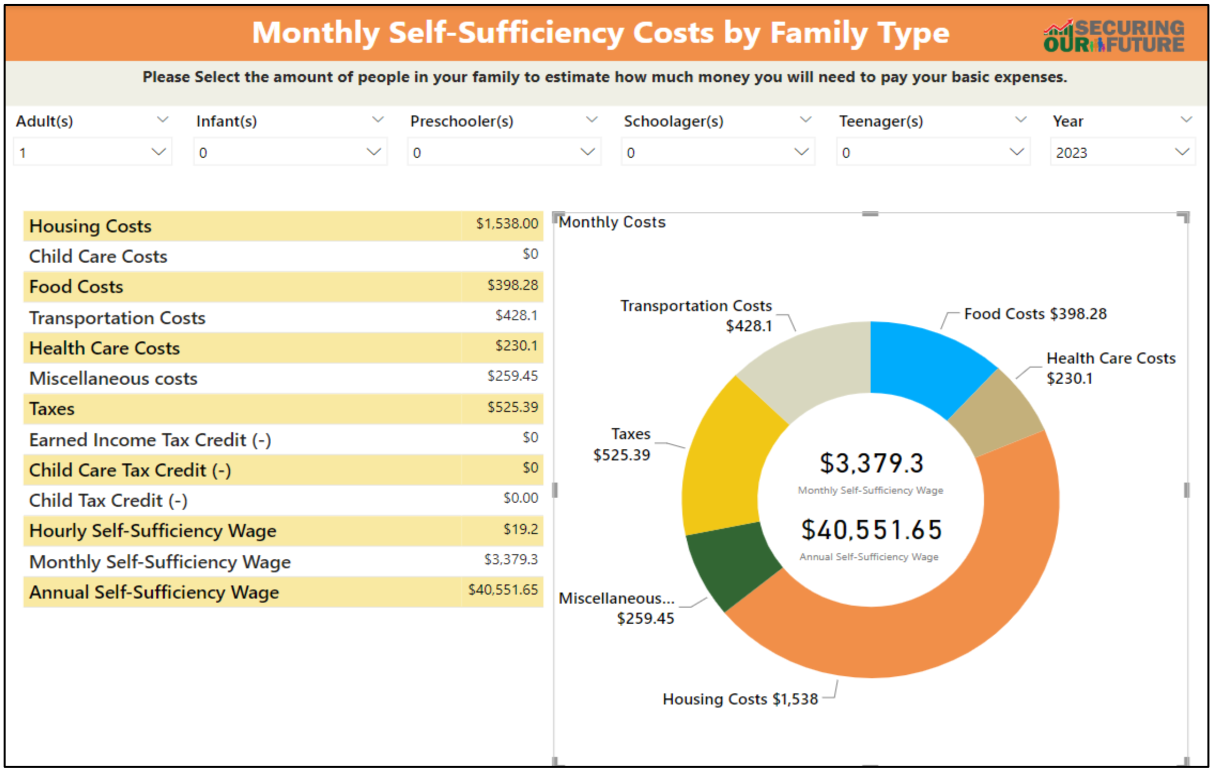
Thus, the question is raised: What would a more effective affordability standard look like? The most common, although arguably crude, conception of housing affordability involves limiting annual housing costs to 30 percent of household income, adjusted for household size. Given Lake Worth Beach's median household income of $53,656, affordable rental rents would be less than $1,350 per month. This tracks with the figures a social worker, who assists low-income residents, provided. They stated that, for most of the families they work with, affordability would involve rent payments of roughly $1,200 per month. However, they noted this would not necessarily be a comfortable payment. Rather, it would be a payment that permitted self-sufficiency. Many of their clients worked minimum wage jobs. To live comfortably, an individual earning $15 per hour and working forty hours per week would only be able to feasibly afford approximately $780 per month in housing costs. A common challenge with developing affordable housing is that the developers rarely take into consideration other expenses that a family needs to pay, including utilities, medical care, transportation, groceries, and more.

As noted above, affordability standards depend on family type, and they also depend on the ancillary expenses residents incur. Indeed, households with children must earn far more to make ends meet than single individuals. Moreover, when energy prices unexpectedly increase—as they did in response to the war in Ukraine (Hubacek et al. 2023)—rental budgets diminish. In order to develop a more granular picture of affordability, we employed an affordability standard, developed by sociologists at the University of Washington, to analyze the degree to the which the economic characteristics of Lake Worth Beach residents coincide with current rental market conditions (Pearce 2001). Our standard estimates the income that different types of families would need to earn in order to be economically self-sufficient—that is, to minimally make ends meet without the use of supportive services.

The figures below depict four common household types in Lake Worth Beach—a single householder, a couple, a single parent with two children, and two parents with two children—and lists the estimated incomes each would have to earn to achieve self-sufficiency. It is important to note that the standard may slightly underestimate the incomes residents must earn to make ends meet, because it assumes that the household types it depicts can locate dwellings that fall within HUD's fair market rents. When we reviewed local real estate market conditions in August 2023, however, we could not identify a single listing that fell within HUD's thresholds—a finding that is notable, because it means that individuals with Housing Choice Vouchers have limited ability to use their vouchers in the City.

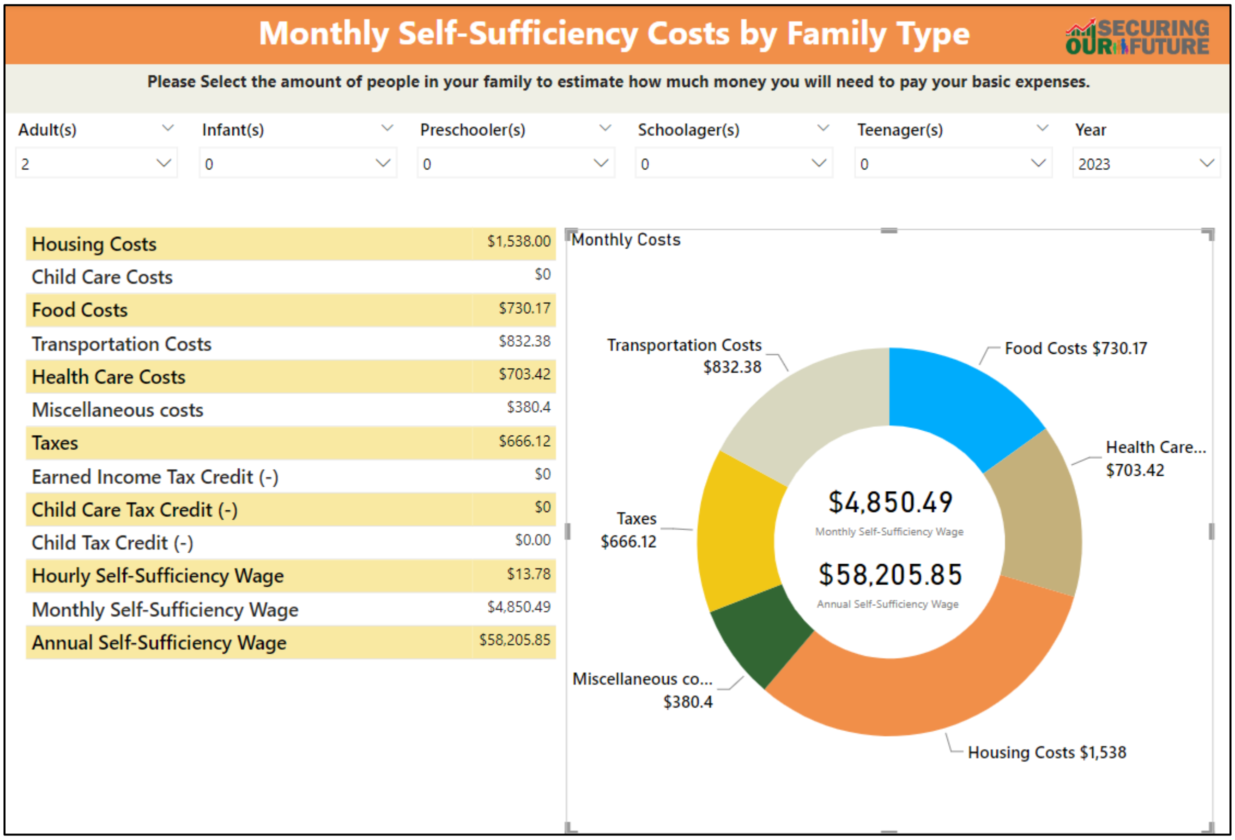
In terms of our standards, sixty-two percent of families in Lake Worth Beach live in one or two person households. A single householder would need to earn over $40,000 per year to achieve self-sufficiency in Lake Worth Beach.

Figure 17: Monthly Self-Sufficiency Costs by Family Type, Single Householder, 2023



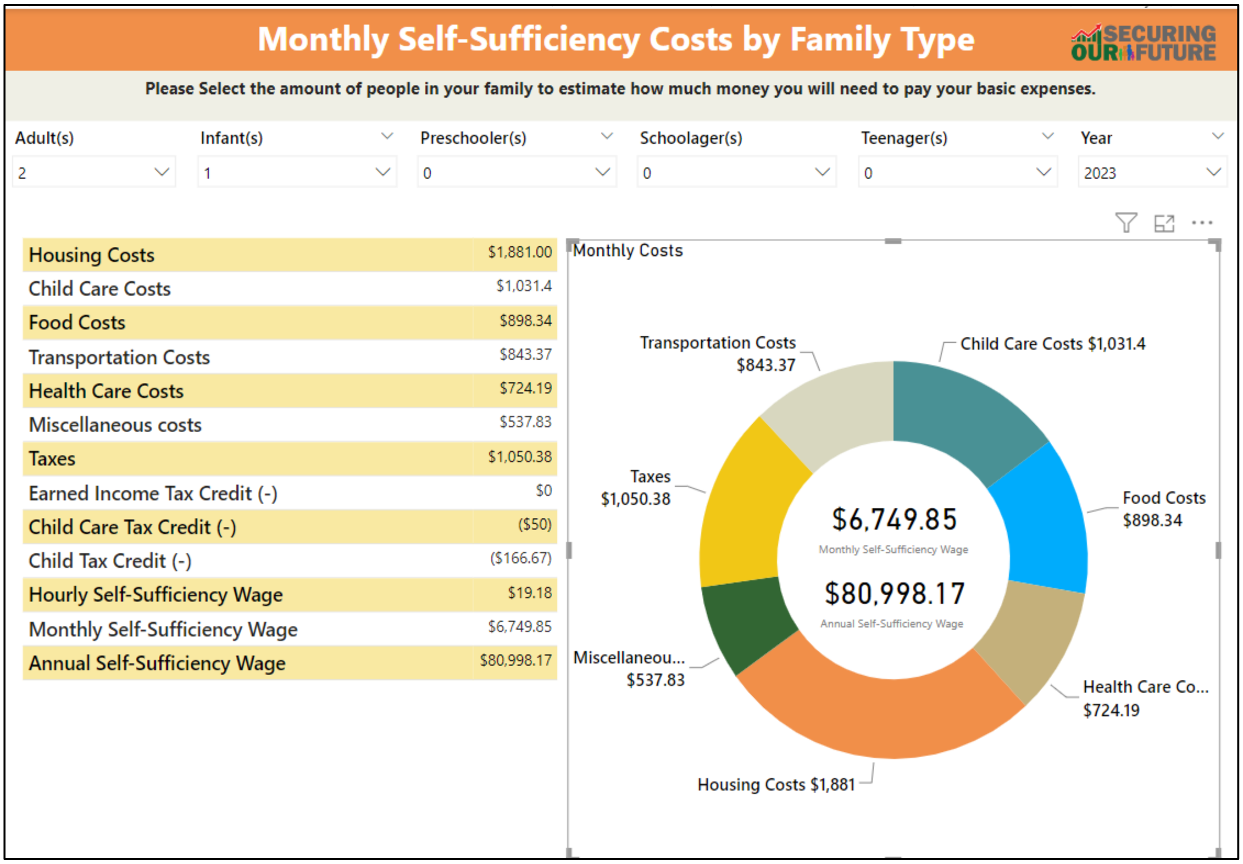
On the other hand, a slightly larger family of two adults would need close to $60,000 annually to make ends meet.

Figure 18: Monthly Self-Sufficiency Costs for Two-Adult Householder, 2023



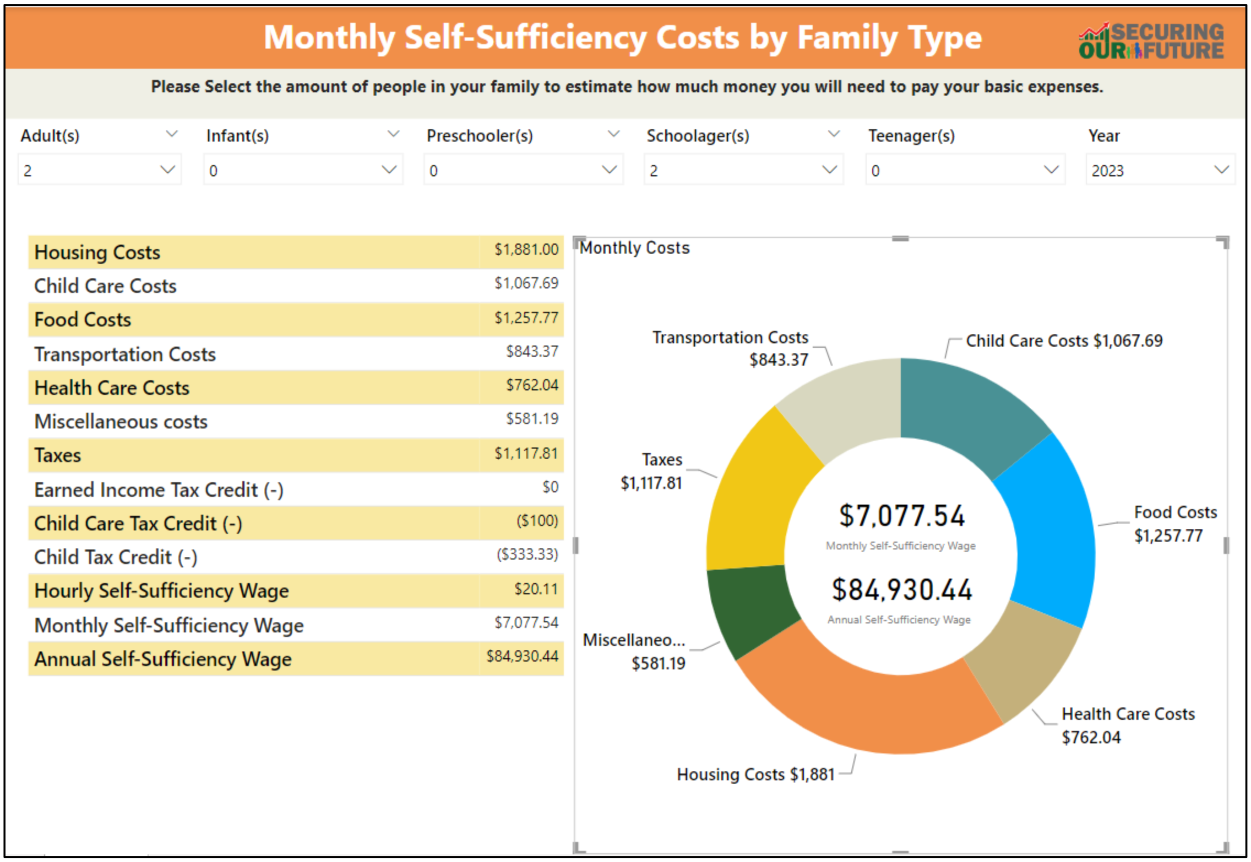
As the figure below illustrates, when children are added to the family, salary requirements increase noticeably. Two adults with an infant would need to earn over $80,000 per year to cover their expenses.

Figure 19: Monthly Self-Sufficiency Costs for Two-Adult Household with One Infant, 2023



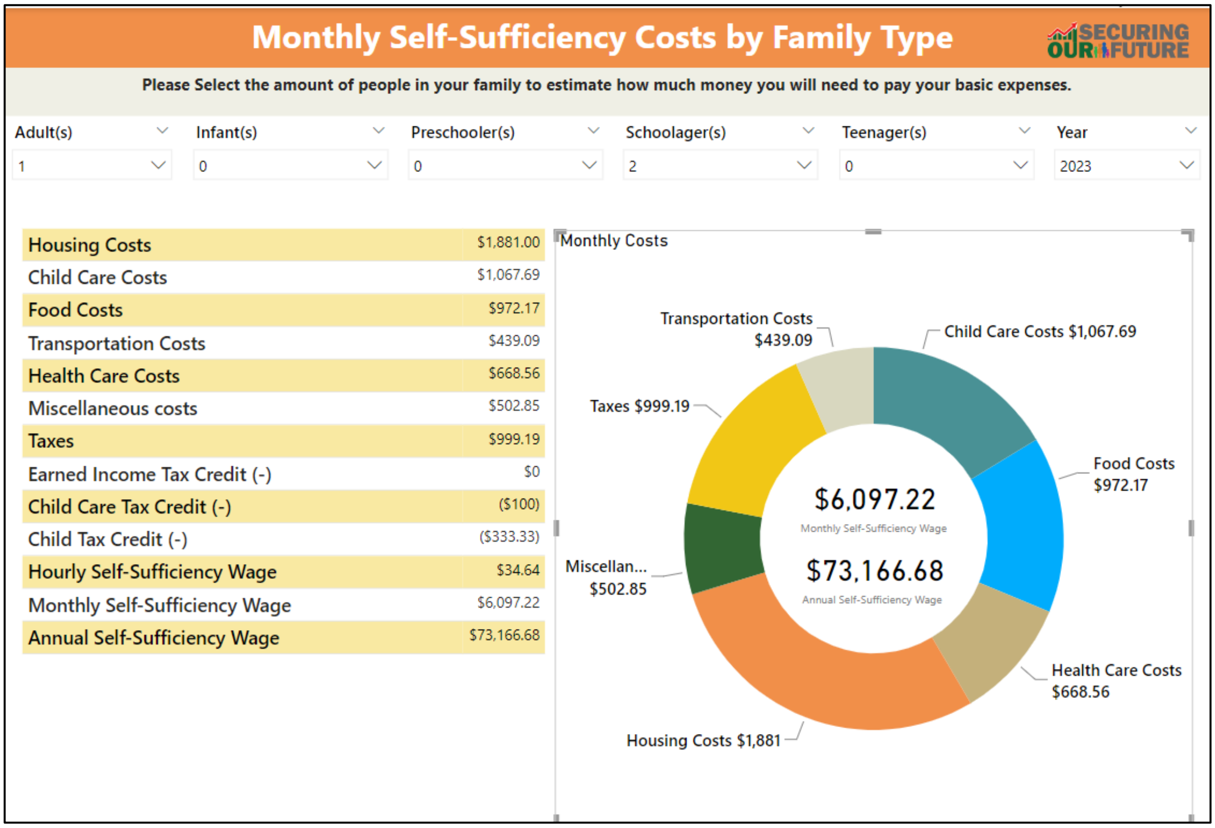
The high income requirements for families with children pose a social problem, given that Lake Worth Beach households with children tend to earn significantly less than childless ones, and significantly less than the median income in general. Indeed, a family of four, consisting of two adults and two children, would require an annual income of $85,000 per year—$36,000 more than typical four-person families in Lake Worth Beach make.

Figure 20: Monthly Self-Sufficiency Costs, 2-Adult Households with 2 Children, 2023



Finally, a single adult with two children would need to earn over $73,000 per year—more than three times what the typical single parent in Lake Worth Beach earns.

Figure 21: Monthly Self-Sufficiency Costs for Single-Parent Households with 2 Children, 2023



In sum, while the rents our standards are based upon are roughly consistent, although slightly below, market conditions, Lake Worth Beach residents earn far less than the incomes that would enable self-sufficiency. This is another indicator that local rental conditions are severely unaffordable. Indeed, according to livingcost.org, Lake Worth Beach is among the top 16 percent of the most expensive cities in the world, being ranked 1466th out of 9294 globally. These skyrocketing costs are particularly onerous when one considers that the City's affordable set-aside units are at full occupancy.

Our affordability standard also has implications for evaluating the effectiveness of the County's Workforce Housing Program. As our standard—and supplementary community profile—indicate, household income in Lake Worth Beach varies tremendously according to family type. People living alone typically earn between $36,000 and $37,000 per year (ACS 2021). Families with minor children, unfortunately, have similar incomes despite possessing higher expenses ($36,391). Within that group, single mothers with children have, by far, the lowest incomes—earning just $23,520 per year according to ACS estimates. Lager families, for example four-person households consisting of two parents and two children, do slightly better, earning about $49,000 per year. On the other hand, childless families with limited expenses do relatively well, earning $74,174 per year.

As a testament to the irrationality of Palm Beach County's workforce housing (WFH) program eligibility requirements—and the importance of establishing affordability requirements that are grounded in local economic conditions—the couple earning over $74,000 per year, who would need no assistance for achieving self-sufficiency according to our standard, would qualify for the Workforce Housing Program, while the single mother, family of four, and single householder—all of whom fall below our self-sufficiency standards—would not qualify. This strikes us as a serious problem that deserves correction.

Because income needs vary by family type, and because the average Lake Worth Beach household earns below the market rate that landlords charge, establishing rigid affordability guidelines is challenging. Extrapolating from HUD's 30 percent-rule and our affordability standard, however, we can conclude that most Lake Worth Beach households would need to earn around $73,000—more than 25 percent higher than the average household income—to comfortably live within current rental market conditions. Given that many care for children, many would need to earn more.

When all the quantitative and anecdotal data are collated, we believe that rents in the range of $900 and $1,350 offer a decent gauge for local affordability. That is to say, we would consider a market that provides a healthy level of units at that price to be a balanced one that coincides with residents' needs. Some residents, of course, will require lower-priced units, and some will be able to afford higher-priced ones. However, to be affordable, most listings should be in that range—and a considerable number must be family units. Indeed, when pushed to quantify an affordability figure for the clients they assisted, a non-profit leader who works with the community told us:

> "Affordability would look like a family [paying] $1,200 a month in rent" for a three-bedroom unit. Noting how far the local market had deviated from that figure, they lamented how some of their clients were paying $1,200 for a single bedroom, which they shared with their family members. "Ever since we saw those huge increases in rent," they related, "people have just been trying to seek shelter anywhere. Anywhere. And so we now have families renting rooms, like single rooms, which is obviously problematic to have a whole family in one room."

Based on these findings, we conclude that Lake Worth Beach's rental market is unaffordable and detached from community needs.

C. *How Cost-Burdened are Lake Worth Beach Residents?*

The U.S. Department of Housing and Urban Development (HUD) defines households as "cost-burdened" when they spend more than 30 percent of their income on housing expenses, including rent or mortgage payments, utilities, and other related costs. The 30 percent threshold is the most commonly used measure of housing affordability in the United States. It serves as a critical benchmark for assessing the degree to which individual households, and whole communities, can cover their housing costs without experiencing stress, straining their budgets, forgoing necessities, or jeopardizing social mobility due to an inability to save.

We analyzed the incidence and rate of cost-burden in Lake Worth Beach by drawing from ACS data. As the table below indicates, most renter households in Lake Worth Beach are experiencing cost-burden. Indeed, nearly 5,000 of the City's 8,124 renter households—which equates to more than 60 percent of the City's renter population—reported cost-burden.

Figure 22: Housing Cost Burden

	Lake Worth Beach		Palm Beach County		Florida		United States	
Renter-Occupied Housing Units	8,124		177,666		2,736,789		43,858,831	
30 to 49 percent	2,008	24.7%	46,135	26.0%	716,591	26.2%	10,120,829	23.1%
50 percent or more	2,895	35.6%	53,902	30.3%	738,439	27.0%	10,048,573	22.9%

Source: U.S. Census Bureau, ACS, 2021

Notably, most cost-burdened renters are "severely cost-burdened," meaning that they spend at least 50 percent of their earnings on housing costs. Severe rent burden often precipitates a precarious financial situation, leaving little room for other essential expenses such as healthcare, food, education, and savings within a household's budget. This heightened financial strain puts those households at increased risk of eviction, homelessness, and a cycle of poverty that is difficult to break.

As the next table shows, cost-burden is not evenly dispersed throughout the City's renter population. Less than 5 percent of households earning more than $75,000 per year experience cost-burden, while it is moderate for households earning $50,000 to $74,999 (31 percent), severe among households earning between $20,000 and $49,999 (77 percent), and nearly universal among households earning less than $20,000 per year (97 percent).

Table 6: Housing Units by Housing Costs as a Percentage of Household Income in Lake Worth Beach

Income in the Past 12 Months	Number of households	Percent cost-burdened
Less than $20,000:	2,228	97%
$20,000 to $34,999:	2,689	77%
$35,000 to $49,999:	2,104	65%
$50,000 to $74,999:	2,595	31%
$75,000 or More:	4,790	5%

Source: ACS 5-year estimates

In sum, renter cost-burden is widespread in Lake Worth Beach, often severe, and concentrated among the City's most vulnerable households. The data suggest that households that earn less than $50,000 per year find it extremely difficult to cover their housing costs, and that to rent comfortably in Lake Worth Beach, one's household must earn at least $73,000 per year. With the tremendous rent increases that have occurred since the 2021 ACS survey was completed, we expect the true incidence of cost-burden to be even higher today, and we suspect that income threshold for comfortably renting in Lake Worth Beach has increased.

D. Barriers to Housing Access and Motel Dwelling

While high rents and low incomes leave many Lake Worth Beach residents facing cost-burden, many others face a more basic problem; the inability to qualify for a rental unit with their income and credit score, or the inability to afford the up-front costs that many landlords now require prior to move-in. Indeed, with the City's population becoming more affluent, and with the rental market becoming more competitive, we found that many landlords are implementing stringent qualification thresholds that lock many prospective tenants out of the rental market. As one social worker told us: "It's a landlord's market, because there's so many renters and such a short supply of housing stock. They can pick and choose."

In a context where landlords can "pick and choose," nearly all choose economically secure tenants with upstanding credentials and little risk of payment delinquency (Rosen 2022). This was a common theme highlighted in interviews with those working on-the-ground to connect residents with housing. For example, social workers we spoke with told us that many landlords were refusing the guaranteed rent payments they were offering through their rent assistance programs. When I asked a leader at an organization dedicated to supporting housing-insecure individuals whether landlords had become more reluctant to participate in rental assistance programs, they replied: "Yeah…more…now than in recent memory and maybe ever." Another interviewee told us that they had encountered several landlords who were adamant that they would not accept people utilizing rental assistance.

Another interviewee working at the same organization similarly noted, "That's been a really big challenge—trying to work with the landlords. The landlords are just like, 'you know what, no, I'd rather just evict them than accept your one month of rent.' And it doesn't have to be some long, drawn-out, months and months of late rent. It's a one or two months behind, and they don't want to work with us anymore." Yet another interviewee, who attempted to connect unsheltered individuals who have been approved for assistance to local housing options, told us:

> The biggest issue [with these programs] is that they rely on [private] landlords that can make their own conditions for [approval], which makes it incredibly difficult for [people to use their vouchers]...It is very difficult for people to fit the criteria that [landlords] are asking for. For example, I worked with one landlord who required tenants to earn three times the monthly rent...They also had to show that they had no evictions. There was just a long list of things that they had to match to even be considered. It's very sad because there is money out there for these programs, but there's too many conditions that the independent landlords have asked for...I see people lose out on opportunities for housing all the time. It's not because they don't have a voucher...It's usually they just cannot find a place that's willing to work with them.

The same social worker stated that the large, corporate landlords who were moving into the city to capitalize upon revenue potential tended to have the highest eligibility requirements and most inflexible approach toward them.

To obtain a rental unit in today's market from such landlords, individuals must typically pay an application fee that ranges from $50 to $80; pass a criminal background check; have a credit report that is free of delinquent payments, collections accounts, high debt levels, foreclosures, and evictions; have a monthly income that is at least three times the rent; demonstrate that they intend to pay their rents with earned income, not rental assistance; cover their moving costs; and post first and last month's rent—along with a security deposit equal to the monthly rent—to move in. Renters with pets must front additional fees or deposits, and undocumented renters must pay a $640 deposit for the City to turn on their utilities.[27]

In addition to having a strong credit score, a good-paying job, and a clean record, today's renters frequently must pay $5,000 to $6,000 in up-front costs to obtain a rental unit. When asked about the circumstances that prevented clients from obtaining rental units, one social worker replied: "It's not just the COVID. This started even before COVID, and I think [it's] the barriers. In addition to the income, we're dealing with a lot of insane double, triple deposits, families needing close to $10,000 to move into a unit. So, for us, our dollars don't go as far."

When one compares the requirements we have described to the conditions that renters faced prior to the Subprime Mortgage Crisis—when they could often *purchase* a home with no income, no job, no assets, and no credit—it constitutes a stunning change of events. While the practices of "predatory inclusion" that took place during the aughts placed residents on a path toward foreclosure that ended in dispossession, wealth destruction, ruination of credit, and demotion into long-term rentership, the stringent vetting processes that many landlords are subjecting City tenants to today is leading them on an equally, if not more, destructive path: toward motel dwelling and eventual homelessness. As Andrew Ross (2021:10) writes, "Motels…have become the default residence for a significant mass of Americans priced out of the rental and homeownership markets."

Indeed, through interviews with service providers and field observations, we found that a substantial number of residents were living in motels—many of them located on Federal Highway in the City's southern periphery—because they either could not qualify for a long-term

[27] This figure was cited by several interviewees.

rentals with their credit and income, or because they could not afford the high move-in fees that landlords are charging. Motels often provide a temporary solution for the shortage of available affordable housing (Ross 2021). However, we must underscore that these units were rarely less expensive than long-term rentals; they were simply more accessible because they did not require income verification, credit checks, and move-in fees. For example, one woman we interviewed for this report noted paying $450 per week for a motel room with no kitchen—a rate that is equivalent to the current median rent for long-term units in Lake Worth Beach ($1,826). Such individuals face other cost strains as well—such as increased food costs, due to the inability to prepare meals at home without a kitchen.

Similarly, we interviewed an individual who provides supportive housing services to vulnerable Lake Worth Beach residents through their church. They told us that their clients, who "can't afford the $3,000+ move-in costs," were being forced to pay high nightly fees at local motels. Eager to capitalize on the housing crisis, they stated that motel operators who were charging $60 per night two years ago are now charging $100 per night, which translates into $3,000 in monthly rent for residents who use them as de facto apartments. They stated many of these residents have children, and that their housing insecurity forces continuous moves. They explained that when they do home visits, the family's location often changes every few months. Other interviews, field observations, and analysis of eviction records provided additional evidence that this is occurring. We spoke with one woman who was paying $450 per week for her motel room and was eventually evicted from her unit. She filed the following response to her eviction filing with the court:

> I need a court date to see the judge to not be forced to move or evicted. I have been living there for over a year with my three kids and I always paid my rent on time ($450 weekly). A new owner has picked up the property and is doing everything in his power to get everyone out.

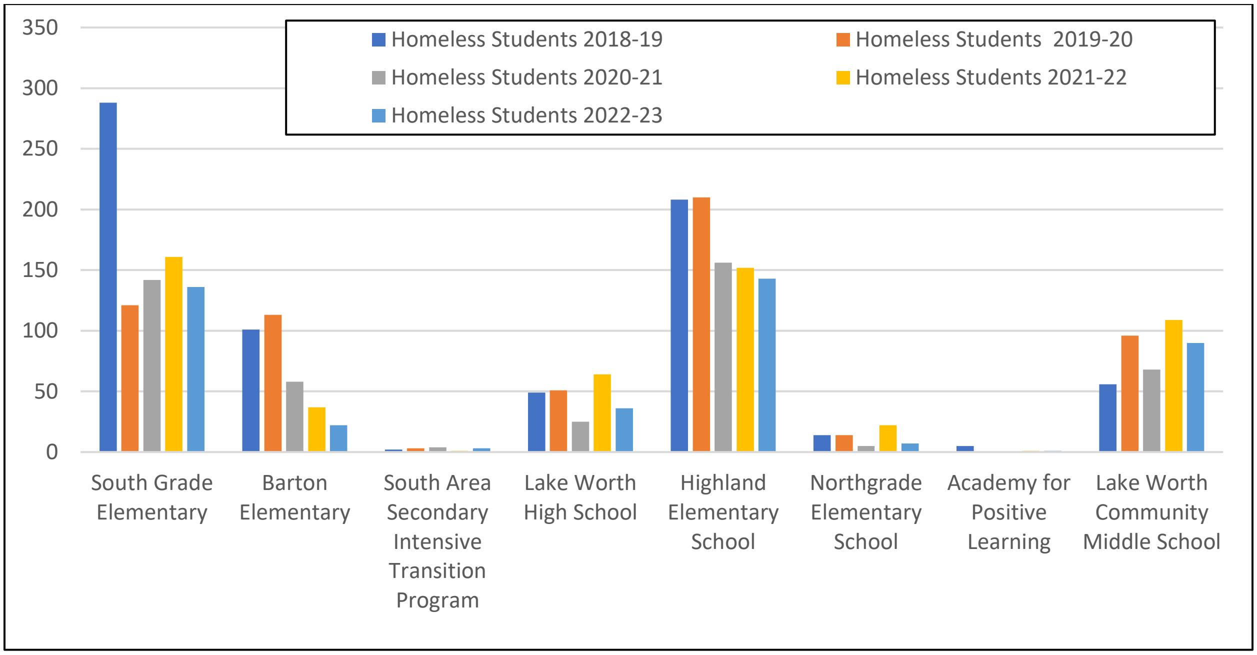
Despite attempting to work with a non-profit attorney, the woman was evicted.

In sum, stringent vetting practices have become a significant impediment to housing access in Lake Worth Beach. Many residents are adapting by moving into weekly motels that charge exploitative rents. Because the costs of such motels are high, and because they increase ancillary costs such as food, they often reinforce poverty and deepen housing insecurity. Indeed, Andrew Ross (2021) has shown that, since the Subprime Crisis, many Floridians have transitioned from homeownership to long-term rentals, to motel dwelling, to eventual homelessness. This pattern appears to hold in Lake Worth Beach.

The County's 2023 point-in-time count found that ZIP codes 33460 and 33461 had two of highest incidences of unsheltered individuals in Palm Beach County (87 and 120, respectively). This reality became manifest when a tent city with more than 70 temporary dwellings sprung up in John Prince Park during the COVID-19 pandemic (PB Post 2020).

Furthermore, McKinney-Vento data from the Palm Beach County School District indicate that a substantial number of Lake Worth Beach students face housing insecurity, including literal homelessness. For example, during the 2018-19 school year, more than one-third of students attending South Grade Elementary school experienced homelessness. School Board members have attributed the growing incidence of homelessness to increasing housing costs (Wilson 2022). These figures can be seen below:

Figure 23: Student Homelessness in Lake Worth Beach by School, 2018/2019 – 2022/2023 Academic Years



Source: McKinney-Vento Data from Public Records Request

Table 7: Student Homelessness, Lake Worth Beach, 2022-2023

School	Student Homelessness (2022-2023)	
	Count	**Rate**
South Grade Elementary	136	21.32%
Barton Elementary	22	1.96%
South Area Secondary Intensive Transition Program	3	3.49%
Lake Worth High School	36	1.36%
Highland Elementary School	143	14.44%
Northgrade Elementary School	7	0.95%
Academy for Positive Learning	1	1.02%
Lake Worth Community Middle School	90	7.21%

Source: McKinney-Vento report from Public Records Request and 11th Day Enrollment Report from PBC School District.

Although the rate of student homelessness has declined at most Lake Worth Beach-based schools over the past five years, the trend may very well be temporary—the product of eviction moratoria during the pandemic, the availability of an Emergency Rental Assistance program that has exhausted its funding, and declining enrollment due to displacement at several schools. As the religious charity worker told us: "This little City is in great, great damage and great despair."

CHAPTER 5:
INDICATIONS OF HOUSING DISTRESS IN LAKE WORTH BEACH

A. Are Lake Worth Beach Residents being Subjected to Fraud, Extortion, or Abuse by Landlords?

In interviews with residents and supportive service providers, a recurring theme emerged regarding unscrupulous landlords who mistreat tenants. While such behavior may only be perpetrated by a select group of landlords, we found that it was having a substantially deleterious impact on the community, raising cause for concern. Our research indicates that fraudulent and abusive behavior may be more likely among informal or illegal landlords who operate without a business license. Such landlords often require verbal leases and cash payments. Members of a non-profit agency told me that several of their clients lease properties from such landlords, and that it often turns out poorly for tenants:

> When [our families] would submit their applications [for rental assistance] …I would call the landlords, but…a lot of them were getting upset. They were saying, 'well, she didn't tell me that she was seeking assistance from an agency,' and they would terminate the lease or evict them because of my call…And with some other landlords who have taken my call, I'll say, 'we're going to write a [rent] check on behalf of [the tenant with delinquent rent]. And they'll say, 'no, no check's; just cash.' So that tells us that they're not reporting the income that they're making off of this person.

The existence of these ostensibly unlicensed landlords—who operated on verbal leases, required cash payments, and refused to accept rental assistance payments—complicated efforts to assist renters who fell behind on their payments and also put them at risk for exploitation. As the non-profit leader continued:

> [During Summer 2021, when rents were increasing rapidly], we saw a couple of landlords that were literally increasing every single month, because there's no regulation on that. So, every single month they were saying, 'oh, this month it's going to cost you $100 more, $50 more. We're like, 'when does it stop? '

When I asked if such landlords ever engage in rental payment fraud—the practice of insisting on cash payments for rent and then later denying that they received the payment, leaving tenants vulnerable to eviction and other penalties—the interviewee responded: "Yes. That happens all the time. And so, we started having to train our people to always get a photo ID of the person you're sending money to and a receipt." They told a story of one such family who had been taken advantage of:

> We had a family get a loan for $7,000 from…a title pawn…[The] landlord [was charging] $3,500 for the rent. It was a big family. It was like seven people in the house. So they needed three rooms, and they paid the $7,000. They moved in the home, and there was no running water. The landlord refused to turn on the water for two weeks. They lived like that. So, they had to go to the mom's sister's house to use the restroom. And…one of the windows was boarded up and the landlord refused to fix it, and he never

> fixed the water, and they had to move out after two weeks. They said, we can't live like this. They never got the money back because there was no record that they ever paid this guy.

As the story illustrates, many residents and service providers we spoke with stated that renters not only face fraud but substandard housing. Indeed, when analyzing a sample of the eviction records we collected from March 2022 to April 2023, 22 percent of tenants at risk of eviction who filed affirmative defenses reported serious maintenance issues with their properties. These tenants overwhelmingly stated that they had raised these issues with their landlords multiple times, only to see little to no action taken to rectify the problems. While conducting field visits, we regularly observed such conditions ourselves.

In addition to continuous rent increases, rental payment fraud, and substandard living conditions, many vulnerable renters—who had limited economic means and housing options—faced extortion and sexual harassment. The same social worker quoted above describes some of the abuse and extortion their clients faced from unscrupulous landlords in the City below:

> We had a case that we referred to Legal Aid… [The woman was] a single mom with a daughter, and the landlord was increasing her rent. She told him: ‘I can't afford to pay that. I'm a single mom.’ And so, the landlord said, ‘well, if you give me oral sex each month in lieu of payment, I will allow you to continue living here.’ So, she started doing it, because she said, ‘what's my alternative? I can't afford another house.’ Eventually she came to us and [said], ‘I don't want to do this anymore, but I have no other form of housing.’ And obviously we took the case to Legal Aid, and they won the case against this guy.
>
> But [in situations] like that, people are so ashamed, because nobody wants to be doing that. But what's the alternative when they have a little child that is going to be houseless? And when nobody's regulating these landlords, this guy thought he could just get away with it doing it. And it was for months. This happened for months prior to anybody finding out.

While determining the incidence of these egregious forms of abuse is challenging, our conversations with leaders of the non-profit lead us to believe that they are common enough to be a social problem. They appear to be particularly prevalent among residents who belong to vulnerable populations—such as undocumented individuals—who may be afraid to exercise their basic human rights.

Moreover, the organization’s leader stated that they worried about the implications of reporting under-the-table landlords who engaged in exploitative behavior, because they feared that it would lead to displacement and intensified housing insecurity for their clients. We encountered this phenomenon during our research. For example, our examination of eviction records revealed a tenant who was evicted from his dwelling after reporting dangerous conditions to his landlord and Code Compliance.

Collectively, these cases expose a dilemma in the City’s rental market. While some interviewees critiqued large, institutional landlords for their impersonalism, inflexibility, and tendency to rapidly raise rents and evict, others expressed appreciation for them, noting that they were less likely to extort and abuse their clients. As one non-profit leader interviewed stated, "We do have a lot of big property management groups, but I would say that those are not the abusive ones. Those usually are pretty well-regulated. And they do work with us. They take our checks." The findings of our interviews with residents and subject-matter experts indicate that amateur investors on the local level, while more likely to charge cheap rents, were also more likely to perpetrate illegal abuse.

B. How Common are Overcrowded Living Conditions?

Doubling up or overcrowding in homes has increasingly become a survival strategy for cost-burdened renters, that is, an adaptive response to the soaring housing costs that render individual accommodations unaffordable. This phenomenon, which is increasing in Lake Worth Beach, serves as a stark indicator of housing distress (Gartland 2022), highlighting the growing gap between residents' financial circumstances and housing costs. Moreover, it often signals the onset of a housing crisis (Bailey 2022). Indeed, overcrowding can lead to deteriorated living conditions and adverse health outcomes, which include increased risk of transmission of infectious disease, mental health issues, and increased stress and violence, including sexual abuse and physical abuse (Healthy People 2030).

HUD uses occupants per room as an indicator of overcrowding. When there is more than one person per room in a housing unit, the housing unit is considered overcrowded. Relative to the rest of the county, Lake Worth Beach shows evidence of overcrowded living conditions. As the figure below demonstrates, more than one in ten Lake Worth Beach housing units exhibit evidence of overcrowding.

Table 8: Housing Units by Number of Occupants per Room, Lake Worth Beach, Palm Beach County, Florida, & the United States

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A10028. Housing Units by Number of Occupants Per Room								
Occupied Housing Units:	14,517		581,119		8,157,420		124,010,992	
0.50 or Less Occupants Per Room	8,649	59.6%	419,238	72.1%	5,788,671	71.0%	88,150,805	71.1%
0.51 to 1.00 Occupants Per Room	4,360	30.0%	143,204	24.6%	2,120,099	26.0%	31,725,259	25.6%
1.01 to 1.50 Occupants Per Room	1,096	7.6%	13,958	2.4%	171,194	2.1%	2,757,827	2.2%
1.51 to 2.00 Occupants Per Room	328	2.3%	3,657	0.6%	60,415	0.7%	1,033,306	0.8%
2.01 or More Occupants Per Room	84	0.6%	1,062	0.2%	17,041	0.2%	343,795	0.3%

Source: American Community Survey, 2021

This is more than three times the county, state, and national rate. Overcrowding is particularly severe in renter-occupied housings; 15 percent of these households are overcrowded, which is more than double the proportion in Palm Beach County (6.5 percent), Florida (5.7 percent), and the nation (6.1 percent). The statistics below demonstrate these trends.

Moreover, Lake Worth Beach's average household size of 2.8 is 12 percent higher than the average size in the County overall (2.5). The average renter-occupied housing unit has 3.04 people, and the average owner-occupied household has 2.54, which indicates that overcrowding is concentrated among renters.

Table 9: Average Household Size, Lake Worth Beach, Palm Beach County, Florida, & the United States

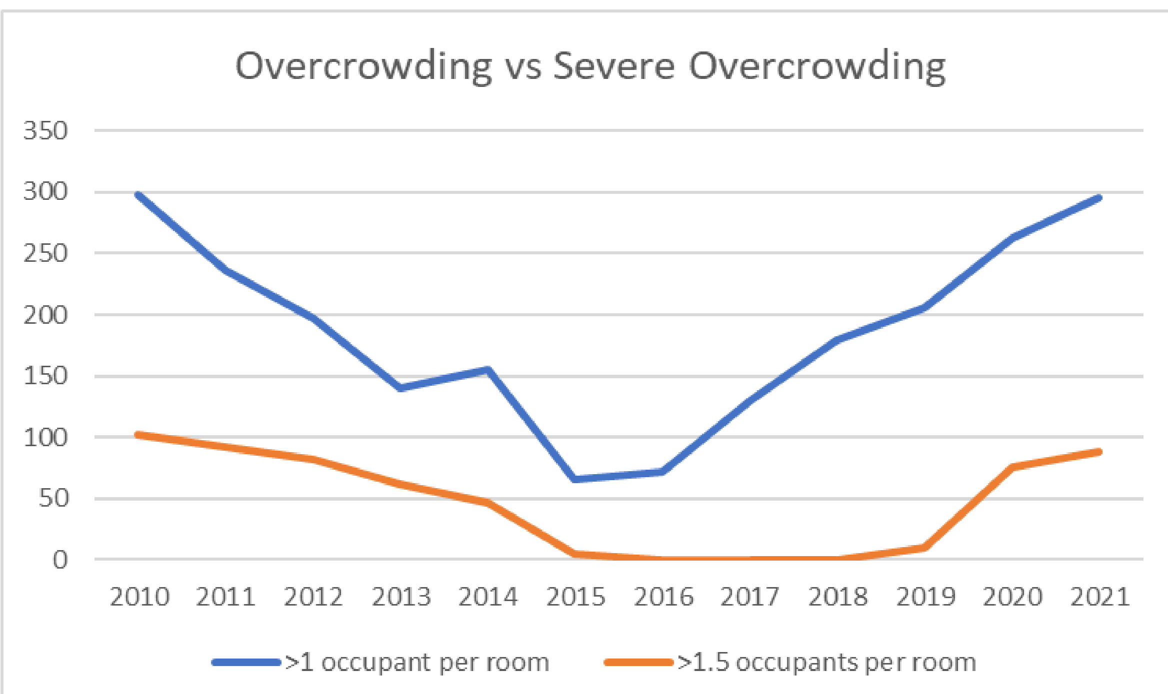
Average Household Size				
	Lake Worth Beach	**Palm Beach County**	**Florida**	**United States**
Average Household Size	2.8	2.5	2.6	2.6

Source: ACS, 2021, A10003

Lake Worth Beach residents are also more than twice as likely to live in a six-person household, and 4.2 times more likely live in a household with seven or more people than residents of broader Palm Beach County (4.3 percent vs. 2.0 percent, and 5.7 percent vs. 1.3 percent, respectively). As of 2021, there were 1,134 Lake Worth Beach households with more than six people.

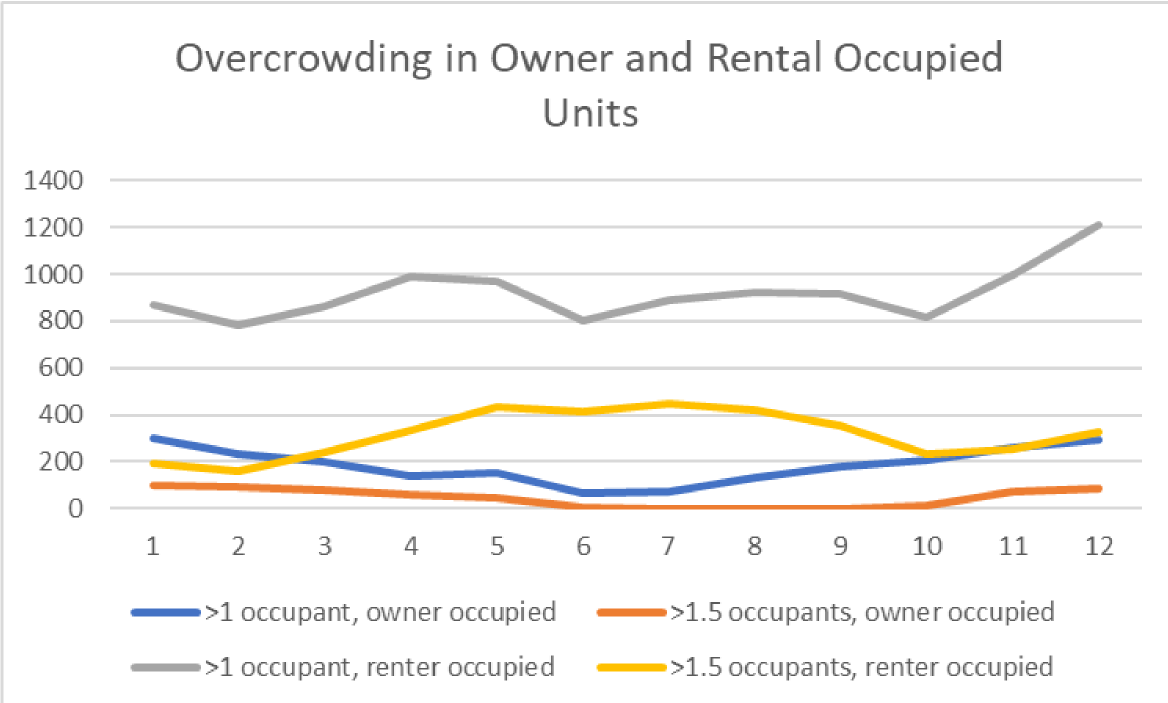
As the figures below show, overcrowding has significantly worsened since 2016.

Figure 24: Overcrowding vs Severe Overcrowding, Lake Worth Beach, 2010-2021



Source: ACS 2021

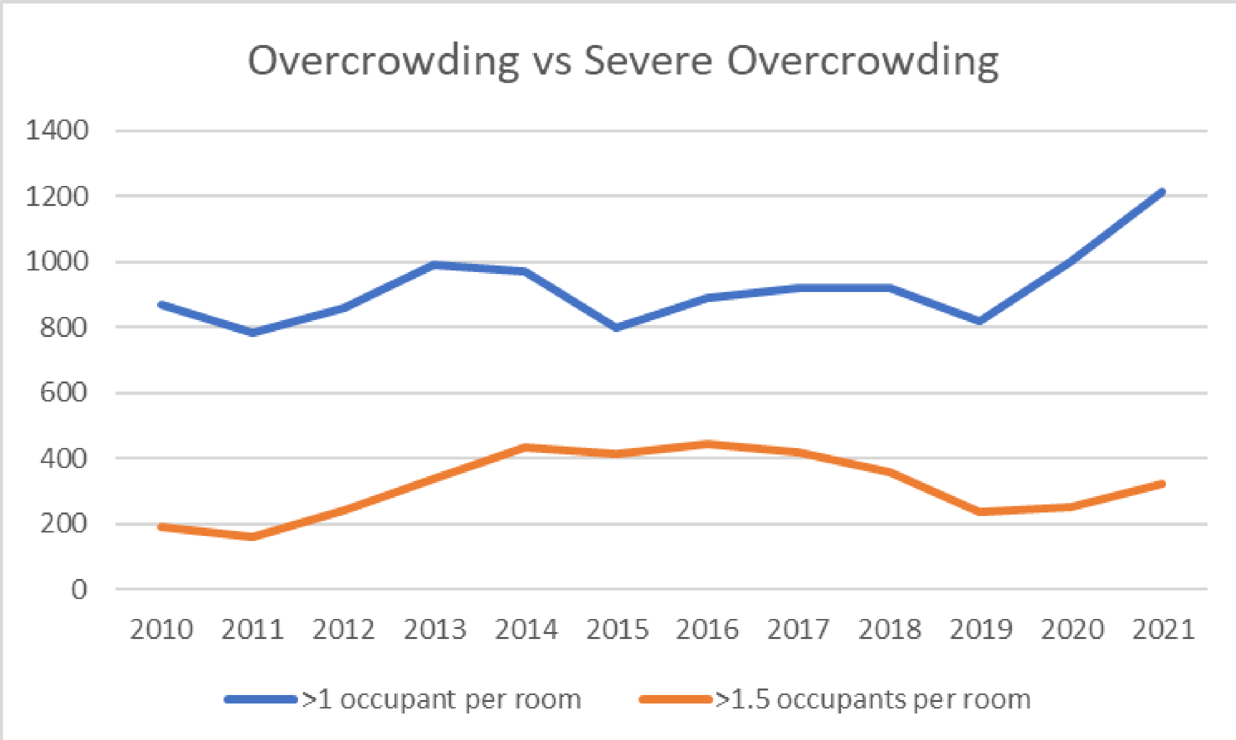
Figure 25: Overcrowding in Owner and Rental Occupied Units



Source: ACS

The figures indicate that residents are adapting to high rents by doubling up. In many cases, the overcrowding is severe, as demonstrated by the following figure:

Figure 26: Overcrowding vs Severe Overcrowding, Lake Worth Beach, 2010-2021



Source: ACS 2021

Notably, even middle-class residents are making these adaptations to the housing crisis. As one social worker at a local housing organization told me:

> We have folks here that have been here for years that have really, I would say decent salary positions that bring in grade skills, that they have roommates and they pile people together, which isn't the worst possible thing, but it's the days of someone being able to afford their own little one bedroom, they're over for so many in our community.

Indeed, in 2021, 2.8 percent of units were overcrowded compared to 2.5 percent in 2020—an increase of 86 units (326 to 412). In 2019, just 246 units were overcrowded. Since 2019, the number of overcrowded units has increased by 166—a 67.5 percent increase. Although household size appears to be declining, this is likely due to poor people who double up leaving the City, and small, affluent households moving into it. Moreover, among households with six or more people, nearly three-quarters rent their dwelling (see table below).

Table 10: Household Size (Renter-Occupied Housing Units), Lake Worth Beach, Palm Beach County, Florida, & the United States

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A10002B. Household Size (Renter-Occupied Housing Units)								
Renter-Occupied Housing Units:	8,124		177,666		2,736,789		43,858,831	
1-Person Household	2,602	32.0%	60,881	34.3%	944,290	34.5%	16,634,239	37.9%
2-Person Household	2,123	26.1%	51,346	28.9%	798,840	29.2%	12,156,744	27.7%
3-Person Household	1,204	14.8%	29,515	16.6%	448,611	16.4%	6,460,100	14.7%
4-Person Household	893	11.0%	19,614	11.0%	312,421	11.4%	4,688,620	10.7%
5-Person Household	494	6.1%	10,407	5.9%	148,975	5.4%	2,350,795	5.4%
6-Person Household	348	4.3%	3,628	2.0%	54,632	2.0%	958,990	2.2%
7-or-More Person Household	460	5.7%	2,275	1.3%	29,020	1.1%	609,343	1.4%

Source: ACS, 2021

In Lake Worth Beach, the evident signs of overcrowding not only underscore a burgeoning housing affordability crisis but also pose significant risks to community health, well-being, and safety. As housing units become increasingly congested, it is imperative that timely interventions are implemented to mitigate potential hazards and foster a safe living environment for all residents.

C. How Much Assistance are Residents Requesting?

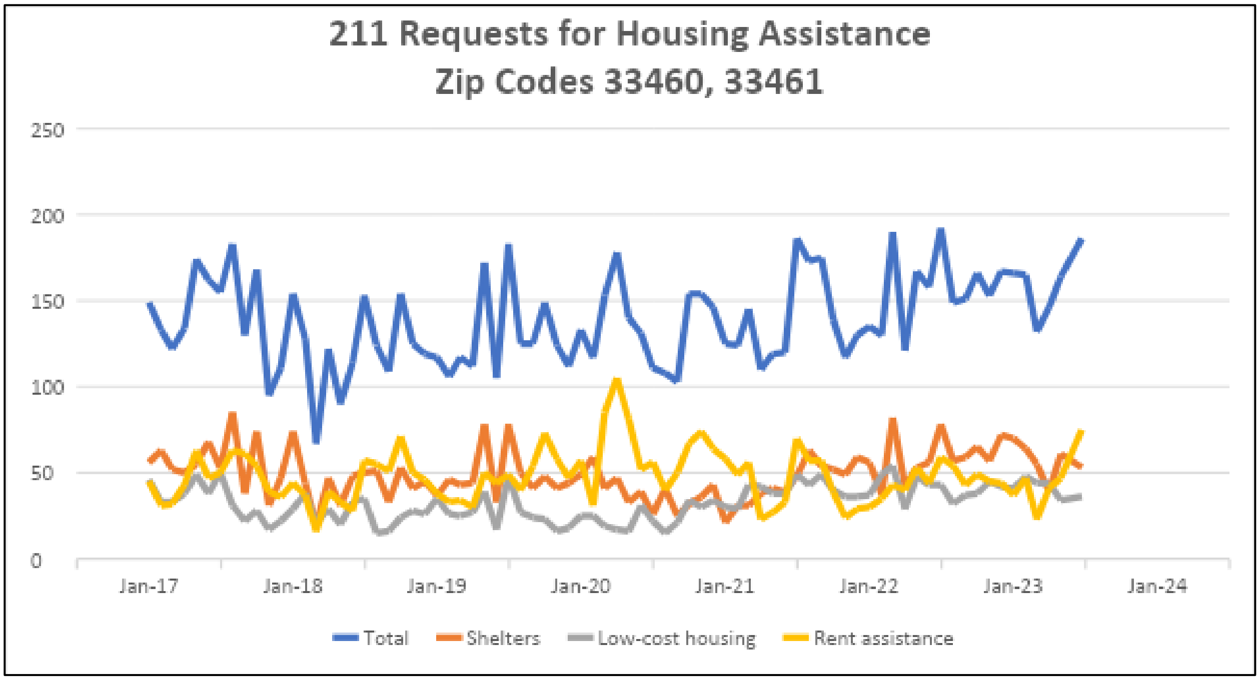
The 211 Helpline was designated by the Federal Communications Commission (FCC) in 2000 to provide information and referrals to local resources to address individual social needs, including housing needs. 211 Palm Beach and the Treasure Coast, operated through United Way, maintains a system that monitors requests for emergency assistance in real time across the County and its various municipalities. Data from 211 Palm Beach and the Treasure Coast provide real-time information on social needs within Lake Worth Beach and indicate gaps in resources or services in the community.

Since the pandemic began in January 2020, housing and shelter have been the second-most requested need in Lake Worth Beach.[28] From January 2020 to August 2023, 211 received 6,529 requests for housing shelter, which trails only requests for mental health and addiction services (8,907 requests) in frequency. The top requests have been for shelter services (2,206), rental assistance (2,246), and low-cost housing (1,581). Each month, 211 receives approximately 145 calls for housing-related services: about 49 shelter stay requests, 50 rental assistance requests, 36

[28] Data from 2-1-1 Palm Beach & Treasure Coast is only available at the county and ZIP level. Data for ZIP Code 33460 is included, representing Lake Worth Beach.

low-cost housing requests, four requests for landlord-related issues, three home repair requests, and three requests for mortgage assistance (along with a small number of calls for other issues).

Figure 27: 211 Requests for Housing Assistance, ZIP Codes 33460, 33461, 2017-2024



Housing assistance requests have increased significantly relative to the three-year period that preceded the COVID-19 pandemic. From 2017 to 2019, 211 received about 30 percent fewer housing requests (4,722) than they have from January 2020 to present—even though the time period is five months shorter.

Moreover, while almost all requests for mental health and substance use services are met—211 reports that it meets more than 99 percent requests for crisis or suicide intervention, most of which involve requests for crisis or suicide prevention—housing needs, as the table below shows, are met at a lower rate.

Table 11: 211 Requests for Housing Assistance by Type

TOP HOUSING & SHELTER REQUESTS		UNMET
Shelters	2,206	7%
Low-cost housing	1,581	4%
Home repair/ maintenance	116	21%
Rent assistance	2,246	7%
Mortgage assistance	137	7%
Landlord/ tenant issues	159	4%
Contacts	58	9%
Other housing & shelter	23	35%
0 = No requests made Not Available = Data not collected Some requests are only computed at the category level		Requests >100 AND > 50%

Source: 211counts.org, January 2020 – August 2023

Worse still, the level of unmet need appears to be increasing. While the organization reported meeting nearly all requests for housing services prior to the pandemic, its ability to respond to them since January 2020 has diminished—particularly regarding home repair/maintenance requests.

Although residents across Palm Beach County have exhibited increasing housing needs since the pandemic, the data indicate that housing distress is more acute in Lake Worth Beach. Indeed, from 2020 to present, 211 requests from Lake Worth Beach residents for housing assistance was at 96 percent the rate of requests from Palm Beach County residents on a per capita basis. As the graphs below show, requests from Lake Worth Beach residents indicated twice the need for shelter stays, low-cost housing, rental assistance, and assistance with landlord issues relative to residents of the County at large. Requests from Lake Worth Beach residents are about three times more likely to be related to a problem in relation to their landlord. The figures below show these disparities.

Figure 28: Per Capita Requests for Housing Assistance, January 2020-August 2023

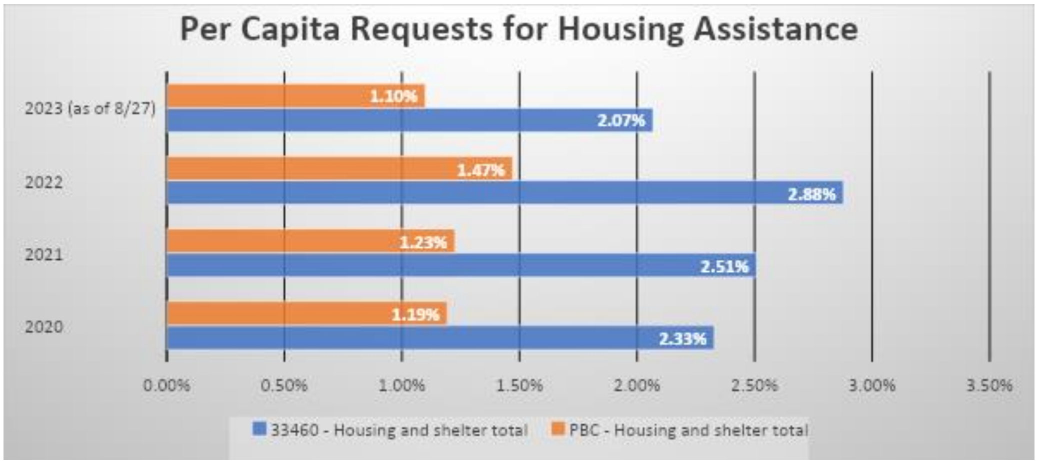


Figure 29: Per Capita Requests for Shelter Stays, January 2020-August 2023

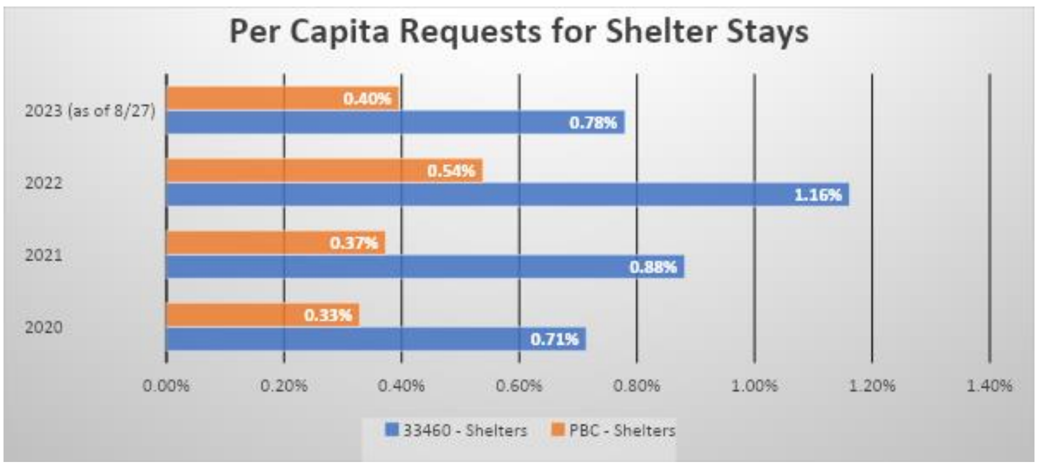


Figure 30: Per Capita Requests for Low-Cost Housing, January 2020-August 2023

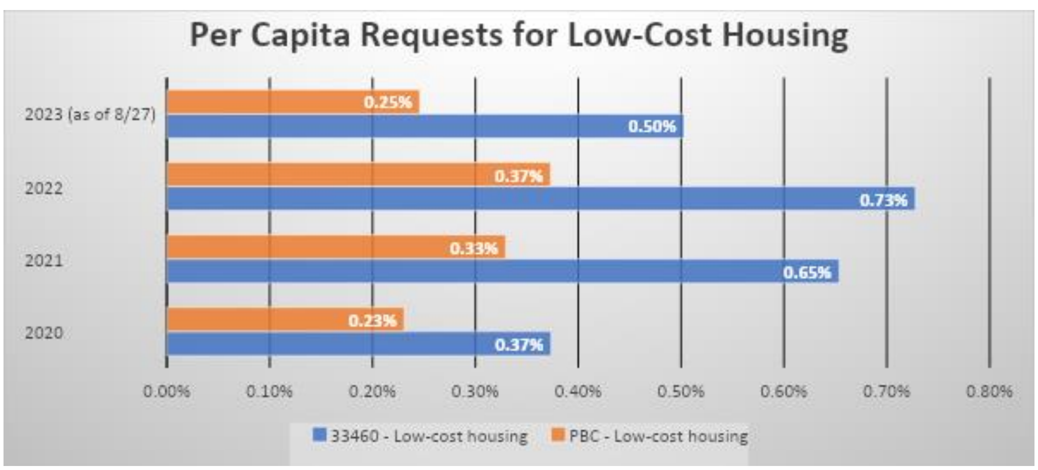


Figure 31: Per Capita Requests for Rental Assistance, January 2020-August 2023

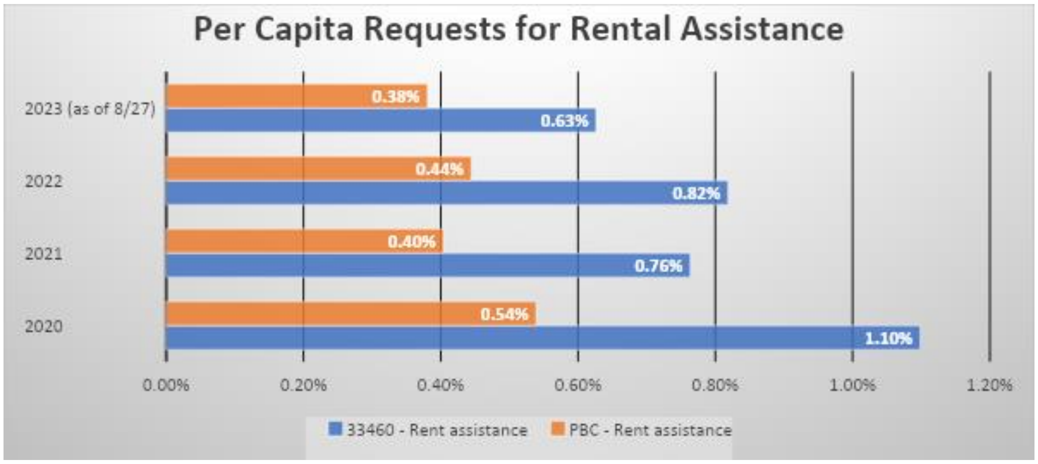
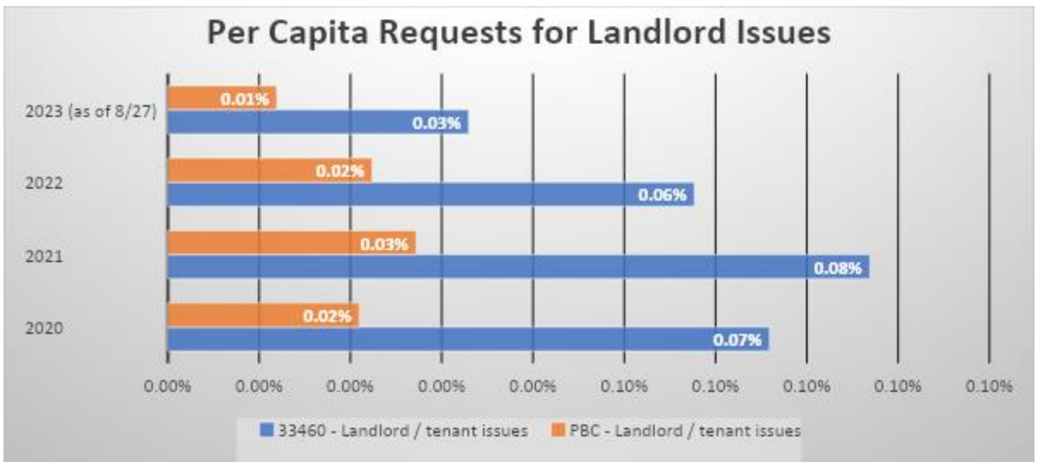


Figure 32: Per Capita Requests for Landlord Issues, January 2020-August 2023



These data illustrate a disparity in the living conditions and needs of Lake Worth Beach residents compared to the broader Palm Beach County population, and they show that the City is experiencing unique forms of distress relative to other areas.

D. Are Renters Missing Payments?

While the incidence of eviction has reached alarming proportions in Palm Beach County, with eviction counts beginning to surpass even pre-pandemic levels, the problem is especially severe in Lake Worth Beach. As thousands of residents across the County and within Lake Worth Beach lost their incomes during the COVID-19 pandemic, the County (and nation) faced a looming eviction crisis. As late as 2022, data from the Household Pulse Survey showed that more than 10 percent of Tri-County residents were behind on their rent or mortgage—a proportion that was nearly double the national average of 5.8 percent. Even more alarming, 48.1 percent of South Florida households believed they were "somewhat likely" or "very likely" to face eviction or foreclosure within the next two months. Members of vulnerable groups—such as senior citizens, children, single parents, and minorities—faced special risk (Desmond 2016). A shocking 80 percent of Florida seniors believed they are at least “somewhat likely” to be evicted in the next two months relative to the national average of 32 percent last year (Buczyner 2022).

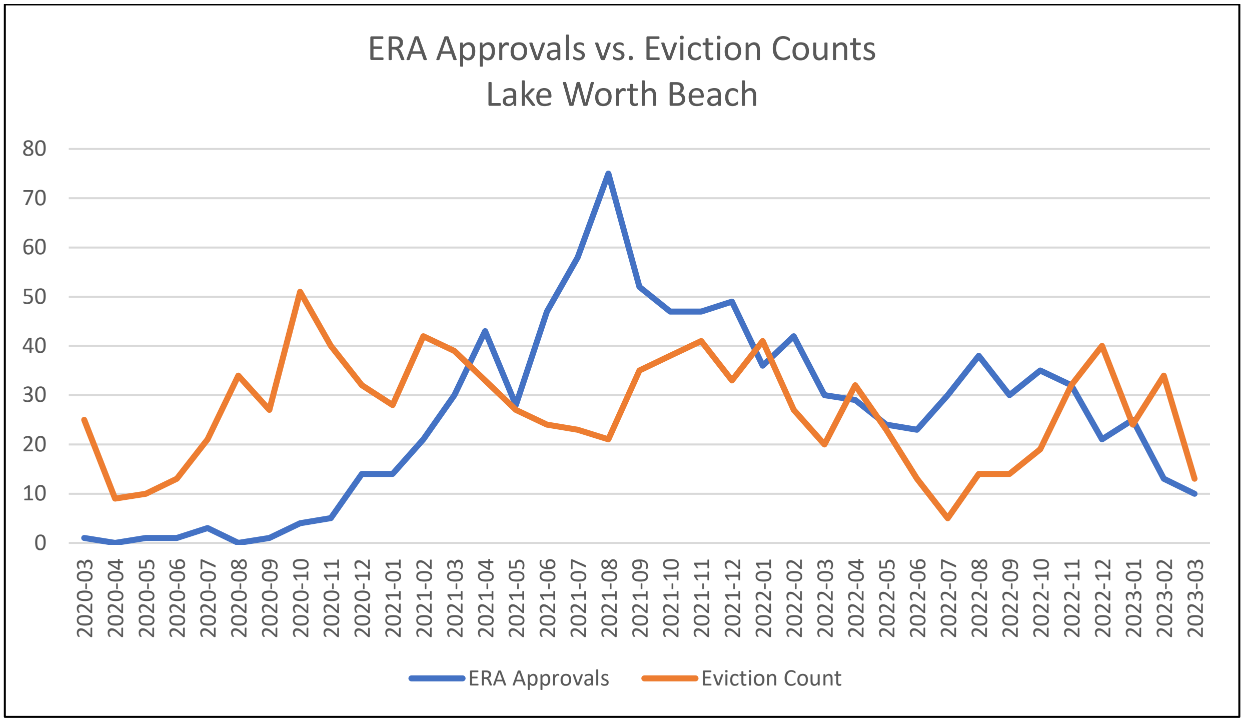
Although it is not specific to Lake Worth Beach, but rather the Miami Metro Area, the results of the January 9 – February 5, 2024 Household Pulse Survey, the U.S. Census Bureau found that a staggering 56.7% percent of residents fear imminent eviction or foreclosure within the next two months. About 25.2 percent stated that they were unable pay an energy bill within the last 12 months. And a 40.2 percent reported difficulty paying for usual household expenses, with 80.6 percent being concerned about future price increases. Given that Lake Worth Beach has a lower income level than the metro area as a whole, we can extrapolate that these issues are as severe, if not more severe, in the City.

As the Emergency Rental Assistance Program winds down, we expect these delinquencies to generate a heightened level of evictions. Indeed, the national eviction moratorium, which was in effect from March 27, 2020, through August 24, 2020, and the County’s Emergency Rental Assistance Program, funded through the federal CARES and ARPA bills, played an important role in preventing that crisis from coming to fruition. The moratorium resulted in 35 percent reduction in eviction filings across Palm Beach County from 2020 to 2021.[29]

When the moratorium expired, the ERA program picked up the slack. Between Summer 2020 and March 2023, about a month before the program began to wind down, Palm Beach County’s Community Services Department distributed $2,571,910 to 968 unique households in ZIP code 33460 through the program.[30] To put this figure into perspective, it constitutes about 14 percent of the City’s renter population. Had the program not been implemented, approximately one in seven Lake Worth Beach renter households might have been displaced from their homes. Indeed, the figure below clearly shows an inverse relationship between eviction filings and ERA approvals. It also understates the program’s impact, given that many eviction filings were dismissed after delinquent tenants were approved for ERA benefits, which paid their rental arrears.

[29] http://flhousingdata.shimberg.ufl.edu/eviction-foreclosure/results?nid=5000
[30] Figures and data obtained through a public records request.

Figure 33: ERA Approvals vs. Eviction Counts, Lake Worth Beach, March 2020-March 2023



Source: Records obtained by authors from Palm Beach County Department of Community Services

As the graph indicates, the ERA program reduced but did not eliminate evictions. An eviction attorney we interviewed claimed that only one in 50 applications, by his estimate, were approved. Thus, while ERA approvals understate eviction diversion, they also understate payment delinquency and housing insecurity among tenants.

As the tables below demonstrate, and in line with the demographic data we have presented, vulnerable groups such as racial minorities, single mothers with children, and low-income households—who tend to have fewer economic resources to absorb price shocks—exhibited the greatest need for rental assistance and therefore the highest levels of housing insecurity.

Table 12: Demographic Profile of ERA Recipients in Lake Worth Beach

Demographic Characteristics	ERA Count
Female	734
American Indian and Alaska Native	4
Asian	2
Black or African American	411
Native Hawaiian and Other Pacific Islander	3
Unknown	5
Hispanic/Latino	5
White	309
Hispanic/Latino	129
Non-Hispanic/Non-Latino	180
Male	234
Black or African American	109
Unknown	9
Hispanic/Latino	9
White	116
Hispanic/Latino	31
Non-Hispanic/Non-Latino	85
Grand Total	**968**

Source: Public Records Obtained by Authors from Palm Beach County Department of Community Services

As the table shows, women accounted for more than three-quarters of ERA receipts. These statistics likely reflect the housing instability that single mothers with children in the community face.

About 54 percent of ERA recipients were Black, with non-Hispanic Whites accounting for about 27 percent of ERA receipts. Despite constituting roughly half (47.8 percent) of the population of Lake Worth Beach (ACS, 2021), Hispanic or Latino residents gained comparatively little benefit from the ERA program—comprising only 18 percent of all receipts. This is likely because much of Lake Worth Beach's Hispanic or Latino population consists of non-citizens who may not have qualified for approval.

Per program guidelines, almost all ERA recipients were extremely low-income; nearly 92 percent earned incomes that were less than half of area median income, and two-thirds had incomes that were less than 30 percent of the area median income.

Table 13: Income Profile of Lake Worth Beach ERA Recipients

Area Median Income Percentage	ERA Count
Less than 30	643
30-50	237
50-80	88
Grand Total	**968**

These statistics demonstrate the near impossibility that very low-income residents, who are disproportionately members of minority groups that have faced historic discrimination, stay housed without affordable housing options.

The ERA program provided these households a temporary respite from payment delinquency, eviction, and displacement. And it must be emphasized that although the program provided critical relief, the relief it provided was decidedly temporary, and it was marginal relative to need. Indeed, about a third of Lake Worth Beach ERA recipients received assistance for a month or less; 80 percent received assistance for three months or less, and 92 percent received benefits for four months or less. These figures can be seen in the table below:

Table 14: Lake Worth Beach ERA Cases by Duration of Assistance

Months of Rental Assistance	Count
Less than 1	9
1	315
2	246
3	211
4	111
5	22
6	14
7	7
8	3
9	3
10	4
11	1
12	21
18	1
Grand Total	**968**

Source: Public Records Obtained by Authors from Palm Beach County Department of Community Services

In addition to receiving benefits for a short time, few residents received substantial payments. The average payment was $2,713—a figure that is somewhat distorted by outliers on both the low and high end of the spectrum. The median payment was $2,200, the modal payment was between $1,000 and $1,999.99, and about two-thirds of Lake Worth Beach approvals received fewer than $3,000 in benefits. Roughly 44 percent of ERA disbursements were under $2,000, and less than 10 percent involved payments that exceeded $5,000.

Table 15: Lake Worth Beach ERA Distributions by Payment Amount

ERA Distributed	Count
Less than $500	22
$500 to $999.99	92
$1,000 to $1,999.99	311
$2,000 to $2,999.99	207
$3,000 to $3,999.99	154
$4,000 to $4,999.99	86
$5,000 to $7,499.99	65
$7,500 to $9,999.99	18
$10,000 to $14,999.99	10
$15,000 to $19,999.99	1
More than $20,000	1

Source: Public Records Obtained by Authors from Palm Beach County Department of Community Services

As these figures illustrate, rather than providing permanent affordable housing, the program tended to delay the road toward loss of shelter. Indeed, the figures fit with a comment that many of the people going through the eviction process told us: that they could find another place to live but simply needed a month or two to conduct a search and get back on their feet. For many renters, the ERA program merely functioned as a bridge that assisted their transition to new, lower-cost housing, often located outside the County.

E. Are Lake Worth Beach Renters at Risk of Eviction?

Despite the limitations noted above, the ERA program's phaseout has exacerbated housing insecurity, as evidenced by spiking eviction counts in 2023. This trend has severe implications for community stability and individual well-being. Evictions often initiate a vicious cycle of poverty that is difficult to break (Desmond 2016).

As Table 16 below shows, the eviction moratorium and ERA program contributed to lower-than-average numbers of evictions in 2020 and 2021. However, the data shows a steady increase in evictions since the end of the moratorium, especially since the ERA program exhausted its funding. Indeed, the number of evictions in 2022 surpassed pre-pandemic levels by five percent. And in the first eight months of 2022, there were 304 evictions. If the current trend continues, 2023 is on track to witness approximately 520 evictions—an increase of 70 relative to the year before the pandemic.

Table 16: Lake Worth Beach Eviction Rates Compared to Palm Beach County Rates[31][32]

Year	Lake Worth Beach			Palm Beach County		
	Total Evictions	**Renter-Occupied Households**	**Eviction Rate**	**Total Evictions***	**Renter - Occupied Households**	**Eviction Rate**
2019	449	6,313	7.1%	8,743	172,484	5.1%
2020	340	6,262	5.4%	5,682	174,325	3.3%
2021	384	6,970	5.5%	5,978	177,666	3.4%
2022	473	6,970	6.7%	8,747	180,144	4.9%
2023 (June)	268	6,970	7.7%	4,502	180,144	5.0%

Source: Public Records Obtained by Authors from Palm Beach County Department of Community Services

These data paint an alarming picture of the eviction activity for six reasons. First, since 2020, eviction filings have increased every year in Lake Worth Beach. In interviews with subject-matter experts, when asked whether the threat of eviction was a significant problem in their community, one leader of a local non-profit that provides assistive services to migrant workers responded:

> Huge. Huge…When rents were [first starting to get] out of control…last year, people were just being evicted at a ridiculous rate. We could not keep up with the evictions. Legal Aid was working nonstop with us. We were hosting…clinics [for tenants facing eviction] …We were just having those nonstop because people needed so much assistance. But typically, the family was already at the process of eviction, and…once they're being evicted, there's nothing really that you can do.

Second, as the interviewee states, residents have few recourses for stopping evictions once they are initiated. In the cases we analyzed, emergency motions to stay writs of possession were denied nearly 70 percent of the time. An attorney we interviewed described the court system as an "eviction machine" that often entrapped defendants into default judgment under current law.

Third, our public records research indicates that nearly all evictions are caused by the inability to pay rent. If rents continue to rise, we can thus expect eviction activity, which signifies financial insecurity, to continue accelerating. Fourth, many Lake Worth Beach residents are falling behind on rental payments despite working. A non-profit attorney specializing in eviction cases told us that, "usually these clients do have jobs." He stated that this was especially true for ERA recipients:

[31] PBC yearly eviction data from Shimberg Center Data Clearinghouse.
[32] Household figures are drawn from 5-year ACS estimates. It should be noted that the 2020 renter-occupied household figures reported by the Decennial Census are significantly different, 7,613 for 33460 and 198,345 for PBC, but we used the ACS estimates for consistency across comparison points. It should further be noted that updated household estimates are not available 2022 and 2023, which may overstate the eviction rate due to population growth. Finally, the eviction rate for 2023 is estimated via annualizing (i.e., multiplying the half-year rate by two).

> You…mostly have to be employed to even qualify for rental assistance…And the ones that are employed just don't make that much relative to what their monthly rents are at this point. And from what I've been seeing since 2021 to now, [there has been a] substantial increase in the amount of monthly rent that these people are dealing with."

The high rate of eviction among ALICE individuals is likely an artifact of the City's low income and wealth levels relative to the County's. Fifth and relatedly, Lake Worth Beach's eviction rate is consistently higher than the County's—typically by about two percentage points. Although the figure may seem small, it translates into an additional 140 evictions per year, which tend to have permanent negative repercussions for those affected by them.

Sixth, evictions often have devastating consequences for residents, and once they are filed, tenants have few legal mechanisms for reversing them. As the social worker we quoted above continues:

> It was pretty awful—the evictions. When they were active, if a cop was already there, throwing out all of their stuff, they would lose all of their documents, [which meant] they really had to start over. And for some countries [our clients migrated from], like Nicaragua and Venezuela, you can't get those documents again. There's no consulate here for that. So now you are not just houseless…but you also now don't have any documentation to identify yourself.

They went on to describe how the loss of documents through eviction prevented displaced residents from obtaining temporary housing in local shelters. Indeed, shelters such as the Lewis Center require clients to identify themselves and prove that they reside in the County. In addition to depriving residents of their homes, dignity, and credit, eviction indirectly deprived them of the capacity to access emergency support services.

Eviction therefore causes great anxiety. In the court documents we analyzed, more than 50 percent of tenants who filed affirmative defenses expressed fears about the future, acknowledging the lack of available housing and uncertainty about where they would go if displaced. In one emergency motion to stay a writ of possession, a local tenant pleaded for an additional two weeks of shelter, stating "with the rental market in Palm Beach County the way it is, it is getting increasingly harder to find an affordable living residence." The legal expert we interviewed confirms that eviction often leads to extreme precarity: "A lot of clients will live in their cars" after being evicted, he told us. This echoes the findings of Matthew Desmond (2019), who notes that evicted tenants usually spend a significant portion of their income on rent and often have nowhere to go post-eviction.

The psychological toll of eviction is immense. Lack of shelter often leads to depression and forces people into increasingly unsafe communities. Eviction doesn't just remove people from their homes; it places them in a cycle of poverty and homelessness.

F. Summary: Widespread and Severe Distress

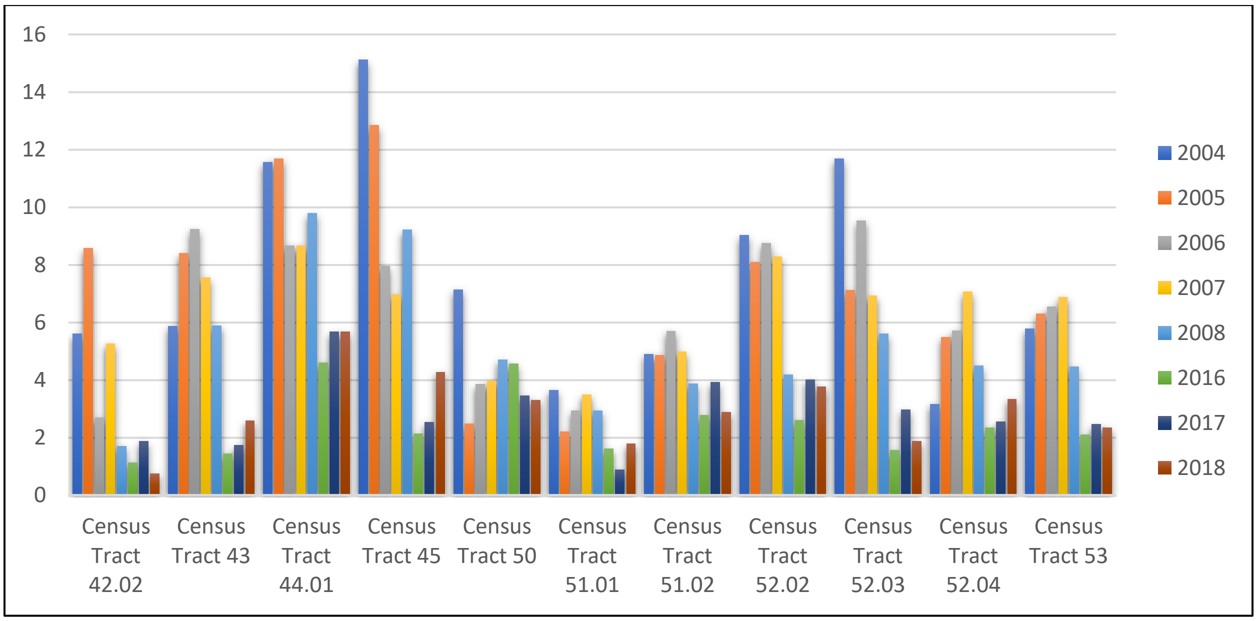
In summary, we observed a significant, severe, and increasing level of nearly every indication of housing distress while conducting our housing study, including cost-burden, severe cost-burden, displacement, substandard living conditions, loss of shelter, payment delinquency, eviction, and extortion. These data further substantiate our finding of a housing emergency in Lake Worth Beach.

CHAPTER 6:
THE LEGACY EFFECTS OF THE SUBPRIME MORTGAGE CRISIS

A. How did the Subprime Mortgage Crisis Impact Housing Conditions in Lake Worth Beach?

These next chapters elaborate on the underlying causes of the housing emergency in Lake Worth Beach. Although local housing conditions have deteriorated since the COVID-19 crisis began, reaching an inflection point in 2021, our research indicates that emergency conditions predated the pandemic, beginning during the 2008 Subprime Mortgage Crisis, if not earlier. Although median home values and rents were substantially lower in 2013 compared to today's values—about \$129,000 vs \$446,197, and about \$937 vs. \$1,826, respectively—the City's incidence of cost burden and its rate of eviction were similar to today's figures in 2010, and its poverty level was nearly 10 percentage points higher (5-year ACS estimates). The circumstances surrounding the similar distress signals were different, however.

Figure 34: Eviction Filing Rates by Census Tract, Assorted Timepoints



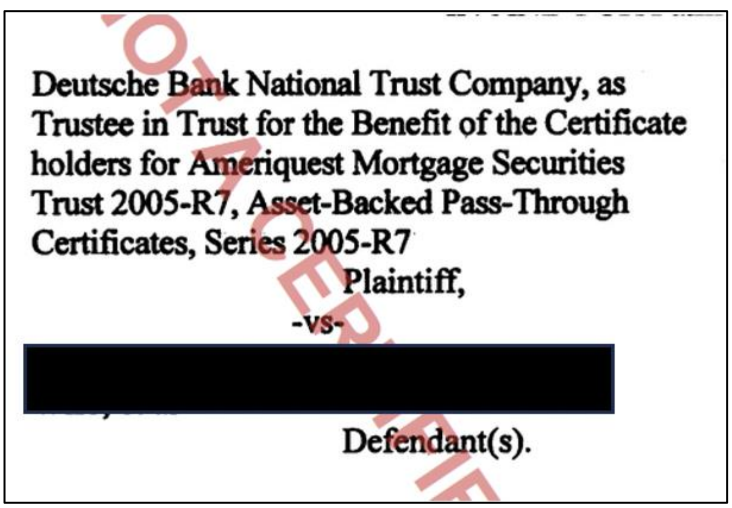
Note: Data retrieved from the Eviction Tracking System, Version 2.0 (Hepburn et al. 2020).

In 2013, the City of Lake Worth Beach was just beginning to recover from the effects of a housing market bubble that had exploded into thousands of local foreclosures, severely depressed home values, and economic recession. The 2008 crash was caused by financial deregulation and irresponsible lending practices in the mortgage industry: in particular, the use of boiler room sales tactics and fraud to push exploitative financial services upon unsuspecting consumers (Glantz 2019). During the 2000s, lenders often made high-value loans to borrowers with no incomes, jobs, or assets. They marketed these so-called NINJA loans by offering 100 percent financing, low-interest introductory rates, and the promise of being able to flip one's home for profit after teaser rates expired. Lenders intentionally targeted low-income and minority households for these products. Sociologists refer to this practice as "predatory inclusion." It refers to situations in which previously groups whom society has excluded from social and economic opportunity—such as victims of redlining—are provided access to markets, but in a way that is exploitative or harmful.

During the peak of the housing bubble, 40 percent of mortgage loans were subprime, and one in three U.S. homes were purchased with 100 percent financing (Glantz 2019). The vast majority had variable interest rates that resulted in extreme finance charges within three years. Because Lake Worth Beach had a very high concentration of low-income, minority households during the 2000s, thousands of homes across the City were financed with subprime loans. According to records from HUD's Neighborhood Stabilization Program (NSP2), as many as 45 percent of the outstanding mortgages in some Lake Worth Beach census tracts consisted of high-cost loans—many of which were also highly leveraged (for example, Tract 44.02, which encompasses the area from G Street to I-95 between 10th Avenue North and Lucerne Avenue) (Office of Policy Development and Research, n.d.).

When the loans inevitably defaulted, lenders became deprived of the capital they needed to make new ones. Inability to access credit among prospective homebuyers reduced demand for housing, which deflated prices and prevented distressed homeowners from flipping their properties. Forced to stay in properties with unaffordable payments and negative equity, a vicious cycle of payment delinquency and eventual foreclosure erupted across the City. As has been well-documented, the U.S. federal government provided limited relief to distressed homeowners. Rather than creating programs that would have allowed borrowers to refinance predatory loans with high interest rates, accumulated late fees, and negative equities, it allowed investment banks—who had carved the loans into mortgage-backed securities and collateralized debt obligations, and then sold them for profit on secondary financial markets—to foreclose on them on behalf of their shareholders.

Figure 35: A Typical Foreclosure Notice in Lake Worth Beach



Deutsche Bank National Trust Company, as Trustee in Trust for the Benefit of the Certificate holders for Ameriquest Mortgage Securities Trust 2005-R7, Asset-Backed Pass-Through Certificates, Series 2005-R7

Plaintiff,

-vs-

[redacted]

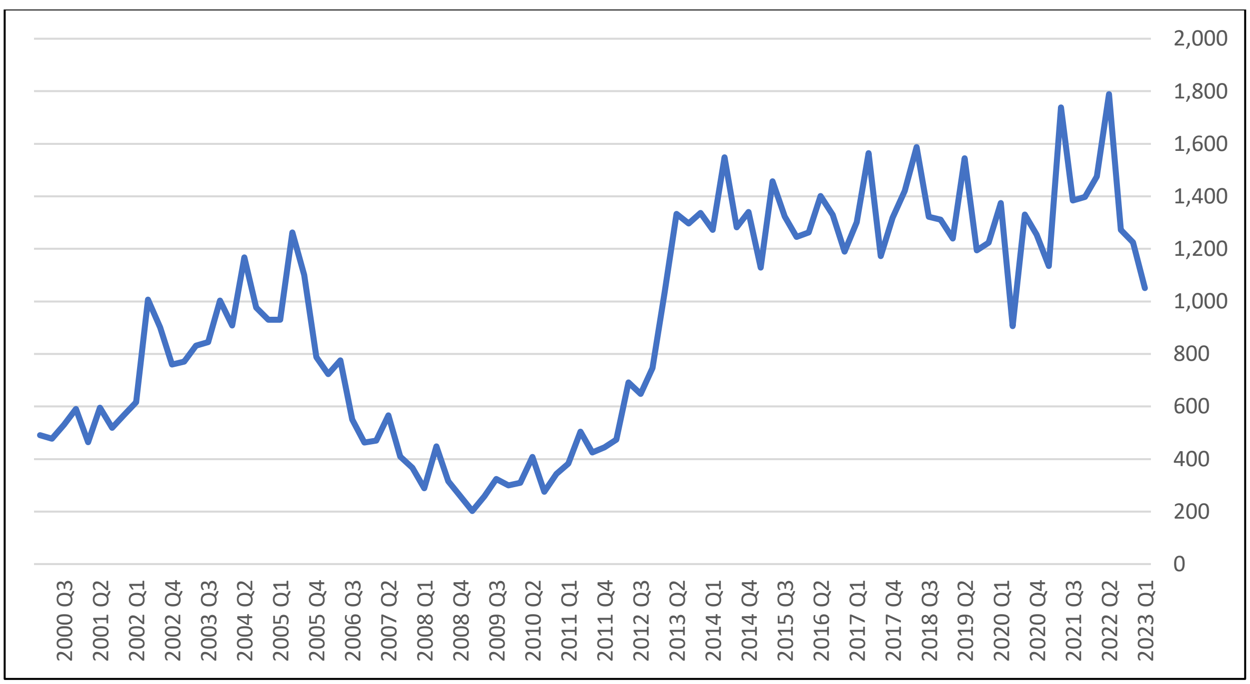
Defendant(s).

By 2012, nearly 40 percent of homes in the Downtown Lake Worth area had fallen into foreclosure (Cabrera 2012). When the lienholders eventually dispossessed the delinquent mortgage holders, vacancy overtook the City, with the uninhabited properties falling into neglect and disrepair.

As distressed properties glutted Lake Worth Beach's housing market, home values plummeted to levels that were 25 percent below the County average, 20 percent below the state average, and 18 percent below the U.S. average. While an abundance of discounted property in conjunction with low-interest rates—the average 30-year mortgage rate ranged from 3.68 to 3.98 between 2012 and 2013—might ordinarily present opportunities for affordable home ownership, few Lake Worth Beach residents were able to capitalize upon them (Federal Reserve Economic Data 2024).[33] In 2013, the median income among the City's renter households was just $27,248. More than one-third of residents over the age of 25 lacked a high school diploma. With limited income earning opportunities in the 21st Century economy, high rates of poverty, and limited credit, banks were reluctant to issue loans in the aftermath of the Subprime Crisis. Homeownership thus passed from the reach of low-income residents. And with their credit ruined and equity liquidated from the effects of housing crash, foreclosed homeowners resettled into renting.

Indeed, between 2008 and 2021, Lake Worth Beach's homeownership rate declined from 53 percent to 44 percent—a rate that is 25 percentage points below the County rate (69.4 percent) and also substantially lower than the state and national rates (64.6 percent). In 2010, there were 12,466 total housing units—6,485 of which were owner-occupied. 4,465 detached single-family homes were owner-occupied, compared to 1,732 that were rented. As of 2021, 2,835 detached single-family homes were rented compared to 4,860 that were owned (7,695). This raises the question: What happened to all the owner-occupied homes? A large number were purchased by investors, at bargain bin prices, as part of sweeping wealth transfer from working-class Americans to individual investors, private equity firms, and real estate investment trusts that took place across the United States. The graphs below illustrate these activities:

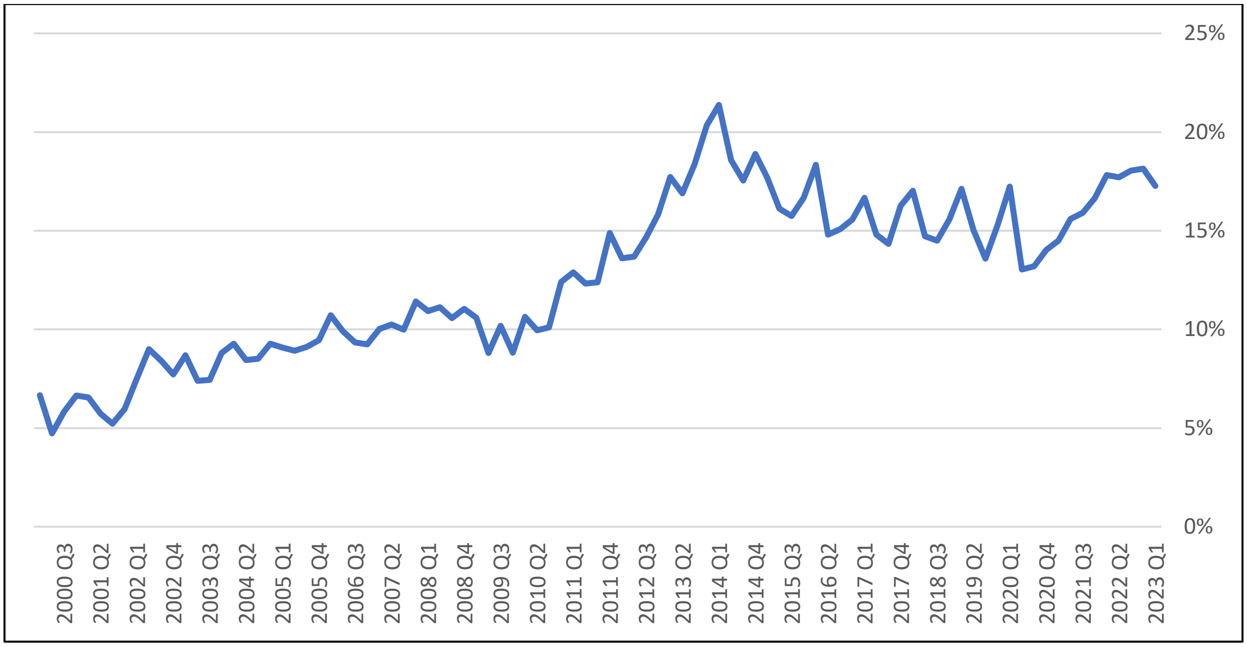
Figure 36: Investor Residential Real Estate Purchases, Palm Beach County, 2000-2023



[33] https://fred.stlouisfed.org/series/MORTGAGE30US

Source: Redfin

Figure 37: Investor Market of Real Estate Holdings, 2000-2023



Source: Redfin

B. The Acquisition of Distressed Properties and Development of Concentrated Ownership

A foreclosure case that we reviewed during our research—which represents one instance among many—illustrates how a wealth transfer process played out in Lake Worth Beach. In 2005 a local man purchased a property on K Street for $180,000. He financed his purchase with a subprime loan. When the adjustable interest rate mortgage increased and the economy began to collapse, he defaulted on the loan and fell into foreclosure in 2009. His lender, a company called Aurora, was later indicted by the Justice Department for misrepresenting its underwriting standards to the investors it sold its secondary mortgage products to. It settled the case for $41 million (U.S. Attorney’s Office District of Colorado, 2018).

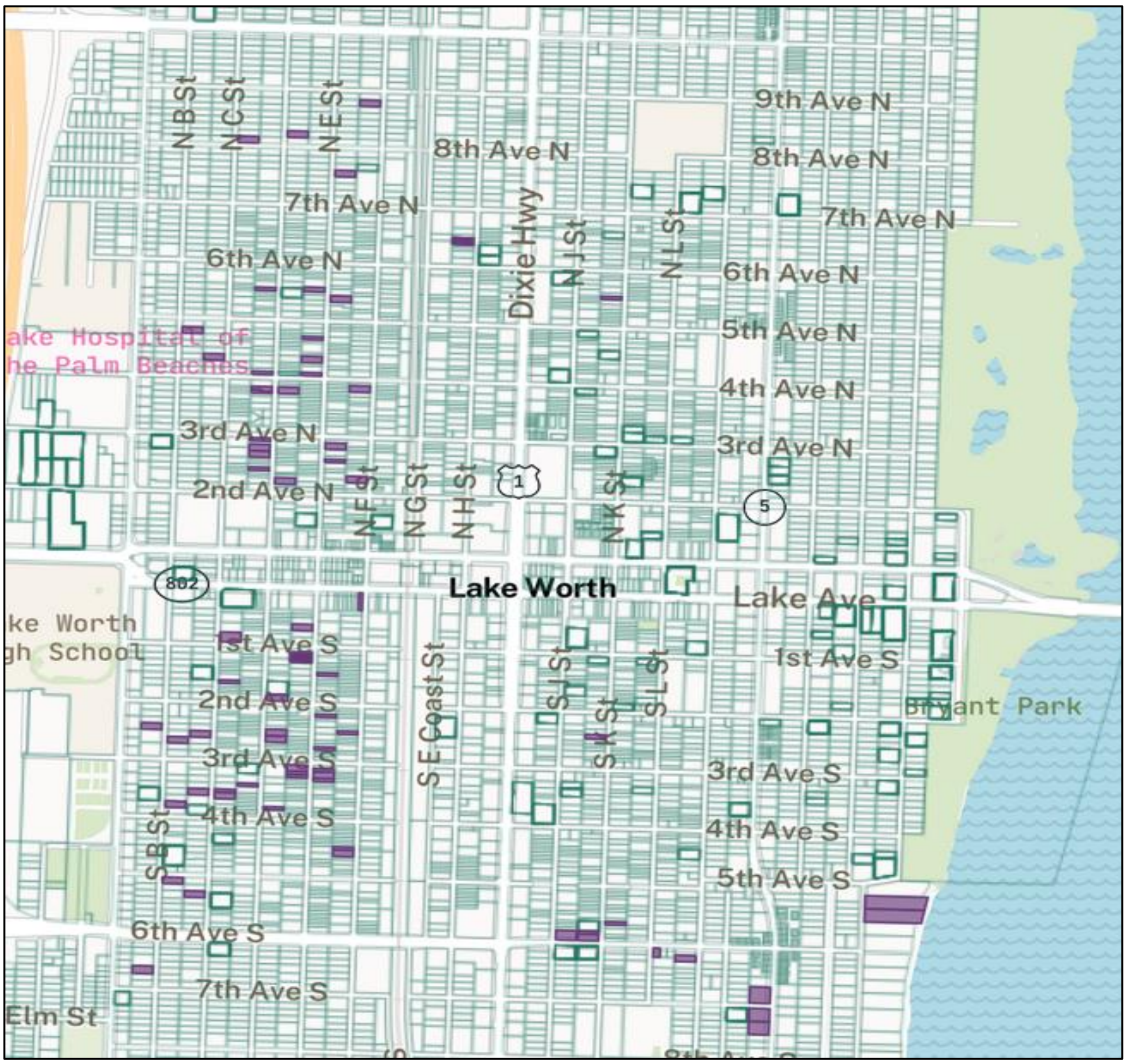
After the foreclosure, Aurora sold the house to a small, Massachusetts real estate investor for $52,000. She generated passive income from the property by leasing it for several years. However, in 2014, she sold the house to RHA2 LLC—a Georgia-based real estate investment trust that specializes in acquiring, renovating, leasing, and managing single-family homes—for $115,000, a 220 percent profit. RHA2 LLC rented the property until 2018, charging about $1,300 per month. At that point, it sold the unit to FYR SFR Borrower LLC—along with 275 other properties across the County—as part of a $17.375 million real estate acquisition, which was financed with a multi-billion-dollar bond used to purchase properties across the nation. Over the next several years, FYR SFR—a subsidiary of the massive real estate investment company Pretium Partners—aggressively began marking up the rents. Indeed, by March 2023, the company was listing the unit for rent at $2,490 per month. It sat vacant until late June 2023, when they finally reduced the price to $1,925.

Since acquiring its Palm Beach properties—34 of which are in Lake Worth Beach—FYR SVR has filed at least 54 evictions. Of the 34 properties it owns in Lake Worth Beach, 32 have been cited for code violations. According to official County records, multiple local governments have placed liens on their properties for failure to resolve them. One Florida tenant recently sued the company for major negligence. According to court records, this unit had multiple electrical problems, no hot water, water leaks, and deficiencies. The company would not respond to his requests for maintenance. In 2022, the Minnesota Attorney General Keith Ellison sued the company for filing illegal evictions during the pandemic, threatening tenants, and failing to maintain its properties (problems included, among other issues, lead paint, mold, flood, and electrical problems, which have caused health problems).

The K Street property above represents the trajectory of many of the Lake Worth Beach homes that experienced foreclosure during the Subprime crisis. When homeowners lost the ability to service the payments on their mortgages—either due to variable interest rates or income loss associated with the Great Recession—investors acquired them at discounted prices, often by way of auctions and short sales. While many of these opportunists were large institutional investors located outside of Florida, many others were small investors living in the Miami Metro Area, most in Palm Beach County. For example, we identified a Palm Beach real estate investor who purchased 64 properties across the City after the housing crash. He maintains them as rentals to this day. We also identified a Boca Raton-based company that acquired 30 properties, a Broward company that bought another 30 properties, a Boynton Beach couple that purchased 23, and several other examples.

Some of the real estate magnates who developed after the crash, such as a wealthy Wellington man who purchased 87 investment properties in Lake Worth Beach between 2011 and 2014, were simply hobbyists who perceived economic opportunity. The individual, who maintains a successful business that is unrelated to real estate, spent $2,395,420 on the purchases according to property appraiser records. As the parcel map below shows, the vast majority were in the corridor between I-95 and Dixie Highway, between 6th Avenue South and 10th Avenue North—i.e., within the CRA Improvement District. Over the past decade, they have appreciated to an assessed value of $14,889,504. Indeed, if he were to liquidate his investments today, they would likely produce a profit of $12 million or more—a return on investment of at least 600 percent—before counting the $1 to $2 million per year in rental revenue they likely generate.

Figure 38: Property Acquisition, Single Investor, 2011-2014



Source: Map created by authors using Regrid and a unique data set developed through landlord matching.

Although the above investor acquired many properties across Lake Worth Beach after the Subprime Crisis, the extent of his holdings may not have been clear to the community. Rather than deeding the properties in his name, the above individual obscured his expansive holdings, and concentrated ownership, by deeding them under a variety of shell companies. We untangled the connections between local shell companies, and the individuals or parent companies who owned them, by employing landlord mapping techniques (Shelton & Seymour, 2024).[34] In doing so, we uncovered pattens of concentrated property ownership in the City. Out of the estimated 5,898 residential property parcels that are not owner-occupied in Lake Worth Beach, a notable 18.6 percent are held by individuals or companies who own more than six properties across the City. These data suggest that the Subprime Crisis led to concentrated property ownership within a select group of investment landlords. This can be seen in the table below.

Table 17: Concentrated Non-Residential Property Ownership in Lake Worth Beach

Properties Per Owner	Number	Percentage
1	3,405	57.7%
2-5	1,389	23.6%
6-10	539	9.1%
11-20	248	4.2%
21-29	85	1.4%
30-50	82	1.4%
more than 50	150	2.5%
Total	**5,898**	**100.0%**

Source: Created by authors using parcel data obtained from the Palm Beach County Property Appraiser, Aug. 2023

Although most non-residential parcels in Lake Worth Beach are owned by solitary individuals or companies, it is important to note that many of those parcels are seasonal home and vacation rental units.

C. The Distribution of Concentrated Property Ownership

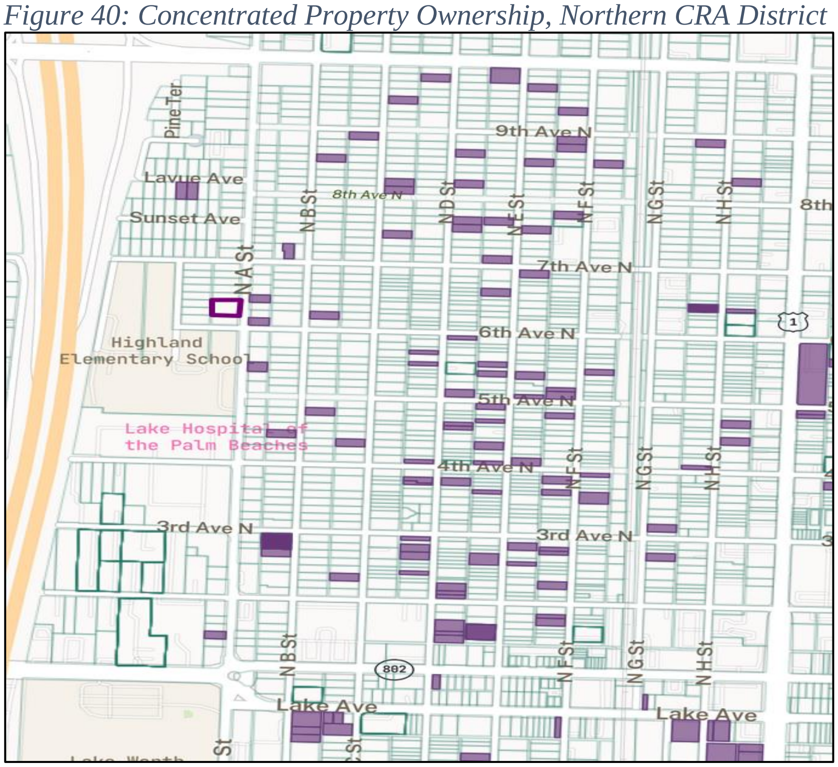
Concentrated property ownership is not evenly dispersed across the City; it is concentrated within specific neighborhoods. In these areas, the prevalent trend is not solitary ownership, but rather a dominance of individuals or companies with substantial property portfolios. As the figures below demonstrate, a handful of owners control nearly all long-term rentals in some neighborhoods, enabling monopoly conditions to prevail. The color-coded parcels indicate properties owned by individuals or companies who own at least five properties within the City.

[34] This primarily involved identifying shell companies with derivative names, matching owner mailing addresses across properties deeded under different names, and verifying connections through investigative research.

Figure 39: Concentrated Property Ownership in Southern CRA District

Source: Map created by authors using Regrid and a unique data set developed through landlord matching.

Figure 40: Concentrated Property Ownership, Northern CRA District



Source: Map created by authors using Regrid and a unique data set developed through landlord matching

It is important to note that much of the property acquired during this phase of speculation was and is occupied by vulnerable populations—including African Americans and migrant communities—who earn low incomes. This is demonstrated in the subsequent map.

Figure 41: Percentage of Black or African American Population, 2018-2022

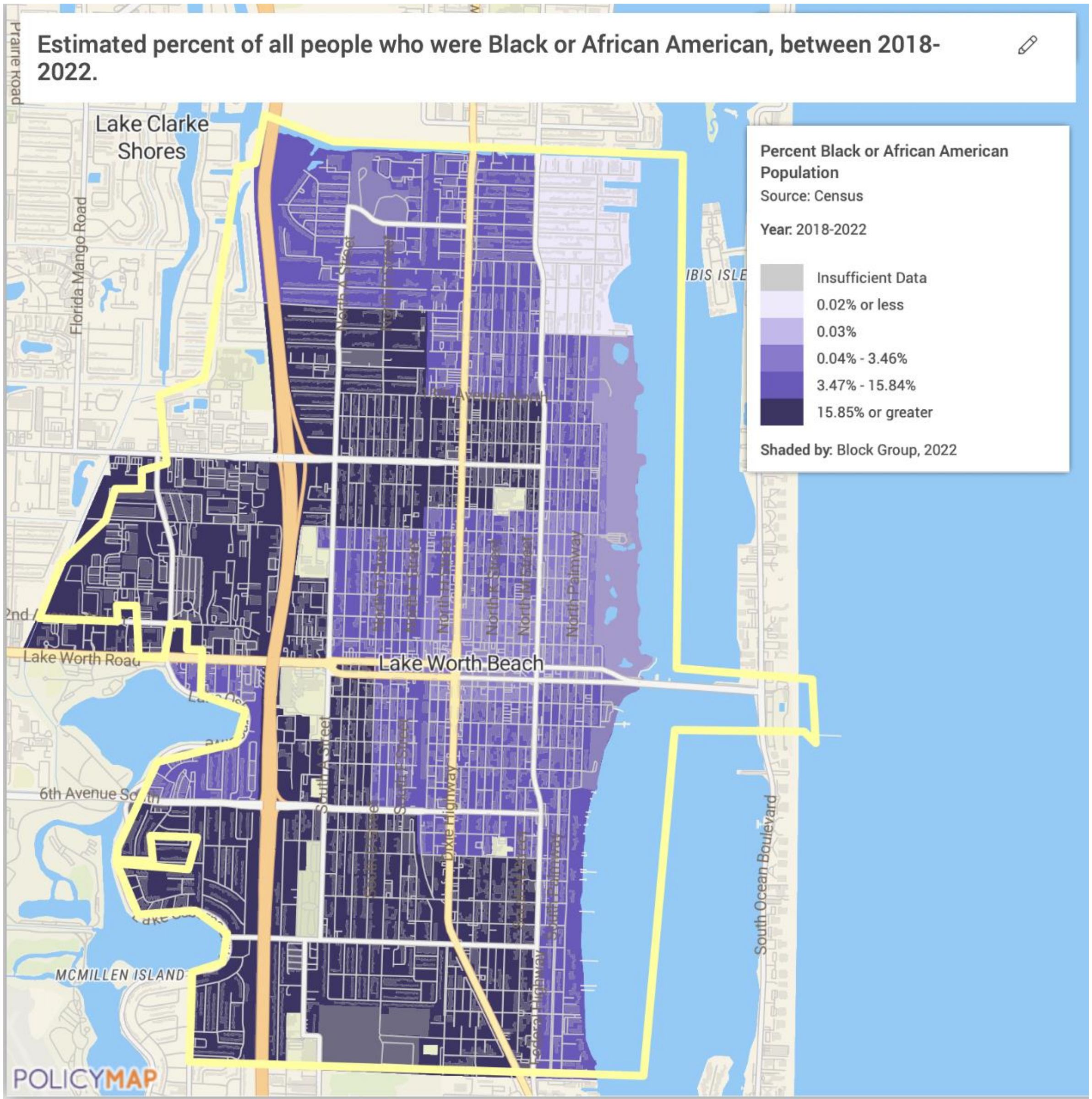
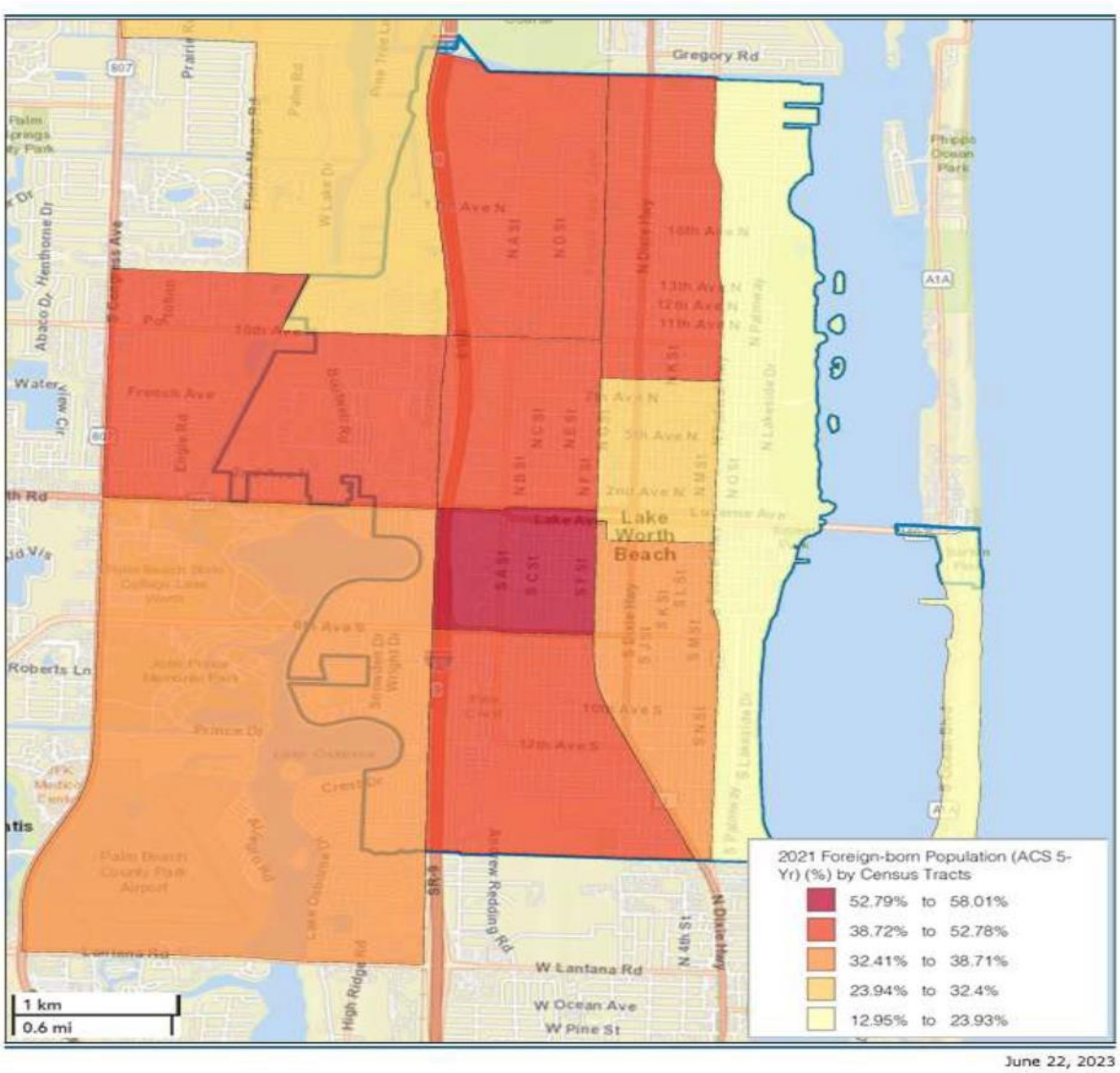


Figure 42: Percentage of Foreign-born Population by Census Tract, 2021 (ESRI)



D. Summary: Two Cycles of Real Estate Speculation

In summary, many Lake Worth Beach residents have faced continuous housing insecurity since 2008, with the causes and nature of their insecurity evolving over time. During the opening years of the millennium, Lake Worth Beach appeared to be moving toward the American dream. Homeownership rates were increasing, including among Black households who had historically faced redlining, and the economy was thriving. Although the rate of rental cost-burden began to increase in the years leading up to 2008—the product, in part, of small investors who were leveraging subprime loans to speculate on rental properties, which they hoped to flip before teaser interest rates expired—it was lower than today's levels (51 percent in 2007 vs. 60.3 percent in 2021). Access to homeownership opportunities, temporary and misleading as they were, likely took pressure off rental rates.

The situation changed when the housing market crashed in 2008. During the years that followed the Subprime Mortgage crisis, the City faced a problem that would appear farcical today: rapidly deflating purchasing power amongst residents, a glut of abandoned properties, and shriveling business activity. Indeed, more than 20 percent of the City's housing units were vacant in 2010. However, residents could not buy them for three reasons: (1) they lacked the income, (2) they could not access the required credit, and (3) many of the owners were not selling. As one reporter noted at the time: "Ninety percent of these properties are tied up in mortgage-backed trusts for large sums…and the trustees don't want to book the losses. So instead of selling off the old inventory, they hold onto it, hoping in vain for price appreciation or just wanting to avoid the reckoning" (Dayen 2013). These challenges reinforced each other.

When the trustees of mortgage-backed securities finally accepted their "reckoning," a class of investors—many of them located within the County—had mobilized to profit from their misfortune. Collectively, they acquired scores of single-family homes across the City, which they converted into cheap rentals for dispossessed residents. Over the next several years, Lake Worth's homeownership rate fell—especially among Black residents—poverty increased due to the effects of the Great Recession, and many residents settled into rental arrangements with derelict landlords.

As the national economy recovered, and as the City implemented initiatives to address the problems it faced, Lake Worth's trajectory began to change. First, it addressed blight through the CRA and code enforcement activities. Second, the growth of online vacation rental platforms, coupled with the initiatives of the County's growth machine, encouraged fresh economic development across the County. Moreover, Americans who emerged from the Subprime Crisis unscathed, or who profited during it, began using their wealth to purchase new seasonal homes. Although subtle, the City's economic profile began to change, as a new cohort of moderate-income households entered the area. Third, the COVID-19 pandemic triggered a sudden influx of affluent households—many of them younger—into South Florida. With many multi-family property owners eager to sell in response to federal eviction moratoriums and the price accretion that population growth had spurred, a third phase of real estate speculation began. Many low- and moderate-income residents have become caught between the pressures of the two cycles of real estate speculation that arose over the past 15 years.

Many residents who were enduring substandard conditions in exchange for low rental payments to negligent landlords are now being displaced by an incoming cohort of landlords who wish to convert their units for a more affluent demographic. The conditions described by eight renters who were evicted from dilapidated multi-family apartment building on South Federal Highway in Summer 2022 evidence this phenomenon. According to court documents, one of the renters complained to code compliance officers about substandard conditions on the property, which he described as "criminal neglect," including broken appliances, animals nesting on the roof of the building, droppings from the animals staining drywall on his ceilings, "a large racoon try[ing] to enter [his] closet thru [sic] the attic (with a large pigeon in its mouth, scream) in the fifth month [he] was [there]," and "so much more." The man stated that he had personally repaired many problems within his rental unit at his own expense.

Court documents suggest that the man's complaints backfired. The building was condemned and sold to a large company that had acquired many rental units across the City. The existing residents were non-renewed or evicted. In short, derelict living conditions gave way to displacement.

CHAPTER 7:
HOW POLICY HAS IMPACTED LOCAL HOUSING CONDITIONS

A. How have Federal Policies Influenced Housing Conditions in Lake Worth Beach?

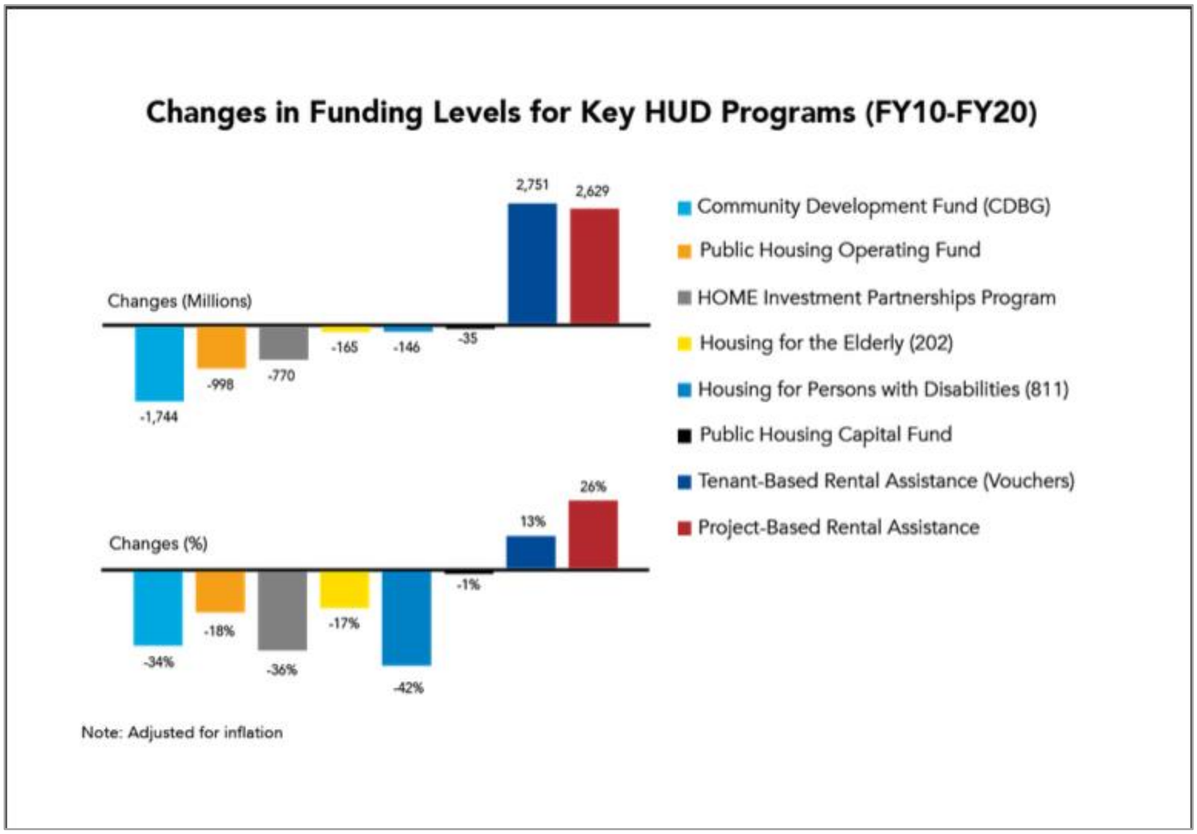
Beginning in the New Deal Era, the federal government began devoting a substantial level of resources to affordable housing provision in response to widespread housing insecurity and social unrest. Programs included the Homeowners Loan Corporation, which refinanced distressed mortgages to prevent foreclosure; the Federal Housing Administration, which reduced usury in the home lending industry, established the standard 30-year mortgage, increased working-class access to home loans, and stimulated housing production by insuring mortgages that conformed to federal regulations; prohibiting discrimination on the basis of protected categories, such as race and sex, within the housing market through the Fair Housing Act of 1968; and providing low-interest loans and subsidies for the construction of public housing units for low-income residents across the U.S. through the Wagner-Steagall Act of 1937, Housing Act of 1949, and Housing and Urban Redevelopment Act of 1968. These policies were not without problems, and they failed to guarantee universal access to safe, affordable housing. What is notable about them, however, is that they were grounded in the belief—based on the prevalence of substandard tenements, overcrowded living conditions, low homeownership rates, limited housing production, and great housing insecurity—that the private market would not or could not satisfy society's need for safe, secure, affordable housing.

In the early 1970s, the U.S. federal government began implementing significant changes to its housing policy. In response to deteriorating quality within the public housing stock, the concentration of poverty in public housing complexes that were isolated from socio-economic opportunity, the inability of public housing residents to choose where they lived, and the ascendance of a conservative mood that public assistance fostered dependency—and that individuals should take responsibility for their own housing needs—it reduced funding for Department of Housing and Urban Development (HUD), devolved authority for housing policy to local governments, and withdrew support for public housing (Orlebeke 2000; Rosen 2020). Indeed, Nixon placed a moratorium on public construction in 1972, the Housing and Community Development Act of 1974 forbid public housing production until 1990, and the Hope VI Program of 1993 recommended demolition of distressed public housing, replacing them with mixed-income private developments, and reallocating public housing authority funds to the Section 8 Voucher Program. This led to the elimination of more than 250,000 public housing units out of 1.4 million (Goetz 2011; Orlebeke 2000). These policies signaled a sea change in the federal government's orientation toward housing provision.

Whereas federal policy from 1932 to 1972 was rooted in the belief that the private market would not meet society's housing needs, federal policy from 1972 to the present has been based on the proposition that housing needs should be satisfied through markets, with subsidies and tax incentives to encourage developers and landlords to accommodate the housing needs of low-income groups. Federal housing policy is now based on the Housing Choice Voucher program, which provides subsidies for low-income households to rent private housing units; the Low Income Housing Tax Credit program, which incentivizes developers to construct housing units for low-income with tax breaks; the Low-Income Housing Preservation and Resident

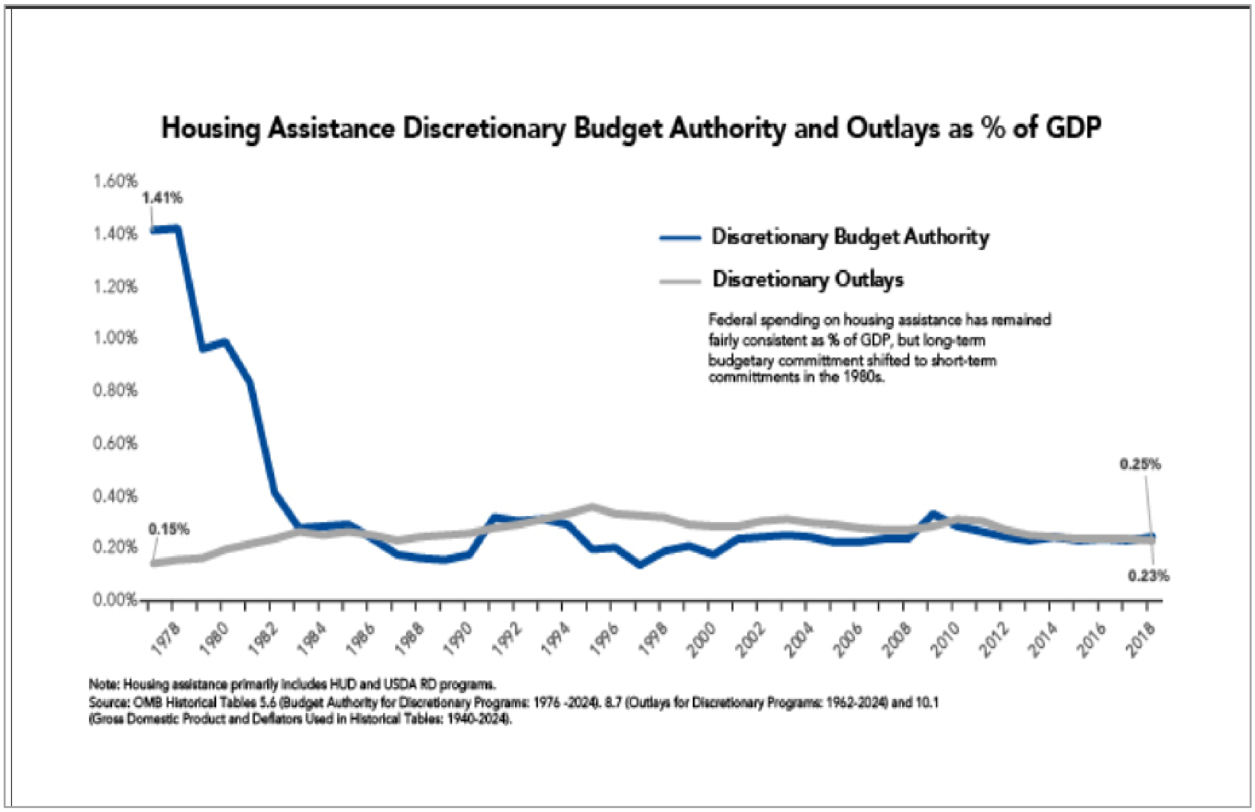
Homeownership Act Program, which incentives private landlords to maintain the affordability of their properties or transfer them to non-profit housing organizations; and the Community Development Block Group Program, which provides funding for homeownership or housing rehabilitation assistance. Funding for these programs is limited relative to need, utilization of them is often challenging, and public housing access has become scarce (Goetz 2011; Orlebeke 2000).

Figure 43: Changes in Funding Levels for Key HUD Programs (FY 2010-2020)



Source: National Low-Income Housing Coalition

Figure 44: Housing Assistance Discretionary Budget Authority and Outlays as % of GDP, 1978-2018



Source: National Low-Income Housing Coalition

While these facts may seem distant to the housing situation in Lake Worth Beach, they have played an important role in constraining affordability today.

B. Public Housing

Access to public housing units and Housing Choice Vouchers in Palm Beach County is extremely scarce and grossly inadequate to need. Currently, the Palm Beach County Housing Authority (PBCHA) manages just 428 public housing units. As of December 2022, approximately 19,000 people were on the waiting list (Nam 2022). The lists for several of the Authority's communities have been closed for three to six years. Worse still, the number of units in the Authority's inventory will likely diminish in the future. The PBCHA is considering disposing 42 of its scattered single-family home developments. If the proposal is approved, they will be sold to qualified residents, non-profits, and/or third parties. An additional 100 units may be converted to project-based vouchers properties (PBCHA 2024).[35]

[35] Whereas most housing vouchers are attached to tenants, who can use them where they please, project-based vouchers are attached are directly attached to housing units, operating similar to set-aside units through programs such as the Workforce Housing Program.

C. *Housing Choice Vouchers*

The state of the PBCHA's Housing Choice Voucher program is not much better. PBCHA currently administrates 3,172 Housing Choice Vouchers (PBCHA 2024). PBCHA has not responded to our public records requests for information about voucher usage in Lake Worth Beach, so we are unaware of how many residents are utilizing them. 14,378 families are on the waiting list, which has been closed for several months and will not reopen this year (PBCHA 2024). As these figures demonstrate, federal housing assistance is extremely limited in Palm Beach County and cannot be relied upon. Indeed, we spoke with one individual—a social worker who assists individuals with DCF cases to obtain secure housing—who had been on the waiting list since 2008. Worse still, those who obtain vouchers through luck and patience typically experience great difficulty in utilizing their benefits. First, HUD requires voucher holders to obtain dwellings that fall within the "fair market rent" (FMR). In a context of extreme rent inflation, few units with the County fall within HUD's price ceiling. Indeed, when we analyzed rental market listings in July 2023, we could not identify a single property that fell with the fair market rent for ZIP code 33460.

Table 18: Small Area FMRs for All Unit Sizes in 33460, Fiscal Year 2023

The FY 2023 West Palm Beach-Boca Raton, FL HUD Metro FMR Area Small Area FMRs for All Bedroom Sizes in ZIP Code 33460

FY2023 SAFMRs By Unit Bedrooms				
Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
$1,080	$1,320	$1,610	$2,150	$2,630

We also found that unavailability of housing units that fall with the FMR is leading to the displacement of low-income residents. HUD typically requires voucher holders to obtain housing within 60 days—a narrow period for individuals who often lack time, transportation, and options. Failure to obtain housing within the required time limit puts voucher holders at risk of losing their benefits. These challenges have forced some local voucher holders to leave Lake Worth Beach. One voucher holder interviewed for this report—a single mother of multiple children and veteran—described being unable to acquire a suitable unit even after obtaining an extension, and despite holding a voucher that would cover pay up to $3,200 per month in rent. She told us most of the units she viewed were just out of the threshold—for example, $3,400 to $3,600 per month—but the landlords would not reduce their asking prices even though her monthly payments were guaranteed, and even though HUD would pay whatever deposits were needed. She claimed that many of the places she looked at were vacant, but that the property owners would not lower their prices because they believed they could acquire the asking price from a different applicant.

Eventually, the woman was forced to port her voucher to a different public housing authority and leave the state. We spoke to her during the week before she left, when she and her children were staying in a van after being kicked out of the hotel they were temporarily living in. She began to cry during our conversation. She did not want to leave Florida, and she did not want to leave Lake Worth, which she described liking more than any other place she had lived. She was also involved in several career pursuits within the community that she would have to give up. All of her contacts and connections were in Florida, and she lamented having to forsake them. She said multiple times that she hoped to come back one day.

Even if voucher holders can locate a unit within the fair market rent, their challenges do not end. Unless local or state governments enact source of income protections, federal law allows landlords to turn away tenants who intend to pay rent through vouchers (whether through the Section 8 program, the Emergency Rental Assistance program, or a non-profit program). We found that this form of economic discrimination—which can arise from a disinclination to participate in HUD's bureaucratic processes, prejudicial beliefs about the personal qualities of voucher holders, or both—is widespread in Lake Worth Beach. As one housing leader told us: "It's a landlord's market, because there's so many renters and such a short supply of housing stock. They can pick and choose. They don't want to deal with [people who utilize public assistance]." Landlords are not only reluctant to accept Section 8 tenants, but tenants receiving any form of payment assistance. When I asked a person within a leadership position at a local housing organization whether landlords were more reluctant to accept payment assistance in today's market, they replied: "Yeah…More now than in recent memory and maybe ever." A social worker told us that landlords are especially reluctant to lease to individuals who are attempting to transition from shelters to permanent housing: "There's a stigma for people who are houseless," they said, that excludes them from housing access even when public agencies or non-profit organizations are willing to pay for it.

In conclusion, the prospects for the PBCHA making a significant impact on housing affordability—even if the City implemented a source of income protection—are grim. The PBCHA only has resources to assist a fraction of the applications it receives, is in the process of disposing of many of its units, and is experiencing financial and managerial distress. Moreover, the artificially low Fair Market Rent HUD has set—coupled with landlord leeriness about accepting vouchers due to government inefficiencies, conversion of existing low-income units into luxury units, and their ability to be selective with tenants in the tight housing market—limits the options for using vouchers. It also creates a second problem: the Housing Choice Voucher Program was created to enable low-income people to choose where they live. Consistent with recent research (Rosen 2020), however, low participation in the program, restrictions on eligible properties, and inadequate funding severely limit the options available for voucher usage, which are likely concentrating poverty.[36]

D. Federal and State Affordable Housing Incentivization Programs

Reporting data from the Florida Housing Finance Corporation (FHFC) paints an alarming picture of affordable housing availability in both Lake Worth Beach and Palm Beach County at large. As of June 2023, there are 78 communities associated with FHFC programs—about half of which are in West Palm Beach. 55 provide family housing; 17 target the elderly; four target special needs individuals; and two provide housing for unhoused individuals. Most of the projects (43) are funded through non-competitive four percent Low Income Housing Tax Credit (LIHTC)

[36] The PBCHA provides a total of 3,600 publicly subsidized units—through public housing or vouchers—for a population of nearly 1.5 million residents.

bonds, often layered with funding sources such as the Home Investment Partnership Program (HOME), Multifamily Mortgage Revenue Bonds (MMRB), State Apartment Incentive Loan Program (SAIL). 28 projects—most of which are in West Palm Beach—are funded with competitive nine percent LIHTC bonds.

Collectively, the programs provide 11,075 subsidized housing units to Palm Beach County residents—10,717 of the units are currently occupied, which entails a vacancy rate of just 3.2 percent. 638 more units are in the pipeline.[37] Most serve households earning 60 percent of the area median income or less. The true rate of availability is lower, given that 95 of the available units are in Christian Manor, an elderly living facility in West Palm Beach that is currently in the process of lease-up. Given that there are 318,492 households that earn less than 60 percent of the area median income in Palm Beach County, the availability of subsidized housing is inadequate to meet need. It sets aside an affordable housing unit for one of every 29 households who need one.[38] In Broward County, it is one of every 22 households. The level of support is higher in Miami-Dade, where there is one affordable unit for every 15 households who need one. Given Lake Worth Beach's distribution of FHFC program units, there is just one unit for every 36 households that needs one within the City.

For this study, we attempted to identify all of Lake Worth Beach's set-aside units—that is, income-restricted units that provide sub-market rents for moderate, low, and extremely-low-income households. This proved to be a challenging task. To our knowledge, neither the City nor County maintains a publicly accessible database that indexes properties that have deed restrictions in relation to affordability. Floridahousingsearch.org lists income-restricted units, but it is not well-advertised, and it only lists properties that are currently on the market (at the time of writing, there were no available units in Lake Worth Beach). As one housing services provider told us, "It is basically incumbent upon case workers to call" every individual property they are aware of to connect those with housing needs to affordable opportunities.

According to Florida Finance Housing Corporation, there are currently three affordable housing complexes in Lake Worth Beach: Banyan Court, La Joya Villages, and Palm Gardens.[39] All are Low-Income Housing Tax Credit properties that are also funded through other layered subsidies. Collectively, they provide 220 affordable units. As of June 2023, they were at 99.5 percent occupancy, with just a single unit available in Banyan Court.

As of December 31, 2022, the average rent of Palm Beach County properties within FHFC's portfolios—which these properties likely fall into—was \$331 for an efficiency, \$668 for a one-bedroom, \$995 for a two-bedroom, \$1,231 for a three-bedroom, and \$1,172 for a four-bedroom. As the table below indicates, these rates are far below market levels:

[37] These figures were collected in Summer 2023. See FHFC Occupancy Reports for updated data.
[38] This figure may not encompass subsidized housing that is provided through other avenues, such as non-profit providers.
[39] We have excluded affordable developments that are located in unincorporated Lake Worth from our analysis. According to FHFC data, their occupancy rates are similarly high.

Table 19: Lake Worth Beach Market Listings

Unit size	Median List Price	Number Listed
Studio	$1,550	9
One bedroom	$1,650	53
Two bedroom	$2,775	50
Three bedroom	$3,500	45
Four Bedroom	$6,250	8

Source: Table created by authors with Redfin data.

Lake Worth Towers at 1500 Lucerne Ave, which provides 195 affordable housing units, is also available. Until recently the property provided affordable housing to elderly residents. Shortly after fulfilling its HUD mortgage, the original owner sold the property to Lake Worth Towers Preservation LP, a subsidiary of Related Companies, which owns and operates Rosemary Square in West Palm Beach, in May 2023. Related Companies entered into an agreement with the Palm Beach County Housing Finance Authority with the following stipulations: 40 percent of units must be set aside for low-income tenants, and the aggregate mix of residents must remain at or below 60 percent of the area median income.[40] Occupancy data are not available. Finally, Madison Terrace Project, a 176-unit LIHTC community for seniors, was recently approved by the commission but must still be constructed.

In addition to the above tax credit projects, the Lake Worth Beach CRA has created 164 affordable rental units that are available to households earning less than 80 percent of the area median income. Half are earmarked for households that are below 50 percent of the area median income. And finally, there are currently 42 units available in Lake Worth Beach at the Bohemian through the County's Workforce Housing Program. As of June 2023, all were rented. As the rent table below shows, only 10 are reserved for households earning less than 80 percent of the area median income. The other 32 units offer limited benefits at the one-bedroom level.

Table 20: Lake Worth Beach CRA Affordable Rental Units

<table>
<tr><th>AMI Target</th><th>Units</th><th>Rents</th><th>Size</th></tr>
<tr><td>60 - 80%</td><td>10</td><td>$1,330</td><td>1 bedroom</td></tr>
<tr><td rowspan="2">80 - 100%</td><td rowspan="2">10</td><td>$1,675</td><td>1 bedroom</td></tr>
<tr><td>$2,020</td><td>2 bedroom</td></tr>
<tr><td>100 - 120%</td><td>11</td><td>$1,815 - $1,940</td><td>1 bedroom</td></tr>
<tr><td rowspan="2">120 - 140%</td><td rowspan="2">11</td><td>$1,915 - $2,015</td><td>1 bedroom</td></tr>
<tr><td>$2,641 - $2,772</td><td>2 bedroom</td></tr>
</table>

Aviara at 307 North J Street has six WFH units, but no occupancy data were provided by the county in our public records request. And 78 new workforce housing units are expected to be produced at the Lake Worth Station development at 930 North G Street at the following income levels:

[40] Information obtained from Palm Beach County Official Records.

Table 21: Area Median Income (AMI) Targets, Lake Worth Station

AMI Targets	Units	Size
60% - 80%	28	Combination of studio, 1/1, 2/1, 2/2 or 3/2 units, to be determined
80% - 100%	30	
100% - 120%	10	
120% - 140%	10	

Table 22: Known Affordable Housing Units in Lake Worth Beach, Occupancy as of 2023

Development Name	Address	Housing Program	Total Units	Status	Occupied (#)	Occupied (%)
La Joya Villages	1105 6th Ave S	HC-4%	55	Active	55	100%
Banyan Court	1716 3rd Ave N	ELI, HC-4%, MMRB, SAIL	85	Active	84	98.8%
Palm Gardens	1710 4th Ave N	HC-4%, RRLP	80	Active	79	98.8%
Home at J Street	1st Ave S & S J St	SB 1852 NMS	15	Active	Unknown	Unknown
Lake Worth CRA	Scattered	NSP2	164	Active	164	100%
The Bohemian	101 SE Coast St	Workforce Housing	42	Active	42	100%
Aviara	307 N J St	Workforce Housing	6	Active	Unknown	Unknown
Lake Worth Towers	1500 Lucerne Ave	Palm Beach County Housing Finance Authority	195	Unknown	Unknown	Unknown
Lake Worth Station	930 N G St	Workforce Housing	78	Development	0	0%
Madison Terrace	821 S Dixie	LIHTC	176	Development	0	0%
Total	-	-	896	-	-	-

Source: These data were obtained from multiple sources, including the FHFC, the PBC Department of Housing and Economic Development, and LWBCRA records.

In summary, when in-process units are counted, the federal LIHTC program has created 396 units in Lake Worth Beach—nearly half of which are currently unavailable. Although the FHFC's deed restrictions are typically about 50 years, they will eventually convert to market-rate housing. The NSP2 program, which was a one-time infusion of funds, created 164 units. Although the program was implemented in a favorable context—the aftermath of a housing crash that enabled cheap acquisition of property, resources, and labor—it should nonetheless be noted that it created *permanent* affordable housing at less than half the cost per unit of many current

LIHTC and WFH proposals. Thus far, the WFH program has had a limited impact on Lake Worth Beach. Only 42 units have been created thus far, with another 78 on the way.

While there may be a limited number of additional affordable housing units in Lake Worth Beach, there are currently only 896 subsidized units available that we are aware of—including Lake Worth Towers, which may have limited availability due to renovation. There are almost no vacancies in these properties. These properties constitute only about 8.9 percent of the total estimated rental units in Lake Worth Beach (10,080, according to 2022 ESRI estimates). With more than 8,000 households earning less than $60,000 in the City according to 5-year 2021 ACS estimates, we conclude that the availability of affordable housing stock in the City is grossly out of proportion with need.

E. Conclusion

This section has described how changes in federal housing policy—namely, the shift from New Deal policies, which were marked by efforts to eradicate substandard housing, create social housing, and end housing distress through investment in public housing and housing assistance programs, to neoliberal policies, which are marked by efforts to induce privately owned affordable housing option opportunities through public subsidies and tax policies—have impacted the housing situation in Lake Worth Beach. Our findings, along with the findings of Palm Beach County's 2021 Affordable Housing Needs Assessment, indicate that private developers—despite the existence of multiple federal and state incentive programs, such as LIHTC, HOME, and SAIL—have been unable to satisfy the demand for affordable housing.

Indeed, despite having a high need for affordable housing units, Lake Worth Beach has produced few units through the LIHTC and SAIL Programs (although, it should be noted, the Madison Terrace Project was recently approved, and the projects that do exist are relatively new). A member of the Community Sustainability Department, who has been with the City for quite some time, told us that only one project has qualified for LIHTC during their tenure. They mentioned two developers who had pursued LIHTC projects but failed. This is because private developers wishing to utilize incentive programs to create truly affordable housing—that is, housing that sets aside a considerable portion of units for households earning less than 60 percent of area median income—face multiple barriers.

First, the LIHTC application process is extremely complex, requiring considerable technical expertise. The time and knowledge that LIHTC applications require discourage many developers from attempting to utilize the program. Second, each U.S. state receives a limited allocation of nine percent tax credits, which restricts the total number of units that can be developed. Third, states award nine percent tax credits on a competitive basis. Because allocations are limited, they prioritize projects that efficiently use resources—i.e., generate a high volume of housing for a low level of subsidy. The competitive process puts localities such as Lake Worth Beach at a comparative disadvantage. Achieving a competitive leverage ratio typically requires large projects to save on development costs by creating economies of scale. Indeed, interviewees told us that, to be competitive, a proposal must typically contain 85 or more units. Intensive projects such as these require large parcels of vacant land—which are few in number in Lake Worth Beach, and often very expensive due to the County's march toward buildout—or the ability to build upward, which City land development regulations place limitations on. As one affordable housing developer we interviewed told us: “We have found it difficult to develop in Palm Beach County” because “the land is too expensive.”

Finally, LIHTC credits are typically insufficient in themselves to incentivize development. To achieve profit margins that are acceptable to for-profit developers, or financially viable for non-profit ones, developers must typically layer tax credits with several incentive programs and finance sources—a process that is both complicated and expensive. Indeed, the City official we spoke with stated that they were “floored” at the level of subsidy one of the City’s LIHTC communities required. Due to rapidly rising insurance costs, interest rates, construction costs, and land costs, these challenges have intensified in the post-pandemic period.

Indeed, from 2021 to 2022, FHFC awarded funding to four new rental developments in Palm Beach County. For the two for which data are available, which will set aside most of their units for households earning less than 60 percent of the area median income, the combined estimated development costs are $109.73 million for 325 total units—a cost of $337,626 per unit. These figures track with the conversations we had with affordable housing developers. One, who works with an organization that builds modest single-family homes for families in need, stated that several years ago their construction costs for a new home ran around $100,000. Today, they run around $300,000—not including the price of land—despite utilization of volunteer labor and special relationships with contractors and lenders. As one of the developers we interviewed put it, labor scarcities have led to “outrageous construction costs”—not just because of the price of labor but also due to the delays that such scarcity causes, which, in real estate development, cost money. With all the rising costs, he claimed that profitably developing affordable housing—or even breaking even on it—requires a “staggering amount of subsidy” that most local governments are unable or unwilling to provide.

Although the affordable housing development resources associated with the Live Local Act and Palm Beach County Housing Bond will mitigate this situation, they will not eliminate it. The basic problem remains: profitably developing affordable housing is becoming challenging in the extreme, if not impossible. Solving the affordable housing crisis through a supply expansion would require massive public investment, at levels far beyond those funded over the past year, to provide for the need for shelter without reference to profitability. As a leader within a local housing organization told us: “to truly offer affordable housing…there’s no gimmick to make it break even. You just have to be okay with losing money.” As a grant, they cited the Lake Worth Beach CRA’s NSP2 program, which, in collaboration, 20 community partners built 164 rental units for households earning less than 80 percent of the area median income—half of which are earmarked for households earning less than 50 percent of the area median income—through a $23.2 million federal grant. While a tremendous success, the programs, as one interviewee put, “just made a dent” in the problem. Indeed, the 164 units only constitute about one percent of the City’s housing stock. Fully redressing the situation on the production side would take years and federal investment on a grand scale.

CHAPTER 8:
POPULATION GROWTH AND GENTRIFICATION IN LAKE WORTH BEACH

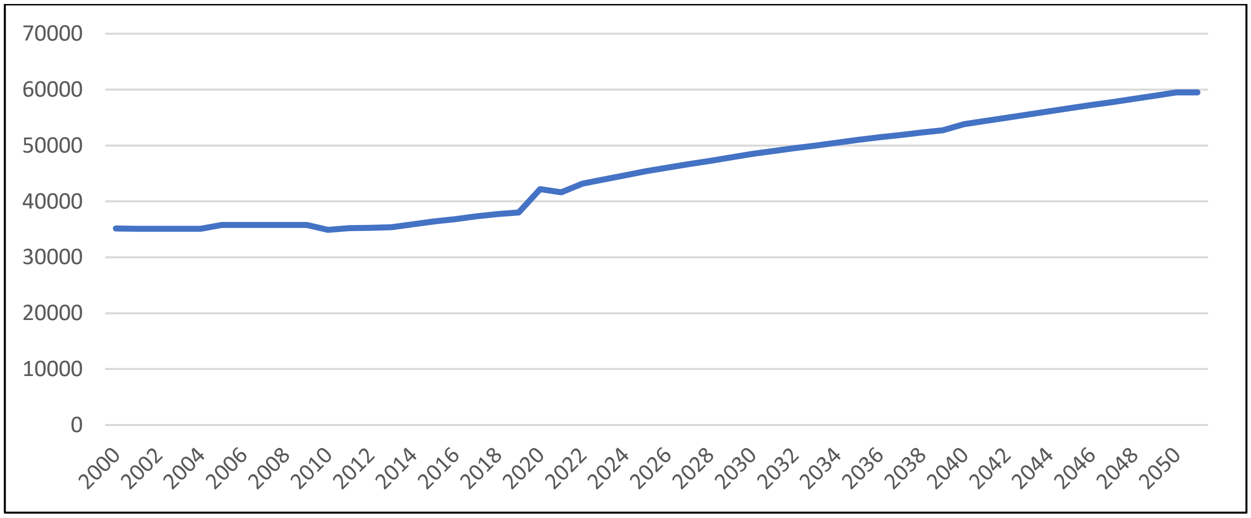
A. Is Lake Worth Beach Growing?

The City's population was relatively static from 2000 to 2008, fell slightly after the Subprime Crash, and grew at a relatively normal pace from 2010 to 2019, increasing by about 344 people per year on average. These trends stand in marked contrast to the County's. Whereas Lake Worth Beach lost population between 2000 and 2010, the County's population grew by 16.7 percent. Although the City's population growth increased thereafter, it continued to lag behind the County's growth until 2019—in which the City's population increased by 8.9 percent from the previous year, compared to the County's growth of 11 percent. These patterns reversed in 2020. In the one-year period between 2019 and 2020, Lake Worth Beach's population increased by 4,209 people, which represents an 11 percent growth rate in a single year—a rate that was nearly six times higher than the County's 1.85 percent figure. To put this in perspective, the City experienced an influx of individuals amounting to approximately 1.5 times the total population increase observed from 2000 to 2019, all within a single year. Between 2020 and 2022, Lake Worth Beach added another 982 people to its population, growing 32 percent faster than the county during the period.[41][42]

[41] It is notable that these figures may undercount true population growth. The Census Bureau recently released a report stating that they had undercounted population in the state of Florida. Anecdotally, we spoke to several social workers in Lake Worth Beach who provided assistive services to recently arrived immigrants. Given the threats of harassment and deportation that undocumented immigrants face, some avoid Census workers. Given that nearly 40 percent of Lake Worth Beach residents report being born outside the U.S., Lake Worth Beach's undercount is likely substantial.

[42] Note: Historical data based on ACS estimates. Future 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. 5-year estimates converted through linear interpolation.

Figure 45: Population Growth in Lake Worth Beach, 2000-2050



Source: Census ACS estimates. Future estimates and projections by Shimberg Center for Housing Studies, based on U.S. Department of Housing Development, Comprehensive Housing Affordability Strategy dataset and population projections by the Bureau of Economic and Business Research, University of Florida.

The population chart above indicates that population growth is likely playing a role in Lake Worth Beach's rising housing costs. As a social worker we interview stated:

> We're overpopulated. Everybody started to move to Florida…So the competition for jobs and the competition of trying to get access to the affordable units is a problem. [It is] making room for the private landlords to increase the rent.

As we will discuss further into this section, the population trends depicted above could be construed as a product of unmanaged and unsustainable growth. Indeed, county and state policies are firing the economy on all cylinders by promoting Florida as a state income tax shelter, aggressively recruiting corporate relocations, and creating infrastructure for affluent residents to relocate. These decisions are often made with insufficient consideration for where to house new residents, and they also make the state and county vulnerable to boom-bust cycles of development.

B. Is Lake Worth Beach Gentrifying?

The data we have collected indicate that Lake Worth Beach is experiencing significant gentrification. Gentrification occurs when large numbers of moderate- and/or high-income people move into low- or moderate-income communities; when developers and governments invest substantial capital into communities that previously had lower levels of it; and when developers, planners, and residents begin redesignating space in low- and/or moderate-income communities for moderate- and upper-income uses. Although gentrification can take place in myriad forms with differing results, it typically results in increased property values and rents, leading to the displacement of low-income and moderate- income households, long-time residents, and businesses that cater to the preferences and needs of those groups. In this sense, gentrification involves a process of dominance and succession that alters the social, cultural, and economic fabric of a community.

Although Lake Worth Beach began showing muted signs of gentrification as it emerged from the Subprime Crisis, the process has considerably accelerated during the post-pandemic period. Several factors serve as indicators, which will each be discussed in the following sections:

1. Successful efforts to recruit blue chip corporations, along with their high-paid workforce, to adjacent areas of Palm Beach County;

2. Explosive population growth over the past ten years, and especially since the COVID-19 pandemic, across the City;

3. An exodus of low-income households from the City and a corresponding influx of higher-income households;

4. Declining enrollments at many City schools despite population growth;

5. The acquisition of a substantial portion of the City's multi-family housing stock by investors during a sell-off event;

6. The conversion of older, yet affordable, housing units into higher-priced units that target a wealthier demographic;

7. Rapid price increases in both the homeownership and rental markets;

8. The use of rapid eviction and lease termination to replace economically distressed tenants with economically stable ones;

9. Attraction of commercial investment capital, as evidenced by new business starts, that target moderate- and high-income residents and tourists.

C. The Effects of Business Recruitment and Growth Machine Coalitions

Over the past decade, real estate developers, business owners, politicians, and other stakeholders have formed coalitions to promote regional growth for their mutual benefit. Their activities have involved boosterism to attract investment, tourists, and new residents as well as lobbying to promote policies that increase business investment and relocation.

These activities are perhaps best seen through the Business Development Board (BDB), which works to attract corporate relocations to Palm Beach County. In recent years, they have courted financial services firms and technology companies, with the goal of transforming South Florida into a "Wall Street South" and "Silicon Coast" (Sczesny 2022). By successfully recruiting blue chip companies such as BlackRock and Goldman Sachs, they have brought thousands of very high-income households into the County. Indeed, over the past five years, the BDB has facilitated 140 corporate relocations that have brought 13,110 jobs with an average salary of $80,000. Last year alone, relocations from New York brought $34 billion of wealth into Florida, and Palm Beach County was its top destination. In connection with their efforts, such as advertising Palm Beach County on Wall Street with massive digital billboards in August 2023, the County has become home to 57 billionaires and 71,000 millionaires (BDBPBC 2022; Miller 2023).

Figure 46: Palm Beach County Advertising – Digital Billboards

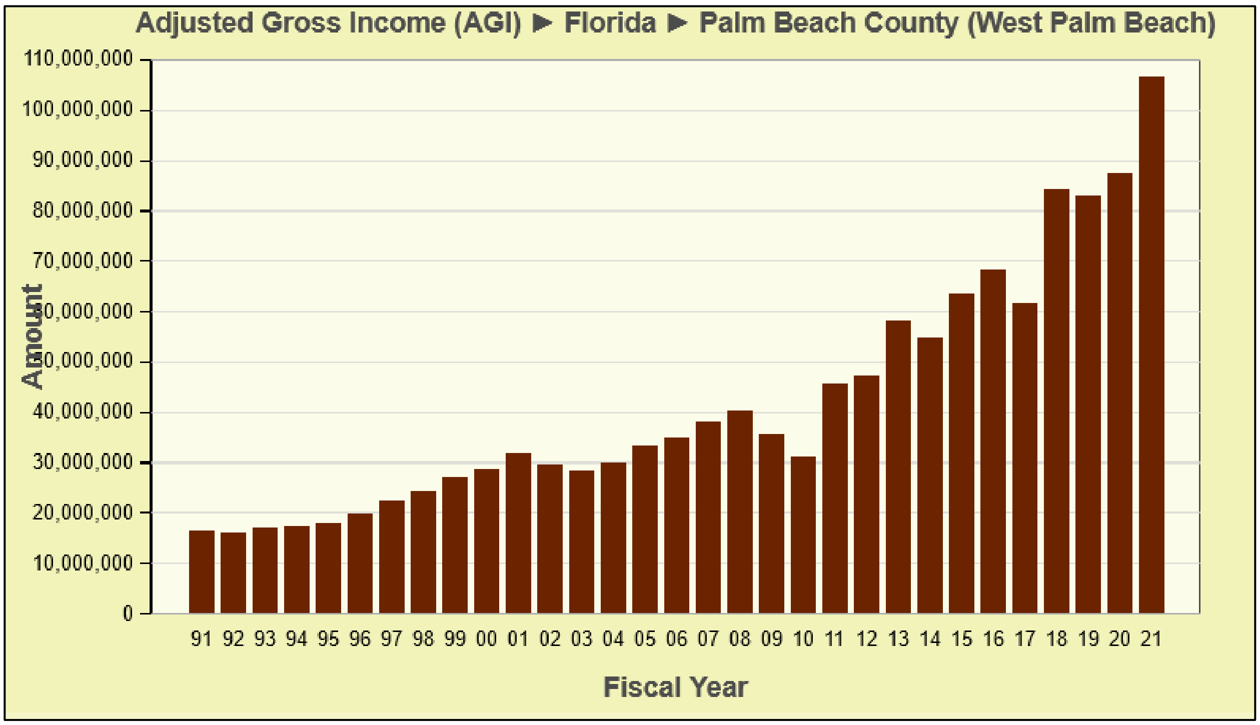
Photo credits: *Palm Beach Post* (Kimberly 2023c)

While rapid economic growth might seem like a harbinger of prosperity, it often does not translate into benefits for existing community members, especially those who earn limited incomes (Molotch 1976). Such "growth machine" politics, predominantly steered by a coalition of business leaders and politicians, tends to prioritize land value appreciation and investment opportunities over the welfare of the existing residents. The rapid influx of affluent households often prices existing residents out of their neighborhoods, replaces the businesses they patronize with entities that cater to the wealthier demographic, and creates a feeling of loss, if not alienation, within their communities (Madden and Marcuse 2016; Molotch 1976).

Indeed, the influx of high-income households into Palm Beach County, coupled with the redevelopment of urban space for use by wealthy newcomers, has displaced residents with lesser financial means. As the BDD's CEO stated in a recent interview, "[the people we recruit] come and buy large and expensive homes" (Rhodes 2020). In many cases, they also buy their homes in cash. According to a *Washington Post* study, more than half of homes purchased in ZIP code 33460 were made in cash from 2020 to 2022 (Martinez, Schaul, & Shaban 2023). Such buying pushes lower-income groups out of the market, because it raises prices through increased demand, and because fledgling home-seekers cannot compete with well-qualified, or cash-oriented, buyers.

These trends are powerfully illustrated through IRS tax migration data that we collected. The graph below shows rapid growth in the average adjusted gross income that Palm Beach County residents reported on their tax returns between 2010 and 2021—especially over the past five years.

Figure 47: Adjusted Gross Income (AGI), Palm Beach County, 1991-2021



Source: TRACIRS. "Taxpayer Returns by County, 1991-2021.'

In 2021, the average PBC return had an AGI of more than $135,000—more than $20,000 more than the pre-pandemic AGI of $112,802. For comparison, AGI increased only by about $25,000 between 1991 to 2011. From 2011 to 2021, it increased by $68,022—a roughly 270 percent increase in half of the amount of time.

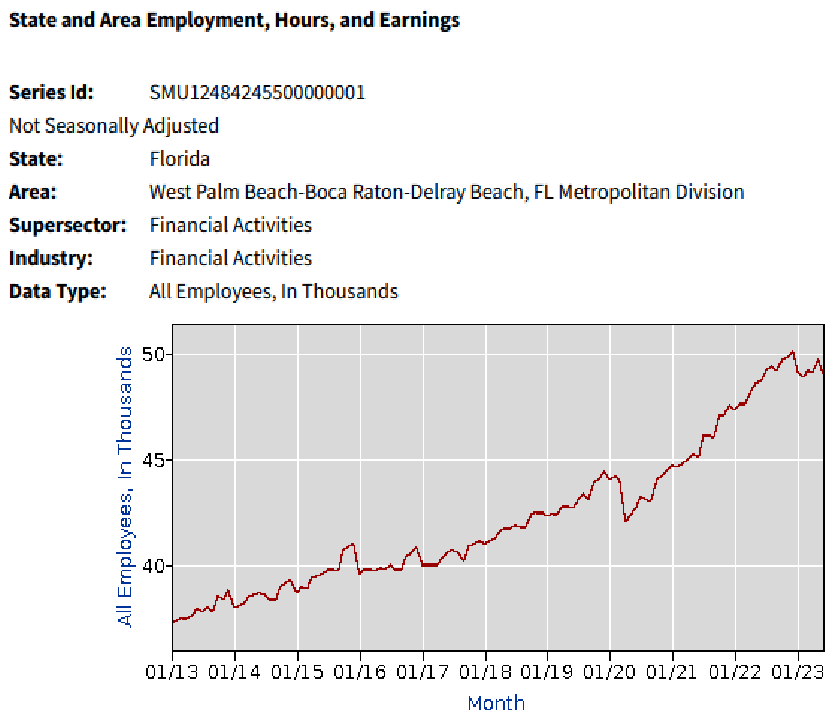
The increases depicted in the figure are not being driven by rapid wage and salary growth. They are being driven by the migration of ultra-high net worth households. According to IRS tax return data, 75,614 people moved to Palm Beach County and 63,743 people left between 2020 and 2021. The average adjusted gross household income of incoming residents was a staggering $242,219.[43] On the other hand, the average adjusted gross household income of outgoing residents was $96,318. The adjusted gross household income of non-migrant, existing residents

[43] The database does not provide medians, a superior measure of central tendency.

was $143,637. Incoming households thus earned 2.5 times the incomes of outgoing households and 1.7 times the income of existing ones.

We can also see evidence of gentrification through occupational and employment trend data collected by the Federal Bureau of Labor Statistics. As the first figures below show, Palm Beach County gained approximately 5,000 financial services workers from 2020 to 2022.

Figure 48: Financial Services Employees (Count), Palm Beach County



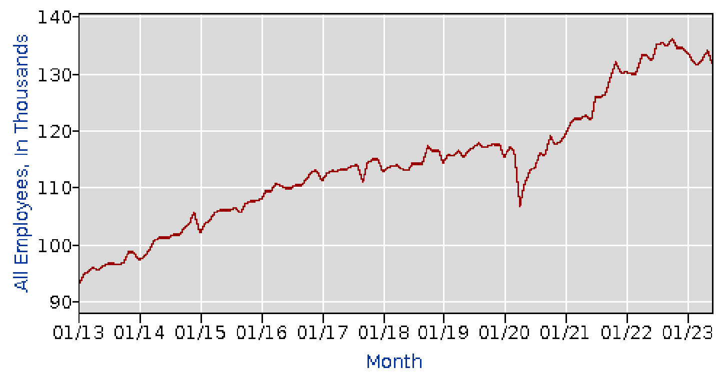
Source: Bureau of Labor Statistics (BLS)

In a similar pattern, Palm Beach County gained 16,600 professional and business services workers during the same period.

Figure 49: Professional and Business Services Employees (Count), Palm Beach County

State and Area Employment, Hours, and Earnings

Series Id: SMU12484246000000001
Not Seasonally Adjusted
State: Florida
Area: West Palm Beach-Boca Raton-Delray Beach, FL Metropolitan Division
Supersector: Professional and Business Services
Industry: Professional and Business Services
Data Type: All Employees, In Thousands



In contrast, the county only added about 3,400 construction workers and 2,500 health and educational services workers, despite both occupations being in high demand.

Figure 50: Construction Employees (Count), Palm Beach County

State and Area Employment, Hours, and Earnings

Series Id: SMU12484242000000001
Not Seasonally Adjusted
State: Florida
Area: West Palm Beach-Boca Raton-Delray Beach, FL Metropolitan Division
Supersector: Construction
Industry: Construction
Data Type: All Employees, In Thousands

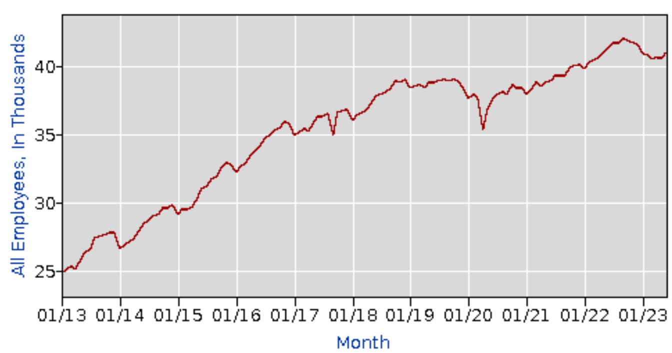
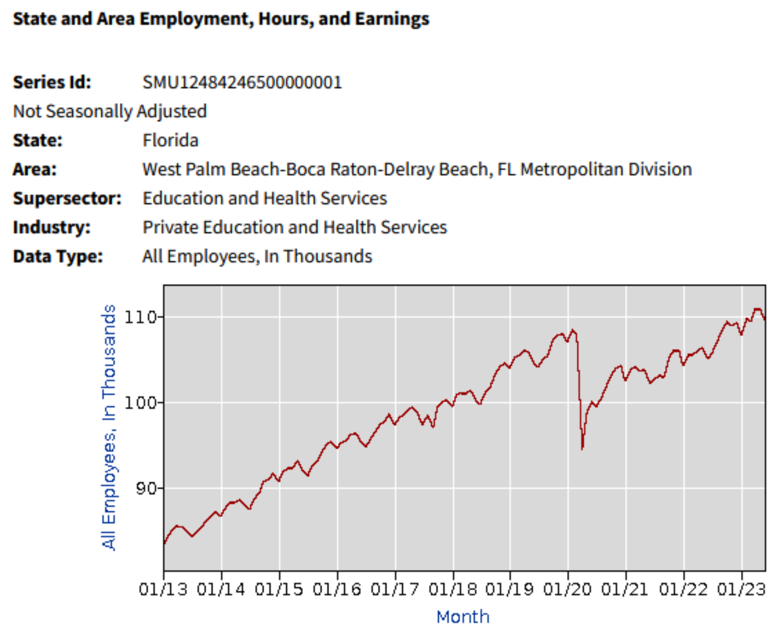


Figure 51: Private Education and Health Services Employees (Count), Palm Beach County



Despite significant population growth and strong consumer demand for entertainment, the county has not experienced any job growth in hospitality since 2020. Government employment has fared the worst, losing 7,000 jobs during the study period.

Figure 52: Leisure and Hospitality Employees (Count), Palm Beach County

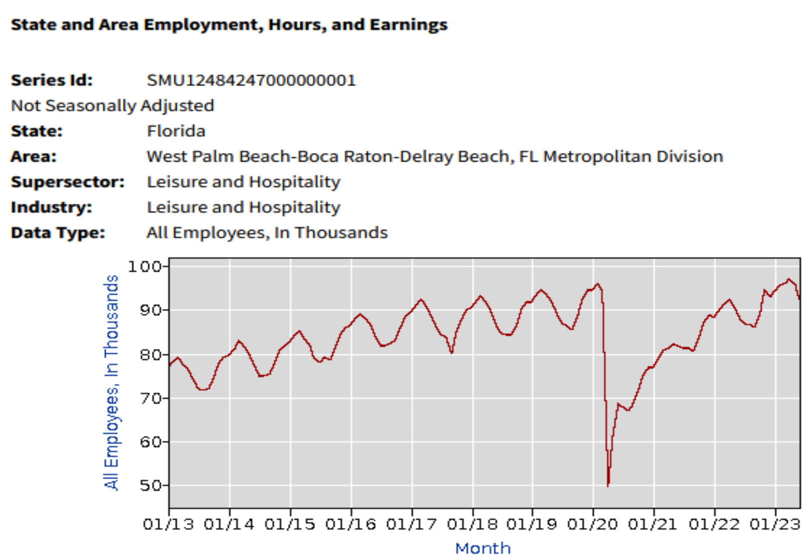
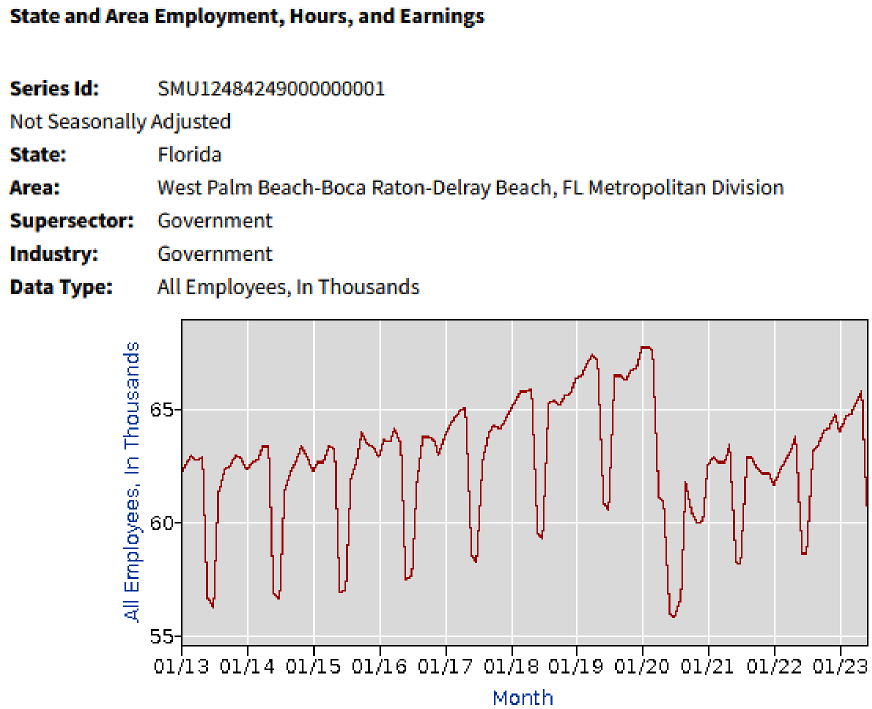


Figure 53: Government Employees (Count), Palm Beach County



Source: Bureau of Labor Statistics (BLS)

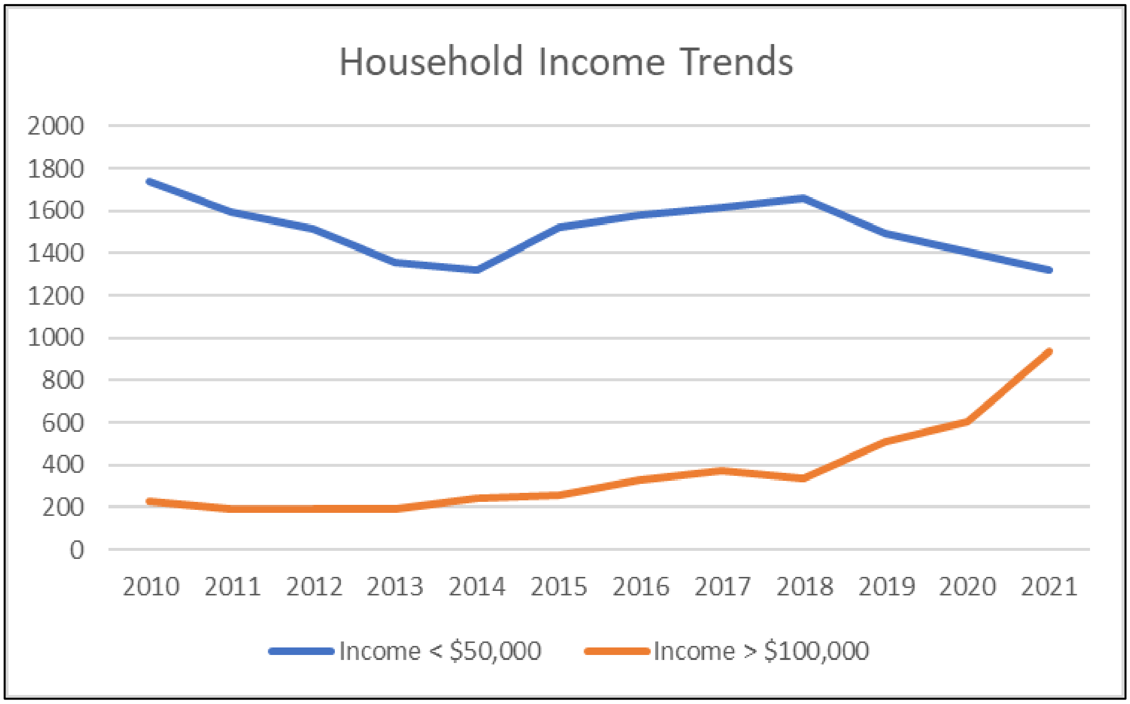
These data strongly indicate a process of gentrification and displacement, if not super gentrification.[44]

Indeed, in May 2022, the average annual salary for people working in financial services was $85,090. On the other hand, it was $59,480 for people working in educational instruction and library occupations, $52,890 for people working in construction, and $32,720 for people working in food preparation and serving related occupations. As such, the County is adding jobs in high-paying sectors, many of which involve remote working arrangements, and failing to sufficiently add, if not losing, jobs in sectors that are critical to local vitality, such as construction, healthcare, and education.

Although business development efforts have primarily focused on West Palm Beach, which is undergoing a process of super-gentrification—the displacement of middle-income households by higher-income ones—they have had spillover effects on Lake Worth Beach. Some incoming residents are choosing to live in the City, and some of the households being displaced from West Palm Beach are relocating to Lake Worth Beach. The influx of new residents with higher household incomes and higher levels of educational attainment is vividly illustrated in the figures below:

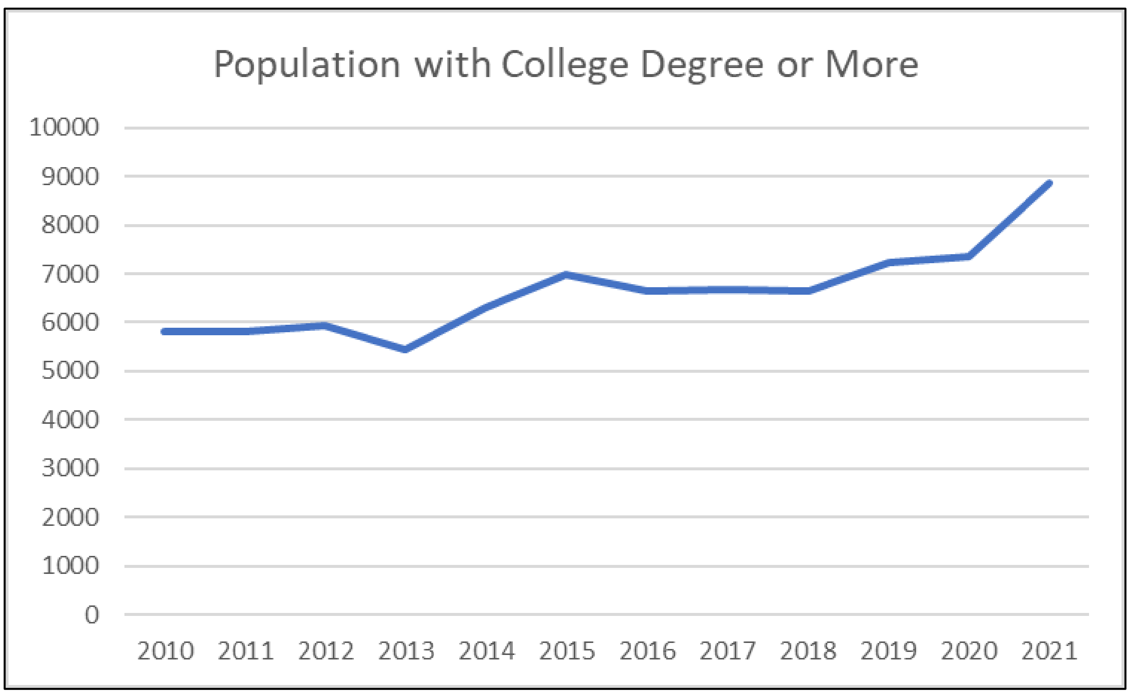
[44] Super-gentrification is the transformation of already gentrified, prosperous and solidly upper-middle-class neighborhoods into much more exclusive and expensive enclaves (Shi et al. 2021).

Figure 54: Households Earning less than $50,000 or over $100,000 Annually, Trends from 2010 to 2021



Source: ACS

Figure 55: Educational Attainment (Population with College Degree or Higher), Lake Worth Beach, Trends from 2010 to 2021



Source: ACS

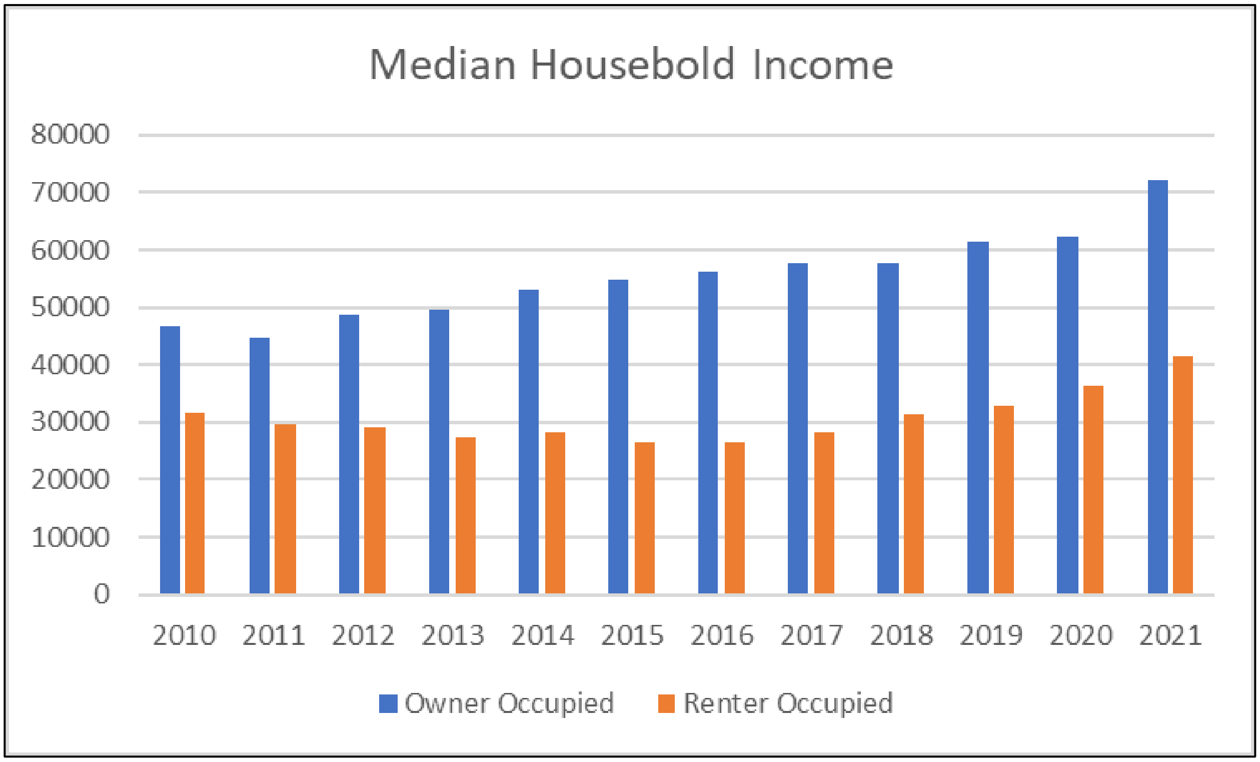
As the table below illustrates, between 2019 and 2021, Lake Worth Beach gained 1,485 new households. Of these households, 1,406—or about two-thirds—had incomes of at least $75,000. Nearly half (46 percent) had incomes of at least $100,000. In just two years, the number of households earning more than $75,000 per year increased by 42 percent, and the number earning more than $100,000 per year increased by 48 percent. On the other hand, 95 percent of the households that appear to have left the City had incomes that were below $40,000 per year. Indeed, the number of households earning less than $40,000 declined by 7.6 percent, and the number earning less than $25,000 declined by 12 percent. Overall, 476 households earning less than $40,000 per year appear to have left the City.

Table 23: Household Change by Income Bracket, Lake Worth Beach, 2019 to 2021

Households by Income Bracket:	2021 Estimate	Change from 2019 (#)	Change from 2019 (%)
Total:	**14,517**	**1,485**	**11.4%**
Less than $10,000	732	-132	-15.3%
$10,000 to $14,999	726	-158	-17.9%
$15,000 to $19,999	881	-13	-1.5%
$20,000 to $24,999	685	-110	-13.8%
$25,000 to $29,999	1,052	106	11.2%
$30,000 to $34,999	952	25	2.7%
$35,000 to $39,999	736	-194	-20.9%
$40,000 to $44,999	883	315	55.5%
$45,000 to $49,999	485	-32	-6.2%
$50,000 to $59,999	990	18	1.9%
$60,000 to $74,999	1,605	254	18.8%
$75,000 to $99,999	1,809	439	32.0%
$100,000 to $124,999	1,107	390	54.4%
$125,000 to $149,999	750	220	41.5%
$150,000 to $199,999	560	159	39.7%
$200,000 or more	564	198	54.1%

These trends suggest that incoming residents with relatively high incomes are displacing existing residents with low incomes. Indeed, as the figure below demonstrates, household incomes have been steadily rising for the past ten years, but especially since 2020. The figure also demonstrates how the income disparity between renters—many of whom are existing renters—and owners, many of whom are new migrants to the City, is widening.

Figure 56: Median Household Income, Renter-Occupied & Owner-Occupied Households, 2010-2021



Source: ACS

As noted throughout, these processes of gentrification began several years ago and have greatly intensified since the pandemic. Evidence of the nascent community change and gentrification can be seen in household tenure data collected by the ACS. About 28 percent of renters in the City moved into their current unit between 2015 and 2018. Only about 13 percent of homeowners moved in between 2000 and 2009, followed by 12 percent between 2015 and 2018. Therefore, 2015 to 2018 saw 40 percent of the households (owners and renters combined) moving into their current dwellings, indicating relatively new residents in these housing units.

These changes are placing pressure on many long-term residents. As an individual with a leadership position at a local non-profit that provides assistive housing services told us:

> We're seeing more families that are tapping out of Palm Beach County and saying, I can't do it. I mean, they had a county commission meeting not too long ago about transit service to, I think, Port St. Lucie. And I think that's kind of a white flag. It's recognition that while the jobs are here, we don't have the housing. So I mean, colleagues *we* work with have moved out of the county.

D. Conversion of Affordable Multi-Family Units

A second sign of nascent gentrification in Lake Worth Beach is the redevelopment of affordable units into units oriented toward more affluent consumers. As someone at a housing non-profit told us:

> Another part of this crisis, I'm going to say, is some of the landlords that we worked with for years and years and years: they've sold off their rental properties to investors or developers, and they're tearing down the units and rebuilding luxury condominiums in place of the rental units that we were so fortunate to be able to access.

As an example, the interviewee mentioned a property located on South Federal Highway, which for years had partnered with Gulfstream Goodwill Industries to provide permanent supportive housing to people who were unhoused or at risk of houselessness. In exchange for guaranteed occupancy and payment, the landlord partnered with the organization to offer discounted rents. However, during summer 2022, the landlord ended the partnership after transferring ownership of the building. The interviewee stated the property had been in the community for years, and its loss was “huge.”

We spoke to one of the tenants the previous summer. He claimed that the person who owned the building was raising their rent nearly 50 percent, to $2,000, and that all the existing residents were getting evicted. He expressed anger about the situation, explaining how he had been homeless before moving into his unit. He had been waiting six years before being approved for Goodwill’s program. But after finally receiving a home, he was forced to move due to the owner’s desire to capitalize upon the appreciating rental market.

We encountered several alarming cases of apartment conversion. Not far from the former Gulfstream Industries building, an investor—whom one resident we spoke with described as a “28-year-old kid” who “talked down to her”—purchased a building that most residents were renting for weekly rates. He evicted the entire building in order to begin renovating it for a more affluent market. We spoke with several of the tenants who were displaced. Many felt that their evictions were unjust, if not illegal. As one wrote in her affirmative response to the eviction notice:

> I need a court date to see the judge to not be forced to move or evicted. I have been living there for over a year with my three kids, and I always paid my rent on time ($450 weekly). A new owner has picked up the property and is doing everything in his power to get everyone out. [When I pay my rent] my money always ends up missing.

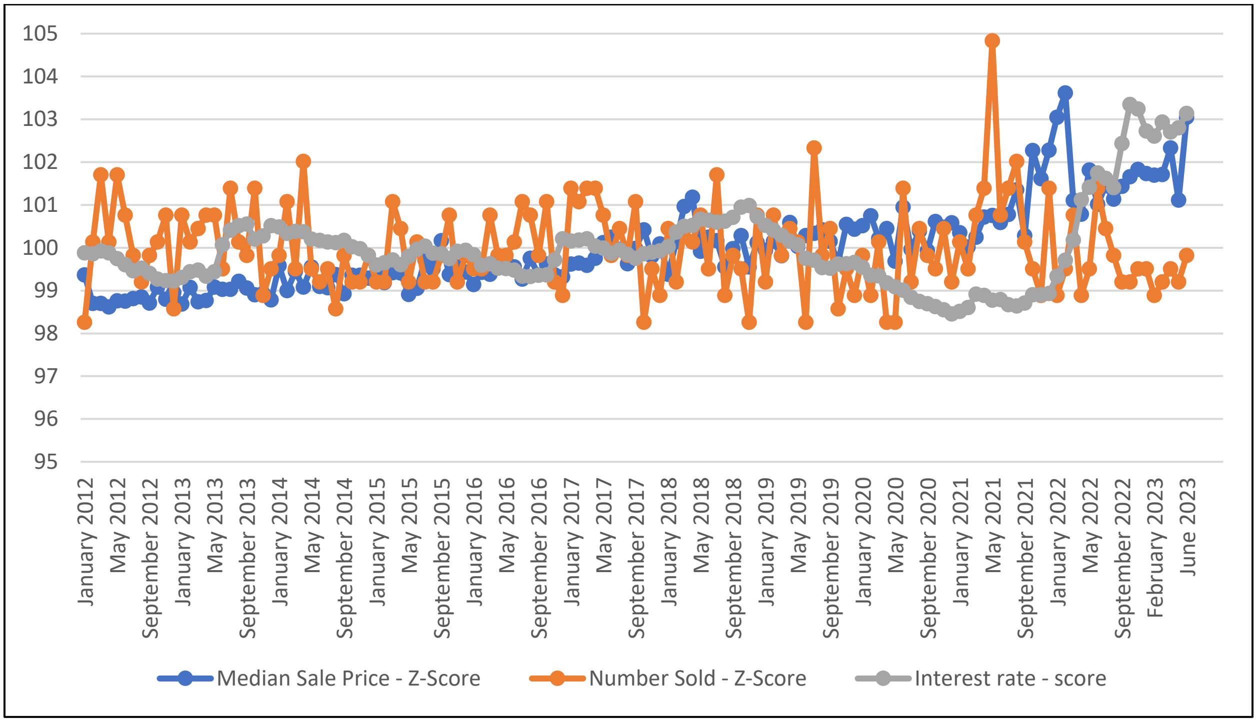
Further in the response, the woman states that she threatened to take the new landlord to court over the alleged stolen payments, to which he replied, “you’re not going to win this!” However, as she states in her defense, “my husband [and I] are not trying to win anything. All we really need is 30-60 days to find a different place to live…[It’s] really hard right now to find places to stay when you have three kids to take care of as well.”

Indeed, we encountered multiple instances of displacement due to rental increases or renovation after multi-family real estate transactions. In several cases, we attempted to make field visits to individuals who were served with eviction notices, only to find the properties vacant and undergoing renovation. During one of those visits, I spoke with the man who was performing the renovations. He himself was precariously housed—living in a travel trailer—and was renovating the units in exchange for lodging within one of them. In other cases, we spoke with individuals whose rents had been substantially increased after a new owner purchased the property. One individual faced with eviction told us that the new owner of his unit had increased the rent from

$650 to $1,150. Despite facing eviction, he was repairing one of the adjacent units when I arrived—a side-gig he performed in an effort to attempt to make ends meet.

Our field observations and interviews are supported by the real estate transaction data we collected. As the chart below shows, as astounding number of multi-family homes were purchased from March 2021 to August 2021.

Figure 57: Multi-Family Home Sales (Z-Scores), Lake Worth Beach, January 2012-June 2023



Source: Redfin

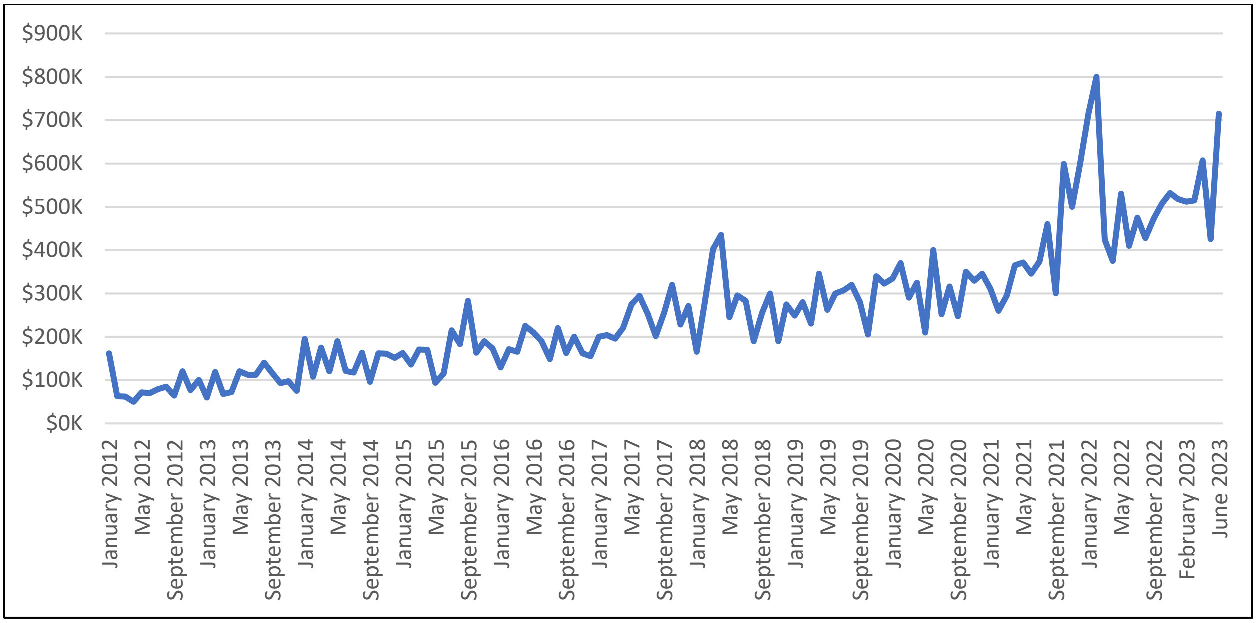
To put the graph in perspective, statisticians typically measure how unusual a data point is by calculating its distance from the average, measured in terms of "standard deviations." While a data point that is one standard deviation away from the mean is fairly common, data points that are two or more standard deviations away from the means are extremely rare events. In the opening months of 2021, multi-family real estate sales in Lake Worth Beach were nearly five standard deviations above the mean number of sales for the period between January 2012 to June 2023—a statistic that indicates a very large sell off.

Several factors led to this sell-off, in which investors outside the community acquired substantial real estate holdings. First, the job losses associated with COVID-19 led to severe unemployment and economic distress. Between February and April of 2020, the U.S. economy lost 22 million jobs. Given its relatively high dependence on the hospitality sector, Florida was disproportionately affected by the pandemic. Income loss led to major disruptions in the housing market. By July 2021, more than 7 million U.S. households were delinquent on rent payments. Collectively, they owned more than $57 billion in back rent, utilities, and late fees (Ross 2021). Due to eviction moratoria, many landlords experienced distress due to the inability to collect rents.

While large, corporate landlords possessed sufficient capital to weather the storm, small "mom and pop" landlords did not. Thus, much as they did during the Subprime Mortgage Crisis, private equity groups and corporate real estate investment companies pooled capital—$1.4 trillion of it by June 2020—in expectation of a real estate sale. With interest rates still low and expectations of robust population growth with rising rents in South Florida, many pounced on Lake Worth Beach in the winter and spring of 2021.

Because many of them are speculating that the area will gentrify, they are also buying at higher prices. Whereas the median sales price of a multi-family home was $300,000 in June 2019, it had increased to $715,000 by July 2023.

Figure 58: Median Sale Price of Multi-Family Homes, Lake Worth Beach, January 2012-June 2023



Source: Redfin

These higher prices, obviously, require more expensive rents.

In correlation with our field observations and the eviction records we reviewed, the housing services providers we interviewed claimed that the City's new, often absentee, landlords were less likely to set affordable rents or partner with them on affordable housing initiatives. As one told us:

> The whole housing landscape has changed. When we worked in this homeless prevention program many years ago, we dealt a lot with smaller landlords—landlords [with] a couple of units. And now things seem to be tied in more frequently to LLCs and larger landlords that aren't even in Florida; they are in California or Canada [or somewhere else that is far away].

Many low- and moderate-income Lake Worth Beach residents are thus caught between the pressures of two real estate speculations cycles that have converged. Residents previously tolerating poor conditions for low rent are now being displaced by new landlords targeting wealthier tenants. This trend is evident from the eviction of eight renters from a rundown apartment complex on South Federal Highway in Summer 2022 (see page 89).

E. Increasing Selectivity, Eviction, and Displacement

To analyze housing conditions in Lake Worth Beach, we analyzed eviction activity in the City from 2019 to August 2023. This involved acquiring eviction records from the Palm Beach County clerk; generating descriptive statistics on the incidence and rate of eviction activity; identifying eviction hot spots across the City; studying the typical outcomes of eviction cases; and coding the properties of a sample of individual cases. We also spoke with several individuals who were served with evictions and made field visits to several of the housing units on which eviction notices were filed.

Our eviction research yielded several important findings. First, Lake Worth Beach landlords are displaying a lower level of tolerance for renters who fall behind on their monthly payments. When the housing market had more slack, many landlords exhibited a willingness to work with tenants who fell behind on their rent payments. When a tenant missed rent, the landlord may have waited several months before filing an eviction, pursuing it only as matter of last resort. Today, many landlords are filing evictions after renters miss a single payment.

Many are also refusing to accept emergency rental assistance vouchers from public and private entities. Indeed, when I asked a leader at an organization dedicated to supporting housing-insecure individuals whether landlords were engaging in a higher level of source of income discrimination than in the past, they replied: “Yeah…more…now than in recent memory and maybe ever." Their colleague chimed in: “That's been a really big challenge—trying to work with the landlords. The landlords are just like, 'you know what, no, I'd rather just evict them than accept your one month of rent.' And it doesn't have to be some long, drawn-out, months and months of late rent. It's one or two months behind, and they don't want to work with us anymore.”

We interpret this to mean two things. First, landlords feel confident that the market favors them. With a large supply of well-qualified residents who have good credit, high incomes, and the ability to pay the first month’s rent, the last month’s rent, and the security deposit—if not the annual rent in its entirety—before moving in, landlords have little inclination to participate in programs that require them to engage with state bureaucracies, such as Housing Choice Vouchers or Emergency Rental Assistance. We spoke with one landlord who had decided to list their three-bedroom home for rent at $3,000 per month. For tenants, he selected a couple that was relocating from the Northeast; they needed a place to live while renovating the home they had purchased. The couple paid the annual contracted rent—$36,000—in cash, at the lease signing.

Low- and moderate-income households who are asset-constrained and income-limited—who may occasionally make late payments or require rental assistance—cannot compete with such tenants on the market, just as homebuyers who rely on financing find it difficult to compete with cash buyers. As someone in a leadership position at a housing organization told us: “When they're evicting, then they're thinking, they only owe me a month, but if I get another tenant in that has higher income, the likelihood of falling behind might be less."

Second, our research suggests that many Lake Worth Beach landlords have an incentive to evict rather than work with existing tenants, because it allows them to raise rents. As one of the housing leaders quoted above told us, "It's a landlord's market, because there's so many renters and such a short supply of housing stock. They can pick and choose. They don't want to deal with the waiting [period associated with vouchers]. [By evicting] they can raise the rent again. They can get a higher amount."

Third, our research suggests that rapid, uncompromising eviction is linked to another aspect of gentrification: the growth of large, institutional landlords that lack a personal connection to the community. Several researchers have shown that the development of a separation between lenders and homeowners, and landlords and renters, produces negative outcomes for communities (Madden & Marcuse 2016). When private equity firms, real estate investment trusts, and corporate real estate firms purchase investment properties in communities they have no organic relationship to, they may base rents on company profit models, not on the needs and abilities of community members.

Moreover, rather than interacting with their tenants as human beings, estrangement may cause landlords to interact with them as entries on a financial ledger. Under this system, the eviction process can be triggered almost mechanically, often by an administrative entity that operates remotely. This deprives tenants of the opportunity to explain or rectify the situation and also increases the likelihood of erroneous evictions, as the process lacks the safeguard of personal verification and dialogue.

Indeed, an attorney who represents individuals with eviction cases through a non-profit law firm told me that he had represented several clients who had experienced unlawful evictions. In several of these cases, the tenants' landlords filed and won judgements on eviction cases despite receiving Emergency Rental Assistance payments from the County. When I asked them why landlords evicted tenants who brought their accounts up to balance, they replied:

> These are oftentimes very large, out-of-state landlords, and they're not talking to their very large statewide 'eviction mill' law firms. When they send a hundred cases across the state to their law firm based in Orlando, they're not talking about each one of those files. Institutional ownership of these properties is directly [related to unjustified evictions]. The underpaid property manager may have sympathy for the client that lives [in the unit], but if she can't get through to the lawyer and say, 'stop this,' and file the appropriate paperwork to stop the eviction, then that person's going to be evicted. I've seen that happen several times…That happens frequently.

As the interviewee states, the attorney whom the landlord retains significantly impacts the outcome of eviction cases. They stated that small, local landlords tended to hire local attorneys, whom they were able to build relationships with. Because of these relationships, and because these attorneys are also connected to and concerned about the community, they were more likely to work with clients who fell behind on payments. On the other hand, they stated that "there's other cases where despite having 10, 15 cases with opposing counsel, we've never spoken with a lawyer or anyone in the office.”

CHAPTER 9:
ASSESSING LAKE WORTH BEACH'S HOUSING SUPPLY

A. Is There an Under-Supply of Housing?

As housing prices began to escalate in early 2020, many parties across the county and state—including real estate developers, realtors, and champions of economic growth—began framing unaffordable prices as a problem of insufficient housing production that was leading to an undersupply of housing units relative to demand. From this vantage point, the key to solving the housing problem involves "unleashing the cranes," so to speak, by deregulating real estate development and incentivizing new housing production via public subsidies and tax breaks. The Live Local Act, Palm Beach County Housing Bond, and Palm Beach County Housing for All plan are based on these premises, calling for measures such as the following:

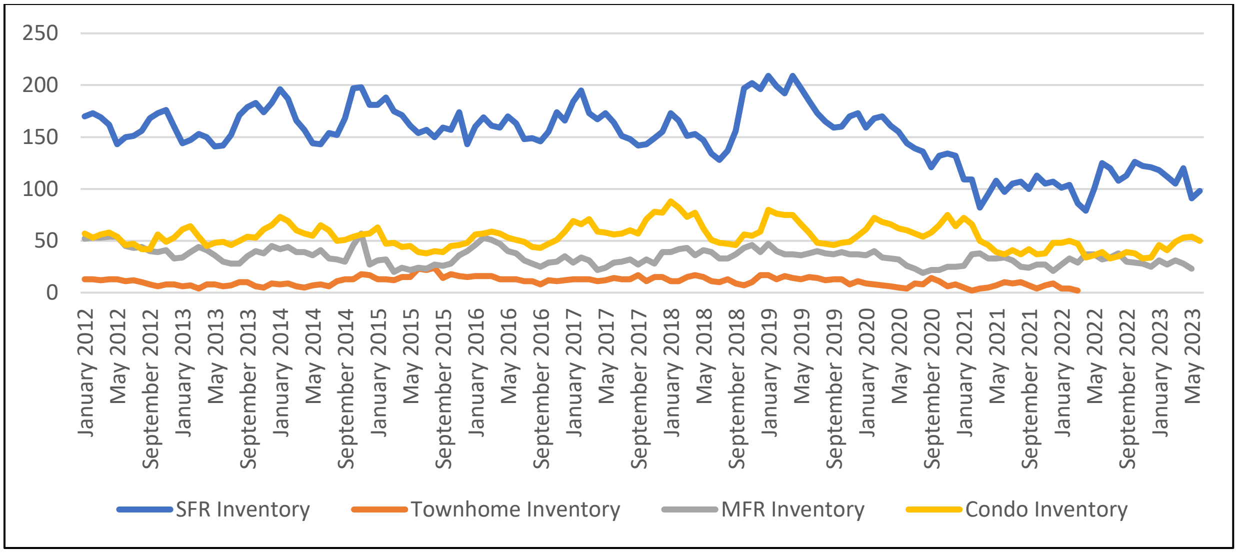
- Subsidizing development with land donations, low- or no-interest public financing, and buy-down programs
- Reducing or waiving impact fees on new development
- Providing property tax abatements, tax credits, and/or tax increment financing for new construction
- Ending single-family zoning
- Scaling back or eliminating height, density, and intensity restrictions
- Circumventing "not in my back yard" (NIMBY) opposition to new development by restricting conditional use hearings and enabling administrative permitting
- Reducing requirements for impact studies
- Expediting permitting processes by hiring additional city staff
- Rezoning commercial, industrial, and even agricultural areas to expand building options through adaptive reuse
- Nullifying the ability to regulate the relationships between landlords and tenants.

The belief of stakeholders who promote this market-based agenda is that excessive government regulation has throttled housing production, and that activist community members—or NIMBYs—have worsened the problem by leveraging the regulatory apparatus to stop, shrink, or stall new housing projects. Such NIMBYs are said to defeat housing proposals for selfish reasons, such as reducing traffic, preserving privileged access to community amenities, and inflating their property values.

Although NIMBYism has stopped or delayed some projects that may have served local housing needs—such as a supportive housing facility on South Federal Highway that was blocked in 2021—and although there are doubtless inefficiencies in local land development regulations and permitting procedures, our research does not support the proposition that housing production levels are the primary culprit of, nor the optimal solution to, the emergency conditions that prevail across the City.

As the figures below show, housing prices and rents do respond to demand. The sub-market home values and rents that characterized Lake Worth Beach during the aftermath of the Subprime Crash were driven by extreme vacancy rates—that is, a glut of property without demand to absorb it. As the City's population and economy grew, the absorption of these units increased prices. These trends can be seen in the figures below.

Figure 59: Lake Worth Beach Home Inventory by Type, January 2012-May 2023

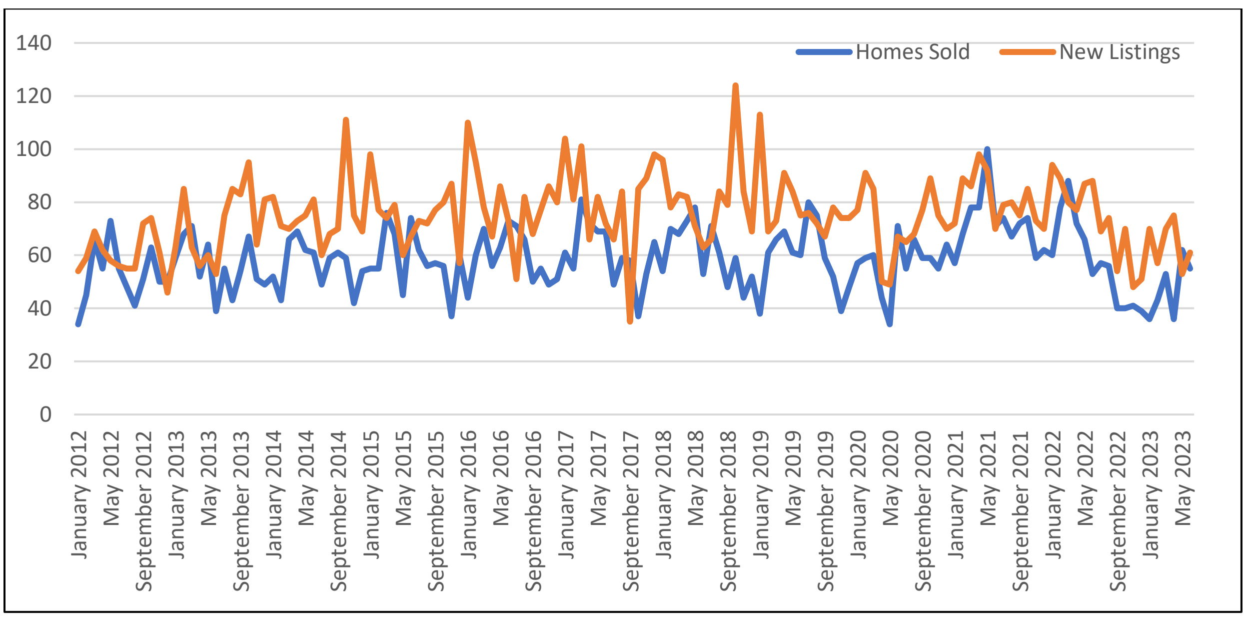


Source: Redfin

The figure shows declining inventory beginning around Spring 2019 across almost all home types in Lake Worth Beach—especially single-family homes—indicating constrained supply.

The next figure also seems to illustrate a supply and demand imbalance.

Figure 60: Home Sales vs. New Listings, Lake Worth Beach, January 2012-April 2023

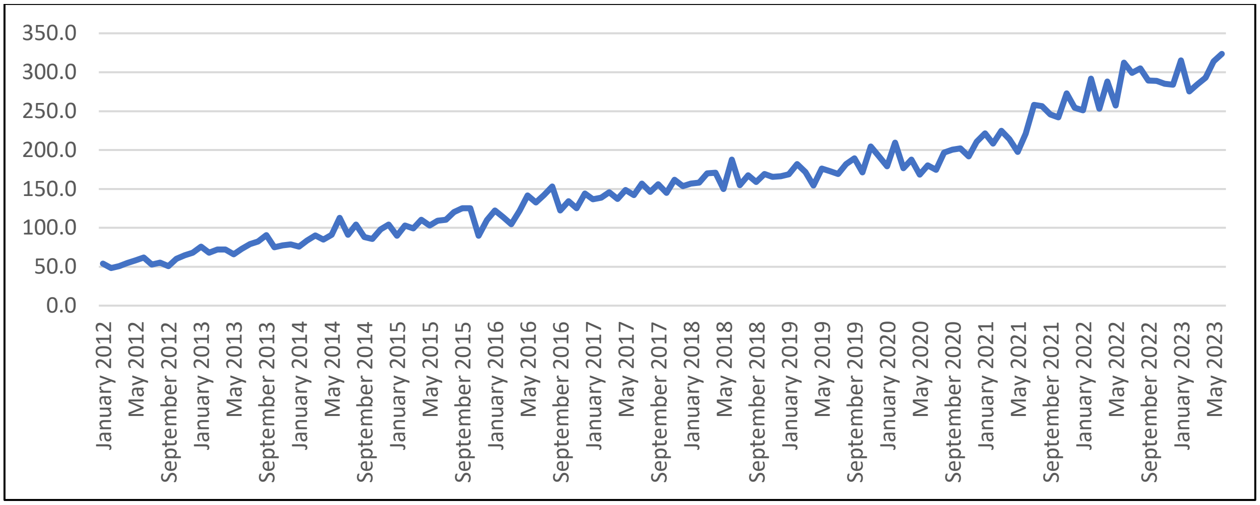


Source: Redfin

As depicted in the figure, there were several periods during which new listings outnumbered property sales from 2012 to 2020, that is, when residents were unable to sell their properties (at least at the desired prices). But with new listings decreasing during the post-pandemic period, the gap between listings and sales diminished. With fewer choices, purchasers are buying what is available, which also indicates supply constraint.

Additionally, the chart below shows the average price per foot of Lake Worth Beach real estate increasing by more than 60 percent since the pandemic.

Figure 61: Average Price per Square Foot Over Time, Lake Worth Beach, January 2012-May 2023

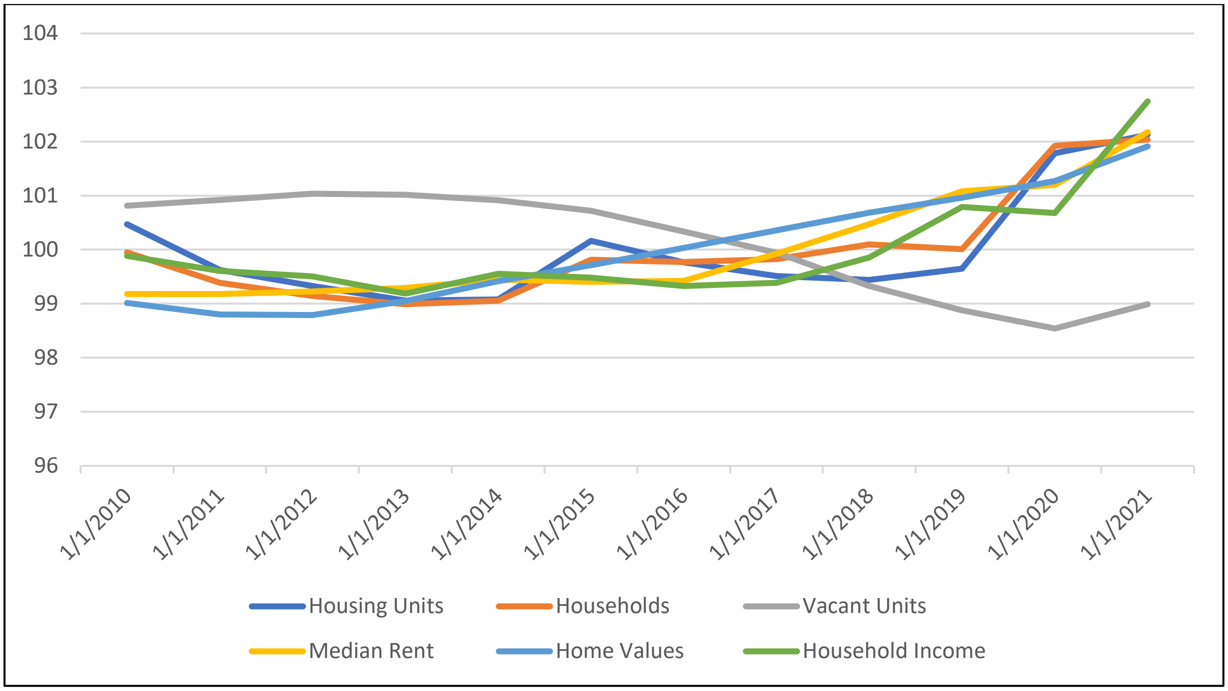


Source: Redfin

Typically, high demand chasing inadequate supply causes the type of price inflation depicted in the graph.

And finally, the graph below displays how homes values and rents began ascending at precisely the moment when vacancies began decreasing.

Figure 62: Key Housing Metrics: Population, Building Vacancy, and Price Trends (Standardized Z-Scores); Lake Worth Beach, 2010-2021

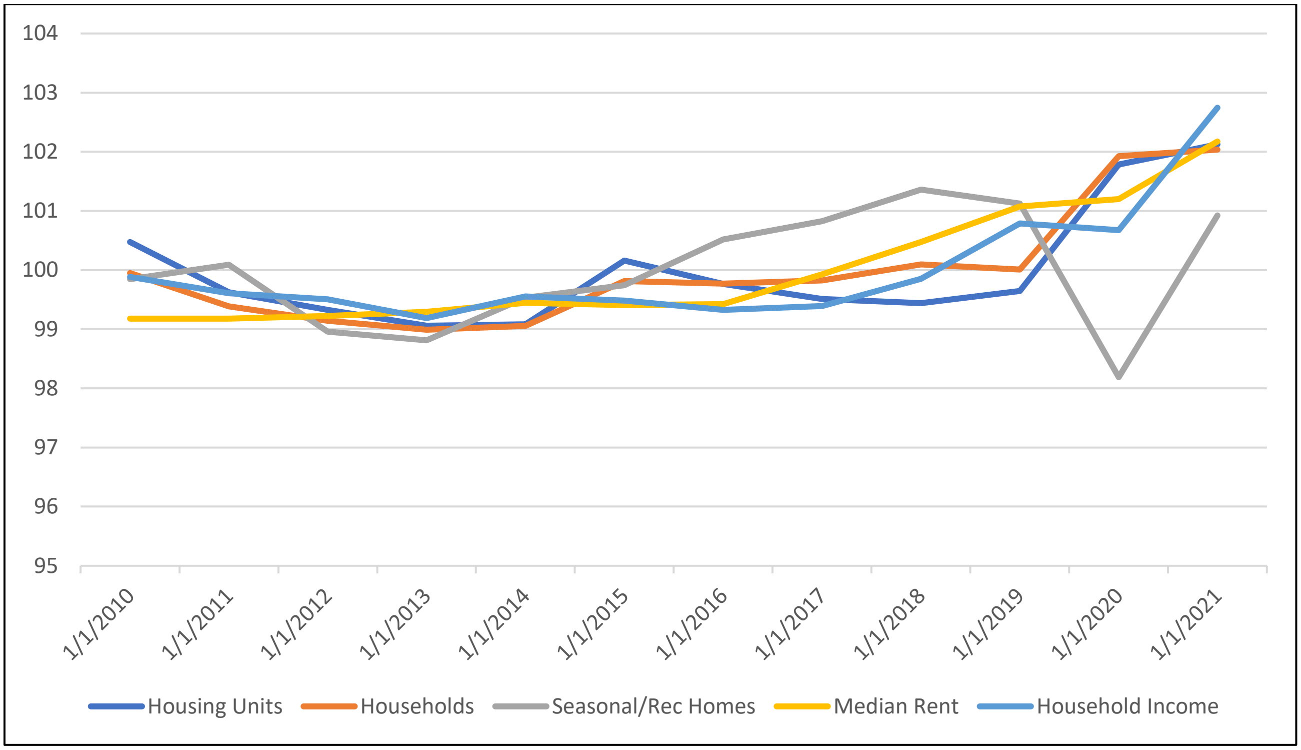


Source: Graph created by the authors with Redfin, ACS, Apartment List, Zillow.

Although these figures would seem to support the under-supply thesis, they do not tell the whole story.

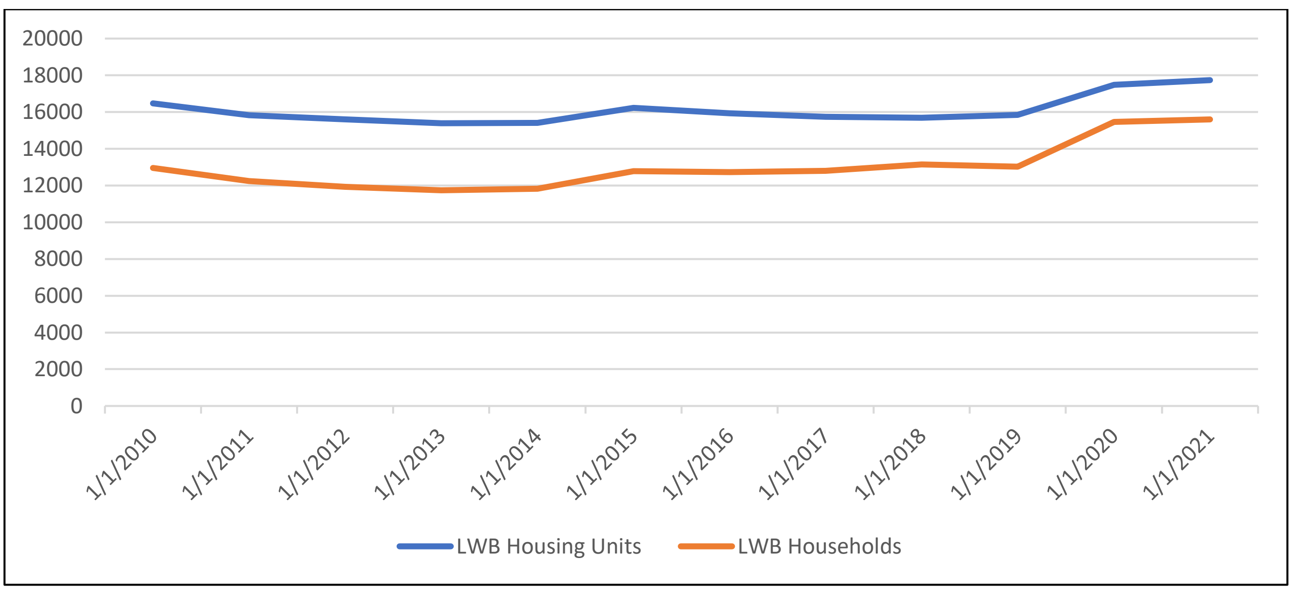
As the three subsequent graphs show, an increasing number of people began to purchase Lake Worth Beach' housing inventory for seasonal and/or vacation rental use around 2016, a trend that has increased in recent years due to societal wealth inequalities.

Figure 63: Effects of Supply, Population, Leisure Homes, and Income on Rent (Standardized Z-Scores), Lake Worth Beach, 2010-2021



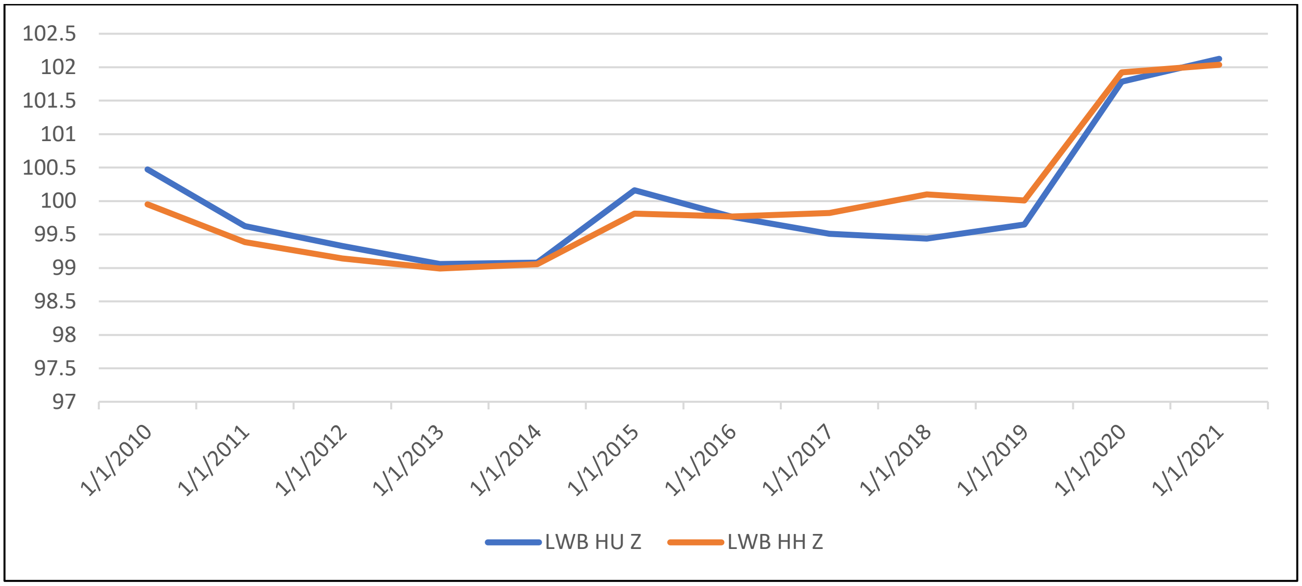
Source: Graph created by the authors with Redfin, ACS, Apartment List, Zillow.

Figure 64: Housing vs. Household Growth, Lake Worth Beach, 2010-2021



Source: ACS

Figure 65: Housing vs. Household Growth, Lake Worth Beach (Standardized Z-Scores), 2010-2021



Source: ACS

These graphs are important because they show two important patterns. First, rents began to become uncoupled from supply, population, and income trends shortly after seasonal and recreational homeownership began to increase.[45] This uncoupling began between 2016 and 2017. Second, from 2010 to 2021, housing units grew at a similar rate to new households—though households grew at a slightly faster pace, tightening the market. The City has thus been producing new housing units at a level that is roughly commensurate with population growth. Indeed, according to ESRI, the number of housing units increased by an annual rate of 1.76 percent from 2010 to 2020—a rate which is nearly consistent with the City's average annual population growth of 1.83 percent during the same time.

In sum, these data suggest that the City's housing stock may be slightly, but not severely, undersupplied. When we calculated the City's housing to household ratio at different time points using ACS 5-year estimates, we found that there were 1.27 housing units for every household in 2010, and 1.13 for every household in 2020. Although this figure represents a decrease of 11 percent, it shows that there are still enough homes in Lake Worth Beach to house all residents if most are used for primary occupancy.

Although some units may be sitting vacant for speculative purposes—i.e., because the property owners are listing the units for high prices and resisting pressures to reduce them, believing they will eventually fetch the asking price—the supply problem that some have observed appears to relate to the acquisition of local housing units for non-residential purposes—including vacation rental, seasonal home use, or corporate rental—in lieu of under-production. The 2021 ACS reported 2,317 vacant units across the City, most of which are owned by seasonal residents and

[45] The graph shows a sharp drop in seasonal homeownership between 2019 and 2020, which is misleading. During the lockdown, many seasonal owners made the city their primary residence.

vacation rental owners (ACS 2021). These and seasonal owners appear to be absorbing large quantities of the City's housing stock, thereby driving up prices.

Previous researchers have found that high rates of seasonal homeownership can cause disproportionate rental and home price increases (Smith 2022). Moreover, a report by FIU's Metropolitan Center (2008a) concluded that "the significant increase in 'vacant seasonal' homes in Palm Beach and Martin Counties since 2000 has impacted the availability of rental housing." Today, Palm Beach County—with nearly 100,000 units belonging to seasonal residents—ranks second on a list of counties with the most second homes in the United States (Zhao 2020). The trend is likely accelerating, given that 15 percent of new housing starts in 2021 were purchased as second homes in the U.S. (Emrath 2021).

In summary, we can take several points away from these findings:

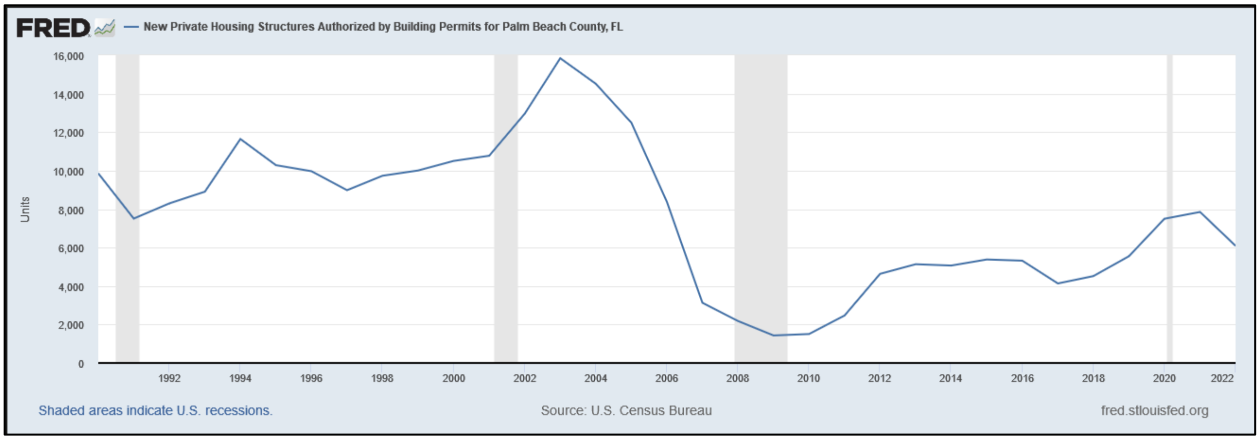
1. Strong demand should not be conflated with under supply when the demand is being driven by investment or non-primary use purposes. Low inventories that accompany high vacancy rates signal a problem of distribution and over-commodification, not under-production.

2. The factors fueling demand are vacation rental purchases, seasonal home purchases, real estate speculation, and in-migration of high-income houses, which are related to economic development and tourist development activities.

3. Many real estate analysts have erred by focusing on factors such as inventory, time on market, and the ratio of prices to incomes as indicators of under-supply. These factors indicate demand for housing in general—including seasonal homes, vacation rentals, corporate rentals, and investment properties—not demand for owner-occupied housing by primary residents. Building more housing will not reduce housing costs if vacation rental operators, seasonal homeowners, and other non-residents acquire them.

4. None of this should be interpreted to mean that local housing conditions would not benefit from additional density or affordable housing options. As the chart below shows, building activity has been relatively sluggish by historical standards over the past decade in Palm Beach County. Our point, rather, is that underproduction is not the primary cause of, and hence not the optimal solution to, the housing emergency. These points are further developed in the subsequent sections.

Figure 66: New Private Housing Structures Authorized by Building Permits, Palm Beach County, 1992-2020



B. Are High Interest Rates Contributing to Supply Problems?

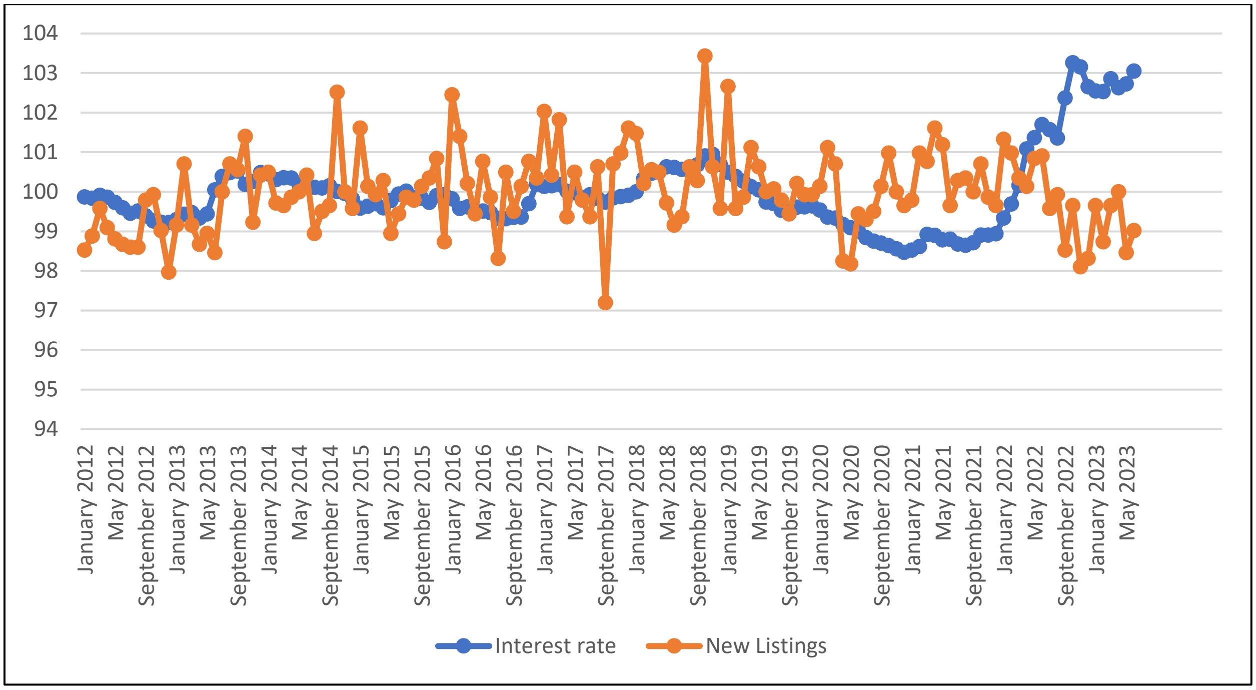
Our research indicates that federal monetary policy has played a role in elevating price activity within the Lake Worth Beach market. The Federal Reserve adjusts interest rates to manage economic growth and consumer prices. To stimulate economic growth and prevent price deflation in consumer goods, it typically reduces rates to increase investment activity and promote demand. When price inflation occurs, it typically increases interest rates to control prices by limiting demand. Since the Federal Reserve began increasing rates in 2022, they have failed to stabilize prices or increase affordability in Lake Worth Beach. Several factors appear to explain their impotence—or even counter-effectiveness:

1. From 2017 to 2022, the majority of Lake Worth Beach real estate sales were transacted in cash (Martinez et al. 2023). In such a context, rates have less impact on prices, and the effects they do have—reducing the capacity of low- and moderate-income households that require financing to compete with cash purchasers—are arguably counter-productive.

2. Because new housing production requires financing through construction loans, rate hikes discourage new production and increase the cost of it.

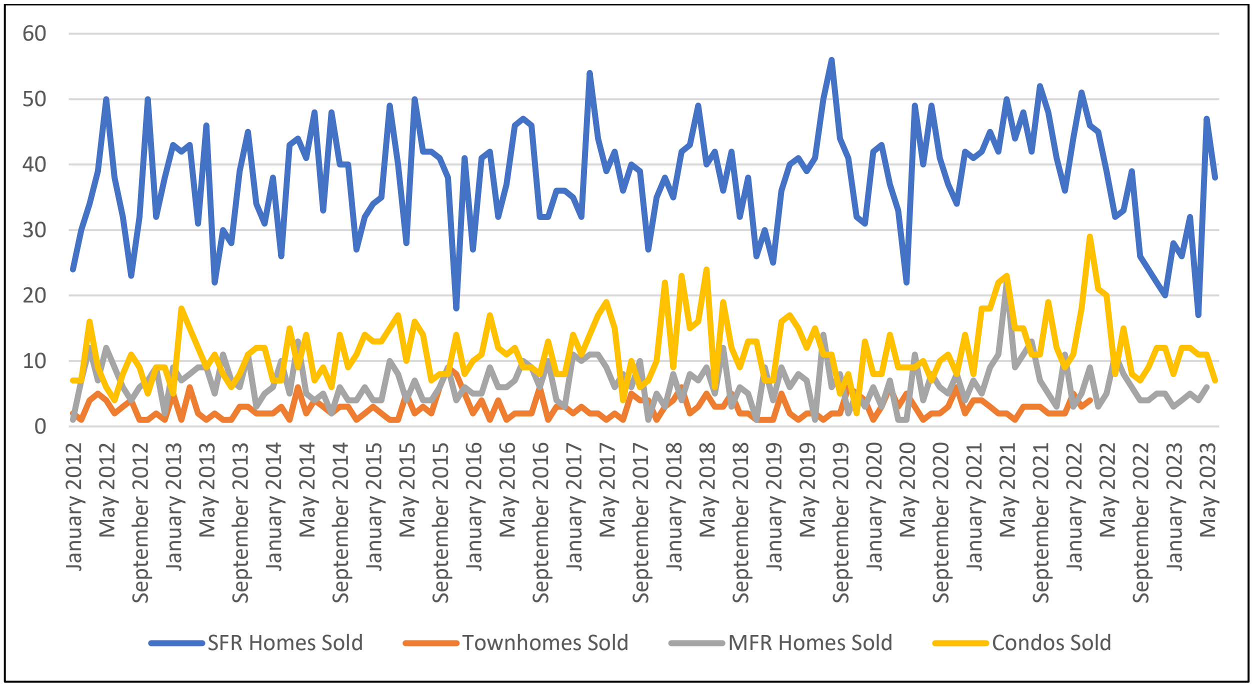
3. When rates rapidly rise and fall within a short time, they can reduce supply. Many Lake Worth Beach homeowners purchased or refinanced their homes when rates dropped to historic lows between 2020 and 2021. With mortgage rates tripling over the last 1.5 years, they have become reluctant to sell their homes, because they desire to maintain their low rates—especially since high prices have produced high financing requirements. The graph below shows the inverse relationship between interest rates and new listings.

Figure 67: Relationship between Interest Rates and New Listings (Z-Scores), Lake Worth Beach, 2012-2023



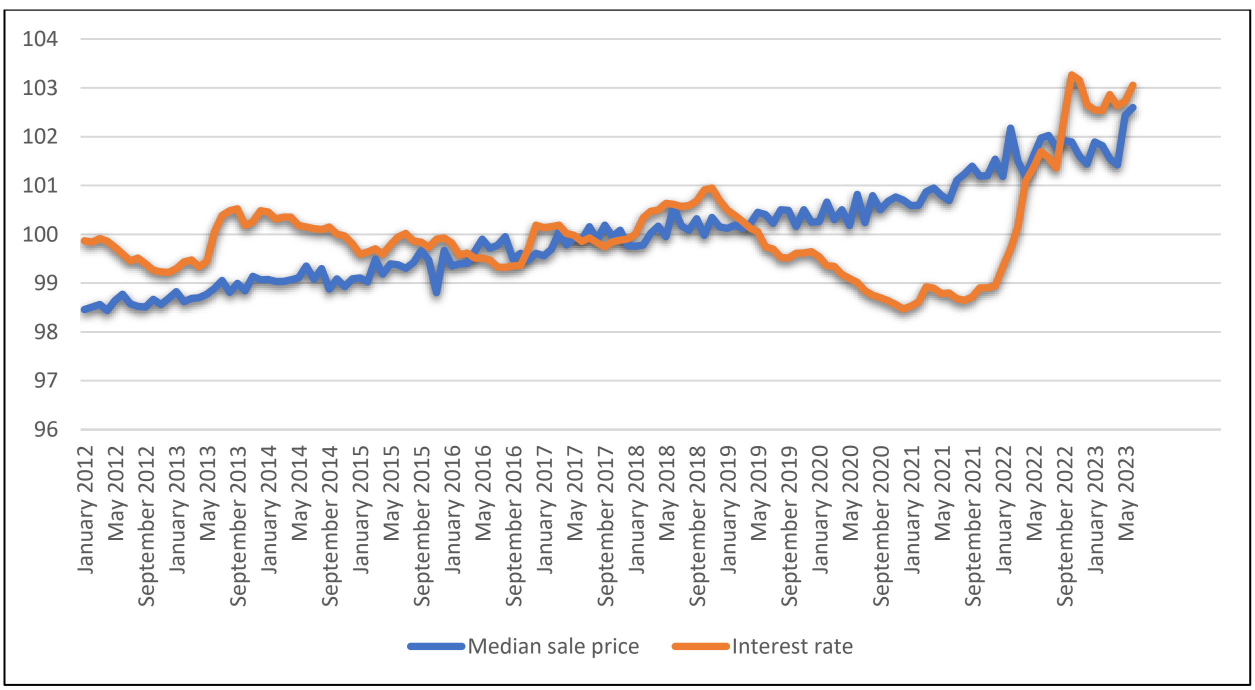
As the graph shows, new listings began to sharply diverge from interest rates in 2022. Many homeowners who purchased properties during the pandemic, when rates were at historic lows, may now be reluctant to sell. Indeed, rates reached a record low of 2.68 percent in December 2020 and are now at their highest rate in more than two decades: 6.98 percent.

Figure 68: Home Sales by Type, Lake Worth Beach, 2012-2023



Because supply has dropped at a time when population growth and all-cash real estate speculation have remained steady, prices have not only held but increased. This can be seen in the graph below.

Figure 69: Relationship between Interest Rates and Home Prices (Z-Scores), Lake Worth Beach, 2012-2023



Note: Sales and prices converted to z-scores and converted to positive numbers by adding 100.

Due to the attributes of the Florida real estate market—which is characterized by many cash buyers and speculators, as well as limited supply due to the units seasonal homeowners and short-term vacation rental (SVR) operators take off the market—the Federal Reserve's actions have worsened local housing affordability by contributing to supply constraints.

In sum, to stabilize the economy during the COVID-19 pandemic, the Federal Reserve reduced interest rates to near zero, and Congress passed two economic stimulus bills that injected vast trillions of dollars into the economy. Because the pandemic limited opportunities for spending on services, many Americans used their stimulus dollars to purchase equity investments and consumer goods (down payments, home renovations, furniture, etc.). The former produced a small bubble in the stock market, which stabilized once the Federal Reserve began to raise raises. However, the latter has led to persistent inflation in the housing market for the following reasons:

1. Access to inexpensive credit increased demand for homes;

2. Cheap credit encouraged people to pay higher prices for homes;

3. Rapid rate fluctuation has discouraged homeowners who bought when rates were low from selling their homes now that rates are high, which maintained high prices via supply reduction.

The Federal Reserve's monetary policy has also given high-income households and investment companies an advantage on the housing market given that they are:

1. more likely to purchase the home outright;

2. more likely to qualify for loans on expensive properties;

3. more likely to have sufficient savings for a down payment;

4. partially inoculated from the effects of high rates through the Mortgage Interest Deduction.[46]

Rather than easing the housing market, the Federal Reserve's response to inflation has thus arguably exacerbated it—an outcome that has also augmented wealth inequalities.

C. *Are Construction Costs Contributing to the Affordable Housing Crisis? What are the Current Prospects for Affordable Building?*

Our interviews with housing developers, along with the official data we collected, indicates that high interest rates, insurance costs, land costs, and construction costs pose severe challenges to

[46] The mortgage interest deduction (MID) allows homeowners, particularly those with higher incomes and larger mortgages, to reduce their taxable income by the amount of mortgage interest paid. This deduction becomes more beneficial during periods of high interest rates, as higher interest payments result in greater tax savings, shielding these homeowners from the full financial impact. However, this advantage is less pronounced or unavailable for lower-income households who typically have smaller mortgages or don't itemize deductions (Desmond 2017).

affordable housing development (and even market-rate development). Below are several indicators showing how these costs have increased in recent years:

1. According to Property Appraiser records, there were 16 transactions involving vacant land in Lake Worth Beach during 2019.[47] The median sales price was $59,000. From January 2023 to early September 2023, there were 25 sales involving vacant land with a median transaction price of $349,000. Although sizes differences prevent direct comparison, the nearly six-fold median price increase indicates rapidly rising land values. The increased sales volume also indicates that speculation may be fueling some of the price accretion.

2. The average federal funds rate, which serves as a benchmark for lending rates, was 2.16 percent on average during 2019. The current rate is 5.33. Financing costs have thus increase by a factor of 2.5.[48]

3. In January 2020, the producer price index for building materials was 233. By May 2022, it had skyrocketed to 353, which denotes a 50 percent increase. Although the index had fallen to 338 by June 2023, the cost of construction materials remains severely inflated relative to historical norms.[49]

4. In January 2020, the average wage for construction workers across the U.S. was $28.97 per hour. In August 2023, it was $34.40 per hour—a 19 percent increase.[50]

5. As discussed in the chapter on gentrification, occupational growth in the construction sector has been sluggish despite strong population growth and labor demand in Palm Beach County. Workers shortages can indirectly raise costs by delaying the completion of projects.

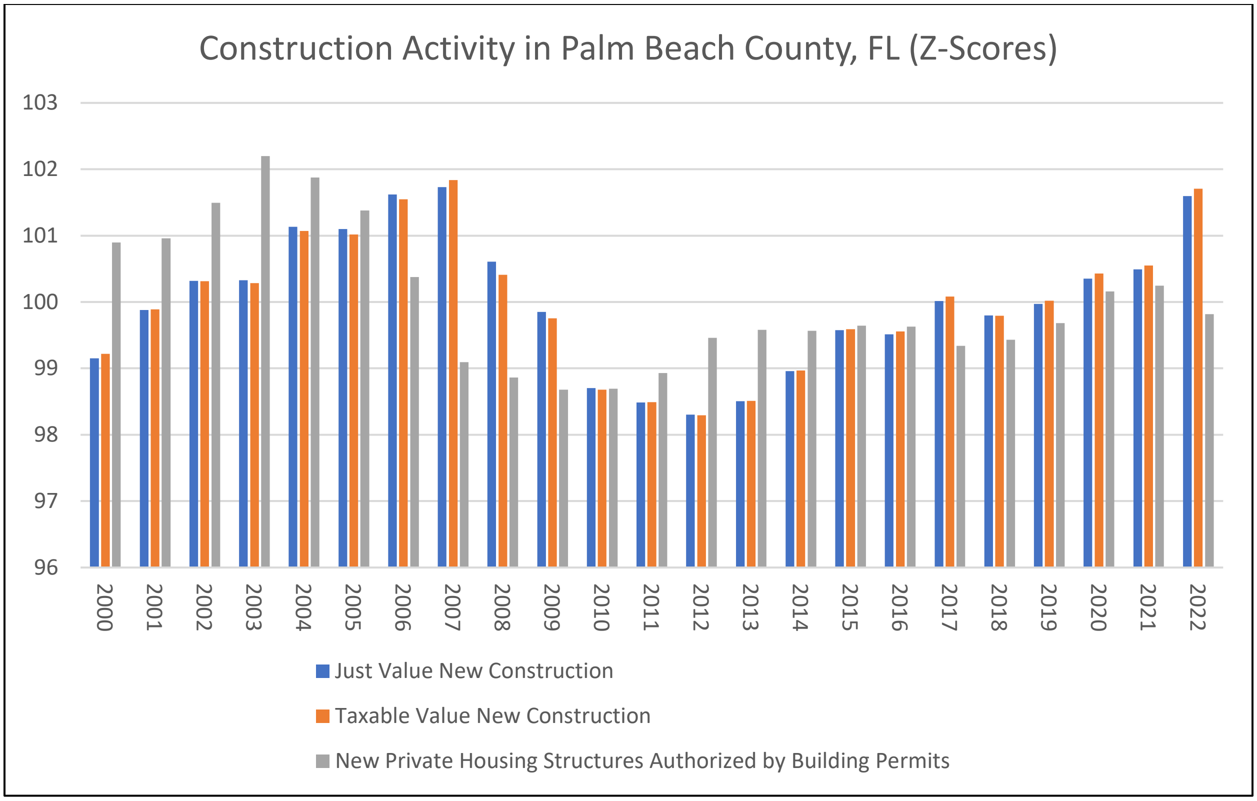
In summary, the cost of all factors of housing production have increased substantially since the pandemic began—with rising land, finance, and materials costs posing the largest challenges to new production (although labor costs have risen, the increases have been more modest). These costs not only increase the prices and rents that builders must collect in order achieve profitability, they reduce production levels due to cost inefficiency. Indeed, new projects require substantial inputs for limited output.

The graph below vividly illustrates how overall costs have risen, and how they have affected production, over the past two decades. In the years leading up to the Subprime Mortgage Crisis, construction costs were relatively inexpensive despite moderate interest rates. As the grey bars indicate, building activity—as measured by authorized permits—was high relative to cost, as measured by the just value of new construction. Although building activity relative to cost decreased during the Subprime Crash, it recovered between 2011 and 2014. Thereafter,

[47] See https://pbcpao.gov/index.htm. We excluded transactions that were under $1,000 from our analysis.
[48] See https://fred.stlouisfed.org/series/FEDFUNDS
[49]The Producer Price Index (PPI) for building materials tracks the average change in selling prices for materials used in construction. It reflects cost changes from the producers' perspective. See https://fred.stlouisfed.org/series/WPUSI012011
[50] See https://fred.stlouisfed.org/series/CES2000000008

productivity leveled off before plummeting in 2022 under high costs. As the rightmost bar illustrates, the ratio of permits authorized to building value is the lowest on record.

Figure 70: Construction Activity (Z-Scores), Palm Beach County, 2000-2022

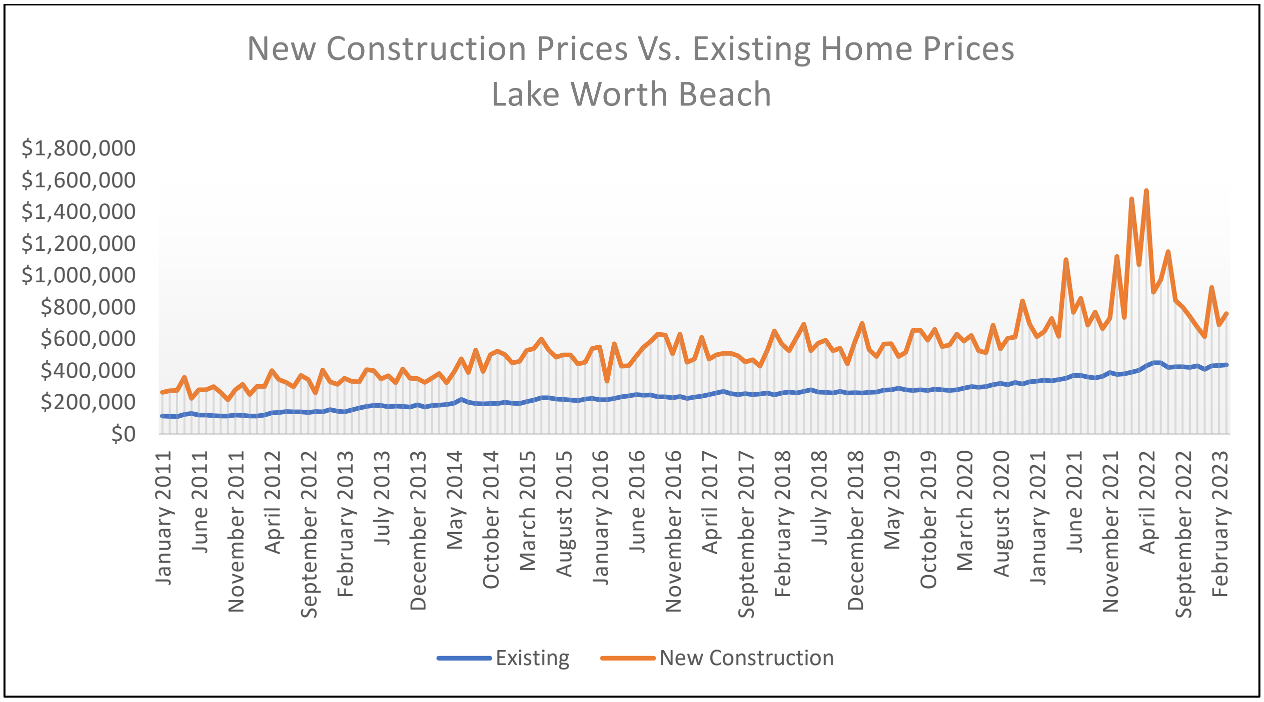


Data sources: Florida Department of Revenue Tax Data Book and U.S. Census Bureau

The trend toward higher costs is also revealed by analyzing the relationship between new construction prices and existing homes prices. As the figure below demonstrates, new home prices are rising faster than existing home prices, which suggests that the cost of building them has increased.[51]

[51] It may also indicate a tendency toward constructing more luxurious homes, which would signal gentrification.

Figure 71: New Construction Prices vs. Existing Home Prices, Lake Worth Beach 2011-2023



The high construction costs that real estate developers currently face have important implications for future housing development—especially affordable housing development. We summarize them below:

1. Current market conditions appear to be inopportune for an affordable housing strategy that focuses on expanded production. As the various figures illustrate, the costs of land, materials, and debt are astronomical compared to historical norms. As a result, production initiatives will require extremely high inputs with limited outputs. Put more simply, to build today is to build at what may be—although we cannot say for sure—the top of the market.

   Addressing affordability problems through production activities is more fruitful when costs are low. The CRA's NSP2 program serves as a paradigmatic example. Due to low housing, finance, and construction costs, the consortium that implemented the project produced 164 *permanently* affordable single-family homes with $23.2 million dollars, which translates to a per unit cost of just $141,700. According to a non-profit housing provider we interviewed, the per unit cost of producing such a unit today—before land costs are even taken into account—is at least $300,000, even with volunteer labor and partnerships with lenders. Another affordable developer provided a similar figure for the townhouses they were developing: $305,000 before the cost of land was accounted for. Thus far in 2023, the lowest land transaction in Lake Worth Beach has been $40,000, with the median being $349,000 (the average was $318,000). When land is accounted for, producing a single housing unit may likely cost $350,000 at minimum, and likely much more. That cost is more than double what a typical Lake Worth Beach resident can afford.

2. High production costs substantially increase the subsidy levels that government must provide to buy down units. As costs increase, one must incentivize developers with greater subsidies to make units affordable, which can result in the subsidization of fewer units, or one must adjust the income limits for one's affordable housing program (for example, by designating units for households earning 80 percent of the area median income rather than ones earning 60 percent of the area median income).

   For example, one non-profit developer of affordable housing told us that their ability to create units for households earning less than 80 percent of the area median income had become effectively nil due to rising costs. On the other hand, they mentioned a tax-credit property they had developed under more auspicious conditions. The lower production costs allowed them to focus on establishing lower-income limits for the units they produced, i.e., to create truly affordable housing.

In sum, the purchasing power of every dollar spent on affordable housing production today will be less than half of a dollar spent ten years ago. Although the post-crash market may have offered a once in a lifetime opportunity for affordable housing development, today's market may (or may not) offer a once in a lifetime challenge. In a context of limited budgets and relative land scarcity that requires the City to consider the long-term implications of its development decisions, devoting substantial resources to development incentives may be inadvisable until the payoff improves.

D. Can Accessory Dwelling Units (ADUs) Mitigate the Affordable Housing Emergency?

Accessory dwelling units (ADUs) are supplementary living spaces that are located on the same grounds as single-family homes but operate independently from the main residence. These units can form as apartments integrated within the main house, or as separate structures that are either attached or detached from the primary home. Often known as granny flats or mother-in-law suites, they might also be identified as accessory apartments, garage apartments, carriage houses, or backyard cottages. The essence of an ADU is to offer a fully functional living space—equipped with amenities for sleeping, bathing, and cooking—that operates separately from the primary dwelling. Because they are typically small—both due to limited building space and land development regulations that limit density and intensity—ADUs provide good housing options for smaller households, young adults, or elderly individuals wishing to live near a caretaker.

As the Florida Housing Coalition notes, "ADUs are a way to increase the number of housing units in areas that have primarily single-family homes" (Florida Housing Coalition & Florida Housing Finance Corporations 2021:58). They describe them as "a great smart growth tool for infill development as it can use existing infrastructure and make greater use of already developed land." Indeed, ADUs can create affordability in several ways. First, they have relatively low production costs, because the people who build them do not have to pay for the cost of land or infrastructure, and because they are typically more modest than single-family and multi-family projects. Second, due to their small size, ADUs typically rent at lower rates than other types of units. Third, ADUs can facilitate homeownership opportunities for low- and moderate-income households, who can use the rental income they generate to support their mortgage and escrow payments. Finally, ADU are typically rented by individual homeowners who form personal relationships with their tenants. Because they are not owned by investors seeking to maximize profits, their owners may be more likely to set rents at a reasonable level and resolve issues like payment delinquency in a manner that does not involve eviction (AARP 2021).

Besides increasing the affordable housing stock, ADUs can also produce ancillary benefits. First, ADUs indirectly reduce the cost of housing by taking pressure off the sale of vacant land. In other words, by efficiently using existing land, demand is reduced for the acquisition of new land, which reduces production costs. Second, the construction of ADUs in single-family areas near job hubs enables a greater number of individuals to reside closer to their workplaces. This proximity can lead to lower commuting expenses and a reduction in the environmental effects typically associated with transportation Third, ADUs provide opportunities for multi-generational or extended families to live near each other. Indeed, the American Association of Retired Persons (AARP) recognizes that ADUs can assist older adults in “aging in place” (2020). Finally, by increasing density, ADUs can increase social interaction levels in urban areas, which facilitates community vitality. We spoke with several community members who expressed optimism about the potential for mitigating the housing emergency through an ADU program.

The effectiveness of an ADU affordable housing development strategy would hinge upon several factors:

1. Changing future land use to permit ADUs in single family residential zones. At present, new ADU construction is prohibited in nearly 70 percent of the City’s land area.

2. Amending other land development regulations—such as rules on density, setbacks, parking, maximum lot coverage, and so on—to maximize the number of lots that can build ADUs and reduce the costs associated with producing them.

3. Providing or identifying low-interest financing opportunities to incentivize ADU construction.

4. Waiving applicable permitting fees to reduce production costs.

5. Placing restrictive covenants on properties that avail themselves of incentive programs or benefits. By providing investors with an opportunity to generate two rents from a single property, ADU production can also encourage speculation that reduces homeownership opportunities. This problem can be preempted by placing deed restrictions on incentivized properties that regulate acceptable uses—for example, the requirement to occupy the home as a primary residence.

6. Limiting permits for ADU construction to owner-occupied properties to prevent investors from increasing the resale value of their properties, which would enlarge home values in a context in which many residents are already priced out of the market.

7. Prohibiting SVRs to ensure that newly produced ADUs increase the City’s stock of long-term rental housing.

If these steps are followed, an expansion of ADUs could increase the supply of affordable rental options, especially for the one- and two-person households that make up the majority of renter households in Lake Worth Beach.

However, to make an ADU program effective, the City must coordinate it with its SVR rental policy. If residents of upzoned neighborhoods are allowed to use newly produced ADUs for SVR activities, an ADU program could in fact reduce housing affordability by allowing high-income households and institutional investors to build ADUs as a strategy for maximizing short-term rental income and increasing the resale value of their properties (Zou 2019). Ideally, the City would limit permitting of ADUs to owner-occupied properties. This would not only avoid the potential for exploitation by financial actors (Cipkar 2023), but also maximize the likelihood that ADUs contribute to making housing costs affordable for both owner-occupiers who build and let them, and for renters seeking affordable options (Zou 2019).[52]

In sum, our research suggests that ADU production can improve housing affordability and yield ancillary benefits, including expanded homeownership opportunities for low-income households, opportunities for multi-generational or extended families to live alongside each other, and increasing development density that efficiently uses land, promotes environmental sustainability, and facilitates community vitality. However, we would like to caution that we do not believe that an ADU policy will offer a panacea. On the contrary, it is one of many small steps that can be taken to expand the affordable (and general) housing supply, all of which will contribute to lower prices. If efforts to produce new affordable housing are not balanced with efforts to protect renters from existing exploitation and to preserve the existing stock of naturally occurring affordable housing, we believe the effects of an ADU program would be limited.

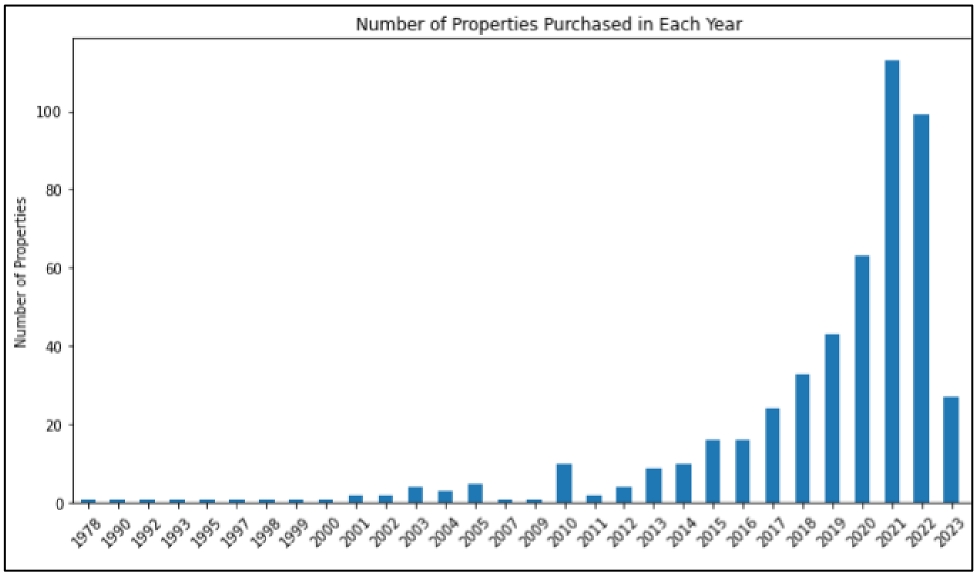
E. The Effects of Short-Term Vacation Rentals and Seasonal Homes on Housing Supply

SVRs have become a prominent feature of the housing landscape in Lake Worth Beach, especially in recent years. Indeed, the expansion of tourist development initiatives, the growth of online vacation rental marketplaces, and the increasing concentration of wealth among a small segment of the population has intensified tourist activity in Lake Worth Beach, encouraging investors to convert residential housing units into SVRs. These processes have taken a substantial number of housing units off the rental and sales markets, leading to increased prices. In some cases, they have directly displaced long-term renters from their homes. We interviewed one former Lake Worth Beach resident who described being forced to move to a different city after an investor purchased their rental property, non-renewed their lease, and converted it into an Airbnb.

Access to cheap debt in the years before inflation took hold, the promise of strong capital gains from rapidly appreciating home values, and the potential for significant rental revenue—according to Air DNA, the median vacation property in ZIP Code 33460 generates about $48,000 per year—encouraged considerable real estate speculation around tourist activity in the months following the pandemic. After making a public records request for residential properties that are registered for the state's tourist development tax in ZIP codes 33460 and 33461—a requirement for listing vacation properties on platforms such as Airbnb—we identified 511 SVRs. The overwhelming majority of them are in Lake Worth Beach.

As the chart below shows, most of these properties were purchased between 2020 and 2022, meaning that the purchases coincided with rapid price inflation within the City's housing market.

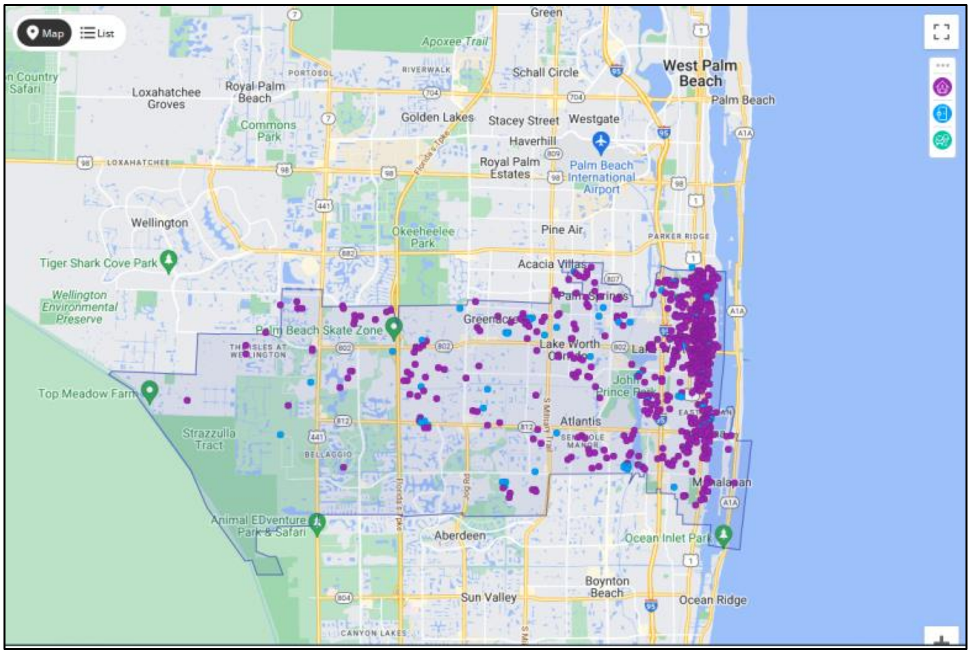
Figure 72: Number of SVR Properties Purchased Each Year in LWB, 1978-2023 (June)



As the figure shows, 302 of the SVR properties we identified were purchased in 2020 or later, which constitutes 59 percent of the total.

Air DNA, a data analytics company that specializes in providing market intelligence and insights for the vacation rental industry, has identified an even higher number of vacation rentals in Lake Worth Beach: 559 active listings in ZIP code 33460 alone. Although the quality of their map is poor, it displays the high incidence of vacation rentals across the City.

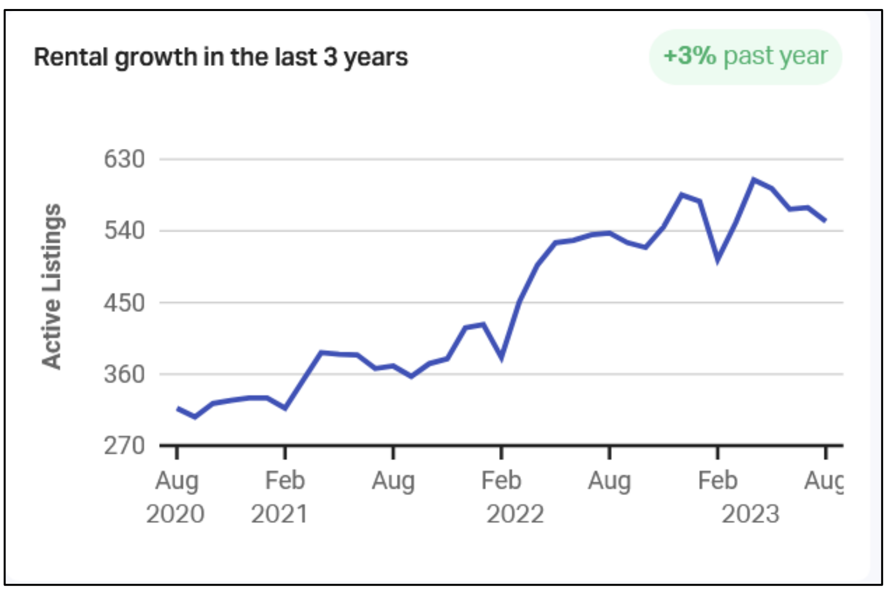
Figure 73: Vacation Rentals, Lake Worth Beach



Source: Air DNA Map

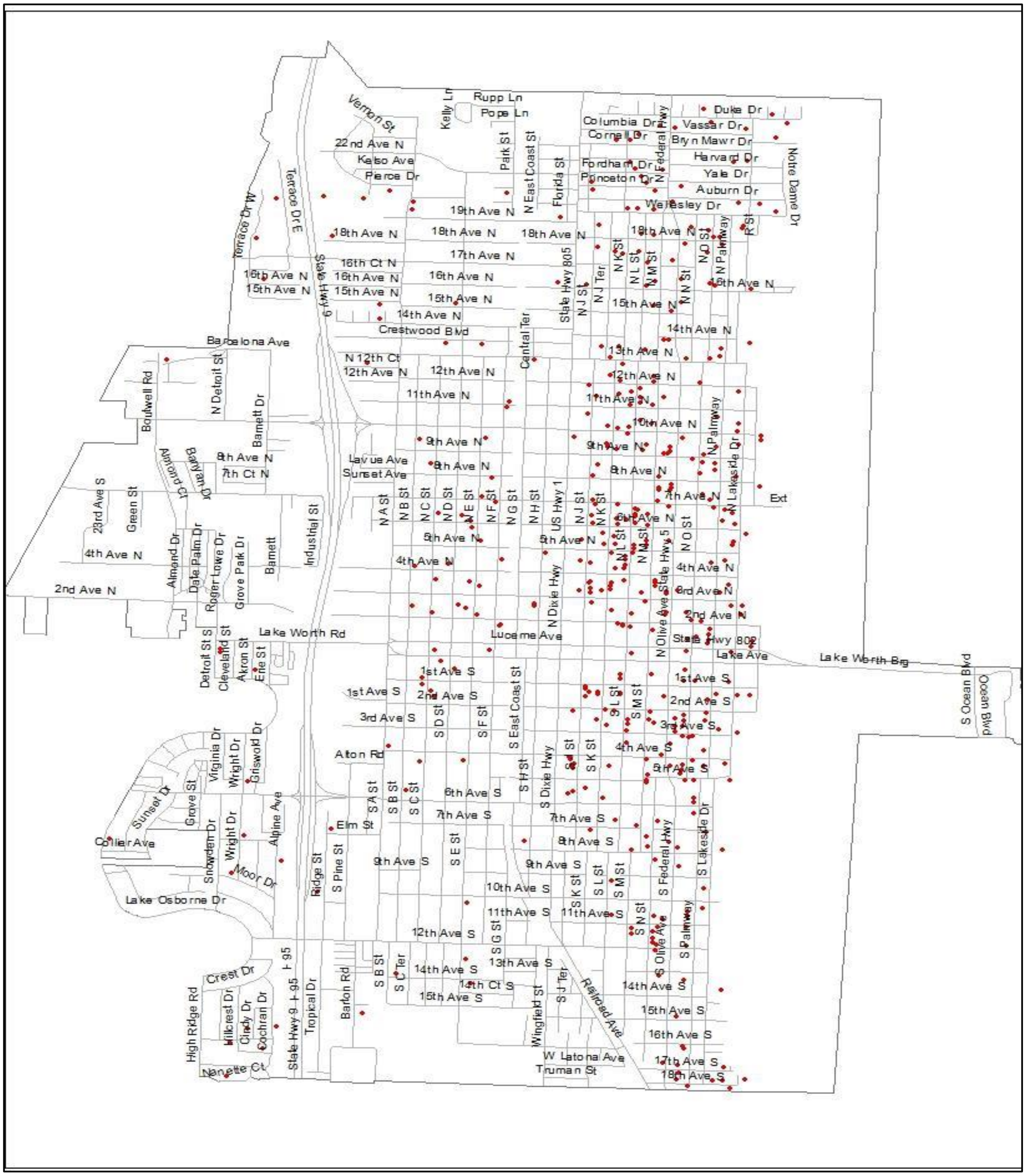
In harmony with our analysis, Air DNA reporting shows strong growth in the vacation rental business since 2020.

Figure 74: Vacation Rental Growth Over Time, 2020-2023



Using GIS, we mapped the distribution of SVRs across the City. As our map shows, they are more common in the portion of the City that is east of Dixie Highway.

Figure 75: Short-Term Vacation Rentals, Lake Worth Beach



The following two maps show that the areas east of Dixie Highway also have higher vacancy rates and homes values. While the higher values are in part driven by location and quality, they supply constraints likely aggravate them.

Figure 76: SVR Properties by Median Housing Value, Lake Worth Beach

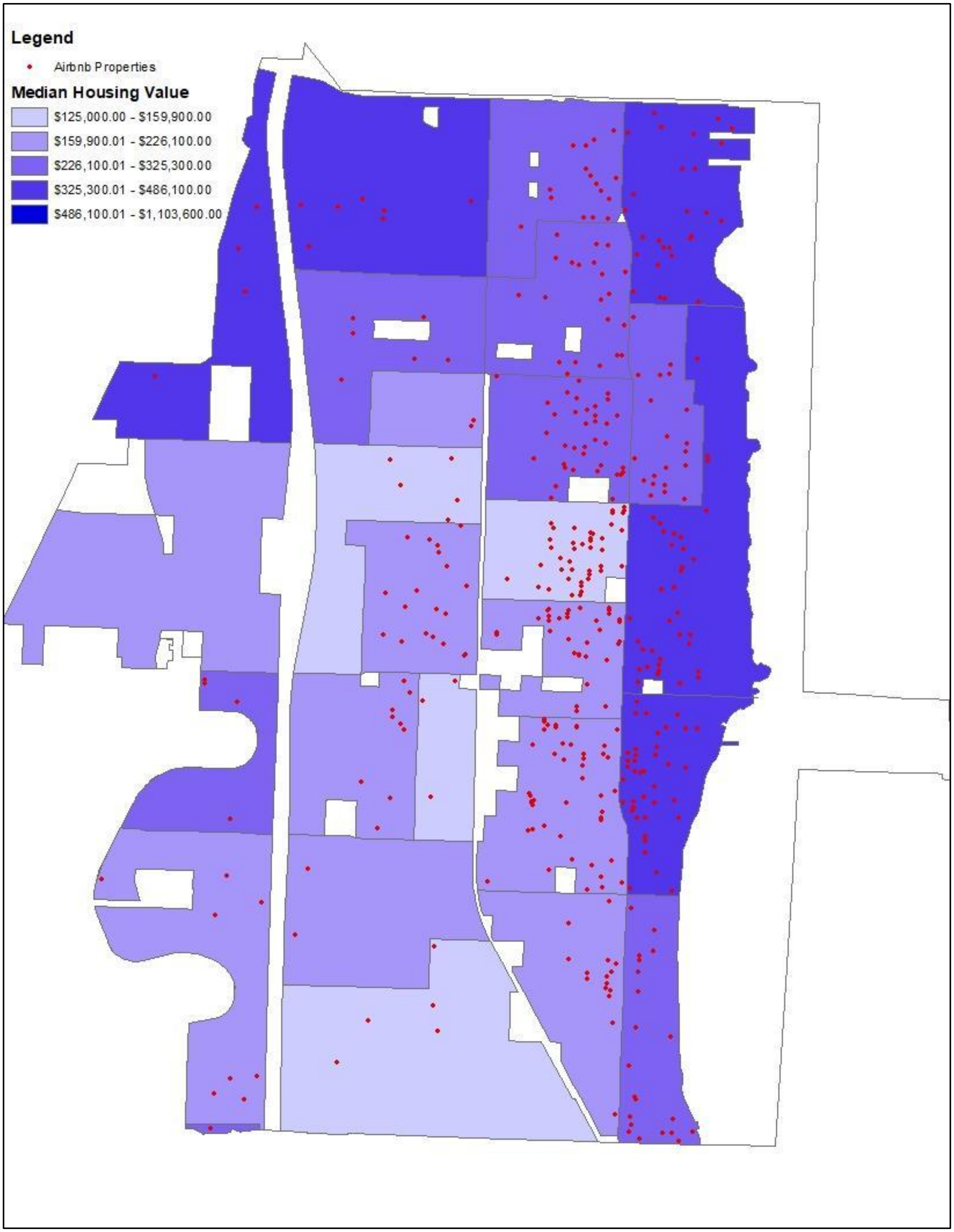
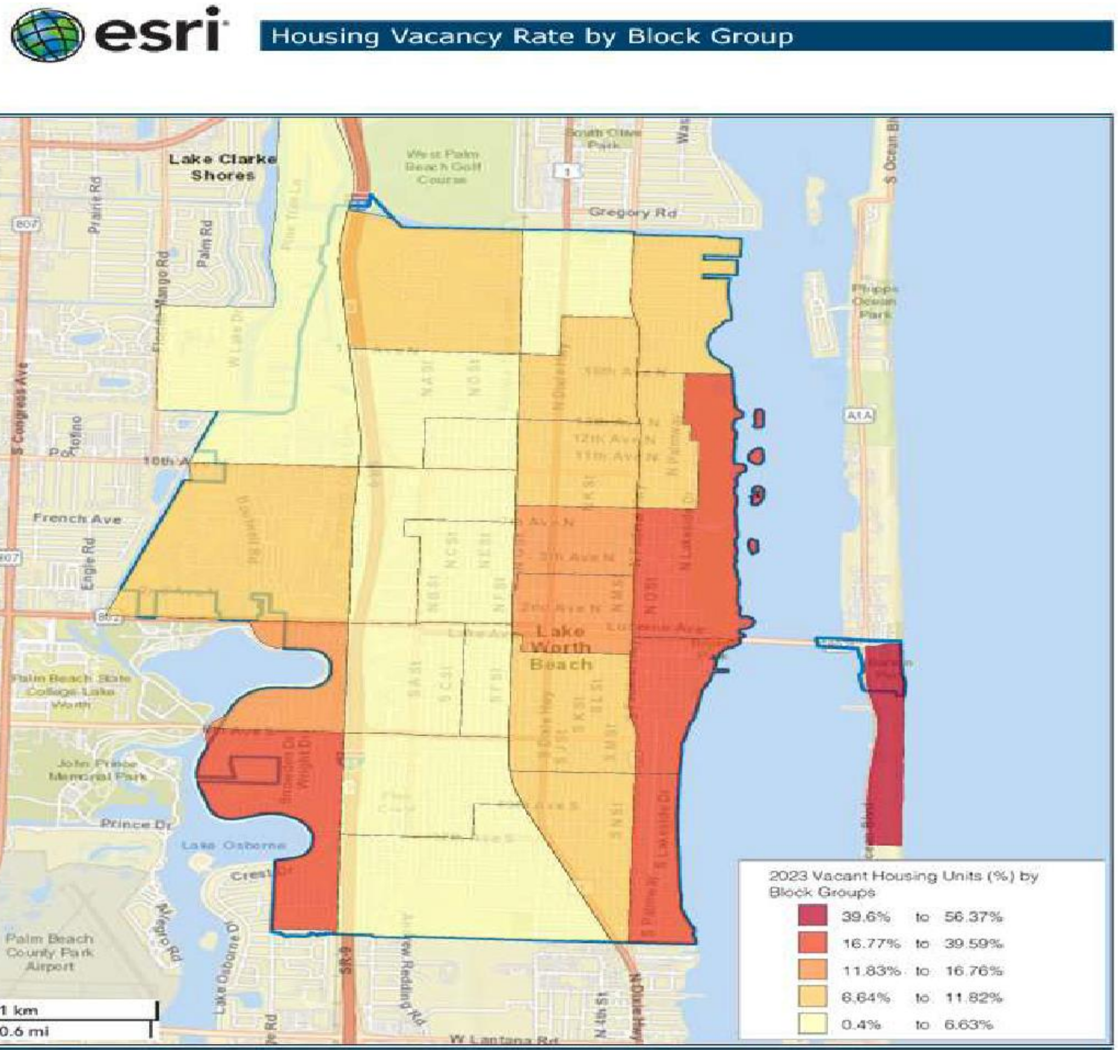


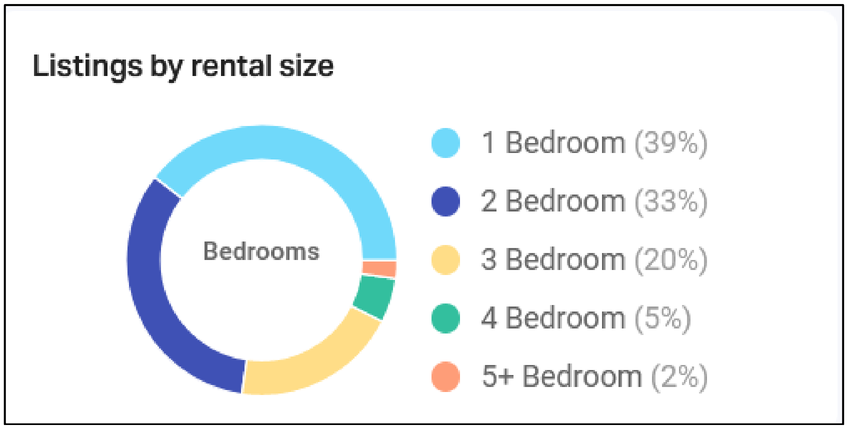
Figure 77: Housing Vacancy Rate by Block Group, 2023



According to Air DNA, 97 percent of active vacation rental listings consist of entire home rentals.[53] As the figure below shows, most are one- and two-bedroom units, though a considerable share of properties are larger.

[53] In some case, this might refer to a separate apartment area within an owner-occupied home.

Figure 78: Listings by Rental Size

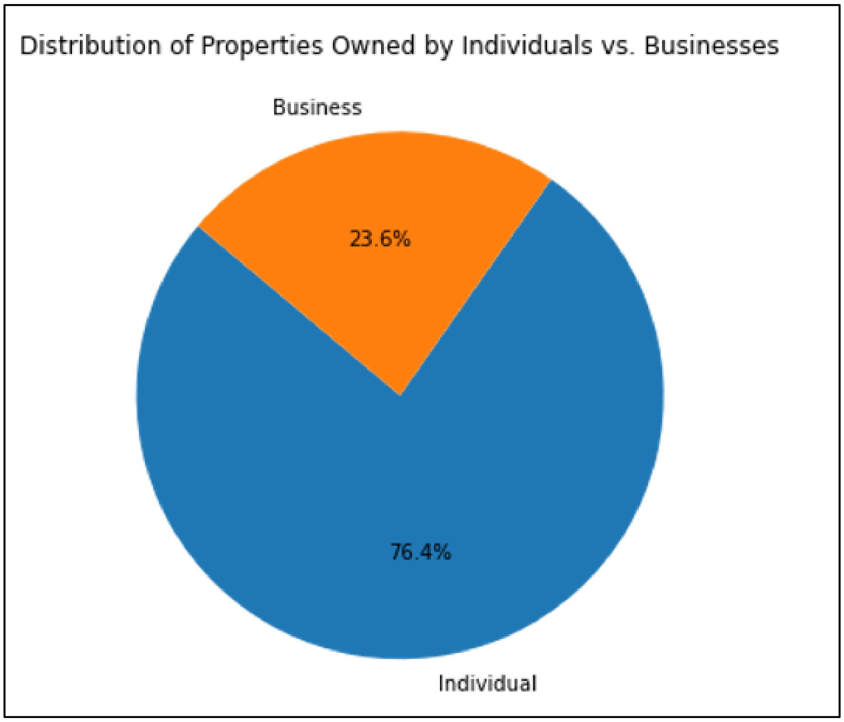


The occupancy rate over SVRs is 59 percent on average but varies considerably depending on the season. Despite this rate, local SVRs command considerable revenue. Renting at an average rate of $224 per night, they generate about $48,000 per year in revenue on average (AirDNA 2023).

In terms of ownership, 76 percent of Lake Worth Beach SVRs are owned by individuals, whereas 24 percent are owned by businesses (LLCs). However, we identified multiple instances of SVR operators incorporating their vacation rental businesses while leaving the properties associated with them deeded in their own names.[54]

[54] This finding is based on SVR properties identified with Tourist Development Tax (TDT) records cross-referenced with Palm Beach County Property Appraiser records (PAPA).

Figure 79: Distribution of Properties Owned by Individuals vs. Businesses



Source: Created by authors with TDD and PAPA records.

Finally, we identified 111 properties currently being used as SVRs—about 22 percent—that are benefiting from the homestead exemption. These data suggest that some SVR operators may be improperly claiming a tax benefit intended for owner-occupiers, although we cannot confirm this.

In sum, several conclusions can be drawn from this analysis:

1. SVRs consume a considerable portion of the City's residential housing stock—at least three percent by our calculations.

2. The incidence of SVRs has increased significantly since 2020. While the rate of growth has leveled off due to high interest rates, SVR activity is likely to remain stable or grow at a low to moderate rate.

3. By taking units off the sales and rental markets, SVRs have contributed to rising rents and home prices. SVR conversion also sometimes directly displaces existing tenants from their homes.

4. With an occupancy rate of 59 percent that fluctuates considerably depending on season and economic conditions, SVRs constitute an inefficient use of a scarce resource.

5. The discrepancy between the tourist development tax records we collected and the active listings reported on Air DNA suggests that a small portion of SVR operators may not be

paying the tourist development tax and may not have a business license, although we cannot confirm this.

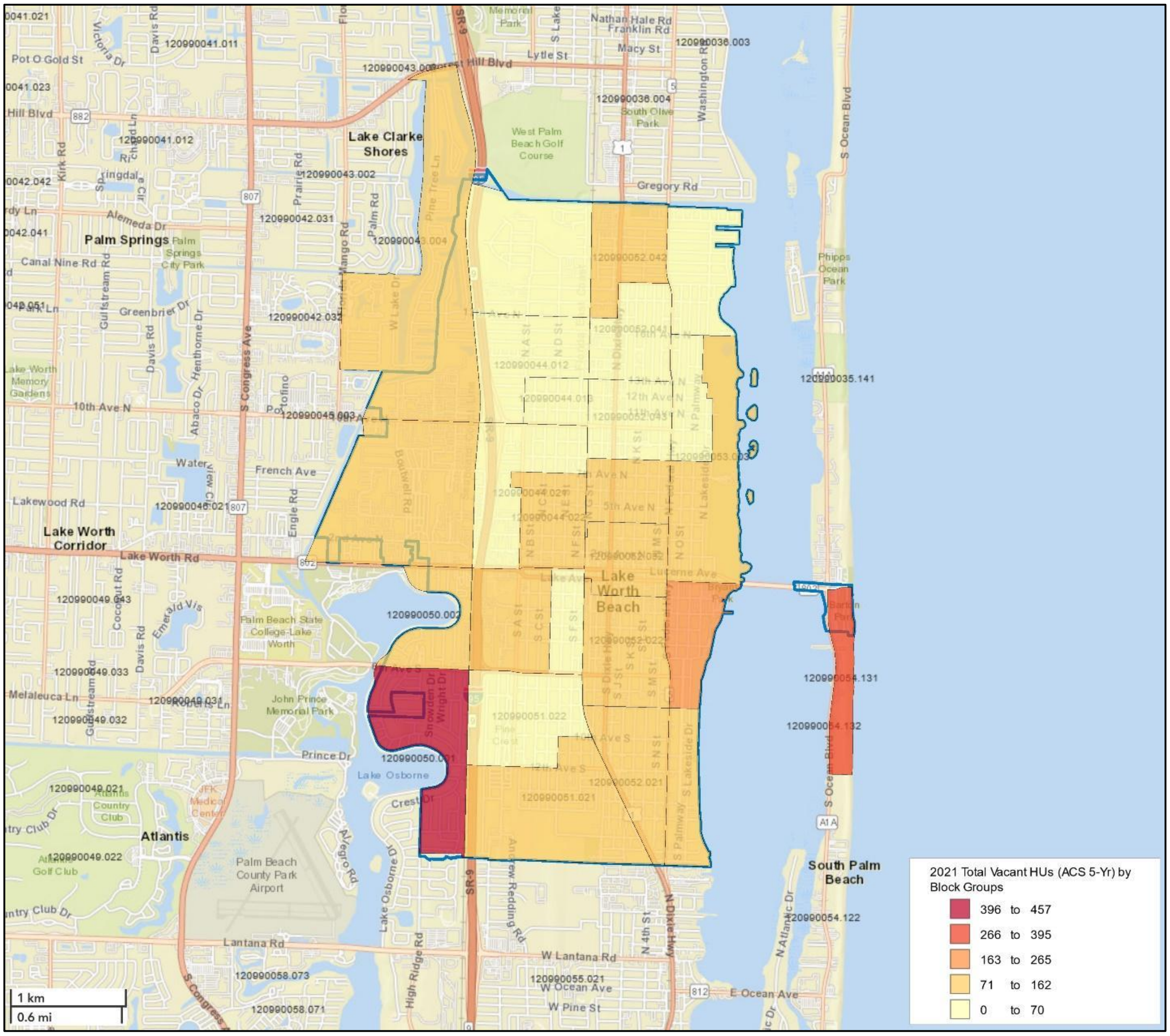
6. Similarly, some of SVR operators may be improperly claiming a homestead exemption, but we cannot confirm this.

While vacation rentals, and the tourists they bring, provide some benefits to the City—such as demand for hospitality services, new service sector jobs, and increased property tax revenues—they also take housing units off the housing market. It should also be noted that seasonal homes have a similar effect on housing prices.[55]

Between SVR activity and seasonal homeownership, the City has a high rate of property vacancies. According to current ESRI estimates, the housing vacancy rate is about 11 percent, which amounts to approximately 1,980 units. To put this figure in perspective, the number of housing units that are currently vacant is nearly equivalent to the total number of new housing units the City produced between 2010 and 2023 (approximately 2,094).[56] As the three maps below show, vacancies associated with seasonal and vacation rental homes (and occasionally other uses) are more likely in some parts of the City than others. For example, Census Block Group 120990054.131 has the highest housing vacancy rate, which is 56.4 percent.

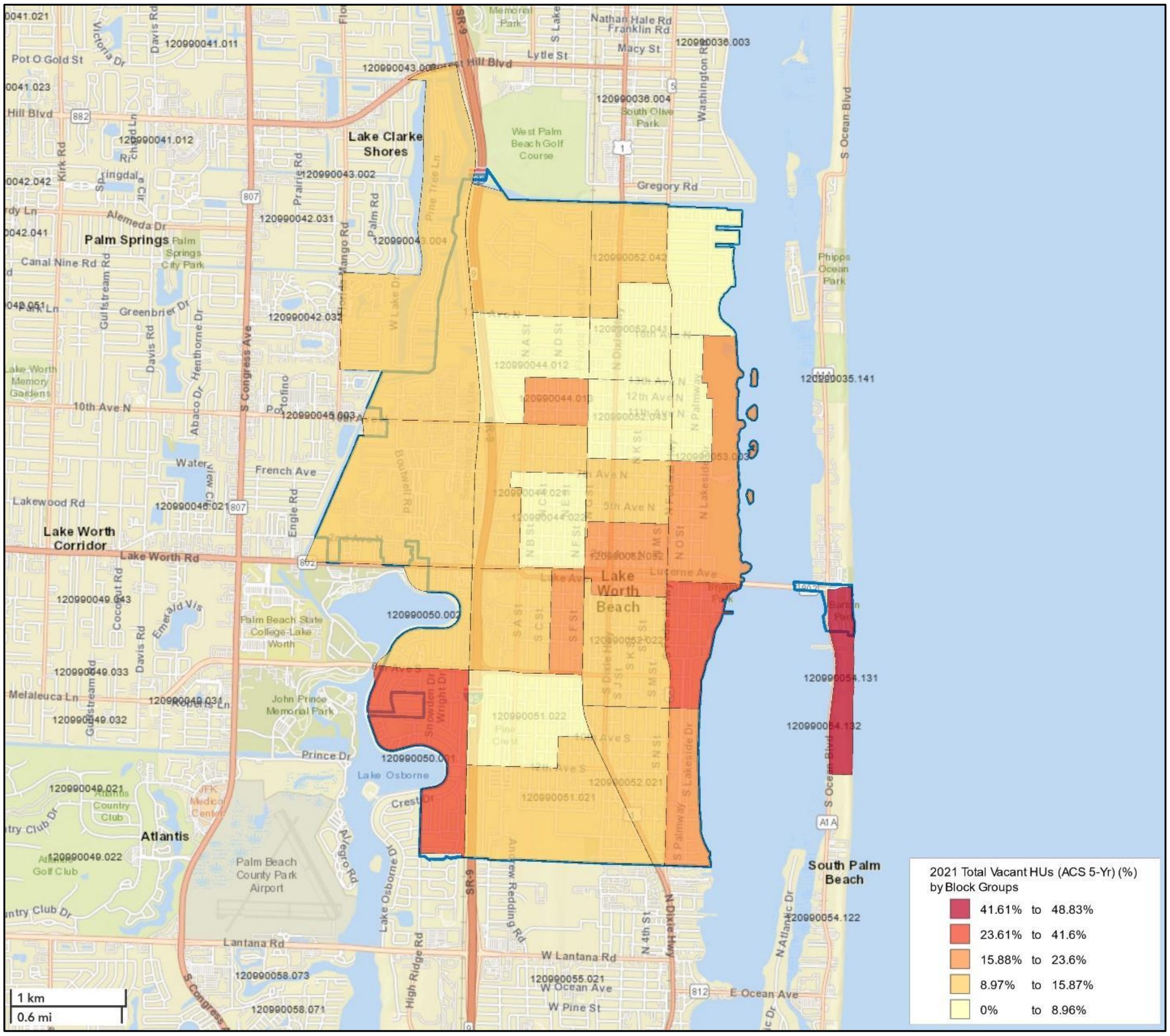
[55] See the final two paragraphs in Chapter 9(a).
[56] This figure was produced by subtracting the current ESRI housing estimate, 18,000, from the 2010 Census housing estimate, 15,906.

Figure 80: Vacant Housing Units by Block Group, 2021



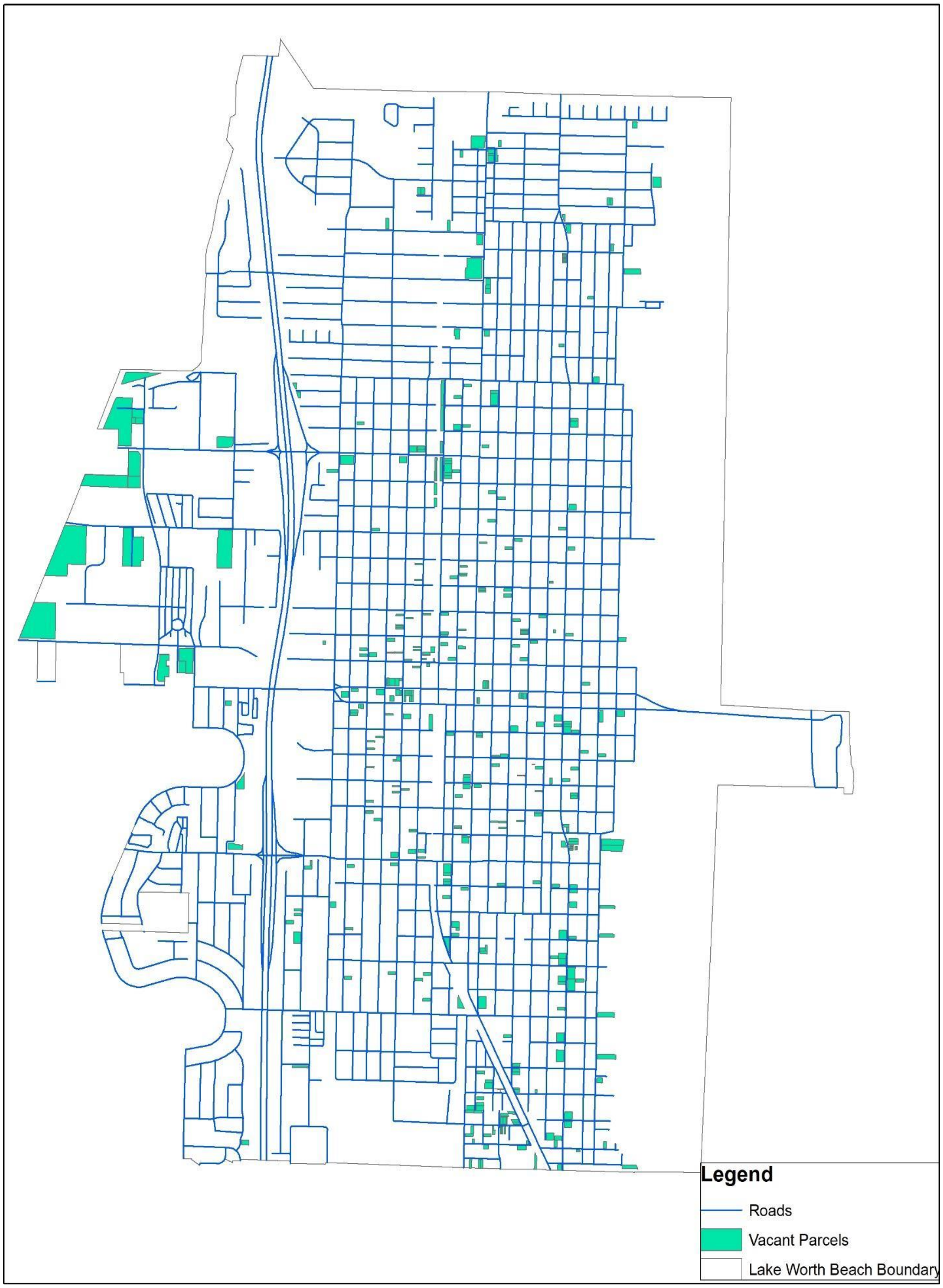
Source: Map created by the authors using ESRI Business Analyst Online (BAO)

Figure 81: Vacant Housing Units by Block Group (%), 2021



Source: Map created by the authors using ESRI Business Analyst Online (BAO)

Figure 82: Vacant Parcels by Block Group (%)



Source: Map created by the authors using Lake Worth Beach parcel data

Most of the vacancies depicted in these maps, as noted earlier, are associated with seasonal/occasional homes. Previous research has shown that vacancies associated with high rates of seasonal homeownership cause disproportionate rental and home price increases, and our analysis appears to support that finding (Smith 2022).

CHAPTER 10:
HOW INSURANCE PREMIUM HIKES ARE AFFECTING LAKE WORTH BEACH HOUSING CONDITIONS

A. Introduction

In recent years, numerous insurers have left the Florida market or been declared insolvent. Floridians thus pay nearly three times more in insurance costs than the national average (Miller 2023). Given Lake Worth Beach's proximity to the coast, the relative age of its properties, and the outdated methods used to construct many of its homes, residents have likely faced higher premium hikes than most other residents across the County.

To examine how the state's insurance crisis is affecting housing conditions in Lake Worth Beach, we analyzed data from the Florida Office of Insurance Regulation (OIR) and conducted interviews with local insurance agents, residents, affordable housing leaders, and housing advocates. We found that rising insurance premiums are a contributing but not primary cause of the City's housing emergency. We also found that premium hikes have had differential effects on residents. While hikes have increased the cost of living for single-family homeowners with mortgages—many of whom earn comfortable incomes—they have had the most severe effects on condominium owners, managers of affordable housing communities, developers of affordable housing communities, and low- or fixed-income homeowners.

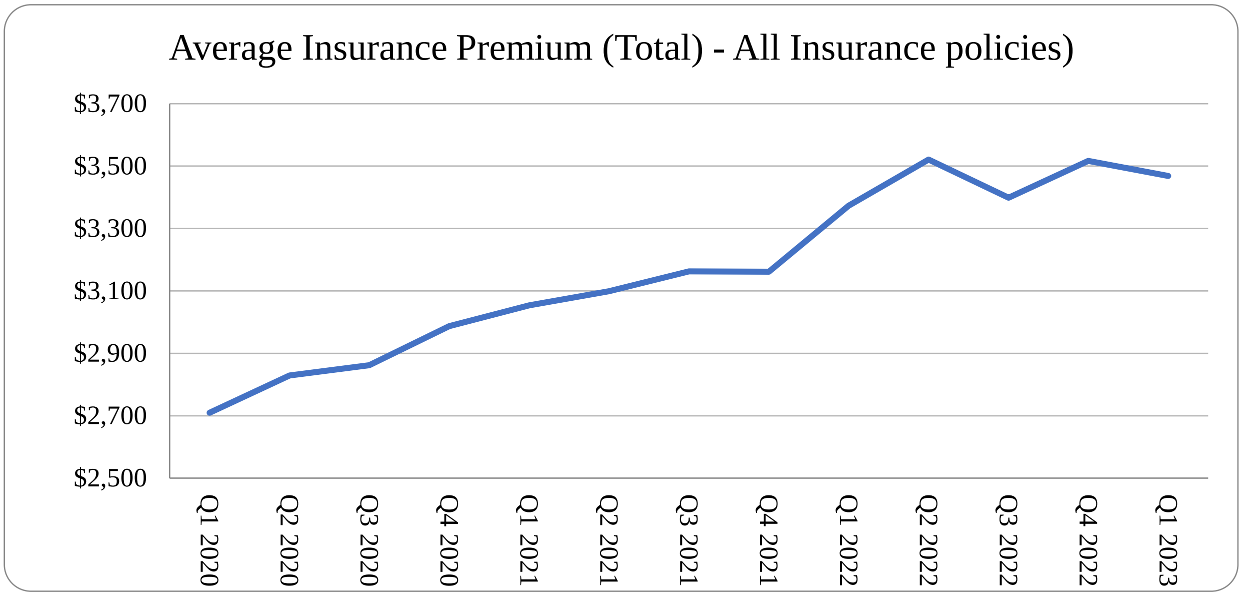
In analyzing data from the Florida OIR on Palm Beach County's insurance market, which encompasses Lake Worth Beach, and speaking to community members about insurance conditions, we observed three important trends that have defined the insurance market over the past few years: (1) ubiquitous premium increases, (2) differential premium hikes by insurance type, and (3) non-renewal of policies as an adaptation to rising prices.

B. Premium Increases and their Differential Effects

In conversations throughout the community, we spoke to residents whose policies increased by a few hundred dollars per year to $1,000 or more per year. As one interviewee told us: "I went from $1,300 to, like, $5,000 in a matter of two years." Their stories are confirmed by OIR data we collected. As the figure below demonstrates, the average policy covering wind damage has increased by 28 percent in the last three years.[57]

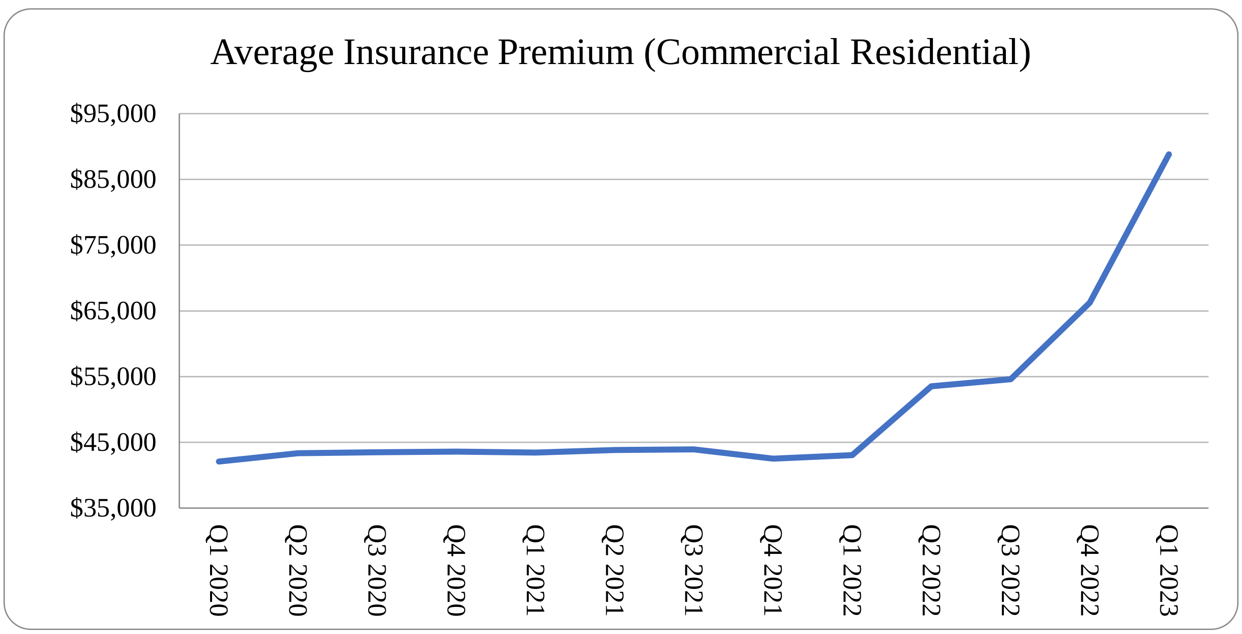
[57] Premiums were estimated by dividing aggregate premium collected by total policies in force.

Figure 83: Average Insurance Premium (Total-All Insurance Policies), 2020-2023



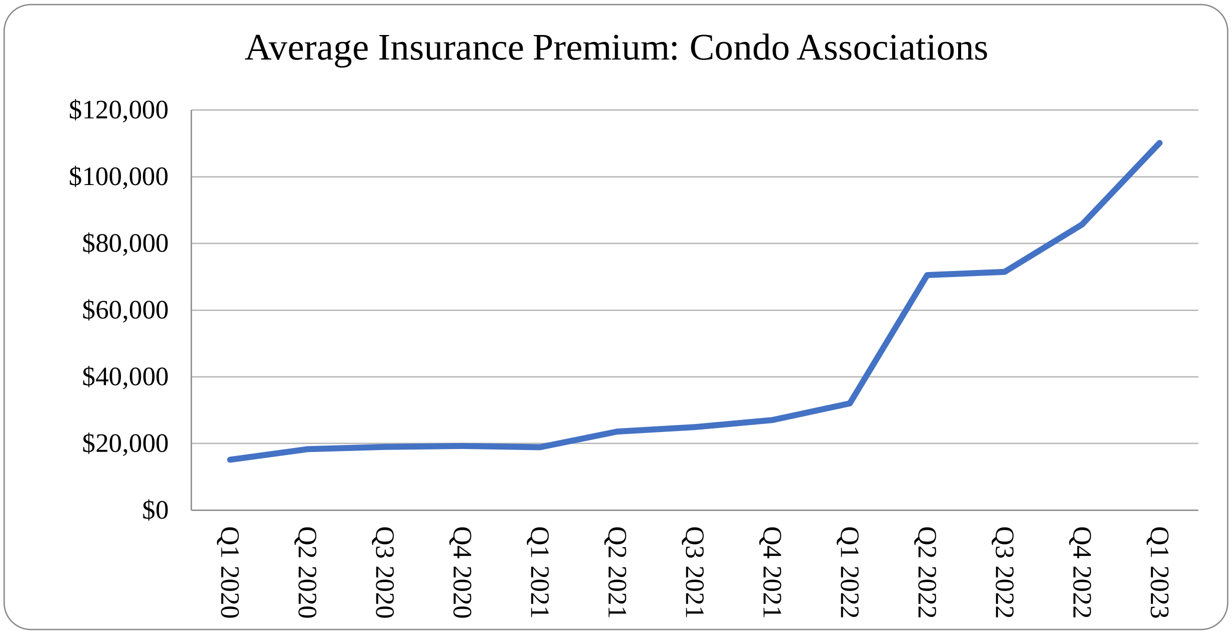
While 28 percent is a notable increase, many policyholders experienced far steeper hikes. As the figure below demonstrates, commercial policies with wind coverage, which cover condo associations and apartment buildings, have faced extreme price increases. The average policy premium for these categories increased by 111 percent from the first quarter of 2020 to the first quarter of 2023, equating to an average hike of $46,735.

Figure 84: Average Insurance Premium (Commercial Residential), 2020-2023



Condo associations faced the most severe hikes, increasing by a staggering 627 percent during the study period. This amounted to an average premium increase of nearly $95,000, leading to increased HOA fees and/or special assessments in many condo communities across the City. The price increases are demonstrated in the figures below.

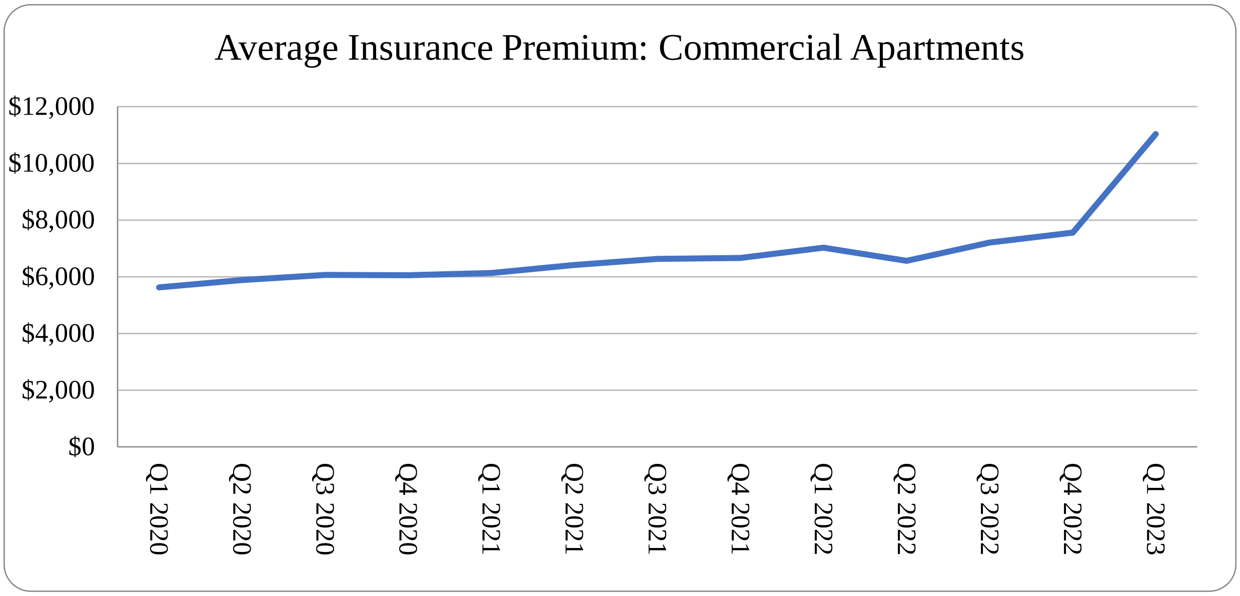
Figure 85: Average Insurance Premium: Condo Associations, 2020-2023



We heard stories about these increases during our qualitative research. For example, we are aware of a small condo association whose building master policy premium increased approximately 300 percent—from about $34,000 to well over $100,000—within a single year, leading to a rent increase for one of the tenants we spoke with who lived in the community.

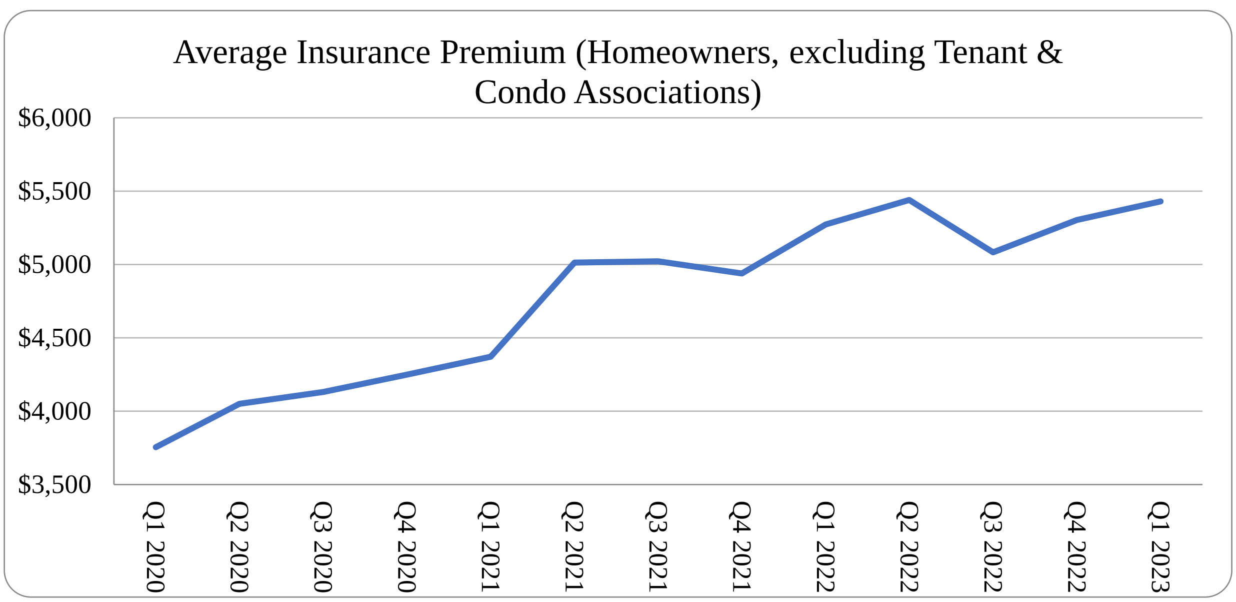
Commercial apartment buildings also faced steep hikes. From Q1 2020 to Q1 2023, related premiums increased by 96 percent, amounting to an average hike of $5,406 in Palm Beach County.

Figure 86: Average Insurance Premium, Commercial Apartments, 2020-2023



Finally, single-family homeowners experienced significant hikes—though their levels were moderate compared to condo associations and apartment buildings. The average policy premium increased by 45 percent, amounting to an additional $1,617 in premium on average.

Figure 87: Average Insurance Premium (Homeowners, Excluding Tenant & Condo Associations), 2020-2023



The differential premium increases we observed are summarized in the table below.

Table 24: Property Insurance Trends in Palm Beach County for Policies with Wind Coverage (Q1 2020 to Q1 2023)

Insurance Category	Policies in Force	Average Premium (Q1 2023)	Premium Increase (2020 to Q1 2023)	Percentage Increase	Policy Change (2020 to Q1 2023)	Percentage Policy Change
Homeowners (excluding condo associations)	140,631	$5,431	$1,676	45%	(52,802)	-38%
Condo Associations	191	$110,145	$94,990	627%	147	104%
Commercial Residential (Apartments)	142	$11,031	$5,406	96%	(60)	-42%
All policies	**176,020**	**$3,469**	**$759**	**28%**	**(60,164)**	**-34%**

Source: Florida Office of Insurance Regulation (Average premiums were estimated by dividing total for policies in force with wind coverage by total policies in force that include wind coverage).

The premium hikes we observed were having different effects on Lake Worth Beach residents. Although single-family homeowners complained about insurance hikes, most were not seriously burdened by them given their relatively high household incomes. On the other hand, low-income homeowners were experiencing strain due to the higher costs—especially those who had participated in purchase assistance programs. The success of such programs depends on the maintaining costs at a relatively fixed level through low purchase prices and mortgage rates.

When insurance rates rapidly increase—and taxes increase due to escalating property values—affordable homeowners on fixed incomes become more likely to fall into cost burden or foreclosure, or to be displaced from the County despite receiving assistance. As an example, one of the affordable housing providers we interviewed told stories about a program beneficiary whose insurance had “started at $900 a month, and now their insurance is $4,000 a month,” and another home recipient who was “quoted at six thousand, but we were able to help them out.” Sadly, they stated that one of their homeowners had sold their house and moved to another state due to the insurance hikes.

Condo association residents have also been disproportionately affected by rising insurance premiums. Given that there are several condo associations that cater to 55+ residents in Lake Worth Beach, rising insurance poses a unique threat to senior citizens on fixed incomes. Worse still, some of these condo associations are buildings that are three stories or more, which means that they must also comply with the condominium safety bill passed after the Surfside tragedy—Senate Bill SB 4-D—which mandates preventative maintenance, construction inspections on structures three floors or above, and the collection and management of structural integrity reserve studies and finances by condo communities. Recent media supports have suggested that the inspections and repair requirements the bill is generating are leading to a “senior exodus” due increased HOA fees and hefty special assessments (Wasielewski 2023).

Although we have not yet been able to verify, there is evidence this is happening in Lake Worth Beach. Nearly half of the condo units that are currently for sale in Lake Worth Beach are reserved for individuals who are 55 years of age or older.

C. Dropped and Non-Renewed Policies

Beyond premium increases, the data we collected show an alarming trend: Many Palm Beach County residents are adapting to the insurance hikes they face by dropping their policies. We spoke to one resident, for example, who had dropped their coverage due to the premium rising to about $5,000 per year. We spoke with several others who were considering doing so. While such adaptations reduce cost of living, they also place homeowners at risk of catastrophe. The decline in active policies since 2020 is shown in the figures below:

Figure 88: Total Number of Policies, 2020-2023

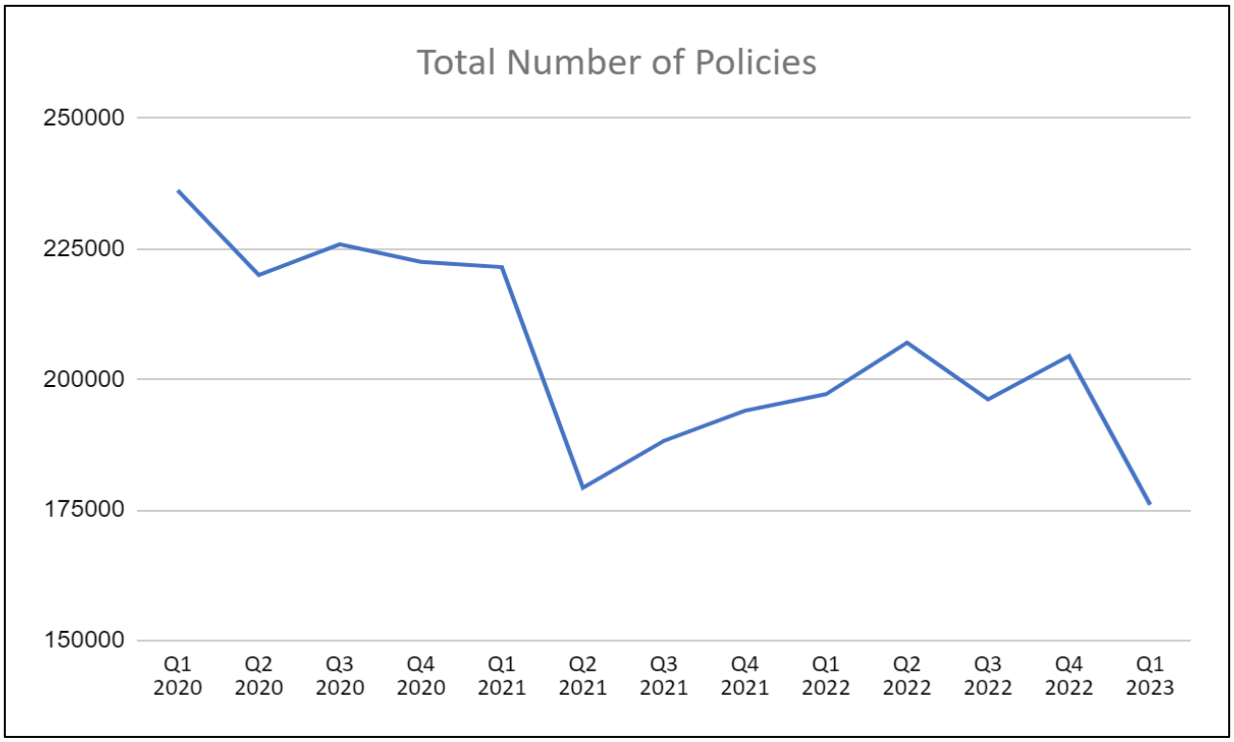
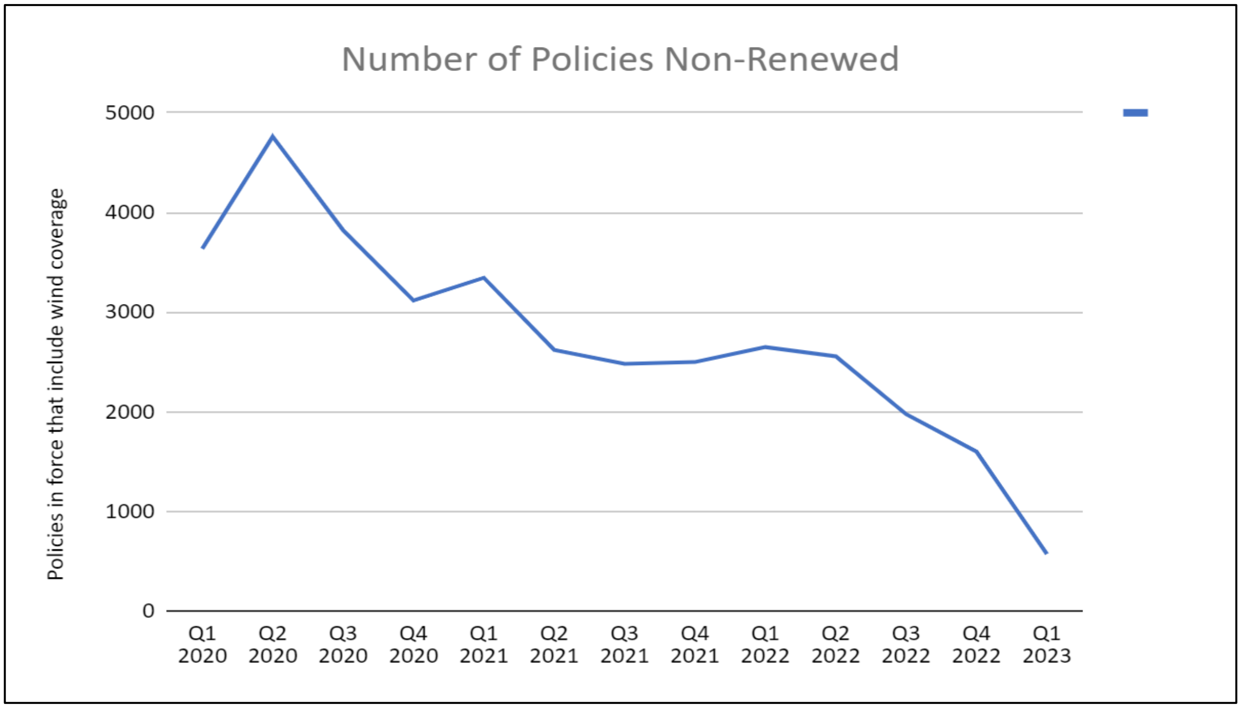


Figure 89: Number of Policies Non-Renewed, 2020-2023



As the figures demonstrate, despite experiencing strong population growth, 60,164 fewer insurance policies were in force in Palm Beach County in Q1 2023 compared to Q1 2020. Dropped coverage not only places individual households at risk; it creates systemic risk for the entire County and City.

D. Challenges to Affordable Development and Management

Beyond increasing the housing costs of homeowners and renters—who often have cost increases passed onto them—we found that insurance hikes were affecting affordable housing development and management. Because affordable housing developers and managers offer units at sub-market rates, and because they lack the ability to raise rents in response to increases in their operating budgets, they are vulnerable to insurance fluctuations. Such fluctuations might discourage them from developing new communities, cause them to pursue projects with different income levels, or cause budget shortfalls at existing communities. Indeed, the owner of an affordable housing development firm told us that insurance costs were the "number one" challenge they currently faced.

We have good reason to believe that statement. First, our OIR data showed that commercial policies for apartments have faced higher premium hikes than most other insurance types. Second, several affordable housing providers discussed the premium increases they had received. As the leader of one organization told us: "We just found out that in order for us to have the same wind insurance coverage as [we did last year], it's going to be an increase of close to 200, 300 percent. That gets hard." A different interviewee develops affordable housing lamented how, "In the last year, my insurance went from like $26,000 to $56,000." Third, the same interviewee stated that insurers charge affordable housing providers higher premiums because they have a higher risk profile.[58] And finally, the same interviewee told us that they knew of tax credit developers who "are trying to sell their properties because they can't maintain it with the cost of insurance." If, as they state, LIHTC community operators are attempting to offload their properties due to rising insurance costs, we can also infer that they are less likely to develop them.

E. Summary

In sum, we found that while insurance hikes are merely a nuisance for many single-family homeowners that reduce disposable income, they jeopardize housing access for low-income homeowners and homeowners who have participated in purchase assistance programs. They also complicate affordable housing development initiative and complicate the management of existing developments. Third, given that many people adapt to increased premiums by dropping coverage, they put individual households at risk for loss of their homes and wealth, and they create systemic risk for the community. Finally, we found evidence that premium increases are a contributing, but not a primary factor, behind increased rents.

[58] They were told this by their insurance provider. We cannot independently verify the claim.

CHAPTER 11:
COMMUNITY PROFILE OF LAKE WORTH BEACH

A. Overview of Community Characteristics

In order to effectively diagnose, measure, and address the housing problems faced by Lake Worth Beach, it is vital to understand the social and economic characteristics of the residents who call the City home. These characteristics are crucial determinants of how much and what kind of homes are needed, as well as the capacities of the City's inhabitants to meet the costs of the housing currently available and that which may be built in the future. Efforts to increase the local supply of housing are likely to be ineffective in addressing the City's housing crisis unless existing residents' needs and capacities are taken into account.

A few general characteristics of Lake Worth Beach are worth noting at the outset. In 2023, the City has an estimated population of 43,201 (ESRI Business Analyst), and in recent years has been growing at a significantly higher rate than the County as a whole.[59] The median age of the population is relatively young at 36.1 and the City has a relatively high proportion of households with children under 18 (31 percent) (Census Bureau 2021).

Lake Worth Beach is a diverse City in terms of race, ethnicity, and national origin. In addition to its large and thriving Guatemalan community, the City also has a significant Black and African American population, as well as smaller immigrant communities originating in Central America, the Caribbean, and Southeast Asia.

Lake Worth Beach is also a working-class City. The City has higher rates of labor market participation and employment than the county, state, or nation as a whole, and most working adults are employed in blue-collar occupations.

However, despite their active labor market participation, Lake Worth Beach residents have relatively low incomes and face relatively high rates of poverty compared to Palm Beach County as a whole. While median household income in Palm Beach County is estimated at $98,300, the figure is only estimated at $53,656 for the City of Lake Worth Beach. Given that the median home value in the City is estimated to be $446,000, income levels lag far behind housing costs, contributing significantly to the strained housing situation of many families.

The following descriptive statistics and tables were compiled using data from the 2020 Census, the 2021 American Community Survey, and estimates for 2022 and 2023 calculated by ESRI. Some of the statistics reported may vary slightly due to year-to-year changes, different survey methodologies, and margins of error. Nonetheless, together they offer a snapshot of the current population, socio-economic situation, and housing needs of the Lake Worth Beach community.

[59] The 2022 ACS estimate is 42,188.

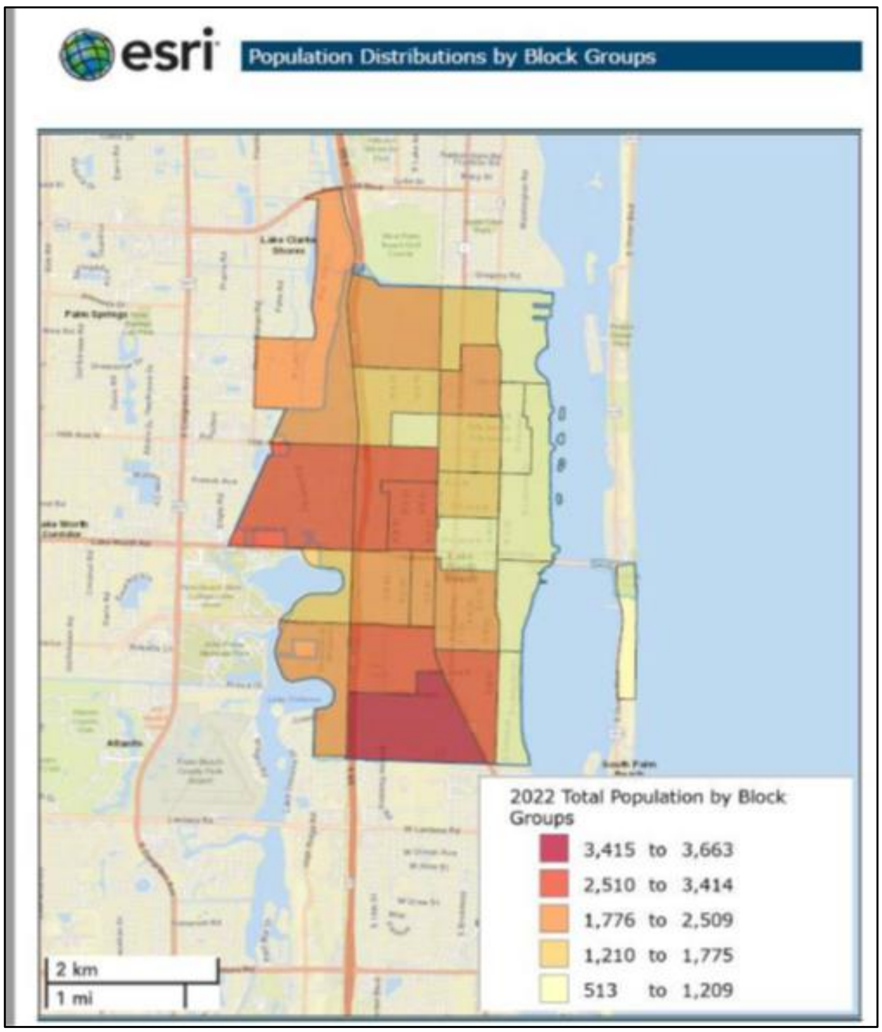
B. Population and Density

As of July 1, 2022, Lake Worth Beach had an estimated population of 43,201, compared to 42,219 on April 1, 2020, with a 2.4 percent increase from 2020 to 2022, and a 1.83 percent increase from 2010-2020 (U.S. Census Bureau, 2023).

According to data from the 2021 ACS, the population density for the City was estimated at 7,060 people per square mile, making Lake Worth Beach much denser than the rest of Palm Beach County, which has an average density of 768 people per square mile. Among municipalities with sizeable populations, Lake Worth Beach is one of the densest in the County, lying just behind its neighbor, Green Acres.

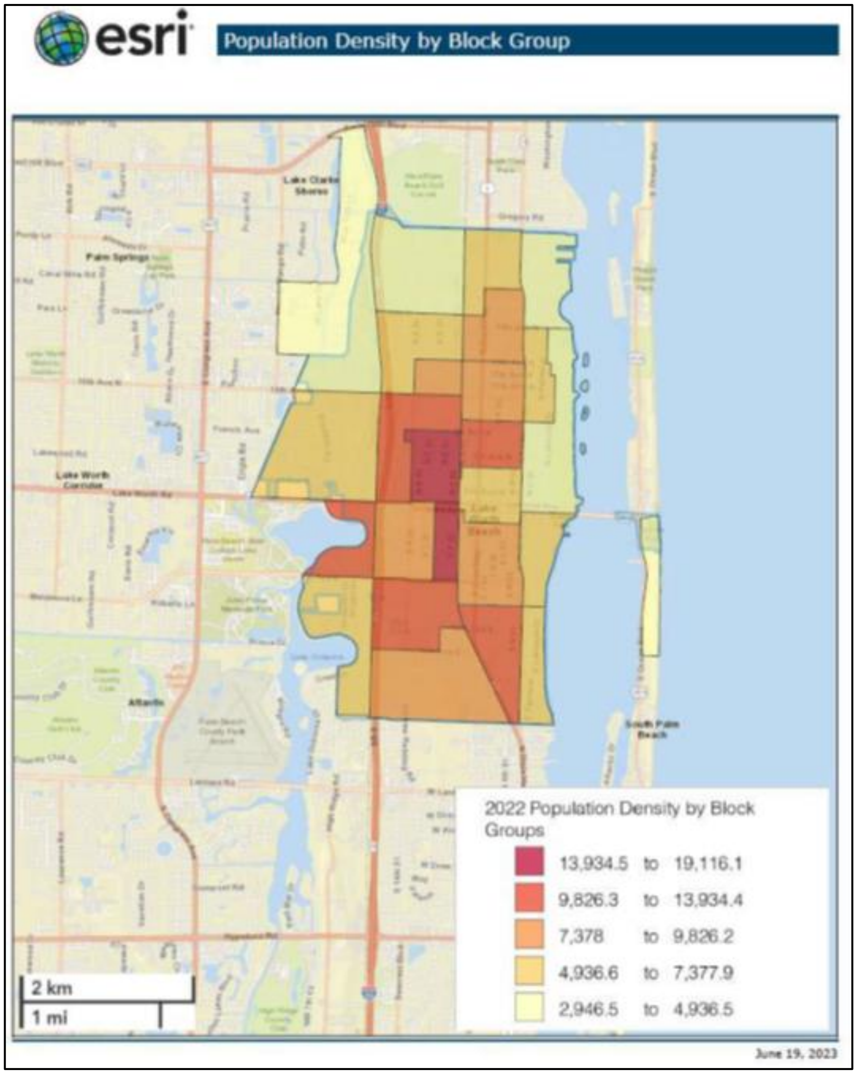
Lake Worth Beach's residents are not equally dispersed across the City. The figure below indicates the population distribution at the neighborhood level, represented by census block groups. The most populated block group is 51.021, in the southern part of the City.

Figure 90: Population distribution in Lake Worth Beach by Block Group



The next figure shows the distribution of population density for the City. The most densely populated block group is 51.012, where around 19,116 people live in a square mile of area.

Figure 91: Population density by Block Group, Lake Worth Beach, 2022

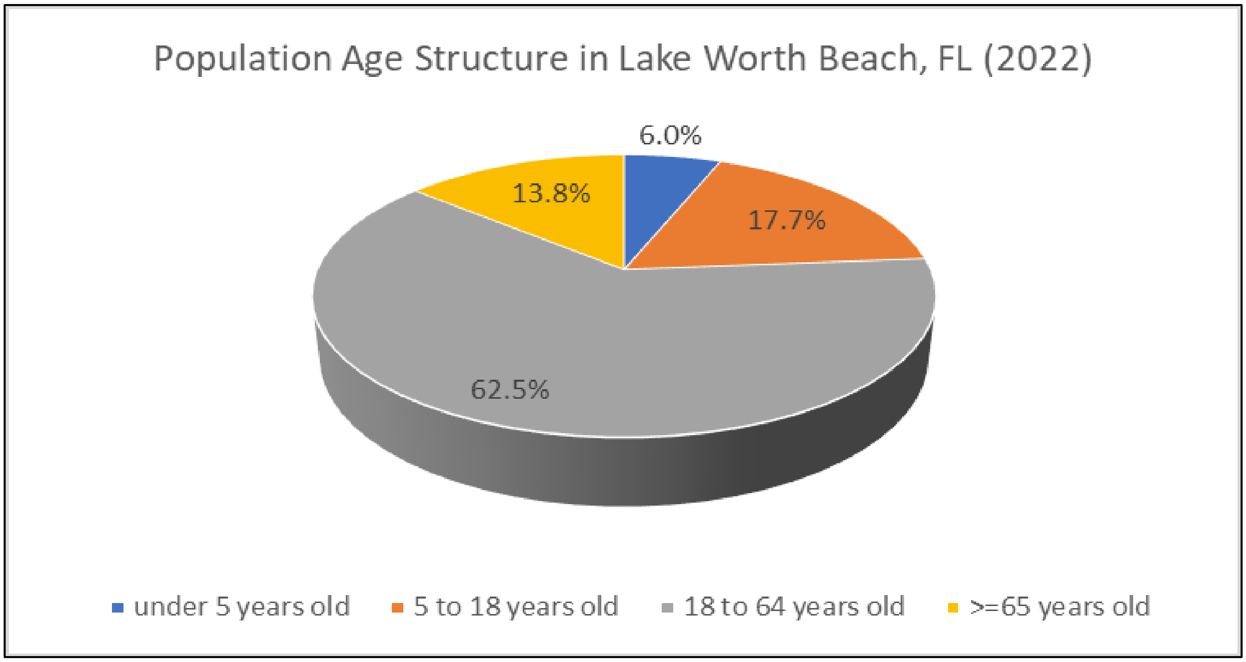


As these figures indicate, the eastern areas of Lake Worth Beach—particularly those areas that in the northern quadrant of the City, east of Federal Highway—are sparsely populated compared to the neighborhoods in the interior portions of the City, especially as one travels farther south.

C. Age Distribution

According to the 2021 ACS, the population of Lake Worth Beach is younger relative to Palm Beach County as a whole. The median age of Lake Worth Beach residents is 36.1 years, which is nine years younger than that of Palm Beach County residents, at 45. Roughly 62.5 percent of the population falling between the ages of 18 and 64 years old in 2022. Residents 65 years and older represent 13.8 percent of the population.

Figure 92: Age Structure of the City's Population in 2022



Relative to the County, Lake Worth Beach has nearly twice as many households headed by a person who is 25 to 34 (2,951) and nearly 2.5 times as many households headed by a person who is between 15 to 24 years old (587). Whereas 19 percent of Palm Beach County householders are 75 or older, only 10 percent of Lake Worth Beach householders are.

Table 25: Lake Worth Beach Age Structure Compared to County, State, and Country, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:B01001. Age (Short Version)								
Total Population:	41,608		1,481,233		21,339,762		329,725,481	
Under 18 Years	9,870	23.7%	284,509	19.2%	4,261,313	20.0%	74,234,075	22.5%
18 to 34 Years	10,118	24.3%	283,745	19.2%	4,471,601	21.0%	75,700,031	23.0%
35 to 64 Years	15,893	38.2%	560,882	37.9%	8,259,883	38.7%	126,902,754	38.5%
65 and Over	5,727	13.8%	352,097	23.8%	4,346,965	20.4%	52,888,621	16.0%

Source: ACS (SE:B01001). Age (Short Version)

D. Household Size and Structure

According to ACS data, there were 14,517 households in Lake Worth Beach in 2021 (U.S. Census Bureau 2021). The average household size in the City is approximately 2.65. Lake Worth Beach differs significantly in terms of household arrangements when compared to County, state, and national data. Five differences stand out in particular:

First, Lake Worth Beach has a relatively low rate of households formed by married couples, with 17.4 percent fewer married family couples in Lake Worth Beach relative to the County as a whole (which itself is below state and national rates). Nearly half of Lake Worth Beach residents over the age of 15 have never been married compared to 30.9 percent of Palm Beach County residents. Second, Census data show that Lake Worth Beach residents live with brothers, sisters, or other non-relatives at more than 2.5 the rate of other PBC residents. In particular, there are many more households with men sharing their dwelling with family to whom they are not married. Relative to the County as a whole, there are more than twice as many male householders with no wife present.

Table 26: Lake Worth Beach Household Types Compared to County, State, and Country, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A10008. Households by Household Type								
Households:	14,517		581,119		8,157,420		124,010,992	
Family Households:	7,963	54.9%	363,490	62.6%	5,274,491	64.7%	80,755,759	65.1%
Married-Couple Family	4,126	28.4%	265,523	45.7%	3,815,705	46.8%	59,331,185	47.8%
Other Family:	3,837	26.4%	97,967	16.9%	1,458,786	17.9%	21,424,574	17.3%
Male Householder, No Wife Present	1,707	11.8%	29,213	5.0%	414,023	5.1%	6,151,295	5.0%
Female Householder, No Husband Present	2,130	14.7%	68,754	11.8%	1,044,763	12.8%	15,273,279	12.3%
Nonfamily Households:	6,554	45.2%	217,629	37.5%	2,882,929	35.3%	43,255,233	34.9%
Male Householder	3,821	26.3%	93,284	16.1%	1,332,671	16.3%	20,405,207	16.5%
Female Householder	2,733	18.8%	124,345	21.4%	1,550,258	19.0%	22,850,026	18.4%

Source: ACS (SE: A10008. Households by Household Type), 2021

Third, Lake Worth Beach has a relatively high proportion of nonfamily households (45.2 percent). In comparison to Palm Beach County overall, there is a higher proportion of individuals in Lake Worth Beach who reside with non-family members. Specifically, the proportion of households composed of individuals sharing a living space with unrelated roommates is approximately twice as high in Lake Worth Beach compared to in the County, at 13.4 percent in comparison to 6.9 percent in the County.

Table 27: Nonfamily Households in Lake Worth Beach Compared to County, State, and Country, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A10025. Housing Units by Household Type (Including Living Alone) and Age of Householder								
Occupied Housing Units:	14,517		581,119		8,157,420		124,010,992	
Nonfamily Households	6,554	45.2%	217,629	37.5%	2,882,929	35.3%	43,255,233	34.9%
Householder Living Alone	4,603	31.7%	177,533	30.6%	2,314,172	28.4%	34,797,246	28.1%
Householder 15 to 34 Years	640	4.4%	16,103	2.8%	309,555	3.8%	5,720,923	4.6%
Householder 35 to 64 Years	2,022	13.9%	64,834	11.2%	957,138	11.7%	15,188,017	12.3%
Householder 65 Years and Over	1,941	13.4%	96,596	16.6%	1,047,479	12.8%	13,888,306	11.2%
Householder Not Living Alone	1,951	13.4%	40,096	6.9%	568,757	7.0%	8,457,987	6.8%
Householder 15 to 34 Years	752	5.2%	13,776	2.4%	220,861	2.7%	4,262,989	3.4%
Householder 35 to 64 Years	929	6.4%	16,608	2.9%	241,378	3.0%	3,203,373	2.6%
Householder 65 Years and Over	270	1.9%	9,712	1.7%	106,518	1.3%	991,625	0.8%

Fourth, the City of Lake Worth Beach has a relatively high proportion of households with children. Roughly 31 percent of Lake Worth Beach households have children under the age of 18—a proportion about 20 percent higher than in the County as a whole. The City also has a disproportionate number of children living in single-parent households. Among children under 18, only 38 percent live with a married couple in Lake Worth Beach compared to 66 percent of children in Palm Beach County overall. Whereas 35.5 percent of children countywide live in single-parent households, nearly 60 percent of Lake Worth Beach children live in one.

It is notable that most children in Lake Worth Beach live in renter households. Whereas only 38.7 percent of County households with children rent, two-thirds of Lake Worth Beach households with children rent, representing 2,898 households.

Table 28: Households with Children in Lake Worth Beach Compared to County, State, and Country, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A10009. Households by Presence of People Under 18 Years by Household Type								
Households:	14,517		581,119		8,157,420		124,010,992	
Households with One or More People Under 18 Years:	4,501	31.0%	147,399	25.4%	2,196,679	26.9%	37,894,066	30.6%
Family Households:	4,398	30.3%	146,196	25.2%	2,176,674	26.7%	37,558,302	30.3%
Married-Couple Family	1,728	11.9%	93,731	16.1%	1,357,347	16.6%	24,763,603	20.0%
Other Family (Single Parent):	2,670	18.4%	52,465	9.0%	819,327	10.0%	12,794,699	10.3%
Male Householder, No Wife Present	1,019	7.0%	16,183	2.8%	212,331	2.6%	3,358,151	2.7%
Female Householder, No Husband Present	1,651	11.4%	36,282	6.2%	606,996	7.4%	9,436,548	7.6%
Nonfamily Households:	103	0.7%	1,203	0.2%	20,005	0.3%	335,764	0.3%
Male Householder	88	0.6%	882	0.2%	13,300	0.2%	230,413	0.2%
Female Householder	15	0.1%	321	0.1%	6,705	0.1%	105,351	0.1%

Fifth, although the majority of Lake Worth Beach residents live in one- or two-person households, the City has a high proportion of larger households relative to the County, state, and country. Of particular note is the City’s distinctly high proportion of very large households (those with 6 or more people). While multiple factors shape household size, evidence we presented previously suggests that housing cost pressures play a role in driving agglomerations of larger households, including in homes without sufficient space.

In 2021, there were 1,134 Lake Worth Beach households with six or more people, representing eight percent of households. During this year, the proportion of Lake Worth Beach residents who lived in six-person households was more than double that of Palm Beach County, and the proportion of residents who lived in households of seven or more was 4.2 times that of the County.

Table 29: Distribution of Households by Size, Lake Worth Beach, Palm Beach County, Florida, & the United States, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A10066. Household Type by Household Size								
Households:	14,517		581,119		8,157,420		124,010,992	
1-Person Household	4,603	31.7%	177,533	30.6%	2,314,172	28.4%	34,797,246	28.1%
2-Person Household	4,388	30.2%	212,986	36.7%	3,000,740	36.8%	41,967,533	33.8%
3-Person Household	2,314	15.9%	82,554	14.2%	1,250,215	15.3%	19,249,798	15.5%
4-Person Household	1,399	9.6%	63,232	10.9%	936,538	11.5%	15,937,372	12.9%
5-Person Household	679	4.7%	29,029	5.0%	422,319	5.2%	7,421,411	6.0%
6-Person Household	527	3.6%	9,872	1.7%	150,625	1.9%	2,839,731	2.3%
7-or-More Person Household	607	4.2%	5,913	1.0%	82,811	1.0%	1,797,901	1.5%

The higher proportion of large households is particularly pronounced among renters. Among individuals who are living in a household with six or more people, nearly three-quarters rent their dwelling. 10 percent of all renter households have six or more residents.

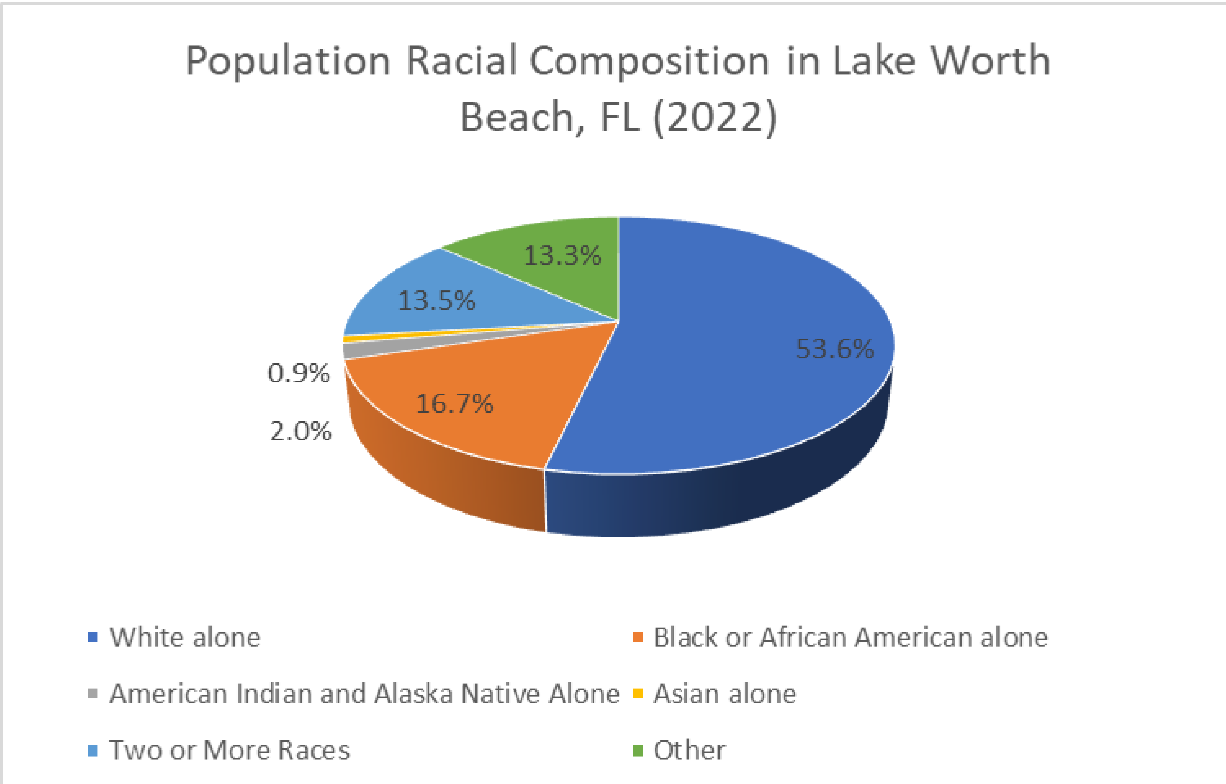
Table 30: Distribution of Renter-Occupied Households by Size, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A10002B. Household Size (Renter-Occupied Housing Units)								
Renter-Occupied Housing Units:	8,124		177,666		2,736,789		43,858,831	
1-Person Household	2,602	32.0%	60,881	34.3%	944,290	34.5%	16,634,239	37.9%
2-Person Household	2,123	26.1%	51,346	28.9%	798,840	29.2%	12,156,744	27.7%
3-Person Household	1,204	14.8%	29,515	16.6%	448,611	16.4%	6,460,100	14.7%
4-Person Household	893	11.0%	19,614	11.0%	312,421	11.4%	4,688,620	10.7%
5-Person Household	494	6.1%	10,407	5.9%	148,975	5.4%	2,350,795	5.4%
6-Person Household	348	4.3%	3,628	2.0%	54,632	2.0%	958,990	2.2%
7-or-More Person Household	460	5.7%	2,275	1.3%	29,020	1.1%	609,343	1.4%

E. Race, Ethnicity, and National Origin

Lake Worth Beach is a racially and ethnically diverse City. Lake Worth Beach's racial composition is 53.6 percent White alone, 16.7 percent Black or African American alone, 13.5 percent two or more races, and 13.3 percent unidentified.

Table 31: Racial Composition of the City of Lake Worth Beach



Source: U.S. Census Bureau, ACS, 2022

In terms of ethnic composition, 47.8 percent of the population (including members of various racial groups) identify as Hispanic or Latino.

Table 32: Breakdown of Ethnic & Racial Composition, Lake Worth Beach, Palm Beach County, Florida, & United States, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A04001. Hispanic or Latino by Race								
Total Population	41,608		1,481,233		21,339,762		329,725,481	
Not Hispanic or Latino:	21,735	52.2%	1,138,591	76.9%	15,746,672	73.8%	268,918,512	81.6%
White Alone	13,216	31.8%	777,909	52.5%	11,217,187	52.6%	196,010,370	59.5%
Black or African American Alone	6,709	16.1%	269,181	18.2%	3,223,893	15.1%	40,196,302	12.2%
American Indian and Alaska Native Alone	35	0.1%	1,031	0.1%	31,002	0.2%	1,936,842	0.6%
Asian Alone	359	0.9%	41,017	2.8%	585,096	2.7%	18,554,697	5.6%
Native Hawaiian and Other Pacific Islander Alone	10	0%	256	0%	10,749	0.1%	555,712	0.2%
Some Other Race Alone	608	1.5%	8,008	0.5%	102,728	0.5%	1,208,267	0.4%
Two or More Races	798	1.9%	41,189	2.8%	576,017	2.7%	10,456,322	3.2%
Hispanic or Latino:	19,873	47.8%	342,642	23.1%	5,593,090	26.2%	60,806,969	18.4%
White Alone	9,084	21.8%	190,161	12.8%	3,231,830	15.1%	28,778,739	8.7%
Black or African American Alone	237	0.6%	6,591	0.4%	134,576	0.6%	1,196,710	0.4%
American Indian and Alaska Native Alone	780	1.9%	2,619	0.2%	23,464	0.1%	785,819	0.2%
Asian Alone	0	0%	493	0%	11,766	0.1%	228,227	0.1%
Native Hawaiian and Other Pacific Islander Alone	0	0%	215	0%	2,316	0%	59,845	0%
Some Other Race Alone	4,959	11.9%	52,656	3.6%	763,430	3.6%	17,174,529	5.2%
Two or More Races	4,813	11.6%	89,907	6.1%	1,425,708	6.7%	12,583,100	3.8%

Lake Worth Beach is particularly unique for having a thriving Guatemalan enclave. Nearly 10,000 residents—which is nearly one-quarter of the City's total population—are of Guatemalan descent. After Guatemalans, Hondurans and Puerto Ricans are the most populous Latino ethnic groups. In addition, 3,712 residents report West Indian ancestry, most of whom—2,816 residents—report Haitian ancestry (6.8 percent), with 2,405 people being born there. Lake Worth Beach also has a small but significant Cambodian enclave.

Table 33: Lake Worth Beach Residents by Hispanic or Latino Origin

SE:A04002. Hispanic or Latino by Specific Origin								
Total Population	41,608		1,481,233		21,339,762		329,725,481	
Not Hispanic or Latino	21,735	52.2%	1,138,591	76.9%	15,746,672	73.8%	268,918,512	81.6%
Hispanic or Latino:	19,873	47.8%	342,642	23.1%	5,593,090	26.2%	60,806,969	18.4%
Mexican	1,833	4.4%	55,695	3.8%	724,282	3.4%	36,983,682	11.2%
Puerto Rican	2,087	5.0%	51,635	3.5%	1,186,681	5.6%	5,857,466	1.8%
Cuban	1,596	3.8%	60,880	4.1%	1,534,465	7.2%	2,369,179	0.7%
Dominican Republic	758	1.8%	17,676	1.2%	259,763	1.2%	2,203,172	0.7%
Central American:	11,879	28.6%	62,879	4.3%	587,932	2.8%	5,791,215	1.8%
Costa Rican	20	0.1%	1,864	0.1%	25,223	0.1%	171,419	0.1%
Guatemalan	9,160	22.0%	32,022	2.2%	139,091	0.7%	1,586,952	0.5%
Honduran	1,374	3.3%	13,860	0.9%	151,747	0.7%	1,006,088	0.3%
Nicaraguan	457	1.1%	5,208	0.4%	155,941	0.7%	431,825	0.1%
Panamanian	0	0%	1,131	0.1%	38,042	0.2%	219,966	0.1%
Salvadoran	808	1.9%	8,420	0.6%	75,643	0.4%	2,337,189	0.7%
Other Central American	60	0.1%	374	0%	2,245	0%	37,776	0%

Lake Worth Beach has a substantial population of foreign-born residents. Nearly 40 percent of residents were born outside the U.S., and nearly 30 percent of residents lack citizenship status. Lake Worth Beach's population of non-citizens is substantially higher than comparison groups: It is 2.5 times higher than the county's, 3.3 times higher than the state's, and 4.4 times higher than the country's. Most foreign-born residents have lived in Lake Worth Beach for some time, however. Two-thirds moved to Lake Worth Beach before 2010 and have resided in the City for at least 13 years.

Table 34: Nativity & Citizenship Status of Population, Lake Worth Beach, Palm Beach County, Florida, & United States, 2022

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A06001. Nativity by Citizenship Status								
Total Population:	41,608		1,481,233		21,339,762		329,725,481	
Native Born	25,166	60.5%	1,090,971	73.7%	16,861,343	79.0%	284,880,673	86.4%
Foreign Born:	16,442	39.5%	390,262	26.4%	4,478,419	21.0%	44,844,808	13.6%
Naturalized Citizen	4,313	10.4%	219,341	14.8%	2,600,888	12.2%	23,141,369	7.0%
Not a Citizen	12,129	29.2%	170,921	11.5%	1,877,531	8.8%	21,703,439	6.6%

F. Educational Attainment

The adult population of Lake Worth Beach has markedly lower levels educational attainment, on average, in comparison to the county, state, or national populations. Among Lake Worth Beach residents 25 years or older, 27.4 percent have not completed high school—a proportion roughly 2.5 times higher than the County's, state's, and nation's. Moreover, only 22.7 percent of the City's adult population has a bachelors' degree or higher, revealing only about half the rate of completing higher education when compared to residents of Palm Beach County as a whole.

Table 35: Educational Attainment of the Population 25 Years and Over, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:B12001. Educational Attainment for Population 25 Years and Over (Collapsed Version)								
Population 25 Years and Over:	27,936		1,087,027		15,349,290		225,152,317	
Less than High School	7,655	27.4%	118,849	10.9%	1,682,505	11.0%	25,050,356	11.1%
High School Diploma	13,952	49.9%	555,321	51.1%	8,826,829	57.5%	124,293,127	55.2%
Bachelor's Degree or Better	6,329	22.7%	412,857	38.0%	4,839,956	31.5%	75,808,834	33.7%

This is particularly important because educational attainment is strongly associated with homeownership. Whereas just more than one-third of Lake Worth Beach householders with a college degree rent, 64 percent of householders without one—nearly two-thirds—rent (ACS 2021). This is likely due to the economic opportunities and earnings premiums that college education continues to provide.

G. Employment, Occupational Structure, and Income Sources

Lake Worth Beach is a working-class City, with higher rates of labor market participation and employment than the county, state, or nation. Of the total population of working age, two-thirds are currently in the labor force, and about 62 percent are currently employed.

Table 36: Employment Status of Working-Age Population, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A17002. Employment Status for Total Population 16 Years and Over								
Population 16 Years and Over:	32,650		1,229,967		17,577,024		264,087,642	
In Labor Force:	21,755	66.6%	735,676	59.8%	10,448,290	59.4%	167,869,126	63.6%
In Armed Forces	0	0%	508	0%	71,254	0.4%	1,196,529	0.5%
Civilian:	21,755	66.6%	735,168	59.8%	10,377,036	59.0%	166,672,597	63.1%
Employed	20,202	61.9%	690,230	56.1%	9,824,911	55.9%	157,510,982	59.6%
Unemployed	1,553	4.8%	44,938	3.7%	552,125	3.1%	9,161,615	3.5%
Not in Labor Force	10,895	33.4%	494,291	40.2%	7,128,734	40.6%	96,218,516	36.4%

The occupational structure of workers in the City is 29.9 percent in services, 28.9 percent in production activities, and 41.3 percent in white collar occupations. Nearly half of employed residents work in blue-collar occupations such as agriculture, production, transportation, construction, and maintenance. When industries such as food service and personal care are included, more than 75 percent of employed Lake Worth Beach residents have working-class occupations. Lake Worth Beach residents are less likely to work in management, professional, office, and related occupations than residents of Palm Beach County as a whole.

Table 37: Occupational Structure of the Working-Age Population, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:B17008. Occupation for Employed Civilian Population 16 Years and Over								
Employed Civilian Population 16 Years and Over:	20,202		690,230		9,824,911		157,510,982	
Management, Business, and Financial Operations Occupations	2,234	11.1%	121,673	17.6%	1,585,353	16.1%	25,882,816	16.4%
Professional and Related Occupations	2,573	12.7%	147,054	21.3%	2,081,233	21.2%	37,586,664	23.9%
Healthcare Support Occupations	398	2.0%	23,494	3.4%	290,718	3.0%	5,164,204	3.3%
Protective Service Occupations	221	1.1%	15,733	2.3%	235,724	2.4%	3,383,666	2.2%
Food Preparation and Serving Related Occupations	1,303	6.5%	42,091	6.1%	612,680	6.2%	8,472,384	5.4%
Building and Grounds Cleaning and Maintenance Occupations	3,357	16.6%	39,171	5.7%	447,124	4.6%	5,658,611	3.6%
Personal Care and Service Occupations	461	2.3%	24,722	3.6%	282,120	2.9%	4,147,730	2.6%
Sales and Related Occupations	1,979	9.8%	84,839	12.3%	1,151,265	11.7%	15,388,449	9.8%
Office and Administrative Support Occupations	1,315	6.5%	71,113	10.3%	1,191,217	12.1%	17,473,595	11.1%
Farming, Fishing, and Forestry Occupations	334	1.7%	3,704	0.5%	47,119	0.5%	975,220	0.6%
Construction, Extraction, and Maintenance Occupations	3,851	19.1%	56,750	8.2%	864,323	8.8%	12,744,051	8.1%
Production Occupations	652	3.2%	19,068	2.8%	319,389	3.3%	8,698,901	5.5%
Transportation and Material Moving Occupations	1,524	7.5%	40,818	5.9%	716,646	7.3%	11,934,691	7.6%

Three-quarters of Lake Worth Beach residents rely on income from labor market participation. A higher proportion of Lake Worth Beach residents attain their income through wages and salary relative to sources such as dividends, rental income, capital gains, pensions, and/or government programs such as Social Security, in comparison to Palm Beach County. The proportion of Palm Beach County residents that received unearned income, such as dividends or rental payments, was twice that of Lake Worth Beach residents. Additionally, the proportion of County residents that received retirement income was 1.6 times that of Lake Worth Beach's, the proportion receiving Social Security income was 1.5 times higher, and the proportion receiving Supplemental Security Income (SSI) was 1.2 times higher.

Table 38: Households with Wage or Salary Income, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A10019. Households with Wage or Salary Income								
Households:	14,517		581,119		8,157,420		124,010,992	
With Wage or Salary Income	11,007	75.8%	394,475	67.9%	5,737,086	70.3%	93,095,026	75.1%
No Wage or Salary Income	3,510	24.2%	186,644	32.1%	2,420,334	29.7%	30,915,966	24.9%

Table 39: Households with Investment Income, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A10012. Households with Interest, Dividends, or Net Rental Income								
Households:	14,517		581,119		8,157,420		124,010,992	
With Interest, Dividends, or Net Rental Income	2,143	14.8%	152,518	26.3%	1,642,191	20.1%	25,015,184	20.2%
No Interest, Dividends, or Net Rental Income	12,374	85.2%	428,601	73.8%	6,515,229	79.9%	98,995,808	79.8%

H. Commuting

About 882 (4.5 percent) Lake Worth Beach workers 16 years or older rely on public transportation to get to work. The proportion of residents that use public transportation is 2.5 times higher than the proportion in Palm Beach County. Although most residents commute to work with a car, truck, or van, substantially more carpool relative to the rest of the County. Indeed, nearly a quarter of Lake Worth Beach residents arrive at work via carpool compared to 10 percent of workers in the County. The proportion of Lake Worth Beach residents that walk to work is nearly double that of Palm Beach County's. These data suggest that affordable transit-oriented development and better public transportation options would benefit residents, given that many lack personal automobiles. Of households in Lake Worth Beach, 1,934—roughly 13.3 percent of all households—have no vehicle, compared to six percent of County households. Personal transportation is particularly limited among renter households—more than 20 percent of which have no vehicle, nearly twice the rate of the County.

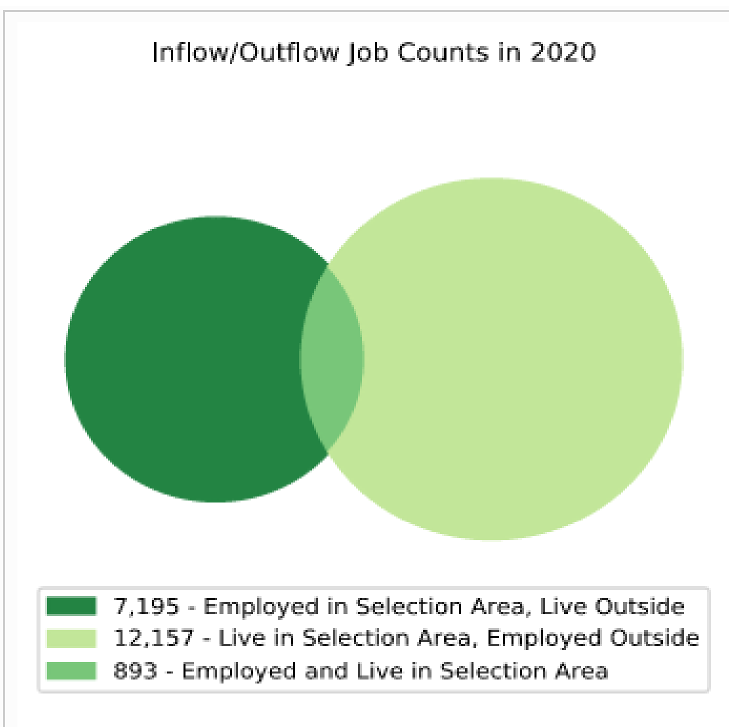
The proportion of Lake Worth Beach residents that work from home (1,042 residents, or 5.4 percent of all residents) is half that of County residents (10.4 percent). Moreover, only 340 workers (1.8 percent) live within five minutes of their job—which suggests that live/work developments may have limited utility for existing residents. Roughly 10.1 percent of Lake Worth Beach residents have commutes that exceed one hour compared to 7.3 percent of County residents. The average commute time is 28 minutes, which is similar to the County's average of 26 minutes.

Table 40: Commuting Characteristics

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A09005. Means of Transportation to Work for Workers 16 Years and Over								
Workers 16 Years and Over:	19,474		674,668		9,698,180		155,284,955	
Car, Truck, or Van	16,553	85.0%	570,687	84.6%	8,251,975	85.1%	127,065,109	81.8%
Drove Alone	11,831	60.8%	503,083	74.6%	7,378,614	76.1%	113,724,271	73.2%
Carpooled	4,722	24.3%	67,604	10.0%	873,361	9.0%	13,340,838	8.6%
Public Transportation (Includes Taxicab)	882	4.5%	12,191	1.8%	162,196	1.7%	6,805,591	4.4%
Motorcycle	79	0.4%	939	0.1%	20,539	0.2%	204,432	0.1%
Bicycle	96	0.5%	3,043	0.5%	50,037	0.5%	739,008	0.5%
Walked	423	2.2%	8,043	1.2%	130,097	1.3%	3,849,557	2.5%
Other Means	399	2.1%	9,693	1.4%	126,331	1.3%	1,559,574	1.0%
Worked At Home	1,042	5.4%	70,072	10.4%	957,005	9.9%	15,061,684	9.7%

As the following 2020 Census chart indicated, most of Lake Worth Beach's workforce commutes into the City from other areas.

Figure 93: Lake Worth Beach Inflow/Outflow



I. *Income Distribution*

Although home prices and rents have risen rapidly in Lake Worth Beach, they do not correspond to the income profile of City households. According to ESRI, the estimated median household income in Lake Worth Beach is $53,656—only 54.5 percent of the estimate that HUD uses for Palm Beach County ($98,300). Whereas 34 percent of households in Palm Beach County as a whole have at least six-figure incomes according to 2021 ACS-estimates, only 20.5 percent of Lake Worth Beach residents make at least six-figures. About 35 percent of Lake Worth Beach residents make less than $35,000 per year according to ACS estimates (compared to 25 percent of County residents).

There are also significant income disparities across racial and ethnic lines. This is especially reflected in the relatively low incomes among Black and African American households in Lake Worth Beach, which earn 72 cents on the dollar relative to the City's White households. These disparities are also reflected in differential poverty rates. Whereas 14.3 percent of non-Hispanic White residents in Lake Worth Beach lived below the federal poverty line, 28.3 percent of Latino residents and 34.6 percent of Black or African American residents do.

Table 41: Comparative Poverty Rates

Poverty Estimates and Rates by Race and Ethnicity, Lake Worth Beach, Palm Beach County, Florida, and the United States								
	Lake Worth Beach		**Palm Beach County**		**Florida**		**United States**	
Race / Ethnicity	**Count**	**Rate**	**Count**	**Rate**	**Count**	**Rate**	**Count**	**Rate**
White alone	3,866	17.6%	87,235	9.1%	1,571,721	11.1%	22,616,705	10.3%
Black or African American	1,716	25%	48,175	17.9%	664,615	20.5%	8,630,739	21.7%
American Indian & Alaska Native	282	34.6%	382	10.7%	9,598	18.2%	615,351	23.4%
Asian	6	1.7%	4,455	10.8%	66,474	11.3%	1,900,825	10.3%
Native Hawaiian & Pacific Islander	0	0%	73	16.5%	2,117	16.6%	99,627	16.7%
Some other race	2,220	40.3%	13,921	23.1%	160,717	18.8%	3,440,072	19.1%
Two or more races	1,663	29.7%	15,226	11.7%	269,370	13.6%	3,353,317	14.9%
Hispanic or Latino	5,607	28.3%	53,364	15.7%	880,620	15.9%	10,560,320	17.7%
White non-Hispanic	1,845	14.3%	58,516	7.6%	1,061,435	9.6%	17,668,529	9.2%

Source: U.S. Census, ACS

Table 42: Median Household Income by Race, 2021 – Adjusted for Inflation

Statistics	Lake Worth Beach city, Florida	Palm Beach County, Florida	Florida	United States
SE:A14007. Median Household Income by Race (In 2022 Inflation Adjusted Dollars) Dollars adjusted for inflation to match value in 2022 (CPI: 1.081)				
Median Household Income (In 2022 Inflation Adjusted Dollars):	$55,299	$74,484	$66,809	$74,643
White Alone Householder	$61,223	$80,772	$70,856	$79,523
Black or African American Alone Householder	$39,897	$57,159	$49,937	$50,181
American Indian and Alaska Native Alone Householder	$33,473	$62,468	$58,224	$54,271
Asian Alone	$63,130	$81,610	$84,728	$106,379
Native Hawaiian and Other Pacific Islander Alone Householder			$62,887	$76,815
Some Other Race Alone Householder	$54,318	$55,461	$55,812	$60,312
Two or More Races Householder	$62,125	$78,276	$66,048	$70,532
Hispanic or Latino Householder	$56,738	$66,052	$60,660	$63,580
White Alone Householder, Not Hispanic or Latino	$63,193	$84,014	$73,268	$81,334

Source: U.S. Census, ACS, 2021

There are also significant differences in relation to family arrangement. Whereas family households earn about $61,367 per year, non-family households earn about $43,279 per year.

Reflecting these relatively low incomes, over half of Lake Worth Beach residents are considered "doing poorly" or "struggling" to get by the U.S. Census Bureau—meaning that their incomes are under 200 percent of the federal poverty guideline. This is a far higher proportion than the 22.2 percent of Palm Beach County residents whose income places them in those categories.

Among families, 43.6 percent are doing poorly or struggling compared to 22.5 percent of Palm Beach County families. Whereas 31.7 percent of County residents earn more than 500 percent of the federal poverty guideline (and 39.2 percent of families), only 14.6 percent of Lake Worth Beach residents do (and 22.6 percent of families).

Table 43: Ratios of Income to Poverty Level, 2020

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:B13004. Ratio of Income in 2020 to Poverty Level (Summarized - top-coded at 2.00)								
Population for Whom Poverty Status Is Determined:	41,108		1,460,990		20,928,219		321,897,703	
Under 1.00 (Doing Poorly)	9,753	23.7%	169,467	11.6%	2,744,612	13.1%	40,661,636	12.6%
1.00 to 1.99 (Struggling)	11,242	27.4%	252,503	17.3%	4,009,019	19.2%	53,379,519	16.6%
Under 2.00 (Poor or Struggling)	20,995	51.1%	421,970	28.9%	6,753,631	32.3%	94,041,155	29.2%
2.00 and Over (Doing Ok)	20,113	48.9%	1,039,020	71.1%	14,174,588	67.7%	227,856,548	70.8%

Source: U.S. Census, ACS, 2021

As with much of the nation, there is substantial income inequality in Lake Worth Beach. The top 20 percent of income earners in the City take in nearly half of all income across the city. The bottom 40 percent of earners accrue only 14.2 percent of the City's aggregate income. However, it should be noted that the City's Gini Index, which measures inequality, is lower than the County, state, and national averages.

Table 44: Distribution of Aggregate Income by Quintile, 2021

Statistics	Lake Worth Beach city, Florida	Palm Beach County, Florida	Florida	United States
SE:A14025. Shares of Aggregate Household Income by Quintile				
Lowest Quintile	4.1%	2.9%	3.2%	3.1%
Second Quintile	9.1%	7.7%	8.5%	8.5%
Third Quintile	14.7%	13.0%	14.1%	14.3%
Fourth Quintile	23.2%	20.7%	22.0%	22.6%
Highest Quintile	49.0%	55.7%	52.1%	51.6%
Top 5 Percent	21.4%	27.7%	24.5%	23.3%

Source: U.S. Census, ACS, 2021

J. Incidence, Rates, and Distribution of Poverty

Lake Worth Beach's poverty rate is more than twice that of the County's and state's at 19.6 percent, compared to 8.0 percent, 9.3 percent, respectively. The proportion of single mother households and married couples with children living in poverty in Lake Worth Beach (9.1

percent and 4.9 percent, respectively) is higher relative to those in the county (3.4 percent and 1.7 percent, respectively). Poverty is also more severe in Lake Worth Beach than it is in Palm Beach County as a whole. According to the ACS data, whereas only 5.4 percent of Palm Beach County residents have an income that is less than half the poverty line, 11.2 percent of Lake Worth Beach residents do (4,597 people). Moreover, 743 Lake Worth Beach families have an income that is less than half the federal poverty line—9.3 percent of all local families—compared to 3.4 percent of Palm Beach County families.

Table 45: Family Poverty Status by Family Type, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A13002. Poverty Status in of Families by Family Type by Presence of Children Under 18 Years								
Families:	7,963		363,490		5,274,491		80,755,759	
Income Below Poverty Level:	1,564	19.6%	29,116	8.0%	492,758	9.3%	7,181,779	8.9%
Married Couple Family: with Related Child Living Below Poverty Level	391	4.9%	6,171	1.7%	97,540	1.9%	1,483,144	1.8%
Married Couple Family: No Related Children Under 18 Years	161	2.0%	7,206	2.0%	111,706	2.1%	1,175,121	1.5%
Male Householder, No Wife Present:	286	3.6%	3,390	0.9%	51,296	1.0%	774,828	1.0%
With Related Children Under 18 Years	263	3.3%	2,284	0.6%	34,674	0.7%	554,234	0.7%
No Related Children Under 18 Years	23	0.3%	1,106	0.3%	16,622	0.3%	220,594	0.3%
Female Householder, No Husband Present:	726	9.1%	12,349	3.4%	232,216	4.4%	3,748,686	4.6%
With Related Children Under 18 Years	706	8.9%	10,037	2.8%	188,536	3.6%	3,160,728	3.9%
No Related Children Under 18 Years	20	0.3%	2,312	0.6%	43,680	0.8%	587,958	0.7%
Income At or Above Poverty Level	6,399	80.4%	334,374	92.0%	4,781,733	90.7%	73,573,980	91.1%

Source: U.S. Census, ACS, 2021

The childhood poverty rate in Lake Worth Beach is astounding and appalling: Nearly 40 percent of the 9,695 children who live in Lake Worth Beach live in poverty. This is more than double the rate of childhood poverty in the county, state, and country as a whole.

Table 46: Childhood Poverty in Lake Worth Beach compared to County, State & Nation, 2020

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A13003A. Poverty Status in 2020 for Children Under 18								
Population Under 18 Years of Age for Whom Poverty Status Is Determined:	9,695		280,182		4,193,625		72,996,065	
Living in Poverty	3,743	38.6%	46,102	16.5%	763,527	18.2%	12,443,424	17.1%
At or Above Poverty Level	5,952	61.4%	234,080	83.6%	3,430,098	81.8%	60,552,641	83.0%

Source: U.S. Census, ACS, 2021

Working age adults are also nearly twice as likely to live in poverty in Lake Worth Beach compared to Palm Beach County as a whole , with 20.3 percent living in poverty in Lake Worth Beach compared to 10.7 percent in the County.

Table 47: Poverty Status of Working-Age Adults, 2020

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A13003B. Poverty Status in 2020 for Population Age 18 to 64								
Population Age 18 to 64 for Whom Poverty Status Is Determined:	25,961		833,281		12,451,600		197,195,974	
Living in Poverty	5,259	20.3%	89,113	10.7%	1,523,140	12.2%	23,280,096	11.8%
At or Above Poverty Level	20,702	79.7%	744,168	89.3%	10,928,460	87.8%	173,915,878	88.2%

Source: U.S. Census, 2020

Although seniors in Lake Worth Beach live in poverty at a significantly higher rate (13.8 percent) than seniors across the County (9.9 percent), they have the lowest poverty rate among all age groups. Children, followed by working age adults, are much more likely to be poor in Lake Worth Beach.

Table 48: Poverty Status of Seniors, 2020

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A13003C. Poverty Status in 2020 for Population Age 65 and Over								
Population Age 65 and Over for Whom Poverty Status Is Determined:	5,452		347,527		4,282,994		51,705,664	
Living in Poverty	751	13.8%	34,252	9.9%	457,945	10.7%	4,938,116	9.6%
At or Above Poverty Level	4,701	86.2%	313,275	90.1%	3,825,049	89.3%	46,767,548	90.5%

Source: U.S. Census, 2020

It is vital to note that the factors that drive poverty and housing insecurity in Lake Worth Beach are not poor choices or lack of initiative. As noted above, Lake Worth Beach residents participate in the labor force at a higher rate than the rest of the County, the state, and the nation. In spite of their active labor force participation, many Lake Worth Beach residents are what United Way calls "ALICE" workers: Asset-limited, income constrained, yet employed. Lake Worth Beach residents work, but due to meager pay and hostile market conditions, cannot afford their homes. Indeed, 37 percent of Lake Worth Beach residents living in poverty are currently employed.

Table 49: Poverty Status of Employed and Unemployed Working Age Adults (2021)

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A13007. Poverty Status in the Past 12 Months of Individuals by Employment Status								
Total	32,325		1,213,310		17,170,612		256,532,510	
Income in the Past 12 Months Below Poverty Level	6,122	18.9%	127,719	10.5%	2,060,107	12.0%	29,457,546	11.5%
In Labor Force	2,959	9.2%	48,919	4.0%	737,925	4.3%	11,428,638	4.5%
Employed	2,261	7.0%	37,294	3.1%	583,856	3.4%	8,949,040	3.5%
Unemployed	698	2.2%	11,625	1.0%	154,069	0.9%	2,479,598	1.0%
Not in Labor Force	3,163	9.8%	78,800	6.5%	1,322,182	7.7%	18,028,908	7.0%
Income in the Past 12 Months At or Above Poverty Level	26,203	81.1%	1,085,591	89.5%	15,110,505	88.0%	227,074,964	88.5%
In Labor Force	18,796	58.2%	684,130	56.4%	9,611,389	56.0%	154,143,457	60.1%
Employed	17,941	55.5%	651,456	53.7%	9,217,766	53.7%	147,592,850	57.5%
Unemployed	855	2.7%	32,674	2.7%	393,623	2.3%	6,550,607	2.6%
Not in Labor Force	7,407	22.9%	401,461	33.1%	5,499,116	32.0%	72,931,507	28.4%

Source: U.S. Census, ACS, 2021

In combination with the poverty associated with badly remunerated labor, ineligibility for public benefits prevents many Lake Worth Beach residents from accessing critical social services—such as healthcare—leading to hardship. One key indicator of this problem is the population of residents who lack health insurance coverage. The proportion of Lake Worth Beach residents who lack coverage is 3.6 times higher than in the U.S. overall, and 2.3 times than the County rate. An astounding 31.9 percent of Lake Worth Beach residents lack health coverage. For the working age population, which has less access to public programs, 45 percent lack health insurance.

Table 50: Rates of Health Insurance Coverage, 2021

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A20001. Health Insurance								
Total:	41,283		1,469,032		21,027,201		324,818,565	
No Health Insurance Coverage	13,164	31.9%	202,404	13.8%	2,657,226	12.6%	28,489,142	8.8%
With Health Insurance Coverage:	28,119	68.1%	1,266,628	86.2%	18,369,975	87.4%	296,329,423	91.2%
Public Health Coverage	14,649	35.5%	535,803	36.5%	7,709,520	36.7%	115,056,151	35.4%
Private Health Insurance	15,691	38.0%	930,182	63.3%	13,263,169	63.1%	220,227,921	67.8%

Source: U.S. Census, ACS, 2021

K. Incidence and Distribution of Disability Status

Approximately 10.2 percent of residents of Lake Worth Beach are living with a disability. The proportion of Whites (11.5 percent) with a disability is higher than among Black/African American residents (11.4 percent) and Hispanic residents (6.5 percent). By age, 58.8 percent of residents over 75 are living with a disability. The most frequent disabilities include cognitive, ambulatory, and independent living disabilities in residents over 65.

Further information about the City's health characteristics is provided in Chapter 13.

CHAPTER 12:
DISTRIBUTION OF HOUSING OPTIONS IN LAKE WORTH BEACH

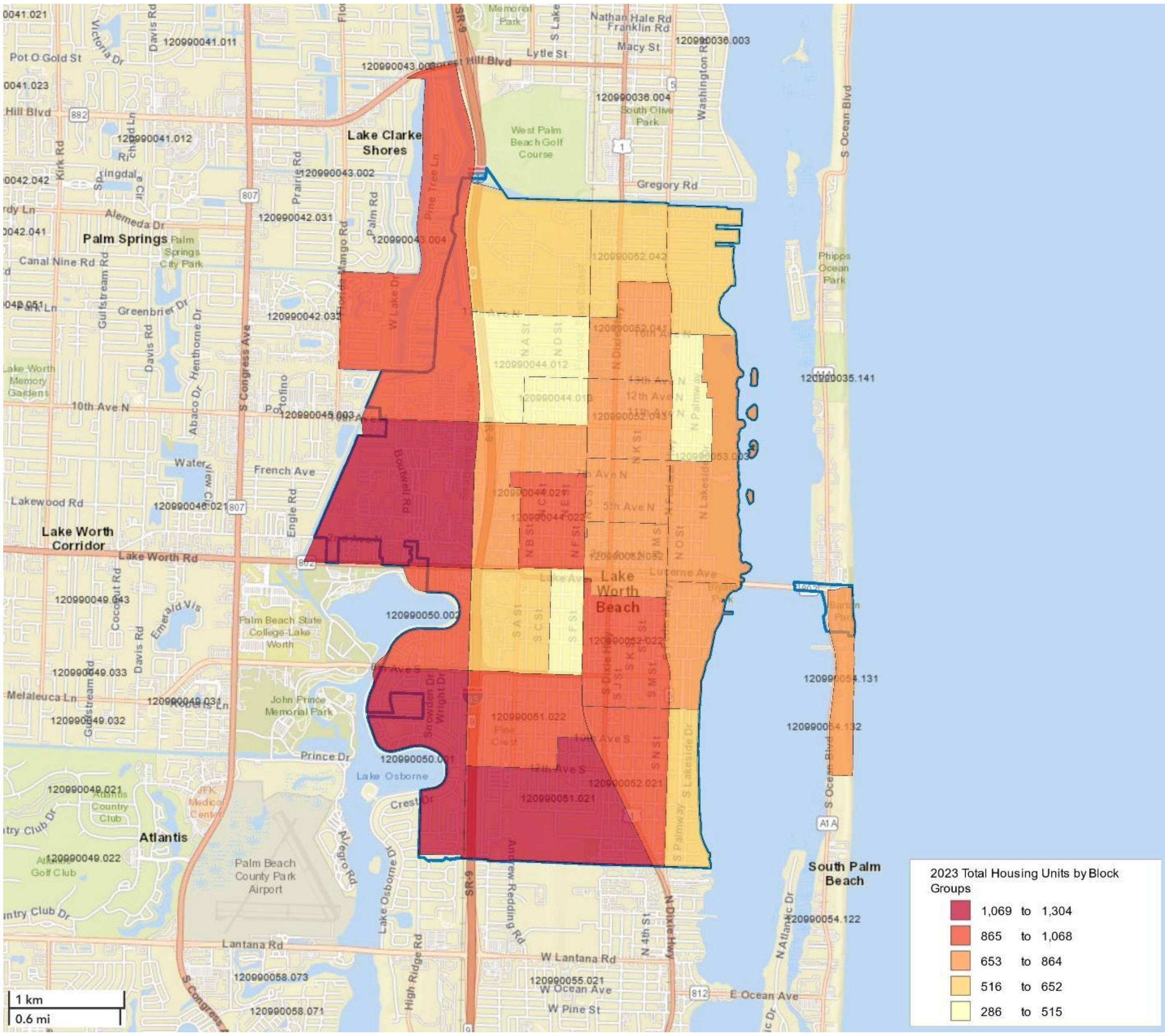
A. Housing Unit Characteristics

Based on the ACS 2017-2021 five-year estimate, the 2023 estimated total number of housing units is 18,000, and 44 percent of the housing is owner-occupied with a vacancy rate of 10.3 percent, which indicates a paradox of issues where there is a shortage of affordable housing while there is a plethora of seasonal/occasional housing units in the City. Among the 2,309 vacant housing units from the ACS 2017-2021 survey, nearly half are seasonal/occasional homes.

The most common home type in Lake Worth Beach is the single-family detached home. However, the City does also have large apartment complexes, high rise apartments, duplexes, and homes converted to apartments, among other types. The City's housing stock is relatively old, with more than 43 percent of the housing units being constructed in the 1940s to the 1960s. During that period, homes were typically significantly smaller than new homes that are built today. The average home in Lake Worth Beach has less than three bedrooms. Newer homes, constructed between 2000 and the present day, represent 8.6 percent of the homes located within the City limit.

The following map shows the spatial distribution of the number of housing units in the City. Most housing units concentrate in the southwest quadrant of the City.

Figure 94: Spatial Distribution of Housing Units, Lake Worth Beach

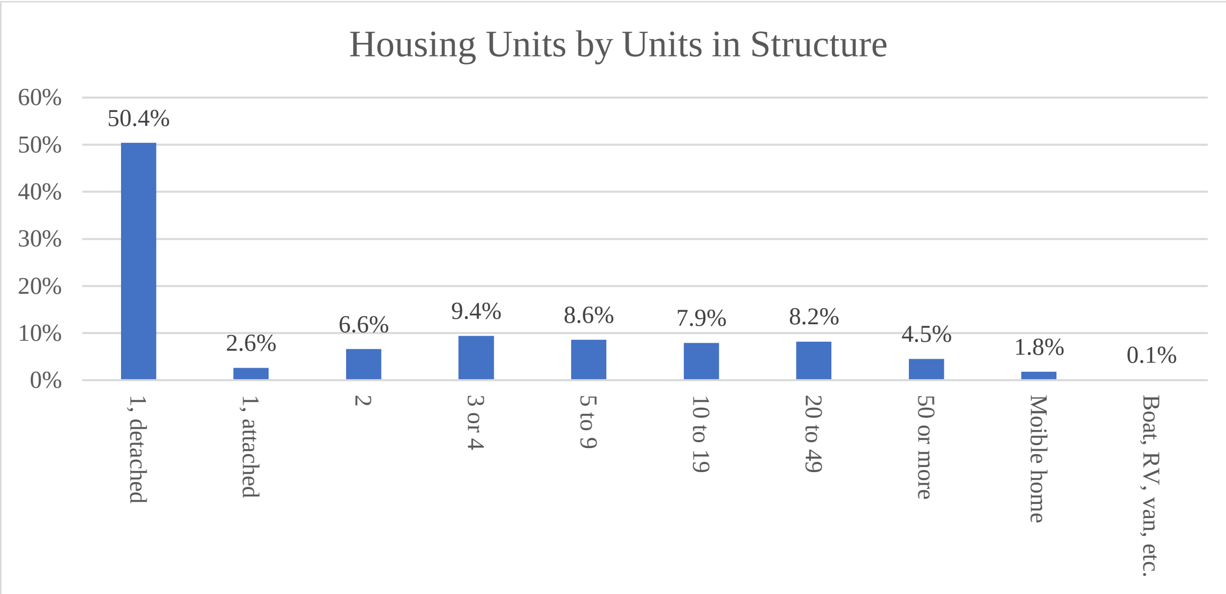


Source: Map created by the authors using ESRI Business Analyst Online (BAO)

B. Housing Unit by Structure

According to ACS 2017-2021 data, about the majority (50.4 percent) of Lake Worth Beach's housing units are single family detached homes, followed by apartment/condo units ranging from duplexes to 50 or more units. The tables below provide a more detailed breakdown of homes based on the parcel data, where about 7,000 units are single-family parcels, 2,621 are condominium parcels, and about 1,500 are multi-family parcels. This indicates that about 60 percent of the parcels are single-family homes.

Figure 95: Housing Units by Units in Structure



Source: Chart created by the authors using ESRI Business Analyst Online ACS 2017-2021 data (BAO)

Table 51: Property Parcels by Type

Type of Property Parcels	Number of Parcels
Unclassified	164
AG Classification ORN/MISC AGRI	2
AUTO SALES	60
CENTRALLY ASSESSED	13
CITY INC NONMUNI	8
CLB/LDG/UN HALL	7
CONDOMINIUM	2,621
COOPERATIVE	93
CULTURAL	1
DEPARTMENT STORE	1
DISTRICTS	10
FEDERAL	1
FINANCIAL	9
FOREST/PK/REC	3
GOLF COURSE	1
LEASEHOLD INT	6
LIGHT MFG	18
MEDICAL OFFICE- BUILDING UP TO 4 STORIES	30
MFR 5 TO 9 UNITS	157
MIN PROCESSING	5
MISC RESIDENCE SFR	4
MORT/CEMETERY	8
MOTEL	33

MULTIFAMILY < 10 UNITS-COMM ZONING	123
MULTIFAMILY < 10 UNITS-IND ZONING	2
MULTIFAMILY < 5 UNITS	1,240
MULTIFAMILY > 10 units Income Restricted	3
MULTIFAMILY 10 UNITS OR MORE	75
MUNICIPAL	91
NIGHT CLUBS	7
OFF BLDG- NON MEDIC 1 TO 3 STORIES CONDO	7
OFFICE BLDG- NON MEDICAL 4 STORIES & UP	6
OFFICE BLDG-NON MEDICAL 1 TO 3 STORIES	68
OPEN STORAGE	19
ORPHNG/NON-PROF	1
OUTDR REC/PARK LAND	1
PKG LT / MH PK	8
PRV SCHL/COLL	5
PUB CTY SCHOOL	17
R/W - BUFFER	10
RELIGIOUS	62
RESIDENTIAL COMMON AREA/ELEMENT	52
RESTAURANT	18
RESTAURANT, DRIVE IN	5
RETIREMENT	2
RETIREMENT Income Restricted	1
RIVER/LAKES	4
SANI/ REST HOME	9
SERVICE SHOPS	2
SERVICE STATION	12
SHOPPING CENTER CMMITY	4
SINGLE FAMILY	6,974
SINGLE FAMILY-COMM ZONING	119
SINGLE FAMILY-IND ZONING	4
SMALL DISCOUNT STORE < 25000 SF	6
STATE	18
STORE/OFF/RES CONDO	9
STORE/OFFICE/RESIDENTIAL	65
STORES	162
STORES CONDO	7
SUPERMARKET/DRUG STORE	4
THTR/AUD/CLBHS	1
TOWNHOUSE	368
UTILITY	6
VACANT	195
VACANT COMMERCIAL	143
VACANT CONDO LAND	13
VACANT INDUSTRIAL	8

VACANT TOWNHOUSE	14
WAREH/DIST TERM	197
WAREH/DIST TERM CONDO	89

Source: Table created by the authors using Lake Worth Beach 2023 parcel data

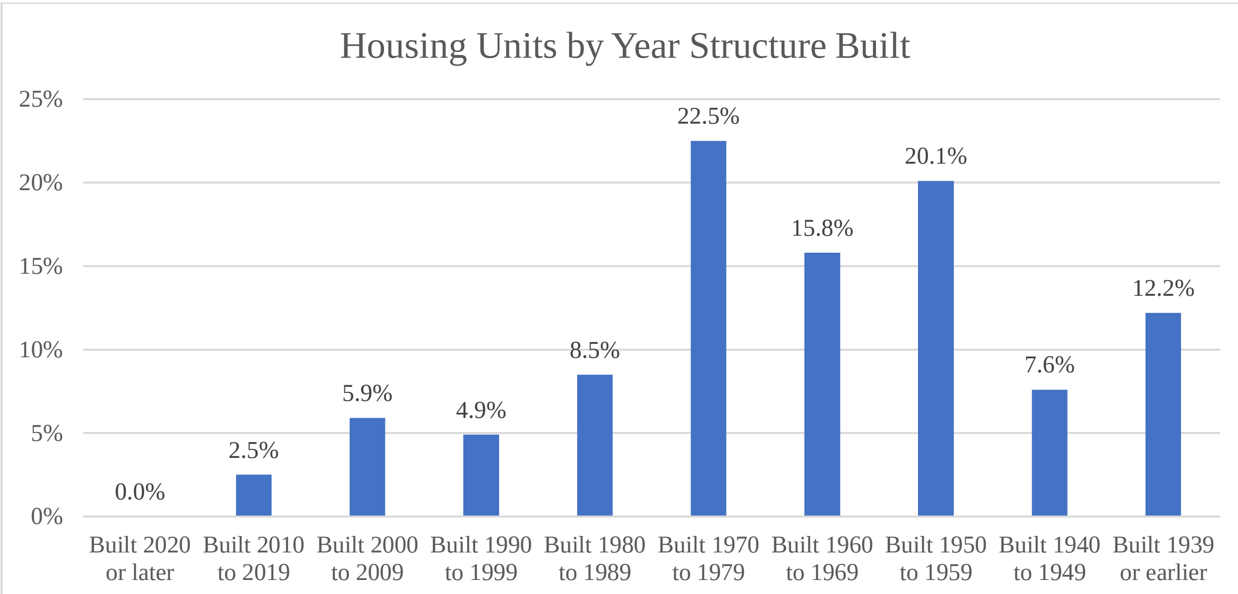
Table 52: Residential Parcels by Type

Type of Residential Parcels	Parcels (#)	Parcels (%)
CONDOMINIUM	2,621	21.8%
COOPERATIVE	93	0.8%
MFR 5 TO 9 UNITS	157	1.3%
MISC RESIDENCE SFR	4	0.0%
MULTIFAMILY < 10 UNITS-COMM ZONING	123	1.0%
MULTIFAMILY < 10 UNITS-IND ZONING	2	0.0%
MULTIFAMILY < 5 UNITS	1,240	10.3%
MULTIFAMILY > 10 units Income Restricted	3	0.0%
MULTIFAMILY 10 UNITS OR MORE	75	0.6%
RETIREMENT	2	0.0%
RETIREMENT Income Restricted	1	0.0%
SINGLE FAMILY	6,974	58.0%
SINGLE FAMILY-COMM ZONING	119	1.0%
SINGLE FAMILY-IND ZONING	4	0.0%
SMALL DISCOUNT STORE < 25000 SF	6	0.0%
TOWNHOUSE	368	3.1%
VACANT UNCLASSIFIED	195	1.6%
VACANT CONDO LAND	13	0.1%
VACANT TOWNHOUSE	14	0.1%
Total Estimated Residential Units	12,014	100.0%

Source: Table created by the authors using Lake Worth Beach 2023 parcel data

More than 20 percent of the homes were built from 1970 to 1979, and the average year was 1973. Most of the housing units (58.4%) were built from 1950 to 1979. This indicates the aging housing stock in the City and the likely need for housing maintenance and rehabilitation.

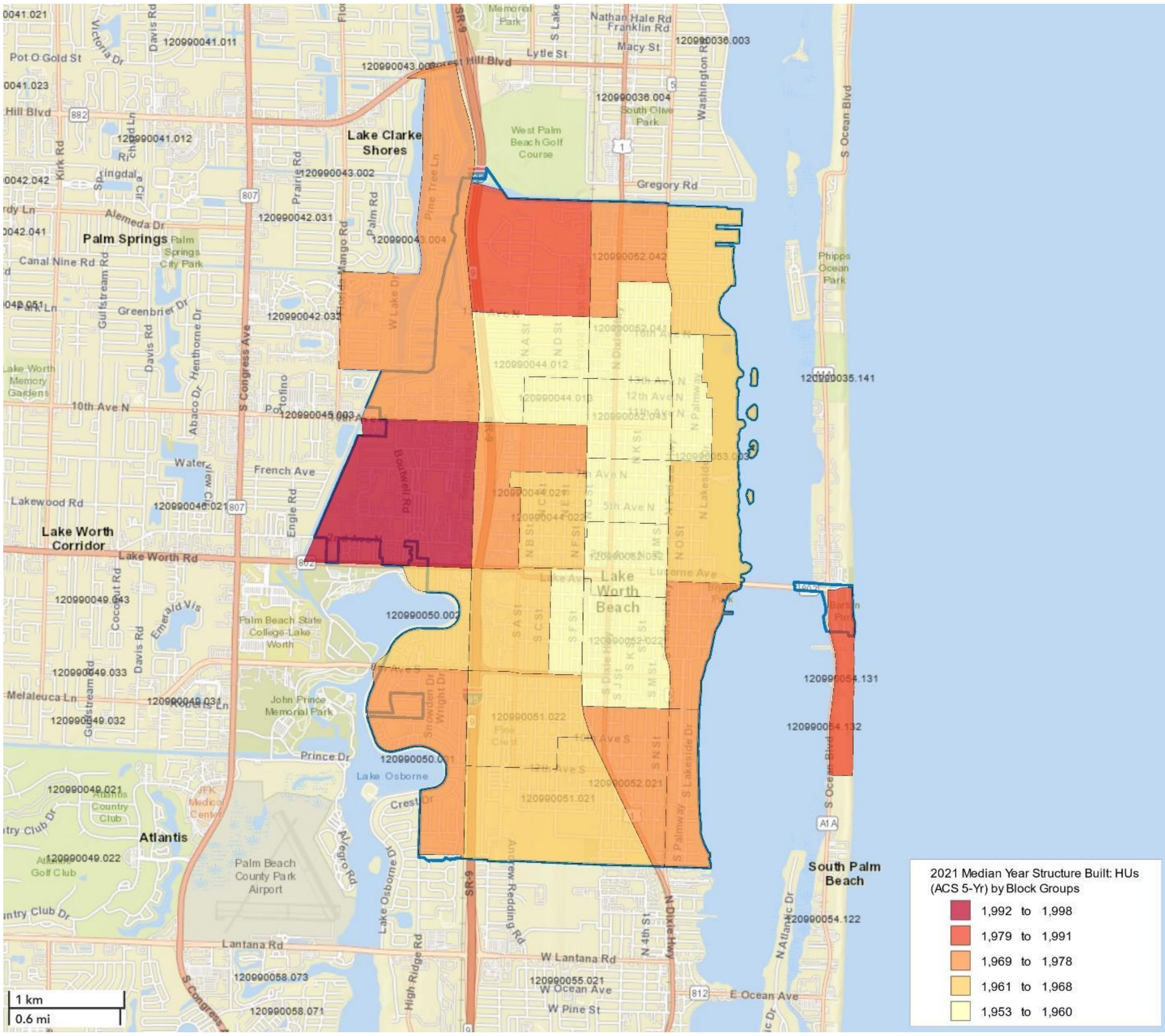
Figure 96: Housing Units by Year Structure Built



Source: Chart created by the authors using ESRI Business Analyst Online ACS 2017-2021 data (BAO)

The figure below indicates the central part of the City has a concentration of older housing stocks, with an average of building year between 1950 to 1959 at the block group level.

Figure 97: Median Year Structure Built by Block Group, Lake Worth Beach, 2021



Source: Map created by the authors using ESRI Business Analyst Online (BAO)

C. Owner-Occupied Housing

As mentioned earlier, the homeownership rate in Lake Worth Beach is 44 percent, and renter-occupied housing is 56 percent.

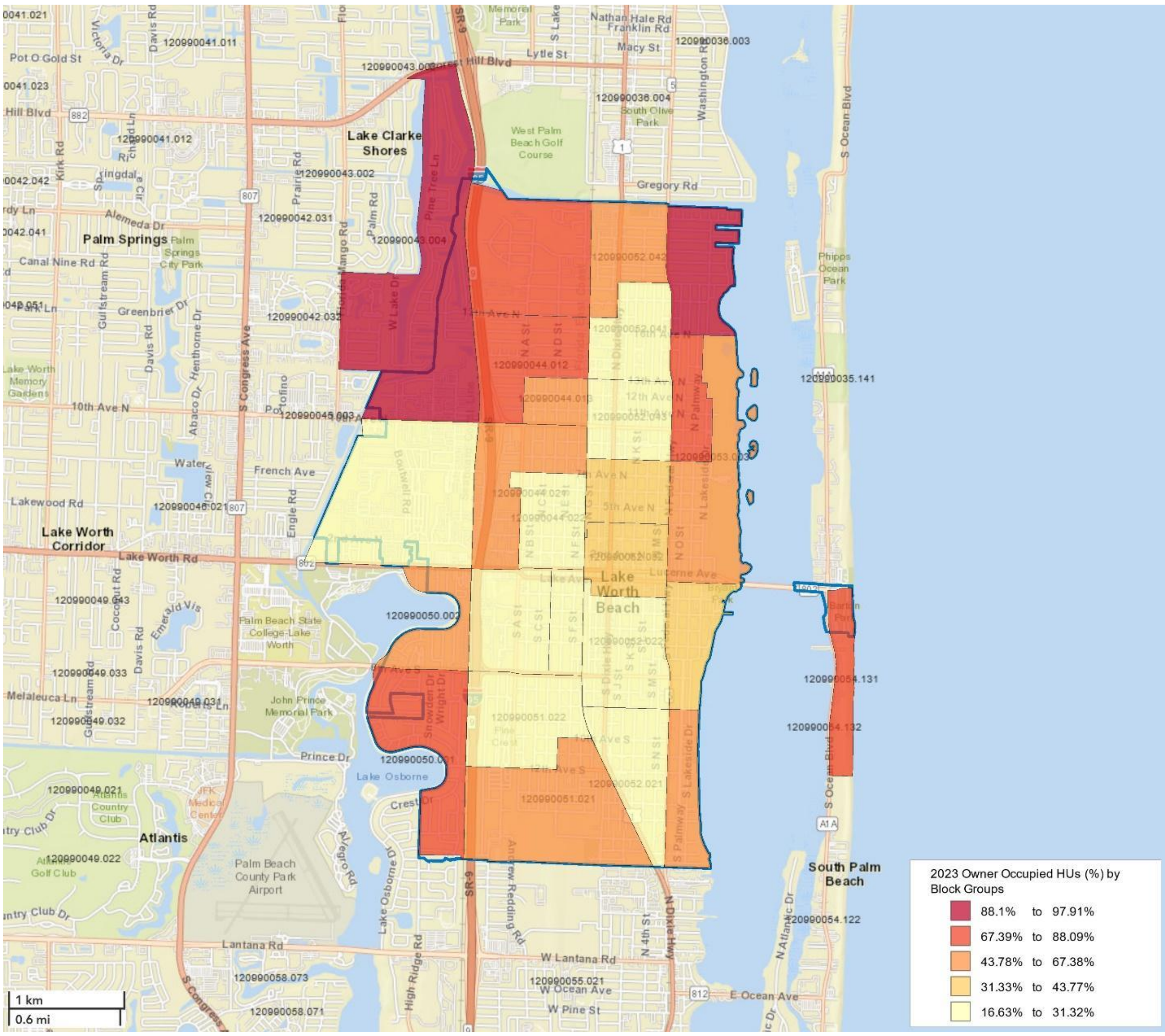
Figure 98: Occupied Housing Units, Lake Worth Beach, Palm Beach County, Florida, & the United States

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:A10060. Tenure								
Occupied Housing Units:	14,517		581,119		8,157,420		124,010,992	
Owner Occupied	6,393	44.0%	403,453	69.4%	5,420,631	66.5%	80,152,161	64.6%
Renter Occupied	8,124	56.0%	177,666	30.6%	2,736,789	33.6%	43,858,831	35.4%

Homeownership rates vary tremendously across the City. For example, more than 90 percent of housing units in Block Group 44.01, which roughly corresponds to the Vernon Heights and Lake Cove neighborhoods, and Block Group 43.04, which encompasses the northwest corner of the Southwest Ridge neighborhood, are owned occupied. More than 86 percent of housing units are owner-occupied in the central portions of Sunset Ridge. Block Group 53.04, which corresponds to the College Park, also has a high owner-occupancy rate (82 percent).

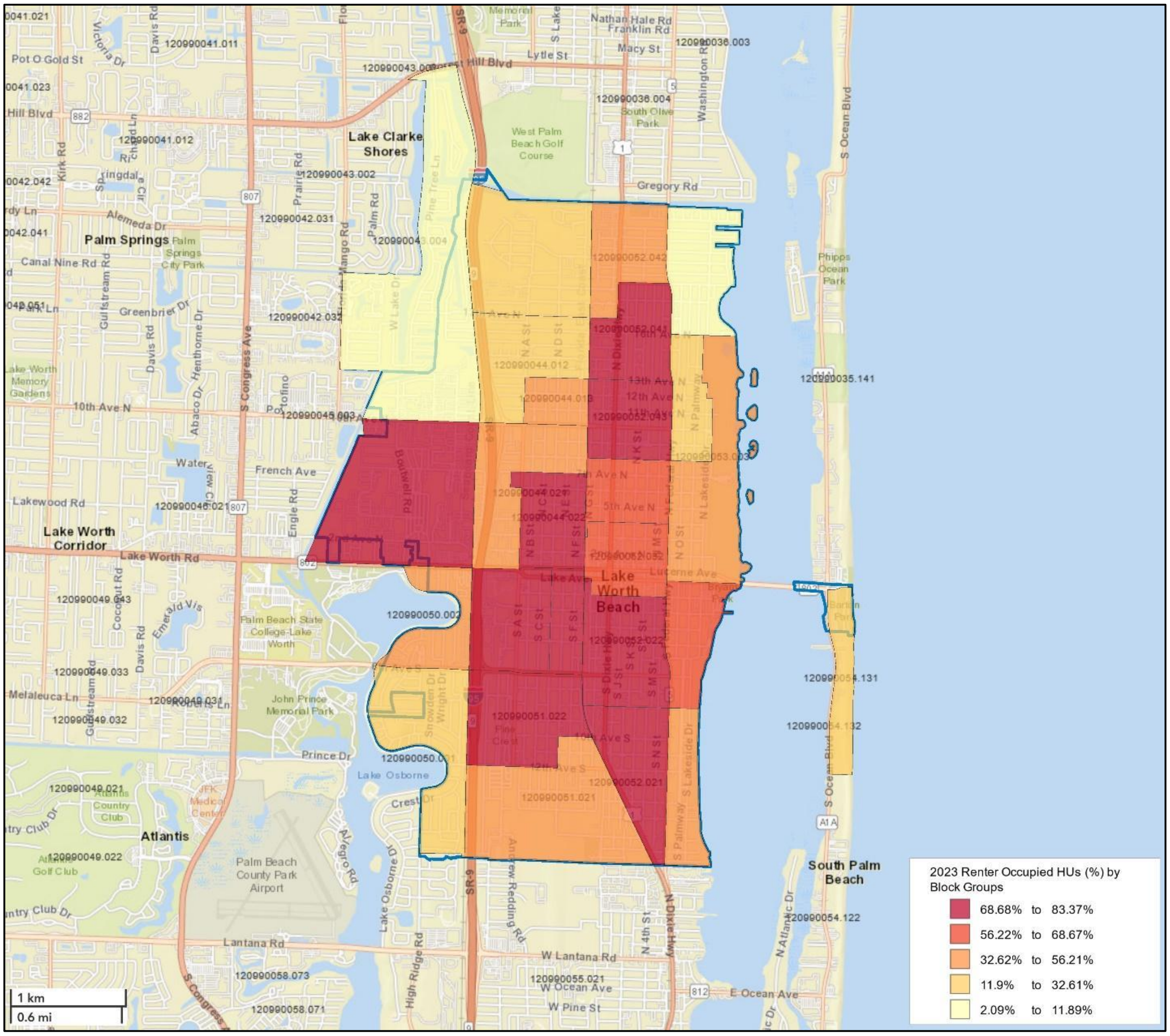
Other block groups within the City have alarmingly low rates of ownership. For example, 85.1 percent of housing units in Block Group 52.043, which corresponds to the southern portion of Mango Grove, are renter-occupied; 83.5 percent of housing units in Block Group 52.021, which corresponds to Pineapple Beach, are renter-occupied; and 79.1 percent of units in Block Group 51.012, which corresponds to the eastern third of the Royal Poinciana neighborhood, are renter-occupied (ACS 2022). These differences can be seen in the figures below.

Figure 99: Homeownership by Neighborhood in Lake Worth Beach



Source: Map created by the authors using ESRI Business Analyst Online (BAO)

Figure 100: Rentership by Neighborhood in Lake Worth Beach



Source: Map created by the authors using ESRI Business Analyst Online (BAO)

As the map shows, homeownership tends to be higher in the coastal areas of the City and in the northwest and southwest quadrants. On the other hand, rentership is concentrated in the interior ports of the City—especially along the western edges of Federal Highway and the corridor between I-95 and Dixie Higher that is south of Lake Avenue.

D. Home Ownership Inequality

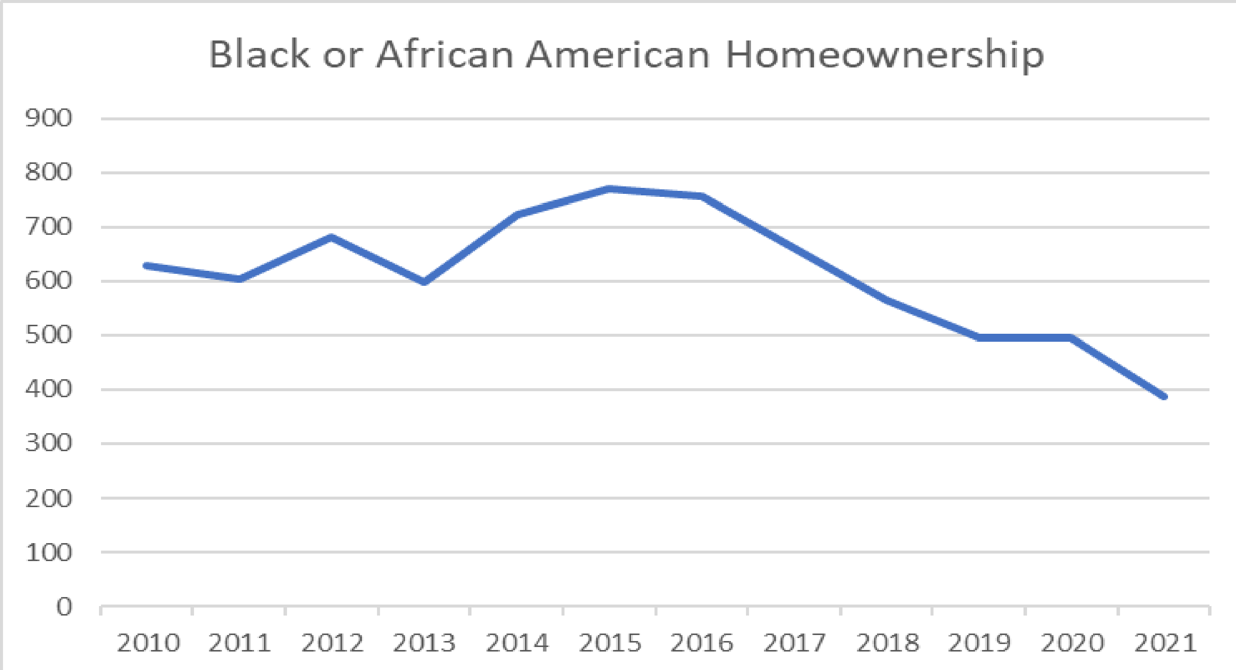
While the homeownership rate among non-Hispanic White households declined from 67% to 61%, indicating a significant shift from owning to renting, minority households faced a disproportionately severe impact during the Subprime Crisis. Although ownership disparities have long existed between White and Black Lake Worth Beach residents due to the historical effects of redlining and employment discrimination, the Black homeownership increased from 2000 to 2010. The Subprime Crisis reversed those gains.

Today, only 318 Black households own their homes in Lake Worth Beach—a number that is nearly 50 percent less than the 2010 number, when the City had a population that was approximately 20 percent smaller.[60] With only 18 percent of Black households owning their homes today, whites are nearly 3.5 times more likely to be homeowners in Lake Worth Beach. This outcome has exacerbated wealth and income disparities. Indeed, in 2021, the median owner-occupied household with a mortgage earned more than twice as much as the median renter households in Lake Worth Beach: $87,059 vs. $41,384.

[60] The vast disparity in homeownership rates between Black and White households is an artifact of three forces: (1) the ongoing and legacy effects of labor market discrimination, (2) historic redlining (i.e., lending and appraisal discrimination), and (3) the "predatory inclusion" of minorities into homeownership opportunities through the Subprime Mortgage Crisis, which we have already discussed. Until 1969, Black residents of Lake Worth Beach were required to live in the segregated Osborne subdivision—a community that remains partitioned from the rest of the City by a concrete wall today. Jim Crowe segregation limited their educational, income-earning, and homebuying opportunities. Countless studies have documented the refusal of lenders to make home loans to African Americans, even after the passage of the Fair Housing Act. These historic processes have contemporary effects. The parents of many Black and Latino homebuyers have not acquired the home equity and savings that would enable them to assist their children with down payments. Indeed, White homebuyers are about three times more likely to receive financial assistance from their parents (Lee at. Al 2020).

The problem of not being able to obtain help from family members was compounded by the redlining Black and Latino homebuyers continue to face. During the years leading up to the Subprime Mortgage Crisis, lenders deliberately steered Black and Latino applicants into predatory loans even when they qualified for conventional ones (Glantz 2019; Madden and Marcuse 2016). Such financial discrimination led many minority households to overpay and increased their risk of delinquency and foreclosure. This problem abounded in Lake Worth Beach, which experienced a wave of foreclosure among minority homeowners during from 2007 to 2011. Indeed, we reviewed a sample of foreclosure records within the city from the Subprime Crisis, and they revealed that many residents in neighborhoods with high minority concentrations took out risky loans characterized by variable interest rates.
Number of Black or African American owned homes in Lake Worth Beach/Lake Worth City 2010-2021

Figure 101: Black or African American Homeownership, Lake Worth Beach, 2010-2021



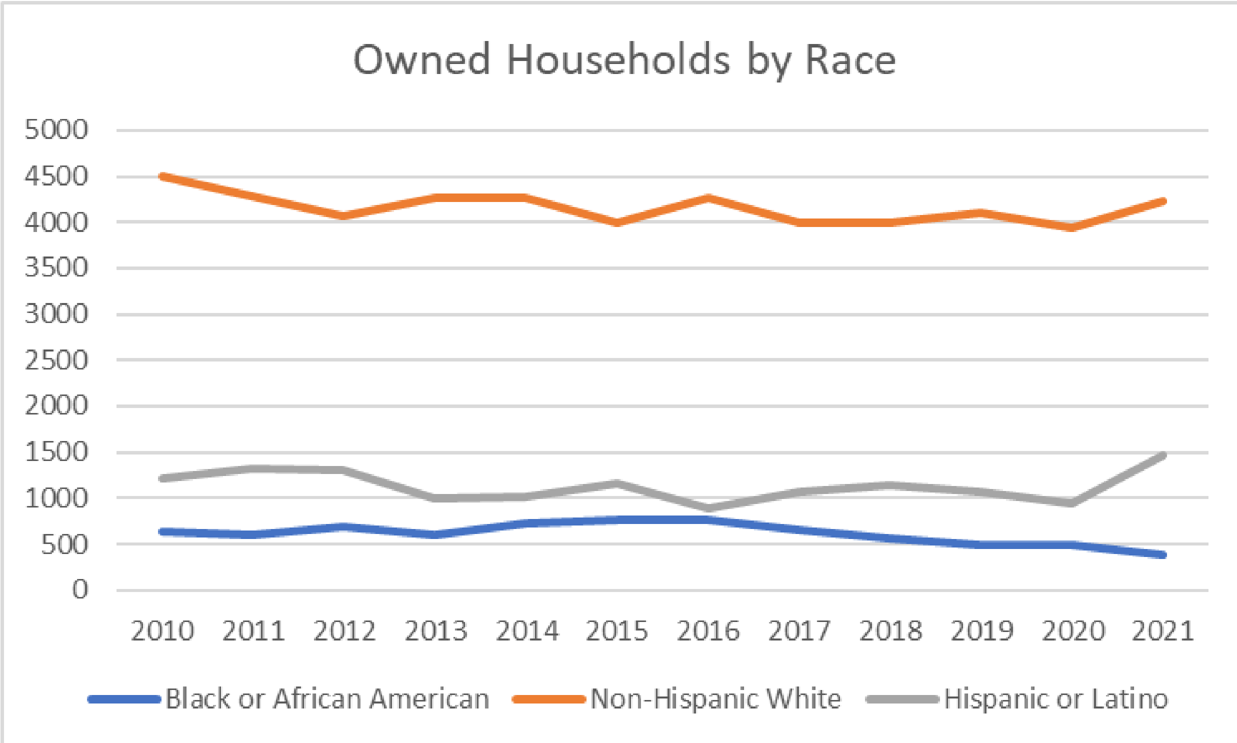
Source: ACS, 2021

Table 53: Homeownership by Race (White Alone vs. Non-White), Lake Worth Beach, Palm Beach County, Florida, & the United States

Statistics	Lake Worth Beach city, Florida		Palm Beach County, Florida		Florida		United States	
SE:B10060. White vs Non-White Homeowners								
Owner Occupied Housing Units:	6,393		403,453		5,420,631		80,152,161	
White Alone, Not Hispanic or Latino Homeowners	4,226	66.1%	286,071	70.9%	3,693,922	68.2%	59,401,092	74.1%
Non-White Homeowners	2,167	33.9%	117,382	29.1%	1,726,709	31.9%	20,751,069	25.9%

Source: ACS, 2021.

Figure 102: Homeownership Trends by Race, Lake Worth Beach, 2010-2021



Source: ACS, 2021

E. Owner-Occupied vs. Investor-Owned Parcels

Per the Palm Beach County Property Appraisers, the total number of parcels in Lake Worth Beach is 13,511 (up to August 2023 from Palm Beach County Information Services). Strictly owner-occupied parcels, which have the same physical address and mailing address, represent 5,432 parcels, or about 40.2 percent of all parcels. After considering discrepancies in mailing address errors from the database and owner-occupied multi-family housing units, this number is consistent with the ACS estimate.

The spatial distribution of individual owner-occupied parcels/homes is shown in the figure below. The total number of investor-owned or second/vacation parcels/homes is 59.8 percent (8,079), among which corporate investor-owned parcels are 3,048. Corporate investor-owned parcels include Limited Liability Companies (LLC), Corporation (CORP), and Incorporation (INC). Since Trust may be owner-occupied homes, this study excludes Trust owned homes as corporate-investor homes. Please note that discrepancies may happen when there are inconsistencies in spelling of the same address. The maps in this section are created by the authors using Lake Worth Beach parcel and tax roll data.

Figure 103: Spatial Distribution of Individual Owner-Occupied Homes, Lake Worth Beach

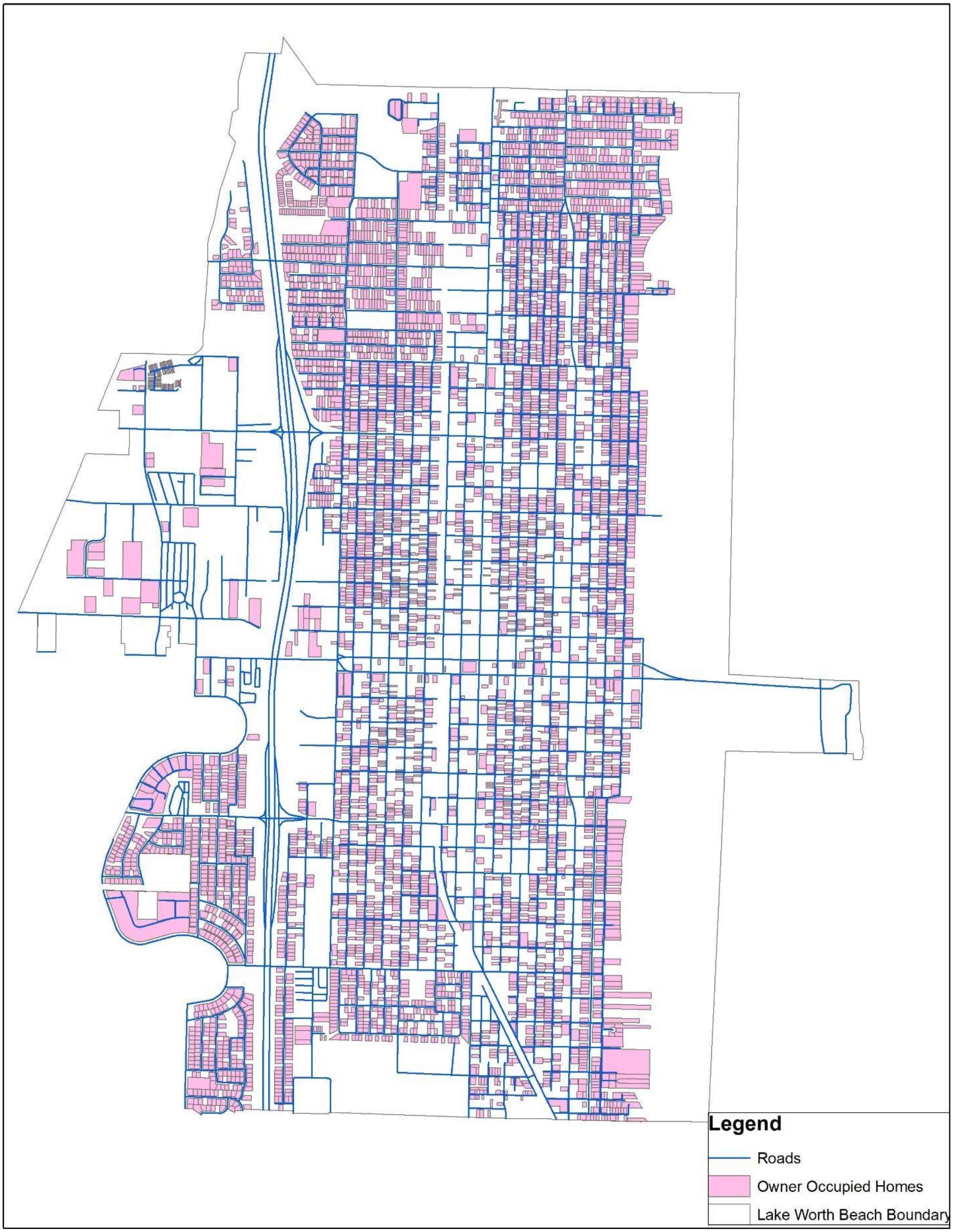


Figure 104: Spatial Distribution of Investor/Second Home Parcels, Lake Worth Beach

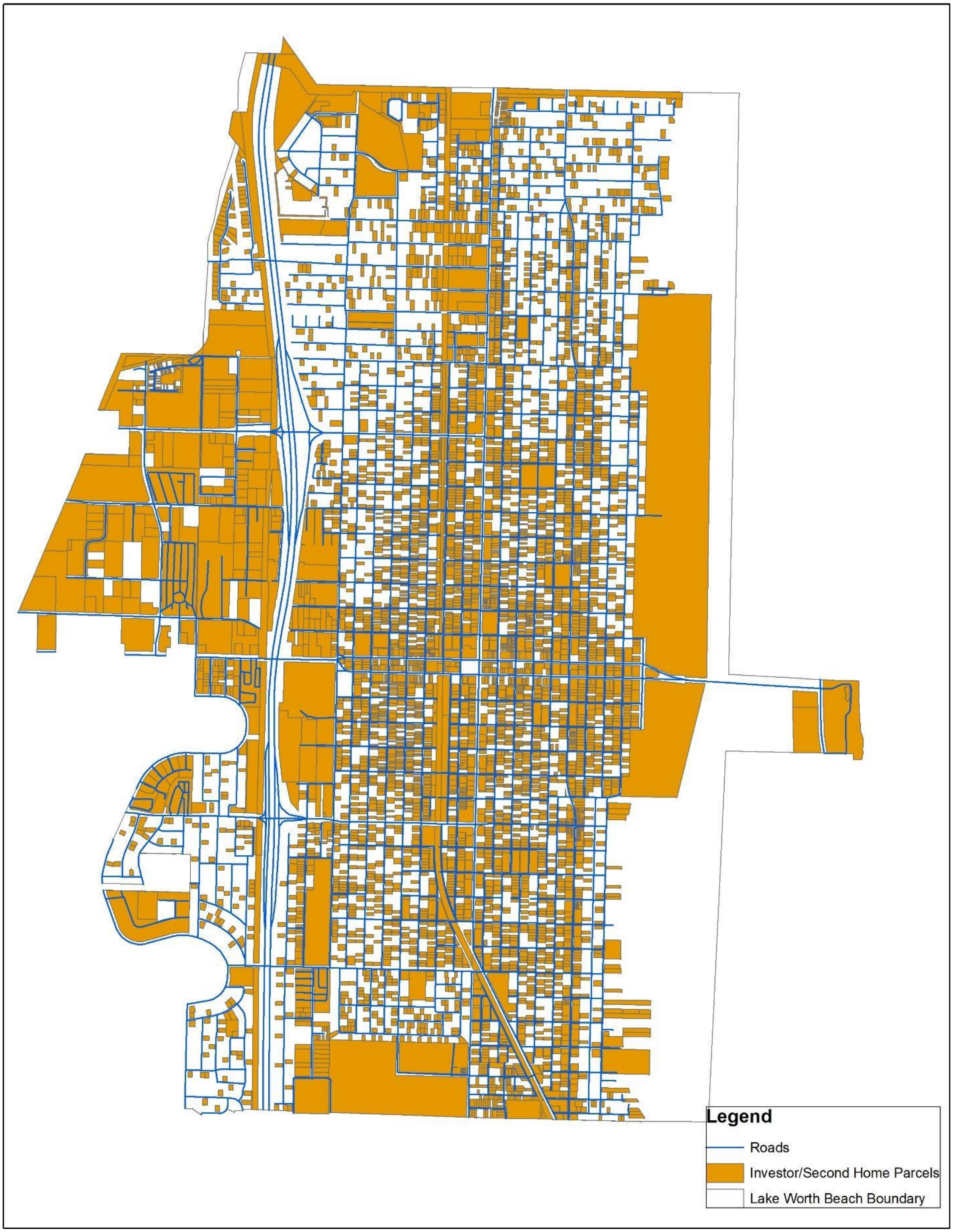


Figure 105: Spatial Distribution of Investor-Owned Parcels, Lake Worth Beach

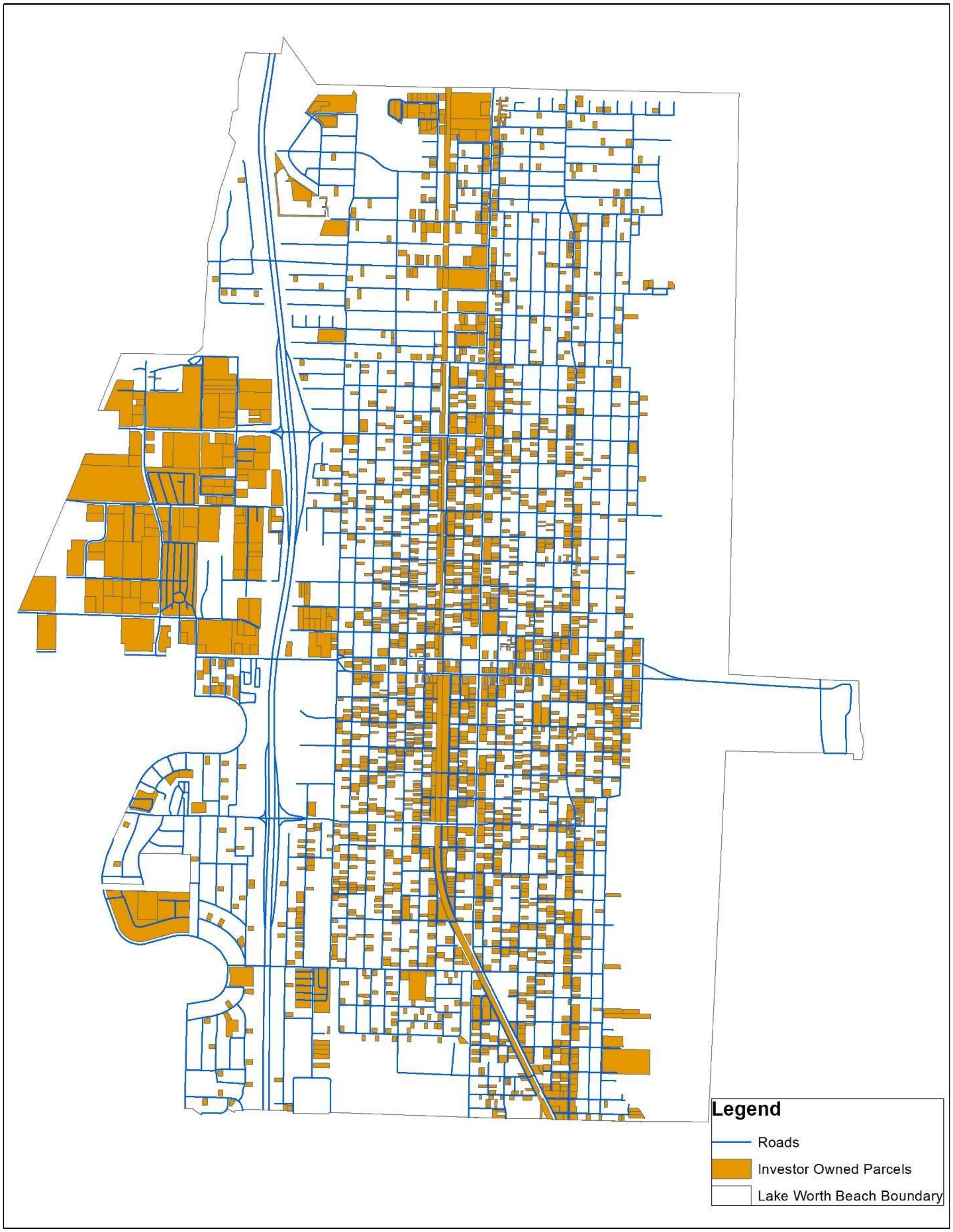
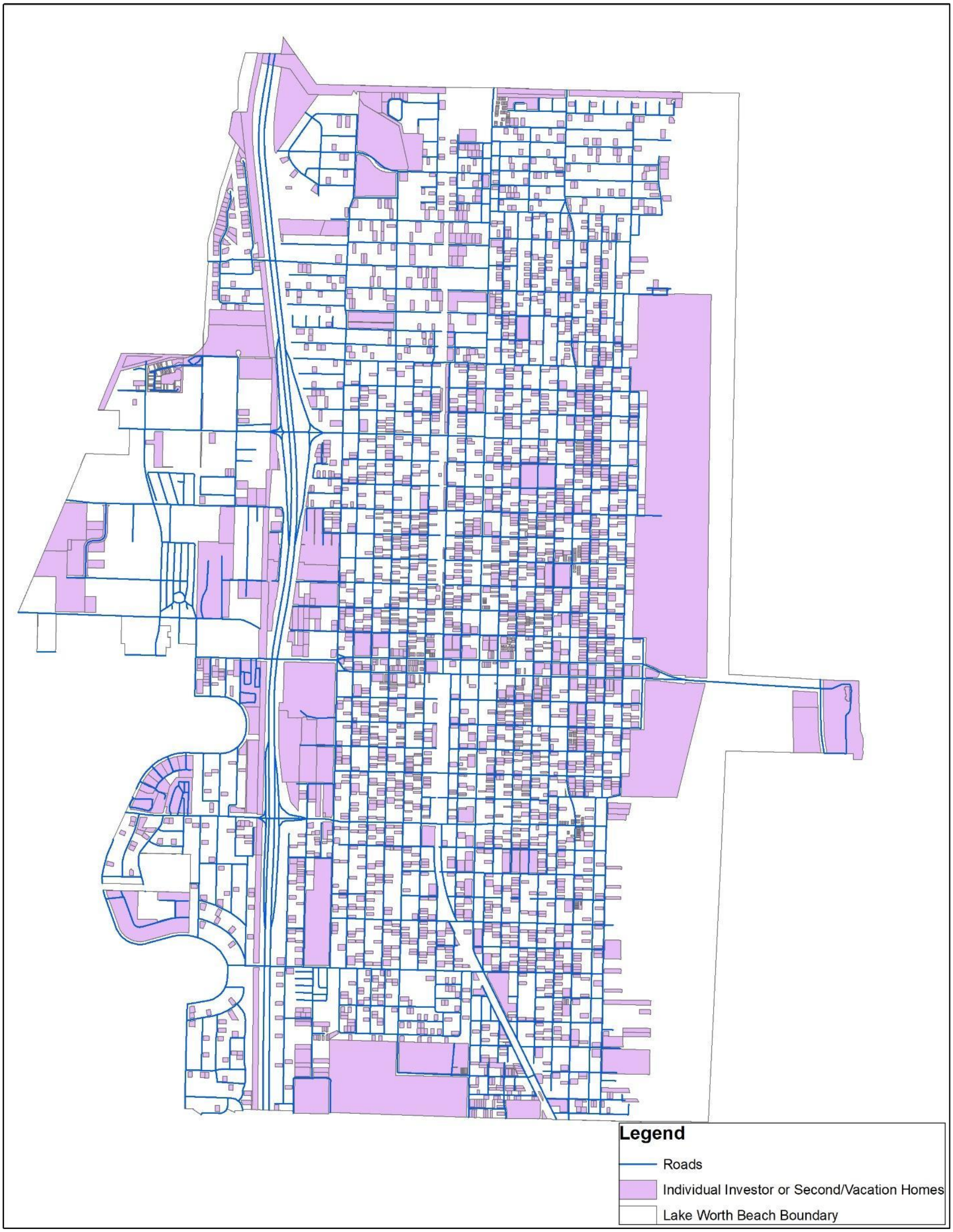


Figure 106: Spatial Distribution of Individual Investor or Second/Vacation Homes, Lake Worth Beach

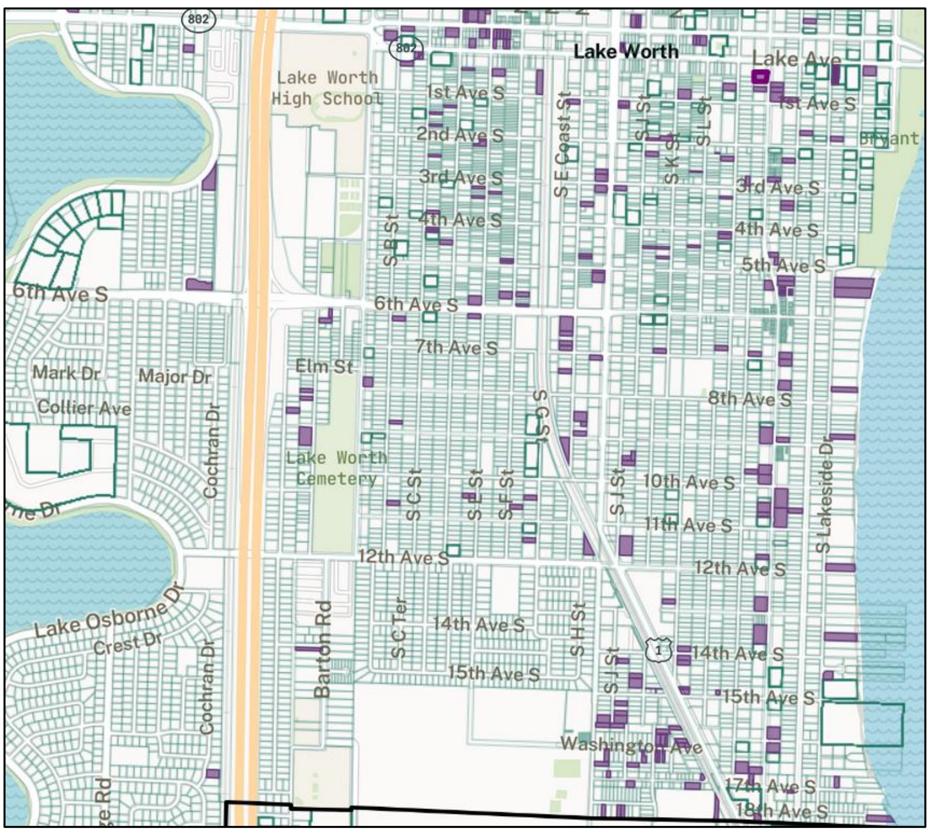


F. Vacant Land

According to Property Appraiser records, there are 204 vacant residential lots in Lake Worth Beach. Nearly 70 percent of them have been vacant for at least 20 years, and most were purchased in the year 2002. Although they are distributed across the City, the main clusters are in the southern portion of District 1 and the southern portion of District 2. Some are currently in the process of development. Lake Worth Beach Station—a workforce housing community—is being developed on the vacant parcels at 930 G Street. Lake Worth Federal LLC purchased nine parcels in April 2023 for $660,000. The parcels include 1721, 1723, 1727, 1729, 1731, 1733, 1735, and 1737 North Federal Highway. It appears that they will be developed into townhouses. Several of the other properties are owned in clusters by investors who appear to have land banked them.[61]

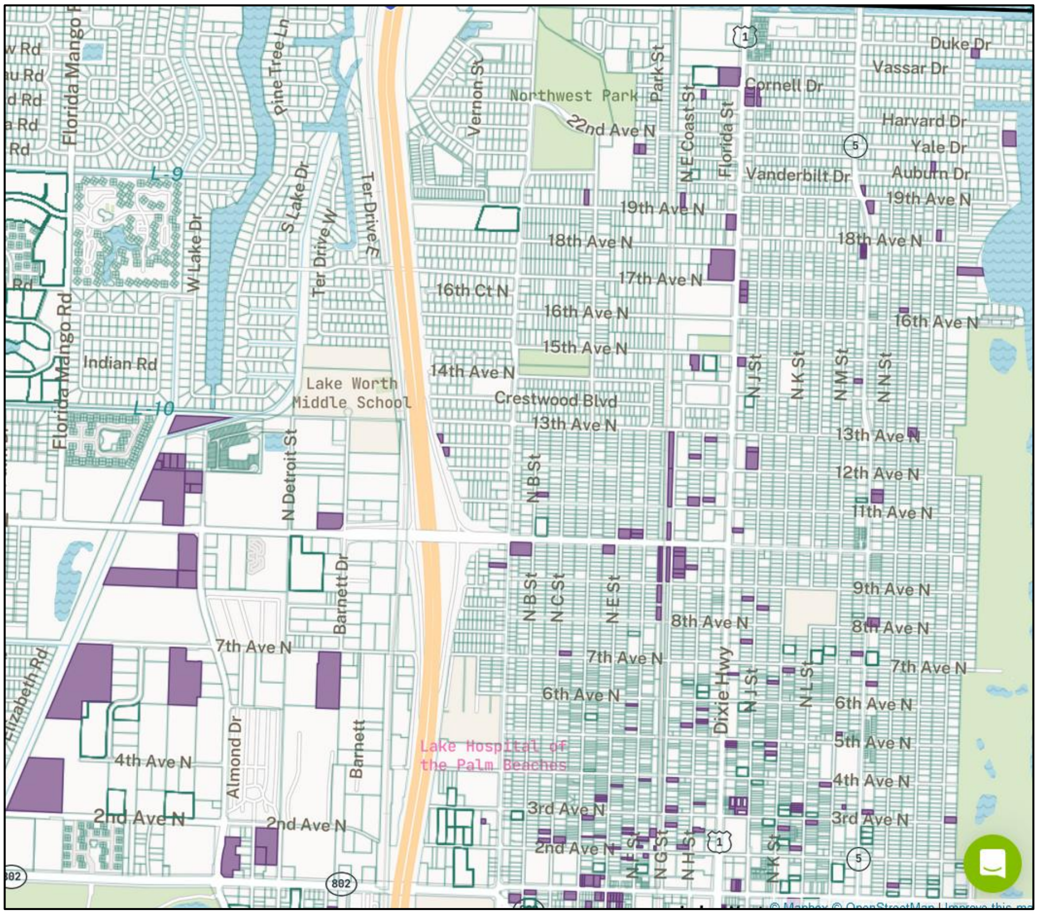
Large vacant lots, which have potential for affordable housing development, are primarily located in the western portion of the City in areas that are zoned for industrial use. Given that the Live Local Act requires approval of multi-family and mixed-use development projects in industrial zones that will have at least 40 percent affordable units, there is potential in the area.

Figure 107: Vacant Land, Lake Worth Beach



[61] Landbanking is the strategic practice of acquiring and holding multiple parcels of undeveloped or abandoned land, often adjacent or close to each other, for future development or investment purposes. This approach involves piecing together these parcels to create a larger, more cohesive area, which can significantly increase the value and potential for development.

Figure 108: Vacant Land, Lake Worth Beach



CHAPTER 13:
HOUSING STABILITY, QUALITY, AND COMMUNITY HEALTH

A. Introduction

Social determinants of health are defined as the nonmedical factors that influence health, or the social conditions in which people are born, grow, work, live, and age that shape the conditions of daily life (CDC 2022). The United States Department of Health and Human Services (HHS) established Healthy People 2030 to guide public health priorities and actions to improve population health and wellbeing, of which social determinants of health are one of three priority areas. Housing is considered a key social determinant of health, influencing health risks and outcomes on multiple dimensions, including through housing stability, quality and safety, affordability, and neighborhood environments (Sims 2020; Taylor 2018). It has also been identified as a critical pathway through which health disparities emerge and persist over time (Swope 2019).

Housing influences health both directly and indirectly. Inadequate or substandard housing can expose individuals to health and safety risks, such as unsanitary conditions, lead, poor indoor air quality, water leaks, mold, pests, or climate related hazards, such as inadequate heating or cooling systems (The White House, 2023). Housing insecurity has been found to increase rates of mental health issues, adverse birth outcomes, and death from any cause, as well as increased risk of teen pregnancy, early drug use, chronic conditions, and poor physical health (Healthy People 2030; Taylor 2018, (The White House, 2023). Moreover, people experiencing housing instability in the form of homelessness experience higher rates of poor health, including chronic health conditions, mental illness, severe illness, and premature death in comparison to their housed counterparts (CDC 2022c).

A lack of available affordable housing can also limit a person's choices on where they live, forcing individuals to live in substandard housing or in underserved neighborhoods that impact health and quality of health (RWJF 2011). Unaffordable housing also contributes to overcrowding, which is common in Lake Worth Beach, affecting 15 percent of renter-occupied households (see pages 63 - 67). Overcrowding is associated with increased risk of infectious disease, mental health issues, and stress, among other issues (Healthy People 2023). Additionally, housing-cost burden has also been found to limit individuals' ability to pay for other basic needs, such as food or medicine, and to make it less likely for an individual to have a regular source of medical care or postpone treatment (RWJF 2011).

The following section provides an overview of community health in Lake Worth Beach, including health risks and the prevalence of conditions exacerbated by or associated with inadequate housing. The health risks and outcomes of Lake Worth Beach residents are compared to those of the County, underscoring inequities that may be shaped by housing conditions. Data is broken down at census tract level, where available.

B. *Health Indicators*

Life Expectancy

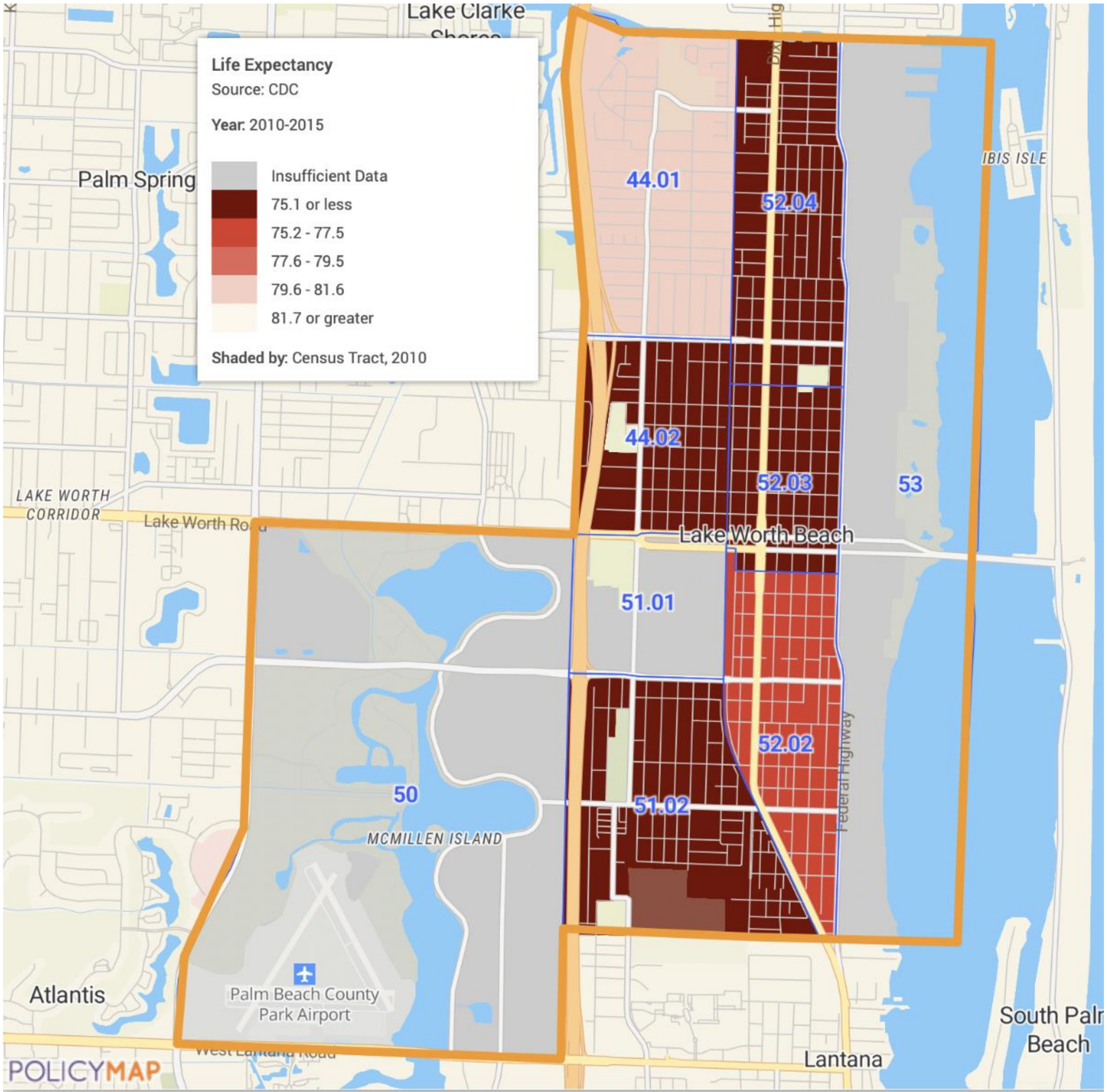
Life expectancy provides a snapshot of the overall health of a population. Location of residence is a primary factor associated with life expectancy (Shanahan 2022). In areas with widespread housing needs, housing can contribute to a decline in life expectancy (Indianapolis Neighborhood Housing Partnership 2019). In Lake Worth Beach, differences in life expectancy are seen across the census tracts, which in some cases are less than a mile apart. The table below describes average life expectancy in census tracts representing Lake Worth Beach for the period 2010-2014 in comparison to 2015-2019. Of the select census tracts representing Lake Worth Beach, life expectancy was lowest in Census Tracts 52.02 (69.4), 51.02 (69.5), and 51.01 (70.1). Of note, all census tracts in Lake Worth Beach experiencing a decrease in life expectancy from 2010 to 2015 to 2015 to 2019, with Census Tract 52.02 experiencing the largest decrease in life expectancy of the select census tracts. The COVID-19 pandemic has been associated with declines in life expectancy, and so further declines in life expectancy may be seen as data becomes available.

Table 54: Life Expectancy, 2010-2015 & 2015-2019

Life Expectancy, Select Census Tracts, Palm Beach County, & Lake Worth, 2010-2014 & 2015-2019		
Geographic Location	**Year**	
	2010-2014	**2015-2019**
Florida	79.9 (79.9 – 79.9)	79.7 (79.7 - 79.8)
Palm Beach County	82.3 (82.2 - 82.5)	81.8 (81.7 - 82.0)
Census Tract 44.01	76.7 (74.4 - 78.9)	73.0 (70.5 - 75.5)
Census Tract 44.02	74.7 (72.2 - 77.3)	71.3 (69.0 - 73.7)
Census Tract 50.00	83.9 (81.2 - 86.5)	80.3 (77.4 - 83.1)
Census Tract 51.01	N/A	70.1 (66.8 - 73.3)
Census Tract 51.02	72.9 (71.0 - 74.9)	69.5 (67.3 - 71.7)
Census Tract 52.02	76.0 (72.9 - 79.0)	69.4 (66.8 - 72.1)
Census Tract 52.03	72.1 (69.0 - 75.1)	N/A
Census Tract 52.04	75.7 (73.2 - 78.1)	71.7 (68.5 - 74.9)
Census Tract 53.00	79.9 (77.3 - 82.4)	76.5 (74.3 - 78.6)

Source: FLHealthCharts. Life Expectancy Report. 2023. Death data are from Florida Bureau of Vital Statistics. Population data are from the Florida Legislature Office of Economic and Demographic Research.
*N/A indicates that data is not available.

Figure 109: Life Expectancy, Lake Worth Beach, 2010-2015



Leading Causes of Death

The table below highlights leading causes of death in Lake Worth Beach, providing a comparison of 5-year death counts and crude mortality rates in Lake Worth Beach and Palm Beach County. Death counts at the ZIP Code and census tract level were aggregated in order to calculate more stable and reliable crude mortality rates, as census tracts with small populations experience fluctuations in death counts due to random variation.

The crude mortality rates described below do not reflect differences in the age distributions of the populations of Lake Worth Beach and the County. Because the population of the County is older in comparison to Lake Worth Beach, it may experience higher crude mortality rates due to age-related factors, compared to the City. While crude mortality rates provide insights into the health of residents, it is important to note that these rates may not capture the impact of social determinants of health on health outcomes. Individuals facing housing insecurity, particularly those with chronic health conditions, encounter heightened challenges in accessing care, leading to worse health outcomes and increased mortality. For instance, those with diabetes and housing instability often struggle with maintaining self-management routines essential for preventing diabetes-related complications, resulting in a higher likelihood of emergency department visits and hospitalizations due to diabetes-related issues (Keene et al. 2018).

The five-year crude mortality rate for cancer in the select census tracts was highest in Census Tract 53 (114.6 per 10,000 population). Of note, in Lake Worth Beach, five-year crude mortality rates per 10,000 population for cerebrovascular disease were highest in Census Tract 51.02 (50.0), Census Tract 44.01 (48.8), and Census Tract 44.02 (47.4). Mortality rates for unintentional injury were higher in all of the select census tracts, except Census Tract 50, in comparison to Palm Beach County (36.5), with the highest crude mortality rates for this condition seen in Census Tract 52.03 (116.1) and 44.02 (63.2). The crude mortality rates for diabetes mellitus per 10,000 were highest in Census Tracts 51.02 (26.5) and 52.03 (23.2).

Table 55: Select Leading Causes of Death, 5-Year Crude Mortality Rates, Palm Beach County Select Census Tracts

Select Leading Causes of Death, 5-Year Crude Mortality Rates, Palm Beach County, ZIP Codes 33460 & 33461, & Select Census Tracts										
	Heart Disease		**Cancer**		**Unintentional Injury**		**Cerebrovascular Disease / Stroke**		**Diabetes Mellitus**	
	#	**CMR**	**#**	**CMR**	**#**	**CMR**	**#**	**CMR**	**#**	**CMR**
PBC	19,513	131. 7	16,185	109.3	5,404	36.5	6,004	40.5	1,784	12
33460	297	81.7	266	73.2	214	**58.9**	75	20.6	45	**12.4**
33461	375	78.7	315	66.1	171	35.9	93	19.5	48	10.1
44.01	45	104.7	36	83.7	17	**39.5**	21	**48.8**	6	**14**
44.02	38	75.1	34	67.2	32	**63.2**	24	**47.4**	6	11.9
50	72	**132.7**	53	97.7	13	24.0	18	33.2	9	**16.6**
51.01	9	34.3	13	49.6	11	**42.0**	2	7.6	3	11.4
51.02	51	75	32	47	31	**45.6**	34	**50**	18	**26.5**
52.02	35	61.8	37	65.3	32	**56.5**	8	14.1	1	1.8
52.03	16	74.3	16	74.3	25	**116.1**	4	18.6	5	**23.2**
52.04	33	76.1	28	64.6	25	**57.7**	10	23.1	3	6.9
53	60	114.6	60	**114.6**	29	**55.4**	14	26.7	3	5.7

Note: Average annual population estimate used in the denominator to calculate the crude mortality rate was obtained from the ACS 5-year estimates for 2017 to 2021.
Source: FLHealthCharts, 2017-2021

Infant Health

Preterm births refer to births that occur before the 37th week of pregnancy. The final weeks of pregnancy are crucial for the development of the fetus. Babies who are born preterm have higher rates of death and disability (CDC 2021). In comparison to Palm Beach County, the rate of preterm births was higher in ZIP Codes 33460 and 33461 and the select census tracts representing Lake Worth Beach, except Census Tract 50 and 53. The rate of preterm births was highest in Census Tract 15.01 (141.1), followed by Census Tract 52.04 (133.3), and Census Tract 52.03 (129.5). Pregnant women experiencing housing instability are more likely to deliver preterm and low birthweight newborns (Healthy People 2030). As such, housing may play a role in disparities in preterm births in Lake Worth compared to Palm Beach County

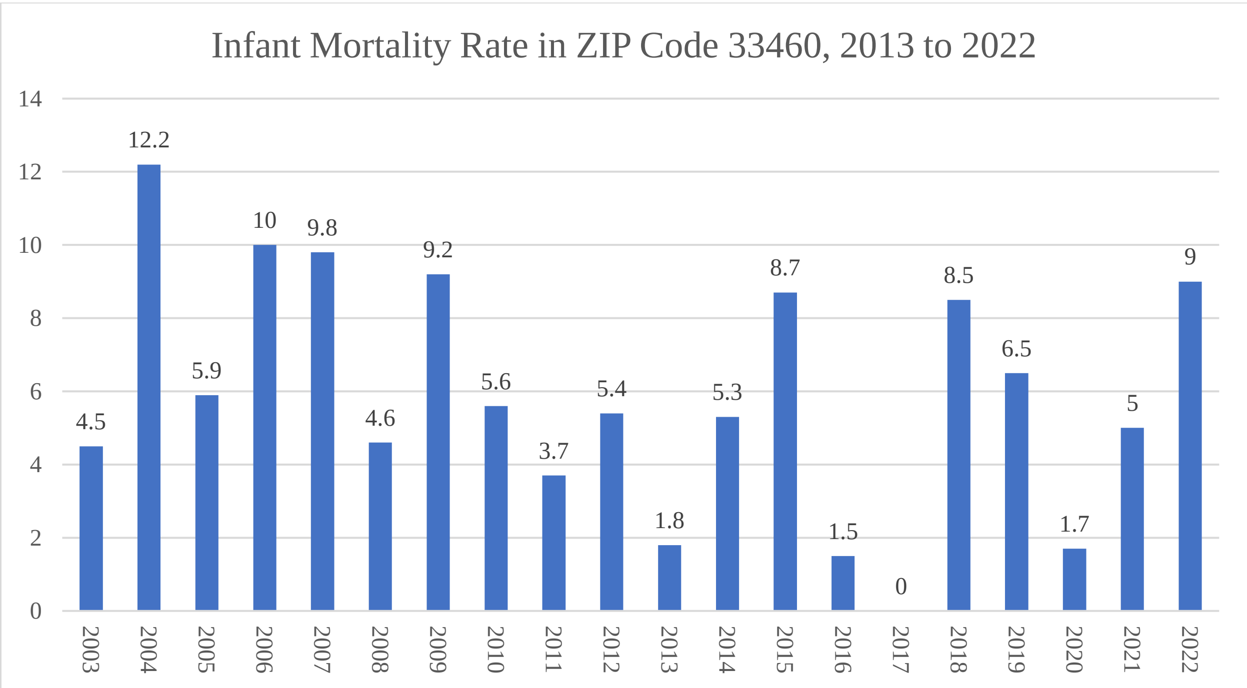
Table 56: 10-Year Crude Infant Mortality Rate (2013-2022), Select Census Tracts, ZIP Code 33460 and 33461, and Palm Beach County

10-Year Crude Infant Mortality Rate (2013-2022), Select Census Tracts, ZIP Code 33460 and 33461, and Palm Beach County			
Geographic Location	**Total Births**	**Total Deaths**	**Death Rate per 1,000 Births**
Florida	2,199,724	13268	6.0
Palm Beach County	147,425	677	4.6
ZIP Code 33460	6,086	29	4.8
Census Tract 44.01	543	1	1.8
Census Tract 44.02	1065	6	**5.6**

Census Tract 50	630	3	**4.8**
Census Tract 51.01	744	1	1.3
Census Tract 51.02	1376	9	**6.5**
Census Tract 52.02	858	1	1.2
Census Tract 52.03	354	3	**8.5**
Census Tract 52.04	677	5	**7.4**
Census Tract 53	368	1	2.7

Source: FLHealthCharts, 2012-2021

Figure 110: Infant Mortality Rate, ZIP Code 33460, 2003 to 2022



Source: FLHealthCHARTS, 2003-2022

Table 57: Infant Mortality Rate, ZIP Code 33460, 2003-2012

Infant Mortality Rate in ZIP Code 33460 in Lake Worth Beach, 2003-2012											
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**Total**
Births	670	574	680	697	716	647	541	531	536	556	6,148
Deaths	3	7	4	7	7	3	5	3	2	3	44
Mortality Rate	4.5	12.2	5.9	10.0	9.8	4.6	9.2	5.6	3.7	5.4	7.2

Source: FLHealthCHARTS, 2003-2012

Table 58: Infant Mortality Rate, ZIP Code 33460, 2013-2022

Infant Mortality Rate in ZIP Code 33460 in Lake Worth Beach, 2013-2022											
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Births	550	561	576	672	657	590	620	600	595	665	29
Deaths	1	3	5	1	0	5	4	1	3	6	6,086
Mortality Rate	1.8	5.3	8.7	1.5	0	8.5	6.5	1.7	5.0	9.0	4.8

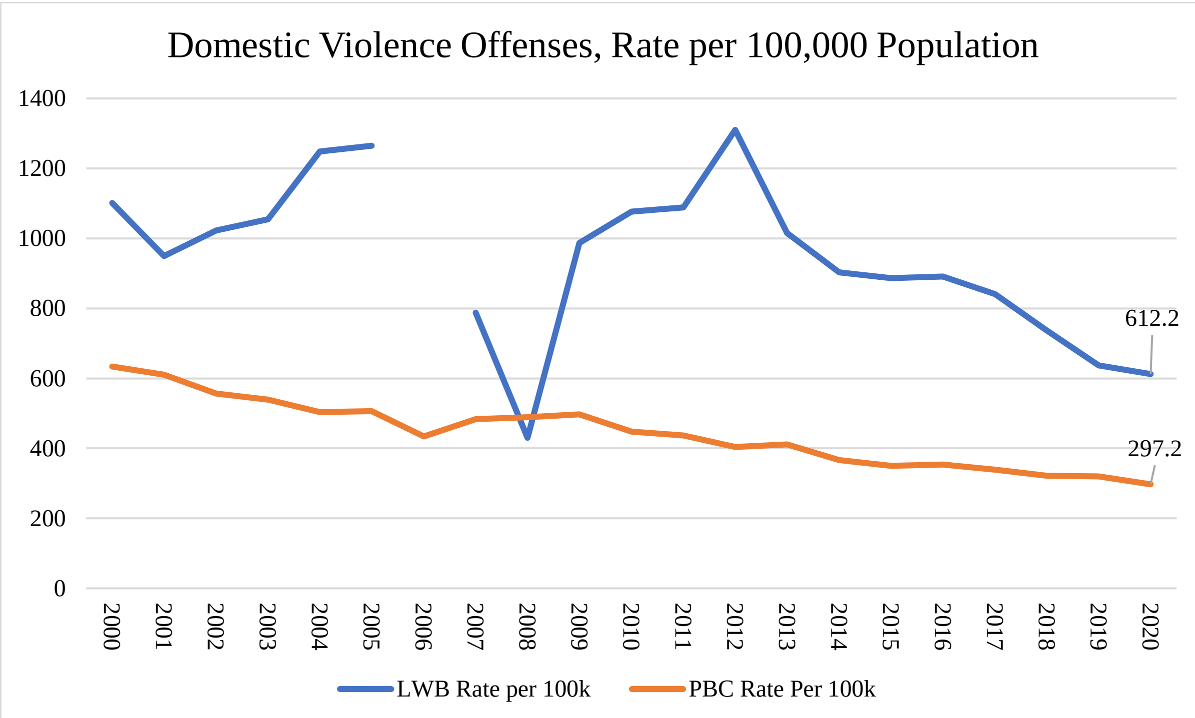
Source: FLHealthCHARTS, 2013-2022

Domestic Violence

Housing instability and a lack of safe and affordable housing options increases the risk of domestic violence among women. A lack of safe and affordable housing is one of the primary barriers victims face when they choose to leave an abusive partner (NNEDV n.d.), and victims without alternative housing options often stay in or return to abusive relationships (ACLU). Domestic violence is also a leading cause of housing instability and homelessness for women in their children (NNEDV).

Lack of access to safe and affordable housing options may influence domestic violence incidence in Lake Worth Beach. In Lake Worth Beach in 2020, the number of domestic violence offense per 100,000 population was slightly more than double that of Palm Beach County, with 612 domestic violence offenses per 100,000 people, compared to 297 offenses in Palm Beach County overall (Florida Department of Law Enforcement UCR Domestic Violence). The figure below depicts domestic violence offenses in Lake Worth Beach from 2015 to 2020, indicating persistently higher rates of domestic violence in the City in comparison to the County.

Figure 111: Domestic Violence Offenses, Rate per 100,000 Population, Lake Worth Beach & Palm Beach County, 2000-2020



Source: Florida Department of Law Enforcement, Unified Crime Reports Domestic Violence data collection.

Housing Quality

Inadequate housing conditions can lead to increased exposure to unsanitary conditions, lead, poor indoor air quality, and climate-related hazards such as extreme temperatures and severe weather events, among other factors that can adversely affect health. (Source).

In Lake Worth Beach in 2022, 0.62 percent of housing units were without complete plumbing facilities. While this percentage is low, a lack of complete plumbing can contribute to unsanitary conditions that can impact the health and wellbeing of residents, putting occupants of these housing units at higher risk of exposure to infectious diseases. Differences in access to complete plumbing facilities differ by census tract, described in the table below. Differences in the availability of units with complete plumbing facilities may reflect disparities in access to adequate living conditions, with disproportionate effects on low-income communities in Lake Worth Beach.

Table 59: Housing Units without Complete Plumbing, 2022

Housing Units Without Complete Plumbing Facilities, 2022			
Geographic Location	**Total Units**	**Units without Complete Plumbing Facilities**	
		Count	**Percentage**
Florida	9,915,957	83,439	0.8%
Palm Beach County	708,303	3,270	0.5%
Lake Worth Beach	17,303	108	**0.6%**
Census Tract 44.01	1,409	0	0.0%
Census Tract 44.02	1,783	18	**1.0%**
Census Tract 50.00	2,782	0	0.0%
Census Tract 51.01	871	23	**2.7%**
Census Tract 51.02	1,825	21	**1.2%**
Census Tract 52.02	2,098	0	0.0%
Census Tract 52.03	1,299	0	0.0%
Census Tract 52.04	1,998	46	**2.3%**
Census Tract 53.00	3,008	0	0.0%

Source: U.S. Census, 2022 5-Year Estimates

Lead Exposure

Lead poisoning is a preventable public health challenge that continues to impact health, particularly affecting children. According to the CDC, lead-based paint and lead-contaminated dust are widespread sources of lead exposure for children. Children with the highest risk of having elevated blood lead levels including those living in housing built before 1978. Homes built before 1978, the year lead-based paints were banned for residential use, and houses in low-income areas are likely to have lead-based paint or have pipes, faucets, and plumbing fixtures that contain lead (CDC 2022a). Any surface that has lead-based paint where the paint may peel, chip, or wear by rubbing or friction is likely to cause lead dust, including windows, doors, floors, porches, stairways, and cabinets (CDC 2022b).

Lead exposure in childhood can cause long-term harms. According to Johns Hopkins Medicine, children exposed to lead can suffer damage to the brain and nervous system, behavior and learning problems, slowed growth and development, hearing and speech issues, headaches, anemia, and seizures. In adults, lead poisoning may cause difficulties during pregnancy, reproductive problems, high blood pressure, digestive disorders, memory problems, and a range of other health issues (n.d).

In Lake Worth Beach, 76.6 percent of housing units were built in 1979 or earlier. In Census Tracts 52.02, 52.03, and 52.04, over 80 percent of housing units were built in 1979 or before.

Table 60: Housing Units Built in 1979 or Before, 2022

Housing Units Built in 1979 or Before, 2022			
Geographic Location	**Total Units**	**Units Built in 1979 or Before**	
		Count	**Percentage**
Florida	9,915,957	3,549,755	35.8%
Palm Beach County	708,303	241,542	34.1%
Lake Worth Beach	17,303	13,245	76.5%
Census Tract 44.01	1,409	920	65.3%
Census Tract 44.02	1,783	1,154	64.1%
Census Tract 50.00	2,782	2,496	89.7%
Census Tract 51.01	871	692	79.4%
Census Tract 51.02	1,825	1,371	75.1%
Census Tract 52.02	2,098	1,693	80.7%
Census Tract 52.03	1,299	1,068	82.2%
Census Tract 52.04	1,998	1,756	87.9%
Census Tract 53.00	3,008	2,388	79.4%

Source: U.S. Census, ACS, 2022 5-Year Estimates

The table below describes the risk of lead exposure in census tracts in Lake Worth Beach, using data from 2016 to 2020. The lead risk index ranks census tracts according to their relative risk of exposure to lead. Census tracts designated as "High" are in the top 25 percent of tracts based on their risk of lead exposure. The index takes into account the age of housing stock and the area poverty rate. The risk of lead exposure in census tracts 44.02, 51.01, 51.02, 52.02, 52.03, and 52.04 is categorized as "High."

Table 61: Relative Lead Exposure Risk, 2020

Relative Lead Exposure Risk, 2020		
Geographic Location	**Index**	**Rank**
Census Tract 44.01	7	Moderate
Census Tract 44.02	9	High
Census Tract 50.00	6	Moderate
Census Tract 51.01	10	High
Census Tract 51.02	9	High
Census Tract 52.02	10	High
Census Tract 52.03	9	High
Census Tract 52.04	8	High
Census Tract 53.00	8	Moderate

Source: WSDOH, Vox Media, & PolicyMaps, 2022 5-Year Estimates

Figure 112: Risk of Lead Exposure, Lake Worth Beach, 2016-2020

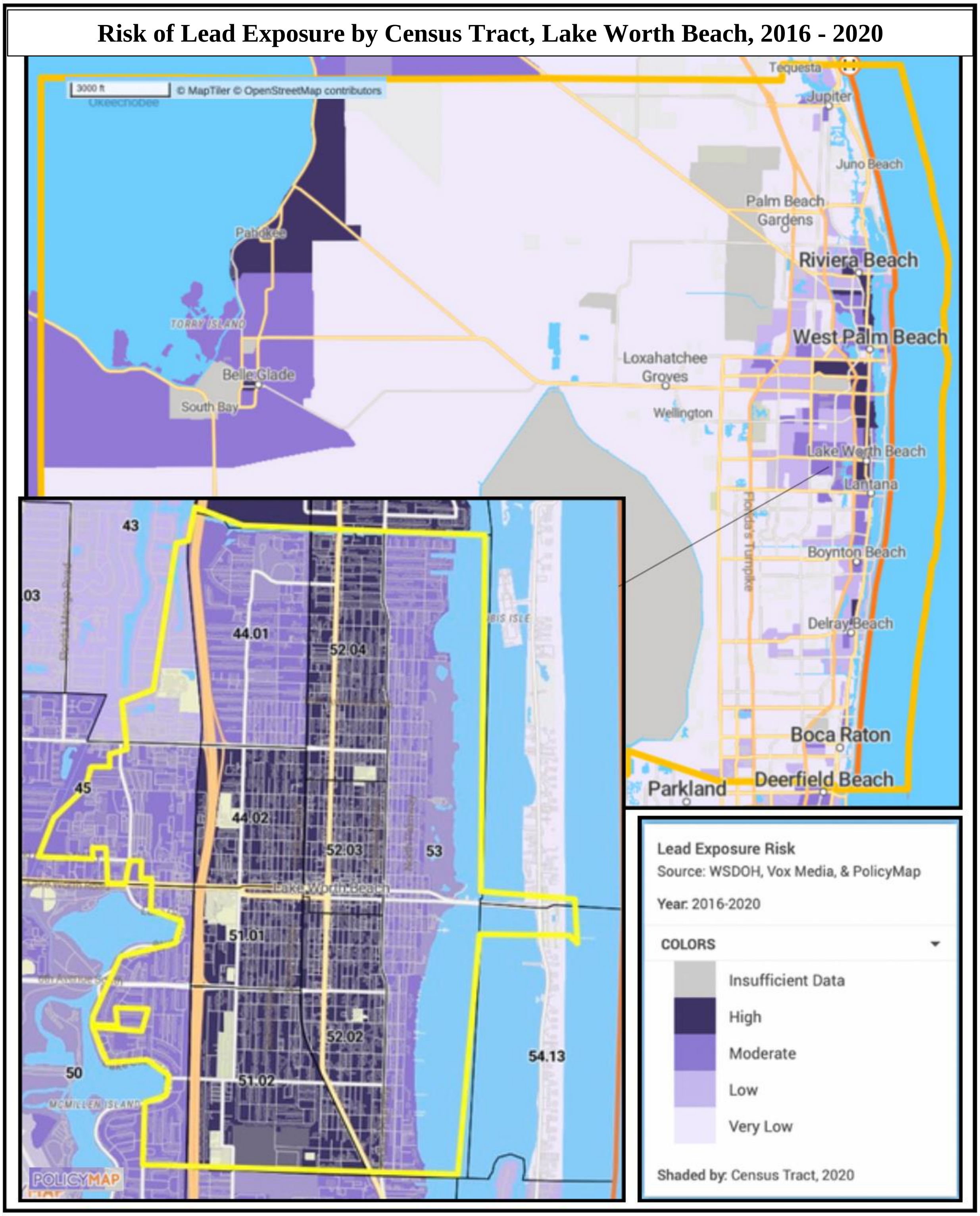
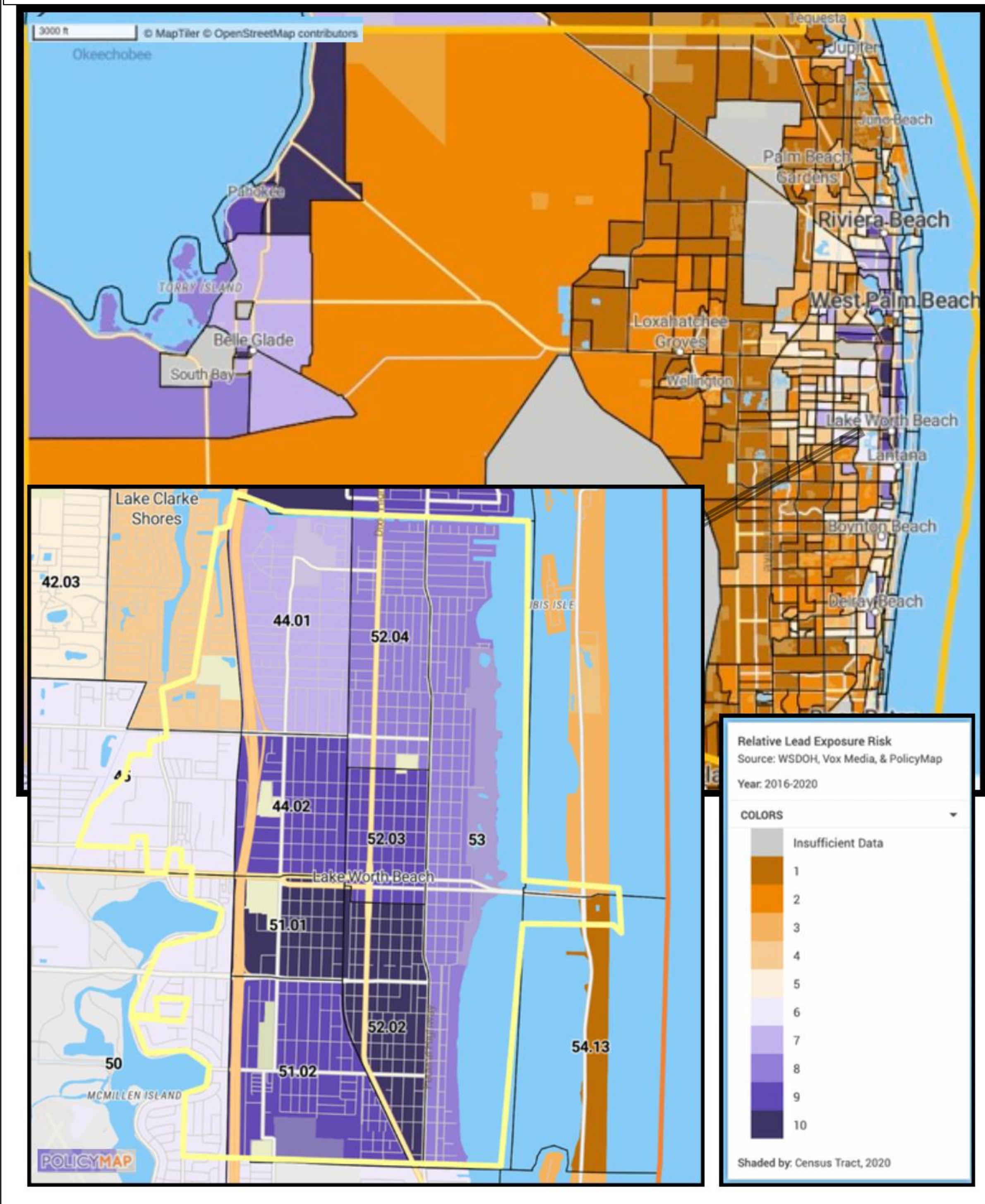


Figure 113: Relative Risk of Lead Exposure, Lake Worth Beach, 2016-2020

Relative Risk of Lead Exposure by Census Tract, Lake Worth Beach, 2016 - 2020



Climate Impacts

Inadequate housing can impact the health of residents by increasing the risk of exposure to severe weather events, such as extreme temperatures or storm related hazards. Marginalized communities in Florida have experienced the disproportionate impact of high temperatures on health, due to inadequate infrastructure, economic barriers, and behavioral factors (University of Miami 2022). While data is limited in Lake Worth Beach on the health impacts of climate-related factors due to inadequate housing specifically, data do indicate residents of Lake Worth Beach experience higher rates of heat-related illness, in comparison to residents of Palm Beach County overall. In ZIP Code 33460 in 2017, the age-adjusted rate of heat-related emergency department visits during the summer months per 100,000 population was more than double the rate of Palm Beach County at 66.88 compared to 26.76. Residents of Lake Worth Beach who have inadequate housing may experience barriers to meeting household cooling needs. Access to central air-conditioning is a main factor in reducing heat-related mortality (University of Miami 2022).

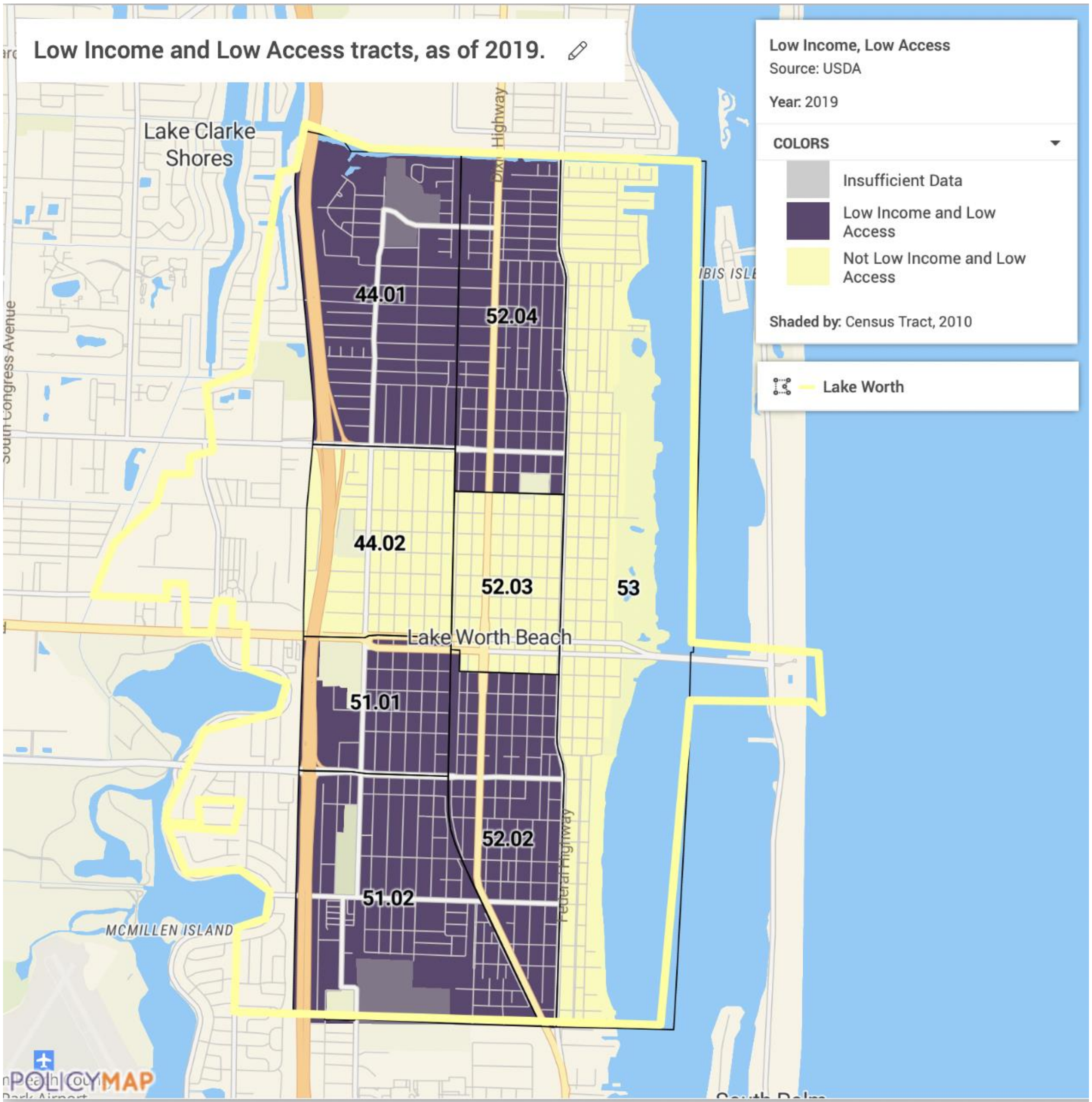
Food Insecurity

For households living on a low-income, housing cost-burden is often a challenge that can increase the risk of food insecurity, or the inability to provide all household members at all times with enough food for activity, healthy lives (Coleman-Jensen 2020). Research shows that, in the United States, severely cost-burdened renters spent 38 percent less on food and 70 percent less on health care in comparison to without cost burden in 2020 (Ashbrook 2023). Both housing instability and food insecurity increase the risk of poor mental health, cardiovascular disease mortality rates, and health care cost utilization, among other adverse health outcomes (Ashbrook 2023).

As highlighted in Chapter 4, in Lake Worth Beach, 28 percent of owner-occupied households and 60 percent of renter households were cost-burdened in 2021, with roughly 36 percent of renters households categorized as severely cost-burdened. Direct indicators of food insecurity at the are limited at the sub-county level. However, SNAP participation provides an indication of food insecurity, as those participating in SNAP have been found more likely to be food insecure (DeWitt et al. 2020). In 2022, 20.3 percent of Lake Worth Beach households received food stamps/SNAP, compared to only 10.1 percent in Palm Beach County (ACS 2022). Of households that received food stamps/SNAP, 49.9 percent were families with two or more workers and 41.9 percent were families with one worker in the past 12 months. Among households with children under 18 years of age, 54.7 percent received food stamps/SNAP.

Additionally, many residents of Lake Worth Beach live in low income and low food access areas, or areas previously referred to as "food deserts." Residents living in these areas are more likely to experience a lack of individual-level and neighborhood-level barriers to access to sources of healthy food. In Lake Worth Beach, Census Tracts 44.01, 51.01, 52.02, and 52.04 are considered low income and low access areas, as described in Figure 114 below. The map below highlights food insecurity in the census tracts in Lake Worth Beach.

Figure 114: Food Insecurity, Low Income & Low Access Census Tracts, Lake Worth Beach, 2019



Source: USDA, 2019

The situation with Restoration Bridge International (RBI) highlights the extensive food insecurity in the Lake Worth Beach. RBI, a charity providing free food to those in need, is relocating its distribution from Lake Worth Beach to Boynton Beach Mall due to increased traffic and noise complaints in the residential area. The move reflects the growing demand for RBI's services, with lines of cars forming hours before distribution starts. This shift underscores the significant poverty and economic challenges faced by a large portion of Lake Worth Beach's population (Capozzi 2023; Capozzi 2024).

REPORT #2: FLORIDA HOUSING POLICIES—IMPACT ANALYSIS AND STRATEGIC APPROACHES FOR LAKE WORTH BEACH

CHAPTER 14: INTRODUCTION—FLORIDA HOUSING POLICIES

During the 2022 special legislative session and 2023 regular legislative session, Florida lawmakers passed several bills that make important changes to state housing policy, and that affect housing conditions by changing state policy toward property insurance. These policies include:

- The Live Local Act (CS/SB 102)
- The Residential Tenancies Act (CS/HB 1417)
- The Fees in Lieu of Security Deposit Act (CS/HB 133)
- An Act Relating to Property Insurance (CS/SB 2-A)
- An Act Relating to Property Insurance (CS/SB 2-D)
- The My Safe Florida Home Program Act (CS/HB 881)

Collectively, the first two bills attempt to stimulate affordable housing development across the state by easing regulations on and expediting permitting procedures for affordable housing development, offering low-interest public financing and tax incentives to affordable housing developers, promoting the development of affordable housing on surplus public land, mandating state-funded research on the production and supply of affordable housing units, and providing financial assistance to low- and moderate-income households for home purchases. The new legislation also prohibits local governments from implementing price controls on rents or regulating the relationship between tenants and landlords by, for example, establishing enhanced rights and protections for renters.

The latter bills, which involve state insurance policy, attempt to stabilize the cost of property insurance, which has strained homeowners and landlords alike, by limiting the damages policyholders can collect from lawsuits that arise from claims disputes, establishing publicly subsidized reinsurance programs, attempting to conscript more homeowners into the private market by restricting the eligibility criteria Citizens Property Insurance Corporation (the state insurer of last resort), and providing matching grants to homeowners for projects to harden their homes against hurricanes.

After summarizing the component parts of each bill, this report will analyze how the collective legislation will impact housing costs and conditions in Lake Worth Beach, develops recommendations for how the City can utilize the tools and resources the new legislation makes available for affordable housing development, and provides guidance on how the City can comply with the new regulations it has established. This chapter also contains a brief analysis of the $200 million housing bond Palm Beach County voters approved in November 2023.

CHAPTER 15: LIVE LOCAL ACT

A. *Overview*

Summary

The Live Local Act (LLA) is a complex bill that contains a variety of measures designed to address the affordable housing shortage in Florida. The bill creates new and supplementary funding sources for affordable housing development; offers pathways for reducing fees and taxes on new and existing affordable housing units; implements regulatory preemptions to remove restrictions on housing production; prohibits price controls on rents; and changes several other state housing policies in the hopes of increasing affordable housing production.

The most important features of the legislation include:

1. **Increased Economic Support for Affordable Housing Programs:** The Live Local Act made a historic investment in affordable housing by fully funding the SHIP and SAIL programs associated with the Sadowski Affordable Housing Trust Fund. Although the Fund was established in 1992, legislators have removed $2.6 billion from it over the years to fund other priorities (Clark 2023). The Live Local Act reversed that trend by recharging the SHIP and SAIL programs for FY 2023-24. It also creates new additional affordable housing programs: an additional SAIL-like program that will run for ten years, a corporate tax donation program, and the Hometown Heroes program.

   Altogether, the Act makes the following allocations:

   - $252 million for the SHIP program for the 2023-2024 fiscal year
   - $109 for the SAIL program for the 2023-2024 fiscal year
   - $100 million for a loan program to alleviate inflation-related cost increases for multifamily construction projects, which will be dedicated as additional SAIL funding if not used in 2023
   - Up to $150 million in recurring funding to a SAIL-like program[62]
   - $100 million for the Hometown Heroes program
   - Up to $100 million annually in additional SAIL funding through a corporate tax donation program.[63]

   Collectively, this amounts to up to $711 million in affordable housing funding for the 2023-24 fiscal year, mostly for the SAIL and SHIP programs. The former program, which is

[62] The Act redirects up to $150 million per year from the General Revenue service charge on documentary stamp tax revenues to the Sadowski Fund for a ten-year period. These revenues, which could total to $1.5 billion, will fund a SAIL-like program oriented around the construction or rehabilitation of affordable rental units.
[63] Under the program, taxpayers can make private monetary contributions to the Florida Housing Finance Corporation and receive a dollar-for-dollar credit against Florida corporate income tax and insurance premium tax obligations. Up to $25 million can be used through the program to fund the construction of affordable housing projects that have a significant regional impact.

administrated at the county level, provides low-interest loans to developers that build new affordable units.[64] The latter program gives counties flexibility to develop tailored housing assistance plans, but it requires that a minimum of 75 percent of distributions be spent on construction activities—although rehabilitation and repair activities fall within that parameter. The Hometown Heroes program offers purchase assistance to essential workers employed in qualified occupations.

2. **Tax abatements.** The Act creates tax incentives to stimulate affordable housing development, including:

    - Authorizing local governments to provide significant Ad Valorem tax abatements to affordable housing projects the satisfy statutory requirements.
    - Providing a sales tax refund for building materials used in the construction of affordable housing units. Municipalities and non-profits can also claim the credit if the building materials were paid for with CDBG, SHIP, or a similar grant or loan program.[65]
    - Increases the total amount for potential tax credits from $14.5 billion to $25 billion for the 2023-24 fiscal year for the Community Contribution Tax Credit Program. The program allows Florida businesses to obtain tax credits for making donations to community development and housing projects for low-income persons. The donor may claim up to 50 percent of the value of their donations against their corporate income tax, insurance premium tax, and sales tax obligations.

3. **Special Program for "Hometown Heroes."** Section 35 of the LLA created the "Florida Hometown Hero Program" to assist Florida's hometown workforces in attaining homeownership by making them eligible for down payment and closing cost assistance from the FHFC to purchase a primary residence.

    Floridians working in a range of occupations—for example, law enforcement, K-12 education, firefighting, healthcare, childcare, public defense, and the military—are eligible for up to five percent of their mortgage loan, not exceeding $35,000. For 2023, the Act funds this new program at $100 million.

    The program contains the following stipulations:

    - A borrower may apply to the FHFC for an interest-free loan that will last the duration of the mortgage. The loan can be used to reduce their down payment or the principle of their primary mortgage by up to five percent. The loans will range from $10,000 to $35,000.
    - People with incomes not exceeding 150 percent of the state or local AMI, whichever is greater, may apply.

[64] The State Apartment Incentive Loan (SAIL) program, managed by the Florida Housing Finance Corporation, offers low or no-interest loans for affordable housing development. Primarily, it supports new construction and acquisition/rehab projects for households at or below 60% of the AMI.

[65] These receipts must be submitted within six months of completion. The amount must exceed $500 and may not exceed $5,000 or 97.5 percent of the Florida sales or use tax paid on the cost of the materials, whichever is lesser.

- The applicant must be a Florida resident, a first-time homebuyer, employed by a Florida employer, working full-time (35+ hours per week), and using the home as their primary residence.
- Active duty military personnel and veterans are exempt from the first-time buyer requirement.
- Recipients may pair the assistance they receive with SHIP and other programs.

4. **Streamlined Development and Zoning Flexibility:** The Live Local Act introduces key measures to bolster affordable housing in Florida by enhancing zoning flexibility and simplifying the permitting process. Specifically, Section 5 of the Act overrides local government regulations on zoning, density, and building height, thereby facilitating the streamlined development of affordable multifamily rental housing in commercial, industrial, and mixed-use areas. This legislative move is a strategic response to the scarcity of residential land and escalating land acquisition costs. It mandates administrative approval for affordable housing projects in these zones under certain conditions, effectively deregulating development in commercial and industrial areas. This approach aims to optimize the use of underutilized spaces, thereby expanding the scope and accessibility of affordable housing in the state.

5. **Codification of a Market-Driven Housing Strategy:** The Live Local Act advocates a neoliberal approach to affordable housing, urging local governments to align with state housing strategies that prioritize market-driven solutions. It emphasizes private sector participation in housing development, supported by state incentives that attract broader investments. The Act calls for innovative, efficient use of resources like urban infill and mixed-use developments, advocating for public-private partnerships to both produce and preserve affordable housing. Local governments are admonished to develop best practices in line with these strategies, focusing on leveraging private investments and maximizing land use efficiency, while addressing diverse community needs and promoting self-sufficiency.

In sum, the Live Local Act consists of a blend of funding measures, tax incentives, and regulatory reforms aimed at encouraging more private sector involvement in affordable housing provision, embodying a model of state capitalism where the government actively supports and guides market mechanisms to address the housing crisis—primarily through the provision of multi-family rental properties.

Analysis

The most important features of the legislation include:

1. **Shift from Affordable Ownership to Affordable Rental Emphasis:** The LLA allocations favor the SAIL program over the SHIP program, which translates into an emphasis on affordable rental rather than homeownership opportunities. These funding decisions represent a reversal in comparison to previous trends. According to an analysis carried out by Florida State University, roughly 62 percent of Sadowski funds from 2006-2016 were allocated to the SHIP program (Harrington 2017). In contrast, legislators allocated only 35 percent of

Live Local Act funding to SHIP. Even after accounting for the Hometown Heroes program, less than 50 percent of the Act's total funding will be used for homeownership activities.[66]

This focus may exacerbate wealth inequalities within Lake Worth Beach as well as between the City and other localities. Lake Worth Beach also has a low rate of homeownership compared to broader Palm Beach County. That trend is unlikely to change given that, as shown in our initial report, the City's homeownership market has become fundamentally detached from the financial capabilities of most renters.

Because the Act emphasizes rental units, it may entrench these patterns, which have far reaching consequences given that homeowners typically possess 40 times the wealth of renters (Desmond 2017).

2. **Emphasis on New Housing Production:** The Live Local Act primarily allocates its resources towards the creation of new housing units. This focus inherently restricts the scope for housing preservation strategies. Under the current funding rules, only about 26.6 percent of the total LLA budget is designated for rehabilitation efforts, which are vital for maintaining existing affordable housing stock. Protection measures, such as emergency rental assistance and legal aid, face even more stringent limitations. The State Housing Initiatives Partnership (SHIP) program is the sole source for such protection funding within the LLA. However, SHIP mandates that a minimum of 75 percent of its funds be channeled towards construction-related activities. This leaves only 25 percent of SHIP's budget, equivalent to roughly $63 million, available for non-construction protection efforts like rental assistance. Consequently, a mere 8.9 percent of the entire LLA funding is potentially accessible for these non-construction rental protection activities.[67]

3. **Local Affordable Housing Potential Contingent upon Florida Housing Finance Corporation (FHFC) Request for Application (RFA) Calls and County Implementation Decisions:** The ultimate impact of the Live Local Act on local housing production will depend on the RFAs that the FHFC develops, the decisions that the County makes regarding its SHIP allocation, and the opportunities developers perceive for leveraging the tax credits and financing opportunities created by the act to initiate new projects. To stay abreast of the funding opportunities that may be appropriate for Lake Worth Beach, the City should monitor the FHFC's Live Local Act page, note upcoming RFAs, attend the conceptual workshops associated with them, and seek further technical assistance from the Florida Housing Coalition's Catalyst Program if needed.

4. **Limited Outlook for Affordable Housing Provision:** The Act provides few incentives for the types of affordable housing that would most benefit Lake Worth Beach. The LLA focuses

[66] All SAIL funding must be used for rental units. Although local governments can use some of their SHIP allotments for programs that target rentals, they must allocate at least 65% to homeownership activities. Our calculations assume that LLA's new SAIL-like program and corporate tax donation program are fully funded.
[67] Funding through the SAIL companion program can be used for preservation, however.

on workforce housing that is affordable to households earning 60 to 120 percent of AMI. As noted in our initial report, WFH units are often unaffordable to those who face the highest levels of economic precarity—especially in Lake Worth Beach, where household incomes tend to lag behind those that are typical across the county. The median income the County employs to determine income thresholds for workforce housing, which is set by HUD, is currently $98,300.

Making matters worse, developers appear to be focusing on the higher end of the workforce housing income threshold to maximize their profitability. According to a recent report, the LLA has thus far produced fewer than 500 units serving Floridians who earn less than 80 percent AMI (Mower and Behrendt 2024). As one county commissioner has stated: "It's absolutely absurd…It doesn't help the regular working people." In Palm Beach County, developers can qualify for LLA incentives by leasing the housing units developed for moderate income households at the following rates in 2023:

- Studio: $1,705 - $2,046
- 1 bedroom: $1,828 - $2,193
- 2 bedroom: $2,193 - $2,631
- 3 bedroom: $2,533 - $3,039
- 4 bedroom: $2,825 - $3,390

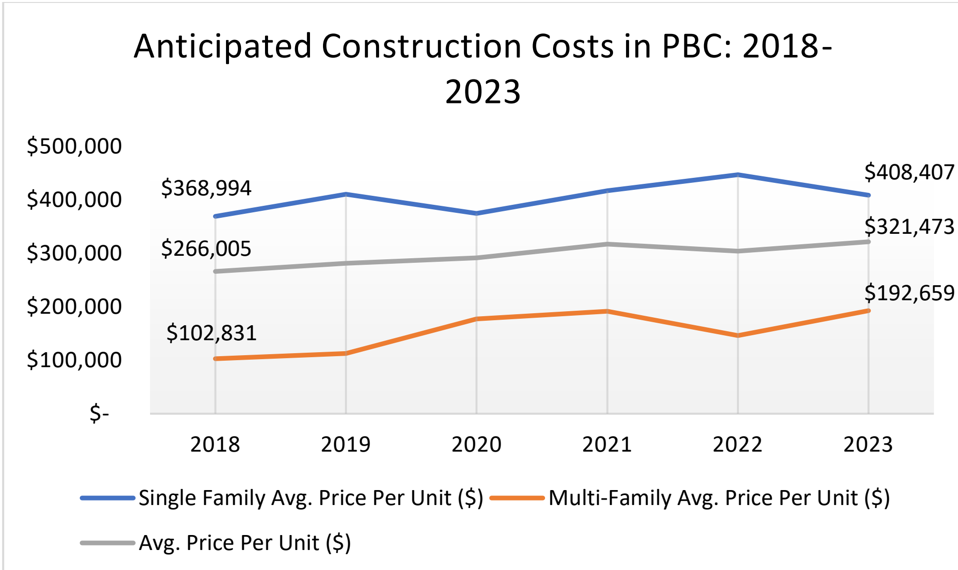
It should be noted that the County's median household income has grown at a rapid clip over the past several years and will almost certainly surpass $100,000 in 2024. Although the County's Department of Housing and Economic Development has asked HUD to reduce its AMI estimations to address this problem, the director, Jamie Brown, stated that it would be a lengthy process at a recent CRA meeting.[68] Consequently, one real estate developer told us that WFH units are beginning to reach parity with market-rate ones due to the effects of gentrification. This means that rental thresholds will further escape the reach of current Lake Worth Beach residents over time.

5. **Insufficient Funding:** Although the LLA represents a historic investment in housing production, it does not offer enough funding to substantially increase the supply of truly affordable housing in communities such as Lake Worth Beach. As noted in our initial report, limited land supply, high interest and insurance rates, labor shortages, and inflated material costs have made housing production extremely expensive. LLA incentives alone are insufficient for overcoming these barriers to affordable housing development. To successfully utilize the LLA, the City and County will need to offer additional incentives to encourage development of housing—especially in the low- and very-low-income AMI categories.

   As the figure below indicates, the average anticipated price per unit for multifamily dwellings in Palm Beach County increased by roughly $100,00 between 2018 and 2023.

[68] See the 1/30/24 Lake Worth Beach CRA meeting: https://www.youtube.com/watch?v=4rzv4h0Hg6Q.

Figure 115: Anticipated Construction Costs in Palm Beach County, 2018-2023



Source: Palm Beach County Permit Activity Reports[69]

Anticipated construction costs also increased in Lake Worth Beach, though more in relation to single family homes

6. **Potential for Disruptive Development:** The Live Local Act, while designed to address Florida's affordable housing crisis, has been criticized for its potential to disrupt local communities due to its preemptions and administrative approval process. According to officials in the Greater Tampa Bay area, the Act has not effectively stimulated adaptive reuse of abandoned warehouses as intended (Kopp 2023; Perry 2023). Instead, it is encroaching on valuable commercial and industrial space, negatively impacting business growth and creating housing in locations distant from urban cores. This suggests that the Act's preemption of local zoning laws might lead to developments that are not in line with community needs or plans.

   Additionally, city officials are finding themselves in a position where they need to negotiate with developers to discourage them from invoking the Act to achieve maximum density or height (Washington 2023). These negotiations could potentially subvert the intent of the Act, as commissions may grant higher densities without the affordable housing requirements mandated by the Act when invoked.

   These aspects highlight a tension inherent in the Live Local Act: while it aims to expedite the development of affordable housing, it does so in a way that might override local preferences

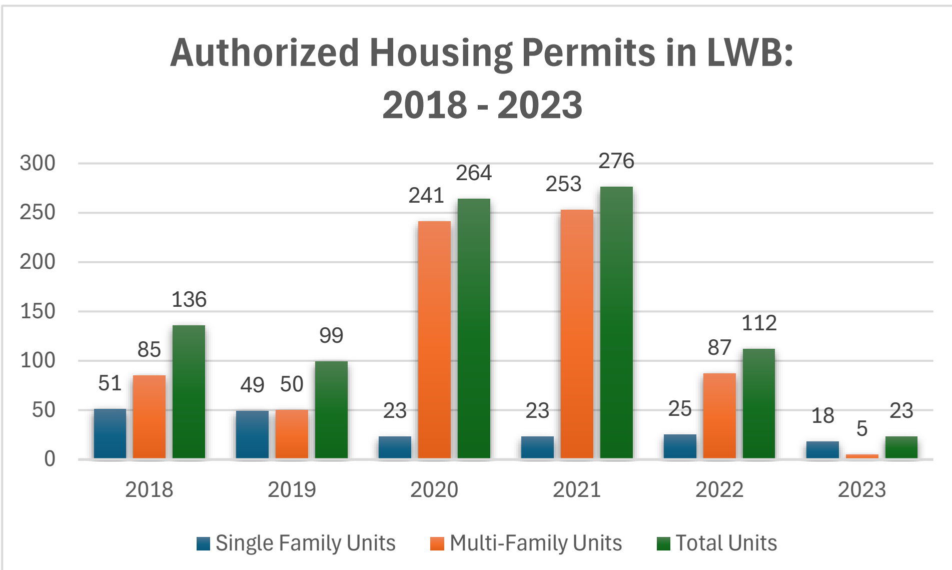
[69] See https://discover.pbcgov.org/pzb/planning/pages/permit-activity-reports.aspx.

and planning, leading to developments that, while efficient from a housing production standpoint, may not align with the needs of the affected communities.

7. **New Production Will Take Time and May be Limited in Scope:** Determining the long-term impact the Act will have on housing production in Lake Worth Beach and broader Palm Beach County is challenging. First, we do not have data on the funding sources of all recently proposed projects. Second, regardless of whether developers utilize resources associated with the Act, we cannot determine whether the LLA *caused* them to pursue or deepen the affordability of recent project proposals. Third, given that project development and permitting can be lengthy, not enough time has elapsed to accurately gauge the bill's effects.

   Within the first eight months of its existence, the Act has not stimulated much local housing production. Housing development, as measured by authorized building permits, was very limited in Lake Worth Beach during 2022 and 2023.

Figure 116: Authorized Housing Permits in Lake Worth Beach, 2018-2023

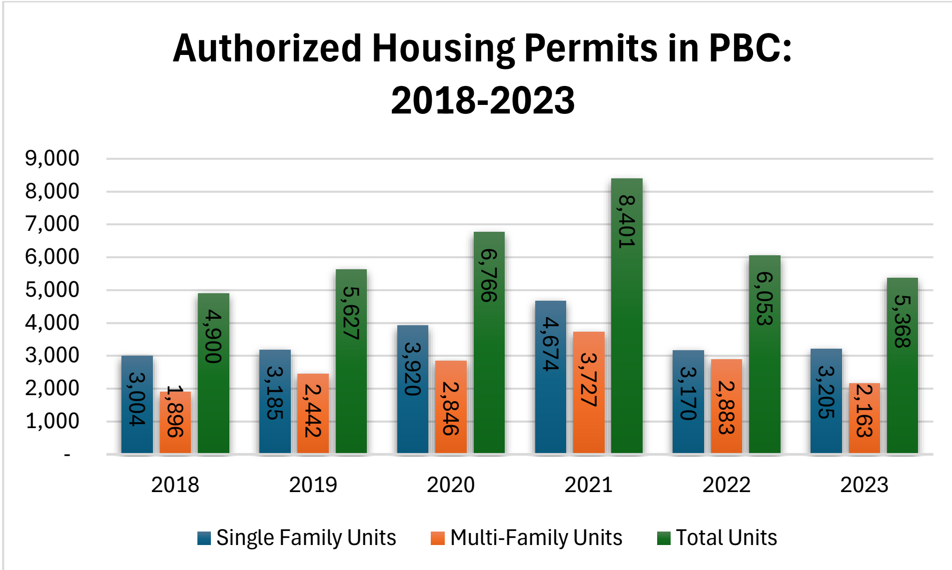


Source: Palm Beach County Permit Activity Reports

As the above figure shows, the number of authorized permits in Lake Worth beach dropped nearly 60 percent between 2021 to 2022 and another 80 percent between 2022 and 2023, mostly because of reduced multi-family housing activity.

Permit authorization also decreased in Palm Beach County as well, although not as severely. As the figure below demonstrates, permit authorization decreased 28 percent from 2021 to 2022 and 12 percent from 2022 to 2023.

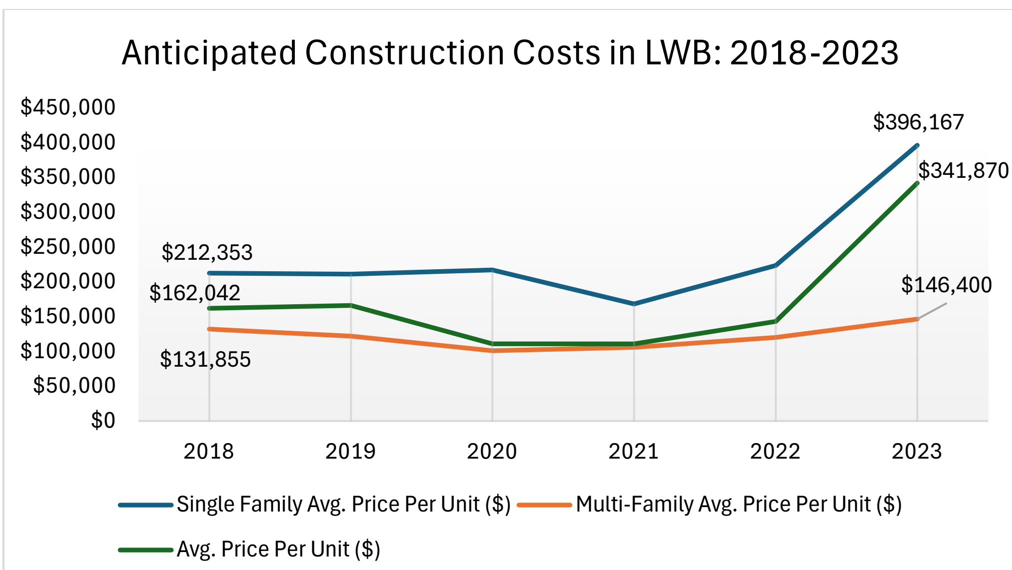
Figure 117: Authorized Housing Permits in Palm Beach County, 2018-2023



Source: Palm Beach County Permit Activity Reports

In both areas, building activity has followed the same arc, steadily increasing from 2018 to 2021 before subsequently decreasing. While disruptions and delays associated with COVID-19 may have played a role in these trends, anticipated construction costs, as noted above, also appear to be important.

Figure 118: Anticipated Construction Costs in Lake Worth Beach, 2018-2023



Source: Palm Beach County Permit Activity Reports

While data from Palm Beach County's Housing Dashboard indicate that more workforce and affordable housing is being considered, few of the proposals are located in Lake Worth

Beach.[70] The only projects listed in the dashboard as of February 2024 were Lake Worth Station at 930 G St (81 units), which was pursued before the LLA took effect, and the North East Street Cottage Homes (3 units), which were initiated by the Community Land Trust of Palm Beach County before the Act was passed as well.[71]

Table 62: Workforce and Affordable Housing Program Development

Workforce and Affordable Housing Program Development, 2006 - 2023[72]		
	Palm Beach County	**Lake Worth Beach**
Workforce units under construction	502	0
Workforce units in pre-development	312	0
Affordable units under construction	236	81
Affordable units in pre-development	1,641	3
Total units under construction	738	0
Total units in pre-development	1,953	84
Grand total	**2,691**	**84**

Source: Palm Beach Countywide Housing Dashboard

However, developers have pitched several proposals to the City of Lake Worth Beach, with many of them containing plans for affordable housing development. From January 2022 to February 2024, developers proposed 632 units at PZB hearings, with plans to collectively set aside 43 percent for low- to moderate-income residents.

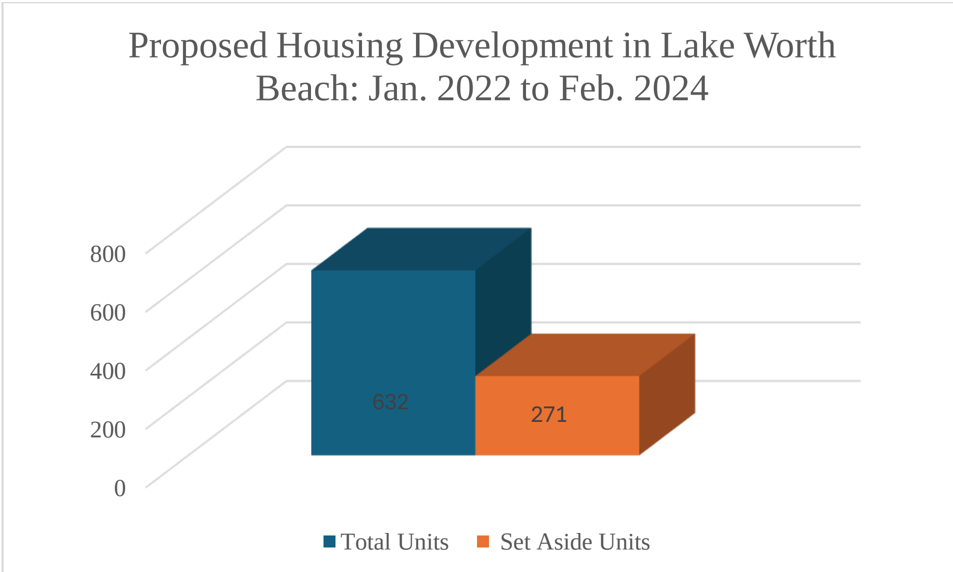
Table 63: Proposed Residential Development in Lake Worth Beach: January 2022 – February 2024

Proposed Residential Development in Lake Worth Beach: January 2022 –February 2024[73]			
Address	**Total Units**	**Set aside units**	
	#	**#**	**%**
923 North E St	9	0	0
826 Sunset Dr	42	7	17
508, 510, 530 S Federal Hwy	15	0	0
821 S Dixie Hwy	176	176	100
1432 N Dixie	4	0	0
7 N B St	18	0	0
1207/1209/1211/1213/ 1215 Lucerne Ave & 1216/1220/1230 Lake Ave	14	0	0
1401 Lucerne Ave	10	1	10

[70] http://pbcgov.com/HousingDashboard/Dashboard/Index
[71] These figures were obtained by reviewing Palm Beach County Planning and Zoning Board Activity Reports.
[72] These figures were obtained by reviewing the Palm Beach County Housing and Economic Sustainability Department's "Housing Dashboard."
[73] These figures were obtained by reviewing records from the City's PZB from January 2023 to February 2024.

2559, 2441, 2431 2nd Ave N	195	48	25
930 N G St	81	39	48
7 Detroit St & 26 Buffalo St	60	0	0
1719-1737 N Federal Hwy	8	0	0
Total	**632**	**271**	**43%**

Figure 119: Proposed Housing Development in Lake Worth Beach: January 2022 – February 2024



While this is a positive development, several caveats should be heeded. First, proposals are not permits, and permits do not always result in completed projects. Some may get stuck in development limbo. Others may be abandoned due to financing problems or other challenges. And others still may simply represent speculation. For example, one of the above properties was purchased for $1.25 million in 2020 and relisted for $2.4 million after obtaining a favorable conditional use ruling.

Second, only one of the proposals, the 930 North G Street project, appears to be utilizing Sadowksi Fund programs. The overwhelming majority of the set aside units will stem from a LIHTC project that targets seniors (821 South Dixie), while the others will stem from the City's Sustainable Bonus Program.

And third, gauging from the data, new units incentivized by the LLA will most likely take years to develop, meaning that they will have few immediate impacts on housing affordability.

In sum, there are several notable features about these allocations: (1) They primarily focus on creating affordable rental rather than ownership opportunities; (2) they focus on housing production rather than preservation or protection; (3) they will produce housing that is likely to be beyond the financial capabilities of many residents; (4) offering the units for lower prices will be difficult due to high building costs and program rules; (5) the programs are unlikely to quickly bring new housing stock online to mitigate the affordable housing crisis; and (6) the permitting preemptions may cause disruptive development, especially in the mixed-use areas along Dixie Highway and the industrial areas west of I-95 that they target.

Implementation

Nearly one year after passage, the Live Local Act remains poorly understood due to its extensivity and ambiguity. Although this report summarizes the major stipulations of the bill and attempts to forecast its impact on local housing conditions, we recommend taking the following steps to ensure compliance with and productive implementation of the Act:

1. **Training through the FHFC's Catalyst Program:** The Florida Housing Coalition will be offering free training through June 30, 2024, including:

    - Up to eight site visits that include training and technical assistance (up to 15 hours) to local governments on LLA implementation.
    - Five LLA-specific training webinars.
    - 200 hours of off-site technical assistance, with each request including up to 10 free hours of assistance for local governments and nonprofit organizations.
    - Regional workshops that focus on land use provisions of the LLA.

    We recommend utilizing these trainings, as the FHFC can form partnerships to provide technical assistance to local governments for creating RFPs, selection criteria, and best practices for use or lease of public land for affordable housing.

2. **Consultation with City Attorney:** Implementing the Live Local Act involves navigating complex legal terrain, as many stipulations are subject to varied interpretations—for example, whether "highest allowed density" refers to by-right allowances or bonus allowances. When such ambiguities inevitably arise, we advise city staff to work in close consultation with the city attorney to ensure that implementation strategies align with both the spirit and the letter of the law.

3. **Monitoring for Legislative Updates:** The Florida Legislature has been working on a "clarification glitch" bill to address widespread confusion over, and complaints about, various provisions of the LLA. The City should monitor these developments to ensure alignment with the latest legal requirements and to capitalize on potential opportunities for housing development. These legislative revisions, particularly in Senate Bill 328 and House Bill 1239, are expected to provide critical clarifications and adjustments to areas such as property tax exemptions, building height preemptions, zoning eligibility, floor area ratio, and parking requirements.

4. **Recommendations for Implementing and Complying with the Act's Specific Provisions are Listed in the Subsequent Sections.**

B. Rent Control

Summary

Section 2 and 6 of the Live Local Act deal with rules and procedures for implementing price controls on rents.[74] From 1977 to July 2023, local governments within the State of Florida held the authority to implement temporary price controls on rents. State law limited price controls to a one-year period and required local governments to prove "the existence in fact of a housing emergency so grave as to constitute a serious menace to the general public" and obtain the consent of voters through a popular referendum before implementing them. Despite these restrictions, the protocol gave municipalities a powerful tool to curb unanticipated and uncontrolled rent spikes that threatened residents with financial distress and displacement. The Live Local Act amended Section 125.0103 of the Florida Statues to prohibit "a municipality, county, or other entity of local government" from adopting or maintaining "any law, ordinance, rule, or other measure that would have the effect of imposing controls on rents."

Analysis

1. **Limited Impacted on Current Housing Conditions:** The new preemptions on local price controls are unlikely to have a significant effect on the current housing landscape. First, by requiring local governments to prove the existence of a housing emergency (rather than requiring opponents to prove no such emergency was present), the previous iteration of Section 125.0103 made it very difficult for local governments to implement rent control. The law merely makes a *de facto* preemption a *de jure* preemption.

   Second, the procedural requirements the state previously required—such as declaring a housing emergency, collecting corroborating evidence, and holding a popular referendum—prevented local governments from swiftly responding to housing emergencies when they arose. Protecting residents from strain and displacement requires immediate action. Similar to medical emergencies such as heart attacks, delayed action due to bureaucratic hurdles can prove fatal.

   Third, due to the lack of action during the COVID-19 pandemic, rent control has become insufficient for addressing the City's affordable housing crisis. With more than 60 percent of renters cost-burdened, housing prices must be reduced, not just stabilized.

2. **Reduced Capacity for Managing Future Housing Emergencies:** Although the new state preemption will not impact current conditions, we view it as a setback. Between January 2020 and June 2023, the median rent in Lake Worth Beach increased by 53 percent. The rapidly escalating rent levels disrupted the lives of residents, leading to financial strain, psychological distress, housing insecurity, and displacement. If local governments had held the authority to quickly implement price controls on rents—even if

[74] Section 1 simply names the act.

temporary—they could have mitigated these negative effects. SB 102 will therefore make it more difficult for the City to respond to future housing emergencies that may occur.

3. **Reduced Capacity to Manage Real Estate Speculation:** As our initial reported noted, rapid population growth and real estate speculation played a key role in the price spikes that occurred during and following COVID-19. The ability to place control on the pace of rent growth would have discouraged speculative investment and opportunism among some landlords, which in turn would have mitigated the financial distress and displacement residents have faced.

Implementation

1. **Refrain from Price Controls:** The city should not implement rent stabilization or control ordinances unless Section 125.0103 is amended by future legislation.

2. **Develop an Alternative Plan for Housing Emergencies:** Research indicates that rent stabilization ordinances, particularly those with vacancy control provisions, have been highly effective in protecting lower income tenants from sudden, unexpected, and/or opportunistic increases to housing costs (Levine, Grigsby, & Heskin 2007; Ahern & Giacoletti, 2022).[75] Such ordinances are likely the most effective and impactful measure that local governments can employ to protect residents during housing emergencies.

   Given that price controls are now prohibited, the City should work in partnership with the County to develop an alternative plan for managing future housing emergencies. Such a plan might include protocols for quickly connecting residents with emergency resources, including rental assistance, utility assistance, relocation grants, and legal aid in relation to eviction. It might also involve developing partnerships with non-profits to expand access to supplementary forms of assistance during housing emergencies, such as food, services aimed at preventing homelessness, and temporary shelters.

   To be effective, such a plan must allow for *rapid* distribution of resources, maximal utilization by minimizing the document burden placed upon applicants and processors, and stipulations for landlord participation (e.g., source of income protections).

C. Administrative Approval in Commercial and Industrial Zones

Summary

[75] A vacancy control ordinance in the context of rent control refers to a regulation where rent control measures continue to apply to a rental unit even after it becomes vacant. This contrasts with vacancy decontrol, where a landlord may reset the rent to market rates when a unit becomes vacant.

Section 5 of the Live Local Act deregulates affordable housing development in commercial and industrial zones and mandates administrative approval for affordable housing development proposals in commercial, industrial, and mixed-use zones under certain conditions.

1. **Deregulation of Commercial and Industrial Zones:** The LLA allows municipalities to approve the development of affordable housing in commercial and industrial zones without requiring a zoning or land use change, special exemption, conditional use approval, variance, or comprehensive plan amendment for building height and densities.

   For parcels zoned for commercial or industrial use, any residential development project, including mixed-use residential, is permissible as long as at least 10 percent of the units are affordable and the developer agrees not to seek funding under Section 420.5087. The provisions are self-executing and do not require the adoption of an ordinance or regulation for their implementation.

2. **Administrative Approval:** Subsection 7 states that municipalities must allow and administratively approve multifamily and mixed-use residential developments in areas zoned for commercial, industrial, or mixed use, provided that at least 40 percent of the residential units in a multifamily rental development are affordable for at least 30 years. Governing bodies cannot require changes to zoning or land use, nor seek special exceptions, conditional use approvals, variances, or comprehensive plan amendments for building height, zoning, and densities authorized under this subsection. Municipalities must consider reducing parking requirements for developments within half a mile of a major transit stop.

   To obtain approval, such projects must meet the following requirements:
   - The development must be proposed in a commercial, industrial, or mixed-use zone;
   - The development must contain multi-family or mixed-use rental housing units;
   - At least 40 percent of the housing units must be affordable to households that earn 120 or less of the area median income;
   - At least 65 percent of the square footage in mixed-used developments must be used for residential housing.

   The administrative approval provisions expire on October 1, 2033.

Analysis

Section 5 responds to several barriers to affordable housing development in Florida:

1. **Incentives for Adaptive Reuse to Address Land Constraints:** As we discussed in our first report, many Florida municipalities are approaching "build out" in residential use areas. The limited opportunities for residential in-fill projects, and the expensive land acquisition costs that scarcities are causing, have stymied affordable housing development. The Live Local Act addresses this problem by requiring municipalities to allow affordable housing

development in commercial, industrial, and mixed-use areas. Because municipalities cannot spawn new land in residential areas, it is thought that the act will encourage builders to redevelop unused or underutilized land in commercial, industrial, and mixed-use areas for affordable housing.

For example, a Miami-based real estate company has used the SB 102 to obtain approval for converting the shuttered K-Mart in nearby Lantana into a multi-family housing development that contains more than 400 apartments, 40 percent of which will be designated as workforce units. The Lantana commission had previously denied the company's proposal to build 231 apartments on the site in response to concerns about its size and scope (Sabella 2023).

2. **Upzoning to Facilitate Housing Production:** As many housing researchers have shown, restrictions on density, intensity, and height often increase rents by reducing the available housing supply and increasing per-unit cost of housing for developers (Manville et. al 2020; Shuetz 2022).

3. **Administrative Approval to Constrain NIMBYism:** Similarly, lengthy permitting processes that involve conditional use hearings give "neighborhood defenders"—community members who object to new development on the grounds that it will increase traffic and congestion, overburden schools, change the character of their neighborhoods, degrade their views, reduce their property values, and so on—the opportunity block, shrink, or delay multi-family housing proposals (Glick et al. 2019).

   The Live Local Act addresses this problem by requiring municipalities to permit projects within commercial, industrial, and mixed-use zones by-right that meet the following conditions:

   - The project includes multi-family or mixed-use rental housing units;
   - At least 40 percent of the housing units will be affordable to households earning up to 120 of the area median income (and in the case of mixed-use developments, at least 65 percent of the square footage will be used for residential housing);
   - The density of the project will not exceed the highest allowed density on any land within the municipality;[76]
   - The height of the project will not exceed "the highest currently allowed height for a commercial or residential development located in [the municipality's] jurisdiction within one mile of the proposed development or three stories, whichever is higher";
   - The development will comply with all applicable state and local laws and regulations and be consistent with the municipality's comprehensive plan, with the exception of the use, density, and height preemptions outlined above (e.g., setback requirements, parking regulations, etc.).

[76] It is unclear if the "highest allowed density" refers to by-right allowances or bonus allowances. The Florida Housing Coalition recommends consulting the City Attorney on this question.

4. **Reducing Parking Requirements to Boost Housing Affordability:** Researchers—including the ones conducting this study—have found that stringent parking requirements reduce the supply of housing and increase the cost of housing (Gabbe et. al 2020; Jia and Wachs 1999). The Live Local Act addresses this problem by requiring municipalities to "consider reducing parking requirements" for proposed developments that are located within close proximity to public transportation stops.

5. **Limited Effectiveness of Industrial Provision:** According to two developers we interviewed, the Act's allowance for residential developments in industrial zones may not be widely utilized. Developers point out that these areas, often characterized by noise and lack of residential amenities, may not be attractive for living, potentially leading to limited construction. Moreover, if housing is developed in industrial zones, it could lead to a concentration of affordable housing in less desirable areas, possibly segregating those in need of affordable housing and/or subjecting them to health hazards (Auyero and Swistun 2008).

6. **Potential Impact on Industrial and Commercial Development:** The Act could potentially redirect land designated for industrial and commercial use towards housing, which might conflict with some cities' strategic visions for economic development. This reorientation could limit the availability of land for commercial and industrial purposes.

   For example, Pasco County is considering moratoriums on multi-family development. Officials claim that the Act's preemptions are interfering with job development efforts, because they are repurposing areas that had been designated for commercial and industrial uses (Patterson 2023).

7. **Limitations on Growth Management Strategies and Potential Changes in Neighborhood Character:** The administrative approval process under this section of the Act may challenge future growth management efforts and limit the City's authority to shape future development. The new limitations on local control have led to outcry from local officials, city planners, and residents in other Florida municipalities.

   For example, a developer in Miami Beach proposed employing Section 5 of the Live Local Act to replace the Clevelander Hotel and Bar with a 30-story tower. Although the developer modified the proposal in response to local pressure—the mayor claimed it would "destroy" the neighborhood and was "the worst idea ever"—the proposal highlights the types of redevelopment that the bill enables (Mower and Behrendt 2024). In response, some municipalities, such as Doral, have placed moratoriums on new development due to developers threatening to invoke the Act's administrative approval provisions to push through proposals that, in the eyes of city staff and elected officials, are radically inconsistent with their planning vision and existing uses of space on the proposed development sites (Perry 2023).

By mandating administrative approval for housing and mixed-use projects that conform to requirements, the LLA may therefore promote accelerated population growth and neighborhood redevelopment that generates unwanted effects—such as unsustainable growth that strains local infrastructure and resources and/or neighborhood changes that alienate existing residents (Madden and Marcuse 2016).

These points reflect the complex and varied impacts of the LLA, highlighting the need for careful consideration and planning in its implementation.

Implementation[77]

To comply with state law and utilize these provisions to expand housing access and affordability, we recommend that the City take the following steps:

1. **Amend Existing Land Development Regulations:** The Florida Housing Coalition recommends amending existing commercial, industrial, and mixed-use LDRs to incorporate Section 5, Subsection 7 of the Live Local Act and providing clarity on the height and density allowed by right in such zones. It appears the City has already taken these steps, so further action may not be needed.[78]

2. **Create Guidelines for Implementation:** The City has already implemented this recommendation by creating a comprehensive informational flyer that developers can reference when considering LLA projects in Lake Worth Beach.

3. **Clarify Parking RequirementsL** The parking provisions of Section 5 are vague. The Florida Housing Coalition recommends consulting with the City Attorney to ascertain what "consideration" of parking reduction entails. However, we recommend that the City makes a good faith effort to make such considerations, given that parking requirements increase costs and encourage reliance on automobiles, which contribute to congestion and air pollution (Gabbe et. al 2020; Jia and Wachs 1999).

4. **Study Potential for and Impacts on Future Land Use.** To assist with future planning, the City should examine where developers have the right to pursue administrative approval, how much land is subject to this provision, and what types of projects might be expected on the land. For example, City staff might use GIS to map vacant and under-utilized land in industrial, commercial, and mixed-use districts. These efforts would help the City to identify underutilized industrial and commercial parcels in order to facilitate housing development through the LLA. They could help the city identify commercial and industrial areas wherein the City would like to discourage development.

[77] Some of the implementation suggestions described here were influenced by or adapted from guides developed by the Florida Housing Coalition.
[78] See the FHFC workshop on "Dissecting the Land Use Tools and Property Tax Exemption in the Live Local Act" workshop, June 15, 2023.

It is also important to quantify the total land the City allocates to commercial and industrial uses. The Live Local Act contains a "20 percent rule." If less than 20 percent of a municipality's total land is designated for commercial or industrial use, only mixed-use developments will be permitted in commercial or industrial zones.

5. **Flexibility for Setting Local Affordability Standards in Commercial and Industrial Zones:** Section 5, Subsection 6 gives local governments a tool for stimulating the production of a small amount of *truly* affordable housing. Rather than defining workforce housing as units that are affordable to households earning between 60 and 120 percent of Palm Beach County's AMI, this tool gives local governments the authority to set income thresholds for very-low and low-income households. In other words, rather than projects that will make 40 percent of their units affordable to households earning 120 percent AMI, this provision would give the City the authority to approve projects that make, for example, 10 percent of units affordable to households earning 50 percent AMI.

6. **Craft Incentives to Deter Unwanted Development in Industrial, Commercial, and Mixed-Use Areas:** The City has the opportunity to circumvent the issue of administratively approved developments in less desirable areas by creating a suite of local incentives. These incentives would actively channel development into preferred locations. For example, the City might offer benefits such as faster parking reductions or fee reductions to entice developers to build in areas that align with broader community goals. This proactive approach would allow the City to influence future development rather than passively approving development that stems from administrative mandates.

D. Surplus Land

Summary

Section 7 of the LLA requires Florida municipalities to prepare an inventory of real property within its jurisdiction, which is held in fee simple, that is appropriate for use as affordable housing development. The relevant stipulations are listed below:

- The inventory list must include the address and legal description of each such property and specify whether the property is vacant or improved.
- The governing body of the municipality must review the inventory list at a public hearing, during which it may make revisions.
- Following the public hearing, the governing body of the municipality must adopt a resolution that includes an inventory of surplus properties suitable for affordable housing development.
- The inventory must be made publicly available on the municipal website to encourage potential development.
- The inventory must be completed by October 1, 2023, and every three years thereafter.

Analysis

Section 7 of the LLA is predicated upon the belief that inefficient land use and high land costs have impeded affordable housing development across Florida municipalities. The provision attempts to stimulate further housing production by requiring municipalities to publicly list unused land to transparently promote development opportunities. These provisions of the Act may have the following effects:

1. **Flexible Options for Affordable Housing Development:** The LLA states that municipalities may take the following actions toward properties they identify as suitable for affordable housing development:

    - Long-term land leases requiring the development of affordable housing
    - Sell the properties and use the proceeds to purchase land for affordable housing development, or increase the capital stock of its affordable housing trust fund
    - Sell the property with deed restrictions that maintain permanently affordable housing on the property
    - Donate the land to a non-profit for the construction of permanent affordable housing
    - Use the land in some other capacity that would effect the production or preservation of affordable housing.

    The City therefore has flexible options for promoting affordable housing development on surplus public land.

2. **Upside for Affordable Housing Development:** Our initial report found that the high cost of land has been a significant barrier to producing affordable housing in South Florida. By making surplus public land known and available for housing development, the City can potentially reduce development costs and promote affordable housing without imposing additional financial burdens on residents.

    This practice has had effective results in Seattle, which prioritized surplus properties for affordable housing by facilitating the sale or lease of such lands at lower or no cost to support their housing goals (Shroyer 2019). Similarly, legislative actions and executive orders in California to make state and local public lands available for affordable housing development have experienced success, leading to the development of affordable housing projects like Sonrisa in downtown Sacramento. This suggests a positive link between listing surplus land and the facilitation of affordable housing development (PD&R 2024).

3. **Privatization Concerns:** Notwithstanding the upside potential of a surplus land program for affordable housing development, the City should practice caution and vigilance while implementing it. Neoliberal housing policies—which have involved scaling back housing assistance, privatizing public resources such as housing and land, and relying on markets to address social needs—have been a major cause of housing distress over the past 50 years (Rosen 2020). Privatizing public assets can have major downsides, including a reduction in

public control over land use and the prioritization of financial gains over long-term community benefits. For example, the St. Petersburg's Public Housing Authority sold a 486-unit public housing project to a private developer for conversion into condominiums in 2008, which has exacerbated affordability problems (Goetz 2011).

If not managed carefully, a surplus land program that privatizes public assets could lead to developments that do not align with residents' interest and contribute to gentrification and displacement of existing communities.

In sum, the effects of the provision are challenging to forecast; they will depend on the development potential of the land parcels contained within the City's surplus inventory and the means through which the City implements and manages their surplus program.

Implementation

To comply with state law and utilize these provisions to expand housing access and affordability, we recommend that the City take the following steps:

1. **Showcase Surplus Lands on the City Website**: The city must, at minimum, list all surplus lands held in fee simple that are suitable for affordable housing development on the City website. The list should be posted in an accessible area and, ideally, enriched with information that assists interested parties in exploring development opportunities. As a "dependent special district," the Lake Worth Beach CRA is also required to declare any surplus lands on its website. the Lake Worth Beach Community Redevelopment Agency (CRA) is also required to publicly declare any surplus lands in its possession. To maximize visibility and promotion, we recommend consolidating the surplus properties into a unified list that is posted on both the City and CRA websites.

2. **Adopt Best Practices for Surplus Land Programs**: The Act encourages municipalities to establish actionable plans for promoting affordable housing development on surplus land. This may include:

    - Establishing eligibility criteria for the receipt and purchase of surplus land by developers
    - Making the process for requesting surplus land publicly available
    - Ensuring long-term affordability of any surplus land that is leased or purchased for housing development. This might include retaining the first right of refusal to purchase property that would be sold or offered at market rate or requiring reversion of property not used for affordable housing within a certain timeframe.

3. **Prioritize Publicly Owned Land in Amenity Rich Neighborhoods:** Research has shown that incorporating affordable housing into areas that provide access to high quality services can improve social mobility. On the other hand, concentrating poverty in areas with low land and housing costs reproduces poverty (Rosen 2020). The City should therefore focus on

evenly distributing affordable housing throughout various neighborhoods, ensuring access to essential services and employment opportunities across all socio-economic groups.

4. **Work with Other Public Entities:** The City should collaborate with other public agencies such as school districts, transportation authorities, and health services to identify additional surplus land for affordable housing. By pooling resources and aligning goals, these partnerships can maximize the use of public land, ensuring the development of affordable housing in areas with essential services and amenities, thereby promoting broader community well-being (Shroyer 2019).

5. **Create a Portal to Streamline Development:** Establishing an online portal can significantly streamline the development process for affordable housing. This portal should provide comprehensive information on available surplus land, zoning regulations, and application procedures. Such a centralized system would simplify access for developers, making it easier to identify potential sites for affordable housing projects, thereby accelerating the development process and ensuring more efficient land use.

6. **Consult Existing Resources for Public Land Development:** Several guides have been developed for promoting affordable housing development on public land. We recommend consulting existing resources to create familiarity with successful approaches and best practices. In particular, we recommend the Urban Land Institute's "Public Land and Affordable Housing" guidebook (Hickey and Sturtevant 2015). Although it focuses on Washington D.C., its insights can be cross-applied to Lake Worth Beach.

E. Ad Valorem Tax Exemptions

Summary

Section 8 of the LLA amends Florida Statutes Section 196.1978 to expand ad valorem tax exemptions for non-profit entities that provide affordable housing. The section makes the following amendments:

1. **Extension of Exemption to Ground Leases**: The Act extends ad valorem tax exemptions to land owned by non-profits and leased for at least 99 years for affordable housing, provided more than 50 percent of the improvements are used for such housing.

2. **Affordability Criteria for New Construction**: Newly constructed properties, completed within the past five years, are eligible for tax exemption if they:
    - Provide housing for those earning up to 120 percent of the AMI, with a full exemption for units serving those earning below 80 percent of the AMI and a 75% exemption for units serving those earning between 81-120 percent of the AMI.

- Include more than 70 units in the new multifamily development.
- Have rent levels at or below the lesser of the FHFC limit or 90 percent of the area's fair market rent.

3. Maintain affordable status for at least three years.

- **Vacant Units**: Units vacant on January 1 that previously qualified for the exemption remain eligible, provided there is an active effort to lease to eligible tenants.

The amendment is designed to incentivize affordable housing development and to support low and moderate-income families by reducing the tax burden on qualifying properties. It also ensures that these benefits apply from the 2024 tax roll and will be repealed by December 31, 2059, unless extended or modified by future legislation.

Analysis

Section 8 of the Act is predicated on the assumption that reducing the property tax burden on non-profit developers will lower the overall costs of housing development, facilitating their ability to build units at below-market rates. The provisions may have the following effects:

1. **Limited LocalImpacts:** To qualify for ad valorem exemptions, non-profit entities must develop multifamily housing that includes more than 70 units. Gauging from their current inventories, it is unlikely that local non-profits, such as Adopt-a-Family or the Lord’s Place, would have the capacity to develop multifamily housing at that scale. According to property appraiser records, there are only a few structures across the entire city that feature 70 or more units, and several are already receiving exemptions. The usefulness of Section 8 may therefore be limited in Lake Worth Beach.

   This holds true beyond the City as well. The impact of such tax exemptions may be limited by the number of non-profit entities with the capacity to undertake large development projects. Achieving a critical mass of such projects is necessary to make a significant dent in the affordability issue.

2. **Potential for Downstream Housing Development**: If the City can develop future partnerships with major non-profit organizations and identify parcels that can support large housing developments, the provision could become actionable. Similar tax exemption strategies have been used in places such New York City. The City’s 421-a program, which offers tax incentives for the development of multi-family rental buildings that include a percentage of affordable units, has “played a sizeable role in facilitating multifamily development” (Raetz and Murphy 2022).

3. **Potential for Unintended Consequences**: Substantial development of affordable housing by non-profits, though beneficial for Lake Worth Beach, might lead to reduced tax revenue, which could diminish funding for essential city services. This concern is particularly relevant given the broad definition of affordability under the Act. Drawing parallels from New York City's 421-a program, while proponents claim it has facilitated the creation of otherwise

unfeasible affordable units, critics contend that the units are not truly affordable for the targeted demographic. They point out that the program represents a substantial subsidy that may not be allocated in the most efficient manner.

Implementation

To comply with state law and utilize these provisions to expand housing access and affordability, we recommend that the City take the following steps:

1. **Awareness Campaign and Partnership Development**: Conduct informational workshops and webinars to educate non-profit organizations about the new ad valorem tax exemptions. Ensuring that non-profits are fully aware of their eligibility can facilitate the development of more affordable housing projects in Lake Worth Beach. Given that eligibility for the exemption hinges on developing relatively large housing projects, the City should seek out partnerships with non-profits that have the capacity to develop housing at the needed scale.
2. **Resource Allocation**: Designate city staff or departments to assist non-profits in understanding the legal and administrative aspects of the LLA, providing guidance on maintaining compliance with the 99-year ground lease and other provisions.
3. **Incentives for Mixed-Use Development**: Encourage non-profits to explore mixed-use developments that combine residential and commercial spaces, which could expand their interest in utilizing the provision.

F. County and Municipal Affordable Housing Property Tax Exemption

Summary

Section 9 of the LLA gives the governing bodies of municipalities the authority to adopt ordinances that exempt portions of property used to provide affordable housing. Such properties will be defined as serving a charitable purpose. For a building that provides some affordable housing, the Act allows local governments to grant up to a 75 percent exemption for each affordable unit. It can grant up to a 100 percent exemption for properties in which all units are affordable.

Unlike the state exemption policy, the units local governments exempt do not need not be new. However, they must meet the following conditions:

1. Affordable to individuals earning 30 to 60 percent of the AMI
2. Rents do not exceed 30 percent of the median annual adjusted gross income for tenants
3. Must be within a multifamily project containing 50 or more residential units
4. At least 20 percent of the units must be affordable

5. Rents must fall within the HUD thresholds or must be 90 percent of the fair market rental value as determined by a study, whichever is lower. Such studies must be carried out by a certified appraiser.

These ordinances expire after four years.

Analysis

The provisions in Section 9 represent some of most powerful tools within the Act for local governments to expand housing affordability. They offer the City of Lake Worth Beach three leverage points for stimulating affordable housing access:

1. **Incentives for Affordable Housing Production:** Section 9 allows the City to adopt an ordinance that would exempt ad valorem taxes for developers who set some units aside for very-low-income and low-income households (i.e., households earning 30 to 60 percent of the AMI).

2. **Incentives for Affordable Housing Preservation:** The City may apply ad valorem exemption to *all* properties that set aside units, not just newly constructed units.

3. **Tailored Affordability Standards:** The provisions also allow the City to set affordability thresholds at levels that conform to local standards by hiring an appraiser to determine the fair rental value of the units.

Notwithstanding these strengths, the provisions have major limitations, including:

1. **Limited Preservation Impact due to Size Restrictions:** The requirement for properties to be part of larger multifamily projects places an onerous limitation on the capacity of this provision to promote affordable housing. At the time we published our initial report, less than five percent of the housing structures in Lake Worth Beach had 50 or more units (see Chapter 11). According to property appraiser records, several of the few multifamily housing structures that contain 50 or more units are already receiving ad valorem tax exemptions. According to our analysis, the two properties that may qualify for this exemption are the Bohemian and the Mid, which encompass 341 units according to property appraiser records (some Bohemian units are already set aside).
2. **Upside Potential in Housing Development:** Because the overwhelming majority of existing rental units in Lake Worth Beach are housed in relatively small buildings, the greatest use of this provision likely rests in incentivizing affordable housing production rather than preservation.
3. **Short Time Frame Poses Limitations:** The four-year expiration of the ordinance restricts long-term planning and stability for affordable housing development and preservation.
4. **Potential Loss of Tax RevenueL** Reduced tax revenues due to exemptions could impact municipal budgets, necessitating careful fiscal planning.

Implementation

To comply with state law and utilize these provisions to expand housing access and affordability, we recommend that the City take the following steps:

1. **Analyze Development Potential and Fiscal Impacts:** We recommend conducting a thorough analysis of the develop potential and potential fiscal impact of these exemptions on the City's budget to plan for any revenue adjustments. Our preliminary analysis indicates that the City may be able to utilize this provision to incentivize future affordable housing development. For large development projects, ad valorem tax abatements can generate substantial cost savings. Similarly, the City may be able to leverage the incentive to influence a few existing multifamily landlords, such as the Mid and Bohemian, to set aside additional units.

2. **Setting Rental ThresholdsL** Regarding the ability of municipalities to set lower rent thresholds, this section of the Act does offer some flexibility. The rent for units can be set at the lesser of two values: either the amount specified by the most recent multifamily rental programs income and rent limit chart posted by the corporation (derived from HUD's Multifamily Tax Subsidy Projects Income Limits) or 90 percent of the fair market value rent as determined by the independent rental market study.

   This provision allows for the potential of setting rents based on local market conditions as assessed by the independent study, which could be lower than HUD guidelines. However, the choice between these two benchmarks (HUD guidelines or the independent study) depends on which results in a lower rent threshold. Therefore, while municipalities do not directly set the rent thresholds, they can potentially influence lower rents if the independent rental market study demonstrates that the fair market value rent is lower than the HUD-specified limits.

   The rental market study, as required by the LLA, must be performed by a certified general appraiser who is independent of the property owner. This means that neither the governing body (municipality) nor the property developer directly issues the study. Instead, they must rely on an independent certified appraiser.

3. **Outreach and Partnership for Development**: Engage in active outreach to potential developers, especially non-profits, to inform them about the opportunities under this Act and foster partnerships for affordable housing development.

4. **Lobby for Reduced Size Requirements:** The 50-unit eligibility requirement severely restricts the use of this incentive in localities such as Lake Worth Beach that have a high proportion of small apartment buildings. We recommend lobbying the state to loosen these requirements. The ability to abate the ad valorem taxes of smaller landlords would considerably augment the City's ability to preserve and promote affordable housing.

G. Multifamily Rental Funding

Summary

Section 10 of the LLA will allocate up to $150 million per year, dependent on annual revenues from the documentary stamp tax on real estate transactions, to a SAIL-like program that will subsidize the development of affordable rental units. The program will be funded for ten years, generating up to $1.5 billion in subsidies.

Section 10 stipulates that 70 percent of the funds will be allocated on a competitive basis for the following types of projects:

1. Projects that redevelop existing affordable housing units and/or develop new units in close proximity to the units being rehabilitated. Developers must build the new units first, relocate existing tenants to them, demolish the outdated or depreciated units, and subsequently reconstruct the property with higher housing capacity.
2. Projects that address urban infill, including conversions of vacant, dilapidated, or functionally obsolete buildings or the use of underused commercial property.
3. Projects that incorporate mixed uses into the development, such as retail, office, or commercial.
4. Projects that provide housing near military installations in this state, with preference given to projects that incorporate critical services for service-members, their families, and veterans.

It stipulates that the remaining 30 percent of the funds will be allocated for projects that:

1. Propose using or leasing public lands (applications for such projects must include a resolution from or agreement with the local governing body for using the land for affordable housing).
2. Address the needs of young adults who age out of the foster system.
3. Meet the needs of elderly persons.
4. Provide housing to meet the needs in areas of rural opportunity.

The Act prohibits State Housing Trust Fund and funds distributed to the Local Government Housing Trust Fund from being reallocated to the General Revenue Fund to prevent the raiding that hitherto sapped the Sadowski fund of resources.

Analysis

1. **Potential Upside for Affordable Housing Preservation:** This program presents significant upside potential for the preservation of affordable housing. By offering funding and incentives for the redevelopment of existing housing projects, the Act ensures not only the maintenance but also the enhancement of current affordable housing

stock. This approach allows for the modernization and improvement of aging housing infrastructure, extending its lifespan and making it more livable for residents.

2. **Potential Limited to RFAs:** Notwithstanding the promise described above, the affordable housing potential of this section for Lake Worth Beach will depend on the RFAs the FHFC develops. Development potential under the current 2024 RFAs appears to be limited. For example, although RFA 2024-206 makes SAIL funds available for developing and reconstructing multifamily housing developments, the RFA rules require that distributions be used in conjunction with the LIHTC program.

3. **Contingency of FundsL** These funds are not guaranteed. Because the documentary stamp tax will fund the program, funding levels will depend on the real estate market. If the market is hot—that is, if many sales take place, and if the sales transact for high prices—funding levels will be high. Similarly, funding of the trust fund is, in a sense, contingent upon the persistence of an affordable housing crisis.

Implementation

1. **Monitor FHFC RFAs Associated with the Program:** The City should monitor the FHFC's webpage and attend conceptual workshops as they are scheduled to determine future potential—especially those related to reconstruction and preservation of affordable housing and housing development for vulnerable groups, such as the elderly, people with special needs, people experiencing homelessness, etc.

H. Best Practices in Relation to the State Housing Strategy

Summary

Section 26 of the LLA embeds a neoliberal approach to affordable housing, promoting market-driven strategies and efficient resource use. It emphasizes the role of the private sector in housing development, backed by state incentives to foster wider investment. The Act advocates for resource-efficient solutions like urban infill and mixed-use projects and endorses public-private partnerships for creating and maintaining affordable housing. It urges local governments to adopt practices that leverage private investment and optimize land use, while catering to varied community needs and encouraging self-reliance.

The LLA encourages the adoption of the following best practices for affordable housing:

1. **Encourage Private Sector Involvement**: This involves offering incentives to private developers to focus on affordable housing projects (example: using state funds to create repayable loans for affordable housing, aiming to leverage these funds with federal, local, and private commitments).
2. **Pursue Innovative Housing Solutions**: This can involve a range of practices, including the following: utilizing publicly owned land for affordable housing developments; redeveloping commercial properties into mixed-use developments; developing mixed-

income and mixed-use housing projects to foster diverse communities; and exploring modern housing concepts such as manufactured homes, tiny homes, 3D-printed homes, and accessory dwelling units (ADUs).

3. **Promote Interlocal Agreements:** This involves fostering agreements with neighboring jurisdictions to coordinate strategies and maximize the effectiveness of state and local funds.
4. **Focus on Urban Infill and Developable Land**: This involves maximizing use of developed land and urban infill to minimize sprawl and transforming existing infrastructure to create affordable housing, with a focus on proximity to employment and services.
5. **Foster Public-Private Partnerships**: This involves strengthening partnerships with the private sector to produce and preserve affordable housing.
6. **Maintain Comprehensive Data**: This involves developing and updating data on affordable housing activities of local governments, community-based organizations, and private developers.
7. **Coordinate with Federal and State Incentives to Address Diverse Needs:** This involves incentivizing the development of affordable housing in line with federal initiatives; focusing on the preservation of affordable housing stock through rehabilitation programs; addressing unique housing needs of diverse households, prioritizing assistance for the neediest residents; and promoting self-sufficiency and economic dignity in state housing programs, especially for elderly persons and persons with disabilities.

Analysis

While the State's housing strategy under the LLA primarily follows a market-based approach, it also incorporates elements from welfare state housing policies that were common from the 1930s to the mid-1970s. The strategy emphasizes significant investments in housing access, particularly for multifamily units in underutilized areas like industrial zones and on surplus land. It also prioritizes housing production, viewing it as a way to improve access to shelter and to stimulate economic activity through demand-side policies.

However, the LLA diverges from mid-20th-century federal policies by favoring market solutions over public housing, aligning more closely with the neoliberal approaches that have dominated over the past five decades. These approaches typically stimulate market production through incentives like tax breaks and low-interest financing. Yet, the LLA overlooks certain positive aspects of modern federal policy, such as:

1. **Empowerment of Individual Choice**: Unlike initiatives like the Housing Choice Vouchers program, which empower individuals to choose their living arrangements, the LLA focuses on developing affordable housing in areas where land happens to be inexpensive or simply available (e.g., surplus lands, commercial and industrial areas), potentially limiting choice.
2. **Local Flexibility**: Contrary to the trend of providing local authorities with more autonomy through block grants (as seen in programs like CDBG), the LLA imposes

stringent guidelines on state programs like SHIP and SAIL. It specifies RFAs over automatic funding allocations, thereby limiting local discretion. This approach stands in contrast to recent efforts at federal levels that prioritize local needs and flexibility.

In summary, Florida's state housing strategy under the LLA appears to amalgamate the most challenging aspects of both historical and contemporary federal housing policies. It combines substantial funding with restrictive guidelines that tend to favor developers over consumers, which will potentially lead to housing that is not fully responsive to local conditions and household needs. Despite these issues, there are several positive strategies and practices within the LLA that merit acknowledgment:

- **Stimulating Economic Activity**: By encouraging housing development, the LLA can stimulate local economies. Construction projects generate jobs and can lead to ancillary economic activities, benefiting the community beyond just housing.
- **Use of Under-Utilized Land**: The strategy's focus on developing affordable housing in areas with cheaper or free land, such as under-utilized industrial zones, can lead to the revitalization of these areas. This approach can transform neglected or underused areas into thriving communities.
- **Diversity in Housing Solutions**: By combining different funding sources and encouraging various types of housing developments, the LLA may contribute to a more diverse housing stock, catering to different population segments and needs.
- **Potential for Innovation**: The emphasis on market-driven solutions might encourage innovative approaches to housing development, including sustainable building practices, modern design, and community-oriented planning.

Implementation

We recommend taking the following steps to comply Section 26 of the LLA:

1. **Review Comprehensive Plan for Compliance with Chapter 126:** Section 26 of the LLA restricts state funds for housing to local governments whose comprehensive plans have been found to be out of compliance with Chapter 163. The City should therefore inspect its plan for compliance. When conducting the review, the City should give special consideration to Sec.163.3177(6)(f)(1)(d), which outlines rules for addressing affordable housing provision.

2. **Create and Post Expedited Permitting Procedures for Affordable Housing Development:** Local governments must establish expedited permitting procedures for affordable housing development to become eligible for LLA funds, and they must post them on their websites. Expedited permitting is also a requirement for receiving PBC Housing Bond funding.

3. **Advertise and Expand Local Incentive Policies:** The City should continue promoting its existing incentives for affordable housing develop and consider expanding the incentives that are available.

4. **Promote Efficient Land Use:** The City should explore strategies for encouraging more efficient land use through modifications to its land development regulations—for example, by allowing more density, height, and intensity. It might also explore avenues for facilitating adaptive reuse projects in areas with underutilized commercial and industrial space.

5. **Promote Diverse Housing:** The City should modify its LDRs in ways that facilitate the ability to diverse housing options in addition to the traditional single family homes, such as ADUs, micro-units, and tiny homes. It should be noted that ADUs allowed by ordinance can fulfill the affordable housing component of Housing Element plan required by 163.3177(6)(f) of the Florida Statutes.

By implementing these best practices, Lake Worth Beach can effectively work towards the goal of providing safe, decent, and affordable housing, in alignment with the state's housing strategy as articulated by the LLA.

I. Additional Resources Available to Lake Worth Beach

The Florida Housing Coalition has a variety of free resources available to train local governments on compliance. The Affordable Housing Catalyst Program provides technical assistance to local governments to establish selection criteria and related provisions for RFPs or other competitive solicitations for use or lease of government-owned land for affordable housing. There are also these training webinars that were completed through the state's Affordable Housing Catalyst Program along with a guidebook on how to deal with opposition to the development of affordable housing, which can be found on the FloridaHousing.org website under the Catalyst Program.[79]

1. Land Use Tool for Affordable Housing in Commercial, Industrial, and Mixed-Use Districts – a Live Local Act Webinar – Recording – PowerPoint (November, 2023)
2. Serving People with the Lowest Incomes through the Live Local Act – Recording – PowerPoint (November, 2023)
3. Expedited Permitting and Innovative Housing Solutions Promoted in the Live Local Act – Recording – PowerPoint (October, 2023)
4. NIMBY book

[79] See https://flhousing.org/live-local-act/ and https://www.floridahousing.org/programs/special-programs/catalyst-program.

Additionally, Kody Glazer, serving as the Chief Legal and Policy Officer at the Florida Housing Coalition, is available to address specific inquiries the City may have regarding the implementation of the LLA. He offers assistance for tasks requiring up to ten staff hours to complete. His contact details are provided here your convenience: Glazer@FLhousing.org.

CHAPTER 16: HB 1417 / SB 1586 – THE RESIDENTIAL TENANCIES ACT

A. Summary

The Residential Tenancies Act amends Chapter 83 of the Florida Statutes by prohibiting local governments from regulating contracts between landlords and tenants. Specifically, it restricts the ability of local governments to pass ordinances that regulate how landlords screen tenants; how landlords process rental applications; the application fees landlords charge tenants (or prospective tenants); the ancillary fees landlords charge tenants; the terms and conditions landlords incorporate into rental agreements; the rights and responsibilities of landlords and tenants; the disclosures that landlords are required to make about the dwellings they lease, the rental agreements they draft, and the rights and responsibilities of those who sign the agreements; and the notice landlords must give when raising rents or terminating leases.

In addition to preempting the regulation of rental contracts to the state, the Act creates a new statewide regulation: It prohibits rental agreements from requiring less than 30 days' notice or more than 60 days' notice when terminating a lease (this applies to both tenants and landlords).

B. Analysis

Critics of HB 1417 claim that landlords, developers, and realtors engineered the bill to circumvent the ordinances local governments had implemented to protect consumers from exploitation, abuse, and displacement in the context of fierce competition in the housing market. During the House Judiciary Committee's April 11, 2023[80], hearing on the bill, Representative Yvonne Hayes Hinson (D-20th District) criticized the bill's sponsors for giving control of the state's housing system to corporate landlords:

> We know corporations [are] what this legislature supports. This is a nuclear preemption of issues that local communities have been using to get the crushing weight of the cost of living off their backs. This is anti-rent control, pro-landlord, and does nothing to get to the root of our housing crisis. This bill says to the people is this room: "We don't care if you're homeless."

As Hayes Hinson stated, the bill implemented a "nuclear preemption" on local measures to regulate landlord behavior, and it nullified existing measures in Florida municipalities, such as fair notice requirements, tenants' bills of rights, and rules regarding the maintenance of rental properties.

During committee hearings, representatives from a variety of statewide organizations commented on the bill. With the exception of representatives from the Florida Realtors Association and Florida Apartment Association, nearly all commenters waived in opposition to the bill. Some of the prominent opponents included:

- Palm Beach County Government
- Orange County Government

[80] https://www.myfloridahouse.gov/VideoPlayer.aspx?eventID=8820

- Broward County Government
- Miami-Dade County Government
- Florida Association of Counties
- Florida State Conference of the NAACP
- Legal Services of North Florida
- Florida Housing Justice Alliance
- Southern Poverty Law Center
- Struggle for Miami's Affordable and Sustainable Housing (SMASH)
- Community Justice Project
- State Innovation Exchange
- Florida Rising
- Miami Workers Center
- St. Petersburg Tenants Union
- Local Progress
- Living Purposefully

Representatives from these interest groups claimed that the bill would harm their communities in the following ways:

1. **Social Strain and Displacement Due to Inadequate Notice Periods**: By preempting local governments' authority to require landlords to provide tenants with ample notification about lease terminations—and nullifying existing fair notification requirements—several speakers claimed HB 1417 would disrupt the lives of Florida renters.[81] Some tenants will be given just 30 days' notice to vacate homes they have occupied for years or even decades. Colleen Mullan from Legal Services of North Florida stated that such abrupt relocations could disrupt children's schooling, cause family separations, deprive families of the time required to find homes that satisfy their needs, and even cause homelessness.

   The speakers emphasized that working parents, individuals living with disabilities, the elderly, and people on fixed incomes would be the most negatively impacted by the preemption of fair notice laws. These groups are likely to face barriers to securing new accommodations on short notice. Because they tend to have limited options within their price range or desired location, a lack of transportation and/or mobility, and limited time due to juggling multiple jobs and/or childcare obligations, they need ample time to conduct a thorough housing search.

   Preempting and nullifying fair notice laws in relation to rent increases will have further negative effects on renters.[82] Renters will have limited time to adjust their budgets or find alternative housing arrangements after facing rent hikes, which may force them to remain in housing they can no longer afford or hastily move into new accommodations that do not meet

[81] For example, until HB 1417 was passed, Orange County required landlords to give tenants 60-days' notice when non-renewing a lese.
[82] For example, until HB 1417 was passed, Palm Beach County and Lake Worth Beach required landlords to give tenants 60-days' notice when increasing rent by five percent or more.

their needs. These adaptations may cause or exacerbate cost burden, increase eviction rates, lead to social disruptions, and generate financial and emotional distress.

2. **Diminished Resources for Promoting Housing Access and Protecting Renters from Source of Income Discrimination:** In our initial report, high security deposits, application fees, and move-in costs were identified as significant obstacles to housing access. Leticia Harmon, Research and Policy Director at Florida Rising, echoed these findings. During HB 1417 hearings, she noted that the bill would strip local governments of the power to enact ordinances addressing these barriers, such as setting deposit limits, capping application fees, preventing source of income discrimination, and standardizing rental applications.

   The state preemption established by HB 1417 prevents localities such as Lake Worth Beach from implementing policies to mitigate these barriers. This could lead to prolonged or increased homelessness, higher eviction rates, and intensified housing segregation, as escalating move-in costs and restrictions on voucher usage make it harder for vulnerable individuals to secure housing or confine these individuals to certain neighborhoods that are more affordable but lack access to resources or quality housing.[83]

3. **Diminished Toolkit for Discouraging Real Estate Speculation:** Real estate speculation—such as house flipping and buying, rehabbing, and renting existing units—can disrupt the lives of community residents. Speculators often purchase properties with tenants and subsequently raise rents or choose not to renew leases. These activities disrupt and displace members of vulnerable groups, who must pay higher rents or find affordable alternatives in a rapidly changing market. Speculative practices not only affect the individuals and families who are displaced; they can alter community dynamics by replacing long-term residents with newer, often wealthier, inhabitants.

   Fair notification requirements can play a role in deterring real estate speculation and mitigating the negative effects associated with it. When investors know they must provide advance notice of significant rent increases and lease non-renewals, they tend to find markets less attractive for property speculation, rent gapping, property speculation, and property flipping. The repeal of fair notice requirements may therefore increase the speculative activity in Lake Worth Beach, and it may leave precarious renters more vulnerable to its negative effects.

4. **Diminished Resources for Protecting Renters from Exploitation and Abuse:** While conducting research for our initial report, we found that a significant number of renters in Lake Worth Beach were being mistreated by landlords, and that many lacked awareness of their basic rights or felt unable to enforce them. Although the City had implemented formal ordinances to address these abuses, it held the authority to do so. For example, Miami-Dade

[83] Our initial report, supported by existing studies, underscores how prohibitive move-in costs often force low-income families into unstable housing such as motels, escalating their long-term expenses (Rosen, Ross, Ehrenreich). Additionally, we observed that refusing Emergency Rental Assistance leads to unnecessary evictions. Moreover, the practice of rejecting Section 8 voucher holders has resulted in 'voucher hotspots' across the U.S., intensifying poverty concentration, particularly among African Americans. This trend restricts the poor to low-opportunity areas, impeding their chances for upward mobility (Rosen).

County had passed an ordinance in 2022 requiring landlords to provide tenants with a copy of their rights when initiating a lease, giving tenants the right to offset repair costs against rent, and enabling tenants to sue landlords for rights violations. HB 1417 has stripped away this authority. Consequently, the bill restricts Lake Worth Beach and other local governments from empowering and protecting tenants with advanced rights, which may prolong or perpetuate exploitative and abusive behavior by unscrupulous landlords.

5. **Attenuation of Home Rule and Diminished Capacity to Address Future Housing Issues**: The principle of home rule in Florida empowers local governments to enact ordinances and regulations tailored to their unique needs without requiring state approval. However, state legislators have increasingly enacted preemption laws that strip away this local autonomy—especially in housing (Marcus 2023; Schultz 2023)

   As speakers such as Laticia Harmon, Research and Policy Director for Florida Rising, and Alana Greer, a Florida attorney who represents tenants in litigation, noted during committee hearings, HB 1417 constitutes a dramatic attenuation of home rule. By centralizing nearly all decision-making authority in relation to landlord-tenant relations at the state level, the bill will significantly limit Lake Worth Beach's capacity to independently address and adapt to housing issues that may arise in the future. This may hinder timely and locally relevant responses to unforeseen housing challenges—especially those not fully addressed by state law, particularly when local conditions or needs warrant specific regulations.

In sum, HB 1417 is likely to have the following impacts on housing conditions in Lake Worth Beach:

1. Cost burden, eviction, homelessness, and housing insecurity may increase.
2. Exploitation, extortion, abuse, and other rights violation by landlords may increase.
3. Real estate speculation may intensify both in terms of incidence and negative effect.
4. Home rule and the ability of city government to respond to local problems will be reduced.
5. The City will need to navigate a complex landscape of state preemption while striving to protect residents' interests and promote affordable housing within the city.

The bill will have the following direct effects in Lake Worth Beach:

- The act nullifies the fair notice requirements that Lake Worth Beach and Palm Beach County passed in 2022, which required landlords to provide 60-days' notice to tenants when increasing their rentals rates by more than five percent.

- The bill prohibits rental agreements from requiring less than 30 days' notice or more than 60 days' notice when terminating a lease (this applies to both tenants and landlords).

- The bill prohibits the city from establishing protections for tenants that go beyond those already codified into Chapter 83 of the Florida Statutes, such as good cause eviction laws, limits on application fees and security deposits, or the right of tenants to withhold rent for deferred maintenance.

- The comprehensive nature of the act means that Lake Worth Beach might need to dedicate resources to help residents understand their rights and obligations under the law, potentially through legal aid or tenant-landlord mediation services.

C. Recommendations

Although HB 1417 strips the City of considerable authority in relation to regulating landlord-tenant relations, several courses of action remain available for safeguarding tenant rights and promoting housing affordability. We outline them below.

1. **Establish and Fund a Right to Council:** The City has previously funded efforts to establish a right to council for tenants facing eviction. HB 1417 does not rescind the City's ability to fund these measures. During our initial research, we found that access to representation significantly improved the outcomes of tenants who received eviction notices. Access to representation can also assist residents who experiences violations of their rights, such as discrimination, extortion, and neglect of major property issues.

   We therefore recommend that the City expand these efforts. A crucial part of such efforts will be promoting awareness of resources that are available for legal assistance. A right to council will only be effective if tenants know that it exists.

2. **Implement a Source of Income Protection:** Due to a technicality, municipalities may have the authority to implement source of income protections in relation to contracts between tenants and landlords. Source of income protections are legal provisions that prohibit housing discrimination based on a person's lawful source of income. This can include income from employment, government or private assistance, child support, alimony, or any other legal sources. Such protections are designed to ensure equal access to housing regardless of how individuals financially support themselves.

   Chapter 83 of the Florida Statutes, which regulates landlord-tenant relations, does not address source of income protections. For example, while HB 1417 nullified Orange County's tenant bill of rights ordinance—which barred landlords from retaliating against tenants who sought assistance from the County's Office of Tenant Services, and required them to provide tenants with a notice of their local, state, and federal rights along with a list of fees prior to the rental term—and fair notice requirements ordinance, it did not upend the source of income protection codified into its tenant bill of rights (Schueler 2023):

   > It is unlawful to refuse to rent after the making of a bona fide offer, to refuse to negotiate for the rental of, or otherwise to make unavailable or deny a rental unit to any individual because of their lawful source of income which includes any

government housing assistance or subsidy (e.g. Housing Choice Vouchers (Section 8)).[84]

3. **Establish an Office of Housing Advocacy:** The bill also does not prohibit local governments from establishing or maintaining offices or departments that provide education and outreach in relation to tenant rights and/or monitor housing conditions for discrimination, abuse, and other forms of illegal behavior. For example, Miami-Dade created the Office of Housing Advocacy (OHA) in 2022 to serve as a clearinghouse and coordinator to address issues of affordable housing and landlord and tenant rights. The OHA focuses on assisting families and individuals in obtaining housing-related resources and collaborates with various stakeholders to formulate policies and initiatives for expanding affordable housing and preventing resident displacements. Similarly, Orange County established the Office of Tenant Services in 2023, which serves as a one-stop shop to address issues of landlord and tenant rights for citizens located within unincorporated Orange County. This office focuses on outreach and education for both tenants and landlords, providing information related to renting within Orange County.

[84] https://www.ocfl.net/NeighborsHousing/TenantServices/NoticeOfTenantRights.aspx

CHAPTER 17: CS/HB 133 - FEES IN LIEU OF SECURITY DEPOSIT

A. Summary

The Committee Substitute for House Bill 133 (CS/HB 133) amends and expands the Florida Residential Landlord and Tenant Act. The bill allows landlords to offer tenants the option of paying a fee, or monthly fees, in lieu of paying a security deposit when leasing a housing unit. The fee may be a recurring monthly payment due alongside rent, or it may be payable according a schedule negotiated by the tenant and landlord. The bill also allows landlords to provide tenants with the option of paying a security deposit in installment payments while participating in the fee program.

If a landlord and tenant agree to a fee (or fees) in lieu of security deposit, the landlord must collect a written agreement that, at minimum, specifies the following conditions:

- the amount of the fee
- how and when the fee will be collected
- the process and timeframe for paying the security deposit if the tenant defaults on the fee
- that the fee may be terminated at any time so long as the tenant pays the security deposit
- that if the tenant pays the agreed upon security deposit, the tenant's default on the fee payments and termination of the agreement may not adversely affect their credit report.

In addition to the written agreement, the landlord must disclose in writing the following conditions to the tenant:

- That the tenant has the option to pay a security deposit instead of a fee at any time.
- That the tenant has the option to cancel the fee in lieu of deposit agreement at any time and instead pay the security deposit specified in the rental agreement. If the rental agreement does not specify a security deposit amount, the deposit must be set at an "amount that is otherwise offered to new tenants for a substantially similar dwelling unit on the date that the tenant terminates the agreement."
- That the tenant may choose to pay the security deposit in monthly installments—in amount that is agreed upon between the tenant and landlord—while participating in the fee program.
- Whether they will be charged any additional fees for terminating the fee in lieu of security deposit program, and the amounts of those fees.
- That the fees paid through the program are non-refundable and only for securing occupancy without paying a required security deposit.
- That if the landlord uses any portion of the fee to purchase insurance, the tenant will neither be covered by nor be a beneficiary of it, and that the insurance coverage will neither limit nor change the tenant's obligation to pay rent, fees, or damages as specified in the rental agreement.

- That paying a fee in lieu of a security deposit does not exempt the tenant's liability for rent, damages beyond normal wear and tear, or other charges owed to the landlord—even if the landlord uses the fees to purchase an insurance product.
- The landlord has no obligation to offer tenants the option to pay fees in lieu of a security deposit.

The above terms must be disclosed in a form that is substantially similar to a model contained within the bill text.

The bill also creates the following rules:

- If a landlord offers a fee in lieu of security deposit agreement, they may not use a prospective tenants' choice to exercise the option as a criterion in the determination to approve or deny their occupancy
- If a landlord offers a fee in lieu of security deposit agreement, they must offer the same agreement to all prospective tenants' applying for residency in the same premises, unless they choose to terminate the option for all new rentals
- If a tenant agrees to pay a fee in lieu of a security deposit, the landlord must notify the tenant within 30 days of the conclusion of the tenancy if they incurred any costs resulting from unpaid rent, fees, other obligations, or damages to the property beyond normal wear and tear
- Landlords must provide the tenant with an itemized list of any unpaid amounts that are due along with supporting documentation.

Finally, CS/HB 133 also makes the following modifications to the rules governing the property and rent loss insurance some landlords carry:

- A landlord may not submit an insurance claim for a tenant's unpaid rent, fees, or other obligations or damages to premises until 15 days after the landlord notifies the tenant of the amounts owed.
- If an insurer pays a claim to a landlord based on a tenant's unpaid debts and has subrogation rights, it may seek reimbursement from the tenant. The insurer must do so within one year after the tenancy has ended.
- In the event of subrogation, the landlord must provide the tenant with documentation of the landlords' losses
- A landlord may not accept payment from both a tenant and an insurer for rent, fees, or damages.

The bill applies to rental agreements entered into or renewed on or after July 1, 2023.

B. Analysis

For renters in Lake Worth Beach, CS/HB 133 could provide a more accessible path to securing a rental, especially for those with limited savings or those who prefer not to tie up a significant amount of money in a security deposit. However, the degree to which the bill expands housing access for this population will depend upon the extent to which landlords offer the option, as the bill does not require them to do so. Given the tight rental market and screening criteria many landlords are applying, they may have limited incentive to offer the agreements.

While the bill may lead to a modest expansion of housing access initially, paying fees in lieu of a security deposit is likely to have negative effects on tenants over the long term:

- Participating in the program—which requires paying non-refundable fees month over month—will increase tenants' costs, especially tenants who rent their units long-term. A recent report by the National Consumer Law Center (2023) found that such junk fees have worsened cost burden among renters.[85]
- For some tenants, participating in the program may simply defer the costs associated with the security deposit until move out. It is crucial for tenants to understand that opting for the fee in lieu of security does not exempt them from their responsibilities towards rent, additional fees, or covering the costs of any damages incurred to the rental property. If tenants opt into a fee in lieu of deposit agreement, they will become liable for both the fees and these costs. Although data are sparse, a Rentit.com studied found that 26 percent of renters do not receive their security deposit back—36 percent of the time with no explanation (Wood 2013).
- If landlords make claims on their insurance policy due to unpaid tenant rent or damage, the bill allows insurers to recoup those fees by subrogating the costs from tenants.
- Research has shown that lenders sometimes steer racial minorities into predatory loans, and that they also face higher security deposits and more fees in the rental market (Garcia 2022; Glantz 2019). If history holds, some landlords may steer racial minorities into fee in lieu of security deposit programs to extract higher overall rents.
- Landlords may report delinquent fee payments to credit bureaus even if the tenant satisfies their rent payment.

C. Recommendations

Although the City does not need to take any direct action to implement this bill, we recommend the following actions:

- Using advocacy, economic incentives, or other channels to encourage landlords to provide tenants with the option of amortizing security deposits rather than paying fees
- Organizing workshops to educate tenants about the terms and risks of fee in lieu of security deposit agreements
- Organizing workshops to educate landlords about their obligations under the bill

[85] Junk fees are non-transparent, unnecessary charges beyond rent and security deposits, including application and late fees, administrative fees, and utility-related fees. 89 percent of renters surveyed in the National Consumer Law Center's (2023) recent study faced them, and 89 percent also reported excessive late fees (

- Connecting vulnerable residents to programs that will provide emergency funding for move-in fees to help them avoid fee costs

- Connecting residents who encounter challenges through this program to free legal aid services, such as Legal Aid Society of Palm Beach County and Florida Rural Legal Services

- Exploring the potential for developing a city-wide security deposit assistance program that helps tenants avoid the fee model.

CHAPTER 18: PALM BEACH COUNTY HOUSING BOND

A. Summary

In November 2022, Palm Beach County voters approved a $200 million General Obligation Bond to produce Workforce/Affordable Housing. The bond funds will be used to provide financing to developers. Through the program, developers can apply for funds to acquire, construct, and equip *affordable housing* or *workhouse housing* units, which are defined as follows:

- **Affordable Housing Units**: Units that consume no more than 30 percent of the earnings of households with incomes that do not exceed 80 percent of the area media income, adjusted for household size, subject to annual adjustment.
- **Workforce Housing Units:** Units that consume no more than 30 percent of the earnings of households with incomes that are between 60 and 140 percent of the area media income, adjusted for household size, subject to annual adjustment.

Developers have leeway to construct a diverse array of housing units with bond funds, including:

- Condominiums
- Multi-family rental units
- Single-family homes
- Townhomes
- Units in mixed-use buildings

The County will allocate bond funds through a competitive RFP process. The Department of Housing and Economic Development issued its first three RFPs in January 2024. The RFPs make funds available three types of projects:

- Permanent financing for workforce rental projects that will serve households earning between 60 percent and 140 percent AMI.
- Permanent financing for affordable rental projects that will serve households earning up to 80 percent AMI.
- Construction financing for workforce for-sale units that will serve households with incomes up to 120 percent AMI.

The financing incentives developers receive will depend on their organizational type and proposed project:

- For-profit workforce housing developers will have a loan term up to 20 years with interest rates set at 1 to 3 percent.
- For-profit affordable housing developers will have a loan term up to 20 years with a one percent interest rate.

- Non-profit housing developers will have a term up to 20 years with 0 percent financing.
- These can also be income only for the potential of a balloon payment after 20 years.
- For sale units will have terms of three years with one percent interest rates. Non-profit loans will be interest free.

The proposals are due in March 2024, and decisions are likely to be made in the late summer or early fall, i.e., between July and August.

B. Analysis

This section analyzes the strengths and limitations of the bond as well as its likely impacts on affordable housing development in Lake Worth Beach.

1. **Eligibility:** Under the current RFPs, proposed projects must meet the following conditions to qualify for bond funding:
    - **Use Restricted to Production:** Bond funding cannot be used to preserve or rehabilitate existing affordable housing units; it must be used to construct new units—with the exception of the acquisition of commercial sites for adaptive reuse projects.
    - **Set-Aside Requirements:** For projects without municipal obligations to provide affordable housing, 10 units, or 10 percent of the total units, must provide workforce or affordable housing. For projects that have other local government obligation to create affordable or workforce housing units, all Bond funded units must be in addition to those units created by the other local government obligation. There is no minimum requirement for the number of additional Bond funded units.
    - **Use restrictions:** Rental units must be kept affordable for at least 30 years. For sale units will have an affordability period of 15 years.
    - **No “Double Dipping”:** Applicants cannot “double dip” on incentives. To receive bond funds, applicants must create units that are in addition to those required by inclusionary zoning mandates.
    - **Shovel-Ready:** Projects must be shovel-ready, meaning that the developable land must be purchased or under contract, and it must already be properly zoned for the proposed development.
    - **Commission Approval:** The County Commission must approve the award.
    - **Timeline:** Recipients of bond funds must initiate construction within one year. If construction does not begin within that period, the funds can be reclaimed.
    - **Compliance and Monitoring:** County assisted units must be sold to individuals or families who are income certified and approved. Awards are also subject to compliance and monitoring by the County.

6. **Expedited Permitting Required:** To be eligible to receive bond funds for affordable and workforce housing funding, the municipality in which the project is located must provide expedited permitting.

7. **Size does not Matter:** According to the Department of Housing and Economic Development, the size of housing proposals is irrelevant; large projects oriented around creating many units will not be prioritized over projects that create fewer units. The small in-fill projects that are frequently undertaken in Lake Worth Beach should therefore be competitive.

8. **Misalignment with local affordability needs:** A weakness of the bond is that the workforce and for-sale units the current RFPs propose to fund will not align well with local housing needs, given that Palm Beach County has a substantially higher AMI than Lake Worth Beach. As many as half of the units could be developed for middle-income households earning 120 to 140 percent of AMI ($116,360 to $136,360 for a family of four). Few units are likely to be built for very low-income households.

   James Brown, the Housing and Economic Development Director for Palm Beach County, addressed this issue during a January 30, 2024, presentation to the Lake Worth Beach CRA. Brown noted that the county must set WFH and AFH thresholds at rates set by the FHFC. His staff complained to the FHFC about the rates being unrealistically high. In response, the FHFC stated that they employed a HUD formula to determine their rates, and that the county would need to work with HUD to have them adjusted. Brown stated that his agency has "started that conversation," but he insinuated that persuading HUD to change its income thresholds would require time, if they changed it at all.

9. **Limited Long-Term Affordability:** The deed restrictions on rental units will be no less than 30 years, and the restrictions on owner-occupied units will be no less than 15 years. If set at the minimum values, the units will not create long-term affordability.

10. **Highest Potential:** The highest uses of the bond will be for: (a) non-profit organizations that can obtain interest-free loans, and (b) developers pursuing multi-family rental units, who can receive permanent financing at low-interest rates. The city may be able to attract affordable and/or workforce housing units by encouraging developers to layer the affordable bonus program with the bond program.

C. Recommendations

1. **Create an Expedited Permitting Process**: In order to receive bond proceeds, Lake Worth Beach must provide financial assistance or other benefits to the developer proposing the project—with expedited permitting being the minimum requirement. The City should therefore implement an expedited permitting process so that proposed bond projects will qualify for funding.

2. **Focus on Affordable Rentals:** Given the City's economic characteristics, affordable units that are set aside to households earning less than 80 percent AMI would best serve community interests. For-sale projects that target households earning less than 80 percent AMI would also suit needs, but fewer households could be assisted through that strategy.

3. **Explore Funding Opportunities with Non-Profit Partners and the CRA**: Although units cannot rehabilitated, they can be constructed on vacant land. Opportunities for housing development thus exist by donating land to non-profit developers, who would become eligible for 0 percent financing for projects.

4. **Create Response Plan for Future Housing Emergencies:** Overall, construction on the first bond-funded projects will be roughly two years after the bond was approved—and more than 2.5 years after Commissioners gave preliminary approval to place it on the ballot. The first bond-funded units will probably not be completed until at least three years after referendum. A basic finding of this analysis, therefore, is that the sluggish pace of government is a barrier to addressing housing emergencies that pose risks to the public. Such emergencies require action that is rapid and decisive. To address this issue, we recommend developing a rapid response plan for future housing emergencies.

CHAPTER 19: INSURANCE BILLS

A. Introduction

Our initial report identified rising property insurance costs as a contributing factor to the housing emergency in Lake Worth Beach. This chapter analyzes the major bills the Florida Legislature passed during the 2022 Special Session and 2023 Regular Session to stabilize the Florida insurance market:

- Senate Bill 2-A (2022)
- Senate Bill 2-D (2022)
- Senate Bill 4-D (2022)
- House Bill 881 (2024)

The subsequent sections summarize the content of the respective bills, analyze the impacts they are likely to have on housing conditions in Lake Worth Beach, and, when relevant, provide recommendations for how residents, and city staff, can utilize the bills to facilitate housing affordability and security. Our overarching conclusion is that the Legislature's actions are unlikely to ameliorate the underlying problems that have elevated property insurance costs, and made major insurers reluctant to provide coverage, in South Florida.

B. Senate Bill 2-A (2022)

Summary

The Florida Legislature passed Senate Bill 2-A during a special session in May 2022. The bill implements several measures that lawmakers believe will stabilize Florida's struggling property insurance market. The most important provisions are summarized below:

1. The bill established the Florida Optional Reinsurance Assistance (FORA) Program for the 2023 hurricane season. The program allowed insurers to purchase an optional layer of reinsurance from the state at rates that were 50 to 65 percent of market rates. The program was funded with $1 billion from General Revenue and FORA premiums.
2. The bill reduces the deadline by which policyholders must file new and supplemental claims. New claims must now be filed within one year of damage incidents, and supplemental claims must be filed within 1.5 years. The deadlines were previously two years and three years, respectively.
3. The bill repeals one-way attorney fee provisions in property insurance litigation, meaning that judges can no longer award attorney fees to policyholders who win lawsuits against their insurers.
4. The bill prohibits policyholders from assigning their property insurance benefits, in whole or in part, to third parties, such as roofers or contractors carrying out repair work.

5. The bill enables insurers to offer policies with mandatory binding arbitration provisions that disable lawsuits. Policyholders must be notified about and consent to such provisions, and such provisions must result in a premium discount.
6. The bill prohibits Citizens Insurance Corporation policyholders who receive renewal or take-out offers from authorized insurance companies that are within 20 percent of their existing premium from remaining on Citizens.
7. The bill requires Citizens to increase rates on new and renewal policies written after November 1, 2023, relative to the previous year.
8. The bill creates a phased requirement for Citizens residential policyholders with wind coverage to obtain flood insurance. Policyholders with properties valued at $600,000 or more must obtain flood insurance by January 1, 2024, and all Citizens policyholders must obtain flood insurance by January 1, 2027.[86]
9. The bill gives the Office of Insurance Regulation additional regulatory authority over insurance companies to prevent fraud. It also encourages prompt payment of claims by reducing the timelines insurers have for investigations, communications, and payments.

Analysis

Senate Bill 2-A established the FORA Program for the 2023 hurricane season, with the goal of reducing homeownership premiums by allowing insurers to purchase state-subsidized reinsurance policies at sub-market rates. It also limited eligibility for coverage through Citizens Property Insurance Corporation, imposed measures to limit and reduce the costs to insurers in relation to litigation, and implemented several regulations in relation to claims processing.

The bill attempts to curb premium increases, prevent insurer insolvencies, discourage insurers from leaving the Florida market, and recruit new insurers into the market by offering companies a layer of subsidized reinsurance and enacting tort reform that will reduce the incidence and cost of claims litigation. It also attempts to limit the state's exposure to risk by imposing stringent eligibility requirements for Citizens enrollment and implementing measures to depopulate existing policyholders.

While the long-term effects of this bill are challenging to forecast, the available evidence indicates the following effects on housing costs and conditions are likely:

1. **Rising Insolvency and Assessment Risks in Citizens due to Adverse Selection.** Between January 2020 and September 2023, insurance enrollment in Citizens increased from 443,228 policies to 1,407,620 policies. As the state rapidly accumulated policies that were underwritten at sub-market rates, legislators worried that the company would face insolvency in the event of a major hurricane, which would lead to a special assessment on Citizens' policyholders and potentially all Florida policyholders (Sczesny 2023).

[86] This requirement was modified by HB 799 (2023), which exempted condominium owners from the Citizens flood insurance requirement. The bill also changed the formula used for calculating rate increases.

SB 2-A, intended to mitigate the state's liability exposure by depopulating Citizens, may inadvertently increase these risks by promoting adverse selection—where the riskiest policies in the state disproportionately remain with Citizens. The bill facilitates the acquisition of low-risk policies by new and smaller insurance firms from Citizens, free of fees or acquisition costs. Bruce Lucas, founder of Slide Insurance, which has acquired approximately 175,000 policies in two years, half from Citizens and half from insurers in state receivership, acknowledged this trend in a recent interview: "[We] are underwriting and cherry-picking the best policies, leaving kind of the worst [with Citizens]" (Sacks 2023).

This selective policy transfer will deplete Citizens of valuable premiums and degrade the risk profile of its insurance portfolio. If heavy losses leave Citizens in a deficit, the company is required to levy a policyholder surcharge of up to 15 percent—including policyholders who neither experience losses nor file claims. With an average premium of $6,128 in Palm Beach County, and with Lake Worth Beach likely having an even higher average premium, surcharges could exceed $900 for local customers. If policyholders cannot pay the surcharges, Citizens may cancel their policies and/or place a lien on their properties. Coupled with potential direct costs from the storms (e.g., deductibles), these sudden costs could place vulnerable homeowners at risk for policy cancellation, financial strain, and foreclosure. Moreover, if a deficit remains after surcharges are collected, Citizens must levy an emergency assessment of up to 10 percent on all assessable statewide premium. Unlike the policyholder surcharges, these assessments would apply to insurance policyholders across the state, regardless of company or type (e.g., auto, boat, renters, etc.).[87]

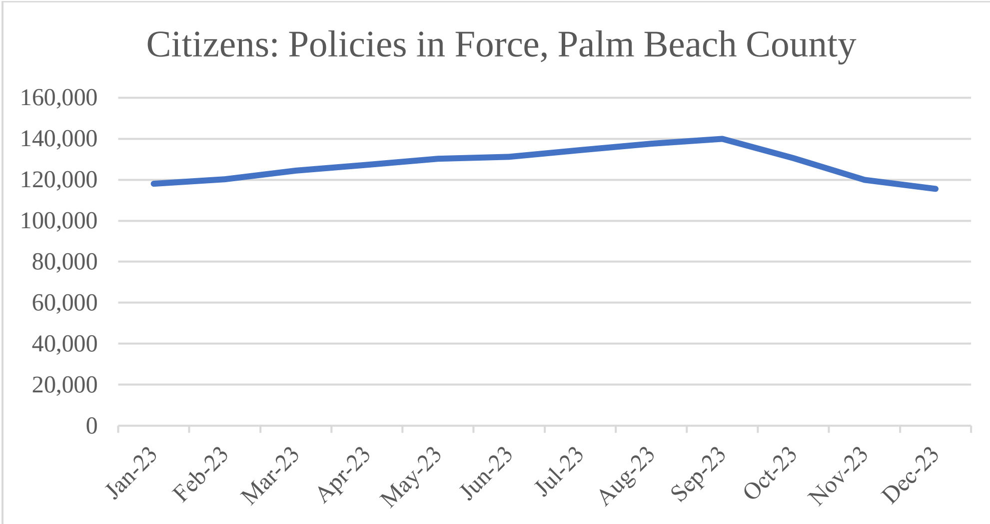
In sum, although SB 2-A will reduce the state's exposure to liability, it may increase the risk profile of its book of business and the risk that policyholders will incur a surcharge. Given the City's reliance on Citizens, Lake Worth Beach homeowners would be disproportionately impacted by such an eventuality.

2. **Policy Non-Renewal and Consumer Disruption.** In 2022, Florida insurers led the nation in non-renewing homeowner policies (Sacks 2023). SB 2-A may extend this trend by requiring Citizens to depopulate policyholders who receive private offers that are within 20 percent of their existing rates. Between October 1, 2023, and December 31, 2023, Citizens notified at least 300,000 policyholders about private companies that had offered to assume their policies, and it reduced its enrollment by 179,087 policies (Gebregiorgis 2023).

   The transfers are disproportionately affecting Palm Beach County. As shown in the chart below, Citizens has already depopulated 24,393 policies in Palm Beach County. Although Palm Beach County houses roughly seven percent of Florida's residential units, it accounted for 13.6 percent of Citizens' depopulated policies.[88]

[87] If heavy losses leave Citizens in a deficit, the company is required to levy a policyholder surcharge of up to 15 percent. With an average premium of $6,128 in Palm Beach County, and with Lake Worth Beach likely having an even higher average premium, surcharges could exceed $900.
[88] The 2022 ACS estimates that there are 720,792 residential housing units in Palm Beach County, and 10,257,553 units in the state.

Figure 120: Citizens' Policies in Force, January to December 2023



Source: Chart generated by authors using data from the Citizens Property Insurance Corporation

Although municipal-level data are not available, we assume that the impact is particularly acute in Lake Worth Beach, given its aging housing stock and proximity to the coast, as major insurance companies stopped offering property insurance to residents in South Florida (Leefeldt 2023). We estimate that Lake Worth Beach property owners here are facing—or will face—depopulation at rates two to three times higher than the Florida average. Although we are unaware of whether Citizens has established an enrollment target, depopulation efforts are likely to continue. With over 1.2 million policies currently in force, the company's enrollments are still well-above their pre-pandemic level of 442,203 in December 2019.

3. **Premium Hikes and Rising "Self-Insurance" Rates.** SB 2-A will likely increase housing costs in the short-term. Private insurance companies that write policies in Lake Worth Beach typically charge high premiums to compensate for the high risk-profile of properties. Lake Worth Beach property owners therefore rely on Citizens Insurance Corporation more heavily than property owners in other parts of the state. As a non-profit entity, it provides insurance products at sub-market rates and is subject to statutory limitations on yearly premium increases. The availability of a de facto "public option" for property insurance has increased coverage and moderated costs for Lake Worth Beach residents.

   Due to SB 2-A, many Lake Worth Beach property owners relying on Citizens for property insurance can expect a more than 20 percent premium hike this year. It should be noted that Citizens has mandated premium hikes for all policies, meaning that the 20 percent private market offer will be layered on top of the increased renewal rate. According to a report that the Florida Office of Insurance Regulation released in January 2024, Florida has the highest property insurance premiums in the country (McConnell 2023), and Palm Beach County has the second-highest premiums in the state, behind only Monroe County. Palm Beach County single-family homeowners are paying $6,124 per year on average to insure their properties, while condominium unit owners are paying $2,269 (Yaworsky 2024). Many Citizens policyholders in Lake Worth Beach can therefore expect rate hikes of at least $1,142 over the next year.

These costs will be difficult for many residents to manage. As evidenced through data collected in our first report, an increasing number of residents adapt to increased costs by dropping coverage and practicing “self-insurance.” Survey data collected by the Office of Insurance Regulation show that self-insurance rates increased from 8 percent to 20 percent between 2016 and 2023 due to rising costs. These financial adaptations will lower costs but greatly increase Floridians exposure to risk (Martinez 2023). These risks will be particularly acute in Lake Worth Beach, given that nearly 76.6 percent of housing units were constructed before 1980, well before the resiliency measures associated with the 2002 Florida Building Code were implemented (ACS 2022).

As discussed in Chapter 10, parts B and C, low-income residents who have participated in purchase assistance programs may find these rate hikes especially difficult to absorb, and the hikes could discourage the development of affordable rental units given that landlords will have a limited ability to raise rents to compensate for future insurance increases.

4. **Consumer Confusion and Exploitation.** By allowing private insurers to take over Citizens policies by setting premiums within 20 percent of the existing rates, SB 2-A may lead to consumer confusion, disruption, and exploitation. The depopulation program Citizens has implemented to comply with SB 2-A deprives consumers of informed consent in relation to their insurance coverage. Although Citizens notifies policyholders of impending assumptions, property owners cannot stop the transfer of their policies.[89] In this sense, the law imposes insurance upon consumers—sometimes from companies they neither know nor trust—rather than allowing consumers to make their own choices.

   Preliminary reports indicate that Citizens is failing to adequately notify customers when their policies are assumed by private companies. As Brian Lucas of Slide Insurance stated in an interview: “You send out these notices, and it gets mixed in with everybody’s junk mail in the trash can, and the next thing you know you’ve got 200,000 customers” (Sacks 2023). Moreover, many customers are being transferred to private companies despite receiving rate increases far exceed 20 percent. The depopulation program has thus created opportunities for private insurers to take advantage of consumers by imposing high-cost insurance upon them without their informed consent.

   Some Lake Worth Beach policyholders may therefore experience disruption and confusion, and some will overpay for their insurance due to erroneous transfers.

5. **Reduced Consumer Rights.** The insurance market in Florida is considered one of the worst in the nation for homeowners, with high percentages of unpaid and unprocessed claims. Although the top 15 Florida insurers make up just six percent of the nation’s premiums, they account for 52 percent of the nation’s complaints (NAIC 2023).

[89] Two exceptions should be noted. Fist, policyholders who are not required to maintain insurance can drop coverage. Second, policyholders can select an alternate private market insurer if they are unhappy with the terms of the assumption. However, given the limited options, assumption typically prevails.

According to data from the National Association of Insurance Commissioners (NAIC) that the *Washington Post* obtained for a special investigation, "Florida had the highest percentage of unpaid claims of any state, the most claims that were never processed, and it failed to renew the most policies" in 2022 (Sacks 2023). Indeed, Special investigations consistently show that Florida policyholders frequently experience problems when making claims after major losses—especially losses associated with hurricanes. To receive compensation for legitimate claims, Floridians increasingly have to rely on public adjusters (Walser 2023). Similarly, a 2020 study by the Florida Insurance Consumer Advocate found that 78 percent of residents hired any attorney because their insurer denied, delayed, and artificially wrote down legitimate claims (Carter n.d.)

Because SB-2A makes it more difficult for policyholders to enforce their policies through the courts, we anticipate that Lake Worth Beach residents will experience degraded insurance quality and a higher rate of bad faith practices. If a major storm impacts the city, residents may encounter delays or denials in receiving adequate compensation for damages, which could lead to distress and displacement—especially among vulnerable groups, such as low-income and elderly residents.

Furthermore, we do not anticipate that the tort reform the state has enacted will stabilize the insurance market or reduce rates. Existing reports have blamed insurer failures on improper management, excessive or unusual payouts to affiliated companies and officers (Mower 2022), and higher-than-expected losses due to hurricanes.[90] There is limited, if any, evidence linking litigation to Florida's insurance problems. Although Florida has an excessive number of lawsuits compared to other states, "the Legislature hasn't studied how many of those lawsuits are excessive and not triggered by legitimate grievances against the insurer" (Mower 2023). As one report concludes:

> Five years into the crisis, the evidence that lawsuits caused Floridians' premiums to skyrocket and caused 13 insurers to go out of business hasn't materialized. Litigation has yet to be found to be the cause of a single insurance company failure. Despite cracking down on litigation, premiums are still going up, and the industry now says they won't go down in the foreseeable future because of factors, such as climate change, that are out of their control (Mower 2023).

6. Regulatory-Induced Moral Hazard and Increased Consumer Risk.

Due to its peninsular geography and location and tropical location, Florida properties are uniquely vulnerable to hurricanes. To limit exposure to hurricane risk, major insurers have exited the Florida market or formed pup companies (subsidiaries that limit the parent company's liability to underwriting losses). These developments have made Florida dependent on a fragmented market composed of dozens of small, regional insurers.

[90] "The CEOs of Florida-based insurers were some of the highest-paid property insurance executives in the nation in the last decade, with one earning more than twice what the CEO of State Farm made" (https://archive.is/ZQfMU).

The state’s fragmented marketplace has proven unstable and unable to insure properties effectively. This is evidenced by the disproportionate number of insolvencies among Florida insurers. Of the 354 U.S. property and casualty insurance companies that were liquidated due to insolvency between 2000 and 2002, 216 were in Florida, accounting for about 61 percent of the total. Furthermore, over the past ten years, 20 Florida insurers have gone insolvent, with half of these occurring in the last five years alone. Significantly, in 2022, all six impairments among U.S. property and casualty insurers involved Florida companies (Best’s 2023). This trend highlights the fragility and challenges within Florida's insurance sector.

Market fragmentation in the insurance sector has led to a trifecta of challenges: (1) small customer bases restricting premium collection, (2) limited portfolio diversity, and (3) heightened risk concentration. This precarious situation means that a single hurricane could trigger thousands of claims for Florida's regional insurers, exposing them to substantial losses and the risk of insolvency. The financial stability of these insurers increasingly hinges on factors like the absence of hurricanes, reliance on public subsidies for below-market reinsurance rates, coverage limitations through reduced coverage and higher deductibles, increased premiums, and, in some cases, engaging in bad faith practices such as undervaluing or denying legitimate claims. Consequently, property owners in Florida are facing a stark reality: paying more for less comprehensive insurance policies that might undervalue, deny, or be unable to fulfill claims.

Rather than addressing the fundamental issues of severe hurricane risk and market fragmentation, SB 2-A seems to be reinforcing the current problematic trends in Florida's insurance market. The bill's strategy is to draw new insurers to Florida by subsidizing reinsurance costs, implementing tort reform to limit consumer rights, and allowing the takeover of policies from Citizens. There is evidence that this strategy is initially successful in attracting new insurers and reducing the policy load on Citizens. For instance, Slide Insurance, established in 2021, has already taken over 175,000 policies from Citizens, and six new insurers are set to enter the Florida market in 2024 (Sczesny 2024), with the Florida Office of Insurance Regulation (OIR) approving nearly 300,000 policy transfers for the upcoming year.[91] However, the long-term effectiveness of this approach is questionable.

Historically, the strategy of stabilizing Florida's property insurance market by transferring policies from Citizens to regional insurers has been largely unsuccessful. These insurers often face difficulties during periods of heavy storm activity, leading to a cycle of instability and failure. More than half of the "takeout" carriers created in the early 2010s to alleviate Citizens' policy burden have become insolvent, as reported by the *Washington Post* in 2023. Those that remain solvent are increasingly exiting the Florida market. A case in point is Heritage Insurance Company, founded by Brian Lucas—who also established Slide Insurance. Between 2012 and 2016, Heritage acquired 340,000 policies from Citizens but began to shed policies and raise premiums after incurring significant losses from claims post-Hurricane Irma, dropping about 74,000 policies in 2022 alone according to Insurance Journal (Insurance Journal Staff Reports 2023). When these companies exit the market or become impaired, their customers often revert to Citizens.

[91] https://floir.com/property-casualty/take-out-companies

This pattern suggests that Florida's recent insurance legislation is unlikely to bring long-term market stability. Any temporary price stabilization may be offset by 'shrinkflation'—a reduction in coverage and protection. This situation exemplifies a regulatory-induced moral hazard, where government policies inadvertently promote risky practices among companies. Bills like SB 2-A encourage insurers to assume high-risk policies under the depopulation program, rely on state-subsidized reinsurance, and transfer risk onto consumers through reduced rights. The high failure rate of regional insurers during hurricane seasons means that many of their costs will likely fall to the Florida Insurance Guarantee Association (FIGA), which steps in to cover open claims when insurers default.

FIGA is funded through special assessments on insurance companies, which are ultimately borne by all Florida policyholders. For example, the failure of United Property Company in 2023 led to a one percent emergency assessment on all Florida policyholders because FIGA had to settle nearly 22,000 open claims that UPC could not cover. Similar assessments were also levied in 2022 and 2021 due to other insolvencies. Furthermore, FIGA caps claim payments at $300,000 (except for commercial HOA coverage), exposing policyholders to potential severe losses and delays in benefits.

In conclusion, it is likely that many Lake Worth Beach residents insured through Citizens will be transferred to private insurers, resulting in higher housing costs. If the past is any indicator, these insurers may face a significant risk of impairment, which could delay or reduce their ability to pay valid claims. This could lead to losses for policyholders and a potential return to Citizens. Additionally, all city policyholders, including current Citizens customers, face the risk of special assessments by both Citizens and FIGA.

Implementation and Recommendations

The City could reduce the burden of rising insurance premiums by providing financial assistance, low-interest financing, and/or grants for hurricane hardening, and by partnering with local organizations to reduce the costs of wind mitigation projects through volunteer labor. The City might also explore options for working with contractors to incentivize material and labor donations in exchange for tax reductions.

However, rebuilding or retrofitting every unprotected home in Florida would require massive levels of public investment and financing, and insurer efforts to expand wind mitigation credits.

1. An emergency fund to assist vulnerable homeowners who receive policyholder surcharges from Citizens. Such a fund would prevent potential policy cancellations, liens, and foreclosures. If enacted, the City should prioritize vulnerable homeowners who lack the ability to pay their assessments (e.g., low-income homeowners on fixed incomes).
2. The fund might also be used to subsidize the premiums of homeowners who are depopulated from Citizens. We recommend subsidizing 20 percent of the costs of their Citizens renewal rate.

C. Senate Bill 4-D (2022)

Summary

Senate Bill 4-D (SB 4-D) introduces specific regulations for building maintenance, inspection, and repair, particularly for condominiums. Key provisions include:

1. **Roof Repairs**: If a roof, compliant with the 2007 Florida Building Code or later, undergoes repair, replacement, or recovery of at least 25 percent, only the affected part must meet the current Building Code standards.
2. **Milestone Inspections:** Condominiums over three stories high and 30 years old require a Phase One Milestone inspection every 10 years. Buildings within three miles of a coastline and aged 25 years need similar inspections. Following significant structural deterioration findings, a Phase Two Milestone inspection is mandated.
3. **Inspection Review:** Local enforcement agencies must assess a building's safety within 365 days of receiving a Phase 2 inspection report.
4. **Structural Integrity Reserve Studies:** These mandatory studies, conducted every ten years, ensure funding for future repairs and replacements in common areas, with the first study due by December 31, 2024.
5. **Condominium Association Responsibility:** Associations must ensure compliance with these requirements, including funding for inspections and repairs. Non-compliance may lead to municipal safety assessments and potential breach of fiduciary responsibility.

Analysis

As with SB-2A, the long-term effects of this bill are challenging to forecast. However, available evidence indicates the following effects on housing costs and conditions are likely:

1. **Increased Safety**: Regular inspections and mandatory compliance will likely enhance building safety and prevent structural failures.
2. **Financial Implications**: Condominium associations may face increased financial burdens due to inspection costs and potential repairs.
3. **Perspective**: The bill reflects a proactive approach to building safety, emphasizing prevention and regular monitoring.
4. **Strengths**: Enhances building safety standards and accountability.
5. **Shortcomings**: Could impose significant financial strains on condominium associations and potentially increase living costs for residents.

Implementation and Recommendations

To facilitate compliance with, and maximize the utility of, Senate Bill 4-D, Lake Worth Beach we suggest exploring the following implementation guidelines:

1. **Inspection Compliance**: Establish a local task force to ensure buildings comply with inspection schedules and report submissions.
2. **Financial Assistance Programs**: Consider creating financial assistance or loan programs to aid condominium associations in meeting inspection and repair costs.
3. **Public Awareness Campaigns**: Launch educational initiatives to inform condominium associations and residents about the new requirements and their implications.
4. **Monitoring and Enforcement**: Develop a systematic approach for monitoring compliance and enforcing the bill's provisions.
5. **Collaboration with Inspection Entities**: Facilitate partnerships between condominium associations and certified inspection agencies.

D. Senate Bill 2-D (2022) and CS/HB 881 (2023)

Summary

The Florida Legislature passed Senate Bill 2-D during a special session in May 2022 that was oriented around addressing instability in the state's property insurance market. Cascading economic losses, which industry spokespeople primarily attributed to litigation and fraud, had led several state insurers into receivership and other major insurers to withdraw from the market. These developments forced many Floridians to take policies with Citizens Insurance Corporation—a move that alarmed regulators, because it exposed the state to considerable financial risk in the event of a major storm. More importantly, nearly all property owners, regardless of their carrier, were experiencing substantial premium hikes that were straining their budgets—especially those living in storm-prone areas near the coasts.

In an effort to stabilize the market, limit the state's exposure to financial risk in relation to increased Citizens' enrollment, and curb dramatic premium hikes, Senate Bill 2-D took several actions. The major ones are summarized below:

1. The Act created the Reinsurance to Assist Policyholders (RAP) program, which allocated up to $2 billion to a state-run reinsurance fund (monies will only be deposited into the program if RAP becomes liable for hurricane-related losses).[92] The program will reimburse 90 percent of insurers' covered losses in the event of a hurricane-related claim. Insurers pay no premium for the fund but must pass on savings to premium holders. The program expires July 1, 2025.

[92] Reinsurance is a financial practice where an insurance company transfers a portion of its risks to other insurance companies, known as reinsurers. This process helps insurance companies manage risk and stabilize their finances by spreading the burden of large claims or losses. Reinsurance enables insurers to offer coverage for larger or more volatile risks without excessively straining their own resources, which lessens the likelihood that any one company will become insolvent.

2. The Act allocated $326 million to the My Safe Florida Home Program.[93] This program, administered by the Department of Financial Services, provides free hurricane mitigation inspections and matching grants for hurricane hardening improvements on single-family homes and townhouses that are insured for a value up to $700,000. The program provides up to $10,000 in assistance and will pay $2 for every $1 provided by the homeowner (low-income homeowners may obtain exceptions to the matching requirement, which is defined as less than 80 percent county AMI).[94] To qualify for the program, the applicant must meet the following conditions:
   - **a.** Own a single-family home or townhouse that was permitted before January 1, 2008;
   - **b.** Have their property insured for $700,000 or less;
   - **c.** Occupy the home as a primary residence, as indicated by a Homestead Exemption;
   - **d.** Have obtained a hurricane mitigation inspection after January 1, 2008;
   - **e.** Make the home available for an inspection after the mitigation project is completed.

3. The Act prohibited contractors from making written or electronic communications that encourage or induce a consumer to contact a contractor or public adjuster for the purposes of making a property insurance claim for roof damage unless the solicitation meets certain requirements.[95]

4. The Act allows insurers to offer separate roof deductibles on personal residential insurance lines.

5. Insurance providers will now be obligated to offer detailed and clear justifications when they deny claims, either partially or in full. This enhancement in clarity aims to give policyholders a better understanding of the reasons behind decisions on their claims.

6. Home insurance companies will be prohibited from denying policies solely due to the age of a home's roof, but only if the roof is fewer than 15 years old and has five years of life left. Homes with older roofs may still be denied coverage.

7. The compensation rates for lawyers in property insurance litigation will be capped, potentially reducing the legal expenses that have been financially burdening many insurers. Additionally, the legislation restricts the ability of contractors to receive assignment of benefits from insurance claims.

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[93] CS/HB 881, which was passed during a special session in 2023, modified the My Safe Florida Home Program by expanding eligibility criteria and allocating additional funding. The figures and eligibility requirements reported are based on the combined bills.

[94] The My Safe Florida Home Program also provides tax exemptions on purchases of impact-resistant doors, impact resistant garage doors, and impact-resistant windows until June 30, 2024.

[95] The solicitation must state: (1) The consumer is responsible for paying the deductible; (2) it is illegal for contractors pay or waive deductibles with the intent to deceive; and (3) it is illegal for contractors to file claims with fraudulent information.

8. Allows insurers to collect attorney fees and costs against in the event of a dismissal without prejudice when the plaintiff fails to provide the required Notice of Intent to Initiate Litigation at least 10 days before filing a suit against a property insurer.

Analysis

1. **Reduce Litigation:** The insurance-related bills the Florida Legislature have passed over the past two years have benefited private insurers by reducing underwriting losses, reversing five consecutive years of net losses, and attracting new companies into the market (FOIR 2023). Although policyholder lawsuits spiked in early 2023 before HB 837 took effect, they are expected to decrease in the future.

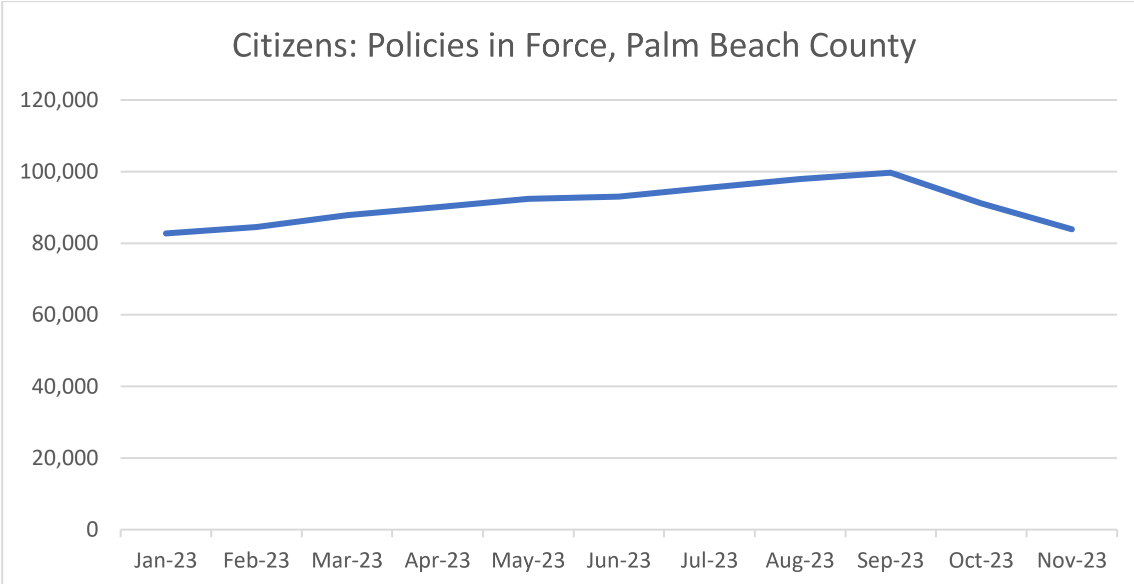
2. **Continuing Volatility and Limited Relief:** Despite these positive developments, the insurance industry remains vulnerable and volatile. 15 major insurances have announced their intention to vacate the Florida market over the past year and a half (Carbonaro 2023). Many experts believe that Florida is becoming uninsurable due to its vulnerability to major hurricanes. Similarly, the Office of Insurance Regulation referred nearly 20 percent of Florida's property insurers to its stability unit during the first half of the year, which indicate that they have shaky financial positions.

   The results for consumers have been more mixed. Florida domestic property companies posted profits of roughly $60 million in the first quarter of 2023, compared to roughly $800 million in losses across 2022. While they have reduced the rate at which consumer premiums are increasing, they have not stop premium hikes. Mark Friedlander, a spokesperson for the Insurance Information Institute, recently stated: "Unfortunately, in our opinion, we don't see a path to lower rates right now (Mower 2023)." Citizens was recently approved to increase most of its premiums by 11.5 percent (Parker 2023).

   As the *Tampa Bay Times* reported, "litigation has yet to be found to be the cause of a single insurance company failure." The state has not studied whether lawsuits against Florida insurers stem from legitimate grievances, or whether they are fraudulent. Rather, legislators accepted the industry's narrative with minimal scrutiny (Mower 2023). [96] "state-produced reports about company insolvencies have put the blame on excessive or unusual payouts to affiliated companies and officers" along with improper management. Another challenge is that Florida's small insurers face too much market concentration to safely absorb risk. Many Florida companies have portfolios that are dominated by high risk properties without low-risk revenue sources to balance them.

   Due to its coastal location, a high number of Lake Worth Beach property owners rely on Citizens. Due to the depopulation policy, many residents can expect to be depopulated and moved into a more expensive market-based company—if they have not already been depopulated. More than half of the 58,248 Citizens policies that were dropped, non-renewed, or depopulated in November 2023 were located in Palm Beach, Broward, and Miami-Dade.

[96] The claim is rooted in a 2021 study by Florida's Insurance Commissioner, David Altmaier, which founded that Floridians comprised eight percent of national property policies but 76 percent of all lawsuits.



Source: Source: Figure created by authors using publicly available data from Citizens Property Insurance Corporation[97]

3. **Bad Faith Risk:** If a major weather event occurs, consumers will face a higher incidence of bad faith among insurers. A 2020 survey by the Florida Insurance Consumer Advocate found that 78 percent of Floridians who were surveyed hired a lawyer of a poor claims experience, for example, not receiving enough money or facing delays with receiving benefits payouts. With the need to shoulder their own legal costs, the incidence of poor experiences will likely increase. Although the top 15 Florida insurers make up just six percent of the county's premiums, they account for 52 percent of the nation's complaints. Florida is dominated by small insurance companies, and studies have found that they sometimes manipulate claims reports to reduce or deny claims.

Implementation and Recommendations

To maximize the utility of Senate Bill 2-D and CS/HB 88 in Lake Worth Beach we suggest exploring the following implementation guidelines:

1. **Promote My Safe Florida Program:** As noted above, SB 2-D allocated funding for free hurricane mitigation inspections and matching grants for hurricane hardening improvements on single-family homes and townhouses that are insured for a value up to $700,000. The program provides up to $10,000 in assistance and will pay $2 for every $1 provided by the homeowner (low-income may obtain exceptions to the matching requirement, which is defined as less than 80 percent of the county AMI). We recommend promoting this

[97] https://www.citizensfla.com/policies-in-force

promoting this program to qualifying homeowners to harden their homes and stabilize their insurance costs.

2. **Partner with Local Organizations to Promote Awareness of Rights:** SB 2-D gives insurers the ability to offer new products, and it imbues property owners with personal residential lines with new rights. We recommend partnering with a local organization to educate residents about these new products and rights, including:
   - The possibility of obtaining a separate roof deductible
   - The right to a detailed explanation when claims are denied
   - Protection from policy denial if one's roof is fewer than 15 years old and has five years of life left.

E. Conclusion

Florida has faced collapsing property insurance markets in the past. After Hurricane Andrew bankrupted 11 insurance companies in 1992, most Florida insurers raised premiums and deductibles and ceased underwriting high-risk properties in coastal areas (AIR Worldwide n.d.). These responses left nearly one million property owners unable to obtain insurance property, prompting the state to establish the Florida Residential Property and Casualty Joint Underwriting Association and the Florida Windstorm Underwriting Association as public insurers of last resort, which merged into Citizens Property Insurance Corporation in 2002. As the market stabilized due to decreased storm activity, the state worked to limit enrollment in and depopulate Citizens by charging the highest premiums allowed by the Office of Insurance Regulation to avoid competition with private companies. From 1999 to 2002, when Citizens was established, enrollment in the State's public option dropped substantially.[98]

However, increased storm activity during the mid-aughts caused Citizens enrollment to swell again. Between 2004 and 2005, eight hurricanes impacted Florida, which resulted in increasing rates and insolvencies. Many policyholders saw their premiums double or triple (Naples Daily News 2007). To stabilize the market, lawmakers passed HB 1-A in 2007, which froze Citizens' rates and eased eligibility criteria by allowing consumers to obtain coverage if private market offers were 15 percent greater than the Citizens rate (down from the previous requirement of 25 percent) (National Association of Mutual Insurance Companies 2007). Lawmakers hoped that Citizens would reduce rates by functioning as an affordable public option that competed with private insurers.

The bill also increased coverage limits for the Florida Hurricane Catastrophe Fund to reduce insurers' exposure to severe hurricane-related losses, and it prohibited insurers from raising rates on consumers without approval from the Office of Insurance Regulation, dropping policyholders during hurricane season, or delaying claims payments. Finally, it required insurers to return excess profits to policyholders (Naples Daily News 2007). Collectively, these measures increased Citizens enrollment to record levels but reduced insurance premiums across the state by 10 percent from 2007 to 2010 (Reyes 2022).

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[98] https://www.citizensfla.com/pif-archive/-/categories/21235

From our vantage point, bills such as SB 2A inverts the successful measures the state took in the past to reduce insurance costs by increasing the costs of public insurance, tightening eligibility requirements for Citizens, rendering Citizens uncompetitive with the market, and reducing the right of consumers to take actions that enforce their insurance policies in the event of losses. Although final data are not available, Florida homeowners insurance premiums continued to rise at a dramatic rate in 2023.

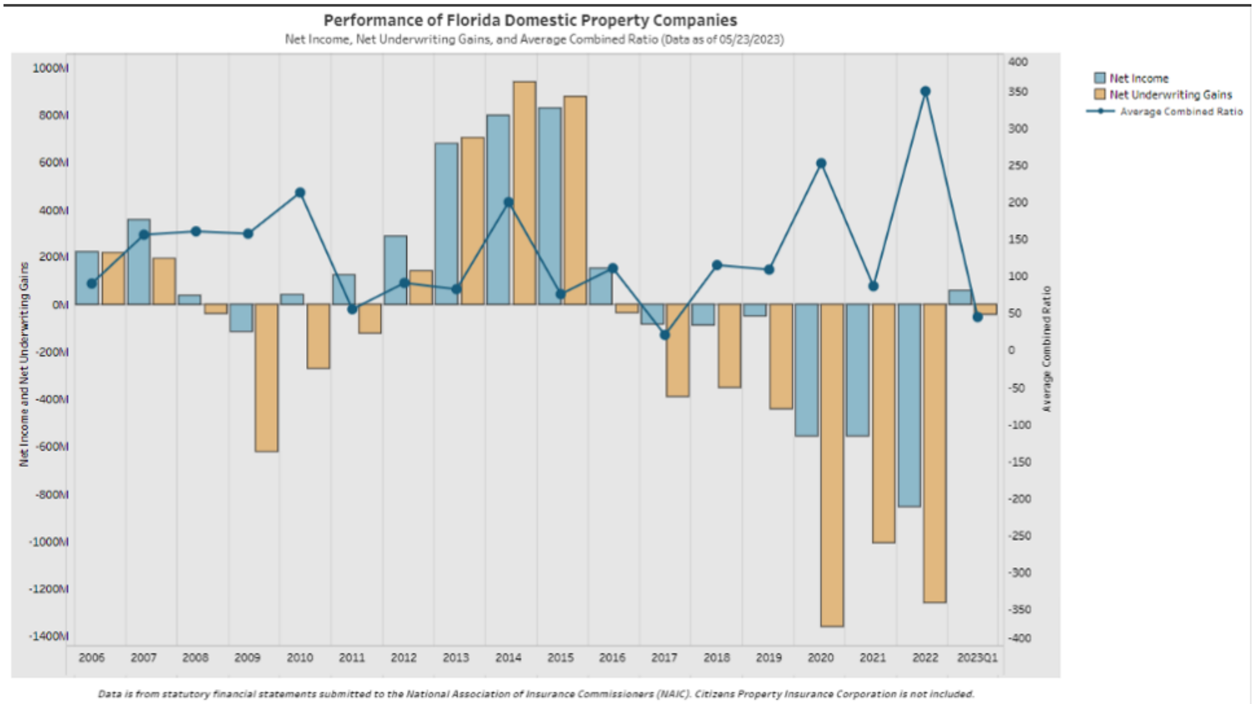
A long-term solution to Florida's insurance problems requires addressing their underlying causes: secular risk due to its coastal location and the threat of global climate change, opportunism, and consumer exploitation. Susceptibility to hurricanes exposes Florida properties to catastrophic risks that are less severe or absent in other states. Reducing premiums and encouraging private companies to enter, reenter, or establish new insurance operations in the state ultimately requires mitigating storm risks with four strategies: discouraging people from exposing themselves and their property to hazards, adopting energy policies that reduce carbon emissions, investing in geoengineering technologies that counteract the effects of global warming, and devoting resources to harden residential properties and public infrastructure against storms. Indeed, one insurance study reached the following conclusion: "If every home across the state were hardened to a construction standard that exceeded the most current building code…insured average losses per year would reduce by over 70%" (RMS 2010: 2). If applied on a wide scale, climate mitigation and hurricane hardening measures would also reduce reinsurance rates—a benefit that is unlikely when they are carried out individually and idiosyncratically.

These strategies must be coupled with efforts to spread risk and liability over a larger population. As major insurers, such as Farmers, have exited the Florida market, the state has come to heavily rely upon regional insurers and pup companies—subsidiaries of major companies that form to limit the liability of their parent companies. By limiting premium collection and concentrating risk, this economic model has bred chronic instability: insurers enter the market, enroll policyholders, and stabilize prices during periods of favorable weather but collapse into insolvency, exit the market, and/or rapidly increase rates during periods of high storm activity.

A long-term solution therefore requires deconcentrating storm exposure risk within the insurance industry. Without radical measures to harden homes and mitigate climate change, major insurers are highly unlikely to reenter the Florida market, which is necessary to diversify and stabilize it. Much like housing itself, good faith property insurance is becoming a social necessity that the private marketplace can no longer provide.

Rather than mitigating and diffusing risk, the State's actions have focused on protecting the profitability of private insurers by facilitating their ability to assume Citizens policies, restricting the ability of Citizens to compete with private insurers, subsidizing the reinsurance costs of private insurers, encouraging the formation of pup companies, allowing insurers to offer bare-bones policies with limited coverage and high deductibles, and rolling back consumer rights by enabling insurers to practice bad faith with impunity.

Figure 121: Performance of Florida Domestic Property Companies



Source: Florida Office of Insurance Regulation Property Insurance Stability Report, July 2023[99]

Government entities can play a significant role in hardening infrastructure and mitigating risks from hurricanes, including actions like reinforcing seawalls and managing vegetation. Here are some specific examples of actions the state government could take:

1. **Seawalls and Coastal Barriers**: Governments can invest in reinforcing existing seawalls or constructing new ones to protect coastal communities from storm surges. They can also explore natural solutions like living shorelines that provide similar protection while preserving or enhancing the natural environment.
2. **Drainage Improvements**: Enhancing stormwater management systems to handle heavy rainfall and prevent flooding. This can involve upgrading drains, pumps, and canals, as well as implementing green infrastructure like rain gardens and permeable pavements.
3. **Vegetation Management**: While removing trees on private property typically falls under the responsibility of the property owner, local governments can offer assistance or guidance, especially if the trees pose a risk to public safety. This can include providing information on proper tree care, offering subsidies for tree maintenance or removal, and enforcing regulations on tree management to minimize risks.
4. **Utility Infrastructure Upgrades**: Working with utility companies to harden power lines, water systems, and other critical infrastructure against hurricane damage. This can

[99] https://www.floir.com/docs-sf/default-source/property-and-casualty/stability-unit-reports/july-2023-isu-report.pdf?sfvrsn=8566a813_2

include burying power lines, reinforcing poles, and ensuring backup power for critical facilities.

5. **Building Retrofit Programs**: Offering programs to help homeowners retrofit structures to withstand hurricanes. This can include financial assistance, grants, loans, or technical assistance for installing hurricane shutters, impact-resistant windows and doors, wind-resistant roofing, reinforcing roofs, and flood-proofing homes.

By investing in these and other hardening measures, governments can significantly reduce the damage from hurricanes and improve community resilience.

REPORT #3: POLICY RECOMMENDATIONS FOR IMPROVING HOUSING ACCESS, AFFORDABILITY, AND EQUITY

CHAPTER 20: INTRODUCTION

A. The Three Ps: Protection, Preservation, and Production

Drawing from the findings of our research in Lake Worth Beach, the broader social scientific literature on housing security and housing policy, and an analysis of the measures that other localities have implemented to ameliorate housing problems, this chapter addresses the following questions:

1. What measures would most improve housing conditions in the City of Lake Worth Beach?
2. What housing policies would best protect the health, safety, and welfare of residents?

Housing experts have shown that creating a stable, secure, and affordable housing ecosystem requires four interrelated types of action. They have termed these actions the "four Ps" (Greenberg et. al 2021). First, the government needs to ***protect*** people against unfair, illegal, exploitative, and hostile housing market conditions. Second, the government must ***preserve*** the existing stock of affordable housing in the community to protect residents against gentrification and displacement. Third, areas with housing crises need to ***produce*** more housing—especially housing that accommodates the needs and budgets of low-income households.

As Greenberg and colleagues note (2021), the timing of these actions is crucial:

> Since new affordable housing takes so long to finance, gain political support, and build, it is important in the short-term to preserve existing housing and protect tenants facing displacement. Indeed, if done in reverse, the displacement caused by lack of protection and preservation can wipe out any net gains made from building new affordable units. At the same time, over the longer term, increased production of affordable housing units will be vital to add supply in a rent-regulated market.

To successfully navigate housing emergencies, local governments must therefore prioritize measures that protect residents from disruption and displacement and preserve access to existing affordable housing. They should promote increased housing production as a long-term strategy to ensure that the supply of affordable housing keeps pace with the demand for it. These activities depend on a fourth "p": the government needs to give low- and moderate-income households, especially those that rent, robust opportunities to ***participate*** in decisions that affect their housing access, affordability, and conditions. Ultimately, inadequate protection from disruption and displacement—and inadequate preservation and production of affordable housing—stem from institutions and practices that suppress the ability of vulnerable populations to influence community planning decisions.

The chapters that follow are organized around the key themes of protection, preservation, and production of affordable housing. Each chapter outlines policy measures that have the potential to facilitate these housing activities. We have loosely sequenced the recommendations in each chapter based on their effectiveness, efficiency, and viability.[100] When possible or relevant, we detail the necessary resources, data, or requirements for implementing them along with the anticipated timelines for delivering relief. Additionally, we have included a supplementary chapter that introduces a proposal for an Office of Housing Advocacy to coordinate the crucial activities of protection, preservation, and production within the housing sector. Finally, our concluding chapter sketches out the limitations and challenges the City will face in addressing the housing emergency this report has outlined.

[100] Providing definitive ranking is not feasible, given that the most effective actions are not always the most viable ones.

CHAPTER 21: PROTECTION RECOMMENDATIONS

A. Protecting Residents from Housing Insecurity and Distress

One of the most important steps the City of Lake Worth Beach could take to address the housing emergency this report has described involves implementing measures that will protect residents from immediate exploitation, abuse, distress, and displacement. Our investigation found that residents are experiencing, and need relief from, a variety of threats. They include:

1. **Predatory Lending:** Predatory lending during the 2000s had a devastating impact on Lake Worth Beach residents. The homeownership rate has fallen from 55 percent to 43.7 percent since the housing market crashed in 2008 (ACS 2008 3-year estimates, 2022 5-year estimates). Black households, who were targeted for predatory lending, suffered the greatest losses: The Black homeownership rate has fallen more than 50 percent, from 39 percent to 18.6 percent, since 2008.

2. **Rent Surges:** Many Lake Worth Beach renters are experiencing sudden, unexpected increases to their housing costs, leading to financial strain, psychological stress, and feelings of desperation. Tenants with monthly or verbal leases are particularly vulnerable. Lacking the contractional protections of a lease, we found that landlords sometimes dramatically increased their rents without adequate notice. Uncontrolled rent increases that come without warning, and that are detached from tenants' ability to pay them, have led to payment delinquency, eviction, and displacement.

3. **Rent burden:** We found that over 60 percent of Lake Worth Beach renters are devoting an unsustainable proportion of their earnings to housing costs, leading them to make difficult financial choices, such as cutting back on food, medical, and education expenses. These cutbacks can lead to long-term health and financial repercussions.

4. **Extortion:** The acute shortage of affordable housing in the current market has empowered some unscrupulous landlords to exploit and extort tenants—particularly those who are hesitant to seek law enforcement assistance due to their immigration status or other reasons. Social workers described instances in which vulnerable tenants have been subjected to severe abuses. For example, one distressing case involved a woman coerced into non-consensual sexual acts by her landlord to avoid an increase in her rent. In other cases, we learned that tenants, out of sheer desperation, had resorted to borrowing money from loan sharks at exorbitant rates to meet their rent obligations.

5. **Overcrowding, Domestic Violence, and Sexual Abuse:** Overcrowding, domestic violence, and sexual abuse are escalating in Lake Worth Beach due to surging housing costs, which lead to doubled-up living situations and overcrowding. We found that a striking 15% of renter households in the city live in overcrowded conditions—significantly higher than the county (6.5%), state (5.7%), and national (6.7%) rates. These conditions not only diminish quality of life but also create environments ripe for abuse. Economic struggles compel individuals to remain in or enter abusive situations to avoid

financial distress or homelessness. Lake Worth Beach's domestic violence rate is nearly double the county's rate, and according social worker reports, forced cohabitation, especially for families with children, has led to a rise in sexual abuse and molestation cases.[101] Previous research, which shows a correlation between overcrowding and increased risks of child sexual abuse, supports their testimony (Cant et al. 2019). Furthermore, the city faces a critical shortage of shelter space for domestic abuse survivors, exacerbating the situation.

6. **Eviction, Displacement, and Homelessness:** We found that the City's tight housing market has made some landlords less flexible with delayed rent payments. Rather than working with tenants, some have become more likely to swiftly file evictions. This change reflects their confidence in securing financially stable tenants. The rise of large, institutional landlords exacerbates this issue. These entities, often disconnected from the community, tend to pursue a more impersonal and less compassionate approach to evictions. This not only increases the likelihood of wrongful evictions but also deprives tenants of the opportunity to resolve payment issues amicably.

   These practices have led to an increase in involuntary moves, evictions, and, in some cases, homelessness. The demographic shifts between 2019 and 2021 across Lake Worth Beach highlight this issue. While Lake Worth Beach's population grew, the city experienced a departure of low-income households, which indicates that they are being displaced (see Table 23).

7. **Reluctance to Accept Assistance:** Given the conditions described above, we found that many landlords are refusing Housing Choice and Emergency Rental Assistance vouchers, preferring eviction to dealing with bureaucratic processes. This indicates the presence of source of income discrimination.

8. **Rental fraud:** We found that some Lake Worth Beach residents are experiencing fraud, including scams in which they make deposit payments for rental units that are uninhabitable or do not exist, machinations in which their landlords leverage verbal leases and cash rent payments to steal money from them due to their inability to prove payment, and situations in which they experience illegal eviction. These illegal practices are most often perpetrated by informal landlords who do not have a business license. Residents who have reservations about contacting law enforcement due to their immigration status are most susceptible to rental fraud.

9. **Substandard Housing Conditions:** We found that many renters are subjected to poor living conditions, with a significant percentage of eviction defenses citing maintenance issues. Landlords often fail to address these problems adequately, exacerbating tenants' vulnerability.

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[101] These data were culled from the Florida Department of Law Enforcement UCR Domestic Violence data collection: https://www.fdle.state.fl.us/CJAB/UCR/Annual-Reports/UCR-Domestic-Violence .

10. **Inequity and Inequality among Neighborhoods:** Our research uncovered alarming disparities between Lake Worth Beach neighborhoods based on household income, household wealth, educational attainment, homeownership rates, housing quality, and other measures of social well-being.

In the following section, we offer a series of recommendations for protecting residents from the range of threats they face. Although the implementation of these measures will depend on funding, aptitude in forming strategic partnerships, and political viability, we believe that implementing some or all of these measures will significantly improve housing security, and reduce the incidence of exploitation and abuse, in Lake Worth Beach. We have listed the policy options in the order of recommended sequencing.

B. Recommendations

1. **Pass a resolution Declaring a Right to Housing:** The U.N. Committee on Economic, Social, and Cultural Rights has resolved that adequate housing is a basic human right. Several other international treaties and conventions signed by the U.S. federal government also codify the right to housing, including The Charter of the Organization of American States (OAS) and The Declaration on the Rights and Duties of Man. The City should initiate its response to the housing emergency described in this report by recognizing, and making a public commitment to promoting, the human right to adequate housing. The right to housing does not merely consist of the right to have a roof over one's head; it consists of the right to *adequate* housing, that is, "the right to live somewhere in security, peace, and dignity" (IHRCNYCBA 2022: 53). As the International Human Rights Committee of the New York City Bar Association (2022) states: "Without full realization of the right to adequate housing, other rights become difficult to realize. At a base level, the right to housing affects the right to life, liberty, and security of person" (p.55).

   The International Convention on Economic, Social, and Cultural Rights (ICESCR), the U.N. Special Rapporteur on the Right to Adequate Housing, and similar documents articulate the following attributes and conditions as part of the right to adequate housing:

   1. **Legal Security of Tenure**: Ensuring legal protection against forced evictions, harassment, and other threats.
   2. **Availability of Services**: Access to basic infrastructure like sanitation, water, electricity, and waste removal.
   3. **Affordability**: Housing costs should be at a level that does not compromise the enjoyment of other basic needs.
   4. **Habitability**: Adequate space and protection from the elements, physical hazards, and disease.
   5. **Accessibility**: Suitable for all, especially the most vulnerable, including persons with disabilities.
   6. **Location**: Proximity to employment opportunities, health-care services, schools, and other social facilities.

7. **Cultural Adequacy**: Respect for the expression of cultural identity and way of life.
8. **Physical Security and Privacy**: Protection from physical harm and respect for personal space and privacy.
9. **Safe Environment**: Housing that does not threaten the occupants' health and well-being.
10. **Resettlement**: Appropriate measures in case of necessary relocation.
11. **Participation in Decision Making**: Involvement of residents in housing-related policies and decisions.
12. **Information**: Access to relevant information about housing rights and policies.
13. **Freedom from Dispossession**: Protection from arbitrary loss of housing.
14. **Environmental Goods and Services**: Access to parks, green spaces, and a healthy environment.
15. **Protection against Discriminatory Practices**: Ensuring equal and fair access to housing without discrimination.

The City might also consider codifying specific rights into its resolution, such as:

1. The right to fair housing access regardless of race, gender, national origin, and other categories protected by Title VIII and IX of the Civil Rights Act
2. The right to housing regardless of previous eviction records
3. The right to a written lease
4. The right to protection from arbitrary and unreasonable fees
5. The right to fair notice for rent increases
6. The right to adequate notice for lease terminations
7. The right to know the identity of one's landlord
8. The right to make rental payments regardless of income source
9. The right to protection from arbitrary eviction and "self-help eviction"
10. The right to counsel during eviction proceedings
11. The right to protection from retaliation when exercising legal rights

Although state preemptions, especially those within the Residential Tenancies Act, may limit the enforceability of some of these rights, the ordinance would recognize, affirm, and consolidate the various protections tenants currently enjoy, and it would have symbolic significance. Indeed, resolutions are non-binding, but "codification of the right [to housing] helps the right become justiciable" (IHRCNYCBA 2016: 54). When governing bodies recognize a right to adequate housing through resolutions or ordinances, they inspire citizens to stand up for their rights, galvanize public officials and their partners to promote the realization of that right, and become the eventual legal foundation for statutory action to uphold the right. At minimum, declarations of such rights establish a foundation for making governments accountable to them, which is a best practice in affordable housing policy (FIU Metropolitan Center 2008b).

In sum, affirming the right to housing will promote discussion around and inspire commitment to the actions needed to improve housing access, affordability, and equity in Lake Worth Beach. The resolution should also be incorporated into the Housing and Neighborhood Element of the City's Comprehensive Plan as an objective.

2. **Establish an Affordable Housing Advisory Board:** To begin the process of realizing the right to housing in Lake Worth Beach, we recommend forming a new Housing Advisory Board to provide regular advice and recommendations to the City Commission on matters relating to housing access, affordability, quality, and equity. The Board should consist of seven residents who have experience with, and a direct interest in ameliorating, housing insecurity in Lake Worth Beach—such as residents who have experienced cost burden, barriers to homeownership, participated in housing assistance programs, or advocated on behalf of housing insecure individuals (e.g., social workers, tenants' rights attorneys). We recommend reserving four of the board positions to renters to ensure their voice is articulated in planning and policy decisions.

   The Board should hold regularly monthly meetings that set goals in relation to advancing the right to housing; assess progress toward and programming around those goals; make recommendations on forthcoming Commission, CRA, and Planning and Zoning Board (PZB) agenda items that have the potential to impact the right to housing; collect input from residents about new or ongoing concerns in relation to housing access, affordability, and equity; and facilitate collaboration and communication among existing boards and stakeholders to promote the right to housing.

   Steps should be taken to ensure that the board appointment process is fair and transparent, that public meetings maximize opportunities for public participation—especially among residents whose housing security is abridged—and that the focus of the board remains squarely on promoting housing as a human right rather than on issues that fall within the purview of existing boards or bodies, such as community revitalization, historic preservation, and business development.

3. **Develop and Implement a Housing Justice Plan:** As a first order of business, the Housing Advisory Board should begin the process of drafting a Housing Justice Action Plan that codifies objectives and policies oriented around promoting the right to housing. This process should involve consideration of the findings of this study along with public meetings and outreach efforts to obtain collaborative input from community housing advocates, including: non-profit housing organizations, social services providers, representatives from tenants unions, legal experts in housing and tenant law, affordable housing developers, academics specializing in the study of housing issues, other community leaders, and a diverse cross-section of residents.

   After a draft plan is established, the Board should submit their plan to the Commission, which should incorporate the Board's objectives and recommended policies into the Housing

Element of the City's Comprehensive Plan pursuant to the processes outlined in Florida Statutes Chapter 163.[102]

These steps should be taken with a sense of urgency. The Board should also adopt a process for periodically reviewing and evaluating its plan, ensuring it remains responsive to changing housing needs and conditions. Finally, it is imperative to note that development of an official Housing Justice Action plan should not be treated as a prerequisite for implementing the recommendations outlined in this study. Rather, the Board and Plan should serve as vehicles for facilitating action on them.

4. **Establish an Office of Housing Advocacy**: The Commission should establish an office, with dedicated staff and funding, that works to promote the right to adequate housing throughout the City. Six major objectives should orient the office: (1) implementing, managing, and enforcing the City's Housing Justice Plan; (2) providing a one-stop clearinghouse to address issues related to housing insecurity, fair housing problems, landlord-tenant issues, affordable housing preservation, and affordable housing production; (3) engaging in outreach and education to promote housing opportunities and housing rights; (4) establishing strategic partnerships and collaborations to promote the right to housing in Lake Worth Beach; (5) providing direct resources and services to support the right to housing; and (6) creating opportunities for residents—especially those who lack adequate and affordable housing, such as low-income renters—to participate in planning decisions in relation to housing.

   In sum, the proposed Office of Housing Advocacy could coordinate and implement the myriad recommendations this report advances for improving housing conditions across the City. A detailed proposal for the structure and activities of the Office is provided in the penultimate chapter of this report.

5. **Create Opportunities for Vulnerable Households to Participate in Community Planning Decisions:** Protection must involve creating opportunities for vulnerable households to protect themselves through self-advocacy. This involves organizing low-income households and communities to better advocate for their rights and needs, and opening avenues for them to participate in public hearings and workshops about housing issues. This strategy could include measures such as the following:

   - Appointing residents who are experiencing housing insecurity, such as low-income renters, to advisory board positions, such as the CRA, Planning and Zoning Board, and proposed Housing Advisory Board

   - Scheduling consistent, informal public participation sessions in majority renter neighborhoods, where residents can directly voice their concerns and suggestions about housing issues

[102] Chapter 163 contained rules about the provisions that may and may not be included in the Housing Element. The recommendations contained in this report should be checked for compliance. In particular, Sec.163.3177(6)(f) should be consulted.

- Providing educational sessions on how the local government functions, and ways residents can effectively voice their concerns about housing issues

- Providing educational workshops on the role that tenant organizations can play in protecting the right to housing, which are protected under Sec. 83.64(b) of the Florida Statutes.

6. **Enact an Ordinance Protecting Tenants from Source of Income Discrimination.** Like previous research (Rosen 2020; Greife 2022), we found that source of income (SOI) discrimination was limiting housing access in Lake Worth Beach. Some landlords are unwilling to accept tenants who use Section 8 Housing Choice Vouchers (or private vouchers) to pay their rent, and some are unwilling to accept Emergency Rental Assistance vouchers, which can lead to preventable loss of housing or eviction.

   To protect low-income tenants' housing access and security, we recommend implementing a source of income anti-discrimination ordinance. Source of income protections are legal provisions that prohibit housing discrimination based on a person's lawful source of income. This can include income from employment, government or private assistance, child support, alimony, or any other legal sources. Such protections are designed to ensure equal access to housing regardless of how individuals financially support themselves.

   Due to a technicality in the Residential Tenancies Act, which amended Chapter 83 of the Florida Statutes, municipalities retain the authority to enact these protections (Schueler 2023).[103] Orange County's SOI protection, which could serve as a model for Lake Worth Beach, is phrased as follows:

   > It is unlawful to refuse to rent after the making of a bona fide offer, to refuse to negotiate for the rental of, or otherwise to make unavailable or deny a rental unit to any individual because of their lawful source of income which includes any government housing assistance or subsidy (e.g. Housing Choice Vouchers (Section 8)).

7. **Establish and Fund a Right to Counsel for Tenants Facing Eviction:** During our research, we found that access to representation improved the outcomes of tenants who received eviction notices. Access to representation can also assist residents who experience violations of their housing rights, such as discrimination, extortion, and neglect of major property issues. We therefore recommend establishing a formal right to counsel for tenants facing eviction proceedings. As noted in our analysis of the Residential Tenancies Act, HB 1417 does not rescind the City's ability to fund these measures.

   A crucial part of such efforts will be promoting awareness of resources that are available for legal assistance. A right to counsel will only be effective if tenants know that it exists. The proposed Office of Housing Advocacy, discussed in more detail in Chapter 24, would be well-positioned to spread awareness.

[103] Chapter 83 does not address source of income protections.

The City has previously funded efforts to establish a de facto right to council for tenants facing eviction by providing grant funding to local non-profit legal aid services. In establishing a securer funding stream, the City could consider following the example of St. Petersburg, which recently funded a right to counsel with Tax Increment Funding (TIF) from its CRA district (Stevenson 2023).[104]

8. **Create and Maintain an Affordable Housing Inventory:** To our knowledge, no centralized inventory of affordable housing options within the City exists. The lack of knowledge restricts the ability of residents to identify affordable housing opportunities. We recommend developing, managing, and publishing a comprehensive affordable housing inventory for Lake Worth Beach. Beyond cataloging all rental and owner-occupied units with use restrictions, the inventory should include unrestricted rental units toward the lower end of the rental market. This list could be used to facilitate rapidly rehousing residents in housing distress, residents facing imminent displacement, and lower-income residents having difficulty finding an affordable rental.

9. **Promote and Facilitate Access to Community Services Programming:** We found that many renters experiencing distress were unaware of the programs offered to alleviate financial burden by the County. For example, we interviewed an elderly woman who had fallen behind on rent, resulting in an eviction filing, after the expenses associated with her son's unexpected death caused her to fall behind on rent. Knowledge of the Indigent Cremation Program offered by the Department of Community Services may have prevented her eviction.

   We therefore recommend engaging in promotional campaigns and outreach activities to mitigate these problems, perhaps through the proposed Office of Housing Advocacy. Such a promotional program should also provide technical assistance to distressed tenants who experience problems with their applications. We spoke to many residents who experienced problems with their ERA applications due to document requirements, lack of time, lack of internet access, and other barriers. A mobile outreach team, even if composed of volunteers, may be able to counteract these challenges.

10. **Advocate for Increased Emergency Rental Assistance**: We recommend actively lobbying for more funds to be allocated to the County's Emergency Rental Assistance (ERA) program. We found that the program had successfully supported 968 households in ZIP code 33460 from Summer 2020 to March 2023 at a total cost of $2,571,910. The the median ERA payment was $2,200, with 44% of the payments under $2,000.

    Considering that the County's down payment assistance program covers up to $100,000 per household, for every one family assisted through this program, the Emergency Rental Assistance (ERA) could potentially aid approximately 45 Lake Worth Beach families. Although homeownership can be transformative, eviction is transformative as well; research shows that it precipitates a descent into intractable poverty (Desmond 2016). Given the severe impact of eviction and displacement, enhancing rental assistance is critical.

[104] The limitation of using TIF funding would involve limiting the right to residents living within the CRA district.

The City should therefore consider establishing a local rental assistance program to complement county efforts for further support.

11. **Promote the County's Home Energy Assistance Program:** The Home Energy Assistance Program, often known as the Low-Income Home Energy Assistance Program (LIHEAP), is a federally funded program administrated by the County that is designed to help low-income households with their home energy bills. LIHEAP can help families experiencing distress in several ways:

    - **Energy crisis assistance:** The program will pay up to $5,000 in emergency funds to support residents whose utilities have been or are at risk of being disconnected due to past due balances.
    - **HVAC replacement:** The program will pay up to $15,000 to replace inoperable HVAC systems for qualifying homeowner households.
    - **Home energy assistance:** The program will pay up to $1,350 to assist very-low to low-income households pay their utility bills, regardless of whether they face disconnection.

    A similar program is the Low-Income Household Water Assistance Program, which allocates federal funds to assist with past due water payments and prevent disconnections due to past due accounts.

    We recommend implementing promotional campaigns to increase residents' awareness of these programs and assist them in applying when they face past due utility bills or disconnections. The proposed Office of Advocacy would be well-positioned for this work.

12. **Fund and Promote Relocation Assistance Grants:** Relocation grants are financial assistance programs provided to individuals or families who need to move homes, often due to circumstances like eviction or rent increases. The grants—which might include funding for moving costs, assistance with first and last month's rent, or security deposits—can significantly reduce housing distress. The City should consider allocating funding to provide them to vulnerable residents. They would assist households that face sudden rent increases or evictions but lack the savings necessary to quickly relocate.

13. **Coordinate Educational Efforts and Service Delivery through the Office of Housing Advocacy that Promote the Right to Housing:** The City should implement programs to educate residents about their rights and the assistance programs available to them. While these activities could potentially be managed by the proposed Office of Housing Advocacy, it is important for the City to prioritize and implement them, regardless of whether the Office is established. These actions are crucial in promoting and safeguarding residents' housing rights. The City should protect the right to housing by carrying out the following activities:

    - **Develop an Informational Website:** The City should develop and maintain a website promoting the right to housing as outlined in the City's resolution. If established, the website should also provide information about the Office of Housing Advocacy's mission and supportive services; legally enforceable housing rights per local, state, and federal law; and housing assistance programs offered by various layers of government and non-profit entities.

- **Operate a Housing Helpline:** The City should establish and maintain a hotline that enables residents to obtain advice and technical assistance for housing programs, seek assistance for housing distress, and report instances of unlawful landlord behaviors. This will facilitate service delivery, recordkeeping on local housing conditions, and the investigation of illegal and abusive behavior.

- **Form an Eviction Monitoring and Response Protocol:** Several cities have reduced eviction rates by implementing comprehensive eviction monitoring systems, creating policies to protect tenants from unjust evictions, and devoting resources to connecting tenants to legal counsel (Greif 2022). The City, ideally through the proposed Office of Housing Advocacy, should monitor weekly eviction activity and connect residents facing eviction to the staff attorney handling the proposed right to legal counsel. If implemented, records should be kept, and accountability maintained, to ensure that the right to counsel is enforced and effective.

- **Provide Mediation Services between Tenants, Landlords, and Code Compliance**: In line with research by Greif (2022) indicating the effectiveness of mediation in reducing eviction rates and legal conflicts, the City should establish a mediation program to proactively resolve disputes between landlords and tenants, and between landlords and code compliance. Key strategies should include connecting tenants with overdue rents to emergency rental assistance programs to divert evictions, diverting code compliance actions by connecting landlords with resources for addressing property issues that undermine tenant well-being, and actively working towards the fair resolution of various housing-related disputes. By implementing these measures, the program aims to maintain housing stability, promote habitable living conditions, and foster the fair and just resolution of other housing disputes.

- **Create and Maintain a Community Resource Center for Housing Services:** The City should take a holistic approach to housing education and resource provision. This would include organizing educational workshops for tenants on topics like predatory lending, predatory landlord behavior such as junk fees and rental fraud schemes, available housing assistance programs, and tenants' rights, as well as establishing a Community Resource Center. The Center would not only distribute informational materials but also host regular workshops and trainings for a wider audience, including tenants, landlords, homebuyers, developers, and housing service providers. It would serve as a hub for meetings, events, and resource distribution, fostering a community-oriented approach to housing rights and education.

  In doing so, the City should partner with local organizations to provide onsite social service delivery and programming of needs that are ancillary to housing (food pantries, free dental services, job training, etc.). In addition to supporting the direct needs of residents, these partnerships would enhance awareness about available programs and services.

These strategies have been endorsed by previous housing studies (Greif 2022).

- **Engage in mobile outreach efforts**: The City should actively promote its services and resources through mailers, canvassing efforts, and collaborations with partner organizations, targeting vulnerable populations facing the greatest barriers to access.

14. **Require Local Contacts for Rental Properties:** We found that some residents were having difficulty contacting their landlords about problems with their unit. For example, we interviewed one individual who received an eviction notice after she was unable to make a payment through the landlord's portal and unable to reach them to resolve the problem. We therefore recommend implementing an ordinance that requires all rental property owners to designate a local contact person. This could make ownership information publicly accessible, which would facilitate holding owners accountable for maintaining properties.

    Other localities have successfully employed this practice. For example, Pasco County has adopted an ordinance that requires property owners and managers to register their rental homes with the local sheriff's office, which is intended to assist with public safety and property value protection (Bowen 2020). The City of Palm Coast also has a Residential Rental Registration Ordinance requiring registration of all residential rental properties. This registration includes the requirement for absentee landlords to provide contact information for a local representative, which promotes transparency.

    Tenants should have a right to know who they are renting from, and cities should have a right to know who owns property.

15. **Establish an Official Rental Registry and City-Issued Certification for Compliant Properties:** In conjunction with the previous recommendation, the City should consider developing and maintaining a publicly accessible rental registry. This database should list all rental properties that possess valid business licenses and have successfully passed city inspections. Alongside this registry, the City should issue a certification, possibly in the form of a city-issued for-rent sign, that landlords can use to advertise or validate their properties.

    This initiative would serve a dual purpose. First, it would enhance consumer protection by enabling potential tenants to verify the legitimacy of rental properties before making payments to, or entering into contracts with, landlords operating outside the legal framework. Second, it would discourage unlawful practices by landlords. Furthermore, the accompanying website for the rental registry could include educational material highlighting the warning signs of fraudulent or unlawful landlord practices.

    The combination of a visible, city-issued sign (even if used only voluntarily) and a comprehensive online registry, complemented with educational resources, would likely reduce the incidence of exploitation and fraud across the City's rental market. The proposed Office of Housing Advocacy could administer this program.

16. **Devote Resources to Assisting Survivors of Domestic Violence:** Social workers reported that resources for survivors of domestic violence were severely inadequate across Palm Beach County. Lake Worth Beach has a particular need for further resources due to its comparatively high rate of domestic violence (see page 204 of this report). Inadequate housing access contributes toward these rates, because it forces residents to remain in unsafe or abusive living conditions or double up with strangers. The City should explore options for securing resources to address this need.

17. **Promote SHIP Foreclosure Prevention Program to Protect Vulnerable Homeowners:** Palm Beach County currently can assist homeowners who fall behind on their mortgage payments with funds from its SHIP allocation. The foreclosure prevention program will provide up to three months of principal, interest, tax, and insurance payments to cover delinquency. Additionally, funding is available to assist with late fees, attorney's fees, homeowners' association payments, special assessments, other foreclosure associated costs, and mortgage delinquency, as well as default resolution counseling. The maximum award is $20,000 as a deferred five-year loan.

    The City should connect vulnerable homeowners—especially those who have been impacted by rapidly rising insurance premiums and special assessments related to SB 4-D (the "Surfside Bill")—to this program to prevent strain and displacement associated with sudden HOA special assessments. As noted in our initial report, high special assessments due to the stringent requirements for comprehensive structural inspections and necessary repairs identified in them have impacted residents with low- or fixed incomes.

18. **Identify and Obtain Resources to Remediate Home Health Hazards:** Due to the age of the City's housing stock, some residents live in conditions that could be hazardous to their health. The City should explore resources for remediating these hazards. The following programs would address one of the most significant housing quality issues in the City—lead risk exposure:

    - **Lead-Based Paint Hazard Reduction Program**: This federal program provides grants to local and state governments to reduce lead-based paint hazards in homes with low-income families.

    - **Healthy Homes Production Grant Program**: This federal program provides funding for addressing multiple childhood diseases and injuries in the home by addressing housing-related hazards in a comprehensive and cost-effective manner.

C. Conclusion

If enacted, the measures described in this chapter will make significant headway in protecting residents from immediate exploitation, abuse, distress, and displacement. Coordinating these actions through an Office of Housing Advocacy, along with the recommendations described in the subsequent chapters, would maximize their reach and effectiveness. A detailed proposal for the Office of Housing Advocacy—along with additional measures its dedicated staff could implement to promote the right to housing—is contained in the penultimate chapter of this report.

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CHAPTER 22: PRESERVATION RECOMMENDATIONS

A. *Preserving Existing Affordable Housing*

In addition to protecting residents from exploitation, abuse, discrimination, and unsafe living conditions, managing Lake Worth Beach's housing emergency requires implementing measures to facilitate the preservation of affordable housing units. As Greenberg (2021) and colleagues note: "Preservation of existing affordable housing supply is essential to any comprehensive affordable housing solution. If existing stock cannot be preserved, even as new housing is coming on line, we will see a net loss of housing."

Over the past five to ten years, the City has experienced a net loss of affordable housing units. Homes that were once affordable have been converted to pricier units that low- and moderate-income households can no longer afford. We found that seven interrelated issues have driven this process:

1. **Population Growth Among Affluent Households:** As indicated in Part I of this report, Lake Worth Beach has experienced explosive population growth since 2019, especially among affluent households relocating in response to remote work opportunities. The population growth coincided with expansionary monetary policies that the federal government implemented to ease economic disruptions associated with the COVID-19 pandemic. The influx of affluent households significantly increased the demand for housing, and access to cheap credit and stimulus payments increased the prices they were willing to pay for it.

   Supply and demand dynamics strongly influence housing prices. As new residents relocated to South Florida, the time lag associated with construction prevented the housing supply from keeping pace with the increased demand. This has led to escalating property values and rental costs that have priced many long-term residents and lower-income families out of the City.

2. **Regional Economic Development Initiatives:** As discussed in Chapter 8, Section C, real estate developers, business owners, politicians, and other stakeholders have formed coalitions to promote regional economic growth. Their activities have involved boosterism to attract investment, tourists, and new residents as well as lobbying to promote policies that attract corporate relocations. Many of these activities are oriented around the goal of transforming South Florida into a "Wall Street South."

3. **Speculation on Multi-Family Properties:** In conjunction with increased housing market competition, we found that speculation on multi-family properties has been a major driver of housing unaffordability in Lake Worth Beach. The economic challenges of the pandemic, combined with increasing property values, led many small landlords to sell their rental properties. A new set of investors, eager to capitalize upon the tight housing market, acquired many of these properties.

We found that many incoming landlords have leveraged the City's housing shortage to raise rents. Many have also renovated older housing units and re-rented them at significantly higher rates to incoming residents. These trends have resulted in the displacement of long-term residents and low-income families, and they have resulted in a net loss of affordable housing units.

4. **Tourist Development, Short-Term Vacation Rentals, and Seasonal Homeownership:** Seasonal homeownership and short-term vacation activity have exacerbated the supply constraints in the City's housing market. In the face of unprecedented demand for housing, the 2022 ACS recorded 2,274 Lake Worth Beach housing units as vacant—about 1 out of every 13 units. Roughly half of these units are being used for seasonal, recreational, or occasional use. Having identified 559 short-term vacation rental units, which is potentially an undercount, we found that vacation rental activity has consumed at least three percent of the City's total residential housing stock alone.

   The use of housing for vacationing and seasonal occupancy has reduced year-round residents' access to housing, which has stiffened competition and increased prices. In some instances, aspiring vacation rental operators have purchased local homes and non-renewed the leases of existing tenants, directly leading to displacement. Furthermore, vacation rental operators often upgrade the homes they purchase to satisfy the expectations of tourists, which can undermine affordability if the units are eventually returned to the market.

   Although they may have secondary benefits, such as property improvements that increase tax revenue and economic impacts associated with tourism, the use of Lake Worth Beach as a vacation and seasonal home destination is leading to a net reduction in affordable housing (and overall housing supply).

5. **Redevelopment efforts:** Since the Subprime Mortgage Crisis, the City of Lake Worth Beach has engaged in efforts to redevelop blighted neighborhoods. These efforts, such as the CRA-led NSP2 Program, have improved distressed neighborhoods by transforming substandard housing into high quality homes for low- and moderate-income residents. However, redevelopment efforts may have also eliminated some affordable units. For example, Objective 3.1.8 of the Housing Element within the City's Comprehensive Plan encourages "construction of workforce housing units and market-rate housing to alleviate the excessive concentration of affordable units in the City." Similarly, efforts to attract businesses and households that have the potential to increase the City's tax base by, for example, changing the City's name, may be contributing to citywide gentrification.

   While redevelopment has yielded benefits, it has also made the City an attractive destination for vacation rental operators, seasonal residents, and economic migrants from wealthy destinations, who are placing pressure on the housing market.

6. **Rising Insurance Premiums and Special Assessments:** We found that rising insurance premiums, stringent insurance eligibility requirements, and building repair costs associated with the "Surfside Bill" are further threatening the preservation of existing affordable housing. When landlords face rising insurance premiums, they often pass a portion of the costs onto their tenants, if not all of them. Over time, their price adjustments—especially

when distributed across multiple properties—can produce a net loss of affordable housing access.

High insurance costs are also undermining the affordability of homeownership. When the property market insurance market is healthy, the Save Our Homes Act—which restricts property appraisers from increasing the assessed value of homesteaded properties by more than three percent per year—and fixed-interest mortgages stabilize the housing costs of homeowners. However, when homeowners receive conditional renewals that require roof replacements, premium hikes that amount to hundreds or thousands of dollars, and large HOA assessments for insurance and repair costs, they can become priced out of their units and forced to sell. Low- and moderate-income households who are attempting to purchase may also face this problem: If they find an affordable home, high insurances costs may push them beyond the brink of the lender's mortgage underwriting requirements.

Rising insurance costs and HOA assessments have had an especially deleterious impact on fixed-income homeowners, such as senior citizens, individuals living with disabilities, and participants in purchase assistance programs for low-income families, who have limited ability to adjust to increasing expenses. To adapt to this situation, many are reducing their coverages or dropping their insurance altogether. While this adaptation reduces costs, it exposes them to disaster risk, which jeopardizes the preservation of affordable housing through a different mechanism.

7. **Concentrated Property Ownership:** We found that a handful of real estate investors acquired foreclosed single-family homes in mass after the 2008 Housing Crisis. Since 2008, Lake Worth Beach's homeownership rate has dropped from 52 percent to 43.7 percent (ACS 2022). In some neighborhoods, more than 80 percent of residents rent. And among some racial groups, such as Black or African American residents, more than 80 percent rent. The gradual transfer of properties from low- and moderate-income households to investors has eliminated affordable homeownership opportunities for many residents.

In the sections that follow, we provide recommendations for mitigating the forces described above and minimizing the further loss of affordable housing. These measures align with two important objectives and policies within the Housing Element of the City's current Comprehensive Plan:

- Policy 3.1.1.3: The City shall support the location of housing assistance for very low-, low-, and moderate-income households, consistent with applicable zoning land development regulations, and the scale of existing development, with emphasis on expanding opportunities within the existing community and housing stock rather than construction of new, large scale multi-family developments.
- Policy 3.3.2.7: of the City's Housing Plan, which involves taking measures to "attract and *retain* long term residents and business" (our emphasis).

B. Recommendations

1. **Revise utility deposit process:** In Part I of this report, we identified high security deposits, application fees, and move-in costs as significant obstacles to housing access. Interviewees told us that high utility deposits impeded housing access and contributed to strain for many residents, particularly for residents without government-issued identification or documentation. We recommend reducing the utility deposit requirement to ease housing-cost burden and facilitate affordable housing access for low-income households.

2. **Enforce Regulations on Short-Term Vacation Rentals (SVRs):** Although we found that at least 559 short-term vacation rental units were active in Lake Worth Beach, city staff have determined that "the City's Codes do not allow and have not allowed vacation/short term rentals of dwelling units for at least the past twenty years or more."[105] The former City Manager, Carmen Davis, addressed the legality of vacation rentals in a memo drafted on February 3, 2023, which states:

    > Lodging that is 60 days or less is defined in the code as "transient lodging" and "transient lodging" is not allowed for dwelling units. The Land Development Regulations do not, and formally the Zoning Code did not, specifically allow either vacation rentals or short-term rentals. With both Codes being inclusionary with regard to permitted uses, if a use is not listed as being allowed, it is by default prohibited. Since the City's prohibition against vacation/short term rentals pre-dates the state's statutory pre-emption (i.e., the City's prohibition was in place prior to 2011), the City continues to assert that vacation/short term rentals are not authorized in the City. The City's prohibition has been upheld by the City's special magistrate.

    Furthermore, during the Commission Meeting on February 9, 2023, the City Commission held a policy workshop on short-term rentals and reached a consensus to uphold the current zoning ordinance prohibiting rentals that are less than 60 days.

    We recommend that the City prioritize efforts to finalize and implement a plan for enforcing its Land Development Regulations in relation to transient rentals. An enforcement plan will have three benign effects on housing affordability. First, it will convert at least some of the vacation units into long-term rental options or ownership opportunities, which will stabilize or reduce prices by increasing the housing supply. Given the City's average household size of 2.75 (ACS 2022), conversion of the 559 known vacation rental units would provide housing for roughly 203 households, or 1,537 people. Although not all units will convert, the conversion of even a portion would provide housing relief. An enforcement plan would also mitigate the loss of future housing to vacation rental conversion, and it would protect tenants from the effects of conversion, which can include displacement.

    To be effective, however, the City's policy must be proactive in addition to reactive. Although vacation rentals may have peaked due to declining profitability (Carbonaro 2023b), the City's should aim to prevent the loss of further housing to conversion. This might involve promoting awareness of current Land Development Regulations and restrictions on SVRs

[105] This text is from a February 3, 2023, memorandum from the former City Manager to the City Commission. It can be found here: https://lwbassets.nyc3.cdn.digitaloceanspaces.com/documents/vacation-short-term-rentals/memo_str-update-info_2-3-2023.pdf.

through the City website, the use of mailers and outreach to neighborhood groups, and forming partnerships with realtors and titling companies. The proposed Office of Housing Advocacy would be well-positioned to carry out this work.

3. **Incorporate a No-Net Loss Objective into the City's Comprehensive Plan:** The City should incorporate a "no-net loss" objective into its Housing Element to ensure that the number of affordable housing units in Lake Worth Beach does not decrease over time.

   The objective should enumerate policies aiming to preserve units that are currently affordable, such as:

   - Discouraging the demolition or conversion of affordable housing units in city-sponsored projects
   - Prohibiting the use of City or CRA funds for projects that lead to a net loss of affordable housing units
   - Requiring any affordable housing units that are demolished or converted through city-sponsored projects to be replaced with an equivalent number of new affordable housing units
   - Developing a program to incentivize landlords to maintain the affordability of units they rehabilitate
   - Developing a program to incentivize developers to replace any units they demolish with an equivalent number of new affordable housing units
   - Adopting a definition of "affordability" that aligns with the needs of households earning 80 percent or less of the County's Area Median Income.

   To support these policies, the City should consider revising other objectives within the Housing Element of its Comprehensive Plan, including:

   - Amending Objective 3.1.2, which encourages "the use of 'traditional' single-family housing while allowing flexibility in zoning regulations in order to achieve a diverse housing supply." Given the increased rents and home prices associated with single-family construction, this objective may be inconsistent with affordable housing preservation.
   - Amending Objective 3.1.8, which encourages "construction of workforce housing units and market-rate housing to alleviate the excessive concentration of affordable units in the City."
   - Amending Objective 3.2.3, which promotes "the elimination of blighting influences on residential areas and improvement of substandard housing conditions." This policy

should be amended to ensure that “elimination of blighting influences” and “improvement of substandard housing conditions” does not result in a net loss of affordable housing.

These policies could potentially be funded with resources from the Affordable Housing Trust and TIF dollars and coordinated with the proposed Office of Housing Advocacy.

4. **Collaborate with Economic Development Organizations to Promote Corporate Social Responsibility:** The City should pursue partnership with private-sector economic development organizations to raise awareness about the negative unintended effects of unmanaged economic development on Lake Worth Beach. The findings of this report can be used to illustrate how unmanaged growth can price existing renters out of their neighborhoods, replace the businesses they patronize with entities that cater to economic migrants, and create a feeling of loss, if not alienation, within the community.

   In engaging in this advocacy, the City should emphasize that economic development and preservation of housing affordability need not be mutually exclusive. Companies relocating to South Florida can mitigate their impacts on existing residents by practicing corporate social responsibility. The City should work with organizations such as the Business Development Board and Chamber of Commerce to encourage more sustainable development practices; secure funding for community impact assessments that evaluate the potential effects of corporate relocations on housing conditions; encourage incoming businesses to implement gentrification mitigation efforts; and establish community investment programs to assist people who have already been affected by gentrification.

   Efforts to promote corporate social responsibility would also create an opportunity to secure potential private-sector donation funding for the City’s affordable housing initiatives. The proposed Office of Housing Advocacy would be well-positioned to carry out this work.

5. **Promote and Provide Technical Assistance on the Use of Hurricane Hardening and Energy Conservation Programs:** The City should encourage and assist residents with efforts to harden their homes against hurricanes, improve their energy efficiency, and absorb unexpected home repair costs. These activities can preserve housing affordability by lowering utility expenses, subsidizing expensive repair costs, and reducing insurance premiums by reducing loss risk.

   The following energy efficiency, resiliency, and utility assistance programs are available to residents. City staff, or the proposed Office of Housing Advocacy, should promote awareness of them and provide technical help to residents in applying for them:

   - **Low-Income Home Energy Assistance Program:** This federal program, administered by the Palm Beach County Department of Community Services, assists eligible low-income households with energy crisis assistance, weatherization, and energy-related home repairs, in addition to heating and cooling energy costs and bill payment assistance. The program partners with HVAC companies to replace outdated, inefficient, or non-functioning HVAC systems. It will cover up to $15,000 in equipment and installation costs for centralized systems and window/wall reverse cycle units.

This program can meet the needs of low-income homeowners, such as seniors on fixed incomes, who encounter sudden home maintenance costs. To qualify, applicants must be a Palm Beach County homeowner, have an income below 60 percent of state median income, have a problematic unit that is 10 years of age or older, and have an established medical need for a controlled environment.

- **My Florida Safe Program:** This program, administered by the Department of Financial Services, provides free hurricane mitigation inspections and matching grants for hurricane hardening improvements on single-family homes and townhouses that are insured for a value up to $700,000. The program provides up to $10,000 in assistance and will pay $2 for every $1 provided by the homeowner (low-income households may obtain exceptions to the matching requirement, which is defined as less than 80 percent of the county's area medium income). Additional information about program requirements can be found in Chapter 19

- **Florida PACE Program:** The Florida Property Assessed Clean Energy (PACE) Program provides 100 percent financing for home improvement projects that increase energy efficiency and provide protection against wind damage. The loans are repaid through a rolling property tax assessment This financing mechanism, which is open to households regardless of income, can promote home ownership preservation by helping residents make improvements that will reduce their long-term insurance costs and protect their properties against hurricanes.

  The program should also be promoted to rental property owners. In interviews, social workers reported that clients often face unaffordable energy and water bills due to aging and malfunctioning water heaters and HVAC systems. The PACE program provides a 100 percent funding mechanism to address these issues that does not require upfront investment.

6. **Amend Sec 23.2-39 of the Code of Ordinances to Permit Flexible Use of the City's Affordable Housing Trust Fund:** The City's Affordable Housing Trust Fund, established through the Affordable/Workforce Housing Program, may currently only be used to "fund the financial incentives and the affordability extensions under the affordable/workforce housing program." The City should consider amending the Ordinance to enable funds in the account to be used for measures that not only produce affordable housing, but also preserve access to it.

   With a dedicated funding source, the City, in conjunction with the proposed Office of Housing Advocacy, could support a number of programs to preserve housing affordability, including:

   - **Move-in assistance program:** We found that high move-in costs have begun to lock many low-income residents out of the rental market. The City could preserve access to rentals by creating a program that provides zero-interest loans to assist renters with security deposits and other move-in costs.

- **Rent subsidy program:** The City could implement a program to provide small rent subsidies to defray costs for tenants who fall into severe cost-burden due to rent hikes.

- **Interest-rate subsidy program:** Originally proposed by the Kerner Commission in 1968 but never implemented, the City could provide interest-rate subsidies to support homeownership among low- to moderate-income households until interest rate diminutions allow for refinancing (Meneian et al. 2022).

- **Maintenance Grant Programs**: The City could implement a program offering grants or low-interest loans to address code compliance issues impacting tenant health, safety, and quality of life. By adopting a restorative approach to housing quality challenges, the program could preserve affordable rental options. Research has shown that landlords faced with high repair costs often transfer the expenses to tenants or opt to sell their properties, which frequently results in tenant displacement and a loss of affordable housing stock (Greif 2022). A maintenance grant program would not only improve the housing quality of renters but help in maintaining both the quality and accessibility of affordable rentals.

- **Relocation Assistance Grants:** Using trust funds for small grants to assist people who have been displaced by rent increases or housing flips could prevent financial distress, homelessness, and community displacement.

- **Mutual Aid Micro-grants**: Micro-grants to non-profit organizations and/or community groups that provide direct services to people who are housing insecure—such as Dare2Care, the Burrito Project, or the Guatemalan-Maya Center—could support and expand the de facto housing services many of them already provide.

7. **Allocate Additional TIF Revenues to CRA-Sponsored Affordable Housing Rehabilitation Programs:** For fiscal year 2023-2024, the CRA allocated just over $1 million to housing-related programs, which is roughly 16.7 percent of its total budget after accounting for administrative expenses and debt servicing. The CRA could consider allocating a greater level of funding to the acquisition and rehabilitation of housing units for affordable housing preservation. Expanded funding could also be used to fund more infill projects that can lead to the creation of affordable housing units.

   To further safeguard the long-term affordability of these properties, it is recommended to incorporate a right of first refusal into all CRA-funded housing projects. This would grant the City the right to purchase any property that goes up for sale, ensuring the continued preservation of affordable housing units. Such a policy not only protects the City's investment in affordable housing but also provides a proactive mechanism to maintain the affordability of these units in the face of market changes or potential sale of the properties.

8. **Explore Options for Establishing a Local Public Housing Authority**: Although a longer-term strategy, the City could investigate the feasibility of creating a Public Housing Authority (PHA) that serves Lake Worth Beach. While establishing a PHA presents logistical challenges and would be a time-consuming process, it would enable the City to receive federal funding from HUD. This funding could significantly increase the availability of tenant-based Housing Choice Vouchers that could be used to subsidize the cost of existing rental units. Additionally, it would provide resources for project-based vouchers, which are tied to particular housing units rather than individual tenants. This mechanism would allow the PHA to partner with landlords and developers to create set-aside units—designated, long-term affordable housing within existing rental units as well as within new developments. Such units would facilitate the long-term preservation of affordable housing units within the city.

9. **Promote SHIP and Hometown Heroes Programs for Affordable Homeownership**: The City should actively promote and assist residents in applying for county and state-administered homeownership assistance programs. These programs can preserve access to affordable homeownership within the City, even as home values and interest rates rise.

   For instance, the County's Purchase Assistance Program, funded by SHIP, offers up to $100,000 in assistance to very low-, low-, and moderate-income households for home purchases. This program can be combined with the Mortgage Assistance Program, also funded by SHIP, which provides low-interest financing options for the remaining purchase cost.

   Additionally, the Hometown Heroes Program, established under the Live Local Act, supports Floridians in various essential occupations, such as law enforcement, education, firefighting, healthcare, childcare, public defense, and the military. Eligible individuals can receive up to five percent of their mortgage loan amount, capped at $35,000, for down payment and closing cost assistance. Although funding is limited—especially for County-level programs—these initiatives provide ongoing access to homeownership for some community members.

10. **Enact a Condominium Conversion Ordinance to Prevent Loss of Affordable Rental Units:** A 2015 study by the Florida Housing Coalition reported that Florida was undergoing a "condo conversion craze," with 2,840 conversions occurring in Palm Beach County alone (p.25).[106] Every year, investors purchase thousands of multi-family properties and convert them into condominium units. The converted units are often market rate units catering to the lower end of the rental market, and they are sometimes units with expired set-aside provisions. Conversion, as such, tends to result in the displacement of low-income renters.

    To prevent affordable multi-family rentals from being converted into expensive condos in Lake Worth Beach, the City should consider an ordinance to strongly regulate the process by which multi-family rental properties are converted. To preserve affordable rental units and protect tenants who occupy them from displacement, the Florida Housing Coalition recommends enacting an ordinance with some or all of the following elements (Dastur n.d.):

[106] https://flhousing.org/wp-content/uploads/2012/12/The-Condo-Conversion-Craze.pdf

- Stringent eligibility requirements for conversion (e.g., permitting conversions only when rental vacancy is below an established threshold, or limiting the size of conversions that can take place)
- Implementing safeguards for tenants, such as adequate notice, protection from rent increases, right of first refusal to purchase, right to remain for vulnerable populations, and relocation assistance requirements
- Requiring one-for-one replacement of affordable units lost due to the conversion.

Although the Residential Tenancies Act amended Chapter 83 of the Florida Statutes to preempt authority to regulate relations between tenants and landlords to the State, the City likely has broad latitude to regulate the dynamics of condominium conversions, because they are governed under a different set of rules (Chapter 718). Capitalizing upon this authority through a condominium conversion ordinance could preserve a substantial amount of affordable housing and protect low-income tenants from displacement.

11. **Leverage Section 9 of the Live Local Act to Preserve Affordable Housing:** Section 9 of the Live Local Act gives the governing bodies of municipalities the authority to adopt ordinances that exempt portions of property used to provide affordable housing from ad valorem taxes. For a building that provides some affordable housing, the Act allows local governments to grant up to a 75 percent exemption for each affordable unit. They can grant up to a 100 percent exemption for properties in which all units are affordable. To qualify for the exemption, the properties must: (a) be multi-family housing with at least 50 units; (b) be affordable to households earning 30-60 percent of the AMI; and (c) set aside at least 20 percent of all units.

    The program enables the City to expand affordability in large, multifamily buildings in exchange for tax relief. Although few properties in Lake Worth Beach meet the size threshold for utilizing this exemption that do not already benefit from tax abatement, the City could still engage in targeted efforts to encourage the setting aside of new units in properties such as the Bohemian and Mid.

12. **Consider Demolition Controls to Preserve Affordable Units:** To bolster affordable housing preservation efforts, the City could explore the enactment of a demolition control ordinance. This ordinance would regulate property owners' ability to demolish residential structures, particularly when such actions would lead to a net loss of affordable housing or displace current residents. An example scenario would be a project that proposes replacing a multifamily residential building with a commercial development. Implementing such controls would complement a condo conversion ordinance, creating a more comprehensive approach to housing preservation. This strategy has shown effectiveness in other cities, including San Francisco, as evidenced by research conducted by Greenberg et al. (2021).

13. **Assign Staff to Monitor Units with Expiring Affordable Use Restrictions and Leverage Local, State, and Federal Resources for Preservation:** Each year, numerous housing units face the expiration of their affordable use restrictions. These restrictions range from income

and rent limits on rental properties to deed restrictions on owner-occupied units that cap resale values. To proactively address this, the City could assign a dedicated staff member to track local units approaching the end of their affordability period. The focus would be on reviewing records from HUD, the Florida Housing Corporation, and units under local programs like those managed by the CRA.

Upon identifying properties nearing restriction expiration, the City could strategically utilize external programs in conjunction with internal funding mechanisms to preserve them. For example, HUD has created numerous programs oriented around preserving affordable rental properties, which are available on its Preserving Multifamily Properties page, including the newly created Office of Affordable Housing Preservation (OAHP), which provides resources for preserving FHA-insured properties with maturing mortgages, and the Senior Preservation Rental Assistance Contracts initiative. By forming strategic partnerships with non-profits, the City may also be able to leverage the SHIP Developer Assistance Program to Preserve Multifamily Rental Housing, which is described in the subsequent section.

Finally, the City could work with the County to preserve expiring affordable rental housing via tax relief, and it could draw funds from its Affordable Housing Trust to extend their affordability periods or assist with rehabilitation. For example, through its HOMES program, Miami-Dade currently offers low-interest loans to keep aging, small-residential buildings affordable for five to 20 years.

Staff from the proposed Office of Housing Advocacy would be well-positioned to carry out this monitoring and preservation work.

14. **Allocate Affordable Housing Trust Funds to Keep Existing Rental Units Affordable.** To counteract forces of gentrification, the City could subsidize landlords who agree to keep rent levels affordable to households who earn less than 80 percent of the AMI. Miami-Dade County has utilized this approach through its HOMES program, which provides rental subsidies for landlords in exchange for limiting rental rates (Dinkova 2022).

15. **Leverage SHIP Developer Assistance Program to Preserve Multifamily Rental Housing:** The County's current request for proposals for this program aims to fund non-profits that plan to acquire, with or without rehabilitation, existing multifamily residential properties (3 or more units located on a single property under common ownership) that are not currently set aside by federal, state, or local programs. $300,000 per housing unit is available in the form of 30-year, 0 percent forgivable loans.

    Several multifamily buildings are currently for sale in Lake Worth Beach. Partnerships with the CRA or local non-profit organizations could leverage this opportunity to acquire some of these properties to preserve long-term affordable housing.

16. **Leverage SHIP Owner-Occupied Housing Rehabilitation, SHIP Emergency Repair, and My Safe Florida Home Programs to Preserve Affordable Homeownership.** We encourage the City to engage in outreach efforts to connect residents to these programs. The housing rehabilitation program, which is funded through SHIP, provides forgivable loans that

can be used to address code violations, housing conditions that threaten health and safety, or to harden dwellings against hurricanes or severe weather events. The emergency repair program, also funded through SHIP, provides assistance to income-eligible owner-occupied residences to address emergency conditions such as roofing, electrical, plumbing, hurricane hardening, and structural repairs.

The My Safe Florida Home Program, funded with $326 million through Senate Bill 2-D (2022) and HB 881 (2023) and administered by the Department of Financial Services, provides free hurricane mitigation inspections and matching grants for hurricane hardening improvements on single-family homes and townhouses that are insured for a value up to $700,000.[107] The program provides up to $10,000 in assistance and will pay $2 for every $1 provided by the homeowner (low-income may obtain exceptions to the matching requirement, which is defined as less than 80 percent of the county AMI). To qualify for the program, the applicant must meet the following conditions:

- Own a single-family home or townhouse that was permitted before January 1, 2008;
- Have their property insured for $700,000 or less;
- Occupy the home as a primary residence, as indicated by a Homestead Exemption;
- Have obtained a hurricane mitigation inspection after January 1, 2008;
- Make the home available for an inspection after the mitigation project is completed.

The act allocated $326 million to the My Safe Florida Home Program. The My Safe Florida Home Program also provides tax exemptions on purchases of impact-resistant doors, impact resistant garage doors, and impact-resistant windows until June 30, 2024.

By providing funding for repairs and the hardening of homes, these programs can mitigate maintenance costs and potentially lower insurance premiums for homeowners, thereby preserving their homeownership and ability to remain in the community. The programs can also make homes more resilient to disasters, particularly hurricanes, which makes homes safer, more insurable, and thus more sustainable over the long haul.

However, these actions may have limited impacts, as funding remains very limited relative to need. For example, the county anticipated being able to fund just 30 housing rehabilitation projects during FY 2023-24. Additionally, the programs cannot be used to repair or preserve affordable rental units.

17. **Establish a Landlord Partnership Program.** The City should develop a Landlord Partnership Program, integrating the strategies outlined in this chapter into a tiered incentive system. This program would aim to enhance the quality of rental properties in Lake Worth Beach while preserving their affordability. It would also serve to acknowledge and reward landlords who contribute positively to the City's commitment to the right to affordable housing.

[107] CS/HB 881, which was passed during a special session in 2023, modified the My Safe Florida Home Program by expanding eligibility criteria and allocating additional funding. The figures and eligibility requirements reported are based on the combined bills.

The partnership program should recognize and incentivize landlords who adhere to the following practices:

- Limiting application fees or accepting a standard rental application, which may be processed by the proposed Office of Housing Advocacy
- Accepting all sources of income, including Housing Choice Vouchers
- Offering installment-based options for security deposits.
- Upholding high property maintenance standards
- Keeping rents affordable to households with incomes below 80 percent of the AMI
- Stabilizing yearly rent increases
- Offering Tenant Opportunity to Purchase or Community Opportunity to Purchase Agreements[108]
- Participating in rent-to-own covenant programs[109]

C. Conclusion

The strategies described in this chapter will reduce the loss of affordable housing units across the City, which mitigate cost-burden and displacement among low-income and long-term residents. As the City pursues preservation efforts, it will face four challenges.

The first involves uncontrolled insurance costs and threats from hurricanes. Apart from encouraging residents to apply for the programs we have noted, the City cannot solve the underlying problems within the State's insurance market.

The second challenge involves balancing the goals of growth and redevelopment—such as attracting new residents and businesses, improving housing quality, addressing blight, and managing property values to ensure adequate tax revenue for social services—with the imperative of housing affordability. The City must ensure that redevelopment efforts benefit all residents, and that they do not endanger the tenure of low-income households. As Stephen Menendian and colleagues (2022) write:

> Communities with an influx of high-income residents or rising owner-occupancy can improve the lives of local residents if these conditions result in more racially and economically integrated communities, and do not ultimately cause the wholesale displacement of existing residents. This requires rent controls, restrictions on condominium conversions, impediments placed on purchases by absentee owners, and inclusionary requirements for new housing construction (p.48).

The third challenge involves inadequate support from the federal and state government. Arguably, the most important affordable housing preservation tool available to residents are Housing Choice Vouchers issued through public housing authorities. However, Congress typically allocates only enough funding to support 20-25 percent of U.S. residents who are

[108]When multifamily housing units are sold, such ordinances would give either tenants or the city first right of refusal to purchase the property to mitigate displacement.

[109] These are contracts between tenants and landlords offering the option that tenants buy the home, usually within three years, and the rent paid before purchase will be used as part of the purchase price.

eligible for the program (Rosen 2022). Federal support for a universal voucher program, coupled with efforts to protect low-income householders' ability to use them through source-of-income protections, would significantly assist preservation efforts in cities such as Lake Worth Beach (Desmond 2016).

Similarly, efforts to provide tax relief to renters and low-income homeowners are important preservation tools that municipal governments lack the authority to enact. Creating federal or state programs that allow renters to claim deductions for a portion of their rent against income or sales taxes would provide relief from cost increases. Similarly, creating a state tax credit that is comparable to the homestead exemption— which allows landlords to claim deductions in exchange for passing on a portion of the savings to tenants—would likely preserve affordability. The Koskinen Plan, which would freeze property taxes for existing residents but require repayment when the home is eventually sold, would provide relief to struggling homeowners (Menendian et. al 2022). Given the lack of authority to implement such programs, the City could consider advocating for them at the state-level.

The fourth challenge involves developing a long-term strategy. Given that land scarcity will constrain future development, it is critical to begin preserving the remaining stock of naturally occurring affordable housing units, and to ensure that the production of future housing is permanently affordable. While 50-year deed restrictions may appear to be a long time, the potential for developing new affordable properties in 50 years may be limited due to build out. To create an affordable future, the City must strategically plan preservation initiatives now.

CHAPTER 23: PRODUCTION RECOMMENDATIONS

A. Producing More Affordable Housing

Addressing the affordable housing crisis requires implementing measures to facilitate the production of more affordable housing. Although our study found that housing unaffordability in Lake Worth Beach was strongly influenced by the unequal distribution and inefficient use of available housing, facilitating the production of more housing must form part of the City's strategy—especially in the context of expectations for strong future population growth.

However, as the need for increased affordable housing supply has increased, several factors have impeded the production of it in Lake Worth Beach. We summarize those factors, which are analyzed at greater depth in Part I of this report, below:

1. **Reduced Federal Support for Housing Production**: Reduced federal support for housing production has been a major factor impeding affordable housing development in South Florida. The trend began with the Community Development Act of 1974, which replaced categorical grants directly funding public housing construction with Community Development Block Grants. The Act also restricted the production of new public housing. Subsequent legislation exacerbated this issue by restricting public housing development and incentivizing the elimination of existing units. For example, the 1993 Hope VI Program provided lump grants to demolish public housing, leading to the elimination of more than 250,000 units across the country. Similarly, the 1998 Faircloth Amendment prohibited the total number of public housing units from exceeding the number available on October 1, 1999, regardless of population growth. While HUD attempted to fill the gaps by encouraging private sector affordable housing development with incentive programs, its efforts have been weakened by retrenchment in federal funding levels since the 1970s (Greenberg et. al 2021). Because housing production is expensive, and because housing that accommodates the budgets of low-income populations is often challenging to profitably build, affordable housing development has lagged behind or been inconsistent with need in light of reduced federal supports.

2. **Restrictions on Multi-Family Housing Development.** For decades, cities have restricted affordable housing development with minimum lot sizes, minimum unit sizes, density restrictions, height and intensity restrictions, restrictions on multi-family dwellings, restrictions on mobile homes, and lengthy permitting processes. These land development regulations and permitting processes respond to residential concerns, such as traffic, school overcrowding, and neighborhood character. They are frequently driven by affluent homeowners who fear that multifamily housing, affordable units, and increased density will reduce their property values and quality of life (Glick et al. 2019; Schuetz 2022).

   These practices have reduced the overall supply of affordable housing by restricting its production (single family homes on generous lot sizes are more expensive to build and purchase than multi-family apartment units), limiting where it can be built, and empowering "neighborhood defenders" to employ community participation mechanisms to block, shrink, or delay multifamily and affordable housing projects, even when they are proposed in allowed areas. In addition to reducing the affordable housing supply, these practices have also created and reinforced patterns of economic and racial segregation across cities such as Lake Worth Beach (Einstein et al. 2019; Schuetz 2022).

3. **Land Scarcity and High Building Costs.** Our study found that rising production costs have contributed to the City's housing emergency. Over the past several years, the costs of land, materials, and debt have become excessive relative to historical norms. As a result, it is taking longer to produce housing, and new development projects are requiring extremely high inputs relative to their outputs. The high costs and paucity of sites for building new units has made it difficult to reduce demand pressures by bringing new housing supply into the market. The high costs also complicate the process of rehabilitating substandard units without a loss of affordability.

   In short, many developers claim they cannot produce affordable housing at profit in Palm Beach County unless they receive substantial support from government—for example, land donations, tax abatements, impact fee waivers, low-interest financing, and other incentives.

In the following section, we offer a series of recommendations for overcoming these barriers to affordable housing production in Lake Worth Beach. Although several of our recommendations involve expanding the use of traditional strategies, many involve employing creative or unconventional approaches to countermand the economic and political pressures described above.

B. Recommendations

1. **Establish an Accessory Dwelling Unit (ADU) Program:** Often known as granny flats, mother-in-law suites, garage apartments, or backyard cottages, ADUs are supplementary living spaces that are located on the same grounds as single-family homes. Whether attached to or detached from the main house on a parcel, ADUs offer a fully functional living space—equipped with amenities for sleeping, bathing, and cooking—independent of the primary dwelling. Because they are typically small—both due to limited building space and land development regulations that limit density and intensity—ADUs provide good housing options for smaller households, young adults, or elderly individuals wishing to live near a caretaker.

   As the Florida Housing Coalition notes, "ADUs are a way to increase the number of housing units in areas that have primarily single-family homes" (p.58).[110] We believe that an ADU program represents one of the most viable strategies the City can take to produce more affordable housing in Lake Worth Beach for the following reasons:

[110] https://flhousing.org/wp-content/uploads/2021/08/8-4-21-AHAC-Guide-UPDATE.pdf

- **Politically Viable:** The "gentle density" they create can contain the political resistance that accompanies efforts to upzone single-family districts into multi-family districts.
- **Sustainable and Affordable:** The cost of constructing ADUs tend to be lower than the costs associated with new single-family residence homes, multifamily apartments, and townhouses. The builders do not need to pay for land or infrastructure, and the simplicity and small size reduce their design and building costs.
- **Expedited Production:** In contrast to the production lag associated with classic infill and redevelopment projects, property owners can quickly build ADUs—especially if the City offers pre-approved designs and expedited permitting.
- **Expanded Homeownership, Equity, and Social Mobility:** ADUs can facilitate new homeownership opportunities. By enabling aspiring homeowners to use the rental income generated from their ADUs to subsidize mortgage payments—i.e., sharing the costs of an expensive single-family lot—ADUs allow low- and moderate-income households to purchase homes in advantaged neighborhoods that they would otherwise not be able to access. They would also create affordable housing options for renters in communities that currently have limited rental options. These affordability benefits would reduce cost-burden among the homeowners and renters alike.
- **Improved Tenant-Landlord Relations:** The siting of ADUs facilitates the development of personal relationships between landlords and tenants. Because they are not owned by investors seeking to maximize profits, ADU landlords may be more likely to set rents at an affordable level and demonstrate leniency when tenants become delinquent on payments due to contingency factors.
- **Aging-in-Place:** The American Association of Retired Persons (AARP) recognizes Accessory Dwelling Units (ADUs) as a flexible and adaptable housing solution that enables older adults to age in place. ADUs facilitate the ability of older adults to stay within their homes or communities while adapting to their evolving needs. This housing option ensures proximity to family, caretakers, or social supports, maintaining both autonomy and privacy. For older adults looking to downsize due to changing mobility needs, ADUs offer a practical solution, allowing them to remain connected to their neighborhoods and support networks. Such connections are crucial for mental health and wellbeing. Additionally, ADUs provide homeowners, particularly older adults, an opportunity to generate additional income, which can be a significant asset in retirement.

Given these benefits, we recommend promoting ADU development in Lake Worth Beach by implementing the following measures, which coincide with the best practices developed by the Florida Housing Coalition (2022) and FIU Metropolitan Center (2024): [111]

[111] See this FHC training, https://vimeo.com/750681808, and this FIU presentation, https://www.youtube.com/watch?v=qJbygRJ_9Zs.

- Allow ADUs to be built by-right without discretionary review in all districts, including single-family residential districts. The FIU Metropolitan Center recommends requiring design compatibility with the main house for two-story ADUs.
- Promote flexible production options, including above-garage and other unit types in addition to detached structures.[112]
- Require the owner to occupy either the primary unit or ADU.
- Allow ADUs to be freely rented on the market.
- There are conflicting recommendations for size standards. The Florida Housing Coalition recommends that there be around 400 square feet of living space per person (n.d.). To target ADUs as a tool for long-term affordable rental housing, the Coalition recommends a maximum ADU square footage requirement of 800-1,200 square feet. Local governments may consider allowances for larger units on sizable lots that can contain a larger ADU. On the other hand, the FIU Metropolitan Center recommends limiting ADUs to the lesser of 800 square feet or three-quarters of the living area of the main house size. The City should direct a planner to study which standard best comports with the City's characteristics and needs.
- Recruit a planner to determine how many units could be built by reforming Land Development Regulations pertinent to ADUs, and to study existing parcel characteristics to establish a minimum lot size that maximizes ADU development potential.
- Consider zero-lot line or other configurations that do not burden smaller lots.
- Implement flexible parking standards that do not require one spot per ADU.
- Exempt ADUs from density calculations.
- Offer a variety of pre-approved design plans to reduce development costs, expedite permitting, and stimulate development.
- Offer de-mininimus impact fees and permitting costs.

In addition to amending the City's Land Development Regulations to allow ADUs, the City should also take steps to promote the program to maximize its reach:

- Designate a staff person to promote the City's ADU program, educate homeowners about the benefits of ADU construction, and help homeowners navigate the ADU permitting process. It is important to note that the process may intimidate homeowners, who will likely lack preexisting permitting and development experience.

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[112] See https://www.youtube.com/watch?v=qJbygRJ_9Zs.

- Promote public buy-in for the program. The City should expect objections from homeowners who fear that allowing ADU development will degrade property values and lower the quality of life in their neighborhoods. Such views should be addressed through an educational campaign.
- Work with county and state agencies to explore funding resources for ADU construction. We are not aware of any cities in Florida that are currently offering financing or grants for ADU construction. However, other cities across the country have implemented programs to provide financial assistance for ADU projects oriented around expanding affordable access, such as Santa Cruz, CA and Seattle, WA. The City should work with the County to provide financial incentives for ADU construction, especially if the units will support homeownership or create affordable rental opportunities for low-income households. CDGB, HUD HOME Investment Partnerships, and SHIP funds could all potentially be used to support an ADU program.

  The City should also work with non-profit partners, such as Habitat for Humanity, to explore opportunities for economically constructing ADU units with support from donors and volunteers.
- Enforce the City's short-term vacation rental restriction to ensure that newly produced ADUs increase the City's housing stock rather than being used for other purposes.

If these steps are followed, an expansion of ADUs could increase the supply of affordable rental options, especially for the one- and two-person households that make up the majority of renter households in Lake Worth Beach. The roles and responsibilities outlined above could fall within the jurisdiction of the proposed Office of Housing Advocacy.

2. **Implement a Residential Unit Expansion Program**. In conjunction with the ADU program, the City should implement a program that explores opportunities for transforming underutilized properties—such as oversized homes or large townhouses that are occupied by few individuals—into living spaces that can accommodate an additional household. This might involve partitioning a townhouse into multiple units subject to HOA regulations, or partitioning separate apartments into single-family homes that have ample space to support them.

   Mirroring the benefits of an ADU policy, this strategy would utilize existing structures to create gentle density, expand affordable housing by enabling development that avoids significant land or infrastructure costs, and produce the ancillary benefits discussed above. To successfully implement this initiative, the City would need to take the following steps:

   - **Establish Land Development Regulations:** It would be necessary to revise the City's zoning laws and Land Development Regulations to implement such a program. Rules surrounding residential expansions should bear similarity to those outlined in our ADU proposal—such as excluding expansions from density calculations—to ensure that they are carried out.

- **Explore Funding and Support Sources:** Using the same funding and support mechanisms noted in the proposed ADU program, the City should offer support to homeowners who create affordable housing opportunities by subdividing their property. This could involve providing low-interest loans or small grants to cover design, permitting, and construction costs, and connecting interested parties to non-profit partners that can assist with contracting work.

- **Promotion:** The City should develop promotional materials and conduct outreach to support this program. The City should subsequently identify neighborhoods with low home utilization rates, as indicated by population, population density, and vacancy. The City should then distribute informational materials and work with relevant neighborhood associations to promote awareness of, support for, and utilization of the program. These efforts could be conducted by the proposed Office of Housing Advocacy or staff from the Community Sustainability Department.

Like the ADU proposal, this program has the potential to enhance homeowner affordability, gently increase urban density, and contribute to the City's affordable housing supply by producing new units at a fraction of the cost of new constructions.

3. **Expand Medium and High-Density Zoning for Housing Development.** As a strong step to boost housing development, the City should consider revising the criteria for Medium-Density and High-Density Residential classifications in its Future Land Use Element. Current policies aim to protect single-family areas from disruption, which may limit housing supply and lead to elevated home values, rents, and overcrowding rates. A more liberal approach to these designations would have several benefits. First, it would enable increased housing production, which would likely reduce costs by balancing the supply of housing with demand. Second, it would promote housing equity by creating more rental opportunities in single-family residential zones that represent neighborhoods of concentrated advantage. In step with these recommendations, we recommend the following modifications to the City's Housing Element:

- **Objective 3.1.2:** This objective promotes the construction of "traditional" single-family housing to the detriment of other housing types. We recommend revising the objective to encourage a diverse range of housing options.

- **Policy 3.1.1.3:** This policy emphasizes expanding affordable housing opportunities within the existing housing stock rather than constructing new, large-scale multi-family developments for housing affordability. We recommend modifying this policy to emphasize both strategies for affordable housing development.

Appropriate modifications should also be made to the Future Land Use Element. This would include, for example, reevaluating Policy 1.1.2.6, which restricts high density residential designations from disrupting established single-family areas.

4. **Allow the Production of More Housing of All Types:** Many researchers claim that improving housing affordability requires building "significantly more housing of all types and in all neighborhoods," meaning "accessory dwelling units (ADUs), duplexes and fourplexes…teacher housing, and Micro-PAD and modular housing in addition to traditional structures. Building in all neighborhoods means ending exclusionary zoning laws" (Shaw 2018). Indeed, producing more housing that is affordable requires exploring options such as single room occupancy buildings, container homes, tiny homes, and other strategies that utilize small sizes, technology, and innovation to reduce building and acquisition costs.

   To facilitate this objective, the City should modify Objective 3.1.2 of its Housing Element, which emphasizes the use of "traditional single-family housing" in Lake Worth Beach. Furthermore, it should consider directing staff to examine strategies for increasing housing production by modifying zoning ordinances, design guidelines, historic preservation ordinances, and land use regulations. This includes, but is not limited to, eliminating single-family zoning, reducing minimum lot size, reducing setbacks, reducing parking requirements, increasing housing density to encourage multi-family housing development, eliminating building heights regulations, allowing micro-housing development, providing incentives and regulations for alternative buildings (such as manufactured housing, modular homes, container homes, etc.), and other innovative measures promoting affordable housing.

   The Affordable Housing Action Plan developed by the Palm Beach County Housing Leadership Council contains a host of suggestions for implementing Land Development Regulation reform to boost housing production.

5. **Long-Term Affordability Solutions through Equity Limitation:** When partnering with developers to create new housing, the City should focus on development models that facilitate long-term affordability, such as:

   - **Community Land Trusts (CLTs):** Community Land Trusts (CLTs) use public or donated funds to purchase land, separating it from the residential units on it. This separation allows low-income households to affordably purchase homes on the trust land. Homeowners lease the land at nominal rates, while deed restrictions ensure long-term affordability, even if the property is later sold. CLTs are typically funded through government grants, foundation grants, and donations, making them a sustainable model for affordable housing.

     The Lake Worth Beach CRA could potentially adopt an innovative model similar to the one employed by the Delray Beach CRA, which supported the Delray CLT using SHIP First-Time Time Homebuyer funds. Between 2006 and 2007, the Delray Beach CRA transferred 19 lots to the CLT and transformed its first-time homebuyer program into a "sub-recipient partnership program." In this revised program, the SHIP funds, traditionally awarded to the purchasing households, were instead allocated to the CLT. These funds were used to subsidize the construction costs of housing units. The assistance was tied to the housing units in perpetuity, rather than to individual households. This strategy ensures long-term affordability of the properties. Moreover, if any of these units are put up for sale, the City retains the first right of refusal, enabling it to maintain the affordability of these homes (FIU Metropolitan Center 2008b).

- **Creation of Limited Equity Cooperatives:** Typically subsidized with public funds, limited equity co-ops are a homeownership model in which residents purchase a share in a development rather than an individual unit. Buyers must commit to selling their share at a price determined by a formula that pegs it to affordability standards (e.g., changes in area median income). Cooperatives provide long-term affordability solutions.

6. **Streamline Permitting for Affordable Housing Projects.** The Palm Beach County Housing for All plan, developed by the Housing Leadership Council, recommends the use of streamlined permitting mechanisms to expand and expedite affordable housing production. Potential tactics include:

    - Expanding the ability to administratively approve projects
    - Reducing requirements for impact studies
    - Hiring additional city staff to expedite the processing of, and provide technical assistance with, permit applications

    The latter strategy, which would involve flagging and prioritizing proposals that contain affordable housing units for review, may be the most effective. The City of Davie has effectively utilized this approach, for example. When proposals contain affordable housing, they are marked, and the Community Development director "hand walks" the developer through the permitting process (FIU Metropolitan Center 2008b).

7. **Expand Incentives in Affordable/Workforce Housing Plan.** The City could consider expanding the density, height, intensity, and parking relief provisions associated with its existing Affordable and Workforce Housing program. Deeper incentives may lead to a greater proportion of future housing projects being set aside for income-restricted housing. Strategies might include:

    - Subsidizing affordable development with land donations
    - Expanding or deepening the buy-down program
    - Using Section 9 of the Live Local Act, or Tax Increment Financing, to provide property tax abatements
    - Reducing or waiving permitting fees

    Given local needs, we recommend emphasizing the production of rental housing for those earning below 80 percent of the AMI. We also recommend discouraging use of the program's "in lieu of payment provision." This could involve clarifying in the City brochure that such payments will only be accepted in extenuating circumstances.

8. **Leverage the Surplus Land Provision of the Live Local Act.** As described in Chapter 15, the Live Local Act requires Florida municipalities to prepare an inventory of real property within its jurisdiction that is appropriate for use as affordable housing development. The provision attempts to stimulate further housing production by requiring municipalities to publicly list unused land to transparently promote development opportunities. We

recommend employing the implementation guidelines outlined in Chapter 15 to utilize this program for affordable housing development.

9. **Creative Layering with Surplus Lands Program: T**he City should explore ways to creatively layer the many subsidies and incentives this chapter, and the broader report, has discussed. This approach would harness various funding sources and programs, combining them in innovative ways to enhance affordability. The following example outlines how this could be achieved:

    - The City owns a significant amount of land near the downtown area. This land could be donated to a developer under the condition that it be used for affordable housing development.
    - Section 9 of the Live Local Act would allow the City to exempt the affordable housing development from ad valorem taxation if eligibility requirements are met.
    - The developer would also be eligible for zero percent financing through a current RFP associated with Palm Beach County Housing Bond.
    - The SHIP program would provide further access to funding that can be used for items such as demolition costs.
    - The developer could also utilize the City's Sustainable Bonus Program to increase density and obtain funding to buy down units.
    - The developer could also obtain sales tax exemptions for building materials through provisions in the Live Local Act.
    - Finally, the developer could potentially acquire resources from federal programs, such as the Home Investment Partnership program, the Low-Income Housing Tax Credit, and the Community Development Block Grants Program.

    While we cannot evaluate the viability of this specific strategy, our point is that most affordable funding sources will be inadequate in themselves for developing large-scale affordable housing projects. To address this, the City can leverage its surplus lands and aid developers in combining multiple incentive programs. This layering approach not only increases the total number of affordable units but also enables targeting lower AMI levels for household eligibility, thereby enhancing the project's impact on the community.

10. **Countering NIMBYism through Education and Outreach Campaigns:** NIMBYism, or "Not In My Back Yard," represents community resistance to new housing developments, especially affordable or high-density projects. Rooted in concerns about property values, traffic, and neighborhood character, NIMBYism is often driven by homeowners of higher socioeconomic status. These "neighborhood defenders" exert significant influence on local boards and commissions, and their actions can delay, reduce, or block housing developments—especially multifamily rentals and ADUs—exacerbating the affordable housing crisis (Glick et al. 2017).

    The City should consider implementing education and outreach campaigns to address this issue. These campaigns may fall under the jurisdiction of the proposed Office of Housing

Advocacy. The aim should involve dispelling misconceptions about low-income households, renter households, affordable housing, and its impact on communities; empowering underrepresented groups to advocate for housing needs, ensuring a more diverse range of voices in housing discussions; and reducing opportunities for NIMBYism to influence decision-making processes, thereby streamlining housing project approvals. The City should also directly engage with residents and ancillary boards through informed dialogue, highlighting the broader community benefits of diverse housing options, and promoting "Yes In My Back Yard" initiatives that advocate for increased affordable housing development and streamlined approval processes.

By implementing these strategies, the City of Lake Worth Beach can counteract NIMBYism, and ensure that housing policies reflect the needs of the entire community.

11. **Promote and Provide Technical Assistance to Developers Attempting to Utilize Live Local Act:** The Live Local Act created several funding streams, tax incentives, and regulatory mechanisms to encourage developers to pursue new affordable housing projects. We recommend leveraging these opportunities by following the guidelines developed in Chapter 15, which primarily involve designating staff to implement an awareness campaign around the incentives, encouraging strategic partners in the non-profit and private partners to pursue them, and providing technical assistance on qualifying for funding and exemptions. In particular, we recommend promoting the following provisions:

    - Section 8 of the Live Local Act amended Florida Statutes Section 196.1978 to expand ad valorem tax exemptions for non-profit entities that provide affordable housing.

    - Section 10 of the Live Local Act will allocate up to $150 million per year, dependent on annual revenues from the documentary stamp tax on real estate transactions, to a SAIL-like program that will subsidize the development of affordable rental units.

    The proposed Office of Housing Advocacy would be well-positioned to carry out these tasks and implement the recommendations discussed in Chapter 15.

12. **Leverage the Affordable Housing Property Tax Exemptions Created by the Live Local Act:** Section 9 of the Live Local Act gives the governing bodies of municipalities the authority to adopt ordinances that exempt portions of property used to provide affordable housing. The City may be able to utilize this provision to incentivize future affordable housing development. For large development projects, ad valorem tax abatements can generate substantial cost savings. Similarly, the City may be able to leverage the incentive to influence a few existing multifamily landlords, such as the Mid and Bohemian, to set aside additional units. We recommend following the implementation guidelines discussed in Chapter 15 to leverage these provisions for affordable housing development.

C. *Conclusion*

The strategies outlined above have the capacity to bring new affordable units into the City's housing landscape. However, these proposals must be implemented alongside protection and preservation strategies to mitigate the City's housing emergency. Housing production is important for sustaining long-term housing affordability. However, it will not provide immediate relief to residents experiencing distress, such as cost-burden and displacement.

New housing production takes years to carry out—especially at scale. Additionally, initiatives to produce large amounts of affordable housing in response to housing inadequacy tend to fall far short of expectations. For example, the Housing Act of 1949 endeavored to construct 810,000 affordable public and private housing units for low-income families, the elderly, and individuals living with disabilities across the U.S. via loans and subsidies. Similarly, the Housing and Urban Development Act of 1968 endeavored to construct 26 million housing units to address the nation's shortage of affordable and adequate housing (Orlebeke 2000; Menendian et al. 2022). And the 1992 Sadowski Act promised a dedicated funding source for affordable housing production across Florida. In the end, only a fraction of these units were completed. When implementing its production strategies, the City can take the following steps to minimize the risk of these failures:

- Have realistic expectations about production based on funding levels
- Establish concrete timelines and benchmarks for production goals
- Prioritize new production over demolition and redevelopment of uninhabitable housing
- Employ creative, "out-of-the-box" strategies.

In sum, although the City should utilize the funding streams and tools available through the Live Local Act and Palm Beach County Housing Bond to the best of its ability, producing a critical mass of affordable housing will require creative and unconventional approaches, such as the ADU and Residential Expansion programs we have proposed. Beyond creating affordable units at a faster pace, these programs will serve the equally important goals of equity and sustainability.

In relation to the issue of equity, we also recommend that the City reevaluate its commitment to single-family zoning and development. This commitment restricts opportunities for affordable housing development across the City and has negative implications for housing equity. Although roughly 60 percent Lake Worth Beach residents are renters, most of the City is for zoned single family residential housing with limited opportunities for affordable rental development.[113] Compounding this issue, many of the properties in single-family zones are vacant, as they are being used for seasonal homeowners and vacation rental operators.

[113] It should be noted that non-conforming uses exist within single-family residency zones due to historic construction.

These factors crowd a disproportionate number of residents into the zones where multi-family housing is permitted, which leads to overcrowding and the concentration of disadvantage. Indeed, nearly 4.5 percent of residents living in the block group corresponding to Pineapple Beach live in severely overcrowded conditions (more than two occupants per room) according to 2022 ACS data. And according to ESRI estimates**,** the population density of Block Group 51.012, which corresponds to sections of the Roya Poinciana neighborhood, is 18,397 people per square—the equivalent to a city such as San Francisco. On the other hand, the population densities of the block groups that map onto two of the City's prosperous single-family residency neighborhoods, Parrot Cove and College Park, are 2,296 and 4,753, respectively. Upzoning—even if effected "gently" by way of ADUs and subdivisions—would result in a more equitable distribution of land, housing, and opportunity within the City, giving working class renters access to areas that they are currently excluded from, and relieving the some of the overcrowding in existing multifamily zones.

CHAPTER 24: OFFICE OF HOUSING ADVOCACY RECOMMENDATION

A. Overview

As noted in Chapter 21, we recommend establishing a dedicated office that works to promote the right to adequate housing across Lake Worth Beach. Five major objectives should orient the office: (1) implementing, managing, and enforcing the City's Housing Justice Plan; (2) providing a one-stop clearinghouse to address issues related to housing insecurity, fair housing problems, landlord-tenant issues, and affordable housing development; (3) engaging in outreach and education to promote housing opportunities and housing rights; (4) establishing strategic collaborations to promote the right to housing in Lake Worth Beach; and (5) providing resources to promote the right to housing.

The Office of Housing Advocacy should be staffed by employees to fulfill the following roles:

- **Housing Advocacy Social Worker**: This staff member's duties and responsibilities would be multifaceted, focusing primarily on addressing individual housing concerns. Key duties would include: operating a helpline to address the housing concerns of residents; facilitating access to a range of public and private services and programs, tailored to meet each resident's unique needs; providing referrals and connections to vital resources such as emergency rental and utility assistance; and collaborating with various organizations, including the City's Code Compliance Division, the Department of Community Services, the Palm Beach County Housing Authority, and the Senator Philip D. Lewis Center, among others, to ensure comprehensive support for residents.

  This role is essential in navigating the complexities of housing issues, ensuring that residents receive effective and timely assistance. The ideal candidate would possess experience in direct service roles, such as case management or crisis intervention, with a focus on housing issues; experience navigating the complex social services systems of Palm Beach County; intricate knowledge of the County and State's public assistance programs; and an understanding of the unique needs of different populations, such as families, children, or the homeless.

- **Community Housing Rights Attorney:** This staff member's duties and responsibilities would include providing pro bono legal assistance to residents impacted by unlawful practices in the housing sector; providing residents facing eviction with the right to counsel; delivering complimentary legal advice and services for various housing-related issues; conducting complimentary workshops for residents—including both tenants and landlords—about their legal rights and responsibilities in housing matters; monitoring and reporting data on rights violations across the city; engaging in general legal advocacy for the housing rights of city residents; providing access to council by right for residents who receive eviction notices; and offering complimentary legal advice or services in relation to housing problems.

This role is instrumental in upholding and enforcing housing rights for Lake Worth Beach residents per local, state, and federal laws. The Attorney would play a vital role in safeguarding residents against infringement of their housing rights and ensuring equitable access to legal support. The ideal candidate would possess experience in providing legal assistance in the housing sector—particularly in areas related to tenant rights and eviction defense—and proficiency in conducting legal workshops and community education programs on housing rights and responsibilities.

- **Affordable Housing Development Liaison:** The Affordable Housing Development Liaison would serve as a crucial bridge between the City's Office of Housing Advocacy and the real estate development community. The ideal candidate for this role would have a strong background in urban planning, real estate development, or a related field, combined with excellent communication and relationship-building skills. A deep understanding of the affordable housing sector and familiarity with relevant laws and regulations would be essential.

  This role is designed to foster a collaborative environment conducive to the growth of affordable housing in the City. The key responsibilities would include:

  - Educating real estate developers about the City's affordable housing programs, opportunities, and compliance requirements. This involves organizing informational sessions, workshops, and distributing resource materials.
  - Ensure developers are fully informed about available programs and incentives related to affordable housing development. This requires staying current with all city, state, and federal housing initiatives and funding sources.
  - Providing hands-on technical assistance to developers in navigating and utilizing various affordable housing programs and incentives. This includes help with application processes, understanding eligibility criteria, and compliance with program requirements.
  - Actively encouraging developers to participate in affordable housing programs and use available incentives. This involves identifying and reaching out to potential developer partners and offering ongoing support to ensure successful project outcomes.
  - Building and maintaining strong relationships with developers, housing agencies, community groups, and other stakeholders to maximize the impact of affordable housing initiatives.
  - Monitoring and tracking affordable housing development trends, program utilization, and the effectiveness of incentives, and reporting findings to the Office of Housing Advocacy, the Department of Community Sustainability, and the Commission for strategic planning and policy development.

- **Director of Housing Advocacy and Development:** The Director of Housing Advocacy and Development would spearhead the Office's efforts in advancing housing rights, affordable housing preservation, and affordable housing development. This leadership role would be responsible for the strategic direction, management, research, outreach, communication, and collaboration efforts of the Office. Key responsibilities would include:
    - **Strategic Management and Leadership**: Oversee the overall operations of the Office, ensuring alignment with its mission to promote the right to housing through various initiatives.
    - **Funding and grant writing:** Explore funding opportunities to maintain and expand the Office's activities by identifying and applying for grants with local, state, and federal government as well as private foundations. The Director should leverage the findings and policy proposals in this report toward that end.
    - **Research and Policy Development**: Conduct and facilitate comprehensive research on housing distress, needs, availability, and equity. Utilize this data to inform policy decisions and support the City's Housing Plan, including ongoing studies to address specific area needs. This should involve reports to the Housing Advisory Board, City Commission, CRA, and other boards and partners.
    - **Advocacy:** Voice the organized perspective of residents in relation to housing justice issues—especially tenants and low-income households who are often underrepresented in government—to promote the right to housing. Advocacy should target non-profit, county, state, and federal organizations and agencies.
    - **Community Outreach and Education**: Lead educational campaigns to dismantle NIMBY attitudes and change perceptions about poverty and homelessness. Educate residents about available housing assistance and advocate for those experiencing housing insecurity.
    - **Website Management and Promotion**: Maintain and update the Office's website, highlighting its mission, services, and resources related to affordable housing, legal assistance, and direct aid.
    - **Strategic Partnerships**: Forge and maintain strategic partnerships with local organizations like the Housing Leadership Council. Collaborate with these partners to launch educational campaigns and support affordable housing development.
    - **Data Collection and Analysis**: Gather and analyze data from various sources to provide actionable insights. Make recommendations to the Housing Advisory Board and assist in developing agenda proposals.
    - **Interagency Coordination**: Coordinate with local and regional agencies and organizations, including housing-related non-profits, to achieve housing goals and preserve affordable housing options.
    - **Affordable Housing Advocacy**: Work closely with partner agencies to monitor and preserve multifamily properties with expiring affordability restrictions.

Advocate for residents' housing needs in political processes and engage in land banking initiatives for future affordable housing.

  - **Resource Mobilization and Technical Assistance**: Identify and disseminate affordable housing development opportunities. Leverage the Florida Housing Coalition's Catalyst Program for technical assistance.
  - **Promotion of Affordable Housing Opportunities**: Connect non-profit partners and private sector actors to affordable housing development opportunities, utilizing federal programs and resources.

The Director of Housing Advocacy and Development will play a pivotal role in shaping the landscape of housing rights and development in the community, ensuring equitable access to affordable housing and advocating for the needs of all residents. Desirable qualifications would include extensive experience in housing advocacy, policy development, and community outreach—particularly in Palm Beach County; intimate knowledge of local housing security and rights issues; knowledge of housing legislation, affordable housing programs, and community development; excellent communication and networking abilities; strong leadership skills with experience in managing teams and projects; experience in research, data analysis, and policy formulation; and the ability to work collaboratively with various stakeholders, including government agencies, non-profits, and the private sector.

B. *Supplementary Duties and Responsibilities of Office*

- Collecting updated data on housing distress, needs, and availability to inform policy decisions (Desmond 2016). This would support Policy 3.3.2.2 within the City's Housing Plan, which involves carrying out "studies and programs to identify and address the needs of specific areas of the City of Lake Worth Beach…on an ongoing basis."

- Collating data collected by the Office, as well as from other sources, and using it to make recommendations to, provide updates for, and develop agenda proposals for the Housing Advisory Board.

- Coordinating among agencies and organizations to achieve housing goals, including the Lake Worth Beach Department of Community Sustainability and Community Redevelopment Agency, the Palm Beach County Department of Community Services, Department of Housing and Economic Development, and Housing Authority, the HUD field office in Miami, and housing-related non-profits such as Habitat for Humanity, Adopt-a-Family, the Lord's Place, and others. This would support Policy 3.2.2.2 of the City's Housing Element.

- Working with partner agencies and organizations to monitor and preserve multifamily properties with expiring affordability restrictions—for example, economic incentives for preservation, transferring to non-profit or low-income housing providers, providing funding for rehabilitation.

- Obtaining and diffusing affordable housing development opportunities and technical assistance through the Florida Housing Coalition's Catalyst Program.

- Advocating on behalf of residents who cannot attend commission and advisory board meetings to ensure that their needs, interests, and concerns are represented in the political process.[114]

- Leveraging relationships with partner agencies to engage in land banking initiatives to accommodate future affordable housing.

- Promoting affordable housing opportunities by connecting non-profit partners and private sector actors to affordable housing development opportunities through federal programs and resources.

- Outreach and educational campaigns to destigmatize poverty and homelessness.

In developing a sustainable funding strategy for the proposed Office of Housing Advocacy, the City could consider several mechanisms, including leveraging Tax Increment Financing (TIF) revenues,[115] instituting a local options sales tax, working with the County to obtain Community Development Block Grants (CDBG) funds, applying for grants, soliciting donations, tapping into the City's Affordable Housing Trust fund, and/or locating the Office in under-utilized space or on surplus land.

We recommend that city staff investigate the costs associated with the establishment and operation of the Office of Housing Advocacy. This should include an in-depth exploration of the outlined funding mechanisms to ascertain their viability and compliance with existing statutes and city policies. Additionally, city staff should consult with members of the Office of Housing Advocacy in Miami-Dade County and the Office of Tenant Services in Orange County to gain insights on best practices for the establishment of such an office in Lake Worth Beach. Such due diligence will ensure that the pursuit of housing advocacy is both fiscally responsible and aligned with the City's strategic redevelopment goals.

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[114] This would be consistent with Policies 3.3.1.4, 3.3.1.5, and 3.3.1.6 of the City's existing Housing Element, which involve "engag[ing] neighborhood residents and organizations in collaborative efforts to share information, solve problems and plan for the future"; taking "a leadership role in developing a mutually responsive communications network among City agencies, neighborhood groups, citizens, community institutions and businesses to identify neighborhood concerns and to address them openly, thoughtfully and fairly"; and "using mailers, workshops, and others means of communication to engage residents in planning activities and decisions" (p.9).

[115] It is unclear whether the use of TIF revenues would be permissible. While they cannot be used to construct public administration buildings nor to fund general government operations, the proposed Office's activities could be considered planning, analysis, acquisition, and even preparation activities depending on its structure and operations.

CHAPTER 25: CONCLUSION

Our plan presents a dynamic, multifaceted strategy to address all facets of the house in crisis in Lake Worth Beach. However, the city should recognize the following limitations and challenges they will face. Those challenges include: no control over federal policy, limited control over population growth, limited control over the insurance landscape, limited control over interest rates, and severe restrictions due to state level preemptions.

1. **State Preemptions:** In recent years, the Florida Legislature has greatly restricted the ability of local governments to pass ordinances that address local housing needs. In 2011, the Legislature passed CS/HB 883, which prohibits local governments from regulating short-term vacation rentals (except for grandfathered regulations). In 2019, the Legislature passed CS/HB 7103, which requires local governments to fully offset all costs that developers incur from inclusionary zoning ordinances. CS/SB 102, passed in 2023, strips local governments of the authority to implement rent control ordinances during housing emergencies. HB 1417, also passed in 2023, prohibits local governments from regulating the relationship between tenants and landlords. And the 2023 CS/SB 170—a nuclear preemption bill—requires local governments to conduct business impact assessments before adopting new ordinances, allows businesses to sue them for passing "arbitrary" and "unreasonable" ordinances, and forces them to suspend ordinances in certain situations. Because many of these bills appear to be reactive to efforts by local governments to protect housing affordability and security—such as Orange County's 2023 rent control ordinance and Miami-Dade's 2023 Tenants Bill of Rights—additional preemptions may occur in the future.

   Collectively, these preemptions limit the tools available to the Commission, and city staff, for protecting the right to housing—for example, the implementation of rent stabilization, fair notice requirements, good cause eviction laws, and inclusionary zoning protocols that cannot be viably offset.

2. **Federalism**: Many of Lake Worth Beach's housing challenges are shaped by broader structural issues that are beyond the city's full control. These include, but are not limited to:

   - Inadequate funding levels for Department of Housing and Urban Development limit distribution of Housing Choice Vouchers
   - Restrictions on the construction of new public housing units
   - The increasing acquisition of residential housing stock by private equity firms and real estate investment trusts
   - High interest rates that increase production costs and limit homeownership opportunities
   - Tax policies, such as the Mortgage Interest Deduction, that distort the housing market in favor of affluent homeowners rather than less affluent homeowners and renters
   - Remote work arrangements that encourage migration to Florida

- Instability in the Florida property insurance market

Comprehensively addressing the City's housing emergency would require policies that address these issues, such as:

- Expanding funding for the Housing Choice Voucher Program
- Lifting restrictions on the construction of high quality public housing
- Raising documentary stamp taxes on real estate transactions by private equity firms, real estate investment trusts, and other institutional investors to discourage real estate speculation on residential properties
- Appointing a state housing czar to monitor and restrict market manipulation, the imposition of junk fees, and other unscrupulous landlord behaviors
- Creating tax exemptions for renters that mirror the Mortgage Interest Deduction
- Reigning in the Mortgage Interest Deduction to discourage second homeownership and high-cost purchases in markets with limited supply
- Expanding the homestead tax exemption for low- and moderate-income households to increase housing affordability

3. **City size:** Although Lake Worth Beach has a growing population, it falls just shy of the 50,000-person entitlement threshold needed to directly obtain CDBG apportionment. Consequently, the city lacks access the direct funding source that many larger cities use to address uniquely local housing needs.

4. **Funding Biases Towards New Production**: The current trend of public funding favoring new construction over the protection of renters and preservation of existing affordable housing is an impediment to effective action. With most state resources being allocated to production, the City will have to identify alternative funding sources. Assuming the provisions of the Live Local Act are maximally funded, only 26.6 percent of the $711 million allocation will be available for rehabilitation activities that could be used to preserve affordable housing, and only about 8.9 percent will be available for non-construction rental activities.[116]

5. **Government Lag:** A key finding of our study is the detrimental impact of government delays in addressing housing crises. For instance, Palm Beach County's response to the housing emergency illustrates this issue. The county passed a housing bond in November 2022 for affordable housing, but the first related construction projects won't start until two years later, around late 2024. This delay means that the bond's impact will be limited in addressing immediate housing needs. Emergencies demand swift and decisive action, but by the time government measures take effect, the most vulnerable may have already faced severe consequences. There's a critical need for governmental agencies to be more

[116] The only funds available for protection measures will be allocated through SHIP. The SHIP program allows for a portion of its funding to be used for activities other than construction, including rental assistance or other non-construction rental protections. Given that 75 percent of SHIP funds must be used for construction, the remaining 25 percent, amounting to $63 million, could potentially be used for these purposes. Thus, about 8.86 percent of the total LLA funding could be available for non-construction rental protection activities.

agile and proactive in emergency situations, which mandatory participation procedures and bureaucratic procedures can complicate.

6. **Local Politics:** Proposals to produce and preserve affordable housing often encounter opposition from “neighborhood defenders” with who fear that it will lower their property values or attract the “the wrong types of people” into a community. Researchers have found that local institutions designed to enhance participation in planning decisions often empower unrepresentative groups to stop the construction of new housing or block programs to assist people facing housing insecurity (Glick et al. 2019). Some level of opposition to the proposals contained in this report should therefore be expected.

Although these factors serve as obstacles to addressing the City’s housing emergency, we believe that there are many actions the City *can* take that will significantly improve housing affordability and security in Lake Worth Beach.

CHAPTER 26: POST-STUDY UPDATE: NEW INSIGHTS AND ADDITIONAL RECOMMENDATIONS

A. Introduction

Following the submission of our final report, the researchers were encouraged to consult with key housing sector representatives in Lake Worth Beach to gain their insights on the city's housing situation, discuss the study's findings, and explore additional recommendations for enhancing housing security. This supplementary chapter presents the observations from these discussions along with relevant updates. It is divided into three sections, focusing on:

- The obstacles to improving housing security identified by the housing sector representatives
- An assessment of the City's progress in establishing and enhancing an affordable housing delivery system over time
- The recommended measures for enhancing housing security from our discussions with key stakeholders.

The primary theme that emerged from our interviews is the complexity of improving housing security, which is akin to solving a Rubik's Cube: addressing one challenge often exacerbates others. Specifically, tensions exist between:

- Preserving existing affordable housing and improving its quality
- Increasing the housing supply and mitigating gentrification
- Attracting high-wage jobs and alternative transportation options while mitigating gentrification
- Creating a tax base that can support housing services while preserving the affordability of existing housing and community character
- Balancing housing production with residents' concerns about overdevelopment, parking availability, and other quality of life issues.

Addressing these challenges will require balancing economic development initiatives, affordable housing incentives, and potential changes to the city's future land use plan—such as liberalizing restrictions on height, density, and intensity—with simultaneous policies to mitigate gentrification and displacement, such as a no net-loss policy, demolition controls, a condominium conversion ordinance, a source of income protection ordinance, and community benefit agreements for high-impact commercial developments. Additionally, it will require ongoing efforts to mitigate opposition to new affordable housing through education and outreach campaigns, and a readiness to accept and adapt to nascent community changes driven by rapid regional population growth.

A secondary theme that emerged from our interviews is that improving housing security will require the strategic coordination of multiple incentives, zoning changes, housing assistance programs, and anti-gentrification measures, along with collaboration from a litany of actors, including the county, state, and federal governments, as well as private and non-profit partners. There is no magic bullet for the housing crisis, and the City alone does not possess the resources required to rectify it. The presence of a dedicated housing department, office of housing advocacy, affordable housing advisory board, or affordable housing administrator would facilitate this coordination. While the CRA coordinates many affordable housing collaborations at present, it is not a dedicated housing agency; has no authority over zoning, land use, or code compliance; and is limited to acting within the CRA District.

The observations in this chapter add nuance and depth to, but generally agree with, the findings and recommendations outlined in our primary reports.

B. New Insights into the Obstacles to Improving Housing Security

During our interviews with the Department of Community Sustainability and Community Redevelopment, interviewees discussed the following impediments to enhancing housing security in Lake Worth Beach:

1. **Inability to Regulate Mobile Home Parks and Displacement Threats:** Mobile homes are one of the largest sources of affordable housing in Lake Worth Beach—a trend that parallels the country at large.[117] However, interviewees noted that some of the conditions in the City's mobile home communities were very poor. The City's mobile home park owners do not adequately regulate living conditions in their communities because they do not own the housing units. As with most mobile home parks in the U.S., the residents individually own their units and pay ground rent to the park owner. These residents are disproportionately low-income. Many purchase units that are already in poor condition due to a lack of other options and lack the financial capability to improve or update them.

   The Community Sustainability Department has limited capacity to improve the conditions. In Florida, the regulation and inspection of mobile homes is primarily governed by the Department of Highway Safety and Motor Vehicles (DHSMV) rather than local building code enforcement. Local code enforcement does not typically have the authority to inspect mobile homes for safety and structural integrity violations or to condemn them.

   Mobile homeowners also face the risk of gentrification and displacement as South Florida's population and economy continue to grow. According to our interviews, investors have expressed interest in redeveloping Lake Worth Beach's mobile home parks. Given the County's shrinking stock of developable land, these parks constitute valuable real estate. Indeed, in 2023, an unnamed developer attempted to purchase the Briny Breezes mobile home community in Palm Beach County for half a billion dollars (Bohman 2023). A buyout and subsequent redevelopment could lead to a significant reduction in the City's affordable

[117] Over the past 40 years, mobile homes have become the largest unsubsidized source of affordable housing in the U.S., the fastest-growing form of new housing—constituting two-thirds of new affordable housing—and one of the most demanded housing types. These trends are driven by increasing fixed-home rents and prices, decreasing federal housing assistance, and a strong desire for continued homeownership (Sullivan 2017).

housing stock, mass displacement of low-income households, and severe hardship for affected families.

Previous research has found that mobile home park closures devastate the households who are evicted from them, who are disproportionately elderly and low-income. These residents lose access to their communities, neighborhoods, and local ties, and they generally lose their mobile home units as well (Sullivan 2017). Despite their name, most mobile homes are immovable, especially if they are old, modified, or in poor condition. Residents must typically abandon these units. Although the Florida Mobile Home Relocation Corporation provides $1,375 in compensation in these cases, the payments are a fraction of the evicted residents' replacement costs and relocation fees.

Those who can relocate their units receive a $3,000 state subsidy, when the actual relocation cost typically ranges from $5,000 to $15,000 dollars, excluding the damages their units often incur during the move (Paul 2023). Moreover, to receive these funds, residents must be able to prove that they own their units. Many of the City's mobile home residents will be unable to do this, meaning a critical mass of residents will face a total loss with no relocation assistance if the parks are redeveloped. Indeed, an interviewee who had redeveloped "two mobile home parks in Hollywood" told us that they "only had three [households who qualified for relocation assistance], because [most of the] mobile homes weren't relocatable," and some residents could not document ownership of their units.

Currently, the City's height, density, and intensity restrictions limit the redevelopment potential of mobile home parks. Because they have few input costs and limited liability, mobile home parks typically generate significant profit (Sullivan 2017). To maintain the current revenue streams, the City would likely need to allow the mobile home park owners to redevelop the property in a manner that is much more intensive than current land development regulations allow. However, as the mobile home units depreciate and as the City considers revisions to its Future Land Use plan, redevelopment and displacement become strong possibilities, which the City must be prepared to navigate.

2. **Challenges Regulating Converted Motel and Vacation Rental Units:** Many low-income households in Lake Worth Beach rent small apartments and motel units along the South Federal Highway corridor. Initially built decades ago for vacation and seasonal rental housing, these buildings have not been adequately maintained over the years and have fallen into disrepair. As the buildings deteriorated and online marketplaces for short-term vacation rentals, such as Airbnb and Vrbo, emerged, the tourist market dwindled. Consequently, these buildings transitioned into hybrid uses, with some units functioning as long-term rentals and others as motel rooms. The Department of Community Sustainability (CSD) eventually required property owners to "decide what [they were] going to be and stick with it," leading some owners to opt for long-term rentals and others to become motel operators. Both groups cater to residents priced out of higher-quality rental options due to high move-in costs, eviction records, or poor credit. Although the monthly, weekly, and nightly room rates

provide shelter, many of the units are substandard, forcing residents to endure undignified conditions. Additionally, previous research has shown that extended stay lodging is insecure, impedes the ability to save, and frequently transitions into homelessness (Ross 2021).

Interviewees stated that rehabilitating these units while maintaining affordability will be a challenge. First, some of the properties are in a flood zone, which increases their insurance costs and makes them risky investments. Second, many require repairs that exceed the substantial rehabilitation threshold, necessitating significant remediation and investment. As one interviewee stated, "when people realize how much they have to invest to get those properties to minimum code, it throws a real wrinkle in the affordability unless there's a subsidy." Because the units are outside the CRA district, the City's ability to provide redevelopment assistance is limited. Although the County's bond program provides a potential affordable redevelopment funding source, the CSD indicated that its 50-year affordability requirement may deter developers from utilizing it.

Given the substantial redevelopment costs and limited availability of redevelopment assistance, many of these units are at risk of being redeveloped as market-rate microunits, small market-rate apartments, or condominiums, likely displacing existing residents. As detailed in our previous reports, we observed several instances where this had already occurred.

3. **Challenges Regulating Bad Actors:** As outlined in Chapter 5, several local landlords—often those owning the City's most substandard properties—began price gouging during the COVID-19 pandemic. Some of these bad actors were existing landlords, while others are new investors. Legal restrictions have impeded the CSD's ability to address these instances of housing exploitation. As discussed in Report #2, the Florida Legislature passed the Live Local and Residential Tenancies Acts in 2023, which prohibit local governments from implementing rent controls or regulating the relationship between landlords and tenants. Examples of such regulations include providing tenants with the right to deduct necessary repairs from their rents, obtaining fair notice for rent increases, and more. Additionally, the pandemic lockdown, coupled with potential legal challenges, forced the CSD to scale back its primary program for ensuring the safety and adequacy of rental units: the Use and Occupancy Inspection program, which requires landlords to pass an inspection before legally renting an apartment or connecting their utilities.

   Consequently, the CSD's efforts to regulate housing quality and landlord behavior have faced challenges. Some landlords illegally rent units before obtaining Use and Occupancy certificates. In these situations, tenants move into illegally rented units and face difficulties such as being unable to turn on utilities because the unit has not passed its inspection or has failed and requires repairs. These instances of non-compliance put the CSD in a difficult situation, where they must either enforce their rules quickly before the tenant faces adverse consequences, or allow tenants to access utilities in an illegally leased unit that may not be safe for occupancy. Similarly, the CSD has also faced the problem of tenants calling Code

Compliance after moving into substandard units, complicating the process of remediating code violations. Bringing properties into compliance typically takes time, and if the violations are substantial, tenants may need to vacate, posing relocation challenges.

In sum, the CSD has limited tools for dealing with negligent landlords. It can utilize fines, liens, and eventually foreclosures, but these tools do not rapidly improve tenants' living conditions, not all landlords respond to them, and staff lack the resources to utilize their most potent enforcement mechanism: foreclosure. As one individual told us, "If the property owner wants to be a bad actor, they can let their property run fine. [The City has] hundreds of properties that have been authorized for foreclosure, but [they] have nowhere near the resources to even try to move forward on even five percent of them." Moreover, some landlords employ unethical tactics to avoid lien attachment and foreclosure, such as switching ownership to different LLCs—a tactic commonly used by landlords who purchased substandard rental properties in bulk after the Subprime Mortgage Crisis.

Finally, the costs that landlords incur to bring their properties into compliance when the CSD is successful sometimes lead to negative unintended consequences. Researchers have found that aggressive code enforcement often leads to trading one problem for another (e.g., after fixing the air conditioning unit, the landlord cancels pest control to recoup expenses), rent increases, eviction in lieu of fixing property issues, or sale of the unit (Greif 2022). Indeed, the CSD noted that its code enforcement actions have, in some cases, "led to properties being sold and taken on by a new owner, which probably led to some people being displaced."

The paradox of code enforcement is that, in many cases, tenants pay the compliance costs through increased rent or displacement. When this occurs, inspectors and courts have few resources to assist vulnerable tenants facing these consequences. As someone told us, "[the City can only make landlords take their properties off the market] if it gets to such a state that it can be declared unsafe, which is a pretty high threshold…But if someone's living there, then where do they go?" Indeed, when the CSD declared part of a building on South Federal Highway unsafe a few years ago, believing "it was going to imminently collapse," they encountered challenges rehousing the 16 families who had to vacate their units. "We tried to get help from a number of entities to try to provide housing for those 16 families. We did find some, for some of them," but the others received no assistance.

4. **Property Scarcities and High Acquisition Costs for Redevelopment:** In the aftermath of the Subprime Mortgage Crisis, the CRA redeveloped hundreds of blighted properties into deed-restricted affordable housing units. An abundance of cheap property, low interest rates, and federal support made this possible, along with skilled leadership and strategic collaboration across multiple partnerships. And individual involved with these efforts told us they were not only able to acquire properties cheaply during this period, but that they also received several for free from banks: "A lot of people just handed [housing units] over to us." This enabled them "to do a lot of affordable housing for very, very inexpensive once [they] got [a $23 million NSP2 grant from the federal government]."

An interviewee stated that today's situation is very different: "It's kind of the opposite today. The CRA is scrounging looking for lots. Lots are going for probably about five times what they did back then. And it's been incredibly difficult trying to do affordable housing." It has attempted to adapt to these conditions by targeting LLCs that own multiple properties. They approach these entities to gauge interest in selling their portfolios, and they are often willing to sell. However, some of these portfolios are expensive despite requiring significant investment. Given the high property acquisition costs, the CRA's real estate advisors have sometimes encouraged the organization to simply buy land, given that building costs can be less in the City's inflated market.

In sum, limited property availability, inflated property values, high interest rates, growing land scarcity, and inadequate support from the federal government have impeded the CRA's ability to develop affordable housing at the scale that was possible a decade ago.

5. **Challenges with Creating Affordable Rental Opportunities through the CRA and Addressing Housing Needs Outside the CRA District.** Multi-family development is a key strategy for improving housing affordability, as these projects have lower per-unit costs and provide more attainable options for low- and moderate-income households compared to single-family ownership opportunities. However, the higher upfront costs associated with acquiring and rehabilitating multi-family properties have limited the CRA's capacity to redevelop them in Lake Worth Beach. Homeownership projects are typically easier for the CRA because of costs. Additionally, the CRA was not designed to own or manage multi-family properties, and many of its partners, such as Habitat for Humanity, also focus on single-family homeownership. Given these factors, the CRA sometimes avoids heavy involvement with multi-family projects, preferring to expedite their transfer to other entities to handle rehabilitation.[118]

   Whereas the CRA is best equipped for creating ownership opportunities, the City faces a dire need for affordable rentals, an issue the CSD highlighted during our interview. Throughout the study, several interviewees also noted that rental projects benefit more people than ownership assistance programs (though not as deeply). Thus, while the CRA has been highly successful in making homeownership attainable for low-income families, it has inherent limitations in creating rental units. Additionally, it has no ability facilitate affordable rental projects outside the CRA district.

6. **Housing Production Challenges in Light of Land Scarcity and Public Opposition to Height, Density, and Intensity:** Multiple stakeholders cited public opposition to height, density, and intensity as significant impediments to affordable housing production in Lake Worth Beach. Their commentary echoes findings from studies conducted by the Housing Leadership Council of Palm Beach County, the Florida Housing Coalition, the FIU Metropolitan Center, and multiple academic researchers (Glick et al., 2019; Ross, 2021;

[118] Instead of leading multi-family redevelopment projects, the CRA facilitates them by providing subsidies (e.g., for infrastructure, pre-development, etc.), facilitating transactions, providing matching funds, buying down units, and occasionally using tax-increment financing. These efforts aim to support other organizations in rehabilitating blighted multi-family properties.

Schuetz, 2022). As one interviewee stated, “For affordable housing to work, you have to be open to intensity, density, and location. And if we’re going to fight every building over three stories, we’re never going to go anywhere… Getting over the density hurdle [is one of the main challenges to improving housing affordability in Lake Worth Beach].”

Developers we interviewed emphasized that building affordable housing units requires achieving economies of scale, which height and density restrictions undermine. One study interviewee mentioned: “There’s been this fight against units and height, and it doesn’t seem to matter whether they’re affordable or not. I know [one recent project that] had to come down a floor. It was originally, I want to say six or seven floors, and it came down to five, which just means there are fewer units, making it harder to make the deal work.” As noted in Report #1, height and density restrictions pose particular challenges for developers attempting to utilize the federal Low-Income Housing Tax Credit (LIHTC) program—the federal government’s primary affordable housing production initiative.

Although the City offers bonuses for affordable housing development, interviewees indicated that these incentives are not always sufficient. As a development professional explained, “Only two to three stories [are permitted by right], and everything else is some kind of bonus. [For some developers], it’s just too complicated to go through [all of the steps required to obtain the bonuses].”

Height and density restrictions have also impaired the City’s ability to benefit from recent legislation like the Live Local Act, which provides financial benefits to developers in exchange for affordable housing development. Such projects are most effective when they are large. As an interviewee explained: “I have several developer friends trying to figure out how to make a project work when it’s less than 100 units, and they’re struggling.” Although the City has a few Live Local projects moving forward, they are not very big, meaning they may not succeed, and if they do, they will not create many new units.

Height and density restrictions are particularly onerous to affordable housing developers in the context of increasing land scarcity. As a small City approaching build-out, Lake Worth Beach has few large parcels of unimproved land. According to interviewees, this scarcity requires developers interested in pursuing large affordable housing projects to either build vertically or engage in land banking—a process that was described as “mind-wrecking,” especially given that restrictions on height and density, coupled with public opposition to intensity in some locations, can forestall projects even after developers assemble a critical mass of parcels.

For example, when the CRA obtained its NSP2 grant, it took out a line of credit to assemble properties and subsequently released development RFPs. However, we learned through interviews that “not all of them were successful, especially in downtown, because there is…resistance to height and density, and people seem to be extremely worried about traffic.” Some believed these sites would “linger” until height and density restrictions are reconsidered. As one interviewee continued: “There seems to be a lack of understanding that the more density you take away, the more you increase parking requirements, the more you [restrict building heights], you’re making it harder for the project to work.”

Beyond opposition to height, it should also be noted that the public has expressed opposition to efforts to create "gentle density" through micro-units and accessory dwelling units. For example, several residents voiced opposition in response to a presentation on micro-communal housing units during the April 4, 2023, commission meeting. Similarly, former commissioner Omari Hardy attempted to pass an ordinance allowing ADUs in single-family residential (SFR) zones in 2019, but it was rejected after more than 600 residents signed a petition opposing the ordinance, claiming that it would lead to parking issues, overcrowding, and crime. After the defeat, Hardy lamented how some members of the public have opposed every option for addressing the city's affordable housing crisis, from large buildings to granny flats, showing tolerance only for traditional single-family homes (WLRN 2019).

In sum, federal and state affordable housing programs and incentives are not well-suited for Lake Worth Beach's restrictive zoning codes—especially in the context of growing land scarcity. These programs prioritize expansive projects that create affordability through economies of scale. The small infill proposals the City allows often prove uncompetitive due to their high leverage ratios. Although every unit the City creates helps to reduce high housing costs, development restrictions significantly limit the amount of new housing being created—especially when even efforts to create gentle density are opposed.

7. **NIBMYism, Classism, and Opposition to Affordable Housing Development:** In addition to opposing height, density, and intensity, many Lake Worth Beach residents have expressed opposition to the development of affordable housing units, showing a preference for market-rate units instead. As an interviewee stated, "There [has been] a great deal of opposition to any kind of affordable housing [in Lake Worth Beach]. The City had the NSP2 program that was $23 million…They were very, very successful with some of the projects that were coming in, but [many residents] were fighting it."

   Public opposition has been rooted in several sources: (1) standard concerns about impacts on parking, traffic, density, and other quality of life issues; (2) the desire for mixed-income neighborhoods; (3) fears about affordable housing negatively impacting property values; and (4) negative stereotypes about low-income households. For example, one interviewee noted how a resident stated that that they "don't like the look of poor people" during a public meeting. During several meetings, commenters have invoked stereotypes about low-income households, such as the belief that they are predisposed to criminal behavior and substance abuse, in an effort to reduce or block affordable housing development.

   We were told that NIMBYism is particularly acute on the East Side of the city. As one interviewee stated: "My fear is that we're going to have an East Side that is completely out of range for most people to afford, and then a West Side that has a lot of really big projects in it…There seems to be a lot more focus on keeping the East the way it is, [with an attitude of] 'let all the redevelopment go to the West Side.'" The interviewee worried that opposition to affordable development on the East Side was leading to economic segregation in the city, a worry that results from our neighborhood affordability analysis reinforce.

   In sum, residents across the income scale have expressed opposition to affordable housing production in Lake Worth Beach, often based on false stereotypes about working-class people. This concerted opposition has had a deleterious impact on development, especially as it prompted the City to modify its Comprehensive Plan in 2017, which now emphasizes "workforce housing" rather than affordable or attainable housing.

8. **Insufficient Incentives and Development Rights for ADUs:** As detailed across our reports, many housing experts believe that liberalizing regulations and providing production incentives for accessory dwelling units (ADUs) can help to ease the affordable housing crisis. On May 29, 2024, the Commission voted to make minor changes to the Affordable/Workforce Housing Program tiers. The changes allow the development of ADUs set aside for affordable/workforce housing in many of the City's residential zones. However, the proposed ordinance was amended to exclude single-family residential districts. Consequently, ADU production will remain impermissible in over 60 percent of the City. These use restrictions, coupled with economic challenges, will likely impede the development of ADUs as an affordable housing option across the city.

   Interviewees indicated that there are not enough financial incentives to build ADUs within the City's current economic and regulatory environment. ADUs are not permitted by right in the zones they are most needed, and some of the areas that allow them require deed restrictions, which may discourage development. They are also expensive to build due to high interest rates and construction costs, ranging from $60,000 to over $200,000 (Ogletree 2023), and result in increased property maintenance, homeowners insurance, and property tax expenses. Significantly, the County recently decided that the Homestead Exemption cannot be applied to ADUs that are rented. One interviewee who operates an accessory rental unit noted that the new property tax rule caused their taxes to significantly increase, which they passed onto their tenant. As the interviewee continued: "If you're going to escalate taxes at 10 percent a year, you are not encouraging many people to build ADUs."

   In sum, current use restrictions, deed-restriction requirements, tax rules, insurance issues, and building costs pose significant impediments to ADU development. As a person familiar with the issue told us, "I don't know if people are going to be overly encouraged [to build ADUs] once they look at the whole [picture]: how much it costs to build them, what it will rent for, and then the taxes and insurance on carrying it, [and the potential deed restrictions], it's not going to work for everybody."

9. **Mismatch between County and City Affordability Thresholds:** Our interviews reinforced a key finding noted throughout our study: the County's area median income (AMI) standards, which have reached $104,000, have impeded the City's ability to attract affordable and workforce housing units that meet the needs of city residents. When the CSD established the City's Affordable Housing Program, "the vision was that if somebody was making…$15 an hour, they can live in a studio by themselves and spend no more than 30 percent of their income." However, such individuals cannot afford set aside units tied to the County's affordability standards. To even qualify for a subsidized apartment under the County's standards, a single individual must earn $62,400—equivalent to $30 per hour for full-time work—and pay a minimum of $1,125 per month for a studio apartment, which almost places a $15 per hour worker into a severe cost burden.

The mismatch between county and city affordability thresholds has dampened public enthusiasm for affordable housing production in Lake Worth Beach. Ironically, some low-income households fear that new developments through housing programs will spur gentrification. As an interviewee told us, “a lot of people…realize that as we push for affordable housing [tied to the county’s income brackets], there is a likelihood that we will have gentrification as a result of the creation of affordable workforce housing, and that people who already live here may get displaced.” Although these units may take pressure off the existing market by increasing supply, they provide few direct benefits to the City’s existing renter households.

This challenge has led some people to advocate tying the City’s affordable housing requirements to local rather than county standards. However, other development professionals warned that using a local standard could have negative unintended consequences. As one told us, “Setting up different rules and regulations for affordable housing than what the county has [would be] maddening to developers…I know there’s a number of people in the city who think that AMI is too high in the county, and therefore they want us to use our own AMI, but it doesn’t help. It just makes things more complicated.” The interviewee feared that if the City establishes its own rules, developers “are not going to do it. They’re just not. They want to go the easiest route to get [their projects approved]. And they’re also going to look for ways to fill [the revenue] gaps [created by more stringent affordability standards], and we [don’t have many means to do that]…So, when you add more regulation and less help, it just frustrates people to the point where they just don’t want to do projects.”

In sum, the City faces a double bind. Existing affordable and workforce housing do not meet the City’s needs due to reliance on the County’s AMI standards. However, replacing the County’s standards with a local standard may discourage new development by making the process of qualifying for incentives more complicated and reducing developers’ profit margins.

10. **Opposition to Stacked Incentives at the County-Level:** According to stakeholders we interviewed, successfully developing affordable housing requires sophisticated financing strategies that layer multiple subsidies and incentives. Some interviewees expressed concern that the rules the County has established for its housing bond program are overly restrictive for developers attempting to layer incentives. For example, any new development utilizing one of the City’s bonus programs must conform to a 15% affordability requirement, which disqualifies them from potential bond proceeds. As one person told us, “If the City of Lake Worth Beach were to give an incentive for affordable housing, you can’t get [bond money]…and if you really want to tackle affordable housing, we need to stack [incentives].” Indeed, the CSD mentioned that “five or six projects” within Lake Worth Beach had applied for bond financing, but they worried that their receipt of the City’s Sustainable Bonus Program would “make them uncompetitive [with the county’s evaluators],” when “they need the money [to develop the projects].”

In sum, the County's bond rules, which were designed to create affordable/workforce housing in addition to existing requirements and incentive programs, may be too restrictive for some affordable housing developers interested in Lake Worth Beach.

11. **Impact Fees, Regulatory Requirements, and Inefficient Permitting:** Rising interest rates, property values, building costs, and labor shortages have significantly increased the cost of producing and rehabilitating affordable housing in Lake Worth Beach, creating what one interviewee described as "the perfect storm" of challenges. Many developers have difficulty making even market-rate projects viable, and, according to one interviewee, "there's really no upside to [building affordable housing for them]" in most cases. As costs have risen, the feasibility of housing projects has increasingly come to depend on government subsidies and regulatory abatements. Even when economic conditions were more favorable, a person involved in the NSP2 attributed its success to the City and County's willingness to "reduce parking requirements, waive the requirements for a sprinkler system, reduce impact fees, and a lot of [other] small things that really helped us…generate units."

    Several interviewees in the development industry expressed their belief that the government is not doing enough to incentivize and reduce the cost of producing affordable units during this challenging time. One interviewee noted that the City no longer offers the fee and regulation waivers that facilitated previously successfully redevelopment efforts. Similarly, I was told that "when you add up all the impact fees for just a single-family housing in the city, it's close to $20,000," and far more for multifamily developments. Combined with restrictions on density, height, and intensity, which inhibit developers from achieving economies of scale, these impact fees increase per-unit costs and undermine the economic feasibility of new housing projects.

    Some interviewees also stated that developers "don't like working [in Lake Worth Beach]" because "it has a reputation of not being business friendly." They mentioned that "the process [of obtaining permits]…and the cost to just do anything…can sometimes be frustrating." One claimed that obtaining a building permit sometimes requires an additional three months of compared to other cities in Palm Beach County. The difficulties and delays were not attributed to onerous processes or uncooperative staff but to "turnover in some of the departments." Because Lake Worth Beach is small and has a limited tax base, it cannot pay city staff at rates commensurate with more affluent cities in South Florida. Through interviews, we learned that some staff have relocated to Martin and St. Lucie counties due to rising housing costs, and that these staff sometimes subsequently resign due to the long commutes and high transportation costs they face.

    Beyond losing talented workers, turnover can frustrate housing development. As one interviewee told us, "Because of the turnover, you get different answers [to questions about permitting requirements and land development regulations] at different times. So, one person's in charge, and they want you to do it a certain way, and you get all that done, and then they leave, and a new person comes in—which has happened to us—and they want it done a different way. Then we're starting the clock all over again…When you're sending plans from one department to another, and there's one person in charge of it at each of those, it's easy for plans or paperwork to be held up a considerable amount of time [if someone leaves]".

In sum, high impact fees—when coupled with restrictive zoning codes, public opposition to affordable housing, and the inability to layer certain development incentives—undermine the economic viability of affordable housing projects. On top of this, staff turnover, driven itself by high housing costs, further discourages housing production by leading to delays and complications with the permitting process

12. **Mismatch between the Country's Market-Based Housing Approach to Housing Production and Cultural Attitudes about Public Expenditures:** Some interviewees expressed the belief that discomfort with facilitating profit for private housing developers has discouraged maximal affordable housing development across the City and County. Many policymakers and members of the public prefer that developers address housing needs without pursuing profit maximization and are reluctant to enrich them with public money. They also worry about the perception of lavishing incentives on for-profit entities and creating the impression of promoting corporate welfare. However, in the absence of a federal and state commitment to social housing, interviewees expressed the realist perspective that affordable housing will not be developed unless it is made profitable through government incentives.

    As one interviewee stated, "At the end of the day, people can invest their money wherever they want, and they expect a return. And if the numbers don't [approximate] that return, they're going to invest in something else. So, yes, the boogeyman appears to be, 'oh my gosh, that person's going to make so much money if they do housing.' Well, they can put their money in the bank and make 5.5 percent not having any risk at all. [But if they invest in a housing project], they have to carry a property for three years before they can start charging for rent. So something has to break somewhere."

    The interviewee went on to express their belief that aversion to using tax money to incentivize private developers was discouraging policymakers from "taking advantage of all the things that are available to help ensure that people will take the risk to do the developments." They stated that policymakers withhold incentives they are capable of giving, neglect to utilize state programs and rights, and create rules that prohibit layering practices. By not doing enough, interviewees predicted that the county was going to "get a lot of housing that's on the upper end of the affordability spectrum, and they're not going to have anything at the bottom end…The 80% AMI and below, I don't think they're going to get served [unless we offer deeper incentives], and that's a lot of our communities."

    In sum, some interviewees expressed the belief that offering strong profit opportunities to developers was a necessary part of affordable housing development so long as the country and state operate within a market-based framework. Early in our research, we spoke to a non-profit housing organization that stated the government had to become comfortable with losing money to solve the affordable housing crisis. Some interviewees took this step further, asserting that within the parameters of our present economic system, local and state governments must also become comfortable with allowing private housing developers to earn generous profits. However, some policymakers will not feel comfortable doing this, and if they do, they may face significant public backlash.

13. **Balancing Affordable Housing Preservation with Efforts to Generate an Adequate Tax Base:** For many years, Lake Worth Beach has restricted the forms of development that have led to rapid gentrification in cities like West Palm Beach and Delray Beach, namely by limiting intensive construction and taking measures to preserve its natural affordable housing stock. This has created challenges for the CSD, which, in addition to ensuring that housing options are preserved, must ensure an adequate tax base to fund essential services, including housing services.

    The CSD noted that the City only receives $7.5 to $8 million in ad valorem taxes each year, which "is not a lot of money to run a city…We don't have any wiggle room, and we have a lot of fixed costs that are out of the commission's control, and they're going up every year: pensions, health insurance, a whole number of things. And so not having a healthy tax base is also a challenge, and people look at that when they come to invest too."

    Interviewees relayed that preserving affordability, addressing quality of life concerns, and ensuring adequate tax revenue is a delicate balancing act. Forgoing potential sources of gentrification that would increase the tax base can lead to negative unintended consequences that intensify housing strain in other ways. For example, to compensate for its anemic tax base, the City transfers commercial utility revenues into the general fund, which has led to high rates that discourage investment and limit the creation of new employment opportunities in the City—a tradeoff that ultimately leads to cost burden. Similarly, limited revenue restricts the ability to pay city staff adequate wages, which can impede code enforcement and permitting processes that affect the local housing situation. Additionally, aversion to commercial development and market-rate housing development curtails potential revenue streams for providing services to individuals and families facing housing insecurity.

14. **Balancing Affordable Housing Preservation with the Development of Alternative Transportation Options:** While efforts to control population growth and avoid gentrification by regulating commercial and residential development can mitigate rising housing costs, they can reduce the City's ability to attract alternative transportation options—such as increased train/bus service, whether public or private—which may require high population densities. These transportation options are essential for serving low-income residents who cannot afford automobiles, connecting residents to job opportunities in surrounding areas, enabling workers to commute into Lake Worth Beach, and reducing the County's carbon footprint. Indeed, transportation represents the second largest monthly expense for most American households after housing (Schuetz 2021).

    Transportation is a critical component of housing affordability, as low incomes and high transportation costs are major contributors to cost burden. Discouraging automobile use and creating incentives to expand alternative transportation will enable households to access higher-paying jobs, eliminate a costly expense, reduce traffic and congestion, and abate climate change. Paradoxically, efforts to avoid gentrification and rising housing costs can exacerbate cost burdens if they also lead to higher transportation expenses for residents.

15. **Balancing Long-Term Affordability with Long-Term Housing Quality.** In response to the regional housing crisis, state and county policymakers have begun offering incentives to developers in exchange for affordable housing development. To act as responsible stewards of tax expenditures and ensure long-term affordability, they have pressed for extended deed restrictions of 40-50 years for properties that receive public subsidies or financing. One primary example is the county's new housing bond program, which mandates these long deed restrictions. One experienced developer described this commitment as "admirable" but "unrealistic."

    First, prolonged deed restrictions discourage developers from utilizing the incentives. Second, they encourage developers to build units that target the top end of the affordability spectrum. Third, and most importantly, interviewee asserted that long-term deed restrictions can "lead to substandard housing…I've told [the County] that 40-50 year commitments are never going to work, because…the properties are going to be depreciated within 25 or 20 years, and the developer or owner is going to need to do a significant investment in them. They're not going to do any significant investment if they still have 30 years of affordability to do…[So], the way the [programs are] set up, it actually leads to substandard housing."

    In sum, extended deed restrictions can discourage the upkeep of properties, leading to decay. Consequently, the City must carefully consider the long-term plans for maintaining the housing quality of any affordable housing projects assembled today, ensuring they remain not only affordable over the long term but also safe and dignified. This issue exemplifies the Rubik's Cube-like nature of addressing the city's housing challenges, where efforts to solve one problem often create new complexities.

C. Municipal Scorecard for Affordable Housing Delivery

As the Subprime Mortgage Crisis was beginning, the FIU Metropolitan Center (2007) evaluated Lake Worth Beach's efforts to create and maintain affordable housing options through its *Municipal Scorecard for Affordable Housing* Delivery tool. The City received a score of 43 out of 100, indicating early-stage efforts toward establishing an affordable housing delivery system. The following metric scores were assigned:[119]

- **Policy and management processes**: 7 out of 34
- **Planning and land use**: 15 out of 27
- **Dedicated funding process**: 11 out of 23

[119] Additional information about the meaning of these categories and the methodology for scoring them is available within FIU's report.

- **Institutional capacity building process**: 10 out of 16

Having completed our study and spoken with key housing professionals about the pitfalls and potentialities of achieving housing affordability in Lake Worth Beach, it is an opportune time to revisit FIU's assessment. Reevaluating the City's affordable housing delivery system many years later, we believe it has made significant strides in its policy and management processes but still has room for improvement.

1. **Policy and Management Policies**

   The City has made significant strides in its policy and management processes, but room for improvement remains:

- **Presence and Implementation of a Comprehensive Affordable Housing Policy**: In 2007, the City did not have a fully coordinated and integrated workforce/affordable housing management delivery system, and the CRA served as its de facto workforce/affordable housing agency. In the years following the original assessment, the City developed an Affordable Housing Program that requires developers to provide attainable housing in all projects requesting density, intensity, and/or height bonuses under its Sustainable Bonus Incentive Program, Transfer Development Rights Program, or Affordable Housing Bonus Program—which is a significant stride. However, the City continues to lack a coordinated affordable housing delivery system and dedicated affordable housing program. Although the Housing and Neighborhood Element of the City's Comprehensive Plan contains several objectives and policies related to workforce/affordable housing development, they do not necessarily amount to a comprehensive plan. Additionally, some objectives, such as Objective 3.1.8, which involves "alleviating the excessive concentration of affordable units in the City," and Objective 3.1.2, which encourages single-family development, are antithetical to housing affordability. Given the continued reliance on the CRA, the City also lacks coordinated protocols for addressing affordable housing needs outside its boundaries.

- **Implementation of Sub-Policies to Promote Affordable Housing**: The City has made strides by implementing several sub-policies in its Neighborhood and Future Land Use elements related to affordable housing development. Outside of its Comprehensive Plan, the CSD routinely proposes and implements policies that positively impact affordable housing development, such as recent modifications to the Affordable Housing Plan that allow developers to round up bonus units. However, some of its policies appear to have faced implementation challenges or have been incompletely implemented, such as the Use and Occupancy Inspection program previously discussed and Policy 3.2.2.1.

- **Coordinated and Integrated Organizational Structure**: The City has made significant strides toward establishing a coordinated and integrated organizational structure to address workforce/affordable housing—namely by making it easier to develop housing in general. According to one interviewee, there was significant dysfunction in the City's planning, building inspection, and permitting protocols during the Subprime Crisis. Problems included an outdated code of ordinances, revocation of the minimum housing standards and minimum housing code, an inability to update the zoning code or develop a sound comprehensive plan, understaffed departments, a lack of appropriate certification and training among some staff, and financial mismanagement. These issues discouraged all forms of investment in the city—including investment in affordable housing.

The CSD addressed these issues by establishing a Building Division with minimum standards, redoing the Comprehensive Plan and Future Land Use Element, updating the City's Code of Ordinances, reworking the budget, and increasing staffing to a level that allowed the City to effectively make urban planning decisions, process permit applications, enforce the code of ordinances, and ensure that staff held appropriate certifications. After addressing these issues, staff held a forum in 2014 to assure developers they could properly field their proposals. These efforts have significantly improved the CSD's ability to attract and process housing permits.

- **Positive and Transparent Regulatory Environment:** While the CSD has made progress in this area by publicizing helpful materials on its website, such as the brochure for the Affordable Housing Program, ongoing staff shortages—often driven by turnover related to the CSD's inability to offer salaries that correspond with rising housing costs—have undermined the department's capacity to create a fully positive and transparent regulatory environment that encourages the development of workforce/affordable housing. Developers must sometimes interface with rotating staff members who interpret local regulations in varying ways, leading to permitting complications and delays. Some interviewees also asserted that the permitting process could be bureaucratic. As one stated: "There could be more coordination between the departments. For such a small city, it seems to be really bureaucratized."

- **Creation of Management Positions Responsible for Affordable Housing:** The City has the potential to make considerable improvements in this area. Given its limited resources, the City still lacks a management professional whose primary responsibility involves implementing and administrating affordable/workforce housing policies. The development of such a position—as recommended in Report #3 and at the end of this chapter—has the potential to reduce the frustrations and delays some interviewees expressed with the City's permitting process.

- **Involvement of Elected and Appointed Officials in Affordable Housing Initiatives:** The City has made impressive strides in this area, which began during the Subprime Mortgage Crisis. The CRA formed an array of partnerships and was intimately involved with efforts to address the crisis' aftermath through the NSP2 program. In recent years, the City's elected and appointed officials have become more active in county and state-wide efforts to address affordable housing needs, as demonstrated by CSD and CRA participation in housing symposia, the CRA's organization of housing-related workshops, and the Commission's Emergency Housing Declaration, eviction defense funding, commissioning of this study, and efforts to address issues such as ADU development and SVRs during public meetings. However, these efforts have been inconsistent and incomplete. The City has continued to restrict height, density, and ADU development—especially in single-family residential zones—display ambivalence toward housing solutions such as microunits, and withhold enforcement of its short-term rental ordinance. Similarly, ARPA funds and development incentives have not been maximally leveraged to address local and regional housing affordability issues.

2. **Planning and Land Use**

The City has made mixed progress in the area of planning and land use, and there is still considerable room for improvement:

- **Strategic Affordable Housing Plan**: The City has made impressive progress in this area through the development of its Affordable Housing Program.

- **Land Use and Zoning Incentives**: The City has made strides in this area through the creation of bonus incentive programs, which allow additional density in exchange for sustainability features and inclusion of affordable units.

- **Land Use and Zoning Changes**: The City has exhibited mixed progress in this area. On one hand, it has expanded affordable development opportunities through the creation of its Transit-Oriented Development category, which allows significantly more density relative to other zones, and bonus programs. On the other hand, it has downzoned neighborhoods close to the downtown core and emphasized single-family development in its Comprehensive Plan, which has restricted densities and multifamily development. Additionally, it has incorporated more land development regulations—for example, floor-area ratios, building lot coverage rules, and parking requirements—that limit developable potential on most parcels.

- **Grant Writing Efforts:** The City continues to be effective in its grant writing activities. For example, the CRA recently secured a $500,000 grant from the Office of Rep. Lois Frankel for affordable housing development.

- **Expansion of Economic Planning Efforts to Attract and Retain High Paying Jobs**: The City has exhibited mixed progress in this area. On the positive side, the CRA operates multiple commercial grant programs to assist prospective employers, and the City has occasionally provided incentives for major development projects. For example, in 2022, the City approved a generous incentive package to Restoration St. Louis to rehabilitate the Gulf Stream Hotel, which is anticipated to create hundreds of jobs across the City.

On the other hand, residents continue to earn substantially less income than those across the County, and the lack of gainful employment opportunities has been a historical source of cost burden and housing insecurity. Some interviewees attribute the lack of gainful jobs to the City's "unfriendly business climate." High commercial utility rates, which subsidize residential rates along with the City's general fund, have been cited as a particular factor discouraging job creation. As an interviewee noted: "We don't have a very big employment base or [good] job options…We are criticized heavily that business opportunities here in Lake Worth Beach are not competitive because our utility rates are…some of the most expensive in the state for commercial…The City has lost some great manufacturing opportunities because the [prospective employers] couldn't afford our rates, even with the utility and economic incentives…So we're not generating jobs."

Some have also noted that the City has a relatively high millage rate, offers insufficient incentives, and is overly averse to intense development, which encourages businesses to locate elsewhere. As an interviewee said, "If you can make more money and pay less taxes and be in a community that [provides more incentives], you're going to invest [there]. I'm not trying to put the city down…but if you're...a bank, Lake Worth Beach is not the first place to invest."

However, the City's ostensibly "unfriendly business environment" should be understood in context. Existing residents in more development-focused cities, such as West Palm Beach, may be experiencing net disadvantages from these policies, with economic development initiatives leading to skyrocketing housing and commercial rent costs without corresponding job opportunities. As discussed in Chapter 8, corporate relocations in these areas have frequently displaced long-time residents, shut down longtime local businesses, replaced them with new ones that low- and moderate-income households lack the financial ability to patronize, and—in the absence of community benefit agreements—transplanted existing employees rather than creating new jobs.

3. Dedicated Funding

The City has made steady progress in relation to dedicated funding but could make additional strides:

- **Establishment of an Affordable Housing Trust Fund:** Most significantly, the City established an Affordable Housing Trust Fund through its corresponding program and continues to allocate funding to non-profit partners for the development of affordable housing. However, it has not made maximal use of tax increment financing, general revenue, or—more recently—ARPA funds to promote housing affordability.

- **Utilization of Programs:** The City has successfully utilized programs such as LIHTC, SHIP, and SAIL to develop local affordable housing options. However, as previously noted, its land use policies sometimes limit their reach. The City could also better utilize affordable housing incentives available through the Live Local Act, as outlined in Chapters 15, 22, and 23.

4. Institutional Capacity Building

Due especially to the CRA's work, the City continues to earn high marks in institutional capacity building, but even more strides can be made:

- **Partnerships with Community-Based Organizations:** City actors have been particularly effective in partnering with a broad base of community-based organizations for the production and/or preservation of workforce/affordable housing.

- **Leveraging Financing Sources:** The City has also successfully utilized HOME, SHIP, and private/non-profit funding sources through many of its projects, and the CRA has proven effective in working with the County to secure these sources. Additionally, with continued population growth, the City may soon become an entitlement community that directly receives CDBG funding. Planning should begin for this eventuality to ensure these funds are maximally used to promote housing security and affordability.

- **Public/Private Partnerships:** The City could make additional strides in this area through two specific initiatives. First, as outlined in Chapter 22, it could explore options for employer-assisted housing and contributions to local housing initiatives through corporate social responsibility campaigns. With an influx of major companies to the region, there is significant opportunity in this area. Second, the City could explore partnerships with housing advocacy organizations, such as the Housing Leadership Council, to promote public awareness about the importance of affordable housing production. Given the public opposition to housing initiatives that has manifested in recent years, this is an important step.

In sum, the City has made significant strides toward promoting affordable housing delivery since its last assessment. It could further improve its delivery system by considering the observations made in this section and implementing the recommendations outlined in the subsequent one.

D. New and Updated Measures for Enhancing Housing Security

Based on the challenges identified by the housing stakeholders we interviewed, along with our updated Municipal Scorecard for Affordable Housing Development review, we believe the following actions can improve affordable housing production and housing security in Lake Worth Beach. Many of these actions coincide with those relayed in Chapter 23. Given the background of several interviewees, these recommendations emphasize stimulating new housing production. They give less consideration to the protection, preservation, and political engagement housing security strategies outlined in Chapters 20, 21, 22, and 24.

These new, updated, and reinforced recommendations should thus be viewed as complementary to, and not a replacement for, the measures recommended in those chapters. Supply-side policies alone are insufficient for alleviating the City's housing distress in the long term. They serve as a targeted tool in the context of rapid population growth, high interest and insurance rates, inflated building costs, land scarcities, the retrenchment of social housing programs that began in the 1980s, as described in Chapter 7, and recent state-level measures to preempt the authority of local governments to regulate prices and landlord-tenant relationships, as described in Report #2. Indeed, state law has greatly limited affordability and security strategies that depart from efforts to stimulate market-based production.

1. **Expedite and Simplify Permitting Processes for Affordable Housing Projects, Especially for Community Partners**

   Action: Explore methods to simplify the process of obtaining housing permits, particularly for community-based organizations the CRA partners with to develop affordable housing.

   Rationale: Simplifying the permitting process will reduce delays and costs, making it easier for non-profits and community partners to develop affordable housing. As one developer stated, "I think the processes just need to be simplified to the point where any architect or urban planner working for a nonprofit can come in and know exactly what they can do and can't do. The lots are usually all the same. It's 125x25. They're not doing crazy things with single-family houses [developed by non-profits]."

2. **Standardize and Pre-Approve Affordable Housing Designs**

   Action: Develop a set of standardized, pre-approved designs for affordable housing units, such as those typically utilized by community partners, that can be quickly reviewed and approved by city planners.

   Rationale: Pre-approved designs streamline the approval process by reducing the need for extensive review for each new project. This can speed up development and lower costs, making affordable housing projects more feasible.

3. **Implement Fast-Tracking for Affordable Housing Applications**

   Action: Introduce a fast-tracking system for affordable housing proposals and implement pre-approved designs.

   Rationale: Expediting the permitting process for affordable housing—especially long-time community partners utilizing standardized designs—can significantly reduce project timelines. Community development partners frequently submit standardized designs that, according to some interviewees, could be quickly screened and approved. Fast-tracked applications would help ensure that permits do not get held up unnecessarily, especially for non-profit developments.

4. **Focus on Projects that Target 80% AMI or Under**

   Action: Strongly encourage affordable housing projects that target households earning 80 percent or less of the County's Area Median Income (AMI) when utilizing existing and future affordable housing incentive programs.

   Rationale: Given the mismatch between the County and City AMI, it is crucial to prioritize housing projects that serve households earning 80 percent or less of the County's AMI. This focus ensures that the most vulnerable and low-income residents receive the support they need for housing stability and affordability.

5. **Provide Impact Fee Abatements in Exchange for Affordable Housing Development**

   Action: Offer impact fee abatements for developers who commit to building affordable housing units.

   Rationale: High impact fees were identified by development professionals as a significant impediment to affordable housing production, particularly in the current unfavorable economic environment for housing development. Interviewees emphasized the need for fee structures that support affordable housing: "Most of the county needs to [reflect on their fee structures]. If you're going to really encourage affordable housing, why is your impact fee for a residential unit the same regardless of what the unit is? [Why] are you not giving any relief for an affordable unit when you're allowed by the state, and when you have a big pile of money at the county that could help buy something down." By providing impact fee abatements, the City can reduce the financial burden on developers, making it more feasible for them to produce affordable housing units. This approach can help address the housing affordability crisis by encouraging more developers to participate in affordable housing projects.

6. **Reduce Regulatory Barriers to Housing Development**

   Action:

   - Rescind the zoning changes made in 2017 to create more potential for dense, multi-family development in the blocks proximate to the downtown core

   - Ease restrictions on height, density, intensity, and multifamily development, including on the East Side of the City and areas close to downtown

- Review and amend the City's Land Development Regulations (LDRs) to remove overly restrictive rules

Rationale: In 2017, the commission took measures to restrict residential densities and multifamily development. As an interviewee stated, "Before, you could cover [an entire single-family lot] except for your setbacks. Now, there are floor-area ratios, building lot coverage, impermeable lot coverage, [and] landscape requirements. The City had some of that [before], but [the code changes] effectively downzoned every single parcel. The multifamily districts shrunk by two blocks toward downtown." These changes were made because, for many years, commissioners and residents have expressed a strong preference for Lake Worth Beach to be "a single-family community of residential neighborhoods." Although these changes have curtailed uncontrolled and potentially undesirable development, they have also throttled new housing production.

By restoring the eliminated MFR areas; easing restrictions on height, density, and intensity; and revisiting and potentially reversing restrictive LDRs, the City can increase the potential for dense, multi-family development, which is essential for meeting the housing needs of a growing population. It can also encourage the development of additional affordable housing units in high opportunity locations that low- and moderate-income households are currently excluded from.

7. Expand the ADU Footprint in the City

Action: Implement the recommendations outlined in Chapter 23 to expand the footprint of accessory dwelling units (ADUs) in the City along with the following measures:

- Lobby the County to reverse the decision to disqualify ADUs from Homestead Exemption eligibility
- Lobby for abated impact fees on ADUs
- Permit ADUs by right or through the Affordable Housing Bonus Plan in single-family residential (SFR) areas
- Consider the tradeoffs of deed restrictions in SFR zones if future ADU permissibility is expanded through the Bonus Plan
- Enforce the City's short-term rental ordinance to preserve current and future ADUs as long-term housing options

Rationale: Our interviews suggested that there are currently insufficient incentives to produce a substantial number of ADUs in Lake Worth Beach. In fact, property tax classification policies, high impact fees, construction costs, and development restrictions actively discourage their construction. Allowing ADUs in more areas and reducing the cost of building and renting them can significantly increase affordable housing options in the city, provided they do not become vacation rentals. According to our interviews, a series of small changes, when combined, could make ADUs much more viable to build.

8. **Enforce Prohibition on Short-Term Vacation Rentals.**

   Action: Strictly enforce the City's ordinance prohibiting short-term vacation rentals (SVRs).

   Rationale: Key interviewees agreed with our assessment that SVRs negatively impact housing affordability in Lake Worth Beach. As explained in Chapter 9 and Chapter 22, enforcing the City's ordinance against SVRs can help improve housing affordability by ensuring that residential units are available for long-term renters rather than being used for short-term vacation stays. This measure is also key to pursuing an effective affordability strategy through ADUs.

9. **Implement a No Net Loss Provision, Demolition Controls, and a Condominium Conversion Ordinance**

   Action: Adopt a no net loss provision, demolition controls, and a condominium conversion ordinance to ensure that affordable housing units are replaced and preserved in areas with existing affordable units that are at risk for redevelopment and gentrification.

   Rationale: These measures are crucial for maintaining the existing stock of affordable housing, particularly in the City's mobile home parks and the South Federal Highway corridor, where displacement risks associated with future redevelopment are high. Many instances of displacement associated with redevelopment are already occurring. By ensuring that any affordable housing units lost to redevelopment are replaced, the City can protect low-income residents from displacement and maintain the affordability of the housing stock. As the CSD noted, "We have had a lot of condo conversions, and they're some of the ones that are our biggest problem now [even beyond the issue of affordability]. They don't have appropriate condominium documents. They don't have appropriate management. The buildings are nonconforming. The people who are living there don't always have the experience and background [to address these issues]."

10. **Implement Measures to Recruit New Employers and Explore Community Benefits Agreements, to Attract Better Job Opportunities.**

    Action: Develop strategies to attract high-wage employers to the City, including the use of Community Benefits Agreements (CBAs) that mandate a percentage of jobs be filled by local residents and/or require employers to provide community benefits in exchange for incentives.

Rationale: Attracting high-wage employers can improve the local economy and provide better job opportunities for residents. However, to prevent gentrification and displacement, any incentives offered to employers should be tied to CBAs that ensure benefits for the local community, such as contributions to the City's Affordable Housing Trust, construction of workforce housing, or other community-focused projects.

11. **Encourage Redevelopers to Offer First Right of Refusal and Relocation Assistance**

    Action: Encourage developers to offer existing residents the first right of refusal for new or rehabilitated units, along with relocation assistance, in instances where redevelopment is pursued.

    Rationale: Providing first right of refusal and relocation assistance during redevelopment projects helps to protect current residents from displacement. This approach is particularly important for residents of mobile home parks and low-income households along South Federal Highway, ensuring they have options to remain in their communities or receive adequate support to relocate if necessary.

12. **Use Innovative Measures to Improve Mobile Home Conditions and Preserve Their Affordability.**

    Action: Closely monitor and regulate efforts to redevelop local mobile home parks. If redevelopment projects move forward in the future, encourage the developers to offer existing mobile home park residents first right of refusal for the newly constructed units, transitional housing, and/or financial assistance that fully covers the relocation of their units or adequately compensates them for units that must be abandoned. At present, work with partners to explore funding mechanisms to help existing residents repair and upgrade substandard properties.

    Rationale: As noted, redevelopment of mobile home parks can pose significant risks to the affordability and stability of housing for current residents. By ensuring that residents are given priority for new units and provided with adequate compensation or relocation assistance, the City can mitigate the negative impacts of redevelopment. Additionally, supporting residents in repairing and upgrading their properties can improve living conditions and preserve the affordability of these housing options. Working with partners and exploring various funding mechanisms can provide the necessary resources to achieve these goals, thereby enhancing housing security and quality for mobile home park residents.

13. Consider Expanding the CRA District to Create Revenue Streams for Redevelopment Assistance

Action: Explore the possibility of expanding the CRA district to generate additional funds for providing redevelopment assistance to aging motel buildings and other properties.

Rationale: Expanding the CRA district can create new revenue streams dedicated to supporting redevelopment projects that preserve affordability. This can help address the challenges of deteriorating housing conditions and high redevelopment costs, particularly along South Federal Highway, by providing the financial resources needed to improve living conditions while maintaining affordability. This is especially important given the flood zone and substantial rehabilitation challenges faced by some properties in this area. If pursued, the objective should focus on mobilizing resources and creating plans for assisting vulnerable residents at risk of displacement—not "urban renewal" or "slum clearance." As noted, redevelopment is already occurring and will likely escalate, and there are few policies currently in place to support the displaced.

14. Use ARPA Funds for Affordable Housing Development

Action: Allocate funds from the American Rescue Plan Act (ARPA) to support the affordable housing measures and programs outlined in this report and requested by other City entities.

Rationale: ARPA funds represent a significant opportunity to support affordable housing initiatives. Some entities within the City have requested ARPA funding for housing initiative, but to our knowledge they have not received it. For example, the CRA requested ARPA funding to provide down-payment assistance to low-income homeowners outside the CRA district. Similarly, requests have been made to allocate ARPA funding to support services for vulnerable individuals experiencing crises, including housing crises. By committing ARPA funds to these initiatives, even if on a small scale, the City can provide much-needed support to low-income residents, increase housing stability, and address the ongoing affordable housing crisis more effectively.

15. Establish the Proposed Office of Housing Advocacy

Action: Establish the proposed Office of Housing Advocacy, staffed with a development professional who can provide technical assistance to developers interested in challenging projects to produce and preserve affordable units. This professional, functioning as an affordable housing development liaison, can assist with navigating complex financing sources, incentive programs, and the permitting process. This proposal is sketched out at greater depth in Chapter 24.

Rationale: Successfully applying for development incentives and assembling financing sources, such as those from the LIHTC program, Live Local Act (LLA), the county's housing bond program, SHIP, and SAIL programs, can be extremely complicated. Some developers lack the expertise to obtain or layer them. When asked how Lake Worth Beach successfully attracted recent affordable housing development despite these challenges, interviewees often attributed their success, in part, to sophisticated developers who knew how to layer incentives and carry out complex financing strategies, such as the individuals developing Madison Terrace. Similarly, interviewees noted that smaller developers with less experience struggle most with the permitting process and sometimes forgo incentive programs because the rules and applications intimidate them. In contrast, larger developers with skilled professionals can quickly and confidently navigate these processes and avoid delays.

Given the mismatch between available incentive programs—which privilege high-density developments and large tracts of land—and the City's small parcels, limited densities, and height restrictions, the role of a development liaison is critical. This professional can bridge the gap by offering technical assistance to all developers, particularly smaller ones, ensuring they can effectively utilize available incentives in unique circumstances and navigate the permitting process efficiently.

Additionally, the liaison can support the challenges of redeveloping risky projects that require substantial rehabilitation, such as those on South Federal Highway, increasing the likelihood that their affordability can be preserved.

16. Encourage the County to Take a More Active Role in Affordable Housing Provision.

Action: Advocate for the County to take a leading role in affordable housing provision, leveraging its larger resources to support housing initiatives in Lake Worth Beach.

Rationale: One City representative expressed a strong desire to address the affordable housing crisis but acknowledged the City's financial constraints: "The county, as a bigger entity with more resources, is the one that is going to have to take the lead on it, because we just don't have the money to throw in the pot." Increasing affordable housing production requires both the city and county to maximize developer incentives, including abating impact fees, offering bonuses, reducing parking requirements, allowing stacked development assistance, providing financing, and buying down units.

17. Continue Utilizing the CSD's Lien Reduction and Lien Cap Program to Facilitate Affordable Redevelopment.

Action: Maintain and expand the use of the Community Sustainability Department's lien reduction and lien cap programs to encourage the acquisition and rehabilitation of properties that can provide *affordable* housing.

Rationale: The City faces significant challenges in preserving its naturally occurring affordable housing stock while ensuring these units meet minimum housing standards. The CSD has successfully used its lien reduction and lien cap programs to incentivize responsible actors to acquire and rehabilitate noncompliant properties. The lien reduction program reduces lien values in exchange for addressing code compliance issues, while the lien cap program limits the lien on noncompliant properties to 200 percent of their market value (or 300 percent if there are multiple liens). The CSD explained how, "We've encouraged dozens of [substandard] properties to sell with [these programs], because we can get an order saying, 'if you do this, your lien amount is going to be reduced.' In many cases, it was completely wiped out. It encouraged people to actually spend more on their property than they would otherwise." These programs can be used as leverage to incentivize continued affordability.

18. **Explore Strategies to Update, and Expand the Use and Occupancy Inspection Program and Code Compliance Process to Protect Vulnerable Households form Substandard Housing**

Action:

- Develop protocols for assisting tenants adversely affected by the no certificate/no utilities policy

- Implement a source of income protection ordinance to expand voucher access, which can absorb rent increases resulting from property improvements

- Offer incentives to landlords who properly maintain properties and provide affordable rates, such as first right of refusal on abandoned property/surplus property

- Subsidize or provide low-interest financing for property repairs in exchange for affordability restrictions

- Provide lien reductions or fee waivers in exchange for repairs in conjunction with affordability restrictions

- Subsidize or provide low-interest financing for low-income homeowners to upkeep properties

- Expedite code compliance processing/hearings for tenants living in dangerous conditions

- Work with community partners to develop formal protocols for providing rapid rehousing to tenants displaced by unsafe housing conditions

- Subsidize or provide low-interest financing for low-income homeowners to upkeep properties

Rationale:

Updating and expanding the Use and Occupancy Inspection Program and the Code Compliance process is critical to protecting vulnerable households from substandard housing. Currently, some landlords illegally rent units without obtaining the necessary Use and Occupancy certificates, leading to situations where tenants move into units without utilities or live in unsafe conditions. By developing protocols to assist tenants adversely affected by the no certificate/no utilities policy, the City can ensure that tenants are not left without basic services due to landlord non-compliance.

Implementing a source of income protection ordinance will expand voucher access and help absorb rent increases resulting from property improvements. This is crucial because improving housing quality should not lead to displacement due to unaffordable rent hikes. Additionally, offering incentives to landlords who properly maintain properties and provide affordable rates will encourage better property management practices.

Subsidizing or providing low-interest financing for property repairs in exchange for affordability restrictions ensures that properties are kept in good condition without losing their affordability. Offering lien reductions or fee waivers for repairs tied to affordability restrictions can also motivate landlords to maintain their properties.

Expedited code compliance processing and hearings for tenants living in dangerous conditions are necessary to address urgent safety issues in a swift manner. Furthermore, working with community partners to develop formal protocols for rapid rehousing will provide a safety net for tenants displaced by unsafe housing conditions, ensuring they are not left homeless due to necessary repairs or condemnations.

Lastly, subsidizing or providing low-interest financing for low-income homeowners to upkeep properties will help prevent the deterioration of housing stock and maintain community stability. By implementing these comprehensive measures, the City can protect vulnerable households, improve housing conditions, and ensure long-term affordability.

19. Embrace Innovative Construction Methodologies and New Housing Modalities

Action:

- Amend Land Development Regulations (LDRs) and city ordinances to accommodate and incentivize innovative construction methodologies, such as pre-engineered housing, modular housing, prefabricated building systems, and container homes.

- Provide incentives for developers who utilize these methods to reduce costs and production time.

- Promote openness to demolition when units have exceeded their useful life, and support the use of non-traditional housing solutions like 3-D printed buildings, Lego concrete structures, concrete hay bales, and prefabricated shipping container projects.

Rationale: Rising land, financing, and construction costs are significant impediments to affordable housing development, and these costs are unlikely to fall in the near future. Embracing creative construction approaches can help mitigate these challenges. As one interviewee stated: "There are construction methodologies that are becoming much more affordable. There's pre-engineered housing. There's modular housing. It's not manufactured housing, but there are prefabricated building systems. There's container homes. But you have to have the land to put those on, which, in Lake Worth Beach, means tearing down units we already have, and we shouldn't necessarily be losing units, but some units are just beyond their useful life."

Interviewees emphasized that significant production of affordable housing will require two elements: openness to demolition when units have exceeded their useful life and a willingness to adopt innovative and non-traditional housing solutions. As one interviewee noted, the cost "to fix up [many of the substandard units across the City] is far in excess of what it could be to bring in, say, a 3-D printed apartment building, or the Lego concrete structure, or the hay bales made out of concrete, or a prefabricated shipping container project."

By updating LDRs and city ordinances to support these innovative methods, and offering incentives to developers, the City can encourage the adoption of cost-effective and time-efficient construction techniques. This approach addresses financial challenges while promoting the replacement of outdated and substandard units with affordable housing solutions. However, to avoid exacerbating affordability challenges, these actions must be combined with a no net loss and demolition control policy, and they must be implemented in ways that align with community preferences.

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