

Affordable Housing Cost for Families Residing in Low-Income Miami-Dade Neighborhoods

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INTRODUCTION

In recent years Miami has ranked among the most impoverished communities in the United States. In 2003 The City of Miami ranked 5th in persons living below poverty, an improvement from 1st place in the three previous years (ACS Ranking Tables, 2000-03). At the same time, Miami-Dade County has experienced a housing boom characterized by high rates of condominium conversion and an increasing shortage of affordable rental units. As local media continues to document the gentrification process by which renters are forced to make way for new high-rise condominium projects, concerned citizens wonder if the many low-income families in one of the nation's poorest metropolitan areas will be able to find affordable housing.

In light of these circumstances, this report seeks to answer the following question: How much can low-income families in selected Miami-Dade neighborhoods afford to pay in monthly housing costs? The following analysis provides affordable housing costs for families within the City of Miami and selected low-income neighborhoods. We used data on the number of families and their median incomes from the 2000 Census to determine how much families can afford to pay in monthly rent or mortgage and utilities. Further, we used 80 percent of the median family income to determine how much low-income families can afford to pay in monthly rent or mortgage and utilities.

In addition to the City of Miami, we selected six neighborhoods for analysis: Allapattah, East Little Havana, Liberty City, Little Haiti, Overtown, and Wynwood. Table 1 provides an estimate of the number of families residing in each of these neighborhoods. We chose these neighborhoods because they are home to some of Miami-Dade's poorest families and therefore are more vulnerable to the process of gentrification that is transforming many of Miami's low-income communities. Moreover, the central location of these neighborhoods makes them particularly attractive to developers, planners and public officials interested in "revitalizing" the urban core. As the wave of new housing development sweeps through these neighborhoods in the coming years, it is critical to understand how much these families can afford to pay for housing.

Table 1
Number of Families in the City of Miami and Selected Neighborhoods, 2000

Area	Number of Families
City of Miami	84,174
Allapattah	8,224
East Little Havana	4,612
Liberty City	12,118
Little Haiti	6,181
Overtown	1,313
Wynwood	2,069

Source: U.S. Census Bureau, Census 2000 Summary File 3

METHODS

We chose to use family data as opposed to household data for this study because we are interested in what a family can afford without the help of other household members. Our focus on “neighborhoods” requires that we use data at the block group level. The most recent source that provides family income data for geographic units small enough for our purposes is the 2000 Census. The selected neighborhoods in this analysis are not defined as geographic units by the U.S. Census Bureau,¹ therefore we used data for Census defined block groups to determine the number of families and the median family income for each neighborhood. Geographic Information Systems (GIS) technology was used to layer neighborhood boundaries over Census defined block groups. For each neighborhood we selected the block groups whose centers were located within the boundaries of the neighborhood.

The boundary for the City of Miami was adopted from Miami-Dade Information Technology Department’s municipal boundary file.² The neighborhood boundaries used to select block groups were adopted from the Miami-Dade County Property Appraiser’s “major neighborhoods” boundary file.³ East Little Havana was not available in the Property Appraiser’s data so it was necessary to create a new layer in GIS by adapting the neighborhood boundaries used by the Empowerment Zone Trust, Inc. and the Miami-Dade Police Department⁴ to the nearest appropriate Census defined block group boundaries to facilitate data analysis. To create the Liberty City boundary, the Property Appraiser’s “Brownsville/Model City” and “Liberty City” neighborhoods were combined in accordance with the views of community organizers working in that area. Finally, the Property Appraiser’s geographic definition of Overtown was extended eastward to NW 1st Avenue in accordance with boundaries used by the Empowerment Zone and the Miami-Dade Police Department.

The 2000 Census reports the number of families and the median family income by block group. We weighted the median family incomes by the population of families for each block group to determine a weighted median family income for the selected neighborhoods. We then calculated a figure which defines low income families by taking 80 percent of the weighted median family income.⁵ A low income family would be making less than or equal to this 80 percent figure. All figures were adjusted to reflect inflation by using the Consumer Price Index (CPI) factor for April 1999 to April 2005.

¹ The Census defines Miami City as a “place” and while family income data is available for 2000 and 2003 we did not use this data and applied the same methods to the city as we did for the selected neighborhoods in order to maintain consistency. The block groups included in the Census defined boundary for Miami are identical to the ones used in this analysis and our weighted median family income diverged from the same Census statistic by less than \$100.

² For more information see the metadata at <http://gislab.fiu.edu/metadata/dade%20itd/pmunic.htm>.

³ For more information see the metadata at <http://gislab.fiu.edu/metadata/dade%20itd/pallneig.htm>.

⁴ For Empowerment Zone Trust neighborhood boundaries see <http://www.ezonetrust.org/> and for the Police Department’s neighborhood boundaries see <http://www.miami-police.org/net/neighborhoods.asp?>

⁵ Eighty percent of the median is an established standard used for indicating low income (U.S. Department of HUD, 2005).

Housing cost refers to monthly rent or monthly mortgage payments including utilities. In order to estimate the affordable housing cost we calculated 30 percent of the median family income divided by 12 months. Families that spend more than 30 percent of their income are considered to be “cost burdened” since they may not be able to afford basic necessities such as food, clothing, transportation and medical care.⁶ Thus we assert that the housing cost for a family should be no more than 30 percent of its income.

One of the main data limitations in this study is that data on the size of the families we examined is not provided. Provided such data we would be able to more precisely define an affordable rent for a given family. For example, a family of four including two children may have the same income as a family of two adults, thus the family of four would need to be able to afford at least the housing costs of a two bedroom unit while the family of two would need to be able to afford at least a zero or one bedroom unit. Another limitation is the lack of a Census defined geographic variable for the neighborhoods used in this study. We relied on block group data which represents the neighborhoods quite well but not precisely.

AFFORDABLE HOUSING COSTS⁷

Affordable cost for families at the median income level. How much can a family making the median family income afford to pay for monthly rent or mortgage (and utilities) in some of Miami-Dade’s poorest communities?

Table 2 provides the weighted median family income and affordable monthly rent or mortgage cost (plus utilities) for the city and each of the selected neighborhoods. With the exception of the western section of Liberty City, the City of Miami contains all of the selected neighborhoods in this analysis in addition to other neighborhoods not considered here (see map 1 in appendix). The weighted median family income for the City of Miami is \$32,453, and ranges from \$14,161 to \$27,227 for the selected neighborhoods. If families throughout the City of Miami and the selected neighborhoods were to spend no more than 30 percent of their income on housing costs, the corresponding affordable rent or monthly mortgage costs (including utilities) are \$811 for the city and range from \$354 to \$681 for the selected neighborhoods.

These figures imply that families making less than or equal to the weighted median family income, or the “bottom” half of families in the City of Miami and each of the selected neighborhoods, cannot afford more than the corresponding affordable monthly housing costs. For example, the 50 percent of families that earn less than or equal to the City of Miami’s weighted median family income of \$32,453 cannot afford monthly housing costs (rent or mortgage, plus utilities) of more than \$811. In Allapattah, which

⁶ See the U.S. Department of Housing and Urban Development’s (2005) discussion of affordable housing at <http://www.hud.gov/offices/cpd/affordablehousing/index.cfm>.

⁷ All of the findings presented in the following discussion are also displayed geographically in maps 2 through 12 in the appendix.

has the highest median family income of the selected neighborhoods at \$27,227, the “bottom” 50 percent of families can afford a maximum of \$681 in monthly housing costs. In Overtown, where the median family income is the lowest of the selected neighborhoods at \$14,161, the “bottom” half of families can afford monthly housing costs no greater than \$354.

Table 2
Housing Affordability for Families* in the City of Miami and Selected
Neighborhoods, 2000 (in 2005 dollars)**

Area	Weighted Median Family Income***	Affordable**** Rent/Monthly Mortgage Payment at the Family Median Income
City of Miami	\$32,453	\$811
Allapattah	\$27,227	\$681
East Little Havana	\$20,521	\$513
Liberty City	\$23,896	\$597
Little Haiti	\$25,496	\$637
Overtown	\$14,161	\$354
Wynwood	\$20,660	\$517

Source: Authors’ analysis of U.S. Census Bureau, Census 2000 Summary File 3 data

*Data is collected on a household basis. A family includes a householder and one or more other people living in the same household who are related to the householder by birth, marriage, or adoption.

** Dollar amounts reflect inflation from April 1999 to April 2005.

***Weighted family median income was derived by using the 1999 family median income for all block groups for which the center lies within the neighborhood boundary. To calculate a neighborhood median, the medians for the respective block groups were weighted based on number of families and the standard method of calculating a median was then applied.

****A unit is considered affordable if it costs no more than 30% of the family’s income.

How do the affordable housing costs compare to the prevailing costs of housing? One approach to this question is to examine what are considered to be “fair rents” for Miami-Dade County. Fair Market Rents (FMRs) are calculated annually by the U.S. Department of Housing and Urban Development (HUD) for metropolitan and non-metropolitan areas and are used to determine whether units are eligible for federal housing assistance programs. The FMR amounts include the cost of rent and utilities and are dependent upon the distribution of current rental prices for a given metropolitan area (set at the 50th percentile for Miami-Dade County), the location of the dwelling and the number of bedrooms.

Can a family in the City of Miami or the selected neighborhoods afford a unit at Fair Market Rental rates for the county? Table 3 provides the monthly FMRs and the income needed to afford the FMR based on the standard that no more than 30 percent of income should be spent on housing costs. According to our analysis, at least 50 percent of the families in each of the selected neighborhoods (equivalent to at least 17,259 families) are not able to afford the Fair Market Rent for a zero bedroom or efficiency unit. In the City of Miami, at least 50 percent of the families (equivalent to at least 42,087 families) are not able to afford the Fair Market Rent for a two bedroom unit.⁸

Table 3
Fair Market Rents for Miami-Dade County by Number of Bedrooms, and Income Needed to Afford Fair Market Rents*, 2005

	Zero Bedrooms	One Bedroom	Two Bedrooms	Three Bedrooms	Four Bedrooms
Monthly Fair Market Rent (FMR)	\$682	\$775	\$929	\$1204	\$1419
Annual Income needed to rent at FMR	\$27,280	\$31,000	\$37,160	\$48,160	\$56,760

Source: HUD 2005 Fair Market Rents

*A unit is considered affordable if it costs no more than 30% of the renter's income.

Affordable cost for families at 80% of the median income level. Median family incomes are substantially lower in the City of Miami and the neighborhoods selected for this study than throughout Miami-Dade County overall.⁹ We would now like to draw attention to low-income families within these low-income communities. Low-income families are defined as those whose income is less than or equal to 80 percent of the weighted median family income.

How much can a low-income family afford to pay for housing in a low-income neighborhood within Miami-Dade? Table 4 provides the 80 percent of weighted median family income figures and affordable monthly rent/mortgage cost for the city and each of the selected neighborhoods. Eighty percent of the weighted median income (low income) in the City of Miami is \$25,962 and ranges from \$11,329 to \$21,782 for the selected neighborhoods. If families were to pay no more than 30 percent of their income on housing costs, the maximum affordable monthly cost of rent or mortgage (including utilities) for the City of Miami is \$650 and ranges from \$283 to \$545 for the selected neighborhoods.

⁸ The estimation of number of families is based on the population in 2000.

⁹ The median family income for Miami-Dade County, adjusted to reflect inflation from April 1999 to April 2005, is \$48,103 (US Census 2000).

Table 4
Housing Affordability for Low-Income Families* in the City of Miami and Selected Neighborhoods, 2000 (in 2005 dollars)**

Area	80% of Weighted Family Median Income (Low Income)	Affordable*** Rent/Monthly Mortgage Payment at 80% of Family Median Income
City of Miami	\$25,962	\$650
Allapattah	\$21,782	\$545
East Little Havana	\$16,417	\$410
Liberty City	\$19,117	\$478
Little Haiti	\$20,397	\$510
Overtown	\$11,329	\$283
Wynwood	\$16,528	\$413

Source: Authors' analysis of U.S. Census Bureau, Census 2000 Summary File 3 data

*Data is collected on a household basis. A family includes a householder and one or more other people living in the same household who are related to the householder by birth, marriage, or adoption.

** Dollar amounts reflect inflation from April 1999 to April 2005.

***A unit is considered affordable if it costs no more than 30% of the family's income.

Consider the implications of these findings for low-income families within the selected neighborhoods. In Allapattah, the highest monthly housing cost a low-income family can afford is \$545 if their income is at \$21,782 (80% of the median). This means low-income families residing in Allapattah can afford at most \$545 in monthly rent or mortgage and utility costs. In Overtown, the highest monthly housing cost a low-income family can afford is \$283 if their income is at \$11,329 (80% of the median). This means that low-income families residing in Overtown can afford at most \$283 in monthly rent or mortgage and utility costs. Whereas families making the median income in the City of Miami can afford up to a one bedroom dwelling, low-income families throughout the city cannot afford the FMR for a zero bedroom or efficiency unit.

CONCLUSION

This analysis illustrates that half of the families (those making no more than 50 percent of the median family income) residing in the selected low-income neighborhoods within Miami-Dade County can afford no more than \$354 to \$681 in monthly rent or mortgage, plus utilities, depending on the neighborhood. Throughout the City of Miami the “bottom” half of families can afford no more than \$811 in monthly housing costs.

Furthermore, low-income families in the selected neighborhoods, meaning those earning less than or equal to 80 percent of the neighborhood median family income, can afford no more than \$283 to \$545 in monthly rent or mortgage, plus utilities, depending on the neighborhood. Throughout the City of Miami “low-income” families can afford no more than \$650 in monthly rent or mortgage, plus utilities.

The findings of this research have serious implications for many families in Miami-Dade County and especially those residing in central city locations. Although more than 42,000 families in the City of Miami cannot afford more than a one bedroom dwelling, the average family in the city in 2003 had at least 3 members (ACS, 2003), suggesting the need for at least two bedrooms. The implications are worse for families in the city’s poorest communities, where a majority cannot afford a zero bedroom housing unit but also tend to have families consisting of at least 3 members. Without adequate affordable housing, the current wave of residential and commercial development will likely force the majority of these families out of their homes and neighborhoods.

REFERENCES

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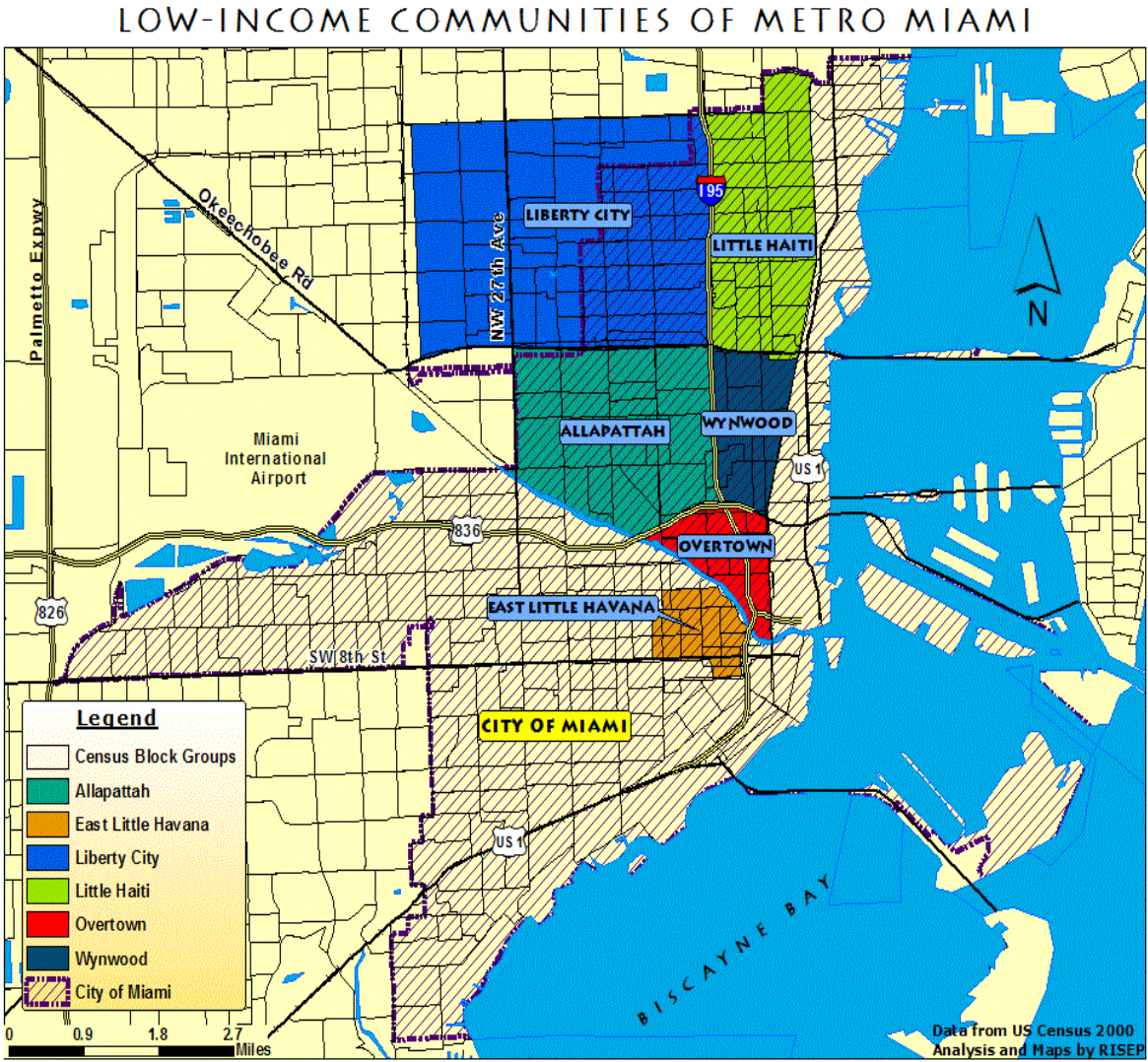
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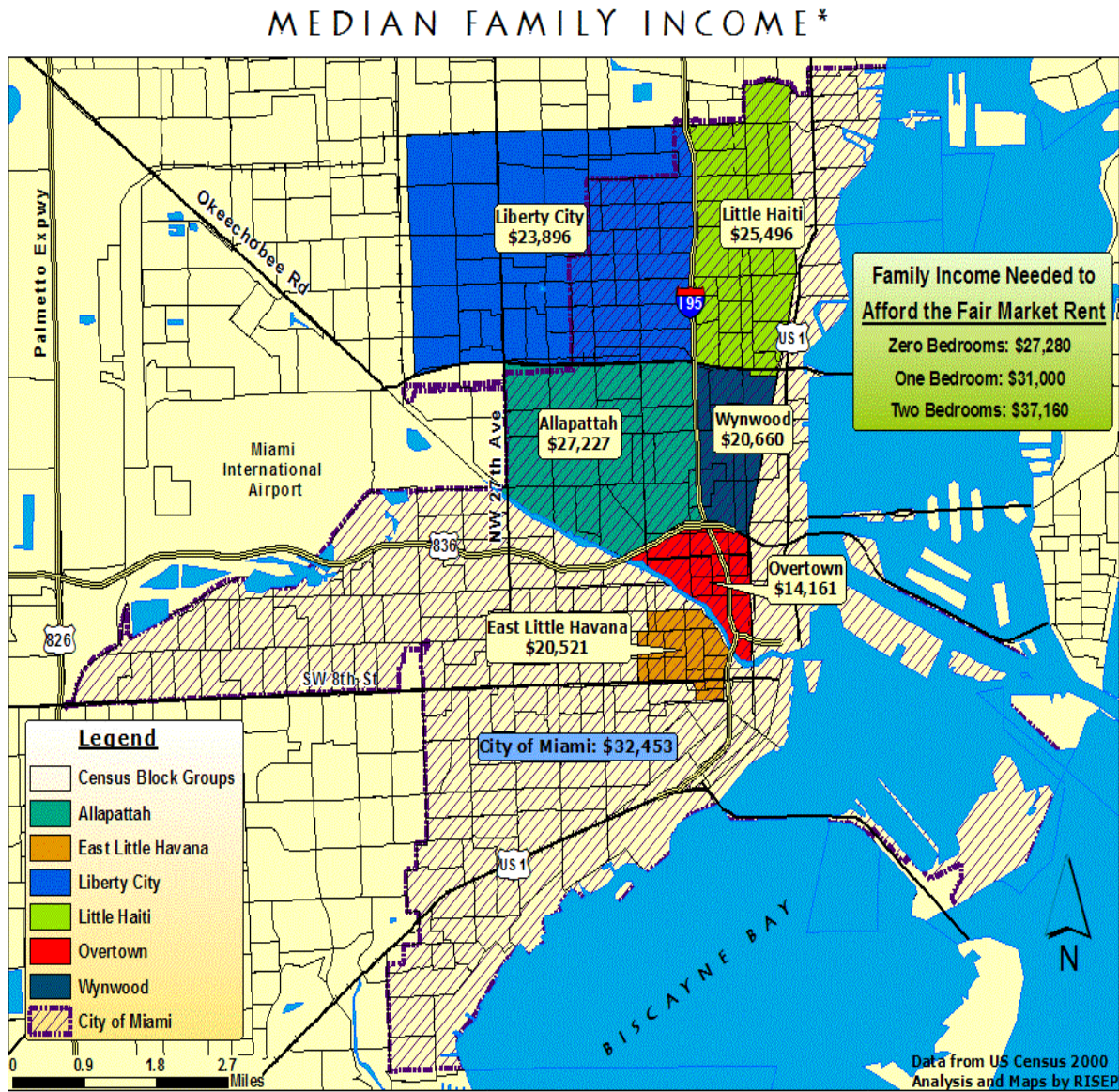
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APPENDIX

Map 1. City of Miami and Selected Neighborhoods.



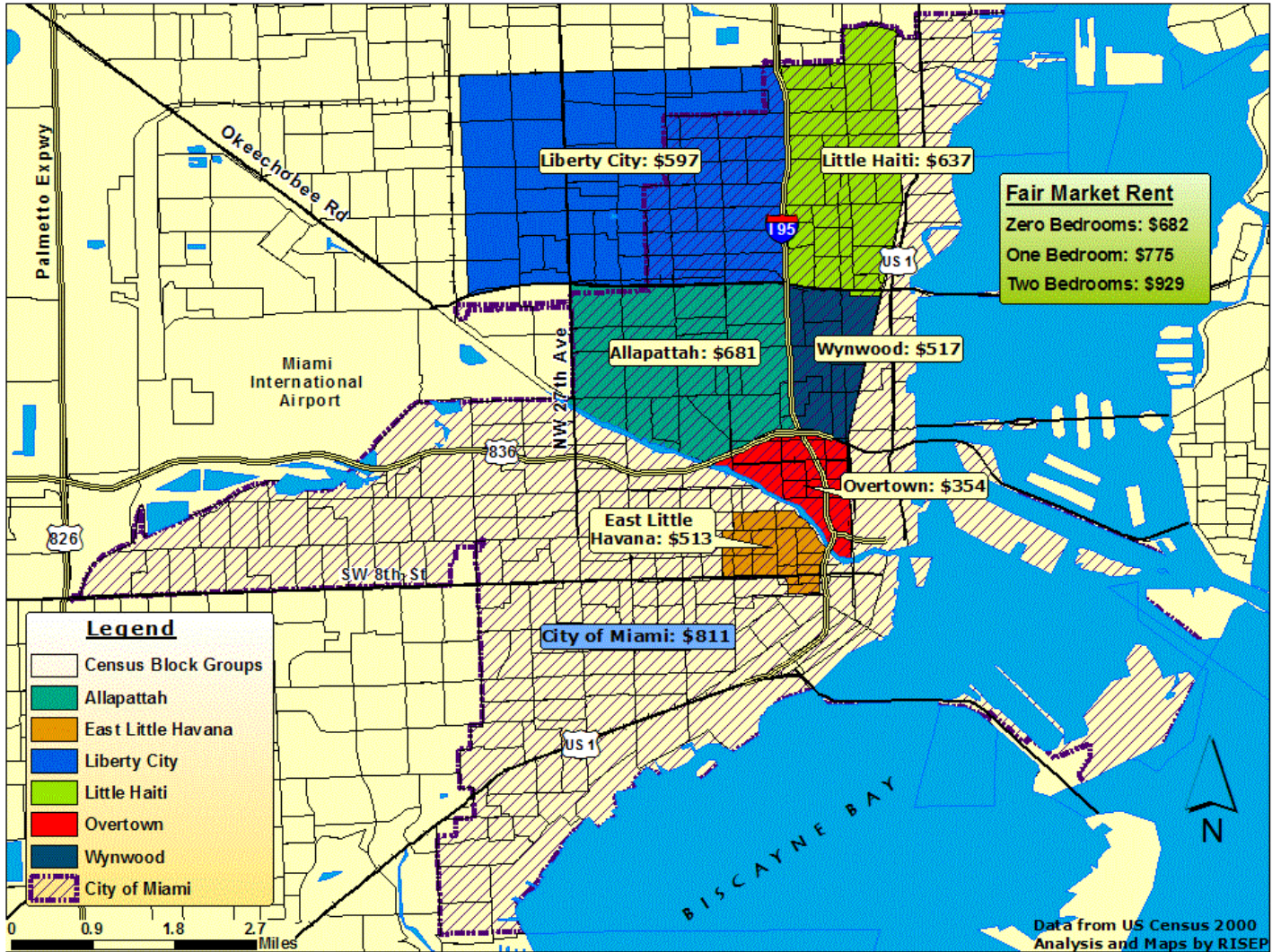
Map 2. Median Family Income for the City of Miami and Selected Neighborhoods.



* Adjusted to reflect inflation from April 1999 to April 2005

Map 3. Affordable Housing Cost for Families in the City of Miami and Selected Neighborhoods.

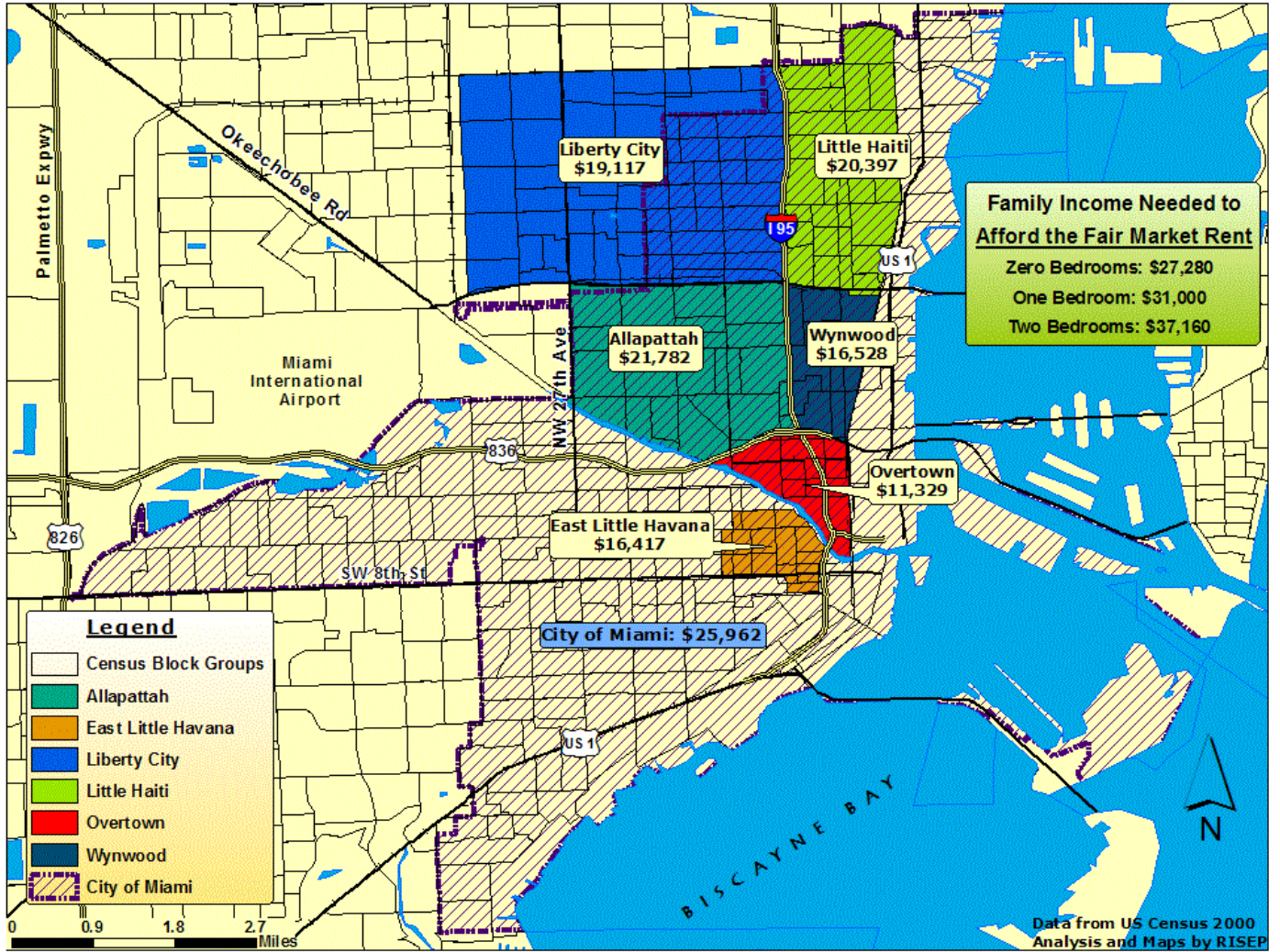
AFFORDABLE HOUSING COST FOR FAMILIES*



* Based on the median family income, adjusted to reflect inflation from April 1999 to April 2005

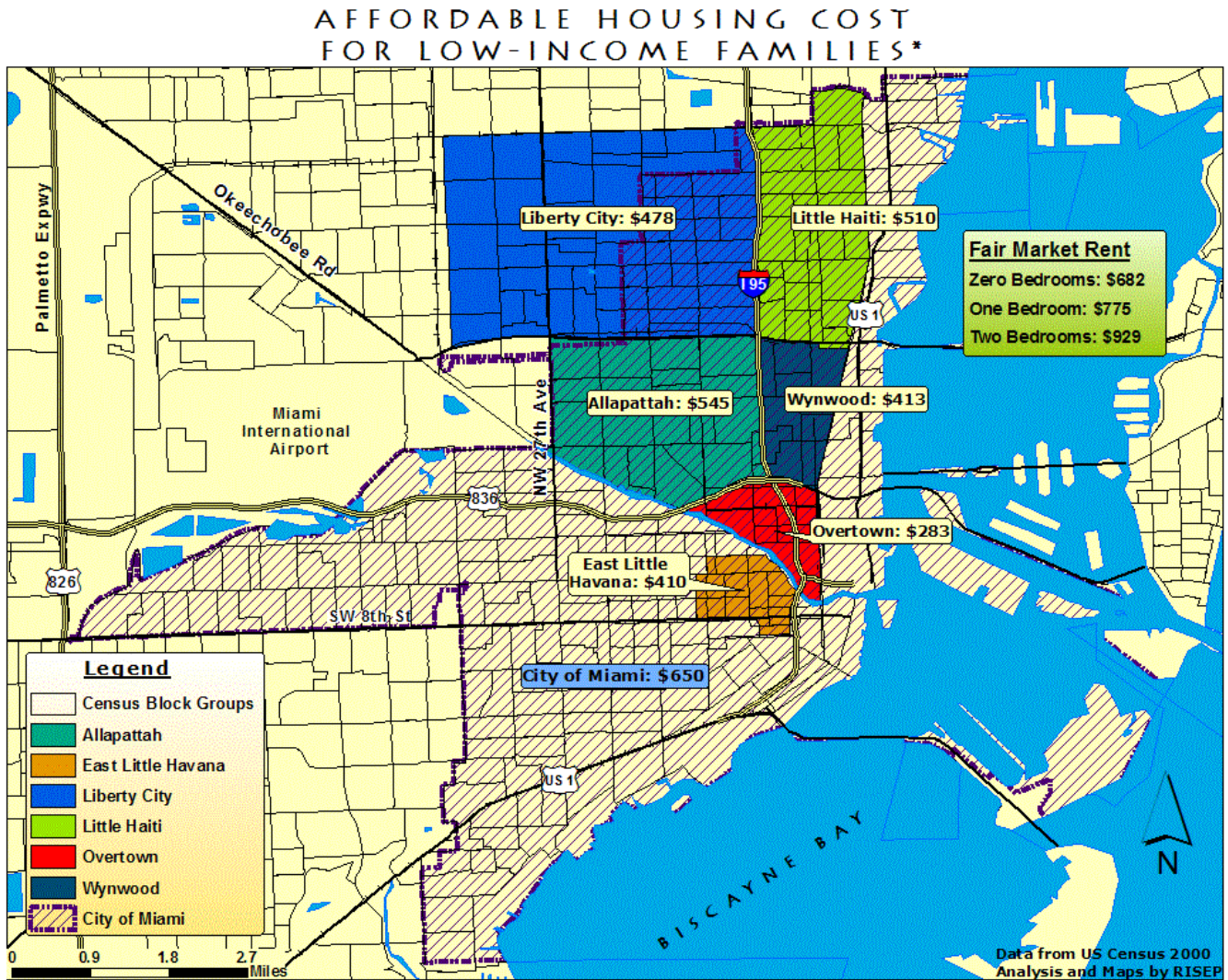
Map 4. 80 Percent of the Median Family Income for the City of Miami and Selected Neighborhoods.

80 PERCENT OF THE MEDIAN FAMILY INCOME*



* Adjusted to reflect inflation from April 1999 to April 2005

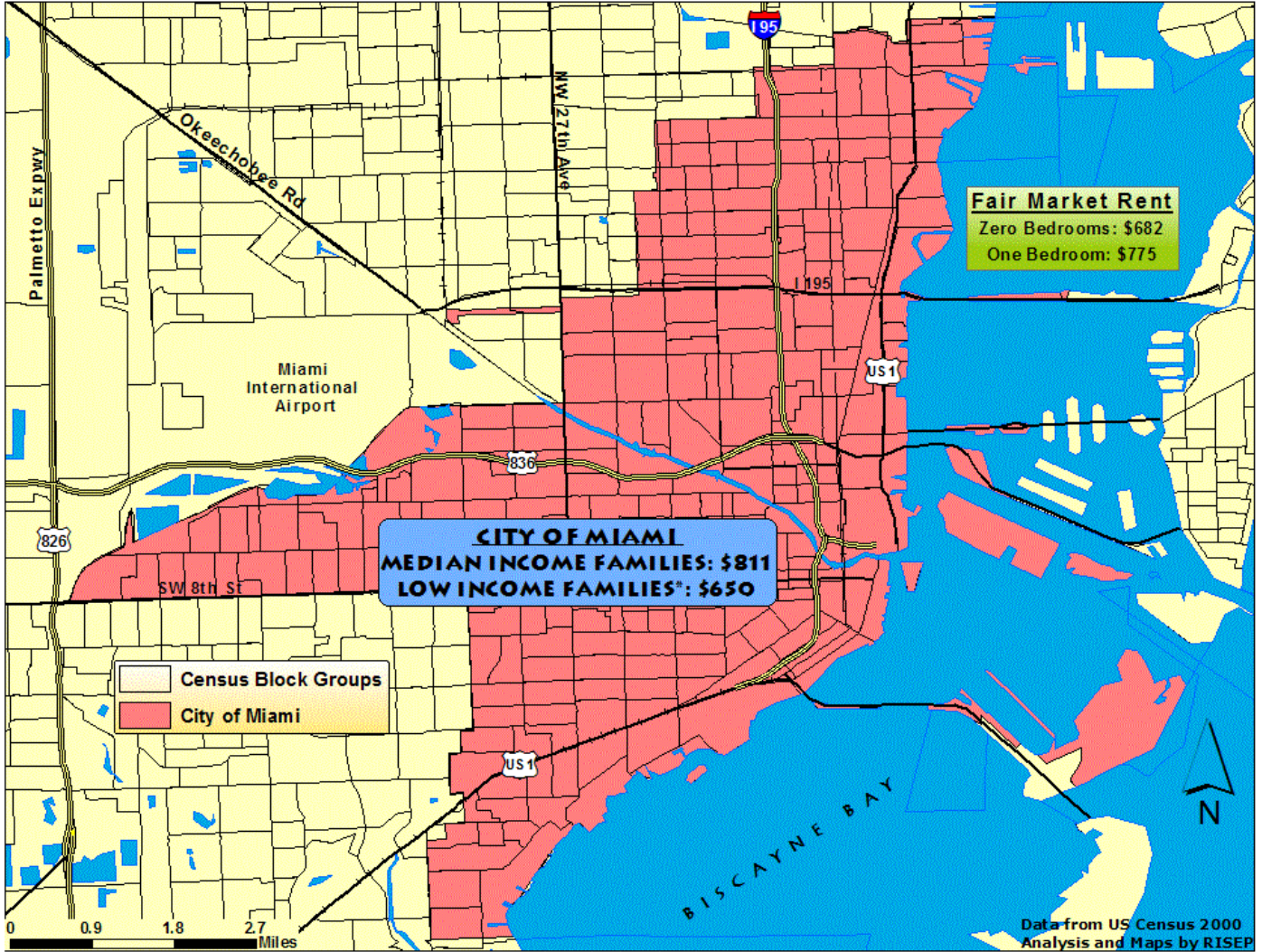
Map 5. Affordable Housing Cost for Low Income Families in the City of Miami and Selected Neighborhoods.



* Based on 80% of the median family income, adjusted to reflect inflation from April 1999 to April 2005

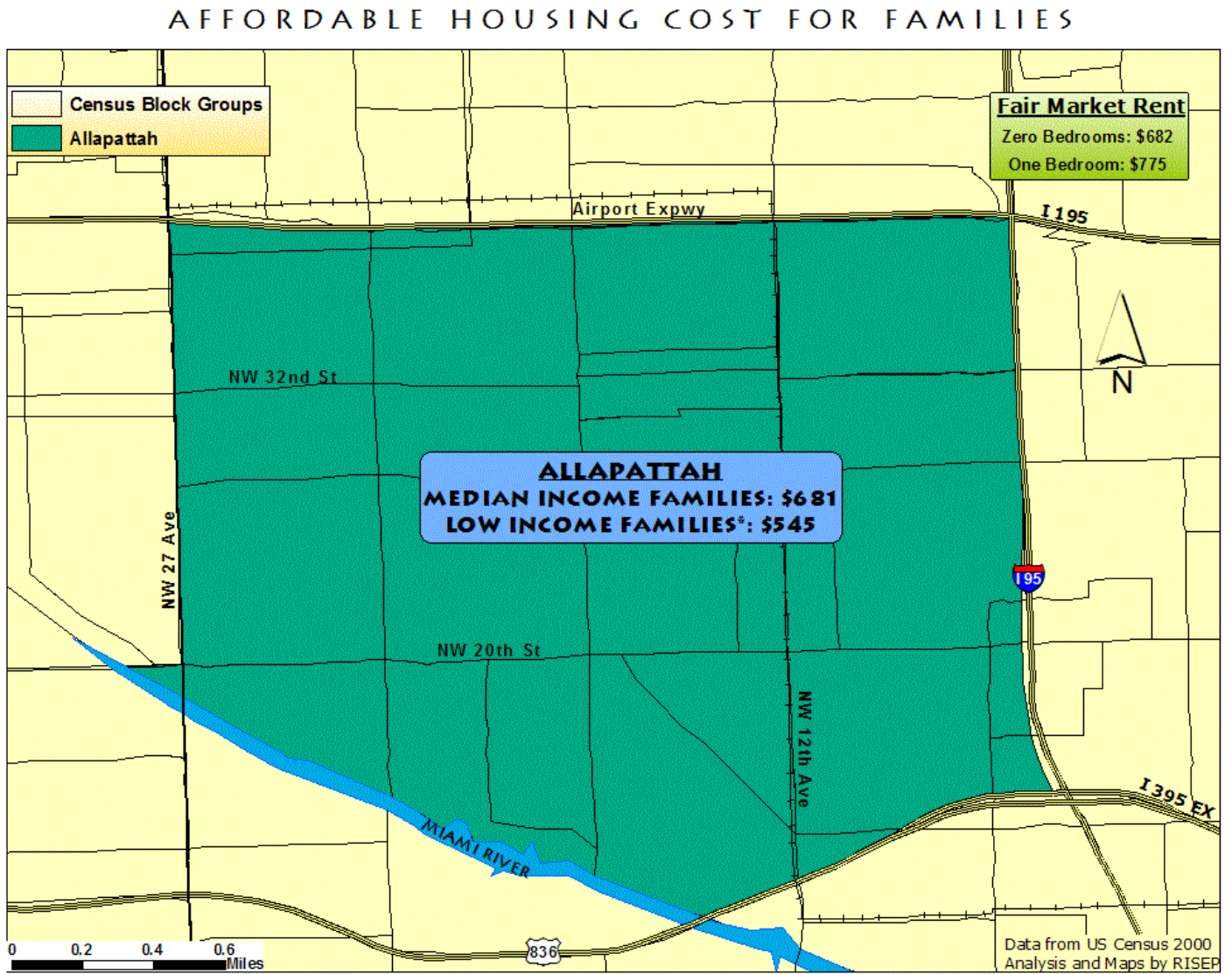
Map 6. Affordable Housing Cost for Families in the City of Miami.

AFFORDABLE HOUSING COST FOR FAMILIES



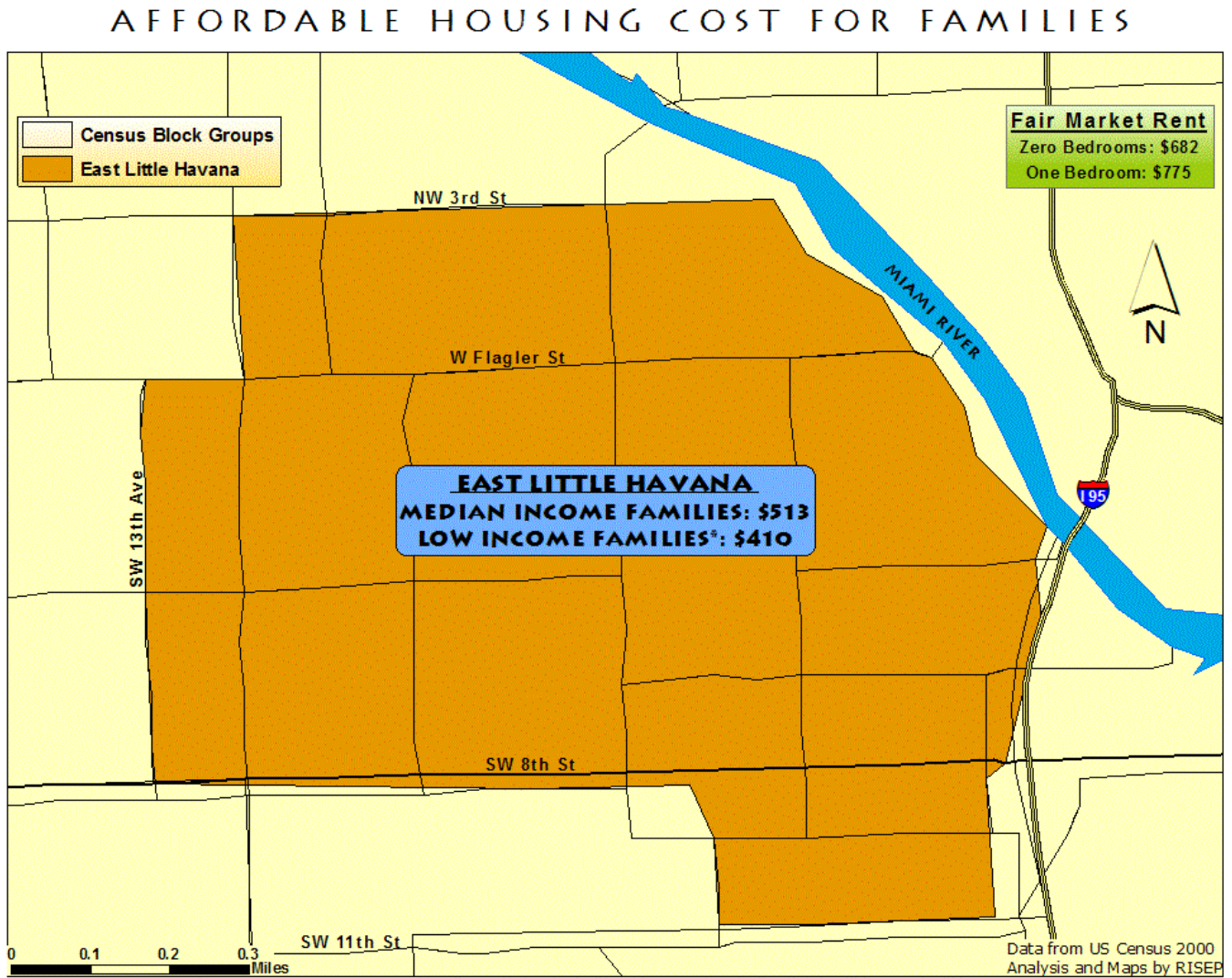
*Low income is defined as less than or equal to 80% of the median family income for the neighborhood. Incomes are adjusted to reflect inflation from April 1999 to April 2005

Map 7. Affordable Housing Cost for Families in Allapattah.



*Low income is defined as less than or equal to 80% of the median family income for the neighborhood. Incomes are adjusted to reflect inflation from April 1999 to April 2005

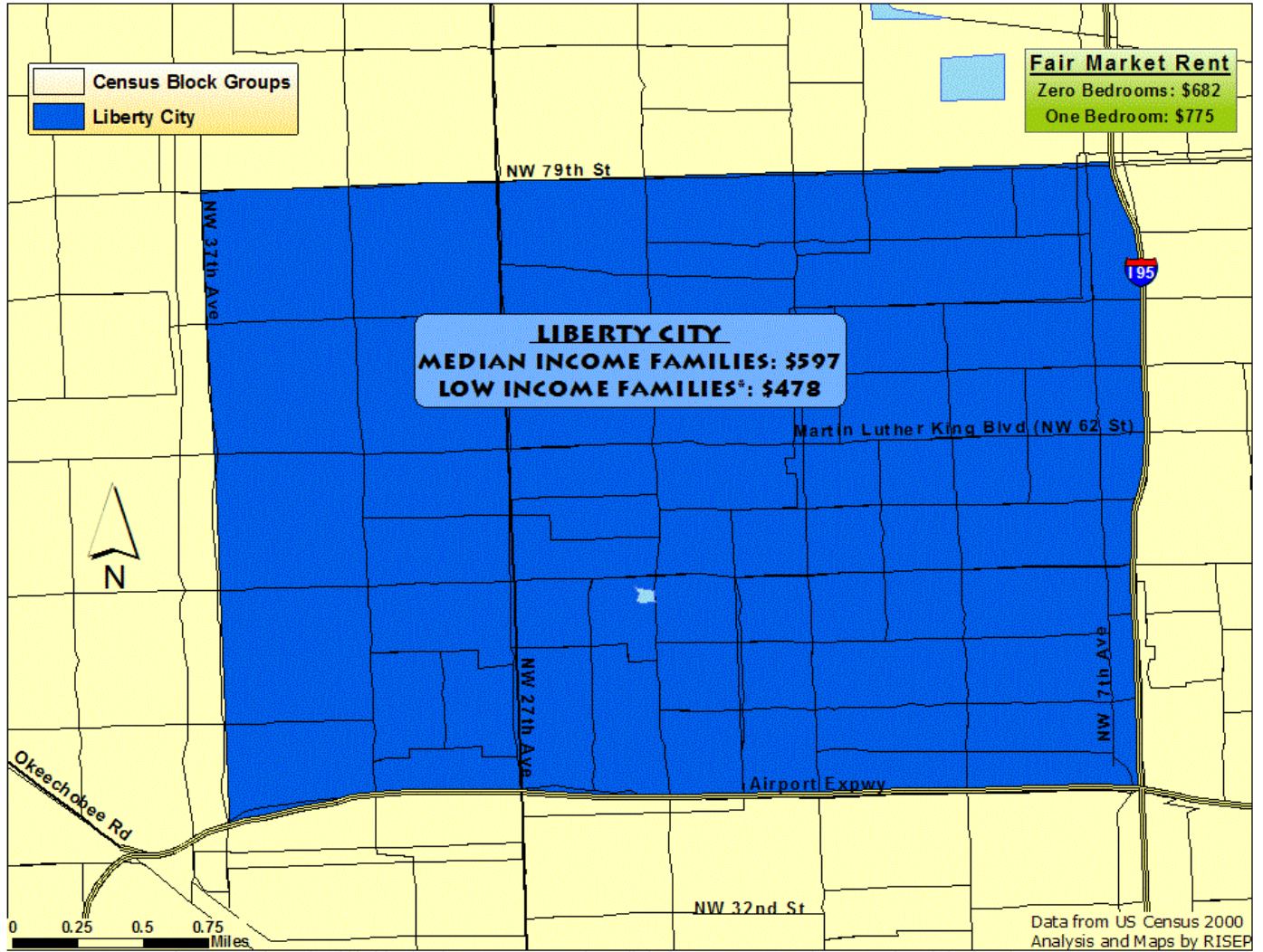
Map 8. Affordable Housing Cost for Families in East Little Havana.



*Low income is defined as less than or equal to 80% of the median family income for the neighborhood. Incomes are adjusted to reflect inflation from April 1999 to April 2005

Map 9. Affordable Housing Cost for Families in Liberty City.

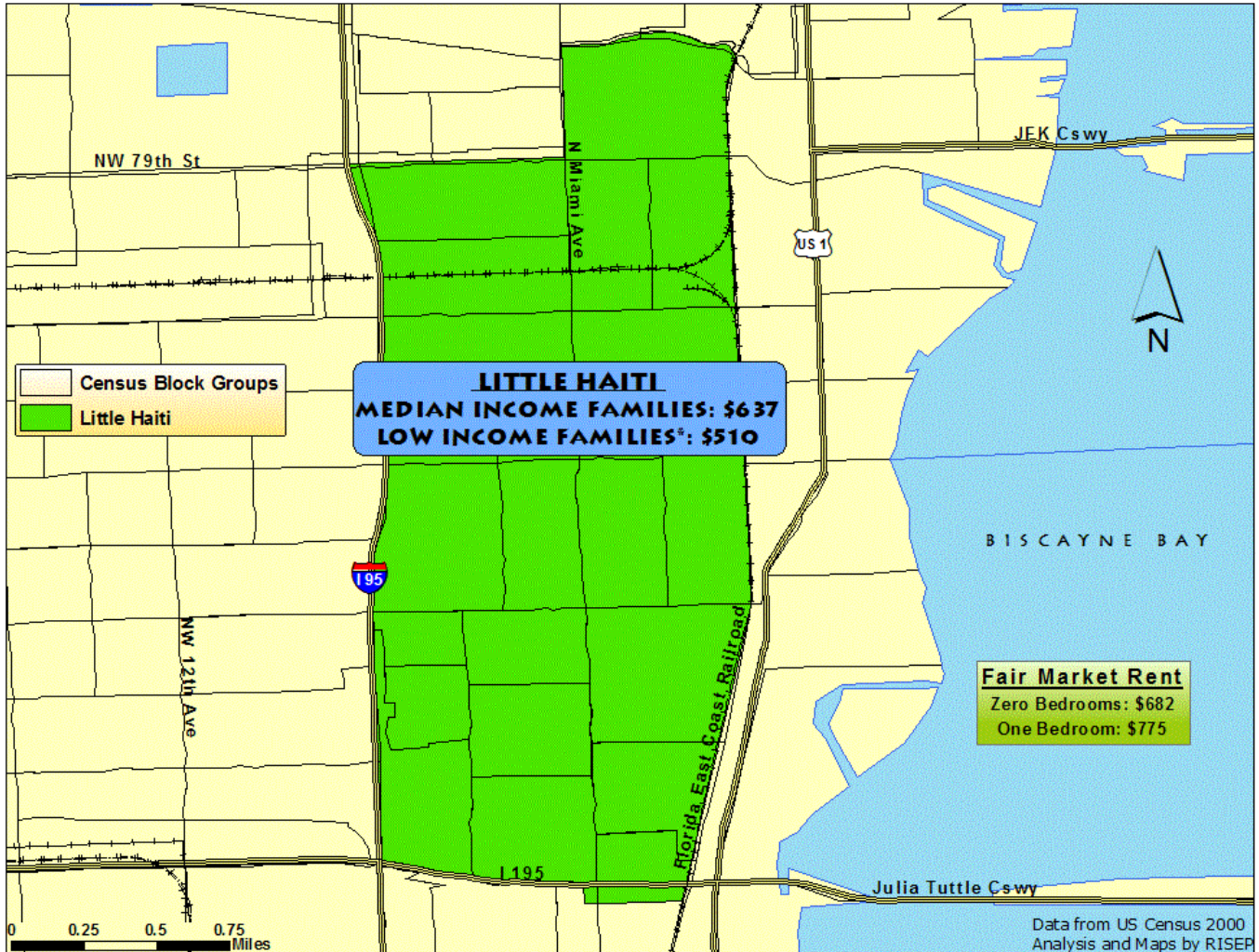
AFFORDABLE HOUSING COST FOR FAMILIES



*Low income is defined as less than or equal to 80% of the median family income for the neighborhood. Incomes are adjusted to reflect inflation from April 1999 to April 2005

Map 10. Affordable Housing Cost for Families in Little Haiti.

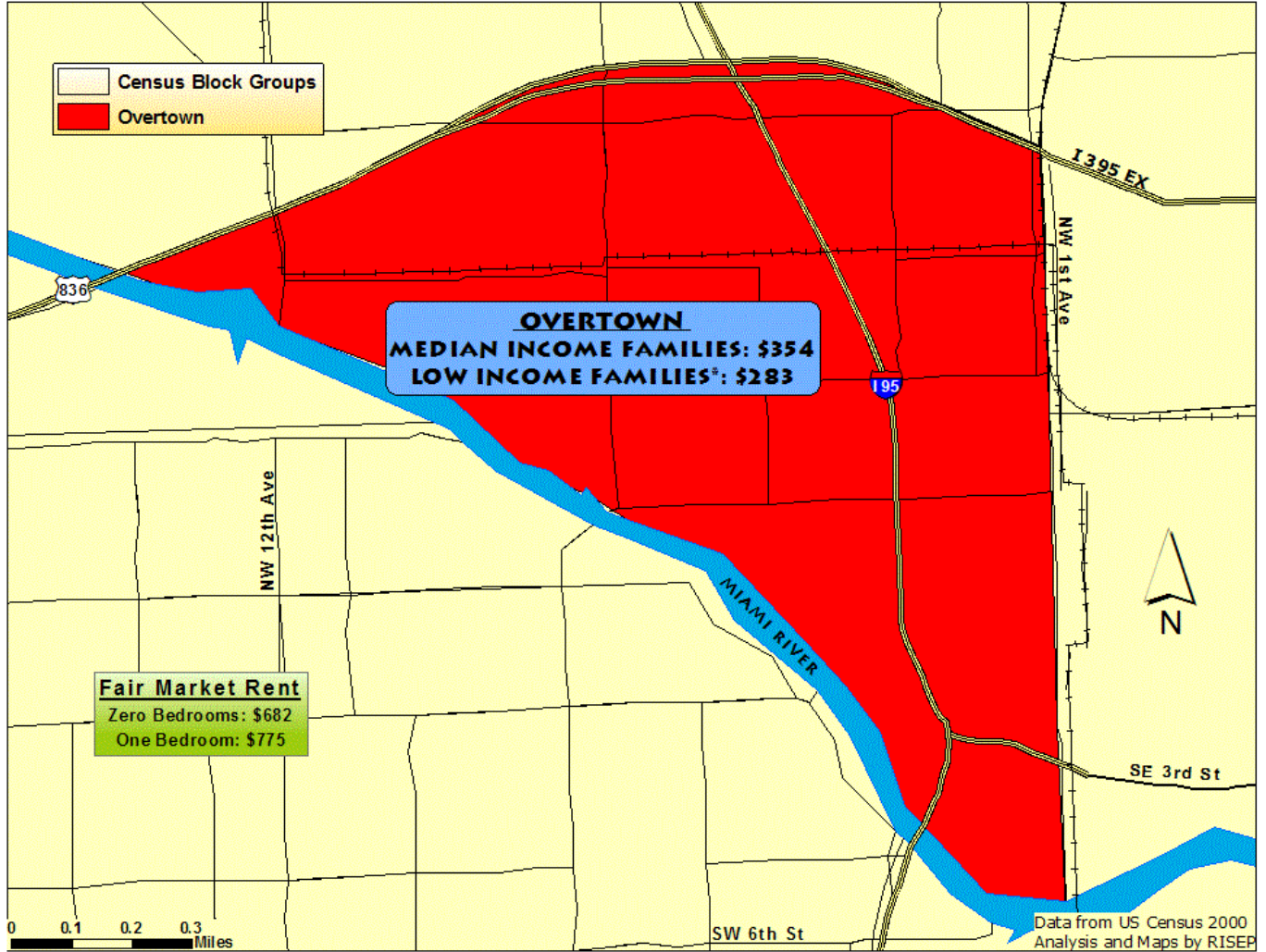
AFFORDABLE HOUSING COST FOR FAMILIES



*Low income is defined as less than or equal to 80% of the median family income for the neighborhood. Incomes are adjusted to reflect inflation from April 1999 to April 2005

Map 11. Affordable Housing Cost for Families in Overtown.

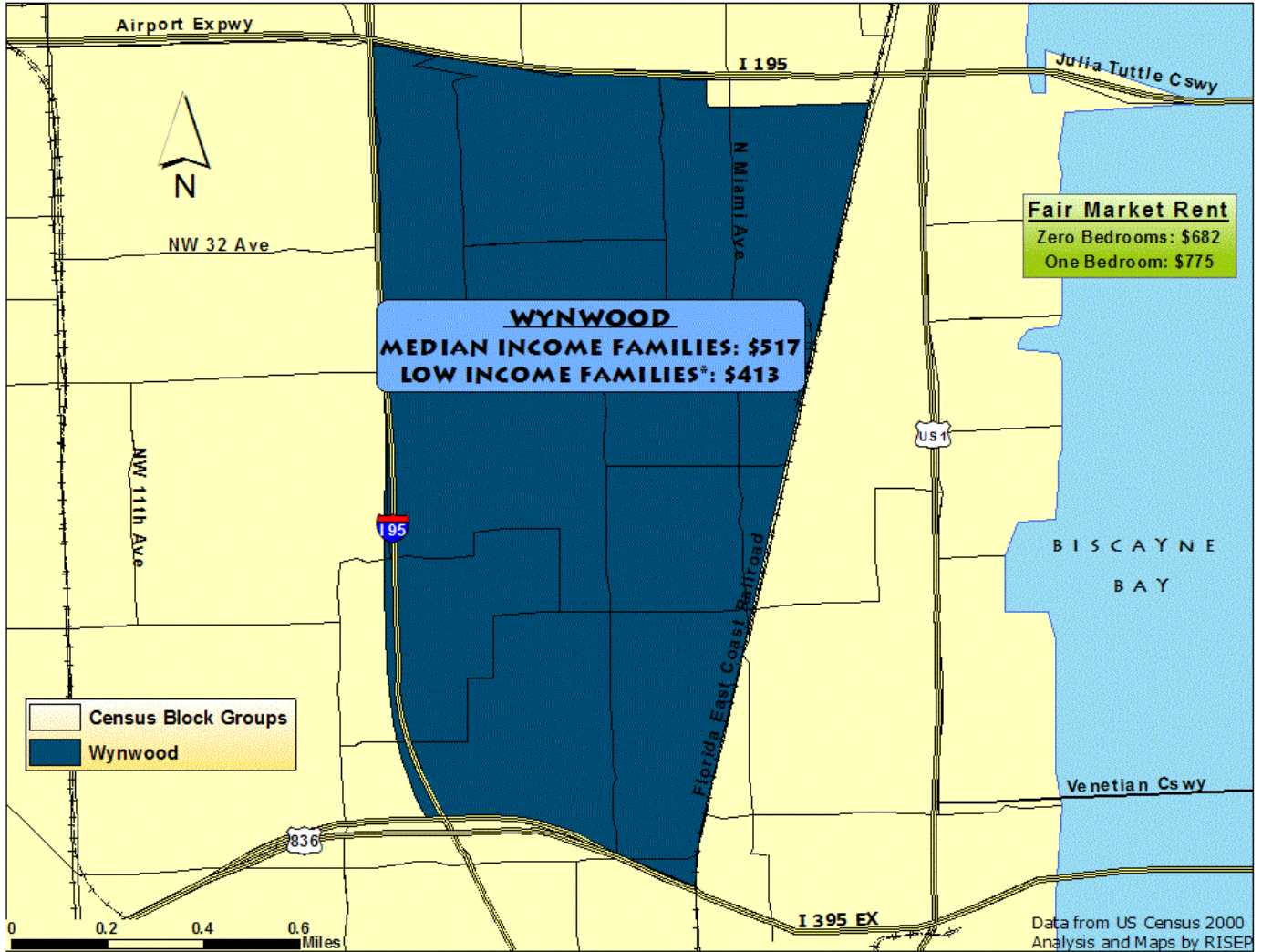
AFFORDABLE HOUSING COST FOR FAMILIES



*Low income is defined as less than or equal to 80% of the median family income for the neighborhood. Incomes are adjusted to reflect inflation from April 1999 to April 2005

Map 12. Affordable Housing Cost for Families in Wynwood.

AFFORDABLE HOUSING COST FOR FAMILIES



*Low income is defined as less than or equal to 80% of the median family income for the neighborhood. Incomes are adjusted to reflect inflation from April 1999 to April 2005