



## The State of Miami's Housing Crisis:

An Updated Look at Housing Affordability Problems in  
One of the Country's Least Affordable Housing Markets

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by

**Marcos Feldman**

**The Research Institute on Social and Economic Policy  
Center for Labor Research and Studies  
Florida International University  
Miami, FL**

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Cover Image: Tenants evicted from a Hialeah apartment building in November of 2005, in the aftermath of Hurricane Wilma, dispose their trash and water-damaged furniture. Courtesy of Carl Juste/The Miami Herald.

## EXECUTIVE SUMMARY

At the same time as the City of Miami is pursuing higher-density up-scale development and “world city” status, its’ residents face an affordable housing shortage of crisis proportions.<sup>1</sup> Using recently released Census data from the 2006 American Community Survey,<sup>2</sup> this report provides an updated assessment of housing affordability problems in the City of Miami, and analyzes three fundamental aspects of the housing crisis: housing “stress” or cost-burden, overcrowding in housing, and recent trends in housing costs compared to workers’ wages. As the recent building boom in South Florida has been pronounced in the urban core, the report draws particular attention to trends and conditions among renters and owners in the City of Miami. Since city residents are also affected by economic and specifically housing market conditions in the broader metropolitan area, the report examines patterns in the larger Miami-Ft. Lauderdale metropolitan area.<sup>3</sup> The study’s main findings are:

### **(1) Housing costs rapidly outstripped incomes and wages.**

- ✓ Between 2002 and 2006 the costs of living (e.g., housing, health care, transportation and food) grew about 12% faster than the average wage.
- ✓ Housing cost alone grew almost 20% faster than the average wage.

### **The Miami-Ft. Lauderdale metropolitan statistical area (MSA) leads all other U.S. metro areas in the share of owners and renters who are cost-burdened by their housing expenses.**

- ✓ More than 1,000,100 or almost half (49%) of all households in the Miami-Ft. Lauderdale MSA area are cost-burdened by their housing expenses.
- ✓ 57% of renting households and 46% of homeowners are cost-burdened.
- ✓ In the City of Miami the share of cost-burdened households is even higher—55% or about 80,000 of all households are cost-burdened.
- ✓ In the city of Miami, 60% of renters and 50% of homeowners are cost-burdened.
- ✓ Although lower income households continue to be disproportionately affected housing cost-burden, the recent run up in housing costs is also putting significantly greater stress on homeowners in the middle and higher income groups. Between 2000 and 2006 the rate of cost-burden for homeowners in the city making \$50,000 to \$75,000 increased by 24.7%, more than any other income category of homeowners.

### **(2) Low income renters are being priced out of the City of Miami but they have virtually nowhere to go to find more affordable housing.**

#### **Between 2002 and 2006 there was a worrisome convergence of population and housing trends:**

- ✓ The City of Miami grew rapidly and the cost of living, especially housing, grew much faster than workers’ wages.
- ✓ There was a slight reduction (nearly 2%) in the share of persons with incomes below 150% of the federal poverty line, while the share of persons with incomes **above** 200% of the poverty line increased by nearly 30%, suggesting class turnover.

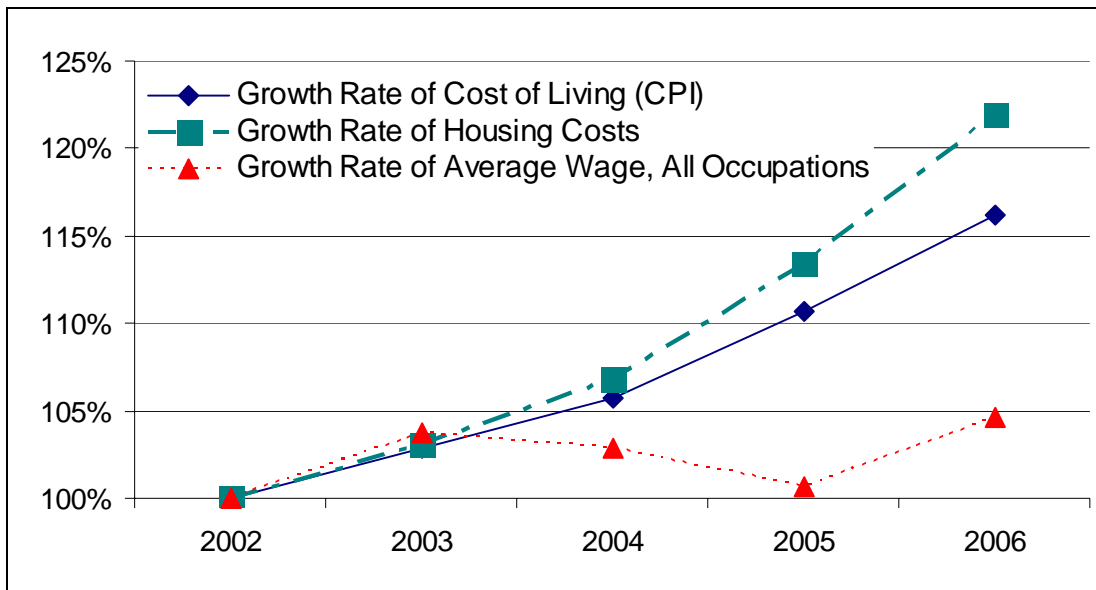
- ✓ There was a massive decrease (-38.9% or -20,634) in the number of renters in the cheapest apartments (renting for \$600 or less) and a large decrease (-9,311) in the population of renters with incomes under \$20,000 a year.
- ✓ There was also a large increase in the City of Miami in the number of renters (almost 9,000) in more expensive apartments (renting for \$1,000 or more).
- ✓ The price of cheaper apartments (i.e., the 25<sup>th</sup> percentile of contract rents) grew 6.9% faster than the price of more expensive apartments (i.e., the 75<sup>th</sup> percentile of contract rents) between 2002 and 2006.
- ✓ Among the middle and lower income households the percent of households that are cost-burdened is higher throughout the metropolitan area than in the city. **This suggests that if lower income residents are priced out of gentrifying, city neighborhoods, they are unlikely to find an equally or more affordable place to live elsewhere in the Miami-Ft. Lauderdale MSA.**

The patterns in the city's housing affordability problems suggest that the rapidly rising housing costs, especially among the most affordable apartments, are pricing low-income renters out of the city. A balanced workforce that includes low, middle and high-income workers is needed to ensure the social and economic vitality of the city. If low and middle income workers cannot find adequate, affordable housing in the City of Miami, businesses will face an employment crisis. The recent "cooling" of the housing market presents an opportunity now to change the way we grow as an urban area and as a community. The City of Miami must take steps to ensure that all of its residents can share in the growing prosperity of Southeast Florida.

## THE STATE OF MIAMI'S HOUSING CRISIS

During the most recent real estate “boom” in Southeast Florida the costs of living, especially of housing, grew much faster than workers’ wages. Chart 1 below shows that between 2002 and 2006 the rate of growth in the costs of living, which include housing, transportation, medical care, and food, was about 12% more than the growth rate of the average of all workers wages. Housing cost alone grew almost 20% faster than the average wage. This means that the cost of housing is taking up a larger and larger share of the household budget, cutting into basic needs like food, clothing, transportation and medical care or, in the worst cases, resulting in foreclosure and eviction.

**Chart 1. Rate of Growth in Average Wage and Costs of Living in Miami-Dade County, 2002-2006**



Source: Adopted from Consumer Price Index and Occupational Wage Estimates, Miami-Dade County, 2002-2006, Bureau of Labor Statistics.

The imbalance between incomes and rapidly growing housing costs led Miami-Dade County to have the tenth highest rate of mortgage foreclosure filings (1 foreclosure for every 35 households) in the United States in April of 2006.<sup>4</sup> According to a June 2007 report by ACORN, between April 2006 and April 2007, Miami-Dade’s foreclosure rate nearly tripled. Moreover, by mapping foreclosure filings by zip code, the same study showed that the zip codes most affected by foreclosure are not in the wealthier bay-front and ocean-front areas experiencing a glut of condominium construction, but rather are low-income, inner city neighborhoods like Liberty City and Allapattah, or neighborhoods in South Dade where new housing is built at moderate prices.<sup>5</sup> In short, low- and moderate-income neighborhoods are the most affected by the growing rate of mortgage foreclosures in Miami-Dade County.

The struggle to pay the rent or mortgage does not always result in eviction or foreclosure. Instead, more and more income or purchasing power is diverted to paying for housing. For many tenants and owners, housing costs are taking up a growing share of the household budget. A household is considered to be cost-burdened if 30% or more of the household's monthly income is spent on housing costs (including rent or mortgage payments plus utilities, taxes and/or insurance) and considered to be "extremely" cost-burdened if 50% or more of monthly income goes to housing costs.<sup>6</sup>

Compared to the largest 100 U.S. Metro Areas (see Tables A-1 through A-7 in Appendix A), the Miami-Fort Lauderdale MSA ranked first in the share of renters and homeowners who are cost-burdened and extremely cost-burdened in 2006. The Miami MSA thus leads the nation in rates of cost-burden among renters and owners, a sign that prevailing housing costs are way out of line with wages and salaries.

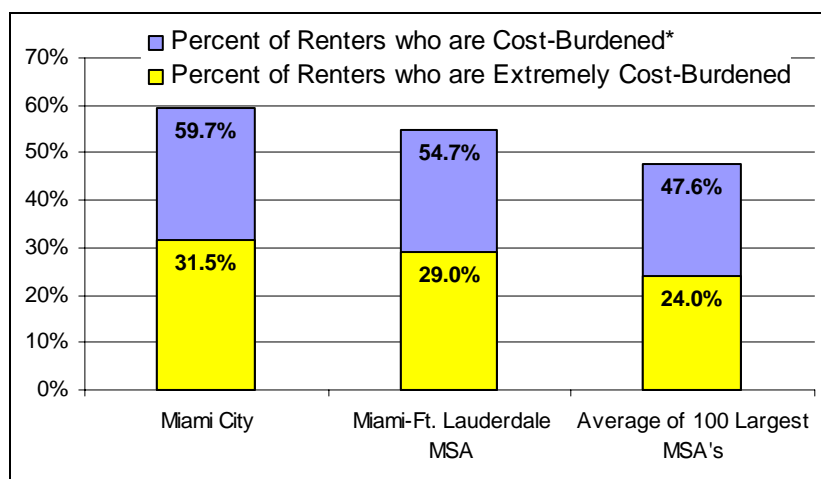
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Charts 2 and 3 show the rates of cost-burden and extreme cost-burden in 2006 for renters and owners in the City of Miami, in the Miami-Ft. Lauderdale MSA and in the United States as a whole. City of Miami renters are slightly worse off than renters in the metropolitan area in terms of rates of housing cost-burden. About 60% or 55,608 of renting households in the city were cost-burdened in 2006 and almost 32% or 29,331 renting households spent more than 50% of their monthly income on housing costs.

**Chart 2. Renters who are Cost-Burdened\* and Extremely Cost-Burdened, Miami City, Miami MSA and the U.S., 2006**

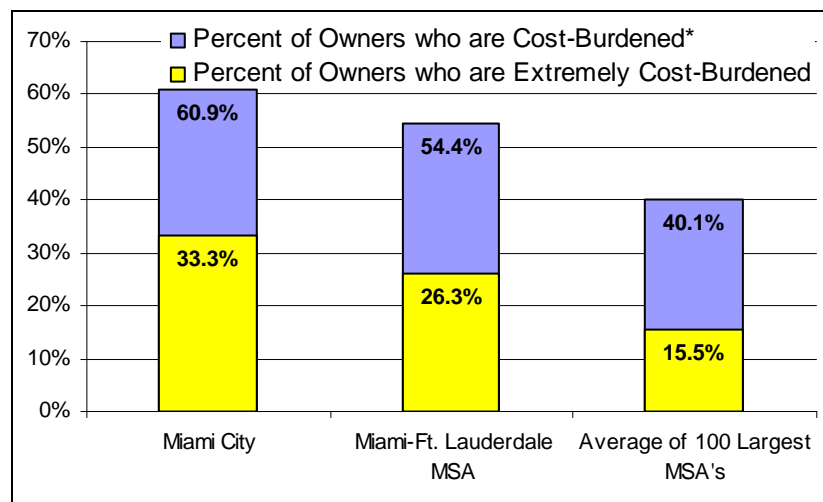


\* Cost-Burdened means spending 30% or more of monthly income on housing costs, and Extremely Cost-Burdened means spending 50% or more of monthly income on housing costs.

Source: U.S. Census Bureau, American Community Survey, 2006

Homeowners with a mortgage in the City of Miami fare slightly worse than renters in the city on the measure of housing cost-burden.<sup>7</sup> About 18,593 or about 61% of homeowners were cost-burdened by their housing expenses in 2006 (Chart 3, below). Fully a third (33.3%) of the city's homeowners spent more than half of their monthly income on housing. In the Miami-Ft. Lauderdale MSA, 54% or 513,386 homeowners were cost-burdened, and about 26% or 247,585 were extremely cost-burdened. Both the City of Miami and the Miami-Ft. Lauderdale MSA exhibit notably higher rates of renter cost-burden than the average of the 100 largest U.S. Metro Areas.

**Chart 3. Percent of Owners with a Mortgage Who are Cost-Burdened\* and Extremely Cost-Burdened, City of Miami, Miami MSA and the United States, 2006**



\* Cost-Burdened means spending 30% or more of monthly income on housing costs, and Extremely Cost-Burdened means spending 50% or more of monthly income on housing costs.

Source: U.S. Census Bureau, American Community Survey, 2006

Housing conditions affect the health, education, and general well-being of residents. Overcrowding in housing—defined by the U.S. Census as housing units that are occupied by more than one person per room<sup>8</sup>—is linked to increased disease transmission and respiratory problems, increased psychological distress and developmental delay in children that leads to low educational attainment.<sup>9</sup>

In the City of Miami about 7.6% or 6,553 of renting households were overcrowded in 2006, while the rate of overcrowding was 6.8% throughout the Miami-Ft. Lauderdale MSA and 6.32% across the 100 largest U.S. metropolitan areas.<sup>10</sup> Overcrowding in owner-occupied units is also greater in the City of Miami. About 3.1% of owner-occupied housing in the City of Miami is overcrowded, compared to 2% in the rest of the metropolitan area and 1.9% across the 100 largest U.S. metropolitan areas. Although the percentages are relatively small, in the City of Miami overcrowding affects over 8,000 households.



**Table 1. Number and Percent of Owned and Rented Units that are Overcrowded, City of Miami, Miami MSA and 100 Largest U.S. Metro Areas, \* 2006**

Housing Units with More than One Occupant Per Room	City of Miami		Miami-Ft. Lauderdale MSA		Total and average of 100 largest U.S. metro areas *	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	1,520	3.1%	27,268	2.0%	817,042	1.92%
Renter Occupied	6,553	7.6%	44,964	6.8%	1,632,086	6.32%

\* Average weighted by MSA population size (see end note 10).

Source: U.S. Census Bureau, American Community Survey, 2006

An alternative outcome to overcrowding when housing costs increase beyond what residents can afford is simply moving out. The displacement of low income households in this way is found to have “dire” short term consequences for affected residents, including the “loss of money, loss of social organization, and psychological trauma.”<sup>11</sup> By disrupting the social organization of low income communities, displacement also undermines low income residents’ capacity for collective political action to address the shortage of adequate, affordable housing vital to family and community health and well-being.<sup>12</sup> Displacement may also result in a significant shrinking of the local labor pool, leaving local businesses and employers with an employment crisis. This is especially worrisome in the context of a public transit system in Miami-Dade County that has on several occasions been described as “woefully inadequate”<sup>13</sup> and recently been criticized for falling short of promised levels of service.<sup>14</sup>

Beyond the impacts of residential displacement on residents and businesses, moving out in search of more affordable housing may be a fruitless chase in places like South Florida, where developable land is scarce and housing costs are very high throughout the urbanized area.

Charts 4 and 5 below report the rates of housing cost-burden for owners and renters across different income levels in 2006. The charts reveal an important characteristic of low income households’ struggle with housing affordability in Southeast Florida. Rates of cost-burden are actually higher throughout the Miami-Ft. Lauderdale MSA area than in the City of Miami, one of the poorest central cities in the country. About 85% or 34,038 of the City of Miami’s renting households with incomes under \$20,000 were cost-burdened by their housing expenses. This figure was 91.4% for the Miami-Ft. Lauderdale MSA, an indicator that housing affordability for the poorest households does not improve in the rest of the metropolitan area. This also suggests that there are virtually no options for cost-burdened families throughout the metropolitan area.

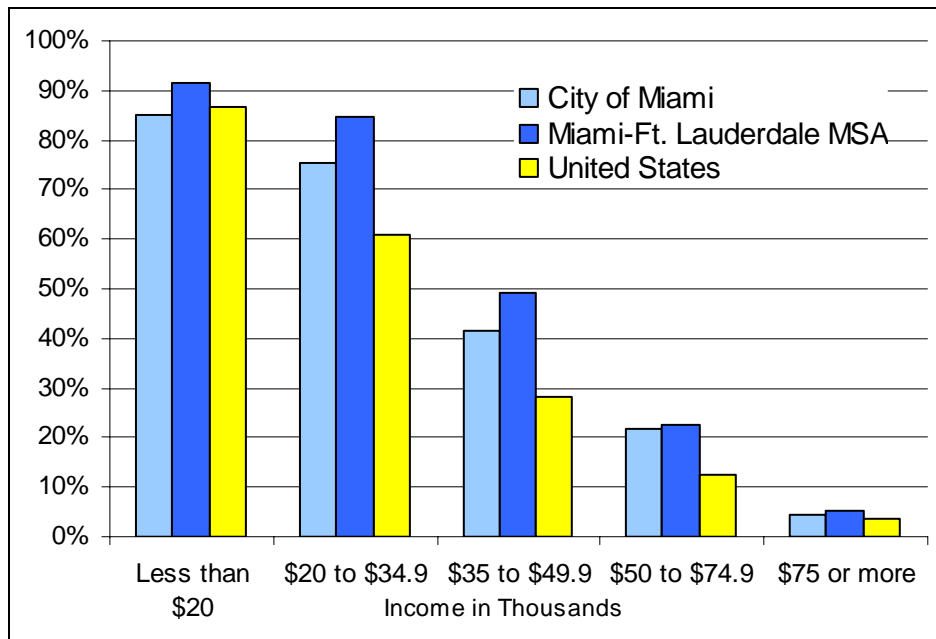
The same is true across all income groups of renters—rates of cost-burden are higher throughout the metropolitan area than in the City of Miami. For renters in the City of Miami with incomes in the \$20,000 to \$34,999 range, the rate of cost-burden is 75.6%, while it is 84.5% throughout the Miami-Ft. Lauderdale MSA. About 42% of city renters making between \$35,000 and \$49,999 are cost-burdened by their housing expenses, while throughout the MSA about half of this category of renters are cost-burdened.

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For renters in the City of Miami with incomes in the \$20,000 to \$34,999 range, the rate of cost-burden is 75.6%, while it is 84.5% throughout the Miami-Ft. Lauderdale Metro Area.

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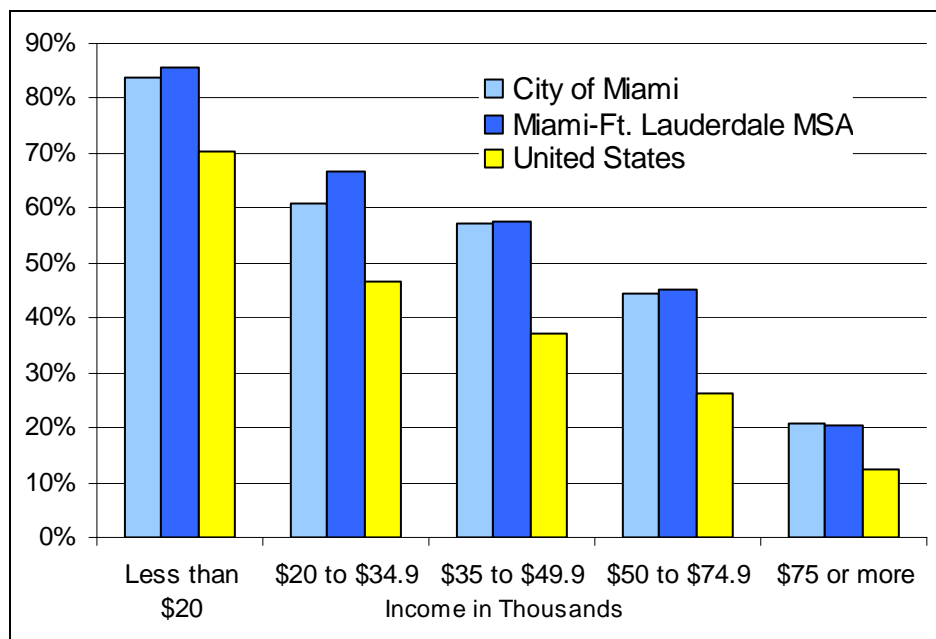
**Chart 4. Percent of Renters who are Cost-Burdened by Income Group, City of Miami, Miami MSA and the United States, 2006**



Source: U.S. Census Bureau, American Community Survey, 2006

A similar pattern is revealed among homeowners in the City of Miami and throughout the metropolitan area (Chart 5, below). About 86% of owners with incomes below \$20,000 were cost-burdened in the City of Miami and the same proportion was cost-burdened throughout the Miami-Ft. Lauderdale MSA. In the next highest income group of homeowners, \$20,000 \$34,999, the rate of cost-burden was 60.8% in the City of Miami and 66.9% throughout the metropolitan area. As with renters, the extent of housing cost-burden is higher in the Miami-Ft. Lauderdale MSA than in the City of Miami.

**Chart 5. Percent of Homeowners who are Cost-Burdened by Income Group, City of Miami, Miami MSA and the United States, 2006**



Source: U.S. Census Bureau, American Community Survey, 2006

It is not surprising that the highest rates of cost-burden disproportionately affect the lowest income renters and homeowners (charts 4 and 5). Low-income households, especially those on fixed incomes, have the most difficulty adjusting to the dramatic increase in the cost of living in Southeast Florida. The lowest income workers are also those with the least opportunities for upward mobility and whose wages grow the slowest compared to other workers. But these figures reveal a very troubling situation for lower income households. Because there is virtually nowhere in the metropolitan area for them to move, these renters and owners cannot afford to be priced out of the City of Miami as gentrification sweeps through their neighborhoods. With very high rates of housing cost-burden in the City of Miami *as well as* throughout the larger metropolitan area, the data suggests that lower income households will not find any housing cost relief elsewhere in Southeast Florida.

Housing affordability in Southeast Florida is severe compared to other U.S. Metro Areas. Moreover, with even higher rates of housing cost-burden throughout the metropolitan area—particularly for lower income renters—it appears that inner city owners and renters are stuck in a difficult situation: costs are rising rapidly but there are very few, if any, more affordable homes or apartments in the larger metro area to move to. Given this context, *what happened to inner city renters and homeowners during the period of the recent real estate boom? In particular, what happened to lower income residents, who have the least resources to cope with rapidly rising housing costs?*

## RECENT TRENDS

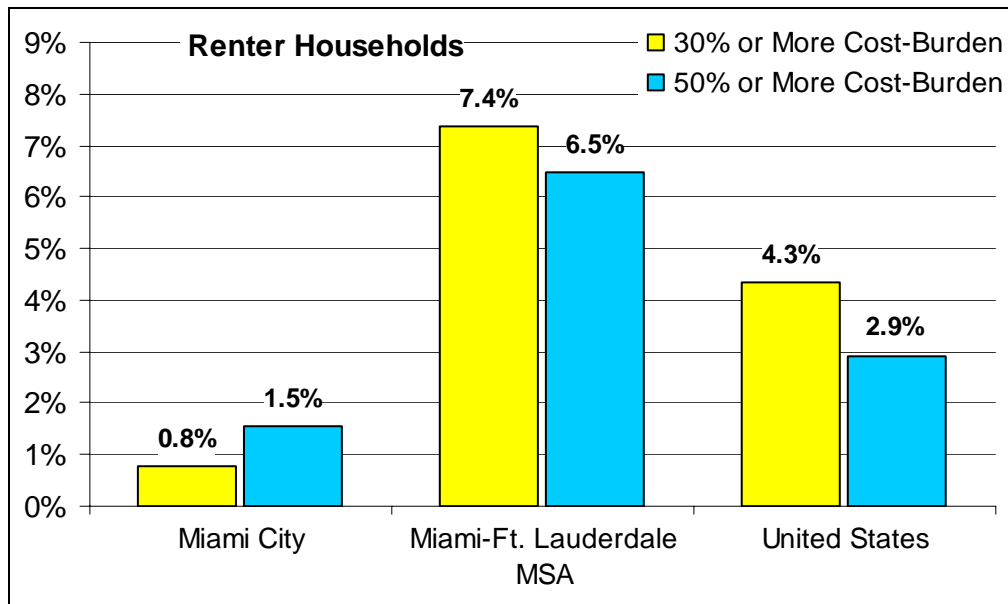
There is evidence that the poorest households are being forced out. Recent trends in Miami’s housing cost patterns suggest that the City of Miami’s unprecedented, recent growth in land and building values may be driving low income renters out of the city as rents rise among the cheapest apartments and in all income groups homeowners face growing financial hardship.

In 2002, the percent of households that were cost-burdened by their housing expenses was much higher for renters compared to owners, both locally and nationally.<sup>15</sup> The City of Miami also had a disproportionately higher share of rental housing (and lower rate of homeownership) and higher share of lower income renters compared to the metropolitan area as well as compared to other large cities across the country.<sup>16</sup>



On the left is a photo of a boarded up house in Miami’s Little Havana neighborhood, on a block where comparable apartments rent for \$600-700 a month. On the right is a photo of a boarded up house in Edgewater, just west of Biscayne Boulevard, where new high-rise condo towers can be seen rising in the background. Homes like these recently served as affordable housing for local residents, with subdivided units renting as low as \$500-600 per month. But they have increasingly been left in disrepair by landlords who find it more lucrative to sell their properties to developers rather than maintain them as rentals.

**Chart 6. Change in the Percent of Renter Occupied Households who are Cost-Burdened and Extremely Cost-Burdened, 2002-2006**



Source: U.S. Census Bureau, American Community Survey, 2002 and 2006

However, these patterns are changing. Charts 6 through 8 show the recent trends. Between 2002 and 2006, cost-burden increased only slightly for renters in the City of Miami, by less than 1%, while it increased by more than 7% for renters throughout the Miami-Ft. Lauderdale MSA (Chart 6, above). The pattern for the city's homeowners was about the same as that of homeowners throughout the rest of the metropolitan area; cost-burden increased by about 21% for both areas (Chart 7, next page).

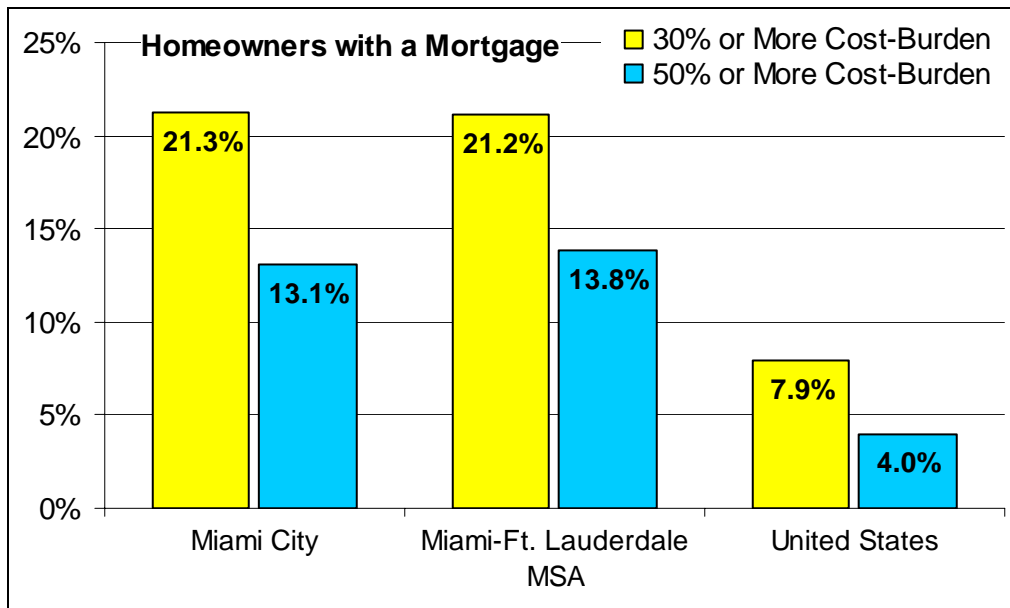
Rates of overcrowding declined for both renters and owners (see end note 21). The share of homeowners in the City of Miami increased only slightly (by 1.4%) while the rate of cost-burden among homeowners increased dramatically (18.34%).<sup>17</sup> In Chart 8 (next page), Miami stands out in the share of its homeowners who do not have a mortgage but for whom cost-burden (and extreme cost-burden) increased substantially between 2002 and 2006, a sign of severe and growing housing stress among long-time, established residents.

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Miami stands out in the share of its homeowners who do not have mortgages but are cost-burdened or extremely cost-burdened by housing expenses, a sign of severe housing stress among long-time, established residents.

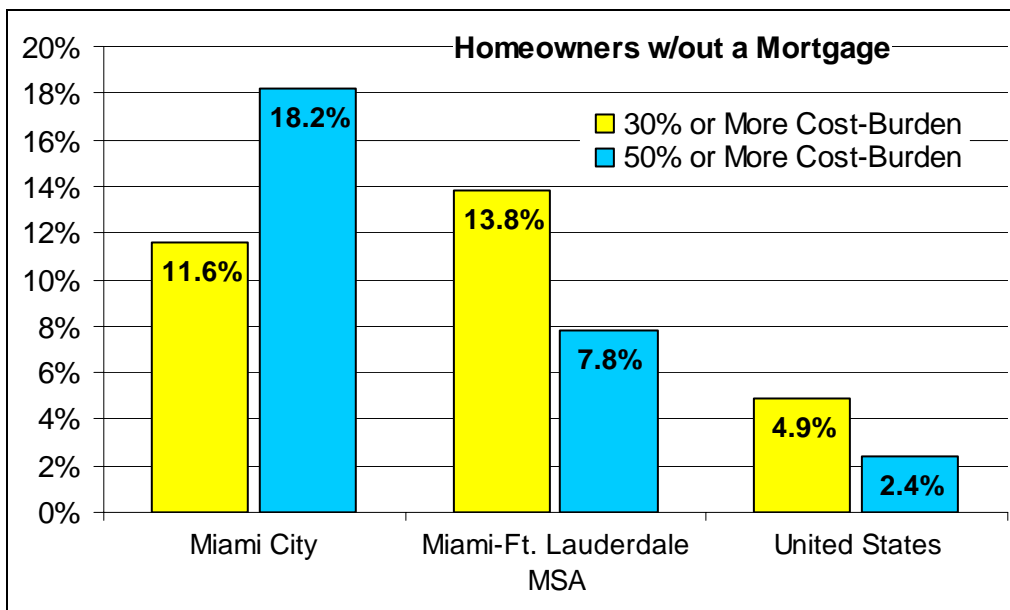
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**Chart 7. Change in the Percent of Owner-Occupied Households with a Mortgage who are Cost-Burdened and Extremely Cost-Burdened, 2002-2006**



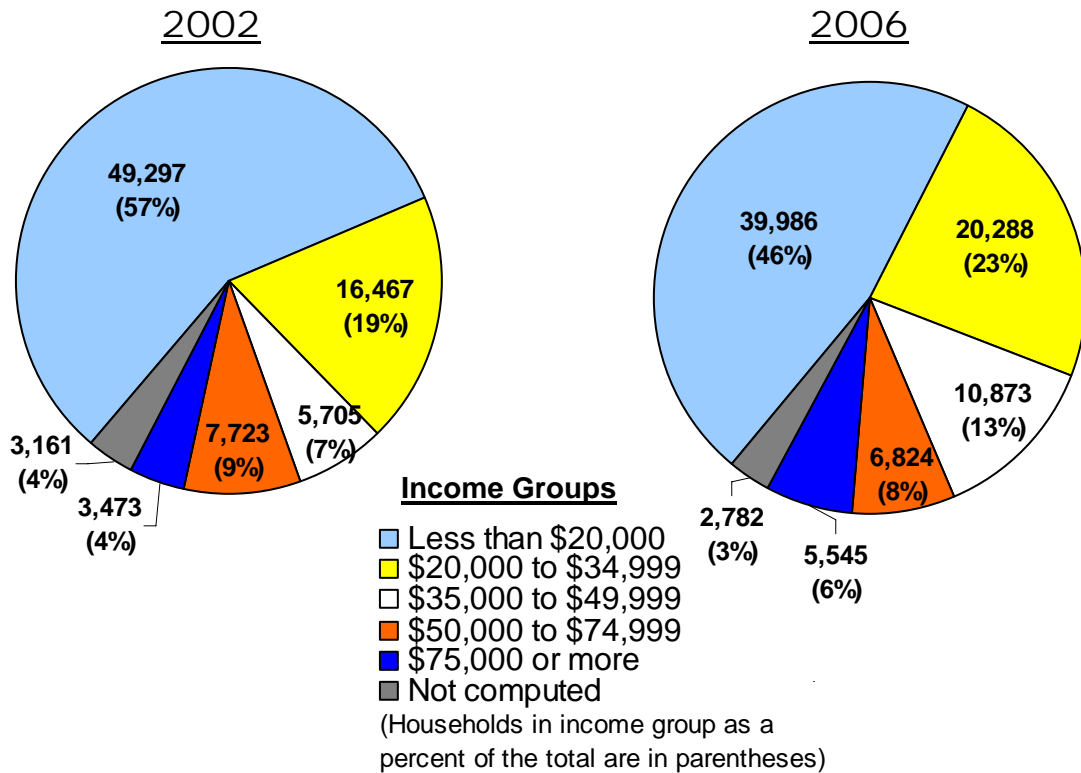
Source: U.S. Census Bureau, American Community Survey, 2002 and 2006

**Chart 8. Change in the Percent of Owner-Occupied Households without a Mortgage who are Cost-Burdened and Extremely Cost-Burdened, 2002 to 2006**



Source: U.S. Census Bureau, American Community Survey, 2002 and 2006

**Chart 9. The Number and Percent of Renting Households by Income Group in the City of Miami in 2002 and 2006**



Source: U.S. Census Bureau, American Community Survey, 2002 and 2006

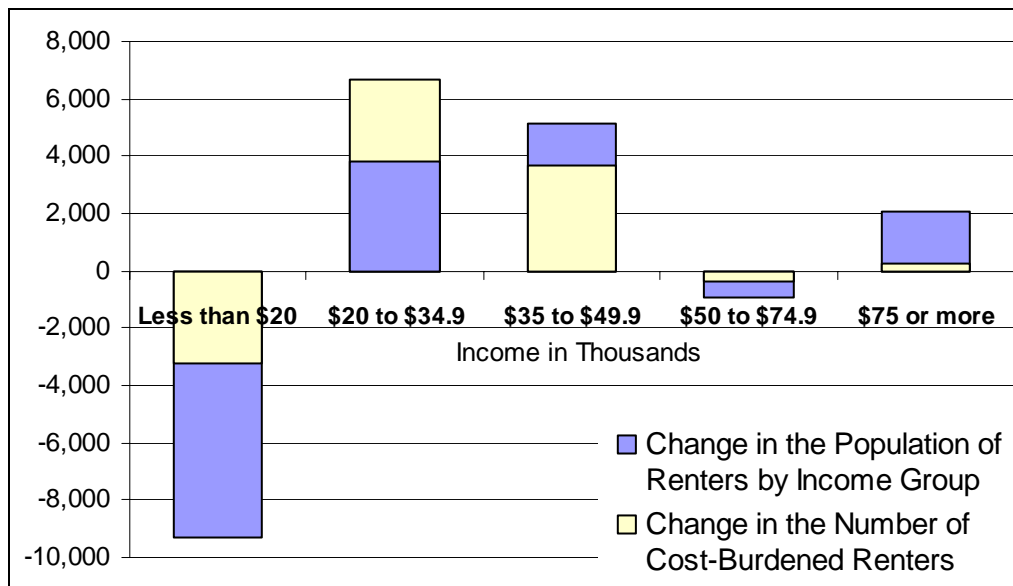
The changes in rates of cost-burden varied considerably for renters across different income levels. The trends in the rates of cost-burden must be considered in the context of the population shifts among the City of Miami’s renting households. Chart 9 above reveals that the only segment of the renting population in the City of Miami that declined substantially between 2002 and 2006 were renters with incomes under \$20,000. The number of households in the lowest income group of renters declined by 9,311, from making up 57% of the renting population in 2002 to only 46% of renters by 2006. The total number of renters in all of the higher income groups (\$20,000 and up) increased by 10,162, from approximately 43% of the renting population in 2002 to 54% of the renting population by 2006.<sup>18</sup>

The only segment of the renting population in the City of Miami that declined substantially between 2002 and 2006 were renters with incomes under \$20,000.

Since it is unlikely the lowest income renters rapidly and substantially increased their household income (as is discussed in greater detail below), it is not clear where these households moved in light of the pervasive *unaffordability* of housing in our metropolitan area.

Looking closer at the recent trends (Chart 10, below), we see that cost-burden increased for low and middle income renters more than for wealthier renters between 2002 and 2006. The share of cost-burdened renters among the lowest income group of renters (earning less than \$20,000 annually) increased by nearly 10% (Table 2, below) even while the total number of cost-burdened renters in this income group declined by over 3,000 (this is because the overall number of renters in this income category declined even more than this, as shown in Chart 9 above). The number and share of cost-burdened households among the middle income categories of renters increased dramatically: by 6,640 or 22.79% among renting households in the \$20,000-\$34,999 income category, and by 3,655 or 26.47% of renting households in the \$35,000-\$49,999 income category (Chart 10 and Table 2). In the highest income groups the extent of cost-burden remained virtually unchanged.

**Chart 10. Change in the Number of Renting Households Who Were Cost-Burdened in the City of Miami by Income Group, 2002-2006**



Source: U.S. Census Bureau, American Community Survey, 2002 and 2006

**Table 2. Change in the Share of Renters Who Are Cost-Burdened in the City of Miami by Income Group, 2002-2006**

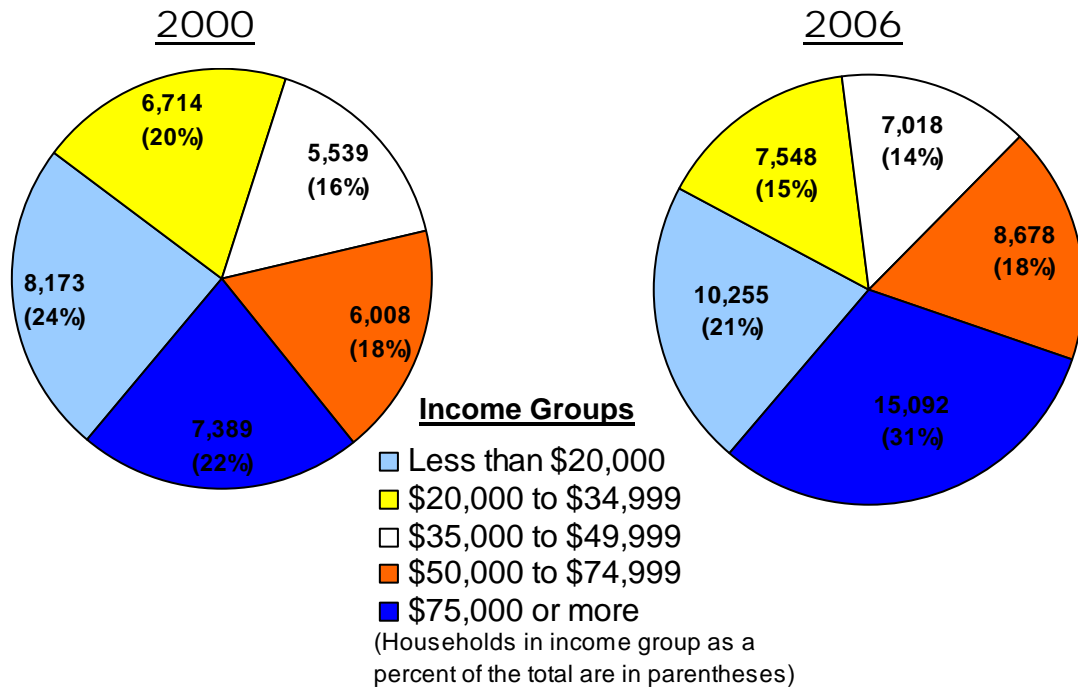
Less than \$20,000	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 or more
9.54%	22.79%	26.47%	-2.37%	4.26%

Source: U.S. Census Bureau, American Community Survey, 2002 and 2006



There was comparably less variation in the cost-burden trends among homeowners than among renting households in the City of Miami in recent years.<sup>19</sup> This contrast must be considered against the backdrop of population shifts among the city's homeowners during the 2000-2006 period characterized by a large influx of wealthy home buyers.

**Chart 11. The Number and Percent of Homeowners by Income Group in the City of Miami in 2000 and 2006**



Source: U.S. Census Bureau, Census 2000 and American Community Survey, 2006

Between 2000 and 2006, the share of homeowners in the lowest income category and in each of the three middle-income groups (with incomes under \$75,000) decreased or remained the same (Chart 11, above). By contrast, the number of homeowners in the highest income group (\$75,000 or more) more than doubled, from 7,389 in 2000 to 15,092 in 2006 (a proportional increase of about 9%). Put another way, the 7,703 increase in the number of homeowners making \$75,000 or more was more than the increase in all other income groups of homeowners combined (7,065). But while the wealthiest group of homeowners increased their presence in the central city, it was middle income homeowners that seem to have been the most negatively affected by the run-up in housing costs.

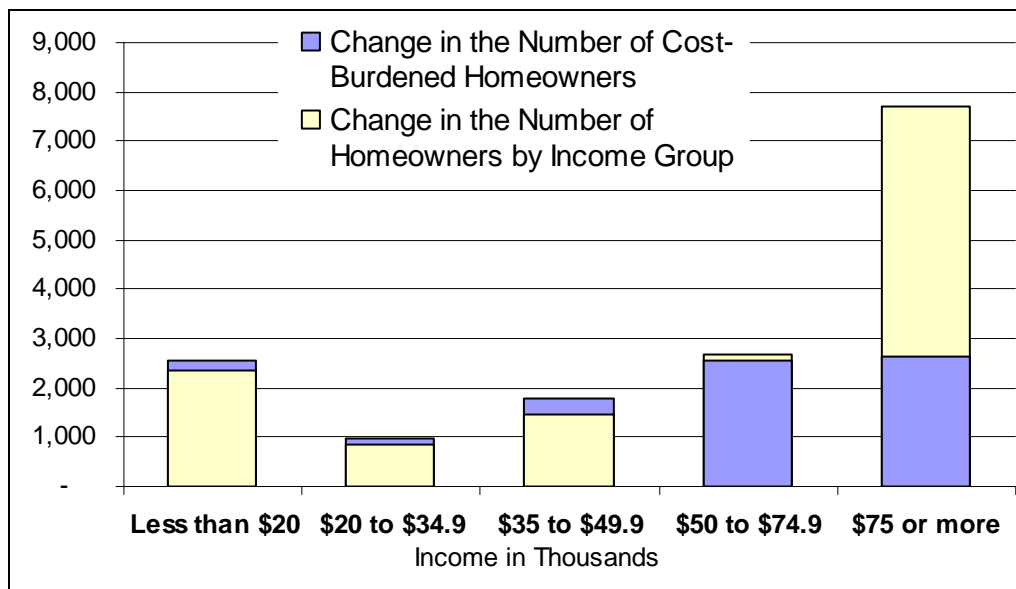
Chart 12 below shows how lower and middle income groups are disproportionately affected by housing cost-burden. Among the bottom three income groups of homeowners (making less than \$50,000), the increase in the number of cost-burdened households (5,337) exceeded the overall increase in homeowners in those income categories (4,659). The same is nearly true for homeowners in the \$50,000-\$74,999 income group—the increase in cost-burdened households (2,550) was slightly less than the overall growth in households in this income category (2,670). This contrasts sharply with the wealthiest group of homeowners: the number of cost-burdened households increased by 2,651 which is only about a third of the overall increase in homeowners making \$75,000 or more. Thus it appears that lower and middle income groups were most negatively affected by increasing cost-burden in the central city despite the disproportionate growth in share of the wealthiest homeowners.

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Lower and middle income homeowners were most negatively affected by increasing cost-burden in the central city, despite the disproportionate growth in share of the wealthiest homeowners.

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**Chart 12. Change in the Percent of Number of Homeowners Who Are Cost-Burdened by Income Group, City of Miami, 2000 to 2006**



Source: U.S. Census Bureau 2000, American Community Survey, 2006

Table 3 on the next page shows how housing cost-burden is increasingly affecting middle and upper income homeowners.

**Table 3. Change in the Share of Homeowners in Each Income Group Who Are Cost-Burdened, City of Miami, 2002-2006**

Less than \$20,000	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 or more
7.5%	7.0%	17.0%	24.7%	14.3%

Source: U.S. Census Bureau, American Community Survey, 2002 and 2006

Most notable is the 24.7% increase in the share of cost-burdened households with incomes between \$50,000 and \$74,999 (Table 3, above)—the largest proportional increase in cost-burden of any income group of homeowners. While lower income households continue to suffer disproportionately from housing affordability problems, it appears that the recent run up in housing costs is also putting significantly greater stress on homeowners in the middle and higher income groups too.

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While lower income households continue to suffer disproportionately from housing affordability problems, it appears that the recent run up in housing costs is also putting significantly greater stress on homeowners in the middle and higher income groups too.

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The pattern in housing affordability problems revealed in Charts 9-12 and Tables 2 and 3 is different for homeowners than for renters. Whereas among renters the growth in housing affordability problems was largely confined to households with incomes below \$50,000, the increase in housing cost-burden among homeowners affected households across all of the income groups, particularly the lowest and highest income groups. The increase in cost-burden among the highest income group of homeowners is likely due to the recent, relatively massive influx of wealthy home buyers to the city between 2000 and 2006. The growing rate of cost-burden among lower income homeowners—despite their declining presence in the city—is a clear indication of their vulnerability in the face of rapidly rising housing costs.

The relatively slight increase in housing cost-burden among renting households (especially when compared to the dramatic increase in cost-burden among homeowners) in the City of Miami may be misleading (recall Charts 9-12). Rates of cost-burden and overcrowding in housing increased throughout Southeast Florida in the 1990's and at the turn of the 20<sup>th</sup> century.<sup>20</sup> The relatively slight increase in cost-burden and the decrease in overcrowding among renters between 2002 and 2006 suggest that housing affordability problems and conditions for renters improved. However, as Charts 9 and 10 reveal, the massive reduction in the population of the renters (especially the poorest renters) masks the substantial increase in the *share* of cost-burdened households among the lower and middle income categories of renters.

Moreover, other information on the rental market in Miami suggests that the poorest renters are being priced out.<sup>21</sup> Prices at the bottom end of the rental market increased more than prices among the more expensive apartments in the city (at the same time as the number and share of the poorest households among the

The data on the rental stock suggests that the most affordable apartments in the city's rental stock were replaced by more expensive apartments.

renting population has declined dramatically). Between 2002 and 2006, the number of renters paying \$600 or less in monthly rent in the city declined by 20,634 or about 39%, while the number of renters paying between \$600 and \$999 increased by 14,692 or about 64% and the number of renters paying \$1000 or more in rent increased by 8,897 or over 150% (see Table 4 below). In short, it appears that the most affordable apartments in the city's rental stock were replaced by more expensive apartments.

**Table 4. Change in Renter-Occupied Housing by Contract Rent Paid, City of Miami, 2002-2006**

Gross Rent	Number	Percent
Less than \$600	-20,634	-38.9%
\$600-\$999	14,692	63.5%
\$1000 or more	8,897	153.2%

Source: American Community Survey

**Table 5. Contract Rent Percentiles, City of Miami, 2002-2006**

Contract Rent Percentile	2002	2006	Percent Growth
25 <sup>th</sup>	\$368	\$495	34.5%
50 <sup>th</sup>	\$522	\$670	28.4%
75 <sup>th</sup>	\$689	\$879	27.6%

Source: American Community Survey

Additional information suggests that the reduction in low cost rentals is likely due to rapidly increasing rents, especially among the cheapest apartments. Table 5 above shows that **prices at the lower end of the rental market have grown faster than those in the middle or at the top.** The contract rent “percentiles” shown in Table 5 above are calculated by dividing the population of renters into four equal parts and selecting the upper limit of rents paid by the first three (of four) parts. The first three divisions are the 25<sup>th</sup>, 50<sup>th</sup> (or the median), and 75<sup>th</sup> percentiles.

Between 2002 and 2006 the 25<sup>th</sup> percentile of contract rents increased about 6.1% faster than the median and about 6.9% faster than the upper quartile. This means that the most affordable apartments in the City of Miami's rental housing stock are disappearing faster than higher priced apartments. The City of Miami's Consolidated Plan (2004) reported a similar situation in 2004. “The stock of affordable multi-family rental units are declining and not being replaced with new construction. Market rate and upscale rental units comprise 76 percent of all units under construction and 73 percent of all units

“The stock of affordable multi-family rental units are declining and not being replaced with new construction.”

—*Housing Market Study Findings, City of Miami Consolidated Plan, 2004*

currently planned.”<sup>22</sup> The same City of Miami planning document identified 45,567 households that were in need of some form of housing assistance—a more affordable dwelling and/or financial assistance of some kind—suggesting a massive unmet need for more affordable housing. The patterns revealed in Tables 4 and 5 above suggest that the City of Miami is on the wrong path to remedying this shortfall.

It is worth examining *who* are the workers that need housing priced at \$600 or less in monthly rent—the price category that is most rapidly disappearing from the city’s housing market. Table B-1 in Appendix B of this report presents the number of persons employed, the annualized wages of different workers, as well as how much they can afford to pay in monthly rent if they are to spend no more than 30% of their monthly income on housing. Several classifications of workers in the lowest income categories in the table need apartments priced in the \$600 or less range; some need housing for as little as \$400. These include teaching assistants, nurses aides, general laborers, stock clerks, security guards, waiters and waitresses, janitors and other cleaners, child care workers, cashiers, food prep workers, parking lot attendants, and others. The segment of the city’s housing stock that is affordably priced for these workers is disappearing but these workers are the backbone of Miami’s tourist-oriented economy. They clean the buildings, serve the food and provide other basic services to the thousands of wealthy visitors and urban consumers that generate income for the city and for the Southeast Florida region. Not only do these workers have an equal right to their place in the city, but they are needed to support the city’s growth and economic vitality; and, they have virtually no options elsewhere in the two-county metropolitan area to find affordable housing.

Taken together, the different trends identified in this report point to a troubling situation for low income renters: as the City of Miami gentrifies and becomes more economically prosperous, low income renters are being priced out. Consider the following summary of the convergence of trends between 2002 and 2006:

- The City of Miami’s overall population growth was 10% and
- the costs of living in South Florida increased much faster than wages.<sup>23</sup>
- There was a massive decrease (-38.9% or -20,634) in the number of renters in the cheapest apartments (renting for \$600 or less) and a large decrease in the population of renters with the lowest income levels (-9,311).
- There was a slight reduction (nearly 2%) in the share of persons with incomes below 150% of the federal poverty line, while the share of persons with incomes **above** 200% of the federal poverty line increased by nearly 30% (suggesting class turnover).
- There was also a large increase (almost 9,000) in the number of renters in more expensive apartments (renting for \$1,000 or more).
- The price of cheaper apartments (i.e., the 25<sup>th</sup> percentile of contract rents) grew 6.9% more than the price of more expensive apartments (i.e., the 75<sup>th</sup> percentile of contract rents) between 2002 and 2006.

The decrease in the number of cost-burdened households among the lowest income category of renters is misleading since it reflects the decline in the population of low income renters in the City of Miami between 2002 and 2006 rather than an improvement in housing affordability for these households. Instead, the

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The patterns in the city's housing affordability problems suggest that the rapidly rising housing costs, especially among the most affordable apartments, are pricing low income renters out of the city.

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patterns in the city's housing affordability problems suggest that the rapidly rising housing costs, especially among the most affordable apartments, are pricing low income renters out of the city. Some fraction of these renters may be doubling up with other wage earners in order to increase their collective (rent) purchasing power. But since overcrowding increased only slightly we have little reason to suspect this was the case. It is most likely that thousands of renters have been forced to move to other parts of the metropolitan area in search of housing, or leave South Florida altogether. As noted previously, rates of housing cost-burden are even higher for renters in the larger metropolitan area. Thus, it is not clear how displaced renters will be able to stay in South Florida.

#### DEVELOPMENT FOR WHOM?

The latest information from the US Census paints a troubling picture of the City of Miami's struggle with housing affordability. The picture is worrisome not only because of the general increase in housing problems during the period of the recent housing boom (2002-2006) but also because of the way in which these problems are distributed among different income groups and the disproportionate, negative effects on lower income residents.

In 2006, the Miami-Ft. Lauderdale metropolitan area had the highest percent of renters and owners who were cost-burdened by their housing expenses compared to the 100 largest U.S. metropolitan areas. More than any other large metro area, the costs of housing in Southeast Florida are way out of line with the wages and incomes of workers. The percent of cost-burdened households is even higher in the City of Miami, where in 2006 about 60% of renters were cost-burdened and 50% of owners were cost-burdened by their housing expenses. A closer look at housing affordability problems across owners and renters in different income groups reveals that, among lower income households, rates of cost-burden are actually higher throughout the Miami-Ft. Lauderdale MSA than in the City of Miami. Thus, as lower income households are priced out of the city by rising housing costs, their prospects for finding a cheaper dwelling elsewhere in the region appear to be no better (or even worse) than in the inner city. Indeed, evidence suggests that such displacement has been occurring in recent years.

The data on population shifts, housing costs and housing affordability suggest that the lowest income renters are being priced out as housing costs rise in the inner city. As the City of Miami's Consolidated Plan noted in 2004,

Clearly, the effects of gentrification have had a positive impact on some communities by helping to improve the housing stock, attracting new businesses and increasing the tax base; however, it has also lead to the displacement of low income residents, conflict among old and new residents and the disruption of the social fabric of existing neighborhoods in some communities.<sup>24</sup>

The number and share of the most affordable apartments in the city (priced at \$600 or less) declined by nearly 40% while the stock of more expensive apartments (renting at \$1000 or more) increased by over 150%. Moreover, the inflation in the price of the cheapest apartments (the 25<sup>th</sup> percentile of contract rents) grew 9.1% more than the price of more expensive apartments (the 75<sup>th</sup> percentile of contract rents). At a time when the average wage of South Florida's workers grew less than 5%, these trends point to a growing crisis in housing affordability.

Since 2005 and with the onset of a "cooling" in the housing market, property sales have slowed but the growth rate of prices will not reverse itself. Prices may come down slightly until demand for housing picks up again, but so-called "corrections" in the housing market will not be enough (or will not last long enough) for residents' incomes to catch up to the inflation of home and rent prices. Without some form of intervention, the strong demand for land and housing that is typical of coastal areas like Miami is likely to again lead toward more of the same: speculative real estate investment, overbuilding and uneven development. This kind of urban growth has already resulted in high rates of foreclosure and evictions, and prohibits the average worker from buying or even renting in the city, that is, from making a home in the City of Miami.

City leaders may hope that wealthier residents flock to Miami and absorb the current over-supply of expensive housing, but without more affordable housing for the existing population their vision for the future of the city is unlikely to materialize. Growth in the residential population and in our workforce, particularly in increasingly educated and skilled workers, requires a corresponding increase in the provision of basic services and the workers that provide them. This means not only the teachers, firefighters, police officers and others that are the "essential" service workers; but we also need the services of the thousands of lower paid workers that maintain the urban infrastructure: bus drivers, cleaners, landscapers, parking attendants, retail and restaurant workers, and others. A balanced workforce that includes low, middle and high income workers is needed to ensure the social and economic vitality of the city.

**APPENDIX A:  
RANKING OF 100 LARGEST U.S. METROPOLITAN AREAS ON SELECTED  
CENSUS INDICATORS FROM 2006**

**Table A-1. Total Population**

U.S. Metropolitan Area	Number	Rank
New York-Northern New Jersey-Long Island, NY-NJ-PA	18,818,536	1
Los Angeles-Long Beach-Santa Ana, CA	12,950,129	2
Chicago-Naperville-Joliet, IL-IN-WI	9,506,859	3
Dallas-Fort Worth-Arlington, TX	6,006,094	4
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	5,826,742	5
Houston-Sugar Land-Baytown, TX	5,542,048	6
<b>Miami-Fort Lauderdale-Miami Beach, FL</b>	<b>5,463,857</b>	<b>7</b>
Washington-Arlington-Alexandria, DC-VA-MD-WV	5,288,670	8
Atlanta-Sandy Springs-Marietta, GA	5,134,871	9
Detroit-Warren-Livonia, MI	4,468,966	10
Boston-Cambridge-Quincy, MA-NH	4,455,217	11
San Francisco-Oakland-Fremont, CA	4,180,027	12
Phoenix-Mesa-Scottsdale, AZ	4,039,182	13
Riverside-San Bernardino-Ontario, CA	4,026,135	14
Seattle-Tacoma-Bellevue, WA	3,263,497	15
Minneapolis-St. Paul-Bloomington, MN-WI	3,175,041	16
San Diego-Carlsbad-San Marcos, CA	2,941,454	17
St. Louis, MO-IL	2,793,988	18
Tampa-St. Petersburg-Clearwater, FL	2,697,731	19
Baltimore-Towson, MD	2,658,405	20
San Juan-Caguas-Guaynabo, PR	2,587,683	21
Denver-Aurora, CO	2,408,622	22
Pittsburgh, PA	2,370,776	23
Portland-Vancouver-Beaverton, OR-WA	2,137,599	24
Cleveland-Elyria-Mentor, OH	2,114,155	25

Source: American Community Survey, 2006



**Table A-2. Percent of Population who are Renters Spending 30% or More of Monthly Income on Housing Costs**

U.S. Metropolitan Area	Percent	rank
<b>Miami-Fort Lauderdale-Miami Beach, FL</b>	<b>57.23%</b>	<b>1</b>
Modesto, CA	56.71%	2
Riverside-San Bernardino-Ontario, CA	55.37%	3
Sacramento--Arden-Arcade--Roseville, CA	54.18%	4
Deltona-Daytona Beach-Ormond Beach, FL	53.74%	5
Sarasota-Bradenton-Venice, FL	53.31%	6
Los Angeles-Long Beach-Santa Ana, CA	53.10%	7
Orlando-Kissimmee, FL	53.01%	8
Stockton, CA	52.92%	9
San Diego-Carlsbad-San Marcos, CA	52.77%	10
New Haven-Milford, CT	51.71%	11
Tampa-St. Petersburg-Clearwater, FL	51.52%	12
Palm Bay-Melbourne-Titusville, FL	51.31%	13
Oxnard-Thousand Oaks-Ventura, CA	50.71%	14
Rochester, NY	50.64%	15
Poughkeepsie-Newburgh-Middletown, NY	50.37%	16
Springfield, MA	50.28%	17
Fresno, CA	50.09%	18
Las Vegas-Paradise, NV	50.01%	19
Bridgeport-Stamford-Norwalk, CT	49.77%	20
Memphis, TN-MS-AR	49.58%	21
Boston-Cambridge-Quincy, MA-NH	49.44%	22
McAllen-Edinburg-Mission, TX	49.38%	23
Cape Coral-Fort Myers, FL	49.24%	24
Portland-Vancouver-Beaverton, OR-WA	49.12%	25

Source: American Community Survey, 2006

**Table A-3. Percent of Population who are Renters Spending 50% or More of Monthly Income on Housing Costs (Extreme Cost-Burden)**

U.S. Metropolitan Area	Percent	rank
<b>Miami-Fort Lauderdale-Miami Beach, FL</b>	<b>30.30%</b>	<b>1</b>
Stockton, CA	28.76%	2
McAllen-Edinburg-Mission, TX	28.29%	3
Baton Rouge, LA	28.02%	4
Riverside-San Bernardino-Ontario, CA	27.96%	5
Rochester, NY	27.75%	6
New Haven-Milford, CT	27.63%	7
Los Angeles-Long Beach-Santa Ana, CA	27.43%	8
Deltona-Daytona Beach-Ormond Beach, FL	27.20%	9
Modesto, CA	27.02%	10
Springfield, MA	26.52%	11
Detroit-Warren-Livonia, MI	26.51%	12
Sarasota-Bradenton-Venice, FL	26.24%	13
New York-Northern New Jersey-Long Island, NY-NJ-PA	26.23%	14
New Orleans-Metairie-Kenner, LA	25.78%	15
Cleveland-Elyria-Mentor, OH	25.77%	16
Chicago-Naperville-Joliet, IL-IN-WI	25.76%	17
Sacramento--Arden-Arcade--Roseville, CA	25.67%	18
Memphis, TN-MS-AR	25.57%	19
Syracuse, NY	25.51%	20
Buffalo-Niagara Falls, NY	25.49%	21
Dayton, OH	25.49%	22
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	25.47%	23
San Diego-Carlsbad-San Marcos, CA	25.47%	24
Milwaukee-Waukesha-West Allis, WI	25.23%	25

Source: American Community Survey, 2006

**Table A-4. Percent of Homeowners with a Mortgage Spending 30% or more of Monthly Income on Housing Costs**

U.S. Metropolitan Area	Percent	rank
<b>Miami-Fort Lauderdale-Miami Beach, FL</b>	<b>54.44%</b>	<b>1</b>
Riverside-San Bernardino-Ontario, CA	53.86%	2
Stockton, CA	53.74%	3
Modesto, CA	53.50%	4
San Diego-Carlsbad-San Marcos, CA	53.43%	5
Los Angeles-Long Beach-Santa Ana, CA	52.67%	6
San Francisco-Oakland-Fremont, CA	52.51%	7
Oxnard-Thousand Oaks-Ventura, CA	49.61%	8
San Jose-Sunnyvale-Santa Clara, CA	49.50%	9
Sacramento--Arden-Arcade--Roseville, CA	48.98%	10
New York-Northern New Jersey-Long Island, NY-NJ-PA	47.77%	11
Cape Coral-Fort Myers, FL	47.70%	12
Las Vegas-Paradise, NV	47.05%	13
Sarasota-Bradenton-Venice, FL	46.20%	14
McAllen-Edinburg-Mission, TX	45.31%	15
Honolulu, HI	45.27%	16
Fresno, CA	44.61%	17
Bridgeport-Stamford-Norwalk, CT	44.42%	18
Poughkeepsie-Newburgh-Middletown, NY	43.51%	19
Chicago-Naperville-Joliet, IL-IN-WI	43.43%	20
Tampa-St. Petersburg-Clearwater, FL	42.98%	21
Providence-New Bedford-Fall River, RI-MA	42.94%	22
Boston-Cambridge-Quincy, MA-NH	42.67%	23
Bakersfield, CA	42.42%	24
Orlando-Kissimmee, FL	42.14%	25

Source: American Community Survey, 2006

**Table A-5. Percent of Homeowners with a Mortgage Spending 50% or more of Monthly Income on Housing Costs**

U.S. Metropolitan Area	Percent	rank
<b>Miami-Fort Lauderdale-Miami Beach, FL</b>	<b>26.25%</b>	<b>1</b>
Los Angeles-Long Beach-Santa Ana, CA	23.94%	2
Modesto, CA	23.88%	3
Riverside-San Bernardino-Ontario, CA	23.57%	4
San Francisco-Oakland-Fremont, CA	22.55%	5
Stockton, CA	22.48%	6
San Diego-Carlsbad-San Marcos, CA	22.40%	7
New York-Northern New Jersey-Long Island, NY-NJ-PA	21.02%	8
San Jose-Sunnyvale-Santa Clara, CA	20.65%	9
Oxnard-Thousand Oaks-Ventura, CA	19.82%	10
Bridgeport-Stamford-Norwalk, CT	19.16%	11
Cape Coral-Fort Myers, FL	19.15%	12
Sacramento--Arden-Arcade--Roseville, CA	19.13%	13
Sarasota-Bradenton-Venice, FL	18.41%	14
McAllen-Edinburg-Mission, TX	17.95%	15
Deltona-Daytona Beach-Ormond Beach, FL	17.86%	16
Fresno, CA	17.66%	17
Las Vegas-Paradise, NV	16.91%	18
Honolulu, HI	16.91%	19
Tampa-St. Petersburg-Clearwater, FL	16.82%	20
Bakersfield, CA	16.77%	21
Palm Bay-Melbourne-Titusville, FL	16.68%	22
Chicago-Naperville-Joliet, IL-IN-WI	16.25%	23
Orlando-Kissimmee, FL	16.12%	24
Boston-Cambridge-Quincy, MA-NH	15.74%	25

Source: American Community Survey, 2006

**Table A-6. Percent of Renter-Occupied Housing that are Overcrowded  
(1.01 or more persons per room)**

U.S. Metropolitan Area	Percent	rank
McAllen-Edinburg-Mission, TX	21.60%	1
Los Angeles-Long Beach-Santa Ana, CA	17.38%	2
Bakersfield, CA	16.10%	3
Fresno, CA	13.69%	4
Riverside-San Bernardino-Ontario, CA	13.50%	5
Stockton, CA	13.13%	6
Honolulu, HI	12.38%	7
San Jose-Sunnyvale-Santa Clara, CA	11.63%	8
Oxnard-Thousand Oaks-Ventura, CA	10.93%	9
Modesto, CA	10.41%	10
San Diego-Carlsbad-San Marcos, CA	10.07%	11
Houston-Sugar Land-Baytown, TX	9.72%	12
El Paso, TX	9.27%	13
Phoenix-Mesa-Scottsdale, AZ	8.88%	14
New York-Northern New Jersey-Long Island, NY-NJ-PA	8.72%	15
Poughkeepsie-Newburgh-Middletown, NY	8.53%	16
San Francisco-Oakland-Fremont, CA	7.55%	17
Tucson, AZ	7.43%	18
Dallas-Fort Worth-Arlington, TX	7.32%	19
Cape Coral-Fort Myers, FL	6.95%	20
Salt Lake City, UT	6.91%	21
<b>Miami-Fort Lauderdale-Miami Beach, FL</b>	<b>6.84%</b>	<b>22</b>
Lakeland, FL	6.62%	23
Las Vegas-Paradise, NV	6.60%	24
Sacramento--Arden-Arcade--Roseville, CA	6.47%	25

Source: American Community Survey, 2006

**Table A-7. Percent of Owner Occupied Housing that is Overcrowded  
(1.01 or more persons per room)**

U.S. Metropolitan Area	Percent	rank
McAllen-Edinburg-Mission, TX	12.58%	1
Honolulu, HI	6.40%	2
Los Angeles-Long Beach-Santa Ana, CA	5.65%	3
Bakersfield, CA	5.59%	4
Riverside-San Bernardino-Ontario, CA	4.92%	5
Fresno, CA	4.83%	6
Stockton, CA	4.59%	7
Modesto, CA	4.21%	8
El Paso, TX	4.17%	9
San Jose-Sunnyvale-Santa Clara, CA	3.44%	10
San Antonio, TX	3.16%	11
Oxnard-Thousand Oaks-Ventura, CA	3.12%	12
Houston-Sugar Land-Baytown, TX	2.99%	13
San Diego-Carlsbad-San Marcos, CA	2.93%	14
Dallas-Fort Worth-Arlington, TX	2.68%	15
Baton Rouge, LA	2.62%	16
Phoenix-Mesa-Scottsdale, AZ	2.52%	17
Lakeland, FL	2.51%	18
San Francisco-Oakland-Fremont, CA	2.50%	19
Tucson, AZ	2.32%	20
Las Vegas-Paradise, NV	2.23%	21
Albuquerque, NM	2.13%	22
Salt Lake City, UT	2.07%	23
Austin-Round Rock, TX	2.02%	24
<b>Miami-Fort Lauderdale-Miami Beach, FL</b>	<b>2.01%</b>	<b>25</b>

Source: American Community Survey, 2006

**APPENDIX B**

**Table B-1. Employment, Mean Annual Wage and Affordable Monthly Rent for Selected Occupations in Miami-Dade County, 2007**

<b>Income Groups</b>	<b>Occupation</b>	<b>Number of Employees</b>	<b>(mean) Annual Wage</b>	<b>Affordable Monthly Rent</b>
	<i>Total, all occupations</i>	1,017,240	\$38,896	\$972.40
<b>\$75,000 or more</b>	Lawyers	7,750	\$118,539	\$2,963.48
	General and Operations Managers	7,140	\$112,819	\$2,820.48
	Financial Services Sales Agents	3,180	\$89,606	\$2,240.16
	First-Line Managers (Non-Retail)	3,270	\$77,792	\$1,944.80
<b>\$50,000 to \$74,999</b>	Financial Analysts	NR	\$72,322	\$1,808.04
	Registered Nurses	21,600	\$64,626	\$1,615.64
	Accountants and Auditors	10,930	\$63,107	\$1,577.68
	Police and Sheriff's Patrol Officers	6,200	\$59,384	\$1,484.60
	Construction & Building Inspectors	940	\$55,141	\$1,378.52
	Middle School Teachers	NR*	\$54,519	\$1,362.98
	Mechanical Engineers	750	\$52,624	\$1,315.60
<b>\$35,000 to \$49,999</b>	Sales Reps, Wholesale & Manufacture	19,810	\$49,962	\$1,249.04
	First-Line Supervisors, Office Admin.	8,810	\$47,674	\$1,191.84
	Postal Service Mail Carriers	2,520	\$44,907	\$1,122.68
	Graphic Designers	NR*	\$41,371	\$1,034.28
	Licensed Nurses	5,340	\$38,979	\$974.48
	Electricians	3,630	\$38,750	\$968.76
	Executive Administrative Assistants	12,790	\$38,688	\$967.20
	Operating Engineers	2,120	\$36,920	\$923.00
	Child, Family, School Social Workers	1,530	\$35,485	\$887.12
<b>\$20,000 to \$34,999</b>	Accounting and Auditing Clerks	16,760	\$32,594	\$814.84
	Customer Service Representatives	16,210	\$29,370	\$734.24
	Secretaries (not Exec., Legal, Medical)	16,840	\$27,414	\$685.36
	Retail Salespersons	34,700	\$25,355	\$633.88
	Office Clerks, General	28,360	\$24,253	\$606.32
	Teacher Assistants	NR*	\$22,833	\$570.83
	Nursing Aides, Orderlies, & Attendants	10,650	\$22,589	\$564.72
	Security Guards	18,380	\$20,946	\$523.64
	Waiters and Waitresses	17,830	\$20,384	\$509.60
<b>Less than \$20,000</b>	Janitors and Cleaners	17,620	\$19,739	\$493.48
	Child Care Workers	4,700	\$17,826	\$445.64
	Maids and Housekeeping Cleaners	9,160	\$17,680	\$442.00
	Cashiers	NR*	\$17,160	\$429.00
	Food Prep. Workers (incl Fast Food)	16,270	\$16,266	\$406.64
	Dishwashers	4,230	\$16,203	\$405.08
	Ushers, Lobby Attendants, Ticket Taker	NR*	\$15,912	\$397.80
	Parking Lot Attendants	2,930	\$15,454	\$386.36

\* NR = Information Not Reported

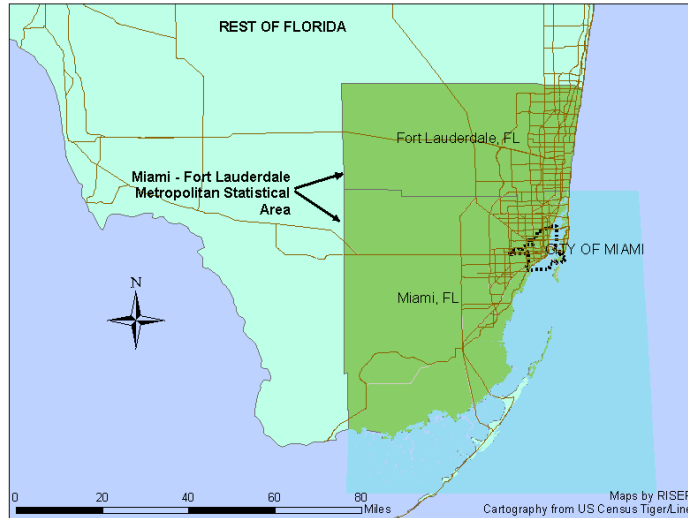
Source: Bureau of Labor Statistics, Occupational Employment Statistics and Wages, Miami-Dade County, First Quarter, 2007.

## END NOTES

<sup>1</sup> Most local observers have described the shortage of affordable housing in the City of Miami as a “crisis.” One notable exception is City of Miami Mayor Manny Diaz, who believes there is no crisis of housing affordability problems and that what problems do exist are being adequately addressed by his administration. For more on the mayor’s views see his opinion article in the Miami Herald from June 11, 2007, “There is no crisis in housing,” pg. A17.

<sup>2</sup> American Community Survey Household and Housing Tables. 2006. American FactFinder. Bureau of the Census. September 12, 2007. <<http://factfinder.census.gov/>>.

<sup>3</sup> Map of the Miami-Fort Lauderdale Metropolitan Statistical Area (MSA), in South-eastern Florida. Map created with ArcView, cartography from the U.S. Census Bureau, Tiger/Line Boundary Files (2000).



<sup>4</sup> ACORN. 2007. Home Insecurity: Foreclosures in Miami-Dade County Neighborhoods. Association of Community Organizations for Reform Now. June 20. Available online at [http://acorn.org/fileadmin/Reports/FL\\_Miami\\_Dade\\_County.pdf](http://acorn.org/fileadmin/Reports/FL_Miami_Dade_County.pdf).

<sup>5</sup> See the map on page 4 of the aforementioned ACORN report.

<sup>6</sup> This is the convention accepted by the U.S. Department of Housing and Urban Development. Families that spend more than 30 percent of their monthly income on housing costs are considered to be “cost burdened” since they may not be able to afford basic necessities such as food, clothing, transportation and medical care.

<sup>7</sup> Although the rates of cost-burden for homeowners without a mortgage are lower, the same patterns hold true: cost-burden and extreme cost-burden are much higher for City of Miami’s homeowners compared to the county, and both are higher than the nation overall. Table C-1 below reports the relevant statistics for homeowners without a mortgage.

**Table C-1. Rates of Cost-Burden for Homeowners without a Mortgage in the City of Miami, Miami-Ft. Lauderdale MSA and the United States, 2006.**

Cost-Burden	Miami City		Miami-Ft. Lauderdale MSA		United States	
	Number	Percent	Number	Percent	Number	Percent
30% or More	5,792	31.6%	111,380	26.9%	3,839,767	16.1%
50% or More	4,114	22.4%	54,414	13.1%	1,618,737	6.8%

Source: American Community Survey, 2006

<sup>8</sup> Hallways, bathrooms and kitchens are not considered rooms.

<sup>9</sup> Krieger, James, and Donna L. Higgins. 2002. Housing and health: Time again for public health action. *American Journal of Public Health* 92 (5):758-768; Bashir, Samiya A. 2002. Home is where the harm is: Inadequate housing as a public health crisis. *American Journal of Public Health* 92 (5): p. 733.



<sup>10</sup> Since the 100 largest U.S. metropolitan areas varied greatly in population size the average rate of cost-burden and other statistics were weighted by the population size of each metro area to reflect the truest (most accurate) possible mean across the selected metropolitan areas. Thus we use a weighted average for the purpose of comparison. Figure C-1 shows the construction of the weighted average, where  $W_1, W_2, \text{etc.}$  is the relevant statistic (percent of cost-burden, etc.) for city 1, 2, and so on, and  $X_1, X_2, \text{etc.}$  is the size of the city's population.

**Figure C-1. Construction of a Weighted Average**

$$\bar{x} = \frac{\sum_{i=1}^n w_i x_i}{\sum_{i=1}^n w_i},$$

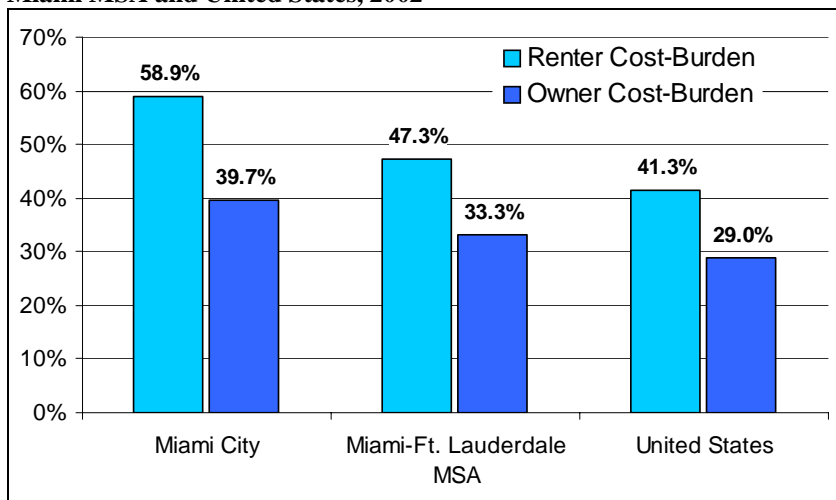
<sup>11</sup> Fullilove, Mindy. 2001. Root shock: The consequences of African American dispossession. *Journal of Urban Health* 78 (1):72-80; ——.1996. Psychiatric implications of displacement: Contributions from the psychology of place. *American Journal of Psychiatry* 153 (12):1516-1523.  
<sup>12</sup> Fullilove, 2001, p. 72.

<sup>13</sup> Miami Herald Staff. 2002. "Relief For The Road Weary." *The Miami Herald*, Editorial, 8B (November 7); Miami Herald Staff. 2003. "Support Regional Transit Governor Should Sign Bill Creating Agency." *The Miami Herald*, Editorial, 6B (May 22); Daniel Ricker. 2003. "Transportation Report: Half-Cent Tax Not Enough." *The Miami Herald*, Metro & State, 3B (December 15); An article by Guggenheim (2003) reports low wage workers problems in particular in getting to work on time, based on interviews with workers at bus stops: "I'm always early [getting to the bus stop] because I am afraid of getting to work late," he says. "The buses are always running late or early; it doesn't make sense. They're not predictable. They have a schedule, but they don't run like they're supposed to." For more from this article see Karen Guggenheim. 2003. "For Passengers, The Waiting Is The Hardest Part," *The Miami Herald*, Neighbors NE, 5N (September 7); In another article a passenger is quoted saying, "The buses move like turtles... They never come on time, it's horrible." See David Ovalle. 2007. "County Is Set To Take On Boom Area's Traffic Woes." *The Miami Herald*, Local, 1B (September 14); Andres Viglucci and Matthew Haggman. 2005. "A Frenzy Of Condo-Building Will Remake Much Of Miami In This Decade. The Likely Result: A New Skyline, More Congestion and More Wealth." *The Miami Herald*, Issues & Ideas, 1L (May 22).

<sup>14</sup> Larry Lebowitz. 2007. "Bus, Train Riders Feel the Sting." *The Miami Herald*, Streetwise, B1 (September 17); ——. 2007. "Planned Cuts Erode Goals Of Transit Tax." *The Miami Herald*, Front, 1A (July 13).

<sup>15</sup> Chart C-1 shows rates of cost-burden for owners and renters in 2002 for the City of Miami, the Miami MSA and the United States.

**Chart C-1. Percent of Households that are Cost-Burdened, Renters and Owners, City of Miami, Miami MSA and United States, 2002**



Source: U.S. Census Bureau, American Community Survey, 2002.

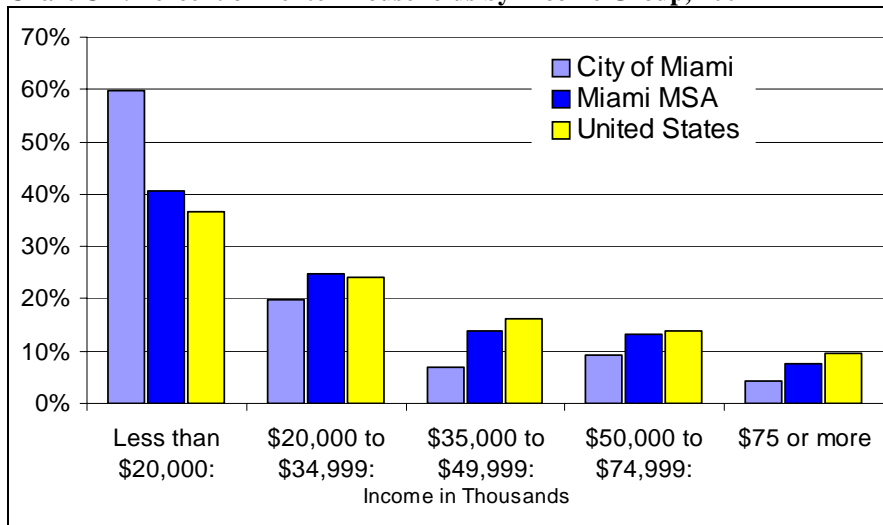
<sup>16</sup> Table C-2 below reports the percent of renter and owner occupied housing in the City of Miami, Miami MSA and the United States in 2002. Chart C-2 illustrates the income distribution of renters in the City of Miami, the Miami MSA and the United States in 2005. In addition, according to American Community Survey data, the City of Miami had the fourth highest rate of renter occupied housing in 2002 (66.8%) and the third highest rate in 2004 (65%) (out of 70 census-defined “places” or central cities).

**Table C-2. Percent of Renter and Owner Occupied Housing Units, 2002**

	Miami City	Miami-Ft. Lauderdale MSA	United States
Owner occupied	34.19%	64.85%	66.41%
Renter occupied	65.81%	35.15%	33.59%

Source: U.S. Census Bureau, American Community Survey, 2002

**Chart C-2. Percent of Renter Households by Income Group, 2002**



Source: American Community Survey, 2002

<sup>17</sup> By contrast, the rate of renter cost burden has declined (-1.65%) as the share of renters in the city has also declined slightly (1.4%).

<sup>18</sup> The increase in the number of wealthier renters may result from increases in household income, either as a result of increasing wages or by workers doubling up in housing to increase the overall household income. However, there are at least two sources of evidence that suggest otherwise. Data from the Bureau of Labor Statistics indicates that the average wage of workers, particularly the lowest paid workers, lagged behind the rate of inflation during the 2002-2006 period (Quarterly Census of Employment and Wages, Miami-Dade, Annual Estimates, 2002 and 2006; Consumer Price Index, 2002-2006, Bureau of Labor Statistics [www.bls.gov](http://www.bls.gov)). In addition, information from the U.S. Census for this period tells us that rates of overcrowding declined in the City of Miami and the larger metropolitan area (see note 21, below). Thus it does not appear that wages were growing rapidly or that low income renters were doubling up to increase their household purchasing power. Rather, the increase in wealthier renters is more likely due to an influx of wealthier residents as older, inner city neighborhoods begin to gentrify.

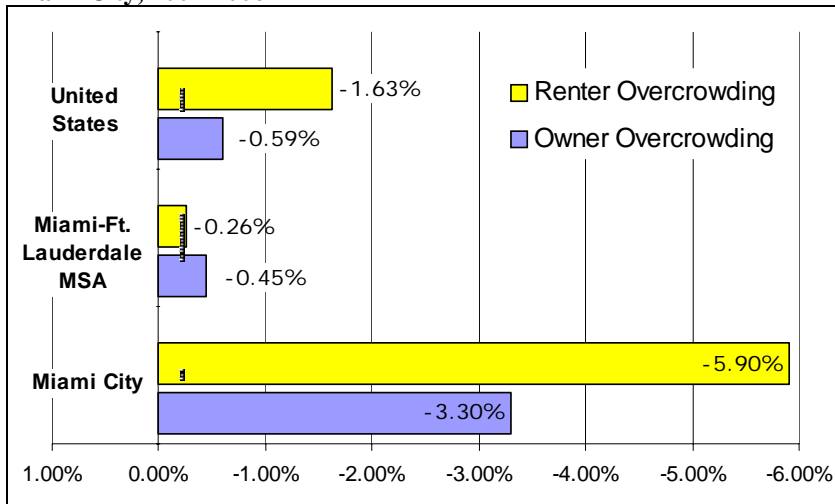
<sup>19</sup> Note that because detailed cost-burden data on homeowners was not available for 2002 the following analysis draws from the 2000 census.

<sup>20</sup> Information from City of Miami Consolidated Plan, 2004-2009 (2004), the U.S. Census 1990 and 2000, and Simmons, Patrick A. 2002. Patterns and trends in overcrowded housing: Early results from census 2000. *Census Note 09*. Fannie Mae Foundation. August, pg. 1.

<sup>21</sup> The rapid decline in overcrowding for both owners and renters in the City of Miami between 2002 and 2006 (Chart C-3 below) may reflect a shift in the population towards homeownership and a wealthier residential base at the expense of existing, low income residents. This interpretation is supported by

additional information from the American Community Survey. Although the City of Miami's population grew by almost 10% between 2002 and 2006, the share of people with incomes below the poverty line decreased by about 3 percent. Growth in the share of people below 200% of the federal poverty line accounted for only 13% of the (31,402) overall increase in the city's population between 2002 and 2006. In short, the City of Miami gained a substantial share of more affluent households while the share of lower income households, especially renters, declined.

**Chart C-3. Decrease in the Percent of Renter and Owner Occupied Housing that is Overcrowded, Miami City, 2002-2006**



Source: U.S. Census Bureau, American Community Survey, 2002 and 2006

<sup>22</sup> City of Miami Planning Department. 2004. City of Miami Consolidated Plan, 2004-2009. Available at <http://www.ci.miami.fl.us/communitydevelopment/ConPlan/index.htm>. Throughout Miami-Dade County the shortfall of affordable housing is reported to be 123,564 units by the county's Department of Planning and Zoning. See Miami-Dade County Planning and Zoning Department, October 2006, 25 year Comprehensive Development Master Plan (CDMP). Available online at [http://www.miamidade.gov/planzone/planning\\_metro\\_CDMP.asp](http://www.miamidade.gov/planzone/planning_metro_CDMP.asp).

<sup>23</sup> Costs of living increased up to 15% faster than the average wage in the Miami-Ft. Lauderdale MSA.

<sup>24</sup> City of Miami Consolidated Plan, 2004, p. 114.