

# **EXECUTIVE SUMMARY**

## **HERNANDO COUNTY RENTAL HOUSING STUDY**

### **INTRODUCTION**

This report of the Hernando County multi-family rental housing market has been prepared by Strategic Planning Group, Inc. (SPG), for the Hernando County Board of County Commissioners. The purpose of the study is to assist the Board in evaluating the need for additional rental and affordable rental housing in Hernando County.

### **ECONOMIC CONDITIONS AND TRENDS**

Hernando County is located in the west central part of Florida and is a part of the Tampa Bay Region that is comprised of seven counties and three MSAs: the Lakeland-Winter Haven MSA, the Tampa-St. Petersburg-Clearwater MSA and the Sarasota-Bradenton MSA.

In 2001, the Turnpike District of the Florida Department of Transportation opened 42 miles of the Suncoast Parkway connecting northern Hernando County with the Tampa International Airport and the Westshore District of Tampa. The north-south toll way translates to less than 30 minutes drive time for many residents in the southern and southwestern sectors of the County.

The local economy is fueled by construction, dairy/cattle production, distribution, electronics, forest resources, health care, lime rock mining, manufacturing, retail and tourism activities. According to the U.S. Census, the county's population reached 130,802 in 2000. Unincorporated Spring Hill in the southwest sector of the County has the largest concentration of population in the County. The City of Brooksville, the county seat, is the focus of government and is located in the center of the County. The only other city in the County is Weeki Wachee, which only has a population of 12 persons.

Employment in Hernando County is dominated by the retail trade, health care, and the accommodations / food service sectors. Together, these employment sectors accounted for approximately 53 percent of the jobs in Hernando County.

Overall, total employment in the selected sectors was relatively constant over the 1998-2001 period, changing by only 91 persons or .04 percent.

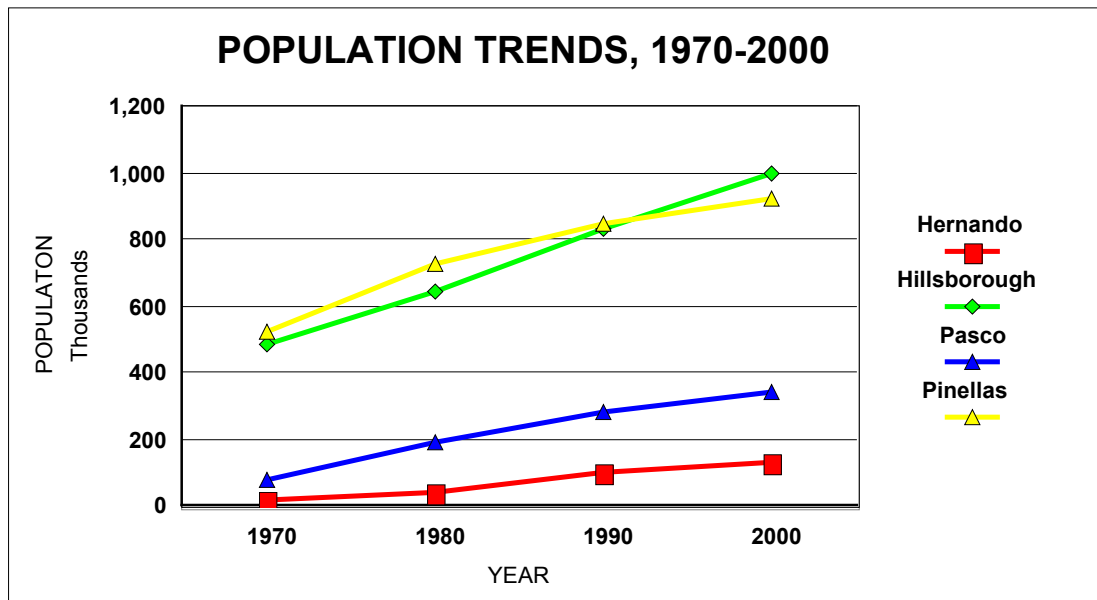
### **POPULATION**

Hernando County is part of the Tampa-St. Petersburg–Clearwater Metropolitan Statistical Area (MSA). Hernando County is the smallest of the MSA Counties and has been the slowest growing during the past several decades.

### MSA Population Trends By County, 1970-2000

| County       | 1970      | 1980      | 1990      | 2000      |
|--------------|-----------|-----------|-----------|-----------|
| Hernando     | 17,004    | 44,469    | 101,115   | 130,802   |
| Hillsborough | 490,265   | 646,939   | 834,054   | 998,948   |
| Pasco        | 75,955    | 193,661   | 281,131   | 344,765   |
| Pinellas     | 522,329   | 728,531   | 851,659   | 921,482   |
| Total MSA    | 1,105,553 | 1,613,600 | 2,067,959 | 2,395,997 |

Source: U.S. Census Bureau 1070-2000 and SPG 2004

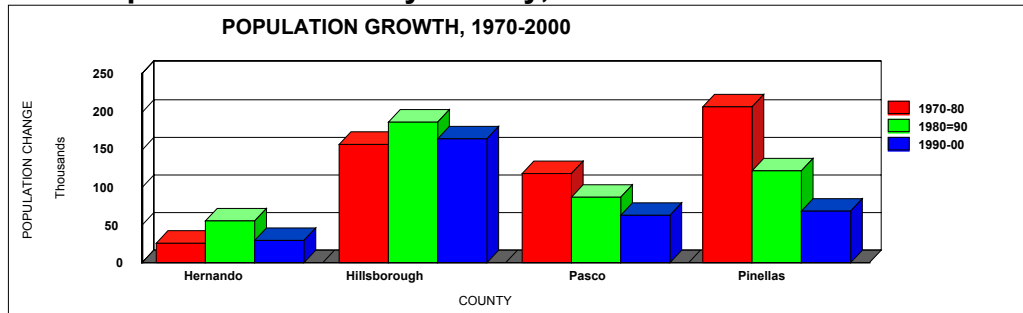


### MSA Population Growth By County, 1979-2000

| County       | 1970-80 | 1980-90 | 1990-00 |
|--------------|---------|---------|---------|
| Hernando     | 27,465  | 56,646  | 29,687  |
| Hillsborough | 156,674 | 187,115 | 164,894 |
| Pasco        | 117,706 | 87,470  | 63,634  |
| Pinellas     | 206,202 | 123,128 | 69,823  |
| Total MSA    | 508,047 | 454,359 | 328,038 |

Source: U.S. Census Bureau 1070-2000 and SPG 2004

## MSA Population Growth By County, 1979-2000

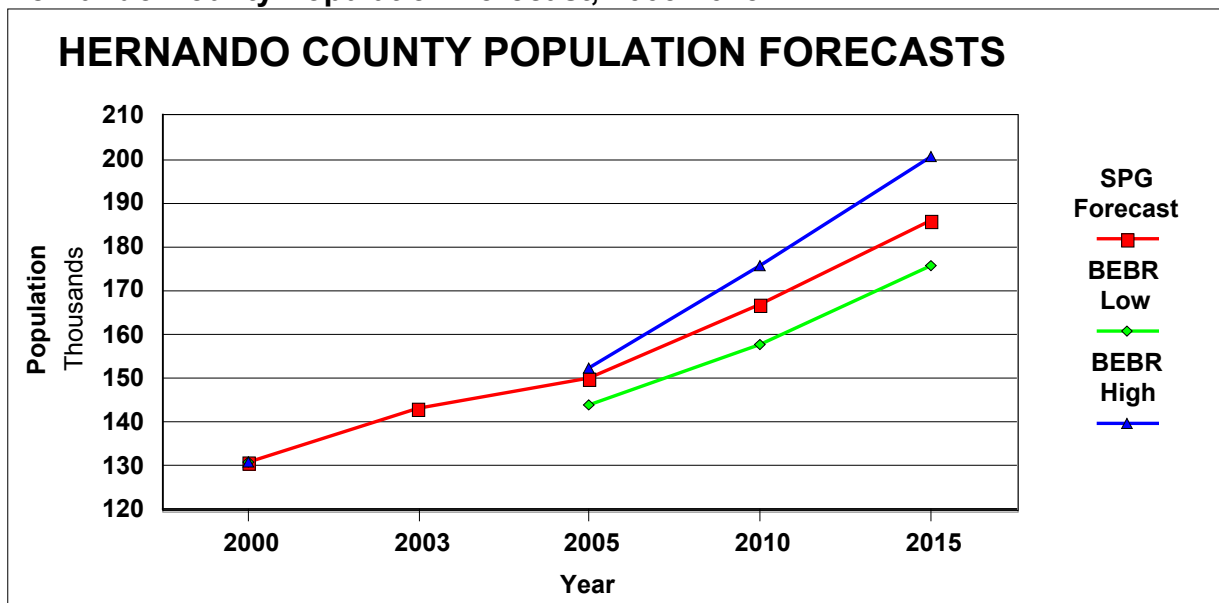


SPG estimates the mid-year (July) 2003 population of Hernando County to be approximately 143,000 persons. SPG has formulated a County population forecast that is above the BEBR medium forecast but below the high range forecast. SPG's projected population levels for Hernando County are summarized below:

### PROJECTED HERNANDO COUNTY POPULATIONS LEVELS

|      |                  |
|------|------------------|
| 2000 | 130,802 (Census) |
| 2003 | 143,000          |
| 2005 | 150,000          |
| 2010 | 166,800          |
| 2015 | 186,000          |

### Hernando County Population Forecast, 2003-2015



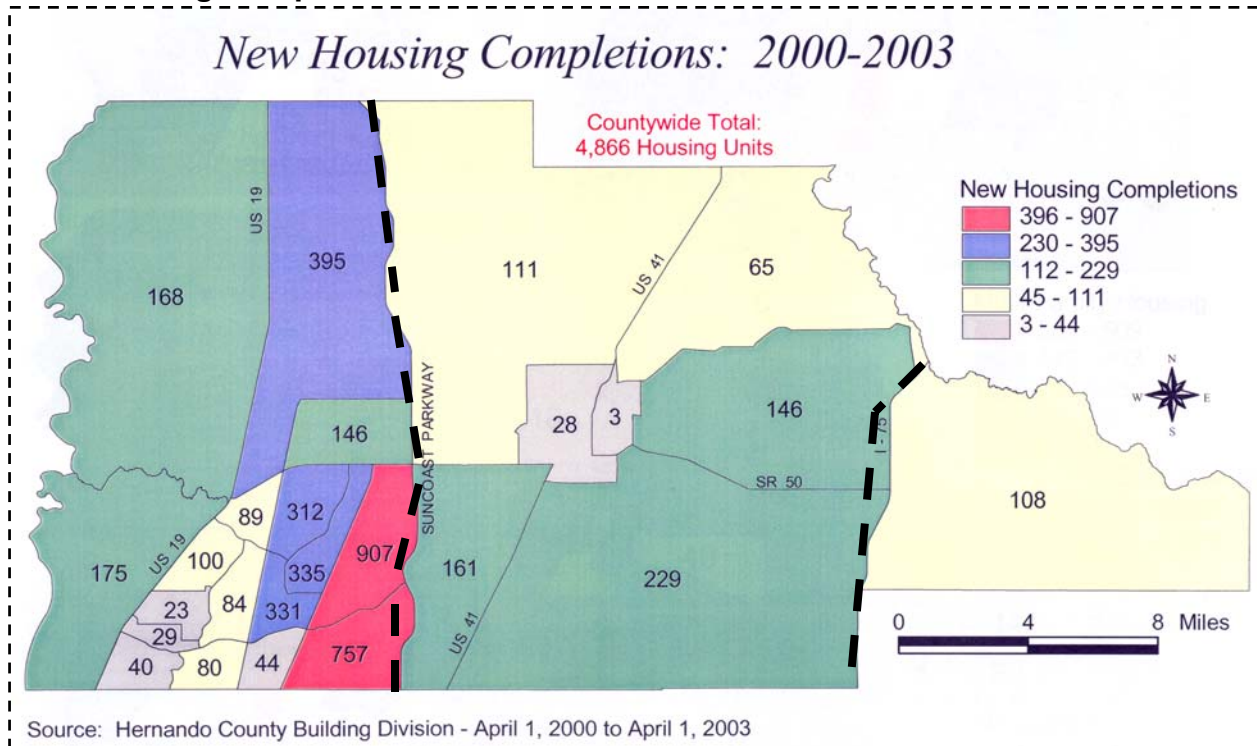
Source: Strategic Planning Group, Inc., 2004

## HERNANDO COUNTY DEVELOPMENT PATTERNS

Development activity within Hernando County continues to be most prevalent in the southwest sector in the Spring Hill area. Between 2000 and 2003 (April 1 to April 1), the County recorded 4,866 new housing unit completions.

This area (Spring Hill) accounted for 55 percent of the County's new housing completions between 2000 and 2003. In the entire central sector of the County, new housing completions amounted to approximately 743 units or about 15 percent of the County's total. Only minimal new housing completions were recorded in the City of Brooksville, north central and eastern sectors of the County during the period.

### New Housing Completions: 2000-2003



## HERNANDO COUNTY SUBMARKETS

For the purposes of the multifamily rental housing market analysis, SPG has subdivided Hernando County into three submarket areas. These submarket areas are identified as Spring Hill, Brooksville, and Ridge Manor.

The Spring Hill Submarket includes the western one-third of Hernando County and contains an estimated 71 percent of the County's 2003 population. The Brooksville Submarket contains the County's primary city and County Seat: the City of Brooksville. It comprises the central sector of Hernando County and had an estimated population of 35,800 persons in 2003.

The Ridge Manor Submarket area consists of the eastern most sector of Hernando County and is the smallest in terms of population. The estimated 2003 population of this submarket was 5,760 persons.

### **SUBMARKET POPULATION AND HOUSING UNITS, 1990-2000.**

|                              | <b>1990</b> | <b>2000</b> | <b>Amount Change</b> | <b>Percent Change</b> |
|------------------------------|-------------|-------------|----------------------|-----------------------|
| <b>Hernando County</b>       |             |             |                      |                       |
| <b>Population</b>            | 101,115     | 130,802     | 29,687               | 29.4%                 |
| <b>Housing Units</b>         | 50,018      | 62,727      | 12,709               | 25.4%                 |
| <b>Spring Hill Submarket</b> |             |             |                      |                       |
| <b>Population</b>            | 65,217      | 91,277      | 26,060               | 40.0%                 |
| <b>Housing Units</b>         | 32,907      | 44,201      | 11,294               | 34.3%                 |
| <b>Brooksville Submarket</b> |             |             |                      |                       |
| <b>Population</b>            | 31,423      | 34,037      | 2,614                | 8.3%                  |
| <b>Housing Units</b>         | 14,766      | 15,773      | 1,007                | 6.8%                  |
| <b>Ridge Manor Submarket</b> |             |             |                      |                       |
| <b>Population</b>            | 4,475       | 5,488       | 1,013                | 22.6%                 |
| <b>Housing Units</b>         | 2,345       | 2,753       | 408                  | 17.4%                 |

Source: U.S. Census. April 1990-2000, and Strategic Planning Group, Inc., 2004

Significantly, 88 percent of the population growth or an increase of 26,060 persons was experienced in the Spring Hill Submarket. This submarket experienced a 40 percent population increase during the indicated period.

Population growth amounted to only 2,614 persons in the Brooksville Submarket and 1,013 persons in the Ridge Manor Submarket between 1990 and 2000. This represents population increases of 8.3 percent and 22.6 percent in the Brooksville and Ridge Manor Submarkets, respectfully.

### **Population And Household Forecast**

Between 2000 and 2003, population growth continued to be concentrated primarily in the Spring Hill Submarket, which accounted for 83 percent of the estimated population increase in the County. This trend is anticipated to continue through the near term and gradually shift into the Brooksville Submarket in the 2004-2015 period.

Between 2003 and 2015, an additional 43,000 persons and 18,200 households are forecast for Hernando County. Approximately 59 percent of the new households are forecast for the Springhill Submarket, and 36 percent for the Brooksville Submarket.

## POPULATION AND HOUSEHOLD FORECAST

|                   | Hernando County | Spring Hill Submarket | Brooksville Submarket | Ridge Manor Submarket |
|-------------------|-----------------|-----------------------|-----------------------|-----------------------|
| <b>Population</b> |                 |                       |                       |                       |
| 2000              | 130,802         | 91,277                | 34,037                | 5,488                 |
| 2003              | 143,000         | 101,440               | 35,800                | 5,760                 |
| 2005              | 150,000         | 106,500               | 37,500                | 6,000                 |
| 2010              | 166,800         | 115,300               | 44,500                | 7,000                 |
| 2015              | 186,000         | 125,720               | 52,100                | 8,180                 |
| <b>Change:</b>    |                 |                       |                       |                       |
| 2000-2003         | 12,198          | 10,163                | 1,763                 | 272                   |
| 2003-2005         | 7,000           | 5,060                 | 1,700                 | 240                   |
| 2003-2010         | 23,800          | 13,860                | 8,700                 | 1,240                 |
| 2003-2015         | 43,000          | 24,280                | 16,300                | 2,420                 |
| <b>Households</b> |                 |                       |                       |                       |
| 2000              | 55,425          | 39,698                | 13,416                | 2,311                 |
| 2003              | 60,600          | 44,060                | 14,120                | 2,420                 |
| 2005              | 63,600          | 46,260                | 14,820                | 2,520                 |
| 2010              | 70,700          | 50,170                | 17,590                | 2,940                 |
| 2015              | 78,800          | 54,770                | 20,590                | 3,440                 |
| <b>Change:</b>    |                 |                       |                       |                       |
| 2000-2003         | 5,175           | 4,362                 | 704                   | 109                   |
| 2003-2005         | 3,000           | 2,200                 | 700                   | 100                   |
| 2003-2010         | 10,100          | 6,110                 | 3,470                 | 520                   |
| 2003-2015         | 18,200          | 10,710                | 6,470                 | 1,020                 |

Source: U.S. Census Bureau 2000-2002, Hernando County Planning Department, and Strategic Planning Group, Inc. 2004.

### Income

Median household income levels ranged from \$31,466 in the Ridge Manor Submarket to \$33,675 in the Spring Hill Submarket. The Brooksville Submarket was between these levels at \$32,420. Both the Brooksville and Ridge Manor Submarkets were below the County median income of \$32,572.

## Household Income Distribution, 2000

|                        | Hernando County |        | Spring Hill Submarket |        | Brooksville Submarket |        | Ridge Manor Submarket |        |
|------------------------|-----------------|--------|-----------------------|--------|-----------------------|--------|-----------------------|--------|
| Total:                 | 55,456          | 100.0% | 39,710                | 100.0% | 13,424                | 100.0% | 2,322                 | 100.0% |
| Less than \$10,000     | 4,388           | 7.9%   | 2,678                 | 6.7%   | 1,542                 | 11.5%  | 168                   | 7.2%   |
| \$10,000 to \$14,999   | 4,832           | 8.7%   | 3,365                 | 8.5%   | 1,272                 | 9.5%   | 195                   | 8.4%   |
| \$15,000 to \$19,999   | 4,905           | 8.8%   | 3,586                 | 9.0%   | 1,126                 | 8.4%   | 193                   | 8.3%   |
| \$20,000 to \$24,999   | 5,450           | 9.8%   | 4,025                 | 10.1%  | 1,201                 | 8.9%   | 224                   | 9.6%   |
| \$25,000 to \$29,999   | 5,510           | 9.9%   | 4,001                 | 10.1%  | 1,196                 | 8.9%   | 313                   | 13.5%  |
| \$30,000 to \$34,999   | 4,666           | 8.4%   | 3,526                 | 8.9%   | 933                   | 7.0%   | 207                   | 8.9%   |
| \$35,000 to \$39,999   | 3,957           | 7.1%   | 2,778                 | 7.0%   | 1,024                 | 7.6%   | 155                   | 6.7%   |
| \$40,000 to \$44,999   | 3,602           | 6.5%   | 2,560                 | 6.4%   | 876                   | 6.5%   | 166                   | 7.1%   |
| \$45,000 to \$49,999   | 2,811           | 5.1%   | 2,099                 | 5.3%   | 578                   | 4.3%   | 134                   | 5.8%   |
| \$50,000 to \$59,999   | 5,063           | 9.1%   | 3,745                 | 9.4%   | 1,161                 | 8.6%   | 157                   | 6.8%   |
| \$60,000 to \$74,999   | 4,693           | 8.5%   | 3,321                 | 8.4%   | 1,238                 | 9.2%   | 134                   | 5.8%   |
| \$75,000 to \$99,999   | 2,911           | 5.2%   | 2,031                 | 5.1%   | 753                   | 5.6%   | 127                   | 5.5%   |
| \$100,000 to \$124,999 | 1,142           | 2.1%   | 920                   | 2.3%   | 165                   | 1.2%   | 57                    | 2.5%   |
| \$125,000 to \$149,999 | 552             | 1.0%   | 380                   | 1.0%   | 152                   | 1.1%   | 20                    | 0.9%   |
| \$150,000 to \$199,999 | 420             | 0.8%   | 298                   | 0.8%   | 72                    | 0.5%   | 50                    | 2.2%   |
| \$200,000 or more      | 554             | 1.0%   | 397                   | 1.0%   | 135                   | 1.0%   | 22                    | 0.9%   |
| Median Income          | <b>\$32,572</b> |        | \$33,675              |        | \$32,420              |        | \$31,466              |        |

Source: U.S. Census 2000 and Strategic Planning Group, Inc., 2004.

## Housing Type and Tenure

Renter / owner occupancy data indicates that the Hernando County housing market contains relatively fewer rental units than that found in the other counties comprising the MSA Market. In Hernando County, only 13.5 percent of the occupied housing units were renter, which is well below the percentage of renter housing units in Hillsborough (35.9%), Pinellas (29.2%) or Pasco (17.6%) Counties.

Within Hernando County the largest number of renter housing units were noted for the Brooksville Submarket, where 19.5 percent of the units were renter occupied. In the Spring Hill and Ridge Manor Submarkets, the percentage of renter occupied units ranged from 11.4 percent to 12.9 percent, respectfully.

## Owner / Renter Occupied Housing-Hernando County, 2000

| Occupied Housing Units | County | Spring Hill Submarket | Brookville Submarket | Ridge Manor Submarket |
|------------------------|--------|-----------------------|----------------------|-----------------------|
| Total:                 | 55,425 | 39,698                | 13,416               | 2,311                 |
| Owner occupied         | 47,970 | 35,163                | 10,795               | 2,012                 |
| Renter occupied        | 7,455  | 4,535                 | 2,621                | 299                   |
| % Renter               | 13.5%  | 11.4%                 | 19.5%                | 12.9%                 |

Source: U.S. Census and Strategic Planning Group, Inc., 2004

## RENTAL MARKET INVENTORY

The Florida Department of Business Regulation, Division of Hotels and Restaurants Records, indicated that for fiscal year 2001-2002 Hernando County had 42 rental apartment buildings containing a total of 1,468 units. In addition, records indicated 3 transient apartment buildings containing a total of 11 units. As a part of SPG's multi-family rental apartment analysis of Hernando County, a total of 17 rental apartment developments containing a total of 1,423 units were surveyed.

Of the total units surveyed, 701 were located in 6 communities situated in the Spring Hill Submarket. A total of 11 apartment communities and 722 units were surveyed that were located in the Brooksville Submarket. There were not any apartment communities in the Ridge Manor Submarket.

The survey of rental apartments (November / December 2003) indicated an overall vacancy rate of 9.3 percent or 133 units. However, it should be noted that this figure included 52 units in the new Bridgewater Club Apartments and 15 units in the Suncoast Villa Apartments that is under construction and adding units monthly. Excluding these available units, and adjusted vacancy rate for Hernando County rental apartments would be 4.6 percent year-end 2003.

Vacancy in the Spring Hill Submarket, excluding the newly developed units would result in an adjusted rate of less than one percent. In the Brooksville Submarket, vacancy in rental apartment units was determined to be 8.9 percent.

**Table III- 1: Summary Of Selected Apartment Communities**

| <b>Hernando County Rental Apartment Market</b>       |         |        |           |           |
|--|---------|--------|-----------|-----------|
|  | Vacancy | Mix    | Size - SF | Ave. Rent |
| Studio   | 2       | 2.3%   | 288       | \$360     |
| 1 Bedroom  | 31      | 45.6%  | 628       | \$461     |
| 2 Bedroom  | 94      | 42.8%  | 852       | \$546     |
| 3 Bedroom  | 6       | 7.6%   | 1,029     | \$614     |
| 4 Bedroom  | 0       | 1.7%   | 1,285     | \$752     |
|  | 133     | 100.0% |           |           |
| <b>Spring Hill Submarket Rental Apartment Market</b> |         |        |           |           |
|  | Vacancy | Mix    | Size - SF | Ave. Rent |
| Studio   | - -     | 0.0%   | - -       | - -       |
| 1 Bedroom  | 2       | 31.3%  | 657       | \$482     |
| 2 Bedroom  | 65      | 57.6%  | 836       | \$601     |
| 3 Bedroom  | 2       | 7.4%   | 1032      | \$682     |
| 4 Bedroom  | 0       | 3.7%   | 1285      | \$752     |
|  | 69      | 100.0% |           |           |
| <b>Brooksville Submarket Rental Apartment Market</b> |         |        |           |           |
|  | Vacancy | Mix    | Size - SF | Ave. Rent |
| Studio   | 2       | 5.5%   | 288       | 360       |
| 1 Bedroom  | 29      | 45.6%  | 599       | 440       |
| 2 Bedroom  | 29      | 38.9%  | 867       | 490       |
| 3 Bedroom  | 4       | 10.0%  | 1025      | 407       |
| 4 Bedroom  | 0       | 0.0%   | - -       | - -       |
|  | 64      | 100.0% |           |           |

## **Special Needs Housing**

The Hernando County market contains three Rural Development rental apartment properties that have rents based on income. These include the Greenbriar Villa (40 Units), Norbourne Estates, (59 Units), and Villas of Shady Oaks (36 Units). The Portillo Apartments (24 Units) were completed in 2000 as a Home Program project restricted to elderly residents.

The Brooksville Housing Authority manages 126 public housing units, while the Hernando County Housing Authority oversees 285 Housing Choice Voucher (Section 8) units. The Authority had a waiting list of 628 applicants as of December 3, 2003.

## **MULTIFAMILY RENTAL DEMAND**

SPG's analysis and field survey of the Hernando County rental market indicates a current (year-end 2003) rental housing demand of 700 units countywide. Of this, the majority of renter housing demand, 540 units, is in the Spring Hill Submarket. This represents 77 percent of the total Hernando County renter demand presently. An additional demand for 150 renter units was determined for the Brooksville Submarket and an insignificant demand in the Ridge Manor Submarket. This forecast is shown in the table following;

### **HERNANDO COUNTY RENTAL HOUSING DEMAND FORECAST.**

| <b>Additional<br/>Renter Units</b> | <b>Hernando<br/>County</b> | <b>Spring Hill<br/>Submarket</b> | <b>Brooksville<br/>Submarket</b> | <b>Ridge Manor<br/>Submarket</b> |
|------------------------------------|----------------------------|----------------------------------|----------------------------------|----------------------------------|
|                                    | 700                        | 540                              | 150                              | 10                               |
| added units                        | (400)<br>30                | (400)<br>140                     | - -<br>150                       | - -<br>10                        |
|                                    | 45                         | 285                              | 150                              | 15                               |
|                                    | 1,520                      | 50                               | 700                              | 70                               |
| 03-2015                            | 2,7                        | 1,300                            | 1,320                            | 130                              |

Source: Strategic Planning Group, Inc., 2004.

It should be noted that of the indicated 700 units rental demand for 2003, an additional 400 new rental units (Sun Coast Villas and Bridgewater Club Apartments) have been added to the inventory between 2000-2003. All of these new units were developed in the Spring Hill Submarket of Hernando County. Thus, the adjusted net demand countywide for 2003 would be for a total of 300 rental units that would be almost equally distributed between the Spring Hill and Brooksville Submarkets.

SPG forecasts' rental housing demand in Hernando County to be an additional 450 units between 2003-2005 increasing to 1,520 units by 2010 and 2,750 units by 2015. In the Spring Hill Submarket, an additional demand of 285 units is forecast, increasing to 750 units by 2010 and 1,300 units by 2015. In the Brooksville Submarket, an additional demand for 150 rental units is forecast by 2005. The rental demand increases to 700 units by 2010 and reaches approximately 1,320 units by 2015. Additional rental demand in the Ridge Manor Submarket is not significant until after 2015 and will most likely be filled by rental of investor owned single family and condominium units.

## RENTAL HOUSING AFFORDABILITY

The number of rent burdened households in Hernando County (those households paying more than 30 percent of income for rent) increased only slightly (31 renter households) from 2,882 households in 1990 to 2,913 households in 2000. The share of rent burden households, however, declined from 44.9 percent in 1990 to 38.4 percent of the total renter households in 2000.

Based upon this data, using HUD and SHIP standards, Hernando County had a need for approximately 2,900 affordable housing units in 2000. However, it is difficult, if not impossible, to accurately calculate those households in “true need”. For the purposes of this analysis SPG has assumed that only those households with incomes below \$35,000 in the Hernando County Market could find some difficulty in finding the full range of housing afforded higher income ranges but most should be able to find adequate housing given the County’s stock of older housing.

And, for those households earning under \$20,000 annually, the private sector cannot provide multifamily rental product that is financially feasible to develop. These 2,900 lower income households need to be provided for by public housing, rent supplements and other rental assistance programs.

### Forecast of Affordable Rental Housing Needs

SPG estimates that “true” rent burdened households in Hernando County that can and should be provided for approximates 630 units in 2000 and increased to 690 units in 2003. The majority of these units, 388 or 62%, are needed within the Spring Hill Submarket. This represents about 8.5 percent of the county’s total renter households.

Assuming this ratio to be a constant through the horizon period of 2015, SPG forecast of affordable rental housing needs in Hernando County would be and additional 38 affordable rental units by 2005, 129 units by 2010 and 234 units by 2015.

### **FORECAST OF AFFORDABLE RENTAL HOUSING NEED.**

| Additional Renter Affordable | Hernando County | Spring Hill Submarket | Brooksville Submarket | Ridge Manor Submarket |
|------------------------------|-----------------|-----------------------|-----------------------|-----------------------|
| 2000                         | 630             | 388                   | 217                   | 25                    |
| 2000-2003                    | 60              | 46                    | 13                    | 1                     |
| 2003-2005                    | 38              | 24                    | 13                    | 1                     |
| 2003-2010                    | 129             | 64                    | 60                    | 6                     |
| 2003-2015                    | 234             | 111                   | 112                   | 11                    |

Source: Strategic Planning Group, Inc., 2004.

It should be noted, that the term “affordable” as used in this forecast refers to those renter households earning over \$19,999 annually and under \$35,000 annually. This translates to monthly affordable rent levels; using HUD’s thirty (30%) of gross income, of between \$500 to \$825 monthly. For the very low-income households, below \$19,999 annually, the average monthly affordable rent would be only \$338. These are working renter households in Hernando County that include a large percentage of persons employed as teachers, policemen, firemen, other government employees as well as those in the retail / service support sectors of the local economy.