Miami and Miami-Dade County have experienced rapid population growth and development in recent years, particularly in the city’s booming downtown. The influx of new residents and development of extensive market-rate and high-end units have led to rising housing costs for many households. This is especially true for low- and middle-income (LMI) households (i.e., families who make between 50 and 120 percent of the area median income), who make too much for subsidies and too little to pay market prices. This report examines the state of LMI housing in Miami through a data-rich analysis of population and housing market changes from 2000 to 2015. Through a typology, we identify which neighborhoods are changing the most for LMI residents and which ones most need to create and preserve LMI housing. Finally, informed by our meetings with stakeholders, we identify policy and programmatic tools that could make a difference for LMI housing affordability in Miami and Miami-Dade County.

Population and housing stock trends indicate that Miami-Dade County grew tremendously from 2000 to 2015, especially in the city of Miami. Miami’s downtown area has gone through rapid transformation, as have other neighborhoods, such as Edgewater and Wynwood. The following findings describe where Miami’s LMI families live and how their housing has changed:

- Opa-locka, as well as Miami neighborhoods Allapattah, Liberty City, Little Haiti, Little Havana, and Overtown, are areas where more than 8 in 10 households are very low income and low- to middle-income. These neighborhoods have high proportions of renters and below-average rent
relative to the rest of the area. In these neighborhoods, creating and preserving affordable housing for LMI families remains feasible and much needed.

- Renter cost burdens have increased all over the county and city. In 2000, 27 percent of LMI renter households were cost burdened (i.e., spent more than 30 percent of their income on housing costs). By 2015, three-quarters of LMI renter households in Miami were cost burdened. In Coral Way, Downtown, Edgewater, and West Flagler, more than 8 in 10 LMI renters were cost burdened. The most dramatic shift may be in Wynwood, where just 15 percent of LMI renter households were cost burdened in 2000, which increased to 74 percent by 2015.

- Downtown, Edgewater, and Wynwood saw substantial development of new housing units, with new units dominating by 2015, in contrast to a majority pre-1980 stock in 2000. This reflects tremendous development in these areas, which is replacing older and previously affordable housing with newer and more expensive units, leaving less housing for LMI families.

- Allapattah, which is near Downtown, Edgewater, and Wynwood, may be on the precipice of significant change and gentrification. The Miami arts community has extended beyond Wynwood, and land and buildings are being purchased to establish art galleries in Allapattah. Homeowners report being approached directly by real estate investors to purchase their homes, and area renters are concerned they may be at risk of displacement. Without prioritization from county or city leadership, Allapattah may be at risk of losing its Dominican community heritage, multigenerational LMI families, and affordable housing.

In meetings with housing stakeholders in Miami, we heard about barriers to LMI affordable housing, as well as enormous opportunities for programmatic and policy solutions. Key points include the following:

- Developers seem to have enormous sway over the affordable housing discourse. A recent effort to create a mandatory inclusionary zoning regulation was tabled, in part because of insufficient awareness of the larger benefits to the community among developer-friendly politicians. Some stakeholders discussed a possible need for greater public awareness about why preserving and creating affordable housing for LMI households is important for the community, as well as benefits of other policy solutions, such as community land banking. To secure affordable housing and to meet developers’ needs, the county and city should enhance developer-based incentives in a manner that quality, affordable housing is created and retained. Structuring tax benefits as an annuity would encourage developers to be invested in the long-term success of the affordable housing they build. More expedient permitting approvals and fewer parking requirements for new developments would increase supply. Restructuring property taxes to help LMI homeowners deal with increasing property values and appraisals in gentrifying neighborhoods would allow more LMI families to stay in place.

- Community groups are often absent from the affordable housing discussion, but should be integrated into the process. Community groups offer insights into what residents want and can educate the public about why affordable housing projects benefit the whole area. Similarly,
Philanthropies and nonprofits could be public conveners and catalysts for community-led initiatives surrounding economic and neighborhood development. For example, area nonprofits, philanthropies, and community organizations could organize a bank consortium to assist mom-and-pop landlords. The consortium could help landlords work with banks to finance often-deferred property maintenance, enhancing the preservation of area affordable housing. Furthermore, community groups and other nonprofits could help inform current LMI renters about how to transition into homeownership.

- Public transportation was raised repeatedly as both a barrier to and an opportunity for LMI affordable housing development. Without sufficient public transportation in LMI neighborhoods, the combined housing and transportation costs pose a massive burden to LMI families. But with new public transportation developments on the horizon, including plans to expand the current network with six new lines, there could be an opportunity to develop affordable housing at transportation sites. City-county land set-asides on Department of Transportation property or adjacent to transportation hubs could offer potential for making Miami more affordable and accessible to LMI families.

- Finally, Allapattah residents want to build their own entrepreneurial skills and the acumen of the community. This is true across many areas of Miami and suggests that an important link in the housing affordability puzzle is increasing residents’ earning potential. Better supporting residents’ entrepreneurial drive, including current business owners and mom-and-pop landlords, would enhance LMI families’ incomes and would better preserve the affordable housing supply. By educating landlords on how to maintain and expand their businesses and on the importance of preserving affordable housing, more housing options for LMI families could be secured.

About the Authors

**Diana Elliott** is a senior research associate in the Center on Labor, Human Services, and Population at the Urban Institute, where she studies families’ financial security, economic mobility, and asset building and debt.

**Tanaya Srini** is a research assistant in the Metropolitan Housing and Communities Policy Center at the Urban Institute. She focuses on several domestic and international issues including affordable housing preservation, inclusive economic development, and resilience planning.

**Shiva Kooragayala** is a research associate in the Metropolitan Housing and Communities Policy Center. His research interests include community and economic development, education policy, and the spatial dimensions of inequality and opportunity.

**Carl Hedman** is a research assistant in the Metropolitan Housing and Communities Policy Center. His work focuses on examining policy issues surrounding economic and racial residential segregation, neighborhood change, early childhood education, financial services, and housing affordability.
Acknowledgments

This report was funded by a grant from JPMorgan Chase. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at www.urban.org/support.

We thank Pamela Blumenthal, Liza Cowan, Jorge Damian de la Paz, Reed Jordan, Cary Lou, Yuju Park, Erika Poethig, and Ellen Seidman for their helpful suggestions. We are also grateful to David Hinson for editorial support.

Finally, we are very grateful to Maria Escorcia for facilitating our work in Miami and the many stakeholders we met with in the city and county, including Miami-Dade county commissioners, county housing leaders, and their staff; nonprofit, academic, and affordable housing advocates and researchers; and Allapattah residents and community organizers. These stakeholders contributed their time and thoughts on the local context of affordable housing and community development to this work, and the report would not have been possible without their insights. Any errors in the characterizations of stakeholder perspectives should be attributed to the authors.