

Jacksonville's Affordable Rental Housing Crisis: Description, Diagnosis, and Potential Policy Solutions

JAX Rental Housing Project



Dr. David Jaffee, Professor of Sociology
Department of Sociology, Anthropology and Social Work
Northeast Florida Center for Community Initiatives
djaffee@unf.edu

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The findings, interpretations and conclusions expressed in this report are solely those of the author.

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EXECUTIVE SUMMARY

This report is a product of the [Jax Rental Housing Project](#) (JRHP) at University of North Florida housed within the [Northeast Florida Center for Community Initiatives](#). The research and analysis in this first full-length report focuses on:

- the current state of the rental housing crisis in Jacksonville;
- the workforce sectors facing the most severe rental cost burden;
- the role of institutional investors as a factor contributing to the rental housing crisis;
- the relationship between institutional investor ownership and eviction filings against tenants;
- the role of weak tenant rights and protections in the state of Florida;
- ideas about housing that prevent effective policy solutions;
- and some specific policy proposals to address the current crisis.

The report represents a critical analysis that draws data from existing sources (see Sources in Appendix B) while also collecting and analyzing relevant rental housing data for at the city/county and zip code level. In addition to these quantitative data, the project is also collecting qualitative data based on interviews with primarily renter/tenants currently experiencing the rental housing crisis conditions. Excerpts from these interviews are included in Appendix A.

The project welcomes feedback from members of the community on this report as well as suggestions for further areas of research pertaining to rental housing conditions in Jacksonville/Duval County. Direct communications to: djaffee@unf.edu

THE CURRENT STATE OF THE RENTAL HOUSING CRISIS IN JACKSONVILLE

Evidence for a rental housing crisis in Jacksonville is reflected in a wide range of indicators. Several of these are included in Table One. One of the most common measures is the percent of renters that are cost burdened. It is assumed that renters are cost burdened when greater than 30% of their income is absorbed by the costs of housing. As the cost burden increases, less income is available to cover the cost of other non-discretionary financial obligations as well as discretionary forms of consumption.

The most recent available data indicate (Table 1, Panel A below) that 47.4% of Jacksonville renters are cost burdened (greater than 30% of income absorbed by rent) and 23.2% are severely cost burdened (greater than 50% of income absorbed by rent).

There is one critical point to underline about these statistics – they are based on data collected in 2019. For that reason, **these figures are gross underestimates** given the fact that the sharpest rent increases have occurred since 2020.

This can be made clear by examining the data collected by several real estate companies (Zillow, Apartment List, Redfin) that estimate monthly rent levels over time by county, city, metropolitan statistical area, and zip code, allowing for the calculation of the percentage increase in rent since 2020. As has been widely [reported in the media](#), the percent increase in average rent in Jacksonville/Duval County consistently places Jacksonville in the top ten major metro areas in the US for rental price spikes.

More specifically (Table 1, Panel B), based on the Zillow Observed Rent Index, rent in Duval County increased 38.8% from January 2020 to November 2022. Apartment List, using a median rent methodology confined to apartments, reports a 34.2% increase. Apartment List also calculates the median monthly rent for one and two-bedroom apartments. Since 2020 median rents for a two-bedroom apartment increased 34%. To put this in dollar figures, the average renter in Duval County saw somewhere between a \$370-\$470 increase in their monthly rent payment over a two-year period. For a two-bedroom apartment the figure is \$368.

The percentage increase in rent over this period varies by community. Of the 21 zip codes for which Zillow reports the Observed Rent Index, 11 exceed a 40% increase and one reaches a 50% increase (32257).

For a large portion of the Jacksonville workforce, the rising cost and current levels of rent are unsustainable given no comparable increase in wages and the other rising costs of living. As a greater percentage of income is absorbed by rent payments, there is less income remaining to cover the cost of other basic necessities of life. There is also less discretionary income for spending locally on goods and services, which has broader negative macroeconomic effects.

It is estimated (Table 1, Panel C) that a worker in Duval County would need an hourly wage of \$22.85 to afford a two-bedroom apartment at the Fair Market Rent (FMR) to avoid being cost

burdened. A more detailed analysis of working-class wage levels in relation to the FMR criteria is included in the next section.

TABLE 1.
Basic Indicators of the Affordable Rental Housing Crisis in Jacksonville/Duval County

PANEL A			
Renter Cost-Burdened Households (%) 2019 (1)	47.4% < 30% of income		
Renter Severely Cost-Burdened Households (%) 2019 (1)	23.2% < 50% of income		
PANEL B			
	January 2020	November 2022	<u>Dollar Increase</u> <u>Percent Increase</u>
Observed Market Rate Rent (2)	\$1218	\$1692	<u>\$474</u> 38.8%
Median Rent (3)	\$1103	\$1480	<u>\$377</u> 34.2%
Median Rent 2 BR Apt (3)	\$1074	\$1442	<u>\$368</u> 34.3%
PANEL C			
Hourly Wage Needed to Afford 2-BR at FMR Without Cost Burden (4)			
\$22.85			

- (1) Harvard Joint Center for Housing Studies
- (2) Zillow Observed Market Rate Index (homes and apartments)
- (3) Apartment List (apartments)
- (4) National Low Income Housing Coalition

AFFORDABLE HOUSING IS WORKFORCE HOUSING IN JACKSONVILLE

Because housing is accessed as a commodity in a housing market, the experience of housing insecurity, and being cost burdened, will be heavily determined by one's level of income and wealth. In the US, the exceptionally high levels of income and wealth inequality are translated into corresponding disparities in one's ability to afford stable and safe housing. There is a growing recognition that a significant segment of the population suffers more severely from housing insecurity, and that housing availability needs to consider one's ability to pay. In the housing policy arena, this fact is represented by the distinction between "affordable" and "workforce" housing provision aimed at specific socio-economic segments of the population.

It is important to be clear on what constitutes "affordable housing" -- both the income levels and the eligibility requirements. This is critical for ensuring that affordable housing projects supported with government assistance and incentives are reaching the intended population and are truly "affordable".

While there is considerable debate on the precise income levels used to distinguish affordable and workforce housing, it is widely accepted that, at minimum, **affordable housing** would provide households at 30% or below of Area Median Income (AMI) with housing that would not exceed 30% of household income, thus not being cost burdened and having remaining income to cover the additional cost of basic necessities. In terms of housing policy, this can be accomplished by establishing below "fair market rent" (FMR) housing options or through subsidies and vouchers.

The term **workforce housing** refers to housing that is affordable to a range of middle-income occupations that are deemed most critical to the functioning of the community (e.g. teachers, firefighters, health care workers), and is usually defined as 60/80-120% of AMI. It is also housing built in proximity to the workplaces of these occupations. These households may not qualify, based on income, for the government-assisted affordable housing programs, but they may nonetheless be unable to avoid being cost-burdened at FMR housing costs.

One of the [problems with this terminology](#) is the implicit connotation that one group (the workforce housing population) is more actively engaged in the labor market, more indispensable to the functioning of the local community, or more deserving of housing assistance. But the reality is that households falling into the "affordable housing" category are also largely working households but employed in low wage occupations. During the pandemic, there was growing awareness [that many low wage workers were increasingly critical and "essential"](#) in meeting the basic needs of the community. In that sense, what is and is not "workforce housing" becomes increasingly blurred. Therefore, it makes sense to describe affordable housing as workforce housing.

This issue, and what it means to be cost-burdened, is best illustrated by examining specific occupations, their compensation levels, and the relationship to rental housing costs. The University of Florida's [Shimberg Center for Housing Studies](#) compiles occupational and rental

cost data for all Florida counties and metropolitan areas. They then provide, for all AMI-based income categories and occupations, what constitutes affordable rent levels without being cost-burdened. Because the calculation of income levels is based on the percent of AMI, it is important to know whether calculations are using county-level AMI or metropolitan area AMI. The Shimberg Center uses the AMI for the Jacksonville metro area which is \$86500.

In the summary Table One above, according to the National Low Income Housing Coalition, an hourly wage of \$22.85 would be required to afford a two-bedroom apartment at “fair market rent” in Jacksonville without being cost burdened.

Table Two presents specific occupations in Jacksonville that, [based on the Shimberg Center’s calculation using median hourly wage](#), are cost burdened, meaning that at least 30% of income goes toward rent. These 42 occupations are listed in Table Two and they **account for 33% of the Jacksonville labor force**.

TABLE 2. Cost-Burdened Occupations in Jacksonville

Occupation	A Median Hourly Wage	B Maximum Affordable Rent (30% of Income)	C HUD 2BR Fair Market Rent	D % Income Needed for 2 BR, Median Wage Worker	E # of Workers in 2021	F FT \$Salary	G % of AMI
Automotive Service Technicians and Mechanics	18.39	920	1113	0.36	3420	38251.2	44.22104
Bartenders	10.1	505	1113	0.66	2240	21008	24.28671
Carpenters	18.44	922	1113	0.36	3020	38355.2	44.34127
Cashiers	11.01	551	1113	0.61	14940	22900.8	26.47491
Child, Family, and School Social Workers	18.78	939	1113	0.36	920	39062.4	45.15884
Childcare Workers	13.44	672	1113	0.5	1730	27955.2	32.31815
Construction Laborers	17.31	866	1113	0.39	5450	36004.8	41.62405
Cooks, Restaurant	14.09	705	1113	0.47	7090	29307.2	33.88116
Customer Service Representatives	17.51	876	1113	0.38	23270	36420.8	42.10497
Dental Assistants	18.3	915	1113	0.36	1500	38064	44.00462
Dishwashers	11.18	559	1113	0.6	2150	23254.4	26.8837
Fast Food and Counter Workers	10.26	513	1113	0.65	20200	21340.8	24.67145
Food Preparation Workers	14.2	710	1113	0.47	4120	29536	34.14566
Hairdressers, Hairstylists, and Cosmetologists	13.24	662	1113	0.5	1500	27539.2	31.83723
Heavy and Tractor-Trailer Truck Drivers	22.54	1127	1113	0.3	11040	46883.2	54.20023
Home Health and Personal Care Aides	11.66	583	1113	0.57	5100	24252.8	28.03792
Hotel, Motel, and Resort Desk Clerks	13.59	680	1113	0.49	1060	28267.2	32.67884
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	11.67	584	1113	0.57	8720	24273.6	28.06197
Landscaping and Groundskeeping Workers	14.39	720	1113	0.46	5520	29931.2	34.60254
Laundry and Dry-Cleaning Workers	11.24	562	1113	0.59	710	23379.2	27.02798
Licensed Practical and Licensed Vocational Nurses	22.5	1125	1113	0.3	2770	46800	54.10405

Light Truck Drivers	17.67	884	1113	0.38	5300	36753.6	42.48971
Maids and Housekeeping Cleaners	11.76	588	1113	0.57	3490	24460.8	28.27838
Medical Assistants	17.76	888	1113	0.38	4610	36940.8	42.70613
Mental Health and Substance Abuse Social Workers	23.28	1164	1113	0.29	260	48422.4	55.97965
Nursing Assistants	13.88	694	1113	0.48	6700	28870.4	33.37618
Office Clerks, General	17.48	874	1113	0.38	13540	36358.4	42.03283
Painters, Construction and Maintenance	17.83	892	1113	0.37	1460	37086.4	42.87445
Paralegals and Legal Assistants	22.96	1148	1113	0.29	2050	47756.8	55.21017
Paramedics	17.8	890	1113	0.38	290	37024	42.80231
Pharmacy Technicians	17.52	876	1113	0.38	2400	36441.6	42.12902
Plumbers, Pipefitters, and Steamfitters	22.62	1131	1113	0.3	2100	47049.6	54.3926
Preschool Teachers, Except Special Education	13.71	686	1113	0.49	2470	28516.8	32.9674
Receptionists and Information Clerks	14.01	701	1113	0.48	5260	29140.8	33.68879
Retail Salespersons	13.31	666	1113	0.5	21590	27684.8	32.00555
Roofers	18.32	916	1113	0.36	1570	38105.6	44.05272
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	17.74	887	1113	0.38	7270	36899.2	42.65803
Security Guards	13.8	690	1113	0.48	6690	28704	33.18382
Substitute Teachers, Short-Term	16.73	837	1113	0.4	400	34798.4	40.22936
Tellers	17.74	887	1113	0.38	1930	36899.2	42.65803
Veterinary Technologists and Technicians	17.43	872	1113	0.38	880	36254.4	41.9126
Waiters and Waitresses	10.59	530	1113	0.63	12190	22027.2	25.46497

Column D indicates the level of the housing cost burden for each occupation. The cost-burdened occupations range from server/bartenders to medical assistants to mental health social workers.

There is one important point worth emphasizing regarding this list and the level of cost burden – it is based on the so-called HUD Fair Market Rent (FMR) for a two-bedroom apartment at \$1100 which is far below the actual average rental cost in Jacksonville Florida. According to [Apartment List data estimates](#) included in Table One, the average 2-BR apartment in Duval County in November 2022 leased for \$1442 – a \$342 difference. [Zillow reports](#) the average rent in Jacksonville in July 2022 at \$1692. **In short, if a more accurate measure of rental cost were employed, the list of cost burdened occupations would grow, and the level of the cost burden would be more severe.**

Column B indicates the maximum affordable rent for each occupation to avoid being cost burdened. How likely is it that a Jacksonville resident working in these occupations would be able to secure an apartment at that rent level in Jacksonville?

[Rent Café](#) has calculated the percent of apartment rentals available in Jacksonville in the various rental price ranges (as of July 2022). For the \$500-700 it is 1%, for the \$701-1000 it is 10%, for \$1001-1500 37%, for \$1501-2000 it is 41%. To answer the question, **it is virtually impossible for workers in these occupations, representing 33% of the Jacksonville workforce, to find rental apartment housing that would avoid being cost burdened.**

Two columns have been added to the original data taken from the Shimberg Center – the annual salary (column F) and the percent of the AMI (\$86500) for these occupations (column G). The calculation of annual salary assumes the most positive working arrangement of a 40-hour work week over the span of 52 months, which may be overly optimistic [given the rise of precarious working conditions](#) for lower wage workers. **Only five of these occupations exceed 50% AMI level.**

From the original list of 42 occupations above, Table Three includes those 13 occupations that are severely cost burdened (over 50% of income) for a two-bedroom apartment at the HUD Fair Market Rate (FMR) of \$1113 (Column D). These occupations account for 13% of the Jacksonville workforce.

Table 3. Three: Severely Cost Burdened Occupations in Jacksonville

Occupation	A Median Hourly Wage	B Maximum Affordable Rent (30% of Income)	C HUD 2BR Fair Market Rent	D % Income Needed for 2 BR, Median Wage Worker	E # of Workers in 2021	F FT \$Salary	G % of AMI
Bartenders	10.1	505	1113	0.66	2240	21008	24.28671
Cashiers	11.01	551	1113	0.61	14940	23088	26.69133
Childcare Workers	13.44	672	1113	0.5	1730	27955	32.31792
Dishwashers	11.18	559	1113	0.6	2150	23254	26.88324
Fast Food and Counter Workers	10.26	513	1113	0.65	20200	21340	24.67052
Hairdressers, Hairstylists, and Cosmetologists	13.24	662	1113	0.5	1500	27539	31.83699
Home Health and Personal Care Aides	11.66	583	1113	0.57	5100	24252	28.03699
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	11.67	584	1113	0.57	8720	24273	28.06127
Laundry and Dry-Cleaning Workers	11.24	562	1113	0.59	710	23379	27.02775
Maids and Housekeeping Cleaners	11.76	588	1113	0.57	3490	24460	28.27746
Retail Salespersons	13.31	666	1113	0.5	21590	27685	32.00578
Waiters and Waitresses	10.59	530	1113	0.63	12190	22027	25.46474

Again, because inclusion in the list is using the HUD 2BR Fair Market Rate, this is a conservative estimate of the occupations experiencing a severe cost burden. But more significantly, in relation to the issue of “workforce” housing, full-time work in these occupations generates an annual income that places these workers at below, or barely above, the 30% of AMI threshold. **Therefore, “affordable housing” is housing that is affordable to a large proportion of the working-class residents of Jacksonville.**

One final point. While the HUD FMR of \$1113 underestimates the proportion of Jacksonville residents experiencing rental cost burden, there is one advantage to using this measure. If affordable housing provision must include rental housing *below the official HUD FMR*, it would be more truly affordable than if it were based on the actual higher rental rates currently prevailing in Jacksonville.

A MAJOR SOURCE OF THE RENTAL HOUSING CRISIS: THE FINANCIALIZATION OF HUMAN SHELTER

There is a deep-seated ideological reluctance to attribute the rental housing crisis to anything other than the natural workings of an impersonal housing market. This is especially the case if it means holding private sector corporate actors responsible for the social problem of unaffordable housing. But this disabling cognitive reflex prevents an understanding of the single most significant factor responsible for the sharp rise in rent since 2000 and the larger rental housing crisis – [the accelerated financialization of human shelter](#).

The rental housing market is increasingly dominated by private institutional investment ownership, aka corporate landlords, in both the single-family rental (SFR) market as well as the multifamily apartment market. This is part of a [larger neoliberal trend](#) over the past thirty plus years known as “financialization” which converts various forms of property into asset class investment vehicles for wealthy investors. It is now the dominant ownership trend in the rental housing market. Properties are converted into income generating assets organized to maximize profits and generate healthy returns for their investors.

The phrase “financialization of human shelter” is deliberately intended to communicate the fact that a basic human necessity – one of the foundational human needs included in the Maslow need hierarchy – has become an asset class product marketed to wealthy investors. While working people struggle to meet the rising cost of shelter, institutional investors and their clients reap the rewards.

One should be very clear on the qualitative distinction between a local resident who purchases several single-family properties to rent as a *direct source of income* (sometimes referred to as “mom-and-pop” landlords) and institutional investors that purchase hundreds to thousands of properties, bundle them into a portfolio, and offer *this financial product* as an investment opportunity. Under this arrangement, the objective of [maximizing shareholder value](#) prioritizes economic returns to shareholders over the provision of safe and affordable housing. This is accomplished through raising rents, increasing fees, and cutting costs.

The identification of institutional investors as a major source of the rental housing crisis is not some esoteric conspiracy theory hatched by leftwing corporate critics. It has been widely reported in the mainstream press and business media.

Here is the way the [business media](#) has been describing the situation:

Among the factors contributing to the national home affordability problem are institutional investors and private companies buying for-sale and for-rent units to rent or flip to sell for higher prices...

In another [report](#),

One reason is the dramatic change in home ownership. Institutions funded \$2.5 billion in single-family-rental (SFR) acquisitions in 2021... Private equity funds are looking to capitalize on a market traditionally owned by individual owners or mom-and-pop

companies. It's a niche market with high-yield returns that has been largely untapped by the major players.

*Yardi Matrix estimates that by the close of this decade, **institutions will own 40% of SFR units in the U.S.** (emphasis added)*

In Duval County, the property appraiser [has reported](#) that 25% of all SFHs are owned by investors. Jacksonville is consistently cited as one of the top metro areas in the nation for investor acquisition of SFHs as [reported by Redfin](#) for the 4th quarter of 2021:

Investors had the biggest market share in relatively affordable Sun Belt metros. In Atlanta, 32.7% of homes that sold in the fourth quarter were bought by investors, the biggest share of the 40 U.S. metros in this analysis, and in Charlotte it was 32.1%. They're followed by Jacksonville, FL (29.8%), Las Vegas (29.2%) and Phoenix (28.4%)...

Investor purchases more than doubled from last year in Jacksonville, with a 157% year-over-year increase, the biggest jump of the metros in this analysis.

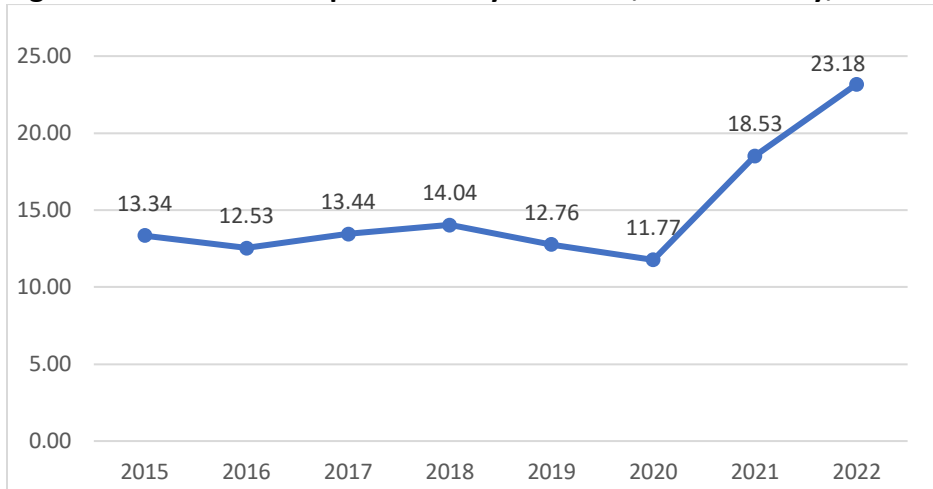
The JRHP has also been analyzing the Duval County property appraisal data to determine levels of ownership and acquisition of Jacksonville SFHs by investors. One of the significant challenges in this work, and probably one reason for the divergent figures reported by different sources, is the property ownership designation in the property appraisal database. The general operating assumption is that investor owners are designated as Limited Liability Corporations (LLCs). But the names of the LLCs are obscure and cryptic, disallowing an easy identification of the actual corporate owner. Using the LLC designation also combines both large corporate institutional investors and smaller real estate and investment firms.

Some analyses have included Trusts and Estates. The JRHP has taken the more conservative approach of including only those properties reported to be owned by an LLC.

While the overall level of corporate ownership of SFHs in Jacksonville may currently appear modest, one must consider the rising percent of SFH purchases made by institutional investors, the geographic variations in acquisitions across Jacksonville communities, and the percent of rental properties concentrated in the hands of a small number of real estate investment firms.

Figure One graphs the percent of LLC SFH purchases in Duval County from 2015-2022 and highlights the widely reported sharp increase in investor acquisitions since 2020 from 11.77 to 23.18 – a 96% increase.

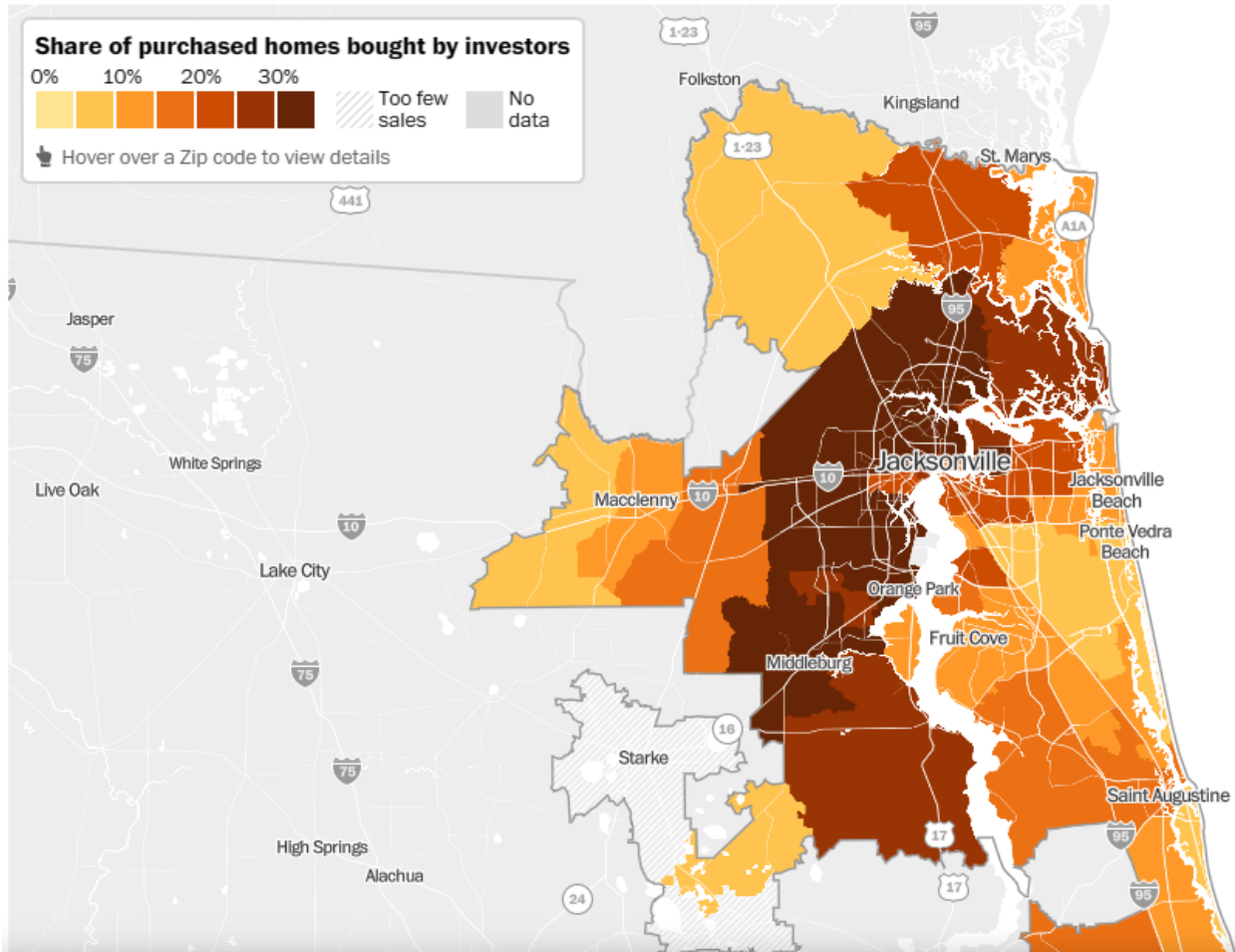
Figure 1. Percent of SFH purchases by Investors, Duval County, 2015-2022



The acquisition and ownership of SFHs by investors in Jacksonville varies widely by neighborhood. In 2021 there were four zip codes for which the % of SFH purchases by investors exceeded 40% (32206-41%; 32208-46%; 32209-54%; 32254-43%).

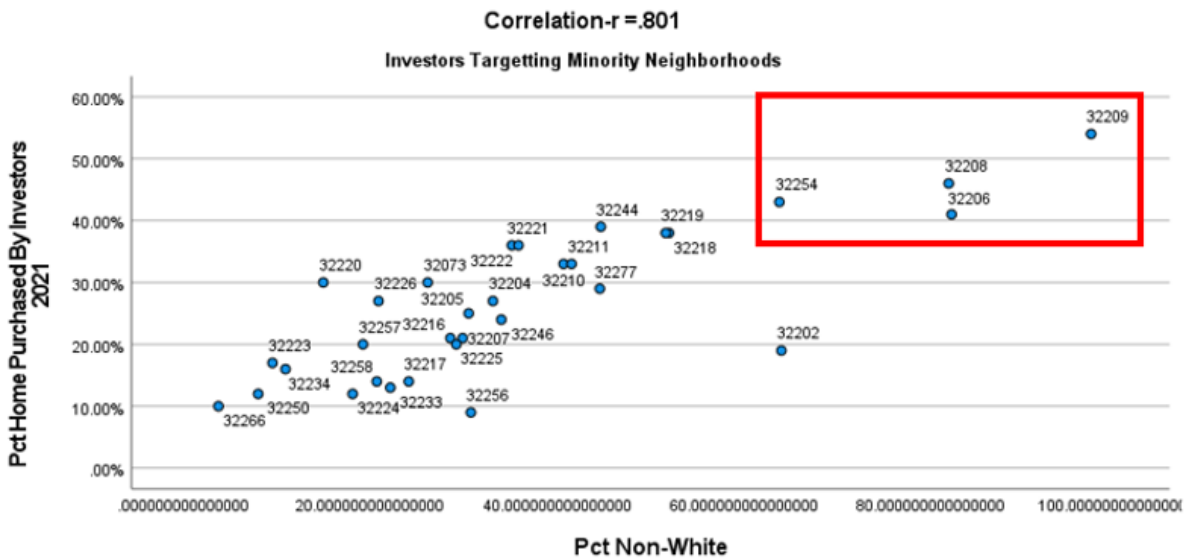
In February of 2022, [The Washington Post reported](#) on the record share of homes purchased by investors with the subtitle *“An analysis of 40 major metro areas revealed unequal levels of investor activity, with southern cities and Black neighborhoods disproportionately affected”*. The piece emphasized the targeting of minority neighborhoods by institutional investors and included an interactive component allowing readers to select and view a map of each metro area. Below is the map for Jacksonville.

Map 1. Share of purchased homes bought by investors



The JRHP has conducted a statistical analysis of zip code level data for Jacksonville to examine further the relationship between the minority composition of a zip code and the percent of SFHs purchased by investors (LLCs) in 2021. The results of our analysis can be displayed in the scatterplot below.

Figure 2. Relationship Between Neighborhood Racial Composition and SFH Purchases by Investors, Duval County, 2015-2022



The strength of the positive relationship, easily observed by the bottom-left to top-right distribution of zip codes, and confirmed by a correlation coefficient of +.801, shows a clear pattern of disproportionate investor acquisition of SFHs in minority neighborhoods in Jacksonville. This relationship is particularly significant given the current initiatives by Jacksonville organizations such as [Local Initiatives Support Corporation](#) (LISC) and [LIFT JAX](#) to increase home ownership and residential stability in these urban core neighborhoods of Jacksonville. Instead, the result will be residential displacement, absentee ownership, and a [“generation of renters”](#).

As noted above, it is difficult to determine the actual corporate entities that acquire and own the SFHs, and accordingly the level of concentrated ownership, based on the LLC ownership names in the Duval County property appraiser database. It requires a considerable amount of labor-intensive internet sleuthing through [Sunbiz](#) and Google Maps to identify the corporate entity.

Just to give one prominent example, Progress Residential is one of the leading corporate landlords in Jacksonville. In the property appraiser database, Progress Residential uses “SFR Investments v Borrower 1 LLC” among at least ten different LLC designations. There is a mailing address associated with that LLC. If you take that LLC name to the Sunbiz search site, there will be no indication that it is associated with Progress Residential, but you usually find the same mailing address. If you then plug that mailing address into Google Maps, it will take you to an office building in Scottsdale Arizona with the name of Progress Residential as one of the building’s occupants. But in many cases, you will be taken to a large office building with a very

long directory that lists the occupants from which you must skim to hopefully locate a potential real estate investment firm that can be identified as the owner. It is equally likely that the mailing address will take you to a single residential home in a suburban neighborhood with virtually no identification of the corporate owner.

This [LLC problem](#) – corporations [hiding behind a slew of obscure LLCs](#) -- has posed a major challenge to researchers interested in determining corporate ownership patterns. It serves the function and intended purpose of making it difficult to regulate and hold accountable corporate landlords, protects corporations from liability, promotes secrecy, and confers tax benefits. This also makes it very difficult to assess the level of market concentration taking place in various communities, or for tenants to know who actually owns the property in which they live. One of the policy recommendations at the end of this report will address this issue.

EXHIBIT A: FINANCIALIZATION OF HUMAN SHELTER IN JACKSONVILLE: SINGLE-FAMILY RENTALS

Not all the institutional investors buying up SFHs in Jacksonville are out of state. One of the largest is Jacksonville Wealth Builders (JWB), operating [JWB Rental Homes](#) and [JWB Real Estate Capital](#). JWB owns or manages over 4800 homes making it, most likely, the largest corporate landlord in Jacksonville (again, the LLC issues make it difficult to determine this definitively). It is JWB Real Estate Capital that constitutes the institutional investor side of the business, marketing JWB's rental property portfolio. The website messaging communicates how the escalating cost of housing for Jacksonville's working population, on the one hand, represents a positive investment opportunity for clients worldwide, on the other.

The website pitch is quite explicit –

“Looking For A Better Market to Invest In? You Don’t Need to Live Here To Benefit From The Growth In Jacksonville”.

...you know this is an excellent market for cash flow opportunities....Jacksonville, Florida is home to the perfect combination of low home prices, high rental rates, and high property appreciation- making investing here is so appealing...robust population growth in Jacksonville has been happening for decades. As a result, Jacksonville’s home prices have appreciated 24% more on average than other comparable cash flow markets since 1982, like Dallas, Kansas City, Memphis, Birmingham and Cleveland.

Here is one rental property they highlight for potential investors, including the calculation of monthly cash flow and estimated rate of return.



Already Rented w/ Long-Term Lease In Place!

- Purchase Price: \$275,000
- Avg. Monthly Rent: \$1,698
- Est. Monthly Cash Flow: \$69
- Est. Return On Investment: 12.16%



Once you register online as a potential investor, JWB sends out regular personalized direct text messages, such as:

JWB here! In August our clients earned \$3,771,657 in rental income.

JWB now manages 4,749 homes in Jax! I'd love to talk about how the presence we have here increases returns.

JWB here! In October our average rent increase @ lease renewal was 18%.

Finally, as it pertains to the single-family rental market, an ideal measure of market concentration would be based on the *percent of SF rental properties owned by LLCs*. The challenge is to determine the number of SF properties designated as rentals in Jacksonville overall as well as within each zip code. This is a future research task for the JRHP.

We can now turn to the other sector of financialized human shelter – **the multifamily apartment complex**. Just as thousands of SFHs have been purchased by institutional investors, and bundled together into asset class investment products, [so too have multifamily properties](#). In many cases, this is where we see the most significant impact of the sharp rent increases on working class individuals and families, as lease renewals have recently entailed monthly rent hikes of hundreds of dollars (\$370-\$470) over a one- to three-year period, as reported in Table One above.

Our preliminary analysis of corporate acquisition and ownership of multifamily properties (what we describe as the “actual owner”) across Jacksonville, generally and by zip code, based on LLC designations, indicates that out of the 590 apartments in the county, 459 (78%) are investment properties. The greatest institutional investor ownership is in the Southside area, where there is the highest concentration of multifamily apartment complexes. The five Southside zip codes (32216, 32224, 32246, 32256, and 32258) all have institutional investor ownership rates exceeding 95%, with 32256’s 51 complexes all being owned by investment companies.

Accordingly, 21% of all multifamily property acquisitions from 2020 through 2022 were in the five Southside zip codes.

The largest multifamily corporate landlords in Jacksonville include Blackstone, Starwood, Karya (KPM), and Mid-America Apartment Communities.

The investment strategy for most firms is similar. Investment activity is focused on one area, like Arlington or Southside, with many apartments being sold within a 3-to-5-year window based on the business cycle. S2 Management, a Dallas based investment firm, is a good example of this phenomenon buying nine Arlington apartments between 2017 and 2018 and then selling all of them in 2021.

The standard pattern, observed most recently across Jacksonville, involves the acquisition and subsequent change in multifamily property ownership, installation of a new property management company (e.g. [ZRS Management](#)), “rebranding” of the property, some cosmetic and interior renovations, followed by a sharp increase in monthly rent at lease renewal [see **Exhibit B**].

The dynamic currently at play with the financialization of this sector of the residential housing market is parallel to the [shareholder value maximization process that hollowed out domestic production and employment](#) in the manufacturing in the US. The multifamily property management companies are beholden to their private equity and institutional investor clients. They are therefore motivated and incentivized to make decisions that enhance profit and “shareholder value” even though these decisions are often contrary to the interests of tenants.

The hierarchy is as follows:

Shareholders --→ Institutional investors --→ property management companies --→ Tenants (at the bottom of the food chain)

EXHIBIT B: FINANCIALIZATION OF HUMAN SHELTER IN JACKSONVILLE: MULTIFAMILY APARTMENT COMPLEX

The multifamily apartment complex **The Pines of Mindanao** was purchased by **Laguna Point Properties** in April 2022 for \$22 million.

The letter notifying tenants included this introduction:

We would like to announce that Pines of Mindanao Apartments will be experiencing a change of ownership and management effective April 6, 2022. As the new management company, ZRS Management is pleased to be serving you and your community with its day-to-day operations.

Notice there is no mention of the actual new owner. If one were to go into the property appraiser data, they would find the owner listed as: **1700 MINDANAO 1 LLC ET AL.**

Only after further internet searching and sleuthing were we able to identify [Laguna Point Properties](#) as the probable owner.

Laguna Point Properties website advertises the rationale for multifamily apartment investments:

“the durable cash flow and appreciation that apartment properties provide have made this asset class the most attractive real estate investment.... The expected inflation will only drive rents higher over the next couple of years...A typical scenario consists of renovating and upgrading dated apartment interiors and common areas, creating an opportunity to push rents.”

For the tenants, the face of the new property owners is [ZRS Management](#) a third-party property management company that currently manages over 50,000 units and 16 multifamily properties in the Jacksonville metropolitan area alone. When ZRS refers to their “clients” they are referring to the institutional investment firms that have contracted for their management services. In promoting their portfolio, they emphasize “comprehensive due diligence” as defined by providing *“acquisition assistance and due diligence services including unit by unit inspections, market surveys, and cost analysis. Our team will focus on areas of income such as **maximizing rents, ancillary income collections, and utility charges.**”*

On the matter of “maximizing rents”, ZRS is true to its word. 2-bedroom apartments recently advertised starting at \$900-\$1200 are now listed on the newly polished website for \$1520-\$1770.

The apartment has also experienced a name change from the long-standing Pines of Mindanao to [Willow Trail](#).

JRHP INTERVIEW WITH WILLOW TRAIL TENANT

During all my previous lease renewals I’ve been met with a reasonable rent increase that never exceeded fifty dollars. That all changed when my apartment complex was taken over by ZRS Management in April 2022. I was informed that my monthly rent would be increasing from \$925 to \$1325. When I questioned the reason for the drastic rate increase, I was initially told it was due to my rent having not increased during the Covid pandemic. I stated my rent didn’t increase because my lease wasn’t up for renewal. Then the leasing agent leveled with me and said the increase was simply a matter of business. I respect his honesty and understand the concept of supply and demand. However, I mistakenly assumed there would be some sort of legal safeguards in place preventing tenants from being caught in, and financially ground to dust...Since taking over, ZRS management has reduced the number of maintenance and “grounds” personnel from roughly 5 to 2. They also changed the name of the property to Willow Trail.

The so-called Fair Market Rent (FMR) that was used in the first section of the report to calculate the cost burden is far below what tenants are paying for monthly rent throughout Jacksonville, particularly after a change in ownership. In that sense, the actual rents levied on tenants by the property management companies, in service to their institutional investor clients, who in turn are promising their clients high returns, might be described as “unfair” rent, or maybe

“artificially inflated rent” (the \$329 difference between the 2-BR apartment FMR of \$1113 and current median rent of \$1442).

In our interviews with tenants, they have complained that rent levels are high everywhere in Jacksonville, so refusing to renew a lease to seek a lower rent alternative, is almost futile. When multifamily properties are financialized as asset class investment products, there is obvious pressure to push rents as high as possible. Starwood Capital Group, the [nation’s largest apartment owner](#) with twelve properties in Jacksonville, was the subject of a [recent Washington Post article](#) on Starwood’s role in escalating rents. Starwood’s company representatives explained the key point and priority -- Starwood “*has a legal responsibility to reward its investors*”.

The consistently high rent levels across Jacksonville and elsewhere, often mistakenly attributed to natural market forces, may also be explained by an external profit-maximization tool. [Propublica](#) recently reported on a proprietary software – [YieldStar by RealPage](#)– that sets prices for apartment units based on an algorithm. They write:

*For years, RealPage has sold software that uses data analytics to suggest daily prices for open units. Property managers across the United States have gushed about how the company’s algorithm boosts profits...The software’s design and growing reach have raised questions among real estate and legal experts about whether RealPage has birthed a new kind of cartel that allows the nation’s largest landlords to indirectly coordinate pricing, potentially in violation of federal law...At a minimum, critics said, the software’s algorithm may be **artificially inflating rents** and stifling competition.*
(emphasis added)

Property managers have admitted, in the report, that the YieldStar tool serves as a form of “moral disengagement” – distancing them from rent hike decisions which they would not have felt comfortable making on their own.

In sum, on the matter of the financialization of single-family and multifamily rental housing, the conclusion here is that **there is no path to affordable housing under an increasingly financialized system in which corporate rental property owners are beholden, first and foremost, to their shareholder clients.**

In addition, the broader consequences of financialization include:

- The systematic transfer of single-family property ownership from Jacksonville communities and residents to out-of-state investors
- Concentrated control of rental housing in the hands of a small number of private investment firms with pricing power
- A decline in home ownership rates among Jacksonville residents as first-time home buyers are [unable to compete with cash offers](#) from private investment firms
- The rise of absentee corporate landlords [less responsive to the maintenance needs of tenants](#)
- A [greater likelihood of eviction](#) and the threat of eviction under corporate automated management systems

THE FINANCIALIZATION OF HUMAN SHELTER AND EVICTION PATTERNS

One of the consequences of the financialization of housing mentioned in the last section is a greater likelihood of human displacement through the eviction process.

As increasing numbers of properties are concentrated in the hands of private investors, single-family housing supply is squeezed, the number of single-family homes converted to rental properties increases, monthly rental rates rise, and a larger portion of the population is subject to potential eviction. All these trends have been widely reported in the media and are now a major area of academic policy-oriented research ([1](#); [2](#); [3](#)).

The best available research on the corporate ownership-eviction relationship, conducted in Atlanta, one of the leading metropolitan areas experiencing the corporate landlord invasion, found that institutional investors are more likely to file evictions on tenants than smaller individual “mom and pop” landlords. This is facilitated by the fact that corporate landlords are more likely to have impersonal automated systems that track and monitor delinquent accounts resulting in the more rapid initiation of eviction proceedings. Further, because institutional investors are beholden to their investor clients, who expect a return on their investment, there is greater pressure to raise rents and remove financially unreliable tenants.

The JRHP was interested in exploring this relationship for Duval County. More specifically, using zip code level data, what are the eviction filing patterns within Duval County? Do we see a similar relationship between investor owned SFHs and eviction filings? And in what communities are these patterns most pronounced?

The analysis reported in this section is based on data collected from several different sources listed in Appendix B.

Table Two presents a simple ranking of the top five Duval County zip codes on the eviction filing rate, measures of institutional investor property ownership or purchase, and socio-economic and demographic characteristics, providing some preliminary insight into the communities most impacted. The color-coded presence of zip code-based communities across the five indicators suggests a relationship between evictions, institutional ownership, and distressed and minority communities. It should also be noted that all these communities are in the west and north urban core.

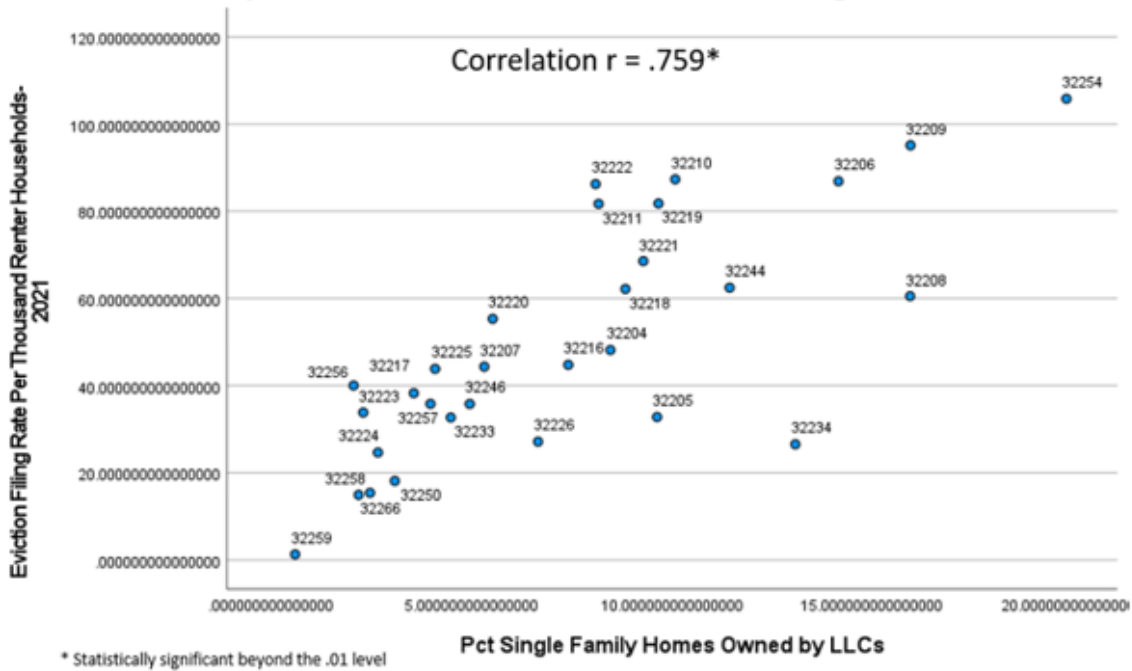
TABLE 2: ZIP CODE RANKINGS ON THE FIVE MEASURES

RANK	Eviction Filing Rate 2021	Pct SFHs Investor Owned	Pct Homes Purchased by Investors 2021	Distressed Community Index	Pct Black
1	32254	32254	32209	32254	32209
2	32209	32209	32208	32208	32208
3	32206	32208	32254	32202	32206
4	32210	32206	32206	32206	32219
5	32222	32234	32244	32209	32254
Top 3 Zip Codes	32202	32206	32208	32209	32254
Neighborhoods	Oakland, Springfield	Eastside, Fairfield, Springfield, Tallyrand	Norwood, Panama Park, Ribault, Riverview, Osceola Forest	Grand Park, Moncrief, New Town	Biltmore, Lackawanna, Paxon

To establish whether there is a statistically significant relationship between eviction filings and these other measures, we conduct some basic bivariate correlation analyses complemented by graphs (scatterplots) that visually demonstrate the relationship.

Figure 3 indicates a strong positive and statistically significant correlation (+.759) between the percent of SFHs owned by investors and the eviction filing rate. As the table above also revealed, the highest levels of investor ownership and eviction filings are concentrated in Jacksonville’s urban core neighborhoods.

FIGURE 3: Relationship Between Investor Owned SFHs and Eviction Filings



A second measure of investor ownership of SFHs, provided by data collected by Redfin and highlighted in a recent [Washington Post report](#), is the percent of SFHs purchased in 2021 by institutional investors. The correlation and scatter plot for the relationship between that measure and 2021 eviction filings is presented in Figure 4.

The correlation and the scatterplot exhibit similar strength and pattern as observed in the prior bivariate analysis. But it is also worth noting that the relationship of eviction filings with investor purchasing data is even stronger (+.859). This is likely due to the fact this purchasing measure gauges most recent investor activity, which was accelerated in 2021, also matching the year for the eviction filing measure.

A final question worth exploring, suggested by the Washington Post report, involves the issue of institutional investors targeting distressed and minority communities where they can obtain properties at a relatively low price and then flip them for a hefty profit or, as is increasingly the case, convert them to high-cost rentals beyond the reach of community residents. The analysis in the section above confirmed this pattern with a strong positive correlation of +.801 between percent of SFHs purchased in 2021 and the percent non-white for Duval County zip codes. Given that pattern and what we see in Table 2 above, we might logically expect to see a strong relationship between eviction filings and the socio-economic and demographic characteristics of neighborhoods. This question is explored in the following two graphs in Figure 5 and 6.

Figure 4. Relationship Between Investor Purchases of SFHs and Eviction Filings

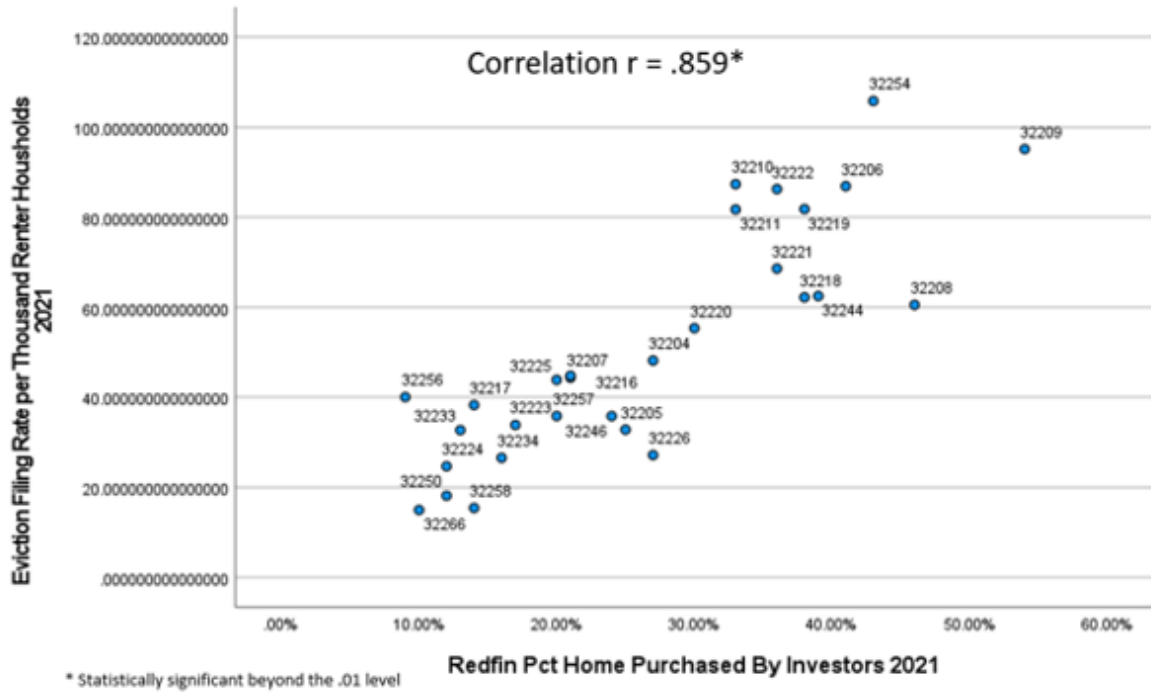


Figure 5: Relationship Between Distressed Community Index and Eviction Filings

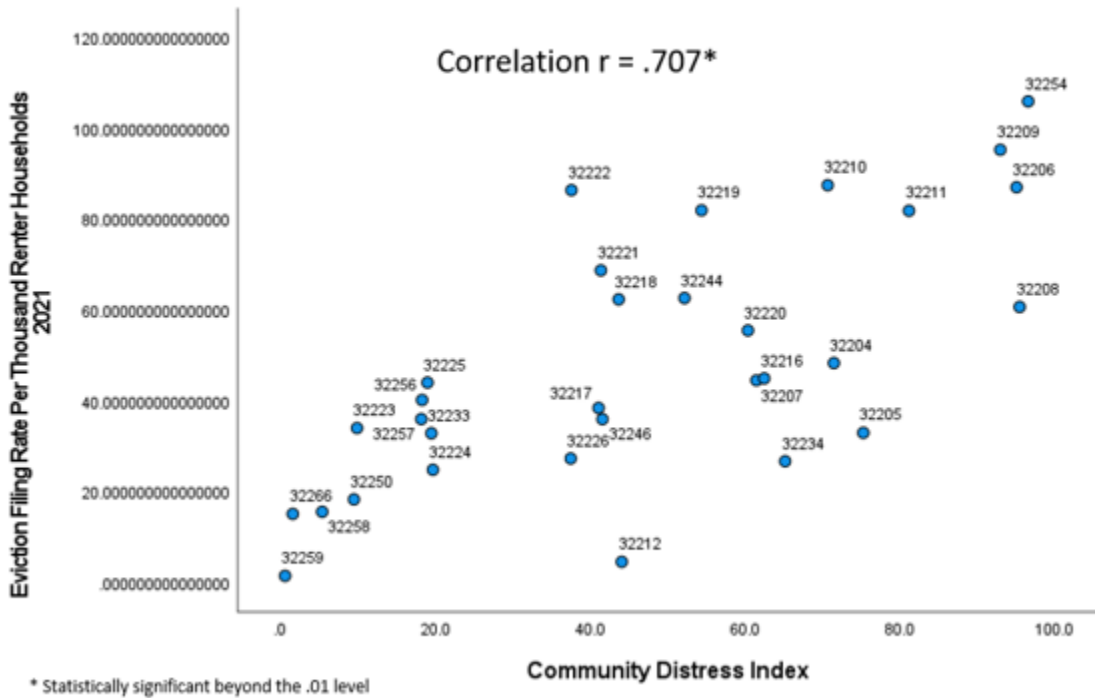
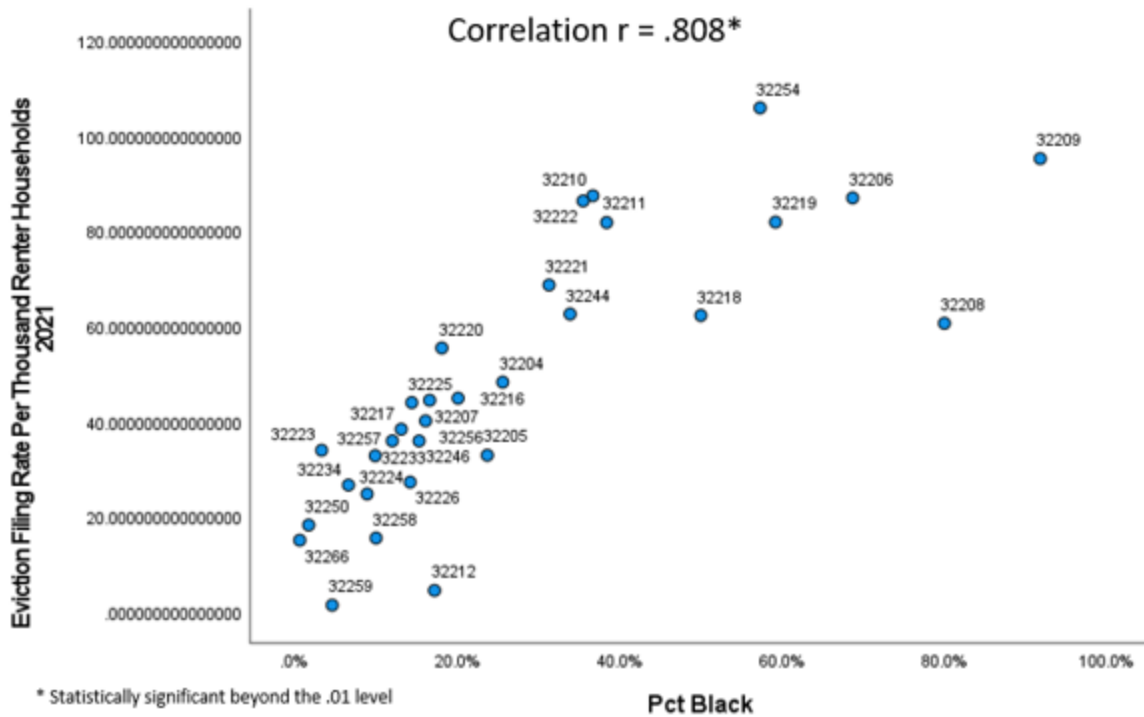


Figure 6: Relationship Between Percent Black and Eviction Filings



As expected, there is a strong positive correlation between the eviction filing rate and the socio-economic conditions (+.707) and minority representation (+.808) of Duval County communities.

Based on the bivariate analysis conducted in this section of the report, we conclude:

There is a strong positive association between the purchase and ownership of SFHs and the eviction filing rate. Because this private investment activity is disproportionately directed toward minority and socio-economically distressed communities, the deleterious effects of this activity are most pronounced in those communities.

Examining evictions highlights the broader consequences of the affordable rental housing crisis in Duval County generating housing instability and human displacement. At the community level, evictions contribute to the deterioration of social capital and social bonds through the displacement of long-time residents further exacerbating levels of concentrated disadvantage and social disorganization. At the individual level, eviction filings disrupt family and employment relations, undermine credit ratings, and contribute to [unemployment, poverty, and homelessness](#).

TENANT RIGHTS AND PROTECTIONS

While there are a variety of reasons for the spike in rental costs in Florida, a major enabling factor for both the institutional investor invasion and the ability to raise rents and evict tenants is the weak state-level regulatory environment involving tenants’ rights and protections. This further exacerbates the plight of the renter population in Jacksonville.

There are several studies that have attempted empirically to rank the states on their level of legislative tenant protections. [Coulson, Le, and Shen](#) (analyze data from 1997 to 2016 for the 50 states on twelve statutes associated with tenant protections (see their Table 1 below). States could score a high of 12 points and a low of zero with the higher score associated with greater tenant protections. The average score was 5.54. **Florida had a score of 2.65 placing it 42nd out of the 50 states on the presence of landlord-tenant provisions.**

Table 1. From Coulson, N. E., Le, T., & Shen, L. (2020). Tenant rights, eviction, and rent affordability. Eviction, and Rent Affordability.

Abbreviation	Definition	Example
Max Deposit	Maximum security deposit for an unfurnished apartment on a one year lease	One month's rent
Deposit Interest	Whether landlord must keep security deposits in an interest-bearing account	Yes/No
Deposit Return	Deadline for returning security deposit when no deductions are imposed by landlord	45 days
Regular Termination	Minimum notice to change terms or terminate a month-to-month tenancy	30 days
Rent Increase Notice	Minimum notice to increase rent for a month-to-month tenancy	30 days
Rent Withholding	Tenant has the option to withhold rent for failure to provide essential services	Yes/No
Repair and Deduct	Tenant is allowed to repair and deduct costs from rent	Yes/No
Nonpayment Termination	Termination notice required for nonpayment of rent	5 days
Lease Violation Termination	Termination notice required for lease violation	10 days
Self-help Eviction	Amount tenant can sue landlord for self-help eviction	Actual damage
Right to Stay	Whether tenant has the right to stay after illegal eviction	Yes/No
Rent Control Preemption	Whether state laws explicitly pre-empt local governments to control rent	Yes/No

Notes: This table provides the definition of the twelve law provisions regarding landlord-tenant relationships used to construct our Tenant-Right Index.

A second empirical analysis was conducted by [Hatch](#) that classified the 50 states as either “protectionist”, “contradictory”, or “pro-business” based on the presence of a series of landlord-tenant laws in the areas of prices, health and safety, rental unit possession, and antidiscrimination (see their Table 1 below) using cluster and discriminant analysis.

Table 1. From: Hatch, M. E. (2017). Statutory protection for renters: Classification of state landlord–tenant policy approaches. *Housing Policy Debate*, 27(1), 98-119.

Table 1. Type of landlord–tenant laws used in the analysis.

Prices	Rent control Rent increase notification Duty to rerent Rent grace period Late fees Rent default time Security deposit price ceiling Security deposit interest Security deposit return time
Health and safety	Warranty of habitability Remedy: rent withholding Remedy: renter repair and deduct Remedy: landlord repair and charge Utility shut-off
Rental unit possession	Initial possession Quiet enjoyment Reasonable access Default lease duration
Antidiscrimination	Marital status Sexual orientation Source of income Nonretaliation

The statistical results place the state of Florida squarely in the “pro-business” category with sixteen other states. According to Hatch, these states are “less likely to adopt landlord–tenant laws at all...and when they do, they adopt pro-landlord laws. Probusiness states are positively correlated with implicitly pro-landlord laws...and negatively correlated with explicitly pro-renter laws...Based on the types of protective laws passed in these states, we would expect renters in probusiness states to receive relatively few statutory protections.” (p. 111).

A final highly revealing, but less empirically rigorous, state-level ranking, and one explicitly aimed at advising landlord investors, was conducted by FortuneBuilders titled “[A Guide To The Most Landlord Friendly States](#)”. The selection of the most landlord friendly states is based on seven factors -- Eviction Process, Landlord & Tenant Rights, Rent Control, Registration & Licenses, Tax & Insurance Rates, Competition, and Regulations After COVID-19. This yielded the thirteen “most-friendly landlord states” with Florida in the 6th position after Texas, Indiana, Colorado, Alabama, and Arizona. On Florida they write: “Although Florida has one of the highest population of renters in the US, *the laws in this state lack detail, creating favorable circumstances for landlords and the freedom to set many of their own rental guidelines.*” (*emphasis added*)

Taken together, these three state-level analyses point to an institutional or regulatory landlord-tenant climate in Florida, *and by extension Jacksonville*, that facilitates and enables landlord investment activity that has contributed to the current situation faced by renters both financially and in terms of potential displacement. This process is also not race-neutral as [Immergluck’s](#) analysis of Atlanta has highlighted: “The Investor-and landlord-friendly climate provided by lax state tenant protections provided a welcome mat for the snatching up of older, lower-cost rental properties displacing disproportionately

Black tenants, speeding the transition to a whiter and more affluent Atlanta” (p. 130). Our zip code level analysis of recent sales of SFHs confirms this point.

It is therefore reasonable to consider whether regulatory and administrative policies and requirements could be used to slow the corporate landlord invasion and shift the landlord-tenant balance of power. Legislative policies that impose some [“administrative burden”](#) is often one way to shape or “nudge” the behavior of actors in a particular direction without draconian prohibitions that are unlikely to be passed by city councils or state legislatures.

The systemic and structural power imbalance in the relationship between landlord and tenant, and the limited rights and protections in Florida, also enables landlords to impose excess fees, arbitrarily raise rents, threaten tenants with eviction, refuse to renew leases, and neglect the maintenance and repair needs of tenants. In addition to legislation is the need to strengthen the ability of tenants to exercise their rights. Hence, a local **tenants bill of rights** (see in policy section) would be another logical step in the direction of addressing this structural power imbalance.

ADDRESSING THE RENTAL HOUSING CRISIS IN JACKSONVILLE

While the primary purpose of this report is to describe and diagnose the rental housing crisis in Jacksonville/Duval County, the diagnosis has some obvious policy implications. Further, given the author’s direct involvement in the Jacksonville City Council’s [Critical Quality of Life Issues committee on affordable housing](#), which drafted a set of policy recommendations for the city, this report can also serve as another means to disseminate some of that information to the public.

Problematic Ways of Thinking About Housing

Before getting into specific policy proposals, it is important to consider how assumptions about housing and human shelter in the US can serve as cognitive impediments in effectively addressing the affordable housing crisis. There are four prevailing, and interrelated, assumptions: that housing should be treated as just another commodity; that housing provision is best left to the private sector; that the housing market is a competitive market driven by the laws of supply and demand; and that housing ownership is the key to the accumulation and intergenerational transmission of personal and family wealth.

Housing as a commodity. Today in the US, housing is treated largely as just another commodity -- something accessed, leased, bought, and sold in a market, like any other private good or service. In this view the quantity and quality of one’s housing, or the ability to simply secure housing, depends entirely on one’s financial resources. This translates the inequality in income and wealth, low and stagnating wage levels, and precarious labor market conditions, into the realm of human shelter. Under this arrangement, some can afford a lot, and some may go without. When housing is regarded as a commodity like any other, the quantity and quality of housing distribution is considered a “natural” and “just” market outcome, requiring no governmental remediation. But if one believes, to the contrary, that physical shelter is also a basic human need, or even a human right, and that we all benefit from having an adequately housed and sheltered population, then it cannot be treated as simply a private

good but instead it is a “public good” that must be protected from market forces or “de-commodified” through public sector intervention.

The fact that federal, state, and local governments have public housing policies, and housing authorities, is at least a partial acknowledgement of the status of housing as a public good. But in the US this is usually an incomplete and begrudging acknowledgement, with most public housing policies falling back on market, commodity-based, solutions.

This leads directly into the second deep-seated belief that stands in the way of addressing affordable housing – that **housing provision should be left entirely to the private sector**; that public sector solutions should always be the absolute last resort. This belief has been energized over the past forty years under the political economic regime of neoliberalism that devalues the public and glorifies the private. It is also based on the distorted and incomplete understanding of the history of public housing in the United States. In terms of policy, this means that private sector solutions are superior to public sector solutions, and that if there is any role for the public sector at all it should be confined to incentivizing and facilitating private sector investment in the supply of housing.

Addressing affordable housing requires accepting a role for the public sector in protecting housing costs from the market and in providing publicly owned housing options.

Associated with the view of housing as a commodity is the **belief that housing is subject to the same competitive market forces as all commodities**, with price and quantity determined by the laws of supply and demand. This assumption will be challenged in more detail below given its widespread prevalence. The main point for the moment is this assumption not only ignores concentrated market power producing non-competitive outcomes but also gives rise to policy solutions that are inadequate to the task of addressing the affordable housing crisis.

The fourth belief has deep roots in American consciousness – **that home ownership is a primary vehicle for personal wealth accumulation and the intergenerational transmission of wealth**. While home ownership may be preferable to renting, and many affordable housing policies are designed to facilitate home ownership for lower income residents, when housing is considered a personal equity investment that should appreciate, it has the unintended consequence of generating opposition to various affordable housing policies that are perceived as a threat to property values ([see Schuetz, Chapter 5](#)). This has given rise to the “[homevoter](#)” phenomenon in which homeowners form a powerful local political coalition mobilized around preserving and enhancing the value of their property. The logical consequence is what is now widely known as NIMBYism (Not In My Backyard). What may seem individually rational – protecting home equity – can also be collectively irrationally – in undermining efforts to advance the public good of expanding affordable housing options for the larger population.

Will Increasing Housing Supply Solve the Affordable Housing Crisis?

The third assumption above, that the housing market is a competitive market driven by the laws of supply and demand, [requires further critical examination](#) because it bears heavily on common policy proposals for addressing affordable housing. The conventional wisdom about the affordable housing crisis is it’s nothing more than the inevitable result of excess demand and insufficient supply. A seemingly natural market response generating rising housing costs.

In the case of Jacksonville, more specifically, the claim is that many people are moving to Florida and communities like Jacksonville for various quality of life considerations, and the increasing demand for housing is putting a strain on the existing housing stock. So, it all comes down to a simple matter of supply and demand and the mechanical laws of the market. A recent Times-Union piece on the housing crisis summed it up this way: “Low inventory, a flourishing housing market and exponential population growth have caused rental prices in the Sunshine State to explode.”

While this narrative may be consistent with the abstract free-market models of Economics 101, it conveniently omits one of the most significant factors responsible for both rising demand and the rising prices documented above – the role of institutional investors and private equity firms and the financialization of human shelter.

Once this factor is included in the analysis, the simple free-market, supply and demand, explanation requires major revision.

For starters, one need only consider the fact that over the past two years the percent of SFHs purchased by institutional investors in Jacksonville went from 11.8 in 2020 to 23.2 in 2022. In some communities (for example zip codes 32206, 32208, 32209) the percent is above 40%.

The consequences of this land grab should be clear. As realtors have informed our project, first-time home buyers are [unable to compete with corporate firms](#) offering above the asking price, financed with cash. As these potential home buyers see their repeated offers refused alongside an increasingly dwindling supply, many must settle for renting the SFH they had originally hoped to buy, now paying rent to the very institutional investors that have indirectly thwarted their dreams of home ownership.

In this sense, supply and demand factors are at work, but not in the way typically described. Institutional investment firms are demanding and securing SFH properties at record rates, converting them to rental properties, thus constricting the available supply of SFHs for individual buyers.

The larger argument that the affordability crisis is due to a shortage of housing supply generally is also difficult to sustain. Builders, developers, and contractors represent powerful economic interests in Florida and Jacksonville. Apart from zoning restrictions for SFHs, there are few constraints on this sector of the local economy. Jacksonville is builder/development friendly.

In a recent [report and analysis by Up For Growth](#) on what they refer to as “housing underproduction”, including data as recently as 2019, Jacksonville ranked 174th out of the 800 communities included in the study, with a surplus rather than deficit. And yet, Jacksonville is consistently ranked among the top ten major metropolitan areas on rising rent and housing prices. Obviously, housing stock is an inadequate explanation. **The question is not the total supply of housing but rather who owns and controls the housing stock, for what purpose, and its affordability.**

The escalating rents Jacksonville tenants are experiencing are not the product of some automatic market mechanism, as many assume. Rental rates are set, often arbitrarily as noted above, by corporate landlords who exploit the opportunity to maximize cash flow and provide the return on investment expected by their shareholder clients.

There is another way in which the rental housing market bears no resemblance to the abstract fictional market portrayed in economics textbooks. Housing is not a discretionary commodity that buyers can take or leave depending on price. Physical shelter is a human need, some would say a human right, that people depend on for their physical, material, and emotional security.

This distinctive feature of the housing “market” has not gone unnoticed by the institutional investors in their pitch to wealthy clients. Human dependence on physical shelter is a business opportunity to be exploited, as described here by a [leading multifamily investment firm](#): *The premise behind the growth and popularity of the multifamily rental industry is simple – **people need a place to live...*** (emphasis added)

The flawed market explanations for the affordable housing crisis will also generate equally flawed policy proposals. If you assume that the affordable housing problem is simply due to an insufficient supply of housing in relationship to demand, the solution is to increase supply. If you assume, as well, that only the private sector can increase that housing supply, policies will be aimed at incentivizing private actors with subsidies and tax breaks to make it profitable to build more capacity. This is one reason why so many establishment and corporate figures embrace this simple market explanation; the policy implications favor their interests.

Based on an understanding of the way the rental housing market currently operates: **There is no simple market solution to the affordable rental housing crisis. Market forces have contributed to the crisis. Therefore, policy solutions must include mechanisms to insulate and protect housing from market forces.**

Some Specific Policy Proposals

This report concludes with some more focused policy proposals to address the rental housing crisis in Jacksonville. In making local policy recommendation, it is important to be cognizant of [the state-level statutory restrictions](#) that are designed to preempt local governments from implementing affordable housing policies. In Florida, for example, state law [prohibits local governments](#) from implementing rent controls on housing.

Since the author of this report recently participated as co-chair (with City Councilperson Ju’Coby Pittman) of the Jacksonville City Council [Critical Quality of Life Issue committee](#) on Affordable Housing and drafted the recommendations that were included in that report, there will be some overlap between this section and recommendations in the city council report.

Monitor and Regulate Institutional Investors

Given the emphasis in this report on the role of corporate landlords, we recommend a proactive policy and administrative mechanism to monitor and regulate the role of large institutional investor activity in the ownership and control of single-family homes in Jacksonville generally and in distressed

communities in particular. This is important not only for the rising rents associated with corporate landlord ownership but also for the supply of and access to SFH for Jacksonville residents who seek homeownership, particularly first-time home buyers. This can include requiring greater ownership transparency, limits on ownership concentration, real estate transfer taxes, and other administrative requirements to de-incentivize institutional investors.

The seriousness of the corporate landlord problem is reflected in the [nationwide policy efforts](#) at the local, state, and federal level to disincentivize and reign in corporate ownership of SFHs.

A first necessary step is to require greater transparency in the LLC process so that the actual property owner can be determined by property appraisers, housing authorities, and tenants. A public registry of corporate owners and landlords should be created for the purpose of monitoring, regulating, and providing tenants with the ability to determine who owns the property they are renting. One model for establishing such a system exists in [Minneapolis where all rental property owners must complete a comprehensive licensing process](#) and the information is available through a public portal.

Local and state governments can also consider implementing policies informed by those recently proposed at the national level. The [Stop Wall Street Landlords Act of 2022](#) is designed to reduce the tax benefits accruing to large corporate landlords; the [Saving Homes from Acquisition by Private Equity Act](#) would impose a real estate transfer tax with revenue directed to affordable housing preservation and production; and most recently the [End Hedge Fund Control of American Homes Act](#) would impose a tax penalty on corporate landlords for each SFH owned above 100.

In Cincinnati, a public agency, the Port of Greater Cincinnati Development Authority has gone so far as to spend \$14.5 million to [outbid institutional investment firms for 195 homes](#) that will first be rented and then sold at below market rates.

Tenant's Bill of Rights

Given the weak state-level rights and protections for tenants in Florida, it is imperative that local governments pass ordinances that address the systemic and structural tenant-landlord power imbalance documented above. Currently, all the other major metropolitan areas in the state of Florida – Miami, Orlando, Tampa, and St. Petersburg -- have reviewed or passed a Tenant's Bill of Rights in one form or another.

Jacksonville should now follow this example and pass a Tenants Bill of Rights that informs tenants of their legal statutory rights as tenants in [finding, securing, and retaining](#) rental housing, establishes an Office of Tenant Advocacy, and includes additional ordinance-based protections that strengthen rights and address factors contributing to unhealthy/unsafe housing conditions, housing insecurity and human displacement such as the establishment of a landlord registry, restrictions on financial requirements to secure rental housing, and property health/safety occupancy requirements.

As an example, [Pinellas County](#) recently passed a bill of rights that included several important ordinances for strengthening rights and protections of tenants. These include advanced notice required if rent increase exceeds 5%; adjustments to income requirements for voucher recipients; advanced notice if not renewing the lease; non-discrimination for lawful source of income including public assistance; and written notice of late fees before being assessed.

[Florida Rising](#) has worked across the state to assist localities in drafting tenant bill of rights legislation with various provisions to establish and protect tenant rights in their relations with landlords. A complete draft of a tenants Bill of Rights for Jacksonville has been submitted to the City Council affordable housing committee. The Jacksonville City Council now has a fully developed formal document advancing this recommendation and thus it should make the review and passage of this ordinance an immediate priority.

As it pertains to the issue of retaining housing and avoiding eviction, the City should develop a formal cooperative relationship work with and financially support the [Jacksonville Area Legal Aid](#) office in their efforts in represent tenants that are threatened with eviction in order to reduce eviction rates, human displacement, and homelessness in Jacksonville. This should include support for The Emergency Rental Assistance Program (ERAP), Eviction Diversion programs, and the Homeowners Assistance Fund (HAF) in conjunction with the Foreclosure Registry.

In addition to a tenant's bill of rights, the JRHP will encourage and assist tenants interested in organizing tenant's unions and organizations to create some countervailing power in negotiating with landlords. One highly successful model for this strategy is [KC Tenants](#) in Kansas City Missouri and [KC Tenants Power](#) which has emerged as a potent political force in shaping housing policy in Kansas City.

Administrative Coordination – Housing Oversight Board

Currently in Jacksonville there are a variety of programs and policies addressing aspects of affordable housing implemented by a wide range of agencies and organizations -- public, non-profit, and private -- but they are poorly integrated with each other and insufficiently connected to any coherent policy making body at the City of Jacksonville level. The Jacksonville Housing Authority, the most logical public sector entity on housing, appears to be entirely marginalized as a government agency. There are also reports and plans that have been drafted over the years – most notably the [COJ Comprehensive Plan/Housing Elements](#) -- with many sound and detailed recommendations, but these have been largely ignored by public officials.

The City should establish a housing oversight committee to financially support, plan, coordinate, and monitor progress toward implementing a long-term affordable housing program and plan. All relevant agency stakeholders should be included such as the Jacksonville Housing Authority, Jacksonville Housing Finance Authority, Ability Housing, Community Housing Development Organizations, Downtown Investment Authority along with relevant city departments (Housing and Neighborhoods Department, Planning and Development Department). This group could serve as a housing oversight committee ensuring continuity and coordination of affordable housing policies and programs through changes in mayoral administrations and city council composition.

One example of such a committee is the [Housing Leadership Council of Palm Beach County](#).

The city can draw on the expertise and guidance available from the [Florida Housing Coalition](#) in the implementation of a long-range affordable housing plan.

Inclusionary Housing and Inclusionary Zoning

These represent the most widely implemented policies nationwide to address affordable housing.

“Inclusionary housing” is one of the most common and widely accepted methods for expanding the supply and range of affordable housing options. It is defined here as the process of local governments providing incentives and subsidies to private sector builders and owners of multifamily rental properties to reserve a percentage of units as affordable housing available at below FMR. Incentives could include property tax discounts, donation of city owned property, and access to finance capital.

This policy recommendation can be found in the existing City Of Jacksonville Comprehensive Plan 2030 stating: “The City shall continue to offer incentives to encourage the private sector to provide more housing in price ranges accessible to very low, low, and moderate income families.” More specifically, this could include financial support for the programs of the [Jacksonville Housing Finance Authority](#) that fund tax-exempt multifamily mortgage revenue bonds.

In establishing these arrangements with the private sector, the City should be very explicit about the definition of affordable housing, and the specific rent levels that would be acceptable. Where feasible, the City should also include provisions for a financial return on their investment that could contribute to a stream of funding for other affordable housing programs. Clawback provisions should always be included in the event multifamily developers and owners fail to meet affordable housing objectives.

There are currently 734 jurisdictions in 31 states with inclusionary housing programs as well as organizations, such as the [Grounded Solutions Network](#) and [ShelterForce](#), providing [guidance and resources](#) for developing these inclusionary housing programs.

“Inclusionary zoning” is defined here as modifications to exclusionary forms of zoning pertaining to building codes and requirements in urban/suburban communities and jurisdictions. For example, it has been reported that in Jacksonville 90% of residential property is zoned exclusively for single-family homes (SFHs) and thus categorized as “exclusionary zoning”. Zoning reform would loosen these restrictions in targeted areas and allow for “missing middle” forms of housing between the SFH and the multifamily apartment complex that includes accessory dwelling units (ADUs), duplex/triplex/quadplex, townhomes, and small apartment houses as well as modifications to square footage, lot size, and density requirements.

A recent comprehensive [study of exclusionary zoning](#) argues that “zoning codes were drafted with the expressed intention of instituting strict racial and economic segregation” and that it is the “most successful segregation mechanism ever devised” (p. 4). Therefore, inclusionary zoning reform would be one policy method for addressing the larger social problem of racial/class residential segregation that characterizes Jacksonville and most major metropolitan areas in the US. The study also notes one of the primary obstacles: “as long as we encourage Americans to *think of their homes as an investment* and allow every small suburb to incorporate and determine what can and can't be built zoning will always serve to perpetuate housing scarcity, stagnation, segregation, and sprawl.” (p. 127, emphasis added) This is where the problem of NIMBYism rears its head. Despite the assumptions made by homeowners in exclusionary zoned neighborhoods, there is [no consistent evidence](#) to support the claim that inclusionary zoning would threaten property values.

This report recommends that the City should review and consider targeted inclusionary zoning reforms that allows for the development of *affordable* missing middle housing options in addition to single-family homes (SFH).

The Florida Housing Coalition can provide [guidance and assistance](#) in developing these programs and there are many [examples of successful programs](#) instituted in other metropolitan areas.

Public/[Social](#) Housing

An important and viable alternative, or complement, to incentivizing private developers and multifamily property owners to provide affordable housing is for the [public sector to build and own multifamily properties](#). There are already many good examples of non-profit housing in Jacksonville that meet the needs of various populations while at the same time making housing affordable. Rigid ideological opposition to government/public sector solutions by public officials should not be allowed to preclude options that can expand the supply of affordable housing and that ensure housing availability is protected from market and extra-market forces that drive up housing costs.

In addition to the proven success of non-profit housing properties operated by Ability Housing and the Jacksonville Housing Authority, there are many existing examples from states and counties that have established vibrant publicly owned housing programs. One of the best is operated in [Montgomery County Maryland](#), where the public housing authority is planning to build up to 9,000 publicly owned *mixed-income* apartments using a revolving fund. The authority's chief financial officer describes it this way: "We're replacing the investor dudes from Wall Street...This kind of project is better for the taxpayer, it avoids a concentration of poverty, and it's very capitalist in my view. A lot of this is just convincing governments that you don't even know how powerful you actually are."

The City should work directly with the [Jacksonville Housing Authority](#), [Ability Housing](#), Community Housing Development Organizations, Downtown Investment Authority and other relevant housing entities in building, owning, and operating non-profit publicly owned housing providing mixed-income affordable housing options below the fair market rent and as a way to enhance competition in the housing market.

THE BOTTOM LINE

In the main, the affordable housing crisis in Jacksonville and beyond is not a personal problem for renters, it is a social problem. As such, the ability to find, secure, and retain safe and affordable housing is tightly intertwined with larger structural dynamics of American society that includes the unequal distribution of income and wealth, the growing prevalence of low wage precarious work, long-standing systems of racial and class segregation, and monopoly corporate power. The challenges tenants face is directly related to these systemic features of the US political economy and the distribution of power and resources. There is no simple technical or market fix. Therefore, addressing affordable housing requires political action that recognizes these structural dynamics and power imbalances. For that reason, the first two policy recommendations highlighted in this report, involve reigning in the power of corporate landlords and increasing the power of tenants through expanding tenant rights and protections. That is a starting point. Beyond that, local governments need to take control over, and responsibility for, the quality of life of its residents. It cannot be left exclusively to the private sector. For Jacksonville, it will require a formal administrative commitment and a financial investment comparable to what has been directed toward other economic development projects promoted by the wealthy and well-connected.

APPENDIX A: TENANT TESTAMONIALS

The Jax Rental Housing Project has conducted numerous interviews and communicated electronically with tenants and renters in Jacksonville who have shared some of the challenges they face with rental housing and landlords. We include some representative excerpts below.

It was so difficult to find, you know adequate housing and it made me upset because it was like I had to sacrifice my quality of life or I just sacrificed something in order to have any. Seeing like how much people are paying just for a room versus their actual own place was just not OK with me

... even though they probably land a really good job. I just think that it's very interesting how Jacksonville talks a lot about creating and bringing new jobs in the city and attracting talent. Yet you have this housing crisis that hasn't even been resolved at all. I hate to say it, but I no longer live in Jacksonville anymore. I left the city because the housing was way too expensive. The job market was not keeping up with the cost.

I think that the rent shouldn't be so high that I, a single person, could no longer support themselves. I think that that's not necessarily fair. I don't think I should be forced to live with somebody because the rent prices are just so high. I think I should have the option to be able to live on my own. That should be attainable.

My biggest concern is (that) all of this is just going to transfer to the streets. Make it more violent. Make it more hectic, more people on the street. I'm seeing by the 10s of homeless people popping up on just 103rd St alone. Forget going down towards Atlantic in that area, this is just getting worse and worse. I don't know. I've heard people tell me 'I got no money. I guess I'm going to have to rob people' And what am I supposed to say to them? I'm already struggling with rent, I got a job, I'm all there kinda holding up my head. If I was just slightly Dumber and is slightly poorer, I'll just be in their situation

By letter they put a letter on our door and then also, you know, send a copy of it on e-mail letting us know that a new property management company was taken over and that. You know

they would as everybody's lease came up that they would let us know what the rent you know, would be. You know the letter from the new property manager stating the 1750 amount, so it jumped from the 915 to 1750. And when I got that notice, I just thought, Oh my God, this is like insane. So I knew I couldn't stay there.

No, and and I'm pretty much right now basically, you know, living on Social Security, I mean I've still got a little bit of savings, you know, left, but you know, I mean I certainly couldn't afford 1750 a month.

I mistakenly assumed there would be legal safeguards in place preventing tenants from getting caught in, and being financially ground to dust by, the cogs of the machine called capitalism. Since taking over, ZRS management has reduced the number of maintenance and "grounds" personnel from roughly 5 to 2 and made having renter's insurance a requirement. I suspect the actions taken were done to minimize their financial expenditures and liability. They also changed the name of the property to Willow Trail.

It is frankly disgusting what landlords and property management groups get away with here in Jacksonville and all over the country. I still look at rental listings in my spare time (to see if I could afford to live in other neighborhoods I like here), and it's insane how many dilapidated, filthy, and horribly maintained rentals are listed for \$1500 minimum. And yet these gross apartments have hundreds of views and contacts because we have no better options in town!

I think we need a lot more tenants' rights, laws protecting tenants and rent control ASAP. Rental requirements (for landlords, not renters) should also be a lot stricter...Jacksonville sure is brave to charge a premium to live in a city with horrible infrastructure and ineffective leaders! ...There also needs to be a cap on how much landlords can raise rent per year...

One of the biggest qualms I have with Jacksonville infrastructure besides rampant slum lords, is that the only other options for housing rentals are heavily monopolized by JWB or other prominent leasing companies. Especially in lower income areas like Northside. Not only are all these listings incredibly high especially now due to inflation, but they are not built to last or be reasonably livable... I had to go with a slumlord who made me pay first, last, and double deposit, this cost me \$4000 upfront to move my family of 3. Unfortunately, the house was in unlivable conditions to the point of having no A/C during summer and no heat in the winter. There was mold and pipes bursting and just a myriad of problems.

In general, Jacksonville's renters' rate is way too high and it's extremely unethical to require renters to raise the rent each year when people renew their lease.

Honestly the divide of classism and different experiences of poor versus middle- and upper-class folks in Jacksonville is like night and day.

APPENDIX B: DATA SOURCES

Cost Burden: [Harvard Joint Center for Housing Studies](#)

Observed Market Rent Increase: [Zillow Observed Market Rate Index \(homes and apartments\)](#)

Median Rent Increase: [Apartment List \(apartments\)](#)

Hourly Wage Needed to Avoid Cost Burden: [National Low Income Housing Coalition](#)

Eviction Filings: [Shimberg Center for Housing Studies, University of Florida.](#)

Renter Occupied Households: [American Community Survey, Bureau of the Census](#)

Single-family Homes Owned By LLCs: [Duval County Property Appraiser](#)

Single-family homes purchased in 2021 by investors: [Washington Post/Redfin Data](#)

Distressed Community Index: [Economic Innovation Group](#)

Percent Black: [American Community Survey, Bureau of the Census](#)