

Affordability & Availability of Starter Homes

A CASE STUDY OF THE MARKET AND SOCIAL IMPACT IN ST. PETERSBURG, FL

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General Information

The city of St. Petersburg, FL is located in the Greater Tampa Bay Area of West Central Florida and is home to many primarily middle-class families. It is often regarded as Tampa's suburb, but it does offer its own sizeable downtown area and is the largest city in Pinellas County. As a city primarily catering to families, housing is a key issue, specifically where to find housing at an affordable cost. A starter home is typically a single-family dwelling unit or home that is of smaller size and lesser value. Residents will stay in these homes for as few as one year to as many as seven years on the high end. The purpose of these homes is to allow for a cheaper entry into the housing market and equity building and to provide a location to begin families. An example stand-alone starter home layout might be the size of a two-bedroom apartment with a garage attached (Figure 1) and often, these homes have less than complete amenities and facilities when constructed and are made to be expanded later on (House plan, n.d.). The actual achievement of the purposes amongst starter homes and their residents is debatable, but that will be explored later on.



Figure 1 – (House plan, n.d.)

For the purpose of this case study, there will be two definitions of a starter home. A traditional starter home will be defined as a home (stand-alone, single dwelling unit structure) no larger than 1,250 square feet with a median price of 150,000 – 200,000 dollars. A non-traditional starter home will follow the same numerical qualifications but includes other dwelling units such as condos, manufactured homes, and townhouses.

Many residents in St. Petersburg first begin through renting in various apartment complexes located in the Northeast area of the

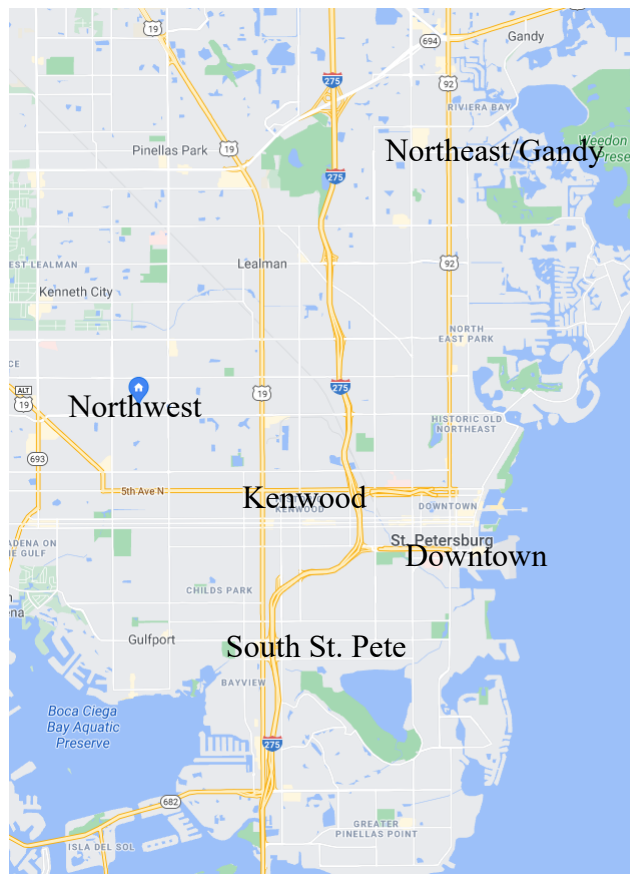


Figure 2 – (Google, n.d.)

city; however, having young residents look into starter homes is not uncommon amongst many cities in America, including St. Petersburg. The problem is the affordability of these homes is decreasing and the availability is decreasing.

Definition of the Problem

Historically, St. Petersburg began development of the city in today's downtown on the East waterfront. The city grew in a West direction first in an area known as Kenwood (Figure 2). This is considered the city's first suburb and offered affordable starter homes. As the Kenwood area became unaffordable, the city expanded Northeast and so did the starter homes. More recently, in the mid to late 1900s, expansion much further West in the city began with starter homes in modern day St. Petersburg being more well known to be located in this

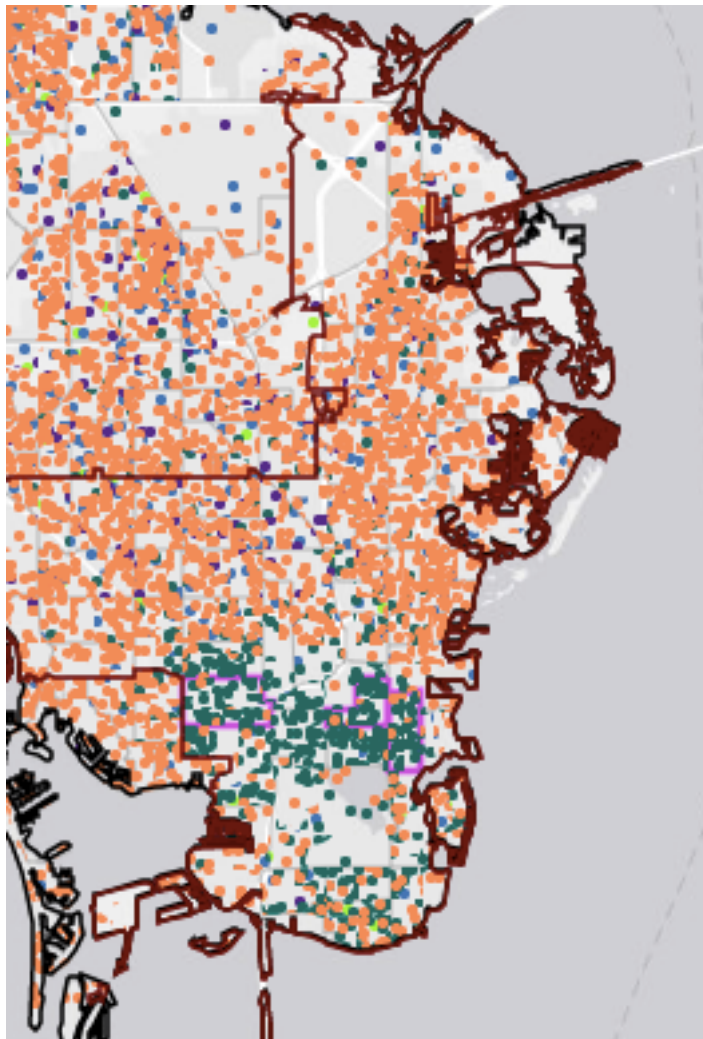


Figure 3 – (HUD AFFH, 2010.)

Figure 3 Legend

- 1 Orange Dot = 75 White, Non-Hispanic Residents
 - 1 Dark Green Dot = 75 Black, Non-Hispanic Residents
 - 1 Lime Dot = 75 Multi-Racial Residents
 - 1 Blue Dot = 75 Hispanic Residents
 - 1 Purple Dot = 75 Asian/Pacific Islander Residents
 - 1 Black Dot = 75 Native American, Non-Hispanic Residents
 - 1 Red Dot = 75 Other Residents
- (Demographics from the 2010 Census)

Northwest area. There is one aspect yet to be mentioned: this expansion was for the white population.

South of downtown is historically where the minority neighborhoods have been located, specifically Black and African American communities. In present day St. Petersburg, the majority population of these districts remains as it once did, though more integrated to some degree (Figure 3) (HUD AFFH, 2010). Another aspect that is important is the location of high wealth residents along the coastlines and in downtown St. Petersburg. Keeping these demographics and history in mind, it would make intuitive sense that the most affordable homes are now located in South St. Petersburg as the Northwest and Northeast begin to see their property values rise out of the middle-class zone; yet, the northwest is still seen as the affordable location to start living. This creates the true issue of not having enough affordable starter homes.

Figure 4 shows the location of all houses that fit the definition of both traditional and non-traditional starter homes both on and off the market (NeighborhoodScout, n.d.). The darker the blue, the more starter homes exist in that region. A solid blue color means 100% of the homes in that region are classified as starter homes. Predictably, the downtown area has very few. This map alone would make it seem as though there is no problem, but it does not tell the whole story.

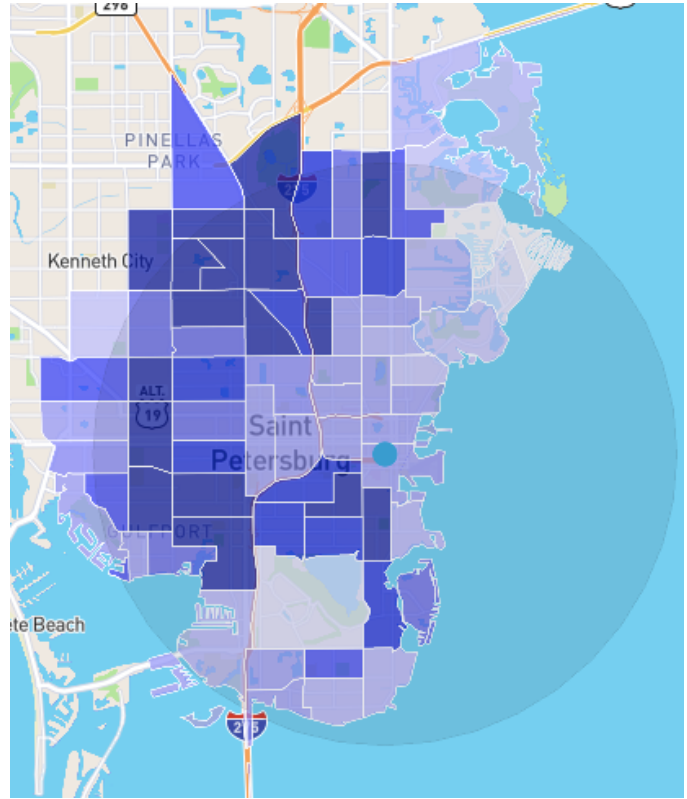


Figure 4 – (NeighborhoodScout, n.d.)

Figure 5 shows a red dot for every traditional and non-traditional starter home that is actually on the market and is not occupied (in the case of multiple, a number denotes how many are available on the red dot) (Zillow, 2021). The dots do follow the general pattern of the darker blue areas in the city. There are a total of just over 100 starter homes. Additionally, of those 100, only about 10-20 are in the traditional starter home category (Zillow,

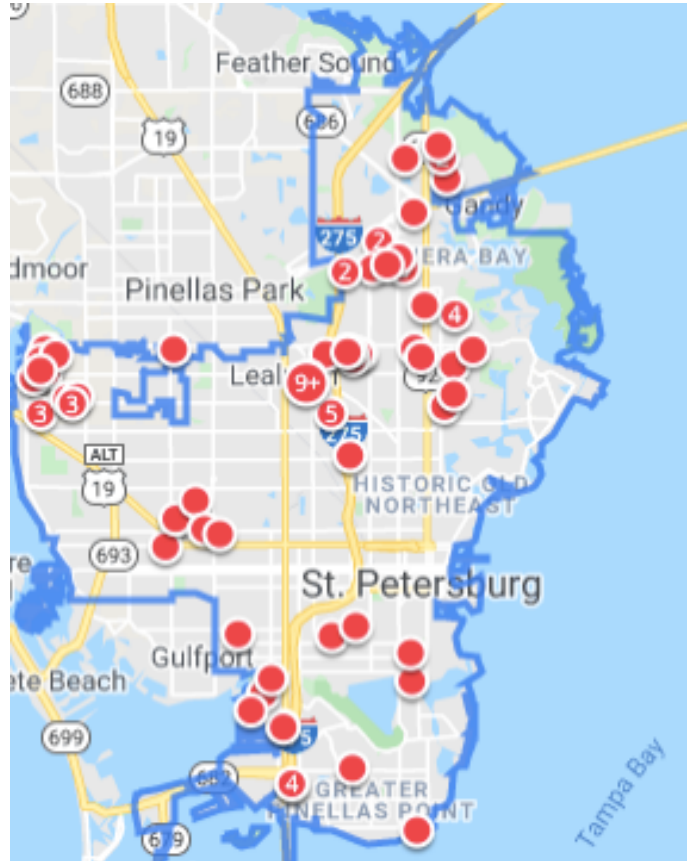


Figure 5 – (Zillow, 2021)

Affordability & Availability of Starter Homes in St. Petersburg, FL

2021). The rest are all condos, townhouses, or other non-traditional starter homes. The outlying data piece is that the Northeast seems to have the highest abundance of units. These are mostly newer construction condos being built off of Interstate 275 (Figure 6) and will be explored more in-depth in the possible solutions and strategies segment, but many pre-existing apartment complexes also exist in the area. If a new resident wants a traditional starter home, they are almost exclusively found in South St. Petersburg in the historically minority community. This creates some interesting market and social implications for the entirety of St. Petersburg, especially in the way of supporting the introduction of newer, younger residents while maintaining the historic South St. Petersburg community.

Starter homes act as a vehicle to increase price volatility of a market by nature (Etro, 2009). They are temporary investments that people purchase cheaply with the intent of selling for, at minimum, a breakeven return on investment. This can increase the property value of the starter home over time, and with the starter home, the property value of the neighborhood around it. This is what has been happening in St. Petersburg for its entire history, first beginning with



Figure 6 – (Google, n.d.)
New condo & apartment complexes located in the most Northeastern corner of
St. Petersburg off of Interstate-275



Figure 7 – (Zillow, 2021)

Kenwood before moving into the Northeast, Northwest, and now South areas of the city. The starter home inflates market prices even in markets that may seem healthy and stable. Residents can even spend the first three or more years of mortgage payments only on interest, not

building equity (Kane, 2016). A resident in a city like St. Petersburg would need to spend five or more years in a traditional starter home, the highest time frame a person may spend in a starter home, to make the costs worth the equity built. At that point, it makes more sense for a new resident to wait and purchase a forever home rather than a home that may be no larger than an apartment to begin with, similar to the one pictured in Figure 7. Additionally, the increasing of property values can work to gentrify neighborhoods and areas, such as South St. Petersburg.

If a starter home is not purchased by a resident, it is a target for developers to purchase a cheap property and flip it for a profit. Often, for sale signs may not even go up on these houses before they are purchased by developers. Developers will not even make many improvements aside from a coat of paint and new landscaping, exacerbating the impending housing crisis. When considering the small chances residents have to purchase a starter home, they may not want to.

Even though starter homes may hurt the market and community over time, they do have a purpose. There needs to be a form of housing that allows for new residents to enter a city and the market for lower costs, without hurting their equity and the community. Alternative options are the key to working towards solving the issue starter homes have become.

Possible Strategies and Solutions

There are some pretty simple solutions that could be implemented, and some already are by way of the market without government intervention:

1. The introduction of more affordable long-term rental properties.
2. An increase in non-traditional starter homes.
3. An increase in government market intervention by way of tax credits and policy.
4. An increase in government programs for residents to participate in.

Solution and Implementation

As stated in the Problem section, the Northeast area of St. Petersburg has seen an increase in non-traditional starter homes despite an increase in property value over time. This is due to the introduction of more long-term rental properties and condo developments, combining two of the possible strategies. This was done mostly by natural market forces; however, Pinellas County, the county St. Petersburg is located in, does offer some affordable housing programs which may have had an effect on the location and affordability of these newer development. It should be noted that most of these developments predate those Pinellas County programs and some of the complexes were built for profit by private developers and do not necessarily cater to the demographic of those looking for starter homes, but there are some that do cater to this demographic.

Results

It is difficult to measure the full impact of these newer developments on the market and community because of so many factors involved and unknown variables. The COVID-19 pandemic has definitively had an impact on the housing market in cities and urban areas also making it difficult to discern the true results. Once better data has surfaced, and time has passed

in the South St. Petersburg area, it will be easier to see the outcome and if these strategies have provided a solution to provide affordable starter home options and alternatives while also attacking the issues of gentrification and market inflation. On the surface, it appears as though the market has begun to stabilize as less starter homes are on the market; however, starter homes are just a small portion of the housing market in St. Petersburg and the end months of the pandemic are almost certainly playing a role in the market as well (Home, n.d.).

Analysis and Evaluation

The condo strategy allows for less effect on the community around it in the way of displacement and gentrification while still allowing for the building of equity by residents; however, it is difficult to maintain these as starter condos over time because of the natural market tendency associated with stater homes. That said, condos typically do not fluctuate property value as rapidly as stand-alone houses making this strategy an improvement over continuing with starter homes. The long-term rental properties and apartments are more sustainable, but do not offer equity building. What both do offer are ways for younger, new residents to relocate to St. Petersburg without needing a starter home. The question becomes, are these desirable options?



Figure 8 – (Google, n.d.)

Do those younger residents still want to move into a traditional starter home, or are they content waiting for a forever home?

The most telling aspect of that question will be what becomes of South St. Petersburg where the traditional starter

homes are currently centralized in the minority community (Figure 8, previous page). If those starter homes continue to be occupied and continue to artificially inflate property values in the area, effects of gentrification and community displacement will start to emerge. If the community continues to thrive in its historical state, chances are the strategies are having a positive effect on the overall market. Neither of these outcomes is a for certain sign of the strategies working effectively or not working effectively because of how many outside forces and variables there in the housing market, but they are good indicator to approximate the true impact of the strategies.

The difficulty in implementation is in attracting families and new, young residents into these complexes, some of which are not affordable and many of which do not advertise themselves to that demographic. If the city wishes to support these new developments and continue along the path of these strategies, providing more family amenities and city programs may help. Briefly mentioned in the problem definition section was that a typical starter home is often used as an affordable place to begin a family before moving into a more expensive home. Apartments and condos are not known for supporting this use well. Providing schools, health and safety facilities, and recreational facilities and improving the infrastructure to be more pedestrian and family oriented could help promote this. Additionally, the condo and apartment complexes can choose to provide more family and communal spaces that fit these needs as well, but this is less likely.

Introducing a government incentive to these private complexes to provide such facilities may help accomplish that goal. A decent example of one partnership program that could be useful is at an apartment complex known as The Landings in unincorporated Pinellas County, between St. Petersburg and Pinellas Park. This is a low-income apartment complex subsidized by

the county, but that's not the partnership to focus on for this case study. There exists a partnership between the Pinellas Sheriff's Office Police Athletic League (PAL) and The Landings (Nieves, 2020). The Landings provides an affordable space for PAL to operate



Figure 9 – (Google, n.d.)

in (Figure 9) and PAL provides affordable afterschool care and summer programs based on household income for the residents and other neighboring youth. In an economy and culture where it is more than typical for single parents to raise children, or for both parents to be working, this is a program/partnership that could be valuable for other complexes that are attempting to attract families to take note of. Similar programs between the city of St. Petersburg recreation department and these complexes could encourage families to choose apartments and condos over the traditional starter home. This is not a solution the city is providing outside of their normal parks and recreation programs which do include afterschool and summer programs, they just aren't on site.

Another cue that can be taken from The Landings is a communal space. Many condo facilities and apartments may have a single shared office or possibly a recreation and pool area, but many affordable options lack spaces for children to play or for people to gather as a whole. Providing some of these resources would again help attract families and younger residents away from the traditional starter homes and more towards non-traditional starter home options and alternatives.

Lessons Learned

Regardless of the strategies being used to combat the issue, there are lessons that the City of St. Petersburg and other like municipalities need to consider moving forward in development.

Traditional starter homes are not a necessity, but there needs to be alternatives if the supply is lacking. Without a way for new and young residents to affordably and practically move in, the population will continue to age together, and the city will start to regress into decline. This is not necessarily a bad thing, but it needs to be recognized as a side effect so the city can prepare for what that situation may look like instead of preparing for growth.

Additionally, cities should be cautious of developers and residents using starter homes solely as investments and equity builders as this will inflate the market at an artificially high rate and can lead to gentrification and the displacement of not only of historically minority communities, but of all lower-class and lower-middle-class residents in the long term. Using the strategies presented, is just one-way St. Petersburg can work towards avoiding these negative outcomes. Increasing government involvement on the city level may also be beneficial.

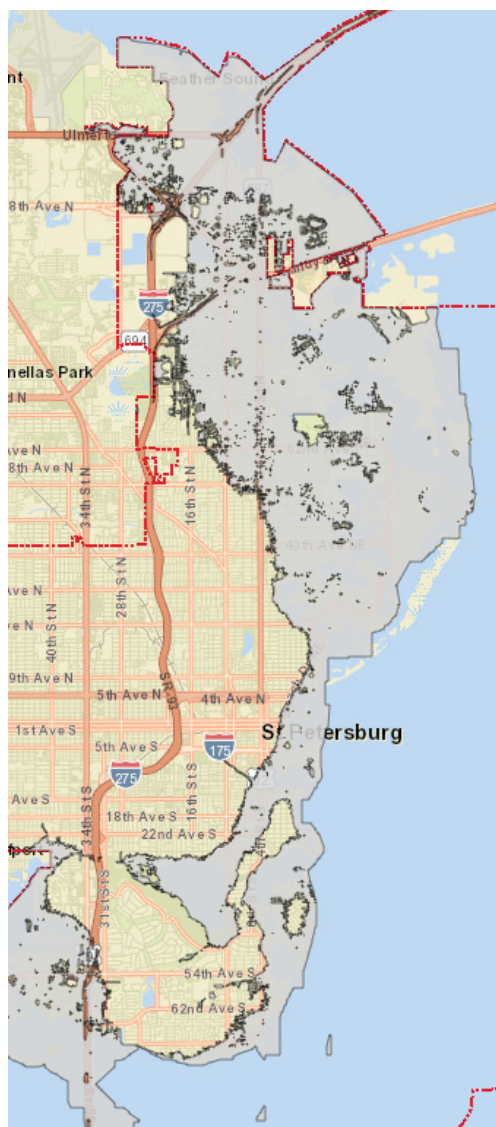


Figure 10 – (Arcgis, n.d.)

Areas shaded in gray are a coastal hazard area.

A challenge for all these solutions, strategies, and goals is the lack of land area available in St. Petersburg and Pinellas County as a whole. Pinellas County is one of the densest counties in America, and while building more dense developments like condos and apartments sounds good, those still require land somewhere and that also displaces people (U.S. Census, 2019). Finding buildable land is also difficult due to the amount of costal hazard that exists in St. Petersburg and even land that may be well suited for development could require a zoning change. A majority of where the new affordable complexes are being constructed is on costal hazard areas (Figure 10, previous page).

The key takeaway is not that starter homes are bad or that they don't have a purpose, but rather that there are ways to achieve the same purpose starter homes provide without sacrificing market stability and community. Sustainability of those alternative housing options is also important in ensuring affordable housing for all residents in the future, not just the new one's looking to move in. It just takes recognizing the issue and seeking creative solutions, neither of which the city government has really done. Almost all of the solution implementation to this point has been done on a private level by pure market force and some intervention from Pinellas County. The city needs to take note now before it is too late, and the City of St. Petersburg finds themselves in a housing and identity crisis with the rest of America.

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Carson Crockett is a 2nd year Sustainability and the Built Environment student at the University of Florida and is pursuing a Master's in Urban and Regional Planning. He has lived in St. Petersburg, FL his entire life, moving to Gainesville parttime to pursue higher education.