

**CITY OF DESTIN, ATTAINABLE  
WORKFORCE HOUSING STUDY**

**PREPARED FOR THE CITY OF DESTIN**

**BY**

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MAY 2007**

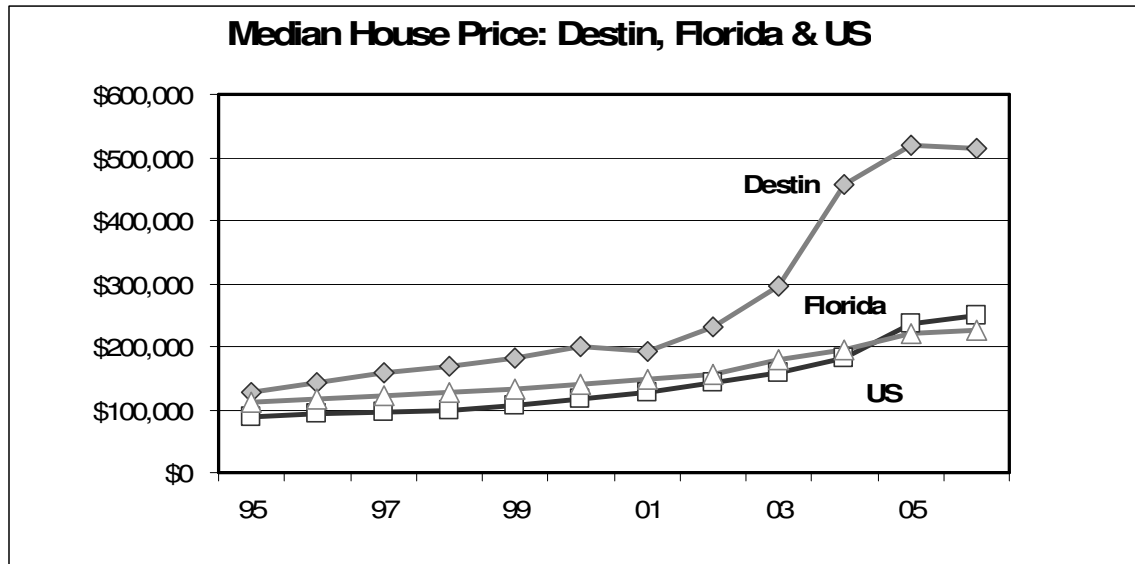
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## I. Summary

Housing prices in Destin have risen to the point that there are concerns about the ability of a substantial portion of the workforce to find adequate housing. Such an inability could have serious implications for the Destin economy and for Destin's society. The median price of the existing home in Destin now stands at \$526,803, 112% higher than the statewide average of \$248,400 and 134% higher than the national average of \$225,000. While the rate of price increases has waned, the absolute levels of prices remain a problem.

Figure 1



The continuing development of Destin is a major factor leading to the increased prices of Destin homes. Each new building adds to the need for construction workers and then, after construction, to the need for employees that will operate and maintain those structures. Many of the employees needed to serve Destin's economic growth will not be able to afford adequate housing within Destin. Labor shortages that may result will lessen the economic attractiveness of Destin as a place for business location or expansion.

The construction and operation of residential and non-residential developments will demand additional employees and those employees, in turn, will require housing. The first impact is the actual construction of buildings. Destin construction workers earn \$33,073 and their households have \$45,739, given more than one wage-earner per household. A household with this income can afford to pay \$144,832 for housing. This income does not provide sufficient

resources for construction workforce households in Destin to afford market housing in or around Destin.

Once residences are built they must be operated and maintained, thus creating the need for continuing employees and their housing. The typical residential operational and maintenance employee earns \$39,271, with the household income of that employee being \$51,937. These employees can afford to pay \$164,457 for housing and thus will need housing assistance in order to afford adequate workforce housing in Destin, which is priced at \$165,873 for these employees. Therefore the data show that the construction, operation and maintenance of residential structures do result in net unmet workforce housing needs.

Dwellings that are occupied by full-time residents tend to have fewer operational and maintenance employees than those with part-time or seasonal occupancy. While the number of construction workers needed to build either type of dwelling will be the same, the number of persons and households needed to operate and maintain the dwellings will be different. Table 1 shows the number of employees and employee households needed to construct and serve Destin residences by size of home and the assistance that those employee households will need to achieve adequate housing in or near Destin.

**TABLE 1  
RESIDENTIAL EMPLOYEES, EMPLOYEE HOUSEHOLDS AND NEEDED HOUSING ASSISTANCE**

Floor Area	Construction		Post Construction				Total Households		Assistance Needed
			Full Time Residents		Part Time or Seasonal		Full Time	Part Time	
	Employees	House Holds	Employees	House Holds	Employees	House Holds			
500	0.009	0.006	0.000	0.000	0.000	0.000	0.006	0.006	\$57.09
750	0.013	0.010	0.000	0.000	0.034	0.025	0.010	0.035	\$121.62
1,000	0.017	0.013	0.000	0.000	0.078	0.058	0.013	0.070	\$195.90
1,500	0.026	0.019	0.032	0.024	0.139	0.103	0.043	0.122	\$317.44
2,000	0.034	0.025	0.075	0.056	0.182	0.135	0.081	0.161	\$420.27
2,500	0.043	0.032	0.109	0.081	0.216	0.161	0.113	0.192	\$512.83
3,000	0.051	0.038	0.136	0.101	0.244	0.181	0.139	0.219	\$598.90
3,500	0.060	0.044	0.160	0.119	0.267	0.198	0.163	0.243	\$680.50
4,000	0.068	0.051	0.180	0.134	0.287	0.213	0.184	0.264	\$758.82
4,500	0.077	0.057	0.198	0.147	0.305	0.227	0.204	0.284	\$834.64
5,000	0.085	0.063	0.214	0.159	0.321	0.238	0.222	0.302	\$908.48

SOURCE: Table 15 and Table 20.

Many employees wages in Destin are simply too low for some newly employed persons to achieve housing. This tends to result in crowding and excessive commuting, both of which are undesirable. These results also tend to create

labor shortages and absenteeism. The gap between earned income and what is required to afford workforce housing in Destin is shown in Table 2.

**TABLE 2  
NON-RESIDENTIAL HOUSING AFFORDABILITY GAP BY LAND USE**

	<b>Government</b>	<b>Industrial</b>	<b>Institutional</b>	<b>Office</b>	<b>Retail</b>	<b>Tourist</b>
Employees per 1,000 FT <sup>2</sup>	1.464	1.030	1.293	2.282	1.342	1.299
FT <sup>2</sup> per Employee	683	971	773	438	745	770
FT <sup>2</sup> per Household	919	1,307	1,041	590	1,003	1,036
Income per Household	\$58,734	\$55,984	\$54,297	\$56,734	\$38,840	\$33,047
Percent of Median	93.8%	89.4%	86.7%	90.6%	62.0%	52.8%
Housing Category	3	2	2	3	1	1
Workforce Housing Cost	\$191,069	\$165,873	\$165,873	\$191,069	\$153,840	\$153,840
Upper Affordability Limit	\$185,981	\$177,274	\$171,929	\$179,646	\$122,985	\$104,641
Gap per Household	\$5,088	\$0	\$0	\$11,422	\$30,856	\$49,199
Gap per FT <sup>2</sup>	\$5.09	\$0	\$0	\$11.42	\$30.76	\$47.49

SOURCE: Table 27.

These numbers for retail and tourist developments are large. Perhaps it would be helpful here to step through an example so that these large numbers can be understood. Take the case of a tourist development. Data show that there are 1.299 employees per 1,000 FT<sup>2</sup> of tourist space. These 1.299 employees are organized into 0.965 households. Tourist employees earn an average of \$20,381, with household income of \$33,047. Households with this income can afford to pay \$104,641 for housing. The cost of workforce housing in Destin of the relevant type is \$153,840, leaving a gap of \$49,199 between what that household can afford and the cost. Given that there are 0.965 employee households per 1,000 FT<sup>2</sup>, the gap per 1,000 square feet of tourist accommodation area is \$47,490, which is \$47.49 per square foot for floor area. The net numbers are large because the difference between the income needed to afford Destin housing and prevailing wages of tourism employees is large.

Table 3 summarizes the construction and post-construction impacts of both residential and non-residential development on the need for workforce housing assistance. Because residential impacts vary by size of residence, they are shown in sizes. Non-residential impacts are all shown per 1,000 square feet of floor area.

**TABLE 3  
CONSTRUCTION AND POST-CONSTRUCTION HOUSING AFFORDABILITY GAP**

	CONSTRUCTION		POST-CONSTRUCTION		TOTAL	
<b>RESIDENTIAL per DWELLING UNIT</b>						
Square Feet	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
500	\$57	\$0	\$57	\$0	\$57	\$57
750	\$86	\$0	\$86	\$36	\$86	\$122
1,000	\$114	\$0	\$114	\$82	\$114	\$196
1,500	\$171	\$33	\$171	\$146	\$205	\$317
2,000	\$228	\$79	\$228	\$192	\$307	\$420
2,500	\$285	\$115	\$285	\$227	\$400	\$513
3,000	\$343	\$144	\$343	\$256	\$486	\$599
3,500	\$400	\$168	\$400	\$281	\$568	\$681
4,000	\$457	\$189	\$457	\$302	\$646	\$759
4,500	\$514	\$208	\$514	\$321	\$722	\$835
5,000	\$571	\$225	\$571	\$338	\$796	\$908
<b>NON-RESIDENTIAL per 1,000 FT<sup>2</sup></b>						
Government		\$114		\$5,088		\$5,202
Industrial		\$114		\$0		\$114
Institutional		\$114		\$0		\$114
Office		\$114		\$11,422		\$11,537
Retail		\$114		\$30,761		\$30,876
Tourist		\$114		\$47,491		\$47,605

## II. Housing Costs in Destin

Housing is expensive in Destin. Two of the consequences of high housing prices are higher rates of commuting and time committed to commuting. The 2000 census found that 16% of Destin employees commuted into the county<sup>1</sup> and 31% of all workers traveled 30 minutes or more to get to work.<sup>2</sup> Table 4 shows the median resale prices of existing single family homes in Destin, Okaloosa County, Florida and the United States. During this period, the Destin median price grew at an annual rate of 14.4% as contrasted with 9.9% for Okaloosa County, 8.6% for the State of Florida and 7.1% for the United States as a whole.

**Table 4**  
**MEDIAN RESALE PRICE OF A SINGLE FAMILY HOME**

	<b>Destin</b>	<b>Okaloosa</b>	<b>Florida</b>	<b>US</b>
1993	\$103,475	na	\$87,100	
1994	\$123,000	\$86,800	\$86,200	
1995	\$126,400	\$92,800	\$87,900	\$110,500
1996	\$143,450	\$94,900	\$92,300	\$115,800
1997	\$158,625	\$101,200	\$95,800	\$121,800
1998	\$168,500	\$109,100	\$99,800	\$128,400
1999	\$182,000	\$114,400	\$106,900	\$133,300
2000	\$199,500	\$124,400	\$117,600	\$139,000
2001	\$193,450	\$128,600	\$127,700	\$147,800
2002	\$230,000	\$139,600	\$141,700	\$156,200
2003	\$296,500	\$151,900	\$158,400	\$178,800
2004	\$458,000	\$190,300	\$181,900	\$195,400
2005	\$520,500	\$244,500	\$235,100	\$219,600
2006	\$526,803	\$241,100	\$248,400	\$225,000

SOURCE: Florida Board of Realtors and National Association of Realtors, websites.

Note: the 2006 datum will be updated with forthcoming data.

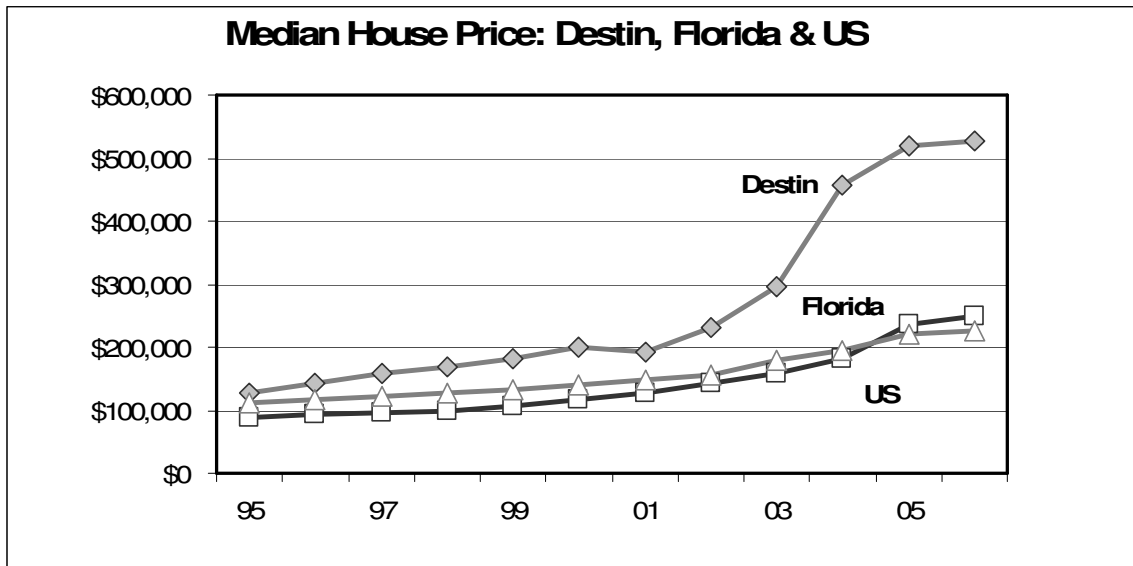
Figure 2 visually presents these data. There has been a nationwide trend toward higher home prices. This trend has been especially apparent in growing areas such as Florida and Destin. The causes of these price increases are many and varied. House prices, like any good, are set in the market by forces of supply and demand. There is ample evidence that the supply of housing has greatly increased in Destin, Florida and the United States. Figure 3 shows the history of building permit issuance by Destin, with no indication of a slow-down in

<sup>1</sup> 2000 Census, Commuters to Okaloosa County, Florida Agency fro Workforce Innovation website.

<sup>2</sup> 2000 Census, Table P31 for Destin, <http://factfinder.census.gov>.

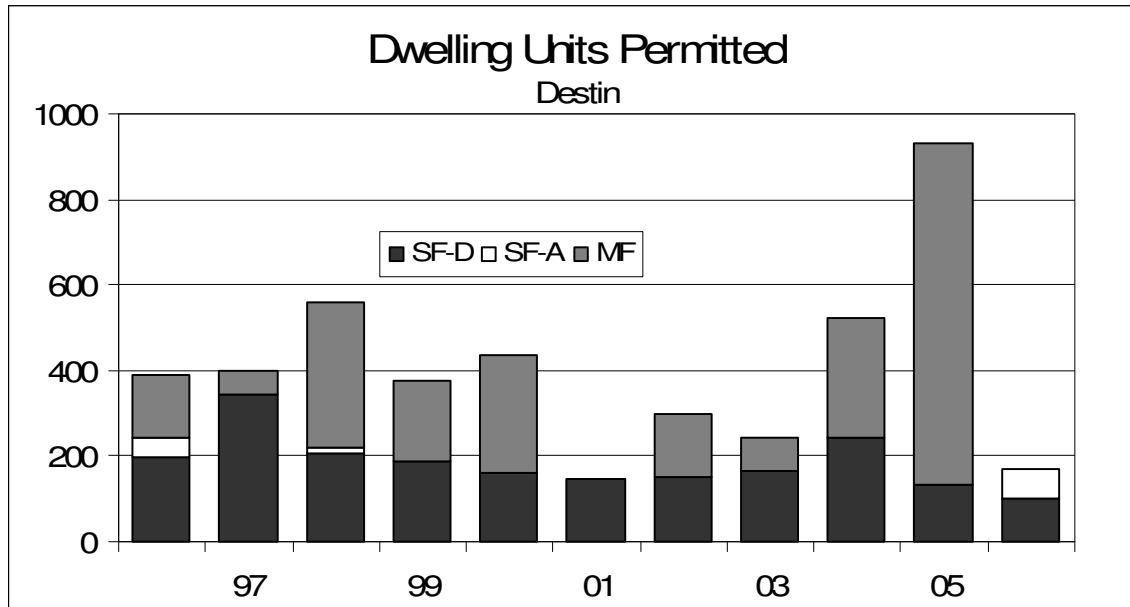
permitting other than the normal ups and downs associated with national economic movements. The supply of housing in Destin has been growing by 3.9% per year, a very high rate of increase. Thus the resulting prices could not be the result of supply restriction. Rather, the demand for housing has increased, and increased sharply, beyond the increase in supply. A number of factors have gone into this increase. Most important among these factors are:

Figure 2



- The demographic structure of American households together with the transition of the “Baby Boomers” towards pre-retirement and retirement;
- Very substantial reductions in interest rates, thus reducing the cost of home ownership;
- The favorable tax treatment accorded homeownership, especially second or vacation homeownership,
- The relatively poor performance of financial investments, especially the stock and bond markets; and
- The desirability of Destin.

Figure 3



This list is intended to be illustrative rather than exhaustive. The point is that demand for housing, especially in resort type areas such as Destin, has greatly increased. Prices followed.

The data show that the precipitous rate of increase in Destin housing prices has diminished. Whether this is a permanent condition or a temporary respite cannot be known at this time.

Table 5 shows median household income together with median prices of existing single family homes and an affordability limit calculated as 31.58% of income to be devoted to housing.<sup>3</sup> Figures 4 and 5 graph these data.

<sup>3</sup> See Table 10 following.

Figure 4

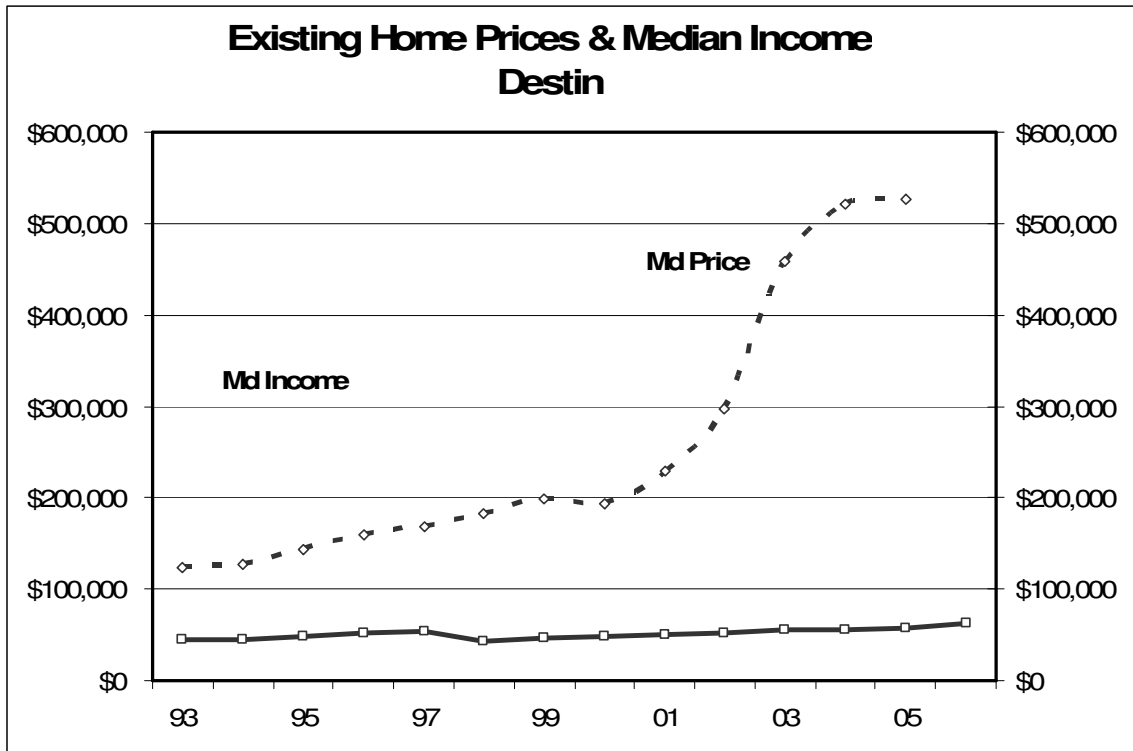


Table 5  
**MEDIAN HOUSEHOLD INCOME, RESALE PRICES  
 AND AFFORDABILITY LIMITS  
 CITY OF DESTIN**

	Median Income	Resale Price	Affordability Limit
1994	\$44,700	\$123,000	\$141,542
1995	\$44,700	\$126,400	\$141,542
1996	\$48,800	\$143,450	\$154,524
1997	\$51,300	\$158,625	\$162,441
1998	\$54,100	\$168,500	\$171,307
1999	\$43,600	\$182,000	\$138,059
2000	\$46,400	\$199,500	\$146,925
2001	\$48,900	\$193,450	\$154,841
2002	\$50,400	\$230,000	\$159,591
2003	\$52,700	\$296,500	\$166,874
2004	\$54,700	\$458,000	\$173,207
2005	\$55,150	\$520,500	\$174,632
2006	\$57,800	\$526,803	\$183,023
2007	\$62,600	Not available	\$198,222

SOURCES: US Dept of Housing & Urban Development and Florida Board of Realtors.

Figure 5

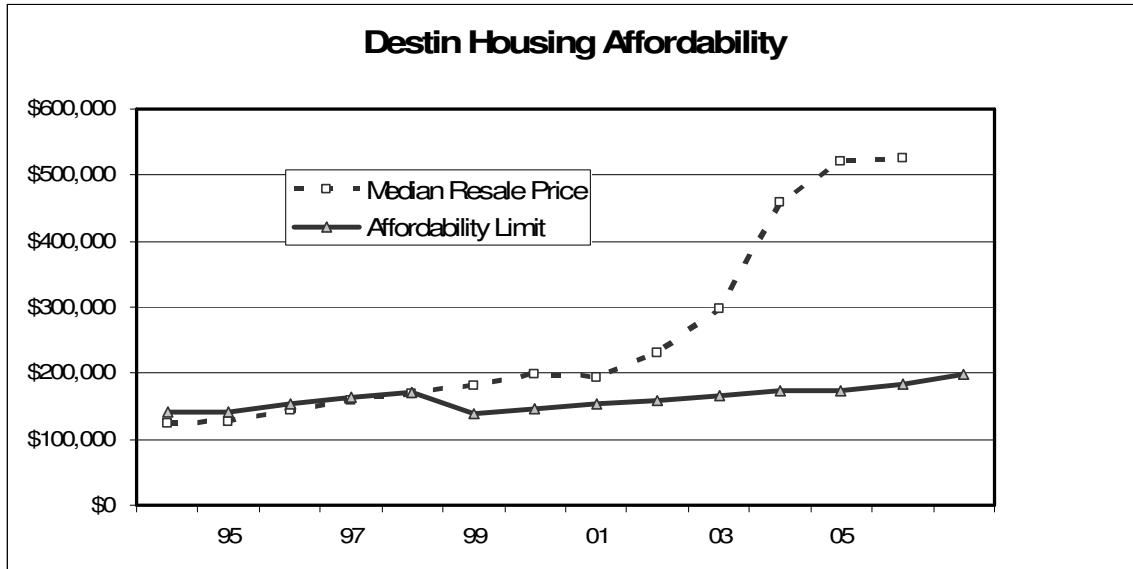
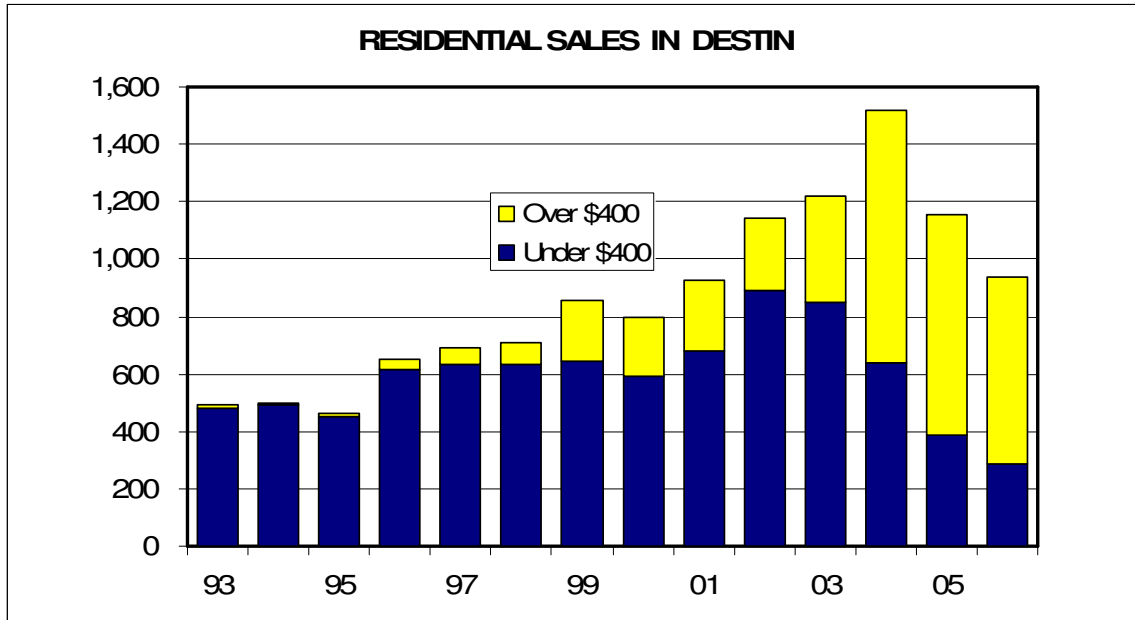


Figure 5 shows that there was rough parity between the affordability upper limit and median prices through 2002. Since then a gap has existed and is getting bigger as time passes. The decline in median income following 2001 is probably due to the national economic recession. Recently median income has returned to and exceeded prior levels of median household income.

These data confirm that there is a housing attainable problem in Destin and that the problem is getting worse with the passage of time. The causes of this problem are many and varied. Most are beyond the ability of local officials to influence. Recent prices have stabilized the affordability problem. In order for market forces to reinstitute affordability of the median home to the median household income, median prices would have to fall by 62%, from \$526,803 to \$198,222. Such a decline is not foreseen.

Table 6 shows the distribution of housing resales and Figure 6 summarizes these data. Sales under and over \$400,000 are broken out to provide insight into the availability of units in lower price ranges. Before 1995 virtually all resales were below \$400,000. Beginning in 1996, the portion of sales above \$400,000 rose from 9% to 67%. In 2005 there were 385 sales below \$400,000; 189 condominiums, 65 attached units and 131 detached units.

Figure 6



**Table 6  
HOUSING RESALES BY TYPE AND PRICE  
DESTIN 1993 – 2006**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Condo</b>														
Average	\$132,127	\$121,431	\$150,892	\$185,866	\$227,716	\$225,765	\$315,014	\$341,499	\$363,677	\$310,619	\$370,834	\$543,715	\$664,140	
Median	\$115,000	\$106,500	\$127,500	\$148,000	\$189,000	\$192,000	\$296,805	\$230,000	\$272,500	\$247,250	\$302,000	\$502,850	\$561,500	
Below \$400	235	268	247	336	381	339	353	298	322	463	465	295	189	
% Below \$400	97.9%	99.3%	96.5%	94.1%	89.6%	89.7%	67.5%	67.6%	61.8%	75.2%	68.2%	34.2%	27.3%	
<b>Attached</b>														
Average	\$84,746	\$84,361	\$140,457	\$89,339	\$100,797	\$137,843	\$104,410	\$138,925	\$165,042	\$171,752	\$162,013	\$249,312	\$339,157	
Median	\$62,000	\$54,000	\$73,500	\$70,250	\$71,250	\$73,500	\$76,000	\$101,950	\$116,000	\$111,900	\$118,750	\$188,000	\$310,000	
Below \$400	39	47	29	48	36	40	40	51	64	71	74	116	65	
% Below \$400	100.0%	100.0%	90.6%	100.0%	100.0%	93.0%	97.6%	100.0%	98.5%	95.9%	94.9%	84.7%	74.7%	
<b>Detached</b>														
Average	\$125,544	\$147,998	\$149,555	\$191,101	\$210,486	\$231,968	\$250,683	\$309,719	\$297,262	\$313,675	\$398,914	\$617,890	\$717,224	
Median	\$103,475	\$123,000	\$126,400	\$143,450	\$158,625	\$168,500	\$182,000	\$199,500	\$193,450	\$230,000	\$296,500	\$458,000	\$520,500	
Below \$400	208	175	173	229	214	256	251	244	291	357	312	228	131	
% Below \$400	98.1%	97.2%	98.3%	93.1%	92.2%	88.6%	86.3%	80.3%	85.1%	78.8%	67.8%	43.9%	35.0%	
<b>All</b>														
Average	\$125,521	\$127,547	\$149,663	\$180,727	\$215,355	\$222,965	\$283,020	\$316,383	\$325,288	\$302,839	\$368,071	\$542,505	\$656,837	
Median	\$106,500	\$114,000	\$125,000	\$140,000	\$175,000	\$179,500	\$225,000	\$217,500	\$229,900	\$232,750	\$287,000	\$371,000	\$530,000	
Below \$400	482	490	449	613	631	635	644	593	677	891	851	639	385	
% Below \$400	98.2%	98.6%	96.8%	94.2%	91.1%	89.4%	75.3%	74.5%	73.0%	78.0%	69.8%	42.1%	33.4%	

SOURCE: Board of Realtors.

### III. Workforce Earnings in Destin

Table 7 shows annual earnings of employees by industry for Okaloosa County for 2001, 2004 and 2005.<sup>4</sup> Also shown are Okaloosa County earnings as a percent of annual earnings for the State of Florida. On average Okaloosa earnings tend to be less than those of the state, with some notable exceptions. One point is obvious, with Okaloosa employee earnings somewhat less than the state's, the higher Destin housing prices will exert greater problems in Destin than seen elsewhere in the state of Florida.

**Table 7  
ANNUAL EARNINGS BY INDUSTRY  
OKALOOSA COUNTY**

Industry Title	Okaloosa County			Okaloosa as % of State of Florida		
	Annual Wage			2001	2004	2005
	2001	2004	2005			
Total, All Industries	\$26,151	\$31,179	\$32,979	82.9%	88.7%	89.7%
Goods-Producing	\$29,522	\$34,635	\$35,726	86.7%	92.5%	92.1%
Agriculture, Forestry, Fishing and Hunting	\$28,556	\$24,302	\$24,734	144.3%	110.8%	107.5%
Construction	\$26,367	\$28,699	\$30,066	78.4%	78.1%	78.4%
Manufacturing	\$33,385	\$41,536	\$43,028	87.9%	97.8%	99.1%
Service-Providing	\$25,795	\$30,739	\$32,581	82.8%	88.3%	89.4%
Trade, Transportation, and Utilities	\$22,537	\$24,614	\$24,931	74.4%	73.8%	72.2%
Wholesale Trade	\$34,526	\$37,301	\$34,952	75.7%	74.1%	66.3%
Retail Trade	\$19,795	\$21,868	\$22,556	87.5%	88.2%	87.4%
Transportation and Warehousing	\$32,002	\$34,258	\$35,075	89.1%	85.1%	86.1%
Information	\$40,227	\$47,139	\$51,695	86.9%	92.8%	98.0%
Financial Activities	\$26,577	\$34,163	\$37,607	61.8%	69.0%	71.5%
Finance and Insurance	\$34,536	\$39,446	\$43,983	70.5%	70.3%	74.2%
Real Estate and Rental and Leasing	\$19,939	\$29,364	\$32,268	65.9%	82.1%	82.8%
Professional and Business Services	\$26,345	\$40,931	\$44,092	80.3%	111.4%	112.4%
Education and Health Services	\$29,718	\$33,246	\$34,919	91.4%	91.0%	91.8%
Health Care and Social Assistance	\$28,193	\$32,008	\$33,205	82.8%	83.2%	83.7%
Leisure and Hospitality	\$12,289	\$13,987	\$14,810	72.4%	75.4%	76.2%
Accommodation and Food Services	\$12,086	\$13,847	\$14,823	83.0%	86.8%	87.6%
Other Services	\$19,494	\$23,079	\$24,507	87.6%	93.7%	95.0%
Public Administration	\$39,041	\$46,255	\$48,081	104.9%	107.2%	107.8%

SOURCE: Florida Labor Market Statistics, September 2006.

<sup>4</sup> Employment and earnings data are only reported for counties and states. Destin employment and employee earnings would be a part of Okaloosa County data.

Table 8 applies the 2004 to 2005 rate of change to 2005 earnings to project Okaloosa County annual employee earnings to December 2006. Additionally, Destin earnings by industry are estimated by assigning a premium of 5%. These data will be used for the subsequent calculations in this report. Additionally, Destin employee household earnings are also projected to December 2006.

**Table 8  
EMPLOYMENT AND HOUSEHOLD EARNINGS BY INDUSTRY  
DESTIN 2006**

Industry Title	NAICS Code	Average Employment	Annual Wage		Destin Earnings	Household Earnings
			2005	2006		
Total, All Industries	10	82,276	\$32,979	\$34,883	\$36,627	\$49,293
Goods-Producing	101	10,421	\$35,726	\$36,851	\$38,694	\$51,360
Agriculture, Forestry & Fishing	11	78	\$24,734	\$25,174	\$26,432	\$39,098
Construction	1012	5,739	\$30,066	\$31,498	\$33,073	\$45,739
Manufacturing	1013	4,589	\$43,028	\$44,574	\$46,802	\$59,468
Service-Providing	102	71,855	\$32,581	\$34,533	\$36,260	\$48,926
Trade, Transportation, & Utilities	1021	16,336	\$24,931	\$25,252	\$26,515	\$39,181
Wholesale Trade	42	1,380	\$34,952	\$32,751	\$34,388	\$47,054
Retail Trade	44-45	13,342	\$22,556	\$23,266	\$24,429	\$37,095
Transportation & Warehousing	48-49	1,277	\$35,075	\$35,911	\$37,707	\$50,373
Information	1022	2,198	\$51,695	\$56,691	\$59,526	\$72,192
Financial Activities	1023	6,673	\$37,607	\$41,398	\$43,468	\$56,134
Finance and Insurance	52	3,041	\$43,983	\$49,042	\$51,494	\$64,160
Real Estate & Rental & Leasing	53	3,632	\$32,268	\$35,459	\$37,232	\$49,898
Professional & Business Services	1024	10,925	\$44,092	\$47,497	\$49,872	\$62,538
Education & Health Services	1025	11,764	\$34,919	\$36,676	\$38,510	\$51,176
Health Care & Social Assistance	62	6,910	\$33,205	\$34,447	\$36,169	\$48,835
Leisure and Hospitality	1026	12,309	\$14,810	\$15,681	\$16,465	\$29,131
Accommodation & Food Services	72	11,226	\$14,823	\$15,868	\$16,661	\$29,327
Other Services	1027	2,781	\$24,507	\$26,023	\$27,325	\$39,990
Public Administration	1028	8,845	\$48,081	\$49,979	\$52,478	\$65,144

SOURCE: Florida Labor Market Statistics, September 2006.

NAICS - North American Industrial Classification System. This is a system of classifying enterprises based on the nature of the economic activity.

NOTE: Okaloosa County employment and income data are used to project Destin earnings.

The typical economically active or workforce household has more than one person employed. Table 9 shows the number of employed persons per household in Okaloosa County and therefore Destin. To get household earnings, the earnings of the primary individual are increased by the expected earnings for the other individual within the household. The average economically active household has 1.346 employed persons. This is the primary individual plus 0.346 others. The 0.346 is multiplied by the average earnings of all employed

persons – \$36,627 – which is then added to the earnings of the primary individual to get household income. These data are shown in Table 8 above.

**Table 9  
EMPLOYEES PER HOUSEHOLD  
OKALOOSA COUNTY**

	<b>Okaloosa County</b>
Total Households	66,373
With Earnings	54,053
Without Earnings	12,320
Employed	72,745
Employed per Economically Active Household	1.346

SOURCE: Bureau of the Census, American Factfinder and Florida Agency for Workforce Innovation, Labor Market Statistics.

NOTE: Employment data used here is Total Non-Agricultural Employment, Shown in previous tables.

Table 9A shows the difference between earned income per household and earned income per household with earned income. This analysis is based on employee households with earned income.

**TABLE 9A  
EARNED INCOME PER HOUSEHOLD  
OKALOOSA COUNTY**

<b>EARNED INCOME FOR HOUSEHOLDS</b>	
Aggregate Earned Income	\$2,526,072,700
Total Households	66,373
Households with Earned Income	54,053
Earned Income per Household	\$38,059
Earned Income per Household with Earned Income	\$46,733

SOURCE: Bureau of the Census, American Factfinder and Florida Agency for Workforce Innovation, Labor Market Statistics.

## IV. The Cost of Workforce Housing

The resale prices of Destin residences were shown above in Section II. Many of these residences could be considered to be luxurious and not what one would expect to be the residence of the typical member of Destin's workforce. Additionally, the concern addressed herein is entry housing for members of the workforce that are in the lower segment of the earnings spectrum. It is expected that such dwellings would tend to be small and spartan. Table 10 shows the expectation with respect to Destin entry workforce housing. The units are

**Table 10**  
**WORKFORCE HOUSING**  
**CITY OF DESTIN**

	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>	<b>Category 4</b>
Area	750	850	1,100	1,250
Construction Type	Standard	Standard	Standard	Standard
Housing Type	Multi-Family Attached	Multi-Family Attached	Multi-Family Attached	Multi-Family Attached
Construction Cost per FT	\$84	\$84	\$84	\$84
Land Cost per Acre	\$762,300	\$762,300	\$762,300	\$762,300
Units per acre	15	14	13	12
Construction Cost <sup>1</sup>	\$63,020	\$71,423	\$92,430	\$105,034
Site Preparation <sup>2</sup>	\$40,000	\$40,000	\$40,000	\$40,000
Land Acquisition	\$50,820	\$54,450	\$58,638	\$63,525
Total	\$153,840	\$165,873	\$191,069	\$208,559

SOURCE: R. S. Means, City of Destin and Humphrey & Associates.

<sup>1</sup> Construction costs include all hard and soft costs associated with the actual construction of a habitable structure, including builder's profit.

<sup>2</sup> Site preparation includes grading, landscaping and utility connections.

are organized into four categories. Category 1 is intended for those Destin households earning less than 80% of median household income (\$62,600). Category 2 is intended for those earning between 80% and 100% of median household income. Category 3 is intended for those earning between 100% and 120% of the median and category 4 is for those earning more than 120% of median but still needing assistance. The categories are differentiated by the size of the units.

Median Household Income			\$62,600
Category 1		to	\$50,080
Category 2	\$50,081		\$56,340
Category 3	\$56,341	to	\$62,600
Category 4	\$62,601	to	\$68,860
No assistance	\$68,861	& Over	

Table 11 shows the incomes necessary to afford the units setout in Table 10. These incomes are both individual and household. Only homeownership is shown here. These results are easily translated into rental equivalents if rental housing is the goal. The data contained in Table 10 are meant to generally reflect Destin workforce members. As such, it is difficult to get a number that this reflective of the scope of workforce membership. Perhaps the most sensitive datum is the mortgage interest rate. Many members of the Destin workforce would be considered sub-prime and thus charged an interest of 6.5% as well a high down payment. At the same time, the Escambia County Housing Authority is offering mortgages at 5.49% with minimal down payments. However, not all members of the workforce can qualify for the Housing Authority's program. The exact interest rate used is the average of the 6.5% for sub-prime, the Housing Authority's 5.49% and the conventional mortgage rate of 5.75%. Another important datum is the cost of property insurance. Property insurance has been in a state of flux and where it will all settle-out is not known. The rate of 1.5% of the improvement cost is used in the belief that it is a reasonable estimate that should reflect future property insurance cost for a property well off the coast.

**Table 10  
INCOME NEEDED TO AFFORD HOUSING**

<b>Calculation of Affordability</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>	<b>Category 4</b>
Purchase or Production Price	\$153,840	\$165,873	\$191,069	\$208,559
Down Payment	3.00%	3.00%	3.00%	3.00%
Loan Term	30	30	30	30
Interest Rate	5.91%	5.91%	5.91%	5.91%
Points	2.00%	2.00%	2.00%	2.00%
Other Closing Costs	3.00%	3.00%	3.00%	3.00%
Cash to Close	\$12,215	\$13,170	\$15,171	\$16,560
Mortgage	\$149,225	\$160,897	\$185,336	\$202,302
Mortgage Insurance	0.60%	0.60%	0.60%	0.60%
Property Taxes *	1.42%	1.42%	1.42%	1.42%
Insurance	1.50%	1.50%	1.50%	1.50%
Total Monthly Payment	\$1,215	\$1,312	\$1,521	\$1,664
Mortgage Payment	\$886	\$956	\$1,101	\$1,202
Mortgage Insurance	\$75	\$80	\$93	\$101
Property Taxes **	\$125	\$137	\$162	\$180
Property Insurance	\$129	\$139	\$166	\$181
Max Monthly Expense to Income	30.00%	30.00%	30.00%	30.00%

**Table 10**  
**INCOME NEEDED TO AFFORD HOUSING**

<b>Calculation of Affordability</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>	<b>Category 4</b>
Minimum Monthly Income	\$4,049	\$4,374	\$5,071	\$5,546
Annual Income Needed	\$48,584	\$52,494	\$60,850	\$66,553

SOURCES: Escambia County Housing Finance Authority, Destin Attainable Workforce Housing Committee and Florida Department of Revenue, "Property Valuations & Tax Data," May 2006.

\* Okaloosa County 12.363 mills (including schools) plus 1.8 for Destin.

\*\* After market adjustment and homestead exemption.

The resulting ratio of sales price to income from Table 10 is 31.58%, which is used to calculate the upper affordability limit. These data show the necessary income per household to afford the various dwellings.

## V. Need for Workforce Housing by Development

All new developments will have impacts on the need for workforce housing. The first will be the housing needs of the workers employed to construct the buildings, both residential and non-residential. The second impact on workforce housing comes from those employed on a continuing basis to operate and maintain residences. The third is the housing needs of employees that produce the goods and services that are the output of Destin's businesses.

### A. The Construction of Buildings

Table 12 shows the floor area constructed in Okaloosa County by year. The total areas are as of January 1, of the year shown. The amount added is the change from the prior January 1. Thus the data for 2001 would be the change between January 1, 2000 and January 1, 2001. Because it would be expected that there may be year to year fluctuations, the calculation of floor area per construction employee is done for the entire period of 1998 to 2003 rather than for a single year. These data show that one construction worker is required for each 1,466 square feet of floor area constructed. This is for all types of construction workers. Given that construction workers have an expected work life of 40 years, the number of housing units associated with construction activity can be estimated as shown in Table 14 using the data from Table 13.

**Table 12**  
**SQUARE FEET OF NEW FLOOR AREA ADDED AS OF JANUARY**  
**OKALOOSA COUNTY**

	1998	1999	2000	2001	2002	2003
Floor Area	149,477,019	157,020,185	161,494,712	165,229,398	172,566,367	177,678,724
Change	6,298,423	7,543,166	4,474,527	3,734,686	7,336,969	5,112,358
Construction Employment	3,991	4,130	3,924	3,847	3,696	3,953

SOURCES: Okaloosa County Property Appraiser, University of Florida, GeoPlan Center and Florida Agency for Workforce Innovation, Labor Market Statistics.

Note: Floor area is heated or air conditioned space.

**Table 13  
FLOOR AREA PER EMPLOYEE**

	<b>Added</b>
Total New FT <sup>2</sup>	34,500,128
Employment – Employee Years	23,541
Feet per Employee Year	1,466
Employee Work Life	40

Table 14 shows the estimated number of construction employees by size of (floor) area. The employee years are converted into permanent or long-term employees by dividing employee years by 40. The resulting permanent employees are then divided by the number of employees per household to get construction employee households by floor area. The simplest ratio is 0.682 employee years per 1,000 square feet. This converts to 0.017 permanent employees per 1,000 feet and 0.013 employee households per 1,000 feet.

**Table 14  
CONSTRUCTION EMPLOYEES BY SIZE OF AREA**

<b>Floor Area</b>	<b>Employee Years</b>	<b>Permanent Employees</b>	<b>Employee Households</b>
500	0.341	0.009	0.006
750	0.512	0.013	0.010
1,000	0.682	0.017	0.013
1,500	1.024	0.026	0.019
2,000	1.365	0.034	0.025
2,500	1.706	0.043	0.032
3,000	2.047	0.051	0.038
3,500	2.388	0.060	0.044
4,000	2.729	0.068	0.051
4,500	3.071	0.077	0.057
5,000	3.412	0.085	0.063

The ratios shown in Tables 13 and 14 will be used for both residential and non-residential floor area.

Given construction household earnings of \$45,739 (79% of median), and given category 1 housing for construction workers, housing assistance would be needed in the amount of \$9,009 per employee household. The criterion employed is that those less than 80% would be assigned Category 1 housing.

**Table 15  
HOUSING AFFORDABILITY FOR CONSTRUCTION EMPLOYEES**

Construction Earnings	\$33,073
Construction Employee Household Earnings	\$45,739
Affordability Limit	\$144,832
Available Housing Cost - Category 1	\$153,840
Assistance Needed	\$9,009

Table 16 presents the needed assistance for construction employees by floor area. Here again no assistance is needed.

**Table 16  
CONSTRUCTION EMPLOYEES BY SIZE OF AREA**

Floor Area	Employee Years	Permanent Employees	Employee Households	Housing Gap per Unit
500	0.341	0.009	0.006	\$57
750	0.512	0.013	0.010	\$86
1,000	0.682	0.017	0.013	\$114
1,500	1.024	0.026	0.019	\$171
2,000	1.365	0.034	0.025	\$228
2,500	1.706	0.043	0.032	\$285
3,000	2.047	0.051	0.038	\$343
3,500	2.388	0.060	0.044	\$400
4,000	2.729	0.068	0.051	\$457
4,500	3.071	0.077	0.057	\$514
5,000	3.412	0.085	0.063	\$571

***B. Residential Development***

Once a residence has been constructed it must be operated and maintained. Some people do much of the operational and maintenance activities themselves while others do not. The residential survey conducted by RRC, Associates, Incorporated, found that the average number of full time equivalent employees (FTE) per residential unit in Destin was 0.0854. With an estimated 86,539 dwelling units for Okaloosa County in 2006, total operational and maintenance employment would be 7,390. This is 177 person-hours per residence per year devoted to operations and maintenance by employed persons. The assignment of employees to the residential sector is shown in Table 17. The RRC residential survey is attached as Appendix A.

**Table 17  
EMPLOYMENT ASSIGNABLE TO RESIDENCES**

Industry	Employees	
	Total	per Unit
<b>OPERATIONS &amp; MAINTENANCE</b>		
Construction		
Building Finishing	545	0.0063
Other Contractors	778	0.0090
Financial Activities		
Property Management	156	0.0018
Misc Real Estate & Finance	156	0.0018
Professional & Business Services		
Services to Buildings & Dwellings (cleaning & Landscaping)	2,256	0.0261
Waste Collection	545	0.0063
Education & Health Services		
Health Services	545	0.0063
Social Services	545	0.0063
Other Services		
Repair & Maintenance	389	0.0045
Personal & Laundry Services	545	0.0063
Private Household Services	778	0.0090
Other	156	0.0018
<b>TOTAL OPERATIONS &amp; MAINTENANCE</b>	<b>7,390</b>	<b>0.0854</b>

SOURCES: Residential Employees – RRC, Associates, Incorporated,

The annual earnings of these employees are shown in Table 18. This table presents the weighted average of O & M employee earnings. The weighting is by the number of employees in the individual employment category as shown in Table 17.

**Table 18  
RESIDENTIAL OPERATIONAL & MAINTENANCE  
EMPLOYEE EARNINGS**

Total Dwelling Units	86,539
Operational & Maintenance Employees per Unit	0.0854
Total Operational & Maintenance Employees	7,390
Operational & Maintenance Employee Earnings	
	<b>Individual      Weight</b>
Construction	\$33,073      0.18
Financial Activities	\$43,468      0.05
Prof & Business Services	\$49,872      0.38
Education & Health Services	\$38,510      0.15
Other Services	\$27,325      0.25
Weighted Average	\$39,271      1.00
Employee Household Earnings	\$51,937

The household of the average O & M employee is expected to receive \$51,937 in annual earnings. This is 83% of the median of \$62,600. The necessary income data from Table 11 show that the typical operations and maintenance worker will be able to afford to pay \$164,457 for housing, thus these employees will need assistance at a rate of \$1,416 per household.

**Table 19  
RESIDENTIAL OPERATIONAL & MAINTENANCE  
EMPLOYEE ASSISTANCE**

Employee Household Earnings	\$51,937
Housing Affordability	\$164,457
Available Housing Cost – Category 2	\$165,873
Assistance Needed	\$1,416

RRC’s survey of Destin residential property owners determined how many operational and maintenance workers are required by type and size of residence. That survey is presented in Appendix A. The results of this survey show that homes occupied full time have fewer operational and maintenance employees than vacation or second homes and that larger homes require more employees than do smaller. A regression equation yielded the following formula for the number of operational and maintenance employees:

$$\text{Employees-Full Time Occupied} = -0.9657 + [.151 * \text{Ln}(\text{Area in FT}^2)] - (.1072)^5$$

$$\text{Employees-Part Time Occupied} = -0.9657 + [.151 * \text{Ln}(\text{Area in FT}^2)].$$

<sup>5</sup> Ln(. .) indicates that the natural logarithm is to be taken of the variable within the parentheses. In this case it means that the natural logarithm is taken of the floor area in square feet.

The data resulting from these formulas are in Table 20.

**Table 20  
OPERATIONAL & MAINTENANCE EMPLOYEES  
BY TYPE AND SIZE OF RESIDENCE**

Floor Area	Resident		Vacation or Second	
	Employees	Households	Employees	Households
500	0.000	0.000	0.000	0.000
750	0.000	0.000	0.034	0.025
1,000	0.000	0.000	0.078	0.058
1,500	0.032	0.024	0.139	0.103
2,000	0.075	0.056	0.182	0.135
2,500	0.109	0.081	0.216	0.161
3,000	0.136	0.101	0.244	0.181
3,500	0.160	0.119	0.267	0.198
4,000	0.180	0.134	0.287	0.213
4,500	0.198	0.147	0.305	0.227
5,000	0.214	0.159	0.321	0.238

The regression results show that residences occupied by full time residents are largely self-supplying until 1,500 feet in floor area, and then outside help is sought. The same is found for vacation or second homes except outside help is sought after 1,000 feet of floor area. As both units get larger, the number of employees needed to operate and maintain the dwelling gets larger.

Table 21 applies the needed assistance from Table 19 to operational and maintenance employees per unit from Table 20. The statistical analysis

**Table 21  
OPERATIONAL AND MAINTENANCE EMPLOYEES BY TYPE AND SIZE OF UNIT**

Floor Area	Resident		Vacation or Second		Assistance Needed	
	Employees	Households	Employees	Households	Full Time	Part Time
500	0.000	0.000	0.000	0.000	\$0	\$0
750	0.000	0.000	0.034	0.025	\$0	\$36
1,000	0.000	0.000	0.078	0.058	\$0	\$82
1,500	0.032	0.024	0.139	0.103	\$33	\$146
2,000	0.075	0.056	0.182	0.135	\$79	\$192
2,500	0.109	0.081	0.216	0.161	\$115	\$227
3,000	0.136	0.101	0.244	0.181	\$144	\$256
3,500	0.160	0.119	0.267	0.198	\$168	\$281
4,000	0.180	0.134	0.287	0.213	\$189	\$302
4,500	0.198	0.147	0.305	0.227	\$208	\$321
5,000	0.214	0.159	0.321	0.238	\$225	\$338

undertaken Indicates that the employment associated with second or vacation homes is greater than those occupied by full-time residents. Therefore there is a difference in employment generated and workforce housing assistance needed by the two general types of dwellings.

The data and analysis presented here indicate that there is a need for workforce housing assistance resulting from services to residences (e.g. lawn maintenance, pool cleaning) in Destin. All indications are that existing market housing is not available to these workers and their households.

### ***C. Non-Residential Development***

Table 22 shows historic employment in Okaloosa County by industry, using the North American Industrial Classification System (NAICS). Table 23 shows the number of new jobs in Okaloosa County by industry. The largest number of new

**Table 22  
EMPLOYMENT IN OKALOOSA COUNTY 2001 - 2005**

<b>Industry Title</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Total Nonagricultural Employment	73,500	76,200	79,100	83,800	87,500
Total Private	59,200	61,900	64,700	69,000	72,400
Goods Producing	6,900	7,100	8,000	9,100	10,500
Natural Resources, Mining, and Construction	3,900	3,700	4,100	4,900	5,900
Manufacturing	3,000	3,400	3,900	4,200	4,600
Service Providing	66,600	69,000	71,100	74,700	77,000
Private Service Providing	52,300	54,800	56,700	59,900	61,900
Trade, Transportation, and Utilities	14,300	14,100	14,700	15,600	15,600
Wholesale Trade	1,400	1,300	1,400	1,600	1,500
Retail Trade	11,500	11,500	12,100	12,900	12,900
Transportation, Warehousing, and Utilities	1,400	1,300	1,200	1,200	1,200
Information	1,900	2,200	2,300	2,200	2,300
Financial Activities	4,800	5,400	5,800	6,400	6,900
Professional and Business Services	11,600	12,200	11,900	11,800	12,200
Education and Health Services	6,900	6,900	7,400	7,800	8,100
Leisure and Hospitality	9,400	10,400	10,800	12,100	12,400
Other Services	3,400	3,600	3,800	4,100	4,500
State & Local	7,800	7,800	7,900	8,100	8,300
Federal	6,500	6,500	6,500	6,700	6,800
State	1,100	1,100	1,000	1,000	1,000
Local	6,700	6,700	6,900	7,100	7,300

SOURCE: Florida Agency for Workforce Innovation, Labor Market Statistics, Quarterly Census of Employment and Wages, various years, <http://www.labormarketinfo.com/library/qcew.htm>.

jobs is in tourism – 3,800, which is 24% of all new jobs. The second largest is financial activities, with real estate being a significant component, at 2,200 new jobs and 14% of total. A problem is that many of these new jobs are in the lower wage industries, most significantly trade and tourism. Table 23 shows all industries in terms of their contribution to employment growth. Table 8 contained average employee and household earnings by industry for Okaloosa County as of December 2006. This table is repeated here for ease of reference.

**Table 23  
NEW JOBS IN OKALOOSA COUNTY 2001 – 2005**

<b>Industry Title</b>	<b>2000</b>	<b>2005</b>	<b>Change</b>	<b>% Change</b>	<b>% Of New Jobs</b>
Total Nonagricultural Employment	71,800	87,500	15,700	21.87%	100.0%
Natural Resources, Mining, & Construction	4,000	5,900	1,900	47.50%	12.1%
Manufacturing	2,600	4,600	2,000	76.92%	12.7%
Trade, Transportation, and Utilities	14,100	15,600	1,500	10.64%	9.6%
Information	1,900	2,300	400	21.05%	2.5%
Financial Activities	4,700	6,900	2,200	46.81%	14.0%
Professional and Business Services	11,700	12,200	500	4.27%	3.2%
Education and Health Services	6,500	8,100	1,600	24.62%	10.2%
Leisure and Hospitality	8,600	12,400	3,800	44.19%	24.2%
Other Services	3,400	4,500	1,100	32.35%	7.0%
State & Local	7,700	8,300	600	7.79%	3.8%

**Table 8  
EMPLOYMENT AND HOUSEHOLD EARNINGS BY INDUSTRY  
DESTIN 2006**

<b>Industry Title</b>	<b>NAICS Code</b>	<b>Average Employment</b>	<b>Annual Wage</b>		<b>Destin Earnings</b>	<b>Household Earnings</b>
			<b>2005</b>	<b>2006</b>		
Total, All Industries	10	82,276	\$32,979	\$34,883	\$36,627	\$49,293
Goods-Producing	101	10,421	\$35,726	\$36,851	\$38,694	\$51,360
Agriculture, Fishing and Hunting	11	78	\$24,734	\$25,174	\$26,432	\$39,098
Construction	1012	5,739	\$30,066	\$31,498	\$33,073	\$45,739
Manufacturing	1013	4,589	\$43,028	\$44,574	\$46,802	\$59,468
Service-Providing	102	71,855	\$32,581	\$34,533	\$36,260	\$48,926
Trade, Transportation, & Utilities	1021	16,336	\$24,931	\$25,252	\$26,515	\$39,181
Wholesale Trade	42	1,380	\$34,952	\$32,751	\$34,388	\$47,054
Retail Trade	44-45	13,342	\$22,556	\$23,266	\$24,429	\$37,095
Transportation & Warehousing	48-49	1,277	\$35,075	\$35,911	\$37,707	\$50,373
Information	1022	2,198	\$51,695	\$56,691	\$59,526	\$72,192
Financial Activities	1023	6,673	\$37,607	\$41,398	\$43,468	\$56,134
Finance and Insurance	52	3,041	\$43,983	\$49,042	\$51,494	\$64,160
Real Estate & Rental & Leasing	53	3,632	\$32,268	\$35,459	\$37,232	\$49,898
Professional & Business Services	1024	10,925	\$44,092	\$47,497	\$49,872	\$62,538
Education & Health Services	1025	11,764	\$34,919	\$36,676	\$38,510	\$51,176
Health Care & Social Assistance	62	6,910	\$33,205	\$34,447	\$36,169	\$48,835

**Table 8  
EMPLOYMENT AND HOUSEHOLD EARNINGS BY INDUSTRY  
DESTIN 2006**

Industry Title	NAICS Code	Average Employment	Annual Wage		Destin Earnings	Household Earnings
			2005	2006		
Leisure and Hospitality	1026	12,309	\$14,810	\$15,681	\$16,465	\$29,131
Accommodation & Food Services	72	11,226	\$14,823	\$15,868	\$16,661	\$29,327
Other Services	1027	2,781	\$24,507	\$26,023	\$27,325	\$39,990
Public Administration	1028	8,845	\$48,081	\$49,979	\$52,478	\$65,144

SOURCE: Florida Labor Market Statistics, September 2006.

The assignment of employees to land use categories is shown in Table 24. The industrial sectors were assigned to the 9 land use categories, based on the description of employment activities related to land uses and related principles found in the *Standard Industrial Classification Manual* (published by the US Government Printing Office); the classic *Land Use Information Systems* (Clawson and Stewart, by Resources for the Future, 1965); *Planner's Estimating Guide: Projecting Land-Use and Facility Needs* (A. C. Nelson, Chicago: Planners Press, 2004); and *Standard Land Use Coding Manual*, (Urban Renewal Administration and Bureau of Public Roads, Government Printing Office, 1965). The percentage assignment of employment for each industry to the corresponding land use categories is set out in Table 24. The residential O & M employees discussed in the previous section are assigned in Table 24 to residences rather than to an industrial category.

**Table 24  
DISTRIBUTION OF EMPLOYEES TO LAND USES**

	Gov't	Industry	Institutional	Office	Other	Retail	Tourist	Residence	No Location
Construction		15.0%		10.0%				17.50%	57.5%
Manufacturing		75.0%		15.0%	10.0%				
Wholesale		70.0%		10.0%		20.0%			
Retail Trade						90.0%	10.0%		
T, T & U	15.0%	50.0%		15.0%	10.0%	10.0%			
Information		35.0%		35.0%	10.0%	10.0%			10.0%
Financial		10.0%	20.0%	50.0%	5.0%	10.0%		5.00%	
Prof. & Bus Services		10.0%	10.0%	32.5%		5.0%	5.0%	37.50%	
Ed. & Health Services	35.0%		25.0%	20.0%		5.0%		15.00%	
Accommodation & Food Service					10.0%	20.0%	70.0%		
Other Services	10.0%		10.0%	10.0%	10.0%		10.0%	25.00%	25.0%
Government	80.0%		10.0%	10.0%					

The assignment percentages were multiplied by employees by industry as shown in Table 20 to get employees by land use by year. These employees by land use were divided into the total floor area by type of land use to get floor area per employee. These data are shown in Table 25.

**Table 25  
FLOOR AREA PER EMPLOYEE BY INDUSTRY**

	1997	1998	1999	2000	2001	2002	2003	Typical
<b>Government</b>								
Floor Area	5,594,770	6,417,191	5,435,654	6,645,810	6,680,176	6,752,350	6,927,652	
Employees	9,200	9,450	9,415	9,645	9,855	9,860	10,120	
Ft <sup>2</sup> per Employee		679	577	689	678	685	685	683
<b>Industrial</b>								
Floor Area	5,555,095	7,346,382	6,128,165	6,378,270	6,768,343	7,230,784	7,394,297	
Employees	6,450	6,645	6,580	6,605	6,820	7,195	8,895	
Ft <sup>2</sup> per Employee		1,106	931	966	992	1,005	831	971
<b>Institutional</b>								
Floor Area	3,512,172	3,732,851	3,948,699	4,152,613	4,484,398	4,647,656	4,774,135	
Employees	5,115	5,225	5,310	5,505	5,615	5,815	6,020	
Ft <sup>2</sup> per Employee		714	744	754	799	799	793	773
<b>Office</b>								
Floor Area	4,186,987	4,452,984	4,574,599	5,114,898	5,152,695	5,115,386	5,216,164	
Employees	9,875	10,168	10,628	11,038	11,175	11,810	12,988	
Ft <sup>2</sup> per Employee		438	430	463	461	433	402	438
<b>Retail</b>								
Floor Area	10,022,955	10,453,363	10,244,964	10,294,862	10,319,302	10,848,025	11,185,007	
Employees	13,415	13,430	13,285	13,810	14,245	14,535	15,225	
Ft <sup>2</sup> per Employee		778	771	745	724	746	735	745
<b>Tourist</b>								
Floor Area	2,229,264	2,228,167	4,872,250	3,058,733	3,079,369	5,604,893	5,766,668	
Employees	8,710	8,865	8,675	8,725	9,300	10,050	10,395	
Ft <sup>2</sup> per Employee		251	562	351	331	558	555	417
<b>Other</b>	2,645	2,680	2,645	2,685	2,800	3,010	3,140	
<b>No Location</b>	5,125	5,110	5,115	4,990	4,908	4,873	9,763	
<b>ALL</b>								
Floor Area	31,101,243	34,630,938	35,204,330	35,645,185	36,484,284	40,199,094	41,263,922	
Employees	60,535	61,573	61,653	63,003	64,718	67,148	76,545	
Ft <sup>2</sup> per Employee	514	562	571	566	564	599	539	565

SOURCE: Okaloosa County Property Appraiser, various years.

The earnings data from Table 8 are used in conjunction with employment by land use from Table 24 estimate annual earned income per household by land use of

the primary individual. These data are shown in Table 26 along with the housing category that those employees are assigned to. These household incomes will be used in analyzing the ability of workforce households to afford housing in Destin.

**Table 26  
EARNED HOUSEHOLD BY LAND USE**

<b>Land Use</b>	<b>Individual</b>	<b>Household Earnings</b>	<b>Housing Category</b>
Government	\$46,068	\$58,734	3
Industrial	\$43,318	\$55,984	2
Institutional	\$41,631	\$54,297	2
Office	\$44,068	\$56,734	3
Retail	\$26,174	\$38,840	1
Tourist	\$20,381	\$33,047	1
Residence	\$39,271	\$51,937	2
No Location	\$32,180	\$44,846	1
All	\$35,730	\$48,396	

RRC, Associates, also did a survey of Destin employers to determine their employees per unit of land use. This business survey is attached as Appendix B. Thus there are two bases for determining employees per unit of land use, the first is the estimation using employment data and the second is the RRC survey of Destin employers. Table 27 shows the results of the two efforts. Generally the RRC survey found higher ratios of employees per land use than the estimate from employment data. However, in most instances there is substantial agreement between the two methods. An apparent exception is bars/restaurants, but bars and restaurants are not distinct land use classifications. For the actual calculations of workforce housing needs, the RRC or the estimate from employment data will be used, whichever is lower.

**TABLE 27  
EMPLOYMENT PER 1,000 FT<sup>2</sup> SURVEY RESULTS AND ESTIMATE**

<b>RRC Land Use Category</b>	<b>RRC Result</b>	<b>Employment Estimate</b>	<b>Used</b>
Government		1.464	1.464
Education	3.700	1.293	1.293
Finance/Banking	2.900	2.282	2.282
Bar/restaurant	19.200	2.398	2.398
Office	3.200	2.282	2.282
Lodging/hotel	0.200	0.667	0.200
Accommodation & Food Service		2.398	2.398
Tourist			1.299
Retail sales	2.000	1.342	1.342
Professional Services	3.300		
Personal/Commercial Services	1.100		
Average of Services	2.200	2.282	2.200
Manufacturing	1.100	1.030	1.030
Property Management	0.100		
<b>OVERALL</b>	<b>4.000</b>	<b>1.910</b>	<b>1.910</b>

SOURCE: RRC Associates, Destin Employment Survey, August 2006.

NOTES: (1) The office ratio used is the average of RRC's Professional Services, Personal/Commercial Services and Real Estate/Property Management. (2) Tourist is the average of Lodging/Hotel and Accommodation & Food Service. (3) Where there is no general land use category corresponding to the RRC category, the field is left blank.

Table 28 calculates the total workforce housing gap on the basis of square footage of floor area (the inverse of the data in Table 26) These calculations start with employee household incomes by land use type from Table 25. The upper affordability limit is calculated by dividing the employee household income by .3158, the ratio of housing price to necessary income from Table 10. The cost of workforce housing was set out in Table 10. The attainability gap is simply the workforce housing cost less the upper affordability limit. The assistance needs for employees is the attainability gap per household divided by the number of square feet of floor area per household.

**Table 28  
NON-RESIDENTIAL HOUSING ATTAINABILITY GAP BY LAND USE  
DESTIN**

	<b>Government</b>	<b>Industrial</b>	<b>Institutional</b>	<b>Office</b>	<b>Retail</b>	<b>Tourist</b>
Employees per 1,000 FT <sup>2</sup>	1.464	1.030	1.293	2.282	1.342	1.299
FT <sup>2</sup> per Employee	683	971	773	438	745	770
FT <sup>2</sup> per Household	919	1,307	1,041	590	1,003	1,036
Income per Household	\$58,734	\$55,984	\$54,297	\$56,734	\$38,840	\$33,047
Percent of Median	101.6%	96.9%	93.9%	98.2%	67.2%	57.2%
Housing Category	3	2	2	3	1	1
Workforce Housing Cost	\$191,069	\$165,873	\$165,873	\$191,069	\$153,840	\$153,840
Upper Affordability Limit	\$185,981	\$177,274	\$171,929	\$179,646	\$122,985	\$104,641
Gap per Household	\$5,088	\$0	\$0	\$11,422	\$30,856	\$49,199
Gap per FT <sup>2</sup>	\$5.09	\$0	\$0	\$11.42	\$30.76	\$47.49

Housing categories were assigned to land uses on the basis of the income associated with those uses as contrasted with Okaloosa County median income. Government as assigned category 4, Industrial, Institutional and Office uses were assigned Category 3 because all on the incomes fell within 100% to 110% of median income. Retail and Tourist uses were assigned Category 1 because incomes fell below 80% of median household income.

Table 29 combines the construction employees with the on-site employees to assess the total workforce housing impact by non-residential land use type.

**Table 29  
NEED FOR WORKFORCE HOUSING ASSISTANCE BY LAND USE PER 1,000 FT<sup>2</sup>**

	<b>Construction</b>		<b>Continuing</b>		<b>Total</b>	
	<b>Workforce Households</b>	<b>Assistance Needed</b>	<b>Workforce Households</b>	<b>Assistance Needed</b>	<b>Workforce Households</b>	<b>Assistance Needed</b>
<b>Government</b>	0.013	\$114	1.088	\$5,088	1.100	\$5,202
<b>Industrial</b>	0.013	\$114	0.765	\$0	0.778	\$114
<b>Institutional</b>	0.013	\$114	0.961	\$0	0.974	\$114
<b>Office</b>	0.013	\$114	1.696	\$11,422	1.709	\$11,537
<b>Retail</b>	0.013	\$114	0.997	\$30,761	1.010	\$30,876
<b>Tourist</b>	0.013	\$114	0.965	\$47,491	0.978	\$47,605