Study of the Monroe County
Tourism Workforce

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THE FLORIDA KEYS & KEY WEST
MONROE COUNTY TOURIST DEVELOPMENT COUNCIL
Come as you are®

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FOREWARD

Tourism is the largest industry today in the Florida Keys and its largest employer. While our tourism industry has been growing over the past several years, our resident population and our workforce has been declining. Factors such as an increasing cost of living, shortage of affordable housing and medical care costs are driving the exodus of Monroe County workers that is anticipated to continue into the foreseeable future.

For the tourism industry, and our economy, to succeed an adequate supply of appropriately skilled and experienced workers is essential. Concerns have been raised that both the supply and skill set of the current workforce does not adequately meet the demands of the tourism industry. Understanding the impact of this is critical to sustaining our industry here in the Keys.

Accordingly, the Monroe County Tourist Development Council embarked on this comprehensive study of the Florida Keys tourism workforce. The scope of this study is the Monroe County Tourism industry. The study is an analysis of Monroe County employment directly related to tourism, although County-wide data is also introduced.

This study is presented in three main segments:

1. Preface: In this segment, the study is introduced. A summary, presenting the key findings, is also included.

2. Report: This segment begins with the background of the study and an explanation of its methodology. The remainder of this segment is organized according to the TDC approved project outline for the study (see Appendix A). Data, collected via primary research and secondary sources, is explored in further detail to examine the research questions posed in the Study outline. Where possible, responses are separated by sub groups to explore the demographic and attitudinal similarities and differences among the groups. Groupings include: District (residency and business location), type of business, length of residency in the Florida Keys, length of business operation in the Florida Keys and homeownership/renter status. A conclusion is also included.

4. Appendix: In this section supplemental data and documents are presented, including copies of the employer survey, tourism worker survey and visitor survey.

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SUMMARY OF STUDY FINDINGS

The mission of the Monroe County Tourist Development Council (TDC) is to set an overall direction for the Monroe County tourism marketing effort in a manner that will assure long-term sustained growth in tourism revenues while also guaranteeing the sustainability and improvement of our product, including both our man-made and natural resources, and improvements to the quality of life of our residents. It is in accordance with that mission that the TDC conducted an eight month long study to investigate the impact of a declining tourism workforce on the sustainability of our tourism product.

According to US Census Bureau estimates, since 2000 Monroe County has lost over 4 percent of its population equating to over 3,000 residents. In the past 2.5 years workers as a component of exiting residents has increased. During that time period alone Monroe County lost over 1,000 working residents. There exists a somewhat general consensus among in the community as to why there has been a reduction in Monroe County's population. Resident decisions to relocate outside of Monroe County are believed to be attributable to factors such as our County's high cost of home ownership, high rents, medical care costs and hurricanes.

The challenge that lay before us was to delve deeper into this trend in the context of tourism workers. To discover, to what extent do tourism workers comprise this exodus. Do our current tourism workers plan to relocate outside of the Keys in the short or long term (5 years)? Who are these tourism workers, if any, planning to relocate; in terms of jobs being vacated, skill levels, residency in the Keys and housing situation? To what extent is each of those factors named above, or others, actually contributing to the exodus? How is the decreasing tourism workforce impacting our tourism product now? How might it impact our tourism product in the future?

The remainder of this segment summarizes the key findings of our study. In the report segment of this study, beginning on page 1, the data collection is presented in its entirety with more detailed analysis and graphical representation. The report segment also includes the study conclusions.

KEY FINDINGS: Tourism Worker Survey

Tourism Worker Profile

The majority of tourism workers (60%) have lived in the Keys for more than five years. The remainder (40%) has lived in the Keys for less than five years. The average tourism workers' household includes two adults (68% HH 2 or more adults, 32% HH one adult). About 1 out of every 5 tourism worker households includes children. Most

have one child. Roughly a quarter of tourism workers are in their teens to twenties; a quarter in their thirties; a quarter in their forties; and the remainder in their fifties and above.

The average tourism worker works 48 hours a week. Roughly 25 percent of tourism workers are earning minimum wage to $24,999 per year, 25% earn $25,000 to $34,999 per year, 25% earn $35,000 to $49,999 and the remainder earn $50,000 or more. The average income earned by tourism workers is $40,458 a year.

One out of every four tourism workers is new to the industry with three years or less experience. The same amount, one out of every four, is a very experienced career tourism worker bringing fifteen years or more tourism industry experience. The remainder (50%) has over three years experience, but less than fifteen. The average worker also has some college education or a college degree (66%). Most work within the same district they reside (83%). 17 percent commute between districts.

Most tourism workers (78%) feel that their skill level and background match their current job and the duties that are required of them. Most report being satisfied overall with their job (78%), their immediate boss or supervisor (78%), their job security (75%), the amount of work required of them (74%) and the flexibility of their hours (71%). They are less often satisfied with the recognition they receive (63%), amount of money they earn (54%), their chances for promotion (51%) and health benefits (40%).

While the majority of tourism workers hold only one job (67%), one out of every three holds more than one job. Most often this equates to two jobs (26%), though some report holding more than two jobs (7%).

Four out of every five tourism workers are housing cost burdened (80%), i.e. they are paying more than 30 percent of their income toward housing costs, whether they are renters (65%) or homeowners (35%). A predominance of housing cost burden was true across all ranges of residency in the Keys from new residents to lifelong residents. Workers with six to ten years of residency in the Keys reported the highest rate of housing cost burden (85% housing cost burden, 50% severely). Tourism workers who are homeowners are more likely to be experiencing severe housing cost burden, i.e. paying more than 50 percent of their income toward housing costs, than renters (45% HO vs. 36% renters).

Tourism Workers' Future Residency in the Florida Keys

Tourism workers are fairly split on whether or not they will remain in the Keys over the next five years. About 40 percent are unlikely to remain in the Keys over the next

five years (combined responses "*somewhat unlikely", "unlikely*" and "*very unlikely*"). 47 percent are likely to remain in the Keys over the next five years (combined responses "*somewhat likely", "likely"* and "very *likely*"). The remainder, 13 percent, is unsure.

In grouping tourism workers by housing costs, as housing cost burden increasing, so does the likelihood the tourism worker will leave the Keys. Tourism workers who are severely housing cost burdened were least likely to remain in the Keys (43%).

Tourism workers who have resided in the Keys for five years or less were the least likely to remain in the Keys. About one out of every two, or 47 percent, of tourism workers who had resided in the Keys for five years or less said they were unlikely to remain in the Keys. This may be due multiple factors; including a possible predetermined short length of residency before moving to the Keys or a somewhat higher percentage of customer service/front-line workers, among newer residents, whom are more likely than other job categories to vacate the Keys.

Tourism workers who had resided in the Keys from six years to fifteen years had about average response rates for future residency in the Keys. Three out of every five were unlikely to remain (39% - 6 to 10 years residency, 41% - 11 to 15 years residency). Tourism workers who had lived in the Keys twenty years or more were most likely to remain in the Keys. This may be due to the fact that this group was the least housing cost burdened; a predictive factor in relocation. Though about a quarter of these twenty plus years to life long residents still anticipated leaving the Keys, or one out of every four (27%). The loss of this resident group in particular risks cultural drain from the Keys. Cultural drain occurs when resident relocation, particular native residents, results in the loss of cultural traditions. The Keys unique culture is important component of both the fabric of its community and its tourism product.

Three out of every five tourism workers (64%) have actual plans to leave the Keys within the next five years. That equates to nearly 8,000 workers. Adding in their household members, that equates to over 13,000 residents leaving the Keys over the next five years. The exodus of tourism workers could cost Monroe County tourism employers over the next five years $96.9 million in pre-departure costs, recruiting costs, selection costs, orientation/training costs and the cost of lost productivity. That would equate to about $84,000 per tourism business in pre-departure costs, recruiting costs, selection costs, orientation/training costs and the cost of lost productivity.

17 percent of the exiting tourism workers, or 2,120, plan to leave within the next year. Adding in their household members equates over 4,000 residents moving out of our county this year. To put that number into prospective, it equates to 11 people a day moving out of Monroe County or one person about every other hour.

An additional 15 percent of our current tourism workers (1,871) plan to relocate by spring 2008, 19 percent more (2,370) by spring 2010 and finally 13 percent more (1,621) following spring 2010. The percentage of workers with actual plans to leave the Keys was fairly consistent across industries, with hotel and restaurant/bar employees having somewhat higher rates of relocation plans (67%) and retail having lower (53%). The percentage of workers with actual plans to leave the Keys was also fairly consistent across all job categories, with customer service/front-line workers having somewhat higher rates of relocation plans (67%) and professional/office workers having somewhat lower rates of relocation plans (64%).

These results indicate turnover will be felt across all tourism business types and across all worker categories from entry-level to professional. However, the most effects will be felt among customer service/front-line employee groups as these workers have a somewhat higher than average percent planning to leave the Keys (67% vs. 64% average). This may be because worker in customer service/front-ling positions have a somewhat higher rate of housing costs burden than workers in other job categories and are newer residents on average. Both are predictive factors in relocation plans. (47% zero to five years residency vs. 40% average; 80% housing cost burden vs. 75% to 78% for remaining job categories).

The actual change in population would depend on any off-setting of resident loss by gains of new residents. Again applying the responses of this subgroup to the entire population of tourism workers, about 5,000 tourism workers have migrated into Monroe County within the past five years. They have brought with them other household members for a total of about 9,330 new Monroe County residents from tourism worker households over the past five years. If past migration trends into Monroe County continued, then the net population change of tourism worker households would be an estimated loss of over 3,640 residents. For just tourism worker households alone, the planned resident loss over the next five years could be more than the total resident loss experienced over the past five years.

The majority of tourism worker who plans to leave the Keys is doing so because of the cost of housing here in the Keys (40%[1] current home cost, 56% current rent cost, 51% cost of market rate housing) and the enticement of lower cost housing elsewhere (51.7%). Other top factors influencing tourism workers to plan to leave the Keys are hurricanes (the stress of hurricane season 37 percent and hurricane damage from prior storms 9%), health care costs (32%) and having to work multiple jobs to meet expenses (32%).

[1] Note: As respondents can select up to five top factors, percent of cases is reported. In other words, 40% of respondents selected "the cost of owning my home" among the top five factors of why they were leaving the Keys. Percentages do not add up to one hundred.

Tourism workers can be influenced to remain in the Keys if their housing situation changes. Home ownership or rental through an affordable/workforce housing program is *very likely* to influence a tourism worker with current plans to leave the Keys to remain. Being able to purchase a market rate house on ones own is *very likely* to influence a departing worker to stay. Other factors tourism workers report that are *very likely* to influence them to remain in the Keys are increased pay, promotion or a reduction of medical care costs.

About two out of every five tourism workers have no plans to leave the Keys (36%). This is fewer respondents than those who indicated they are likely to remain the Keys (47%). Looking closer at the data, some respondents who indicated they are likely to remain in the Keys also indicated they plan to leave within the next five years. This may suggest that while they have plans to leave the Keys, they are somewhat optimistic that factors may occur to change their plans and therefore still feel they are likely to remain in the Keys.

The residency plans of workers who are likely to remain in the Keys, however, could also be negatively influenced. Another active hurricane season is *somewhat likely* to influence a tourism worker to change their mind about remaining or to move sooner than planned. Damage to ones residence from a hurricane is also *somewhat likely* to influence residency choices. Another flood from a hurricane like the one experienced in the Keys from hurricane Wilma, however, is *very likely* to influence tourism workers to move sooner than planned or to change their mind about staying in the Keys. Also *very likely* to influence tourism workers' residency plans are the offer of a higher paid job on a mainland, a personal illness or the illness of a household member.

Outside of change in residency, turnover is likely to be fairly normal. The majority of tourism workers do not plan to change jobs during their residency in the Keys (71%). Those who are seeking another job within the County, or plan to seek another job in the near future, are looking for higher pay (40%) and better opportunities (32%).

KEY FINDINGS: Tourism Employer Surveys

The average tourism employer experienced a turnover rate last year of 73 percent of their workforce. Median turnover was 30 percent, indicating the average was affected by extreme outliers. Half of all tourism employers experienced a turnover rate of 30 percent or greater, half experienced a turnover rate of less than 30 percent. The averages and medians significantly differed among districts, with District I having an average turnover of 114 percent and median turnover of 40 percent, Districts III and IV averaging about 50 percent and the remaining districts averaging less than 25 percent turnover. As a basis of comparison, "a recent study reports that the average

turnover level in the US lodging industry is approximately 25 percent for management staff and around 50 percent for other types of jobs."[2] Meaning, average turnover in District I is much higher than industry wide standards.

Turnover from employees resigning to join another employer located in Monroe County is most often due to the competitor offering a better salary (43%) and better benefits (26%). Turnover from employees resigning to move out of the Florida Keys is most often due to the high cost of housing in the Keys. Four out of every five employees who have resigned their position to move away from the County have done so because of the cost of housing here (78%). Most employees remain with their employers for one to two years. Professional/Office and Manager/Supervisor employees have a higher than average longevity of 3 to 5 years.

The majority of Monroe County tourism employers who indicated they had training programs in place also responded turnover is resulting in high training costs (47%) The remainders are neutral/undecided (14%) or are not experiencing high training costs due to turnover (36%).

A little less than half of tourism employers are currently not adequately staffed and are satisfied with their overall level of employee retention. The other half are adequately staffed, satisfied with their employee retention or are unsure/undecided. About half have experienced persistent vacancies in their customer service/front-line positions and operational positions. Most have not experienced persistent vacancies in their professional/office or management/executive positions (70%).

There are an estimated over 1,030 vacant tourism jobs. An estimated 36 percent of those jobs, or 370, have been vacant for more than 30 days or are persistently vacant. There were 90 different types of positions with vacancies reported across the County by our respondents, ranging from entry level (housekeeping) to experienced (vice president of finance & administration). The majority of the job opportunities do require some tourism industry experience (related experience 48%, some experience 34%). Most require minimal education (no education 38%, a high school diploma/GED 40%).

Lodging and Bars/Restaurants, particularly in District I, are fulfilling worker shortages by utilizing guest workers (41% lodging utilizing guest workers, 37% bars/restaurants). This labor source is problematic as the government only issues 66,000 guest worker visas per year which must be shared across the entire United States and all of the many industries competing for the labor.

[2] Laliberte, Michele. "Recruiting Tourism Workers: the time is now!". Hospitality.Net. URL: http://www.hospitalitynet.org/news/4027474.search?query=average+turnover+hospitality+industry+2005

Non-Monroe County residents, i.e. inter-county commuters, are utilized to fulfill staffing needs as well, predominately in the Middle and Upper Keys. These workers can be physical commuters or virtual commuters (telecommuters). As population in the Florida City/Homestead area increases, while Monroe County offers more competitive wages, this is a viable source of employment. However, it is severely limited by geography in that there is only so far the workers may travel for the trade-off of higher wages. For the Lower Keys, this labor pool is over one hundred miles away.

Tourism employers are most satisfied with the adequacy of the skill level of their management/executive employees (86%) and professional/office employees (80%). They are less satisfied with the adequacy of the skill level of the remaining employee groups; customer service/front-line (63%), operational (74%).

Tourism employers are not satisfied with the overall ***quality*** of the Monroe County applicant pool (80%) or with the overall ***quantity*** of the Monroe County applicant pool (84%). For all four employee groups, most tourism employers are not satisfied with Monroe County's candidate selection. Customer service/front-line candidates are most dissatisfying to tourism employers (80% dissatisfied).

As one can see, for most employers the satisfaction level with potential candidates (applicant pool) is far less than the satisfaction level with ones' current workers. For example, while 64 percent of businesses are satisfied with their current customer service/front-line employees, only 20 percent are satisfied with the customer service/front-line worker applicant pool. Given this disparity, it is beneficial for employers to retain their current workers as they will likely be less satisfied with their replacements.

Offering medical benefits and merit raises as incentives are the programs Monroe County tourism employers have found, when put in place, most successful in fulfilling their staffing needs. However, only about half of tourism employers offer medical benefits. For those that do offer medical benefits most cover 50 percent of their workers' medical benefit costs.

Tourism employers are unsure what their staffing needs will be over the next five years in light of a projected increase in Florida tourism of 2 percent to 3 percent per year, for a total tourism growth of 13 percent. Tourism employers, who have anticipated their staffing needs, anticipate somewhat increased staffing needs each year over the next five years.

One out of every five tourism employer anticipates a "*significant decrease*" in Monroe County's population over the next two years. An additional three out of every four

tourism employers anticipate a "*decrease*" or "*somewhat decrease*" in population, for a total of four out of every five tourism employers anticipating some degree of population decrease (80%) over the next five years.

KEY FINDINGS: Visitor Surveys

For this study, we've employed a new approach in examining visitor satisfaction. Our approach is based on other research studies which have found satisfaction is derived from a product meeting your expectation levels.

In visiting a destination, you may have high expectations for some attributes and lower for others. Let's say, for example, you expect a high quality hotel (5 out of 5) and a superb beach (also 5 out of 5). On the other hand, you may not have expected much in the way of shopping (2 out of 5) or nightlife (also 2 out of 5). In this scenario, as indicated by your expectation ratings, you are seeking superior lodging and beaches. You are less motivated by shopping or nightlife.

Once you actually reached the destination and were asked to rate these attributes, you rated all four attributes a 4 out of 5 or a "*good*". A destination may think they've done a satisfactory job, providing you with a "*good*" vacation experience. In actuality, you were disappointed by your lodging and the beaches as you expected a 5 out of 5, or *excellent*. You weren't satisfied as your expectations weren't met.

If we relied solely on a single visitation satisfaction rating, we would not have a clear picture of whether or not we are actually providing the product our visitors are seeking. Ideally, you would want to meet or exceed expectations the super majority of the time. Studies have shown this leads to increased product satisfaction and a positive post purchase outlook.

For about four out of every five visitors (86%) the Florida Keys overall met or exceeded their expectations. Most visitors are "*likely*" or "*very likely*" to recommend the Keys to a friend or family member for their next vacation (72%). Value for the price met or exceeded visitor expectation 90 percent of the time. The top response (mode) for respondents across all attributes was that their satisfaction with their experience met their expectations. This was true across all districts.

As a basis for comparison, the Keys faired better than the Hawaiian Islands and the Bahamas in visitor satisfaction. Hawaii's most recent available visitor data (2005 report) showed a visitor satisfaction rate of 68 percent[3] versus the results of this Keys visitor survey of 86 percent. The Bahamas 2005 report of visitors who were "*likely*" to

[3] Natarajan, Prabha. "Visitor Satisfaction Weakens." Pacific Business News. 18 May 05. URL: http://www.bizjournals.com/pacific/stories/2005/05/16/daily38.html

recommend the destination to a friend was an all-time low of 61 percent[4] while on this survey, the Keys achieved 72 percent. Satisfaction was slightly higher in Miami, at 90 percent in 2005.[5] Surpassing the Keys was the Beaches of Fort Myers – Sanibel. Lee County reported a visitor satisfaction of 99 percent in winter 2005 and 98.6 percent in spring/summer 2005.[6]

Customer service at attractions/activities (77%) and customer service at restaurants (81%) had the lowest rates of meeting or exceeding visitor expectation. While, shopping product and the cultural aspects of the destination had the highest rates of meeting or exceeding visitor expectations (91% and 92% respectively). Shopping product in particular had the highest rate of exceeding visitor expectations (30% expectations exceeded).

Where customer service provided by tourism workers was broken out from the actual tourism product (lodging, retail, food & beverage and attractions/activities) in all cases the customer service had lower rates of meeting or exceeding visitor expectations than the actual product.

Visitor responses did differ by district. For most attributes, District II had the highest rate of meeting or exceeding visitor expectations while District I had the lowest. District III had the highest overall rating. The following tables show satisfaction rates per attributes, per districts. They are ordered from highest satisfaction rating to lowest.

Cleanliness of Destination		Beaches of Destination		Lodging Product		Lodging Service	
District	Expectations met or exceeded	District	Expectations met or exceeded	District	Expectations met or exceeded	District	Expectations met or exceeded
District II	97%	District II	97%	District II	98%	District II	100%
District V	97%	District III	91%	District III	98%	District IV	98%
District III	93%	District IV	88%	District IV	95%	District III	96%
District IV	91%	District V	87%	District V	94%	District V	95%
District I	74%	District I	86%	District I	76%	District I	72%

[4] "Visitor Satisfaction Declines". Bahamas News. 18 Apr. 05 URL: http://www.bahamasb2b.com /news/wmview.php?ArtID=5053
[5] Synovate – Miami. "2005 Visitor Profile and Economic Impact Study." Mar. 2006. URL: http://www.gmcvb.com/pictures/HotelOccupancys/HO276_Annual%20Report%202005.pdf.
[6] "The beaches of Fort Myers – Sanibel Annual 2005 Visitor Profile." Research Data Services, Inc. URL: http://www.leevcb.com/statistics/2005execprofile.pdf

Retail Product		Retail Service		Dining Product		Dining Service	
District	Expectations met or exceeded	District	Expectations met or exceeded	District	Expectations met or exceeded	District	Expectations met or exceeded
District II	100%	District II	100%	District II	93%	District II	92%
District III	97%	District V	97%	District IV	88%	District III	87%
District IV	95%	District III	94%	District III	85%	District IV	86%
District V	94%	District IV	91%	District V	81%	District V	85%
District I	86%	District I	77%	District I	78%	District I	76%

Attractions Product		Attractions Customer Service		Cultural Events, Arts, Theater		Overall	
District	Expectations met or exceeded	District	Expectations met or exceeded	District	Expectations met or exceeded	District	Expectations met or exceeded
District II	95%	District III	97%	**District II**	97%	**District III**	99%
District V	94%	District II	95%	**District III**	97%	**District II**	95%
District IV	91%	District V	95%	**District V**	95%	**District IV**	95%
District III	90%	District IV	94%	**District IV**	94%	**District V**	90%
District I	82%	District I	75%	**District I**	83%	**District I**	79%

Visitor responses were also broken down by amount spent per day on lodging according to the June 2006 Smith Travel average occupancy and daily rate tier report. The categories were: economy to midprice (up to $164), upscale ($165 to $233) and luxury ($234 and up). Overall vacation experience meeting or exceeding expectations was lowest among luxury visitors (78%) and highest among upscale (91%).

Visitor responses were also broken down by repeat visitors vs. new or newly returning visitors (i.e. never visited the Keys or visited more than 3 years ago). Repeat visitors reported higher rates of their vacation meeting or exceeding their expectations (92%) than new visitors (83%).

OTHER KEY FINDINGS

Value of Tourism to Monroe County's Economy

Tourism, directly and indirectly, contributed $2.2 billion to Monroe County's economy in 2005. Tourism directly and indirectly created 23, 616 jobs, or 54% of Monroe County's employment. As tourism is a service-oriented, labor intensive industry it creates more jobs per income earnings than other industries. It is the largest export in Monroe County and its largest employer.

Tourism contributed significant income to Monroe County's governments, an estimated $22.3 million directly and indirectly in local option sales tax distributions alone. In addition to local option sales tax revenues are bed tax, property tax (ad valorem tax) and gas tax. Sixteen of the top twenty property tax payers in Monroe County in 2005 were lodging properties. An estimated $9 million in property taxes was collected from lodging properties alone in 2005. From bed tax collections, $4.5 million was collected for tourist impacts (tourist impact tax) and another $5.9 million is appropriated in FY07 for capital projects (tourist development tax).

Worker Turnover in other Monroe County Industries

Tourism is not the only Monroe County industry experiencing worker turnover. Nor is it the only Monroe County industry gathering data on future resident exodus. However, the results of some studies show turnover may be more pronounced in our industry. While Monroe County schools experienced an average turnover rate of 15 percent, in 2005, the average turnover rate experienced by Monroe County tourism employers was 73 percent.

A survey by the Monroe County school system found that 7 percent of County households with children planned to leave the Keys and would not be enrolling their children in school this year. This is compared to 17 percent of Monroe County tourism worker households with children who plan to leave the County by spring 2007, 9 percent before school resumes this August.

The Florida Keys Aqueduct Authority is anticipating a worker turnover over the next five years of close to 50 percent, due largely to migration out of the Keys. That is still less than the turnover expected for tourism businesses due to the planned exodus of 64 percent of tourism workers over the next five years.

National Trends

The International Society of Hospitality Consultants declared in a recent study that labor issues are the number one challenge facing the global hospitality industry. A domestic shortfall projection of 5 million workers over the next five years makes the national competition for employees even fiercer than it is today. This is likely to negatively impact the ability of the Florida Keys to use in-migration to fulfill local workforce shortfalls.

PART I: STUDY BACKGROUND AND METHODOLOGY

Section 1: Background

In one year, from 2004 to 2005, the U.S. Census Bureau estimates[1] there was a net reduction in Monroe County's population of 2.16 percent, or 1,690 residents. Monroe County ranked seventh among the top ten slowest-growing counties in the United States. The resident loss estimated by the US Census Bureau in 2004 to 2005 is in addition to an estimated 1.7 percent net loss from 2000 to 2004, or 1,305 residents. A total net loss of nearly 3,000 residents, or 4 percent, is estimated to have occurred in Monroe County since 2000.

Coinciding with the 2004 to 2005 US Census Bureau population reduction estimates are State of Florida's Agency for Workforce Innovations Labor Market Statistics (LMS) data demonstrating a reduction in Monroe County's working population. LMS data includes the total number of workers located in Monroe County. According to LMS data, there was a 1.4 percent reduction in Monroe County workers from 2004 to 2005, or 507 working residents. As one can see, this figure equates to 30 percent of the Census estimated resident loss, indicating about one out of every three exiting residents were likely workers. Given average household size and characteristics (58% families, average HH size 2.23[2]), the majority of the remaining exiting residents were likely members of the exiting workers households (623 residents). In total, 87 percent of the recent (2004 to 2005) resident exodus is estimated to have been workforce households.

This 500 plus Monroe County worker reduction from 2004 to 2005 mirrors the reduction also shown in the previous year (2003 to 2004, 519 Monroe County workers). Prior to that, Monroe County worker counts had much lower fluctuation and had actually increased 3 out of the 4 prior years. September 11th was a factor in the one decreasing year. This would seem to suggest that in the past 2 ½ years, workers as a component of exiting residents has increased.

In light of this resident exodus and workforce reduction, businesses have vocalized difficulty retaining employees, fulfilling positions and generally achieving adequate staffing county-wide. This is true also of our subset of the economy. This became the starting point for defining our marketing research problem: How is the decreasing workforce affecting our tourism product?

[1] U.S. Census Bureau estimates are based on Census 2000 and use administrative data, birth and death statistics, building data and Internal Revenue Service data to estimate current population.
[2] Census 2000, U.S. Census Bureau. www.census.gov

Section 2: Methodology

This study was conducted utilizing both primary and secondary research. The primary research was both of a qualitative and quantitative nature. The research process began with a definition of the problem: how is the decreasing resident and workforce affecting our tourism product?

Next, we determined the appropriate scope of the marketing research problem. "To formulate a marketing research problem of appropriate scope, it is necessary to take into account both the resources available, such as money and research skills, and the constraints on the organization, such as costs and time."[3]

Given the resources and constraints of our organization, we determined the appropriate scope of our problem was direct employment by the Monroe County tourism industry. While some County-wide data will be introduced and discussed for context, our primary research collection focused on respondents directly employed or directly related to our tourism industry.

This is not to say that workforce issues do not exist outside Monroe County's tourism industry or that there are no impacts on tourism from workforce issues outside the industry. There is certainly, as will be discussed in later sections, interdependency between tourism and other sectors of our economy. Rather, this limitation in scope to Monroe County's tourism industry direct employment is a reflection two factors. First, it is a reflection of our organization's mission, which is:

> *The mission of the Monroe County Tourist Development Council is to set an overall direction for the Monroe County tourism marketing effort in a manner that will assure long-term sustained growth in tourism revenues while also guaranteeing the sustainability and improvement of our product, including both our man-made and natural resources, and improvements to the quality of life of our residents.*

Second, it is a reflection of the limitation of our resources. Though tourism is Monroe County's largest single industry employer, it is not its sole employer. Tourism directly employs roughly one-third of Monroe County's workforce. Meaning, extending the scope to all employment would have increased the project three-fold, thus increasing costs and time. Therefore, our scope was limited to direct employment from Monroe County's tourism industry. Within the scope of our project, we determined that three major stakeholders in our tourism industry needed to be studied: tourism workers, tourism employers and tourists.

[3] Malhotra, Naresh K. Marketing Research: An Applied Orientation. New Jersey: Prentice Hall , 1999.

Through discussions with tourism industry businesses and workers, staff brainstorming sessions and exploratory research via secondary data analysis (such as the US Census data discussed above) we developed an approach to the marketing research problem. As part of the approach development, the following research questions were postulated:

1) To what extent does a tourism workforce shortage actually exist in Monroe County today?
2) How are tourism workforce needs currently being fulfilled in Monroe County, i.e. resident workers, commuters, telecommuters, guest workers, qualified vs. under-qualified staff?
3) What are the impacts of these worker issues on the tourism industry in Monroe County and our overall tourism product?
4) What are our long-term projected needs for workers and supply of workers in the tourism industry?
5) What are the implications for our tourism product given our worker demand and supply long-term projections?

From these questions, our hypotheses were formulated. "A research hypothesis is a testable statement of opinion"[4]:

> [H1]A workforce shortage currently exists in Monroe County, and specifically within its tourism industry. [H2]The workforce shortage impacts our tourism product throughout the County. [H3]Given growth projections of the tourism industry, and the anticipated persistence of factors currently negatively impacting worker supply, the workforce shortage is anticipated to continue with negative impacts in the long term (5 years).

With our scope established, our marketing research problem defined, our hypotheses formulated and stakeholders identified, we began the process of further developing and probing our research questions in order to develop a study outline. Our study outline and project proposal was presented to the Tourist Development Council at the March 2, 2006 meeting and was subsequently approved. (See Appendix A for a copy of the approved outline.)

As many of the research questions we proposed required data which did not exist, to our knowledge, at such localized and detailed levels as we required, we began formulating a research design for obtaining primary research data. Primary data refers to data originated by our department for this specific study.

[4] "Guidelines for customer satisfaction surveys and employee opinion surveys." StatPac. URL: http://www.statpac.com/customer-satisfaction.htm.

For example, one research question we formulated was "what job vacancies, or shortages, currently exist in Monroe County's tourism industry." The State of Florida's Agency for Workforce Innovations Labor Market Statistics (LMS) regularly conducts job vacancy/hiring needs surveys. These surveys provide data on both the quantity and nature of job vacancies throughout Florida. However, this secondary research source did not satisfy our research question. That is because data for Monroe County is actually a very small subgroup within a larger workforce region, region #23 Miami-Dade and Monroe Counties, within LMS' report. Data specific to Monroe County's tourism industry could not be isolated or extrapolated. Therefore, it was necessary for our organization to conduct primary research to satisfy our research question. LMS assisted us in this effort by providing us with a copy of their survey instrument.

We opted to utilize surveys to collect primary data from our stakeholders: tourism employers, tourism workers and tourists. We began the process of drafting three questionnaires; a tourism worker survey, a tourism employer survey and a visitor survey. Input was sought from Monroe County tourism employers and tourism workers to draft and pre-test the surveys.

Next, we began selection of the appropriate survey delivery method(s). We gathered secondary data to identify our population for the surveys and select a sampling frame. A sampling frame is something that can identify the elements in your population, for example a phone book or a voter registry. The sampling frame we selected was the InfoUSA database. InfoUSA is a company used by many government agencies, including the State of Florida through LMS, to obtain business and employment data. InfoUSA utilizes thousands of data sources, including local telephone books, to develop a database of 14 million businesses. InfoUSA also regularly contacts businesses via phone interviews to verify their data. InfoUSA gathers such data on Monroe County businesses, records data from Monroe County phonebooks and verifies their Monroe County data through their phone interview process.

Based on the data records obtained by InfoUSA, and verification of the data via other sources like the Florida Department of Business and Professional Regulation Division of Hotels and Restaurants data files, approximately 1,150 tourism businesses were identified employing over 14,760 workers. Given the relatively small and well identified population of tourism businesses, we determined a census style survey was more appropriate then surveying a sample subgroup.

We also determined workers would be surveyed via their place of employment as the incidence, or rate of occurrence of persons eligible to participate in the study, would be 100 percent. That is a far greater incidence rate than if a subsection of residents had been randomly sampled. We discussed this methodology with tourism workers during

our exploratory research phase to determine whether our subjects where comfortable with completing a survey received at the workplace. Given the anonymity of the survey instrument and return process (pre-paid return envelopes mailed directly to the TDC by the respondents) our interviewees felt comfortable with the selected method of delivery.

We determined mail and internet surveys would be the best methodology to deliver the tourism worker and tourism employer surveys. These methods have high perceived anonymity to respondents, and are therefore, highly effective in gathering sensitive data. For this study data sought was in many cases that of a sensitive nature, such as intentions for leaving the community and/or current employers. Both methods also have the lowest associated costs with conducting surveys.

We utilized the firm Survey Systems, Inc. to format and print OMR scannable survey forms for our mail surveys. Survey Systems, Inc. was also hired to code and enter the data via scan and manual key. Blue Water printing was contracted to print the pre-paid return envelopes.

Online versions of the surveys were also created by our department via the software SurveyMonkey.com and were accessible to respondents via two special web sites set up by Floridakeys.com for the project. The web sites allowed respondents to complete the surveys online or download and print copies. Nearly 30 percent of the tourism worker and employer surveys we received were completed via the internet.

At the end of April, the TDC mailed packets to tourism businesses throughout Monroe County as identified by the InfoUSA database. The packet contained a cover letter, explaining the study and requesting participation, as well as the employer survey, worker survey and pre-paid-return envelopes. See Appendix B for a copy of the cover letter.

To increase participation rates in our tourism employer and worker surveys, we conducted a pre-survey notification campaign. Pre-survey notification is a technique used in market research where you notify sample groups about your intent to survey them before sending surveys. Creating awareness in your target group increases the probability that they will participate in the survey once it is received.

Andy Newman, senior vice president of our public relations firm Stuart Newman and Associates, drafted and distributed a press release on the study to all Monroe County media. During this pre-notification phase, there were three local print stories published and one radio story covering the study. Mr. Newman also sent fax blast tourism advisories to tourism businesses notifying them of the study. So successful was

this pre-notification campaign in sparking interest in our study, we received over one hundred internet survey responses before the mail surveys were ever distributed.

After distribution of the mail survey, we conducted a reminder campaign to further boost participation. This is also a technique used in marketing research. Follow up communications are sent to sample groups to encourage those who have not already participated to do so. There were four more print stories about our study published during our reminder campaign, for a total of seven print stories and one radio story on our study. Mr. Newman again assisted with local media during our reminder campaign.

We solicited local organizations to send out notifications and reminders to their members via newsletters and blast emails. The Key Largo Chamber also volunteered to conduct a calling campaign of their members to encourage participation. We spoke at various organizations' meetings throughout the Keys about the study, further encouraging participation. We also sent out email and fax blast reminders to businesses in areas where response rates had lagged.

We selected a different survey methodology for our tourist (visitor) surveys. Our department for many years has been conducting intercept style visitor surveys throughout the County on an ongoing basis. We have contracted with the firm Insights, Inc. to conduct these intercept surveys. In an intercept survey, people are randomly approached at designated locations and asked to participate in an in-person survey. The field surveyor screens the respondent to ensure they meet certain criteria. In our case, we screen respondents to survey only those people who are overnight visitors staying somewhere in Monroe County. This method offers a high control of the collection environment. We can be certain our respondents were recent Florida Keys visitors.

The responses from these intercepts are the basis for our Visitor Profile Survey. Every year we review and revise our questionnaire as appropriate. This year, we revised our questionnaire to include questions which would collect data specific to our survey. These questions allowed us to capture more complex visitor satisfaction metrics. Not only did these metrics provide us with data necessary for this study, but it also allows us to monitor impacts of tourism workforce issues on our tourism industry going forward. As we were able to gather this data through an existing contract, there was no cost associated with this data collection.

All together, over 1,600 surveys were collected for this study. That includes 915 tourism worker surveys, 212 tourism employer surveys and 502 tourist surveys. At a 95 percent confidence level, the margin of error for the worker surveys is ± 3, the employer surveys ± 6 and the tourist surveys is ± 4. The margin of error is less when

significantly greater than 50 percent of the respondents give the same answer. Appendix C includes a profile of respondents to our tourism employer survey. Profiles of the other survey's respondents are included within the body of the report.

PART II: INDUSTRY ANALYSIS

Section 1: Tourism and the Monroe County Economy

Tourism is the largest export of Monroe County. An export is goods and services which, through their sale, introduce new money into an economy. In this case, the goods and services sold are our tourism product, i.e. lodging, recreation, food, beverage, etc. Tourism directly employs more workers than any other industry in Monroe County.

A 1995-1996 study headed by the National Oceanic and Atmospheric Administration (NOAA) sought to quantify both the direct and indirect impacts of the Florida Keys tourism industry on Monroe County's economy. Through a series of visitor surveys, NOAA calculated the amount of new money introduced into our economy via tourism, or direct visitor spending. Their conclusion was tourism introduced into the economy $833.57 million new dollars in sales, $316.26 in income and 13,655 jobs in direct employment over the time period of their study.

The tourist spending then had a multiplier effect on the economy whereby businesses directly selling goods and services to tourists, through their increased spending and demands of goods and services to meet tourists' needs, have a ripple effect on the economy. NOAA estimated a multiplier effect of 1.6. Therefore, the direct and indirect effect of tourism on Monroe County's economy was $1.33 billion. That is 60 percent of the economy's direct output (sales). This equated to 21,848 jobs, or tourism creating about 1 out of every 2 jobs in Monroe County directly or indirectly.

As one can see, these numbers demonstrate the significance of the tourism industry in Monroe County's economy. Today, using current data, we estimate the direct and indirect effect of tourism in Monroe County in 2005 was $2.2 billion in gross sales. Tourism directly created 14,760 jobs. Adding in the indirect effects of tourism, it created a total of 22,395 jobs or 54% of Monroe County's employment.

1.2 Tourism and Government

As discussed above, tourism is the largest single export of Monroe County. Its economic effect on the County, however, goes beyond the private sector. Local municipalities also derive significant income from tourism via sales tax, property tax (ad valorem tax), gas tax and bed tax. Tourism's generation of income for local municipalities benefits residents by offsetting the taxable burden that would otherwise befall them.

To demonstrate the power of tourist spending, let's look at the effect of the travel industry across the United States on our federal, state and local government tax coffers. According to a report by the Travel Industry Association of America (TIA), for every dollar spent by travelers in the U.S. in 2004, 9.3 cents was yielded for federal tax coffers, 4.6 cents (on average) for state tax coffers and 2.6 cents (on average) for local tax coffers. Travel-generated federal tax revenues accounted for 2.7 percent of all federal tax collections, or $55.9 billion. "43.6 billion in tax revenue [was] generated by travel for state and local governments [accounting] for 4.3 percent of total taxes collected by state and local governments in 2004."[5]

So too in Monroe County does our local government reap the benefits of tourist spending in our tax coffers. Monroe County has a 7.5 percent sales tax (6% Florida state sales tax, 1.5% local option sales taxes). Of the 7.5 cents in sales tax collected for every taxable dollar purchase in Monroe County, the following cents are distributed back to Monroe County, including local option sales taxes:

Table 2.1 Local Sales Taxes Distributed back to Monroe County

Portion of tax (in cents)	Description
0.5	Half-cent sales tax
1	Local Infrastructure Surtax
0.5	Discretionary Sales Surtax "School Tax"

Nearly half of the taxable sales in Monroe County are direct purchases by tourists. Therefore, nearly half of the sales tax collected is from tourists. It is estimated that $17.8 million of the local sales tax revenue distributed back to Monroe County from calendar year 2005 sales was attributed to direct tourist spending. Adding in the indirect effect of tourism, this equates to $22.3 million added to local government tax coffers from sales tax collection driven by tourist spending.

Perhaps a more practical way to demonstrate the power of tourist spending to generate revenue via tax collections would be to review a specific project. The Sugarloaf Elementary School was built totally on the half cent "school tax" collected in Monroe County. As stated previously, tourists' direct spending equates to nearly half of all taxable sales in Monroe County. Therefore tourist spending was directly responsible for funding half of Sugarloaf Elementary School's construction.

As first glance, property tax may not seem to be a tax attributable to tourism. After all, by definition a tourist is a person who does not reside in Monroe County.

[5] "The Economic Review of Travel in America 2005 Edition." Travel Industry Association of America. Washington, DC: Travel Industry Association of America 2005.

However, upon closer examination of property values in Monroe County one can quickly see the link to tourism. The commercial businesses that provide goods and services directly to tourists do in fact pay property tax. The payment of property tax is directly attributable to the income they derive from tourist spending as is their assessed property value. For example, the taxable value of lodging properties is derived, among other factors, from the income they receive or may achieve by providing accommodations to tourists.

Tourism businesses are among the top property tax payers county-wide. In examining tax roll records, ranking properties by taxable value yields the discovery that lodging properties, including hotels, motels, and timeshare with transient rentals, constitute sixteen out of the top twenty highest valued (and therefore taxed) non-exempt properties. Hotel and Motel property values alone constitute over $1 billion in taxable property values. Millage rates vary throughout the County, however, estimating the property tax contribution of hotels and motels in 2005 using a millage rate of 9 yields a tax revenue of over $9 million. The following table lists the top twenty taxable property values for 2005:

Table 2.2 2005 Monroe County Top 20 Property Values

Description	Value
Hotel or Motel	$45,887,445
Timeshare	$45,004,450
Hotel or Motel	$32,465,760
Hotel or Motel	$23,099,332
Timeshare	$22,337,770
Hotel or Motel	$22,070,868
Hotel or Motel	$22,000,000
Hotel or Motel	$20,025,915
Hotel or Motel	$19,623,212
Private Hospital	$19,349,893
Timeshare	$19,261,800
Hotel or Motel	$19,221,285
Hotel or Motel	$18,944,557
Hotel or Motel	$18,909,129
Multi-Family	$17,998,052
Hotel or Motel	$17,490,364
Hotel or Motel	$17,400,000
Community Shopping Center	$17,300,000
Department Store	$16,689,002
Timeshare	$15,594,540

Source: Monroe County Property Appraiser

Commercial property tax collection benefits go beyond the actual amount paid. Commercial properties serve to offset tax burdens on residential properties. They also command a smaller percentage of services per taxes paid. "As commercial tax revenues

increase, residential services are enhanced and tax increases are offset. Commercial growth improves quality of life by supporting local community services including fire and emergency services...schools and waste management."[6]

Gas tax is also a tax category in which tourists significantly contribute to local municipal coffers. Gas tax distributions to Monroe County in fiscal year 2005 were approximately $3.6 million. During that same year, approximately 82 percent of visitors to Monroe County drove into the Florida Keys to reach their island vacation destination. Adjusting overnight visitor estimates for average party size that is nearly one million tourist vehicles per year driving within the Keys and likely purchasing gas.

Four cents in Bed taxes are collected in Monroe County for every dollar spent on transient rentals, i.e. hotels, motels, vacation rentals, etc. Tourists pay nearly all bed tax collected within Monroe County, equating to approximately $18[7] million in 2005. Bed taxes comprise both tourist development taxes (3 cents) and tourist impact taxes (1 cent).

Via tourist development tax collection (3 cents), tourist spending funds promotion of the Florida Keys as a tourism destination and capital projects to sustain the viability of tourism in the Florida Keys. Such capital projects include funding for beach re-nourishment, cultural events, historical preservation, etc. Through tourist development bed tax collections, approximately $5.9 million is appropriated to capital projects in FY07. The remainder of tourist development taxes collected, less administration and emergency funds, goes towards promotion and events. "The promotion of visitor amenities can have other beneficial effects in a community. Many of the same attributes that draw visitors to a community (e.g., recreation facilities, cultural events, attractive downtowns) also enhance the 'quality of life' for residents."[8]

Via tourist impact tax collection, tourist spending funds affordable housing, environmental conservation, wastewater treatment, etc. Through tourist impact tax in 2005, approximately $4.5 million was appropriated to tourism impacts. At the discretion of Monroe County and the City of Key West, these moneys may be used to fund affordable housing.

The following graphic demonstrates how this tax is distributed in Monroe County.

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[6] "Increasing tax rateables: a Guide to balanced growth." Orange County New York Alliance for Balanced Growth. URL: http://www.ocpartnership.org/Resources/Files/Demographics/Increasing%20Tax%20 Rateables(1052004%2083427%20AM).pdf
[7] Note: figures are net administrative fees
[8] Dean Runyan Associates. "The Economic Significane of the Texas Travel Industry." Feb. 2004. URL: http://travel.state.tx.us/documents/TXGSPrptr2127374278443786025.pdf.

4% Bed Tax
(including sales tax, equates to **11.5%** tax on all transient rentals)

3% Tourist Development Tax

2%, or two cents, is for promotional purposes, capital projects, event & administrative (referred to as two penny funds.

1%, or one penny, is for district expenditures. Each district received a percentage of the penny proportionate to the percentage of bed taxes collected in their district. (referred to as third penny funds)

1% Tourist Impact Tax
50%, or one half cent, of this tax goes to the County General Fund.

The other 50%, or one half cent, goes to a land trust (a portion of which goes to the City of Key West). This land trust may, among other things, be used to fund affordable housing.

Section 2: Characteristics of a Tourism Based Workforce

"Because the tourism industry is service-oriented and labor intensive, it generates many employment opportunities relative to investments in physical capital"[9]. An industry comparison study done by the state of Texas found that tourism yields a higher percentage of income distributions to employees than other industries. Tourism industry employment is commonly viewed as entry-level low waged service related employment. While it does produce many opportunities for entry level employment, it actually encompasses an array of employment from entry-level to highly skilled labor, low-wage to top executive salaries. Professional positions, such as accounting and information technology, are often vital for business operation. Some tourism recreation specific jobs, like scuba dive instruction, require a high degree of experience/skill, certification or licensing. Tourism also offers opportunities for small business proprietors. Monroe County has a higher percentage of proprietors than the state of Florida and the U.S.

The tourism industry is also a large domestic and global employer, creating millions of jobs across the United States. According to TIA, "in 2004, domestic and international traveler spending in the U.S. directly generated more than 7.3 million jobs accounting for 5.6 percent of the nation's total non-agricultural employment."[10]

2.1 Core Occupations in the Tourism Industry

As Appendix D in this study is the Florida's Agency for Workforce Innovations Labor Market Statistics (LMS) tables of the top twenty-five occupations for Florida Tourism Businesses. Data was not available at a Monroe County level. As these tables demonstrate, tourism employs all levels of occupations. Professional occupations like chief executives, bookkeeping, accounting, sales, supervisors, managers (general, operational, front-line), payroll clerks, office clerks, business operations specialists, etc., are consistently among the top twenty-five occupations in the tourism business categories. Also demonstrated is the level of entry-level opportunities in the industry.

In Part III of this study, current vacancies in Monroe County tourism are introduced. Opportunities exist in all levels of tourism employment in Monroe County today from entry-level occupations, for example housekeepers, to executive level occupations, for example vice-president of finance.

2.2 Core skills required in the Tourism Industry

[9] Dean Runyan Associates. "The Economic Significane of the Texas Travel Industry." Feb. 2004. URL: http://travel.state.tx.us/documents/TXGSPrptr2127374278443786025.pdf.
[10] "The Economic Review of Travel in America 2005 Edition." Travel Industry Association of America. Washington, DC: Travel Industry Association of America 2005.

Skill sets required in the tourism industry are extensive and varied. The following skill list includes those identified by the New Zealand Ministry of Tourism as integral in the tourism industry.[11]

- Excellent customer service; including a warm, friendly attitude
- Sensitivity to other cultures
- Language skills
- Ability to multi-task
- Ability to work effectively in teams
- Strong work ethic
- Leadership qualities, management & planning skills
- Conflict resolution, including the ability to handle difficult people
- Information technology skills
- Financial management
- Business analysis and development
- Product knowledge
- Quality control
- Sales skills
- Compliance awareness

2.3 Compensation in the Tourism Industry

The tourism industry generates billions of dollars in wages in the U.S. annually. According to TIA, wages and salaries paid by travel-related firms in the U.S. in 2004 equated to $163.3 billion. Compensation ranges from minimum wage to top corporate executive salaries.

Table 2.3 depicts the average annual compensation for tourism positions in Monroe County as reported by respondents on our tourism worker survey. As a basis for comparison, in Appendix E of this study, average compensation for tourism occupations in South Florida is presented.

[11] Business and Economic Research Limited. "Tourism Workforce and Skill Projections." Oct. 2004. URL: http://www.tourism.govt.nz/policy/pol-reports/pol-workforce-skills/WorkforceAndSkillsOct2004.pdf.

Table 2.3 Average Annual Compensation, Monroe County Tourist Occupations

Restaurant & Bar	
	Mean
Server	$34,526
Bartender	$36,530
Hostess/Host	$32,400
Busperson	$21,667
Chef or Cook	$36,407
Security	$40,250
Entertainment	$48,333
Back-of-the house	$24,184
Supervisor	$35,000
Management	$56,665
Accounting Staff	$51,800
Events/Catering	$34,800
Other Office	$20,540
Other	$38,533

Lodging	
	Mean
Front desk	$30,816
Reservations	$23,648
Supervisor	$23,648
Concierge	$31,375
Bellhop	$35,000
Housekeeping	$26,571
Maintenance	$35,644
Security	$31,000
Accounting Staff	$43,531
IT Staff	$51,000
Sales & Catering	$47,797
Management	$52,699
Other office Staff	$31,667
Other	$32,501

Retail	
	Mean
Clerk or Associate	$25,867
Supervisor	$45,667
Security	$42,900
Management	$47,000

Attraction/Activity	
	Mean
Tour Guide	$36,800
Ticket Sales	$35,417
Tour Driver	$37,000
Lecturer/Naturalist	$23,444
Supervisor	$45,633
Captain	$45,179
Mate	$31,500
Accounting	$43,037
Dive Master	$40,500
Dive Instructor	$21,000
Management	$48,146
Other Office Staff	$29,561
Other Office Staff	$38,239

Information Center/Visitor Service	
	Mean
Supervisor	$47,875
Concierge	$35,000
Accounting	$26,000
Marketing/Sales	$46,778
Other office staff	$47,667
Other	$41,096

Source: Monroe County Tourist Development Council

PART III: MONROE COUNTY SITUATION ANALYSIS

Section 1: Monroe County's Workforce

1.1 Quantity and Composition of Monroe County's Workforce

The US Department of Labor, Bureau of Labor Statistics (BLS) provides employment data quantifying Monroe County's workforce. This data includes the number of **jobs** under payroll by employers in Monroe County. It is not derived from **residency** in Monroe County. As BLS explains "persons are counted at their place of work rather than at their place of residence; those appearing on more than one payroll are counted on each payroll."[12] In other words, BLS data will count each job held by a person, if multiple jobs are held, as employment. It will also count those jobs held by people residing outside Monroe County, but employed by a Monroe County business (i.e. included in a Monroe County payroll).

As a basis of comparison, the State of Florida's Agency for Workforce Innovations Labor Market Statistics (LMS) provides data on employment based on **residency** of workers. Data is the "total number of employees located in Monroe County." [13] Therefore, the LMS data reflect employment of Monroe County **residents.**

The following table compares annual BLS employment estimates from 2000 to 2005, that is Monroe County payroll, to LMS employment estimates from the same time period, that is Monroe County resident employment:

Table 3.1 Monroe County Employment

Year	**BLS Data** Based on payroll, counts multiple jobs as multiple employment	**LMS Data** Based on residency	Difference
2000	43,901	36,809	7,092
2001	44,840	37,196	7,644
2002	44,625	36,824	7,801
2003	44,785	36,921	7,864
2004	44,423	36,402	8,021
2005	43,372	35,895	7,477

Source: US Department of Labor, Bureau of Labor Statistics.
State of Florida's Agency for Workforce Innovations Labor Market Statistics (LMS)

As one can observe, the LMS and BLS figures differ by 7,000 to 8,000 jobs. The average difference from 2000 to 2005 was 7,650. This difference is a factor of three things, employment of non-Monroe County residents by Monroe County businesses (BLS),

[12] U.S. Department of Labor, Bureau of Labor Statistics. www.bls.gov
[13] State of Florida's Agency for Workforce Innovations Labor Market Statistics http://fred.labormarketinfo.com

persons working multiple jobs (BLS) and Monroe County residents working outside of Monroe County (LMS). This leads to the question of how can we estimate what extent each of these factors accounts for the difference in these numbers. This also leads us to answer one of our research questions, how many persons are employed by Monroe County businesses that either physically commute or telecommute to work?

Census 2000 data as compared to the BLS and MLS figures reveals how many Monroe County workers held multiple jobs, how many Monroe County Workers commuted to work outside of our County and how many non-Monroe County residents commuted into Monroe County to work.

In 2000, the Monroe County workforce was comprised of:

- 34,873 Monroe County residents holding one job
- 4,808 Monroe County residents holding multiple jobs (14% of Monroe County residents working in Monroe).
- 4,225 non-Monroe County residents commuting (either physically or telecommuting) to work in Monroe County

Outside of Monroe County's workforce estimates was 1,795 Monroe County residents commuting to work (physically or telecommuting) outside of Monroe County. In other words, in 2000 the Monroe County workforce broke down as follows:

Table 3.2 Monroe County Workforce

Work Force Category		**Percentage of Monroe Workforce**
Monroe County Residents	Holding one job in Monroe County	79%
	Holding multiple jobs in Monroe County	11%
	Total Monroe County	90%
Non-Monroe County Residents		10%

Source: Census 2000, US Department of Labor, Bureau of Labor Statistics. State of Florida's Agency for Workforce Innovations Labor Market Statistics (LMS)

If we assume these work patterns occur in the same ratios today, then we can estimate in 2005 our workforce was comprised of:

- 34,261 Monroe County residents holding one job
- 4,774 Monroe County residents holding multiple jobs
- 4,337 non-Monroe County residents commuting (either physically or telecommuting) to work in Monroe County.

Outside of Monroe County's workforce estimates was 1,794 Monroe County residents commuting to work (physically or telecommuting) outside of Monroe County.

However, there is much evidence to support a shift may have occurred in these ratios since 2000. As wages have increased in Monroe County, more workers may have been retained as well as enticed to commute in. As prices have increased, more workers may have opted to take multiple jobs to meet expenses. Below, we'll further examine each of these as well as present a revised finding of current employment ratios.

1.1.1 Commuting Worker Patterns of Non-County Resident Workers

In 2000, there was an estimated 4,225 workers, or 10 percent of our workforce, commuting into Monroe County both physically and virtually. The largest influx of non-Monroe County commuting workers was from Miami-Dade County, specifically the Florida City/Homestead area. That area has seen an explosion in population since 2000[14],. Homestead population is estimated to have increased by 39.4 percent or 12,585 people, since 2000. Florida City's population is estimated to have grown by 13.6 percent, or 1,070 people, since 2000. Florida Keys businesses generally offer a higher wage than their Florida City/Homestead area counterparts.

JGT buses, subsided by Miami-Dade, travel 80 miles from Florida City through to the Middle Keys carrying mainland workers. A recent article in the *Key West Citizen* by business editor Stacey Rodriquez compared wages in the Florida Keys to its neighboring worker pool area (Florida City/Homestead). Jobs paying $10 to $11 per hour in the Keys garnered minimum wage back on the mainland. According to Rodriquez, this opportunity for higher wages motivated 750 JGT passengers each week day to spend the travel time commuting. For one worker interviewed by Rodriquez, that was eight hours per day. The total passenger trips taken on JGT buses in 2005 were 168,000.

Analyze of LMS and InfoUSA data reveals an approximate 2,280 Monroe County Tourism jobs are held by non-Monroe County residents (physically or virtually commuting). That is about 15% of all tourism jobs.

According the results of our tourism employer survey, isolating the districts of the Keys shows the Upper and Middle Keys have higher rates of employing commuters. 53 percent of District IV respondents and 47 percent of District V respondents employed physical commuters. The proximity of main-land workers to these districts and public transportation routes explains the variance. There was also a higher incidence of employing telecommuters in some districts. 17 percent District III respondents and 23.8 percent of District IV respondents employed telecommuters.

[14] Source: www.city-data.com

1.2 General Profile of Tourism Workers

The majority of tourism workers (60%) have lived in the Keys for more than five years. The remainder (40%) has lived in the Keys for less than five years. The average tourism workers' household includes two adults (68% households more than two adults, 32% single adult household). About 1 out of every 5 tourism worker households includes children. Most have one child. Roughly a quarter of tourism workers are in their teens to twenties; a quarter in their thirties; a quarter in their forties; and the remainder in their fifties and above.

The average tourism worker works 48 hours a week. Roughly 25 percent of tourism workers are earning minimum wage to $24,999 per year, 25% earn $25,000 to $34,999 per year, 25% earn $35,000 to $49,999 and the remainder earn $50,000 or more. The average income earned by tourism workers is $40,458 a year.

One out of every four tourism workers is new to the industry with three years or less experience. The same amount, one out of every four, is a very experienced career tourism worker brining fifteen years or more tourism industry experience. The remainder (50%) has over three years experience, but less than fifteen. The average worker also has some college education or a college degree (66%). Most work within the same district they reside (83%). 17 percent commute between districts.

Most tourism workers (78%) feel that their skill level and background match their current job and the duties that are required of them. Most report being satisfied overall with their job (78%), their immediate boss or supervisor (78%), their job security (75%), the amount of work required of them (74%) and the flexibility of their hours (71%). They are less often satisfied with the recognition they receive (63%), amount of money they earn (54%), their chances for promotion (51%) and health benefits (40%).

1.2.1 Monroe County Workers Holding Multiple Jobs

In our analysis of census data, BLS data and LMS data, we extrapolated the number of Monroe County residents working multiple jobs to be 4,808. That equates to 14 percent of employed Monroe County residents earning pay in Monroe. The results of our tourism workers survey show a much higher percentage of Monroe County workers holding multiple jobs. 32 percent of tourism workers reported holding multiple jobs. Most often this equates to two jobs (26%), though some report holding more than two jobs (7%). Tourism businesses were aware of the multi-tasking workforce, with their average response of 29 percent of employees working multiple jobs fairly consistent with the worker response. So prevalent is multiple jobs within

the tourism community that 84 percent of all tourism businesses reported having at least one employee who holds multiple jobs.

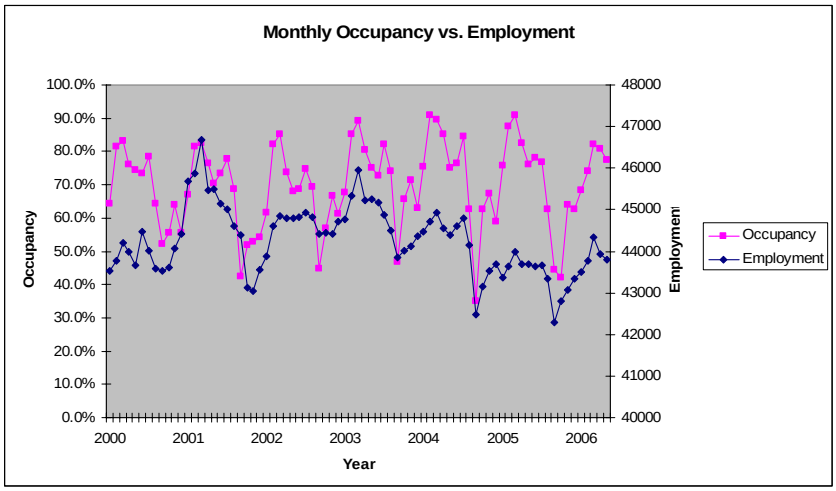
The difference between the 2006 tourism worker percentage of multiple jobs, 32 percent, and the 2000 census, 14 percent, may be demonstrative of a significant increase in the number of Monroe County residents working in Monroe holding multiple jobs. Given that our survey was only tourism workers, it is uncertain whether this high percentage would persist across all industries. It is important to note, however, that for about 10 percent of our multi-job respondents only their part-time job was tourism related. For these multi-job respondents, other industries were their full-time employers. This is evidentiary of multiple jobs existing outside of the tourism industry.

Therefore, if we conclude the results of our tourism worker and employer surveys are more indicative of the current ratios of multi-job workers and commuters, our workforce breakdown becomes:

- 26,047 Monroe County residents holding one job
- 11,253 Monroe County residents holding multiple jobs
- 6,072 non-Monroe County residents commuting (either physically or telecommuting) to work in Monroe County.

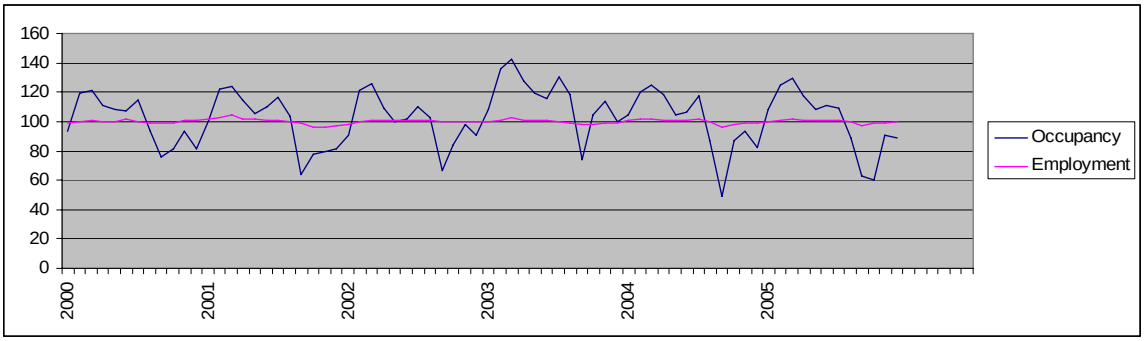
1.3 Seasonality of Monroe County's Workforce

Monroe County's employment and workforce levels do fluctuate with the seasonality of its tourism industry. The graph below, derived from Smith Travel Research and BLS data, compares the seasonality of Monroe County's tourism to the seasonality of its employment. As one can see, they move fairly concurrently. However, post September 11th employment numbers have not regained in strength as occupancy has. Winter season 2001 is the last peak for employment numbers. Even when occupancy reached an all-time in winter 2005, employment still lagged behind pre-September 11th levels.



To further demonstrate the link between tourism seasonality and employment seasonality, the following graph (graph 3.1) is a seasonality index for the two figures. As one can see, occupancy has much stronger variation by season, or seasonality, than employment. Employment remains closer to the index (or annual average) than occupancy.

Graph 3.1 Seasonality Index: Monroe County Employment vs. Monroe County Occupancy



Source: Smith Travel Research, BLS

1.4 Employment by Industry

The State of Florida's Agency for Workforce Innovations Labor Market Statistics (LMS) provides data on employment by industry. The following employment (table 3.3) is estimated by LMS for tourism industry Groups. Note: as this data is derived from LMS, it only represents Monroe County resident employment. Employees who do not reside in Monroe County are not included in these figures.

Table 3.3 Monroe County Tourism Industry Employment

NAICS Category	Employment
Hotels and Motels	4,231
Full-Service Restaurants	3,718
Limited-Service Restaurants	881
Drinking Places (Alcoholic Beverages)	612
Marinas	498
Gift, Novelty, and Souvenir Stores	486
Real Estate	369
Sightseeing (land and water), Taxis, Transportation	368
All Other Amusement and Recreation	272
RV Parks and Campgrounds	205
Fitness and Recreational Sports Centers	148
Bed-and-Breakfast Inns	145
Nature Parks & Other Similar Institution	133
Museums	85
All Other Traveler Accommodation	81

Table 3.3 Monroe County Tourism Industry Employment Continued

Rentals -Cars	76
Snack and Nonalcoholic Beverage Bars	67
Golf Courses and Country Clubs	61
Musical Groups and Artists	37

Source: Florida's Agency for Workforce Innovations Labor Market Statistics

1.5 Worker Demand

Unemployment in Monroe County historically has been both below Florida (state-wide) and United States (country-wide) levels. The following table compares Monroe County unemployment rates to both Florida and U.S. levels.

Table 3.5 Unemployment rates: Monroe County, State of Florida and United States

Year	Monroe County	Florida	United States
2000	2.9	3.8	4.0
2001	3.4	4.7	4.7
2002	4.1	5.7	5.8
2003	3.5	5.3	6.0
2004	3.3	4.7	5.5
2005	3.0	3.8	5.1

Source: BLS

1.6 Guest Workers

Guest workers are also utilized to fulfill Monroe County's worker needs. A guest worker is a foreign national who is permitted to enter the United States temporarily in order to take a job for which there is a shortage of domestic labor. According to the results of our employer survey, Guest Workers are predominantly used in Lodging and Bar/Restaurants within District I. There is little use of Guest Workers reported outside of these business types.

Type of Business	Percentage of respondents employing Guest workers
Lodging	41%
Bar/Restaurant	37%
Retail	4%
Info Center/Visitor Service	0%
Water Activity/Attraction	3%
Land Activity/Attraction	5%
Other, Tourism Related	0%

Table 3.6 Districts where businesses report employing Guest Workers (where district given):

District	% of respondents employing guest workers
District I	27%
District II	0%
District III	15%
District IV	15%
District V	17%

Source: Monroe County Tourist Development Council

Table 3.7 Nationality of Guest Workers as reported by respondents:

Guest Worker Area of Origin	**Number of Business Employing**
Western Europe (U.K. France, Netherlands, Spain, etc.)	6
Eastern Europe (Poland, Czechoslovakia, Ukraine, Russia, etc.)	33
Central America (Costa Rica, Guatemala, Honduras, Nicaragua, etc.)	13
Caribbean (Cuba, Dominican Republic, Haiti, Bahamas, Jamaica, etc.)	9
Australia/Oceania Countries (Polynesia, New Zealand, etc.)	4
North America (Canada, Mexico)	13
Africa (South Africa, Ethiopia, Niger, etc.)	0
Asia (India, Cambodia, China, etc.)	2
Middle East (Iran, Israel, Saudi Arabia, etc.)	0

Source: Monroe County Tourist Development Council

Reliance on Guest Workers for fulfilling shortages of labor can be problematic. To begin with there are a finite, relatively small number of Guest Workers permitted to work in the United States and competition for the workers can be strong.

In a recent article in the Tampa Tribune, immigration lawyer Rebehak Poston of Squire, Sanders & Dempsey in Miami discussed the difficulties in employing guest workers. According to Poston, "obtaining visas for foreign workers is expensive and can take up to six months...the government issues only 66,000 nonimmigrant visas each year for skilled, nonprofessional workers, and hotels aren't the only companies clamoring for those employees. Agricultural firms, horse farms, fisheries, foresters – even sports teams – also rely on nonimmigrant workers."[15]

Recent immigration reform efforts by the government also pose a potential threat to the use of Guest Workers by tourism businesses. Various organizations, such as the American Hotel and Lodging Association and the National Restaurant Association, have been lobbying hard to assure that immigration policies do not detrimentally affect guest worker programs. "The White House favors a [immigration] reform including a guest worker program that would ease access to the U.S. job market for

[15] Simanoff, Dave. "Hotels plagued by staff vacancies." The Tampa Tribune. 30 Jan. 2005.

millions of immigrants. However, lawmakers in Congress are pressing for tougher immigration legislation that...would emphasize border control instead of a guest worker program."[16]

1.7 Longevity of workforce

According to our data, most professional and managerial workers remain with employers for an average period of three to five years. For all other job categories, most employees averaged one to two years longevity with their employers.

Category	Top Response (Mode)
Customer Service/Front-line	1 Year to <2 Years
Operational	1 Year to <2 Years
Professional/Office	3 Years to <5 Years
Managers and Supervisors	3 Years to <5 Years
Overall	1 Year to <2 Years

Our research also showed the majority of workers had resided in the Keys for more than five years (60%). The average residency breaks down as follows:

Table 3.8 Employee residency in the Florida Keys

Years	Percentage
1 to 5 years	40%
>5 to 10 years	21%
>10 to 15 years	13%
>15 to 20 years	10%
Over 20 years	16%

The length of current residency was somewhat a factor in predicting the expected rate of continued Monroe County residency; an important component of future longevity in current position. Tourism workers who have resided in the Keys for five years or less were the least likely to remain in the Keys. About one out of every two, or 47 percent, of tourism workers who had resided in the Keys for five years or less said they were unlikely to remain in the Keys. Tourism workers who had resided in the Keys from six years to fifteen years had about average response rates for future residency in the Keys, three out of every five were unlikely to remain (39% - 6 to 10 years residency, 41% - 11 to 15 years residency).

Tourism workers who had lived in the Keys twenty years or more were most likely to remain in the Keys. This may be due to the fact that this group was the least housing cost burdened; a predictive factor in relocation. Though about a quarter of these twenty plus years to life long residents still anticipated leaving the Keys, or one out of

[16] Milligan, Michael. "Hotel Industry Takes Stance On Immigration Reform. Travel Weekly. 3 Apr. 2006.

every four (27%). The loss of this resident group in particular risk cultural drain from the Keys. Cultural drain occurs when resident relocation, particular native residents, results in the loss of cultural traditions. The Keys unique culture is important component of both the fabric of its community and its tourism product.

1.8 Workforce costs of residing in Monroe County

Monroe County is an expensive community to live in. In fact, according to a Retail Price Index created by the Bureau of Economic and Business Research at the University of Florida, it is the most expensive county to live in in Florida.

The Florida County Retail Price Index (FCRPI) "is an index of the relative income required to purchase the same basket of goods and services purchased by the average Floridian in each of Florida's counties at a particular point in time"[17] In other words, if in each county in Florida on the same day a person went "shopping", bought the same goods and tallied up their bill, then compared how much relative income it cost to buy each county's basket of goods. This "shopping basket" actually consists of housing, transportation, food & beverage, medical care and other goods and services.

The 2004 FCRPI ranked Monroe County as the most expensive county in Florida. It would cost an average person in Monroe County about 13 percent more to purchase the same "basket of goods" (food, medical care, housing, transportation, other goods and services) than the average person in the state. Among the five categories included in the FCRPI, Monroe County's price levels were higher than the state averages in all five categories. The percentage Monroe County's goods variance from the state average breaks down as follows:

Table 3.9 2004 Florida County Retail Price Index,
Percentage Monroe County goods varied from state average.

Category	Food	Medical Care	Housing	Other Goods & Services	Transportation	Total
Percentage higher than State Average	5%	3%	31%	1%	0.4%	13%

In our survey of both tourism workers and tourism employers, we explored the impact of residing and working in the most expensive county in Florida. In the following sections we explore this in more detail by FCRPI.

[17] 2004 Florida County Retail Price and Wage Indices. Bureau of Economic and Business Research at the University of Florida.

1.8.1 Monroe County Housing

Housing costs influence tourism workers' decisions to remain in the Keys. Four out of every five tourism workers are housing cost burdened (80%), i.e. they are paying more than 30 percent of their income toward housing costs. We found the majority of tourism workers are housing cost-burdened across all groupings of workers; including from new residents to lifelong residents; from entry-level employees to professional; District I to District V. These groupings are explored in later detail in this section.

This high cost of housing is influencing the resident exodus. In grouping tourism workers by housing costs, as housing cost burden increased, so does the likelihood the tourism worker will leave the Keys. Tourism workers who are severely housing cost burdened were most likely to leave the Keys (43%). The majority of tourism workers who plans to leave the Keys are doing so because of the cost of housing here in the Keys (40%[18] current home cost, 56% current rent cost, 51% cost of market rate housing) and the enticement of lower cost housing elsewhere (51.7%).

Affordable workforce housing has been in insufficient supply in Monroe County for many years. The Division of Community Affairs funded a University of Florida Shimberg Center for Affordable Housing Study to quantify the deficit of affordable housing in the City of Key West in 1995. The Shimberg Center study concluded a deficit existing of 4,192 affordable housing units. In order for housing to be considered affordable, the amount spent on the housing should not exceed 30 percent of the worker's income. The Shimberg Center study results indicate there were 4,192 Key West households paying more than 30 percent of their income for their housing expenses in 1995.

Since this study, both home prices and rents have increased substantially throughout the County. From 1996 to 2004, according to Shimberg Center data, the average single family home price rose 182 percent to $500,000. Year to date in 2006, the average listing price for real estate in Monroe County has risen to $1 million.[19] In other words, the average real estate listing price is nearly three-quarters of a million dollars higher than what would be affordable for the average household.

The result of this housing market is that today, according to Shimberg Center estimates, 10,072, or 28 percent, of Monroe County's households are "cost-burdened". In other words, 10,072 households in Monroe County are paying more than 30

[18] Note: As respondents can select up to five top factors, percent of cases is reported. In other words, 40% of respondents selected "the cost of owning my home" among the top five factors of why they were leaving the Keys. Percentage do not add up to one hundred.
[19] " Tropical Breezes: The Real Estate Newsletter of the Florida Keys". Coldwell Banker Schmitt. Summer 2006. URL: http://www.realestatefloridakeys.com

percent of their income for housing and their housing is therefore not affordable. 4,099 of these households are severely cost-burdened, paying 50 percent or more of their household income toward housing costs. The following table depicts the Shimberg Center estimates.

Table 3.10 Households by Cost Burden, Monroe County 2005

	Amount of Income Paid for Housing Number of Households and Percentage			
	0-30% - Affordable	30-50% -Cost Burdened	50% or more – Severely Cost Burdened	Total Cost Burdened
Households	25,477 (72%)	5,973 (17%)	4,099 (11%)	10,072 (28%)

Source: University of Florida, Shimberg Center for Affordable Housing

Our tourism industry respondents reported an even higher percentage of housing cost burden than the Shimberg Center county-wide estimated average. As introduced earlier, 80 percent, or four out of every five tourism worker respondents, reported they were housing cost burdened. The table 3.11 depicts response by housing cost burden.

Table 3.11 Tourism Employee Housing Cost Burden, Monroe County

	Amount of Income Paid for Housing Number of Tourism Workers and Percentage			
	0-30% - Affordable	30-50% -Cost Burdened	50% or more – Severely Cost Burdened	Total Cost Burdened
Tourism Workers	20% (142 respondents)	41% (284 respondents)	39% (270 respondents)	80% (696 respondents)

Source: Monroe County Tourist Development Council

The predominance of housing cost burden was across all districts of residency in Monroe County. All district's results were close to 80 percent housing cost burden, with Marathon reporting a little higher housing cost burden (84%) and Key Largo reporting a little lower (76%).

Table 3.12 Tourism Employee Housing Cost Burden by District

	Amount of Income Paid for Housing Number of Tourism Workers and Percentage			
District	0-30% - Affordable	30-50% -Cost Burdened	50% or more – Severely Cost Burdened	Total Cost Burdened
District I	21%	42%	37%	79%
District II	18%	38%	44%	82%
District III	17%	27%	56%	83%
District IV	21%	49%	30%	79%
District V	24%	41%	35%	76%
Average	**20%**	**41%**	**39%**	**80%**

Source: Monroe County Tourist Development Council

A predominance of housing cost burden was also true across all ranges of residency in the Keys from new residents to lifelong residents. Workers with six to ten years of residency in the Keys reported the highest rate of housing cost burden (85% housing cost burden, 50% severely).

Table 3.13 Tourism Employee Housing Cost Burden by Years of Residency

Years	Amount of Income Paid for Housing Number of Tourism Workers and Percentage			
	0-30% - Affordable	30-50% -Cost Burdened	50% or more – Severely Cost Burdened	Total Cost Burdened
0-5	21%	42%	37%	79%
>5-10	15%	35%	50%	85%
>10-15	22%	47%	31%	78%
>15-20	26%	36%	38%	74%
20+	22%	43%	35%	78%
Average	**20%**	**41%**	**39%**	**80%**

Source: Monroe County Tourist Development Council

A predominance of housing cost burden was also true across all job categories. Customer Service/Front-line employees reported the highest rate of housing cost burden (80%).

Table 3.14 Tourism Employee Housing Cost Burden by Years of Residency

Job Category	Amount of Income Paid for Housing Number of Tourism Workers and Percentage			
	0-30% - Affordable	30-50% -Cost Burdened	50% or more – Severely Cost Burdened	Total Cost Burdened
Customer Service/Front Line	20%	34%	46%	80%
Operational	23%	49%	28%	77%
Professional/Office	22%	44%	34%	78%
Manager and Supervisors	25%	40%	35%	75%
Average	**20%**	**41%**	**39%**	**80%**

Source: Monroe County Tourist Development Council

The Shimberg Center further breaks down their data to show housing cost burden county-wide by homeowner/renter status. Renters are more likely to be housing cost burdened than home owners. 38 percent of renters were estimated to be housing cost burdened versus 23 percent of home owners. For our tourism worker respondents, there was not a difference in cost burden among the two. Both group reported 80 percent were cost burdened. However, homeowners were more likely to report being severely cost burdened than renters (45% homeowners vs. 36% renters). The following table depicts the Shimberg Center estimates of housing cost burden by homeowner/renter status:

Table 3.15 Households by Homeowner/Renter Status and Cost Burden, Monroe County 2005

Households	Amount of Income Paid for Housing Number of Households and Percentage			
	0-30% - Affordable	30-50% -Cost Burdened	50% or more – Severely Cost Burdened	Total Cost Burdened
Owner	17,200 (77%)	3,159 (14%)	1,850 (9%)	5,009 (23%)
Renter	8,277 (62%)	2,814 (21%)	2,249 (17%)	5,063 (38%)

Source: University of Florida, Shimberg Center for Affordable Housing

The Shimberg Center also breaks down their data to show housing cost burden by household income. Income is shown as a percentage of median income, which for Monroe County is estimated by HUD to be $61,000 for a family of four. As the following table shows, the most housing cost burdened income group makes less than 30% of median income, or less than $18,000 for a family of four. 67 percent of this group is housing cost burdened. The second most cost burdened group is households who make 30 percent of median income to less than 60 percent, or $18,000 to $36,600 for a family of four. The remainder of income groups housing cost burden is shown in table 3.16:

Table 3.16 Household Cost Burden by Household Income, Monroe County 2005

Household Income	Amount of Income Paid for Housing Number of Households and Percentage			
	0-30% - Affordable	30-50% -Cost Burdened	50% or more – Severely Cost Burdened	Total Cost Burdened
less than 30% of median income*	1,094 (33%)	489 (14%)	1,773 (53%)	2,262 (67%)
30-<60% of median income*	2,194 (45%)	1,419 (28%)	1,320 (27%)	2,739 (55%)
60 to <80% of median income*	2,490 (58%)	1,398 (33%)	400 (9%)	1,798 (32%)
80%+ of median income*	19,699 (86%)	2,667 (12%)	606 (2%)	3,273 (14%)
Total	25,477 (72%)	5,973 (17%)	4,099 (11%)	10,072 (28%)

* Note: HUD estimated median income for a family of four in Monroe County is $61,000

Source: University of Florida, Shimberg Center for Affordable Housing

The following table (3.17) further demonstrates the cost of housing in Monroe County. As one can see, the average listing price year to date for property in most districts exceeds $1 million. The average sales price for all districts year to date exceeds $715,000.

Table 3.17 Florida Keys Real Estate Market, first half of 2006 vs. 2005

Green (+) Red (-)	Upper Keys (Lower Matecumbe to Key Largo)	Middle Keys (7 Mile Bridge to Long Key)	Lower Keys (Bay Point to Big Pine)	Key West (Key West to Shark Key)	All Areas Keys Wide
Avg. Sales Price As of 6/30/06:	16% More $788K	11% More $828K	22% More $717K	6% Less $893K	2% More $762K
Avg. List Price Properties *"For Sale"* As of 6/30/06:	2% More $1.2MM	11% More $1.1MM	18% More $760K	13% Less $1.MM	3% Less $1MM
Number of Properties *"For Sale"* As of 6/30/06:	32% More 884	127% More 978	102% More 1,029	73% More 1,690	69% More 3,776

Source: Tropical Breezes Real Estate Newsletter as gathered by Tri-Services Multiple Listing Services (MLS) Board Key Largo to Key West

1.8.2 Other Housing Costs

Beyond the burden of actual home prices, other homeownership expenses are also increasing. Windstorm insurance, most notably, has recently substantially risen and has become a barrier to home ownership. The Florida Office of Insurance Regulation recently held an evidentiary hearing in Key West on Monroe County windstorm insurance rates filed by Citizens Property Insurance Corporation (CPIC). An actuary hired by Monroe County testified that the Citizen's proposed rate of $25.40 per $1,000 in coverage for Monroe County windstorm insurance is 50 percent higher than Monroe County's rate should be.

This filing was following an earlier rejection by Florida Insurance Commissioner Kevin McCarty of an even higher rate proposal of $28 per $1,000 for Monroe County. A local grassroots activist group, F.I.R.M.[20] (Fair Insurance Rates in Monroe County) had formed following the earlier filing to educate on the impact of windstorm rate increases and advocate for fair insurance rates. Heather Carruthers testified on behalf of F.I.R.M at the evidentiary hearing.

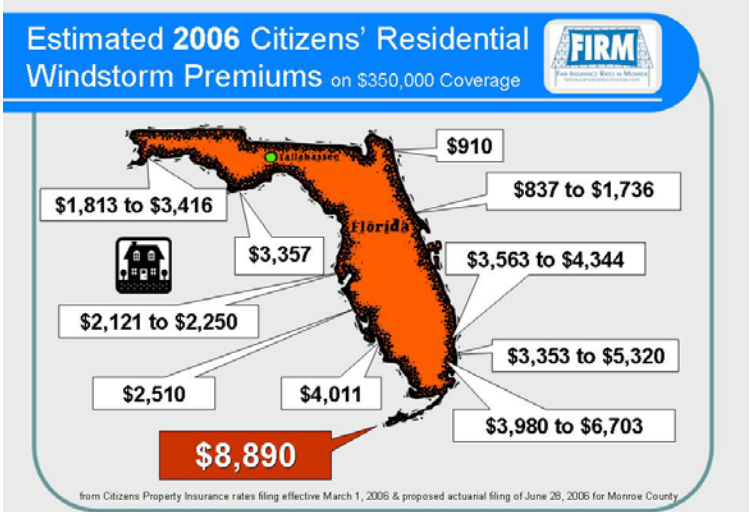
According to Carruthers' testimony, windstorm insurances rates for Monroe County customers have increased from about $9.11 per $1,000 valuation three years ago (2002-2003) to $19.81 per $1,000 valuation today (2006). F.I.R.M.'s data, as presented by Carruthers, was gathered from surveying over 300 Monroe County resident's windstorm insurance bills.

[20] www.fairinsuranceratesinmonroe.com

With an average single family home taxable value in Monroe County of 2005 of $447,000[21], that equates to a windstorm insurance bill alone of $8,855 or $738 per month. A house of that same value three years ago would have been paying $4,072 or $339 per month. That equates to an increase of 118 percent in three years. Obviously, most households' income, if not all, did not increase at the same rate in order to cover this expense.

According to F.I.R.M., Monroe County residents pay the highest windstorm insurances rates among all Florida areas covered by Citizens. The following graphic prepared by F.I.R.M, table 3.18, demonstrates the higher costs paid by Monroe County residents for windstorm insurance.

Table 3.18



Source: F.I.R.M.

Windstorm insurance rate increases are also a threat to market rate rental stock and affordable housing rental stock. According to testimony at the evidentiary hearing by Manuel Castillo, director of both the Monroe County Housing Authority and the City of Key West Housing Authority, the Housing Authority has had to resort to self-insurance into order to assure the continued affordability of their rental stock.

Under the Housing Authority are 1,100 units of lower income to moderate income rental housing from Key Largo to Key West. Their largest affordable housing site's windstorm insurance bill in 2006 increased from $59,000 to $287,000. The cost burden, if passed onto renters, would have been $155 per unit. The Housing Authority could not afford to absorb the 350 percent increase in windstorm insurance. Nor, could the Housing Authority increase unit rents by $155 per unit as that would have exceed affordable housing guidelines which they are rented under. According to

[21] Calculated based on data provided by Monroe County Tax Apprasier, ptax1 value for all parcels under PC code 1, or single family home residential.

Mr. Castillo, the Housing Authority concluded they had no choice but to self insure the property.

This dilemma is likely to play out for rental properties across the Keys. However, where rent increases are not restricted by affordable guidelines, increased costs will likely be passed onto renters. To reiterate our tourism worker survey results, 80 percent of tourism worker renters are already cost burdened. Citizens had also filed rate increases for condominiums as part of a commercial rate increase. The increases would have been an average increase of 292 percent for Key West and 330 percent for the remainder of Monroe County if approved.

The increasing windstorm rates are influencing the exodus of Monroe County tourism workers. Among the tourism worker homeowners who listed housing costs are a reason for a planned relocation from Monroe County in their survey response, windstorm insurance was the aspect of their home ownership cost most often selected as having the strongest influence on their relocation plans (47%).

The windstorm insurance rate increases have had an impact on housing market sales and supply. Realtors report an increase in housing stock in part due to windstorm insurance increases pushing some homeowners' housing costs beyond rates which they can bear. Also reported are buyers backing of deals and increasing time on the market. The following table (table 3.19) depicts the effect of windstorm insurance rates, among several other factors, on housing stock for sale surpassing home sales.

Table 3.19 Florida Keys Real Estate Market, Property Supply vs. Properties Sold

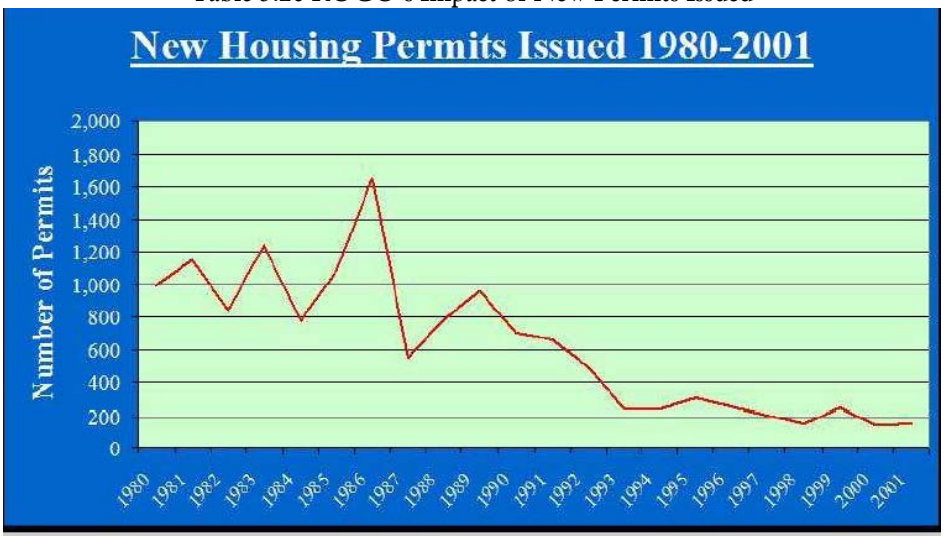
Source: Tropical Breezes Real Estate Newsletter
as gathered by Tri-Services Multiple Listing Services (MLS) Board Key Largo to Key West

1.8.3 Future projections of Monroe County housing deficit

The Shimberg Center estimates in 2005, there were 29,257 single family homes and 9,199 multi-family units in Monroe County. To meet housing demands projected over the next ten years, the Shimberg Center projects that Monroe County will need an additional 2,633 housing units. This estimate is not an estimate of affordable housing needs, which is not segregated in these calculations, but rather sheer housing demand. It included here to demonstrate the likelihood of housing unit shortfalls persisting and thereby further increasing housing costs.

To put this demand in perspective, it would equate to about 263 units per year. ROGO, or rate of growth ordinance, has restricted the number of all new development since 1992. The number of permits for new development has been 255 or less since ROGO's inception. Since 2000, the number of permits for housing development has dipped below 200 as depicted in table 3.20 below. If all new permits issued for the next 10 years were strictly for residential use and were issued at the 255 max per year rate, there would still be a shortfall of units. At current rates of less than 200 residential housing permits per year, the housing unit shortfall would be upwards of 630 units.

Table 3.20 ROGO's Impact of New Permits Issued



Source: Monroe County Growth Management Division Layman's Guide to Rogo

While recent trends in the housing market have been increased supply for sale, the price (as noted earlier an average of $1 million) is still exceeding affordability thereby continuing the shortage of affordable workforce housing.

1.8.4 Medical Care Costs

Monroe County offers few options for medical insurance carriers. Insurance premiums are at a high According to the findings of the Health Council of South Florida's Monroe County Health Profile, in 2004 one-fifth (20%) of Monroe County's non-elderly population was uninsured.

Offering medical benefits and merit raises as incentives are the programs Monroe County tourism employers have found, when put in place, most successful in fulfilling their staffing needs. However, most tourism employers do not offer medical benefits (56%). For those that do offer medical benefits, and are finding this a successful retention tool, most often 50 percent of medical benefit costs are covered by the employer.

Section 2: Workforce Demand

2.1 Adequacy of Workforce

Tourism employers are most satisfied with the adequacy of the skill level of their management/executive employees (86%) and professional/office employees (80%). They are less satisfied with the adequacy of the skill level of the remaining employee groups; customer service/front-line (63%), operational (74%).

Table 3.21 Satisfaction with Current Workers vs. Applicant Pool

Worker Category	Current Workers			Candidate Selection		
	Unsatisfied	Neutral/ Undecided	Satisfied	Unsatisfied	Neutral/ Undecided	Satisfied
Customer Service/ Front-line	25%	12%	**63%**	80%	6%	**14%**
Operational	11%	15%	**74%**	72%	10%	**18%**
Professional/Office	4%	16%	**80%**	66%	15%	**19%**
Management/Executive	3%	11%	**86%**	60%	17%	**23%**

About four out of every five tourism employers are satisfied with the customer skill level of their customer service/front-line employees. The remainders are dissatisfied (16%) or neutral/undecided (8%).

Tourism employers are not satisfied with the overall ***quality*** of Monroe County applicant pool (80%) or with the overall ***quantity*** of the Monroe County applicant pool (84%). For all four employee groups, most tourism employers are not satisfied with Monroe County's candidate selection. Customer service/front-line candidates are most dissatisfying to tourism employers (80% dissatisfied). See table 3.21 above

2.2 Turnover

The average tourism employer experienced a turnover rate last year of 73 percent of their workforce. Median turnover was 30 percent, indicating the average was affected by extreme outliers. Half of all tourism employers experienced a turnover rate of 30 percent or greater, half experienced a turnover rate of less than 30 percent.

The average and median significantly differed among districts, with District I having an average turnover of 114 percent, Districts III and IV averaging about 50 percent and the remaining districts averaging less than 25 percent turnover. District I's median turnover was 40%. Half of all District I tourism businesses has a turnover rate of 40% or higher, half had a turnover rate of of less than 40 percent. This is also higher than the county-wide median introduced above of 30 percent.

As a basis of comparison, "a recent study reports that the average turnover level in the US lodging industry is approximately 25 percent for management staff and around 50 percent for other types of jobs."[22] Meaning, average turnover in District I is much higher than industry wide standards.

The majority of Monroe County tourism employers who indicated they had training programs in place also responded turnover is resulting in high training costs (47%) The remainders are neutral/undecided (14%) or are not experiencing high training costs due to turnover (36%).

According to Employers, turnover from employees resigning to join another employer located in Monroe County is most often due to the competitor offering better salary (43%) and benefits (26%).

Table 3.23 Turnover from Employees Seeking Jobs from other Keys Employers

Turnover within the Keys	
Reason for leaving company	**Respondents selecting as top reason**
Salary	**42.6%**
Benefits	25.7%
Excessive Overtime	3.7%
Conflicts with supervisor/manager	14.0%
Conflicts with co-workers	9.6%
Position with newly opened business	8.8%
Transportation issues	7.4%
Lack of advancement opportunities	6.6%

Source: Monroe County Tourist Development Council

According to Employers, turnover from employees resigning to move out of the Florida Keys is most often due to the high cost of housing in the Keys. Four out of every five employees who have resigned their position to move away from the County have done so because of the cost of housing (78%). Most employees remain with their employers for one to two years. Professional/Office and Manager/Supervisor employees have a higher than average longevity of 3 to 5 years. Table 3.24 represents their responses.

[22] Laliberte, Michele. "Recruiting Tourism Workers: the time is now!". Hospitality.Net. URL: http://www.hospitalitynet.org/news/4027474.search?query=average+turnover+hospitality+industry+2005

Table 3.24 Turnover from Employees Relocating

Turnover due to Exodus from the Florida Keys	
Reason for the Florida Keys	**Respondents selecting as top reason**
Housing Costs	**58.5%**
Hurricane Damage	5.3%
Hurricane Stress	5.3%
Earnings declining	4.3%
Family Reasons	3.9%
Healthcare system	2.9%
School System	1.9%
Childcare costs	1.0%
Opportunity to cash out on home equity	4.3%
Job promotion/higher pay offered on mainland	4.8%
Work visa expiration/non legal status	2.4%
Transient worker/intended short Keys residency	5.3%

Source: Monroe County Tourist Development Council

2.2.1 Future Turnover

We asked workers who plan to leave the Keys within the next five years, and who's relocation would result in future turnover, what were the top five factors influencing them to relocate. Table 3.25 is their responses in order of influence. The top five factors are listed in bold. They are, in order: "the cost of my rent", "availability of lower cost housing elsewhere", "I can not afford to purchase a home", "the cost of owning my home" and "the stress of hurricane season".

Table 3.25 Top Factors Influencing Tourism Workers to Relocate

Factor influencing tourism worker to relocate	Responses	Percent	Percent of Cases
The cost of my rent	**312**	**12.60%**	**55.60%**
Availability of lower cost housing elsewhere	**287**	**11.60%**	**51.20%**
I can not afford to purchase a home	**282**	**11.40%**	**50.30%**
The cost of owning my home	**218**	**8.80%**	**38.90%**
The stress of hurricane season	**205**	**8.30%**	**36.50%**
My pay is inadequate	182	7.40%	32.40%
Health care costs	176	7.10%	31.40%
Having to working multiple jobs to meet expenses	175	7.10%	31.20%
Lack of opportunities for promotion in my job	90	3.60%	16.00%
Other	85	3.40%	15.20%
I want to be closer to family who live outside of the Florida Keys	81	3.30%	14.40%
My job/pay is too seasonal/inconsistent	58	2.30%	10.30%
I only intended to live here temporarily	54	2.20%	9.60%
My spouse/significant other/family is moving or plans to move	53	2.10%	9.40%
My residence was damaged during a hurricane	52	2.10%	9.30%
Opportunity to cash out on equity in my home	48	1.90%	8.60%
I am unsatisfied/unhappy in my job	37	1.50%	6.60%
I, or my spouse/significant other, am retiring	31	1.30%	5.50%
Job promotion on the mainland	18	0.70%	3.20%
I only intended to remain while my child was in school	16	0.60%	2.90%
Off season is coming/I only work here in season	5	0.20%	0.90%
My work visa (or similar) will run out	4	0.20%	0.70%

Source: Monroe County Tourist Development Council

We next asked the workers planning to relocate, what factors could influence them to remain in the Keys. Table 3.25 lists their responses. The top response, or mode, for each factor is in bold text. The scale is 1 to 7, where 1 is "*not at all likely*" and 7 is "*very likely*" or respondents may select "*not applicable*". The ability to purchase market rate housing, participate in workforce/affordable housing programs, achieve higher pay or receive a promotion where the factors whose top responses were they are *very likely* to influence a worker to remain in the Keys. Table 3.26 depicts their responses.

Table 3.26 Factors which could influence a departing worker to remain in the Keys

Factor	Not at all Likely	Unlikely	Somewhat Unlikely	Neutral	Somewhat Likely	Likely	Very Likely	Not Applicable
Through a workforce or affordable housing program, you were able to purchase a home or rent below market rate	8.3%	5.5%	3.0%	7.9%	12.0%	15.1%	**29.5%**	18.8%
You were able to purchase a market rate home on your own	9.0%	6.0%	3.4%	8.7%	10.9%	14.7%	**28.9%**	18.4%
Hurricane activity significantly decreased	7.3%	6.3%	3.7%	**22.7%**	13.4%	13.9%	22.3%	10.3%
Your pay was increased	3.8%	2.5%	1.6%	8.5%	16.1%	21.3%	**40.0%**	6.2%
You were promoted	5.3%	4.3%	2.3%	19.1%	13.2%	18.4%	**26.4%**	11%
Your company offered you further training opportunities	6.4%	6.5%	4.5%	**28.2%**	10.5%	14.5%	14.6%	14.9%
Your satisfaction in your job increased	5.6%	4.6%	3.4%	**23.5%**	14.3%	15.5%	19.8%	13.2%
Your medical care costs decreased	6.6%	3.9%	3.0%	17.5%	14.9%	15.0%	**28.0%**	11.2%
The hospital or medical facilities improved	6.8%	5.2%	2.7%	**23.8%**	13.8%	12.4%	23.6%	11.7%
The Monroe County School system improved	12.4%	4.8%	1.7%	26.1%	5.8%	6.1%	11.5%	**31.6%**
Your workload/hours you need to work was reduced	6.4%	4.9%	2.6%	**24.0%**	13.2%	14.2%	20.4%	14.5%
Your spouse/significant other/family decided not to move	7.4%	3.2%	0.7%	17.8%	7.4%	7.5%	18.4%	**37.7%**

Source: Monroe County Tourist Development Council

Finally, we asked workers planning to remain in the Keys what factors could reverse their decision and influence them to leave the Keys. We also asked workers who planned to leave the Keys to answer this question in the context of what factors could cause them to leave sooner than planned. Again the scale is 1 to 7, where 1 is "*not at all likely*" and 7 is "*very likely*" or respondents may select "*not applicable*". Table 3.27 lists their response.

Table 3.27 Factors which could increase and/or speed up tourism worker exodus

Factor	Not at all Likely	Unlikely	Somewhat Unlikely	Neutral	Somewhat Likely	Likely	Very Likely	Not Applicable
Another active hurricane season occurred	11.7%	10.1%	7.4%	18.3%	**23.1%**	10.2%	14.8%	4.5%
Your residence was damaged in a hurricane this season	6.8%	9.5%	6.8%	11.0%	**22.7%**	14.7%	22.3%	6.3%
There was another flood like during hurricane Wilma	8.2%	11.2%	6.4%	15.4%	20.5%	12.4%	**21.4%**	4.5%
Your primary place of work closed	4.6%	6.5%	4.6%	8.1%	10.9%	14.9%	**46.0%**	4.4%
More hotels converted to condos	8.8%	8.6%	4.4%	24.8%	14.3%	10.9%	19.0%	9.2%
Tourism levels significantly decreased	7.1%	7.1%	6.6%	15.4%	16.4%	16.9%	**26.5%**	3.9%
More doctors left the Keys	7.6%	9.5%	5.5%	25.4%	19.6%	11.2%	14.0%	7.2%
The nearest hospital to you closed	6.4%	8.0%	5.9%	**22.5%**	16.8%	12.4%	21.7%	6.4%
The quality of Monroe County schools decreased	13.2%	5.6%	2.9%	25.7%	6.5%	4.9%	11.1%	**30.2%**
You were offered a higher paid position on the mainland	7.5%	6.9%	4.7%	11.3%	15.3%	16.0%	**31.8%**	6.6%
You, or a member of your household, became ill	4.5%	4.4%	3.6%	16.9%	14.5%	17.4%	**32.6%**	6.1%
Someone made an offer on your home you couldn't refuse	6.3%	3.8%	2.3%	12.0%	6.0%	6.7%	24.9%	**38%**

Source: Monroe County Tourist Development Council

2.3 Current Vacancies

A little less than half of tourism businesses are not adequately staffed and or satisfied with their overall level of employee retention. The other half are adequately staffed, satisfied with their employee retention or are unsure/undecided. About half have experienced persistent vacancies in their customer service/front-line[23] positions and operational positions. Most have not experienced persistent vacancies in their professional/office or management/executive positions (70%).

There are an estimated over 1,030 vacant tourism jobs. Restaurants most often reported vacant positions (65%), followed by water attractions/activities (58%) and lodging (55%).

There were 90 different types of positions with vacancies reported across the County by our respondents, ranging from entry level (housekeeping) to experienced (vice

[23] The **Customer Service/Front-line** group refers to jobs generally that have direct for fact-to-face contact with customers or visitors and/or do not require technical training (e.g. servers, front-desk clerks, ticket sales, tour guides)
The **Operational** group refers to jobs that perform operational functions in the business (e.g. chefs/cooks, cleaners) and do not have direct or face-to-face contact with customers or visitors.
The **Professional/Office** group refers to jobs that provide professional business functions (e.g. accounting, IT, clerical)
The **Managers & Supervisors** group refers to those that manage/supervise aspects of the business and do not have significant face-to-face time with customers or visitors.

president of finance & administration). The position with the most vacancies is server, followed by driver, housekeeper, front desk and sales associates.

Positions were most often reported vacant for less than 30 days (74%), followed by 60 days or more (25%) and 30 to 59 days (20%). 16 percent of the vacancies reported were persistent vacancies, meaning these positions must be continually recruited.

Over 84 percent of vacancies reported were for full-time employment. The remainders were seasonal/temporary employment. The majority of positions required experience, which broke down as follows: related experience (48%), some experience (34%). The remaining 33 percent of vacant positions did not require any experience.

The majority of vacancies require a high school diploma or GED (40%). The remaining educational requirements are as follows: No education requirement 38%, Vocational/technical training 14%, Bachelor's Degree 4%, Associate's Degree 3% and Advanced Degree 1%.

Table 3.28, Table 3.29 and Table 3.30 further breakdown the results of our vacancy survey:

Table 3.28 Percentage of businesses reporting vacancies by business type

Type of Business	Percentage reporting vacancies
Lodging	55%
Bar/Restaurant	65%
Retail	46%
Info Center/Visitor Service	25%
Water Activity/Attraction	58%
Land Activity/Attraction	50%
Other, Tourism Related	38%

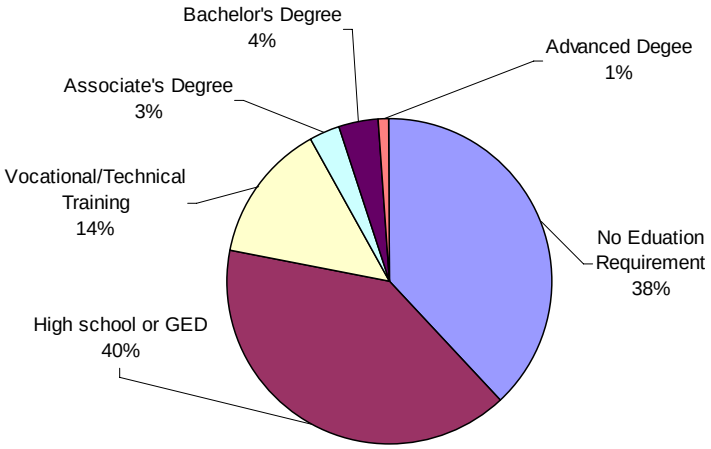
Source: Monroe County Tourist Development Council

Table 3.29 Current Vacancies Reported by Respondents

Title	Vacancy	Title	Vacancy	Title	Vacancy
Server	35.5	Art Consultant	2	Drafter	1
Driver	28	Chef	2	Fishing Guide	1
Housekeeper	19	Dive Master	2	Floor Manager	1
Front Desk	18	General Manager	2	General Maintenance	1
Sales Associate	14	Kitchen Help	2	Grounds Keeper	1
customer service	13	Manager	2	Guest Relations	1
Cook	11	Minibar Attendant	2	Guest Services Representative	1
Hostess	11	Painter	2	Human Resources Coordinator	1
Security Guard	9	PBX Operator	2	Kitchen Manager	1
Boat Captain	8	Restaurant Manager	2	Labor	1
Sales	8	Room Service Server	2	Laundress	1
Line Cook	7	Sales Clerk	2	Membership Assistant	1
Assistant Manager	5	Ticket sales	2	Night Auditor	1
Bellman	5	Visitor Services	2	Physical Plant Equipment Specialist	1
Room Attendant	5	Artist	1.5	Program Director	1
Bartender	4	Food Runner	1.5	Purchasing Clerk	1
Dive instructor	4	Retail Associate	1.5	Receptionist	1
First Mate	4	A/c Technician	1	Restaurant Supervisor	1
Maintenance Engineer	4	Accountant	1	Retail Clerk	1
Park Ranger	4	Accounting	1	Retail Manager	1
Reservationists	4	Accounts Receivable Clerk	1	Retail Sales Manager	1
Tour Guide	4	Art Manager	1	Retail Supervisor	1
Barback	3	Assistant General Manager	1	Sales Help	1
Cashier	3	Book Keeper/Office Manager	1	Sales Manager	1
Expoditer	3	breakfast cook	1	Service Tech	1
Instructor	3	Cinema concessions	1	Sous Chef	1
Sales Clerk	3	Data Entry	1	Turndown Service	1
Spa Receptionist	3	Dive Master	1	Vice President Finance & Administration	1
Steward	3	Docent	1	Web Designer	1
administrative assistant	2	Dockhand	1	Web Master	1

Source: Monroe County Tourist Development Council

Table 3.30 Educational Requirements, Current Job Vacancies



2.4 Gap Analysis

With the majority of tourism workers' education including some college experience to a college degree and over 5 years of experience in the tourism industry, most tourism workers have more than sufficient education and experience for the current vacancies. However, that is currently employed workers. Our data did not profile unemployed tourism workers.

As stated earlier, tourism employers are generally not satisfied with the overall quality of the Monroe County applicant pool. This may be a function of the quantity of the applicant pool (84% employers dissatisfied), in particular the customer service/front-line employee pool. In this job category is where the most vacancies lie. It is also where most employers find dissatisfaction with candidates for job openings (80% dissatisfied). Improvement in this sector of tourism workers could improve employer satisfaction.

PART IV: IMPACT ANALYSIS - EFFECTS OF WORKFORCE ISSUES ON EMPLOYERS, VISITORS AND MARKETING EFFORTS

Section 1: Employer Issues

1.1 Turnover Costs

During a recent study the Cornell University Center for Hospitality Research developed a tool to calculate the cost of turnover in the hospitality industry. According to the study findings,

> "the average cost of turnover at the front desk was 30 percent of salary, or an average dollar figure of nearly $5,900. That percentage figure was consistent across all market segments. Even more devastating than the loss of the employee was the loss of productivity among managers, supervisors, and coworkers. Participants said that co-workers lost 20 percent of their productivity for up to 16 days when a colleague left the front desk."[24]

As the Cornell study findings demonstrate, turnover is a costly business. New employees must be recruited and trained to replace lost employees. Meanwhile, the increased workload decreases productivity of remaining staff. Cornell's computations found an average turnover cost of 30 percent of total salary per lost employee. Costs associated with turnover are pre-departure costs, recruiting costs, selection costs, orientation/ training costs and the cost of lost productivity. From the study, a web based calculation tool was developed that hospitality employers can use at no charge to estimate their turnover costs. The tool can be found at www.chr.cornell.edu under "Tools for the Hospitality Industry", "2005 Tools", or at

http://www.hotelschool.cornell.edu/chr/research/tools.html

With an approximate three out of every five tourism workers (64%) having plans to leave the Keys within the next five years, the turnover cost to employers is likely to be substantial. To calculate the cost of the anticipated turnover in Monroe County due to employee reported relocation plans, we used the average turnover cost found by Cornell University of 30 percent and our survey results for the average tourism worker salary. We found such an exodus of tourism workers could cost tourism employers up to $96.9 million in pre-departure costs, recruiting costs, selection costs, orientation/ training costs and the cost of lost productivity.

[24] "Find out your cost of turnover." Cornell University Hotel School Research Review. 24 May 2006.

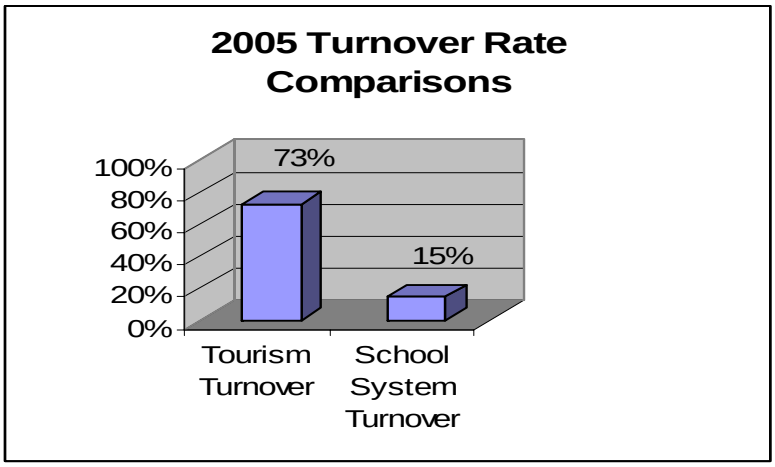
1.2 Industry Comparisons

Tourism is not the only industry experiencing a loss of workers. Nor is it the only industry gathering data on future resident or worker exodus. As worker loss is felt in other local industries, competition increases for the overall worker supply. However, the results of some studies show the loss may be more pronounced in our industry.

Over the past ten years, Monroe County school enrollment has decreased by 1,500 students. The Monroe County School System, in the spring of 2006, contacted households throughout the County with children enrolled in County schools. They found better than four out every five households contacted planned to reside in the County in the following year as they would again be enrolling their children in county schools (84%). 7 percent of households had plans to move away from the County before this school year began in August. This is compared to 17 percent of Monroe County tourism worker households with children who plan to leave the County this year, 9 percent before school resumed in August. The remaining 9 percent of households in the school survey were undecided about their residency.

The Monroe County school system also investigated its expected loss of workforce from the 05-06 school year to the 06-07 school year. "Monroe County schools typically lose about 100 out of the approximate 650 teachers each year, with most citing relocation as the reason for their departure."[25] That is a turnover rate of 15 percent, compared to an average turnover rate of Monroe County tourism workers of 73 percent and a median turnover rate of 30 percent. Resignations turned into to the school systems HR department by June 2006, led to the conclusion that this year's turnover would only be slightly higher than average, an anticipated 17 percent to 18 percent. Again, this is still far below that reported from tourism employers.

Table 4.1



Source: Monroe County School System, Monroe County Tourist Development Council

[25] Bolen, Mandy. "Teachers not leaving in large numbers." The Citizen. 29 Jun 06: 1.

The Florida Keys Aqueduct Authority, according to their employee survey, is anticipating a worker turnover of nearly 50% over the next five years. The FKAA anticipated worker turnover was largely due to plans to leave the area. That is compared to 64 percent of tourism workers. The anticipated turnover is far greater than previously experienced by the FKAA. In 2003, turnover was only 2 percent. By 2005, it had grown to 16 percent.

For FKAA employees, housing cost was also most influencing the exodus (74%). The average FKAA employee was also housing cost-burdened, paying 54 percent of their income toward housing.

1.3 Employee Retention/Mitigation Programs

Satisfaction level with potential candidates (applicant pool) is far less than the average satisfaction level reported with ones' current workers. For example, while 64 percent of businesses are satisfied with their current customer service/front-line employees, only 20 percent are satisfied with the customer service/front-line worker applicant pool. Given this disparity, it is beneficial for employers to retain their current workers as they will likely be less satisfied with their replacements.

In order to lessen employee turnover, employers can institute mitigation programs. None of the solutions employees point to as *very likely* to influence them to remain in the County is out of the range of possibility; however, all would come with an associated cost to businesses. However, if businesses can institute these programs at under 30% per employee salary they will be saving money versus the cost the turnover would equate to.

Employees, through their survey responses, have indicated they are *very likely* to remain in the County if they achieve more affordable housing, homeownership (for current renters) reduced medical care costs, increased pay or a promotion.

The majority of tourism workers who plan to leave the Keys will do so because of the cost of housing here in the Keys (40%[26] current home cost, 56% current rent cost, 51% cost of market rate housing) and the enticement of lower cost housing elsewhere (51.7%). In grouping tourism workers by housing costs, as housing cost-burden increasing, so does the likelihood the tourism worker will leave the Keys. Tourism workers who are severely housing cost burdened were most likely to leave the Keys (43%).

[26] Note: As respondents can select up to five top factors, percent of cases is reported. In other words, 40% of respondents selected "the cost of owning my home" among the top five factors of why they were leaving the Keys. Percentage do not add up to one hundred.

Tourism workers can be influenced to remain in the Keys if their housing situation changes. Home ownership or rental through an affordable/workforce housing program is very likely to influence a tourism worker with current plans to leave the Keys to remain. Being able to purchase a market rate house on ones own is very likely to influence a departing worker to stay. Other factors tourism workers report that are very likely to influence them to remain in the Keys are increased pay, promotion or a reduction of medical care costs.

These mitigation programs are currently under utilized by employers. Only about a quarter of tourism employers offer employee assisted housing. Less than half of tourism employers supplement a portion of their employees' health insurance premiums. Only about 40 percent of tourism employers are offering economic incentives in the form of merit raises or performance bonuses to stem the tide of employer turnover and worker exodus.

The FKAA results, as reported by the Key West Citizen, also included data on what other County employers have done to try to retain their employees. The programs reported are as follows:

Table 4.2 Employee Retention Programs

Employer	**Program**
Monroe County	20% wage increase since 2004
Comcast	$250 per month housing supplement
Waste Management	$200 to $500 housing allowance
Florida Keys Electric Cooperative	22% wage increase
Mosquito Control	$2,000 annual housing suppliment

Source: FKAA as reported by the Citizen[27]

For market rate housing, previously special loan programs, like "interest only" loans provided employees more purchasing power for their monthly housing dollar and boosted homeownership in high housing cost markets. As interest rates have increased, the gap between these programs and traditional loan monthly costs have decreased. Banks are now offering other programs to boost market rate home ownership. An example of such is an employer assisted housing program recently announced by one local bank. The program allows employers to assist their workers' to achieve home ownership by loaning the 20 percent down payment cost. Generally this is a lower than market rate, or no interest rate loan. The remaining home cost, 80 percent, is then purchased through a traditional loan through the bank. The down payment employer assisted loan is contingent upon employment, further boosting employee retention.

[27] Henson, Ann. "More Workers Leaving the Keys." The Citizen. 25 Mar. 06: 1.

In Illinois, employer assisted programs have made nearly 1,000 workers home owners. The workers on average were median or moderate income households. One program was a "$5,000 forgivable loan to employees who commit to stay with their employer for five years."[28] Others included up to $7,500 in interest free loans forgivable after five years of employment.

Programs to develop workforce, a.k.a. affordable housing, have also been successful in retaining employees in tourist destinations. Aspen, Colorado "established [workforce housing] programs now house approximately 64 percent of the town's population."[29] Their initiatives to utilize workforce housing to ensure an adequate workforce to sustain their economy have been underway for decades.

[28] "2005 Mid-Year REACH Report." Metro Planning Council. 30 Nov. 05. URL: http://www.metroplanning.org/resource.asp?objectID=3028
[29] Hettinger, William S. Living and Working in Paradise. Thames River Publishing: Windham, Connecticut: 2005.

Section 2: Impacts to Visitors

A travelers experience largely exists in the service received at their destination. Overwhelming, visitors indicate they are coming to the Florida Keys primarily to relax and escape: get away from stress, pressure, have fun, reconnect with friends or family (65%). No other travel experience garnered more than 6 percent of the visitor response when we asked what was the top reason our visitors came here; including all of the various types of activities the Keys offer like fishing, diving and eco-tourism. First and foremost our visitors want to relax and de-stress.

It takes a certain level of customer service to provide this relaxing environment for visitors. Dissatisfying encounters with customer service leads to stress, counteracting the vacation experience being sought.

For this study, we've employed a new approach in examining visitor satisfaction. Our approach to examining this was the result of conclusions from prior research studies. In visiting a destination, you may have high expectations for some attributes and lower for others. Let's say, for example, you expect a high quality hotel (5 out of 5) and a superb beach (also 5 out of 5). On the other hand, you may not have expected much in the way of shopping (2 out of 5) or nightlife (also 2 out of 5). In this scenario, as indicated by your expectation ratings, you are seeking superior lodging and beaches. You are less motivated by shopping or nightlife.

Once you actually reached the destination and were asked to rate these attributes, you rated all four attributes a 4 out of 5 or a "*good*". A destination may think they've done a satisfactory job, providing you with a "*good*" vacation experience. In actuality, you were disappointed by your lodging and the beaches as you expected a 5 out of 5, or *excellent*. You weren't satisfied as your expectations weren't met.

If we relied solely on a single visitation satisfaction rating, we would not have a clear picture of whether or not we are actually providing the product our visitors are seeking. Ideally, you would want to meet or exceed expectations the super majority of the time. Studies have shown this leads to increased product satisfaction and a positive post purchase outlook.

We wanted to examine whether visitors' experiences were meeting their expectations. In order to this, we asked visitors to tell us what their expectation was for their vacation experience when selecting the Florida Keys. Then we asked them to tell us how satisfied they were with the experience now on vacation in the Keys. The goal is for the visitor to indicate the two levels matched, or the satisfaction level with their experience exceeded their expectations.

A lower experience level than expected means the customers' expectations have not been met. When this occurs, the visitor is dissatisfied. That can lead to a decrease in perceived value of the Florida Keys as a vacation destination. It can also affect post-purchase constructs, such as loyalty, word of mouth and repurchase intentions.

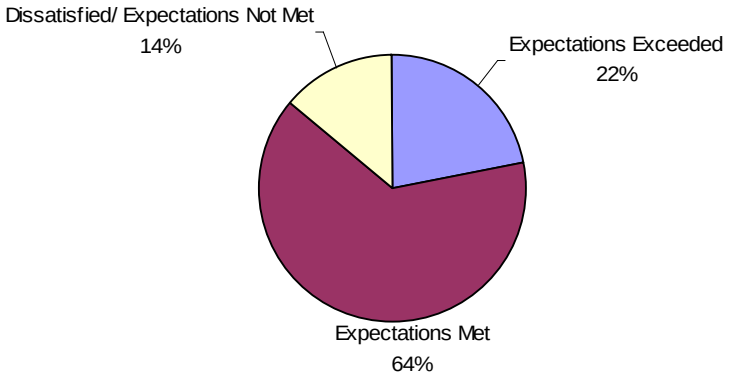
See the *Background and Methodology* section of this study for an explanation of the data collection method. The results were weighted according to visitation by district using weights applied to all Florida Keys visitor profile surveys.

2.2 Results of Visitor Surveys

2.2.1 All Surveys

For most visitors (86%) the Keys overall met or exceeded their expectations and they are "*likely*" or "*very likely*" to recommend the Keys to a friend or family member for their next vacation (72%). Value for the price met or exceeded visitor expectation 90 percent of the time.

Overall Florida Keys Vacation Experience



The top response (mode) for respondents across all attributes was that their satisfaction with their experience met their expectations. This was true across all districts.

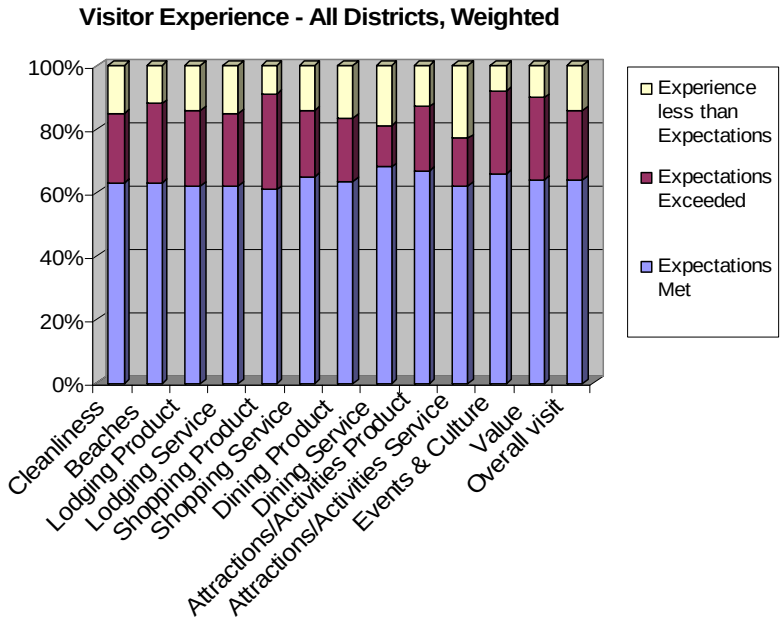
As a basis for comparison, the Keys faired better than the Hawaiian Islands and the Bahamas in visitor satisfaction. Hawaii's most recent available visitor data (2005 report) showed a visitor satisfaction rate of 68 percent[30] versus the results of this Keys visitor survey of 86 percent. The Bahamas 2005 report of visitors who were *"likely"* to recommend the destination to a friend was an all-time low of 61 percent while on this survey, the Keys achieved 72 percent. Satisfaction was slightly higher in Miami, at 90 percent in 2005.[31] Surpassing the Keys was the Beaches of Fort Myers – Sanibel. Lee

[30] Natarajan, Prabha. "Visitor Satisfaction Weakens." Pacific Business News. 18 May 05. URL: http://www.bizjournals.com/pacific/stories/2005/05/16/daily38.html
[31] Synovate – Miami. "2005 Visitor Profile and Economic Impact Study." Mar. 2006. URL: http://www.gmcvb.com/pictures/HotelOccupancys/HO276_Annual%20Report%202005.pdf.

County reported visitor satisfaction of 99 percent in winter 2005 and 98.6 percent in spring/summer 2005.[32]

Most of our respondents were new visitors, or visitors who had not been to the Keys in recent years. 64 percent of visitors surveyed at not been to the Florida Keys at all or within the past three years. About 22 percent of those new visitors had been influenced by word of mouth via a friend or family member to visit the Keys. This word of mouth refer is anticipated to continue as the majority of visitors are "likely" to "very likely" to recommend the Florida Keys as a vacation destination to a family member or friend.

Customer service at attractions/activities (77%) and customer service at restaurants (81%) had lowest rates of meeting or exceeding visitor expectation. While, shopping product and the cultural aspects of the destination had the highest rates of meeting or exceeding visitor expectations (91% and 92% respectively). Shopping product in particular had the highest rate of exceeding visitor expectations (30% expectations exceeded).



[32] "The beaches of Fort Myers – Sanibel Annual 2005 Visitor Profile." Research Data Services, Inc. URL: http://www.leevcb.com/statistics/2005execprofile.pdf

Where service received by employees was broken out by the actual product (lodging, retail, food & beverage and attractions/activities) in all cases the customer service less often met or exceeded visitor expectations than the product.

The following table further depicts visitor response by experience category:

Table 4.3 Visitor Expectations vs. Visitor Experience

Visitor Experience	Experience less than Expectations	Expectations Met	Expectations Exceeded	**Combined Expectations Met or Exceeded**
Cleanliness of the Florida Keys	15%	63%	22%	**85%**
Quality of the Florida Keys beaches	12%	63%	25%	**88%**
Visitor's Accommodations	14%	62%	24%	**86%**
Quality of service at visitor's accommodation	15%	62%	23%	**85%**
Shopping	9%	61%	30%	**91%**
Quality of retail service	14%	65%	21%	**86%**
Dining	18%	70%	22%	**82%**
Service in restaurants	19%	68%	13%	**81%**
Attractions and Activities	13%	67%	20%	**87%**
Service at local attractions and activities	23%	62%	15%	**77%**
Cultural events, concerts, arts, theatre	8%	66%	26%	**92%**
Value for the price	10%	64%	26%	**90%**
Overall visit	14%	64%	22%	**86%**

2.2.2 Visitor Survey Responses by District

Visitor responses did differ by district. Consistently, District II most often met or exceeded visitor expectations while District I least often met or exceeded visitor expectations. District III achieved the highest overall rating.

District I visitors reported the lowest rate of cleanliness of the district meeting or exceeding expectations (74%). District II achieved the highest rate or meeting of exceeding visitor expectations for cleanliness (97%).

Table 4.4 Cleanliness of Destination

District	Experience less than expectations	Experience met expectations	Expectations exceeded	**Combined Expectation Met or Exceeded**
District I	26%	56%	18%	**74%**
District II	3%	68%	29%	**97%**
District III	7%	63%	30%	**93%**
District IV	9%	62%	29%	**91%**
District V	3%	78%	19%	**97%**

District I visitors reported the lowest rate of beaches of the district meeting or exceeding expectations (86%). Districts V and IV closely followed with 87 percent satisfaction and 88 percent respectively. Districts III's beaches met or exceeded expectations 82 percent of the time. District II's beaches topped the list at 97 percent.

Table 4.5 Beaches of Destination

District	Experience less than expectations	Experience met expectations	Expectations exceeded	**Combined Expectation Met or Exceeded**
District I	14%	47%	39%	**86%**
District II	3%	78%	19%	**97%**
District III	9%	75%	16%	**91%**
District IV	12%	76%	12%	**88%**
District V	13%	79%	8%	**87%**

Districts II through V achieved near 100 percent satisfaction (i.e. met or exceeded expectations) with their lodging product (ranged from 99% to 97%). District I visitors reported a lower rate of 77 percent satisfaction with lodging product.

Table 4.6 Lodging Product

District	Experience less than expectations	Experience met expectations	Expectations exceeded	**Combined Expectation Met or Exceeded**
District I	24%	59%	17%	**76%**
District II	2%	71%	27%	**98%**
District III	2%	69%	29%	**98%**
District IV	5%	62%	33%	**95%**
District V	6%	62%	32%	**94%**

District I and District III's lodging properties' customer service levels' ability to meet or exceed visitor expectations fell below the product satisfaction levels (District I -73% customer service satisfaction vs. 76% product satisfaction, District III – 96% customer service

Table 4.7 Lodging Service

District	Experience less than expectations	Experience met expectations	Expectations exceeded	**Combined Expectation Met or Exceeded**
District I	28%	57%	15%	78%
District II	0%	69%	31%	100%
District III	4%	66%	30%	96%
District IV	2%	65%	33%	98%
District V	5%	65%	30%	95%

satisfaction vs. 98% product satisfaction). The remaining districts' lodging customer service satisfaction exceeded the lodging product satisfaction. Most notably, District II achieved 100 percent satisfaction with lodging customer service.

District II's retail/shopping product met or exceeded expectations 100 percent of the time. The remaining districts faired as follows: District I - 86%, District III - 97%, District IV - 95% and District V - 94%.

Table 4.8 Retail Product

District	Experience less than expectations	Experience met expectations	Expectations exceeded	**Combined Expectation Met or Exceeded**
District I	14%	62%	24%	**86%**
District II	0%	63%	37%	**100%**
District III	3%	54%	43%	**97%**
District IV	5%	65%	30%	**95%**
District V	6%	62%	32%	**94%**

For most districts, with the exception of Districts II and V, the customer service components of shopping yielded lower rates of satisfaction than the actual product offerings. The results were as follows: District I - 77% service satisfaction vs. 86% product satisfaction; District III -94% service satisfaction vs. 97% for product satisfaction; District IV - 91% service satisfaction vs. 95% for product satisfaction. In District V, customer service at shops actually exceeded the satisfaction with the product offerings at shops – 97% service satisfaction vs. 94% product satisfaction.

Table 4.9 Retail Service

District	Experience less than expectations	Experience met expectations	Expectations exceeded	**Combined Expectation Met or Exceeded**
District I	23%	63%	14%	**77%**
District II	0%	68%	32%	**100%**
District III	6%	57%	37%	**94%**
District IV	9%	71%	20%	**91%**
District V	3%	70%	27%	**97%**

District I diners had the lowest level of satisfaction with dining product (77%). District II had the highest (93%). The other districted faired as follows: District III - 85%, District IV - 88% and District V - 81%.

Table 4.10 Dining Product

District	Experience less than expectations	Experience met expectations	Expectations exceeded	**Combined Expectation Met or Exceeded**
District I	22%	61%	17%	**78%**
District II	7%	77%	16%	**93%**
District III	15%	79%	6%	**85%**
District IV	12%	79%	9%	**88%**
District V	19%	78%	3%	**81%**

For Districts I, II and IV visitors were less satisfied with the customer service at restaurants than the product: District I - 76% customer service vs. 77% product satisfaction; District II - 92% customer service vs. 93% product satisfaction; and District IV - 86% customer service vs. 88% product satisfaction.

Table 4.11 Dining Service

District	Experience less than expectations	Experience met expectations	Expectations exceeded	**Combined Expectation Met or Exceeded**
District I	24%	63%	13%	**76%**
District II	8%	73%	19%	**92%**
District III	13%	75%	12%	**87%**
District IV	14%	68%	18%	**86%**
District V	14%	79%	6%	**86%**

The ability of most districts' attractions and activities to meet or exceed visitor expectations topped 90 percent. District I was lower at 82 percent.

Table 4.12 Attractions/Activities Product

District	Experience less than expectations	Experience met expectations	Expectations exceeded	**Combined Expectation Met or Exceeded**
District I	18%	63%	19%	**82%**
District II	5%	74%	21%	**95%**
District III	10%	74%	16%	**90%**
District IV	9%	64%	27%	**91%**
District V	6%	72%	22%	**94%**

Customer service satisfaction levels were lower than product satisfaction levels for District I attractions and activities (75%). The remaining districts were equal or customer service actually exceeded product satisfaction: District II – equal satisfaction at 95%; District III – 97% customer service satisfaction vs. 90% product satisfaction; District IV 94% customer service satisfaction vs. 91% product satisfaction; District V 95% customer service satisfaction vs. 94% product satisfaction.

Table 4.13 Attractions/Activities Customer Service

District	Experience less than expectations	Experience met expectations	Expectations exceeded	**Combined Expectation Met or Exceeded**
District I	25%	55%	20%	**75%**
District II	5%	71%	24%	**95%**
District III	3%	74%	23%	**97%**
District IV	6%	68%	26%	**94%**
District V	5%	63%	32%	**95%**

Events and cultural offerings met or exceeded visitor expectations 94 percent of the time or better for all districts except District I (83%).

Table 4.14 Cultural Events, Arts, Theater

District	Experience less than expectations	Experience met expectations	Expectations exceeded	Combined Expectation Met or Exceeded
District I	17%	63%	20%	**83%**
District II	3%	78%	19%	**97%**
District III	3%	66%	31%	**97%**
District IV	6%	63%	31%	**94%**
District V	5%	68%	27%	**95%**

Value for the price of their vacation had the most positive results across the districts. For all districts 90 percent of the visitors' expectations of the value for the price of their vacation was met or exceeded. Value was fairly consistent with most districts hovering around 90 percent. District II was the exception to this with value rated higher at 95 percent.

Table 4.15 Value

District	Experience less than expectations	Experience met expectations	Expectations exceeded	Combined Expectation Met or Exceeded
District I	10%	62%	28%	**90%**
District II	5%	73%	22%	**95%**
District III	10%	61%	29%	**90%**
District IV	9%	61%	30%	**91%**
District V	11%	70%	19%	**89%**

Overall, roughly four out of every five District I visitor parties' vacation experience met or exceeded their expectations. The flip side of this is one out of every five (21%) district I visiting party's vacation experience did not meet their expectations. The remaining districts met or exceeded visitor expectations nine out of ten times or better. The results were as follows: District II - 95%, District III - 98%, District IV - 95% and District V - 90%.

Table 4.16 Overall

District	Experience less than expectations	Experience met expectations	Expectations exceeded	Combined Expectation Met or Exceeded
District I	21%	61%	18%	**79%**
District II	5%	74%	21%	**95%**
District III	2%	72%	27%	**98%**
District IV	5%	60%	35%	**95%**
District V	10%	68%	22%	**90%**

2.2.3 Lodging Tier Analysis

Visitor responses were also broken down by amount spent per day on lodging according to the June 2006 Smith Travel average occupancy and daily rate tier report. The categories were: economy to midprice (up to $164), upscale ($165 to $233) and luxury ($234 and up). Overall vacation experience meeting or exceeding expectations was lowest among luxury visitors (78%) and highest among upscale (91%).

Table 4.17 **Overall Rating by Lodging Tier**

Tier	Experience less than expectations	Experience met expectations	Expectations exceeded	Combined Expectation Met or Exceeded
Economy to Midprice	11%	64%	25%	**89%**
Upscale	9%	72%	19%	**91%**
Luxury	22%	61%	17%	**78%**

Lodging product's ability to meet or exceed expectations had an inverse relationship to the daily rate paid for the lodging. The higher the lodging tier, the lower the product experience meeting or exceeding expectations. 92 percent of economy to midprice lodging product (up to $164) met or exceeded expectations; 78 percent of upscale lodging product ($165 to $233) met or exceeded expectations; 77 percent of upscale lodging product met or exceeding expectations.

Table 4.18 Lodging Product Rating by Lodging Tier

Tier	Experience less than expectations	Experience met expectations	Expectations exceeded	Combined Expectation Met or Exceeded
Economy to Midprice	8%	65%	27%	**92%**
Upscale	22%	64%	14%	**78%**
Luxury	23%	59%	18%	**77%**

Lodging's customer service ability to meet or exceed expectations was also highest among economy to midprice tier accommodations, but was second highest among luxury accommodations.

Table 4.19 Lodging Service Rating by Lodging Tier

Tier	Experience less than expectations	Experience met expectations	Expectations exceeded	Combined Expectation Met or Exceeded
Economy to Midprice	13%	61%	26%	**87%**
Upscale	23%	58%	19%	**77%**
Luxury	18%	77%	6%	**82%**

2.2.4 Repeat Visitation Analysis

Visitor response was grouped by repeat visitors versus new or newly returning visitors (i.e. never visited the Keys or visited more than 3 years ago). Repeat visitors reported

higher rates of their vacation meeting or exceeding their expectations (92%) than new visitors (83%).

The majority of both new and returning visitors are "likely: to "very likely" to recommend the Florida Keys as a vacation destination to a family member or friend (67% repeat visitors, 75% new visitors). Among both groups the most popular response (mode) was they are very likely to recommend the Keys.

Section 3: Tourism Workforce Shortages in Other Areas

Tourism workforce shortages, in terms of staffing and adequacy of worker skills, are not unique to the Florida Keys destination. Because popular tourist destinations equate to popular second home locations, many are experiencing the type of workforce housing shortages felt in Monroe County. On islands, and other remote areas like ours, employers are especially challenged because of the limited ability to expand workforce by hiring workers from the mainland.

In a recent study, the International Society of Hospitality Consultants named labor conditions as the number one challenge facing the global hospitality industry. The article identified some programs employers have put into place to meet workforce shortage challenges, including aggressive recruiting campaigns in areas far outside the businesses local labor pool region, bonus incentives, recruiting from local competitors, securing dormitory housing and recruiting seniors. The specific actions plans are as follows:

- "When Disney Hotels was recruiting workers for its hotels and restaurants in Orlando, company representatives traveled to Pittsburgh PA, Rochester NY and San Juan, Puerto Rico offering $1500 relocation bonuses and a $100 airline ticket to anyone who would work for Disney for at least one year

- In Nashville, a new general manager of a major chain hotel sent a truck to a competitor's property. On the side of the truck was a sign offering cash bonuses to employees willing to come to work for him. On the inside of the truck was a man handing out applications.

- The biggest problem facing the amusement industry in the next decade is the shrinking labor force among high school and college-age students. Cedar Point amusement park in Sandusky OH has on-site dormitories that can accommodate up to 3000 workers. Casino Pier and Water Park in Seaside Heights NJ has hired students from Ireland since the 1980s.

- Paramount's Kings Island amusement park in Cincinnati, struggling to cope with a tri-state labor shortage, hired up to 300 European college students to staff its peak summer months. Another 200 workers were imported from other US cities. To accommodate its new recruits, the amusement park leased a University of Cincinnati dormitory and signed a $150,000 contract with Metro to provide expanded bus service to the park.

- Visionland, a themed waterpark attraction in Birmingham AL is recruiting more senior citizens because of their high work ethic and dependability. They have commissioned some of our top senior employees to recruit fellow seniors they know at church or social circles."[33]

[33] Coy, Jeff. "Shrinking Labor Force is Top Challenge for Global Hospitality, Tourism & Service Industries." ISHC Top 10 Issues 2006. URL: http://www.ishc.com/library/2006/SHRINK.DOC.

One area similar to us with geographic constraints, high housing costs and high average daily lodging rates, which we investigated, was the Hawaiian Islands. In Hawaii, "tourism accounts for roughly 25 percent of total economic activity and 30 percent of total employment."[34] Hawaii has been relying on in-migration to stem the impact of resident exodus, a decreasing number of its young residents entering the workforce and an increasing number of its older residents retiring.

Professional positions, including math and science teachers, are often recruited from the mainland. Entry-level hospitality jobs, like housekeeping, are often filled with the 5,000 to 6,000 foreign immigrants per year to Hawaii.

"Allen Chung, [the Society for Human Resources Management's current president], says he is trying to sound an alarm bell in the human resources community: 'Nobody's planning for [the long term]. The short-term needs are so pressing that it's very hard for people to take time to look down the road. It's a real big public policy issue, where everybody has to work together.'"[35]

The reliance of in-migration has been problematic in Hawaii because workers don't necessarily stay. According to University of Hawaii associate vice president for Academic Affairs Mike Rota, census data shows Hawaii imports workers in the 20s, whom he believes are coming for their climate and lifestyle. Then the reality of Hawaii's low wages and high cost of living begins to drives people out in their 30s and beyond.

In-migration in Hawaii, and elsewhere, is also problematic in that it can change the host culture of the area which is often a strong component of its tourism draw. For example, the Hawaii Islands' offer unique cultural experiences and traditions for which they are well known, like the Lu'au. Such offerings attract cultural and historic travelers seeking Hawaii's unique culture with its Polynesian flare. As residents leave the area, especially young native residents, those cultural traditions are at risk for being lost. Likewise, the influx of immigrants imports other cultural influences into the area.

The tourism workforce shortage impacts were felt a decreasing Hawaiian visitor satisfaction. "The overall satisfaction levels of Mainland visitors in 2004 dropped 4 percentage points from 72 percent to 68 percent. The percentage of below-average experiences increased 3 percent among Mainland tourists. While the numbers are still

[34] Goodno, James. "Living with Tourism." American Planning Association. Jun. 2004. URL: http://www.planning.org/affordablereader/planning/tourism0604.htm.
[35] Knox, John M. "Where are the Workers?" Hawaii Business. Jul. 2005. URL: http://www.hawaiibusiness.com/archivearticle.aspx?id=1343&qr=.

relatively small, the surveys found complaints across the board, with less satisfaction in hotels, restaurants, shops and activities, especially during peak periods."[36]

The Hawaiian visitor satisfaction level (68%) is below that found for the Florida Keys in our survey, which was 86 percent. Hawaii responded by drafting in 2005 a strategic plan with included initiatives to increase visitor satisfaction. The board's greeting program, which welcomes visitors at harbors and airports, [rose] from $400,000 to $1.6 million."[37] Hawaii felt this welcome program gave visitors an immediate sense that Hawaii was a special place.

[36] Natarajan, Prabha. "Visitor Satisfaction Weakens." Pacific Business News. 18 May 05. URL: http://www.bizjournals.com/pacific/stories/2005/05/16/daily38.html
[37] Natarajan, Prabha. "Visitor Satisfaction Weakens." Pacific Business News. 18 May 05. URL: http://www.bizjournals.com/pacific/stories/2005/05/16/daily38.html

Section 4: Implications for Marketing the Florida Keys

As presented earlier, while the Florida Keys faired better than some competitors, others raised the bar for visitor satisfaction levels. To reiterate, the Keys faired better than the Hawaiian Islands and the Bahamas. Hawaii's most recent available visitor data showed a visitor satisfaction rate of 68 percent[38] versus the results of this Keys visitor survey of 86 percent. The Bahamas December 2005 report of visitors who were "likely" to recommend the destination to a friend was an all-time low of 61 percent[39] while on this survey, the Keys achieved 72 percent. Visitor satisfaction was slightly higher in Miami, at 90 percent in 2005.[40] Surpassing the Keys was the Beaches of Fort Myers – Sanibel. Lee County reported visitor satisfaction of 99 percent in winter 2005 and 98.6 percent in spring/summer 2005.[41]

The implication for our destination and our marketing plan is that, while we can be confident in our destination's ability to exceed or meet visitor expectations for the majority of visitors, we must improve visitor satisfaction in order to remain competitive.

The marketing of our destination goes beyond the Monroe County Tourist Development Council. Tourism businesses throughout the county employ marketing and sales mangers to promote their business and our destination. The anticipated exodus of workers in this job category (63%) could adversely affect the Keys tourism marketing and sales efforts.

The loss of professional staff may result in a brain-drain when educated, talented, highly trained individuals leave the County taking their knowledge and expertise with them. Employers are already far less satisfied with the candidate selection available to replace exiting sales and marketing management staff (23%) than they are with the skill-levels of their current sales and marketing management staff (86%), a problem likely to exasperated by a high turnover of current management workers (63%).

Another area in which tourism worker exodus can have implications for our tourism product is when workforce shortages impact visitor satisfaction. It is less expensive to a destination to retain visitors, in the form of converting travelers into repeat visitors, than it is to attract a new visitor. The experience at the destination will affect post-visitation outlook. A positive experience, one that met or exceeded the visitors'

[38] Natarajan, Prabha. "Visitor Satisfaction Weakens." Pacific Business News. 18 May 05. URL: http://www.bizjournals.com/pacific/stories/2005/05/16/daily38.html
[39] "Visitor Satisfaction Declines". Bahamas News. 18 Apr. 05 URL: http://www.bahamasb2b.com /news/wmview.php?ArtID=5053
[40] Synovate – Miami. "2005 Visitor Profile and Economic Impact Study." Mar. 2006. URL: http://www.gmcvb.com/pictures/HotelOccupancys/HO276_Annual%20Report%202005.pdf.
[41] "The beaches of Fort Myers – Sanibel Annual 2005 Visitor Profile." Research Data Services, Inc. URL: http://www.leevcb.com/statistics/2005execprofile.pdf

expectations, can turn a visitor into a repeat visitor. It can also turn that visitor into a "marketer" for the Keys by promoting the destination via word of mouth as a positive vacation experience and influencing their friends and family to visit. A negative experience can adversely affect the destination's marketing through a negative word-of-mouth response.

For example, 22 percent of our new visitors in our study had been influenced to visit the Keys because of positive word of mouth from previous travelers. Had those referring travelers not had a positive experience in the Keys, it is unlikely these new visitors would have selected the Keys for their vacation. Those visitors may have instead been lost to our destination.

Better job training, customer service training, increased employee retention and satisfaction will aid in improving visitor satisfaction rates. Anticipated continued exodus of workers from housing costs, medical care costs and perceived lack of promotion or pay increase presents a challenge toward achieving higher satisfaction rates.

With our revision of our visitor profile survey, we have put better metrics into place to tract visitor satisfaction. On a quarterly basis, we will be releasing the results of these visitor satisfaction queries.

Part V: Long Term Projections

Section 1: Workforce Supply and Demand Projections

1.1 Monroe County Workforce Supply

The results of this study show the workforce is expected to decrease in both the short- and long term (5 years). Three out of every five tourism workers is planning to relocate outside of Monroe County over the next five years, an estimated 8,000 tourism workers. 17 percent of the exiting tourism workers, or 2,120, plan to leave within the next year, 15 percent (1,871) plan to follow by spring 2008, 19 percent (2,370) by spring 2010 and finally 13 percent more (1,621) following spring 2010.

Turnover is expected across all workers groups, from front-line to management. There was little difference in percentage planning to relocate when workers were grouped by job category. Customer Service/Front-line workers had somewhat higher than average relocation plans (67%). Professional/Office workers had somewhat lower than average relocation plans (62%). Household demographics of the exiting workers were also consistent with the entire worker population, with roughly the same percentage being single, having spouses or having children.

Table 5.1 Employees Planning to Leave the Keys by Job Category

Job Category	Percentage
Customer Service/Front-line	67%
Operational	63%
Professional/Office	62%
Managers and Supervisors	63%
Total Average	**64%**

The results also indicate turnover will be felt across all tourism business types. The percentage of employees with plans to leave the Keys was fairly consistent across industries[42], with hotel and restaurant/bar employees having somewhat higher rates of relocation plans (67%) and retail having lower (53%).

Table 5.2 Employees Planning to Leave the Keys by Business Type Currently Employed By

Business Type	Percentage
Restaurant/Bar	67%
Lodging	67%
Retail	54%
Water Attraction/Activity	66%
Land Attraction/Activity	55%
InfoCenter/Visitor Service	54%
Total Average	**64%**

[42] Employees grouped by primary or full-time employer type of company

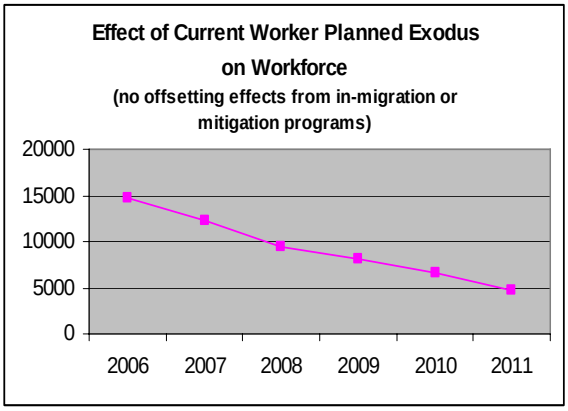
Further, loss of workers is expected across all lengths of current residency in the Keys from new residents to lifelong residents.

Table 5.2 Employees Planning to Leave the Keys by Current Length of Residency in the Keys

Business Type	Percentage
0 to 5	65%
>5 to 10	74%
>10 to 15	68%
>15 to 20	65%
20+	49%
Total Average	**64%**

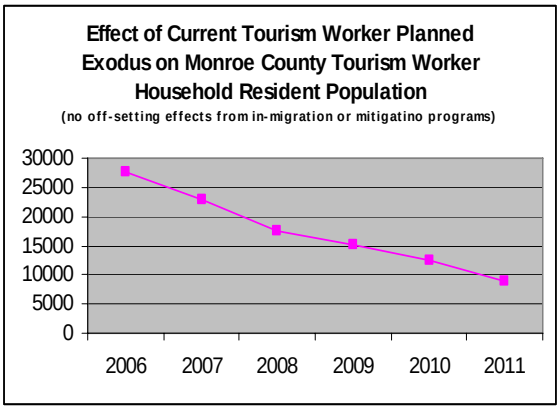
Applying the responses of this subgroup to the entire population of tourism workers[43] equated to a loss of over 8,000 current tourism workers. Adding in household members, a loss of up to 13,000 current Monroe County residents over the next five years could be experienced. The following graphs show the change to Monroe County's tourism workforce population and resident population from this planned exodus. No off-setting inputs, such as in-migration or mitigation programs are considered in these graphics:

Table 5.3



Source: Monroe County Tourist Development Council

Table 5.4



Source: Monroe County Tourist Development Council

The actual change in population would depend on any off-setting of resident loss by gains of new residents. Again applying the responses of this subgroup to the entire population of tourism workers, about 5,000 tourism workers have migrated into Monroe County within the past five years. They have brought with them other household members for a total of about 9,330 new Monroe County residents from tourism worker households over the past five years. If past migration trends into Monroe County continued, then the net population change of tourism worker households would be an estimated loss of over 3,640 residents. For just tourism

[43] At a 95% confidence level, the overall margin of error is ± 3

worker households alone, the planned resident loss over the next five years could be more than the total resident loss experienced over the past five years.

Outside of change in residency, turnover is likely to be fairly normal. The majority of tourism workers do not plan to change jobs during their residency in the Keys (71%). Those whom are currently seeking another job within the County, or plan to seek another job in the near future, are looking for higher pay (40%) and better opportunities (32%).

1.2 Monroe County Workforce Demand

Florida tourism is projected to increase 2 percent to 3 percent per year over the next five years, for a total growth of 13 percent. Tourism employers, who have anticipated their staffing needs, anticipate somewhat increased staffing needs each year over the next five years in light of this projection.

One out of every five tourism employer anticipates a "*significant decrease*" in Monroe County's population over the next two years. An additional three out of every five tourism employers anticipate a "*decrease*" or a "*somewhat decrease*" in population, for a total of four out of every five tourism employers anticipating some degree of population decrease (80%).

All data from our surveys, and those collected by other groups such as FKAA and the school system, point toward more Monroe County resident loss over both the short and long term (5 years). As one out of every two tourism employers is experiencing vacancies at current workforce levels, the anticipated continued resident exodus will result in more workforce shortages across our industry. That is at current levels of tourism. The more tourism increases, which it is projected to do, the more the shortages will be felt.

As workers vacant current positions to seek employment elsewhere in the County or relocate outside of the county, satisfaction with employees will decrease. That assumption is derived from the high levels of dissatisfaction reported by employers with candidate pools which they will be forced to dip into to replace vacating workers.

1.3: National Workforce Supply and Demand Projections.

As stated previously, the International Society of Hospitality Consultants declared in a recent study that labor issues are the number one challenge facing the global hospitality industry. The data presented in their study points toward a workforce short fall over the next five years of 5 million workers across the United States. "The number of available jobs in the United States is projected to increase by 22

million by 2010, whereas the labor force is predicted to increase by only 17 million"[44]. Such shortfall projections make the national competition for employees even fiercer than it is today. This is likely to negatively impact the ability of the Florida Keys to use in-migration to fulfill local workforce shortfalls.

National turnover in the tourism and hospitality industry is anticipated at 32 percent, according to a survey conducted by Careerbuilder.com[45]. Like workers searching for, or planning to search for, other jobs during their residency in the Keys most are seeking better pay (38%)

[44] Coy, Jeff. "Shrinking Labor Force is Top Challenge for Global Hospitality, Tourism & Service Industries." ISHC Top 10 Issues 2006. URL: http://www.ishc.com/library/2006/SHRINK.DOC.

[45] "Thirty-two percent of hospitality workers plan to leave their jobs in 2006". Reuters. 17 Jan. 2005. URL: http://today.reuters.com/stocks/QuoteCompanyNewsArticle.aspx?view=PR&symbol=GCI.N&storyID=190802+17-Jan-2006+PRN.

PART VI: CONCLUSION

Section 1: Examination of Research Objectives and Hypothesis

At the onset of our study, we proposed five research questions we were seeking to answer through our investigation. We also formulated three hypotheses to test. In the following section, we review the results of those research questions and hypotheses tests.

1.1 Examination of Research Objectives

1) To what extent does a tourism workforce shortage actually exist in Monroe County today?

   The majority of tourism workers reported shortages in both the quantity and quality of Monroe County's tourism workforce. These shortages have resulted in half of tourism businesses being short staffed and over 1,000 current vacancies.

   About half of the tourism employers in Monroe County are experiencing difficulty retaining employees. A little less than half of all tourism employers are not adequately staffed. There are an estimated over 1,030 vacant tourism jobs. An estimated 36 percent of those jobs, or 370, have been vacant for more than 30 days or are persistently vacant. Monroe County lost over 1,000 workers from 2003 to 2005. Monroe County tourism employers are not satisfied with the overall quality of Monroe County applicant pool (80%) or with the overall quantity of the Monroe County applicant pool (84%).

2) How are tourism workforce needs currently being fulfilled in Monroe County, i.e. resident workers, commuters, telecommuters, guest workers, qualified vs. under-qualified staff?

   Tourism workforce needs a being fulfilled through Monroe County residents, tourism workers holding multiple jobs, guest workers and commuting non-Monroe County residents (telecommuters and physical commuters).

   85 percent of Monroe County's tourism workforce is local residents, or about 12,500 workers. About 32% of those local workers are holding multiple jobs, or nearly 4,000 workers. 15 percent of Monroe County's tourism workers are non-Monroe County residents, or about 2,200 workers. These commuters (physical and telecommuters) are mostly utilized in the Upper in Middle Keys. Physical distance from mainland worker pools prohibits higher rates of physical commuters in the Lower Keys. Lodging and Bars/Restaurants are fulfilling worker needs by utilizing

guest workers (41%, 37% respectively). This labor source is problematic as the government only issues 66,000 guest worker visas per year which much be shared across the entire United State and all of the many industries competing for the labor. Monroe County residents holding multiple jobs are also a substantial component of our workforce. As far as adequacy of the tourism workforce, tourism employers are mostly satisfied with the adequacy of the skill set/qualifications of their professional/office employees (86%) and management/executive employees (84%). They are less satisfied with the adequacy of the skill level of the remaining employee groups; customer service/front-line (63%), operational (74%).

3) What are the impacts of these worker issues on the tourism industry in Monroe County and our overall tourism product?

Dissatisfaction with tourism worker customer service for some visitors may have led to lower than expected satisfaction with their vacation experiences. While the majority of visitors' Florida Keys vacation experience met or exceeded their expectations, about 14 percent of visitors' vacation did not meet their overall expectations. Customer service in lodging, retail, attractions/activities and restaurants generally achieved lower visitor satisfaction rates than the physical product. When we analyzed the responses by district it is clear there were lower rates of customer satisfaction in District I than the other districts, indicating there are some opportunities to improve visitor satisfaction in District I. The various attributes queried of the District I vacation experience did not meet expectations 15 percent to 26 percent of the time.

The loss of residents, both tourism workers and non tourism workers, may adversely affect our cultural tourism product. Resident relocation, particular native residents, may result in cultural drain where the cultural traditions of the tourism host community are lost. The Keys unique culture is important component of both the fabric of its community and its tourism product.

The loss of professional and management staff, particularly sales and marketing managers, can adversely impact the marketing and management our tourism product. The brain-drain associated with the loss of 63% of our current management whom are planning to relocate could be significant as these talented individuals take their skills and knowledge with them.

Another arena in which our tourism marketing efforts can be impacted is repeat visitation and word of mouth. It is less expensive to convert a visitor into a repeat visitor than it is to continually attract new visitors. Positive word of mouth from our visitors essentially turns them into "marketers" for the Keys, promoting the

destination to their friends and families. A positive visitor experience is essential for both.

4) What are our long-term projected needs for workers and supply of workers in the tourism industry?

Tourism employers, who have anticipated their staffing needs, anticipate somewhat increased staffing needs each year over the next five years. On the other hand, a significant loss of tourism workers (64% or nearly 8,000) is anticipated to occur in both the short and long term. Three out of every five tourism workers have plans to leave the Keys. 17 percent of this exodus, or 2,120, is planned by spring 2007. This indicates a significant shortage of worker supply is likely to occur unless new workers migrate into the County at higher rates than are experienced today or existing workers can be retained. Recruitment, or increased in-migration, is likely to be difficult as national shortfalls of 5 million workers over the next five years are predicted.

5) What are the implications for our tourism product given our worker demand and supply long-term projections?

In order to sustain and improve our tourism product, we must resolve the worker retention issues. Most notably, the housing cost burden for workers needs reduction. Currently four out of every five tourism workers are paying more than 30 percent of their household income for their home or rent. Housing cost burden is the factor that is most likely to cause a worker planning to leave. On the flip side, alleviating housing cost burden is the factor that is most likely to cause a departing worker to reverse their decision and stay in the Keys. Medical benefits, increased pay and promotion is also very likely to retain workers.

Improved customer service levels would enhance visitor experience and increase satisfaction rates. Customer service training is recommended to ensure front-line employees have adequate skills to meet visitor expectations.

1.2 Examination of Hypotheses:

Hypothesis 1: A workforce shortage currently exists in the Monroe County, and specifically within its tourism industry.

Result: Accept. *About one out of every two tourism employers has vacancies and is experiencing difficulty retaining employees. An estimated over 1,000 tourism jobs are vacant today.*

Hypothesis 2: The workforce shortage impacts our tourism product throughout the County.

Result: Reject. *When analyzing visitor satisfaction by district, it is evident that failure to meet or exceed visitor satisfaction is more prevalent in District I. District II, in particular, had very low rates of failing to meet or exceed visitor satisfaction.*

Hypothesis 2: Given growth projections of the tourism industry, and the anticipated persistence of factors currently negatively impacting worker supply, the workforce shortage is anticipated to continue with negative impacts in the long term (5 years).

Results: Accept. *Four out of every five tourism workers has plans to leave Monroe County within the next five years. At the same time, Florida tourism is predicted to grow 2 percent to 3 percent per year. The resulting conclusion is the Florida Keys are at risk for a significant workforce shortage if programs are not put in place to mitigate workforce loss.*

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APPENDIX A

Monroe County Tourism Workforce Research Study
Project Outline

As approved by the Monroe County Tourist Development Council on March 2, 2006

Part I: Industry Analysis – An overview of the role of tourism in Monroe County's economy and a review of a tourism based workforce.

I. Examine what tourism means to Monroe County
   a. Economic impact
   b. Tourism generated taxable sales
      i. Visitor share of sales tax revenues
   c. Tourism generated employment
   d. Tourism industry contribution to ad valorem taxes
II. Examine characteristics of tourism based workforces
   a. Identify core functions and services of tourism workers
   b. Identify representative occupations
      i. Management and supervisors
      ii. Operations and administration
      iii. Front-line staff and customer service
      iv. Maintenance, labor and other
   c. Skill sets for occupations
   d. Average compensation

Part II: Monroe County Situation Analysis - A descriptive profile of where we are now in terms of our tourism workforce.

I. Analyze our workforce supply
   a. Employment data and trends
      i. Quantify workforce
      ii. Seasonality of workforce
      iii. Unemployment trends
      iv. Current employment
         1. Segment results by tourism business areas: Lodging, Food & Beverage, Attractions, Activities, Tours & Services and Tourism Related Retail
   b. Composition of workforce
      i. Keys residents
      ii. Non keys residents
         1. Commuting patterns to Keys
         2. Number & origin of telecommuters
      iii. Guest workers & contract labor
      iv. Segment results by tourism business areas: Lodging, Food & Beverage, Attractions, Activities Tours & Services and Tourism Related Retail
   c. Longevity of workforce
   d. Workforce costs of residing in Monroe County
      i. Housing

            1. Home ownership costs, e.g. purchase price, insurance, taxes, etc.
            2. Rental costs
        ii. Medical costs
        iii. Other cost of living expenses

II. Analyze our workforce demand
    a. Adequacy of Florida Keys workforce
        i. In terms of number of workers
        ii. In terms of workers skill sets and competencies
    b. Quantify current vacancies
        i. Number of vacancies by job category
        ii. Skill sets required for vacancies
        iii. Averages
            1. length to fulfill positions
            2. applications per position
III. Workforce supply vs. workforce demand gaps
    a. Positions
    b. Skill sets
    c. Segment results by tourism business areas: Lodging, Food & Beverage, Attractions, Activities, Tours & Services and Tourism Related Retail

Part III: Impact Analysis - Effects of workforce issues on employers, visitors and marketing efforts.

I. Employer Issues, Programs & Costs
    a. Recruitment & Training
    b. Compensation & Benefits
    c. Retention & Attrition
    d. Impact of increasing ADR or RevPAR vs. decreasing workforce
II. Impacts to Visitors and Customer Satisfaction
    a. Impacts of insufficient staffing, staff skill set and experience inadequacies, and turnover
    b. Visitor satisfaction
        i. anticipated vacation experience vs. actual vacation experience
        ii. Perceived value for cost of experience
    c. Upscale tier visitor expectations and experience
    d. Post visitation outlook
        i. Revisit intentions
        ii. Word of month on experience
    e. Segment results by first time visitor, repeat visitor
III. Studies in other areas
    a. Relevant findings
    b. Competitive analysis
    c. Correlation between visitor experience and repeat visitation
IV. Marketing of Tourism
    a. How impacts may effect marketing of destination

Part IV: Long Term Projections – Over the next five years, where do we anticipate being in terms of tourism volume, worker demand and worker supply.

I. National tourism outlook
   a. Trends in tourism workforce demand and supply
   b. National tourism volume projections
II. Monroe County tourism outlook
   a. Employers projected worker needs
      i. segment results by tourism business areas: Lodging, Food & Beverage, Attractions, Activities, Tours & Services and Tourism Related Retail
   b. Workforce supply and population projections
   c. Florida Keys tourism projections

Part V: Summary of Conclusions – Examination of validity of study hypotheses.

APPENDIX B

Survey Packet Cover Lett

April 27, 2006

Dear Tourism Employer,

The TDC is embarking on the first ever comprehensive study of the Florida Keys' Tourism Workforce. As you know, many in our industry struggle to meet our worker needs. The increasing exodus of Florida Keys residents indicates further struggle likely lies ahead. The TDC Workforce Study seeks to engage tourism stakeholders, i.e. the workers, employers and visitors, in order to provide a 360 degree view of the impact of workforce issues on the industry.

We need your help. Your input, and that of your employees, is the key to this study, and the Florida Keys Tourism Industry's future success. Please take a moment to complete the enclosed Tourism Employer Survey (orange booklet) on behalf of your organization. **Please return your response to us in the enclosed pre-paid envelope within 10 days.** Alternatively, you may visit **www.fla-keys.com/employer_survey** to complete the survey electronically or download additional copies.

We also require your assistance in distributing our Worker Survey. Enclosed you will find a copy of the Worker Survey (red booklet). **Please contact us within the next 10 days with your current employee count** via phone at 305.296.1552, via fax at 305.296.0788 or via email at research@fla-keys.com. We will then mail to you the appropriate number of Worker Surveys and pre-paid envelopes. We recommend distributing the surveys to employees with their pay checks, or in employee mailboxes, for maximum attention. It is in all our best interest to encourage worker participation in the project as it will provide valuable insight, such as, our workers' planned longevity in the Keys and job satisfaction. Workers may also complete their survey via the web, or download copies, at **www.fla-keys.com/worker_survey.**

If you have any questions, or require any assistance, please contact our office at 305.296.1552.

Sincerely,

Harold Wheeler
Director

Enc.

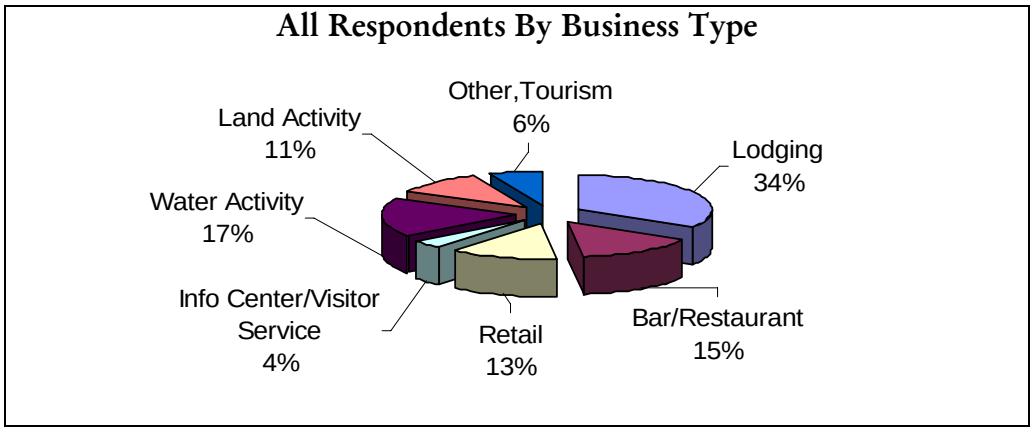
Appendix C

Respondent Profile TDC Employer Survey

Table A1: Number of Respondents by District (where given):

District[1]	Respondents
District I	93
District II	11
District III	33
District IV	27
District V	30
District Not Named	18
Total	212

Table A3 : Type of Business, All Respondents



1

District	Description
District I	Key West City limits (includes Island of Key West & bayside/College Rd Stock Island)
District II	Lower Keys (Key West City limits to Seven Mile Bridge)
District III	Marathon/Middle Keys (North of Seven Mile Bridge to Long Key/MM64)
District IV	Islamorada Area (North of Long Key/MM64 to MM 90.7 Tavernier)
District V	Upper Keys (North of MM 90.7/Tavernier to County line)

Table A4: Type of Business by District, District I

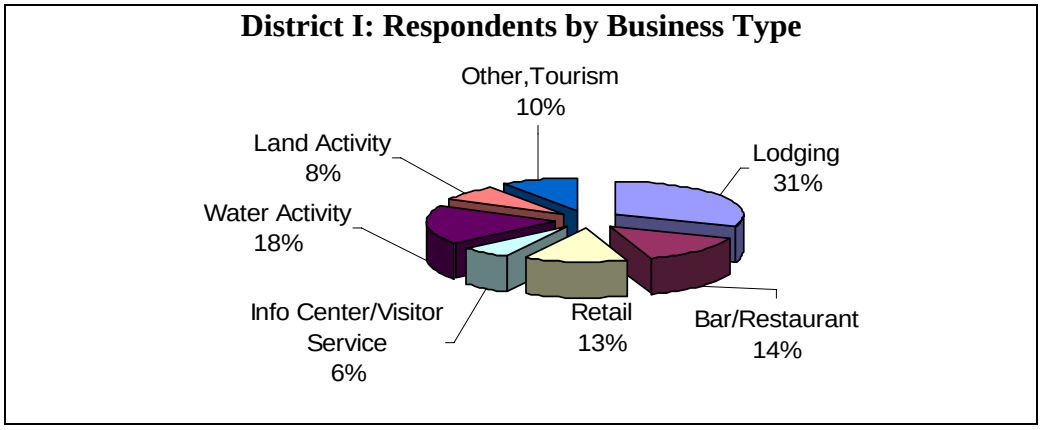


Table A5: Type of Business by District, District II

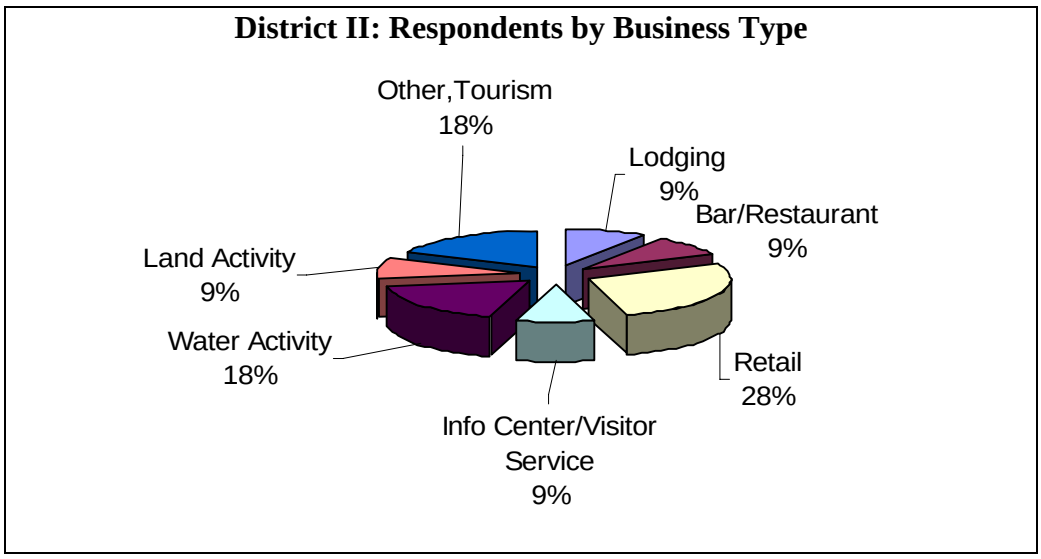


Table A6: Type of Business by District, District III

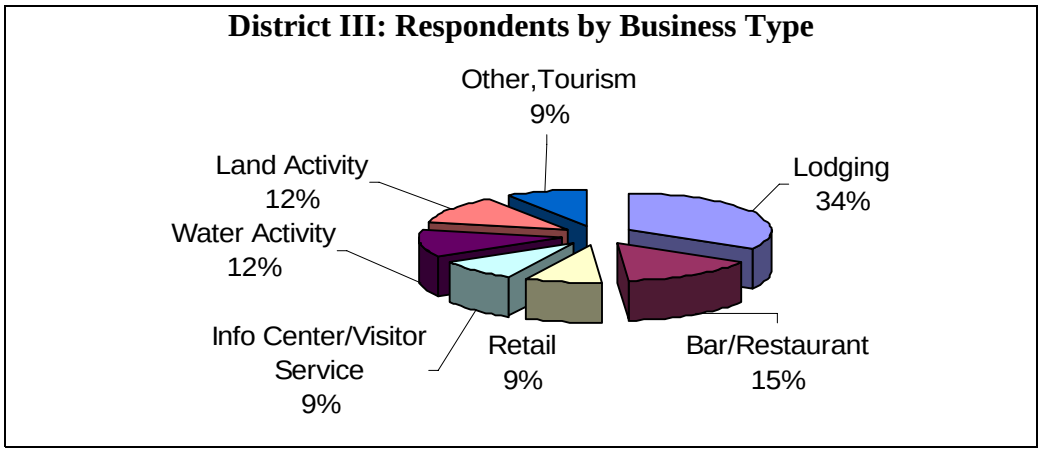


Table A7: Type of Business by District, District IV

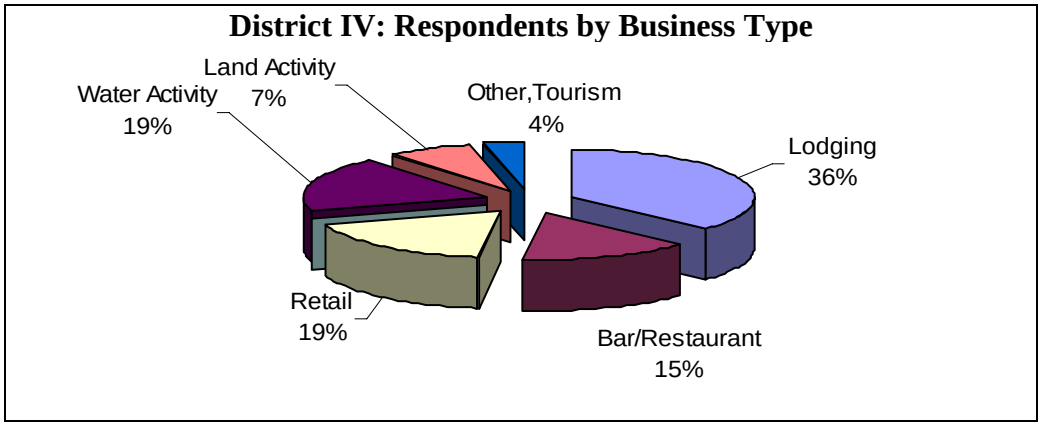


Table A7: Type of Business by District, District V

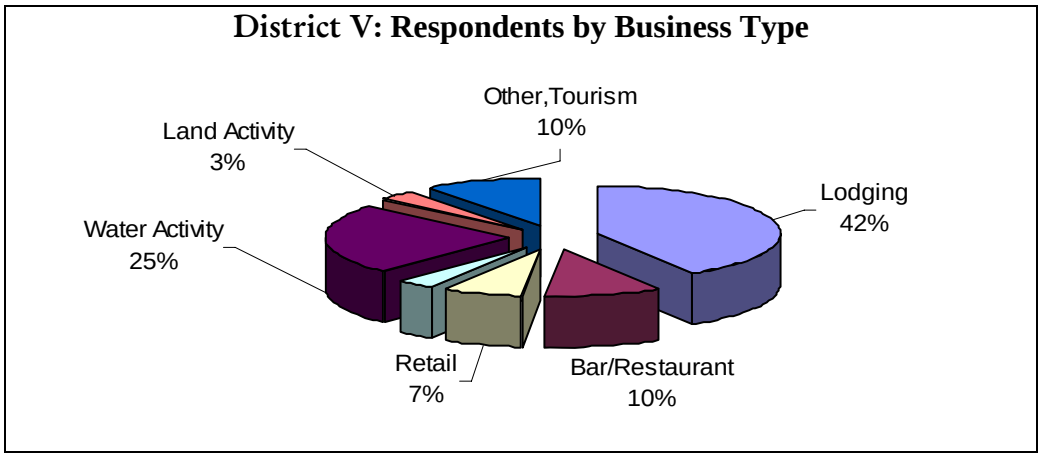


Table A8: **Number of employees (directly employed)**

All Respondents	**5,094**

Table A9: Number of employees (directly employed) by type of business:

Type of Business	Aggregate Employees
Lodging	1,591
Bar/Restaurant	987
Retail	160
Info Center/Visitor Service	54
Water Activity/Attraction	377
Land Activity/Attraction	636
Other, Tourism Related	221

Table A10: Aggregate number of employees (directly employed) by business location:

District	Aggregate Employees
District I	1,584
District II	412
District III	592
District IV	478
District V	472

Table A11: Average number of employees (directly employed) by type of business:

Type of Business	Average Employees
Lodging	26
Bar/Restaurant	39
Retail	6
Info Center/Visitor Service	8
Water Activity/Attraction	11
Land Activity/Attraction	30
Other, Tourism Related	28

Appendix D

Top 25 Tourism Occupations by Business Type

Top Twenty-Five Lodging Occupations, State of Florida

Occupation Title	Number of Employees
Maids and Housekeeping Cleaners	32,441
Waiters and Waitresses	13,281
Hotel, Motel, and Resort Desk Clerks	12,287
Maintenance and Repair Workers, General	6,323
Cooks, Restaurant	5,354
Dining Room and Cafeteria Attendants and Bartender	4,678
Janitors and Cleaners, Except Maids and Housekeepi	4,663
Food Servers, Nonrestaurant	4,244
Security Guards	3,873
Laundry and Dry-Cleaning Workers	3,862
Bartenders	3,647
Dishwashers	2,928
Food Preparation Workers	2,732
First-Line Supervisors/Managers of Housekeeping an	2,553
Baggage Porters and Bellhops	2,409
First-Line Supervisors/Managers of Office and Admi	2,158
Bookkeeping, Accounting, and Auditing Clerks	2,136
Sales and Related Workers, All Other	2,091
Landscaping and Groundskeeping Workers	2,087
First-Line Supervisors/Managers of Food Preparatio	1,782
Switchboard Operators, Including Answering Service	1,616
Reservation and Transportation Ticket Agents and T	1,596
Hosts and Hostesses, Restaurant, Lounge, and Coffe	1,587
Cashiers	1,516
Lodging Managers	1,487

Source: Labor Market Statistics, Occupational Employment Statistics Program

Top Twenty-five Restaurant Occupations, State of Fl

Occupation Title	Number of Employees
Waiters and Waitresses	123,900
Cooks, Restaurant	40,980
Dishwashers	20,510
Hosts and Hostesses, Restaurant, Lounge, and Coffe	19,801
Food Preparation Workers	16,363
Dining Room and Cafeteria Attendants and Bartender	14,094
Bartenders	13,339
First-Line Supervisors/Managers of Food Preparatio	12,947
Combined Food Preparation and Serving Workers, Inc	6,588
Cashiers	5,901
Cooks, Short Order	5,704
Cooks, Fast Food	5,029
Food Service Managers	4,113
Chefs and Head Cooks	3,551
Counter Attendants, Cafeteria, Food Concession, an	1,590
Janitors and Cleaners, Except Maids and Housekeepi	1,263
Bookkeeping, Accounting, and Auditing Clerks	1,207
General and Operations Managers	1,189
Bakers	827
Office Clerks, General	717
Driver/Sales Workers	681
Retail Salespersons	417
Chief Executives	382
Security Guards	379
Sales and Related Workers, All Other	Confidential

Source: Labor Market Statistics, Occupational Employment Statistics Program

Top Twenty-Five Bars and Night Clubs (Drinking Places) Occupations, State of Florida

Occupation Title	Number of Employees
Bartenders	6,735
Waiters and Waitresses	3,853
First-Line Supervisors/Managers of Food Preparatio	781
Cooks, Restaurant	764
Security Guards	682
Dining Room and Cafeteria Attendants and Bartender	629
Cooks, Short Order	530
Hosts and Hostesses, Restaurant, Lounge, and Coffe	526
Dishwashers	517
Food Preparation Workers	500
Cashiers	497
Cooks, Fast Food	466
Chefs and Head Cooks	213
Combined Food Preparation and Serving Workers, Inc	195
Food Service Managers	171
Janitors and Cleaners, Except Maids and Housekeepi	164
Office Clerks, General	116
General and Operations Managers	108
Bookkeeping, Accounting, and Auditing Clerks	103
First-Line Supervisors/Managers of Retail Sales Wo	97
Payroll and Timekeeping Clerks	76
Announcers	68
Retail Salespersons	48
Maintenance and Repair Workers, General	43
Sales and Related Workers, All Other	39

Source: Labor Market Statistics, Occupational Employment Statistics Program

Top Twenty-Five Attractions Occupations: Historical Places, Museums and Parks, State of Florida

Occupation Title	Number of Employees
Archivists, Curators, and Museum Technicians	402
Nonfarm Animal Caretakers	390
Cashiers	359
Retail Salespersons	273
Security Guards	251
Tour Guides and Escorts	226
Recreation Workers	187
Janitors and Cleaners, Except Maids and Housekeepi	184
Office Clerks, General	184
Self-Enrichment Education Teachers	183
Maintenance and Repair Workers, General	170
Ushers, Lobby Attendants, and Ticket Takers	155
Receptionists and Information Clerks	147
Executive Secretaries and Administrative Assistant	142
Bookkeeping, Accounting, and Auditing Clerks	136
Landscaping and Groundskeeping Workers	120
Protective Service Workers, All Other	95
Public Relations Specialists	93
Amusement and Recreation Attendants	90
Instructional Coordinators	90
Animal Trainers	83
First-Line Supervisors/Managers of Retail Sales Wo	67
Business Operations Specialists, All Other	62
Actors	Confidential
Combined Food Preparation and Serving Workers, Inc	Confidential

Source: Labor Market Statistics, Occupational Employment Statistics Program

Top Twenty-Five Attractions Occupations, Water Related Attractions & Tours, State of Florida

Occupation Title	Number of Employees
Captains, Mates, and Pilots of Water Vessels	391
Motorboat Operators	350
Tour Guides and Escorts	126
Sailors and Marine Oilers	118
Waiters and Waitresses	104
Combined Food Preparation and Serving Workers, Inc	99
Reservation and Transportation Ticket Agents and T	64
Bartenders	60
Cashiers	58
Laborers and Freight, Stock, and Material Movers,	54
Office Clerks, General	49
Cooks, Restaurant	46
Bookkeeping, Accounting, and Auditing Clerks	36
Counter and Rental Clerks	24
Business Operations Specialists, All Other	20
Secretaries, Except Legal, Medical, and Executive	18
First-Line Supervisors/Managers of Transportation	15
Receptionists and Information Clerks	15
Customer Service Representatives	14
Executive Secretaries and Administrative Assistant	14
Amusement and Recreation Attendants	Confidential
Bus Drivers, Transit and Intercity	Confidential
Dining Room and Cafeteria Attendants and Bartender	Confidential
Sales and Related Workers, All Other	Confidential
Transportation Workers, All Other	Confidential

Source: Labor Market Statistics, Occupational Employment Statistics Program

Top Twenty-Five Attractions Occupations, Water Related Attractions & Tours, State of Florida

Occupation Title	Number of Employees
Bus Drivers, Transit and Intercity	128
Tour Guides and Escorts	57
Business Operations Specialists, All Other	11
Secretaries, Except Legal, Medical, and Executive	9
First-Line Supervisors/Managers of Personal Servic	7
First-Line Supervisors/Managers of Transportation	7
Cashiers	4
Bookkeeping, Accounting, and Auditing Clerks	Confidential
Chief Executives	Confidential
Cleaners of Vehicles and Equipment	Confidential
Customer Service Representatives	Confidential
Dispatchers, Except Police, Fire, and Ambulance	Confidential
First-Line Supervisors/Managers of Mechanics, Inst	Confidential
First-Line Supervisors/Managers of Office and Admi	Confidential
General and Operations Managers	Confidential
Helpers--Installation, Maintenance, and Repair Wor	Confidential
Janitors and Cleaners, Except Maids and Housekeepi	Confidential
Maintenance and Repair Workers, General	Confidential
Motor Vehicle Operators, All Other	Confidential
Motorboat Operators	Confidential
Office Clerks, General	Confidential
Reservation and Transportation Ticket Agents and T	Confidential
Retail Salespersons	Confidential
Taxi Drivers and Chauffeurs	Confidential
Truck Drivers, Light or Delivery Services	Confidential

Source: Labor Market Statistics, Occupational Employment Statistics Program

Appendix E

The following are compensation ranges for tourism related positions in South Florida, our workforce region. All wages are reported for full-time employment.

Occupational Title	Entry Level	Mean (average)	Experienced
Chief Executives	n/a	$140,000 or more	n/a
Financial Managers	$67,516.80	$105,518.40	$124,508.80
Human Resources Managers	$52,936.00	$96,699.20	$118,580.80
Sales Managers	$50,668.80	$81,515.20	$96,928.00
Managers, All Other	$56,388.80	$77,126.40	$87,484.80
General and Operations Managers	$45,718.40	$76,003.20	$91,166.40
Financial Managers	$52,873.60	$74,568.00	$85,425.60
Administrative Services Managers	$36,108.80	$67,288.00	$82,867.20
Compensation and Benefits Managers	$38,979.20	$64,230.40	$76,876.80
Public Relations Managers	$52,998.40	$62,836.80	$67,766.40
Food Service Managers	$45,219.20	$61,776.00	$70,075.20
Lodging Managers	$33,945.60	$60,860.80	$74,318.40
Purchasing Managers	$36,316.80	$47,902.40	$53,684.80
Chefs and Head Cooks	$29,411.20	$42,744.00	$49,400.00
First-Line Supervisors	$23,150.40	$32,281.60	$36,857.60
Cooks, All Other	$20,904.00	$24,980.80	$27,019.20
Cooks, Short Order	$15,371.20	$21,257.60	$24,232.00
Retail Salespersons	$14,227.20	$21,236.80	$24,731.20
Food Servers, Nonrestaurant	$13,873.60	$18,616.00	$20,987.20
Bartenders	$13,790.40	$18,449.60	$20,758.40
Waiters and Waitresses	$13,790.40	$17,763.20	$19,760.00
Hosts and Hostesses	$14,144.00	$17,700.80	$19,489.60
Cashiers	$13,873.60	$17,347.20	$19,073.60
Cooks, Fast Food	$13,873.60	$16,369.60	$17,596.80
Dishwashers	$13,748.80	$15,766.40	$16,785.60

Source: Florida's Agency for Workforce Innovations Labor Market Statistics

To request a copy of this study, or for more information
Please Contact:

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Study of the Monroe County Tourism Workforce

PART II: REPORT ON

RETAINING TOURISM WORKERS

November 2006

THE FLORIDA KEYS & KEY WEST
MONROE COUNTY TOURIST DEVELOPMENT COUNCIL
Come as you are®

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Monroe County Tourist Development Council

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INTRODUCTION

In January of 2006, the Monroe County Tourist Development Council embarked on a study of Monroe County's Tourism Workforce. The study was prompted by a declining trend in Monroe County's workforce as factors such as rising home costs, lack of medical insurance and active hurricane seasons forced resident relocations. The TDC sought to examine the impact of the workforce decline on our tourism industry and the increasingly vocalized worker shortages.

The study, released in August 2006, uncovered a current worker shortage with nearly half of all tourism businesses surveyed experiencing job vacancies; more than a third of those jobs persistently vacant. Four of five tourism businesses are not satisfied with the overall quantity or the overall quality of the Monroe County applicant pool.

The study also predicted the worker shortage would persist and increase in the long term (5 years). Three out of five tourism workers surveyed, plan to relocate outside of Monroe County during the next five years. That equates to an estimated 8,000 workers or, including family members, an estimated 13,000 residents. Given past in-migration trends (est. 9,330 new residents during the past five years) a net loss of over 3,600 residents is anticipated.

To sustain our tourism industry, which directly and indirectly contributes an estimated $2.2 billion to our economy and creates one out of every two jobs, we need a sufficient workforce. Given the far higher satisfaction rates with current workers reported by tourism businesses than with applicants, retaining current workers is vital to the continued success of our industry.

Accordingly in this, Part II of our Tourism Workforce Study, we offer a report researching programs which may be utilized to retain our tourism workers. First, we review the top factor that workers reported in our original study that is influencing their move, namely housing. Because housing cost was a top factor for nearly all of the workers' relocation plans, it is the main focus of the report.

In our report on housing, we examine efforts currently underway in Monroe County to create, sustain and promote affordable housing throughout the Keys. We also offer other proposals for affordable housing programs which may be undertaken on public and private levels, focusing on utilization of our current housing stock for affordable rentals. Next, we look at case studies of other destinations and regions examining how they have successfully implemented affordable housing initiatives. Finally, we introduce Employer Assisted Housing programs which businesses may implement today to increase their employee retention.

Following our examination of housing, we address the other six top relocation factors – pay, hurricanes, medical care costs, family, job satisfaction and predetermined relocation. For each relocation factor, we present possible solutions businesses may implement for countering its impact and retaining workers.

Finally, we include a pull-out section "Resources for Monroe County Workers" which may be distributed by employers to workers. The summary includes assistance programs available in the County which were introduced in the prior sections. This is available to employers via email in a Microsoft Word format so that it may be revised and tailored to fit their business and employees.

Please note this is an information gathering exercise. **Inclusion of a particular retention tool, concept, case study, etc. in this report is not an endorsement by the Monroe County Tourist Development Council for implementing the program locally.** Rather, the aim of this report is for staff to gather and present a multitude of solutions from a cross section of areas in order to provide as many tools as possible to our industry. Not all programs included are feasible or appropriate for the entire Keys or every tourism business. However, there are successful and sound programs within which may be very beneficial to our industry and effective in retaining our workers.

TOP FACTORS LIST

As a review, the following were the top seven factors influencing workers to relocate outside of the Keys:

1. **HOUSING COST** - *94% selected one or more housing factor*
    - 56% current rent cost
    - 51% can't afford to buy house
    - 40% current home cost
    - 3.2% enticement of lower cost housing elsewhere

2. **PAY** – *55% selected one or more pay factor*
    - 32% pay is inadequate
    - 31.2% having to work multiple jobs to make enough
    - 10.3% pay is too inconsistent/seasonal

3. **HURRICANES** - *41% selected one or more hurricane factor*
    - 37% stress from hurricane seasons
    - 9% damage from prior storms

4. **MEDICAL CARE COSTS** - *31% selected medical care costs*

5. **FAMILY REASONS** – *28% selected one or more family factor*
    - 14.4% desire to be closer to family on the mainland
    - 9.4% spouse/significant other/family member is moving
    - 5.5% spouse or self retiring
    - 2.9% moving once child's schooling is complete

6. **JOB SATISFACTION** – *23% selected one or job satisfaction factor*
    - 16% lack of promotion opportunities
    - 6.6% dissatisfaction with job
    - 3.2% job promotion offered on the mainland

7. **PRE-DETERMINED RELOCATION** – *11% selected one or more pre-determined short residency factor*
    - 9.6% only intended to live in the Keys temporarily
    - 0.9% seasonal/temporary worker
    - 0.7% work visa (or similar) will expire

PART I: HOUSING

Our Tourism Workforce Study results showed for the overwhelming majority (94%) of relocating workers, housing costs were the impetus for their move. This was true of both renters and current home owners. Our County has one of the highest rates of housing cost burden in the Country, i.e. paying more than 30% of your income toward your housing. According to a recent U.S. Census Bureau American Community Survey report, the average Monroe County resident is paying nearly 57% of their income toward housing costs. Looking at the Florida Keys' MLS (multiple listing services), there is almost no housing available that would be considered affordable to even moderate income households, let alone low and very low income households.

There are different terms used for public and private projects designed to provide housing whose cost is affordable for the renter or home buyer. It's called "community housing", "affordable housing", "workforce housing" or "attainable housing." Sometimes the terminology is used to designate the target group. For example, *workforce* or *worker housing* implies it is for locally employed persons. Whereas, *affordable housing* may be used to designate the inclusion of retirees, elderly or special needs. Because of social stigmas sometimes associated with the term *affordable housing*, it has sometimes been changed to *community housing*. This may also be used where moderate income or higher income households are included. *Attainable housing* is also used in some areas to deflect NIMBYism (or "not in my back yard" attitudes) which may arise from the term *affordable housing*.

Whichever terminology is used, generally the goal is providing housing units whose expense to the occupant(s) is at or below 30 percent of the household income. For consistency in this report, we will be using the term affordable housing.

There are many challenges to developing affordable housing in the Keys. Given our geography, there is a shortage of buildable land on which to develop affordable housing or any type of development. This puts land prices at a premium. Where space is available, the next obstacle that is encountered is permits. ROGO, or the Rate of Growth Ordinance, has restricted the number of all new development in the Florida Keys since 1992. The number of permits for new development has been 255 or less since ROGO's inception. Since 2000, the number of permits for housing development has dipped below 200.

The next obstacle to affordable housing is money. Funding is needed both to acquire land for the project and to pay for the cost of building the units. Both labor and materials are costly in the Keys and higher than state averages. Finally, the project

must battle NIMBYism, or "not in my back yard" attitudes, gaining both public and political support for approval.

For an affordable housing project to be successful it not only must overcome all of these obstacles, it must also be of the right product type to meet the needs of those seeking it. The income limits of a project must fit the income ranges of those residents who need the units. The size of the units must fit their household size. The ownership structure, i.e. a rental property or a for-purchase/ownership, must also fit the desires and economic capabilities of the residents in need.

Given the high number of tourism workers experiencing housing cost burden, over 80% according to our survey, affordable housing units across all these category types are arguably needed. We need both rental solutions and home ownership opportunities. We need smaller units for single person households and larger units for families. We need units for very low income, low income, moderate income and even above moderate income households.

In the following sections we will look at some of the programs in place in the Keys today, or currently under development, to overcome affordable housing obstacles. We will also examine how we can meet affordable housing needs outside of building additional units; that is utilizing our current housing stock effectively. We introduce case studies to see what other destinations and their tourism businesses are doing about affordable housing. Finally, we offer Employer Assisted Housing programs which businesses can implement on their own to immediately begin assisting their employees with housing.

SECTION 1: AFFORDABLE HOUSING IN THE FLORIDA KEYS

1.1 Affordable Housing Initiatives in the Florida Keys

In each district of the Florida Keys, there are one or more affordable housing committees or task forces at work. Many ideas have been repeated in each committee's recommendations to their municipal leaders, highlighting opportunities for the Keys to unite to achieve the proposed solutions, such as:

- Create tax incentives to convert existing housing stock to affordable rentals
- Modify FEMA regulations to preserve downstairs enclosures.
- Create renewable funding sources.
- Advocate for an increased share of existing funding sources, such as the Sadowski Act's Doc Stamp funding.
- Allocating more annual development unit allotments toward affordable housing development.

- Creating land trusts which purchase and lease back land to affordable housing owners or renters.
- Tasking an agency with the oversight of sale, resale, rental and continued compliance of affordable housing units.
- Tasking an agency with creating and executing community outreach programs to inform residents of housing programs and advocate for affordable housing.
- Extending the length of deed restrictions to ensure affordability in perpetuity.

To this, we add the following programs the tourism industry may consider pursuing:

- Focus on better usage of current housing stock to meet workforce needs. This averts development barriers which have served to make new affordable housing development such a slow, and sometimes controversial, process. Such focus would include advocating for legislation to preserve existing quasi-affordable rental stock (i.e. not deed restricted, but rented at affordable rates) and encourage conversion of other existing housing stock to affordable rentals. Such tax incentives may include:
    - Extending the State "Save Our Homes" amendment to properties which rent to local residents within affordable rental limits. Cap annual increases in ad valorem taxes as set amount, such as the 3% Save Our Homes cap. This may be done in a sliding scale where very low and low income rentals have a lower allowed annual increase than moderate income rentals. This provides a more economic incentive for lower income rentals.
    - Grant exemptions on taxable value for affordable rental properties. Currently, homesteaded properties can qualify for a $25,000 exemption. The amount allotted for rental property exemptions should be reflective of the unit structure. In other words, multi-unit properties should receive higher exemptions reflective of their much higher taxable value than single unit properties. Again, any exemption could be done on a sliding scale where very low and low income properties receive higher exemptions than moderate.
    - Change the method of valuation, i.e. taxable value appraisal, of affordable rental properties to reflect their income stream at affordable rental rates versus full market rates.
    - In any of these conversion incentive scenarios, properties should be require to be of a certain code and maintenance standard to prevent substandard housing. Municipalities may consider giving grants to improve existing housing units for the purpose of converting to affordable rentals.
- Follow the success of F.I.R.M. in advocating for fair windstorm insurance rates by forming a county-wide grassroots advocacy group for affordable housing.

So important is advocacy for the success of affordable housing development, the Long Island Association has raised one-million dollars for their campaign against NIMBYism.

- Ensure tourism workers a seat at the table for affordable housing, recognizing them at essential workers who sustain our economy.
- Ensure income limits of units, size and rental vs. ownership structure adequately match the needs of community members. Given the average home for sale price of $1 million in the Keys, even workers making above moderate income are experiencing housing cost burden.
- Host a housing resource fair in the Lower Keys, Middle Keys and Upper Keys to bring together the organizations who offer affordable rental and ownership housing with the community members who need it, providing information on its attainment.
- Create a web site for tourism industry workers to obtain information about affordable housing and for property owners to advertise affordable rental and for-sale properties.
- Extend the use of land trusts (where land is owned by the public but leased back to the property owner for a small fee, usually $1 per year) to rental properties.

Below we will review some of the individual findings and recommendations of each of the Keys affordable/community/workforce housing committees/task forces.

1.1.1 Monroe County

The Monroe County BOCC has convened a Workforce Housing Task Force to research and recommend affordable housing solutions. While the BOCC governs Key Largo, the Lower Keys and other areas of unincorporated Monroe County, this task force includes members representing all areas of the Keys. The goal of this inclusion is to create a cohesive advocate for affordable housing to effectively represent the interests of the entire County before the DCA and the State. The BOCC has also provided funding for legal counsel for the Task Force.

In February of this year, the BOCC and the Task Force held a joint public workshop to review and address a series of recommendations and proposed ordinances drafted by the Task Force.

In summary, those recommendations were:

- Direct County staff to work with the Task Force, and in effort to establish a joint housing planning group, also work with the municipalities of Islamorada,

Marathon and Key West, to coordinate affordable housing issues and share data, analysis and administrative support.

- Support legislation to apply the "Save our Homes" amendment privileges to rental properties whose rent does not exceed affordable housing limits. Such legislation would cap the annual increase in ad valorem property taxes.
- Authorize fractional ROGO for smaller affordable housing units. Per their recommendation, this would mean affordable housing units under 750 sq feet in square size would only require a fraction of a ROGO unit, in this case 0.50, for development.
- Change development regulations to increase density for affordable housing projects by changing both the calculation method and allowing for density bonuses. An increase in density for lots with a residential allowance of one unit was also recommended when the development or redevelopment was restricted to affordable housing. This was proposed to be in cohesion with a similar ordinance passed in Islamorada which allowed for this increase in parcels fronting US-1.
- Increase the ROGO points awarded to land owners who donate land to the County on which affordable housing could be developed from the current two points to six points.
- Adjust the Monroe County sales price formula used for affordable housing sales, resales and rentals of affordable housing units to adjust for number of bedrooms in units. The current formula creates a disincentive to developers to create multi-bedroom units as they command the same sales price as single bedroom units.
- Formalize the role of the Monroe County Housing Authority in administering the sale and resale of affordable housing units. The Housing Authority would be tasked with assuring sale and resales of affordable housing units meet required income and sale price restrictions.
- Require BOCC, or its designee, first right of refusal during resales of affordable housing units.
- Provide developers with adequate time to go through the development process, giving two years from allocation to complete development with up to a one year extension where due-diligence has been executed.
- All land underlying rental or ownership units be publicly owned by Monroe County, or its designee, and then leased back to the property owner for $1 per year. This permanent public ownership of the land is proposed to ensure its affordability in perpetuity.
- Restrict affordable housing rental and ownership units to those households who derived at least 70% of their income from employment in Monroe County. Such restriction would apply for the year prior to the rental or acquisition and would persist for the next five years.
- Develop a long-term funding plan for affordable housing initiatives, including:

  - An additional local option sales tax
  - An additional one-penny Tourist Development ("Bed") Tax
  - Reallocation of existing Tourist Development ("Bed") Tax revenues
  - New or additional impact, user or linkage fees
  - A real estate transfer tax
- Adopt 380 trailer park agreements for preserving affordable housing at trailer park sites which may be redeveloped as market rate housing.
- Allow a small number of deed-restricted market rate incentive units to be built at affordable housing sites to help developers render mixed-use projects. Currently, up to 20% of units at affordable housing project sites can be market-rate. However, as these units must be obtained on the competitive open market, developers have not to date been able to utilize this option to off-set affordable housing development.

Resolutions 091-2006 through 104-2006 related to the above recommendations were passed last February. Actions taken by the BOCC, or the Workforce Housing Task Force since the February workshop meeting include:

- Sent a letter of understanding to the DCA to confirm the number of affordable housing units currently available to the County, which was 591 including borrowing forward five years.
- Meeting with the DCA to advocate for 3,000 affordable housing permits.
- The DCA approved county ordinances for inclusionary housing, increasing maximum sales price for affordable housing units to allow for moderate to median-income residents purchase.
- Recommend to staff that affordable housing permits be expedited through the permitting process and have utility fees waived. Also establishing a uniform process for submitting affordable housing permits and reserving permits to inform applicants sooner of their award.
- Developed a job description to add an Affordable Housing Coordinator to County staff in FY2007.
- Work on updating the hurricane evacuation model and adjusting for decreased population.
- Trailer park ordinance was approved by the BOCC on April 19, 2006 replacing the moratorium

1.1.2 Key West

The City of Key West in 2005 established an affordable housing committee, later to be renamed the Community Housing Committee. The committee made the following recommendations to the City Commission during their presentations before the commission:

- Institute a real estate transfer tax of 1% to 2% to fund affordable housing.
- Institute a local option food and beverage tax, like that enacted by Miami-Dade County, of one percent on food, beverage and alcoholic beverages consumed in restaurants and bars.
- Solicit grants from Cruise Ship companies operating in the port of Key West for affordable housing.
- Investigate the allocation of doc stamp revenues toward Key West.
- Assure allocation of tourism impact taxes for affordable housing.
- Create a staff position dedicated to affordable housing.

The committee had also recommended adoption of a revised affordable housing ordinance which was adopted in 2005 that increased the length of deed restrictions for affordable housing, increased the income limits to include middle income (up to 140%) and increased per unit fee developers may pay in lieu of building affordable housing linkage units.

The committee sunset in the spring of 2006. A new Community Housing Committee has since been established. They are currently working on recommendations to bring forth to the commission.

In addition to the City's Community Housing Committee, there exists a student group researching affordable housing. "About 40 [Key West High School] juniors and seniors have formed a group called RAISE (Research, Analysis, Investing, Savings and Economics). Officially a student investment group, they have decided to invest themselves in their own community by examining the affordable housing crisis"[1] The group is investigating issues such as the economic disincentives created by affordable housing whereby households are penalized for increasing income by the loss of their housing. The group will be presenting their conclusions and recommendations to the public this spring by hosting a public forum.

Beyond the two committee recommendations, there are also those made by affordable housing expert, and author of Living and Working in Paradise: Why housing is too expensive and what communities can do about it, William S. Hettinger in a report funded by the Rodel Charitable Foundation of Florida and the Key West Association of Realtors. Below is a summary of the short term and long term recommendations made by Hettinger:

[1] Bolen, Mandy. "Students get involved in affordable housing crisis for their own reasons." The Key West Citizen. Page 1. 2 Nov. 2006.

Short-Term Actions

- Recognize Key West has a housing crisis and choose to act to address it.
- Use the term "community housing" instead of workforce or affordable housing.
- Collect and/or compile data to create detailed analysis of housing problems and public distribute to ensure community buy-in.
- Through a public relations campaign, build public awareness of the housing crisis.
- Make community housing a political issue.
- Change affordable housing restricts to ensure affordability in perpetuity, or for 99 years.
- Place a moratorium on conversion of apartments to condos and the conversion of trailer parks to market rate housing, possibly purchase the properties instead of allowing such conversions.
- Purchase land for affordable housing development.
- Create a rental or ownership assistance subsidy.
- Purchase or lease a cruise ship for temporary worker housing.
- Enforce compliance of existing affordable housing units.
- Leverage the Area of Critical Concern designation to achieve funding for affordable housing.

Long Term Actions

- Partner with other Florida communities experiencing affordable housing crisis to advocate legislative changes.
- Develop a renewable source for affordable housing funding, such as a real estate transfer tax, tourism district sales tax or increasing/redeployment of existing tourist taxes.
- Create a community housing oversight entity whose function is to inform, advocate and coordinate community housing initiatives.
- Collect and maintain data.
- Increase income caps to reflect needs of community.
- Increase the number of permits allocated to community housing.
- Change the comprehensive plan to focus on replacing lost community housing.
- Revise building regulations to create standard community housing building regulations between the City and the County, to increase density and height at select sites and to make unbuildable lots buildable.
- Get buy-in from environmental groups.
- Create a community housing fund.
- Work with local entities that have buildable land, such as the school board, to achieve community housing on that land.

- Work with FEMA to allow legal downstairs enclosures for community housing.
- Create incentives for affordable housing through reduced property taxes, or property tax abatement.
- Deed restrict employer developed employee housing to preserve in perpetuity and create pool of this housing available to the community when not in use by the employer.

1.1.3 Islamorada

Islamorada engaged a consulting team to conduct a study determining what Islamorada's workforce housing needs currently are, and will be, and to draft an action plan for meeting those needs.

The study concluded Islamorada's current workforce housing needs to be 1,150 units, including Islamorada residents and non-residents. It projected under its current building allocation system that need will arise to 1,192 units by 2020.

The study identified the major barriers to affordable housing development as:

- Higher than state average construction costs in the Keys driven by labor, materials and land costs.
- Regional barriers, where failures and successes of affordable housing flow across the different Keys' jurisdictions.
- Regulatory barriers imposed by the Area of Critical Concern designation and the resulting permit allocation systems.
- Commercial zoning inventory whereas demand for commercial space has lagged while residential space demand has accelerated.
- Off-street parking standards, particularly on commercial properties, which require a certain number and size of parking spots, set back from the property per unit.
- New residential units are not required to mitigate their impact on the need for additional workforce housing.
- A viable land supply does not exist.
- The existing tax structure burdens rental units and provides a disincentive for preserving their affordability. Both millage rate increases and rising property values increase land owners costs which encourage passing on the cost to renters or convert the units. Further bed taxes charged on units rented for less than six months discourage rentals to seasonal workers.
- Increases in development may strain infrastructure, such as potable water supply.

- Community members in need of affordable housing are not aware of the programs available to them. Else, they may have a preconceived view of affordable housing as undesirable and reject such programs.

The study then proposed an action plan for overcoming these barriers. Their recommendations, taking into account the building permit allocation system in Islamorada, focused on preserving housing units, encouraging the conversion of current market rate units to affordable housing units and reserving an adequate number of future building permits for affordable housing. The recommendations were as follows:

- Incorporate additional criteria into affordable housing permit allocations to make them workforce housing allocations, meaning designated for working residents.
- Increase the allowable cost burden of ownership units from 30% of income to 40%.
- Develop a point system to ensure units give priority to working residents, persons engaged in specific occupations, or long-term residents.
- Enact an alterative building permit allocation system, as outlined in the report, that would double the resident unit allocation.
- Allocate 75% of annual building permit allocations to workforce housing, increased from the current 50%.
- Reduce the number of non-residential floor area permitted annually
- Convert existing commercial space to residential use.
- Encourage accessory apartment infill units, increasing the flexibility and allowing one unit per lot without counting the unit against overall density.
- Establish a workforce housing allocation pool for future development and multi-family projects.
- Provide incentives for the private sector to apply for affordable housing permits. This may include an expedited allocation process, waiver of fees, density bonuses, payment of impact fees, etc.
- Conduct a land-use analysis with the goal of rezoning to encourage mult-family workforce housing units. Zones with the most land mass in Islamorada are currently zoned for single family use only.
- Create funding sources for workforce housing including Linkage Fees that are assessed against developments that increase the community's need for workforce housing.
- Purchase lots for development that are leased to the owner under a community land trust model.
- Provide rent subsidies to renters or landlords to bridge the gap between market rate rentals and affordable rentals.

- Provide grants or low interest loans for workforce housing ownership.
- Partner with the Monroe County Land Authority to fund land purchases in the Village for workforce housing.
- Partner with the Monroe County Housing Authority and the Monroe County Land Authority to build and manage workforce rentals in the Village.
- Conduct community outreach and education programs to inform workers of local, state and federal programs which provide rental and home ownership financial assistance.
- Preserve existing quasi-affordable units occupied by workers and promote conversion of other existing housing units to workforce housing through policies. Particularly, the conversion of seasonal multi-family housing units is encouraged.
- Address the threat of existing mobile home unit/sites converting to market rate units.
- Address the threat of below-flood enclosures elimination.
- Remove taxing mechanisms that may encourage conversion of existing rentals to other uses through legislative change.
- Create a non-profit housing agency to facilitate workforce housing in the Village.

1.1.4 Marathon

According to our inquiry the Marathon Housing Task Force has not drafted a list of recommendations per se, but has reviewed on an individual basis projects and proposed changes to ordinances and offered their input to the Council. The goals of the Marathon Housing Task force are:

1. "To provide the City Council with an assessment of the City's current affordable housing policies.
2. To develop specific actions the Council can consider to increase affordable housing.
3. To develop actions the Council can take to preserve current and future affordable housing.
4. To identify potential sources to fund the City's affordable housing programs."[2]

An affordable housing related ordinance revised by Marathon this year includes the allowance for onsite affordable/workforce housing dwelling units as conditional redevelopment credit.

[2] "Ray Rash Appointed to Affordable Housing Task Force." Florida Keys Electric Cooperative Press Release. 27 Aug. 04.

The task force also reviews projects for inclusion in the Middle Keys Community Land Trust. The Land Trust provides oversight for the development, sale and resale and rent of affordable housing units. The Land Trust assures affordability in perpetuity by owning the land on which the affordable housing is redeveloped, or developed, and leasing it back to renters or home owners via 99 year leases.

The Land Trust has prepared an information sheet on individual and commercial/development funding for affordable housing. It is included in Appendix A of this report.

1.2 Other Barriers to Developing Affordable Housing

The Keys' housing task forces/committees collectively have made many recommendations for overcoming funding, land and growth regulation barriers to affordable housing development, there exists many intangible barriers as well. The task forces/committees also recommended community education and outreach, as well as, overcoming affordable housing stigmas. If political and community will can not be gained for affordable housing, the projects are doomed for failure.

There exists a non-profit organization called *The Campaign for Affordable Housing* (TCAH) which offers education and resources for overcoming the intangible barriers and advocating for affordable housing. Their mission is to dispel negative stereotypes that surround affordable housing and build grassroots support. TCAH resources include samples of print and radio ad campaigns, PowerPoint presentations and research. In our case studies section, we'll review some examples of advocacy campaigns in action.

In one such campaign prepared by TCAH, they address several myths about affordable housing that are part of NIMBYism. They provide a presentation on the truth about affordable housing combating those myths, to be communicated via outreach programs, as follows:

1. "**People who need affordable housing are our neighbors.**
   Most people who reside in affordable housing work. Examples of typical annual salary levels in urban areas of affordable housing residents are:
   1. Legal Clerk $34,260 – Low Income
   2. Deputy Sheriff $40,398 – Low Income
   3. Firefighter $43,506 – Low Income
   4. Nurses Aide $11,500 – Very Low Income
   5. Accounting Clerk $17,000 – Very Low Income
   6. Legal Secretary $23,920 - Very Low Income

2. **Preserving existing affordable housing through rehabilitation repairs and improves communities.**

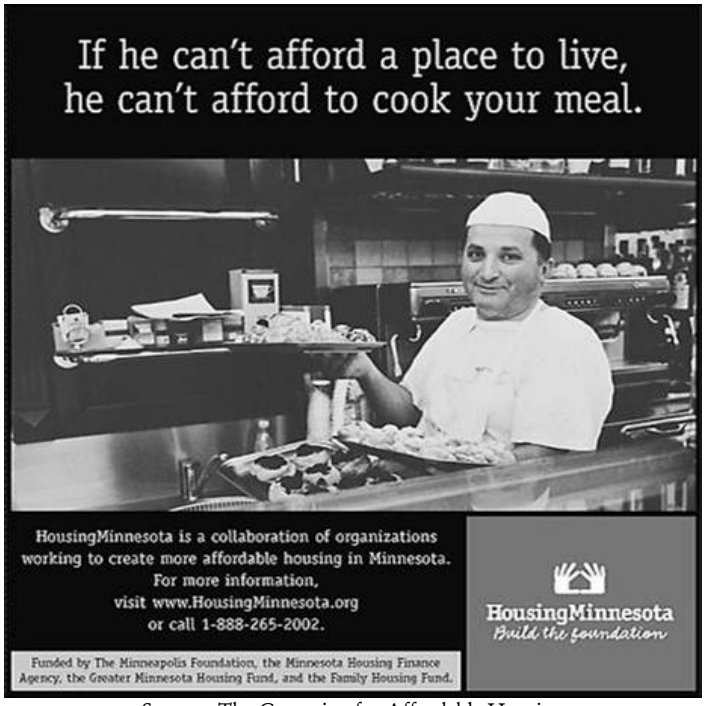
3. **Well-designed housing comes in many densities**

4. **Higher density affordable housing decreases traffic congestion**
   Studies indicate that the average resident in a compact neighborhood will drive 20-30% less than residents of a neighborhood half as dense. At densities of 8 units per acre and higher, neighborhoods begin to support bus and rail transit.

5. **Higher density affordable housing lowers infrastructure costs**
   The U.S. Office of Technology Assessment found that it cost $10,000 (per unit) more to provide infrastructure to a lower density suburban development than a more compact urban development.

6. **Affordable housing comes in a size and a design to fit every community."**[3]

TCAH also provides many examples of community outreach advertising advocating for affordable housing. One such ad appropriate for tourism related businesses is an ad by HousingMinnesota.org and is depicted below:



Source: The Campaign for Affordable Housing

[3] "The truth about affordable housing". The Campaign for Affordable Housing. URL: www.tcah.org.

1.3 Identifying and Qualifying for Affordable Housing

To determine whether an employee qualifies for affordable housing, he or she must first determine what their household income is. Generally, that is the gross income reported on their last tax return. How that income compares to the median, or average, household in the Keys determines whether the employee's qualifies for affordable housing. Generally the median income used is the one calculated by the U.S. Department of Housing and Urban Development (HUD). Most affordable housing income limits include up to 120% of median income, though in Key West that limit has been expanded to up to 140% for moderate income households.

Household income limits take into account both the size and makeup of the household. For example households with children, because there are more people dependent on that income, have higher income limits than those without children. Married couples, or registered domestic partners, generally only need to count about 75% of their total household income toward affordable housing income limits. That is because generally affordable housing ordinances allow married couples to count the highest 60 hours of work; i.e. 40 hours of the highest paid spouse/partner but only 20 hours of the lower paid spouse/partner. That equates to 75% of their total income.

The following table depicts income limits for Monroe County under the SHIP program. This program will be discussed in more detail later. The income limits are presented here to give a general idea of County income limits. Actual income limits may vary by municipality or project.

Read across at the household size appropriate for the employee. The income for each category represents the maximum for that category. For example, the maximum income for a single person (one person household) to qualify for low income housing is $21,350. Remember married couples and domestic partners should first be multiplying their household income by 75%. Also, in some case income limits are even higher; such as in Key West where up to 140% of median income qualifies for affordable housing. Dependent income is not included.

2006 Monroe County Income Limits:

Household Size	*Very Low*	*Low*	*Moderate*
One Person	$ 21,350	$ 34,150	$ 51,240
Two Persons	$ 24,400	$ 39,050	$ 58,560
Three Persons	$ 27,450	$ 43,900	$ 65,880
Four Persons	$ 30,500	$ 48,800	$ 73,200
Five Persons	$ 32,950	$ 52,700	$ 79,080
Six Persons	$ 35,400	$ 56,600	$ 84,960
Seven Persons	$ 37,800	$ 60,500	$ 90,720
Eight Persons	$ 40,250	$ 64,400	$ 96,600

Source: Monroe County

If the employee's household income is within, or near, the ranges listed above the next step would be to contact agencies in the Keys who facilitate the distribution of affordable rental and ownership units to inquire about availability or join waiting lists. The following is a list of such agencies in the Keys.

Key West Housing Authority
1400 Kennedy Drive
Key West
305.292.3330

Monroe County Housing Authority
1400 Kennedy Drive
Key West
305.296.5621

Meridian West Apartments
The Carlisle Group
5550 5th Ave
Stock Island
305.295.9390

Middle Keys Community Land Trust
P.O. Box 500194
Marathon
305.743.5624
www.ci.marathon.fl.us or www.mkclt.org

Habitat for Humanity
17 Ships Way
Big Pine Key
305.872.4456, Lower Keys
305.453.0050, Upper Keys

Historic Properties Management
201 Front Street
Key West
305.294.3225
http://www.historicpropertiesmanagement.com/

Summerland Key Affordable Homes Development
305.393.0597
$270,000 new 3/2 stilt houses 1100 sq feet
As of 11/3/06, 2 out of 7 remaining

There are also federal and state programs available to assist qualified buyers of affordable for-sale units, or market-rate units, with below-market-interest-rate mortgages. The State of Florida offers a financing and down payment program designed to assist with home purchasing for low-to-moderate income families. The program includes fixed, low-interest rates loans, assistance with closing costs and assistance with down payments. Local lenders included in their directory of businesses include:

Wachovia
In Key West – 422 Front Street, 305.292.6618
or 3131 Northside Drive, 305.292.6606
In Key Largo – 100000 Overseas Highway, 305.451.4477

Bank of America
In Key West - 510 Southard St, 727.524.1590
or 3200 Flagler Ave, 305.294.9593
In Big Pine Key – 30572 Overseas Highway, 305.872.8933
In Marathon – 5401 Overseas Highway, 305.743.4121

Branch Banking & Trust Company (BB&T)
In Key West – 1010 Kennedy Drive, 305.292.3800
In Marathon – 6090 Overseas Highway, 305.743.4105
In Tavernier – 90184 Overseas Highway, 305.852.4500

First time homebuyers may also be eligible for State SHIP loans. That is, those who have never owned a home or those who have not owned a home within the last three years up to moderate income limits. These are also below market rate interest loans. The SHIP coordinator's contact information for Monroe County is:

Marie Brouillette, SHIP Administrator
SHIP
1403 12th Street
Key West, Florida 33040
Phone: (305) 292-1221 Fax: (305) 393-1162
Email: brouillettem@kwha.org

For rental units, the state offers the SAIL program with low interest loans to help developers build for affordable rental units. The state also offers an online database of affordable rental opportunities or renters seeking apartments. Below is a list as of November 1st, 2006. For an up to date listing, visit www.flhousing.org.

Development Name	Street Address	City	Contact Phone Number	Total Units (1)	Assisted Units (2)	Occupancy Status
Atlantic Pines	400 County Rd. 5	Big Pine Key	305-872-9383	14	14	Ready for Occupancy
Tradewinds Hammocks	100 Hammock Trail	Key Largo	305-451-1415	66	65	Ready for Occupancy
Douglass Square	800 Emma Street	Key West	305-296-4805	52	44	Ready for Occupancy
Harvey House	1215 Catherine St	Key West	not avail.	11	11	Ready for Occupancy
Key Plaza	215 Amelia Street	Key West	not avail.	28	28	Ready for Occupancy
Mariner's Cove	3330 Northside Drive	Key West	not avail.	78	78	Ready for Occupancy
Marty's Place	1515-1519 Bertha St	Key West	not avail.	3	3	Ready for Occupancy
Mccarthy-rogers Residence	1213 William St	Key West	not avail.	5	5	Ready for Occupancy
Meridian West Apartments	6701 Shrimp Road	Key West	not avail.	102	102	**Not** ready for Occupancy
Ocean Walk	3900 S. Roosevelt Boulevard	Key West	305-292-1230	296	59	Ready for Occupancy
Roosevelt Gardens	2605 North Roosevelt Boulevard	Key West	not avail.	96	96	**Not** ready for Occupancy
Stock Island Apartments	5501 3rd Avenue	Key West	305-294-6366	130	130	Ready for Occupancy
Eastwind	240 Sombrero Beach Rd.	Marathon	305-743-5765	130	130	Ready for Occupancy
Tropical Isle	755 41st Street	Marathon	305-743-0079	23	22	Ready for Occupancy

Information on the State programs may be also obtained from:

The Florida Housing Coalition
1367 E. Lafayette St., Suite C
Tallahassee, FL 32301
850.878.4219
www.flhousing.org

The Federal government, through Fannie Mae, offers affordable mortgage solutions. There are local lenders which offer these programs which are listed below. The income qualifications are equal to those given above for the Monroe County 2006 income limits, i.e. up to 120% of median income.

Fannie Mae Mortgage Fact Sheet

Fannie Mae Affordable Housing Solutions

Fannie Mae offers innovative home mortgage products that help our lender partners serve low- to moderate-income borrowers. These mortgage products and options are designed to help borrowers overcome the two primary barriers to homeownership:

- Lack of funds for a large down payment
- Low qualifying income
- Many of Fannie Mae's mortgage products and options, that we offer through our lender partners, have special qualifying and affordability features, including:
- Lower cash requirements for down payment and closing costs
- Reduced income requirements to qualify
- Low mortgage insurance coverage requirements
- Higher debt allowances and loan-to-value ratios than required for traditional conventional mortgages
- Choices for borrowers with less-than-perfect credit, including an option that lets the borrower earn a one-time interest rate reduction after 24 consecutive months of on-time payments
- Flexibility to provide loans to home buyers with no traditional credit history
- Options that provide extra flexibility for teachers, police officers, firefighters, and health care workers, and for borrowers with a disability or a family member with a disability

Fannie Mae also works with several community-based nonprofit partners to offer special lending initiatives to meet their community's needs.

Source: www.fanniemae.com

Lenders with local offices offering Fannie Mae mortgage products (according to Fannie Mae's partner list):

American Home Mortgage
422 Fleming St, Key West
305.295.5223

Bank of America
In Key West - 510 Southard St, 727.524.1590
or 3200 Flagler Ave, 305.294.9593
In Big Pine Key – 30572 Overseas Highway, 305.872.8933
In Marathon – 5401 Overseas Highway, 305.743.4121

State Farm
1801 N Krome Ave, Homestead
305.247.3971

Wachovia
In Key West – 422 Front Street, 305.292.6618
or 3131 Northside Drive, 305.292.6606
In Key Largo – 100000 Overseas Highway, 305.451.4477

See Appendix B for more details on local lender's loan products as offer in our survey of lenders and in the State of Florida's survey of lenders.

SECTION 2: CASE STUDIES – AFFORDABLE HOUSING INITIATIVES IN ACTION OUTSIDE THE KEYS

Monroe County is not alone in facing an affordable housing crisis. Recent gains in home values have far outpaced gains in household income creating housing gaps across the country. Particularly, this is prevalent in resort communities where desirable vacation locations lead to popular second home markets. The externality of income earned outside the communities in the housing market creates market failures. In a recent study, the International Society of Hospitality Consultants named labor conditions as the number one challenge facing the global hospitality industry. The article identified some programs employers have put into place to meet workforce shortage challenges, including aggressive recruiting campaigns in areas far outside the businesses local labor pool region, bonus incentives, recruiting from local competitors, securing dormitory housing and recruiting seniors.

Below, we'll examine areas across North America experiencing affordable housing crisis and their responses to meeting housing needs.

Case 1: Florida

We begin with the State of Florida, looking at what our fellow Floridians are doing to meet affordable housing needs in their communities. This examination offers an opportunity for the Keys to identify areas which they may partner with to advocate for changes in affordable housing related legislation on a state level.

The Florida Housing Coalition in 2002 developed a book authored pro-bono by Jaimie Ross to assist communities in creating affordable housing called Creating Inclusive Communities in Florida: A Guidebook for Local Elected Officials and Staff on Avoiding and Overcoming the *Not in My Backyard Syndrome*. The DCA contributed $45,000 of funding toward the project. "The book tries to get two main points across to local officials. First, that affordable housing is a good thing, it can be attractive, and it's something desirable for any community. Second, that affordable housing is the law. Even the table of contents page drives these messages home, with images of attractive housing alongside an icon of the scales of justice."[4]

Copies of this book were mailed to Monroe County as part of the Florida Housing Coalition's program to send six copies to every Florida County and entitlement city. They are now working on a second addition of the book. Copies can be obtained at:

Florida Housing Coalition, Inc.

[4] "Gaining Support for Affordable Housing Development in a Community." The Campaign for Affordable Housing. URL: www.tcah.org.

1367 E Lafayette Street, Suite C
Tallahassee, FL 32301
850.878.4219
www.flhousing.org

South West, Florida

The following story of Sanibel Florida is a synopsis of a report of Sanibel from the Village of Islamorada Workforce Housing Study Policy Alternatives Analysis and Action Plan authored by Tyson Smith of the consulting firm Freilich, Leitner & Carlisle. According to Smith, the City of Sanibel has contracted with a local non-profit housing organization called Community Housing and Resources since the mid-eighties to administer its affordable housing program which is referred to as "below market rate housing" (BMRH). CHR has focused on rental units and has worked with the City to create over 50 rental units during the past 20 years. Their housing pool has also focused on low-income renters with the belief that as the occupants move toward moderate income they will be more likely to purchase a home. CHR also has forgone purchasing existing units for conversion to BMRH rentals with the belief that new units pose less maintenance costs than older construction.

The City directly funds CHR's annual operating budget upwards of $220,000. The CHR's all volunteer board and the pro-bono legal and professional services they receive have helped keep administrative costs to a minimum. For development, CHR relies on state and federal grants and other loans. However, the City also assists in the process by waiving fees, offering bonds and providing administrative support.

Elsewhere in Lee County, Bonita Springs has been working on development plans for affordable housing for teachers on school property.

Nearby in Charlotte County, Punta Gorda and the city of Palmetto have debated the merits of inclusionary zoning which requires a set percentage of affordable housing for any multi-unit development.

In Oldsmar, outside of Tampa Florida, we examine an affordable housing public relations campaign. The Campaign for Affordable Housing (TCAH) presents in its Housing Advocacy Catalog the case of affordable housing developer Wilson Company.

Wilson Company's plan to develop 270 units targeted to households below 60% of median income was met with much opposition by Oldsmar area residents and community leaders. The developer attempted to offer information sessions to educate

residents on the project and tours of similar communities. No one attended. They could not get residents who supported the project to publicly do so.

At this point, the developer had spent close to $2 million dollars in permits and legal fees. They prepared a law suit against the City of Oldsmar and its Council members for illegally blocking the development seeking punitive damages over $13 million dollars. The council changed their position and approved the project.

Attitudes changed however, once the project was completed. As residents and their family members began to occupy the units, the community supported the project.

"The lesson from Oldsmar experience is that in some case clear communication simply isn't enough to move a project forward...The use of Fair Housing laws and pointing out the personal risks that elected officials take in obstructing them, may [in some cases] be the only way to win approval."[5]

Nearby in Sarasota County, commissioners are getting creative with funding affordable housing initiatives. In March of this year, Sarasota County Commissioners unanimously agreed to use some of the proceeds from the sale of tax delinquent lots to help fund their county's Housing Fund. Given that the county expects to receive upwards of $25 million, the windfall for affordable housing could be substantial. It will be added to county budget monies, of which about $40 million is available during the next five years for affordable housing. It will be needed to build the nearly 26,000 new affordable units Sarasota County estimates it needs to meet demand during the next five years. The demand is so great because little, if any, affordable housing has been built in the County during the past ten years.

Central Florida

Orlando's workforce has been suffering from the effects of apartments converting to condos. "The metro [Orlando] area lost 16,867 apartments to condos last year, [according to] Gary Scarboro of the Apartment Association of Greater Orlando."[6] With the compression in the rental market, the average rents have increased beyond fair-market rates. Added to that is the pressure of a tight housing market where the "median home in Orange County costs about $240,000 and the average worker can afford only a $142,000 mortgage, according to the county's Office of Health and Family Services."[7]

[5] "Gaining Support for Affordable Housing Development in a Community." The Campaign for Affordable Housing. URL: www.tcah.org.
[6] Hunt, April. "Many find hard work doesn't pay bills." The Orlando Sentinel. 17 Mar. 06.
[7] Hunt, April. "Many find hard work doesn't pay bills." The Orlando Sentinel. 17 Mar. 06.

Worker shortages are so prevalent in Orlando, Disney World has taken to sending recruiters to "Pittsburgh PA, Rochester NY and San Juan, Puerto Rico offering $1500 relocation bonuses and a $100 airline ticket to anyone who would work for Disney for at least one year."[8]

This past spring, in response to a housing market which has doubled in price since 2000 while wages have only increased 10%, Highland County Commissioners hosted a Housing Summit. Recent hurricanes have further exasperated the housing crisis. 23 percent of housing units in Highland County were lost following the 2004 hurricanes. Median home prices increased over 150%, going from $75,000 to $190,000.

Local solutions were proposed in the summit, such as density bonuses for developments with a set percentage of units for affordable housing. "Other affordable housing incentives [proposed] included getting permits approved faster, providing impact fee waivers, relaxing design standards on lot sizes, or allowing different housing types in a development, such as town houses in a single-family home area."[9] Summit ideas also included lobbying the State legislator for full funding for the State's Florida Housing Trust Fund.

Tallahassee

Developers in Tallahassee who are willing to set aside a percentage of their projects for affordable housing are rewarded with an easier development process to help offset the cost. The city's incentives include a speedier permitting process and a decrease in the amount of mandatory green space.

[8] Coy, Jeff. "Shrinking Labor Force is Top Challenge for Global Hospitality, Tourism & Service Industries." ISHC Top 10 Issues 2006. URL: http://www.ishc.com/library/

[9] Attinger, Phil. "Officials, builders brainstorm at Housing Summit." News Sun. 15 Mar. 2006. URL: www.news-sunc.com.

Case 2: Colorado

In the state of Colorado, there exist many examples of initiatives by resort communities to provide, promote and preserve affordable housing. Aspen stands out among resort communities in both the longevity of its programs and abundance of its preserved affordable housing. By 2002, Aspen had nearly two thousand affordable housing units which house approximately 64 percent of the town's population. Truly, the units are community housing in that they house the majority of community members and encompass a wide array of income levels, worker and household types. Aspen's initiatives to utilize affordable housing to ensure an adequate workforce to sustain their economy have been underway for over three decades.

Aspen faces similar barriers to entry as island resort communities in that most of Aspen is surrounded, and effectively barricaded, by the Rocky Mountains. Its primary access route is a two lane highway through an adjacent valley. A second access road is passable during warm seasons only.

Aspen has utilized what's called a *real estate transfer tax* to fund their initiatives; that is a tax paid on the sales of new or existing residential and commercial properties. In this manner the catalyst for the housing crisis, a hot real estate market is also the funding source for its market intervention. Aspen also utilizes sales tax.

Aspen efficiently and effectively manages their affordable housing programs by utilizing one central agency, the Aspen/Pitkin County Housing Authority, to allocate units and ensure continued compliance. The goal of the Housing Authority is "to assure the existence of a supply of desirable housing for persons currently employed in Pitkin County, persons who were employed in Pitkin County prior to retirement, the handicapped and other qualified persons of Pitkin County."[10]

The Aspen/Pitkin County Housing Authority manages both public and private affordable housing units. They "qualify prospective tenants for the units, assures that landlords comply with program requirements and administer the initial sale and resale of ownership units."[11]

Aspen is also very successful in making its programs easily accessible to community members. Aspen maintains a web site, www.aspenhousingoffice.com, which

[10] "Aspen/Pitkin County Employee Housing Guidelines." Aspen/Pitkin County Housing Authority. Apr. 06. URL: www.aspenhousingoffice.com/GUIDELINES_06/guide2006_04_28_06(1).pdf
[11] Hettinger, William S. Living and Working in Paradise. Thames River Publishing: Windham, Connecticut: 2005

provides information on available affordable home ownership, rentals, housing qualification guidelines, answers to frequently asked questions, required forms, etc. After about fifteen minutes on this site, a worker or other community member could easily have all the information required to pursue affordable housing opportunities.

Aspen, in addition to its year round units, also offers seasonal rentals for student workers with rental durations (Sept 1st – May 31st) concurrent with their high season. This equips Aspen to meet peak season worker needs.

One might be very surprised if they looked at the maximum income which can be earned to qualify for Aspen's affordable housing. A household with two adults could have an annual income of $184,000 and, depending on net assets, still qualify for affordable rental units. A family with three kids could have an income up to $181,000 and, depending on net assets, still qualify for affordable ownership units.

Aspen expanded the income limits to include these higher categories in 1990 to "create a greater variety of units to serve the community."[12] The below table breaks down income requirements for Aspen/Pitkin County:

Table 1.1 Income Limits for Aspen/Pitkin County Affordable Housing

Maximum Incomes for RENTAL Units Only (See Income Verification, Part II, Section 2, No. 1)				
No. Of Adults	Category 1	Category 2	Category 3	Category 4
One Adult	$30,000	$47,000	$76,000	$123,000
Two Adults	44,000	70,000	114,000	184,000
Three Adults	52,000	82,000	133,000	214,000
Net Assets not in Excess of	100,000	125,000	150,000	175,000

Maximum Incomes for SALES/OWNERSHIP Units Only (See Income Verification, Part III, Section 2, No. 1)				
No. Of Dependents	Category 1	Category 2	Category 3	Category 4
0 Dependents	$30,000	$47,000	$76,000	$123,000
1 Dependent	37,500	54,500	83,500	130,500
2 Dependents	45,000	62,000	91,000	138,000
3 or More Dependents	52,500	69,500	98,500	145,500
Net Assets Not in Excess of	100,000	125,000	150,000	175,000

Maximum Incomes for SALES/OWNERSHIP Units Only (See Income Verification, Part III, Section 2, No. 1)				
No. of Dependents	Category 5	Category 6	Category 7	Category RO
0 Dependents	$132,000	$145,000	$159,000	N/A
1 Dependent	139,500	152,500	166,500	N/A
2 Dependents	147,000	160,000	174,000	N/A
3 or More Dependents	154,500	167,500	181,500	N/A
Net Assets Not in Excess of	200,000	225,000	250,000	$900,000

Source: Apsen/Pitkin County Housing Authority www.aspenhousingoffice.com

[12] Aspen/Pitkin County Employee Housing Guidelines." Aspen/Pitkin County Housing Authority. Apr. 06. URL: www.aspenhousingoffice.com/GUIDELINES_06/guide2006_04_28_06(1).pdf

The following table depicts maximum rents per affordable housing rental category for Aspen/Pitkin County:

Table 1.2 Maximum Monthly Rents

Unit Type	Category 1	Category 2	Category 3	Category 4	RO
Studio	$421	$748	$1,117	$1,482	$2,032
1 Bedroom	519	879	1,245	1,626	2,176
2 Bedroom	615	1,009	1,377	1,757	2,307
3 Bedroom	713	1,129	1,510	1,889	2,440
SF Detached	813	1,273	1,639	1,952	2,503

Source: Apsen/Pitkin County Housing Authority www.aspenhousingoffice.com

The following table depicts maximum sales prices per affordable housing ownership unit category for Aspen/Pitkin County:

Table 1.3 Maximum Unit Sales Prices

Unit Type	Category 1	Category 2	Category 3	Category 4
Studio	$35,000	$79,000	$132,000	$224,000
1 Bedroom	$44,000	$95,000	$145,000	$239,000
2 Bedroom	$53,000	$117,000	$172,000	$266,000
3 Bedroom	$62,000	$144,000	$199,000	$293,000
SF Detached	$75,000	$171,000	$226,000	$318,000
SF Lot	N/A	N/A	N/A	N/A

Unit Type	Category 5	Category 6	Category 7	Category RO
Studio	$313,000	$349,000	$391,000	N/A
1 Bedroom	$339,000	$375,000	$417,000	N/A
2 Bedroom	$366,000	$402,000	$444,000	N/A
3 Bedroom	$391,000	$427,000	$470,000	N/A
SF Detached	$418,000	$454,000	$496,000	N/A
SF Lot	$91,000	$127,000	$130,000	$159,700

Source: Apsen/Pitkin County Housing Authority www.aspenhousingoffice.com

Aspen is vigilant in assuring occupant(s) of units comply with affordable housing guidelines. Since 2001, both sales and rental units of employee housing require occupancy re-qualify every two years. If an occupant(s) of the employee affordable housing units is found after due process to not meet requirements, the APCHA will require the unit be sold, or if a rental, the tenant vacant. Occupant(s) of employee affordable housing must:

- "Work a minimum of 1,500 hours per year in Pitkin County
- Not own other property in the Roaring Fork Drainage area
- Maintain their employee home as their sole residence."[13]

Aspen maintains a very high rate of affordable housing to market rate housing on new developments. With some exceptions, residential developments are required to have 60% of their new units be employee housing and only 40% be market rate housings.

[13] Aspen/Pitkin County Housing Authority Housing Compliance Guidelines. www.aspenhousingoffice.com

Aspen also has a unit category that is somewhat blending market-rate and affordable housing called RO, or Resident Occupied. RO has high income limits for the occupant (up to $181,000) but has "affordable housing" type restrictions where as it must be occupied by a resident, a capped sale price and has a capped annual appreciation (CPI or 3%, whichever is less, per year).

Even with all of Aspen and Pitkin's efforts, affordable housing is still a problem for them and neighboring counties. Though a large percentage of housing units are affordable housing deed restricted, there still are not enough total units to house enough workers to meet demand. "In Garfield County, home to much of the workforce for both Pitkin and Eagle counties, affordable housing is dwindling, according to a 2005 housing assessment. It found even a shortage of 628 units just for those who work within Garfield County, and some 2,895 new units needed by 2025."[14]

Unemployment rates in Aspen and surrounding areas are below state and national averages. Pitkin County and Garfield County's unemployment rates of 3.1% and 3.0% respectively are below the already low state average of 4.7%. Local employers point toward doubling and quadrupling of the employment ads in the local papers as indicative of the worker shortages they are facing. The Aspen Daily News reports impacts on tourism businesses include those felt at Aspen Square Hotel where "a front office staff that usually has more than 18 workers is down to about three."[15]

Housing affordability gaps persist elsewhere in the state. For instance, "in Summit County, where more than two-thirds of the houses are second homes, the average home price is nearly 10 times the average income."[16] According to the Aspen Daily News, other problem areas for affordable housing in Colorado include Steamboat Springs and Grand County.

Eagle County Colorado, home of Vail, is another county which provides examples of affordable housing initiatives in action. Eagle County has established a permanent sitting committee, "Home Buyers Assistance Committee", reporting to their County Commission. The Committee "assists home buyers in the purchase process and reports to the Board of County Commissioners on recommended changes to existing housing provisions in the community. The committee includes volunteers from the banking, real estate, development and title industries."[17]

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[14] Frey, David. "Communities Search for Affordable Housing Solutions." *Aspen Daily News*. 07 Oct. 06. URL: www.aspendailynews.com.
[15] Frey, David. "Employers crying the labor blues." *Aspen Daily News*. 03 Sept. 06. URL: www.aspendailynews.com
[16] Frey, David. "Communities Search for Affordable Housing Solutions." *Aspen Daily News*. 07 Oct. 06. URL: www.aspendailynews.com.
[17] Freilich, Leitner & Carlisle. "Workforce Housing Study Final Report: Village of Islamorada, Village of Islands". 23 Jun. 2004.

Eagle County's web site, www.eaglecounty.us, includes a special web page dedicated for tips for residents on how to locate housing within their means. Low to moderate income households can find local lenders offering down payment assistance programs and special mortgages. For-sale affordable housing properties are listed. Contact information for affordable housing rentals is also given.

Case 3: Oregon

In keeping with mountain resort communities, the next case we examine is Oregon. Across all industries and job levels in Central Oregon, a booming economy (10,000 new jobs in four years), high housing costs (median home price is $375,000) and low unemployment rates (4.2%-5.3%) are leading to worker shortages. But ironically, perhaps the largest contributor to the tight labor pool is the increasing population. "People continue to move to Central Oregon who can afford the housing and don't need to work. They demand services, but the people businesses need to provide those services increasingly can't afford to live [in Central Oregon]."[18]

Economic Development for Central Oregon (EDCO) embarked on a study called Central Oregon's Workforce Housing Needs Assessment. The study found a worker shortage equating to 5,200 jobs currently unfilled in Central Oregon. For half of the respondents, affordable housing was cited as the most critical problem in the region.

Central Oregon ski resorts and tourism businesses face difficulty staffing, particularly with lower-wage service jobs. In an article in the Bend Bulletin, restaurateur John Bushnell of Tumalo Feed Co.'s recounts the impact on his business. Mr. Bushnell has raised worker pay to $2 over the state minimum wage of $7.50 in an attempt to attract and retain workers. The expense of the pay increase he, and others in his industry, has had to pass onto consumers in price increases. "Bushnell estimated that regionally, a meal that once cost a Central Oregonian $18.95 is now $21.95. Next year, he expects it will cost $24.95."[19] Beyond price increases, businesses have had to reduce hours of operation and increase hours of existing staff.

To retain and attract employees, businesses are getting competitive with salary and benefits. Some have raised wages above competitors and actively recruited away staff. Others have resorted to sign-on bonuses. "Merenda Restaurant and Wine Bar in downtown Bend, Oregon offered a $1,000 signing bonus for a line cook"[20] after receiving no applicants after advertising the position for six weeks.

Mt. Bachelor ski resort decided to employ a multitude of recruitment programs to meet its need of ski season 400 workers. "Mt. Bachelor added benefits like half-off its child-care services and is offering worker product-testing programs, which can be used like free ski passes for friends and family...Certain position will also see wage increases. Veteran ski instructors may see pay increases of 25 percent...[Owners are also] holding

[18] Sowa, Anna. "Economic leader says worker shortage could halt growth." The Bend Bulletin. 27 Jul. 2006. URL: http://www.bendbulletin.com.
[19] Sowa, Anna. "Economic leader says worker shortage could halt growth." The Bend Bulletin. 27 Jul. 2006. URL: http://www.bendbulletin.com.
[20] Sowa, Anna. "Understaffed businesses in Bend getting desperate." The Bend Bulletin. 21 Jul. 2006. URL: http://www.bendbulletin.com

meetings with new hires to explain the requirements of each position. That way, workers will know what to expect and can choose the position that is right for them"[21] Mt. Bachelor also began recruiting outside of the US, attracting 30 Peruvian college students for the 2006 winter season.

Other tools utilized by resorts and tourism businesses include, utilizing staffing agencies, free shuttles for employees from neighboring communities, employee referral bonuses when staff refers a successful candidate, job fairs, casting a wider net by advertising outside of local area and relying on temporary help from foreign student (J1 visas).

Investing in employee retention programs can be so successful, an employer one would expect to be hardest hit by the labor crunch as they largely hire entry-level minimum wage workers reported full staffing. Nanette Bittler, interviewed by the Bend Bulletin, uses employee incentives to keep her Central Oregon McDonald's fast-food restaurants fully staffed. According to Bittler, "her competitive edge is the effort and money she puts into employee retention. She pays bonuses to employees who recruit workers from friends and family and to employees who maintain high grades."[22]

[21] Sowa, Anna. "Oregon ski resort boosts benefits, wages to attract, retain workers."
The Bend Bulletin. 23 Oct. 2006. URL:http://www.bendbulletin.com.
[22] Sowa, Anna. "The Plight of Employer." The Bend Bulletin. 13 Nov. 2006. URL:http://www.bendbulletin.com.

Case 4: Hawaii

In Hawaii, "tourism accounts for roughly 25 percent of total economic activity and 30 percent of total employment."[23] Hawaii has been relying on in-migration to stem the impact of resident exodus, a decreasing number of its young residents entering the workforce and an increasing number of its older residents retiring.

Professional positions, including math and science teachers, are often recruited from the mainland. Entry-level hospitality jobs, like housekeeping, are often filled with the 5,000 to 6,000 foreign immigrants per year to Hawaii.

Largely, this worker shortage is caused by Hawaii's affordable housing shortage. In 2003, Hawaii estimated a shortage of 30,000 housing units statewide.

"Allen Chung, [the Society for Human Resources Management's current president], says he is trying to sound an alarm bell in the human resources community: 'Nobody's planning for [the long term]. The short-term needs are so pressing that it's very hard for people to take time to look down the road. It's a real big public policy issue, where everybody has to work together.'"[24]

The reliance of in-migration has been problematic in Hawaii because workers don't necessarily stay. According to University of Hawaii associate vice president for Academic Affairs Mike Rota, census data shows Hawaii imports workers in the 20s, whom he believes are coming for their climate and lifestyle. Then the reality of Hawaii's low wages and high cost of living begins to drives people out in their 30s and beyond.

In-migration in Hawaii, and elsewhere, is also problematic in that it can change the host culture of the area which is often a strong component of its tourism draw. For example, the Hawaii Islands' offer unique cultural experiences and traditions for which they are well known, like the Lu'au. Such offerings attract cultural and historic travelers seeking Hawaii's unique culture with its Polynesian flare. As residents leave the area, especially young native residents, those cultural traditions are at risk for being lost. Likewise, the influx of immigrants imports other cultural influences into the area.

[23] Goodno, James. "Living with Tourism." American Planning Association. Jun. 2004. URL: http://www.planning.org/affordablereader/planning/tourism0604.htm.
[24] Knox, John M. "Where are the Workers?" Hawaii Business. Jul. 2005. URL: http://www.hawaiibusiness.com/archivearticle.aspx?id=1343&qr=.

The City and County of Honolulu conveyed an Affordable Housing Advisory Committee. This spring, the Committee released a report and recommendations. Their recommendations are summarized in the table below:

CITY AND COUNTY OF HONOLULU
AFFORDABLE HOUSING ADVISORY COMMITTEE

KEY RECOMMENDATIONS

1. **Hire a Special Assistant to the Mayor on Housing**
   The Committee has identified the need for an individual on a full time basis, with the right skill sets (i.e, understanding of risk, housing development and finance intellect) to address the following:
   a. Assisting housing developers (new and renovation) in packaging city financial resources (bonds, grants, exemptions, etc.);
   b. Serving as the City's liaison for federal and state housing programs and initiatives, the "go to" person for housing advocates, profit and non-profit developers, and the general public;
   c. Serving as an advocate for any housing initiatives, activities or projects to ensure effective and accountable collaboration;
   d. Serving as a Legislative liaison working with the city council and state legislature to improve communication and coordination of city and state programs and resources to further affordable housing development;
   e. Monitoring City department programs to assure that the administration reflects a consistent set of housing policies, priorities, and objectives;
   f. Communicating housing priorities to and between City departments and to the public.

2. **Create Opportunities for Increased Densities**
   a. Replacement of existing "below grade" infrastructure presents an opportunity to install larger capacity systems to support increased density and opens the opportunity of all types of residential development that will invigorate downtown Honolulu. Coupled with new mass Honolulu transit system and Transit Oriented Developments ("TOD") at transit stations, increased capacity of wastewater, storm drainage, and water systems will complement and advance development opportunities.
      - Sewer
      - Drainage
      - Water

      Create a "Special Area Plan" for the Kaimuki to Capitol District area by the City will focus issues of density, greater height limits, and relaxation of parking requirements at transit stations. The current PUC Development Plan does not emphasize residential development in the entire area with the exception of low and mid-rise residential development in the Downtown/Iwilei Waterfront.

   b. Create "value" for development of housing through zoning by targeting areas for mixed-use and providing density bonuses or other incentives for more affordable units.

3. **Use Existing City Programs and Resources**

   The City has at its disposal existing tools, resources, and programs which can be more effectively used to promote affordable housing.

- Tax Exempt Multi-Family Revenue Bonds (approximately $55 million available each year)
- Real Property Tax Exemptions
- Community Facilities Districts (provides for the repayment of infrastructure costs through use of city bonds - a city ordinance exists to allow for this)
- Tax Increment Financing (a tool that helps to reduce the cost of up-front infrastructure, however, a new City ordinance would need to be created to allow the use of this tool)
- Targeted use of Community Development Block Grant (CDBG) and HOME funds for affordable housing, i.e. limit use of CDBG and HOME funds for only affordable housing projects

4. Streamline/Fast Track Entitlement and Permitting Processes

The ability to bring new housing product to market in a timely fashion is critical to meeting market demand and keeping prices in an affordable balance. Project delays result in added costs which are passed on to the consumer. While many approval and permitting processes fall under State jurisdiction, opportunities exist within the scope of the City to address with respect to approvals and permits to expedite processing, reduce costs to the project, and result in greater production of housing.

- Allow developers, not just architects and engineers, to "self certify" project compliance with zoning and LUO requirements. Work to establish objective parameters for compliance to remove as much subjectivity or discretion as possible;
- Re-examine all apartment zoning districts to allow for increased densities and greater design flexibility;
- Encourage greater use of R-3.5 zoning;
- Expedite those projects with a component of units for households at 80% of area median income (AMI) and below;
- Reject/do not process any incomplete or inaccurate building permit plans to reduce inefficient use of staff time;
- Upgrade current front counter DPP staff from "intake clerks" to "planners" to provide greater expertise and front end decision-making to improve permit processing times;
- Add 2 to 3 planners in DPP who can address subdivision permits and bonding issues for affordable housing projects to reduce approval time;
- Continue to refine DPP's program to "pre-approve" master track plans. Once approved, processing time could be shortened for individual house permits;
- Form a special task force composed of architects, engineers, land planners and builders to investigate further streamlining and fast-tracking of the permitting process or encourage the Urban Land Institute (ULI) to make this one of their projects.

5. Provide Incentives for the Development of Affordable Housing

It is estimated that it takes a subsidy of about $147,000 per unit to produce a one-bedroom one-bath affordable rental affordable to a household earning 50% AMI (area median income). A 3-bedroom unit would require a subsidy of approximately $205,000 to create an affordable rental at the same AMI. This assumes the land is virtually free and that these units are not subject to the general excise tax or real estate taxes. This means greater incentives are needed to encourage increased production of affordable housing.

a. Unilateral Agreement (UA)

I.

- The single most critical element to providing affordable housing in developing communities is the Unilateral Agreement (UA). Unfortunately, the existing UA contains disincentives rather than incentives to encourage development of affordable housing. Due to the complexity of the UA, the Committee deferred the evaluation, recommendations, and concerns surrounding the UA to the members and advocates who are impacted by the conditions in the UA and who are working directly with DPP and the City Council to revise the UA.

II.

- Because of the debate on continuing the unilateral agreement, extensive analysis has been prepared by the planning department as well as SMS Research and Marketing Services. While the conclusion has been that approximately 12,000 units that are currently owned and inhabited by families for whom the units were originally targeted for, the new price level of these homes and rising interest rates will push these families out and necessitate subsequent buyers be of substantially higher income. In essence, these units will be lost.

- The Committee did want to emphasize the need to balance obligations and incentives within the UA and to strive for win-win scenarios that would simplify the requirements and reduce costs to both developers and the City. The UA could also serve to better drive housing objectives by awarding weighted credits. For example, development of low income rentals would receive higher credits than an affordable for-sale project. Or another option would be to allow developers to pool and transfer credits to non-profit or for-profit developers to encourage development of low-income rentals in the urban core or closer to transit centers.

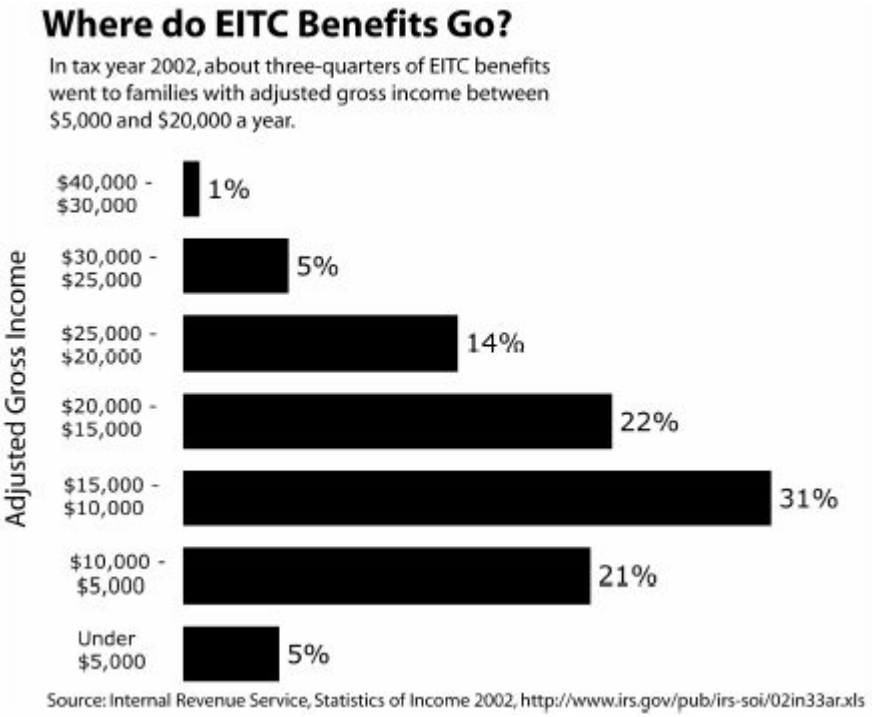
It was also recommended that the 1991 affordable housing rules be updated to provide flexibility and latitude to address current housing market issues and challenges and to extend the restriction to 140% of HUD's median income to be consistent with State guidelines.

Source: Urban Land Institute Hawaii Affordable Workforce Housing Committee

On the Big Island a 10 year project, called Kamakoa Vistas or the Waikoloa Employee Housing Project, to build 800 to 1,200 single family and multi-family for sale workforce housing units began last summer. Housing demand, which the Hawaii Board of Realtors points to being driving by a $500,000 tax break on principal homes for married couples, had pushed median prices in some Big Island areas over $600,000. The goal of the Waikoloa project is to build a community where people will want to live, not where they will have to live. It is the largest affordable housing project in the County of Hawaii to date. Families making between 50% and 140% of the County median income qualify for the units.

Hawaii also has enacted a wage supplement for low income employees, becoming one of 18 states to adopt a state Earned Income Tax Credit (EITC) in addition to the Federal EITC. Working families, generally earning less than $37,000 as a household, qualify for the supplements. It's designed to reward low-wage workers for participating in the workforce by reducing their wage tax burden and bring them

above the poverty line. The following graphic from the IRS shows the breakdown by income of households who qualified for EITC nationally:



Case 5: Massachusetts

The Massachusetts housing market has seen tremendous growth this decade. Its resort areas like Cape Cod and the Islands have been hit particularly hard by the ensuing housing affordability crunch. In a somewhat reverse scenario, the state has pushed municipalities to ensure affordable housing development. The following table lists legislation and programs enacted by the State of Massachusetts for affordable housing:

Massachusetts Affordable Housing Legislation and Programs

Chapter 40B or The Comprehensive Permit Law
Instituted in 1969 in Massachusetts because of a shortage in the supply of affordable housing, Chapter 40B aims to encourage the creation of affordable housing without using state or federal funds. Over the years, 40B has produced over 35,000 housing units with 22,000 of these units available to people making 80 percent or less than the Area Median Income. Municipalities with an affordable housing stock of less than 10 percent of their total housing must provide developers of affordable housing with a streamlined process through the permitting phase. In addition, developers may also build multi-family structures or single-family houses at higher densities than normally permitted through local zoning. This state law has allowed many projects to be built – mixed-income condominiums, single-family subdivisions, multi-family rental units and elderly housing – that most likely would not have been built under the existing zoning. It has also served as the impetus for towns and cities to strategize about ways to build affordable housing in their community to meet the goal of 10 percent so the town or city may have more control over the local development.

Chapter 40R, or Smart Growth Zoning Districts
Chapter 40R, signed into law in 2004, encourages municipalities to establish "smart growth zoning districts," or zoning which overlays one or more current districts and allows developers to follow the zoning codes of either of the districts. These districts must be located near transit stops, town centers, commercial area or underused industrial properties. Smart growth zoning districts may overlay either or both residential and commercial parts of town. In these areas, the smart growth zoning requires that a minimum of 20 percent of new residential developments with 12 or more units be affordable. The Commonwealth will give the following "housing incentive payments" for having this kind of development: $10,000 for up to 20 units; $75,000 for 21-100 units; $200,000 for 101-200 units; $350,000 for 201-500 units and $600,000 for 501 or more housing units. In addition to this, a payment of $3,000 for each new unit will be given to a town or city when the building permit is issued. As of winter 2005, no city or town has yet formed a smart growth zoning district.

Chapter 40S
Passed in November 2005, Chapter 40S provides education funds to communities creating smart growth zoning districts through Chapter 40R to ensure that communities can continue to keep up with any increase in school enrollment caused by the increase in housing.

Brownfields Redevelopment
Brownfields are polluted industrial sites that are abandoned or underused. Through remediation and abatement of contaminants, these sites can be redeveloped into commercial or residential space. Brownfields redevelopment eliminates blight, increases housing opportunity and can spur economic development within a community. Funds are available through both state and federal programs to assist with the expense of brownfields remediation.

Inclusionary zoning
Inclusionary zoning regulations, passed at the local level of government in Massachusetts, requires developers to include affordable housing units in a market rate residential development, usually stipulated as a minimum percentage of total units. The requirement of affordable units is usually triggered by a threshold number of units to be built or refurbished in a market rate residential development. The municipality generally enforces the requirement if the developer is building more than a specified number of units or specified square footage of residential development. The affordability of the units is maintained through deed restriction for typically for 10 or 20 years and in some cases in perpetuity. In order to make sure the developer can afford to build the development, density bonuses may be offered. These allow for more units to be built in order to cover the cost of building affordable units. Over 100 Massachusetts communities have adopted inclusionary zoning, although, for various reasons, the policy has not resulted in the construction of many affordable units.

Community Preservation Act
The former Governor of Massachusetts, Paul Celluci signed the Community Preservation Act (CPA) into law September in 2000. Voters must vote to adopt a CPA for their own municipality. Once passed, the CPA allows municipalities to add a property tax surcharge of up to 3 percent for the specific purpose of protecting their historic and environmental resources and providing more affordable housing. These funds are then matched by the state providing more incentive for the adoption of the CPA. State funds to pay communities with an adopted CPA come from a new fee at the registries of deeds. Municipalities must use 10 percent of their funds for the preservation or acquisition of each of the following: natural resources, affordable housing and historical resources. The remaining 70 percent can be divided in any way among these three initiatives. Local legislators appoint a committee to draft plans for the use of the funds and plans are open for comment and approval by the public. Over 75 communities have adopted the Community Preservation Act.

Source: Massachusetts Smart Growth Alliance www.ma-smartgrowth.org

Still, affordable housing issues continue to challenge Massachusetts' communities. According to the Cape Cod Times, by 2000 the island resort community of Nantucket was importing "300 skilled labors each day to the island because builders, plumbers and electricians cannot afford to live there."[25] The Regulatory Barriers Clearing House of HUD drafted a report on Nantucket's housing problem. They recommended that Nantucket:

1. "Create a public housing office
2. Encourage growth in number and type of affordable housing stock for low income residents
3. Ensure systems are set in place to enforce new zoning and housing regulations
4. Preserve and expand housing stock to provide for year round middle income residents
5. Provide adequate housing for seasonal employees

[25] Myers, K.C. "Strangers in our own land." The Cape Cod Times. URL: http://www.capecodonline.com/special/housing/main1.htm.

6. Address the need for shelter for elderly, special needs and single parent populations."[26]

Across Nantucket Sound, the Island of Martha's Vineyard is also contending with affordable housing. Martha's Vineyard held an island-wide conference on affordable housing. In 2000, there were an estimated 32% of households with housing cost burden. They established a goal of 205 new affordable housing units within five years. To achieve that goal, they relied on private donations which in 2000 had amounted to $1.9 million.

Other affordable housing initiatives on the Vineyard included:

> "creating awareness of the housing issues among island residents and businesses, articulating a vision for affordable housing on the island, developing infrastructure to support the creation of that housing, creating multiple programs to provide the housing and changing land-use and zoning regulations to support affordable housing."[27]

Back on the Cape Cod peninsula, communities have devised other ways of tackling affordable housing. The Falmouth Housing Authority in Upper Cape Cod has found the rental market so over priced that they are now use their funds to supplement rents when HUD (Federal) Section 8 housing vouchers limits don't cover rents at available units. "They are allowed to pay 10 percent, and sometimes 20 percent, above set rents if necessary to close a deal."[28]

Throughout Cape Cod, many businesses are taking matters into their own hands by purchasing employee housing and supplementing rents. According to the Cape Cod Times, Red Jackets Inn owns five properties which house about 35 of their workers. Lower Cape Chocolate Sparrow coffeehouse and candy stores subsidizes employee rents. Other businesses have taken to busing in workers from the mainland. Ocean Edge Resort in Brewster buses workers in from the mainland City of New Bedford, about 60 miles away.

[26] "Affordable Housing in Nantucket". Jonathan Rose & Associates. Jul. 1998. www.sustainablenantucket.org.
[27] Hettinger, William S. Living and Working in Paradise. Thames River Publishing: Windham, Connecticut: 2005.
[28] Brennan, Anne. "Wait is long for thousands of subsidized Cape renters." The Cape Cod Times. URL: http://www.capecodonline.com/special/housing/renters1.htm.

Case 6: California

East Bay Housing Organization (EBHO) in Northern California sought to combat NIMBYism by creating a new image of design and recipients of affordable housing. They created a week-long educational program called, Affordable Housing Week. The key to this week's success was finding members of the community to be the voice of advocates rather than the developer or an outside professional. By showing examples of affordable housing recipients already in the community, they give a better idea of the people and their occupations who would occupy new developments. They also looked for organizations to work with them whose mission included housing; organizations with members would benefit from housing; and organizations that would be sympathetic to the affordable housing cause. Affordable Housing Week attracted 2,000 participants from 19 Northern California cities and two counties for the 44 events hosted throughout the week.

"A highlight of the week [was] a leadership breakfast held for elected officials. This session [was] an opportunity for officials who are supportive of affordable housing to come together and share with each other how they can support affordable housing and still get re-elected, when they have 100 angry people in their council chambers."[29]

Marin County, California also took the approach of putting a familiar face to the affordable housing name by utilizing local residents in its public relations advertising campaign. Marin County's Consortium for Workforce Housing "hired a campaign coordinator and created print ads, bus billboards, public service announcements, press releases, brochures and fliers around the theme 'Workforce Housing: Who Needs It? All of Us!' featured real people – a local teacher, firefighter, a paramedic, and a police officer, identifying them by name as among those affected by the Marin housing crisis."[30]

The ad is pictured on the following page:

[29] "Gaining Support for Affordable Housing Development in a Community." The Campaign for Affordable Housing. URL: www.tach.org.
[30] "Gaining Support for Affordable Housing Development in a Community." The Campaign for Affordable Housing. URL: www.tach.org.

Source: The Campaign for Affordable Housing

Marin County also created a video giving a tour of a local affordable housing development shown at speaking engagements to help further create a positive picture of such developments among community members. They succeeded in reaching their goal of 6,5000 new affordable housing units this spring.

Case 7: New Orleans

Hurricane Katrina decimated an estimated over 300,000 housing units in the Gulf Coast, over 70% of which were low income housing according to estimates by the National Low Income Housing Coalition. About half of those units, 142,000, were in New Orleans. There, nearly 80% of the damaged housing units were affordable to low income housing.

One of the most successful rebuild projects has been the Musicians' village. Viewing musicians as essential to the unique culture of New Orleans and its tourism industry, jazz musicians Harry Connick Jr. and Branford Marsalis have joined with Habitat for Humanity to create an affordable housing development aimed at housing New Orleans' musicians. The high-profile of its benefactors has served to move this rebuild project forward at a faster pace than others. Thirty homes have already been constructed on the lot of a former middle school. About 40 more homes are planned for the lot, as well as, 250-300 more habitat for humanity homes on surrounding lots.

The New Orleans habitat homes are offered at $75,000 with 20 year no-interest loans and require 350 hours of sweat equity from its purchasers. The mortgages will average about $500 a month.

SECTION 3: EMPLOYER ASSISTED HOUSING PROGRAMS

Employer Assisted Housing (EAH) programs are programs which employers may implement to assist their employees in attaining affordable housing. Many of these programs do not require development, and therefore, could be quickly and cost effectively enacted by businesses today. Others, that do require development, still offer businesses an opportunity to become more self-sufficient, ensuring adequate staffing for their business via provision of their own dedicated housing.

Looking closer, Employer Assisted Housing initiatives for employees may include:

1. Leasing rental units in order to sublet the units to employees

In this scenario, a business works with realtors, individual landlords and/or multi-unit apartment complex property managers to acquire long term leases (such as 1 to 5 years) on rental properties. The business then fills the units with their employees as units become available. This is particularly effective when the business subsidizes a portion of the rent, thereby offering the employees units at a lower rent than which they could achieve in the open market. It also offers the advantage of the business assuring the quality of the rental unit, thereby mitigating the effects of substandard housing on employees. Some Keys tourism businesses have reported using this process effectively to increase their employee housing stock. Businesses should review such subsidies with their accountants to determine if any tax savings may be attained.

2. Developing onsite housing

Businesses should contact their municipality's planning department to inquire about developing infill units and acquiring available affordable housing ROGO permits. Generally infill employee housing at commercial sites is favorable to communities as it reduces the traffic and transportation needs of the workers. Further there are currently ROGO permits available for affordable housing development.

For example, in the City of Key West in 2002 the City Commission approved an ordinance to allow for infill units above commercial properties which were low to moderate income affordable housing in specific districts. They are known as "accessory infill units". Units under 600 square feet may be built with partial ROGO units of 0.55. In the year in which the accessory infill unit ordinance was passed, according to the Key West Chamber of Commerce's Vision 2020 report, 14 infill units were built. The following year brought 20 more.

The requirements for the infill units, according to the City of Key West Land Development Regulations 122-233, are as follows:

- Each unit shall have a rental rate, including utilities, not exceeding 15 percent of the median household income in the County. This affordability criteria shall be duly recorded as a deed restriction in perpetuity.
- Accessory units shall be restricted to occupancy by permanent residents.
- Accessory units shall not be sold separately as a condominium.
- When an accessory unit permit is originally initiated, the principal unit must be owned and occupied by a permanent resident.
- Accessory units shall not take up more than 40 percent of the principal structure.
- Accessory units shall comply with maximum impervious surface regulation within the SF district. Parking surfaces shall not be counted as open space.
- Accessory units shall comply with applicable landscaping requirements.
- Accessory units shall comply with the maximum threshold for lot coverage by impervious surfaces.
- Parking requirements shall be satisfied by both the principal and accessory unit.
- Density shall be calculated based only upon the number of principal units on a site.
- Accessory units shall not exceed 600 square feet and the minimum size shall be 300 square feet.

Source: www.keywestcity.com

Islamorada's consultant for their study of workforce housing presenting Key West's accessory unit criteria as an example in its recommendation for encouraging accessory units in Islamorada.

Another important resource for developing affordable housing units is state and federal loan programs for development. See Appendix A for a list of resources compiled by the Middle Keys Community Land Trust.

3. Developing or purchasing offsite housing

With the current decline in Keys' housing prices and increase in housing stock for sale, there are perhaps more opportunities now than in prior years to purchase housing units for employee housing.

Businesses that are re-developing, as many lodging properties converting to condotels are, may also consider their re-development an opportunity to create worker housing. In some municipalities, where there are less units built back on the property site units may be transferred to other locations and developed as affordable housing units.

4. Assisting employees with home purchases

According to a Fannie Mae National Housing survey, the barrier to homeownership of saving money for down payments and closing costs can be as strong, or stronger, than finding an affordable, likable home. Programs which assist employees with down payments and/or closing costs can help break this barrier. Employer assisted down payment and/or closing cost programs can be particularly effective when coupled with State and Federal loan programs which would give the employee below-market interest rate mortgages. Financial home purchase assistance programs utilized by employers today include:

- Down payment/Second Mortgage Loan
  Under this scenario, the business holds a second mortgage for the employee to be used as a 20% down payment in a home purchase. This can give the employee a lower than market rate interest on their second mortgage and increase their borrowing power.

  Key West Bank, in Key West, offers an EAH down payment second mortgage program. The program offers a 3 year balloon on a second mortgage, secured by the employer, at the rate of 5%. If the employee should resign, the interest rate would revert to a previously agreed upon market rate, for example 15%. For more information on this loan program, see Appendix B or contact:

  Key West Bank
  701 Whitehead Street
  Key West, FL 33040
  305.294.3540
  www.keywestbank.cc

- Forgivable loans
  - i.e. a certain amount (such as $5,000) is loaned with no interest to the employee toward down payment or closing costs which will be forgiven after a certain time of employment is achieved, (such as 5 years) or must be repaid if the employee resigns before the loan expires. In Illinois, employer assisted programs have made nearly 1,000 workers home owners. The workers on average were median or moderate income households. One program was a "$5,000 forgivable loan to employees who commit to stay with their employer for five years."[31] Others

[31] "2005 Mid-Year REACH Report." Metro Planning Council. 30 Nov. 05. URL: http://www.metroplanning.org/resource.asp?objectID=3028

included up to $7,500 in interest free loans forgivable after five years of employment.

- Deferred or repayable loan
  - This would function similar to a forgivable loan, in that it is interest free or interest reduced and for a set amount. However, the employee would pay back this loan in installments either immediately or beginning on a future deferred date.
- Grants to assist the employee with a down payment or the closing costs
  - The employer establishes a grant program which employees can apply for a one-time grant payment.
- Matched savings accounts
  - Employers can choose to do this very similar to a retirement matching program, where they deposit a cash match of a certain percentage (such as 50%, 100%) of what the employee contributions to a home savings account. Like a 401k match, it can be capped at a certain percent and can be vested. Another alternative to cash deposits is to allow the employee to accrue grant funds, where each deposit builds up the value of a grant the employer will later offer when a home purchase is made.
- Below-market-interest rate mortgages
- Mortgage guarantees

Non financial home purchase assistance programs, meaning not a monetary offering to the employee, are also vital tools in EAH. Holding housing information sessions with employees can be very useful, including working with them to identify affordable housing programs, information on managing credit and becoming financially prepared for homeownership, the home buying process, etc. Business may contact real estate agencies to hold such sessions for their employee's onsite or at the realtors' office. In Part I, Section 1 of this report, we examine more fully Affordable Housing programs businesses may wish to share with their employees

5. Offering housing supplements

Housing supplements may be a certain amount per month paid to the employee for the purpose of supplementing their housing expenses. In the Keys, Comcast Cable offers a $250 per month housing supplement. Waste Management offers between $200 and $500 for a housing allowance. Monroe County Mosquito Control offers a $2,000 annual housing supplement.

6. **Offering home improvement loans, or assisting in attainment of such loans.**

Similar to home buying loan supplements, offering current home owners improvement loan assistance or subsides can help bring substandard employee housing up to code and better prepare home owners for hurricane events.

7. **Advocating for public and private Affordable Housing projects in your community, particularly advocating for tourism worker inclusion in such projects.**

Businesses may also get assistance in setting up and funding EAH programs. Keys' municipalities may consider funding such assistance programs. They may also wish to work together through local associations or by mutual agreement to combine resources to create EAH programs. For example in Phoenix, Arizona "five large employers in downtown Phoenix are partnering with the local Neighborhood Housing Services office to provide homeownership counseling and administer down payment assistance funds. Similar program structures exist in Kalamazoo, Chicago and Baltimore."[32] Else, businesses can investigate state, federal and philanthropic organization assistance.

For more information on Employer Assisted Housing, contact Fannie Mae's Regional Partnership Office for our region (Southeast) at:

Southern Regional Office
950 East Paces Ferry Rd, Ste 1900
Atlanta, GA 30326-1161
(404) 398-6000)

Or visit www.fanniemae.com to download Fannie Mae's guide to EAH.

[32] Fannie Mae Foundation."Housing Fact & Findings" Vol. 2. No. 2. Summer 2000.

PART II: REVIEWING OTHER TOP EXODUS FACTORS

While housing cost was a top factor for relocation plans of the super majority of workers, there were several other factors also at play. These factors, if mitigated, were also very likely to retain workers. In Part II, we review each of the factors and programs for mitigation.

SECTION 1: PAY

For a little more than half of our departing workers, pay is the top factor motivating their departure. Simply put, increasing employee pay will be most effective in mitigating this factor.

Opponents of pay increases counter with arguments such as "a $2 raise is not going to make a low income worker able to afford to buy a house". While this is certainly a valid point, is not necessarily why the worker wants a pay increase. It can be for an improvement in quality of life. As we will see later in this section a large number of employees relocating due to pay work multiple jobs and want alleviation from that. Also, the above counter-argument generally assumes this pay motivated relocation is reserved for minimum or low wage workers. As we will also see later in this section, it affects all pay levels.

When pay is a top motivator for a worker's move, how much of a pay increase would it take to retain them? To answer that question, we look closer at the respondents who indicated pay is a top factor in their relocation.

The "pay factors" were:

1. My Pay is inadequate (32%)
2. Having to work multiple jobs to meet expenses (31.2%)
3. My pay is too seasonal/inconsistent (10.3%)

Collectively, the pay factors comprised 55% of respondents who were planning to relocate outside of the Keys. Respondents could select more than one pay factor. 5 percent of respondent for whom pay was a top factor in their departure selected all three pay factors.

For the remainder, 40 percent of respondents who felt their pay was inadequate were also motivated to move because they had to work multiple jobs to meet expenses. More than half of the pay induced relocation group worked multiple jobs. That was a higher rate than average. This would indicate increasing pay at the primary position to a rate which a second or third job was not necessary could make a significant

difference in retention of the worker. The increase in quality of life from the alleviation of multiple jobs would likely be substantial.

A smaller percentage, 11%, of respondents for who inadequate pay was a top factor for relocation indicated that their pay was too inconsistent/seasonal. Employers may consider programs to assist employees during seasonal transitions; such as, forgoing end of year bonuses for end of season bonus. Retailers, to adequately staff during the busy holiday season, often offer bonuses of an hourly pay increase to be paid only upon completion of the seasonal employment for every hour worked. For example, a retailer hires an employee at $7.50 per hour but offers a retroactive "raise" to $8.00 per hour at the end of the season. For each hour they worked, the employee would receive a bonus of $0.50 at the end of the season.

Applying this concept to a hospitality employee, the bonus could be paid at the end of August and would assist the employee in expenses during the slower fall months. It can be an effective retention tool in that it gives the employee an incentive to remain with the employer in order to receive the bonus. It also works as a savings plan for the employee. Efforts by the TDC and businesses to attract off-season visitors through events and expanded advertising could also help boost off-season pay.

Looking at respondents by type of business they work for and their job category, the respondents covered all tourism business types, but were primarily lodging employees (34%). While a large number of these employees were front-line staff (front-desk, reservations, concierge), there was an equal number of respondents who were in operations and management (sales and catering, management, office staff). This would indicate relocation motivated by inadequate pay is not restricted to lowest paid hourly jobs, but also affects salaried and professional employees. The other tourism business types with employees relocating due to pay followed the same pattern. For example, for attractions/activities (28% of respondents relocating due to pay) there were an equal number of office staff as there were tour guides relocating due to inadequate pay.

Looking at respondents pay, most workers relocating because of inadequate pay were earning very low to low income. 23 percent of respondents made minimum wage to what would be categorized as very low income for a single person household (under $22,000). The majority (50%) made what would be categorized as low income for a single person household (< $22,000 to $40,990). 21 percent were making what would be categorized as medium or moderate income for a single person household. Six percent made between moderate income and $100,000. This would indicate that while pay factors are largely a motivator for relocation among very low to low income earners, however, they also affect moderate income and beyond.

Looking again at the counter-argument that a pay raise for a low wage worker is not needed as it won't bring homeownership, it's important to realize workers who are low income or minimum wage are not necessarily the primary income earner in the family. The "U.S. Census Bureau reports that nearly two-thirds of minimum wage recipients either live with their parents or are the secondary earner in the household. Only 14 percent of minimum wage recipients are the sole earners in their household."[33] This is more evidence that forgoing pay raises because they won't bridge the gap to homeownership oversimplifies worker situations.

Beyond increases in hourly wages or salaries, there are other compensation changes which employers can make to boost pay. For example, offering retirement incentive programs with employer matches. Such programs could be a 401k, Sep-Ira, deferred compensation plan, etc. Employers can also consider bonuses, such as performance bonuses, profit-sharing and seasonal bonuses. Further, employers can consider offering annual cost of living adjustments or merit increases.

Other programs offering fringe benefits can also increase the attractiveness of compensation packages.

Examples of fringe benefits include:

- Onsite day care, and/or day care supplements
- Providing meals, or discounting meals, preceding or following shifts
- Offering product discounts to employees during their off-time
- Offering friends and family product discounts for employees to share
- Fitness center/gym membership supplements
- Providing discounts for attractions, activities events and/or movies

[33] Hull, Michael T. "Wage hike would hurt employers and workers." The Star Bulletin. 17 Apr. 2005. URL: www.starbulletin.com.

SECTION 2: HURRICANES

While we can't control the weather, we can certainly manage how we respond to tropical cyclone events. Stress from active hurricane seasons (37%) was far more a factor in relocation than actual damage from events (9%). This would indicate helping employees to better cope with hurricane season stress would be likely to increase retention.

One of the most pressing stresses from hurricanes is the lost income for employees. Businesses may consider offering hurricane evacuation pay days as part of their benefits package. Like sick leave, businesses can set a pre-determined number of days per year which the employee may have leave with pay in the event of a mandatory resident evacuation or business closure due to hurricanes. Most operations' staff is on a payroll time clock for their salary. Businesses may want to keep workers on the clock while they evacuate, even if it's not full time. While this and other retention programs come at a cost, it generally saves businesses money versus losing the employees. Remember the average employee turnover costs a business 30 percent of the employee's salary.

Businesses should also consider their policies regarding leave time for hurricane preparation. Employees also require time to prepare their homes and families for hurricane events.

With our high rates of in-migration, many of our employees will be facing a hurricane season for the first time. Businesses should consider assisting these employees in learning how to prepare and cope with storm events. For example, businesses may include in new employee manuals or orientation hurricane preparation information. Ensure that employees know how to prepare for a storm, what to expect, tips for evacuation and where to go for more information. The University of Florida Extension service, in partnership with Monroe County, offers among its many resources a disaster preparedness guide. This may be obtained by contacting the extension service at (305) 292-4501 or downloaded at :

http://disaster.ifas.ufl.edu/masterfr.htm

Businesses may also develop a disaster recovery plan and share this information with employees so they know exactly what procedures to follow and where to go for information during weather events. Consider following the lead of Northern companies dealing with snow events and set up a hotline which offers voicemail updates for employees on business closures/changes in hours, condition of the business following a storm, when to report to work and who to contact in the event that injury or damage prevents the employee from being able to resume work.

Post hurricane, remember to consider the employees' stress from the actual event. The University of Florida Extension Service's guide on disaster preparedness included above also covers post-disaster stress. In Appendix C of this report is a list from the University of Florida Extension Service of web resources for dealing with hurricanes and hurricane stress.

SECTION 3: MEDICAL CARE COSTS

Thirty one percent of workers were motivated by medical care costs to plan relocation outside of the Keys. Largely, medical care cost burdens are due to lack of affordable health insurance. Only about half of the tourism businesses surveyed offered any health insurance to employees.

For many businesses, finding an affordable health insurance provider appropriate for their business size is a significant challenge. However, leasing companies through their large pooling of employees and associated cost savings can offer reasonable alternatives to companies.

In a leasing scenario, employees are on paper "employed" by the leasing company. The business owner than "leases" back the employee for a fee generally based on a percentage of the employees salary. The employee is then eligible for all the benefits, including health insurance, offered by the leasing company. Generally, the health insurance is much less expensive to the employee or the business than other options. The leasing company fee may also include services to the business such as human resources support.

Employers may also consider sponsoring flexible medical care savings accounts. The IRS allows employees pre-tax contributions to such accounts. This would provide employees with more power for their medical care dollars as they would be exempt from tax.

Another alternative for workers is to utilize public health programs which offer reduced cost health care. For example, the Rural Health Network of the Florida Keys Lifelines Project offers health care to uninsured and underserved individuals. The following description of the program is given by the Rural Health Network:

> "Lifelines provides outpatient, primary health care that includes such elements as pharmaceutical assistance, discounted laboratory costs, health education, women's health exams, and referrals. All clients are asked to pay a $10 co-pay if they are able. RHNMC has two mobile unit vans, staffed by two teams of medical practitioners that include two paid registered nurses and advanced registered nurse practitioners. The project also employs health educators, a health services director, and a medical director. The vans travel the islands of the Florida Keys and are scheduled to be in the same specific locations each day of the week. In addition to the mobile vans, RHNMC provides outpatient primary health care services five days a week at the Ruth Ivins Center in Marathon.

Rural Health Network Services

Primary Care Services:
Adult & children's services, physical examinations, women's health exams, disease

prevention and health education, laboratory testing, blood tests as indicated, HIV testing, STD testing, pregnancy testing, basic first aid, wound care, vision and hearing tests, immunizations, pharmaceutical assistance and referral services.

Oral Health Care:
Screenings, exams, X-rays, fillings, extractions, sealant services, partial & full dentures, limited emergency care, and infection control.

Locations & Hours

Upper Keys
Medvan schedule As of September
1. Mondays and Tuesdays, 9:30 am to 6 pm: Key Largo—St. Justin Martyr Catholic Church, MM 105
2. Wednesdays and Thursdays, 9:30 am to 6 pm: Tavernier—San Pedro Catholic Church, MM 90
3. Fridays, 9:30 am to 6 pm: Islamorada—Islamorada Library, MM 81.5

For appointments call (305) 394-4984.

Middle Keys Schedule
Community Health Center
2855 Overseas Hwy in Marathon(next to Salvation Army)

Medical services:
Mondays through Fridays, 9 am to 5 pm
For appointments call (305) 289-8915.

Dental Services:
Mondays through Fridays, 8 am to 5 pm
For appointments call (305) 289-8915.

Lower Keys Schedule
Primary Care Clinic at dePoo
1200 Kennedy Drive, Second Floor, Key West
Saturdays, 11 am to 4 pm
For appointments, call (305) 289-8915

Program Contact Information

Mark Szurek, Ph.D.
Rural Health Network of Monroe County, Florida - Lifelines Project
P.O. Box 4966
Key West, FL 33041
Phone: (305) 293-7570
Fax: (305) 293-7573"

Source: http://www.ruralhealth-floridakeys.org

SECTION 4: FAMILY REASONS

For 28% of tourism workers planning to relocate, family issues were a top factor in their relocation decision. Family reasons include, the desire to be closer to family on the mainland (14.4%), a spouse/significant other/family member is moving (9.4%) and spouse or self is retiring (5.5%).

Looking first at the desire to be closer to family on the mainland, one way employers can address this is by providing paid vacation benefits. Many tourism workers do not have paid vacation time or any vacation time available to visit family on the mainland. This creates an all-or-nothing situation where their continued residency prohibits family connect. Paid vacation time could help off-set this factor.

Further, in some cases this desire to be closer to mainland family is motivated by the failing health of a parent or other family member. Raising employee awareness of family medical leave, which may be utilized for leave to care for family members, may also assist in this work-life balance.

The creation of affordable housing which supports multigenerational living, could also off-set family obligation motivated moves. With adequate space and bedrooms, employees could expand their household to include a parent in need of their assistance.

SECTION 5: JOB SATISFACTION

Twenty three percent of workers planning to relocate are doing so because they are dissatisfied in their current job. They may feel there are no promotion opportunities available to them (16%), they are dissatisfied with their position (6.6%), or they have been offered a job promotion on the mainland (3.2%).

Offering coaching, mentorship and training programs can be effective in increasing job satisfaction, particularly when offered together. A mentor offers an employee feedback on their career and insight into how to expand it through their knowledge in a more senior position. A coach differs somewhat in that it more encourages the employee to devise their own solutions rather than provides insight from a senior employee's experience.

Mentoring and coaching benefits both the mentor/coach and mentoree/recipient. It builds relationships and shared vision in a company's goals. It gives the mentoree/recipient the sense the organization values their personal and professional growth. They also can see through their mentor a future career path. The mentor/coach has the reward of using their skills to effect positive change in others and help them succeed. It's an honor to be asked to be a mentor or coach, boosting that employ's morale. For both the mentor/coach and mentoree/recipient, communication skills can be improved.

There are many resources available for setting up mentoring and coaching programs. The Key Largo Chamber of Commerce, in their weekly eNewsletter, offers coaching tips. The online information exchange site, LifeTips.com, also offers tips for businesses mentoring and coaching programs. Such tips include:

"Mentor´s Mission and Job

The mentor´s mission and basic job is to:

- Share a vision of common goals. The mentor should take time to convey the company's goals, explain how the goals benefit the organization and employees´ roles in achieving those goals. The mentor can help the buddy envision what outcomes will occur when the goals are achieved.
- Gain perspective on the mentee´s point of view within the organization. Mentors need to take an interest by finding out significant facts about their buddy's life and career goals.
- Foster independence and mastery. Employees who have been mentored have greater confidence about taking risks out of their comfort zones, while living up to the responsibilities placed on them.

During orientation, present your company's mentoring program and your company's commitment to developing employees and enhancing opportunities.

Reasons to Coach Employees

- Coaching employees is an approach to managing.
- Coaching is a set of skills for managing.
- We humans also need feedback and the opportunity to learn and respond at different rates, in different ways. Coaching allows the framework for recognizing and making use of every individual employee's needs.
- Coaching gives employees the support (advice, information, materials, understanding, encouragement) they need to perform their best,
- Coaching gives companies greater employee adaptability and productivity, and helps them hold on to valuable employees...and customers, and
- Coaching gives managers the ability to do more with limited resources, enhance the work environment, meet greater customer expectations, and deliver results.
- Being coached increases employees´ confidence, energizes them, and gives a sense of security about how the employer views them."[34]

Training gives employees the tools to further their career. The investment in training by businesses can also increase the employees' perception of value their company holds in them.

For management employees, one training program to consider is the recently developed certification developed by HSMAI. The program is designed for hospitality sales, marketing and revenue management. Such programs build credibility and skills for both the individual and the organization. It is a relatively inexpensive tool ($400 to $500 for complete process) that can boost employee morale.

Candidates must complete and application process and pass an exam. A description of the certificate programs, as provided by HSMAI, is as follows:

"**CHSC (Certified in Hospitality Sales Competencies)**
Those engaged in hospitality sales and marketing can achieve a CHSC (Certified in Hospitality Sales Competencies) certification, recognizing that one has demonstrated:

- A high level of performance and knowledge.
- A commitment to impeccable standards and ethics.
- An understanding of what it takes to compete and succeed in the hospitality industry.
- Strong leadership ability and management skills

CRME (Certified Revenue Management Executive)
For those engaged in revenue management, HSMAI offers CRME, Certified Revenue Management Executive. A CRME recognition demonstrates that one is:

- A professional in the field of revenue management and clearly conversant with its intricacies and importance.
- Competent to develop an infrastructure to support revenue management within the framework of an organization.

[34] "Mentoring Employees." Business Management Tips. URL: businessmanagement.lifetips.com.

- Able to maximize revenue opportunities and optimize profits by managing revenue.
- Capable of making informed decisions to accept or reject pieces of business to meet overall organizational goals.
- Proficient at the art and science of revenue management."[35]

For front-line employees, programs such as customer service training can be effective in building employee skill sets. Following that, management training can help the employee's progress on their career path. Local Chambers of Commerce and Business Associations routinely host these types of programs throughout the Keys. For example, the Key West Chamber of Commerce regularly hosts training programs on customer service, dealing with difficult people and stress management.

For employees whom English is not their first language, English language classes can be effective in both improving their performance and increasing their retention. At the Orlando Hyatt Regency, there is a waiting list for employees to utilize electronic devices that teach English. The systems are developed by Sed De Saber. Other hoteliers are offering on-site and off-site free English as a second language classes. Locally, businesses may contact Florida Keys Community College to inquiry as to English as a Second Language educational programs.

The development of mobile training programs would also be beneficial to the industry. Under such programs, classes like those discussed above would come to the business. This would eliminate concerns about employee transportation to off-site classes and having too many staff members off-site at once.

As discussed under pay, fringe benefits may also be implemented to increase employee satisfaction.

[35] "HSAMI Completes Development of Certification Programs for Individual in Both Hospitality Sales and Marketing and in Revenue Management." Hotel-Online. 31 Oct. 2006.

SECTION 6: PRE-DETERMINED RELOCATION

For 11% of tourism workers planning to relocate, their relocation was pre-determined before they moved to the Keys. They either only intended to live in the Keys temporarily (9.6%), are seasonal workers (0.9%) or are restricted by a work visa (0.7%).

For some of these workers, their pre-determined short residency may be because of barriers to Keys residency such as housing costs and medical care costs. Implementing the programs discussed in prior sections to alleviate the challenges of residing in Monroe County may persuade some of these workers to remain long term. Seasonal workers, in particular, may be retained through the enticement of full-time benefits such as health insurance.

PART III: EMPLOYEE RESOURCE HANDOUT

In part III, we offer a pull-out section on workforce resources for housing, health care, hurricane preparation and more. This report may be copied and distributed to employees. Please contact the TDC office to have an editable Microsoft Word version emailed to you.

Though many resources are included here, it does not represent all programs available. To contribute information to this resource, please send program information to the TDC Research Department. We will update the document and post the latest version on the TDC Information Page of the Monroe County Government website at:

http://www.monroecounty-fl.gov/Pages/MonroeCoFL_TDC/index

Resources for Monroe County Employees

I. Housing

Organizations offering affordable rentals and/or homeownership opportunities:

Key West Housing Authority
1400 Kennedy Drive
Key West
305.292.3330

Monroe County Housing Authority
1400 Kennedy Drive
Key West
305.296.5621

Meridian West Apartments
The Carlisle Group
5550 5th Ave
Stock Island
305.295.9390

Middle Keys Community Land Trust
P.O. Box 500194
Marathon
305.743.5624
www.ci.marathon.fl.us or www.mkclt.org

Habitat for Humanity
17 Ships Way
Big Pine Key
305.872.4456, Lower Keys
305.453.0050, Upper Keys

Historic Properties Management
201 Front Street
Key West
305.294.3225
http://www.historicpropertiesmanagement.com/

Summerland Key Affordable Homes Development
305.393.0597
$270,000 new 3/2 stilt houses 1100 sq feet
As of 11/3/06, 2 out of 7 remaining

The Florida Housing Coalition
1367 E. Lafayette St., Suite C
Tallahassee, FL 32301
850.878.4219
www.flhousing.org

List of affordable rental units from The Florida Housing Coalition

Development Name	Street Address	City	Contact Phone Number	Total Units (1)	Assisted Units (2)	Occupancy Status
Atlantic Pines	400 County Rd. 5	Big Pine Key	305-872-9383	14	14	Ready for Occupancy
Tradewinds Hammocks	100 Hammock Trail	Key Largo	305-451-1415	66	65	Ready for Occupancy
Douglass Square	800 Emma Street	Key West	305-296-4805	52	44	Ready for Occupancy
Harvey House	1215 Catherine St	Key West	not avail.	11	11	Ready for Occupancy
Key Plaza	215 Amelia Street	Key West	not avail.	28	28	Ready for Occupancy
Mariner's Cove	3330 Northside Drive	Key West	not avail.	78	78	Ready for Occupancy
Marty's Place	1515-1519 Bertha St	Key West	not avail.	3	3	Ready for Occupancy
Mccarthy-rogers Residence	1213 William St	Key West	not avail.	5	5	Ready for Occupancy
Meridian West Apartments	6701 Shrimp Road	Key West	not avail.	102	102	**Not** ready for Occupancy
Ocean Walk	3900 S. Roosevelt Boulevard	Key West	305-292-1230	296	59	Ready for Occupancy
Roosevelt Gardens	2605 North Roosevelt Boulevard	Key West	not avail.	96	96	**Not** ready for Occupancy
Stock Island Apartments	5501 3rd Avenue	Key West	305-294-6366	130	130	Ready for Occupancy
Eastwind	240 Sombrero Beach Rd.	Marathon	305-743-5765	130	130	Ready for Occupancy
Tropical Isle	755 41st Street	Marathon	305-743-0079	23	22	Ready for Occupancy

Local Lenders offering special loan programs, including first time homebuyers, employer assisted loans and below-market rate loans for low to moderate income households:

American Home Mortgage
422 Fleming St, Key West
305.295.5223

Bank of America
In Key West - 510 Southard St, 727.524.1590
or 3200 Flagler Ave, 305.294.9593
In Big Pine Key – 30572 Overseas Highway, 305.872.8933
In Marathon – 5401 Overseas Highway, 305.743.4121

Branch Banking & Trust Company (BB&T)
In Key West – 1010 Kennedy Drive, 305.292.3800
In Marathon – 6090 Overseas Highway, 305.743.4105
In Tavernier – 90184 Overseas Highway, 305.852.4500

Key West Bank
701 Whitehead Street
Key West, FL 33040
305.294.3540
www.keywestbank.cc

State Farm
1801 N Krome Ave, Homestead
305.247.3971

Wachovia
In Key West – 422 Front Street, 305.292.6618
or 3131 Northside Drive, 305.292.6606
In Key Largo – 100000 Overseas Highway, 305.451.4477

For more information on state and federal programs available, also contact:

Fannie Mae
Southern Regional Office
950 East Paces Ferry Rd, Ste 1900
Atlanta, GA 30326-1161
(404) 398-6000)

The Florida Housing Coalition
1367 E. Lafayette St., Suite C
Tallahassee, FL 32301
850.878.4219
www.flhousing.org

Marie Brouillette, SHIP Administrator
SHIP
1403 12th Street
Key West, Florida 33040
Phone: (305) 292-1221 Fax: (305) 393-1162
Email: brouillettem@kwha.org

II. Medical Care

For rural health network Lifeline services, you are asked to pay a $10 co-pay *if* you are able. The services are available regardless of ability to pay.

Rural Health Network Services

Primary Care Services:
Adult & children's services, physical examinations, women's health exams, disease prevention and health education, laboratory testing, blood tests as indicated, HIV testing, STD testing, pregnancy testing, basic first aid, wound care, vision and hearing tests, immunizations, pharmaceutical assistance and referral services.

Oral Health Care:
Screenings, exams, X-rays, fillings, extractions, sealant services, partial & full dentures, limited emergency care, and infection control.

Locations & Hours

Upper Keys
Medvan schedule As of September

4. Mondays and Tuesdays, 9:30 am to 6 pm: Key Largo—St. Justin Martyr Catholic Church, MM 105
5. Wednesdays and Thursdays, 9:30 am to 6 pm: Tavernier—San Pedro Catholic Church, MM 90
6. Fridays, 9:30 am to 6 pm: Islamorada—Islamorada Library, MM 81.5

For appointments call (305) 394-4984.

Middle Keys Schedule
Community Health Center
2855 Overseas Hwy in Marathon(next to Salvation Army)

Medical services:
Mondays through Fridays, 9 am to 5 pm
For appointments call (305) 289-8915.

Dental Services:
Mondays through Fridays, 8 am to 5 pm
For appointments call (305) 289-8915.

Lower Keys Schedule
Primary Care Clinic at dePoo
1200 Kennedy Drive, Second Floor, Key West
Saturdays, 11 am to 4 pm
For appointments, call (305) 289-8915

Program Contact Information

Mark Szurek, Ph.D.
Rural Health Network of Monroe County, Florida - Lifelines Project
P.O. Box 4966
Key West, FL 33041
Phone: (305) 293-7570
Fax: (305) 293-7573"

Source: http://www.ruralhealth-floridakeys.org

III. Hurricanes

Resources for preparing for hurricanes, dealing with hurricane stress and hurricane damage:

1. UF/IFAS/Hurricane, Disaster Preparedness Handbook:
http://disaster.ifas.ufl.edu/masterfr.htm

2. Extension Disaster Education Network:
http://www.eden.lsu.edu/npm/

3. Monroe County Florida Emergency Management:
http://www.monroecounty-fl.gov/Pages/MonroeCoFL_PubSafety/MonroeCoFL_Emergency/index

4. American Red Cross hurricane info:
http://www.redcross.org/services/disaster/0,1082,0_587_,00.html

5. Severe Weather, Hurricanes, Forecasting Models:
http://jrscience.wcp.muohio.edu/coriolis/Weathersites.html

6. Extension Disaster Education Network Helps CES Prepare, Communicate:
http://www.joe.org/joe/1999august/iw1.html

7. Planning your hurricane evacuation kit:
http://monroe.ifas.ufl.edu/hurricane%20checklist.pdf
http://edis.ifas.ufl.edu/FY619
http://edis.ifas.ufl.edu/FY616
http://edis.ifas.ufl.edu/FY620

8. FEMA_ Federal Emergency Management Agency:
http://www.fema.gov/

9. Florida Disaster Management:
http://it.ifas.ufl.edu/FDM/

10. Florida Disaster.org - Evacuate or Stay Guide:
http://it.ifas.ufl.edu/FDM/

11. Hurricane Supplies - Hurricane shutters, Storm shutters, hurricane panels,
http://www.hurricanedepot.com/

12. NOAA Miami Library - Hurricane brochures:
http://www.aoml.noaa.gov/general/lib/hurricane.html

13. Sea Grant Natural Hazards:
http://www.haznet.org/

Hurricanes, Disasters & Food Safety

1. Your 3 day food supply:
http://monroe.ifas.ufl.edu/3%20day%20food%20supply.pdf

2. Sample menu for 3 day food supply:
http://monroe.ifas.ufl.edu/sample%20menu%203%20day%20food%20supply.pdf

3. Preparing for disasters: Your Food & Drinking Water Supply:
http://monroe.ifas.ufl.edu/fy61700.pdf
In Spanish: http://www.fsis.usda.gov/OA/news/2003/weatheradv_sp.htm

4. Emergency disinfection of drinking water:
http://monroe.ifas.ufl.edu/emergency_disinfection_of_drinki.htm

5. Keeping your food safe during an emergency:
http://www.fsis.usda.gov/OA/news/2003/weatheradv.htm

Hurricane tracking resources links

1. National Hurricane Center http://www.nhc.noaa.gov/

IV. Educational Opportunities

English as a second language classes:

Florida Keys Community College

Key West
(Main) Campus
5901 College Road
Key West, FL 33040
(305) 296-9081
Fax: (305) 292-5155

Middle Keys Center
900 Sombrero Road
Marathon, FL 33050
(305) 743-2133
Fax: (305) 743-8235

Upper Keys Center
PO Drawer 600
89951 US Highway 1
Tavernier, FL 33070
(305) 852-8007
Fax: (305) 852-8082

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APPENDIX A:

Middle Keys Community Land Trust
Affordable Housing Funding Sources

COMMUNITY CONTRIBUTION TAX CREDIT—CCTC
Source: State of Florida Annual Appropriation
Applicants: Non-Profits and other community entities
Finance Type: State tax credits exchanged for gift/donations
Housing Type: Rental, Home Ownership
Primary Use: Acquisition, construction, rehabilitation
Cycle: Open Non-competitive
Administrator: Florida Office of Tourism, Trade and Economic Development

COMMUNITY DEVELOPMENT BLOCK GRNAT—CDBG
SMALL CITIES AND RURAL AREAS
Source: Title I of the Housing and Community Development Act of 1974-
U.S. HUD
Applicants: Cities and counties not in CDBG entitlement program
Finance Type: Loans and grants
Housing Type: Home ownership, rental
Primary Use: Rehabilitation, Infrastructure
Cycle: Annual, Competitive
Administrator: Department of Community Affairs

FEDERAL HOME LOAN BANK—FHLB
AFFORDABLE HOUSING PROGRAM—AHP
Source: Sale of consolidated obligations
Applicants: Non Profit sponsors through FHLB member banks
Finance Type: Below market loans and grants
Housing Type: Rental, Home Ownership
Primary Use: New construction, rehabilitation, acquisition
Cycle: Semi-annual, competitive
Administrator: Federal Home Land Bank of Atlanta

FEDERAL HOME LAND BANK—FHLB COMMUNITY INVESTMENT PROGRAM—CIP

Source: Sale of consolidated obligations
Applicants: Non Profit Sponsors through FHLB member banks
Finance Type: Below market loans and grants
Housing Type: Rental, Home Ownership
Primary Use: New construction, rehabilitation, acquisition
Cycle: Semi-annual, competitive
Administrator: Federal Home Land Bank of Atlanta

FLORIDA COMMUNITY LAND FUND

Source: Private Funding
Applicants: Non Profit sponsors
Finance Type: Below market loans
Housing Type: Rental, Home ownership
Primary Use: New construction, rehabilitation, acquisitions
Cycle: Open
Administrator: Florida Community Loan Fund

AFFORDABLE HOUSING GUARANTEE PROGRAM

Source: Sadowski Act Funds Bond Issue
Applicants: For profit, non-profit, public agencies and individuals
Finance Type: "A" rated loan and bond guarantees
Housing Type: Home ownership, rental
Primary Use: Guarantees for purchase, construction, rehabilitation, Financing and refinancing
Cycle: Year round
Administrator: Florida Housing Finance Corp. through Qualified Lending Institutions.

P.O. Box 500194
Marathon, Florida 33050
305-743-5624
Email: information@mkclt.org
http://www.mkclt.org

HOME INVESTMENT PARTNERSIPS PROGRAM-HOME
HOME OWNERSHIP FOR STATE AND NON-PARTICIPATING JURISDICTIONS

Source: National Affordable Housing Act—U.S. HUD
Applicants: Non-Profit (including CHDOs) For Profit, Public Agencies
Finance Type: Below market construction loans, non-amortizing down payment assistance loans.
Housing Type: Home ownership
Primary Use: Acquisition, new construction, rehabilitation, down payment assistance
Cycle: Annual competitive
Administrator: Florida Housing Finance Corporation

HOME INVESTMENT PARTNERSHIPS PROGRAM—HOME
RENTAL FOR STATE AND NON-PARTICIPATING JURISDICTIONS

Source: National Affordable Housing Act—U.S. HUD
Applicants: Non-Profit (including CHDOs), For Profit, Public Agencies
Finance Type: Below market mortgage loans
Housing Type: Rental
Primary Use: New construction, rehabilitation
Cycle: Annual competitive
Administrator: Florida Housing Finance Corporation

HOME OWNERSHIP ASSISTANCE PROGRAM—HAP--CONSTRUCTION

Source: Sadowski Act Funds
Applicants: Non-Profit developers and sponsors
Finance Type: Below market rate loans
Housing Type: Home Ownership
Primary Use: Construction/Rehab Loans
Cycle: Annual competitive cycle
Administrator: Florida Housing Finance Corporation

HOME OWNERSHIP ASSISTANCE PROGAMR—HAP—DOWN PAYMENT ASSISTANCE/PERMANENT LOAN

Source: Sadowski Act Fund
Applicants: Homebuyers through lenders

Finance Type: Below market rate loans
Housing Type: Home ownership
Primary Use: Down payment, Closing Cost assistance, and first mortgage reduction
Cycle: Open
Administrator: Florida Housing Finance Corporation through approved Lenders

HOMELESS HOUSING ASSISTANCE GRANT—HHAG
Source: Sadowski Act
Applicants: Continuum of Care Lead Agencies
Finance Type: Grants
Housing Type: Transitional, Permanent Rental
Primary Use: New construction, rehabilitation
Cycle: Annual competitive
Administrator: Florida Department of Children and Families

HOUSING CREDITS—HC
Source: 1986 Tax Reform Act—U.S. Department of the Treasury
Applicants: Non-Profit, For Profit
Finance Type: Federal Tax Credit—Equity
Housing Type: Rental
Primary Use: New construction, rehabilitation
Cycle: Annual Competitive
Administrator: Florida Housing Finance Corporation

HOUSING OPPORTUNITIES FOR PEOPLE WITH AIDS—HOPWA
Source: AIDS Housing Opportunity Act—Federal Appropriation
Applicants: Non-Profits & Public entities
Finance Type: Grants
Housing Type: Rental
Primary Use: Financial support services, Transitional housing new Construction, leasing rehabilitation, acquisition
Cycle: Formula allocation and annual cycle
Administrator: HUD—Community Development—Florida Department of Health and Human Services—Local government

LOW-INCOME EMERGENCY HOME REPAIR PROGRAM—LEHRP
Source: Community Services Block Grants
Applicants: Weatherization Assistance Programs

Finance Type: Grants
Housing Type: Home Ownership
Primary Use: Emergency Home Repairs
Cycle: Weatherization Assistance Programs
Administrator: Bureau of Community Assistance—Department of Community Affairs (DCA)

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM—LHEAP
Source: Community Services Block Grant
Applicants: Weatherization Assistance Programs
Finance Type: Grants
Housing Type: Home ownership, Rentals
Primary Use: Energy Assistance Payments
Cycle: Formula grants to Weatherization Assistance Programs
Administrator: Bureau of Community Assistance-Department of Community Affairs (DCA)

PRE-DEVELOPMENT LOAN PROGRAM—PLP
Source: Sadowski Act Funds
Applicants: Non-Profit developers and public entities
Finance Type: Below market rate loans
Housing Type: Rental, Home ownership
Primary Use: Acquisition and pre-development activities
Cycle: Year round
Administrator: Florida Housing Finance Corporation

MORTGAGE REVENUE BONDS FOR RENTAL HOUSING—MRB
Source: Bond Issues
Applicants: For & Non-Profit Developers
Finance Type: Below market rate loans
Housing Type: Rental
Primary Use: Acquisition, new construction, rehabilitation
Cycle: Year round with preference in limited cycle
Administrator: Florida Housing Finance Corporation

SECTION 8 SINGLE ROOM OCCUPANCY MODERATE REHABILITATION-SRO

Source: McKinney Act—Federal Appropriation
Applicants: Non-Profit & Public Entities
Finance Type: Grants
Housing Type: Rental
Primary Use: Rehabilitation of SRO units and rental assistance
Cycle: Annual Cycle
Administrator: HUD—Community Development

SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY

Source: Housing Act of 1959, 210 of the Housing and Community Development Act of 1974—U.S. HUD
Applicants: Non-Profit Sponsors
Finance Type: Loans and rent subsidies
Housing Type: Rental
Primary Use: New construction, rental assistance, rehabilitation, acquisition
Cycle: Annual competitive
Administrator: HUD—Multi-Family

SECTION 811 SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES

Source: Section 811 of the National Affordable Housing Act of 1990
Applicants: Non-Profit Sponsors
Finance Type: Loans and rent subsidies
Housing Type: Rental
Primary Use: New construction, rental assistance, rehabilitation, acquisition
Cycle: Annual competitive
Administrator: HUD—Multi-family

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM—SFMRB

Source: Bond Issues
Applicants: Home Buyers through approved lenders
Finance Type: First mortgage loans
Housing Type: Home ownership
Primary Use: Reduced rate mortgages for first time home buyers
Cycle: Lenders Annual
Administrator: Florida Housing Finance Corp. through lenders & local Finance authorities

STATE APARTMENT INCENTIVE LOAN PROGRAM—SAIL
Source: Sadowski Act Fund
Applicants: For Profit, non-profit, public agencies
Finance Type: Generally second or bridge loans
Housing Type: Rental
Primary Use: New construction, substantial rehabilitation
Cycle: Annual competitive cycle
Administrator: Florida Housing Finance Corporation

STATE HOUSING INITIATIVES PARTNERSHIP—SHIP PROGRAM
Source: Sadowski Act Fund
Applicants: For profit, Non-profit, Public agencies, Individuals
Finance Type: Generally second or bridge loans, grants
Housing Type: Home ownership, Rental
Primary Use: Gap Financing, new construction, repairs, rehabilitation, Acquisition, down payment assistance
Cycle: Local government control based on annual legislative appropriations
Administrator: FHFC—Government control

SUPPORTIVE HOUSING—SHP
Source: McKinney Act—Federal appropriation
Applicants: Non-profits & public entities
Finance Type: Grants
Housing Type: Rental
Primary Use: New construction, leasing rehabilitation, acquisition
Cycle: Annual competitive
Administrator: HUD—Community Development

SERVICES—USDA/RHS
Source: Federal Appropriations
Applicants: For Profit, non-profit, public agencies
Finance Type: Loans and grants
Housing Type: Home ownership, rental
Primary Use: New construction, rehabilitation
Cycle: various by program
Administrator: USDA Regional and Local Offices

P.O. Box 500194
Marathon, Florida 33050
305-743-5624
Email: information@mkclt.org
http://www.mkclt.org

WEATHERIZATION ASSISTANCE PROGRAM—WAP
Source: Community Services Block Grant—Federal
Applicants: Community Action Agencies, Non-profits, Counties
Finance Type: Grants
Housing Type: Home Ownership, rental
Primary Use: Energy Efficiency repairs to lower utility bills
Cycle: Formula grants to Weatherization Assistance Programs
Administrator: Bureau of Community Assistance—Dept. of Community Affairs (DCA)

USDA SINGLE FAMILY HOUSING PROGRAMS—SFH
502 DIRECT LOAN PROGRAM
Source: USDA
Applicants: Very low and low income rural residents
Finance Type: Loans
Housing Type: Home Ownership
Primary Use: Purchase, Construction, Repair, Reconstruct, Relocate a dwelling or related facilities.
Cycle: Year round, first come first serve basis direct application
Administrator: Direct application to local USDA Rural Development Office

USDA SINGLE FAMILY HOUSING PROGRAMS—SFH
504 LOAN AND GRANT PROGRAM
Source: USDA
Applicants: Very low and low income rural residents & persons 62 and older unable to repay a loan
Finance Type: Low interest loans and grants
Housing Type: Home Ownership
Primary Use: Home improvement and repair to remove health and safety hazards in their homes and/or make homes accessible for people with disabilities
Cycle: Year round first come first serve basis direct application
Administrator: Direct application to local USDA Development Office

USDA HOUSING PRESERVATION GRANTS
Source: USDA
Applicants: Qualified non-profit and public agencies
Finance Type: Grants
Primary Use: Assist very low/low income rural home owners with repairs and/or rehabilitation of their homes. Also can assist rural rental property owners and co-ops with repair and rehab of their units, if units will be made available/reserved for low or very low income persons.
Housing Type: Home ownership, rentals
Cycle: Annually (generally fall/early spring), competitive
Administrator: Local USDA Rural Development office

USDA GUARANTEE HOUSING PROGRAM—SINGLE FAMILY
Source: USDA
Applicants: Lenders for Single family Targets persons and families with moderate income (up 115% of the area median) who lack down payments.
Finance Type: Loans
Primary Use: Home ownership
Cycle: Year round
Administrator: Local Rural Development Office

USDA GUARANTEE HOUSING PROGRAM-MULTI-FAMILY
Source: USDA
Applicants: Non-profits or municipalities working to assist groups of six to eight low-income families helping each other build homes
Finance Type: Loans
Primary Use: Home Ownership
Cycle: Year round
Administrator: USDA Local Rural Development office

APPENDIX B

Loan Programs

Employer/Employee Assisted Housing

Key West Bank

KEY WEST BANK

www.keywestbank.cc for easy on line mortgage application
Contact Phil Hogue, President or Joe Clark, Vice President
294-3540
701 Whitehead Street, Key West, FL 33040

This program is a partnership with the employee, employer and Key West Bank. The program is designed to assist employees by providing affordable housing, added benefits for employment and the dream of homeownership. The employer benefits by developing value added benefits to attract and retain employees who remain employed with them, strengthen bonds for key employees and fair rate of return on investment.

How the program works

Employee finds home for	$400,000
Key West Bank agrees to lend 80% of purchase price	$320,000
Employer agrees to lend as second mortgage 20%	$ 80,000

The employer provides a second mortgage with a 3 year balloon to the employee at a discounted rate of 5%. As long as they remain employed with the same employer the rate remains at the discounted rate. If the employee leaves employment the rate reverts to a pre-agreed upon rate of 15% or whatever is agreed upon prior to the initial closing. Loan payments can be interest only payments or interest payments deferred to the balloon date.

Key West Bank writes into their first mortgage at the closing a future advance clause that states the bank can increase the loan amount in the future to payoff the employer second mortgage. This permits the employee to roll the second mortgage into the first mortgage at a later date as long as the value permits and a good payment record is maintained.

In some instances the employer may provide a second mortgage to the employee for higher than the 20% and include closing costs into the second mortgage making it more attractive for the employee because there is not as much required at closing.

The second mortgage is recorded at the time of closing and the second mortgage note is written at the higher note rate and a separate agreement is provided to the employee stating that as long as they remained employed with them the rate is reduced to the agreed rate.

Many times we meet with the employee, employer and realtor to work out and pre-qualify for the program. Our decision makers are under one roof and we work to help find solutions to make home ownership affordable and within reach.

Contact us to arrange a meeting or to discuss with program with Key management or ownership of your company.

Wachovia Bank SURVEY	Product # 1 Name: Affordable Home Mortgage Loan	Product # 2 Name: Neighborhood Development (target) Mortgage	Product # 3 Name: Community Partnership Mortgage	Product # 4 Name: Flex 100	Product # 5: Expanded Approval--Timely Payment Rewards
Required amount of downpayment (Report as percentage or as a specific minimum dollar amount)	3-5% of sales price	5%	None. As little as $500 and the first month's payment needed at closing.	$500 of the buyer's own funds	Downpayment may not be required.
Can the downpaymet be a gift or subsidy? Must it be their own money?	Can be own funds, sweat equity, a gift, grant, or loan from anyone other than the seller	3% must be own funds. The rest can come from sweat equity, a gift, grant, or loan from anyone other than the seller	Closing costs may come from a gift/grant and a portion can come from seller	May come from a grant or gift.	May come from a grant or gift from anyone but seller, builder, real estate professional or broker.
Can only first time homebuyers participate?	No	Available only to those who buy in low to moderate income area	No	Only First Time Homebuyers	No
Is mortgage insurance required?	No	Yes	No	Yes	Yes
Loan to Value	95-97%, depending on the value of the home	95%	100%	100%	up to 100%
Front and Back Ratios	31% and 38%	31% and 38%	31% and 40%	31%, 38% (this is flexible)	31%, 38% (this is flexible)
What is the service area in Florida where this product is offered?	Statewide	Statewide	Statewide	Statewide	Statewide
Please attach a phone list of the main mortgage offices by region, county or city. Provide an electronic version of this list, if possible.					
Who is a key person in Florida (include phone number) to contact who can direct me to the proper Local contact?					

B B & T SURVEY	Affordable Gold 97	Alt 97	FHA	VA	Guaranteed Rural	BB&T CHIP
Required amount of downpayment (Report as percentage or as a specific minimum dollar amount)	3% of Sales Price	3% of Sales Price	2.25% of Sales Price	0%	0%	3% of Sales Price
Can the downpaymet be a gift or subsidy? Must it be their own money?	Yes, No	Yes, No	Yes, No	Yes, No	Yes, No	3% must be own funds
Can only first time homebuyers participate?	No	No	No	No	Can not currently own	Can not own @ closing
Is mortgage insurance required?	Yes	Yes	Yes	VA Funding	Not Required	Not Required
Loan to Value	97%	97%	97.75%	100%	100%	97%
Front and Back Ratios	0% and 40%	Determined by LP	29%/41%	41%	29%/41%	32%/40%
What is the service area in Florida where this product is offered?	22 counties	22 Counties	22 Counties	22 Counties	22 Counties	22 Counties
Please attach a phone list of the main mortgage offices by region, county or city. Provide an electronic version of this list, if possible.	See attached List	See Attached List	See attached List	See Attached List	See Attached List	See Attached List
Who is a key person in Florida (include phone number) to contact who can direct me to the proper Local contact?						

Branch Banking & Trust Company BB&T

Community Homeownership Incentive Program (CHIP)

BB&T's Community Homeownership Incentive Program (CHIP) puts the dream of home ownership within your reach. BB&T's CHIP loan has many attractive features to help less affluent borrowers along the path to owning their own home.

Community Homeownership Incentive Program (CHIP)	
Benefits	• 97% financing available • First time homebuyers and previous homeowners allowed • Private mortgage insurance waived
Property Types	• Single family homes • Townhomes • Condos • Doublewide manufactured homes on permanent foundations
May be right for you if...	You want to own your own home, but are concerned about: • Qualifying income* • Having enough money for a large downpayment • Lack of credit history

Maximum loan amount varies depending on property location and is subject to change without notice. Consult your BB&T mortgage loan officer for details.

*Income cannot exceed 80% of your county median income. Consult a BB&T Mortgage Loan Officer for details.

Bank of America SURVEY	Neighborhood Advantage Zero Down	Neighborhood Advantage Credit Flex	Community Commitment Program	Agency 97
Required amount of downpayment (Report as percentage or as a specific minimum dollar amount)	0%	3% of Sales Price	3% of Sales Price	3% of Sales Price
Can the downpaymet be a gift or subsidy? Must it be their own money?	N/A	$500 from own funds, the remainder can be a gift/grant, or from approved downpayment assistance program	$500 from own funds, the remainder can be from approved downpayment assistance program	Must be the applicant's own money or from a relative that has lived w/ them for last 12 months
Can only first time homebuyers participate?	Not limited to FTHB	Not limited to FTHB	Not limited to FTHB	Not limited to FTHB
Is mortgage insurance required?	Yes	Yes	No	Yes
Loan to Value	100%	97% (max CLTV 106%)	97% (max CLTV 106%)	97% (max CLTV 106%)
Front and Back Ratios	33/41 (exceptions up to 45/45)	45/45	38/38 (exceptions up to 45/45)	28/36 (exceptions up to 40/45)
What is the service area in Florida where this product is offered?	All Counties	All Counties	All Counties where Down Payment Assistance Programs are used	All Counties
Please attach a phone list of the main mortgage offices by region, county or city. Provide an electronic version of this list, if possible.	http://www.bankofamerica.com/loansandhomes/index.cfm?template=contact_us_acct_exec	http://www.bankofamerica.com/loansandhomes/index.cfm?template=contact_us_acct_exec	http://www.bankofamerica.com/loansandhomes/index.cfm?template=contact_us_acct_exec	http://www.bankofamerica.com/loansandhomes/index.cfm?template=contact_us_acct_exec
Who is a key person in Florida (include phone number) to contact who can direct me to the proper Local contact?	Jennifer Lindley, ph (727) 892-1744 email: jennifer.e.lindley@bankofamerica.com	Jennifer Lindley, ph (727) 892-1744 email: jennifer.e.lindley@bankofamerica.com	Jennifer Lindley, ph (727) 892-1744 email: jennifer.e.lindley@bankofamerica.com	Jennifer Lindley, ph (727) 892-1744 email: jennifer.e.lindley@bankofamerica.com

APPENDIX C

Hurricane Preparedness Web Links:

Source: University of Florida Extension Services
http://monroe.ifas.ufl.edu/hurricane%20links.htm

1. UF/IFAS/Hurricane, Disaster Preparedness Handbook:
   http://disaster.ifas.ufl.edu/masterfr.htm

2. Extension Disaster Education Network:
   http://www.eden.lsu.edu/npm/

3. Monroe County Florida Emergency Management:
http://www.monroecounty-fl.gov/Pages/MonroeCoFL_PubSafety/MonroeCoFL_Emergency/index

4. American Red Cross hurricane info:
   http://www.redcross.org/services/disaster/0,1082,0_587_,00.html

5. Severe Weather, Hurricanes, Forecasting Models:
   http://jrscience.wcp.muohio.edu/coriolis/Weathersites.html

6. Extension Disaster Education Network Helps CES Prepare, Communicate:
   http://www.joe.org/joe/1999august/iw1.html

7. Planning your hurricane evacuation kit:
   http://monroe.ifas.ufl.edu/hurricane%20checklist.pdf
   http://edis.ifas.ufl.edu/FY619
   http://edis.ifas.ufl.edu/FY616
   http://edis.ifas.ufl.edu/FY620

8. FEMA_ Federal Emergency Management Agency:
   http://www.fema.gov/

9. Florida Disaster Management:
   http://it.ifas.ufl.edu/FDM/

10. Florida Disaster.org - Evacuate or Stay Guide:
    http://it.ifas.ufl.edu/FDM/

11. Hurricane Supplies - Hurricane shutters, Storm shutters, hurricane panels,
    http://www.hurricanedepot.com/

12. NOAA Miami Library - Hurricane brochures:
    http://www.aoml.noaa.gov/general/lib/hurricane.html

13. Sea Grant Natural Hazards:
    http://www.haznet.org/

Hurricanes, Disasters & Food Safety

1. Your 3 day food supply: http://monroe.ifas.ufl.edu/3%20day%20food%20supply.pdf

2. Sample menu for 3 day food supply:
http://monroe.ifas.ufl.edu/sample%20menu%203%20day%20food%20supply.pdf

3. Preparing for disasters: Your Food & Drinking Water Supply:
   http://monroe.ifas.ufl.edu/fy61700.pdf
   In Spanish: http://www.fsis.usda.gov/OA/news/2003/weatheradv_sp.htm

4. Emergency disinfection of drinking water:
   http://monroe.ifas.ufl.edu/emergency_disinfection_of_drinki.htm

5. Keeping your food safe during an emergency:
   http://www.fsis.usda.gov/OA/news/2003/weatheradv.htm

Hurricane tracking resources links

1. National Hurricane Center http://www.nhc.noaa.gov/

Study of Monroe County's Tourism Workforce

PART II: REPORT ON RETAINING TOURISM WORKERS

November 14, 2006

Monroe County Tourist Development Council

Marketing Research Department

Report Overview

- Focus – Housing
  - Affordable housing initiatives in the Keys
  - Case studies: affordable housing outside the Keys
  - Employer Assisted Housing
- Review other top factors, mitigation programs
- Pull out employee resource list

Part I: Housing

- What does affordable housing mean?
  - Generally, no more than 30% income toward housing costs
  - “Workforce Housing” – for working residents
  - “Affordable Housing” – may also include elderly, special needs
  - “Community Housing” – reduce social stigmas, or signify higher income limits
  - “Attainable Housing” – also reduce social stigmas, paradox

Affordable Housing Committees in the Keys

- Monroe County Workforce Housing Task Force
- Key West
  - Community Housing Committee
  - RAISE – Research, Analysis, Investing, Savings and Economics
  - Bill Hettinger – guest of Rodel & Key West Association of Realtors
- Marathon Housing Task Force
- Islamorada Workforce/Affordable Housing Citizens Advisory Committee

Consistent Themes

- Utilize existing housing stock through tax incentives for affordable rentals
- Work with FEMA to preserve downstairs enclosures
- Create renewable funding sources
- Advocate for bigger share of State funding, like Sadowski Act Doc Stamps
- Allocate more annual unit allotments
- Utilize land trusts to purchase land and lease back to rentals and owners

Consistent Themes Continued..

- Task agency with oversight of sale, resale, rental and continued compliance of housing units
- Task staff member with Affordable Housing oversight
- Task agency with creating and executing community outreach programs
- Extend length of deed restricts to ensure affordability in perpetuity
- Use fractional ROGOs for smaller units

Expanding Recommendations

- Utilizing existing housing stock using tax incentives
  - Extend “Save our Homes” to affordable rentals, caps annual property tax increases
    - Sliding scale for income groups
  - Grant exemptions
    - Proportion to value of property
    - Sliding scale for income groups
  - Change valuation method
    - Appraise unit based on income potential at affordable rates, not market rates
  - Require units meet code

Expanding Recommendations Continued…

- Extend use of land trusts to rental units
- Ensure tourism workers have seat at the table
- Ensure income limits, size, ownership structures are varied to fit needs of community
- Host housing resource fairs in Lower, Middle and Upper Keys
- Create web site for tourism workers
- Follow F.I.R.M.'s example with affordable housing grassroots advocacy group
  - Fight NIMBYism

Case Studies

California – Marin County

- Featured on The Campaign for Affordable Housing www.tcah.org
- Series of print ads featuring community members in need of housing
- Distributed video tour of affordable housing complex

Workforce Housing
Who needs it?
We do!
San Rafael High School Teacher, Jesús Campos
San Rafael Police Officer, Katie Benniger
San Rafael Firefighter and Paramedic, Kevin Kelleher
PHOTO: MORGAN COWIN ©1998
MARIN CONSORTIUM FOR WORKFORCE HOUSING
415.454.4163
MARIN CONSORTIUM FOR WORKFORCE HOUSING CORPORATE MEMBERS:
• Autodesk, Inc • Bank of America • Classified Gazette • Corporate Media Systems, Inc. • Fair, Isaac • Frank Howard Allen Realtors • Guarantee Mailing Service • Luther Burbank Savings • Marin Airporter • Marin Independent Journal • Marin Scope Community Newspapers • Novato Advance • Old Republic Title • Pacific Coast Title • Pacific Gas and Electric • Redwood Bank • Ross Hospital • San Rafael Thrift & Loan • Semple Appraisals, Inc. • The Mechanics Bank • Woodring & Associates

- *With a median age of 41, Marin residents represent the oldest population in the state of California. The need for quality health care for Marin will only continue to increase.*
- *The hourly income required to buy the median-priced house in Marin is $68 per hour–but the median hourly income of a registered nurse is $18-$28 per hour.*

Major emergency...
can they help you in time?

Albert Dunn, Jr. (Transportation, Marin General Hospital; living in Vallejo)
Neale Caspard (Unit Clerk, Marin General Hospital; living in Vallejo)
Marcus Lambert (Director of the Surgery Center, Marin General Hospital; living in Guerneville)
Martha Colburn (RN, Case Manager, Marin General Hospital; trying to buy a home in Marin)

WORKFORCE HOUSING

Marin needs homes for the locally employed!

We need to change our attitudes about integrated housing, or we face continued shortages, and the inability of our own workforce to live where they work. We must all work together to solve this escalating problem.

GET INVOLVED ... partner with local businesses and support local projects:

- Build more second units throughout the county
- Create more rental units and increase densities in already developed areas
- Provide a range of housing serving all incomes
- Encourage mixed-use development that includes housing
- Advocate for more state and federal housing programs

MARIN CONSORTIUM FOR WORKFORCE HOUSING

California

- East Bay Housing Authority, Northern CA
  - Week-long educational program – **Affordable Housing Week**
  - Attracted 2,000 participants from 19 Northern CA cities and 2 counties
  - Gave a new face and voice to affordable housing
    - community members were the voice
    - Visuals of actual community projects were the face
  - Highlight was leadership breakfast for elected officials
    - How to handle concerns of constituents

Colorado

- Eagle County/Vail

www.eaglecounty.us/housing

- Pitkin County/Aspen

www.aspenhousingoffice.com

Aspen/Pitkin County

- By 2002, 64% of residents lived in community housing
- Household Incomes up to $214,000
- Focus on workers; also special needs, retirees who had worked in Aspen
- Tenants/Owners have to re-qualify every 2 years
- New developments – 60% affordable/40% market rate
- Funded by Real Estate Transfer Tax & Sales Tax

Vail/Eagle County

- Funded by 0.7% transfer tax
- Permanent “Home Buyers Assistance Committee” to help residents
- Units blend with community

Which is the Affordable Housing?

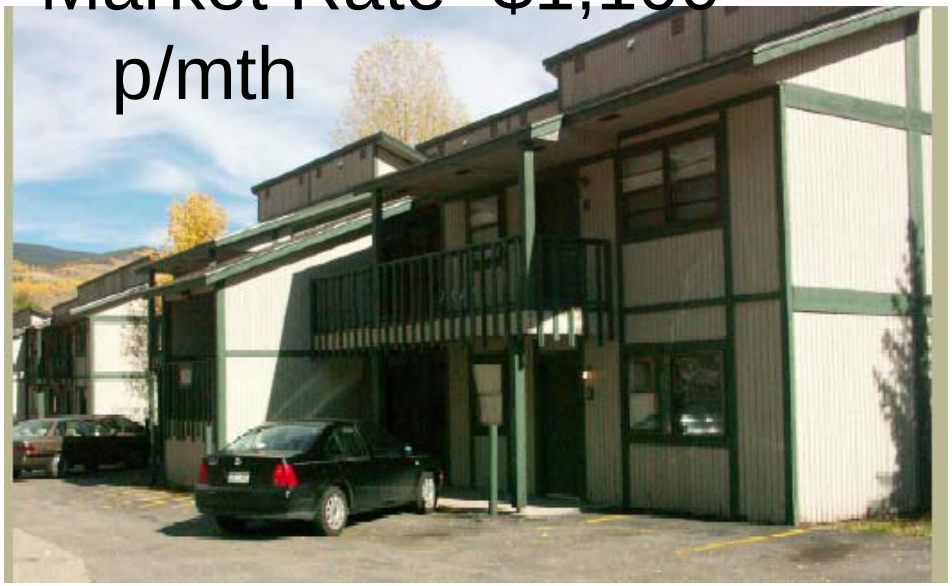
Affordable Housing

$130,000 to $240,000

Market Rate -$700,000

Affordable Housing $500-$1,750 p/mth

Market Rate -$1,100 p/mth

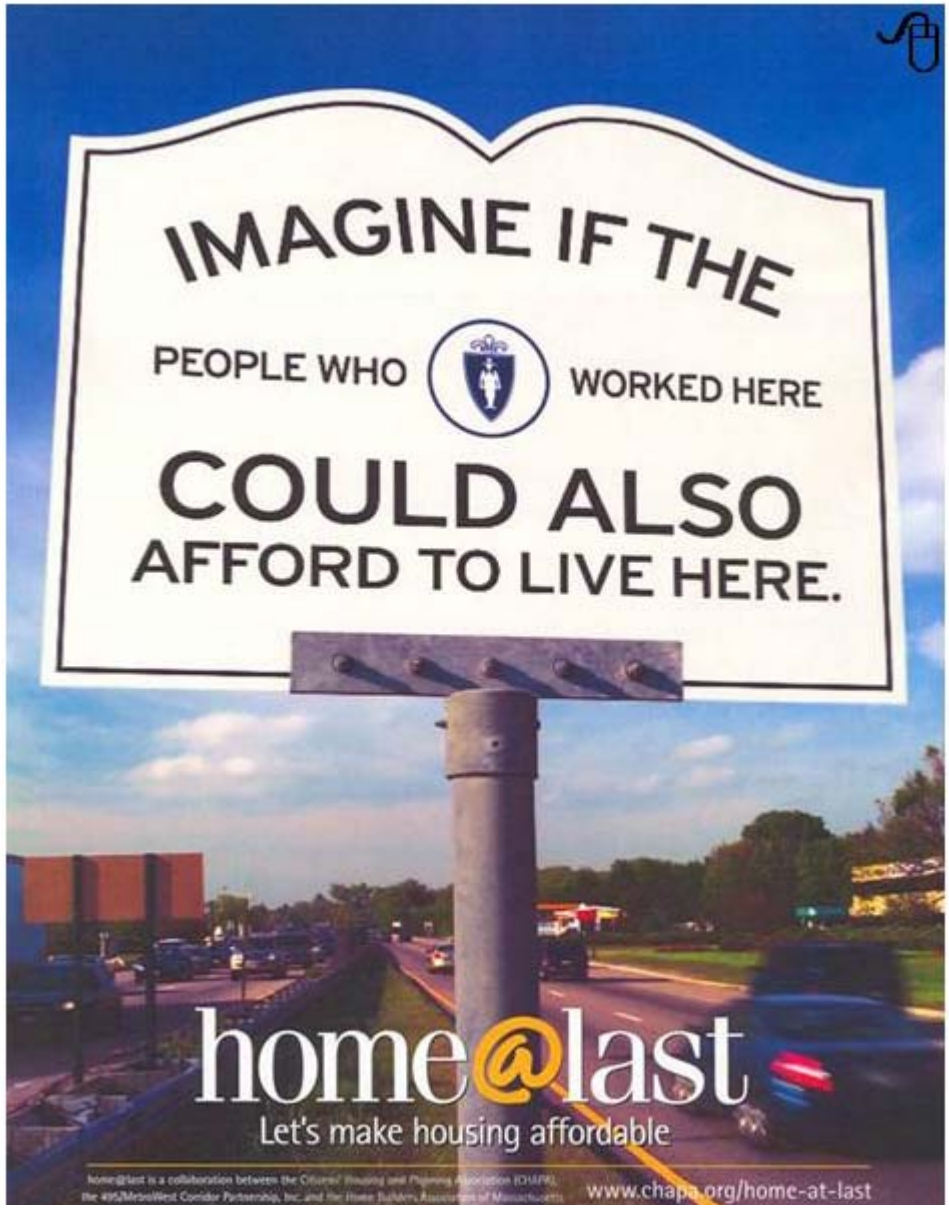


Massachusetts

- Top down (State to City) legislation drive
  - Municipalities must have 10% of stock affordable
    - Streamline development, higher density
  - Establish “Smart Growth” areas with 20% of new development required to be affordable
    - Get additional educational dollars to support
  - State matches “CPA” Funds
    - Up to 3% property tax surcharge for aff. housing, environment and historic preservation

Massachusetts - Local Municipal Efforts

- Essex County (North Shore Gloucester, Salem, Ipswich)



Cape Cod & the Islands

- Nantucket flies in est. 300 skilled labors a day
  - 1998 HUD report of recommendations
  - Nantucket public housing office
    - Funded by public & private grants
    - Ownership gap financing ($25,000 low interest loans)
    - Convert donated houses to rentals (16 to date)
    - Up to 150% of median income, $120,825

Cape Cod & the Islands

How Businesses Cope

- Red Jackets Inn
  - Bought 5 properties to house workers
- Lower Cape Chocolate Sparrow Coffeehouse
  - Subsidizes employee rents
- Ocean Edge Resort
  - Buses in workers from mainland city 60 miles away

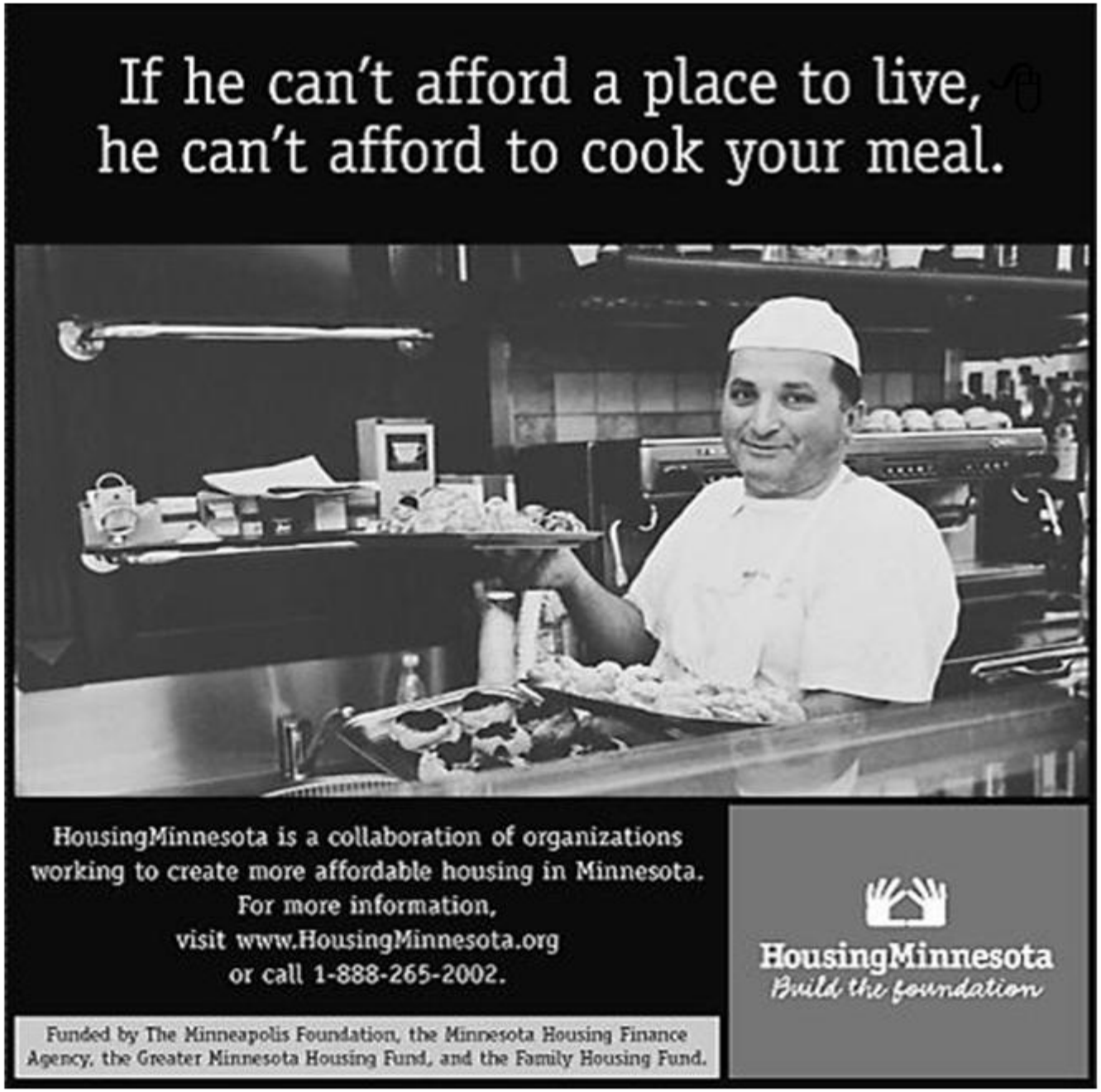
Examples like this throughout case studies

- Central Oregon
  - Restaurant gave $1,000 bonus to line cook after 6 weeks of no applicants
  - Ski resort needing staff of 400
    - increased salaries 25%
    - Offered child care
    - Held new employee orientation
    - Recruited workers from
  - McDonalds franchise fully staffed through education bonuses, referral program

Other Case Studies in Report

- Florida
  - Florida Housing Coalition Guidebook for elected officials on combating NIMBYism
  - Communities share our issues, opportunity to work together
- Hawaii
  - Needs 30,000 affordable housing units
- New Orleans
  - Effect of celebrity on success of housing projects
- More Campaign for Affordable Housing Ad Examples

- Minnesota


If he can't afford a place to live,
he can't afford to cook your meal.
HousingMinnesota is a collaboration of organizations working to create more affordable housing in Minnesota.
For more information,
visit www.HousingMinnesota.org
or call 1-888-265-2002.
Funded by The Minneapolis Foundation, the Minnesota Housing Finance Agency, the Greater Minnesota Housing Fund, and the Family Housing Fund.
HousingMinnesota
Build the foundation

Employer Assisted Housing

- Lease rental units to sublet to employees
- Develop onsite housing
  - e.g. accessory infill units
- Develop or purchase offsite housing
- Offer Housing supplements
- Advocate for affordable housing projects in their area
- Offer education sessions on home buying, managing credit, affordable housing projects

Employer Assisted Housing Continued…

- Assist with home purchase
  - Down payment/second mortgage loan
    - e.g. Key West Bank – below market rate on 20% loan
  - Forgivable loans
    - Often $5,000, forgiven after 5 years of employment
  - Deferred loan – deferred payback start time
  - Grant
  - Matched savings account

Part II: Reviewing Other Top Factors
Why are workers planning to leave?

1. **HOUSING COST** - ***94%*** *selected one or more housing factor*
   - 56% current rent cost
   - 51% can't afford to buy house
   - 40% current home cost
   - 3.2% Enticement of lower cost housing elsewhere
2. **PAY** – ***55%*** *selected one or more pay factor*
   - 32% pay is inadequate
   - 31.2% having to work multiple jobs to make enough
   - 10.3% pay is to inconsistent/seasonal

Top Factors Continued…

3. **HURRICANES** - ***41%*** *selected one or more hurricane factor*
   - Stress from hurricane seasons 37% plus damage from prior storms 9%
4. **MEDICAL CARE COSTS** - ***31%***
5. **FAMILY REASONS** – ***28%*** *selected one or more family factor*
6. **JOB SATISFACTION** – ***23%*** *selected one or job satisfaction factor*
7. **PRE-DETERMINED RELOCATION** – ***11%*** *selected one or more pre-determined short residency factor*

2. Pay – 54%

- In simplest terms, increase Pay
  - May not make ownership reality for some, but could alleviate 2nd jobs
    - 40% of this group worked multiple jobs
  - For others, this could make ownership reality
    - This group was minimum wage to $100,000 earners
  - For others, pay too seasonal
    - “Seasonal Bonuses”
      - Credit of $0.25 or $0.50 per hour for each hour worked at end of season

Pay continued…

- Increase total benefits package
  - Fringe benefits
    - Day care – onsite/ reduced cost
    - Flex time
    - Providing employee meals or discounts
    - Product discounts for employees, friends & family
    - Fitness center/gym membership
    - Discount attractions, activities, events, movies

3. Hurricanes

Stress factor for 37%, damage 9%

- Help employees manage stress better
  - Offer preparation information
  - Time to prepare
  - Paid leave for storm – flex hurricane bank
  - Communicate better during event
  - Post-event manage stress

4. Medical Care costs

- Factor for 31%
- Only half of tourism businesses offer health insurance
  - If you don’t offer health insurance, add to package
    - Leasing programs can make more affordable
  - Else, educate employees on low cost & free alternatives
    - Rural Health network $10 co-pay
    - Womankind – sliding scale fees

5. Family Reasons

- Do employees have adequate vacation time to visit mainland family?
- Do employees know of Family Medial Leave Act for dealing with sick family?
- Create affordable housing for multigenerational living

6. Job Satisfaction

- No promotion opportunities main reason
- Show career path
  - Offer coaching, mentoring
- Training
  - HSMAI certifications
  - Customer Service
    - Mobile and off-site
  - Language skills
    - Orlando uses electronic devices to teach english

7. Pre-determined Relocation

- Addressing other factors could address this
- Health insurance, home ownership could entice seasonal work to become permanent

Employee Resource Pull-Out

- Contacts for special loan programs
- Contacts for organizations offering affordable rentals or home ownership
- Rural Health network affordable medical care info
- Resources for hurricane stress management

For a copy of this report, or the original study, visit TDC page on County web site

www.monroecounty-fl.gov

Or contact:

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