



PALM BEACH COUNTY HOUSING EQUITY STUDY

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FIU

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THLC

HOUSING LEADERSHIP COUNCIL
OF PALM BEACH COUNTY

Credits and Acknowledgements

ABOUT HOUSING LEADERSHIP COUNCIL OF PALM BEACH COUNTY, Inc. (HLC)

The Housing Leadership Council of Palm Beach County is a coalition of Community Leaders working to sustain the economic viability of the County by supporting housing opportunities for all residents through education, advocacy, and facilitating partnerships.

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About Florida International University Jorge M. Pérez Metropolitan Center

The Florida International University Jorge M. Pérez Metropolitan Center is an applied research institute that provides policy solutions to public, private, and non-profit organizations in South Florida. Our core areas are: Economic and Housing Market Analysis and Survey and Opinion Research. The Jorge M. Pérez Metropolitan Center is a part of the Steven J. Green School of International and Public Affairs.

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I Introduction

The *Palm Beach County Housing Equity Study* is the first of its kind in the county. Other studies, including the 2021 *Palm Beach County Affordable Housing Needs Assessment* have addressed the scope and scale of Palm Beach County’s affordable housing supply and demand conditions. The findings of the Affordable Housing Needs Assessment identified concentrations of persistent and acute affordable housing needs in less affluent communities of color. The following study delves into these longstanding inequities and disparities providing an analytical perspective and narrative that should prove helpful in determining the most effective policies and strategies for targeting affordable housing resources to communities of color and in greatest need.

Racial inequities have been embedded in housing policies and practice for well over a century. Urban renewal, redlining, redevelopment, exclusionary zoning, predatory lending, and other public policies and lending practices have long produced racial disparities that continue to permeate today. Decades of racial disparities in housing are manifested in lower ratios of homeownership and overall affordability, lower housing quality, segregation, homelessness, and less wealth building. Studies have found racial inequities in housing exacerbate racial disparities in other sectors including public education, health, food security, and criminal justice outcomes.

Equitable housing incorporates the values of inclusion, equal access to opportunity, and diversity in communities ensuring that all people – regardless of race, ethnicity, family status or disability – have a range of choices for where to live now and in the future. Equitable housing addresses disparities in homeownership and increasing generational wealth building for communities of color. Real estate is typically the chief way Americans accumulate wealth in this country. Unlike their White peers, who often receive help from family, Black and less affluent Hispanic buyers are less often recipients of an inheritance or family money due to the enormous wealth gap, which is accentuated in Palm Beach County.

The availability of quality affordable housing is critical in creating diverse and inclusive cities and counties. This should matter to cities and counties, not just on equity grounds, but because healthier and more educated residents benefit the local economy by forming a more robust and productive workforce. Housing affordability affects educational performance and attainment especially for minority populations. Households with better affordability ratios generally have higher rates of savings, more cash, and higher levels of equity in an owned home that can be applied to education spending for their children, including college education costs. Research from a team at Johns Hopkins found that children of families spending

around 30 percent of their income on housing costs had significantly higher math and reading test scores than families who spent more than 50 percent of their income on housing. The research team’s reasoning to explain the results are that homes with high housing cost-burdens have less disposable income to spend on computers, books, school supplies, educational trips, and other items that support intellectual development and school scores. Compounding lower performance, difficulty in school also puts lower income children at a much higher risk of dropping out altogether.¹

In addition to improved economic benefits and educational outcomes, research has found that affordable housing in stable neighborhoods has found lower housing cost-burden and higher quality housing lead to better family health outcomes. Research studies conducted through the MacArthur Foundation’s “How Housing Matters” initiative found households with lower cost burden rates have more income available for health care expenditures, including insurance. Families on the margin of home affordability are often forced to choose between health care and paying the rent or mortgage. A single unexpected health expense can throw a family into foreclosure or eviction. These conditions are most prevalent among Black and Hispanic family households.

Affordable housing is also the key to making other economic and social programs work, including workforce development, job training, and welfare-to-work programs in communities of color. According to Bruce Katz at the Brookings Institution, a body of research has documented that “the lack of affordable housing is a barrier to getting and keeping a job for welfare recipients and other low-income families.” Katz also noted that education reforms and student performance improvement programs cannot work in the absence of quality affordable housing.²

The *Palm Beach County Housing Equity Study* provides the requisite narrative and drilldown analytics on the issue of housing equity in Palm Beach County. The study begins with an historical account of “Palm Beach County Historical Black Settlements” providing a capsule narrative of the rich history of Black settlements in Palm Beach County dating back over a century. These historic settlements include Limestone Creek in Jupiter and the Styx in Palm Beach in the early years followed by Pleasant City and Coleman Park in West Palm Beach, the Sands in Delray Beach and Pearl City in Boca Raton. The subsequent

¹ Newman, Sandra J. and Holupka, C. Scott. (2014). *Housing Affordability and Child Well-Being*. Housing Policy Debate Volume 25, 2015 - Issue 1.

² Katz, Bruce; Austin Turner, Margery; Destorel, Karen; Cunningham, Mary; and Sawyer, Noah. (2003).

Rethinking Local Affordable Housing Strategies: Lessons From 70 Years of Policy And Practice. A Discussion Paper Prepared by The Brookings Institution Center on Urban and Metropolitan Policy and The Urban Institute.

chapter provides in depth analytics on Palm Beach County’s “Demographic and Economic Characteristics” focusing on the county’s Black and Hispanic populations and communities. The next chapter on “Housing” provides an analysis of housing demand and supply conditions in Palm Beach County’s Black communities. The final chapter, “Housing Equity and Disparity” concludes the study by focusing on key housing equity issues impacting Black communities in Palm Beach County.

II Palm Beach County Historical Black Settlements

The establishment of Black communities in Palm Beach County has a long and rich historical narrative that has been sadly strewn with oppressive racial disparities and segregation. Blacks have long populated Palm Beach County as slavery existed in the Spanish colony of La Florida nearly a century before the arrival of enslaved Angolans in 1619. On the eve of the American Civil War, half of Florida's population were slaves. The earliest recorded black settlers in Palm Beach County migrated from Georgia, South Carolina, and the Bahamas. Many were railroad workers who helped build the southward extension of Henry Flagler's Florida East Coast Railway to Palm Beach. For convenience, Black migrants settled in cottages along the railroad tracks. During this period, the area was little more than swamp and farmland. Once the Florida East Coast Railway was completed to Miami, small, Black farming communities began to spring up adjacent to the railroad.³

According to historical accounts, Eatonville, located six miles north of Orlando, was the first all-Black city to be incorporated in Florida. Eatonville was established in 1887 after being settled by former slaves two decades after the Civil War.⁴ In Palm Beach County, historical accounts chronicle that from the early 1890s until about 1912 as many as 2,000 African Americans lived in an area known as the Styx, a settlement near Henry Flagler's two hotels: the Royal Poinciana and the Breakers. A fire in 1906 forced some residents off the island. The final exodus occurred when wealthy landowners petitioned the State Board of Health to install a sanitary sewer system or eliminate the community due to unsanitary conditions. Residents of the Styx first resettled to the west side of Lake Worth and to then Pleasant City and later to Coleman Park, a former pineapple farm.⁵



Workers extend the Florida East Coast Railroad from Juno Beach to West Palm Beach; courtesy Black America Series: Pleasant City West Palm Beach.

³ Historical Society of Palm Beach County.

⁴ The James Madison Institute.

⁵ Clarke, Everee Jimerson, *Pleasant City West Palm Beach*, 2006, Arcadia Publishing Company: Charleston, South Carolina.



The Styx, located at Sunset Avenue and North County Road, around 1900; photo courtesy of the Historical Society of Palm Beach County.

Most Black migrants first lived on the fringe of White settlements in Palm Beach County, where they found employment on nearby farms. When designated by the White community, Black neighborhoods were on less desirable properties with barriers to contain them, such as water, roadways, or railroad tracks. Black settlement in Palm Beach County was similar to the rest of southeastern Florida. In the late 19th century and early 1900s, West Palm Beach was the largest urban center in Florida after Miami. Black migrants were drawn to Palm Beach County because of the work opportunities in agriculture and working conditions that were better than other parts of the south. Ultimately, as the population grew,



The Styx, located at Sunset Avenue and North County Road, around 1900; photo courtesy of the Historical Society of Palm Beach County.

settlements began to expand north and south along the highway and the railroad. Over time, Black settlers and descendants located to new districts established in the surrounding areas.⁶

Palm Beach County's first Black settlements occurred during a time when Blacks faced overt segregation and racism commonplace in the Jim Crow South. Jim Crow laws were meant to marginalize Black Americans by denying them the right to vote, hold jobs, and get an education. Segregation divided all public and private entities and spaces based on race. To this day, neighborhood housing conditions throughout Palm Beach County are intertwined with racially tied social and economic disparities related to the Jim Crow era.

During the early 1900s, the communities of Pahokee and Belle Glade were founded. The earliest known inhabitants of the Belle Glade area were the Calusa Indians. Located along the shores of Lake Okeechobee and within the Everglades on the ancestral lands of the Seminole and Miccosukee, city of Pahokee, taken from the Seminole name for the Everglades, Pay-ha-o-kee, meaning "grassy waters. Belle Glade was called by locals "the muck" because of its rich soil, which made it ideal for growing sugar cane and other crops.



"Scene in the Negro Section of Belle Glade, Florida". Source: Library of Congress, 1937.

In 1928, a 160-mph hurricane destroyed the mud dike around Lake Okeechobee. Most of the victims were Black agricultural workers and pioneers whose bodies were buried in mass, unmarked graves. Approximately 674 Black victims were buried in a West Palm Beach mass grave at 25th Street and Tamarind Avenue in the city's pauper burial field, where it was not recognized until 1991.

In his 2005 Dissertation, *Soil of Misfortune: Education, Poverty, and Race in a Rural South Florida Community*, author Juan Carlos Gonzalez states, that in Belle Glade, Florida "Fifty years after the historic

⁶ Historical Society of Palm Beach County.

1954 Brown vs. Board decision, which outlawed school segregation and the separate but equal claims of Plessy vs. Ferguson, little has changed in this poor rural community.⁷

Overt racial segregation was widespread during the early part of the 20th Century. In 1929, an ordinance was passed in West Palm Beach to make official the blacks-only section of the city that had been “generally in force under an agreement of many years’ standing.” The Palm Beach Post reported “the limits of the negro section, from which white residents or businesses would be excluded, extend briefly from the alley north of Clematis Avenue northward to 23rd Street, between the Florida East Coast Railroad tracks and Clear Lake, except that from 17th to 23rd streets, it extends eastward to a point about 150 feet west of Poinsettia Avenue. These boundary limits for which Pleasant City was “grandfathered in,” also provided protection against whites taking over blacks’ businesses and were in force until 1960.”⁸



Pleasant City Community Center; photo courtesy of the Historical Society of Palm Beach County.

During a period of general population growth from the 1920s through 1940s, established Black neighborhoods became surrounded by White neighborhoods and commercial or industrial areas. In West Palm Beach, overcrowding pushed Black settlers north into Riviera Beach along the same corridor between two sets of railroad tracks. Other development prevented Black areas from being contiguous. In 1935, a joint committee of the Delray Beach City Council and a representative committee of the city’s Blacks “made a careful investigation” and agreed on Resolution 146, which defined property areas on racial grounds. The “Negro Settlement or Negro Area” was generally west of 3rd Avenue between N.W. 5th Street and S.W. 5th Street.⁹ A 1939 Guide to Florida said of Belle Glade, “A municipal ordinance required that all Negroes, except those employed within the town, be off the streets by 10:30 p.m. On

⁷ Gonzalez, Juan Carlos: Soil of Misfortune: Education, Poverty, and Race in a Rural South Florida Community, 2005. Florida Atlantic University.

⁸ IBID.

⁹ Palm Beach Post.

Saturdays they are permitted to remain in the business district until midnight."¹⁰ Other towns had similar restrictions.



Historic Sunset Theater, photo courtesy of Boca Raton Magazine

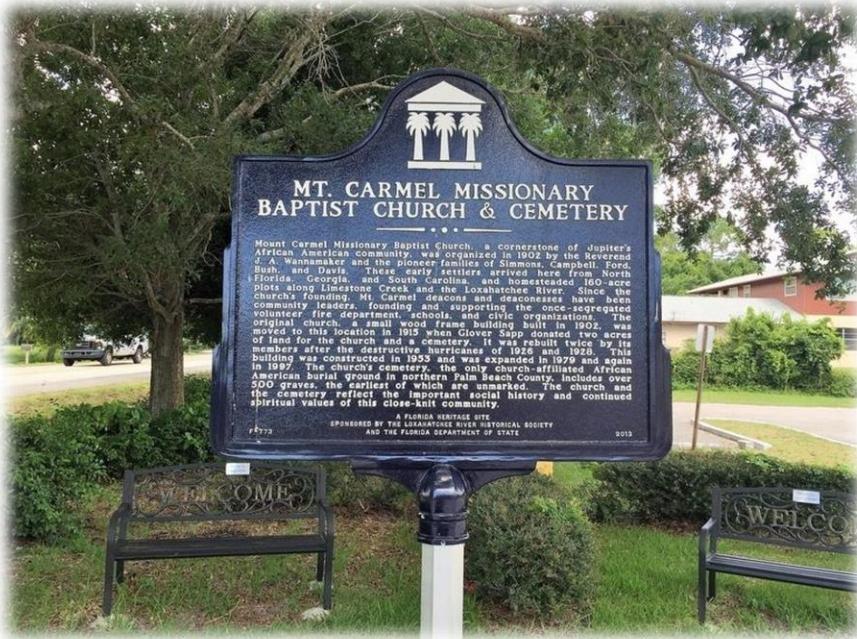


Sunset Lounge restored, photo by Jorge M. Perez FIU

The Town of Lake Worth had been established quickly by less racially tolerant people and would not have a school for Black children until after World War II. In the north end of Palm Beach County, the Limestone Creek community was settled by Black migrants in the late 1800s. Black workers arrived as railroad employees and labored with white pioneers to establish the Town of Jupiter. Limestone Creek's location was deemed acceptable by White residents for the Black settlers to reside and during the late 1950s became the official home for all of Jupiter's Black population. Mt. Carmel Missionary Baptist Church, built in 1903, is one of the oldest religious institutions in Palm Beach County. Limestone Creek remains to this

¹⁰ *A Guide to the Southernmost State*, 1939, Works Progress Administration (WPA), New York City.

day an unincorporated community, continuing to exist within the planning and zoning boundary lines of Jupiter.¹¹



Source: The Historical Marker Database; photographed By Jay



Source: MapQuest.

¹¹ Stout, Sara M., *We Are Limestone Creek: An Oral History of Limestone Creek Community Jupiter, Florida*, 2009, Florida Atlantic University.

Pearl City in Boca Raton was established for Black workers and settlers in 1915 and was governed exclusively by Blacks. The neighborhood is located south of Glades Boulevard, between Dixie and Federal Highway. According to historical accounts, the neighborhood was settled as this area because most people worked in local farms in the area at the time and the walk was fairly long from Deerfield beach where they lived before. In the 1920s and 30s the neighborhood did not have many stores nearby, so residents would have to take buses to Fort Lauderdale to go clothing shopping. Black residents have stayed in Pearl City to this day resisting developer efforts to try to get them to sell their homes.



Pearl City, Boca Raton, FL; photo courtesy of Boca Raton Historical



Pearl City, Boca Raton, FL; photo courtesy of Boca Raton Historical

Most of Pearl City's original inhabitants were sharecroppers and farm laborers. Although Pearl City is a small community, comprising a three-block radius, two churches were established there: Macedonia AME and Ebenezer Baptist, and their structures were completed in 1920 and 1921, respectively. As the main social institutions of the community, early Pearl City residents split their time between the two, collectively congregating on the first and third Sundays at Ebenezer Baptist and the second and fourth Sundays at Macedonia AME.¹²



Ebenezer Missionary Baptist Church in Boca Raton, Florida.

The Northwest Neighborhood in West Palm Beach is another neighborhood that holds a rich history for the Black community. Northwest was settled in 1894 and it served the city's segregated black community from 1929 to 1960. The Sunset Lounge was an iconic jazz club in the neighborhood that hosted acts like Louis Armstrong and Ella Fitzgerald in times of segregation. After desegregation, the jazz club no longer attracted big names and even though Northwest continues to be a predominantly black community, middle- and upper-class black families moved to other neighborhoods in West Palm Beach and surrounding communities.

In Delray Beach, the West Settlers community established in 1894 was the first African-American community in Delray Beach. Originally called "The Sands," named for its sandy soil, it was a self-sufficient community with commercial buildings and churches serving its residents. As with other early Black settlements in Palm Beach County, Black migrants came from northern Florida, Georgia, and South Carolina to find jobs in agriculture. The La France Hotel (1949), located at 140 NW 4th Avenue, was once the only hotel in Delray Beach that welcomed African Americans during segregation. The community was self-sufficient, and settlers utilized local materials and their own construction knowledge. Known as the "Red Line" for the painted tin roofs, the "shotgun" houses that once occupied the east side of NW 3rd

¹² Boca Raton Historical Society.

Avenue were developed for Henry Flagler's railroad workers.¹³ Shotgun houses were constructed with efficiency and affordability in mind. They generally consist of a gabled front porch and two or more rooms laid out in a straight line. Developers built them with the goal of fitting as many houses as possible on smaller plots of land. They are regarded as the most widely acknowledged expressions of African American architectural design in the United States.



Boynton Beach Farmworkers; photo courtesy Boynton Beach City Library Local History Archives

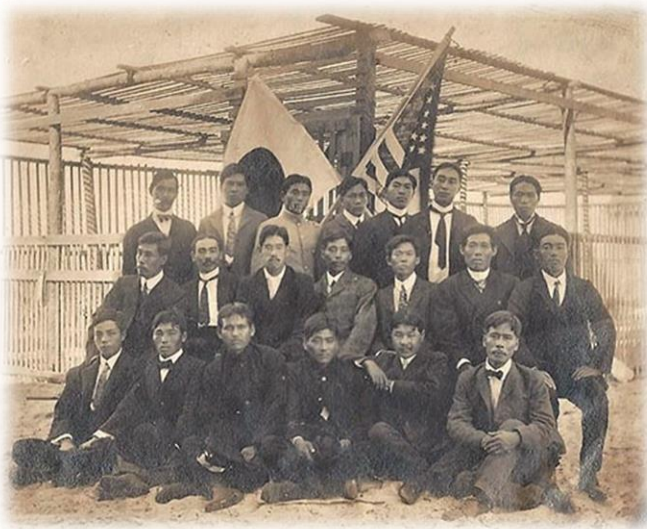


LaFrance Hotel, Delray's first black hotel built in 1949 in historic West

¹³ West Settlers Historic District, City of Delray Beach

In 1905, the Japanese farming Yamato Colony was established west of Boca Raton and Delray Beach. The pioneering community of approximately 75 workers at its height planted more than 42 acres devoted to pineapple cultivation. Later, the colony switched to other vegetables like alfalfa, cabbages, cucumber, eggplants, peppers, string beans, squash, turnips, and tomatoes.

Historical records show the Japanese colony existed through the 1920s, declined in the 1930s, and had virtually ended with the onset of World War II, when the 5,820-acre tract of land encompassing the Yamato Colony was confiscated by the US government and made into an Army Air Corps technical training base¹⁴ (Source: Boca Raton Historical Society; Morikami Museum and Japanese Gardens)



Yamato Settlers Celebrating New Year, 1918; photo courtesy of Morikami Museum and Japanese Gardens

Fast forward to today and we still see stark evidence of Palm Beach County's racial divide and the disparities and inequities that persist despite laws that prohibit discrimination. Sadly, the COVID pandemic highlighted these disparities for all to see. The community impacts of the pandemic were borne disproportionately by minority populations and individuals and families living in poverty.

Palm Beach County holds a rich history of Black settlements dating back to the late 1800s. While early Black settlers found jobs and built their own communities, what progress was made occurred under suppressive Jim Crow laws and other forms of discrimination and segregation. This suppression has resulted in many of the racial and ethnic inequities and disparities that exist today. The *Palm Beach County Housing Equity Study* provides the narrative supported by racially disaggregated data to better understand the housing equity issues of Palm Beach County. This will better equip local decision makers in advancing more equity-focused housing policies and more carefully targeted solutions.

¹⁴ Boca Raton Historical Society; Morikami Museum and Japanese Gardens.

III Demographics and Economics

I Demographics

Palm Beach County has gone through dramatic demographics shifts in the past thirty years marked by rapid suburbanization in the 1990s, a general aging of the White population and steady migration of Hispanic or Latino and Black or African American populations over the past two decades.

A. Population by Race and Ethnicity

Palm Beach County's population has dramatically increased since the 1970s. The suburbanization of the county rapidly accelerated from 1970-2000 and continues to this day to expand throughout unincorporated areas. Since 1970, Palm Beach County's population has grown from 348,753 to 1,492,191 persons.

While Palm Beach County's overall population has continued to increase over the past decade, the racial and ethnic composition of the county's population is the more significant trend. Since 2015, Palm Beach County's overall population increased by 7.5 percent (103,251 persons). The most significant population increases were among Hispanic or Latinos (19.0 percent/53,335 persons) and Black or African Americans (11.6 percent/28,848 persons). Palm Beach County's majority White population (69.9 percent) grew by only 0.2 percent/1,578 persons. Hispanic or Latino and Black or African American persons now comprise 22.6 percent and 11.6 percent of Palm Beach County's population, respectively.

Table 3.1: Palm Beach County Population Trends by Race & Ethnicity 1990-2020

Population Overall, Race, Ethnicity and Hispanic Origin	1990	2000	2010	2020
All Persons	863,518	1,131,184	1,320,134	1,492,191
White, Non-Hispanic	683,402	798,753	793,571	779,759
Black or African American	103,309	152,674	221,209	255,724
Hispanic or Latino (any race)	66,613	140,568	250,823	349,933
Mexican	15,228	29,583	48,223	55,195
Puerto Rican	12,366	24,774	35,443	50,305
Cuban	16,339	26,157	37,710	58,277
Other	22,680	60,054	112,181	170,430

Source: U.S. Census Bureau. ACS 2010, 2020 & DEC Census Data, 1990, 2000, 2010, 2020

*Other category includes several Hispanic nationalities not listed here.

*Hispanic Origin Categories are assembled from various historical Census products, estimates may vary slightly.

The gender mix of Palm Beach County's Black or African American (52 percent female/48 percent male) and Hispanic or Latino (50 percent male/50 percent female) populations are representative of Palm Beach County's overall population (52 percent female/48 percent male). However, in the last five years the female population has increased proportionately across all population groups.

Table 3.2: Palm Beach County Population Trends by Race, Ethnicity & Gender 2015-2020

Gender	2015		2020		Proportional Change (percentage points)	
	Male	Female	Male	Female	Male	Female
Total Population	666,577	712,229	718,49	763,563	0.14%	-0.14%
Black or African American Alone	117,967	129,838	132,64	144,008	0.34%	-0.34%
Hispanic or Latino	141,646	139,226	167,13	167,071	-0.42%	0.42%
Foreign Born	154,324	167,843	179,34	198,578	-0.45%	0.45%
Immigrant Population (Naturalized citizen)	70,489	87,781	92,667	116,809	-0.30%	0.30%
Immigrant Population (Not U.S. citizens)	83,835	80,062	86,682	81,769	0.31%	-0.31%

Source: U.S. Census, 2020 ACS 5-year estimates

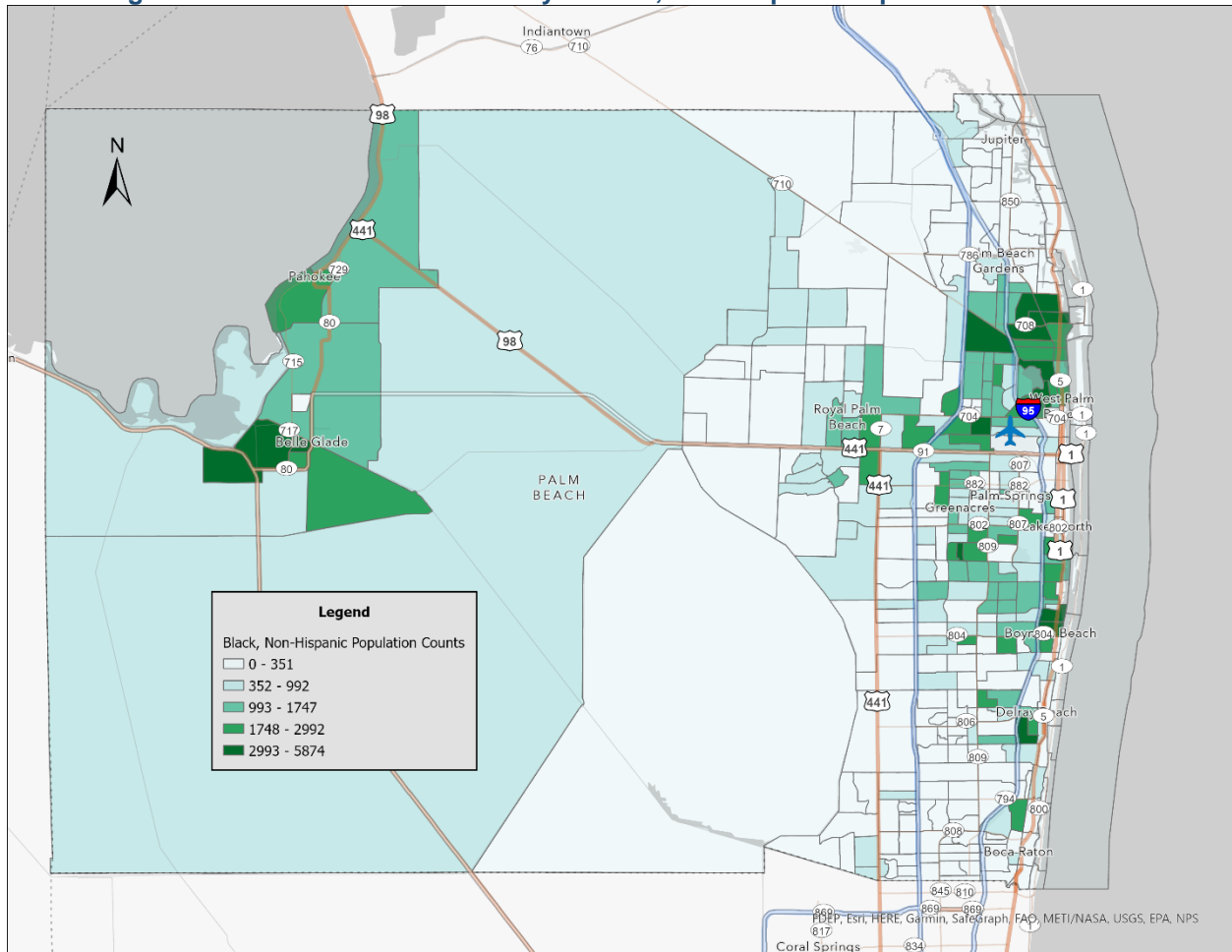
Palm Beach County's Black or African American and Hispanic or Latino populations reside throughout the county. However, concentrations of both population groups are based on historical settlements and newer migration patterns. Concentrations of Black or African American residents are largely found in long established Black communities and neighborhoods, while the county's growing Hispanic or Latino population is more concentrated in newer suburban locations.

Table 3.3: Palm Beach County Municipalities with Highest Concentration of Black/African Americans

Municipality	Black or African American	%
Mangonia Park	2,007	90.10%
Riviera Beach	23,556	67.25%
Belle Glade	12,549	63.29%
South Bay	3,864	58.00%
Lake Park	4,740	55.50%
Pahokee	3,245	51.62%
West Palm Beach	37,867	34.11%
Haverhill	810	33.72%
Boynton Beach	24,563	31.47%
Delray Beach	19,967	29.00%

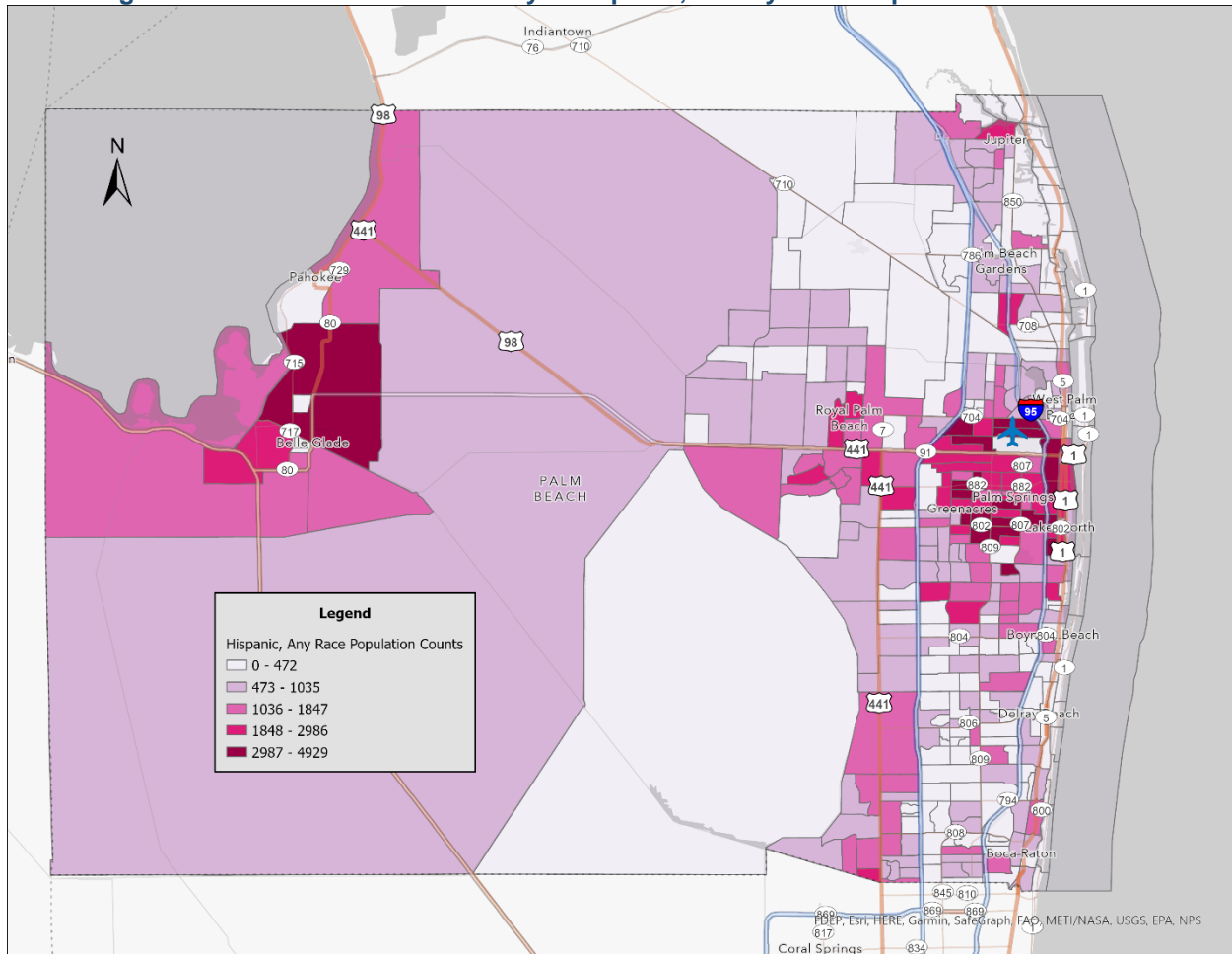
Source: U.S. Census, 2020 ACS 5-year estimates

Figure 3.0: 2021 Palm Beach County – Black, Non-Hispanic Population Distribution



Source: Palm Beach County Situs Addresses ; U.S. Census Bureau – ACS 5-Year Estimates, 2021

Figure 3.1: 2021 Palm Beach County – Hispanic, Of Any Race Population Distribution



Source: Palm Beach County Situs Addresses ; U.S. Census Bureau – ACS 5-Year Estimates, 2021

Table 3.4: Palm Beach County Municipalities with Highest Concentration of Hispanics or Latinos

Municipality	Hispanic or Latino	%
Palm Springs	15,311	60.84%
Cloud Lake	235	58.75%
Westlake	470	53.53%
Lake Worth Beach	16,901	44.18%
Greenacres	17,541	42.53%
Pahokee	1,982	31.53%
Haverhill	674	27.75%
Wellington	17,515	26.95%
Belle Glade	5,318	26.82%
Royal Palm Beach	10,204	25.76%

Source: U.S. Census, 2020 ACS 5-year estimates

Palm Beach County’s overall population has been aging in the last 10 years. The share of the population ages 55 to 64 years and 65+ has been gradually increasing while the share of all population age groups from under 5 years to 54 years have been steadily decreasing. However, an analysis of Palm Beach County’s population age by race and ethnicity shows significant variations in population ages. According to 2020 ACS estimates, 33.8 percent of the county’s White alone, not Hispanic population is 55+ years of age compared to 22.1 of the county’s African American or Black population and 20.5 percent of the Hispanic or Latino population. Palm Beach County’s overall population also shows large variations in all younger age categories. Only 29 percent to the county’s White alone, not Hispanic population fall in the 5 to 19 and 20 to 34 age categories compared to 44.3 percent of the County’s African American or Black population and 42.7 percent of the Hispanic or Latino population.

Table 3.5: Palm Beach County Population by Race, Ethnicity & Age 2020

Age	White alone, not Hispanic	%	Black or African American	%	Hispanic or Latino	%
Under 5 yrs.	42,086	4.06%	20,033	7.24%	22,727	6.80%
5 to 19 yrs.	142,053	13.73%	61,637	22.28%	71,294	21.33%
20 to 34 yrs.	158,976	15.35%	61,397	22.19%	71,927	21.52%
35 to 54 yrs.	238,672	23.05%	72,333	26.15%	99,650	29.82%
55 to 64 yrs.	147,094	14.20%	31,244	11.30%	33,515	10.03%
65 and over	306,636	29.61%	30,009	10.84%	35,094	10.50%

II Local Economy

Research findings from the FIU Jorge M. Pérez Metropolitan Center on the topic of prosperity determined that strong, equitable, and inclusive economies deliver broad-based prosperity to their residents by providing 1) Stable Long Term Growth - job and employment growth that is less susceptible to wide and/or rapid declines, so that household wealth and income is protected during economic downturns and shocks as recently experienced with the COVID-19 pandemic and prior “Great Recession;” 2) Economic Opportunity - in the form of a variety of jobs and occupations paying competitive wages and incomes that increase rapidly with improved skills and experience; 3) Economic Mobility – that regardless of where one starts on the economic ladder, individuals and families can improve their economic conditions and build wealth; and 4) Economic Equity - growth with benefits is shared by residents across the income spectrum and where they live.¹⁵

¹⁵ Miami-Dade County Prosperity Initiatives Feasibility Study. FIU Jorge M. Pérez Metropolitan Center. 2018. https://metropolitan.fiu.edu/research/services/economic-and-housing-market-analysis/prosperity-initiative-research-study_final.pdf

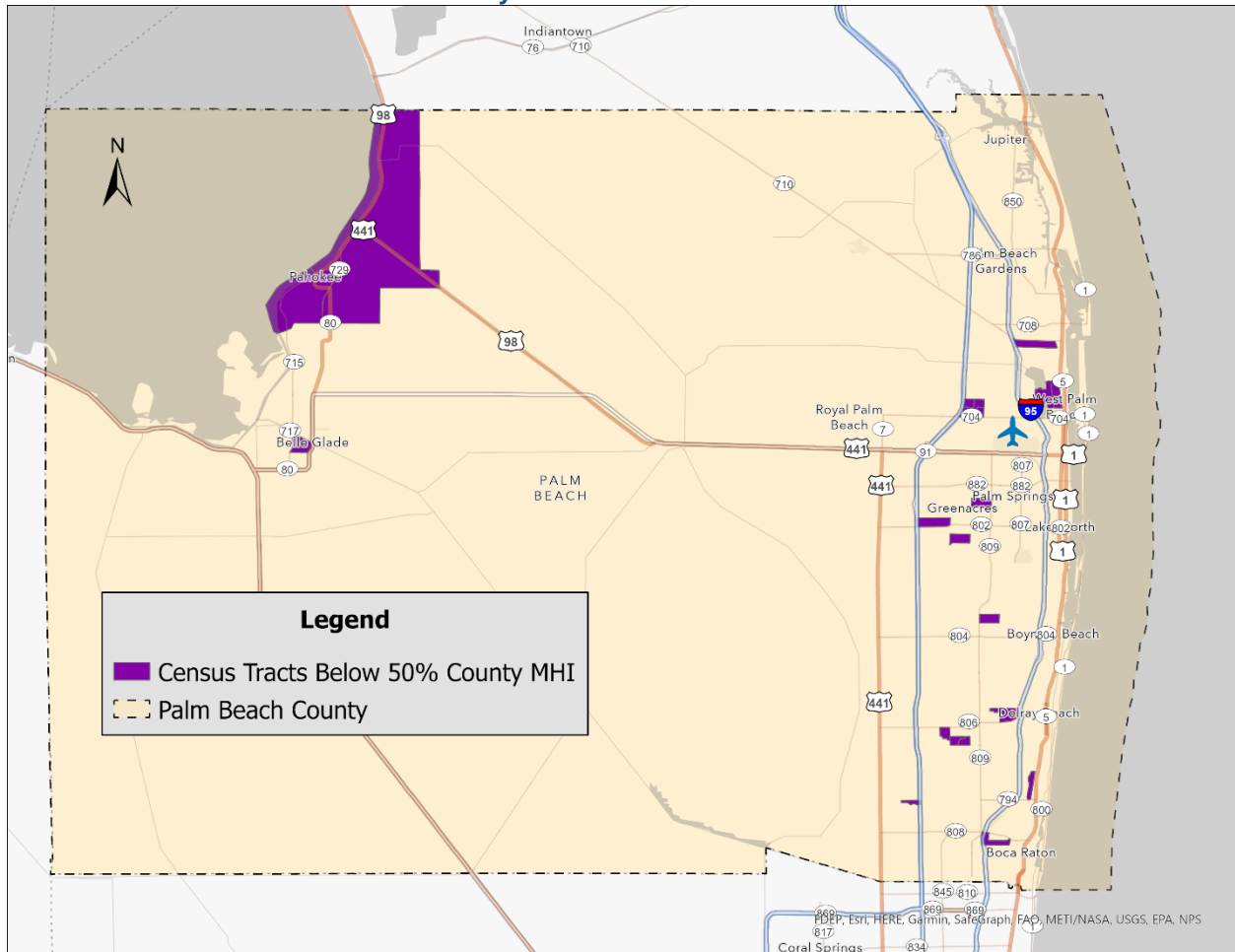
The following analysis addresses each of the prosperity indicators in determining the presence and extent of racial disparities and inequities in Palm Beach County's economy.

Household and Per Capita Income

Palm Beach County's median household and per capita incomes, like most metropolitan areas in the U.S., has not kept up with sharp increases in the cost of living driven primarily by rapidly increasing housing costs exacerbated by several decades of stagnant wages.

According to American Community Survey (ACS) estimates, there are significant disparities in median household income among White, Non-Hispanic or Latino, Black or African American and Hispanic or Latino households in Palm Beach County. In fact, the disparity in the median household income among White and Black or African American and Hispanic or Latino households has remained constant over the last 10 years. According to 2020 ACS estimates, the median household income of Blacks is only 68 percent of White households. The median household income of Hispanic or Latino households is 79 percent of White households.

Figure 3.3: 2021 Palm Beach County – Census Tracts with Median Household Income Below 50% of County Median Household Income



Source: Palm Beach County Situs Addresses ; U.S. Census Bureau – ACS 5-Year Estimates, 2021

At the inception of the COVID-19 pandemic in April 2000, the Jorge M. Pérez FIU Metropolitan Center created a Community Distress Index (CDI) to focus on communities most vulnerable to the health and economic impacts of the disease. The CDI is composed of four sub-indices, 1) Socioeconomic Status; 2) Household Composition & Disability Status; 3) Minority Status & Language; and 4) Housing & Transportation, and 20 measurable indicators. Both the original analysis performed in 2020 and 2021 update found the highest levels of community distress in Black or African American and Hispanic or Latino communities.

Community Distress Index

Socioeconomic Status	Population below poverty level
	Unemployment rate
	Median household income
	No high school diploma
	Proportion of workers in low-income occupations
	Population without insurance
Household Composition & Disability Status	Persons aged 65 and older Persons aged 17 and younger Population with a disability Single parent household
Minority Status & Language	Minority population Population that does not speak English
Housing & Transportation	Cost-burdened owner households Cost-burdened renter households Housing built prior building code Mobile homes Housing units in flood zone areas Crowding Households with no vehicle available Persons in group quarters

Figure 3.4: Palm Beach County, 2021 Community Distress Index

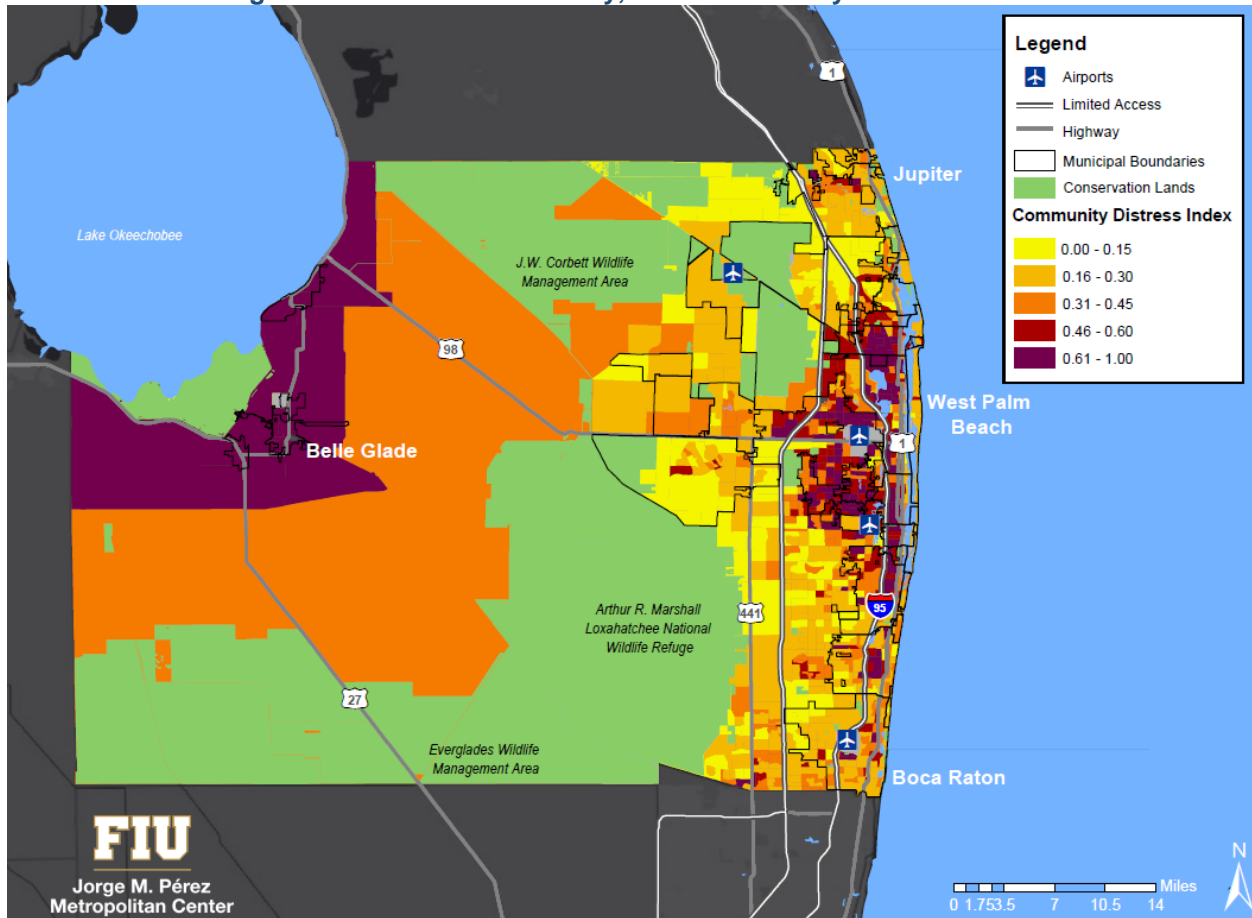
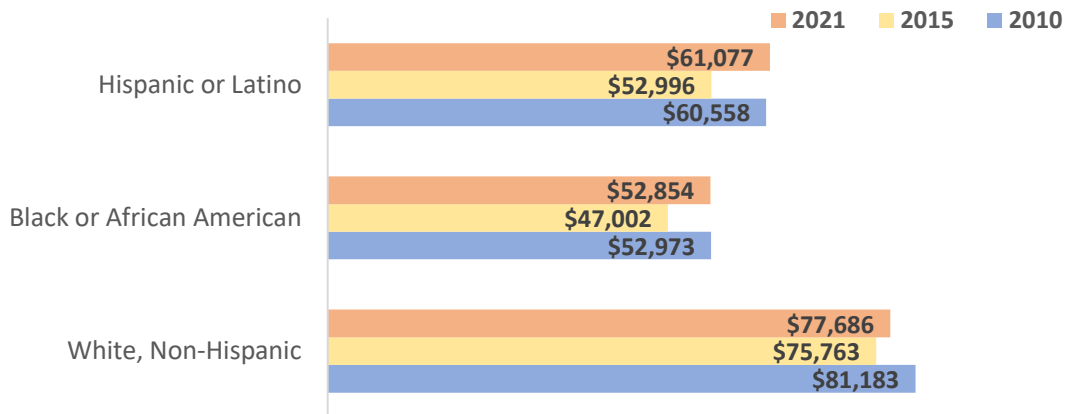


Figure 3.5: Palm Beach County Median Household Income by Race & Ethnicity, Inflation Adjusted



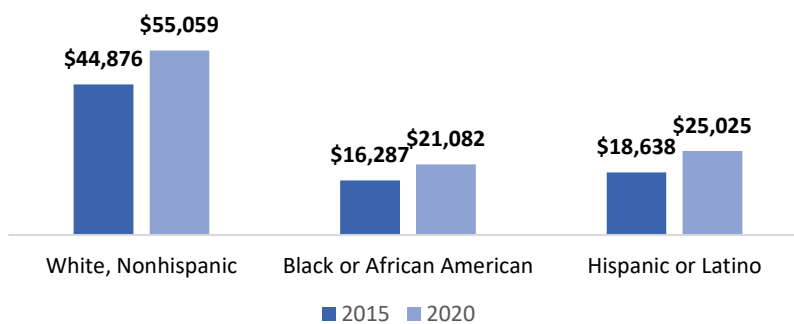
Source: U.S. Census, 2010, 2015 & 2021 ACS 5-year estimates

Per capita income provides a general gauge of rising standards of living in an economy though not normally used as a measure of income disparities. However, in Palm Beach County significant disparities exist in per capita income by race and ethnicity. According to 2020 ACS estimates, the per capita income of Blacks or African Americans and Hispanic or Latinos are 38 percent, and 45 percent of Whites, respectively.

Table 3.6: Per-Capita Income by Race/Ethnicity

Year	White, Non-Hispanic	Black or African American	Hispanic or Latino
2015	\$44,876	\$16,287	\$18,638
2020	\$55,059	\$21,082	\$25,025

Figure 3.4 Per-Capita Income by



Source: U.S. Census, 2015, 2020 ACS 5-year estimates

Poverty

According to 2020 ACS estimates, overall poverty rates in Palm Beach County have significantly decreased over the last ten years. The county's poverty rate is 11.6 percent down from 14.2 percent in 2010. Palm Beach County's poverty rate is less than the U.S. (12.8 percent) and the State of Florida (13.1 percent). The poverty rates of the county's Black or African American (18.5 percent) and Hispanic or Latino (16.2

percent) have also trended downward since 2010 but remain significantly higher than the county's white population (9.2 percent).

Families with children living in poverty is also disproportionately higher among Blacks or African Americans and Hispanics or Latinos than White families. Black or African American (25.3 percent) and Hispanic or Latino (24.9 percent) families with children living in poverty is more than twice as high than White (10.4 percent) families.

Table 3.7: Palm Beach County - Poverty Status in the Past 12 Months

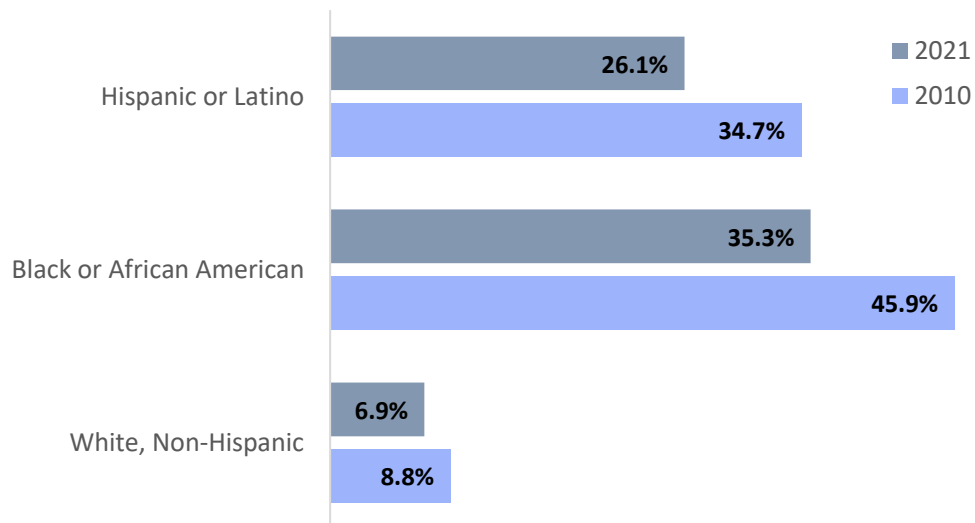
	Total	Below poverty line	Percent below poverty line
Population for whom poverty status is determined	1,461,191	169,844	11.6%
Sex			
Male	705,601	72,532	10.3%
Female	755,590	97,312	12.9%
Race and Hispanic or Latino Origin			
White alone	1,023,169	94,569	9.2%
Black or African American alone	269,806	49,958	18.5%
American Indian and Alaska Native alone	2,845	125	4.4%
Asian alone	40,734	3,747	9.2%
Native Hawaiian and Other Pacific Islander alone	454	56	12.3%
Some other race alone	41,833	9,861	23.6%
Two or more races	82,350	11,528	14.0%
Hispanic or Latino origin	330,778	53,518	16.2%
White alone, not Hispanic or Latino	789,225	58,530	7.4%
Age			
Under 18 years	278,555	45,915	16.5%
Under 5 years	74,111	13,079	17.6%
5 to 17 years	204,444	32,836	16.1%
Related children of householder under 18 years	277,561	44,992	16.2%
18 to 64 years	831,881	90,866	10.9%
18 to 34 years	280,817	37,149	13.2%
35 to 64 years	551,064	53,717	9.7%
60 years and over	445,413	42,405	9.5%
65 years and over	350,755	33,063	9.4%

Source: U.S. Census, 2021 ACS 5-year estimates

Table 3.8: Palm Beach County Families, Poverty Status from 2020 - 2021

	All Families		Married-couple families		Female householder, no spouse present	
	Total	Percent below poverty level	Total	Percent below poverty level	Total	Percent below poverty level
Families	351,887	8.0%	259,947	4.8%	65,730	18.6%
With related children of householder under 18 years	139,557	13.0%	90,317	6.2%	34,946	29.2%
With related children of householder under 5 years	23,299	9.8%	15,568	4.7%	5,085	24.5%
With related children of householder under 5 years and 5 to 17 years	24,407	21.8%	16,551	10.7%	5,913	47.7%
Race and Ethnicity						
Families with a householder who is:						
White alone	260,493	6.0%	205,142	4.2%	38,619	14.3%
Black or African American alone	56,217	15.4%	29,775	7.1%	20,562	25.3%
American Indian and Alaska Native alone	667	0.4%	473	0.6%	95	0.0%
Asian alone	9,719	7.1%	7,825	5.5%	1,199	19.4%
Native Hawaiian and Other Pacific Islander	108	40.7%	48	0.0%	8	0.0%
Some other race alone	8,346	19.7%	5,389	15.3%	1,916	30.6%
Two or more races	16,337	8.8%	11,295	6.2%	3,331	21.5%
Hispanic or Latino origin (of any race)	72,041	13.2%	48,023	9.2%	15,664	24.9%
White alone, not Hispanic or Latino	209,109	4.4%	170,976	3.3%	27,158	10.4%

Figure 3.5: Children in Poverty by Race/Ethnicity



Source: U.S. Census, 2010 & 2021 ACS 5-year estimates

Poverty rates remain excessively high in many Palm Beach County municipalities, including Belle Glade (42.1 percent), Pahokee (37.9 percent), Mangonia Park (32.5 percent), South Bay (31.8 percent), Lake Worth Beach (24.7 percent) and Riviera Beach (22.8 percent).

High poverty rates in these communities are concerning as Palm Beach County's larger economy has improved since the Great Recession with high employment and low unemployment in recent years. However, poverty rates have remained stubbornly high for minorities, young children, and people without a high school diploma. These conditions exist in all the aforementioned communities.

Table 3.6: Concentrations of Poverty in Palm Beach County by Municipalities, 2021

Poverty Status	Individuals	Families	Median Renter Household Income
Belle Glade	42.1%	34.7%	\$17,195
Pahokee	37.9%	33.0%	\$20,192
Mangonia Park	32.5%	32.9%	\$34,458
South Bay	31.8%	29.5%	\$24,567
Lake Worth Beach	24.7%	18.6%	\$31,312
Riviera Beach	22.8%	17.3%	\$32,392
Glen Ridge	18.9%	6.7%	N/A
Lake Park	17.7%	12.3%	\$35,973
Lantana	17.6%	15.8%	\$34,831
West Palm Beach	17.5%	12.2%	\$40,613

Income Inequality

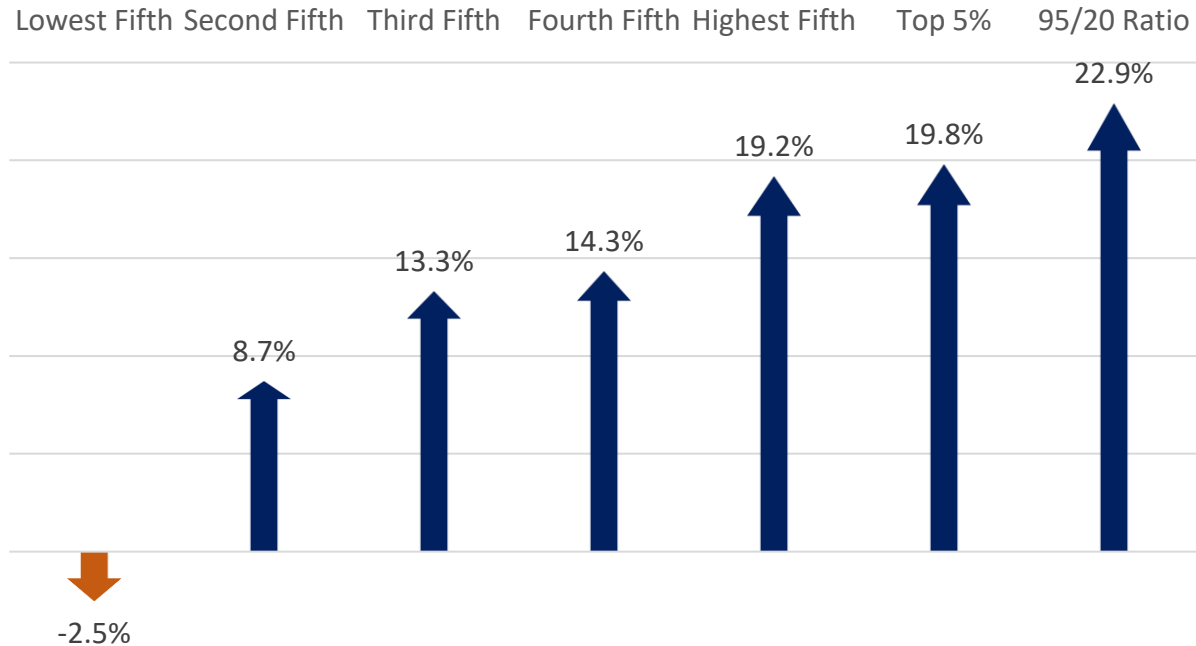
Gini Index

According to the Federal Reserve, the average Black and Hispanic or Latino households in the United States earn about half as much as the average White household and own only about 15 to 20 percent as much net wealth.

The Gini Index is a summary measure of income inequality. The Gini coefficient incorporates the detailed shares data into a single statistic, which summarizes the dispersion of income across the entire income distribution. The Gini coefficient ranges from 0, indicating perfect equality (where everyone receives an equal share), to 1, perfect inequality (where only one recipient or group of recipients receives all the income). The Gini is based on the difference between the Lorenz curve (the observed cumulative income distribution) and the notion of a perfectly equal income distribution.

In 2021, according to the Gini coefficient, household income distribution in the United States was 0.49. This figure was at 0.43 in 1990, which indicates an increase in income inequality in the U.S. over the past 30 years. The most recent Gini coefficient for Palm Beach County is 0.52 which is second highest in the State of Florida.

Figure 3.6: Palm Beach County - Change in Mean household Income by Quintile, 2010-2021



95/20 Ratio

A “95-20 ratio” focuses on the difference between incomes near the top of the distribution—for households earning more than 95 percent of all other households—and those closer to the bottom of the distribution—for households earning more than only 20 percent of all other households. It measures the gap between the two using what we call the “95/20 ratio.”

According to the United States Federal Reserve, income inequality in Palm Beach County reached a record high ratio of 19.17555 in January of 2019 after a record low of 16.92851 in January of 2010. A current analysis shows Palm Beach County’s 95-20 ratio now at 22.9 percent.

Owning a home is the largest single asset investment held by most Americans — the cornerstone of upward economic mobility and wealth building for middle and low-income families. For renters, increasing housing costs also slows wealth building by eating into savings. Moving families out of the bottom income levels into the middle class is one of the most pressing economic and political issues of our time. Currently, forty-three percent of individuals born into the lowest quintile (the lowest 20 percent) of income remain there the rest of their lives. Seventy percent never reach the middle quintile. Therefore, improving housing affordability lies at the center of improving economic mobility and closing income inequality.

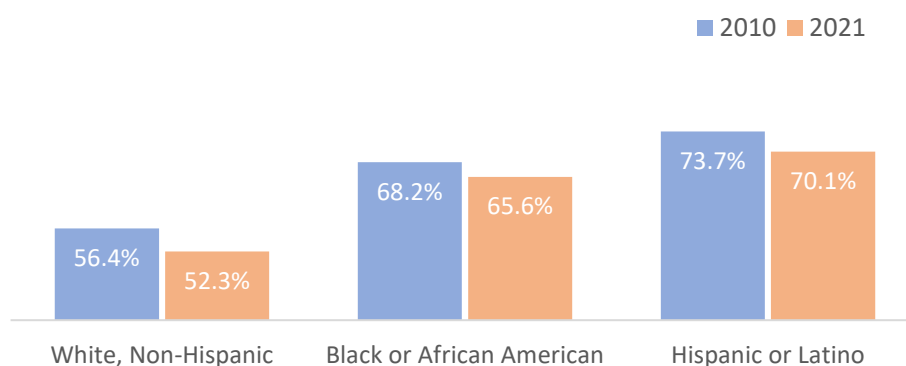
Labor Force Participation

Labor force participation is an important economic indicator as it shows the percentage of civilian workers 16+ years of age who are either employed or looking for work. An overall decline in the labor participation rate since the Great Recession has been largely due to the aging of the population, especially among White workers. Another factor cited is the pre-COVID absence of family-friendly policies in the United States as a key reason for the decline in the overall labor force participation rate and the stalling out of women's labor force participation.

According to the 2020 ACS estimates, the labor force participation rates for Palm Beach County's Black or African American (65.6 percent) and Hispanic or Latino (70.1 percent) populations are significantly higher than the county's White, Non-Hispanic (52.3 percent) population. Palm Beach County and Florida (45th among U.S. States), in general, have traditionally lower labor force participation rates due to the higher percentage of retirees. However, the aging of baby boom (1946-1964) workers, lower teenage unemployment, and the decrease in immigration have all contributed to the decrease in the labor force participation rate.

Palm Beach County municipalities with relatively high labor participation rates include Haverhill (74.0 percent), Mangonia Park (73.5 percent), Royal Palm Beach (68.9 percent), Lake Park (69.9 percent), and Palm Springs (67.8 percent).

Figure: 3.7 Palm Beach County Labor Participation by Race and Ethnicity



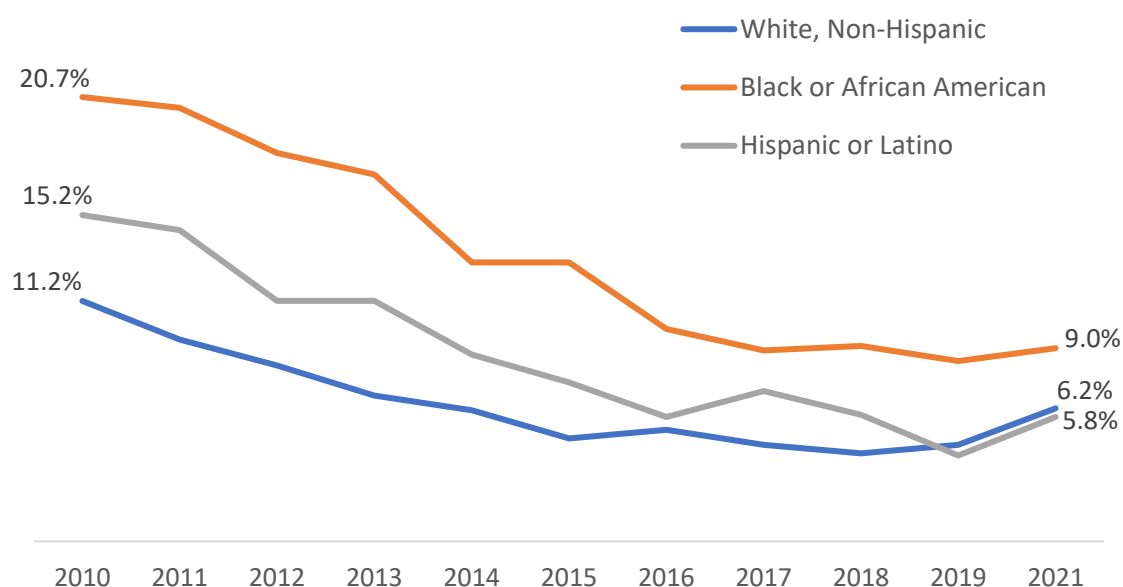
Source: U.S. Census, 2010 & 2021 ACS 1-year estimates

Unemployment Rates

Pre-COVID, unemployment rates in Palm Beach County had been steadily declining since the Great Recession. However, unemployment rates among Blacks or African-Americans and Hispanics or Latinos were significantly higher than Whites. In the early months of the COVID pandemic, unemployment rates

soared to 14.0 percent in Palm Beach County. Job loss was especially acute in Black or African American and Hispanic or Latino communities with high concentrations of frontline service sector workers. While Palm Beach County’s November 2022 unemployment rate was down to 2.6 percent, unemployment rates in predominantly Black communities remain higher than the county.

Figure 3.8: Palm Beach County Unemployment by Race/Ethnicity



Source: U.S. Census, 2010-2021 ACS 1-year estimates
 *2020 1-Year Estimate not available

Employment by Occupation

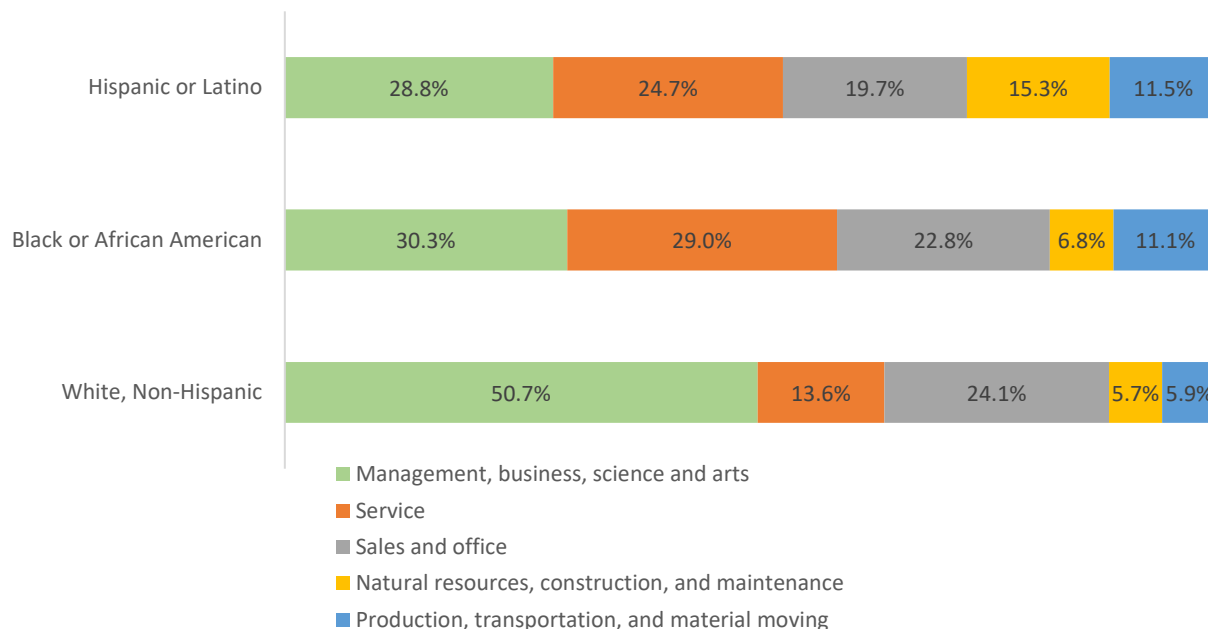
Palm Beach County is largely a service sector economy comprising over 90 percent of all employment. Leading service providing sectors include educational and healthcare services (108,800 jobs), government (103,800 jobs), retail trade (102,100 jobs), leisure and hospitality (85,700 jobs), and administrative and support and waste services (75,900 jobs).

The leading service sector occupations among Palm Beach County’s Black or African American workers include healthcare and social assistance (15.8 percent), retail trade (13.1 percent), government (12.3 percent), and administrative and support waste management and remediation services. The leading occupations among Hispanic or Latino workers include retail trade (13.2 percent), healthcare and social assistance (9.8 percent), government (9.5 percent), and educational services (9.2 percent).

A larger percentage of African American or Black and Hispanic or Latino workers are employed in low wage service sector occupations. According to 2022 Occupational Employment and Wage Statistics

(OEWS) provided by the Florida Department of Economic Opportunity (DEO), Palm Beach County's leading service sectors occupations have median hourly wages under \$15.00, including Sales and Related Occupations (\$14.75/293,800 workers), Transportation and Material Moving Occupations (\$14.80/220,980 workers), Health Care Support Occupations (\$14.35/80,550 workers), and Building and Grounds Cleaning and Maintenance Occupations (\$12.50/85,750 workers).

Figure 3.9: Palm Beach County Occupations by Race & Ethnicity, 2021



Source: U.S. Census Bureau, 2021 1-year estimate.

Employment by Industry

Palm Beach County's economic base is largely comprised of private service providing sectors which form the majority of the county's employment, including leisure & hospitality, retail, education services and health care and social assistance and professional, scientific, and management, and administrative and waste management services.

An analysis of Palm Beach County's employment by race shows significant disparities in employment among several of the leading industry sectors including educational services, professional, scientific and technical services, government, information, finance, and insurance. These industry sectors generally provide higher wages than lower-wage service sector industries such as leisure and hospitality, health care, retail, and administrative and support and waste management in which Black or African American and Hispanic or Latino workers are largely employed.

IV Housing Supply and Demand

I Equity in Housing

The availability of quality affordable housing is critical in creating diverse and inclusive cities and counties and providing the foundation for wealth building connecting nearby job opportunities with quality education and health care. Unfortunately, the nation's history of racial discrimination coupled with disinvestment in communities of color, persistent redlining, gentrification and the increasing number of homes being purchased by investors all have contributed to a growing Black-Hispanic-White disparity in homeownership and available rental units. Homeownership is typically the way Americans accumulate wealth in this country. However, unlike their White peers, who often receive help from family, Black buyers are less often recipients of an inheritance or family money due to the enormous wealth gap.

Since the 2008 financial crisis and Great Recession, the gap between Black and White homeownership is now wider than it was more than 60 years ago, right before the 1968 Fair Housing Act was enacted to create equal housing opportunities for minorities. The homeownership rate among the nation's Black or African American population has decreased to a historical low of 44 percent while the Hispanic or Latino homeownership rate hovers around 49.3 percent compared to a White homeownership rate of approximately 74 percent. The gap in homeownership rates between Black and White Americans grew to over 30 percent last year which is higher than what it was in 1960, when racial discrimination in housing was legal.

While equalizing homeownership rates would significantly reduce the racial wealth gap, home prices have increased dramatically as an influx of new, wealthier, and generally white homebuyers and investors have driven costs up, pricing long-time residents of color out of the opportunity to become homeowners in their own communities.

The 2021 *Palm Beach County Affordable Housing Needs Assessment* documented excessive housing distress especially for low- and very low-income renters. Lower income renters comprise the vast majority of service workers in the industry sectors that were most impacted by the pandemic, including accommodation and food services, retail, and healthcare and social assistance. In the post-COVID economy, safe, decent, and affordable housing opportunities for underserved communities must be physically aligned with nearby job centers.

Housing Tenure

While Latinos have made headway in homeownership gains over the past decade, growth has not been equal across the country or across Latino subgroups. Latino homeowners, like the Latino electorate, are not monolithic. Latinos in the U.S. stem from over 20 Latin American countries, with different races, socioeconomic, and migration backgrounds.

According to 2019 ACS estimates, the overall homeownership rate in Palm Beach County is 62.1 percent which is a historical low. Renter-occupied units have steadily increased since the Great Recession and now represent 37.9 percent of all occupied units. Renter-occupied units increased by 6.9 percent (16,775 units) since 2015.

Table 4.1: Palm Beach County Housing Units by Occupancy 2015-2020

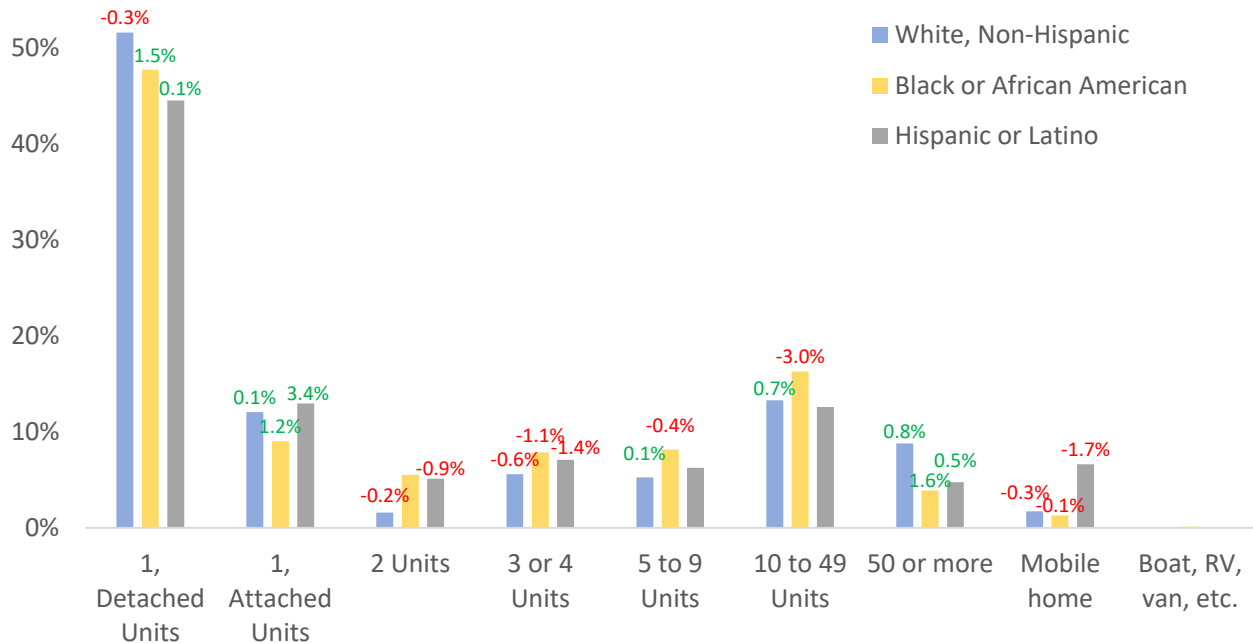
Housing Occupancy	2015		2020		% Change
	# of Units	Percent	# of Units	Percent	
Total housing Units	671,317	100.0%	690,075	100.0%	2.8%
Occupied Housing units	534,605	79.6%	565,598	82.0%	5.8%
Owner-occupied	369,521	69.1%	391,273	69.2%	5.9%
Renter-occupied	165,084	30.9%	174,325	30.8%	5.6%
Vacant Housing Units	136,712	20.4%	124,477	18.0%	-8.9%
Homeowner vacancy rate	2.3	-	1.7	-	-26.1%
Rental vacancy rate	7.7	-	8	-	3.9%

Housing Tenure	White, Non-Hispanic		Black or African American		Hispanic or Latino	
Occupied Units	368,232		79,218		97,813	
Owner Occupied	286,623	77.8%	36,309	45.8%	53,532	54.7%
Renter Occupied	81,609	22.2%	42,909	54.2%	44,281	45.3%

Housing Units by Structure Type

According to 2020 ACS estimates, housing structures by type show little variation by race and ethnicity. However, Palm Beach County's Black or African American and Hispanic or Latino populations have a greater share of residence in small, multi-family structures of 2-49 units. This is significant, as small, multi-family structures are generally much older properties.

**Figure 4.1: Palm Beach County Units in Housing Structure by Race and Ethnicity, 2020
(Percent Change since 2015)**



Source: U.S. Census, 2015 & 2019 ACS 5-year estimates

Age and Condition of Housing Structures

The provision of “safe, decent and affordable housing” is an important responsibility of local governments. While the definition of “affordable housing” has been generally defined as households paying no more than 30 percent of monthly income on housing costs, there are broader metrics with respect to what is “safe and decent” housing. To a large degree, the measure of housing quality and building performance is left up to state, individual jurisdictions and building owners.

A healthy and sustainable community ensures the availability of safe, decent, and affordable housing. Safe and decent housing supports the health of its occupants and provides shelter from the elements, especially during and after disasters. This is especially important for lower income populations who do not have the financial wherewithal to control for these necessities. Significantly, the concentrations of older, unsafe housing structures in Palm Beach County are found in less affluent communities that are already experiencing the health and economic impacts of the COVID-19 pandemic.

Cost-burdened Households

According to the 2021 *Palm Beach County Affordable Housing Needs Assessment*, the housing affordability demands in Palm Beach County and its municipalities had not improved despite impressive post-Great Recession job growth numbers and low unemployment. The study found 56.6 percent of Palm Beach County's renter households are cost-burdened, making the county one of the most unaffordable places to live in the U.S.

The most critical housing problem in Palm Beach County is the estimated 29.8 percent of Palm Beach County renters who are "severely" cost-burdened, paying more than 50 percent of their income on monthly housing costs. The significant growth of severely cost-burdened renters is the most pressing problem due to three market conditions: 1) the increasing demand for renter housing throughout the county resulting in low vacancy rates and a spiraling increase in rent prices, 2) the lack of affordable rental housing production, and 3) rent prices are increasing faster than wages.

According to the JPMC's COVID-19 Community Distress Index (see COVID Distress Index map), the highest levels of housing distress, including the highest concentrations of cost-burdened households, is found in older communities of color.

V. Housing Equity and Disparity Analysis

I Overview

Applying an equity lens to housing is a requisite for developing local policies and strategies to address longstanding and persistent racial discrimination. Housing discrimination in its many forms has denied communities of color the opportunities of generational wealth building and achieving the American dream. Discrimination in the housing market here in Palm Beach County and South Florida dates back to the enactment of Jim Crow Laws over a century ago. Jim Crow laws were a collection of local statutes that legalized racial segregation and were prevalent throughout Florida.

Many of the disparities that exist to this day are the result of historic patterns of residential segregation and decades of racially biased housing policies. Most importantly, housing discrimination and residential segregation have long hindered the ability of Black individuals and families to become homebuyers and build equity. Studies show homes in primarily African American neighborhoods typically feature more volatile demand and prices than those in predominantly white areas, where resources such as access to well-paying jobs, quality schools, and public infrastructure investment are more evident and contribute to higher residential property values.

Sadly, fifty years after the Fair Housing Act, discriminatory practices are still evident and persistent in Black communities. While discrimination in fair housing and lending is illegal, racial and ethnic inequities and disparities are clear and concerning. As examples, an investigation by Reveal from the Center for Investigative Reporting earlier this year, found that African Americans and Latinos continue to be denied mortgages at far higher rates than whites. And, according to a 2020 report from the Urban Institute, evictions are affecting Black and Hispanic people at much greater rates than whites in the same metropolitan areas.

II Homeownership

Since 1987, white homeownership rates have increased by 3.6 percent, while Black homeownership rates have fallen by 2.7 percent. Black Americans are now nearly 30 percent less likely than Whites to own a home. Hispanics and Asians, while increasing their homeownership rates faster than whites over this period, still trail by 26.1 percent and 16.5 percent, respectively.

According to the Federal Reserve Bank of St. Louis (FRED Data), the 2021 homeownership rate in Palm Beach County was 68.4 percent, up approximately 1.0 percent since 2020. The homeownership rate plummeted both in the US and Palm Beach County post-Great Recession but has gradually increased over the past several years. However, renter-occupied units have steadily increased since the Great Recession

and now represent 29.6 percent of all occupied units in Palm Beach County. The supply of renter-occupied units has increased by 18.6 percent since 2010 compared to 12.2 percent for owner-occupied units.

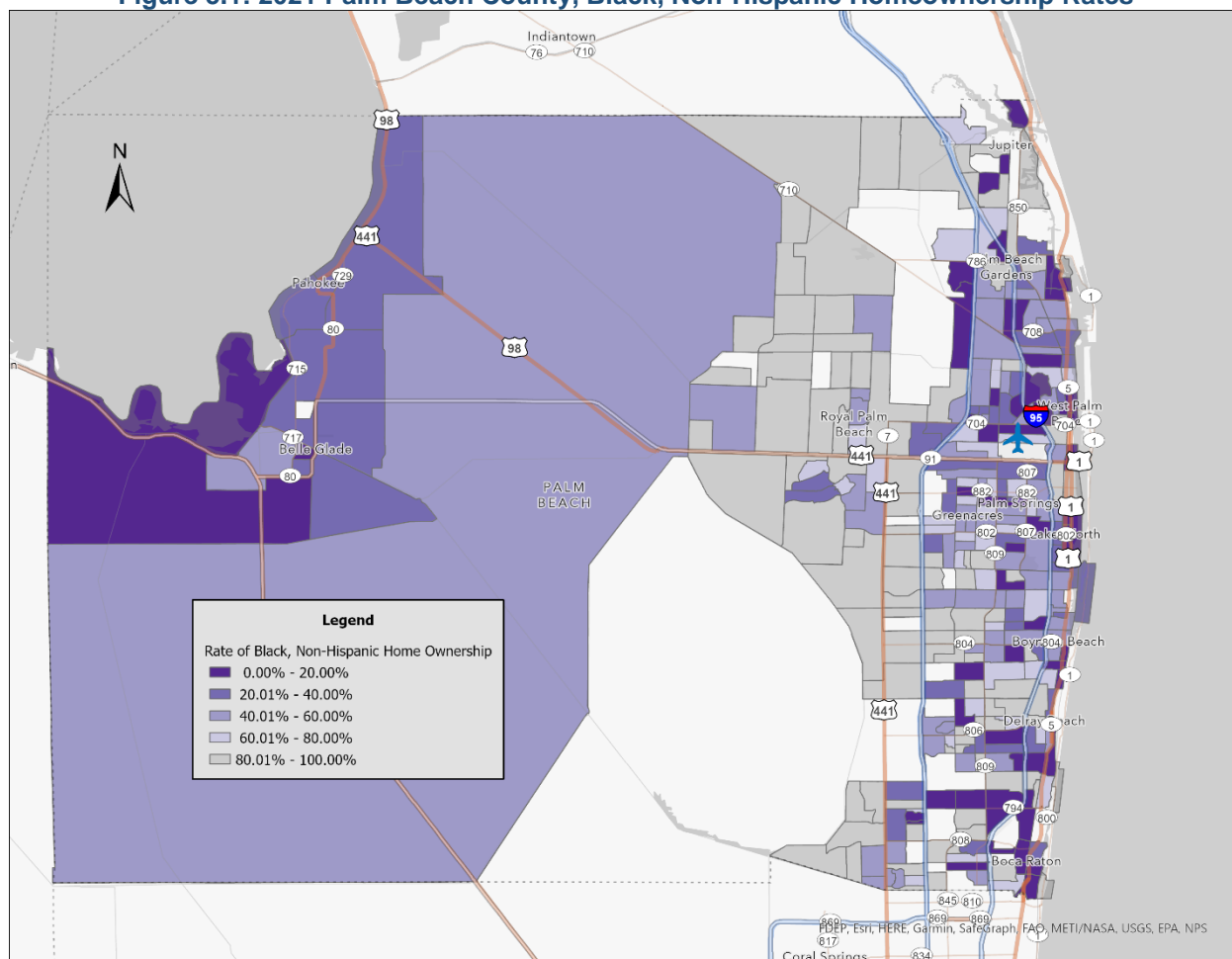
According to 2021 ACS estimates, owner-occupancy (77.3 percent) among Palm Beach County's White population is significantly higher than the county's Black or African American (52.3 percent) and Hispanic or Latino (58.7 percent) populations.

Table 5.1: Palm Beach County Homeownership by Race and Ethnicity - 2021

Housing Tenure	White, non-Hispanic		Black or African American		Hispanic or Latino	
Total Occupied Units	377,009		85,910		112,212	
Owner occupied	291,611	77.3%	44,998	52.3%	65,887	58.7%
Renter occupied	85,398	22.7%	40,912	47.7%	46,325	41.3%

Source: U.S. Census, 2021 ACS 1-year estimate

Figure 5.1: 2021 Palm Beach County, Black, Non-Hispanic Homeownership Rates



Source: Palm Beach County Situs Addresses ; U.S. Census Bureau – ACS 5-Year Estimates, 2021

While Black homeownership in Palm Beach is 25 percent less than White homeownership, the disparities are far greater in established Black communities where the largest concentrations of Black residents reside. Black homeownership is greater in more in the western areas of Palm Beach County where Blacks are more sparsely settled and have higher median household incomes than in east Palm Beach County. Black homeownership rates in these communities range from 10 to 40 percent.

III Lending Activity

Recent analysis by the Jorge M. Perez FIU Metropolitan Center of the post-COVID housing market has found the existing supply of affordable housing rapidly disappearing from the market due to rapid appreciation. At every level, the housing crisis has hit minority communities the hardest leaving home purchase much more difficult.

The Consumer Financial Protection Bureau's (CFPB) most recent Home Mortgage Disclosure Act (HMDA) report found Black and Hispanic borrowers, as in past years, had notably higher denial rates in 2020 than non-Hispanic White and Asian borrowers. Among home-purchase applications, the overall denial rates were 18.1 percent for Black applicants and 12.5 percent for Hispanic white applicants in 2020, both of which were higher than those in 2019. In contrast, the overall denial rates of home-purchase applications were 9.7 percent for Asian applicants and 6.9 percent for non-Hispanic white applicants.

According to the Urban Institute, in 2020, Home Mortgage Disclosure Act (HMDA) data showed home improvement loan applications had the highest denial rate (38.8 percent). Though they're more likely to live in older homes, more than half of Black (63.0 percent) and Hispanic (56.6 percent) home improvement applicants were denied loans to make necessary repairs and renovations. Compared with White and Asian borrowers, Black and Hispanic borrowers were also significantly more likely to be denied home purchasing loans and refinancing loans for existing mortgages that would allow them to take advantage of the historically low interest rates available at that time.

As noted in the National Association of Real Estate Brokers' "State of Housing in Black America" report, African-American homebuyers are more likely to take out "nonconventional" loans, often from the Federal Housing Authority, which require smaller down payments and lower credit scores.

In high-demand cities, homebuyers receiving housing assistance or nonconventional loans often lose out to cash offers or applicants with traditional loans. Black applicants are twice as likely to be denied home loans as white applicants. While many cities have programs to help veterans, minorities and low-income families with down payments, housing costs in many cities are now so high that even a 3 percent down payment is out of reach.

The Home Mortgage Disclosure Act (HMDA) requires most mortgage lenders located in metropolitan areas to disclose information about home lending. HMDA lending data shows us how levels of home buying are changing over time, how many people are refinancing their homes and taking out home improvement loans, approval and rejection rates for loan applications, the characteristics of borrowers, and the extent to which buyers are relying on high interest rate (potential subprime) loans.

While the exact reasons behind this disparity can be difficult to pin down, various factors likely contribute to Black borrowers' disproportionately high denial rates including lower incomes and less household wealth than members of other racial groups. The legacies of historical policies meant to disenfranchise Black homebuyers, like illegal "redlining," and other discriminatory practices — like offering a borrower worse terms on their loan because of their race — also likely contribute to the disproportionately high denial rates for Black borrowers.

A recent study by the Federal Reserve Board on how much racial bias affects mortgage lending found minority applicants tend to have significantly lower credit scores, higher leverage, and are less likely than white applicants to receive algorithmic approval from race-blind government automated underwriting systems (AUS). Excess AUS denials were particularly elevated for low-credit score Black applicants. The average credit score for Black applicants is over 40 points lower than White applicants.

According to the Federal Financial Institutions Examination Council's (FFIEC) 2020 reporting for Palm Beach County, 52.5 percent of Black or African American home loan purchase applications were denied compared to 27.4 percent of White loan applicants.

Table 5.2: Palm Beach County Home Purchase Loan Applications by Race, 2020

Applicant Race	Loan Originated	Application Denied	Other*
American Indian or Alaska Native	119	74	74
Asian	1362	529	844
Black or African American	2612	1373	1497
Information not provided by	7036	2687	4549
Missing	6	10	1
Native Hawaiian or Other Pacific	63	40	41
Not applicable	666	134	122
White	37468	10277	15769

Source: Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act Loan Application Register

*"Other" includes applications that were approved but not accepted, applications withdrawn by the applicant, and files close for incompleteness. Excludes loans that were purchased by a financial institution and pre-approval requests.

The Federal Financial Institutions Examination Council's (FFIEC) 2020 reporting for Palm Beach County also shows that 56.6 percent of Hispanic or Latino home loan purchase applications were denied. Significantly, only 851 Hispanic or Latino home loan applications originated in 2020.

Table 5.3: Home Purchase Loan Applications by Hispanic/Latino Ethnicity

Applicant Ethnicity	Loan Originated	Application Denied	Other
Hispanic or Latino	851	482	274
Not Hispanic or Latino	44510	13973	20551
Information not provided by applicant	3971	669	2072

Source: Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act Loan Application Register

Table 5.4: Palm Beach County, Home Purchase Loan Application Denial Reasons, 2020

Denial Reason	Applications Count
Debt-to-income ratio	5460
Employment history	187
Credit history	3191
Collateral	1727
Insufficient cash (downpayment, closing costs)	323
Unverifiable information	591
Credit application incomplete	2167
Other	1430
Not available	48

Source: Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act Loan Application Register

Table 5.5: Palm Beach County, High-Cost Owner Occupied Home Purchase Loans by Race, 2020

Race	High-Cost*	Non-High Cost or Unknown
American Indian or Alaska Native	4	105
Asian	20	1165
Black or African American	137	2218
Native Hawaiian or Other Pacific Islander	2	56
White	1008	32500
Information not provided by applicant	137	6144
Not applicable	2	36
Missing	1	4

Source: Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act Loan Application Register

*"High-Cost" loans are those for which lenders must report the spread between the annual percentage rate (APR) on the loan and a benchmark for a typical prime rate loan. The High-Cost category is intended to flag loans that are likely to be subprime.

Table 4.6: Palm Beach County, High-Cost Owner Occupied Home Purchase Loans by Hispanic/Latino Ethnicity, 2020

Ethnicity	High-Cost	Non-High Cost or Unknown
Hispanic or Latino	51	722
Not Hispanic or Latino	1188	38618
Information not provided by	72	2888

IV The Effects of Redlining Practice

The practice of “redlining” dates back to the creation of the Home Owner Loan Corporation (HOLC) in 1933 for the purpose of stabilizing the mortgage lending system in the nation. Between 1936 and 1939, the HOLC embarked on the City Survey Program, which led to the drawing of “residential security maps” for 239 cities nationwide. The aim was to assess the conditions loan officers should use in making loans. While HOLC might not have used the security maps for the allocation of refinance mortgages, its overseeing agency, Federal Home Loan Bank Board (FHLBB), encouraged lenders to consider neighborhood conditions before making loans. Through its monthly publication, the Federal Home Loan Bank Review, the FHLBB ran a series titled “Neighborhood Standards as They Affect Investment Risk” in which it highlighted the need to consider neighborhood conditions when approving loans.

The series outlined the process needed to create “security maps” that followed the same criteria, classification, and coloring as those created by HOLC. The residential security maps developed by the HOLC classified neighborhoods in four categories:

- A – “Best” areas, colored green
- B – “Desirable” areas, colored blue
- C – “Declining” areas, colored yellow
- D – “Hazardous” areas, colored red.

Historic redlining has been associated with higher current levels of socioeconomic disadvantage, increased social vulnerability and adverse health outcomes that are risk factors for COVID-19, illustrating the lasting impact of government supported practices of redlining on neighborhood health.

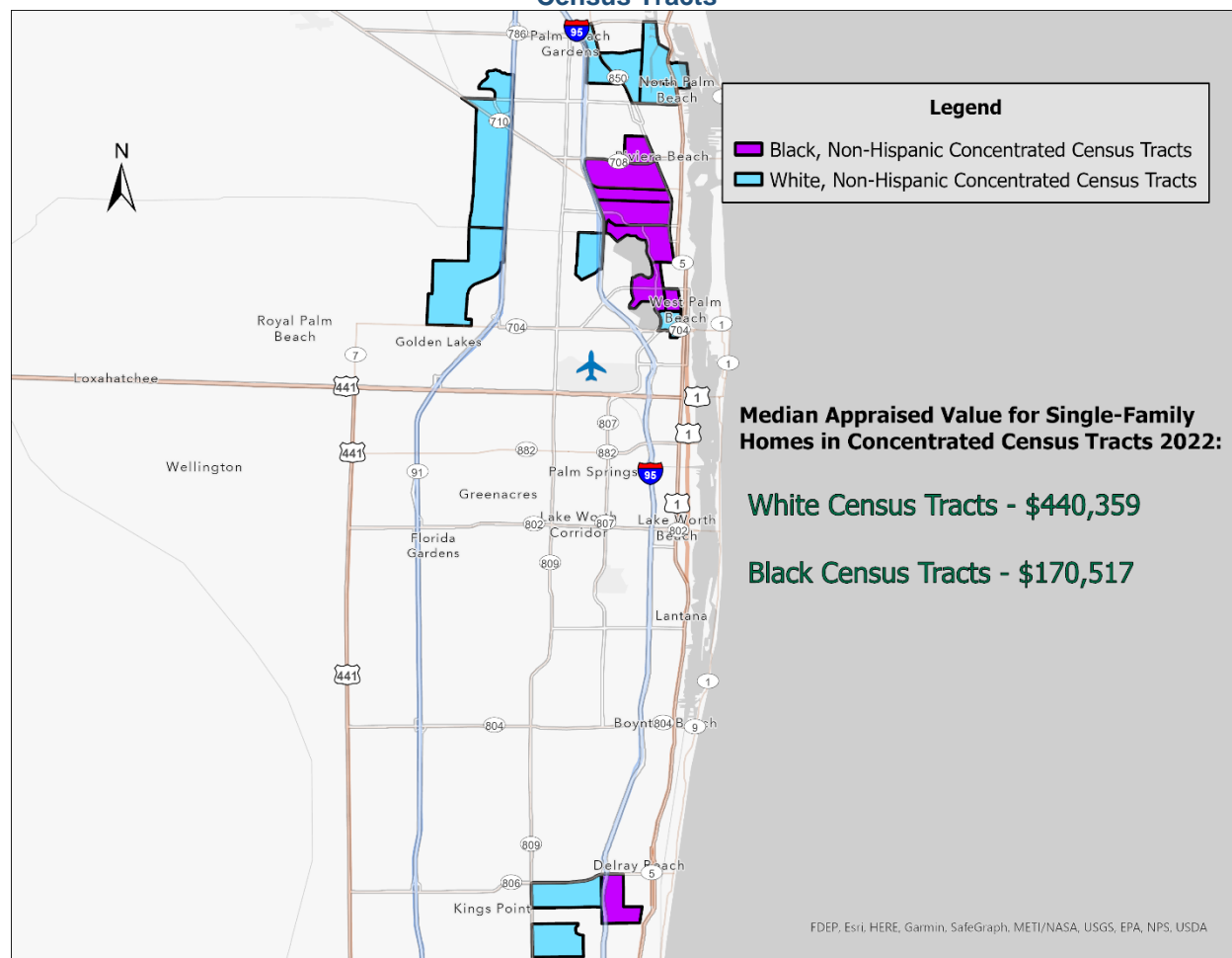
A. The Devaluation of Communities of Color

Studies have found that discrimination in appraisals exists on a systemic basis. In a groundbreaking study, researchers at Freddie Mac analyzed millions of appraisals submitted for purchase transactions and found unexplained racial disparities in the percentage of properties that received an appraisal value lower than the contract price (the “appraisal gap”). The research found that appraisal gaps are more likely to occur in Black or Hispanic census tracts than White census tracts. Significantly, as the concentration of Black or

Latino individuals in a census tract increased, there was a corresponding increase in the appraisal gap. The results held at the national level and at the Metropolitan Statistical Area level, which suggests that the results are pervasive and not limited to one geographic area. The results held even after controlling for structural and neighborhood characteristics.¹⁶

In addition to the wealth gap, undervalued home appraisals can have other significant consequences. Inaccurate appraisals can result in distortions in the loan-to-value ratio and in cancelled home sales contracts or refinancing offers. Finally, low appraisals can pose significant challenges for using home equity for advancement opportunities, such as payment for college tuition or security for small business loans. Accurate home valuations are critically important to the advancement and security of people and communities of color.

Figure 5.2: 2023 Comparison of Median Appraisal Values in Black- and White-Concentrated Census Tracts



¹⁶ Melissa Narragon, et al., Racial and Ethnic Valuation Gaps in Home Purchase Appraisals, Freddie Mac Economic and Housing Research Note (Sept. 2021) ("Freddie Mac Research Note"), <http://www.freddiemac.com/fmac-resources/research/pdf/202109-Note-Appraisal-Gap.pdf>.

According to a report by the Center for American Progress, owner-occupied homes in Black neighborhoods are undervalued by \$48,000 per home on average, amounting for \$156 billion in cumulative losses. The devaluation of owner-occupied housing makes it easier to acquire the home, but once purchased, it is unambiguously disadvantageous to the owner and occupier, who would otherwise benefit from being able to refinance, borrow, or sell at a higher valuation.¹⁷

A study by the Brookings Institution indicates that in neighborhoods where African Americans represent the majority of the population, homes are valued at about half the price of homes in neighborhoods where there are no African American residents. The devaluation of African American-owned homes is particularly evident in previously redlined neighborhoods. Further, since the peak of the housing boom, neighborhoods with a large African American population have depreciated more and have been less likely to recover than predominantly white neighborhoods.

This study analyzed 2023 appraised single-family property values in predominately Black or African communities in Palm Beach County and compared those values with nearby appraised single-family property values in nearby predominantly White communities. The analysis found wide disparities between the appraised values of single-family homes in Black and White communities.

The general age and condition of residential properties in older Black communities raises the issue of safe, decent, and affordable housing. Housing disrepair has long been an issue of environmental injustice. Studies by the Jorge M. Perez FIU Metropolitan Center have found older, unsafe residential structures are mainly located in Black and Hispanic communities throughout South Florida. Local governments have a responsibility to help with repairs because of their role to protect the health, safety, and welfare of their residents as well as the fact that housing discrimination created racial disparities in housing conditions. Although all homes need repair work over time, disrepair disproportionately affects people with the fewest resources, because maintenance is expensive. Disrepair also causes health and safety issues, as do other environmental injustices. Disrepair can also force people to leave their homes because they cannot afford repairs as making repairs can exacerbate debt. As such, owning a home, or even paying off a mortgage, does not guarantee that homes remain affordable, an asset or a safe shelter.

B. Gentrification

Gentrification is the process of improving neighborhoods to bring new amenities and increased revenue; however, in the process, the social landscape of the community changes as a result of new development.

¹⁷ Michela Zonta JUL 15, 2019Center for American Progress, Washington D.C.

Improvements in the community in the form of newly built establishments and housing attract higher income individuals, often pushing out longtime residents. The true issue with gentrification is not that it harms Black neighborhoods but that it may fail to include the residents in the changes that occur because of that gentrification.

For Black homeowners in newly gentrified cities such as West Palm Beach it is important to understand why selling your home amid new land development is likely to cause a decrease in your overall wealth. This is particularly true for Palm Beach County homeowners whose home values have increased markedly due to the investor market and paucity of housing supply and vacant land. As more market rate housing is developed and amenities are added to the neighborhood, home values will continue to increase. Black residents need to be the beneficiaries of physical improvements and new property development activity. In Palm Beach County, significant gentrification has occurred over the past several decades mainly through redevelopment activity. The redevelopment of older Black communities including Pleasant City in West Palm Beach and the West Settlers Historic District in Delray Beach have been most prominent. Other Black communities where gentrification has become a potential issue are Pearl City in Boca Raton and the Heart of Boynton in Boynton Beach.

Pleasant City is predominantly a residential community with some commercial uses along the Dixie



Vacant land in Pleasant City, West Palm Beach;
photo Jorge M. Perez FIU Metropolitan Center.

corridor. While the West Palm Beach CRA has mainly focused on residential infill and infrastructure improvement programs, market rate residential redevelopment is approaching. To date, the CRA has invested \$9.1 million in infrastructure and streetscape improvements, including the construction of a buffer wall with fencing and landscaping along the Florida East Coast (FEC) railway tracks.



Market rate redevelopment approaching Pleasant City, West Palm Beach; photo Jorge M. Perez FIU Metropolitan Center.

Affordable infill housing Coleman Park, West Palm Beach; photo Jorge M. Perez FIU Metropolitan Center.



V Affirmatively Furthering Fair Housing

The National Fair Housing Alliance's (NFHA) 2021 *Fair Housing Trends Report* documents the highest number of housing discrimination complaints since the data has been collected. Cases in the United States rose substantially in 2021 even though fewer agencies reported complaint data; this is a sign that the agencies investigating housing discrimination cases need more resources to address these critical problems.

Black or African Americans and Hispanic or Latino households are more likely than White households to be extremely low-income renters and people of color disproportionately struggle to pay rent compared to white households. In fact, 20 percent of Black households are extremely low-income renters as compared to just 6 percent of White households. Lower wages, along with historical discrimination have prevented them from owning homes and building wealth, which means they are more likely to rent and more likely to struggle affording that rent. When people struggle to afford rent, they face greater risks of instability, eviction, and even homelessness, which research links to an array of negative life outcomes such as food insecurity, poor health, lower academic achievement, and lower economic mobility.

In January 2023, the Department of Housing and Urban Development (HUD) announced a new proposed “Affirmatively Furthering Fair Housing”(AFFH) Rule. The proposed rule implements the Fair Housing Act's affirmatively furthering fair housing mandate which directs the government to promote fair housing choice, eliminate disparities in housing, and foster inclusive communities. The proposed rule is intended to streamline the required fair housing analysis for local communities, states, and public housing agencies and requires them to set ambitious goals to address fair housing issues facing their communities, among other landmark changes. The proposed rule incorporates much of the framework of the 2015 AFFH rule which was dismantled by the prior administration. The most significant change requires that states and entitlement communities would be required every five years to submit to HUD for review and acceptance an Equity Plan. That plan must be developed following robust community engagement and would contain their analysis of fair housing issues confronting their communities, goals, and strategies to remedy those issues in concrete ways, and a description of community engagement.



The Fair Housing Center of the Greater Palm Beaches (FHC) serves as a “watchdog” agency enforcing fair housing laws throughout the State of Florida. The FHC is a full service, community-based fair housing agency which provides comprehensive Fair Housing Services to residents throughout the State of Florida. The FHC works in partnership with the State of Florida and local municipalities by providing counseling and mandated fair housing services, thereby enabling them to meet their HUD mandated certification, under the Community Development Block Grant Program, to “Affirmatively Further Fair Housing”. The FHC works in partnership with the U.S. Department of Housing and Urban Development, the U.S. Department of Justice, and the Florida Attorney General Office to enforce Federal, State and local Fair Housing and Fair Lending Laws.

Fair housing rules could be used to benefit Black homeowners and buyers. The Affirmatively Furthering Fair Housing Act, which requires localities to identify and address patterns of racial segregation, can be used to buttress some of the challenges that Black and Hispanic buyers are facing. For example, the act could be used to require communities to examine the legacy of redlining and force local jurisdictions to provide remedies like down payment assistance and low interest loans to Black and Hispanic home buyers.

VI. Conclusions

The FIU/JPMC's research has focused on the affordable housing crisis and racial and ethnic equity issues throughout the State of Florida. The affordable housing crisis has magnified growing housing affordability issues dating back to the "housing bubble" of the first decade and racial and ethnic disparity and equity issues going back two centuries. These pressing policy issues have become exacerbated in recent years by Climate Change, the Great Recession, and the COVID pandemic.

The *Palm Beach County Housing Equity Study* provides a current and detailed analysis on the state of housing equity in Palm Beach County and its municipalities. Housing equity incorporates the values of inclusion, equal access to opportunity, and diversity in communities ensuring that all people – regardless of race, ethnicity, family status or disability – have a range of choices for where to live now and in the future.

The availability of quality affordable housing is critical in creating diverse and inclusive cities and counties. Affordable, safe, quality housing can provide the anchor for nearby jobs, education, transportation, and health care. This should matter to cities and counties, not just on equity grounds, but because healthier and more educated residents benefit the local economy by forming a more robust and productive workforce.

Housing equity also affects educational performance and attainment. For example, households with better affordability ratios generally have higher rates of savings, more cash, and/or higher levels of equity (in an owned home) that can be applied to education spending for their children, including college education costs. Lower housing cost-burden levels and higher quality housing leads to better family health outcomes. Households with lower cost burden rates have more income available for available for health care expenditures, including insurance, especially for low-income households. Families on the margin of home affordability are often forced to choose between health care and paying the rent or mortgage, and a single unexpected health expense can throw a family into foreclosure or eviction.

Going forward, the *Palm Beach County Housing Equity Study* provides local governments, employers, nonprofits, and institutions with the analytical platform they will need to initiate local policies, develop strategic plans, and put programs in place that will advance housing equity throughout the county. Several related housing equity topics will need immediate attention including 1) Support for Underserved Communities of Color, 2) Homeownership, and 3) Gentrification.

Support Underserved Communities of Color

Fortifying support for underserved communities in Palm Beach County is a critical first step. Fortifying support means supporting equitable community development for all people and recognizing that placemaking in communities of color is foundational for all equitable housing and economic development policies, strategies, and programs.

Support for underserved communities also means advancing housing justice including fair housing enforcement, reducing homelessness, and investing in equitable community economic development that generates wealth building for underserved communities, particularly for communities of color.

A major housing equity issue that will need to be addressed to support underserved communities of color concerns heirs' property. Heirs' property generally refers to family owned property inherited by multiple generations without the formal legal proceedings necessary to prove ownership. Heirs' property in urban areas is disproportionately found in neighborhoods with high concentrations of Black residents. In fact, heirs' property has also contributed to the pervasive racial wealth gap noted in this study.

In 2020, Florida adopted the Uniform Partition of Heirs Property Act that helps protect generational wealth by providing important protections against land loss for heirs' property owners. However, the U.S. Department of Agriculture has recognized that heirs' property has been the leading cause of Black involuntary land loss in the United States. In several Florida cities, including Jacksonville and St. Petersburg, heirs' properties have been the target of ramped-up foreclosures over unpaid code fines.

While many of the issues associated with heirs' property stem from racial segregation and socioeconomic issues, the legal title issues make it very difficult for families to get loans or other financing options to maintain and improve heirs' property. These conditions limit access to the economic value of family land since they do not have a clear, marketable title.

Homeownership

Promoting homeownership opportunities, equitable access to credit for purchase and improvements, and wealth-building in underserved communities is fundamental to equitable housing policies and programs. This will require advancing sustainable homeownership through the deployment of tools and capital that put sustainable homeownership within reach. In underserved Black communities where heirs' properties exist, assisting with financial and estate planning, probate, clearing titles, and consolidating property ownership will be necessary.

Research has found that in order to address both homeownership opportunities and support for equitable community development in underserved communities, a more integrated approach is needed that will expand homeownership, stabilize neighborhoods, and activate community economic development strategies to build wealth.

Going forward, Palm Beach County will need to identify the obstacles, challenges, and policy solutions for promoting equitable community development that generates homeownership and wealth-building for underserved communities, particularly for communities of color.

Gentrification

There is considerable debate and controversy regarding the effects of gentrification on neighborhoods and the people residing in them. While there is empirical evidence that gentrification directly or indirectly improves the financial well-being of existing residents, the distribution of the benefits is uneven. Significantly, from an equity perspective, residents in low-income neighborhoods appear to gain less from gentrification. There are several types of displacement that can occur in gentrifying neighborhoods. Understanding the nature of gentrification in a fine neighborhood and the potential level of displacement that is occurring or may occur is important. As such, Palm Beach County will first need to determine where gentrification is occurring or threatening to occur along with the following types of displacement:

Direct displacement

Direct displacement occurs when residents can no longer afford to remain in their homes due to rising housing costs. Residents may also be forced out by lease non-renewals, evictions, eminent domain, or physical conditions that render homes uninhabitable as investors await redevelopment opportunities. While displacement occurs routinely in low-income neighborhoods, when it occurs in the context of new development and an influx of wealthier residents, the displacement becomes a characteristic of gentrification.

Indirect displacement

Indirect displacement refers to changes in who is moving into a neighborhood as low-income residents move out. In a gentrifying neighborhood, when homes are vacated by low-income residents, other low-income residents cannot afford to move in because rents and sales prices have increased. This is also called exclusionary displacement. Low-income residents can also be excluded as a result of discriminatory policies (for example, a ban on tenants with housing vouchers) or changes in land use or zoning that foster

a change in the character of residential development, such as eliminating units for households without children.

Cultural displacement

Cultural displacement occurs as the scale of residential change advances. Shops and services shift to focus on new residents, the character of the neighborhood is transformed, and the remaining residents may feel a sense of dislocation despite remaining in the neighborhood.

When understood as a process rooted in the uneven treatment of particular neighborhoods and racial and ethnic groups, addressing gentrification-induced displacement requires attention to former residents who have already been displaced, current residents, and future residents. Some cities have created “right of return” or preference policies that focus on former residents or those at risk of being displaced. At the same time, it is important to ensure that in the future other low-income persons and persons of color will also be able to access the opportunities in gentrifying neighborhoods and that the scale of change does not erase key aspects of neighborhoods that allow both current and future residents to feel at home.