



ECCL

WHY WE NEED WORKFORCE HOUSING

IN THE GREATER ESTERO AREA

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By Allan Bowditch, ECCL Chief Communications officer

Introduction

In many cities across the country, it is increasingly difficult for middle-income workers to buy or rent housing in the areas in which they work. The difficulty is partly due to wages not keeping up with increasing living costs and the limited housing supply affordable to these workers. In response to limited affordable housing options in the areas where they work, many middle-income workers move to the outer fringes of a region, leading to longer commute times for the worker, higher levels of traffic, and other negative externalities for the surrounding area (Parlow, 2015¹).

Today's high demand paired with low supply has driven housing prices up and out of reach for many middle-income workers, and many local governments are exploring and implementing strategies to stimulate workforce housing creation. In a panel report published by the Urban Land Institute, ULI offered recommendations² and a detailed implementation plan to Collier County, Florida, to help the County address its Workforce Housing needs.

How can workforce housing be introduced without a "not-in-my backyard" reaction?

The term "Workforce Housing" is becoming increasingly used in affordable housing circles, but what exactly does it mean³? Many people react negatively towards the idea of encouraging "workforce housing" in their locality. This reaction is misplaced. The idea of workforce housing is undoubtedly NOT to create some ghetto that would harm the surrounding residences.

While that might have been true many years ago when local governments built, maintained, rehabilitated, and owned public housing for low-income individuals (Parlow, 2015), that is not the basis of the solutions today. Due to the demand and limited resources, governments began moving away from this approach. Instead, they now focus their efforts on engaging the private sector in workforce housing development.

Most workforce housing financing deals involve a mortgage, tax credits, and two or three other sources of money. Some of it comes from foundations, local trust funds, or state housing trust funds. Programs exist whereby developers of apartment buildings might agree to accept 10-20% of the apartments for middle-income workers where a housing fund covers the shortfall in what they would pay in rent or mortgage payments. Sometimes states or localities will give developers relief from their property taxes when agreeing to assign some of their apartments or homes for this purpose.

According to the Urban Land Institute (ULI), Workforce Housing is defined as housing affordable to households earning between 60 and 120 percent of area median income (AMI). Workforce



housing targets middle-income workers, including police officers, firefighters, teachers, health care workers, retail clerks, and the like (Parlow, 2015).

Households who need workforce housing may not always qualify for housing subsidized by the Low-Income Housing Tax Credit (LIHTC) program or the Housing Choice Vouchers program (formerly known

as Section 8). They are the two major programs in place for addressing affordable housing needs.

Some "workforce" housing programs – such as those aimed at teachers and police officers – are tied to household income and occupations or industries. There is a specific history of housing assistance for certain public-sector employees, resulting from local government requirements that those workers live within their defined jurisdiction.

While the Lee County Commissioners approved funds of \$0.5M in August 2021 for an affordable housing project in Fort Myers, these projects are often aimed at those on lower incomes. The difficulty for those median wage earners is that they are often "caught in the middle" of the various initiatives that are made available. This makes it difficult for those in the early stages of their professional careers and many others who are not defined as low-paid workers.

The Need for Workforce Housing is Considerable and Important for Local Residents to Support.

The already-high housing costs in parts of Florida have skyrocketed in recent years, making it difficult to live here for a surprising swath of occupations. And the trouble employers are having with securing talented workers impacts the quality of life even for the people who can afford the housing costs.

"We've heard from our major employers that they'll find the perfect candidate for the job, and they'll make the offer, but as soon as the candidate starts coming to look at housing, they'll say, 'We can't afford to live here,' and decline," said Jenna Buzzacco.

Laura Tichy, Florida Weekly, mentions in her recent article⁴ that almost \$25/hr. is needed to afford a modest apartment in Florida, and in certain locations, this can be considerably higher than that!

She goes on to report that Naples has the second-highest rent in Florida, thanks in part to 45% of its apartments being luxury units compared to the national average, where typically only 27% of rentals in a market are upscale. The median price for a home in Collier County was \$650,000 in October, increasing \$90,000 from a year earlier.

Ryan Bleggi, president of the board of directors of the Naples Area Board of Realtors (NABOR), noted a 76% decrease in homes on the market as compared to a year earlier, with only 1,198 homes available by the end of November, with the prices reflecting high demand amid limited supply. Ms. Cabrera said Palm Beach County rents are around \$2,500, with home prices in the \$475,000 range. According to Habitat for Humanity of Lee and Hendry Counties, rents in Lee County have increased by 45% since 2019.

Dr. Sandra Kauanui, Director of The Institute for Entrepreneurship and Professor of Entrepreneurship and Management at FGCU, Dr. Michael Baron, Professor Bower School of Music & the Arts, and other professors at FGCU, has indicated that it is a problem attracting new lecturers to the university. Firefighters, police, junior doctors, nurses and other ancillary support staff, teachers, public sector workers, and middle-income workers are similarly



affected. They are having difficulty finding homes that are affordable in the area.

Dr. Kauanui has also indicated that students often wish to stay in Southwest Florida after they graduate because of the extensive training and the resources at FGCU. This is especially true as more students continue to set their roots in the area by establishing a business. This provides an excellent opportunity for Estero and the areas surrounding FGCU to continue developing the amenities that attract a younger

population. The missing piece continues to be a need for 'startup' or workforce housing options, first homes, or apartments priced accordingly. These options would signal these burgeoning entrepreneurs that the region supports their efforts.

Only this week (January 24), Wink News reported that businesses in one area of Collier County indicated they could not find workers because that said it was too expensive for them to live there. Now, county leaders have stated they are trying to find a solution.

In the Florida Weekly article by Tiffany Esposito⁵, she states, "if we don't fix this growing housing issue, we are making it impossible for our workforce to stay here."

The consequence of this genuinely concerning situation is that the infrastructure that helps ensure our safety, health, high standard of education for our children, ability to enjoy local restaurants, etc., is in jeopardy. Without a concerted effort to address this problem, there will be a negative effect on our quality of life. It is unrealistic to think that this situation will resolve itself.

Unfortunately, as Laura Tichy points out, solving housing issues is not a swift process as new housing cannot be built quickly, and local zoning factors into the situation.

But some are trying to assist!

Gorman & Company was founded in 1984 to develop, syndicate, and manage multifamily housing properties. Gorman & Company has become one of the largest and most respected multifamily development firms in the area. The company has been ranked among the Top 10 Affordable Housing Developers by Affordable Housing Finance. With over 120 community revitalization projects in the portfolio,



Gorman & Company has experience developing some of the nation's highest quality affordable housing and neighborhood revitalization projects. They work closely with local governments and municipal groups to help cities meet their development, planning, economic and social goals⁶.

In discussion with Allan Bowditch, Chief Communications Officer of the ECCL, a company spokesperson, stated, "In order to address the affordable housing issues out there, we have employed a variety of methods depending on what is appropriate for the community in which we are working.

We utilize 4% and 9% state tax credits to develop affordable units and develop workforce housing units and mixed-income mixed-use projects. We utilize resources that are available

from state and federal funds to local sources such as dedicated sales tax revenue funds, CDBG, TIF, impact fee waivers, land donations, and others."

Another option is Inclusionary housing programs, which are local policies that tap the economic gains from rising real estate values to create affordable housing for lower/middle income. An inclusionary housing program might require developers to sell or rent 10 to 30 percent of new residential units to those who would not otherwise afford to live there⁷. A bill initiated in the Senate addresses this issue of assigning about 10-20% of new developments as affordable housing. Senator Bradley is championing the initiative, and it appears it is supported, which could help it pass this year.

There is a Section 8 program that should be investigated. (Section 8 relates to both affordable and workforce housing.) It is a department of Housing and Urban Development (HUD) program that allocates vouchers through the local housing authority and whatever market that project is in or where the tenant may want to live. The Section 8 program provides a voucher to a family in the same way that most housing authorities issue vouchers. They have waiting lists of families needing housing help through government programs.

Esposito, SWFL Inc., suggests a clear need for more market-rate solutions to assist those workers discussed earlier. Some options are to: -

- 1) Allow for more density
- 2) Remove restrictions like building heights
- 3) Streamline the permitting and approval process to reduce the time it takes to build and thus reduce the project's cost
- 4) Allow for creative solutions like horizontal apartments and add things like accessory dwelling units

The issue she points out is one of supply and demand. "We need to encourage more supply than there is a demand to drive prices down."

Some other interesting creative options which could be considered in some parts of Florida include

- "Boxabl" from Casita. (a 375 sq. ft accessory dwelling unit (ADU) delivered with a full-size bathroom, kitchen, appliances, and tall ceilings with big windows for under \$50k) <https://www.boxabl.com/>
- 3D printed houses from ICON. <https://www.iconbuild.com/projects>
- Renovating old hotels and motels to create more homes
- Renovating indoor retail spaces and malls into mixed-use

Future urban planning should consider creating walkable neighborhoods, reducing cars in neighborhoods, and adding commercial space into residential living.

Michela Zonta, a senior policy analyst for Housing and Consumer Finance Policy at the Center for American Progress, makes a similar point to earlier concerns. Regional and local economies cannot function without the ability to house lower affordably- and middle-income workers who are essential to the infrastructure to ensure a rapid economic recovery after the COVID-19 pandemic and continued economic improvement.

The ECCL favors initiatives that aim to overcome the difficulties faced by many who support our growing infrastructure and the amenities that we enjoy. Failure to address this issue will affect our quality of life as we know it in the longer term.

Acknowledgments

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Recommended reading: [Golden Gates by Conor Dougherty](#). It documents the San Francisco Bay area housing market beginning in the early 1960s, and how it became the crisis it is today. It is a cautionary tale of where things might head if workforce housing issues are not addressed.

You might like to watch: The outstanding documentary on HBO Max called "Dream the Future." The first two episodes are focused on innovation in urban development

If you're looking for a more entertaining option, there is an amazing documentary on HBO Max called [Dream the Future](#), and the first two episodes are all about innovation in urban development and housing. I also highly recommend the book

Last fall, the Senate had a detailed workshop on solving housing issues (see the [recording here](#)). You can read about it here: [SB962](#).