There's No Place Like HOME?

Two out of five households are struggling under housing costs. Housing affordability for essential employees and seniors is projected to become a crisis as Collier County’s population continues to increase.

By the Richard M. Schulze Family Foundation

When you're shelling out most of your paycheck just to keep a roof over your head, what's left in your wallet? It's a question two out of five households in Collier County ask each day.

Forty percent of all Collier County households (58,685) are considered “cost burdened”—paying more than 30 percent of their gross income on housing costs. Of these, 29,342 are considered “severely cost burdened,” spending more than 50 percent of their gross income on housing expenses.

This hasn’t gone unnoticed to the 40,000 people (17.4 percent of the workforce) who commute daily from outside of Collier County because they can’t afford to live near their jobs or in this community.

Cost burdened residents, both homeowners and renters, have little remaining in their wallet to cover a car break-down or medical crisis, or save for college or retirement. They have a tight budget for buying basic necessities, such as food, gas and clothing, let alone splurging on dining out and entertainment—expenditures that fuel the local economy. "They" are everyday people we all count on: teachers, paramedics, law enforcement, entry-level and nonprofit professionals, service industry workers, and medical and healthcare staff.

As Collier County’s real estate market has steadily soared skyward since the Great Recession ended in 2011, the inventory of affordable and workforce housing has steadily declined. By the end of 2017, the median single-family home sales price in Collier County was $434,900, while the statewide median was $237,500. Lee County’s was $243,500, according to Florida Realtors. Local condos and townhouses were $273,700 but the statewide average was $274,500. Meanwhile, rents have been on the march: A two-bedroom in 2017 was $1,195—almost 15 percent higher than the previous year. This squeezes out an entry-level registered nurse or patrol officer, whose starting salary allows for a $1,175 affordable monthly rent. Recently, Collier County was named the second-fastest-growing luxury real estate market in the country by Realtor.com.

"Current renters trying to purchase a home have difficulty finding a home within their purchase price," said Darlyn Estes, human resources director for the Collier County Sheriff’s Office. For couples with two incomes, “it’s a little frustrating when the average house is $450,000 to try to save up for a down payment. They become severely cost burdened and work lots of overtime. You don’t want to be in that situation; it’s precarious. Overtime is not guaranteed.”

When Estes says that housing costs have “been a big topic around here for a few years—it’s nothing new,” the 23-year sheriff’s office veteran is on target. Almost 18 percent of the department’s 1,232 employees live outside of the county. “It’s on both sides: For people looking to purchase a home, it’s out of range. If they’re looking to rent, they can’t find anything available. Inventory is tight.” She’s right again: Rental vacancies in multi-family buildings are at a very low 2 percent, according to recent findings, “indicating a significant unmet demand for rental housing options.” For those who find a house or apartment to rent, an estimated 52 percent are cost burdened, while 25 percent are severely cost burdened.

People who work in sectors that make up more than 50 percent of all jobs in Collier County are at risk of being cost-burdened.
Community-wide efforts to put housing under the microscope have been in the works since 2014. The Collier County Board of County Commissioners (BCC) held affordable housing workshops in March of 2015 and 2016, when it launched the Collier County Community Housing Stakeholders Group and paid for an advisory panel study by the Urban Land Institute (ULI) to hone in on the obstacles and solutions to the problem. The ULI's report was released in early 2017, stating, “Collier County absolutely has a housing affordability problem. It is not a crisis yet, but if housing is not addressed, the panel believes that it will become a crisis. Given the growth projections for the county, the panel believes this problem will occur far sooner than expected.” The county is expected to add 58,000 households by 2040.

As required by state law, Collier County “must plan for the provision of housing for all current and anticipated future residents,” according to Florida statutes. “Basically, it’s part of the state’s growth management statutes, providing water, sewer, storm water, health, safety—and housing is one of those things,” said Cormac Giblin, Collier County’s housing and grant development manager.

The Board of County Commissioners approved the creation of the Community Housing Stakeholders Group in 2016, which included more than 35 members representing a broad coalition: major employers; developers and real estate professionals; non-profits; advocacy groups; and government liaisons. It held more than 50 regular and subcommittee meetings and five public hearings. Based on these meetings and the ULI recommendations, the Collier County Community Housing Plan was released in October 2017.

The immediate need for affordable housing is also highlighted in the 2017 Collier County Community Needs and Assets Assessment, funded by the Richard M. Schulze Family Foundation to identify and quantify the community’s positive attributes, as well as its problems. The Schulze Family Foundation is hosting a community forum to discuss workforce and affordable housing on Monday, Sept. 10, at 5 p.m. at the Headquarters Library on Orange Blossom Drive in Naples.

To dig even deeper this year, the Community Foundation of Collier County paid Ability Housing, Inc., a nonprofit developer, to analyze certain county-owned land and other factors to determine the feasibility of developing those sites for workforce housing. “The Community Foundation and Schulze Foundation, we’re looking at, ‘What are the possibilities here?’ said Community Foundation of Collier County President/CEO Eileen Connolly-Keesler. “We clearly don’t have what we need in this county, especially for essential employees to live. The Community Foundation paid for the study to see if we can get our arms around this. How do we deal with it?”

Experts say that a lack of affordable housing weakens the fabric of the community when people who come and go for work don’t live close enough to volunteer for local churches or nonprofits, to assist recovery efforts following a natural disaster and participate in educational and civic activities. They may not shop locally, and they certainly don’t pay property tax. They may choose not to relocate here or take a job altogether. For these reasons, it could ultimately have a detrimental rippling effect on the local economy.

The cost of a home or rent doesn’t completely define the problem; it is directly tied to annual area median household income (AMI). The AMI is adjusted every year. For 2018, the AMI in Collier County is $75,000, according to Giblin.

Whether a household is above, at or below the AMI depends on how many people live under the roof. Those living at half, or 50 percent of the median income, rank as very low-income, while those at 80 percent are low-income. Moderate-income housing is affordable to those making between 81 percent and 115 percent of the AMI. A single person making $37,500 would fall into a “gap,” where their income appears decent but it may still not cover an affordable monthly housing cost. And that’s not uncommon in pricey locales. “Even people who make an above-moderate income can’t find available product they can afford,” Giblin said.

“Affordable” doesn’t mean run-down, industrial-style complexes—“projects” that some quickly envision. “What is really being talked about is housing affordability,” notes the ULI. And this is a real challenge when you consider that the employment sectors with salaries that place employees most at risk to become cost burdened represent more than 50 percent of the local labor force, according to the ULI.

The average cost of a new home in the town of Ave Maria is $300,000—below last year’s median home sales price in Collier County of $434,900.
Collier County 2018 Income Limits and Rent Limits

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The U.S. Department of Housing and Urban Development (HUD) publishes AMIs annually. AMI is used to determine the eligibility of applicants for most housing assistance programs.

Who is cost-burdened in Collier County?

Those in job sectors that make up more than 50 percent of all jobs in Collier County

PUBLIC SAFETY
Paramedics, Firefighters, Law Enforcement

HEALTH CARE
Nurses, Nursing/medical assistants, Support Staff

EDUCATION
Teachers, Teacher Assistants, Support Staff

SERVICE WORKERS
Wait and Hotel Staff, Retail/Trade Salespeople, Golf Course and Landscape Maintenance

ENTRY/MID-LEVEL
Bank Tellers, Government Employees, Administrative Assistants

Ask private and government employers how the lack of affordable housing is impacting their workforces, and they will tell you they are offering highly competitive salary and benefits packages, and sometimes housing incentives. There’s only so much wiggle-room recruiters have within established budgets, and salaries can only go so high. When Arthrex decided to build a new manufacturing plant in North Carolina, one of the reasons it cited was lack of affordable housing—becoming a lost job-generator here.

At the same time, unemployment rates are at historic lows, giving job-seekers the advantage. The Naples Beach Hotel & Golf Club was short-staffed this summer, unable to fill all open positions. What will happen during high season? General manager Jason Parsons said that many in the hospitality and restaurant industries are driving a half hour or more to get to their jobs in Naples. Parsons worries that in-town establishments will continue to find it difficult to find all manner of help—managers, servers, housekeepers, groundskeepers and engineers—because those traveling from Charlotte and Lee counties have plenty of opportunities closer to home. "It’s going to be difficult to get them to travel 30, 40, 50 minutes to get to work in season, when they’re passing other job opportunities along the way. Lee County is growing and growing. They don’t need to come to Naples anymore," Parsons said. "People need to provide for their family and are looking for a job. It only makes sense to cut down on travel time and the cost of travel."

The Collier County Community Housing Plan agrees with Parsons’ assessment. "The inconvenience and cost associated with commuting" results in traffic congestion and automobile emissions, it says, while "providing access to housing close to jobs" can increase leisure time and reduce commuting costs that cut into take-home pay.

Forty-five percent of the Collier County Emergency Medical Services (EMS) employees live outside of Collier County, mainly in Lee, Charlotte and Hendry counties, said Collier County EMS Chief Tabatha Butcher. EMS requires employees to live within a 60-mile radius of its headquarters, so most new hires are already living somewhere nearby. But it was a different case when Butcher was trying to fill a $90,000 position for a helicopter pilot after the department lost two pilots to attrition. "We’ve had such a challenge filling those vacancies," she said. The recipient of an offer “did turn it down because of affordable housing. Once he started looking around, he said he couldn’t afford to live here.”

NCH Healthcare System has a little more than 4,500 employees, including contract staff. About 26 percent live outside of Collier County. NCH Human Resources Director Renee Thigpen said the system hires an average of 1,400 annually. For critical areas of need, bonuses and relocation reimbursement may be offered. "Affordable workforce housing is a concern for us. If we can’t hire the people and bring them here because they have no place to live, it affects our business and the service we provide to the community," she said.

The hospital used to provide its own apartments to many of its 250 regular, seasonal employees, though the apartments are no longer available. Ten apartments leased by the hospital today are generally used for medical residents. Now, many seasonal employees are offered a $2,000 housing stipend per month. Most are registered nurses, physical and respiratory therapists. “It’s hard to find housing for that in our area,” Thigpen said. “These folks often need furnished apartments. Sometimes they buddy-up and share apartments or go out of the community to find one.”

Collier County 2018 Income Limits and Rent Limits

Area Median Household Income (AMI): $75,000

Housing Income Limit by Number of Persons in Household

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Source: Urban Land Institute
In the 2017 Opportunity Naples study, community members noted that those in the “middle” couldn’t afford places to live and this could be a challenge to diversifying our workforce.

The Community Needs Assessment highlighted those concerns. Citizens are still worried that housing costs are driving middle-class workers out of Collier County. And nearly two-thirds of survey participants said available housing options considered “affordable” are far and few between.

At the Chamber, we hear from employers who say housing is often a barrier to recruiting and retaining talent. We hear concerns about how housing employment offers because of housing sticker shock. Workers comment on how long commute times, and employers are concerned over brain drain because of the limited housing options for future Neapolitans.

These issues aren’t unique. Communities across the country are trying to answer the same question: How do we overcome housing affordability challenges?

We are working with community partners to create sensible solutions for Collier County. Chamber staff have participated in, and supported the efforts of the Collier County Housing Stability Committee and the Affordable Housing Advisory Committee. And we have worked with the Collier County Board of County Commissioners to adopt, with some modifications, the Community Housing Plan.

The housing plan recommended expediting the permitting and approval process, allowing cost-saving modifications to architectural and fine-tuning the impact fee program. But administrative changes won’t be enough to encourage the development of rental and single-family housing that is cost-attainable.

There is a cost associated with building and expediting workforce housing, and we support efforts to incentivize development. But it would be necessary for a multitude of users. We’re of the opinion that creating a wide variety of housing and financing options should be a broad public responsibility and should not be funded through homeownership-based taxes and fees.

Collier County is attempting to address housing affordability through the seven-year, one-cent infrastructure sales surtax on the county-owned properties.

The Naples Senior Center helps clients with financial and food assistance, case management, and simply helping them find housing elsewhere. Faffier said that other communities have successfully built a Senior housing outside of the town center connected to the local transportation system. “It can be built a little out of the mainstream, and you put infrastructure around it. It costs money but we have to take care of our seniors,” she said.

Many senior center clients don’t have family nearby. Some are couples living by together. “The poverty that agencies see...those people paid their dues and they worked their entire lives, and never thought they’d be in this situation,” she said. Isolation, with the cost of living outgrowing their ability to afford where they are aging in place “is the pervasive problem facing seniors,” Faffier said.

According to a study by Florida Gulf Coast University, poverty and the need for federal food assistance for those aged 60 and over in Collier County, Bonita Springs and Estero increased significantly between 2000-2005 and 2005-2010 due to population increase “likely coupled with increased costs of living.”

By 2040, the Florida Bureau of Economic and Business Research projects a 49.4 percent increase in the 60-plus population.

Fifty-eight-year-old Irma Valdez, and her husband, Silverio, made the final mortgage payment last year on the three-bedroom home they bought for $42,000 through Habitat for Humanity of Collier County in 1997. The couple, with two sons, turned to Habitat after they were forced to leave their Bonita Springs trailer park after it flooded in epic summer storms and lived with relatives until they were forced into apartments they could not afford.

With retirement ahead, “It’s a peace of mind. I don’t know where we would be without this house,” Irma Valdez recently said. “It feels so good. We’re going to have some extra money and save it. Nobody can kick me out of here. It’s my house.”

Affordability Challenges? housing affordability has increased exponentially because of rising living costs.