



Phase One Report

A presentation
for the
City of Naples CRA Board

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Scope of Work

PHASE I – INVENTORY & ANALYSIS (30-60 days)

Task 1 – Assisted Inventory Assessment & Gordon River Apartments Analysis. This element will be completed by Bright, Catalyst, and Shimberg. Task 1 reporting elements are anticipated to include:

- **Community outreach and engagement**, including Gordon River Apartments resident meeting,
- Characterization of **current Assisted Housing Inventory** with income / affordability requirements by name and location, number of units, household and income levels served, affordability restrictions remaining, and **strategies for retaining affordability** in the future,
- Characterization of **lost (previously restricted) Assisted Housing Inventory** where income / affordability requirements have expired, by name and location, number of units, household and income levels served during and since affordability restrictions, and **strategies for retaining or renewing affordability** in the future, and
- **Financial analysis of options** for acquisition and rehabilitation or redevelopment of **Gordon River Apartments**, based on estimated rents and costs using current market prices to produce rough order of magnitude proformas for several possible cases:
 - Rehab of existing units,
 - Redevelopment at currently entitled (lower) density,
 - Redevelopment with the same number of units, and
 - Redevelopment with more units, as part of an overall housing affordability strategy.
- *Deliverables: Resident meeting. Database of current and lost Assisted Housing Inventory. Proformas comparing Gordon River Apartments scenarios.*
- PHASE I OUTPUTS: Presentation (virtual or in-person) of inventory and analysis, with a written report.

Community Meeting: Background

- Tues May 25, 2021 at 6pm, River Park Community Center
- Frank Wells and Traci Blue (via Zoom) of Bright Community Trust
- Jeff Oris, Interim CRA Manager, City of Naples CRA
- Total of 37 attendees
 - Several CRA and CRAAB current and former members
 - Community residents, including local pastor
 - Representatives from Collier County, Habitat for Humanity, and NAACP
 - Fox news 4 recorded and did several interviews afterward

Community Meeting: Major Takeaways

- Acknowledging history of racism in the community
- How do land trusts work – could that promote homeownership?
- Gordon River Apartments
 - Need to be gutted or totally redeveloped
 - Phased construction to minimize resident displacement
 - Options for what to put on the site, supportive of greater density, 3-4 stories height
 - Preference for mixed-income housing rather than all lower income
 - Priority over other development projects
- Lack of housing options for essential workers
 - Getting harder to own
 - Especially those near retirement age
 - Want to be able to leave something behind for children



The Florida Housing Data Clearinghouse provides public access to data about housing needs and supply, subsidized rental housing, and household demographics in Florida communities.

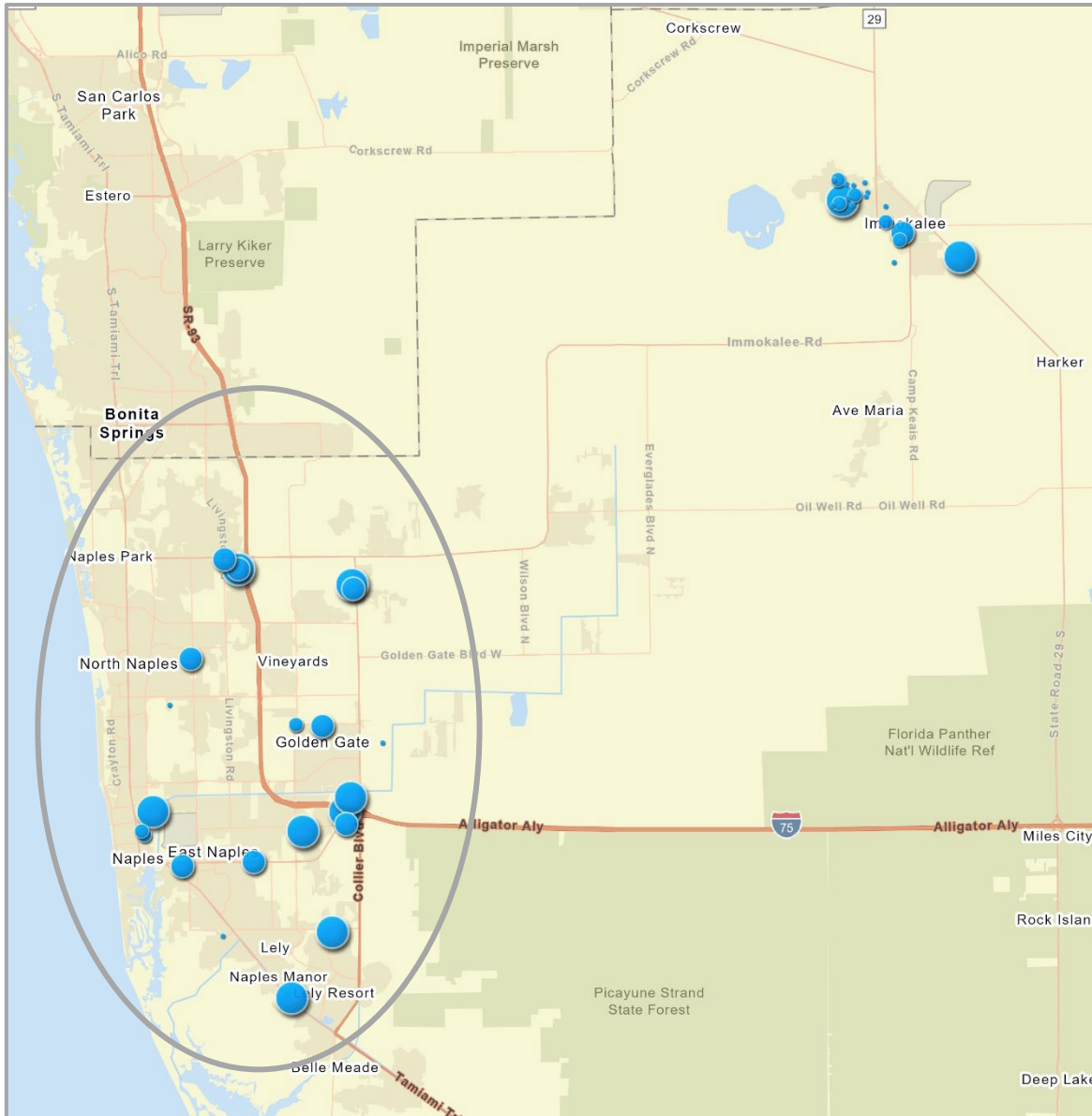
Greater Naples Assisted Housing Inventory

Anne Ray

Shimberg Center for Housing Studies

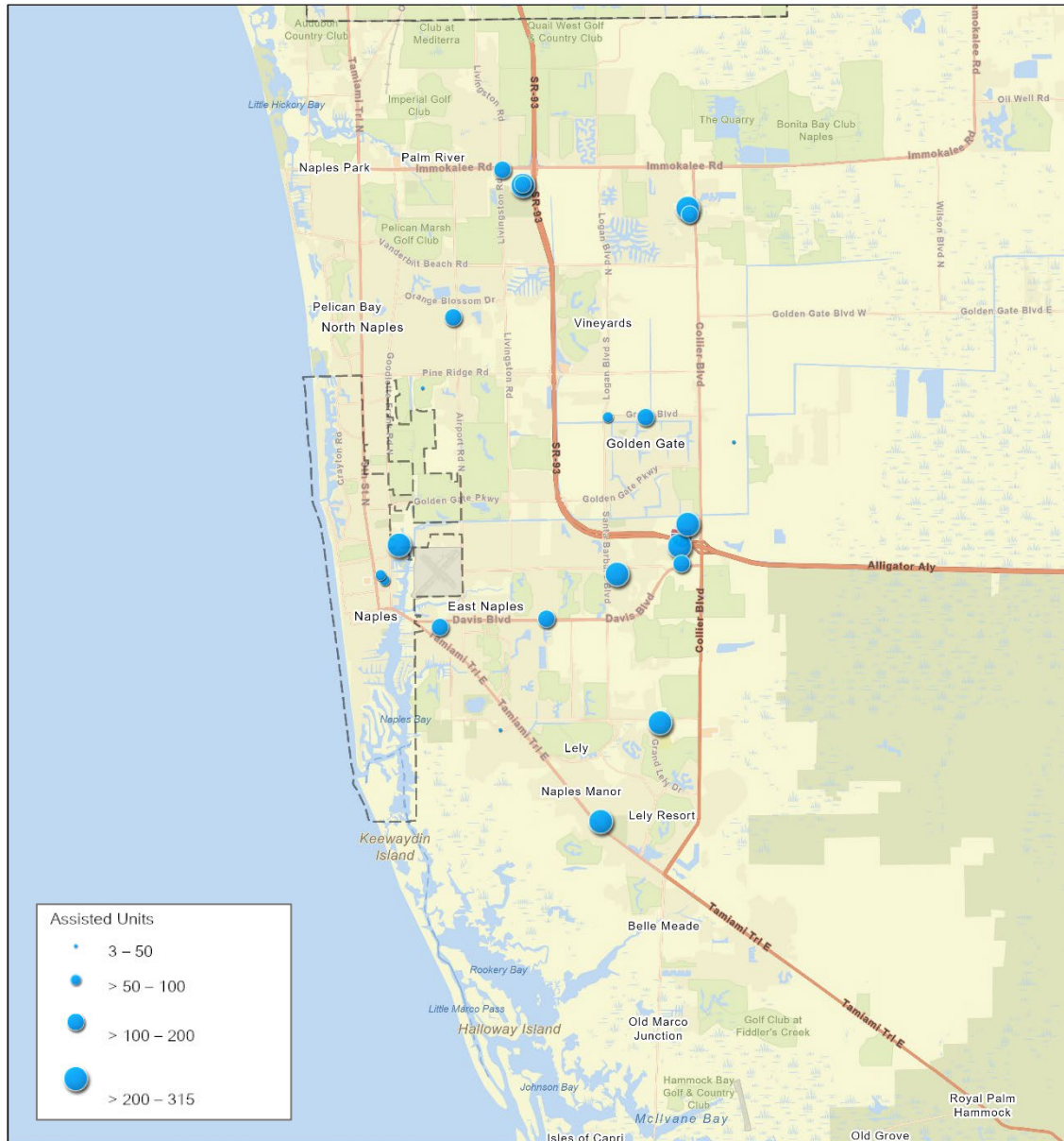
June 10, 2021

What is assisted housing?



- ▶ Affordable multifamily rental developments; approx. 1/5 of multifamily rental in Collier County
- ▶ Privately owned by for-profit and non-profit corporations
- ▶ Subsidized by Florida Housing Finance Corporation, HUD, USDA Rural Development, Housing Finance Authority of Collier County
- ▶ Rent and income limits in exchange for subsidies
- ▶ Two clusters around Naples and Immokalee
- ▶ Focus on Greater Naples cluster

Greater Naples Assisted Housing Inventory



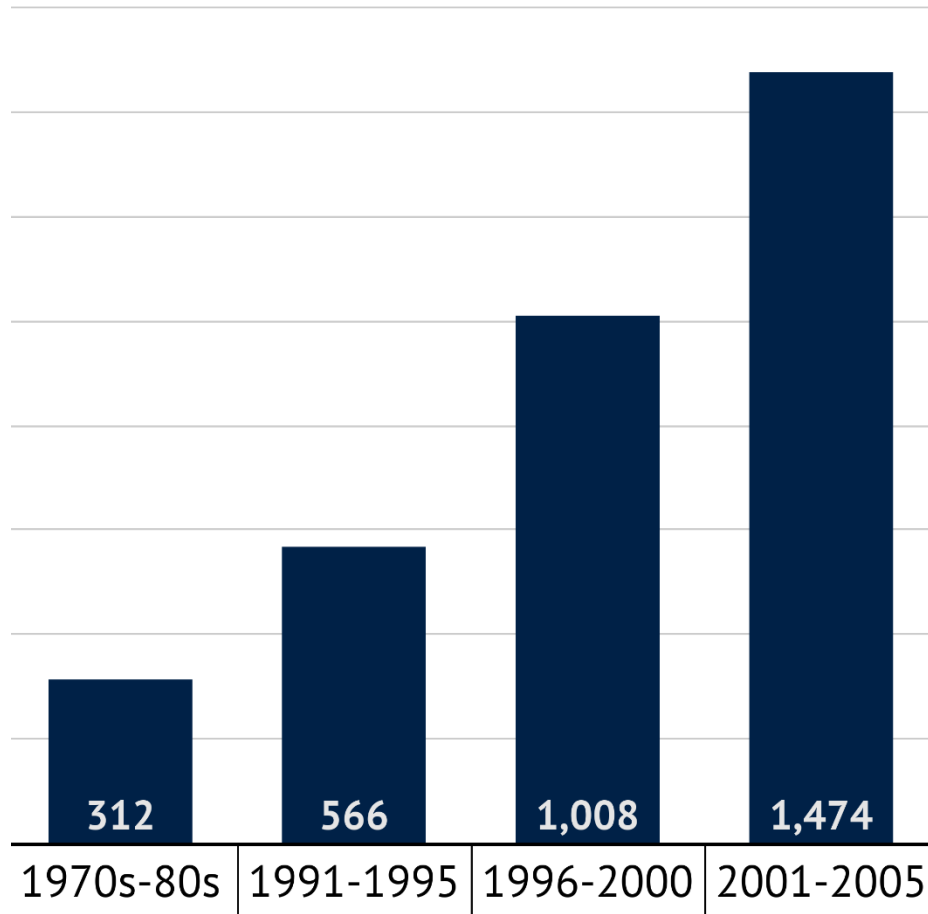
- ▶ 18 properties, 3,392 affordable units
- ▶ Most are Florida Housing LIHTC developments
- ▶ 2 properties with 142 units inside Naples city limits:
 - ▶ George Washington Carver Apartments
350 10th St. N
 - ▶ Jasmine Cay
100 Jasmine Circle



catalyst
community capital

Assisted housing is newer than the overall multifamily inventory, although the assisted inventory has not grown in recent years.

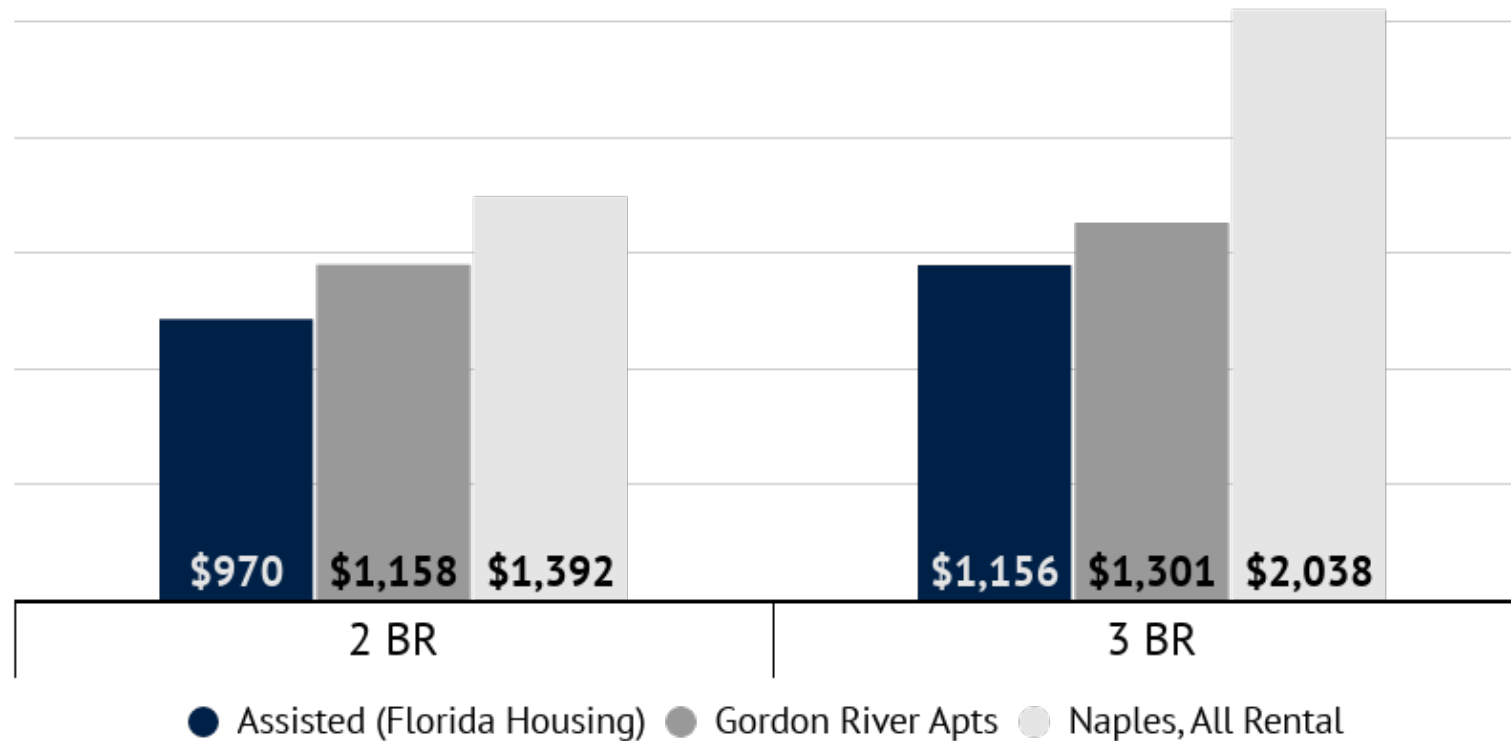
Assisted Units by Year Built/Funded



- ▶ Most assisted housing was built 1996-2005.
- ▶ In contrast, half of Collier County's multifamily stock was built before 1989; Gordon River Apartments were built in 1969.
- ▶ The area has not added assisted housing since 2005.
- ▶ Two projects are in the Florida Housing pipeline (1 rehab, 1 new construction)

Rents in assisted housing are more affordable than in the surrounding community.

Average Gross Rent, 2 & 3 Bedroom Units



Context: a full-time worker at Collier County's median wage (\$17.53) can afford \$912 per month for rent.

Sources: Florida Housing Finance Corporation; U.S. Census Bureau, 2015-2019 American Community Survey; Florida Department of Economic Opportunity. Affordable worker rent assumes 30% of income spent on housing. Assisted and all rental include estimated utility costs; Gordon River rent only.

Assisted housing units serve a mix of single adults, families, and seniors.

Demographics

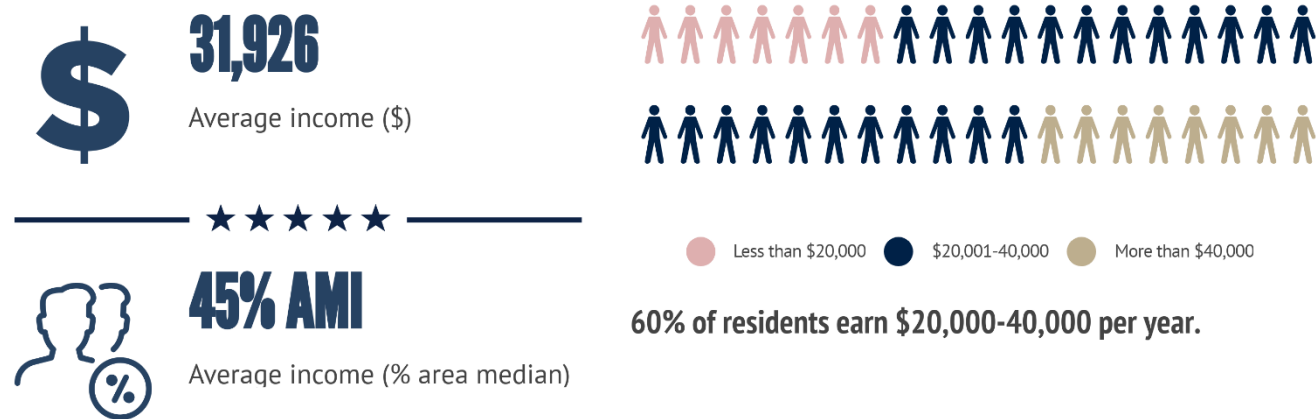


Nearly half of households have 1-2 members (48%).
Most of the rest have 3-4 members (41%).

- ▶ Nearly all properties are “family” (general occupancy).
- ▶ 1/4 of residents across properties are age 55+, but only Goodlette Arms is reserved for seniors even though SW Florida has state’s highest share of low-income, cost burdened senior renters.

Assisted units serve households working in low and moderate wage jobs.

Income



- ▶ Most Florida Housing units serve households with incomes \$20,000-40,000.
- ▶ This is in line with typical working household incomes in the area:
 - ▶ Median renter income in Naples is \$45,085
 - ▶ A single median wage worker in Collier County earns \$36,462
 - ▶ Two full-time minimum wage workers earn \$35,610

The assisted housing inventory is a valuable asset in need of preservation and recapitalization to preserve affordability.

- ▶ 3 LIHTC developments with 458 affordable units will exit rent and income restrictions by the end of 2030.
- ▶ This is in addition to nearly 1,000 units that exited the assisted inventory between 2009 and 2015 due to subsidy expirations, market-rate conversions, and foreclosures.



280 Unit Mixed-Income 80/20 (Market/Affordable)

Option 1: Redevelopment of property as a 280-unit, mixed-income residential apartment community. The redeveloped property would include 224 market rate apartments, and 56 units set aside for people earning 50% or less of the area median income (AMI). The property would include amenities and features, including “smart home” technology in every unit, urban courtyards, resort style pool, state-of-the art fitness center, car charging stations and a pet park. In order to accommodate this density on the 3.35-acre site, a structured parking garage will be required.

In order to make this option economically feasible, a developer would need to receive the following economic incentives:

- 4% LIHTC for the affordable units
- \$8,000,000 cash contribution from city/CRA
- \$250,000 annual TIF rebate for 15 years
- Rezoning of the site to allow for the increased density

280 Unit Mixed-Income 80/20 (Market/Affordable)

Mixed Income						
Unit Description	No. of Units	Pct. Of Project	Gross S.F./U	Living S.F./U	Total Gross (S.F.)	Total Living (S.F.)
Studio	50	18%	540	540	27,000	27,000
1 BR/1 BA	35	13%	750	600	26,250	21,000
1 BR/1 BA	75	27%	750	650	56,250	48,750
2 BR/2 BA affordable	26	9%	980	900	25,480	23,400
2 BR/2 BA v2	30	11%	1,080	980	32,400	29,400
2 BR/2 BA v3	20	7%	1,185	1,061	23,700	21,220
3 BR/2 BA	14	5%	1,300	1,200	18,200	16,800
4 BR/2 BA affordable	30	11%	1,450	1,300	43,500	39,000
Amenities and Common					34,877	6,000
Totals	280	100%	881	904	287,657	232,570

80/20							
Unit Description	AMI	No. of Units	SF	Gross Rent	Utility Allowance	Total Rent Per Mo.	Annual Rent
Studio	Market	50	540	\$ 1,500.00	\$ -	\$ 75,000	\$ 900,000
1 BR/1 BA	Market	35	600	\$ 1,650.00	\$ -	\$ 57,750	\$ 693,000
1 BR/1 BA	Market	75	650	\$ 1,700.00	\$ -	\$ 127,500	\$ 1,530,000
2 BR/2 BA affordable	50%	26	900	\$ 926.00	\$ 160	\$ 19,916	\$ 238,992
2 BR/2 BA v2	Market	30	980	\$ 1,900.00	\$ -	\$ 57,000	\$ 684,000
2 BR/2 BA v3	Market	20	1,061	\$ 2,100.00	\$ -	\$ 42,000	\$ 504,000
3 BR/2 BA	Market	14	1,200	\$ 2,350.00	\$ -	\$ 32,900	\$ 394,800
4 BR/2 BA affordable	50%	30	1,300	\$ 1,193.00	\$ 200	\$ 29,790	\$ 357,480
Totals		280				\$ 441,856	\$ 5,302,272
Weighted Average				\$ 1,664.88			

280 Unit Mixed-Income 80/20 (Market/Affordable)

PROJECT COST SUMMARY

Land Cost	\$	14,500,000
Building & Soft Cost	\$	65,015,867
Total Development Cost	\$	79,515,867
LIHTC Eligible Costs	\$	19,795,233
Cost Basis for Tax Credits	\$	25,733,803
Total Development Cost Per Unit	\$	283,985
Adjusted Cost (after credits)	\$	222,327

PROGRAM ELIGIBILITY

DDA or QCT	Yes
NMTC Eligible	Yes
Opportunity Zone	No
CRA Area	Yes
Medically Underserved Area	Yes
USDA Eligible	No
TIF District	Yes
Disaster Relief Area	No
CDBG Priority Area	Yes

DISTRIBUTIONS AND ALLOCATIONS

Cap Rate		5.00%
NOI Yr 15	\$	3,601,630
Stabilized Value	\$	72,032,598
Less Balance at Yr 12	\$	(44,484,547)
Net Sale Proceeds	\$	27,548,051
Less Selling Cost (1.5%)	\$	(1,080,488.97)
Imputed Equity	\$	26,467,562

PROPERTY PROFILE

Affordable Units	56
Total Units	280
Affordable as % of Total	20%
Living SF	232,570
Surface Parking	No
Construction Type	Block and Plank
Building Height	4 Stories

SOURCE OF FUNDS

Local Contributions	\$	8,000,000
Deferred Impact Fees	\$	-
TIF	\$	-
First Mortgage Loan	\$	55,000,000
Deferred Developer Fee	\$	-
Land Contribution	\$	-
4% Tax Credits	\$	9,264,169
Sponsor Equity	\$	7,251,698
Total	\$	79,515,867

PERMANENT FINANCING

Perm Loan Amount	\$	55,000,000
Perm Loan Rate		4.50%
Perm Loan Payment (40 yr am)	\$	(2,967,115)
Principal Paydown	\$	502,393
Cash Flow	\$	265,135
Principal and Cash Flow	\$	767,528
IRR		12.59%



Acquisition-Rehab of Existing 95 Units

Option 2: Acquisition and rehab of the existing improvements. This strategy would include acquisition of the property for \$14,500,000, and property renovations at an estimated cost of \$63,000* per unit.

In order to make this option economically feasible, a developer would need to receive the following economic incentives:

- 4% LIHTC for the affordable units
- \$8,000,000 cash contribution from city/CRA
- Ad valorem taxes to remain at current level, with no increase following renovations

Acquisition-Rehab of Existing 95 Units

100% Affordable (60% AMI)						
Unit Description	No. of Units	Pct. Of Project	Gross S.F./U	Living S.F./U	Total Gross (S.F.)	Total Living (S.F.)
Studio	0	0%	540	540	-	-
1 BR affordable	0	0%	700	600	-	-
1 BR/1 BA	0	0%	750	650	-	-
2 BR/1 BA affordable	47	49%	980	776	46,060	36,472
2 BR/2 BA v2	0	0%	1,080	980	-	-
2 BR/2 BA v3	0	0%	1,185	1,061	-	-
3 BR/1 BA	47	49%	1,300	875	61,100	41,125
4 BR/2 BA affordable	1	1%	1,450	1,651	1,450	1,651
Amenities and Common					34,877	1,200
Totals	95	100%	873	892	143,487	80,448

100% Affordable (60% AMI)									
Unit Description	AMI	No. of Units	SF	Gross Rent	Utility Allowance	Total Rent Per Mo.	Annual Rent		
Studio	Market	0	540	\$ -	\$ -	\$ -	\$ -		
1 BR affordable	50%	0	600	\$ -	\$ -	\$ -	\$ -		
1 BR/1 BA	Market	0	650	\$ -	\$ -	\$ -	\$ -		
2 BR/1 BA affordable	60%	47	776	\$ 1,111.00	\$ 160	\$ 44,697	\$ 536,364		
2 BR/2 BA v2	Market	0	980	\$ -	\$ -	\$ -	\$ -		
2 BR/2 BA v3	Market	0	1,061	\$ -	\$ -	\$ -	\$ -		
3 BR/1 BA	60%	47	875	\$ 1,284.00	\$ 220	\$ 50,008	\$ 600,096		
4 BR/2 BA affordable	60%	1	1,651	\$ 1,432.00	\$ 260	\$ 1,172	\$ 14,064		
Totals		95				\$ 95,877	\$ 1,150,524		
Average Rent							\$ 1,009.23		

Acquisition-Rehab of Existing 95 Units

PROJECT COST SUMMARY		
Land Cost	\$	14,500,000
Building & Soft Cost	\$	13,156,412
Total Development Cost	\$	27,656,412
LIHTC Eligible Costs	\$	25,039,397
Cost Basis for Tax Credits	\$	32,551,216
Total Development Cost Per Unit	\$	291,120
Adjusted Cost (after subsidies)	\$	83,558

PROGRAM ELIGIBILITY		
DDA or QCT	Yes	
NMTC Eligible	Yes	
Opportunity Zone	No	
CRA Area	Yes	
Medically Underserved Area	Yes	
USDA Eligible	No	
TIF District	Yes	
Disaster Relief Area	No	
CDBG Priority Area	Yes	

DISTRIBUTIONS AND ALLOCATIONS		
Cap Rate		6.00%
NOI Yr 15	\$	491,848
Stabilized Value	\$	8,197,466
Less Balance at Yr 15	\$	(5,170,095)
Less Mezz Accrued	\$	-
Less Selling Cost (1.5%)	\$	(122,962)
Sale Proceeds	\$	2,904,408

PROPERTY PROFILE		
Affordable Units		95
Total Units		95
Affordable as % of Total		100%
Living SF		80,448
Surface Parking		Yes
Construction Type		Block and Plank
Building Height		2 Stories

SOURCE OF FUNDS		
Local Contributions	\$	8,000,000
Deferred Impact Fees	\$	-
TIF	\$	-
First Mortgage Loan	\$	7,610,000
Deferred Developer Fee	\$	300,000
Land Contribution	\$	-
4% Tax Credits	\$	11,718,438
Sponsor Equity	\$	27,974
Total	\$	27,656,412

PERMANENT FINANCING		
Perm Loan Amount	\$	7,610,000
Perm Loan Rate		4.40%
Perm Loan Payment (40 yr am)	\$	(457,295)
Principal Paydown	\$	124,955
Cash Flow	\$	14,362
Principal and Cash Flow	\$	139,317



City of
Naples Florida

Thank you!

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