Phase Three Report

A presentation for the City of Naples CRA Board

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Housing Dynamics

• Housing prices escalating rapidly
• Florida ~1,000 new residents a day
• Higher incomes, higher assets
• Institutional buyers – homeownership inventory > rentals
Phase 1 & 2: The Need

- CRA with City, County, regional context
- 4,400 resident households under $100k income
- 10,000 people earn <$40k at jobs in City, commute in
- Under-supply of Studio/1BR for large # of 1-2 person households
- Shortage of senior housing
PHASE III – RECOMMENDATIONS (60-90 days)

Task 4 – Property and Regulatory Review. This element will be completed by Bright and GAI. The purpose is to assess the land use & zoning / land development codes regarding their ability to allow housing types accessible to the household Target Group within the CRA. This may include:

- Assessment of land use, zoning / land development code, design requirements in CRA and City generally, with particular focus on ways these interact with housing access and affordability (i.e., density and intensity, parking requirements, minimum lot and unit sizes, etc.) This will focus on CRA geography,

- Assessment of the existing 2014 CRA Plan and contemplated revisions regarding its basis and for supporting a housing access and affordability initiative,

- Evaluation of 2017 ULI Collier study recommendations as applicable to the City of Naples and its CRA,

- Creation of an inventory of lots where various housing typologies could physically fit on a site, whether the existing land use or other codes would allow or not. Types may include 2, 3, & 4-plex developments, townhome, walk-up and mid-rise surface parked 'walk-up' development or mixed-use 'walk-up', as identified by the initial Phase 1 and 2 results, to serve the defined Target Group household types,

- Planning visualizations of places in the CRA where new housing types like duplexes designed to look like a neighborhood-appropriate single-family home, or apartments over retail and professional units along commercial corridors, could be placed to serve the Target Group with maximum housing impact and minimum impact on neighborhood character, traffic, and livability to create maximum public investment efficiency,

- Planning visualizations of new housing typologies, using techniques such as photo comparables, 3-D sketch-up modeling, or photoshop visualizations of new / different housing types, and

- Ongoing community engagement with CRA residents and workforce.

Deliverables: Mapped Descriptions of potential housing or redevelopment locations. Up to 8 visualizations / models of new development types on target sites. Technical memorandum summarizing the types of changes that may be required in the land use, zoning, or Land Development Code to allow the suggested housing types. CRA resident/workforce meeting.
Scope of Work (cont.)

Task 5 – Program Recommendations. Based on the above Tasks' completion, the team will coordinate to present recommendations and alternative opportunities for a Housing Access & Affordability Program within the CRA. This may include:

- Goals for a Housing Access & Affordability Program as defined by the team and stakeholders throughout the work,
- Ideas, such as an inclusionary zoning or other incentives program for workforce and affordable rental housing and homeownership,
- Techniques, such as Land Trust home purchase program,
- Strategies for acquisition/rehab/redevelopment of properties like Gordon River Apartments when future opportunities arise,
- Modifications, suggested for Land Use, Zoning/Land Development Code, or the CRA Master Plan, and
- Partnerships with the County and other public sector entities, the business community, and private philanthropy.

Deliverables: A summary report document in color and provided as a PDF file. The Draft report document will be presented to a CRA residents/workforce meeting and the CRA Board for review & comment. The final report will be completed upon receipt of the final written comments.

PHASE III OUTPUTS: Presentation (virtual or in-person) of recommendations, with a final written report.
Policy Choices

• “The Market should fix it”
• Technical fixes are necessary, not sufficient
• Policy tools
• Putting the puzzle together
• Your menu, your choices
Community Meeting Takeaways

• Well attended – 52 attendees, ~2 hours
• Questions about current housing availability
• Scope of study – CRA recommendations, City/County/region context
• Many of Naples’ housing solutions are not in Naples
• Concerns about high land cost and practicality of affordable development
• Tension between meeting needs vs retaining character & quality of life
• Transportation challenges exacerbate housing issues
• Timelines for solutions – need is urgent in many cases
• Many diverse opinions – need for community to find a consensus
• Good to air differences, like an old-fashioned town hall meeting
Analysis and Recommendations
The Levers of Affordability

• Capital Costs
• Operating Costs
• Revenues
Funding Sources

- Local: CRA funding, General Revenues, Dedicated Local Funding Sources (linkage fees, upzoning fees, parking fund, millage increase, etc), Surplus Lands, County Affordable Housing Trust Fund, Housing Finance Authority (HFA)
- State: SHIP, SAIL, Hometown Heroes
- Federal: HOME, CDBG, LIHTC (9% / 4% + bonds), Project-based vouchers, ARPA funding
- Private: Philanthropy (Community Foundation, NAACP, Urban League, etc) and individual donations of land and real estate, which may provide attractive tax benefits for donors
Affordability Foundations

- Preservation vs New Construction
- Length of Affordability
- Counter-cyclical investment
What is a Community Land Trust?

A community land trust (CLT) is a nonprofit corporation that develops and stewards affordable housing, commercial spaces, and other community assets on behalf of a community.

“CLTs” balance the needs of individuals to access land and maintain security of tenure with a community’s need to maintain affordability, economic diversity, and local access to essential services.

How Community Land Trusts Work

RESIDENT CONTROL OF BUILDINGS

99 YEAR GROUND LEASE

COMMUNITY OWNERSHIP OF LAND
A one-time investment makes a home affordable for purchase by a working family with modest means, and the home remains affordable for family after family into the future.
In return for being able to buy a home below its market-rate value, the family agrees to limit their proceeds when they sell so another family with a modest income can afford to purchase the home.
The first family builds wealth and then “pays it forward.” The affordable house is self-sustaining, and the use of public funds is prudent since that one-time public investment serves an endless number of families.
How Do Community Land Trusts Benefit A Community?
1. Provides greater likelihood of attaining and sustaining homeownership.

2. Builds wealth among lower income and families of color.

3. Ensures public investments go further and do more.
Builds stronger, safer and higher-quality neighborhoods.

Contributes to greater educational and job attainment.

Creates jobs through the construction and rehab of housing.
RESIDENT CONTROL OF BUILDINGS

- Single-Family Home
- Limited Equity Housing Cooperative (LEHC)
- Condominium
- Multifamily Rental

99 Year Ground Lease

Community Ownership of Land
GAI Technical Memo
Naples Housing Study

Phase 3
Document Review

- Naples CRA Neighborhood plans
  - River park east & west
  - Lake park
  - Design district
- 2017 ULI Collier County housing affordability plan
- 2014 Naples redevelopment plan
- DPZ CoDesign 2021 Mixed-Use Area Master Plan
- Property Appraiser data
- Redfin.com brokerage
- Shimberg Phase 1 and 2 work
- Naples Land Development Code & Comprehensive Plan
The Challenges

- The cost of housing is rising across the United States and the median price to own or rent in Naples is consistently higher than the state and national medians over the last two decades.
- Today in Naples, based on average housing costs a middle-income family of four at 120% of the Area Median Income (AMI) are likely cost-burdened by housing costs.
- Housing construction costs
- Low inventory of vacant land
- Protecting community character
Targeting Locations in the CRA

- We used property appraiser and WalkScore.com data to characterize the form and function of neighborhoods within the CRA.
- Identified target areas for policy/development interventions that are also context sensitive.
Strategies

Address potential issues that arise from investor/institutional purchase of residential properties that reduce available housing supply, including short-term rentals.

Sec. 44-8 **Transient Lodging Facilities**... Units advertised/rented for temporary lodging for duration less than one month.

Transient lodging facilities are allowed as Conditional Use in Downtown, R3T-12, and R3T-18 districts.
Strategies

Revise land development regulations to allow “gentle density” increases.

Seaside, FL neighborhoods are 2 to 3 times denser than Naples’ suburban and urban neighborhoods while maintaining strong neighborhood character.
Strategies

Revise land development regulations to allow “gentle density” increases.

A mix of lot sizes and product types in Laureate Park, Orlando, help the neighborhood achieve densities closer to 12 du/ac (vs 3 du/ac in Naples’ CRA suburban areas.)
Strategies

Leverage “value capture” from public investments along US-41 to cross-subsidize housing units with mixed-use and mixed-income development.
Typologies: Laneway House

The Laneway House – Gentle Density
Potentially adds 30-80 units across the CRA's Suburban Neighborhood areas

- Context: Suburban Residential; Old Naples
- Single unit that addresses the alley or “laneway” to the rear of the primary unit.
- Neighborhood character unaffected from primary street

Detached laneway units (Vancouver, BC)
Laneway units (Seaside, FL)
Typologies: Attached (Side-by-Side)

The Duet – Gentle Density
Potentially adds 200-300 units across the CRA’s Urban Neighborhood areas

- Context: Suburban Residential; Old Naples
- Dual units can easily mimic a single-unit single-family character
- Flexible: Separate ownership, rental, on-site ownership with 2nd unit providing offsetting income, co-op, land trust, etc.
Typologies: Attached (Stacked)

Stacked Flat – Gentle Density

- Context: Suburban Residential; Old Naples
- Units can integrate into existing single-family neighborhoods
- Internal and/or external stairwell to upstairs unit
- Flexible: Separate ownership, rental, on-site ownership with 2nd unit providing offsetting income, co-op, land trust, etc.
Typologies: Townhome

Emulate Pre-1990s Density
Potential adds 700 units across the CRA's Urban Neighborhood areas

- Context: Suburban Corridor; Suburban Residential; Old Naples
- Increase density through new construction
- Rear alleyway access
- Architecture can integrate with surrounding context to maintain visual continuity along street
- Common before 1990s Naples
Typologies: Low-rise Complex

Influential Density
Potentially adds 1,200-1,700 units across the CRA’s Urban Neighborhood areas

- Context: Urban Corridor; Urban Residential
- Range of unit types and sizes allow for a variety of unit mixes (studio / 1-br / 2-br)
- For-sale/for-rent
- Common pre-1990s Naples; current code limits viability

"Songbird" by Habitat for Humanity
Typologies: Mixed-use Mid-rise Complex

Substantial Density Opportunity
Potentially adds 1,000-1,400 units across the CRA’s Urban Corridor, Gateway, and Redevelopment areas

- Context: U.S. 41 corridor; Redevelopment Areas; Gateway; Workplace;
- Allows for greatest opportunity to capture value from public investment
- Mixed-uses and mixed-incomes creates opportunities for internal subsidies
Typologies: Micro-apartments

Substantial Density Opportunity
Potentially adds 600 additional units to the mid-rise complex approach in the CRA’s Urban Corridor, Gateway, and Redevelopment areas

- Context: U.S. 41 corridor; Redevelopment Areas; Gateway; Workplace
- Typically, ≤ 300 SF studio or 1-bd
- Targeting single-person households seeking housing near jobs
- Great for hotel conversion opportunities
## Recommendations

Establish a “CRA Overlay District” that enables the recommended short- and long-term strategies.

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Target Areas</th>
<th>Target Typologies</th>
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<tbody>
<tr>
<td>Measure residential density using ( \text{FAR} ) instead of ( \text{DU/AC} )</td>
<td>Gateway</td>
<td>Laneway House</td>
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<tr>
<td>Measure parking requirements by # of bedrooms instead of # of units</td>
<td>Redevelopment Areas</td>
<td>Duet</td>
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<tr>
<td>Reduce dwelling size requirements</td>
<td>Urban Corridor</td>
<td>Stacked Flats</td>
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<td>Reduce lot size requirements</td>
<td>Urban Neighborhood</td>
<td>Townhome</td>
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<tr>
<td>Increase height limits</td>
<td>Suburban Neighborhood</td>
<td>Low-rise Complex</td>
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<td>Expand accessory dwelling unit allowances</td>
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<td>Micro-apartment</td>
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<tr>
<td>Allow tandem lot splits</td>
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<td>Mixed-use Mid-rise Complex</td>
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<td>Reduce setback requirements</td>
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</table>
Recommendations

Establish a “CRA Overlay District” that enables the recommended short- and long-term strategies

1. Measure residential density using FAR instead of DU/AC

- Single-unit house
- Two-unit house
- Five-unit townhome
- Four-unit multiplex
- Missing Middle Housing
Recommendations

Establish a “CRA Overlay District” that enables the recommended short- and long-term strategies

2. Measure parking requirements by number of bedrooms instead of by number of units
Recommendations

Establish a “CRA Overlay District” that enables the recommended short- and long-term strategies

3. Reduce **dwelling size** requirements

*Existing Naples apartments smaller than current code allows*

![Image of apartments](image1.jpg)

**1956 (530 sq.ft)**

![Image of interior](image2.jpg)

**1974 (540 sq.ft)**
Recommendations

Establish a “CRA Overlay District” that enables the recommended short- and long-term strategies

4. Reduce lot size requirements
Recommendations

Establish a “CRA Overlay District” that enables the recommended short- and long-term strategies

5. Increase height limits
Recommendations

Establish a “CRA Overlay District” that enables the recommended short- and long-term strategies

6. Expand **accessory dwelling unit** allowances
Recommendations

Establish a “CRA Overlay District” that enables the recommended short- and long-term strategies

7. Allow tandem lot splits
   A. Maintain primary street setback
   B. Front-Back lots split (tandem split)
   C. Side-by-Side rear lot split
   D. Large front unit (≥ 2,000 sf)
   E. Smaller rear duplexes (~1,600 sf)
Establish a “CRA Overlay District” that enables the recommended short- and long-term strategies

8. Reduce **setback** requirements

*Building placement helps frame the public realm and abundant tree canopy soften intensity of development*

(Seaside, FL)
Recommendations

Conclusion

These recommendations aim to relieve regulatory burdens that make it difficult to produce appropriate housing supply and offers targeted strategies for advancing affordable housing in the short- and long-terms. With a CRA overlay that relieves regulatory burden, the City is better suited to layer in workforce housing supply.
Policy Recommendations
Incentivizing Solutions

• Enhancements available in exchange for permanent affordability
• By right
• Clear subsidy requirements and availability
• Expedited review, permitting, etc
Homeownership: Why Prioritize?

- Fixed housing costs
- Wealth building – resiliency
- Neighborhoods benefit
- Students benefit
- Businesses & workforce benefits
Homeownership: Opportunities

• Duets
• Tandems
• Stacked flats
• Townhomes
• Condominiums
• Not single-family detached homes
Homeownership: Shorter Term

• Land trust strategies
  o Vacant Lots
  o Existing Homes
  o Homebuyer-Directed
  o Co-op Structures

• Rehabs for income-qualified homeowners – local funding
Homeownership: Longer Term

• Land trust for land banking and assembly
  o 2 lots = 5 townhomes
  o Larger parcels = more options
  o Publicly-owned surplus land
  o Land from code, tax, condemnation proceedings
  o On- and off-market acquisitions

• Financial literacy & homebuyer education

• Internal subsidy
  o Neighborhood scale: buy one duet, rent the other
  o Larger scale: mixed-income projects
Homeownership: Longer Term (cont.)

- Rental properties > homeownership
- Resiliency and sustainability factors
- Discourage investor purchases that create rentals
- Florida Hometown Heroes program
- Heirs Property issues
Rentals: Needs

Phases 1 & 2 key gaps:

• Dwindling number of affordable rentals
• Lack of senior housing
• Low inventory of right-size units for 1–2 person households
Rentals: Opportunities

• Commercial multifamily
  o Apartments
  o Townhomes

• Neighborhood multifamily
  o Duet
  o Stacked flat
  o Quad

• Accessory Dwelling Units (ADUs)
  o Granny flat / in-law suite
  o Garage apartment
  o Carriage house, pool house
Rentals: Shorter Term

• Buy and hold Naturally Occurring Affordable Housing (NOAH)
• Create an ADU program
  o Pre-approved plans
  o Fast-track permitting
  o Financing options
• Enforce short-term rental ordinance
• Housing stability: rental & utility assistance programs, legal aid
• Local workforce/retiree voucher program
• Partnership with Housing Authority
  o Property management
  o Vouchers
  o Renter education
  o Existing systems

thebrightway.org
Rentals: Longer Term

- Prioritize studio/1BR units and senior housing
- Purchase option / right of first refusal on NOAH properties
- Phased redevelopment to reduce displacement
- Energy and water efficiency; solar-ready; EV ready
Rentals: Longer Term (cont.)

• Development incentives:
  o Tiering and mixing
  o Permanent or very-long-term affordability
  o Should include:
    ▪ Density / Floor Area Ratio (FAR)
    ▪ Setbacks
    ▪ Height
    ▪ Design parameters
    ▪ Parking requirements
    ▪ Permit and impact fee waivers or rebates
    ▪ Tax rebates
    ▪ Financial subsidies
Rentals: Longer Term (cont.)

• Convert hotels and motels
  o 1:1 conversions, 1 room > studio
  o 2:1 conversion, 2 rooms > 1BR apartment
  o Ground floors for seniors

• Allow for redevelopment of residential over retail/office
  o Workforce targeted
  o Low or no resident parking
  o High parking fees, or low-/no-cost off-site garage usage

• Internal subsidy
  o Neighborhood example: 2-up/2-down like single-family allowed w 1 @ <60% AMI or 2 @ <80% AMI, others market-rate
  o Larger scale, income set-aside units within market-rate developments

• Microunits in high amenity buildings for workforce
Homeownership + Rentals Tools

• Consolidate City functions to free up land for housing development
• New FL law: rezone commercial & industrial land for affordable housing
• Avoid or minimize protests from neighbors.
  o Commercial areas
    ▪ Residential over retail/office uses
    ▪ Hotel / motel conversions
    ▪ Rezoning commercial & industrial parcels
    ▪ Redevelopment of current City functions for housing
  o Redevelopment at existing affordable housing sites
• Consider inclusionary housing policies Inclusionary Housing Calculator
• Capacity building for local nonprofits and businesses, especially MWBEs
Combining the Tools: Scenarios

CRA acquisition of vacant lot
Land trust
+ Code changes to allow for-sale duets

= 2 moderate-income affordable homeownership opportunities

+ ADU in the back yard = additional affordable rental unit also
Combining the Tools: Scenarios

Repurposed City land
Affordability-restricted bonuses: FAR, parking, unit size, etc
+ Studio/1br small household target

= Workforce mini apartments
Combining the Tools: Scenarios

Donated land
Land trust
Internal subsidy
+ Affordability-restricted bonuses
---------------------------------
= Mixed income for sale townhomes
You have a broad menu of tools now.
But you have to place the order.
(All of the above is a good order!)
Thank you!

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