

# VENICE GONDOLI

VOL. 71 | NO. 43

www.yoursun.com

LOCAL NEWS COVER TO COVER | FLORIDA'S #1 WEEK

## Want to Rent? Good Luck



SUN PHOTO BY JOSEPH JOHN ORCHULLI II

In Venice, seasonal rentals that can command thousands of dollars a month aren't affordable to workers earning the local median wage.

## No easy fix for shortage of affordable housing

By Bob Mudge



**By BOB MUDGE**  
SENIOR WRITER

Justin Willis grew up in North Port and owned a few businesses there before taking his family out of state to "see if the grass was greener."

Living in Washington, D.C., and then in the mountains of North Carolina taught him that it wasn't.

"It was brown," he said.

So he and his wife packed up their five kids and returned to North Port to stay.

"It's a place we love very much," he said. "We don't want to go somewhere else."

But they may have to, if they can't find somewhere affordable to live.

When they left Florida, they rented out their house. Rather than kick out their tenants when they came back, they sold the house to them, planning to rent for a while.

"We thought it would be easier to rent here, and it turned out it's not easier at all," he said.

They found a place on Manasota Key when they got back, but it was a foreclosure, and the bank would only give them a short-term lease though



SUN PHOTO BY JOSEPH JOHN ORCHULLI II

**A manufactured home can be a more-affordable housing option, but many are located in age-restricted communities.**

they begged to be allowed to stay, Willis said.

They're renting another foreclosure property now, but have to move again for the same reason, after only three months.

To find a new place to live they've done "everything," he said: worked with Realtors, monitored Craigslist, shopped real estate websites. Pickings have been slim.

A Realtor has found them a three-bedroom home to look at for \$1,500 a month. The landlord would expect the first and last months' rent and a security deposit.

"That's \$4,500 you have to come up with overnight," Willis said. "That's crazy for working families."

It would actually be much

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cheaper on a monthly basis to buy a home, he said, but like many recent arrivals he doesn't have a local employment history that would qualify him for a mortgage.

"North Port was originally set up to be a bedroom community," Willis said. "We're not doing enough to house the people that are going to make our city work."

"Who's going to work in Publix? At \$12 an hour you can't afford to live in North Port."

"We're almost at the point where we want to move back to Manasota Key because it's cheaper. That shouldn't be the option."

## 'Feeding the beast'

As the area continues its recovery from the Great Recession, rising real estate prices have been good news for property owners but bad news for people like the Willises, who have seen rents skyrocket as more people chase fewer rental properties.

The *Sun* newspapers recently convened a roundtable of housing professionals to discuss the affordable housing issue. The consensus: Things are going to get worse before they get better.

The housing market crash put a lot of houses

but it also expanded the number of people who want to rent, either because they are leery of buying or unable to get a loan. Many of them are still renting for the same reasons.

That inventory is shrinking, however, as banks sell houses to take advantage of rising prices. At the same time, still more people are moving to the area because of job opportunities and they're finding limited housing options.

"People coming in, there's nothing for them to choose from," said Dee Danmeyer, executive director of Habitat For Humanity South Sarasota County.

Lots of homes are being built for sale at market prices but virtually nothing is being added to the rental inventory even though every 10 new homes drive a need for one or two affordable housing units for workers, according to Kevin Cooper, Gulf Coast Community Foundation's director of Community Investment.

"We just keep feeding the beast," he said. "It won't improve until the demand for market-rate properties is satisfied." That could take awhile, he said, due to pent-up demand and low interest rates.

The problem, he said, is a combination of high land values and low wages, and zoning codes not favoring

impact fees, too, as the Venice City Council learned Tuesday. Sarasota County is revising its impact fee schedule but the fee charged on a multifamily dwelling unit is the same whether it's a 500-square-foot apartment or a 5,000-square-foot condo.

"That doesn't pass, in my view, the common sense test," Vice Mayor Kit McKeon said.

It does help explain why developers generally aren't interested in building lower-price housing, though.

Developers look to make a profit on construction through volume, not high margins, Cooper said, so there's not enough fat to be cut from a house's construction costs to build profitable affordable housing.

"The numbers don't work," said Loraine Helber, executive director of the Punta Gorda Housing Authority. "You can't get your return at all renting for \$600 a month."

Not that there's much in that price range.

"A thousand a month is cheap now," she said.

Especially in areas where seasonal rentals can command much higher payments.

"Why would someone who can get \$2,800 a month for six months of the year rent to someone who can only afford maybe \$1,000 a month?" said Carrie

United Way of Charlotte County.

## 'Investor fire'

Bill Dryburgh, former president of the Punta Gorda-Port Charlotte-North Port Association of Realtors, said he thinks there's investor money to be tapped for affordable housing, if they can be given a reason to invest.

"We have to stoke the investor fire," he said.

That's where the government comes in, the panelists agreed. Adding affordable housing needs to be a public/private effort, with the public part coming in the form of funding and, in particular, more-favorable land-use regulations.

Money can be hard to come by but "rezoning doesn't necessarily affect the government's bottom line," Cooper said.

In the city of Venice, according to longtime resident Don O'Connell, regulations regarding density, setbacks and parking inhibit the construction of rental units.

"You can't build apartments in the

sprawl."

It goes back to a zoning code adopted in 1978 to reduce growth by cutting the maximum density on the island from 36 units per acre to 18, said O'Connell, who didn't participate in the roundtable.

"They're never going to stop growth," he said. "They're only going to redirect growth."

And it's been redirected into single-family homes stretching away from the island. Those homes add far more to the tax base than affordable housing does, so the government doesn't have an incentive to promote it.

O'Connell owns several historic apartment buildings on the island with rents ranging from about \$550 to \$750 a month.

"I'm able to do it because I bought this stuff so cheap," he said. "If I charged them [his tenants] market rent, they'd be out."

Or if he decided to sell. Each building could be torn down to make way for 18 high-priced condos. But that would evict long-term tenants,

## Taking credit

Tax credits do affect the government's bottom line, but it can be more palatable politically to forgo some tax revenue than to write a check.

"Tax credits is about the only way to build affordable housing," Helber said.

But they're allocated by the federal government on a pro rata basis and administered by the state. The credits are limited and competition is very stiff.

It took years for the Venice Housing Authority to get credits to fund Venetian Walk, a 55-plus affordable housing community. It's still seeking credits for the second phase of the project, for families.

The Sarasota Office of Housing and Community Development is increasing the amount of Community Development Block Grants funds for the project by \$50,000, to \$300,000. But the

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Sarasota County Commission wants to pursue HOME Investment Partnerships Program funds, which could encourage other developers to apply for tax credits, increasing the competition.

Passing "inclusionary zoning" ordinances would help, said Merrit Brown, of Team Punta Gorda, by requiring developments to have an affordable housing component. Currently, the state only has such a mandate for a large-scale development of regional impact, but it's not strictly applied, panelists agreed.

Sarasota County's 2050 Plan for future development has a requirement of 15 percent affordable housing where it applies — principally, east of I-75, Cooper said.

### Not for everyone

There's little help for many prospective home buyers either.

State Housing Initiatives Partnership program funds can be used for things ranging from down payment assistance to construction of affordable housing.

Because the state Legislature often raids the program to balance the budget, however, there's often little or no money to give out.

Sarasota County will get a little more than \$2 million this year after being shutout for several years, according to Don Hadsell, director of the Sarasota Office of Housing and Community Development. If the SHIP program were fully funded, however, the amount would be

more than \$3.5 million. Danmeyer said her office gets about 30 applications a month for a Habitat home, with only one of those applicants qualifying. Most of the rejected applicants make too much money, and a few make too little.

Habitat works with people who earn 50-80 percent of the area median income because people who make less are at risk of not being able to deal with home repairs, she said.

When a lower-priced home is put up for sale, it's not for sale for long, said Vicky McPhee, current Association of Realtors president.

"They come on the market but they go so fast," she said.

It's also hard to haggle when someone else is willing to pay full price, or more, and has the cash to do it. Slightly more than 50 percent of housing sales in the North Port/Sarasota/Bradenton market are for cash, compared to 30 percent nationally, according to CoreLogic, a California-based research firm.

People who can afford a loan payment are only partway toward being able to buy. They also need to come up with a 10 percent or more down payment and may see escrow accounts for taxes and insurance — including mortgage insurance — added in.

For many, that means a part of the American Dream — owning a home — may forever be out of reach.

"Purchasing a home is not the answer for everyone," Hussey said.

### 'Less walls'

There's more to the problem than just

how to add affordable housing, roundtable participants agreed.

More than 60 percent of the homeless population in Sarasota and Manatee counties is adults without families, Loveless said. They need efficiencies and boardinghouse-type units, not more expensive multi-bedroom apartments or houses.

During the recession, she added, landlords were more lenient toward people with credit problems and criminal records. A rental community operated by a nonprofit could offer some grace to such prospective tenants.

Jobs in retail and hospitality dominate in the area, with someone earning \$10 an hour — \$1.95 more than the

Florida minimum wage — making only about \$20,000 a year. Better-paying jobs would bring current rents and mortgages within range of more people.

According to Hadsell, 55,000 county residents pay more than 50 percent of their income for housing.

"You have to look at the workforce and what the wages are," Loveless said.

But it's a chicken-and-egg problem. Higher-paying businesses considering relocating to the area need workers, and workers need affordable places to live.

"If the workforce — nurses, CNAs, social workers, barbers, teachers, waitstaff, first responders and many

others — cannot find housing close enough to our area to make it financially feasible to work here, they will move somewhere else and we may not have the quantity and quality of workforce that we need," said Venice Mayor John Holic, who wasn't able to attend the roundtable.

The city is exploring the possibility of putting a 600- to 1,000-unit rental community in northeast Venice, Holic said. All it needs are land and money.

Gulf Coast Community Foundation has 301 acres of land for sale in North Venice where it had planned to build workforce housing, but the price tag is \$24.1 million and the city's budget is zero.

"Workforce housing is not yet on the funding agenda for the county and the city does not have funds," he said. "Nor should we, as this is a countywide/statewide issue."

A committee should have a report ready for the City Council in the next two months, Holic said.

The key to addressing all these issues is something intangible, Loveless said — empathy.

"Until we have a community that connects with other people in the community, I don't think we're going to see a shift," she said.

"Maybe we need less walls. You can't see over walls."

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