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## Amid rising affordability concerns, a Polk workforce housing crisis is easing



The three apartments under construction in Winter Haven.

ALEXIS MUELLER



By **Alexis Mueller** - Editor, Tampa Bay Business Journal  
Jul 12, 2024

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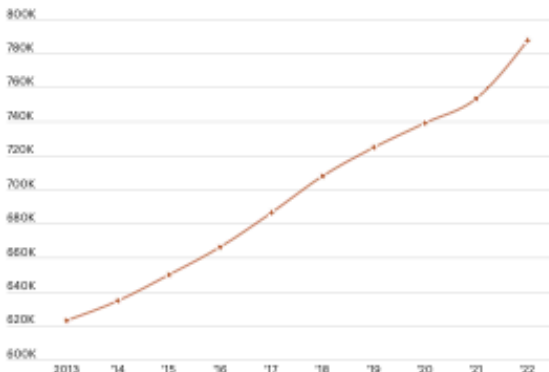
Winter Haven had a 100% occupancy rate for nearly three years, and the lack of available multifamily housing was holding back the economy.

With no place to rent, it was hard for employers to recruit from outside the area, said Bruce Lyon, president of the Winter Haven Economic Development Council.

"We had tenants asking landlords for three- and four-year leases because they didn't want to move because there was no place to move to," he said.

### New neighbors

Polk County's population has witnessed an increase of 26.4% over the past 10 years. Here's a year-by-year look at the county's growth.



NOTE: There was no American Community Survey due to Covid in 2020. Data was estimated using the average of 2019 and 2021.

SOURCE: U.S. Census

Now, new investments are occurring despite rising interest rates and higher costs. Housing opportunity — and the proximity of Winter Haven and Lakeland to the Tampa and Orlando metros — has driven much of the migration and rapid growth. Polk business leaders are navigating how the growth will impact services, roadways and talent retention. Housing is key to the puzzle.

In 2021, rents there increased about 40% in one year and have escalated everywhere at different levels.

Has the crisis been alleviated? Not entirely, Lyon said. But there is progress. More than 100 apartments just finished in downtown Winter Haven, and more are coming.



The Raindance apartments were recently completed in Winter Haven.

ALEXIS MUSLINER

"I've got an additional 1,400 or so that are under construction or just wrapping up construction," Lyon said. He said the injection of close to 1,700 new apartments is the first investment in multifamily housing since 2002.

"I think prices will plateau," he said. "They may drop slightly, but they'll continue to rise. Still having additional capacity in the market allows for a much healthier marketplace to develop."

#### **Burgeoning health care growth**

AdventHealth has opened its new emergency department and is moving forward with a medical office building in a new hospital, Lyon said. The WEDC worked with them for two years to help them find their site.

"[Over 1,000] new health care jobs in a town like Winter Haven is highly stimulative to the local economy," Lyon said.

Coupled with a 400-bed Orlando Health project in South Lakeland, there is a convergence of new health care facilities in a region where the population has been growing very rapidly.

Demand remains intense.

Developer Blue Sky's new Winter Haven affordable housing project, Florence Place, finished earlier this year. The \$27 million garden-style complex will offer apartments to residents making 60% or less of the area's median income. It took \$10 million of federal tax credits, \$2 million of county money and \$400,000 of city money. It takes a long time to get the tax credits, said former St. Petersburg Mayor Rick Baker, now a consultant with Winter Haven-based developer Six/Ten LLC.



An aerial view of the Florence Place apartments in Winter Haven, Fla. Florence Place is a complex of 88 affordable apartments developed by Tampa-based developer Blue Sky Communities. The majority of the apartments are priced for individuals making 80% or less of the AMI.

SCOTT ARBETTE

"Then 80,000 more people moved to the community," he said. "The trouble with this is that you cannot find enough government money to do anything that puts a dent in [the need]."

For those 88 units, 3,400 people applied, he said.

Baker and Six/Ten LLC have brought a series of new apartments to Winter Haven. The first, a building called 20 on Second, was finished a few years ago. The second, a 105-unit building called Raindance Urban Apartment, was finished this year, and the third, the 102-unit Breeze Apartments, is under construction. It is being co-developed by Six/Ten LLC and DevMar.

In a higher-cost environment, Baker remains a catalyst for more "attainable" apartments (compared to "affordable housing" that has heavy government subsidies), and he said developers like Six/Ten must get creative to make them profitable.

He said unit size is the only variable when construction, land, or interest rate costs are fixed. One option he sees is co-living, where people own "a door" and share a living room but have their own rooms and bathrooms.

"I don't want to do that," he said. Instead, he's working next on a furnished micro-housing project. He envisions 350-square-foot units similar to an extended-stay hotel with a small kitchen, amenities and free Wi-Fi for roughly \$1,450 monthly.

"And it'll be in the middle of downtown," he said.

#### **Housing costs force talent retention issues**

For Lakeland restaurateur Marcos Fernandez, housing costs are a problem for his employees at Nineteen Sixty-One, a Latin food restaurant on Main Street in Lakeland.

"We have a guy who was paying \$1,600 a month and now it's \$2,200 a month," he said. Meanwhile, electricity costs went up 30%.

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He and his business partner, Emerson Bamaca, have considered buying condos to house their people and reduce the burden, but it has been difficult to make it work. He wouldn't need to make money on the real estate, but he does need to cover costs. They are holding off until Florida's interest rates and commercial insurance are softened.



Marcos Fernandez and Emerson Bamaca, partners in Nineteen Sixty-One and Vasco.

TAMM O'CARROLL

"It just didn't make sense to get into a property currently," Fernandez said. These costs are on the minds of potential area investors, said Katie Worthington Decker, senior vice president of the Lakeland Economic Development Council.



Katie Decker, senior vice president, Lakeland Economic Development

TOM HANSEN

"We were blessed that many of the projects were funded and started as the market started to get less favorable," she said. "We have some great projects that will be coming online for residents this summer, but we'll be interested to see if any of the projects in

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the planning stages or haven't broken ground if they break ground, or if they hold for a little bit."

Central Florida Development Council CEO Sean Malott said its member companies focus heavily on employee retention. They want to hire people, invest in them and have them stay, he said.



Sean Malott, president and CEO, Central Florida Development Council

C. MICHAEL POTTHAST

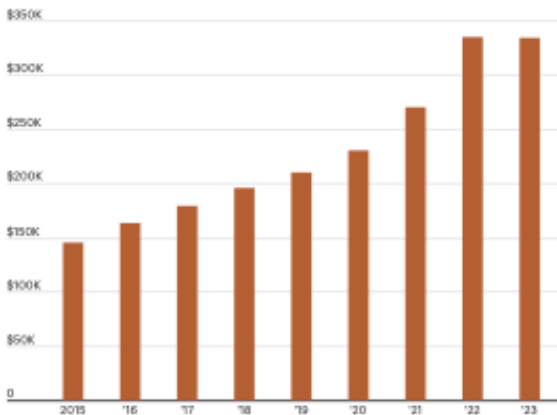
"To be able to encourage that is to have a workforce that doesn't have to commute long distances," he said. For now, those workers are finding the housing options they need.

"From an affordability perspective, how high are the rental rates going to go and how much higher will the housing prices go?" he said. "We have companies coming here because the properties are more affordable, and they believe their workforce will find a place to live. That is one of that is one of the factors why they're choosing Polk."

## Home sale pricing horizon

Median sale price and homes sold in Polk County saw a huge jumps year over year from 2015 to 2022, but with high interest rates both saw a down tick last year, according to Florida Realtors.

### Median sale price



### Homes sold



Polk State College President Angela Falconetti wants to keep Polk State College employees close to work. PSC trustees provided a 10% pay increase across the board last year, and they are working to find increases for the upcoming year, she said.



Dr. Angela Garcia Falconetti.

TOM HAUBERTY

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"They won't be of that magnitude because that kind of funding isn't always available," she said.

Lakeland Regional Health System CEO Danielle Drummond is also discussing workforce retention and housing concerns. She said she has been encouraged by the number of apartment projects and regional communication and cooperation.



Danielle Drummond

LAKELAND REGIONAL HEALTH SYSTEM

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"It's pretty tight-knit," she said. "When there's a need in the business community and people are saying, 'Hey, we are worried about this,' we get the leaders around us to respond."

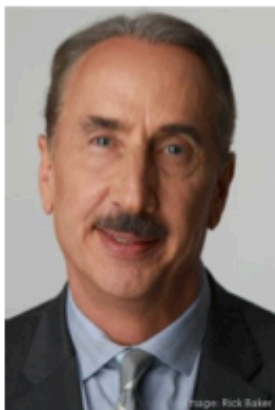
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#### **Rick Baker makes connections**

Winter Haven EDC President Bruce Lyon said that combined with the now-open Staybridge Hotel, developer Six/Ten and its consultant Rick Baker's projects downtown represent at least \$60 million in investment.



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Rick Baker  
RICK BAKER



Bruce Lyon, president of the Winter Haven Economic Development Council  
ALEXIS HUELLNER

"He's been instrumental not only in helping [Six/Ten LLC] figure out what to do, but he's been key in bringing the right partners to them," Lyon said. "Things happen much more quickly."

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The new Staybridge Suites hotel in downtown Winter Haven.

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Six/Ten bought an old auto shop site across from Staybridge and is developing two new restaurants there.

"You are starting to build an asset base there, and that's meaningful for everybody," Lyon said.

- Alexis Mueller