



# Economic and Fiscal Impact Analysis

**West End at City Walk**  
**Proposed 318-Unit Multifamily Project**  
**2250 McGregor Blvd, Fort Myers, FL 33901**



**Prepared for:**  
**City Walk Fort Myers, LLC**  
**936 S. Howard Ave, Suite 202, Tampa, FL 33606**

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## Project Overview

West End at City Walk (the “Project”) will be a Class A residential apartment community located in Fort Myers, Lee County, Florida. The Project will include 318 units, situated on approximately 5.5 acres within a 7.9 acre mixed-use project. The unit mix will be: 72 studios; 118 1 BR/1 BA units; and 128 2 BR/2 BA units. The units will range from 630 square feet to 1,225 square feet. The Project will offer amenities such as an urban courtyard with resort-style pool, state-of-the-art fitness center, car charging stations, and a pet park. The 12,181 square foot amenity center will offer a state-of-the-art fitness center and separate yoga studio; a 2,200 square foot co-working business center; a community kitchen and gathering space; a game room with indoor and outdoor billiards, a ping pong table, and a shuffleboard table; and a covered outdoor entertaining area on the fifth floor with fire pits and unobstructed views of downtown.





# Economic Impacts

This analysis estimates the comprehensive economic impacts of the Project, including the direct impacts related to the onsite production and employment as well as the indirect impacts that occur offsite as a result of supply purchases and new spending by employees. The Project will create economic impacts during two phases: 1) Construction, occurring during Years 1-2 (roughly 2020-2021), and 2) Operations, which begin in Year 3 (roughly 2022) and continue indefinitely.

## Study Area

The study area for the economic impact analysis is Lee County. We focus on Lee County because the majority of the Project's economic impacts will be created in Fort Myers and Lee County, and because the purpose of this analysis is to demonstrate to local jurisdictions the economic impacts in the immediate vicinity. However, please note that the Project will also create economic impacts in the wider metropolitan area, region, and state due to commuting and consumption patterns as well as supply linkages. Therefore, the results of this analysis likely understate the total economic impacts of the Project.

**Table 1, Table 2, and Table 3** describe the basic economics, income, employment, and industries of the study area. Service industries dominate the regional economy, accounting for approximately 75% of regional gross domestic product. Accordingly, the most important employment sectors are education and healthcare; retail; professional services; and arts, entertainment, and recreation.

**Table 1: Area Information**

Indicator	Value
Land Area (square miles)	784
Population	739,224
Total Employment	372,280
Total Personal Income (\$,000s)	\$36,786,500
Per Capital Personal Income	\$49,764
Households	264,325
Mean Household Income	\$74,000
Gross Regional Product (\$,000s)	\$26,840,091
<i>Private Good-Producing Industries</i>	<i>\$2,673,716</i>
<i>Private Service-Providing Industries</i>	<i>\$20,093,416</i>
<i>Government and Government Enterprises</i>	<i>\$4,072,959</i>

Source: US BEA Regional Data, US Census American Community Survey. Note: Gross Regional Product is estimated using 2015 data and growth rates for Total Personal Income.

**Table 2: Household Income**

Income Tier	Households
Less than \$10,000	17,264
\$10,000 to \$14,999	12,066
\$15,000 to \$24,999	27,328
\$25,000 to \$34,999	30,032
\$35,000 to \$49,999	38,854
\$50,000 to \$74,999	52,794
\$75,000 to \$99,999	31,649
\$100,000 to \$149,999	30,743
\$150,000 to \$199,999	11,211
\$200,000 or more	12,384

Source: US Census American Community Survey.

**Table 3. Employment by Industry**

Industry	Workers
Agriculture, forestry, fishing and hunting, and mining	2,643
Arts, entertainment, and recreation, and accommodation and food services	37,119
Construction	29,737
Educational services, and health care and social assistance	58,018
Finance and insurance, and real estate and rental and leasing	19,715
Information	5,051
Manufacturing	10,038
Other services, except public administration	15,220
Professional, scientific, and management, and administrative and waste management services	37,349
Public administration	10,265
Retail trade	43,867
Transportation and warehousing, and utilities	11,888
Wholesale trade	6,218

Source: US Census American Community Survey.

**Image 1: Study Area**



Source: US Census.



## Construction Phase

The Project will produce economic impacts during the construction phase in Years 1-2. We calculate the construction-related impacts based on the total costs to complete the construction of the Project. The total budget provided by the developer is as follows:

**Table 4: Developer's Budget**

SOURCES & USES	
	Total
<b>Sources</b>	
Construction Loan	\$ 42,400,000
Equity	21,597,827
<b>Total Sources</b>	<b>\$ 63,997,827</b>
<b>Uses</b>	
	Total
Apartment Land Allocation	\$ 5,000,000
Soft Costs	\$ 2,508,360
Hard Costs	\$ 46,758,599
Insurance	\$ 373,650
Permitting Costs	\$ 2,784,758
Developer Fee	\$ 1,500,000
Contingency	\$ 1,750,000
Closing Costs	\$ 845,210
Land Loan Interest & Costs	\$ 217,250
Construction Loan Int Reserve	\$ 2,260,000
<b>Total Uses</b>	<b>\$ 63,997,827</b>

We exclude the cost of land when calculating the economic impacts. A purchase of real estate is generally considered a transfer of wealth and not a new, impact-producing activity. Therefore, the total construction and development budget used for the analysis is \$58,997,827.

The results are presented in **Table 5**. During Years 1-2 the Project will create a total of 712 jobs, \$33,079,913 of labor income, \$52,240,803 of value-added, and \$92,219,913 of output in Lee County. The direct impacts occur onsite in Fort Myers during the construction of the Project. The indirect impacts occur throughout Lee County as a result of the purchase of construction supplies and new spending by employees.

**Table 5: Economic Impacts: Construction Phase**

Impact Type	Employment	Labor Income	Value-Added	Output
Direct Effect	402	\$22,090,411	\$29,891,440	\$55,479,512
Indirect Effect	310	\$10,989,502	\$22,349,362	\$36,740,401
<b>Total Effect</b>	<b>712</b>	<b>\$33,079,913</b>	<b>\$52,240,803</b>	<b>\$92,219,913</b>

Source: Developer's budget. US BEA RIMS II. Note: Indirect Effects include indirect and induced effects.





## Operations Phase

The ongoing operations of the project will produce annual economic impacts, beginning in Year 3 and continuing indefinitely. We calculate the operations-related impacts based on the annual revenue forecasts provided by the developer (Table 6). The estimate of Effective Income for the first full year of operations is \$5,561,717.

**Table 6: Developer's Operating Pro Forma**

OPERATING PROFORMA		Annual	Per Unit
<b>Income</b>			
Base Rent		\$ 5,425,200	\$17,060
Other Income		491,520	\$1,546
<b>Total Income</b>		<b>5,916,720</b>	<b>18,606</b>
Vacancy	6.0%	(355,003)	(930)
<b>Effective Income</b>		<b>5,561,717</b>	<b>17,676</b>
<b>Expenses</b>			
Management Fee	3.00%	166,852	525
General and Admin		85,000	267
Insurance		120,000	377
Staff		340,000	1,069
Repairs & Maintenance		90,000	283
Marketing		65,000	204
Turnover		75,000	236
Reserves		80,000	252
Property Taxes (net of rebate)		419,617	1,320
Landscaping		65,000	204
Utilities & Third Party Vendors		75,000	236
<b>Total Expenses</b>		<b>1,581,469</b>	<b>4,973</b>
<b>Net Operating Income</b>		<b>3,980,248</b>	<b>12,517</b>

The results are presented in Table 7. In Year 3, the Project will create a total of 57 jobs, \$1,176,068 of labor income, \$4,702,810 of value-added, and \$6,666,337 of output in Lee County. The direct impacts result from the onsite operations of the apartment community in Fort Myers. The indirect impacts occur throughout Lee County as a result of the purchase of supplies and new spending by employees. Please note that these impacts represent only one year of operations. Cumulative impacts are provided in the following section.

**Table 7: Economic Impacts: First Year of Operations**

Impact Type	Employment	Labor Income	Value-Added	Output
Direct Effect	42	\$685,554	\$36,082	\$63,874
Indirect Effect	14	\$490,514	\$4,666,728	\$6,602,463
<b>Total Effect</b>	<b>57</b>	<b>\$1,176,068</b>	<b>\$4,702,810</b>	<b>\$6,666,337</b>

Source: Developer's operating pro forma. US BEA RIMS II. Note: Indirect Effects include indirect and induced effects.



### Cumulative Economic Impacts

Table 8 provides the cumulative economic impacts of the Project. For purposes of this analysis and the fiscal analysis in the next section, we consider the total impacts to occur over a 25-year period through 2044 to correspond to the timespan of the Fort Myers Community Redevelopment Agency (CRA). Through Year 25, the Project will create a total of 768 jobs, \$58,927,215 of labor income, \$155,638,783 of value-added, and \$238,778,595 of output in Lee County.

**Table 8: Cumulative Economic Impacts**

Period	Employment	Labor Income	Value-Added	Output
Years 1-10	768	\$42,350,452	\$89,324,853	\$144,784,013
Years 1-20	768	\$53,515,366	\$133,989,141	\$208,091,996
<b>Years 1-25</b>	<b>768</b>	<b>\$58,927,215</b>	<b>\$155,638,783</b>	<b>\$238,778,595</b>

Source: Developer's budget. US BEA RIMS II.

## Fiscal Impacts

This section of the analysis estimates the amount of revenue created by the Project for local jurisdictions, including the CRA and public schools. The most significant fiscal impacts are created through permitting and impact fees and ad valorem taxes. The Project will also create sales tax revenue for Lee County; however, the sales tax impact is a fraction of what is presented below and not included in the analysis.

### Permit and Impact Fees

The Project will create revenue for the city, county, and other local jurisdictions through permit and impact fees paid during the construction phase. The fiscal impacts are provided in **Table 9** and are based on the developer's budget. We estimate that permitting fees will occur in Year 1 and impact fees will occur in Year 2.

**Table 9: Permits and Impact Fees**

Fee	Amount
Water Impact Fee	\$501,155
Sewer Impact Fee	\$465,545
Meter Installation Fee	\$6,775
Road Impact Fee	\$473,424
Fire Impact Fee	\$77,264
EMS Impact Fee	\$12,525
School Impact Fee	\$312,800
Regional Park Impact Fee	\$72,386
Community Park Impact Fee	\$190,300
Permit and Connection Fees	\$672,581
<b>Total</b>	<b>\$2,784,758</b>

Source: Developer's budget.

### Ad Valorem Taxes

The most significant fiscal impacts will be created through ad valorem taxes – the Project will greatly increase the value of the property in Fort Myers and the associated tax assessment. We calculate the ad valorem taxes created by the Project based on the estimated as-complete value of \$44,022,431 and incremental tax value of \$37,831,310.

The results are presented in **Table 10**. Construction will be complete in Year 2. In Year 3, the Project will create \$780,437 of ad valorem tax impacts, including \$514,544 for the CRA and \$252,675 for public schools. Over the 25-year period, the Project will create \$25,327,439 of ad valorem tax impacts, including \$16,698,425 for the CRA and \$8,200,043 for public schools.

**Table 10: Ad Valorem Tax Impacts**

Period	CRA	Public Schools	Other	Total Ad-Valorem
At Year 3	\$514,544	\$252,675	\$13,218	\$780,437
At Year 25	\$985,919	\$484,152	\$25,328	\$1,495,398
<b>Year 25 Cumulative</b>	<b>\$16,698,425</b>	<b>\$8,200,043</b>	<b>\$428,971</b>	<b>\$25,327,439</b>

### **Total Fiscal Impacts**

The total fiscal impacts of the project are presented in **Table 11**, including the permit and impact fees in Years 1-2 and the ad valorem tax impacts in Years 3-25. We also calculate the present value of the fiscal impacts assuming a 5% discount rate. The total value of fiscal impacts created by the Project for local jurisdictions is \$28,113,193. The present value of the fiscal impacts to local jurisdictions is \$15,108,549.

**Table 11. Total Fiscal Impacts**

Total Value	Present Value
<b>\$28,113,193</b>	<b>\$15,108,549</b>

### **Tax Increment Financing Scenario**

The developer proposes to receive Tax Increment Financing (TIF) from the CRA equal to 95% of the CRA's portion of the ad valorem taxes each year with a maximum TIF benefit of \$10,500,000. The TIF financing will begin with a \$488,816 rebate in Year 3 (2022) and cap-out at \$10,500,000 with a \$646,985 rebate in Year 17 (2038). In this scenario, the CRA makes a \$10,500,000 investment in the Project, and the Project produces \$17,613,193 of fiscal impacts for local jurisdictions.

To calculate the Return on Investment for the CRA and other taxing authorities, the sum of total fiscal impacts generated by the project less the amount rebated to the developer is divided by the amount rebated to the developer:

$$\frac{(\text{Fiscal Impacts} - \text{TIF Rebate})}{\text{TIF Rebate}}$$

If the quotient is greater than 1, this indicates a positive ROI for the local jurisdictions. **Table 12** provides the Return on Investment (ROI) for the subject TIF scenario, reflecting a return of 1.677.

**Table 12: TIF Scenario Fiscal Impacts**

	Total Impacts
TIF Benefit to Developer	\$10,500,000
Fiscal Impacts	\$17,613,193
<b>ROI</b>	<b>1.677</b>



## Conclusion

Our analysis concludes that the Project will produce significant benefits to the economy and local jurisdictions of Lee County. The total economic and fiscal impacts of the project are summarized below.

<b>Total Jobs Created:</b> <b>768</b>	<b>New Earnings for Workers:</b> <b>\$58,927,215</b>
<b>Value-Added to the Economy</b> <b>\$155,638,783</b>	<b>Total Output and Demand</b> <b>\$238,778,595</b>
<b>Fiscal Impacts w/ TIF:</b> <b>\$17,613,193</b>	<b>Return on Investment w/ TIF:</b> <b>1.677</b>

# Appendix

## Property Information

**Owner of Record:** CITY WALK FORT MYERS LLC  
936 S HOWARD AVE STE 202  
TAMPA FL 33606

**Site Address:** 2250 MCGREGOR BLVD  
FORT MYERS FL 33901

**Property Description:** PARL IN N E 1/4 SEC 23 TWP  
44 R 24 DESC IN  
OR 994 PG 109  
LESS INST#2005-164620 + 2005-164639  
LESS 2007-70875

**Classification / DOR Code:** VACANT RESIDENTIAL / 00

**Image 2: Parcel Image**



Source: Lee County Property Appraiser

## Methodology

The economic impact analysis uses the 2017 Regional Input-Output Modeling System (RIMS II) from the US Bureau of economic analysis to estimate the comprehensive economic impacts of the Project. The RIMS II model assumes that the economic impacts of a business are not limited to the activity that occurs onsite. In order to operate, a business needs to buy supplies and services from other businesses, which renders economic impacts to other businesses and geographies. In addition, the employees of the business will create economic impacts by spending their earnings on rent, consumer goods, and other items. This comprehensive analysis utilizes the RIMS II input-output model to analyze how a business economically impacts the geographic area by accounting for supply chains and consumer spending, among other factors. RIMS II is widely used in the public sector, private sector, and the USCIS EB-5 program.

The economic impacts are based on four economic measures: employment, earnings, output, and value-added:

- **Employment** indicates the number of jobs created by the Project and elsewhere in the study region as a result of the project's development and operations.
- **Earnings** represents the income generated through payroll for employees and proprietors.
- **Value-Added** is the project's impact to regional Gross Domestic Product (GDP) and productivity. This includes the output associated with the product less the commodity and intermediate inputs. Value-added includes the value of the labor income and operating profit as well as any other revenues.
- **Output** is the total demand created by the project and the value of all economic activity being analyzed. This includes all commodity and intermediate inputs, labor income, operating profit, and any other revenue or input components.

The economic impact estimates are calculated using input-output multipliers, which include the direct and indirect/induced impacts. The multipliers are described below.

- **Direct Impacts** represent the employment, output, earnings, and/or value added that are directly generated through the onsite operations of the business.
- **Indirect/Induced Impacts** represent the employment, output, earnings, and/or value-added that are created elsewhere as a result of supply purchases made by the business (the indirect impacts) as well as the expenditures made by the employees of the business and supplier businesses (the induced impacts).

We use the developer's construction budget and revenue forecasts as inputs to the RIMS II model. We exclude the cost of land from the construction-related input values. The input values are categorized by NAICS industry and converted to 2017 dollar-terms to correspond to the vintage of the RIMS II model.



## **About Us**

Wagner Consulting Group is a leading provider of economic consulting services to the real estate development industry. We specialize in estimating the comprehensive economic and fiscal impacts of ground-up construction and operations of residential and commercial developments. Since 2014, we have prepared over 200 economic and fiscal impact studies, business plans, and regional analyses for development projects across the United States.

### ***Scott Wagner, Principal and Chief Economist***

Mr. Wagner founded Wagner Consulting Group in 2014 and has since served as its Chief Economist. Prior, he was an economic consultant to the US Department of Homeland Security and has held research positions at San Diego State University and San Francisco State University. He holds a master's degree in economics from San Diego State University and a bachelor's degree in economics and business from Westmont College. Mr. Wagner's expertise is analyzing the effects of development, foreign investment, and tourism.



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10.00% Cap Rate  
 \$ 1,200,000 NOI  
 \$ 12,000,000 Stabilized Value  
 21.467 Millage Rate  
 \$ 257,604 Est. Annual Property Tax  
 \$ 12,000,000 Estimated Stabilized Value  
 \$ 3,253,800 Less Current Taxable Value  
 \$ 8,746,200 Net Increase in Value  
 \$ 8,308,890 X 95% = TIF Taxable Value

0.008776 City Mill rate (est.)  
 0.0040506 County Mill rate (est.)  
 0.0128266 Total Applicable Millage (est.)

\$ 106,575 Projected Annual Tax Increment

Year	% Rebate	Developer Amount	Cumulative Total	CRA Annual Revenue
1	95%	\$ 101,246.07	\$ 101,246.07	\$ 5,328.74
2	95%	\$ 101,246.07	\$ 202,492.14	\$ 5,328.74
3	95%	\$ 101,246.07	\$ 303,738.20	\$ 5,328.74
4	95%	\$ 101,246.07	\$ 404,984.27	\$ 5,328.74
5	95%	\$ 101,246.07	\$ 506,230.34	\$ 5,328.74
6	95%	\$ 101,246.07	\$ 607,476.41	\$ 5,328.74
7	95%	\$ 101,246.07	\$ 708,722.48	\$ 5,328.74
8	95%	\$ 101,246.07	\$ 809,968.54	\$ 5,328.74
9	95%	\$ 101,246.07	\$ 911,214.61	\$ 5,328.74
10	95%	\$ 101,246.07	\$ 1,012,460.68	\$ 5,328.74
11	0%	\$ -	\$ 1,012,460.68	\$ 106,574.81
12	0%	\$ -	\$ 1,012,460.68	\$ 106,574.81
13	0%	\$ -	\$ 1,012,460.68	\$ 106,574.81
14	0%	\$ -	\$ 1,012,460.68	\$ 106,574.81
15	0%	\$ -	\$ 1,012,460.68	\$ 106,574.81
<b>TOTAL</b>		<b>\$ 1,012,461</b>		<b>\$ 586,161</b>
<b>NPV at 5%</b>		<b>\$781,795.30</b>		

\$4,496,909.59

\$299,793.97