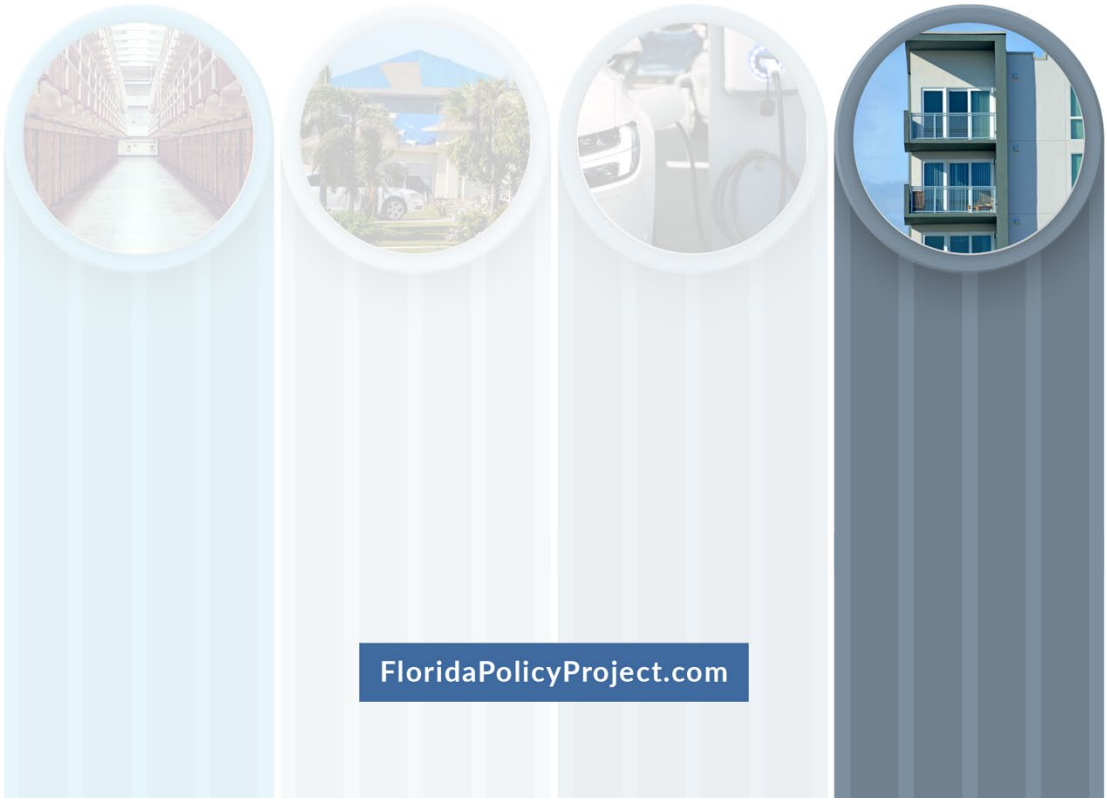
FLORIDA POLICY PROJECT

BEST PRACTICES, BETTER OUTCOMES

HOUSING AFFORDABILITY



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Practical Strategies for Addressing Florida's Crisis in Housing Affordability

Prepared for the Florida Policy Project by researchers at the DeVoe L. Moore Center, Florida State University.

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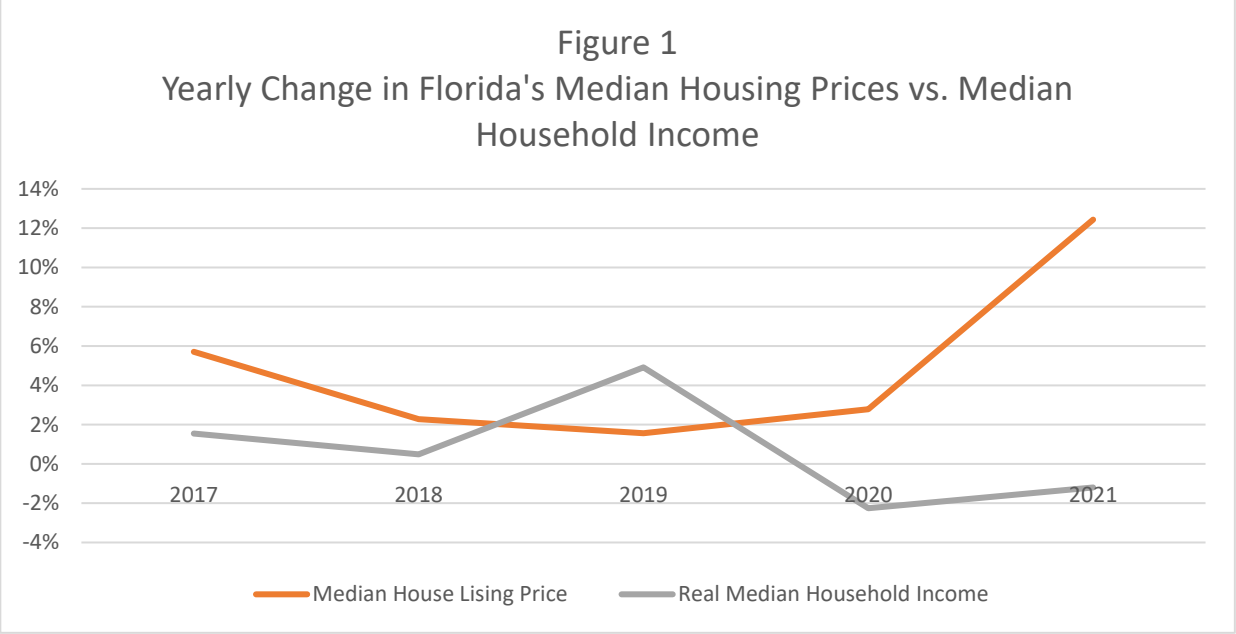
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Florida's Chronic Housing Crisis

Florida is facing a housing crisis. Floridians know this.

When the Public Opinion Research Lab at the University of North Florida asked state residents what "the most important problem facing Florida today" was, 25% said "housing costs" in their March 2023 survey.[1] Housing costs outstripped other concerns by significant margins, including the next highest vote getters, the economy (17%), education (12%) and immigration (10%). The burden of high housing costs was particularly acute among Black and Hispanic Floridians and independent voters. Moreover, well over a third of young adults under 35 years of age expressed housing costs as the most pressing issue facing Floridians.



Source: FRED, Federal Reserve Economic Data.

A look at recent Federal Reserve Bank of St. Louis housing statistics, represented in Figure 1, shows why.[2] Floridians were paying under $300,000 median price for a home back in 2015.[3] Fast forward to

[1] PORL, "UNF Poll: DeSantis Ahead in Florida for Republican Presidential Primary," University of North Florida Public Opinion Research Lab, March 9, 2023, https://www.unfporl.org/uploads/1/4/4/5/144559024/unf_mar_statewide_2023_ada.pdf.
[2] FRED, *Federal Reserve Economic Data: Fred: St. Louis Fed,* FRED, accessed May 19, 2023, https://fred.stlouisfed.org/.
[3] Realtor.com, Housing Inventory: Median Listing Price in Florida [MEDLISPRIFL], retrieved from FRED, *Federal Reserve Economic Data: Fred: St. Louis Fed,* FRED, accessed May 19, 2023, https://fred.stlouisfed.org/.

2022, the typical listing price was over $450,000 median price.[4] Meanwhile, median household income for Floridians has fallen from $66,856 (2019-prior to the pandemic) to $59,734 (in 2021, the most recent year available).[5]

For the typical household, homeownership is an increasingly distant aspiration. Due to declining incomes, the median home price a Floridian can afford fell from $267,600 in 2017 to $238,800 in 2021, even though home prices increased. According to the National Association of Realtors, single family homes in the Florida metropolitan areas of Naples, Miami-Fort Lauderdale, Sarasota-Bradenton, Orlando-Kissimmee, Cape Coral-Fort Myers, Fort Walton Beach–Destin, Port St. Lucie, and Tampa-St. Petersburg-Clearwater are less affordable than the national average.[6]

What is driving these dramatic increases in prices and resulting reductions in housing affordability?

As in all markets, prices reflect supply and demand. When demand increases, and supply does not keep pace, prices go up. This dynamic is in play in Florida's housing market with a twist: regulation at the local level, specifically zoning, has created "stickiness" in the ability of housing markets to adjust to shifts and changes in demand. An individual or young family moving to the state may not need the same type of housing as someone who has established themselves and is now ready to "trade up" to a different home. Urban professionals often want different types of housing in different types of neighborhoods than families with young (or older) children. Moreover, family dynamics and housing needs are changing as birthrates decline. According to a 2022 Legislative Brief from the Office of Economic and Demographic Research, Florida's birthrates were over 11% in 2010 and have fallen well under 10% just a decade later.[7] Similarly, "empty nesters" often prefer downsizing to quieter neighborhoods. The key to a robust and resilient housing market is its ability to match housing preferences to as wide of a range of housing types as possible in real time.

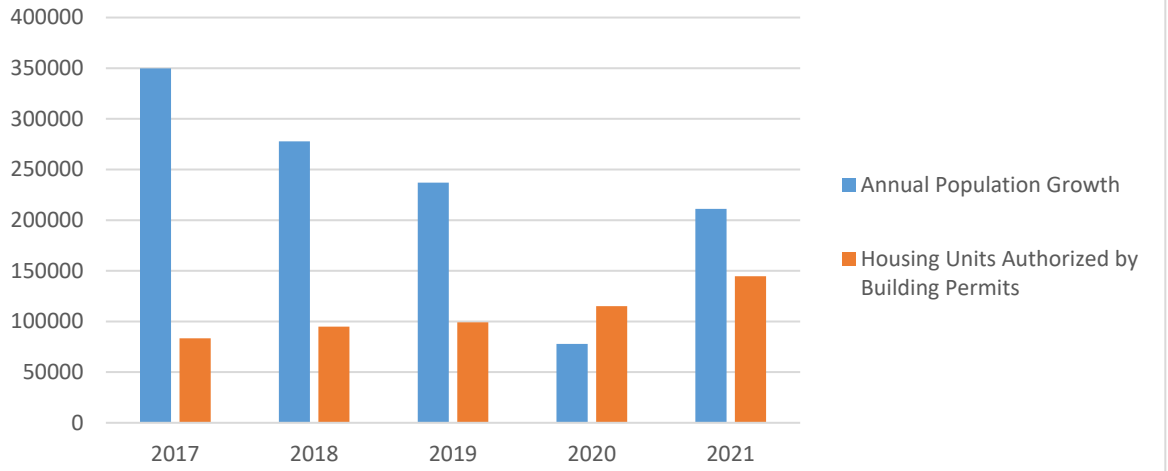
Florida's housing market is under significant pressures, some of which were created or accelerated by the pandemic. Many households took advantage of remote work flexibility and technology to leave packed urban areas such as New York City for less dense but urban areas such as Florida Treasure Coast along the south Atlantic a few hours away from bustling Miami or the more bucolic waters of the Gulf

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[4] Ibid.
[5] U.S. Census Bureau, Real Median Household Income in Florida [MEHOINUSFLA672N], retrieved from FRED, *Real Median Household Income in Florida*, FRED, September 13, 2022, https://fred.stlouisfed.org/series/MEHOINUSFLA672N.
[6] National Association of Realtors (NAR), "National Association of Realtors® Affordability Index of Existing ...," *National Association of Realtors*, accessed May 19, 2023, https://cdn.nar.realtor/sites/default/files/documents/metro-affordability-2021-existing-single-family-2022-11-21.pdf. See also the interactive county map provided NAR here, https://www.nar.realtor/research-and-statistics/housing-statistics/county-median-home-prices-and-monthly-mortgage-payment
[7] See the Office of Economic and Demographic Research, "Florida Vital Statistics," *The Florida Legislature Econographic News*, Vol. 2 (2022) http://edr.state.fl.us/Content/population-demographics/reports/econographicnews-2022-v2.pdf

Coast. The state has added 2 million people, more than 900,000 households, since 2015 with a recent bump of 162,161 moving in from 2021 to 2022 alone.[8] Meanwhile, housing supply in Florida has not kept pace, as shown in Figure 2. Too many people chasing too few homes means higher prices and longer commutes.

Figure 2
Florida's Annual Population Growth vs. New Housing Permits



Source: USA Facts and FRED, Federal Reserve Economic Data.[9]

What prevents real-estate markets from meeting the growing demand for different types of housing is, ironically, the system created by mandated statewide growth management in 1985.[10] All cities and counties created comprehensive zoning maps for particular land uses consistent with a statewide plan. This process greatly lengthened the resources, time and money spent securing the right permits to build in the 1990s and 2000s. Though many believe the 2011 Community Planning Act (CPA) ended growth management in Florida, a recent analysis of policy changes revealed the CPA did indeed substantially shift planning activities from the state to the local level. Even with diminished planning responsibilities, the state retained the authority to set rules and conduct reviews.[11] In 2019, Florida

[8] Population data from the *American Community Survey, U.S. Bureau of the Census*. The number of households is an estimate based on the median household size according to the U.S. Bureau of the Census.
[9] USA Facts, "Our Changing Population: Florida," https://usafacts.org/data/topics/people-society/population-and-demographics/our-changing-population/state/florida/; FRED, Federal Reserve Economic Data, FLBP1FH, https://fred.stlouisfed.org
[10] For a useful overview of Florida's growth management act and critique, see Randall G. Holcombe, "Growth Management in Florida: Lessons for the National Economy," *Cat Journal*, Vol. 10, No. 1 (Spring/Summer: 1990), pp. 109-125.
[11] See Evangeline Linkous, "The Dismantling of Growth Management in Florida: The Consistent Mandate, Policy Change, and Institutional Realignment," *Journal of Planning History*, (2022), pp. 1-22.

passed H.B. 7103 requiring local governments enforcing inclusionary housing ordinances to help offset developers' costs associated with stipulations to offer below market-rate housing as part of the development project. Following the bill's passing, local governments, such as Sarasota County, quickly started losing enthusiasm for inclusionary housing ordinance requirements.[12,13]

The Florida legislature committed to a modest step forward to address affordable housing during the 2023 Legislative Session when it passed (and the governor signed into law) S.B. 102, the Live Local Act.[14] This legislation restored a dedicated stream of funding to the Sadowski Housing Trust Fund, which subsidizes lower income family housing. The Act also overrides certain types of zoning restrictions in high-density, transit-supportive neighborhoods to allow for more housing.[15]

Unfortunately, this bill barely addresses the tip of the affordable housing shortage iceberg. But first, let's examine the main problem: Florida's current zoning framework.

[12] See Minjee Kim, "Land Value Creation and Land Value Capture: Designing an Inclusionary Housing Ordinance Consistent with State Law. *Housing Network News* Vol. 37, Num. 1 (June 2021).
[13] Timothy Fanning, "Sarasota County Cuts Affordable Housing Requirements for Future Projects East of I-75," *Herald Tribune*, January 14, 2021, https://www.heraldtribune.com/story/news/local/sarasota/2021/01/13/sarasota-county-guts-affordable-housing-requirements/4144609001/.
[14] Florida State Senate, "The Florida Senate," Senate Bill 102 (2023) - The Florida Senate, accessed May 19, 2023, https://www.flsenate.gov/Session/Bill/2023/102.
[15] Gabriella Paul, "Florida Passed Historic Pro-Housing Legislation. Here's What You Need to Know," *WUSF Public Media*, April 12, 2023, https://wusfnews.wusf.usf.edu/local-state/2023-04-12/florida-passed-historic-pro-housing-legislation-heres-what-you-need-to-know.

The Problem: Florida's Zoning Framework

The Growth Management Act of 1985 required Florida cities and counties to adopt comprehensive land-use plans in order to centralize control over land-use in government units with oversight from the state. While much of the top-down statewide planning apparatus was dismantled in 2011 with the Community Planning Act, local planning and the core features of comprehensive land-use planning were retained.

How Zoning Works

These city and county plans use zoning to tie parcels of land to specific types of land use. Property owners with development proposals within these zones consistent with the land-use designation get legal permission to build. Other property owner rights may include the ability to farm, dig, and exclude people from their property. Merely zoning a parcel as a particular category, such as commercial, does not mean it will be realized now or in the future as a business. It does mean that all other types of uses are prohibited. It is ultimately up to the property holder to have the vision and commit the capital and time to develop the site.

Zoning districts for a wider range of land use might dampen the market effect on housing. Planners will often refer to these more-inclusive land use zoning categories as mixed use, though the local planning authority will specify the permissions and restrictions. However, most cities adopt highly detailed and complex zoning districts in an effort to manage the current and future growth and development of the area. Much of the zoning explicitly intends to prevent any development outside of the category from occurring in a block or neighborhood. For example, the City of Orlando has:

- four different types of one family residential districts that restrict the size of lots and homes (Code of Ordinances, Chapter 58).
- a two-family district that allows single family homes, duplexes, and housing with garage apartments (R2A1-2).
- a multi-family district that allows single family homes, duplexes and small apartment buildings (R-2B1-5).
- three additional residentially designated districts for low-intensity, medium-intensity, and high-intensity development.

Orlando's complicated residential zoning is not a unique case, but rather common across the Sunshine State. Cities are by nature organic, fluctuating with new residents' desires and the changing character of a neighborhood. But traditional zoning often freezes parcels, blocks and neighborhoods in place with fixed densities, minimum setbacks, parking stipulations, height restrictions, and lot size requirements. These constrain communities from organic growth.

For example, a new single-family house built in 1950 is unlikely to serve the same needs 50 years later as a city grows, family dynamics shift, and technology advances. Rather than a single-family unit, a more practical use might be for two or three independent households. For example, college students, young families, or retirees wishing to downsize may benefit by sharing the housing unit. Highly differentiated zoning codes prevent this kind of natural transition and create friction (higher costs) in the housing market. As housing becomes less affordable, residents experience these friction costs in their wallets.

Figure 3 illustrates two detached townhomes on a lot previously occupied by a small, single-family house. The house to the right of the townhomes is similar to the house they replaced. For example, these residential units would not have been allowed in a single-family land use zone that restricted the minimum lot size to a quarter or one-fifth of an acre. In many cities, given the higher densities, this townhouse development would require a rezoning.



Figure 3. Rezoning single family land uses to make space for townhomes
DMC Researcher photo

The higher density townhomes are consistent with the way this particular neighborhood is growing. Small households, typically consisting of urban professionals with dual incomes, are seeking more affordable lot sizes in proximity to the downtown area and near a major university. Notably, the architectural design is consistent with the existing homes. Even though the development includes four garages for cars, they are in the back of the lot allowing for front yards with building setbacks similar to

neighboring homes. Even with the case of land use revisions within the residential category, municipalities have the authority to deny a property owner's request to rezone.

Rezonings and Other Delays Drive Up Housing Costs

In traditional zoning, if a proposed development does not match an allowable use within the zoning code, the builder or property owner must apply for a "rezoning" to accommodate the proposed development. While the time needed to secure the rezoning can vary significantly, most cities and counties require months to secure changes. The proposed change must be introduced, usually with recommendations from a planning staff or consultant, accepted for consideration, and then is subject to public review and comment before a decision is made to reject or accept the proposal.

This process drives up housing costs as demand increases beyond the private sector's capacity to build new units, especially if not enough new units are permitted by local governments. More than a decade before the pandemic, for example, a series of studies found that Ventura County, California was issuing permits for only 45% of the housing their own local plans predicted were needed to meet demand.[16] This is likely true for many urban areas in Florida.

Even if rezonings are approved, the delays can significantly add to costs. A simple rezoning process immediately creates a three-to-six-month (or longer) delay in construction. The effects can be significant.

How has the Growth Management Act impacted affordable housing in Florida? One analysis of Florida's housing price trends in the 1990s and 2000s suggested that imposing new planning practices might have been counterproductive to producing more affordable housing in the state.[17]

But, there's good news. Since U.S. land-use reforms use existing zoning policies as their touchstone, reforming zoning can forge exponential effects.

The Solution: Allow and Encourage More Housing in Cities

[16] William Fulton, Christ Williamson, Kathleen Mallory, and Jeff Jones, "Smart Growth in Action: Housing Capacity and Development Ventura County," *Policy Study No. 288*, Reason Public Policy Institute and Solimar Research Group, December 2001, https://reason.org/policy-study/smart-growth-in-action/.
[17] Leonard C. Gilroy, Samuel R. Staley, and Sara Stedron, "Statewide Growth Management and Housing Affordability in Florida," *Policy Brief No. 53*. James Madison Institute, October 2007. See also Adam Millsap, Samuel Staley, and Vittorio Nastasi, "Assessing the Effects of Local Impact Fees and Land-Use regulations on Workforce Housing in Florida," *Backgrounder*. James Madison Institute, 2019, https://jamesmadison.org/assessing-the-effects-of-local-impact-fees-and-land-use-regulations-on-workforce-housing-in-florida/

Cities and counties can use this report surveying "affordable housing best practices" as actionable next steps to potentially unleash hundreds of thousands of new housing units. [See Florida Policy Project's more detailed brief on each of these Best Practices at FloridaPolicyProject.com]

Best Practice #1: Upzoning, which allows residential density to increase organically by allowing neighborhoods to evolve to higher densities. Specifically, it creates infill opportunities consistent with neighborhood characteristics by removing housing type restrictions or creating opportunities for dividing up existing parcels.



Figure 4. Repurposing a large single-family home for professional spaces and/or apartments - DMC Researcher Photo

Figure 4 shows how upzoning can benefit a neighborhood unobtrusively. This unit is juxtaposed to commercial office space, but it retains the architectural aesthetic of a residential building. The footprint of the building itself is equivalent to a large, two-story single-family home. Upzoning for housing could translate on the ground as dividing a large single-family home into two or four units. It could also mean allowing for more of the property to be developed or the height increased by a story.

Best Practice #2: Light Touch Density, which expands the housing options that are available to residential neighborhoods to include single-family houses, duplexes, triplexes, and fourplexes, tiny houses, accessory dwelling units, and small lot homes to increase housing diversity and supply. Figure 5 shows how alternative housing options can lead to unmet housing needs at a community-scale.



Figure 5. The Dwellings: Tiny house community in Leon County, FL. - Courtesy of The Dwellings, Tallahassee, FL.

Best Practice #3: Legalizing Accessory Dwelling Units (ADUs), which allows for adding smaller housing units typically suited for a single person or small households on existing lots.

Figure 6 illustrates an array of ADU design styles and Figure 7 shows an above garage example in Tallahassee, Florida.

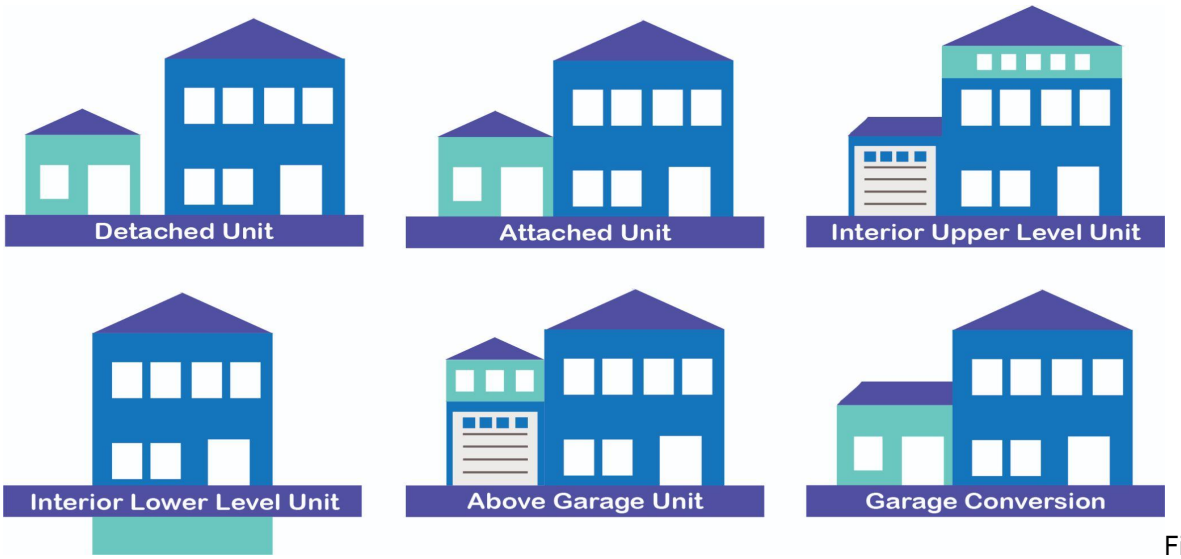


Figure 6. A rendered visual of various types of ADUs.[18]

[18] American Institute of Architects. Retrieved May 19, 2023, from https://www.aiany.org/news/legalizing-accessory-dwelling-units/. Devivre, Joie. "File:Accessory Dwelling Unit (ADU) Types.jpg - Wikimedia Commons."



Figure 7. ADU apartment in Tallahassee, FL
DMC Researcher Photo, Courtesy of Mrs. Cindy Percell

Best Practice #4: Reducing Minimum Lot Sizes, which allows more housing units per acre while retaining other regulations to protect neighborhood character. Figure 8 shows a duplex on a small lot in New Orleans, Louisiana.



Figure 8. A duplex on a relatively small 2,500 square foot lot in New Orleans, Louisiana
DMC Researcher Photo

Best Practice #5: Adopting Form-Based Codes (FBCs), which focus on preserving the character of neighborhoods and blocks while allowing land use to evolve organically as the city grows and land transitions to higher economic uses. Figure 9 shows a popular FBC illustration that the natural gradation of land use forms from rural to urban. More flexible land use codes allow development to organically evolve with the demands of the cit

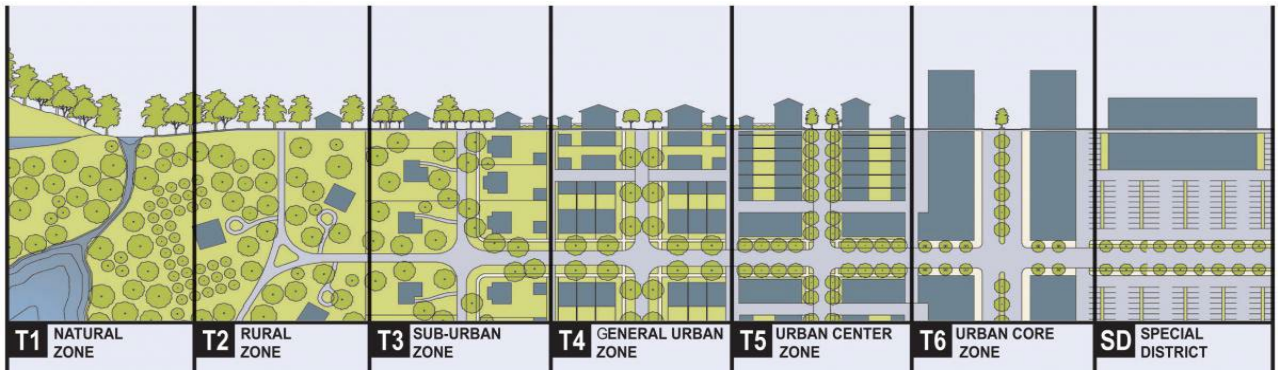


Figure 9. FBC Transects[19]

[19] Congress For The New Urbanism. "The Transect" https://www.cnu.org/resources/tools

As part of a suite of reforms, these and other innovative solutions have the potential to dramatically increase housing supply to meet Florida's rising demand.

Florida is not unique in these challenges. Even before the pandemic, single family zoning was drawing policy attention related to housing supply issues. In 2019, The New York Times featured startling maps showing traditional single family zoning dominating over 80% or more of all the residential land uses for the cities of San Jose, California; Arlington, Texas; Charlotte, North Carolina; and Seattle, Washington.[20] The single-family zoning in these cities prohibits more affordable multifamily housing options. But we can learn from other states and cities that have tried these reforms.

[20] Emily Badger and Quoctrung Bui. "Cities start to question an American ideal: A house with a yard on every lot," *The New York Times*, June 18, 2019, https://www.nytimes.com/interactive/2019/06/18/upshot/cities-across-america-question-single-family-zoning.html