

As Florida continues to grow, we must ensure that our state remains affordable for people to live, work, and play. Florida's current population boom saw the state increase its population by nearly 15 percent between 2010 and 2020. The state added a little less than three million residents in under a decade.¹ Florida is currently the fastest growing state in the nation,² and we should increase our housing stock to meet these population pressures.

The influx of residents to Florida has been overwhelmingly to the state's urban areas (cities and towns over 50,000 residents according to the U.S. Census Bureau). Between 2010 and 2020, the state saw a 15.2 percent increase in urban residents. An estimated 87.7 percent of our residents live in these areas, making us a definitively urban-oriented state. Miami, Tampa, Jacksonville, and Orlando have seen unprecedented growth in the past few years, and there is no sign of it slowing.³

To prepare and sustain such great population growth, Florida must consider how best to develop enough housing for all income brackets. The Florida TaxWatch March 2023 commentary "Florida's Housing Market: Trends of Supply and Demand" discussed how housing construction has been lagging behind this increased demand. In order to address the housing shortage, Florida is pursuing innovative ways to incentivize developers to build affordable units across the state.

As Florida policymakers try to alleviate Florida's affordable housing crisis, reforming zoning regulations plays a significant role. Among other changes, legislation (SB 102- "Live Local Act") enacted in the 2023 legislative session will preempt zoning laws to allow for increased density on commercial and mixed-use zones. Regardless of local laws, developers will be able to use commercial and mixed-use zones to create residential housing units if a portion of those units maintain affordable rates. How will this recent change to zoning help relieve Floridians trying to afford rising housing costs?

Current Zoning in Florida

Despite population pressures, single family housing construction far outpaces multi-family units. For instance, in calendar year 2021, 213,494 new housing units were authorized by active permits in Florida. More than half of these units were within one-unit households (148,735).⁴ This comes as the median price of single-family homes skyrockets, increasing by 55 percent in the past decade.⁵

Developers must build in accordance with their local land development code. Land development codes restrict the types of buildings that can be built on a specific type of land. For instance, in the City of Miami, R-1 zoning demarcates single-family units. Large swaths of the city are zoned R-1, restricting new developments to single-family use.⁶ Jacksonville⁷ and Orlando⁸, alongside most of Florida's other municipalities, also reserve the majority of their land for single family use.

¹ Florida Department of Transportation, "Urbanized Area Population Estimates," 2020.

² United States Census Bureau, "Florida Fastest-Growing State for First Time Since 1957," 2022.

³ Longview News-Journal, "The Fastest-Growing Metropolitan Areas in the U.S.," 2023.

⁴ U.S. Census Bureau, "New Privately-Owned Housing Units Authorized by Building Permits in Permit-Issuing Places in the State of: Florida," 2022.

⁵ Shimberg Center for Housing Studies, "Median and Mean Sales Prices, 1990-2022," 2022.

⁶ City of Miami Government, GIS Interactive Mapping Tool, Accessed 2023.

⁷ City of Jacksonville, JaxGIS, Accessed 2023.

⁸ City of Orlando, GIS Open Data Hub, Accessed 2023.

Local governments establish a process for rezoning land. In cities like Miami, this process requires an extensive amount of paperwork, and often takes between six and nine months.⁹ Applications are also not guaranteed, as the rezoning of a parcel of land is subject to a public hearing.¹⁰ Jacksonville and Orlando have a similar amount of red tape in their rezoning process,¹¹ creating hurdles to development.

With current zoning restrictions being difficult to change, developers are limited in what they can produce and where. When compared to single-family housing, mixed-use and multi-family development is rare across Florida's cities.¹² Florida's affordability crisis must be met with innovative solutions. By revisiting how we zone our cities and suburbs, we may find ways to allow for more Floridians to find affordable housing close to where they work.

Amending land development codes could diversify the way we develop housing, allowing duplexes, triplexes, and small apartment complexes throughout our cities. These forms of housing units are less land-intensive, fitting more residents into a smaller area. Land is one of the largest factors that goes into the price of a home, so allowing increased density should help drive down housing costs. Furthermore, studies have shown land value increases home price volatility.¹³

Legislative Changes to Florida Zoning Regulations

SB 102, called the "Live Local Act," will change the way that local governments in Florida zone their land. The 2023 legislation would allow commercial and mixed-use land to be redeveloped into multifamily and mixed-use residential units¹⁴ provided that 40 percent of the new units are affordable¹⁵ for 30 years. County and city government approval would not be required to rezone these commercial areas, provided that the developers meet those requirements.

Multi-family housing allows multiple, separate dwellings on a parcel of land. This can range anywhere from a duplex to a large apartment complex. Mixed-use development allows for commercial uses to be zoned on the same parcel as residential. This would allow for convenience stores, restaurants, and retail shops on the bottom floor of a development, under three to five floors of apartment units.

One of the main stipulations of this legislation is that the land must be zoned for commercial or mixed-use prior to development. This is intended to allow for under-utilized strip malls and other commercial uses to be transformed into housing.

Will Upcoming Zoning Changes Make Housing More Affordable?

The passage of SB 102 allows for more flexible development on commercial and mixed-use parcels of land. As previously mentioned, increasing density may alleviate Florida's housing supply issue, therefore decreasing costs. Easing the hurdles developers face to build multifamily and mixed-use should act as an incentive for more of those types of units to be developed. Zoning changes, paired with other provisions of the bill, have great potential to lower the cost of housing.

⁹ City of Miami, Request a Rezone, <https://www.miamigov.com/Planning-Zoning-Land-Use/Rezoning/Request-a-Rezone>

¹⁰ *Ibid.*

¹¹ City of Orlando, Florida Zoning Ordinance; and City of Jacksonville Code of Ordinances, Section 656.292.- Rezoning procedures.

¹² Shimberg Center for Housing Studies, "Residential Parcels by Year Built, 2022," 2022.

¹³ Core Logic, "Land Values Drive Home Price Volatility," 2023.

¹⁴ At least 65 percent of the total square footage must be used for residential purposes.

¹⁵ "Affordable" is defined as less than 30% of income for those under 120% of area median income.

In turn, SB 102 will take some power away from local governments to manage development. State preemption has been a primary concern of some local officials.¹⁶ The bill will take density, height, setback, and parking requirements away from local governments provided that a development meets the affordable unit threshold. These restrictions are often used by local officials to keep the “character” of a neighborhood and limit the types of development possible in a specific area.

To quell these concerns, the bill does have height and density requirements. When a new development fits the criteria set forth by SB 102, local governments can still impose height restrictions that ensure new developments are lower than either the highest limit permitted for a commercial or residential development within a 1-mile radius of the proposed development or three stories, whichever is greater. This allows new construction to be built in a way that does not disrupt the look and feel of a city, while allowing for more density than a single-family home.

Additionally, the bill asks local governments to revisit setbacks and parking minimums in an effort to maximize development on a plot of land. Although some worry about increased traffic from new construction, UCLA researchers found that traffic impact analyses often overestimate the impact new housing has on the level of service, particularly in urban areas.¹⁷ Increased density may have a marginal impact on traffic. Yet, with densification, other transportation options like biking and public transit become more feasible. Traffic concerns can be a major hurdle to development, as they can lead to downsizing or scrapping of dense, affordable housing complexes.

To make local law more consistent with state law, local governments may amend their land development regulations in compliance with the provisions of SB 102. This would not change zoning maps directly, rather changing what can be built on a specific type of zone. Conversely, local governments may keep their laws the same. Since SB 102 preempts their power to deny new developments, developers can build even if local laws say otherwise, provided that they meet the bill’s affordability provisions.

Similar preemptions to land development codes have already taken place in some states. For instance, Oregon has passed a bill that allows for fourplexes on single-family lots.¹⁸ Nebraska and Utah have also passed similar legislation, allowing for increased density on single-family lots.¹⁹ These policies were enacted very recently, so their long-term impact remains to be seen; however, decreasing regulation should spur development, alleviating increased demand pressure.

Cities that have begun to prioritize mixed-use development have already seen some of its benefits. For instance, in 2019 Minneapolis began prioritizing duplexes and triplexes over single-family units. Consequently, housing prices dropped 2.6 percent in the last calendar year.²⁰

Land development code reform has been gaining traction across many of America’s cities as of late. These changes have not seen an immediate impact on housing costs broadly, as construction is a protracted process; however, easing codes to allow for more density may lower costs.²¹ This is because land scarcity is one of the primary determinants of a home’s value. By fitting more units on one parcel of land, the price of a home should decrease towards the construction cost.

¹⁶ Key Biscayne Independent, “Rasco: State housing bill threatens key Biscayne’s safety,” 2023.

¹⁷ UCLA Policy Briefs, “How does traffic, or the fear of it, affect housing affordability,” 2021.

¹⁸ CityLab, “Oregon’s Single-Family Zoning Ban Was a ‘Long Time Coming,’” 2019.

¹⁹ Harvard Law Review, “State Preemption of Local Zoning Laws as Intersectional Climate Policy,” 2022.

²⁰ Redfin, Minneapolis Housing Market, 2023.

²¹ Brookings Institution, “Reforming land use regulations,” 2017.

Allowing for increased density is not an overnight fix. Rather, it would allow for increased development in urban areas for the foreseeable future, allowing for cities to grow more sustainably. Housing prices will not drop immediately with the passage of the bill. Although zoning deregulation has had some impact on affordability in cities such as Minneapolis, housing supply still lags far behind demand.²² This change in zoning regulation is a long-term strategy to assure that our state can continue to grow and support its people in a sustainable way.

Conclusion

In order to make housing more affordable and sustainable, we must look for innovative solutions. Amending zoning regulation to allow for diverse forms of housing may help ease costs, allowing for faster development to meet our housing demand. SB 102 is directly addressing this concern. By allowing developers to develop multi-family housing units in commercial and mixed-use zones, we will be able to build more housing on less land, potentially driving down the cost of housing. Furthermore, using vacant commercial lots to build these developments may provide a unique solution to our housing affordability crisis.

Yet, increasing housing density is no silver bullet. There are dozens of key factors that go into the cost of a home, such as building material cost, interest rates, and location. Nevertheless, increasing housing supply through urban infill is a step in the right direction toward making Florida affordable, sustaining the state's successful population growth and the prosperity associated with it.

²² St. Louis Federal Reserve, "New Private Housing Units Authorized by Building Permits for Minneapolis-St. Paul-Bloomington, MN-WI (MSA)," 2023.