

Practical Policy Considerations in Navigating Housing and Land Use Reform

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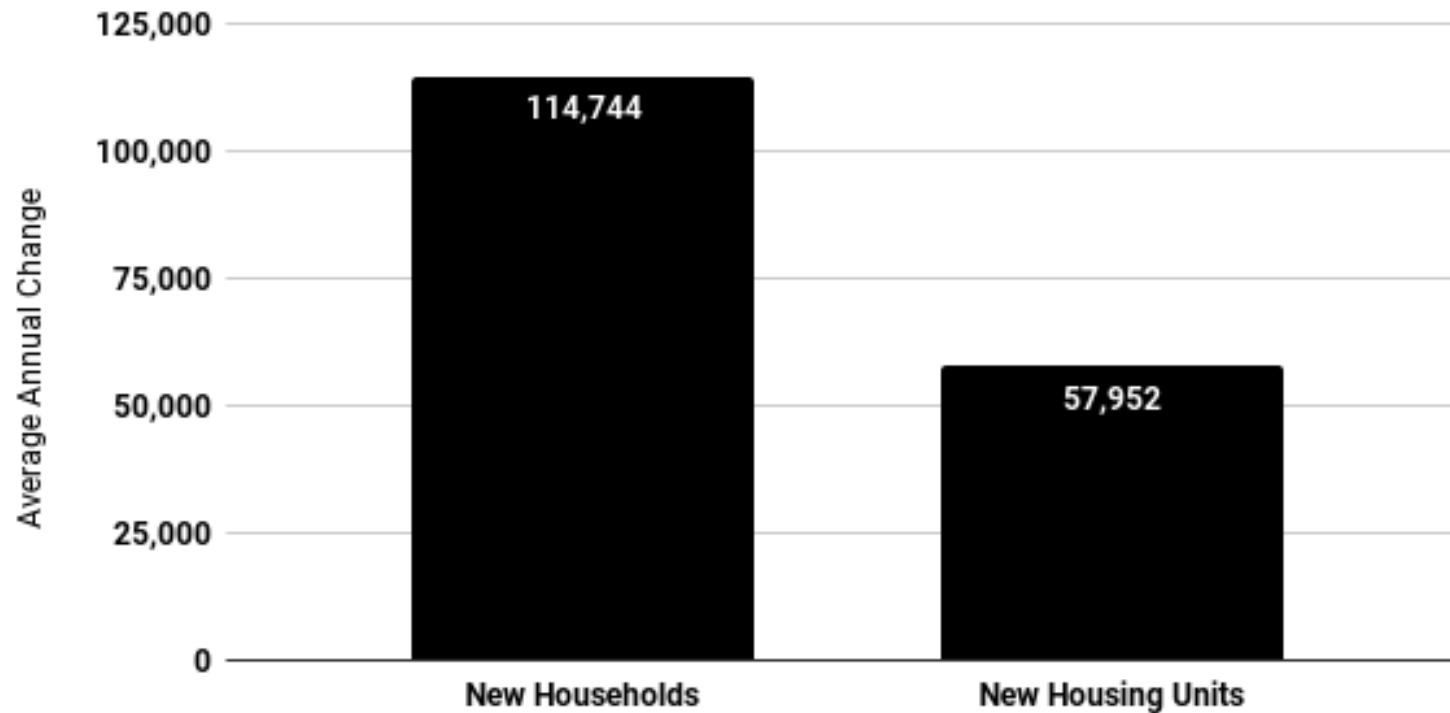


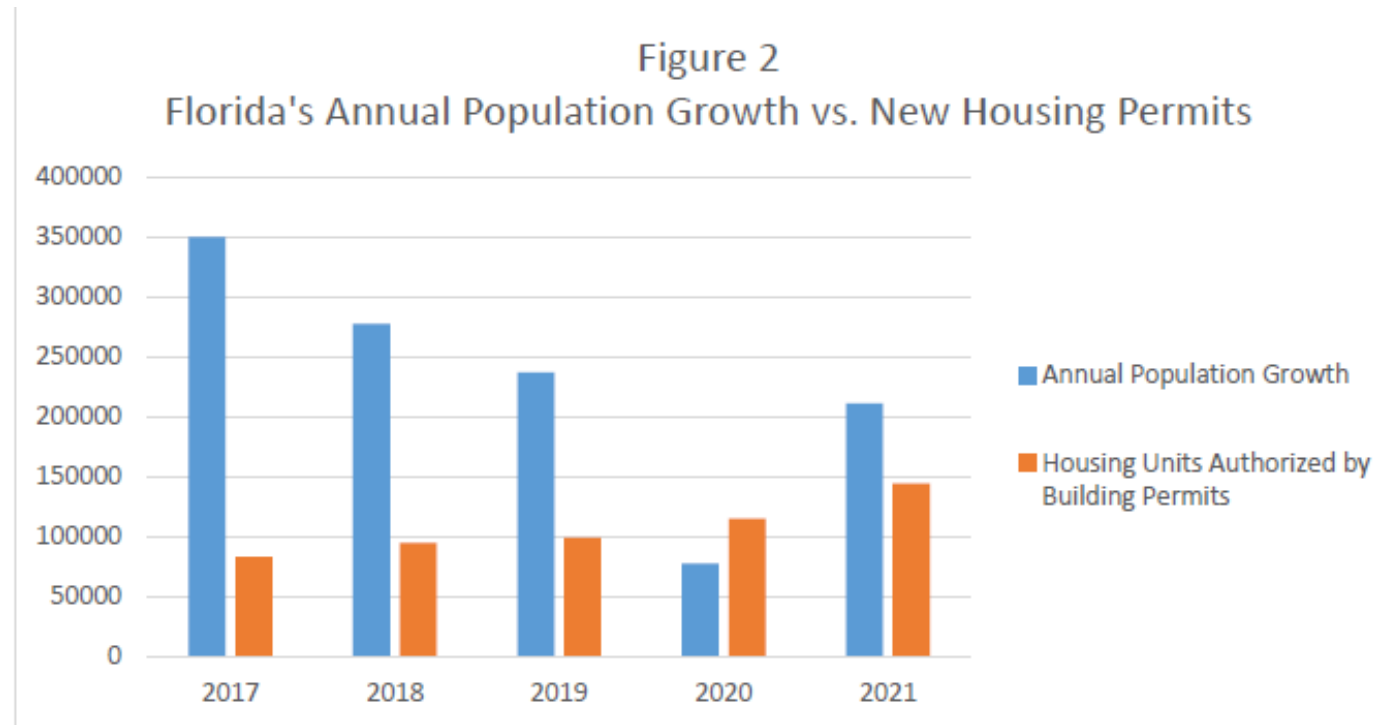
Florida's housing crisis

- Dimensions to the problem
 - More than just overall housing growth
 - Critical segments are missing
 - Regulation plays a non-trivial role
- Practical solutions
- Navigating local political minefields
 - NIMBY
 - Failures of vision
 - Structural reforms

Florida is not building enough housing

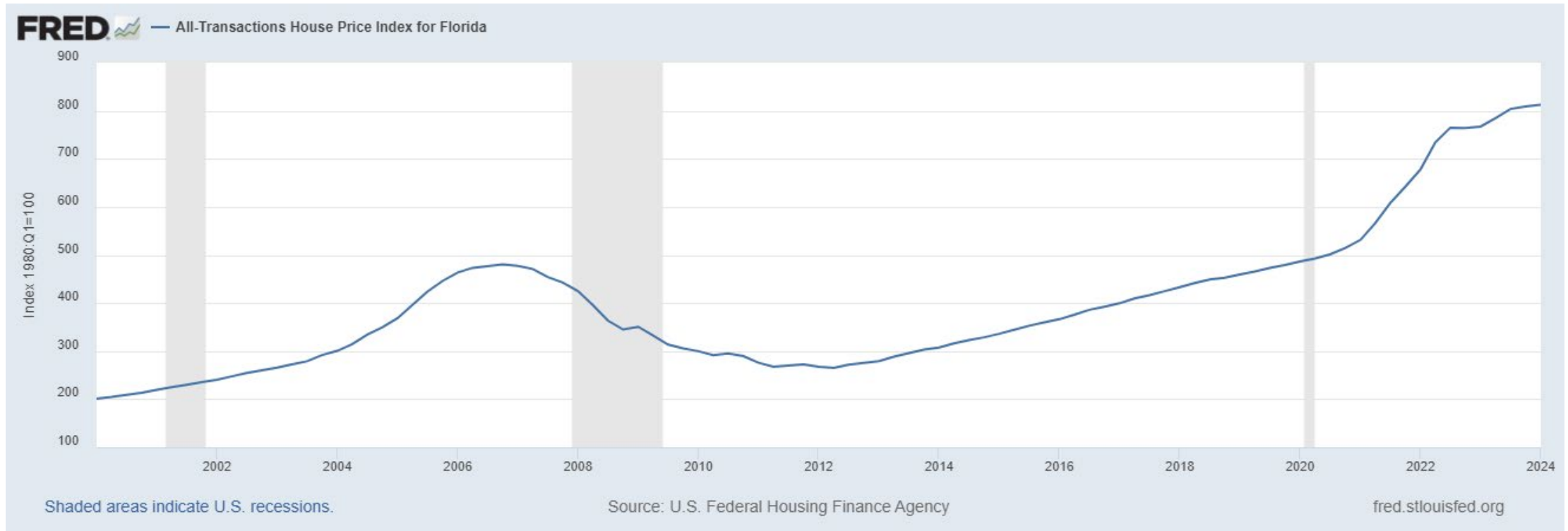
Average Annual Increase in Housing Units and Households in Florida: 2010 to 2016





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

Rising housing prices have outstripped household income growth by 3.5 x



Land-use regulations contribute to housing price increases

- Increase varies from \$14,800 to \$22,800 per house
 - Impact fees
 - Delay & uncertainty
 - Legal / consulting fees costs
 - Other fees
- Burden is regressive
 - Impacts fall most significantly on low-price housing
- Cost of delay alone may add
 - 5.9% to the price of a finished lot
 - 1.7% to the price of a house
 - Range from \$3,300 to \$6,900 per house
- Adopting comprehensive planning in the 1990s increased housing prices, reversing trends toward more affordable housing in Florida

How does land-use regulation contribute to the housing crisis?

- Narrows the funnel of the types and kinds of housing that can be built
 - Housing supply imbalance
 - More high-margin / high-income housing
 - Less low-income & workforce housing
 - Less housing diversity
 - Ignores the role of filtering
 - Discourages innovation
- Reduces the overall number of housing that can be built
- Increases uncertainty and delay
 - ties up capital
 - increases upfront costs
 - Reduces infill capacity (by squeezing small builders)
- Adds fees

Two types of approaches

- Tactical
 - Incremental changes
 - Work largely within the current system
- Structural
 - Rethink the foundational elements of planning and permitting
 - Reprioritizing planning and approval processes
 - Recentering housing as a “first among equals” objective

Tactical Solution: Accessory Dwelling Units

- California: Allowing ADU's led to 16,000 new housing units
 - Still well below potential
 - Individual households struggle with understanding code compliance
- Orlando
 - Min lot size of 5,500 sq. feet
 - 50% smaller than main residence
 - No larger than 1,000 square feet



Tactical Solution: Reduce Minimum Lot Sizes

- Minneapolis-St. Paul
 - 40% of housing built in metro area on lots below established minimums
 - Reduces racial segregation
- Houston
 - Reduce minimum lot sizes from 5,000 to 1,400 square feet in 1998
 - One-third of parcels in the city of Houston have no restrictions on development
 - Houston sets pace on infill and mixed used development
- Figure: Duplex on 2,500 square feet



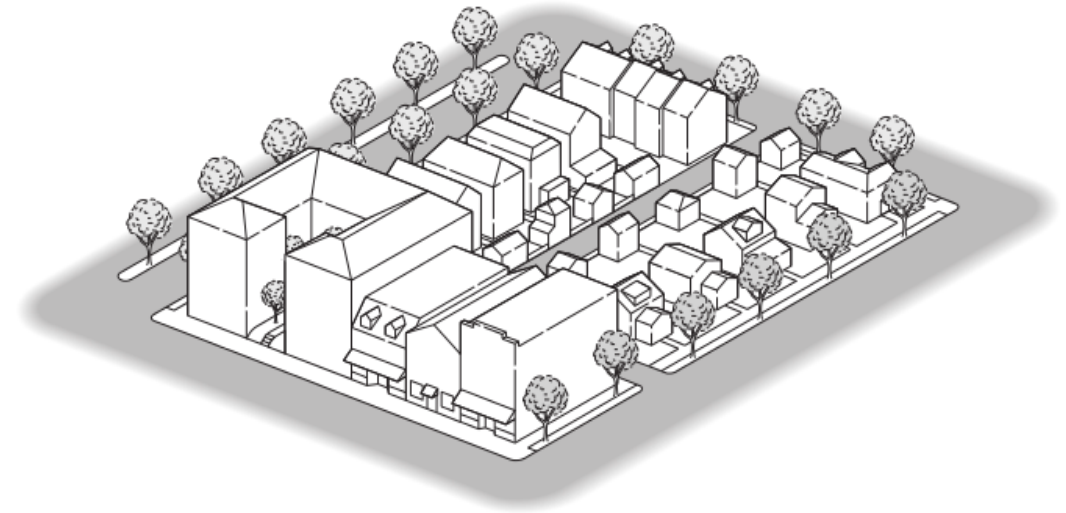
Tactical Solution: Upzone

- Allow for transitional uses as market demand shifts
- Seattle, Washington:
 - Potential to add 25,000 units to the housing stock over a decade
 - 10% increase
 - No subsidy
- Portland, Oregon
 - Residential Infill Project
 - Potentially accommodate 100,000 households by 2035



Tactical Solution: Form-Based Codes

- Facilitate land use transitions as communities mature
- Miami, Florida
 - Coral Way neighborhood added several thousand units in the wake of adopting Miami 21 Comprehensive Plan
- Cincinnati, Ohio
 - 40 neighborhoods adopted FBC's when given the opportunity
- Image credit: Form-Based Code Institute



Longer-Term Solution: Development impacts

- De-emphasize land use and focus more on specific development impacts
 - Positive vs. negative
 - Direct vs. indirect
 - Prioritize neighbors & impacted populations
- Emphasize measurable effects
- Consider mitigation rather than stopping development

Table 1. Decision Matrix for Evaluating Public Objections to Local Development Proposal

Concerns	Project limits other rights?	Is impact measurable?	Is impact negative?	Should it be mitigated?
Traffic congestion	Yes	Yes	Yes	Yes
Revenue neutrality	Yes	Yes	Yes	Yes
create crime	Yes	Yes	No	No
reduce property values	No	Yes	No	N/A
local profitability	No	No	N/A	N/A
community character	No	No	N/A	N/A

Note: N/A=not applicable.

Longer-Term Solution: Prioritize Housing

- Reposition Housing Elements as higher priorities
- Adopt a culture of permissionless innovation ethos
 - Presumption in favor of development or redevelopment
 - Accountability through mitigation of potential negative impacts
- More focus on administrative approval
 - Streamline pathways to approval for non-controversial projects
 - Allow some projects to be approved subject to a X-day period of public inspection in which a complaint can be lodged.
- Make decision points transparent
 - Prioritizing objections in the process

Political Considerations

- American planning defaults toward broad, unconstrained standing
 - This gives any interest standing in public hearings
- Set expectations about what factors or elements will receive substantive consideration
 - Written
 - In-person
- Identify and publish critical criteria or elements that will be considered by planning boards and commissioners when considering development approval
 - Clearly articulate the priorities of the public officials acting on behalf of the community
- Tie decisions directly to the vision of the community as established in the Comprehensive Plan
 - Create a matrix of key decision criteria that maps over details of the proposal

Conclusions

- Florida's housing market is facing an affordability crisis
- Lower income households and new homeowners are bearing the brunt of these impacts
- Bottom line: Florida is not building enough housing for a wide enough range of housing needs
- The planning approval and permitting process is a significant constraint on new construction
- Open-up the pipeline!

Primary References

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