



Seaside, Florida

The Seaside Institute

Balanced Residential Communities: Including Affordable Housing in Smart Growth and New Urbanist Development

BY JAIMIE ROSS

Growth management and smart growth principles can result in historic and open space preservation, and new towns built with traditional neighborhood design, complete with mixed uses and new schools. Smart growth and new urbanism advocates avow affordable housing integral to their models of development.¹ According to the Smart Growth Network and the National Neighborhood Coalition, “smart growth is not achieved if new developments feature a town square, mixed uses, grid street networks, and front porches in the “new urbanist” tradition, but fail to plan for affordable housing opportunities”² Unfortunately, the reality is that Florida’s large scale developments and new urbanist communities can boast little or no affordable housing.³



working poor. This means the workforce must commute to the new community from outside, and the schools within the new community do not have the benefit of diversity. It also means that local governments (which permitted the development of a new community without inclusion of affordable housing) have fallen behind in meeting their growth management responsibility for affordable housing.⁴

Large scale developers and the developers of new urbanist communities assure local government elected officials, staff, and the public, that the entire spectrum of income groups will be able to live in the new community. They intend to do this by including residential units that range from luxury single-family homes to modest townhouses and apartments. But those smaller detached homes, townhomes, and apartments that started out as “affordable” become unaffordable in short order due to rapidly appreciating land values. →

Development patterns throughout Florida continue to result in large tracts of land in suburban or rural areas developed in a manner that creates small towns or villages to the exclusion of low to moderate income families and the

What should local governments do to address the issue of producing and preserving affordability in the context of smart growth and new urbanism? The answer lies in a complement of financing and land use tools to develop and preserve affordable, or what is now often referred to as “workforce,” housing. At the forefront for large scale development should be a balanced residential ordinance, commonly known as inclusionary zoning. Inclusionary zoning is a land use tool that uses the opportunity of growth and a strong real estate market to obtain private sector participation in its efforts to produce and preserve affordable housing and create balanced residential communities.

A VICTIM OF THEIR OWN SUCCESS

New urbanism and traditional neighborhood design have been a marketing success story. This is a win for smart growth—open space is preserved, less land is used per family, and pedestrian friendly neighborhoods are created where families are in walking or biking distance to shopping, parks, and schools. But the very success of traditional neighborhood design and its desirability results in the failure to meet its stated goal of providing affordable housing.

Robert Davis, pioneer of new urbanism and traditional neighborhood design, thought he was including affordable housing within Seaside, a beautiful award-winning neo-traditional new urbanist development in the Florida Panhandle. In addition to large homes, his Seaside development included tiny bungalows, which were intended to provide workforce housing. But the desirability of the new town resulted in those bungalows being sold and rented at astronomical prices, in reach of only the wealthy.

More than 20 years after Seaside, large scale residential developments, including those developed in the style of new urbanism, continue to make the mistake of trying to address affordability by providing a mix of unit types, including townhomes and apartments or smaller single-family units with the expectation that these units will serve lower income families. It won't work. Density does not equate to affordability. Unless a certain percentage of the residential units are set aside for serving

lower income families, with long term land use restriction agreements to ensure those homes remain affordable, we will continue to see large scale development, especially those developed using the model of new urbanism and traditional neighborhood design, exacerbating the need for affordable housing.

Although some Floridians are reluctant to believe it, we need only look to California to understand the imminent affordability crisis our state is facing. Florida is a sunshine state surrounded by water on three sides. It is amazing that our land costs have remained as low as they have for so long. The change is happening at lightening speed. An ever increasing number of local governments and housing advocates are abandoning the goal of meeting the needs of the very low income population because they just can't see how it is possible. They reluctantly opine that the best they can hope for is to house the low paid professionals, such as teachers and firefighters. Many have given up on housing for service workers, who make up the bulk of Florida's workforce.

Large scale developments that fail to include affordable housing make the local government's job of meeting its housing element requirements even more difficult, as developers of large tracts of land use up sites, which could otherwise be available for affordable housing and create greater demands for housing the employees needed to serve the businesses, entertainment facilities, and public services required by the residents in the new community.

The deficit of affordable housing plaguing virtually every local government in Florida is a result of market failure. For the most part, employment in Florida is high. It is an unfortunate fact that many mothers and fathers in Florida are holding multiple jobs to make ends meet. So why do over 730,000 low-income hard working Florida families pay more than half their income on housing?⁵ It is a combination of factors, but most directly it is that jobs, including low paid professional jobs, do not pay a wage high

enough to meet housing costs associated with real property values that are escalating at a stupendous rate.

A LAND USE REMEDY LONG OVERDUE IN FLORIDA

Inclusionary zoning is gaining interest from local governments throughout Florida.⁶ Most are looking at models from around the nation that apply to developments with units of 25 or 50 as a threshold. Over 30 years old, and certainly the most well known inclusionary zoning ordinance is the Moderately Priced Dwelling Unit ordinance of Montgomery County, Maryland. There are over 100 inclusionary zoning ordinances in California. Inclusionary zoning ordinances in the northeast part of the nation apply to urban developments with as few as six units. In Aspen,

Colorado, the development of even one market rate unit requires the development of one affordable unit. A number of local governments throughout Florida are in the process of studying, drafting, or adopting inclusionary zoning ordinances based upon these existing models.

Inclusionary zoning is not a zoning category; it is a land use regulation that requires a certain number of affordable housing units to be built in conjunction with the development of market rate units. “Inclusionary zoning” was coined to reflect the intent of the ordinance: to counteract the effects of exclusionary zoning. Exclusionary zoning is historically characterized by large lot subdivisions and minimum square foot ordinances that make it difficult to develop affordable housing. Affordable housing is defined in terms of the income of the families buying or renting the housing and the percentage of their income spent for mortgage or lease payments. It is generally accepted that low-income families (those earning less than 80 percent of the area median income) should not have housing costs that exceed 30 percent of their income.

A more appropriate term for an ordinance requiring a certain percentage of the units developed in a large scale or new urbanist community is a “balanced residential ordinance.” The ordinance is not intended to counteract the exclusionary zoning described above; indeed, new urbanist communities are characterized by high density and a mix of unit types, which would be conducive to providing affordability. Many of the considerations in a typical inclusionary zoning ordinance (*see sidebar*) which apply to a smaller development would not apply to large scale or new urbanist development.

The key ingredients in a typical inclusionary zoning ordinance that would apply to large scale and new urbanist

Although inclusionary zoning ordinances must be tailored at the local level to reflect the development patterns, market conditions, and affordable housing needs in a particular jurisdiction, all inclusionary zoning ordinances have certain common elements—at a minimum, they address the following:

- A **threshold number of market rate units** that activates the inclusionary requirement, with a corresponding percentage of affordable units (at varying degrees of affordability) required;
- A requirement that the affordable units are **comparable in quality and aesthetics** to the market rate units;
- **Incentives** to assist the private sector in providing the affordable units, such as a density bonus;
- A provision for **payment in-lieu** when the nature of the development makes it practicably infeasible to include affordable units;
- A housing trust fund as the **depository for the payments in-lieu**, and a mechanism for using those dollars to promote affordable housing;
- An affordability period. One of the most critical elements in an inclusionary housing ordinance is **long term affordability**; and
- Policies for **administration** of the program.

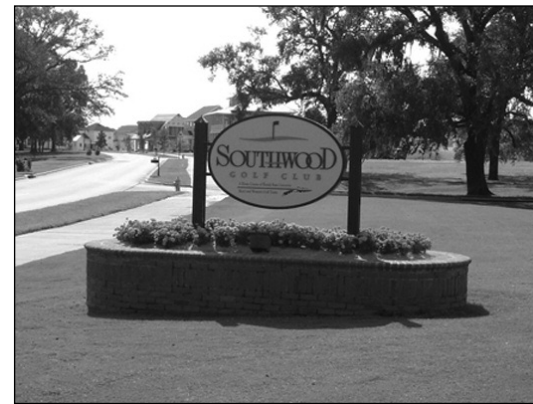
these lovely new communities is not being realized.

The St. Joe Company is one of Florida’s largest real estate operating companies and the state’s largest private landowner. St. Joe is currently developing “Southwood” (to include at build-out over

communities are long term affordability and administration. When an affordable product is included in an otherwise unaffordable area, appreciation inflates at a substantially greater rate. Once a local government has adopted and implemented a balanced residential ordinance, it is imperative that a long-term period of affordability accompany the development of the home. Long term affordability requirements call for administration; it is usually incumbent upon the local government to income certify potential renters or home buyers, enforce the resale restrictions (usually a formula which provides a fair and reasonable appreciation to protect the wealth building facet of home ownership, but avoids windfall), and provide a pipeline of qualified home buyers for the affordable units.

IN CONCLUSION


There is no doubt that land development regulations that permit smart growth and new urbanist communities is a good and positive thing. Developers are creating beautiful built environments, that emphasize old fashioned neighborhoods with a mix of uses, built around parks and pedestrian friendly spaces. But their promise to include affordable housing in



4,700 homes), referred to by the Florida Sustainable Communities Center as:

“a New Urbanist development.... Quality, affordability, and mix are all part of the New Urbanist formula. Home prices will range from \$80,000 to \$500,000.... There has been remarkable (and rare) outpouring of support from public officials, citizens, and media for the Southwood project.”⁷

But just five years later, in 2004, the most modest two bedroom townhome (without refrigerator, washer or dryer) starts at \$153,900.

The time is long overdue for those charged with land development permitting at the local level to bring the large scale private sector developers into full partnership in producing and preserving affordable housing. In exchange for the land development flexibility and increased profitability, which accompanies large scale and new urbanist development, local governments must ensure that these developments include housing for the people who work in the shops, restaurants, grocery stores, dry cleaners, hospitals, and schools, and generally support the quality of life that higher income families want and need to have in their community. 

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¹“New Urbanism is an urban design movement that burst onto the scene in the late 1980s and early 1990s. New Urbanists aim to reform all aspects of real estate development.... In all cases, New Urbanist neighborhoods are walkable, and contain a diverse range of housing and jobs. New Urbanists support regional planning for open space, appropriate architecture and planning, and the balanced development of jobs and housing. They believe these strategies are the best way to reduce how long people spend in traffic, to increase the supply of affordable housing, and to rein in urban sprawl.” Congress for New Urbanism <http://www.cnu.org>

² *Affordable Housing and Smart Growth, Making the Connection*, Smart Growth Network, <http://www.nnc.org>

³ See case studies of 56 out of 66 new urbanist projects identified in Florida in *A Guidebook to New Urbanism in Florida*, Florida Atlantic University’s Cantanese Center and the University of Miami School of Architecture, June 2002.

⁴ The Housing Element requirements of the 1985 Growth Management Act include that every local government have adequate sites for affordable housing and provide for housing all its current and future anticipated populations, including special needs populations. See Chapter 163.3177 (6) (f), Florida Statutes, 9J-5, FAC.

Florida has broad local home rule powers. Florida statutes give all counties the power to adopt comprehensive plans, establish zoning regulations, establish housing programs and perform any other acts not inconsistent with law. Section 125.01 (1), Florida Statutes.

In addition to the affirmative duty to provide for adequate housing for their present and future residents under the Housing Element requirements of Chapter 163 Part II, all entitlement communities have an affirmative duty to further fair housing under the Federal and state Fair Housing Act. See 42 U.S.C. Sections 3601-3631, and Sections 760.20-760.37, Florida Statutes. An inclusionary housing ordinance is the optimum way to provide housing choice.

⁵ Shimberg Center for Affordable Housing, University of Florida, <http://www.shimberg.ufl.edu>

⁶ Over the past several years, the following local governments have commissioned task forces, or are in the process of drafting or adopting inclusionary zoning ordinances: Alachua County, Miami-Dade County, Leon County, Tallahassee, Palm Beach County, Collier County, Sarasota County.

⁷ FSCC Local News Services: ‘New Urbanist’ Development Approved for Florida’s Capital, <http://sustainable.state.fl.us/fdi/fsc/news/local/9902/southwd.htm>.

COMMUNITY LAND TRUST TECHNICAL ASSISTANCE

The Florida Housing Coalition and 1000 Friends of Florida can provide information, education and technical assistance to Florida’s communities on creating a local Community Land Trust. While Florida’s land values continue to climb, and as communities grapple with the complex issues of sustainable affordability, local governments and their nonprofit partners are examining alternative models for addressing the long term needs of residents least served by the prevailing market. A community land trust can benefit low-income families by providing access to affordable housing in high cost, service-industry dependent areas, while keeping housing affordable for future residents. Just as importantly, the CLT model can be used to capture the value of public investment for long-term community benefit. If you would like to learn more about whether the Community Land Trust model is an appropriate tool for sustaining affordability in your community, call the Florida Housing Coalition at (850) 878-4219.

