



Board of County Commissioners
Office of Policy and Budgetary Affairs
Memorandum

To: Honorable Vice Chairman Oliver G. Gilbert, III
From: Office of Policy and Budgetary Affairs
Date: August 2, 2022
Subject: Rental Crisis

The following document has been prepared by the Office of Policy and Budgetary Affairs (OPBA). The information and gathered from specified sources as noted.

The research included below does not explicitly serve as a recommendation to the Board of County Commissioners nor does it support or oppose a particular legislative action. Should you have any questions, please contact us at 305-375-5350.

c: Basia Pruna, Director, Clerk of the Board
Office of Policy and Budgetary Affairs

Options for Addressing Rental Crisis in Miami-Dade County

It is widely recognized that Miami-Dade County is experiencing a housing emergency, [as declared by Marcia Fudge, secretary of Housing and Urban Development \(USHUD\), during a visit to Miami-Dade County's Liberty Square complex](#). The crisis impacts residents at all income ranges. Both the lack of available housing units and limitations on income of residents combine to create the current emergency.

While there is a tremendous need for affordable housing—typically reserved for residents with incomes below the area median income (AMI)—there is a desperate need for housing that is affordable for most everyone else. USHUD defines housing that is affordable according to recognized standards for home ownership and rental costs. [The generally accepted definition of workforce housing](#) is housing that is affordable for those earning between 80 percent and 120 percent of area median income, or AMI. Workforce households typically earn too much to qualify for affordable housing programs under USHUD. At the same time, they are also unable to afford most quality market-rate rentals and have been priced out of any ownership potential.

Policies to address a housing crisis include several methods to incentivize a reduction in the cost of housing. There are a number of options to consider in order to incentivize the reduction of rents. These include increasing density to allow for more units to be built, expanding the definitions of families eligible for “workforce” housing and providing for the preservation and expansion of affordability.

Rent Control

Jurisdictions worldwide have implemented rent control policies. While the concept of “rent control” has [existed since people began to live together in communities](#), the current forms of rent control were implemented during the Great Depression, between World War I and World War II. There have been many legal challenges throughout the history of rent control, largely premised on the rights of property owners to control their assets and the promise of economic trends to correct housing issues through the principles of supply and demand. [At this point, rent control policies exist only in very expensive housing markets and limit the growth in rents, rather than keeping rental rates flat.](#)

Florida Statutes limits the ability of local governments to establish rent control policies without a referendum of the voters of the entity of local government. The statutory citations are as follows (relevant sections highlighted):

[FS 125.0103](#) and [FS 166.043](#)

125.0103 Ordinances and rules imposing price controls; findings required; procedures.—

(1)(a) **Except as hereinafter provided, no county, municipality, or other entity of local government shall adopt or maintain in effect an ordinance or a rule which has the effect of imposing price controls upon a lawful business activity which is not franchised by, owned by, or under contract with, the governmental agency, unless specifically provided by general law.**

(b) This section does not prevent the enactment by local governments of public service rates otherwise authorized by law, including water, sewer, solid waste, public transportation, taxicab, or port rates, rates for towing of vehicles or vessels from or immobilization of vehicles or vessels on private property, or rates for removal and storage of wrecked or disabled vehicles or vessels from an accident scene or the removal and storage of vehicles or vessels in the event the owner or operator is incapacitated, unavailable, leaves

the procurement of wrecker service to the law enforcement officer at the scene, or otherwise does not consent to the removal of the vehicle or vessel.

(c) Counties must establish maximum rates which may be charged on the towing of vehicles or vessels from or immobilization of vehicles or vessels on private property, removal and storage of wrecked or disabled vehicles or vessels from an accident scene or for the removal and storage of vehicles or vessels, in the event the owner or operator is incapacitated, unavailable, leaves the procurement of wrecker service to the law enforcement officer at the scene, or otherwise does not consent to the removal of the vehicle or vessel. However, if a municipality chooses to enact an ordinance establishing the maximum rates for the towing or immobilization of vehicles or vessels as described in paragraph (b), the county's ordinance shall not apply within such municipality.

(2) No law, ordinance, rule, or other measure which would have the effect of imposing controls on rents shall be adopted or maintained in effect except as provided herein and unless it is found and determined, as hereinafter provided, that such controls are necessary and proper to eliminate an existing housing emergency which is so grave as to constitute a serious menace to the general public.

(3) Any law, ordinance, rule, or other measure which has the effect of imposing controls on rents shall terminate and expire within 1 year and shall not be extended or renewed except by the adoption of a new measure meeting all the requirements of this section.

(4) Notwithstanding any other provisions of this section, no controls shall be imposed on rents for any accommodation used or offered for residential purposes as a seasonal or tourist unit, as a second housing unit, or on rents for dwelling units located in luxury apartment buildings. For the purposes of this section, a luxury apartment building is one wherein on January 1, 1977, the aggregate rent due on a monthly basis from all dwelling units as stated in leases or rent lists existing on that date divided by the number of dwelling units exceeds \$250.

(5) No municipality, county, or other entity of local government shall adopt or maintain in effect any law, ordinance, rule, or other measure which would have the effect of imposing controls on rents unless:

(a) Such measure is duly adopted by the governing body of such entity of local government, after notice and public hearing, in accordance with all applicable provisions of the Florida and United States Constitutions, the charter or charters governing such entity of local government, this section, and any other applicable laws.

(b) Such governing body makes and recites in such measure its findings establishing the existence in fact of a housing emergency so grave as to constitute a serious menace to the general public and that such controls are necessary and proper to eliminate such grave housing emergency.

(c) Such measure is approved by the voters in such municipality, county, or other entity of local government.

(6) In any court action brought to challenge the validity of rent control imposed pursuant to the provisions of this section, the evidentiary effect of any findings or recitations required by subsection (5) shall be limited to imposing upon any party challenging the validity of such measure the burden of going forward with the evidence, and the burden of proof (that is, the risk of nonpersuasion) shall rest upon any party seeking to have the measure upheld.

(7) Notwithstanding any other provisions of this section, municipalities, counties, or other entities of local government may adopt and maintain in effect any law, ordinance, rule, or other measure which is adopted for the purposes of increasing the supply of affordable housing using land use mechanisms such as inclusionary housing ordinances.

To summarize Florida law, in order to impose rent control policies, a study establishing the existence of a housing emergency and finding that rent control would be necessary in order to eliminate the emergency would be required. Once the study has been completed, and following a public hearing, a referendum would be required via a countywide election. These efforts would have to be repeated annually. Countywide elections occur biennially, therefore on the off-years the cost to hold an election alone to continue the policy would cost between \$6 million and \$7 million. It may be argued that these resources could be better utilized in efforts to expand the availability of housing and encourage the deflation of rents.

Density Intensification

Legislation has been developed for consideration by the Board of County Commissioners to intensify density and allow for additional units to be built within the Urban Development Boundary (UDB). These policies include relationships with [workforce housing policies](#), [urban center definitions](#) and other [Comprehensive Development Master Plan \(CDMP\)](#) and [zoning elements](#). The creation of zones where increased density is encouraged as well as allowing for zoning elements such as accessory dwelling units (ADUs) will lead to increased housing availability which may lead to a reduction in rents.

Expanding the Definitions Used for Workforce Housing

The Miami-Dade County Code states that *there exists in Miami-Dade County a shortage of housing affordable to individuals and families of moderate incomes, particularly those whose earnings range from 60 percent up to 140 percent of the County's median income, the "workforce target income group."* *The workforce target income group includes many public employees and others employed in key occupations that support the local community. Increasingly, the high cost and short supply of housing affordable to persons and families of moderate income mean that many employees in the workforce target income group cannot afford to live in Miami-Dade County, while others can only afford to live in areas concentrated according to price and income level* ([ARTICLE XA.A. - WORKFORCE HOUSING DEVELOPMENT PROGRAM](#)). These households include those employed in essential sectors that have stagnant wages. Teachers, police officers, hospital support staff, delivery workers, and other employees in similar jobs may have a difficult time finding adequate housing due to soaring rent growth in many markets.

As reported on the Miami-Dade County website, as of April 2022, the [Area Median Income \(AMI\) for Miami-Dade County is \\$68,300](#). Based on this information, Table 1 details the workforce housing income limits for different sized families. Just over half of County employees make less than AMI for a single person. More than 90 percent of County employees would qualify for workforce housing if the employee's salary is the total income for a family of four.

Table 1 - Area Median Income and Workforce Housing Limits

Family Size	60% of AMI	AMI	140% of AMI
1	\$ 40,980	\$ 68,300	\$ 95,620
2	\$ 46,800	\$ 78,000	\$ 109,200
3	\$ 52,680	\$ 87,800	\$ 122,920
4	\$ 58,500	\$ 97,500	\$ 136,500
5	\$ 63,180	\$ 105,300	\$ 147,420
6	\$ 67,860	\$ 113,100	\$ 158,340
7	\$ 72,540	\$ 120,900	\$ 169,260
8	\$ 77,220	\$ 128,700	\$ 180,180

The standard for spending on housing costs is 30 percent of net income. Based on these income standards, Table 2 reflects the total housing cost (rent and utilities) that should be paid, assuming 20 percent of gross income goes to taxes and other deductions (there are seven federal tax brackets and Social Security and Medicare taxes that are deducted from gross salary; 20 percent is used for simplicity).

Table 2 - Housing Costs by Income

Family Size	60% of AMI	AMI	140% of AMI
1	\$ 820	\$ 1,366	\$ 1,912
2	\$ 936	\$ 1,560	\$ 2,184
3	\$ 1,054	\$ 1,756	\$ 2,458
4	\$ 1,170	\$ 1,950	\$ 2,730
5	\$ 1,264	\$ 2,106	\$ 2,948
6	\$ 1,357	\$ 2,262	\$ 3,167
7	\$ 1,451	\$ 2,418	\$ 3,385
8	\$ 1,544	\$ 2,574	\$ 3,604

Once the incomes are converted to the standards for housing costs as a percentage of net income, it becomes apparent that the availability of rental housing that is affordable for residents falling within the current workforce definitions is limited. As of May 2022, [median rents in Miami-Dade County](#) were \$1,650 per month for a one-bedroom apartment and \$2,180 per month for a two-bedroom apartment. Since last year, [USHUD income limits](#) increased by 12 percent. During that same time rents have increased by 23 percent since last year, clearly outpacing increases in income.

An option to consider may be to utilize conversions of median rents to income targets using standard spending goals to establish workforce housing eligibility. As an example, if the median rent for a two-bedroom apartment rose another 20 percent and became \$2,616 in 2023, then the appropriate income

for someone to qualify for that unit would be \$130,800, when adjusted for taxes deducted from gross income [$\$2,616 * 12 / .3 / .8$]. This, of course, assumes that utilities are included in the rent payment; if they are not included, the income limit would be higher.

Preservation and Expansion of Affordability

The loss of housing that is affordable – older construction, smaller multi-family buildings, expiration of affordable housing covenants – contributes to the housing crisis. As lower-income neighborhoods are transformed by an influx of higher-income residents and more profitable businesses, less affluent residents are often forced out. Rather than provide support for new construction, which is experiencing great cost increases, extending the affordability of existing units may be provided for significantly less funding and prevents the displacement of current residents. Policies that encourage the development of Naturally Occurring Affordable Housing (NOAH) do not require public investment, but rather encourage private investment in additional units.

The City of Minneapolis, MN supports [several programs](#) that are specifically intended to preserve naturally occurring affordable housing. These include:

- NOAH Preservation Fund: deferred loan fund for acquisition of larger properties in good condition
- Multifamily Loan Program: loan fund for acquisition of small to medium properties with funding for needed upgrades
- Affordable Housing Incentive Program: funding to implement energy efficiency and other cost savings upgrades, in exchange for long-term affordability commitments

[Preserving existing affordable housing is an important supplement to new developments, and it prevents displacement, is generally cheaper than building new housing, and conforms to existing land-use patterns.](#)

Encouraging existing affordable housing to extend affordability compacts is a [best practice](#) for the preservation of affordable housing and requires the least investment by either the property owner or the local government.

Expansion of units of housing that is affordable for our workforce may include programs that reduce the cost of capital for developers. Funding contributions from local governments, along with cooperation of financial institutions, can reduce the cost of financing of a development allowing the developer to charge less for rent. If local funding is utilized for the contribution, the local government would not have to follow federal guidelines and could develop its own rules for eligibility.

Combining Strategies

The most effective way to address the housing crisis may be to combine strategies, with a focus on workforce, rather than affordable, housing. Establishing a grant program for developers who are willing to build within the established rapid transit zone or providing funding for implementing energy efficiency renovations in exchange for a commitment for renting to an expanded definition of workforce residents could incentivize expedited unit availability.