

DEMAND FOR BUILD-TO-RENT COMMUNITIES BOOMS IN FLORIDA

Build-to-Rent (“BTR”) communities first gained momentum around 2010 when investors seized the opportunity to snatch up newly foreclosed homes, renovate them, and put them on the market as single-family rental homes. Once investors realized the popularity of single-family rental homes, they turned to developers building large-scale housing developments. For many, the hassles of home ownership outweigh the benefits as these new BTR communities offer common areas maintained by staff, little to no repair costs, and overall hassle-free living. According to the Census Bureau, adults under 35 have the nation’s lowest rate of home ownership, at only 37.8 percent. Many individuals are actively choosing not to pursue home ownership even though they can afford to purchase a home.

Understanding this market reality, BTR communities are in high demand. For developers, the BTR concept seeks to have the best of both worlds—treatment as a multi-family development while being located in single-family zoning districts. Although BTR communities are designed to look indistinguishable from existing owner-occupied neighborhoods, many developers seek to place the single-family homes and amenities on a single lot, similar to a traditional multi-family development. Unfortunately, most jurisdictions have land development regulations which lag behind the development trends of today. As a result, the BTR communities seeking to utilize a “one lot” concept must be located in a zoning district which allows for multi-family uses since most counties and cities do not allow more than one or two dwelling units on a single lot. This forces developers to locate their single-family detached homes within multi-family zoning districts, which are geographically more limited than single-family zoning districts. Some jurisdictions may be willing to amend their land development regulations to allow for multiple dwelling units on one lot with education and lobbying efforts.

As a hybrid approach, some BTR communities have utilized a land condominium concept. Creating and maintaining the condominium association can be costly and time consuming. Further complications are added if the BTR community is part of a larger HOA community.

At this time, most BTR communities in Florida are developed as traditional single-family platted communities. Although this approach may require more land and development costs, it certainly is the most accepted by local governments. Typically, local governments do not regulate “ownership” of the homes once the individual lots are platted. Additionally, some investors prefer this approach because it allows for quick liquidity of the individual homes.

Stearns Weaver Miller has been successful in permitting the development of BTR communities. We also have the experience and connections needed to advocate for local government or state-level law changes to pave the way for successful BTR communities. [Contact us](#) for more information.