

To: Buddy Dyer, Mayor of Orlando FL  
From: Yanira Manzano  
Subject: Addressing Housing Inequality in Orlando, Florida  
Date: August 15, 2023

### **Executive Summary**

In the Orlando-Kissimmee-Sanford metro area of Florida, housing inequality is a pronounced issue. This is evidenced by the National Low Income Housing Coalition's GAP report, which designates the area as one of the worst significant metros in terms of housing affordability. The report underscores a critical lack of affordable and accessible rental homes for individuals with extremely low incomes. With only 13 affordable homes available for every 100 renter households, it is highlighting a significant gap between the demand for affordable housing and its limited supply. The problem is compounded by the fact that the value of housing vouchers has not kept pace with the rising cost of rent, further intensifying the housing inequality problem in Orlando.

### **Background**

The city of Orlando, Florida, is facing significant housing inequality, particularly in terms of affordability and access to safe and affordable rental homes. According to the National Low Income Housing Coalition's annual GAP report, the Orlando-Kissimmee-Sanford metro area is ranked among the worst major metros for housing affordability. This disparity is particularly severe for extremely low-income renters, as there are only 13 affordable homes available for every 100 renter households. Furthermore, the value of housing vouchers has not kept pace with rising rent prices, exacerbating the issue.

To address these issues, the cities of Orlando and Orange County have invested in affordable housing projects and initiatives to bridge the housing gaps. Increasing access to homeownership is seen as a solution to closing the wealth gap and promoting economic equity. Additionally, President Biden has ordered the U.S. Department of Housing and Urban Development to review its policies and find ways to address discrimination gaps in housing nationwide. Orlando, like many cities across the United States, experienced a period of intense racial segregation. Redlining, a discriminatory practice by banks and lending institutions, systematically denied loans and investment in neighborhoods with high minority populations. This practice created a cycle of poverty and limited economic opportunities in Black and Latino communities. The exclusion of Black and Latino residents from wealth-building resources has resulted in widening income and wealth gaps, especially during the COVID-19 pandemic. Limited access to quality education, healthcare, and business ownership opportunities further exacerbate these disparities. Housing inequality has become a key factor contributing to economic inequality in Orlando.

Black and Latino residents in Orlando face significant challenges in achieving homeownership. The discriminatory practices of the past, combined with current systemic

barriers such as limited access to affordable mortgages and predatory lending, have made it difficult for marginalized communities to build wealth through homeownership. This perpetuates the cycle of poverty and limits opportunities for upward mobility for residents in these areas. Racially restrictive policies have also affected business ownership opportunities for minority communities. Limited access to capital and resources makes it harder for Black and Latino entrepreneurs to start and sustain businesses, hindering economic growth and wealth creation within these communities.

The cities of Orlando and Orange County have recognized the need to address housing inequality and have made efforts to invest in affordable housing projects. These initiatives aim to provide safe, decent, and affordable housing options for low-income residents, bridging the housing gap and promoting economic equity. Increasing access to homeownership is seen as a solution to closing the wealth gap. Programs that provide down payment assistance, financial literacy training, and fair lending practices can help marginalized communities overcome the barriers to homeownership and build intergenerational wealth. Recognizing the nationwide scope of housing discrimination, President Biden has directed the U.S. Department of Housing and Urban Development to review its policies and find ways to address these gaps. This commitment at the federal level is crucial in ensuring that housing inequality is tackled comprehensively and systematically across the country.

### **Option 1: Incentivizing Affordable Housing in New Developments**

Providing affordable housing in new developments involves offering benefits to developers who include a specific percentage of affordable housing units in their projects. This can be achieved through inclusionary zoning policies, which require a certain portion of units to be affordable, or through density bonuses, where developers are allowed to build more units than usual in exchange for including affordable housing. In return for meeting these requirements, developers may receive perks such as expedited permitting, additional development rights, or other incentives. The goal is to integrate affordable housing seamlessly into new developments, fostering economic diversity and providing opportunities for low-income individuals and families.

**Pros:** *This approach directly adds affordable housing units to the local market, increasing the supply and helping to meet the demand for affordable homes. Incentives encourage collaboration between the public and private sectors to address housing inequality, leveraging the strengths of both.*

**Cons:** *The definition of "affordable" can vary, and there may be trade-offs between affordable units and other project features, such as design or amenities. Affordable units within higher-end developments could still be unaffordable for the most vulnerable populations, potentially contributing to gentrification.*

## **Option 2: Community Land Trusts**

A Community Land Trust (CLT) is a nonprofit organization that acquires and holds land for the benefit of a community. The CLT model aims to separate the ownership of land from the ownership of structures built on that land. The CLT retains ownership of the land, while individuals or families own the homes or buildings. This approach helps maintain long-term affordability by controlling the cost of land, which is a significant driver of housing prices. CLTs often focus on creating and preserving affordable housing, as well as promoting community development and land stewardship.

**Pros:** *By retaining ownership of the land, CLTs can set restrictions on the resale price of homes, ensuring that they remain affordable for future generations. CLTs can help prevent gentrification and the displacement of low-income residents by offering affordable homeownership opportunities.*

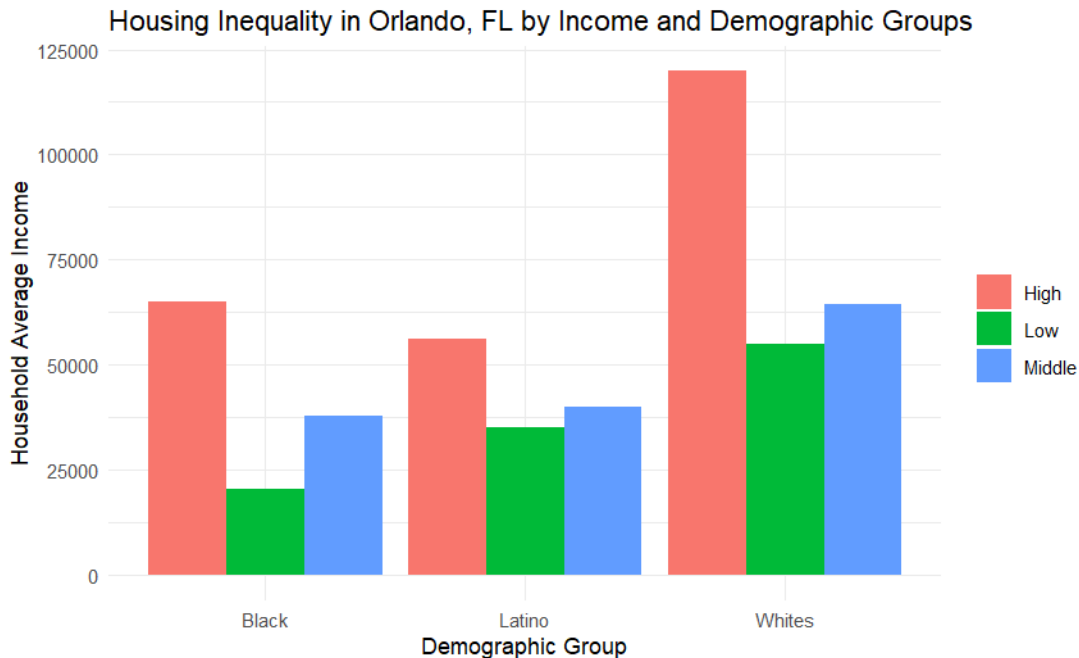
**Cons:** *Homeowners on CLT-owned land might experience slower equity growth compared to traditional homeownership, as the resale price is controlled to maintain affordability. CLT homeowners may have restrictions on selling their homes, which can limit their ability to benefit from potential market appreciation.*

## **Recommendation**

Given the complexity of the housing inequality issue in Orlando, a combination of both approaches might be effective, however, I prefer option 2. CLTs can target specific neighborhoods or projects to create stable, affordable communities while incentivizing affordable housing in new developments can address broader housing needs. Collaborative efforts involving government, nonprofits, developers, and the community are essential. Careful planning, flexibility, and ongoing evaluation will be vital to selecting and implementing the most suitable strategy or combination of strategies for Orlando's unique situation.

## Appendix

Figure 1: Housing Inequality in Orlando, FL by Income and Demographic Groups  
(Focusing on the Average Income from each class, especially from the median household)



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