



The Role of Tiny Homes in a Soaring Housing Market



Background:

The [Florida Building Code](#) stipulates that a “tiny home” refers to any dwelling under 400 square feet of floor area, excluding lofts.¹ Many of these homes attempt to squeeze the functionality of a traditional house into this limited space. To make up for lost size, owners use lofts, Murphy beds, hidden storage, and multi-use furniture for improved spatial economy in these homes.

This movement has become entrenched in popular culture thanks to shows like *Tiny House Nation* and devoted social media accounts—often with followings in the millions. A Florida-specific “Tiny House Enthusiasts” Facebook group has seventeen thousand members, underscoring the movement’s growing popularity in the state. This goes beyond vicarious interest—AirBnB rental inquiries for tiny homes were up 791 percent from 2019 to 2021.²

The State of Housing:

Florida remains ground zero for the broader housing crisis, as the state and its communities continue to pace the nation in key housing and rental cost metrics.

In the greater Miami area, six in ten homeowners are considered “cost-burdened” (spending more than 30% of their income on housing)—the highest rate of any metropolitan area in the U.S.³

Likewise, Tampa has seen the median rent increase 27.6% from last year, trailing only New York.⁴

Four Florida population centers rank in the top ten [most competitive rental markets in the U.S.](#)⁵

1 Section AQ102, F.B.C. - Residential

2 Airbnb, 2021 Airbnb Report on Travel & Living, available at <https://news.airbnb.com/wp-content/uploads/sites/4/2021/05/Airbnb-Report-on-Travel-Living.pdf>

3 (Florida & Pedigo, 2021), available at https://carta.fiu.edu/mufi/wp-content/uploads/sites/32/2019/03/Miamis_Housing_Affordability_Crisis_FNL.pdf

4 (Jaracz, 2022), available at <https://stacker.com/stories/38850/cities-where-rents-have-increased-most>

5 (Greco, 2022), available at <https://www.rentcafe.com/blog/rental-market/market-snapshots/most-competitive-rental-markets-2022/>

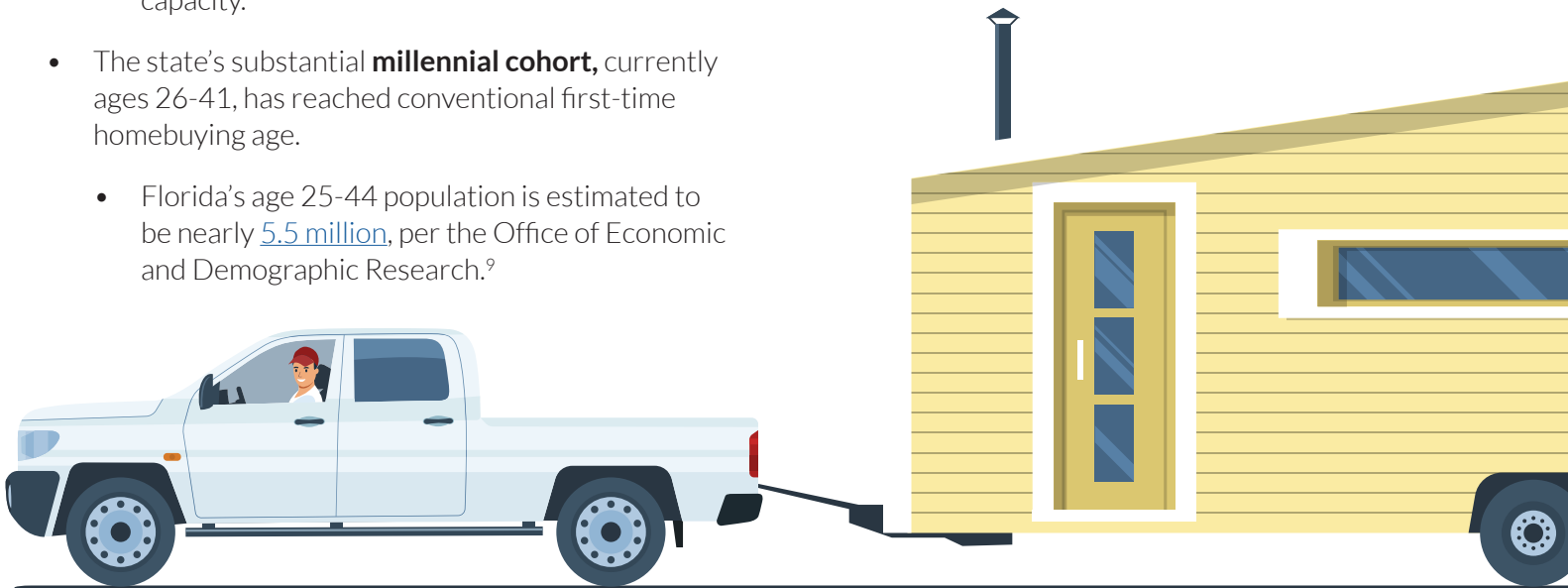
SMALL TALK: The Role of Tiny Homes in a Soaring Housing Market

A host of factors, largely demographic in nature, are driving these inordinate cost increases:

- **Net Migration/Growth:** Florida's inbound population outpaced their outbound population by roughly 360,000 people in 2021, per the Office of Economic and Demographic Research (EDR).⁶
 - The same report from EDR forecasts that the state population will reach 24.5 million (up from roughly 22 million now) by 2030.
 - According to [U.S. News and World Report](#), seven of the country's ten fastest growing cities (across seven distinct counties) are in the state.⁷
- The **single-person occupancy rate** has been climbing nationwide.⁸
 - In other words, more residents are choosing to live alone, further stretching the housing stock's capacity.
- The state's substantial **millennial cohort**, currently ages 26-41, has reached conventional first-time homebuying age.
 - Florida's age 25-44 population is estimated to be nearly [5.5 million](#), per the Office of Economic and Demographic Research.⁹

On the supply side, **cost and labor constraints** related to the economic disruptions of the past few years have limited construction efforts:

- Input costs (materials and labor) of homebuilding have climbed 8% since the start of 2022, and 39% from pre-pandemic levels, per the [Producer Price Index](#).¹⁰
- As of February 2022, the National Association of Home Builders reported roughly 449,000 vacant construction jobs.¹¹
- Accordingly, projects that traditionally took a year are reportedly taking 16-17 months to complete.



6 Office of Economic and Demographic Research, *Florida Resident Population* from the Demographic Estimating Conference, July 18, 2022, available at <http://edr.state.fl.us/Content/conferences/population/ConferenceResults.pdf>

7 U.S. News & World Report, *Fastest Growing Places in the U.S. in 2022-23*, available at <https://realestate.usnews.com/places/rankings/fastest-growing-places>

8 Our World in Data, *The Rise of Living Alone*, available at <https://ourworldindata.org/living-alone>

9 Office of Economic and Demographic Research, *Florida Population by Age Group*, available at http://edr.state.fl.us/content/population-demographics/data/pop_census_day.pdf

10 U.S. Bureau of Labor Statistics, *Producer Price Index*, available at <https://www.bls.gov/news.release/ppi.nr0.htm>

11 National Association of Home Builders, *Record Number of Construction Job Openings*, available at <https://www.nahb.org/blog/2022/06/construction-jobs>

An Emerging Approach:

Tiny homes offer a relatively untested vehicle for housing development, though they often compare favorably to other low-rise counterparts in cost, density, and mobility.

Cost: In many cases, prospective owners opt to construct their tiny home rather than buying a prefabricated unit off the market. Most cost between \$30,000 and \$120,000 to build, occasionally reaching higher depending on size and level of customization.

Note: the cost is a product of their minimal floor area, not a proportional discount. On a per-square-foot basis, tiny homes are often pricier to build than traditional homes—sometimes pushing \$300 per square foot, compared to the [Florida average](#) of \$110 per square foot.¹²

Construction is not the only expense to consider—additional costs include:

- Land
- Building permits
- Retrofitting for utility access
- Profit margins when purchasing a prefab unit

In any case, the cost of a tiny home rarely approaches the state's [median home value](#) of \$410,000.¹³

Density: Tiny home communities potentially yield greater housing density than traditional low-rise developments. While not as density-efficient as building vertically, tiny homes tend to avoid the NIMBY grievances associated with mid- and high-rise construction. However, these communities may still present their own concurrency challenges including increased traffic/congestion, parking concerns, and limited public resources. Ultimately, efficient homebuilding is also constrained by factors such as minimum lot size/coverage and maximum floor area ratio (FAR).

Mobility: Often, the houses are portable, affording owners the ability to travel in their home. This generally involves a temporary foundational chassis that can be interchanged with wheels for travel.

Residents are not the only ones to find value in the homes' portability—early adopters in urban planning circles have begun to build these homes in areas with lower construction costs, before importing them into pricier boutique communities for sale.

Mobile tiny homes are subject to the uniform standards code of ANSI book A119.5, as stipulated in section [320.8231](#), Florida Statutes.¹⁴ Section [320.8285](#), Florida Statutes, provides statutory authority for local governments to conduct onsite inspection following installation of a mobile tiny home.¹⁵ Local ordinances may provide supplementary building standards for mobile tiny homes.

¹² Home Advisor, *How Much Does it Cost to Build a Home in Florida?*, available at <https://www.homeadvisor.com/cost/architects-and-engineers/build-house-florida/>

¹³ Florida Realtors, *Monthly Market Detail – April 2022*, available at <https://www.floridarealtors.org/sites/default/files/2022-05/April-2022-Fla-single-family-data-detail.pdf>

¹⁴ Section [320.8231](#), F.S.

¹⁵ Section [320.8285](#), F.S.

Challenges:

On account of their small stature, unique construction, and potential mobility, these homes sustain a complex relationship with building and zoning codes, local ordinances, and financial institutions.

Size Thresholds: Counties and municipalities have a wide range of regulations regarding minimum square footage for residential dwellings. This effectively suppresses tiny home development in communities with higher floor area thresholds (See Graphic 1). Those localities with no minimum floor area are still subject to the state minimum of 120 square feet.¹⁶

Graphic 1: Minimum Square Footage Requirements



Dwelling Status: To meet the requirements of a primary residential dwelling, a tiny home must comply with [Appendix Q](#) of the Florida Building Code, as well as any additional local building and zoning codes.²⁰

In many cases, tiny homes are instead intended as “accessory dwelling units,” where they accompany a primary dwelling on the property. Homes intended for accessory use often incur additional regulatory scrutiny by code enforcement. This may take a variety of forms:

- **Lot Usage:** With a primary dwelling on the premises, an accessory dwelling unit may be further constrained by zoning concepts such as lot coverage, setback, and floor area ratio (FAR).

- **Nuisance Restrictions:** Local ordinances often govern the placement of an accessory dwelling unit, or prohibit it entirely, to maintain the aesthetic or public welfare of a community. This is particularly true for mobile tiny homes that may overlap with local RV restrictions. Certain jurisdictions require that a mobile tiny home be placed either in the driveway, or out of sight behind the principal dwelling. Others may limit “camping” in a mobile tiny home to designated areas, such as an RV park. Homeowners Associations often impose additional guidelines pertaining to RV placement.

- **Commercial Regulation:** Per section [163.31771](#), Florida Statutes, “*it serves an important public purpose to encourage the permitting of accessory dwelling units in single-family residential areas in order to increase the availability of affordable rentals for extremely-low-income, very-low-income, low-income, or moderate-income persons.*”²¹ Accessory dwellings used as commercial rental units are accordingly bound by statute to meet the requirements of an “affordable rental.”

In light of these challenges, many owners have opted to fly under the radar in their tiny house.

¹⁶ Section R304.1, F.B.C. - Residential

¹⁷ Franklin County, Florida, R-1 Single Family Residential Zoning Regulations, available at R-1 Single Family Residential Zoning Regulations (1).pdf

¹⁸ Section 38.79(4)d.6, Orange County, Florida – Code of Ordinances

¹⁹ Section 4.18.14, Dixie County, Florida – Code of Ordinances

²⁰ Section AQ102, F.B.C. - Residential

²¹ Section 163.31771, F.S.

Insurance and Financing: Tiny homes are often underserved by both insurance providers and mortgage lenders. The two are closely linked—while homeowner’s insurance is not required by law, most mortgage lenders make it conditional as part of any loan agreement. At the same time, many home insurance companies refuse to assume the risk of tiny homes due to their size and unconventional construction.

Tiny homes that meet the uniform standards of ANSI Book A119.5 are often able to obtain coverage through vehicle insurance, in lieu of home insurance. However, those that are permanently affixed or do not meet the standards of A119.5 may find it challenging to obtain a loan through traditional financing instruments.

State Snapshot:

Florida has recently taken on an expanded role in guiding tiny home activity. The state adopted [Appendix Q](#) into its building code in 2020, establishing baseline standards and regulations for homes under 400 square feet. The code includes provisions concerning emergency egress, ceiling dimensions, and loft construction.

At the local level, Brevard County recently amended county [building code](#) to address the homes’ construction, installation, and permitting process.²² The county similarly amended [zoning code](#) to provide procedural specifics for tiny house planned unit development (THPUD). This concept will allow for conditional deviation from traditional zoning standards. The section’s stated purpose is to “*encourage the*

development of planned residential neighborhoods and communities that provide a full range of residence types.” Projects are subject to approval by the Board of County Commissioners.²³

Looking ahead, the nationwide Tiny Home Industry Association intends to push new legislation in the Florida Legislature next session, per their Board of Directors. The [reported](#) measure would prescribe greater statutory authority for mobile tiny homes to serve as permanent dwellings. It is important to note that a blanket regulatory approach could result in preemption of local governments. Additionally, the next scheduled update to the Florida Building Code takes place in 2023, and could provide further state direction on the issue.

²² Section 22, Article X, Brevard County, FL - Code of Ordinances

²³ Section 62-1472, Brevard County, FL - Code of Ordinances

Conclusion:

Given the state of the housing market, local leaders are leaving no stone unturned in their pursuit of housing solutions. While still untested, tiny homes present a promising instrument for low-rise community planning, for their relative cost and density. At the same time, they often challenge conventional zoning standards, demand concurrent public resources, and have limited financing and insurance prospects.

Ultimately, local governments must decide for themselves whether these homes are appropriate for their communities—state measures that broadly embrace or constrain tiny home activity could limit local autonomy to determine the role of these homes. With legislative activity on the horizon, it is imperative that counties and municipalities have a seat at the table within the decision-making process.