

Florida Legislature Tweaks Live Local Act To Boost Construction Lending

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Among the final acts of its 2026 regular session, the Florida Legislature passed a key update to the Live Local Act (<https://www.bisnow.com/tags/live-local-act>) designed to appease hesitant lenders that have been holding off on funding projects because of uncertainty over the timing of the law's tax benefits.



Live Local, enacted in 2023, grants a 75% tax abatement for units in new developments that are kept affordable for those making 120% of the area's median income and a 100% tax abatement for units at 80% of AMI or less.

Projects were granted the tax break upon completion, which had been a sticking point for lenders uncomfortable with years of uncertainty about a building's ultimate expenses. The amendment, if signed into law by Gov. Ron DeSantis (<https://www.bisnow.com/tags/gov.-ron-desantis>), would lock in the abatement upon receiving a building permit.

The measure was specifically created to provide statewide clarity on the potential for local governments to bail out of the Live Local tax breaks if their jurisdiction posts a surplus in affordable housing units, Bilzin Sumberg (<https://www.bisnow.com/tags/bilzin-sumberg>) partner and land development and government relations attorney Anthony De Yurre (<https://www.bisnow.com/tags/anthony-de-yurre>) said.

"Now that gives [lenders] the safety and security and predictability that the tax exemption will be there upon completion," said De Yurre, who helped craft the legislation.

The Live Local Act was intended to spur development in the affordable and workforce housing sector by giving developers tax exemptions and density bonuses. Its most prominent feature gives developers the ability to override local height restrictions as long as they dedicate at least 40% of a project's units to workforce housing.

This is the third time the law has been amended in as many years, and each time it has expanded the law's tax breaks or reduced local zoning control (<https://www.bisnow.com/south-florida/news/affordable-housing/florida-rep-vicki-lopez-sponsors-two-bills-to-enhance-the-effectiveness-of-the-live-local-act-128375>).

Since its enactment, 55,000 units and 182 projects have been proposed statewide utilizing the Live Local Act as of March 9, according to Bilzin Sumberg (<https://www.bilzin.com/insights/publications/2026/03/house-bill-1389-approved>), citing data published by the Florida Housing Coalition.

Even so, only a handful have actually broken ground. According to Bilzin Sumberg, 14 projects are under construction, meaning only 13% of proposed projects have gotten started.

Many developers argued (<https://www.bisnow.com/south-florida/news/multifamily/developers-question-whether-floridas-live-local-act-can-actually-help-residents-live-local-127786>) that the tax abatement's vesting schedule made lenders uncomfortable underwriting construction loans or property mortgages with the tax exemptions, which may or may not be there at the time of completion, in mind.

This posed the threat of uncertainty, especially for agencies like the Department of Housing and Urban Development (<https://www.bisnow.com/tags/department-of-housing-and-urban->

development), Freddie Mac (<https://www.bisnow.com/tags/freddie-mac>) and Fannie Mae (<https://www.bisnow.com/tags/fannie-mae>), De Yurre said.

The law's most recent iteration, approved through House Bill 1389, states that owners that receive a building permit on or after July 1, 2026, and within four years before the opt-out's effective date, will still be eligible as long as the project meets the program's requirements.

The amendment also mandates that, to opt out of the tax exemption, a taxing authority must show three consecutive years of an affordable housing surplus.

De Yurre expects the change to kickstart construction on the Live Local projects in the pipeline.

"They want a statewide policy, or a predictable policy that they can follow," he said. "If you want the most conservative actors in the real estate world to build affordable housing, lenders pay [for] predictability."

Changing the timing of the tax legislation wasn't the only modification to HB 1389. The legislature also expanded where Live Local projects are permitted, which today is limited to land zoned for commercial, industrial and mixed-use.

Now developers will be allowed to build on land owned by counties, municipalities and school districts as long as the property owners co-file project applications with the developer.

The expansion promotes more public-private partnerships, De Yurre said. Extending the law to schools could unlock on-campus housing that ensures teachers can afford to live within the communities they serve, he added.

Live Local projects will also be permitted on religious institution property of at least 3 acres that has contained a house of public worship for at least 10 years. The house of worship must also be a co-applicant and continue operating following construction.

"You're going to see a huge explosion in public-private partnerships to promote housing affordability," De Yurre said.

The bill also places all affordable housing, not just Live Local Act projects, under the protection of the Florida Fair Housing Act and strips municipalities of their sovereign immunity, which protects government entities and employees from being sued without their consent.

This means that local governments can't treat an affordable housing project differently in the approval process. It also means local governments are exposed to damages if a court finds their actions discriminatory, although a developer can only seek relief from the courts if they have exhausted all other legal avenues.

"You have to have standing," De Yurre said. "It's not just that you were harmed, but that your claim is ripe through exhaustion of administrative remedies or prevention of even seeking an administrative remedy."

HB 1389, which was sponsored by Sen. Alexis Calatayud and Rep. Mike Redondo, both Republicans from Miami-Dade County, will go into effect on July 1 this year unless DeSantis signs it earlier or vetoes it.

"These things look like small updates to housing policy, but there are a lot of people in the state that believe in the state of Florida, and the only thing holding us back is this affordability issue," De Yurre said. "If we can find a way to house everybody, there's really no limit to what the success could be for the state."

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See Also: Florida Legislature Tweaks Live Local Act To Boost Construction Lending (</south-florida/news/affordable-housing/developers-can-now-build-live-local-act-projects-on-government-religious-owned-land-133703>)

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