



**City of Gainesville
Clerk of the Commission
Office of the City Commission**

PO Box 490, Station 19
Gainesville, FL 32627-0490
200 E. University Avenue
P: (352) 334-5015
F: (352) 334-2036

City of Gainesville Policy Program Preliminary Research & Analysis

TOPIC: Development Moratorium Supplemental Research

PREPARED BY: Morgan Spicer and Zeria K. Folston, Policy Research Team

REQUESTED BY: City Commission/Commissioner Johnson

OBJECTIVE

Explore the effects that a development moratorium would have on displacement and housing costs.

EXECUTIVE SUMMARY

Ultimately, the effects that a development moratorium will have on housing costs and displacement are almost entirely dependent, not on the moratorium itself, but on the policies implemented by the city during the moratorium period. This is because the moratorium itself is not meant to be a solution to the problems of displacement and rising housing costs, but rather a stopgap measure to prevent these problems from being exacerbated while policy solutions are created. Some cities, like Chapel Hill, North Carolina, saw success during their development moratorium because of the community input that was gathered and the policy responses that were established. Several which are currently in place, including Tuscaloosa, Alabama and Clemson, South Carolina see a development moratorium as necessary to curb the proliferation of student housing which has caused rising housing costs and displacement in their communities, but have yet to fully see the results of the policy. Finally, others, like San Francisco, California, never came to fruition due to community concerns that the already significant housing shortage would be worsened by a moratorium on development.

When development moratoria are implemented in a way that is community centric and data driven they can result in additional policies which can curb the effects of rising housing costs that may come with a moratorium. However, if a development moratorium is implemented by itself, with no other policy responses to curb displacement, it is likely that the moratorium will do nothing to prevent displacement and will likely result in higher housing costs, due to creating a shortage in housing, a surge in market-rate development after the moratorium ends or before it officially begins, or an increase in the “flipping” of existing homes. However, if a city makes it a priority to not only develop but also implement policy strategies to curb displacement and rising housing costs during the moratorium period, then those

policies can offset any potential damage from a moratorium and can serve to create future development which is beneficial for the community as a whole.

HISTORY/BACKGROUND INFORMATION

Equitable Development

Equitable development, which is generally the goal of any development moratorium, is when “quality of life outcomes, such as affordable housing, quality education, living wage employment, health environments, and transportation, are equitably experienced by the people currently living and working in a neighborhood, as well as for new people moving in. Additionally, it is when there are public and private investments, programs, and policies in neighborhoods that meet the needs of residents, including communities of color, and that reduce racial disparities, taking into account past history and current conditions”.¹

Equitable development can strengthen communities’ ability to determine their own futures, and can encourage multicultural communities which allow for both long-term residents and new residents to thrive. There are many principles included in the advancement of equitable development, including the advancement of economic opportunity, the prevention of displacement, the preservation and expansion of affordable housing options, understanding local context, promotion of broader mobility and connectivity, the practice of meaningful community engagement, developing health and safe communities, the promotion of environmental justice, and the achievement of full accessibility.²

In relation to a development moratorium, equitable development necessitates that the moratorium, and the policy solutions that accompany it, are both community centric and data driven.

Effects of a Development Moratorium on Housing Prices

The most serious moratoria, those which apply to entire jurisdictions and last longer than 2 years, are not very common, only affecting 4% of jurisdictions in the United States and about 6% of the total population and land area in the country.³ Moratoria which are more limited in scope and time frame are much more common, and have even been used twice in the City of Gainesville⁴, but are usually put in place to allow cities time to update land use policies such as zoning laws. Development moratoria such as those discussed in the first report, which are specific to concerns about gentrification, displacement, and housing affordability, are a much newer kind of development moratorium and thus research on these is more limited in scope.

The effects of a development moratorium are incredibly dependent upon the policies passed during the moratorium period. If a development moratorium is enacted but there are no other significant policy changes designed to reduce housing costs and displacement (i.e. policies such as zoning changes, inclusionary zoning, or a land trust), then research does indicate there would be an increase in housing costs and no decrease in displacement. In a study of coastal development moratoria in Los Angeles, housing prices in the impacted area experienced a sustained increase of 6.8%, and a 10.9% spike during the moratorium itself.⁵ However, it is important to note that these moratoria were designed to

¹ <https://www.racialequityalliance.org/wp-content/uploads/2016/11/GARE-Equitable-Development.pdf>

² <https://www.racialequityalliance.org/wp-content/uploads/2016/11/GARE-Equitable-Development.pdf>

³ https://www.brookings.edu/wp-content/uploads/2016/06/20060802_Pendall.pdf

⁴ Ordinance 070026 in 2007 on electronic and animated signs, and an additional moratorium in 2001 on building permits in the I-1 and I-2 industrial districts (referenced in first report).

⁵ <https://link.springer.com/article/10.1007/BF00216590>

implement policies to slow sea level rise, not to reduce housing prices or displacement, and thus the policies implemented during the moratorium period were not designed to combat these rising prices.

The study conducted in San Francisco on the potential effects of a development moratorium, fully described in the first report and repeated at the end of this report, found that the temporary moratorium could make housing costs rise citywide by up to \$174 per household annually, while a permanent halt on market-rate homes could increase annual housing costs by \$1,800 per household. Additionally, the report indicated that there was not likely to be any reduction in displacement due to the moratorium.⁶ The primary reason for this reported increase in housing prices in San Francisco was the likelihood of a. Additionally, policy makers have expressed concern that preventing new development in desirable neighborhoods will simply result in developers “flipping” existing homes, which will also result in an increase in housing prices. It is important to note, however, that Gainesville does not have the lack of housing that is present in San Francisco, and thus these issues may not be as prevalent in Gainesville. However, this moratorium was ultimately not enacted, and thus there is no conclusive evidence that these effects would have, or would not have, occurred in San Francisco had the policy been enacted.

Additional studies into the effects of development moratoria have shown that a moratorium accelerates development in a given region in the immediate period after a development moratorium is first discussed by a local government, and this acceleration begins when the “threat” of a development moratorium is first indicated.⁷ If this is true, it is likely that the development moratorium would not have the effect of reducing displacement, as development may actually increase in the region. However, as indicated in the primary report, a potential solution to this is a “zoning in progress” date, which would allow the city to pause the review and approval of applications for new developments prior to the date the actual moratorium ordinance is passed.⁸ The measure could be put into effect while the commission considers, or directs city staff to consider, the development moratorium. If a zoning in progress ordinance is adopted, the city may not allow the requested new applications to proceed until the zoning in progress ordinance, or development moratorium, is completed, however once that period is completed the applications could continue forward.⁹

However, in the long term, studies have also showed that development moratoria do slow new development in the two years after they are enacted. One study, which looked at a policy in Maryland which placed a moratorium on new subdivisions unless there was sufficient capacity in public facilities (i.e. schools, roads, and public utilities) for them to be permitted to move forward, indicated that a development moratorium led to a decrease in development by approximately 8%.¹⁰

In contrast to the San Francisco and Los Angeles examples, the examples of Chapel Hill and Tuscaloosa (shown below) both indicate that housing costs decreased, or will decrease, in the aftermath of the development moratorium. In Chapel Hill, this is due to the city’s investment in community-based affordable housing solutions, such as a land trust and home rehabilitation fund. These efforts were designed to, and successfully did, counteract any negative effect a development moratorium may have

⁶ <https://www.spur.org/news/2015-09-18/new-report-says-mission-moratorium-will-only-make-housing-crisis-worse>

7

https://www.researchgate.net/publication/225741543_How_Does_a_Development_Moratorium_Affect_Development_Timing_Choices_and_Land_Values#:~:text=The%20development%20moratorium%20reduces%20the,market%20affect%20thi s%20accelerating%20effect.

⁸ Idea from the Planning Department

⁹ <http://egov.ci.miami.fl.us/Legistarweb/Attachments/25242.pdf>

¹⁰ https://www.jstor.org/stable/30139463?seq=1#metadata_info_tab_contents

on housing prices.¹¹ In Tuscaloosa, the primary reason for the city implementing the development moratorium was due to the negative impact the proliferation of student housing was having on housing prices. This was due both to the fact that students were charged higher rates of rent than other residents and because developers were over-producing student housing, and under-producing traditional housing, because student developments were more profitable, thus leading to a shortage in traditional housing and rising housing costs.¹² Thus, while a development moratorium may have the impact of raising housing costs in the short term, they may be able to have the long-term impacts of solving key underlying problems causing rising housing costs.

This, in combination with the previous research, further indicates that the effects of a development moratorium cannot be universally assumed, and is dependent upon the policies enacted during the moratorium period.

Effects of a Development Moratorium on Displacement

Similar to the previous section, the effects of a development moratorium on displacement is dependent upon the policies enacted during the moratorium. The study conducted in San Francisco indicated that the moratorium would not reduce displacement, because after the moratorium period market-rate development would be so profitable that developers would not agree to develop or sell any land for affordable housing. Additionally, the threat of “flipping” homes during the moratorium period as mentioned previously could also increase displacement in the areas the city is trying to preserve.

However, a development moratorium can allow the city to truly research and understand displacement in communities, to better understand what types of displacement are occurring and what, if anything, is causing displacement, and thus be able to come up with better, community oriented solutions to the issue. For instance, in the example of Chapel Hill the development moratorium served to decrease displacement, as the city saw the first increase in African American presence and ownership since the 1980s.

PRELIMINARY RESEARCH AND FINDINGS

Tuscaloosa, Alabama

In January 2019, the City Council declared a moratorium on multifamily mega complex developments of 200 bedrooms or more in an effort to halt and better regulate the proliferation of mega student housing. The goal of this moratorium was to provide the City Council time to develop a comprehensive plan for land use, zoning, development codes, and infrastructure which would create more cohesive development for students and long-term residents. This move was the result of several community meetings and data which indicated that the student housing market was negatively impacting the City’s public safety, roads, and utility systems. This moratorium was initially only in place for 3 months, however the city continued to extend the moratorium because the comprehensive plan was not yet completed.¹³ The coronavirus has been cited as a major reason for the slowdown in the comprehensive plan process. In May 2020, the City Council voted to allow the moratorium to expire on May 30th.

This caused significant conflict within the city, as the Mayor signed an executive order that extended the moratorium through the summer, arguing that there was a threat to public safety and the City’s infrastructure. However, an out-of-state developer threatened to sue the city and the mayor due to the

¹¹ <https://www.townofchapelhill.org/government/departments-services/housing-and-community/community-connections/neighborhoods/northside-neighborhood>

¹² https://framework.tuscaloosa.com/wp-content/uploads/2018/10/Tusc_HSG_Study_10252018.pdf

¹³ <http://framework.tuscaloosa.com/wp-content/uploads/2019/02/Ord.-No-8758-1-8-19-Moratorium-on-Multifamily.pdf>

executive order, and the executive order was withdrawn due to concerns that the lawsuit would take years and hundreds of thousands of dollars.¹⁴ This illustrates a common problem of development moratorium, which is that any government must ensure that they are using the moratorium period to implement policies to halt the problems they are trying to solve (in this instance, the proliferation of student housing), and that likely must go beyond simply waiting for a comprehensive plan to be completed.

However, in June 2020, the city enacted a second moratorium, this one explicitly on student oriented development, which is expected to expire at the end of 2020. The city's planning department has developed a set of recommendations, including defining student oriented development, enacting density caps, and removing a bonus height ability on certain parts of the city, in order to combat the proliferation of student housing, and they expect these policies will be implemented before the second moratorium is lifted.¹⁵

The City of Tuscaloosa has been conducting significant research and data collection on affordable housing and student housing since 2013, and has had several community task forces on the issue prior to the moratorium.¹⁶ Their research (a five year study from 2013-2018 on affordable housing in the city) indicates that the proliferation of student housing is negatively affecting housing prices in the region, specifically prices of single family homes, and thus the development moratorium will have a long-term positive impact on housing prices.¹⁷ This increase in housing prices is due to the fact that student renters are charged higher rental rates than other populations, and thus it is more profitable for developers to develop student-centric housing. This has not only skewed housing costs upward for the city, but it has also led to a shortage in traditional housing, also increasing housing costs. The moratorium has led to a decrease in the development of student-centric housing over the past year and a half, and the city believes it will ultimately result in an increase in traditional housing.¹⁸

Clemson, South Carolina

Clemson, South Carolina passed a six-month development moratorium (with the option to extend to 9 months) on large-scale housing developments in January of 2020, after months of debating the issue. The moratorium was put in place due to concerns over a boom in student housing, and the issue was first brought to the city council via a petition which asked the city council to address seven major issues stemming from the city's university driven growth and to pause all student housing developments until a new masterplan was created. The petition, created by Build A Better Clemson, gathered 1,923 signatures (12% of Clemson's population) and took three months to gather signatures before being presented to the city council.¹⁹

The initiatives in the petition include creating a masterplan for the city, with an overlay for the downtown district; reviewing all zoning ordinances within the city's code; surveying all rental properties within a 5 mile radius and determining the number of existing beds for students; reviewing Clemson's International Building Code to enhance enforcement of safety requirements to protect occupants of buildings; determining if the public transportation system is adequate, making sure the city is not disproportionately sharing the burden for student housing with the university; and determining if city-owned green space that would enhance the city's character could be supported by increased tax revenue. Although there have been complaints of inequitable development for many years, this petition was largely spurred by the recent Dockside development, which will continue despite the moratorium.

¹⁴ <https://www.tuscaloosa.com/posts/2020/06/04/mayor-maddox-issues-statement-on-multifamily-housing-moratorium>

¹⁵ Tuscaloosa Planning Department

¹⁶ <https://framework.tuscaloosa.com/resources/>

¹⁷ https://framework.tuscaloosa.com/wp-content/uploads/2018/10/Tusc_HSG_Study_10252018.pdf

¹⁸ Tuscaloosa Planning Department

¹⁹ <https://www.greenvilleonline.com/story/news/2019/12/03/clemson-city-council-sc-takes-heat-from-citizen-action-group-student-housing-boom-development/2586610001/>

Citizens who spoke in favor of the development moratorium expressed concern that the developments targeted to students were harming long-term residents of Clemson, and that the large housing complexes were harming the local character.²⁰ Ultimately, the city council approved a six-month moratorium on large-scale housing developments in a 4-2 vote.²¹ The three major projects currently in development, Dockside, 405 College Ave, and Cambridge Creek, were not stopped by the moratorium, but any future large-scale, multi-family housing developments with over 200 beds are prevented from breaking ground in the next six to nine months. The existing three developments were deemed to have “vested rights” in the city, meaning they received final board approvals and were up to date on all city fees prior to the vote.

The city council additionally appointed a steering committee to draft a guide for future development and a vision for the downtown Clemson district. The committee will include three members of the city council, a member of the economic development committee, a representative from the city’s planning and zoning department, and seven Clemson residents. Critics of the moratorium have argued that the length of the moratorium does not give the city enough time to adequately craft a masterplan, however supporters say the pause is still necessary even if no major changes are created, as it can flip Clemson from a market-based model to a people based model.²²

Since the initial vote, the city council voted unanimously in May to extend the moratorium until September 1 to make up for time lost due to the coronavirus pandemic. According to the city council, the quarantine has limited opportunities to gather public input, and thus several goals, including hiring a third-party consultant and meeting with local stakeholders, did not able to take place between January and May.²³ In June, the steering committee announced that they would begin gathering public feedback at the end of the month, and no significant updates have occurred since this announcement.

Chapel Hill, North Carolina

In June 2011, the Chapel Hill Town Council passed an ordinance establishing a development moratorium on specific development applications for an area in and around the Northside and Pine Knolls neighborhood, in response to a petition from the Sustaining Ourselves Coalition. The moratorium was in effect until January 31, 2012. The moratorium was issued to develop methods for addressing incompatible development that was not consistent with the intent of the Neighborhood Conservation Districts. Specifically, the town was concerned about the conversion of single family homes into large rental properties targeted for student occupancy.²⁴

The moratorium specifically applied to applications for building permits, applications for site plan approval, special use permits, zoning compliance permits, minor subdivisions and major subdivisions for residential development on residential zoned property submitted after May 23, 2011. Applications that were submitted prior to this date would be entirely unaffected by the moratorium, while applications submitted after were returned. The moratorium was enforced by Chapel Hill’s Planning Department and Inspections Department.

²⁰ <https://www.greenvilleonline.com/story/news/2019/12/03/clemson-city-council-sc-takes-heat-from-citizen-action-group-student-housing-boom-developement/2586610001/>

²¹

<https://www.cityofclemson.org/DesktopModules/EasyDNNNews/DocumentDownload.ashx?portalid=0&moduleid=828&articleid=3729&documentid=2230>

²² <https://www.greenvilleonline.com/story/news/2020/01/06/clemson-large-scale-housing-development-moratorium-approved-city-council/2795448001/>

²³ <https://www.msn.com/en-us/news/us/clemson-city-council-extends-moratorium-on-large-scale-housing-developments-until-september/ar-BB13ATIW>

²⁴ <https://indyweek.com/news/orange/moratorium-halts-development-chapel-hill-s-two-historically-affordable-african-american-neighborhoods/>

During the moratorium period, town staff participated with neighborhood stakeholders to develop a vision statement, identify key issues and develop strategies and a plan of action. The town also worked on implementing the new initiatives developed by the working group, and reviewing the current regulations of the Neighborhood Conservation Districts. A status report was made to the Town Council in September of 2011, and a strategy and action plan was recommended in November of 2011.²⁵

Specifically, town staff created the Northside and Pine Knolls Community Plan that responded to the issues brought forward by the community during the moratorium discussions, which addressed community themes such as parking, enforcement, education, affordable housing, cultural and historic preservation, and zoning regulations. The town worked with the Marian Cheek Jackson Center, along with the local communities, to implement this plan, and examples of the work include new parking regulations only allowing four cars on a lot, educating college students about living off campus and how to integrate college students into the community, and new zoning regulations to help protect historic areas.²⁶ Additionally, the community plan created a home rehabilitation program to assist longtime home owners, established a local affordable housing funding source (which has since developed over 30 units of affordable housing), and a five year action plan to shift the housing market to be more diverse.²⁷

The coordinated effort resulted in the first increase in African American home ownership and overall population across the two communities in 40 years.²⁸

Atlanta, Georgia

Atlanta is in the midst of a development moratorium in the Westside Park area in an attempt to reduce gentrification and displacement, and give the city six months to consider policy solutions to these problems. The moratorium is planned to be in place through August of 2020 (although this may be extended due to the coronavirus), and effects of the policy have yet to be seen.

However, the moratorium has received criticism from the public, who fear that the policy will backfire because the moratorium itself does nothing to address the growing demand for urban living in the region. Due to the desirability of the neighborhood at hand, which offers diversity, walkability, density, and urban amenities, many believe that the neighborhood will continue to draw new residents – regardless of whether or not new apartments or houses are built for them. Instead, critics argue, the moratorium will focus the demand from investors, homebuyers, and prospective renters entirely on existing homes, which could lead to a spike in individuals “flipping” existing homes, occupied by long-term residents, to either rent out or sell for a higher profit.²⁹

According to the Brookings Institute, this problem is not specific to Atlanta, and many cities which try to make it difficult to build new apartments end up worsening affordability problems because investors choose to fix up old apartments, and raise their rents, rather than building new ones.³⁰

Additional information on the Atlanta moratorium can be found in the original report.

²⁵ <http://www.townofchapelhill.org/home/showdocument?id=15015>

²⁶ <https://www.townofchapelhill.org/government/departments-services/housing-and-community/community-connections/neighborhoods/northside-neighborhood/northside-and-pine-knolls-community-plan>

²⁷ <https://www.townofchapelhill.org/government/departments-services/housing-and-community/community-connections/neighborhoods/northside-neighborhood>

²⁸ <https://www.newsobserver.com/opinion/article217884860.html>

²⁹ <http://cityobservatory.org/why-atlantas-anti-gentrification-moratorium-will-backfire/>

³⁰ <https://www.theatlantic.com/ideas/archive/2020/02/rich-investors-make-easy-scapegoat-rising-rents/606607/>

San Francisco, California

San Francisco has attempted to place a moratorium on the development of market-rate housing multiple times, however such efforts have failed due to concerns that the policy would not meet the housing goals it seeks to attain and would potentially worsen the housing shortage and cause a spike in housing costs.

Research requested by the Board of Supervisors examined how permanently halting market-rate development would upset the cost of living, eviction pressures, and funding for below market housing, and the study ultimately concluded that the moratorium would drive up housing costs citywide and would not prevent the displacement of current residents.³¹ Specifically, the report indicated that limiting the (already limited) housing supply would lead to higher housing prices across the city, with a .3% increase in the first year, but a 5.5% increase in housing prices over the next few decades. This was not only because market-rate housing would not be developed, but also because the moratorium would decrease the resources available to build new affordable housing.³² One of the primary reasons individuals support the moratorium was so that the city could purchase the few remaining land parcels to develop affordable housing, however the report, conducted by the San Francisco Office of Economic Analysis, similarly concluded that the moratorium was unlikely to induce a property owner to sell their land for affordable housing, and that housing prices were likely to continue to rise during the period, making market-rate development more profitable after the moratorium than it was before.³³

Specifically, critics found support that the temporary moratorium could make housing costs rise citywide by up to \$174 per household annually, while a permanent halt on market-rate homes could increase annual housing costs by \$1,800 per household. Finally, the report claimed that the temporary moratorium would have no effect on the reduction of displacement, make land more difficult to obtain for affordable housing, and would raise housing prices.³⁴

These concerns ultimately led San Francisco voters to reject the ballot measure.

PRELIMINARY COST/BENEFIT ANALYSIS

Costs

- A moratorium would halt development in the designated regions, which could cause economic decline through a housing shortage or through rising housing costs.
 - This rise in housing costs could be caused by a housing shortage, an increase in the “flipping” of homes, or by making market-rate development in the periods before or after the moratorium.
- A development moratorium by itself, with no other accompanying policy changes, would not reduce displacement or gentrification.
- Property owners, developers and business owners would likely be opposed to the policy, which could come at a large political cost.
- The discussion of a moratorium could “reveal” and speed up future development projects in the region, resulting in more gentrification and displacement. However, this problem could be mitigated by a “zoning in progress” date.
- Development moratoria have been subject to lawsuits, and thus the moratorium would need to be carefully crafted to ensure legality.

³¹ <https://www.planetizen.com/node/76609>

³² <https://www.spur.org/news/2015-09-18/new-report-says-mission-moratorium-will-only-make-housing-crisis-worse>

³³ https://sfcontroller.org/sites/default/files/FileCenter/Documents/6742-mission_moratorium_final.pdf

³⁴ https://sfcontroller.org/sites/default/files/FileCenter/Documents/6742-mission_moratorium_final.pdf

Benefits

- A moratorium would allow for time to properly research and understand gentrification in historic communities in order to create policy to protect those communities.
- A moratorium could help to align the goals of the comprehensive plan, community goals, and city policy.
- A moratorium, if accompanied by policy changes, could help to reverse trends of rising housing and displacement rates.
- The moratorium could help lead to development which creates a more cohesive and united community, helping to unite long-term neighbors and new students at UF.

PRELIMINARY AND ILLUSTRATIVE LIST OF POTENTIAL STAKEHOLDERS

- Planning Department
- City Attorney's Office
- Landowners
- Developers
- Porters Community
- Spring Hill Community
- Pleasant Hill Community
- Seminary Lane
- University of Florida
- Santa Fe College

ADDITIONAL RESOURCES

- Example lawsuit: <https://sammamish.news/2020/04/23/gerend-lawsuit-both-sides-claim-victory-development-moratorium-enacted/>
- Tuscaloosa Resources: <https://framework.tuscaloosa.com/resources/>