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## INTER-OFFICE COMMUNICATION

DATE: March 5, 2015

TO: EDUCC

FROM: Erik Bredfeldt, Economic Development & Innovation Director

SUBJECT: EDUCC Referral – Cost of Land Use Regulation

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On December 18, 2014 the City Commission referred an item to the EDUCC regarding the costs of land use regulation. This item was based upon a desire to gauge costs associated with land use/zoning actions that the City Commission reviews at a policy level.

In researching this matter further there appear to be three aspects of these actions that could be focused upon namely fiscal impact, economic impact and/or regulatory impact. The following is a brief review of the focus of these types of analysis:

- 1) Fiscal Impact – Attempts to quantify the costs and benefits (revenues) to local government associated with various land development scenarios and/or proposals. Helpful in assessing the costs associated with provision of services and the likely revenues that may adhere to the development of property in a certain proposed manner;
- 2) Economic Impact – Helps to assess the output, employment, personal income and tax revenues that may adhere to a proposed project. Often these are based upon direct effects (those to the firm that produces goods/services) as well as those that are indirect (to the firms that supply the producing firm) to induced effects (those that result from spending from households of income they receive in the local area) and measured by industry sector multipliers; and
- 3) Regulatory Impact - Assesses the cost of the regulation on a particular substantive policy matter with affordable housing being a classic example. Costs of a proposed building or development regulation on the affordability of a unit for example.

Currently, each type of analysis is conducted at various levels of robustness.

Fiscal Impact Analysis is conducted with regard to large scale annexations however not routinely by staff regarding small scale land development actions (see links 140623 B, C and D).

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Economic Impact Analysis is occasionally conducted by applicants for a land development action to inform policy makers of perceived impacts to the local economy or from local agencies to gauge impact (see link 140623 E).

Finally, there is a mechanism in place within the City of Gainesville tied to the provision of affordable housing and related to SHIP funding provided by the State of Florida. This framework is stated in the City's Comprehensive Plan. Impacts to affordable housing from various proposed changes to land use/zoning are reported to the Plan Board and City Commission via staff report (see link 140623 F).

**Questions for Committee:**

- 1) Is there a desire to see any/all of these types of analysis tied in to the review of land use/zoning petitions?
- 2) How robust should the analysis be?
- 3) Should this analysis take place by staff, a consultant or be provided by the applicant?