

Exclusionary Zoning & Inclusionary Zoning Study

Community Workshop

HR&A

Study Overview

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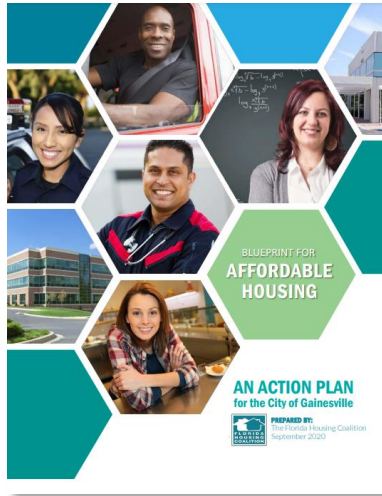


Overview | HR&A Advisors was engaged by the City of Gainesville to study tools that the City can use to help drive more equitable housing outcomes in Gainesville.

This Study focused on the following questions:

1. How can **changes to exclusionary land use controls** make housing in Gainesville more equitable?
2. Is an **inclusionary zoning policy** a feasible and effective tool for producing new affordable housing in Gainesville?

Project Overview | The City of Gainesville has been committed to creating a path toward an equitable housing landscape. This study is additive to these efforts.



Recent Housing Efforts in Gainesville:

- Housing Action Plan (2020)
- Comprehensive Planning Process (Current)
- Gainesville Community Reinvestment Area
- Gainesville Housing Authority
- Gainesville Housing and Community Development Department



Existing Conditions | There are several distinct but related issues driving instability and unequal housing outcomes in Gainesville.



Racial Segregation

In Gainesville, race is a key determinant of where you live, access to diverse housing options and homeownership, and the value of your home.



Housing Cost Burden

Extreme housing cost burden, driven primarily by low incomes, is a key driver of housing instability in Gainesville.



Housing Access and Quality

New rental housing in Gainesville has disproportionately benefited student renters, and non-student renters live in older, less diverse housing types as a result.

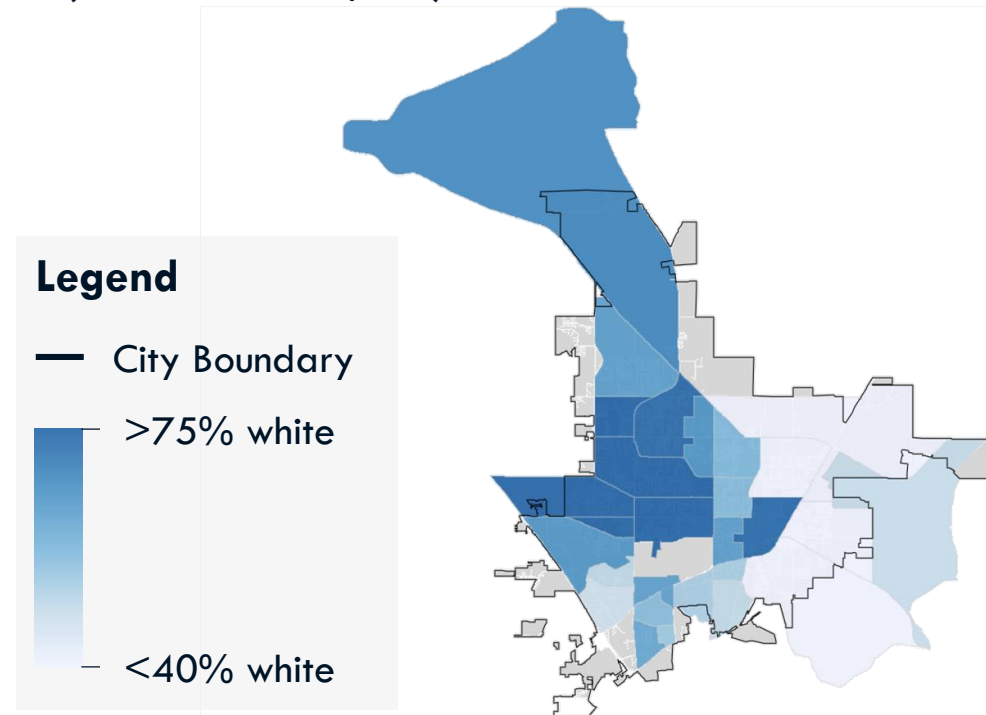
Existing Conditions | In Gainesville, race is a key determinant of where you live, your access to diverse housing options and homeownership, and the value of your home.



Racial Segregation

- White households are more likely to live in single-family homes.
- Gainesville's Black population occupies "missing middle" housing, or buildings with 2-4 units, at a high rate relative to the population.
- Homes in predominately white neighborhoods are assessed at higher values.

**Share of Non-Hispanic or Latinx white Households
(Census Tracts, All)**



Source: Social Explorer – ACS 2019 (5-Year Estimates)

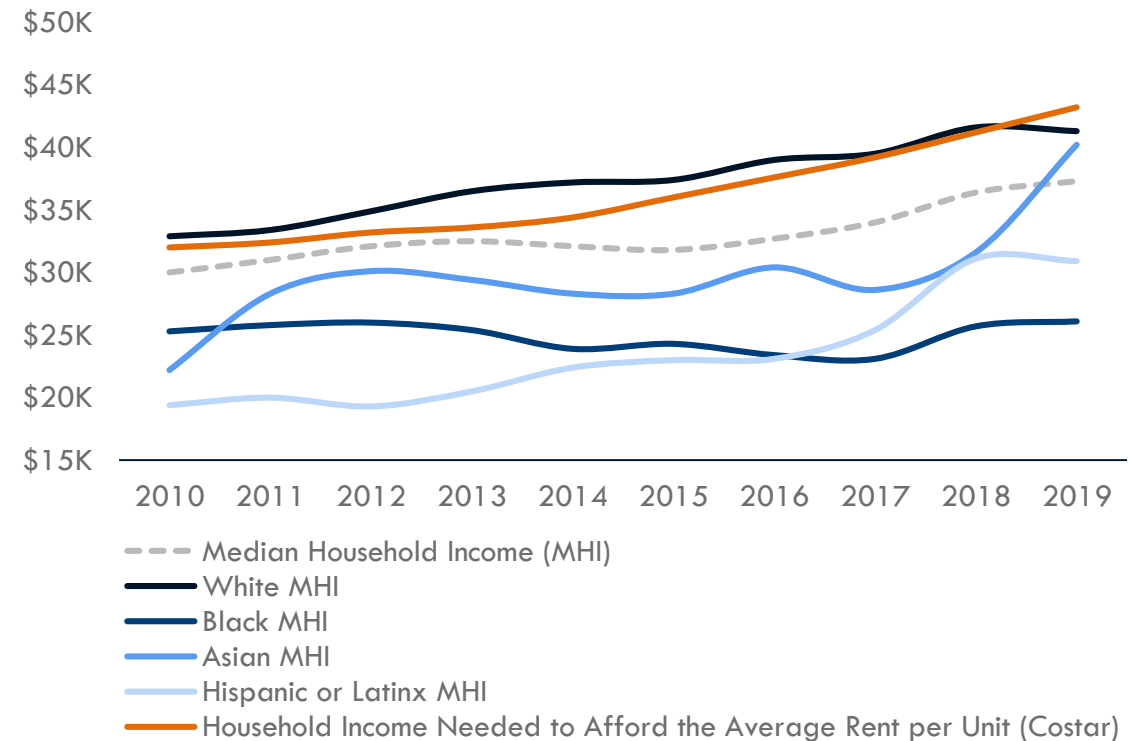
Existing Conditions | Extreme housing cost burden, driven primarily by low incomes, is a key driver of housing instability in Gainesville.



Housing Cost Burden

- Renters across all racial groups earning <\$35K annually experience high rates of housing cost burden.
- Race is a predictor of household income and poverty in Gainesville.
- The average rental unit is currently only affordable to the typical white or homeowner household in Gainesville.

Income at which Average Rental Unit is Affordable by Race (All)



Source: Social Explorer – ACS 2019 (5-Year Estimates)

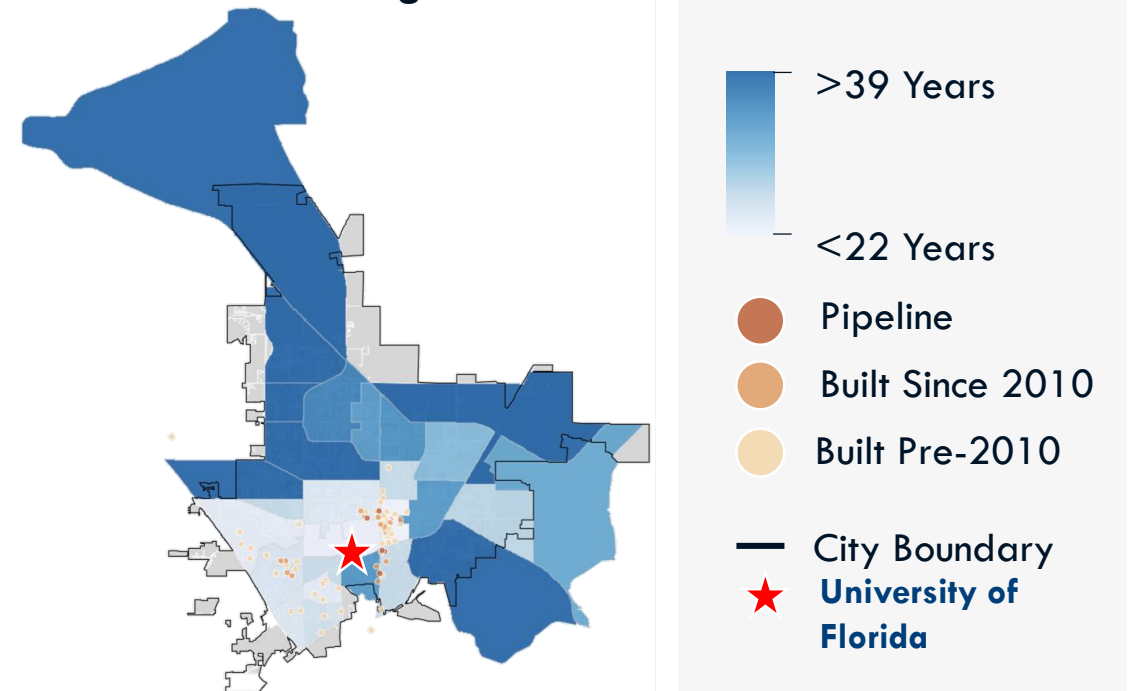
Existing Conditions | The student housing market is the strongest rental market in Gainesville. Non-student renters are not benefitting from new housing at the same rate.



Housing Access and Quality

- Student renters are the primary beneficiaries of new rental housing development.
- Student renters make up 36% of the total population but 50% of the population that lives in housing built after 2000.
- The average household in Gainesville struggles to access homeownership, especially Black, Hispanic or Latinx, and renter households.

Median Age by Census Tract and Student Housing*



**Includes both student housing (i.e., housing that exclusively serves students) and student-focused housing (i.e., housing that caters to students but is available to all residents).*

Source: Social Explorer – ACS 2019 (5-Year Estimates)

Local Housing Tools | There are many housing tools, programs, and mechanisms that can improve housing equity and affordability in Gainesville.



Land Use Tools use municipal regulations and zoning authority to indirectly improve affordability.



Subsidy Tools close the gap between what a household can afford to pay and the costs to develop and operate housing.



Tenants' Rights Tools preserve existing affordable housing and housing stability.

Local Housing Tools | This study focused on two land use tools within the City's control: adjusting zoning to allow for diverse housing types and inclusionary zoning.

Redressing Exclusionary Land Use Policies

- A strategy to adjust zoning to allow for more diverse housing types in Gainesville.
- Helps create housing opportunities for residents of all racial and economic statuses.

Inclusionary Zoning

- Not necessarily the antidote to exclusionary zoning.
- A strategy to produce regulated affordable housing for moderate income households in the private market.

Local Housing Tools | Inclusionary zoning and adjusting zoning to allow for diverse housing types are two strategies to improve affordability as part of a broader strategy.

Community Land Trust

**Adjust Zoning to Allow for
Diverse Housing Types**

**Inclusionary Zoning and
Market-Rate Development**

**Gap Funding for
Affordable Housing
Development**

**Accessory Dwelling Units
(ADUs)**

Housing Vouchers

Inclusionary Zoning

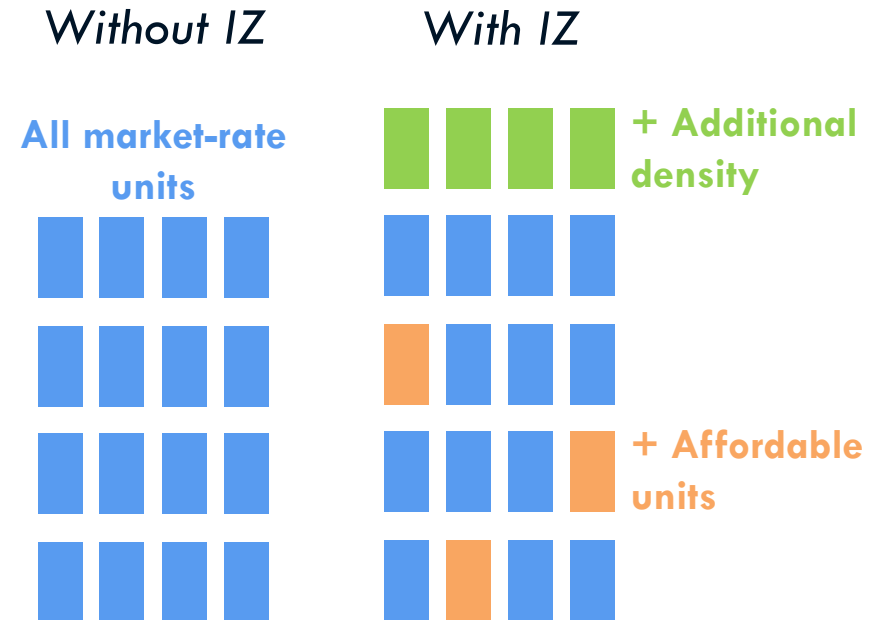
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Inclusionary Zoning | The goal of an inclusionary zoning policy is to support Gainesville's housing needs through the creation of affordable housing.

- Inclusionary zoning is a land use tool that requires or encourages developers to create affordable units in new market-rate residential and commercial developments.
- Incentives such as reduced parking requirements, additional density allowances, or tax abatements are sometimes provided to encourage participation.

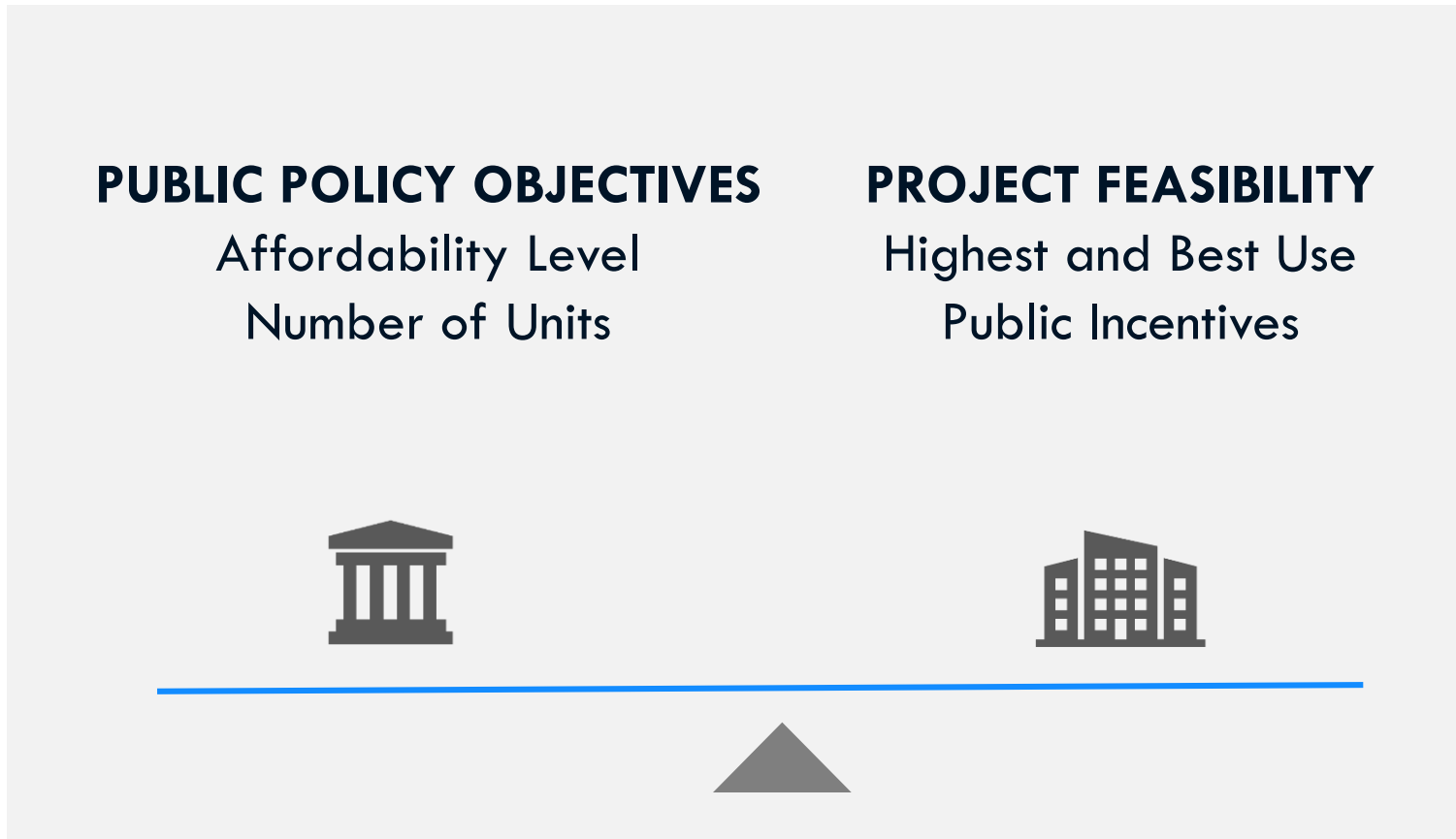
Illustrative IZ Policy with Density Bonus Incentive



Inclusionary Zoning | Inclusionary zoning presents a variety of potential benefits and limitations as an affordable housing strategy for Gainesville.

 Benefits of IZ	 Limitations of IZ
Captures value of land in areas with strong housing markets.	Does not work in weaker housing markets and submarkets.
Serves households earning up to 80% of Area Median Income (AMI).	Do not serve very deep levels of affordability need, such as for households earning up to 30% AMI.
Does not <i>require</i> public subsidy, though public subsidy may be provided as an incentive.	Need to optimize incentives.

Inclusionary Zoning | If a policy is not **calibrated appropriately to the local market**, it can harm housing production and limit the affordable units produced.



Case Study: Portland

- After Portland's IZ policy took effect in 2017, multifamily **building permit applications decreased nearly 65%**
- **Key Issue:** The decrease occurred because the policy **failed to provide sufficient incentives.**

Source: Portland Housing Bureau, Up for Growth analysis

Inclusionary Zoning | HR&A tested the feasibility and impact of an inclusionary zoning policy in Gainesville and provided recommendations for policy design.

FEASIBILITY
ANALYSIS

- 1. Propose IZ scenarios to test**
- 2. Test IZ policy impact**
- 3. Identify and evaluate incentive tools**



POLICY
RECOMMENDATIONS

- Propose policy design,**
including elements like:
- Affordability depth
 - Affordability duration
 - In-lieu fee

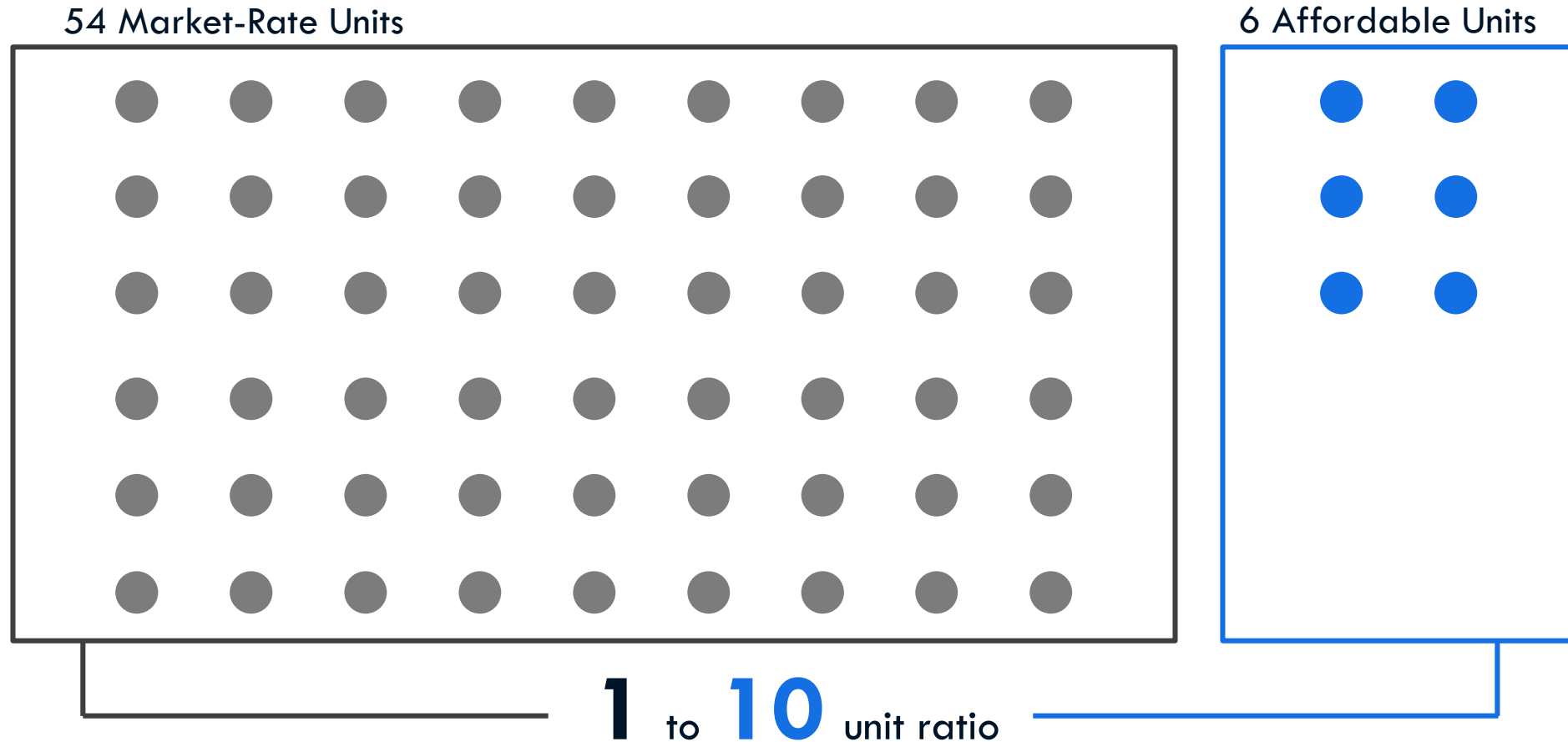


ADMINISTRATIVE
RECOMMENDATIONS

Once Gainesville has designed and adopted an IZ policy, it must administrate the policy.

Inclusionary Zoning | HR&A's modeling finds that a 10% IZ requirement for households making 80% of AMI would be financially feasible in Gainesville's market.

EXAMPLE 60-UNIT IZ PROJECT



Adjust Zoning to Allow for Diverse Housing Types



Adjust Zoning | Existing land use regulations in Gainesville exclude a diverse (often racially diverse) range of households from residential neighborhoods.

Criteria for Exclusionary Land Use Regulations:

- 1. Directly decrease or limit housing supply in residential areas** (*strict lot utilization and parcel constraints*)
- 2. Increase the cost to build new housing** (*strict design and compatibility requirements*)
- 3. Limit the use of existing housing** (*strict occupancy limitations and mobile home location limitations*)

*Each of these dynamics
drives disparate
outcomes by race in
Gainesville.*

Adjust Zoning | Adjusting zoning to allow for more diverse housing types is an important tool for reducing racial and economic exclusion across Gainesville's housing market.



Benefits of Allowing for More Diverse Housing Types:

- No public funding required
- Increases the overall supply of housing
- Can help address legacies of racial segregation by driving new housing supply more evenly **when applied broadly across the city**
- Reduces the ability of a limited constituency to prevent the creation of housing
- Supports economic growth and expands the tax base

Without adjusting zoning, all other housing strategies, including inclusionary zoning, are less effective and more costly.

Adjust Zoning | HR&A reviewed Gainesville's Code of Ordinances and made recommendations on adjustments that can increase equitable housing access.

UDO Review

- 1. Set Criteria**
- 2. Review UDO**
- 3. Identify High-Impact Regulations**



RECOMMENDATIONS

Propose modifications for regulations like:

- Strict lot use constraints
- Compatibility requirements
- Occupancy limitations



POLICY DESIGN

Propose adjustments to the Code of Ordinances.

Adjust Zoning | Land use regulations shape the amount, type, and location of newly developed housing, which ultimately affect the cost and affordability of housing.



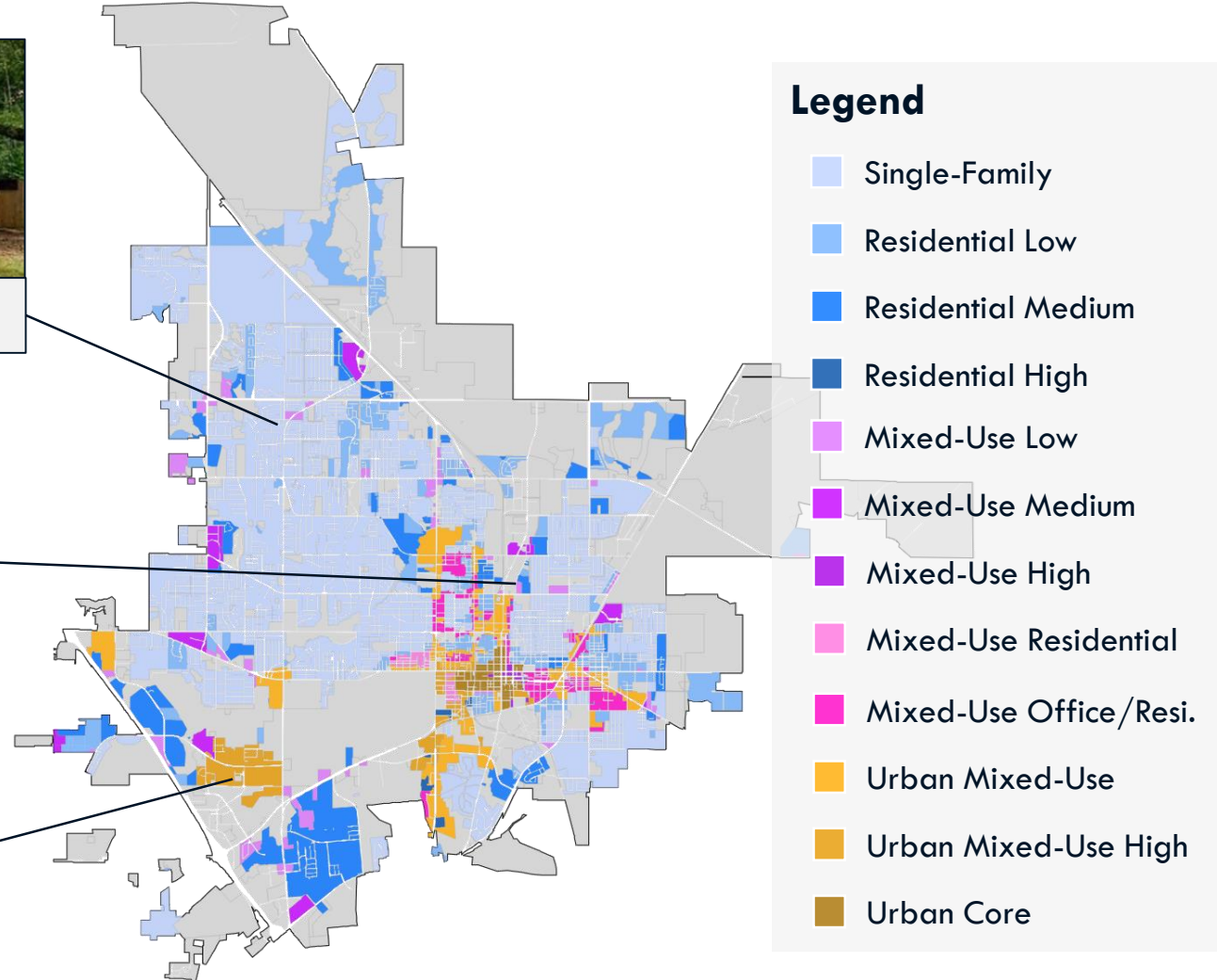
Springtree | Single-Family | 1977



Chelsea Apts. | Rental | 1992



Integra 24 | Rental | 2020



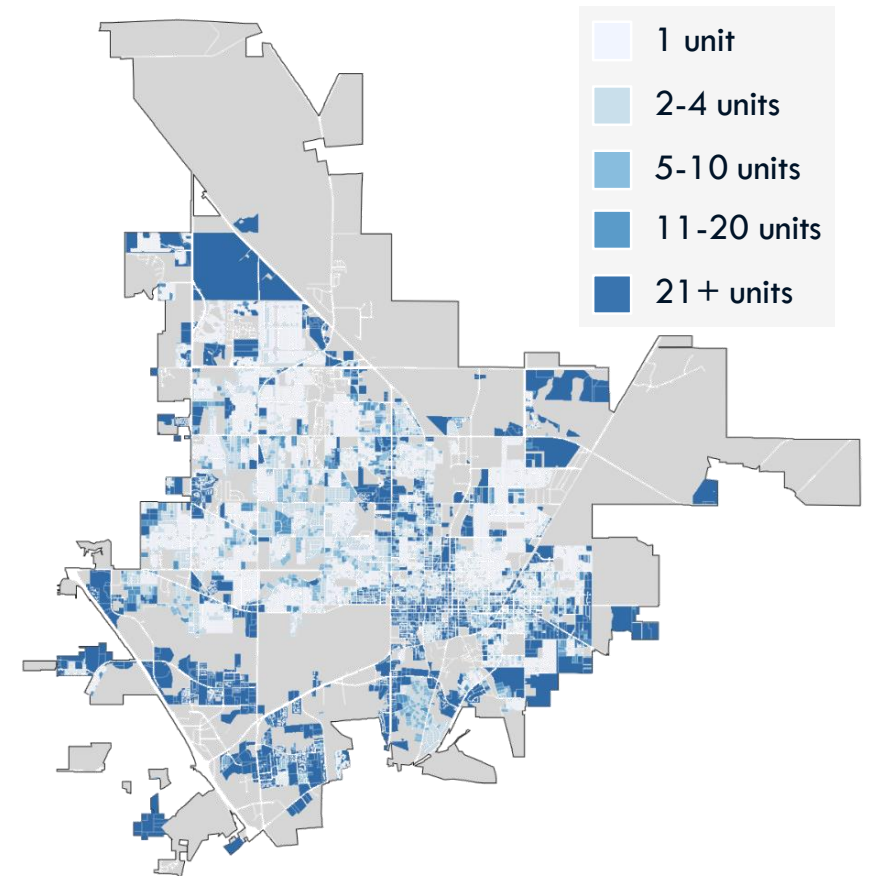
Legend

- Single-Family
- Residential Low
- Residential Medium
- Residential High
- Mixed-Use Low
- Mixed-Use Medium
- Mixed-Use High
- Mixed-Use Residential
- Mixed-Use Office/Resi.
- Urban Mixed-Use
- Urban Mixed-Use High
- Urban Core

Residential density limits are the most restrictive lot utilization constraint. In Gainesville, **63%** of residential parcels allow for the construction of only one housing unit.*

Zoning District	Max Density (Code)	Max Density Adjusted to Median Lot Size	Total Land Area	% of Total Residential Land Area
RSF-1	3.5 units/ac	1.2 units	5,793 ac	42.0%
RSF-2	4.6 units/ac	1.1 units	1,506 ac	10.9%
RSF-3	5.8 units/ac	1.1 units	814 ac	5.9%
RSF-4	8.0 units/ac	1.3 units	323 ac	2.3%

Density Limits Adjusted to Lot Size*



*One unit includes all values greater than 0 to less than 1.5, 2-4 units includes all values greater than or equal to 1.5 and less than 4.5, and so on. Excludes Planned Development zones.

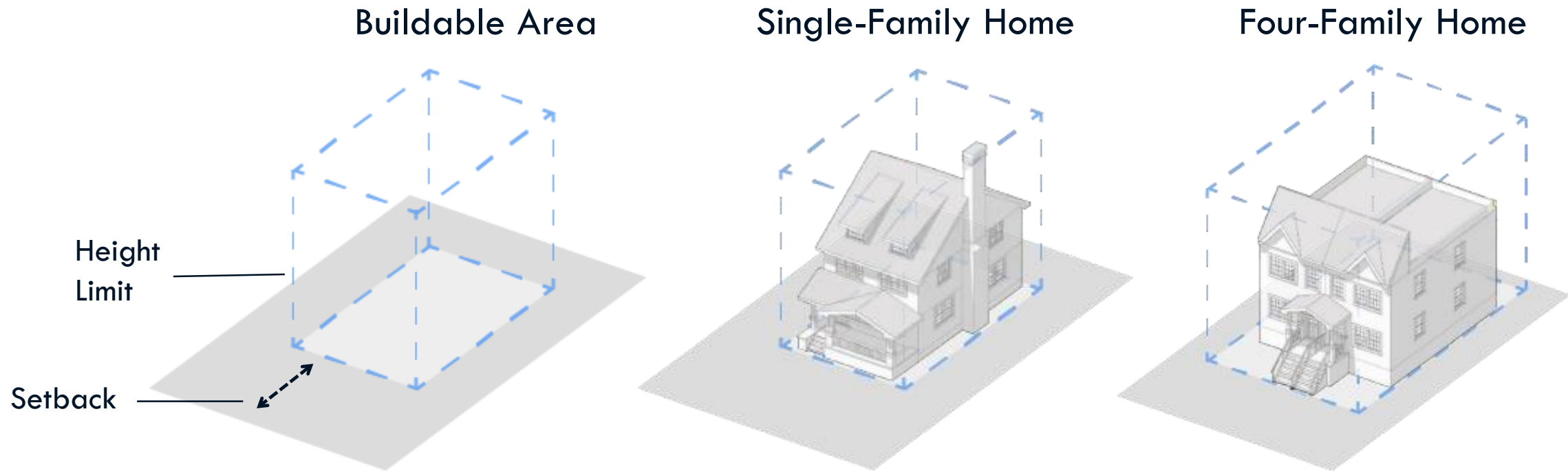
Adjust Zoning | Using the exclusionary criteria, HR&A reviewed Gainesville’s Code of Ordinances to analyze the implementation and impact of land use controls in Gainesville.

Key Exclusionary Land Use Controls in Gainesville’s Code of Ordinances by Criteria

Criteria	Code of Ordinance Provisions
Directly decreases or limits housing supply in residential areas	<ul style="list-style-type: none">• Lot utilization constraints (e.g., setbacks, minimum lot dimensions, height limits, density limits)• Parcel constraints (lot split limits)
Increases the cost to build new housing	<ul style="list-style-type: none">• Design and compatibility constraints (e.g., historic preservation/conservation overlay, development compatibility)
Limits the use of existing housing	<ul style="list-style-type: none">• Occupancy limitations• Mobile home location

Adjust Zoning | Loosening lot utilization constraints would encourage property owners to legally house more families without substantially changing the character of housing.

This type of zoning adjustment would modestly increase density in low density residential neighborhoods and while helping to increase affordability in the market.



Adjust Zoning | Gainesville already has examples of housing types that support affordability, but it is limited to a small share of residential neighborhoods.

Examples of Neighborhood Scale Multi-family currently in Gainesville



Neighborhood Scale Multi-family: 4 units

Examples of Neighborhood Scale Multi-family currently in Gainesville Cont.



Neighborhood Scale Multi-family: 5 units

Examples of Neighborhood Scale Multi-family currently in Gainesville Cont.



Neighborhood Scale Multi-family: 6 units

Examples of Neighborhood Scale Multi-family currently in Gainesville Cont.



Neighborhood Scale Multi-family: 2 units

Examples of Existing Single Family Homes in Gainesville.

Single Family House: 1 unit



Examples of Existing Single Family Homes in Gainesville, Cont.

Single Family House: 1 unit



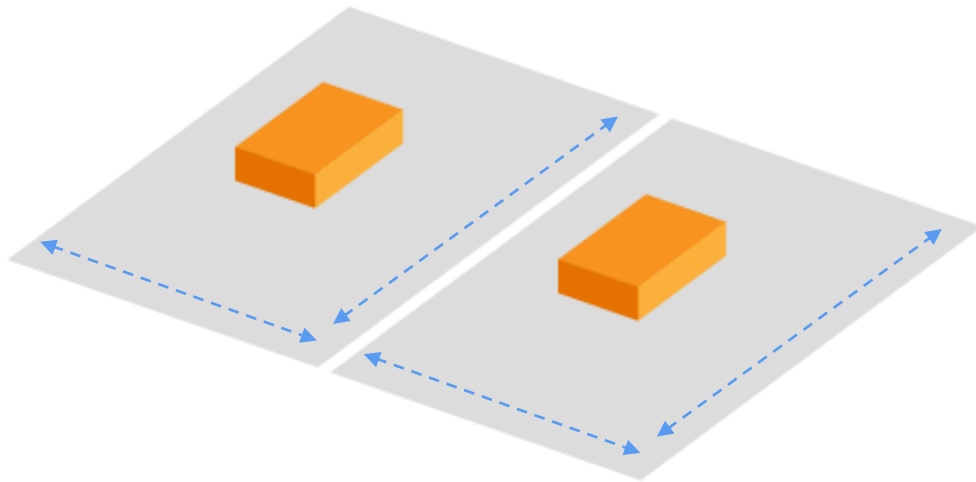
Examples of Existing Single Family Homes in Gainesville, Cont.

Single Family House: 1 unit

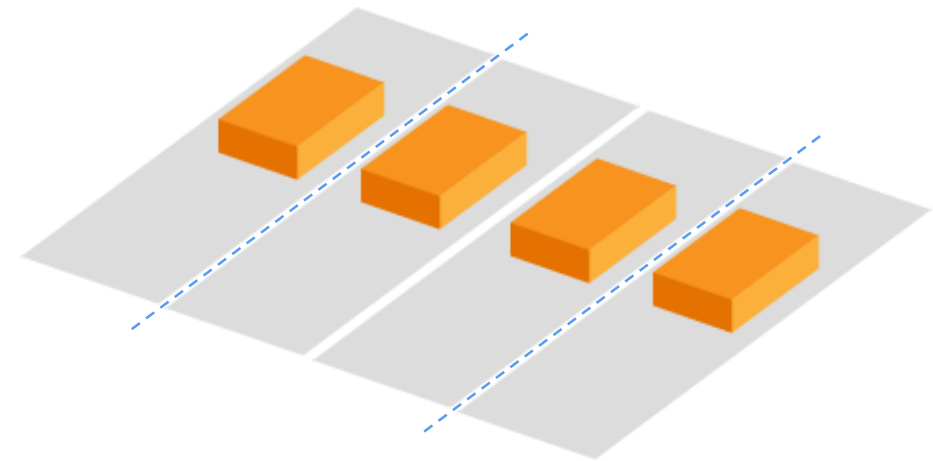


Adjust Zoning | Loosing strict parcel constraints helps create more housing on a *group* of parcels, including smaller houses on smaller lots that can be built for a lower cost.

Minimum Lot Dimensions



Lot Split Limits



Adjust Zoning | HR&A recommended adjustments to the Code of Ordinances to permit more diverse and less costly housing types.

Goal

1. Increase the amount and type of housing in residential areas
2. Decrease the cost to build and maintain housing
3. Increase options for the use of existing housing



Sample Adjustments to Consider

- Permit lot splits in minor subdivisions and reduce minimum lot dimensions.
- Allow housing typologies beyond single family ("missing middle", 2- to 4-unit housing)
- Reduce expensive design standards in historic preservation districts.
- Eliminate single family occupancy limitations in low density districts.
- Increase the bedroom limit in the University of Florida Context Area when a structure includes more than one dwelling (attached housing).

Next Steps

Adjusting Zoning

- Implement land use control changes through land use code changes and other code or regulation changes, as needed.

Inclusionary Zoning Policy

- Determine how an adopted IZ policy can help strengthen other housing programs the City is working on, including a partnership with the Housing Authority.
- Determine policy design and implementation.

**To review HR&A's detailed findings and recommendations,
please visit: <https://bit.ly/gainesvilleEZIZ>**

Appendix

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Recommendations | This study makes recommendations on land use strategies that can help drive an equitable housing landscape in Gainesville.



The City should **redress existing exclusionary land use controls**, with a particular focus on those that have the highest exclusionary impact in Gainesville, including strict lot utilization and parcel constraints, strict design and compatibility requirements, and occupancy and mobile home limitations.

The City should implement a **mandatory IZ policy** requiring that rental developments with at least 10 residential units provide a 10 percent set-aside of units that are affordable to households earning up to 80 percent of Area Median Income, offering a density bonus incentive of up to 30 percent. If possible, the City should also explore additional incentives, such as a synthetic TIF, to deepen affordability (e.g., to create units affordable to 60 percent of AMI).

*Both of these strategies should be used in combination with a **set of housing tools** to address the housing needs of low- and very low-income Gainesville residents, who have the highest housing need. HR&A recommends that the City of Gainesville work to identify revenue sources for an Affordable Housing Trust Fund and assess the possibility of deploying local subsidy for affordable housing.*

Inclusionary Zoning | A range of incentives are available to overcome the gap in expected financial returns.

Incentive	Proposal	Tradeoffs
Additional density	<i>Offer up to 30% additional density (more units)</i>	Can deliver strong financial value for owners without directly spending public dollars, but impact is limited if developers are currently building below existing land use regulations.
Public land contributions	<i>Waive an appropriate portion of public land costs (if density bonus is not sufficient)</i>	A highly valuable tool that reduces upfront development costs, but applicability may be limited (based on City land holdings).
Expedited review	<i>Always prioritize and expedite review for IZ projects, target 2 weeks</i>	Little to no cost to City; likely not valuable enough to be a “but for” incentive
By-right development	<i>Consider by-right approvals for IZ projects</i>	Little to no cost to City; likely not valuable enough to be a “but for” incentive
Synthetic Tax Increment Financing	<i>Explore mechanism for tax-increment financing to further deepen affordability</i>	Some cost to City, need to establish mechanism for residential properties, and requires Council vote; offers way to provide valuable subsidy without commitment of new dollars
Direct subsidy	<i>Not recommended unless reliable source of funding is identified and subsidy is used towards deepening affordability</i>	<ul style="list-style-type: none"> • No sustainable, reliable source of ongoing funding • Highly valuable to developers, but costly to the City, and likely not the highest-impact/efficiency use of limited housing funds
Parking development	<i>Not recommended</i>	Not meaningful as parking requirements are already low, sometimes below market demand

Inclusionary Zoning | HR&A recommends that Gainesville adopt an IZ policy with a 10% set-aside for households earning up to 80% AMI, with the option of an in-lieu fee.

These requirements should be periodically reviewed and adjusted, every two years.

Key Program Design Element	Recommendation
Set Aside & Affordability Requirements: calibrating depth and amount of affordable units, vs. feasibility of requiring units	<ul style="list-style-type: none"> 10% affordable units at 80% AMI
In-Lieu Fee / Flexibility for Compliance	<ul style="list-style-type: none"> Establish in-lieu fee option, set at \$120-160K per affordable unit that would have been built under IZ; adjust fee level every two years
Development Scale (Size of Developments Subject to IZ)	<ul style="list-style-type: none"> Apply IZ requirements to multifamily residential developments with ten or more units
Applicability (Voluntary vs. Mandatory, Applicability to Existing Developments)	<ul style="list-style-type: none"> Voluntary opt-in for geographies outside of IZ policy Incentives applicable to non-market rate units Not applicable to existing development
Affordability Term / Duration	<ul style="list-style-type: none"> 99 years
Unit Pricing (based on household income and size)	<ul style="list-style-type: none"> Follow existing HUD guidelines
Unit Characteristics	<ul style="list-style-type: none"> Ensure affordable units are identical with market-rate units
Concurrency of Delivery of Affordable Units	<ul style="list-style-type: none"> Include a concurrency requirement
Fractional Units	<ul style="list-style-type: none"> Adopt normal rounding rules, rounding up for fractional units above 0.5

Adjust Zoning | HR&A recommended adjustments to the Code of Ordinances to permit more diverse and less costly housing types.

Actions to Consider

- Reduce setbacks in low and moderate density residential areas.
- Permit lot splits in minor subdivisions.
- Reduce minimum lot dimensions.
- Allow housing typologies beyond single family ("missing middle", 2- to 4-unit housing) in residential districts with strict lot utilization constraints.
- Eliminate compatibility requirements between multifamily and single family uses.
- Reduce expensive design standards in historic preservation districts.
- Identify additional areas to permit mobile home uses.
- Eliminate single family occupancy limitations in low density districts.
- Increase the bedroom limit in the University of Florida Context Area when a structure includes more than one dwelling (attached housing).



Outcomes

1. Increase the amount and type of housing in residential areas

2. Decrease the cost to build and maintain housing

3. Increase options for the use of existing housing