



**Carlisle | Wortman**  
ASSOCIATES, INC.

117 NORTH FIRST STREET SUITE 70 ANN ARBOR, MI 48104 734.662.2200 734.662.1935 FAX

---

**TO:** City of Ann Arbor Planning Commission

**FROM:** Ben Carlisle, AICP  
Megan Masson-Minock, AICP

**DATE:** February 2, 2023

**RE:** Review and Analysis of Downtown Zoning Outcomes

---

We have been hired by Community Services to complete an evaluation of the premiums and downtown zoning recommendations for the City. We anticipate meeting with you several times of the course of 2023 to develop options for downtown zoning, report stakeholder feedback on those options, and develop ordinance amendments.

The purpose of this report is to deliver our findings after a review and analysis of the outcomes of City of Ann Arbor's Downtown Zoning, with a specific focus on premiums. This report is the first step in a longer process to determine if implementation of the City's Downtown premiums and the resulting development is consistent with the City's Vision and to explore whether and how changes to the Downtown Zoning should be made.

To prepare this report, we completed the following tasks:

- Reviewed City planning documents, community engagement efforts and policy changes related to the City of Ann Arbor's Downtown zoning districts, starting with the 2006 Downtown Vision and Policy Framework to the present.
- Analyzed building permits from the adoption of the D1 and D2 Zoning districts to present.
- Developed a timeline with policy changes.
- Reviewed available market data.
- Researched best practices on similar communities.
- Conducted interviews with City and DDA staff, as well as an elected official.

The report has the following sections:

- Downtown Premiums Background
- Downtown Premium Goals and City Policies
- Timeline of Policy Changes
- Downtown Project Approvals
- Market Data
- Best Practice Research
- Interviews Summary
- Conclusions and Questions

An appendix with detailed data is attached.

**Downtown Premiums Background**

The City of Ann Arbor’s Zoning Ordinance currently offers additional square footage in addition to the normal maximum allowed for in the D1 and D2 zoning districts when certain uses or features are provided. Bonuses are offered currently for the provision of affordable housing, green building, historic preservation, pedestrian amenity, and public parking.

Premiums have been used by communities, including Ann Arbor, as an incentive to encourage uses and features that the real estate market is not generally providing. Since both the real estate market and a community's goals and priorities change over time, the City periodically reviews the premium options. Sometimes demand for a use, such as residential units, becomes strong enough that incentives are no longer needed. Other times, a community decides its priorities have changed so new features should be encouraged.

**Downtown Premium Goals and City Plans/Policies**

We reviewed the purpose of the premiums and analyzed how those goals lined up with the goals of the City as expressed in planning documents and policies. A matrix is in the appendix, which contains quotes from each document. It seems that the majority of documents developed before 2014 are more in line with the purpose of the premiums. However, many of those documents focused on land use and/or the Downtown. In the past five years, the City’s plans have mainly focused on transportation and carbon neutrality.

**Snapshot of Downtown Premium Goals & City Plans/Policies**

	<i>Affordable Residential Housing</i>	<i>Pedestrian activity</i>	<i>Greater Mix of Land Uses &amp; Intensities</i>	<i>Public Spaces &amp; Pedestrian Amenities</i>	<i>Energy-efficient &amp; sustainable buildings</i>	<i>Public Parking in new parking structures</i>	<i>Preservation of Historic Buildings</i>
<i>Ann Arbor DDA TIF Plan (2003-2033)</i>	✓	✓		✓	✓	✓	
<i>Downtown Development Strategies (2006)</i>	✓	✓		✓			✓
<i>Ann Arbor Downtown Plan (2009)</i>	✓	✓	✓	✓	✓		
<i>Master Plan Land Use Element (2009)</i>	✓	✓			✓		✓
<i>Sustainability Framework (2013)</i>	✓	✓	✓	✓	✓		
<i>Allen Creek Urban Trail Master Plan (2017)</i>		✓					

	<i>Affordable Residential Housing</i>	<i>Pedestrian activity</i>	<i>Greater Mix of Land Uses &amp; Intensities</i>	<i>Public Spaces &amp; Pedestrian Amenities</i>	<i>Energy-efficient &amp; sustainable buildings</i>	<i>Public Parking in new parking structures</i>	<i>Preservation of Historic Buildings</i>
<i>Ann Arbor Moving Together Towards Vision Zero (2020)</i>				✓			
<i>A2 Zero: Ann Arbor's Living Carbon Neutrality Plan (2020)</i>	✓	✓			✓		

**Timeline of Policy Changes**

The following timeline summarizes policy changes in the Downtown zoning along with other significant policy changes in the City. A more detailed history of premiums options from 1966 to 2022, developed by City staff, is in the appendix of this report.

The premiums have morphed since their adoption in 1966 from an enticement for pedestrian amenities to an incentive for residential to an incentive for affordable housing with market-rate units. Also, the overall City-wide policy context and funding mechanism for more market-rate and affordable units has changed since 2020 with the passage of an affordable housing millage and the adoption of the Transit Corridor zoning district.

**Timeline of Policy Changes 1966 - Present**

- 1966** Premiums introduced in the Downtown and nearby zoning districts, giving square footage premiums for plazas and arcades (premium differed by type and location).

---

- 1988** Ordinance change that amended the definitions of open space, required front open space, and required front setbacks, which carried through to the premium section but did not substantially change the premiums themselves.

---

- 1994** Ordinance change that added a residential use premium and offer the same square foot premium for arcades and plazas.

---

- 2003** DDA TIF Plan approved.

---

- 2004** Downtown Residential Task Force set goal of 1,000 new units Downtown by 2015. Second goal of 1,500 new units by 2030 to be re-assessed prior to 2015.

---

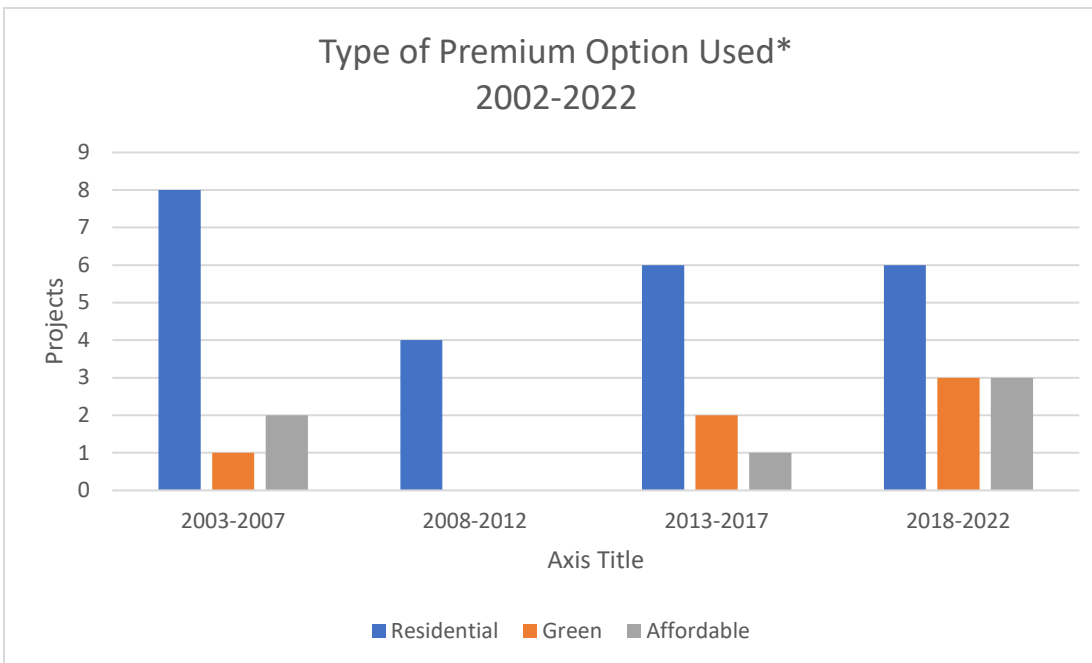
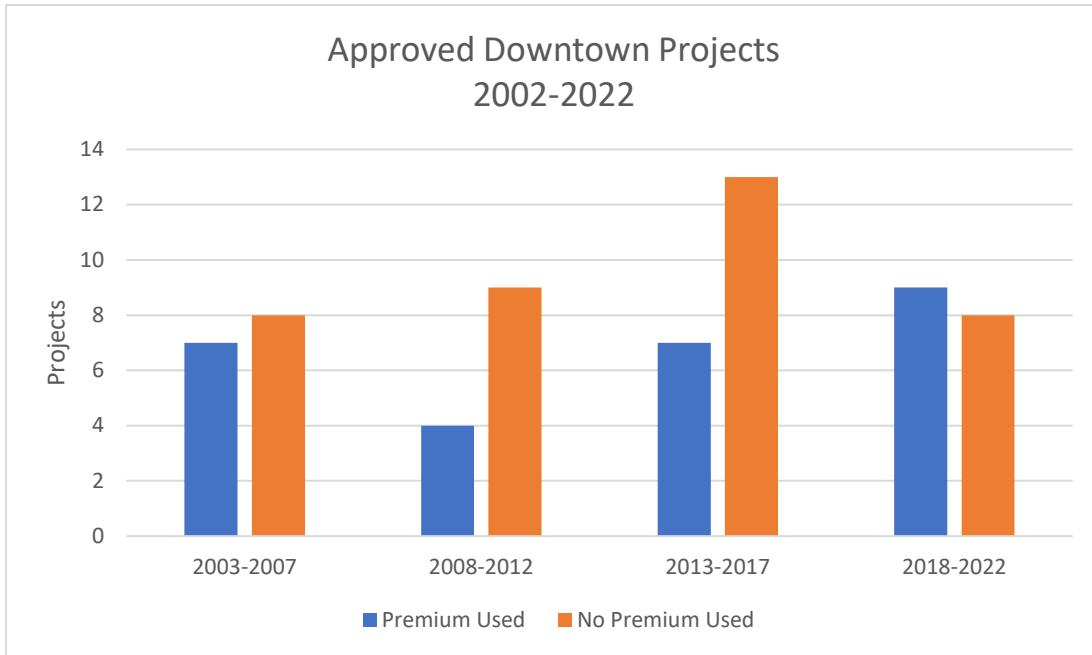
- 2005** Recommended Vision & Policy Framework for Downtown Ann Arbor prepared by Calthorpe Associates, calls for a new downtown zoning overlay that creates a dense, mixed use core area and respects the residential neighborhoods by decreasing new development intensity away from the core.

- 
- 2006** City Council adopted work plan with advisory committee for Downtown Zoning Project. Ordinance adopted to make clarifications to the existing premium options without substantive changes.
- 
- 2007** City Council approved the recommendations of the Downtown Zoning Advisory Committee and directed city staff and the Planning Commission to move forward with implementing plan and code amendments.
- 
- 2009** City Council approved the amended Downtown Plan as a subplan of the City Master Plan. The “A2D2” Ordinance to eliminate the C2A, C2A/R, and C2B/R districts, creating D1 and D2 districts, adding character overlay districts and standards, revise floor area premiums, among other items.
- 
- 2013** Sustainability Framework adopted.
- 
- 2017** Based on request to reduce the residential premium to encourage use of others, changes were explored to the required conditions to acquire premium floor area; create two-tiered program, incentives for residential uses, workforce housing, energy efficiency and certifications, introduce building design requirements, etc. Only the building design requirements were approved.
- 
- 2019** Ordinance change to combined previously separate residential housing and affordable housing premiums into a single residential/affordable housing premium.
- 
- 2020** Ann Arbor’s Living Carbon Neutrality Plan adopted.  
Ann Arbor passes an affordable housing millage.
- 
- 2021** Transit Corridor (TC1) zoning district created. Maximum height is up to 1,000 feet when 300 feet from an R district.
- 
- 2022** South State and East/West Eisenhower area approved for TC-1 zoning. Parking minimums for the downtown removed.

### **Downtown Project Approvals**

The charts below document the approvals of downtown projects from 2000 to the present. Only projects that were built or are currently under construction were included in this analysis. As we move forward in this process, we can further analyze the data by use type or other attributes.

The residential premium has been the most used premium since 2010. The green premium and the affordable housing premium was the least used, even when the affordable housing premium offered significantly more FAR than the other premiums. When the affordable and/or green building premiums were used, it was most often in tandem with a residential premium.



\*Please note that some projects applied multiple premium options

### **Market Data**

We looked at publicly available data on Downtown housing and office space. For the office, the market seems to be in waiting pattern, with real estate experts unsure how post-pandemic work patterns will affect the market.

### **Office**

Using the 2021 Swisher Realty Report and the 2018 Ann Arbor Downtown Market Dashboard, we looked office trends in Downtown Ann Arbor and the city overall. The vacancy rates for the City overall are on an upward trend and the highest since the end of the recession: 11.7% for office space, 5.5% for flexible space and 10.3% for those categories combined. However, the vacancy rates are still lower than during the Great Recession (2008-2009).

According to the 2021 Swisher Realty Report, the Downtown office area experienced a rise in the office vacancy rate, from 8.0% in 2020 to 14.2% in 2021. The report indicated that many of the downtown businesses – such as professional services, software development and technology firms – have adjusted to remote work and need less office space. The new 2021 leases were for small office users and the market saw little demand for large tenants.

The draft 2022 Ann Arbor Downtown Market Dashboard reported that compared to other downtowns (New Haven, CT; Berkley, CA & State College, PA), Ann Arbor has the lowest residential density but the second highest job density, making commercial/retail businesses vulnerable to declines in daytime office workers. The report noted a peak office vacancy rate of 17.4% in the second quarter of 2022 and predicts a slight decline to 15.7% by 2024. The 2022 Swisher Realty Vacancy Report, however, indicates that the current vacancy rate is still lower than the rate was each year between 2003 and 2013. The draft report suggested allowing the adaptive re-use of office buildings as dwelling units, in addition to new residential construction.

According to SEMCOG estimates, Ann Arbor is expected to add almost 13,000 jobs between 2020 and 2045, of which 93% are in the top business categories identified in the downtown per the 2018 Ann Arbor Downtown Market Dashboard. While the demand for the jobs Downtown in 2018 are expected to grow, it is unclear whether the downtown office market will be in demand as some of these categories, like educational services and professional and technical services, are still in flux in terms of remote work.

### **Housing**

Using D1 and D2 zoning districts in ESRI Business Analyst, the program estimated the growth in Downtown housing units in the table below. If these numbers are accurate, the City has met the goal Downtown Residential Task Force set goal in 2004 of 1,000 new units Downtown.

#### ***Estimated Housing Units Downtown Ann Arbor 2000-2027***

<i>Year</i>	<i>Housing Units</i>	<i>Growth from 2000</i>
<i>2000</i>	1,593	--
<i>2010</i>	1,849	256
<i>2020</i>	2,481	888
<i>2022</i>	2,598	1,005
<i>2027</i>	2,652	1,059

*Source: ESRI's Business Analyst*

However, the Downtown Market Dashboard states that increasing residential density in downtown was essential and could be achieved by allowing the adaptive re-use of office buildings as dwelling units, in addition to new residential construction. The same document stated that only low-density, high-end condominium applications have been submitted for approval since the combined residential/affordable housing premium was enacted in 2019. The higher costs and the challenge of incorporating affordable units without an additional subsidy may have dissuaded building of larger scale housing in the downtown, resulting in small-scale, luxury units.

**Best Practice Research**

We looked at the zoning for downtown districts in eighteen (18) different cities across North America, which had been suggested to us by staff. Of those communities, eight (8) did not offer incentives in their equivalent downtown zoning district. Where incentives were offered, additional density was offered for affordable housing, mixed use development, sustainability/green building, public transit/reduced driving, and adaptive reuse. A summary chart is below, and a description of each city and their downtown zoning are in the appendix.

**Summary of Incentives in Downtown Zoning**

	<i>Affordable Housing</i>	<i>Mixed Use Development</i>	<i>Sustainability Green Building</i>	<i>Public Transit Reduced Driving</i>	<i>Adaptive Reuse</i>
<i>Ames, IA</i>					
<i>Asheville, NC</i>	✓		✓		✓
<i>Concord, NH</i>					✓
<i>Bloomington, IN</i>	✓		✓		
<i>Boulder, CO</i>					
<i>Burlington, VT</i>					✓
<i>Grand Rapids, MI</i>		✓		✓	
<i>East Lansing, MI</i>		✓	✓		✓
<i>Eugene, OR</i>	✓	✓			✓
<i>Gainesville, FL</i>	✓		✓		
<i>Madison, WI</i>				✓	
<i>Columbia, MO</i>			✓	✓	
<i>Pittsburgh, PA</i>	✓		✓	✓	✓
<i>Durham, NC</i>					
<i>Austin, TX</i>	✓	✓			
<i>West Lafayette, IN</i>			✓	✓	

	<i>Affordable Housing</i>	<i>Mixed Use Development</i>	<i>Sustainability Green Building</i>	<i>Public Transit Reduced Driving</i>	<i>Adaptive Reuse</i>
<i>Greenville, SC</i>	✓	✓			
<i>Waterloo, Ontario</i>					

**Interviews Summary**

Per suggestion of staff, we interviewed an elected official, two staff members of the DDA, and a City staff member. We asked about whether the premiums have been effective in achieving the established vision and plan, for Downtown as well as the City overall, and, if not, what zoning changes should be made. The takeaways from those conversations are listed below. When we meet with you on February 7, we are happy to provide more context and detail on these conversations.

- All three of the interviewees felt that the current premiums are not effective and do not implement the plans and policies of the City. Two interviewees also felt that the premiums do not reflect the market reality.
- Two of those interviewed felt that the current premiums are too costly and too inflexible to be utilized. The difficulty of verifying incomes and finding tenants for the existing affordable units was given as an example as well as the high cost of land downtown.
- Two interviewees felt that recent residential development is not inclusive, since what has been built has been private student housing or low-rise, high-end condominiums.
- One interviewee stressed the importance of a strong downtown, and that more residential downtown supports the goals of downtown including market diversity, resiliency, sustainability, affordable housing, and a vibrant community.
- One interviewee asked whether the goal is to create affordable units or to increase the supply of housing overall in order to create more affordability in the market.
- The interviewees disagreed in terms zoning changes. One recommended continuing to incentivize residential development downtown while the others suggested dropping the premiums and increasing the base FAR in the downtown.

**Conclusions and Questions**

Based on our research, we feel that the premiums are not effective in advancing the adopted and established goals of the City. The qualitative and quantitative data indicates that the premiums are not producing affordable housing units in an impactful manner, which has been the primary goal since the changes in 2019. Also, the goals of the premiums are not aligned with the most recent City plans. Therefore, the Planning Commission should examine options to change the Downtown zoning.

We ask that you come to your February 7<sup>th</sup> meeting prepared to discuss the following questions:

- *What actions do you want to explore to amend the Downtown Zoning?* Options could be to eliminate the premiums entirely, increase the base density for the Downtown using the Transit Corridor as a template, maintain the premiums with a few tweaks, or a combination thereof.



- *What additional data or research is needed?* Is additional analysis necessary about built projects in the Downtown? We could also reach out to communities listed in the Best Practices research to explore how effective their downtown incentives have been.
- *What stakeholders should be consulted once a menu of possible options has been determined by you?* The next phase of this project is for us to have discussions with up to ten (10) Downtown groups, City Boards and/or Commissions, and community groups.

We look forward to meeting with you next week. Thank you for the opportunity to work with you and the City of Ann Arbor again.

Sincerely,



---

CARLISLE/WORTMAN ASSOC., INC  
Benjamin R. Carlisle, AICP, LEED AP  
President



---

CARLISLE/WORTMAN ASSOC., INC  
Megan Masson-Minock, AICP  
Principal

# Appendix

**Matrix of City Documents vs. Premiums Intent**

**Premium/Incentive Research on Other Cities for City of Ann Arbor**

**Review Of Premium Options In Zoning Ordinance/Unified Development Code, 1966 To 2022**

**Matrix of City Documents vs. Premiums Intent**

Document	Affordable Residential Housing	Pedestrian activity	Greater Mix of Land Uses & Intensities	Public Spaces & Pedestrian Amenities	Energy-efficient & sustainable buildings	Public Parking in new parking structures	Preservation of Historic Buildings
<b>Ann Arbor Downtown Plan (2009)</b>							
Guiding Values		Pedestrian Orientation	Diversity of Use & Users	Pedestrian Orientation	Sustainability		
Land Use Goals	“Continue to seek a range of age groups and income levels in the downtown.”	“A quality pedestrian environment”	“Encourage dense land use & development patterns”	“Foster an active street life”			
Pedestrian & Open Space System Goals		“Improve and extend downtown’s system of pedestrian connections through public and private streetscape improvements.”		“Encourage the development of parks, plazas, through-block arcades and atrium spaces”			
Transportation & Parking		“Establish a physical and cultural environment that supports and encourages safe, comfortable and convenient ways for pedestrians and bicyclists to travel throughout the downtown”				“Reduce parking pressures on neighborhood streets and discourage the encroachment of off-street parking into residential areas.”	

Document	Affordable Residential Housing	Pedestrian activity	Greater Mix of Land Uses & Intensities	Public Spaces & Pedestrian Amenities	Energy-efficient & sustainable buildings	Public Parking in new parking structures	Preservation of Historic Buildings
<b>The Treeline: Allen Creek Urban Trail Master Plan 12.18.2017</b>							
Design Principles		Connectivity: “Link to the core of downtown”					
<b>Ann Arbor DDA TIF Plan (2003-2033)</b>							
Strategies	“Provide affordable housing grants for downtown and near downtown residential development and redevelopment projects when necessary. Encourage and support programs and developments that provide housing for the downtown workforce.”	“Encourage pedestrian and non-motorized vehicular links from downtown to nearby residential areas and other significant areas of Ann Arbor (e.g., Old West Side, Lower Town, etc.) as a means to support downtown retail and reduce downtown automobile traffic.”		“Encourage the City and the private sector to develop new, attractive open spaces, including additional public plazas (such as at Ashley Mews), and the development of through block arcades, atrium spaces, and pocket parks throughout the downtown.”	“Encourage energy efficiency in existing and future downtown developments.”	“Encourage the inclusion of parking facilities within new downtown developments, particularly underground parking.”	
<b>Downtown Development Strategies Project (2006)</b>							
Goals	Increase the diversity of housing types and uses in the Downtown	Recommend a plan that connects land use, transportation, and pedestrian-friendly design					

Document	Affordable Residential Housing	Pedestrian activity	Greater Mix of Land Uses & Intensities	Public Spaces & Pedestrian Amenities	Energy-efficient & sustainable buildings	Public Parking in new parking structures	Preservation of Historic Buildings
Sub-goals	Encourage a housing strategy that provides a balance of all income levels including below market rate capture						
Policy	Pursue an affordable housing policy that aims to match income distribution in Downtown to that of Ann Arbor			Encourage the creation of new public spaces within the Downtown and rehabilitation of existing spaces			Encourage the renovation of historic structures in Downtown
<b>City of Ann Arbor Sustainability Framework (2013)</b>							
Goals	Diverse Housing Provide high quality, safe, efficient, and affordable housing choices to meet the current and future needs of our community, particularly for homeless and low-income households	Transportation Options Establish a physical and cultural environment that supports and encourages safe, comfortable and efficient ways for pedestrians, bicyclists, and transit users to travel	Integrated Land Use Encourage a compact pattern of diverse development that maintains our unique sense of place, preserves our natural systems, and strengthens our neighborhoods,	Active Living and Learning Improve quality of life by providing diverse cultural, recreational, and educational opportunities for all members of our community	Sustainable Buildings "Reduce new and existing buildings' energy use, carbon impact, and construction waste, while respecting community context"		

Document	Affordable Residential Housing	Pedestrian activity	Greater Mix of Land Uses & Intensities	Public Spaces & Pedestrian Amenities	Energy-efficient & sustainable buildings	Public Parking in new parking structures	Preservation of Historic Buildings
		throughout the city and region	corridors, and downtown				
<b>Ann Arbor Moving Together Towards Vision Zero: City of Ann Arbor Comprehensive Transportation Plan (2020)</b>							
Mobility Strategy				Create shared streets in strategic areas downtown			
<b>City of Ann Arbor Master Plan Land Use Element (2009)</b>							
Land Use Action Statements	Develop regulatory incentives, such as density bonuses, for developments that provide affordable housing units.	Ensure that residential, commercial, employment and activity centers provide pedestrian and bicycle amenities, such as interior and public sidewalks, bus stops (where feasible), awnings and linkages to adjacent sites.			Develop regulatory incentives that encourage the reduction of impervious surfaces proposed with new development (structured or below-level parking, multiple-level buildings, “green” rooftops, etc.).		Encourage the rehabilitation, reuse or relocation of historically significant buildings.
Central Area Action Statements	Encourage development of affordable housing, including new single-family infill, single room occupancy, transitional						Explore the use of density bonus incentives (premiums) to encourage conformance with architectural design and site

Document	Affordable Residential Housing	Pedestrian activity	Greater Mix of Land Uses & Intensities	Public Spaces & Pedestrian Amenities	Energy-efficient & sustainable buildings	Public Parking in new parking structures	Preservation of Historic Buildings
	housing for the homeless, and mixed income rental.						planning guidelines.
<b>A2 Zero: Ann Arbor’s Living Carbon Neutrality Plan (2020)</b>							
Actions	“Transition affordable housing sites to net zero energy”	“Implement non-motorized transportation plan”			“Transition to more energy efficient homes and businesses”		

Ann Arbor population: 121,500

City	Population	Incentives or Premiums in Zoning Code								
Ames, IA	66,000 (0.54x)	None in zoning code								
Asheville, NC	94,000 (0.8x)	<p>Development incentives for sustainable development projects:</p> <ol style="list-style-type: none"> <li>1. Additional density may be applied to the base</li> <li>2. Minimum lot size, lot width, and setback requirements for single-family structures in a new single-family subdivision may be reduced by 30 percent when one or more of the following criteria is met:                             <ul style="list-style-type: none"> <li>· Dedicated community open space is provided at a minimum rate of 500 square feet per unit. Community open space areas must be maintained for the benefit of the entire community and must be accessible by all units in the community either directly or by a sidewalk or trail system.</li> <li>· The subdivision is within 300 feet of a public park where a connection is provided by sidewalk or greenway.</li> </ul> </li> <li>3. Off-street parking requirements may be reduced by 25 percent if:                             <ul style="list-style-type: none"> <li>· 60 percent or more of the units are affordable (as defined by the City of Asheville) and if the city's traffic engineer and planning director determine that adequate on-street parking is available within a 100-foot radius to off-set the balance of spaces needed, or</li> <li>· 60 percent or more of the units are one-bedroom or efficiency apartments.</li> </ul> </li> <li>4. Height maximums may be extended an additional 10 feet if 100 percent of the units are affordable or if Silver, or higher, LEED certification is achieved.</li> <li>5. Lot sizes, widths, and setbacks may be reduced by 30 percent if no density bonuses are being sought and the project meets Bronze (or higher) LEED certification or NC Healthy Built Homes certification.</li> </ol> <p>Neighborhood Corridor District <i>Community Incentive Table</i></p> <table border="1" data-bbox="451 1062 1845 1349"> <thead> <tr> <th data-bbox="451 1062 688 1166"><i>Incentives</i></th> <th data-bbox="688 1062 1123 1166"><i>Mixed Use</i></th> <th data-bbox="1123 1062 1591 1166"><i>Residential</i></th> <th data-bbox="1591 1062 1845 1166"><i>Existing Historic Structures</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="451 1166 688 1349">Density greater than 35 units per acre</td> <td data-bbox="688 1166 1123 1349">Buildings more than 80 feet wide fronting on corridor must incorporate retail or office uses into the street-level façade.</td> <td data-bbox="1123 1166 1591 1349">In combination with 20 percent of units provided are designated affordable</td> <td data-bbox="1591 1166 1845 1349">Compatible adaptive reuse and/or additions to historic structures</td> </tr> </tbody> </table>	<i>Incentives</i>	<i>Mixed Use</i>	<i>Residential</i>	<i>Existing Historic Structures</i>	Density greater than 35 units per acre	Buildings more than 80 feet wide fronting on corridor must incorporate retail or office uses into the street-level façade.	In combination with 20 percent of units provided are designated affordable	Compatible adaptive reuse and/or additions to historic structures
<i>Incentives</i>	<i>Mixed Use</i>	<i>Residential</i>	<i>Existing Historic Structures</i>							
Density greater than 35 units per acre	Buildings more than 80 feet wide fronting on corridor must incorporate retail or office uses into the street-level façade.	In combination with 20 percent of units provided are designated affordable	Compatible adaptive reuse and/or additions to historic structures							



City	Population	Incentives or Premiums in Zoning Code			
		Building square footage greater than 24,000 square feet	Minimum of 50 percent of street level gross square footage is used for retail and building setbacks adjacent to residentially zoned properties are a minimum of 40 feet	In combination with a minimum of 25 percent of the building square feet is residential uses and a minimum of 25 percent of the units are less than or equal to 700 square feet each	Compatible adaptive reuse and/or additions to historic structures
		Height greater than 3 stories to a maximum of four stories (45')	Minimum of 50 percent of street level gross square footage is used for retail and building setbacks adjacent to residentially zoned properties is expanded to a minimum of 40 feet	In combination with; a minimum of 25 percent of the building square feet are residential units and building setbacks adjacent to residentially zoned properties is expanded to a minimum of 40 feet	Compatible adaptive reuse and/or additions to historic structures
<p>Adaptive Reuse Overlay District provides incentives for adaptively reusing valuable existing buildings: multi-family uses are not subject to the density limitations of the underlying zoning district.</p> <p>As an incentive for design alternatives providing other public benefits [e.g., stormwater or affordable housing], the open space requirements may be reduced.</p> <p>City's Land Use Incentive (LUIG) policy: tax abatement.</p>					
Concord, NH	44,000 population (0.4x)	Incentives (reduced or waived impact fee) for redevelopment of blighted, underutilized, abandoned, or contaminated buildings.			
Bloomington, IN	80,000 population (0.66x)	Incentives for affordable housing and sustainable development: relief from neighborhood transition standards regarding height; waiver of fees. <ul style="list-style-type: none"> <li>• Affordable housing: reduced bulk requirements, increased primary structure height.</li> <li>• Sustainable development: reduced bulk requirements, one additional floor of building height.</li> </ul>			
Boulder, CO	104,000 population (0.8x)	Opportunity Zone designated, offering favorable tax relief as an incentive for business or real estate investment. <p><i>"The City Council finds that efforts to establish incentives for voluntary energy efficiency retrofits in rental housing have proven to be ineffective." Instead, the City is pursuing energy efficiency and environmental sustainability requirements rather than incentives.</i></p>			

City	Population	Incentives or Premiums in Zoning Code
Burlington, VT	45,000 population (0.4x)	RH Density Bonus Overlay District established to provide incentive for conversion of non-residential uses to residential uses within this district, reducing the number of non-conforming uses and increasing housing supply near downtown: increased building height, increased building density, sitting areas in the setback.
Grand Rapids, MI	197,000 population (1.6x)	<p>Building height, density, and parking incentives provided to encourage transit-oriented development, encourage transit ridership, and promote ride sharing.</p> <p>Incentives provided for voluntary removal of nonconforming off-premises signs.</p> <p>Height and other bonuses as incentives to encourage uses and amenities that implement the Master Plan, [related to mixed-use development and renovation].</p>
East Lansing, MI	47,000 population (0.4x)	<p>Density bonuses in PUD District.</p> <p>Incentives for low impact development, green infrastructure, integrated management practices, and stormwater management.</p>
Eugene, OR	175,000 population (1.4x)	<p>State law enables cities to grant local property tax exemptions for multiple-unit housing located in core and transit-oriented areas.</p> <p>Intended to reduce rental rates or sale prices, stimulate construction of this type of housing. Additional state-enabled incentives offered to affordable housing options.</p> <p>“Middle Housing Parking Incentive” along transit lines: no off-street parking spaces required for middle housing dwelling units on lots located with ¼ mile walking distance from transit line.</p> <p>Incentives to encourage of mix of businesses and residential uses downtown.</p> <p>Incentives to support high-density, in-fill, mixed uses, and nodal development.</p> <p>Regulatory incentives to encourage local economy diversification, family-wage jobs, and environmentally sensitive businesses.</p> <p>Low-income housing incentives, authorized by State.</p>

City	Population	Incentives or Premiums in Zoning Code
		<p>Small business incentives in C-1: individual businesses can occupy up to double the square footage if they have a FAR of at least 0.65.</p> <p>Within residential areas and to preserve character, incentives for public and private rehabilitation of rundown structures offered by City.</p>
Gainesville, FL	140,500 population (1.2x population)	<p>Affordable housing incentives: expedited approval process, reduced or waived fees, density flexibility, reservation of infrastructure capacity for lower-income persons, allowance of affordable ADU residences, reduced parking and setback requirements, flexible lot configuration allowance including zero-lot-line, modified street requirements, “support” of affordable housing developments near transit or employment centers.</p> <p>Economic development incentive (EDI) rate ride program to nonresidential electric customers: discounted chargers.</p> <p>Gainesville Green Building Program incentives: expedited approval process, reduced or waived fees, reduced development plan review fee for projects other than 1- of 2-family residential, cash renovation/remodeling incentive, solar water heater cash incentive, marketing incentives, green building award.</p> <p>Energy conservation policy: incentives and loans to utility customers who install conservation and demand-side management measures.</p> <p>Gainesville Enterprise Zone Program: to encourage manufacturing businesses to stay/expand within the zone, the program reimburses 20% of their utility charges.</p>
Madison, WI	270,000 population (2.2x)	<p>Building height bonuses issued for projects depending on “quality of the design, the effect of the development on the adjoining neighborhood, and the contribution of the project to: the use mix and activity in the vicinity, and the character of the street.”</p> <p>“shared parking incentives, and reduction of off-street parking in favor of transit or other travel modes... [and to] support mixed-use development and compact development patterns.”</p>
Columbia, MO	127,000 population (1.05x)	<p>Energy efficiency incentives.</p> <p>Transit incentives: reduced required off-street or on-site parking spaces near city transit center, or for re/development of lands zoned Pedestrian or Transit.</p> <p>Transportation promotion: public works director is authorized to suspend or reduce city public transit fares for up to 45 days per fiscal year or offer free of reduced fares.</p>

City	Population	Incentives or Premiums in Zoning Code
Pittsburgh, PA	300,000 population (2.5x)	<p><a href="#">Performance Points System</a>: density incentives for developments that increase affordable housing, construct green buildings, or retain existing structures that represent the City’s built heritage.</p> <p>Reduction in off-street parking requirements if providing free bicycle parking.</p> <p><a href="#">Tax Credit for Visitability Design</a>: tax incentive for residences that include design features that facilitate visitability and usability, especially for individuals with disabilities.</p>
Durham, NC	286,000 population (2.3x)	None in zoning code.
Austin, TX	965,000 population (8x)	<p>Incentives for Mixed Use development, including Vertical Mixed Use (VMU) buildings: additional height, reduced parking requirements, expedited review of residential parking permit districts.</p> <ul style="list-style-type: none"> <li>For buildings that meet affordability requirements, dimensional standard exemptions can apply including greater building coverage and shorter setbacks.</li> </ul>
West Lafayette, IN	44,000 population (0.4x)	Density bonuses awarded if petitioner’s property provides public benefits per the incentive categories: public alley improvements, public art and cultural amenities, green building, local historic district contribution, underground parking, bicycle storage, architectural enhancements, bus stop improvements, car charging stations.
Greenville, SC	72,000 population (0.6x)	Incentives to develop in underdeveloped areas. Unity Park Character District offers affordable housing development flexibility incentives. Mixed use project incentives. Density bonuses, building height increases, setback reductions.
Waterloo, Ontario	67,000 population (0.5x)	None in zoning code.

# REVIEW OF PREMIUM OPTIONS IN ZONING ORDINANCE/UNIFIED DEVELOPMENT CODE

## 1966 TO 2022

### 1966 – Ordinance 49-65

---

**Available:** Premiums available in the C1A, C1A/R, C2A, C2A/R and C2B/R districts.

**Intent:** Intended to encourage developments which provide ample public open space, free flow of pedestrian traffic, abundant light and air, and other related elements that protect and promote the health, safety and welfare of the community.

**Options:**

1. Open Plaza premium (10 sq. ft. per square foot of open plaza)
2. Inner Plaza premium (6 sq. ft. per square foot of inner plaza)
3. Outer Arcade premium (5 sq. ft. per square foot of outer arcade)
4. Inner Arcade premium (8 sq. ft. per square foot of inner arcade)
5. Roof Plaza premium (8 sq. ft. per square foot of inner arcade)

### 1988 – Ordinance 42-88

---

*This Ordinance made no substantive changes to the premiums section. The definitions of open space, required front open space, and required front setbacks were amended, and carried through to the premium section.*

### 1994 – Ordinance 54-94

---

**Available:** Premiums available in the C1A, C1A/R, C2A, C2A/R and C2B/R districts.

**Intent:** To (a) provide an incentive for residential development and encourage housing opportunities where otherwise might not be provided; and (b) reinforce pedestrian activities and achieve greater mixture of land uses and intensities than might not occur otherwise to strengthen economic vitality and diversity.

**Options:**

1. Residential Use premium (1 sq. ft. per square foot of multiple-family housing, with minimum 5 dwelling units)
2. Pedestrian Amenity premium (4 sq. ft. per square foot of pedestrian amenity improvements)
  - a. Arcade
  - b. Inner Arcade
  - c. Plaza

**Summary of Changes:** Intent statement now mentions residential use. Options changed to eliminate the outer arcade and roof plaza and consolidate all under the heading of pedestrian amenity and introduce a residential use premium.

As of August 13, 2002, only two approved development proposals utilized the residential premium – State Street Lofts and Ashley/Washington Building. Neither were constructed at the time. As noted in the June 7, 2004, Downtown Residential Task Force: Report on Recommendations Addressing Barriers to Downtown Residential Development.

#### **2006 – Ordinance 40-06**

---

*This Ordinance made clarifications to the existing premium options without substantive changes, and was packaged with amendments to eliminate the upper-story setback for side and rear walls in the C2A/R district and the boundary of the special parking district.*

#### **2009 – Ordinance 09-28**

---

*The “A2D2” Ordinance to eliminate the C2A, C2A/R, and C2B/R districts, creating D1 and D2 districts, adding character overlay districts and standards, revise floor area premiums, among other items.*

**Available:** Premiums available in the C1A, C1A/R, D1 and D2 districts.

**Intent:**

- a. To provide incentive for residential development and encourage affordable housing opportunities
- b. To encourage development that reinforces pedestrian activity, and achieve greater mixture of land uses and intensities
- c. To provide incentives for public spaces and pedestrian amenities
- d. To provide incentives for energy-efficient and environmentally sustainable buildings
- e. To encourage public parking in private structures
- f. To encourage preservation of historic buildings

**General Regulations:**

- a. Applied only on lots entirely outside of floodplain and an historic district
- b. Achieving a minimum 2 points achieved under LEED energy and atmosphere credit no. 1

**Options:**

1. Residential Use premium (0.75 square feet per square foot of multiple-family dwellings, with every sleeping room having an exterior window)
2. Affordable Housing premium, in D1 and D2 districts only (3,000 sq. ft. per on-site affordable housing dwelling unit, minimum 600 sq. ft.)

3. Green Building premium (50% with LEED Silver, 150% with LEED Gold, 250% with LEED Platinum)
4. Historic Preservation premium (50% with preserving historic resource)
5. Pedestrian Amenity premium, in C1A, C1A/R and D1 districts only (10 sq. ft. per square foot of pedestrian amenity to maximum 8,000 square feet)
  - a. Inner Arcade
  - b. Plaza
6. Public Parking, in D1 district only (up to 200% with parking available to general public)

**Summary of Changes:**

- Intent statement mentions affordable housing, energy-efficiency and sustainable buildings, public parking, and historic preservation.
- Addition of pre-requisite standards for minimum energy efficiency.
- Reduction of premium floor area earnings for residential use option (from 1 sq. ft. to 0.75 sq. ft per square foot), elimination of minimum 5 dwelling units, addition of exterior window requirement.
- Addition of affordable housing premium option.
- Addition of green building premium option.
- Elimination of arcade premium option (inner arcade and plaza remain).
- Addition of public parking premium option.

**2017 – Ordinance 17-34**

---

*Following a request to reduce the residential premium to encourage use of others. Changes the required conditions to acquire premium floor area; create two-tiered program, incentives for residential uses, workforce housing, energy efficiency and certifications, introduce building design requirements, others. Only building design requirements approved.*

**2019 – Ordinance ORD-19-34**

---

**Available:** Premiums available for structures in the C1A, C1A/R, D1 and D2 districts.

**Intent:**

- a. To provide an incentive for affordable residential housing opportunities
- b. To reinforce pedestrian activities and achieve a greater mixture of land uses and intensities
- c. To provide incentives for public spaces and pedestrian amenities
- d. To provide incentives for energy-efficient and environmentally sustainable buildings
- e. To encourage public parking in private structures
- f. To encourage preservation of historic buildings

**General Regulations:**

- a. Applied only on lots entirely outside of floodplain and an historic district
- b. Achieving a minimum 2 points achieved under LEED energy and atmosphere credit no. 1

**Options:**

- 1. Affordable Residential Unit premium, in D1 and D2 districts only (three tiers of increased % depending on percentage of affordable housing dwelling units provided)
- 2. Green Building premium (50% with LEED Silver, 150% with LEED Gold, 250% with LEED Platinum)
- 3. Historic Preservation premium (50% with preservation of historic resource)
- 4. Pedestrian Amenity premium, in C1A C1A/R and D1 districts only (10 sq. ft. per square foot of pedestrian amenity to maximum 8,000 square feet)
  - a. Inner Arcade
  - b. Plaza
- 5. Public Parking premium, in D1 district only (up to 200% with parking available to general public)

**Summary of Changes:** Previous residential use premium and affordable housing premium combined into affordable residential unit premium.

Prepared by Alexis DiLeo

January 23, 2023

<https://a2gov.sharepoint.com/sites/PlanningTeam/Shared Documents/6 - Projects/2022 Carlisle Wortman Premiums Evaluation/Premium History Notes 1-9-2023.docx>