

# Stimulating Infill and Brownfield Development in the Land-of-Sky Region

Project Summary – Final Report

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Prepared by Linda Giltz, AICP, Regional Planner  
Land-of-Sky Regional Council  
Asheville, North Carolina  
[www.landofsky.org](http://www.landofsky.org)



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## About Land-of-Sky Regional Council

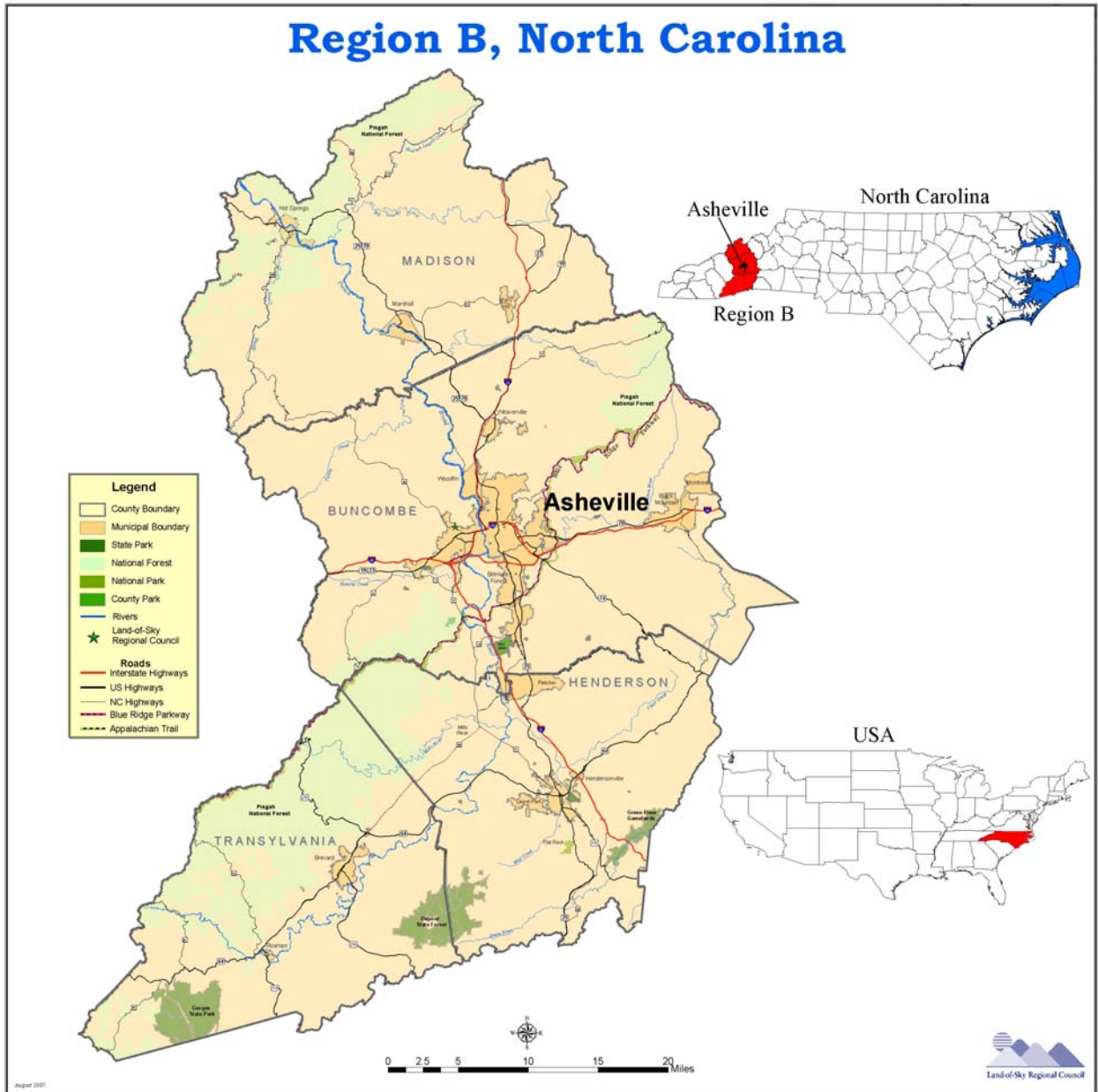
Land-of-Sky Regional Council is a multi-county, local government planning and development organization in North Carolina. It is one of 17 such organizations in the state and serves Region B, which includes the counties of Buncombe, Henderson, Madison and Transylvania. Land-of-Sky Regional Council is made up of chief elected officials - mayors and county commission chairpersons and alternates - from member governments, one private representative of economic development interests in each county and two at-large members. Members meet monthly to plan programs and set policies and goals to benefit the entire region.

Land-of-Sky Regional Council's mission is to work with local governments, the Region's leadership and state and federal agencies to foster desirable social, economic, cultural and ecological conditions in Buncombe, Henderson, Madison and Transylvania Counties. More information about the Council and its programs can be found at [www.landofsky.org](http://www.landofsky.org).

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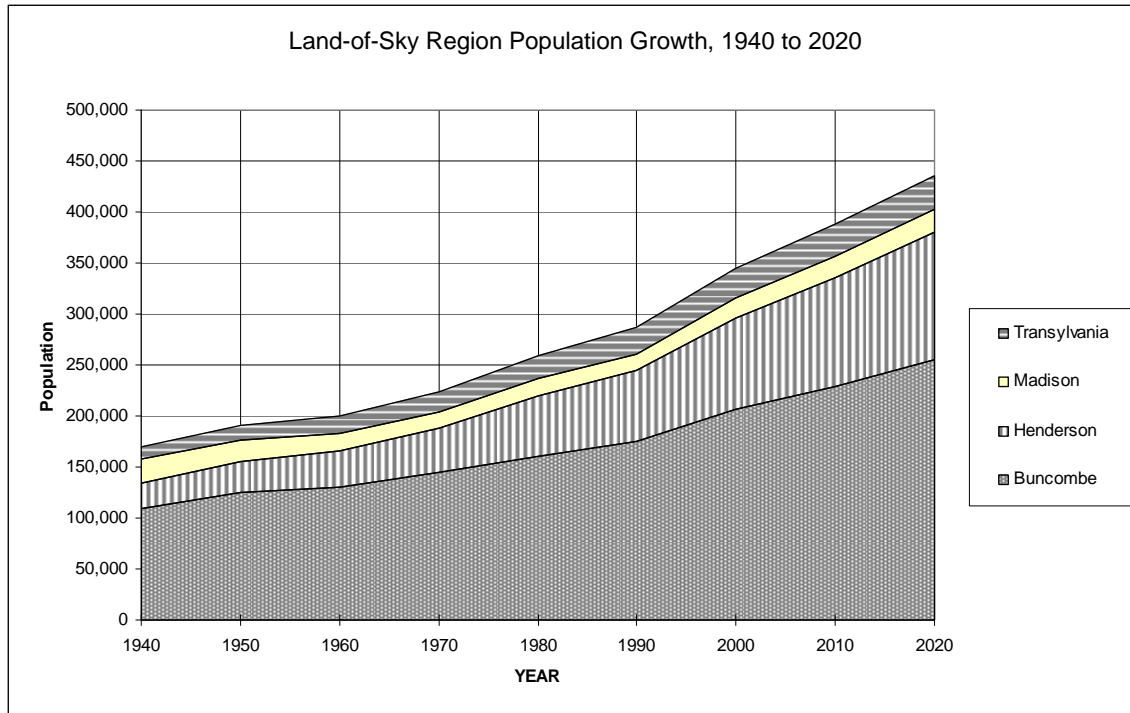
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## Regional Context



The Land-of-Sky Region, a four-county area in western North Carolina, is a mountainous region known for its beauty and wealth of outdoor recreational opportunities. The region is experiencing a high rate of growth (Figure 1). The current population of this region is approximately 370,000 and is expected to grow to about 435,000 by 2020. Almost all the growth (96%) is from people moving here from outside the region and many of those people are retirees. The region is also experiencing a larger number of part-time residents and a booming second home market.

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**Figure 1. Regional Population Growth. Sources: U.S. Census Bureau, N.C. State Data Center**

Our region, with its mountainous terrain, has a limited amount of land suitable for industrial development. We need mechanisms to preserve prime undeveloped industrial properties and also to encourage the redevelopment of vacant, underutilized infill and brownfield sites. We are also losing prime farmland in our rural areas primarily to residential development that is occurring in a very dispersed pattern. Our air and water quality are threatened due to rapid development and dispersed, low density development patterns. We need a system of incentives, policies and regulations that makes it more attractive to build residential, industrial and other uses on brownfield and infill parcels and near town centers and existing growth nodes. In turn, these will lessen the amount of scattered development in suburban and rural areas, help improve our air and water quality and preserve our natural and cultural resources.

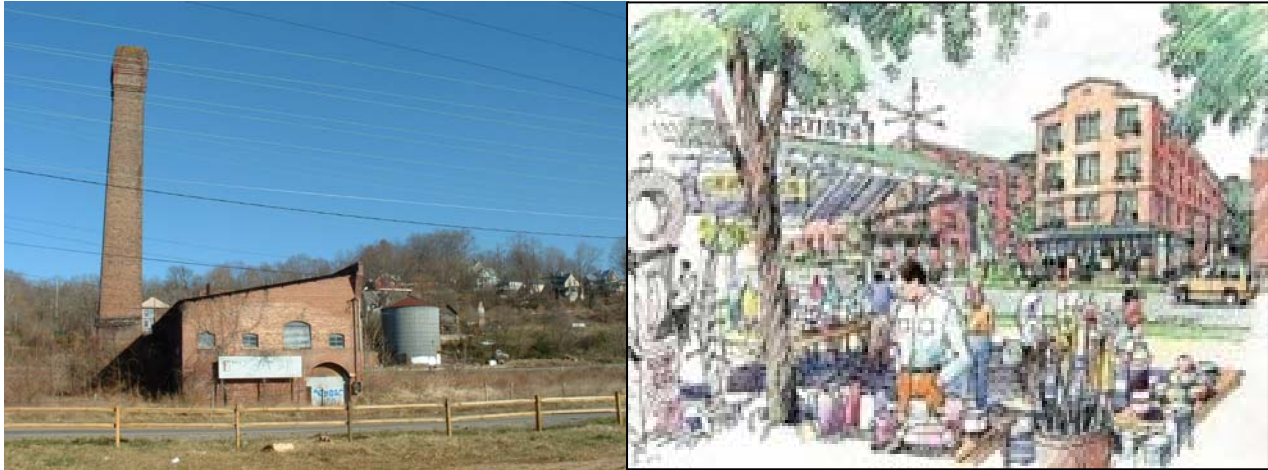
This project brings together what we have learned and accomplished in our many water quality, farmland protection, land conservation, land use, transportation and economic development projects and pairs these learnings with new learnings from this project to develop a set of tools that will work in our region and in similar regions across the country. Our work and other studies show that citizens here want to preserve the rural character and working lands, our natural resources and our cultural and historical assets, and they want to have market-based tools for accomplishing this preservation. We need to develop creative and innovative ways that will be effective in preserving these “sense of place” assets while encouraging more compact development in our cities and towns. This project enables us to develop such tools.

### Urban Versus Rural Areas and Approaches

Most of the brownfield sites in our region are in urban areas and these areas offer most of the infill development opportunities. Asheville is the largest city in the region, with close to 75,000 people. Our larger cities and towns have land use plans and zoning regulations; a few of them have incorporated smart growth principles and practices. The development pattern in most areas, though, is primarily medium to low density residential development and strip commercial

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development radiating out from the center of town. Some towns have neighborhood centers and mixed-use buildings and development. Numerous infill and brownfield opportunities exist in these urban areas.



The historic Cotton Mill in the Asheville River District in its current, ready-to-redevelop condition (left) next to a vision for the site's redevelopment from the *Wilma Dykeman Riverway Plan* (right).

Many of our smaller towns and rural communities do not have land use or long range growth plans or land development regulations. These areas are feeling a lot of growth pressure, especially from residential development, largely because of their attractive rural character, lower land costs and their lack of regulations and “red tape.” A goal of this project is to help these rural communities understand the value of planning and smart growth policies as a way to preserve their “sense of place” and community as they grow. Another goal is to lessen the growth pressure on our rural areas and their “greenfield” sites by making brownfield and urban infill properties more attractive for development.

Our region’s unincorporated areas are also largely un-planned and un-regulated in terms of land development. Buncombe, our largest county in terms of population, recently adopted its first zoning ordinance in May, 2007. Prior to zoning, it had subdivision and mobile home park regulations and required environmental (sedimentation, erosion control, stormwater, etc.) regulations. Henderson County, our fastest growing county, is currently considering adoption of a Unified Development Ordinance. Even with county-wide zoning becoming a reality in much of the region, the zoning is typically not that prescriptive about where and what type of development occurs and lacks incentives and controls to preserve farmland and open spaces. We hope this project will help more closely tie development in urban areas and town centers to the preservation of farmland, open space and other rural areas.



## Project Background and Purpose

This project was funded through a grant from the Office of Policy, Economics and Innovation of the U.S. EPA to Land-of-Sky Regional Council. The first phase of this project involved working with local governments and the development community in the Land-of-Sky region to: (1) understand current policies, regulations and barriers related to infill and brownfield development; and (2) demonstrate how market, policy and regulatory changes along with appropriate outreach can overcome the barriers and improve the market and policy climate for infill and brownfield development. A follow-on phase will develop a set of tools that will work in our region and in similar regions across the country. It is hoped that these tools will help preserve the region's natural and cultural assets while encouraging more compact development in our cities and towns.

The research for this project began in late spring, 2005, and consisted of gathering studies and reports from around the country and interviewing individuals who have experience with brownfield and/or infill development projects. Staff members of our region's local governments and NC Department of Environment and Natural Resources (DENR) Brownfields Program, property owners and developers were consulted to develop an initial understanding of the barriers to brownfield and infill development as well as possible solutions to overcome the barriers. The advisory committee for Land-of-Sky Regional Council's Regional Brownfields Initiative also provided input.

Three focus groups met in March, 2006: one with Asheville staff and Planning Board; one with Buncombe County and small towns' staff; and one with developers and realtors. The purpose of holding these focus groups was to validate and provide more details on the barriers, and to get a sense of which barriers are the most important ones to try and overcome. The results from the focus groups were then compiled and sent out to all participants, with top-ranked barriers identified. A combined group of representatives from each focus group met in April, 2006, to discuss and agree on the top barriers and to begin developing a plan to address them. The following findings are a result of these meetings and summarize all the input received.

## Key Findings

The barriers deemed by project participants to be most important to overcome are as follows (in order of importance):

1. The need for **leadership to proactively** plan and zone areas for redevelopment and to make **strategic investments** in infrastructure and public services. We have a number of good plans and need to focus on implementation of the plans.
2. Current **zoning** is typically not appropriate for the type or intensity of development to make development feasible.  
*Some of our municipalities have recognized and have been addressing this issue.*
3. **Land assemblage and acquisition** and the current development pattern.
4. Lack of **financial incentives** to encourage infill development.  
It is easier and cheaper to develop in unincorporated areas, due to cheaper land, lower taxes and less regulations.
5. **Obtaining financing** for mixed use projects and brownfield redevelopment projects is difficult.

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Bankers need a better understanding of brownfields and mixed use projects.

6. **Neighborhood opposition** to higher density and infill development.

This is an issue everywhere in the region – in small towns, county areas and in Asheville.

7. **Approval and permitting processes** are inconsistent, inefficient and lengthy.

This barrier is mainly in Asheville, and they have improved and simplified the review and permitting processes a great deal in the past year.



Pictured above are two sites in Asheville's River District and part of the Regional Brownfields Initiative. The Asheville Ice and Storage plant (left) lies between the French Broad River and the railroad in the heart of the River District. The former EDACO vehicle salvage business (right) sits between two parks on the river and when it is cleaned up, will provide a missing link in the City's parks and greenway system.



## Details of Barriers and Possible Solutions

### 1. The Need for Leadership

***The need for leadership to proactively plan and zone areas for redevelopment and to make strategic investments in infrastructure and public services.***

#### **Need to move from Planning to Actions**

*The focus of this barrier is on the gap between creating a plan and following through and strategically investing in its implementation.* Project participants seemed to agree that we, in this region, are pretty good at planning and developing plans, but not so good at taking actions to implement them. Local government investment in infrastructure in specific geographic areas can encourage growth in those areas and give developers a sense of security for their investment. Infrastructure and public services include: parking; sidewalks; parks; streetlights; water; sewer; utilities; etc.

Black Mountain and Asheville have completed Comprehensive Plans in the past couple years that promote smart growth principles. Asheville is currently working on redevelopment plans for individual communities (West End/Clingman, River District, Shiloh). The City's and RiverLink's plans for the River District are grand and comprehensive. Aside from the development of the French Broad River Park, which is a very nice set of parks and greenways, the City has not shown strong commitment to developing and/or investing in other ways in the river area.


This barrier was rated as the top priority by a group representing both local government staff and developers. It is an opportune time to address this in Asheville, because of new leadership elected to City Council in November, 2005. City planning staff commented that they would like to do more planning and more to improve the Unified Development Ordinance (UDO), but they are limited due to their staffing levels. The development review workload has doubled over the past year to two years, but the number of staff has not increased which presents a challenge for overcoming this and other related barriers.

The City of Asheville is addressing this barrier with some actions. Asheville completed a Redevelopment Plan for the river area (August 2005), to address flood mitigation and economic development needs along the French Broad River, Swannanoa River and in Biltmore Village. It is currently implementing some of the recommendations, including buying properties in the floodplain, flood-proofing historic buildings in Biltmore Village, and performing a feasibility study for a Tax Increment Financing (TIF) district for the river area. The Town of Woodfin is also pursuing a TIF district to finance improvements that would create a town center adjacent to an old landfill property. Tax Increment Financing (TIF) is a new tool for North Carolina; it was approved by voters in November 2004 and is just beginning to be implemented.

Asheville has also begun to take a proactive approach with the development and sale of City-owned land. It recently (June, 2006) released an RFQ for development proposals on an assemblage of City-owned property in a central location. The RFQ includes requirements for building "workforce housing" and a section of greenway that is in the City's Master Plan as part of the development plan. The City plans to take this approach on other pieces of land that it wishes to sell.

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There are some concerns about proactively zoning areas to accommodate higher density and mixed-use developments, because this practice can drive up property values/prices and speculation. The next step is to determine ways to minimize this effect. On the other hand, if local governments are not proactive and instead wait for developers to request rezoning, speculators are rewarded for holding onto properties without improving them because there is no cost for holding onto land and doing nothing with it. The challenge is figuring out how to put value in the hands of people who are willing to redevelop the land as opposed to those who hold it and do nothing with it.



**Redevelopment Ready Communities<sup>SM</sup>**

Other organizations have recognized various barriers to quality development and have developed programs to address the barriers. Michigan Suburbs Alliance is one of these organizations and they have developed the Redevelopment Ready Communities program to help promote investment and redevelopment in older suburban communities in southeast Michigan. The Redevelopment Ready Communities program challenges and motivates older communities to modify municipal processes and streamline how and where redevelopment occurs.

**“....By Uniting Local Government and Business**

Through a set of best practices and a certification system developed via a partnership between public and private sector development interests, the RRC program encourages mature suburbs to bolster their competitive attractiveness by making the development process more efficient and less complicated. The program helps cities acquire the skills, knowledge, and methods that enable them to compete for, recruit, and capitalize on redevelopment opportunities.”

See [www.redevelopmentready.com](http://www.redevelopmentready.com) for more details on this program.

### Water and Sewer Infrastructure Issues – Repair, Extension and Funding

In many parts of the City and County the water and sewer **infrastructure is old, insufficient and in need of repair**. For example, in the West End/Clingman or “Chicken Hill” neighborhood the sewer infrastructure dates to the early 1900s and many of the sewer lines were never taken into public ownership. Property development in this area requires engineering, construction and easement dedication that should have been done or should be provided by the Metropolitan Sewerage District (MSD), as the public sewer provider. It is cost-prohibitive for a private developer to pay for these infrastructure improvements.

**Utilities need to be strategically extended** (especially water) into Buncombe County in order to get higher density. The County is getting a tremendous amount of residential development. Most of this is higher quality development, due to market forces and the price of land. Utilities are an issue, because many areas in Buncombe County do not have water and sewer service; this results in larger lot sizes due to septic requirements, which consume a greater amount of rural/suburban land.

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Smaller towns also have utility and infrastructure issues. For example, Weaverville has enough water but not enough sewer for anticipated growth. Other towns are challenged to improve and expand water and/or sewer service to keep up with population growth.

### Sidewalk Issues

In urbanized areas, sidewalks and related pedestrian facilities are necessary. With urban infill projects, pedestrian facilities and access are critical to the project's success. More sidewalks also may help to resolve some parking and traffic issues. If people can walk to multiple destinations, they will not need to use their cars as much. Sidewalks and greenways are issues that require a position from the leadership of a community. If leaders believe that sidewalks and greenways are critical pieces of infrastructure, then plans, policies and funding for this infrastructure need to be defined and identified to ensure this infrastructure is constructed throughout the jurisdiction.

#### Who should pay for infrastructure improvements that serve the community/public?

A local government's plans should define what its philosophy and vision are for funding and building the various components of public infrastructure. There should be a balance between the local government's investment and private investment in this infrastructure. Local developers interviewed for this project felt that the City of Asheville is relying too much on the private sector to fund infrastructure and public services.

### Utility Lines

Many of our region's communities are interested in **burying utility lines**. This needs a long-term community-wide phasing plan – something that is comprehensive and negotiated with utility companies. The up-front cost to bury utilities in a downtown area is extremely expensive, but it could make a huge difference in sustainability, aesthetics, etc. if the local government tackled the issue community-wide with a phased approach over time.

### Parking Needs and Costs

The relationship between the cost of urban land and parking is a barrier to urban infill development – it is **costly to acquire the space needed for parking**. Infill sites are smaller and more expensive, thus need structured parking (as opposed to surface parking) which is more expensive. Some infill sites are not large enough to accommodate both the building and needed parking.

The **lack of parking spaces/places** is a bigger issue for downtowns than for other areas. Developers participating in this project expressed concern that **if this problem is not solved, retail and other businesses will move out of downtown**. It was felt that some City and County leaders do not understand the need to develop parking and other downtown buildings/amenities/infrastructure. Some project participants speculated that County leaders do not appreciate the benefits the County receives from development in downtown Asheville and having a strong downtown and thus are not as willing to invest in these things.

Parking facilities help support and retain businesses and residents, encourage infill development and renovation/redevelopment and provide convenient access to businesses and other land uses. Parking lots and garages can be strategically placed to ease traffic

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congestion and improve the pedestrian environment, encourage more pedestrian travel. Thus, parking should be thought of as a public utility, and the amount and locations where parking is provided should be strategically planned.

### **POSSIBLE SOLUTIONS**

- Strategic extension of water and sewer into parts of Buncombe County and in cities and towns experiencing growth pressure.
- A local government could develop an installment plan and charge the new development(s) over time in order to recoup costs it incurs up-front (for parking, water lines, street improvements, other).
- Explore a variety of ways to finance public facilities and infrastructure.

The Urban Land Institute has been examining the infrastructure financing issue and produced a few reports and articles addressing the issue. Their report entitled *Financing Urban Infrastructure*<sup>1</sup>, recommends regional visioning and cooperation, creative financing through public-private partnerships, and balancing urban and suburban investments as some of the key strategies. It ends with a quotation from Bruce Katz, Vice President and Senior Fellow at The Brookings Institute: *“This concept should not be approached as another domestic spending program. To work, it must be approached as an investment opportunity that will ultimately result in improved global competitiveness.”*

- Develop comprehensive master plans (including public and private infrastructure and services needed) for specific areas that include action plans for implementation.
- Create an infill development trust fund or land bank.
- Seek private developers interested in developing on infill/brownfield sites and in public/private/non-profit partnerships.
- Provide an incentive to developers to use the charrette process and to involve the neighborhood and/or community early in the development process. The local government needs to be involved and maybe coordinate this process. (Note – this is a leadership issue, to address the neighborhood opposition barrier). One example is the Town of Davidson, NC, which requires developers to hold a public meeting or charrette at the beginning of the approval process.
- Outreach needs – Asheville needs to do a better job of showing/explaining the prioritization process for public improvements (such as sidewalks, traffic calming).
- The public sector could take the lead and provide a large amount of parking that would serve multiple projects in downtown and possibly other areas.

The City of Asheville has no parking requirements (for land owners/developers) in the Central Business District, therefore it needs to provide some amount of parking to support the businesses and other development downtown. Market forces drive some types of development to provide parking as part of the development (e.g. residential, hotels), but the parking could be at an adjacent or nearby public facility and City/County could collect fees for its use.

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<sup>1</sup> Urban Land Institute, *Financing Urban Infrastructure*, ULI Policy Forum Report, April 2005.

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- Local governments should develop long term, phased plans and partnerships with utility companies to plan for burying utility lines throughout the community, or in key areas and corridors, over time.
- Presentations, lectures, workshop ideas:

**Leaders need information in order to lead.** It is also important to raise the level of both knowledge and discussion on the issues of infill and brownfield development, higher density and smart growth. Land-of-Sky Regional Council could help local elected officials and management teams see the “big picture” and understand the benefits of infill development, higher density and smart growth. This could be done through workshops, presentations and supplying information.

Suggested formats/ideas:

- Hold a local education session(s) for elected officials on brownfields and infill development - pros and cons of different types of development, what other places have done, etc. Structure the session like a “Mayors Institute” that brings elected officials from various jurisdictions together to learn from experts and from each other. Utilize Institute of Government staff as experts and for assistance with organization and administration.
- Conduct a series of presentations/lectures from invited speakers covering the main barrier issues. The presentations would be open to the public with an earlier workshop for key stakeholders (e.g., a speaker addressing “financing mixed use and brownfields redevelopment projects” for local bankers/lenders to attend).
- Hold a workshop for leaders to learn about and consider various ways to fund public investments. The focus could be “creative ways to finance and fund public facilities and infrastructure.” It could highlight what other places have done and illustrate the pros and cons of different tools. It could also address how to be strategic with investments and partnerships.
- Incorporate the above ideas into the next Regional Brownfields Initiative workshop (held in April, 2007).



The 80-year old Asheville Mica plant (left) has been transformed into Mica Village condominiums. This project was featured at our recent regional brownfields conference, *Pathways to Redevelopment*.





## 2. Current Zoning Regulations

***Current zoning is typically not appropriate for the type or intensity of development to make development feasible.***

Improvements have been made to zoning regulations in Asheville and the smaller towns in Buncombe County, to allow for higher density and to encourage more walkable designs. Asheville's zoning regulations have also gotten more flexible over the past couple years: density bonuses are available in many districts; new zoning districts are available which promote smart growth (Urban Village, Urban Place, Urban Residential, Urban Corridor); and duplexes are allowed in any residential district. However, the allowable density even with the density bonus is often too low to make a project financially feasible. Another related issue is that multifamily development is prohibited in many zoning districts; single family residential is preferred in most areas of the City.

Even with the improvements that have been made, Asheville's Unified Development Ordinance (UDO) is complicated and lengthy. The code tends to state what cannot be done rather than what can be done. It is easy to make mistakes interpreting what is required. Some City officials and staff are interested in developing a more "form-based" code which would provide more visual examples and focus more on building size, placement and design than on land use.

A problem with Asheville's and many other municipalities' zoning codes is that much of it is still very "standard" and out of date. It is a common practice for municipalities and counties to share zoning regulations and copy them, as is or with changes. Many of the jurisdictions in this region developed their zoning codes in the 1970s and have not made significant changes to them since. Some have revised their codes in recent years or are in the process of revising them. Asheville went through a public process about ten years ago to update their code and create their UDO, but a local developer commented in one of our meetings that "Asheville's zoning code looks very standard and doesn't seem to fit or be customized for Asheville." The City has created a number of "overlay zoning districts" to customize zoning for certain areas, but this approach is piece-meal and ends up being more complicated; the underlying zoning should be revised instead, with the support of the community and elected officials.

Current zoning is a barrier to all kinds of infill development. Larger brownfield and infill sites may be rezoned to a zoning district more suitable for redevelopment. However, there are **no zoning tools to specifically deal with brownfields**. Often brownfields are in industrial zoning districts while the best and most feasible redevelopment plans would include a combination of uses that are not typically allowed in industrial zones.

### POSSIBLE SOLUTIONS

- Education and outreach on current zoning regulations so people understand the newer districts and the areas of flexibility. One way Asheville is doing this is through quarterly public informational meetings it calls "Development Forums."
- Simplify the zoning regulations, incorporating the overlay zoning districts into the base code and developing a more form-based approach. Asheville is planning to incorporate more visual examples and form-based regulations.
- Develop incentives to encourage higher density development where this is desired and can be accommodated.

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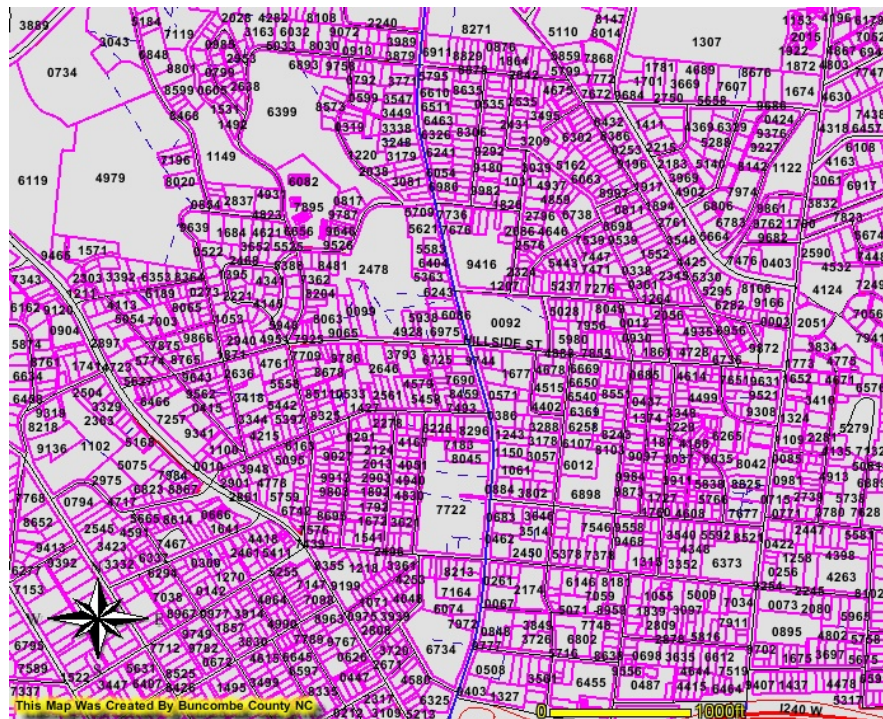
- As much as possible equalize the development requirements for multi-family and single family residences.
- Local governments and economic developers should look at expanding the possibilities for redevelopment and reuse of previous industrial properties.
- Inventory and analyze the current economic incentives (from the state and local governments) and lobby to make them more useful and effective for our region. Some of them do not apply to or help redevelopment in our area. For example, there are incentives for businesses with 50+ employees, yet many local businesses are smaller than this.

### 3. Land Assemblage and Acquisition

***It is difficult to assemble and/or acquire sufficient land for cost-effective infill development.***

Land assemblage and acquisition and the current development pattern are county-wide barriers to developing large infill projects. It is difficult to assemble and acquire enough land to do cost-effective infill development. Local developers contend that large mixed-use projects are the economic and community development model that works in today's market and provides the majority of the increase in our local tax base. This means that **larger developers and larger amounts of money are needed to do infill development.**

Related to this, the **current pattern of development is hard to change.** The existing pattern of development (and old zoning) has driven the current zoning and is causing barriers to changing the development pattern. Many of our main corridors are lined with small, narrow lots. Merrimon Avenue is a good example, with many small, shallow lots fronting on Merrimon with residential lots immediately behind these. Ownership and zoning need to be assembled/combined to create a new pattern of development.



Parcels in Asheville, just north of downtown. Note the number of narrow lots that line Merrimon Avenue, the main north-south commercial corridor in the middle of the map, and the other main

Assemblage can be difficult due to: (1) the number of properties that need to be combined; and/or (2) one or two property owners who are unwilling to sell at a cost-effective price. Sometimes, property owners have high expectations of property values and are pricing themselves out of the market. These properties, along with those around them, often remain idle for a long time.

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## POSSIBLE SOLUTIONS

- Create a Community Development Fund that can be used as a revolving fund for buying sites to assemble into areas for development.
- Local governments in partnership with the private sector should identify specific delineated areas where opportunities for combination exist (e.g., abandoned or underutilized clusters of properties, areas along roadways that are planned for widening, etc.), then develop incentives and partnerships to facilitate redevelopment.

## 4. Obtaining Financing and Financial Incentives

### Obtaining Financing

Obtaining financing is difficult because banks in this region are not very familiar with brownfields or mixed-use projects. Banks do not look at mixed-use projects the same way as single use projects. It takes longer for them to evaluate the projects because their models to evaluate risk are not set up for mixed-use. Some projects are turned down because they are too difficult to evaluate.

Another obstacle is that most banks are no longer “community-based” and the central offices typically control policies and some review processes. This distances them from the local community and situation. Also, bank staff turnover is high and people are moved around frequently, which results in lack of knowledge about the local community.

Financing is **more of a barrier for small developers and projects than for larger developers**. Costs and financing are the biggest barriers for the small town of Woodfin, especially along the river where the Town would like to encourage greenway and park development. Smaller developers do not know what to do, so they are just holding onto properties and waiting for now.

Zoning can be an obstacle to financing when a zoning change is requested for the project. At a bank’s request, the local government provides a letter to the bank that verifies the zoning of the property. Banks associate a higher level of risk when a zoning change has been requested for a property, because the request could be denied.

HOME funding<sup>2</sup> has some barriers tied to financing. For starters, the assumed requirement of meeting the national objective for affordable housing and finding eligible low-income buyers can be difficult to fulfill and keep the project feasible, especially for developers not experienced with HUD funding. Additionally, the requirement for environmental review can cause delays and barriers to redevelopment. Brownfield contamination aside, many of the Land-of-Sky brownfields are in a Flood Hazard Area, near railways, near flammable and explosive containment centers, etc., which places other potential snags/barriers on a project.

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<sup>2</sup> The U.S. Department of Housing and Urban Development (HUD) HOME program provides grants to states and units of general local government to implement local housing strategies designed to increase homeownership and affordable housing opportunities for low- and very low-income Americans.

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## Financial Incentives

There are not many financial incentives to do infill development in our region's cities and towns. In fact there are disincentives, when compared to developing projects in the unincorporated areas of Buncombe County. For example:

- The water and sewer fee structures of our regional water and sewer authorities do not take into account where a property is located, even though it costs more to serve properties that are further from the source of the service (this is due to the Sullivan Acts I, II and III)<sup>3</sup>.
- Land is cheaper in the County than in the cities and towns.
- Taxes are less for properties outside city/town limits.
- The development review process is simpler in Buncombe County because the county has no zoning regulations in most of its jurisdiction.

Parking requirements, density, green building and affordable housing all provide opportunities for developing incentives. Economic development staff in Asheville are working on developing more incentives. Incentives currently exist for providing affordable housing and for higher density development.

Tax Increment Financing (TIF) is a new tool for North Carolina; it was approved by voters in November 2004 and is just beginning to be implemented. Woodfin has applied for tax increment financing for them to improve an area that will become their downtown. Asheville is currently studying how they might use this tool, specifically in the River District. It will be very helpful to have a local example of this new tool.

The Housing and Community Development (HCD) Committee is an Asheville City Council sub-committee that allocates all CDBG funds in Asheville and holds one seat/vote on the Asheville Regional Housing Consortium, which allocates HOME funds. During this year's CDBG allocation process, this local committee strongly suggested that developers wishing to use HUD funds in the future to propose more dense, multi-family housing developments. This may become a heavily-weighted evaluation tool for future allocations.

## POSSIBLE SOLUTIONS

- Provide education for bankers and lenders focused on creative ways to finance mixed-use and brownfield redevelopment projects. Bring in banking/lending professionals and developers who have experience doing these types of projects. Utilize examples from around the country.
- Provide education for bankers on brownfields and the brownfield assessment and redevelopment process.

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<sup>3</sup> The City of Asheville filed a Motion for Summary Judgment in N.C. Superior Court on July 17, 2006 in the suit filed against the State of North Carolina challenging the constitutionality of Sullivan Acts I, II and III. City officials contend that Sullivan Acts I, II and III unfairly restrict the city's operational and financial management of its water system and impose limits on Asheville not found in any other city in the state. Sullivan Act I has been in place since 1933, and the North Carolina General Assembly adopted Sullivan Acts II and III on June 29, 2005. These laws are known as local laws because they apply only to Asheville or within Buncombe County. The laws are filed as Senate Laws (S.L.) 1933-399, 2005-139 and 2005-140.



## Stimulating Infill and Brownfield Development in the Land-of-Sky Region

- Develop an informational sheet on the community and environmental benefits of infill and brownfield development.
- Incentives should be designed and targeted to specific areas where higher density development is desired or can be accommodated easily. For example, downtown Asheville and the River District have infrastructure to accommodate fairly dense development (in most areas). Developers would be more willing to develop in these areas if there were some incentives, like reduced fees for utility hook-ups or shared funding of needed infrastructure improvements.
- Local governments often need to take the lead and invest in areas where they want development to occur. Private sector developers are more willing to invest in an area after the public sector has invested in infrastructure (water, sewer, roads, sidewalks, etc.) and/or amenities (parks, streetscape improvements, transit shelters, etc.)
- Financial incentives for larger infill projects, e.g., trust funds, educating and hand-holding through New Market Tax Credits, TIF, etc. This would also help overcome the assemblage and acquisition barrier.
- Buncombe County's fee rebate program for affordable housing should be evaluated to determine why it is not being used. The County has tried many forms of outreach but has not gotten any response from developers.
- Waive or significantly reduce fees for high-density, mixed-use and brownfield redevelopment projects. For example, Asheville waives half of the building plan review fee for brownfield redevelopment projects (one of the smaller fees, but it was the easiest place for the City to provide an incentive).

## 5. Neighborhood Opposition

### ***Neighborhood opposition to higher density and infill.***

Neighborhood opposition to higher density and infill is widespread throughout our region. It is most prevalent in Asheville, but also present in urbanized areas of Buncombe County and Weaverville. People in this region are not afraid to speak out on this issue and neighborhood and other local organizations are effective mobilizing groups of people to affect development decisions.

In Weaverville, neighborhood opposition is a big issue; the newer residents (less than five years) tend to oppose new and higher density development, while the longer-term residents tend to be more welcoming. In Montreat, the new people who have no connection to the college or conference center are more willing to tear down old homes and rebuild; this causes some friction with the old-timers who are resistant to change and attached to the historical features of Montreat.

The general public seems to support traditional neighborhood development and related zoning regulations in general, however neighborhood groups often oppose higher density in or near their neighborhoods. Many of our local governments have incorporated traditional neighborhood development districts into their zoning ordinances, mostly for use on a voluntary basis.

The Town Administrator of one of our small towns summed up his frustration like this:

*“People say they want smart growth, but they want things to stay the same; they want higher density, but not more traffic and not next door; they want good shopping opportunities, but not an 80-acre shopping center.”*

We need to find ways to change these attitudes and help people understand what smart growth means and the benefits of smart growth.

The “urban village” concept is becoming popular with the market and with developers. Asheville has a number of zoning districts that incorporate smart growth principles – Urban Village, Urban Place, Urban Residential, Urban Corridor and Neighborhood Corridor. Woodfin has a new Mountain Village zoning district. Weaverville has a Traditional Neighborhood Development district - developers have come with plans for TNDs, but residents have not been supportive of this type of development. Black Mountain has a TND district and has incorporated smart growth principles into their other zoning districts. Black Mountain also has a TND project (Cheshire) that has been developing for the past five to six years and is more than halfway built-out.

The process for development review/approval opens the door for public input and neighborhood opposition, in a reactive rather than proactive way. The quasi-judicial process (e.g., for Conditional Uses/Zoning, variances) prohibits decision makers from getting involved early in the process. For example:

If a developer proposes a project that meets city criteria, then the public hearing issues are limited to whether the project complies or not. If a developer seeks a variance, then the public hearing is open to that request. It’s a pretty strong incentive to the developer for the city to say, “if you comply, you do not have to run the gauntlet of wide open public debate.”

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### POSSIBLE SOLUTIONS

The region is growing and growth needs to be accommodated somewhere. There are economic, environmental, and community benefits to accommodating a portion of the growth in existing places. We need to facilitate and encourage honest conversations about growth management and the costs and benefits of accommodating growth in different places and at different densities.

- Develop community and regional visions that bring everyone together and continue to seek a high level of community involvement during the development of regulations and guidelines.
- More communication and coordination is needed with neighborhood leaders about the details of the proposed project. Many times opposition is related to fear from not knowing the details or the effects of new development, or simply fear of change. Public meetings and charettes to discuss development proposals at the beginning of the development process appear to help lessen neighborhood opposition and provide opportunities for neighbors to have input and an affect on the project. Some towns are requiring developers to hold public meetings and/or charettes as part of the development process.<sup>4</sup>
- Community education that explains the community and environmental benefits of infill and compact development is needed. The materials need to **explain the connections between infill/urban development and farmland preservation and ridge and steep slope protection**. It is often the same people/groups who oppose higher density infill development and oppose steep slope development.
- We need to gather good, local examples of higher density infill development to use for discussion and education. We have numerous historical examples of high quality, high density residential buildings in residential areas and are getting many new examples of high density and mixed-use projects around the region.



Two examples of recent higher density infill projects in downtown Asheville – Lexington Station (commercial and residential) on the left and Merritt Park (residential and office) on the right.

- A form-based development code could help lessen neighborhood opposition because design and scale issues would be specified in the regulations and thus,

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<sup>4</sup> The Town of Davidson, North Carolina requires the applicant to facilitate a public workshop or charrette, with varying requirements depending on the scope of the project, before a development proposal can be recommended by planning staff and approved by the appropriate governing board. (Planning Ordinance, July 2001)

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known up front, before a specific project was proposed. This would still require support from citizens at the time the code was developed and adopted.

The “form-based” approach can be very effective. It gets everyone focused on the physical product instead of debating uses. Also, by default, many of the “typically” unpopular uses will not be able or willing to fit within form-based requirements. Thus, the local government does not repeatedly debate the “need” to make exceptions because of a particular user. It also goes farther toward assuring the city and public that new development will “fit” with the collective vision.

- A City Ombudsman for smart growth would be helpful, to promote higher density, walkability, and other smart growth principles. There has been a lot of talk, but not enough policies or regulations, to create/realize smart growth.

## 6. Approval and Permitting Processes

### ***Approval and permitting processes are inconsistent, inefficient and lengthy.***

When we started this research in spring and summer of 2005, this barrier was articulated by some developers. It was reiterated in the focus group of developers in early 2006. The barrier has been lessened over time, due to improvements made by the City of Asheville over last 18 months or so. The barrier regarding a lack of consistency (and possibly a lack of communication) between top-level planning staff, the checklist of requirements that middle-level planning staff use and independent judgment calls made by staff approving permits and Certificates of Occupancy has been or is being addressed and corrected. The process is much easier to follow and consistent and staff are acting more proactively, which helps everyone.

One developer mentioned a specific improvement as an example, in the permitting process for his project on Lexington Avenue in Asheville. Rather than filling out a separate permit for each individual unit, he met with City staff and created a Master Building Application. He now just fills in the unit number with the same building information in each permit.

The changes the City of Asheville is and has been making to improve these processes include:

- In May 2006, the City created a coordinating position in each department – Planning, Engineering and Building Safety – for projects that go through the Technical Review Committee (TRC) process. Each coordinator is responsible for coordinating what needs to be done and tracking the progress.
- The Planning Department has been streamlining the site plan review process.
- The Building Safety department has been making many improvements over the past year:
  - allowing a waiver for Building Safety plan review on single family dwellings if a licensed engineer, architect or contractor signs a waiver that the building is conforms to the code;
  - educating permit facilitators to ensure all documents are submitted prior to assigning application/permit number and accepting application;



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- providing education to contractors and inspectors on state and local codes and updates;
- holding pre- and post-construction meetings;
- installed online tracking software that shows the progress of a project and can be accessed via the internet;
- developed a single application for commercial and residential projects.

The reason this is a barrier for some is a **lack of familiarity with the process and standards**. The City has different standards than the County and the process has been changing as the City has made improvements. The City of Asheville also has more regulations and more involved review, approval and inspection processes compared to Buncombe County. The International Building Code has helped lessen this barrier.

The **smaller towns are more nimble and their processes are more interactive**. They also have not been experiencing as much volume or intensity of development as Asheville.

The **Town of Woodfin** is recognized by developers as a small local government that is friendly to work with, providing assistance and flexibility while working through development review and approval processes. After we began this project, Land-of-Sky Regional Council staff initiated a discussion between the Town and Cherokee Investment Partners. Cherokee was interested in this property and in working in the Asheville area. They also prefer to work with local developers on projects. After more discussion, a partnership between Reynolds Mountain Realty Group, Inc., Cherokee Investment Partners and the Town of Woodfin was formed. The partnership has designed a new town center (the Town did not have a town center) between two large new residential neighborhoods, one of which is on an old landfill brownfield property (the portion left of the roadway and village below). See [www.reynoldsmountain.com](http://www.reynoldsmountain.com) for details on the entire development. Benefits of the entire project to the Town and Buncombe County include:

- Increases real estate tax base from \$5.3 million to \$300 million;
- Adds \$5 million in annual sales tax revenue;
- Creates 1,950 temporary and 1,360 permanent jobs over a 10-year period;
- Converts landfill property to productive use;
- Preserves green space and adds recreational amenities; and
- Adds public parking spaces.





## Stimulating Infill and Brownfield Development in the Land-of-Sky Region

### POSSIBLE SOLUTIONS

- Make the permitting process for brownfield and downtown areas in the City easier and more consistent (underway).
- The City should provide education and outreach on the process, what is required, expected turn around time, etc. Perception is a big part of this barrier/issue.
- Simplify and streamline the review and permitting processes so expectations are clear at the beginning and throughout the processes.
- Develop incentives based on a set of best practices, using the Michigan Suburbs Alliance Redevelopment Ready Communities program as a guide. See [www.redevelopmentready.com](http://www.redevelopmentready.com) for details.

## Conclusions / Summary / Next Steps

The barriers we have discovered here in western North Carolina in general match barriers found in other parts of the United States as evidenced in recent national studies.<sup>5</sup> Many places are experiencing similar barriers, but how each place addresses the barriers is based on local and regional conditions, regulations and attitudes. In our region, we need to focus on:

- **educating local officials and business and neighborhood groups on the benefits of infill, mixed use and brownfield development** and ways to overcome the barriers and opposition to these types of development;
- raising the awareness of local officials about the need for them to **identify and invest in areas of their communities** where they want to see redevelopment and more intense development, to **demonstrate leadership and commitment** which will encourage more private investment and development in these areas; and
- **encouraging local governments to share their improvements** to zoning and the approval and permitting processes with other local governments and the community at large.

Land-of-Sky Regional Council will continue to work with stakeholders in our region to overcome the barriers and develop creative solutions and strategies, through presentations, conversations and educational workshops. Through the Council's Regional Brownfields Initiative, we perform a wide variety of outreach activities and hold workshops on brownfields-related topics. In 2005 we held a regional conference which introduced brownfields terminology and the assessment and clean-up processes to local officials and developers. It also featured successful projects and processes in other communities. This, with other outreach activities, helped build a base of knowledge about brownfields in the region. We were asked by our Brownfields Advisory Group to plan a second conference and they expressed the need for a more advanced conference. In April, 2007, we held a large regional brownfields conference, "Paths to Redevelopment." The conference focused on the barriers and solutions discussed in this project report, providing

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<sup>5</sup> The Urban Land Institute published "Barriers and Solutions to Land Assembly for Infill Development" in February 2004 which also addressed other related barriers. The U.S. Conference of Mayors published "Recycling America's Land: A National Report on Brownfields Redevelopment" which presents the results from a nationwide survey of cities and towns on their experiences with brownfield redevelopment.

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information and suggestions on how to overcome the barriers in our region. It also featured our regional brownfields redevelopment projects. The conference was well attended and received excellent evaluations (see following inset). We will continue our educational efforts as we assist the region in the area of brownfields redevelopment.



### ***Paths to Redevelopment Conference Highlights*** **Asheville, North Carolina** **April 24 & 25, 2007**

- **Session Topics:**
  - Brownfields Overview
  - Success Stories and Strategies (Charlie Bartsch, Keynote Speaker)
  - Redevelopment Challenges
  - Creating a Winning Redevelopment Team
  - Property Acquisition and Assemblage
  - The Importance of Community Involvement
  - Brownfields and Smart Growth
  - Public/Private Partnerships
  - Guided River Tour and Reception at Mica Village (local brownfield site)
  - Expert Panel Q & A
  
- **Attendance:** 170 total attendees; 9 sponsors; 11 exhibitors
  
- **Evaluation Comments:**
  - "World class in all respects"
  - "Clearly well planned, organized and comprehensive"
  - "Exceeded my hopes and expectations"
  - "One of the most informative conferences I have ever attended"
  - "Great range of topics and the speakers were also great"
  
- **Budget:**
  - The event cost approximately \$22,000; it was within a few hundred dollars of breaking even.

**For more information and conference presentations:**  
[http://www.landofsky.org/planning/p\\_brownfields\\_Convention.htm](http://www.landofsky.org/planning/p_brownfields_Convention.htm)

## Stimulating Infill and Brownfield Development in the Land-of-Sky Region

### References and Selected Resources

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U.S. EPA, Smart Growth web site ([www.epa.gov/smartgrowth](http://www.epa.gov/smartgrowth))