

Incentive Zoning

What is it?

Incentive zoning allows developers more density in exchange for community improvements. An increase in density encourages high density development supportive of compact development. In exchange, the developer would be encouraged to include some community improvements in their projects. Community improvements may include additional open space, affordable housing, special building features, or public art.

How to do it

1. **Assemble stakeholders.** Get ideas for incentives from the people who will be using them. Most importantly, you need to ask builders, developers and real estate professionals what kinds of incentives will work, and what types of amenities they see as feasible and important in the target area. Stakeholders should also help determine the target areas for incentive zoning. This group may include:
 - Builders, developers, and real estate professionals business owners
 - local officials (City Council members, Park Board officials, state senators and representatives)
 - State officials (DOT, regional planning, governor's office, DNR, EPA)
 - schools, colleges and universities (school board members, superintendent, principals, teachers)
 - local residents, neighborhood groups, civic groups, and nonprofits (e.g., libraries, youth groups, citizen action groups)
 - utility providers (electricity, gas, phone, sewer/water)
2. **Determine the specifics of the incentive zone.** Using input from step one, establish where in your community you want new higher density development encouraged, the density increases that will be allowed, and the community benefits to be provided by the developer in exchange for the density increases.
 - As part of this process, it's a good idea to conduct a market analysis to find out if there is enough demand for the increased density in the area programmed for density increases.
 - Before implementing an incentive zoning plan, make sure your infrastructure will serve the build-out density in the incentive zone. Coordinate infrastructure with all affected units of government including school district, city, county, and special districts.
 - To determine the right type of incentive (i.e. housing unit allowance, FAR increase, etc.) choose ones with the highest market demand. For example, FAR allowances may be less desirable than housing unit increases in areas with a high demand for detached housing.

- Determine the maximum possible density in the incentive zone. Look at what the density of the incentive zone would be if all developable properties received density bonuses. What's the highest density you could have in the incentive zone and still be able to service the area with your current infrastructure? How much impact will this density have on the surrounding community?
3. **Determine what community benefits the developer in each area should provide.** What kinds of community improvements are needed in the targeted area? Does the area lack parks, or affordable housing units? Do residents complain about sidewalks or street lighting? Could you attract more small businesses with mixed-use buildings or live-work units? Will increased density require new classroom construction? Be creative and listen to your stakeholders when crafting potential amenities.
 4. **Amend planning documents such as your zoning ordinance and comprehensive plan.** Establish an overlay zoning district (refer to GQGP quality growth tool: Overlay Districts) within your existing zoning ordinance showing the boundaries of the incentive zoning area. Specify in your zoning ordinance the actual zoning density bonus that will be provided to developers in the incentive zone. This amount could be in terms of an increase in Floor Area Ratio (FAR) or number of allowable units per acre. Also include the specific amenities that must be provided by the developer to receive the zoning density bonus. Your ordinance should say whether the density bonus will be awarded as of right (just by applying) or upon a discretionary review. If the community chooses a discretionary review process, the zoning ordinance should list the criteria that you'll use to approve density bonuses. Generally speaking, allowing incentive zoning as of right is more attractive than discretionary programs due to the reduced administrative uncertainty. Likewise, you should amend your comprehensive plan to show the incentive zone areas and explain any specific community objectives to be achieved. By including incentive zones in your comprehensive plan, you provide documented support for density changes in your ordinance.
 5. **Adopt changes.** Follow the notice and public meeting requirements of the Zoning Procedures Act, O.C.G.A. 36-66-1.
 6. **Market your incentive zone.** As soon as your incentive zone is approved, you'll want to issue press releases and provide marketing brochures through your planning and zoning office, building permit department and in other places where you can get the word out to developers and builders. Implement the policy as new development proposals are submitted.

Things to consider

- The extent to which incentive zoning is truly an “incentive” depends on the demand for density increases and the limitations on density increases under your existing zoning ordinance. For the density bonus to be enough of an incentive, the existing zoning should be sufficiently low, but not so low that the validity of the original ordinance is called into question. Likewise, density bonuses should be large enough to attract new development but not so large that new densities cannot be served by community infrastructure.
- You may encounter neighborhood opposition. However, proper planning and design will decrease opposition. One way to head off opposition is to require a pre-design meeting with developers. In addition, you can require developers to provide design or other changes to address neighborhood concerns.
- Coordinate with local officials, making certain that all officials who have a role in carrying out the incentive zoning are informed and on board with implementation. Include not only officials of the primary implementing agency, but also decision-makers with an indirect role, such as the banks or development authorities that may be financing new development projects in your community.
- Adjust other policies and regulations for consistency. Evaluate all applicable local regulations or programs and adjust as necessary to work with the incentive zone. Regulations or programs working at cross-purposes will not be effective in guiding local development patterns as desired.

Additional Information on Fostering Compact Development

Background

Is your community characterized by:

- Discontinuous or “leapfrog” development patterns
- Decentralized low-density development that is spread across the community
- Strip corridor development that stresses car travel such as large parking lots and multi-lane highway facilities?

Unplanned and uncoordinated development rapidly depletes open space and natural ecosystems. When buildings are spread out, it is more expensive to provide public services. More compact development patterns also promote transportation alternatives like walking and can improve community safety. Clustering houses and orienting them closer to the street encourages interaction in the community by providing public gathering places and encouraging use of parks and community facilities as focal points in the neighborhood. Think about the neighborhoods in your community that were built before 1940 where you could walk to the post office or corner store. Much like these neighborhoods, today’s compact developments have features like connected blocks of streets with ample sidewalks.

A variety of planning techniques are available to foster more compact development patterns. It is up to your community to choose the approach or combination of approaches that best fit local circumstances and policy objectives.