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PUBLIC INCENTIVES FOR THE ENCOURAGEMENT OF MIXED USE DEVELOPMENTS IN KNOXVILLE/KNOX COUNTY

A Thesis

Presented for the

Master of Science in Planning

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ABSTRACT

There has been significant interest in mixed use developments (MXDs) in recent years. Many cities, counties, and metropolitan governments are beginning to realize that mixed use developments can provide effective solutions to the costly problems of urban blight, inactive downtown areas, increased transportation costs resulting from the strict segregation of land uses, and costly utility services which are being expanded to the urban fringes in a wasteful and expensive manner.

It is important for local governments who desire to implement mixed use developments in their jurisdictions to know what zoning and economic incentives to make available to mixed use developers. This study seeks to accomplish this objective through survey, case study, and literature review research concerning the types of incentives local governments across the United States have provided to encourage the expeditious implementation of mixed use developments. Specifically, this study seeks to illustrate the available and most useful public incentives within the Knoxville/Knox County governments for attracting mixed used developments within the community. This thesis should provide public officials and decision makers important information to establish a mixed use development

implementation program in Knoxville/Knox County.

The findings of the study concluded that public incentives and/or zoning incentives were offered and used by mixed use developers in a significant majority of the mixed use projects in the respondent cities. Land assembly through eminent domain and the provision of infrastructure were the most popular public incentives used. Most of the mixed use projects described in the survey responses accommodated mixed use projects through planned unit development or central business district zoning mechanisms. Most respondent cities mentioned that the zoning ordinance which pertained to the mixed use project in question should be changed to some extent to better encourage mixed use developments in the future.

The conclusions of the study are purely descriptive in nature. The mixed use development implementation guidelines are based on the frequency of public incentives used in various communities, not the effectiveness of those incentives or the success of the project which received the incentives.

The final implications from the conclusions for Knoxville and Knox County indicate that public officials should strongly consider offering the most frequently used and most importantly ranked incentives listed in the previous paragraphs if mixed use developments are desired by the community. However, before mixed use developments can be sufficiently promoted in the Knoxville/Knox County urban area, four obstacles must be effectively dealt with: first, some public planning officials believe that there is not enough commercial development permitted in the existing planned residential zoning districts which offer the greatest potential to regulate and encourage mixed use developments according to the Urban Land Institute definition; second, there is a negative public perception of mixed use developments within the Knoxville/Knox County area; third, many of the large tracts of land in suburban Knox County are owned by families who have owned the land for many generations and do not desire to sell; and lenders will most likely not lend funds for such large and diverse projects as mixed use developments unless they are thoroughly familiar with the reputation of the developer(s).

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CHAPTER I

INTRODUCTION

Purpose

This thesis was written on the premise that mixed use developments (MXDs) offer substantial public benefits and can provide significant advantages over conventional single use developments. These potential public benefits are discussed in the literature review. This document does not attempt to ascertain the political and economic feasibility of an MXD within a community, as the author has insufficient expertise in this area. The primary focus is to provide important implementation criteria for a community which has decided that MXDs are desirable and politically and economically feasible.

This thesis seeks to accomplish the following: identify various goals and objectives behind the initiation of MXDs; ascertain site criteria for zoning for mixed use development; ascertain the most frequently used development incentives for community encouragement of MXDs; examine the zones established to accommodate MXDs; and identify advantageous elements contained in mixed use zoning ordinances in different cities which could be applied to a community which seeks to encourage MXDs within its jurisdiction.

Importance of the Topic

The modern practice of conventional zoning through segregation of uses has been increasingly challenged in recent years because it is believed by many that mixed use developments can contribute significantly to the revitalization of cities. The Council on Development Choices for the 80s and Schwanke describe the potential benefits of MXDs below.

> Large single use areas create a costly separation between home and work, home and shopping, and work and shopping. Transportation distances and energy consumption are increased, and the vitality of the areas is decreased. Today well designed light manufacturing and commercial facilities can be good and welcome neighbors to residential areas (Council of Development Choices for the 80s, p.vi).

> The mixed use developments being developed today incorporate new forms to create exciting and dramatic urban environments that are helping to resurrect and to redefine the meaning of urban vitality in downtowns and suburban areas across the country. . . . The modern intermixing of land uses in urban development, in the broadest sense, is known as multiuse development, and although zoning and the automobile have helped to divide and separate many land uses (since the mid-twentieth century), the concept of multiple uses has been making a comeback in recent decades, strongly affecting projects as diverse as business parks, residential subdivisions, office buildings, hotels, and shopping centers, as well as downtown cores and major suburban activity centers (Schwanke, p. 1,3).

The MXD has evolved as the most significant development form in the trend towards multiuse developments. The Urban Land Institute (ULI) defines a mixed use development as a development which is: 1) characterized by three or more significant revenue producing uses, 2) characterized by significant physical and functional integration, and 3) in conformance with a coherent plan (Schwanke, p. 1).

Jane Jacobs, an early critic of conventional zoning, has argued that cities need "a most intricate and close-grained diversity of uses that give each other constant mutual support, both economically and socially" (Schwanke, p. 128). More recently, other concerned critics have suggested that combining land uses can result in increased convenience, positive environmental impacts, and more efficient energy consumption. While opponents may argue that the mixing of land uses could result in urban blight, reduced property values of neighboring parcels, and undesirable air and noise pollution, "recent thinking seeks to remedy these deficiencies in two respects: 1) by moving toward a more beneficial integration of different land uses, and 2) by emphasizing incentives for better design, provision of amenities, and other public purposes" (Schwanke, p. 128).

In many cases MXDs can result in more desirable benefits for the community and the private sector than conventional real estate projects developed in conventional zones. The ULI has asserted that MXDs may produce one or more of the public benefits listed below:

1) The financing of public improvements with private funds;

2) An increased local tax base;

3) A better urban environment;

4) A superior design to treat neighboring blight and decay;

5) Creation of more jobs;

6) Expansion of community's retail or commercial base;

7) Creation of new housing opportunities;

8) Public participation in a project's profits; and

9) An attractive transition between different land uses (Schwanke, p. 125).

However, MXDs can also result in unfinished developments, poorly designed developments, or worse yet, no mixed use developments if the development implementation process is poorly organized or lacks substantial support from public entities and private developers. From a private developer viewpoint, "mixed use development calls for extraordinary planning, management, and capital resources to cope with more intricate planning, higher front end costs, and heavier negative cash flows typically associated with mixed use development"(Schwanke, p. 45). The complexity of creating MXDs is described as follows:

> Few mixed use projects have been undertaken by a single development entity; more typically, a multi-talented team has been required, and frequently, public entities and quasi-public groups have become involved. Thus, a large number of people from many different disciplines need to understand the multiplicity of factors and processes that lead to successful mixed use developments (Schwanke, p. xv).

Many MXDs could not be undertaken by a developer if appropriate zoning and other public incentives were not available. Many MXDs have been initiated by public/private partnerships. The importance of public incentives for the encouragement of MXDs is illustrated below.

> The most recent ULI study of Mixed Use Developments found that 47% of mixed use developments surveyed involved changes in codes or incentives, 36% involved indirect economic incentives, 34% involved public investment in supporting elements, and 16% involved direct public ownership or shared risk. Overall, 49% of the mixed use developments surveyed involved some kind of economic incentive, investment, or outright ownership on the part of the public sector (Schwanke, p. 123).

Additionally, many types of zones have been created to accommodate mixed use developments. Such zones have included planned unit developments, special purpose districts, zones which allow less intensive uses by right, and mixed use zoning. Flexible mixed use zoning ordinances and attractive public incentives are especially vital in suburban areas, where "relatively few federal funds are available for mixed use developments in low density areas or suburban type cities due to stringent economic requirements set by federal funding agencies" (Schwanke, p. 125). The ULI Council of Development Choices for the 80s has stated that "the easiest way to zone for mixed use is to add a hierarchial element to standard zoning districts. Under this system, certain uses are permitted by right in less exclusive districts" (Schwanke, p. 129).

Therefore, it is imperative for public officials who desire to implement MXDs in their communities to know which public incentives will be the most crucial in satisfying the needs of private developers and the local government. This thesis will provide public officials and decision makers important information to establish a mixed use development implementation program in Knoxville/Knox County. It will also allow other community leaders to determine which public incentives might be appropriate for their jurisdictions.

The primary research question which was examined is listed below.

Research Question

What public incentives might be available and useful for the successful implementation of Mixed Use Developments in Knoxville/Knox County?

Next, the secondary research questions which logically follow are illustrated.

Subsidiary Questions

1) What public incentive actions are appropriate for a population area equivalent in size to Knoxville/Knox County?

2) What important elements of mixed use zoning ordinances from other jurisdictions might appropriately be included in a mixed use zoning ordinance for Knoxville/Knox County?

3) What site characteristics might affect the use of MXDs in Knoxville/Knox County?

Methodology

The research methodology was based on the premise that there are a variety of ways for the public sector to encourage implementation of MXDs within their communities. The sampling frame consisted of the various cities and counties listed by the Urban Land Institute in **Mixed Use Development Handbook**, which had at least one MXD which was either scheduled to begin construction or had already begun construction by 1986.

The study was an analytical one whereby various categories of data were collected and analyzed to discern important public incentives which might be available and useful for encouraging mixed use developments in Knoxville/Knox County. Cities and counties were chosen from the sampling frame by selecting those communities with populations equivalent in size to minus fifty percent of Knoxville's city population to plus fifty percent of Knox County's population. The actual communities in the sample are listed in Appendix A.

After the selection of the sample, planning officials in each of the respective communities were surveyed. Survey conclusions were based on survey questionnaire responses, applicable zoning ordinances, and other pertinent correspondence. The surveys were expected to ascertain the type of public incentives each sampled jurisdiction provided, the relative importance of those incentives, and what changes should be made now or should have been made in past MXD projects to improve the mixed use development implementation program.

The survey was conducted through direct mailings to senior level public officials and planners. The survey cover letter and questionnaire are shown in Appendix B. The survey questionnaire requested agency reports and other important information concerning the mixed use projects in the respondent cities in addition to answering survey questions.

The results of the surveys were tabulated, summarized, and evaluated in light of their relevance to Knoxville/Knox County. A small case study was conducted on one of the survey respondent mixed use projects to give the author and the reading audience deeper insight into the public implementation process for MXDs.

The conclusions were drawn from the survey findings, case study findings, and literature review findings, and should serve as a general implementation guide for Knoxville/Knox County officials to study once the feasibility of the mixed use development concept has been ascertained.

Limitations

The scope of this study is limited to public incentives which might be available and useful to Knoxville and Knox County public officials in promoting mixed use developments in the metropolitan area. There are many other aspects of mixed use developments that could have been studied, as this field is still very new and ever expanding. Feasibility studies, design aspects, and projected growth of mixed use developments in the future could still be studied in depth as a national, regional, or local phenomenon. These issues could be addressed in further research on mixed use developments.

Assumptions and Definitions

The definitions and assumptions regarding public incentives for encouraging MXDs need to be further clarified. Conclusions and findings regarding the implementation of mixed use developments were made based upon the ULI definition of mixed use developments in the **Mixed Use Development Handbook**.

Developments which closely resemble MXDs are discussed in the literature review to distinguish them from mixed use developments. Such developments include multiuse developments, new towns, duo use developments, and mixed use business parks. Multiuse developments are defined by the ULI as projects which involve more than one use of land for a single project, and include multiuse buildings, mixed use developments, and new towns. New towns are multiuse developments on a larger, community size scale. Duo use developments have only two significant revenue producing uses. Finally, mixed use business parks are usually low density multiuse developments which lack significant pedestrian integration between land uses.

MXDs have evolved as the most popular development form in the trend toward multiuse developments. Mixed use developments are characterized by three or more significant revenue producing uses, significant physical and functional integration of project components, and development in conformance with a coherent plan (Schwanke, p. 3). The purpose of describing the three elements of a "true" mixed use development "is not so much to define the boundaries of mixed-use development as it is to provide a focus on the central concept" (Schwanke, p. 5). The three components of the ULI mixed use development definition are described below.

1. **Three or More Significant Revenue Producing Uses**

> The three or more uses should be significant (for example, retail space should offer more than site-serving convenience facilities) and should produce revenue (for example, to amortize costs over time and to provide a reasonable return). In most mixed-use projects, revenue-producing uses include retail, office, residential, and/or hotel/motel facilities. . . .'Three or more significant uses' usually implies a large scale- that is, a total building area of 500,000 square feet or more,

excluding parking (Schwanke, p. 3).

2. **Physical and Functional Integration**

All project components should be interconnected by pedestrian ways, although this integration can take many physical forms:

1. a vertical mixing of project components into a single tower megastructure, often occupying only one city block;

2. careful positioning of key project components around centrally located focal points (for example, a shopping gallery, a hotel containing a larger central court or a central open air plaza, a park or water feature);

3. interconnection of project components through an elaborate pedestrian circulation network (subterranean concourses, walkways and plazas at grade, or aerial bridges between buildings); and

4. extensive use of escalators, elevators, moving sidewalks, and other mechanical means of facilitating pedestrians' horizontal and vertical movement (Schwanke, p. 5).

Pedestrian orientation is a deliberate outcome of the planning process. MXD's usually have a gross FAR of 1.0 or more in the suburbs and 3.0 or more in the central cities. This second criterion distinguishes mixed-use developments from other real estate projects that may include three or more significant revenue-producing uses but do not integrate them. Some examples of such lower-intensity, more spread-out developments include new communities and the related family of primarily residential projects that typically contain commercial uses, but whose densities and physical integration tend to be significantly less than mixed use developments; . . . and modern business parks, which contain numerous uses but typically do not exhibit a sufficient degree of physical an functional integration to be called 'mixed use' (Schwanke, p. 5).

3. **Development in Conformance with a Coherent Plan**

Master planning for a mixed use development, compared to a single-purpose project, demands a much greater diversity of specialized participation

> from economists, designers, and property managers. The planning process is therefore far more complex than for most other real estate projects. . . . Whatever their form, 'coherent' plans for mixed-use developments typically set forth at a minimum the types and scale of land uses, permitted densities, and general areas on the site where different kinds of development are to occur. Plans for projects entailing substantial public investment and/or control may also specify procedures for architectural review as well as the respective responsibilities and financial obligations on the part of both the public and private sectors (for the provision of infrastructure for example). These documents guide--in the case of some projects, govern--development as to the scale, timing, and density of building and relationships among project components, open space, and infrastructure at the site. This approach distinguishes such projects from the unplanned mixing of uses often resulting from the separate, unrelated actions of several different developers (Schwanke, pp. 3-5).

Public incentives need to be defined so that conclusions and survey findings can be properly summarized. For the purposes of this study, public incentives were considered as those actions taken by public bodies which encouraged mixed use developments in their respective communities. Finally, the implementation process was defined as the various roles, meetings, and agreements made between the public and private sectors during the development of the mixed use project.

<u>Organization of the Study</u>

In order to understand the significance of public incentives necessary for the successful implementation of MXDs, an understanding of the history and unique characteristics of MXDs is needed. The literature review in chapter II opens with this topic. Next, the real estate development process is examined to better understand the implementation process for real estate projects. By knowing the real estate development process, the reader can better understand the needs of a mixed use developer and what type of public incentives might interest him or her. The development process is further broken down by development phases to obtain a detailed examination of mixed use developer needs.

The second half of chapter II discusses problems and opportunities of MXDs, important MXD site criteria, various mixed use development zoning techniques, a description of commonly used public incentives for the encouragement of MXDs, and implementation processes for joint real estate ventures.

A case study conducted on the Union Station Redevelopment Project in Indianapolis, Indiana is presented in Chapter III.

A description of existing mixed use development conditions in Knoxville/Knox County is presented in Chapter IV. This description includes existing mixed use developments in the area, the existing mixed use zoning and planning situation in Knoxville/Knox County, and finally the economic and zoning incentives which are currently available for the encouragement of MXDs.

Chapter V discusses the survey findings and their consequential relevance to implementing mixed use developments in population areas the size of Knoxville/Knox County, and Chapter VI describes the recommendations for the type of public incentives which Knoxville/Knox County public officials should offer to successfully implement MXDs after the feasibility of such developments have been shown. A general implementation program for Knoxville/Knox County public officials is also described in this chapter. Chapter VI ends with a discussion of implications of the research findings and recommendations.

CHAPTER II

LITERATURE REVIEW

Introduction

This section begins with a description of the history of mixed use developments. Issues related to various phases of the real estate development process are then examined. Next, a brief discussion of public and private sector goals and important implementation issues are presented. Important MXD site criteria are listed next, and general experiences gained from ten MXD case studies conducted by the ULI are illustrated to provide implementation insights to potential private and public sector developers of MXDs. Various mixed use zoning techniques are presented as potential guidelines for effective regulation and encouragement of MXDs, and various public incentives are briefly described to provide a general understanding of various implementation tools.

The Urban Land Institute's **Mixed Use Development Handbook** is the most comprehensive and current source on all aspects of MXDs. The author has found that very little has been written about MXDs except for this handbook published by the Urban Land Institute. This is probably because MXDs are a relatively new and complex phenomenon. Therefore, a majority of the material explained in the literature review will be directly derived from this handbook.

Historical Growth of Mixed Use Developments

Mixed use developments had their beginnings in early medieval towns and pre-twentieth century cities. The progression of mixed use developments from pre-twentieth century towns to present day MXDs is mentioned by Schwanke:

> Contemporary mixed-use developments draw upon numerous models and trends in the history of urban development, including pre-twentieth century cities and towns of all shapes and sizes; the evolution of new development types, ranging from shopping centers to planned unit developments to high-rise office buildings; and the general patterns of rapid suburbanization, downtown decline, and subsequent downtown redevelopment that has defined the framework for development and city planning since World War II (Schwanke, p. 7).

The utilization of mixed land uses has been strong throughout history, and appears to have evolved due to the functional necessity of convenience and security rather than physical design concerns. Early MXDs were high density developments that were developed in response to the lack of high speed transportation, the existence of security needs, and a transportation system which was designed preponderately for pedestrian movement (Schwanke, p. 7).

Although MXDs have existed since medieval times, mixed use developments were first recognized as significant and popular development forms in North America in the late 1950s and early 1960s, grew and evolved in the 1970s, and matured as an active development trend in the 1980s. The following factors were the most important causes of the tremendous growth of MXDs in the 1950's and 1960's.

1. The many single-purpose developments, such as automobile-oriented residential subdivisions, shopping centers, and office parks that were competitive with the central business district (CBD) but better located to serve a growing suburban population, were characterized as 'reducing cities and countryside alike to a monotonous, unnourishing gruel.' Because most such development was low density, opportunities were present for more intensive land use on passed-over sites. Mixed uses can be seen as an answer to anonymity, through focused development in large increments and with a special sense of identity.

2. As a result of many large corporations and financial institutions becoming involved in real estate development, capital was available for large-scale real estate projects. This factor was part of a general shift in the flow of capital that favored real estate more than in the past. It made possible the attraction of new capital resources, particularly to large scale, highly visible projects.

3. Land costs throughout major metropolitan areas rose steadily, particularly where intensive development occurred. As land costs climbed, developers sought ways to build greater 'supportable values' through higher density and mixed-use development. These higher costs also encouraged builders to complete projects faster on larger parcels through diversified uses.

4. Some communities relaxed single-purpose zoning to permit a mix of uses. Initially reflected in some renewal plans, such relaxation of single-purpose zoning increasingly has taken the form of a PUD-type ordinance. More recently, special district zoning was initiated in New York City--under which several mixed use projects have been developed--and mixed use zoning was introduced in 1974 in Washington, D.C.

5. The real estate development community has grown more sophisticated, and more firms tend to tackle larger and more complicated projects. Numerous firms now are national in scope and have developed substantial track records in mixed-use development.

6. Influential planners and urban critics like Victor Gruen and Jane Jacobs championed the concepts of dense, multifunctional environments and the diversity of true urban environments.

7. The need to revitalize and diversify central city cores--areas that are often blighted or simply dull--has been the setting from which MXDs first began to spring in the late 1950s and early 1960s. Central city cores remain the area where some 62 percent of MXDs are located today, according to the recent ULI MXD survey.

8. The rise of suburban activity centers and the increasing density and congestion of many suburban areas will continue to favor land use patterns that can reduce the need for auto trips and increase pedestrian movement. In the suburbs, MXDs have often come to be necessary focal points, areas of urbanity in the midst of a sprawling undefined suburbia. As suburban land prices rise and those areas become more densely developed, MXDs will become increasingly more feasible and optimal solutions in many cases (Schwanke, p.17).

Most of the mixed-use projects in the 1960s were residential in orientation, and had a revitalization purpose in central cities and close-by suburban areas. Emphasis on openness to surrounding areas and exciting pedestrian places dominated mixed use design in the 1960s. The most influential prototype for the MXDs of the 1960s was Rockefeller Center, which had great significance for modern mixed-use projects due to the following amenities: accommodation of pedestrian and vehicular traffic through underground passageways; the availability of a variety of on the spot tenant services and convenience retail space; an active program of expansion and modernization; and a strong management philosophy of continued tenant service (Schwanke, p.11).

The mixed use projects of the 1970s were recognized by their strong office/retail/hotel orientation. Large interior atria and predominantly enclosed environments characterized the MXDs of the 1970s. Mixed use developments received substantial recognition by developers, urban planners, and architects during this period. Important mixed use projects in the 1970s included Houston Galleria, Kalamazoo Center, Water Tower Place, and Illinois Center.

The MXDs in the 1980s were designed with the acknowledgement of the successes and failures of the 1960s and 1970s. A description of key trends which have occurred since the 1980s is listed below.

1. A steady pattern of exponential growth over the decades, resulting in more than double the construction starts for MXDs in 1980 to 1985 than in the 1970s.

2. Significant growth in the number of MXDs developed in the suburbs. These numerous projects are significantly changing the nature of the MXD.

3. A decrease in the average total floor area of projects started after 1979.

4. A changing mix of residential uses within MXDs, with an increase in the popularity of residential uses in more recent projects.

5. A shift to new postmodern architectural themes and approaches.

6. More sensitivity and openness to the total urban environment.

7. A reevaluation of the issues related to functional integration versus separate identity for project components.

8. Greater use of renovation and historic rehabilitation of existing buildings.

9. More infusion of entertainment and cultural uses in MXDs.

10. An emphasis in the planning process in many of the more recent projects that each major element of an MXD be able to substantially stand on its own (Schwanke, pp. 43-44).

The decade of the 1990s should witness more suburban MXDs.

Other forecasted trends include:

1. a continuance of a Post-Modern design influence;

2. a more open orientation;

3. an emphasis on the identity of the individual project component;

4. better integration with surrounding land uses;

5. a decline in the average size of MXDs;

6. greater use of older buildings;

7. more projects being built in phases to reduce front-end expenses while allowing for more appropriate responses to market conditions;

8. ownership of MXDs may show an increasing presence of large institutional investors through joint ventures or independent development due to the difficulty of acquiring and holding large land holdings over long periods of time;

9. partnerships between office developers, retail developers, hotel operators, and others should grow in an effort to spread the financial burden of developing MXDs;

10. asset management should become increasingly important as low inflation has held down appreciation and forced owners to focus on

aggressive management techniques to improve the performance of their investments; and

11. marketing and promotion are likely to become increasingly sophisticated and expensive for MXDs, as overbuilt markets continue to be the norm in many cities across North America (Scwhanke, pp. 316-332).

Public policy will most likely involve less federal aid for MXDs in the future. This will require local governments to be more creative and knowledgeable about appropriate and useful public incentives for mixed use developers. However, mixed use developers will be faced with meeting more local government objectives. A trend toward more flexible land use controls should prevail in the future, as large undeveloped suburban areas are rezoned for mixed uses to reduce traffic congestion and enhance housing opportunities.

Important Real Estate Development Issues

To better understand how to encourage certain types of real estate development, an intimate acquaintance with the real estate development process is necessary, so that incentives for all phases of a particular project could be considered. The public sector must know which questions are important to the developer when creating public incentives in order for them to be effective. A plethora of questions exist which concern the market analysis, environmental analysis, planning and design, community facilities and services, housing, transportation, community infrastructure, management, and marketing and government administration in the mixed use development process. These questions should be ascertained by public officials, and ranked by importance according to the developer's needs.

> Each municipality should determine the significance of a [project] question in terms of its short and long term objectives, and with respect to the scale of the project. The purpose of the checklist is to set out the essential questions which can be used to test weakly conceived land development proposals and to add support to serious and well formulated development proposals (McBirney, p. 2).

After the relevant community questions have been ranked, the public body(s) involved should understand which incentives can feasibly be offered now or in the near future. The questions in Appendix C were tabulated from a table of questions which relate to each phase of the development process described previously. These questions originated from Robert McBirney in **Factors to Examine in Planning Mixed-Use Developments**. It should be noted that the questions are not listed in terms of importance.

Public and Private Sector Goals

Understanding the goals and objectives of mixed use developers is vital to encouraging the type of mixed use developments that a community desires. Cities must also understand their own goals and objectives for encouraging MXDs so that the public welfare will be effectively promoted. A city will receive the type of MXDs it desires only through an optimal balance between regulation and encouragement of such developments.

Private Sector Goals

The financial feasibility of a project dominates the development decision for most mixed use developers. Common financial objectives for mixed use developers include:

1) creating real estate values;

2) creating long term cash flows;

3) maximizing ownership share while minimizing the firm's cash contribution;

4) realizing tax writeoffs; and

5) earning development fee income (Schwanke, p. 100).

Public Sector Goals

Cities should establish the goals and objectives it expects MXDs to achieve if a public/private partnership is established. This will also provide the public with information as to why a particular MXD is desired. Some common objectives for mixed use projects include:

1) increasing specific employment opportunities or encouraging the location of specific industries (Stout, p. 6);

2) developing sites with specific requirements related to access points, visual treatments, functional connections, or overall urban design (Stout, p. 6);

3) having the project play a certain role in the development of an area, e.g., to open up new investment corridors, to complete a series of investments, or to provide a major focal point (Stout, p. 6);

4) playing a more participative role in development to achieve a certain degree of leverage from resources it invests, to become an equity partner, to seek to realize a specific rate of return on investment, or to channel returns into non-profit or community-based organizations (Stout, p. 6);

5) creating a better urban environment (Schwanke, p. 125);

6) effectively treating blight and decay (Schwanke, p. 125);

7) improving ridership on mass transit (Schwanke, p. 125);

8) integrating public uses (Schwanke, p. 125);

9) expanding the community's retail or commercial base (Schwanke, p. 125);

10) creating new housing opportunities (Schwanke, p. 125);

11) participating in the project's profits (Schwanke, p. 125); and

12) increasing the local tax base (Schwanke, p. 125).

By knowing the goals of private mixed use developers, public officials can structure appropriate incentives which simultaneously satisfy community goals. In order for public incentives to be truly useful, they must satisfy three criteria:

> . . . they first must be appropriate to the developer's needs. (A developer who needs help in financing the front-end costs of a development will not be helped by a tax abatement, while one who needs help in generating a positive cash flow will be.) Second, the incentive must be adequate to the developer's needs. (An injection of $500,000 in a project for public improvements, when $800,000 is needed, would be inadequate.) Third, the incentive must be readily available to meet the development's schedule. (If the time required to process a permit exceeds the option period for land, the incentive is not ready and available) (Stout, p. 8).

Since every mixed use project will be different from previous projects, and every community will have different levels of incentives which it can successfully offer, incentives should be designed on a project by project basis to facilitate private investment and public welfare.

Problems and Opportunities of MXDs

Many problems must be addressed before MXDs can become profitable to the developer and beneficial to the community. First, there is more complexity in the planning and management of an MXD than for a conventional real estate project. Second, the developer will normally require large capital resources to offset the high front-end costs of MXDs. The developer should also expect large negative cash flows in the early stages of the development. Finally, planners should create effective MXD urban design guidelines to ensure that mixed use projects are not only aesthetically pleasing by themselves, but also are aesthetically pleasing within the context of the urban fabric (Schwanke, p. 45).

If these initial problems can be successfully solved by the developer, then MXDs can offer many of the following benefits: the successful revitalization of blighted properties; the achievement of higher densities; faster absorption schedules; product diversification; superior design; economies of scale through shared operating costs; a significant addition to the local tax base; higher rents from the creation of a quality address; greater long term appreciation in land and property values; and the provision of attractive transitions between different land uses (Schwanke, pp. 45-46).

Important MXD Site Criteria

Successful completion of mixed use developments will be difficult if the wrong sites are chosen by either the public or private sector. If the public sector is creating a mixed use zoning ordinance, then the land parcels designated for mixed use should be properly selected according to their probability of being chosen for development by developers. The proper designation of mixed use sites could serve as a strong public incentive to developers who do not wish to muddle through rezoning hassles with local city or county legislative bodies.

While the nature of the mixed use project will dictate the specific type of locational feasibility for MXDs, there are general site selection rules which should be followed concerning desirable locations for mixed use projects. The following site issues should be examined upon initiation of the site selection process:

1) proximity (adjacent activity centers, neighboring uses);

2) access and visibility (highways, transit systems, pedestrians);

3) the site itself (availability of utilities, public facilities, services);

4) land use controls (zoning, subdivision regulations, building codes, local government's attitudes);

5) potential use (type and quality of use programmed, timing and size of market);

6) ownership (availability, assembly requirements); and

7) land cost in relation to these factors (Schwanke, p.52).

Sites for mixed use developments usually have several features in common. Table I displays information of the average site size and floor area ratios of mixed use developments surveyed across the U.S. and Canada. A list of four common site features of MXDs throughout the United States is listed below.

1) Mixed use sites are usually substantially sized and/or characterized by a large holding capacity. Thus, the amount of space that can be built on the site, either by virtue of its significant acreage or its substantial allowable density, has to be significant to accommodate all of the potential uses and density sufficient to create the desired physical integration among uses.

2) Mixed use sites usually have excellent access and good exposure. Because such facilities are likely to generate considerable pedestrian or auto traffic, sites should provide good proximity to existing travel patterns, numerous access points, and good visual exposure to the project.

3) Sites for MXDs are usually located within an existing larger multiuse environment. The sites are often the center of a confluence of activities or a transitional area between different uses and activities, providing the site with proximity to multiple land use markets.

4) Sites for MXDs must be located within a jurisdiction that is favorably disposed toward flexible or mixed use zoning. If the parcel does not already carry mixed use zoning, such zoning must be achieved with reasonable amounts of time and effort (Schwanke, p. 52).

Table I

Average Site Size and Floor Area Ratios of MXDs

by Metropolitan and Regional Location

Location	Average Site Size (acres)	Average (FAR)
Metropolitan		
Central Business District	7.38	6.34
Other Central City	13.94	5.97
Suburban CBD	18.88	2.13
Suburban Freestanding	44.33	1.43
Regional		
Northeast	12.42	-
Southeast	17.98	-
North Central	15.78	-
South Central	18.27	-
West	15.86	-
Canada	9.30	-
Overall	14.83	5.04

Source: Schwanke, Dean. **The Mixed Use Development Handbook**. Washington, D.C., Urban Land Institute, 1987. p.52.

Two other potentially optimal locations for MXDs are large railroad or industrial properties within or around city centers, and locationally desirable sites in large suburban business parks.

Development Lessons from Case Studies of MXDs

If a local government implements a mixed use project either through a joint public/private venture or a quasi-public development corporation, then successful actions and experiences of other mixed use developers should be considered to maximize the potential fulfillment of public and private sector objectives. The Urban Land Institute conducted ten case studies of downtown and suburban MXDs throughout the United States. General experiences gained from these case studies are listed below, and divided into downtown MXDs and suburban MXDs.

Downtown

1. A project's location on the periphery of the downtown core in an area that is quiet yet easily accessible (within walking distance) to downtown may be a key factor in its success (Schwanke, p. 231).

2. The developers and lenders must have a solid understanding about the nature of the project (Schwanke, p. 231).

3. Unified management is advisable for a mixed-use project because it will enable the project to operate as one unified venture, enhancing the total lifestyle concept (Schwanke, p. 231).

4. The development of middle-income rental housing in downtown locations is not feasible without public assistance. Favorable financing, tax

abatement, and writing down land costs are required. While such assistance is essential, however, compliance with federal regulations can result in a number of delays and limit the opportunities for innovative and aggressive marketing (Schwanke, p. 231).

5. Contiguous parking with a direct connection to the project is important in alleviating residents' concerns about crime (Scwhanke, p. 231).

6. Having several quality restaurants in the building is important to the success of a project of this type. Restaurants can work in a basically nonretail location (Schwanke, p. 231).

7. Round-the-clock concierge service--rather than just a doorman--enhances the image of quality and service and increases residents' perception of security (Schwanke, p. 231).

8. The number of corporate suites should be limited to ensure that the project does not take on the appearance of a hotel instead of the desired homelike environment (Schwanke, pp. 231-232).

9. The development of a low density mixed-use project on premium downtown real estate was made possible only by the low land costs associated with downtown urban renewal land. These low costs made an otherwise infeasible project feasible (Schwanke, p. 238).

10. A mix of new and renovated buildings can enable a developer to offer units of diverse size and character--an important marketing advantage (Schwanke, p. 249).

11. More positive public involvement in the early stages of the project can save significant time and money (Schwanke, p. 249).

12. To assist the developer in upgrading public streets and meeting public objectives, the city can apply for an Urban Development Action Grant to enable the developer to provide rental housing at moderate, middle range prices and to assist with the ambitious program of upgrading streets and providing landscaping (Schwanke, p. 249).

13. When residential uses are mixed with other uses they should be located at the upper levels to

maximize privacy, security, and views for residents (Schwanke, p. 250).

14. Each component of an MXD must be able to stand on its own and not rely primarily on market support from other uses. Major components generally require support from the local and/or regional markets to succeed (Schwanke, p. 250).

15. The integration of old and new, although it can be expensive and create thorny design problems, is worth the effort and can contribute greatly to the project's character and ambience (Schwanke, p. 258).

16. A mix of residential types can protect the developer from shifting markets (Schwanke, p. 258).

17. While mixed use projects can achieve some economies because of the shared parking between office and retail users, it is not desirable or feasible to share parking between these uses and the residential users. Secure parking is a must for high-end residential developments (Schwanke, p. 258).

18. A mixed use project can be greatly enhanced by monorail links to the downtown core area, programmed boating activities on the nearby river, a further development of a second MXD on surrounding land, including a hotel and more office and residential space (Schwanke, p. 258).

19. The more prominent the retail storefronts, the greater the probability of successful retailing. Enhancing "openness" of retail layouts and using "pop out" storefronts can add great visibility and sparkle to retail shops (Schwanke, p. 268).

20. Amenities contribute to the success of any project, and expenditures for them should be made at the beginning, even if they do not seem financially feasible (Schwanke, p. 276).

Suburban

1. Superior directional signage is essential to the successful operation of an MXD (Schwanke, p. 283).

2. The mix of office, hotel, and retail uses can make it feasible to provide shared mechanical and

electrical systems for the project, as office and retail demand peaks during the day, and hotel demand peaks at night (Schwanke, p. 284).

3. In general, quality office tenants are attracted more by the character of a building's finish materials than by the quality of nonvisible components like the mechanical system (Schwanke, p. 284).

4. It is more difficult to obtain financing for a hotel than for an office development, as most lenders do not understand hotel development and operation, and it is generally easier to obtain financing for a hotel if the hotel is part of a mixed-use project (Schwanke, p. 284).

5. If the office building(s) is constructed before the hotel, the untidiness of the hotel site may negatively affect the leasing of office space (Schwanke, p. 284).

6. If the retail segment of the mixed use project has a substantially high proportion of first time merchants, it may be a good idea for management to set up two days of free interviews and meetings between advertising representatives and merchants to educate less experienced merchants about attracting sufficient business through advertising (Schwanke, p.292).

7. A large number of architectural firms involved in the design process can greatly increase problems with communication and coordination (Schwanke, p. 293).

8. Office workers tend to prefer garage space, while shoppers tend to prefer surface parking (Schwanke, p. 293).

9. Telephone and building control systems should be determined early during planning so the conduits and wiring can be roughed in, which will avoid delays later in the development process (Schwanke, p. 293).

10. Tenant design and development criteria must be enforced to ensure the continued quality of the project (Schwanke, p. 293).

11. One of the key factors in a mixed use project is

its emphasis on first class quality (Schwanke, p 308).

12. It is often necessary to spend significant funds at the beginning of a project to ensure the needed amenities to attract tenants (Schwanke, p. 308).

13. It is best to limit the number of decision makers, for management by committee is often difficult, even on the simplest projects (Schwanke, p. 309).

14) Lease terms should be short during the initial stages, particularly for local tenants whose drawing power may not yet be known. Doing so allows the flexibility to alter the tenant mix if necessary (Schwanke, p. 284).

Mixed Use Zoning Techniques

There are many new zoning techniques which allow/permit/encourage mixed use developments in communities across the nation. Some of the most common techniques include: planned unit development ordinances, mixed-use zoning ordinances, mixed use districts, special purpose districts, and zones which allow less intensive uses by right. Each of these zoning techniques could be used to encourage mixed use developments through moderate revisions to the zoning ordinance and the development review process. It is important that the public sector provide an optimal balance between regulation and encouragement in order that the public welfare be properly protected and promoted. Common mixed use zoning mechanisms are briefly described in the following paragraphs.

"A planned unit development (PUD) involves a mixture of single-family residences, townhouses, apartments, some commercial and institutional uses and occasionally, some industry" (So, p. 276). The positive aspects of the PUD concept include the creation of varied lot sizes, clustered homes, increased open space, and less total negative impact on the community. "If implemented responsibly, the greater flexibility of the PUD allows for site design that is more creative and responsive to environmental considerations" (So, p. 276).

Mixed use zones are viewed as an optimal way for the public sector to both regulate and encourage mixed use projects. Mixed use zones and mixed use districts employ performance standards and specified zoning incentives to regulate and encourage a wide variety of compatible uses. The flexibility inherent in these zones is governed by the use of performance standards which do not apply the same rigid guidelines to all land parcels, but instead permit a wide variety of development as long as certain noise, pollution, and visual problems are taken care of. The decision to create a mixed use zone or mixed use district depends on a multitude of factors. These factors include the following:

1) Is the method able to create the conditions under which the desired mixed use projects (or the mixture of uses in an area) are likely to occur?

2) How major an overhaul of existing zoning regulations and procedures does the method require?

3) Do the method's administrative procedures adversely affect the time span needed to obtain project approval from the city?

4) Does the method place unreasonable burdens on the developers in terms of design elements or operational features that the method would require?

5) Does the method make clear what the future character of the neighborhoods it controls is to be, and consequently, provide clear guidance to landowners and developers as to the underlying community land use and design policies?

6) How well does the method control environmental matters, needed support facilities, and the present uses that would be nonconforming under the new regulations?

7) Is the method likely to be perceived by the public as a retreat from the city's mandate to preserve liveable neighborhoods and to protect individual neighborhoods from unwanted encroachment?

8) Does the method promise to stand up to potential legal challenges as to its fairness and reasonableness? (Baer, p. 285)

Two primary approaches which can be used to zone for mixed use development are the fixed approach and the discretionary approach. The fixed approach involves no flexibility in zoning specifications and project approval is automatic if the prescribed specifications are met. The discretionary approach contains more flexibility, but project approval is only granted after careful consideration by the zoning authority. While this approach is good for resolving compatibility problems and allowing a variety of project types, it does complicate and delay the development process (Baer, p. 256).

There are six types of discretionary zoning districts which can be created to accommodate MXDs. These include: modified existing districts; general mixed use districts; infill development districts; "optional" zoning systems; special design districts; and planned developments. Specific explanations of the advantages and disadvantages of each of the districts are illustrated below.

1) **Modified Existing Districts**

The easiest way to zone for mixed use is to add a hierarchial element to standard zoning districts. Under this system, certain uses are permitted by right in less exclusive districts. By modifying existing districts to allow new uses, but with restrictions attached, mixed uses can be authorized in a way that addresses compatibility problems with minimal changes to the zoning code. Oakland, California, permits single family homes by right in nearly all business districts, and most businesses in a number of its industrial districts. Theoretically, market forces will protect neighborhood quality and prevent inappropriate use mixtures or scales of development.

2) **General Mixed Use Districts**

General mixed use districts are new zoning districts designed specifically to handle situations of mixed use. Unlike modified existing districts, these districts are intended to apply only to areas where mixed uses are considered appropriate. This approach might take the form of a set of mixed use districts, each with its own predominant use or density. The zoning code should specify design, performance, and buffering requirements for individual uses, but not requirements relating to the compatibility of new and existing uses. Advantages to this approach are that only minor changes in the existing code are needed, discretionary review of new projects is minimal if specifications are carefully defined, and compatibility problems can be controlled. However, since the mixing of uses within the district is only partially regulated, existing viable uses may not have adequate protection. Washington, D.C. created a general mixed use district in 1974, designed to apply near the central business district, in uptown business centers, at subway stops, and in declining neighborhoods. Within this district retail, office, entertainment uses, and all housing types are permitted by right, with warehousing and light industry permitted only as special exceptions.

3) **Infill Development Districts**

A number of municipalities have adopted overlay ordinances for infill development, where more intensive residential or commercial development is allowed on small lots along corridors presently in low density use. These ordinances usually specify density maximums and design requirements, such as the screening of parking areas to ensure compatibility with adjacent low density residential uses. Infill ordinances have been mostly adopted for single-use rather than mixed use infill development, but can be adapted to the mixed use development problem.

4) **"Optional" Zoning System**

This zoning system usually is embedded into an existing mixed use district and combines into one package conditional uses, density bonuses for housing and design features, and density exceptions for very large projects. A developer must negotiate with the zoning authority if he wishes to 1) provide for certain major land uses (department stores), 2) take advantage of certain housing bonuses built in as options to the specifications, or 3) provide special design treatments and buffering measures in exchange for higher permitted densities. This optional system, together with a series of general mixed use districts, works in much the same way as the planned development approach, but occurs within a tighter framework, and thus, theoretically, does not involve the enormous time and expense associated with planned developments. Developers merely have to show that their design addresses the compatibility problems of mixed use (or of higher intensity use), in order to gain the bonus incentives provided under this system.

5) **Special Design Districts**

Special Design Districts are zoning districts designed for a specific area and which apply only to that area. Special Design Districts can either replace the existing zoning or be overlayed over the existing zoning. In either case, the district is tailored to address the land use problems and community design objectives of a specific area, and thus exercises a relatively fine degree of control over development within that area. Typically, design review of all proposed developments in the district is required. Disadvantages of this system are the time and expense necessary to create a district plan, and the inadequacy of the plan if the area is not in a strong demand development area, where changes over time in the land development market may require extensive revisions.

6) **Planned Developments**

Planned developments are a well accepted zoning tool for dealing with large, integrated projects. A planned development is an overlay district applied at the developer's request over the existing zoning for an individual parcel of land, with the exact specifications of the project agreed upon through negotiation with the zoning authority. The parameters for requesting a rezoning to planned development should specify the city's policies regarding community design for the subject site and set guidelines for density, community facilities, and the desired relationships between the site and surrounding areas. The particular use mixture and development form would be established by the applicant and the zoning authority through a design review negotiation process. The intent of this process is to establish responses to potential planning and design issues prior to a public hearing. This approach provides unique flexibility, by allowing developers to negotiate a set of requirements suitable to their site, and unique design flexibility, both in determining the appropriate mixture of uses and in solving amenity and compatibility problems (Baer, pp. 257-262).

The argument against PUD zoning is that by eliminating traditional zoning standards without replacing them with other guidelines, the affected community would be at risk for "zoning by negotiation" (So, p. 277). Due to the inherent flexibility of planned unit development controls, mismanagement by planners is "more likely to occur and harder to detect" (So, p. 277).

Public Incentives

Many MXDs that exist today would not have been completed if critical public incentives had not been granted to private mixed use developers. Many public incentives to encourage MXDs may be offered, ranging from zoning bonuses to government ownership of land. "These public incentives must be appropriate and adequate to the developer's needs, and must be readily available to meet the development's schedule" (Stout, p. 8).

The ability of a locality to provide various zoning and financial incentives to mixed use developers will directly correlate with the power given to the locality by the State enabling legislation. The most commonly used public incentives for the encouragement of mixed use developments include:

1. providing zoning incentives, possibly including the creation of a mixed-use classification (Schwanke, p. 127);

2. assembling land with public power of eminent domain (Schwanke, p. 127);

3. allowing tax abatements and/or land writedowns (Schwanke, p. 127);

4. encouraging favorable financing, including the use of general city funds, foundation and business support, federal grants, industrial revenue bonds, and mortgage revenue bonds (Schwanke, p. 127);

5. providing public infrastructure, such as street improvements (Schwanke, p. 127);

6. providing project components, such as a convention center (Schwanke, p. 127);

7. actively directing the development program (Schwanke, p. 127); and

8. simplifying the regulatory process (Stout, p. 7).

"The appropriate role for the public sector depends upon objectives to be served by the mixed use development, time and money at the community's command, costs and benefits of alternative actions, and the potential for development at the subject site" (Schwanke, p. 127). A description of commonly used public incentives is discussed in the following paragraphs.

Zoning Incentives

The provision of zoning incentives could include the creation of a mixed use zoning ordinance, whereby specific zoning incentives such as greater floor area ratios, greater height allowances, or a greater mix of land uses could be granted in exchange for certain public amenities such as public recreation areas, or for meeting certain public goals such as the provision of low income housing.

In a mixed use zoning or mixed use district ordinance, the zoning incentives would be specifically related to certain public amenities, so the mixed use developer could receive "automatic approval" for certain zoning incentives if he met the specific requirements of the ordinance. Zoning incentives could also be specifically granted through other zoning techniques which are described later in this chapter. Finally, zoning incentives could be granted through a negotiating process with the planning commission, which is a common feature of planned unit development ordinances.

Land Assembly through Eminent Domain

"In many cities the major obstacles to revitalization and mixed-use development are problems related to land acquisition" (Schwanke, p. 133). Private developers usually desire to assemble large parcels of land at a reasonable price. The public sector can facilitate mixed use projects by taking private land for public purposes, while compensating the private owners based on its current value, through its eminent domain powers given by the state enabling legislation. In some states eminent domain can be accomplished through private redevelopment corporations, which are responsible for the preparation of an overall plan for "acquiring blighted property, relocating households and businesses, and redeveloping or renovating the properties in one or more phases" (Stout, p. 12).

Land Writedowns

The city may have a land banking program where a substantial amount of land is bought by the locality and then sold in to developers at subsidized costs to further certain public objectives. Land writedowns are also commonly used in urban renewal projects, as noted below.

> In renewal projects, the city buys blighted properties, relocates the tenants, removes the structures, and then sells the development parcels for the fair market value of the cleared land (Baxter, p. 16).

Land Banking

This incentive diminishes a developer's front-end costs. Land banking involves the government purchasing undeveloped properties well in advance of development, and then selling it at its highest and best use at "a subsidized price, at its cost, or at a profit" (Stout, p. 12). Another possibility is for "the developer to option the property, purchase it, and sell it to the city land bank with the ability to purchase it back in stages as the property is needed for development" (Stout, p. 6).

Land Trades

This incentive is complex, but may be useful if a particular owner does not want to sell due to the immediate realization of capital gains taxes. However, if the city trades a like property for the owner's land, then the owner will not have to pay capital gains taxes.

Encouraging Favorable Financing

Appropriate financial incentives can greatly contribute to the success of a mixed use project. "Favorable financing may come from many sources--industrial revenue bonds, mortgage revenue bonds, general revenue bonds, federal grant programs, state programs, or various other means" (Schwanke, p. 136). Other financing techniques include Urban Development Action Grants, Community Development Block Grants, tax exempt revenue bonds, general obligation bonds, general city funds, private sector support through foundation grants and local lenders, and tax increment financing. Urban Development Action Grants, Community Development Block Grants, general obligation bonds, tax abatements, tax exempt revenue bonds, and tax increment financing are briefly discussed further below.

Urban Development Action Grants

These grants are given by the Federal government to those cities which present definite revitalization needs. This program was initiated in 1978 to "assist distressed cities and urban counties through "leveraging": providing limited federal funds to induce private investment in areas of economic and neighborhood stagnation" (So, p. 50). The UDAG program has remained through the 1980s at reduced funding levels, although it has been virtually abolished in the 1990s (So, p. 367).

The UDAG program was "designed to attract private investment, stimulate investment in restoration of deteriorated or abandoned housing stock, and solve critical unemployment problems. Cities must meet pre-specified distress criteria to qualify" (Baxter, p. 17). "UDAG funds are awarded to a city that can demonstrate that "but for" the UDAG contribution, a specific project could not be built under present economic conditions" (Buckley, p. 235). The city applies for grant money from HUD; HUD is repaid by the developer out of cash flow at below market rates and flexible terms under city supervision.

Community Development Block Grant

"Community development funding is aimed at assisting local governments to address local issues and needs" (Baxter, p. 17). This fund is administered by the city. Community Development Block Grant legislation passed in 1974. Community development funding is applied for by the participating city through the Department of Housing and Urban Development. Funding is based on need, and need must be based on local public goals and objectives. These grants work similar to UDAG payback provisions.

General Obligation Bonds

"General obligation bonds are backed by the full faith and credit of the issuer and its taxing power".(Reilly, p.390-391) These bonds are generally restricted to public infrastructure investments. General obligation bonds are exempt from federal income tax, as well as applicable state and local income taxes where the obligation is issued (Reilly, p. 392).

Tax-Exempt Revenue Bonds

Tax exempt revenue bonds are also exempt from federal income taxes, as well as applicable state and local income taxes where the obligation is issued (Reilly, p. 392).

> Revenue bonds are serviced by the income generated from specific revenue producing projects of the municipality, such as bridges, toll roads, municipal coliseums, and public utility and water works. A revenue bond is like a general obligation bond except that, should a municipality fail to generate sufficient income from a

> project used to secure a revenue bond, it has no legal debt-service obligation until the income becomes sufficient (Reilly, p. 392).

Tax Abatements

Tax abatements are one of many tax incentives which involve the local government foregoing annual property tax revenue for an extended period of time in order to encourage certain types of development within the community. "Tax incentives are used as a method to encourage both new development and revitalization of commercial, industrial, and, in some cases, residential properties" (Baxter, p. 16). The local government may be willing to offer tax abatements to particular developers if the project will generate substantial new job opportunities and adequate long term increases in property value to offset the foregone tax revenue.

Tax Increment Financing

Tax increment financing requires the creation of a local tax increment financing district (Buckley, p. 235). To create a TIF district, a redevelopment plan must be formulated. The TIF program allows tax assessments to be frozen in the redevelopment district at the beginning of the redevelopment project. Following this action,

> taxing jurisdictions subsequently receive revenue equal to that generated at the time of the assessment freeze. As the property is improved, assessed value of the area will rise. Application of tax rates to this increase in assessed value produces the revenue to finance the district's public improvements (the tax allocation bond issue) (Baxter, pp. 77-78).

"TIF revenues can be applied to uses such as infrastructure, land assembly, and parking, as provided by State redevelopment law" (So, p. 315).

Other favorable financing tools include section 108 loans, for land acquisition and economic development activities; State Economic Opportunity Funds, for projects which bring in substantial new jobs; land leases, which can be used by the city depending upon the financial circumstances of a particular project; Economic Development Administration funding, for public infrastructure; and UMTA funding, for transportation redevelopment (Buckley, p. 235).

Provision of Public Infrastructure

A commonly used public incentive is the provision of infrastructure required by certain projects, including roads, sewer, water, and electricity. Many localities use tax increment financing to pay for such public improvements.

Provision of Project Components

"One special way for the public sector to become involved in MXDs is through the development of project components--parking garages, convention centers, arenas, cultural facilities, public recreation areas, government office buildings, and libraries" (Schwanke, p. 136).

Active Direction by the Public Sector

Localities can expedite the mixed use developments through the creation of public, quasi-public, and private-nonprofit development organizations which have the advantage of less bureaucracy to slow projects down while still keeping their eminent domain powers, which are essential for many projects requiring substantial land assembly.

Simplifying the Regulatory Process

Cities can seriously hamper their efforts to attract viable MXDs within their jurisdictions if their regulatory processes are extremely burdensome and unorganized. "Streamlining the regulatory process can give a community a competitive advantage over other municipalities, not only in terms of attracting real estate investment and reinvestment, but also in terms of the type and quality of development" (Stout, p. 6). Recommendations for simplifying the public regulatory process are provided in Figure 1.

The purpose of this section was to discuss commonly used public incentives for encouraging real estate projects. Clearly, there may be other methods and tools for communities to utilize to encourage MXDs which have not been discussed. Public financing incentives for various phases of the real estate development process and corresponding sources of federal and local assistance are displayed in Appendix D. Figure II displays the conventional real estate development process to familiarize the reading audience with specific actions which occur in specific phases of the development process.

1) **The Preapplication Stage**

   a) provide clearly written checklists
   b) centralize services for information and permitting
   c) conduct preapplication conferences with developers

2) **The Staff Review Stage**

   a) establish interdepartmental review committees
   b) create a position for permit expeditor
   c) establish fast-track options for routine cases

3) **The Public Review Stage**

   a) use the concept of a hearing officer
   b) use dual planning commissions and to separate policy planning and project planning
   c) conduct training programs for elected and appointed officials

4) **The Ground Rules**

   a) revise zoning ordinances and regulations for subdivisions
   b) establish in advance the conditions for approval of routine cases
   c) use a published point system to evaluate projects

Figure I. Simplifying the Regulatory Process

Source: Stout, Gary. "Public Incentives and Financing Techniques for Codevelopment". Washington, D.C., Urban Land Institute, 1982, p. 7

A. Pre-Development Stage

1. **Market Analysis**
   - *Identify the market area
   - *Assess supply and demand
   - *Assess project demand, especially absorption rate, capture rate, and market rent
   - *Identify areas where demand is strong for particular uses
   - *Evaluate the political factors and probability of approval

2. **Site Selection and Analysis**
   - *Analyze sites in terms of location, size, price, natural features, public facilities, and legal/environmental constraints
   - *Perform preliminary financial feasibility analyses, including cash flow and estimates of profit and loss for uses with the most market potential

3. **Site Acquisition**
   - *Gain control or ownership of the desired property through one of several techniques, depending on the situation, such as:
     option to purchase
     lease with option to purchase
     joint venture
     eminent domain

4. **Plan Preparation and Permit Approval**
   - *Gather information about site (including soil tests)
   - *Prepare preliminary plans
   - *Acquire necessary zoning approvals
   - *Prepare detailed project plans
   - *Acquire necessary subdivision and building permit approvals

Figure II. The Conventional Real Estate Development Process

Source: Stout, Gary. **"Public Incentives and Financing Techniques for Codevelopment"**. Urban Land Institute, 1982.

5. **Financing**
   *Finalize projections for cost, cash flow, and profit and loss
   *Determine the form of financing and amount of funds available to finance the project
   *Determine the form of ownership (direct ownership, partnership, corporation, Subchapter S)
   *Obtain commitments for construction and permanent loans

B. <u>Development Stage</u>

6. **Construction**
   *Prepare bid documents and secure construction contracts
   *Form construction management team
   *Lay out project management tasks and supervise the work

C. <u>Post-Development Stage</u>

7. **Marketing and Sales** *
   *Review market analyses and project plans
   *Prepare an overall marketing strategy that includes:
   the market groups to be attracted
   the features and benefits to be emphasized
   the advertising program to be carried out
   the preparation of a model and display
   *Hire the marketing and sales team

8. **Management**
   *Prepare and implement an adequate plan for:
   controlling expenses
   maintaining and increasing revenues
   maintaining and upgrading the property
   collecting rents
   disbursing funds
   accounting for all financial transactions

* Marketing and sales should begin in the development stage.

Figure II (Continued)

Implementation Processes

While the implementation of mixed use developments will inevitably involve a substantial amount of negotiating, a knowledge of general implementation stages of a development proposal can greatly benefit the negotiating parties by giving them a solid idea as to what needs to be accomplished in each stage of the negotiating process. The typical stages which a real estate proposal will experience are described below.

> The public sector's involvement in the development of real estate projects is likely to be characterized by a series of progressively more detailed and involved phases that can take years to complete: initial discussions between the developer and the city, initial preparation of the development program and plan; negotiations between the public and private sectors; preparation of the implementation agreement and acquisition of public approval; and implementation of the agreement and project. Cities can initiate projects by issuing a request for a proposal (RFP) to develop a site or can react to proposals submitted by developers. In either case, successful completion of the first phase of a development is critical (Schwanke, p. 128).

Many mixed use projects will involve a joint venture between the public and private sectors. "Over the past five years, public sector development of land and property has become routine" (Dowall, p. 504). The most common explanations for such development are due to declining state and federal assistance, and limited success through traditional revenue sources (Dowall, p. 504). "Public policy goals aimed at promoting economic development, improving the physical appearance and vitality of urban areas, and raising revenues for public programs" are reflected in public sector development programs (Dowall, p. 504).

A joint public-private real estate partnership offers inherent risks and opportunities for each party. The implementation of mixed use projects where joint real estate ventures are used will require an intimate knowledge of the joint real estate development process. The joint real estate development process is outlined by David Dowall as follows:

1) Set goals and objectives.
2) Establish the public real estate process.
3) Inventory and assess public properties.
4) Identify high-priority sites.
5) Package sites for development.
6) Find and select a developer.
7) Negotiate the joint venture.
8) Monitor project development and performance.
9) [Monitor] ongoing asset management (Dowall, p. 505).

Set Goals and Objectives

By setting goals and objectives, the agency can formulate the type, function, and missions of an appropriate development organization. There are two primary methods for structuring the real estate organization: "organizing an internal unit or division, and establishing a separate organizational entity" (Dowall, p. 506).

Establish the Public Real Estate Process

Every real estate program must have several fundamental powers These include:

1) Continuity, so that agreements and policies are not disrupted by changing political administrations and staff;

2) Experienced personnel who know the ins and outs of real estate development;

3) The ability to acquire and dispose of real estate assets through sales and leases;

4) The financial capability to receive grants and loans;

5) The ability to deliver commitments on time with a minimum of unnecessary bureaucracy;

6) The ability to facilitate intergovernmental and interagency coordination;

7) The flexibility to adapt to changing circumstances and conditions (Dowall, p. 506).

The separate organizational real estate bodies which are formed by local governments to facilitate public real estate development are "usually established as a special-purpose public or quasi-public corporation, with the authority to plan, negotiate, and market joint development parcels" (Dowall, p. 506).

Inventory and Assess Public Properties

The maintenance of an inventory of parcels which are publicly controlled can greatly enhance the marketing effort of the real estate development organization. After a thorough inventory of all publicly controlled sites has been reviewed, sites with development potential can be selected through a screening process which eliminates small sites, public use sites, poorly shaped sites, poor street access sites, and environmentally constrained sites (Dowall, p. 507).

Identify High Priority Sites

After sites with development potential have been selected, more site specific studies should be conducted to determine high priority sites with true economic potential. (Dowall, pp. 507-508).

Package Sites for Development

High priority sites with economic potential should be identified and marketed for development to qualified developers. These sites could be packaged via a land banking or land writedown scenario, or if necessary a land assembly through eminent domain process.

Find and Select a Developer

After high priority sites have been selected and packaged for development, a competent developer should be chosen. There are four possible methods for selecting developers, which are listed below.

Competitive Bids:

> . . . is most often used when the agency is restricted in its ability to negotiate with developers, when it has a specific plan for the site, or when achieving the highest return is the primary objective of the agency. At least two difficulties arise from this system. First, the range of bids is frequently wide, making it difficult to assess different proposals. Second, although the most beneficial project may be selected, there is no guarantee that it is the

"highest and best use" for the site (Dowall, p. 509).

Requests for Qualifications:

> Requests for qualifications, or (RFQs), gather information that allows the agency to assess the developer's general abilities to handle a project. RFQs typically ask developers to describe their development experience, their financial strength, and their ability to work with the public sector in a joint development relationship. RFQs do not require the submission of a detailed proposal of how the developer would develop the site (Dowall, p. 509).

RFQs are generally used in one of two ways by public agencies. The first way includes selecting a developer through the RFQ process and then immediately negotiating the project. The second way involves the public agency using the RFQ process as a preliminary screen, and then using the few remaining qualified developers in a competitive bidding process. The advantages and disadvantages to RFQs are noted below.

> RFQs are easier to evaluate, and they are faster and less expensive to prepare and respond to than requests for proposals (RFPs). On the other hand, some agencies find the more detailed information in responses to RFPs is very valuable and allows then to identify numerous development options (Dowall, p. 509).

Requests for Proposals

"Requests for proposals (RFPs) ask developers to submit a detailed proposal of how they would develop the site" (Dowall, p. 509). The requests for proposals should contain at a minimum:

1) Background on the project, need for the project, site description, development potential, and the agency's objectives for development;

2) A description of the developer evaluation and selection process and the criteria that will be used to select the developer;

3) Guidelines indicating the information the statement of qualifications should contain;

4) Guidelines for financial performance characteristics; and

5) Guidelines for describing the proposed project (Dowall, p. 509).

The advantages and disadvantages of using the RFP process are discussed below.

> There are several advantages to using an RFP over an RFQ. First, the agency receives detailed information about the developer's approach. Second, in receiving multiple responses, the agency gains a variety of approaches to consider. Third, the developers must prepare a competitive response that frequently provides more benefits to the agency than would occur from a deal negotiated after the RFQ process. The disadvantages of the RFP process are that it is very expensive and risky to the developer; these drawbacks prevent some firms from responding (Dowall, p. 509).
>
> Two-Stage RFQ/RFP Process
>
> To capture the benefits of both the RFQ and RFP process, while ideally avoiding their disadvantages, some agencies use a combined approach. Responses to RFQs are used to narrow the field of firms that are asked to respond to the RFP. The two-stage process may encourage qualified developers to apply, since they can be prequalified through the RFQ process prior to expending the resources necessary to prepare a response to the RFP. This approach also saves time and resources, since fewer proposals are evaluated (Dowall, p. 509).

At a minimum, the public agency's evaluation criteria for the selection of the developer should include:

1) The developer's track record with similar projects;

2) The developer's responsiveness to the RFP;

3) The need for the project proposed by the developer;

4) The compatibility of the project with surrounding land use;

5) The development phasing and construction schedule;

6) The financial returns to the government; and

7) Evidence of the development's feasibility over the short and long run (Dowall, p. 510).

After selection of the developer, the public agency should grant the developer an extended period of time for which he has an exclusive right to negotiate.

Negotiate the Joint Venture

Negotiations should be multistaged and simple. The business deal should be examined first, and the initial estimates of project cost, scheduling, and responsibilities of the parties involved should be drafted in a "memorandum of understanding" (Dowall, p. 510). As project uncertainties are operationalized, a disposition and development agreement should be created, which outline the specific contractual elements of the deal. "The parties execute the disposition and development agreement before the control of the land is transferred to the developer" (Dowall, p. 511).

Monitor Project Development and Performance

This stage of the process enables the public sector to enure that the appropriate mix of land uses, site design, and development density is developed according to the development and disposition agreement. The development agreement should include a provision for on site monitoring of construction (Dowall, p. 511). Other important contract provisions are mentioned below.

> Ensuring that a developer fully meets his obligation to construct a project in a timely manner is of utmost importance to the public sector partner. Consequently it is important to write contracts that facilitate project execution. Contract features should also specify project construction, deadlines for meeting milestones, and payment of penalties for failure to meet deadlines. Contract clauses can also be used to encourage developers to remain within cost constraints. Performance bonds guaranteeing project completion should be required (Dowall, p. 511).

Ongoing Asset Management

The public sector's asset management program is a critical component in the real estate development process because it is the mechanism by which the financial performance of the project is evaluated. The public sector's asset management program should: 1) develop a system to monitor property leases or income agreements; 2) monitor project performance over the life of the agreement; 3) ensure compliance with the terms of all agreements, 4) create mechanisms for collecting base and percentage rents, monitoring rent levels, and verifying reported project income, 5) periodically assess the project's success in meeting site-specific and program goals, and 6) continually evaluate the public sector's real estate asset portfolio (Dowall, p. 511).

Summary

This chapter has described the history of MXDs, important real estate development issues, various mixed use zoning techniques, public and private sector goals for MXDs, problems and opportunities of MXDs, important site criteria for MXDs, general public incentives commonly used, and the joint real estate development process. From these discussions, it is hoped that insight has been gained into the public incentives and implementation issues and processes which are important to ensure the successful completion of mixed use projects.

Specific insights about the joint real estate development process is provided below by noting experiences gained from the successful execution of a public/private partnership. Town Square, in St.Paul, Minnesota, is an excellent example of a large mixed use project that was implemented by a public/private partnership. Experiences gained from the public/private venture implementation process of Town Square are listed below to further clarify successful elements of the joint real estate development process.

Experiences Gained

1. A public/private partnership places great demands on partners. The public agency must have the financial resources and leadership capability to match those of the private developer, and the private developer can not ignore the idiosyncracies of municipal budgeting, approvals, and legislation.

2. All involved parties must devise a game plan defining the development's responsibilities and objectives. Such a plan becomes vital when many aspects of the development overlap and affect each other.

3. The project must receive a citywide commitment: all public agencies and functions need to understand that the city must be geared toward implementing the

project's needs rather than treating the project as "business as usual". The business community must accept and back the project and continually be informed of the impact of the project as well as of its progress, setbacks, and complications.

4. The eventual impact of a successful, large-scale, mixed use development can often be underestimated. It is therefore important to be prepared for the investment potential of property in the vicinity of the project. If properly conceived and executed, a project like Town Square can create as much additional demand for new development as it absorbs (Schwanke, p. 140).

CHAPTER III

CASE STUDY OF THE UNION STATION REDEVELOPMENT PROJECT

Introduction

A case study was conducted on a mixed use project in one of the survey respondent cities. The project selected was Union Station, located in downtown Indianapolis, Indiana. This project was chosen because of its proximity to Knoxville and because of the substantial amount of meaningful information that was sent from public officials along with the survey questionnaire. The author traveled to Indianapolis to gather information from public and private officials involved in the Union Station project during its initial development and implementation, and its current management. Newspaper articles published during and after the development period were also consulted. This brief case study was prepared in order to clarify successful and unsuccessful elements of a mixed use project, given the unique set of circumstances which pertained to the project and the city in which it was located.

This chapter should provide public officials with insights into problems and benefits related to mixed use projects during their pre-development through post-development period. The conclusions in the summary of this case study can only be generalized to the Union Station project in downtown Indianapolis, or to other cities which have very similar circumstances concerning the political, social, economic, and physical conditions of downtown Indianapolis during the planning and implementation stages of the Union Station project.

This chapter begins with a brief historical analysis of the Union Station project. This section describes the public and private roles, goals, site criteria, initial public perceptions, and reasons for initiating the project. A brief description of the applicable zoning ordinance is also included. The next section describes the public incentives and financing arrangements which were structured to make Union Station a financially feasible project from a developer standpoint.

Expected economic impacts and public and private development expectations of the project follow the description of public incentives. The 1991 status of Union Station is presented to illustrate the Station's perceived implementation progress. This section consists of actual impacts, public and private sector viewpoints, perceived problems and solutions, and viewpoints for the future of Union Station. Finally, a summary of the Union Station Redevelopment project is provided.

History

The citizens of Indianapolis celebrated the grand opening of the Union Station project on April 26, 1986. This redevelopment project was constructed by Robert and Sandra Borns, the major private equity partners; and James Dora, the minor equity partner. The former was a husband and wife team which operated a local real estate management firm; the latter was an owner of a regional hotel management business. James Dora would be responsible for the hotel development and management operations of the Union Station project, and the Bornes were responsible for the remainder of the project.

Union Station encompassed a 750,000 square foot structure which included the HeadHouse (the entrance of the train station), the baggage claim area, and the train shed. Union Station contained the following project components on its opening in 1986: a transportation terminal, which was the cornerstone use for the public sector, which serviced an Amtrak passenger train, a Conrail freight train, a Trailways bus station, and a Jitney Cab Express company; a 276-room Holiday Inn hotel, with the hotel rooms located within train cars; 60 specialty shops and restaurants located within a former baggage claim area; a food court; and offices and meeting centers located on the third floor of the HeadHouse portion of the station.

Union Station had been in its planning stages within the planning department until the late 1970's, when it was transferred to the Department of Metropolitan Development for implementation due to the agency's strong reputation for expeditiously implementing previous projects. The Metropolitan Development Department of Economic and Housing Development bought the land and train station in 1979 with hopes of guiding the historic landmark into a successful redevelopment project. In 1982 the Metropolitan Development Department formed a public/private development partnership with the Bornes and James Dora.

During public meetings held in the early 1980s, there was a substantial degree of negative public attitude toward the project, because "it was ludicrous to think that there could be any redevelopment activity in the south portion of downtown, because all that existed there were decrepid old buildings" (DeFabris, 1992). Other barriers to the potential completion of the project were the negative attitudes of the Congressman who represented the CBD at the time and the belief by some citizens in surrounding neighborhoods that it was a waste of government money to concentrate $17 million in one area of downtown, when the money could be put to use in many other vital urban programs. However, a speech by a local business owner of "The Slippery Noodle" restaurant provided a key beginning to the positive momentum in public attitudes which eventually led to the construction of the project. This downtown business owner stated that he supported the project because he believed it could only help business, not just for the southern portion of downtown but for the entire downtown area.

The City's purpose for initiating the project and selecting the developers through a request for proposals (RFP) process was primarily to revitalize a historic landmark and strengthen the southern portion of downtown Indianapolis. The Union Station Redevelopment Project was part of the Union Station Center Urban Renewal Plan. This plan was officially adopted by the city in 1984 due to public recognition of substantial blight in the Union Station Project Renewal area in the southern half of downtown Indianapolis. The Department of Economic and Housing Development was responsible for implementation of this plan. A blueprint of building envelopes of The Urban Station Master Plan as of 1982 is provided in the pocket at the end of this thesis. The chief objectives of this plan were:

1) Elimination of blighted, deteriorated, and deteriorating areas;

2) Elimination of blighted, deteriorated, and deteriorating influences;

3) Assembly of marketable reuse parcels;

4) Provision for improvements and facilities to serve the project area;

5) Encouragement and stimulation of economic development in the general area;

6) Provision of improved parcels of land for commercial/public development;

7) Upgrading of the quality of commercial facilities available in the area, and provisions for adequate parking located near commercial facilities;

8) Rehabilitation and restoration of remaining structures in accordance with the Urban Renewal Plan;

9) Creation of new job opportunities in the area;

10) Provision of additional hotel facilities to encourage and stimulate convention trade;

11) Provision for additional parking facilities; and

12) Provision for improved public open spaces in conjunction with convention center activities (Urban Renewal Plan, p. 2).

The public entity in charge of supervising and implementing this urban renewal plan was the Metropolitan Development Commission, a public redevelopment authority for the County. This agency could "plan and undertake, alone or in cooperation with other public agencies, projects for the redeveloping, rehabilitating, preventing the spread of, or eliminating slums, blighted areas, deteriorated areas, or deteriorating areas, both residential and non-residential, which projects may include:

1) The repair or rehabilitation of building or other improvements by the Commission, owners, or tenants;

2) The acquisition of real property;

3) The demolition and removal of building or improvements of buildings acquired by the Commission

where necessary to eliminate unhealthful, unsanitary, or unsafe conditions, to lessen density, to reduce traffic hazards, to eliminate obsolete or other uses detrimental to the public welfare, to otherwise remove or prevent blight or deterioration, or to provide land for needed public facilities;

4) The preparation of sites, and the construction of improvements to facilitate the sale of property, such as public ways and utility connections;

5) The construction of buildings or facilities for residential, commercial, industrial, public, or other uses; and

6) The disposition in accordance with this chapter, for uses in accordance with the plans for the projects, or any property acquired in connection with the plans for the projects (Resolution 52, 1984, MDC).

The specific community goals for the Union Station project included: increasing the local tax base; improving the aesthetic quality of the area; fostering more pedestrian activity; effectively treating blight and decay; improving ridership on mass transit; integrating public uses; creating new jobs; expanding the community's retail and commercial base; and participating in the project's profits. The site criteria which were used to designate the site as an appropriate area for mixed use development included: proximity to adjacent activity centers such as the Hoosier dome and the Convention Center; simplicity of ownership patterns (the station was owned by one partnership which previously attempted to revitalize a portion of the station and failed), the location of the station in the urban renewal plan area, and the existence of a vacant train station which was targeted for redevelopment by the city to restore a historic landmark.

The project was developed in accordance with CBD-2 zoning regulations. According to public officials, this zone was and still is very flexible for accommodating the Union Station project and other mixed use developments. The relevant sections of this zoning ordinance are presented in Figure III.

Public Incentives

In 1982 the city negotiated a 60 year lease with the private development team, in which the developers were to pay a base rent of $200,000 per year for 10 years, plus ten percent of the cash flow from the project (DMD, circa 1984). An option was offered to the developers which allowed them to purchase the station from the city for $5.6 million in five years (1991). The city agreed to acquire the parcel on the southeast corner of the block immediately north of the west train shed, and construct parking spaces to serve the hotel element of the project. The city also allocated $2.5 million for the project.

The city was also awarded a $4.98 million Urban Development Action Grant through the Department of Housing and Urban Development, and a $9.9 million transportation grant from the Urban Mass Transit Administration to create a multi-modal

A. PERMITTED CBD-2 USES

1. RETAIL SALES AND SERVICE ESTABLISHMENTS.

2. BUSINESS, PROFESSIONAL, AND CONSUMER SERVICE OFFICES.

3. APARTMENT HOTELS, HOTELS, MOTOR HOTELS.

4. APARTMENTS.

5. TRANSPORTATION FACILITIES and accessory facilities therefore, including but not limited to waiting rooms, loading docks, storage and associated commercial uses.

6. BANKS; SAVINGS AND LOAN OFFICES.

7. THEATERS, AUDITORIUMS, AND AMUSEMENT FACILITIES.

8. PUBLIC UTILITIES.

9. PRINTING ESTABLISHMENTS

10. SALES OF BEVERAGES, FLOWERS, AND FOOD FROM A PORTION OF THE SIDEWALK ABUTTING THE SAME BUSINESS PREMISES.

11. SALES OF BEVERAGES, FLOWERS, AND FOOD FROM CARTS ON SIDEWALKS AND PUBLIC AREAS.

12. WHOLESALING AND WAREHOUSING ESTABLISHMENTS.

13. PROCESSING, REPAIRING, OR MANUFACTURING GOODS BY RETAILERS AND WHOLESALERS, provided:

    a. the net floor area occupied by said processing, repairing, or manufacturing plus warehouse space does not exceed seventy-five (75) percent of the total net floor area used in the same building by the same firm or enterprise; and

Figure III. Indianapolis CBD-2 Zoning Ordinance

Source: Indianapolis Zoning Ordinance. Circa 1991 Indianapolis, Indiana. Metropolitan Department Division of Planning.

b. in no case shall more than fifty (50) percent of the total net floor area in any single building be devoted to such processing, repairing, manufacturing, storage, and warehouse space.

14. PUBLIC AND SEMIPUBLIC STRUCTURES, PARKS, AND OPEN SPACE.

15. OFF-STREET PARKING GARAGES AND LOTS.

16. ACCESSORY OFF-STREET PARKING WITHIN BUILDINGS.

17. SIGNS. (as primary or accessory uses)

B. CBD-2 DEVELOPMENT STANDARDS

1. b. OUTDOOR SALES AND SERVICE.

(1) Outdoor sales may be conducted in association with outdoor displays.

(2) Outdoor sales and service may be conducted in association with outdoor displays.

(a) Service is not construed to mean manufacturing, processing, or repairing, dismantling, or wrecking of vehicles, machinery, or equipment.

(b) Outdoor space is not utilized for the rental, sale, or storage of motor vehicles or trailers.

(c) The area on which outdoor service is conducted shall be surfaced and maintained under the standards set forth in section 2.02, B 3, b, (2), (3), (4), and (5).

c. RETAIL SALES ON SIDEWALK ABUTTING A BUSINESS.

(1) Retail sales of beverages, flowers and food may be carried out on a portion of the sidewalk abutting the same business premises provided:

(a) Permission is secured from the appropriate governmental unit to use the right-of-way.

(Figure III Continued)

(b) A detailed site plan showing the use and location of all furniture and equipment (including tables, barriers, chairs, signs, awnings, trash receptacles and umbrellas) on the portion of the sidewalk is approved by the Administrator of the Division of Planning and Zoning.

d. RETAIL SALES FROM CARTS ON SIDEWALK AND PUBLIC AREAS.

(1) Retail sales of beverages, flowers, and food may be carried out from a cart on sidewalks and public areas provided:

(a) The cart is a wheeled device, not propelled by a motor, no larger (exclusive of a canopy) than six (6) feet in length, three (3) feet in width, and five (5) feet in height and constructed so an operator may not stand on or in the device.

(b) Permission is secured from the appropriate governmental units to use the right-of-way and public areas.

(c) The color and design of the cart (including signs, trash receptacles and umbrellas) and the uniform of the operator are approved by the Administrator of the Division of Planning and Zoning.

(Figure III Continued)

transportation center within the west train shed. Three major Indianapolis banks provided local private investment, loaning a total of $30 million. The developers agreed to provide equity and debt service financing of approximately $4 million (DMD, circa 1984).

Expected Economic Impacts

The Union Station project was forecast to provide approximately two thousand jobs in the property management, food, retail, and hotel service industries. These jobs were expected to result in a payroll totalling $13 million per year. Union Station employees would generate $364,337 in annual city income taxes. City property taxes would constitute $902,427 annually. Indianapolis sales tax revenues were projected at $2.1 million annually. Additionally, $118,000 would be collected by the city from personal property taxes. Over 9 million visitors were forecast for the first year of operations. The financing sources, extent of the forecasted tax revenues, jobs created, and tenant mix is illustrated in Figure IV.

Many qualitative impacts were also projected. The city's convention center business would be greatly increased. Indianapolis citizens and employees would have an exciting environment to eat, shop, and play. The station's cinemas and IND*EX (Indianapolis Experience) would add to the cultural

I. Financing:

	Source	Amount
1.	Urban Development Action Grant	$4.898 mill.
2.	Urban Mass Transit Administration	$9.9 mill.
3.	City of Indianapolis	$2,494,750
4.	American Fletcher Natl. Bank	$10,666,667
5.	Indiana National Bank	$10,666,667
6.	Merchants National Bank	$10,666,667
7.	Borns and Dora Associates	$4,006,814
	Total	$53,368,565

II. Projected Local Tax Revenues

	Source	
1.	Property Taxes (10 year average)	$902,427
2.	Sales Taxes (first year average)	$2,100,000
3.	Personal Property Taxes (first year)	$118,340
4.	Income Taxes (first year estimate)	$364,337
5.	Hotel Inventory Tax (first year)	$286,312
6.	Food and Beverage Tax (first year)	$255,897
	Total	$4,041,314

III. Projected New Jobs Created

	Type	Amount
1.	Permanent	1,500 to 2,000
2.	Temporary (construction)	250

IV. Square Footage Breakdown

	Use	Amount
1.	Retail/restaurants	260,000 s.f.
2.	Hotel	300,000 s.f.
3.	Museum	16,000 s.f.
4.	Cinemas	8,000 s.f.
5.	Transportation	26,000 s.f.
6.	Misc. (office, storage, service)	160,000 s.f.
	Total	750,000 s.f.

Figure IV. Relevant Figures from the Union Station Project.

Source: Department of Metropolitan Development. (circa 1984) Indianapolis, Indiana.

V. 1986 Tenant Mix (Number of)		
1.	Retail businesses	47
2.	Full service restaurants	11
3.	Smaller scale restaurants	26
4.	Non-stationary retail carts	20

(Figure IV Continued)

facilities of Indianapolis (DMD, circa 1984). "Reinforcing the city's convention trade, enhancing the shopping, dining, and entertainment facilities, providing cultural attractions and bringing employment opportunities to local residents, Union Station will once again serve an important role in the growth and dynamic future of Indianapolis" (DMD, circa 1984).

Development Expectations

The City and the Bornes had high expectations for Union Station. The Indiana Sports Corporation was directed to build a parking garage, public open plaza, and a 13 story office complex on a site immediately northwest of the station on a parcel known as "Square 88", which is bounded by Georgia Street, Capitol Avenue, Illinois Street, and Louisiana Street. This development would accomplish two public objectives: 1) it would allow for a pleasing, aesthetic transition between the Union Station and other public land uses; 2) it would provide a substantial amount of space for large public events held at Union Station. Additionally, this parcel of land, known as Square 88, "was intended to serve as the focal point for the city's growing amateur sports industry, providing a permanent headquarters for the sports corporation within walking distance of the Hoosier Dome" (DMD, circa 1984). Circle Center Mall was also supposed to be constructed by 1988. This mall was expected to be built on the areas designated "retail mall" in the Union Station Master Plan in the thesis pocket, plus the additional block bounded by Maryland, Meridian, Georgia, and Illinois street. This mall was supposed to be connected into Union Station via below grade sidewalks, underground tunnels, and pedestrian sidewalks. Public officials believed that the mall would generate the critical mass of pedestrian traffic necessary to sustain the long term viability of Union Station. Negotiations were also underway to initiate one or two ice skating rinks on the block.

1991 Status of Union Station

The following paragraphs illustrate the actual impacts, current public and private sector viewpoints, perceived problems and solutions, and future viewpoints for Union Station as of 1991. Information in this section of the chapter was primarily gathered from current public officials and newspaper articles dated between 1988 and 1991. The current real estate management company was also consulted.

Actual Impacts

Robert Borns successfully restored a historic landmark that attracted over 14 million visitors in the first year of operations after the station's opening in 1986. This was 5 million visitors more than was initially projected. However, sustaining success has been an important priority to public officials and Unions Station tenants.

Union Station had incurred a net loss of $1.5 million in 1986,

$1.6 million in 1987, $1.8 million in 1988, and $2.8 million in 1989. However, the Union Station has been generating a positive cash flow for Robert Borns since 1986 due to the accumulation of $8.5 million in historic tax credits over the past five years. The city has received approximately $2.1 million in annual sales tax revenues from the Station and hotel since 1986. Approximately 2,000 jobs have been created and sustained since the project's inception.

City officials collected $12,600 in property taxes in 1989, the most current figure available. Because the Station has been operating at a net loss for the past few years, the developers have not been required to pay the $200,000 annual rent charge. The developers will have to begin paying present and past rent charges plus ten percent of the net cash flow from the project after the first year of profits.

All of the expected Union Station project components were completed as of 1991 except for the integration of Metro, the public transportation system, and the movie theaters. All of the stated public goals for the project have been met except for the public participation in the private sector's profits, and the goal of improving ridership on mass transit, which was not realized after the elimination of the scheduled trolley rides the first year after operation (1986). However, Circle Center Mall has still not been completed, and is not scheduled to begin construction until 1993 or 1994.

Public Sector Viewpoint

Public officials consider the Union Station project a success. There are four major reasons for their viewpoint:

1) A once blighted, non-tax revenue producing public burden is now generating a significant amount of sales and property tax revenues to both Indianapolis and the state of Indiana;

2) More than 1,500 jobs have been created and sustained as of 1988;

3) A significant historic landmark has been magnificently restored, and will enhance surrounding developments; and

4) A significant amount of development has occurred in adjacent areas of downtown, such as the OMNI hotel, the Weston hotel, the Pan American Plaza, and an underground parking garage for Union Station visitors and Pan American office tenants. Additionally, the Union Station now has a large open space adjacent to it where large public events can be staged in connection with promoting the Union Station.

As was mentioned previously, public officials believe all of the public sector goals for Union Station have been met except for improving ridership on mass transit and participating in the project's profits.

Private Sector Viewpoint

From a developer viewpoint, the Indianapolis press and various public officials do not consider the Union Station as a profit-making enterprise. However, when the Indianapolis press interviewed Robert Borns regarding his view of the success of Union Station in 1991, he stated that he had accomplished all of his goals for the projects, which included:

1) redeveloping a landmark;

2) stimulating the redevelopment of the historic warehouse district adjacent to the station; and

3) making a little money while he was at it (Hassel, 1991).

Borns stated that on an income basis, the project was not profitable, but on a cash-flow basis it was, because he was garnering $8.5 million in historic tax credits over a five year period.

Perceived Problems

The Union Station incurred annual net losses ranging from $1.5 million to $3 million between 1986 and 1989. Additionally, 45% of the original 76 tenants in 1986 have left. Reasons for the huge net losses to the Bornes include:

1) a wildly out of control renovation budget;

2) lack of "festival marketplace" and retail management skills by the developers; and

3) the underestimated demands of pioneering the redevelopment of the Downtown's warehouse district (Swiatek, 1988).

Projected and actual renovation budget figures are shown in Table II. There are other factors which have contributed to the perceived demise of the Station. By 1989, there had been a decrease in adult retail support. This was attributed to the conflicting goals of Robert Borns in simultaneously promoting a "festive" family atmosphere while also promoting teenager

TABLE II

COMPARISON OF BUDGETED AND ACTUAL RENOVATION COSTS

FOR THE UNION STATION PROJECT (excluding the Holiday Inn)

Expense	Budgeted	Actual
Station renovation	$12,213,000	19,028,000
Parking garage	3,520,000	4,492,000
Interest and insurance	1,873,000	732,000
Contingency fund	1,800,000	1,800,000
Professional fees	390,000	1,443,000
Pre-opening and inventory	375,000	972,000
Miscellaneous	295,000	435,000
TOTAL	$20,466,000	$28,904,000

Source: Indianpolis News. "A Renovation Budget Derailed". Union Station Associates, December 8, 1988.

spending through the offerings of video games and teenage clubs. This ultimately created an undesirable environment for adults to spend their money.

Too much emphasis on the "festive" aspect of the project had left the food court noisy and dirty, and unconducive to lunchtime conversations. Union Station tenants did not believe in Borns' management skills; there had been a high tenant turnover rate due to inexperienced retail businesses, and there had also been low retail demand due to the lack of quality merchandise available to the buying public.

Perceived Solutions

Moore and South, a property management firm which specializes in revitalizing retail establishments, took over the management function from Borns in 1988. In an attempt to solve the previously mentioned problems, certain actions were pursued. These actions are listed below.

1) **Revamp the food court** - Instigate uniform signage and awnings, place the restaurants on one side and the small shops on the other to give the area a sense of order.

2) **Increase security** - Let teenagers know that Union Station is not a place to hang out through the provision of more intense security and the elimination of the teenage clubs and rock bands.

3) **Renew leases with regional and national tenants** - This will give the retail component more credibility, and will provide other specialty shops more pass by exposure;

4) **Play up the Station's history** - Promote the Station's unique history to enhance the overall project identity through ongoing historical programs

and walking tours.

5) **Use more colors** - Paint exposed pipes and ducts orange and yellow; paint steel beams blue to give the Union Station interior a more "festive" appeal.

6) **Reduce the number of food vendors** - Reduce the number of food vendors from 28 to 18 eliminate cut throat competition, and avoid duplication of retail and food offerings.

7) **Disband elements which no longer fit the current atmosphere** - Disband the singing and dancing performers whose presentation entitled "Going to Raise a Ruckus Tonight" no longer fit the more "modern" image of the station.

8) **Draw more visitor attention** - Draw more attention through use of more lively colors, neon signs, promote better retail displays of storefronts, and instruct food vendors to cook in plain view of customers.

9) **Coordinate advertising campaigns with surrounding developments** - Coordinate an advertising campaign with the newly opened OMNI hotel across the street; stress the synergistic benefits resulting from the project components of each development.

10) **Attract more local citizens** - Attract more local citizens by providing events for target groups--Introduce a Big Band night to attract adults who might otherwise not visit the station on a weeknight; hold "oldies concerts" to attract senior citizens, etc (Hassel, 1990).

Moore & South was replaced by Balcor Management Company in 1991. This company also assumed Borne's portion of the lease payments.

Viewpoints for the Future of Union Station

City officials are confident that Union Station will be a success during the next ten years if the Circle Center Mall opens in 1993 or 1994. The Station has been responsible for numerous nightclubs and restaurants opening in the downtown area. Additionally, the convention center business has substantially increased over the past few years, and will most likely continue to increase in the future. The most critical challenge facing Balcor Management Company (the new management company which took over the Bornes' equity position and management function in 1991) is the positioning of the retail tenants at Circle Center Mall so as to complement and not compete with Union Station's festival retail and dining atmosphere. A color photograph of the Union Station Redevelopment Project is provided in Appendix E.

Summary

The experiences of the Union Station project suggest that cities which have similar circumstances as Indianapolis did in 1982 should consider the implementation guidelines described in the following paragraphs before embarking on a significant downtown mixed use project. Robert Borns pronounced three essential ingredients which contributed to the successful completion of Union Station during a press interview on April 20, 1986.

> First, it has to be in a good location. We have a wonderful location downtown, near the convention center and Hoosier Dome. The station belongs to all of the people in the community; everyone can get there easily, and Indianapolis is very 'hot' right now; its a terrific community. Second, you need a town that wants you to be there, and Indianapolis wanted Union Station to be revived. Many people still have fond memories of the old station. Third, you need political support. You can't do it without the backing of community leaders (Lowenkron, 1986).

According to some public officials, Union Station was developed successfully because a dedicated visionary wanted to redevelop a public landmark which would be appreciated by the citizens of Indianapolis. His dedication to the project was demonstrated when he put an additional $9 million of his own money at stake when the renovation costs exceeded initial projections (see renovation budget in Table II). Secondly, it appears that the plethora of financial incentives, which provided "cash on the table" for the developers, was very important to the success of the project. The infusion of $15 million of federal money through the UDAG and UMTA grants, together with the $2.8 million provided by the city, encouraged the private sector banks to lend an additional $30 million for the project.

Other important incentives were the tax abatements, which allowed the developer to offer low lease payments to initial tenants, and historic tax credits, which provided the developer with positive cash flow even though the Station has operated at a net loss from its inception. The city also believes that its CBD-2 zoning is adequate to accommodate mixed use developments.

From a public sector perspective, Union Station has been a successful mixed use project. Through this project, the city has accomplished almost all of its initial goals. The city has successfully increased the local tax base, improved the aesthetic quality of the area, fostered more pedestrian activity, effectively treated blight and decay, created new jobs, expanded the community's retail and commercial base, and integrated public uses.

However, sustaining public sector objectives is currently viewed as a vital priority. From an interview with Ron Haskall of Balcor Management Company, (the current property management company and equity owner of Union Station), the current objectives are to attract more local visitors to the area through "Big Band" nights, oldies concerts, and various other activities. The most critical element to the continued success of the Union Station project will be the development and opening of Circle Center Mall in 1993 or 1994, which will connect into the Station via a skywalk or tunnel. This mall is expected to generate substantial pass through pedestrian traffic to sustain the specialty retail during days when there are no tourists or conventions in the area.

Finally, the ten previously mentioned management actions (targeted by Moore and South) which have helped to moderately sustain the Union Station project should continue to be monitored for effectiveness by current management. While public incentives can encourage the completion of mixed use projects, they cannot ensure the continued success of MXDs.

After Union Station was completed in 1986, it probably would have been better if the Bornes had immediately hired a specialized property management firm or sold their equity interests to one. This may have prevented some of the high turnover in retail tenants over the past few years.

CHAPTER IV

CURRENT MIXED USE DEVELOPMENT CONDITIONS IN KNOXVILLE/KNOX COUNTY

Introduction

This chapter will describe the current conditions in the Knoxville/Knox County government regarding the provision for and encouragement of mixed use developments. A description of existing mixed use developments in Knoxville/Knox County will begin the chapter. A description of current zoning ordinances which have the greatest potential to allow and encourage MXDs in Knoxville/Knox County will follow. Then the status of mixed use areas in future land use plans will be discussed. Finally, the public incentives which Knoxville/Knox County can offer will be discussed and evaluated in this section.

Existing Mixed Use Developments in Knoxville/Knox County

There are no developments in Knoxville/Knox County which qualify as mixed use developments according to the Urban Land Institute definition. However, there are four multi-use projects which are very similar to the ULI mixed use definition. The Central Business District in downtown Knoxville is a multi use development as it contains three or more significant uses, (office, retail, and residential) but does not contain significant pedestrian integration between the office/retail and residential project components, and has not been developed according to a coherent plan. The Old

City, located adjacent to the Central Business District, is a multiuse development as it contains three or more significant uses, (office, retail, recreational) and contains pedestrian integration between project components, but was not developed according to a coherent plan.

Franklin Square, located in West Knoxville is also a multi use development. While it contains three or more significant revenue producing uses (office, retail, and residential), it does not contain physical integration between the office/retail project components and the residential component. Equally important, Franklin Square was not developed in conformance with an overall development plan which prescribed development densities, phasing, and location and mix of land uses. Village Green, located in Farragut, (Knox County) is a small residential community which also can be appropriately defined as a multi-use development, because there are three revenue producing uses within the project, but there is no significant pedestrian integration between project components. This project contains a shopping center, a small office complex, and a couple of church sites within a short distance of a residential subdivision, but lacks pedestrian integration between all these project components.

Current Mixed Use Zones in Knoxville/Knox County

In Knoxville, the zones which allow for the greatest variety of uses are the O-1 (Office, Medical, and Related Service

District) and RP (Planned Residential) District. In Knox County, the O-B (Office, Medical, and Related Services Zone) and PR (Planned Residential) zones allow for the greatest variety of land uses (Pruitt, 1992). These zones therefore allow the greatest possibility for projects to achieve synergistic benefits between land uses.

Out of these four zones, the RP-1 district and the PR zone most closely resemble the intent of the ULI definition for regulating and encouraging mixed use developments by allowing for a variety of uses but also requiring development in conformance with a coherent plan (Pruitt, 1992). The regulations of the RP-1 district and the PR zone are provided in Appendix F and Appendix G. The objectives of the RP-1 and PR zone are described below:

> The regulations established in this section are intended to provide optional methods of land development which encourage more imaginative solutions to environmental design problems. Residential areas thus established would be characterized by a unified building and site development program, open space for recreation and provision for commercial, religious, educational, and cultural facilities which are integrated with the total project by unified architectural and open space treatment (Knoxville Zoning Ordinance, p. 50, Knox County Zoning ordinance, p. 107).

The RP-1 and PR zones could be enhanced to better encourage development of MXDs in Knoxville and Knox County, if political conditions permit. These zones presently allow commercial and office uses as long as they are incidental to the residential uses, but only one acre of commercial use is allowed for every one-hundred units of residential structures. "One hundred units of residential does not generate enough demand to support one acre of commercial activity, so it is not likely that any retail activity will be generated on the site" (Pruitt, 1992).

Ken Pruitt, a senior level planner at the Metropolitan Planning Commission, mentioned that the major obstacles to the implementation of mixed use developments in Knoxville are the perceptions of neighborhood associations that any non-residential developments located adjacent to residential areas are threatening, and that lenders in the area will not lend money for such diverse and unusually large scale projects unless they were familiar with the solid reputation of the developer to build such projects. He also stated that more commercial uses should be allowed by right in the RP and PR zones. Randy Vineyard, city finance director for Knoxville, believes that the major obstacles to implementing mixed use developments in Knoxville are that: 1) landowners who own substantial acreage which has been family owned for many years do not wish to sell their land or see anything develop on it; and 2) the large number of neighborhood associations within the area view any non- residential development adjacent to their neighborhoods as threatening (Vineyard, 1992). The most likely feasible areas for mixed use developments would be in low density suburban areas in Knox County (Pruitt, 1992).

Provisions for Mixed Use Areas in Future Land Use Plans

The current zoning provisions which most favorably regulate and encourage mixed use development have been discussed. However, it is also important to examine current land use plans to determine what provisions for mixed use developments might be provided in the future. There are no special zones to accommodate mixed use developments in the long range plans of the MPC staff other than the zones which have already been described. However, there is a special classification within the one year plan for Knoxville which designates certain areas with unique development circumstances as MU (Mixed Use) zones. "The one year plan is very conceptual, but it does strongly influence land use decisions and must be up-dated yearly by law" (Petersen, 1992).

This MU classification is a very positive step towards the future implementation of mixed use developments, as it will allow developers who desire to build within a one year time frame greater flexibility in design and project components without having to worry about rezoning hassles. The text of the mixed use (MU) areas in the one year plan states the intent of the designated mixed use areas as follows:

> Designation of properties where the range of potentially acceptable land uses exceeds the ranges defined for any one of the general land use classes in this plan;

Designation of areas where a mixture of land uses may be appropriate, and where specific policies and regulations to achieve a harmonious land use pattern are required;

Designation of areas requiring significant transition in land use is expected, which requires specific policy guidance to ensure an orderly and efficient change of use;

Designation of areas requiring specific site design criteria, to ensure proper development in relation to adjacent properties; and

Many areas designated on the One Year Plan as Mixed-Use were drawn directly from adopted Small Area Studies and Sector Plans. The plan map shows the recommended zoning for each area.

Refer to the Five Year or Fifteen Year Plan for further recommendations (available at MPC office) (MPC One Year Plan, p. 39).

The mixed use designation within the one year plan allows a developer to develop the project according to the O-1, RP-1, or a combination of the two zoning regulations, if approved by the Metropolitan Planning Commission. There are no MU areas designated in the five year plan or the general plan for Knox County (Johnson, 1992).

Available Public Incentives in Knoxville/Knox County

Zoning incentives such as greater height allowances, a greater variety of uses, higher densities, and others could be made available through the development review process within the PR and RP-1 zones if deemed appropriate by the Planning Commission in relation to the public health, safety, and welfare. All of the other public incentives listed within the survey questionnaire under question thirteen (see Appendix B) and within the literature review under "public incentives" could be made available from Knoxville/Knox County governments, except for the Urban Development Action Grant, which has been phased out as a federal funding program.

Interviews with economic development officials were obtained to clarify the actions and incentives which could be pursued towards effectuating MXDs in Knoxville/Knox County. The following economic development officials were interviewed: Randy Vineyard, city finance director; Melissa Ziegler, Director of the Knox County Development Corporation, Betty Smith, Executive Director of the Knoxville Community Development Corporation, and Laurens Tullock, Director of Knoxville's Community Development Department. Knoxville/Knox County Governments, published by the League of Women Voters, was also consulted to gain insight into the responsibilities and powers of various development organizations in Knoxville/Knox County.

Randy Vineyard stated that Knoxville and Knox County are only empowered to offer incentives in accordance with the powers granted by the Tennessee State enabling legislation. The Tennessee enabling legislation allows Knoxville and Knox County to grant all of the commonly used public incentives previously discussed. However, each project would be examined on a case by case basis, to determine individual project impacts upon the surrounding community. If the project was determined to contribute positively to the public health, safety, and welfare, then the incentives granted would be voted on by the mayor/city council or the county executive/county commission. The City Council or County Commission has ultimate approval of granting public incentives to potential mixed use developers where city or county financing is required.

The Knoxville Community and Knox County development corporations are quasi-public organizations which receive their funding from the respective governments which created them. These organizations also act as agents of the jurisdiction which funds them. Knoxville's Community Development Corporation (KCDC) actually owns real estate within the community, and can directly offer all of the economic incentives described in the survey questionnaire. Knox County Development Corporation is similar to KCDC, but could not offer the land writedown incentive unless it was first approved by County Commission and then condemned and acquired. This option most likely would be used only if the land acquired by the County or City were being targeted as a redevelopment area; otherwise, the action would be viewed as political suicide (Ziegler, 1992).

The primary economic development organizations within Knoxville/Knox County which are in a positive position to properly effectuate mixed use developments are described below in relation to their responsibilities and powers:

Knoxville's Community Development Corporation:

> As a redevelopment agency, KCDC has broad powers. The KCDC redevelopment program provides technical assistance and advice to the city on matters such as property acquisition, relocation, and building demolition. KCDC is usually responsible for total project management and financing of various public works or redevelopment projects. Projects are undertaken at the request of, and under contract with, the city of Knoxville. The Knoxville City Council must approve project plans.
>
> Blighted areas and real property may be acquired to remove, prevent, or reduce blight or the causes of blight (Keller, p. 146)....
>
> KCDC may own, hold, clear, and improve property. Real property that is in a redevelopment project area or is required for a housing development and improvements thereon may be acquired by eminent domain. Real or personal property may be exchanged, transferred, assigned, or pledged to any person, firm, corporation, municipality, city, or government. In conjunction with the city, KCDC may furnish, replan, install, open or close streets, roads, roadways, alleys, sidewalks, places or facilities (Keller, pp. 140-141)....
>
> Money may be borrowed upon bonds, notes, or other instruments to finance a redevelopment plan and income from the redevelopment project used to retire indebtedness. Indebtedness also may be amortized from tax increment financing, grants, or government contributions. KCDC is not a tax-levying agency. Each KCDC project is self-supporting; none is used to underwrite the other (Keller, pp. pp. 146-147).

Knoxville's Department of Community Development:

> This department administers the community development block grant program and other Federal programs. The department works with the

Metropolitan Planning Commission to plan, direct, and coordinate the physical and economic development of the city (Keller, p. 146).

Knoxville's Director of Economic Development:

This position was appointed in 1988 by the mayor to represent the interests of the city and provide leadership and coordination among these groups, organizations, and citizens involved in Knoxville's economic development. The overall goal of the office is to attract capital investment, expand the tax base, and create new jobs (Keller, p. 26).

Knox County Department of Development:

This department is responsible for economic, community, and industrial development. The department assists other Knox County departments and agencies to prepare grant applications, proposals, and financial packages (Keller, 14)....

This department administers economic, community, and industrial development in Knox County, exclusive of the Town of Farragut. This department is engaged in industrial recruitment. It plans, prepares cost/benefit analyses, manages, and operates certain development projects working closely with the Tennessee Technology Foundation and the Resource Valley organizations. A one-stop permitting process has been created for industrial development in conjunction with the marketing of county-owned industrial land (Keller, pp. 150-151).

Knox County Development Corporation:

This development corporation serves a very similar function for the county as the Knoxville Community Development Corporation serves for the city. This corporation is funded by Knox County and is a private, non-profit corporation which has approximately $30 million in assets primarily through land ownership. Its mission is to promote economic and community development within the county. Funding comes from Knox County government. Knox County contracts with the Knox County

Development Corporation to manage properties which the County owns (Ziegler, 1992). This corporation can buy and sell real estate for redevelopment purposes, and can offer all of the public incentives mentioned in the literature review and the survey questionnaire, except for land acquisition through eminent domain. The Knox County Development Corporation is restricted from using the power of eminent domain within the county unless the Knox County Commission first approves this action.

Summary

No true MXDs exist in Knoxville or Knox County, but there are some multiuse developments in the area. These developments have been discussed to give those familiar with the Knoxville/Knox County area insights into the similarities and differences between MXDs and other related developments. Zoning incentives could be granted by the Metropolitan Planning Commission through the development review process within the PR and RP-1 zoning districts. Other public incentives could be granted through the quasi-public development corporations or the community economic development departments on a case by case basis, as allowed by the Tennessee enabling legislation. Finally, the one year plan encourages MXDs in Knoxville through the designation of mixed use (MU) areas. There are no mixed use designations in the five year plan or general plan for Knox County.

CHAPTER V

SURVEY FINDINGS

In this section, the survey findings are discussed. Responses to the survey questions are illustrated, and further clarification of the responses follow when necessary. Questions in the surveys were developed after a thorough analysis of the literature review. Some of the questionnaire responses have been slightly changed in order to avoid repetition and facilitate understanding. Fifty two communities were mailed survey questions. After a second mailing, a total of 42 responses were recorded, which represents a response rate of 80%. The actual survey questionnaire mailed to public planning officials is reproduced in Appendix B.

This chapter begins with a discussion of the number of projects which were identified by the Urban Land Institute within the sampling frame, and the number of additional projects identified by public planning officials within their communities. These additional projects could either be projects which began construction after 1986, projects which were completed by 1986, or projects which were mistaken by the survey respondent planning officials as mixed use developments, but were in reality multiuse developments or some other closely related form of mixed use developments. However, it will be assumed for the purposes of this thesis that all the additional projects identified were true mixed use projects as defined by the Urban Land Institute. The remainder of this chapter will basically follow the sequence of the survey questionnaire.

There were 76 ULI identified mixed use projects within the cities within the sampling frame. There were 6 additional mixed use projects (which contained three or more significant revenue producing uses) identified by public planning officials within the sampling frame. One of the identified mixed use projects in Southgate, California which was chosen for discussion by public officials was never completed.

Questions 1 and 2--Was the mixed use project you have chosen to discuss best characterized as a new construction project, a rehabilitation/renovation project, or a combination of the two? What land uses are contained in the project?

Out of the 42 responses to this question, 81% of the projects were new construction, 2% were rehabilitation/renovation, and 17% were a combination of the two. A clear majority of the projects were new construction projects. The individual land uses and the land use combinations within the 42 projects which responded are illustrated in Tables III and IV. The land use mixes were classified according to the most frequent individual land uses within the MXDs, and also according to the most frequent combination of land uses. The two most popular individual land uses within the surveyed MXDs were retail and office. The most popular land use combination in

TABLE III

LAND USE MIXES WITHIN MIXED USE PROJECTS

Land Use Mix	Frequency of Responses
Retail/Office/Hotel	24%
Retail/Rec/Res/O	10%
Retail/Rec./Office	10%
Retail/Office	10%
Retail/Res/O	10%
Retail/Rec/Res/O/H	7%
Retail/Rec/Res/O/Conv. Ctr/H	5%
Res./Office	5%
Retail/Res/O/H	5%
Retail	2%
Retail/Rec/Res/H	2%
Retail/Residential	2%
Retail/Rec/O/H/Bus & Train	2%
Retail/Rec/O/H	2%
Office/Conv. Ctr/Hotel	2%
Retail/O/H/Henry Ford Medical Center	2%

Conv. Ctr. = Convention Center
Train = Train station
Rec = Recreational
Res = Residential
Bus = Bus station
H = Hotel
O = Office

TABLE IV

INDIVIDUAL LAND USES WITHIN MIXED USE PROJECTS

Rank	Land Use	Frequency of Responses
1	Retail	93%
1	Office	93%
2	Hotel	52%
3	Residential	40%
4	Recreational/Cultural	38%
5	Convention Center/Arena	7%
6	Other	2%

these projects was the retail/office/hotel combination.

Questions 3 and 4--Who primarily initiated the project? If the public sector selected the developers, how was it done?

Question 5--If the public sector was the primary initiator of the project, what type of entity organized and directed the project?

Approximately 31% of the projects were primarily initiated by the public sector, 36% were primarily initiated by the private sector, and 33% were primarily initiated by a combination of the public and private sectors. This question sought to clarify if the public, private, or a combination of the two sectors was the primary MXD organizer. From a public sector point of view, it is important to know what kinds of organizational bodies, implementation processes, and public incentives will yield successful completion of MXDs.

It is important to understand that out of the 42 total responses concerning mixed use project implementation, 64% involved project initiation from the public sector or a combination of public/ private efforts. The public sector selected the developer in 89% of the responses which involved a public or public/private initiation. The remaining 11% of the responses involved private sector initiation only. A breakdown of frequency of responses was created. These responses included competitive bidding, requests for qualifications (RFQ), requests for proposals (RFP), a two-stage RFQ-RFP process, and other.

Table V lists the frequency of responses for developer selection. The most frequently cited developer selection process was an RFP developer selection method. Responses cited in the "other" category heading included: approval of a tax abatement and eminent domain plan, direct negotiations with the developer for an urban renewal project, an architect/developer competition, an RFQ and RFP process which was not done as a two stage process, and a sequential combination of competitive bidding and an RFP process.

After the public developer selection method was ascertained, it was important to understand the public organizational entity which organized and directed the project. Some 64% of the project responses were initiated by the public sector or a combination of the public sector and private sector. In the former case, the public was actively involved in the development process, in the latter case, the public sector could have been actively involved in the development process. The results tabulated in Table VI illustrate the total response frequency breakdown for those projects which involved public sector initiation and projects which involved a public/private combination whereby a public sector organization was indicated within the survey response as having a significant responsibility in initiating the development. In general, the most frequently used public organizational entities were housing and redevelopment

TABLE V

DEVELOPER SELECTION METHOD

Selection Method	Frequency of Responses
Requests for Proposals (RFP)	42%
Other	21%
Two Stage RFQ and RFP	21%
Competitive Bidding	13%
Requests for Qualifications (RFQ)	4%

TABLE VI

PUBLIC ORGANIZATIONAL ENTITY WHICH INITIATED THE MXD

Public Entity	Frequency of Responses
Other	33%
In-house community development organization	29%
In-house planning organization	29%
Separate public real estate development corp.	4%
Outside Consultants	4%

Note: Based on 24 actual responses out of 27 possible public and combination responses authorities and urban renewal commissions which fell under the "other" category in Table VI. The second most frequently used public entities included both in-house planning organizations and in-house community development organizations which comprised approximately 29% of those surveyed.

Questions 6 and 7--Did the site have to be rezoned to permit the project? If the site did have to be rezoned to permit the project, what zoning classification was established to allow the mixed use project to proceed?

Question 8--If the project did not require rezoning, what <u>zoning mechanism</u> was used to allow or facilitate the initiation of the project?

Out of the 42 mixed use projects which responded, 45% of the projects required rezoning, and 55% did not require rezoning. This question should be further clarified before questions 7 and 8 are discussed. Mixed use developments usually require a substantial amount of acreage, which means that a large number of parcels with different zoning classifications may have to be purchased by the mixed use developer before project initiation. This could mean that a number of rezonings would have to occur before project completion. On the other hand, the project may have been built on one large tract of land which required only one rezoning before the project could proceed. Hence, one project could require many, one, or no rezoning(s). Figure V provides the names and brief descriptions of the common zoning classifications which were established after rezonings of mixed use projects were

Zoning Classification

Urban Redevelopment District (URD)
Central Business District 2 (CBD-2)
Planned unit development
General Commercial (C-3)- - No floor area ratio or density limit
Commercial/Office mixed use (C/O-MU)-- required special permit approval: up to 130 du's/acre, 4.0 floor area ratio, unlimited height limit
Planned Community (PC)-- (required various zoning classifications to be established within the site, ranging from low and medium density residential to commercial)
Central City North, South (CCN,CCS)-- CCS had a floor area ratio of 2.5, with a height limit of 300 feet; CCN had a floor area ratio of 2.5 and a height limit of 200 feet.
Business park
Planned Development
Business 4(Neighborhood Business) and RO1(Residential Office) and Planned Area Development Overlay
P-1 Professional Office, B-3 Highway service business, and B-6P Planned shopping center
General Commercial base zoning with Multi-story suffix overlayed.
Specific Plan allows 7 to 44 dus/acre
PUD --negotiable densities
Business "C" Zoning District
Planned Area Development (PAD)--35ac/653 units MF residential, 6 acres office, 11.5 acres commercial
Special District-1, Central Island District

Figure V: Zoning Classifications Used to Facilitate MXDs in Survey Respondent Cities

accomplished to facilitate the development process. While the zone names varied from one community to the next, the most common descriptions of established zones included planned area developments, central business districts, and commercial/office zones.

Some 45% of the projects required rezonings. However, answers to this question could come from projects which contained two or more parcels of land with different zoning classifications; one of the parcels may have had to be rezoned, while the other may not have. Consequently, this type of survey respondent would have answered "Yes" to the inquiry: Did the site have to be rezoned to permit the project? Therefore, frequency of responses will be calculated by dividing the number of responses in each individual subcategory by the total number of responses for each category. The most frequent zoning mechanism used by the public sector to facilitate these MXDs were uses by right in a zoning ordinance which permitted a mix of uses. Out of the project sites which did not require rezoning, 66% of the land uses within the project land use combinations were permitted by right, and 34% were permitted on review.

Out of the land use combinations permitted by right, 57% were allowed in some type of mixed use zoning ordinance, 14% were allowed in a planned unit development, and 29% were allowed by another zoning mechanism (including CBD-2, urban renewal plan, and unspecified 2).

Out of the 34% of land uses permitted on review, 36% were allowed by a some type of mixed use zoning ordinance, 27% were allowed in a planned unit development, 9% were allowed in a special purpose district, and 27% were allowed by some other zoning mechanism (including CBD-2 zoning, conditional use permit required for properties designated multi-story suffix (HUN,CA), planned review use--Community Business mixed use).

According to the survey findings, out of the total land use combinations permitted by right or review, 48% were allowed by some type of mixed use zoning ordinance, 19% were allowed by a planned unit development, 3% were allowed by a special purpose district, and 29% were allowed by another zoning mechanism (Including unspecified, planned review use-community business mixed use). Hence, some type of mixed use zoning techniques was the most frequently used mechanism in facilitating the mixed use projects in the survey.

Question 9--What were the community's goals in initiating or cooperating in the development of the project?

All of the individual survey questionnaire categories were used by at least one of the mixed use projects. In general, the most frequently cited MXD community goals in initiating or cooperating in the projects were:

1. Increase the local tax base.
2. Improve the aesthetical quality of the area.
3. Create new jobs.
4. Effectively treat blight and decay.
5. Foster more pedestrian activity.
6. Create new housing opportunities.

Responses in the "other" category included: integrate project as part of the downtown revitalization strategy; create better parking opportunities; ensure that a hotel is developed adjacent to the convention center; enhance the attractiveness of the civic center; create a new project within a tax increment financing district, facilitate appropriate land use development; expand the vitality of the Central Business District; consolidate properties; generate redevelopment interest in the area; provide a mixture of for sale and rental housing opportunities; complement adjacent renovated area; provide a convention center that supports community's tourism industry at no cost to the city; stimulate reinvestment and renewal of a neighborhood in an incipient stage of decline; and integrate downtown with a residential area.
Table VII illustrates the frequency of responses for MXD community goals.

Question 10--What site criteria were used to designate the site as an appropriate area for mixed use development?

All of the individual survey categories listed in the

TABLE VII

COMMUNITY GOALS FOR MIXED USE PROJECTS

Community Goals	Frequency of Responses
Increase the local tax base	79%
Improve the aesthetical quality of area	76%
Expand community's retail and commercial base	71%
Create new jobs	60%
Effectively treat blight and decay	50%
Create new housing opportunities	45%
Foster more pedestrian activity	45%
Other	33%
Integrate public uses	17%
Improve ridership on mass transit	14%
Participate in the project's profits	10%

questionnaire were used by at least one mixed use project. The responses to this question include public, private, and public/private responses. The public sector could designate the site as an optimal area for MXDs according to public sector goals. The private sector could determine the area ripe for MXDs according to market and financial criteria.

Table VIII displays a frequency response breakdown of important mixed use development site criteria. The most important MXD site criteria indicated by response frequency was: proximity to adjacent activity centers; redevelopment area targeted by the public sector; and accessibility and visibility to major highways and roads. Responses in the "other" category consisted of: the State of Florida donated public building to the city; site was historically significant; the site was contiguous to a local railroad station; and the site contained an existing, historically significant vacant terminal station.

Questions 11 and 12--What zoning incentives, if any, did the public sector offer to encourage the mixed use project? Which of these incentives were actually used by the developer?

Questions 13 and 14--What other public incentives, if any, were offered to the developer(s) to encourage the successful completion of the project?

Some 86% of all the mixed use projects offered some kind of incentive, either zoning, economic, or both. Approximately

TABLE VIII

IMPORTANT MXD SITE CRITERIA

Site Criteria	Frequency of Responses
Proximity to adjacent activity centers	71%
Redevelopment area targeted by public sector	57%
Accessibility and Visibility to major highways and roads	50%
Ownership patterns (availability, assembly requirements)	36%
The size, shape, and topography of the site	31%
Other	14%

33% offered both zoning and economic incentives. Only 12% of the mixed use projects offered zoning incentives only, and 40% of the projects offered only economic incentives. Some 45% of all the projects offered zoning incentives, and 95% of the zoning incentives offered were actually used by the developers. Table IX displays the frequency of responses for zoning incentives used by the developers.

Economic incentives were offered in 73% of the projects, and 96% of the publicly offered economic incentives were used by mixed use developers. Table X displays the frequency response percentage breakdown of economic and non-zoning incentives used by the mixed use developers. In general, the most frequently used economic incentives were: land assembly through eminent domain; provision of infrastructure, including roads, sewers, water, and electricity; and land writedowns. The "other" category consisted of the following responses: relocation of a historic structure; favorable financing of a parking facility--$20.3 million from certificates of participation; tax abatement; ten year tax abatement; annual operating assistance; government provision of skybridges; land lease as opposed to purchase; deference of permit fees; mortgage assistance; extensive street landscaping; equity investment through consortium of local corporations; and assisted in vacating a block long street row to be used as enclosed plaza linking new development and an adjoining

TABLE IX

ZONING INCENTIVES USED BY MIXED USE DEVELOPERS

Zoning Incentive	Frequency of Responses
Greater Floor Area Ratios	100%
Other	100%
Greater Height Allowances	90%
Greater Mix of Land Uses	88%

Note: 95% of offered incentives were used

TABLE X

PUBLIC INCENTIVES USED BY MIXED USE DEVELOPERS

Public Incentive	Frequency of Responses
Land Assembly/eminent domain	65%
Provision of Infrastructure	58%
roads	55%
sewer	52%
water	45%
electric	42%
Land Writedown	55%
Provision of Project Components	52%
Parking Garage	39%
Convention Center	3%
Public arena	3%
Government Office Building	0%
Public recreational area	3%
Other project components	10%
Other	45%
Favorable Financing	42%
UDAG	19%
CBDG	13%
Other Federal Grants	13%
State Grants	10%
Tax Exempt Revenue Bonds	7%
General Obligation Bonds	7%
Mortgage Revenue Bonds	3%
Industrial Revenue Bonds	3%
General City Funds	7%
Business Support	10%
Foundation Grants	7%
Favorable lenders	3%
Tax Increment Financing	26%
Tax Exempt Bonds	16%

Note: 96% offered incentives were used

anchor retailer.

The "other project components" category consisted of: overhead pedestrian ways; a transportation terminal; and government provision of skybridges. The "other federal grants" category included: Economic Development Administration funding; Urban Mass Transportation funding; and unspecified funding. Of the favorable financing incentives, the most popular were Urban Development Action Grants (19%), Community Development Block Grants (13%), and other federal grants (13%). The most popular infrastructure incentives were provisions for roads (55%) and sewer (52%). Finally, the most popular project component incentive was the provision of parking garages (39%).

Question 15--Which of the public incentives offered and used by the developer(s), including zoning incentives, do you consider to be the most important in the successful completion of the project?

Some 62% of the survey respondents answered this question. The most frequently cited public incentive was land assembly and acquisition through eminent domain. The second most frequently cited incentive was in the "other" category, and included: tax abatements; mortgage financing assistance; quality office provisions; and the vacation of a block long street row to be used as an enclosed plaza linking new developments to the adjoining retail anchor. The third most popular incentive was the provision of infrastructure.

Question 16--What are some things in your community which should be added, changed, or eliminated within the development review implementation process to encourage and facilitate MXD projects?

There was a great amount of variety to the responses of this question. The survey comments have been paraphrased when appropriate or necessary. These comments are specified as comments from respondents who did and did not specify needed changes. Responses which seemed to be communicating the same basic messages as other responses were not recorded.

Comments from Projects Specifying No Needed Changes

> It appears that a process which allows developers some discretion and flexibility over time results in projects that exceed the minimum requirements and reflect market demand. Chandler's PAD process and zoning district permits flexibility within certain limits, while encouraging creative/innovative design. (Chandler, AZ)

> The Concept of mixed use developments is fairly well accepted by public officials. City Council directed preparation of a specific plan for the north portion of the community to further refine and encourage mixed use development to the area. (Costa Mesa, CA)

> Change is not necessary, MXDs are encouraged in our downtown zoning, and the market determines viability. (Pittsburgh, PA)

> Nothing--Our process encourages and supports mixed use developments in appropriate zoning districts. (Hartford, CT)

> We have completely rewritten our zoning code including new mixed use zones. (Alexandria, VA)

Comments from Projects Specifying Needed Changes

> There are two things that would facilitate mxd projects. One would be to revise the land use

regulations to allow for more mixed use in other zones which allow mixed use by special review. The other would be to make the review process easier to approve mixed use projects. (Boulder, CO)

Acceleration of the review process is needed. (Tampa, FL)

A comprehensive zoning standard which allows mixed use development. Currently, the zoning code in Anaheim does not allow mixed use residential projects. The zoning code does not allow sufficient flexibility to design and build mixed use in in-fill areas in the downtown urban area. People have also not accepted mixed use as viable given the "love affair" with the automobile. (Anaheim, CA)

Although not an impediment in this case, new urban design and zoning regulations downtown are being implemented currently. Downtown zoning is currently very wide open. All major commercial and residential uses are permitted by right. (Louisville, KY)

This project will enable the city to provide/facilitate a facility which is necessary to support the Waikiki plant, and tourism in general, while at the same time not requiring that the City assume ongoing financial responsibility for the facility. Convention centers typically operate at a loss. . . .Mixed use developments are permitted by right in our city through mixed use zoning, including: 3 apartment mixed use districts, 2 business mixed use districts, and an industrial mixed use district. Joint development projects are permitted in most zoning districts as conditional uses. We have considered design review processes for the BMX-3 District, though, we do not currently employ one. Most of our urban core is currently zoned for some type of mixed usage. (Honolulu, HI)

Mixed use development is permitted subject to special conditions in our Office service and Business-3 districts. Since we want to encourage them, we are considering making them uses permitted by right. We have some interest in more mixed use neighborhood business areas, but have no proposals under active consideration now. (City of St. Paul)

Mixed use development is encouraged and allowed in our codes; however, financing is difficult to obtain through commercial lending institutions. (Glendale, CA)

The development review process should be streamlined. (Newark, NJ)

A taxpayer revolt threatened tax increment financing by requiring that the urban renewal project process budget be absorbed in the general city budget. (Portland, OR)

Providing assistance and/or encouraging developers to be more sensitive to quality and cultural interests would be helpful. (Oklahoma City, OK)

Some elements of the East Cambridge model should be extended to other areas of the city. (Cambridge, MA)

When residential is part of the project, city/other financing assistance programs should be developed. City has low/moderate income residential assistance programs, but needs additional assistance for market rate housing. (Raleigh, NC)

Parking requirements are too high for central city mixed use developments, and the density allowed within the commercial zoning districts (14.5 du/acre) is too low to encourage a mix where it is possible under one zoning district. (Phoenix, AZ)

Increased use of performance standards, density bonuses, and state/federal financing is needed within the development review process to encourage mixed use developments. (Worcester, MA)

Clear identification of historic buildings/districts that will facilitate development opportunities is needed. Also, historic buildings (architecturally significant) that will accommodate mixed use development could benefit by various tax incentives (e.g. local property tax abatement). (Baltimore, MD)

We believe that the land use and zoning changes made in Ballston and in the other Metro Station Areas have created sufficient incentives for mixed-use development projects there. There has been an increasing emphasis since the approval of this project in 1986 on moderating some of the impacts of high density development through traffic mitigation programs, more uniform setbacks, better landscaping, providing relocation assistance to residential and commercial tenants displaced by the project, etc. These are not incentives but represent the community response to increasing redevelopment. (Arlington, VA)

Specific zoning regulations to permit and encourage mixed use development are needed. (Pasadena, CA)

When located in a redevelopment project area, do not put a cap on escalated property value. Require approval of subsequent buyer/developer. Add provisions to ensure Redevelopment Agency is reimbursed per agreement if project changes owners who file for bankruptcy and leave the city unable to realize the financial paybacks and obtain the property per agreement. Mixed use developments should not be granted much leeway in parking requirements. More attention should be focused on increased landscaping of setbacks and location of parking areas where there will be a substantial amount of users. (Huntington Beach, CA)

Question 17--Please enclose a copy of the particular pages of the zoning ordinance and pages from any other pertinent ordinances/documents which pertain to the mixed use project you selected.

As was expected, there were many different types of zoning ordinances which allowed/permitted/encouraged mixed use developments. In order to make meaningful conclusions concerning the zoning ordinances which characterized the mixed use projects in the respondent cities, four zoning classifications were created by the author to communicate the degree to which a particular zoning ordinance simultaneously encouraged and permitted potential mixed use developments (according to the ULI definition) within a community. These zoning classifications were created after consulting various types of zoning ordinances which allow for a mixture of land uses within the literature review in chapter two.

The potential "effectiveness" of these zoning classifications in simultaneously regulating and encouraging MXDs is only based on general research of the literature review and resulting logical judgments; it is not based on any other research method, and does not imply that the "ideal" mixed use zones have attracted or will attract more MXDs than "less ideal" mixed use zones such as hierarchial zones. These four zoning classifications include: ideal mixed use zoning, special purpose district, hierarchial zoning, and other. These zoning classifications and the degree to which they regulate and encourage MXDs are discussed in the following paragraphs.

Ideal mixed use zones were the most optimal types of zoning classifications within the survey respondent zoning ordinances for both encouraging and regulating MXDs. These ideal zones included the following provisions: A variety of land uses (3 or more) are specifically encouraged under the goals, objectives, or intent sections of the ordinance; the ordinance permits a great variety of uses (3 or more); zoning incentives such as greater floor area ratios or height allowances are specifically stated and granted according to the specific public amenities which must be provided before approval of the incentive(s); and at least one of the following elements: required pedestrian integration of project components are stated under the goals, objectives, or intent section of the ordinance; or the project is required to be developed according to a coherent plan, (which specifies unified development and densities and setback requirements for various uses) as stated or implied by the particular ordinance. The key classification criteria of two ideal mixed use zoning ordinances from the surveys are presented in Appendix H and Appendix I.

The Special Purpose District classification is judged to be the second most effective mixed use zoning category, as it usually states and permits a variety of uses while granting greater building densities in return for the fulfillment of public objectives. However, there was only one special purpose district in the survey responses, and it did not specifically mention any provision of zoning incentives for the furtherance of public objectives. Therefore, this classification is insignificant in relation to the remaining zoning ordinances, and falls within the "average" zoning classifications for regulating and encouraging MXDs.

The "other" category was considered to be a unique yet "average" zoning classification for simultaneously regulating and encouraging mixed use developments. This category's criteria were that the zoning ordinance contain both a stated mixed use intent and the allowance of a variety of land uses (3 or more). As long as these two criteria were met, then any zoning ordinances that did not meet the criteria of the "ideal" mixed use zoning category would be included in this classification. Many Central Business District zoning ordinances were included in this category, as they stated a mixed use intent and allowed for a variety of uses, and sometimes mentioned that incentives could be considered, but did not emphasize the physical integration or coherency requirement, or the specifically stated public incentive requirement.

The hierarchial category was considered to be the least desirable zoning classification for effectively regulating and encouraging MXDs. The hierarchial category consisted of single use zones which permitted less intensive uses as a matter of right. The only criteria for this classification were that the zone permit three or more land uses. Any zone which did not have a stated mixed use intent and did not fall under any of the other zoning classifications was included in this category. An example of a hierarchial zone is an industrial zone which allows commercial and residential uses by right (less intensive uses). An example of a hierarchial zoning ordinance from the survey responses is presented in the Appendix J.

Out of the 23 zoning ordinances sent by survey respondent cities, a statistical breakdown according to the four created zoning classifications was calculated. These results are shown below according to the perceived effectiveness of each zoning classification to simultaneously regulate and promote MXDs.

Ideal Mixed Use Zoning: (Most optimal)	60% of responses
Other (average):	22% of responses
Hierarchial (least desirable):	13% of responses
Special Purpose District: (average)	4% of responses

Thus, a clear majority (60%) of the zoning ordinances fell within the most effective mixed use zoning category, the second highest frequency of zoning ordinance classifications fell with the average category (26% [22%+4%]), and the fewest fell within the least desirable category (13%).

CHAPTER VI

RECOMMENDATIONS FOR KNOXVILLE/KNOX COUNTY

Introduction

This chapter seeks to identify appropriate strategies and recommendations for the efficient implementation of MXDs in Knoxville/Knox County. The recommendations in this chapter should be viewed solely as a general mixed use implementation guide, not as definite solutions to implementing all mixed use developments within the community. Ultimately, appropriate incentives should be determined on a project by project basis.

The recommendations for this chapter are derived from the survey, case study, and literature review findings, and the author's real estate knowledge through his graduate real estate coursework. Public incentives currently available for the encouragement of MXDs in Knoxville/Knox County will be discussed first. The remaining section will describe the most useful public incentives and implementation strategies for encouragement of MXDs in population areas which are similar in size to Knoxville/Knox County.

Public Incentives Available within Knoxville/Knox County

All of the financial incentives mentioned in the survey questionnaire could be made available directly or through a combination of the efforts of the departments of economic development and the quasi-public development corporations on a project by project basis if necessary. All of the zoning incentives mentioned in the survey could be made available by the Metropolitan Planning Commission through the present site plan review process of the RP-1 and PR zoning districts in Knoxville and Knox County. These two zones presently have the greatest potential for encouraging and permitting MXDs in Knoxville and Knox County according to the ULI definition. It should be noted that "the most appropriate role for the public sector will depend on the objectives to be served by the mixed use development, the time and money at the community's command, costs and benefits of alternative actions, and the potential for development at the site" (Schwanke, p. 127).

There are four major obstacles which may prevent public officials from promoting mixed use developments within Knoxville and Knox County. First, some public planning officials believe that there is not enough commercial development permitted by right in the existing zoning districts (RP-1, PR zones) which offer the greatest potential to regulate and encourage MXDs according to the ULI definition. Secondly, there is a negative public perception of MXDs within Knoxville and Knox County, based a common pervading theme that any non-residential development adjacent to residential development is threatening. The PR and RP zones have been manipulated in the past by developers constructing the commercial development first and never completing the remaining residential development required. This past history is why these zones now require the residential units to be constructed first. However, the previous manipulation has caused residents to distrust the regulation of these zones by the Metropolitan Planning Commission, and to be suspicious of any adjacent non-residential development. Thirdly, many of the large tracts of land in suburban Knox County are owned by families who have lived on the land or owned it for many generations, and refuse to sell it. Finally, lenders within the region will most likely not lend money for such diverse and large scale projects as MXDs unless they are thoroughly familiar with the reputation of the developer(s). Therefore, before public incentives can be effectively targeted to promote MXDs within the Knox County region, these four obstacles will have to be effectively addressed.

Useful Public Incentives and Public Roles

The ultimate incentives provided will depend on each mixed use project's circumstances in terms of scale, public benefits, private developer(s) needs, and the availability of public incentives. However, public officials should strongly consider offering the following public incentives to mixed use developers: land assembly through eminent domain; provision of sewer, water, electricity, and roads; land writedowns; and provision of project components, especially parking garages when appropriate. All of the zoning incentives mentioned in the survey should be offered when necessary through the development review process of existing and new mixed use zones. Particular attention should be placed on the option of offering flexible floor area ratios and flexible parking allowances in exchange for the fulfillment of various public objectives.

Public facilities should be located in a manner which places priority on the development of mixed use projects. This could be achieved by structuring public infrastructure programs which give priority to mixed use developments (Schwanke, p.135). Public housing could be a part of this mixed use development scheme, and should result in a substantial density bonus or other needed incentive to the developer involved. Urban Mass Transit Administration grants and other federal and state transportation grants should be applied for on behalf of the developer when mixed use projects are being developed in proximity to transit facilities. This possibility should be emphasized to the mixed use developer by the Metropolitan Planning Commission staff early in the pre-development meetings, so that cost/benefit studies of the transit facility can be conducted by the developer early in the development process. Government officials should revise Tennessee and federal tax policies to encourage residential project components in MXDS. This might include allowing the entire MXD to be depreciated as if it were entirely a residential project, provided that a certain amount of housing were provided (Schwanke, p. 135).

Local lenders will most likely not loan money for mixed use developments unless the public sector is guaranteeing the loan or the developer has a substantial amount of equity to invest in the project. If the first few MXDs are successfully completed and the permanent and construction loans are paid in full, then lenders should become more enthusiastic about providing funds for successive mixed use projects. The first mixed use project should be initiated by the public sector or a public/private partnership whereby the public sector co-signs the loan. This will better ensure that payments to local lenders are made, and that public goals will be sustained. The first successful MXD should act as a catalyst for future private sector MXDs in the area.

Citizens in Knoxville and Knox County should be educated about the benefits of MXDs through neighborhood meetings held by planners and relevant public decision-makers before a mixed use implementation program is considered. Planners should solicit problems and concerns of the neighborhood residents and conceptualize methods by which mixed use zones and mixed use projects could eliminate them. Citizens should also be allowed to meet with the developer during the design stage and discuss their problems and concerns so that the mixed use developer can address these issues early in the development process and avoid unnecessary delays later.

If Knoxville/Knox County initiates a mixed use project and land assembly is used as an incentive to the developer, eminent domain should only be considered as a last resort. Public officials could allow the seller continued ownership of the property and receipt of a percentage of the rent revenue from the tenants of the project through a land lease scheme, with the city/county acting as a guarantor of the lease payments and rent revenue payments. Another option might include the public sector paying for the seller's taxes on the large capital gains incurred upon sale of the property. However, if all negotiations fail, and the public sector believes that MXDs are in the best interest of the community, then eminent domain should be used.

The Knox County and Knoxville Development Corporations should be strongly considered as primary facilitators of mixed use projects when Knoxville/Knox County initiates a mixed use development. However, the development corporations will still need to work in conjunction with the Departments of Economic and Community Development and the County Executive's and Mayor's offices, especially when city or county funds are at stake. In cases which require city or county funds, the Knoxville City Council and the Knox County Commission would ultimately have to approve the mixed use project. The Knox County Development Corporation should be granted the power of eminent domain to better facilitate mixed use projects, and the city and county development corporations or a newly created quasi-public corporation should have as a primary, secondary, or tertiary mission the integration of business and industry with recreational and residential land uses.

When Knoxville or Knox County is responsible for selecting the developers for a mixed use project, a requests for proposals (RFP) or a two stage requests for proposals (RFP) and requests for qualification (RFQ) process should be used. The retail/office/hotel land use combination should be pursued as a first consideration when Knoxville or Knox County is initiating a mixed use project, based upon the high frequency of responses from the survey respondents. This option should be considered only when the demand for each individual land use is significant, and could successfully operate as a stand alone use. Qualitative insights for Knoxville/Knox County decision makers concerning initiation of, participation in, or regulation of MXDs are provided in the survey findings under "Comments from Projects Specifying Needed Changes".

If public officials initiate or participate in a downtown rehabilitation mixed use project, a developer with a strong vision, commitment, and reputation should be selected as a first priority. Business owners within the Central Business District should be assembled to garner strong support for the project. Various sources of federal assistance should be requested to leverage private sector funding, and a tax abatement and historic tax credits should be considered. However, the most important element to ensure project completion is the selection of a dedicated developer who has a large capital reserve to sustain critical periods of the project when cost overruns occur.

The following public goals should be stated in mixed use zoning ordinances and in public meetings when the city and/or county is initiating a mixed use project: improve the aesthetic quality of the area; increase the local tax base; expand the community's retail or commercial base; create new jobs; foster more pedestrian activity; and create new housing opportunities. Some of these goals may be more applicable than others according to the unique circumstances of the mixed use projects initiated by the public sector, and the city or county's public goals at any given time.

Site criteria for mixed use zones and government initiated mixed use projects should include the following: proximity to adjacent activity centers; redevelopment areas in need of revitalization; accessibility and visibility to major highways and roads; the size, shape, and topography of the site; the ease of land assembly reflecting ownership patterns; and historically significant structures. Based on interviews with Knoxville/Knox County officials, the most important site criteria for mixed use projects in the local area are ease of land assembly reflecting ownership patterns and redevelopment areas in need of revitalization.

An effective mixed use zoning ordinance will allow sufficient flexibility to promote MXDs while providing proper protection of the public health, safety, and welfare. Public officials could regulate or encourage mixed use developments through various zoning mechanisms. The proper balance between regulation and encouragement is an ongoing dilemma, and creating or amending a zoning ordinance which satisfies both mixed use developers and the community at large is a tough proposition. Public officials should ensure that local citizens have ample opportunity to express their concerns about mixed use projects in their neighborhood. The developer and government officials might consider having the developer conceptually design his mixed use project with local citizens before official public meetings are held; this will build more support for the MXD and could have a strong impact in changing the generally negative public perceptions of MXDs in areas adjacent to residential areas in the Knoxville/Knox County area.

Two examples of "ideal" mixed use zoning ordinances (as interpreted by the author) from the ordinances of survey respondent cities have been provided in Appendix H and I. The criteria used to determine "ideal" mixed use zoning mechanisms is described in detail in Chapter V in the survey findings. None of the "ideal" zoning ordinances and very few of the other survey ordinances contained a provision for ensuring the proper development phasing of a mixed use project development plan. The phasing regulations from such survey respondents are listed below.

> **Industrial MXDs:** 25% of the industrial uses must be constructed as part of the initial phase. For projects over 500,000 gross feet, 15% of the industrial uses must be constructed as part of the initial phase, or 50,000 square feet, whichever is greater (Huntington Beach Zoning Ordinance, Section 9510.14).
>
> **Failure to Begin:** If no construction has begun or no use has been established in the planned development within 6 months from Council approval, the zoning permit shall become null and void. If the zoning permit becomes null and void, the zoning regulations before the zoning permit was issued shall be revised and in effect (Hartford Zoning Code, Section 35-10).
>
> **Failure to Complete:** If any planned development, or portion thereof, is not completed within 3 years from the issuance of the zoning permit, the zoning permit for the incomplete portion shall become null and void (Hartford Zoning Code, Section 35-10).
>
> **Phased Planned Developments:** If the sequence of construction of various portions of the development plan is to occur in stages, then the open space and/or recreational facilities shall be developed in proportion to the number of dwelling units intended to be developed during any given stage of construction. Furthermore, at no time during the construction of the project shall the number of constructed dwelling units per acre of developed land exceed the overall density per acre

established by the approved development plan (Costa Mesa Zoning Ordinance, Sections 13-15 through 13-18).

Only one zoning ordinance from the survey responses strongly emphasized the transportation component of mixed use developments. The relevant section from this zoning ordinance is quoted below:

> Prior to issuance of any building permit, the applicant shall submit a transportation systems management plan which contains the following minimum requirements:
>
> 1. promote ridesharing among project employees, including preferential parking for ride-sharing vehicles;
>
> 2. encourage the use of mass transit by employees and shoppers;
>
> 3. provide bicycle racks to encourage employees and shoppers to ride bicycles to the center; and
>
> 4. encourage employment of people from the nearby residential neighborhoods.
>
> All reasonable efforts should be made to:
>
> 1. Reduce the consumption of natural gas and electricity; and
>
> 2. Use energy-conserving design and construction materials (Pasadena, CA, 720-244). [Emphasis added by author]

Due to past negative experiences associated with the PR and RP zones in Knoxville and Knox County, these zones should be left unchanged to avoid any further public distrust of the Metropolitan Planning Commission. A new mixed use zone should be created which contains the elements of the ideal mixed use zoning ordinances in the Appendices. The current performance standards for Knoxville and Knox County primarily regulate industrial and heavy commercial land uses. Planning officials should experiment with performance standards which apply to all land uses within the new mixed use zone to alleviate land use conflicts (Schwanke, p. 134). These performance standards should ensure that compatible uses are developed within the MXD itself and between the MXD and adjacent properties. If compatible uses are developed initially, then public opinion could eventually be changed toward a more positive disposition toward MXDs.

In addition to performance standards, the new mixed use zone should allow and encourage three or more significant uses, require a coherent plan with an emphasis on pedestrian integration, and contain specific incentives for specific public amenities. The new mixed use zone should contain phasing provisions similar to those previously listed in this chapter, and should be designated where the current MU areas are located on the one year plan. The ideal mixed use zones in the Appendices should be consulted before a new mixed use zone is created in Knoxville or Knox County.

A transportation management plan similar to the one described in the previous paragraphs should be also be required for any new mixed use zoning ordinances adopted by the Metropolitan

Planning Commission, with an additional requirement that the provision of sidewalks connecting project components be encouraged.

In areas designated as MU in Knoxville, the one year plan recommends that either the O-1, RP-1 at six to twelve dwelling units per acre, or a combination of the two zoning districts would be in compliance (MPC, One Year Plan, p. 14). These zones should be replaced by a new mixed use zone which more clearly describes the provisions and incentives for potential MXDs.

Knox County does not have any mixed use areas designated in its five year plan. Therefore, mixed use (MU) areas could be designated in Knox County's five year plan by a similar method which Knoxville has used to designate MU areas in its one year plan. If an MU designation is created for Knox County, then a new mixed use zone should be used to describe the provisions and incentives for potential MXDs.

The recommendations mentioned thus far may encourage the completion of MXDs in Knoxville/Knox County, but are not guaranteed to sustain these projects after construction. The long term success of a mixed use project is important to ensure that community goals and the public health, safety, and welfare are maintained. While the sustainability of any real estate project is affected by the national, regional, and local economy, there are actions which can be taken to reduce the risk of project bankruptcy. Such actions include the supervision of experienced management, the recruitment of credible retail tenants, the provision of pedestrian linkages from adjacent developments into the MXD, and the coordination of advertising campaigns with surrounding real estate projects.

This thesis has explored the public incentives and implementation issues of mixed use developments for Knoxville and Knox County public officials, and for public authorities in urban areas similar in population size to Knoxville and Knox County. It should serve only as a general implementation guide, with the idea that the structuring of public incentives will be conducted ultimately on a project by project basis, according to the needs of the developer(s) and the community at the time the MXD is contemplated. There has been no attempt to judge the feasibility of MXDs in Knoxville and Knox County. Other important research topics might include feasibility studies of MXDs in certain communities, successful marketing techniques of developers involved in mixed use projects, detailed case studies of the success or failure of mixed use projects in certain geographical areas and reasons for their predicament, and the importance of public incentives from a private sector viewpoint.

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_____Hartford Zoning Ordinance. Circa 1991. City of Hartford, Connecticut.

_____Honolulu Zoning Ordinance. Circa 1991. City of Honolulu, Hawaii.

_____Hunington Beach Zoning Ordinance. Circa 1991. City of Hunington Beach, California.

_____Pasadena Zoning Ordinance. Circa 1991. City of Pasadena, California.

APPENDICES

APPENDIX A

SAMPLE COMMUNITIES

Sample size selected from the sampling frame listed in the <u>Mixed Use Development Handbook</u> of 52 urban areas with population ranges from -50% of Knoxville's population (82,560) to +50% of Knox County's population (247,682)

Miami
Gainesville
Atlanta
Tampa
Pittsburgh
Honolulu
St. Louis
Kansas City
Indianapolis
Portland
Hartford
Stamford
New Orleans
Des Moines
Newark
Jersey City
Springfield
Boston
Cambridge
Worcester
Cincinatti
Louisville
Lexington
Phoenix
Chandler
Tempe
Raleigh
Charlotte
Winston Salem
Arlington
Alexandria
Baltimore
Minneapolis
St. Paul
Bloomington
Anchorage
Austin
Anaheim
Hunington Beach
Oakland
Southgate
West Covina
Glendale
Costa Mesa
Pasadena
Dearborn
Syracuse
Oklahoma City
Tulsa
Denver
Boulder
Green Bay

APPENDIX B

SURVEY QUESTIONAIRRE AND COVER LETTER

LETTER TO DEVELOPERS

Dear Mr. ___________:

I am an "all but thesis" Master of Science in Planning candidate at the University of Tennessee. My thesis concerns public incentives which are useful in encouraging the implementation of **mixed use developments.** Your city was selected because the Urban Land Institute identified the project(s) listed at the top of the following questionnaire as a mixed use development(s) which was completed or scheduled to begin construction by 1986.

Mixed use developments are defined by the **Urban Land Institute** as being characterized by: 1) three or more significant revenue producing uses, 2) significant physical and functional integration, and 3) development in conformance with a coherent plan. You are asked to select one of the project(s) identified on the top of the questionnaire or to select a more recent mixed use project that you are more familiar with and answer the questions in relation to the project chosen. The enclosed questionnaire asks what mixed use zoning techniques were used for the project, which public incentives and implementation methods were used, and the relative importance of the public incentives.

I would like to have the questionnaire returned to me by Friday, May 29, 1992, in order to meet my thesis schedule. A self-addressed, postage paid envelope is included for your convenience. If you have any questions, I can be reached at (615)-690-3877.

I close with an appeal. If you have ever had to write a thesis or have sent out a survey and had a disappointing response (which seems to be the norm), then out of sympathy please fill the questionnaire out and send it back. Thank you in advance.

Sincerely,

John Reid

SURVEY QUESTIONNAIRE

The following project(s) were identified by the Urban Land Institute as mixed use project(s) according to the definition described in the cover letter. If there are other mixed use projects that have been constructed since the one(s) listed below, please list those projects under the "Others" heading. Then please select the project that you are <u>most familiar with</u> and answer the remaining questionnaire in relation to the project selected.

<u>You are encouraged to use the back blank pages to respond in more depth to any of the questions</u>.

ULI identified Mixed Use Projects in your city/area:

____

____

Others (please list) ____

____

______

Please identify which mixed use project you have chosen to discuss:____

____

1) Which of the following best describe the nature of the mixed use project? (Please check one.)

_____ New construction
_____ Rehabilitation/renovation
_____ Combination of new construction and rehabilitation

2) What land uses are contained in the project? (Please check all that apply.)

_____ Retail
_____ Recreational/Cultural
_____ Residential
_____ Office
_____ Hotel

_____ Other (Please Specify) __________________________

____

3) Who **primarily initiated** the project?

_____ Public sector
_____ Private sector
_____ Combination of public and private sector efforts

4) If the public sector selected the developers, how was it done?

_____ Competitive bidding
_____ Request for Qualifications process (RFQ)
_____ Request for Proposals process (RFP)
_____ A two stage RFQ and RFP process
_____ Other (Please specify) ____________________________

5) If the public sector was the primary initiator of the project, what type of entity organized and directed the project?

_____ In house planning organization
_____ In house community development organization
_____ Separate public real estate development corporation
_____ Outside consultants
_____ Other (Please specify) ____________________________

6) Did the site have to be rezoned to permit the project?

_____ Yes
_____ No (Go to question 8)

7) What zoning classification was established to allow the mixed use project to proceed? (Please specify the zone name and the uses and densities it allows) ____________

8) If the project did not require rezoning, what <u>zoning mechanism</u> was used to allow or facilitate the initiation of the project? (Please check all that apply.)

________ **Uses permitted by right in a standard zoning ordinance**
_____ Mixed use zoning
_____ Planned unit development
_____ Special purpose district
_____ Other (Please specify the name of the zone and what uses it allows.)____________________

________ **Uses permitted by discretionary review**

_____ Mixed Use Zoning
_____ Planned Unit Development
_____ Special purpose district
_____ Other (Please specify the name of the zone and what uses are permitted on review) ______________________________

____

9) What were the community's goals in initiating or cooperating in the development of the project? (Please check all that apply.)

_____ Increase the local tax base
_____ Improve the aesthetic quality of the area
_____ Foster more pedestrian activity
_____ Effectively treat blight and decay
_____ Improve ridership on mass transit
_____ Integrate public uses
_____ Create new jobs
_____ Expand the community's retail or commercial base
_____ Create new housing opportunities
_____ Participate in the project's profits
_____ Other (Please specify) ______________________

____

10) What site criteria were used to designate the site as an appropriate area for mixed use development? (Please check all that apply.)

_____ Proximity to adjacent activity centers
_____ Access and visibility to major highways and roads
_____ The size, shape, and topography of the site
_____ Ownership patterns (availability, assembly requirements)
_____ Redevelopment area targeted by public sector
_____ Other (Please specify) ______________________

____

11) What zoning incentives, if any, did the public sector offer to encourage the mixed use project?

_____ greater floor area ratios
_____ greater height allowance
_____ greater mix of land uses than normally allowed by zoning ordinance

_____ Other (Please specify) ______________________

____

12) Which of these incentives were actually used by the developer(s)?

____

____

____

13) What other public incentives, if any, were offered to the developer(s) to encourage the successful completion of the project?

_____ Land writedown
_____ Tax exempt bonds
_____ Tax increment financing
_____ Provision of infrastructure
    _____ roads
    _____ sewer
    _____ water
    _____ electric
_____ Land assembly and acquisition through eminent domain
_____ Favorable financing
    _____ Urban Development Action Grant
    _____ Community Development Block Grant
    _____ Other Federal grants **(Please specify on back page.)**
    _____ State grants **(Please clarify on back page.)**
    _____ Tax Exempt revenue bonds
    _____ General Obligation bonds
    _____ Mortgage revenue bonds
    _____ Industrial revenue bonds
    _____ General city funds
    _____ Business support
        _____ Foundation grants
        _____ Favorable financing from local lenders
_____ Provision of project components
        _____ Parking garage(s)
        _____ Convention center(s)
        _____ Public arena(s)
        _____ Public recreation area(s)
        _____ Government office building(s)
_____ Other (Please specify) ______________________

____

14) Which of the economic incentives described in question 13 were actually used by the developer(s)?

____

____

15) Which of the public incentives offered and used by the developer(s), including zoning incentives, do you consider to be the most important in the successful completion of the project? (**Please use blank pages to respond**. List according to general order of importance and briefly discuss.)

16) What are some things in your community which should be added, changed, or eliminated within the development review implementation process to encourage and facilitate MXD projects? (**Please use blank pages to respond**.)

17) Also, please enclose a copy of the **particular pages** of the zoning ordinance and pages from any other pertinent ordinances/documents which pertain to the mixed use project you selected in the self addressed stamped envelope along with this questionnaire? (Any additional information on mixed use projects immediately available to you would also be appreciated.)

APPENDIX C

IMPORTANT MIXED USE DEVELOPMENT QUESTIONS

Market Feasibility

1. What type of development is being proposed, what is its purpose, and how large is it?

2. What is the local and regional context for the site?

3. Does the developer own or have under option all the property described in his proposal?

4. What percent of the region's total residential growth is forecasted to be captured by the new community?

5. What is the range of family income that the proposed development is projected to capture?

6. Is the planned commercial space designed to serve the new development, or is it programmed to also penetrate a regional market?

7. Do the projected non-residential uses keep pace with the new residential development?

8. What types of industry are sought and how many acres are allocated to industrial use?

9. What type of commercial facilities serve the site and where are the employment centers which relate to the site?

10. What kind of economic benefits are forecast as a consequence of the project?

11. What is the overall phased strategy for marketing residential, commercial, and industrial land?

12. What is the range within which the project's economic variables can vary and still be an economically viable project?

13. What other types of development are likely to be encouraged to locate in the general areas as a result of the proposed development? (McBirney, pp. 19-21)

Environmental Factors

1. Have the ecology and the natural systems of the site been described and mapped, when necessary, with respect to:

Soil types/carrying capacity	Recharge areas
Geology	Climate
Slopes	Flood Plains
Vegetation	Wildlife
Drainage Patterns	Aquatic Life
Surface Water	Historical and
Aquifers	Archeological Sites?

2. Are the above natural and biological systems suitable for mixed-use development at varied densities?

3. Have the development opportunities and constraints for various land uses been clearly established?

4. Have woodlands, scenic vistas, wetlands, and shorelines been preserved and/or utilized to optimum advantage?

5. Have landscaping objectives and standards been established to cover the construction period and to maintain the area after the completion of the project?

6. What is the plan and program for the development and preservation of the open space system?

7. Who is responsible for maintaining the open space?

8. Is the open space guaranteed in perpetuity?

9. Does the open space map indicate relationships with residential areas and institutional facilities which make the system usable, and does the open space system have a functional walkway and/or movement system? (McBirney, pp. 23-26)

Planning Considerations

1. What is the overall design plan or theme of the development?

2. What is the relationship between the various land uses and their functional relationships?

3. Has an overall land use plan been provided as well as a detailed first phase site plan?

4. Does the residential plan include the location of housing by density and type as well as by its relationship to other land uses?

5. Do the development plans conflict with up to date area-wide comprehensive plans?

6. How will the development be phased?

7. Is the phasing of residential development and the time sequence of physical and social infrastructure logically coordinated?

8. Can the existing zoning regulations accommodate the proposed development program, or is it necessary to amend the zoning ordinance to include planned unit development?

9. Are density bonuses used to encourage planned unit developments and other desired local objectives?

10. Have design standards, development codes, and community wide graphics standards been established?

11. Have prototypical schematics of building types, illustrating architectural intent and character, been provided?

12. Have boundary jurisdictions and major government and planning agencies relevant to the new community been identified?

13. What guarantees are there that the various stages of the total development will be constructed as planned and approved?

14. In case the project defaults, is there assurance that the density, open space, and non-residential land uses in any one stage do not exceed the overall density by some preset amount? (McBirney, pp. 29-31)

Community Facilities and Services

1. Have provisions been made to reserve land for school facilities and other public institutions?

2. Will any community facilities or services be overburdened due to the population caused by the new development; if so, how will this increased demand

be managed?

3. What are the plans for public safety and fire protection?

4. Are such facilities as community centers, public squares, churches, libraries, theaters, stadiums, and museums or galleries included in the developer's plans?

Housing

1. Does the residential program show the housing planned for each year of development by type, tenure, price/rental range, and size?

2. Does the planned development ordinance or municipal housing plan require all mixed-use developments to include some percentage of low and moderate income housing?

3. How are the residential areas buffered from high traffic generation centers?

4. Have all reasonable home finance assistance programs been examined?

5. Is a strategy for developing a variety of housing proposed in the plan, so that a range of housing stock is provided to families as household size and circumstances change? (McBirney, p. 38)

Transportation

1. What is the plan for the development of the road system and how will it be financed?

2. Does the overall internal movement system encourage modes of travel other than the automobile?

3. Is separation of vehicular and pedestrian traffic maintained wherever possible?

4. What is the plan for the on-site walkway or pathway system; are bicycle rights-of-way planned?

6. Does the internal road system discourage through traffic?

7. Are adequate parking facilities provided throughout the site for all residential, commercial, and industrial uses, and are the facilities well

designed and ecologically supportive? (McBirney, pp. 41-43)

Government Administration

1. Does the local municipality have the organizational structure, data, and technical assistance to review the various components of the development proposal?

2. Are municipal responsibilities spread among individuals, committees, and boards in such a manner that it does not take an excessive amount of any one individual's or any one particular group's time?

3. Does the local municipality have a single land development body to oversee and coordinate all aspects of an applicant's development proposal?

4. What measures have been taken to assure that local decision-making planning/zoning boards include a cross section of citizens, and are not weighted with citizens connected with the land development industry?

5. Is the proposed project subject to A-95 review; if so,have clearinghouse agency comments been received?

6. Is the proposed development consistent with up-to-date area wide plans and programs?

7. How does the proposed project relate to the area's comprehensive plan; have differences been indicated?

8. How has the data submitted by the applicant been verified for accuracy and completeness?

9. Is the filing fee for a mixed-use development determined on the basis of size of the project, for example, dollars per residential unit, dollars per 1000 square feet of commercial/industrial space, and is this revenue applied to offset some of the costs incurred in evaluating the proposal?

10. What are the annual and overall operating and capital cost-revenue impacts of the project on the local municipal services budget and the school district budget?

11. How are the tax ratables generated by the new development spread among residential, commercial, and industrial uses: by year, phase, overall?

13. Is the sequence of the development phased so that uses and densities are reasonably consistent with the municipality's comprehensive plan through the entire development period?

14. Are standards included in the local development ordinance which indicate the land uses and densities permitted within a mixed-use development proposal?

15. Is there a monitoring system which periodically reports on the output standards derived from the project's goals and objectives? (McBirney, pp.54-56)

Entrepreneurial Capabilities

1. What are the objectives of the development organization as they relate to the new community, and what type of criteria and monitoring system will be used to assure that stated objectives are met?

2. Has the developer provided a statement describing the background and experience of his organization, including such things as date and method of organization, purpose and scope, major accomplishments, resumes of key personnel?

3. What has been the developer's experience with the proposed scale and type of development?

4. Does the developer have the financial and management capability to complete the project as submitted?

5. Have adequate financial statements been provided to the appropriate group to prove the financial soundness of the development organization?

6. Will Federal, State, or Local financial assistance programs be used by the developer; if so, which ones and to what extent?

7. Have all the people and institutions which have an interest in the project been identified? (McBirney, p.57)

Home Owners Associations(HOA)

1. Does the PUD ordinance include provisions for the formation of a Homeowners Association, with approval of the PUD application conditional upon approval of the HOA?

2. Does the local government retain review and approval authority of the HOA's by-laws and articles of incorporation?

3. To what extent is the local government obligated to assume the responsibilities of HOA, if the HOA fails?

4. Will the HOA be established before the first house is occupied?

5. Will the title of the common property be with HOA?

6. Does the HOA set forth the plan and responsibility for maintenance and permanent care of open space, recreation facilities, and other communally owned land or facilities?

7. What assurance is there that the open space will remain permanent?

8. Is the proposed HOA consistent with existing enabling legislation and regulations which relate to HOA? (McBirney, pp. 58-59)

APPENDIX D

PUBLIC FINANCING SOURCES

Table 4

Public Financing Incentives

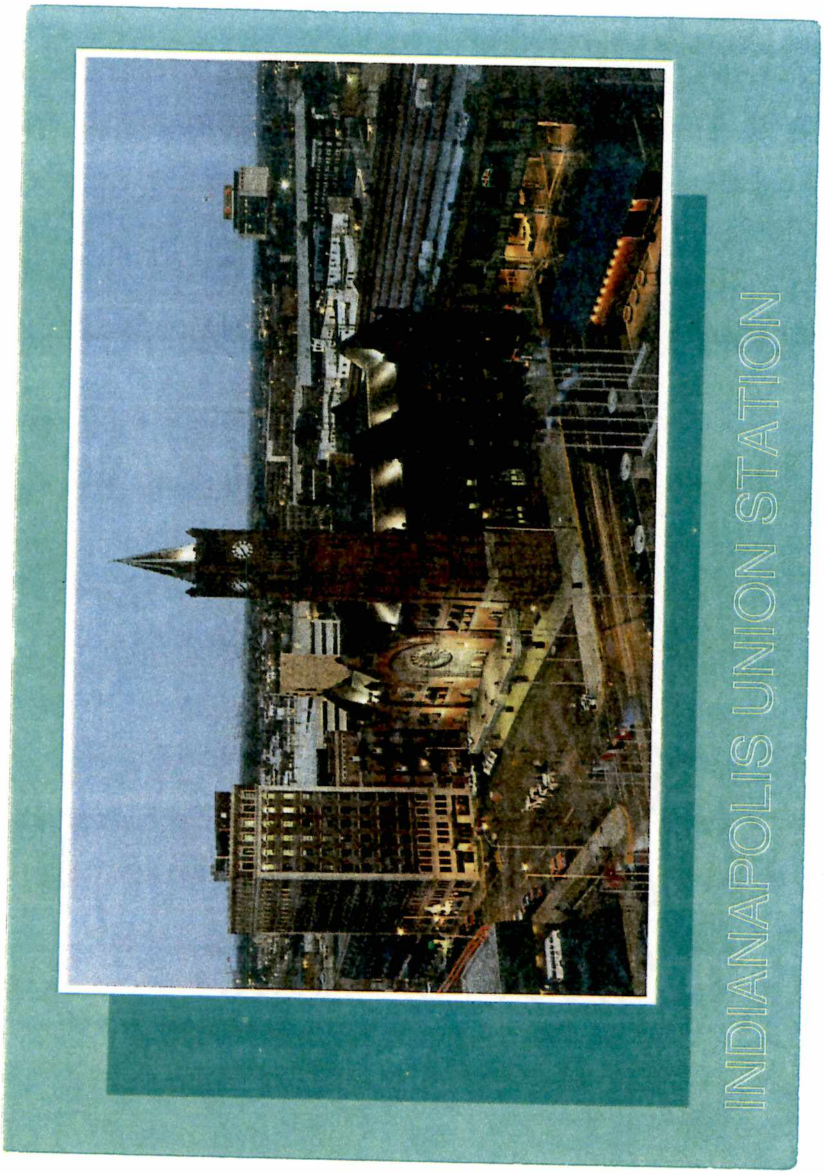
Sources of Assistance	Predevelopment (1): Plan Development	Predevelopment (1): Feasibility Study	Development (2): Land/Building Acquisition	Development (2): Clearance & Relocation	Development (2): New Construction	Development (2): Building Rehabilitation	Development (2): Infrastructure	Postdevelopment (3): Equipment & Machinery	Postdevelopment (3): Operations/Working Capital
Federal									
HUD									
CDBG	X	X	X	X	XO	XO	X		
UDAG			XO	X	XO	XO	X	O	
EDA									
Planning & Technical Assistance	X	X							
Public works			X	X	X	X	X		
Economic adjustment									
Grant	X	X	X	X	X	X	X		
Grant for loan			O		O	O		O	O
Loan guarantee			O		O	O		O	O
Investment tax credit						O			
Local									
Eminent domain			XO						
Tax increment financing			X	X		X			
Tax abatement									O
Land lease			O						
Cost sharing		X							
Second mortgage			O		O	O			O
Dedicated property tax									O
Land cost write down			O						
Industrial revenue bond			O		O	O		O	O
Revolving loan fund			O		O	O		O	O
General revenue	X	X	X	X	X	X	X		
Special assessment district							O		

KEY
X—Direct public investments for complementary investments or portion of development
O—Direct financing to private developer or pass-through from city to private developer

Phases of Codevelopment
1. Predevelopment: project conception, development prospectus, development proposal, development planning, business deal
2. Development: land control, financial packaging, binding commitments, construction
3. Postdevelopment: marketing, property development

Source: Stout, Gary E., and Joseph E. Vitt. Public Incentives and Financing Techniques for Codevelopment. Washington, D.C. Urban Land Institute, 1982.

APPENDIX E



APPENDIX F

PLANNED RESIDENTIAL ZONE (PR) [KNOX COUNTY]

General Description:

The regulations in this zone are intended to provide optional methods of land development which encourage more imaginative solutions to environmental design problems. Residential areas thus established would be characterized by a unified building and site development program, open space for recreation and provision for commercial, religious, educational, and cultural facilities which are integrated with the total project by unified architectural and open space treatment.

Each planned unit development shall be compatible with the surrounding or adjacent zones. Such compatibility shall be determined by the Planning Commission by review of the development plans.

A planned unit development occupying not less than twenty acres may contain commercial uses as hereinafter provided.

Permitted Uses:

A. The following dwelling units are permitted:

1. Single-family attached, semi-detached and detached dwelling, not including mobile homes.

2. Two-family dwellings.

3. Multiple-family dwelling.

B. Commercial uses. (Planned unit development occupying not less than twenty acres only.) One acre of commercial uses may be permitted for each one hundred units in the project provided that twenty-five percent of the total units proposed shall be ready for occupancy prior to any commercial building permit being issued. Such commercial uses shall conform with the use and parking requirements of the Shopping Center Zone as regulated in Section 5.34 of these regulations.

C. Recreation uses. Recreation uses may include a community center, a golf course, a swimming pool, or parks, playground or other public recreational uses. Any structures involved in such uses, including lighted tennis courts, and swimming pools, shall have a thirty-five foot setback from all periphery boundary lines. The amount of land set aside for usable open space and recreational uses shall not be less than fifteen percent of the gross development area for a planned unit development occupying twenty or more acres or ten percent for a planned unit development occupying more than eight but less than twenty acres.

D. Education uses.

E. Community facilities uses such as churches and other religious institutions and nonprofit clubs such as country clubs, swimming and/or tennis clubs.

F. Other uses, deemed compatible with the proposed development by the Planning Commission.

Uses Permitted on Review: None

Area Regulations:

All buildings and structures shall be set back from street or road right-of-way lines and from the periphery of the project to comply with the following requirements:

Front Yard

There shall be a minimum front yard setback as follows:

A. Single-family detached, twenty feet.

B. All other as determined by the Planning Commission with the setback being increased in proportion to structure height, but not less than fifteen feet from a street or road right-of-way.

Periphery Boundary

All buildings or structures shall be set back from the periphery boundary not less than thirty-five feet unless adjacent to planned residential zoning where the Planning Commission may reduce this setback to not less than fifteen feet.

Side Yard

Side yards shall be provided where buildings or structures are provided on individual lots as follows:

A. As determined by the Planning Commission, but not greater than fifteen feet unless this setback is also the periphery boundary.

B. Where side yards are reduced to zero, the development site plans and restrictive covenants which provide for the privacy of such units and the right of maintenance of exterior walls facing adjacent properties shall be submitted to MPC.

Rear Yard

A. As determined by the Planning Commission, but the Planning Commission may not require a setback greater than thirty-five feet.

Lot Area and Size

A. Developments which subdivide and transfer property with the sale of individual units but which do not provide common open space controlled and maintained by a public body or a duly established homeowners association shall provide lot areas which are not less than three thousand square feet in size and which shall average four thousand square feet per lot for the entire development .

B. Developments which subdivide and transfer property with the sale of individual units and which provide common open space controlled and maintained by a duly established home owners association in accordance with Tennessee State Law shall be permitted to create lots less than three thousand square feet in size subject to Metropolitan Planning Commission approval of a site plan, consistent with the intent as stated in the general description of this section.

Maximum Site Coverage

A. The maximum area which may be covered by buildings shall be fifty percent of the gross acreage of the site.

Height Regulations

A. Single-family detached and duplex dwellings shall not exceed three stories.

B. Height of all others shall be as determined by the Planning Commission.

Population Density

A. The appropriate population density of each project shall be determined by the Planning Commission but shall not exceed twenty-four dwelling units per acre excluding areas set aside for churches, schools, or commercial uses.

Off-Road Parking

As regulated in Section 3.50 of these regulations

Administrative Procedure for a Planned Residential Development

A. The Planning Commission may recommend establishment of a Planned Residential Zone or an application may be made to the Planning Commission for rezoning to Planned Residential in accordance with the regulations set forth in Section 6.30 of this resolution.

B. No building permit shall be issued for development of any property within a Planned Residential Zone until a written application for review and approval of the development plan has been filed with the Planning Commission. Said application shall be made in conformity with Section 6.50 of these regulations and shall be accompanied by the following information:

   1. The application must be accompanied by an overall development plan showing the use or uses, dimensions and locations of proposed streets, parks, playgrounds, school sites, and other open spaces, with such other pertinent information as may be necessary to determine the contemplated arrangement or use which makes it desirable to apply regulations and requirements different from those ordinarily applicable under these regulations.

   2. The proposed development plan shall be prepared by and have the seal of an architect or engineer duly registered to practice in the State of Tennessee.

   3. The Planning Commission shall review the conformity of the proposed development and shall recognize principles of good civic design, land use planning and landscape

architecture. The Planning Commission and County Board of Commissioners may impose conditions regarding layout, circulation, and performance of the proposed development and may require that appropriate deed restrictions be filed.

4. Applications considered under the planned residential zoning must be filed by the property owner or his designated representative, by an appropriate governmental agency, or the County Board of Commissioners. (MPC, p. 107-112)

APPENDIX G

PLANNED RESIDENTIAL DISTRICT (RP) [KNOXVILLE]

General Description

The regulations established in this section are intended to provide optional methods of land development which encourage more imaginative solutions to environmental design problems. Residential areas thus established would be characterized by a unified building and site development program, open space for recreation and provision for commercial, religious, educations, and cultural facilities which are integrated with the total project by unified architectural and open space treatment. In order to accomplish these objectives, a new RP-1, RP-2, or RP-3 Planned Residential district may be created to be developed specifically as planned unit development.

District regulations shall be as outlined in this section and shall be the same for RP-1, RP-2, and RP-3 districts except for the overall population density permitted in each district.

Each planned unit development shall be compatible with the surrounding or adjacent districts. Such compatibility shall be determined by the Planning Commission by review of development plans for the district.

Commercial uses may be permitted in a planned unit development which contains not less than twenty (20) acres as hereinafter provided.

Permitted Principal and Accessory Uses and Structures

The following dwelling units are permitted:

1. Single-family attached and detached dwellings.

2. Two-family dwelling.

3. Multiple-family dwelling.

The number of dwelling units permitted shall be determined by dividing the net development area by the allowable density for the district according to Article IV, Section 4a, E. Population density.

Net development area shall be determined by subtracting the area set aside for non-residential or recreational uses from the gross development area and deducting fifteen (15) percent of the remainder for streets. The area of land set aside for common open space or recreational use shall be included in determining the number of dwelling units permitted.

Uses Permitted on Review

1. Commercial and Office Uses: Commercial establishments as set forth in Article IV, Section 12, Subsection B1 and business and professional offices subject to the following conditions:

   a. Prior to any occupancy permits being issued for commercial or office uses, occupancy permits for not less than 100 dwelling units shall have been issued within the project. However, upon receipt by the Building Official may issue occupancy permits for commercial and office uses, if all structural elements of exterior and interior walls shall have been completed for the required minimum number of dwelling units.

   b. One acre may be set aside for commercial and office development for each 100 dwelling units in the development.

   c. Commercial and office development shall have architectural design compatible with surrounding residential development as determined by the Planning Commission.

   d. No signs shall be permitted in conjunction with permitted uses except as herein provided:

      1. No exposed light source or intermittent light shall be permitted.

      2. In RP-1 and RP-2 no sign shall be permitted except one sign per business. This sign shall be limited to a maximum of 10 square feet in area, and shall be mounted flat against the side of the building and shall not extend or be mounted above or beyond the wall of the building. In cases of multi-story structures signs shall not be in excess of twelve (12) feet.

      3. In the RP-3 District where five or more permitted uses are located within a common structure, one sign shall be permitted provided that it shall not exceed 100 square feet in area and shall not exceed 12 feet in height above ground level.

4. In the RP-3 District where less than five permitted uses are located within a common structure, the sign regulations of RP-1 and RP-2 shall apply.

e. The following landscaping requirements shall apply for commercial and office uses within Planned Residential Districts:

1. When parking areas are not enclosed within a structure they shall be screened by evergreen planting that will obtain a minimum height of (5) feet within a period of one year. For each 10,000 square feet, or fraction thereof, a minimum of 500 square feet of landscaping shall be required.

2. For each 5,000 square feet of parking area, a tree shall be provided that will obtain a minimum height of forty (40) feet at maturity.

3. All yards not being utilized for parking, driveways, or service areas, shall be left in natural vegetation or landscaped in a manner acceptable to the Planning Commission.

4. Loading, unloading and service areas shall be screened with evergreen planting that shall obtain a height of five (5) feet within a period of one year.

f. Other requirements concerning commercial and office development may be imposed by the Planning Commission when it can be demonstrated that it is in the public interest to do so.

Recreation Uses:

Recreation uses may include a community center, a golf course, a swimming pool, or parks, playground or other public recreational uses. Any structure involved in such uses shall have a twenty-five (25) foot setback from all property lines. The amount of land set aside for permanent usable open space and recreational use shall be fifteen (15) percent of the gross development area.

Education Uses:

Elementary, Junior High, High Schools, and educational uses of a similar nature as determined by the Planning Commission.

Community Facilities

Community facilities such as libraries, museums, churches, and other religious institutions, private day nurseries, and kindergartens as regulated in Article V, Section 3, and non-profit clubs such as country clubs, swimming and/or tennis clubs.

Area Regulations:

All buildings shall be set back from street right-of-way lines and from the periphery of the project to comply with the following requirements:

1. Front Yard:

   a. There shall be a front yard setback for all detached single-family dwellings of not less than twenty-five (25) feet. The front yard setback for all other structures shall be as determined by the Planning Commission.

   b. Where twenty-five (25) percent or more of the lots on the same side of the street between two intersecting streets are improved with buildings, all of which have observed an average setback line of greater than twenty-five (25) feet, then no building shall be erected closer to the street line than the minimum setback so established by the existing buildings.

2. Periphery Boundary:

   All buildings shall have a minimum setback requirement from the periphery boundary of not less than twenty-five (25) feet, with two (2) feet additional for each floor above two.

3. Lot Area and Frontage:

   In no case shall a lot for a single-family detached structure be created with an area of less than six thousand (6000) square feet or a frontage of less than sixty (60) feet at the front building line.

Population Density

1. RP-1 District:

   Allowable population density shall be twenty-four (24) dwelling units per acre.

2. RP-2 District:

   Allowable population density shall be forty (40) dwelling units per net acre.

3. RP-3 District:

   Allowable population density shall be eighty (80) dwelling units per acre.

Administrative Procedure for a Planned Residential Development

1. The Planning Commission may recommend establishment of an RP-1, RP-2, or RP-3 District or an application may be made to the Planning Commission for rezoning to RP-1, RP-2, or RP-3 in accordance with the regulations set forth in Article VII, Section 6, of this Ordinance.

2. No building permit shall be issued for development of any property within an RP-1, RP-2, or RP-3 District until a written application for review and approval of the development plan had been filed with the Planning Commission. Said application shall be made in conformity with Article VII, Section 5, of this Ordinance and shall be accompanied by the following information:

   a. The application must be accompanied by an overall development plan showing the use or uses, dimensions and locations of proposed streets, parks, playgrounds, school sites, and other open spaces, with such other pertinent information as may be necessary to determine the contemplated arrangement or use which makes it desirable to apply regulations and requirements different from those ordinarily applicable under this Ordinance.

   b. Where several buildings are to be constructed, architectural sketches and data should be provided to insure an aesthetically acceptable design for all buildings.

c. Application for an apartment development shall include a general architectural layout and design showing the number and size of apartments, the location and extent of public facilities, and a description of the type of construction.

d. The proposed development plan shall be prepared by a recognized architect, landscape architect, or engineer.

3. The Planning Commission shall review the proposed development and may give approval, request modification, or reject the proposed development:

a. The Planning Commission shall review the conformity of proposed development recognizing principles of civic design, land use planning, and landscape architecture.

b. The Planning Commission may impose conditions regarding layout, circulation, and performance of the proposed development and may require that appropriate deed restrictions be filed.

c. The tract or parcel of land involved must be either in one ownership or the subject of an application filed jointly by the owners of all the property included or filed by any governmental agency.

d. The proposed development must be designed to produce an environment of stable and desirable character not out of harmony with its surrounding neighborhood and must provide standards of open space and areas for parking adequate for the occupancy proposed. It must include provisions for recreation areas to meet the needs of the anticipated population.

e. No building permit shall be issued until the development plan is approved by the Planning Commission. No occupancy permit shall be issued until the Building Inspector has determined that the project as constructed meets all the requirements of the approved plan.

4. No revision or substantial deviation from the approved development shall be made without prior approval of the Planning Commission.

5. The Planning Commission may approve revisions to an approved development plan upon written application for review and approval. Such application shall be made in accordance with Article VII, Section 5, of this Ordinance and shall be accompanied by an amended overall plan which clearly indicated all revisions, additions, and modifications. (MPC, pp. 50-56)

APPENDIX H

IDEAL MIXED USE ORDINANCE NUMBER ONE

Elements from an "Ideal" Mixed Use Zone

(Criteria for "Ideal" Zones is in bold and [])

Business Mixed Use Districts: Purpose and Intent

Purpose: [specific encouragement of 3 or more uses], [pedestrian integration]

The purpose of the mixed use districts is to recognize that certain areas of the City have historically been mixtures of commercial and residential uses, occurring vertically and horizontally and to encourage the continuance and strengthening of this pattern. **It is the intent to provide residences in very close proximity to employment and retail opportunities, provide innovative and stimulating living environments and reduce overall neighborhood energy consumption. [pedestrian integration]**

The intent of the BMX-3 Community Business Mixed Use District is to provide areas for both commercial and residential uses outside of the Central Mixed Use District and at a lower intensity than the Central Business Mixed Use District. Typically, this district would be applied to areas where the existing land use pattern is already a mixture of commercial and residential uses, occurring horizontally, vertically, or both.

The intent of the BMX-4 Central Business Mixed Use District is to set apart that portion of Honolulu which forms the City's center for **financial, office, and governmental activities and housing.** It is intended for the downtown area and not intended for general application. It provides the highest land use intensity for commerce, business, housing. **[permission of a variety of uses]**

Plan Review Uses: Purpose and Intent [coherency]

The purpose of this Section is to establish a review and approval mechanism for uses of a permanent and institutional nature which, because of characteristics fundamental to the nature of the use, provide essential community services but which could also have a major adverse impact on surrounding land uses.

It is the intent that the design and siting of structures and landscaping, screening, and buffering for these uses be **master planned** so as to minimize any objectionable aspects of the use or the potential incompatibility with other uses permitted in the zoning district. **[coherency]**

BMX-3 Business Mixed Use Special Controls

[In addition to permitted and conditional uses], all new construction projects in the BMX-3 District shall abide by the following controls.

A. Where multi-family dwellings are integrated with other uses, pedestrian access to the dwellings shall be independent from other uses and shall be designed to enhance privacy for residents and their guests.

B. At least one-half of the total width of a building parallel to and facing a provided arcade shall be devoted at the ground floor to entrances, show windows, or other displays.

C. For commercial uses, at least one-half of the total length of the building facade at ground level, running parallel to and facing a street, shall be devoted to entrances, show windows, or other displays.

D. If a street tree plan exists for the street which fronts the project, the applicant shall install a street tree or trees, as required by the Director of the Department of Parks and Recreation.

E. All loading and unloading areas shall be either enclosed in a building or located on the rear or the side of the building and screened from public view.

BMX-3 Community Business Mixed Use District--Permitted Uses and Structures

Permitted uses: [permits 3 or more uses]

Amusement and recreation facilities, indoor; art galleries, museums; automobile sales and rentals, automobile service stations, provided a solid wall 6 feet in height shall be erected and maintained on any side or rear property line which adjoins a residential, apartment, or apartment mixed use district; bars, nightclubs, taverns, provided a solid wall 6 feet in height shall be erected and maintained on any side or rear boundary adjoining a residential or apartment district; boarding facilities; broadcasting stations; business services; car washing, mechanized, provided that: there is no water runoff onto adjacent properties and public right-of-ways; the use is in a sound-attenuated structure or sound attenuated walls and are erected and maintained at the property line; the lot does not adjoining a zoning lot in a residential or apartment district; catering establishments, commercial parking lots and garages; consulates; convenience stores; dance or music schools; day-care facilities; drive-through facilities, provided that no speaker boxes and drive-through lanes shall be within 75 feet and 20 feet respectively, of a zoning lot in a country, residential, apartment, or apartment mixed use district; duplex units; dwellings, detached, one-family, two-family; dwellings, multi-family; eating establishments provided a solid fence or wall 6 feet in height shall be erected and maintained on any side or rear boundary adjoining a residential or apartment district; financial institutions; greenhouses, plant nurseries; laboratories, medical and research; medical clinics; meeting facilities; office buildings; personal services; photography studios; public uses and structures; repair establishments; business schools; language schools; elementary, intermediate, and high schools; vocational schools which do not involve the operation of woodwork shops, machine shops, or other similar features; telecommunications antennas, provided that fencing or other barriers are provided to restrict public access within the area exposed to a power density of 0.1 milliwatt/cm^2; theaters; utility installations; veterinary establishments in sound-attenuated buildings; wholesaling and distribution operations, provided that no more than 2,000 square feet of floor area is used for wares to be sold at wholesale or to be distributed, and no vehicle rated at more than 1.5 ton capacity is used.

Conditional uses:

Helistops; use of historic structures; joint development; joint use of parking; marina accessories; off-site parking facilities; outdoor recreation facilities; self-storage facilities; group living facilities; type-B utility installations.

BMX-3 Community Business Mixed Use District Development Standards:

Minimum Lot Area:	5,000 square feet
Minimum Lot Width and Depth:	50 feet

Required Setbacks:

Front Yard: 10 feet for dwelling use, 5 feet for other uses; except for necessary access drives and walkways, all front yards shall be landscaped; where a zoning lot adjoins a residential, apartment or apartment mixed use district and forms a contiguous front yard, the lot of the first 100 feet of the lot (whichever is less) shall conform to the front yard requirement for dwelling use of the adjoining district.

Side and Rear Yards: 5 feet for detached dwellings, 10 feet for multi-family dwellings; for duplex lots, 5 feet for any portion of any structure not located on the common property line; the required side yard is 0 (zero) for that portion of the lot containing the common wall; except as noted below, side and rear yards shall be landscaped, except for necessary access drives and walkways; for all other uses side and rear yards shall not be required unless the zoning lot adjoins a residential, apartment, or apartment mixed use district; where the side or rear property line of a zoning lot in this district adjoins the side or rear yard o a zoning lot in a residential, apartment, or apartment mixed use district, there shall be a side or rear yard which conforms to the side or rear yard requirements for dwelling use of the adjoining district; within 5 feet of the property line, required yards shall be landscaped with a screening hedge not less than 42 inches height, except for necessary drives walkways.

Maximum Density: Floor Area Ratio (FAR): 2.5

Open Space Bonus: [public incentive] **For each square foot of arcade area provided, 5 square feet of floor area may be added, exclusive of required yards; for each square foot of arcade area provided, 3 square feet of floor**

area may be added, exclusive of required yards.

Maximum heights with Open Space Bonuses shall not exceed an FAR of 3.5

Maximum Height

Maximum heights shall be as shown on the Zoning Maps

Street Setbacks:
No portion or a structure shall exceed a height equal to twice the distance from the structure to the vertical projection of the center line of any street.

Transitional Height Setbacks:
Where a zoning lot in this district adjoins a zoning lot in a residential, A-1 Apartment or AMX-1 Apartment Mixed Use District, the residential district height setbacks shall be applicable at the buildable area boundary line of the adjoining side of the BMX-3 zoning lot.

Where a zoning lot in this district adjoins a zoning lot in an A-2 or A-3 Apartment District, the following shall apply to the buildable area boundary line on the adjoining side of the BMX-3 zoning lot:

No portion of a structure shall exceed 40 feet in height, provided that additional height is set back 1 foot from the buildable area boundary line for each 10 feet in height or fraction thereof. This setback shall be a continuous plane from the top of the structure to the beginning of the additional height.

APPENDIX I

IDEAL MIXED USE ORDINANCE NUMBER TWO

Elements from an "Ideal" Mixed Use Zone

Criteria for "Ideal" Zones are in [] and Bold

Mixed Use Development Overlay Zone

Purpose: [encouragement of 3 or more uses]

The purpose of the Mixed Use (MU) Development Overlay Zone is intended to provide for the **coordinated and mixed development of residential, business, institutional, and open/recreational space uses and their functions in Areas or Special Development Significance (ASDS) of the City of Worcester by:**

1. **Creating major new mixed use areas in planned locations at appropriate densities, heights, and mixture of uses; [coherency]**

2. Encouraging the preservation and rehabilitation of structures of historic or architectural merit in the overlay zones;

3. Encouraging flexibility in architectural design and building bulk;

4. **Making recreation areas accessible to residents and visitors; [pedestrian integration]**

5. Creating environments conducive to a higher quality of life and environment for residents, businesses, employees, and institutions.

Establishment of Mixed Use Zones

Mixed Use (MU) Overlay Zones are hereby established. The boundaries or the MU zones are shown on the Official Zoning Map. In theses areas as designated now or in the future by public plans and policies, a mixture of uses and building densities shall be intended to promote and protect the public health, safety, convenience, order, prosperity and general welfare of the community as best accomplished by the MU Overlay Zone.

Permitted Uses in A Mixed Use Development Overlay Zone [permits 3 or more uses]

All uses permitted in the underlying zone whether in Manufacturing (MG,ML), Residential (RS,RL,RG), Business (BO,BL,BG), or Institutional (IN) zones, as provided in Article IV (Table 4.1) are permitted uses in the Mixed Use Overlay Zone, except as otherwise provided in this Article.

Mixed Use Development Overlay Zone

It is intended that each Mixed Use Development in the overlay zone contain a variety of land uses and may not be used solely to increase the allowable floor area or a single use permitted in the underlying district. The following uses may be permitted by special permit by the Planning Board within the Mixed Use Development Overlay Zone; provided the following standards are met:

1. **Each Mixed Use Development within the overlay zone shall contain at least three (3) uses permitted in Article IV-Table 4.1 [permits 3 or more uses]**

2. The total residential use shall not comprise more than fifty (50) percent of the gross floor area of the development.

3. Any single non-residential uses shall not comprise more than seventy-five (75) percent of the gross floor area of the development.

4. In a combined residential and non-residential structure the floor area ratio and square footage requirements per unit established for the underlying zone shall be satisfied within the Mixed Use Development.

5. In a multi-story mixed use development no residential uses shall be located on the first floor.

6. Each proposed use within the mixed use development must be an allowed use in the underlying zone. **Different uses within the mixed use development may be apportioned between two (2) or more buildings provided all the buildings are functionally integrated through the use of open space and pedestrian walkways. [pedestrian integration]** The determination of applicability of uses is the sole discretion of the Planning Board.

Prohibited Uses in a Mixed Use Development

The following are prohibited uses with the Mixed Use Developments in Mixed Use Development Overlay Zones:

1. Automobile related facilities, including but not limited to, repair shops, car washes, gasoline stations, auto body shops, lubratoriums;

2. Retail sales or motor vehicles, boats, mobile homes, and house trailers;

3. Warehouse;

4. Trucking company/freight terminal;

5. Public utility;

6. Wholesale business;

7. Heavy industry;

8. Single and two family dwellings;

9. Animal hospital, kennel or veterinarian office;

10. Hospitals;

11. Sanitarium or nursing home;

12. Funeral home;

13. Adult book/merchandise store, adult motion picture theater, nude dancing and/or entertainment;

14. Drive-in establishments where goods or services are rendered directly to the occupants of motor vehicles.

Dimensional Controls

1. The dimensional controls of the underlying zoning district shall apply in each Mixed Use Development Overlay Zone, excepting as hereinafter provided.

2. If a mixed use development in a MU Development Overlay Zone is proposed and the proposal meets the thresholds of Section 4, then the permitted use intensity regulations herein described shall apply:

    A. Permitted uses, as outlined in Article IV, Table 4.1 as single uses within the mixed use development, shall not constitute more than seventy-five (75) percent of the gross floor areas; provided further that a permitted residential use may not constitute more than fifty (50) percent of the gross floor area;

B. Space, measured in square feet, devoted to recreation and open space shall be equal to or greater than five (5) percent of the gross floor area devoted to the other proposed uses. At least one-half (1/2) of the recreation and open space must be built as part of the proposed structure(s).

C. Recreation and open space includes the provisions of places, activities and/or amenities, either built or natural, which are free and accessible to the public.

Mixed Use Development Overlay Zone Intensity Regulations

1. The dimensional regulations for height and floor area ratio (FAR) may exceed the maximum of the underlying district by twenty (20) percent.

2. **The gross floor space (in square feet) may be increased on a 1:1 ratio above the maximum provided in Section 4, above, for each square foot of space devoted to a child day care center**, provided however that the developer must submit a plan which ensures to the satisfaction of the Planning Board, the initial and continuing operation of the day care facility. [**Specified public incentives for public amenity(s)**]

3. Where two (2) or more principal buildings are proposed to be built upon the property in one (1) ownership, required front, side, and rear yards shall be provided between each building and assumed lot lines shall be shown on the site plan.

Review Standards

In addition to its special permit review criteria under Article II, the Planning Board shall also consider the Mixed Use Development's conformance with the following planning and design objectives:

1. Whether the proposed use furthers the objectives of the mixed use districts;

2. The relationship of the proposal to other planning considerations for the area and the City of Worcester as a whole, including the plans, programs, and policies of

other departments and agencies of the government;

3. The impact of the proposed site plan on neighborhood properties;

4. The proposed site plan including the relationship of different uses on the site and any other matters that are within the Planning Board's jurisdiction;

5. Consideration of the traffic to be generated and its impact;

6. The location and design of vehicular access and parking facilities;

7. The number of parking and loading facilities;

8. The treatment of public space;

9. The availability of sewer and water capacity;

10. The impact of air quality;

11. The impact of noise.

City of Worcester, MA

Zoning Ordinance

APPENDIX J

EXAMPLE OF A HIERARCHIAL ZONING ORDINANCE

Criteria for Mixed Use Developments is in Bold

B4 Central Retail District

Purpose: [no specific encouragement of 3 or more uses], [no pedestrian integration requirement], [no coherency requirement]

The B4-Central Retail District is designed **to accommodate central retail office and wholesale activities of citywide and regional significance** with a wide variety of retail shopping opportunities characteristic of the major shopping streets of the central business district. This district is divided into two (2) subdistricts for bulk control (F.A.R.) and sign control purposes only.

Permitted Uses (3 or more uses): [permits a variety of uses]

Any use permitted in the B3 Districts; auction rooms; bakery retail sales on premises; clubs and lodges; drive-in banks, drive-in payment of bills, drive in fiduciaries; blueprinting and photostating; employment agencies; laboratories-medical and dental, research and testing; liquor; machinery sales with no repair or servicing-provided the storage and display of machinery, except of household appliances and office machines such as typewriters shall be restricted to floor samples; physical culture and health services, gymnasiums, reducing salons and masseurs; printing and publishing; recording studios; restaurants-including live entertainment and dancing with the serving of liquor in conjunction therewith; restricted production and repair limited to the following: art needlework, clothing-Custom manufacturing and alterations for retail only, jewelry from precious metals, matches, dentures, and optical lenses; schools, music, dance, business and trade-when not involving any danger of fire or explosion, nor offensive noise, vibration, smoke, dust, odor, glare, heat, or other objectionable influences; warehousing and wholesale establishments and storage, other than accessory to permitted retail uses; commercial parking lots and ramps-for the storage of private passenger automobiles only; convenience food restaurants; amusement establishments; antennas for the purpose of receiving or broadcasting satellite and microwave transmission; public convention centers owned and operated by the municipality.

Conditional uses:

Public utility and service uses as follows: bus terminals, bus turn-arounds (off-street), bus garages, and bus lots; churches; chapels; chapels; community centers and recreation buildings; electric substations; fire stations; gas stations; passenger vehicle rental; police stations; radio and television towers; passenger railroad stations.

[no specific incentives provided]

Minneapolis Zoning Ordinance (pp.248-250)

VITA

John Lowell Reid was born in West Palm Beach, Florida on September 20, 1967. He graduated from Oak Ridge High School in June, 1985. The following September he entered the University of Tennessee, Knoxville and in December, 1989 received the degree of Bachelor of Science in Business Administration. He reentered the University of Tennessee in August, 1990 with a graduate assistantship from the School of Planning, and in December, 1992 received a Master of Science in Planning degree.