

FI-R01

DEVELOPMENT INCENTIVES



A guide of financing tools for planners and
economic development specialists

Type: Reference Document



Disclaimer: The Transit-Orientated Development Implementation Resources & Tools knowledge product is designed to provide a high-level framework for the implementation of TOD and offer direction to cities in addressing barriers at all stages. As the context in low and middle-income cities varies, the application of the knowledge product must be adapted to local needs and priorities, and customized on a case-by-case basis.

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INTRODUCTION

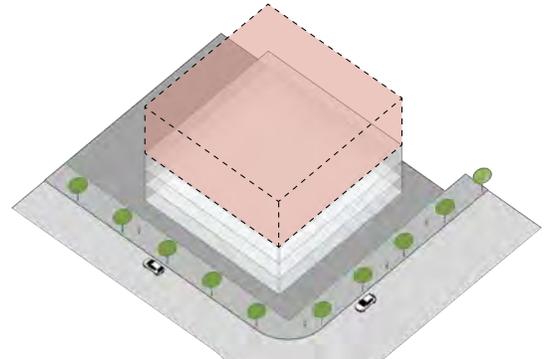
Since TOD is a deviation from traditional single use development models, incentives are often used to attract developers and investors in developing the TOD area, especially in the case of peripheral areas of the city or greenfield contexts. Some incentives are also aligned towards the citizens, encouraging heightened community participation in the development process. This helps in ensuring that the project is co-created with impacted stakeholders, and chances of delays in obtaining project approvals and implementation are minimized. The following outlines the potential development incentives that can be implemented:

INCENTIVE	OUTCOME
Increased densities offered right around transit nodes, as well as density bonuses in exchange for public amenities and infrastructure such as safe access to transit, and NMT infrastructure constructed by private sector, subject to market demand.	Conducive to development and reduce infrastructure expansion costs
Local Growth Management Strategies and incentives to promote TOD and road safety infrastructure in such areas to land developers and investors at the local level	Provides better urban planning and growth guidelines with people friendly environment thereby increasing the attractiveness potential of the area
Incentives to developers in the form of technical assistance for architectural design, road safety and safe system designs, site plan approval, understanding zoning regulations.	Resulting in quality development
Incentive to developers by relaxing height restrictions and reducing the requirement for providing car parking. These may be justified where the development is located near shops and close to public transport, as envisaged in TOD, depending on market demand.	Opportunity for mixed-use, compact development and encouraging users to switch to NMT and public transport
For projects with a strong focus on transit use, incentives can include full or partial fee rebate on development application fees.	Reduces processing time and improves efficiency
Financial assistance for activities such as organizing initial community consultation and integrating affordable housing and community facilities as part of the TOD project.	Participatory planning
Incentives such as fee waivers, expedited processing of development applications to streamline approval process.	Value addition to the service improves project delivery

ZONING INCENTIVES

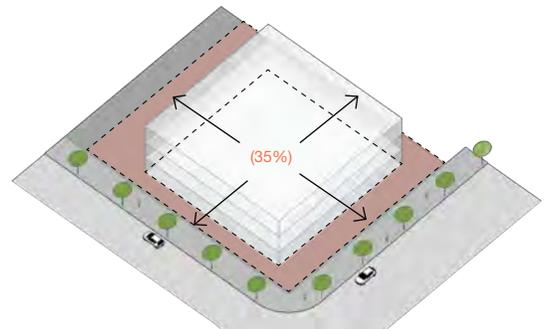
MODIFY MAXIMUM BUILDING HEIGHT

Increased allowable height may vary depending on the current zoning and the location in relation to transit nodes, but would increase buildable area.



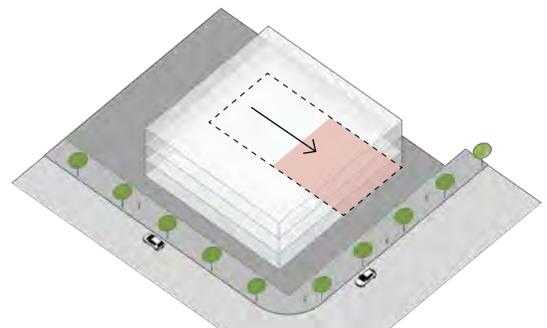
MODIFY MAXIMUM LOT COVERAGE

Increased maximum lot coverage may vary depending on the current zoning and the location in relation to transit nodes, but would increase buildable area.



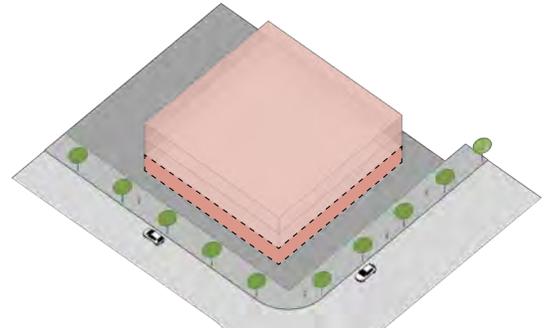
MODIFY ALLOWABLE RESIDENTIAL DENSITY

Decreasing the required land area per dwelling unit creates an opportunity for increased housing density near transit and more housing flexibility and choice.



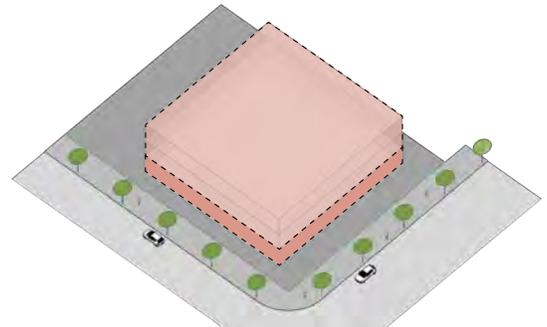
MODIFY PERMITTED USES

Amending principal permitted uses, to include a full range of residential and commercial uses within a walkable distance of transit, reinforces pedestrian activity.



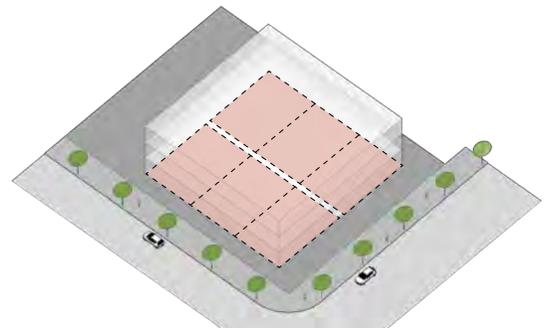
INCENTIVIZE MIXED USES

Requiring or incentivize a mix of uses increases the opportunity for a vibrant place that contributes to active and walkable transit.



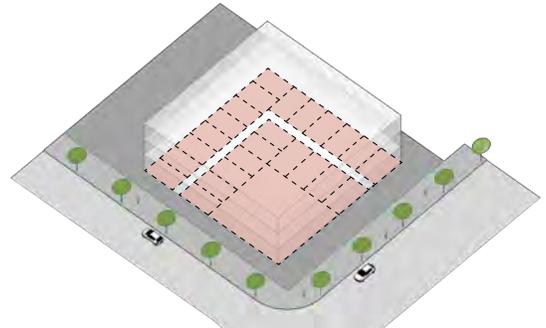
INCENTIVIZE RESIDENTIAL CONVERSION

Incentivize existing structures to convert to residential uses would enable more contiguous, walkable districts to occur near transit stations.

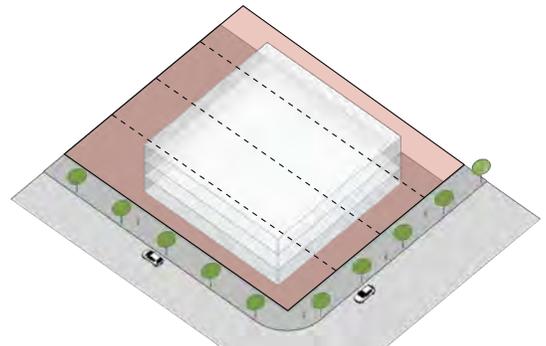


INCENTIVIZE SPECIFIC DESIRED USES

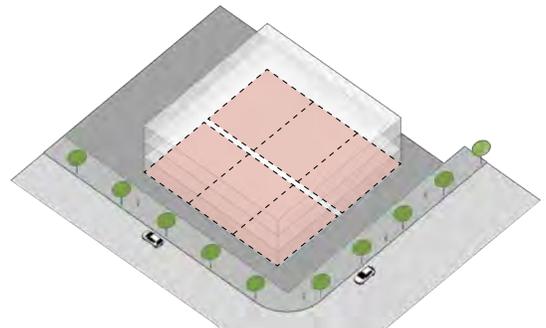
Providing additional height or density entitlements to specific uses, in specific locations, creates the opportunity to align private and public investments.

**INCENTIVIZE SPECIFIC DESIRED USES**

Incentivize parcel assembly creates new opportunities for larger scale redevelopment where desirable.

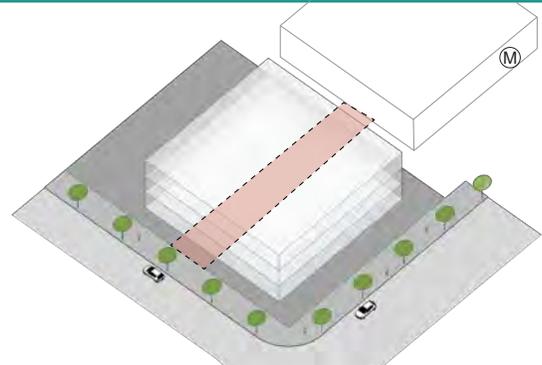
**INCENTIVIZE HOUSING CHOICE / OPPORTUNITY**

Variation in housing opportunities strengthens compact, walkable neighborhoods and builds upon the strengths of residential demand.



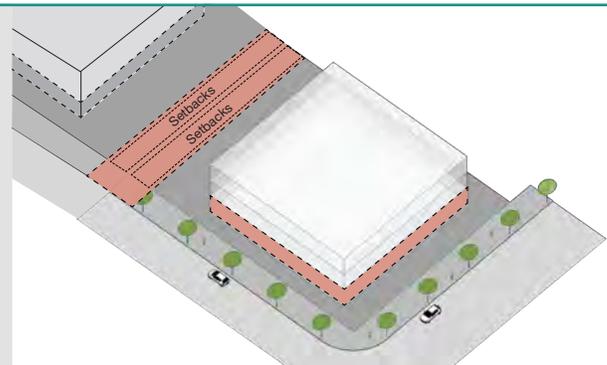
INCENTIVIZE PROPERTY EASEMENT

Incentivize private developers of large plots, bordering two parallel streets or two different sides of a city block or near a station, to grant easement access to pedestrians and non-motorized transport users through their properties.



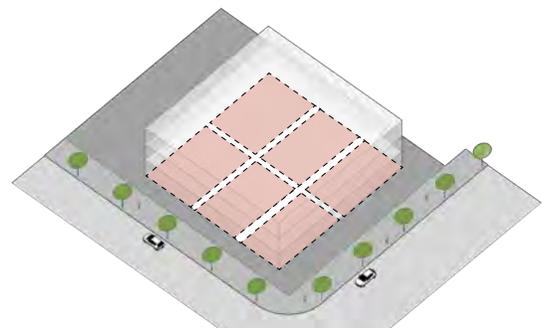
INCENTIVIZE AMALGAMATION OF SETBACKS

Incentivize developers of adjacent parcels for amalgamating adjoining setbacks between buildings to create new rights-of-way restricted for pedestrian and NMT movements.



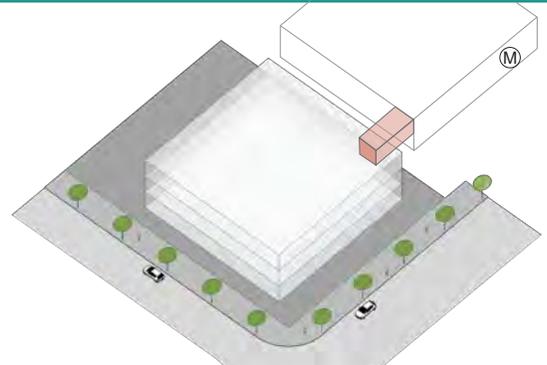
INCENTIVIZE SUB-DIVISION OF LARGE PARCELS

Requiring or incentivizing sub-division of parcels, beyond a given area, with public rights-of-way created in between.



INCENTIVIZE DIRECT LINKS TO STATIONS

Incentivize directly linking properties to the transit station using partnership model between City and developers, through a combination of at-grade and grade-separated networks like skywalks and subways.

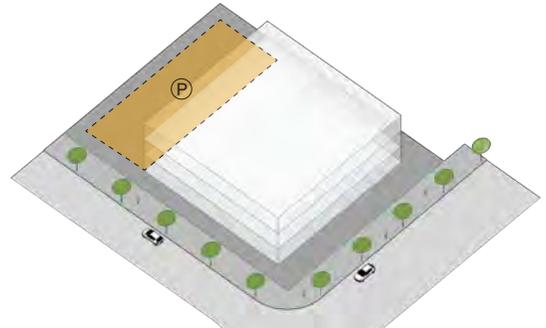


Sky-walks in China SAR connecting commercial and business destinations to transit stations
(Source: © WRI India)

PARKING INCENTIVES

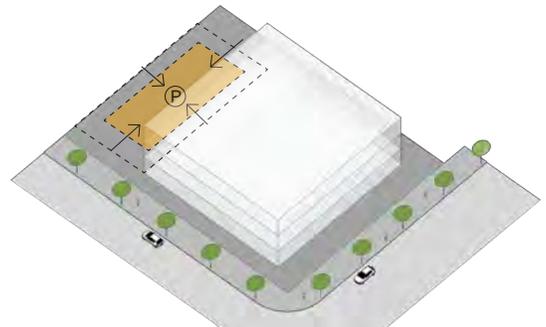
DEFINING PARKING LOCATION AND ORIENTATION

Parking located at the interior of blocks, behind buildings or concealed by landscape buffers, provides a more walkable and uninterrupted environment to support transit use.



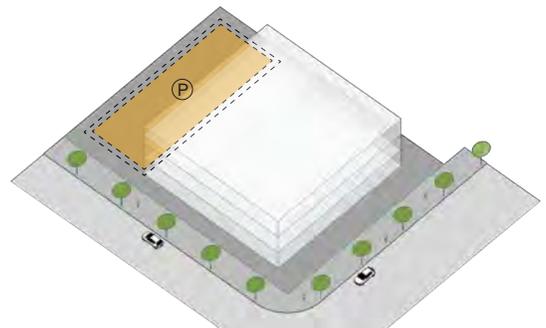
MODIFY PARKING REQUIREMENTS

Reducing required parking allows a larger proportion of a parcel to be used for redevelopment, increasing the residential and commercial space.



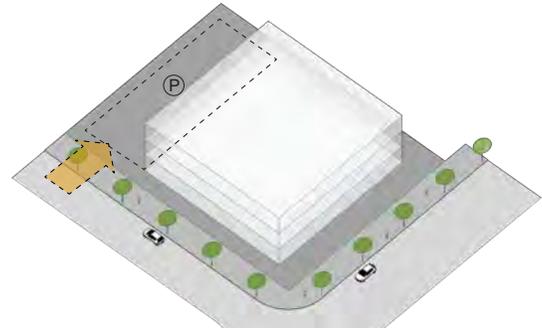
ESTABLISH PARKING MAXIMUMS

Parking maximums can be used to limit the amount of land area devoted to parking capacity by parcel or by district.



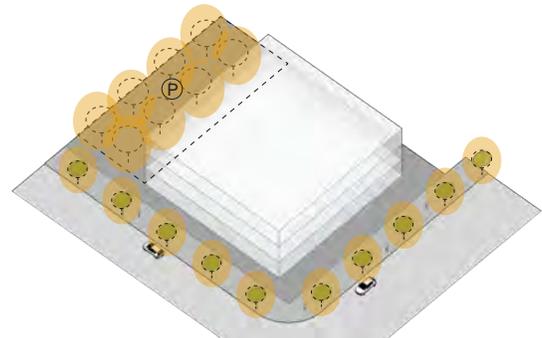
ESTABLISH PARKING ACCESS RESTRICTIONS

Reducing parking access to a single curb cut on a secondary street minimizes disruption to the pedestrian environment.



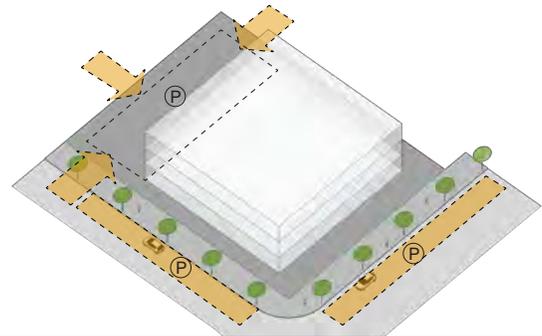
REQUIRE PARKING LANDSCAPE/BUFFERS

Landscape buffers and islands can help to screen parking areas from view and reduce large expanses of impervious surfaces.



INCENTIVIZE SHARED AND OFF-SITE PARKING

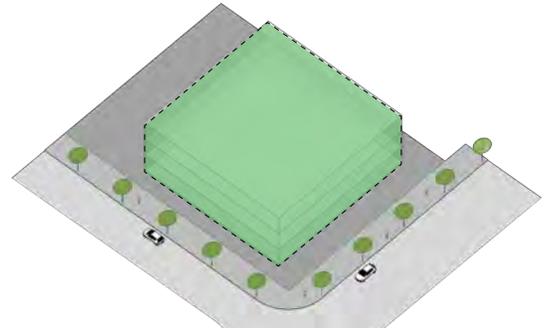
Parking resources between adjacent sites can be combined and shared to increase capacity, shared between various uses or combined with on-street parking to be more efficient.



FINANCIAL INCENTIVES

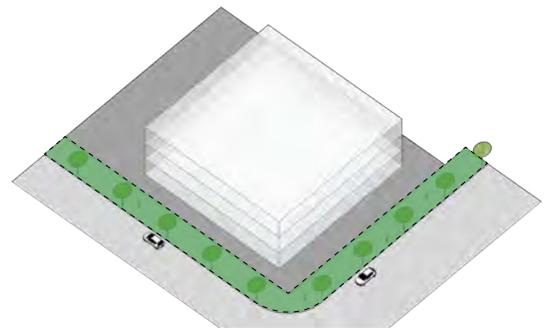
PROMOTE TAX CREDITS

Several types of tax credits- at the federal and state level- offer opportunities that would be applicable to potential redevelopment in the transit nodes.



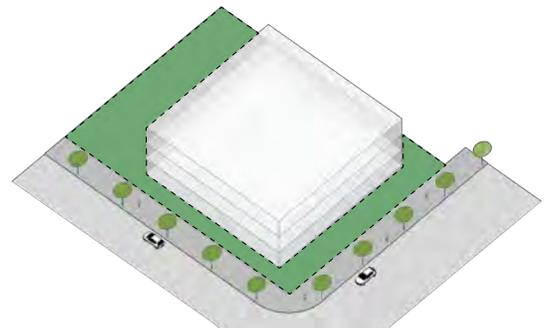
INVEST IN INFRASTRUCTURE AND STREETScape

Investments in streetscape and infrastructure are critical to creating a pedestrian-friendly and private investment-friendly environment. Developers may be given incentives to “adopt” sidewalks adjacent to their property and ensure that it is well maintained and cleaned as per City guidelines and policies. In many cities, sidewalk maintenance and upkeep is the responsibility of the residents or business owners for example removal of snow and ice to ensure safe walking space for pedestrians. These weather related situations sometimes arise when the sidewalks are narrow or have utility fixtures that may not be suitable for snow clearing machines.



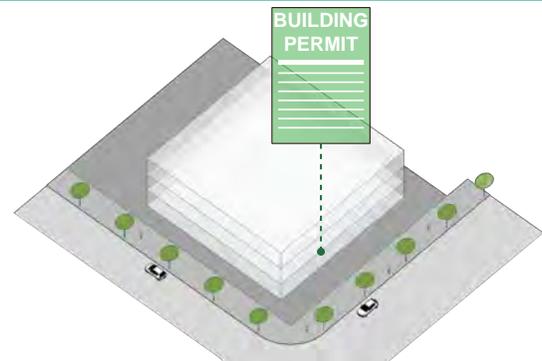
OFFER PROPERTY TAX ABATEMENTS

Property taxes are a component of redevelopment projects that the city can modify to be used as an incentive to encourage specific projects.



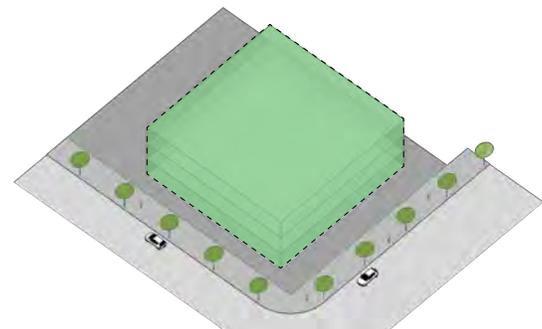
OFFER EXPEDITED PERMITS AND APPROVALS

Unpredictable approvals processes become a major impediment to implementing redevelopment improvements. A special expedited review for certain project types can be used as an incentive.



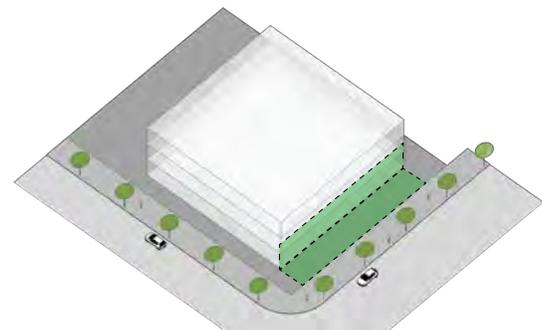
ESTABLISH TARGETED LOAN FUNDS

Targeted and revolving loan funds can be used to provide financial assistance to small businesses within the transit nodes, resulting in improvements and increased activity in these districts.



ESTABLISH GRANT PROGRAMS

Targeted grant programs to improve storefronts in commercial districts are an example of leveraging public funds to incentivize private investment that is aligned with city goals.





Hidalgo, Mexico