

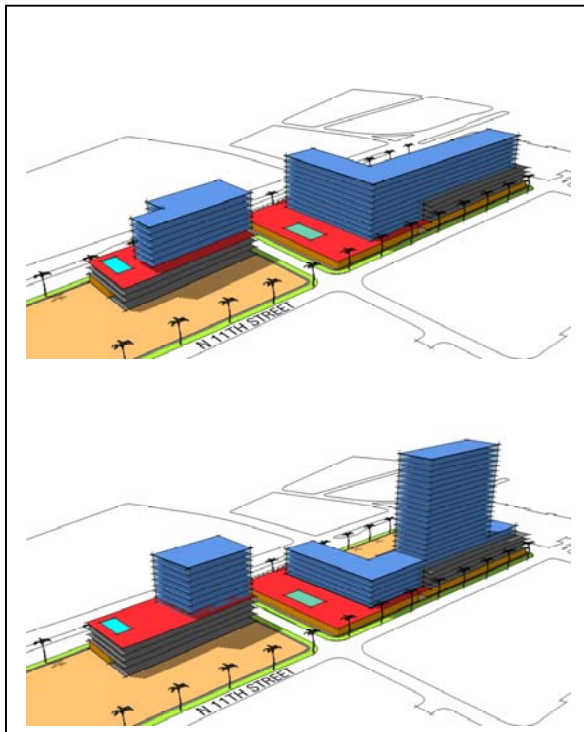


Floor Area Ratio Demonstrations

The Land Development Code defines Floor Area Ratio (FAR) as the ratio of permitted floor area to the area of the lot. Thus, a permitted FAR of 6.0 on a 10,000 square foot lot would allow a building whose total floor area is 60,000 square feet. Developers have the flexibility in deciding whether to build a low building covering most of the lot or a high building covering only a small part of the lot, or in some places, a combination of buildings.

In each scenario, there are two lots the south lot being 0.74 acres, and the north lot being 2.57 acres. The same FAR can result in different building heights depending upon a project's configuration and design.

Scenario 1:

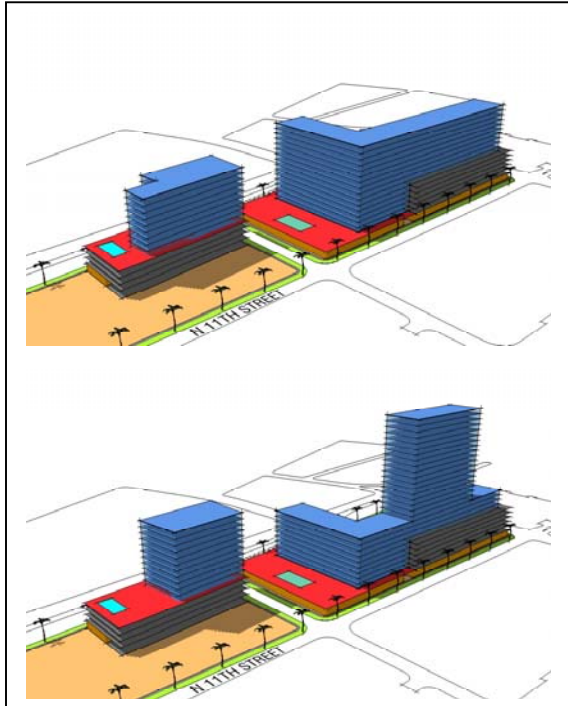


A 3.5 FAR with high-rise buildings would allow 6 levels of residential over 2 levels of parking and 1 level of retail , 9 levels total (100 feet high) on the south lot, and 7 levels of residential over 3 levels of parking over 1 level of retail , totaling 11 levels total (122 feet) on the north lot.

Optionally, a 3.5 FAR with high-rise buildings would allow 12 levels total if designed as tower (133 feet) on the south lot, and 20 levels total if designed as tower (218 feet) on the north lot.



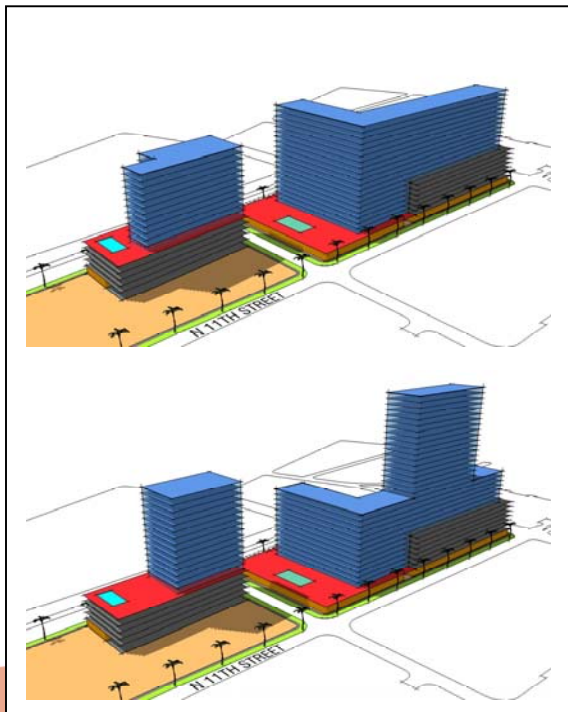
Scenario 2:



A 5.0 FAR with mid-rise buildings would allow 9 levels of residential over 3 levels of parking over 1 level of retail , totaling 13 levels (143 feet) on the south lot, and 10 levels of residential over 5 levels of parking over 1 level of retail , totaling 16 levels (175 feet) on the north lot.

Alternately, a 5.0 FAR with high-rise buildings would allow 15 levels total if designed as tower (165 feet) on the south lot, and 26 levels total if designed as tower (303 feet) on the north lot.

Scenario 3:



A 6.5 FAR with mid-rise buildings would allow 12 levels of residential over 4 levels of parking over 1 level of retail, totaling 17 levels (186 feet), on the south lot, and 13 levels of residential over 6 levels of parking over 1 level of retail, totaling 20 levels (218 feet) on the north lot.

Optionally, a 6.5 FAR with high-rise buildings would allow 20 levels total if designed as tower (218 feet) on the south lot, and



32 levels total if designed as tower (356 feet) on the north lot.



Incentive Zoning (Bonuses)

Background

Zoning laws are based on local government police power, allowing for protection of the public's health, safety, and general welfare. Incentives offered may include adjustments to development density (i.e. the Bonus FAR); adjustments to building height; open space usage; use or other requirements of the underlying zoning ordinance. Incentives are given in exchange for the developer providing a community benefit(s), which may include open space or parks; workplace/affordable housing; day care or elder care centers/services; and other specific physical, social and/or cultural amenity of benefit to the residents of the particular area under development and the community at large. Where community benefit(s) cannot feasibly or practically be provided directly by an individual developer, this system can provide for more than one developer to provide a monetary contribution to provide the community benefit(s). Such sums are typically held in a trust fund to be used exclusively for the community benefit(s) specified.

Incentive zoning policies must provide a sufficient reward so the developers will choose to include the bonused amenity or amenities within their respective project(s). Cities should periodically review the bonus program(s) to determine whether the rewards are fair, relevant to current market conditions and the community. Such reviews can include amenity and bonus cost/benefit analyses that consider the following factors:

- Construction costs for bonus entities
- Developer benefits derived from the amenities and bonuses received
- Public benefit derived from amenities
- Negative impacts that result from bonus gain(s) (congestion, air quality, etc.)

Density bonuses usually allow for increases in density of a particular area and/or community. Cities should, therefore, implement upper bounds to the bonus formulae consistent with zoning and land use concepts, and the vision by the community for a particular area.

History

Between the late-1800's and mid-1900's cities like New York and Chicago controlled density mainly via building height limits. More recently, many cities have focused on managing density in conjunction with design criteria, with height limitations being a secondary factor.

Chicago was a pioneer in incentive zoning. Their 1957 zoning code was designed to stimulate large-scale downtown office development during a sluggish post World War II period. This incentive program rewarded various amenities, like providing for open space surrounding buildings, with additional density permitted. Chicago achieved its intended results with an unprecedented boom in downtown office development during the 1960's into and 1970's, including several of the world's tallest office structures.

Two significant features were incorporated into this 1957 zoning code. First, the height limit was replaced with a floor area limitation as major criteria. This was done by adopting a method known as the "floor area ratio" or FAR, which limited a building's square footage in relation to a multiple of the respective lot size. For example, a site having 10,000 square feet, and zoned for a maximum FAR of



5.0, would allow a 50,000-square-foot building (10,000 x 5.0). This change allowed the city to control density and permitted building design flexibility.

Assuming the above, and a maximum height limit of 10 stories, the developer could choose to build a structure of 10 stories on half of the site, leaving the balance of the site for open space, or a single building of 5 stories that would encompass the entire site, both having no incentives.

The second prominent feature of the 1957 zoning code was the provision of bonus incentives that allowed developers to increase building densities above the base FAR's in exchange for providing public amenities such as plazas and arcades.

In the 1990's, changing market conditions and weaknesses in the aged zoning code led to an overhaul of this 1957 zoning system. Implemented in 2004, the changes were necessitated by the fact the existing incentive zoning program was designed to primarily assist larger scale office construction. Updates were needed to reflect Chicago's expanding role as a residential, retail, and entertainment nexus.

Major deficiencies in the 1957 zoning system, by today's standards included:

- Inappropriate bonuses (Bonus awards granted without evidence of a demonstrated need for specific community benefits and/or amenities)
- Bonuses geared toward office development (Current incentives assist and facilitate urban residential, retail, entertainment, and mixed-use developments)
- Lack of design criteria requirements (The project under development and the community benefits/amenities provided were frequently unattractive and/or reflected an underutilization of the site(s).)
- Excessively generous bonuses (Amenities, which at the time are overly generous to the development community in return for the community benefits/amenities to be derived).
- Administration difficulty (Bonuses were awarded based on subjective criteria instead of clearly articulated standards)

Major improvements included in Chicago's 2004 zoning system are summarized below:

- Expanded schedule of bonusable amenities that encourages a pedestrian friendly and more environmentally sensitive city; with the bonuses now available for commercial, residential, retail, and/or mixed-use developments.
- Bonusable benefits/amenities better reflect Chicago's current needs.
- Density calculations are easier to understand, and are based on a combination of the amenity's size; the developments lot size; and the underlying base FAR.
- A single amenity earns a single bonus (Awarding of multiple bonuses for a specific single design feature has been eliminated).
- The bonus reflects the "value" of the amenity (Those amenities most valued by the City provide the most generous bonuses to the development community).

New York City recognized the need for zoning ordinance changes in the early-1960s as a result of changing times and market conditions. It thus underwent an extensive revision to zoning ordinance and incorporated an expanded bonus program.



Other Major Cities have followed suit, especially in the past decade as city development dynamics have changed, allowing for more residential uses with a combination of retail / entertainment and mixed-use projects. Individual cities have developed their respective versions of incentive zoning, usually premised on a community's specific priorities and needs.

- Miami offered incentives to encourage street level retail
- Anchorage provided incentives for climate-controlled courtyards.
- Cincinnati has given incentives for historic preservation
- San Francisco has offered zoning bonuses to encourage rooftop observatories.

Thus, incentive bonuses tend to be a local market driven concept dependent on the needs and wants of a particular community or area within a community. Today a number of emerging cities are in the process of updating their zoning ordinances, with the incorporation of incentive programs to facilitate goals and objectives designed to fill gaps in the relevant marketplace. For example, San Diego is currently in the final stages of approving new municipal codes with incentives relating to workforce / affordable housing, urban open space, and employment uses.

Incentive Bonus Administration

Bonus incentive awards need to relate to the quality and value of the amenities desired and / or needed by a community or specific area. If the program becomes complex, the criteria for determining bonus awards may result in greater subjectivity, raising the level of expertise and time required to administer the program. This could also lead to increased likelihood that the awards will not be as equitable as initially envisioned.

Some benefits/amenities are simpler to quantify, value and administer than others. Our market analysis found many cities separating the administrative function based on level of review necessary in granting the bonuses. Bonuses for easily quantifiable amenities can be made available on an "as-of-right" basis and approved by zoning the administration without extensive site plan review. The key is that the proposed project demonstrates it will incorporate the bonused benefit/amenity and meet minimum design guidelines. For those benefits/amenities requiring consideration as part of complex design criteria, bonus incentive approvals will need to undergo more extensive site plan review.

Summary

Bonus systems are widely accepted and are an integral part of many present day zoning and planning initiatives in urban locales throughout the U.S. If well prepared and managed, they offer the opportunity for a city to achieve desirable public benefits/amenities. A comprehensive bonus program that is clearly spelled-out in the zoning ordinance and provides for flexibility are understandable and easier to implement than those of a more complex nature that may be more subjective in character. Municipal staff can administer the more simplified "as-of-right" bonus benefits/amenities more expeditiously while more complex amenities require more extensive development review. As the community's needs evolve over time, the bonus system should be reviewed and updated to meet the changing needs and wants of the community.



Bonus FAR Amenity Categories

In our research, we found numerous categories of bonused amenities. The following list represents those bonus categories we believe applicable for the City of Tampa, mindful of the strategic plan set forth for the Channel District and feedback from the community.

Community Enhancement Elements:

- Affordable and/or Attainable Housing
- Public Open Space
- Public Parks
- Channelside Drive Promenade
- Riverwalk Improvements
- Mid-block Pedestrian Connectors
- Bicycle Accommodation
- Artist Studio Space
- Transit Support
- Public Parking
- Fire/Rescue Site
- Child Care Center Space
- Leadership in Energy and Environmental Design (LEED) Certified Construction
- Enhanced Landscaping

Public Realm Elements:

- Enhanced Public Access to Waterfront
- Enhanced Street Design
- Increased Sidewalk Area
- Public Art (beyond the minimum requirement)
- Public Water Features
- Ground Floor Retail / Office

The following sample bonus incentive scenarios based on (1) establishment of a pocket park and (2) land assemblage, two of the more complex processes.



Bonus Incentive Example Scenarios

The following Cost Ratio FAR Model scenarios assume a developer is willing to donate 4,000 SF of a developable site's land area for a pocket park. The scenarios offered apply to any and all of the bonus criteria set forth by the community. Here we have chosen a pocket park since it would likely be one of the more complex requirements where we have the transfer of development rights from one portion of the site to another.

Pocket Park Bonus Example - Cost Ratio Model Scenario

General Assumptions

City goal to provide incentives for pocket park(s)

Base FAR: 3.5 / Max: 5.0

Bonus Incentive: Based on land area contributed to city plus contribution of park infrastructure, etc.

Note: In order to fine-tune the incentive, a cost factor is applied to either increase or decrease the impact. We have applied a cost ratio of 10:1 representing for every \$1 contribution to the city (in this case land price / value for pocket park and infrastructure cost for creation of park) the developer receives \$10 in equivalent development dollars, which then translates to a bonus FAR based on the proposed improvements SF overall development costs.

Assumptions

Bonus Cost Ratio	10:1
2.0 acre development site	87,120 S.F.
Pocket Park Size	4,000 S.F.
Actual Development Costs/SF	\$210/S.F.
Pocket Park Improvement Costs (paid by developer)	\$200,000
Land Price	\$80/SF Total Land Area
Land Value	\$320,000
Base FAR	3.5
Max. Bonusable FAR	5.0

Bonus Incentive Calculation

Site Size (2.0 acres)	87,120 SF
Allowable Density 3.5 (87,120 SF x 3.5 FAR)	304,920 SF Gross Bldg. Area
Park Land Costs + Public Improvement \$	\$520,000
(4,000/sf land area @ \$80/SF = \$320,000 + \$200,000 park imprv. costs)	
Ratio Public Improvement \$ to Project Devel. Cost	10:1
Development Incentive \$ (10 x \$520,000 Contribution)	\$5,200,000
Equivalent Bonus FAR Area (\$5,200,000 / \$210 per SF Cost)	24,762 SF
Aggregate FAR (Base + Bonus)	329,682 SF Gross Bldg. Area
Total New FAR Ratio (329,682 SF / 87,120 SF)	3.8 FAR
% Increase in FAR	8.1% increase bldg. area
Bonus FAR Area (Saleable/Useable - less 20% Common Area)	19,810 SF
Avg. Saleable / Rentable Unit Size	1,200 SF
Additional Potential Units to be constructed	17 units
Original Units to be constructed (Base FAR)	203 units



Total Units with Bonus	220 units
Value of Bonus Incentive	
Price/Value Excess FAR (24,762 SF @ \$80/sf @ 85% air-rights)	\$1,683,800
Less: Price/Value of Park Land and Proposed Improvements (4,000 SF Land @ \$80/SF = \$320,000 + \$200,000 Park Imprv.)	<u>-\$ 520,000</u>
Developer Net Revenue From Bonus FAR Relative To Land Pricing	\$1,163,800 (ROUNDED)
Incremental Sales Proceeds:	\$6,438,000
(19,810 SF saleable / useable area x \$325/SF)	
Less: Estimated Incremental Development Cost (24,762 incremental building area x \$210/SF)	<u>-\$5,200,000</u>
Developer Incremental Revenue from Bonus	\$1,238,000
Developer Net Revenue From Bonus FAR Relative To Sale Proceeds (\$1,238,230 Incremental Revenue less \$520,000 for park land + pocket park costs)	\$ 718,000 (ROUNDED)

Assumes the land price/value for the park area is equal to full value of land before incentive – purchase price by city if available in market. Typically, the land value for the park would be lower in price/value since the development rights within the park land area have been transferred to the other, developable portion, of the site, resulting in a lower land price/value contribution for the remaining land used for the park.

Above analysis also assumes the air rights to have an 85% contributory value to the fee value/cost of the land recognizing the added cost of infrastructure to support the additional building area.



Land Assemblage Bonus Example Scenario 1

Under each scenario the City gains the value of a larger mixed-use project that is planned and approved as a single cohesive project under control of a single development entity. City goal to provide incentives for assembling mixed use development over 2 acres.

Land Assemblage Example Scenario 1 – 2.25 Acre Site

General Assumptions when adding land area:

- Base FAR: 3.5
- Bonus Incentive: 0.25 Incremental Bonus FAR for each contiguous 0.25 acres over 2.0 acres.
- Average sales price per buildable S.F.: \$325/S.F.
- Site sizes: 2.25

Assumptions

- Subject Site Size w/assemblage of 0.25 acre 2.25 acres or 98,010 S.F.
- Allowable Density under Base FAR (98,010 S.F. x 3.5 FAR) 343,035 S.F. Gross Bldg. Area

Bonus Incentive Calculation

- Site size increment above 2.0 acres 0.25 acres
- Bonus awarded to entire site: 0.25 FAR
- Total Buildable S.F. under Bonus Incentive (98,010 S.F. x 3.5 FAR) 367,538 S.F. Gross Bldg. Area
- Additional Building Area Under Bonus Incentive (367,538 S.F. - 343,035 S.F.) 24,503 S.F. Gross Bldg. Area (7.1% increase in bldg. area)

Value of Bonus Incentive

- Incremental Sales Proceeds (24,503 x 0.80 saleable/useable area x \$325/S.F.) \$6,370,780
- Estimated Incremental Development Cost (24,503 x \$210/S.F.) \$5,145,525

Developer Incremental Revenue \$1,225,255

Land Assemblage Example Scenario 2 – 2.50 Acre Site

General Assumptions when adding land area:

- Base FAR: 3.5
- Bonus Incentive: 0.25 Incremental Bonus FAR for each contiguous 0.25 acres over 2.0 acres.
- Average sales price per buildable S.F.: \$325/S.F.
- Site sizes: 2.50



Assumptions

- Subject Site Size: 2.50 acres or 108,900 S.F.
- Allowable Density under Base FAR (108,900 S.F. x 3.5 FAR) 381,150 S.F. Building Area

Bonus Incentive Calculation

- Site size increment above 2.0 acres 0.50 acres
- Bonus awarded to entire site: 0.50 FAR (incremental inc 0.25)
- Total Buildable S.F. under Bonus Incentive (108,900 S.F. x 4.0 FAR) 435,600 S.F. Building Area
- Additional Building Area under Bonus Incentive (435,600 S.F. – 381,150 S.F.) 54,450 S.F. Building Area
(14.3% increase bldg. area)

Value of Bonus Incentive:

- Incremental Sales Proceeds \$14,157,000
(54,450 x 0.80 saleable/usable area x \$325/S.F.)
- Estimated Incremental Development Cost \$11,434,500
(54,450 x \$210/S.F.)

Developer Incremental Revenue \$2,722,500



Affordable/Attainable/Workforce Housing

The goal of workforce/affordable housing is to generally provide below market priced housing for a target market segment that would otherwise be excluded due to affordability. Frequently, municipalities strive to offset price escalation resulting from gentrification, thereby allowing lower paid service and back office workers the opportunity to live in or close to the neighborhoods where these services are rendered, but tend to be out of their economic reach in terms of housing costs.

Of the bonus incentive categories, workforce/affordable housing presents significant challenges. Critical steps in providing workforce/affordable housing incentives include deciding where such housing should be located within a specific area, and determine the population segment targeted for rental and/or owned housing. Many cities apply a percentage of a specific area's median household income (AMI) as the base line criteria. The income qualifications may range from under 30% to 150% of this local AMI, also considering whether the housing is to be rented or owner occupied.

The AMI threshold is generally lower for rental housing. For owner-occupied housing, considerations may also include making sure the owners do not reap windfall profits from their *subsidized* entry points. Some cities exercise control over resale prices through deed restrictions for periods of 15 to 55 years.

While investing in workforce/affordable housing is an important element in sustaining a particular area or community, it may not be practical for every project and/or area. Some of the incentive programs reviewed allow the development community to provide this housing at alternate sites, or make cash payments into public housing trust funds in lieu of constructing workforce/affordable housing units in their particular project. The latter tends to be the "*last resort*" scenario where a mix of housing is preferred. Bonus incentives may include cash payments to the City based on the number of housing units to be provided, or the right to build an increased numbers of market rate housing units.

Recent examples of bonusing for workforce/affordable housing follow:

Winter Park recently adopted a plan where developers who construct one affordable unit in their project (apartment, condo or single-family house) receive, in return, four additional market rate units based on the rezoning process. A Winter Park developer may also opt-out of providing units by giving the City land for a workforce/affordable unit or make cash payment of \$150,000 per workforce/affordable unit.

Denver provides developers a \$5,000 cash payment for providing workforce/affordable owned units and a \$10,000 payment for rental units. Denver's program is a requirement to develop residential in certain areas of the community. All residential projects exceeding 10 and/or 30 units, respectively, must include at least 10% workforce/affordable housing.

San Diego is facing a crisis in availability of workforce/affordable housing, and has recently established a mandatory workforce/affordable housing programs in certain areas of the City. The San Diego system is premised on a sliding scale based on the density permitted or bonused, and the income levels for the particular area(s).