

Development Incentives

A variety of development incentives can be used to achieve a number of planning, design and economic development objectives. Incentives can be designed to encourage the type or character of development desired, or to make it easier for developers and businesses to build or locate in particular places. Incentives are usually applied on the regional or city level and typically fall into four general categories.

Regulatory Incentives

Regulatory incentives are used to encourage developers to build greater public benefits into their projects than minimum regulatory requirements require. Examples include allowing a development project to exceed density or height limits in exchange for investment in nearby infrastructure such as a neighborhood park, or sidewalk improvement. Another type of regulatory incentive is to “streamline” or accelerate the design review or approval process for projects that go above and beyond minimum community design or planning standards.

Flexible zoning standards are a commonly used regulatory tool used to facilitate the use of incentives. Incentive zoning is a type of flexible zoning that encourages development and provides public benefits.

Economic/Financial Incentives

Financial incentives are broadly used and often take the form of matching grant programs, low or no interest loans, and tax incentives or exemptions. Examples of this type of tool and its uses include matching grant programs that promote building façade improvements in commercial areas or clean-up and development of contaminated lands. Financial incentives are often used to promote economic development. One common strategy is to create tax incentives that encourage the location of targeted industry businesses in particular geographic areas.

Technical Assistance

Providing or pursuing technical assistance is another way to encourage or achieve community development goals. Examples of the types of technical assistance programs used to promote desired development and enhance community vitality include storefront and façade improvement assistance, or small business development assistance. Technical assistance programs are commonly used at the state and federal levels to encourage the preservation and healthy management of agricultural and habitat lands.

Public Investment in Infrastructure and Services

Counties and cities can also encourage the type of development they want to see in certain locations by investing in the infrastructure that new development will need to thrive, such as road, water and sewer networks or improved public transit service.

Well designed incentive programs can go a very long way in creating opportunities for public-private partnership and collaboration to improve local communities. Incentive programs can also be designed to achieve other important community goals, such as creating jobs, encouraging the growth of a specific industry, preserving working agricultural lands, or creating and protecting wildlife habitat.

Blueprint Principle	Element Supported by Development Incentives
1. Environment	<ul style="list-style-type: none"> • Avoid development of open space and critical environmental areas, including wildlife habitat and wetlands
3. Growth and Development	<ul style="list-style-type: none"> • Focus growth and development within existing communities, using policies of infill, and mixed use development • Create walkable and bike-able neighborhoods • Encourage high-quality building and community design • Provide quality housing for all ages, financial circumstances and cultures

Potential Implementation Actions:

- Identify and promote available sources of technical assistance and financial assistance through state, federal or regional governments, foundations and non-profit or community-based organizations.
- Work with planners and community stakeholders to identify desired development features and public amenities.
- Identify and remove any regulatory or code barriers to desired development.
- Adopt policies supporting desired development features and public amenities in General Plan and other policy documents.
- Identify opportunities to integrate flexible and incentive zoning into ordinances and codes.

Examples and Case Studies:

[Waitsfield, Vermont’s Adaptive Re-use Provisions](#) allow several uses that are not otherwise allowed in the Town’s Agricultural-Residential District to encourage the [re-use](#) of historic barns. Since the provision was passed, several barns have been renovated and put to new uses, including a wood-working shop, performing arts space and a meeting facility.

[The City of Pendleton, Oregon's](#) façade restoration grant program helps restore the historic character of the Downtown and Riverfront districts.

[The City of Bend, Oregon Tenant Relocation Assistance Program](#) (TRAP) is a funding program aimed at smaller companies looking to relocate their business within the City of Bend.

[SANDAG's Transnet Smart Growth Incentive Program](#) offers funding for public infrastructure projects and planning activities that facilitate compact, mixed use development focused around public transit. The program was launched in 2005 to attract private development consistent with adopted regional plan principles.

[The City of Seattle, Washington](#) used incentive zoning to encourage the development of LEED-certified green buildings and the inclusion housing and child care facilities in commercial zones. In recent years, the City has [expanded the program](#) beyond downtown and to encourage the development of workforce housing, green streets and historic preservation.

Additional Resources:

[Green Building Incentive Trends](#), National Association of Counties

[Summary of Regional Smart Growth Incentive Programs](#), New York's Capital District Transportation Committee