

Mixed-Use Development

In a Nutshell

Mixed-use development is an approach to the urban design of a community (or specific district or even single building) that blends multiple, complimentary types of land uses in the same space. Mixed-use development can feature a functional blend of residential, commercial, retail, institutional, community, cultural, and in relevant cases industrial, uses within the same area. These areas would be connected by pedestrian and multi-modal transportation options. In some more limited cases, such as a downtown high-rise, mixed-use development may simply mean both residential and office floors. Proponents of mixed-use developments argue it helps create more variety in housing types, reduces distance between home, workplace, shopping, and other destinations, increases density, strengthens a neighborhood's character, and promotes bicycling and pedestrian mobility.

The “How To”

Mixed-use development is a type of development generally defined as pedestrian-oriented places that layers compatible land uses, public amenities and utilities at various scales and intensities. A common form of this development is to have storefronts on the bottom floor of a multi-floor building with apartments or condos on top. The approach is somewhat similar to many main street designs and other traditional urban developments. Mixed-use development requires the use of other tools in the OneSTL Toolkit including [Transit Oriented Development](#) (TOD), [Bicycle and Pedestrian Facilities and Programs](#), [Density Bonuses](#), and [Mixed-Use Zoning](#). As these various tools will illustrate, mixed-use development can be undertaken in various ways, especially in terms of the zoning and the location of the development.

[The Mixed Use Development Design Manual](#) from Colorado Springs, CO is “a reference document that can be utilized by any interested party and applied to any phase of the planning, development, and review of a mixed use project.” The manual has information relevant to citizens, policy makers, planners and property owners.

[Placemakers.com](#) has a good article on [mixed-use development](#). The article does a good job of clarifying many of the misconceptions concerning mixed-use development.

As with any development project, mixed-use developments require extensive and deliberate planning. Each community’s planning process will be unique. Below is a list of questions communities can ask as they jump start the planning process.

- Does our community, or a neighboring community, have any existing examples of mixed-use development that could be used as a foundation to build upon?
- Does our current comprehensive plan or any other plan address mixed-use development and related urban design form?
- Where and how could a mixed-use approach help achieve the community's existing goals?
- Is there a particular type of mixed-use development that is more appropriate for our community? Identify some potential sites - evaluate them.
- Do our current zoning and land use regulations present challenges to mixed-use development?
- Is there a particular site or district where mixed-use development could be easily achieved? Would such an

area need incentives?

- What other strategies could be combined to facilitate more mixed-use development?
- How could the city plan for growth in new areas to ensure mixed-use development occurs there in the future? How will that new growth blend with the existing community pattern?

· Meet with developers who have completed projects in your community and others within the region - ask if they have ever considered mixed-use development in your community. Do market conditions already exist to support mixed-use development? What would need to change to facilitate it? What does the marketplace need from city hall to pursue such projects?

Planning & Zoning

For cities and counties, there is a complex series of policies and investment decisions in the mixed-use development planning process. It is not a single tool and it is not a one-time effort. There is no "one right way" to approach implementation. The Urban Land Institute offers a [Mixed Use Development Handbook](#). Their handbook is not free, but it provides a lot of useful information for a community seriously looking into mixed-use zoning. A city or county should focus on four main areas when planning for mixed-use:

1. Audit your zoning, subdivision, development, and other regulatory codes. Identify areas that prohibit mixed-use development. Identify areas that at least attempt to accommodate such development. A critical step is in understanding how existing regulation treats such development. One approach is to select one or two hypothetical sites within the community and "walk" a fictional mixed-use development through your plan review process. For more information on mixed-use zoning, please see the OneSTL tool on [Mixed-Use Zoning](#).

2. Evaluate your off-street parking requirements. Many mixed-use developments cannot be realistically constructed due to the costs of off-street parking. Many municipal and county parking requirements significantly over-estimate the amount of parking needed for mixed-use developments. That unnecessary cost undermines the project's profitability and kills investment. For more information, see the OneSTL tool on [Parking Requirements](#).

3. Assess the marketplace. Communities should plan for mixed-use development like any growth - based on market realities. Understanding your local real estate market as well as the nature of consumer demand within that market will lead to better planning efforts. Meet with local developers, builders, lenders, real estate professionals, and those engaged in the development of your area. Understand their needs and what conditions they consider necessary to pursue mixed-use development.

4. Develop clear goals and model off successful case studies. Often, cities forget to look for inspiration. Hopscotching from project to project without a comprehensive strategy attached to a set of clear goals is not a proven approach. Mixed-use development works best when it is working towards one community vision. Further, once that vision and community approach is established, identify similar places and projects and model off of them. Select spots in your city that have similar characteristics to successful projects in other communities, and do not be afraid to start small.

Below are some general and common implementation tools for Mixed-use development (obviously, [mixed-used zoning](#) is a good tool as well).

Planned Unit Developments (PUD)

The easiest manner for an existing community to implement a mixed-use development is through a planned unit development, commonly called a PUD. In this scenario the city or county would target an area of the

community that is ripe for redevelopment, or possibly infill development. In that case a developer would approach the entirety of the site and plan for a large-scale, mixed-use project. One such example is the Uptown District redevelopment in San Diego. Such a project still requires the adoption of applicable zoning and other codes and working with the developer to ensure city rules and inspections permit this type of development.

Zoning Overlay Districts

This tool “creates a special zoning district, placed over an existing base zone(s), which identifies special provisions in addition to those in the underlying base zone.” This approach can make sense for a number of areas: transit stations or hubs, central business districts, Main Street environments, or retail areas near large educational or office campuses. An overlay district allows for variances and flexibility from the traditional zoning approach, without the municipality or county having to completely re-zone the district. This also allows for a "pilot program" approach where zoning control can be reviewed on a case-by-case basis using conditional or special use permits for additional density or a mixed-use development. A city or county would have to adopt these various land use regulation policies in order to use an overlay district.

Creating Developer Incentives

In some instances a unit of local government may need to (or want to) create local developer incentives to drive mixed-use development growth. Although this strategy can apply to new "greenfield" sites, it typically applies to redevelopment and infill projects in an existing community. The nature of these incentives can vary. Around a transit station or hub it may make sense to use density bonuses and reduced parking requirements. In a neighborhood retail district (where upper-story density is desired) that borders a single-family residential area, transferable development rights and conditional zoning rights for additional height may be effective, balanced with TIF or Transportation Development District (TDD) funds. Layering the precise balance of land use regulations, development tools, and public incentives to generate your community's particular brand of mixed-use development should be done on a case-by-case basis. In many ways there is no "right" answer and no one solution. Community conversations, market analysis, and input from urban planners can help local governments appropriately calibrate the best mix of layers to achieve your local goals.

Dollars & Cents

Mixed-use developments are like any development project - done correctly, they can yield a profit for their investors, provide a competitive location for local businesses, and create a new community neighborhood full of hometown pride. Mixed-use development can sometimes be more complicated because of the 'layered' mix of uses. Each part (or use) of the development must succeed for the project as a whole to be successful. The good news is at this point in mixed-use developments' revival since the 1990s, there are many case studies and a strong track record of profitability and community success. These case studies demonstrate that the benefits far outweigh the drawbacks of mixed-use development.

Case Studies

Planetizen offers an [article](#) that demonstrates mixed-use development has a much better financial impact on local government budgets than traditional suburban development. The Federal Reserve Bank of Minneapolis has several good links concerning financing developments. The first is a [lender's perspective](#) of mixed-use development. Second, the reserve profiles towns in Minnesota, including [Edina](#) and [Hibbing](#), and their experience with mixed-use development, focusing particularly on the financing of it.

Local Governments

Technically mixed-use development is driven by the private marketplace. Most cities will have a supportive role where their focus is on the zoning, building codes, other regulations and even the financing of the

development. The cost for their administrative duties is mainly staff time and possible consulting fees. The long-term costs are simply blended into your jurisdiction's existing planning and zoning management functions.

However, many cities also choose to incorporate public financing tools such as TIF districts, as well as Transportation Development Districts, Community Improvement Districts, Neighborhood Improvement Districts, and property tax abatements. Cities and counties who take an active role in developing these financing tools will likely see a significant return on the time and money spent, especially if the development is well-done.

Measuring Success

Short-Term Successes

For local governments, success will be measured incrementally. Early on in the process, success will simply be adopting zoning and related development codes that permit mixed-use developments. Governments can also track the number of development proposals that access that section of the zoning code and construct mixed-uses. Another measure of success would be calculating the total acreage of zoned mixed-use.

Long-Range Success

Over time, communities will see changes resulting from mixed-use development, including healthier and more vibrant communities. An example would be that as more mixed-use development becomes available, the number of vehicle miles traveled (VMT) will go down as well. There will be an increase in pedestrians, bicyclists, and mass transit use as well. Another quantifiable measure is property value increase.

The best approach for measuring success is to establish a five-year and ten-year review period. At these increments, changes in the various variables can be measured. It would be important to establish specific measurements, and to then measure them each time.

Discover More

The Urban Land Institute offers a [comprehensive book on mixed-use development](#) and community design that will lead to more in-depth information and exploration of the topic.

You can also review the Transportation Research Board's report, [Enhancing Internal Trip Capture Estimation for Mixed-Use Developments](#).

Case Studies

Downtown St. Louis Mixed Use Development

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Description

We have had 100s of new developments downtown over the past 13 years since the Downtown Now Development Action Plan was adopted in 1999.

The Downtown Now Plan was adopted in late 1999. **The overarching purpose of that Plan was to create an environment that is attractive to lenders, investors, business owners and residents and provide and investment strategy that combines physical, market, economic, and political actions to reverse the trend of disinvestment and shape a new vision for the Downtown's future.**

A new Downtown Next 2020 Vision was adopted in 2010 with more or less the same mission but with new goals and strategies that build on the success achieved in the past 10 years and reflective of the changes in the market and the world that have occurred in that time. The Downtown Next 2020 Vision now serves as the blueprint for how we are moving forward with downtown's revival. Here is a link to the Downtown Next info on our website.

<http://www.downtownstl.org/ThePartnership/PartnershipforDowntownStLouis/DowntownNEXT.aspx>

I have also attached a brochure with latest info on Downtown Next activity.

Cost \$0

Lessons Learned

- Success has come from diversity of projects rather than relying on one or two major projects to drive results. It is the mix of projects (and experiences) that make downtown's vital and vibrant.
- Residential is indeed a critical factor for sustainability of a vibrant downtown. It probably remains our biggest success.
- Public/Private partnerships are critical. Collaboration amongst stakeholders is critical.
- Density is what makes downtowns work. Development should strive to concentrate people and uses in small areas for greatest impact. When that is not possible, connectivity is the key. We have not yet achieved density – that is an ongoing effort. However, we are working harder now (noted in Downtown Next) to provide greater connectivity (physically, visually and through transportation) both within downtown and with our surrounding neighborhoods.
- Historic Tax Credits were the most critical tool for downtown revitalization. The need for those credits has not gone away. Efforts to eliminate these are ongoing and would be a major blow.
- Despite huge investment, enormous progress, major physical improvements, we still have challenges with perception of safety and the ability to attract regional businesses to downtown. Residential population will continue to grow but job growth is critical for the next stage of growth.

East Bank Lofts

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Description

Kenrick Designs did the renovation/construction of the East Bank Lofts. They turned it into a building with parking in the basement, commercial space on the first two floors, and residential units on the top five floors with a penthouse and rooftop garden.

The original plan for the renovation was 10 luxury condos. However, in 2007, the bank pulled funding out and then took ownership of the building. The 5 floors of lofts that were constructed were extremely high end with bamboo floors, central heating and air conditioning in each unit and other amenities.

In order to convert the building, a new residential elevator had to be constructed from the ground up and the existing freight elevator had to be removed and the shaft converted into rooms in the lofts.

Cost

Costs vary widely. If a building is being constructed or converted sustainably, then it can cause the cost to rise up to 30%. Budgets can change because there are so many surprises. For instance, in some projects, they have discovered there are no sewers in the building.

If there is a City, State or Federal Government money involved, wages become much more complicated because you must insure that you work at a prevailing wage.

There is lots of paperwork involved in historic restoration. The company needed to hire a legal team and an accounting team just to sort through it. These teams added another \$70 thousand to the project.

Lessons Learned

Making buildings ADA accessible can be very expensive. You must make sure to take these improvements into account.

The elevator installation and removal was 200% over budget. One huge part of all developments is that pricing is always high and always causes sticker shock. To install the elevator on just one floor cost \$80 thousand dollars.

Factoring in the cost, sustainability and restoration becomes highly prohibitive to projects. People will decided that it is much cheaper to tear down the building and put up a new one rather than restore the existing building. Developers need to decide at what point it becomes cost effective for developers to do a restoration.

Real estate prices on Washington Avenue tend to be very high, and then the costs of the building renovations run high as well.

A loss on the buildings go against a developers profits. Therefore, many developers develop at a minimum rather than doing a proper restoration. It is hard to get rental income on properties right now. After 2006 it became harder to get bank loans and higher rents. Developers now need to be able to put 30% down in order to get a loan. This makes projects very cash heavy. Things are beginning to change, there is more money for developers and banks are being told to make more loans.

People need to learn to co-exist. There needs to be a personal acceptance of land use. It takes a special kind of

person to live in a high density area. Finally, there need to be more developers doing historic renovations and more sources of financing for these projects.