

November 15, 2022

INFILL INCENTIVE OPTIONS

SINGLE-FAMILY ZONING ANALYSIS: INFILL RESOURCES



NORTHEAST OHIO FIRST SUBURBS CONSORTIUM

Jennifer Kuzma, *Director*
165 Center Road
Bedford, OH 44146
440.735.6520
www.firstsuburbs.org

PROJECT TEAM

Jennifer Kuzma, *Director, First Suburbs Consortium*
Patrick Grogan-Myers, *Director of Planning and
Development, Euclid*

Michael Love, *Planning & Development Director, South Euclid*
Matt Madzy, *Director of Planning, Engineering & Development,
Berea*

Coral Troxell, *Planning & Development Assistant Director, South
Euclid*

Jennifer Vazquez-Norman, *Programs Operations Manager,
Cuyahoga County Land Reutilization Corp.*

NORTHEAST OHIO FIRST SUBURBS CONSORTIUM MEMBER COMMUNITIES

Bedford
Bedford Heights
Berea
Brook Park
Brooklyn
Brooklyn Heights
Cleveland Heights
East Cleveland
Euclid
Fairview Park

Garfield Heights
Lakewood
Maple Heights
Newburgh Heights
Parma
Parma Heights
Shaker Heights
South Euclid
University Heights
Warrensville Heights

CUYAHOGA COUNTY PLANNING COMMISSION

2079 East 9th Street
Suite 5-300
Cleveland, OH 44115
216.443.3700

www.CountyPlanning.us
www.facebook.com/CountyPlanning
www.twitter.com/CountyPlanning

CONTRIBUTING STAFF

Mary Cierebiej, AICP, *Executive Director*

Patrick Hewitt, AICP, *Planning Manager, Strategy & Development*

Meghan Chaney, AICP, *Senior Planner*

Laura Mendez Ortiz, AICP Candidate, *Planner*

Paul Triolo, *Planner*

OUR MISSION

The Cuyahoga County Planning Commission's mission is to inform and provide services in support of the short and long term comprehensive planning, quality of life, environment, and economic development of Cuyahoga County and its cities, villages and townships.

INFILL INCENTIVE OPTIONS

SINGLE-FAMILY ZONING ANALYSIS: INFILL RESOURCES

INTRODUCTION	 	4
SECTION 1. INCENTIVES SUMMARY	 	7
SECTION 2. FINANCIAL INCENTIVES	 	13
SECTION 3. PROCESS INCENTIVES	 	21

INTRODUCTION

The Single-Family Zoning Analysis is a project of the Northeast Ohio First Suburbs Consortium in partnership with the Cuyahoga County Land Bank, facilitated by the Cuyahoga County Planning Commission and supported financially by First Federal of Lakewood. Its goal is to identify issues within zoning regulations that can make constructing desired infill housing in the First Suburbs difficult or cost-ineffective, and outline best practices and incentives that can make infill more practicable.

PROJECT GOAL

Identify issues within zoning and outline best practices for making constructing desired infill housing more practicable.

NORTHEAST OHIO FIRST SUBURBS CONSORTIUM

Created in 1996 by elected officials representing communities surrounding Cleveland, the Northeast Ohio First Suburbs Consortium is the first government-led advocacy organization in the country working to revitalize mature, developed communities, and raise public and political awareness of the problems and inequities associated with urban sprawl and urban disinvestment.

The Northeast Ohio First Suburbs Consortium was created as a council of governments to respond to government policies and practices which promote the development of new communities at the outer edges of metropolitan regions over the redevelopment and maintenance of mature suburbs.

INFILL HOUSING



Infill housing, such as this new home in Maple Heights, brings new homes and people to existing neighborhoods.

Source: Cuyahoga County Land Bank

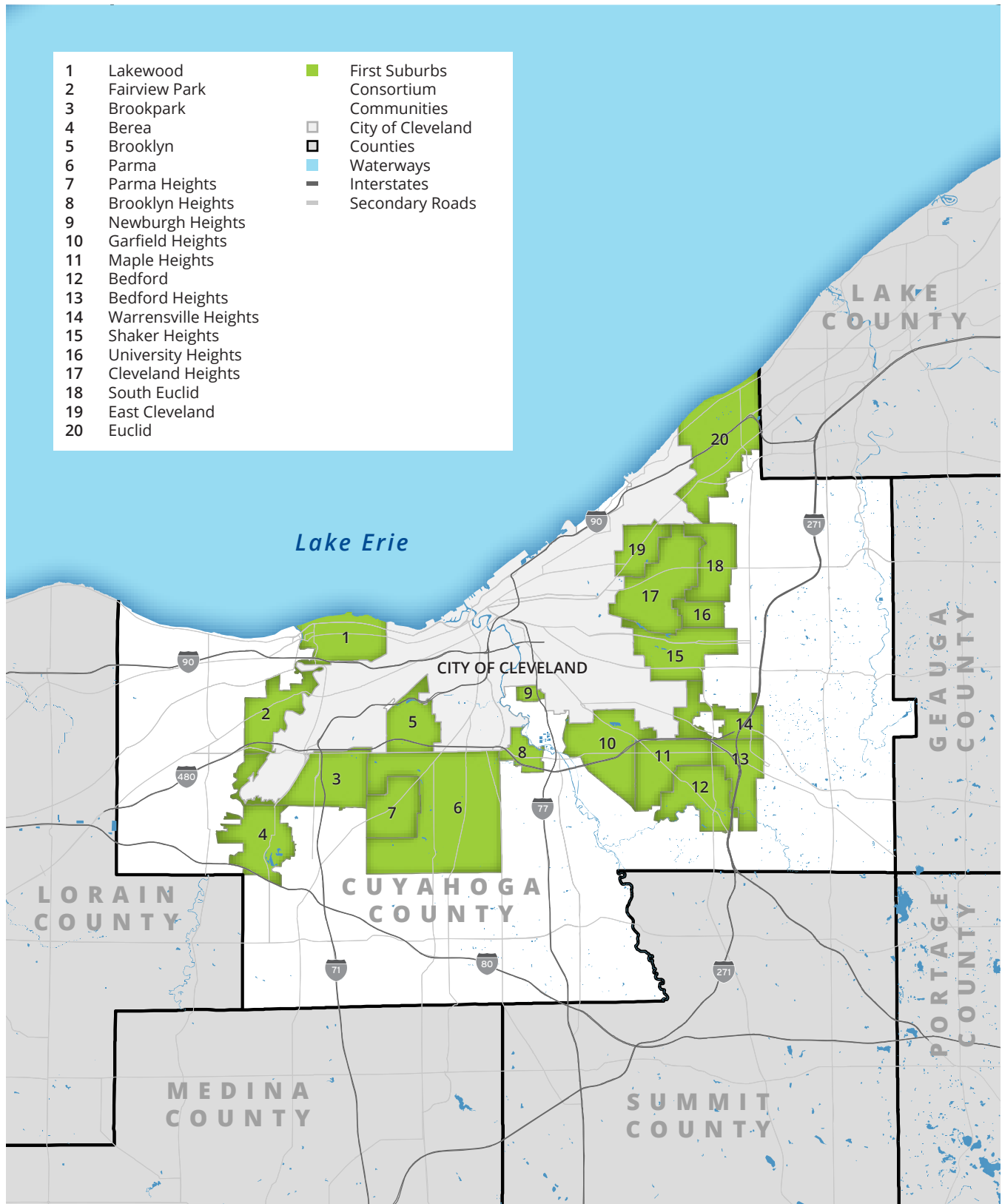
INFILL INCENTIVES OPTIONS

The Infill Incentive Options document is part of Phase 2 of the Single-Family Zoning Analysis, which covers infill resources for First Suburbs.

The first phase of the project covered an analysis of single-family zoning to determine whether desired housing could be built under current regulations, and whether infill housing would require significant variances or countermeasures to build.

This document and others as part of Phase 2 provide best practices, incentives, and code options that directly address issues identified in the first phase of the Single-Family Zoning Analysis.

MAP 1 | FIRST SUBURBS CONSORTIUM COMMUNITIES



Source: County Planning



SECTION 1

INCENTIVES SUMMARY

The Incentives Summary section provides an overview of policies and programs that can be used to attract infill single-family development to First Suburb communities. It provides information about housing market trends in the First Suburbs, why incentives are necessary, how this report is organized, and a brief overview of the incentives discussed in this document:

IMPROVING HOUSING MARKET CONDITIONS

Overall, the housing market conditions in the First Suburbs have been improving, with the median sales price and the number of home sales increasing in recent years. The median sales price is up 34% since 2009 and the number of sales is up 62%. These improvements point to the increasing potential for new infill housing. Dovetailing with the improving housing market conditions, the number of home demolitions has plateaued for almost all of the First Suburbs, with the exception of East Cleveland. Since 2017, the annual number of demolitions has flat-lined, showing a stabilized housing market and a reduced need for government intervention in demolition.

DECREASING NUMBER OF INFILL HOMES

Despite the positive housing market improvements, the number of single-family homes being constructed in the First Suburbs has slowed. The number of newly constructed units fell after the Great Recession, rebounded in the mid-2010s, but 2019 and 2020 saw the lowest number of new homes in the last decade. The lack of new homes is a missed opportunity to rebuild neighborhoods and restore population loss.

NECESSITY OF INCENTIVES

Due to factors including outdated zoning codes, utility connections, and the lack of economy of scale, many developers prefer to construct new housing on exurban greenfield land, where there are generally fewer constraints and lower land prices for new development. Because of this, First Suburb communities should consider incentive options to encourage infill development when necessary.

HOW TO USE THIS REPORT

This report outlines tools and policies First Suburb communities can use to incentivize new single-family infill development. Given different contexts in First Suburbs, this report provides a broad range of incentive options. Individual First Suburb communities can choose what incentives will work best depending on their infill development process, what amenities they want, and their community development goals. Identifying which incentives will work best involves in-depth research and collaboration among city departments and staff.

1.1 INCENTIVE OVERVIEW

This report groups incentive options into two categories, which can further be broken down into five subcategories as shown below. These are general groupings for organization purposes, and some specific incentives can influence multiple subcategories.

Financial Incentives seek to improve the financial feasibility of infill projects through tax breaks, credits, fee waivers, grant, and loan programs. They are intended to remove financial pressure from infill development to allow infill projects to “pencil out” and compete with greenfield sites.



Buyer Attraction incentives seek to attract infill development by expanding the pool of qualified buyers. This gives developers the assurance that their newly built infill homes will be purchased, allowing them to expand into weaker markets.



Cost Reduction incentives seek to attract new infill development by removing financial barriers for builders. They can come in many different forms, such as fee waivers, low or no interest loans, or gap grant programs.

Process Incentives seek to streamline the infill development process by identifying priority sites, simplifying the review and planning process, and taking preemptive measures to ensure that lots are development ready.



Site Identification and Assemblage incentives involve identifying specific areas to focus infill development, and assembling those lots to present to developers and the public.



Development Process Simplification involves streamlining the development process for infill, if specific projects meet criteria defined by the municipality.



Pre-Development incentives are actions that can be taken to prepare vacant lots for development before a specific builder is identified.

Financial Incentives		Process Incentives		
Buyer Attraction	Cost Reduction	Site Identification and Assemblage	Development Process Simplification	Pre-Development
BA1: Tax abatement programs	CR1: Fee waivers or deferrals	SI1: Priority infill development areas	PS1: Expedited development review	PD1: Pre-application meetings
BA2: Down payment assistance	CR2: Infill loans and grants	SI2: Vacant land inventory	PS2: Infill development guide	PD2: Pre-inspection/ connection of utilities
			PS3: Infill project review team	PD3: Pre-approved building designs
			PS4: Administrative waivers	



BA1: Tax abatement programs, P. 12

Provides tax abatements for investments in real property improvements through Community Reinvestment Areas (CRA). CRA's delay increases in taxes that come with new investment for a certain period of time.



BA2: Down payment assistance, P. 14

Provides supplemental funding for down payments and closing costs to low- and moderate-income households. These programs can give developers assurance that their infill homes will be purchased.



CR1: Fee waivers or deferrals, P. 15

Involves the partial or total refund or repayment of development related fees after project is complete if the project meets certain criteria. This incentive can be capped at a certain dollar amount or can be scaled based on different criteria.



CR2: Infill loans and grants, P. 16

Loans or grants that are issued by municipalities to builders to help reduce the financial burden on new construction. These funds can be used to offset development charges, applied to building fees, or for affordable housing construction.



SI1: Priority infill development areas, P. 21

Identifies strategic infill development target areas within communities. This shows areas in which municipalities strive for concentrated investment and where additional incentives or faster processes are focused.



SI2: Vacant land inventory, P. 21

An inventory of vacant land that is available for purchase and ready for infill housing development. Municipalities can present this to potential developers saving the step of identifying potential vacant lots for infill single-family development.



PS1: Expedited development review, P. 23

Serves as an alternative development process for eligible single-family infill developments. This can significantly shorten the development timeline if projects meet certain criteria as defined by the municipality, which also saves developers money.



PS2: Infill development guide, P. 23

Provides developers with greater certainty and rationale during the development permitting and review process. Can include process flow charts, checklists, fee schedules, and incentive requirements to give developers necessary information.



PS3: Infill project review team, P. 24

A team of dedicated staff familiar with the development process, with strong links to other necessary city departments. This allows for more efficient communication between city and developer throughout the development process.



PS4: Administrative waivers, P. 24

Allows for city staff to review projects in place of board of appeals, planing review, or variance processes. Authorizing a relevant administrator to waive onerous requirements can provide additional flexibility to projects.



PD1: Pre-application meetings, P. 26

Meetings before development occurs, giving both the city and developer the opportunity to discuss any potential issues, concerns, required permits, and project timelines. Results in more transparency and communication between parties.



PD2: Pre-inspection/ connection of utilities, P. 26

Proactively inspecting the condition of utility lines on vacant lots. Knowing the state of utilities before development occurs can reduce the risk for prospective developers and prevent unexpected costs from deterring development.



PD3: Pre-approved building designs, P. 27

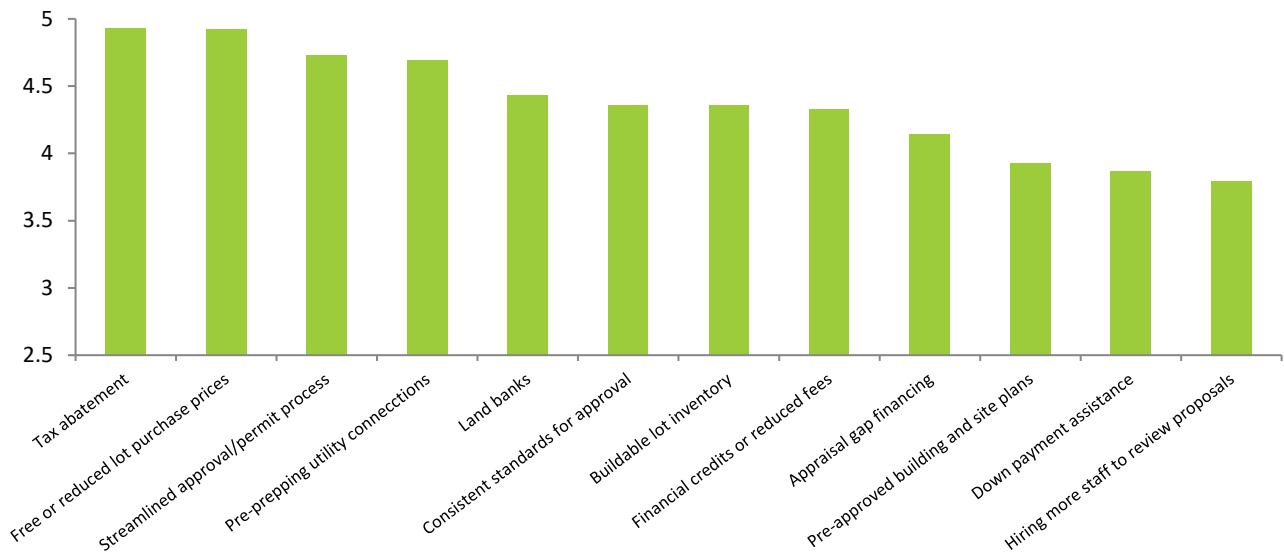
A list of pre-approved home designs available for developers, that fit the existing zoning code and desired character of the city. These save valuable time needed for planning commission and architectural review board approval.

1.2 DEVELOPMENT PROFESSIONALS FEEDBACK

As part of Phase 2 of the Single Family Zoning Analysis, local development professionals were surveyed to provide their perspective on zoning issues, as well as what incentives work best for facilitating single-family infill. Respondents were asked to rank different incentives on a scale of 1-5, with 1 being least helpful and 5 being most helpful.

As can be seen in Figure 1 below, tax abatement programs, free or reduced lot purchase prices, streamlined approval and permit process, and pre-prepping utility connections were identified as the most helpful incentives to development professionals.

FIGURE 1
DEVELOPMENT PROFESSIONAL FEEDBACK ON INCENTIVES



1.3 INCENTIVES AND THE DEVELOPMENT PROCESS

Incentives can affect the infill development process at multiple stages. Figure 2 below illustrates generally where these different categories of incentives can help the development process.

Buyer Attraction incentives mainly influence the last stage of the infill development process, which is the sale of the home post construction. However the knowledge of these incentives can also influence the first planning and financing phase, as if builders know that their homes will be purchased, they may be more willing to expand into a weaker markets.

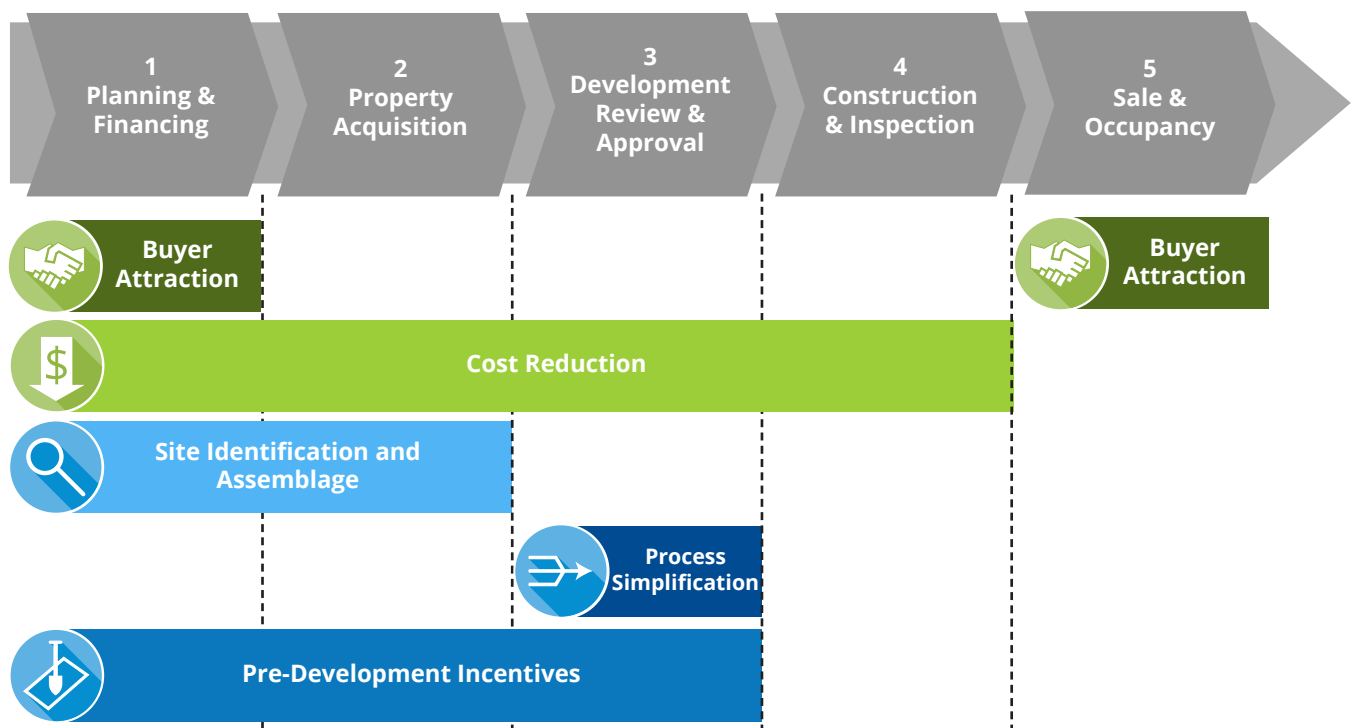
Cost Reduction incentives can influence all phases of development before the sale and occupancy of the home. Municipalities can tailor these incentives to their own particular processes to address the part of their process where they will be most effective.

Site Identification and Assemblage incentives generally influence the early phases of development. They are useful for the initial planning, as well as in providing additional resources for property acquisition.

Process Simplification incentives generally focus on the development review and approval process. While this is only one phase of the overall development process, it can be especially time consuming. It also is the phase in which municipalities have the most control over the development's outcome.

Pre-Development Incentives occur before construction and thus can effect the planning & financing and property acquisition phases. Some, such as pre-development meetings, can help facilitate the development review & approval phase as well.

FIGURE 2
TYPICAL DEVELOPMENT PROCESS AND RELEVANT INCENTIVES





SECTION 2

FINANCIAL INCENTIVES

Financial incentives focus on improving the financial feasibility of residential infill projects as well as providing financial assistance to homebuyers and homeowners who occupy these housing units. The financial incentives discussed in this document are categorized into two main groups depending on which actor the incentive helps to support financially.



BUYER ATTRACTION

Incentives grouped in the Buyer Attraction subcategory seek to incentivize residential infill by reducing the financial burden on homeowners and potential homebuyers. While not a direct financial incentive to the developers of residential infill, these incentives instead seek to attract homebuyers in already developed residential infill. This can have a secondary effect on developers, giving them assurance that their new homes will have buyers. This allows for developers to be more willing to build residential infill in weaker markets.



COST REDUCTION

Incentives grouped in the Cost Reduction subcategory seek to incentivize residential infill by directly reducing the financial burden on developers. Through strategies such as fee waivers, municipal grants, and low- or no-interest loans, communities can attract additional development of residential infill, and rebalance the distribution of excess costs that are associated with single-family infill development.

2.1 BUYER ATTRACTION

BA1: TAX ABATEMENT PROGRAMS



One of the most common incentive options offered among the First Suburbs is a tax abatement through a Community Reinvestment Area (CRA). A CRA is an economic development tool used to encourage renovations or new construction of commercial, industrial, or residential properties in areas where investment has been discouraged. A CRA delays increases in taxes that come with new investment. For instance, rather than property taxes immediately rising to reflect an increase in home values—such as when a new home is constructed on a vacant lot—that tax increase would not kick in for a set number of years to incentivize home renovations and construction.

BENEFITS

CRA's are especially effective at incentivizing new infill development, as seen by their wide usage in the First Suburbs. CRA's also have the added benefit of being flexible, with the ability to be applied either city wide, to specific target areas, or some combination of both, allowing cities to adjust the incentive to address their community goals and values. From a homeowner perspective, the property tax reduction results in significant savings, increasing the accessibility of homeownership. From a developer perspective, CRA's give developers confidence that their infill homes will be purchased and occupied, reducing the risk of developing single-family infill in weaker markets.

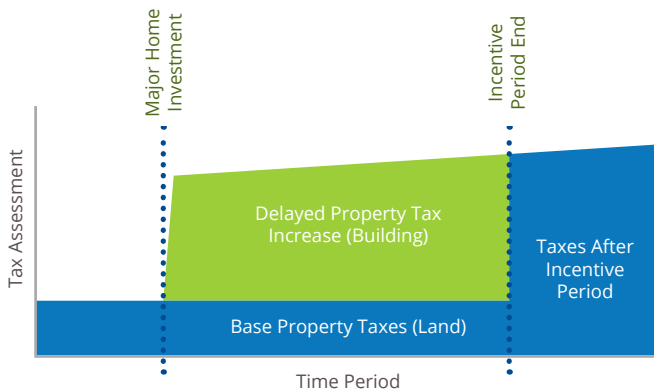
CRA exemption amounts and terms can vary between uses, renovations versus new construction, and by designated areas.

CONSIDERATIONS

The main drawback of CRA's is in limiting additional revenue that would otherwise be collected from property taxes during the term of the abatement. This can have negative effects especially on local school districts, as they are primarily funded through property taxes. Additionally, new construction and renovations can have a spillover effect, where the real property improvements may cause property values to rise in adjacent properties. While rising property values is typically a positive, if gone unchecked it can have negative effects on affordability and lead to displacement of existing residents.

Communities should also consider the abatement terms and exemption amounts of the CRA's instituted by their immediate neighboring communities. Especially in the context of First Suburb communities, many neighborhoods cross municipal boundaries, which often have different levels of abatement. Communities are encouraged to communicate with adjacent communities, to ensure their CRA exemption amounts and term limits are compatible in these areas, to prevent one side of the street seeing additional infill development, while the other does not.

FIGURE 3
CRA STRUCTURE

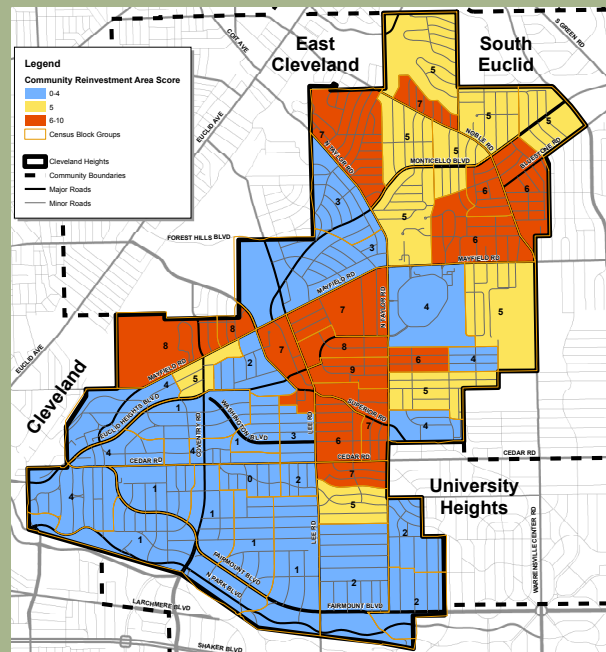


FIRST SUBURB EXAMPLE: CLEVELAND HEIGHTS, OH, GROW PROGRAM

CRA's are the most common infill incentive currently used in the First Suburbs, with 16 out of 19 First Suburb communities utilizing some form of this incentive. Terms range from five to 15 years and exemption amounts range from 25% to 100%.

Cleveland Heights Grow is a citywide CRA with a base exemption which increases by location. Neighborhoods are assigned scores based on how many target reinvestment criteria they meet. These criteria include: property values, owner occupancy rate, median housing values, vacancy rate, historic districts, neighborhood redevelopment areas, median household income, CDBG eligible areas, commercial vacancy rate, and the strength of the housing market.

Neighborhoods that meet more than five of the ten target reinvestment criteria are eligible for greater incentive levels. This allows the city to provide a more targeted incentive for infill. The city also can re-evaluate the program annually, allowing for additional flexibility as the housing market changes from year to year.



Source: City of Cleveland Heights

FIRST SUBURB EXAMPLE: BEREA, OH, RESIDENTIAL INFILL TAX ABATEMENT

The City of Berea has a city-wide CRA with an abatement term of 15 years and a 100% exemption amount specifically for infill housing. Berea defines infill development as a new home constructed on a vacant lot in an existing neighborhood or a lot in

which a house was previously demolished. These infill homes are eligible for the tax abatement, however new housing subdivisions are not eligible. This allows for Berea to specifically incentivize infill development, rather than greenfield subdivision through its CRA.

LOCAL EXAMPLE: CLEVELAND, OH, RESIDENTIAL TAX ABATEMENT PLAN

In 2022 the Cleveland City Council updated its residential tax abatement policy, from a blanket 100% exemption for 15 years, to a more tailored approach. The updated policy establishes three areas that have different exemption amounts and caps depending on the housing market in that neighborhood as well as whether the project is multi-family, single-family, new construction, or rehabilitation. In Market Rate areas, new single-family construction is abated at 85% with a cap of \$350,000, and multi-family new construction is abated at 85% with no cap. In Middle Markets, new single-family construction is abated at 100% for 15 years with a cap of \$400,000, and multi-family

new construction is abated at 90% with no cap. In Opportunity Markets, new single-family construction is abated at 100% with a cap at \$450,000, and multi-family new construction is abated at 100% with no cap. All abatements have the same 15 year term, and all rehabilitations are all abated at 100%.

This allows for a more targeted and equitable approach, ensuring higher abatements go to neighborhoods in weaker housing markets that need it most. Additionally, for all areas the abatement can increase to 100% if aging in place or affordable units are incorporated into the development.

BA2: DOWN PAYMENT ASSISTANCE

Down payment assistance provides additional funding to low- and moderate- income households who want to become homeowners but may have insufficient funds for a down payment. Generally, the absolute minimum down payment for a home is 3% of the home sales price. With the sale price of homes increasing in recent years, even this 3% can cause a significant barrier for prospective homebuyers. These programs provide either a low-interest, interest-free, or forgivable loan; or a grant to prospective homebuyers who qualify.

BENEFITS

The main benefit of down payment assistance is increasing the accessibility of affordable home ownership, but these programs can have the added benefit of providing assurance to developers that their infill homes will be purchased, allowing them to be more willing to develop single-family infill in weaker markets. As many of these weaker markets are in the First Suburbs, this assurance can be effective at incentivizing residential infill.

CONSIDERATIONS

Down payment assistance programs are often complicated and not available for all prospective homebuyers. Generally, prospective homebuyers need to get pre-approved for a mortgage, have steady employment, and good credit to be eligible. In addition, these types of programs generally need to be instituted in tandem with other infill incentive options for them to be most effective as an infill specific incentive, as they do not directly incentivize the construction or development of new infill housing.

FIRST SUBURB EXAMPLE: LAKEWOOD, OH, HOME PROGRAM

The Lakewood HOME Program provides mortgage financing packages to first time homebuyers in the City of Lakewood. Downpayment and closing cost assistance comes in the form of a 0% interest no monthly payment second mortgage. To be eligible,

prospective homeowners must complete a first time homebuyer seminar and attend credit counseling. Homebuyers must be able to put down 1.5% of the purchase price, cannot have owned a home within the past three years, and meet federal income guidelines.

LOCAL EXAMPLE: GREATER CIRCLE LIVING, HOME PURCHASE PROGRAM

Greater Circle Living is an employer-assisted housing program which offers down payment assistance to employees of non-profit institutions in the Greater University Circle area. Depending on eligibility, prospective homebuyers can receive a forgivable loan, with a 0% interest rate for up to \$30,000 to go towards home purchase assistance. Eligible employees

must contribute a minimum of 3% of their own funds towards the purchasing price, as well as live in University Circle, or neighborhoods directly adjacent to University Circle. Funds for this program are provided by University Circle institutions, as well as the Cleveland Foundation.

NATIONAL EXAMPLE: BALTIMORE, MD, VACANTS TO VALUE BOOSTER PROGRAM

The City of Baltimore's Vacants to Value Booster program, offered through the Baltimore City Department of Housing & Community Development, is a municipal down payment assistance program available to Baltimore City homebuyers who purchase a previously vacant building. Residents can receive a 5-year forgivable loan of up to \$10,000. Homebuyers

are eligible if they are purchasing a home that was subject to a vacant building notice for at least one year prior to its rehabilitation by a developer, or if they bought the property with the intention of renovating it to live in. This program allows the City to incentivize rehabilitation and homeownership, specifically for previously vacant properties.

2.2 COST REDUCTION

CR1: FEE WAIVERS OR DEFERRALS



Development fees are required by cities to recoup a portion of the costs of public services for new development. These can include plan review fees, building permit fees, impact fees, utility connection fees, and other review and application fees. Most of these development fees occur in the early stages of the development process, often when builders have only accrued short-term, high-interest construction loans, and not long-term, low-interest financing. This incentive involves the refunding or waiving of certain development fees, or alternatively, deferring fees until after long-term financing is acquired.

BENEFITS

Development fee waivers help to alleviate the financial burden on developers. While development fees are small individually, taken together they can cause a significant financial constraint on new infill development. Additionally, this incentive can be awarded and tiered on a sliding scale, based on the new infill housing meeting certain criteria, allowing First Suburbs to incentivize projects that prioritize amenities they want in their communities, such as affordable housing, ADA accessible homes, or energy efficiency features.

CONSIDERATION

The main drawback of waiving development fees is in the loss of revenue a First Suburb community would gain from these fees. Revenue from development fees is often used to address community needs, including infrastructure maintenance and administrative functions associated with the fee. Waivers or refunds could have an adverse effect on these efforts, and communities should consider careful monitoring and safeguards for the program to avoid this.

Deferring fees for infill projects until after long-term, low-interest financing is secured, instead of waiving or reimbursing them completely, is a compromise option to address this loss in revenue while still providing an infill incentive.

FIRST SUBURB EXAMPLE: BEDFORD, OH, FREE PERMIT MONTH

The City of Bedford offers fee waivers in the form of a "Free Permit Month." During the month of June, the City's Building Department waives residential building permit fees associated with exterior improvements

for owner-occupied single-family dwelling units. This allows for projects that have been put on hold over the winter to attain any necessary building permits before construction occurs in the summer months.

FIRST SUBURB EXAMPLE: SOUTH EUCLID, OH, FEE WAIVERS FOR CITY OWNED LOTS

The City of South Euclid offers fee waivers for all board and commission, application, and review fees, if a builder purchases a city-owned lot with the intention of building an infill home. This includes any Architectural Review Board fees for exterior design approval, Board of Zoning Appeals fees for any

necessary variances, and City Engineer plan review fees. Once construction is approved, the builder is subject to the regularly scheduled permit fees for new construction. Overall, this process generally results in a builder saving around \$3,000 per property.

NATIONAL EXAMPLE: CHANDLER, AZ, INFILL INCENTIVE PLAN

Chandler, Arizona's Infill Incentive Plan offers eligible infill residential projects impact and system development fee waivers. The amount of fees waived is tiered based on the energy efficiency of the new residential unit. Residents receive 50% reimbursement of development fees if the newly constructed home

is Energy Star qualified, or 100% reimbursement of development fees if the new home is both Energy Star Qualified and LEED certified. This helps to incentivize residential infill that is sustainable and energy efficient, a goal of the City of Chandler.

CR2: INFILL LOANS AND GRANTS

Infill loans and grants is a broad category which can take many forms including low-interest or forgivable loans, matching grants, or tax credits. These can be used for different purposes depending on what type and how much funding is available to the municipality. For example, loans or grants can be used to offset development related charges, go towards paying development fees, help pay for utility connections and infrastructure improvements, assist with construction costs, or can be provided directly to homebuyers in the form of closing cost assistance.

BENEFITS

These incentives provide direct financial assistance to the developers of residential infill to help reduce the financial barriers to infill. As they come in a variety of different forms, municipalities can select which type will work best for them given their current finances. They are also especially helpful for incentivizing smaller developers and individual property owners who want to invest in and construct infill single-family housing to live in personally, as most do not have access to the financial capital of larger developers.

CONSIDERATIONS

Many examples of these types of incentives, such as Vacant Building Credits, are tied to demolitions. Given the demolition efforts after the 2008 recession, and the plateauing demolition rates in the First Suburbs, this form of financial credit may not be applicable in all First Suburb contexts. These incentives are also heavily dependent on the financial capabilities of a city as they usually include upfront funds given to builders. Additionally, these incentives need certain constraints, such as proof of sufficient capital and should be capped at a certain dollar amount to ensure that development is feasible.

LOCAL EXAMPLE: CUYAHOGA LAND BANK, HOUSING CONSTRUCTION GAP GRANT

The Cuyahoga County Land Bank offers a competitive construction financing gap grant to developers of infill housing in certain areas of Cuyahoga County. The goal of this program is to strengthen market values and spur development in these specific areas. Eligible projects must be newly constructed single- or

two-family homes or townhomes, and must be built for an owner-occupant(s), among other qualifications. The minimum grant award is \$10,000, with a maximum of either \$45,000 or \$65,000 per infill house built depending on the project's location for the 2022 funding round.

NATIONAL EXAMPLE: LARGO, FL, HOUSING INFILL PROGRAM

The City of Largo, Florida's Housing Infill Program provides direct financial credits to infill developers in the form of a municipal grant if the property is located within a priority infill development area. Property owners who build new owner-occupied residential infill can receive a grant of up to \$5,000 for each home or 5% of hard construction and land costs, up to a

maximum of \$10,000 per home. Similarly, developers or property owners that build new rental infill may be eligible for a grant of up to \$3,000 for each unit, or 5% of hard construction and land costs, up to a maximum of \$8,000 per unit. Applicants must demonstrate the financial feasibility of the project, and financing must be secured before the start of construction.

NATIONAL EXAMPLE: BRYAN, TX, BUILDER INFILL INCENTIVE PROGRAM

The City of Bryan, Texas's Builder Infill Incentive program gives builders a grant equal to 25% of the vacant lot purchase price, for lots purchased through the city's infill development program. The builder must receive a Certificate of Occupancy within 12 months of

the lot purchase, and new single-family construction must be built on-site and be owner occupied. The City budgeted \$75,000 towards this program, and grants were available for 18 months.

This page was intentionally left blank



SECTION 3

PROCESS INCENTIVES

Process Incentives focus on attracting the development of residential infill by simplifying the identification, prioritization, and overall development review and permitting process. They also include efforts to prepare vacant lots for residential infill before development occurs. These incentives are grouped into three subcategories:



SITE IDENTIFICATION AND ASSEMBLAGE

Incentives grouped in the Site Identification and Assemblage subcategory include efforts to help cities determine what lots should be designated for residential infill and where that residential infill should be located. These types of strategies should generally occur before financial incentives, as they help communities facilitate a strategic vision for infill, and improve the economy of scale for interested builders.



PRE-DEVELOPMENT

Pre-Development incentives seek to attract new residential infill by preparing lots for development, and assisting with pre-development review materials before a specific developer is identified. By knowing that a specific vacant lot is development ready, developers face reduced risk related to unexpected lot improvements.



DEVELOPMENT PROCESS SIMPLIFICATION

The strategies discussed in the Development Process Simplification subcategory seek to help streamline the development process, if infill projects meet certain criteria. This can allow for easier and more cost-effective residential infill development.

3.1 SITE IDENTIFICATION AND ASSEMBLAGE



Site identification and assemblage incentives involve determining which areas of a municipality are suitable and desirable for new residential infill and assembling lots in those areas for greater economy of scale for developers. These incentives can be in the form of a parcel-specific vacant land inventory or as larger priority infill areas. Within these larger target areas, lots can be assembled to allow for a single developer to build multiple infill homes at once. Identifying target areas involves limited administrative effort or policy changes and can be done early to help facilitate other incentive options.

BENEFITS

By identifying, prioritizing, and focusing residential infill development in specific areas, as well as presenting multiple lots to developers, municipalities can better coordinate resources, improve the visibility of infill housing opportunities, and produce a higher return on investment from their infill projects. Concentrating infill in specific areas can also strengthen market perceptions and catalyze more investment in neighborhoods. By having a strategic vision for residential infill at the city scale, municipalities can refine their incentive options and further communicate with developers to attract the housing types and infill amenities needed to achieve their community's vision.

CONSIDERATIONS

Due to the small size of many First Suburb communities, infill development may be needed throughout the municipality and not just in specific areas. Identifying priority areas may have the unintended consequence of depriving other non-priority areas of additional investment. Because of this, public involvement is crucial to the success of this strategy and careful consideration needs to be paid to where priority areas are established.

Additionally, site assemblage may involve up-front cost to municipalities, as communities first need to acquire a number of vacant lots before soliciting development.

Finally, this strategy is only the first step towards incentivizing new residential infill. Prioritization often needs to be combined with additional incentives to attract residential infill to these areas.

SI1: PRIORITY INFILL DEVELOPMENT AREAS

Identification of specific priority residential infill development areas is a key first step to attracting infill single-family housing and should be done before dedicating time, energy, and resources to implement other strategies. By first identifying which neighborhoods to prioritize single family infill, communities can concentrate investments in areas that need it the most. Cities can also work to assemble multiple vacant lots in these priority areas in order to improve the economy of scale for developers. First Suburb Communities, such

as Cleveland Heights, Euclid, and Shaker Heights have employed this strategy, with those communities putting out Request for Proposals (RFPs) for infill on multiple vacant lots.

In the First Suburb context, factors such as the state of the local housing stock, the location of available vacant lots, socio-economic conditions, and feedback from community members can be used to help determine priority residential infill development.

SI2: VACANT DEVELOPABLE LAND INVENTORY

A vacant developable land inventory is a municipal tool which clearly and efficiently communicates what vacant lots are available. This can be in the form of a list of addresses or an online map which can be sent to prospective developers. Examples of information that can be listed include: general parcel information, the lot's neighborhood and address, lot ownership, lot valuation, site area, zoning, and utility connection

status. What information is listed can differ from city to city, and communities should communicate with local developers to understand what information is most beneficial to them. By presenting this information upfront on a community's website, First Suburbs are able to streamline the lot acquisition process, speeding up development.

FIRST SUBURB EXAMPLE: SHAKER HEIGHTS, OH, VACANT LOT PROGRAM SEARCHABLE MAP AND INFILL RFP

The City of Shaker Heights has numerous resources for facilitating infill development through its Vacant Lot program. Among these is a searchable map and list of city-owned lots. On the map, lots are color-coded based on their availability for infill, as well as whether or not they are under contract with a developer or an active community use. The inventory

also includes information on the lot's street address, zip code, parcel number, neighborhood, lot frontage, and total acreage. To accompany this and enhance the marketability and competitiveness of the City's neighborhoods, Shaker Heights recently released a RFP seeking multiple partners to develop clusters of 3-6 parcels in the City's Moreland Neighborhood.

FIRST SUBURB EXAMPLE: CLEVELAND HEIGHTS, OH, NEIGHBORHOOD REDEVELOPMENT PROGRAM

The City of Cleveland Heights' Neighborhood Redevelopment Program is an example of assembling multiple vacant lots in a single RFQ/RFP. The program groups city-owned and land bank controlled vacant lots into four redevelopment priority areas in various neighborhoods. As part of Phase 1, Cleveland Heights

sent out an RFQ/RFP for 42 vacant lots concentrated in two areas of the city. This allowed two developers to begin the development process for infill homes on multiple lots, improving the economy of scale and concentrating infill into priority geographic areas.

NATIONAL EXAMPLE: SPOKANE, WA, DEVELOPMENT FACTORS MAP APPLICATION

The City of Spokane, Washington created a web-based mapping application to identify potentially developable sites, based on parcel data from the Spokane County Assessor. This tool has information about a site's proximity to both positive and negative development factors, such as the location of infill incentive and economic development areas, utility and transportation infrastructure, steep slopes,

highly erodible land, and other critical areas. The map also has information on the current zoning and neighborhood for each parcel. The City has also published a tutorial for this application, including information about the map's layout, how to navigate the tool, how to filter or search for parcels, as well as methodology and a data glossary for all layers contained within the application.

3.2 PROCESS SIMPLIFICATION



The typical development process can require various reviews, permits, and board approvals before construction. Generally, the longer a project takes to go through this process, the more expensive it is for developers. The strategies discussed in the development process simplification subcategory seek to streamline this process for residential infill, allowing for easier and more cost-effective development.

BENEFITS

Lengthy and complicated review processes are especially difficult for affordable infill housing developments. Due to their lower return on investments, affordable housing suffers disproportionately from costs associated with regulatory delays. By shortening the time spent in the review process, costs can be lowered and time can be saved, helping to facilitate more affordable infill development. Like many of the other incentives discussed in this report, an expedited review process is flexible, allowing for communities to set criteria based on what type of housing they want to see.

CONSIDERATIONS

The purpose of the development review process is to ensure that any new building or development fits within the existing neighborhood. This process gives municipalities input on the outcome, architecture, and amenities of new infill development. The main drawback of simplifying this process is the loss of some municipal control. Thus, it is essential that any incentive mentioned in this category has safeguards and guidelines to ensure that new infill development matches the community's development goals. It is also important for municipalities to have a clear idea of what types and styles of infill they want before making changes to their development review process.

PS1: EXPEDITED DEVELOPMENT REVIEW

An expedited development review and permit process serves as an alternative development process for eligible infill development. It is intended to significantly speed up and simplify the development timeline if infill projects meet certain criteria as defined by the city. The normal development process is often complex and time consuming, leading to project delays which can prove costly, both financially and in a developer's willingness

to build in the community. Communities often set time limits on each step of the development review process. Shortening these internal review periods for infill is one way of expediting the process. At the same time, communities should also examine all aspects of their development review process to ensure that their internal process flows smoothly, is predictable, ensures open communication, and adds value to the process.

NATIONAL EXAMPLE: SAN DIEGO, CA, EXPEDITE PROGRAM AND RAPID REVIEW

The City of San Diego has two programs designed to significantly expedite the development review process for infill development. The Affordable, Infill Housing and Sustainable Buildings Expedite Program is designed to speed up the permit and review timelines of eligible projects by 50% compared to non-expedited project timelines. Criteria for eligible projects include: having at least 10% of units reserved for low/very low-income families, be located within the San Diego Promise Zone, receive funds from the San Diego Affordable Housing Transit-Oriented Development

Fund or the San Diego Housing Commission, or incorporate voluntary Tier 2 sustainable development standards of the CAL Green Building Code.

Similarly, San Diego also has a Rapid Review program for small scope projects. Eligibility is determined on a case-by-case basis, but typically projects include accessory structures for single-family dwelling units, right-of-way permits, sign permits, single-story additions, and other various permits and affidavits.

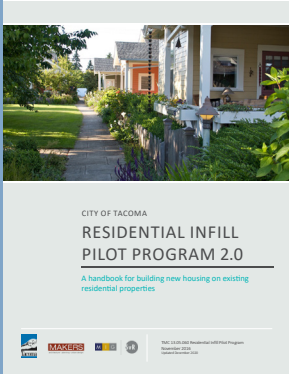
PS2: INFILL DEVELOPMENT GUIDE

An infill development guide can be provided to prospective developers to give them greater certainty and rationale during the review process. Guides can include checklists, process flow charts, and fee schedules to provide developers with information about different process and incentive requirements, allowing more effective communication between developer and

municipality. This should be done in conjunction with a pre-development meeting between developer and city, so that all aspects, goals, and information about a potential development are effectively communicated. This reduces surprise fees or processes that can derail a project.

NATIONAL EXAMPLE: TACOMA, WA, RESIDENTIAL INFILL PILOT PROGRAM 2.0 HANDBOOK

The City of Tacoma, Washington published a handbook designed to promote innovative residential infill within existing neighborhoods. The manual describes the application process and gives details on the different types of infill housing supported by the Pilot Program, such as typical architectural styles and site plans, design criteria and guidelines, permitting and submittal requirements, and where in Tacoma the zoning code allows for each type to be built. The handbook also has details about the Pilot Program Process, such as specific code language, project timelines, application and review processes, as well as checklists for each step of the development process.



CUP-SUBMITTAL CHECKLIST

- Administrative land use application and permit fee
- Site plan to scale
- Existing elevations (interior view of all sides)
- Floor plans to scale
- SEPA environmental checklist
- Written response to criteria
- Building materials information
- Landmarks plan
- Demarcate property's boundary for single-family development
- Obtain a copy of Seattle's Comprehensive Plan and applicable ordinances. This may need to be modified throughout the application process.

BUILDING PERMIT SUBMITTAL CHECKLIST

- Site plan to scale
- Building elevations to scale
- Floor plans to scale
- Roof plans to scale
- Section plans and connection details
- Foundation notes
- Energy code forms
- Stormwater site plan
- Stormwater pollution prevention plan
- Other forms identified by City staff
- Obtain a copy of Seattle's Comprehensive Plan and applicable ordinances. This may need to be modified throughout the application process.

Conditional Use Permit (CUP) General Criteria

A CUP shall be subject to the following criteria:

- There shall be a demonstrated need for the use within the community at large which shall not be contrary to the public interest.
- The use shall be consistent with the goals and policies of the Comprehensive Plan, any adopted neighborhood or community plan, and applicable ordinances of the City of Tacoma.
- For proposals that affect properties that are listed individually on the Tacoma Register of Historic Places, or are within historic special

Source: City of Tacoma Washington, Infill Pilot Program 2.0 Handbook

PS3: INFILL PROJECT REVIEW TEAM

Infill project review staff members are a team of dedicated and experienced staff with strong links to other necessary city departments to help guide developers through the development process. Added capacity allows for less backlog in the review process and can allow for multiple staff members to review different

aspects of the project concurrently, resulting in less time spent in the approval process. At the same time, a single staff member should be assigned as the point-person to each project, giving prospective developers a single contact for any questions or concerns the applicant might have.

PS4: ADMINISTRATIVE WAIVERS

Municipalities that have a clear vision of how they want their infill residential development to look like, where they want it located, and have the capacity to do so, can explore the use of administrative waivers. Administrative waivers allow for city staff to review projects in place of board of appeals, planning review, and variance processes. Requirements of minimum lot size, height,

and setbacks can cause significant regulatory strain on infill development. Authorizing a city's planning director or other relevant administrator to waive these requirements can provide flexibility and save projects both time and money. Administrative waivers typically require text changes to a community's zoning code.

FIRST SUBURB EXAMPLE: SHAKER HEIGHTS, OH, ADMINISTRATIVE MODIFICATIONS

Section 1213.03 of Shaker Heights' zoning code allows for the City's Zoning Administrator to make Administrative Modifications, intended to permit development on property constrained due to lot size, shape, location, or other restrictions. The Zoning Administrator can make adjustments in place of a public hearing through reducing the required lot area, size of yards, courts, open areas, or landscaped areas; reducing side and rear setbacks; increasing the maximum permitted height of fences or walls; and increasing the maximum permitted height of

accessory structures, so long as the adjustments are less than 10% of what is required in the zoning code. The Zoning Administrator can make an Administrative Modification based on the presence of practical difficulties or unnecessary hardships on the property due to the zoning code. The modification does not grant special privileges, and the modification does not permit uses which are not otherwise allowed in the zone. This allows for added flexibility, and can save builders valuable time and resources typically needed to navigate through the variance process.

FIRST SUBURB EXAMPLE: LAKEWOOD, OH, MINOR AREA VARIANCES

Section 1173.04 (b) of Lakewood's zoning code allows for the City's Building Commissioner to grant minor area variances, defined as an area variance of less than 10% of the permitted lot coverage, or the required side yard, or rear yard setbacks. The Commissioner must consider whether the applicant will experience a practical difficulty, such as narrowness, shallowness,

topography unique to the property, or whether the property is located near a non-conforming or non-harmonious use or structure, among other criteria. The applicant must also provide written evidence that the adjacent property owners are aware of the variance and do not object to them.



3.3 PRE-DEVELOPMENT

Pre-development incentives seek to attract new residential infill by preemptively preparing vacant lots for development before a specific developer is identified. Demolishing existing vacant structures is just the first step to prepare a lot for new construction. These incentives are actions which municipalities can take to be proactive in making vacant lots shovel ready. This includes both improvements to vacant lots, as well as administrative improvements, design pre-approval, and early process meetings to further expedite the infill development process.

BENEFITS

From a developer's perspective, knowing that a specific vacant lot is development-ready results in developers facing reduced risk from unexpected and costly lot improvement charges. From a city's perspective, it allows municipalities to have further control over which lots are available for residential infill and what that infill looks like architecturally, by strategically improving lots that are most suitable for residential infill and having a set of pre-approved building designs.

CONSIDERATIONS

The main drawback of this type of incentive is the financial risk that municipalities potentially face if a lot is improved and a developer is unable to be secured. Improvements such as utility connections are expensive, and while taking that financial burden off of a developer incentivize infill development, it may not be feasible for municipalities with tight budgets.

PD1: PRE-DEVELOPMENT MEETINGS

Pre-development meetings between the prospective developer and the municipality can help to provide better information and facilitate open communication about any application, building, or process requirements. These meetings give both the city and the developer the opportunity to talk face-to-face about any potential

issues or concerns and allow for more certainty and transparency. Developers should leave this meeting with a solid understanding of permitting requirements, timelines, as well as any design or plan changes required before the final approval.

NATIONAL EXAMPLE: FORT COLLINS, CO, PRE-SUBMITTAL MEETINGS

The City of Fort Collins, Colorado allows potential builders to complete Pre-submittal Meetings Applications. Any potential builder with a land development idea is required to schedule a Conceptual Review meeting to get feedback of prospective development ideas. Applicants meet with city staff from various departments and are provided with comments and feedback to assist in preparing the more detailed project application. Conceptual Reviews

are free of charge to applicants and development ideas do not have to be finalized before a meeting.

Applicants also have the option of attending a Preliminary Design Review with city staff for more complex or larger proposals. A more detailed submittal package is required and an additional fee is charged, but applicants are able to get design feedback in greater detail allowing for problems to be identified and solved before a formal application is made.

PD2: PRE-INSPECTION AND CONNECTION OF UTILITIES

Pre-inspection of utilities involves proactively inspecting the state of water, sewer, electric, and gas lines on vacant lots. Knowing the state of utilities connections on the property before development occurs can reduce the financial risk for prospective developers and prevent unexpected costs from deterring single-family infill development. It also can provide additional information to the municipality about the state of their own utility lines.

Pre-connecting vacant lots to utility lines is similar to pre-inspecting utility connections but goes one step further. By preemptively connecting utility lines to vacant lots, a municipality can signal to a developer which lots they prioritize for infill, while at the same time removing a significant financial and process hurdle that developers face to make lots shovel ready.

NATIONAL EXAMPLE: STATE OF CALIFORNIA, INFILL INFRASTRUCTURE GRANT PROGRAM

The California Department of Housing and Community Development offers a statewide competitive grant program which promotes infill projects by providing financial assistance for capital improvement projects that are an integral part or necessary to facilitate infill development. Grants are available for infrastructure improvements for residential and mixed-use projects, and can be allocated towards water, sewer, or other utility service improvements, in addition to other infrastructure improvements such as streets, sidewalks, and transit facilities. To be eligible, projects must be located in an urbanized area and include

no less than 15% affordable units among other requirements.

While this program is on the state level and does not involve pre-inspecting or pre-connecting vacant lots to utilities by individual municipalities, it does provide additional gap funding to address utility connection and other infrastructure issues. Financially assisting with utility connections specifically can be greatly beneficial towards improving the overall financial feasibility of infill projects, as well as significantly reduce the pre-development time frame.

PD3: PRE-APPROVED BUILDINGS AND DESIGNS

Pre-approving buildings and designs involves making a list of infill home designs and architectural styles which fit the desired character and conform to the zoning code of the neighborhood where it will be located. Ensuring that this set of designs and building plans are clear, objective, and pre-approved by both a community's planning commission and architectural review board can significantly reduce the time a project spends in the review process. Cities should also make these pre-approved designs readily available to prospective developers to use if desired.

While pre-approved building plans have the capability to significantly reduce the time a project takes in development review, they can also result in less flexibility for builders. If pre-approval and the expedited

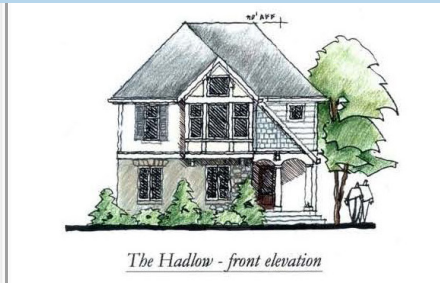
development review timeline that accompanies it is only available for specific pre-approved designs, builders who build site specific custom infill homes can miss out on the benefits. Additionally, due to liability issues modifications to plans must be made by the original designing architect, which can be a significant constraint.

Despite this, pre-approved buildings and designs can be especially helpful to first-time developers, or community members who own property and want to construct infill housing. By cutting out the need to find an architect and go through the planning and architectural review board processes, pre-approved plans can significantly increase the accessibility of building infill for inexperienced or first time developers.

FIRST SUBURB EXAMPLE: SHAKER HEIGHTS, OH, PRE-APPROVED PLANS

The City of Shaker Heights offers a set of pre-approved home designs for residential infill, courtesy of the local Shaker-based architecture firm RDL Architects. These designs are consistent with the prominent architectural styles within Shaker Heights' neighborhoods, and can be purchased by developers

or individual property owners who want to build their own infill home without designing a custom-built house. If a design is chosen, the project goes through an expedited Architectural Board of Review and City Planning Commission review process.



Source: City of Shaker Heights, RDL Architects

NATIONAL EXAMPLE: SOUTH BEND, IN, BUILD SOUTH BEND: PRE-APPROVED BUILDING PLAN SETS

The City of South Bend offers a "Sears Catalog" of pre-approved infill housing options, including small apartments, stacked duplexes, narrow houses, carriage houses, and standard single-family homes. These building plans are offered at no cost to prospective builders, and are specifically vetted for the

South Bend context, with careful consideration paid to current zoning, typical lot configurations, common construction techniques, and market conditions. The buildings must match the pre-approved design, with minor variations permitted. These designs come with contingent building and site development approval.

NATIONAL EXAMPLE: BRYAN, TX. MIDTOWN PATTERN ZONING

The City of Bryan, Texas regulates pre-approved building designs through overlay districts. The Midtown Pattern Overlay District breaks the Midtown Neighborhood into four separate areas where four different pre-approved housing typologies are allowed: Cottage & Flex Houses, Walkup Two-Story houses,

Apartment Houses, and Walkup Three-Story houses. Each of these "pattern buildings" include specific pre-approved building designs which each have different options for architectural variation. Pattern buildings are subject to an alternate streamlined development process and are voluntary for builders.



County Planning

FOR OUR COMMUNITY
FOR OUR REGION
FOR OUR FUTURE