

Development Bonus Program (DBP) for UCD & UCMP

Development Review Commission

12-10-2019



Tempe

Making waves in the desert

Session / Discussion Overview

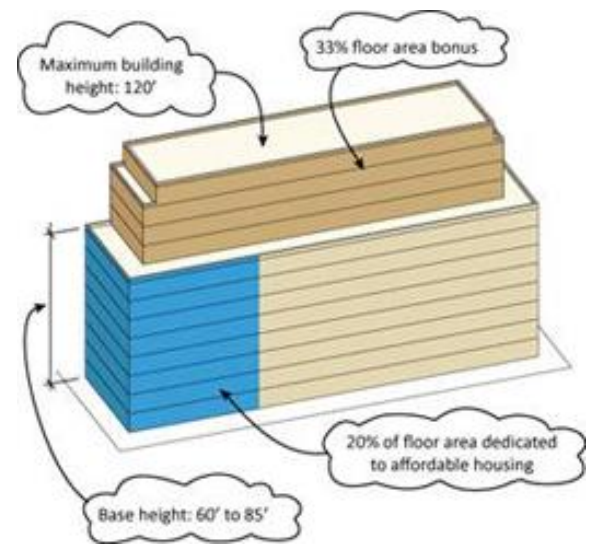


- I. Overview of Development Bonus Program(DBP) for UCD, UCMP
 - Affordable Housing
 - Public Gathering Space
 - Sustainability
 - Historic Preservation
- II. Bonus Elements List – On-site and In-Lieu
- III. Bonus Program Structure
 - A. UCD Base and Bonus Heights, Tiers 1 + 2
 - B. Historic Preservation and TDR
- IV. Bonus Points Menu
- V. Examples and Pathways to Achieving Development Bonus



I. Development Bonus Program (DBP)

- A **voluntary** program that offers increases in development potential for developers in exchange for defined list of community benefits (Bonus Elements).
- DBP is being prepared concurrently with the UCD and UCMP adoption process.
- Well-established precedent in other Arizona jurisdictions, such as Phoenix and Scottsdale.
- “Incremental Project Value” derived from Bonus Rights can enable developers to provide community benefits.



I. Development Bonus Program, Approach



- Value of Contributions Required to Achieve Bonus Points equals one half “Incremental Project Value” between the Base and Bonus developments.

$$= \frac{1}{2} * (\text{Bonus Project Value minus Base Project Value})$$

- Structured to incentivize voluntary compliance
 - Based on negotiated community benefit agreements around the US.
 - Community amenities provide intrinsic social and economic benefits beyond the financial cost of the provision.

II. Bonus Elements – Onsite Improvements



I. Affordable and Workforce Housing

- Include dedicated percentage of onsite units for households earning either 50%, 80% or 100% of Area Median Income (AMI).
- 2019 AMI for a family of four in Maricopa County is \$72,900
- Developer can choose any AMI level for the On-site units. Higher percentage of On-site Units required if higher AMI levels are chosen.



II. Bonus Elements – Onsite Improvements



II. Public Outdoor Gathering Space

- Dedicate minimum 0.2 acres or 10 percent of net site area to provide Public Outdoor Gathering Space.
- Eligible spaces based on Development Standards in UCD, such as Plazas and Urban Parks



II. Bonus Elements – Onsite Improvements



III. Sustainability Elements

- Qualified Expenditure List includes items such as Rainwater Harvesting, Solar Panels, and Shade Elements.
- Bonus Points based on cost of Total Qualified Expenditures as reviewed by City staff.



II. Bonus Elements – Offsite



In-Lieu Fee

- Can be paid to obtain development Bonus Points, but only *after* providing at least one Onsite Bonus Element.
- In-Lieu Fee is based on Incremental Project Value
 - Varies per UC Zone
 - Calculated on a per Bonus Point basis
- To encourage some On-site public benefits, projects cannot earn sufficient points from in-lieu fees alone to achieve Tier one bonus.



II. Bonus Elements - Historic Preservation



Bonus also available to Historic Eligible, Historic Registered, and National Registered properties:

- Bonus provided through Transfer of Development Rights (TDR) mechanism
- Requires property owner/developer to commit to one of three historic preservation treatments:
 - *Preservation*
 - *Restoration*
 - *Rehabilitation*



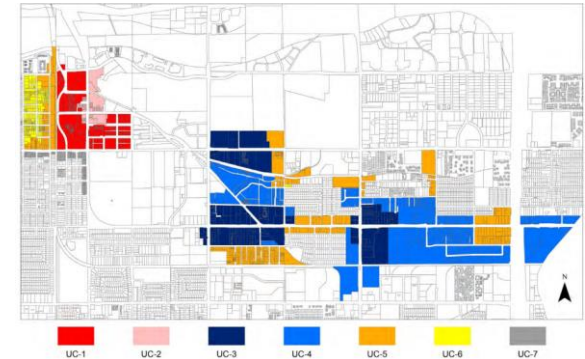
III. Bonus Program Structure



Structure of Development Bonus Program

- Provides a **voluntary** pathway to achieve additional development rights *beyond* UCD Base by acquiring **Bonus Points**.

- **To be eligible**, applicant must first comply with UCD Base standards as described in the Code.
 - For a Tier 1 Bonus, applicant must acquire at least **60 Bonus Points**.
 - For a Tier 2 Bonus, applicant must acquire at least **100 Bonus Points**.

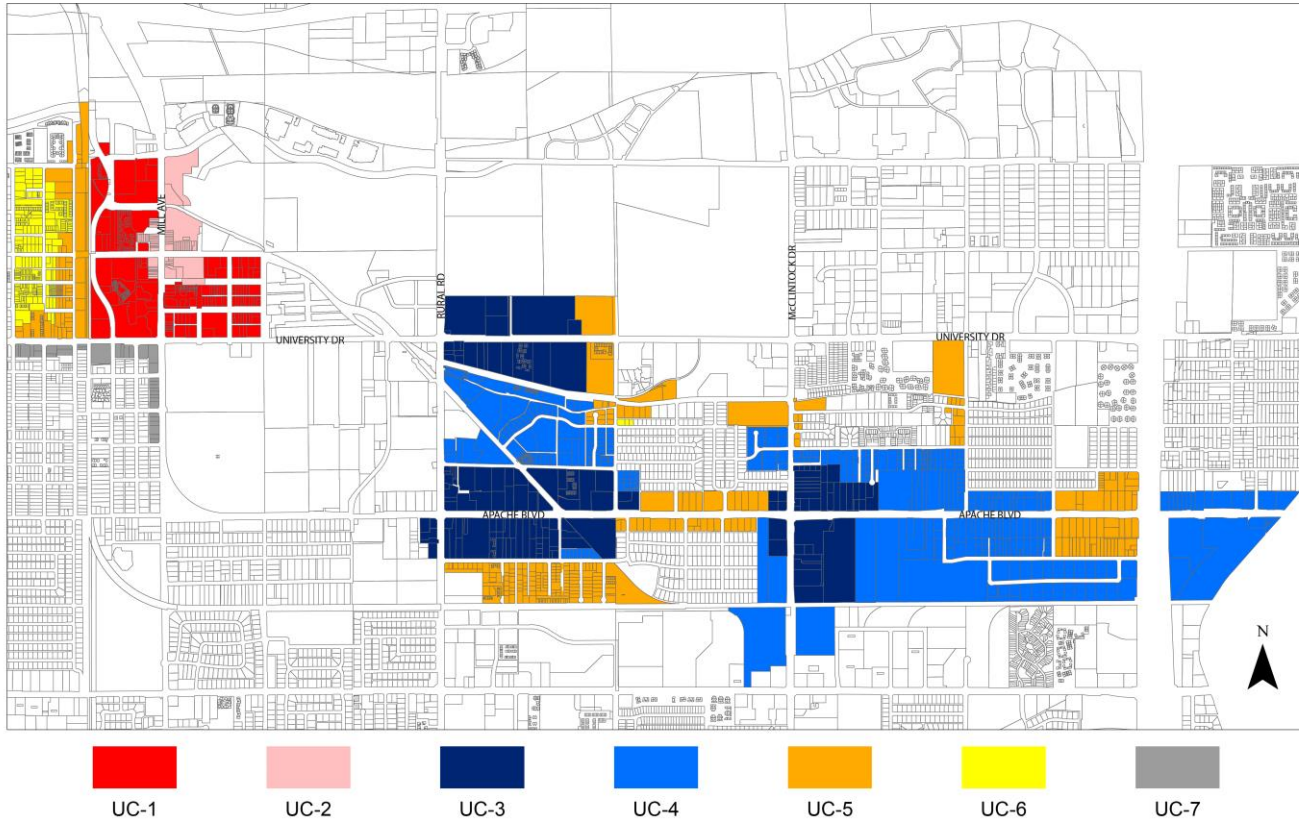


III. UCD Base and Bonus Development Potential



Urban Code District	UCD Base	UCD Bonus - Tier 1 <i>requires 60 points</i>	UCD Bonus - Tier 2 <i>requires 100 points</i>
UC-1	125 ft 65+ du/acre	140 ft 65+ du/acre	160 ft 65+ du/acre
UC-2	90 ft 65+ du/acre	110 ft 65+ du/acre	130 ft 65+ du/acre
UC-3	90 ft up to 65 du/acre	110 ft up to 65 du/acre	130 ft 65+ du/acre
UC-4	70 ft up to 45 du/acre	n/a	90 ft up to 65 du/acre
UC-5	55 ft up to 25 du/acre	n/a	60 ft up to 25 du/acre
UC-6	40 ft up to 20 du/acre	n/a	45 ft up to 20 du/acre

III. UCD Map





III. UCD Bonus - Tier 1

To achieve a Tier 1 Bonus, applicant needs to earn at least 60 Bonus Points.

- Tier 1 Bonus available in UCs 1, 2, and 3 only
- Increased Height but no increased Density
- Include at least one Onsite Improvement, + any In-Lieu Fee necessary to obtain a minimum 60 points.
- Administrative Review in UC-3
- Council Review: UC-1 and UC-2, following staff recommendation.

Urban Code District	UCD Base	UCD Bonus - Tier 1 <i>requires 60 points</i>
UC-1	125 ft 65+ du/acre	140 ft 65+ du/acre
UC-2	90 ft 65+ du/acre	110 ft 65+ du/acre
UC-3	90 ft up to 65 du/acre	110 ft up to 65 du/acre
UC-4	70 ft up to 45 du/acre	n/a
UC-5	55 ft up to 25 du/acre	n/a
UC-6	40 ft up to 20 du/acre	n/a

III. UCD Bonus - Tier 2



To achieve Tier 2 Bonus, applicant needs to earn at least 100 Bonus Points.

- Increased height in all UC Districts
- Increased density in some UC Districts
- Administrative review in UCs 3 through 6
- Council review in UCs 1 and 2, following staff recommendation

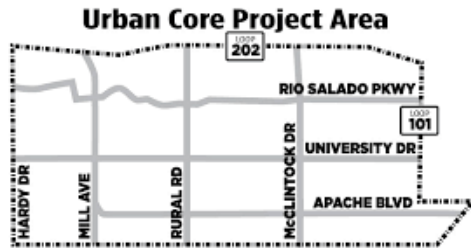
Urban Core District	UCD Base	Tier 2 Bonus
UC-1	125 ft 65+ du/acre	160 ft 65+ du/acre
UC-2	90 ft 65+ du/acre	130 ft 65+ du/acre
UC-3	90 ft up to 65 du/acre	130 ft 65+ du/acre
UC-4	70 ft up to 45 du/acre	90 ft up to 65 du/acre
UC-5	55 ft up to 25 du/acre	60 ft 25 to 45 du/acre
UC-6	40 ft up to 20 du/acre	45 ft up to 20 du/acre

III. Urban Core Master Plan (UCMP)

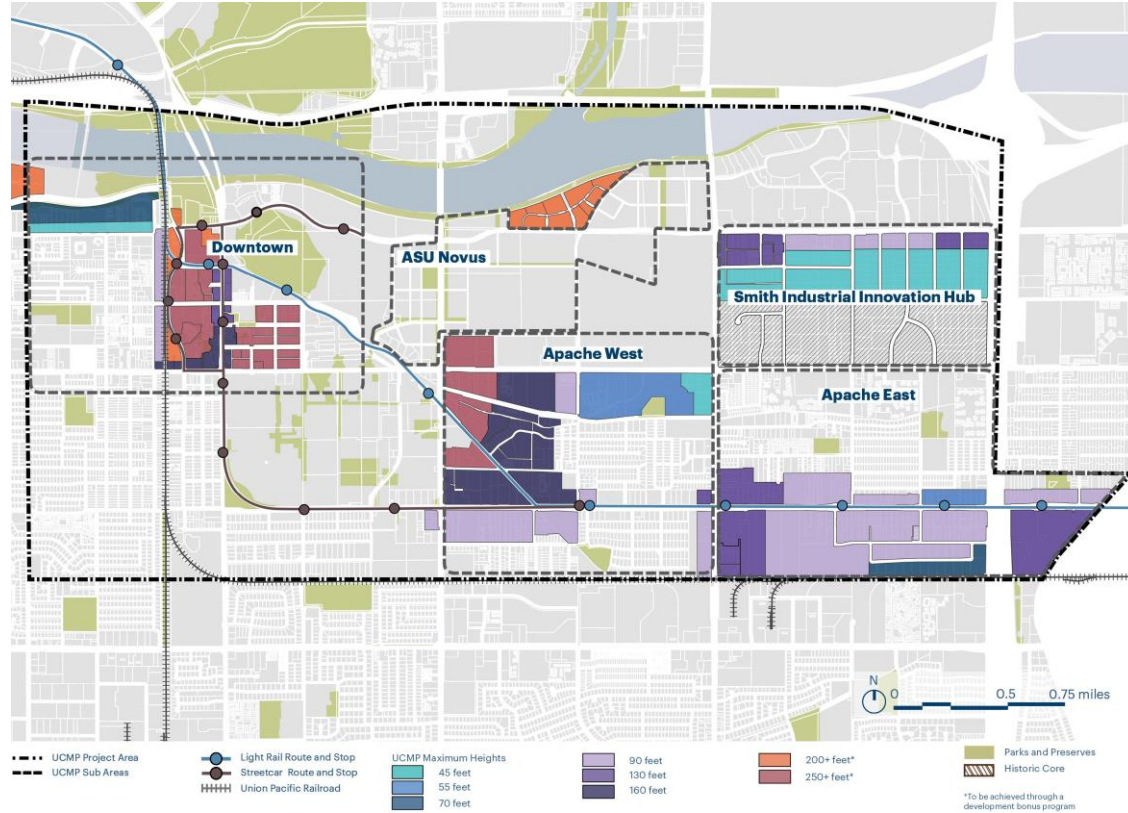


To be eligible for UCMP heights, applicant complies with Tier 2 eligibility, and additional requirements as established in UCMP documentation, including Council review. Utilize the bonus elements menu and approximate points

Urban Code District	UCD Base	UCD Bonus- Tier 1 <i>requires 60 points</i>	UCD Bonus-Tier 2 <i>requires 100 points</i>	UCMP
UC-1	125 ft 65+ du/acre	140 ft 65+ du/acre	160 ft 65+ du/acre	250+ ft 65+ du/acre
UC-2	90 ft 65+ du/acre	110 ft 65+ du/acre	130 ft 65+ du/acre	130 ft 65+ du/acre
UC-3	90 ft up to 65 du/acre	110 ft up to 65 du/acre	130 ft 65+ du/acre	160-250+ ft 65+ du/acre
UC-4	70 ft up to 45 du/acre		90 ft up to 65 du/acre	130-250+ ft 65+ du/acre
UC-5	55 ft up to 25 du/acre		60 ft 25 to 45 du/acre	90 ft up to 65 du/acre
UC-6	40 ft up to 20 du/acre		45 ft up to 20 du/acre	none ft up to 25 du/acre
UCMP Only				250+ ft 65+ du/acre



III. Urban Core Master Plan (UCMP) Map



IV. Onsite Bonus Menu– Affordable/Workforce Housing



<u>Affordability Level</u>	<u>UC-1 Residential</u>	<u>UC-1 Commercial</u>	<u>UC-3 Residential</u>	<u>UC-4 Residential</u>
Up to 50% AMI	4%	n/a	4%	4%
Up to 80% AMI	10%	n/a	10%	10%
<u>Up to 100% AMI</u>	<u>25%</u>	<u>n/a</u>	<u>25%</u>	<u>25%</u>
Bonus Points Earned	100		100	100

- Applicants can earn 100 Bonus Points by providing On-site Affordable Housing units as described in this table.
- Commercial projects are not eligible for On-site option.
- For On-site units, average number of bedrooms per unit must be equal to the market rate component of the project.

IV. Onsite Bonus Menu – Outdoor Gathering Space



Public Outdoor Gathering Space	UC-1 Residential (a)	UC-1 Commercial	UC-3 Residential	UC-4 Residential
Size by Net Lot Coverage	0.2 acres or 10%	0.2 acres or 10%	0.2 acres or 10%	0.2 acres or 10%
Bonus Points	12	12	18	18

- Applicants earn multiples of 12 or 18 Bonus Points by providing Public Outdoor Gathering Space.
- Must be 0.2 acres in size or 10 percent of net lot coverage, whichever is greater.

IV. Onsite Bonus Menu - Sustainability Expenditures



<u>Sustainability Elements</u>	<u>UC-1 Residential (a)</u>	<u>UC-1 Commercial</u>	<u>UC-3 Residential</u>	<u>UC-4 Residential</u>
<u>Qualified Expenditures</u>	\$250,000	\$250,000	\$250,000	\$250,000
Bonus Points	28	28	10	10

- Applicants can earn multiples of 10 or 28 Bonus Points by providing each \$250,000 in On-site Sustainability expenditures.
- Qualified expenditures and associated cost must be reviewed and approved by City Staff.



DBP – Sustainability Bonus Elements

Resilience Against Extreme Heat

Shade coverage on of east and west walls with biodiverse, native, and adapted plants. Average of the shade coverage at 10 am, noon, and 3 pm on summer solstice.

At least 50% of the site hardscape not covered shall be shaded by biodiverse, native and adapted plants.

Roof covered with any of the following products.

- Materials with a three-year aged SRI value of 35 min.
- Vegetative terrace or roofing to provide foliage

Architectural features to shade 75% of all west facing windows and 50% of all proposed glazed windows.

Min. 50% of the site hardscaped area to have permeable paving or grass.

Functional rainwater harvesting to irrigate min. 75 percent of landscape area.



DBP – Sustainability Bonus Elements

Greenhouse Gas Emissions Reduction

80% of all parking spaces are EV charger ready with 10% of spaces with EV chargers installed.

Solar panels to cover min. 20 % of the net site area, with a min. size of 2.5 kwh/panel.

Space and pathways for future installation of on-site renewable energy systems to provide min. 10 kBtu/ft² x gross roof area in sft.

Comply with any other IgCC 2018 or updated requirements, certified by a third party.

Energy savings min. 50% of the baseline energy consumption, certified by a third party

Provide for on-site microgrid (with control capability powered by distributed generators, batteries or renewable resources) investment for critical uses (30% of expected summer electrical load).

IV. Affordable Housing In-Lieu Fee Points



<u>Affordable Housing In-Lieu Fees</u>	<u>UC-1 Residential (a)</u>	<u>UC-1 Commercial</u>	<u>UC-3 Residential</u>	<u>UC-4 Residential</u>
<u>Per Bonus Point</u>	\$12,500	\$12,500	\$34,700	\$34,700
<u>Bonus Points</u>	1	1	1	1

- Applicants earn up to **42 Bonus Points** towards a Tier 1 bonus or **70 Bonus Points** towards a Tier 2 bonus by paying an Affordable Housing In-Lieu Fee
- In-lieu fees can only be used to make up a gap in bonus points needed after providing onsite improvements.

V. Pathways to Tier 1 Bonus



Example: Commercial

1.5-acre parcel in UC District 1

60 points to achieve Tier 1 Bonus

- ✓ Provide \$500,000 in qualified sustainability expenditures (56 points)
- ✓ 4 point gap obtained through In-Lieu Fee payment of \$12,500 per point.



V. Pathways to Tier 2 Bonus



Example: Multifamily

5-acre parcel UC District 3

100 points to achieve Tier 2 Bonus

- ✓ Provide 4% of Total Project Units affordable to households earning 50% AMI, *OR*
- ✓ Provide 10% of Total Project Units affordable to households earning 80% AMI, *OR*
- ✓ Provide 25% of Total Project Units affordable to households earning 100% AMI
- ✓ Average number of bedrooms per unit must be equal to the market rate component of the project

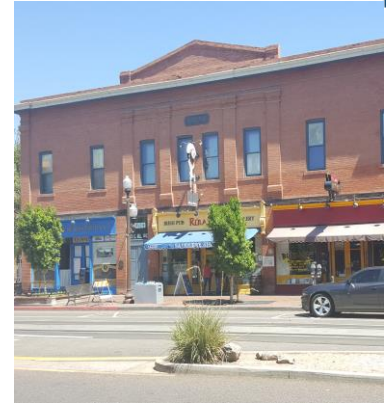


V. Voluntary TDR for Historic Preservation



Voluntary compliance with Historic Preservation can provide transferable Tier Bonus development rights (TDR) under UCD.

- Preservation property acquiring TDR is the *Sending Property*
- Tier 2 Bonus Rights (TDR) can be transferred to *Receiving Properties* in any UCD
- TDR buyers can achieve up to its UCMP maximum heights *without* providing On-site Community Benefits as required under DBP.

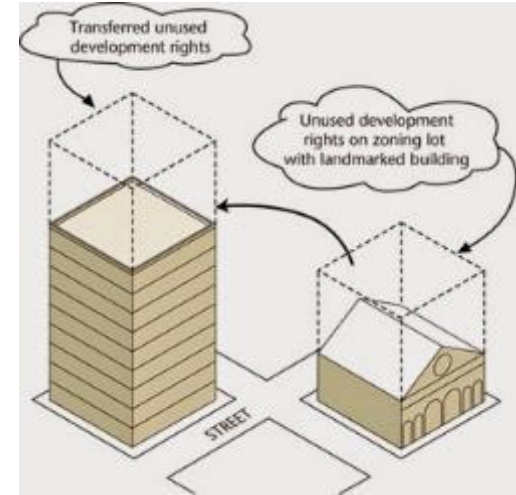


V. Voluntary TDR for Historic Preservation



How to calculate TDR:

$$\begin{aligned} &\text{UCD Bonus Potential (cubic ft)} \\ &\quad \textit{minus} \\ &\text{Existing Buildout (cubic ft)} \\ &\quad \textit{Equals} \\ &\text{Total permitted TDR} \end{aligned}$$



Cubic Feet of Bonus Development Potential
(existing floorplate Sq. Ft. x Tier 2 bonus height)

- Existing Building Cubic Feet
(existing floorplate Sq. Ft. x existing building height)

= Total permitted development transfer in cubic feet



V. Pathways to TDR for Historic Preservation



UCD Bonus Development Potential

Height: 130 feet

Floorplate: 4,500 square feet

Bonus Volume: 585,000 cubic feet

Existing Historic Building

Height: 30 feet

Floorplate: 4,500 square feet

Volume: 135,000 cubic feet
(Allowable TDR)

Permitted TDR

Height: 100 feet

Volume: 450,000 cubic feet

- 30,000 sf at 15 feet per story
- 37,500 sf at 12 feet per story



III. Process to Achieve Bonus

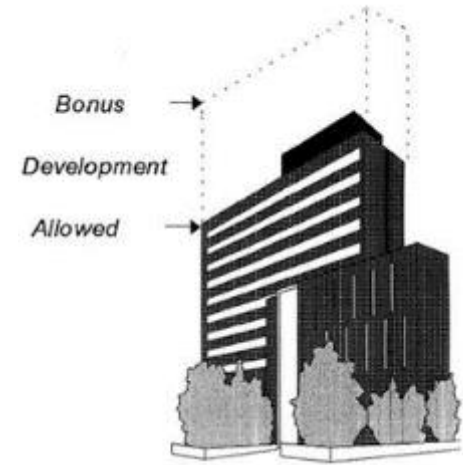
Bonus Achieved/Bonus Elements	UCD Base Height and Density	UCD Base Height and Density + Bonus Height and Density (Tier 1)	UCD Base Height and Density + Bonus Height and Density (Tier 2+)	UCMP Heights and Densities	Remarks
Affordable/Workforce Housing	By opting in and meeting base UCD requirements	Unavailable. Participation results in Tier 2 bonus.	Onsite Affordable Housing achieves Tier 2 Bonus	Opt-in to the available UCD, provide bonus, and meet all applicable design guidelines. Apply for UCMP heights through a PAD or Development Agreement process.	Tier 2 bonus provided for onsite units without Council Review.
Sustainability	By opting in and meeting base UCD requirements for sustainability	Meet IgCC-related base requirements, spend at least \$250K on qualified expenditures (or multiples of \$250K), and provide some other combination of bonus elements as needed to achieve 60 points	Meet Tier 1 requirements, provide additional combination of bonus elements to achieve 100 points, and apply for maximum heights through Development Agreement Process	Opt-in to the available UCD, provide bonus, and meet all applicable design guidelines. Apply for UCMP heights through a PAD or Development Agreement process.	
Public Gathering Space	By opting in and meeting base UCD requirements for public space	Provide minimum amount of onsite public space beyond base requirements and provide some other combination of bonus elements to achieve 60 points	Meet Tier 1 requirements, provide additional combination of bonus elements to achieve 100 points, and apply for maximum heights through Development Agreement Process	Opt-in to the available UCD, provide bonus, and meet all applicable design guidelines. Apply for UCMP heights through a PAD or Development Agreement process.	
Historic Preservation	By opting in and meeting base UCD requirements for HP	Unavailable. Participation results in Tier 2 bonus.	Opt into UCD, go through Historic Preservation Review and Development Agreement, provide historic/façade easement. Obtain TDR equal to Tier 2 bonus height times floorplate (sq. ft.) less existing building.	Receiving properties can use TDR to achieve UCMP heights if it also opts-in to the available UCD and meets all applicable design guidelines.	Purchasers/Users of TDR cannot exceed maximum heights or densities within each UCD.



VI. Summary

Goals and Mechanisms of Development Bonus Program

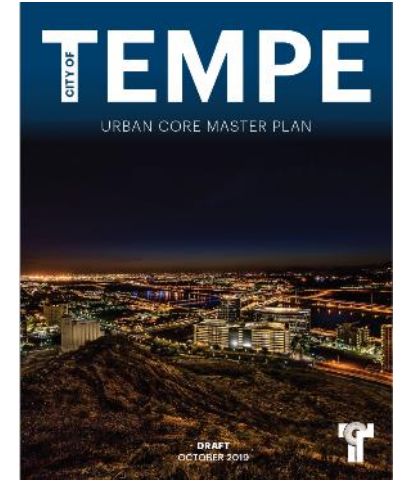
- Promote voluntary participation through creation of Incremental Project Value
- Create certainty in development environment through specified processes
- Reduce the need for discretionary PAD approvals and associated staff time





DBP Adoption Process

- DRC Study Session: December 10, 2019
- Sustainability Commission: Dec 16, 2019
- HPC: January 8, 2020
- Transportation Commission: January 14, 2019
- DRC: January 28, 2020
- Council Work Study Session: January 30, 2020
- City Council First Hearing on February 13, 2020
(Continued Date for UCMP, UCD and GPA 2nd Hearing)



ZONING AND DEVELOPMENT CODE
CITY OF TEMPE

URBAN CODE DISTRICT

Questions/Comments



BAE Urban Economics
City of Tempe



II. AZ Case Studies: Precedent for Program

- Multiple cities in Arizona currently administer development bonus programs.
 - Phoenix Sustainability Program
 - Scottsdale Bonus Program, includes TDR program
- Offer additional development potential in exchange for community benefits
- Where applicable, DBP is modeled in part on these programs.

II. AZ Case Studies: City of Scottsdale



- **Purpose:** Allow development flexibility to assist in achieving more development of infrastructure and public amenities
- **Policy Structure:** Allows for height, density, and/or floor area increase for public and cultural improvements/benefits:
 - Cultural Improvements (Public gathering spaces or art)
 - Environmental Enhancements (Compliance with City of Scottsdale's Green Construction Code)
 - Connectivity infrastructure (Street connections)



II. AZ Case Studies: City of Phoenix

- **Purpose:** Provide projects that exhibit environmentally friendly design and performance elements with additional entitlements
- **Policy Structure:** May approve modifications to requirements of zoning for building height, density, lot coverage, and parking for sustainable development:
 - Mobility enhancement (pedestrian and cyclist amenities)
 - Renewable energy (solar, wind, or any similar source)
 - Water efficiency and landscaping enhancements (reuse of non-potable water)