



Benefits of Mixed-Use Development



**MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION**

What you will learn:

What is a mixed-used development

Brief history of development and zoning

Benefits of mixed-use development

Barriers to mixed-use development

How to encourage mixed-use development

For a millennium, mixed-use development was often the only type of development in cities, towns and villages. This development pattern evolved organically as towns sprung up around the country—a dense commercial area, often with shopkeepers’ homes above and housing surrounding the town. It is only recently that mixed-use development became an anomaly. However, the benefits to this traditional form remain.

TERMS

Mixed Use Development: a single site containing two more different land uses such as, commercial and office, commercial and residential, or office and residential.

Public utilities and infrastructure: water, wastewater, storm sewer, street lighting, sidewalks, parking and roadways

Micromobility: transportation using lightweight vehicles such as bicycles or scooters, especially electric ones that may be borrowed as part of a self-service rental program in which people rent vehicles for short-term use within a town or city.

What is mixed-use development?

Mixed-use development is a single site containing two or more different land uses, such as commercial and a residential use; or two or more non-residential uses, like a retail store and an office. Mixed-use developments include many building forms. For instance, a storefront with a rear apartment all located on one level is mixed-use. A development that includes commercial, office and residential uses in separate buildings on a common site is also mixed-use and may provide many of the same benefits. The most efficient mixed-

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State laws that may also apply:

Michigan Vehicle Code, Public Act 300 of 1949

Michigan Planning Enabling Act, Public Act 33 of 2008

Michigan Zoning Enabling Act, Public Act 110 of 2006

Michigan Recodified Tax Increment Financing Act, Public Act 57 of 2018

Michigan's Bureau of Construction Codes administers a number of state laws including: the Stille-DeRossett-Hale Single State Construction Code Act (1972 PA 230), the Construction of School Buildings (1937 PA 306), Article 17 of the Public Health Code (1978 PA 368), the Elevator Licensing Act (1976 PA 333), the Elevator Safety Board Act (1967 PA 227), and the Utilization of Public Facilities by Physically Limited Act (1966 PA 1)

Michigan's construction codes include the following: Building Code, Mechanical Code, Plumbing Code, Rehabilitation Code, Residential Code, and Energy Code

State Trunk Line Highway System, Public Act 51 of 1951

use development is a multi-story building with a more public oriented use on the ground level (such as retail, restaurant, or office) with residential units on the upper floor or floors. This is the primary building type found in downtowns throughout Michigan.

Why was mixed-use development prevalent historically?

Throughout most of human history, daily travel occurred on foot. Consequently, communities evolved in a manner that enabled its residents to satisfy their daily needs by walking. This resulted in development patterns across the world that commonly featured an intricate grid of streets, narrow and small lots and a mix of land uses. Most cities, towns and villages contained a downtown district with multi-story, mixed-use buildings – even in very rural areas. Beyond those downtowns, it was also common to find a diversity of uses in otherwise residential contexts, such as doctors operating out of their homes, plumbers operating out of their garages, or small commercial buildings housing retailers, restaurants, or bars. This land use diversity was consistent with the need to locate goods, services and places of employment within a distance easily reachable on foot.

Why did we stop building mixed-use development?

Many factors – including zoning regulation, federal lending practices, and the ubiquity of the automobile – combined with other trends in the mid-20th century to eliminate nearly all mixed-use development construction outside major cities.

The industrial revolution, with its massive factories and large number of workers, caused a series of public health crises (e.g., tuberculosis, cholera). At the same time, transportation technology in the form of elevators and transit expanded the urban form both upward and outward. The Progressive Era brought a number of public health reforms including safe drinking water, building and fire codes and the notion of zoning – separation of land uses to prevent adverse impact of one use to another.

In time, zoning practice evolved to establish a strict separation and segregation of land uses as its principal purpose. In contrast with the at-times chaotic mixture of uses inherent for centuries in city form, this new system promoted distinct physical areas devoted to each use. Zoning became a tool to not only protect residents from a smoke-belching factory next door, but also a tool to eliminate the corner store, the local church, and the neighborhood bar. In addition, multiple family residential uses, like apartments, townhouses, and

duplexes were excluded from single family residential districts. Ultimately, even within otherwise similar land use categories, separation and segregation became the norm. For instance, it is common for a zoning ordinance to contain multiple single-family residential districts, distinguished from each other not by use but by dimensional requirement, implying that those residents require protection from different types of single-family residents much as that same home demands protection from a factory.

The automobile and its growing ubiquity greatly expanded the physical geography within reach to meet daily needs, and the growth of driving as a mode of travel reinforced the land use paradigm. Federal transportation funding subsidized and incentivized automobile-centered road development – most notably through federal highway funding formulas. These federal policies encouraged an automobile-centered development pattern that competed against existing mixed-use areas and failed to create the conditions under which mixed-use development flourishes.

Since World War II, federal lending practices also favored single-family suburban development over traditional or mixed-use development leading to further

decreases, as well as racist and exclusionary housing policies.

In this context, it is unsurprising that mixed-use development was also more or less regulated out of communities.

Are there other regulatory roadblocks to mixed-use development?

Building and fire codes add significant cost to mixed-use development. For example, many building codes require fire suppression in buildings containing both residential and non-residential uses. Fire suppression adds significant costs that can deter new mixed-use development or restoration of mixed-uses in existing, multi-story buildings.

Barrier free accommodations can also add cost to vertical construction when elevators are mandated. These regulations have provided undeniable health, safety and welfare benefits, but they have also added cost to mixed-use development that single-use buildings do not have.

Where are mixed-use developments?

Mixed used development is typically found in areas developed prior to World War II--central business



Mason, Michigan

Photo Credit: Jacob Kain

Resources:

Enabling Better Communities: Users' Guide to Zoning Reform

Michigan Economic Development Corporation Community Redevelopment Programs

Placemaking as an Economic Development Tool: A Placemaking Guidebook

Placemaking Assessment Tool

Retrofitting Suburbia: Urban Design Solutions for Redesigning Suburbs by Ellen Dunham-Jones and June Williamson

The Michigan Association of Planning offers mini-workshops on a variety of topics such as, tax increment financing and form based codes

districts, early suburban downtowns and rural small towns. Even within these districts, mixed-use development has often become illegal or impractical to construct. Where the original mixed-use buildings remain, many have lost their mix of uses with upper stories originally used as residences now vacant, underutilized or converted to commercial use.

After several decades of discouraging mixed-use development, communities throughout the nation and in Michigan are recognizing what an asset mixed-use development can be. Mixed-use development is a foundational feature of many of the most-loved places in our state – from downtown Detroit to Mackinac Island, and from Holland to downtown Coldwater.

Why is mixed-use development experiencing a resurgence?

Decades of single use, suburban development has created many problems for Michigan communities. While single-use developments, like a shopping center or subdivision, were once brand new and located on wide, uncongested roads with abundant free parking, those same areas are now often plagued by disinvestment, vacancy, traffic and unappealing aesthetics. This development pattern is not architecturally distinctive or conducive to gathering.

As a result, many communities have looked to mixed-use development as an alternative and potential solution to these problems. Mixed-use development can create a sense of place and add variety to the existing land use pattern. This variety can help to insulate communities against market shocks as trends and needs change.

In addition, mixed-use development is emerging in areas that were historically mixed-use, through reactivation of upper levels into new apartments, condominiums, offices and other uses. Often these projects include restoration of historic facades as well. The introduction of additional residents and the exterior improvements to the public face of the building can have dramatic benefits on surrounding properties and entire districts. Residents provide vital evening and weekend demand for services that is often missing in downtowns whose vitality for many years has been in a 9 to 5 office and service economy. They can also supply the necessary demand for entirely new businesses, including grocery stores and other essential resources for daily life that were once hallmarks of these districts, but are often missing today.

At the same time, the two largest generations of Americans in history – Baby Boomers and Millennials – have shown a significant demand for the walkability, flexibility, activity and authenticity of mixed-use places. These generations are the perfect market for mixed-use housing as they often are looking for less space and less maintenance than a detached suburban home possesses. These generations are more interested and willing to decrease the number of vehicles they own and to use them less frequently for daily activities.

Mixed-use places are generally places people love. Think of where you take friends or relatives to visit, or the places you might see while on vacation. Chances are those places are mixed-use. The same is likely true of the places where your community gathers to celebrate, to express opinions, to see and to be seen. Consider what image you might select to promote your

community--most likely it's a place with mixed-use development.

What are the benefits of mixed-use development?

Mixed-use development offers many benefits to a community, including increased walkability, more people, tax base, efficiency, rural land preservation, sustainability, resiliency, and sense of place.

Mixed-use development by its very nature promotes walkability. By placing a residential use and a commercial use in close proximity, it invites residents to patronize those commercial uses and encourages employees to live close to where they work. This walkability is also reinforced by the design of mixed-use development.

Mixed-use buildings are typically built at the sidewalk rather than set back behind parking. They tend to be closer to adjacent buildings. This reduces walking distances, placing more uses within a smaller radius. This building placement also supports the urban design principle of enclosure, creating a public space that feels safe and inviting to pedestrians.

The inherent walkability of mixed-use development creates another benefit: reduced parking demand. By shifting some trips to non-vehicle modes, a mixed-use development can provide for peak parking demand with fewer spaces than a single-use development.

Depending on the mix of uses provided, parking demand peaks may be offset, further reducing the amount of parking needed. For example, a medical office may have its peak parking demand during the morning and afternoon, while a restaurant's peak demand may be in the evening, and residential units may have highest demand overnight. The factors that reduce parking need are self-reinforcing: less parking need means less site area needed for car storage, enabling a more efficient and productive use of land which supports walkability and a sense of place.

The efficiency of mixed-use development creates two huge bonuses for communities: greater tax base potential and the preservation of rural land. Most taxable value of property derives from buildings, not site amenities, like parking lots or open space, and mixed-use development usually outperforms its single-use counterparts. This relationship is easy to verify by comparing existing development in your own community.

First, take the taxable value of a typical mixed-use building (two or more stories built with minimum open space) and divide it by the land area in acres to determine the taxable value per acre. Second, do the same for a typical single use development, such as a standalone pharmacy, restaurant or big box retailer. In almost all instances, regardless of age or condition, the mixed-use development is producing much more taxable value with a much smaller footprint in addition to adding walkability and sense of place to

The problem with minimum parking requirements

Minimum parking requirements, another de facto element of most zoning ordinances, creates a regulatory barrier to mixed-use development. In most communities, private parking areas are not just permitted, but are required with each project. Typically, a parking standard is established based upon the floor area or capacity of the building and the land use.

These minimum requirements have had many negative impacts on our communities, not the least of which is to make walking both impractical and undesirable. The amount of parking required typically required makes most mixed-use development no longer financially feasible.

Unfortunately, the depletion of the walking environment and the abundance of private parking (almost always free to use) creates a circular process in which more vehicle access creates a perceived demand for more parking, and more parking further reduces the feasibility of other modes of travel creating more drivers and more parking demand. As this spreads from project to project and across entire communities, the private automobile becomes the only viable mode of transportation.

WHAT COMMUNITIES ARE DOING THIS?

Many communities in Michigan have mixed-use development (historical and new). Highlighted below are just a few for their regulations, incentives and new development.

City of Birmingham – Adopted form based code

Cannon Township – Town Square (mixed use development)

Canton Township -- Cherry Hill Village (mixed residential development)

City of Marquette – Adopted form based code

Meridian Township/Village of Okemos's tax Increment finance authority -- offers development grants

City of Mt. Pleasant's central business district-tax increment finance authority -- offers a grant program to offset the cost of fire suppression (a major cost associated with mixed-use development).

City of Rochester Hills – City Walk (mixed use development)

City of Traverse City -- The Village at Grand Traverse Commons (mixed use development)

the community. This efficiency results from less land area being devoted to inactive uses, like parking, landscaped buffers and other common single-use development amenities. In turn, your community can accommodate significantly more employment, residents and vitality without utilizing undeveloped land. Many communities value the natural and agricultural resources which surround them. Mixed-use development preserves those resources.

Mixed-use development also promotes efficient use of public utilities. Because mixed-use development concentrates more activity in a smaller area, it can be serviced by public infrastructure more efficiently than single uses. For instance, a 300-foot block in a traditional downtown might house over a dozen businesses and dozens of apartments, all being serviced by approximately the same distance of street, sidewalk and underground pipe. Conversely, it is common for a single big box retailer to be located about 300 feet from the street. In the first instance, your public utility system is supported through the tax dollars and user fees of many customers, whereas the second scenario has only one supporting entity. When it comes time to maintain, improve or replace those systems the extra revenue brought by the efficiency of mixed-use development will be beneficial.

Mixed-use development is typically more energy

efficient than single-use development since there are fewer exposed walls or ceilings through which heat or air conditioning can escape. Combined with less auto use by customers or residents, mixed-use development generally has a lower carbon footprint than comparable single use development.

More walking and biking create physical and mental health benefits by building opportunities for physical activity into the fabric of your community. Walkable, mixed-use districts are more accessible to children, the elderly, individuals with disabilities and any person for whom driving is not a practical mode of transport.

They also introduce housing diversity into a community. This may help your community retain its young people into adulthood, provide older residents options for downsizing and create opportunities in residential neighborhoods for young families with children.

Mixed-use development benefits its owners by providing diversified income streams. This can help to offset slumps in either the residential or commercial rental market and provide consistent income to the owner. In addition, mixed-use development is more flexible. A mixed-use building has many different uses over its lifespan. Conversely, single use buildings

are less frequently adapted to new uses. Mixed-use buildings are often built for a much longer lifespan, so adaptive reuse makes financial sense.

How can your community encourage mixed-use development?

Decades with little mixed-use development have left communities with fewer developers and lenders who understand and are comfortable undertaking a mixed-use project. This is particularly challenging since mixed-use development usually involves additional regulatory complications that single-use development does not. These complications can include discretionary approval processes, variances, fire and building code requirements, all of which require additional developer and lender risk tolerance and sophistication. However, there are many tactics your community can utilize to promote mixed-use development.

Remove regulatory barriers

Review your community's ordinances and policies to see if they are supportive of mixed-use development. In many communities, mixed-use development is permitted in very limited geographic areas (typically a downtown). Most of your community is likely zoned in single use districts such as residential, office, and commercial districts. There may be opportunities within these districts to introduce flexibility by adjusting the list of permitted uses and explicitly permitting a mix of uses. Some questions to answer include:

1. What districts (if any) permit a mix of uses?

2. Are these allowances as expansive as they could be?
3. Are there additional districts where mixed-use development could be permitted?

Next, review your dimensional standards. If you are not seeing mixed-use development, chances are one or more of these dimensional standards is inconsistent with the needs of mixed-use development. Some questions to answer include:

1. Do any districts permit zero-or-minimal setback development?
2. Do any districts permit multi-story development, and if so, what are the height limitations of such development?
3. Do you have minimum lot width, depth or area standards? Do those standards mandate excessive land area that would not be necessary to support mixed-use development?

Third, check your parking regulations. Parking requirements are a regulatory barrier—see Sidebar. Some questions to answer include:

1. Are your minimum parking requirements based on average need or peak need?
2. Are mixed-use developments required to provide a minimum quantity of parking for each use?
3. Is there flexibility to reduce minimum parking requirements based upon mixed-use development or shared parking agreements?
4. Are there areas of your community where public parking is available, and does your ordinance allow for that public parking to reduce or eliminate private parking requirements?



5. Are any areas designated as parking exempt?

Fourth, examine how your code approaches mixed-use development approvals. If mixed-use development is desired, make it easy! A predictable, straightforward and transparent approval process will reduce the time and cost of development. Some questions to answer include:

1. Are mixed-use developments subject to discretionary review processes such as a special land use permit?
2. Is mixed-use development only possible via a rezoning or under a Planned Unit Development ordinance?

Finally, consider whether your community should consider a new approach to zoning. Most Michigan communities are regulated by use-based zoning ordinances that are not designed to promote mixed-use development. Some communities have begun looking to other regulatory approaches such as form-based zoning in all or part of their community. Form-based zoning ordinances emphasize building form (such as building placement, height and façade design) instead of use, and encourage and promote mixed-use development. Some communities find that a hybrid approach is best for their local needs.

Put the right infrastructure in place

Mixed-use development supports and is supported by walkability. Therefore, your community must ensure that the right elements are in place to support mixed-use development in the places you want to see it.

This starts with your pedestrian infrastructure. Require sidewalks to be constructed along public streets as part of the municipality's capital planning process as well as part of private site development, and ensure that sidewalks are designed to support the adjacent land uses: sidewalks should be wide enough to accommodate abundant foot traffic in mixed-use areas. Street trees, benches, trashcans and lighting are

examples of sidewalk amenities that the public and private sector can contribute to improve the pedestrian environment and support mixed-use development.

Review street design specifications and the condition of your roadway network. Standards prioritizing travel speed and traffic flow over business access and user safety will not support or encourage mixed-use development. Consider strategies such as adopting a complete streets ordinance or conducting a street safety audit to identify ways to increase safety for all users. Safer streets are a necessary element of successful mixed-use development.

In communities with public transit, mixed-use development and transit can be mutually supportive. Mixed-use development provides a destination for transit users where multiple destination points can be reached on foot. Car share systems and micromobility solutions, such as bike and scooter rental, further reduce auto use associated with mixed-use developments and are themselves supported by mixed-use developments.

Consider incentives

Tax-increment finance districts can be used to create public infrastructure supportive of mixed-use development or bring financial support to mixed-use projects. Brownfield financing can be used to reduce costs associated with redeveloping contaminated, functionally obsolete, blighted or historic properties. Other available incentives like OPRAs (Obsolete Property Reinvestment Act) and NEZs (Neighborhood Enterprise Zones) can provide tax abatements to qualified development. A variety of other state and federal incentives, such as historic tax credits and Opportunity Zones, can also be utilized to make a mixed-use project financially feasible.

This tear sheet was developed by the Michigan Association of Planning (MAP) for the Michigan Economic Development Corporation (MEDC). The Michigan Association of Planning is a 501 c 3 organization, dedicated to promoting sound community planning that benefits the residents of Michigan. MAP was established in 1945 to achieve a desired quality of life through comprehensive community planning that includes opportunities for a variety of lifestyles and housing, employment, commercial activities, and cultural and recreational amenities.

