



# SUPPORTING SUCCESSFUL DEVELOPMENT

## Zoning Strategies and Approaches

Real estate developers are essential partners in efforts to enact zoning updates, which can make development easier to do and can broaden the spectrum of those that can participate in the development market, such as small-scale developers and those from underserved backgrounds.

Updates may also enable a wider range of development typologies that reflect market demand, potentially by allowing or incentivizing higher-density or infill development—thereby supporting sustainability, walkability, and other key goals.

Updating zoning provides multiple benefits for business, people, and the planet, and the real estate community can provide valuable insights that make reforms more successful.



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Examples of market factors that developers and others can consider to inform zoning updates include the following:

- **Investors are assessing a city's preparedness for climate change** when deciding where to buy or build. Cities need to show that they are prepared for emergencies and investing in resilient infrastructure to attract investment.
- **Attainable housing represents as much as 60 percent of market demand** in some areas. Research indicates a national production shortfall of 3.79 million housing units
- **U.S. residents value health-promoting community features:** 85 percent say proximity to parks, playgrounds, open space, or recreation centers is an important factor in deciding where to live.
- **Building occupiers value low-carbon buildings:** 79 percent of occupiers of commercial real estate say they prioritize location searches for buildings that will help reduce their emissions.

# Zoning and the Development Process

## Traditional zoning



Zoning uncertainty **raises costs** at every stage of development



Adding features to comply with traditional zoning may **raise costs** and may **not meet market demand**



Existing zoning may force developers to build **less economically viable** products to **avoid costly** and lengthy **approvals processes**

## Updated zoning policies



**Simplifying zoning** to reduce the cost of development and **support affordability**



Streamlining the approvals process may give municipalities room to **require** or **incentivize community-supportive** investments



Aligning zoning with **community needs** and **market demand** may unlock funds for features that support **health, equity, resilience, and sustainability**

### **PROFILE: Promoting Healthier, More Equitable Development through a Zoning Overlay to Meet Market Demand in Indianapolis**

In 2021, amendments to Indy Rezone—the city-county of Indianapolis’s 2016 zoning update—went into effect with the goal of reflecting demand for walkable, mixed-use development.

The Indy Rezone revisions make it more straightforward to develop higher-density projects and include new design standards to ensure developments are pedestrian-oriented. Specifically, the amendments create a Transit-Oriented Development (TOD) Overlay District that

- Applies to an area that includes the property and uses within 1,000 feet (305 m) of IndyGo’s bus rapid transit lines;
- Restricts certain uses not conducive to TOD (e.g., gas stations, car washes, oil change facilities);

- Sets stricter standards for parking and drive-throughs;
- Amends yard and lot standards for dwelling districts, allowing for more infill housing; and
- Enhances walkability and streetscape requirements for residential and commercial projects.

In Indianapolis, there is an estimated demand for more than 18,000 mixed-use, walkable, attached units by 2040, and across the United States, multifamily housing in walkable urban places commands a 61 percent premium over drivable suburbs. The limited supply of walkable neighborhoods can lead to displacement for those with lower incomes. Updating regulations to promote walkable development can potentially increase supply and help mitigate displacement.