When Zoning Goes Wrong…

What happens in “real life” when zoning requirements create unintended issues during financial closings?
How can zoning cause issues during closings?

- **Additional costs brought from zoning requirements can break already tight budgets when it’s time to go out for final bidding**
  - Look out for unnecessary aesthetic items that can drive up costs without creating value
    - Expensive landscaping or hardscaping material requirements
    - Unique items that may be difficult to source or have non-competitive pricing situations
    - “Is there a material that offers the same look without the high price?”

- **Parking requirements that don’t reflect the actual needs of the property and limit buildable space on tighter sites (infill/redevelopment/adaptive reuse)**
  - Applying a standard parking requirement may cause a deal to have too much parking, space that could have been used for additional income producing units/house more people.
    - Senior deals, deals with mixed income tenancy, or deals with a lot of PBS8 subsidy do not typically have high car ownership among tenants
    - Likewise, TOD deals should require less parking
• **Density requirements**
  - Too many or too few units impact financial feasibility

• **Requiring too many things out of one property**
  - “Everything and the Kitchen Sink” Approach
    - Unit Mix
      - Requiring a lot of variety in unit sizes drives up cost and could impact marketability
    - Income/Tenancy Targets
      - Mixed Income deals are great, but listen to the market studies and appraisals when pushing for more variety
  - Services/Commercial Space
  - Greenspace/Parks/Trails
    - These are great amenities for a community, but be realistic about how much a given project should really contribute and make certain all necessary easements or other property right issues are vetted in advance.
• How can municipalities avoid these pitfalls and ensure that projects are completed as planned?
  
  • Work with developers and other members of the development team to flush out issues early in the development cycle
  
  • Look out for the common “traps” we discussed
  
  • Have a fast track approval process to deal with last minute changes when time is of the essence
  
• Questions or Comments?