



# Smart Growth Incentives Matrix

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Smart Growth Implementation Toolkit

## Growing Smarter

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Communities across the country are facing tremendous opportunities to shape their future and provide solutions to the most pressing local, national and global challenges of our time. Community leaders, serving as stewards of the future, have the power to change previous patterns of unsustainable growth and realize the benefits of smarter growth.

A growing number of local political, civic and business leaders understand that with smarter patterns of growth and development, our towns, counties and cities can enjoy the fruits of growth without the costs of poorly planned development. They understand that smart growth strategies can help communities to generate more jobs, enjoy a more stable tax base, provide more choice in the location and cost of housing and build a healthy economy while reducing our impact on the environment, securing our energy independence and creating safe and healthy neighborhoods for our children, our seniors and our families. They understand that communities that choose to grow smarter are also improving their ability to compete in the global marketplace for investments and talent.

While the challenge of building healthier and safer communities has not changed, the opportunities to move away from previous unsustainable patterns have increased. These opportunities are driven by dramatic demographic changes and shifting lifestyle preferences in our population and by a growing understanding of our shared responsibility for the future of our planet. At the same time, the prospect of ever lengthening commutes and rising gas prices is leading growing numbers of people to seek locations where they are not completely automobile-dependent. More and more people prefer neighborhoods where they can improve their health by choosing to walk or bike to the grocery store or shrink their “carbon footprint” (reduce their greenhouse gas emissions) by taking public transit to work or to school. They want to live where they can still be active citizens as they age and where their

children and grandchildren can enjoy healthy physical activity everyday.

Shortsighted planning sacrifices the long-term fiscal health of our communities — starving our established downtown businesses, overlooking existing investments in our older communities, eating up our farms and open spaces and damaging our environment. Many communities are envisioning an alternative future. They want to rebuild our existing communities and design new ones to better respond to the needs and preferences of their citizens.

Getting there from where we are today can look like an overwhelming task because it asks community leaders to overhaul outdated plans. It requires rewriting laws and regulations to transform the existing development patterns.

The good news is that we can take advantage of the opportunities simply by allowing walkable, mixed-use development to happen in our communities. The tools in the Smart Growth Implementation Toolkit can help community leaders take the first step of removing the regulatory obstacles to smarter growth. The tools can help your community level the playing field to encourage development that meets your community’s goals and your citizens' aspirations.

*If you are new to the ideas of Smart Growth,  
visit [smartgrowthtoolkit.net](http://smartgrowthtoolkit.net)  
to find more resources available for download  
as well as links to other helpful sites.*

## The Goals of Smart Growth

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Smart growth can help communities achieve their shared vision by building on these goals:

### ***Healthier, Safer Communities***

The central goal of any smart growth plan or project is to improve the quality of the neighborhoods where we live. Our efforts should make our communities healthier, safer, more convenient, more attractive and more affordable.

### ***Protecting the Environment***

Neighborhoods designed to reduce our dependence on automobiles also reduce our impact on the environment. By creating streetscapes that encourage walking or biking, we create opportunities for individuals to reduce their carbon footprint.

### ***Better Access, Less Traffic***

Mixing land uses, clustering development, and providing multiple transportation choices helps us to encourage healthier lifestyles, manage congestion, pollute less and save energy.

### ***Thriving Cities, Suburbs And Towns***

By guiding development to existing towns and cities, we maximize our investments in transportation, schools, libraries and other public services. Our public dollars can serve the communities where people live today.

### ***Shared Benefits***

Building a comprehensive transportation system and locating jobs and accessible housing within reach of each other expands opportunities for all income levels.

### ***Lower Costs, Lower Taxes***

Taking advantage of existing infrastructure keeps taxes down. Convenient transportation choices also reduce our household

transportation costs, leaving our families with more money for other needs.

### ***Keeping Open Space Open***

Protecting our natural resources creates healthier air and cleaner drinking water. From forests and farms to wetlands and wildlife, let us pass on to our children the landscapes we love.

In practice, smart growth implementation is shaped by ten principles:

1. Provide a Variety of Transportation Choices
2. Mix Land Uses
3. Create a Range of Housing Opportunities and Choices
4. Create Walkable Neighborhoods
5. Encourage Community and Stakeholder Collaboration
6. Foster Distinctive, Attractive Communities with a Strong Sense of Place
7. Make Development Decisions Predictable, Fair and Cost Effective
8. Preserve Open Space, Farmland, Natural Beauty and Critical Environmental Areas
9. Strengthen and Direct Development Towards Existing Communities
10. Take Advantage of Compact Building Design and Efficient Infrastructure Design

## The Smart Growth Implementation Toolkit

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The **Smart Growth Implementation Toolkit** is a set of practical tools to help your community grow smarter. It will help you untangle the thicket of policies and procedures that get in the way of smarter growth and sustainable development. The **Smart Growth Leadership Institute** developed the tools through a four-year technical assistance program funded by the **U.S. Environmental Protection Agency**.

The tools are designed to help communities that are committed to (or are exploring) smart growth but struggle with implementation, with building support, with identifying the most problematic policies and with other issues that typically accompany a major change in development practice.

The tools will check if your community's policies and regulations are creating safer, healthier, more livable neighborhoods. They will examine whether the policies, codes, zoning and development requirements are helping your community to protect the environment and reduce energy consumption and if they are expanding housing options, lowering household expenses and making full use of existing community investments. The tools can help the community reach its goals, its vision for the future, and help leaders discuss how to retain the great parts of the community while improving other parts.

Each tool may be used independently or in combination with others. Each user should customize the tools appropriately for local or regional use. The tools are intended to be templates. The tools include:

### ***Quick Diagnostic***

The Quick Diagnostic is a simple flowchart that will help you to understand which of the Smart Growth Implementation Tools can best help your community.

### ***Policy Audit***

The Smart Growth Policy Audit will help you assess whether existing land use and development policies align with your community's aspirations for its future.

### ***Code and Zoning Audit***

The Smart Growth Code and Zoning Audit will help you check if the zoning codes and regulations in your community implement your vision for smarter growth.

### ***Audit Summary***

The Smart Growth Audit Summary will help you summarize the findings from the Smart Growth Policy Audit and the Smart Growth Code and Zoning Audit, and help you to begin to prioritize the opportunities that are ripe for action.

### ***Project Scorecard***

The Smart Growth Project Scorecard will help you to evaluate how closely a proposed development project adheres to your community's vision for smarter growth.

### ***Incentives Matrix***

The Incentives Matrix for Smart Growth Projects will help you mobilize available incentives to encourage specific smart growth projects in your communities.

### ***Strategy Builder***

The Smart Growth Strategy Builder will help you implement smart growth in your community by identifying the most promising avenues to lasting change. It will help you map the strengths, weaknesses, opportunities and challenges facing smart growth implementation in your community.

*You can download all these tools from  
[www.smartgrowthtoolkit.net](http://www.smartgrowthtoolkit.net)*

## About the Smart Growth Incentives Matrix

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The Incentives Matrix will help you mobilize available incentives at the federal, state and local level to encourage specific smart growth projects in your community.

This tool provides a quick way to survey and summarize the various incentive programs that the federal government and many states and communities have provided to encourage redevelopment of brownfields, adaptive reuse of historic buildings, infill development and compact, mixed-use development.

It will help your community centralize all information about these programs, making potential smart growth development projects more attractive to would be developers.

### About its use

- You can use this tool to **catalog available incentives** (federal, state, local) particularly for projects that will help achieve your community's vision for smarter growth.
- You can use this tool as a template to **gather information and learn more about a particular incentive program** (e.g. –"Enterprise Zone Tax Credits").
- You can use the **information during a project review process** to **encourage developers to revise their projects** with more elements that achieve your community's vision. In return, your community can provide the specific designation that the incentive program requires before the project can qualify for the incentives.
- You can use this tool to **review if the incentives your community provides match up with the needs of the projects** you want to encourage.

### About incentives

Because many development regulations lend favor to projects that build on green fields and undeveloped land at the edge of communities, developers often shy away from smart growth projects. There may be larger up front costs for a smart growth project because it is located in an already built-up area where the land costs are higher. Sometimes there are also added costs of site clearance or remediation and restoration. This is particularly true of infill projects, redevelopment projects on brownfields and projects that restore historic buildings or neighborhoods.

Nevertheless, more and more developers and businesses are choosing to invest in existing communities. Communities can encourage those investments by providing more information about incentives that make infill a competitive strategy. These incentives often require a community to designate the project as one of the following: a *Priority Funding Area*, a *Designated Neighborhood*, an *Economic Distress Area*, an *Empowerment Zone* or *Enterprise Community*, a *Brownfield*, or an *Historic Property or District*.

Incentive packages can take the form of fee incentives, loans or grants, financing incentives, tax incentives, regulatory reductions or exemption/procedural relief, workforce development/business advocacy, or technical assistance.

These incentives both reduce the risk and improve the project's return on investments. In return, the smart growth project can bring the benefits of a healthier, more walkable community; a restored main street and a revival of downtown businesses; a more diverse community that offers options to singles, young couples and senior citizens; a more vibrant street life; more affordable work force housing; reduced air and water pollution; and, the preservation of critical environmental areas.

## How to use the Smart Growth Incentives Matrix

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### Preparation

You will need to research all incentive programs available to projects in your community. Information about these programs is usually available on government websites and from state and local economic development agencies.

Pay particular attention to:

- *the description of the available incentives;*
- *the description of the application process;*
- *the description of the staff discretion/decision-making process;*
- *the requirements for applicants;*
- *the eligibility criteria and requirements;*
- *the delineation of levels of incentive (if there are variants or a sliding scale of incentives); and,*
- *the required designations or determinations.*

Use this tool to summarize and create a quick reference of the above information.

*Visit the [www.smartgrowthtoolkit.net](http://www.smartgrowthtoolkit.net)  
to find more resources and links to other helpful sites.*

### Organization

This tool is organized into two (2) sections.

The first section is the *Project Summary*. Use it to list general information about the project such as location, description and project proponents. Include a short summary of the community's goals for the project and indicate which smart growth principles are fulfilled by the project.

The second section is the *Incentive Summary*. Use this section to summarize the available information about each particular incentive (under each designation) that might be available to this project.

The next pages show an example of how you might fill out this form.

## Example

Here's an example of how you might fill out the Project Summary:

<b>Project Name</b>	<i>Example: Acme Historic Waterfront Redevelopment Project</i>		
<b>Project Location</b>	<i>Example: Area south of Acme Boulevard to the waterfront and between 1<sup>st</sup> and 5<sup>th</sup> streets. Map attached.</i>		
<b>Project Description</b>	<i>Example: Redevelopment of historic warehouse district next to waterfront. Area covers 20 acres and 10 city blocks. Proposes 200 housing units and 100,000 sq.ft. of commercial space and 100,000 sq.ft. of office space</i>		
<b>Brief summary of community goals for the project</b>	<i>Example: Project is key to redeveloping the derelict industrial areas (old warehouses) on the waterfront and will extend the historic downtown and turn the waterfront into a public amenity. Project will also provide a linear waterfront park, a daycare and a grocery for an underserved neighborhood and a jobs training center. 20% of the housing units will be affordable.</i>		
<b>Smart Growth Principles fulfilled by the project</b>	<input checked="" type="checkbox"/> Provides a Variety of Transportation Choices <input checked="" type="checkbox"/> Mixed Land Uses <input checked="" type="checkbox"/> Creates a Range of Housing Opportunities and Choices <input checked="" type="checkbox"/> Creates Walkable Neighborhoods	<input checked="" type="checkbox"/> Encourages Community and Stakeholder Collaboration <input checked="" type="checkbox"/> Fosters Distinctive, Attractive Communities with a Strong Sense of Place <input type="checkbox"/> Makes Development Decisions Predictable, Fair and Cost Effective	<input type="checkbox"/> Preserves Open Space, Farmland, Natural Beauty and Critical Environmental Areas <input checked="" type="checkbox"/> Strengthens and Directs Development Towards Existing Communities <input type="checkbox"/> Takes Advantage of Compact Building Design and Efficient Infrastructure Design
<b>Project Proponents</b>	<i>Example: Acme Real Estate Group and the Acme Town Community Development Corporation</i>		
<b>Designation</b>	<input type="checkbox"/> Priority Funding Area <input checked="" type="checkbox"/> Designated Neighborhood <input type="checkbox"/> Economic Distress Area	<input checked="" type="checkbox"/> Empowerment Zone or Enterprise Community <input checked="" type="checkbox"/> Brownfield <input checked="" type="checkbox"/> Historic Property or District <input type="checkbox"/> Other: _____	

## Example

Here's an example of how you might fill out the Incentives Summary:

<b>Incentive Name</b>	<i>EXAMPLE: (State) Enterprise Zone Tax Credits</i>
<b>Incentive Type</b>	<input type="checkbox"/> Fee Incentive <input type="checkbox"/> Loan or Grant <input type="checkbox"/> Financing Incentive <input checked="" type="checkbox"/> Tax Incentive <input type="checkbox"/> Regulatory Reduction or Exemption/Procedural Relief <input checked="" type="checkbox"/> Workforce Development/Business Advocacy <input type="checkbox"/> Technical Assistance <input type="checkbox"/> Other: _____
<b>Description</b>	<p><b>Brief explanation of incentive.</b>  <i>Example: The State Enterprise Zone (EZ) Hiring Tax Credit is a state income tax credit for employers who hire job seekers from targeted groups. Employers can claim up to \$31,605 in tax credits over a five-year period when they hire qualified employees. Employees must perform at least 50% of their work within the boundaries of the Zone. Employers must have an EZ Voucher to claim the credit.</i></p>
	<p><b>Description of process and staff discretion/decision-making</b>  <i>The Enterprise Zone tax credit voucher application fee is \$40 per application. The normal voucher application turnaround time is 4 weeks; if a faster turnaround time is necessary (less than 4 weeks), the expedited voucher application fee is \$50 per application. Please attach payment with your voucher application(s).</i></p>
	<p><b>Applicant requirements</b>  <i>Example: Eligible employers must receive an EZ voucher prior to claiming the tax credit. Retroactive vouchering is allowed.</i>  <i>To claim the EZ Tax Credit fill out the Eligibility Checklist and Voucher Request Form for the State EZ hiring tax credit.</i></p>
<b>Eligibility Criteria</b>	<p><b>Brief explanation of eligibility requirements.</b>  <i>Example: Only businesses located in the city's Enterprise Zone are eligible to participate.</i>  <i>To qualify the business must hire at least one employee who:</i></p> <ul style="list-style-type: none"> <li>• <i>Is a new employee or an employee rehired after being laid off for more than one year;</i></li> <li>• <i>Worked for the business for at least 35 hours per week for 6 months or more;</i></li> <li>• <i>Earns at least 150% of the federal minimum wage</i></li> </ul>

<b>Eligibility Criteria</b>	<p><b><i>Delineation of levels of incentive.</i></b>  <i>Example: the EZ provides a five-year declining scale state income tax credit based on wages paid to eligible employees. Credit can be claimed over a five year period:</i></p> <ul style="list-style-type: none"> <li>• <i>First year: 50% of wages paid</i></li> <li>• <i>Second year: 40% of wages paid</i></li> <li>• <i>Third year: 30% of wages paid</i></li> <li>• <i>Fourth year: 20% of wages paid</i></li> <li>• <i>Fifth year: 10% of wages paid</i></li> <li>• <i>Credit is based on the lesser of the hourly wage paid or 150% of minimum wage. (The minimum wage is currently \$7.50; 150% of minimum wage is currently \$11.25.)</i></li> </ul>	
	<p><b><i>Required designations or determinations</i></b>  <i>Example: To qualify for the EZ Hiring Tax Credit, the job seeker your business hires must a Targeted Employment Area (TEA) resident</i></p>	
<b>Contact Information</b>	<b>Department</b>	<i>Example: State EZ Vouchering Administrator</i>
	<b>Phone number and email/website</b>	<i>Example: 123.456.7890 www.thisisjustanexample.state.gov</i>
	<b>Contact Name</b>	<i>Example: Kolme E. Zee</i>

*The **Incentives Matrix for Smart Growth Projects** works best when you also use the **Smart Growth Project Scorecard** as a way to evaluate the qualities of the project. You can use the Project Scorecard to set standards that the project must meet to qualify for a specific designation or incentive. Visit the [www.smartgrowthtoolkit.net](http://www.smartgrowthtoolkit.net) to find more resources and links to other helpful sites.*