

PLANNING, REGULATIONS AND INCENTIVES – Encouraging “Mixed Use” Development Projects in Practice

The current popular interest in mixed use developments may seem ironic to those familiar with “modern” planning philosophies. For many decades, policy makers and city planners have worked to compartmentalise those areas of a city dedicated to living, working, shopping and playing. It was believed that the clear separation of “incompatible” uses was the key to a city’s health and safety and epitomized an excellent planning strategy. An expansive network of roads was the only necessary connection between themⁱ.

Unfortunately, this Euclidean style development - the separation of commercial office, residential and other uses, has been justifiably associated with the increasing ills of urban centres. These include traffic congestion, air pollution, the inefficient utilization of space/neighbourhoods and reduced levels of community interaction. In response to these outcomes, the value of mixing land uses has become apparent and is being championed as the planning philosophy of the decade.

The “Ikoyi/Victoria Island Model City Plan” described by planning officials as the “bible” for all new developments on the islands attempts to lay the foundation for correcting and creating the opportunity for the evolution of Lagos into a mega city with “Mixed-Uses” as one of its cardinal philosophies. This edition of RE Insight addresses the obstacles and benefits of implementing Mixed-Use developments.

Understanding Mixed-Use

Mixed-use developments typically combine residential uses with one or more other uses such as office, retail, civic or entertainment, either vertically (mixing uses within a single structure) or horizontally (mixing uses on a large site, with each use confined to separate buildings).



Fig.1 - Mixed Use development (residential, offices and retail). N. London. Architects: Benson & Forsyth

At the highest level, the essence of mixed developments is to generate economic and social diversity. To achieve this, governments have generally looked to incentives to push this “smart growth” principle; for example, offering loans at discounted terms, tax relief, density differentiation and fast-track approvals.ⁱⁱ This means that an incentive, rather than a regulatory approach is employed in reversing and creating new development trends. Mixing enhances economic activity to create vibrant urban districts. It allows an area to be useful for a

much more significant part of the 24-hour day than single-use developments. Additionally, mixed-use developments make for a more efficient use of land and public infrastructure.

“Today’s thoughtfully designed and visually striking mixed-use buildings are symbols of modernisation and regeneration. These people-centric projects bring a vibrant 24-hr lifestyle to sometimes run-down areas of the city”ⁱⁱⁱ

A successful mixed-use development finds the proper balance between the needs of different uses and users. It must be compatible with and acceptable to its immediate context. It must attract consumers (where retail or/and leisure is involved) and tenants (residential and offices), and answer to lenders and investors who may have limited understanding of the issues around mixed-use developments.

It is important to note that compared with single-use projects, the design and construction of mixed-use development may require greater planning and cost much more. Mixed-use projects have peculiar challenges which need to be understood and addressed.

Physical Design Challenges: A successful mixed-use must meet the needs of potentially conflicting users. Residents want privacy, safety and quiet. Retail owners want easy public access and “exposure”. How are these conflicting needs balanced?



Fig. 2 - An Unusual Mix – A Shopping Mall and University Campus in British Columbia, Canada

Parking, noise, access control and connectivity are other areas of conflict which can be addressed through design. Separating residential parking, secured by gates and access control is one way to solve the conflict between residents’ need for security and the commercial demands on the property

Policy Challenges: Policy obstacles can hinder the development of the most well designed mixed-use project. Planning regulations need to reflect not just a city’s desire to develop mixed use but must be backed up by policy enlightenment activities highlighting the benefits of mixed use! Providing accelerated processing incentives, exemption or reduced fees for mixed use projects have proved to be quite successful in attracting mixed use developments.

Developers and investors need to see the immediate and long term benefits of mixed use developments; otherwise, they will continue to build differently from the approval drawings.

Market Challenges: Investor (or Developer) scepticism of the marketability of mixed use projects is perhaps the greatest of all challenges. A couple of examples illustrate this: Many Governments (and Planners) favour mixing “affordable” housing units amongst “market” units to generate social diversity, and to prevent the development of slums. However, most developers believe this strategy undermines the value of the market units. Therefore from a developer’s perspective, it is better to separate low income and market housing.

According to a research conducted by Savills^{iv} it is relatively rare, even in developed economies for developers to mix residential units in the same block as offices and retail. The reason for this is that it is much

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easier to sell discreet blocks to commercial investors than to sell buildings which also have residential titles, especially where these are in the ownership of multiple individual investors – schemes which start off as “mixed” end up a series of smaller “plots”.

The conflict between what is commercially viable and what is a Government’s desire to develop integrated well designed mixed-use areas often results in developer’s seeing this planning requirement as another costly requirement which takes value from their bottom line.^v

A Programme of Action to Back Mixed-Use Regulations

Having adopted mixed-use planning policies and zoning ordinances, the Planning Authorities can further support the development of mixed-use projects by;

Encouraging Collaboration – between developers, investors (including lenders), on integrated mixed-use sites;

Providing Incentives – such as density bonuses, increase in commercial or residential floor area (or building footplate) or other bulk restrictions;

Promoting Good Design – ensuring that the design of mixed-use developments supports the overall development objectives of the area incorporates pedestrian circulation and other commercial community amenities and importantly ensuring that the various uses are compatible.



Fig. 3 - The Hub – Mixed-Use Development Initiative in Milton Keynes, 2008

Conclusion

Does mixed-use work everywhere and will the building regulations really create “liveable” communities and cities? No not everywhere, and no, not without carefully thought-out implementation plans. Planners and developers must be mindful of this fact. Developers need to have a deep understanding and the appropriate experience in handling mixed-use projects. Government needs to support the financing of mixed-use projects; it could encourage and assist lenders and facilitate mortgages. Public/Private Partnerships and venture capital funds are other ways to support mixed-use initiatives. This means that government, as the chief advocate of mixed-use areas must pave the way.

Should government take a permissive or prescriptive approach in implementation? We opine that the ethos should be flexibility. The market needs time to understand this concept, and respond to clearly understood market demands. If developers are forced to mix, but have trouble securing tenants for some component of the mix, resistance will be built against the concept. Flexibility allows developers to justify their request for single-use, should their plan not be in line with zoning regulations.

The long term sustainability of a city requires that we develop a mix of uses that can thrive even in the absence of growth. Mixed-use cannot resolve all the problems of the city, but it is clear that cities which lack mixed-use cannot hope to enjoy long term viability^{vi}.

- ⁱ Understanding Mixed-Use Obstacles to Optimise Downtown Success. A. Zelinka et al. 2005.
- ⁱⁱ Encouraging Mixed-Use in Practice – Jill Grant 2004
- ⁱⁱⁱ Buro Happold 2009
- ^{iv} Mixed Use Issues – Creating the New Landed Estates. Savills Research 2005
- ^v Mixed Feelings About Mixed-Use Bryan E. Powell 2008
- ^{vi} Encouraging Mixed Use In Practice – Jill Grant 2004