

# **Comparative Analysis: Development Incentives Across North Carolina Municipalities**

## **I. Affordable Housing Bonuses**

Affordable housing remains a central concern in urban development, and cities have adopted varied approaches to incentivize its integration.

- **Durham** presents the most robust and comprehensive Affordable Housing Bonus program, offering a 2:1 market-rate unit bonus per affordable unit, up to 75 units per acre. This program is available in multiple zoning tiers and integrates affordability with dimensional flexibility and design district incentives, including stackable bonuses in mixed-use developments.
- **Winston-Salem/Forsyth County** follows with a more rigid structure: 25% bonus density if 40% of multifamily units are affordable to households at or below 60% AMI<sup>1</sup>. The incentive is legally bound through contract and site plan reservation requirements.
- **Raleigh** limits its affordable housing incentives to projects near transit, offering height increases if 20% of bonus-story units are affordable for at least 30 years. Notably, this is ineligible in TOD or BRT<sup>2</sup> zones, potentially excluding areas where affordability is most needed.
- **Wilmington** ties affordability to mixed-use density tiers and its Central Business District bonus matrix. Bonuses are conditional on deed restrictions or covenants to preserve affordability for specific timeframes.
- **Fayetteville**, while offering bonuses for sustainable development, does not provide an explicit affordable housing bonus, making it an outlier among its peer cities.

## **II. Sustainability and Green Infrastructure Incentives**

Across all cities, sustainability features are leveraged to encourage compact, environmentally responsible growth.

- **High Point** stands out for its structured Schedule A/B system, which rewards projects that combine high-cost elements (solar and rainwater systems) with low-cost features (solar-ready orientation, natural lighting). Bonuses include height, density, signage, and parking reduction.

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<sup>1</sup> AMI = Area Median Income; affordable units are generally expected to serve households earning ≤60-80% of AMI, depending on program specifics.

<sup>2</sup> TOD (Transit Oriented Development) and BRT (Bus Rapid Transit) zones are often regulated separately with their own overlays or design guidelines. Raleigh's exclusion of these zones from certain bonuses may reflect conflicting regulatory frameworks or coordination challenges between transit planning and land use code implementation.

- **Greensboro** adopts a watershed-specific scoring system. Developers must accumulate 120 points via features like stream buffers, green roofs, clustering, and soil selection. This creates a gamified yet rigorous model for stormwater-sensitive areas.
- **Raleigh** offers bonus credits toward open space requirements when developers exceed buffer widths. Stormwater ponds may be site amenities if designed for public use, granting landscaping relief. This dual-purpose use of infrastructure demonstrates Raleigh's emphasis on multifunctional urban space.
- **Fayetteville** offers a flexible sustainability bonus system in key zoning districts. Including LEED Silver<sup>3</sup> certification, solar energy, green roofs, and more, earns developers up to a 20% density bonus and two additional stories of building height.
- **Cary** and **Concord** both encourage energy efficiency via overlays and density bonuses. In its Conservation Residential Overlay District, Cary links energy performance to open space-based density bonuses, and Concord rewards solar installations with added lots or relaxed parking standards.

### III. Open Space and Conservation-Based Incentives

Open space preservation is a frequent basis for density bonuses, often tied to lot configuration or environmental protection.

- **Cary** features a particularly detailed bonus system within its CROD, granting a 5% or 3% increase in allowable lots for every 1% bonus open space preserved in LCR and VLCR subdistricts, respectively. Historic preservation credits further enhance bonuses.
- **Fayetteville** awards up to a 20% density bonus when developers dedicate open space above 10%. Additionally, high-value amenities (e.g., preserving specimen trees<sup>4</sup> or adding sidewalk cafes) receive multiplier credits toward open space requirements.
- **Winston-Salem** offers bonus density in PRDs if developers preserve more open space than required. However, FEMA floodplain areas are excluded from bonus calculations, revealing a stricter interpretation of developable open space.
- **High Point** and **Concord** incentivize cluster and conservation subdivisions, granting lot size reduction or higher densities when land is reserved for

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<sup>3</sup> LEED Silver certification is a designation awarded by the U.S. Green Building Council under the Leadership in Energy and Environmental Design (LEED) rating system. It signifies that a building has achieved a moderate level of sustainable performance across key criteria such as energy efficiency, water conservation, materials selection, indoor environmental quality, and site sustainability. Silver is the second of four certification levels (Certified, Silver, Gold, Platinum), and typically requires earning 50 to 59 points on the LEED scoring scale.

<sup>4</sup> Specimen trees typically refer to particularly large, healthy, or historically significant trees identified during site evaluation. Cities like Fayetteville and Durham assign multipliers or preservation credits to these features.

agricultural, wooded, or recreational purposes. Concord's sliding density scale provides one of the most transparent systems, scaling density with specific percentages of preserved acreage.

#### IV. Transit-Oriented and Mixed-Use Development Incentives

Transit proximity and mixed-use integration are key strategies in urban intensification and climate-conscious growth.

- **Raleigh's** Frequent Transit Development Option incentivizes mid-rise development near high-frequency transit corridors with height increases and expanded use permissions. However, TOD/BRT zones are ironically excluded from eligibility, signaling a potential misalignment with actual transit investment corridors.
- **Wilmington** incorporates vertical integration in its highest density bonus tier (Category A), encouraging mixed-use buildings that blend residential and commercial uses while meeting affordability targets.
- **Concord** provides context-sensitive relief for developers in mixed-use zones, allowing design substitutions and relaxed parking standards, contingent upon public benefit equivalency and alignment with comprehensive plan goals.
- **Fayetteville's** SACO<sup>5</sup> overlay permits up to 8 stories, flexible setbacks, and mixed-use development by right, encouraging higher density along arterial corridors while preserving walkability and design quality.

#### V. Historic Preservation and Adaptive Reuse Incentives

Preserving cultural assets is a priority in several jurisdictions, often aligned with sustainability goals.

- **Raleigh** permits regulatory relief, repair plan scaling, and financial assistance for historic properties where compliance causes economic hardship. A formal review board determines eligibility, ensuring transparency and rigor.
- **Fayetteville** provides broad adaptive reuse incentives – permitting multifamily conversions in single-family zones, waiving parking requirements, and streamlining approval, significantly lowering redevelopment barriers.
- **Wilmington** offers preservation credits through its CBD incentive matrix and allows exceptional design exemptions in watershed zones if green infrastructure and historical integration are demonstrated.

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<sup>5</sup> *The Suburban Activity Center Overlay (SACO) District in Fayetteville is designed to promote infill and redevelopment along arterial corridors by fostering concentrated, walkable mixed-use development. Its purpose is to create vibrant activity centers that support existing businesses, catalyze reinvestment, implement adopted land use plans, and improve access to neighborhood services. SACO is intended to establish development nodes that increase land use efficiency and enhance the performance of surrounding transportation systems.*

- **Cary** allows historic structures to count as bonus open space within conservation subdivisions when preserved and maintained to national standards. This embeds preservation in a performance-based growth model.

## **VI. Flexibility Tools: Zoning Relief, Design Adjustments, and Legal Instruments**

Cities often pair incentives with administrative relief mechanisms to enhance predictability and legal security.

- **Durham's** statutory development agreements allow developers to lock in incentives like phased implementation or height increases. Additionally, its rules permit rounding up fractional units and counting public dedications in density calculations.
- **High Point** and **Concord** provide relief measures for economic hardship, including development finance assistance, zoning amendments, and TDR (transfer of development rights), ensuring land use equity while retaining compliance flexibility.
- **Fayetteville** employs development agreements to vest multi-phase projects with consistent rules over time, integrating public infrastructure coordination into long-term land use plans.

## **Conclusion**

Each city's development incentive program reflects a distinct set of priorities and political economies. Durham and Wilmington lead in affordability-focused incentives, with highly structured, enforceable mechanisms for long-term impact. High Point and Greensboro innovate in environmental scoring and sustainability trade-offs. Cary and Concord center conservation, while Raleigh and Fayetteville provide flexible urban incentives tied to density and reuse. Winston-Salem balances affordability, conservation, and urban design, albeit with more rigid criteria.

Collectively, these systems reveal the evolving toolkit of Southern cities responding to growth pressures, housing shortages, and climate resilience goals through strategic regulation and incentive alignment.