Activating Ground Floors in Mixed-Use Buildings After COVID

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Activating Ground Floors in Mixed-Use Buildings After COVID

By Tom Smith

No planning department could anticipate all the store closings that have occurred in the last 10 years or the dramatic declines in response to COVID shutdowns. Brick-and-mortar stores have closed for a wide variety of reasons. In many communities retail and commercial outlets were simply overbuilt. Many mom-and-pop businesses disappeared because they could not compete with the prices and selection offered by big box stores. In recent years, e-commerce has grown at an exponential rate, diminishing traffic in local stores.

During the pandemic, consumers radically changed spending habits. People didn’t leave their homes. They had their groceries delivered. They avoided eating in restaurants and just ordered takeout. When they wanted to shop, they went online to Amazon or Walmart.

With all these changes, planning departments need to reevaluate their commercial districts and commercial corridors. They need strategies that encourage the clustering and consolidation of retail outlets into viable centers and corridors. They need to rezone corridors and centers with high vacancy rates, especially when they determine that these locations cannot be sustained or redeveloped successfully.

This issue of Zoning Practice looks at the actions of several communities trying to promote successful mixed-use development, including communities that have adopted stricter criteria for where ground-floor retail is appropriate and communities that have reduced the number of locations where ground-floor retail is mandated. It also examines several communities who

Starting in late 2020, for-profit COVID testing facilities began signing short-term leases for storefront spaces. This testing facility in Chicago is now closed and only the signs remain.

(Credit: Tom Smith)
have broadened the definition of acceptable ground-floor uses to enhance the marketability of these spaces, while still maintaining active and interesting commercial corridors.

**Zoning for Active Ground-Floor Uses Before COVID**

In most communities, mixed-use development is defined as a vertical mix of uses, with the most common development type having residential over retail in a single building and on a single parcel. Typically, residential is the primary use and the ground-floor retail is a secondary use. However, mixed-use buildings may also be anchored by office uses with ground-floor retail as the secondary use.

Historically, when communities mandated active ground-floor uses along certain commercial corridors, they limited permissible uses to restaurants, apparel shops, convenience stores, department stores, drug stores, dry cleaners, food stores, and specialty retail shops. Offices were typically prohibited. Often in these ordinances, the size of retail uses was limited so that there would be numerous storefronts and diverse small businesses.

The ground-floor use requirements of mixed-use zoning were intended to activate the street and make the neighborhood an area where people could live, work, and play. However, these types of strict use and size limitations are not working well in the post-pandemic era.

**Montgomery County, Maryland’s Ground-Floor Retail**

In Montgomery County, Maryland, planners have developed criteria for judging where ground-floor retail will be most successful. These criteria will be used in negotiations with developers to determine where ground-floor retail is appropriate and where it is not.

It is rare for communities to have criteria like these. The concept of ground-floor retail is popular. Planning consultants will tell most communities that they don’t...
have enough, and municipal planners recommend it to make neighbors happy. Montgomery County is more realistic. They study their retail market and they have a better understanding of where retail will and won’t work.

The county has been very successful in promoting mixed-use development. Mixed use is typical for new infill development in and around the county’s historic downtowns and in locations proximate to Metro transit stations. Nearly half of the new commercial and multifamily development is in mixed-use buildings. Lots of this development occurs in downtown Bethesda and Silver Spring but also at other commercial nodes near the county’s transit stops.

Unlike other jurisdictions, the county doesn’t have a serious problem with vacant storefronts, in large part, because of its aggressive planning program. The county regularly studies the local retail market, prepares annual reports analyzing issues within its downtown planning districts, and maintains flexibility about what constitutes “active ground-floor uses.” In the county’s latest retail market study, the authors concluded that “retail supply across Montgomery County is very well balanced with demand. There is neither the overabundance of retail that characterizes many of our neighboring jurisdictions, nor an undersupply” (2017b).

The county is able to maintain this balance because of its detailed inventory work and analysis of retail market conditions. Recently, county planners undertook a broad study of the county’s experience with mixed-used development that includes important findings about where ground-floor retail works and where it does not (2021). The study does not exclusively focus on ground-floor retail issues, and readers interested in the broader topic should examine the study directly.

The study sought to determine “what aspects of mixed-use are doing well and what isn’t working and why.” Regarding ground-floor retail, it includes findings that seem obvious: “Retail will be most successful in urbanized areas where vibrant retail already exists,” and “high pedestrian counts around commercial nodes and transit stops is a good indicator of where ground-floor retail will work.” But it also included findings that are not so obvious. These findings should be useful to planners responsible for drawing zoning boundaries for where ground-floor retail should be required and where it should not.

The study includes several important findings regarding the success or failure of ground-floor retail:

- Blanket retail requirements in all developments can lead to poor outcomes, such as vacant storefronts.
- Quiet side streets and “back streets” are not good locations for ground-floor retail, even if these streets are just around the corner from more vibrant blocks.
- Large vacant properties and large parking lots are major impediments to customer attraction and hamper the success of ground-floor retail.
- It is hard to make walkable retail corridors on major auto thoroughfares that are not comfortably walkable.
- Initial ground-floor retail projects in emerging corridors need a strong anchor like a grocery store or super store to generate traffic and serve community needs.
- Successful ground-floor use requirements need to consider a broader definition of “active ground floor uses” to include things like makerspaces for local artisans, daycare facilities, breweries, community meeting spaces, and educational and medical uses, among others.

“The goal is to activate streets and make them more lively and interesting.”
The study’s findings will be used by staff responsible for developing long-range plans that address future growth in specific areas of the county. According to Elza Hisel-McCoy, Chief of Downcounty Planning for the Montgomery County Planning Department, “the mixed-use study is also helping us change the way we review development. We recognize that not all locations for ground-floor retail are equal and that flexibility is required in the development review process in order to respond to changing market conditions.” The county has always tried to cluster and consolidate retail at designated centers or nodes and near major commuter stations, and this policy is reinforced by the mixed-use study.

A primary tool that planners use to guide mixed-use development is the county’s commercial/residential zoning classifications. The county has three commercial/residential classifications including Commercial Residential (CR), CR Town (CRT), and CR Neighborhood (CRN). This family of zones is designed to encourage a context-appropriate mix of commercial and residential uses, promote active and interesting street fronts, and to foster jobs and services in close proximity to where people live, work, shop, and play (§4.5).

The three CR zone types assign a site-specific maximum building height and density, with maximum floor area ratios (FARs) ranging from 0.25 to eight. The designations of these zoning classifications are guided by area master plans, and all must be designated on the official zoning map approved by the county council. In the CR and CRT zones, developers can use an “optional method of development” review process that allows them to maximize height and density in exchange for providing certain public benefits defined in the zoning code. Proposed development must provide public benefits on a point scale from several available public benefit categories. Readers interested in how the point system works should examine the point system implementation guidelines (2017a).

In terms of activating the ground floors, points can be assigned to proposed developments that include a “diversity of uses and activities.” Projects are evaluated on the basis of whether they include a mix of land uses that “reduces the necessity for automobile use and land uses that facilitate healthier lifestyles and greater social interaction.” A greater diversity of uses is expected to increase neighborhood walkability scores. For example, added points can be assigned for mixed-use buildings that include small, neighborhood-oriented businesses and still further points if the building includes care facilities like childcare and adult daycare facilities.

According to Caroline McCarthy, Chief of Research and Strategic Projects for the Montgomery County Planning Department, uses like childcare, educational uses, and medical facilities can fit because “the goal is to activate streets and make them more lively and interesting.” Whereas some traditional retail outlets like apparel shops, toy stores, furniture outlets, and department stores are in decline, other uses such as food stores, salons, drug stores, yoga studios, and medical care facilities are still expanding, and McCarthy believes this shift in the market for ground-floor retail is still consistent with county plans and “will keep Montgomery County’s pedestrian streets successful.”
Expanding Permissible Ground-Floor Uses

Many communities have expanded the use categories permitted for downtown retail and neighborhood pedestrian corridors in response to growing storefront vacancies and the economic hardships related to pandemic shutdowns.

Arlington County, Virginia

Perhaps the most thorough update of permitted uses in commercial corridors was recently completed by Arlington County, Virginia. In November 2021, the Arlington County Board approved updates to the Columbia Pike Form Based Code (FBC), designed to support retail market resiliency along the Columbia Pike corridor by allowing a host of new ground-floor uses. Columbia Pike is guided by one of the nation’s first form-based codes—the Columbia Pike Special Revitalization District Form Based Code—with the goal of transforming the corridor’s traditional suburban strip development pattern into a walkable, “main street” district with mixed residential, retail, and a variety of active ground-floor uses.

According to Nick Rogers, AICP, CZA, the county’s Zoning Amendment Coordinator, “the amendments address the dramatic changes in retail and commercial markets that were making it more difficult to construct mixed-use projects in the corridor.” The county undertook a retail market study in 2019, and the planning department and economic development staff have documented dramatic changes in retail and commercial land use.

The 2019 Columbia Pike Commercial Market Study documented Columbia Pike’s ongoing transition from an auto-oriented suburban corridor to a walkable urban one. To enhance and sustain the vitality of the corridor’s retail market, the report recommended increased flexibility for uses on ground floors to fill more commercial tenant spaces and build upon the uniqueness of Columbia Pike.

The original form-based code enacted in 2003 allowed the typical business found on “main streets” including restaurants, apparel shops, convenience stores, dry cleaning services, health clubs, hair and nail salons, and barbershops. The new ground-floor uses allow developers to attract new types of tenants that previously were not permitted or permitted only after applying for special exception use permits. The new categories of uses include the following:
• **Manufacturing, artisan beverage such as craft brewing and craft distilling.** The county has “brew-pubs,” but typically, these must be accessory to a restaurant. Under the revised code, craft brewing would not be limited to an accessory use along Columbia Pike, and the county would drop limits that prevented the distribution and sale of products outside the restaurant.

• **Manufacturing, artisan workshop.** This includes workshops for craft persons making and selling things like apparel, leather products, jewelry, metal work, wood working, furniture, prints, glass ceramics, or paper. These spaces are often referred to as maker-spaces.

• **Museums, Art Galleries, and Artist Studios.** Before the update, these were permitted as special exception uses along the corridor, but the revised code eliminates the use permit process.

• **Shared commercial kitchens.** This classification allows independent chefs to use shared commercial kitchens to create delivery-only restaurants. These shared commercial kitchens were often referred to a “ghost kitchens,” “dark kitchens,” or “shadow kitchens,” and they allowed chefs to start a business without the significant costs associated with brick-and-mortar buildings and the personnel associated with traditional restaurants.

• **Animal boarding.** The form-based code always allowed animal care facilities, veterinary clinics, and animal hospitals, but not animal boarding. County planners found that the existing code was preventing a vital, in-demand personal service use from being established. They documented existing pet daycare uses in the Columbia Pike corridor, and now these facilities can add an overnight boarding service to their businesses.

• **Urban Agriculture.** This includes hydroponics, horticulture, and aquaculture, typically where indoor spaces are used to grow leafy greens, herbs, and edible flowers for local restaurants and grocery stores.

• **Offices.** The original form-based code allowed some “customer-oriented” offices such as banks and medical and dental offices through a use permit process, but it strictly limited any other office types. The updated code is more permissive since county planners found that offices brought workers and customers who supported local restaurants and shops. A further change gives flexibility to medical and dental offices and daycare uses from the code’s window transparency regulations. The existing requirement that a minimum of 80 percent of window surfaces be transparent was reduced so that it would not hamper the ability of medical offices, dental offices, and childcare operators to give their patrons needed privacy.

In preparing the code update, Matt Mattauszek, Master Development Planner for Arlington County, and Marc McCaulley, the county’s Director of Real Estate Development, talked extensively with local developers regarding the decline in traditional retail and the impact of pandemic shutdowns on development in the Columbia Pike corridor. The purpose of the new amendments is to expand the market for ground-floor space while still promoting the form-based code’s intent to have high pedestrian activity adjacent to public sidewalks, buildings with interesting architectural design, and storefront windows and displays.

According to Mattauszek, the Columbia Pike corridor is “well on the way to becoming a walkable, pedestrian-oriented corridor with approximately 20 private development projects completed and significant county-sponsored streetscape enhancements and public investments in making the corridor part of a multimodal transportation system.” County planners and economic development specialists believe the expanded list of permitted ground-floor uses is an important step supporting the corridor’s redevelopment and that the new uses do not compromise the county’s goals of making Columbia Pike an active, pedestrian-oriented, and viable “main street.”
Los Angeles

On May 31, 2022, the Los Angeles City Council’s Planning and Land Use Management Committee advanced recommendations that would update the Westwood Village Specific Plan to allow for greater flexibility in zoning and land-use regulations in an effort to help fill some vacancies in the shopping district’s storefronts. City planning staff estimate that the plan amendment will pass the full city council sometime in the fall.

Westwood Village was hit hard by the COVID shelter-in-place orders and the shutdown of the University of California, Los Angeles (UCLA), and other neighborhood institutions. In 2019, prior to the COVID lockdowns, the village’s vacancy rate was approximately 20 percent, but by the peak of the COVID pandemic, the vacancy rate reached 39 percent.

According to Andrew Thomas, Executive Director of the Westwood Village Improvement Association, “COVID…accelerated worldwide trends demonstrating the decline of brick-and-mortar retail stores in favor of online shopping, but the village had a higher-than-average vacancy rate even before COVID.” He believes “the vacancy rate is largely a result of the village’s strict zoning which passed in 1989.” The strict zoning rules have not allowed Westwood Village “to adapt to the marketplace or reinvent itself like other urban centers have done,” according to Thomas.

The revised zoning rules that the planning committee endorsed seek to allow more food establishments—ranging from fast-casual to formal sit-down restaurants. The current rules put a strict cap on the number of fast-casual restaurants, and over the years, these rules have been strictly enforced and broadly interpreted. The village has always been a destination for restaurants and casual dining because it serves as downtown for the 85,000 students, faculty, and staff of UCLA and its medical center.

Under the current zoning rules, businesses seeking city approvals to open a restaurant in Westwood Village are subject to strict “spacing” standards that have limited the number of food and dining establishments that could locate within the village. For example, in most of the village, fast-food restaurants were limited to no more than one establishment per 400 linear feet of frontage along the area’s retail streets. Other restaurants were limited to...
no more than one establishment for every 200 feet of linear frontage. These burdensome regulations are removed under the new specific-plan amendment.

Opening up the village to more restaurants should help to fill vacancies. According to Andrew Thomas, the new specific plan means that “commercial property owners will be able to lease on a level playing field with neighboring communities for the first time in over 30 years. The amendments will eliminate some of the current discretionary approval process that allows for...so many appeals on businesses, or the threat of appeals.”

The specific-plan amendment also reduces overly strict parking requirements for hotels, nightclubs, entertainment venues, theaters, and offices. When the specific plan was first adopted, Westwood Village had few vacant storefronts and too little parking, so a higher standard was applied. With the recent increase in vacant storefronts, much of the village’s existing parking is underutilized.

Finally, the specific-plan amendment also makes it far easier for a substitution of use, without triggering complicated reviews or parking requirements. The amendment makes it easier for one business to replace another—since all review will be done by planning staff without the delay associated with public meetings and hearings. The substitution of use provisions allow city planning staff to sign off on a new business without any change in parking, especially when the new business, restaurant, or retail use is under 15,000 square feet.

The city planning department concluded that the proposed changes to the specific plan’s existing zoning rules would expedite permit review and help fill some of the neighborhood’s vacant storefronts. “We want Westwood Village to function as a retail center for the community and, secondarily, the broader regional and tourist market,” said Deputy Director of Community Planning Shana Bonstin. “Our proposal supports local job growth. In short, it is responsive to the present and future needs of the community that it serves.”

Vancouver, British Columbia

Vancouver, British Columbia, has also been amending some of its plans and zoning for downtown shopping corridors. In various downtown districts the city requires “retail continuity” in an effort to create active and vibrant pedestrian-oriented streets (2017). However, some of these corridors are now suffering significant numbers of vacant storefronts.
The “retail continuity” standards for the Downtown-Eastside/Oppenheimer District were first adopted by the city in 1982, and since that time, the area has experienced significant economic change with higher levels of unemployment and poverty. This neighborhood change has included the decline of ground-floor retail. COVID only exacerbated and amplified the problems and drew greater public attention to the issue of vacant storefronts. In February 2021, the city council amended the zoning regulations for the district to allow more flexibility in permitted uses for specific subareas. The new uses include those that “serve the educational, cultural, health, social and recreational and economic development needs of the local community.”

According to Bonnie Ma, RPP, MCI, LEED AP, with the Department of Planning, Urban Design and Sustainability “the change will help community-serving organizations, such as nonprofits, by lowering barriers to locating in spaces in the neighborhood.” Ma reports that other Downtown Eastside zoning districts have similar allowances for community supportive uses.

She says, “since this policy change was approved just over a year ago, it is still too early to tell whether the changes have had the intended effect.” She reports that the city monitors change through an annual vacant commercial/retail inventory, which is conducted by the city’s Economic Development Planning team.

### Champaign, Illinois

In Champaign, Illinois, planners have taken a close look at the city’s large downtown districts and determined that a host of blocks were not viable for ground-floor retail. In February 2022, the city lifted zoning regulations that prohibited ground-floor residential on selected streets and blocks within the city’s three central business zoning districts (Council Bill No. 2022-016).

The city has typically required ground-floor retail and commercial uses as a way to activate its downtown streets. However, the 2022 zoning amendment was put forward in recognition that not all blocks in the city’s three central business districts have the critical mass of pedestrians to support ground-floor retail. According to Rob Kowalski, FAICP, Assistant Director of Champaign’s Planning and Development Department, “city staff talked with local builders and determined that not all the side streets could be successfully marketed for retail and that the city’s zoning needed to be revised to meet current market realities.”

The changes were carefully drawn. Blocks were removed where the existing land use was characterized by parking lots, vacant land, institutional and university uses, light industrial, and other non-retail uses. The amendment would also apply in some blocks where the current retail space sits vacant. The “core” retail areas along streets like Green, University, and Neil were not altered. According to Kowalski, “the revisions left plenty of property available for retail and commercial use, and the city still strongly encourages mixed use by allowing higher densities and by eliminating parking requirements in the central business zoning districts.”

In many ways Champaign’s central business districts are unique. Since 2016, the districts have covered a one-half square mile area, which is a lot for a small city of approximately 88,000 people. The central business districts cover the city’s historic downtown and two other areas—Midtown and Campustown. The three central business districts host more than 40 locally owned bars and restaurants. The city enjoys three large districts, in part, because it co-hosts (with Urbana, Illinois) the flagship campus of the University

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**Downsizing Ground-Floor Retail Requirements**

Many cities simply have too much zoning requiring ground-floor retail. It doesn’t work everywhere. These types of blanket requirements are not sustainable and lead to a high number of vacant storefronts. Some cities have recognized that they have over-zoned for retail corridors and have cut back on this zoning. In these cities, blocks and corridors that previously required ground-floor retail now permit ground-floor residences by right.
of Illinois, with over 52,000 students. The city has also been referred to as the center of Illinois’ “Silicon Prairie” because of the influence of the University of Illinois’ excellent science, technology, and engineering schools. In addition, the city has been successful in attracting some large technology and software industries, and this workforce helps support the districts’ businesses.

According to Kowalski, the city’s small size makes it easy for city staff to talk with local builders and developers. He says, “they call us, and we know who they are.” The February 2022 zoning amendments make the central business district regulations more flexible, more market friendly, and they demonstrate that the city is responsive to the dramatic changes in markets for retail and commercial space.

Grand Rapids, Michigan

Grand Rapids, Michigan, has abandoned a blanket policy requiring ground-floor retail in the city’s Traditional Business Districts and General Commercial Districts. They have replaced this policy with zoning rules that will allow more residential development including ground-floor residential. This action is being taken in response to a sharp rise in vacant storefronts and the need for added housing especially affordable housing.

In January 2021, the city amended its zoning code to allow ground-floor residential in certain business and commercial districts in an effort to help struggling property owners and, at the same time, increase the supply of housing (Ordinance No. 2021-03). The ordinance allows greater flexibility within the city’s “traditional business areas” (TBA zone districts) and its commercial zone districts. The traditional business areas include the city’s neighborhood shopping districts—smaller districts immediately adjacent to residential neighborhoods. The commercial districts include more traditional suburban shopping strips, including 28th Street, the city’s busiest commercial street.
The planning department put forth the zoning amendment in recognition of the difficulty many property owners and builders were having in finding retail tenants. The city’s planning director, Kristin Turkelson, says that “the demand for commercial space has lessened, but the supply of available space has not changed.”

Increasing the flexibility of the ground-floor requirements also allows the city to address its serious shortage of affordable housing and the lack of housing supply in many neighborhoods. A 2020 housing needs assessment prepared for the Grand Rapids Area Chamber of Commerce found a need for more than 5,000 rental units and more than 3,500 for-sale units by 2025 (Bowen 2020). Opening up some of the ground-floor space for residences would allow some property owners with vacant retail space to convert this space to residential—avoiding some of the high material, land, and labor costs of new development.

The zoning change will also allow builders to construct four-story buildings in the traditional business areas without meeting previous stipulations that awarded the fourth story if builders met certain standards for open space or for the creation of affordable units. The planning department concluded these stipulations were impractical and not attractive to local builders.

Turkelson says the zoning amendment “will support the city’s existing commercial corridors by attracting new investments and allowing vacant spaces to be returned to active use.” She estimates that the change allows property owners and builders greater flexibility on approximately half of the city’s 6,000 commercial and business-zoned properties. Adding new residents to the city’s commercial corridors should enhance the economic health of these districts and the new housing should bring new patrons and customers for the corridors’ existing businesses and restaurants.

**Conclusion**

Many cities reserve too much space for retail. In Chicago, for example, the city has a historical pattern of hundreds and hundreds of miles of commercial and retail strips. It is not a sustainable development pattern. Insisting on ground-floor retail on these strips is counterproductive. In many of Chicago’s trendier neighborhoods, new mixed-use buildings continue to be built with new ground floor retail space that developers simply leave vacant. These new buildings add empty storefronts to neighborhoods already plagued with retail vacancies.

These cities often have land-use patterns and infrastructure that would allow them to do better planning for commercial nodes and commercial corridors. For example, many could plan centers in and around major transit stops. Many could plan centers and corridors near important neighborhood anchors (e.g., colleges, medical centers, employment centers, theaters, and performance arts centers). Many could consolidate centers in the highest density parts of neighborhoods where consumer demand would be the greatest. These locations are more likely to be successful than blanket requirements for retail on all arterial and collector streets.

In the long run, commercial centers and corridors will have to change. Many will have to be downsized. Many will need to combine traditional retail and restaurant uses with facilities for medical care, education, museums and libraries, artist workspaces, personal services, light industry, and meeting and community spaces, along with a wide range of other activities. In addition, the cities most committed to sustaining these retail centers and corridors will program activities—concerts, theater, festivals, art shows, and performing arts—that draw crowds and customers to support local businesses.

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