

REPORT

DEVELOPMENT SERVICES DEPARTMENT

To: Mayor W. Wright and Members of Council in Committee of the Whole Date: March 15, 2010
From: Lisa Spitale, Director of Development Services File: 13.2550.10
Subject: Density Bonus Zoning: Phase 1 Update and Next Steps

RECOMMENDATIONS

THAT Council approve the recommended approach to setting the value of bonus density in eligible density bonus zones; and

THAT Council, in consideration of Local Government Act Section 879, direct staff to seek input on the proposed Official Community Plan amendment relating to bonus density in the following manner:

1. *Direct staff to advise and consult with:*
 - a. *the Board of School District No.40 (New Westminster)*
2. *Not require consultation with:*
 - a. *the board of the regional district in which the area covered by the plan is located, in the case of a municipal official community plan,*
 - b. *the board of any regional district that is adjacent to the area covered by the plan,*
 - c. *the council of any municipality that is adjacent to the area covered by the plan,*
 - d. *any First Nations,*
 - e. *school district boards, greater boards and improvement district boards the,*
and
 - f. *the Provincial and federal governments and their agencies.*

PURPOSE

The purpose of this report is to provide an update for Council on the supportive framework of the City's density bonusing initiatives, and seek Council direction regarding next steps.

SUMMARY

On October 27, 2008, Council approved the Density Bonusing System with a recommended two phased approach. Phase 1 included creating new zoning schedules for all eligible townhouse and low rise residential apartment zones and creating an administrative framework for allocating and managing the density bonusing revenues.

Before the new Phase 1 density bonus zoning schedules are brought forward for Council consideration for inclusion in the Zoning Bylaw, staff is seeking Council direction in two areas:

1. *A revised approach to setting the value of bonus density:* In collaboration with the City's solicitors, staff recommend a fixed fee schedule approach to valuing bonus density. This approach provides a high level of clarity, fairness, transparency, and can be updated on a regular basis to reflect changes in market conditions.
2. *An amendment to the City's Official Community Plan and consultation plan:* The City's solicitors recommend an amendment to strengthen the implementation section so it explicitly addresses density bonusing as a means of authorizing increased density in exchange for amenities, where appropriate. This will bring the OCP up to date with the City's practice of density bonusing.

BACKGROUND

On October 27, 2008, Council approved the proposed density bonusing system as presented by staff and Coriolis Consulting Corp., the consultant assisting with the creation of the density bonusing system. One part of the system was an approach to setting the value of bonus density. Since that time, the City's solicitors have suggested an alternate approach to setting the value of bonus density, which is discussed in this report.

The solicitors have also recommended an amendment to the City's *Official Community Plan* to expand the references to density bonusing provisions in the implementation section of the OCP. Proposed amendments are discussed in this report.

EXISTING POLICY/PRACTICE

Since 1993, the *Local Government Act (LGA)* has authorized local governments in British Columbia to permit zoning density bonuses in exchange for the provision of amenities or affordable or special needs housing.

Section 879 of the *Local Government Act* outlines conditions which must be met prior to amending an OCP. The Act requires local government to provide one or more opportunities it considers appropriate for the consultation with persons, organizations and authorities it considers will be affected. Under the *LGA*, the local government must:

- a. consider whether the opportunities for consultation with one of more of the persons, organizations and authorities should be early and ongoing; and
- b. specifically consider whether consultation is required with
 - (i) the board of the regional district in which the area covered by the plan is located, in the case of a municipal official community plan,
 - (ii) the board of any regional district that is adjacent to the area covered by the plan,
 - (iii) the council of any municipality that is adjacent to the area covered by the plan,
 - (iv) any First Nations,
 - (v) school district boards, greater boards and improvement district boards, and
 - (vi) the Provincial and federal governments and their agencies.

ANALYSIS

1. Setting the Value of Bonus Density

During the density bonusing review, two main approaches for setting the value of bonus density were evaluated: a fixed fee schedule and a site specific valuation. These are discussed below, with a revised plan for moving forward.

Fixed fee schedule

Some municipalities set a value for one or more types of bonus density and create a fee schedule to guide bonus density contributions. The City of Richmond and the City of Coquitlam use this approach within their density bonus zones.

Some prefer this approach because the contribution amount is clearly laid out and known in advance. However, it involves a certain amount of averaging, so the value might be too high for some sites and too low for others. It also requires periodic updating of the bylaws to account for changing market conditions.

Site-specific valuation

The most accurate approach to valuing bonus density is on a site-specific basis. This helps to account for the most recent available market information at the time of the application and can take into account site-specific considerations (e.g., waterfront development, views, brownfield redevelopment). This approach is practiced in the City of Burnaby, and the City of Surrey adopted this approach for valuing bonus density in Surrey City Centre and Guildford Town Centre.

Although this approach is more reflective of the real market value of density than the former, it is more administratively demanding and creates unwanted uncertainty for vendors and prospective land purchasers.

Revised recommended valuation approach

On October 27, 2008, Council approved a comprehensive density bonusing system that entailed site-specific valuation of bonus density. However, because the density bonus system also entails the pre-zoning of lands to allow for bonus density, the solicitors recommend a fixed fee schedule. This approach will provide the greatest degree of clarity and certainty, to the community and development industry, regarding the value of the amenity that the City is receiving in exchange for the bonus density. This clarity will be important for ensuring the Zoning Bylaw is as robust as possible with respect to the new density bonus provisions.

Updating the fixed fee schedule

In order to ensure that the fixed fee schedule is reflective of market conditions, it will require regular updating. Staff recommends updating the fee schedule on an annual basis during the same time period that all other City fees are reviewed and adjusted. This adjustment occurs in the late fall of each year.

Current density value

Staff has retained Coriolis Consulting Corp. to provide an updated market analysis of density values for the new density bonus zoning schedules. Based on their analysis, the proposed 2010-2011 fee schedule is outlined in Table 1 for review. This table also indicates the contribution amount that can be expected on additional units that are achieved through density bonusing. The contribution amount is based on average unit sizes that are typical in New Westminster for each form of development.

Table 1. Proposed density value rates for density bonusing zoning schedules.

Form	Density Value	Contribution per unit for typical unit size
Highrise Mainland (Phase 2)	\$20/sq.ft.	\$19,500 (975 sq.ft. unit)
Lowrise Mainland	\$55/sq.ft.	\$57,750 (1,050 sq.ft. unit)
Townhouse Mainland	\$80/sq.ft.	\$92,800 (1,160 sq.ft. unit)
Lowrise Queensborough	\$40/sq.ft.	\$42,000 (1,050 sq.ft. unit)
Townhouse Queensborough	\$70/sq.ft.	\$105,000 (1,500 sq.ft. unit)

Once approved by Council, these fee rates will be incorporated into the Zoning Bylaw as part of the new density bonusing zoning schedules.

2. OCP Amendment

Density Bonusing and the Official Community Plan

The density bonusing system has been structured to work within the existing land use designations of the City’s current *Official Community Plan*. Density bonusing is a zoning tool that will not impact land use designations. Any new development that makes use of density bonusing opportunities must still comply with the *Official Community Plan*, as well as all other municipal regulations.

Proposed Amendment to the Official Community Plan: Implementation Section

Currently, Section 2.13 of the City’s *Official Community Plan* includes provisions for allowing increased density in exchange for amenities through the following implementation strategies (pg. 123):

Consider innovative changes to zoning when improvements to the livability of the community are demonstrated.

- Consider zoning amendments which may entail rezoning lands to a higher density, introducing policies that anticipate rezonings under certain conditions, reviewing rezonings on a case by case basis, or a mix of these approaches as determined by Council.
- Update zones to promote affordable housing suitable for families and seniors.
- Consider rezoning to a higher density where community amenity is provided (e.g., variety of ground oriented medium density housing types).

The solicitors recommend strengthening the implementation section so it explicitly addresses density bonusing as a means of authorizing increased density in exchange for amenities, where appropriate. The recommended amendment would substitute the existing section outlined above, with:

Consider innovative changes to and methods of zoning and land use regulation to improve the livability of the community and to provide amenities where desirable. The Council may:

- Consider zoning amendments which may entail rezoning lands to a higher density, introducing policies that anticipate requests to amend the Zoning Bylaw under certain conditions, reviewing rezoning requests on a case by case basis, or a mix of these approaches as determined by Council.
- Update zones to promote affordable housing suitable for families and seniors.
- From time to time, amend the regulations set out in Zoning Bylaw No. 6680, 2001, in any or all zones and areas of the City, or in respect of a specific parcel or parcels of land, or in respect of a whole zone itself, by providing for density bonuses upon conditions to be met by an owner relating to provision of affordable housing, public open space, and to other amenities that provide community benefit in the opinion of Council, including, but not limited to child care facilities, civic lands and buildings (such as recreation facilities, library space, community space, parks and open space), public art, and specific types of transportation infrastructure that is not funded through development cost charges or other funding mechanisms.

Consideration of Consultation

Council is required to consider who could be affected by the proposed *Official Community Plan* amendment and whether consultation with them should be early and ongoing. The *Local Government Act* requires that Council specifically consider whether consultation is required with the groups listed below. Staff has provided recommendation for Council's consideration for each of the identified groups:

- a. the board of the regional district in which the area covered by the plan is located, in the case of a municipal official community plan

Consultation with the Board of Metro Vancouver is not recommended since the proposed amendment is consistent with the policies in the draft Regional Growth Strategy, and the density bonus zoning will be acknowledged in the City's Regional Context Statement after the new Regional Growth Strategy is adopted.

- b. the board of any regional district that is adjacent to the area covered by the plan

Consultation with other regional districts is not recommended as the proposed amendment is not considered to affect adjacent Regional Districts.

- c. the council of any municipality that is adjacent to the area covered by the plan

Consultation with other municipalities that are adjacent to New Westminster is not recommended as the proposed amendment is not considered to affect adjacent Regional Districts.

- d. any First Nations

Consultation with any First Nations is not recommended as the proposed amendment is not considered to affect any First Nations lands.

- e. school district boards, greater boards and improvement district boards

Consultation is recommended with the Board of School District No. 40 (New Westminster) as the proposal may impact school enrolment projections.

- f. the Provincial and federal governments and their agencies

Consultation with the Provincial and federal governments and their agencies is not recommended as the proposed amendment is not considered to affect these bodies.

Since fall 2007, when the density bonusing review started, there has been a series of consultation events; these include:

- three public consultation sessions held in spring 2008 with residents and community groups;
- one workshop with development industry representatives in spring 2008; and
- a public open house in November 2009.

For each of the consultation sessions held in April 2008, advertisements were placed in the local newspaper. In addition, written notification was sent to the City's Residents' Associations, Urban Development Institute, and private developers. For the public open house in November 2009, advertisements were placed in the local newspaper and written notification was sent to all households affected by Phase 1 zoning changes (approximately 4,400 households).

The OCP amendment does not affect any land use designations, but will enable the use of a zoning implementation tool for managing growth in a sustainable manner.

Next Steps – Phase 1

Upon Council's consideration of this report, staff recommends the following next steps:

- a. **Proceed with Establishing the Reserve Fund Bylaws** – These bylaws are presented in a separate report for Council consideration.
- b. **Proceed with LGA Section 879 Requirements for OCP Amendment** – Following the adoption of the consultation plan contained in this report, Planning Division staff will forward a letter to the School District No.40 (New Westminster) with a deadline for submission being set for April 6, 2010. It is expected that the required Public Hearing for the OCP amendment will occur in May 2010.
- c. **Proceed with Establishing the New Phase 1 Density Bonus Zones** - These zones have been prepared. Once the density value fee schedule has been approved by Council, and the OCP amendment procedure is underway, these new zones will be brought forward for Council consideration.

Based on procedural requirements under S. 879 of the *Local Government Act*, and taking into consideration the Council meeting schedule, staff has prepared a proposed timeline for the tasks outlined above. See Appendix 1 for more details.

Next Steps - Phase 2

Phase 2 involves further analysis of appropriate heights in eligible High Rise and Mixed-Use zones, including those along the Sixth Street corridor. This work plan was approved by Council at its October 27, 2008 Committee of the Whole meeting, and is outlined in greater detail in Appendix 2. With the recent approval of the Downtown Community Plan, staff will be implementing the Downtown eligible zones as a first priority for Phase 2. Further analysis is still required for the Sixth Street corridor work, which is currently underway.

SUSTAINABILITY IMPLICATIONS

Although amenities are key to the economic, social, and environmental well-being of a community, municipalities have limited financial means of acquiring them. Density bonusing is a way to secure amenities from new development without burdening the existing community with the financial provision of those amenities.

There will be additional staffing obligations required to manage the density bonusing revenues: day-to-day administration of the funds, receipt and disbursement of funds, and accounting and reporting procedures.

There will be costs required to retain a land economist to update the density value fee schedule on an annual basis. The estimated fee for this is approximately \$5,000-\$10,000.

OPTIONS

Two options are presented for Council's consideration; they are:

Option 1 – Proceed with the next steps, as outlined in this report.

Option 2 – Provide staff with alternate direction.

Option 1 is recommended.

CONCLUSION

The City's density bonusing implementation work is well underway. Upon further collaboration with the City's solicitors, two procedural matters on the valuation of bonus density and a proposed OCP amendment require Council's consideration before the new Phase 1 zoning schedules are brought forward. These matters are outlined and discussed in this report.




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Planner



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Approved for Presentation to Council



Lisa Spitale,
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for: Paul Daminato,
City Administrator

Appendix 1

Timeline for Density Bonusing Implementation

Implementation for Density Bonusing – Statutory Framework and Phase 1 Zones

Report	Details	Date for Council	Report completion date	Action
Reserve Bylaws	<ul style="list-style-type: none"> Child Care Amenity Provision Reserve Bylaw Affordable Housing Amenity Provision Reserve Bylaw General Amenity Provision Reserve Bylaw 	March 15	March 10	First, Second and Third Reading
Density Bonusing Update Report: OCP amendment and density values	<ol style="list-style-type: none"> Notice to amend OCP Change in approach for valuing bonus density 	March 15	March 10	Initiate S. 879 LGA requirements for consultation (School District is only recommended consultation)
Reserve Bylaws	<ul style="list-style-type: none"> Child Care Amenity Provision Reserve Bylaw Affordable Housing Amenity Provision Reserve Bylaw General Amenity Provision Reserve Bylaw 	March 22	March 17	Fourth Reading (final adoption)
OCP Amendment: Density Bonusing	Amend OCP to strengthen density bonusing provisions	April 12	April 7	First and Second Reading
Zoning Bylaw: Introduce new density bonus zones	Implementation of Phase 1 zones	April 12	April 7	First and Second Reading
OCP Amendment: Density Bonusing	Amend OCP to strengthen density bonusing provisions	May 17	May 12	Third Reading (Public Hearing)
Zoning Bylaw: Introduce new density bonus zones	Implementation of Phase 1 zones	May 17	May 12	Third Reading (Public Hearing)
OCP Amendment: Density Bonusing	Amend OCP to strengthen density bonusing provisions	June 14	June 9	Fourth Reading (Final Adoption)
Zoning Bylaw: Introduce new density bonus zones	Implementation of Phase 1 zones	June 21 <i>(Note: this is one week after OCP amendment is complete)</i>	June 16	Fourth Reading (Final Adoption)

Appendix 2

Work Plan for Density Bonusing Phase 2

Phase 2 – Density Bonusing Work Plan

Council Direction

On October 27, 2008 at its Committee of the Whole Meeting, Council passed the following resolution, THAT:

- i) *The proposed 2-Phase Density Bonusing System be approved as presented in the October 27, 2008, staff report;*
- ii) *Phase 1 Implementation proceed with technical and legal work for Townhouse, Stacked Townhouse and Low-rise residential apartment zones;*
- iii) *Staff complete the Downtown Community Plan and recommend appropriate building heights in the Downtown prior to considering implementation of Phase 2 of the Density Bonusing System;*
- iv) *Staff research and recommend appropriate building heights for the Sixth Street corridor prior to considering implementation of Phase 2 of the Density Bonusing System; and*
- v) *Next Steps be approved as outlined in the staff report.*

The Next Steps outlined in that October 27, 2008 report included:

- a) Staff and the City's lawyers will:
 - draft new zoning schedules for the eligible Townhouse, Stacked Townhouse and Low Rise residential zones, as indicated in the Coriolis report
 - notify stakeholders (e.g., landowners, BC Assessment)
 - host a community meeting walking the community through the proposed bylaws
 - implement bylaws
- b) Staff will continue to work on, and bring forward procedural recommendations on:
 - Collecting revenues
 - Establishing reserve accounts to accumulate funds
 - Initiating amenity construction projects
 - Ensuring that bonus density granted becomes part of that property's permanent development entitlement in the event of destruction or redevelopment
- c) Staff will continue with their work on developing appropriate height limits in the Downtown High Rise and Mixed-Use zones, and will expand this work to include determining appropriate heights for the High Rise and Mixed-Use zones along the Sixth Street corridor. Once this work has been approved by Council, staff will bring forward recommendations for implementing Phase 2 of the Density Bonusing System.

Current Status

Phase 1 includes establishing the administrative framework for the City's density bonusing system (e.g., establishing statutory reserve bylaws, revenue allocation), as well as creating new zoning schedules for the eligible Townhouse, Stacked Townhouse and Low Rise residential zones. This work is near complete and the final steps for implementation are outlined in this report.

Phase 2 includes determining appropriate height limits in the Downtown High Rise and Mixed-Use zones, as well as appropriate heights for the High Rise and Mixed-Use zones along the Sixth Street corridor. With the recent approval of the Downtown Community Plan, a significant portion of this work is complete. Now staff is reviewing heights along the Sixth Street corridor to conclude the second portion of the Phase 2 analysis (including community consultation). When complete, staff will bring forward recommendations for Council consideration.