

NO: R059

COUNCIL DATE: April 1, 2019

---

## REGULAR COUNCIL

TO: **Mayor & Council** DATE: **March 27, 2019**

FROM: **General Manager, Planning & Development** FILE: **6520-20 (Fraser Highway Corridor)**  
**General Manager, Engineering**

SUBJECT: **Fraser Highway SkyTrain Corridor – Land Use Planning Review and Related Official Community Plan Updates**

---

## RECOMMENDATION

The Planning & Development Department and Engineering Department recommends that Council:

1. Receive this report for information;
2. Authorize staff to commence the Fraser Highway SkyTrain Corridor Planning Areas review, including all preliminary planning and background studies, as described in this report, to support detailed land use planning processes for the plan areas along the Fraser Highway Corridor (Appendix “I”);
3. Amend *Surrey Official Community Plan Bylaw, 2013, No. 18020*, as described in this report and documented in Appendix “II”; and
4. Authorize the City Clerk to bring forward the necessary amending bylaw for the required readings, and to set a date for the related Public Hearing.

## INTENT

The purpose of this report is to seek Council authorization to initiate Fraser Highway Corridor preliminary planning and background studies which will form the basis for the development of SkyTrain supportive land use plans along the Surrey Langley SkyTrain extension as shown in Appendix “I”.

Additionally, this report is seeking Council approval of the text and map amendments proposed for *Surrey Official Community Plan Bylaw, 2013, No. 18020* (the “OCP”), as documented in Appendix “II”, to strengthen the alignment between the Surrey Langley SkyTrain extension and policies within the OCP.

## BACKGROUND

Rapid transit on the Fraser Highway corridor has been a priority in the City and regional plans for over twenty years. In the 1990s it was envisioned as a median exclusive Bus Rapid Transit corridor. Land use plans for Fleetwood Town Centre and East Clayton were planned to support this proposed form of Rapid Transit.

In 2014, the Mayors' Council on Regional Transportation approved "Transportation Investments: A Vision for Metro Vancouver," which prioritized rapid Light Rail Transit ("LRT") along Fraser Highway. The funding for the plan was divided into three phases of investment, with LRT to Langley as part of Phase 3 of the Investment plan.

At Council's inaugural meeting on November 5, 2018 Council passed Resolution R18-2088 and unanimously supported to:

- *Direct staff stop all work on the Surrey Newton Guildford ("SNG")- LRT project and immediately start working with TransLink on a SkyTrain extension from the existing King George SkyTrain Station to Langley City;*
- *Request the Mayors' Council and the TransLink Board to cancel the SNG-LRT Project and immediately initiate a new SkyTrain Extension Project along Fraser Highway by changing the technology originally proposed in the Phase Two Investment Plan to SkyTrain, and re-allocating all available funds in the Phase Two Plan dedicated for rapid transit in Surrey and Langley to start the SkyTrain extension towards Langley as soon as possible; and*
- *Request the Mayors' Council to seek the required funding for the Phase Three Plan of the 10-Year Vision as soon as possible, to complete all 27 km of rapid transit in Surrey and Langley.*

The Mayors' Council on Regional Transportation (the "Mayors' Council") endorsed TransLink's decision to suspend the SNG-LRT Project and to move forward with planning and project development for SkyTrain on Fraser Highway, under the project title Surrey-Langley SkyTrain ("SLS").

TransLink has identified that the \$1.6 billion of approved funding currently allocated under the Phase II Investment Plan will not be sufficient to deliver the entire SkyTrain project to Langley. Without securing the remaining \$1.9 billion in the Phase III Investment Plan required to both complete the SLS to Langley and complete the remaining rapid transit on the 104 Avenue and King George Boulevard corridors, the SLS may be required to be built in two stages.

Consistent with the Mayors' Council 10-Year Plan, the delivery of all new major capital projects requires project partnership agreements involving TransLink and the host municipality. One of these is the Supportive Policy Agreements ("SPA"), which includes a focus on TransLink's Transit-Oriented Communities Design Guidelines for land use planning. These guidelines are aligned with Council's mandate for Smart Development. This includes the concentration of growth in compact, walkable urban centres, which contain employment, a range of housing choices, amenities, schools, and transit facilities.

## **DISCUSSION**

The SPA agreement framework is anticipated to be completed for the SLS project towards the beginning of 2020. The SPA framework will outline target completion dates for land use planning. To support this timeline land use planning for the SLS corridor (the “Corridor”) will commence immediately. The proposed planning area for the Corridor is approximately 14 km-long and extends from the existing King George Skytrain station to the City and Township of Langley’s border at 196 Street, as illustrated in Appendix “I”.

The Corridor already contains a diverse mix of employment and residential uses within the established neighbourhoods of Fleetwood Town Centre and East Clayton, as well as the emerging urban communities in West Fleetwood, West Clayton, and East Cloverdale. The Corridor also includes a range of sensitive environmental and agricultural uses, including the Green Timbers Urban Forest, the Serpentine River, North Creek and sections of farmland through the Agricultural Land Reserve (“ALR”).

### **Background Studies**

The initial planning phase will involve the preparation of various background studies and analytics as is typical with all City land use planning processes. This planning stage will provide context and analysis necessary to strategically and efficiently develop detailed land use plans for the sub-plan areas along the Corridor as well as provide information to develop high level population and growth forecasts for the Business Case submission.

The following background studies will be initiated for the portion of the SLS extension between Green Timbers Urban Forest and the border with Langley:

#### Market Assessment

A market assessment of the Corridor will include a review of land availability, development opportunity and projected absorption rates along the Corridor. The assessment will provide analysis of market demand for residential and commercial/employment land uses along the Corridor with a focus on areas adjacent to future SkyTrain stations. It will also provide an assessment of necessary densities that would trigger the market viability of redevelopment of key parcels, as well as the conditions to maximize Community Amenity Contributions.

#### Environmental Study

An environmental study will include an assessment of riparian, aquatic and terrestrial habitats along the Corridor, as well as vegetation and significant tree survey assessments. The study will consider and incorporate the Biodiversity Conservation Strategy. This will advise staff on areas of environmental sensitivity that should be considered in land use planning.

### Heritage Study

A heritage study will include an inventory and assessment of key heritage buildings, trees and other features, as well as a literature and archival scan of the Corridor. This will advise staff on areas and features of heritage significance that should be considered in land use planning.

### Growth Forecasts

Preliminary population and employment forecasts will be modeled to generate data for the SLS SkyTrain Business Case submission to the Federal and Provincial governments.

### Transportation Review

A transportation review will identify and inventory key gaps and opportunities in the road network, as well as opportunities for completion and enhancements to pedestrian and bicycle infrastructure. The supporting finer grid road network and “last mile” walking and cycling connections that ensure pedestrians can easily get from the SkyTrain hub to their final destination, are critical to the success of Smart Development along the corridor and towards ridership on the SkyTrain project. The review will also support the preparation of evidence-based ridership modelling that will be used to review buildout scenarios based on land use concepts.

### Servicing Review

A preliminary servicing review will scan the capacity of existing municipal and Metro Vancouver engineering infrastructure for the Corridor. This will include previously planned infrastructure within existing land use plans that may be subject to amendments. This review will identify constraints and opportunities to be addressed within subsequent land use plans.

### Stakeholder Inventory

An inventory of key community stakeholders along the Corridor will support strategic preliminary engagement as well as the development of community engagement strategies for subsequent land use plans. During this process preliminary stakeholder engagement will be undertaken to build support and partnerships for future land use planning.

### **Future Land Use Planning**

The development of new and updated land use plans will be required along the Corridor to support the principles in the SPA with TransLink. While the final boundaries will be determined with input from the background studies, it is evident that new land use plans will need to be established for the West Fleetwood Neighbourhood, as well as East Cloverdale along the boundary with Langley. As well, several existing land use plans will require review and updating, including:

- City Centre Plan;
- West Clayton NCP;



- East Clayton Transit-Oriented Area Plan;
- West Cloverdale North NCP; and
- Fleetwood Town Centre Plan, which has received Stage 1 approval.

Land use planning will implement the OCP's Transit-Oriented Development Principles, which are aligned with TransLink's Transit-Oriented Communities Design Guidelines, which are centred around "Six D's" of development:

- Destinations – coordinate land use and transportation;
- Distance – create a well-connected street network;
- Design – create places for people;
- Density – concentrate and intensify activities near frequent transit;
- Diversity – encourage a mix of land uses; and
- Demand Management – discourage unnecessary driving.

### **Estimated Timeline**

The development and update of these land use plans will involve a comprehensive strategy, and phased approach supported by technical and engineering studies. Consultation will include residents as well as stakeholders including Business Improvement Associations, Community Associations, non-government organisations, utility agencies, and intergovernmental organisations such as TransLink, Metro Vancouver, City of Langley, Township of Langley and the Province of British Columbia.

Staff will prepare a phasing strategy to review and develop land use plans along the Corridor. Considerations will include findings from background studies and surveys, role and location of stations, and local context. Through this process staff will identify land use planning sub area priorities. These will reflect the two anticipated stages of the SLS project that are based on currently available Phase 2 Investment Plan funding (Stage 1) and the remaining required to complete the project through future Phase 3 Investment Plan funding (Stage 2). This will enable the efficient allocation of staff and consultant resources and the efficient preparation and implementation of a series of public and stakeholder engagement processes.

To support the Business Case submission timelines, staff will provide TransLink with preliminary growth forecasts and data during the initial planning phases in 2019. This will include urban development targets, and forecasts for population, number of dwelling units and employment for the Corridor. Timelines for individual plan area completion will be included in the SPA and detailed in the Terms of Reference for each plan area.

These Terms of Reference for the initiation of the plan areas within the Corridor will be brought forward for Council consideration along with the findings of background studies. These will include finalized plan boundaries as well as project scope and scheduling details.

The table below outlines the estimated timeline for plan processes along the Fraser Highway Corridor. Preliminary planning and background studies will commence immediately. Formal Council authorizations will be sought prior to initiating subsequent key stages of the below-noted phases, and prior to community consultation.

<u>Phase II - Investment Plan Funding Areas:</u>	
<i>Background Studies – Corridor Study Area</i>	Spring - Summer 2019
<ul style="list-style-type: none"> <li>• Market Assessments</li> <li>• Growth Forecasts</li> <li>• Environmental Studies</li> <li>• Heritage Study</li> <li>• Servicing Studies</li> <li>• Engagement Strategies</li> <li>• Urban Design &amp; Integration Studies</li> <li>• Other studies as required</li> </ul>	
<i>Explore Land Use Options</i>	Late Summer 2019
<ul style="list-style-type: none"> <li>• Seek Council approval to continue Planning processes for priority plan areas along the Fraser Highway Corridor.</li> <li>• Incorporate background study findings into process.</li> <li>• Initiate community engagement and plan process.</li> <li>• Prepare draft land use options.</li> <li>• Provide TransLink with urban development targets and growth forecasts for Business Case submission.</li> </ul>	
<i>Develop and Finalize Land Use Options</i>	Spring- Summer 2020
<ul style="list-style-type: none"> <li>• Additional public engagement.</li> <li>• Develop draft land use plans.</li> <li>• Council approval of draft land use plans.</li> <li>• Initiate financial, servicing, and urban design strategies.</li> </ul>	
<i>Refine and Complete Phase II Investment Plan Funding Corridor Plan Areas</i>	Summer-Fall 2021
<ul style="list-style-type: none"> <li>• Additional public engagement.</li> <li>• Complete financial, servicing, and urban design strategies.</li> <li>• Council approval of final land use plans.</li> <li>• Seek Council direction on initiation of Phase 3 Investment Plan Funding Corridor Plan areas.</li> </ul>	

<u>Phase III - Investment Plan Funding Areas:</u>	
<i>Initiate Detailed Planning Work for Phase 3 Investment Plan Funding Areas</i>	TBD- Subject to further consultation

### **Associated Policy Planning**

There are several related policy planning initiatives that will be undertaken in a similar timeframe as the Fraser Highway land use planning processes. The scope of these initiatives and how they relate to the Fraser Highway plans are noted below.

#### Official Community Plan Update(s)

The OCP provides policy direction on the overall growth and development in the City and contains several references to frequent transit planning priorities and policies, along with maps showing rapid transit planning areas. Currently maps along Fraser Highway, 104 Avenue and King George Boulevard (“KGB”) contain references to LRT. The OCP maps will be updated to reflect the current Mayors’ Council Vision for Transportation which now includes the SLS extension along the Fraser Highway Corridor.

References to LRT will be removed from the 104 Avenue and KGB corridors but they will remain identified as Rapid Transit corridors. This reflects the Mayors’ Council approval to initiate a planning process to refresh the South of Fraser Rapid Transit Strategy for the 10-Year vision of building 27 km of Rapid Transit. This process will revisit technologies and funding capabilities under the Phase 3 Investment Plan required to fulfill the intent of the 27km of Rapid Transit for Surrey. Scott Road, 72 Avenue, KGB south of Newton Town Centre, and 152 Street will be added as Rapid Transit corridors to reflect the commitment to add B-Line rapid transit service as part of Phase 2 and 3 funding. The proposed OCP text and map amendments are shown in Appendix “II”.

Although these proposed map changes are consistent with the 10-Year Vision, they do not reflect that the OCP timelines are for a 30-year vision for Surrey. Additional Rapid Transit beyond the 27 km is required. TransLink is currently undertaking a comprehensive update to the Regional Transportation Strategy (“RTS”). Concurrent with this work, the City will be undertaking an update to the Transportation Strategic Plan and Long-Term Rapid Transit Vision. The Long-Term Rapid Transit Vision work is anticipated to be included in TransLink’s update to the RTS. Once approved by the Mayors Council, the OCP maps will again be updated to reflect the longer-term vision of rapid transit for Surrey.

#### Density Bonus and Community Amenity Contribution Review

On October 1, 2007, Council approved Policy O-54 Interim Bonus Density Policy (Corporate Report No. Co20; 2007, attached as Appendix “III”) in City Centre and Guildford Town Centre to allow additional floor area (density) on a lot in exchange for the provision of additional benefit back to the community. This policy was based on a negotiated land-lift model, where developers were required to provide amenities or cash-in-lieu for a percentage of the lift in value. Following

the 2008 economic downturn, Council introduced measures aimed at providing development incentives, including an exemption of certain types of applications from the benefit contribution requirements of the policy.

Due to the negotiated approach, and several years of exemptions, Policy O-54 has not been applied consistently. The City has retained a consultant to undertake a comprehensive review and update to the policy. The update will provide a clear, consistent, and predictable approach to community amenity contributions. Focusing on Surrey's higher-density Town Centres and Frequent Transit Corridors (such as Fraser Highway), the updated policy will provide a straightforward approach with a methodology that can be phased over time, adapted to changing market conditions, and expanded City-wide. Staff will report back to Council with details on the policy update in 2019.

### Affordable Housing Strategy

Surrey's Affordable Housing Strategy, approved by Council on April 9, 2018 (Corporate Report No. Ro66; 2018) focuses on rental housing and includes recommendations to support and facilitate the provision of market and non-market rental housing. The extension of SkyTrain will present opportunities to locate affordable rental housing in transit-oriented locations. This would not only make transit more convenient for renters, but could substantially reduce the overall household expenses of renter households.

As part of the planning process staff will integrate Affordable Housing Strategy policies into measures that help preserve existing affordable housing, and particularly non-market rental housing within the plan areas in the Corridor. As well, staff will develop location specific policies to provide incentives to encourage the development of affordable rental housing within the SLS Corridor.

## **SUSTAINABILITY CONSIDERATIONS**

The work of the project above supports the objectives of the City's Sustainability Charter 2.0. In particular, this work relates to Sustainability Charter 2.0 themes of Built Environment and Neighbourhoods, Economic Prosperity and Livelihoods, and Ecosystems. Specifically, this work supports the following Desired Outcomes ("DO"):

### **Built Environment and Neighbourhoods**

- DO2:** Surrey is well-connected within the City and to the rest of the region by fast and efficient public transit and active all-ages-and-abilities transportation infrastructure.
- DO4:** Surrey's neighbourhoods are safe, accessible, well-connected, walkable and bike friendly.

## **Economic Prosperity and Livelihoods**

**DO6:** Efficient land use and well-managed transportation infrastructure are in place to attract businesses and support a thriving economy.

## **Ecosystems**

**DO11:** Surrey's Green Infrastructure Network is an essential and integrated component of the City's infrastructure, providing essential ecosystem services as well as places for recreation, conservation and rejuvenation.

## **CONCLUSION**

Based on the above discussion it is recommended that Council:

- Authorize staff to conduct all necessary background studies, as described in this report, (including an environmental study, a market demand assessment and engineering servicing studies) in advancement of Fraser Highway Skytrain Planning for the study areas shown in Appendix "I";
- Amend *Surrey Official Community Plan Bylaw, 2013, No. 18020*, as described in this report and documented in Appendix "II"; and
- Authorize the City Clerk to bring forward the necessary amending bylaw for the required readings, and to set a date for the related Public Hearing.

*Original signed by*  
Jean Lamontagne  
General Manager, Planning & Development

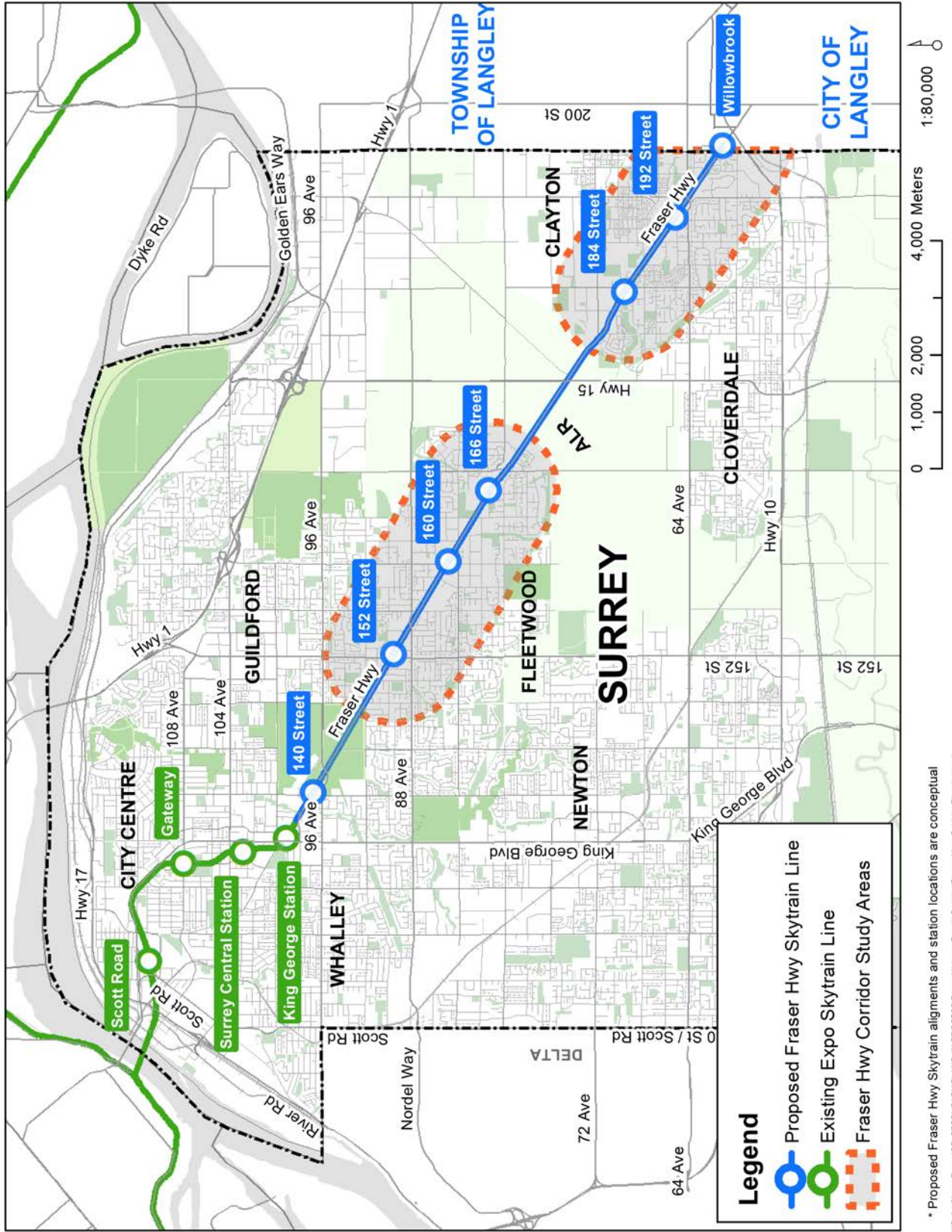
*Original signed by*  
Fraser Smith, P. Eng, MBA  
General Manager, Engineering

MK/PK/PH/ar




Appendix "I" - Map of Fraser Highway Skytrain Corridor

Appendix "II" - Proposed Amendments to Surrey Official Community Plan Bylaw, 2013, No. 18020

Appendix "III" - Corporate Report No. C020; 2007



**Legend**

-  Proposed Fraser Hwy Skytrain Line
-  Existing Expo Skytrain Line
-  Fraser Hwy Corridor Study Areas

\* Proposed Fraser Hwy Skytrain alignments and station locations are conceptual  
 V:\Policy\Lang Ranges\CP\_SECONDARY PLANS\_INV\_PROCESS\Fraser Highway Transit\Corridor\Fraser\_Hwy\_Corridor Planning.mxd

**Surrey Official Community Plan Bylaw, 2013, No. 18020**

The following proposed amendments to PlanSurrey 2013: Official Community Plan are presented in the order the sections appear in the document:

**Land Uses and Densities Section**

1. Page 48, Land Uses and Densities, by deleting “Figure 9: Centres and Rapid Transit Areas and Corridors” and replacing it with a new “Figure 9: Centres and Rapid Transit Areas and Corridors” shown as Attachment “A”.

**Policies Section**

2. Page 66, Theme A: Growth Management, A1 Growth Priorities, Policy A1.3(a), by deleting the word “LRT” and replacing it with “Skytrain”.
3. Page 66, Theme A: Growth Management, A1 Growth Priorities, Policy A1.5a, by deleting the word “LRT” and replacing it with “Skytrain”.
4. Page 68, Theme A: Growth Management, A2 Accommodating Higher Density, Policy A2.1, by deleting the word “LRT” and replacing “Skytrain”.
5. Page 68, Theme A: Growth Management, A2 Accommodating Higher Density, Policy A2.6, by deleting the word “LRT” and replacing it with “Skytrain”.
6. Page 68, Theme A: Growth Management, A2 Accommodating Higher Density, Policy A2.6a, by deleting the word “LRT” and replacing it with “Skytrain”.
7. Page 69, Theme A: Growth Management, A2 Accommodating Density, by deleting “Figure 18: Centres and Frequent Transit Areas and Corridors” and replacing it with a new “Figure 18: Centres and Frequent Transit Areas and Corridors” shown as Attachment “B”.
8. Page 90, Theme B: Centres, Corridors and Neighbourhoods, B3 Transit Corridors, Policy B3.1, by deleting the word “LRT” and replacing it with “Skytrain”.
9. Page 91, Theme B: Centres, Corridors and Neighbourhoods, by deleting “Figure 21: Frequent Transit Development Types” and replacing it with a new “Figure 21: Frequent Transit Development Types” shown as Attachment “C”.
10. Page 92, Theme B: Centres, Corridors and Neighbourhoods, B3 Transit Corridors, Policy B3.2, by deleting the word “LRT” and replacing it with “Skytrain”.
11. Page 92, Theme B: Centres, Corridors and Neighbourhoods, B3 Transit Corridors, Policy B3.5, by deleting the word “LRT” and replacing it with “Skytrain”.
12. Page 92, Theme B: Centres, Corridors and Neighbourhoods, B3 Transit Corridors, Policy 3.6, by deleting the word “LRT” and replacing it with “Skytrain”.
13. Page 92, Theme B: Centres, Corridors and Neighbourhoods, B3 Transit Corridors, Policy 3.9, first paragraph, by deleting the word “LRT” and replacing it with “Skytrain”.

14. Page 92, Theme B: Centres, Corridors and Neighbourhoods, B<sub>3</sub> Transit Corridors, Policy “B.310 by deleting the word “LRT” and replacing it with “Skytrain”.
15. Page 93, Theme B: Centres, Corridors and Neighbourhoods, by deleting “Figure 22: Frequent Transit Corridors” and replacing it with a new “Figure 22: Frequent Transit Corridors” shown as Attachment “D”.
16. Page 118, Theme C: Infrastructure and Facilities, C<sub>2</sub> Transportation, preamble, third paragraph, by deleting the words “with Light Rail Transit (LRT)”.
17. Page 123, Theme C: Infrastructure and Facilities, C<sub>2</sub> Transportation, Policy C<sub>2.24</sub> as follows:
  - a. First bullet, by deleting the words “At-grade Light Rail Transit (LRT)”;
  - b. Second bullet, by deleting the word “LRT”; and
  - c. Third bullet, by deleting the word “LRT”.
18. Page 124, Theme C: Infrastructure and Facilities, by deleting “Figure 28: Frequent Transit Networks” and replacing it with a new “Figure 28: Frequent Transit Networks” shown as Attachment “E”.



Figure 9: Centres and Rapid Transit Areas and Corridors

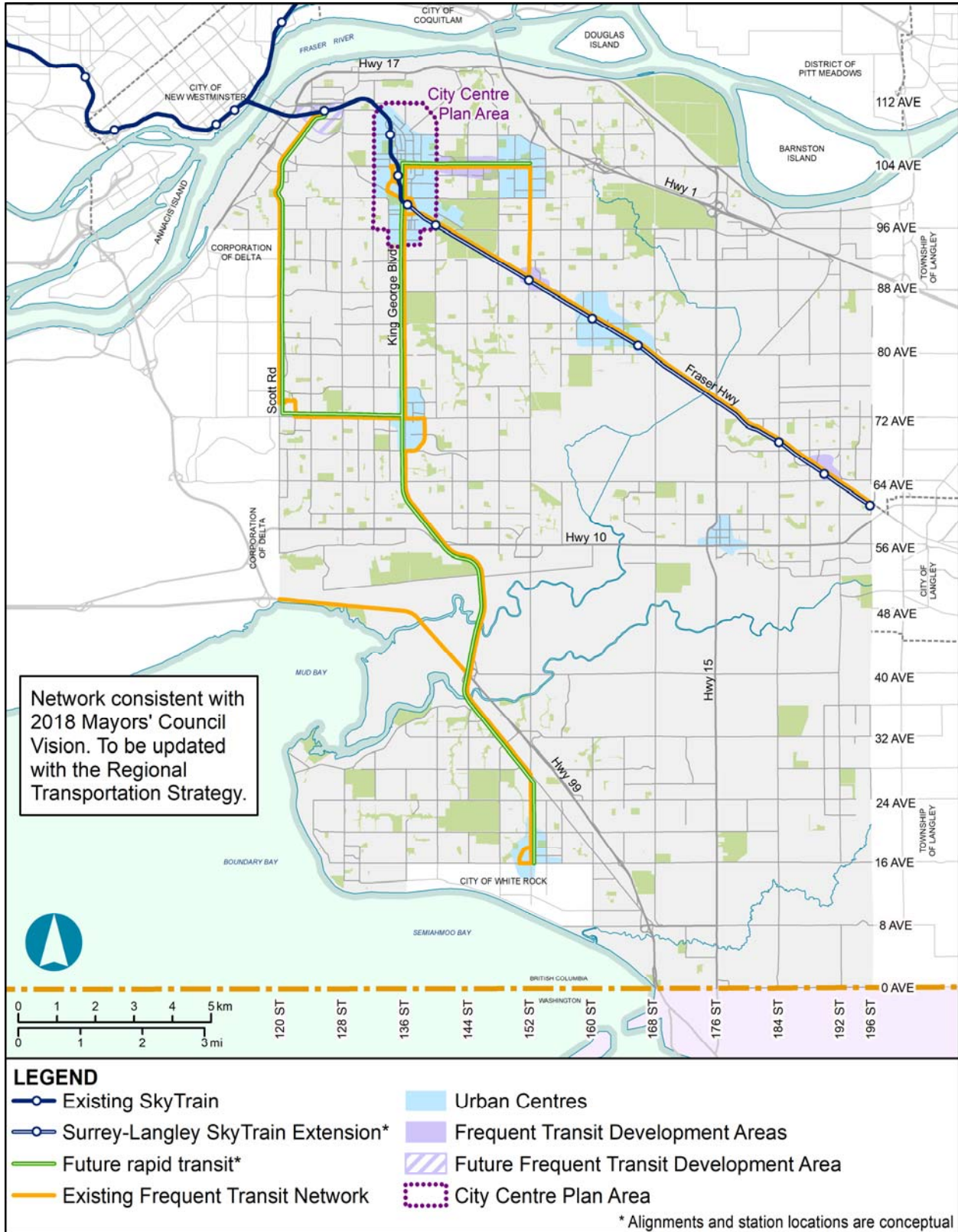
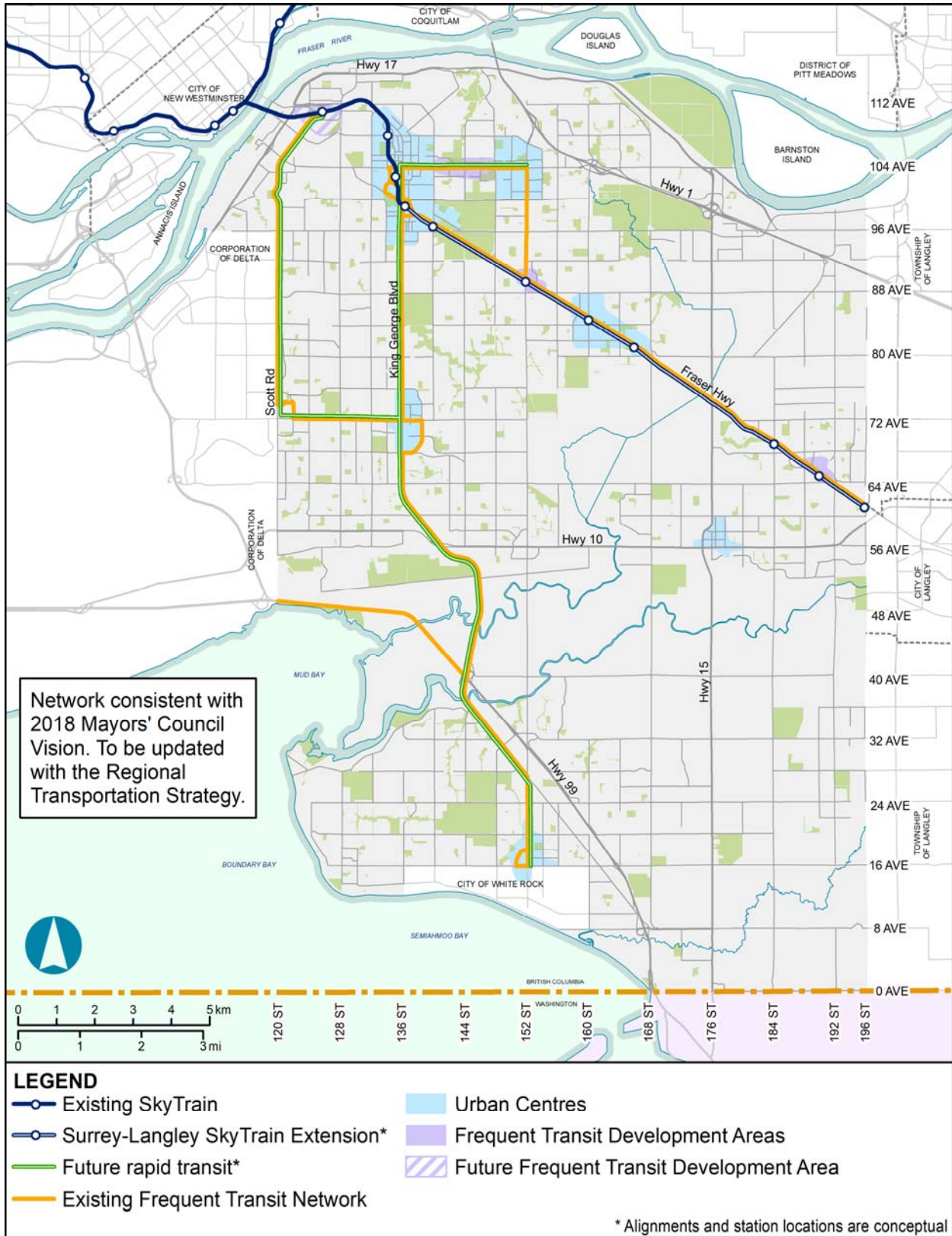


Figure 18: Centres and Frequent Transit Areas and Corridors





**Figure 21: Frequent Transit Development Types**

For the purposes of the policies represented in this OCP, the following classifications apply:

**Frequent Transit Development Areas**

These areas are located outside of Town Centres (as shown on Figure 9) where higher densities may be expected to be permitted and in accordance with the Land Use and Density Section of this Official Community Plan.

**Frequent Transit Corridors**

These are urban areas located along TransLink's Frequent Transit Network (as shown on Figure 22).

**Rapid Transit Station Areas**

These areas are urban nodes generally located within 800 metres of existing or planned rapid transit stations. These station areas may be located within the City Centre, a Town Centre, a Frequent Transit Development Area or along other parts of a Frequent Transit Corridor.



Figure 22: Frequent Transit Corridors

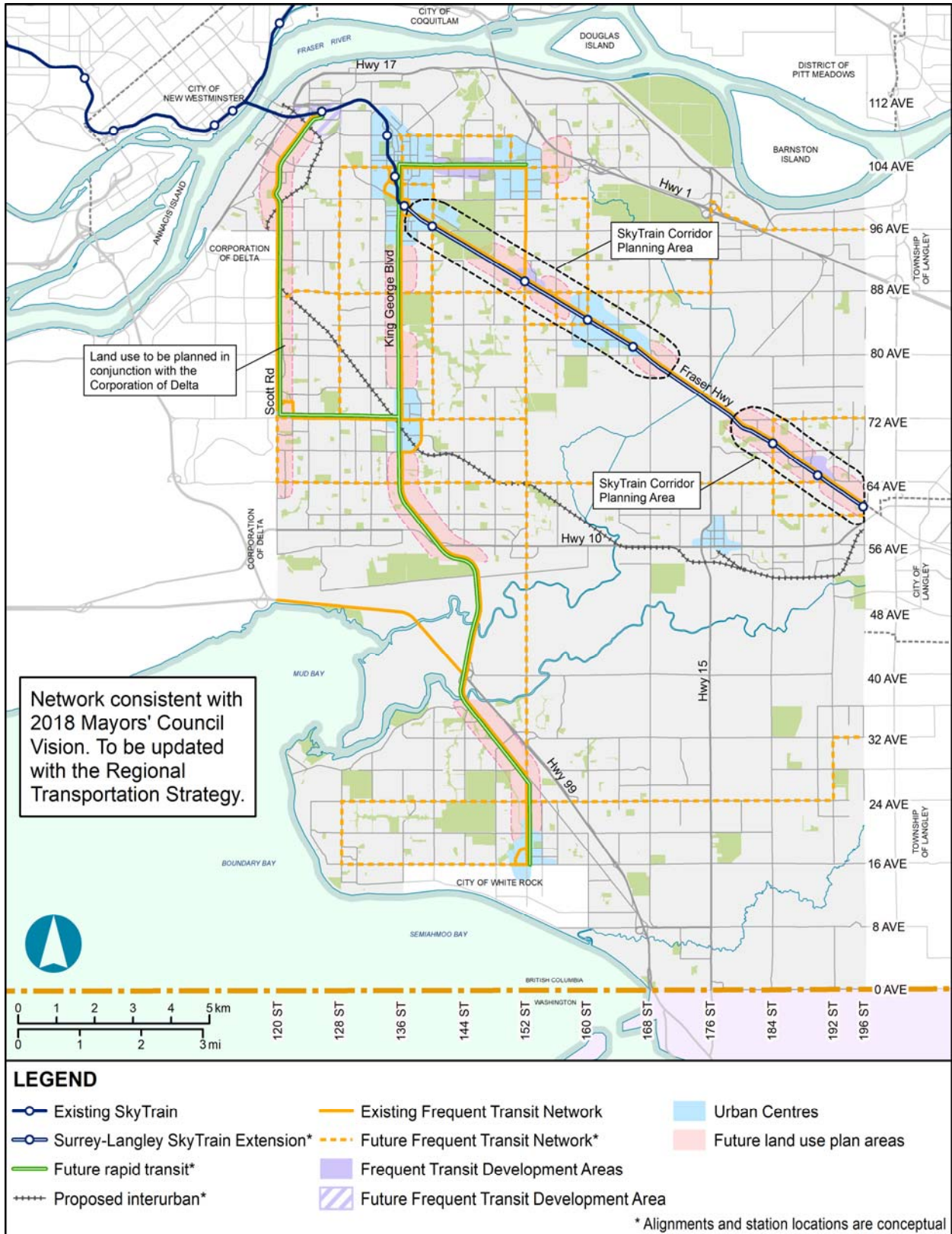
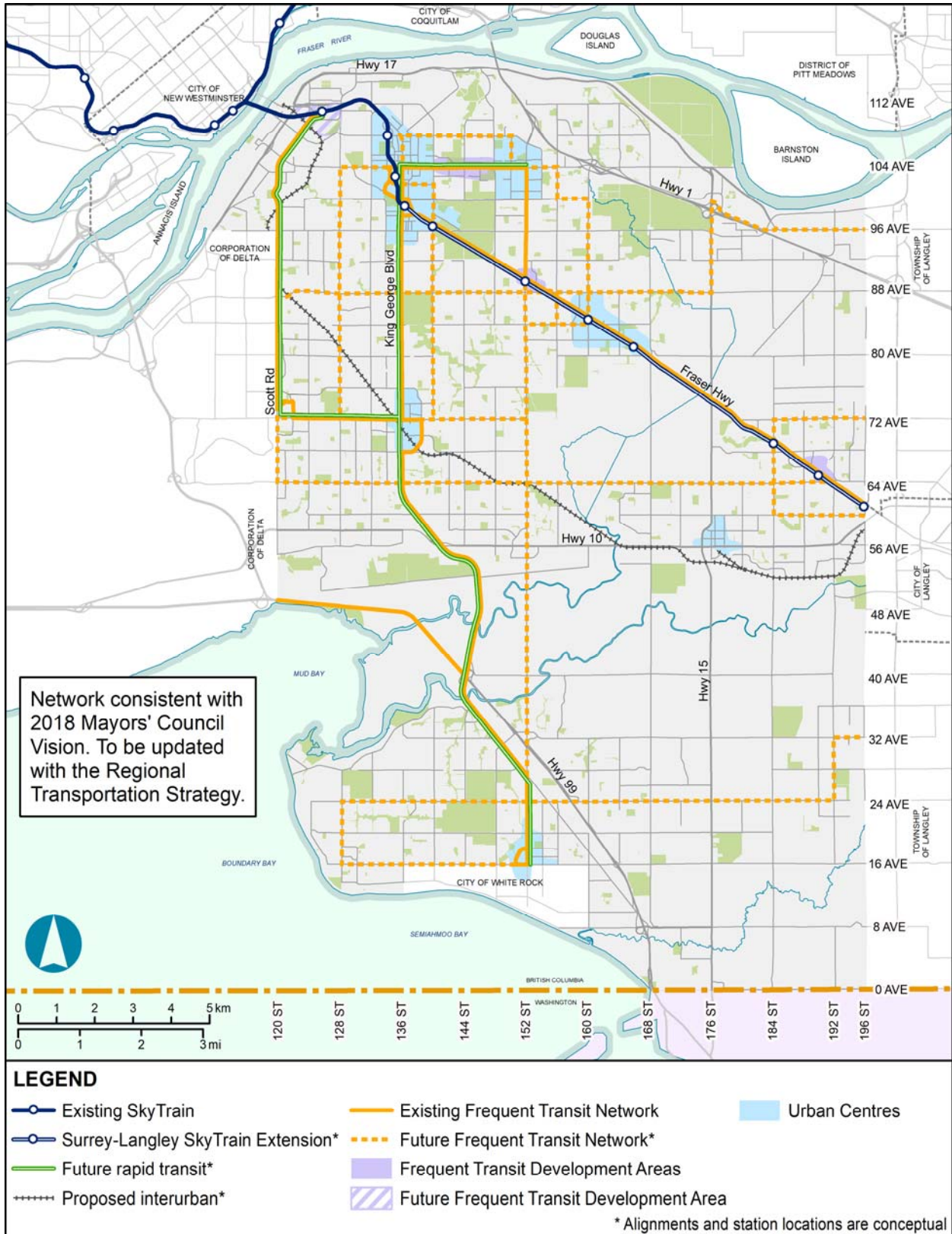




Figure 28: Frequent Transit Networks







## BACKGROUND

### **Enabling Legislation**

In 1993, the Provincial government passed Bill 57, which introduced two significant amendments to the *Municipal Act* in Section 963.1 and Section 963.2. These sections, now Section 904 and Section 905 the *Local Government Act* (the "Act"), are attached as Appendix II to this report. Through this legislation, the Province provided new powers to support the role of local government in the provision of community amenities and housing.

Section 904 of the *Act* set out the conditions that local government must follow with respect to amenity contributions. It contains provisions to permit developers to exceed base density in the zoning bylaw in exchange for affordable or special needs housing or other amenities. Section 905 of the *Act* identifies provisions for entering into a housing agreement for affordable and special needs housing.

### **Surrey's Current Use of Density Bonusing**

#### ***Policies in the OCP***

Surrey's Official Community Plan (the "OCP") sets out allowable densities by establishing an "Allowable Floor Area Ratio" for each land use designation except Urban and Suburban and "Allowable Residential Densities (expressed as units per hectare) for Urban and Suburban designations. Section 3.6 of the OCP (see Appendix III) contains a further provision that these densities:

"may be increased through the density bonusing provisions of the Zoning By-law with specific conditions established for Urban and Suburban designations".

This approach allows for increases to the maximum density on a case-by-case basis through the use of a Comprehensive Development Zone (CD). The OCP does not, however, provide specific policy direction or guidelines for the use of density bonusing.

#### ***Neighbourhood Concept Plan Areas***

The planning process for preparing Neighbourhood Concept Plans ("NCPs") was implemented to plan new "complete communities" in parts of the City, which are transitioning from suburban to urban forms of development. The NCP process has been designed to ensure the adequate provision of the facilities and neighbourhood amenities, such as park development, libraries, and fire and police protection needed to serve the future populations of these neighbourhoods.

In April 1996, Council approved amendments to Surrey's Zoning By-law to allow bonus densities in exchange for contributions toward neighbourhood amenities in NCP areas. Certain residential zones were amended so that the base residential density within all NCP areas was set at one unit per acre. Similar amendments were made to certain commercial, industrial and institutional zones to incorporate bonus density.

A provision is noted in the specific zones to allow density to be increased to the level provided for within the designations set out in the NCP if certain amenities are provided. Contributions towards community facilities, amenities and services (such as park development, police, fire and library materials) are translated into specific contribution requirements. The amenity contribution payments vary, depending on the needs for each NCP area. The contribution is payable upon subdivision for single family subdivisions or upon issuance of building permits for multiple family residential and other uses.

## **DISCUSSION**

The City is now at a stage in the development of its City Centre and some Town Centre areas, where there is a sufficient momentum for applications at a higher density than the base floor area ratios ("FAR") provided for in the OCP. Information from the City's Realty Services Division, as well as recent applications and inquiries to the City, indicate that market values in Surrey have increased sufficiently to support high-rise construction. More recently, staff have received requests and applications for increased density from high-rise developers in the City Centre and Guildford Town Centre.

With this general climate for higher density development comes the need to provide a level of amenities to support the City's increasing population. Further, lack of construction of purpose built rental housing, issues of housing affordability and homelessness, along with the need for community amenities, point to the need to explore density bonusing as means by which to generate revenues in an equitable manner that would assist in achieving some of those amenities in the City.

### **The Principles of Density Bonusing**

Density bonusing is a policy tool intended to help municipalities find solutions to, and work towards provision of affordable housing and other amenities in areas of new, higher density development and redevelopment. This tool provides for the variation of zoning requirements to increase the density otherwise allowed in the Zoning By-law, in exchange for the provision of community amenities or cash that can be used to provide community amenities. These amenities can include such things as affordable or special needs housing units or a range of other community items that will provide benefit to the area of the development.

Since the system is voluntary and incentive based, it allows local governments to secure community benefits without spending tax dollars or imposing fees. The provision of increased density, or the ability to build additional residential units, can be compared to "creating new land". The philosophy of density bonusing is that the City, in conferring this added density, should benefit through the provision of amenities to the area.

"Density Bonusing: A Guide and Model By-law", a supporting document to Section 904 of the *Act*, describes the principles of bonus density as follows:

- The goals and objectives of the bonus density system should be clearly articulated by the City in its OCP and implemented in a consistent manner through its Zoning Bylaw;
- Density bonusing should be used only to achieve specific objectives;



- The densities that are provided for through density bonusing must also reflect the principles of good planning;
- The bonusing scheme must be consistent and predictable;
- Amenities obtained should benefit the area where the development is located;
- The bonus system must be applied in a fair and equitable manner;
- Bonus density is not to be used as a substitute for general taxation; and
- Payment in-lieu system should not be used to provide items that are part of normal infrastructure normally provided through taxation or through the development process, and is to be used for capital projects, not for operating funds.

### **Mechanism to Allow Density Bonusing**

Previously, Surrey had established Amenity Agreements with developers of major projects. The Amenity Agreements encompassed items ranging from affordable housing, a library and child care. Examples include the Penreal Development (Strawberry Hill Shopping Centre) and the Intrawest development at Highway No. 10 and 152 Street.

The legislation provides two approaches to utilize the density bonusing provisions: conventional zoning and comprehensive development (CD) zoning.

#### ***Conventional Zoning***

Under this approach, the Zoning By-law would be amended to establish, on a zone by zone basis, the extent of base density and the extent of additional density allowed if a developer meets specified conditions relating to specified amenities. Basically, the developer would have the right to build at base density without providing amenities, or to build to an increased density to a pre-determined upper limit as long as the established amenities are provided. This is the approach currently used in 38 zones in Surrey Zoning By-law, 1993, No. 12000 for sites within NCP areas.

#### ***Comprehensive Development Zoning***

With this method, an OCP establishes areas where comprehensive development zoning allowing density bonusing would be appropriate and the conditions under which a developer may obtain a density bonus. Once established the City could negotiate custom zoning regulations for a specific site with increased density in return for specific amenities in the form of affordable housing or other amenities.

Surrey's OCP allows density bonusing to occur on a case-by-case basis in City Centre, Business, Town Centre, Multiple Residential and non-residential designated areas. Amenities can be implemented through the density bonusing provisions of a Comprehensive Development Zone. Currently, there is no comprehensive policy context setting out the parameters related to base and upper densities and the nature of the amenities that will be achieved under such a policy.

### **Use of Density Bonusing in Other Municipalities**

Municipalities in the Lower Mainland have used a variety of bonus density models and there is considerable overlap in their approaches. In researching its use, staff found that the following cities either have formal bonus density policies in place or are in the

process of formalizing policies: Abbotsford, Burnaby, Coquitlam, North Vancouver (City and District), New Westminster, Richmond, Vancouver, and White Rock.

A detailed discussion on the various municipal approaches is outlined in Appendix IV of this report.

In researching the practices of other municipalities, staff have focused on:

- How is the value of the bonus calculated?
- Where is the density bonus applied?
- What is the mechanism to implement density bonusing?
- What kinds of amenities are secured?

The table below provides a summary of the practices. Terms, including "land lift", "proforma", "flat rate" and "FAR exclusion", will be fully explained later in this report.

City	Model	Areas Applied	Implementation	Amenities
<b>Abbotsford</b>	Land Lift	Downtown	Conventional & Comprehensive Development Zoning	Affordable housing
<b>Burnaby</b>	Land Lift	Town Centres	Conventional & Comprehensive Development Zoning	Affordable housing, supported housing, community space, child care, public space, other amenities
<b>Coquitlam</b>	FAR** Exclusion	Town Centre	Conventional Zoning	Accessible Housing (in process of expanding policy)
<b>New Westminster</b>	FAR** Exclusion	Downtown	Conventional Zoning	Heritage preservation, improving waterfront access, seismic upgrades
<b>North Vancouver (district)</b>	FAR** Exclusion	Specific Districts	Comprehensive Development	Affordable Housing, child care, community space, public amenities
<b>North Vancouver (city)</b>	FAR** Exclusion	City wide	Comprehensive Development Zoning	Accessible Housing, affordable housing, heritage preservation, environmental design, community amenity space
<b>Richmond</b>	Flat Rate	Downtown & City wide	Conventional Zoning	Affordable Housing (West Cambie Area includes child care)
<b>Vancouver</b>	Land Lift, Proforma analysis, FAR** Exclusion, Flat Rate	Downtown & City wide	Conventional & Comprehensive Development Zoning	Affordable housing, child care, public open space, community space, public art
<b>White Rock</b>	Flat Rate	Downtown	Comprehensive Development Zoning	Affordable housing, community space, public art, park improvements, open space

\*Affordable housing includes special needs housing  
 \*\*FAR (floor area ratio)



There are a number of models used for valuing the density bonus. Some are site specific, while others set a flat rate for all applications. Vancouver uses a combination of land lift and proforma analysis, floor area ratio exclusions, and flat rate charges. Abbotsford and Burnaby use a land lift approach in valuing the additional density. The percentage of the land lift used to calculate the value of the density bonus varies with each municipality. Richmond and White Rock have a set flat rate applied equally to all applications and North Vancouver (City and District), Coquitlam and New Westminster use a system to exclude floor area and exchange the provision of an amenity or amenities for additional floor space. Explanations of the models are discussed in the next section of the report.

Most cities apply the density bonusing to areas already planned for additional density. Abbotsford, Burnaby, Coquitlam, District of North Vancouver and White Rock all apply the policy to their downtown or town centre areas, while Vancouver and Richmond have certain programs for downtown areas and others that are city-wide. The City of North Vancouver's programs are applicable city-wide.

Amenities required under the density bonus programs range from affordable housing, accessible housing, heritage preservation, child care, community space, public art and environmental amenities.

### **Considerations for Developing a Density Bonus Policy**

This section outlines key factors which should be considered in developing a formal bonus density policy. These include:

- determining how the value of the higher density will be calculated;
- establishing where density bonusing is appropriate;
- identifying priorities for the amenities to be achieved; and
- establishing a mechanism to apply density bonusing.

### **Calculating the value of the density**

Establishing a method to determine the value of the density is a key component to providing consistency and predictability for the developer, as well as the City when considering a density bonusing system. In order for the provision of a density bonus to be attractive to the developer, the value of the bonus has to do more than cover the cost of providing the amenity. Several options have been used in other municipalities and are summarized below:

#### **1. *Land Lift***

This approach calculates the additional value added to the land which is attributable to the increased density. The lift in value is determined by multiplying the additional floor space by the "buildable rate". The buildable rate is basically the current land value divided by the floor area allowed by the base density. This concept is expressed in a formula, as follows:

**Land Lift = Additional Floor Area x Buildable Rate\***

\*Buildable rate is calculated as follows: 
$$\text{Buildable Rate} = \frac{\text{Land Value}}{\text{Base Floor Area}}$$

Vancouver, Burnaby, and Abbotsford all use this approach; however, the percentage of land lift varies. Vancouver negotiates between 50% - 100% of the land lift value. Burnaby requires 100% (which may be "adjusted based on site characteristics") and Abbotsford requires 50% for wood frame construction and 85% for concrete.

As noted above, the provision of increased density, or the ability to build additional residential units on a site, can be compared to "creating new land". The City is in effect taking all or a portion of the lift in value, which has been created by the addition of this density.

**Pros:**

- Since not all properties have the same value and market conditions vary over time, this approach allows the value of the bonus to be determined on a site specific basis that is applicable and consistent over time;
- The value of the amenity provided by the developer will not be over-inflated, as it will be based on the added lift in value on the property; and
- The approach remains incentive-based for the developer.

**Cons:**

- This approach can be more expensive to manage, as the land lift for each application needs to be assessed individually.

2. ***Proforma Analysis***

This model is not market-based, but rather an analysis of the hard and soft cost estimates of a development and the resulting profit. The developer's profit is essentially the amount left over after the project is sold out and all costs have been paid. The proforma analysis examines the increase or decrease in profit resulting from the bonus density agreement. Vancouver uses proforma analysis in conjunction with their other approaches.

**Pros:**

- Provides a mathematical framework for negotiation that can be adjusted to a specific project to reflect the affects from additional density; and
- Can be used in conjunction with other approaches.

**Cons:**

- This is the least reliable approach due to its reliance on numerous cost and market estimates. A proforma is only reliable if all of the individual cost and market indices are accurate. However, this approach can be a valuable tool as a check or back-up approach to a land lift approach.



3. ***Flat Rate Approach***

This approach involves setting a standard rate for all developments. It is not site specific, but rather looks at examples of average costs in order to determine a rate. Once this rate is established, it is applied to all developments. Richmond and White Rock use this approach, whereby a standard contribution rate per buildable square foot is charged. Vancouver uses this as part of their community amenity contribution program and Surrey uses this as part of the amenity contributions in the NCP areas with amenity rates specific to each NCP, adjusted annually to reflect the change in the Consumer Price Index.

**Pros:**

- This approach is simple to apply once a rate is determined; and
- It gives an impression of equity as all applications are treated the same, which provides developers with certainty.

**Cons:**

- This approach is not sensitive to the lift in value. For example, if the lift in value is low, then an applicant will not pursue a density bonus. If the lift in value is high, the City could be under-compensated;
- Since market values of land change by area of the City and time, the set rate may not be fair to all sites and also will need to be amended periodically, which requires additional administration.

4. ***Floor Area Exclusion***

This approach requires that a developer provide an amenity (e.g., accessible space, an amenity room, day care space) in exchange for additional density. Either the amenity would not be counted as floor space or a certain amount of additional floor area over the base density would be permitted. Several municipalities exclude specific floor area from the density calculation in exchange for specific amenities.

**Pros:**

- Simple to implement if a standard formula is applied to all applications.

**Cons:**

- Since variation of land value is not accounted for (i.e., an average value is used), providing an amenity may cost more in one location versus another. As a result, the amenity may only be provided in areas where it is profitable to the developer, but not necessarily where it may be required most.

5. ***Targeted Amenity Approach***

This approach involves preparing a "priority list" of amenities and then, on a case-by-case basis, negotiating with the developer to provide some of the desired amenities in the context of the proposed development.

**Pros:**

- Provides a comprehensive list of needed amenities that are required in each area of the City as redevelopment at higher densities take place;
- Allows for flexibility and discretion; and
- Can be used in combination with other approaches, such as land lift and proforma models to achieve amenities within a consistent value of contributions.

**Cons:**

- Could potentially create inconsistency between developments and be seen as being inequitable.

The principle that the amenity contribution should be fair and equitable to both the developer and the City needs to be emphasised in the consideration of any of the above models.

Based on the evaluation of the options, it is recommended that the City use Option 1 – the Land Lift approach as the basis for an Interim Policy on density bonusing. The calculation of the lift in value combines market values with a standard formula (i.e., Additional Floor Area x Buildable Rate) and should provide for an exchange in value that is both fair to the developer and the City. As the land value of each site is different, the market approach allows the value of the amenity to correspond to actual value being created through the additional density so that the amenity provided is neither over-valued or under-valued and the City is not under-compensated.

Among the municipalities that utilize the land lift approach, the percent of the lift ranges from 50% to 100%. Recent experience in the City indicates that there is sufficient momentum in the current land market in the Surrey City Centre and in the Guildford Town Centre areas to recommend that the Interim Policy be based on 75% of the lift in land value. As is the case with other municipalities, the calculation may be adjusted based on specific site characteristics.

**Recommendation:**

**That the City of Surrey implement a density bonusing model based on 75% of the lift in land value over the specific densities provided in Section 3.6 of the OCP.**

**Identifying Where Density Bonusing is Appropriate**

Higher density is not always appropriate in all areas of the City and the provision of added density needs to fit within reasonable planning practices. The OCP clearly defines density designations for certain areas of the City.



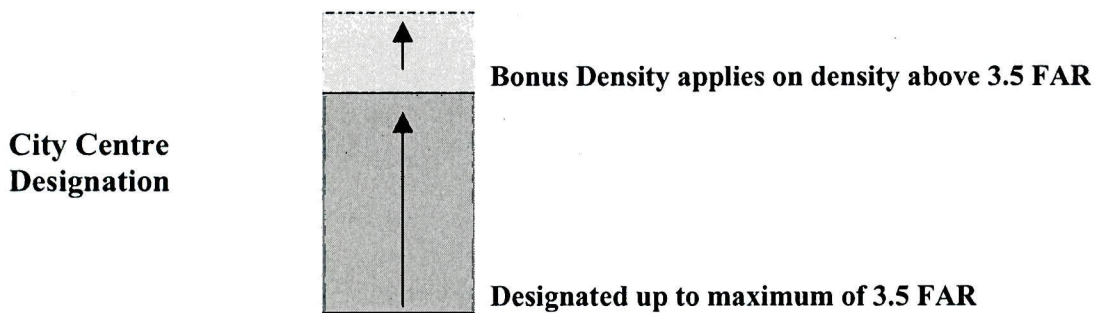
The table below shows the allowable densities, as outlined in the OCP.

LAND USE DESIGNATION	ALLOWABLE FLOOR AREA RATIO
City Centre Designation including Commercial	3.5
Multiple Residential in City Centre	2.5
Town Centres	1.5
Multiple Residential uses where allowed in a NCP	1.3
Multiple Residential uses without an NCP	0.6

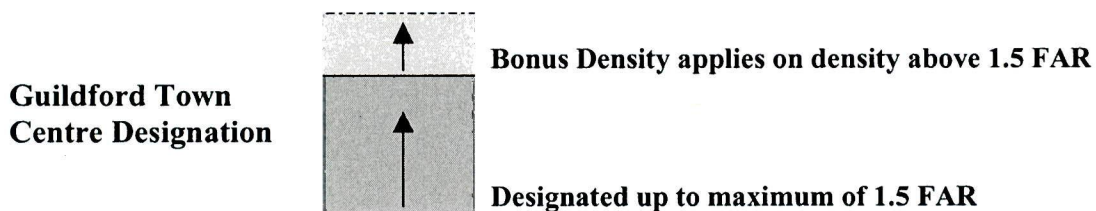
Given that there are established criteria for maximum permitted densities in specified areas through the OCP, the proposed Interim Policy should be based on allowing bonus densities in areas where higher densities are planned. Specifically, the City is receiving inquiries for increased density and high rise construction in City Centre and the Guildford Town Centre. Since there is momentum for high rise development in these areas, it would be appropriate to pilot an interim density bonusing policy in City Centre and Guildford Town Centre. Maps provided in Appendix I illustrate the boundaries for bonus density in the City Centre and Guildford Town Centre areas. Staff will report further on other possible areas, such as the Semiahmoo Town Centre.

In terms of application, the bonus density would be applied to the difference between the density provided for in the existing OCP designation and the density proposed in the development. Any consideration of increased density must be based on the principles of good planning, the ability to provide the necessary services and the context of the development.

For example, the diagram below illustrates how the density bonus could be applicable in a City Centre designation:



The diagram below illustrates how the density bonus could be applicable in a Guildford Town Centre designation:



**Recommendation:**

**That density bonusing be applied to projects in the City Centre and Guildford Town Centre where development is proposed above 3.5 floor area ratio (FAR) for lands designated City Centre and Commercial or 2.5 FAR for lands designated Multiple Residential in City Centre and 1.5 FAR in Guildford Town Centre.**

**Determining Amenities**

As a policy tool, density bonusing is intended to help municipalities find solutions to, and work towards provision of affordable housing, and to obtain a range of community amenities in areas of new, higher density development and redevelopment. Although amenity is not defined in the legislation, the principles of density bonusing discussed earlier indicate that the value achieved through the application of bonus density is not to be used as a substitute for general taxation and should not be used to provide items that are part of normal infrastructure normally provided through taxation or through the development process.

1. ***Affordable and Special Need Housing***

(a) **Provision of Housing**

The *Act* specifically allows for the provision of affordable, rental or special needs housing in exchange for a density bonus. "Density Bonusing: A Guide and Model By-law", describes affordable, rental and special needs housing as housing that is affordable to low or moderate income households or has features that the private market does not provide.

Examples of affordable housing range from units developed under senior government housing programs, guaranteed rental units with a rent control mechanism, housing for people with special needs such as those with physical or mental disabilities, victims of violence etc., provision of accessible or adaptable units, or price controlled, limited equity market units.

Support for the creation of affordable housing aligns with many of the City's strategic directions. Surrey's Crime Reduction Strategy, launched in February 2007, includes a number of recommendations under the Rehabilitate and Integrate Strand that relate to housing. In February 2006, City Council adopted the Plan for the Well Being of Surrey Residents, which specifically identifies supporting the development of low income housing for the homeless, families and singles as an issue element under the priority area of Housing and Homelessness. According to the Plan, 5,000 units of housing for low income families and singles are required.

Lower interest rates, reduced requirements for down payments and special mortgages for low income populations (e.g., VanCity's Springboard Mortgage) are all assisting with home ownership. Given this assistance,



density bonusing is considered to be better targeted at encouraging the creation of affordable or special needs non-market housing. Housing units provided under the bonus density policy could be integrated into the residential development receiving the density bonus (inclusionary zoning) with the units protected through a Housing Agreement, and managed by non-profit organizations, BC Housing, the GVHC, the private sector or other levels of government.

(b) **Cash-in-lieu of the Provision of Housing**

As an alternative to or in addition to the provision of specific dwelling units, the developer receiving the density bonus could make a cash payment in-lieu of housing to the City, which the City could then contribute to the creation of affordable housing. A consideration for Surrey's bonus density policy could include a cash contribution component where payments can be made into Surrey's Homelessness and Housing Fund. The Fund has been established as a mechanism to raise and distribute funds to projects and programs targeted at addressing housing and homelessness in Surrey.

2. ***Amenities***

In addition to housing, the *Act* allows other amenities in exchange for bonus density. "Density Bonusing: A Guide and Model By-law" describes an amenity as something that enhances the desirability of the area of the development. Contributions can be used to implement a range of civic amenities, including such things as child care spaces, public meeting spaces, civic and cultural facilities, public art, open space, publicly accessible parks or gathering places, etc.

**Recommendation:**

**The Interim Policy will provide for the value received through the density bonus to be applied to amenities such as affordable housing, civic amenities including child care spaces, public meeting spaces, civic and cultural facilities, public art, open space, publicly accessible parks or gathering places, etc. or a cash-in-lieu payment to the City.**

**Mechanism for Density Bonusing**

As discussed earlier, the legislation provides two approaches in relation to exercising the density bonusing provisions: conventional zoning and comprehensive development zoning.

Comprehensive development zoning would not require any changes to the existing Zoning By-law and would allow density bonusing to continue to be implemented on a site-specific basis. Under this approach, densities achieved through rezonings can be tailored to fit the neighbourhood context, and can incorporate mechanisms such as Housing Agreements and other provisions related to the specific amenities to be achieved through each development.

**Recommendation:**

**Given the more complex nature of higher density developments and to allow for site-specific zoning, it is recommended that the City adopt the practice of using CD zoning as on sites to bonus density is incorporated.**

**Interim Bonus Density Policy**

In view of the number of applications for high rise developments and related requests for additional density in the City Centre and Guildford Town Centre, it is recommended that an Interim "density bonusing" Policy be implemented for these areas. An Interim Policy will provide an opportunity for staff to monitor the effectiveness of the policy as it is applied. It will also allow staff to use the experience to refine the policy and work with the development industry to expand the program to other areas of the City.

Based on the recommendations in the report, the proposed components of the Interim Policy are:

- **Location** - the policy will apply to sites in the City Centre and Guildford Town Centre, as shown in Appendix I;
- **Model** - – The policy will be based on the Land Lift Valuation Approach and will require that the benefiting developer provide 75% of the lift in the market value of the land as value back to the City. The policy will apply to development applications proposing densities greater than 3.5 FAR for lands designated City Centre and Commercial and greater than 2.5 FAR for lands designated Multiple Residential in City Centre and greater than 1.5 FAR for lands designated Multiple Family in Guildford Town Centre, as shown on the attached maps (Appendix I);
- **Mechanism** – The density bonus will be applied through rezoning using a Comprehensive Development Zone on each individual site; and
- **Amenity** – The Interim Policy will allow for the City's value to be achieved through amenities such as affordable housing, civic amenities including child care spaces, public meeting spaces, civic and cultural facilities, public art, open space, publicly accessible parks or gathering places, etc. or a cash-in-lieu payment provision. Council may choose other amenities as the need arises.

The provision of non-market affordable or special needs housing will be subject to a housing agreement under section 905 of the *Act*.

The following would be eligible for consideration as affordable and special needs housing in an application for a density bonus:

- units developed under senior government non-profit housing programs;
- units controlled or managed or owned by non-profit housing groups providing affordable housing;
- guaranteed rental units; and



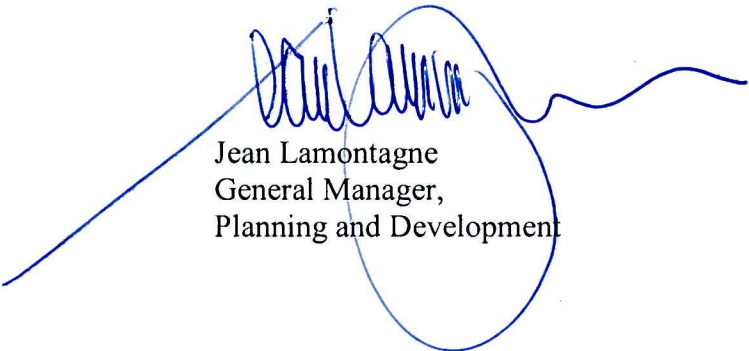
- housing for people with special needs, such as those with physical or mental disabilities, those needing treatment for addictions or victims of violence.

## CONCLUSION

As Surrey experiences interest in higher density development, there is an increasing need to provide amenities to support the City's increasing population. Density bonusing is one means by which to assist in funding needed special needs and affordable housing and amenities in the City.

It is recommended that the proposed Interim "density bonusing" Policy, attached as Appendix "A" to this report, be applicable to the City Centre and Guildford Town Centre. These areas are experiencing increased interest in high rise development and there appears to be the momentum in this market to introduce density bonusing provisions.

Over the next year, it is recommended that staff work with the development community and stakeholders to examine ways to expand the Interim Policy to include other multi-family areas in the City. In addition, it is recommended that staff monitor the Interim Policy and report back to Council in one year with recommendations for a finalized policy.



Jean Lamontagne  
General Manager,  
Planning and Development

PH:saw

### Attachments:

- Appendix I Proposed Interim Bonus Density Policy
- Appendix II Sections 904 and 905 of the *Local Government Act*
- Appendix III Excerpt from Surrey Official Community Plan By-law, 1996, No. 12900
- Appendix IV Use of Density Bonusing in other Lower Mainland Municipalities

*Appendices available upon request*