



Corporate Report

NO: R128

COUNCIL DATE: June 26, 2006

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **June 21, 2006**
FROM: **Acting General Manager, Planning and Development** FILE: **6440-01**
3900-30-12000
SUBJECT: **Indoor and Outdoor Amenity Space Requirements and Voluntary Cash-in-Lieu Provision for Proposed Multiple Residential Projects**

RECOMMENDATION

It is recommended that Council:

1. Receive this report as information;
2. Approve the revised City Policy No. O-48 - Relaxation of the Provision of Indoor Amenity Space in Multiple Residential Developments, attached as Appendix I, to increase the voluntary cash-in-lieu contribution under this policy from \$750 to \$1,050 per dwelling unit, to reflect increases in construction costs;
3. Approve a grace period of three months for in-stream applications commencing on the date of Council approval of the revisions to City Policy No. O-48;
4. Approve the proposed amendments, as documented in Appendix II, to Surrey Official Community Plan By-law, 1996, No, 12900 (the "OCP By-law"), to allow for relaxation of the outdoor amenity space requirement for multiple residential developments;
5. Authorize the City Clerk to bring forward the necessary OCP amendment by-law for the required readings and to set a date for the related Public Hearing; and
6. Authorize the City Clerk to bring forward, for the required readings, an amendment to the City of Surrey Indoor Amenity Space Capital Works Reserve Fund By-law, 2001, No. 14343, for the deposit and expenditure of the money collected from cash-in-lieu of indoor and outdoor amenities, by deleting the word "indoor" throughout the entire By-law.

INTENT

The purpose of this report is to review the effectiveness of the alternative approach to satisfying the Surrey Zoning By-law, 1993, No. 12000 (the "Zoning By-law") requirement for indoor amenity space in multiple residential projects and to provide recommendations for Council's consideration on amendments to or enhancements of the current policy, regarding provision of indoor amenity space and by-law requirements regarding the provision of outdoor amenity space in proposed multiple residential developments.

BACKGROUND

The Zoning By-law currently requires that 3 square metres (32 square feet) of indoor and outdoor amenity space be provided for each dwelling unit within new multiple residential developments. This Zoning By-law requirement was established in the early 1980s as a means to ease the burden of new growth on public recreational facilities. However, in 2000, the development industry expressed concerns that the mandatory provision of indoor amenity space was a cost burden not only to the developers, but also to the future residents, that the amenity space was often not utilized very extensively, and that the provision was too rigid to apply to smaller developments or special situations.

In response to these concerns, the City hired a consultant, G.P. Rollo and Associates Ltd., to work with the Development Advisory Committee and look into various options. As a result, after considering Corporate Report No. R034 on February 26, 2001 Council approved a "cash-in-lieu" option for indoor amenity space as an alternative to constructing the required indoor amenity space on site.

To implement this alternative approach Council adopted the following by-laws and policies:

1. An amendment to the Development Permit Guidelines in Section C.4.7 of the Official Community Plan to provide for the reduction or elimination of indoor amenity space if the provision of the amenity space is constrained by the scale, nature or other attributes of the proposed development, and if the applicant has satisfactorily addressed the impact from such reduction or elimination of amenity space;
2. Adoption of City Policy No. O-48 – "Relaxation of the Provision of Indoor Amenity Space in Multiple Residential Developments", to provide guidance for consideration of a Development Permit proposing reduction or elimination of indoor amenity space, including a voluntary cash-in-lieu contribution, which was set at \$750 per dwelling unit and was considered to be adequate to satisfy the indoor amenity space requirement of the Zoning By-law; and
3. Establishment of an "Indoor Amenity Space Capital Works Reserve Fund", by by-law under Section 496 of the *Local Government Act*, R.S.B.C. 1996, c. 323, to provide for the deposit and expenditure of the money collected from developments providing cash contributions in lieu of constructing indoor amenity space.

The new approach has been in effect for over five years, since its inception in early 2001. This report reviews the effectiveness of the cash-in-lieu approach related to indoor amenity space in multiple residential developments.

DISCUSSION

Effectiveness of the Alternative Approach

Since the implementation of the alternative approach to addressing indoor amenity space in multiple residential projects, staff estimate that over 80% of the multiple residential projects have taken advantage of the new approach and have provided cash-in-lieu of constructing all or a portion of the required indoor amenity space. As a result, approximately \$2,800,000 has been collected by the City as of the end of April 2006.

The money collected has been utilized to provide more and/or enhanced public indoor amenity spaces in the communities within which the projects are located that provided the contributions. Examples of projects for which the funds were used include:

- Fleetwood: Furniture, fittings and equipment ("FFE") for the second floor multi-purpose rooms and construction of new pre-school room in the Surrey Sports and Leisure Complex.
- Cloverdale: Construction of two multi-purpose rooms for community programs in the new Surrey Museum (Learning and Discovery Centre).
- Guildford: FFE for the new Fraser Heights Community Centre.
- Newton: Construction of two multi-purpose rooms for community programs in the Newton Wave Pool.
- Whalley: Construction of a new multi-purpose room for community programs as part of the renovation and expansion of the North Surrey Recreation Centre.
- South Surrey: Construction of a new family change room in the South Surrey Indoor Pool.

The above improvements of, and/or additions to, the community facilities would not have occurred or would have been provided at a later date had the indoor amenity cash-in-lieu program not been implemented.

The implementation of the alternative approach in 2001 has produced a successful result, judging from its popularity with the development industry, and the City's ability to make improvements to public facilities sooner than would otherwise have been possible. Staff has received very few complaints from the owners of dwelling units in those projects where no indoor amenity space was provided on site. Based on the results, to date, the "cash-in-lieu" approach should be continued. However, due the changing conditions, there is a need to make some amendments to the policy.

Deficiency of the Current Approach

In the last few years, demand for construction materials, services and trades has outstripped supply, creating an upward surge in construction prices in all sectors of the construction market. This trend is expected to continue into the foreseeable future.

When City Policy No. O-48 was adopted on February 26, 2001, the voluntary cash-in-lieu contribution for indoor amenity space per dwelling unit was set at \$750 per unit. At that time, the average cost, including soft costs, of constructing recreation facilities was estimated to be approximately \$50 per square foot. As each multiple residential unit is to provide 32 square feet of indoor amenity space, the \$750 per unit voluntary contribution translated into a rate of \$23.44 per square foot. This \$23.44 per square foot contribution constituted approximately 50% of the actual cost of building one square foot of basic indoor amenity space.

Between 2001 and 2006, however, construction costs for City facilities have surged 40%. As a result, the \$750 per unit voluntary contribution needs to be increased by 40%, from \$750 to \$1,050 per dwelling unit.

Provision of Outdoor Amenity Space

In some instances, the provision of 3.0 square metres (32 square feet) of outdoor amenity space per unit is difficult, if not impossible, to achieve, particularly in high density locations such as Surrey City Centre and Town Centre locations, where multiple residential projects are characterized by high site coverage. In such cases, there is often little or no exterior area on the site available for the provision of active outdoor amenity space. For example, the Jung Ventures project on the southeast corner of King George Highway and 100 Avenue in Surrey City Centre has projected a final build-out of approximately 1,500 residential units. At the current requirement of 3.0 square metres (32 square feet) of outdoor amenity space per unit, the Jung Ventures project would be required to provide 4,500 square metres (1.1 acres) of outdoor amenity space. As the Jung Venture site is only 2.8 hectares (6.9 acres) in size, 16% of the site would be required for outdoor amenity space, which is clearly impractical.

After reviewing the matter, staff recommends that the OCP By-law be amended to permit voluntary cash-in-lieu contributions for the provision of outdoor amenity space. However, due to the fact that outdoor amenity space can consist of a wide variety of elements, it is recommended that when an applicant requests relaxation of the outdoor amenity space requirement, staff evaluate each project on its own merits, based on the applicant's justification for relaxation of the outdoor amenity space and the applicant's proposed means to address the impact of reducing or eliminating the required outdoor amenity space and provide Council with appropriate recommendations in the related Planning Report.

Development Advisory Committee Review

The above noted recommendations have been reviewed with the Development Advisory Committee, who have agreed with the proposals and expressed no concern with the three month grace period for in stream projects.

CONCLUSION

Based on the above discussion, it is recommended that Council:

- Approve the revised City Policy No. O-48 - Relaxation of the Provision of Indoor Amenity Space in Multiple Residential Developments, attached as Appendix I, to increase the voluntary cash-in-lieu contribution under this policy from \$750 to \$1,050 per dwelling unit, to reflect increases in construction costs;
- Approve a grace period of three months for in-stream applications, from the date of approval of the revised City Policy No. O-48;
- Approve the proposed amendments, as documented in Appendix II, to the OCP By-law, to allow for relaxation of the outdoor amenity space requirement for multiple residential developments;
- Authorize the City Clerk to bring forward the necessary OCP amendment by-law for the required readings and to set a date for the related Public Hearing; and
- Authorize the City Clerk to bring forward, for the required readings, an amendment to the City of Surrey Indoor Amenity Space Capital Works Reserve Fund By-law, 2001, No. 14343, for the deposit and expenditure of the money collected from cash-in-lieu of indoor and outdoor amenities, by deleting the word "indoor" throughout the entire By-law.

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HYL/GAG/kms/saw

Attachments:

Appendix I Proposed Amendments to City Policy No. O-48

Appendix II Proposed Amendments to the OCP By-law



CITY POLICY

No. O-48

REFERENCE:	APPROVED BY:	CITY COUNCIL
REGULAR COUNCIL MINUTES	DATE	
	HISTORY:	REVISED

TITLE: RELAXATION OF THE PROVISION OF INDOOR AMENITY SPACE IN MULTIPLE RESIDENTIAL DEVELOPMENTS

To implement Clause C.5.1 of the Official Community Plan, except under special circumstances which may arise on a site specific basis, the City will consider a request from the developer of multiple residential project to reduce or eliminate the indoor space requirements, if the developer provides an adequate alternative, which may include a voluntary cash-in-lieu contribution* to the City for the purposes of constructing public indoor amenity spaces in the same community.

When a developer chooses to make a voluntary cash contribution under this policy, the contribution is to be made prior to Development Permit approval by City Council.

* Under current normal circumstances a voluntary cash-in-lieu contribution in an amount of \$1,050 per dwelling unit will be considered adequate to satisfy the indoor amenity space requirement of the Zoning By-law.

**Proposed Amendments to
Surrey Official Community Plan By-law, 1996, No, 12900, as amended**

The following amendments are proposed to Surrey Official Community Plan By-law, 1996, No, 12900, as amended:

1. Delete Section C.5.1 – Variation of Zoning By-law Requirements, under C. Multiple Residential Development of Schedule C, Development Permit Area Guidelines in its entirety and replace it with the following:

C.5.1 Council may, by issuance of a Development Permit, vary the indoor and/or outdoor amenity space provisions of the Zoning By-law to reduce or eliminate the indoor and/or outdoor amenity space requirements if:

- a) the provision of the amenity spaces, buildings or structures is constrained by the scale, nature or other attributes of the proposed development, including without limitation, siting conditions and unusual site configuration; or
- b) the impact from the reduction or elimination of the indoor and/or outdoor amenity space within the proposed development has been addressed by other means to the satisfaction of City Council.