



Corporate Report

NO: R027

COUNCIL DATE: February 25, 2008

REGULAR COUNCIL

TO: Mayor & Council DATE: February 25, 2007
FROM: General Manager, Planning and Development FILE: 6630-01
SUBJECT: Revisions to the Interim Bonus Density Policy No. O-54 for the
City Centre and Guildford Town Centre Areas

RECOMMENDATION

It is recommended that Council:

1. Receive this report as information; and
2. Approve the revised Interim Bonus Density Policy No. O-54, attached as Appendix I to this report, which will apply to the City Centre and Guildford Town Centre areas.

INTENT

The purpose of this report is to:

- Advise Council of further consultation with members of the development community with regard to Interim Bonus Density Policy No. O-54, adopted by Council on October 15, 2007; and
- Recommend a revised policy containing a "phasing in" period for the amenity contributions under the policy.

POLICY CONSIDERATIONS

Under the provisions of Section 904 of the *Local Government Act*, municipalities may, through zoning by-laws, establish conditions that entitle an owner to a higher density, subject to the provision of amenities, including the provision of affordable and special needs housing or other specified community amenities.

Surrey's Official Community Plan ("OCP") sets out allowable densities by establishing an "Allowable Floor Area Ratio" for designations in the City Centre and Town Centres, and states that these densities "may be increased through the density bonusing provisions of the Zoning By-law". The base density allowed in the OCP is 3.5 FAR in the City Centre designation, 2.5 FAR in the Multiple Residential designation in the City Centre, and 1.5 FAR in the Guildford Town Centre.

BACKGROUND

On October 1, 2007, Council considered Corporate Report No. C020 – "Interim Bonus Density Policy". That report outlined the use of density bonusing policies in the City, to date, outlined the principles of and various mechanisms for density bonusing, reviewed the use of density bonusing by other municipalities in the region and discussed a number of potential ways for calculating the value of density in the consideration of determining a fair and consistent approach.

Upon considering the recommendations of Corporate Report No. C020, Council:

- Approved the proposed Interim Bonus Density Policy (the "Policy") attached as Appendix II to this report, which would apply to the City Centre and Guildford Town Centre areas. The Policy requires that for densities in excess of those currently provided for in the OCP, the benefiting developer provide 75% of the "lift" in the market value of the land as value back to the City;
- Directed staff to consult with the development community and stakeholders to examine the Policy to include other multiple family residential areas in the City and report back to Council; and
- Directed staff to monitor the application of the Policy and report back to Council after one year, with recommendations for a final policy.

The Policy was presented to the Development Advisory Committee (the "DAC") at its meeting on October 25, 2007, and there was discussion and clarification with regard to the process of determining land lift and the types of amenities that would be considered. It was noted that caution should be exercised in imposing amenity requirements to avoid impacting positive momentum for development in the City Centre. DAC members had a number of suggestions and recommended that there be further consultation before the policy is made permanent. A sub-committee was appointed to work with staff to address this issue further.

Also, since the adoption of the Policy, a number of developers of lands within the City Centre area have met with the Mayor and senior staff to express concerns related to the impacts of the Policy, particularly on projects that are already in the application approval process or for which properties in City Centre have already been purchased, based on advice from staff that did not include reference to the need to pay for densities above the maximums prescribed in the OCP.

DISCUSSION

Staff has met on several occasions with land owners/developers of land located in the City Centre area to understand more clearly the nature of their concerns with regard to the Policy. Based on those discussions, the concerns can be summarized as follows:

1. The Policy does not make provision for "in stream" applications. For example, applications submitted to the City prior to the adoption of the Policy, but not considered by Council until after October 15, 2007, would be subject to the new density bonusing requirements, but would not have considered this in the development of their "pro forma" at the time of land acquisition and application submission;
2. The Policy does not make provision for the "phasing in" of contributions over time. Concern was expressed that the Policy immediately introduced the requirement for amenity contributions at the level of 75% of land lift, and that there should be a more gradual "phasing in" of the contributions to give the development industry more time to adjust to this new cost item. The developers noted that some of them had recently purchased land in City Centre, prior to the introduction of the new Policy, on advice from staff that additional density would be supported without reference to having to pay for such additional density;
3. There was a concern that the Policy did not specify the timing of amenity contribution payments, i.e., whether the contributions would be required at the time of rezoning or at the time of the issuance of building permit; and
4. The Policy does not provide for the option of "green" building features to be considered as a qualifying amenity contribution.

Staff has considered the concerns raised by the development community, especially in light of the emerging residential construction market in the City Centre. As a result, some revisions to the Policy are being recommended for Council's consideration, as follows:

1. **Consideration of In-Stream Applications**

It is recommended that the Policy be revised to state that the Policy will **not** be applied to development applications that were in stream as of the date of the adoption of the Policy by Council (October 15, 2007). It is noted, however, that any existing agreements permitting increased density above that stipulated in the OCP, in exchange for the provision of amenity contributions or other considerations, will be honoured by the City and by the applicant or, if the related rezoning by-law has been through a public hearing and the amenity contribution amounts are to be changed, the related rezoning by-law would need to go through a second public hearing to change the current "amenity contribution" agreement.

Any applications received prior to October 15, 2007 will have until April 1, 2009) to be completed. If such applications are not complete by April 11, 2009, the contribution phase-in, as outlined in the sections below, will be applied.

Applications are deemed to be **complete** when the related rezoning has been adopted, development permit approval has been granted by Council and the City has issued a building permit.

2. **Phase-In of Contributions for New Applications**

The following phasing in of contributions for new applications is recommended. The proposed Phase-In Schedule is illustrated in Appendix III of this report.

- **Applications received after October 15, 2007, but prior to July 1, 2009**

These applications will be subject to an amenity contribution equal to **25%** of land lift.

Applications must be complete by October 1, 2010 to be subject to the 25% land lift.

Applications that are not complete by October 1, 2010, will be subject to a contribution equal to 50% land lift if they are complete by April 1, 2011.

If applications are not complete by April 1, 2011 they will be subject to the full 75% land lift.

If applications are completed in phases, the above provisions would apply at building permit issuance for each phase of development.

- **Applications received after July 1, 2009, but prior to January 1, 2011**

These applications will be subject to an amenity contribution equal to **50%** of land lift.

Applications must be complete by April 1, 2012 to be subject to the 50 % land lift.

Applications that are not complete by April 1, 2012 will be subject to the full 75% land lift.

- **Applications received after January 1, 2011**

These applications will be subject to an amenity contribution equal to **75%** of land lift.

3. **Clarification of Payment Schedule**

It is recommended that the Policy be revised further to clarify that the amenity contribution will be payable at the time of the issuance of the building permit. The density provided through the issuance of the building permit will be linked to the payment of the contribution.

In the case of phased developments, the amenity contribution will be paid at the time of issuance of the building permit for each phase of the development, as noted above.

If the amenity contribution is not a cash contribution, but is a commitment to the provision of specific amenities in the development, these may be subject to the provision of a financial security at the time of building permit issuance.

4. **"Green Building" Considerations**

The City, through its upcoming Sustainability Charter, as a signatory to the provincial Climate Change Action Plan and through other initiatives, is interested in incorporating energy efficiency and alternative sustainable energy sources into new development. A sustainability checklist will be a key component of the ongoing City Centre Plan Update.

Land owners in the City Centre have requested that "green building" initiatives be considered as an amenity contribution. They note that green features such as hydronic heating and solar energy impose an additional cost at the time of construction. The builder may not be able to charge a premium for these features at the time of unit sale, even though the new owners of the units would realize the cost savings from energy efficient technologies.

It is recommended that staff be directed to work with the development industry in studying the feasibility of offering a credit equivalent to a portion of the value of the amenity contribution for the inclusion of acceptable "green building" features in buildings which are subject to bonus density. For example, priority could be given to the inclusion of features that reduce greenhouse gases. Such features could include hydronic or solar heating, and/or district heating/cooling provisions, as verified in the development permit and building permit process.

CONCLUSION

Staff will continue to consult with the development community and stakeholders and will monitor the application of the Policy. Staff will report back to Council with recommendations to refine and expand the scope of the revised Policy, as well as to consider the inclusion of the value of "green building" features as an amenity contribution.

Based on the above discussion, it is recommended that adjustments be made to the Policy to address concerns of the owners and developers of land in the City Centre area. These adjustments have been incorporated into the revised Policy, attached as Appendix I to this report and will apply to the City Centre and Guildford Town Centre areas.

Jean Lamontagne
General Manager,
Planning and Development

JM/kms/saw

Attachments:

Appendix I Revised Interim Bonus Density Policy No. O-54

Appendix II Current Interim Bonus Density Policy No. O-54

Appendix III Chart of proposed Phase-In of the Revised Interim Bonus Density Policy



CITY POLICY

No. O-54

REFERENCE:	APPROVED BY:	CITY COUNCIL
REGULAR COUNCIL MINUTES	DATE:	
	HISTORY:	15 OCT 2007 (RES.R07-2745)

TITLE: Interim Bonus Density Policy

Components of the Interim Bonus Density Policy are as follows:

1. **Location** - the policy will apply to sites in the City Centre and Guildford Town Centre, as shown on the attached maps (Appendices "A" and "B" respectively);
2. **Model** – The policy will be based on the Land Lift Valuation Approach and will require that the benefiting developer provide a percentage 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 floor area ratio (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 (Appendices "A" and "B", respectively).

The percentage Land Lift will be phased in according to the following schedule:

- Applications in-stream as of October 15, 2007 will be exempt from the provisions of the policy provided that they are **completed** by April 1, 2009. Applications that are not complete by April 1, 2009 will be subject to the contribution Phase-In as outlined below.
- **Applications received after October 1, 2007, but prior to July 1, 2009.**
 - These applications will be subject to an amenity contribution equal to **25%** of land lift.
 - Applications must be complete by October 1, 2010 to be subject to the 25% land lift.
 - Applications that are not complete by October 1, 2010, will be subject to a contribution equal to 50% land lift if they are complete by April 1, 2011.
 - If applications are not complete by April 1, 2011, they will be subject to the full 75% land lift.

- If applications are completed in phases, the above provisions would apply at building permit issuance for each phase of development.
- **Applications received after July 1, 2009, but prior to January 1, 2011.**
 - These applications will be subject to an amenity contribution equal to 50% of land lift.
 - Applications must be complete by April 1, 2012 to be subject to the 50 % land lift.
 - Applications that are not complete by April 1, 2012, will be subject to the full 75% land lift.
- **Applications received after January 1, 2011.**

These applications will be subject to an amenity contribution equal to **75%** of land lift.

Applications are deemed to be **complete** when the related rezoning by-law has been adopted, development permit approval has been granted by Council and the City has issued a Building Permit.

3. **Mechanism** – The density bonus will be applied through rezoning using a Comprehensive Development Zone on each individual site;
4. **Payment Schedule** - The full amount of the amenity contribution will be made at the time of the issuance of the building permit. The density provided through the issuance of the permit will be linked to the payment of the contribution.

In the case of phased developments, the amenity contribution will be paid at Building Permit stage for each phase of the development, as noted above.

If the amenity contribution is not a cash contribution, but is a commitment to the provision of specific amenities in the development, these may be subject to the provision by the developer of a financial security in favour of the City at the time of building permit issuance.

5. **Amenity** – The policy will allow for the 'bonus density 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 decide to accept other amenities as it sees fit.

The provision of non-market affordable or special needs housing as an element of an amenity contribution will be subject to a housing agreement under section 905 of the *Local Government Act*.

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

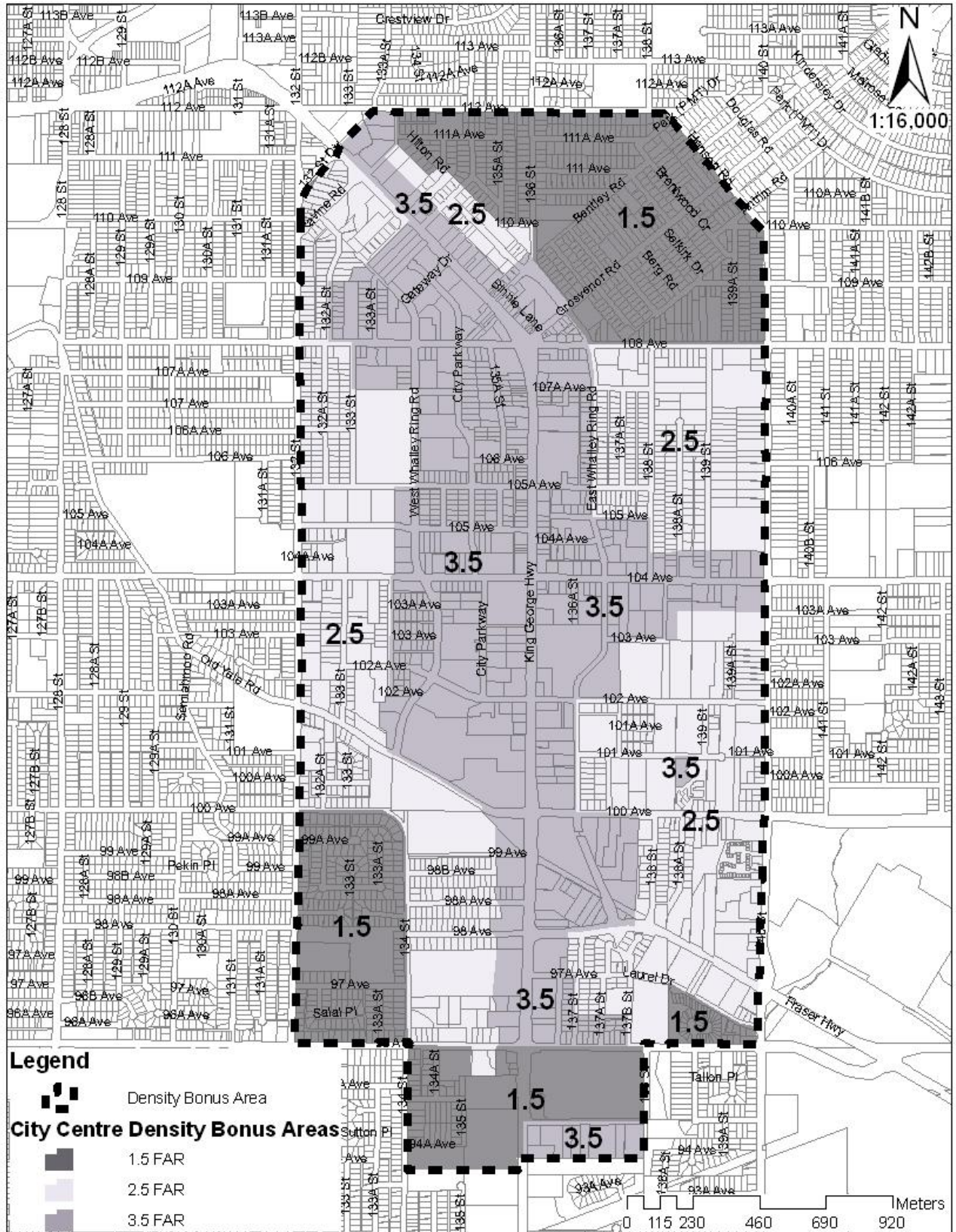
- units developed under senior government non-profit housing programs;
- units controlled or managed or owned by non-profit housing groups providing affordable housing;
- guaranteed rental units; and
- housing for people with special needs, such as those with physical or mental disabilities, those needing treatment for addictions or victims of violence.

*Land Lift = Additional Floor Area (resulting from higher FAR) x Buildable Rate**

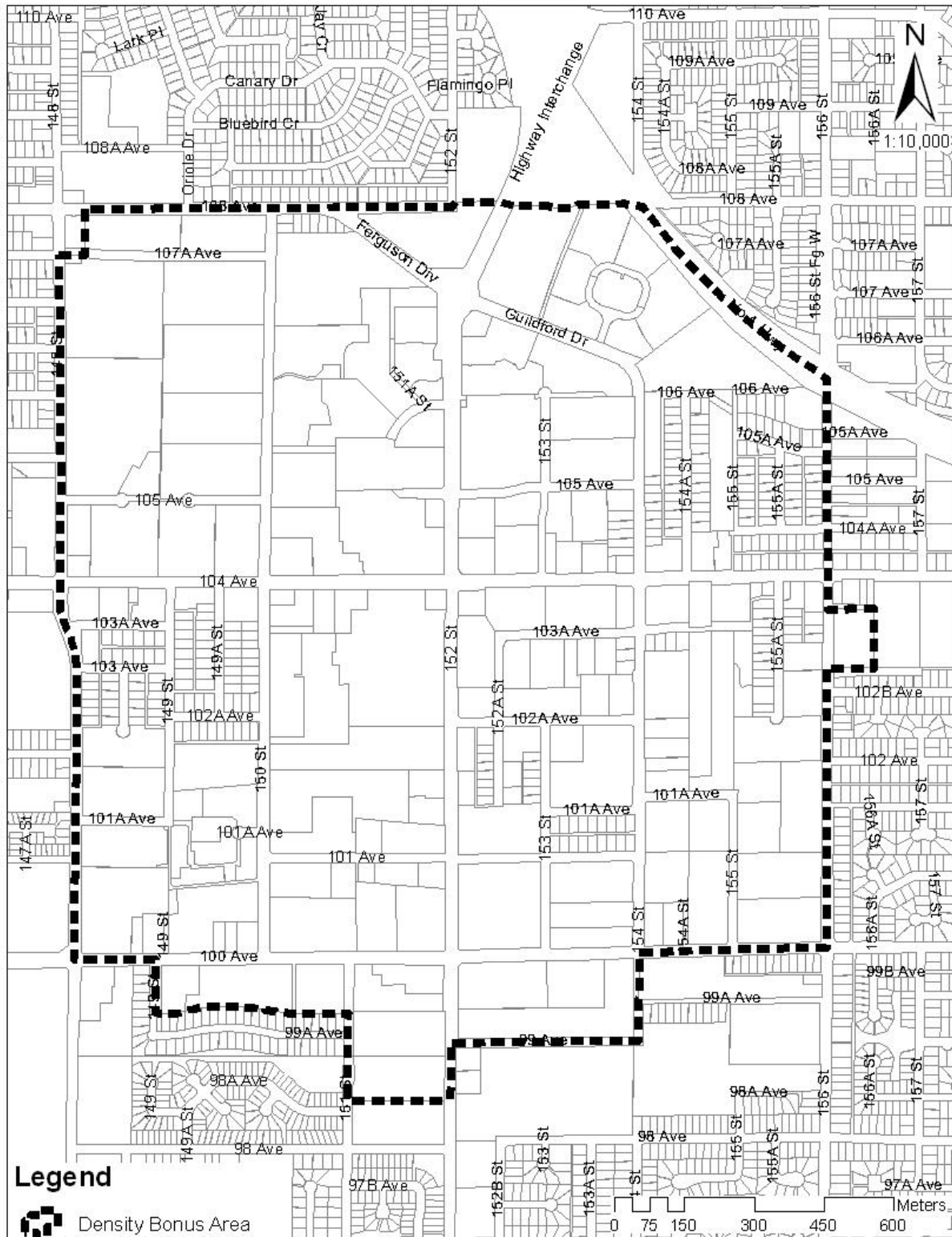
Buildable rate is calculated as follows: $\text{Buildable Rate} = \frac{\text{Land Value}*}{\text{Base Floor Area}}$

***Land Value is the current market value of the land as of third reading of the rezoning by-law.

Density Bonus Area in City Centre



Density Bonus Area in Guildford Town Centre





CITY POLICY

No. O-54

REFERENCE:	APPROVED BY:	CITY COUNCIL
REGULAR COUNCIL PUBLIC HEARING MINUTES	DATE:	OCTOBER 15, 2007
	HISTORY:	NEW

TITLE: Interim Bonus Density Policy

Components of the Interim Bonus Density Policy are as follows:

1. **Location** - the policy will apply to sites in the City Centre and Guildford Town Centre, as shown in Appendix I;
2. **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 floor area ratio (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 (Appendices "A" and "B", respectively);
3. **Mechanism** – The density bonus will be applied through rezoning using a Comprehensive Development Zone on each individual site; and
4. **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 *Local Government 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.

*Land Lift = Additional Floor Area (resulting from higher FAR) x Buildable Rate**

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

***Land Value is the current market value of the land as of third reading of the rezoning by-law.

Revised Interim Bonus Density Policy

