

CITY OF BURNABY

COMMUNITY PLANNING & HOUSING COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

RE: COMMUNITY BENEFIT BONUS FOR AFFORDABLE HOUSING
AND AMENITIES IN TOWN CENTRE AREAS

RECOMMENDATIONS:

1. **THAT** Council adopt this report as providing the framework for Phase I of Burnaby's Community Benefit Bonus for Housing and Amenities in Town Centre areas.
2. **THAT** Council implement Phase I of Burnaby's Community Benefit Bonus for Affordable Housing and Amenities in Town Centre areas by:
 - i) Directing Planning & Building Department staff to initiate amendments to the four Town Centre Development Plans to criteria, conditions, sites and appropriate amenities and affordable housing options appropriate for application of a Community Benefit Bonus.
 - ii) Authorizing the City Solicitor to draft a bylaw to amend the text of the Zoning Bylaw as described in Section 6.2 of this report and that the bylaws be forwarded to Council for First Reading and referral to a Public Hearing.

REPORT

The Community Planning and Housing Committee, at its meeting held on 1997 February 25, adopted the attached report supporting implementation of Phase I of the community benefit bonus in town centre areas.

The report outlines a bonus zoning policy for residential developments in the four town centre areas that will lead to the provision of extra development density in return for the contribution of amenities and/or affordable housing.

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The report advised that Phase I provides for on-site amenities and/or affordable housing while Phase II, the subject of a future report, will address the issue of providing payment-in-lieu for off-site amenities and/or affordable housing.

Respectfully submitted,

Councillor L.A. Rankin
Chairman

Councillor C. Redman
Member

Councillor J. Young
Member

TO: CHAIRMAN AND MEMBERS
COMMUNITY PLANNING
& HOUSING COMMITTEE

1997 FEBRUARY 20

FROM: DIRECTOR PLANNING AND BUILDING

OUR FILE: 12.001

SUBJECT: **COMMUNITY BENEFIT BONUS FOR AFFORDABLE
HOUSING AND AMENITIES IN TOWN CENTRE AREAS**

PURPOSE: To recommend implementation of Phase I of the Community Benefit Bonus in Town Centre Areas.

RECOMMENDATIONS:

1. **THAT** the Housing Committee recommend that Council adopt this report as providing the framework for Phase I of Burnaby's Community Benefit Bonus for Housing and Amenities in Town Centre areas.
2. **THAT** the Housing Committee recommend that Council implement Phase I of Burnaby's Community Benefit Bonus for Affordable Housing and Amenities in Town Centre areas by:
 - i) Directing Planning and Building Department staff to initiate amendments to the four Town Centre Development Plans to criteria, conditions, sites and amenities and affordable housing options appropriate for application of a Community Benefit Bonus.
 - ii) Authorizing the City Solicitor to draft a bylaw to amend the text of the Zoning Bylaw as described in Section 6.2 of this report and that the bylaws be forwarded to Council for First Reading and referral to a Public Hearing.

R E P O R T

1.0 BACKGROUND

In 1996 July, Council considered a report from the Housing Committee on a bonus zoning policy for residential developments in the four town centre areas that will lead to the provision of extra development density in return for the contribution of amenities and/or affordable housing.

The following recommendations were adopted:

1. THAT Council authorize staff to consult with the Urban Development Institute Municipal Liaison Committee on the establishment of Phase I of the density bonus scheme in Burnaby's four town centres as outlined in Section 7.2 in this report, and the results be reported back to the Housing Committee.
2. THAT Council authorize staff to begin consultations on Phase II of the bonus zoning scheme as outlined in Section 7.3 of this report, and report its findings to the Housing Committee.

This report provides a summary of the Phase I consultation process as mentioned above, and recommends adoption of this report as a framework for Phase I of the Community Benefit Bonus for Housing and Amenities in Town Centre policy (bonus zoning) and recommends changes to the Zoning Bylaw and amendments to the Town Centre Development Plans to permit implementation of Phase I.

2.0 PROPOSED COMMUNITY BENEFIT BONUS POLICY

The report outlining a framework to implement affordable housing referred to a two phase program as the basis for consultation and implementation. Phase I proposed a refinement of the Comprehensive Development approvals process as it is carried on at this time, and involve cases where an on-site amenity or affordable housing opportunity had been identified. Phase II would involve situations where the provision of on-site amenities or housing is not possible or desirable. In this case, the developer could be given the opportunity of taking advantage of extra density and make a contribution to a fund that provides amenities or housing in the same town centre area. The establishment of reserve funds to collect in-lieu Community Benefit Bonus payments is crucial to Phase II. There must be a clear connection between the density increase, the amenity and the payment-in-lieu.

While Phase II of the density bonus policy is considered key in order to maintain equity in the applicability of the density bonus within the Town Centres, it is also realized that its implementation is much more complex. Therefore, at this time, this report is focussed on Phase I of the proposal.

3.0 REVISED COMMUNITY BENEFIT BONUS POLICY IN TOWN CENTRE AREAS: PHASE I

In cases where an on-site amenity or housing opportunity is identified, the provision of the bonus density could be reviewed on a site specific basis. An example of this is the dedication of an extraordinary amount of land for, and construction of a major public plaza feature or the provision of non-market housing on-site. In many ways, this Phase I is a refinement on the Comprehensive Development rezoning approvals process as it is carried on at this time. Existing community plans will be amended to provide the framework for specifying amenities and

affordable housing options, with refinements occurring over time as part of the normal plan review process. The ultimate decision regarding acceptable density limits and appropriate amenities or housing remains with Council with the assistance of the Planning Department.

As part of Phase I, it was recommended that a new level of density be considered for key sites in Town Centre areas. This would recognize the ability and desirability of the core areas of the Town Centre areas to accept higher density. Sites potentially eligible for the extra density would be identified in amended Town Centre Development Plans.

3.1 Principles of a Community Benefit Bonus Policy

The following principles shall guide consideration of all requests for use of the Community Benefit Bonus:

- i) The amenity or housing obtained through the Community Benefit Bonus should meet an identified special community need. Bonus density should not be granted to obtain housing or amenities that otherwise should have been provided or have been provided by the private market through rezoning or other normal channels.

In Burnaby in the past, amenities and affordable housing have been obtained on very large development or redevelopment sites through Comprehensive Development Zoning. In these cases, the inclusion of affordable housing and amenities is considered integral to a well planned development and to provide for the needs of the community. Comprehensive Development zoning will continue to be used as the method to plan for the overall development of very large sites that often develop over time.

- ii) The Community Benefit Bonus policy must balance the need to establish extra density that is appealing to developers while at the same time still result in development that respects good community planning principles in terms of appropriate densities, building form and community impacts.

The availability of the density bonus should not unduly affect the value of land. The City and specifically the residents of an affected area should benefit from the increased value bestowed on a development through an increase in density. As a general guideline, therefore, the contribution amount should be based on the increase in land value attributed to buildable land value created by the Community Benefit Bonus.

- iii) The mutual agreement of the City and developer to the proposed level of density and the amenity obtained is a crucial ingredient in assessing a development using bonus zoning. Proposals should be considered on their own merits relative to site, size and type of project, economic conditions and the nature of the amenity or housing provided, but at the same time be based on a policy framework that aims to treat all developments in an equitable way.
- iv) Housing or amenities obtained through the Community Benefit Bonus should be related to the area where the development is located. Ideally, the housing or amenity should be provided on the site that is benefitting from the increased density, or if this is not possible, it should be provided in the relevant town centre area.

4.0 CONSULTATION WITH URBAN DEVELOPMENT INSTITUTE

On September 12, 1996, Planning Department staff met with the Urban Development Institute Municipal Liaison Committee to discuss the proposed Community Benefit Bonus policy. Three specific aspects of the proposal were discussed:

- ▶ Phase I;
- ▶ Phase II;
- ▶ The financial basis for determining the amount of the bonus as related to the value of the amenity or affordable housing.

The members of the UDI Municipal Liaison Committee were in support of the concept of a Community Benefit Bonus policy with the understanding that it represented a true bonus, that is, that development density would not be reduced beyond what is achievable under the current zoning bylaw. In addition, they felt that the inclusion of a payment in lieu component was important to make the proposal workable and equitable, especially in those cases where the provision of amenities was not possible or desirable on site.

Some attention was given to the issue of the distribution of the benefit from the increased density. One of the members of the Liaison Committee presented an analysis that concluded that a fair formula would involve the City and developer sharing the extra benefit on an even basis. This discussion resulted in further staff investigation of this matter as described in section 5.0 below.

Other members of the UDI stressed that a density bonus should be set clearly in policy and zoning documents such as Town Centre community plans and the Zoning Bylaw. It was felt important that the community clearly understand and appreciate the benefits (ie., specific amenities, community facilities or housing) that can be acquired through bonus density.

5.0 DISTRIBUTION OF BENEFIT FROM BONUS DENSITY

Following the discussion with UDI, staff further consulted with staff from other local governments that are involved with bonus density mechanisms.

5.1 The City of Vancouver

The City of Vancouver has recently adopted a Public Benefit Strategy for the Oakridge/Langara area. In addition to Development Cost Levies on all new construction over three units and a Community Amenity Contribution for projects involving rezoning, there is also for some key sites, the ability to use a 20% density bonus. The contribution amount due is based on the increase in land value attributed to buildable land value, multiplied by the floor area of the density bonus. Stated as a formula:

Contribution=bonus floor area (in sq. ft.) x market land value (in \$/buildable sq. ft.)

For example, if the bonused floor area is 10,000 square feet and the market land value is \$35 per square foot, the in-kind or in-cash contribution would be \$350,000. Adjustments for particular site or project characteristics are negotiated as appropriate.

Staff at the Housing Centre have expressed concern that there is need to establish a level playing field throughout the region in terms of the valuation of bonus density so that the development community does not strike a "better deal" in some communities versus others. This could result in development being attracted to those areas that have a more generous bonus zoning system rather than to those areas where development, under regional growth policies, is preferred. Finally, staff emphasize that it is not how the bonus zoning revenue is spent that is at issue, it is the way the value of the benefit or exaction is calculated. This issue is now being discussed at the regional level through a subcommittee of the Technical Advisory Committee.

5.2 The City of North Vancouver

In December of 1996, the City of North Vancouver formally directed staff to amend the regulations for two zoning districts to allow density bonus for affordable and accessible housing, sustainable building design and community amenity space.

Like the City of Vancouver, the proposed system in The City of North Vancouver is analogous to the sale of land. Under the proposed density bonus system, the developers pay to the City an amount equal to a portion of the cost of additional land, based upon the land cost in a particular zoning district. The City will own the amenity provided, or will ensure that the amenity remains available for public use. Any amenities which are provided on-site will be excluded from the floor area calculation.

The City's proposed system involves removing existing bonuses for items such as underground parking and site consolidation and replacing the bonusable items to include affordable housing and amenities. This means, unlike Burnaby's proposal, there would not be an increase in overall development potential. Because of this, the City of North Vancouver's proposal involves discounting the land value by up to 25% in order to acknowledge the risk that the developer takes by undertaking projects and to ensure that land values (that are proposed to be listed in the zoning bylaw) will be less susceptible to fluctuations in the market place.

5.3 The Community Benefit Bonus Proposal for Burnaby: Valuation of Bonus

Since the proposed density bonus system in Burnaby involves a potential absolute increase in development density, it is prudent to recommend that the City of Vancouver's approach be used as a guideline to determine the value of the density bonus. The parameters for the calculation of the bonus itself are addressed in the following section regarding implementation of Phase I. An example of how the valuation of the density bonus benefit could work under Phase I is shown in *Attachment 1*.

As in the Vancouver model therefore, all of the extra increase in land value is attributed to the City. In the private market, developers buy land at market value, develop the land and presumably make a profit. In other words, the price that the developer paid for the site includes the profit needed to make the project viable so that sufficient profit should be built into the bonus space if priced the same. Therefore, any reduction in the value of the bonused floor area going to the City results in a windfall profit to the developer. If the City were to, as a policy, share (eg. 50-50) the value of the extra density with the developer, then the net result would be an increase in property value in those properties eligible for a density bonus since land trades at its maximum density value.

The basic principle (value of amenity = market value of bonused space) may need to be adjusted for particular site or project characteristics as appropriate. There may be some good policy reasons for encouraging development in one location over another. These factors may vary the size of the amenity contribution.

6.0 IMPLEMENTATION OF PHASE I OF THE COMMUNITY BENEFIT BONUS POLICY

Phase I of the Community Benefit Bonus policy for Town Centre areas involves cases where an on-site amenity or housing opportunity is identified and where the provision of bonus density could be reviewed on a site-by-site basis using Comprehensive Development zoning.

In order to implement Phase I, a policy guideline will need to be included in each Town Centre Development Plan and amendments will need to be made to the text of the Supplementary Regulation section of the Zoning Bylaw, as described below.

6.1 Amendments to Town Centre Development Plans

Each Town Centre (Metrotown, Edmonds, Lougheed, Brentwood) Development Plan will need to be amended to provide the framework for the Community Benefit Bonus.

Each Development Plan would contain criteria and conditions that would identify potential sites appropriate for the Community Benefit Bonus. In addition, specific sites located in key high density areas eligible for the RM5 bonus density category would be identified.

The need for, and desirability of specific amenities and affordable housing may be different for each development site and for each town centre. The identification of special amenity items and housing should involve the collaboration of social planning staff and other City Departments such as Parks, Finance, Library and Environmental Health. The refined and prioritized list would be included in each Town Centre Development Plan. The determination of desirable amenities should also involve some input from local communities.

The bonus, however, must not be used to obtain items that are part of the normal City infrastructure such as sanitary or storm sewers, roads or right-of-way for road widening, or for items (including various amenities) normally obtained through the development approvals process.

Ideally, public amenities should be secured by the City in the public domain through ownership or a long term lease. The exact tenure arrangement will depend on the amenity that is chosen, the overarching principle being that the amenity must serve a public benefit. The details of constructing, finishing, ongoing operation and managing the amenity must be discussed in the rezoning process at an early stage with social planning staff and also involve the party that will be involved in the management of the final product where possible. Affordable housing should be secured through a Housing Agreement registered on title.

6.2 Amendments to the Zoning Bylaw

In the previous report it was suggested that Phase I of the policy could be implemented through the use of Comprehensive Development Zoning by recommending that a higher density category of the Zoning Bylaw be applied. For example, if through preservation of a heritage structure, the density of a development is raised from 1.1 to 1.4, then staff would recommend that the CD Zoning be based on the RM4 category rather than the RM3 category.

While this option is still retained for special or extraordinary cases, through consultation staff believe that it is advisable to include base densities and ultimate densities in the Zoning Bylaw at this time so that there is a clearer guideline to assess bonus density proposals. It is recommended that the regulations and conditions related to bonus density be included in the Supplementary Section of the Zoning Bylaw. Reference would be made to the Floor Area Ratio bonus that could be available for developments in designated Town Centre areas related to the appropriate District guidelines. Conditions would include the requirement that Comprehensive Development be utilized. The regulations would also include a list of potential amenities. Recognizing that each Town Centre has different requirements, the list of amenities in the bylaw would be prioritized and refined for each Town Centre Area. This refined list would be included in each Town Centre Development Plan.

Base densities and bonus densities for each of the affected Districts are proposed as follows:

District	Current Maximum Density (FAR)*	Community Benefit (FAR)	Maximum Bonused Density (FAR)
RM1	0.6	0.1	0.7
RM2	0.9	0.1	1.0
RM3	1.1	0.15	1.25
RM4	1.7	0.3	2.0
RM5	2.2	0.4	2.6

*assumes underground parking

With respect to bonus densities available for the RM1 to RM4 Districts, the available bonuses are relatively small, recognizing the limits inherent in each of the building forms. For example, the limitations of wood frame construction typical of RM3 developments would mean that an FAR in excess of 1.25 would be difficult to achieve. Rather than identify sites appropriate for applying the Community Benefit Bonus, each Town Centre Development Plan will outline conditions necessary to achieve extra density. These conditions will be worked out for each Development Plan as part of the plan amendment consultation process.

The extra density available for RM5 developments of up to 0.4 FAR is more generous. Specific sites appropriate for consideration by Council for achieving the RM5 bonus density will be identified in each of Town Centre Development Plans.

7.0 AFFORDABLE HOUSING AND AMENITIES

7.1 Affordable Housing

Affordable and special needs housing is generally defined as housing that the private market cannot or does not provide, including housing that is affordable to low or moderate income households or has features that the private market generally does not provide.

Examples include:

- ▶ units developed under senior government non-profit housing programs.
- ▶ price controlled limited-equity market units.
- ▶ units controlled/managed/owned by non-profit housing groups providing affordable housing.
- ▶ guaranteed rental units with rent control mechanisms.
- ▶ housing for people with special needs such as those with physical or mental disabilities, victims of violence, etc.

In the above cases that involve projects that are providing for a clear housing need on a continuing basis and where the majority of the units in the project are considered "affordable," the maximum density bonus for the RM1 - RM4 Districts (and a partial bonus for RM5) should be provided, subject to addressing community planning and livability concerns. Such projects would be required to register a Housing Agreement on title to ensure that the affordable housing conditions are met.

A more modest bonus could be considered for the following:

- ▶ provision of adaptable and special needs units.
- ▶ guaranteed rental or time limited rental units.
- ▶ provision of a few units of non-market housing in a larger development.

In these cases, the cost to the developer of providing adaptable units or the loss of revenue resulting from providing rental or the affordable units could be equated to extra density.

Finally, in areas where existing affordable housing stock is at risk of being demolished, it would be appropriate to formulate a bonus density program whereby a substantial bonus is offered in return for providing replacement housing. This type of action should be considered in relation to specific areas so that the circumstances of potentially affected neighbourhoods can be taken in account.

7.2 Amenities

Amenities are understood to mean something that enhances the desirability of a property and/or the local community. Some examples are:

- ▶ publicly accessible open spaces and plazas
- ▶ improvements to publicly owned parks, plazas or open space.
- ▶ child care facilities
- ▶ space for community groups
- ▶ extraordinary environmental protection
- ▶ public facilities (library, community centre, arts facilities)
- ▶ extraordinary public realm improvements (special pavement, lights, street furniture)
- ▶ public art

In many cases, such items, such as environmental protection, are considered a normal requirement of the rezoning process. It is important, therefore, that the amenity offer a special or extraordinary aspect to the development for the purposes of obtaining a Community Benefit Bonus.

Where publicly related facilities such as a meeting room for a non-profit group is provided, the floor space occupied by such amenity should be excluded from the Floor Area Ratio calculation.

As mentioned previously, a generalized list of amenities will be included in the Zoning Bylaw. Then, through a process of consultation, the list will be refined, further defined and prioritized for each Town Centre development plan.

8.0 TOWARDS PHASE II OF THE COMMUNITY BENEFIT BONUS POLICY

Throughout the consultation process, the need to include a payment in lieu component in the bonus density policy has been identified. The option to provide funds in lieu of providing the amenity on site is seen to provide equity between those sites that can provide an amenity or housing on-site versus those that cannot. Some sites, for example, may be appropriate for additional density as a bonus, but an appropriate on-site amenity or housing option has not been identified. In such cases, the option of paying into reserve funds for affordable housing or amenities for each town centre should be considered. It is recognized however, that the development of a payment-in-lieu proposal involves the resolution of more significant issues and complexities as compared to Phase I. The City Staff will work with Ministry of Municipal Affairs staff to determine the most effective way of achieving a payment-in-lieu option.

During the period that the implementation of Phase I is occurring, staff will continue consultations on Phase II and will report its findings to the Housing Committee.

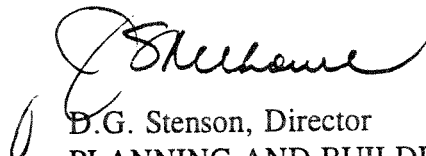
9.0 CONCLUSION

The use of bonus density would provide opportunities to build affordable housing and provide special amenities in the Town Centre Areas where extra density is most readily accepted and is capable of being supported by proximity to a full range of transportation options, services and amenities.

It is recommended that each Town Centre Plan be amended to identify the provision of the Community Benefit Bonus(density) as an option and provide a suitable range of amenities and affordable housing options. Each Town Centre Development Plan would identify criteria and conditions that would identify potential locations appropriate for the Community Benefit Bonus, taking into account such factors as edge conditions and relationship to other land uses. In the case of RM5 sites, specific locations will be identified in the Town Centre Plans, recognizing the generous bonus density offered. Assessment of the suitability of a specific proposal utilizing a density bonus would be subject to specific Council approval using Comprehensive Development Zoning.

It is also recommended that the Zoning Bylaw be amended to make reference to the Community Benefit Bonus policy and outline the parameters for considering bonus density. The Zoning Bylaw will indicate the bonus density that could be considered dependent on the inclusion of site specific special amenities and/or affordable housing. The Zoning Bylaw regulations would refer to the framework provided in each of the four Town Centre Development Plans and the requirement for Comprehensive Development Zoning as well as provide a generalized list of amenities.

While Phase I allows for housing or amenities that is provided on-site, staff will continue to investigate, with the assistance of staff from the Provincial Government, for future consideration by the Housing Committee and Council, a proposal that includes payment-in-lieu for off-site amenities or housing.


D.G. Stenson, Director
PLANNING AND BUILDING


BG\db

cc: City Manager
City Solicitor
Director Finance
Director Recreation & Cultural Services
Director Engineering