

COMMUNITY DEVELOPMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

**SUBJECT: PROPOSED CONTRIBUTION-IN-LIEU COMPONENT OF BURNABY'S
COMMUNITY BENEFIT BONUS POLICY FOR AFFORDABLE
HOUSING AND AMENITIES IN TOWN CENTRE AREAS**

RECOMMENDATIONS:

1. **THAT** Council adopt the proposed contribution-in-lieu component of the Community Benefit Bonus Policy, as outlined in *Section 3.0* of this report.
2. **THAT** Council authorize the Director of Finance to establish interest-bearing accounts for community benefit funds for each of Burnaby's four town centres.

REPORT

The Community Development Committee, at its Open meeting held on 2006 February 22, completed its review of and adopted the attached report proposing a contribution-in-lieu component for the City's Community Benefit Bonus Policy. The Committee noted that the flexibility provided by contributions-in-lieu would help to make the rezoning process more efficient, and would address some of the existing challenges in matching available funds with priority benefits in a timely manner, and in matching appropriate benefits with available development sites.

Respectfully submitted,

Councillor Colleen Jordan
Chair

Councillor Dan Johnston
Vice Chair

Councillor Garth Evans
Member

COPY: CITY MANAGER DIRECTOR PLANNING & BUILDING DIRECTOR FINANCE DIRECTOR ENGINEERING DIRECTOR PARKS, REC. & CULT SERV. CITY SOLICITOR OIC, RCMP
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TO: CHAIR AND MEMBERS
HOUSING COMMITTEE

DATE: 2005 November 17

FROM: DIRECTOR PLANNING AND BUILDING

FILE: PL 71000-01
Reference: Density Bonuses

**SUBJECT: PROPOSED CONTRIBUTION-IN-LIEU COMPONENT OF BURNABY'S
COMMUNITY BENEFIT BONUS POLICY FOR AFFORDABLE
HOUSING AND AMENITIES IN TOWN CENTRE AREAS**

PURPOSE: To inform the Committee and Council of new opportunities with respect to community benefits derived through the Community Benefit Bonus Policy, and to recommend the adoption of Phase 2 of the Policy - Receipt of Contributions-in-Lieu.

RECOMMENDATIONS:

1. **THAT** the Committee request Council to adopt the proposed contribution-in-lieu component of the Community Benefit Bonus Policy, as outlined in **Section 3.0** of this report.
2. **THAT** the Committee request Council to authorize the Director of Finance to establish interest-bearing accounts for community benefit funds for each of Burnaby's four town centres.

REPORT

1.0 BACKGROUND

At its meeting of 2005 October 25, the Housing Committee considered a staff report which recommended that Burnaby's Community Benefit Bonus Policy be enhanced by the adoption of a contribution-in-lieu component. Following discussion, the Committee referred the report back to staff, with a request that the following additional concepts be explored and incorporated into a follow-up report:

- the establishment of a minimum community benefit value for which actual community benefits – as opposed to contributions-in-lieu – would be accepted
- the allocation of contributions-in-lieu specifically to affordable/special needs housing.

To: *Housing Committee*
From: *Director Of Planning and Building*
Re: *Proposed Contribution-In-Lieu Component of
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This report includes elements of the original Housing Committee report – namely, an overview of the existing Phase 1 of the density bonus scheme, and an outline of the basic elements of the proposed contribution-in-lieu component. It also includes an assessment of the two concepts noted above, additional detail on the possible structure of proposed Town Centre Community Benefit Accounts, and a recommendation to adopt the proposed contribution-in-lieu component as outlined in Section 3.

2.0 BURNABY'S COMMUNITY BENEFIT BONUS POLICY: AN OVERVIEW

In 1997 February, Council approved a density bonus scheme for Burnaby's four town centres, and adopted Phase 1 of the scheme. The Community Benefit Bonus Policy for Affordable Housing and Amenities in Town Centre Areas provides a framework through which developers can achieve extra development density in return for providing a community benefit which meets the social, cultural, recreational, or environmental needs of people living and working in Burnaby. "Community Benefit" is defined as either a "community amenity" or "affordable or special needs housing". Definitions of these latter two terms, as well as a list of the types of community amenities and affordable/special needs housing which are acceptable under the policy, are *attached* as Appendix 1.

Phase 1 of the density bonus scheme was founded on the following principles:

- the exchange of extra development density for a community benefit must balance the need to provide both developers and the community with a specific benefit, while producing developments which respect good community planning principles in terms of appropriate density and building form;
- the mutual agreement of the City and the developer to the proposed level of density and the community benefit to be provided is crucial; and
- extra development density is not to be granted to obtain housing or amenities that otherwise would or should have been provided by the private market through rezoning or other normal channels.

Requirements for developments seeking a density bonus, as set out in Burnaby's Zoning Bylaw, include the following:

- the bonused lot must be located in a town centre area;
- the bonused lot must be rezoned to Comprehensive Development District; and
- the community benefit must be equivalent in value to the increase in value of the lot attributable to the increase in density.

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Although not stipulated in the Zoning Bylaw, it was the intent and has been City practice to ensure that the community benefit is also located in the town centre in which the bonused development is located.

Phase 1 of the Community Benefit Bonus Policy focuses on the actual provision of a community benefit either on the development site or in close proximity to it. At the time Phase 1 was adopted, it was envisioned that a Phase 2 component, allowing developers to make a contribution-in-lieu which could be targeted by the City at some future date to community needs in the same town centre area, would be added to the scheme at some point.

Take-up of the density bonus opportunity by developers has been enthusiastic; since the policy was adopted, eighteen developments have received increased density in return for providing community benefits worth a total value of approximately \$16.4 million. Half of those developments are in the Brentwood and Lougheed Town Centres, along the Millenium SkyTrain line. Given the steady level of interest among developers in participating in the Community Benefit Bonus scheme, staff believe that it is timely to add the contribution-in-lieu component. The flexibility provided by contributions-in-lieu would help to make the rezoning process more efficient, and would address some of the existing challenges in matching available funds with priority benefits in a timely manner, and in matching appropriate benefits with available development sites.

3.0 CONTRIBUTIONS-IN-LIEU OF ACTUAL COMMUNITY BENEFITS

3.1 Basic Elements of Proposed Contribution-in-Lieu Component of Policy

The proposed Phase 2 component of the Community Benefit Bonus Policy would be subject to the same underlying principles, and the same Zoning Bylaw requirements as Phase 1. The existing definitions of "community benefit", "community amenity" and "affordable or special needs housing" would apply. The main difference in the process would be that the option to set the community benefit contributions aside for future use would be available. This option would provide the City with much greater flexibility in terms of:

- pooling of funds for greater community benefits (i.e., benefits which could not be achieved through a single bonusing opportunity);
- providing benefits in key locations; and
- spending the funds when it is most advantageous or appropriate, e.g., once a Master Plan for a particular park is complete, when a complementary senior government program is available.

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To administer the funds secured through contributions-in-lieu, it is envisioned that a special financial account would be established for each town centre. Each report dealing with the identification of a community benefit and recommending a contribution-in-lieu would provide the Committee and Council with a figure for the total funds accumulated to date in the account for the relevant town centre. The decision to spend accumulated funds on a particular benefit could arise either from the Committee or Council, or from a staff recommendation.

The recent Housing Committee inquiries regarding the establishment of a minimum community benefit value for which actual community benefits would be accepted, and the allocation of contributions-in-lieu specifically to housing are examined below.

3.2 Proposed Establishment of Minimum Community Benefit Value For Which Actual Community Benefits Would Be Accepted

As noted above, the Housing Committee requested that staff examine the notion of establishing a community benefit value below which funds should be channelled into the appropriate town centre community benefit account rather than being allocated to a small and relatively inexpensive actual community benefit. The rationale for the proposal is that relatively small community benefit contributions are sometimes used for lower priority benefits, because the funds are insufficient for the development of a high need, high priority community benefit. This could also help to ensure that contributions above the established value could continue to be applied on-site, if appropriate.

Staff have reviewed the eighteen community benefits derived through the Community Benefit Bonus Policy to date. The benefits range in value from \$51,570 to \$2 million. Large-scale benefits, such as child care centres, recreation facilities, parks, non-profit office space, and viable groupings of housing units¹ have tended to require budgets of \$800,000 or more. Smaller-scale benefits, such as stream bank rehabilitation, park improvements, and trail construction have tended to require budgets of \$300,000 or less.

Staff have also reviewed the lists of community benefit candidate projects which are maintained for each town centre.² Half of the candidate projects have estimated price-

1 Experience with the density bonus scheme to date suggests that developers are resistant to providing a "package" of housing units which is smaller than three or four units, and that non-profit operators are hesitant to take on the administration of one or two isolated units. Assuming a per unit cost of \$200,000, \$800,000 in community benefit funds could result in the construction of a more financially and administratively viable package of 3 or 4 units.

2 The items on the lists are identified through a number of vehicles, including public consultation processes, staff's knowledge of and/or work programs for the town centres, and formal and informal staff connections with community organizations and community service agencies. The lists are updated regularly. To be included on the lists, a proposed project must be of value to the community, be able to be secured for public benefit for the long term, and be consistent with City objectives.

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tags of \$1 million or more - some as high as \$10 million. The remainder have estimated price tags of \$300,000 or less. Based on the reviews, it can be concluded that opportunities for acquiring actual benefits with a value between \$300,000 and \$800,000 are relatively rare.

As a result of the two reviews noted above, it is the opinion of staff that automatically channelling all community benefit contributions of less than \$800,000 to the appropriate town centre community benefit account could result in more effective use of the funds, and would facilitate the development of larger-scale and more costly amenities. Moreover, such channelling would not unduly hamper the City's efforts to undertake smaller-scale projects, given that decisions could be made by Committee and Council at any point to utilize the funds for small environmental, urban design, or parks/public facility improvement projects.

Automatic channelling of community benefit contributions of less than \$800,000 to the town centre accounts would not preclude the ability of the Committee and Council to also allocate sums larger than \$800,000 to the accounts. In fact, staff would likely recommend the contribution-in-lieu option for sums of \$800,000 or more in circumstances where:

- the bonused development does not lend itself to an appropriate on-site benefit;
- the funds associated with the density bonus are insufficient to cover the costs of an appropriate or high-priority benefit; or
- the area near the development site is rich in community benefits and another area of the town centre is in need.

3.3 Designation of Funds in Town Centre Community Benefit Accounts for Housing

The Housing Committee also requested that staff examine the notion that funds derived through contributions-in-lieu be specifically allocated to affordable/special needs housing development. The rationale for the proposal is that it is extremely difficult for municipalities to add to their stock of affordable housing without leverage to encourage senior levels of government to assume some of their responsibility for housing. Opportunities for developing other types of capital projects eligible under the Community Benefit Bonus Policy (such as libraries, community and recreation centres, arts centres, youth centres, and parks and park facilities) are, on the other hand, more numerous, in that such facilities are more regularly budgeted for in the City's capital budget. As well, given recent revisions to the City's policy on the use of Gaming Reserve Funds, additional opportunities to undertake capital projects related to the environment, heritage, public safety, and arts and culture are now available.

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It is staff's view that there is merit in attempting to provide equity of opportunity for acquisition of a variety of types of capital benefits, and to take "affirmative action" on behalf of those types of benefits which are not or cannot be regularly funded through municipal taxes or through other special funds. The existence of a fund designated for the development of affordable/special needs housing – or for the purchase of land for such housing – would:

- help to ensure that Burnaby is ready to take advantage of any future senior government housing programs which rely on cost-sharing or inter-governmental partnerships³;
- provide the City with the flexibility to develop an affordable/special needs housing project on its own, if Council so desired, if the total accumulated in the housing fund were sufficient, and if relevant programs were not forthcoming at the senior government level;
- enable the City to work with developers to provide larger and more viable groupings of affordable housing units (e.g., ten to twelve units) within their market residential developments⁴; and
- enable the City to continue to support the development of non-market housing to the level it has in the past.⁵

As a means of ensuring that a designated housing fund is sufficiently resourced, staff propose that, for each community benefit contribution-in-lieu channelled into a town centre account, 20% of the total contribution be designated for housing. The remaining 80% of the contribution would remain available for any of the eligible amenities outlined in the Community Benefit Bonus Policy, including housing. For administrative purposes, this likely means that each town centre account would have a sub-account for affordable/special needs housing. The figure of 20% is suggested because:

- it relates to the City's historical policy of requiring 20% of the housing units in newly developing communities in Burnaby to be affordable;

3 While senior government housing programs currently focus on senior citizens and on health-related supports to promote independent living, it is reasonable to assume that programs which focus on low-income families and single people could be re-established in future.

4 To date, housing units have been the approved community benefit in three projects, resulting in groupings of four, nine and six units of affordable or special needs housing in larger market residential developments.

5 In the past, the City has supported the development of non-market housing in a number of ways including below-market land leases, the purchase of multiple-family buildings for lease-back as co-operatives, and actual transfers of City-owned land to non-profit societies.

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- housing is one of five types of amenities (or 20%) eligible under the Community Benefit Bonus Policy (along with urban design/public realm improvements; environment; public facilities related to parks, recreation and culture; and public facilities related to social needs); and
- the remaining 80% of each contribution-in-lieu is deemed as sufficient to allow the City to save and pool funds for costly community benefits.

3.4 Summary of Proposed Contribution-in-Lieu Component

To summarize, the proposed contribution-in-lieu component of the Community Benefit Bonus Policy would consist of the following principal elements:

- the Zoning Bylaw requirements, underlying principles, and definitions of “community benefit”, “community amenity” and “affordable or special needs housing” applied to Phase 1 of the policy would also apply to the contribution-in-lieu component;
- special financial accounts for each town centre – each with a sub-account for affordable/special needs housing – would be created;
- all community benefit contributions of less than \$800,000 would automatically be channeled into the relevant town centre community benefit account as a contribution-in-lieu; and
- 20% of all community benefit contributions-in-lieu would be allocated to the housing sub-account of the relevant town centre account.

4.0 SUMMARY AND CONCLUSIONS

Phase 1 of Burnaby's Community Benefit Bonus Policy has been in operation since 1997. Since that time, eighteen developments have received increased density in return for providing community benefits worth a total value of approximately \$16.4 million. Given the steady level of interest among developers in participating in the Community Benefit Bonus Policy, and the increasing need for flexibility in matching available funds with appropriate amenities, locations and timelines, it is the opinion of staff that it is timely to add the contribution-in-lieu component of the scheme. The contribution-in-lieu component would function in a similar manner to the existing Phase 1 component. The main difference would be that rather than directly providing one or more specified community benefits in exchange for an increase in development density, the developer would provide a contribution-in-lieu, with the funds being set aside by the City for future use. To administer the funds, a special financial account, with a sub-account for affordable/special needs housing, would be established for each town centre. All community benefit contributions of less than \$800,000 would automatically be channelled to the relevant town centre account as contributions-in-lieu, and 20% of all community benefit contributions-in-lieu would be designated for housing. The decision

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to spend funds accumulated in a town centre account on a particular benefit could arise either from the Committee or Council, or from a staff recommendation.

It is recommended that the Committee request Council to:

- adopt the proposed contribution-in-lieu component of the Community Benefit Bonus Policy, as outlined in **Section 3.0** of this report; and
- authorize the Director of Finance to establish an interest-bearing account for community benefit contributions for each of Burnaby's four town centres.



J.S. Belhouse
DIRECTOR PLANNING AND BUILDING

JS/sa
Attachments (1)

cc: City Manager	City Solicitor
Director Finance	Director Parks, Recreation & Cultural Services
Director Engineering	OIC - RCMP

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APPENDIX 1

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

Purpose of Policy

The community benefit bonus policy provides a framework through which developers can achieve extra development density in return for providing a community benefit which meets the social, cultural, recreational, or environmental needs of people living and working in Burnaby.

Definition of Community Benefit

"Community Benefit" is defined as 1) a community amenity or 2) affordable or special needs housing.

1. A **community amenity** is something which enhances the desirability/livability of a property and/or the local community, and can include:
 - a) a major public open space or plaza;
 - b) public facilities, including a library, community or recreation centre, arts facility, youth centre;
 - c) space for community or non-profit groups which serve the community;
 - d) public art;
 - e) extraordinary public realm improvements including landscaping treatment and special street furniture;
 - f) improvements to parkland and other public facilities;
 - g) extraordinary environmental enhancements; and
 - h) child care facilities.
2. **affordable or special needs housing** is housing which is affordable to low or moderate income households or which has features that the private market generally does not or cannot provide, and can include:
 - a) units developed under senior government non-profit housing programs;
 - b) price controlled limited-equity market units;
 - c) units controlled or managed or owned by non-profit housing groups providing affordable housing;
 - d) guaranteed rental units; and
 - e) housing for people with special needs such as those with physical or mental disabilities, or victims of violence.