



Meeting 2008 January 7

COUNCIL REPORT

**COMMUNITY DEVELOPMENT COMMITTEE**

*HIS WORSHIP, THE MAYOR  
AND COUNCILLORS*

**SUBJECT: USE OF COMMUNITY BENEFIT BONUS HOUSING FUNDS**

**RECOMMENDATION:**

1. **THAT** Council endorse the approach for the use of Community Benefit Bonus housing funds, as outlined in Section 3.0 of this report.

**REPORT**

The Community Development Committee, at its meeting held on 2007 December 18, received and adopted the attached report seeking Council's authorization for use of funds obtained for housing purposes through the Community Benefit Bonus program.

The Community Benefit Bonus Program has become an increasingly important tool for the City to secure community amenities and affordable housing units in our town centres. It is believed that the proposals outlined herein offer a flexible and effective approach for the timely and financially responsible use of the City's bonused housing funds. In addition to helping the City to continue facilitating development of needed affordable housing in the community, the approach is fiscally prudent.

Respectfully submitted,

Councillor C. Jordan  
Chair

Councillor D. Johnston  
Vice Chair

Councillor G. Evans  
Member

Copied to:	City Manager Deputy City Manager Director Finance Director Parks, Recreation & Cultural Services City Solicitor Director Planning & Building
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**TO:** CHAIR AND MEMBERS  
COMMUNITY DEVELOPMENT COMMITTEE

**DATE:** 2007 December 13

**FROM:** DIRECTOR PLANNING AND BUILDING

**FILE:** 71000 01

*Ref: Community Benefits from  
Density Bonuses - General*

**SUBJECT: USE OF COMMUNITY BENEFIT BONUS HOUSING FUNDS**

**PURPOSE:** To outline an approach for use of funds obtained for housing purposes through the Community Benefit Bonus program.

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**RECOMMENDATION:**

1. **THAT** the Committee recommend that Council endorse the approach for the use of Community Benefit Bonus housing funds, as outlined in Section 3.0 of this report.

**REPORT**

**1.0 BACKGROUND**

The City has an established history of pursuing a range of initiatives to facilitate the development of affordable housing in Burnaby. Notwithstanding that the primary mandate for affordable housing rests with senior levels of government, the City has been able to make important contributions to protect, provide, enhance, support and encourage affordable housing in our community. The City's success in facilitating development of affordable housing is evident in the fact that Burnaby has the second highest number of non-market housing units of any municipality in Metro Vancouver.

The Community Benefit Bonus Program has become an increasingly important tool for the City to secure community amenities and affordable housing units in our town centres. With respect to affordable housing, the program has enabled the City to secure on-site units in conjunction with private developments and to accept cash-in-lieu contributions for future affordable or special needs housing development. Of the cash-in-lieu funds received, by policy, 20% are automatically assigned to an affordable housing sub account established for each Town Centre. Council also has the option of increasing the dedicated housing amount (up to 100%) on a case by case basis, or to draw on the balance of available unallocated cash-in-lieu contributions for housing or other amenity purposes.

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In order to establish a specific framework for the use and expenditure of Community Benefit housing funds, Council, at its meeting of 2007 November 05, adopted the following motion:

“THAT the Community Development Committee be requested to undertake a review of the advisability and feasibility of policies and guidelines for the expenditure of Community Benefit Bonus housing funds that would encourage and support the delivery of affordable housing across the city in partnership with, or through cost off-sets to, non-market housing providers and report back to Council with arising recommendations.”

This report responds to Council’s request. It consists of two components: a) a review of policies and guidelines with respect to the Community Benefit Bonus housing funds, and b) identification of a proposed approach for utilizing the funds to facilitate the development of additional affordable housing in Burnaby.

## **2.0 COMMUNITY BENEFIT BONUS HOUSING POLICY**

Council adopted the Community Benefit Bonus Policy in 1997. The policy has been implemented in two phases. The first phase, introduced in 1997, provided developers with an opportunity to contribute amenities or affordable housing units - either on or off site - in exchange for increased density permitted by bylaw for their projects. The second phase, introduced in 2006, involves a contribution-in-lieu option. Under this option, the City has the opportunity to accept a financial contribution from developers as an alternative to the direct provision of affordable housing or amenities.

The Burnaby Zoning Bylaw specifies the parameters of the Community Benefit Bonus program. To achieve the permitted bonus density, developments must be located in a town centre area and must be rezoned to the Comprehensive Development (CD) District. The value of the community benefit, in terms of a direct amenity or contribution-in-lieu, is to be equivalent to the increase in value of the land attributable to the increase in density.

For the contribution-in-lieu component, designated community benefit financial accounts have been established for each town centre – each with a sub account for affordable or special needs housing. By policy, the City accepts a cash contribution-in-lieu, rather than a direct amenity or housing, for all rezonings generating less than \$800,000 in bonused value. As noted, for each rezoning involving a contribution-in-lieu, the City assigns 20% of the funds generated into the designated housing sub account. As also noted, if it so chooses, Council may increase the housing share of the contribution-in-lieu funds above the 20% guideline on a case by case basis.

The Community Benefit Bonus Policy has been highly successful. Since its introduction in 1997, the policy has yielded an array of public amenities and City owned affordable

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housing units in Burnaby's four town centre areas. Examples of bonused contributions that have either been completed or committed, on and off site, include three child care centres, 19 units of affordable or special needs housing, a skateboard park, creation of enhancements to seven parks, and construction of or expansions to five City facilities (e.g., Holdom community amenity facility, Willingdon Heights Community Centre). A number of environmental and urban design enhancements have also been achieved. The cumulative estimated value of these designated bonused contributions, determined at the time of initial rezoning of the host development, is nearly \$20 million.

In addition to the directly provided housing and amenities, the City has received commitments of roughly \$8.8 million in cash contributions-in-lieu, including \$1.7 million designated for affordable housing purposes. To date, \$939,405 of the total committed funds have been received, including \$187,881 for housing.

A breakdown of the housing and general purpose contribution-in-lieu funds committed to date, by respective town centre area, is provided below:

TOWN CENTRE	GENERAL PURPOSE	HOUSING	TOTAL
Brentwood	\$4,807,701	\$1,201,925	\$6,009,626
Edmonds	\$ 416,448	\$ 104,112	\$ 520,560
Metrotown	\$1,802,768	\$ 450,692	\$2,253,460
Lougheed	\$ 0	\$ 0	\$ 0
Total Committed	\$7,026,917	\$1,756,729	\$8,783,646
Total Received	\$ 751,524	\$ 187,881	\$ 939,405

### 3.0 PROPOSED APPROACH

In its report to Council in 2006, the Community Development Committee identified several benefits and opportunities that would arise from the receipt of contribution-in-lieu funds for affordable housing. These included:

- helping to ensure that Burnaby is in a position to take advantage of any future senior government housing programs which rely on cost-sharing or inter-governmental partnerships
- providing the City with the flexibility to develop an affordable or special needs housing project on its own, if Council so desired, if the total funds accumulated in the housing account were sufficient, and if relevant programs were not forthcoming at the senior government level
- enabling 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 developments
- enabling the City to continue to support the development of non-market housing to the level it has in the past.

With the foregoing in mind, and in response to the motion at the 2007 November 05 meeting of Council, staff have developed a proposed framework for guiding City decisions regarding the use of Community Benefit Bonus funds for affordable housing purposes. The proposed framework, which builds on the established intent and the Zoning Bylaw provisions of the existing Community Benefit Bonus Policy, is put forward for the consideration of Committee and Council. Key elements are presented below.

### **3.1 Project Categories and Funding Scope**

Two broad categories of projects would be eligible for support through the allocation of Community Benefit Bonus housing funds:

- *City Initiated Projects* – These projects would be directly advanced by the City. They could be constructed either on their own stand alone City site, or in conjunction with a private housing or mixed-use development with the agreement of the property owner.

For City initiated projects, Community Benefit Bonus housing funds could be used to cover a range of costs associated with the housing development (e.g., land acquisition, architectural and consulting services, servicing, permit fees, construction).

- *Community Sponsored Projects* – These would include community based non-market rental projects being advanced by non-profit groups, with or without senior government funding support. The units would be targeted to low income families or individuals, seniors, people with disabilities, or other groups who have particular housing needs that are difficult to meet through the private market. Community sponsored projects could include stand alone developments advanced by non-profit organizations, or provision of units by a non-profit group in cooperation with a larger private development.

The intent of the bonused housing funds would be to augment the budgets of the community sponsored projects. The City's contribution could be used to support any component of a project's development costs, with the aim of enhancing the viability or overall value of the project. City funds would not be available for future operating costs.

### **3.2 Geographic Focus**

In establishing the contribution-in-lieu mechanism, the initial intention was that the funds be expended in the town centre in which a particular benefit was derived. After further consideration, it is proposed that the Community Benefit Bonus housing funds be treated

as a City-wide rather than a Town Centre-specific resource. The rationale for the change is three-fold:

- the benefits of securing and maintaining additional affordable housing accrue in all areas of the city, not just in town centres;
- it may be necessary to pool the limited available affordable housing funds in order to adequately support a viable community project in a town centre or other location; and
- viable proposals worthy of support may arise in both town centre and non-town centre locations.

The broader geographic focus would thus make the Community Benefit Bonus housing funds available for affordable housing projects in appropriate locations throughout Burnaby, allowing to City to respond to the limited opportunities that may arise in a balanced, strategic manner.

### **3.3 Funding Criteria**

Consistent with its established mandate, it is proposed that the Community Development Committee be responsible for developing recommendations for the use of Community Benefit Bonus housing funds, both for City and community initiated projects. The Committee would make recommendations to Council on projects to be supported and the amount of funding proposed to be allocated to each.

In assessing potential support for community sponsored initiatives, the Committee would consider the following criteria:

- additional benefit to be derived from City support of any particular project
- the non-profit status of the organization submitting the application for support
- nature of the proposed project and the specific community need addressed
- capabilities and experience of the non-profit applicant
- commitments and opportunities for other funding support for the project
- geographic location of proposed development and its role in facilitating a balanced distribution of affordable housing throughout Burnaby
- sound financial or business plan for the project
- current availability of deposited Community Benefit Bonus funds

The Committee would assess each application on its merits and in accordance with the foregoing criteria. There would be no established cap on the amount of available funding that could be allocated for a particular community sponsored project. In determining its recommendations regarding level of funding support, the Committee would consider the needs of the particular application in light of the current amount of funding available both in the City's bonused housing sub accounts and general purpose accounts across the four town centres.

### **3.4 Application Process**

It is expected that all affordable housing project proposals in Burnaby would need to advance through the CD rezoning process, and would be consistent with the City's adopted community plans. In conjunction with an application for rezoning, proponents of community sponsored affordable housing projects would be given an opportunity to apply for City bonusing funds to support their developments.

Specifically, in the initial report to Council on a rezoning application, Council would be advised if the applicant would be seeking bonused housing funds. Prior to advancing the suitable plan of development for the application to Public Hearing, staff would forward a report to the Community Development Committee outlining details of the proposed development and assessing its merits for funding. The Committee, in turn, would provide a recommendation to Council on whether the development should receive Community Benefit Bonus funds and, if so, the recommended amount. Council's decision regarding the allocation would be noted in the Public Hearing report for the proposed development. Disbursement of funds would follow, as outlined in section 3.5 below.

For any project currently within the rezoning process, on Council adoption of the recommendation of this report, applicants would be advised of the opportunity for consideration of an allocation of bonus funds. If the applicants wished to pursue the opportunity, a report on the matter would be prepared for Committee consideration.

### **3.5 Timing of Disbursements**

The timing of decisions regarding the allocation of bonus funding for community sponsored projects is important both for the applicant and the City. For the applicant, it is critical for gaining a clear understanding of funding available for the proposed housing development. In some cases, the decision may be a determining factor in whether or not a project will be financially viable.

For the City, the timing is important because the amount of housing funds anticipated to be collected through the Community Benefit Bonus Program is relatively modest. If committed too early, especially for projects that do not proceed, the funds would essentially be held in reserve and would not be available for other worthwhile opportunities that may arise.

As noted, it is proposed that, prior to Public Hearing, the Committee advance a recommendation to Council regarding allocation of bonused housing funds for a development. Further, to ensure that the funds are not unduly held in reserve for an unspecified period, it is proposed that applicants be given a maximum two year time limit from the time of Council approval of a funding allocation to the issuance of a Building

Permit for the development. Once a Building Permit is issued, funds would be released to the applicant.

Should a Building Permit not be issued within the two year period, the applicant would need to seek Committee and Council approval to have the funding commitment extended for a further period; otherwise the reservation of the approved allocation of funds would be cancelled.

### **3.6 Securing of Benefit**

It is essential that the City have assurances that any bonused housing fund expenditure be applied to its intended use – both in the short and longer terms. To this end, a Section 219 Covenant would be registered on title of any project receiving Community Benefit Bonus housing funds, indicating that a) the project is in receipt of the housing funds from the City and b) that the property is intended to be used for affordable housing purposes in accordance with its adopted plan of development. In addition, through a separate legal agreement, the applicant would commit to repaying the bonus housing funds received, with applicable accrued interest, if the project a) failed to advance to completion within a five year period, or b) reverted to a use other than non-market affordable housing as specified in the covenant in the future.

## **4.0 CONCLUSION**

Since its introduction in 1997, the Community Bonus Benefit Policy has proven to be a valuable tool for securing needed amenities and housing in Burnaby's town centre areas. With the introduction of the contribution-in-lieu component in 2006, the City has received commitments of roughly \$8.8 million in additional revenues from developers interested in pursuing density bonusing opportunities, with \$1.7 million of these funds earmarked for affordable housing purposes.

While lacking the mandate and resources of senior levels of government, the City has an established history of facilitating development of affordable housing in Burnaby. With the housing-related funds obtained through the Community Benefit Bonus Program, the City will be able to continue this tradition – both through projects it initiates on its own and those that are initiated by non-profit groups in the community. It is believed that the proposals outlined herein offer a flexible and effective approach for the timely and financially responsible use of the City's bonused housing funds. In addition to helping the City to continue facilitating development of needed affordable housing in the community, the approach is fiscally prudent. It contains mechanisms for ensuring that, should developments receiving City bonus funding not proceed, or should they cease being operated as affordable housing in the future, the City's contributions will be repaid.

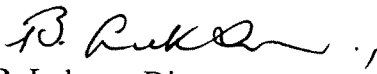


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Key elements of the proposed approach for use of the bonused housing funds are as follows:

- Two types of projects are eligible for support: City initiated and community sponsored
- The Community Development Committee will review all proposals for use of Community Benefit Bonus housing funds, providing recommendations to Council accordingly
- The funds will be available on a city-wide rather than a town centre-specific basis
- Applications for funding for community sponsored developments will be considered during the rezoning process, with commitment in principle of funding being made prior to Public Hearing and actual disbursement of funds occurring after a Building Permit has been issued for the development
- After Council has approved a funding allocation, applicants will have a two year limit from the time of Public Hearing to issuance of a Building Permit for their development; failing that, they would need to apply to Committee and Council for an extension in order to continue to be eligible for their allocation of bonused housing funds
- A Section 219 Covenant will be registered on title to ensure that properties receiving bonused housing funds continue to be used for affordable housing purposes over the longer term
- A commitment will be secured that any bonused housing funds disbursed will be repaid, with interest, if a project a) fails to advance to completion within a five year period, or b) reverts to a use other than affordable housing at a future date.

In closing, it is proposed that the Committee recommend that Council endorse the approach for use of Community Benefit Bonus housing funds to facilitate development of needed affordable housing in the community, as outlined in Section 3.0 of this report.

  
B. Luksun, Director  
PLANNING AND BUILDING

JF/jc/sa

cc: City Manager  
Deputy City Manager  
Director Finance  
Director Parks, Recreation & Cultural Services  
City Solicitor