

MINUTES OF THE REGULAR MEETING OF COUNCIL HELD IN THE COUNCIL CHAMBER, CITY HALL, 141 WEST 14th STREET, NORTH VANCOUVER, BC, ON MONDAY, JULY 22, 2013

REPORTS OF COMMITTEES, COUNCIL REPRESENTATIVES AND STAFF

9. Density Bonusing Consultant Report: Phase 2 – File: 6410-01

Report: Development Planner, Community Development,
July 17, 2013

Moved by Councillor Keating, seconded by Councillor Buchanan

PURSUANT to the report of the Development Planner, Community Development, dated July 17, 2013, entitled "Density Bonusing Consultant Report: Phase 2":

THAT the report of the consultants entitled "Review of the Density Bonus System in the City of North Vancouver" be received and filed with thanks;

THAT new standards of documentation and reporting be developed for projects that include density bonusing to aid in transparency and clarity;

THAT staff report back to Council with options for a revised Density Bonusing Policy;

AND THAT the said report detail those elements of the Density Bonusing Policy that will be dealt with in the City Shaping Official Community Plan review process.

CARRIED UNANIMOUSLY

**MINUTES OF THE REGULAR MEETING OF COUNCIL HELD IN THE
COUNCIL CHAMBER, CITY HALL, 141 WEST 14th STREET, NORTH
VANCOUVER, BC, ON MONDAY, JULY 22, 2013**

PRESENTATION

Coriolis Consulting Corp.

Re: Density Bonus Study – File: 6410-01

Jay Wollenberg and Brent Toderian, Coriolis Consulting Corp., provided a PowerPoint presentation regarding the Density Bonus Study, as follows:

- Background;
- Current City systems;
- Areas of refinement;
- Policy recommendations; and
- Procedural/technical refinements.

Jay Wollenberg and Brent Toderian then responded to questions from members of Council.



July 24, 2013

File: 6410-01

Jay Wollenberg
Principal and President
Coriolis Consulting Corp.
1505 – 1130 West Pender Street
Vancouver, BC V6E 4A4

Dear Mr. Wollenberg:

Re: *Density Bonusing Consultant Report: Phase 2*

City Council at its regular meeting of Monday, July 22, 2013 unanimously endorsed the following resolution:

“PURSUANT to the report of the Development Planner, Community Development, dated July 17, 2013, entitled "Density Bonusing Consultant Report: Phase 2":

THAT the report of the consultants entitled "Review of the Density Bonus System in the City of North Vancouver" be received and filed with thanks;

THAT new standards of documentation and reporting be developed for projects that include density bonusing to aid in transparency and clarity;

THAT staff report back to Council with options for a revised Density Bonusing Policy;

AND THAT the said report detail those elements of the Density Bonusing Policy that will be dealt with in the City Shaping Official Community Plan review process.”

On behalf of the Mayor and Council, I would like to thank you for your presentation with respect to the *Density Bonus Study*.

Please extend our thanks to Brent Toderian of Toderian Urban Works who also presented. The information and your willingness to participate in the discussion afterwards was sincerely appreciated.

Yours truly,

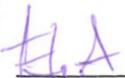
Karla Graham, CMC
City Clerk

Encl. (Electronic version of report posted on www.cnv.org/city_hall/council_meetings/council_meeting_agenda)

cc G. Penway, Director, Community Development
E. Adin, Deputy Director of Community Development
C. Purvis, Development Planner, Community Development

Document: 1073287-v1



 Dept. Manager	 Director	 for CAO
--	---	---

The Corporation of **THE CITY OF NORTH VANCOUVER**
COMMUNITY DEVELOPMENT DEPARTMENT

REPORT

To: Mayor Darrell R. Mussatto and Members of Council

From: Carl Purvis, Development Planner, Community Development

SUBJECT: DENSITY BONUSING CONSULTANT REPORT: PHASE 2

Date: July 17, 2013 File No: 6430-04-01

The following is a suggested recommendation only. Please refer to Council Minutes for adopted resolution.

RECOMMENDATION:

PURSUANT to the report of the Development Planner, dated July 17, 2013, entitled "Density Bonusing Consultant Report: Phase 2":

THAT the report of the consultants entitled "Review of the Density Bonus System in the City of North Vancouver" be received and filed with thanks;

AND THAT the information and results of this study be considered and incorporated in drafting the updated Official Community Plan;

AND THAT further related policy documents pertaining to density bonusing but existing outside of the Official Community Plan flow from the CityShaping Process as required;

AND THAT new standards of documentation and reporting be developed for projects that include density bonusing to aid in transparency and clarity;

AND THAT the funds for the discontinued City Scholars Pilot Program be redirected to support the further development of the CityShaping process, including integration of the density bonusing provisions.

ATTACHMENTS:

1. Coriolis Consulting Corp. and TODERIAN UrbanWORKS final report entitled "Review of the Density Bonus System in the City of North Vancouver – July 2013"

PURPOSE:

The purpose of this report is to provide context for the attached consultant report completed by Coriolis Consulting Corp. and Toderian UrbanWORKS regarding policy recommendations for density bonusing within the City of North Vancouver.

DISCUSSION:

Previous Council Direction

In October 2012, a Council workshop was held at which an introduction to density, density bonusing, and density transfers was provided to Mayor, Council, and members of the public. Examples of how density bonusing has been used in past development to secure community amenities were provided, as was a synopsis of how the policy has evolved over the past 30 years of its existence to its current format in Section 5.12 of the Official Community Plan (OCP).

Through the course of questions and comments in this workshop, there was a general consensus that the amenities being obtained through the process were indeed of benefit to the City and its population. However, most members of the public, including representatives of the development industry (Urban Development Institute), felt that an exploration of alternative policies would be warranted.

Council directed staff to obtain an external consultant review of the City's current density bonusing policies, as well as recommendations on potential policy amendments to address perceived concerns. The external consultants of Coriolis and Toderian UrbanWORKS presented Mayor and Council with the results of phase 1 of their report at a workshop held on June 17, 2013. This first phase provided context with regard to density bonusing practices of other Metro Vancouver Municipalities, in addition to a review of the existing City of North Vancouver policy. The second phase of this study has now been completed and the consultants have provided a single and consolidated report (attachment #1). This second phase report provides Mayor and Council with recommendations for amending the existing density bonusing policy.

Consultant Report and Recommendations

The attached consultant report provides a number of recommendations for potential changes to density bonusing policy and practices to address the previously stated concerns of Council and the community of transparency, clarity and consistency.

Three Types of Development Applications

Amenities are not only obtained by the City in cases in which densities exceed the OCP 'Schedule A' referenced densities. The consultant's report categorizes development applications into the following 3 categories:

- A. Pre-Zoned Density: The current application type in which a two-tiered system is used to incentivize developers to obtain a higher level of energy efficiency in exchange for modest increases in density consistent with the relevant zone of the Zoning Bylaw.
- B. Rezoning up to the 'Schedule A' Maximum: Applications for which a rezoning is sought involving densities beyond what is allowed with the existing zoning designation, but not higher than the Schedule A Land Use map of the OCP.
- C. Rezoning Beyond the 'Schedule A' Maximum or OCP Amendments: Applications in which amenities are provided in accordance with Section 5.12 of the OCP in exchange for densities beyond that which is indicated within the 'Schedule A' Land Use map of the OCP, or where a change to an OCP designation is being sought.

Recommendations Involving Type A and B Development Applications

While not completely within the scope of what the City of North Vancouver has traditionally considered to be density bonusing, the consultant report makes a number of recommendations to change the way amenities are obtained in the development applications described as Type A and B in the above section. Traditionally, these smaller development applications have been required to provide infrastructure upgrades in the immediate area such as, but not limited to, sidewalk extensions, traffic signals, curb realignment, tree planting, etc. (either in response to a building permit application for Type A developments, or in response to rezoning applications for Type B developments.)

In the past, the amount and value of what upgrades will be required of an applicant in these types of applications are determined on a case-by-case basis, by staff making best efforts to ensure that projects of similar sizes are responsible for similar infrastructure upgrades. In the case of Type A applications, the consultant recommends retaining the existing approach; however with Type B rezonings the consultants note that the City may be missing an opportunity to obtain further amenities given there is no

financial assessment of the value created in the rezoning, and what fair portion of that lift the City could reasonably expect in the form of public benefits and amenities.

The consultants' reports contains some interesting suggestions for these rezoning types which will require further staff analysis. While the focus of this study has been on the process of obtaining amenities on projects which exceed 'Schedule A' densities, staff will look into these recommendations further, and see if there is an opportunity to amend existing policies in an effort to provide a process that is transparent, predicable, and fair.

Recommendations Involving Type C Development Applications

Broadly speaking, the consultants are advising that one or more of the following options could be pursued:

1. Make no changes to the existing policy and process for density bonusing.
2. Retain the existing process for negotiating density bonusing amenities while amending and improving the reporting process for summarizing these assets in addition to ensuring clear and consistent language is used in their description.
3. Alter Section 5.12 of the Official Community Plan to develop guidelines, targets, and priorities surrounding the amenities that can be provided in exchange for additional density.
4. Amend the method by which the amount of amenities required for a given amount of density is measured by implementing one of the following strategies:
 - a. Determining appropriate maximum density levels through the use of context specific urban design analysis while continuing to allow the existing flexibility of negotiating amenities on a site-by-site basis.
 - b. Creating a true maximum on the amount of additional density that can be awarded to a site over and above the density listed in the 'Schedule A' Land Use Map of the Official Community Plan while implementing a new quantifiable method of assessing the value of density provided in comparison with the value of amenities received such as a flat rate fee on a per square foot of additional density basis.
 - c. Create a system which blends options 4a and 4b above wherein lower density projects pay a flat rate on a square foot of additional density basis, while larger projects that may incorporate onsite amenities remain negotiated on a case-by-case basis, but with maximum densities drawn from urban design contextual analysis.

The pros and cons of these options, as well as a more comprehensive description of how they could be implemented through policy exists in the consultants' report beginning on page 39.

If Council desires changes to the existing density bonusing policy, staff would take the summer to create a draft of this updated policy which could then be presented to Council for their consideration in the fall. Consultation with the community and other external stakeholders could then proceed in accordance with the process outlined in the below section entitled 'Relation to the Cityshaping Process'.

At a minimum, and as a first step, staff recommends that Council provide staff with direction to update and improve the reporting process for summarizing density bonusing as requested by many stakeholders.

The importance and influence that the density bonusing policy has on the built form, land values, civic infrastructure budgets, construction activity, residential and commercial tax bases, transportation planning, and numerous other areas of municipal concerns cannot be overstated. While the external consultants have provided Mayor and Council with many good ideas to consider, it is equally important for staff to assess how these ideas would impact the Official Community Plan. The CityShaping process has been engaging stakeholders for the past 2 years. Staff must now carefully consider the impact that any amendments to a new density bonusing policy would have on the built form. Following this analysis, staff will return to Council with a recommended draft policy relating to density bonusing which can be considered in conjunction with a new draft Official Community Plan.

Relation to the CityShaping Process

The current Official Community Plan authorizes the provision of additional density in exchange for amenities as listed in section 5.12. Given the inextricable relationship between land use planning and density bonusing policy, community and development stakeholders should be consulted on these issues within a single comprehensive process.

Council has already given staff direction to proceed with writing a draft of the new OCP through a resolution carried at the June 24, 2013 Council meeting. The completion of the draft OCP is anticipated to be brought before Council in the fall of 2013. Should Council direct staff to make changes to the existing density bonusing policy as well, it is recommended that staff complete a draft of the bonusing policy in parallel with the drafting of the new OCP. This step would allow the community and stakeholders to consider the relationship and impacts that amendments to both of these policies will have on one another, and to the City as a whole. This consultation would be folded into the overarching Cityshaping process, thereby ensuring coordination and consistency between these two important policy pieces.

FINANCIAL IMPLICATIONS:

Density bonusing and community amenity contributions that are obtained through virtually all development applications play a key role in updating and adding to City infrastructure without the use of City revenues. Infrastructure which is requested at the rezoning stage often includes, but is not limited to:

- sidewalk replacement or widening,
- street light upgrades,
- intersection signals and upgrades,
- underground servicing infrastructure,
- expanding park or public realm space,
- public pathways connections,
- street tree planting,
- road re-surfacing,
- Lonsdale Energy Corporation infrastructure, etc.

Without the use of amenity contributions and density bonusing, the various City departments responsible for this infrastructure would need to find alternative methods of funding the replacement and upgrade of these various assets.

Furthermore, it is possible that changes to the Density Bonusing policy could have an impact on the amount of development which takes place in the City of North Vancouver. While the consultant report notes that density bonusing should not have an impact on developer profits, the amount of time required to process development applications and negotiate community amenity contributions can have significant impacts on the carrying costs of land for a developer, thereby making the City of North Vancouver more or less attractive to the development community depending on application processing times.

Finally, the consultant's report recommends that in some cases, a financial analysis of a project's proforma could be completed to evaluate the appropriate amount of community amenity contribution that could be expected in exchange for the rezoning. This is a process that is not always done by staff in-house, and could result in the need for an additional full time employee(s) within the Lands or Planning divisions. Council should be aware that it is possible that additional processes which require further staff review could eat into the overall amount of amenity available to spend on the community.

Staff is recommending that the consultants used for this study be retained beyond their original contract to provide input on the integration of a density bonusing policy with relevant sections of an updated OCP. Funds totaling \$30,000 were previously earmarked for the purposes of the CityShaping process, however these funds are no longer required for their original intent. It is recommended that these funds be made available for this analysis.

INTER-DEPARTMENTAL IMPLICATIONS:

The Civic Projects Team endorsed this report at their July 16, 2013 meeting.

RESPECTFULLY SUBMITTED:



Carl Purvis
Development Planner

Attachments

Review of the Density Bonus System in
the City of North Vancouver:
Final Report

July 2013

Prepared for:
The City of North Vancouver

By:

coriolis 
CONSULTING CORP.


TODERIAN UrbanWORKS

Table of Contents

Executive Summary	1
1.0 Introduction.....	3
1.1 Background.....	3
1.2 Documentation	3
1.3 Professional Disclaimer.....	4
2.0 Achieving Public Benefits From Urban Development: An Overview	5
2.1 Financing the Costs of Growth	5
2.2 Direct Provision of Works or Lands	6
2.3 Development Cost Charges	6
2.4 Zoning-Based Approaches.....	7
2.4.1 Zoning for Amenities and Affordable Housing Pursuant to Section 904	8
2.4.2 Public Benefits Negotiated as Part of Site-Specific Rezoning	12
2.5 Urban Land Economics Rationale	13
3.0 City of North Vancouver’s Existing Density Bonus System	16
3.1 45 Years of North Vancouver Density Bonusing History	16
3.2 Current City of North Vancouver Policy and Practices	18
3.3 Strengths and Weaknesses of the City’s Current System	20
3.4 Analysis of Amenities/Benefits Achieved by the City in Past Projects	21
4.0 Policies and Practices in Other Municipalities.....	23
4.1 Municipalities in Metro Vancouver	23
4.2 Other Jurisdictions.....	23
4.2.1 Halifax, NS, Canada	24
4.2.2 Toronto, ON, Canada	25
4.2.3 Edmonton, AB, Canada	26
4.2.4 Seattle, USA	27
4.2.5 San Francisco, USA.....	29
4.2.6 Sydney, Australia	30
5.0 Local Development Industry Perspectives.....	32
6.0 Implications for Improving the City’s System	34
6.1 Points to Consider in Modifying the City’s Approach to Achieving Community Benefits	34
6.2 Approach to Developing Recommendations	34

7.0	Policies about Achievable Density: Maximums and Other Issues	36
7.1	Pre-zoned Density "Increases"	36
7.1.1	Overview of City's Current Approach.....	36
7.1.2	Options.....	37
7.1.3	Factors To Consider	37
7.1.4	Recommendations	37
7.2	Rezoning up to the Schedule A Maximum.....	38
7.2.1	Overview of City's Current Approach.....	38
7.2.2	Options.....	38
7.2.3	Factors to Consider.....	38
7.2.4	Recommendations	39
7.3	Rezoning Beyond the Schedule A "Maximum".....	39
7.3.1	Overview of the City's Current Approach.....	39
7.3.2	Options.....	40
7.3.3	Factors to Consider.....	41
7.3.4	Recommendations	41
8.0	Policies about Amenity Objectives and Priorities	43
8.1	Options	44
8.2	Factors to Consider.....	45
8.3	Recommendations	45
9.0	Negotiated vs. Formulaic Amenity Contributions.....	47
9.1	Factors to Consider.....	47
9.2	Recommendations	48
10.0	Quantitative Analysis	50
10.1	Approach for Site Specific Amenity Negotiations	51
10.2	Approach for Formulaic Amenity Contributions.....	52
10.3	Recommendations	53
11.0	Terminology, Communications, and Documentation.....	54
11.1	Terminology	54
11.2	Communications	55
11.3	Documentation	55
12.0	Conclusions and Next Steps	57
	Appendix 1: Summary of a Sample of Past Projects in the City	58
	Appendix 2: Overview of Practices in Other Municipalities in Metro Vancouver	60

Executive Summary

As an input to the City of North Vancouver's OCP update process ("CityShaping") and other initiatives, the City engaged Coriolis Consulting Corp. and TODERIAN UrbanWORKS to review its current approach to density bonuses and amenities and help the City develop improved policies and practices.

The City's current density bonus system has successfully achieved a wide variety of public benefits and amenities for its citizens, and helped build a more livable, sustainable, and successful city. Despite many strengths, this review of the current system has identified the following meaningful opportunities for improvement, while building on the successes, challenges, and learnings of the past:

1. *Technical/Procedural Recommendations:*

- a) Adopt specific terms related to amenities and bonus density and use them consistently throughout the City's policy documents, website, information brochures, and interactions with participants in the local process.
- b) Create new user-friendly communication tools that clearly and thoughtfully explain the City's density bonus system.
- c) Be more rigorous about consistently documenting the value of bonus density and the cost/value of amenities achieved.
- d) Adopt a standard approach (i.e. develop a template form) to documenting the amenity contributions achieved from each development project and adopt the practice of producing an annual report summarizing the amount and type (by major category) of amenity contributions achieved from development projects each year.
- e) Re-name the OCP Schedule A Maximum to Schedule A Threshold.
- f) Develop guidelines for when to use density bonus, density transfers, or floorspace exclusions.

2. *Policy Directions:*

- a) **Amenities/Public Benefits Strategy:** Consider developing a non-binding amenities/public benefits strategy that lists and prioritizes the community facilities that are needed/desired on a City-wide and/or area-specific basis; estimates the costs of these facilities; and possibly sets targets or guidelines for the allocation of amenity contributions among major categories. This strategy would be a framework for evaluating amenity contributions during a rezoning. It would outline the City's proactive initial priorities and preferences, but still allow for flexibility to make decisions about individual projects that present new or preferred opportunities.
- b) **Density Limits:** Consider setting a density cap where planning, design, context, and infrastructure capacity/constraints point to an appropriate maximum, but continue without a pre-established density cap where there is a need for flexibility or there is less certainty about the appropriate maximum supportable density.
- c) **Negotiated vs. Formulaic:**
 - (i) Consider moving toward a more formulaic approach to obtaining amenities from development projects where strategically advantageous:
 - Leave the City's existing "true" formulaic pre-zoned density bonus in place, in which there is a base permitted density and a higher permitted density that can be achieved without a rezoning if developments meet a higher energy standard than required by the BC Building Code. Consider whether there is an opportunity to incorporate additional tiers of bonus density into these zoning designations through pre-zoning (e.g. continue to allow projects to

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

go from 1.0 FSR to 2.3 FSR if the higher energy standards are met, but where higher density is determined to be supportable after a pre-zoning exercise, consider also allowing projects to go from 2.3 FSR to a higher tier of density if other defined amenity contributions are provided).

- Conduct an economic assessment to explore whether a flat rate amenity contribution is financially viable for rezonings that achieve up to (but not over) the existing Schedule A Maximum density and, if so, consider having a flat rate amenity contribution expectation for these kinds of rezonings. The flat rate may need to be set low initially (relative to the value of the development rights and density being created) because development sites may be trading close to OCP land value at present, but this could be phased in and increased over time.
 - If the new OCP sets a specific maximum density for some areas of the City (i.e. areas where planning, design, context, and infrastructure capacity and/or constraints result in the City having a reasonably clear idea of the appropriate maximum density) that is higher than the density under the existing Schedule A Maximum, consider a more formulaic approach to amenity contributions (either a flat rate amenity contribution or a zone(s) with density bonus provisions).
- (ii) Continue to negotiate voluntary community amenity contributions on a site-by-site basis for the following kinds of rezonings:
- Sites that do not have a maximum permitted density in the new OCP.
 - Sites that are considered by the City as candidates for the location of on-site amenities or that arise and present an exceptional opportunity for an on-site amenity.
 - Sites that involve heritage retention.
 - Sites that involve a change in land use.
 - Rental or affordable housing projects.
 - Projects that include a significant employment-generating land use.

Consider enhancing the City's design review process for these kinds of rezonings.

1.0 Introduction

1.1 Background

The City of North Vancouver has a policy of supporting additional urban development, through changes in land use or density, while ensuring that this development contributes to providing the amenities and affordable housing necessary for a livable and diverse community as densities increase. This policy is implemented via density bonusing to obtain amenities and community benefits, density transfers, and the negotiation of community amenities associated with rezonings.

Using these approaches, the City has achieved a wide variety of high quality amenities and community benefits, including special needs housing, waterfront walkways and piers, open space improvements, community facilities, heritage building retention/restoration, and infrastructure improvements.

While the City's approach has resulted in significant public benefits, the practice of achieving amenities in exchange for density has also raised some questions in the community. The ongoing Official Community Plan (OCP) update process ("CityShaping") and a recent high profile development approval decision have sparked discussion about several important aspects of the density/amenity tradeoff, including:

- How much additional density the City should approve.
- The priorities for new community amenities and benefits.
- The process the City uses to determine the appropriate amenity contribution and whether this process is sufficiently transparent, predictable, and fair.
- How the City determines the value of amenities it should obtain from any project.
- The advantages and disadvantages of receiving on-site amenities versus cash-in-lieu contributions to an amenity fund.

Given this discussion, and because the City is updating its OCP, the City engaged Coriolis Consulting Corp. and TODERIAN UrbanWORKS to review its current approach with regard to density bonuses and amenities, and help the City develop improved policies and practices.

1.2 Documentation

The City structured the work into two components:

- Component 1: Policy Review and Regional Comparison.
- Component 2: Recommended Policy Amendments.

We produced an interim report in June 2013 that summarized all of the background analysis and policy review work in Component 1. The interim report was circulated and presented to staff and Council. This final report incorporates the content of the interim report, presents policy options that are appropriate for the City, discusses the pros and cons of the options, and provides recommendations for the City to consider.

1.3 Professional Disclaimer

This document may contain estimates and forecasts of future growth and urban development prospects, estimates of the financial performance of possible future urban development projects, opinions regarding the likelihood of approval of development projects, and recommendations regarding development strategy or municipal policy. All such estimates, forecasts, opinions, and recommendations are based in part on forecasts and assumptions regarding population change, economic growth, policy, market conditions, development costs and other variables. The assumptions, estimates, forecasts, opinions, and recommendations are based on interpreting past trends, gauging current conditions, and making judgments about the future. As with all judgments concerning future trends and events, however, there is uncertainty and risk that conditions change or unanticipated circumstances occur such that actual events turn out differently than as anticipated in this document, which is intended to be used as a reasonable indicator of potential outcomes rather than as a precise prediction of future events.

Nothing contained in this report, express or implied, shall confer rights or remedies upon, or create any contractual relationship with, or cause of action in favor of, any third party relying upon this document.

In no event shall Coriolis Consulting Corp. or TODERIAN UrbanWORKS be liable to the City of North Vancouver or any third party for any indirect, incidental, special, or consequential damages whatsoever, including lost revenues or profits.

2.0 Achieving Public Benefits From Urban Development: An Overview

This section provides an introduction to achieving public benefits or amenities from new urban development projects, as a backdrop to the review of the City of North Vancouver's system and the review of practices in other Metro municipalities.

2.1 Financing the Costs of Growth

When municipalities accommodate new residential, commercial, and industrial development, they incur the need for new infrastructure and amenities to meet the needs of new residents and businesses and to address the impacts of new development. Municipalities experiencing strong demand for new urban development also experience upward pressure on land values and housing prices, which can lead to concerns about housing affordability.

As a result, municipalities facing strong demand for housing or employment growth and accommodating new urban development will necessarily be confronted with a variety of pressures to improve the community, mitigate the impacts of new development, and address the needs of existing and new residents, including:

- New or expanded services such as water, sewer, and drainage.
- New or improved transportation infrastructure.
- Amenities and facilities that are necessary to create attractive, livable communities such as libraries, open space, recreation facilities, emergency facilities, or daycare spaces.
- Means of addressing housing affordability, such as finding ways to encourage the provision of non-market, rental, or affordable housing.

Municipalities need a strategy to address these fiscal pressures; such a strategy must recognize that there are not many options for local government to generate capital funding. While some funds are available from provincial or federal programs, municipalities must rely mainly on property tax revenues or contributions from new urban development to pay for the costs of community-building.

There is usually strong pressure from existing residents and businesses to avoid property tax increases, particularly to pay for facilities that may be viewed by the community as meeting the needs of "new" development. It is certainly possible to cover all capital and operating costs through property tax (either out of current revenue, accumulated surpluses, or tax-supported borrowing), but in practice municipalities in BC tend to set property tax rates to cover operating costs and only a portion of their capital expenditures. For most elected municipal Councils, there is a compelling rationale to try to make new urban development pay for some of the costs of growth.

At the same time, municipalities that want to encourage development (to provide housing and to accommodate jobs) are sensitive to the criticism that imposing costs on new development can make new development non-viable. Municipalities try to find an acceptable balance: they aim to be supportive of new development and community growth while ensuring that development projects make a fair contribution to community improvement, to assure existing residents that growth is in some ways enhancing the community and that their taxes are not somehow subsidizing developers.

In BC, there are three main classes of tools that local governments can use to obtain infrastructure, amenities, or other public benefits from urban development:

- Direct provision of works or lands.
- Development Cost Charges (DCCs).
- Zoning-based means for obtaining public benefits.

2.2 Direct Provision of Works or Lands

The most direct way in which new urban development can contribute to the capital cost of growth is the provision of works. Municipalities routinely require development projects to construct or pay for works and services that are adjacent to development sites or that are directly required to serve the proposed development. The legal authority to require works and services associated with lands proposed for subdivision and/or development is found in Section 938 of the *Local Government Act*, which allows municipalities to require projects to pay for hard infrastructure that is directly attributable to the project. Typically, this tool is used to require projects to pay for upgrading adjacent streets and services or to pay for nearby improvements (e.g. pump stations, intersection upgrades).

Municipalities can require land dedication for park or road widening purposes from properties that are being subdivided. Section 941 of the *Local Government Act* enables municipalities to require the dedication of up to 5% of site area for open space, if a property is being subdivided. However, this tool is not typically applicable in an existing urban area undergoing redevelopment, which usually does not involve subdivision.

2.3 Development Cost Charges

Urban development projects impose a load on area-wide infrastructure, although usually each new project adds a small increment to total demand and does not, of itself, trigger the need for expansions or upgrades. Development cost charges (DCCs) are a means of collecting fees from projects so that these fees can be pooled to fund area-wide infrastructure improvements necessitated by growth. Sections 932 to 937 of the *Local Government Act* enable municipalities to levy charges on new development to pay for basic community infrastructure.

DCCs can only be collected for water, sewer, roads, drainage, park land acquisition, and some limited park land improvements (or for financing the costs of these items). The funds must be expended on the purpose for which they were levied and must be spent within the defined geographic area in which they were collected (which could be a whole city or areas within a city, depending on how a local government structures its DCC bylaw).

The DCC rates are set in each municipality based on analysis of future servicing requirements and detailed analysis of capacity for additional development, so that each new residential unit or increment in commercial or industrial space pays its proportionate share of overall cost.

DCCs are an important component in every community's strategy to pay for the infrastructure costs of growth. There is one major drawback to DCCs, though: they are only applicable to basic infrastructure requirements in a community. DCCs cannot be used to raise revenue for recreational facilities, cultural facilities, library, emergency service facilities (e.g. fire halls or police stations), or many other essential elements of successful community building.

It is notable in Metro that the City of Vancouver, whose authority flows from the Vancouver Charter rather than the *Local Government Act*, has a different structure for development levies. The City of Vancouver charges Development Cost Levies (DCLs) which can fund the same infrastructure as DCCs and can also fund daycare and some forms of social housing where it can be shown that new development is displacing affordable housing.

2.4 Zoning-Based Approaches

The authority of municipalities to zone land (i.e. to regulate land use and urban development) flows from the *Local Government Act*. In BC, there are two different ways in which municipalities can use their zoning authority to achieve infrastructure, amenities, or other public benefits:

- Zoning for amenities and affordable housing pursuant to Section 904 of the *Local Government Act*.
- Negotiating the provision of benefits as part of a rezoning approval.

At the start of this review of zoning-based approaches, it is useful to define some terms:

- *Amenity*. This term is used in many different ways. Defined narrowly, it is used to mean community facilities provided within a development project, such as daycare, community space, or open space. Defined broadly, it means any kind of community or public benefit that is obtained from a development project and it could include the previous examples as well as urban design objectives, affordable housing, public art, green building features, or cash-in-lieu.
- *Community Amenity Contribution*. Because the City of Vancouver is widely known to seek Community Amenity Contributions from rezoning, there is a perception in Metro that this is a technical term with a narrow definition. It is not. The term simply refers to obtaining some kind of amenity (which itself is a very broad term that can include community space, daycare, public art, affordable or rental housing, or some other public benefit) that is obtained from a development project undergoing rezoning. Note that the contribution could be in kind (i.e. literally providing a physical amenity) or cash-in-lieu (i.e. providing a cash contribution to the municipality, which uses the funds to help create an amenity). The cash-in-lieu approach is particularly suited to circumstances where many development projects are small and could not accommodate an amenity on site, but they can “pool” contributions by making cash contributions that the municipality uses to create a community amenity.

The somewhat blurred use of these terms leads to questions about the difference between “amenity”, “community amenity contribution”, and “public benefit”. It is important to acknowledge that some public benefits achieved through zoning processes will be perceived as amenities (i.e. new assets that enhance the neighbourhood or the development project) by the developer or the community, but other public benefits will not be regarded as amenities in this sense. Each type of public benefit can be evaluated in terms of its effect on the community and its role in achieving a broader public objective (such as housing affordability) and this should be kept in mind when using terms such as “amenity” or “benefit”. Fundamentally, however, we would say it is not useful to treat these as different terms as though there is a clear and universally recognized distinction. Essentially, municipalities can use zoning-based tools to achieve various community objectives pertaining to enhancing livability, meeting the needs of new residents, dealing with the impacts of new development, or achieving a broader social or environmental purpose. These objectives might include new community facilities, affordable housing, green building features, heritage asset protection, open space, or cash-in-lieu to help achieve an objective that needs contributions from a variety of sources. The most important step is to be clear about the benefits the community is trying to achieve (i.e. objectives and priorities)

and to keep in mind that not all public benefits will be viewed by some residents (and some developers) as “amenities” that have a direct positive impact on their situations.

2.4.1 Zoning for Amenities and Affordable Housing Pursuant to Section 904

Section 904 of the *Local Government Act* states that a zoning bylaw may establish different density regulations for a zone, with one density that is generally applicable in the zone and another that is available if certain conditions are met. These conditions may include conditions related to the provision of amenities and conditions related to the provision of affordable housing¹.

The use of Section 904 is often called density bonusing.

Based on the language in the *Local Government Act*, the typical form of a zone with density bonus provisions is as follows:

- The zone defines a base density that can be developed without providing any amenities or affordable housing.
- The zone also defines additional density, up to a defined maximum, that can be obtained by providing amenities or affordable housing as prescribed by the zoning bylaw.

Because the legislation states that the zone should specify the number, kind, and extent of amenity that is to be provided, the legislation could be read to imply that the amenity should be in the form of an actual physical amenity on the development site (such as public open space, daycare, social housing, or public art). However, not all development sites are good locations for physical amenities and many development sites are not large enough to physically provide an amenity that is large enough to be useful. For example, rather than have several development sites each providing very small community spaces, it might be more effective to pool the contributions from various projects to make one community centre. Similarly, if the desired amenity is a large public facility (say a library) the only viable way to achieve this from density bonusing is to pool

¹ **Zoning for amenities and affordable housing**

- 904 (1) A zoning bylaw may
- (a) establish different density regulations for a zone, one generally applicable for the zone and the other or others to apply if the applicable conditions under paragraph (b) are met, and
 - (b) establish conditions in accordance with subsection (2) that will entitle an owner to a higher density under paragraph (a).
- (2) The following are conditions that may be included under subsection (1) (b):
- (a) conditions relating to the conservation or provision of amenities, including the number, kind and extent of amenities;
 - (b) conditions relating to the provision of affordable and special needs housing, as such housing is defined in the bylaw, including the number, kind and extent of the housing;
 - (c) a condition that the owner enter into a housing agreement under section 905 before a building permit is issued in relation to property to which the condition applies.
- (3) A zoning bylaw may designate an area within a zone for affordable or special needs housing, as such housing is defined in the bylaw, if the owners of the property covered by the designation consent to the designation.

contributions from many projects. Therefore, a cash-in-lieu system is obviously useful and the legislation has been interpreted to allow this.

The Provincial government has issued clarifying guidelines regarding the use of Section 904 of the *Local Government Act*, particularly when cash-in-lieu is contemplated. These guidelines can be summarized as follows:

- The amenity should benefit the area in which the new density is located. This does not literally mean that the amenity must only benefit the local area, because there are cases in which one new amenity (e.g. a community centre) serves a large area and benefits more than just the location absorbing the new density, but it does mean there should be a reasonable connection between the additional density and the need for new amenities. This guideline does not, strictly speaking, flow from the legislation which simply refers to amenities. The concept that the amenity should benefit the area absorbing the density comes from other jurisdictions (where the legislation is different) and from a planning rationale suggesting that the amenity should at least in part be intended to address the impacts of the additional density. Some jurisdictions require that there be a nexus between the impact of the density and the amenity that is obtained, but in BC this has been less of a consideration (thus far) in part because of the language of Section 904.
- Density bonuses should not be used to fund infrastructure that could readily be funded by other means. For example, density bonuses should not be used to fund the basic community infrastructure (i.e., roads, sewers, water) than can be funded via DCCs.
- Cash-in-lieu should be used in cases in which there is a strong rationale for creating local amenities that can only practicably be created if contributions from various projects are pooled. This is particularly true where most development projects are relatively small and/or where needed community amenities are too large or expensive to be carried by a single project.

The BC legislation does not define "amenity", so local governments have applied density bonusing to obtain contributions for a wide variety of community facilities including library, community or recreation centre, public safety (e.g. fire hall), public art, daycare, and affordable housing.

The City of North Vancouver uses the concept of density bonus to approve density above the maximums in Schedule A of the Official Community Plan. Section 5.12 of the OCP states that "As an incentive to achieve public benefits or amenities, City Council may consider providing density bonuses...through a Zoning Amendment process with a Public Hearing." The OCP contemplates the possibility of providing additional density in order to achieve affordable or rental housing (Section 5.12.1), heritage conservation (Section 5.12.2), adaptable design (Section 5.12.3), community amenity space that is constructed in a private development but dedicated to public use (Section 5.12.4), or environmental objectives such as habitat protection or green building features (Section 5.12.5). A sixth density bonusing category, for employment generating uses, was added by amendment to the 2002 OCP in 2011.

The City's approach to bonus density is consistent with the *Local Government Act* in that the City rezones property to provide additional density (above the density designations in the OCP) in exchange for a defined package of public benefits. In some cases, the City's approach defines the new density and the required benefits, but does not define the base density that is achievable without providing the defined benefits. This is a little different than what might be considered the typical or "classic" approach to a zone with density bonus provisions. However, the end is the same, in that the City is providing defined new density in exchange for a defined package of benefits.

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

For density bonusing to be effective and supported in a given community or development site, the following conditions must be true:

- The identification of sites eligible for the extra density should be based on sound community and urban development planning. Presumably, density bonusing helps to implement a community planning and urban design process that identifies appropriate locations for additional density and determines appropriate increases in density or height.
- The extra density must be able to be physically and appropriately accommodated on the site.
- Developers must perceive that the extra density is marketable and financially attractive. They must have confidence that the additional units (or commercial space) can be marketed in a reasonable time, they must have the wherewithal to take on a larger project, and the extra units or space must be profitable. There are cases in which developers are not interested in the extra density, such as a case in which the extra density requires a shift from wood frame to concrete construction in a market that does not support the extra cost of concrete, a case in which the extra space will take too long to sell or lease, or a case in which the extra density triggers extraordinary costs (e.g. having to construct an entire new level of underground parking to accommodate a small increment in the number of units).
- The cost of any amenities or public benefits provided by the developer must be equal to or less than the value of the bonus density, or the developer will not view the density bonus as financially attractive.
- Typically, the use of the bonus density is at the discretion of the developer. The developer can choose to develop under the base density (without providing amenities) or develop at the higher density by providing the appropriate amenity.
- The process of determining the new density and the appropriate package of public benefits should be reasonably clear and predictable, so developers can decide if they are interested and so the community can decide if the trade-off between absorbing additional density and achieving certain benefits is reasonable.
- Redevelopment sites must trade in the market place at prices supported by the "old" or base density, so that developers can afford to pay for the benefits to be provided in exchange for the additional density. If developers build the value of the anticipated bonus density into their land acquisition cost, they will in effect be paying twice for the bonus density (once to the land seller and once to the municipality in the form of the benefits that must be provided). This is one of the key reasons that clarity and predictability are advantageous, so that the developers know what they can pay for sites.

For a density bonus zoning bylaw to be legally robust, it should pass these tests:

- The amount of additional density to be provided should be clearly defined in the density bonus bylaw at the time of bylaw consideration, particularly at public hearing.
- The public benefits being provided in exchange for the additional density should be clearly defined at the time of bylaw consideration. This means either defining the nature of the physical amenity to be provided or, if cash-in-lieu, defining the amount of the payment and the proposed general uses of the money. Essentially, an informed citizen should be able to weigh the specific pros and cons of the added density and the associated amenity contribution in deciding what stance to take regarding the proposed rezoning.
- Ideally, there should be a link between the creation of additional density and the nature of the amenity (i.e. the amenity should be part of the strategy for creating a higher density area that will need certain amenities to support the increased population or address the impacts on the existing community), although there are many instances in BC where this link is indirect at best.

While the determination of the value of the bonus density is a useful input to determining the appropriate amenity contribution, a density bonus system should not be structured to appear to simply be a "tax" on any capital gain.

There are different ways that density bonusing can be implemented. The main ways currently in use in Metro are as follows:

1. *An area is rezoned by the municipality into a zone with density bonus provisions.* As an example, suppose an existing multifamily area is already zoned multifamily residential with a maximum FSR of 1.5 and a maximum height of 3 storeys. The municipality decides that this density could be increased to say 1.8 FSR and 4 storeys, while still remaining a low-rise area with predominantly wood-frame construction. The entire area could be rezoned by the municipality into a new zone with bonus density provisions, with a base density of 1.5 FSR (with no amenity) and the potential to bonus 0.3 FSR (to a maximum of 1.8) in exchange for a cash-in-lieu contribution at a pre-set rate, to be applied to neighbourhood amenities. This approach defines the achievable maximum density and sets out the requirements for obtaining the bonus. This is a highly certain, predictable approach with no zoning risk and little uncertainty of outcomes, for the developer or the community. New Westminster uses this approach in some areas.
2. *A new zone with density bonus provisions is created, but not automatically applied to any sites.* Individual developers apply to rezone into the new zone. This zone would define the base density (with no amenity) and the available bonus density along with the approach to determining the required amenity. However, the actual determination of the amenity requirement would be made at the time of rezoning. This approach has some zoning risk (depending on how consistently applications are approved), but it does define the maximum available density in advance. It defines the approach to be used to determine the amenity contribution, although the actual contribution is determined at the time of zoning, so there is some uncertainty of outcome. Burnaby uses this approach for all of its higher density residential zones.
3. *A site-specific zone (likely CD) is created for each rezoning.* This site-specific zone defines the available density and the required amenity contribution. The density and the amenity are not necessarily consistent across different sites, as each is the outcome of a planning process, community consultation, and negotiation with a developer. In a sense, this is not the classic form of density bonusing but it achieves the same result. This approach is used by the City of North Vancouver, as well as several other municipalities in Metro.

These different approaches have different advantages and disadvantages. They vary in terms of the extent to which key development parameters (notably density and height) are defined in advance, the degree of certainty from the perspective of developers and the community, the effort required to reach agreement on the density and the amenity package, and the nature of the rezoning process.

2.4.2 Public Benefits Negotiated as Part of Site-Specific Rezoning

Other than Section 904, the *Local Government Act* does not explicitly authorize municipalities to obtain public benefits from the zoning process. However, the nature of the rezoning process in BC creates the opportunity for municipalities to obtain community benefits as part of approvals process. The use of rezoning to obtain benefits works like this:

- Municipal Councils in BC have the discretionary authority to rezone or not to rezone property. While Councils are not empowered to act contrary to their OCPs, there is not a positive obligation to implement policies in the OCP. In particular, there is no obligation to amend zoning to match OCP designations. Consequently, in their OCPs municipalities can designate areas for redevelopment and densification without immediately changing the zoning to match. Councils have an obligation to determine whether rezonings are in the community interest, which can include considering whether the proposed rezoning generates sufficient community benefit (in the broadest sense) to offset any potential negative consequences of the development (such as the need for new infrastructure or amenities or the negative impacts on the community).
- Rezoning is typically consensual, in that ultimately the applicant and the municipality reach agreement on the conditions under which the rezoning is of mutual interest.
- Rezoning typically results in potential increase in land value, as well as the enabling of a profitable development opportunity. Developers require a profit in order to justify making an investment and taking a risk in developing a project, but a development project does not have to include a gain in land value to be viable (for example, a developer can buy a property already zoned for the intended use, do the project, and make an acceptable profit).
- The creation of a lift in land value provides the economic basis for how a developer could afford to provide public benefits as part of the conditions for approving the rezoning.

This approach is very common, even in municipalities that use some form of density bonusing. This site-by-site negotiation is particularly appropriate to these kinds of rezonings:

- Sites that are changing use as well as increasing density, such as the transition from industrial to high density residential.
- Sites that have an unusual ability to deliver on-site amenities not easily captured in a standard bylaw (e.g. waterfront or heritage properties).
- Very large sites that can accommodate an array of on-site amenities.

In the City of North Vancouver, the Pier (former Versatile Shipyard) and Lonsdale Elementary rezonings are examples of this approach, in which a broad array of amenities were negotiated as part of a significant change in use (and density).

Note that this site-by-site approach to negotiating rezoning and amenities/public benefits is essentially the same as the third approach to density bonusing described in the previous section. The only difference is that the third approach to density bonusing might in some municipalities use a common template for such rezonings, rather than each one being unique.

2.5 Urban Land Economics Rationale

The reason that development projects are able, in financial terms, to provide amenities/public benefits in exchange for additional density is that the density has value. If the density has little or no value, then a developer is not able to absorb cost to obtain the density.

When a developer acquires a development site, the developer is buying land of course, but in land economics terms the developer is buying the development entitlements that go along with the land (in the form of zoning). The amount a developer is able to pay for a property is in large part a function of the type and amount of development likely to be approved and the anticipated financial performance of that development.

Exhibit 1 shows in very simple terms the financial performance of a hypothetical development project (in this case a multifamily residential development) in three different scenarios:

- The first scenario assumes the site is zoned for high density residential at FSR 2.3.
- The second scenario assumes the site is zoned for high density residential at FSR 3.0.
- The third scenario assumes the site is zoned for high density residential with an existing approved density of FSR 2.3 but with the potential to obtain bonus density of 0.7 FSR (in exchange for an amenity package) allowing a maximum total density of up to 3.0 FSR.

In all three scenarios, the site size, the assumed average selling price of individual units (measured in dollars per square foot), and the assumed construction cost (measured in dollars per square foot) are the same.

Exhibit 1: Financial Calculations for Bonus Density

	Scenario 1	Scenario 2	Scenario 3
Assumptions			
Site Size (sq.ft.)	18,000	18,000	18,000
Density	2.3 FSR	3.0 FSR	2.3 + 0.7 Bonus = 3.0 FSR
Gross Floorspace (sq.ft.)	41,400	54,000	54,000
Net Saleable Floorspace (sq.ft.)	36,018	46,980	46,980
Apartment Units	45	59	59
Calculations			
Revenue (\$650 psf)	\$23,411,700	\$30,537,000	\$30,537,000
Costs:			
Marketing/Commissions (5% of revenue)	\$1,170,585	\$1,526,850	\$1,526,850
All-in Construction Costs (\$350 psf)	\$14,490,000	\$18,900,000	\$18,900,000
Profit Allowance (13% of revenue)	\$3,043,521	\$3,969,810	\$3,969,810
Public Benefits Package	\$0	\$0	\$1,432,746
Land Value	\$4,707,594	\$6,140,340	\$4,707,594
Land Value + Public Benefits Package	\$4,707,594	\$6,140,340	\$6,140,340
Land + Benefits Package - \$ per unit	\$104,561	\$104,561	\$104,561
Land + Benefits Package - \$ psfb	\$114	\$114	\$114

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

Scenario 1 is the base case and shows how this project performs, in financial terms, at an assumed density of FSR 2.3. The developer in this case earns a typical profit (calculated as a margin of 13% of revenue) and can afford to pay about \$4.7 million for the site. This land value is expressed in dollars per unit (about \$105,000) and in terms of dollars per square foot of developable floor space (\$114).

Scenario 2 shows how the project would perform if the site is zoned to allow a higher density (FSR 3.0) without providing any amenities. The project is bigger so the total revenue from unit sales, total cost, total profit, and total land value are of course higher. However, it is important to note that the profit margin is the same (13% of revenue) and that the land value when expressed in dollars per unit or dollars per square foot buildable is the same as in Scenario 1. This site is worth more than the site in Scenario 1 because it allows a larger project (more density) but the land value is commensurate with the number of units that can be built.

Scenario 3 shows how the project would work if the site in Scenario 1 is rezoned to allow a density bonus. The project is now the same size as in Scenario 2 (i.e. FSR 3.0), so the sales revenues, development, costs, and profit are the same as in Scenario 2. However, in Scenario 3 the developer must provide public benefits to earn the additional density. This developer pays \$4.7 million for the land (as in Scenario 1) and then provides amenities or benefits that cost about \$1.4 million to obtain the bonus density. Note that the sum of the land value and the cost of the amenities is \$6.1 million, which is the same as the total land cost in Scenario 2.

These scenarios illustrate key points about density bonusing:

- The density bonus allows more units to be built because of the higher density.
- The cost of the amenities or public benefits does not change the profitability of the development (i.e. the profit is the same in Scenario 2 as in Scenario 3). The developer earns a larger profit because the larger project involves more risk.
- The provision of the amenities does not change the price of housing (the units in Scenario 3 sell for the same price as in the other Scenarios).
- The additional density creates additional land value. In Scenario 2 the extra density has increased the value of the land (because the FSR 3.0 is the outright density allowed without amenity). In Scenario 3, the value created by the extra density is converted to amenities, because the bonus is only available in exchange for the public benefits.

This structure is reasonable for all parties:

- The original land owner still retains the value of a site zoned for FSR 2.3.
- The developer has an opportunity for a larger project, with a larger profit.
- The community gains amenities.
- The municipality gains amenities or benefits that do not have to be paid for with property tax revenue.

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

Scenario 3 in Exhibit 1 assumes that 100% of the value of the extra density is converted to public amenities. This is in a sense an idealized version that assumes no extra costs or inefficiencies as a result of the density bonus system. In practice, there can be additional costs:

- If the municipal density bonus system requires the developer to initiate the rezoning, there will be application fees and consulting costs to achieve the rezoning.
- If the municipality and developer must negotiate the nature of the amenity package (rather than having this pre-established in the bylaw or a policy), then this has a cost.

For these reasons, the achievable benefit may be less than the full value of the additional density.

Sometimes an argument is made in favour of setting the amenity contribution so that it is well below the value of the density, in order to create an incentive for development. This can be useful if redevelopment is not yet financially attractive under existing zoning, so the provision of additional density is used to tip the financial balance in favour of redevelopment. However, if redevelopment is already financially attractive under existing zoning, there are some compelling reasons for trying to balance the cost of the public benefits with the value of the density:

- If the cost of benefits or amenities is higher than the value of the extra density, developers will not be interested. If the City is genuinely interested in achieving higher density, it must make sure the tradeoff (between density and amenities) is reasonable from the perspective of developers.
- If the cost of public benefits is significantly less than the value of the bonus density, there are two potential concerns. First, if the amenity expectation is very low, the City may grant considerable additional density but achieve little in terms of public benefits. Second, the gap between the cost of the amenities and the value of the bonus density will over time simply be capitalized into land values for development sites. There will be no incentive to developers, there will be upward pressure on land values. (Look at Scenario 3 in Exhibit 1 again. If in this case the cost of the public benefits is materially less than the indicated \$1.4 million, where does the difference go? The developer may want to keep it and thereby increase the profit margin, but in a competitive market with many developers seeking sites there will be a tendency to bid up the price of land. Any land lift not captured as amenity will be captured by land value).

Some legal advisers in BC suggest not adopting policy that explicitly calls for capturing 100% of land lift (although some municipalities have such policies), because of a concern that this would appear to be a tax (unlawful) on new development. They counsel using a land lift calculation as a guide, but not the only basis, for setting amenity contributions. The main rationale for using land lift as a guide is to avoid setting the requirement so high that it is not financially attractive to seek the bonus density.

It is important to understand that any municipal requirement that increases development cost (e.g. an increased DCC rate, requirement for upgrading an adjacent road) reduces the potential to achieve other amenities.

3.0 City of North Vancouver's Existing Density Bonus System

3.1 45 Years of North Vancouver Density Bonusing History

The City of North Vancouver has provided some form of density bonusing system for over 45 years, since as early as 1967 with the adoption of a new zoning bylaw for the City in that year.

In this early incarnation of the system, density bonusing was characterized as an opportunity for any property owner in medium and high-density residential zones, or in the central commercial zone. At that time, additional density was allowed in return for "desired features like taller buildings, reduced lot coverage and underground or covered parking lots" – design features that we would note are now either market preferences and thus do not need to be incentivized (taller buildings), have somewhat fallen out of favour from an urban design perspective (reduced lot coverage "tower in the park" approaches), or can be regulated rather than incentivized (underground or covered parking). Despite this, the early system was generally seen as successful in contributing to the development of the City, and in particular North Vancouver's Town Centre in its present form, with many of the City's now prominent buildings a result of such early density bonuses.

With the adoption of the 1980 Official Community Plan (OCP), the City became "somewhat more selective with density bonusing." OCP policies encouraged rezoning applications rather than the perceived "giving away" of extra development potential without requiring zoning.

In 1992 a new OCP was approved, in which for the first time there were two specific categories for "additional density provisions" or bonus density – heritage, and affordable and rental housing. Initially there was a 10% limit on affordable and rental housing, however this was removed in 1998 in the context of Council's consideration of the application for the new Legion development at 121 West 15th Street.

In the late 1990s Council amended the density bonusing provisions of the OCP to add additional categories of benefits to the original heritage and housing, with the new list of 5 including affordable and rental housing, heritage conservation, community amenities, adaptable design and environmental considerations (such as the enhancement or preservation of natural habitat, or high-efficiency "green" building designs).

While changes were being made to the City's system, there was very little direction from Provincial legislation or policy. This changed in 1997, when the Province of British Columbia published "*Density Bonusing Provisions of the Municipal Act: A Guide and Model Bylaw*." The documents explained the new density bonusing provisions included in the Provincial Municipal Act, describing density bonusing as "essentially a system of exchanges, allowing zoning requirements to vary in exchange for provision of certain amenities or housing that benefit the community". The Provincial document further noted that "for the developer the bonus system is voluntary and is an incentive rather than a compulsory requirement. Even with simple provisions, a community can secure significant public benefits without spending tax dollars or imposing fees."

In 2002, another new OCP was approved (the current OCP) and the 5 categories for density bonusing that had been added in the late 1990s were included in the new Plan. It also established the current approach for rezonings with public hearings, and the use of covenants on title for density transfers confirming that the transfer had occurred. The requirement for additional Town Hall meetings prior to the public hearing was established in 2005. A sixth density bonusing category, for employment generating uses, was added by amendment to the 2002 OCP in 2011.

In June 2003, staff prepared a report to Council entitled "density transfers – policy options". This report considered such issues as the proximity required between sites transferring density; density banks; the size of permitted transfers; third-party transfers; and tax exemptions. The report recommended flexibility in terms of proximity of transfer; assessed the strengths and weaknesses including City vulnerability of a density bank (either formal or informal); considered factors that could affect the size of permitted transfers; considered third-party transfers of density; and considered tax exemptions for heritage buildings, particularly relating to the costs of seismic upgrading.

In considering these various options, staff noted that the "limited size" of the City, and corresponding limited number of sites to take advantage of such systems, may suggest they are not needed. Staff recommended that given that the informal system in place at the time had achieved significant benefits, that no policy changes be implemented at that time.

In September 2004, Council directed staff to study the issue of density bonusing, expressing a general concern with the City's density bonusing policy. In staff's corresponding report, dated November 17, 2004, various alternative policy approaches were outlined including the elimination of density bonusing, establishing a density bonusing cap, establishing different bonuses for different amenities with a cap for each, or maintaining the status quo at that time.

In the corresponding Policy Committee meeting dated April 2005, Council decided to generally maintain the status quo for density bonusing policy, expressing recognition of the success of the system and the value it created, albeit with an enhanced engagement process (in the form of an additional Town Hall meeting) that would apply if more than a 10% density bonus is proposed.

The system established in 2005 has essentially been in place since, to present day.

In January 2013, staff prepared a report entitled "*Density Bonusing Workshop Synopsis and Steps Forward*." That report summarized the results of an October 29, 2012 workshop with the public, Mayor and Council members in attendance. In essence, this current consulting and staff process is the result of these discussions.

An Important Consideration:

It is important for the City to remember, and effectively communicate, that the achievement of well considered and well executed density, also referred to as "density done well," is in and of itself a significant support for many public goals and benefits. When well designed and combined with appropriate and supporting amenities and benefits, density significantly supports many city objectives, including reduction of per capita greenhouse gas emissions; additional affordability options; more green design results and options; more attractive choices in how to get around the city, especially by foot, bike, or transit; less pressure for low-density suburban sprawl on agricultural, environmental, and employment lands; a positive effect on public health, with a corresponding reduction in public health care system costs; and so on.

Public benefits and amenities are not a reason to do density – the public interest reasons for doing well-designed density are many, as noted above. Rather, public benefits and amenities help ensure that density is successful, supporting livability, diversity, affordability and green design.

In staff's November 17, 2004 report entitled "Density Bonusing Policy," staff considered, among other options, the option of eliminating density bonusing. Within this option, staff wrote that "Council may agree that the negatives associated with density bonus (typically extra floor area, additional units, more residents and traffic)

outweigh the positives (heritage preservation, affordable housing, adaptable housing, environmental design and development, and community amenity spaces)."

This assessment, however, is a less than accurate way of viewing the true choice of higher densities in city-building, and associated density bonusing. The additional units and extra floor space mentioned as a negative can indeed have a beneficial value in achieving many of the public interest issues noted in the previous paragraph, when they are part of "density done well." These are the reasons to consider well designed and well planned density. This is not to say that more density is always better, and in fact overbuilding relative to proper urban design considerations should be carefully avoided. It is key, though, to remember that although the resulting amenities and benefits from the density bonusing system support developments that are more livable, diverse, and designed to be environmentally responsible and accessible, they are not a reason to do density. Rather, they are part of the art and science of doing density well.

3.2 Current City of North Vancouver Policy and Practices

Having reviewed the history and evolution of the system, it is important to be clear on the current City of North Vancouver density bonusing system. Today's current system can be characterized by the following key aspects or elements:

1. The City of North Vancouver makes use almost entirely of rezoning applications for "CD" Comprehensive Development site-specific zones to increase density and achieve various public benefits and amenities.
2. Through such CD rezonings, the City uses a variety of density-affecting tools, often in combination. These include:
 - what the City generally refers to as density bonusing, where additional density is created/granted on a site over and above that which is allowed within the zoning and the OCP Schedule A "Maximum", in return for the development providing community benefit(s) as outlined in the OCP Section 5.12.
 - floor space exclusions, defined as gross floor area of a project or development that is not included in the calculation of density, especially relative to the maximums permitted in the zoning, thus effectively increasing the actual or true density on the site.
 - density transfers, defined as the transfer of permitted but unused density from one property to another property, with no corresponding increase in combined floor area across the two sites.

It is typical for applications to involve 2 or 3 of these tools in combination in a single project that may involve more than one site. The choice of tools is on a case-by-case basis and may originate either with the developer or by suggestion of City staff or Council.

3. All three of these tools are empowered by the current Official Community Plan, adopted in 2002. Section 5.12 of the OCP notes that:

"As an incentive to achieve public benefits or amenities, City Council may consider providing density bonuses, density transfers or gross floor area exclusions. Such incentives may only be approved through a Zoning Amendment process with a Public Hearing. Density transfers require a registered covenant on all affected properties confirming that the transfer has occurred."

4. Section 5.12 identifies six formal categories under which the City may consider additional density. These include (1) affordable and/or rental housing; (2) the conservation of inventoried heritage buildings; (3) adaptable design considerations for accessibility in accordance with the City's Adaptable design Guidelines Level 2 or 3; (4) community amenity space considerations for space dedicated to public use within a private development (which has been interpreted broadly to include such things as child-care

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

- spaces); (5) environmental considerations including natural habitat enhancement/preservation or high efficiency green building designs; and (6) employment generation considerations.
5. In the current system, there is both a base zoning density established in a zoning bylaw, and a higher permitted density up to the OCP Schedule A "Maximum", which can be achieved if developments meet a higher required energy standard without a rezoning. This is often referred to as the "two-tier" process. This OCP Schedule A Maximum is not a true maximum however, since in addition to this, more density beyond Schedule A can be approved by Council as per Section 5.12 of the OCP for the six identified categories of community benefits and amenities. There is no true maximum defined by either policy or zoning, as this is determined through design development considerations and negotiations during the rezoning process.
 6. For density transfers in the current system, the transfer is regulated via changes in zoning on both sites at the same time that secure the new allowed densities, as well as by covenant, with a public process that includes a Town Hall meeting and public hearing. Although limitations on density transfers to within the same neighborhood or area (even to adjacent properties) have been discussed in previous years, no such limitations have been established by Council. Thus density transfers can currently occur across the city.
 7. Density transfers appear to be used to facilitate the retention of an important on-site use, public space, natural feature or heritage building. It is unclear whether such transfers would be allowed were such a unique benefit not being achieved (i.e., if a developer simply preferred to transfer density from one site to another).
 8. Although formal or informal density banks have been discussed in previous years, no such density bank has been created. Typically, density transfers are done between properties at a single moment in time, and donors and receiver sites must coordinate in one rezoning. The City has, however, created density on city-owned lands of which very little has landed on other sites. The City occasionally plays a "matchmaker" role between donor sites and density purchasers, however this is done informally. Recently, the City also has considered additional density on a donor site without a receiver site being known in advance. Such examples, however, do not constitute even an informal "bank" in the typical use of the concept in Metro Vancouver.
 9. The current system requires the need for rezonings as the common form of development approvals, and there are currently no opportunities to increase density without a rezoning. Council is able to either accept or reject a proposal after hearing from the public, advisory committees and staff, and there is no obligation on the part of Council to approve any proposal presented to them.
 10. In identifying the public benefits and amenities achieved in a given project, there is usually some link established between the benefits that are achieved and the impacts/effects of the density that is created. This is easier with in-kind features built by the developer, and can be more difficult if cash contributions for future use is chosen. The City appears to consider the geographic proximity between the density and the benefit, the level of general or specific public access to the amenity, and the extent to which the benefit serves to "offset" the impacts, real or perceived, of the additional density.
 11. The City has been seeing some evidence of land speculation due to the density bonus system, among other things. Communication as to how the system works, and how it might and should affect assumptions related to land value, are a key and ongoing challenge.

3.3 Strengths and Weaknesses of the City's Current System

The City's current system has these strengths:

1. Although the OCP Section 5.12 allows only six categories of benefits for density tools, in fact these categories, when interpreted broadly as they have been, include most if not all benefits achieved by other cities investigated. Thus there is a great deal of flexibility in benefits achievable.
2. There are minimal limitations to the City's flexibility around the use of tools. For example, density transfers can occur across the City, and the amount of density that can be achieved is highly flexible based on development and design review (as there are no true caps or maximums). This high level of flexibility allows the supportable density level to be identified through a site and context-specific design process, including enhanced public consultation and dialogue.
3. The negotiated system of identifying the value of bonus density allows a more site-specific consideration of value created, and generally achieves greater public value and more benefits and amenities for the community than the more formulaic approaches utilized in some other cities.
4. Although negotiations can take longer than a more formulaic approach, discussions with developers suggests that the staff-led process of negotiation is generally considered reasonably timely and understandable (although step-specific concerns were raised, particularly when the applications reach Council).
5. The lack of City policy and identified priorities around preferred benefits and amenities, on a City-wide or community basis, allows applicants and staff to be creative, and identify partners and needs in the community (and corresponding partner "champions" such as housing agencies).
6. The system has generated considerable public benefit and amenities for the City and its communities, adding to the livability, civic and cultural health, diversity and affordability, heritage character, environmental performance, economic performance, all while increasing density and building the City in a positive and supportable way.

The City's current system has these weaknesses:

1. There is a sentiment among the public and developers that the current processes lack a level of transparency and certainty. This includes a lack of certainty around the extent of bonusing that is possible, a particular concern for community members. This concern tends to result in discussions around possible caps or "true maximums". It is particularly noteworthy that both citizens and developers have expressed concerns about certainty: developers, presumably in order to establish accurate land value estimations as well as timely approval processes (but without necessarily supporting caps), and citizens, presumably to better anticipate the levels of density and change the communities can expect.
2. The fact that the OCP Schedule A Maximum is not a true maximum may cause some confusion, since more density beyond Schedule A can be approved by Council as per Section 5.12 of the OCP. Referring to it as something other than a maximum may reduce confusion.
3. The reporting structure for density bonuses, transfers of density, and exclusions in project-specific staff reports can lead to confusion as to when one tool begins and another ends, contributing to a lack of clarity. There are significant differences in approach, effect, and value creation from these three differing tools, and thus clear distinction should be made between the three.
4. The use of exclusions rather than density bonusing can sometimes result in misleading or confusing communication of density in staff communications (in both the staff report, and staff communications)

because of the floorspace that is excluded. There can be a lack of clarity between "true density" (the physical density and size that will be constructed) and "bylaw density" after exclusions. This can lead to the perception of dishonest communication of density.

5. Staff reports can also lack a sufficient level of clarity around the level of "public value" being achieved through the use of various tools, for example the costs/value of all benefits achieved. Although it is understandable that proprietary information should not be provided within public documents, a significantly greater amount of quantifiable information could be provided without crossing this threshold. This would also allow the City to accumulate and analyze aggregated results on an annual basis relatively easy.
6. There is confusion among staff, the community, and developers around some terminology used, such as the difference between density bonusing and community amenity contributions (CACs).
7. There is a lack of reporting, and thus public understanding, as to the cumulative benefits to the City from density bonusing and similar techniques. The "public value" tends to be considered on a project-by-project, case-by-case case basis, rather than seeing the big picture.
8. As there are no density caps, it is particularly important that an effective review of design considerations, including the key question "how big is too big," can be undertaken with a high level of professionalism, policy guidance around design performance expectations, and public confidence. Although the City has an Advisory Design Committee, it is unclear how effective the Committee is in providing consistent, valuable advice to assist with this challenge. Also the City's lack of design review tools such as development permits may be a weakness in ensuring appropriate design considerations are fully considered.
9. It is unclear if there is a consistent and understandable method of choosing which density tool will be applied for a specific project (bonus density, exclusions, or density transfer). It is noted that there may be varying value capture between these three methods for the City in different circumstances. There are also varying pros and cons of each, affected by the site-specific conditions of a project. For example, density transfers may be most advantageous where there are heritage, scale and density sensitivities, and where additional densities are especially concerning, recognizing that although features may be preserved, additional benefits cannot be achieved as the density remains the same. For areas where additional density is either acceptable, or advantageous (i.e., in the city centre or at key transit locations), density bonusing and corresponding amenities and housing diversity may be preferred. In all cases, straight exclusions if they are sufficient to see the benefit achieved may be preferable to exclusions plus bonus density. The City might benefit from an "operating manual" that lays out when each tool would be preferred, to achieve maximum benefit for the public interest.

3.4 Analysis of Amenities/Benefits Achieved by the City in Past Projects

We reviewed the City's files on a sample of rezonings that included bonus density to see if it is possible to compare the value of the additional density that was granted with the cost or value of the amenities/public benefits that were achieved. Attachment 1 contains a summary of the information provided by the City for recent projects.

The files provided to us did not contain the working files developed during the City's discussions with the developer (e.g. analysis by the Lands division on the estimated value created by the rezoning or density bonus) and did not contain any information or reports that are considered confidential (e.g. developer proformas). City staff advise, though, that for each project staff estimated the approximate value of the land

lift and the approximate value of the amenity contributions in order to assess the public benefit value achieved through the rezoning or density bonus.

Based on this review, we make these observations:

1. In qualitative terms, the City has achieved a wide array of public benefits including various forms of affordable housing (e.g. market rental, non-market rental, price-controlled strata), community facilities (e.g. daycare, meeting space), open space (e.g. park improvements, outdoor urban spaces, waterfront spaces), public art (either actual art works or cash contributions), heritage building or feature preservation/upgrade, green building features (e.g. LEED certifications, District Energy connections and infrastructure), cash contributions for various purposes, and infrastructure (e.g. streetscape works, traffic signals, road works).
2. In almost all cases, the files that we were provided did not include an explicit estimate of the total cost of the amenity package. Some items (including off-site engineering works where applicable) were quantified in most projects but the total cost or value of the package was not included in the documents provided to us.
3. Putting a cost or value on the amenities after the fact is challenging for several reasons:
 - a. The business terms of items are not summarized. For example, if affordable housing units were provided, we do not know if they were provided (for example) for free or at cost. We do not know if the developer derives any income from the units.
 - b. The specifications or quantities for many amenities are not readily available. Examples such as preservation of a heritage building, streetscape works, road upgrades, or provision of community space cannot be quantified without dimensions, designs, or other inputs to a cost estimate.
 - c. In some cases, the City has ascribed a value to a benefit, but the basis of valuation is not clear (e.g. "green building features valued at \$990,000", "commercial space valued at \$430,000 based on opportunity cost to forego residential"). Without knowing whether some of these elements would have been included anyway or knowing how the costs were estimated, it is not possible to confirm the number.
4. In the files we were provided, there are not many cases in which the City left a record of its estimate of the value of the bonus density that was used as an input to determining the appropriate quantum of the benefits package.
5. Consequently, it is not possible to produce a complete or reliable comparison of density value to amenity cost or value with the information that we were given.
6. Notwithstanding the inability to quantify the outcomes based on the available files, on the surface it appears that the City has been successful in achieving a substantial array and "amount" of amenity. By not documenting the quantification in all cases, it is not possible to determine if the City optimized its amenity achievements (but it has achieved considerable benefits).
7. The wide variety of awarded bonus density and achieved benefits packages across projects suggests that the elements of each project were determined on a site-specific basis rather than determined within a policy framework of target densities or amenity priorities. This could be interpreted in two ways: either the City has been very nimble in finding the appropriate density and appropriate mix of community benefits on a project-by-project basis within a broad vision or plan; or there has been to some extent an ad hoc outcome that simply reflects the influences of the developer, planners, the specific community interests, and the Council priorities at the time. It is notable that there are some recurring themes in the benefits packages (e.g. affordable housing, infrastructure), suggesting City policy direction, but there is no evidence of a specific policy target (e.g. 50% of the value of benefits should be in the form of affordable housing).

4.0 Policies and Practices in Other Municipalities

4.1 Municipalities in Metro Vancouver

Attachment 2 contains a review of whether and how other local governments in Metro Vancouver seek to obtain community amenities and benefits from development. Note that municipalities in Metro Vancouver use different terminology and in some cases use the terms “density bonusing” and “community amenity contributions” in different ways, so we have tried to distill each municipality’s policies in a way that allows for ease of comparison. The key findings are as follows:

- Almost all local governments in Metro Vancouver have policies aimed at obtaining community amenities and benefits from new development.
- Some municipalities use a combination of approaches (e.g. zones with density bonus provisions, negotiated amenity contributions at rezoning, flat rate CACs) while others rely on only one approach.
- More municipalities use negotiated amenity contributions at site specific rezoning or flat rate CACs at site specific rezoning as a means of obtaining amenities and benefits than they use density bonusing along the lines anticipated by Section 904 of the *Local Government Act*.
- Municipalities appear to be increasingly using flat rate CACs over negotiated contributions where appropriate (e.g. for neighbourhoods or areas where the target maximum density and needed amenities can be defined in advance). Exhibit 2 below lists the larger municipalities in Metro and identifies those with a flat rate amenity contribution policy and/or negotiated contributions at rezoning.
- It is clear that these kinds of policies are increasingly being used by Metro Vancouver municipalities to try to capture some of the value created via rezonings to help fund the costs of growth.

Exhibit 2: Larger Municipalities in Metro with Flat Rate and/or Negotiated Amenity Contributions

Local Government	Flat rate amenity contribution	Negotiated amenity contribution
Burnaby		✓
Coquitlam	✓	✓
Langley Township	✓	
New Westminster	✓	✓
North Vancouver District	✓	✓
Port Coquitlam	✓	
Richmond	✓	
Surrey	✓	
Vancouver	✓	✓
West Vancouver	✓	✓

4.2 Other Jurisdictions

In addition to Metro Vancouver municipalities, a handful of Canadian and global cities with some experience with density bonusing were reviewed and documented via interviews. Included in this were Halifax, Toronto, and Edmonton from Canada, Seattle and San Francisco from the United States, and Sydney Australia.

4.2.1 Halifax, NS, Canada

General Description

- Density bonus program that permits increased height (and density) in exchange for provision of public benefits.
- As part of the 2009 Downtown Plan update (HRMbyDesign), a maximum height was established for each block (Maximum Post-Bonus Height) and then decreased by 30 percent (Maximum Pre-Bonus height). To qualify for the post-bonus height, the increase in floor area (above the pre-bonus height) is multiplied by \$4 per square foot to determine the minimum value of the public benefit required. No additional height (in excess of the post-bonus height) is permitted through this program. The details and provisions for this program are outlined in Halifax's Downtown Land Use Bylaw.

Locational Criteria

- Area-based: applies throughout the Downtown Plan area. Planned to be expanded to the entire regional 'Centre Plan' area (which includes peninsular Halifax and Dartmouth) as the next phase in the HRMbyDesign planning process.

Authority / Legal Challenge

- Program enabled by a previously little-used provision in Provincial legislation that allows for bonus zoning.

Negotiation or Preset Amenity

- Preset. The level of benefits is set by the \$4 per square foot requirement and the program does not allow for height/density increases greater than the post-bonus height identified in the plan. Some flexibility is allowed through design-driven variances but flexibility is not allowed beyond the provisions in the Land Use Bylaw.

Basis of Valuation

- The \$4 per square foot value was based on a study of precedents and with the intent not to discourage development. Although the value is estimated to be very low relative to the value of the increased height and density, the program is designed to evolve over time with more robust analysis and rationale planned to support higher and more appropriate future values.

Amenities Sought

- The Land Use Bylaw outlines the public benefits that qualify for the density/height bonus: (1) affordable housing (provision of units at subsidized cost); (2) heritage preservation; (3) publicly accessible amenity or open space; (4) 3 and 4 bedroom units with direct access to outdoor space; (5) subsidized rental space for arts or cultural uses; (6) public art; (7) public parking; (8) investment in transit or active transportation infrastructure; and (9) provision of exemplary sustainable building practices.
- To date, 10 projects have qualified for the bonus resulting in affordable housing units (managed by the Province), LEED achievements, and heritage preservation.

Review Process

- Review of projects is done through two streams (both required). A quantitative review is done by the Development Office to determine the increased floor area and benefit value. A qualitative review is done

by a Design Review Committee (composed of citizen-volunteers and professionals) that has decision-making authority.

- To qualify for the bonus, the developer provides a written proposal providing a description of the details and extent of the public benefit to be provided.

General Observations

- The program is designed to be simple to use and apply and to provide a qualifying public benefit within a predetermined height/density increase (detailed in the Downtown Plan). However, the current concern is that the \$4 per square foot value is too low relative to the increased development value (back of the envelope calculations estimate a value of at least \$20 per square foot could be supported) to achieve what is a long list of desired benefits. Also, there was critique that not enough research was done to set the value. As the program expands (the completion of the Centre Area Plan will greatly increase the area in which the density bonusing provision applies), additional analysis and review will be required to improve the level of amenity generated by the increased density.

4.2.2 Toronto, ON, Canada

General Description

- Density bonus program based on a project-specific negotiation involving staff, developers, and Ward Councilors.

Locational Criteria

- Project-based. Originally applied in downtown Toronto but expanded since amalgamation. Used in higher density areas (e.g., North York). Schedules of benefits for density are provided in some, but not all, plan areas.

Authority / Legal Challenge

- The Ontario Planning Act provides the authority to negotiate amenity as a planning (but not revenue) tool. A specific formula is not permitted (would be considered a tax). Must establish a reasonable planning relationship (nexus) and then determine the amount.
- There have been no court cases to date but a few Ontario Municipal Board (OMB) appeals (typically over the nexus/quantum of amenity value). The OMB has held that where the amenity agreements were "done by consent, there's no dispute". Generally, the nexus test has not applied to projects where there is agreement between parties, however the OMB has given contradictory direction on the nexus test, sometimes preferring mathematical formulas and sometimes saying "doesn't have to be an exact relationship, as long as it is in the local community". As a result, everyone tries to avoid resolution at the OMB.

Negotiation or Set Amenity

- Negotiation. An estimated range of land value increases for individual projects is determined by internal Real Estate staff based on appraised values (not proforma review). Community Planners (City staff), influenced by the Ward Councilor (some Councilors are more influential than others), determine where in the range the amenity value should be. The final determination and negotiation on the amenity provided

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

is usually done by the Ward Councilor (the Councilor can go beyond the recommended range, depending on their perceived leverage). This creates uncertainty and a lack of predictability/consistency.

Basis of Valuation

- The precise value of the amenities sought varies widely by Ward (although typically between 15% to 30% of the land lift). The amount of in-lieu funds provided is tracked, however other amenity dedications are not. Some public controversy over valuation at public hearing (not specific – more of a general concern that the community does not get enough. However, many community members choose not to ask for more amenities as they feel that if more amenities are requested then more density will be allowed).

Amenities Sought

- Housing is often sought, although typically through in-lieu funds and not actual units (developers resist mix within projects). In one Downtown Ward, 10% off the top goes to a Housing fund, but this is a Ward-specific approach developed by the local Councilor. Other amenities have included heritage preservation, rental protection, and parks.

Review Process

- Proposals are first evaluated on planning principles and policy, followed by review for amenity potential (principle is not to determine density based on amenity). However, the precise value and potential for amenity is significantly influenced by individual Ward Councilors.

General Observations

- A concern is equity and 'sharing the wealth' throughout the City between 'have' and 'have not' areas. Additional concerns about inconsistency, unpredictability.

4.2.3 Edmonton, AB, Canada

General Description

- The City has only recently been attempting to experiment with density bonusing systems, in very limited circumstances. Most areas of City have very high heights and densities permitted in city-wide planning policy and zoning initially, so there is limited potential city-wide for density bonusing. The City has not been willing to down-zone base densities, as some other cities have, in order to create a bonusing system. The system is generally "enabled" by local area redevelopment plans (ARPs), but no maximums or priorities are provided. There is flexibility for the developer on what to propose, but that can be an issue if the City does not want or need the amenity proposed.

Locational Criteria

- Generally only around transit-oriented development, on the former Airport lands, and around the downtown, where market interest in higher densities exists, and base densities are low enough to make bonusing discussions worthwhile. City recently reviewed the issue within the downtown, but found there was limited to no potential due to high base densities.

Authority / Legal Challenge

- Municipal Government Act doesn't specifically address density bonusing. Such discussions are within the context of "voluntary contributions." Area Redevelopment Plans (ARPs) may discuss the potential for density bonusing, and may suggest benefits that would be advantageous; however, legal advice has been that policy should not go further in identifying priorities, as the system must remain voluntary.

Negotiation or Set Amenity

- Negotiation, with the developer proposing amenities and benefits (often affordable housing) and in majority of cases, the developer's offer is accepted. The proposal would only be rejected if it involves a municipal asset that comes with maintenance or liability concerns for the City, or duplication of services.

Basis of Valuation

- Valuation approaches vary, usually without economic analysis. The systems are so new that consistent and predictable approaches have not yet been developed. Developer driven.

Amenities Sought

- Affordable housing (usually income-g geared housing, owned and/or run by a separate organization/non-profit) often sought or offered. Community recreation facilities have been experimented with, but long-term successes are varied/uncertain, and sometimes new facilities compete with other existing city facilities. There is no policy or direction on what is asked for or preferred by the City.

Review Process

- Benefits are offered by developers, with limited upfront City direction. Usually the developer's offer is accepted.

General Observations

- Generally the City is very new to such systems, it has limited application across the City, and fundamentally they "don't rely upon it." Limited success.

4.2.4 Seattle, USA

General Description

- Density bonus (also called incentive zoning) program that permits increased height (and density) in exchange for provision of public benefits or through the transfer of development rights.
- To qualify for increased height and density (precise values vary by area and land use type), developers may provide a cash contribution (averaging \$22 per square foot of additional density in Downtown Seattle, and set at \$27 per square foot in South Lake Union) or provide a qualifying on-site amenity. Currently, the program emphasizes the delivery of affordable housing units (either provision of units affordable at specified income levels or payment into the City's Affordable Housing Fund) as either the majority or the entirety of the targeted public amenity.

Locational Criteria

- Area and Zone-based: different bonusing provisions apply to varied development areas within the City (including Downtown, South Lake Union, South Downtown, and Highrise and Midrise Zones). Bonusable

 REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

height increases also vary. For example, in Downtown building heights can be increased from 240 to 400 feet and in South Lake Union the increase goes from 85 to 240 feet.

Authority / Legal Challenge

- State legislation enables incentives for increased density and housing affordability, which were expanded in 2006 (eliminating the need for a 'nexus' study if the primary benefit is affordable housing).

Negotiation or Preset Amenity

- Preset. Developer chooses whether to achieve higher density through Transferable Development Rights (TDR), paying in-lieu fees or providing on-site amenity. To qualify for increased density, a minimum of LEED Silver performance (with commitment to complete certification) is required (prior to 2011, LEED Silver was a bonusable amenity). The maximum allowable height/density that is bonusable, and other program requirements are set in the Land Use Code.

Basis of Valuation

- The original per square foot value of amenity contributions was determined by a nexus study (a precise determination of how the required amenity offsets/mitigates the impact of the increased density) that attempted to balance a percentage of the cost of affordable housing units with the economic viability of new development.

Amenities Sought

- The specific mix of amenities varies by district and use type, with a minimum percentage required to be dedicated to affordable housing. The following table provides a brief overview of the required mix:

Area	Use Type Proposed	Percent of Total Amenity Contribution	
		Affordable Housing	Other Amenities
Downtown	Commercial	75%	25%
	Residential	100%	--
South Lake Union	Commercial	75%	25%
	Residential	60%	40%
First Hill	Residential	60% (can be 100%)	40%

- Affordable housing in Seattle is defined as affordable (30% of income) to individuals or families at 80% of the average median income for rental or 100% of the average median income for ownership.
- Other amenities that qualify for the remainder of the contribution include public open space, landmark preservation, within-block TDRs, and public amenity features.
- Originally, the density bonuses prioritized non-housing benefits (75% other, 25% housing) and emphasized arts and cultural benefits but was redone in 2001 to emphasize affordable housing.

Review Process

- Program works through the Use Permit approval process with a covenant executed as a condition of approval.

General Observations

- In general, in-lieu or amenity contributions are not as popular as transfer of development rights (TDR prices are set by the market. In boom years, the price was around \$20 but fell to around \$10.50 post-boom - less than the cost of amenity contribution). Also, although Seattle's density bonus program was developed in a collaborative manner, 11th hour changes by Council as part of the approval process did generate some controversy.
- A concern is that density bonusing is seen as a panacea to solve affordable housing and other public objectives. However, its potential is limited and needs to be considered as part of a broader strategy for delivering affordable housing units and/or public amenities.

4.2.5 San Francisco, USA

General Description

- Area-specific development fees specific to public realm improvements, triggered by increased density/building envelope allowances.
- To qualify for increased density/building envelope, developers pay a predetermined additional impact fee ('Community Improvements Impact Fee') dedicated to public realm improvements outlined in the relevant area plan. Developers have a choice between paying an in-lieu fee or providing in-kind improvements, the value of which is then determined through negotiation with the City.
- Note that the City also has area-specific "inclusionary zoning" requiring a percentage of rental units, so this may explain why housing is less of a factor in density bonusing.

Locational Criteria

- Area-based: different bonusing provisions included in newer area/community plans (including Rincon Hill, Eastern Neighborhoods, Transit Center District). For example, Rincon Hill has a \$25 per square foot fee.

Authority / Legal Challenge

- California cities have the authority to allow density bonuses and/or charge impact fees in exchange for increased public benefits/amenities, provided that a nexus is established between the bonus/fee and the impact they are designed to offset/mitigate.

Negotiation or Preset Amenity

- No negotiation. Amenities are provided through the payment of set fees based on the entire development (not the increased increment above a base density/building envelope).
- Some negotiation is involved in determining the value of in-kind contributions. For the City, the negotiation is led by the Planning Department and the Mayor's Office of Economic Development.

Basis of Valuation

- Initially, in the Rincon Hill Plan, the fees were set internally by the Planning Department by a staff member with economic expertise and based on an assessment of how much development could bear. More recently, in the Transit Center District Plan, there was a more robust 'nexus' study which is now a precedent for future plans.

Amenities Sought

- Fees are primarily intended to provide public realm improvements (and are on-top of other fees required for housing and other benefits). Public realm improvements include: streetscape improvements, sidewalk widening, neighbourhood open space, and community centres. In the case of Rincon Hill, 50% of contributions were required to be provided within the plan area and 50% to be paid into the SOMA Community Stabilization Fund (a fund designed to provide assistance to established residents and businesses in an adjacent neighbourhood).
- The Community Improvement Impact Fee is in addition to city-wide park, school, and transit impact fees, as well as inclusionary housing requirements.

Review Process

- Rezoning or discretionary actions are not required. If a developer wants to take advantage of increased density then fees are assessed.

General Observations

- San Francisco has a very complex planning and project approval process where everyone 'takes a bite'. It is in this context that the improvement fees were debated and developed with the result being that the new fees were subject to political debate and controversy. For example, with the Rincon Hill Plan, SPUR (the SF Planning and Research Association) argued, based on their own analysis, that the fees should, and could, be higher.

4.2.6 Sydney, Australia

General Description

- City uses Voluntary Planning Agreements (VPA) to achieve public benefits from developers when land is up-zoned or when development bonuses are utilized. City also has an informal density bank tool used to preserve heritage buildings. Developers have the option to provide cash, or "work-in-kind packages" with public benefits or amenities integrated into the development. The developer has the option to choose which, however the City has to find the offering acceptable.

Locational Criteria

- Available city-wide but used predominately in large developments. The city must consider the area in question appropriate for additional density having regard to design context, and policy.

Authority / Legal Challenge

- The system stresses the voluntary nature of the contribution, as it is "by agreement" not specifically empowered in any legislation. The recently produced White Paper from the State of New South Wales, which oversees all development, proposes that although this tool is not specifically empowered in

legislation, the Act would limit its use to achieve public benefits or amenities specifically identified and outlined in policy. The City of Sydney has expressed concern about this approach as it limits flexibility for benefits achieved.

Negotiation or Set Amenity

- Negotiated without benefit of economic assessment. No preset amounts are used as it is seen to challenge the notion that such contributions are voluntary.

Basis of Valuation

- The valuation is not established by a pro forma, nor is it established on a per square foot basis. Public benefits are discussed through the process and negotiated. There is no way of quantifying the value nor establishing that a reasonable value was achieved for associated density.

Amenities Sought

- Public benefits achieved have included "public domain embellishments" (public realm improvements); parklands and sensitive environmental areas; public art; land or cash for community housing; cash or built facilities for community uses; heritage preservation; small retail tenancies to activate the street; or strategic view preservation through "air stratum" airspace titles granted to the Federal Government or City. The City also has granted a density bonus of 2 FSR where developers agree to an invited architectural competition for their building, with the City participating on the jury.

Review Process

- Within rezonings, negotiation occurs during the process, with an initial review of the zoning and proposed density on its merits within established time frames, prior to consideration of public benefits. In this way, public benefits are not seen to drive the discussion rather than proper urban design considerations.

General Observations

- Considered a very important and successful aspect of city-building in the City.

5.0 Local Development Industry Perspectives

Although stakeholder engagement was not a requested component of this exercise, it was agreed that 5 developers with experience with the density bonusing system in North Vancouver, and preferably other Metro Vancouver municipalities as well, would be canvassed for information/perspectives on the strengths and weaknesses of the current system.

In aggregate, the following observations were received from these interviews:

- Most respondents felt the City's system was "generally clear and straightforward" and did a good job of identifying supportable densities and appropriate benefits. Some felt the process was more murky than clear, with a lack of direction and focus, leading applicants to have to find their own way and interpret multiple conversations, with potential "moving goal posts." This can lead to a lack of trust in the results among the community. Most felt that political and community sensitivities regarding increased densities are perceived to be among the highest in the Region. Processes were seen as unpredictable and in some cases leading to back-tracking and significant changes, which can add significant time and cost to projects.
- In general, the system is seen as flexible and supporting of creative ideas and partnerships. The "best project" can result from that flexibility.
- In general, density caps were seen as valuable in the sense of establishing land value, but this benefit was less important than maintaining the flexibility for creative ideas and out-of-the-box approaches. There is concern that density caps would lead to land values that all assume the cap, and formulaic/identical approaches. It was noted that given topography and other factors, "no two sites are identical, so the City doesn't lend itself to formulas."
- Although most developers ask for certainty, "in the balance between certainty and flexibility, which isn't easy, we would err on the side of flexibility."
- There is confusion about the terminology and concepts of density bonusing and CACs, with different interpretations between staff, Council, and the community in North Vancouver, and different definitions being used in North Vancouver compared to other Metro Vancouver cities. Some suggested "we never did become clear on terms and ground rules."
- Two respondents noted that there is a strong economic incentive to look at transfers, since one can buy density at \$60-\$70 psf, which would have been much better off for the developer, but then their project would have had no community amenities for the City or to benefit the project. This tension should be considered/addressed, as developers want to make a "more complete project" but often have to pay more to do so. There is also a feeling that the decision to go the harder, more expensive route of integrating housing or amenities is not necessarily valued in the public dialogue or Council consideration.
- One respondent noted that with rental housing within projects, the developer was glad to build it, but the City would have been better off taking cash and building it through a separate process, rather than having rental mixed into a project. Although for many benefits the City is better off taking construction than cash, this isn't necessarily true for rental housing.
- Several noted that a benefits priority list would be valuable, although one said they preferred the flexibility that the lack of such a list provides.
- One respondent particularly noted how long the valuation process took, suggesting that after a certain time, an arbitration process should be offered. On the other hand, another respondent noted that

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

valuation processes for them have been very quick, as they “started with a good offer. If you start off with a crazy offer, the process can be much longer. If you don't nickel and dime the City, you can come up with something reasonable quickly.”

- It is unclear how/if the City values good design decisions in the process (i.e., public spaces at key corners, well designed buildings).
- Division among Council on issues such as whether the system should be used for affordable housing was noted as a concern.
- Some expressed concern about last minute offsite requirements after the primary benefits deal has been done.
- One respondent called for a set figure approach, assessed every year, to make the system quantifiable/predictable. Others did not. One noted that “a more prescribed formula, cash based, would provide more certainty for a developer, but in the negotiated approach we actually get something built for the community. There's no real sense of pride or satisfaction from writing a cheque.”

6.0 Implications for Improving the City's System

6.1 Points to Consider in Modifying the City's Approach to Achieving Community Benefits

Based on our work, there are five main points the City should consider in deciding whether (or how) to modify its approach to rezoning properties to provide additional density while achieving community benefits:

1. *Achievable Density*: Current City policy defines the base density (OCP designations) and provides for more density (bonus), but does not specify the maximum achievable. This is determined on a site-by-site basis. The advantage is that the planning and approvals process can determine the appropriate density for each project. The disadvantage is that this creates uncertainty for developers and the community and it makes it difficult to anticipate the likely total build-out (floor space, population, jobs) in a neighbourhood.
2. *Amenity Objectives and Priorities*: The City could consider whether it should adopt a more explicit policy framework regarding the kinds of amenities/public benefits it wants to achieve.
3. *Continued Site-by-Site Amenity Negotiations and Rezoning or a More Formulaic Approach*: Currently each rezoning results in a unique CD bylaw and negotiated amenity contribution. This could continue, if the City is comfortable with this level of effort.

However, there is a trend toward a more predictable framework that makes it easier for the market and the community to anticipate outcomes, while reducing overall approval times and staff resource needs. There are examples in Metro Vancouver of density bonus zoning bylaws that in some neighbourhoods define specific bonus density and prescribe fixed amenity contribution rates or at least define the specific method that will be used to determine the benefits package. In addition, there are examples of municipalities that have adopted a flat rate amenity contribution for some types of rezonings (so negotiation is not needed). These same communities also use site-by-site rezoning for projects that are large or involve changes in land use.

4. *Improved Documentation of Quantitative Analysis*: The City could adopt an improved and more consistent approach to estimating and reporting the value of bonus density and comparing it to the cost/value of amenities. This would result in a more consistent approach across projects, and may result in a global increase in the amenity outcomes.
5. *Terminology and Communication*: Regardless of whether any changes are made to the City's system, it would be helpful for the City, community, and development industry for the City to adopt terminology that is consistently used by all parties within the local processes, and broadly consistent with the terminology that is used by other municipalities in Metro Vancouver. As well, new communication tools that clearly and thoughtfully explain the system would be advantageous. It would also be useful for the City to summarize and report on amenities achieved and density-affecting tools used (i.e. density bonus zoning, floor space exclusions, and/or density transfers) in development projects each year.

6.2 Approach to Developing Recommendations

The five points that we identified in Section 6.1 above can be grouped into two broad categories:

1. *Policy questions that require political choice*. Three of the key points listed above are fundamental policy questions about density and benefit priorities that are topics that require political choice (1. Should the City define limits to bonus density or leave this open-ended? 2. Should the City adopt policies/principles

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

- around amenity/benefits priorities or leave this completely flexible? 3. Should the City continue to negotiate amenity contributions on a site-by-site basis, consider a formulaic approach to obtaining amenities, or some combination of both?).
2. *Technical/procedural aspects of the density bonus system that could be improved.* Two of the key points listed above are technical or procedural aspects of the City's density bonus system that could be improved (4. Should the City adopt an improved and more consistent approach to estimating and reporting on the value of bonus density and comparing it to the cost/value of amenities? 5. How can the City amend its definitions and communications tools to better convey its density bonus system?).

The following sections of this report (Sections 7.0 to 11.0) discuss each of the points in detail.

For the items that are policy questions that require political choice, we identify options, discuss the pros and cons of alternatives, discuss the kinds of circumstances that are most applicable to different approaches, and provide directions where appropriate, but in most cases we do not provide specific or detailed implementation recommendations (e.g., we do not recommend a specific FSR that density should be capped at and we do not recommend a specific split for how the City should allocate amenities/benefits between different categories). Such details are beyond the scope of this work program and would require varying levels of further work/analysis by staff, in some cases in the context of further steps in the OCP preparation process.

For the items that are technical/procedural improvements, we provide specific recommendations because these are policy neutral topics (e.g. we include specific suggestions regarding improving/clarifying terminology, creating materials that communicate the system better to the community and developers, and approaches to improving quantification).

7.0 Policies about Achievable Density: Maximums and Other Issues

The City of North Vancouver essentially has 3 procedural contexts or tools where "additional density" beyond an established base may be supportable under appropriate circumstances. These are:

1. Density that is achievable in pre-zoned circumstances, where a base density can be exceeded up to a maximum in the zone, if pre-determined conditions are satisfied.
2. Density achievable beyond the existing zoning, requiring a rezoning application to Council, up to but not exceeding the established Schedule A "Maximum" (using the City's current terminology) in the OCP for the lands in question, involving a Public Hearing, but not requiring a Town Hall meeting.
3. Density achievable beyond the existing zoning, requiring a rezoning application to Council, beyond the established Schedule A "Maximum" in the OCP for the lands in question, enabled by Section 5.12 of the OCP, currently with no true maximums established. These involve a Council Public Hearing, as well as a Town Hall meeting if the density exceeds the Schedule A Maximum by more than 10%. In some cases such applications also change the land use or exceed the height maximums established in the OCP, requiring an OCP amendment as well, which is processed concurrently with the re-zoning.

Each of these are considered in the following subsections, with corresponding recommendations.

7.1 Pre-zoned Density "Increases"

7.1.1 Overview of City's Current Approach

Effective January 1, 2011, the City established pre-zoned density bonus conditions where an initial base or outright permissible density can be exceeded "as-of-right", up to a maximum clearly established in the zoning, without a zone change, if specific criteria are met. It is important to note that this was implemented by reducing the maximum permitted density for these properties and allowing them to achieve the original maximum density they previously had by meeting the specific criteria to obtain the bonus density. In essence, properties that could previously achieve an "as-of-right" permitted density of 2.3 FSR were down-zoned so that they can only achieve a base density of 1.0 FSR and must meet higher energy-efficiency standards than those found in the Provincial Building Code in order to utilize the bonus density and achieve the maximum 2.3 FSR.

The City currently only utilizes this tool in the context of enhanced green building design, specifically relating to energy performance. The City refers to this program as the "Energy Efficient Buildings Initiative" which was established through the Green Buildings Zoning Amendment Bylaws 8122 and 8097.

Staff recently updated Council on the success of this program in a staff report dated April 17, 2013 entitled "*Evaluation of the City's Energy-Efficient Buildings Initiative to Date.*" This has been a successful program, resulting in 20 Part 3 buildings (institutional, commercial, mixed-use, and industrial buildings, as well as residential buildings over 4 storeys) under the BC Building Code meeting the enhanced requirements, and 129 Part 9 buildings (4 storey residential buildings or under) meeting the enhanced requirements, as of April 2013.

In addition to pre-zoned density bonus conditions, this enhanced energy efficiency requirement also applies to all rezonings.

Other cities utilize zones with density bonus provisions to achieve other kinds of amenity contributions (not just green design) without a rezoning; however, the City of North Vancouver has not done so.

7.1.2 Options

We see three options for the City to consider:

1. The City could continue with the status quo, recognizing that the green design achievement within the context of pre-zoned land is a significant accomplishment for the City.
2. The City could consider the possibility of adding other amenities or a cash-in-lieu option that could be selected by applicants in addition to or instead of the green building performance (within the maximum permitted density of 2.3 FSR including bonus density).
3. The City could consider the possibility of adding other amenities or a cash-in-lieu option that could be selected by applicants for additional tiers of bonus density (i.e. beyond the 2.3 FSR), if additional density is appropriate in the locations where the pre-zoned density bonus conditions apply.

7.1.3 Factors To Consider

It would be problematic for land development proponents (without increasing the permitted density beyond the 2.3 FSR with the bonus density) to expect projects to make an alternative amenity contribution that has a different cost than the higher energy-efficiency standards, because the land development industry and property transaction processes in the City have come to expect this requirement and factor it into land price, with no other requirements anticipated. Additional fixed-rate contribution requirements in such a pre-zoned context are anticipated to affect the viability of redevelopment opportunities, at least initially.

If the City were to add alternative options for amenity contributions instead of green design, it would be difficult to establish "comparable value." Alternative amenity contribution options would likely need to involve "cash-in-lieu" scenarios on a fixed rate basis, for predetermined amenity contributions where cash amounts are accumulated from several projects until sufficient to construct the amenity itself. The most useful examples of this in other cities is the accumulation of an affordable housing fund, or in the operation of a heritage density bank. Both of these examples often have the challenge of establishing a nexus between the density achieved and the benefits achieved. Creating competing benefits in this constrained scenario may also simply "dilute" the effectiveness of any one desired outcome.

7.1.4 Recommendations

If the City chooses to maintain the maximum density of 2.3 FSR (including the bonus) for its existing pre-zoned density bonusing, we recommend that the City maintain the status quo for this tool. Given the City's interest in maintaining a simple and timely process in pre-zoned contexts (a worthwhile interest); the relatively constrained increase in property value due to the bonus density; the circumstances under which this existing system was created relative to the previous zoning approach; the fact that land values have very likely long been set on the assumption of the maximum density allowed in the zoning; and the general success of the program relative to green design, it is recommended that the current program be maintained, and periodically reviewed to ensure the City's expectations for green design performance stay well ahead of the green

requirements established in the BC Building Code and business-as-usual building practices (recognizing that "business-as-usual" approaches vary by building use, e.g. LEED Gold buildings have become the norm/typical in office and other commercial buildings across the region).

However, if the City chooses to consider amending the zones with density bonus provisions to allow an additional tier(s) of density beyond the maximum 2.3 FSR (if additional density is appropriate in these areas), it should consider setting an additional amenity contribution expectation that is linked to the estimated increase in land value associated with the additional increase in density.

7.2 Rezoning up to the Schedule A Maximum

7.2.1 Overview of City's Current Approach

The current process involves the ability (through a rezoning process) to achieve additional density beyond that in the existing zoning but not exceeding that identified in what is currently referred to as the Schedule A Maximum in the OCP. We are advised by City staff that these applications represent approximately three quarters of all rezoning applications. While an evaluation of the amenities achieved and density granted in these kinds of applications was not in our scope of work, City staff advised that these kinds of applications generally result in minimal amenity contributions, usually in the form of general or minor infrastructure enhancements over-and-above by-law requirements, and generally do not involve pro forma analysis for the identification of the increase in property value due to the rezoning. City staff advised that these rezoning applications are seen as relatively straightforward and have not been intended or expected to yield significant amenity contributions.

7.2.2 Options

We see two options for the City to consider:

1. The City could continue with the status quo, recognizing that applicants and property owners have likely been assuming full rezoning potential up to the Schedule A Maximum density in their land value assumptions based on the City's processes up until now.
2. The City could conduct City-wide assessments (and/or area-specific assessments if applicable) of the approximate increase in property value due to the kind of rezoning(s) typically involved in such applications, and identify a flat rate amenity contribution (or series of flat rates) to be applied to the increase in permitted density in such applications. The flat rate amount could be reviewed and updated periodically. The flat rate amount could either begin immediately or in a phased-in manner in order to allow land value expectations/assumptions to adjust over time. Section 10.0 of this report provides suggestions on how the City could calculate flat rates.

7.2.3 Factors to Consider

In our view, these frequent rezonings may potentially represent a "missed opportunity" for the achievement of amenity contributions. It should be noted that we were not asked to review rezonings of this type in Component 1 of our work, so we cannot comment on the relative value created from such rezonings compared to densities achieved. Based on input from City staff, though, it appears that the City has not considered such rezonings to be a fruitful opportunity to achieve amenities and public benefits.

7.2.4 Recommendations

We recommend that the City explore the viability of a flat rate amenity contribution (to be applied to the net increase in permitted density) based on a relatively small percentage of the anticipated increase in property value due to the rezoning (if analysis suggests that there is an increase; a suggested approach to this analysis is contained in Section 10.0). Such an exploration should be empowered in the City's new OCP. The flat rate amenity contribution would help define the City's expectation for these kinds of rezonings, but it would still be a voluntary contribution that could be subject to staff discussion and consideration given other contributions that an individual project may offer to provide. For example, the City may decide to continue the practice of negotiating reasonable infrastructure improvements above usual by-law requirements in addition to this flat rate contribution.

In order to allow the market to adjust to this system expectation, it is recommended that with the approval of the new OCP, the City "telegraph" a start date, perhaps a year from the OCP approval, and with a 1 or 2-step phase-in to the total amount over 1 or 2 more years. Dates and phases would be clearly identified and promoted so they can be factored into land purchase assumptions to some degree over time. The City should also re-visit the flat rate amount periodically and adjust it as needed.

As a key step in exploring whether a flat rate amenity contribution is financially viable for rezonings up to the Schedule A Maximum, it will be necessary to conduct an economic assessment of whether there is financial "room" for projects (initially and over time with clear messaging to land purchasers) to support a flat rate amenity contribution based on property values supported at the Schedule A Maximum density relative to existing property values.

7.3 Rezonings Beyond the Schedule A "Maximum"

7.3.1 Overview of the City's Current Approach

The current process involves the ability to achieve additional density through rezoning applications that exceed the Schedule A Maximum in the Official Community Plan, empowered by Section 5.12 of the OCP regarding density bonusing. These rezonings may or may not also involve an OCP amendment to address a land use change (e.g. industrial or commercial to residential) or an increase in permitted height. Note that as discussed elsewhere in this report, the use of the term Schedule A "Maximum" is confusing in this context because it does not represent a true maximum within the common interpretation of that word, and that can lead to confusion or frustration on the part of the community. In truth, rather than a maximum, it represents a threshold above which the OCP empowers additional density but with greater consideration of amenities/public benefits and enhanced process.

This is the application type that we were asked primarily to review in Component 1 of our work, as this type results in the majority of amenities and public benefits for the City. These applications have no established density maximum in any Council policy, and may or may not involve an OCP amendment if the maximum heights established in the OCP are proposed to be exceeded or there is a change in land use. Although technically those applications that involve an OCP amendment involve a greater technical city process "on paper," practically speaking they have identical process steps given that rezoning applications and OCP amendments are generally processed concurrently.

An enhanced consultation process is required, however, in the form of a required Town Hall meeting, where

a rezoning application requests more than a 10% density increase beyond the Schedule A Maximum.

7.3.2 Options

We see four options for the City to consider:

1. The City could continue with the status quo, meaning that it would not have an established density maximum in policy and would maintain its existing requirements for rezonings beyond the Schedule A Maximum.
2. The City could continue the status quo (without an established density maximum in policy), but review, strengthen, and reinforce (where appropriate) the City's processes, capabilities and capacity around urban and architectural design review. Specifically, in this option the City could consider establishing an enhanced design review process for applications that exceed a certain density increase (e.g. 25%, or the same 10% threshold that triggers the Town Hall meeting requirement) beyond the Schedule A Maximum and/or any exceeding of the OCP height maximums. This could include a review and assessment of all existing urban design related tools, including:
 - Development Permit processes and other tools.
 - Urban design policies and guidelines.
 - Advisory bodies such as the Advisory Design Panel (ADP).
 - City staff/consultant training, experience and capabilities in the architectural and urban design review of applications with a particular emphasis on form, massing, scale, and context.

Without a density maximum in policy, the City's ability and credibility to establish and identify appropriate and successful levels of densification is critical. In essence, how the City answers the question "how big is too big" with consistency, transparency, credibility, and professionalism, determines the City's ability to operate without pre-set maximum densities. This is an urban design question first and foremost, with the answer being driven by proper planning and urban design considerations, rather than a wish to achieve more public benefits through more density.

3. The City could establish maximum densities in policy in all areas of the City, to ensure clarity in every case. These would be "true maximums" in policy, not simply another threshold above which more density can occasionally be achieved. Although it is recognized that the discretion of Council cannot be fettered by any plan, thus no maximum is ever impervious to a future Council's decision, the presumption should be that deliberate amendments to the new OCP maximum density should be rare, and not specifically enabled or anticipated by the Plan itself. The specific maximums that would need to be established should not be simply based on a percentage increase over and above the existing Schedule A Maximum, as this has the potential to be too arbitrary or "mathematical" rather than contextual. For example, in some contexts, an increase of 50% may be reasonable under the right circumstances, whereas in others anything exceeding a 10% increase could be significantly problematic. The specific maximums in various contexts would need to be established through an urban design exercise, either as part of the "CityShaping" OCP exercise, or alternatively through area-specific planning and design exercises for corridors, community scale plans, and so on. Although this maximum would be discretionary and may not be supported in every case, subject to contextual design review and other planning considerations, the challenge will be that the market will likely assume the full percentage maximum in estimating land value. It must be made very clear that the maximum is not a pre-approval, and it is possible that on a case-by-case basis the full maximum may not be permitted.

4. The City could establish a "hybrid" system combining the previous two options, where in some areas maximum densities would be established in policy as per option 3, particularly where development is expected to be more straightforward and "predictable" and where applications are intended to be less open-ended; and in other areas there would continue to be no maximum density established in the policy and the permissible density would be established through a site-specific urban design exercise in the context of a rezoning application, albeit with augmented urban design review and performance considerations as noted in option 2.

7.3.3 Factors to Consider

The key issue for consideration is whether to establish a "true" density maximum, or to continue to allow for site-specific appropriate densities to be established through a rezoning process involving design review and public engagement, with individual Council decisions. Various opinions and input into the Component 1 report discussions debated the pros and cons of a density maximum pre-established within policy. In essence, of the three streams or tools identified and evaluated in this section, two already have maximums. It is only this third stream, rezonings above the Schedule A Maximum, that currently have no established maximum. It is this stream, however, where the majority of controversy and calls for clarity arise from the public, and occasionally from applicants.

In considering whether to have a "true" density maximum, the City could explore the following factors:

1. *Urban design implications.* In considering whether the City of North Vancouver's processes have been successful without such a pre-established density maximum, it is important to consider whether the City's processes and urban design policy guidance have been sufficient to answer with skill and public/stakeholder credibility the most significant question for such a process – "how big is too big?" A review of the City's planning and design review and approvals processes, urban design policy/guidelines, or the design "successes" of previous applications, is not part of our scope of work. However, it is relevant for the City to consider urban design implications of additional density (e.g. views, shading, built form/massing) as it moves forward and this may lead to a suggested cap on maximum density and/or scale for some neighbourhoods.
2. *Capacity for growth.* The City should consider how much capacity its existing infrastructure and community facilities have to absorb growth, how much population growth is being planned, what facilities will be needed to accommodate population growth, and how the City plans to deliver these, as these may lead to a suggested cap on maximum density that can be accommodated.
3. *Desire for increased certainty.* A benefit of having a density cap is that it would provide increased certainty about redevelopment prospects to the community, developers, and neighbourhood planning processes.

7.3.4 Recommendations

We suggest that the City explore the potential for a hybrid system as referenced in option four.

As part of the "CityShaping" new OCP process, areas of the city would be identified where planning, urban design, context, infrastructure capacity and/or constraint issues result in the City having a reasonably clear idea of the appropriate density maximum – with it being unlikely that exceeding this maximum would be supported after an extensive rezoning process involving design and community engagement process. In such areas, it is best for clarity and timeliness for all parties to establish a maximum density in policy that would

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

not be exceeded. At the same time, other locations within the City would be identified where, for various reasons, there is a need or desire for greater flexibility and less initial certainty as to the appropriate density that may be supportable, particularly in the context of strong and creative design approaches that may arise during rezoning processes. In these locations, no maximum would be established in policy, and a supportable density would be identified through an enhanced design and engagement process as noted above.

As referenced previously and later in this report, we also suggest that the City re-name the term "Schedule A Maximum" to "Schedule A Threshold".

8.0 Policies about Amenity Objectives and Priorities

At present, the City seeks a wide variety of amenities and contributions, including:

1. On-site community facilities (e.g. daycare or meeting space).
2. Open space.
3. Public art.
4. Affordable housing.
5. Heritage building and feature preservation/upgrade.
6. Adaptable design considerations for accessibility.
7. Employment generation considerations.
8. Green building features.
9. Infrastructure beyond that normally associated with individual developments.
10. Cash in lieu.

Some of these items specifically address the impacts of or support population growth and densification (either at a city-wide or area/district/neighbourhood level), such as community facilities, open space, infrastructure and cash in lieu, so there is a direct nexus between the impacts/supports needed for density and the amenities obtained. Some address important broader policy objectives, but may not be considered amenities by the neighbourhood that accommodates the increased densification and population growth, such as affordable housing or green buildings. Others, such as heritage retention and public art, address specific community planning objectives and may or may not be perceived as amenities depending on location/context, perception, etc.

While there are recurring themes in the benefits packages achieved by actual projects, there is no written City policy about amenity objectives, priorities, or the target mix that should be achieved from development projects. The obvious questions are:

- What are the City's known amenity needs at present? What types of amenities does the City want/need as it grows?
- Should the City continue to seek a wide array of amenities or should it concentrate on a narrower spectrum?
- What is the right balance between amenities that deal directly with the needs or impacts of growth (e.g. community facilities) versus broader policy objectives such as heritage retention, affordable housing, or green buildings? How should the nexus between the impact of the density and the amenities obtained be weighed?
- To what extent should the financial "room" for amenity contributions be used to fund infrastructure (e.g. transportation improvements) versus other amenities, given that there is often a broader array of tools available to fund infrastructure upgrades (e.g. DCCs, funding from other levels of government)?
- Does the City want to adopt a broad policy target for the relative mix of amenities (e.g. assign percentage targets for specific amenities)?
- Is there an appropriate mix of neighbourhood-oriented versus city-wide benefits?

- How should the City balance actual on-site amenities (e.g. daycare, public art, small urban parks) with cash contributions that can be pooled to create more significant facilities (e.g. upgrading the Harry Jerome recreation complex)? How should the City consider ownership and operational responsibility options?
- How publicly "accessible" does the City want amenities to be (e.g. park space that can be used at no charge differs in terms of accessibility from, for example, an arts facility that is open for set hours and for which the public may have to pay an entrance fee. Going further, affordable housing directly serves only those who reside in such homes, and some heritage restorations may be privately owned and not accessible to the public at all)?

8.1 Options

We see three broad options for the City to consider:

1. The City could continue with the status quo, seeking amenity contributions across a broad range of categories and determining the actual type and amount of contributions on a site-by-site basis without a specific formal policy outlining the City's amenity objectives and priorities.
2. The City could seek to use all (or almost all) of its ability to obtain amenity contributions to achieve the kinds of amenities that address the impacts created and supports needed by densification and population growth (i.e. either on-site community facilities or cash-in-lieu that could be pooled to help fund significant community facilities).

Under such an approach, the City could de-emphasize the use of amenity contributions to achieve the kinds of benefits that have more of a greater public good than a tangible, direct impact on the local neighbourhood absorbing the additional density, including:

- Green building features: Many green design/building features are now voluntarily included by developers at new projects and help improve the marketability of a project. The City could set new minimum green building standards as requirements for rezonings (meeting or exceeding the requirements in its existing bonus zoning, as these are already required for rezonings) rather than considering green design as a bonus-able benefit. It should be noted that if the required green building bar is set "too high" too early (leading to significant increased construction costs for developers), this could impact the ability to obtain other amenity contributions. However, it should be made clear that the costs of such a requirement would be factored into the pro forma analysis for the project, thus "credit would be given" for the costs involved.
 - Affordable housing: The creation of new affordable housing is an important objective within any community. However, contributions toward the creation of affordable housing can be very expensive and limit the ability of a rezoning to make contributions toward other amenities that help mitigate the impact of densification and population growth on a neighbourhood. Further, affordable housing is often considered a responsibility of the Provincial Government, which has many more financial assets and tools at their disposal than local municipalities do.
 - Heritage retention/upgrade (except in unique circumstances): Heritage retention is an important policy consideration for municipalities. However, it is often expensive and limits the ability of a rezoning to make contributions toward other amenities that help mitigate the impact of densification and population growth on a neighbourhood. Other tools, such as property tax incentives and transferable density could be used to help encourage heritage retention.
3. As a middle ground, the City could continue to seek diversity in the types of amenities that it achieves, but could develop guidelines around the target mix it seeks (e.g. the City could target that a set minimum

percentage of amenity contributions must be in the form of community facilities or cash-in-lieu to be used to help fund community facilities) to help ensure that contributions toward affordable housing or heritage retention do not absorb a disproportionate share of the amenity funds. For example, the City could define guidelines for the target mix (in term of value/cost) of amenities that it wants to achieve over time (e.g., for illustrative purposes only: 40% community facilities and day care, 20% open space, 20% affordable housing, and 20% heritage or public art).

Within options 2 and 3, the City could also identify the split it wants to achieve for amenities that serve the specific neighbourhoods that are accommodating the increased density and city-wide amenities.

8.2 Factors to Consider

The main advantage of the City's current system is that it provides for a great deal of flexibility, both for City and for developers who can propose different approaches to providing amenities on a site-by-site basis. However, the status quo has two main disadvantages:

1. It does not give the community, the City, or developers clarity or certainty about the type of amenities that new development is expected to help fund.
2. It may not achieve the optimal or highest priority amenities or mix of amenities for the City or for specific neighbourhoods in the City, if amenity contributions are not being sought under an overarching policy that identifies the kinds of amenities that the City and specific neighbourhoods want or need.

Conversely, the main advantages of adopting a more proactive amenity policy that focuses much more on obtaining specific identified community facilities and/or cash-in-lieu contributions (or at least has defined guidelines for the target mix of the types of amenities) are that it would give the community, the City, and developers greater clarity about the amenities that new development is expected to help fund and better allow the City to achieve specific amenities that it needs/wants. This approach is, however, less flexible than the status quo.

8.3 Recommendations

In our view, as part of the OCP update process and/or at the community scale, the City should pursue Option 3 as outlined above (i.e. a "middle ground" approach) and develop a non-binding amenities/public benefits strategy that can be used as a framework for amenity/public benefit contributions during rezonings but retains the City's flexibility to respond to exceptional opportunities that may be present at individual sites. The amenities/public benefits strategy should:

1. Identify the list of community facilities that are needed/desired on a City-wide level (e.g., upgrading the Harry Jerome recreation complex, other new recreation facility needs, large new parks or waterfront walkways, new library or museum facilities).
2. Identify the list of community facilities that will be needed or desired in each identified planning area (e.g. neighbourhoods, districts, corridors, other defined areas) that is expected to absorb additional density and population growth, based on the expected density and capacity for new development in each area and the resulting facility needs (e.g. community parks or public spaces, daycare, community meeting rooms). Note that the City is relatively small geographically, so the City should determine whether it only makes sense to plan for needed/desired community facilities on a city-wide basis (i.e. item 1 above) or if there is benefit to also looking at needs/desires for smaller geographic areas).

3. Generally prioritize the community facilities, including the appropriate mix between amenities that serve the whole community versus amenities that mainly enhance the local neighbourhood undergoing densification. This should take into account preferences for seeking amenities that will be physically accommodated within individual (large) development projects versus created by pooling cash-in-lieu contributions from many projects in order to produce larger amenities in good locations.
4. Generally estimate the costs to create the list of identified community facilities, which (if compared to an estimate of the total potential for amenity contributions, potential revenue from other funding sources, and economic benefits over the planning horizon) will help the City determine if there is a need to use amenity contributions to primarily fund community facilities that will off-set the impacts of population growth and densification instead of other public benefits or if there is financial "room" for the City to seek other benefits.

If there is financial "room" and a continued desire to achieve other items in addition to community facilities, the amenities/public benefits strategy should identify the general or specific types of other amenities that the City wants to achieve through amenity contributions and which should be sought through other means.

Whether or not it is perceived that there is sufficient financial "room", we suggest that the City consider:

- Establishing that a maximum share (e.g. not more than 50%) of the amenity contribution achieved from an individual project be in the form of affordable housing (except in circumstances in which the project itself is an affordable housing project or purely rental building).
- Establishing or augmenting existing policies to clearly prioritize heritage assets, so that individual applications that involve heritage retention/upgrade components can be evaluated in the context of an overall strategy and list of priorities. Not every heritage building, at any cost, can and should be saved in the context of other potential benefits.
- Continuing to allow bonus density for green building design in existing pre-zoned circumstances and continue having (and consider increasing) a minimum green building standard as an expectation for rezonings, but remove green building considerations as a bonus-able benefit in rezonings that exceed the Schedule A Maximum. As noted above, the green building expectation bar should not be set "too high" (leading to significant increased construction costs for developers), because this could inadvertently impact the City's ability to obtain other amenity contributions.
- Setting targets for allocation of amenity contributions across categories.

This amenities/public benefits strategy would not be intended to be a binding list. It should be used as an important and influential starting point for amenity/public benefit considerations during rezonings, but need not be the "last word" in concluding the answer. Such individual decisions may also consider evolving priorities of Council, actual amenity achievements, changes in neighbourhood planning policy, and changes in the financial ability of rezonings to provide amenities (i.e. changes in market conditions), as well as developer and community suggestions. The strategy should also be re-visited and evolve over time. Its purpose would be to provide a guideline which the City could use to evaluate new suggestions/proposals for amenity contributions.

9.0 Negotiated vs. Formulaic Amenity Contributions

Generally, there are three different approaches that can be considered for obtaining amenity contributions from new development projects:

1. Implement zones with density bonus provisions, with a prescribed base density, a maximum bonus density and a specific formula or requirement to obtain approval for the bonus density. This is currently used by the City, with green building features required to obtain bonus density. As an alternative, some municipalities require cash contributions for bonus density.
2. Establish a flat rate amenity contribution that is expected from projects that rezone and are approved for an increase in density. This is not currently used by the City.
3. Negotiate an amenity package during rezoning. This is commonly used by the City.

Other than in the City's existing pre-zoned density bonusing (which requires green building features to achieve the bonus floorspace), the City's current approach is to negotiate amenity contributions on a project-by-project basis. This approach has resulted in significant amenities/public benefits for the City, but has timing and process capacity implications, and creates uncertainty for the City, the community, developers and land owners about the value and type of amenities and public facilities that can be expected during a rezoning.

9.1 Factors to Consider

In deciding whether to make more use of a formulaic approach to amenity contributions, the City should take into consideration the following factors:

1. Flat rate amenity contribution schedules and zones with formulaic density bonus provisions (such as the zoning designations that the City uses to achieve energy efficiency from residential projects) are predictable (i.e. they define in advance the amenity contribution expected/required to obtain extra potential density for a wide range of sites) and take less time/are less expensive to implement because there is no need for site-by-site analysis or negotiations. However, the value of the amenity contribution will only be approximately commensurate with the value of the additional density approved for any individual project, because land values vary from site-to-site and change over time but, in this approach, it is necessary to set a general value for amenity contributions that must apply to all sites in the zone. If this number is low, then this will maximize the number of projects that want to take advantage of the density bonus or rezoning but may not maximize the total potential value of amenity contributions. If the number is high, some projects will not use the system. Because of variations in land value from site to site, it is almost inevitable that the number will have to be on the low side to ensure that most eligible sites take advantage of the density opportunity. This approach requires that the amenity contribution is recalibrated periodically to reflect changing land values, if the aim is to ensure that the amenity contribution is consistent with the value of the increase in permitted density.
2. Negotiated voluntary amenity contributions on a site-by-site basis have the "reverse" advantages and disadvantages: they are more flexible; allow the community, City, and developer to ensure that the relationship between the amenity contribution and the density provided are thought out in detail for the specific site (i.e. developing a tailored package for each site makes it very easy to design a specific bundle of amenities and weigh the pros and cons of the project from all perspectives); and allow for an

analysis of the specific project at the time of development; but the site-by-site design work and negotiations between the developer and the City take time and cost money.

3. Some types of rezonings create very little increase in property value (e.g., limited increase in permitted density or a high value existing use) resulting in a relatively modest amenity contribution (even after detailed analysis and negotiation). For these types of rezonings, a small formulaic amenity contribution often makes more sense than a negotiated approach due to the time and effort associated with the negotiation process.
4. If development site land values in the community have capitalized in the value of any additional density that is achievable under the OCP (i.e. sites are trading at OCP value, not existing zoning value) then it will be challenging to obtain a significant amenity contribution as part of the rezoning process. Our understanding is that this is currently the case in the City in the context of rezonings up to the Schedule A Maximum. As City staff advised, the contributions from projects that rezone up the current OCP density limit are often modest (and have been mainly infrastructure related, not amenities).

It is important to note that rezoning of these sites may not generate a significant increase in property value if there are existing buildings at the site that generate value. It can often be the case that upzoning is required to make a site more valuable as a development site (compared to the value supported by its existing use). Therefore, there may be little room for an amenity contribution due to the high value of the existing improvements.

5. To calibrate a flat rate amenity contribution to apply to a range of potential rezonings, the maximum permitted density and mix of uses for the rezoning needs to be known in advance. Otherwise, it is not possible to determine the potential increase in property value associated with the rezoning and the maximum flat rate that projects can afford.

9.2 Recommendations

We suggest that the City consider the following approach:

1. Leave the City's existing "true" formulaic density bonus zoning in place, in which there is a base permitted density and a higher permitted density that can be achieved without a rezoning if developments meet a higher energy standard. Consider whether there is an opportunity to incorporate additional tiers of bonus density into these zoning designations. For example, continue to allow projects to go from 1.0 FSR to 2.3 FSR if the higher energy standards are met, but (where higher density is supportable) consider also allowing projects to go from 2.3 FSR to a higher tier of density if other defined amenity contributions are provided. The amenity contribution for any additional tier could be linked to the estimated increase in land value associated with the additional increase in density.
2. For sites that rezone up to the density identified in the current OCP (the Schedule A Maximum), consider introducing a flat rate amenity contribution that is based on the potential increase in property value associated with rezoning, but also reflects that development sites may be trading close to OCP land value. This likely means that the flat rate would need to be low initially (relative to the value of the development rights and density being created), but could be increased over time if development site values increase.

A flat rate approach for these sites will create certainty (for developers, land owners and the community), help continue to generate funding for amenities, create the opportunity to adjust the rate over time, and avoid the time and cost associated with amenity negotiations with developers during rezoning.

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

As an alternative, the City could also consider creating a new zone(s) with density bonus provisions for these properties with a base density that is lower than the OCP density and a formula for obtaining a specified amount of bonus density (up to the current OCP density) through an amenity contribution. However, if properties are currently trading at values that reflect OCP land value any required contribution to obtain the bonus would need to have a modest cost or it would have a significant impact on property values.

3. For sites that are identified in the new OCP for additional increased density (to a specific density) above that identified in the existing OCP Schedule A Maximum, consider two alternatives to create a more formulaic approach:
 - Establish a flat rate amenity contribution per square foot of additional permitted floorspace for projects that rezone and obtain increased permitted density.
 - Create additional zones with density bonus provisions for these sites (either for applicants to rezone into at their option or for the City to pre-zone sites into) with a formulaic density bonus provision in the zoning to achieve amenities. For example, the Lonsdale Corridor might be a location in which the City could create a new zone that provides a base density equal to what is currently permitted (without downzoning properties), a higher density that can be achieved by providing amenities (or tiers of additional density), and the specific amenity contribution to be provided for the extra tier(s) of density (e.g. by specifying a menu of specific on-site amenities to be included in projects; by specifying a cash-in-lieu payment, expressed in dollars per additional square foot of additional permitted density; or by specifying a method that will be used to determine the benefits package, such as an analysis of the increase in property value due to rezoning and target contribution stated as a percentage of the increase in value).

Under both alternatives, the amenity contribution rate could be calibrated to the anticipated increase in property values associated with the increased density (over current OCP density) to ensure that amenity contributions are financially supportable by the rezoning.

4. Continue to negotiate voluntary amenity contributions on a site-by-site basis for the following kinds of rezonings:
 - Sites that do not have a maximum permitted density in the OCP.
 - Sites that have been identified by the City as candidates for the location of an on-site amenity or that arise and present an exceptional opportunity for an on-site amenity.
 - Sites that involve heritage retention.
 - Sites that involve a change in land use (particularly from a lower value land use such as industrial or commercial to a higher value land use such as multi-family residential).
 - Rental or affordable housing projects.
 - Projects that include a significant employment-generating land use.

10.0 Quantitative Analysis

City staff advise that quantitative analysis to estimate the expected financial performance of a proposed project (i.e., proforma analysis) is used as one input to help determine the appropriate value of a negotiated amenity package during rezonings. However, staff advise that this information is treated as confidential so it is not always communicated in staff reports and records of the quantitative analysis are not always retained in an easy-to-review format.

We reviewed the City's files (excluding confidential information) on a sample of rezonings that included bonus density to see if it is possible to compare the value of the additional density that was granted with the cost or value of the amenities/public benefits that were achieved. Based on our review we found that there are not many cases in which there is a publicly available record of the estimated value of the bonus density that was calculated and used as an input to determining the appropriate quantum of the benefits package. In addition, in almost all cases, the files that were provided did not include an explicit estimate of the total cost of the amenity package. Some items were quantified in most projects but the total cost or value of the package cannot be determined based on the information that was provided to us.

The City should consider having a more consistent approach to the quantitative analysis that is used as an input to determining the appropriate value of amenity contributions and the City should improve the documentation of the analysis. The main purpose would be to:

1. Clearly provide an estimate of the increased property value associated with a rezoning application.
2. Identify (for staff, applicants, Council, and the community) the maximum amenity contribution that could be supported due to the increase in property value and compare this to the value/cost of the proposed amenity package.

Clear documentation of the analysis will make agreements about amenity contributions more transparent for developers, the community, Council, and staff.

One of the key inputs to determining the potential amenity contribution from a rezoning is the estimated increase in property value associated with the rezoning. The increase in property value represents the upper limit on the value/cost of the amenity contribution that can be expected by a municipality from the applicant. If the expected value/cost of the amenity contribution exceeds the increase in property value created by the rezoning, there is little or no financial incentive for the applicant to rezone.

We did not have access to the confidential files that contain the quantitative analysis that staff have used to evaluate past amenity contributions, so we do not know the specific steps that the City typically follows. However, the following sections outline our suggested approach for the City to consider.

To quantify the increase in property value associated with a rezoning and the implications for amenity contributions, the City will need to consider different approaches for:

1. Rezoning projects in which site specific amenity contributions are negotiated. For these projects, a specific analysis would be completed for each property to help ensure the value of the amenity contribution is tailored to each unique rezoning.

2. Projects that achieve amenities via a zone with formulaic density bonus provisions (or a flat rate amenity contribution). For these types of rezonings (or pre-zonings), the City would need to determine a formula (or flat rate contribution) that is appropriate to apply to a range of properties.

10.1 Approach for Site Specific Amenity Negotiations

For site specific negotiated amenity contributions, we suggest the following steps:

1. Estimate the value of the subject property under existing use and existing zoning (and other applicable policies). It is important to note that:
 - this is not necessarily the value paid for the site by the applicant. It is the estimated market value of the site in the absence of any opportunity for upzoning.
 - this is not necessarily the land value of the property under existing zoning. Often a property that has existing improvements (such as a low density commercial building) will have a higher value as an income-producing property than as a development site (land value) under existing zoning. The existing property value is the higher of the existing zoned land value or the value supported by the land plus the existing improvements.
2. Estimate the land value of the property that is supported by the rezoning application, less any costs associated with the rezoning (e.g., fees, consultants, carrying costs, off-site servicing) in the absence of any amenity contribution. This requires:
 - a proforma for the project to be submitted by the applicant for review by City staff (or an external consultant). Our understanding is that the City does not currently consistently require applicants to submit a proforma for the proposed project. However, this is a requirement in other municipalities in Metro and helps expedite the process.
 - a rezoning concept for the site that is sufficiently detailed to determine the total floorspace, mix of floorspace by use, height, parking, construction material (e.g. wood or concrete), net to gross saleable area and other factors that could affect the revenues and costs associated with the proposed project.
 - information about the likely cost of any servicing and infrastructure items that will be required by the City.
 - information about green building features (which could affect construction costs).

City staff (or a consultant) can use this information to estimate the land value supported by the application in the absence of any amenity contribution.
3. Compare the estimates in steps 1 and 2 to determine the increase in property value associated with the rezoning application and the implications for the potential amenity contribution. The target percentage of land lift in other municipalities in Metro range from 25% to 100%, but most are in the range of 50% to 75%. In general terms, municipalities should not expect to obtain amenity contributions worth more than about 75% of the value of the additional density, in order to leave room for the developer to have incentive to rezone (which has risks) and to recover costs associated with rezoning and property assembly. This ratio should be determined by the City in advance as part of its overall density bonus policy to provided clarity for applicants.
4. Meet with the applicant to go over the results of the analysis, address any comments or concerns raised by the applicant and make any revisions that are needed.
5. Document the financial analysis (and any associated proforma) in a concise report or memo, focusing on the main assumptions and the conclusions.

6. Negotiate with the applicant to achieve an amenity package that achieves the City's specific objectives for the site within the context of the estimated maximum amenity contribution that is supportable based on the financial analysis.
7. Document the details about the specific amenities to be provided by the applicant and the estimated value/cost of each item that is to be provided.

This analysis can either be completed by City staff or by an external consultant (or a combination). Typically, any costs associated with this analysis and negotiation process are funded by the developer (but the process is managed by the City).

10.2 Approach for Formulaic Amenity Contributions

If the City wants to establish a formulaic approach (either through a zone with density bonus provisions or a flat rate amenity contribution for certain types of rezonings), it needs to determine a flat rate contribution (or formula) that is appropriate to apply to a range of properties. Ideally, different flat rates would be set for different types rezonings. For example, properties that are anticipated to rezone from 1.5 FSR up to 2.3 FSR could have a different flat rate than properties that are anticipated to rezone from 1.5 FSR up to 2.6 FSR as these two different types of rezonings could create different increases in property value.

In this approach, it is necessary to set a general value for amenity contributions that must apply to all applicable sites. The value of the amenity contribution will only be approximately commensurate with the value of the additional density approved for any individual project, because property values vary from site-to-site. If this number is low, then this will maximize the number of projects that want to take advantage of the density bonus or rezoning but may not maximize the total potential value of amenity contributions. If the number is high, some projects will not use the system. Because of variations in property value from site to site, it is almost inevitable that the number will have to be on the low side to ensure that most eligible sites take advantage of the density opportunity. This approach requires that the amenity contribution is recalibrated periodically to reflect changing land values, if the aim is to ensure that the amenity contribution is consistent with the value of the increase in permitted density.

To determine an appropriate flat rate for a specific category of rezonings (or for a specific zone with density bonus provisions), City staff (or a consultant) should complete the following steps:

1. Identify the different categories or types of rezonings that are anticipated and determine the implications for the number of different flat rate amenity contributions required in the City.
2. For each category identified in step 1, select a series of case study sites that are broadly representative of the types of development sites anticipated to be subject to the flat rate or formulaic approach. This should focus on sites that the City considers realistic redevelopment candidates in the foreseeable future, not sites that are likely more valuable under existing use.
3. For each case study site, estimate the increase in property value that is likely to be created by the anticipated upzoning. To complete this step, it is necessary to have a clear understanding of the likely achievable density, height and mix of uses that will be permitted in the upzoning.
4. For each case study site, compare the estimated increase in property value due to the upzoning with the increase in permitted density to calculate the increase in value per square foot of increased permitted floorspace. Different sites will likely support different potential amenity contributions per square foot.

5. Compare the range of results for the different case study sites to determine the implications for the potential flat amenity contribution that could be considered. As mentioned, the flat rate will likely need to be on the low side of the range indicated by the different case study sites to ensure that most eligible sites take advantage of the density opportunity.
6. Document the analysis in a concise memo or report so that it is clear how the amenity contribution rate(s) was established.
7. Recalibrate the flat rate periodically to reflect changing land values, if the aim is to ensure that the amenity contribution is consistent with the value of the increase in permitted density.

10.3 Recommendations

The City should be more rigorous about documenting the value of bonus density and the value of amenity contributions.

11.0 Terminology, Communications, and Documentation

The City should:

- Adopt terminology that is consistently used and understood across all participants in the local process, as well as generally consistent with the terminology used in other municipalities in Metro Vancouver (given that developers and other stakeholders tend to operate in many municipalities).
- Create new user-friendly communication tools that clearly and thoughtfully explain the City's system and widely and actively promote its system to the community, the development industry, and all other stakeholders.
- Document the amenities achieved in a standard, concise format that allows City staff to easily understand what was achieved in each project and to summarize the results annually to present to Council and make available to the public.

The following sections outline our suggestions for each of these points.

11.1 Terminology

We recommend that the City define specific terms related to public benefits and bonus density and use them consistently throughout its policy documents, website, information brochure/promotional materials, and interactions with participants in the local process.

Below are some suggestions that are provided for staff discussion, and may or may not be adopted verbatim. The City should develop terminology and final definitions that are suitable for the City taking into account terminology (or needed amendments to terminology) already used in City policies and bylaws and how consistent the City wants its terminology to be with definitions used throughout Metro:

- *Public Benefit.* Although the terms "public benefits" and "amenities" are used almost interchangeably, public benefits is a broader term that includes amenities as well as other benefits that may not be considered an amenity. Thus, it is a preferred "umbrella term" for all achievements through increased density. Public Benefits would include any kind of amenity (i.e. new assets that enhance the neighbourhood or the development project, including on-site community facilities such as daycare and community meeting space, open space, as well as cash-in-lieu that generates funds that can be pooled to create off-site community facilities) or broader public benefit (i.e. benefits that achieve a broader social or environmental purpose but may or may not have a perceived direct positive impact on residents or the development project, such as affordable housing, heritage building or feature retention or upgrade, public art, green building features, infrastructure beyond that normally associated with individual developments, or employment-generating uses). This distinction is not intended to be a firm one, as it is recognized that in certain circumstances a feature such as a restored heritage building or public art piece may indeed be seen as a publicly "accessible" amenity for the community.
- *Community Amenity Contribution or CAC.* This term could be used to mean any kind of Public Benefit contribution (i.e. an amenity/public benefit as described above) that is obtained from a development project through any of the following mechanisms:
 - density bonus in a pre-zoned district.
 - a flat rate voluntary amenity contribution.

- negotiated voluntary amenity contribution.
- other means (e.g. density transfer, floor space exclusions, property tax exemptions).

Note that given the above suggestion to use the term Public Benefit as the umbrella term rather than amenities, the City may choose to use Community Benefit Contribution (CBC) instead of Community Amenity Contribution (CAC), to be more consistent with the new City language. However, this would be slightly different from the CAC language used by other municipalities in Metro.

- *Density Bonus*. This term could be used to refer to any increase in density that is obtained via a zone with density bonus provisions (pre-zoned) or through a rezoning.
- *Schedule A Threshold*. We recommend changing the term "Schedule A Maximum" in the OCP to "Schedule A Threshold" as it currently does not represent a true maximum within the common interpretation of that word, and that can lead to confusion or frustration on the part of the community. In truth, rather than a maximum, it represents a threshold above which the OCP empowers additional density but with greater consideration of public benefits and enhanced process.

In any case, we also suggest that the City stop using the term Community Amenity Contribution or CAC to refer to infrastructure improvements (i.e. on-site or off-site servicing) obtained from development projects during a rezoning, because many municipalities in Metro use CAC to refer to amenity contributions obtained via rezoning so the City's different use of this term creates confusion. These could simply be referred to as servicing or infrastructure improvements (not amenity contributions).

11.2 Communications

The City should develop a document that:

1. Lists the definitions noted above (plus any other key terms that the City identifies).
2. Explains the City's system and approaches for obtaining amenity contributions from new development in a clear, concise way that is accessible to multiple audiences.
3. Includes a Frequently Asked Questions section that lists typical questions about the City's system and provides clear, concise answers.

This document should be available in hard copy at the Community Development counter and the information should be posted on the City's website. The City should also consider pro-actively promoting its system to the development and real estate communities.

11.3 Documentation

We recommend that the City adopt a standard approach to documenting the amenity contributions achieved from each development project and adopt the practice of producing an annual report summarizing the amount and type (by major category of benefit and tool used, e.g. floorspace exclusions versus density transfers) of amenity contributions achieved from development projects each year via voluntary amenity contributions and density bonusing. This report could, for example, be associated with the annual municipal report.

To facilitate this, the City should develop a template form that can be included in staff reports and used by staff to keep track of key information for each project that involves an amenity contribution in a standardized

 REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

way that is concise and easy to understand at a glance. At a minimum, the form should include the following items:

1. Description of which tools are being used to obtain amenity contributions from the project:
 - density bonus in a pre-zoned district.
 - flat rate voluntary contribution.
 - negotiated voluntary amenity contribution.
 - other (e.g. clearly differentiate between density transfer, floor space exclusions, property tax exemptions).
2. For projects that provide an amenity contribution through a zone with density bonus provisions, the base permitted density and the bonus floorspace being obtained.
3. For projects involving a flat rate voluntary contribution, the density under existing zoning, the total floorspace achieved under the rezoning, the calculated zoned density achieved under the rezoning (i.e. the total less any exclusions).
4. For projects involving a negotiated voluntary amenity contributions, the density under existing zoning, the total density achieved under the rezoning, any exclusions, and the "zoning density" (i.e. total approved less exclusions).
5. Detailed description of the amenities (or cash in lieu) provided (e.g., not just 5 rental housing units, but a description including information such as unit size in square feet, number of bedrooms, ownership, market or below market rates).
6. Estimated value/cost of each amenity provided.
7. For projects involving negotiated voluntary amenity contributions, the estimated increase in property value due to the rezoning.
8. For projects involving negotiated voluntary amenity contributions, the value/cost of the amenities provided expressed as a percentage of the estimated increase in property value.

Annually, City staff could use the completed forms from each project that involved providing an amenity contribution to summarize the results. The summary of results should include:

1. The list of amenities achieved (including a sum of cash-in-lieu contributions).
2. The value of the amenities achieved via density bonusing, voluntary amenity contributions, and in total.
3. The mix of amenities (by major category, and by cash-in-lieu or in-kind) actually achieved, based on value (e.g. 50% community facilities, 30% open space, 20% green building design).
4. Over time, the annual report could also include a comparison of the current year to past years.

The City may also benefit from an "operating manual" that lays out the general circumstances under which each tool (i.e. density bonus, density transfer, or floorspace exclusion) would be preferred to achieve the maximum benefit for the public interest.

12.0 Conclusions and Next Steps

After over 45 years of evolution, the City of North Vancouver has operationalized a Density Bonus System that has successfully achieved a wide variety of public benefits and amenities for its citizens, and helped build a more livable, sustainable, and successful city. Despite many strengths, this review of the current system has identified meaningful opportunities for improvement, while building on the successes, challenges and learnings of the past.

The recommendations and conclusions from this review are expected to improve the Density Bonus System's effectiveness in achieving public benefits for more successful city-building; and supporting the clarity and transparency of the system with all participants. If implemented, they would make an already generally successful system even better.

In fully documenting considerations and options relating to the system, this review is also intended to support the considerations of future generations, as North Vancouver's Density Bonus approach continues to evolve over many years to come.

It is our understanding that the next steps in the City's process will include:

- Our work will be used as one of many inputs to the "CityShaping" OCP review and other City-wide initiatives. It is intended to inform the considerations of City staff and Council.
- The "CityShaping" OCP density bonus considerations that flow from this report will involve various opportunities for community and stakeholder input including open houses, feedback forms, online forums, group meetings, and a Town Hall meeting.

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

Appendix 1: Summary of a Sample of Past Projects in the City

Count	Project	Year	Base/True	Bonus	Exclusions	Transfers	Benefits Achieved
1	15 West, 150 West 15th Street	2011	2.6 FSR (74,654 sq. ft.) 4.38 FSR (125,607 sq. ft.)	0.39 FSR (11,257 sq. ft.)	3,503 sq. ft.	1.28 FSR (36,883 sq. ft.)	<ul style="list-style-type: none"> - 5 non-market rental, affordable housing units (3,214 sq. ft.) + office space (289 sq. ft.), total value \$2 million, owned by Vancouver Resource Society with housing agreement to ensure units maintained as non-market rental regardless of operator. All 1 bedroom units of 620-634 sq. ft. ** how is office quantified - mid block pedestrian crossing with curb extensions, road markings, and signage in the 100 block of West 15th St (n.q.) - install commercial standard speed bumps in the east/west lane adjacent to the site (n.q.) - provide a contribution of \$75,000 towards intersection improvements and paving at Lonsdale Ave and 15th St - Mill and pave lane adjacent to the site (n.q.) - Install new streetscape as per Lonsdale Streetscape Guidelines, including sidewalk, curb and gutter, street trees complete with Silva Cells, structural soil, irrigation, electrical receptacles, street furnishings, overhead and pedestrian level street lighting, from the development site to the land west of Lonsdale Ave (n.q.) - Install new sidewalk, complete with curb and gutter, and street trees, to CNV standard, on south side of West 16th St, from lane east of Chesterfield Ave to existing curb extension (n.q.) - Underground overhead power and communication lines and remove poles on West 15th St between Chesterfield Ave and Lonsdale Ave (n.q.) - Connection to the City's District Energy system (n.q.)
2	Anavets/Oriz on 225-245 East 3rd St	2010	1.6 FSR (95,646 sq. ft.) 2.31 FSR (137,857 sq. ft.)		0.71 FSR (42,243 sq. ft.)		<ul style="list-style-type: none"> - Replacement of 88 studio units in 3 buildings (estimated 29,380 sq. ft. of total units) by the ANAVETS Senior Citizen Society with 76 studio/one bedroom units in one new building, reserved for seniors aged 55 or older, held in common ownership not strata by ANAVETS, 42,243 sq. ft. - 83% of rental units built to Level 2 or Level 3 Adaptable Design standards - \$50,000 art donation volunteered - Street furnishings on east 3rd St (benches, trash receptacles, bike racks) (n.q.) - New sidewalks complete with curb and gutter at all four corners of the intersection of the land and St. Andrew's Ave (n.q.) - Regulatory traffic/cyclist signage and pavement markings as required for a new pedestrian/cyclist signal (n.q.) - A contribution of \$40,000 to the St. Andrew's and 3rd St pedestrian/cyclist actuated traffic signal and intersection improvements - Mill and pave south half of lane adjacent to site (n.q.) - Connection to the District Energy System (n.q.) - New public access Right-of-Way through property with physical activity equipment along a greenway accessible by the public (n.q.) - Provision of bioswales and stormwater treatment for water running off of East 3rd St (n.q.)
3	Centreview 1308 Lonsdale Ave	2013	2.6 FSR (194,430 sq. ft.) 4.57 FSR (451,031 sq. ft.)	1.97 FSR (194,427 sq. ft.)	32,094 sq. ft.		<ul style="list-style-type: none"> - Total estimated amenity value = \$17 million - Child Care Use 44,177 sq. ft. (6,100 sq. ft. exclusion), \$5.3 million value, owned by the City - Affordable Housing 42,500 sq. ft. (10,000 sq. ft. exclusion), \$5.1 million value, owned by the City - District Energy Mini Plant 9,750 sq. ft., \$1.17 million value, owned by the City's Lonsdale Energy Corp - Green Building Environmental Benefits 26,000 sq. ft., \$3.06 million value - Civic Amenity 25,000 sq. ft. (\$1 million contribution to reserve fund) - Employment Generating Office Use 47,000 sq. ft. - Heat Pump 2,970 sq. ft. (exclusion) - Common Amenity Space 13,024 sq. ft. (exclusion) - Public art contribution of \$250,000 - \$150,000 for park improvements at Stella Jo Dean Plaza - \$500,000 contribution towards City sanitary sewer upgrades - Corner bulge at West 14th St, complete with landscaping (n.q.) - Street furnishings including, but not limited to, bike racks, trash bins, benches (n.q.) - Bus stop improvements for Lonsdale neighbourhood, in accordance with the Lonsdale Streetscape guidelines, including addition of a bus shelter (n.q.) - New traffic signals on 3 corners of Lonsdale Ave and 13th St (n.q.) - Three new concrete pedestrian crossings at Lonsdale Ave and 14th St (n.q.) - Removal of existing mid-block pedestrian crossing (n.q.) - A full traffic signal at the intersection of new access and East 13th St (n.q.) - New traffic signals at St Georges Ave and East 13th St (n.q.) - Coordination of four traffic signals along 13th St, from Chesterfield Ave to St Georges Ave (n.q.) - New painted lane lines must include bike facilities per new road design, including green sharrow (west) and bike lane (east) (n.q.) - Upgrade special pedestrian crosswalk at St Georges Ave and East 14th St to a pedestrian signal (n.q.) - Re-construct north side curb and sidewalk from the northeast corner of Lonsdale Ave and 14 St, eastward to lane (n.q.) - Additional changes and upgrades to Lonsdale Ave, East 13th St, East 14th St (n.q.)

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

Count	Project	Year	Base/True	Bonus	Exclusions	Transfers	Benefits Achieved
4	Vista/Civic Centre	2005	2.6 FSR (570,000 sq. ft.)/3.03 FSR		0.43 FSR (93,000 sq. ft.)	Various transfers across four sub-sites	Rental housing was achieved, however this should not be characterized as a benefit as it was a specific requirement of the zoning The Civic Centre uses, including City Hall (57,000 sq. ft.), Library (36,000 sq. ft.), Public Square (size to be confirmed) City and Hollyburn exchange land, Library built near Marlborough Tower, Hollyburn to be 130 foot rental tower Also 66,000 sq. ft. of density unused which could be developed or transferred
5	Legion 121 West 15th St	1998	2.6 FSR (43,649 sq. ft.)/4.57 FSR (76,721 sq. ft.)	1.789 FSR (30,033 sq. ft.)	0.18 FSR (3,040 sq. ft.)		Replacement of one storey Legion from 1950 with 15 storey building, including commercial ground floor, liquor licenced community amenity rental hall for the Legion (3040 sq. ft.), a café, and 85 residential units, consisting of: 33 units owned by BC Housing, managed by non-profit, for tenants who qualify under Core Need Income Thresholds and Rents of BC Housing 52 affordable market units sold at 85% appraised value for initial and subsequent sales; Full market price of units \$168,600 to \$235,000, reduced to \$143,310 to \$199,750 with subsidy 73 one bedroom (50-600 sq. ft.), 12 two bedroom (750 sq. ft.) All units restricted to adults and designed to adaptable design Level 2, eight BC Housing units designed to Level 3 (n.q.) Agreed to monitor resale of the below market (85%) strata housing (n.q.) 13 handicapped stalls provided when only 2 required (n.q.)
6	Prescott 1250 Lonsdale Ave	2011	2.6 FSR (86,723 sq. ft.)/4.16 FSR (139,500 sq. ft.)	0.38 FSR (12,617 sq. ft.)	1.2 FSR (40,160 sq. ft.)		Various streetscape upgrades valued at \$500,000 \$1 million amenity cash contribution for new Presentation House Gallery planned elsewhere environmental and green building features, \$988,456 value commercial space \$431,640 value (3,597 sq. ft. @ \$120 per sq. ft.), based on opportunity cost to forgo residential area for office
7	The Silva 119 West 16th Street	2005	2.6 FSR (49,140 sq. ft.), 4.66 FSR (88,140 sq. ft.)		1.14 FSR (21,500 sq. ft.) + 0.54 FSR (10,200 sq. ft.) + 0.39 FSR (7,300 sq. ft.)		LEED certification (n.q.) \$30,000 public art contribution Preservation and restoration of Edwardian heritage wall support** (n.q.) 24 Level 2 Adaptable units**sq. ft. units (n.q.) Info on project not included in PDF**
8	The Summerhill 133 West 15th St	1999	2.6 FSR (43,638 sq. ft.)/5.27 FSR (88,489 sq. ft.)	0.8 FSR (13,427 sq. ft.)	0.96 FSR (16,000 sq. ft.)		Level 3 adaptable design (n.q.) Enhanced boulevard and plaza (n.q.)
9	Time 165-175 West 1st St		2.6 FSR (281,588 sq. ft.)/3.0 FSR		0.02 FSR Amenity Space, 0.01 FSR District Energy Plant, 0.37 FSR Community Centre (36,284 sq. ft.)	14256 sq. ft. from Site C & D	Amenity Space (2,100 sq. ft.) (n.q.) District Energy Plant (1,184 sq. ft.) (n.q.) Community Centre (33,000 sq. ft.) (n.q.) Public art totaling 1% of project (n.q.) 20% of units Level 2 adaptable design (n.q.) 3m public walkway with landscaping and hardscaping (n.q.)
10	161 179 West 2nd St and Central School/Anne MacDonald Hall at 333 Chesterfield Ave		1.6 FSR (98,320 sq. ft.)		36,870 sq. ft. heritage	98,320 sq. ft. transferrable from 333 Chesterfield Ave. 26,800 sq. ft. transferred to 161-179 West 2nd St 71,520 sq. ft. remaining	- preservation of the heritage building (n.q.)
11	The Kimpton 210 West 13th St		1.6 FSR (31,313 sq. ft.)/2.675 FSR	0.856 FSR (16,753 sq. ft.)	0.219 FSR (4286 sq. ft.)		six non-market rental units (n.q.) \$1 million contribution to City Affordable Housing Fund upgrades to city roads (n.q.)
12	Queen Mary School Site 721 Chesterfield Ave	2008	1.6 FSR (64,000 sq. ft.)		1.0 FSR (161,240 sq. ft.) heritage building exclusion	0.3 FSR (5968 sq. ft.) transferred to Site B 0.373 FSR (7,465 sq. ft.) transferred to Site C	161,420 sq. ft. density bank from heritage site originally available for transfer (note that this density was originally "school/institutional density", but was able to be transferred as residential) Remaining un transferred density equals 147,807 sq. ft. Road and infrastructure upgrades (n.q.) Connection to District Energy (n.q.) Land sales of sites B & C pay for public space upgrades at Queen Mary, construction of a replacement off-site Educational Services Centre with kids gallery/studio, park upgrades at off-site Rey Sargent Park, and upgrades at off-site Ridgeway School (n.q.)

Appendix 2: Overview of Practices in Other Municipalities in Metro Vancouver

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

Overview of Local Government Approaches to Obtaining Amenities and Benefits from Development Projects in Metro Vancouver

	Does the local government seek amenities/benefits from development projects?	How are policies documented?	What approach(es) do they use?	Areas applied	Amenities or Community Benefit Sought	What is the basis for valuing the density and costing the amenities?	Target for value capture
Anmore	Yes	OCP (which allows residential densities of 1 lot/acre to be increased to 1.5 lots/acre if the site is rezoned, the rezoning meets the overall objectives of the OCP, and a community benefits package is provided)	Contributions are negotiated during rezonings.	City-wide	1. Land for parks, trails open space; 2. Community facilities (e.g. day care, library, fire hall, museum, community centre) 3. Alternative housing choices	n/a	n/a
Balcarra	No	n/a	n/a	n/a	n/a	n/a	n/a
Bowen Island	Yes	OCP (which includes general references to obtaining amenities via rezonings)	Contributions are negotiated during rezonings.	Island-wide	1. Non-market or affordable housing 2. Greenways land 3. Tree retention	n/a	n/a
Burnaby	Yes	1. Standalone policy document ("Community Benefit Bonus Policy for Affordable Housing and Amenities in Town Centre Areas"); 2. Zoning Bylaw	Contributions are: 1. Negotiated on a site-by-site basis during rezonings. 2. Obtained via formulaic density bonus (i.e. for high density residential or mixed use sites being rezoned to Comprehensive Development (CD) in Brentwood, Lougheed, Edmonds, or Metrotown Town Centres. Burnaby's Zoning Bylaw prescribes bonus density that can be achieved by providing amenities or affordable/special needs housing).	1. The density bonus policies apply to the RM1, RM2, RM3, RM4, and RM5 zoning districts located in a Town Centre, if being rezoned to CD	The density bonus policies define a Community Benefit as: 1. Community amenity (public open space or plaza; public facility such as library, community centre, arts facility, youth centre; space for community or non-profit groups; public art; extraordinary public realm improvements such as landscaping/special street furniture; improvements to parkland and other public facilities; extraordinary environmental enhancements; child care facilities). 2. Affordable or special needs housing (units developed by senior government non-profit housing programs; price controlled, limited-equity market units; units controlled or managed by non-profit housing groups, guaranteed rental housing; housing for people with special needs or victims of violence). 3. A cash-in-lieu contribution.	Land lift analysis	Land Lift: 100% of the land lift is collected as amenities, except in rezonings to CD based on the RM4 and RM5 zones in which a portion of the amenity bonus density is available at no charge which effectively reduces the value capture to 60% of the land lift if all amenity bonus density is used. The City's rationale is that projects using the maximum available density (5.0 FSR) will be expected to have project features that add to cost.
Coquitlam	Yes	1. OCP (Area Plans); 2. Zoning Bylaw 3. OCP includes references to obtaining amenities via rezonings and Council approved a CAC Program in Feb 2013 to fund a future community recreation facility in the Burquitlam-Lougheed Neighbourhood, program information being developed	1. Obtained via formulaic density bonus (i.e. for sites in specific commercial zones in specific locations and for sites in high density multi-family zones, the zoning bylaw prescribes bonus density that can be achieved by providing a financial contribution for amenities or affordable housing or providing the amenity directly). 2. Obtained via a flat rate CAC that the City is currently implementing in the Burquitlam-Lougheed area (the flat rate will be payable by properties being rezoned to multi-family residential).	Density Bonusing: C-4 City Centre zone, C-5 zoned sites in Austin Heights Neighbourhood Plan, C-7 zoned sites fronting North Road, Clarke Road, and the East-West Lougheed Hwy and North Road Connector, RM4, RM5, and RM6 zoned sites Flat rate CAC: Burquitlam-Lougheed area	Zoning bylaw defines eligible amenities for density bonusing as: 1. Public facilities. 2. Space for community or non-profit groups that serve the community. 3. Extraordinary public realm improvements.	Land lift analysis	Land Lift: 25% to 75% of the land lift is collected as a financial contribution toward amenities or direct provision of amenities. The % varies by zone and by tier of additional density. For example, in the C-4 zone, the base density of 2.5 FSR (which must include at least 0.5 FSR of employment-accommodating uses) can be increased if the following % of land lift is provided as funding for amenities: From 2.5 to 3.0 FSR: 75% of land lift From 3.0 to 3.5 FSR: 65% From 3.5 to 4.0 FSR: 50% (with half of the contribution going to amenities and half going to affordable housing) From 4.0 to 4.5 FSR: 35% From 4.5 to 5.0 FSR: 25%
Delta	Yes	OCP (which allows the density in the Mixed Use Tsawwassen 2 designation to be increased from 38upa up to 45upa if "significant public amenity is provided")	Contributions are negotiated during rezonings.	Tsawwassen	n/a	n/a	n/a
Langley City	Yes	Council resolutions (2008, 2013)	Flat rate CAC payable upon rezoning for all multi-family residential rezonings	n/a	No requirements for how they spend the funds except that they must be "reinvested in community amenities (Council minutes, 5 Feb 2013). Target amenities include civic facilities, public art, downtown parking facilities, parks, civic plazas, and recreational facilities.	Market analysis to help set the flat rate	The flat rate is \$1000 per dwelling unit (was \$500 per dwelling unit until 5 Feb 2013).

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

	Does the local government seek amenities/benefits from development?	How are policies documented?	What approach(es) do they use?	Areas applied	Amenities or Community Benefit Sought	What is the basis for valuing the density and costing the amenities?	Target for value capture
Langley Township	Yes	1. Community plans; 2. Adopted Council policies in Policy Manual	Flat rate CACs are payable upon rezoning of properties areas designated as amenity bonus areas in a Neighbourhood/ Community Plan, (e.g. some Plans include a map that shows areas designated as "Bonus Density 1", "Bonus Density 2", etc; the Plan outlines a base density, a maximum potential density bonus (which in some cases varies depending on how much land the project dedicates as amenity), and requirements for the amenities and additional density. The Plans outline the vision and maximum potential density bonus. Separate Council policy then lists details about desired amenities in specific locations (e.g. Yorkson Greenway Amenity Zoning Policy), their estimated costs, and the rate required per m2 from developable land in that area.	In various Neighbourhood/ Community Plans (e.g. Willoughby).	Typically well defined greenways, pocket parks, plazas (sometimes also wildlife habitat areas, amenity features, heritage amenity structures, and public art)	Market analysis to help set the flat rates	The flat rate is set to recover amenity costs (which are estimated in City policy), not based on land lift. Sometimes amount of bonus density varies by % of land being dedicated as amenity. Amenity cost can be provided (a) as cash in lieu, (b) cash plus unimproved land (deemed value of which is defined in the City policy for each relevant area), or (c) land with amenity improvements.
Lions Bay	No	n/a	n/a	n/a	n/a	n/a	n/a
Maple Ridge	No, but under consideration	n/a	n/a	n/a	n/a	n/a	n/a
New Westminster	Yes	In OCP and Zoning Bylaw text for specific zones.	Contributions are: 1. Negotiated on a site-by-site basis during rezonings. 2. For sites in specific residential zoning districts in defined locations, formulaic density bonuses can be achieved either via a flat rate contribution or a negotiated contribution.	Citywide. Phase 1 (has been implemented): Townhouse and Low-rise residential zones (RT-2, RT-2A, RT-2B, RT-2C, RM-1, RM-1A, RM-1B, RM-2, RM-2A, RMW-2, RMW-2A, RM-5A) in defined locations are eligible for Density Bonusing. Phase 2 (will be implemented at a future date): High-rise and low-rise mixed use zones. Sites that are not in Phase 1 zones must go through a site specific rezoning process and provide a CAC based on land lift.	Aims for amenities that are "consistent with the City's Strategic Plan." On-site and off-site amenities are considered, as well as cash-in-lieu options. Generally, CAC funds are divided as follows: 30% to affordable housing, 10% to child care, and 60% to general amenities (i.e. civic facilities, park space, public art, etc.).	Land lift analysis	Flat Rate: The following rates apply to the following areas (these flat rates are based on land lift analysis and are available in the following density bonus zones): Mainland: (RT-2, RT-2A, RT-2B, RT-2C): \$80/sf of bonus density (RM-1, RM-1A, RM-1B, RM-2, R-2A, RMW-2, RMW-2A) \$40/sf of bonus density (RM-5A): \$55/sf of bonus density Queensborough: (RT-2A, RT-2B, RT-2C) \$70/sf of bonus density (RM-1, RM-1A, RM-1B, RM-2, RM-2A, RMW-2, RMW-2A): \$40/sf of bonus density (RM-5A): \$40/sf of bonus density For sites not zoned as above: The Land Lift approach for site specific rezonings is used (Proponents are expected to contribute 100% of the increase in value as a CAC, net of rezoning costs).

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

	Does the local government seek amenities/benefits from development projects?	How are policies documented?	What approach(es) do they use?	Areas applied	Amenities or Community Benefit Sought	What is the basis for valuing the density and costing the amenities?	Target for value capture
North Vancouver District	Yes	OCP and adopted policy statements	Contributions are: 1. Negotiated on a site-by-site basis for rezonings in designated Town Centres. 2. Obtained via a flat rate approach for most rezonings outside of Town Centres (although the policy notes that there may be some cases in which it is appropriate to negotiate the contribution instead of applying the flat rate).	City-wide, but approach varies in Town Centre locations and outside Town Centre locations	Cash in lieu or amenities such as: - Land for, or provision of, affordable, rental or special needs housing; - Community, cultural, school, library or recreation facility or facility improvements; - Seniors care, seniors day care or seniors wellness facility or facility improvements; - Child care facility or facility improvements; - Youth, children or family facility or facility improvements; - Heritage conservation; - Public Art in accordance with established policy; - Provision of park land or park improvements; - Extraordinary pedestrian, cycling, streetscape, public plaza or other public-realm linkages and improvements beyond those required by District bylaws and design guidelines; - Environmental, or sustainability measures beyond the normal environmental development permit requirements; - Contribution toward amenity maintenance, for example contribution into a long term maintenance fund to offset future maintenance costs of community amenities; - Other Community Amenities as identified by the District of North Vancouver to meet established community goals, policies or needs.	Land lift analysis for negotiated contributions in Town Centre locations; Market analysis for flat rate areas	Flat Rate: For sites within an area contemplated for increased density in the OCP but outside of a town centre or village centre, a flat rate of \$5 psf of increased residential gross floor area for townhouse, duplex, triplex or similar development and \$15 psf of increased residential gross floor area for apartment development applies. While this formula is intended to be applicable in the majority of circumstances, the District's policy acknowledges that there may be rezoning applications where the District or the Developer identifies the formula to be inappropriate and in those cases, the CACs should be negotiated outside the above formula. In these cases, the total value of the CAC should be equivalent to 50% of the land lift. Land Lift: For sites that are being rezoned to permit an increase in gross floor area over and above that which is contemplated in the OCP, the District's policy is to negotiate CACs on a case by case basis with a goal of obtaining a voluntary contribution equivalent to 50% to 75% of the land lift.
Pitt Meadows	Yes	n/a	Contributions are negotiated during major rezonings.	n/a	n/a	n/a	n/a
Port Coquitlam	Yes (and policy is under review)	In Zoning Bylaw (RA1 zone)	Comprehensive amenities policy and implementation is underway. As a first step, the City has amended the RA1 zone to include density bonus provisions.	Currently only RA1 zoned sites.	Cash in lieu (with contributions being split between the City's reserve funds for community amenities and social housing amenities).	Market analysis to help set the flat rate	Flat Rate: \$25/sf of bonus density in R1-A Zones.
Port Moody	Yes	n/a	Contributions are negotiated during major rezonings.	n/a	n/a	n/a	n/a
Richmond	Yes	Zoning bylaw	Density bonusing approach to all multifamily rezonings to help fund affordable housing.	Applies to all multi-family rezonings city-wide.	Affordable housing.	Market analysis to help set the flat rates (which were set based on an estimate of about 10% of land lift)	Flat Rate: Most of City: Townhouse rezonings: \$2/sf Apartment/mixed use rezonings (<80units): \$4/sf Apartment/mixed use rezonings (>80units): must provide at least 5% of total residential floor area or at least 4 units as low end market rental units. Single family: for single family lots being rezoned to facilitate subdivision, at least 50% the new lots created must have a secondary suite or a coach house or provide a cash-in-lieu contribution of \$1/sf West Cambie Area: Cash contribution of \$5.10/sf for a 0.2 FSR increase or provide 0.2FSR of affordable units on-site. This rate is estimated to be equivalent to 10% of the land lift from a
Surrey	Yes	OCP, NCPs, Zoning Bylaw	Contributions are obtained via set rates that vary by NCP area and Infill area and are documented in Schedule "G" of the Zoning By-law. Amenity contributions are payable at subdivision approval for single family projects and at building permit issuance for multi-family and other uses.	Several NCP and Infill areas	Community facilities and services, such as park development, police and fire services, and library materials; affordable housing.	Market analysis to help set the flat rates	Amenity Contribution flat rates set out in Zoning Bylaw, vary by neighbourhood. Rates are adjusted annual based on the Vancouver CPI for the preceding year.

REVIEW OF THE DENSITY BONUS SYSTEM IN THE CITY OF NORTH VANCOUVER

	Does the local government seek amenities/benefits from development?	How are policies documented?	What approach(es) do they use?	Areas applied	Amenities or Community Benefit Sought	What is the basis for valuing the density and costing the amenities?	Target for value capture
Vancouver	Yes	CAC policy	Contributions are obtained: 1. Via flat rate CACs for standard rezonings (small sites, outside downtown, not a transition from industrial to residential use). 2. Via negotiated contributions for non-standard rezonings.	City-wide	Amenities include affordable housing, child care facilities, heritage conservation, provisions for parks or park improvements.	Land lift analysis for negotiated contributions; Market analysis to help set the flat rates	Flat Rate: For standard rezonings, a flat rate CAC of \$3/sf applies in most areas. The flat rate is higher for some neighbourhoods where new rezoning policies have recently been approved (i.e. Norquay, Little Mountain Quadrant). Higher flat rates are also being planned for other specific locations (e.g. Marpole, Cambie Corridor). Land Lift: For non-standard rezonings (sites larger than 2 acres, rezonings involving a change of use from industrial to residential, and rezonings in downtown), the City aims to collect a voluntary contribution of 75% of the land lift.
West Vancouver	Yes	Zoning bylaw	Contributions are obtained: 1. Via negotiations during rezonings. 2. Density bonusing provisions for Ambleside Town Centre.	For density bonusing: Ambleside Town Centre	For negotiated contributions, the amenities sought depends on the scale of the project. Examples for large scale projects include undergrounding of overhead utilities, streetscape enhancements, seniors housing, heritage conservation.	Land lift analysis for negotiated contributions; Market analysis to help set the flat rates	Flat Rate: Only applies to Ambleside Town Centre (AC1/AC2 Zones): > 1.0 FSR: no CAC 1.0 to 1.4 FSR: \$15/sf 1.4 to 1.75 FSR: \$50/sf Land Lift: Negotiated but typically about 75%
White Rock	Yes	OCP and Zoning bylaw	Contributions are obtained via density bonusing provisions for the Town Centre Area (Downtown).	Town Centre Area (Downtown)	Eligible amenities include: land or improvements for a Town Square, a building or space for a new public Town Centre Hall, publicly accessible open space/pedestrian routes, publicly accessible underground parking, outdoor public art, meeting or convention space, public observation deck, road/fare dedication, special needs and affordable housing, cash-in-lieu.	Market analysis to help set the flat rates	Flat Rate: Bylaw specifies an amount (\$ per sq.m. of bonus density). This amount is updated periodically based on market conditions. Unless otherwise decided by council, all contributions will be in the form of payment-in-lieu.

n/a indicates not applicable or not available based on policy documents that were available for review online

CITY OF NORTH VANCOUVER DENSITY BONUS STUDY



JULY 2013

Scope

2

- Part One: Background
 - Legal, economic, planning framework
 - Practices in Metro and other Cities
 - CNV system
 - Evaluation, observations

- Part Two: Recommendations

Current City System

3

- ❑ Site-by-site, negotiated
- ❑ No overall amenity policy priorities
- ❑ Quantification of land lift treated as confidential, not publicly available
- ❑ Some confusion about terminology, process
- ❑ No defined upper limit on density

Areas for Refinement

4

Policy Questions:

1. Density limits
2. Negotiated vs. formulaic
3. Amenity policy and priorities

Technical/Procedural Refinements:

4. Quantification
5. Terminology and communication

Policy Recommendations

5

1. Density limits:

- ▣ Consider setting a density cap where planning, design, context, and infrastructure point to an appropriate maximum
- ▣ No pre-established cap where there is a need for flexibility or less certainty about maximum supportable density (i.e. define site-by-site)

Policy Recommendations

6

2. Negotiated vs. Formulaic:

- ❑ Leave the existing pre-zoned density bonus zones in place (consider additional tiers if appropriate)
- ❑ Consider a flat rate contribution for rezonings up to (but not over) existing Schedule A Max density, if economically viable
- ❑ If new OCP sets a maximum density in some locations greater than the existing Schedule A Max, consider a formulaic approach (flat rate or density bonus zone)
- ❑ Continue to negotiate amenity contributions for rezonings of sites with no maximum in the OCP, sites that involve a change in land use, sites that are good opportunities for an on-site amenity, heritage projects, rental/affordable housing projects, projects with a significant employment use

Policy Recommendations

7

3. Amenity policy and priorities:
 - ▣ Develop a non-binding amenities/public benefits strategy that:
 - Lists needed/desired community facilities
 - Estimates the costs of these facilities as an input to setting priorities and allocations
 - Sets targets/guidelines for the allocation of amenity contributions among major categories

Procedural/Technical Refinements

8

- ❑ Document quantification more consistently
- ❑ Define key terms
- ❑ Communicate terminology, the system, and FAQs in a user-friendly document
- ❑ Develop a template to track information about amenities achieved and density approved in each project
- ❑ Produce annual summary of amenity achievements
- ❑ Develop guidelines for when to use density bonus, density transfers, or floorspace exclusions