



Corporate Report

NO: C020

COUNCIL DATE: October 1, 2007

COUNCIL-IN-COMMITTEE

TO: **Mayor & Council** DATE: **September 26, 2007**
FROM: **General Manager, Planning and Development** FILE: **6630-01**
SUBJECT: **Interim Bonus Density Policy**

RECOMMENDATION

The Planning and Development Department recommends that Council:

1. Receive this report as information;
2. Approve the proposed Interim Bonus Density Policy (the "Interim Policy"), attached as Appendix I, which will apply to the City Centre and Guildford Town Centre areas;
3. Direct staff to consult with the development community and stakeholders to examine options to expand the Interim Policy to include other multiple family residential areas in the City and report back to Council; and
4. Direct staff to monitor the application of the interim policy and report back to Council after one year with recommendations for a final policy.

INTENT

The purpose of this report is to:

- Provide Council with information on the legislative basis for "density bonusing" and on the current use of density bonusing in Surrey and in other municipalities; and
- Outline options for the implementation of density bonusing as an Interim Policy for the City Centre and Guildford Town Centre areas as a tool for securing affordable housing and other community amenities.

BACKGROUND

Enabling Legislation

In 1993, the Provincial government passed Bill 57, which introduced two significant amendments to the *Municipal Act* in Section 963.1 and Section 963.2. These sections, now Section 904 and Section 905 the *Local Government Act* (the "Act"), are attached as Appendix II to this report. Through this legislation, the Province provided new powers to support the role of local government in the provision of community amenities and housing.

Section 904 of the *Act* set out the conditions that local government must follow with respect to amenity contributions. It contains provisions to permit developers to exceed base density in the zoning bylaw in exchange for affordable or special needs housing or other amenities. Section 905 of the *Act* identifies provisions for entering into a housing agreement for affordable and special needs housing.

Surrey's Current Use of Density Bonusing

Policies in the OCP

Surrey's Official Community Plan (the "OCP") sets out allowable densities by establishing an "Allowable Floor Area Ratio" for each land use designation except Urban and Suburban and "Allowable Residential Densities (expressed as units per hectare) for Urban and Suburban designations. Section 3.6 of the OCP (see Appendix III) contains a further provision that these densities:

"may be increased through the density bonusing provisions of the Zoning By-law with specific conditions established for Urban and Suburban designations".

This approach allows for increases to the maximum density on a case-by-case basis through the use of a Comprehensive Development Zone (CD). The OCP does not, however, provide specific policy direction or guidelines for the use of density bonusing.

Neighbourhood Concept Plan Areas

The planning process for preparing Neighbourhood Concept Plans ("NCPs") was implemented to plan new "complete communities" in parts of the City, which are transitioning from suburban to urban forms of development. The NCP process has been designed to ensure the adequate provision of the facilities and neighbourhood amenities, such as park development, libraries, and fire and police protection needed to serve the future populations of these neighbourhoods.

In April 1996, Council approved amendments to Surrey's Zoning By-law to allow bonus densities in exchange for contributions toward neighbourhood amenities in NCP areas. Certain residential zones were amended so that the base residential density within all NCP areas was set at one unit per acre. Similar amendments were made to certain commercial, industrial and institutional zones to incorporate bonus density.

A provision is noted in the specific zones to allow density to be increased to the level provided for within the designations set out in the NCP if certain amenities are provided. Contributions towards community facilities, amenities and services (such as park development, police, fire and library materials) are translated into specific contribution requirements. The amenity contribution payments vary, depending on the needs for each NCP area. The contribution is payable upon subdivision for single family subdivisions or upon issuance of building permits for multiple family residential and other uses.

DISCUSSION

The City is now at a stage in the development of its City Centre and some Town Centre areas, where there is a sufficient momentum for applications at a higher density than the base floor area ratios ("FAR") provided for in the OCP. Information from the City's Realty Services Division, as well as recent applications and inquiries to the City, indicate that market values in Surrey have increased sufficiently to support high-rise construction. More recently, staff have received requests and applications for increased density from high-rise developers in the City Centre and Guildford Town Centre.

With this general climate for higher density development comes the need to provide a level of amenities to support the City's increasing population. Further, lack of construction of purpose built rental housing, issues of housing affordability and homelessness, along with the need for community amenities, point to the need to explore density bonusing as means by which to generate revenues in an equitable manner that would assist in achieving some of those amenities in the City.

The Principles of Density Bonusing

Density bonusing is a policy tool intended to help municipalities find solutions to, and work towards provision of affordable housing and other amenities in areas of new, higher density development and redevelopment. This tool provides for the variation of zoning requirements to increase the density otherwise allowed in the Zoning By-law, in exchange for the provision of community amenities or cash that can be used to provide community amenities. These amenities can include such things as affordable or special needs housing units or a range of other community items that will provide benefit to the area of the development.

Since the system is voluntary and incentive based, it allows local governments to secure community benefits without spending tax dollars or imposing fees. The provision of increased density, or the ability to build additional residential units, can be compared to "creating new land". The philosophy of density bonusing is that the City, in conferring this added density, should benefit through the provision of amenities to the area.

"Density Bonusing: A Guide and Model By-law", a supporting document to Section 904 of the *Act*, describes the principles of bonus density as follows:

- The goals and objectives of the bonus density system should be clearly articulated by the City in its OCP and implemented in a consistent manner through its Zoning Bylaw;
- Density bonusing should be used only to achieve specific objectives;

- The densities that are provided for through density bonusing must also reflect the principles of good planning;
- The bonusing scheme must be consistent and predictable;
- Amenities obtained should benefit the area where the development is located;
- The bonus system must be applied in a fair and equitable manner;
- Bonus density is not to be used as a substitute for general taxation; and
- Payment in-lieu system should not be used to provide items that are part of normal infrastructure normally provided through taxation or through the development process, and is to be used for capital projects, not for operating funds.

Mechanism to Allow Density Bonusing

Previously, Surrey had established Amenity Agreements with developers of major projects. The Amenity Agreements encompassed items ranging from affordable housing, a library and child care. Examples include the Penreal Development (Strawberry Hill Shopping Centre) and the IntraWest development at Highway No. 10 and 152 Street.

The legislation provides two approaches to utilize the density bonusing provisions: conventional zoning and comprehensive development (CD) zoning.

Conventional Zoning

Under this approach, the Zoning By-law would be amended to establish, on a zone by zone basis, the extent of base density and the extent of additional density allowed if a developer meets specified conditions relating to specified amenities. Basically, the developer would have the right to build at base density without providing amenities, or to build to an increased density to a pre-determined upper limit as long as the established amenities are provided. This is the approach currently used in 38 zones in Surrey Zoning By-law, 1993, No. 12000 for sites within NCP areas.

Comprehensive Development Zoning

With this method, an OCP establishes areas where comprehensive development zoning allowing density bonusing would be appropriate and the conditions under which a developer may obtain a density bonus. Once established the City could negotiate custom zoning regulations for a specific site with increased density in return for specific amenities in the form of affordable housing or other amenities.

Surrey's OCP allows density bonusing to occur on a case-by-case basis in City Centre, Business, Town Centre, Multiple Residential and non-residential designated areas. Amenities can be implemented through the density bonusing provisions of a Comprehensive Development Zone. Currently, there is no comprehensive policy context setting out the parameters related to base and upper densities and the nature of the amenities that will be achieved under such a policy.

Use of Density Bonusing in Other Municipalities

Municipalities in the Lower Mainland have used a variety of bonus density models and there is considerable overlap in their approaches. In researching its use, staff found that the following cities either have formal bonus density policies in place or are in the

process of formalizing policies: Abbotsford, Burnaby, Coquitlam, North Vancouver (City and District), New Westminster, Richmond, Vancouver, and White Rock.

A detailed discussion on the various municipal approaches is outlined in Appendix IV of this report.

In researching the practices of other municipalities, staff have focused on:

- How is the value of the bonus calculated?
- Where is the density bonus applied?
- What is the mechanism to implement density bonusing?
- What kinds of amenities are secured?

The table below provides a summary of the practices. Terms, including "land lift", "proforma", "flat rate" and "FAR exclusion", will be fully explained later in this report.

City	Model	Areas Applied	Implementation	Amenities
Abbotsford	Land Lift	Downtown	Conventional & Comprehensive Development Zoning	Affordable housing
Burnaby	Land Lift	Town Centres	Conventional & Comprehensive Development Zoning	Affordable housing, supported housing, community space, child care, public space, other amenities
Coquitlam	FAR** Exclusion	Town Centre	Conventional Zoning	Accessible Housing (in process of expanding policy)
New Westminster	FAR** Exclusion	Downtown	Conventional Zoning	Heritage preservation, improving waterfront access, seismic upgrades
North Vancouver (district)	FAR** Exclusion	Specific Districts	Comprehensive Development	Affordable Housing, child care, community space, public amenities
North Vancouver (city)	FAR** Exclusion	City wide	Comprehensive Development Zoning	Accessible Housing, affordable housing, heritage preservation, environmental design, community amenity space
Richmond	Flat Rate	Downtown & City wide	Conventional Zoning	Affordable Housing (West Cambie Area includes child care)
Vancouver	Land Lift, Proforma analysis, FAR** Exclusion, Flat Rate	Downtown & City wide	Conventional & Comprehensive Development Zoning	Affordable housing, child care, public open space, community space, public art
White Rock	Flat Rate	Downtown	Comprehensive Development Zoning	Affordable housing, community space, public art, park improvements, open space

*Affordable housing includes special needs housing

**FAR (floor area ratio)

There are a number of models used for valuing the density bonus. Some are site specific, while others set a flat rate for all applications. Vancouver uses a combination of land lift and proforma analysis, floor area ratio exclusions, and flat rate charges. Abbotsford and Burnaby use a land lift approach in valuing the additional density. The percentage of the land lift used to calculate the value of the density bonus varies with each municipality. Richmond and White Rock have a set flat rate applied equally to all applications and North Vancouver (City and District), Coquitlam and New Westminster use a system to exclude floor area and exchange the provision of an amenity or amenities for additional floor space. Explanations of the models are discussed in the next section of the report.

Most cities apply the density bonusing to areas already planned for additional density. Abbotsford, Burnaby, Coquitlam, District of North Vancouver and White Rock all apply the policy to their downtown or town centre areas, while Vancouver and Richmond have certain programs for downtown areas and others that are city-wide. The City of North Vancouver's programs are applicable city-wide.

Amenities required under the density bonus programs range from affordable housing, accessible housing, heritage preservation, child care, community space, public art and environmental amenities.

Considerations for Developing a Density Bonus Policy

This section outlines key factors which should be considered in developing a formal bonus density policy. These include:

- determining how the value of the higher density will be calculated;
- establishing where density bonusing is appropriate;
- identifying priorities for the amenities to be achieved; and
- establishing a mechanism to apply density bonusing.

Calculating the value of the density

Establishing a method to determine the value of the density is a key component to providing consistency and predictability for the developer, as well as the City when considering a density bonusing system. In order for the provision of a density bonus to be attractive to the developer, the value of the bonus has to do more than cover the cost of providing the amenity. Several options have been used in other municipalities and are summarized below:

1. *Land Lift*

This approach calculates the additional value added to the land which is attributable to the increased density. The lift in value is determined by multiplying the additional floor space by the "buildable rate". The buildable rate is basically the current land value divided by the floor area allowed by the base density. This concept is expressed in a formula, as follows:

Land Lift = Additional Floor Area x Buildable Rate*

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

Vancouver, Burnaby, and Abbotsford all use this approach; however, the percentage of land lift varies. Vancouver negotiates between 50% - 100% of the land lift value. Burnaby requires 100% (which may be "adjusted based on site characteristics") and Abbotsford requires 50% for wood frame construction and 85% for concrete.

As noted above, the provision of increased density, or the ability to build additional residential units on a site, can be compared to "creating new land". The City is in effect taking all or a portion of the lift in value, which has been created by the addition of this density.

Pros:

- Since not all properties have the same value and market conditions vary over time, this approach allows the value of the bonus to be determined on a site specific basis that is applicable and consistent over time;
- The value of the amenity provided by the developer will not be over-inflated, as it will be based on the added lift in value on the property; and
- The approach remains incentive-based for the developer.

Cons:

- This approach can be more expensive to manage, as the land lift for each application needs to be assessed individually.

2. ***Proforma Analysis***

This model is not market-based, but rather an analysis of the hard and soft cost estimates of a development and the resulting profit. The developer's profit is essentially the amount left over after the project is sold out and all costs have been paid. The proforma analysis examines the increase or decrease in profit resulting from the bonus density agreement. Vancouver uses proforma analysis in conjunction with their other approaches.

Pros:

- Provides a mathematical framework for negotiation that can be adjusted to a specific project to reflect the affects from additional density; and
- Can be used in conjunction with other approaches.

Cons:

- This is the least reliable approach due to its reliance on numerous cost and market estimates. A proforma is only reliable if all of the individual cost and market indices are accurate. However, this approach can be a valuable tool as a check or back-up approach to a land lift approach.

3. ***Flat Rate Approach***

This approach involves setting a standard rate for all developments. It is not site specific, but rather looks at examples of average costs in order to determine a rate. Once this rate is established, it is applied to all developments. Richmond and White Rock use this approach, whereby a standard contribution rate per buildable square foot is charged. Vancouver uses this as part of their community amenity contribution program and Surrey uses this as part of the amenity contributions in the NCP areas with amenity rates specific to each NCP, adjusted annually to reflect the change in the Consumer Price Index.

Pros:

- This approach is simple to apply once a rate is determined; and
- It gives an impression of equity as all applications are treated the same, which provides developers with certainty.

Cons:

- This approach is not sensitive to the lift in value. For example, if the lift in value is low, then an applicant will not pursue a density bonus. If the lift in value is high, the City could be under-compensated;
- Since market values of land change by area of the City and time, the set rate may not be fair to all sites and also will need to be amended periodically, which requires additional administration.

4. ***Floor Area Exclusion***

This approach requires that a developer provide an amenity (e.g., accessible space, an amenity room, day care space) in exchange for additional density. Either the amenity would not be counted as floor space or a certain amount of additional floor area over the base density would be permitted. Several municipalities exclude specific floor area from the density calculation in exchange for specific amenities.

Pros:

- Simple to implement if a standard formula is applied to all applications.

Cons:

- Since variation of land value is not accounted for (i.e., an average value is used), providing an amenity may cost more in one location versus another. As a result, the amenity may only be provided in areas where it is profitable to the developer, but not necessarily where it may be required most.

5. ***Targeted Amenity Approach***

This approach involves preparing a "priority list" of amenities and then, on a case-by-case basis, negotiating with the developer to provide some of the desired amenities in the context of the proposed development.

Pros:

- Provides a comprehensive list of needed amenities that are required in each area of the City as redevelopment at higher densities take place;
- Allows for flexibility and discretion; and
- Can be used in combination with other approaches, such as land lift and proforma models to achieve amenities within a consistent value of contributions.

Cons:

- Could potentially create inconsistency between developments and be seen as being inequitable.

The principle that the amenity contribution should be fair and equitable to both the developer and the City needs to be emphasised in the consideration of any of the above models.

Based on the evaluation of the options, it is recommended that the City use Option 1 – the Land Lift approach as the basis for an Interim Policy on density bonusing. The calculation of the lift in value combines market values with a standard formula (i.e., Additional Floor Area x Buildable Rate) and should provide for an exchange in value that is both fair to the developer and the City. As the land value of each site is different, the market approach allows the value of the amenity to correspond to actual value being created through the additional density so that the amenity provided is neither over-valued or under-valued and the City is not under-compensated.

Among the municipalities that utilize the land lift approach, the percent of the lift ranges from 50% to 100%. Recent experience in the City indicates that there is sufficient momentum in the current land market in the Surrey City Centre and in the Guildford Town Centre areas to recommend that the Interim Policy be based on 75% of the lift in land value. As is the case with other municipalities, the calculation may be adjusted based on specific site characteristics.

Recommendation:

That the City of Surrey implement a density bonusing model based on 75% of the lift in land value over the specific densities provided in Section 3.6 of the OCP.

Identifying Where Density Bonusing is Appropriate

Higher density is not always appropriate in all areas of the City and the provision of added density needs to fit within reasonable planning practices. The OCP clearly defines density designations for certain areas of the City.

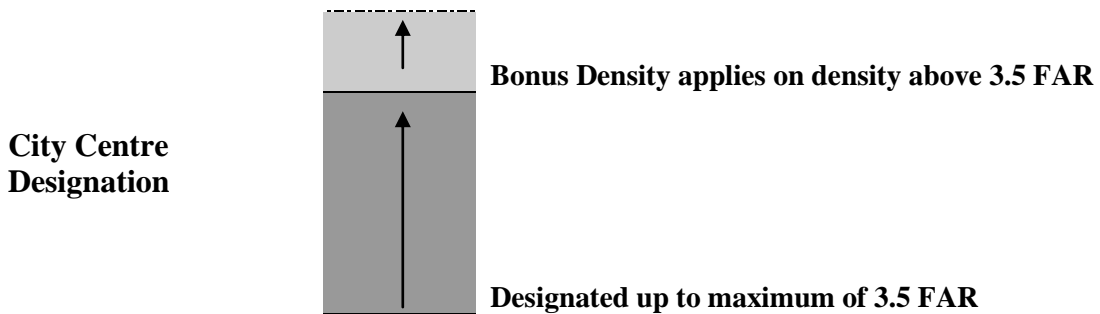
The table below shows the allowable densities, as outlined in the OCP.

LAND USE DESIGNATION	ALLOWABLE FLOOR AREA RATIO
City Centre Designation including Commercial	3.5
Multiple Residential in City Centre	2.5
Town Centres	1.5
Multiple Residential uses where allowed in a NCP	1.3
Multiple Residential uses without an NCP	0.6

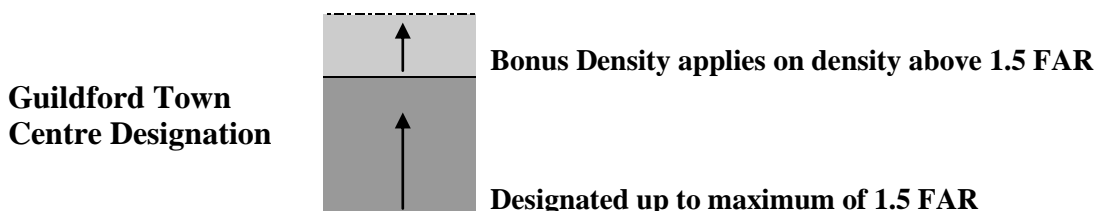
Given that there are established criteria for maximum permitted densities in specified areas through the OCP, the proposed Interim Policy should be based on allowing bonus densities in areas where higher densities are planned. Specifically, the City is receiving inquiries for increased density and high rise construction in City Centre and the Guildford Town Centre. Since there is momentum for high rise development in these areas, it would be appropriate to pilot an interim density bonusing policy in City Centre and Guildford Town Centre. Maps provided in Appendix I illustrate the boundaries for bonus density in the City Centre and Guildford Town Centre areas. Staff will report further on other possible areas, such as the Semiahmoo Town Centre.

In terms of application, the bonus density would be applied to the difference between the density provided for in the existing OCP designation and the density proposed in the development. Any consideration of increased density must be based on the principles of good planning, the ability to provide the necessary services and the context of the development.

For example, the diagram below illustrates how the density bonus could be applicable in a City Centre designation:



The diagram below illustrates how the density bonus could be applicable in a Guildford Town Centre designation:



Recommendation:

That density bonusing be applied to projects in the City Centre and Guildford Town Centre where development is proposed above 3.5 floor area ratio (FAR) for lands designated City Centre and Commercial or 2.5 FAR for lands designated Multiple Residential in City Centre and 1.5 FAR in Guildford Town Centre.

Determining Amenities

As a policy tool, density bonusing is intended to help municipalities find solutions to, and work towards provision of affordable housing, and to obtain a range of community amenities in areas of new, higher density development and redevelopment. Although amenity is not defined in the legislation, the principles of density bonusing discussed earlier indicate that the value achieved through the application of bonus density is not to be used as a substitute for general taxation and should not be used to provide items that are part of normal infrastructure normally provided through taxation or through the development process.

1. *Affordable and Special Need Housing*

(a) **Provision of Housing**

The *Act* specifically allows for the provision of affordable, rental or special needs housing in exchange for a density bonus. "Density Bonusing: A Guide and Model By-law", describes affordable, rental and special needs housing as housing that is affordable to low or moderate income households or has features that the private market does not provide.

Examples of affordable housing range from units developed under senior government housing programs, guaranteed rental units with a rent control mechanism, housing for people with special needs such as those with physical or mental disabilities, victims of violence etc., provision of accessible or adaptable units, or price controlled, limited equity market units.

Support for the creation of affordable housing aligns with many of the City's strategic directions. Surrey's Crime Reduction Strategy, launched in February 2007, includes a number of recommendations under the Rehabilitate and Integrate Strand that relate to housing. In February 2006, City Council adopted the Plan for the Well Being of Surrey Residents, which specifically identifies supporting the development of low income housing for the homeless, families and singles as an issue element under the priority area of Housing and Homelessness. According to the Plan, 5,000 units of housing for low income families and singles are required.

Lower interest rates, reduced requirements for down payments and special mortgages for low income populations (e.g., VanCity's Springboard Mortgage) are all assisting with home ownership. Given this assistance,

density bonusing is considered to be better targeted at encouraging the creation of affordable or special needs non-market housing. Housing units provided under the bonus density policy could be integrated into the residential development receiving the density bonus (inclusionary zoning) with the units protected through a Housing Agreement, and managed by non-profit organizations, BC Housing, the GVHC, the private sector or other levels of government.

(b) **Cash-in-lieu of the Provision of Housing**

As an alternative to or in addition to the provision of specific dwelling units, the developer receiving the density bonus could make a cash payment in-lieu of housing to the City, which the City could then contribute to the creation of affordable housing. A consideration for Surrey's bonus density policy could include a cash contribution component where payments can be made into Surrey's Homelessness and Housing Fund. The Fund has been established as a mechanism to raise and distribute funds to projects and programs targeted at addressing housing and homelessness in Surrey.

2. ***Amenities***

In addition to housing, the *Act* allows other amenities in exchange for bonus density. "Density Bonusing: A Guide and Model By-law" describes an amenity as something that enhances the desirability of the area of the development. Contributions can be used to implement a range of civic amenities, including such things as child care spaces, public meeting spaces, civic and cultural facilities, public art, open space, publicly accessible parks or gathering places, etc.

Recommendation:

The Interim Policy will provide for the value received through the density bonus to be applied to amenities such as affordable housing, civic amenities including child care spaces, public meeting spaces, civic and cultural facilities, public art, open space, publicly accessible parks or gathering places, etc. or a cash-in-lieu payment to the City.

Mechanism for Density Bonusing

As discussed earlier, the legislation provides two approaches in relation to exercising the density bonusing provisions: conventional zoning and comprehensive development zoning.

Comprehensive development zoning would not require any changes to the existing Zoning By-law and would allow density bonusing to continue to be implemented on a site-specific basis. Under this approach, densities achieved through rezonings can be tailored to fit the neighbourhood context, and can incorporate mechanisms such as Housing Agreements and other provisions related to the specific amenities to be achieved through each development.

Recommendation:

Given the more complex nature of higher density developments and to allow for site-specific zoning, it is recommended that the City adopt the practice of using CD zoning as on sites to bonus density is incorporated.

Interim Bonus Density Policy

In view of the number of applications for high rise developments and related requests for additional density in the City Centre and Guildford Town Centre, it is recommended that an Interim "density bonusing" Policy be implemented for these areas. An Interim Policy will provide an opportunity for staff to monitor the effectiveness of the policy as it is applied. It will also allow staff to use the experience to refine the policy and work with the development industry to expand the program to other areas of the City.

Based on the recommendations in the report, the proposed components of the Interim Policy are:

- **Location** - the policy will apply to sites in the City Centre and Guildford Town Centre, as shown in Appendix I;
- **Model** - – The policy will be based on the Land Lift Valuation Approach and will require that the benefiting developer provide 75% of the lift in the market value of the land as value back to the City. The policy will apply to development applications proposing densities greater than 3.5 FAR for lands designated City Centre and Commercial and greater than 2.5 FAR for lands designated Multiple Residential in City Centre and greater than 1.5 FAR for lands designated Multiple Family in Guildford Town Centre, as shown on the attached maps (Appendix I);
- **Mechanism** – The density bonus will be applied through rezoning using a Comprehensive Development Zone on each individual site; and
- **Amenity** – The Interim Policy will allow for the City's value to be achieved through amenities such as affordable housing, civic amenities including child care spaces, public meeting spaces, civic and cultural facilities, public art, open space, publicly accessible parks or gathering places, etc. or a cash-in-lieu payment provision. Council may choose other amenities as the need arises.

The provision of non-market affordable or special needs housing will be subject to a housing agreement under section 905 of the *Act*.

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

- units developed under senior government non-profit housing programs;
- units controlled or managed or owned by non-profit housing groups providing affordable housing;
- guaranteed rental units; and

- housing for people with special needs, such as those with physical or mental disabilities, those needing treatment for addictions or victims of violence.

CONCLUSION

As Surrey experiences interest in higher density development, there is an increasing need to provide amenities to support the City's increasing population. Density bonusing is one means by which to assist in funding needed special needs and affordable housing and amenities in the City.

It is recommended that the proposed Interim "density bonusing" Policy, attached as Appendix "A" to this report, be applicable to the City Centre and Guildford Town Centre. These areas are experiencing increased interest in high rise development and there appears to be the momentum in this market to introduce density bonusing provisions.

Over the next year, it is recommended that staff work with the development community and stakeholders to examine ways to expand the Interim Policy to include other multi-family areas in the City. In addition, it is recommended that staff monitor the Interim Policy and report back to Council in one year with recommendations for a finalized policy.

Jean Lamontagne
General Manager,
Planning and Development

PH:saw

Attachments:

- Appendix I Proposed Interim Bonus Density Policy
- Appendix II Sections 904 and 905 of the *Local Government Act*
- Appendix III Excerpt from Surrey Official Community Plan By-law, 1996, No. 12900
- Appendix IV Use of Density Bonusing in other Lower Mainland Municipalities



CITY POLICY

No.

REFERENCE:

REGULAR COUNCIL MINUTES

APPROVED BY:**DATE:****CITY COUNCIL****HISTORY:****TITLE: Interim Bonus Density Policy**

Components of the Interim Bonus Density Policy are as follows:

1. **Location** - the policy will apply to sites in the City Centre and Guildford Town Centre, as shown in Appendix I;
2. **Model** – The policy will be based on the Land Lift Valuation Approach and will require that the benefiting developer provide 75% of the lift in the market value of the land as value back to the City. The policy will apply to development applications proposing densities greater than 3.5 floor area ratio (FAR) for lands designated City Centre and Commercial and greater than 2.5 FAR for lands designated Multiple Residential in City Centre and greater than 1.5 FAR for lands designated Multiple Family in Guildford Town Centre, as shown on the attached maps (Appendices "A" and "B", respectively);
3. **Mechanism** – The density bonus will be applied through rezoning using a Comprehensive Development Zone on each individual site; and
4. **Amenity** – The Interim Policy will allow for the City's value to be achieved through amenities such as affordable housing, civic amenities including child care spaces, public meeting spaces, civic and cultural facilities, public art, open space, publicly accessible parks or gathering places, etc. or a cash-in-lieu payment provision. Council may choose other amenities as the need arises.

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

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

- units developed under senior government non-profit housing programs;
- units controlled or managed or owned by non-profit housing groups providing affordable housing;
- guaranteed rental units; and

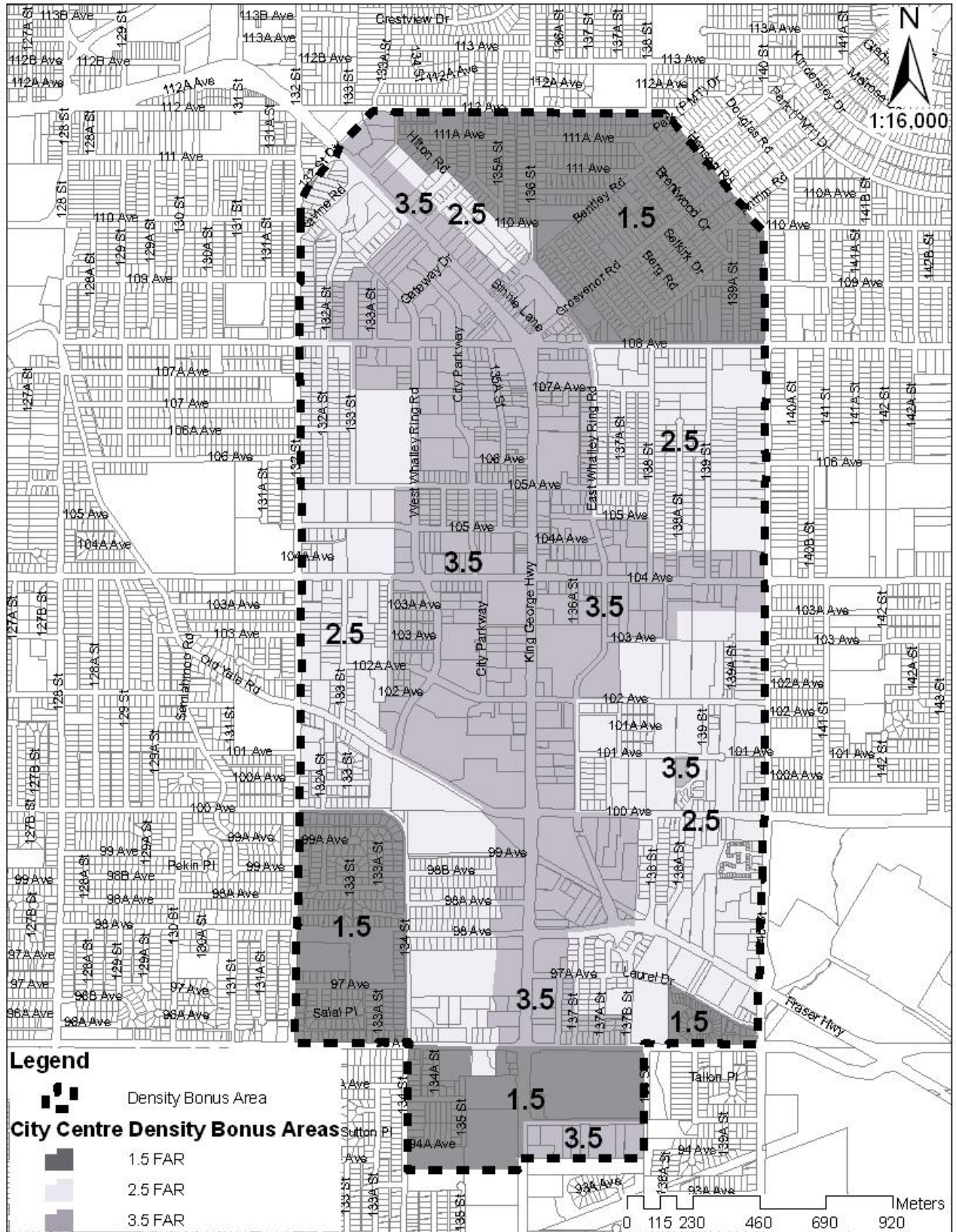
- housing for people with special needs, such as those with physical or mental disabilities, those needing treatment for addictions or victims of violence.

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

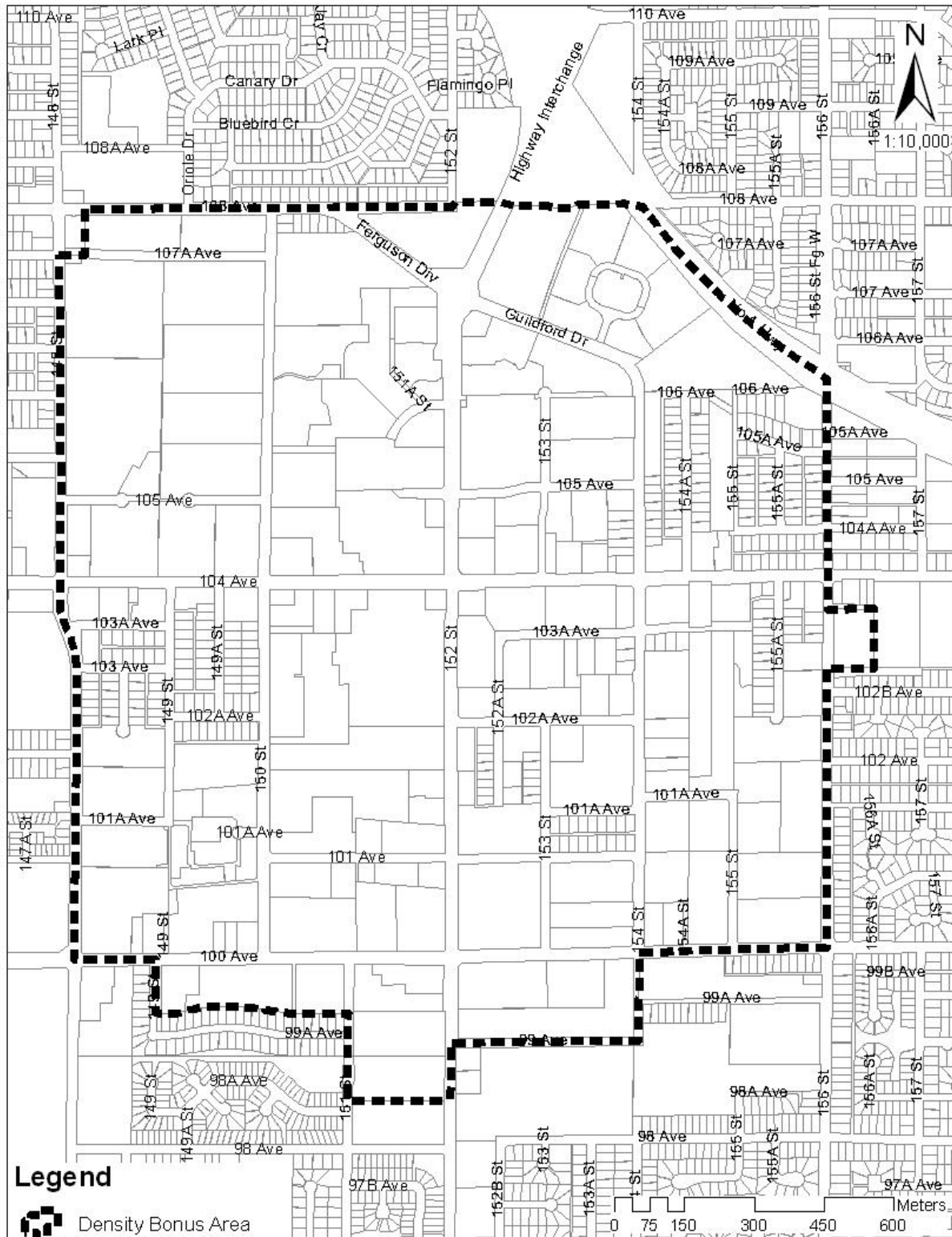
Buildable rate is calculated as follows: $\text{Buildable Rate} = \frac{\text{Land Value}*}{\text{Base Floor Area}}$

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

Density Bonus Area in City Centre



Density Bonus Area in Guildford Town Centre



Sections 904 and 905 of the *Local Government Act*

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.

RS1979-290-963.1; 1993-58-4; 1994-43-71.

Housing agreements for affordable and special needs housing

- 905.** (1) A local government may, by bylaw, enter into a housing agreement under this section.
- (2) A housing agreement may include terms and conditions agreed to by the local government and the owner regarding the occupancy of the housing units identified in the agreement, including but not limited to terms and conditions respecting one or more of the following:
- (a) the form of tenure of the housing units;
 - (b) the availability of the housing units to classes of persons identified in the agreement or the bylaw under subsection (1) for the agreement;
 - (c) the administration and management of the housing units, including the manner in which the housing units will be made available to persons within a class referred to in paragraph (b);
 - (d) rents and lease, sale or share prices that may be charged, and the rates at which these may be increased over time, as specified in the agreement or as determined in accordance with a formula specified in the agreement.
- (3) A housing agreement may not vary the use or density from that permitted in the applicable zoning bylaw.
- (4) A housing agreement may only be amended by bylaw adopted with the consent of the owner.
- (5) If a housing agreement is entered into or amended, the local government must file in the land title office a notice that the land described in the notice is subject to the housing agreement.

- (6) Once a notice is filed under subsection (5), the housing agreement and, if applicable, the amendment to it is binding on all persons who acquire an interest in the land affected by the agreement, as amended if applicable.
- (7) On filing under subsection (5), the registrar must make a note of the filing against the title to the land affected but, in the event of any omission, mistake or misfeasance by the registrar or the staff of the registrar in relation to the making of a note of the filing,
 - (a) neither the registrar, nor the Provincial government nor the Land Title and Survey Authority of British Columbia is liable vicariously,
 - (a.1) neither the assurance fund nor the Land Title and Survey Authority of British Columbia, as a nominal defendant, is liable under Part 19.1 of the *Land Title Act*, and
 - (b) neither the assurance fund nor the minister charged with the administration of the *Land Title Act*, as a nominal defendant, is liable under Part 20 of the *Land Title Act*.
- (8) The Lieutenant Governor in Council may prescribe fees for the filing of notices under subsection (5), and section 386 of the *Land Title Act* applies in respect of those fees.

RS1979-290-963.2; 1993-58-4; 1998-34-197; 2004-66-153.

Surrey's OCP Division A

**Current policies with Regard to Density Bonusing in
Surrey Official Community Plan By-law, 1996, No. 12900.**

3.6 Land Use Designations: Allowable Density

The following table identifies the allowable density in terms of floor area ratio for the City Centre, Town Centre, Industrial, Multiple Residential and certain Urban designated lands. Floor area ratio is the figure obtained when the area of all floors in a building is divided by the area of the lot. Thus a floor area ratio of 1.0 means the floor area of a building equals the lot area. Certain zones allow the floor area ratio to be increased through bonusing provisions in the Zoning By-law.

Designation	Allowable Floor Area Ratio	
City Centre and Business	3.5	These may be increased through the density bonusing provisions of the Zoning By-law.
Town Centre, Multiple Residential, Industrial and Commercial	1.5	
Multiple residential uses in Urban designated lands where allowed in a Neighbourhood Concept Plan	1.3	
Multiple residential uses in Urban designated lands without a Neighbourhood Concept Plan	0.6	
Non-residential uses in Urban designated lands	1.0	
Multiple Residential designation within the Surrey City Centre	2.5	

The following table shows the allowable density for Rural, Suburban and Urban designations. The density is specified in terms of housing units per hectare. In the case of the Urban and Suburban designations, the land use and density range may be further defined in a secondary plan such as an Local Area Plan or a Neighbourhood Concept Plan.

Designation	Allowable Residential Density
Suburban identified in policy A-3.2	1.3 units per hectare (2 acre minimum lot size except where a larger minimum lot area may be required by the Fraser Health Authority)
Rural and other Suburban	2.5 units per hectare (1 acre minimum lot size except where a larger minimum lot area may be required by the Fraser Health Authority)
Suburban with full services and where a Neighbourhood Concept Plan is in place	5 units per hectare (1/2 acre minimum lot size, including gross density, where applicable). This may be increased to 10 units per hectare (4 units per acre) with a minimum lot size of 930 square metres (10,000 square feet) where development with this density is a minimum of 200 metres from the edge of the Agricultural Land Reserve or Agricultural Designation, whichever is closer. The increased density does not apply to the Semiahmoo Peninsula, Panorama Ridge, Sullivan Heights, or Douglas
Multiple residential uses in Urban designated lands with a Secondary Plan in place	111 units per hectare (45 units per acre), but this may be increased through the density bonusing provisions of the Zoning By-law
Multiple residential uses in Urban designated lands without a Secondary Plan in place	37 units per hectare (15 units per acre), but this may be increased through the density bonusing provisions of the Zoning By-law

Use of Density Bonusing in other Lower Mainland Municipalities

City of Abbotsford

Abbotsford has just recently approved a density bonusing policy in order to secure funds to support the development of affordable non-market housing.

Specific residential zones have been or are in the process of being revised to allow for increased density in exchange for affordable housing. Amendments to Abbotsford's low-rise apartment zone now allow a base density of 1.4 floor space ratio (FSR) to be bonusable up to 1.7 FSR. Staff are in the process of developing two more zones, a high-rise residential zone and a mixed-use high-rise zone that will incorporate density bonusing provisions. CD Zoning will also be used if certain projects fall outside of the density parameters that are set out in the specific zones. The city core area has been identified as the area suitable for density bonusing.

The value of the bonus is determined using a "land lift" approach. Specifically the additional floor space gained through the increased density is multiplied by the applicable buildable rate; this value is then multiplied by 0.50 for wood frame projects (50% of the land lift value), and 0.85 for concrete construction (85% of the land lift value). These percentages represent approximately 33% of the additional profit gained from the densities. In cases where the land lift value is more than 33% of the additional profit, the value of the contribution is reduced to align with 33%.

At this time, bonus contributions are for affordable housing only. The developer can either build on-site or off-site non-market housing units or can pay a cash-in-lieu contribution to Abbotsford's Housing Reserve Fund.

City of Burnaby

In 1997, Burnaby adopted the *Community Amenity Bonus for Housing and Amenities* policy in its Town Centre policy, as well as associated Zoning By-law amendments to permit density bonuses for developments meeting certain specified criteria.

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

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

Under this program, the value of the density is calculated using a land lift approach; 100% of the increase in value attributable to the additional bonused floor area ratio needs to equal the value of the amenity. For example, if the value of a site rose by \$1 million because of a density bonus, the developer would be expected to provide an amenity or housing component valued at approximately \$1 million. It is also recognized that this basic principle (value of amenity = market value of bonused space) may need to be adjusted for particular sites or project characteristics, as appropriate.

Amenities can include non-market affordable housing, public facilities (such as libraries, community centres, non-profit office space), child care facilities, public art, and public realm improvements.

In addition, in 2003, Burnaby created a supportive seniors housing density bonus program. This option allows the developer a density bonus of 0.20 floor area ratio (FAR) if affordable supportive housing units are built. The Community Amenity Bonus and the Supportive Housing Density bonus can be combined.

In 2006 Burnaby added the option for the developer to provide a cash contribution, with the funds being set aside by the City for future use. The contribution amount is also determined on 100% of the lift in value.

City of Coquitlam

Coquitlam currently uses a density bonusing provision in its Town Centre Commercial Zone (C-4) for the provision of accessible residential units. The density section of Coquitlam's C-4 Zone states that "for every square metre of accessible residential gross floor area provided, an additional one square metre of other residential gross floor area as permitted." Accessible residential space is defined as a use that allows "persons with disabilities, without assistance, to be able to approach, enter, pass to and from, and make use of an area and its facilities consistent with standards outlined by CMHC".

Since Coquitlam has recently updated its Affordable Housing Strategy, the City is considering expanding their use of density bonusing to secure amenity space and affordable housing in their town centre areas. In their research, staff have found that a Proforma Analysis done on a case-by-case basis appears to provide the best value. However consultation with the development community shows that developers would prefer a set flat rate approach.

City of New Westminster

Density provisions have been included in New Westminster's by-laws for heritage preservation purposes as well as dedication of land for improved pedestrian or vehicular waterfront access, and community purposes (civic building, art gallery, etc.).

For heritage preservation, the Columbia Street Historic Comprehensive Development District allows for an additional floor area ratio (FAR) of 0.5 if the development provides for façade improvements for heritage buildings (according to specified guidelines), 1.0 FAR for seismic upgrading and 0.5 FAR for provision of public open space.

New Westminster's C-4A Zone (Central Business District Zone) outlines specific increases in density for dedication of land for improved pedestrian connection and vehicular access to the waterfront.

District of North Vancouver

The District of North Vancouver uses a case-by-case approach using four specific guidelines:

1. Density Bonusing will be considered within the context of the District OCP, area OCPs and District policies respecting housing, child care and other amenities;

2. Priority will be given to affordable and special needs housing, child care facilities, community space and public amenities as determined by Council;
3. The density will be calculated on the basis of a maximum of 10% of the units as "bonus" to the developer, provided that the developer constructs an additional 10% of affordable housing units or an appropriate amenity as a "benefit" to the community;
4. The bonus density arrangement will be enforced through a housing agreement.

City of North Vancouver

North Vancouver uses density bonusing and density transfer options for implementing affordable housing units, environmental design, dedicated community amenity space, and heritage conservation. A standard formula is not used; rather the City approves additional floor area, density transfer, or floor area exclusion on a case-by-case basis. A specific program does exist for the creation of adaptable housing units whereby, all medium to high density residential developments are required to build 20% adaptable (accessible) units.

City of Richmond

Bonus density is a component of Richmond's newly adopted Affordable Housing Strategy. Staff have drafted new zones for single family, coach house, townhouse and apartment uses, with density provisions included in each for a lower density than what is permitted in the existing zone and a density bonus is added for affordable housing. These four new zones are now being considered for all new rezoning applications received after July 1, 2007.

Single Family

For single family rezoning applications a new single family housing district allows a base floor area ratio (FAR) of 0.4, increased by 0.2 FAR to a maximum density of 0.6 FAR if a secondary suite is built and secured as affordable housing by means of a registered housing agreement against title, which also specifies that the secondary suite cannot be subdivided (i.e. strata titled).

Coach House

A new Coach House district allows a base density of 0.4 FAR, increased by 0.2 FAR to a maximum of 0.6 FAR if a coach house with a maximum floor area of 60 m² (645 ft²) is built and secured as affordable housing by means of a registered housing agreement against title, which also specifies that the coach house cannot be subdivided (i.e. strata titled)

Townhouses

A new townhouse zone allows a base density of 0.4 FAR increased by 0.2 FAR to a maximum of 0.6 FAR if a cash contribution of \$2.00 per buildable square foot based on the entire site is paid into Richmond's affordable housing reserve fund.

High Density Apartment

A new apartment zone allows a base density of 2.4 FAR increased by 0.6 FAR to reach a maximum of 3.0 FAR in the following manner:

- If more than 80 units, at least 5% of the building area and not less than 4 units need to be developed and secured as affordable housing by means of a registered housing agreement against the title.
- If less than 80 units, a cash contribution of \$4.00 per buildable square foot (based on the entire site) is paid into the affordable housing reserve fund.

In addition Richmond's West Cambie Area Plan allows an increase of density from 1.5 to 1.7 FAR with the incremental floor space to be used for affordable housing units, or cash-in-lieu equal to \$5.10 per buildable square foot to go into the City's Affordable Housing Statutory Reserve Fund. The \$5.10 per square foot charge is estimated to be 10% of the incremental value created through the rezoning process.

City of Vancouver

The City of Vancouver has many policies and regulations, which encompass bonus density provisions. The most commonly used is the Heritage Density bonus, which is used to compensate a developer in retaining, retrofitting and upgrading heritage property. Other bonusing provisions are referenced in various area plans, policies and zoning and are designed to obtain social housing, institutional replacement, and public, social, cultural or recreational amenities.

There are also several bonusing provisions of floor space for specific uses within the zoning by-law, which seek to achieve these amenities/uses simply by not counting it as floor space, or allowing additional density for their inclusion. These could include day care amenity, residential amenity rooms, etc.

Density bonusing in Downtown Vancouver has mainly been used to create cultural amenities (e.g. VanCity Theatre). It is site-specific and done on a case-by-case basis. First the cost of a needed amenity is calculated, then the City calculates the extra density required by the developer to cover the cost of the amenity space. The extra density required to include a social amenity on the site is assessed from an urban planning and a design perspective.

Vancouver also has a city-wide policy for Community Amenity Contribution on rezonings. Payment can be in cash or as in-kind amenity. For standard rezonings: the flat rate is \$3 per sq.ft. on net increase of allowable floor space. For larger sites and non-standard rezonings a community amenity needs assessment is done, generally a Council report is brought forward at the beginning of the rezoning process to establish that at least \$3 per sq.ft. be achieved in the negotiations (whether in-kind, cash payment or a combination of these.)

City of White Rock

White Rock's density bonus policy is applied to projects requesting an increase in density above 2.75 FAR in exchange for public amenities, public art, park improvements, transportation, or special needs or affordable housing. The developer is required to pay \$20.00 per square metre of buildable floor area based on the entire site as well as other negotiated items.