

City of Maple Ridge

TO: Her Worship Mayor Nicole Read
and Members of Council
FROM: Chief Administrative Officer
SUBJECT: **Maple Ridge Community Amenity Contribution Program Policies -
Proposed OCP Amending Bylaw No. 7188-2015
Proposed CAC Council Policy**

MEETING DATE: December 7, 2015
FILE NO:
MEETING: Workshop

EXECUTIVE SUMMARY:

This report provides a summary of the components of the Community Amenity Contribution Program, based on the Resolutions passed by Council on October 19 and 27, 2015. At the October 27, 2015 meeting staff were directed to bring back further information on contribution calculations and were also directed to bring back an Official Community Plan amending bylaw that established the CAC program for the community utilizing a percentage of lift approach. At the October 13, 2015 Council meeting, a brief discussion on changing the contribution approach for the CAC program occurred, however no decisions were made on the matter.

In order to advance the CAC discussion further, this report includes a two pronged approach for establishing a Community Amenity Contribution Program which includes:

- An Official Community Plan Amending Bylaw that will establish the general components to be included in the CAC program, noting that the specific details regarding the contribution approach, values and application would be housed outside of the OCP in a Council Policy; and
- Two draft Council Policies have been prepared for Council's consideration – one based on a percentage of lift approach and the other based on a flat rate approach. The expectation is that Council will chose the draft policy that best reflects their desired approach for calculating contributions.

The Greater Vancouver Home Builders Association and the Urban Development Institute provided comments to Council on the proposed components of the city-wide CAC Program prior to the October 19, 2015 Workshop meeting. In their correspondence, they have requested an opportunity for consultation and dialogue on the Program. Given this request, the report recommends that the proposed Official Community Plan amending Bylaw and Council policies be referred to the UDI Liaison Committee for review. It is also recommended that the draft CAC policies be posted on the website, along with an invitation to the public to submit comments. A summary of comments received will then be provided to Council in a follow-up summary report. The Official Community Plan amending bylaw will also be referred to a future public hearing.

RECOMMENDATIONS:

1. That staff be directed to obtain feedback on the Official Community Plan Amending Bylaw No. 7188-2015 and draft Council Policy and provide a summary of input to Council in a future report.

DISCUSSION:

a) Background Context:

Council has been provided with reports on June 15 and October 19, 2015 outlining the various aspects and potential for establishing a city-wide community amenity contribution program. The October 19, 2015 report included a set of legal principles regarding amenity contributions derived from prior legal advice the City has received on establishing a community amenity contribution program. These principles include:

- i. A municipality has the authority to adopt density bonus bylaws and establish conditions under which the density bonus is to be applied, including the payment of cash contributions;
- ii. Density bonuses are the most defensible approach, should the required amenity contribution be challenged on its legal basis;
- iii. A community amenity contributions should be clearly tied to the impacts that are expected to result from a zoning change;
- iv. A community amenity program should be based on a 'robust' policy basis, rather than on a simple decision of Council;
- v. Establishing a contribution that is based on the amount of the increase in lot value could provide a more equitable basis for the amenity program; and
- vi. A site-by-site negotiated approach does not provide the clarity and consistency of application of the program that the development industry needs, as well as potentially adding a significant amount of time to the development approvals process.

With these principles in mind, Council was presented with a series of options for each component of the City-wide Community Amenity Contribution Program.

At the October 19 and 27 Council Workshop meetings, the components of the CAC Program were discussed and a Resolution passed for each. The following is a summary of the framework of the CAC Program based on the content of the Resolutions:

1. Each CAC will be based on a percentage value of lift. [Note: A percentage value was not included in the discussion]
2. The CAC Program will apply city-wide.
 - a. Those properties within the Town Centre Area Plan boundaries are exempt from the CAC Program.
3. The Density Bonus Framework established in the Albion Area Plan will continue to apply, in addition to the city-wide CAC Program. For developments that take advantage of the density bonus provisions included in the Maple Ridge Zoning Bylaw for the Albion Area Plan, the amenity contribution rate will be \$3100 per lot or dwelling unit.
4. The CAC Program applies to the development of all residential dwellings¹, including those that are included in a mixed-use development (such as commercial and residential) with the following exceptions:
 - a. Affordable and special needs housing that are secured through a Housing Agreement as established in Section 905 of the *Local Government Act*;

¹ Note: Additional exemptions from the CAC Program include:

- single family residential subdivisions proposing fewer than 3 lots;
- duplex dwelling units where only one building is being constructed; and
- triplex dwelling units where only one building is being constructed.

- b. Rental housing units that are secured through a Housing Agreement established under Section 905 of the *Local Government Act* will also be subject to a covenant enacted under Section 219 of the *Land Titles Act*.
5. An Official Community Plan amending bylaw was to be prepared that includes the components of the Community Amenity Contribution Program. Development applications that are in process (in-stream) at the time of enactment of this Council Policy will be subject to the provisions of the Policy unless the applicable Official Community Plan and/or Zoning Bylaw amending bylaw has/have received Third Reading.
6. Council will establish one or more Reserve Funds and identify those amenities that may benefit from the community amenity contributions.

b) CAC Program Examples

There are a wide variety of approaches for community amenity contribution programs in place throughout the region. Council was provided a summary table, taken from the [Amenity Zoning Report](#) prepared during the Albion Area Plan review in 2012. That table shows the variety of approaches in use at that time, including density bonuses, site specific and area-wide amenity contribution programs. In essence, the table shows that there is no one single approach in use throughout the region. The following examples are intended to provide Council with options to consider with respect to the components and implementation aspects of a CAC Program.

District of North Vancouver

The District of North Vancouver has implemented a CAC program that consists of a variety of approaches for securing amenity contributions within:

- Four defined OCP growth centres;
- Residential developments outside of the growth centres; and
- For sites where increased density is not contemplated in the OCP.

The details of the program are found within an administrative policy, which outlines the technical aspects of when and how CAC's will be considered as part of the development review process. The Program incorporates three ways of collecting community amenity contributions:

1. For sites within the defined OCP growth centres, 75% of the value of the increase in land (the lift) after rezoning.
2. For sites outside of the growth centres, CAC's are calculated at \$5 per square foot for duplex, triplex, townhouses or similar developments and at \$15 per square foot for apartment developments.
3. For sites where an increase in residential density is not contemplated in the OCP, the CAC is negotiated on a case by case basis, with the value of the amenity contribution to be equivalent to 50% to 75% of the estimated increase in market value of the land after rezoning.

The following table outlines the District of North Vancouver's approach for calculating 'lift'.

Development revenues:	A	Explanation of key terms
Development costs include:	B	Development revenues: are the estimated returns from the sale of new units.
» Soft costs (e.g. design) » Offsite costs (e.g. servicing) » Construction costs » Developer profit (15%)		Development costs: includes reasonable project costs which may include - property transfer tax, assembly costs, demolition costs, soft costs, financing costs, sales and marketing costs, construction costs, contingency costs, development cost charges (DCCs), municipal taxes, insurance, development and rezoning application fees, servicing fees, and warranties. Development costs also include developer profit.
Land costs not included		
Value of land after rezoning:	C	Value of land after rezoning: is the market value of land under the proposed new zoning. This figure is calculated by subtracting all estimated projects costs (not including land acquisition) and developer profit from the estimated project revenue.
Development revenues minus development costs (A - B)		
Value of land before rezoning (current zoning value):	D	
Community Amenity Contribution: 75% of the increased market value of the land minus value of land before rezoning i.e.: (C - D) x 75%	E	Value of land before rezoning: is the market value under existing zoning (without considering any opportunity for up-zoning). Note that this does not necessarily reflect what the developer actually paid for the property.

Source: District of North Vancouver, Community Amenity Contributions in OCP Growth Centres

For information, the District of North Vancouver’s brochure outlining their CAC Program is attached as Appendix C.

Coquitlam

The City of Coquitlam has introduced an area-wide contribution approach within the Burquitlam-Lougheed Neighbourhood. The program is part of the implementation of the transit-oriented development (TOD) strategy for the area, and applies to new residential density that is associated with a rezoning application at a rate of \$3.00 per square foot (\$32.29 per square metre) of new residential floor area, up to a maximum floor area of 2.5 times the lot area.

For information, the City of Coquitlam’s brochure on the CAC Program for the Burquitlam-Lougheed area is attached as Appendix D.

Pitt Meadows

The City of Pitt Meadows has implemented a CAC approach based on a voluntary contribution flat rate of \$2400 per unit for single family dwellings, \$1200 per unit for townhouses and \$600 per dwelling unit for Apartments.

City of North Vancouver

The City of North Vancouver endorsed their Density Bonus and Community Benefits Policy in May 2015. It contains aspects that may be of interest to Council, as it is applied within the context of

OCP policies related to density bonusing, rather than a specific area as in the example from Coquitlam. The purpose is "...to provide a greater degree of certainty regarding the purpose and value of community benefit contributions that may occur in conjunction with development applications."

The framework of the program incorporates two categories:

1. Category A: Increases in density that do not exceed the density established in the OCP (on Schedule 'A'). The rate for these types of density increases is set at \$20 per square foot of residential floor area or a negotiated contribution; and
2. Category B: Increases in density that exceed the density established in the OCP, up to a maximum bonus amount set out in the OCP. The rate for these bonus densities in the Lonsdale Regional City Centre is set at \$140 per square foot of residential floor area beyond the existing zoning OR \$110 per square foot of residential floor area outside of the Regional City Centre. Category B amenity contributions can be negotiated only in unique circumstances.

The City of North Vancouver's Density Bonus and Community Benefits Policy has been attached as Appendix E.

Provincial Guide for Community Amenity Contributions

In March 2014, the Provincial Ministry of Community, Sport and Cultural Development released a guide to provide assistance for municipalities when considering the establishment of a CAC program. It provides an overview on the legal aspects, recommended practices for CAC's, the link between CAC's and affordable housing and discussion on selecting an approach for a municipality to obtain amenities.

A summary of its contents is also included in the Guide and provides a helpful 'snapshot' of the recommended practices for local governments:

1. Avoid legal risk and maintain public confidence
2. Plan ahead
3. Seek modest contributions and follow an approach that balances amenities and housing affordability
4. Apply DCC principles to CAC's
5. Engage the development community
6. Choose an approach to obtaining amenities that considers a variety of factors.

The lessons that can be taken from the Provincial Guide mirror the prior legal advice the City has received with respect to:

- align the impacts of increased residential density to the amount of contribution;
- use density bonuses, as permitted under Section 904 of the *Local Government Act* as the primary tool for securing CAC's; and
- establish a program that is consistently applied.

For information, The Short Guide – Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability, released in March 2014 is attached to this report as Appendix F.

c) Amenity Zoning Analysis Information

The following is an excerpt from the *Maple Ridge Amenity Strategy Case Study Analysis*, part of the *Amenity Zoning: Analysis and Options* report prepared by CitySpaces Consulting in November 2012. Council was provided with a copy of that report as an attachment to the June 15, 2015 Amenity Zoning Overview and Options report. This information is intended to be helpful for Council to see within the context of a percentage value of lift approach and in comparison to the examples from across the region.

Implications for Community Amenity Contributions

As noted above, the total lift identified through either a general set of analyses such as these or through a separate analysis for a specific rezoning is typically shared between the municipality or district and the proponent. In areas where development demand is high a higher share of the lift would usually be sought by the municipality or district (75% or higher in some cases), but in areas where development is slower a more equitable split is usually made (50/50 for example).

GPRAs has applied a 50/50 split to the lift identified through the case studies and illustrates the resulting charges that could be introduced on a per unit/lot basis to collect the District's share:

These charges can also be converted to a fee per square foot or square metre of GBA using estimates of average sizes of unit types in the District:

Charge Sq. Ft. @ 50%								
Current	RS-3	RS-1	RS-1b	R-1	R-3	RM-1	RM-2	RM-6 (base)
A-2	\$14.92	\$4.59	\$4.78	\$7.65	\$10.66	\$7.24	\$12.72	\$6.13
RS-3	\$0.00	\$1.61	\$2.30	\$5.17	\$8.53	\$4.76	\$11.89	\$5.20
RS-1	\$0.00	\$0.00	\$0.96	\$3.83	\$7.38	\$3.42	\$11.45	\$4.69
RS-1b	\$0.00	\$0.00	\$0.00	\$2.87	\$6.56	\$2.46	\$11.13	\$4.34
R-1	\$0.00	\$0.00	\$0.00	\$0.00	\$4.10	-\$0.41	\$10.17	\$3.26
R-3	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$5.19	\$8.58	\$1.47

Typically, however, a municipality or district would not have so many discreet charges, but will instead create a flat fee for each major rezoning type. In order to recognize the varied results from the lift analysis and to avoid being punitive to developers GPRAs would typically recommend the fee be set at the lowest level indicated from the analyses.

Charging out fees in a manner such as this, or by GBA, or a combination thereof allows for developers to clearly understand the expected costs for CACs when preparing to purchase land and when determining project viability. GPRAs must note, however, that additional analysis is recommended before the District proceeds with codifying any fees into Bylaws and implementing a CAC policy.

While the above information was prepared in 2012 as part of the Albion Area Plan Review, the principles and results provide Council with an additional layer of information with respect to the selection of a contribution approach for the city-wide CAC Program.

d) Maple Ridge CAC Estimate Examples

The 2012 Albion Area Plan review included the discussion regarding amenity zoning and density bonuses. GP Rollo and Associates partnered with CitySpaces Consulting, to undertake the financial analysis of the Maple Ridge housing market to help determine what an appropriate contribution amount would be for the density bonus framework. As part of that process, GP Rollo and Associates developed a series of 'sample' pro formas to assist in the financial analysis.

To assist Council with an understanding of the estimated amount of contributions that could be collected by utilizing the percentage value of lift, based on the District of North Vancouver approach for calculating the value of lift. The following examples have been calculated using the sample pro forma analysis prepared by GP Rollo and Associates in 2012. It is important to keep the following in mind when reviewing this information:

- The values are based on example pro formas prepared in 2012;
- The estimated values contained in the example pro formas may no longer give an accurate reflection of the local real estate market;
- The estimated values are based on five case study examples from 2012; and
- The analysis includes a number of assumptions that are clearly outlined in the report by GP Rollo and Associates. Include in these are a 12% profit on total project costs for single family projects and 15% profit on all multi-family projects. These are typical profit margins utilized.
- The estimated values based on percentage value of lift have been compared to the three flat rate charges of \$3100 (selected by Council), \$5100 (proposed by the consultant) and \$7500 (additional option) discussed with Council in 2012.

The information contained in Table 1 is helpful in understanding the range in potential contribution amounts that could be achieved for different housing forms, based on a percentage value of lift contribution versus a flat rate.

Table 1: Maple Ridge CAC Estimated Values

		Single Family	Townhouse	Low Rise Apt
Pro forma	Number of Units	82	15	80
	A) Project Revenue	\$51,828,000	\$5,749,920	\$19,782,338
	B) Development Costs	\$43,719,391	\$4,849,933	\$16,685,972
	C) Value After Rezoning	\$8,108,609	\$899,987	\$3,096,366
	D) Value Before Rezoning	\$5,164,640	\$740,213	\$2,389,208
	E) Lift Value	\$2,943,969	\$159,774	\$707,158
% Lift				
% Lift	CAC % Rate Options			
	25%	\$735,992	\$39,944	\$176,790
	50%	\$1,471,985	\$79,887	\$353,579
	75%	\$2,207,977	\$119,831	\$530,369
Flat Rate				
Flat Rate	Flat Rate \$3100	\$254,200	\$46,500	\$248,000
	Flat Rate \$5100	\$418,200	\$76,500	\$408,000
	Flat Rate \$7500	\$615,000	\$112,500	\$600,000

In considering the GP Rollo noted earlier in the report, and in looking at the above table, the following observations can be made:

- Different amenity rates per unit type are justifiable;
- Areas where development demand is high may support a higher lift value of 75%, while areas with lesser demand would support a lesser lift value of 50%.

Single Family example:

- The single family housing form has a far greater lift value than the townhouse or low rise apartment forms.
- The % of lift approach results in an amenity contribution that is significantly larger than a flat rate approach.
- A flat rate of \$7500 per unit would be closest in value to the 25% lift value.

Townhouse example:

- The townhouse form of development has a significantly lower lift value compared to the low rise apartment or single family form.
- The flat rate and % of lift approaches result in fairly similar numbers, for example 75% of lift is \$119,831 versus a \$7500 flat rate which results in a contribution of \$112,500.
- Given that townhouse has the lowest lift value of the 3 housing forms, a more modest value of 50% lift or \$5100 flat rate could be appropriate.

Low Rise Apartment example:

- The low rise apartment form of development has a modest lift value, when compared to the single family form, but is considerably larger than the townhouse form.
- The flat rate approach results in a larger contribution than the % of lift approach.
- A flat rate of \$5100 may be appropriate.

e) Recent Development Activity

During the Planning Department business planning presentation, Council requested that information on recent development activity be included in this report for their information. The following table includes information on single family lots created and housing starts for townhouse and apartment projects, from 2011 through to the end of October 2015, excluding development in the Town Centre², Commercial and Industrial permits. Note the table does not include lots that are pending approvals.

	2011	2012	2013	2014	2015 to Oct	Average
Single Family new lots created	225	291	250	201	255	244
Townhouse BP's	128	23	144	195	180	134
Apartment BP's	158	307	180	49	6	140

Based on the above averages, and using a flat rate of \$7500 for Single Family, and \$5100 for townhouse and low rise apartment, the annual CAC revenues could be in the order of \$3.2 million.

f) Policy Implications:

A two pronged policy approach is being proposed to establish a citywide CAC program which includes OCP Policy amendments and an adopted Council Policy.

² Town Centre, Commercial and Industrial building permits have been excluded based on Council Resolutions passed at the Oct 19 and 27, 2015 Council Workshop.

OCP Policy Amendments

The proposed Official Community Plan Amending Bylaw No. 7188-2015 (Appendix A) outlines the general components of the city-wide CAC Program, noting that the specific details would be housed in the Council Policy. In addition, it aligns the current policy framework within the Albion Area Plan with the expanded scope of the program in the upper-level OCP policies.

Draft Council Policy

i. Percentage Value of Lift Approach

Pursuant with Council direction, a draft Council Policy has been prepared to reflect the percentage value of lift approach (Appendix B1). It outlines the technical aspects of how the city-wide CAC Program will be administered. In concert with the OCP policy amendments, this approach provides Council with the flexibility of fine-tuning the technical aspects of the CAC Program in the future without the need for an OCP amending process. In addition, the level of detail contained in the draft Council Policy is not found in the OCP policies.

This approach and the method for calculating the amount of increase in land value as the result of a rezoning (the 'lift value') is more detailed than the option of using a land appraisal as discussed at the October 19, 2015 Council Workshop. By requiring more information from the developer as part of each development application, it is felt that a more accurate lift value can be established, thereby determining a community amenity contribution amount that is more reflective of the impacts of the development and equitable for all developments.

ii. Flat Rate Approach

At the November 10, 2015 Regular Council meeting, a brief discussion occurred regarding reconsidering the contribution approach Resolution passed at the October 19, 2015 Council Workshop meeting. While Council did not make any decisions on this item, there seemed to be some interest to continue the discussion on this item.

This option could incorporate more than one rate, based on the housing form, in keeping with the principle that an amenity contribution should be reflective of the impacts of the additional density. This could mean individual rates for single family, townhouses and apartment buildings. Based on Council's selection for the contribution approach, further analysis may be required prior to preparing a final CAC Program Council Policy back for Council's approval.

Alternatively, the Amenity Zoning report prepared by CitySpaces and GP Rollo & Associates included an economic analysis for the Albion Area. At that time their recommended rate per dwelling unit was \$5100. The CAC Estimated Value Table in this report includes information on the contributions that would result from \$3100, \$5100 and \$7500 values.

The attached Appendix B2 is a draft Council Policy based on a flat rate approach as outlined below:

1. *Each CAC will be based on a contribution rate for single family, townhouse and apartment dwelling units as follows:*
 - a. *Single Family Residential development \$_____ per dwelling unit or lot created;*
 - b. *Townhouse development \$_____ per dwelling unit created.*
 - c. *Apartment development \$_____ per dwelling unit created.*

The value of contribution for each of the above housing forms could be established at one of the following rates, or at a rate determined by Council:

- \$3100 per dwelling unit (current rate used in the Albion Area Plan area)
- \$5100 per dwelling unit (rate proposed by GP Rollo and Associates in 2012)
- \$7500 per dwelling unit (alternative rate for Council consideration in 2012)

It is noted that some municipalities have established a program based on applying a standard rate per square foot of new residential floor area. Should Council be interested in exploring this as an option, the table of page 6 of this report prepared by GP Rollo and Associates would provide a good starting point for that discussion. It is recommended that if Council supports this approach, further analysis on the current real estate/development market within the City be completed, prior to establishing the final rate or rates.

g) Citizen/Customer Implications:

The Greater Vancouver Home Builders Association (GVHBA) and the Urban Development Institute (UDI) provided comments to Council via email, on the proposed contents of the Maple Ridge Community Amenity Contribution Program. They have requested that Council refer the policy back to staff for further consultation and dialogue based on the following comments:

- The GVHBA and UDI feel that it is important that development-based fees and charges be predictable, transparent, proportional to the market in the community, and do not adversely impact housing affordability;
- There are concerns related to the quick establishment of a CAC program;
- The UDI Liaison Committee feel Council has an opportunity to utilize 'best practices' in establishing a city-wide CAC program.

The technical components of the CAC Program have been included in the attached draft Council Policy (Appendix B). While not generally the subject of consultation activities, it is recommended that the proposed policies be reviewed with the UDI Liaison Committee. It is also recognized that many citizens will have an interest in the subject of CAC's so it is further recommended that the draft policies be posted on the City webpage along with an invitation for residents to provide comments. The Communications Department have also offered to share this information via social media. All comments received will then be provided in a follow-up report to Council. The OCP amending bylaw will be referred to Public Hearing and the public will be provided with an opportunity to comment at the Hearing.

When considering a change in Official Community Plan policy or Zoning Bylaw Regulations, the generally accepted practice for in-stream development applications is that those applications that have been presented at Public Hearing and received Third Reading would be exempt from complying with the new policies or regulations.

h) Interdepartmental Implications:

Based on Council direction on the content and approach for the CAC Program, assistance from a variety of City departments may be required to review the technical aspects of the Program. In particular, assistance from the Finance Department will be required to prepare the Reserve Fund bylaw(s), including any potential amendments to the Albion Area Plan Reserve Fund Bylaw.

i) Business Plan/Financial Implications:

If Council prefers to establish the CAC contribution approach as a flat rate to apply for all included developments, it is recommended that the amount/rate be reflective of the land lift value. An economic financial analysis is the most robust and defensible approach to calculate that rate. Such analysis would require a budget allocation not to exceed \$20,000. Alternatively Council may be comfortable in selecting a rate based on the information contained in the staff report.

CONCLUSIONS:

The lessons learned through the establishment of the Albion Area Plan Density Bonus Framework and from recent legal advice provide a number of general principles that the components of an amenity program should incorporate. The components of the CAC Program determined by Council on October 19 and 27, 2015 by Resolutions, achieve the principles of a consistent and equitable framework.

The regional examples show a variety of approaches and tools in use for securing community amenity contributions as part of the development process. The Provincial Community Amenity Contributions Guide provides a list of recommended practices for municipalities to consider when establishing a CAC Program. These examples show that each municipality has the flexibility to establish a program that is best suited to the needs of their community.

The proposed OCP policy amendment will provide greater clarity for Council and the community with respect to why and when CAC's will be part of the development review process. The proposed CAC Council Policies contain the technical aspects of the program that are of a greater level of detail than in found in the OCP. As such, any future minor adjustments to the structure of the Program will not be subject to OCP amendments or a Public Hearing.

In keeping with the principles of an open and transparent government, it is recommended that feedback be obtained on the Official Community Plan Amending Bylaw No. 7188-2015 and draft Community Amenity Contributions Program Council Policies. The draft policies will be referred to the UDI Liaison Committee and information will also be posted on the City webpage, along with an invitation to provide comments. The results of these consultation activities would then be summarized in a report for Council's review and consideration prior presentation of the OCP Amending Bylaw for first and second reading, and referral to Public Hearing.

"Original signed by Christine Carter" for

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Director of Planning**

"Original signed by Frank Quinn"

**Approved by: Frank Quinn, MBA, P.Eng
GM: Public Works & Development Services**

- Appendix A: OCP Amending Bylaw No. 7188-2015
- Appendix B1: Draft Community Amenity Contribution Program Council Policy (Percentage Value of Lift Approach)
- Appendix B2: Draft Community Amenity Contribution Program Council Policy (Contribution Rate per Housing Type)
- Appendix C: District of North Vancouver, Community Amenity Contributions brochure
- Appendix D: City of Coquitlam CAC Program for the Burquitlam-Lougheed Neighbourhood brochure
- Appendix E: City of North Vancouver Density Bonus and Community Benefit Policy
- Appendix F: Province of BC, Short Guide – Community Amenity Contributions, March 2014

CITY OF MAPLE RIDGE BYLAW NO. 7188-2015

A Bylaw to amend Schedule "A" of the Official Community Plan Bylaw No. 7060-2014

WHEREAS Section 882 of the Local Government Act provides that the Council may revise the Official Community Plan;

AND WHEREAS it is deemed expedient to amend Schedule "A" to the Official Community Plan;

NOW THEREFORE, the Municipal Council of the City of Maple Ridge enacts as follows:

1. This Bylaw may be cited for all purposes as "Maple Ridge Official Community Plan Amending Bylaw No. **7188-2015**"
2. That Section 2.1.2 Compact and Unique Community be amended by repealing policies 2-7 through 2-9 and replacing them with the following:
 - 2-7 Maple Ridge will establish a city-wide Community Amenity Program with the following components, to provide amenities, including the provision of affordable and special needs housing, in a sustainable and economically viable manner:
 - a) Contribution approach
 - b) Geographic area, including any portions of the City that may be excluded;
 - c) Approach for addressing existing density bonus policies and regulations in the Albion Area Plan area;
 - d) Application of the program with respect to land uses and density;
 - e) Establishment of one or more Reserve Fund Bylaws, including the identification of those potential community amenities to which the reserve funds can be allocated;
 - 2-8 The Community Amenity Program may also include areas within the City where density bonus provisions apply. Where provisions apply, the density bonus will be in addition to the city-wide program and will be integrated into the Maple Ridge Zoning Bylaw.
 - 2-9 A Community Amenity Contributions and density bonuses may also be considered at Council's discretion for all Official Community Plan and Zoning Bylaw amending applications that are seeking a higher density than is envisioned in Schedule "A", to help provide a variety of amenities and facilities throughout the municipality.
3. That Section 2.1.2 Compact and Unique Community be amended by adding the following policies in numeric order after policy 2-9:
 - 2-10 Community Amenity Contributions which are specific for those portions of the City where an Area Plan has been adopted, and as outlined in the subject Area Plan, may be established at Council's discretion.
 - 2-11 Maple Ridge Council will establish one or more Reserve Funds for the Community Amenity Program that will identify the type of community amenities to which the amenity contributions will apply.

4. That Section 10.2.2 Residential Development and Community Amenity Program, Albion Area Plan Community Amenity Program policy amended by changing the heading of the policy section to “Albion Area Community Amenity Program and Density Bonus Framework”.
5. That Section 10.2.2 Residential Development and Community Amenity Program, be amended by repealing policy 10-4 and replacing it with the following:

10-4 The city-wide Community Amenity Program established in Section 2.1.2 Compact and Unique Community will apply to the Albion Area Plan. A Density Bonus Framework will also be permitted on lands designated *Low Density Residential*, *Low-Medium Density Residential* and *Medium Density Residential* in the Albion Area Plan.
6. That Section 10.2.2 Residential Development and Community Amenity Program policy 10-5 be repealed and replaced with the following:

10-5 Where the density bonus option is utilized in a single-family subdivision, the density bonus framework provisions established in the Maple Ridge Zoning Bylaw will apply to all lots that exceed the base density permitted in the zone, in addition to the city-wide Community Amenity Program established in Official Community Plan Section 2.1.2 Compact and Unique Community.
7. That Section 10.2.2 Residential Development and Community Amenity Program policy 10-6 be repealed and replaced with the following:

10-6 Where the density bonus option is utilized in a multi-family development, the density bonus framework provisions established in the Maple Ridge Zoning Bylaw will apply to all dwelling units that exceed the base density permitted in the zone, in addition to the city-wide Community Amenity Program established in Official Community Plan Section 2.1.2 Compact and Unique Community.
8. That Section 10.2.4 Albion Zoning Matrix be amended by deleting the words “and Amenity Contribution” from the notation section.
9. Maple Ridge Official Community Plan Bylaw No.7060-2014 as amended is hereby amended accordingly.

READ A FIRST TIME the day of , 20 .

READ A SECOND TIME the day of , 20 .

PUBLIC HEARING HELD the day of , 20 .

READ A THIRD TIME the day of , 20 .

ADOPTED, the day of , 20 .

PRESIDING MEMBER

CORPORATE OFFICER

- b. Rental housing units that are secured through a Housing Agreement established under Section 905 of the *Local Government Act* will also be subject to a covenant enacted under Section 219 of the *Land Titles Act*.
 - c. single family residential subdivisions proposing fewer than 3 lots;
 - d. duplex dwelling units where only one building is being constructed; and
 - e. triplex dwelling units where only one building is being constructed.
6. The Density Bonus Framework established in the Albion Area Plan will continue to apply, in addition to the city-wide CAC Program. For developments that take advantage of the density bonus provisions included in the Maple Ridge Zoning Bylaw for the Albion Area Plan, the amenity contribution rate will be \$3100 per lot or dwelling unit.
 7. The Official Community Plan may also establish additional community amenity contribution policies and guidelines for each Area Plan.
 8. Development applications that are in process (in-stream) at the time of enactment of the Official Community Plan Amending Bylaw No.7188-2015, will be subject to the provisions of the Policy unless the applicable Official Community Plan and/or Zoning Bylaw amending bylaw has/have received Third Reading.
 9. Council will establish one or more Reserve Funds and identify those amenities that may benefit from the community amenity contributions.
 10. The provision of a specific amenity, rather than a cash-in-lieu contribution may also be considered by Maple Ridge Council. If Council determines that the provision of an amenity is more desirable, the following list is to be used as a general guide for determining the type of community amenity:
 - Daycare and childcare facilities;
 - Public art;
 - Heritage conservation;
 - Land for the provision of:
 - Affordable or special needs housing;
 - Parks
 - Trails
 - Significant ecological features
 - Affordable or special needs housing units;
 - Park or trail construction or improvements;

Purpose:

To provide direction on the implementation of a city-wide community amenity contribution (CAC) program, including the process to determine the contribution amount.

Definitions:

- **“Community Amenity”** means any public amenity that provides a benefit to the residents of the city or a specific neighbourhood as the result of increased residential density.
- **“Value of Lift”** means the increase in the value of land following rezoning to a zone that permits greater residential density on the site.
- **“Development Costs”** are those costs that are reasonable project expenses associated with the submission of an Official Community Plan and/or zone amending application, including application fees, costs associated with a required Development Permit and Building Permit, financing, sales and marketing costs, developer profit (established at 15%). Development costs do not include land acquisition costs.
- **“Land Value”** means the assessed value of the land prior to rezoning, based on BC Assessment information.

Key Areas of Responsibility	
Action to Take	Responsibility

DRAFT

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Key Areas of Responsibility	
Action to Take	Responsibility

DRAFT

A Guide to Estimating the CAC

CACs for sites in OCP growth centres are determined through a negotiated approval based on 75% of estimated increase in market value of the land arising from rezoning after development costs and profit margin are factored in and can be estimated via the following steps:

Development revenues: = **A**

Development costs include:

- » Soft costs (e.g. design)
- » Offsite costs (e.g. servicing)
- » Construction costs
- » Developer profit (15%)

Land costs not included = **B**

Value of land after rezoning:

Development revenues minus development costs (A - B) = **C**

Value of land before rezoning (current zoning value): = **D**

Community Amenity Contribution:

75% of the increased market value of the land minus value of land before rezoning i.e.:
 $(C - D) \times 75\%$ = **E**

Explanation of key terms

Development revenues: are the estimated returns from the sale of new units.

Development costs: includes reasonable project costs which may include - property transfer tax, assembly costs, demolition costs, soft costs, financing costs, sales and marketing costs, construction costs, contingency costs, development cost charges (DCCs), municipal taxes, insurance, development and rezoning application fees, servicing fees, and warranties. Development costs also include developer profit.

Value of land after rezoning: is the market value of land under the proposed new zoning. This figure is calculated by subtracting all estimated projects costs (not including land acquisition) and developer profit from the estimated project revenue.

Value of land before rezoning: is the market value under existing zoning (without considering any opportunity for up-zoning). Note that this does not necessarily reflect what the developer actually paid for the property.



THE DISTRICT OF
 NORTH VANCOUVER
**COMMUNITY AMENITY
 CONTRIBUTIONS IN
 OCP GROWTH CENTRES**

Contact information

District of North Vancouver
 355 West Queens Road
 North Vancouver, BC V7N 4N5

Web: www.identity.dnv.org

Email: identity@dnv.org

Phone: 604.990.2421

DNV
2030

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What are Community Amenity Contributions?

Community amenity contributions (CACs), in the form of physical amenities or cash contributions may be provided by developers when Council approves applications for increased density at rezoning. CACs address increased demand on community facilities and services due to growth and redevelopment.

For existing land owners this means that the selling price of their property should generally reflect the current market value under existing zoning to enable the developer to provide a CAC.

The District of North Vancouver has a District-wide CAC policy that provides overarching direction on CACs. The purpose of this guide is to provide specific policy direction on determining CACs in OCP growth centres:

- LV** Lynn Valley Town Centre
- LL** Lower Lynn Town Centre
- LC** Lower Capilano Marine Village Centre
- MW** Maplewood Village Centre

Centres Implementation Plans will outline the proposed community amenities for each growth centre.

Benefits of Community Amenity Contributions

Community amenity contributions benefit the local community, the District as a whole and the development project. Community amenities contribute towards community liveability and facilitate the delivery of amenities that might otherwise need to be provided through increased property taxes.

CACs can be used towards the development of site specific community amenities (where these have been identified through centres implementation planning), or provided as a cash-in-lieu contribution to deliver offsite community amenities. Examples of community amenities include, but are not limited to:



Factors affecting the Community Amenity Contribution

The CAC value is derived from the change in land value under higher density zoning. CAC's may vary by project depending on a variety of factors including: location, land value, lot size, density, assembly constraints, servicing, cost of rezoning, onsite amenity requirements, parking needs and other community and planning objectives.

Approach to Determining CAC in Designated Centres

The value of CACs in designated centres is determined through a negotiated approach based on 75% of the increase in market value of the land after rezoning. This approach allows for some flexibility to take into account relevant site specific considerations.

Development proponents are asked to submit a development proforma at the preliminary Application stage. The proforma will be reviewed by District staff and/or a qualified land economist retained by the District on a cost recovery basis. This will allow for an early evaluation of the overall project assumptions and ability to meet District policies and community objectives while considering the unique project context. The CAC will be confirmed during the detailed development application stage.

Community Amenity Contribution (CAC) Program



Investing in the Future of the Burquitlam - Lougheed Neighbourhood

The City of Coquitlam has introduced a Community Amenity Contribution (CAC) program to help fund a new community recreation facility for the Burquitlam - Lougheed Neighbourhood.

The CAC program is a key policy in the City's Transit-Oriented Development Strategy (TDS), which is a high-level vision document that will guide new transit-oriented development around Evergreen Line stations.

How does the CAC Program Work?

CACs are a voluntary contribution made by an applicant at the time of rezoning, typically by a developer of a property. The CAC program only applies to new residential density (i.e., additional building floor area) that is associated with a rezoning application.

The CAC amount is a flat rate dollar cost per floor area for all new residential floor area proposed by a rezoning application in the CAC area. (Area outlined in red on map on the other side.) This flat rate ensures consistency, transparency and equity in the application of the CAC for each rezoning application.

The amount of the CAC is \$32.29 per m² (\$3.00 per square foot) for all new residential floor area proposed up to a maximum floor area of 2.5 times the lot area.

Example of a CAC calculation:

A rezoning application proposes to add 10,000 m² of residential floor area as part of a new development. The property has 1,000 m² of existing residential floor area. The existing 1,000 m² is deducted from the proposed 10,000 m² of residential floor area and the CACs are only payable on 9,000 m². (Approximately \$290,600.)

Above all...
Coquitlam

Community Amenity Contribution (CAC) Program

CAC Application Area

(TDS Core and Shoulder Focus Areas)



The program has been created for the Burquitlam - Lougheed Neighbourhood by Coquitlam City Council as part of implementing the Transit-Oriented Development Strategy (TDS) which was adopted by Council in July 2012, and available to view on the City's website: coquitlam.ca/tds

When do CACs not apply?

CACs will not be applied to an addition, an existing building, new single-family residential, or for new buildings constructed under the existing zoning. For example the CAC does not apply to a homeowner wanting an addition to an existing single-family residence nor a property owner building a new single-family residence on a lot under the existing zoning.

What is a Zone?

All land in the City is assigned a zone under the City's Zoning Bylaw. The zone on a property determines what uses are permitted, the dimensional requirements for lots, the height of buildings and how far they can be setback from a property boundary. The zone also determines the maximum density of buildings on a property. Density is typically measured in the City's zones as a Floor Area Ratio (FAR).

What is FAR?

Floor Area Ratio (FAR) is the maximum amount of floor area (building space) you are permitted to construct on your lot. For example, if you have a lot area of 500 m² (5,382 sq. ft.) and your maximum FAR is 0.45, then the maximum floor area you can construct is 225 m² (2,422 sq. ft.).

500 m² lot area x 0.45 FAR = 225 m² gross floor area

What is Rezoning?

Changing the existing zone on a property to another zone is a rezoning. The rezoning process amends the City's Zoning Bylaw and requires public notification to property owners and occupants of property within 100m of the rezoning site, a public hearing and Council's approval.

What are Community Amenities?

Community amenities are facilities that improve the livability of an area, and include things such as a library, community or recreation centre, arts facility, youth centre, parkland improvements, or space for community serving non-profit groups. In this case, CACs collected in Burquitlam and Lougheed will be used to fund a community recreation facility.

Questions?

For further information on the program, please contact:

Planning and Development Department
Coquitlam City Hall
3000 Guilford Way, Coquitlam, BC V3B 7N2

P: 604-927-3430

E: planninganddevelopment@coquitlam.ca

Density Bonus and Community Benefits Policy



Endorsed: May 25, 2015

1. Introduction

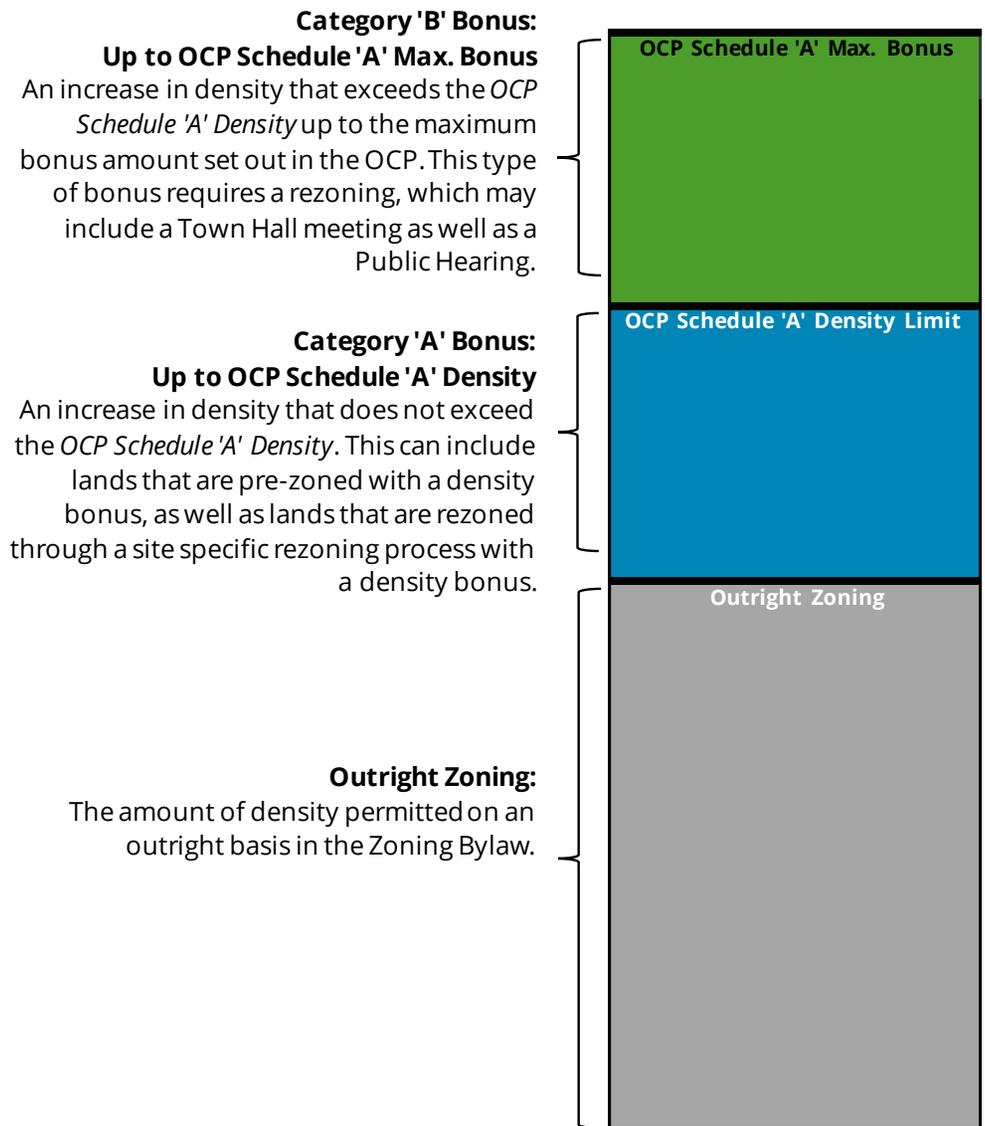
This document serves as a guide for the consideration of density bonuses within the framework of the Official Community Plan (OCP) and Local Government Act. This document should be read in conjunction with the OCP and, in particular, Section 2.2 Density Bonusing, Section 2.3 Density Transfer, and the Schedule 'A' Land Use Map.

This guide is intended to provide a greater degree of certainty regarding the purpose and value of community benefit contributions that may occur in conjunction with development applications. Contributions of this nature help ensure that the City is able to provide amenities to meet the needs of our growing community.

Owners and applicants are reminded that OCP and rezoning applications are at Council's absolute discretion. While these guidelines provide a framework for determining *community benefits* related to rezoning applications, Council may reduce, increase or reject any application.

2. Bonus Categories

The graphic to the right describes two types of density bonuses. *Community Benefit* options applicable to each of these bonus categories are outlined in Section 3 of this policy.



3. Community Benefit Categories

	Amenity Fund Contribution	Secured Rental Housing	Employment Generating Use	Heritage Conservation
Category 'B' Bonus Up to Schedule 'A' Max. Bonus	<p>Lonsdale Regional City Centre - \$140 Other Locations - \$110 (\$ per sq. ft. of residential floor area increase beyond existing zoning) See Schedule 1 Conditions:</p> <ul style="list-style-type: none"> Sites with existing rental units are not eligible for a bonus except for Secured Rental Housing Amenity Fund Contributions may be negotiated only in unique circumstances 	<p>A) 100% Rental Housing Conditions:</p> <ul style="list-style-type: none"> A portion of the rental units must be rented at below market rates Below market req. to be determined through Housing Action Plan (HAP) <hr/> <p>B) Non-Market Rental Housing 30% of Bonus Amount Provided As Non-Market Rental Housing Conditions:</p> <ul style="list-style-type: none"> Must be secured in perpetuity Not applicable for existing rental sites <hr/> <p>C) Rental Retention Maintaining Existing Rental Building with Bonus Density Transfer to Another Site Conditions:</p> <ul style="list-style-type: none"> A recipient site for the density transfer must be determined in advance at the City's discretion A business plan must outline how the existing building on the donor site will be repaired and upgraded 	<p>Additional Commercial Floor Area 1 sq. ft. Bonus for every 1 sq. ft. of Commercial Floor Area provided beyond 1.0 FSR Conditions:</p> <ul style="list-style-type: none"> Can be combined with a cash contribution to reach 100% of Maximum Bonus 	<p>Bonus for Restoration and Preservation Determined through Rezoning</p>
Category 'A' Bonus Up to Schedule 'A' Density	<p>\$20 or Negotiated Contribution (\$ per sq. ft. of residential floor area) Conditions:</p> <ul style="list-style-type: none"> Sites with existing rental units are not eligible for a bonus except for Secured Rental Housing 	<p>No Amenity Fund Contribution is suggested for Secured Rental Housing projects</p>	<p>Additional Commercial Floor Area 1 sq. ft. Bonus for every 1 sq. ft. of Commercial Floor Area provided beyond 1.0 FSR</p>	<p>Bonus for Restoration and Preservation Determined through Rezoning</p>
OUTRIGHT ZONING				

4. Applying the Guidelines

These guidelines should be read in conjunction with other City policies. Please note that:

- The Community Benefit options outlined in Section 3 are intended as guidelines and alternatives may be considered by Council in unique circumstances. This could include the provision of on-site *community amenities* rather than a contribution to an amenity fund, for example. On-site *community amenities* would be determined based on community needs and must match the value of the bonus density.
- Infrastructure upgrades needed to accommodate a development or mitigate development impacts may be required in addition to public benefits or *amenity fund contributions*.
- All development applications must provide bylaw-required infrastructure upgrades and contributions, Development Cost Charges, and other applicable fees.
- Community Benefits for OCP amendments are negotiated on a case by case basis considering the nature and extent of the change and community needs.
- Any application which involves the displacement of existing tenants must be accompanied by a Tenant Relocation Strategy;
- The guidelines are not applicable for properties designated Residential Level 1 or Residential Level 2 in the Official Community Plan.

5. Allocating Cash Community Benefit Contributions

Cash contributions for Community Benefits are to be applied to the Community Amenity Reserve Fund and Affordable Housing Reserve Fund. These funds are used to ensure a high quality of life as the community grows. These Funds specifically provide for the following Community Benefits:

Community Amenity Reserve Fund

Contributions to this fund will be used to provide City-serving amenities. This includes, but is not limited to:

- Harry Jerome Community Recreation Centre;
- Waterfront Amenity Spaces;
- Park and public open space improvement;
- Child Care Facilities;
- Museum;
- Other Civic Amenities.

Affordable Housing Reserve Fund

- Providing new non-market and special needs housing units.

Community Benefit Cash Contributions shall generally be allocated as indicated in the table below. These funds shall be spent at Council’s discretion as per the terms of the Bylaws establishing these funds, as amended from time to time. These funds shall be allocated to future projects based on identified community needs.

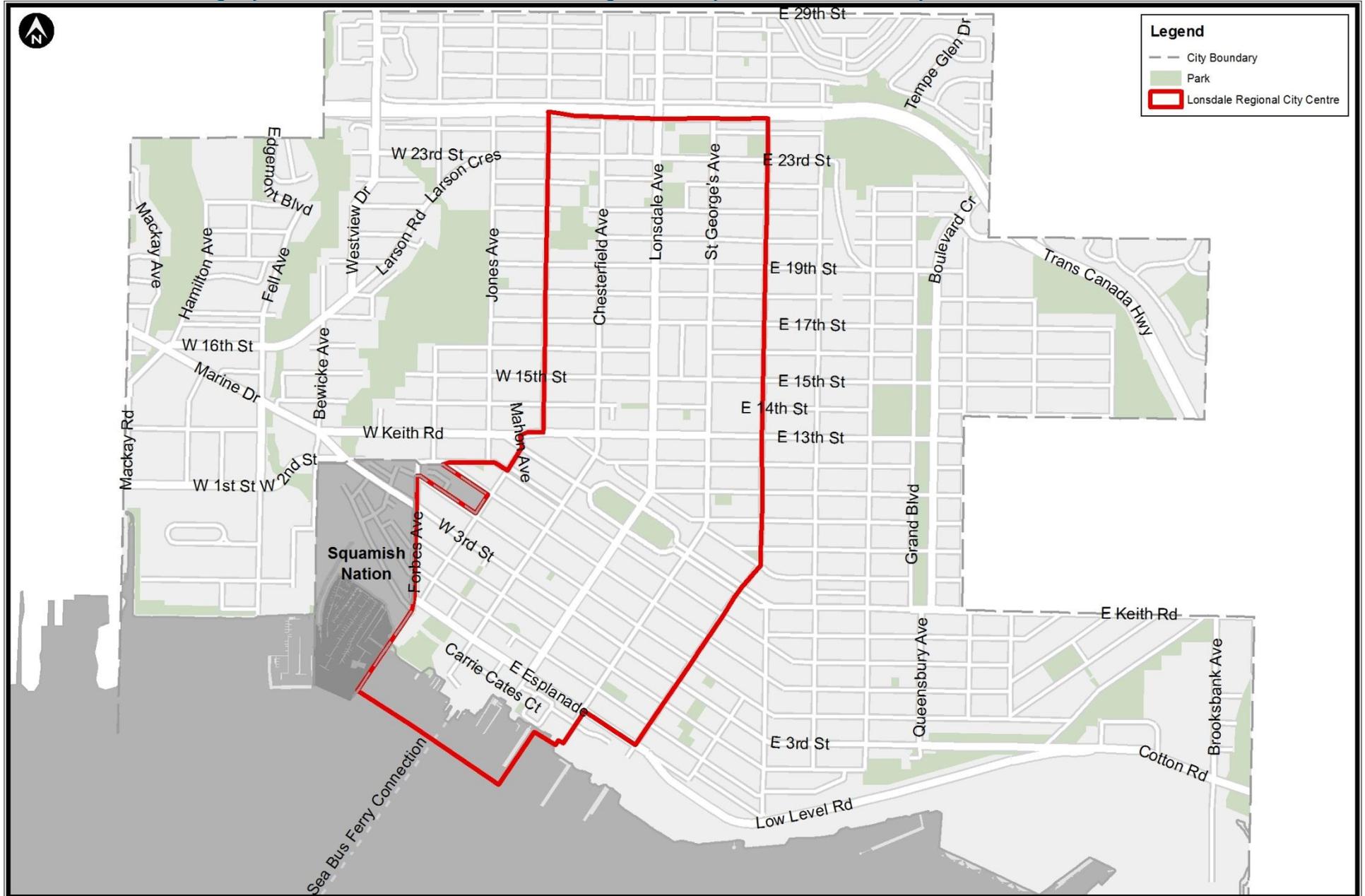
Percentage	Public Benefits	Fund
80%	Civic Facilities / Community Amenity Space	Community Amenity Reserve Fund
20%	Affordable and Rental Housing	Affordable Housing Reserve Fund

6. Monitoring

The *Amenity Fund Contribution* amounts shall be updated periodically to reflect community needs and changing market conditions. The allocation of Amenity Fund Contribution amounts to individual reserve funds will be reviewed annually in conjunction with the City’s Financial Plan in order to ensure alignment with Council priorities.

A summary of *Amenity Fund Contributions* received will be prepared and presented annually.

Schedule 1: Category B Bonus Area / Lonsdale Regional City Centre Boundary



Appendix 1: Definitions

Amenity Fund Contribution means a cash or in-kind contribution toward Community Benefits provided in return for a rezoning or OCP Amendment.

Community Amenity is a defined physical space that provides direct or indirect Community Benefits to the community and includes, but is not limited to, recreation facilities, child care facilities, museum, library, offices for non-profit organizations, cultural facilities, heritage conservation, civic and institutional uses, district heating utility, community meeting space and employment-generating offices.

Community Benefits are the wide range of benefits achieved in the public interest to support the Goals and Objectives of the OCP and realized in part through Amenity Fund Contributions and Community Amenities achieved through rezoning or density bonusing.

Density is the Floor Space Ratio that can be achieved on a parcel, as a calculation of Gross Floor Area over site area.

Density Bonus is additional density provided in return for Community Benefits.

Floor Space Ratio (FSR) is a method of calculating density and controlling the size of building that can be built on a property. The FSR multiplied by the lot area determines the maximum size of building.

Land Use Designation means the permitted uses and densities as outlined in Schedule 'A' of the Official Community Plan.

OCP Maximum Bonus means the highest *Floor Space Ratio* increase that can be achieved on a site through a *Category 'B' Bonus*, as per the OCP (excludes density transfers). All such density bonuses are subject to a rezoning and enhanced public process.

OCP Schedule 'A' Density means the density permitted for a given Land Use Designation in the OCP, under the Schedule A Land Use Map.

Outright Zoning means the maximum *Floor Space Ratio* that can be realized on a site under existing zoning through a Building Permit without any density bonus.

The Short Guide - Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability

Ministry of Community, Sport and Cultural Development



March 2014

Acknowledgements

This guide was drafted in consultation with numerous local governments, the development and building sectors, and the legal and academic communities. The Ministry would like to thank everyone who contributed to the development of this guide.

Ministry of Community, Sport and Cultural Development

Contact the Ministry of Community, Sport and Cultural Development for answers to questions about the material contained in this guide or other aspects of community amenity contributions.

Ministry of Community, Sport and Cultural Development
Local Government Division
Intergovernmental Relations and Planning
PO Box 9841 Stn. Prov. Govt.
Victoria, B.C. V8W 9T2
Phone: 250 387-4037
Website: www.cscd.gov.bc.ca/lgd/contacts/department.htm

Disclaimer

The information contained in this guide is provided as general reference and, while all attempts have been made to ensure the accuracy of the material, the guide is not a substitute for provincial legislation and it does not constitute legal advice.

Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability

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Purpose of the Short Guide to Community Amenity Contributions

When a local government rezones land, it usually increases the land's value which provides a financial benefit to the applicant, usually the owner or a developer. Increasingly, local governments are seeking to capture part of that financial benefit in order to help fund new infrastructure or provide other public benefits. While rezoning land presents an opportunity to obtain these "community amenity contributions" (CACs), there are also some important legal and public policy risks that need to be considered.

To help local governments appreciate the opportunities and risks of obtaining CACs, the Ministry of Community, Sport and Cultural Development has produced a guide, *"Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability"*. The purpose of this Short Guide is to provide the highlights of the full length guide. Those interested in more detailed information should view the full length document available on the Ministry's website: http://www.cscd.gov.bc.ca/lgd/intergov_relations/library/CAC_Guide_Full.pdf

CACs Are Both an Opportunity and a Risk

Growth creates demands for new or expanded infrastructure and amenities. The cost of meeting these demands can be substantial. While provincial legislation allows local governments to require developers to provide infrastructure, such as roads, parks, water, drainage and sewer facilities, not all impacts of development are fully covered by the legislation. Local governments wanting to recover the full costs of providing infrastructure and community amenities associated with growth, such as recreation facilities or fire halls, are increasingly looking for alternative means of funding, including CACs secured during the rezoning process.

Before deciding if and how to pursue CACs, however, local governments need to ensure that these CACs are obtained legally, fairly and in a way that maintains public confidence in the local government and its community plan.

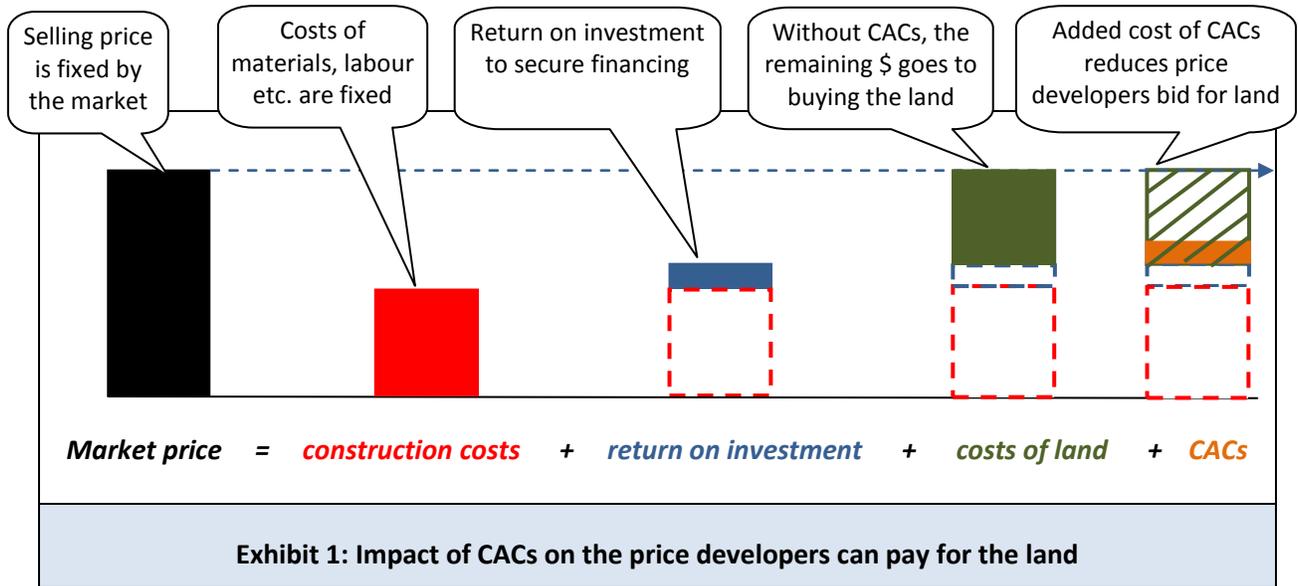
Local governments do not have legal authority to require applicants for rezoning to pay CACs. They must ensure that any CACs are obtained as part of a negotiation process. Local governments must also not commit to pass a rezoning bylaw on the condition that CACs are provided. Council and regional board members are legally required to remain open-minded on a proposed rezoning, until they have heard the public's perspectives at the public hearing.

It is important to keep in mind that zoning is intended to implement the community plan and should not be seen as a revenue source. Being perceived to be "selling zoning" can undermine public confidence in the community plan and the council/regional board's commitment to the plan.

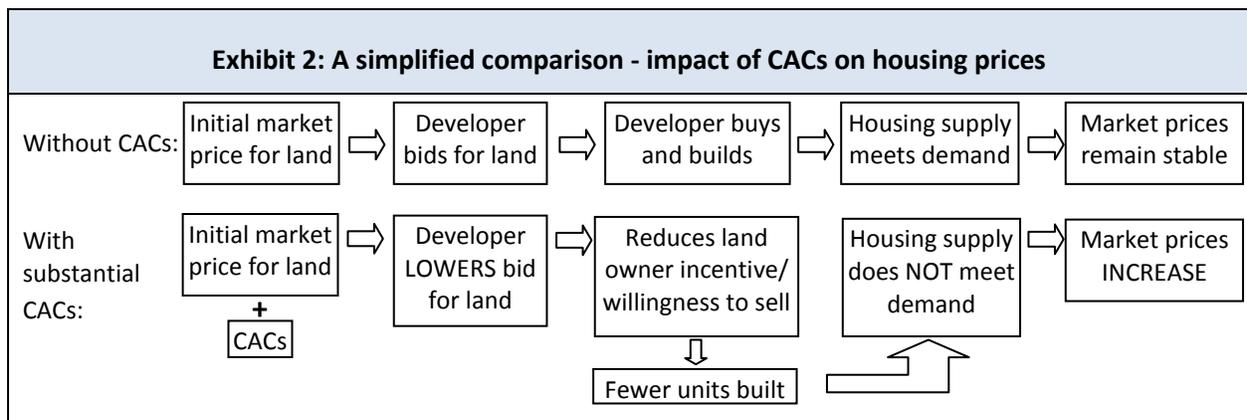
CACs Can Impact Housing Affordability

Another important consideration is the relationship between CACs and housing affordability. If not managed carefully, CACs have the potential to decrease the supply of new housing and increase housing prices. In a nutshell, a housing developer faced with significant CACs cannot simply increase the selling price of the units, as the selling price is set by the market.

Labour, materials and other construction costs are also fixed. Choosing to reduce their return on investment to absorb these additional costs is also not usually an option. To secure financing, a developer needs to ensure that their *pro forma* shows a normal financial return. As illustrated in Exhibit 1, the only practical option for the developer is to try and offset the cost of CACs by reducing the amount they offer to land owners to buy the site.



In land markets where supply is limited, as in many of B.C.'s growing communities, large CACs leave fewer dollars for developers to purchase land. If land owners are reluctant to sell for a reduced price, developers do not proceed to develop, resulting in a reduction in the supply of new housing, which in turn contributes to higher housing prices (as illustrated below in Exhibit 2).



The above diagrams show that while CACs cannot directly increase the price of housing for a particular development, if they are widely used, CACs can push up prices in the overall market.

To ensure that housing affordability is not being compromised, local governments need to ensure that CACs are kept at a modest level. A policy of trying to maximize the amount of CACs risks driving up housing prices.

Summary of Recommended Practices for CACs

The following outlines recommended practices for local governments currently, or considering, using, CACs:

1. Avoid Legal Risk and Maintain Public Confidence

- Negotiate, do not impose CACs. A common misperception is that local governments have authority to **impose** CACs as a condition of rezoning. In fact, the *Local Government Act* [s. 931(6)] prohibits this. CACs must be negotiated.
- Avoid the perception that zoning is for sale. Elected officials must remain “open-minded” during the rezoning process, and must not *commit* to approving a rezoning subject to CACs. Zoning should not be considered a revenue stream. The perception of “selling zoning” undermines public confidence in the local government and the community plan.

2. Plan Ahead

- Identify potential amenities that could be partly funded through CACs when preparing or updating the community plan, ideally identifying the priorities at the neighbourhood level.

3. Seek Modest Contributions and Follow an Approach that Balances Community Amenities and Housing Affordability

- The potential impact of CACs on housing affordability is higher where CACs are a significant portion of the cost of the development.
- Since CACs increase the cost of a project, it is important to consider who ultimately pays for these additional costs, and how they may affect housing supply and housing prices. This issue is of particular concern in areas where land is in short supply.
- Strategies that facilitate an increase in the supply of housing have a positive effect on affordability.
- The impact of CACs will be different in different areas or circumstances, so a flexible approach is best.

4. Apply Development Cost Charge (DCC) Principles to CACs

- Ensure a direct, demonstrable link (‘nexus’) between CACs and the impacts of new development.
- Ensure CACs are proportional to the impact of the development and consistent with the CACs made by other applicants/developers.
- Be transparent about the amount of CACs and how they will be used.
- Borrow the principles and practices that apply to DCCs to develop (tables of/schedules of) estimated CAC amounts.
- CACs should only be used for capital costs. Local governments should be sure that they have the budget capacity to deal with operational and repair costs over time.

5. Engage the Development Community

- Be aware of how CACs could impact projects and their viability, to avoid contributing to higher housing prices.

6. Choosing an Approach to Obtaining Amenities - *It is recommended that local governments consider the following strategies (in order):*

- **Adopt an “affordability by design” approach to writing zoning bylaws** – i.e. zones that allow for design features that reduce the costs of producing housing units and/or encourage additional units. Examples include reducing or eliminating setbacks and parking requirements.
- **Use density bonus zoning** – modest levels of density bonus tied to modest contributions, encourage new development while minimizing the impact on housing affordability.
- **Set targets for CACs** – and be open to negotiation at time of rezoning. These targets should be modest to minimize impact on housing affordability.
- **Negotiating CACs based on a “lift” approach is inconsistent with the principles set out in this Guide**, and is the approach most likely to reduce the supply of developable land and housing, thereby contributing to higher housing costs. The CAC principles set out in this Guide, including ‘planning ahead’, nexus and proportionality, support an approach that clearly identifies community needs and the impacts associated with new development, and links the CAC not to the “lift” in land value, but rather to the cost of providing a package of amenities that makes sense given the development being proposed.

This Short Guide has outlined for B.C. local governments some of the risks, challenges and recommended practices related to obtaining CACs. Most of the recommended principles and practices apply equally to CAC and density bonus approaches. The guide has also described the relationship between CACs and housing affordability, and encourages practices that do not risk inadvertently causing housing prices to increase. Since the impact of CACs will vary, it is suggested that BC local governments be flexible in their approach to obtaining CACs.

