



REPORT TO COUNCIL

To: **Mayor and Councillors**

Subject: Request for Waiver of Community Amenity Contributions for New Birch Building (Langley Lions)

File #: [Required]

Doc #:

From: Carl Johannsen, RPP, MCIP
Director of Development Services

Date: May 26, 2021

RECOMMENDATION:

THAT Council waive 75 percent of the Community Amenity Contributions for the new Birch Building on the Langley Lions Housing redevelopment site.

PURPOSE:

The purpose of the report is to inform Council of a request from the Langley Lions Housing Society (LLHS) to waive the Community Amenity Contributions (CACs) for the new Birch Building, the first phase of the Langley Lions Seniors Housing District redevelopment. CACs are payable when a Building Permit is issued, and the Building Permit for the new Birch Building will likely be ready to be issued in June 2021.

As the City does not have a policy mechanism for considering this kind of request, this report also provides policy background regarding the waiver of amenity contributions for affordable housing, and proposes a preliminary 'amenity contribution, density bonusing, and waiver' policy framework and recommendation that responds to the LLHS request.

POLICY:

In 2008 the City initiated the collection of amenity contributions from new multifamily developments, as a part of increasing multi-family residential densities in the Zoning Bylaw. The initial amenity contribution rate was \$500 per multi-family dwelling unit, and this was increased to \$1,000 per unit in 2013 and then to \$2,000 per unit in 2017.

Recognizing that increased density creates an increased demand for community amenities, the key principle behind amenity contributions is that the City obtains a reasonable share of the increased property value ('land lift') that a developer receives

from increased density on their development site, and the City then uses this share – or ‘amenity contribution’, to help fund community amenities that keep pace with growth and enhance quality of life for City residents, such as park, plaza and trail improvements, public art, recreational and cultural facilities, and affordable housing, among others.

These amenity contributions are provided as ‘cash-in-lieu’ and then utilized to help fund amenities identified in the City’s Master Plans, Capital Plans, and as directed by Council. While voluntary, developers are often willing to provide contributions on the basis that the viability of their projects is not unduly impacted, they benefit from increased land values, and they help fund amenities that benefit the wider community.

COMMENTS/ANALYSIS:

The CAC waiver request from LLHS comes at a time when the City is updating its Official Community Plan (OCP) to focus future growth around SkyTrain and increase densities. Given that amenities are needed to accommodate higher densities, the new OCP identifies amenity contributions as means to fund amenities, along with ‘density bonusing’, which is enabled by the *Local Government Act* (LGA) and involves permitting additional or ‘bonus’ development density in exchange for new community amenities.

This approach is consistent with other local governments, such as Port Moody and Coquitlam, who collect cash amenity contributions from rezoning and Development Permit applications that result in an increased density, up to a maximum ‘base density’ level in their Zoning Bylaws, and also collect additional contributions if these applications exceed this base density and include additional, bonus density floorspace.

Staff note that Burnaby, Coquitlam and White Rock also accept affordable housing units, often those renting at below-local-rental-market rates or at deeply subsidized non-market rates, as ‘on-site’ amenities in lieu of cash amenity contributions. Given that these affordable housing units are considered amenities that immediately meet housing affordability needs in their communities, these local governments are willing to waive amenity contributions, and/or grant bonus density for affordable housing developments, without requiring additional amenity contributions in exchange for the bonus density floorspace. In these cases a Housing Agreement is required to ensure that these affordable units remains affordable for the long term - often for the life of the building.

This approach also helps to enhance the affordability of these units, and serves as a valuable local government contribution that assists senior governments, non-profits and developers in creating more affordable housing.

Preliminary Amenity Contribution, Bonusing and Waiver Policy Framework

Based on the above context, staff propose that a new Council amenity contribution, bonusing and waiver policy be developed to guide future amenity contributions as well as potential amenity contribution waivers, based on this preliminary policy framework:

1. Amenity Contributions

The current amenity contribution practice remains in place, but with these updates:

- a. increase the contribution rate to \$4,000 a unit by 2022, noting the current \$2,000 rate dates back to 2017 and the new draft OCP is introducing higher multi-family densities. The current rate in Coquitlam is about \$2,500 a unit, \$3,507 per unit in the Township of Langley and about \$5,000 to \$6,000 in Port Moody.
- b. introduce a maximum 'base density' of 2.5 Floor Area Ratio (FAR) in the new Zoning Bylaw, and seek the \$4,000 contribution noted above for units that comprise building floorspace under 2.5 FAR. The density of most low-rise wood-frame buildings in the City is below 2.5 FAR, whereas mixed-use wood-frame and concrete buildings over 6 storeys are usually denser than 2.5 FAR.

2. Density Bonusing

Consistent with the LGA, this component will enable a developer to add density above the 2.5 FAR base density in the new Zoning Bylaw, in exchange for additional amenity contributions that apply to the units created from the additional bonus floorspace.

This bonusing approach is envisioned to utilize 'tiers', where applications over 2.5 FAR but less than 3.5 FAR provide a 'Tier 1' bonus contribution and applications over 3.5 FAR provide a 'Tier 2' bonus contribution. These are in addition to the \$4,000 amenity contribution that applies to units under 2.5 FAR base density, on the basis that higher densities require a higher per-unit additional contribution. These proposed tiers include:

- Tier 1 - for units between 2.5 FAR and 3.5 FAR = additional \$500 per unit (for a total of \$4,500 per unit contribution); and
- Tier 2 - for units above 3.5 FAR = additional \$1,000 per unit (for a total of \$5,000 per unit contribution)

These rates are modest compared to Burnaby, Coquitlam and White Rock, where bonusing contributions are into the tens of thousands of dollars per unit due to concrete construction and taller, denser buildings. Given that new developments in the City will likely be wood-frame over the next 2 to 5 years, bonus contribution rates should remain modest during this time since the land lift increase for low-rise wood-frame buildings is less than taller concrete buildings. This being said, staff note that these rates should be increased when development evolves to taller, concrete buildings, to reflect increased land lift and ensure the City is receiving a reasonable share of land lift in return.

3. Waiving Amenity Contributions

Consistent with other local governments, this policy framework can also enable the waiving of amenity contributions for developments that include affordable housing units, if these units provide 1.) a clear affordability benefit for individuals in financial need, and 2.) remain affordable for the long-term and available to future generations.

In order to provide a clear affordability benefit, rental rates need to be at least 10 percent below the current market rental rate, following BC Housing's definition of

'affordable' rental units. Furthermore as the subsidy increases from 10 percent to considerably higher for 'non-market' units (rent geared to income, units for fixed income households), it is reasonable to increase the amenity contribution waiver amount as well, given the significant subsidy that is often needed to create non-market units. Waiving amenity contributions can also act as a significant local government contribution to affordable housing partnerships, which are encouraged in the new draft OCP. Housing Agreements should also be required when amenity contributions are waived, to ensure the new affordable units remain affordable for the long-term as 'on-site amenities', preferably for the life of the building these units are contained within.

Based on this, these waiver categories and requirements are proposed to guide Council's consideration of amenity contribution reduction requests:

- a. Maximum 50 percent waiver for below market units
 - rents are at least 10 percent below market rents in the City of Langley; and
 - a Housing Agreement is required, to secure these units as affordable for the life of the building. Shorter Housing Agreements may be considered, but the waiver should be less than 50 percent.

- b. Maximum 75 percent waiver for non-market units
 - rents are geared to income and/or are deeply subsidized for individuals on fixed government income; and
 - a Housing Agreement is required, to secure these units as affordable for the life of the building. Shorter Housing Agreements may be considered, but the waiver should be less than 75 percent.

These categories do not include a complete waiver of amenity contributions, on the principle that the increased density of any new development should result in some contribution to community amenities – recognizing that the households benefitting from the affordable units will also likely be utilizing community amenities.

However, noting that affordable housing units come in many different types, tenures and funding/operating models, some of which could involve tenants that have minimal impact on community amenities, Council could consider a waiver above 75 percent in cases where units are deemed to exceed the basic non-market unit requirements.

Langley Lions CAC Waiver Request

The Langley Lions Seniors Housing site is to be redeveloped in multiple phases over the coming decades, with a total of 981 units at full build-out (518 units currently). The first phase Birch Building contains 101 units, 81 of which are allocated to seniors (aged 55 and above). 30 of the 101 units are to be offered at below market rents, and 71 units are to be offered at non-market rents, consistent with the Housing Agreement that Council adopted in March 2021. The applicable CAC for the Birch Building is \$202,000.

LLHS has requested a waiver of their CAC, on the basis that they are providing affordable housing units with significantly lower rental rates for seniors and persons with disabilities, and that LLHS will be providing a significant ongoing affordable housing subsidy to the community through these new units (in addition to their current subsidy).

Recommended Response

Based on their proposed unit tenures, the Birch Building would likely qualify for an amenity contribution reduction in communities that have existing policy in this regard. When the Birch Building is reviewed against the preliminary policy framework in this report, it is a candidate for a CAC waiver, given that the majority of units (71) are non-market units, the remainder are below market units, and all of the tenures of these units are secured for the life of the building by a Housing Agreement registered on title.

This being said, given the increased site density and a plan to allocate 20 percent of new units to non-seniors, it is also fair to anticipate that some increased demand for community amenities will be generated by new Langley Lions residents, and that a smaller CAC should still be provided to the City. Based on this, staff recommend that Council waive 75 percent of the CAC for the new Birch Building (reduction of \$151,500).

BUDGET IMPLICATIONS:

The recommended 75 percent CAC waiver will reduce the amount of CACs being contributed to the applicable City Reserve Fund by \$151,500.

The preliminary amenity contribution, bonusing and waiver policy framework in this report could significantly increase the amenity contributions provided to the City over time, which in turn will provide a valuable funding source for creating the new community amenities that are needed to keep pace with a growing and densifying City. This framework also enables the City to support affordable housing partnerships without necessarily requiring additional contributions of City land and/or Reserve funds.

Following further analysis staff intend to report back to Council with a proposed Council Policy on this topic, with next steps regarding implementation and consultation.

ALTERNATIVES:

1. Waive 100 percent (\$202,000) of the CACs for the Phase 1 Birch Building.
2. Waive a specific percentage, as determined by Council, of the CACs for the Phase 1 Birch Building.
3. Decline any waiver of the CACs for the Phase 1 Birch Building.

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Respectfully Submitted,



Carl Johannsen, RPP, MCIP
Director of Development Services

Attachment(s):

1. Request for waiver of Community Amenity Contributions (CACs) new Birch Building (January 27, 2021 letter)
2. Letter from Langley Lions Housing Society regarding Social Subsidy (May 7, 2021 letter)

CHIEF ADMINISTRATIVE OFFICER'S COMMENTS:

I support the recommendation.



Francis Cheung, P. Eng.
Chief Administrative Officer