



REPORT TO COUNCIL

To: **Mayor and Councillors**

Subject: Proposed Amenity Contributions Update and
Density Bonusing in the Zoning Bylaw

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

Date: December 8, 2021

RECOMMENDATION:

THAT Council approve the Amenity Contributions and Density Bonusing Policy No. CO-80.

PURPOSE:

The purpose of this report is to propose 1.) an increase to the community amenity contribution rate; 2.) the use of density bonusing in the Zoning Bylaw; and 3.) a new Council Policy for guiding amenity and density bonusing contributions and the waiving of these contributions for affordable housing units.

Much of this report is based on the report titled “Request for Waiver of Community Amenity Contributions for new Birch Building (Langley Lions)” that was considered by Council at the May 31, 2021 Regular Council meeting. This report also includes new proposals, regarding the use of Phased Development Agreements to obtain amenity contributions for large, multi-phase development applications, incorporating additional steps or ‘tiers’ into the proposed density bonusing approach, and proposing updated waiver percentages for below-market and non-market housing units.

POLICY:

In 2008 the City initiated the collection of community amenity contributions (‘CACs’) from new multifamily developments, as a part of increasing multi-family residential densities in the Zoning Bylaw. The initial 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 amenity 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 City has adopted a new Official Community Plan (OCP), which includes a land use plan and policies that seek to focus future growth around SkyTrain and increase densities, among other goals. Given that amenities are needed to accommodate higher densities, the new OCP includes policies (specifically Policies 1.6, 3.29 and 3.30) that suggest that developments involving an increase in density are to continue to provide amenity contributions as means to fund amenities, and that 'density bonusing' also be implemented to permit additional or 'bonus' development density in new developments, in exchange for new community amenities (on-site or contributions to fund amenities). Density Bonusing is enabled through Section 482 of the *Local Government Act*, which permits local governments to implement density bonusing through their Zoning Bylaws.

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 density bonusing contributions if these applications exceed this base density and include additional or 'bonus' 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 / density bonus contributions. Given 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 remain affordable for the long term – typically 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. This is an especially valuable approach for local governments that have a limited City-owned land supply that can be provided for affordable housing projects, and/or do not have a specific Reserve fund for purchasing land (wholly or contributing to a purchase by a third party) for affordable housing projects.

Proposed Amenity Contribution Updates and Density Bonusing Implementation

Based on the above context, staff propose that 1.) the City's amenity contribution rate be updated to reflect increased densities in the new OCP, 2.) a density bonusing system be implemented through the Zoning Bylaw Update, and 3.) amenity and density bonusing contribution waivers for below market and non-market housing applications be considered (with updated waiver percentages).

Staff also propose a new Council Policy (attached) regarding amenity and density bonusing contributions (including updated contribution rates and criteria for the consideration of contribution waivers by Council, as described below), and including density bonusing regulations in the Zoning Bylaw, based on these key components:

1. Updated Amenity Contribution Rate

The current amenity contribution practice is proposed to remain, but with these updates:

- a. increase the contribution rate to \$4,000 a unit in early 2022, noting the current \$2,000 per dwelling unit rate dates back to 2017 and the new OCP and Zoning Bylaw Update are introducing higher multi-family densities. The current rate in Coquitlam is about \$2,500 a unit 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, to create a break point between a \$4,000 amenity contribution per unit rate for units between 0.0 FAR and 2.5 FAR, and a higher contribution rate (as identified below) for units that comprise 'bonus density' above 2.5 FAR, on the principle that higher densities require additional amenities and thus a higher per-unit contribution is to be provided. 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 denser than 2.5 FAR.

Staff note that the Township of Langley recently tripled its amenity contribution rate to \$13,617 per unit for buildings 6 storeys and under (from \$4,539 per unit) and \$10,521 per unit for buildings over 6 storeys (from \$3,507 per unit), to account for recent significant land value and development density increases. In addition to the density increases in the new OCP, land values in the City of Langley have also risen significantly, and the proposed updated amenity contribution rate and density bonusing

tier rates described below have been tailored to reflect this, while also continuing to seek a reasonable share of increased property values and maintaining economic competitiveness.

2. Density Bonusing System in Zoning Bylaw

Consistent with the LGA, this component will enable a developer to add density above the 2.5 FAR base density in the updated 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 will be required through the Zoning Bylaw to provide specific bonus contributions that increase for every 0.5 FAR or Tier of density increase:

- Tier 1 - for dwelling units between 2.5 FAR and 3.0 FAR = \$5,000 per unit;
- Tier 2 - for dwelling units between 3.0 FAR and 3.5 FAR = \$6,000 per unit;
- Tier 3 - for dwelling units between 3.5 FAR and 4.0 FAR = \$7,000 per unit;
- Tier 4 - for dwelling units between 4.0 FAR and 4.5 FAR = \$8,000 per unit;
- Tier 5 - for dwelling units between 4.5 FAR and 5.0 FAR = \$9,000 per unit; and
- Tier 6 - for dwelling units between 5.0 FAR and 5.5 FAR = \$10,000 per unit.

As an example, if these rates were used for a building with 3.0 FAR density (typical for a mixed-use woodframe building), the amenity contribution rate for the units that comprise floorspace below 2.5 FAR would be \$4,000 per unit, and the density bonus contribution rate for units that comprise floorspace above 2.5 FAR would be \$5,000 per unit.

These rates are modest compared to Burnaby, Coquitlam and White Rock, where bonusing contributions are above tens of thousands of dollars per unit due to concrete construction and taller, denser buildings (rates in White Rock are over \$30,000 per unit). 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.

Staff also suggest that the City seek Tier 1 and 2 amenity contributions for development applications with densities over 2.5 FAR prior to the implementation of density bonusing and the above Tier 1-6 rates in the Zoning Bylaw (anticipated to occur in mid-2022).

Phased Development Agreements and 'Upfront' Amenity Contributions

Redevelopment applications for large sites (i.e. 5-10 acres, such as Langley Mall and the NW corner of Glover Road and Logan Avenue), which will likely involve multiple phases built out over 10 to 20 years, may provide opportunities for the use of a Phased Development Agreements (PDA) as enabled by Sections 515-522 in the LGA.

PDA's accompany rezoning/development permit applications and require a public hearing prior to Council consideration, and set out specific amenity, servicing, phasing and other requirements that the developer must adhere to, in exchange for the zoning on the site being maintained for a period of 10 to 20 years. Based on this, PDA's can be used to negotiate a large, 'up-front' and one-time amenity contribution from developers, involving a significant on-site amenity and/or cash amenity contribution that is provided with the first redevelopment phase, relative to having smaller individual amenity contributions come in with each redevelopment phase over the course of 10 to 20 years. Developers are often willing to enter into PDA's and provide a higher up-front amenity contribution, due to the increased certainty that PDA's provide in maintaining zoning for future phases.

Given the potential up-front amenity benefit, staff suggest that a Council Policy regarding amenity and density bonusing contributions include wording that identifies the option of using PDA's for large and/or multi-phase redevelopment applications.

4. Provisions for Waiving Amenity and Density Bonusing Contributions

Following the example of other local governments, the waiving of amenity and density bonusing contributions for affordable housing units is supportable if these units provide 1.) a clear affordability benefit for those in financial need, and 2.) remain affordable over the long-term and available to future generations as a housing-based community amenity.

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 waiver amount as well, given the significant subsidy that is needed to create non-market units. Housing Agreements will also be required when amenity contributions are waived, to ensure the new affordable units remain affordable for the long-term as 'on-site amenities', for the life of the building these units are within.

Waiving contributions will assist senior governments, non-profits and developers in creating more affordable housing, and act as a valuable local government contribution to affordable housing partnerships.

It is also important to note that affordable housing providers (including Langley Lions) and senior government funders (BC Housing) have recently communicated to staff that due to increasing costs they are expecting local governments to waive all amenity/density bonus contributions for future projects/phases with non-market housing. This is consistent with the waiving of Greater Vancouver Sewerage and Drainage District (GVSD) and TransLink Development Cost Charges (DCCs) for these projects.

Based on this, these waiver categories and requirements are proposed to guide Council's consideration of amenity contribution reduction requests, as well as the regulations in the Zoning Bylaw regarding the waiver of density bonusing contributions:

- a. Maximum 75 percent waiver for applications with below market units
 - rents are at least 10 percent below market rents in the City of Langley; and
 - a Housing Agreement is required to be registered on property title to secure these units as affordable for the life of the building.
- b. Maximum 100 percent waiver for applications with a majority of 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 be registered on property title to secure these units as affordable for the life of the building.

Staff do not recommend a complete waiver of amenity and density bonusing contributions for all affordable housing categories, including for market or near-market rental housing units, on the principle that the increased density of new development should result in some contribution to community amenities – recognizing that the households benefitting from rental and affordable units will also be utilizing community amenities.

However some affordable housing models, such as those with a majority of seniors and non-market units (and remaining units below market), involve residents that have minimal impact on community amenities, and thus a full contribution waiver is supportable.

Staff also suggest that Council consider amenity contribution waivers for applicable affordable housing applications with densities over 2.5 FAR, prior to the implementation of density bonusing and the above waiver categories (4 a. and b.) and amounts in the Zoning Bylaw (anticipated to occur in mid-2022).

Proposed Implementation

1. *Council Policy*

Staff recommend that Council approve the attached Amenity Contribution and Density Bonusing Policy that identifies amenity and density bonusing contributions, as well as potential waivers, based on the components and rates described in this report.

2. *Amenity Contributions Increase Date*

Staff propose that the rates within the attached Amenity Contribution and Density Bonusing Policy become effective on March 15, 2022. This provides a 3 month lead time for the development community, including those engaged in pre-application discussions with staff, and these new rates will be utilized for official development applications submitted after March 14, 2022. Staff will communicate this increase to the

development community, and the date the rate increases will take effect, following Council approval of the attached Council Policy.

3. *Introduction of Density Bonusing*

As noted above, density bonusing regulations will be included in the draft Zoning Bylaw. Subject to Council approval, these regulations will come into effect when the Zoning Bylaw update is adopted by Council, which is anticipated to occur in June or July 2022. Staff also note that the Zoning Bylaw Update process will include public consultation, including with the development community, to obtain feedback on proposed Zoning Bylaw updates prior to the presentation of a draft new Zoning Bylaw to Council.

BUDGET IMPLICATIONS:

The proposed amenity and density bonusing contributions outlined in this report will increase the amenity contributions provided to the City over time, which in turn will provide an important funding source for creating the new community amenities that are needed to keep pace with a growing and densifying City and enhance community livability. The proposed waiver approach also enables the City to support affordable housing partnerships without requiring additional contributions of City land and/or Reserve funds.

ALTERNATIVES:

1. Change the amenity and density bonusing contribution rates.
2. Change the waiver amounts for below market and non-market housing units.
3. Change the date of when updated amenity contribution rates come into effect.

Respectfully Submitted,



Carl Johannsen, RPP, MCIP
Director of Development Services

Attachment(s):

1. Draft Amenity Contributions and Density Bonusing Policy

CHIEF ADMINISTRATIVE OFFICER'S COMMENTS:

I support the recommendation.



Francis Cheung, P. Eng.
Chief Administrative Officer