

DENSITY BONUS AND COMMUNITY AMENITY CONTRIBUTIONS - REVIEW

Surrey Development Advisory Committee Update

Topics

1. What is a Community Amenity Contribution (CAC)?
2. Different Amenity Zoning Approaches
3. Focus of Density Bonus & CAC Policy Review

What is a Community Amenity Contribution?

- ❑ **Optional** development contribution to mitigate growth impacts
- ❑ **“Amenities”** are not defined in LGA
 - ✓ Examples: community centre, affordable housing, library, public art facility, parks/plazas, fire hall, child care facilities, undergrounding utilities, etc

Other Types of Contributions from New Development?

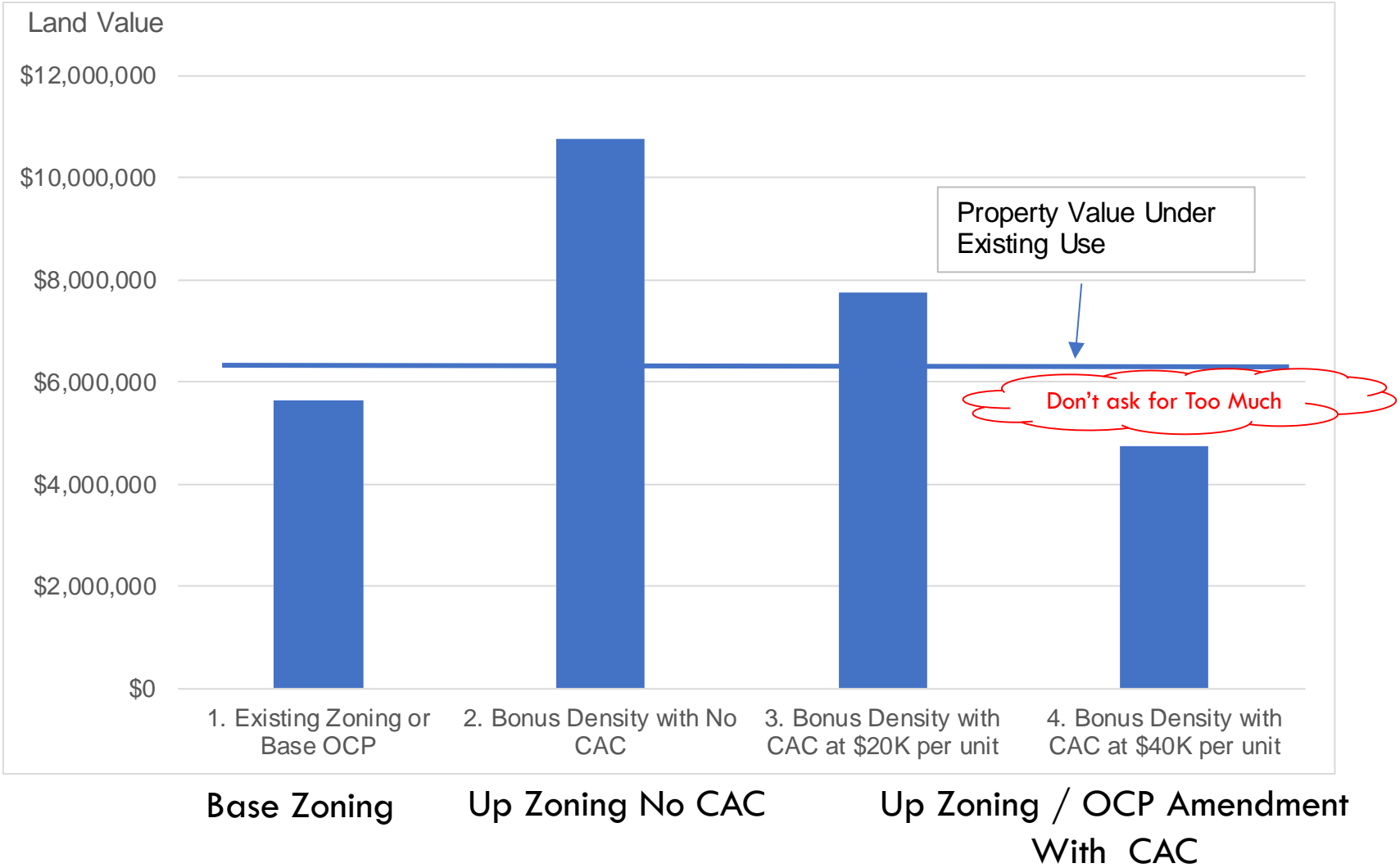
Amenity Contributions

- Monetary Contribution \$
- In-kind Contribution

Other Development Contributions

- DCCs
- Park land dedication (subdivision)
- Works for rezoning subdivision
- School Charges
- Phased Development Agreements
- Etc.

How Much Amenity Contribution? Illustrative Only



Considerations: Value of CAC

1. Cost to provide required amenities:

- ❑ i.e. needs of new residents impacts on existing residents

2. Financial ability of projects to provide amenities:

- ❑ Value under existing use/zoning
- ❑ Amount and value of bonus density
- ❑ Location
- ❑ Type of floorspace

3. Other municipal objectives

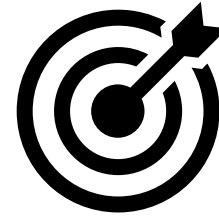
- ❑ pace of development, land dedications, affordable housing

Approaches to Set Value of CAC

Two different approaches:

1. **“Target” fixed rate CAC:**

Fixed rate can vary depending on type of rezoning, density, location, neighbourhood needs, etc



2. **Negotiated site-specific CACs:**

Typically based on % of increased land value – calculated based on specific application



Examples of Approaches in Metro Van Municipalities

Fixed Rate CAC	Negotiated CAC
Vancouver New Westminster Coquitlam City of NV District of NV White Rock Richmond Township of Langley	Vancouver New Westminster Coquitlam City of NV District of NV White Rock Burnaby West Vancouver Delta

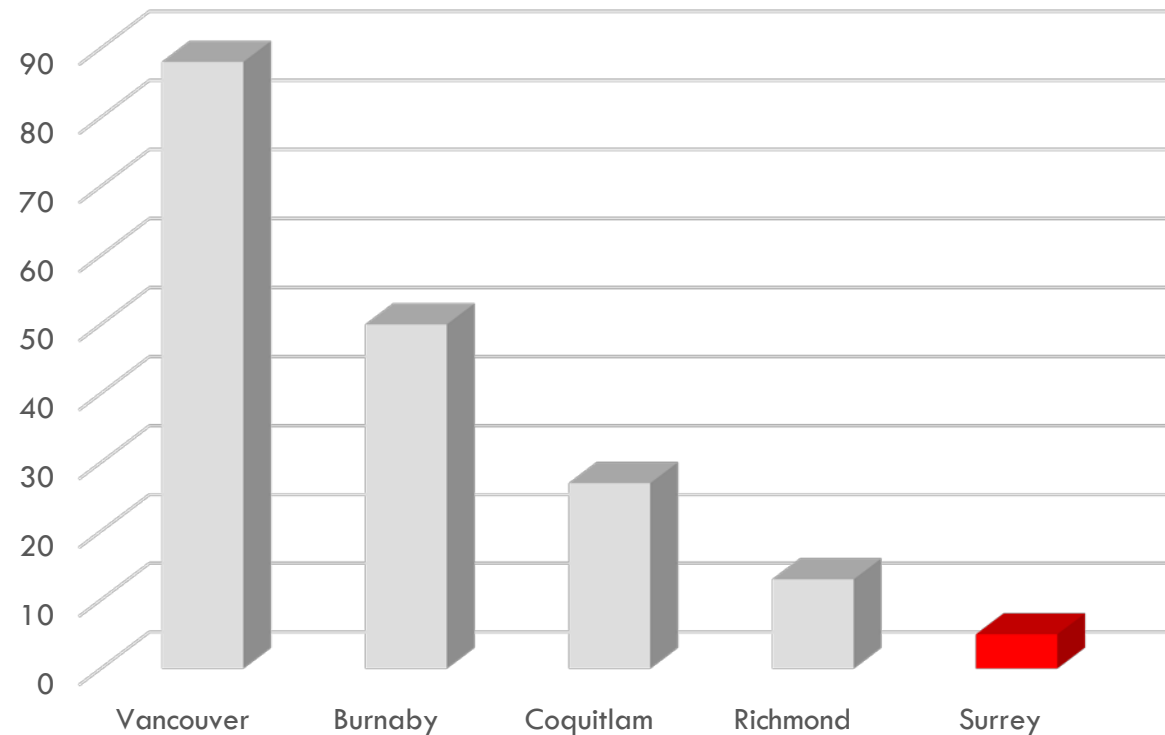


Comparison Metro Vancouver Cities CAC Revenues

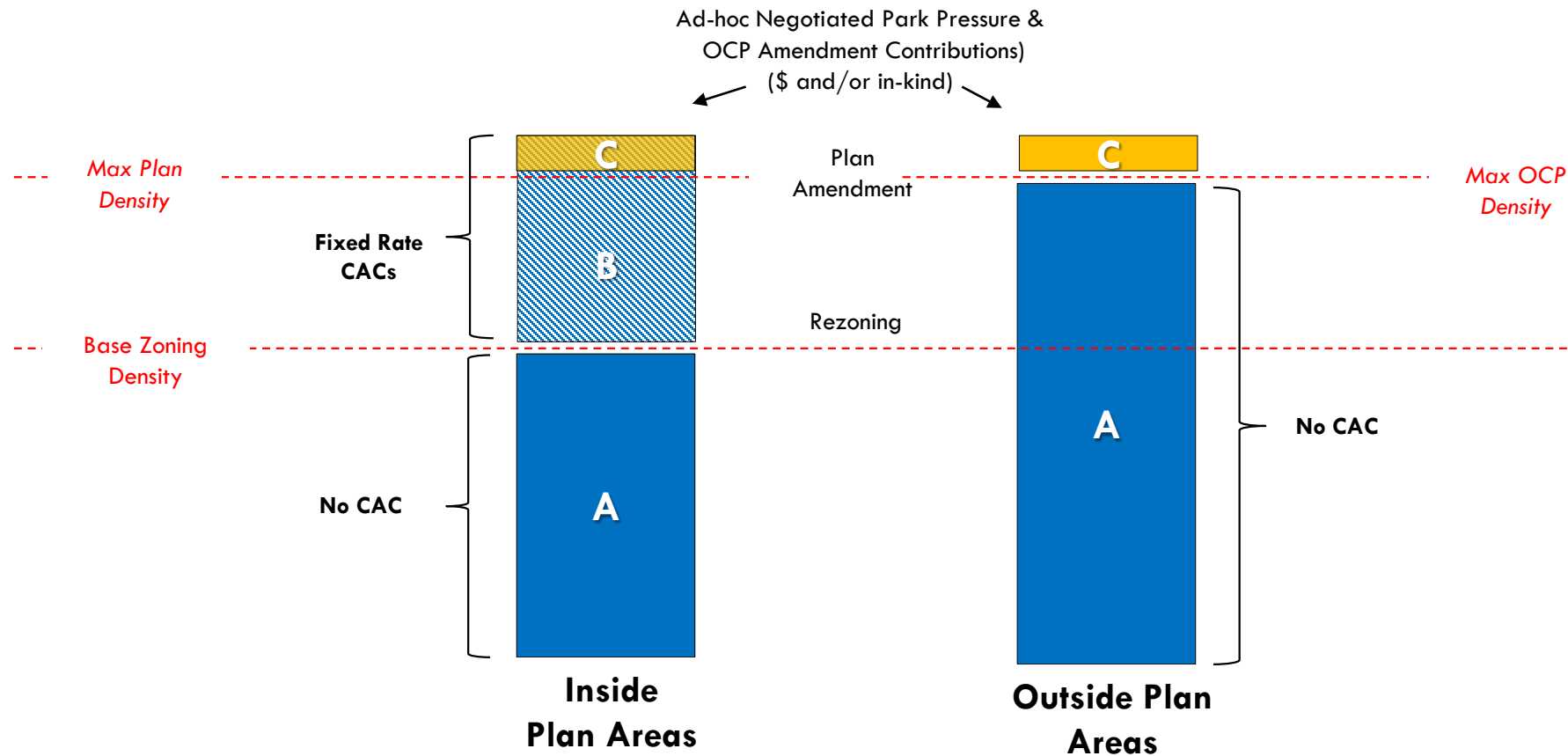
2017 Annual CAC Revenues:

- City of Vancouver: \$88 million
- City of Burnaby: \$50 million
- City of Coquitlam: \$27 million
- City of Richmond: \$13 million
- **City of Surrey: \$ 5 million**

CAC \$ Revenues for 2017



Surrey's Current Density Bonus Approach



Surrey's Current CAC Rates

NCPs - *Typical CAC Rates (Fixed)

Use	Police	Fire	Library Materials	Park & Facility Development	TOTAL
Residential (Per Unit)	\$70	\$300	\$155	\$1,600	\$2,125
Non-Residential (Per Acre)	\$280	\$1200	N/A	N/A	\$1,480

City Centre - Current CAC Rates (Fixed)

Use	Police	Fire	Library Materials	Park & Facility Development	**TOTAL
Single Family & Duplex (Per Unit)	\$70.02	\$302.51	\$157.54	\$1,670.20	\$2,200.27
Bachelor & Studio (Per Unit)	\$21.01	\$90.76	\$47.26	\$1,297.25	\$1,456.28
One Bedroom (Per Unit)	\$28.01	\$121.01	\$63.02	\$1,477.82	\$1,689.86
Two + Bedroom (Per Unit)	\$35.02	\$151.37	\$78.77	\$1,670.20	\$1,935.36
Non-Residential (Per Acre)	\$269.29	\$1,210.01	N/A	N/A	\$1,480

*Typical NCP rates are approximate and vary depending on plan area and year of plan adoption. Rates increased by CPI rate each year.

**Plus \$1.79 per sq. ft. of buildable area for undergrounding utilities.

Negotiated OCP Amendment Contributions

Typical Negotiated OCP Amendment \$

Ranges from \$750 - \$4,500 per unit

Limited Success

Advantages & Disadvantages

FIXED RATE

Advantages
<ol style="list-style-type: none">1. Straightforward/Certain/Predictable2. Efficient Administration/ Approvals3. Low risk for developers & land owners
Disadvantages
<ol style="list-style-type: none">1. CAC may not match ability of proposed project to contribute2. Need to regularly update to match changes in market3. Not suited for in-kind contributions

NEGOTIATED

Advantages
<ol style="list-style-type: none">1. CAC matches proposal specifics2. Can address other municipal objectives (affordable housing, land dedications)3. Can result in larger contributions4. Flexibility for in-kind contributions
Disadvantages
<ol style="list-style-type: none">1. Uncertain outcome / Politics2. Some developers may negotiate better than others (equitable)3. Time consuming /administration load4. Less transparent

Focus of Density Bonus Policy Review

<p style="text-align: center;">A</p> <p style="text-align: center;">Inside Existing Plan Areas</p>	<p style="text-align: center;">B</p> <p style="text-align: center;">Outside Plan Areas</p>	<p style="text-align: center;">C</p> <p style="text-align: center;">New Plan Areas</p>
<ol style="list-style-type: none"> 1. Review existing fixed rates 2. Consider CAC options for rezonings beyond Plan/OCP density 3. Consider varying CAC rates to include additional community amenities. 	<ol style="list-style-type: none"> 1. Consider fixed CAC rates 2. Consider policy for rezoning's beyond OCP density (fixed rate or negotiated CAC) 3. Consider varying CAC rate and approach by location and type of rezoning. 	<ol style="list-style-type: none"> 1. Increased fixed CAC rates 2. Consider policy for rezoning's beyond Plan/OCP density 3. Consider varying CAC rates by location and/or Community.
<p><i>Identify any exceptions</i></p>		

Next Steps

Phase 1: Project Start-Up, Background Review, Key Assumptions	completed
Phase 2: Review Other Municipalities (Options for Surrey)	completed
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Phase 3: Town Centre Financial Analysis (Case Studies)	underway
Phase 4: Outside of Town Centres (Case Studies)	underway
Phase 5: Evaluation of Potential Policy Approaches	June
-Presentation to Council (Shirtsleeve)-	
Phase 6: Preliminary Proposed Approach	
Phase 7: Consultation and Refinement	
Phase 8: Final Report Recommendations	
-Presentation & Report to Council (CIC)-	

Thank You

Questions & Comments

How Much Amenity Contribution?

Hypothetical Apartment Rezoning (illustrative only)	Existing Zoning 75 units	Rezoning 150 units No CAC	Rezoning 150 units with CAC at \$20K per unit	Rezoning 150 units with CAC at \$40K per unit
Completed Value @ \$500K per unit	\$37,500,000	\$75,000,000	\$75,000,000	\$75,000,000
Less Rezoning Costs	\$0	\$500,000	\$500,000	\$500,000
Less Total Construction Costs at \$350K per unit	\$26,250,000	\$52,500,000	\$52,500,000	\$52,500,000
Less Amenity Contribution	\$0	\$0	\$3,000,000	\$6,000,000
Less Profit Target (15%)	\$5,625,000	\$11,250,000	\$11,250,000	\$11,250,000
Equals Land Residual	\$5,625,000	\$10,750,000	\$7,750,000	\$4,750,000

Density Bonus vs. Negotiated Rezoning: Considerations

	Density Bonus Zoning, Prezoned	Density Bonus Zoning, Site-by-Site Rezoning	Fixed Rate CAC with Site-by-Site Rezoning	Negotiated CAC Site-by-Site Rezoning
Match value with cost	Low or Moderate	High	Low or Moderate	High
Predictability of amenity cost	High	Depends on method	High	Low
Length and cost of approvals process	Low	Depends on method	Low	High
Developer risk	Low	Moderate	Moderate	High
Flexibility in defining amenity package from specific sites	Low	Moderate	Low	High
Administrative load	Low	High	Low	High

Criticisms/Concerns

Point	Response
Unfairly “taxes” new home buyers	Housing prices are set by demand and supply; CAC or DCC is not arbitrarily added to house prices and developers do not sell at less than market value
Developers need land lift <u>and</u> developer profit to make projects viable, especially when approvals risk is high	Valid point where planning policy not clear and Council rezoning decisions inconsistent. Not valid where approvals risk is minimal
Downward pressure on land value reduces availability of development sites. Resulting reduced pace of development leads to housing price increases	Valid concern if CAC policy or DCC cost results in less land available for redevelopment. Requires knowledge of market, land values when setting rates
Municipalities spend money on things not related to growth	Valid concern. Municipalities should link CAC to growth-related needs