



POLICY REPORT DEVELOPMENT AND BUILDING

Report Date: November 30, 2009
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Meeting Date: December 15, 2009

TO: VancouverCity Council
FROM: Director of Planning
SUBJECT: Community Amenity Contribution (CAC) Policy - Issues

RECOMMENDATION

THAT Council instruct staff to review, with stakeholders, issues related to the City-Wide CAC Policy where there is new rezoning policy around rapid transit stations (Central Broadway; False Creek Flats; Grandview Boundary), for potential change of CAC policy from flat rate and exempt to negotiated CAC; and to report back to Council with recommendations; and

THAT new rezoning inquirers and applicants be advised of this review.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services recommends approval of the foregoing.

CITY MANAGER'S COMMENTS

The City Manager recommends approval of A.

COUNCIL POLICY

Financing Growth Policy (2003), including City-Wide Community Amenity Contribution Policy

Rezoning policies for more intensive job space development:

- Metro Core Jobs and Economy Land Use Plan - Issues and Directions (2007) - for Downtown, Central Broadway, and False Creek Flats
- False Creek Flats Rezoning Policy (2009)
- Grandview-Boundary Rezoning Policy (2002) and CD-1 rezonings (most recent 2009)

Heritage transfer of density policies and programs:

- Transfer of Density Policy (1983) identifies Downtown and Central Broadway as part of the heritage transfer of density area
- Transfer of Density Program Review (July 2009) identifies the need to seek additional opportunities to land heritage density in the Broadway Corridor, as well as in other areas across the city

Council priorities for affordable housing; inclusive communities; environment and sustainability; and creative and growing economy relate to CAC benefits achieved through rezonings; and to the need to connect CAC provision to viability of development.

PURPOSE AND SUMMARY

The purpose of this report is to identify issues related to the existing City-Wide Community Amenity Contribution (CAC) Policy, and to seek Council direction to discuss these with stakeholders, leading to a report back to Council with recommended changes.

CACs are contributions provided by developers through privately-initiated rezonings. CACs provide a wide range of public amenities/benefits not only for new residents and employees of the rezoned site but also for the broader community that may be impacted.

The impetus for this report is recently approved rezoning policy directions and new rezoning activity for more job intensity near rapid transit stations in Central Broadway, False Creek Flats, and Grandview-Boundary. The main issue is that existing CAC policy as it applies to rezonings in these areas is likely to result, in at least some instances, in foregoing CAC opportunities to provide needed benefits and amenities.

Existing CAC policy was set in 2003, using previous rezoning history. It did not anticipate recent land use policy changes, and thus is not necessarily up to date with new land use policy. There are also related issues of clarity and consistency including implications for heritage transfer of density to the Broadway area.

Other questions of CAC policy are being addressed as part of specific planning programs, such as Cambie Corridor and Norquay. Meanwhile, the areas identified in this report are where the most significant issues lie today because new rezoning policy already exists and rezonings are already occurring.

BACKGROUND

CACs are contributions provided by developers through privately-initiated rezonings. CACs provide a wide range of amenities/benefits. These are provided often as in-kind facilities which are incorporated into the new development, or may be as cash toward such facilities.

CACs provide opportunities not provided by Development Cost Levies (DCLs). Although DCLs apply to all development (not just rezoning), the DCL revenue is restricted to a specific set of facilities, while CACs are not. Also, because DCLs cannot legally collect 100% of growth costs, CACs can help to fill in the gaps. In addition, DCLs can only address new growth, not existing deficiencies, while CACs can address broader needs and impacts.

CACs exist in a rezoning policy context which also includes related policies such as affordable housing and purchase of heritage transfer density, as well as the broader determination of appropriate land use, density, and built form, and infrastructure needs.

When the City-Wide CAC Policy was established in 2003, rezonings were divided into three categories: exempt; flat rate (\$3 per square foot on the additional density permitted by the rezoning); and negotiated. (See Appendix A for details.) A negotiated CAC is related directly to the site-specific amenity needs and development economics.

The type of rezonings in each of the three categories was based on existing land use policies at the time of the CAC Policy (2003) and on rezoning data derived from a data base of the previous 10 years of rezonings. However, recently, new land use and rezoning policies have been approved and rezonings are occurring that were not anticipated in 2003. This raises issues related to the applicability of the existing CAC policy.

DISCUSSION

The impetus for this report, and its focus, are recent changes to land use policy to encourage job intensification through rezoning in areas near rapid transit stations in Central Broadway, False Creek Flats, and Grandview-Boundary Industrial Area - and the relationship of these changes to CAC Policy. This section covers the following three interrelated topics:

- CAC policy and new rezoning policies for job intensification
- CAC policy consistency and clarity
- CAC policy relation to purchase of heritage transfer of density

CAC policy and new rezoning policies for job intensification

With new rezoning policy near rapid transit stations in Central Broadway, False Creek Flats, and Grandview-Boundary Industrial Area, many rezonings will fall into the flat rate or exempt CAC categories, rather than negotiated. This can result in cases of foregoing CACs that would provide needed amenities and that could be viably provided by a new development -- as described below and in the Financial Implications section.

Central Broadway:

Following the approved Metro Core Directions for this area and the opening of the Canada Line Station at Cambie and Broadway, new rezonings are beginning to result in increased office density. One rezoning has been recently approved (538-60 W. Broadway, from 3.3 to 4.8 FSR), and other inquiries are being made.

Rezonings in this area fall into the flat rate CAC category. The flat rate was originally intended for "smaller projects outside the Downtown," rather than for this new level of intensification. (The flat rate applies only to the permitted density increase - on Broadway, this is density above 3.3 FSR which includes the 10% increase permitted without rezoning when heritage density is purchased.)

False Creek Flats and Grandview-Boundary:

Following from the False Creek Flats Rezoning Policy and Grandview Boundary Rezoning Policy, for portions of these areas near rapid transit, new rezonings are resulting in buildings with full general office use (rather than limiting uses to industrial or high tech uses allowed in current zonings). Rezonings have recently been approved at Discovery Parks in the Flats and

at Broadway Tech Centre in Grandview-Boundary. Additional rezoning inquiries are being made in both areas.

Rezoning in these areas are negotiated if the site is two acres or more. For sites less than two acres, most will fall into the exempt category which applies when a rezoning permits land use change, but does not grant additional density. The exempt category was originally based on the concept that a rezoning that does not result in increased density would mean no change in demand for amenities. However, the new rezoning policy has been introduced due to recognition of the limitations of the I-3 zoning. Thus, rezoning in these areas will mean that the full density actually becomes feasible to build and therefore these areas can be expected to significantly intensify.

CAC policy consistency and clarity

The existing CAC policy also raises related issues of clarity and consistency:

- Different policy in similar areas: The Flats and Central Broadway are both now envisioned as major job precincts, second to the Downtown, and all are now part of the Metro Core. But CAC Policy for each is different: negotiated CAC Downtown; flat rate CAC on Broadway; and exempt from CACs or flat rate, depending on site size and density, on False Creek Flats.
- Different policy for different sites in same area: In False Creek Flats and Grandview Boundary where sites vary significantly in size, a zoning change is a negotiated CAC if the site is 2 acres or more, but otherwise exempt from CACs, or in some cases a flat rate.

CAC policy relation to purchase of heritage transfer of density

The Broadway C-3A zoning district is currently the only area outside of the Downtown Official Development Plan that allows for the transfer of heritage density. In July 2009, Council received the *Transfer of Density (ToD) Program and Heritage Building Rehabilitation Program (HBRP) Review* update report, and directed staff to review zoning and guidelines to seek additional opportunities to land heritage density in the Broadway Corridor, as well as in other areas across the city.

The cost per square foot for a developer to purchase heritage density, based on market transactions, is much more than the cost of a flat rate CAC. Thus there is a tension and seeming inconsistency between the two initiatives: a flat rate CAC, versus encouragement to purchase heritage density.

Currently a 10% increase in density is permitted without rezoning if heritage density is purchased. This means that in a rezoning on Central Broadway (where permitted FSR in the C-3A zoning is 3.0), the first 0.3 FSR is purchased heritage density at its market rate, while the value of any additional density purchase or other amenity is limited to the value of the flat rate calculation on density above 3.3. (This issue could also apply to False Creek Flats if this area were identified as another area to land heritage density.)

FINANCIAL IMPLICATIONS

Financial implications relate to impacts on both the City and the development. Intensification through rezoning increases the need for amenities and benefits, and can also provide a viable economic opportunity for a rezoning to contribute CACs. The concept of CACs is based on helping to address needs created, and negotiated CACs are also cognizant of the economics of the development. In terms of the latter, the following information is provided:

- For Central Broadway, while currently the flat rate CAC applies, a negotiated CAC could potentially and viably yield significantly more than the flat rate.
- For False Creek Flats, while currently rezonings under two acres are exempt from CACs, a recent consultant report for the City examined the economics of development under the new rezoning policy ("Financial Implications of Possible Changes to the I-3 Zoning District," Coriolis Consulting Corp, September 2009). In this area, there are different economic conditions than on Broadway. The report investigates a hypothetical rezoning in the Flats which does not increase the 3.0 FSR density, but does change the land use to allow full general office. The finding is that there may be no increased value accruing to the land; however, rezoning to allow general office is conferring a financial benefit. The report suggests some options for change to the City's current approach to CACs -- including individual negotiation (especially where an amenity would be seen to benefit both the developer and the City, such as daycare), or a nominal flat rate. The report also notes that where a high tech office building already exists under I-3 zoning and the building is being rezoned to allow a broader range of office uses, the potential increase in value will vary depending on the circumstances and the CAC approach should be site specific. (Grandview-Boundary is likely to be similar to the Flats.)

PERSONNEL IMPLICATIONS

There are no staffing implications.

COMMUNICATIONS AND CONSULTATION

Staff informed the Urban Development Institute (UDI) of this up-coming Council report at the UDI-City Liaison Committee in September 2009. Next steps, if Council approves the recommendation, will be to continue discussions with the UDI and other stakeholders on issues and recommendations before reporting back to Council with specific recommendations.

In the meantime, the Financing Growth website and CAC Policy Bulletin will provide a link to this report to increase awareness of the work underway. Development inquiries that have already been advised in writing of existing CAC policy will be treated accordingly. New inquiries and applications will be advised that policy is now under review.

CONCLUSION

This report focuses on issues arising for CACs for rezonings related to employment intensification as per new policy initiatives. CAC Policy developed in 2003 did not anticipate the new land use initiatives to intensify jobs in Central Broadway, False Creek Flats, and Grandview Boundary. As a result, rezonings in these areas may forego amenities that could viably be provided if the CAC policy were updated. This report recommends discussing the issues and appropriate new policy with stakeholders and then reporting back to Council.

Beyond these areas, planning programs such as Cambie Corridor will include CAC review as part of their work. Meanwhile, the areas identified in this report are where the most significant issues lie today because new policy already exists and rezonings are already occurring.

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Summary of Existing CAC Categories

CAC and rezoning category	When applies
Non-standard rezoning = Negotiated CAC	Rezoning of: <ul style="list-style-type: none"> ▪ Large sites (site is 2+ acres; or 1+ acre in a Community Vision Neighbourhood Centre) ▪ Industrial to residential (including live-work) ▪ Downtown peninsula location
Exempt rezoning = No CAC	Rezoning for: <ul style="list-style-type: none"> ▪ Social Housing ▪ Neighbourhood Housing Demonstration Projects ▪ Community facilities (to the degree that the facility is: providing City-related social and/or cultural services; operated by a non-profit society; open and accessible to all; accepted by City Council as a Community Amenity; and secured through a legal agreement and/or City land ownership) ▪ Public schools, K-12 ▪ Places of worship that are tax exempt ▪ Heritage (floor areas or bonus areas related to heritage preservation) ▪ Rezoning with no increase in total space; and no residential; and site is not Large or Downtown (i.e., not defined above as Negotiated) ▪ Small lower density residential rezoning (sites rezoned from single family where: the new zoned is residential, or institution; the new density is less than apartment density (up to 1.35 FSR); and the site size is less than one full city block)
Standard rezoning = Flat rate CAC, of \$3/sf on additional density approved <i>(Note: \$ amount has remained unchanged since 2003)</i>	Rezoning not included in any category above: <ul style="list-style-type: none"> ▪ Identified as “typically smaller projects outside the Downtown”

Note: There are also flat rates higher than \$3 in some Area-Specific CAC areas which are comprehensive developments, such as SE False Creek and Arbutus Neighbourhood, set as a DCL-CAC package based on detailed population growth and public benefits plans for the areas.

The above chart is a summary from “Community Amenity Contributions - Through Rezoning” (part of the City’s approved Land Use and Development Policies and Guidelines). See the full document for details. <http://vancouver.ca/commsvcs/Guidelines/C025.pdf>