



To: Richmond City Council **Date:** November 23, 2006
From: Councillor Harold Steves **File:** 08-4000-00/Vol 01
Chair, Planning Committee
Re: **A CITY-WIDE INTERIM AMENITY CONTRIBUTION POLICY**

The Planning Committee, at its meeting held on November 21, 2006, considered the attached report, and recommends as follows:

Committee Recommendation

- (1) *That the following two reports be referred to the Urban Development Institute (UDI) and Greater Vancouver Home Builders Association (GVHBA) for comment and discussion by December 15, 2006:*
 - (a) *Staff Report from the Director of Development and Manager, Policy Planning entitled "A City-Wide Interim Amenity Contribution Policy" dated November 10, 2006; and*
 - (b) *Report from G.P. Rollo & Associates Ltd. entitled "Amenity Contributions from New Development" dated October 31, 2006.*
- (2) *That staff bring forth final recommendations, based on the input from UDI and the GVHBA, in January 2007.*
- (3) *That staff seek input from local smaller developers on the proposed City-Wide Interim Amenity Contribution Policy; and*
- (4) *That staff investigate commercial rezoning in terms of the City-Wide Interim Amenity Contribution Policy.*

Councillor Harold Steves, Chair
Planning Committee

Attach.

VARIANCE

Please note that the Committee added Parts (3) and (4) above.

Staff Report

Origin

Background:

The purpose of this report is to respond to the following referral motion from Planning Committee:

“That in their report to Committee on voluntary contributions to affordable housing, child care and/or public art, staff include the option of voluntary cash contributions to playing field development/upgrade”.

Council also wanted to know whether or not the current contribution rate of \$0.60 per buildable square foot for affordable housing from multiple-family residential development applications was adequate when they considered the Affordable Housing Strategy – Interim Strategy & Report in July 2006 (although no specific referral motion was passed).

It should be noted that, for the purposes of this report, “*amenity*” means items such as affordable housing, child care, public art, etc. that are for the benefit of the community at large (not indoor or outdoor amenity space that is built as part of a development for the benefit of the residents in that development only).

Consultants:

In order to assist staff in responding to these requests, G.P. Rollo & Associates Ltd. was hired. Mr. Rollo is a local, land economist who has helped the City review specific developer proformas/voluntary contributions in the past.

At the same time, the City has been utilizing McClanaghan & Associates to revise its Affordable Housing Strategy. Mr. McClanaghan has extensive experience in real estate development.

The two consultants have worked together with City staff to help coordinate these two projects because they are intricately related and dependent on each other. For example, the draft Affordable Housing Strategy is recommending that an additional staff person be hired in the Lands Section of the Business and Financial Services Department to be responsible for both implementing the Affordable Housing Strategy and administering the City-Wide Interim Amenity Contribution Policy.

Both reports are to be presented to the same Planning Committee and Council meeting.

Attachment 1 provides an overview of how the proposed City-Wide Interim Amenity Contribution Policy and the draft Affordable Housing Strategy would work together.

Principles:

It is suggested that the City-Wide Interim Amenity Contribution Policy be based on the following Principles:

- Partnerships
- Balance:
 - Public and Private Interests
 - Certainty and Flexibility
- Effectiveness
- Financial Viability

Findings Of Fact

G.P. Rollo Report

A full copy of the report from G.P. Rollo & Associates is enclosed as **Attachment 2**.

Mr. Rollo was asked by staff to answer two main questions:

- 1) Could the current amenity contribution rate of \$0.60* per buildable square foot be applied City-wide to single-family residential rezoning applications?
** 0.60 per buildable square foot has normally been collected for either affordable housing or child care and voluntarily for public art (not other amenities)*
- 2) Could the interim amenity contribution rate of \$6.37* per buildable square foot approved in the West Cambie (Alexandra Neighbourhood) be used elsewhere in Richmond for multiple-family residential and commercial rezoning applications?
** \$6.37 per buildable square foot = \$5.10 for affordable housing + \$0.60 for child care + \$0.60 for public realm beautification + \$0.07 for planning and engineering costs*

In response to these questions, Mr. Rollo has recommended that:

- 1) The 0.60 per buildable square foot could be used for single-family residential rezoning applications.
- 2) The West Cambie charge of \$6.37 per buildable square foot not be used for the rest of Richmond because it is based on the specific costs of developers providing all the amenities and infrastructure in the Alexandra Neighbourhood (e.g., 150 affordable housing units; one child care facility; etc.) and assumes the developers do not take advantage of the density bonus provisions for affordable housing.

Methodology Options:

The following table identifies the different options available to the City in establishing an amenity contribution rate:

OPTION	CASE BY CASE NEGOTIATIONS	CITY-WIDE FLAT RATE	INDIVIDUAL PROFORMAS
Description:	City staff negotiate with each developer a different amenity contribution	Each developer pays the City the same rate for their amenity contribution (possibly varying by area)	Amenity contribution varies depending on each proforma and for different developments
Outcome:	The City: <ul style="list-style-type: none"> • takes what it wants; or • gets what developer offers 	All developments pay the same rate or an area specific rate	Larger developments will probably pay more and smaller ones will pay less
Process:	<ol style="list-style-type: none"> 1. City staff negotiate amenity contribution 2. Planning Committee agrees or disagrees 3. Council approves 	<ol style="list-style-type: none"> 1. Council establishes rates 2. Developer knows amenity contribution 3. City staff collect contribution 	<ol style="list-style-type: none"> 1. City prepares proforma model 2. Developer submits proforma 3. Staff review 4. Planning Committee and Council approval
Work to be Done:	None upfront – but inefficient and great uncertainty in development process	Establish flat rates with UDI & GVHBA input	Develop proforma format and process with UDI & GVHBA

OPTION	CASE BY CASE NEGOTIATIONS	CITY-WIDE FLAT RATE	INDIVIDUAL PROFORMAS
Pros:	<u>City:</u> <ul style="list-style-type: none"> Existing process Greatest flexibility <u>Developer:</u> <ul style="list-style-type: none"> No delay or new process Use their influence 	<u>City:</u> <ul style="list-style-type: none"> Guaranteed contribution Less work for staff <u>Developer:</u> <ul style="list-style-type: none"> Costs are known up-front Equitable to everyone 	<u>City:</u> <ul style="list-style-type: none"> Economically based Reflects market <u>Developer:</u> <ul style="list-style-type: none"> Fairest method Open to negotiation Reflects market
Cons:	<u>City:</u> <ul style="list-style-type: none"> No clear Council direction May not get anything <u>Developer:</u> <ul style="list-style-type: none"> No certainty/consistency Subject to change politically May pay too much 	<u>City:</u> <ul style="list-style-type: none"> Doesn't maximize amenity contribution Needs further work for each neighbourhood <u>Developer:</u> <ul style="list-style-type: none"> Not tied to market, costs or ability to pay No flexibility or negotiation 	<u>City:</u> <ul style="list-style-type: none"> Requires new staff expertise (proposed) Requires minimum rate <u>Developer:</u> <ul style="list-style-type: none"> New process and possible delays Lack of proforma expertise

Status of Methodology Options:

Each of these options will be discussed further with the Urban Development Institute (UDI) and Greater Vancouver Home Builders Association (GVHBA) as part of the finalization of a City-Wide Interim Amenity Contribution Policy.

Case Study Proformas:

In order to answer Planning Committee's referral motion, staff gave Mr. Rollo ten (10) case studies on which to do proformas. These case studies were taken from within the West Cambie (Alexandra Neighbourhood), City Centre and West Richmond. They include projects that were already completed, currently being constructed, or still in the proposal stage.

In doing the proformas, Mr. Rollo assumed a minimum profit margin of 10% for the single-family developments and 12% for the multiple-family residential and commercial developments in order to ensure that developers get an adequate return on their equity investment. He also talked to some of the developers to see if the construction costs and selling prices being used were reasonable and accounted for fluctuating costs and markets.

Staff gave Mr. Rollo all of the City's costs associated with each development and used the proposed new Development Cost Charge (DCC) Bylaw to ensure that developers would be given the benefit of this future new cost.

The fundamental principle of Mr. Rollo's work is that the increase in the land value created from rezoning a property (the "land lift") can be shared between the developer and the City (i.e., 50% of the "land lift" could be the developer's amenity contribution and 50% the developer's profit), which is an approach used by other municipalities in the region.

Tentative Key Conclusions:

To provide Council and developers with an idea of what the City might do, the following conclusions and recommendations are offered by staff at this point based on Paul Rollo's report:

Application of an Amenity Policy:

- amenity contributions would be required for residential rezoning applications only; and
- amenity contributions would not be required on commercial rezoning applications (because the proforma analysis was not conclusive enough).

Single-Family Residential:

- an amenity contribution of \$0.60 per buildable square foot could be applied to all future single-family residential rezoning applications; but
- the City would prefer the provision of affordable housing in the form of a coach house or legal secondary suite.

Townhouse Developments:

- 19 units or less - a flat rate of \$2.00 per buildable square foot would be used because of the small nature of the project; and
- 20 units or more - proforma calculating the land lift would be used to determine the amenity contribution.

Apartment Developments:

- typically 80-90 units - proforma calculating the land lift would be used to determine the amenity built (number of affordable housing units and possible child care facility).

West Cambie (Alexandra Neighbourhood):

- continue to pay \$1.27 per buildable square foot + \$5.10 per buildable square foot if the density bonus provision for "affordable housing" is not utilized;
- no proforma required; and
- UDI currently reviewing the "affordable housing" contribution and options.

These possibilities will be discussed with UDI and the GVHBA prior to finalization.

Analysis

In preparing the City-Wide Interim Amenity Contribution Policy (excluding the West Cambie-Alexandra Neighbourhood), staff and the consultants discussed the following questions.

1. Why should Richmond have a City-Wide Interim Amenity Contribution Policy?

There are a number of reasons why such a policy is necessary:

- New development increases the demand for amenities, so developers should help to build or pay for required new amenities;
- Profit from development should be shared because the community and City should not have to pay all adjustment costs;

- It is proposed that the City-Wide Interim Amenity Contribution Policy form the basis for determining the amount of affordable housing, child care or other amenities that could be built;
- Although the City would prefer that the development community actually build the amenity, there will always be exceptions where a contribution is appropriate (i.e., for smaller projects because of project economics and the developer's ability to pay);
- Some amenities, such as affordable housing and child care, can not be financed by other means like Development Cost Charges (DCCs) and there is public reluctance to raise taxes to pay for these amenities; and
- A City-wide policy provides certainty and consistency for the City and the development community, and gives staff clear direction from Council in processing development applications.

Conclusion:
A City-Wide Interim Amenity Contribution Policy is necessary to establish the basis for determining the actual provision by developers of the amenities or a cash-in-lieu contribution.

2. What can the City do to encourage the construction of amenities?

The actual construction of amenities (such as affordable housing or child care space) by developers is preferred rather than the City collecting a cash-in-lieu contribution.

The principal way that the Local Government Act envisions that municipalities obtain these types of amenities is through density bonusing.

The City has used the density bonus provision in certain zones of the Zoning & Development Bylaw (e.g., the R/9 zone permits additional floor area for a coach house). As part of the review of this Bylaw, which is currently underway, further changes can be made to encourage affordable housing and other amenities.

Recently, Council incorporated density bonus provisions in the West Cambie Area Plan for residential developments that provide affordable housing in the Alexandra Neighbourhood. The update of the City Centre Area Plan and the Official Community Plan will also explore this provision to encourage the construction of amenities.

However, the density bonus option in Richmond has limited potential because:

- the airport restricts the height of buildings;
- soil conditions limit going underground with parking; and
- the Building Code increases the requirements for structures over four (4) storeys.

Conclusion:
City staff will continue to explore density bonusing as a mechanism to obtain amenities in the pending updates of the City Centre Area Plan and Official Community Plan, and the review of the Zoning & Development Bylaw.

3. **Why is the City-Wide Amenity Contribution Policy called an “Interim” Policy?**

Staff are recommending that this be an “interim” policy for the following reasons:

- Preparing a comprehensive amenity policy is complex, so an incremental approach is taken to allow flexibility;
- City-developer roles, priorities, needs, costs, profit margins and funding tools create many options and impacts, which take time to evaluate;
- It enables the City, developers and the community to test the policy;
- The policy needs to be reviewed annually (e.g., percentage of the land lift the City takes; amenities included in the policy; allocation of amenity contributions; etc.);
- Council has adopted the West Cambie–Alexandra Interim Amenity Guidelines as a precedent, which specifies certain voluntary contributions for amenities;
- The policy may be replaced or supplemented by other funding mechanisms as part of the implementation strategies for the City Centre Area Plan Update and the review of the Official Community Plan;
- Staff want to monitor land prices and construction costs to ensure that there is a “land lift” arising from a rezoning application, particularly in areas such as the City Centre; and
- A new policy or rate needs to be established as soon as possible because the current \$0.60 per buildable square foot contribution-in-lieu of affordable housing is too low for multiple-family residential developments.

Conclusion:

The City-Wide Interim Amenity Contribution Policy will be reviewed annually and as part of the implementation strategies for the City Centre Area Plan update and the Official Community Plan review.

4. **Is the “land lift” the best way of calculating the amenity contribution?**

Paul Rollo’s report identifies two methods for calculating an amenity contribution:

- i) the “cost recovery” approach where the City determines the cost of amenities proposed for a newly developing neighbourhood and spreads the cost of these amenities on a pro-rata basis (e.g., \$ per buildable square foot) amongst new development; and
- ii) the “land lift” approach where, as a result of rezoning, the underlying value of the land is increased and the increase in land value is shared (e.g., 50/50) between the City and the developers.

Mr. Rollo has recommended that the “land lift” approach be used to calculate the potential amenity contribution rates because it takes into account the realities of the marketplace and considers the economic impact the amenity contribution has on the viability of new development.

City staff agree that the “land lift” is the most appropriate approach, which can be implemented now (i.e., the “cost recovery” approach would require costing out all of the amenities being asked for in the City Centre area and then the rest of Richmond).

In using the “land lift” approach, Mr. Rollo is comparing the value of the land based on the new land use (using a proforma that includes selling prices, project costs and profits) to the value of the land before rezoning (using the latest assessed value plus an adjustment of approximately 20% to reflect current market values).

Conclusion:

The “land lift” approach is preferred to the “cost recovery” approach for the determination of City-Wide amenity contribution rates.

5. How will the City-Wide Interim Amenity Contribution Policy be implemented?

It is proposed that the policy be implemented in two ways:

- i) Contributions (cash-in-lieu) will be collected:
 - at a rate of \$2.00 per buildable square foot from townhouse developments involving 19 units or less;
 - based on proformas calculating the land lift from townhouses involving 20 units or more;
 - from low rise apartments and high rise developments if the proforma calculating the land lift does not generate a large enough contribution to build at least 4 affordable housing units or an appropriately located child care facility; and
 - put into the appropriate reserve accounts (e.g., the Affordable Housing Reserve Fund or Child Care Development Reserve Fund).
- ii) Affordable housing units and/or child care space will be built:
 - based on the proforma where at least 4 affordable housing units can be given to the City, or a child care facility can be appropriately located in a low rise (four storey) apartment or high rise development (i.e., 50% of the land lift = certain amount of affordable housing or child care space).

A necessary additional staff person is being recommended for the Lands Section of the Business and Financial Services Department who would be responsible for implementing the revised Affordable Housing Strategy, managing the Affordable Housing Reserve Fund and reviewing the proformas provided by the developers. It is not expected that this will unduly delay the development approval process.

Additional resources may also be required as a separate process to administer funds collected for the Child Care Development Reserve Fund and to manage new child care opportunities (e.g., prepare proposals; oversee construction of facilities; etc.).

Staff are prepared to work with the Urban Development Institute (UDI) and Greater Vancouver Home Builders Association (GVHBA) to establish an acceptable format for the proforma and a reasonable review/negotiation process. This would give the development community adequate time to prepare for this new requirement.

Conclusion:

The City-Wide Interim Amenity Contribution Policy will be implemented on July 1, 2007, after discussions with the UDI and GVHBA and the hiring of a new staff member.

6. **What percentage of the “land lift” should the City take?**

Mr. Rollo has recommended that the City take 50% of the “land lift” as its’ amenity contribution because it recognizes developers’ risk in rezoning and their claim to a portion of the increased value in the land.

However, it could be argued that the City could take a higher percentage of the “land lift” (e.g., the City of Vancouver typically takes 75% of the “land lift” for community amenity contributions in its’ City Centre area and the City of New Westminster takes between 70% - 80%).

Staff agree with taking 50% of the “land lift” at this time, subject to annual review, because it provides the developers with a larger profit margin to absorb cost increases, addresses market fluctuations, and provides the City with reasonable funding for its amenity reserves.

It should be noted that neither this staff report nor the work of G.P. Rollo & Associates Ltd. addresses the broader issue of financing all City growth.

Conclusion:

That 50% of the “land lift” be used at this time as the basis for determining the amenity contribution to the City of Richmond.

7. **Why are case-by-case proformas being recommended over a flat rate for all developments?**

Originally, staff preferred to establish a flat rate that could be used to determine the amenity requirement from all developments. This has the advantage of simplicity and consistency.

However, upon further reflection, it is recommended that proformas calculating the land lift on a case-by-case basis be utilized on larger projects for the following reasons:

- Smaller developers (i.e., townhouses involving 19 or less units) may not have the expertise or desire to do proformas and therefore are being charged the flat rate of \$2.00 per buildable square foot;
- Proformas will take into account the differences in neighbourhoods in Richmond (e.g., market demand, selling prices, infrastructure requirements and land lifts);
- It will enable both the City and developer to arrive at a reasonable contribution (e.g., a flat rate may be too little a contribution from a large development);
- Paul Rollo’s work does not provide a conclusive land lift figure for townhouse projects, low rise apartments or high rise developments (i.e., the figures vary from \$2.42 to \$7.56 per buildable square foot); and
- Both the City of Vancouver and City of New Westminster successfully use the proforma approach to determine their community amenity contributions.

It should be noted that City staff are recommending that \$2.00 per buildable square foot be established as a minimum amenity contribution (i.e., a proforma will not be able to justify an amenity contribution of less than \$2.00 per buildable square foot).

Conclusion:

Proformas calculating the land lift are the most fair and accurate way of determining the amenity contribution, except for smaller developments (i.e., townhouses involving 19 or less units) which would probably prefer to pay a flat rate.

8. What amenities should be addressed in a contribution policy?

Traditionally, Richmond has tended to ask for developer contributions for affordable housing and child care (the public art contribution has been voluntary and would continue to be handled separately from the proposed City-Wide Interim Amenity Contribution Policy). Both of these amenities have a Council-approved policy, program and statutory reserve account.

As well, recently a transit oriented development fee of \$4.00 per buildable square foot was also collected from some City Centre developments. This fee has now been factored into the proposed new DCC Bylaw.

In surveying Lower Mainland municipalities, it appears that some other amenities received are:

Surrey:	library materials; police and fire protection
Vancouver:	social or cultural facilities; recreational facilities
North Vancouver:	green building features; community spaces
New Westminister:	heritage conservation

Planning Committee requested staff to examine the inclusion of playing field development/upgrade into the amenity contribution policy. Staff do not recommend this be done at this time for the following reasons:

- The Development Cost Charge Bylaw already includes park acquisition and development in the DCC program (the City can't collect money twice through DCCs and amenity contributions for the same sports field infrastructure);
- The need for specific amenities should be determined first through the City Centre Area Plan Update, the City Centre Places & Spaces Strategy and the City-Wide Facilities & Amenities process; and
- The City has collected approximately \$312,000 from the development community towards the Leisure Facilities Reserve Fund and the McLennan South Neighbourhood Park Project in the past year (September 1, 2005 – September 27, 2006), in lieu of multiple-family developments providing an indoor amenity space.

Conclusion:

Amenity contributions collected should be allocated to affordable housing and child care until the implementation strategies for the City Centre Area Plan Update, City Centre Places & Spaces Strategy and City-Wide Facilities & Amenities Strategy are completed.

9. **How should the amenity contribution be allocated?**

In the past, affordable housing and child care have both utilized the same amenity contribution rate of \$0.60 per buildable square foot.

However, normally the City only receives this contribution to either affordable housing or child care (not both, unless it is a large development or significant increase in zoning density).

Recently, because of the high profile of affordable housing, more voluntary contributions have been directed to the Affordable Housing Reserve Fund than the Child Care Development Reserve Fund.

Staff recommend that:

- where a minimum of \$2.00 per buildable square foot is paid as a flat rate, the full amount go towards affordable housing; and
- where a proforma is undertaken and the amenity contribution is more than \$2.60 per buildable square foot, \$0.60 be used for child care purposes.

This way, more money will start to be directed towards the Child Care Development Reserve Fund. On larger developments, and in appropriate locations, a child care facility may also be considered. Additional resources may be required in order to better administer this Reserve Fund and manage the construction of new child care facilities.

The primary reason affordable housing is getting a larger share of the amenity contribution is that the cost of building affordable housing units is more than a child care facility.

Developers will continue to voluntarily either build public art as part of their development or contribute an additional \$0.60 per buildable square foot to the Public Art Statutory Reserve Fund.

Conclusion:

Where cash-in-lieu is collected instead of building amenities, \$0.60 per buildable square foot be put into the Child Care Development Reserve Fund provided that at least \$2.00 per buildable square foot is collected for the Affordable Housing Reserve Fund.

10. **What type of development applications would be subject to the City-Wide Interim Amenity Contribution Policy?**

Rezoning Applications: (YES)

Staff recommend that the amenity contribution policy should apply to rezoning applications for the following two reasons:

- The Local Government Act provides that a zoning bylaw may allow an owner to receive a higher density if the owner conserves or provides amenities; and
- The whole premise of the "land lift" approach is based on the increased value of a property because the City agrees to rezone it to a higher or better use.

To give the development community and staff time to prepare for this new policy, it is suggested that it apply to rezoning applications received after July 1, 2007.

Development Permits: (NO)

The Local Government Act does not contain a similar provision for conserving or providing amenities for Development Permit applications. Therefore, staff are not recommending that the City-Wide Interim Amenity Contribution Policy apply to applications that only have to go through the development permit process.

However, applicants will continue to be encouraged to include affordable housing and child care opportunities and other amenities in their Development Permit (without the benefit of a proforma). Where a contribution in lieu of providing an amenity is volunteered, it will be based on the existing \$0.60 per buildable square foot.

Subdivisions: (NO)

Although the Approving Officer has some discretion in considering subdivision applications, the Land Title Act limits this discretion to more technical matters. Therefore, staff do not believe that the Amenity Contribution Policy should apply to subdivision applications.

Conclusion:

The City-Wide Interim Amenity Contribution Policy will apply to new residential rezoning applications received after July 1, 2007.

11. How does our proposed policy compare to other municipalities?

It is difficult to compare the proposed policy to other municipalities because each handles amenity contributions differently. Originally, it was proposed to compare the ten (10) case studies that G.P. Rollo examined with similar examples in other cities. This proved to be an impossible challenge because each municipality is so different.

However, based on a survey of other municipalities, staff found that the proposed flat rate of \$2.00 per buildable square foot is reasonable and the proforma approach is not unique.

Vancouver

For example, the City of Vancouver generally charges:

- \$3.00 per square foot outside the City Centre as its community amenity contribution; and
- within the City Centre, contributions are negotiated as a condition of rezoning approval and typically are in the range of \$25 - \$80 per square foot.

However, the latter are based on a much higher permitted density than is possible in Richmond and are charged only on the additional building area above the existing permitted floor area ratio.

The City of Vancouver also charges a \$6.00 per square foot Development Cost Levy (DCC), of which \$2.00 goes to affordable housing.

New Westminster:

The City of New Westminster uses the "land lift" approach and has requested developers to provide between \$450,000 of amenities for a 17 storey residential tower to \$3,500,000 of amenities for the St. Marys Hospital redevelopment involving 550 new housing units.

This works out to an amenity contribution rate of approximately \$4.50 to \$6.00 per buildable square foot. It is expected that the proforma calculating the land lift in Richmond will generate a similar amenity contribution on larger rezoning applications.

Rollo Recommendation:

Mr. Rollo has purposely recommended a conservative flat rate in order not to adversely affect development and to provide for flexibility to accommodate changing market and cost conditions. Staff are comfortable with this approach because the City does not want to set an “interim” rate too high and then have to drop it in the future. However, staff are recommending that where a proforma is used, the developer contribution not be less than the established minimum of \$2.00 per buildable square foot.

Conclusion:
The proposed amenity contribution policy is comparable to the City of Vancouver and City of New Westminster.

12. What about single-family residential and commercial rezoning applications?

Single-Family Residential Rezonings:

Last year, City staff negotiated, with three single-family rezoning applications, a contribution to the affordable housing fund, in lieu of having to dedicate and pay for the construction of a lane.

At the November 8, 2005 Planning Committee, a motion was passed that each applicants’ contribution for affordable housing be held in trust until the new contribution for amenities policy has been approved, and that a refund be given if the new contribution was lower than those currently applied.

According to Mr. Rollo’s proforma analysis, a contribution of \$0.60 per buildable square foot is the most a single-family rezoning application should have to pay. Therefore, these three applications could receive the following refunds if the City-Wide Interim Amenity Contribution Policy is approved:

Rezoning Application (Location)	Paid in 2005	Payment based on \$0.60 per sq. ft.	Refund
RZ 04-274895 (5400 Francis Road)	\$38,000	\$2,955	\$35,045
RZ 04-273560 (6680 Francis Road)	\$32,500	\$3,685	\$28,815
RZ 03-236490 (4680 Blundell Road)	\$39,500	\$3,105	\$36,395
TOTAL	\$110,000 (Affordable Housing Trust Account)	\$9,745 (Affordable Housing Reserve Fund)	\$100,255 (Affordable Housing Trust Account)

Staff do not expect to collect the \$0.60 per buildable square foot from new single-family residential rezoning applications because the draft Affordable Housing Strategy is recommending that these applications be required to include a coach house, legal secondary suite or fully adaptable/universally accessible flex house in at least 50% of the new dwelling units.

Commercial Rezoning:

Staff agree to hold off on applying the amenity contribution to commercial rezoning applications because:

- This is a new charge that requires further analysis and consultation;
- Paul Rollo does not believe that the two commercial proformas and possible amenity contributions are applicable to City Centre locations; and
- City staff want to promote commercial (particularly office) development in Richmond.

Conclusion:

That single-family residential and commercial rezoning applications not be subject to the City-Wide Interim Amenity Contribution Policy at this time.

Next Steps:

1. Consult with UDI and the GVHBA by December 15, 2006; and
2. Bring a final report to Planning Committee in January 2007 with recommendations regarding:
 - a) Establishing a City-Wide Interim Amenity Contribution Policy; and
 - b) How to manage the amenity contributions already provided by RZ 04-274895, RZ 04-273560 and RZ 03-236490.
3. Prepare to implement the Policy in consultation with UDI and the GVHBA (e.g., develop a standard proforma format and determine the review/negotiation process).
4. Implement the Policy on rezoning applications received after July 1, 2007.

Financial Impact

In the past year (between September 1, 2005 and September 27, 2006), approximately \$752,516 was collected from rezoning and development permit applications and put primarily into the Affordable Housing Reserve Fund with only a small amount going to the Child Care Development Reserve Fund. This was typically based on an amenity contribution rate of \$0.60 per buildable square foot. In addition to this amount, the development community has contributed towards neighbourhood parks, public art, transit oriented development, road improvements and other amenities and services that not only benefited the development but the community at large.

The proposed City-Wide Interim Amenity Contribution Policy would:

- Increase the minimum contribution to the Affordable Housing Reserve Fund from \$0.60 to \$2.00 per buildable square foot (where affordable housing units are not built);
- Ensure that \$0.60 per buildable square foot is allocated to the Child Care Development Reserve Fund where a proforma calculating the land lift results in an amenity contribution of over \$2.60 per buildable square foot (and a child care facility is not built);
- Not impact the Public Art Program, which would continue to be voluntary (i.e., developer provides the public art on-site or contributes \$0.60 per buildable square foot to the Public Art Statutory Reserve Fund).

Conclusion

Planning Committee and Council has asked staff to report back on and recommend a City-Wide Interim Amenity Contribution Policy.

Such a policy is needed to determine whether:

- the \$0.60 per buildable square foot currently being collected for affordable housing from multiple-family residential developments is appropriate; and
- the affordable housing contribution received from three single-family residential rezoning applications last year was correct.

In order to assist with this task, staff hired G.P. Rollo & Associates Ltd. to look at what a reasonable amenity contribution rate could be. Mr. Rollo has concluded that:

- \$0.60 per buildable square foot is the most that a single-family residential development should have to pay in amenity contributions;
- a flat rate of \$2.00 per buildable square foot is reasonable for smaller townhouse developments involving 19 units or less; and
- proformas calculating the land lift should be used for:
 - townhouse developments with 20 units or more; and
 - all apartment developments.

Staff are prepared to support these recommendations as an interim policy, but are also recommending that:

- coach house or legal secondary suites be built instead of collecting the \$0.60 per buildable square foot from single-family residential rezoning applications;
- \$2.00 per buildable square foot be established as the minimum contribution received from all multiple-family residential rezoning applications;
- the new amenity contribution policy only apply to new multiple-family residential rezoning applications received after July 1, 2007.

However, prior to implementing the proposed new City-Wide Interim Amenity Contribution Policy, it is recommended that this staff report and G.P. Rollo & Associates Ltd. report be referred to the Urban Development Institute (UDI) and Greater Vancouver Home Builders Association (GVHBA) for comment and discussion by December 15, 2006.

The City-Wide Interim Amenity Contribution Policy should also be reviewed as part of implementation strategies for the City Centre Area Plan update, Official Community Plan review, City Centre Places & Spaces Strategy, and the City-Wide Facilities & Amenities Strategy.



Holger Burke, MCIP
Development Coordinator
(4164)
HB:cas

Overview						
City' Staff's Proposed Draft City-Wide Interim Amenity Contribution Policy						
Type of Rezoning	Proposed Method Of Calculating "Lift"		Result		Result	
	Flat Rate	Proforma	Cash	Affordable Housing (AH)	Cash	Child Care
Single Family	- Assume: \$0.60/BSF - Not used	No	None	- AH Market Rental - 2 nd suite - Coach House - Ownership - Flexhouse	None	None
Townhouse:						
- Less than 19 units	\$2.00/BSF	No	\$2.00/BSF for: - Affordable Housing - Subsidized AH rental - Other	Not practical	None	None
- 20 + units	No	- Required - The amount paid is negotiable but not less than \$2.00/BSF	Minimum of \$2.00/BSF for: - Affordable Housing - Subsidized AH rental - Other Note: If get \$2.60/BSF or more, \$0.60/BSF goes to child care	- Build only in very large projects where a minimum of 4 affordable townhouse rental units are provided to the City	If get \$2.60/BSF or more, \$0.60/BSF goes to child care	Build only in very large projects and where appropriate
Apartments	Flat Rate	Proforma	Cash	Built	Cash	Built
		- Required - The amount paid is negotiable but not less than \$2.00/BSF	Note: At this time, it is assumed that \$4.00/BSF or less will be collected. Cash taken only where a minimum of 4 affordable apartment rental units cannot be achieved	Note: At this time, it is assumed that \$4.00/BSF or more will be required to build units		
	No	Note: At this time, it is assumed that \$4.00/BSF is the breaking point between accepting cash or requiring built units: - if less than \$4.00/BSF take cash, if more than \$4.00/BSF build affordable apartment rental units and possibly child care facilities	Minimum of \$2.00/BSF for: - Affordable Housing - Subsidized AH rental - Other Note: If get \$2.60/BSF or more, \$0.60/BSF goes to child care	Where it occurs, a minimum of 4 affordable apartment rental units will be built	If get \$2.60/BSF or more, \$0.60/BSF goes to child care	Build only in very large projects and where appropriate

□ The determination as to whether contributions are to be cash or built is determined by the City