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May 30, 2014

Barry Waitt
Senior Planner
City of New Westminster
511 Royal Avenue
New Westminster, BC V3L 1H9

Dear Mr. Waitt:

Re: Density Bonusing Program Phase 2

I would like to thank you and your staff for meeting with the Urban Development Institute (UDI) on May 2, 2014 regarding phase 2 of the density bonusing program. We have several suggestions based on your presentation.

1. Provincial Guidelines

The Province has just released its *Guidance on Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability*. We recommend that municipalities follow the Province's recommendations in the Guide when establishing density bonusing and Community Amenity Contributions rates, by:

- Identifying potential amenities needed to accommodate growth through the planning process;
- Seeking modest contributions that do not impact housing affordability;
- Applying Development Cost Charge (DCC) principles – e.g. link contributions to the impacts of new development; and
- Clarifying what developers are likely to pay.

The City is taking a revenue based approach with the density bonusing program, not the DCC approach supported by the Province. More clarity is needed on what the needs associated with growth are in the downtown. For example, with just under 20,000 people moving to the area, how much childcare or community centres are needed? More details are also needed on where the facilities will go.

We suggest that the City consider releasing an annual report on its density bonusing program, as is done for DCCs. This would improve transparency as the public and the industry would understand what monies are being collected, and how they are being spent.

2. 100% of the Land Value

If the City does proceed with the revenue based approach, we recommend it substantially reduce the 100% percent of land value from the height and density increases it is taking. There will be little or no incentive for land vendors (especially

those with income producing properties) to sell their sites for redevelopment – especially with the Property Transfer and the Capital Gains taxes on top of what the City is extracting. We note that this same policy was applied in the first phase of the density bonusing program, and there was little or no take up of the program.

3. Option 1 vs. Option 2

The City has asked UDI if the industry prefers rezoned density bonusing (Option 1) or density bonusing accessed through rezonings (Option 2). Our members would prefer the first option because adding the rezoning step delays the development review process, which increases project costs. Risks (which also increase project costs) are also increased because of the delays and the possibility that rezonings will not be granted.

UDI does not believe the rezoning step is needed. The Downtown Community Plan went through an extensive 2-year public consultation process. The changes being proposed do not change the Plan. They implement it, so there should be no surprises or concerns. Many elements of the Plan will be rezoned anyway.

If Council is concerned that they may want to impose potential future conditions on projects (e.g. requiring a certain percentage of 3-bedroom units), it should be understood that these conditions may impact the costs of projects and the ability to pay density bonuses – especially since the City is taking 100% of the land value of the zoning changes. When these conditions are introduced, the density bonusing program needs to be adjusted. The density bonusing program could be used to incent features such as 3 –bedroom units.

We recommend the City adopt Option 1 for all projects. If the second option is adopted, we suggest:

- That it only be applied to large/complex sites; and
- That there be an even larger reduction in the percentage of land value extracted by the City – beyond the UDI recommended reductions noted above.

4. New Residential Base Density Proposal

In the recent revisions to the City's density bonusing scheme, the City has proposed ... *"adding a third, intermediate level to the base residential density table"*. This idea was discussed at the UDI meeting and we are supportive of it.

5. Transition Period

We are also pleased that the City is proposing a transition period (sunset clause) where developers would have the option to proceed under the existing negotiated system, as well as the proposed one.

6. Queensborough

City staff said that density bonusing is being proposed downtown because a Community Plan has been approved. Council recently adopted a Queensborough Community Plan. UDI recommends that the City consider density bonusing for that area as well.

Thank you again, for involving UDI in your consultation on Phase 2 of the density bonusing program. If you have any questions, please do not hesitate to contact us. We look forward to working with you on this and other initiatives.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anne McMullin', with a stylized flourish at the end.

Anne McMullin
President & CEO

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