

Attachment A:

City of Victoria Density Bonus Policy

Approved October 27, 2016

1. Areas Identified for Bonus Density Opportunities

With added residents and employees come impacts on the community. The Official Community Plan (OCP) envisions contributions to support public amenities which help offset the impacts of density. Some areas of the city have been identified by the OCP as areas where future growth and change would be focused. These areas include the Urban Core and the Town Centre, Urban Village, and Urban Residential Urban Place Designations. Within these areas, the OCP indicates a base density, and a maximum density which may be considered where a proposed project supports OCP objectives including the provision of amenities or affordable housing.

2. Amenity Contribution Schedule

The City has identified a fixed rate target which will be sought for certain rezonings which result in bonus density. For all other rezonings resulting in bonus density, the City will seek an amenity contribution equivalent to 75% of the additional land value created by the rezoning, based on an economic analysis.

OCP Urban Place Designation	FixedRate Target Eligibility*	Amenity Contribution Target for standard rezonings**	Negotiation for on- site affordable housing expected***
Urban Residential		\$5/sq. ft. (\$53.82 per sq. m.) of bonus density	
Small Urban Village		No amenity contribution for standard rezonings	
Large Urban Village		\$5/sq. ft. (\$53.82 per sq. m.) of bonus density	
Core Residential and Core Business requesting less than 30,000 sq. ft. of bonus density		\$12/square foot (\$129.17/sq. m.) of bonus density	
Town Centre		Based on economic analysis	
Core Residential and Core Business requesting 30,000 sq. ft. or more of bonus density		Based on economic analysis	
Core Historic		Based on economic analysis	
Core Inner Harbour Legislative		Based on economic analysis	
Core Songhees Area		Based on economic analysis	

* Proponents of a rezoning eligible for a fixed rate target may choose instead to propose amenity contributions based on an economic analysis of the individual project (see 5., below).

** A standard rezoning is defined as a project which:

1. Does not require an amendment to the Urban Place Designation in the OCP;
2. Does not require rezoning from industrial, general employment or institutional zoning to residential or residential mixed use zoning;
3. Does not require significant on-site circulation or public amenities specified in a City plan; 4. Is no larger than one city block;
5. Does not contain a building which is eligible for heritage designation, listed on the heritage register, or identified by a Local Area Plan as being of heritage merit;
6. Is not subject to a Master Development Agreement (MDA).

*** Affordable housing contributions offered by applicants may be considered in any Urban Place Designation on a case-by-case basis.

3. Base and Maximum Densities

- 3.1. Where the OCP indicates a range of densities (Core Business, Core Residential, Town Centre, Large and Small Urban Village, Urban Residential, but exempting Core Inner Harbour Legislative):
 - 3.1.1. The lower density is considered the "base" density which is generally supportable.
 - 3.1.2. The upper density is considered the maximum density which may be considered.
 - 3.1.3. Density above the base density is considered "bonus density".
 - 3.1.4. Where a property's starting zoning allows more density than the OCP base density, the zoned density should be considered as the base density.
 - 3.1.5. If added density provisions already apply to an existing zone district (for example, for features such as underground parking), then bonus density for purposes of this policy refers only to the density increment above what can be achieved under the property's existing zoning.
 - 3.1.6. Projects in the Core Business and Core Residential areas which include on-site nonmarket housing may be considered for up to 10% additional density above the maximum indicated.
 - 3.1.7. Refer to the Downtown Core Area Plan (DCAP) for further detail on base and maximum densities for residential or commercial use within the DCAP boundaries.
- 3.2. Where the OCP indicates only one density, outside of the Downtown Core Area (Industrial, General Employment):
 - 3.2.1. The indicated density is considered the maximum density for appropriate uses in this Urban Place Designation.
 - 3.2.2. The base density for residential uses is assumed to be zero as these Urban Place Designations do not support residential use.
- 3.3. Where the OCP indicates only one density within the Downtown Core Area (Core Historic, Core Songhees) or DCAP special density area (Core Inner Harbour Legislative):
 - 3.3.1. The base density should be considered as the existing zoned density.
 - 3.3.2. The maximum density shown in the OCP may or may not be achievable given individual site characteristics and objectives of the OCP as refined by the Downtown Core Area Plan.
- 3.4. Where a proposal request an amendment to the OCP Urban Place Designation, the base density shall be considered as the base density for the relevant use in the existing (starting) OCP Urban Place Designation.
- 3.5. The above notwithstanding, in an area subject to a Master Development Agreement (MDA) any change to the zoned density requires a renegotiation of the amenities provided for in the MDA.

3.6. Proposals for rezoning will be considered on their merits based on the policies of the Official Community Plan, informed by relevant neighbourhood plans, other adopted City plans, and unique characteristics of the site. It should not be assumed that a rezoning proposal will be approved simply because amenity contributions are proposed. (See OCP 6.3)

4. Projects Exempted from Amenity Contribution Requests

The following projects will be exempted from requests for amenity contributions:

- 4.1. **Non-market housing projects** which are rental housing, owned by a non-profit housing provider, in which at least half of the units are non-market housing secured by a housing agreement that provides for affordability for the life of the building.
- 4.2. **A standard rezoning for purpose-built rental housing in the Urban Residential or Urban Village place designations**, which is secured as rental housing for the life of the building by a housing agreement.
- 4.3. **Projects with no residential use included.**

5. Option for Standard Rezonings to Use Economic Analysis rather than Fixed Rate Contribution Target

The fixed rate target for amenity contributions is set to apply broadly to most redevelopment sites which meet the criteria of this policy. However, the applicant may choose to propose amenity contributions based on site-specific circumstances for the individual project. In these cases, the applicant may elect to conduct their own economic analysis as described in section 6., below.

6. Economic Analysis to Inform Amenity Contribution Requested

For applications which do not meet the criteria for a fixed rate amenity contribution target, an economic analysis should be undertaken to determine how much amenity contribution an approvable project can support. This analysis should be completed by an independent third party consultant, agreed upon by the developer and the City of Victoria, and engaged by the City. Following best practices, the City would seek a target of 75% of the increase in land value for the provision of community amenities. The cost of this analysis will be deducted from amenity contributions sought.

7. Securing Amenity Contributions

Monetary amenity contributions will be due prior to issuance of a building permit. In a phased project, the amenity contribution may be divided proportionately between different phases of the development. Amenity contributions may generally be secured in one of three ways:

- 7.1. Rezoning to a zone which specifies: a base density; one or more additional densities which may be achieved with the provision of community amenities; and the number, extent and kind of amenities;
- 7.2. A covenant that will detail the amenity contribution to be delivered, at which time the covenant will be removed; or,
- 7.3. Where the amenity includes affordable housing, a signed housing agreement.

Where the amenity is a monetary contribution, it will include an escalator equal to the annual change in construction cost for the Victoria Area as measured by a quantity surveyor selected jointly by the City and applicant.

8. Type of Amenities to be Funded by Contributions

The amenities needed to support growth consistent with the OCP are generally greater than the amenity contributions available for the foreseeable future. As a built-out city, future funding through

Development Cost Charges is limited. General property tax revenue must be used largely for operations and for maintenance of capital infrastructure. Therefore, the City will seek Community Amenity Contributions as part of rezonings which result in additional density, in order to offset the impacts of that density on the community.

Desired amenities will be identified in Neighbourhood Plans and periodically updated. Monetary amenity contributions will be placed into a fund to be used for these amenities. For amenity contributions from development in an urban village or along a corridor that forms the boundary between two neighbourhoods, the amenity contribution should be dedicated to projects in that village/corridor, split between the two neighbourhoods, or dedicated to amenity contributions for specific improvements which improve livability for the area in question.

9. Consideration for On-Site Amenities

Most redevelopment sites in Victoria are smaller sites that do not support the types of amenities envisioned by neighbourhood planning. Therefore monetary contributions are sought in most instances. Other than affordable housing, an on-site amenity may be sought only in the following circumstances:

- 9.1. The amenity is identified in a neighbourhood plan or other approved City plan;
- 9.2. The amenity would not otherwise be a requirement of development (e.g. frontage improvements are not considered an amenity);
- 9.3. The amenity is of a public nature with secured public access or control;
- 9.4. The amenity is not subject to maintenance and control as common space by a strata council;
- 9.5. Any amenities on private land should be accompanied by granting of statutory right of way or similar legal agreement to maintain their public nature;
- 9.6. Conservation of heritage is considered a public amenity;
- 9.7. Where on-site amenities are provided, the total amenity contribution should be equivalent to 75% of the increased land value resulting from a rezoning.

Examples of on-site public amenities include parks, plazas, play lots, or community space for public use and public ownership within a building.

10. Consideration for Affordable or Special Needs Housing

The Victoria Housing Strategy provides further detail on target market and affordable rental unit demand for the City. The City may seek on-site affordable housing which:

- 10.1. Is secured by a Housing Agreement for the life of the building or for another time period meeting the City's affordable housing objectives;
- 10.2. Meets the objectives of the Victoria Housing Strategy;
- 10.3. Where the total value of the amenity and/or affordable housing contribution is equivalent to 75% of the increased land value resulting from a rezoning.

11. Implementation, Monitoring and Annual Reporting

- 11.1. The target has been set based on needed public amenities and the ability of typical projects to support contributions. The target will be adjusted as follows:
 - 11.1.1. Adjusted annually by the annual change in construction cost for the Victoria Area as measured by a quantity surveyor;
 - 11.1.2. Adjusted every 3-5 years or in response to major market changes, based on an economic analysis.
- 11.2. The City will report out annually to track contributions, identify contributors and identify the type and locations of constructed amenities.

Disclaimer on Land Speculation

The City of Victoria cautions against land speculation that attempts to pre-suppose Council's future decisions. The OCP does not create development rights, but sets out a long range vision which Council uses as a guide for development. It is only through a subsequent rezoning that land use and density for a property are determined.