CITY OF VICTORIA: DENSITY BONUS POLICY STUDY FOR SITES OUTSIDE THE CORE

SUMMARY OF FINDINGS AND RECOMMENDATIONS

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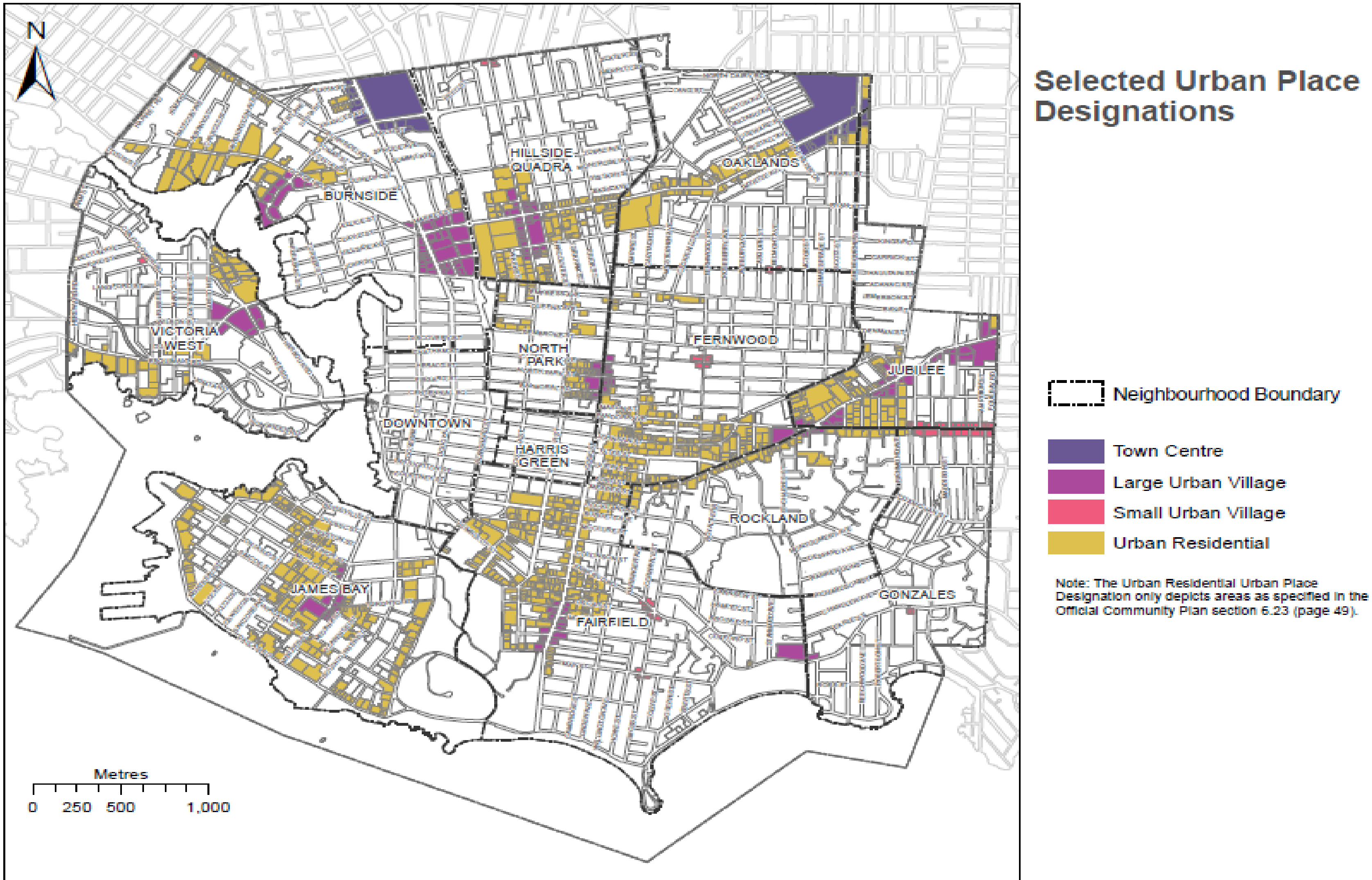
Background

1. Outside the core, the OCP includes base densities and bonus density.
2. Amenity contributions are currently negotiated based on 75% of the value created by bonus density.
3. City wants to evaluate the feasibility of target fixed rate CACs.

Process

1. Review of practices in other municipalities.
2. Review of Provincial guide for density bonusing.
3. Financial analysis of the value of bonus density.
4. Input from UDI and Victoria developers.
5. Recommendations to the City.

Study Area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HILLSIDE QUADRA
OAKLANDS
BURNSIDE
VICTORIA WEST
NORTH PARK
FERNWOOD
JUBILEE
DOWNTOWN
HARRIS GREEN
ROCKLAND
JAMES BAY
FAIRFIELD
GONZALES
Metres
0 250 500 1,000
Selected Urban Place Designations
Neighbourhood Boundary
Town Centre
Large Urban Village
Small Urban Village
Urban Residential
Note: The Urban Residential Urban Place Designation only depicts areas as specified in the Official Community Plan section 6.23 (page 49).

Land Use Categories in OCP

	Base FSR	Bonus FSR	Maximum FSR
Urban Residential	1.2	0.8	2.0
Small Urban Village	1.5	0.5	2.0
Large Urban Village	1.5	1.0	2.5
Town Centre	2.0	1.0	3.0

Approach to Financial Analysis

Step 1	Estimated existing value (higher of existing use or land value)
Step 2	Estimate rezoned land value with bonus density
Step 3	Determine if redevelopment is viable or not with bonus density
Step 4	For viable sites estimate potential CAC
Step 5	Determine if potential CAC is consistent enough to allow target fixed rate

Findings

1. Small Urban Village Sites need higher density than 2.0 FSR to be attractive for rezoning and redevelopment.
2. Town Centre sites are longer term development prospects or require higher density than 3.0 FSR.
3. At larger sites, the potential CAC will be influenced by requirements for on-site dedications, infrastructure costs, and mix of uses, which are not yet known.
4. No opportunity for CAC from office projects.
5. Any requirement to include or replace rental units has large impact on supportable CAC.

Findings

Designation	Number of Sites Analyzed	Number of Sites Viable for Redevelopment	Typical Supportable CAC Rate for Bonus Floorspace	Comments
Urban Residential	16	6	$3 to $14 psf	one site at $36 psf
Urban Village	7	3	$5 psf	one site at $49 psf
Town Centre	3	0	none	Longer term opportunity

Key Implications

1. Study area has a limited number of sites that are financially attractive for redevelopment at maximum OCP densities.
2. Most sites that are financially viable for rezoning and redevelopment can support a CAC in the range of $5 to $14 psf of floorspace over the base FSR.
3. A higher CAC will reduce the number of sites that are financially viable for redevelopment.
4. Some unique rezonings (e.g. industrial to residential) may support a higher CAC, depending on the proposed density.
5. Supportable CAC for large sites cannot be evaluated in advance of a detailed concept plan.

Key Comments from Meetings with Victoria Developers

1. Generally not supportive of CACs.
2. Acknowledge CACs are expected by City and community groups.
3. Fixed rate approach is preferred over negotiated, particularly for smaller scale rezonings.
4. Rate must reflect Victoria market conditions.
5. Office and rental apartment different than strata residential.

Recommended Approach

Different approaches for different types of rezonings:

1. Rezonings involving smaller sites are candidates for a fixed rate target CAC
2. Rezonings involving large sites or unusual/unique proposals should continue to be negotiated

Smaller, Typical Rezonings

1. Target CAC rate of $5 psf of additional floorspace over greater of the OCP base FSR or existing zoning FSR.
2. Applicant can still request negotiated approach if fixed rate is not financially viable.
3. Exempt rezonings with upper floor office space.
4. Exempt rezonings where City requires rental units.
5. Exempt rezonings in Small Urban Village area (unless permitted density is increased beyond 2.0 FSR).

Monitor

1. Adjust rates annually based on publicly available inflation index, such as Statistics Canada construction cost index
2. Review periodically to account for changes in market conditions or planning policies