District of Maple Ridge

Final Report

Amenity Zoning:

Analysis and Options

Prepared for the
District of Maple Ridge

November 2012

C I T Y S P A C E S

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Executive Summary

Within the context of escalating and welcomed residential growth in Maple Ridge, the District is challenged to provide community amenities that keep pace with this growth. Fortunately, the extension of Maple Ridge's hard services infrastructure – water, sewer, roads and parkland – are largely secured through powers such as Development Cost Charges (DCCs), as set out in the *Local Government Act*. Community amenities, however, cannot be funded through DCCs. As well, increasingly, growing municipalities like Maple Ridge are looking to use other planning and financial powers to help build and maintain community amenities, such as affordable housing, community spaces, child care spaces, endowments or reserve funding, and sustainability measures.

- In BC there are two zoning-based approaches to securing community amenities – Density bonusing as established through predefined zoning schedules often in combination with efforts to pre-zone areas, and Community Amenity Contributions (CACs) secured through an OCP amendment or rezoning process. The first is an out-right option to increase density/floorspace to a permitted maximum provided certain required conditions are met; the second can either take the form of a pre-established and known contribution or, through negotiation, a specific amenity (amenities) package, or an equivalent financial contribution to allow the municipality to deliver this amenity (amenities).
- The results are intended to be a good outcome for both parties – developer-applicant and municipality.

TWO KEY QUESTIONS

The District commissioned CitySpaces Consulting and G.P. Rollo and Associates to assist in answering two key questions:

1. Is there potential for the District to secure amenities through Amenity Zoning?; and
2. If so, what level of amenity contribution is viable in Maple Ridge?

THE ANALYSIS

To assist in answering the two key questions, the consulting team undertook:

- An exploration of the practices and outcomes of other municipalities in Metro Vancouver in their quest to secure community amenities through Amenity Zoning;
- An analysis of five case studies in Maple Ridge selected by District staff, intended to provide a "snapshot" of current development and potential land lift scenarios;
- A analysis of possible land lift generated through a series of hypothetical rezoning scenarios.

ANSWERS TO THE TWO KEY QUESTIONS

1. Is there potential for the District to secure amenities through Amenity Zoning?
   In terms of land lift: **Yes, but its modest and gradual, and subject to market complexities.** As well, it is noted that the District currently undertakes negotiations with developer-applicants to secure rental housing and has already established in policy and zoning a density bonus framework for the Town Centre area, resulting in an existing level of familiarity with amenity zoning within the local development community. This will assist should the District opt to widen its use of amenity zoning.

2. If so, what level of amenity contribution is viable in Maple Ridge?
   While perhaps simply stated in light of the findings that market conditions are always " in play", any amenity contribution should ensure **consistency, clarity and viability** in terms of outcomes relative to the development market and community interests. In other municipalities across the Metro Region, levels of amenity contributions often range from 50% to 75% of the land lift, and can be stated as a flat fee or other straight-forward metric (i.e. per lot/door, on a sq. ft./sq. m. basis, etc.).

INFOGRAPHICS

CitySpaces has developed a series of infographics to help visualize the complexities of amenity zoning and the financial value associated with "land lift" – the financial value resulting from rezoning and increased floorspace / density. The associated infographic uses values that are currently present in Maple Ridge.

NEXT STEPS

Based on the discussion set out in this report and the more detailed analysis provided in Appendix A, and should the District opt to explore amenity zoning further towards developing a Maple Ridge amenity strategy, key next steps for consideration include:

- Undertaking additional analysis of land lift yields relative to development applications noting the market complexities observed and the many neighbourhoods existing with the District;
- Establishment of a more detailed policy basis to support any expansion of amenity zoning, particularly the use of an area-wide community amenity contribution approach and at which point in the development process (i.e. at OCP amendment, at rezoning, or both) such CACs are triggered;
- Defining a list of community amenities, ideally on a local area basis, that can be achieved wholly, or in part, through bonus density or CACs; and
- Utilising a pilot project to unfold any additional exploration of amenity zoning and testing of further analysis, potentially to coincide with area-planning and engagement efforts in a neighbourhood experiencing significant growth pressures.

A. Introduction

Between 2006 and 2011, the population of Maple Ridge grew to 76,052, representing a 10.3% change (compared to the national average growth of 5.9%)[1] – and continuing growth is expected. With growth comes pressure on existing community services, and typically, on municipalities to provide additional services. In the pursuit of livability, many municipalities are looking for ways to deliver amenities that are not attainable through Development Cost Charges, or without increasing municipal taxes. Such amenities can take the form of affordable housing, community spaces, child care spaces, endowments or reserve funding, and at times, demonstrable sustainability improvements. These amenities contribute to a location's character, its desirability as a place to live, and often attract further investment and development.

In this overall growth context, the District of Maple Ridge, through its continuing process to review and revise its Zoning Bylaw, engaged CitySpaces Consulting and G.P. Rollo and Associates (GPRA) to investigate how an Amenity Zoning Strategy might use legislative planning powers towards assisting the District in securing amenities through development. Specifically, through analysis and subsequent discussion of five examples of "typical" development interest within the District, staff and the consultant team sought to address two key questions:

1. Is there potential for the District to secure amenities through Amenity Zoning? and
2. If so, what level of amenity contribution is viable in Maple Ridge?

The intent of this report is to bring forward information and background about the planning powers available to a municipality to secure amenities through development. Further, through the use of infographics and mapped illustrations, the report seeks to present a summary of the insights gained from the analysis. For more detailed findings undertaken by GPRA, please see Appendix A.

This report also highlights options for continued analysis towards the District's establishment of a viable Amenity Strategy.

B. Municipal Infrastructure Funding Powers

In BC, municipalities have a number of powers to obtain infrastructure contributions from development projects. The more common of these tools include:

- **Direct Provision of Lands**
  Can secure a maximum of 5% of site area, to be dedicated to parks and open space. Additionally, municipalities may require land for road widening purposes.
- **Direct Provision of Improvements**
  Used to secure off-site infrastructure improvements adjacent to or required by a development.
- **Development Cost Charges**
  Collectively used to fund area-wide projects and may only be collected for water, sewer, roads, and drainage improvements as well as park land acquisition.

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[1] Statistics Canada. 2012. Maple Ridge, British Columbia (Code 5915075) and Greater Vancouver, British Columbia (Code 5915) (table). Census Profile. 2011 Census. Statistics Canada Catalogue no. 98-316-XWE. Ottawa. Released October 24, 2012. http://www12.statcan.gc.ca/census-recensement/2011/dp-pd/prof/index.cfm?Lang=E

Noting the intentionally restrictive nature of such powers, and in an effort to best balance the pressure and the potential that can arise from new development, many municipalities are turning towards supplemental measures and approaches.

C. Amenity Zoning Approaches

In BC there are two Amenity Zoning approaches – Density Bonusing and Community Amenity Contributions.

Density Bonusing

The establishment through zoning of a base density (e.g., 1.0 Floor Space Ratio [FSR]) as well as a bonus density (e.g., 0.5 FSR), over and in addition to the base density, if a property developer-applicant satisfied the conditions that are set out under the same bylaw.

Density bonusing finds its statutory authority in Section 904 of the *Local Government Act (see insert)* which states that density bonusing is founded on a municipality identifying in advance its amenity needs, as well as the locations where addition development or density are appropriate. Further, it is implied that the municipality would also pre-zone such locations, establishing a "base" or lower density as well as the conditions (amenity contributions) that a developer-applicant may consider satisfying in order to achieve the permitted density increase available.

Section 904 of the Local Government Act

(1) A zoning bylaw may:

(a) establish different density regulations for a zone, one generally applicable for the zone and the other or others to apply if the applicable conditions under paragraph (b) are met, and

(b) establish conditions in accordance with subsection (2) that will entitle an owner to a higher density under paragraph (a).

(2) The following are conditions that may be included under subsection (1) (b):

(a) conditions relating to the conservation or provision of amenities, including the number, kind and extent of amenities;

(b) conditions relating to the provision of affordable and special needs housing, as such housing is defined in the bylaw, including the number, kind and extent of the housing;

(c) a condition that the owner enter into a housing agreement under section 905 before a building permit is issued in relation to property to which the condition applies.

(3) A zoning bylaw may designate an area within a zone for affordable or special needs housing, as such housing is defined in the bylaw, if the owners of the property covered by the designation consent to the designation.

Community Amenity Contributions

This approach stems from a request by a developer-applicant to make a land use change and includes the provision of a community amenity contribution (CAC) by the developer-applicant.

Utilizing the community amenity contribution approach, a municipality draws upon its discretionary authority in considering an Official Community Plan amendment and/or rezoning request. Key to this decision is consideration of how the proposed change might affect, positively or negatively, the public interest.

In terms of implementation, a CAC program can be undertaken either on a site-by-site analysis or through an area-wide program. The former approach involves a negotiated assessment with the developer-applicant of the development being proposed relative to any potential ensuing impacts on the community, and the resulting amenity needs. Under an area-wide community amenity program, the assessment of possible development impacts and community needs is undertaken upfront, with the intent of establishing a known level of CAC that all development would provide.

In both ways, the resulting provision of amenities by the developer-applicant then becomes a mutually-beneficial strategy towards mitigating any potential impacts stemming from a change in land use.

Comparative Summary

The two approaches appear similar in terms of intent and outcome, but there are differences between density bonusing and community amenity contributions, be they site-specific or area-wide in scope. To assist in the comparison, four measures are used:

- Level of Discretion for the Developer-Applicant and the Municipality
- Clarity and Consistency for the Developer-Applicant and the Public
- Ease of Implementation
- Implications to Land Lift

LEVEL OF DISCRETION

Density bonusing is an “out-right” option, meaning a developer-applicant may opt for the density bonus subject to meeting the required conditions without a rezoning or negotiations. An example within the District’s existing zoning is the RM-6 zone which sets out a base density and the necessary out-right conditions to achieve additional density. The provision of amenity contributions, either through a one-off site-specific negotiation or as part of an area-wide program, are premised on the discretionary authority afforded to a municipalities to either approve (or not approve) a change in land-use if requested.

CLARITY AND CONSISTENCY

Given the absence of discretion, density bonusing provides the same results consistently. As well, given that density bonusing anticipates a zoned site, the implications of any amenity contribution to achieve the bonused density are clearly known to the developer-applicant in advance. Similarly, an area-wide approach to secure community amenity contributions can make clear in advance the amenity implications of development, providing equally valuable levels of consistency. Conversely, community amenity contributions defined through site-by-site negotiations make it difficult to ascertain in advance the amenity implications stemming from development, increasing the level of uncertainty facing a developer-applicant.

EASE OF IMPLEMENTATION

The implementation of density bonusing is relatively straight-forward as it requires limited involvement or review from municipal staff once the original zoning provisions are enacted, with the exception of application review to ensure the required amenity conditions are achieved. That said, a municipality should first work to quantify the proposed steps in density relative to the amenity requirements as well as initiate the necessary text amendments/rezonings needed to put the density bonus scheme in place.

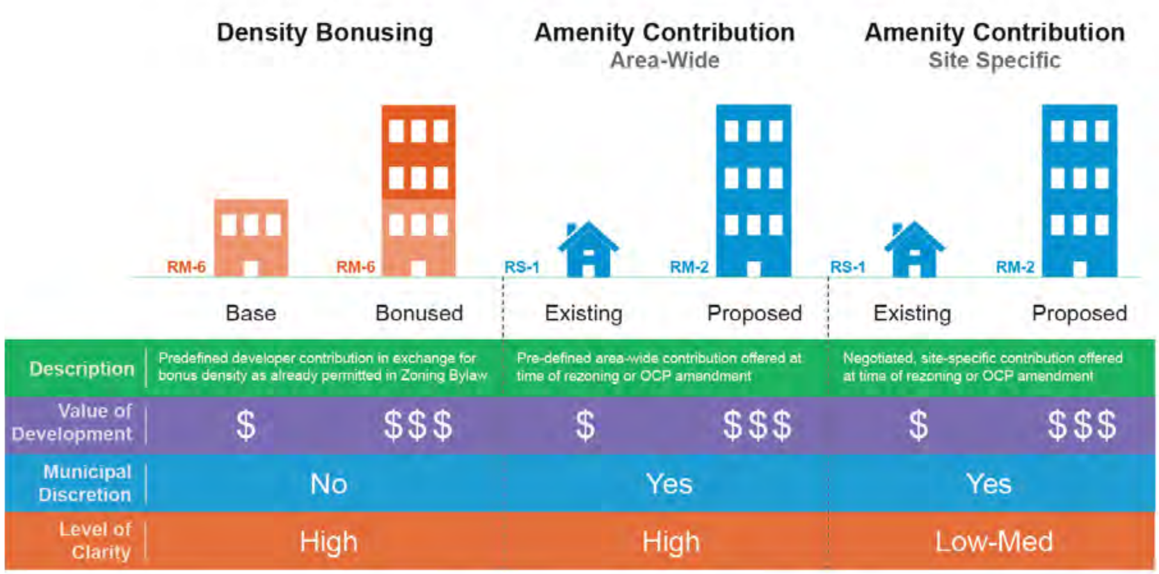
When community amenity contributions are provided through an area-wide program it is similarly important that the municipality calibrate the basis for the contributions to ensure its requirements are supportable in the existing development market. The negotiation of site specific community amenity contributions can, however, be a more involved process, which at times may require resources beyond what some municipalities can provide (i.e. proforma analysis).

IMPLICATIONS TO LAND LIFT

Key to the discussion of the two amenity zoning approaches is the premise of “land lift”, or the additional financial value a developer-applicant might realize from their property if its inherent land use and/or densities are changed. This increase in before and after values under either approach presents a possible opportunity between the municipality and the developer-applicant for the sharing of the land lift towards offsetting the amenity costs associated with the accommodation of the proposed development.

As noted above, density bonusing and area-wide community amenity contributions provide similar levels of clarity and consistency, which can in turn assist the development community interpret land lift implications. That is, with either approach, a developer-applicant purchases a property with a clear understanding of the costs to achieving bonused or increased density potential, and is therefore informed of an appropriate market value for the property relative to the anticipated market yield. Any associated cost involved in the realization of the bonused or increased density can be calculated in advance and incorporated into a development proforma, or assessment of anticipated costs and revenues, in order to help determine the most viable form of development. As one might expect, it is harder to interpret in advance the land lift implications stemming from a community amenity contribution that is negotiated on a site-by-site basis.

Infographic #1 aids in illustrating the comparative summary of amenity zoning options.



Amenity Zoning Across Metro Vancouver

An assessment of the use of amenity zoning across the Metro Region indicates broad levels of acceptance of the two amenity zoning approaches. From this high-level overview, it is clear that density bonusing and site-specific negotiated community amenity contributions are well practiced within the Region, with only a handful opting to undertake an area-wide community amenity contribution approach.

In terms of the amenities sought by the various programs, many municipalities identified the need for community centres, libraries, child care, heritage preservation, affordable housing, endowment/reserve funds and enhanced sustainability performance.

Table 1: Amenity Zoning Application in Metro Vancouver

Municipality	Year Established	Density Bonus	CAC Site-Specific	CAC Area-Wide	Policy Direction
Burnaby	1997	✓			OCP Polices and Zoning Bylaw
Coquitlam	2004	✓	✓		OCP Policies
Langley City	2008		✓		Council Resolution
Langley Township	1998	✓		✓	Neighbourhood Plans
North Vancouver City	1992	✓	✓		Council approval
North Vancouver District	2010	✓		✓	Administrative Polices
Pitt Meadows	n/a		✓		Council approval
Port Coquitlam	2009	✓	✓		Set through rezoning conditions
Port Moody	n/a		✓		Council approval
Richmond	1992	✓	✓		OCP Policies
Surrey	1995 + 2008	✓	✓	✓	NCP and City Centre Polices
Vancouver	1989	✓	✓	✓	Area specific policies, Financing Growth Policy
West Vancouver	2007	✓	✓		Council approval

D. Can Amenities be Secured Through Amenity Zoning in Maple Ridge?

In reflecting upon the two Amenity Zoning approaches in the context of Maple Ridge's regulatory framework, it is noted that the District currently undertakes site-by-site negotiations for secured rental housing. As well, the District offers density bonusing in its Town Centre Area under the RM-6 zoning schedule. While there has been limited uptake on the optional bonused density for the RM-6 zoned sites, as well as the density inherently available in the Town Centre as set out in policy and existing zoning, this is likely more a result of market rather than regulatory conditions. Noting that, the focus within this study has been given to areas outside the Town Centre towards identifying the potential for further use of amenity zoning, in particular an area-wide community amenity contribution approach. A more detailed assessment of the Town Centre and the ongoing use of density bonusing is also provided later in the report.

District-Wide Amenity Contribution

G.P. Rollo and Associates undertook an analysis of land lift in Maple Ridge, utilizing two approaches:

- An assessment of 5 case studies provided to the consultant team by District staff. The case studies were drawn from submitted applications requiring either an Official Community Plan amendment and/or a rezoning. Table 2 identifies the case studies examined, outlining the property address, existing zoning, proposed zoning and resulting land lift of each case study.

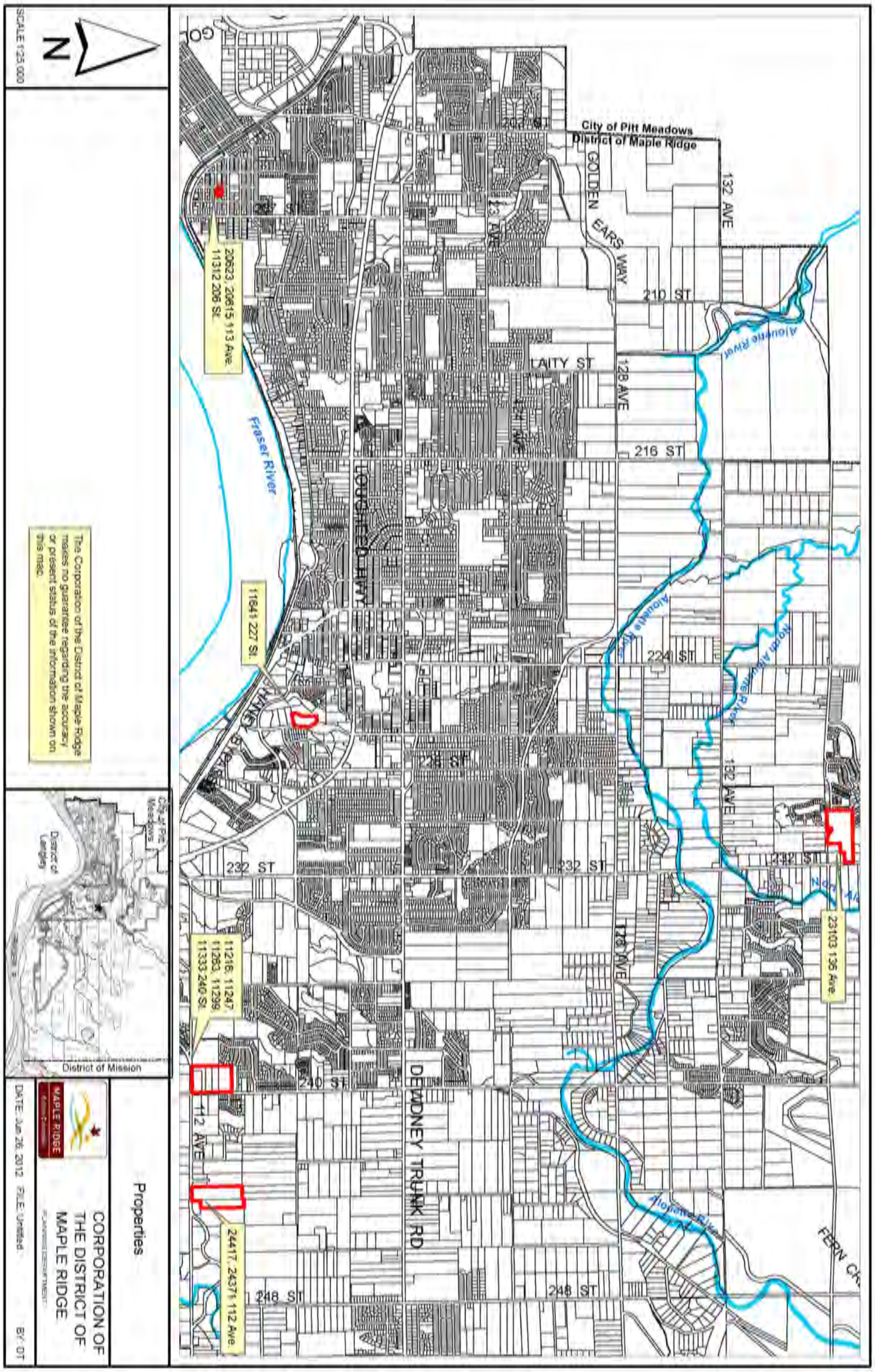
  At a high-level, the collective intent of the case study assessment was to provide a "snapshot" of the current development market and interests across the District. Noting the breadth of development activity and interests present in Maple Ridge, as well as the overall size of the District, it is acknowledged that the five case studies represent a small sampling of development in the community. However, from these assessments, and from additional analysis undertaken by GPRA, insights were gained and are shared through this section.

Table 2: GPRA Case Study Summary

Case Study	Property Address	Existing Zoning	Proposed Zoning	Land Lift
#1	23103 136th Ave	A2	Mix of R-3, R-1, RS-1b, RM-1 and other non-residential zoning	$3,038,864
#2	24417 & 24371 112th Ave	RS-3	Mix of R-1 and RS-1b	$1,086,076
#3	11213 - 11333 240th St	RS-3	Mix of RM-1 and C-1	$2,934,519
#4	11641 227th St	RS-1	RM-6	$295,895
#5	20623 & 20615 113th Ave and 11312 206th St.	RS-1	RM-2	-$60,047

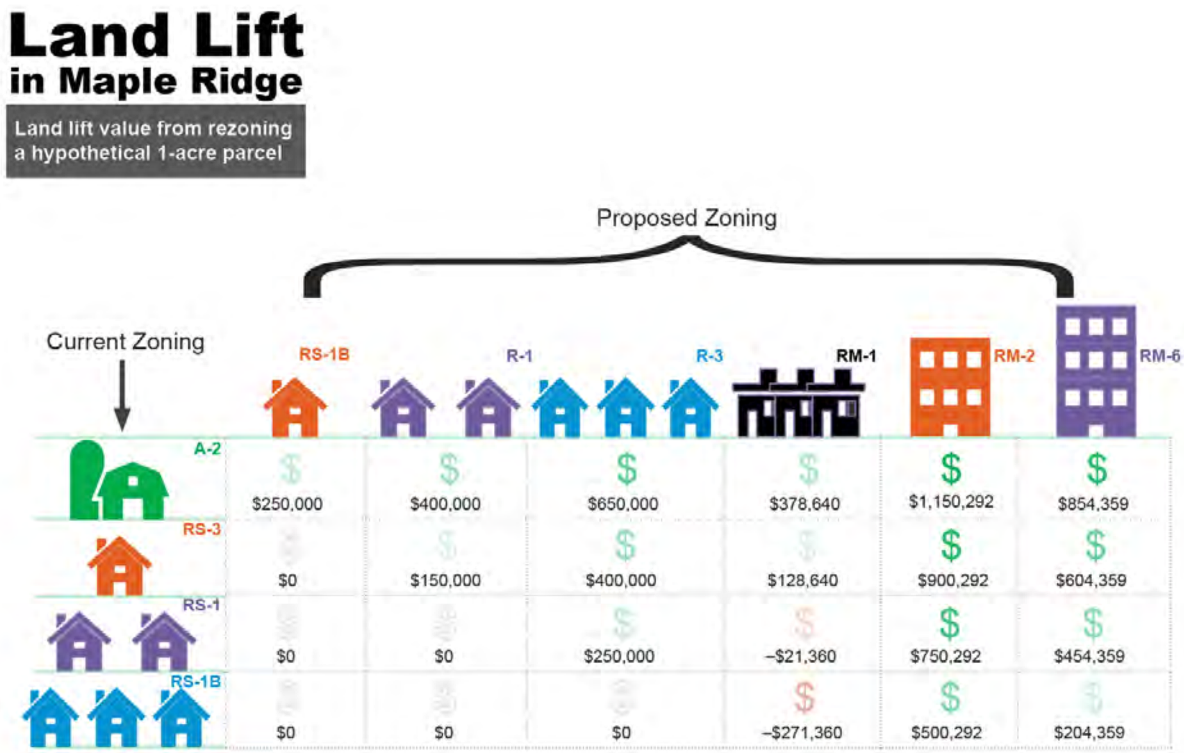
GPRA 2012

Map #1 Case Study Locations



- As noted, an additional analysis was undertaken by GPRA to examine the hypothetical rezoning of a typical 1 acre lot in Maple Ridge from various single-unit detached zonings to a number of alternative and more dense zoning options. The intent was to provide a more general demonstration of how lift occurs across the many potential rezoning scenarios that may be requested. The below infographic illustrates the property value gains as possible rezonings to more intensive forms of development occur.

Infographic #2 provides a comparison of CACs for hypothetical rezonings.

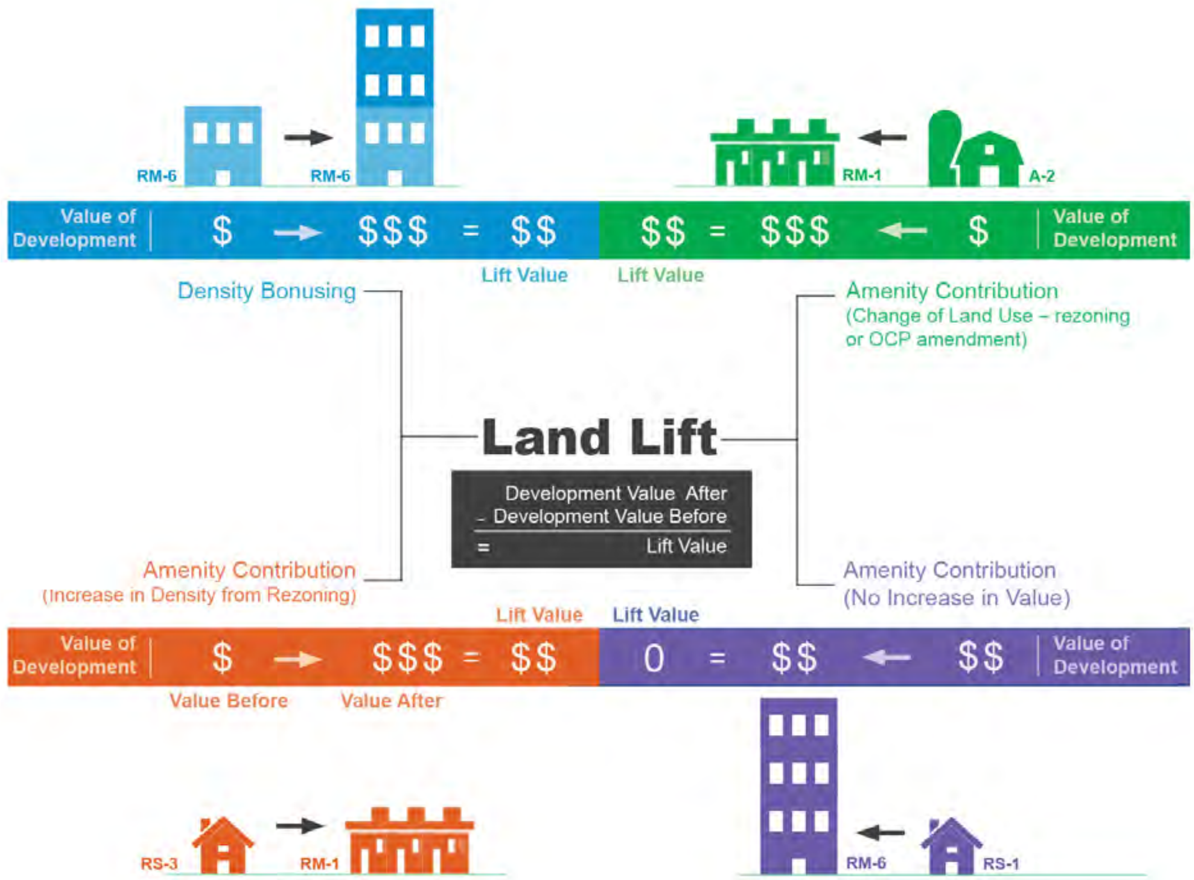


Through both assessments, it is clear that sufficient land lift, or increased property values, are created from a change of land use in Maple Ridge to accommodate the provision of an amenity contribution to the District. It is recommended that the more detailed report prepared by GPRA (see Appendix A) be reviewed in order to obtain a comprehensive understanding of the many influences and subsequent outcomes inherent to an assessment of land lift. However, for brevity purposes, and to help illustrate at this initial stage the general lessons learned from the assessments, a high level overview is presented below.

HIGHEST LAND LIFT INCREASE

As illustrated in Case Study #1, and as supported by the assessment of hypothetical rezoning scenarios, a shift from an agricultural land use to a residential land use designations results in considerable land lift. If such a shift is approved, the value of the property under the new land use designation and zoning increases, creating land lift as illustrated by the green area of the below diagram. In this instance, an amendment to the Official Community Plan may also be required.

Infographic #3 illustrates a comparison of amenity zoning potential outcomes.



MARKET VALUE IN LARGE LOTS

Property value increases can also be realized through the retention of the existing land use designation, but a shift to a zone with a higher density (as illustrated by the orange area in the above diagram). As demonstrated by Case Study #2 and #3, land holdings in larger lot configurations result in modest land lift when shifting to higher forms of density. This is supported by the analysis of hypothetical scenarios, especially in comparison to the minimal to no-gain realized when rezoning properties zoned R1 or R3. The latter instances are likely perceived in the market as already holding a "higher" form of density (small lots) relative to other single-unit detached property options (i.e. RS-3), limiting the ability to increase property values as density increases.

GREATER DENSITIES ≠ GREATER LAND LIFT

Beyond lot size, the limits of density increases in the Maple Ridge market are further evidenced by the drop in land lift beyond RM-2 levels of intensity. As illustrated in Infographic #2, the assessment of hypothetical rezonings and their corresponding land lifts reveals a general positive correlation between increased densities and increased land values. However, the correlation ends after RM-2 levels of density as the assessment focused on rezonings to RM-6 and its bonused higher levels of density. This is further demonstrated by the limited land lift found in Case Study #4. The purple area above depicts such instances where a rezoning to increase density may actually result in a form of development that does not meet market acceptance, resulting in minimal gain or a possible loss of overall property value.

COMPLEXITY OF MARKET CONDITIONS

Understanding land lift and the application of amenity zoning requires a thorough comprehension of local market conditions, yet even so, market complexity means that land lift values are not always intuitive. While wood frame multifamily developments maintain a strong level of local market demand, land costs do not always reflect this as evidenced by Case Study #5. Whether it was due to speculation raising the assessed property values or a result that end pricing thresholds for multifamily wood frame development in Maple Ridge are lower than in other Lower Mainland municipalities, the property value loss found through this case study means diminished returns and minimal (if any) lift (again illustrated by the purple area in above infographic #3).

Town Centre Density Bonusing

Given the pre-existing use of Density Bonusing in Maple Ridge, GPRA also undertook a hypothetical assessment of the property value increase associated with each corresponding step in density for the RM-6 zone, from the base to maximum density threshold. From GPRA's analysis it is noted that a bonus from 1.60 FSR (base) to 2.38 FSR results in land lift of approximately $500,000. Evident again was the market sensitivity to increased density; meaning beyond this level of density property values, while they increase, are no longer linearly correlated with increases in density (a step up to 3.15 FSR only resulted in an additional property value lift of just under $350,000).

Table 3: Potential Density Bonus Land Lift

1 Acre Parcel	GBA	Land Value	Land Lift
RM-6 @ 1.60 FSR	69,696	$1,154,359	-
RM-6 @ 2.38 FSR	103,455	$1,653,990	$499,630
RM-6 @ 3.15 FSR	137,214	$1,999,887	$345,897

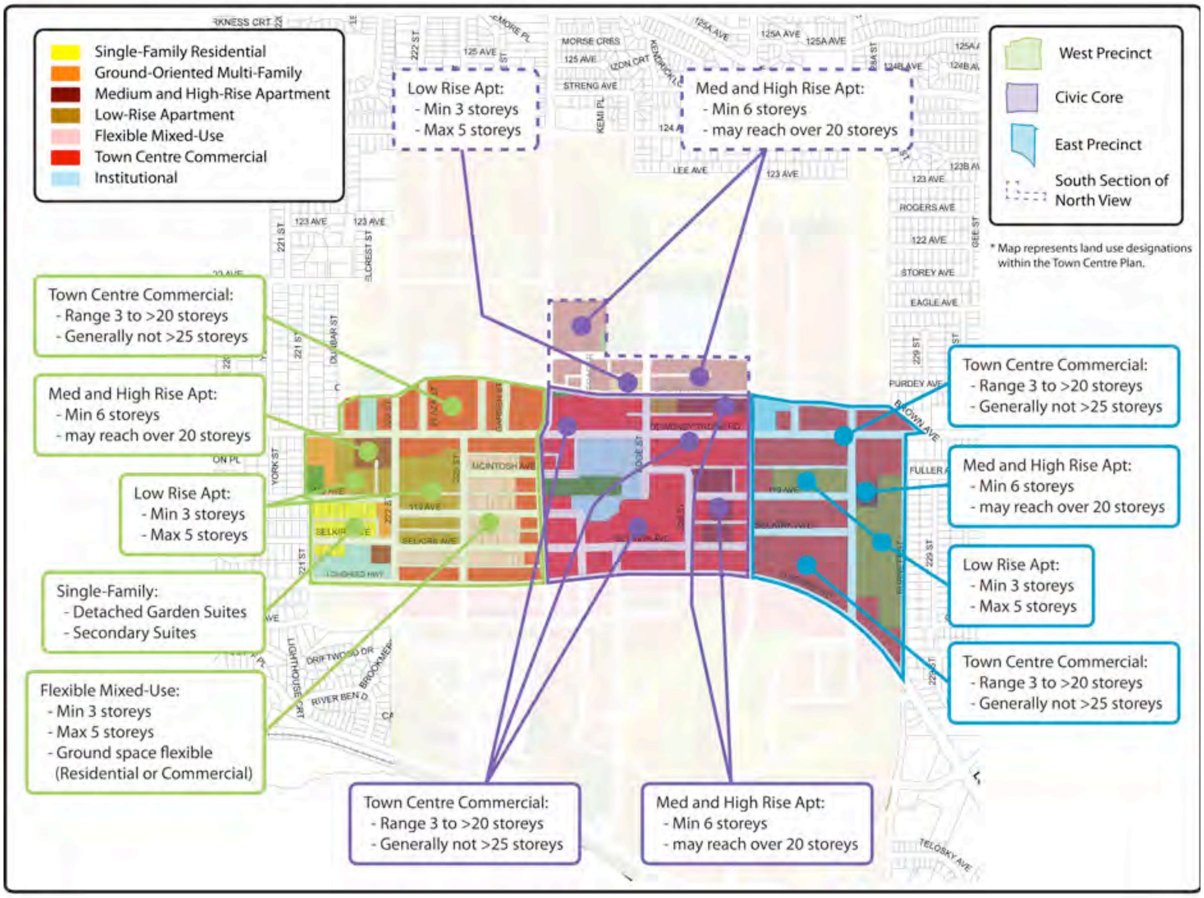
GPRA 2012

This condition is visibly evident in the local market, noting that until recently, there has been limited development interest in the additional density made available through the RM-6 zone. Further, beyond the RM-6 zone, a closer examination of properties in the Town Centre across all zoning categories, with a focus on comparing their potential densities to those existing, reveals a general level of under-utilization. The below map of the Town Centre Area illustrating land use policy aspirations identifies the multitude of opportunities for density within the District's Town Centre.

Admittedly, the analysis and the current conditions might reflect the apprehension of developers to incur increased developer costs associated with the increased cost of buildings as they get larger – particular for concrete construction. As well, the observed under-utilization might stem from the smaller lot sizes evident in the Town Centre, presenting the need for consolidation and with that, increased costs, inherent in any development opportunity. However, it could also be illustrative of a market preference for levels of density that are best pursued within low-rise, wood-frame forms of development, highlighting that the Maple Ridge market place is not yet confident that higher forms of density are viable pursuits.

That said, land lift does occur, reinforcing the benefit to the District's use of this amenity zoning tool. As well, and as evidenced by recent development applications, the market for higher-forms of density appears to be maturing. With that change, it is anticipated that the opportunity to secure greater land lift and related amenity contributions through density bonusing in the Town Centre will equally expand.

Map #2 Maple Ridge Town Centre Land Use Policy Directions



E. What Level of Amenity Contribution is viable in Maple Ridge?

Through the above assessment, the described land lift represents 100% of the possible increased property value stemming from a rezoning. While this has been done for illustrative purposes, it is not suggested that the full amount of lift be considered when developing an amenity strategy. Development of any property inherently presents risks. Noting that, and the intent to maintain a viable and profitable local development market, most communities seek not to overburden the development and instead pursue a sharing of the lift, typically in the 50% to 75% range depending on levels of development interest/demand.

In terms of how best to quantify an amenity contribution, whether as part of a density-bonus scheme or a community amenity contribution it can be expressed in many ways: from a per lot/door basis to a per sq. ft. basis. However, and in reflection of the importance placed on clarity and certainty, it is suggested that the District pursue the establishment of a flat rate figure, one that is easily understood and lends itself to added certainty amongst the development community as to the known associated costs related to the development of a property. Further, and in absence of site specific assessments, such a figure should allow for the variation that is present in the current market and which was evidenced through GPRA Case Study analysis by targeting the lower range of potential land lift available.

The below table excerpted from GPRA's more detailed report (found in Appendix A) suggests possible thresholds the District may wish to consider.

Table 3: Potential Area-Wide Community Amenity Contributions per Unit

Current	R Zones	Townhouse	Low Rise	Hi Rise
A-2	$16,000	$12,000	$12,000	$6,000
R-zones	$5,000	$4,000	$8,000	$3,000

GPRA 2012

That said, the variations found in the local market place and the acknowledgement of the small number of Case Studies pursued through this present study limit the ability to apply the discussed findings unilaterally across the District. It is also been discussed that the market is evolving and at different speeds in the various neighborhoods that make up Maple Ridge. As well, it is recognized that while amenity zoning is not new to Maple Ridge, it is likely that further implementation to areas outside the Town Centre will receive much public and development industry attention. Given this dynamic environment, additional analysis and subsequent discussion with the development industry would benefit the District, lending greater comfort that any amenity contribution received through rezonings represents an equitable and viable sharing of the land lift.

F. What Does it Mean? Implications, Options and Next Steps

Through the above initial analysis, the presence of sufficient land lift stemming from changes of land use, and to a certain extent increased densities, has been found towards making feasible the provision of community amenity contributions. In addition, it is also recognized that amenity zoning in its various forms is a common application across the Metro Region, especially in terms of the density bonusing and site-by-site community amenity contribution approaches. These approaches are consistent with the practices currently utilized by Maple Ridge and its existing regulatory framework. Such findings along with the District's existing familiarity present an opportunity to expand the use of amenity zoning towards a greater sharing of the land lift between the municipality and the developer-applicant towards addressing the amenity costs associated with expanded local growth. Yet in light of the earlier discussion on the importance of clarity and consistency in the implementation of any expanded amenity zoning scheme, it will be important that the District reflects upon the various implications inherent to amenity zoning and implementation options available, towards developing an amenity strategy that best meets the District's needs.

Currently, the District's use of density bonusing is focused solely within the Town Centre area. Expansion of this approach to zones other than the RM-6 zone is timely noting the District's current revision of its Zoning Bylaw, as further implementation would necessitate an analysis of what best constitutes 'base' density (relative to existing permitted density levels) as well as articulate the steps required to reach the proposed density maximum. Further, any expansion of density bonusing within the Town Centre should be coordinated with the District's successful Town Centre Investment Incentive Program. It is noted that the duration of the program is brief relative to the overall lifespan of any amenity zoning scheme, however, it will be necessary to communicate and educate any implications to the program stemming from any potential widening of density bonusing opportunities.

Outside the Town Centre Area, it will be valuable for the District to consider not only levels of development interest, but the types of development proposals commonly received to determine if expanded amenity zoning should take the form of density bonusing, a community amenity contribution, or both.

Specifically, and as noted earlier, further use of density bonusing outside the Town Centre would necessitate the District consider appropriate density thresholds for certain areas in advance. Alternatively, if development pressures stem from requests to amend the Official Community Plan or to undertake specific types of rezonings (i.e. low density residential to more dense forms of residential), this could suggest that a community amenity contribution program be more appropriate. Further, and towards provider greater certainty to the development industry regarding amenity implications, the District may wish to evaluate if any community amenity contribution program is best implemented on an area-wide or through a continued site specific basis, as well as the most appropriate trigger for initiating a contribution, be it at Official Community Plan amendment or at rezoning.

Beyond the approach, it will also be necessary for the District to define what amenities it hopes to achieve through amenity zoning. Currently, as noted in the adjacent inset, it is clear that affordable, rental and special need housing are envisioned amenities to be delivered through density bonusing. While more detail is not found in the District's current policy framework, inferences as to possible other amenity aspirations can be identified; noting the encouragement for further provision of public spaces such as libraries, museums, community and recreation centres; public art; and outdoor spaces such as squares, plazas, and courtyards. This potential list coincides with the interpretation of amenities across the Region.

"Maple Ridge will undertake a further study to consider density bonusing as a means of encouraging the provision of affordable, rental and special needs housing, and amenities."

- Official Community Plan Section 3 - 30

Given the firm basis for density bonusing in Maple Ridge's founding policies, a further consideration for the District in light of its possible expansion of amenity zoning, is the prior establishment of policy to support the development of a community amenity contribution program. Further, and especially if such a program is undertaken on an area-wide basis, such policy development could coincide with District-led area planning processes, through which staff could also engage the local communities towards affirming appropriate amenity needs and interests.

In reflection of these implications and options, and in terms of next steps, the limitation of the five case studies to accurately interpret the various market conditions associated with the many neighbourhoods in Maple Ridge has been noted. Similarly, the sensitivity of land lift to local market conditions, as indicated through the case study analysis, has also been raised. Given such found market complexities, it is therefore recommended as a key next step that further analysis be undertaken in order to affirm the extent and corresponding amount of amenity contribution proposed for an expansion of amenity zoning in the District. Further, and noting the potential for divergent interests across the District's neighbourhoods and their corresponding varying levels of development interest, it is suggested that additional exploration of amenity zoning strategies take the form of a pilot project, whereby further analysis is undertaken on the market and resulting built form conditions within the neighbourhood facing the most constant pressures of development interest and ensuring growth.

Towards developing an amenity strategy that is reflective of the entire Maple Ridge context, additional piloted and area-specific efforts could then follow to unfold the amenity conversation on a neighbourhood-by-neighbourhood basis.

Appendix A

Maple Ridge Amenity Strategy

Case Study Analysis

GP Rollo & Associates

October 2012

October 11th 2012

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Re: Maple Ridge Amenity Strategy Case Study Analysis

The District of Maple Ridge has retained CitySpaces Consulting Ltd. to prepare a preliminary Amenity Strategy for the District. As part of this work CitySpaces has brought G.P. Rollo & Associates (GPRA) on board to provide economic analysis to inform the preliminary strategy and to provide some rough estimates of potential fees that could be collected for amenities from the lift in land values that is created from rezoning. Specifically, GPRA has addressed two key questions regarding Amenity Contributions: is there potential for the District to secure Amenity Contributions through rezoning of properties, and; if so, what sort of fees should the District charge at rezoning.

The District has provided GPRA with 5 Case Studies[1] for analysis that would be indicative of the types of rezonings the District typically sees:

1. **23103 136th Ave**: 14.57 acres of A-2 zoned land to be rezoned to a mix of R-3, R-1, RS-1b, RM-1, and other non-residential uses;
2. **24417 & 24371 112th Ave**: 9.29 acres of RS-3 zoned land to be rezoned to a mix of R-1 and RS-1b uses;
3. **11213 – 11333 240th St**: 14.8 acres of RS-3 zoned land to be rezoned to a mix of RM-1 and C-1 uses;
4. **11641 227th St**: 3.53 acres of RS-1 zoned land to be rezoned to RM-6;
5. **20623 & 20615 113th Ave and 11312 206th St**: 0.5 acres of RS-1 land to be rezoned to RM-2.

(Refer to the map on the following page)

[1] A sixth case was provided for 21165 River Road from RS-1 to RS-1b, but the change in zoning results in virtually no additional utility over existing zoning, and thus has no appreciable lift.

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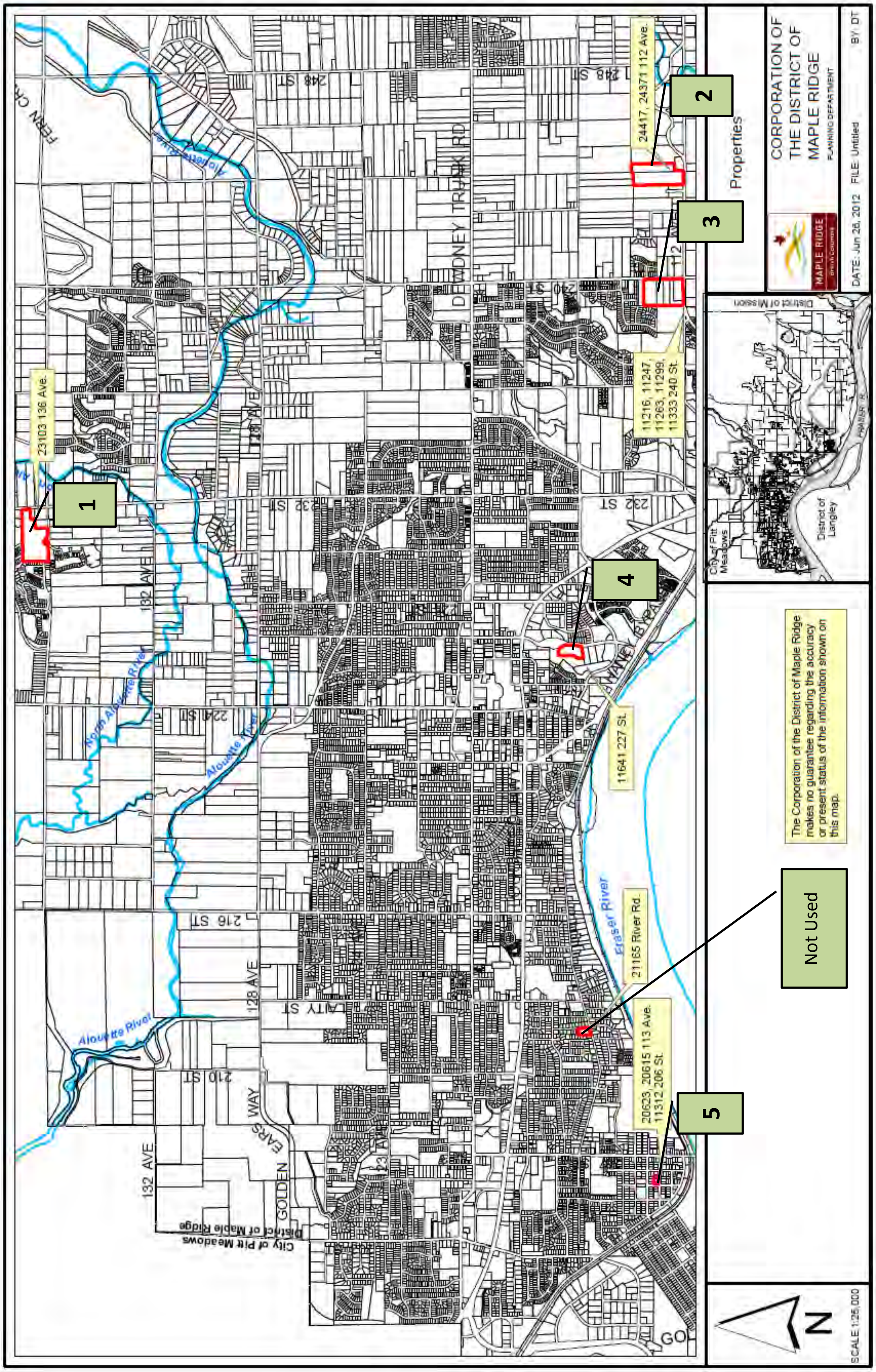

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The analysis consisted of preparation of residual land value analyses for each parcel for establishing the maximum value that a developer could afford to pay for the site assuming it already had the new zoning under current market conditions. GPRA used standard developer proformas for each case to model the economics of typical development as proposed/allowed under the new zoning.

The residual land value determined from this analysis was then compared to the value of the site under current zoning to establish a 'lift' in value that arises from the change in zoning. This lift in value represents the total potential monies that could be made available for amenities or other public works not considered as part of the analysis. Typically there is some sharing of the lift value between the Municipality/District and the developer, but the percentage shared varies by community and by project.

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METHODOLOGY & ASSUMPTIONS

As indicated above, GPRA prepared proforma analyses for each of the Case Study sites, and where necessary we created additional proforma analyses for multiple uses as required for the analysis. Specifics on each site were provided by the District, including new zoning and uses for each site.

GPRA determined revenues used in the analyses from a review of recent sales and offerings for sale of newly developed single family dwellings, townhouses, and apartments in both wood frame and concrete construction.[2] Project costs were derived from sources deemed reliable, including information readily available from quantity surveyors on average hard construction costs for the District. Development or soft costs have been drawn from industry standards, and from District sources. General assumptions on timing for approvals, construction, and marketing have been made and are reflected in interest costs borne by the development.

The analyses are created using a standard developer proforma wherein estimates of revenues and costs are inputs and the remaining variable is the desired output. The proforma is used by developers to determine project viability (does it achieve an acceptable return?) and to secure financing. In typical proformas this output is usually profit, following a revenues minus costs equals profit formula. For a residual land valuation, however, an assumption on developer's profit needs to be included in order to leave the land value as the variable to solve for. For these analyses GPRA has assumed 12% profit on total project costs for all single family projects and 15% profit on all multiple family projects (these are typical profit margins utilized in these sorts of analyses). The results of the proforma analyses are the maximum supported land value a developer could pay for the site (under new zoning) while achieving an acceptable return for their project.

For the purposes of this preliminary analysis GPRA has used current BC Assessment assessed values for the test sites and has drawn inferences from this assessment data on where market values generally lie for various single family zoned land in the District.[3] Other options for establishing the base value for land under current zoning would be to use comparable land sales or to use residual land value analysis as has been done to establish the rezoned value of land. For the purposes of this exercise BCAA value was deemed appropriate for the high-level nature of the analysis.

[2] For apartments GPRA also surveyed Pitt Meadows due to limited project data for Maple Ridge exclusively.

[3] Conversations with BC Assessment for Maple Ridge indicate that they do not generally distinguish between various single family zones, but rather rely entirely on comparable sales in the neighbourhood. As such, if there is a trend toward subdivision of larger parcels and rezoning to denser single family uses in a neighbourhood this would be captured in the assessment on other properties in the neighbourhood, and may not truly indicate the value under current zoning.

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The 'lift' for each test site is then determined by comparison of land value under existing zoning to the residual or supported land value under the new zoning. Although market values may fluctuate by neighbourhood and as the market changes, establishing a base value allows for GPRA to illustrate the principle of lift and how the District can leverage this lift for community benefits.

RESULTS OF ANALYSIS

The following table outlines the assessed values for each site in the 'Before' column, the supported land value in the 'After' column, and the Lift in the last column. More detail on these results follows this table:

	Before	After		Lift
Case 1	$4,481,000	$7,519,864		$3,038,864
Case 2	$3,954,748	$5,040,823		$1,086,076
Case 3	$6,311,000	$9,245,519		$2,934,519
Case 4	$2,460,000	$2,755,895		$295,895
Case 5	$779,200	$719,153		-$60,047

Case 1: Due to both the size of the site and that there are a number of non-residential uses in this particular rezoning GPRA was unable to conduct a full analysis that would be required to properly identify the lift potential for this site. An analysis of this nature is far beyond the scope of this particular project, but may be of benefit for the District to undertake in a separate piece of work. However, for the purposes of these analyses, GPRA has completed a high level analysis of the rezoned uses using hypothetical 1 acre development parcels for each zone to determine an average supported land value for each use, and from that an estimate of the overall value of the site after assumed loss of developable area due to roads. It is worth noting that if analyzed properly this particular case could potentially have significantly less lift than indicated here due to the length of time that would be required to develop and market this site and potential unknown costs for servicing that could render the economics of development unviable.

Case 2: Two factors may have an impact on the lift potential on this site: the first is that there appears to be some discrepancy between the size of the two properties and the area proposed for rezoning; the second is that 24371 112th Ave has been valued by BC Assessment as farm land, which is significantly lower value than the RS-3 zoning in place for the property. GPRA has made an adjustment to the value of the property to have an equivalent value per acre as 24417 112th Ave and applied that value to the 9.29 acres identified by the District as being rezoned. The remaining site area has been excluded from this analysis and is assumed to retain current use and zoning, thus contributing no lift in value.

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Case 3: This case includes both townhouse development at a 0.74 FSR and also commercial space and residential rental apartments. The inclusion of the commercial and rental space creates a drag on the value for the site in the after scenario. This combined with the RM-1 use at higher than the base FSR create a value for the site which cannot be used for other cases due to the specifics of this particular site.

Case 4: The rezoning from RS-1 to RM-6 is complicated by an indication that the site has been valued by BC Assessment as multiple-family already and also by limited evidence in Maple Ridge of the market for new concrete apartment development. Simply put, the economics of development of apartments using concrete materials do not support high land values at this point in time. As the market shows greater evidence that purchasers are willing to pay higher prices for concrete product the supported land value will rise and generate a more significant lift. As a result of the high value placed on the property by BCAA GPRA has made an adjustment to RS-1 values for all additional analyses that follow based on an average of other RS-1 values in the District.

Case 5: While there is a better market for wood frame apartments, the pricing threshold is still lower than in other areas of the lower mainland. This, combined with very high assessed values for the three properties comprising this site actually generate a negative lift – i.e. a developer could not afford to purchase the 3 properties for current assessed value and develop as proposed. The fact that an application is in process on this site suggests that the sites were likely acquired for less than the assessed value. In general terms, it would make more economic sense for a developer to acquire a site of similar size in one parcel rather than 3 separate parcels that already maximize utility under current zoning.

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ADDITIONAL ANALYSES – REZONING HYPOTHETICAL 1 ACRE PARCELS

In addition to the 5 Case Studies GPRA also prepared analyses of various single family zones for Case 1 as noted above. All these additional analyses assumed development of a hypothetical 1 acre site under the base allowable development in the zone.

The following table illustrates in a general sense the way lift breaks down when rezoning a hypothetical 1 acre parcel from the current zone (noted in the left side column) to each of the other zones (arranged along the rows on the top) :

Current	RS-3	RS-1	RS-1b	R-1	R-3	RM-1	RM-2	RM-6
A-2	$130,000	$200,000	$250,000	$400,000	$650,000	$378,640	$1,150,292	$854,359
RS-3	$0	$70,000	$120,000	$270,000	$520,000	$248,640	$1,020,292	$724,359
RS-1	$0	$0	$50,000	$200,000	$450,000	$178,640	$950,292	$654,359
RS-1b	$0	$0	$0	$150,000	$400,000	$128,640	$900,292	$604,359
R-1	$0	$0	$0	$0	$250,000	-$21,360	$750,292	$454,359
R-3	$0	$0	$0	$0	$0	-$271,360	$500,292	$204,359

Note the variability in multiple-family options and how they do not necessarily conform to results from the case studies above, nor to intuitive logic (i.e. the higher the density, the higher the lift).

IMPLICATIONS FOR COMMUNITY AMENITY CONTRIBUTIONS

As noted above, the total lift identified through either a general set of analyses such as these or through a separate analysis for a specific rezoning is typically shared between the municipality or district and the proponent. In areas where development demand is high a higher share of the lift would usually be sought by the municipality or district (75% or higher in some cases), but in areas where development is slower a more equitable split is usually made (50/50 for example).

GPRA has applied a 50/50 split to the lift identified through the case studies and illustrates the resulting charges that could be introduced on a per unit/lot basis to collect the District's share:

	Charge per Door/Lot @ 50%							
Current	RS-3	RS-1	RS-1b	R-1	R-3	RM-1	RM-2	RM-6 (base)
A-2	$32,881	$16,507	$17,205	$20,372	$21,382	$12,621	$12,471	$6,057
RS-3	*n/a*	$5,777	$8,258	$13,751	$17,106	$8,288	$11,658	$5,135
RS-1	*n/a*	$0	$3,441	$10,186	$14,803	$5,955	$11,221	$4,639
RS-1b	*n/a*	$0	$0	$7,640	$13,158	$4,288	$10,908	$4,285
R-1	*n/a*	$0	$0	$0	$8,224	-$712	$9,971	$3,221
R-3	*n/a*	$0	$0	$0	$0	-$9,045	$8,408	$1,449

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These charges can also be converted to a fee per square foot or square metre of GBA using estimates of average sizes of unit types in the District:

Charge Sq. Ft. @ 50%								
Current	**RS-3**	**RS-1**	**RS-1b**	**R-1**	**R-3**	**RM-1**	**RM-2**	**RM-6 (base)**
A-2	$14.92	$4.59	$4.78	$7.65	$10.66	$7.24	$12.72	$6.13
RS-3	$0.00	$1.61	$2.30	$5.17	$8.53	$4.76	$11.89	$5.20
RS-1	$0.00	$0.00	$0.96	$3.83	$7.38	$3.42	$11.45	$4.69
RS-1b	$0.00	$0.00	$0.00	$2.87	$6.56	$2.46	$11.13	$4.34
R-1	$0.00	$0.00	$0.00	$0.00	$4.10	-$0.41	$10.17	$3.26
R-3	$0.00	$0.00	$0.00	$0.00	$0.00	-$5.19	$8.58	$1.47

Typically, however, a municipality or district would not have so many discreet charges, but will instead create a flat fee for each major rezoning type. In order to recognize the varied results from the lift analysis and to avoid being punitive to developers GPRA would typically recommend the fee be set at the lowest level indicated from the analyses. An example of a potential CAC fee schedule is below:

Potential CAC Schedule per Unit				
Current	**R Zones**	**Townhouse**	**Low Rise**	**Hi Rise**
A-2	$16,000	$12,000	$12,000	$6,000
R Zones	$5,000	$4,000	$8,000	$3,000

Charging out fees in a manner such as this, or by GBA, or a combination thereof allows for developers to clearly understand the expected costs for CACs when preparing to purchase land and when determining project viability. GPRA must note, however, that additional analysis is recommended before the District proceeds with codifying any fees into Bylaws and implementing a CAC policy.

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ADDITIONAL ANALYSES – BONUS DENSITY ON RM-6 1 ACRE SITE

We also analyzed the RM-6 zone as a hypothetical 1 acre site as above to examine density-bonusing potential. For the RM-6 we therefore assumed base development at an FSR of 1.6, with the potential to develop up to 3.15 FSR in return for a cash or in-kind contribution (this assumes the same maximum potential FSR attainable under current policy, but does not apply the current requirements of LEED, underground parking, and other considerations). The table below illustrates the potential total cash equivalent that the bonus density granted would be worth to the developer, which the District could seek a portion of either as cash or as in-kind, including the conditions already in policy:

1 Acre Parcel		GBA	Land $	Lift Total	Lift/Bonus sf
RM-6 @ 1.60 FSR		69,696	$1,154,359	-	-
RM-6 @ 2.38 FSR		103,455	$1,653,990	$499,630	$14.80
RM-6 @ 3.15 FSR		137,214	$1,999,887	$345,897	$10.25

Note the drop in lift from the mid-point of bonus density to the maximum is a function of additional costs for a larger development, including, but not limited to additional time, additional parking, and additional site improvements.

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CONCLUSIONS

GPRA's analysis answers the first question of whether Amenity contributions could be generated from rezoning. The results of the Case Studies and hypothetical case analyses indicates that there is potential for amenities to be secured through rezoning, either through ad hoc negotiations, or through a formal flat amenity contribution fee. It is important to note that the lift indicated from GPRA's analysis represents 100% of the potential increase in value from the change in use for a parcel of land, and typically communities seek only a portion of that total lift value.

Likewise, GPRA's analysis of the increase in land value that accompanies bonus density indicates the total potential monies available through this policy, either as cash or in-kind, but again this represents the total value which is typically split between the developer and the community. Any additional costs during development could reduce the lift, which is why GPRA generally recommends the municipality or district seek less than 100% of the lift. As well, additional requirements for on-site or off-site improvements can also impact lift, and in some cases may be considered as an in-kind amenity contribution or as a credit against the CAC owed.

Although the analysis of both the 5 Case Studies and of the additional hypothetical 1 acre sites do provide some indication of the potential for the District to secure amenities, either as cash or in-kind, it would be premature to extrapolate from the results contained herein and attempt to apply them across the board without further analysis due to the high level nature of the analysis.

As noted above, there are oddities and discrepancies between intuitive logic and the results of the analysis that warrant further analysis, and there are also concerns that GPRA has about the market for multiple-family development in Maple Ridge that may be diminishing the potential lift value in the analyses. As the market for concrete construction matures in the District there will likely be much greater potential to secure amenities at rezoning.

However, some preliminary modeling has been prepared to illustrate how the District could begin charging CACs based on the results of the Case Study Analyses, with a recommendation that no more than 50% of the lift be sought as a CAC. Were the District to seek a higher share of the lift there would a significant risk that developers could become overburdened by the fee due to differing costs between projects which have the potential to reduce the supported land value as rezoned (such as requirements for additional parking, delays in approvals, additional on-site and off-site improvements not considered in these analysis). For the District to implement an amenity contribution fee structure GPRA recommends additional analysis should be undertaken to lend more certainty as to the actual fee amounts that should be charged at rezonings.

In any case, these results and conclusions from the analyses should provide sufficient data to work with in formulation of some general amenity strategies and are illustrative of the principles involved in amenity contribution analysis.

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I trust that our work will be of use in the continued formulation of an Amenity Strategy for the District of Maple Ridge. I look forward to further discussion on these analyses and our continued efforts.

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