

Report to Council



Date: January 17, 2022
To: Council
From: City Manager
Subject: Zoning Bylaw – Density Bonus Program
Department: Development Planning Department

Recommendation:

THAT Council receives, for information, the report from the Development Planning Department, dated January 17, 2022, with respect to the City of Kelowna's current Density Bonus Program.

Purpose:

To provide Council with information regarding the City of Kelowna's existing density bonus program as outlined in the current zoning bylaw, BL8000.

Introduction:

Under the Local Government Act (LGA)¹, municipalities in British Columbia are permitted to exchange bonus density for services by including density bonus provisions in their zoning bylaw. It is a voluntary, incentive-based tool that allows a municipality to ask for a significant community benefit from a developer in exchange for allowing them to build additional density. In contrast to inclusionary zoning where the requirement is mandatory, density bonusing adopts the carrot approach of encouraging developers to make the contribution. The community benefit should not be confused with standard servicing requirements that all developers must provide such as frontage improvements or Development Cost Charge (DCC) contributions. A significant community benefit is intended to be over-and-above any minimum municipal requirement.

A density bonus works best in areas with a strong real estate market and demand, where growth pressures are strong and land availability is limited. Most municipalities across the province have a density bonus program and have defined it for a variety of community benefits such as rental housing, affordable housing, energy efficiency, public art provisions, environmental conservation, and public spaces. Density bonuses must be established in zoning bylaws and set out the specific conditions needed to receive the increased floor area ratio (FAR).

¹ Local Government Act – Section 482

Discussion:

Density is the ratio of the building size to the lot size. By increasing density, less land is used to house more people, as illustrated in figures 1 and 2.

Figure 1 – Density as it relates and compared to same lot size.

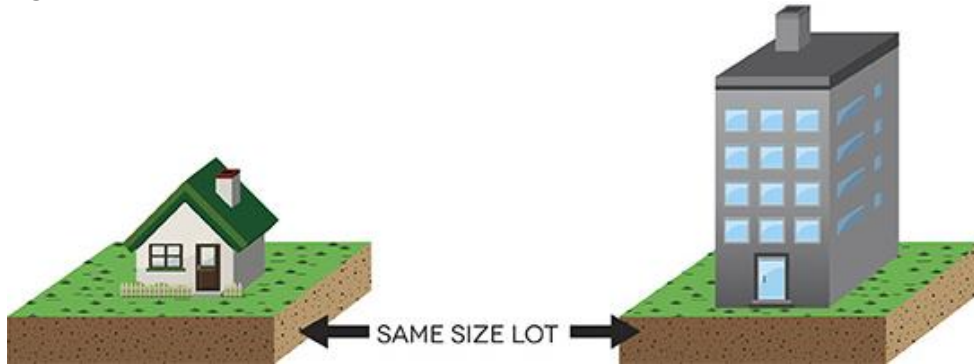
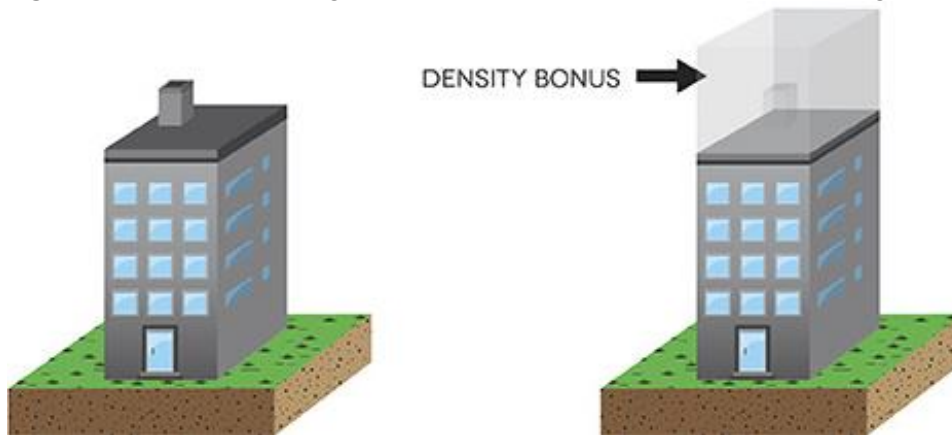


Figure 2 – Density bonusing allows additional levels of density in exchange for community needs.



(source of images - City of North Vancouver)

By creating dense and complete communities, the City can provide better services and support at less cost. When people can find everything they need in one place, they depend less on cars. Public transit and walking become viable transportation options, contributing to the overall environmental health of the community. By concentrating growth in urban centres, the City aims to build more efficient communities and reduce urban sprawl. However, density and increased population growth means higher demand for City resources and services, which in turn places pressure on community infrastructure. The City must consider innovative, sustainable ways to effectively manage growth and a density bonusing program can help deliver on multiple municipal objectives.

There are no direct costs to the public other than the staff time to administer the program. The tool is perceived to be fair in the marketplace because the developer recovers their contribution amount, plus additional profit, through an increase in the number of units available for rent or sale. To best administer a density bonus program, the regulations should be clear and predictable. The City's existing

density bonus model comes in variety of different forms, is embedded in different sections and zoning districts throughout the current zoning bylaw. It is difficult to administer because it is poorly defined and misaligned with the new Official Community Plan (2040 OCP), as such, the current form and model presents many challenges.

For example, in the current C₄ – Urban Centre Commercial zone, there is a 0.84 FAR density bonus if the property is:

- 1) located in the South Pandosy Urban Centre, and,
- 2) contains a structured parkade, and,
- 3) contributes to the community car share program.

Notwithstanding the City's existing car share program specifically in relation to reductions in parking, the current C₄ zone allows for a density bonusing option when a developer contributes a car share. Best management practices advise not to exchange density for a potential temporary provision such as car share. If the car share was to be removed from the project at a later date, the additional density would also need to be removed, which would be impossible for an existing occupied building.

In terms of a density bonus for achieving a structured parkade, it is questionable that an incentive needs to be provided with Kelowna's progressing urban development and real estate trends. Finally, the geographic restriction on the density bonus and its limitation to only one of the City's five urban centres and its limitation to only the C₄ zone has created challenges for developing the other urban centres.

In other zones, such as the RM₂ – Low Density Row Housing and RM₃ – Low Density Multiple Housing zones, an additional 0.05 FAR can be gained for structured parking, whereas in the RM₅ – Medium Density Multiple Housing zone, an additional 0.1 FAR can be gained for structured parking. Once again, the existing density bonus structure further demonstrates the inconsistent and inequitable nature of the current model and making the existing density bonus model challenging to administer. Table 1 summarizes the different density bonus structures that exist in the current zoning bylaw.

Table 1 – Existing Density Bonus Structure

Current Zone (BL8000)	Base Density	Additional Density Provisions	Max Allowed Density
RM2 - Low Density Row Housing	0.65 FAR	<ul style="list-style-type: none"> • 50% of parking space provided in structured parking: 0.05 FAR • Urban Centre: 0.1 FAR 	0.8 FAR
RM3 - Low Density Multiple Housing	0.75 FAR	<ul style="list-style-type: none"> • 75% of parking space provided in structured parking: 0.05 FAR • Urban Centre: 0.1 FAR 	0.9 FAR
RM5 - Medium Density Multiple Housing zone	1.1 FAR	<ul style="list-style-type: none"> • Structured parking: 0.1 FAR • Urban Centre: 0.2 FAR 	1.4 FAR
RM6 - High Rise Apartment Housing	1.5 FAR	<ul style="list-style-type: none"> • 10% increment of open space above 50%: 0.1 FAR • Structured parking: 0.2 FAR multiplied by ratio of parking spaces 	<ul style="list-style-type: none"> • 1.7 FAR • Not exceed 2.0 FAR
C4 - Urban Centre Commercial	1.0 FAR (commercial) 1.3 FAR (mixed use)	<ul style="list-style-type: none"> • Structured parking: 0.2 multiplied by ratio of parking spaces • South Pandosy Urban Centre and contributes to the community car share program: 0.84 FAR • Open space, at grade publicly accessible public courtyard and green roof: 0.18 FAR • Five and six storey building in Rutland Urban Centre with residential rental tenure only subzone: 0.2 FAR 	<ul style="list-style-type: none"> • 1.88 to 2.35FAR • Not exceed 2.35 FAR
C5 – Transition Commercial	0.4 FAR (commercial)	Residential: 0.2 FAR	0.6 FAR
CD2- Kettle Valley – Mixed Use Village Centre	1.0 FAR	Structured parking: 0.2 FAR	1.2 FAR
RU1c - Large Lot Housing with Carriage House	-	For carriages house that are one-storey in height and are in the urban residential zones, an additional 10m ² is granted, for max footprint of 100m ²	-

Conclusion:

Over the past two decades, the City's existing density bonus program has achieved many successes and has been popular with developer's who were able to take advantage on it. However, it is limited and inflexible in its current format. With staff currently preparing a new zoning bylaw, one of the key objectives that was established at the on-set of the project was to overhaul and modernize the program and bring it into alignment with the new 2040 OCP.

Staff are currently reviewing and analyzing options for a new density bonus program, have engaged industry and stakeholders in discussions and are preparing to propose a new program. Staff will bring forward a draft of the new density bonus program to Council for discussion in a separate report in the coming weeks.

Internal Circulation:

Policy and Planning Department
Development Services

Considerations not applicable to this report:

Legal/Statutory Authority
Legal/Statutory Procedural Requirements
Existing Policy
Financial/Budgetary Considerations
External Agency/Public Comments
Communication Comments

Prepared by: Barbara B. Crawford, Planner II
Submitted by: Terry Barton, Development Planning Department Manager

Approved for inclusion:  Ryan Smith, Divisional Director, Planning & Development Services

cc:
Policy and Planning Department Manager
Development Services Director