



VILLAGE OF ANMORE

REPORT TO COUNCIL

Date: February 15, 2018

Submitted by: Jason Smith, Manager of Development Services

Subject: Community Amenity Contribution Target for Infill Development

Purpose / Introduction

The purpose of this report is to seek Council's direction for a Community Amenity Contribution target to be set as part of the forthcoming Infill Development Policy.

Recommended Option

That Council direct staff to include a Community Amenity Contribution Target of \$150,000 be included in the forthcoming Infill Development Policy;

And that Council direct staff to bring forward a draft Infill Development Policy and Official Community Plan Amendment to the next Regular Council meeting.

Background

Council directed staff in May 2017 to implement the recommendation of the Mayor's Task Force on Land Use to hire a land economist to provide a recommendation on an appropriate target for Community Amenity Contributions (CACs) for Infill Development.

At the December 5, 2017 Council meeting, staff received the consultant's report and recommendation and directed to staff to arrange for a public information meeting to be held on the topic of CACs for Infill Development. The intent of holding the meeting was to inform the public on how the recommendation was arrived at and to hear from the public their questions, views and comments. The public information meeting was held on February 6, 2018.

Discussion

CACs are a tool commonly used by local governments to help ensure that the benefits of new development are shared in the wider community and play a key role in developing or securing new amenities that might not be otherwise possible or financially feasible.

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approximately 50% of the lift. Land values in Anmore are high and this results in a high number. The size of the properties being created involved are considerably larger than found elsewhere in the region. It should also be noted that Village would be conferring a significant increase to the value of the property through a rezoning, which would otherwise not exist (the "lift").

2. The amount is not consistent with what has been paid in past CD rezonings

The issue of what was realized in terms of CACs from previous rezonings and the perceived discrepancy between what is being proposed for infill development was raised. The calculation of the lift and determining what an appropriate amount is, is a more complicated matter for larger lots being considered for a CD rezoning. In a CD rezoning, there is already development potential that exists, an increased cost for infrastructure, and an expectation for the provision of a significant portion of land dedicated to the Village as green space. Despite this, it will be staff's recommendation going forward that all CD rezoning proposals be required to undergo a review by a land economist working for the Village to ensure that the Village and the community can negotiate for amenities on the best information possible.

3. Why should infill development be expected to pay for a new village hall

It is not expected that the infill development will pay for the village hall. The land for the hall and considerable dollar amounts have already been collected as CACs from past rezonings, and CACs will be negotiated for all future rezonings. The Village will also be exploring other funding opportunities, such as grants, to help pay for a new village hall.

4. The proposed CACs discriminate against long term residents of Anmore

The determination of the CAC target is based solely on land values and the increase in value that the Village would be conferring on the land owner through a rezoning. The profession of the owner or length of ownership have no bearing on the determination of land values. No owner is under any obligation or requirement to seek a rezoning to allow for infill development.

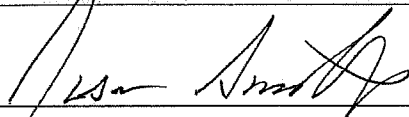
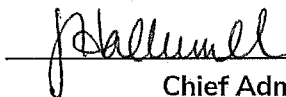
Next Steps for Infill Development

As has been previously determined, should Council wish to proceed with permitting Infill Development, an OCP amendment will be required. As per Council direction, made in May 2017, staff have been drafting an OCP amendment and accompanying policy. The determination of the CAC target is the last element to be finalized before a complete draft is ready for Council review. Should Council set a CAC target, as is recommended in this report,

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Prepared by:
 _____ Jason Smith Manager of Development Services
Reviewed for Form and Content / Approved for Submission to Council:
<i>Chief Administrative Officer's Comment/Concurrence</i>  _____ Chief Administrative Officer

CAC & DENSITY BONUSING REVIEW OBSERVATIONS & COMMON PRACTICES

GPRA has observed the following common practices in jurisdictions in Metro Vancouver:

- Many jurisdictions use both density bonusing and CACs in conjunction with one another
- There is a trend toward more transparency in how CAC rates are calculated and toward set rates of contribution rather than primarily negotiated contributions
- Developers prefer established rates for contributions as it creates cost certainty when they are considering projects and negotiating purchase of lands
- Set CAC rates should not add to unit prices for end users, but should instead create downward pressure on land sales prices for land that will be rezoned
- Many jurisdictions have rates set for the entire jurisdiction with area specific rates set for designated growth areas/neighbourhoods
- Similar to DCCs, CACs should be regularly reviewed to keep current with market trends and housing values, as well as the projected cost of the basket of amenities
- Even with set rates for contribution many jurisdictions reserve the right to enter into negotiated contributions for unusual rezonings that may not have been considered in the OCP
- There is value in regularly testing whether contribution rates create an unfair burden on developers and create an inhospitable environment for developers to operate

On the page following GPRA has provided a table outlining current practices of jurisdictions in Metro Vancouver regarding Community Amenity Contributions.

While the rates indicated on the table may not be commensurate with what may be appropriate for the Village of Anmore it is useful to understand what other communities do insofar as density bonusing and amenity contributions. For instance, when establishing flat fees for density bonus rates or CACs, typically a jurisdiction will not seek 100% of monies being identified as being available, but will rather share a portion with the developer. The portion shared varies by community, with the share generally being higher in favour of the municipality in more urban centres (80% or more in Vancouver, 75% in Victoria, 100% in Burnaby's Metrotown), but usually closer to a 50/50 split in less urban jurisdictions. This sharing of the available monies is important for a variety of factors, not least of which is to reflect that not all developments are the same, and in some circumstances a share greater than 50% for the municipality could result in making a project economically unviable.

Also of note is that most, if not all, of the municipalities on this table are generally focused on infill development of a much denser form than the Village of Anmore is focused on here. In cases where there is a flat rate for single family lots the value is quite low, which reflects the smaller lot sizes that are being redeveloped in these jurisdictions (typically the properties are smaller than 10,000 square feet with the new lots being 5,000 square feet or smaller).

ANMORE MARKET CONDITIONS

Anmore represents a unique market compared to most other municipalities in Metro Vancouver in that there remain a significant number of large single family lots that have subdivision potential while still resulting in lot sizes in and around one acre or more in size. This combined with the attractiveness of Anmore for affluent buyers contributes to the high value for parcels around one acre.

When analyzing subdivision of single family parcels the key thing to note is that value lies in incremental utility created from a parcel of land through additional development potential. Purchasers in Anmore place a fairly high value on larger single family lots, but there is not a commensurate drop in value when the parcel is an acre versus 2+ acres – both are estate lots that attract wealthy purchasers and both can have quite large single family dwellings built on them. BC Assessment data for Anmore indicates that properties close to 2 acres have a value around \$800,000 to \$1 million per acre compared to a value of \$1.2 to \$1.4 million per acre for properties close to 1 acre in size (so a 2 acre property might have a value of \$1.6 million whereas a 1 acre property in the same area may have a value of \$1.4 million). Compare this to other municipalities in Metro that typically have existing single family lots that are less than 10,000 square feet in size. Values differ by area, but the difference in perceived value between a 10,000 square foot lot and one half that size is still there, but is less pronounced due to their smaller size, the size of the home that one could build on both sizes of lots, as well as market differences compared to properties in Anmore.

There is also competition for land among different development types and densities in most other areas of Metro Vancouver as opposed to Anmore which has resulted in higher base values for land in these more urban settings that reduces the lift value when looking at subdivisions on standard city lots. As such, a municipality such as Coquitlam might have a relatively small fee for



value of the site under the current zoning to establish a 'lift' in value that arises from the change in density. This lift in value is the total potential monies that are available for public amenities.

GPRA determined sales revenues used in the analyses from a review of recent sales and offerings for sale of recently developed single family dwellings within the Village, with a focus on homes that were deemed comparable to those in the case studies. Costs were derived from sources deemed reliable, including the Village of Anmore, and information readily available from quantity surveyors on average hard construction costs in the area. Development or soft costs have been drawn from industry standards, and from the Village's sources. All other assumptions have been derived from a review of the market and from other sources deemed reliable by GPRA.

CASE STUDY RESULTS

The analysis prepared by GPRA indicates that there is potentially money available for the Village to collect for amenities from rezoning for higher density single family development. The table below shows the 6 test cases with the current value per acre, the indicated new lots created and the residual land value based on the proforma analysis, and the resulting lift value. The charge per new lot in the last column of the table is intended to represent one example of how the Village could capture a share with a fee: the 50% Village share divided by the number of new lots created beyond the first. The case studies themselves are included in an Excel file as a technical appendix.

HYPOTHETICAL CASE STUDIES ANALYSIS

Cases	Acres	Units	Base Value per Lot	Residual per Lot	Lift Value per Lot	Village Share 50%	Charge per New Lot
Case 1	1.00	2	\$1,178,878	\$1,477,305	\$298,427	\$149,214	\$149,214
Case 2	1.61	3	\$1,380,000	\$2,379,476	\$999,476	\$499,738	\$249,869
Case 3	1.00	2	\$1,332,000	\$1,477,305	\$145,305	\$72,652	\$72,652
Case 4	1.58	3	\$1,516,000	\$2,357,621	\$841,621	\$420,811	\$210,405
Case 5	0.96	2	\$1,014,000	\$1,398,895	\$384,895	\$192,448	\$192,448
Case 6	1.43	3	\$1,165,000	\$2,087,383	\$922,383	\$461,192	\$230,596

There is a high degree of variability of what the potential lift in value might be from rezonings of this nature, but generally speaking the rezoning will support a significantly higher land value in the test cases than indicated for the base value (indicated by the 2017 BC Assessment value) for the entire site.

Of note, Case 3 shows a significantly lower lift than the other case studies. In reviewing the assessment roll for properties that were considered to be infill candidates by the Village GPRA noted that a few properties had higher than average assessed values. As a result, GPRA chose to compare the supported value from a 1 acre parcel divided into 2 half acre parcels to this higher than average base value. This is intended to illustrate that not all subdivision rezonings will necessarily result in huge incremental value for the developer.

- The result is an analysis with a high degree of variability that could see significant swings up or down depending on a variety of factors.
- GPRA notes that the analysis is intended to show the total potential amount of additional value per acre of land generated through additional density or rezoning.
- In general, GPRA recommends that jurisdictions seek no more than 50% of the indicated lift from rezonings when deriving a flat fee.
- If the Village wishes to, GPRA estimates that there is the potential add a CAC of \$150,000 for each additional single family lot created beyond the first.
- Should the Village choose to introduce the new CACs we do recommend consultation with the public and local development community to hear feedback.
- GPRA recommends that, like the DCC program, CAC rates are revisited periodically (ideally every 2-3 years, but not less than every 5 years). In the intervening period CACs can be updated annually through indexing them to match CPI, with the major adjustments coinciding with the periodic review.

In conclusion, GPRA suggests that the Village has the potential to collect monies for public amenities without adversely impacting development. Most other jurisdictions in the Lower Mainland also collect amenity contributions without significant developer pushback.

I trust that our analysis will be helpful in informing the Village in their future policies around infill development and community amenity contributions. I anticipate that after reviewing this memo that staff will wish to have a meeting to discuss further.

Yours truly,

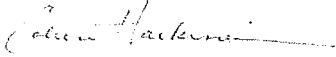


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If this is to go ahead, which seems to be the intent of Council, the benefit to the community in the form of a CAC should be more in the order of \$395,000 for subdivision of a 1 acre lot.

Thank you for your attention.

Sincerely,



Coleen Hackinen

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CD developers coupled with the average of what is currently being done in other Metro Vancouver municipalities.

3. As mentioned in the meeting, the Village in determining the proposed CAC did not factor in the increase in the tax base and the additional costs and fees that it would gain from Infill while having a minimal impact on existing infrastructure.
4. Infill residents are under the impression that they alone are paying for the rebuilding of the Village Hall and in some way the \$150,000 CAC contribution amount was based on this funding instead of the comparables of other communities in the report.

In surveying our group, we wanted to provide council with some other ways of determining the CAC amount that we think would be fair for everyone. As it was clearly stated in the meeting, most residents believe that the proposed \$150,000 is grossly unfair and definitely way to high. Some of the suggestions were:

1. Use 5% of the lift increase instead of 50%.
2. Use a combination of the Bella Terra CAC and an average of CACs from other Metro communities.
3. Split between the two Bella Terra CAC's \$8950 and \$20,641 for around \$10,000 - \$15,000
4. Average fees and costs in other Metro communities plus a negotiated gift.
5. Require developers to contribute a similar CAC for each lot.

For your information, in surveying our group, we asked residents to provide a maximum amount that they would be willing to pay for Infill rezoning. The range was from \$8,950 (based on Bella Terra's contribution) to a maximum of \$50,000.

In conclusion, you have residents that are willing to move forward with Infill immediately, but it needs to be at a fair price. If council is interested in building the new village hall, increasing the tax base, collecting fees at minimal cost to the village, they should look at a much fairer and considerably lower CAC target for Infill. With this, we believe this can be a win- win situation for both parties.

We respectfully request that our letter be read into the record at the February 20th Regular Council Meeting.

Sincerely,

Fiona Cherry

Fiona Cherry
120 Hemlock Drive
Representing the concerned "Infill" residents of Anmore

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