

## City Policy for Amenity Contributions in Direct Control Zonings - Additional Information

### Recommendation

That Community Amenity Contribution Policy C599, as set out in Attachment 1 of the July 10, 2018, Urban Form and Corporate Strategic Development report CR\_5398rev, be approved.

### Previous Council/Committee Action

At the July 3, 2018, Urban Planning Committee meeting, the following motion was passed:

That the July 3, 2018, Urban Form and Corporate Strategic Development report CR\_5398 be referred back to Administration and return with additional language in proposed policy C599 that supports complex amenities such as non-market child care facilities and return to the July 10, 2018 City Council meeting.

### Executive Summary

Administration has prepared a policy for community amenity contributions that will implement the amenity contribution framework presented to Committee in November. The policy will increase the transparency and predictability of contributions, which will continue to be administered through the direct control provisions rezoning process.

This policy will improve Edmonton's business climate by reducing risks associated with real estate development. It will also provide needed information to assist citizens who participate in the rezoning process.

### Report

#### Revision

As per the direction given by Urban Planning Committee on July 3, 2018, the policy has been amended to include new language that supports complex amenities such as child care facilities. See Attachment 1, sections 1.3 and 1.4.

#### Background

Council can enact direct control provision zoning to exercise particular control over the use and development of land or buildings. This control allows for the provision of

specific community amenities as regulations in a zone. This report presents a policy to govern community amenity contributions made through direct control provision zones, including the contribution amount, type and when it is provided.

The policy was developed through intensive collaboration with developers and community members, including:

- Five workshops with an advisory group comprised of infill developers, consultants and Community League representatives,
- Two meetings with the Urban Development Institute,
- Two meetings with the Edmonton Federation of Community Leagues, and
- Two public engagement events hosted by the City.

This engagement was critical to developing a framework based on shared principles and a policy that addressed the needs of stakeholders.

### Approved Policy Framework

The framework brought to Urban Planning Committee in November, 2017 established four key principles to guide the policy:

1. **Transparency** - all stakeholders can understand how the system works, their respective roles, what is required, permitted, and accepted, and how resources are used. This builds trust with stakeholders and improves engagement with the public.
2. **Predictability** - stakeholders can understand the impacts of amenity contributions for a project before a rezoning application is submitted. This enables applicants to budget for community amenity contributions and reduces the price of land.
3. **Flexibility** - applicants can provide in-kind contributions, or cash-in-lieu contributions to specific, local amenities, at their discretion. This allows applicants to align community amenities with their project goals and prevents delays to development.
4. **Contribution stability** - a new system will not seek to increase or decrease contributions from the current average contribution amount. This prevents shocks to the market that might result in a reduction in development.

By applying these principles, the policy will improve the overall process for community amenity contributions, the business environment for infill development and the public engagement process for direct control rezonings.

### Policy Summary

The policy describes how and when community amenity contributions will be required for a development. To be affected by this policy, a proposed rezoning would need to meet all three criteria:

1. It is a direct control provision rezoning (DC1 or DC2),
2. It permits a building at least five percent larger than allowed in the existing zone or statutory plan, and
3. It is for a redevelopment site, meaning it is located in one of Edmonton's older neighbourhoods or on any land that has been built on already.

These criteria reflect the City's longstanding practice, and do not expand amenity contributions to new forms of development or to greenfield areas where direct control provision upzonings are especially uncommon.

The contribution amount required is determined by the increase in floor area proposed through rezoning. This ensures contributions only occur when there is additional development opportunity for the applicant, and not when the applicant is merely addressing site constraints or using an innovative design.

The following formula describes how contributions are calculated:

$$\text{contribution requirement} = \text{increase in floor area (m}^2\text{)} \times \text{rate}$$

To set the rate, Administration analyzed the contributions made in every approved rezoning between January 2010 and December 2017 to determine the average contribution made over that period. The results and methods were then tested with local developers and independent land economists and determined to be a fair approach. Setting the rate in this way provides the stability promised in the framework, taking no more or less than was done in the past.

The rate derived from this analysis is \$37.50 per additional square metre of gross floor area, which will be adjusted for inflation over time. Based on the analysis done, this rate will not create a barrier for development activity. However, if a site has exceptional challenges that reduce its development potential, the policy allows applicants to make a lesser contribution where they can demonstrate this hardship through an independent analysis of land value.

The contribution requirement can be satisfied by providing any of the following amenities:

- public art,
- preservation of historic resources,

- publicly accessible open space,
- streetscape enhancements,
- public park enhancements,
- family-oriented housing with three or more bedrooms,
- Community League facilities,
- contributions in support of Child Care Services, or
- other capital improvements to the public realm or for public use at the discretion of the City.

This list reflects the types of amenities that have been contributed over the past eight years, and includes both on-site and off-site amenities. In the case of off-site amenities, such as improvements to a local park, the applicant would provide a cash contribution towards a capital improvement project. An amenity can be provided from a single cash contribution, or contributions can be pooled with other funds or contributions to provide a larger amenity.

The City will provide information to applicants and the public on how these amenities are valued to help applicants determine what amenities to provide to satisfy the requirements. The web page [www.edmonton.ca/communityamenitycontributions](http://www.edmonton.ca/communityamenitycontributions) has been created to communicate all information about the policy and procedures to the public.

This policy will not affect the provision of affordable housing, which is provided by Policy C582. This will prevent conflicts between affordable housing goals and other amenity contributions. Administration is considering amendments to Policy C582 which will, among other things, clarify the distinction between community amenities and affordable housing.

### **Process**

Community amenity contributions will continue to be determined through the rezoning process.

As soon as a potential applicant determines the scale of a project, they can calculate the contribution requirement. Likewise, residents can calculate this when they are informed of the proposal at the pre-application stage. Submitted applications will be required to include a calculation of the contribution requirement and propose amenities sufficient to satisfy it.

Applicants will continue to be responsible for proposing amenities. Communities will share their priorities with applicants through the regular public engagement process for rezonings. Administration will encourage applicants to work with communities to propose meaningful amenities that benefit local residents.

Some communities that experience development with direct control provision zoning more frequently may wish to create a list of amenity priorities to share with rezoning applicants in their neighbourhood. When created, these lists will not be held by the City, but will be the property of the communities themselves.

Attachment 2 illustrates the rezoning process, focusing on community input on amenity contributions.

### **Budget/Financial**

The creation and application of the policy will not require additional financial resources, as work continues to be funded from the existing operating budget. The policy formalizes the existing process of holding funds in trust for capital projects.

### **Legal**

The *Municipal Government Act* authorizes City Council, subject to any applicable statutory plan, to regulate and control the development of land in any manner it considers necessary. This authority allows the proposed Council policy to be created. Any amenities provided under this policy should be based on land use considerations and used to mitigate the impacts of increased development.

Ultimately, the decision to rezone land is made by City Council. Compliance with the proposed policy would influence Administration's position regarding a given rezoning, with the understanding that the final arbitrator of land use decisions is City Council.

### **Public Engagement**

Creating this policy involved considerable discussion with people who understand the issues and would be affected by the outcomes. Administration undertook detailed work developing the framework and policy, testing scenarios and reviewing assumptions with an advisory group comprised of developers, consultants and community members during a number of workshops. Administration also worked directly with the Urban Development Institute and the Edmonton Federation of Community Leagues to gain perspectives from the development industry and community.

In addition to this targeted engagement, Administration invited developers who have applied for direct control provision upzonings, and community league representatives from communities that have experienced this type of development in recent years, to a public drop-in session to discuss the draft policy. Two sessions were held at City Hall on March 27, 2018. Comments from these sessions are presented in Attachment 3.

Participants were asked to comment on the clarity of the draft policy, the impacts they expected it to have, and what could be improved to support the principles described in the approved framework. Twenty-four people participated in the events.

Comments received were largely optimistic that the proposed policy will increase transparency and predictability, and reduce land speculation. Some participants felt the rate was too low or that the scope of the work should expand to include density bonusing in standard zones.

A number of responses stressed the importance of the City providing high-quality information and education on amenity contributions to facilitate meaningful engagement in the rezoning process. As a result, Administration has prepared a Community Amenity Contribution Guidebook (Attachment 4) to explain community amenity contributions and their role in the rezoning process.

Community members also expressed concerns about enforcing regulations in direct control zones. All rezoning regulations become conditions of a development permit, but additional information on how amenities are secured and preserved was added to the Community Amenity Contribution Guidebook in response to this concern.

### Corporate Outcomes and Performance Management

<b>Corporate Outcome(s): Edmonton has a globally competitive and entrepreneurial business climate</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>
Effective and Efficient Service Delivery: improve efficiency, consistency, and quality of service delivery	Provision of accurate process requirements for developer-contributed public amenities on <a href="http://www.edmonton.ca">www.edmonton.ca</a>	n/a	August 2018

### Risk Assessment

<b>Risk Element</b>	<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Score (with current mitigations)</b>	<b>Current Mitigations</b>	<b>Potential Future Mitigations</b>
Customers/ Citizens; Political Influences	Pressure from stakeholders to deviate from policy, resulting in inconsistent	4	3	12	Clear communication about the process; establishing approach in	Additional, periodic orientation for stakeholders

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	application of rules, undermining policy goals				Council policy; periodic policy review	
Public Perception	Public could perceive any incentive system as payment for zoning	2	1	2	Information sharing; focus on transparency; clear communication	

### Attachments

1. Policy C599 Community Amenity Contributions in Direct Control Provisions
2. Rezoning Process and Community Amenity Contributions
3. March 27 Public Engagement - What We Heard
4. Community Amenity Contributions - A Guidebook for Edmontonians