Recommendation:
That Council:

1. Endorse in principle expanding the Community Amenity Contribution program Citywide to include all new residential Gross Floor Area in Coquitlam that requires rezoning approval;
2. Set the Community Amenity Contribution rate at:
   a. $32.29 per sq.m. ($3.00 per sq.ft.) for the Gross Floor Area of all new multi-family floorspace;
   b. $5,500 per parcel for all new One-Family Residential lots equal to or greater than 375 sq.m.
   c. $4,800 per parcel for One-Family Residential lots less than 375 sq.m.
3. Endorse that Community Amenity Contribution revenue be primarily used for major facilities identified in the Parks, Recreation and Culture Master Plan and guided by that initiative’s project evaluation, implementation, and prioritization process as endorsed by Council;
4. Direct staff to consult with the public and the development industry on the proposed expansion of the Community Amenity Contribution program and report back to Council on the input received.

Purpose:
This report provides information regarding the City’s Community Amenity Contribution (CAC) program. It discusses options for how the CAC program can be applied Citywide, recommends a preferred option, estimates the revenue that may be generated by an expanded program between 2017 and 2046, and recommends an approach for how the revenue collected by the program should be allocated.

Strategic Goal:
The CAC program supports the goals of “Strengthen Neighbourhoods” and “Enhance Sustainability of City Services and Infrastructure” by assisting with the funding of public amenities.
Executive Summary:


Staff have now examined a number of options for how the CAC program might be implemented Citywide and has concluded that it would be most equitable to apply the existing rate of $32.29 per sq.m. ($3.00 per sq.ft.) to all net new multi-family residential floorspace Citywide requiring rezoning approval rather than having a varied neighbourhood-specific rate. This is the rate currently applied in the Burquitlam-Lougheed Neighbourhood. As well, it is also recommended on the basis of equity and consistency that for one-family residential properties requiring rezoning approval, a CAC rate per lot of $5,500 for large one-family lots equal to or greater than 375 sq.m. (4,037 sq.ft.) and $4,800 for small one-family lots less than 375 sq.m. be implemented.

Based on a proposed, expanded program with these CAC rates, it is estimated that the City could receive approximately $103 million for the 30-year period of 2017 to 2046. This, on average, works out to be about $3.4 million annually in CAC revenue. The endpoint of 2046 was used because this is also the end-point for the City's Development Cost Charge (DCC) projections, currently under review.

Examples of the revenue that might be generated per development site range from an estimated $4,980 in CACs for a typical duplex development to an estimated $552,000 in CACs for a typical 200-unit apartment tower.

The cost of the CAC programs to the development community does not appear out of line with what is incurred in other municipalities that have CAC programs. However, a definitive dollar-to-dollar comparison would be difficult to calculate since each municipality is different in how its CAC program is structured and also has other charges, such as DCCs, density bonus programs and off-site works and service requirements that are incurred by developers. The cost of land is also an important factor and this too varies between municipalities, as well as within each municipality.

While the recommended expanded CAC program will result in an added cost to developers, the proposed rates should not materially impact housing prices.

Staff recommends that the CAC revenue collected be used to primarily help fund the capital cost of major new facilities identified in the Parks, Recreation and Culture Master Plan as required over the next 30 years that are not eligible for DCC funding. It is estimated that the projected CAC revenue over the same period could fund about one-third of the cost of these major facilities. Prior to Council consideration of adoption of a Citywide CAC program as City policy, staff recommend that there be consultation with the public and the development industry.
Background:
The City's first and only CAC program to date was adopted by Council in February 2013 for the Burquitlam-Lougheed TDS area to assist with the funding of a new community centre for these neighbourhoods, with an estimated revenue target of $25 million. This voluntary CAC program is applied to all net new multi-family residential development below a Floor Area Ratio (FAR) of 2.5 where a rezoning is required. Above the 2.5 FAR base, the applicant has the option of utilizing the broader density bonus program to gain additional residential floorspace above the base density. The CAC rate was set at that time at $32.29/per sq.m. ($3.00 per sq.ft.) of net new multi-family residential floorspace.

Further background on the CAC program is contained in Attachment 1.

Attachment 2 presents a conceptual schematic illustrating the relationship between the City's density bonus and CAC programs.

Discussion:

Proposed Expansion of CAC Program
Coquitlam is a fast-growing community in a rapidly developing and changing region. It is important to guide growth in a way that new development is livable, attractive, and contributes positivity to the community while making sure that infrastructure and amenities, like recreation facilities, are provided to keep pace with growth. Following the successful CAC program in the Burquitlam-Lougheed neighbourhood, staff are proposing to expand the CAC program Citywide. An expanded CAC program would create an added source of revenue to help fund much needed public amenities to support growth. It should also be noted that an expanded CAC program would apply equally to City-owned lands that are planned for future sale/development.

There are a number of options for how a Citywide CAC program could be established. In considering how the program could be expanded in Coquitlam, staff considered the following factors:

- whether the same or a differential CAC rate should be charged in different areas of Coquitlam and what the rate or rates should be;
- whether the CAC revenue raised in each area of Coquitlam should be committed to public amenities in the same area or more broadly allocated;
- whether CACs should apply to one-family residential units in connection with related rezoning applications; and
- whether or not the specific public amenities to which CAC revenue will be allocated by the City should be identified and a general guiding policy be developed as to what share of the cost each amenity will be covered by CAC revenue as opposed to other revenue sources.

Each of these topics is elaborated upon below.
Discussion cont’d/

CAC Rate for Multi-Family Development

The existing CAC rate of $32.29 per sq.m. ($3.00 per sq.ft.) of net new multi-family residential (apartments, townhouses and housing choices) floorspace that was adopted by Council in 2013 for the Burquitlam-Lougheed neighbourhood was determined by, first, estimating the potential capital cost of a new community centre for the neighbourhood (roughly estimated at that time as being in the range of $20 - $25 million) and, second, projecting the amount of net new multi-family residential floorspace that will likely be developed in that neighbourhood in the coming decades that will be below an FAR of 2.5.

Consultation with the development community at the time found that there was some support for a CAC program if the rate was low, so as not to adversely affect the economics of projects, and also if the same rate was applied to all developments (as opposed to a CAC negotiated on a case-by-case basis as some municipalities do). On that basis, the rate of $32.29 per sq.m. ($3.00 per sq.ft.) was approved by Council and is now in effect.

Staff recommends that the same CAC rate of $32.29 per sq.m. ($3.00 per sq.ft.) be applied Citywide to all multi-family development that requires rezoning approval for the following reasons:

- Ensuring equity and consistency for all new multi-family developments across Coquitlam.
- Creating different CAC rates in different areas of Coquitlam could adversely affect project economics by making areas with lower rates potentially appear more attractive for new development than areas with higher rates, especially if there is a broad spread in the rates (i.e., creation of an uneven playing field).
- There is, at this point, no basis upon which to determine what the rate should be in each area of Coquitlam if the approach is that new development in the area should pay for some or all of the public amenities planned for the area. This would require knowing details on all the amenities that should be developed in each area over the long-term and their capital costs. Some of this is currently known for certain amenities, but other facilities and needs may emerge over time as Council priorities that are not being contemplated at this point. Hence, creating a CAC program with differential rates around Coquitlam puts the City in the position of committing now to projects and timing that could change in the future for a variety of reasons, thereby reducing Council’s flexibility to respond to evolving community needs.
- Some of the public amenities that will be built by the City in a particular area over time will benefit most or all Coquitlam residents and not just residents in the area where the amenities are located. Some of the major public facilities that currently exist or are planned for City Centre are a good example. Staff do not believe that it is reasonable to expect development only in City Centre to contribute to these facilities through a CAC program, especially given the significant capital costs attached to them.
Discussion cont’d/

CAC Rate for Multi-Family Development cont’d/

- The CAC rates in some areas could be very high if the intent is that anticipated new residential development in the area pays some or all of the cost of new amenities. The CAC rate of $32.29 sq.m. ($3.00 per sq.ft.) in the Burquitlam-Lougheed neighbourhood is relatively low because there is large amount of new development expected for the area that will help pay for the planned community centre. On the other hand, there is far less new development anticipated in the foreseeable future for an area such as the Maillardville neighbourhood, so the result would be a very high CAC rate if Maillardville development was expected to pay a significant share of the cost of new public amenities in the neighbourhood. This could adversely affect the economics of developing in Maillardville given that the market is currently not as robust there as it is in areas such as City Centre and the Burquitlam-Lougheed neighbourhood.

- The City’s DCC program, which is similar to the CAC program in that the intent is to pay for certain types of public amenities (infrastructure and parks) required as a result of new development, has Citywide rates rather than area-specific rates. Hence, there would be consistency between the City’s DCC and CAC programs if the rates used in both programs are Citywide.

- A rate of $32.29 per sq.m. ($3.00 per sq.ft.) is relatively modest and, while it will add to the cost of a new home (as elaborated upon below), it should not materially affect the current affordability of a home for the majority of buyers.

- Lastly, a standard, consistent rate is easier to understand for applicants and more efficient for staff in calculating the CACs payable as part of rezoning approval (similar to Citywide DCCs).

CAC Rate for One-Family Development

Staff recommend on the basis of equity and consistency that the broadened CAC program also be applied to new one-family residential development that requires rezoning approval.

As described in Attachment 3, at the time of rezoning for a one-family residential subdivision the ultimate size of the units is unknown as measured by floorspace, and therefore, staff propose a per-lot rate instead of a per sq.m. of floorspace rate. This would be similar to the City’s DCC program where one-family residential is charged on a per-lot basis. The proposed per-lot rate is based on average lot sizes and average lot coverage for both small one-family lots less than 375 sq.m. (4,037 sq.ft) and large one-family lots equal to or greater than 375 sq.m.

The proposed CAC rate for one-family developments requiring rezoning approval is:

- $5,500 per parcel for one-family lots equal to or greater than 375 sq.m.
- $4,800 per parcel for one-family lots less than 375 sq.m.
Allocation of CAC Revenue

The existing CAC program in the Burquitlam-Lougheed neighbourhood earmarks all CAC revenue for the new community centre planned for the neighbourhood. Building on this existing program, staff recommend that the expanded Citywide CAC program should have more flexibility and should follow similar allocation principles as the DCC program where revenue is pooled Citywide and allocated based on need and Council spending priorities. Going forward this will create two pools of funding; the existing fund in the Burquitlam-Lougheed neighbourhood; and, the proposed fund for the rest of the City.

It is acknowledged that this recommended approach to how CAC revenue is allocated is different than the approach adopted for the Burquitlam-Lougheed neighbourhood. It is also recognized that developers would prefer that the CAC money that they contribute be allocated to public amenities in the neighbourhoods in which they are building in order to help market their projects. However, given the factors noted above it would be very challenging to apply the neighbourhood-specific approach used in Burquitlam-Lougheed to other parts of Coquitlam.

In developing a CAC program that is Citywide, the following principles should be considered, as they were in establishing the existing CAC program based on input from the Urban Development Institute (Attachment 4):

1. **Need and Nexus** - The need for infrastructure included in the development contribution plan must be clearly demonstrated (need) and the connection between the development and the demand created should be clearly established (nexus).
2. **Transparency** - Both the method of calculating the development contribution and the manner in which it is applied should be clear, transparent and simple to understand and administer.
3. **Equity** - Development contributions should be levied from all developments within a development contribution area based on their relative contribution to need.
4. **Certainty** - All development contributions should be clearly identified.
5. **Efficiency** - Development contributions should be justified on a whole of life capital cost basis consistent with maintaining financial discipline on service providers by precluding over recovery of costs.
6. **Consistency** - Development contributions should be applied uniformly across a ‘Development Contribution Area’ and the methodology for applying contributions should be consistent.
7. **Right of Consultation** - Land owners and developers have the right to be consulted on the manner in which development contributions are determined.
8. **Accountability** - There must be accountability in the manner in which development contributions are determined and expended.
Spending of CAC Revenue on Public Amenities

There are many spending priorities that the CAC revenue collected by the City could be directed towards. Staff recommends that CAC revenue be allocated to assist in funding the major capital projects identified in the Parks, Recreation and Culture (PRC) Master Plan, once it is finalized and approved by Council, that cannot be funded through the City's DCC program. Staff believes this is the most appropriate way to spend the funds because PRC amenities are perceived by most residents and developers as delivering high value and wide-spread public benefit.

The PRC Master Plan Implementation will determine the long-term facility projects and their priority based on a variety of criteria and factors. Based on the use of this type of process, the CAC allocation principles above would be met.

At a preliminary high level, the capital costs of major new facilities identified in the PRC Master Plan over the next 30 years is estimated to be in the range of $300 - 350 million. A more detailed estimate will be developed as part of the PRC Master Plan Implementation Strategy. The projected CAC revenue over the same period would cover about a third of the cost of these facilities. Density bonus revenue and other funding sources would need to be drawn on to cover the remaining cost share.

CAC Program Revenues:

Projected Revenues for 2017 to 2046

In projecting out long-term beyond 2016, staff selected an endpoint of 2046 since that matches the City's recently updated DCC projections, thereby assuring consistency between these two growth related funding programs. Staff also selected the annual population growth rate of 2.4% assumed in the DCC projections as the base for building the CAC projections, again to ensure consistency.

Population growth was translated into an assumed number of new dwelling units, by type (one-family, townhouse, low-rise and high-rise apartment) and by neighbourhood. Average unit sizes for each of the different forms of housing were estimated and, from that, the appropriate CAC rate applied.

It should be noted that these are high level, long-term projections and there are no assurances that the amount actually received by the City will match the estimate presented below. The actual amount received, either in each area or for Coquitlam overall, could be substantially lower or higher depending on a wide range of factors, many of which are market-driven and largely outside of the City's ability to control or directly influence.

The projections also assume that a Citywide CAC program does not begin collecting revenue until 2017. This is because, using the same approach as for when the Burquitlam-Lougheed CAC program was adopted, there would be a one year-grace period granted to developers who complete the rezoning process. Hence, it would be 2017 before the City would begin receiving any CAC revenue from an expanded program.

It is projected that over the 30-year period of 2017-2046 a total of approximately $103 million in CAC revenue to the City could be generated. The average annual amount projected to be collected over the 30-year period is estimated at about $3.4 million.
CAC Program Revenues cont’d/

Revenue Generated from Typical Developments and Impact on Project Economics

Staff identified development projects recently built in Coquitlam that are considered typical and, from this examination, have developed the following table with examples of the revenue that might be generated per development site from not only the expanded CAC program but also the City's current DCC and density bonus programs. These other two programs are included to show the relative contribution made by the proposed expansion of the CAC program.

Table 1 - Examples of CAC, DCC and Density Bonus Revenues Collected From Typical Developments in Coquitlam

<table>
<thead>
<tr>
<th>Development Type</th>
<th>Existing Floorspace</th>
<th>CACs</th>
<th>DCCs</th>
<th>Density Bonus</th>
<th>Total</th>
<th>Average per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large one-family with a lot size equal to or greater than 375 m² (4,037 sq.ft.)</td>
<td>0</td>
<td>$5,500</td>
<td>$22,511</td>
<td>$0</td>
<td>$28,011</td>
<td>$28,011</td>
</tr>
<tr>
<td>Large one-family with a lot size equal to or greater than 375 m² (4,037 sq.ft.)</td>
<td>186m² (2,000 sq.ft.)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Small one-family with a lot size less than 375 m² (4,037 sq.ft.)</td>
<td>0</td>
<td>$4,800</td>
<td>$19,469</td>
<td>$0</td>
<td>$24,269</td>
<td>$24,269</td>
</tr>
<tr>
<td>Small one-family with a lot size less than 375 m² (4,037 sq.ft.)</td>
<td>186m² (2,000 sq.ft.)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Duplex with average unit size of 170m² (1,830 sq.ft.)</td>
<td>186m² (2,000 sq.ft.)</td>
<td>$4,980</td>
<td>$22,511</td>
<td>$0</td>
<td>$27,491</td>
<td>$13,746</td>
</tr>
<tr>
<td>Triplex with average unit size of 170m² (1,830 sq.ft.)</td>
<td>186m² (2,000 sq.ft.)</td>
<td>$10,470</td>
<td>$35,387</td>
<td>$0</td>
<td>$45,857</td>
<td>$15,286</td>
</tr>
<tr>
<td>Quadruplex with average unit size of 170m² (1,830 sq. ft.)</td>
<td>186m² (2,000 sq.ft.)</td>
<td>$15,960</td>
<td>$53,955</td>
<td>$0</td>
<td>$69,915</td>
<td>$17,479</td>
</tr>
<tr>
<td>25-unit townhouse site with average unit size of 150m² (1,600 sq. ft.)</td>
<td>929m² (10,000 sq.ft.)</td>
<td>$90,000</td>
<td>$308,110</td>
<td>$0</td>
<td>$398,110</td>
<td>$15,924</td>
</tr>
<tr>
<td>50-unit townhouse site with average unit size of 150m² (1,600 sq. ft.)</td>
<td>1858m² (20,000 sq.ft.)</td>
<td>$180,000</td>
<td>$616,219</td>
<td>$0</td>
<td>$796,219</td>
<td>$15,924</td>
</tr>
<tr>
<td>50-unit low-rise apartment with average unit size of 90m² (960 sq. ft.)</td>
<td>557m² (6,000 sq.ft.)</td>
<td>$126,000</td>
<td>$413502</td>
<td>$0</td>
<td>$539,502</td>
<td>$10,790</td>
</tr>
<tr>
<td>200-unit residential apartment tower, with average unit size of 90m² (960 sq. ft.)</td>
<td>743m² (8,000 sq.ft.)</td>
<td>$552,000</td>
<td>$1.8 M</td>
<td>$2.9 M</td>
<td>$5.3 M</td>
<td>$26,309</td>
</tr>
</tbody>
</table>

Notes: Includes a credit for assumed existing residential floorspace on each site.
1 The DCC rates are based on the 2012 DCC bylaw, which is expected to be updated in late 2015/early 2016.
2 For the one-family scenarios, two examples are given, one in a greenfield context with no existing development and one in a redevelopment context with an existing house on the site (for which a credit is received).
CAC Program Revenues cont’d/

Revenue Generated from Typical Developments and Impact on Project Economics cont’d/

In terms of the potential impact on housing affordability of a Citywide CAC program, all costs incurred by a developer ultimately have to be factored into the selling price of a new home. However, it is not as straight-forward as simply assuming that the selling price of a new home that is subject to the proposed Citywide program will increase by the CAC rate. There are many variables in the pricing of new homes and ultimately the developer cannot set the price any higher than what the market is prepared to pay.

Working back from that price point, the developer needs to determine how an added cost can be absorbed into a project and each developer will respond differently in terms of the solution. They may, for example:

- reduce what they are prepared to pay for land,
- build slightly smaller units on average,
- adjust the types of materials and finishes used,
- accept a slightly reduced profit margin,
- or a combination of these or other solutions

Put into context, the CAC cost as a potential share of development costs looks as follows using typical cost estimates for residential development in the Coquitlam market (which can vary significantly depending on the developer, the location and timing of development, target market and other factors):

Table 2 - Typical Development Cost Factors

<table>
<thead>
<tr>
<th>Type of Development</th>
<th>Average cost of land per sq. ft. of buildable floorspace</th>
<th>Average cost of construction per sq. ft. of buildable floorspace*</th>
<th>Total cost per sq. ft. of buildable floorspace</th>
<th>Total cost with CAC added</th>
<th>Impact of CAC on total cost per sq. ft. of buildable floorspace</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-Family</td>
<td>$100</td>
<td>$125</td>
<td>$225</td>
<td>$226</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Townhouse</td>
<td>$70</td>
<td>$125</td>
<td>$195</td>
<td>$198</td>
<td>+1.5%</td>
</tr>
<tr>
<td>Four-storey wood-frame apt.</td>
<td>$70</td>
<td>$225</td>
<td>$295</td>
<td>$298</td>
<td>+1.0%</td>
</tr>
<tr>
<td>16 to 22-storey concrete apt.</td>
<td>$60</td>
<td>$305</td>
<td>$365</td>
<td>$368</td>
<td>+0.8%</td>
</tr>
</tbody>
</table>

* Average cost of construction includes hard costs (e.g., materials and labour) and soft costs (e.g., financing, professional services, fees) but excludes developer profit margins.

As the above table shows, if the CAC was fully added on to existing total costs (i.e., without adjustment to any other factors), it would increase development costs by between an estimated 0.4% (for one-family) and 1.5% (for townhouse). However, when the final price of a typical unit is considered (i.e., all costs plus developer profit), the impact of the CACs is lower than the percentages shown.
CAC Program Revenues cont'd/

Revenue Generated from Typical Developments and Impact on Project Economics cont'd/

The City of Vancouver commissioned a study last year to see if there is any evidence that its CAC policies have directly or indirectly contributed to rising housing prices in Vancouver.\(^1\) Based on extensive analysis of the topic, the study concluded that, "There is no compelling evidence that CACs have constrained the pace of apartment development in Vancouver or contributed to increasing housing prices." The study also stated that, "The City's CAC policy is not restricting development. In fact, CACs have been associated with a large increase in the City's capacity for new development, have paid for amenities that otherwise would have been funded by property taxes and in some cases have created affordable housing units." (p.ii)

Comparison to Other Municipalities

The cost of Coquitlam's proposed expanded CAC program to the developers does not appear out of line with what is incurred in other municipalities. However, a definitive dollar to dollar comparison would be very difficult to calculate since each municipality has also has other charges that are incurred by developers and these vary between municipalities. These include, for example, DCC and density bonus programs that are different for each municipality and, in some cases, for different neighbourhoods within a municipality. Each municipality also has differences in the type of off-site works and services that they require of developers, such as streetscaping, contributions to public art and other amenity and infrastructure improvements.

Staff also note that they have been told by some developers active in Coquitlam that the City's density bonus and CAC programs are very fair and transparent compared to those of some other municipalities. On that basis, it is staff's opinion that Coquitlam compares favourably to other municipalities and that broadening the CAC program will not put the City at a competitive disadvantage to other municipalities in attracting residential development.

It should also be noted that on a dollar value per sq.ft. basis, the recommended expanded CAC program rate ($3.00 per sq.ft.) is considerably lower than the typical current density bonus land values (e.g., ranging from $60-90 per sq.ft.).

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\(^1\) Coriolis Consulting Corp., *CAC Policy and Housing Affordability: Review for the City of Vancouver*, July 2014.
Public Consultation:
Staff recommends that there be public and stakeholder consultation on the proposed expansion of the CAC program prior to Council considering adoption as City policy, as occurred when the program was implemented for the Burquitlam-Lougheed area. This consultation will include seeking, in particular, the input of the developers and builders active in Coquitlam, as well as organizations such as UDI and Greater Vancouver Home Builders Association. Input will also be sought from the public at large in Coquitlam. Staff anticipates reporting back to Council with the input received before the end of year. This consultation will build on the parallel consultation occurring on the proposed DCC program update in late 2015.

Financial Implications:
The financial implications to the City of the proposed expanded CAC program are as discussed in this report.

Conclusion:
The adoption of the CAC program for the Burquitlam-Lougheed TDS area created another source of revenue to help fund much needed public amenities to support growth. There is the potential to generate significantly more revenue from the CAC program by expanding it Citywide to apply to all new residential development that requires rezoning.

J.L. McIntyre, MCIP, RPP
EV/JMc/AMW/Imc/ms

Attachments:
1. CAC Program Summary
2. Density Bonus and CACs – Conceptual Chart (Doc. #2021317)
3. Determining a One-Family CAC rate
4. Letter dated November 6, 2012 from Anne McMullin, Urban Development Institute (Doc. #2021332)

This report was prepared on behalf and at the direction of a cross-department team including staff from Planning and Development, Parks, Recreation and Culture, Strategic Initiatives, Finance and Corporate Communications.
COMMUNITY AMENITY CONTRIBUTION (CAC) PROGRAM SUMMARY

There is no provision in the Local Government Act that gives local governments the specific power to enact a CAC program.

Nevertheless, a number of municipalities, especially in Metro Vancouver, have put CAC programs in place for residential development, sometimes referring to them as "voluntary" programs in that a developer is not obligated to pay CACs as part of receiving a rezoning. On the other hand, a local government is not obligated to support a rezoning application. Payment of the CACs is therefore part of what developers are strongly encouraged to offer to provide to the local government in considering the merits of the application when there has been a CAC program adopted by Council policy.

The rationale for denying rezoning to a developer who is not willing to pay the CACs is that the proposed development is adding new population to the community, which creates more demand for public amenities, the cost of which should be borne at least in part by new development and not solely by existing residents. Therefore, if CACs are not paid to help provide needed amenities, it is not in the public interest for the local government to support the rezoning.

CACs are typically calculated as a dollar value per sq.ft. of new residential floor-space, with credit given for any existing floorspace on the subject property that is being replaced (i.e., the same approach as taken in calculating DCC payments). For example, if a property is being rezoned to accommodate 10,000 m$^2$ of residential floorspace and there are 1,000 m$^2$ of existing residential floorspace that are being demolished, CACs are only payable on 9,000 m$^2$ of floorspace.

The CACs payable per m$^2$ of new residential floorspace varies widely among municipalities since amenity needs also vary widely, along with the costs of providing them.

The City of Coquitlam's first and only CAC program to date was adopted by Council in February 2013 for the Burquitlam-Lougheed TDS area to assist with the funding of a new community centre for that neighbourhood. This voluntary CAC program was applied to all net new residential development below a Floor Area Ratio (FAR) of 2.5 where a rezoning is required in the Burquitlam-Lougheed TDS area. Above the 2.5 FAR base, the applicant has the option of utilizing the broader density bonus program to gain additional residential floorspace above the base, to a maximum amount depending on the requested zoning. The CAC rate has been set by the City at $32.29/rti^2 ($3.00 per sq.ft.) of net new residential floorspace.

In adopting this program, Council directed that there be a one-year grace period within which any development application subject to the payment of CACs would be exempt from payment if the rezoning was completed by February 2014. Marcon's RM-3 "Regan's Walk" low-rise apartment project on Regan Avenue was the only project to qualify for this exemption.

At the time that the CAC program was proposed, developers expressed a number of concerns about the details of the program. The Urban Development Institute (UDI) summarized these concerns in a letter to the City dated November 6, 2012 that set out the eight principles that UDI believed the program should follow (Attachment 4).

These principles were addressed by the City in structuring its CAC program, which subsequently helped gain a higher level of support for the program from the development community. This included addressing the concern of some developers that the CAC program would continue in perpetuity in the Burquitlam- Lougheed neighbourhood as a general funding source long after the new community centre has been fully funded. In establishing the CAC program, it was determined that once the City has collected sufficient CAC money to cover the cost of the facility, or if another method is found for having the centre and associated facilities constructed, such as through a public-private partnership, the CAC program will cease or be modified accordingly. Developers have been advised that, in such a case, Council authorization will be needed to formally terminate or amend the program.
Density Bonus and Community Amenity Contributions (CACs)

CACs are a voluntary contribution made by a developer when City Council approves certain types of rezoning applications. Density bonus contributions are financial contributions made to the City by developers in exchange for additional density above an established base density set out in the Zoning Bylaw. As the Floor Area Ratio (FAR) increases, CACs (below 2.5 FAR) and density bonus (above 2.5 FAR) revenue increases as well.

The graphic below helps explain the process. For detailed information on the density bonus program consult the Zoning Bylaw.

- **Step 1**: Contribution of 75% of the land value of additional 0.5 FAR density.
- **Step 2**: Contribution of 65% of the land value of additional 0.5 FAR density.
- **Step 3**: Contribution of 50% of the land value of additional 0.5 FAR density.
- **Step 4**: Contribution of 35% of the land value of additional 0.5 FAR density.
- **Step 5**: Contribution of 25% of the land value of additional 0.5 FAR density.

**Zones:**
- RM-4 - Multi-storey high-density apartment residential (8-12 storeys)
- RM-5 - Multi-storey high-density apartment residential (8-20 storeys)
- RM-6 - Multi-storey high-density apartment residential (no height limit)
- C-4 - City Centre Commercial
- C-7 - Transit Village Commercial

Doc. # 2021317
Determining a One-Family Community Amenity Contribution (CAC) Rate

For consistency, the CAC rate for one-family dwellings was set following the same criteria as in the existing DCC program. These one-family rates are set as a per lot charge for large lots equal to greater than 375 m² (4,037 sq.ft.) and small lots less than 375 m². All other forms of residential development are charged a rate per m² of floorspace.

CACs are charged at the rezoning stage of the development application process. For most forms of development, the ultimate size of the units is known at the time of rezoning through the accompanying development permit and the appropriate CAC charge can be applied. For most one-family development, the ultimate size of the units is unknown at the time of rezoning, with the lots being subdivided and then sold to builders who proceed with their own application to construct the houses at a later date.

To determine an appropriate one-family dwelling CAC rate, an assessment was undertaken of all one-family development in Coquitlam in 2014. The average large and small lot size was multiplied by the average lot coverage, multiplied by the CAC rate of $32.29 per m².

Table 3 – Determining a One-Family CAC Rate

<table>
<thead>
<tr>
<th>Lot Size</th>
<th>Average Lot Size</th>
<th>Average Lot Coverage</th>
<th>CAC Multiplier</th>
<th>Proposed CAC Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large One-Family Lots</td>
<td>490m²</td>
<td>35%</td>
<td>$32.29/m²</td>
<td>$5,500</td>
</tr>
<tr>
<td>(equal to or greater than 375m²)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small One-Family Lots</td>
<td>355m²</td>
<td>42%</td>
<td>$32.29/m²</td>
<td>$4,800</td>
</tr>
<tr>
<td>(less than 375m²)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Figures have been rounded for clarity
November 6, 2012

Erica Tiffany
Supervisor Development Planning
City of Coquitlam
3000 Guildford Way
Coquitlam, BC V3B 7N2

Dear Ms. Tiffany:

Re: Proposed Coquitlam Community Amenity Contribution (CAC) Program

The Urban Development Institute – Pacific Region (UDI) welcomes the opportunity to respond to the City of Coquitlam’s proposed Community Amenity Contribution (CAC) program. UDI represents the voice of the development industry in British Columbia – this includes over 600 corporate members who collectively generate more than $30 billion in economic activity and 250,000 jobs in the province annually.

UDI Recommendations

1. Since the City already approved (with consultation from industry) a density bonus program for the RM-4, RM-5, RM-6 and C-7 zones in the Burquitlam-Lougheed Neighbourhoods (under the assumption that the base densities would increase to 2.5 FAR at no charge), the City should re-examine how the proposed CAC is applied in these specific zones (see details on last page).

2. The City establish a detailed capital plan prior to proceeding with the proposed CAC program.

3. The City define and identify all of the beneficiaries of the proposed CAC program to better explain the rationale for the program.

4. The City define the internal and external accountability measures, as well as review measures, in place before proceeding with the proposed program.

5. The City provide details regarding where the amenities will be located and in what timeframe. Both the developer and buyer will want the amenity built in a timely manner.

6. The City consider the impact this program will have on the diversity of market affordable housing options along the Evergreen Line. The City might want to consider a lower CAC charge for certain areas or projects that are intended to be more affordable.

7. If the proposed program is approved, grandparenting provisions should be allowed for developers who have already approached the City with development proposals.
Need for CAC Program

The proposed CAC program suggests that it aligns with one of the objectives stated in the City’s Transit-Oriented Development Strategy (TDS) – the objective to “Create Great Places”. The stated goal of this objective is the “provision of improved or new community amenities in Evergreen Line station areas.” UDI supports both the objective outlined in the City’s TDS and welcomes the provision of improved community amenities in the vicinity of Evergreen Line station areas.

The proposed CAC program discusses the City’s revenue constraints surrounding broad-based property taxes, and the ability of this revenue source to fund new-growth related capital costs. Additionally the proposed program states that, “the capital burden on new-growth related facilities should not unfairly burden existing residents”, despite recognition that existing residents will also be beneficiaries of such facilities.

Similarly, UDI contends that new homebuyers in Coquitlam - many first time buyers – should not be disadvantaged with the full burden of costs as they relate to additional amenity investments. Indeed, new homebuyers already finance growth-related ‘core’ community infrastructure through Development Cost Charges (DCCs) imposed on developers and ultimately passed on to the homebuyer. UDI notes that DCCs in Coquitlam for apartments recently increased 15%.

The City is also exploring a $20,000 “payment-in-lieu” of parking program to build new public parking facilities in Station Areas. UDI wrote a letter on October 23, 2012 expressing our concerns about this program. The City also has “density bonus” programs in place to fund amenities in the City Centre and Burquitlam-Lougheed neighbourhoods.

Diverse Housing Options

Amongst new homebuyers, there are a range of needs and expectations. Indeed, the concept of developers/new homebuyers pooling money for shared amenities has significant merit that many of our members would support. However, there are also a range of residents, eager to enter the housing market, who might prefer a lower priced home over additional amenities in their community. Indeed, in a recent Metro Vancouver Household Survey (cited in the Metro Vancouver Apartment Parking Study), the top factors mentioned by residents as most important for choosing their home were price point, proximity to transit, and proximity to shops (in order). A low priced home, in a mixed use neighbourhood near an Evergreen Line station is highly desirable. The City should consider the impact their amenity policies will have on the type of market development that occurs along the Evergreen Line (prices, unit sizes, number of bedrooms, etc).

Principles for levying contributions – and proposed CAC program

UDI appreciates and welcomes the recognition by the City of eight core principles for the levying of contributions – within the framework of the proposed CAC program. The proposed program is evaluated in the context of those principles below.

1. Need and Nexus

While UDI supports the City’s perspective that station areas along the Evergreen Line will benefit from increased community amenities, the proposed program fails to identify the nature and cost of those amenities and lacks a detailed capital plan. Secondly, the proposed program has not demonstrated the connection between new development and the
demand for amenities that would be contained in any capital plan. Thirdly, the proposed program does not detail the correlation or relationship between beneficiaries of CAC-related amenities – that is new residents and existing residents – and any proposed amenities in station areas.

2. Transparency
UDI applauds the transparent nature in which the City of Coquitlam proposes to levy CACs, as outlined on page 2 of the proposed program. The City clearly outlines the rate and how it will be applied to additional residential floor space.

3. Equity
The City has provided a map of TDS 'Core' areas and 'Shoulder' areas in which the proposed CAC program would apply. In this regard the proposed program has aligned with the 'Equity' principle in that all developments within the mapped areas will be levied based on their relative contribution to amenity needs. However, further clarity and analysis is needed with regards to amenity needs and the beneficiaries of those amenities – including existing residents.

4. Certainty
The City has clearly identified the areas where new development will contribute CAC's, and has provided certainty to the numerical calculations of those CACs. In this regard, UDI believes the City's policy is firmly in line with the principle of 'Certainty'.

5. Efficiency
As noted above, the City has yet to detail the proposed CAC program's related capital plan. Without a capital plan and clearly defined costs in support of such a plan, it is difficult to assess the efficiency of the proposed CAC program. UDI contends that a supporting capital plan – based on whole of life capital cost basis – would better justify that the proposed program meets the principle of 'Efficiency'.

6. Consistency
The proposed program is not based on an alternative approach of negotiation. Rather, it is transparent, has defined and clearly mapped contribution areas, and a defined cost for additional floor space. UDI contends that the proposed program adequately supports the principle of 'Consistency'.

7. Right of Consultation and Arbitration
UDI believes the City has provided a framework that could support the 'right of consultation' of developers and landowners, as it relates to the proposed CAC program. The proposed program has not defined a mechanism of review should a developer believe that a calculated CAC may be unreasonable.

Development requires an environment that provides both certainty and flexibility. UDI contends that a rigid CAC program must also provide for exceptions to the rule – particularly in instances where a calculated CAC may be unreasonable given the unique economic circumstances or attributes of an individual project.

8. Accountability
UDI firmly believes that any contributions system which lacks accountability does a disservice to both the development industry and the community. UDI contends that the proposed framework could support the right of review for landowners and developers, and if so, would provide a basis in which the City of Coquitlam would levy CACs in an accountable manner.
Existing Density Bonus Program (Burquitlam-Lougheed Neighbourhood)

On July 10, 2012 UDI sent a letter to Coquitlam showing support for the City’s proposed amendments to the City’s High Density Apartment Residential Zones (RM-4, RM-5, R-6) and the Transit Village Commercial Zone (C-7). We supported these changes since the City was increasing the base densities to 2.5 FAR (at no fee), with clear direction on the financial contributions for additional densities. Under the proposed CAC program, developers will now be charged for the first 2.5 FAR in the Burquitlam-Lougheed neighbourhood Core and Shoulder station areas (where the RM-4, RM-5, R-6, and C-7 zones will apply).

The proposed CAC program contradicts the density bonus program that UDI previously responded to. This undermines the previous consultation process, as it would have been more appropriate to have both policies presented at the same time.

These changes also have implications on the land market. When developers buy land (with expectations on the fee structures), it becomes more difficult to supply an affordable product when new costs are added retroactively.

UDI recommends that Coquitlam explore options to honour the intent of the density bonus program. Additional revenues, if needed, could be achieved through increased density. If the City charges for the first 2.5 FAR (for equity reasons), adjustments could be made to the density bonus contributions to ensure that the overall changes are revenue neutral. UDI would have similar concerns if the City applies the CAC program to the City Centre. UDI would be pleased to have further discussions with staff on this matter.

Conclusion

We thank Coquitlam staff for consulting with UDI on this matter and appreciate the opportunity to provide feedback. We look forward to continuing to work with the City on this and other matters.

Sincerely,

Original signed by:

Anne McMullin
President and CEO
City of Coquitlam

Proposed Community Amenity Contribution (CAC) Program Expansion

November 2, 2015
Current CAC Program

- Adopted in 2013 for the Burquitlam-Lougheed area
- Rate of $3.00 per sq. ft.
- Applies to all multi-family developments (duplex and above)
- Only applies to residential floorspace below 2.5 FAR
- Council direction for this funding to be targeted for a new Community Recreation Centre in Burquitlam
Relationship Between CAC and Density Bonus

- Density Bonus above 2.5 FAR
- CACs below 2.5 FAR
Proposed CAC Program Expansion

Expand CAC program Citywide

- Apply to all residential development (including new single-family dwellings) with a credit for existing floorspace
- Only applies to floorspace below 2.5 FAR
- Consistency and equity across the City
Proposed CAC Program Rates

Building on the DCC program rate structure

- $3.00 per sq. ft. for all multi-family Development (duplex and above)
- $5,500 per parcel for one-family lots equal to or greater than 375 m²
- $4,800 per parcel for one-family lots less than 375 m²
- Credit for existing floorspace
Allocation of Revenue

Expand from Current Program:

- From Burquitlam-Lougheed area to Citywide
- Similar to existing DCC program
- Ensure balance and equity across City when allocating funds
- Sensitivity to priority neighbourhoods (i.e. Burquitlam)
Use of Revenue

Recommend approach based on Project Evaluation and Prioritization Process

- Target CAC funds primarily to Parks, Recreation and Culture projects
- Build on PRC Master Plan
- Evaluate PRC capital projects based on established process
- Determine project priority and cost share from CAC revenue
- Support existing budget and financial planning processes
Next Steps

1. Consultation with development industry – Fall 2015

2. Consider as added funding source to PRC's Project Evaluation and Prioritization Process – Fall 2015


4. Implement expanded CAC program – Early 2016 (with one year grandfather provision)