

Policy for Density Increases

Phase 1: What is being proposed?

Principles of Density Bonusing

- The legislation (LGA) says that:
- If the City wishes to gain affordable housing, amenities, or contributions thereto from new development, the developer must realize a benefit in return.
- The benefit is increased density over what is allowed today.

Density

- Findings of the Land Economist show that Kelowna land is valued based on OCP designated density, not zoning;
- The OCP is under review & the distribution of density is a key part of this review;
- The City is not ready to change density before the OCP review is complete.

What Can the City do Today?

- Make the application of existing bonuses in the zoning by-law clearer;
- Provide direction for contributions to the City for development applications that amend the OCP to increase density (including height).
- Act in conformity with the existing OCP and Zoning By-law.

Proposed Council Policy

- Today's recommendation is to adopt a Council Policy which can be implemented immediately and which conforms to the OCP and Zoning By-Law.
- Remember *the developer has a choice*: to build according to what density is allowed, or to choose to increase the density and give something back to the community in return.

How it would work:

- Existing density bonuses that are in the zoning by-law in return for affordable and special needs housing will require either:
 - 1/2 of the increase in net floor area to be affordable housing guaranteed by a housing agreement: or
 - Cash in lieu of housing based on 100% of the land value of the net floor area increase;

Cash-in-Lieu:

- If the developer can build 1,000 sq. ft. (net) more with a density bonus, value of the 1,000 sq. ft. is determined based on how much more land would have to be bought to build another 1,000 sq. ft. if there was no density bonus (or increase).
- This is very different from what 1,000 sq. ft. of building is worth to sell.

Cash-in-lieu:

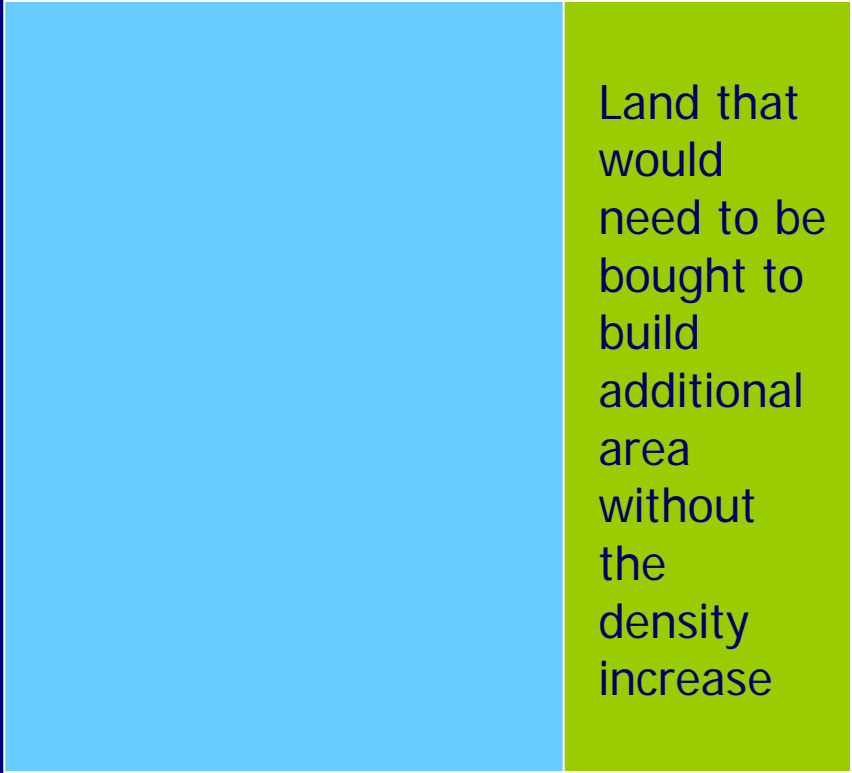
- Kelowna value of net building floor area, based on how much land would have to be bought to build it, can range from about \$35 to \$55 per sq. ft. of building (net).
- Net residential floor area would sell for over \$300 per sq. ft.

Value of Net Residential Floor Area



Net Building
area allowed.

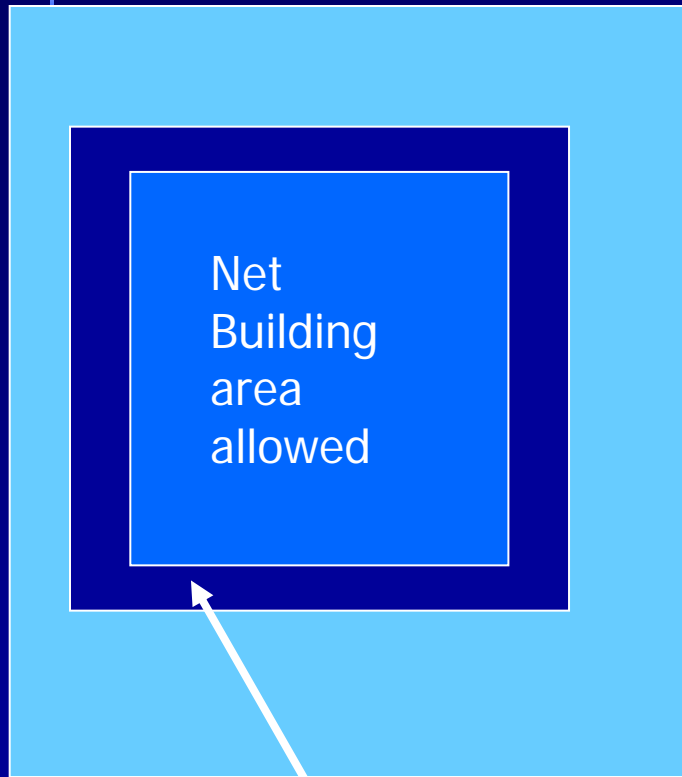
Increase in
net building
area proposed



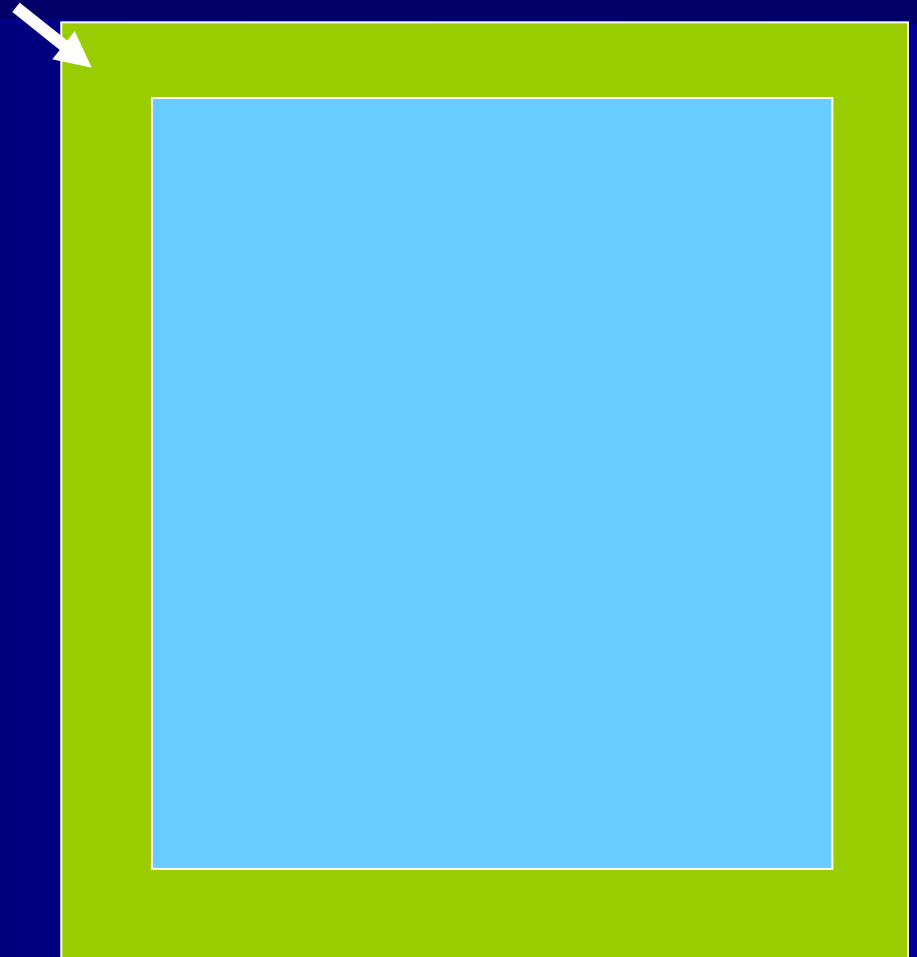
Land that
would
need to be
bought to
build
additional
area
without
the
density
increase

Value of Net Residential Floor Area

Land that would need to be bought to build additional area without the density increase



Increase in net building area proposed



Policy for Zoning Bonuses

- Cash-in-lieu would be calculated at \$40 / sq. ft. for the area of the bonus offered in the By-law
- Cash-in-lieu would be available for projects of 10 dwellings or less;
- Cash-in-lieu for projects more than 10 dwellings would require a report providing compelling reasons for not providing affordable housing on site.

Policy for OCP Amendments

- When a development application requests an increase in OCP density by amendment:
- 75% of the increase in net residential floor area must be affordable housing or amenities; or
- Cash-in-lieu payment based on 75 % of land value of the increase in net residential floor area would be available based on a report providing compelling reasons for not providing affordable housing or amenities on the site.

OCP Amendments

- Value of 75% of the net increase in floor area should be calculated by a qualified professional provided by the applicant.
- City staff can provide an estimate based on the price / net build-able sq. ft. that was paid for the land, using FAR (floor area ratios).