

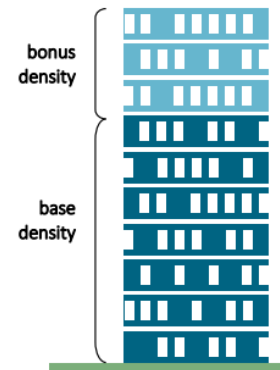
Overview of Municipal Density Bonusing Policies

Key Takeaways

- Density bonusing has been in use in Calgary for decades. One of the most well-known benefits it has provided is the +15 System in the Downtown. Density bonus policies in the Downtown and the Beltline have provided publicly accessible open spaces, public art, enhanced pedestrian areas and the preservation of heritage buildings.
- Density bonus policies supporting heritage conservation specifically exist in the Beltline, Downtown, East Village, Hillhurst/Sunnyside and Sunalta. These policies have been successful in protecting heritage resources in Calgary, but only in areas with sufficiently-high densities.
- Further evaluation regarding the broader applicability of this tool is being considered through the Established Areas Growth and Change Strategy (EAGCS). Future reporting from Phase 2 is anticipated to provide further comments on the use of density bonusing in the growth context.

What is Density Bonusing?

Density bonusing is a planning practice in which development must provide public amenities to accompany the additional density it is proposing. The municipality establishes a base density that can be developed on all parcels with no need for additional contributions. Developments seeking additional, “bonus” density must, however, provide the contribution. Contributions can take the form of providing physical amenities on-site, such as publicly accessible open spaces. They can also be in the form of financial contributions that are used to finance public amenities. A further option is to receive bonus density through the conservation of heritage buildings.



Considerations Impacting Density Bonusing Systems

Overlapping Policy Objectives

The Municipal Development Plan encourages redevelopment and higher densities in key areas of the city, primarily Activity Centres and Main Streets. Establishing the right base density is key to encouraging the desired development in these areas. Requiring a density bonus contribution for what may be considered as an appropriate “base density” may discourage development and unintentionally undermine The City’s vision. Encouraging and allowing a development to exceed the “right” base density may not be supported by the community. If at all, density bonusing may, therefore, only be a viable option on specific, landmark sites in these planning areas. Additionally, while the Municipal Development Plan vision encourages redevelopment in key areas, it also encourages the preservation of Calgary’s heritage. Our city’s heritage assets are, however, most commonly found in the areas where there is market demand and redevelopment is being encouraged.

Market Demand and Acceptance for Density

For density bonusing to be a viable tool in a community, market demand must exist for developments at the determined base, and bonus densities. As the demand for density, and the planning objectives relating to density are not equivalent between communities, density bonus policies are unlikely to have

equivalent outcomes. The additional development density associated with bonusing may also be undesirable to certain communities, with the potential contributions perceived as insufficient to offset the impacts of allowing denser developments.

Predictability, Consistency, And Ease-Of-Use

Predictability, consistency and ease-of-use have been identified as key success factors for a bonus density policy. Bonus density systems that provide a clear route to the desired density and that can be consistently factored into the pro forma of the proposed development is critical to the system's use. Bonus density items that can be provided by the development on-site and that directly enhance the site are often preferred. Further, density bonus items that can be achieved without requiring negotiations with other parties and thereby introducing uncertainty are preferable and most commonly used. Marginal density gains—for example under 1.0 Floor Area Ratio—are generally not attractive enough to a development to warrant the extra effort of density bonusing.

Comprehensive Cost of Development

Some amenities provided through a bonus density system may be more intrinsic to a development. In general, however, the additional cost should be commensurate with the provided benefits. The additional cost should also not be considered in isolation of other costs to the development, such as off-site levies and required infrastructure improvements or development standards.

Economic Value of Density

Where a variety of density bonusing options are available, the simplicity of making a financial contribution to a Community Investment Fund may be preferable to a development, unless another bonusing option is less expensive or otherwise perceived as beneficial to a project. As a result, the way in which a contribution rate is determined will impact outcomes for the other benefits/amenities that a bonusing policy intends to incentivize.

Density bonusing supporting heritage conservation

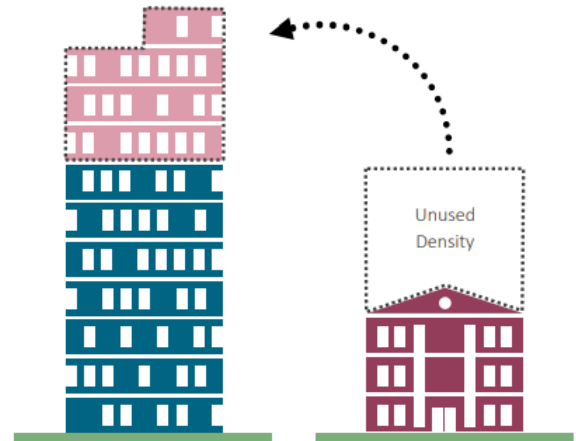
The most effective mechanism for density bonusing supporting heritage conservation has been the ability to transfer density from heritage to non-heritage sites, in exchange for legal heritage protection (15 properties). Density transfer and other heritage-incentive tools supported by density bonusing are briefly described below.

Density Transfer (Transfer of Residual Development Rights)

Heritage sites can be given the ability under a density bonusing system to transfer any unused development potential of their property to another site. The new development site can then use the acquired heritage density to reach their maximum bonus size.

The sale and transfer of density provides a financial incentive to the owners of heritage properties to preserve their building rather than redevelopment of the site. The City of Calgary is not involved in the financial transaction between the seller and buyer of the density.

A fundamental principle of density bonusing in Calgary is that the area receiving the additional density should also be the area receiving the amenity benefit. This principle may affect the viability of density transfer systems, because there may not be enough “receiving sites” within the bonus policy area. The varying development economics between areas may also require consideration because one density transfer could result in a significant density increase to an area that currently has low densities.



Generation of Additional Density Through Conservation Work

Owners of heritage resources that invest in restoring or rehabilitating their properties can earn further bonus density that they are able to transfer and sell to other sites (typically within the same plan area). This method is currently used successfully in the Centre City in Calgary.

Community Investment Fund Contributions Benefiting Heritage

When a density bonusing system that employs a community investment fund is established for an area, the financial contributions can be directed towards heritage conservation. This can be facilitated through grant programs or other financial incentives. This method is currently used in the Centre City in Calgary.

On-Site Heritage Resource Retention

If a heritage resource is part of a property that can accommodate a new development on-site, a density bonusing policy can allow the new building to achieve its bonus density in exchange for conserving the existing heritage building—which is often incorporated into the overall site design. This method is currently used in the Centre City in Calgary.

Individually-Negotiated Benefits

Municipalities may also enter into individual development benefit agreements, which may include ad-hoc benefits (site-specific uses or relaxations), or contributions to offset impacts such as the loss of heritage assets. This approach is sometimes used in Calgary through a direct-control district.