

**AMENDMENTS TO THE MISSION AREA REDEVELOPMENT PLAN AND LAND USE
REDESIGNATION (MISSION) BYLAWS 15P2013 AND 44D2013, CPC2013-051**

EXECUTIVE SUMMARY

Council has directed Administration to consult with the applicant, the Community, and the Ward Councillor to examine potential public benefits arising from an increase in density on the subject lands. Administration commissioned a land value assessment to serve as the basis for quantifying the potential financial impact of the higher density in order to inform the magnitude of public benefits that were possible to achieve from the higher density. The parties have not been able to agree to a specific monetary value or package of public benefits, but the applicant has presented a proposal for Council's consideration. With no agreed upon outcome, Administration has not prepared any specific amendments to the proposed Bylaws 15P2013 and 44D2013 which currently have first reading. Administration would prefer to develop any future incentive density system for the Mission area on a more comprehensive basis and not encourage piecemeal proposals on an application by application basis.

ADMINISTRATION RECOMMENDATION(S)

That Council file and abandon Bylaws 15P2013 and 44D2013.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2014 June 23 Council, moved by Councillor Woolley and seconded by Councillor Carra, approved Administration's request for a deferral of a report on Bylaws 15P2013 and 44D2013 to no later than the 2014 September Public Hearing of Council to allow for further public engagement.

On 2014 February 10 with respect to Report CPC2013-051 Council adopted the following motion, moved by Councillor Farrell, seconded by Councillor Woolley:

"That Council refer the item to Administration, to consult with the applicant, Community Association, and Ward Councillor, to examine potential public benefits arising from an increase in density, and return to Council no later than the second Quarter 2014."

BACKGROUND

The subject report relates to a land use redesignation application for the property located at 306, 308, 310 and 312 – 25 Avenue SW (Plan B1, Block 44, Lots 10 and 11 from DC Direct Control District to Multi-Residential – High Density Medium Rise (M-H2f4.5h24). The application also includes an amendment to the Mission Area Redevelopment Plan to allow for greater height and density. Calgary Planning Commission and the Corporate Planning Applications Group recommended refusal of the application. However, following the Public Hearing, Council voted to give first reading to the related bylaws to allow for the increased height and density. Prior to second and third reading, Council directed Administration to consider potential public benefits in exchange for the additional density.

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INVESTIGATION: ALTERNATIVES AND ANALYSIS

Since the 2014 February Public Hearing, the following has been undertaken:

- Administration commissioned a report from Coriolis Consulting to determine the potential increase in the value of the land as a result of the additional height and density. This report has been reviewed by all parties.
- Administration has met with the Ward Councillor and the applicant twice. The Community was also represented at the most recent of those meetings on 2014 August 08.
- The applicant met with the Community Association representative on 2014 June 27.

In order to address the Council direction to examine potential public benefit arising from an increase in density, Administration commissioned Coriolis Consulting to assess the impact to land value. Coriolis has been the advisor to Administration on all incentive density (density bonusing) policies since 2005. Coriolis has indicated that the additional density being proposed for the subject lands results in an increase in land value of approximately \$900,000. Using The City's typical amenity contribution approach in other areas, the contribution rate is based on 75% of the increase in value or \$675,000. The 75% factor acknowledges that The City is not trying to take all increase in land value and there are some costs to the developer at the time of development permit to use an incentive density system. A copy of the Coriolis report is included in this report as Attachment 1.

The applicant has considered the Coriolis report and is not willing to provide amenity contributions at this magnitude, but is willing to consider some form of cash contribution up to \$150,000 to be used at the discretion of The City and the Community as well as an additional \$150,000 of value to be earned by using the incentive density provision contained in the new Commercial Residential District CR20 that has recently been approved for the downtown area. This would result in a total contribution of \$300,000. A copy of the applicant's proposal is included as Attachment 2.

The Community has given considerable thought to the implications of this application being approved by Council with a built-in incentive density system. The community has re-iterated their opposition to the higher densities and heights on this site and would like them to remain as prescribed in the approved Mission Area Redevelopment Plan. Should Council approve this application with some form of incentive density system, the concern is that it will set a precedent for future applications and may result in a piecemeal approach to redevelopment in the area. Further, this could occur without a well-considered and full-scale community conversation about the potential benefits and costs that come with additional density. They do not feel they have enough information to understand what could be done with the cash contribution proposed and if it is enough to off-set the proposed density. The Community feels there has not been adequate time to engage the broader community to identify specific benefits that they would need with additional density. A copy of the letter from the Community Association is included as Attachment 3.

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Administration is of the opinion that the Coriolis assessment is the best available information at this time on which to base a site-specific incentive density system. The applicant has not provided any formal independent market appraisal or alternate site-specific assessment of their property. They have stated a preference to use the downtown system that is roughly half the monetary value of the Coriolis assessment. The downtown CR20 incentive density system and the established contribution rates were developed through a comprehensive review of land values. The land values are not directly applicable to the Mission area because the methodology for determining the values was specific to the downtown real estate market and downtown stakeholders. If there was a desire to extend a density incentive system to other parts of Mission, Administration would still use the Coriolis evaluation as the basis for future public engagement and stakeholder consultation. The principle of using some of the CR20 district's menu of public amenities in the Mission areas is supported in principle, but requires review and validation through a community consultation process. It is Administration's intent to use the CR district incentive density strategy as the main implementation tool where we review existing or develop new plans for intensification in other parts of the city. However, the values need to be customised to the local real estate market.

At this time there is no agreed upon proposal in place that works for the applicant, the Community or Administration. As a result, Administration has not prepared any specific amendments to the subject bylaws for Council's consideration. In order to facilitate the drafting of ARP and Direct Control provisions for this specific site that incorporate an incentive density system, Administration would require direction from Council on the value of public benefit being requested. Specifically, does Council support the Coriolis assessment (\$675,000), the applicant's proposal (\$300,000) or something in between? Once this is known, an ARP amendment and Direct Control District can be prepared to implement the direction. Such an amendment would be more restrictive than the current bylaws and therefore, a new public hearing would not be anticipated. However, a final determination on a new Hearing and re-advertising would need to be made once new bylaws are drafted and reviewed by the Law Department.

Administration has concerns with undertaking site-specific negotiations for incentive density. Without a standard and publicly available system in place, it is difficult to establish a level playing-field for any future applications or applicants. It can be time resource intensive on the part of Administration and stakeholders to negotiate such one-off applications with no guarantee a project will ever be built. If no project is built, then no benefit is provided to the community. But there will have been significant time resources invested with little certainty of any outcome. Further, site-specific negotiations lack the transparency and certainty that is provided by a comprehensive incentive density system. For these reasons, Administration recommends that if Council has a desire to pursue higher densities and an incentive density system in the Mission area, a more comprehensive framework and public engagement process is preferred. This work could be identified in future work programs.

Stakeholder Engagement, Research and Communication

Administration, the Ward Councillor and representatives from the Community Association have been meeting and sharing information in order to report back on Council's direction. No broad

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public engagement or communication has been undertaken and no additional information has been made available to the broad public through The City of Calgary website or other means.

Strategic Alignment

Not applicable for this report.

Social, Environmental, Economic (External)

Social

Negotiating density and public benefits on a site by site basis can cause uncertainty within the community that could negatively impact social cohesion and erode trust between stakeholders.

Environmental

The additional density being proposed takes advantage of an existing complete community, bringing more people into an area that has a full range of services in walking distance that has the potential to reduce vehicle trips and related emissions. Further, increasing density in exchange for public benefits has the potential to provide for public realm improvements or private developments that contribute to better environmental performance on both a site and community-wide basis.

Economic

Increasing densities and providing for better community amenities can improve the economic vibrancy of established neighbourhoods. However, increasing densities on a site-by-site basis where a comprehensive plan and related land use districts currently exist can introduce land speculation into the area.

Financial Capacity

Current and Future Operating Budget:

No impacts have been identified for this recommendation.

Current and Future Capital Budget:

No impacts have been identified for this recommendation.

Risk Assessment

No risks have been identified with respect to this report.

REASON(S) FOR RECOMMENDATION(S):

The purpose of this report is to update Council on the consultations between Administration, the Ward Councillor and the applicant with respect to examining potential public benefits arising from an increase in density. No agreed upon outcome has been achieved and Administration does not support introducing incentive density systems on a piecemeal basis. The preferred method is to undertake more comprehensive land value assessments within the context of a broader community planning exercise where specific opportunities for higher densities have been identified. For these reasons, Administration recommends that the proposed Bylaws 15P2013 and 44D2013 be filed and abandoned.

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ATTACHMENT(S)

1. Assessment of Impact on Land Values - Coriolis
2. Applicant's Proposal
3. Letter from the Cliff Bungalow-Mission Community Association
4. Proposed Bylaw 15P2013
5. Proposed Bylaw 44D2013