



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 14.2.2
Halifax Regional Council
December 6, 2016

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

Councillor Waye Mason, Chair
Community Planning and Economic Development Standing Committee

DATE: September 16, 2016

SUBJECT: Implementation of Density Bonusing for Private Rental Affordable Housing in the
Regional Centre

ORIGIN

Motion passed at the September 15, 2016 meeting of the Community Planning and Economic Development Standing Committee.

LEGISLATIVE AUTHORITY

Section 3 of the Committee's Terms of Reference - 'Providing oversight of HRM's Regional Plan and Regional Planning Initiatives'

RECOMMENDATION

That Community Planning and Economic Development Standing Committee recommend Regional Council direct staff to:

1. Develop an incentive or bonus zoning program for affordable housing benefits, including an Administrative Order and any required financial tools, in accordance with the program goals, assumptions, principles and directions outlined in this staff report; and
2. Direct staff to negotiate with Housing Nova Scotia a Memorandum of Understanding assisting with the monitoring of affordable housing units provided by way of incentive or bonus zoning agreements

BACKGROUND / DISCUSSION

A staff report was submitted to the Community Planning and Economic Development Standing Committee at its September 15, 2016 meeting, and a presentation was provided. The Committee considered the report and approved the staff recommendation as noted above.

FINANCIAL IMPLICATIONS

The attached staff report addresses financial implications.

COMMUNITY ENGAGEMENT

The Community Planning and Economic Development Standing Committee is a Committee of Regional Council comprised of six Councillors. The meetings are open to the public and the Committee's agendas, minutes, and reports can be viewed at Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

The attached staff report addresses environmental implications.

ALTERNATIVES

The Committee did not provide alternatives.

ATTACHMENTS

Attachment 1: Staff report dated September 6, 2016.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Sheilagh Edmonds, Legislative Assistant 902.490.6520



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No.
Community Planning & Economic Development
Sept. 15, 2016

TO: Chair and Members of Community Planning & Economic Development

SUBMITTED BY: **Original Signed by:**

Bob Bjerke, Chief Planner & Director Planning & Development

DATE: September 6, 2016

SUBJECT: **Implementation of Density Bonusing for Private Rental Affordable Housing
in the Regional Centre**

ORIGIN

Halifax Regional Municipal Planning Strategy (2014):

Policy RC-3: The Vision Statement and Guiding Principles adopted for the Regional Centre shall provide guidance for the Regional Centre Secondary Municipal Planning Strategy and Land Use By-law. Consideration shall also to be given to incenting development in the Regional Centre, streamlining development approvals, density bonusing and the other applicable objectives and policies of this Plan.

Policy S-30: When preparing new secondary planning strategies or amendments to existing secondary planning strategies to allow new developments, means of furthering housing affordability and social inclusion shall be considered including (...): f) introducing incentive or bonus zoning in the Regional Centre.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter ("HRM Charter") clause. 229 (1)(j) "A municipal planning strategy may include statements of policy with respect to any or all of the following:... (j) municipal investment for public and private development and the coordination of public programs relating to the economic, social and physical development of the Municipality;"

Nova Scotia *Municipal Government Act* Statement of Provincial Interest Regarding Housing "Planning documents must include housing policies addressing affordable housing, special-needs housing and rental accommodation".

HRM Charter Subsection 245A(4) “Where land-use by-law provides for incentive or bonus zoning within the Centre Plan area, the land-use by-law must provide the inclusion of affordable housing in a development, in addition to any other requirements adopted by the Council, as the contribution for any incentive or bonus zoning applicable to the development”.

HRM Charter, subsection 245(5) “Notwithstanding subsection (4), the land-use by-law may provide that the Council may accept money in lieu of a contribution under this Section”.

HRM Charter, subsection 245(6) “The municipality shall use any money accepted in lieu of a contribution under this section for the purpose for which the money was accepted”.

HRM Charter clause 209(p) In this Part and Part IX, unless the context otherwise requires... (p) “statement of provincial interest” means a statement of provincial interest under the *Municipal Government Act*.

HRM Charter subsection 214 (1) “Planning documents adopted after the adoption of a statement of provincial interest that applies within the Municipality must be reasonably consistent with the statement”.

HRM Charter, subsection 73(b) Highway, housing and trails agreements.

RECOMMENDATION

It is recommended that CPED recommend that Regional Council direct staff to:

1. Develop an incentive or bonus zoning program for affordable housing benefits, including an Administrative Order and any required financial tools, in accordance with the program goals, assumptions, principles and directions outlined in this staff report; and
2. Direct staff to negotiate with Housing Nova Scotia a Memorandum of Understanding assisting with the monitoring of affordable housing units provided by way of incentive or bonus zoning agreements.

BACKGROUND

Housing affordability is a key determinant of the health and quality of life, and is identified as a key issue in the Halifax Regional Municipal Planning Strategy. The Halifax Economic Growth Plan (2016-2021) identifies housing affordability as a key issue and includes a goal of increasing the supply of non-market housing from the current 4% of the overall housing stock. Recent Centre Plan consultations identified affordable and mixed income housing as one of the top three issues (What We Heard Report, May 2016).

In October 2013 Council endorsed HRM's formal participation in the Housing and Homelessness Partnership led by the United Way (the Partnership). A Partnership Charter signed by senior officials on September 4, 2014 identified contributions by each partner with municipal contributions identified as:

- leveraging municipal resources by liaising with and coordinating the involvement of municipal departments and services;
- exploring ways to positively impact affordable housing via programs, policies and regulations that the Municipality controls, as per the Regional Municipal Planning Strategy; and
- undergoing community development/engagement to build public understanding and acceptance of various forms of housing across the Municipality.

In May of 2015 the Partnership endorsed affordable housing targets (3,000 new units over 5 years and 2,000 preserved or upgraded) which will require new tools and new systems of delivering affordable housing units. Each partner is asked to consider what contributions they can make to meeting these targets. Density bonusing has long been discussed as one of the keys tools the Municipality has at its disposal to increase the supply of affordable private rental housing.

Given that the Municipality is in the process of implementing a number of secondary municipal planning processes in the Regional Centre, including the Centre Plan and a review of planning documents in Downtown Dartmouth and Downtown Halifax, it is important to consider in advance how density bonusing can be implemented consistently across the Regional Centre.

Specifically, there needs to be a comprehensive strategy for how affordable housing as a public benefit can become a realistic and attractive option within the limits of what is appropriate for a given area based on policy and Urban Design. The purpose of this report is to outline a proposed approach and key elements of a potential program to help ensure that land use policies, by-laws and an administrative program reflect Council's vision for the program.

DISCUSSION

1. Overview of Density Bonusing

A density bonus is an increase in built area in exchange for public amenities and/or benefits that contribute to the livability and proper planning of the neighbourhood affected by the resulting increase in density. Density bonusing is a planning, rather than a financial, tool that can help situate development in a neighbourhood context.

Density bonusing allows for viable developments because the amount that a developer is willing to pay for property is in large part a function of the type and amount of development that they expect would likely be approved, and the anticipated financial performance of that development in the context of existing and anticipated future markets. Where there is a well-considered and calibrated density bonusing system, developments are able to proceed viably, often with greater planning and political certainty and predictability. Over time a more resilient and attractive development market evolves due to consistently higher quality development and amenity outcomes. Developments are able to contribute amenities and public benefits when additional

density is granted, because of the real and often significant financial value that such density represents. The density bonus tool is a tool that works specifically to fund public amenities and benefits in the neighbourhoods that attract additional people.

Density bonusing has been enabled in the Downtown Halifax Secondary Municipal Planning Strategy (SMPS) since 2009 following a rigorous lobbying process from the Municipality. Since 2009 some public benefits have been achieved in Downtown Halifax through the use of density bonusing, most related to sustainable building practices or additional parking. Although “affordable housing” was a potential contribution listed in the land use by-law, affordable housing units were not achieved through this tool due to a number of reasons.

Amendments made to the HRM Charter in 2014 enabled the Municipality to extend this practice to the Centre Plan area. Current provisions of the HRM Charter also stipulate that in the Centre Plan area a portion of the bonus must be provided in the form of “affordable housing” which is defined in s. 209 (a) as “housing in the Centre Plan Area that meets the needs of a variety of households in the low to moderate income range”.

In 2015 HRM commissioned a *Housing Needs Assessment* (SHS Inc. et al, 2015) as well as the *Density Bonusing Study* (TEAL et al, 2015)¹. The studies demonstrated the gaps in affordable housing as well as the potential of density bonusing as a planning tool provided that a number of changes are made to the current system. While density bonusing is not seen as a panacea to address affordability, it can help mitigate some of the increases in land values spurred by new development and provide an important community benefit. In order to achieve those goals, the study recommended a number of structural changes to the density bonusing approach, such as an increase in the density bonus rate based on a coefficient of local land values, shortening the list of eligible benefits, and ensuring that the Municipality, not the developer, makes a determination on the appropriate public benefit.

The *Density Bonusing Study* provided a number of over-arching recommendations on how the density bonusing system could be more effective and efficient. The study also provided some direction on how the Municipality could fulfil the requirement of mandatory affordable housing, but the development of an implementation program was beyond the scope of the study. Since then staff researched other density bonusing programs in Canadian and U.S. jurisdictions, including implementation guidelines and regulations.

2. Municipal Role in Incentivizing Housing Options

The delivery of social housing programs, as indicated by the *1996 Service Exchange Agreement*, is the responsibility of the provincial government. However, the HRM Charter provides a broad scope for statements of policy in municipal planning strategies, including any matters related to the physical, economic and social environment of the Municipality. The *Provincial Statement of Interest on Housing* was added to the *Nova Scotia Municipal Government Act* in 1998 and continues to apply to the Municipality, and states that planning documents must include housing policies addressing affordable housing, special-needs housing and rental accommodation.

The 2015 *Halifax Housing Needs Assessment* concluded that households in Halifax up to the third income decile (\$40,692) were not able to afford the average market rent of \$934 per

¹ See Centre Plan <http://shapeyourcityhalifax.ca/centre-plan>

month. In 2015 the average market rent for a 2-bedroom apartment in the Municipality was \$1,048 per month, and \$1,427 per month for a new 2-bedroom unit (constructed after 2005). The difference or “rent gap” between a new unit and a below-market unit is approximately \$380 per month or \$4,560 per year.

Given the limited amount of funding that has been available for housing programs serving households with low and moderate income levels since 1993, many municipalities are exploring how planning tools can leverage additional moderately-priced housing in locations close to transit, services and employment. Municipal involvement typically focuses on households that earn above the threshold of eligibility for social housing, but not enough to be able to afford private market housing (typically from the second and up to the fourth or fifth income decile depending on household size – see Fig. 1).

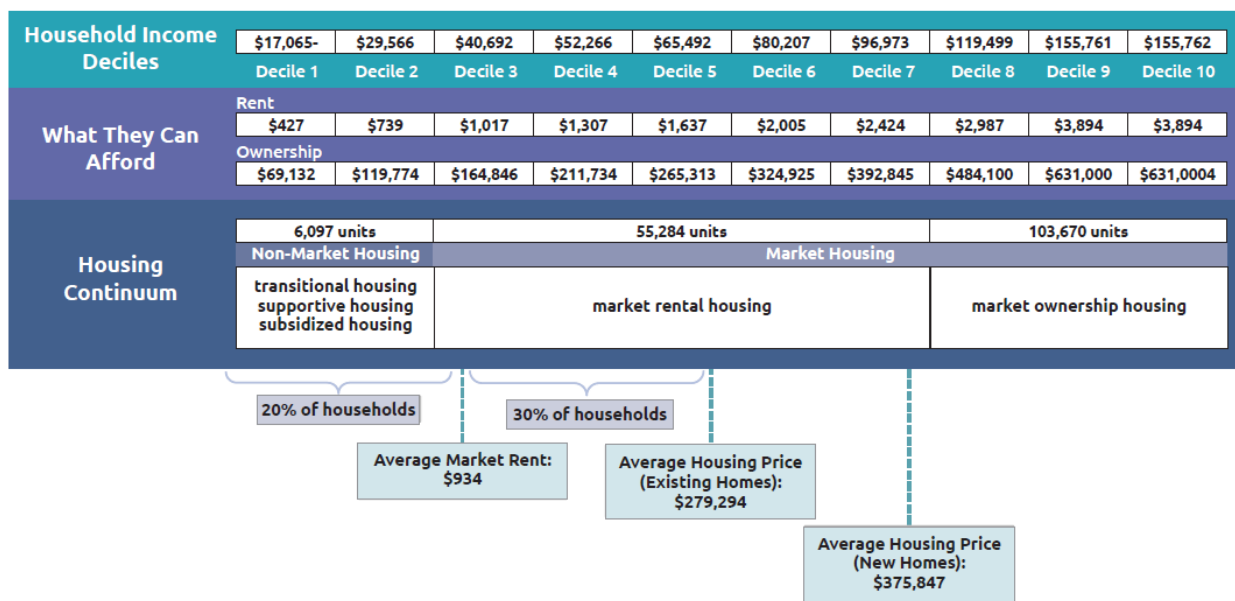


Figure 1 - Halifax Housing Needs Continuum (SHS, 2015)

There is therefore an opportunity for the density bonusing tool to increase options in the low and mid-range cost housing without municipal expenditure of funds. The program must be tailored to the local market and designed to ensure fairness, clarity and predictability for both the public and developers. Staff would like to confirm with Council certain assumptions, goals and principles prior to developing a full-fledged policy and program framework.

3. Program Goals, Assumptions & Guiding Principles

In developing a density bonusing implementation program staff is proposing a number of goals, key assumptions and guiding principles. These are outlined in the following section.

3.1 Goals

1. To increase the number of affordable private rental units as part of integrated developments;
2. To provide a clear and quantifiable definition of affordable housing for the purpose of the program;
3. To enable a fair, clear and transparent density bonusing framework in appropriate areas;
4. To develop a streamlined program and process for accepting affordable housing as part of a density bonus public benefit contribution; and
5. To develop a monitoring program for affordable housing public benefits.

3.2 Assumptions

1. An adequate supply of well-built and well-maintained housing serving the full range of residents' incomes and needs is vital to the interests and economic development of the Municipality.
2. Housing is a shared responsibility of all three levels of government in partnership with the private and non-profit sectors and collaboration and partnerships are key to addressing the Municipality's housing needs. Multiple approaches and solutions are needed to address housing issues.
3. The Province of Nova Scotia is primarily responsible for the provision of *affordable social housing*, which is generally defined as rental housing designed to be affordable for households with incomes that are generally between 80% and 65% or less of the median renter income for the household's size. It includes different categories of housing that may include additional services needed by the residents. It includes publicly provided housing, rent supplements, co-ops, non-profit and supported housing. Affordable social housing is created, operated and funded through direct initial and ongoing government subsidies.
4. The Municipality is obliged to provide for a full range of housing options in its municipal planning strategies and can use density bonusing in the Centre Plan area to enable the voluntary creation of housing that is affordable to low and moderate income households. For the purpose of density bonusing, *affordable private sector housing* can be defined as rental housing affordable and targeted for specified-term occupancy to households with incomes between 80% and 65% of the median family income. It is housing that receives up-front government subsidies or incentives but generally does not require on-going (operating) subsidies and is below average market rents.

5. The Municipality does not wish to own any units created as a result of the density bonusing program as the units are not related to a core municipal purpose. The units however could be transferred to an approved third party or non-profit organization.
6. The proposed program will be designed for rental family-oriented units (2-bedroom or more) in part to keep the program simple, and to address the high rate of affordability challenges among renter households in the Regional Centre. The program could include an affordable ownership model in the future.
7. Density bonusing is a planning tool and needs to be enabled through planning documents, with additional process set out by administrative guidelines that are consistent with the planning documents.

3.3 Principles for Program Development

Staff propose a number of principles to guide the development of the program. These principles are:

1. **Discretionary**
The Municipality is not obliged to grant a floor area bonus and is not obliged to accept any public benefits;
2. **Floor Area Bonus Policy Areas**
The ability to request a floor area bonus must be set out in the applicable planning documents, which must include specific policies in relation to affordable housing as a public benefit and may include policies enabling a floor area bonus in specific areas or in specific contexts. Any municipal administrative procedures in relation to approving affordable housing as part of a density bonus development must be consistent with applicable planning documents.
3. **Relationship to Development Cost Charges**
Affordable housing provided as part of a density bonus development must be in addition to any capital or development cost charges that may apply.
4. **Standardized Valuations of the Benefits and Contributions**
The Municipality must use a flat rate system which creates a floor area bonus program within pre-zoned areas, with no phase-in period, and with a figure that varies by value zone using a set coefficient based on the value of the floor area bonus.
5. **Clear, Fair, and Transparent**
The value of the floor area bonus and the value of the secured public benefit (affordable housing) must have a clear relationship based on a set formula.
6. **Reasonable Planning Relationship**
A reasonable planning relationship must exist between the secured public benefit (affordable housing) and the increase in floor area in the contributing density bonus development. This includes an appropriate geographic relationship and the addressing of planning issues associated with the density bonus development.

7. Public Benefits are Long-Lasting

Public benefits for affordable housing should be long-lasting in nature, and must be provided for a minimum of 25 years.

8. Cash-in-Lieu Contributions at the Discretion of the Municipality

A floor area bonus is not a mechanism to generate general revenue within a local community for non-specific or short-term purposes. Where a density bonus development cannot include a dwelling unit, cash contributions must be collected to carry out agreements for housing made under clause 73(b) of the HRM Charter².

9. Municipal Planning Staff have a Special Responsibility

The Development Officer is responsible for planning documents and must ensure an appropriate package of public benefits. Council may choose to delegate authority to the Development Officer to approve incentive or bonus zoning agreements.

10. The Effectiveness of the Program will be Monitored and Updated

The planning documents would set rates of land value zones and floor area bonus coefficients which would be adjusted each year based on the Construction Price Index (CPI) for Halifax, and the overall economic circumstances underpinning the system will be reviewed a minimum of once every 2 years to determine if larger adjustments are necessary and, if in the opinion of staff such an adjustment is necessary, the matter will be forwarded to Council for its consideration. The overall effectiveness of the floor area bonus program for affordable housing will be evaluated on an ongoing basis and changes introduced as needs and conditions change. Monitoring will include annual reports from Developers on the secured affordable units, and annual staff reports to Regional Council on benefits secured.

Direction 1: *To develop density bonusing program through an administrative program and any required financial tools based on clear goals and principles.*

4. Proposed Program Elements

4.1 Defining Eligibility

Affordable housing is generally defined as housing that costs no more than 30% of household gross income. It must also be appropriate (based on household composition), and suitable (does not require major repairs). Recognizing the diverse housing needs, individual programs can target specific income ranges or household types. For example, the provincial New Rental Housing Program also requires that households be on the provincial social housing wait list. This has in the past posed a challenge with implementation of incentive or bonus zoning agreements where provincial monitoring was sought. When defining “affordable housing” Council must consider a number of factors, including: Charter definition of affordable housing for the purpose of density bonusing; housing needs and gaps; and local market conditions.

² HRM Charter section 73 The Municipality may enter into and carry out agreements (...) (b) with (i) the Minister of Community Services or Canada Mortgage and Housing Corporation with respect to housing projects, or (ii) any body corporate or agency having similar objects to Canada Mortgage and Housing Corporation with respect to projects pursuant to the National Housing Act (Canada);

The provincial government did not define through regulations “low and moderate income households” for the purpose of density bonusing. In Canada there is no single fixed poverty line, but there are a number of different measures which are used depending on the purpose as illustrated in Appendix A. There is clearly a trade-off between the depth of subsidy per unit and the number of below-market units that can be achieved through a voluntary program such as density bonusing. In general the measures described below consider households with income of less than \$33,000 per year to be low-income, and those with income of \$33,000 to \$55,000 to be considered moderate income. In HRM, to account for the unique circumstances of diverse household formations and higher housing costs, the measure could be expanded to the fifth income decile which is approximately \$65,000 in HRM. For comparison, Table 2 below illustrates estimated annual income of a number of service occupations, which can range between \$25,000 and \$47,000 per year.

Table 1 - Estimated annual earnings of select occupations based on Nova Scotia hourly wages (May 2016)

	Hourly Wage	Estimated gross annual income (based on 35 hrs/week & 52 weeks)
Health occupations	\$ 26.67	\$ 48,500
Sales & service	\$ 14.55	\$ 26,500
Trades, transport and related professions	\$ 21.26	\$ 38,700
Art, culture, recreation, sport	\$ 19.71	\$ 35,900

Given that the density bonus program is a discretionary tool targeted at affordable private rental housing, staff recommend that eligibility be somewhat higher than the provincial HILS program and range from 65% to 80% of median family income based on household size but the benchmark to be capped at median income for all families to moderate the relatively high median income of couple families with children (\$104,489) (see Table 2 below).

Table 2 - HRM 2011 National Household Profile of Median Income and calculated below median income ranges based on family size (80% and 65%)

	Median	80% Median	65% Median
Median Family Income (all families)	\$ 80,097	\$ 64,077	\$ 52,063
Couples	\$ 73,140	\$ 58,512	\$ 46,809
Lone parents	\$ 42,926	\$ 34,340	\$ 27,472

Direction 2: *To ensure public benefits in the form of affordable housing will include low-range and mid-range units, define “Low income household” as a household with a gross annual income less than 65% of the median family income for all families as reported by Statistics Canada for the HCMA at the time the household enters into a lease for a low income range unit; and define “Moderate income household” as a household with a gross annual income between 65% and 80% of the median family income for all families as reported by Statistics Canada for the HCMA at the time the household first enters into a lease for a moderate income range unit.*

4.2 Maximum Rent Levels for Low and Mid-Range Units

The maximum rent levels are an important component of a density bonusing program to ensure that the program meets its objectives, to moderate increases in land values and rent levels, and

to calculate the value of the public benefit provided in an objective manner (i.e. discounted rent). Programs in other jurisdictions typically consider the “discount” in relation to comparable new units on the market, and units can be targeted at certain income levels or populations but are not strictly “rent geared to income” as seen in some social housing programs. Table 3 below illustrates average rent levels for new units by bedroom size (units built 2005 or later), and rent discounted by 30% and 40% respectively. In both cases the rate of discount would bring the units to or below average market rents for all units in HRM.

Table 3 - Average rents for new units in HRM and proposed affordable low and mid-range rent levels based on bedroom size (based on Halifax CMA Rental Market Report, 2015). Rent includes heat and hot water

	1 BDRM	2 BDRM	3 BDRM
Average rent - new units (2005+)	\$ 1,131	\$ 1,427	\$ 1,607
Mid-range affordable rent @30% discount	\$ 792	\$ 999	\$ 1,125
Low-range affordable rents @40% discount	\$ 679	\$ 856	\$ 964

It should be noted that the maximum rent levels can be determined annually and adjusted to reflect land values of local areas. At this time staff recommend that average rents for HRM are used as a benchmark for calculating reduced affordable rents.

Proposed formula for calculating Annual Rent Discount for Units and over affordability period:

$$\text{Affordable Housing Public Benefit} = (\text{Average Monthly Rent for Comparable Market Unit} - \text{Discounted Monthly Rent}) * 12 \text{ months} * \text{Number of Units} * \text{Affordability Period}$$

An example of this would be a development where four (4) two-bedroom units were offered at \$999 per month for a period of 25 years. The Affordable Housing Public Benefit would be calculated as \$513,600.

$$\$428 \text{ per month } (\$1,427 - \$999) * 12 \text{ months} * 4 \text{ units} * 25 \text{ years} = \$513,600$$

Rents could be allowed to be increased based on the annual change in the Consumer Price Index.

Direction 3: *To provide housing for low and moderate income households as outlined in the HRM Charter, half of the density bonus units shall be provided as mid-range units and half as low-range units. For low-range units maximum rent levels shall be set at 40% below market for new units by bedroom size and 30% below market for mid-range units as reported annually by CMHC Rental Market Survey for the Halifax CMA. Further, to encourage more affordable options for a range of household formations, only units with 2 or more bedrooms will be accepted as part of the density bonus contribution.*

4.3 Proportion of Density Bonus Dedicated to Housing & Duration of Discounted Rent

The Density Bonusing Study indicated that the current rate of density bonus of \$4.40 per 0.1 sq. m of bonus space is well-below average local land values in the Regional Centre which can

range from \$48 for high density residential to \$5 for low density residential in the seven zones designated by the study.

The study determined average land values and recommended that 67% of the average land value lift be required for public benefits. This flat value system would ensure a transparent process for both the developers and the public, and to ensure the projects continue to be profitable. Further, the study estimated that density bonusing over the next seven years could generate approximately \$1.1 million per year in public benefits (until the approved inventory of approved units is built out), and could double for each after that for a total of \$14.3 million over a 10 year period.

To achieve a meaningful contribution of below-market units the majority of density bonus contributions would have to be secured in the form of affordable units. Staff explored the possibility of collecting cash-in-lieu contributions but determined that to be a less desirable option due to administrative costs and the likely difficulty of ensuring that the funds were spent for the purpose they were collected (i.e. affordable housing in the area impacted by the additional density). At the same time, a cash-in-lieu option is still important to the overall program design and in cases where affordable units cannot be created. Modelling in Downtown Dartmouth indicated that a 75% value of the density bonus value could translate into 15% of the additional gross floor area as affordable units which are on average discounted between 30% and 40%.

1. Proposed Formula for On-site Affordable Housing Zoning Bonus

*Floor area for affordable housing = Bonus floor area achieved * 15%*

or Cash-in-Lieu Contribution for Affordable Housing

*Financial contribution = Total Bonus floor area achieved * 67% of land value per square metre * 75%*

2. Proposed Formula for Other Public Amenities (e.g. public art)

*Financial contribution = Total Bonus floor area achieved * 67% of land value per square metre * 25%*

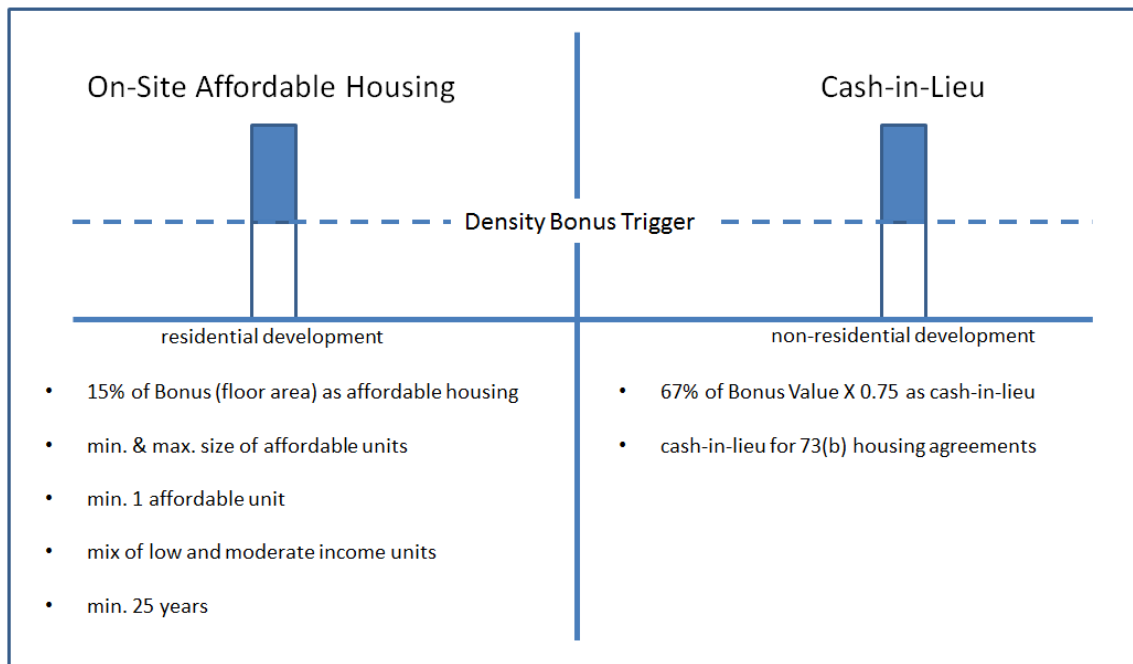


Figure 2 – Illustration of proposed on-site and cash-in-lieu affordable housing public benefits where on-site units cannot be provided.

Direction 4: To achieve a meaningful contribution of affordable units and to facilitate the calculation of public benefits it is recommended that public contributions other than affordable housing are set at 25% of the calculated density bonus contribution, and that contribution of on-site affordable housing be set at 15% of the bonus gross buildable area. Where cash-in-lieu is deemed to be acceptable for affordable housing, it would be calculated at 75% of the calculated density bonus contribution.

4.4 Process

The purpose of monitoring public benefits provided through incentive or bonus zoning agreements is to ensure that public benefits are protected and that the program is both attractive and credible. The monitoring must achieve its purpose without being overly onerous for both the municipality and the developer. In general monitoring should take place from the earliest stage of a development approval process until the completion of the project, and continued on a regular basis until the end of the agreement. Some of the key steps and tools recommended for monitoring and enforcement include:

1. **Preliminary Review:** Prior to the submission of a pre-application requesting review for a density bonus development, staff would determine the applicable floor area bonus and proposed approach to affordable housing.
2. **Pre-Application:** The submission of a pre-application requesting review for a density bonus development would be required to include a proposed approach to satisfy affordable housing requirements as laid out in the applicable Land Use By-law and *Administrative Order*, including but not limited to: a floor area ratio bonus calculation

worksheet; an affordable housing letter of commitment; and a Development Officer acknowledgment form which would verify submitted calculations.

3. **Development Permit Application:** In addition to any other requirements, where a density bonus development must include affordable housing, the submission of a complete Development Permit Application or a complete Site Plan Approval Application, whichever is applicable, would be required to include: a floor area ratio bonus calculation worksheet; an affordable housing letter of commitment; a Development Officer acknowledgment form which would verify submitted calculations. Following the submission of a complete Development Permit Application or a complete Site Plan Approval Application, whichever first applies, an incentive or bonus zoning agreement may be developed in parallel to the Development Permit or Site Plan Approval Process, whichever first applies, and must be in place, approved by the a Development Officer signed by Mayor and Clerk and Developer and registered on title prior to the issuance of Development Permit for the density bonus development.

Cash-in-lieu for non-residential density bonus developments would be paid by the Developer to the Municipality and placed in a designated fund prior to the issuance of a Development Permit. Council may also authorize the staff to approve incentive or bonus zoning agreements, but annual reports to Council would report on the type and value of benefits secured in a given year. However, agreements which would require Council expenditure would continue to require Council approval.

4. **Record Keeping and Recording:** Director's quarterly and annual reports to Council would include criteria such as: number of affordable units committed and received through the density bonus; amount of funds committed and received through the cash-in-lieu.

In summary, the land use bylaw would dictate the key considerations of the density bonusing framework, including formulas for calculating the value of the bonus and of the public contribution, penalties for non-compliance and reporting requirements. The goal of an administrative order would be to standardize the process by providing templates to calculate the density bonuses as well as reporting the data. Through a standardized process, this would enable the development approval process to proceed in a timely manner.

Direction 5: *To facilitate a timely and transparent implementation, develop an Administrative Order to set out the process for staff to enter into incentive or bonus zoning agreements with an affordable housing component.*

CONCLUSION

Density Bonusing is a planning tool that allows for the creation of public benefits related to development while ensuring that the increase in height or density is within the limits of what is appropriate for the area based on policy and Urban Design. The public amenities and benefits contribute to the livability and appropriate planning of the neighbourhood affected by the development, and developments continue to be viable because the overall return on investment

is reflected in land values. The completion of the *Density Bonusing Study* and the current secondary municipal planning processes provide an opportunity to develop a comprehensive and streamlined program framework for density bonusing, with a strong focus on positively affecting affordable housing. This staff report provides a framework for developing such a program based on a number of goals, assumptions and guiding principles that consider the municipality's housing gaps, local markets and mandate with respect to housing. Council has several directions to consider. Staff recommends the following directions that have been introduced through the Discussion section of this report:

- 1. To develop density bonusing program through an administrative program and any required financial tools based on clear goals and principles.*
- 2. To ensure public benefits in the form of affordable housing will include low-range and mid-range units, set the eligibility of tenants at the time of first tenancy for low-range units be at a maximum of 65% of the median family income for HRM as reported by Statistics Canada, and set the eligibility for mid-range units be between 80% and 65% of median household income levels for HRM.*
- 3. To provide housing for low and moderate income households as outlined in the HRM Charter, half of the density bonus units shall be provided as mid-range units and half as low-range units. For low-range units maximum rent levels shall be set at 40% below market for new units by bedroom size and 30% below market for mid-range units as reported annually by CMHC Rental Market Survey for HRM. Further, to encourage more affordable options for a range of household formations, only units with 2 or more bedrooms will be accepted as part of the density bonus contribution.*
- 4. To achieve a meaningful contribution of affordable units and to facilitate the calculation of public benefits, public contributions other than affordable housing shall be set at 25% of the calculated increase in land value (based on 67% coefficient), and the contribution of on-site affordable housing be set at 15% of the bonus gross buildable area. Where affordable housing units cannot be provided and cash-in-lieu is deemed to be acceptable for affordable housing, 75% of the bonus will be set aside for that purpose.*
- 5. To set out the process for staff entering into incentive or bonus zoning agreements, with an affordable housing component.*

FINANCIAL IMPLICATIONS

It is anticipated that the implementation of the program can be supported with the current staff compliment within Planning & Development. Staff will evaluate financial tools to facilitate the collection of approved cash-in-lieu contributions from incentive or bonus zoning agreements.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this Report. To reach this conclusion, consideration was given to operational, financial, service delivery and legal/compliance risks. The report requests Council direction on the implementation of Regional Plan policy regarding density bonusing in advance of the consideration of Centre Plan planning documents to mitigate risk. Alternative 1 may include a risk of limiting the flexibility of the tool

prematurely. Alternative 2 may cause risk to reputation as the exploration of the use of density bonusing has been directed by the Regional Plan and has been discussed publicly.

COMMUNITY ENGAGEMENT

Density bonusing has been the topic of a number of community engagement consultations related to the Downtown Halifax and Downtown Dartmouth Plan Review, and will continue to be discussed as part of the Centre Plan process community engagement. Staff will refine the approach based on additional industry and community stakeholders.

ENVIRONMENTAL IMPLICATIONS

No environmental implications.

ALTERNATIVES

1. Council may direct staff to solely accept on-site public benefits and not cash-in-lieu benefits. This is not recommended as in some cases the calculated contribution can be too small to warrant a meaningful public benefit and a cash option can accumulate a more appropriate public benefit.
2. Council may direct staff to not proceed with using density bonusing as a tool in the Centre Plan area and not develop the program.

ATTACHMENTS

Appendix A - Examples of Low Income Measures

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Kasia Tota, Community Developer, 902-490-5190

Report Approved by: Original Signed by:
Jacob Ritchie, Urban Design Program Manager, 902.209.4500

Appendix A - Examples of Low Income Measures

Measure	Income Range	Affordable shelter cost range (rent, heat & hot water not exceeding 30% of income).
<p>Low Income Measure (LIM): based on the distribution of household income across the Canadian population and intended as a reference for international comparisons. In 2011 this measure was termed the after-tax low income measure (LIM-AT).</p>	<p>LIM is set at half the median of adjusted household after-tax income, or \$27,044 based on the 2011 National Household Survey.</p>	<p>\$680 per month.</p>
<p>Low-Income-Cut-Offs (LICOs): are income thresholds below which a family will likely devote a larger share of its income (20 percentage points more than the average) on the necessities of food, shelter and clothing than the average family. Widely used in since the 1970s and calculated annually by Statistics Canada for 7 family sizes and 5 different community sizes.</p>	<p>The 2014 LICOs for Halifax range from \$17,050 for one person, \$33,236 for a family of 4, and \$44,711 for a household of 7.</p>	<p>\$425 per month for a single individual to a maximum of \$1,118 for a family of 7.</p>
<p>Market Basket Measure (MBM): attempts to measure a standard of living that is a compromise between subsistence and social inclusion and reflects differences in living costs across regions. The MBM represents the cost of a basket that includes: a nutritious diet, clothing and footwear, shelter, transportation, and other necessary goods and services (such as personal care items or household supplies). The cost of the basket is compared to disposable income for each family to determine low income rates.</p>	<p>In 2014 MBM for Halifax was \$36,879 per year. This is virtually the income calculated as a “living wage” for the Halifax Region³.</p>	<p>\$921 per month</p>
<p>Province of NS Household Income Cut-Offs (HILS): Provincial Household Income Limits (HILS) are used to determine eligibility for cost shared federal-provincial housing programs.</p>	<p>HILS for Halifax in In 2016 range from \$33,000 to \$55,000 per year depending on household size</p>	<p>Maximum rents are determined based on family circumstances and projects but could reach \$1,287 for a 3-bedroom.</p>

³ Working for a Living, Not Living for Work, The Halifax Living Wage 2015 Mary-Dan Johnston and Christine Saulnier. Canadian Centre of Policy Alternatives.
https://www.policyalternatives.ca/sites/default/files/uploads/publications/Nova%20Scotia%20Office/2015/06/CCPA-NS_Halifax_Living_Wage2015.pdf