

Report

Date October 8, 2024
Subject Bell McKinnon Local Area Plan Update and Implementation

File: SPP00096

PURPOSE

To present the ongoing work and next steps related to implementing the Bell McKinnon Local Area Plan (BMLAP). This includes introducing a series of three draft policies for consideration and requesting direction to guide a number of BMLAP Implementation subprojects.

A presentation will be provided and can be previewed here: <https://www.northcowichan.ca/BMLAP>

BACKGROUND

The Bell McKinnon area is a significant new growth center and the area south of Herd Road is expected to be able to accommodate in the range of 6,000 dwelling units as well as commercial uses. For context, North Cowichan had 13,741 dwellings in 2021, according to the latest census.

Construction of the new 204 bed Cowichan Regional Hospital began in 2022. Several off-site infrastructure projects associated with the hospital project are underway; an overview of this off-site work is provided in Attachment 4. These off-site infrastructure projects are tentatively scheduled to be complete in 2025-2026 and will unlock portions of the BMLAP for development by providing a starting point for incremental servicing of the southeast area.

The BMLAP was adopted in 2018 in response to rezoning for the proposed new regional hospital that is now under construction on an 8.9 ha parcel of land on Bell McKinnon Road. The BMLAP provides a vision for a vibrant, walkable, mixed-use urban village surrounding the hospital. Attachment 5 provides two excerpts from the plan that give an overview of the core principles that underpin the plan, the key directions, defining policy, and vision and goals.

Although the BMLAP provides a solid framework, the plan does not always provide sufficient detail to direct site-specific development. Section 8: Implementation of the plan identifies “key actions and next steps [that] are necessary to fully realize the vision and concepts presented”. Additionally, as the BMLAP has been used and reviewed over the past six years, staff have identified aspects of the plan that need to be refined to provide sufficient clarity, certainty, and guidance to residents and developers.

Ongoing Work with Developers

Municipal staff have been actively working with developers and property owners within the BMLAP who are interested in pursuing development. In addition to the significant development activity west of the Trans-Canada Highway (TCH) and numerous ongoing pre-applications, the Planning Department is currently processing three complete zoning bylaw amendment applications in the area around the

hospital.¹ These three zoning amendments represent the first development applications inside the Urban Containment Boundary (UCB) in the BMLAP east of the TCH. The complete applications total approximately 7 ha (17.5 acres) of land in the Village Core and Residential High-Density Designations and imply 1,000+ housing units possible at full build out in addition to significant amounts of commercial space.

Official Community Plan (OCP) Direction

The OCP adopted in 2022 includes new direction for the BMLAP to:

- Develop a Phasing and Implementation Plan (OCP Section 3.1: Assignment of Growth);
- Remove the Future Growth Area (OCP Section 3.2.14-15: Future Growth Area Designation); and,
- Update the Blue-Green Network (OCP Section 3.4.4.(e): Local Area Planning)

as summarized in OCP Section 3.4.4.(e):

" 3.4.4 The Municipality will strive to:

...

e. Update the Blue-Green Network Mapping in the Bell McKinnon Local Area Plan to better align with the Municipality's commitment to identify and acquire open space in this area to improve connectivity of wildlife habitat corridors.

f. Update the Bell McKinnon LAP to include a phasing and implementation plan (s.3.1) and remove the area designated as Future Growth (s.3.2.15)."

DISCUSSION

Implementation of the BMLAP was identified in the Planning & Building, Engineering, and Subdivision & Environmental Services departments' Business Plans for 2024 and in previous years. The work consists of several interrelated tasks and subprojects. The work is now reaching a stage where several aspects require input and direction from Council.

Three goals underpin the project work on implementing the BMLAP:

1. Implement OCP direction;
2. Realize the vision of the BMLAP; and,
3. Streamline Development Approvals.

All the tasks and projects associated with this program of work relate to one or more of the three goals. Attachment 6 provides an overview and timeline of the work underway and pending and explains the linkages between the work and the three project goals. The BMLAP Implementation work also ties in closely with other municipal projects, most significantly the ongoing Development Cost Charge (DCC) Bylaw review.

¹ As of September 17, 2024: Application No. ZB000219 for 6823-6833 Bell McKinnon Road (4.36 ha) and 2850 Herd Road (0.73 ha); Application No. ZB000235 Lot B Bell McKinnon (adjacent to 6620 Bell McKinnon Road) (1.40 ha); and Application No. ZB000221 for 6812 Bell McKinnon Road (0.57 ha)

Building a new community is a costly and complex undertaking. The problems and solutions are interconnected and require an iterative approach. The BMLAP area comprises approximately 150 independently owned parcels, requiring more coordination from the Municipality than a master planned community under single ownership. Because of the fragmented ownership, pre-planning and coordination from the Municipality should yield efficiencies and better neighbourhood outcomes. In particular, financing and constructing major infrastructure and acquiring public land are more challenging in the context of multiple owners.

BMLAP challenge: developing infrastructure

As noted, infrastructure upgrades along Bell McKinnon Road are underway, allowing incremental development of the area as local roads and servicing can connect to the new trunk mains. Most of the new infrastructure inside the BMLAP will be constructed by developers during construction as “frontage improvements.” However, because the Bell McKinnon Growth Area contemplates a significant amount of development, system level infrastructure upgrades will also be required outside of the BMLAP boundaries. The Bell McKinnon neighbourhood connects to the same water and sanitary systems that service a significant area of the South End of North Cowichan, including the Berkey’s Corner neighbourhood, which is also experiencing high growth rates. Addressing servicing constraints in the South End, outside of the Bell McKinnon area, is necessary for development in the Bell McKinnon Area.

Development-driven system-level infrastructure projects are generally financed and constructed through the DCC framework. However, given the age of the DCC Bylaw (last updated in 2011), not all projects are captured in the existing bylaw. For projects that are captured, the existing DCC reserves are insufficient, given the escalation in construction costs. The work underway to update the DCC Bylaw (Attachment 7) has identified several large development-driven infrastructure projects that will be needed in the near term (within 2-10 years).

Notably, three system-level projects impact most, or all, of the South End, including the Bell McKinnon and Berkey’s Corner Growth Centres. These are:

- Upgrades to the Berkeley Sanitary Pump Station. This pump station serves the entire portion of the South End west of the TCH (including the Berkey’s Corner neighbourhood and the west side of the Bell McKinnon area) and the portion of the Bell McKinnon area east of the TCH. There is very little capacity remaining in this pump station; however, by modifying the operation of the pump station, an additional capacity of up to 2,530 units is possible.
- Installing additional aeration diffusers at the Joint Utilities Board (JUB) Sewage Treatment Plant will be needed within 1,700 units being added in the South End.
- A new water reservoir for the South End is expected to be needed within 2,800 units being added in the South End.

Significant lead time is required to design, construct, and commission new infrastructure, which must be brought online *before* the residual pre-upgrade capacity is used up. Based on staff assessment of in-stream and pending development applications, the three projects identified above must be initiated immediately.

Figure 1 below illustrates the relationship between residual capacity being depleted while new infrastructure is under development.

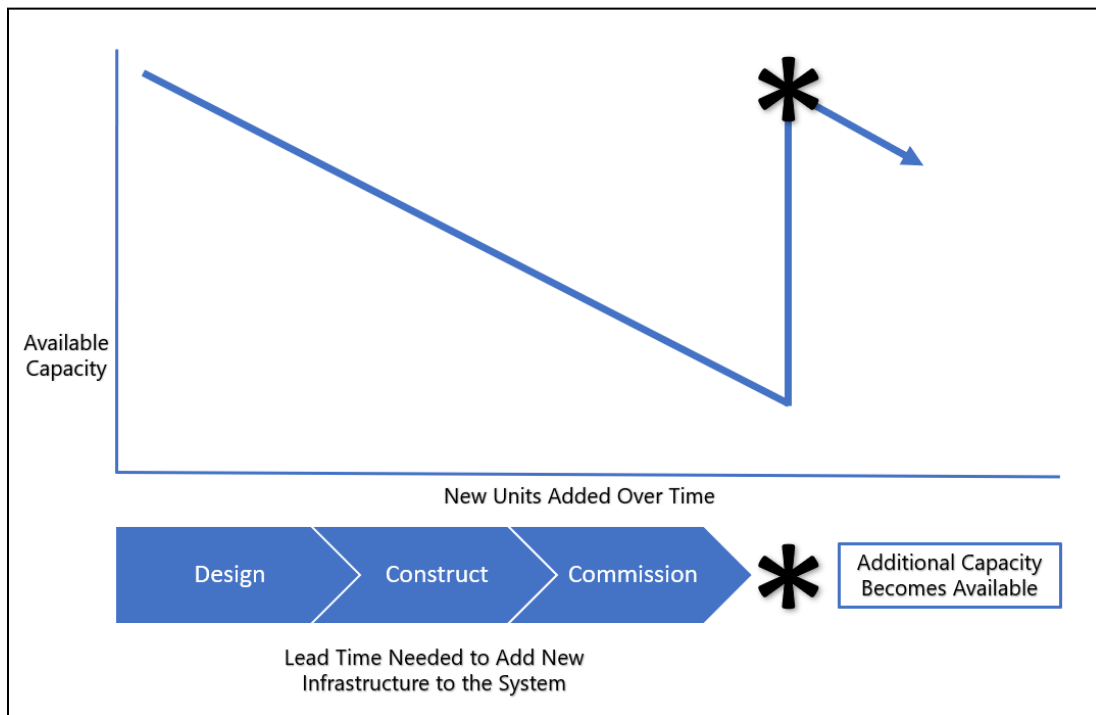


Figure 1: Critical path to allow sufficient lead time to develop new infrastructure

In total, the approximate costs for the three projects is expected to be \$22 million (Class D estimates, including a 40% contingency). The upgrades to the Berkeley Sanitary Pump Station and JUB Plant are both listed in the existing DCC program. This means that these two projects can be partially funded from the existing DCC reserves. The new water reservoir is not listed in the existing DCC program, meaning there is no financing currently in place for this project. To enable development to proceed, the gap in funding for all three projects can be addressed through Community Amenity Contributions (CACs) (see below) and/or latecomer agreements.² The Municipality has applied to the Housing Accelerator Fund, which could partially fund these works if the grant is successful. Other government funding could become available but can not be relied upon for these immediate needs.

Because these three projects are all driven by growth, the expectation is that they should be paid for and, in some cases, constructed by developers. Accordingly, constructing one or more of these projects will likely need to be a condition imposed on any rezoning applications in the Berkeley's Corner or Bell McKinnon areas that come forward with a request for significant additional density.³

² Developer-constructed projects (extended/excess capacity) benefitting a wider geographic area are generally granted latecomer agreements, these work by requiring subsequent development to pay towards recovering the costs over a 15-year period. For example, the new Cowichan Regional Hospital is constructing several off-site infrastructure projects on this basis.

³ An alternative is that the Municipality can construct the project directly, a typical process for this would be to finance the project through borrowing and impose a Local Service Area tax to recover the cost.

In the meantime, the Engineering Department has prioritized these three projects. They are being moved forward as quickly and to the extent possible with current resources, noting that they still need to be funded to varying degrees. The following actions are underway for each:

- Upgrades to the Berkeley Sanitary Pump Station: Work is underway to review options to determine the best upgrade path for this station to meet both the near- and longer-term needs. Once the best option is established, the next design stage will be initiated.
- Installing additional aeration diffusers at the JUB Sewage Treatment Plant: This project has been designed and will be tendered for construction shortly. However, if the bids are higher than expected, the project may need to be delayed.
- New water reservoir for the South End: Potential sites for the water reservoir are being evaluated to determine which can best support growth throughout the South End and potentially service the Drinkwater industrial area. Design will begin once a decision is made on the best location for the reservoir.

Other Near-Term Infrastructure Projects

The DCC Bylaw provides the framework for financing and constructing growth-related projects and will be the mechanism used going forward, except for projects needed in the immediate term.

Sanitary and water trunk main upgrades are also needed in the near term, as well as system level upgrades in Crofton (Crofton Sanitary Pump Station Upgrade) and Chemainus (new Chemainus water reservoir) along with many local level/small-scale projects.

The exact trigger point for each infrastructure project will depend on the specific development proposals that are received (i.e., exact building type, size, and location). The smaller scale upgrades are less of a concern and may be completed by developers utilizing latecomer agreements limited to a small geographical area where appropriate.

For the trunk main projects and the projects in Crofton and Chemainus, an approach like the one used for the three South End projects discussed above can be initiated if the projects become urgent before the new DCC Bylaw is in place.

BMLAP challenge: securing land for public uses

The BMLAP shows a network of public land, including land for the Blue-Green Network (parks, trails, stormwater detention areas, agricultural land reserve, and highway buffers) and water and sanitary infrastructure. The total amount of public land shown in the southeast area (surrounding the hospital) is approximately 21% of the total area. Considering the existing property boundaries, it is not possible to distribute the public land equally across all properties and still create a functional community. This means that all or a significant percentage of some properties are needed for public use. In contrast, other properties may be virtually unaffected based on the indicative locations in the current plan.

In the short term, developers will likely target properties with less public land requirements, compounding the problem over time as the public lands are deferred onto a shrinking pool of future development sites. Properties needed for public use may retain the existing rural-residential use indefinitely if the financial incentive to redevelop is eroded.

Although the ultimate gross-to-net conversion rate is expected to be comparable to other major greenfield developments⁴, the amount of public land requested, especially for parks, exceeds the amount that can be required at the time of subdivision and will need to be negotiated as a CAC at the time of rezoning. This is acknowledged in the BMLAP and the proposed BMLAP Land Acquisition CAC Policy (Attachment 2) discussed below is intended to address this challenge.

Proposed Phasing Plan (Council Policy) concentrates development along Bell McKinnon Road

The OCP includes directions to develop a Phasing and Implementation Plan. Section 3.1 "Assignment of Growth" of the OCP states:

"While most Growth Centres are in existing urban locations, the Bell McKinnon Growth Centre is presently undeveloped and will require substantial investments in infrastructure and community amenities. To facilitate its development, a phasing and implementation plan for development in the Bell McKinnon Growth Centre will be prepared to ensure:

- a. The urban design vision promised to the community is realized in each phase and that piecemeal or scattered growth in the plan is avoided.*
- b. That growth occurs in a logical, incremental manner respectful of the social, economic, environmental and climate objectives of the District as a whole.*
- c. That infrastructure costs are recovered to the greatest extent possible and that any financial burdens associated with infrastructure are minimized."*

The draft Council Policy Phasing Plan for the BMLAP (Attachment 1) was developed based on the goals and principles established in section 3.1 of the OCP, as well as the following practical considerations to:

- Avoid bisecting parcels with phasing lines;
- Allow for a mix of uses/housing types; and,
- Allow for flexibility.

The Phasing Plan divides the BMLAP into three phases plus a future growth phase:

Phase	Location	Status	Size (Gross Ha)	Approx. Units at Build Out
Phase 1	Consists of the area west of the Trans-Canada Highway	Open for rezoning applications	19	777 dwelling units + employment and institutional at full build out (note that a significant portion of this Phase is already developed or zoned for development)

⁴ In total, considering roads as well as public lands, the gross to net conversion rate for the southeast area of the BMLAP is estimated at 35%-40% public lands + roads / 60-65% developable lands. This is comparable to other greenfield areas, for local comparisons, the gross/net conversion rate for the Kingsview neighbourhood is approximately 40% / 60% and for the Herons Way development is approximately 37% / 63%.

Phase 2	Consists of properties with frontage on Bell McKinnon Road south of Herd Road	Open for rezoning applications	48.4	3,179 dwelling units + commercial, employment and institutional
Phase 3	Consists of all other properties south of Herd Road	Rezoning discouraged until Phase 2 passes the established thresholds	42.1	1,766 dwelling units + employment
Future Growth Phase	Consists of the area north of Herd Road that is outside of the UCB	Rezoning cannot occur without OCP amendment to move the UCB	43.7	2,012 dwelling units + commercial and employment

The Phasing Plan also includes conditions for when parcels in Phase 3 can be developed before the Phase 2 development thresholds are reached. The goal is to provide flexibility and reduce potential negative impacts of phasing (such as needlessly delaying a development that can viably proceed) while protecting the intent of the Phasing Plan. Examples of when Phase 3 properties may proceed include when they are part of a larger project, which is partially within Phase 2 or when the project will resolve a significant infrastructure challenge. The development thresholds for releasing Phase 3 are relatively high; however, this is offset by the large size of Phase 2 and the flexibility which allows properties to develop earlier when appropriate.

Nearly all the pre-application discussions that have taken place with developers to date are related to properties located in Phases 1 and 2. This is not surprising since the basis of the draft BMLAP Phasing Policy is that servicing along Bell McKinnon Road creates a spine of servicing from which the community will expand, which is common knowledge.

Lastly, the Phasing Plan includes guidance on how to prevent the creation of remnant parcels that are too small or awkwardly shaped to develop in accordance with the vision for the plan. These remnant parcels can be created in many ways, but the most common is when an existing property is severed by the required road dedication (see examples below). Early developers may try to avoid parcels with these issues, intensifying the problem over time. Sometimes, a remnant parcel can be resolved by realigning the proposed road; however, in other cases, remnant parcels will need to be consolidated into the neighbouring parcel.

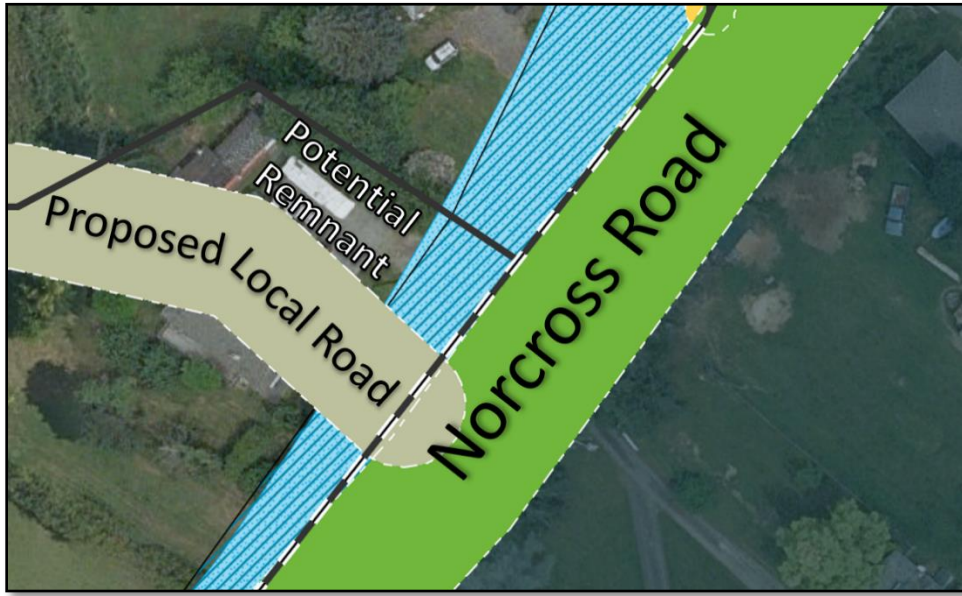


Figure 2: Example 1 of Potential Remnant Parcel

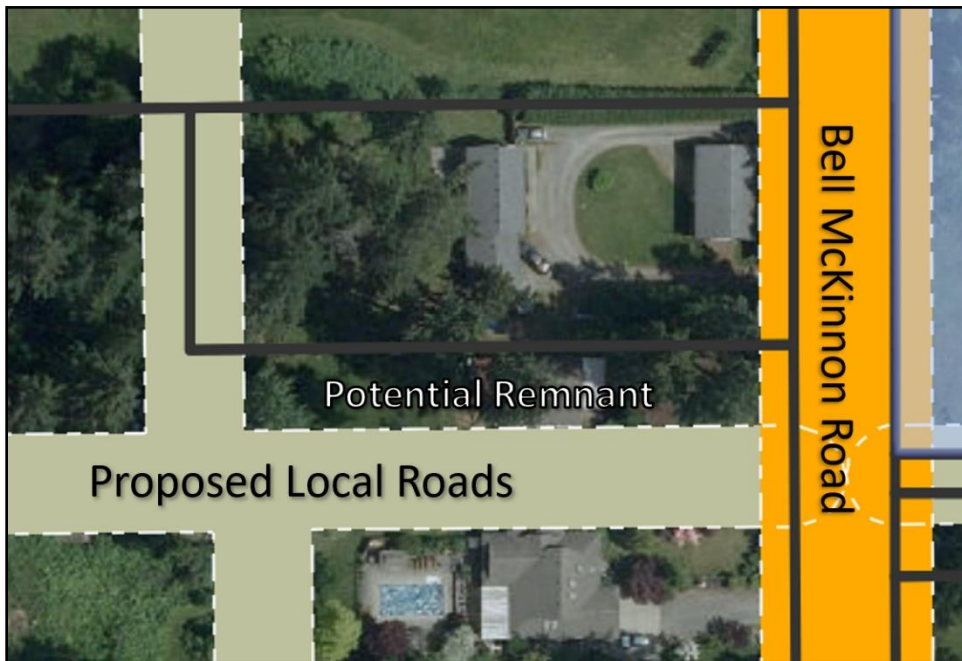


Figure 3: Example 2 of Potential Remnant Parcel

The recommended Phasing Plan will support the efficient installation and use of infrastructure by concentrating early growth along the spine of infrastructure that is being constructed along Bell McKinnon Road. Note that the Phasing Plan is not influenced by the system level infrastructure upgrades discussed earlier in the report. Because of the way Bell McKinnon connects to the South End servicing systems, the development location *within* the BMLAP does not change the system level infrastructure upgrades needed.

Although the Phasing Plan is initially proposed as a Council Policy, since it is intended to direct land use planning decisions, the content of the Phasing Plan would be best located within the OCP or the BMLAP. With that in mind, the Phasing Plan can be incorporated into the OCP as part of the proposed BMLAP Update discussed below.

Proposed BMLAP Update will incorporate OCP Direction and refine the Blue-Green Network and the Transportation Network

As noted in the background section, the OCP provides direction to review and amend the BMLAP. In addition to removing the Future Growth Area, amending the Blue-Green Network to incorporate wildlife corridors, and incorporating the policies from the Phasing Plan, staff suggest that the local area plan (LAP) update be scoped to include two additional goals:

1. Updating the proposed park network; and,
2. Incorporating changes recommended by the detailed servicing review.

1. *Updating the Proposed Park Network*

Updating the Blue-Green Network to incorporate wildlife corridors presents an opportunity to review the proposed park network. There are two challenges with the existing park network:

- a) Fragmentation: The first challenge is that the proposed park network is highly fragmented, with 14-15 parks shown in the approximately 1.2 square kilometers of the southeast area of the plan. The large number of parks presents potential operational challenges for long-term maintenance and results in a smaller average size for each park, limiting the options for uses each park can accommodate. A revised park network would consolidate the proposed parks into a smaller number of larger parks and relocate them, so they are connected to the Blue-Green Network. Linking the parks to the other elements of the Blue-Green Network should support ecosystem function and better connect future residents to recreational opportunities.
- b) Uncertainty: The second challenge is that the existing BMLAP presents a conceptual park network which leaves property owners uncertain about the development potential of their property. If the proposed park network is more fixed it will reduce ambiguity for all parties. The proposed BMLAP Land Acquisition CAC Policy (Attachment 2) will support this approach since property owners will know that the Municipality is collecting money intending to partially offset the different impacts of the land use decisions.

Note that a principle of revising the Blue-Green Network, including updating the proposed park network, would be to keep the quantity of public land requested constant (e.g., relocating the public land rather than adding or removing land).

In parallel to the proposed LAP update, the Municipality will complete a community needs assessment to provide input into the quantity and type of park facilities that will best serve the new community, considering expected demographics.

2. *Incorporating changes recommended by the detailed servicing review*

One element of the BMLAP Implementation project is to complete a detailed servicing review. The scope of this subproject includes reviewing the routing of the proposed transportation, sanitary, water, and drainage networks to address conflicts with other plan elements (see Figure 4 below) and to optimize/confirm their feasibility considering topography and modelling of full build out. The review is underway, and some changes to the proposed routes will be necessary.

As with the park network, the road network and other infrastructure elements are conceptual (i.e., a local area plan update is not required to accommodate minor changes to these features). However, including our most current version of these elements in the plan will support communication and help staff and developers move projects forward efficiently and with more certainty.



Figure 4: The BMLAP shows local roads running through a storm water detention area and a park. This is an example of a conflict between the proposed transportation network and the proposed Blue-Green Network

Proposed Zoning Amendment will prevent low-density development within the BMLAP

In some cases, individual property owners may want to redevelop their properties in accordance with the existing zoning permissions rather than rezoning in accordance with the BMLAP. This potential exists inside and outside the UCB for different reasons and with slightly different implications. In both scenarios, allowing new development that does not align with the vision of the OCP will make it more difficult or impossible to realize the BMLAP vision, since any new development would be expected to remain for 50+ years and/or impact nearer-term redevelopment prospects negatively.

Outside of the UCB within the OCP's Future Growth Area but within the BMLAP, the envisioned BMLAP densities are not currently available since this area is intended to be reserved for future high-density development. Because of the longer time frame, immediate development of low-density subdivisions (i.e. large lot, semi-rural) may be sought by property owners who do not wish to wait. Though the OCP strongly discourages this type of development, the existing R1 zoning in the Future Growth Area permits a minimum lot size of slightly less than ½ acre. This issue will be addressed more generally throughout the Municipality in an upcoming phase of the Zoning Bylaw rewrite project.

The potential for low-density subdivision also exists in the part of the BMLAP inside the UCB where four units per lot are now permitted in many cases. Another scenario inside the UCB is that the existing lots could be redeveloped into up to four units if/when sanitary service becomes available (e.g., along Bell McKinnon Road) without requiring subdivision because of the recent changes to the zoning bylaw required by Bill 44. In addition to being a significantly lower-density development than is envisioned by the plan (and thus be less effective in providing new housing units), this type of 4-unit redevelopment could make it difficult for the Municipality to secure road connections, especially in the areas of BMLAP where smaller lots are typical (i.e., along Fairfield and Ortona Roads). The option to redevelop existing lots into four units may be more attractive than completing land assembly and dedicating public land, even if the potential yields are ultimately lower. Realizing short-term profit is especially tempting in instances where a large portion of an existing property is earmarked for public use.

Per recommended resolution 3, the proposed solution is to remove or reduce the subdivision potential in the BMLAP area by amending the zoning bylaw to increase the permitted minimum lot size (note that minimum lot size is for the purpose of subdivision only, so this will not affect the permitted uses for the properties). This zoning change will also eliminate the potential for 4-unit redevelopments in the area within the UCB since zones with a larger minimum parcel size are exempt from the 4-unit zoning requirements.⁵

Although the Approving Officer may deny subdivisions that are not consistent with the OCP and LAP, amending the zoning bylaw provides more clarity for all parties.

The proposed zoning amendment specifically implements OCP Policy 3.2.15(a), which states that the Municipality will strive to "consider restrictive site zoning to prevent inappropriate development, or piecemeal development that compromises the area's future ability to deliver a more coherent and productive development concept" in the Future Growth Area designation.

Proposed Community Amenity Contributions (CACs) will support the "Developer Pays" model identified in the BMLAP

Making land developers responsible for paying for the necessary infrastructure and community amenities is a foundational policy of the BMLAP. Section 7 of the BMLAP states that "the Municipality will not pre-service land"; instead, "proponents and land developers shall be responsible for providing the necessary upgrades resulting from development."

⁵ Presumably this exemption within Provincial legislation is based on the same rationales to preserve large rural properties and to prevent low density development in areas designated for higher density growth.

The Plan also states that “applicants are to provide Community Amenity Contributions as part of all rezoning processes” and outlines in section 4.2.3 various types of amenities that would be considered (e.g., provision of parkland in accordance with the BMLAP) and principles for amenity contributions (e.g., fairness across development sites).

“CACs” is a blanket term used to refer to anything provided/promised by a developer at the time of development approval that would not otherwise be required by any other regulation. Since many development projects require a discretionary decision of Council (e.g., a change or variance to zoning), Council may negotiate conditions for these developments prior to approval, which normally seek to capture for public benefit some of the additional land value created by a zoning decision. Many municipalities establish CAC policies to help guide these negotiations. Having a CAC policy in place can increase certainty for developers and simplify this one aspect of development application review, which can otherwise be time-consuming.

In support of the BMLAP direction and considering the challenges identified in this report, staff have prepared two draft CAC Policies. The first, the proposed BMLAP Land Acquisition Policy would apply only to properties within the BMLAP. The second, the proposed Interim CAC Policy would apply throughout the Municipality. An overview of the approximate per-unit cost implications of the two proposed CAC Policies is provided in Attachment 8.

BMLAP Land Acquisition CAC Policy

Attachment 2 recommends an approach to collecting CACs at the time of rezoning to support the acquisition of public land. Public land includes land for the Blue-Green Network (parks, trails, stormwater detention areas, ALR and highway buffers) and water and sanitary infrastructure. As noted above, it is impossible to distribute the public land equally across all properties and still create a functional community.

Based on the amount of land shown in the Blue-Green Network, the draft BMLAP Land Acquisition CAC Policy recommends that an equivalent cash contribution be requested for any development where less than 21% of the property is required for public lands (excluding roads and lanes). Funds collected can then be used to purchase land elsewhere in the plan area. This would include purchasing land from properties where more than 21% of the area is earmarked for public use, ensuring fair compensation for those owners.

The proposed BMLAP Land Acquisition CAC Policy also supports the development review process by reinforcing some of the key elements that are important to realizing the vision of the plan but that are not yet coded into other bylaws (e.g., tree canopy cover requirements).

Interim CAC Policy

The draft Interim CAC Policy (Attachment 3) is proposed to apply to all zoning amendment applications throughout North Cowichan. The policy addresses two amenities requesting a contribution to a short-term infrastructure fund, calibrated to the expected upcoming increase to the DCC Bylaw and a modest contribution to the affordable housing reserve fund.

1. *Short-Term Infrastructure Fund*

Because the DCC Bylaw has not been updated since 2011, the new rates are expected to be much higher than the existing rates. According to an analysis completed by Engineering staff, construction cost inflation calls for increasing rates by at least three to four times the existing rates. Another significant driver for higher DCCs is the combination of densification and the proliferation of multi-storey, multi-family wood-framed structures. These structures require significantly higher fire flows than the Municipality's systems were historically designed for, triggering the need for water main upgrades in all growth areas. To accommodate growth, upgrades are needed to ensure that the infrastructure can adequately service the community, especially in emergencies (e.g., a fire).

Until the new DCC rates come into effect, every new development contributes less than its fair share towards development-driven infrastructure projects, placing an increased and disproportionate burden on future developers. It is arguably not in the public interest to approve rezonings for projects, knowing that the development will not adequately contribute to infrastructure upgrades.

The interim CAC is intended to be a short-term measure to ensure fair contributions until the new DCC Bylaw is in effect. The Municipality will use the money collected to directly finance infrastructure upgrades, addressing the gap between the existing DCCs and the money needed to fund infrastructure in the next 2-5 years.

Note that the proposed CAC is a supplement to, rather than a replacement of, the approach outlined above under "BMLAP challenge: developing infrastructure." Where infrastructure upgrades are needed before new development is added to the system, developers will be required to make the upgrades applicable to their projects, and the CAC contribution will be adjusted accordingly. The goal of the CAC is to make financing these projects easier (e.g., one developer may not be able to finance a large infrastructure project, but through the CAC many projects can contribute funds) and reduce the need for latecomer agreements, which are more appropriate for infrastructure that benefits limited geography rather than system level upgrades.

The draft Council Policy – Interim CAC Policy (Attachment 3) requests that, as a condition of any new rezoning, the property owner agrees to contribute to a short-term infrastructure fund in the amount of three times the existing DCC rates. In the South End, for a detached lot, the contribution will equal \$28,176 plus the existing DCCs; for a multi-unit building, the contribution will equal \$15,699 per unit plus the existing DCCs. The goal for the CAC amount is to establish an amount as close as possible to the new DCC rate; however, without all the information, methodology and calculations associated with the DCC review, the rate is necessarily approximate. Once the draft DCC Bylaw is ready, staff will bring forward an amendment to the Interim CAC Policy to update the short-term infrastructure amount based on the proposed new rates.

Attachment 7 provides further information on the recommended amount. Note that the existing DCC rates would still be paid in accordance with the DCC Bylaw, and local governments are not permitted to waive that requirement.

Since it is intended to be temporary, the draft policy embeds sunset clauses that will apply once the new DCC Bylaw is adopted such that all the contribution requirements would expire once the new DCC rates come into full effect, one year after the bylaw is adopted.⁶ Figure 5 describes the scenarios.

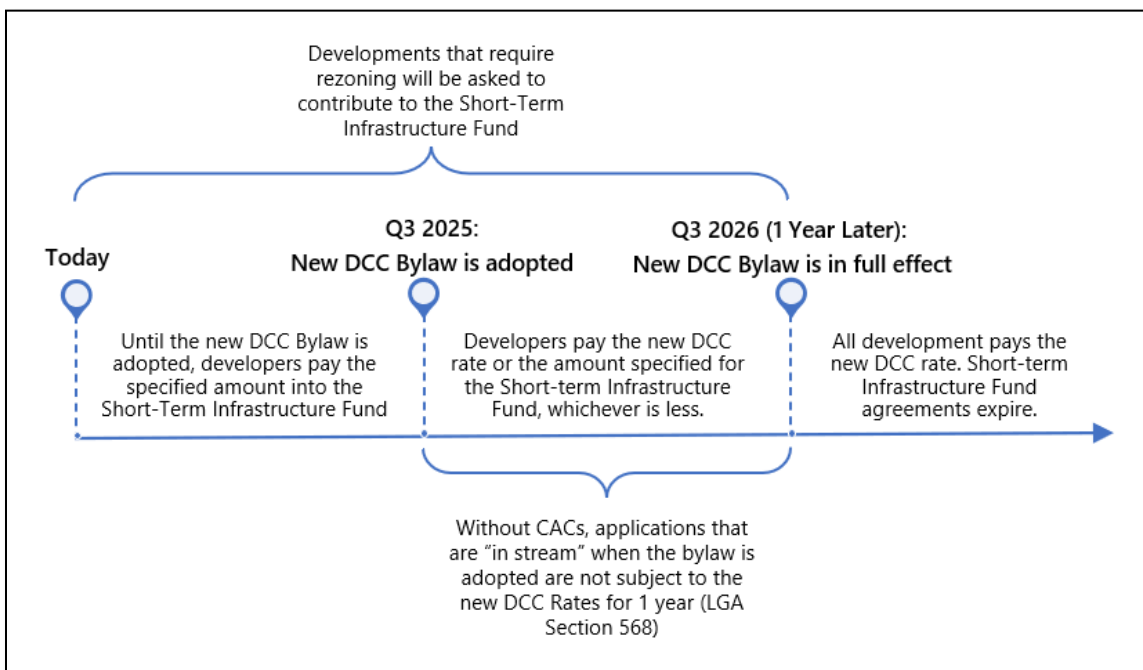


Figure 5: Timeline/Scenarios for Payment into Short-Term Infrastructure Fund

2. Affordable Housing Reserve Fund

A draft affordable housing policy was presented to [Committee of the Whole on July 11, 2023](#). The draft policy included affordable housing targets intended to provide guidance to developers about expectations for all projects to contribute towards increasing the stock of affordable housing in the community. The policy was made available to the public for comment, and a summary of the public input was presented to [Committee of the Whole on September 12, 2023](#). The project was then paused to allow staff to consider the implications of the economic report prepared by Mulholland & Parker Land Economists⁷, and to allow staff to analyze the implications of the new housing legislation on the project.

The draft policy included affordable housing targets intended to provide guidance to developers about expectations for all projects to contribute towards increasing the stock of affordable housing in the community. Without that guidance, a policy vacuum continues. Developers and staff know that affordable housing is an important issue to Council. However, there are no clear expectations around how developers are expected to contribute. This means that negotiations are taking place on an ad hoc basis, results may be uneven, and the lack of clarity may be contributing to a delay in development application processing times.

⁶ Note that new DCC rates do not come into full effect until one year after the bylaw is adopted per Section 568 of the *Local Government Act*.

⁷ Presented to [Committee of the Whole on December 12, 2023](#).

The draft Council Policy – Interim CAC Policy (Attachment 3) requests that as a condition of any new rezoning, the property owner agree to contribute to the affordable housing fund at a minimum rate of \$4,000 per additional detached dwelling lot, \$2,000 per additional ground-oriented unit (e.g. townhouse) and \$1,000 per multi-family unit. This is a token contribution compared to the amount originally considered in the draft affordable housing policy last summer, which sought 10% of units to be provided at 20% below market rates⁸, and compared to the costs of constructing housing.

Collecting a relatively small amount for the Affordable Housing Reserve Fund will allow the Municipality to replenish the Affordable Housing Fund and enable the Municipality to make modest contributions to upcoming projects. Given current economic conditions, this policy is consistent with the recommendation from the December 2023 Mulholland & Parker *Market Research & Financial Analysis Report* to introduce affordable housing CACs at a relatively nominal rate. This rate establishes the expectation and provides a modest cash flow to the Affordable Housing Reserve Fund without being at a level significant enough relative to other development financing costs to make an otherwise viable project unaffordable. The rate can be adjusted over time as conditions improve. This CAC request may be revised or replaced by the Affordable Housing Policy as further work is completed. At the time of writing, the Affordable Housing Reserve Fund has approximately \$50,000 of unallocated funds. For context, this would cover the existing DCCs for a 7-unit affordable housing project in the South End.

Attachment 9 provides further information on the recommended amounts.

OPTIONS

(Recommended Option)

1. THAT Committee of the Whole recommends that Council adopts the Council Policy – Phasing Plan for the Bell McKinnon Local Area Plan included with the Project Planner’s October 8, 2024, report as Attachment 1.
 - *If Council adopts this policy, it will come into effect immediately and be used to review existing zoning bylaw amendment applications and as a reference for staff and the development community in pre-application discussions. As articulated in the OCP, the goals of phasing are to support logical, incremental growth and to minimize the financial burdens associated with premature installation of infrastructure.*
2. THAT Committee of the Whole directs staff to develop a scope of work and engagement plan to amend the BMLAP with the goals of:
 - a. Implementing the OCP direction;
 - b. Updating the proposed park network; and,
 - c. Incorporating changes recommended by the detailed servicing review.
 - *Staff will return to the Committee of the Whole with a detailed work plan and engagement plan for amending the BMLAP.*
 - *Assuming the scope is as described in this report, the LAP amendment project is expected to take*

⁸ Equaling 2% of the total market value for a development. For example, a single-family dwelling valued at \$750,000 would contribute \$15,000.

approximately six months to complete and approximately \$40,000 - 50,000 plus staff time. This work is proposed to be funded from the Bill 44 Capacity Funding for Local Government Housing Initiatives.

3. THAT Committee of the Whole directs staff to prepare a zoning amendment bylaw to increase the minimum lot sizes to prevent premature and low-density development within the BMLAP, including the Future Growth Area OCP land use designation.
 - *The purpose of this amendment would be to prevent premature/low-density development of the BMLAP, which might undermine the long-term vision for the area and the ability of the Municipality to secure the necessary public land dedications.*
4. THAT Committee of the Whole recommends that Council adopts the Bell McKinnon Local Area Plan Land Acquisition Community Amenity Contribution Policy included with the Project Planner's report dated October 8, 2024, as Attachment 2.
 - *Should Council adopt it, the policy will come into effect immediately and be applicable to the three in-stream zoning bylaw applications.*
 - *The policy establishes a target amount to collect at the time of rezoning to allow for acquisition of public lands in the Bell McKinnon Area based on the Blue-Green Network shown in the BMLAP.*
 - *The policy also reiterates and reinforces the standards established in the BMLAP.*
 - *The policy may be modified or repealed if/when other tools are put in place to address these challenges.*
5. THAT Committee of the Whole directs staff to:
 - a. Develop an engagement plan for the draft Interim Community Amenity Contribution Policy included with the Project Planner's report dated October 8, 2024, as Attachment 3, and,
 - *The Committee of the Whole may wish to hear from the development community on the potential impact of the proposed CAC Policy.*
 - *Staff could return to the Committee of the Whole with a proposed engagement plan within the next one to two Committee of the Whole meetings.*
 - *The engagement could potentially be batched with engagement on other projects and would likely take 2-4 months to complete and cost between \$5,000 - \$20,000 plus staff time, depending on the scope. This work could be funded from the Bill 44 Capacity Funding for Local Government Housing Initiatives.*
 - b. Use the draft Interim Community Amenity Contribution Policy as a basis for negotiations for new and in-stream Zoning Amendment Applications while the public engagement on the policy is ongoing.
 - *The rationale that all projects should contribute a fair share towards new infrastructure projects applies equally to the proposals that are currently under review.*

- *Using the draft Policy as a basis for negotiations will guide staff and developers on how to address this issue. The results may provide insights that supplement information gathered from the public engagement.*

(Alternative Options)

1. THAT Committee of the Whole directs staff to provide additional information and/or prepare an amended [*Committee to indicate applicable element: e.g., goals of BMLAP Update; Interim CAC Policy...*] for Committee's consideration at a future meeting, incorporating ... [*changes or additional information to be identified by Committee*].
 - *The Committee of the Whole may provide other direction related to any aspect of the BMLAP Implementation Project.*
 - *Should the Committee of the Whole identify suggested amendments to a policy, or alternative preferences, prioritization, or sequencing to the proposed workplan(s), staff would need an opportunity to consider all implications and prepare revisions accordingly.*
 - *The Committee of the Whole should adopt separate resolutions for each applicable item.*
2. THAT Committee of the Whole directs staff to develop an engagement plan for the draft Bell McKinnon Local Area Plan Land Acquisition Community Amenity Contribution Policy included with the Project Planner's October 8, 2024 report as Attachment 2, and that in the meantime directs staff use the draft policy as a basis for negotiations for in-stream Zoning Amendment Applications within the Bell McKinnon Area.
 - *The Committee of the Whole may wish to hear from the development community on the proposed BMLAP Land Acquisition CAC Policy.*
 - *Staff could return to the Committee of the Whole with a proposed engagement plan within the next one to two Committee of the Whole meetings.*
 - *The engagement could potentially be batched with engagement on other projects and would likely take 2-4 months to complete and cost between \$5,000 - \$20,000 plus staff time, depending on the scope. This work could be funded from the Bill 44 Capacity Funding for Local Government Housing Initiatives.*
 - *This is not the recommended option because the amount of public land which forms the basis of this policy is directly informed by the content of BMLAP, which was adopted in 2018 and developed with extensive public engagement and stakeholder consultation.*
3. THAT Committee of the Whole recommends that Council adopts the Council Policy – Interim Community Amenity Contribution Policy included with the Project Planner's October 8, 2024 report as Attachment 3.
 - *Should Council adopt it, the policy will come into effect immediately.*
 - *The policy will provide guidance for developers and staff on appropriate CAC levels and may be updated once the new draft DCC Bylaw rates are known.*
 - *Funds collected will be used to support a short-term infrastructure fund until new DCC rates are*

established and to support the Affordable Housing Reserve Fund until an Affordable Housing Policy is adopted, or further work is completed.

- *Public engagement will be completed for the new DCC Bylaw (as required by legislation) and has been completed on the draft Affordable Housing Policy.*
4. No resolution is required if Committee of the Whole does not direct further consideration of the proposed CAC policies.
- *Under this option, the status quo approach will continue.*
 - *When infrastructure upgrades are needed, upgrading that infrastructure becomes a condition of development. This condition can be imposed at any time until the building permit is issued.*
 - *Depending on the specifics, the project is paid for:*
 - *From the DCC Reserves, and/or*
 - *By the developer as a CAC (subject to negotiation) and/or with the ability to recover costs through a late-comer agreement.*
 - *Public land will be negotiated on a site-by-site basis based on the conceptual network shown in the BMLAP.*
 - *This approach does not provide immediate direction for existing “in-stream” applications and is more difficult to apply fairly to all developments.*

IMPLICATIONS

Project budget is in place for 2024 (and will be carried over into 2025) to support this project. Some aspects of the project will be funded through the provincial Capacity Funding for Local Government Initiatives (provided for Bill 44 implementation).

With or without this work, development applications will continue to be received and processed in the Bell McKinnon area based on the BMLAP. However, the proposed work and policies should reduce the time and effort required to process each application, which will benefit both the municipality and the applicants.

The proposed Phasing Plan will act as a communication tool with the development community and property owners. The policy will inform owners and developers about the immediate, short- and long-term development potential of properties within the BMLAP.

Without the proposed CACs, the Municipality may miss opportunities to have early applicants contribute fairly to needed infrastructure and public land acquisition, increasing what the remaining properties must bear and making future development more expensive. By setting standards, all properties will contribute more equitably, although it should be noted that achieving absolute equity between one project and the next is impossible.

Nothing in the three proposed policies fetters Council's discretion in considering applications for zoning bylaw amendments or the conditions it may or may not ultimately impose. The policies are intended to bring consistency and equitability to the decision-making process, but Council still retains the ability to take site-specific considerations or unique circumstances into account:

- In the case of the CAC policies, different amenities can be negotiated for any development proposal regardless of the policies.
- In the case of the Phasing Plan policy, as proposals come forward, staff will generally recommend denial of proposals inconsistent with the policy, however, Council will retain approval discretion. The recent option established in the Development Procedures Bylaw to allow for an "early consideration" process may be useful in these instances. Once the Phasing Plan is incorporated into the OCP/BMLAP, Section 478 of the *Local Government Act* would apply, requiring that all bylaws enacted be consistent with the relevant plan.

RECOMMENDATION

1. THAT Committee of the Whole recommends that Council adopts the Council Policy - Phasing Plan for the Bell McKinnon Local Area Plan included with the Project Planner's October 8, 2024, report as Attachment 1.
2. THAT Committee of the Whole directs staff to develop a scope of work and engagement plan to amend the Bell McKinnon Local Area Plan (BMLAP) with the goals of:
 - a. Implementing the OCP direction;
 - b. Updating the proposed park network; and,
 - c. Incorporating changes recommended by the detailed servicing review.
3. THAT Committee of the Whole directs staff to prepare a zoning amendment bylaw to increase the minimum lot sizes to prevent premature and low-density development within the BMLAP, including the Future Growth Area OCP land use designation.
4. THAT Committee of the Whole recommends that Council adopts the Bell McKinnon Local Area Plan Land Acquisition Community Amenity Contribution Policy included with the Project Planner's report dated October 8, 2024, as Attachment 2.
5. THAT Committee of the Whole directs staff to:
 - a. Develop an engagement plan for the draft Interim Community Amenity Contribution Policy included with the Project Planner's report dated October 8, 2024 as Attachment 3, and,
 - b. Use the draft Interim Community Amenity Contribution Policy as a basis for negotiations for new and in-stream Zoning Amendment Applications while the public engagement on the policy is ongoing.

Report prepared by:

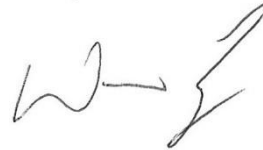


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Attachments:

- (1) Draft Council Policy – Phasing Plan for the BMLAP
- (2) Draft Council Policy – BMLAP Land Acquisition CACs
- (3) Draft Council Policy – Interim CACs
- (4) Overview of Hospital Off-Site Servicing Projects
- (5) BMLAP Excerpt
- (6) BMLAP Implementation Project Details
- (7) Memo – DCC Bylaw Review and Rationale for Near-Term Infrastructure Fund Amount
- (8) Overview of Costs for Developers in the BMLAP
- (9) Memo - Rationale for Affordable Housing Reserve Fund Amount