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RESIDENTIAL BONUS SYSTEM: WHY A CITY-WIDE BONUS?

At present the City of Toronto is reviewing and revising its residential bonus policy. This revision has been in progress since 1969 when ministerial approval was given to the City's Official Plan Part I, which sets out general principles for the City's development. In the intervening period, in addition to several planning board reports on the bonus policy, many comments on bonus policies have been presented by numerous groups and individuals concerned about urban planning and development issues. Some of the points raised by this review process should be of interest to other North American cities -- both those that already have bonus systems and those that are thinking of instituting them.

Basically, the purpose of any residential bonus system should be to encourage good development (over and above the basic standards required by zoning laws, building codes, etc.) in the City's residential projects by the use of incentives. If the developer builds especially desirable features into his project, the City in turn rewards him with a bonus.

The revised residential bonus policy recently discussed by the City of Toronto Buildings and Development Committee and referred back to the City Planning Board¹ has been prepared in order to fulfill a requirement set by the Minister of Municipal Affairs when he approved the Plan. The set requirement is that Council must adopt a bonus policy to be incorporated, as an amendment in the Official Plan Part I. The scope, therefore, of the planning board reports has been limited to:

a review of the existing bonus system policy, all of those features of residential development which might be considered for bonusing, and the recommendation of a revised policy containing the features selected as desirable for bonusing and the bonus density factors to be awarded, within the density limits and other policies established in the Official Plan.²

1. April 10, 1972.

2. City of Toronto Planning Board, Summarizing Report: Proposed Revised Residential Bonus System (December 21, 1971), p.2. Bureau underlinings added.

This has meant that the Planning Board reports and recommendations have concentrated on developing a general city-wide bonus system (since the Official Plan Part I is a general, city-wide statement, intended to be supplemented by more detailed Part II Plans). It has also meant that they have concentrated solely on developing a density³ bonus system (since the references to a bonus policy in the Official Plan cite increases in the gross floor area -- or density -- permitted on a site, as the type of bonus to be granted).

Many of the comments received by the Planning Board were not limited to discussing types of city-wide density bonus systems. Many of the comments were beyond these terms of reference -- for example by suggesting bonuses other than density bonuses. This COMMENT, as well, has a wider frame of reference, since it is our contention that these two limitations -- city-wide application and density bonus -- severely hamper the effectiveness and value of the bonus system.

The Present and Proposed Bonus Systems:

In Toronto, the precise amount of bonus a development can earn, under either the present or the proposed system, depends on the location of the development and the combination of bonusable features included. The Official Plan sets maximum densities permitted in different areas of the City (ranging from 1.35 times the area of the lot in "low density residence areas" to 4.375 times the size of the lot in "core high density residence areas"). And each system sets different bonuses for the different features.

The City of Toronto has been operating a residential bonus system⁴ that grants bonuses (in the form of increased permissible density) for the following features: site area (no bonuses are available for sites having less than 50,000 square feet; and more and larger bonuses are available for sites having 100,000 square feet and 400,000 square feet); landscaped open space (bonuses are available for provision of landscaped open space above a minimum requirement, which ranges from 50% - 70% of the site, depending on the location of the site); site assembly (bonuses are available for sites having 2, 3, or 4 continuous frontages); mixed development (small bonuses are available for providing a minimum requirement of units averaging 1,000 square feet or more and building three stories or lower; this bonus has been used infrequently); underground parking (underground parking is a prerequisite for some of the other bonuses); and, more recently, for general consideration of "good planning", as agreed upon by City Council.

3. Density is a measurement which relates the size of the building to the size of the site. It is calculated in terms of gross floor area of building(s) $\frac{\text{site}}{\text{square feet of gross floor area}}$. For example, if a building has 100,000 square feet of gross floor area on a site of 50,000 square feet, the density is $\frac{100,000}{50,000}$ or 2.0.

4. This is not a complete description of the existing bonus system. For a more detailed description, see City of Toronto Planning Board, Residential Bonus System Policy - Better Living At Medium and High Densities - Introduction and Part I Historical Perspective, pp.18-29.

The proposed residential bonus system⁵ has six bonusable features. Four of the existing bonusable features⁶ have been revised, with the amount earned reduced or increased, and with some quality controls introduced into the descriptions of the features. For example, the site area bonus has become smaller and somewhat less important (e.g., some bonuses are available for sites under 50,000 square feet; and the largest area bonus is for sites of 200,000 square feet or more, compared with the largest present bonus for sites of 400,000 square feet or more). And the landscaped open space bonus has become both relatively less important and somewhat more stringent by the addition of such "quality controls" as direct access to buildings and a minimum dimension of forty feet.

To the revised bonus features of site area, landscaped open space, site assembly, and building variety, are added two new features -- family units and public use. The family units must have at least three bedrooms, a balcony or private open space, a common playground with a minimum area of 40 square feet per family unit, a common recreation room with a minimum area of 10 square feet per family unit, a common storage/mud room, and a separate entrance from the adult parts of the building; and must be located no higher than 45 feet above the ground. This family unit provision has been carefully thought out to ensure that it meets the needs of families. Unfortunately, its potential effectiveness is in some doubt. When questioned recently by a member of the Buildings and Development Committee, a spokesman for the development industry stated flatly that the industry would not take advantage of the family units bonus.

The second new feature, the public use bonus, requires "an approved agreement or lease for public purposes" of a variety of spaces (ranging from a walk-way to enclosed recreation or school facilities) having a minimum area of 4,000 square feet, all dimensions greater than 20 feet (or 40 feet for a park) and not included in the minimum landscaped open space area required by by-law. The purpose of this bonus feature is, of course, to secure needed public facilities on private development sites.

City-Wide or District Bonus System?:

There are several prerequisites for a successful bonus system. As we noted earlier, the purpose of any bonus system (residential or commercial; city-wide or local) is to encourage good development through an incentive system. In practice, unfortunately, any density bonus system can be perverted by the decision-makers (politicians or planners), so that it becomes not a mechanism to encourage good development, but a mechanism to grant higher densities (hence higher revenue) to developers. For example, definitions of bonusable features, such as landscaped open space, can be stretched so that the original purpose is lost. And bonuses earned simply by the fact that the site is large, can be valuable for the developer, (since there are no further restrictions or requirements), but not necessarily for the city. A basic prerequisite for all bonus systems, therefore, is recognition by the decision-makers

5. For a more detailed description, see City of Toronto Planning Board, Summarizing Report: Proposed Revised Residential Bonus System, Dec. 21, 1971.

6. The site area, landscaped open space, site assembly, and mixed development (building variety) provisions are revised. Underground parking has been recommended as a zoning requirement and eliminated as a bonus feature.

that the purpose of the system is to encourage and monitor good development.

Other prerequisites include: an agreed-upon definition of "good development"; a clear idea of what aspects of development are "mandatory" (and therefore to be required by law) and what aspects are "discretionary" (and therefore to be encouraged by bonus incentives); and flexibility accompanied by quality controls. As will become evident, the Bureau believes that these prerequisites can most easily and effectively be applied on a district basis, rather than on a city-wide one.

An agreed-upon definition of "good development" is essential so that the appropriate aspects of development to be encouraged can be determined. Certain aspects of "good development" are beyond the power of local municipalities to control (such as, location of major traffic arteries or subway routes; development of harbours⁷; over-all housing policies; tax policies, and so on). Of course, knowledge of upper-governmental level priorities and policies must also be available to local decision-makers, so that local decisions about development do not conflict with, but complement upper-level decisions. But, within a limited context, the municipality does have considerable authority (for instance, for location of parks, or height of buildings, or uses permitted on specific sites, or issuance of building and demolition permits⁸, and so forth). It is necessary, therefore, for the decision-makers to agree upon what type of development can be considered "good" and be encouraged.

This is, obviously, not an easy task. If it is tackled only on a city-wide basis, it is even more difficult and even less effective. For except on the most general level (health, fire, and safety regulations, etc.), good development will vary from district to district. "Good development" in a low-income, low-density mixed residential/commercial area can be expected to differ significantly from "good development" in an affluent, low-density, exclusively residential area. Or, "good development" in a high density, old age area will probably differ from that of a high density, family area. The needs and conditions are different; therefore, the bonus features should be different. But a city-wide bonus system -- even one with a few basic geographic and density differences -- can only bonus general features.

There must also be a clear idea of what aspects of good development should be considered "mandatory" (and therefore required by zoning or other laws) and what should be considered "discretionary" (and therefore encouraged by a bonus incentive). As a city grows, and as basic standards are, or should be, constantly up-graded, ideas of what is "mandatory" and what is "discretionary" change. What was once discretionary

7. Bureau of Municipal Research, "On the Waterfront", BMR COMMENT #134, (March, 1972).

8. The Bureau in the past has emphasized how important judicious control of demolition permits is for area redevelopment. After all, if all the older buildings are demolished, major alternatives for area redevelopment -- rehabilitation and cooperative planning with area residents -- are eliminated. Bureau of Municipal Research, "A Pile of Rubble?-The Need for Comprehensive Control of Demolitions", BMR COMMENT #128 (September, 1971).

may grow to be mandatory (standards for landscaped open space or for underground parking are good examples). For this reason, there should be constant review and revision of standards and incentives.

Beyond this, some of these standards may well vary from district to district. For example, perhaps all buildings in the city should not be limited to six stories (and therefore should not be limited by the zoning law). But in some areas perhaps building height should be limited (therefore required by a district by-law or required as a precondition to other bonuses in the district). And in other areas perhaps it would only be "advisable" for the heights to be limited (therefore encouraged by being included as a bonusable feature in the district bonus system).

Flexibility, accompanied by detailed quality controls, is a key to an effective bonus system -- flexibility in both the types of awards granted and the types of features bonused. In Toronto, as we noted earlier, both the present and the proposed systems grant only one type of bonus -- an increase in the density permitted on the site. But this limits the flexibility and the effect of the system. There are many other types of bonuses that could be awarded -- easing of yard regulations, set backs, lot sizes, street sizes, height regulations, and so forth. But these are more easily and more appropriately awarded on a district basis than on a city-wide basis, since the need for and desirability of these permissions varies among the different parts of the city.

Furthermore, not only is the single, density bonus relatively inflexible, but it may also have unwanted effects on the surrounding neighbourhood. By increasing the total density, the bonus may aggravate many of the problems created by redevelopment -- particularly large-scale redevelopment. Many of the problems associated with increasing the height of the buildings and bringing more people into an area have been noted during the Toronto bonus review process.

There should also be flexibility in the types of features bonused. There is an immense range of potential bonus features -- specific uses (e.g., a daycare centre, or a theatre, or an outdoor cafe, or active recreation facilities), or preservation of historical buildings, or underground pedestrian ways, or lifting of minimum site size regulations and so forth. But, these features, again, should be geared to specific districts. A city-wide system, on the other hand, must limit its bonus features to those that can be bonused on a wide geographical basis (such as site assembly). Although theatres, for example, might be highly desirable in some areas, they might well be highly undesirable in others.

This flexibility must, however, be accompanied by carefully worked out specifications, or "quality controls". For example, not every redevelopment site should receive a bonus for having a daycare centre; but, in those sites where it is deemed to be an asset (e.g., where there are a lot of family units), its design, facilities, location, etc., should all be carefully specified in the bonus description. Otherwise, the resulting daycare centre could be of very poor quality and of little value.

This degree of flexibility and quality control is very difficult -- if not impossible -- to achieve in a city-wide system.⁹

District Bonus Systems:

The value of district bonus systems has been recognized by both the Planning Board reports (although no specific recommendations were made) and by some of the briefs presented. It has also been recognized and instituted, in a number of North American cities -- including New York and San Francisco. New York, for example, has a Special Theatre District, in order to encourage the continuation of legitimate theatres which might otherwise have been displaced by more lucrative office building developments. The bonus system there is so precise that the width of the seats and the area in square feet of equipment storage space are all prescribed. Variations on the theme include historical districts where bonuses are given for retaining designated historical buildings, and planned unit developments (PUD) where certain technical requirements (such as yard regulations or height restrictions) may be waived or density bonuses granted in return for better design and the inclusion of certain desirable features.

In Toronto, where the planning staff is undertaking district studies and is preparing Official Plan Part II statements, the development and implementation of district bonus systems would be quite feasible. The district study is an in-depth analysis of an area of the City, which precedes and lays the basis for the Official Plan Part II. It is full of information that could be used to develop district bonus systems, which are tailored to the needs and conditions of each district.¹⁰

As we have pointed out, the purpose of any residential bonus system is to encourage good development -- not just to prevent bad development or to grant density increases to developers. In Toronto, both the existing and the proposed systems suffer from a lack of refinement. As the City has grown, the system of regulations preventing bad development has become more complex. But the incentive system to promote good development has remained relatively limited and general.

9. Although some of the provisions in Toronto's proposed bonus system are carefully specified (family units, public use, and to a much lesser extent landscaped open space), others are not. For example, bonuses are given simply for largeness. The Planning Board reports say that the largeness bonus is useful because better design and inclusion of certain desirable uses can be more easily attained once a certain scale is reached. Yet only the scale, not the design or the uses, is required to gain the bonus.

10. For further discussion of a particularly innovative district study, see Bureau of Municipal Research, "The Don District Guide Plan: An Invitation to Participatory Planning", BMR COMMENT #132 (January, 1972).

The basic problem is that both the present and proposed systems are applied on a city-wide basis, with only a few distinctions being made according to the density and location of the site. The proposed system has some distinct advantages over the present system. Nevertheless, the bonuses available for low-density residential development in one part of the City are still the same as those for low-density residential development in another part. And the bonuses for inner, high-density development in one part of the City are much the same as those in another.

The city-wide application means that strict attention to encouraging good development tailored to the needs and conditions of each area is made impossible by the need for seeking provisions which will be common denominators, applying equally well to all parts of the huge density sectors.

The Bureau hopes that the need for district bonus systems will be recognized and that such systems will be adopted as the district studies and Official Plan Part II statements come forward.