BALANCING REGIONAL AND LOCAL INTERESTS: PREVENTING FURTHER JOB SPRAWL IN THE GREATER VANCOUVER REGION

by

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Abstract

Despite Vancouver's reputation for urban planning excellence, there are fears the current voluntary model of regional governance may be unable to ensure the achievement of the vision defined in the Regional Growth Strategy. Managing land use to promote a compact city form and reduce the need for transport is a key element of the regional vision. Several factors such as cheaper land and competition for property rates revenue have contributed to "job-sprawl," with office park developments in suburban locations unsupported by transit.

Several policies are considered to improve the alignment between local municipal and regional interests, and guide employment-generating developments to urban centres. Improved policy coordination, targeting of public funds to designated growth areas to reduce private sector risk and regional revenue sharing are recommended as the most promising options to address job sprawl.

Keywords: Regional governance; regional growth strategy; job sprawl; smart growth; urban planning; revenue sharing; development charges; Metro Vancouver.

Executive Summary

Over the past few decades, urban planning in Vancouver has been driven by a vision of the livable region. The current regional growth management strategy (RGS) was built on a broad-based consultation process in the 1980s in response to concerns about rapid uncontrolled growth. The result was the Livable Region Strategic Plan (LRSP), adopted by all the member municipalities of the Greater Vancouver Regional District (GVRD, now Metro Vancouver) in 1996. Job sprawl and suburban office parks have undermined one of the four goals of the strategy: achieving a compact metropolitan region.

Similar to the rest of North America, beginning in the 1970s offices began moving out of downtown areas and into suburban locations unsupported by public transit. The result was uncontrolled urban growth, traffic congestion, decreased air quality and increased travel times. Reducing congestion and reliance on the use of private vehicles requires two key elements:

- providing a viable transport alternative, and
- reducing the need for movement.

A viable transit network needs a network of destinations, and population densities high enough to provide viable high frequency services that can compete with private transport. Job sprawl and suburban office parks undermine both of these aspects. The goal of the LRSP was two-fold: to build up densities in the metropolitan core by targeting employment and population growth into the area, and directing trip generators like call-centres and office parks into the regional town centres, to reduce the need for movement.

However, according to a 2005 Study, almost 40% of new jobs had located outside of the metropolitan core zone in suburban areas, and only 16% of the growth had occurred in the

regional town centres. So despite the regional vision of targeting growth, job-sprawl had increased significantly between 1990 and 2000. This project explores policy options to prevent any further job sprawl in the Vancouver region.

Approach taken

This report incorporates literature on regional governance and smart urban growth policies and uses them to generate an initial set of policies, which were whittled down using the key informant interviews. The sample of people interviewed included representatives from local and regional government, mayors and municipal officials, and property developers.

Regional governance in Vancouver

Metro Vancouver is not a directly elected body, but rather a voluntary association of local governments to provide regional services. Metro Vancouver has no authoritative or coercive powers in provincial legislation – the only powers it has have been delegated to it by its member municipalities. While the GVRD has the ability to regulate and enforce the management plans for the core services of water and waste, among others, they have not been given the power to enforce the regional growth management plans which they must undertake.

Factors driving job-sprawl

There are several factors driving job sprawl currently:

- The tradition of **local autonomy** and weak linkages between the regional vision and local plans. There is no real incentive for municipalities to take regional implications into account when making local decisions.
- A much stronger incentive is the need to **increase the local revenue base**, through increased property rates revenue from commercial developments. Competition for this revenue between local municipalities makes them more reluctant to impose restrictions on where developments occur, for fear of losing out to a neighbouring municipality.

- There is also an element of **prestig**e to having a business choose to locate in your municipality.
- Other factors include the presence of **cheaper land** in suburban areas, along with **fewer development constraints**. Developers are able to build quickly and easily, keeping time and development costs down.

Current measures to address job-sprawl under the proposed Regional Growth Strategy (RGS)

The region is currently in the process of finalising a new RGS, which addresses many of the limitations of the LRSP in terms of implementation. The main action to prevent further suburban office parks has been to limit their ability to locate on cheap industrial lands. Strategy 1.2 of the RGS aims to focus growth, particularly higher-density trip-generating developments, in urban centres and FTDAs. Urban centres are intended to be the region's priority locations for employment and services, along with higher density housing. Frequent Transit Development Areas, located in strategic areas along TransLink's Frequent Transit Network, provide an additional focus for growth, particularly for higher density residential, commercial, and mixed use development. Together, they are intended to help shape transportation demand and optimize investments in the region's transportation system.

The remaining key elements in the RGS include:

- Investigating the use of financial tools and other incentives to support the targeting of growth to these areas.
- Requesting other government agencies to direct their offices to these areas where appropriate.
- Monitoring progress,
- Liaison with TransLink, and
- Developing supportive policies and regional context statements to ensure that future office developments do not occur in suburban locations unsupported by transit.

Recommended policy options

The following options were considered to help prevent further job sprawl in the greater Vancouver region.

1. Improved policy coordination
2. Priority funding areas, based on the experiences in Maryland (USA)
3. Regional revenue-sharing.
4. Area-based development charges
5. Legal requirement to consider municipal externalities
6. An amended decision rule for Metro Vancouver

Options 4, 5 and 6 were discarded after an initial analysis using evaluation criteria including effectiveness, horizontal equity between local municipalities, legal, administrative and political feasibility. The remaining 3 policies are all viable options to address the issue of job sprawl, operating within the current governance structure.

Building on the existing policy, **improved coordination** can be implemented immediately, and builds on the provisions already contained in the RGS. It uses the forum provided by Metro Vancouver to identify potential policy conflicts between land use policies, and the Technical Advisory Committees (TACs) to resolve them. This option recognises that one policy will not apply to all of the municipalities, and that some oversight is required to ensure that the different policies used by all the local municipalities do not have unintended consequences for their neighbours, or the region. A further advantage of this option is that it can be used as a platform for the local municipal planners to discuss additional options, in particular to raise the level of comfort regarding a regional revenue sharing option.

The concept of **priority funding areas** builds on the work done in Maryland in the US. It works by targeting public funds at specific areas, or in the case of Vancouver at the urban centres and FTDAs, to improve the attractiveness of the receiving areas to developers and private investors. This option is intended as a way of strengthening the current RGS request for government agencies to direct major office and institutional to these areas, perhaps through the use of Implementation Agreements. Vancouver already has several factors which would support the effectiveness of this option:

- A clear and consistent definition for the UC and FTDAs has already been provided in the 2011 RGS.
- The areas will be identified by local government, and included in their Official Community Plans.
- There is a clear regional goal to direct growth to these areas in the RGS.
- Provincial and local planning systems are already integrated.
- There has been approval in principle from bodies such as PWGSC to the concept of locating in these areas where appropriate.

The objective of **regional revenue sharing** is to reduce the competition for property tax revenue between local municipalities, and remove this as a reason for allowing office developments outside of the regional town centres. If fears about reallocation of the existing revenue base are allayed, and a clearer case for the overall regional benefit is made, revenue-sharing has the potential to be an effective tool for reducing office developments in unsuitable suburban locations. Many of the pre-conditions are already in place:

- There is a history of strong regional collaboration, including cost-sharing.
- There is a well-enforced urban growth boundary in the form of the ALR, which supports the smart growth aspects of the policy.

Revenue-sharing would apply only to a portion of the rates revenue from new commercial developments, leaving the existing rates base untouched. To prevent further job-sprawl, it is recommended that any revenue re-allocation formula compensates municipalities who agree to place regional interests over their own. For example, Burnaby and Surrey downtown areas currently have the strongest development potential. It might be better for the region to direct commercial developments to these two centres, building up to a critical threshold beyond which private market factors would probably take over. Those municipalities which due to their location will continue to struggle (such as New Westminster due to their “movement corridor” position between Burnaby and Surrey), or other outlying municipalities (such of the Langleys) which are segmented by the ALR could be compensated for agreeing to place regional interests over their own.

Conclusion

The long-term future of the RTCs (and the livability of the region in turn) depends on their ability to generate sufficient development momentum over the longer term to attract private development. Suburban job sprawl destroys this momentum, undermining the viability of the proposed transit network, and ultimately reducing the attractiveness of the RTCs to private developers and firms.

The challenge is to ensure that any future developments are steered to locations which support the transit network. Transit provides an important signal to developers about where to locate, and the region, acting through Metro Vancouver and Translink, must ensure that poor location decisions don’t undermine these transit signals.

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Glossary

C-I	Commercial & Industrial land-uses
FTDA	Frequent Transit Development Area (land-use layer defined in the 2011 RGS)
GCA	Growth Concentration Area (as defined in the LRSP and the draft RGS)
GVRD	Greater Vancouver Regional District (renamed Metro Vancouver as of 2007, but the legal name remains GVRD)
LRSP	Liveable Region Spatial Plan (adopted as a RGS in 1996)
OCP	Official Community Plan
RCS	Regional Context Statement (as defined by Part 25 of the Local Government Act)
RGS	Regional Growth Strategy (as defined by Part 25 of the Local Government Act)
RTC	Regional Town Centres
UC	Urban Centre (land-use layer defined in the 2011 RGS)

1: Introduction

Vancouver has succeeded over the past several decades in establishing a reputation for urban planning excellence. It has a history of transit-friendly development and a regional transport body in the form of TransLink. Residential densities are the envy of North America, with the metropolitan core having residential densities that rival those of London and Madrid (www.citymayors.com; vancouver.ca)[1]. The Agricultural Land Reserve created in the 1970s not only protected the surrounding rural and agricultural lands from excessive sprawl, but sent out a strong signal of the need to grow "smartly." Perhaps one of the greatest successes has been a vision of regional growth set jointly by all 21 local municipalities in the Vancouver area[2], driven by a regional entity, Metro Vancouver. This accomplishment in the form of the Livable Region Spatial Plan (LRSP) was recognized in 2002 by the UN Habitat program's Dubai awards for outstanding contributions to the human environment (sustainable cities.net.)

However, there are fears that the current collaborative model of regional governance may not be enough to ensure the achievement of the regional vision defined in the 1996 LRSP and its 2011 incarnation, the Regional Growth Strategy (RGS.) Managing land use in accordance with the LRSP to promote a compact city form and reduce the need for transport was a key element of the plan[3]. Despite the regional vision, the presence of cheaper land and competition for revenue from the main source of property taxes contributed to so-called "job-sprawl," with office park

[1] The total metropolitan area has significantly lower population density: 736 people per square kilometre, compared to the City of Vancouver's 5039 people per square kilometre. (vancouver.ca/commsvcs/planning/stats/infosheets/pdf/CityStatistics.pdf)

[2] Vancouver and Greater Vancouver are used to refer to the jurisdiction covered by the Greater Vancouver Regional District. The City of Vancouver refers only to the municipality containing the historic downtown core.

[3] Along with the goals of limiting sprawl, preserving the region's ecological features, and maintaining a high quality of life (GVRD, 1996.)

developments in suburban locations unsupported by transit rather than regional town centres. Roughly 40% of the new employment growth has gone into suburban areas, rather than into the Growth Concentration Area (or metropolitan core) as specified in the LRSP (GVRD, 2005; C de Marco, Interview, 7 February 2011). As Tomalty and Alexander noted (2005:223):

> A central element of the (LRSP) is the need to direct employment growth into specific centres within the urbanized portion of the region. A network of such nodes is required in order to create major destinations that can be well served by good quality transit. For such centres to be successful, they have to attract high-intensity employment uses (such as office buildings) closely linked to transit services in a walkable, diverse, and visually attractive milieu....In Vancouver, town centre development was a key part of the (LRSP.).. Outcomes have been disappointing (with) only 16.6% of employment growth going into town centres.

So why is development not occurring in line with the regional vision of growth management, despite the much-vaunted regional plan? The link to local plans was achieved through a provision in local government legislation requiring municipalities to adopt regional context statements (RCSs) incorporating the regional plan's policies into local land use planning documents. However, this has proven to be a weak mechanism for ensuring integration (GVRD, 2005; Tomalty and Alexander, 2005.) While the LRSP is meant to be a partnership based on regional goals, the current system, which prioritises local autonomy, makes it difficult to ensure that regional interests are taken into account in local planning decisions.

This lack of integration has been attributed to a variety of causes. Prominent among them is the lack of a clear mandate for Metro Vancouver, which has only the power given to it by its member municipalities, rather than legislated and integrated authority. As a voluntary association, no clear, enforceable mechanism exists to allow Metro Vancouver to ensure that regional interests are placed above local interests. The end result is that municipalities continued to allow major developments to locate anywhere within their boundaries, even if far from transit, if new jobs were created in the municipality (Tomalty, 2002; Artibise and Meligrana, 2005; de Marco, Interview, 7 February 2011.)

While core municipalities such as the City of Vancouver[4], North Vancouver and New Westminster have been successful at promoting compact growth[5], this is not true across the region - the more rural and suburban municipalities farther from the urban core tended to sprawl. From 2001 through 2006, the share of new urban and suburban growth that went into compact communities declined to 56% from 67% in the previous decade, and the amount of land developed to accommodate new residents increased from 4.8 to 6.9 acres per 100 new residents, compared with the two previous census periods (William-Derry, 2008.) Although much of this may be due to obvious differences in history, geography and urban land economics, as the core municipalities begin to run out of space for development, the outer municipalities will find themselves under greater pressure to absorb more development. Any blockages hindering municipalities in their ability to channel new development into compact neighbourhoods could have serious implications for the achievement of Goal 1 of the regional vision[6]. "The stark differences in compact growth patterns among Greater Vancouver's member municipalities point out the need for better-coordinated regional planning" (Williams-Derry, 2008: 8.)

The policy problem is that **the current institutional and legislative framework does not create the right incentives to ensure that local governments adequately consider regional interests, particularly when it comes to directing employment growth to urban centres. I explore the gaps in the current framework that have allowed employment generating developments such as office-park developments to occur in areas difficult to serve with transit and away from urban cores, resulting in so-called "job-sprawl".** Policy

[4] The city of Vancouver deserves special note for its success in promoting pedestrian-oriented neighbourhoods. By 2006, more than 1 in 4 city residents—or nearly 160,000 Vancouverites—lived in neighbourhoods with pedestrian-oriented densities. Moreover, the net increase in residents of Vancouver's pedestrian-oriented neighbourhoods represented fully 84 percent of the city's overall population growth from 2001 to 2006, a substantial increase from previous census periods (Williams-Derry, 2008.)

[5] Williams-Derry (2008) defines compact developments as having 20 or more residents per acre.

[6] Goal 1 of the Regional Growth Strategy (2011): Create a Compact Urban Area. The other 4 goals are: Support a Sustainable Economy, Protect the Environment and Respond to Climate Change Impacts, Develop Complete Communities, and Support Sustainable Transportation Choices.

options to address these gaps are then considered, in support of the regional vision of compact growth, improved transport choice and complete communities where residents are able to live close to their places of work, as defined in the new Metro Vancouver 2040 Regional Growth Strategy bylaw. This will also help to reduce the pressure on our road infrastructure and help ease the movement of goods in the region.

The introductory section on regional governance will provide a backdrop on the drivers behind and obstacles to regional growth management. Voluntary regional governance has a long history in BC, and this is explored briefly to understand the development of a regional growth management vision and the LRSP in 1996. Knowledge of the political history of voluntary cooperation in the region is required to understand the limitations of any regional governance arrangements and any policy recommendations for addressing these constraints.

While the LRSP was developed using a broad consultation process with buy-in from all member municipalities, implementation has fallen short of expectations. Challenges to implementation of the plan, and the ability of the various institutions to make and implement urban policies to shape the urban environment to meet existing challenges are addressed in the following section. While the current system of voluntary governance has worked fairly well until now in promoting the regional vision (Taylor, 2010; Williams-Derry, 2008), the coming challenges due to continued rapid growth require greater emphasis on a regional perspective. A variety of potential policy options are then considered to assist the outlying municipalities in Greater Vancouver guide office-park developments to the designated urban centres and frequent transit development areas as agreed in the latest Regional Growth Strategy.

2: Methodology

Regional governance and urban planning literature was reviewed to obtain a better understanding of key concepts informing the regional growth management plans in Greater Vancouver. This review was also used to identify a number of possible policy options, together with cases where these options have been implemented. The policy options considered were chosen based on their ability to address any of the identified drivers of job-sprawl. Both regulatory and incentive mechanisms were assessed for their relevance and applicability to the local context, in addition to different institutional arrangements. This shortlist of policy options was then presented to a number of key informants, to narrow the list down to the most promising ones for the Vancouver area. This was supported by a review of relevant provincial legislation and municipal policy documents to establish the regulatory context and to determine how appropriate the measures are to the local context.

The following people were interviewed:

- Gordon Price – Director of the City Program and SFU.
- Chris de Marco – Division Manager, Regional Development, Metro Vancouver.
- Peter Fassbender – Mayor of the City of Langley.
- Ronda Howard, Former Assistant Director of Planning, City of Vancouver.
- Tony Astles –Member of the National Association of Industrial and Office Properties, and local property developer.

Semi-structured interviews, varying on the type of informant, were used to help test and refine the problem statement, together with:

- Their views on how well the current Regional Growth Strategy 2040 addresses some of the implementation weaknesses found in the LRSP, including the issue of target setting. Are the current mechanisms in the draft RGS (tighter controls on industrial areas, the Regional Context Statement, and the designation of urban centres and Frequent Transit Development Areas) adequate to ensure achievement of the regional vision, with specific reference to avoiding further office developments in more remote suburban locations?

- Discussion of the differing incentives facing Metro Vancouver, the Provincial government and the individual municipalities, and how this affects regional growth management. Are there conflicting interests between the implementation of the regional vision (as contained in LRSP and Draft Metro Vancouver 2040 RGS) and local priorities, and if so, what are they?
- Feedback on how appropriate or effective the proposed policy options are for helping the less-developed outlying municipalities to avoid further suburban office developments, and steer them to the approved areas.
- On the private sector side, developers and business representatives were asked about their location decisions, their views on compact city goals for employment, and the suitability of the policy options to overcome any obstacles currently preventing them from locating in the urban centres.

The municipal interviews were selected based on either their experience with similar policies, or their need for the proposed policies due to the pressure which they still face with regard to areas zoned "mixed land-use" in industrial areas.

3: Regional planning in the Vancouver area

3.1 Regional governance and the "new" regionalism

In the 1980s and '90's a form of "new regionalism" emerged in North America, which focussed on good regional governance as instrumental to promote economic development and compete in an increasingly global economy. This built on the earlier regional ideas of improving equity and efficiency between the inner city and suburbs in the US, and the new regionalism addressed the inefficiency of sprawling cities through the promotion of a more compact, integrated city form. Under the new regionalism movement, this improvement would occur through voluntary regional governance arrangements, with municipalities cooperating to ensure the effective management of growth in their region (Swanstrom, 2001.) It has been accompanied by the rise of new urbanism and smart growth concepts concerned with the environmental effects of urban sprawl. These are discussed with reference to Vancouver below.

Regional *government* can take one of two forms: a consolidated metropolitan government, or a two-tier municipal model with a hierarchy of command (Frug, 2002.) New regionalists focus on regional *governance* arrangements, as opposed to formal governmental structures. They assume that existing institutions do not have to be abandoned and consolidated, but can cooperate on a voluntary basis (Frug, 2002.) Governance relies on agreements among local municipalities, the linking of related services, and public-private partnerships.

While the concepts of regional governance, government, and co-operation have varying interpretations (Norris, 2001; Fürst, undated), analysts agree that the degree of flexibility declines as you move from co-operation, to governance, to government. Fürst (undated) describes governance as a "process-based approach," involving innovative learning and dialogue.

Government on the other hand is a structure-based approach, relying on institutionalized policies and a formal command-and control hierarchy. In practice, processes and structures are related, resulting in tension between the two states: regional governance processes have an inherent tendency towards institutionalization and regional government.

Although governance may involve cooperation, it is both different from and more than simple cooperation, as described in the following:

> The association of governments or residents in a defined geographic area for the purpose of controlling or regulating the behavior within and performing functions or providing services for the overall territory. Governance in a metropolitan territory is authoritative, occurs on an areawide basis and may involve a coercive element. That is, governing decisions and actions are binding across the territory and, if necessary, may be compelled (Norris, 2001: 535.)

While the first part appears to apply in the Vancouver context, it does not meet the latter condition, as the local arrangement lacks any authoritative or coercive element; Metro Vancouver thus better fits the definition of regional cooperation. According to Savitch and Vogel (2000) (quoted in Norris, 2001: 559):

> *governance* conveys the notion that existing institutions can be harnessed in new ways, that cooperation can be carried out on a fluid and voluntary basis among localities and that people can best regulate themselves through horizontally linked organizations.

In this study I will use governance to indicate the importance of cooperation and the lack of a coercive element.

Over the past decade or so, integration of regions into the global economy has assumed much greater importance. The idea is that fragmented regional government harms economic competitiveness. Regional governance is therefore seen as a way for regions to compete in the global economy. However, little evidence supports the finding that either fragmentation or more coordinated regional approaches result in any regional economic benefits. While it seems self-evident that separate governments competing for investors may only end up moving productive facilities within the region, doing little for the growth of the region as a whole, this theory has little empirical support. While regional governance structures' link to economic growth is weak, according to Swanstrom (2001) their link to quality of life is strong. Over the long-term, fragmented governance may damage quality of life, eventually harming economic growth. For example, worsening vehicle congestion due to poorly integrated land use and transportation systems may decrease the desirability of an area. Both companies and employees may become more reluctant to relocate to areas plagued by poor air quality and long commutes, or at least not without significant subsidies or salary increases.

If fragmented regional governance does reduce the livability of a region, the idea of regional coordination remains compelling for Greater Vancouver, as the goal of livability is accepted by all parties as fundamental to the future of the region. Economic growth is meant to be enhanced by making the entire region an attractive place to live and do business, particularly in high-tech economies with highly skilled workers who are able to relocate more easily. After comparing highly fragmented Atlanta with the metropolitan governance in Portland, Nelson concluded that the quality of life, as evidenced by such measures as commuting time and perceptions of neighbourhood quality, is significantly higher in Portland (Swanstrom, 2001.) He also found slightly higher income and job growth in Portland, which provides limited evidence that quality of life, or "livability", promotes economic growth in the long run.

Regional governance tends to be difficult to manage, with consensus limiting the possibilities for innovation on a regional scale (Fürst, undated.) Both Frug (2002) and Norris (2001) provide a pessimistic take on the viability of these voluntary regional governance arrangements. While they are writing from a US rather than Canadian perspective, many of the political obstacles they note are shared. In fragmented governmental settings, policies designed for the good of the region overall are doomed to fail in the face of local fiscal needs and pressures. According to Frug (2002 :20):

> It should be clear by now that voluntary agreements and special purpose governments are not stepping stones toward comprehensive regional solutions but successful methods of avoiding them. They leave permanently off the table the most divisive issues facing metropolitan America — schools, crime, housing, jobs, and taxes.

While Metro Vancouver addresses affordable housing as part of its mandate, this does raise some interesting questions. Does it have the ability to address affordable housing in any real way, or are fundamental incentives in place that act against its best efforts? What impact does the fragmented local government have on jobs and taxes? Regional growth management based on voluntary cooperation appears to be insufficient to produce the requisite agreement on policies and implementation. The Vancouver region exemplifies this: the success of getting an agreement has not translated into successful implementation of the shared, general vision.

3.2 A brief history of regionalism in Greater Vancouver

Greater Vancouver is Canada's third largest urban region after Toronto and Montreal. It is one of the fastest growing urban areas in North America, now home to 2.2 million people and projected to grow to 3.4 million people by 2040 (Metro Vancouver, 2010). The region is Canada's Pacific gateway for the movement of people and goods between Canada and the Asia Pacific region, including the west coast of the United States. Over the past century a vision of a network of regional town centres has evolved, with the built-up urban landscape making its way eastward along the Fraser River. The early focus on regional planning, which predated the "smart growth" and "new regionalism" movements, was a response to a rapidly growing population constrained by the Strait of Georgia to the west, the Coast Mountains to the north and east, and the US border to the south. The presence of high priority[7], fertile agricultural land surrounding the existing urban land and to the east up the Fraser Valley provides a further constraint on an already tightly bounded region (Puil 1999; Taylor, 2010). There was early recognition that failure

[7] According to Puil (1999), the region contains Canada's best agricultural land with the best climatic conditions for growing the widest range of crops.

to control this growth could ultimately threaten the very reasons that bring people to the region in the first place.

The concept of a region is based on two underlying and competing components: territory and function. These two components are useful for understanding the concept of regionalism and its evolution in Vancouver. A functional region is concerned with economies of scale, such as the provision of water or other infrastructural services, and is the more practical component of regionalism. A territorial region is fundamental to the creation of a regional governance structure but is far more difficult to administer. It is concerned with issues of identity, economic linkages, administrative effectiveness and political rivalries. Collaboration depends on finding common interests and dependencies, which tend to be issue-bound (Fürst, undated).

The regionalism concept has incorporated three[8] main strands over time:

- Economies of scale
- Economic competitiveness and the related concept of livability.
- Environmentalism and the need for a more compact urban form.

Economies of scale with regard to services such as water and wastewater led to the early creation of regional governance structures in Vancouver. The Greater Vancouver Regional District (GVRD) is the oldest regional governance structure in Canada, beginning in 1926 with the creation of the Greater Vancouver Water District by the provincial government. Economic competitiveness and livability are important driving forces behind the creation of recent regional plans such as the Livable Region Spatial Plan (LRSP). Meligrana (1999: 363) points out that in terms of new regionalist thinking, "(i)n today's global economy, to stand still is to fall behind. The natural advantages of Greater Vancouver can be lost or at least sharply reduced by the efforts of other city-regions."

[8] In the US equity has been an important driver of the regionalism concept, evolving in response to declining inner cities and suburban flight. However this is less applicable in the Canadian context, and is not included here.

In Canada, local government is subject to provincial control and legislation (Sancton, 2001). As a result, the history of regional government in BC has been a tumultuous one. The regional governance system has gone through alternating periods of being weakened[9] and more recently strengthened during the 1990's by the introduction of the BC Growth Strategies Act.

The GVRD was formed in 1967 when regional districts were created by the BC provincial government, primarily with a regional planning mandate. However, each regional district is permitted to decide which services it should offer. The Board of Directors is appointed from locally-elected councils of member municipalities, and the municipalities are billed for services provided by the regional government, such as water treatment and waste management. The GVRD operates on the basis of a consensus model and allows each municipality to decide which regional functions it wants to participate in (Tomalty, 2002). **It is not a separate level of government, but rather a cooperative arrangement to provide regional services.**

From its beginnings as a water utility and regional planning authority, over time the GVRD has gradually taken on more functions. The number of municipalities has gradually grown as the population increased and the urban region expanded. Today, Metro Vancouver consists of 21 member local municipalities, and it provides them with bulk waste and sewerage, water supply and distribution, 9-1-1 emergency telephone and labour relations services. In addition, it operates affordable public housing, air quality management and regional parks services on behalf of its members. A regional transport authority has also been created in the form of TransLink.

The first Livable Region Plan (LRP) was approved in 1975, but after the elimination of regional planning powers by the province in 1983, the GVRD chose to maintain a small division that provided regional data rather than planning. For much of the 1980s the LRP became advisory only, without any statutory authority. However the region's rapid and uncontrolled growth in that

[9] In the 1980's the planning powers of regional districts were removed on the grounds that they infringed on municipal jurisdiction. It was also a period of trying to streamline the public sector (Tomalty, 2002).

time led the province to expand the GVRD's legal mandate in 1989 to include regional planning (defined as "development services") (Tomalty and Alexander, 2005.)

Regional planning was further strengthened by the BC Growth Strategies Act of 1995. This act, subsequently incorporated as Part 25 of the Local Government Act, provided for two-stage regional planning centred on preparation of Regional Growth Strategies (RGS) and Regional Context Statements (RCS). An RGS presents the shared local and regional vision of how an area should develop. However, it is focused only on those issues that spill across local government boundaries, and cannot be managed by one jurisdiction alone (BC Ministry of Community Services, 2006.) It is required to provide population and employment projections and proposed actions to meet the needs of the projected population, including actions for housing, transportation, regional district services, parks and natural areas, and economic development. According to the Act, an RGS is initiated by regional government, developed by a consultation process, and then referred to municipalities and other affected local governments (such as neighbouring regional districts and the TransLink, in the case of Vancouver) for acceptance. This consultation process is mandatory. RCSs are prepared by the municipalities in the region as part of their Official Community Plans (OCPs) and sent to the regional government for acceptance. In this statement, a municipality must show how its plan is consistent with the RGS. In cases where the plan is not consistent with the strategy, the RCS must show how the plan will work towards the goals of the regional strategy (Tomalty and Alexander, 2005).

While the GVRD and other districts have the authority to undertake regional planning, they have not been given the power to enforce regional plans. According to Tomalty and Alexander (2005), the province built on the local history of voluntary participation in regional authorities by creating "horizontal" rather than "vertical" relationships between the regional district and its member municipalities. The "subsidiary principle" applies in that, unless there is a compelling argument that a particular decision must be made at a regional level, it should be decided at the municipal level (BC Ministry of Community Services, 2006.) As a cooperative arrangement rather than another level of government, the GVRD has no formal authority over its member municipalities, and alignment is meant to occur through the willing agreement of all partners, and the OCPs and RCSs mentioned above. In the event of any disputes that cannot be resolved, the Growth Strategies Act allows the province to step in to mediate at the request of the municipality and provide binding arbitration[10]. While it is tempting to regard the regional districts as a distinct level of government, they are not directly elected, and provincial officials point out that for most regional-district activities, membership by each municipality remains optional (Sancton, 2001).

3.3 The Livable Region Spatial Plan (LRSP): 1989 to the present

3.3.1 Creation of the LRSP

The removal of regional planning powers in the 1980s coincided with a period of rapid growth in the region. By the end of the decade the path of uncontrolled growth[11] was widely recognized as unsustainable, and a threat to livability of the region. The GVRD Board initiated a broadly-based public consultation program called *Choosing Our Future*, which produced a vision statement and action plan entitled *Creating Our Future*[12]. The vision process[13] was used to guide the development of an integrated growth management and transportation strategy over the next 5

[10] However on the one occasion when the GVRD requested assistance from the province with regard to a dispute with Richmond, the province declined to do so. The dispute mechanism can be triggered only by a municipality and not the district (GVRD, 2005).

[11] Current projections predict a population of 3 million by about 2031 (GVRD, 2005)

[12] The vision was: "Greater Vancouver can become the first urban region in the world to combine in one place the things to which humanity aspires on a global basis: a place where human activities enhance rather than degrade the natural environment, where the quality of the built environment approaches that of the natural setting, where the diversity of origins and religions is a source of social strength rather than strife, and where the basics of food, clothing, shelter, security and useful activity are accessible to all" (GVRD, 1996: 2).

[13] Over the past two decades visioning has become a popular means of thinking about regional and metropolitan planning. Traditional planning predicts future conditions based on past trends. It works from grounded conditions to strategy. Visioning proceeds in the opposite direction. It establishes a preferred future image for a region and then works up a strategy to realize the vision (Sipe & Gleeson, 2004).

years, building on the 1975 Livable Region Plan (Tomalty and Alexander, 2005). The result of this process was the 1993 Livable Region Strategic Plan (LRSP), officially adopted by the GVRD Board (now known as Metro Vancouver) in 1996 with the formal support of all member municipalities. Later the same year the provincial government recognized the LRSP as an official Regional Growth Strategy.

Four key regional goals were carried through the entire consultation process, from visioning to strategy, namely to:

- protect the Green Zone (agricultural and habitat lands);
- build complete communities
- achieve a compact metropolitan region, and
- increase transportation choice.

(As mentioned earlier in the introduction, the goal of a compact metropolitan region and directing employment growth accordingly is the main focus of this paper.)

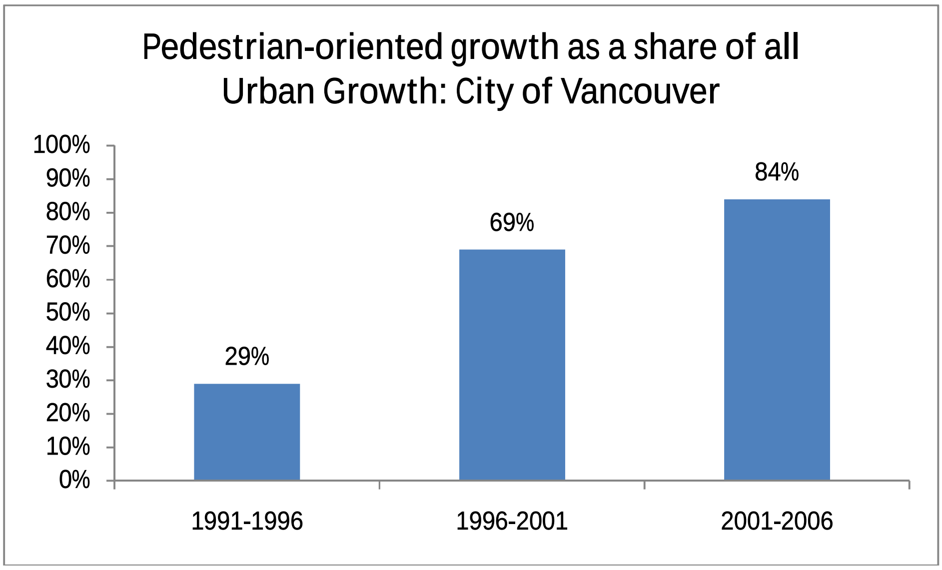
According to Tomalty (2002) when the one-year visioning process began in 1989, it was assumed that the resulting plan would have only voluntary status. At that stage the region had no authority to ensure municipalities incorporated the regional targets into their official community plans. However, with the introduction of the Growth Strategies Act in 1995, regional plans were once again given more authority. In 1996, the province accepted the LRSP as a regional growth strategy (RGS) under the Act (even though the process had started before the Act.) The Act requires that municipalities submit their RCSs within two years of acceptance of the RGS. By 1998, two years after the acceptance of the LRSP, all GVRD municipalities had completed their statements, and these had been approved by the GVRD Board. Once the regional vision and plan were in place, attention turned to the implementation challenges required to bring it into effect.

3.3.2 Implementation of the LRSP to date

In some ways the LRSP, building on a long history of regional awareness and planning (R. Howard, Interview, 8 February 2011), has been remarkably successful. Successes include the preservation of the Green Zone, and the densification of residential neighbourhoods in the urban core. By 2001, 2/3rds of the new residential growth has gone into compact neighbourhoods, defined as having at least 20 residents per acre. This declined somewhat between 2001 and 2006, with compact neighbourhoods accounting for just 56% of new urban and suburban development (Williams-Derry, 2008.) However, even with a decline from 67% to 56%, this is a remarkable achievement relative to other centres in Canada such as Calgary and Toronto (Taylor, 2010.)

The City of Vancouver in particular has seen a tremendous increase in pedestrian-oriented developments[14] since 1991 (see Figure 1), increasing to an 84% share of new growth in the 2001-2006 period.

Figure 1: Progress with residential densification in the City of Vancouver

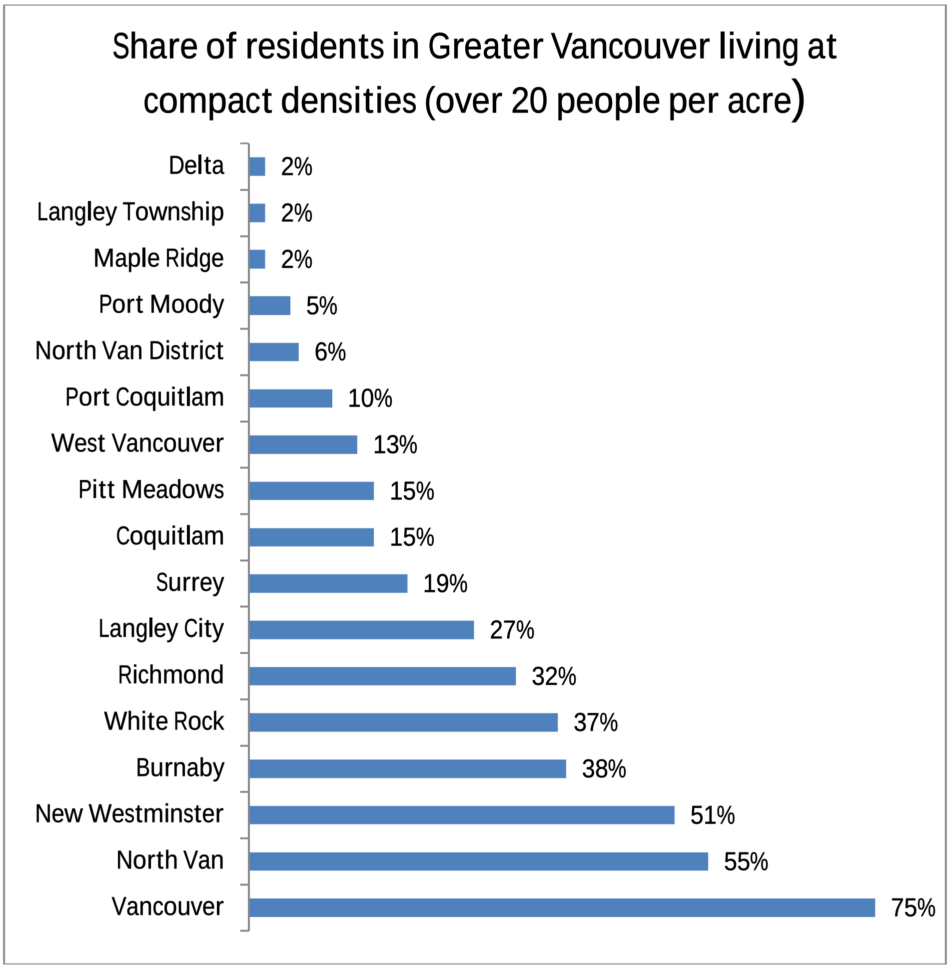


Source: Williams-Derry, 2008

[14] Williams-Derry (2008) defines pedestrian-oriented growth as 40 or more people per acre, while compact developments have 20 or more residents per acre. For comparison, rural areas would have one or fewer people per acre, and a low-density suburb between 5 and 12 people per acre.

However, this achievement is not echoed across the region. Partly due to history and location, and partly due to differing policies, the metro municipalities currently have vastly different residential densities. Figure 2 below shows the proportion of residents living at or above compact residential densities, defined as half that of the pedestrian oriented densities shown above in the City of Vancouver.

Figure 2: Range of residential densities across the Vancouver region



Source: Williams-Derry, 2008

Although the compact region scenario was agreed to by all stakeholders, the definition of this scenario has changed over time. Following objections from several of the municipalities, the original ambitious target of 95% of population growth to 2021 to be directed to the Growth

Concentration Area (GCA)[15] was lowered to 73.4% to allow more growth to continue in the outer suburban areas. This meant that by 2021the target population share of the CMA would rise from 66.9% of the regional total to only 68.5%, rather than the original target of 79.4%. As Tomalty & Alexander (2005) point out, this weaker target was little different from the existing growth trends which had been identified as untenable, and certainly did not do much to further the goal of achieving a more compact metropolitan region.

The failure to promote a compact metropolitan region and to constrain or direct growth to the GCA is a concern (Tomalty, 2002). This failure has two elements: the growth that has occurred outside the designated areas and the failure to set targets that differed from the status quo[16]. The initial targets may have been overly ambitious, and in many cases the local municipalities may have possessed better information than the GVRD. However, the end result has been a target watered down to the point that it was unable to help achieve the agreed goal of a more compact development (Tomalty and Alexander, 2005).

While the suburban municipalities agreed in principle on the need for growth management in the region, they rejected the region's call for them to intensify already settled areas and prevent growth in greenfield areas:

> "Many suburban councilors and developers feared that diverting population to the regional core would undermine their growth aspirations, reduce the property values of greenfield lands on which development is delayed, increase the price of existing housing, lead to a long-term increase in the local unemployment rate,

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[15] The Growth Concentration Area was defined as the already urbanized area of the Burrard Peninsula including Vancouver, Burnaby and New Westminster, the Northeast Sector (including Port Moody, Anmore, Coquitlam and Port Coquitlam), and the northern parts of Delta and Surrey. It excluded Richmond, for geotechnical reasons (C. De Marco, Interview, 7 February 2011.)

[16] Although the compact region scenario was agreed to by all stakeholders, the definition of this scenario has changed over time. Following objections from several of the municipalities, the original ambitious target of 95% of population growth to 2021 to be directed to the GCA, was lowered to 73.4% to allow more growth to continue in the outer suburban areas. This meant that by 2021the target population share of the CMA would rise from 66.9% of the regional total to only 68.5%, rather than the original target of 79.4%. As Tomalty & Alexander (2005) point out, this weaker target was little different from the existing growth trends which had been identified as untenable, and certainly did not do much to further the goal of achieving a more compact metropolitan region.

> and discourage provincial funding for transportation and other infrastructure development in their vicinity" (Tomalty, 2002: 10).

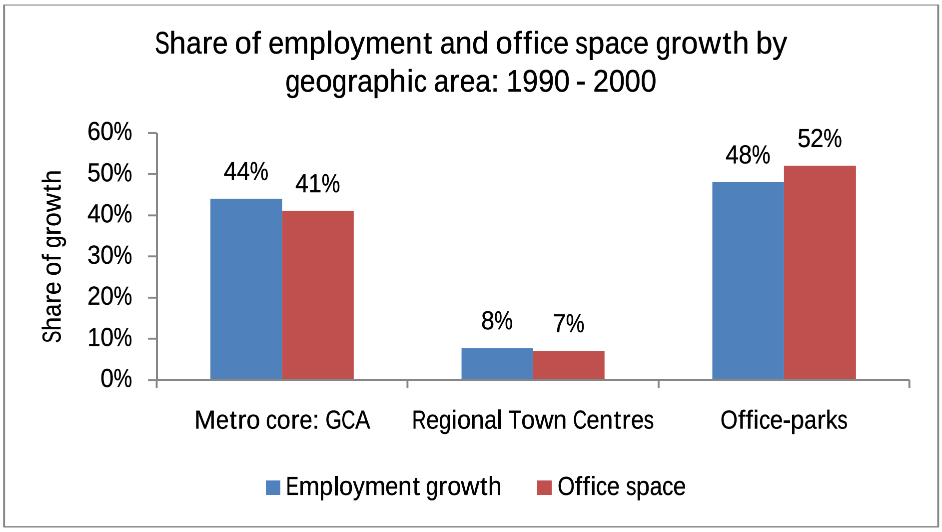
As discussed above, the link to local plans is meant to be achieved through a provision in the new legislation requiring municipalities to adopt regional context statements (RCS's) incorporating the regional plan's policies in local land use planning documents. However, the LRSP policies were generally phrased in a way to secure agreement and are therefore subject to broad interpretation (GVRD, 2005). The result was vaguely worded RCS's, giving the municipalities a great deal of discretion while seemingly not going against the LRSP. Other objections show the chasm between the regional vision and actual implementation at the level of the local municipality. Surrey voted to reject the GVRD vision in 1997, as it called for higher densities in certain parts of their municipality than they were prepared to accept (Tomalty, 2002.) As Surrey was expected to be the location of most of the region's growth (diverted away from South Surrey, Delta and the Langleys), this was a significant obstacle to achieving this component of the LRSP. Surrey rejected the LRSP vision for its jurisdiction, in favour of its own vision of more dispersed development.

One of the key weaknesses identified by Metro Vancouver and numerous other commentators (Williams-Derry, 2008; Tomalty, 2007; Tomalty and Alexander, 2005; GVRD, 2005) has been the amount of job growth which has occurred outside of the Growth Concentration Area (GCA.) According to the GVRD's (2005: 4) annual report on progress of the LRSP, "while the pattern of residential development supports the network of regional town centres, the location of offices in these locations continues to be a challenge."

Employment growth has not occurred in the metro core and GCA as intended. Under the LRSP target, over 70% of population and employment growth was to locate in the GCA. However, over the 5 year period from 1996 to 2001 only 16.6% of employment growth in the GVRD went into the regional town centres and only 6% went into the metro core, totalling 22.6%

in the centres and core areas combined (Tomalty and Alexander, 2005). So while the town centres have succeeded in attracting residential growth, employment growth appears to be gravitating towards business parks outside the town centres.

Figure 3: Distribution of employment and office space growth across Greater Vancouver (1990-2000)



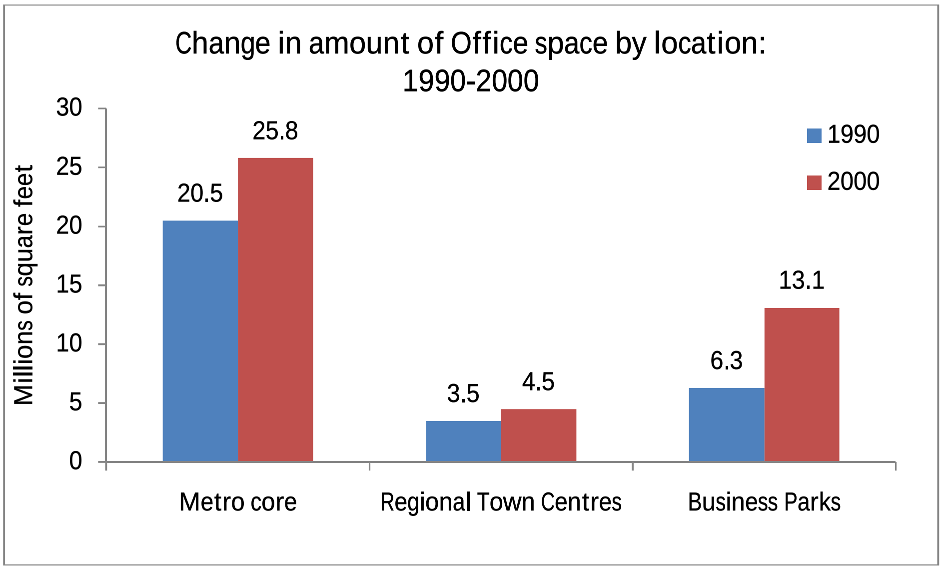
Source: Royal LePage in McMillan, 2005

In contrast to regional planning policy, suburban **office development** has not located in the regional town centres, but has instead occurred in low-density business parks in isolated locations unsupported by transit. Office employment in business parks in the Vancouver region far surpasses office employment in regional town centres. Of the 12.8 million square feet of office space added to the region between 1990 and 2000, 52% was added to business parks[17], 41% to the metro core, and less than 1 million (6%) in the designated regional town centres. This is despite a policy to direct office development to the regional town centres since the 1970's. Business parks have increased their share of office space in Greater Vancouver from 6.8% in

[17] In 2001 the GVRD commissioned Royal LePage Advisors Inc to document and analyze office floor space in the region overall, the Metropolitan Core, defined as the Downtown Peninsula and Central Broadway, the regional town centres and business parks. Business parks were defined as office space which did not fall within the Metropolitan Core or any of the regional town centres.

1991 to 15.8% in 2001, while other non-town centre locations have increased their share by a nearly equal amount. As of 2005, 60% of the office space in the region was in the metropolitan core, but only a small proportion of suburban office space is located in the regional town centres. With over 13 million square feet of office space, business parks accommodate more than 3 times the office space found in the 8 regional town centres (McMillan, 2004).

Figure 4: Change in office space by location in Greater Vancouver (1990 to 2000)[18]



Source: Royal LePage in McMillan, 2005

The LRSP is premised on a partnership based on clear regional goals. However, implementation has been affected by the lack of a clear-cut process or penalty for municipalities that do not implement the goals of the regional plan. Municipalities seem to be largely following their own development paths, which may or may not align with regional development plans. Dispute resolution procedures exist to deal with disagreements, but ultimately the consensus approach prevails. The municipal government is much stronger than the regional government, which has only delegated authority. Preserving local autonomy has often taken precedence over achieving common regional interests, despite the knowledge that development in one part of the

[18] Unfortunately more recent statistics were not available at the time of writing.

region has implications for other parts. The limitation of the consensus model is that while the current system can track and identify the regional implications of local decisions and those made by the provincial and federal governments, Metro Vancouver has no power to ensure that the regional interest prevails, outside of negotiating with the various levels of government. The current system works for “choosing” the future for the region, but not for implementing this vision.

3.4 The 2011 Regional Growth Strategy

In January 2011, the GVRD Regional Growth Strategy (RGS) bylaw[19] was presented to the Metro Vancouver board for its second reading, a culmination of a 3 year process beginning in 2007 to update the former RGS, the LRSP. Over the consultation process, municipalities have been at pains to ensure that local flexibility is not compromised, and that the process of local development control might suffer undue delays (GVRD, 2010a.) As a result the RGS has evolved from a more regulatory, zoning-based approach to regional regulation, to a more flexible guideline approach to balancing local autonomy and regional oversight, especially with regard to land use decision-making in urban areas.

The Growth Concentration Area (GCA) concept has been abandoned in favour of a more nodal pattern, focussing growth in the Metro-core and the Regional Town Centres. One of the measures to control sprawl is the creation of Urban Centres and Frequent Transit Development Areas. These are new “overlay” designations which enable higher density forms of development for those areas designated as General Urban or Mixed Employment[20] by the local municipalities. The exact location and boundaries are to be identified by the individual municipalities, subject to guidelines in the RGS. Urban centres are intended to be the region’s priority locations for employment and services, along with higher density housing. Frequent Transit Development

[19] Also known as *Metro Vancouver 2040: Shaping Our Future*

[20] The inclusion of Mixed Employment areas was a compromise reached to allow municipalities to retain more flexibility over where growth was to be directed (GVRDb, 2010.)

Areas, located in strategic areas along TransLink's Frequent Transit Network, provide an additional focus for growth, particularly for higher density residential, commercial, and mixed use development. Higher density trip-generating development is to be directed to both of these areas. Together, they are intended to help shape transportation demand and optimize investments in the region's transportation system (GVRD, 2010a; GVRD, 2011; C De Marco, Interview, 7 March 2011)

One of the key measures to prevent the future growth of suburban office parks and focus commercial and retail developments in more sustainable locations has been the restrictions placed on industrial land. Industrial land is a valuable and scarce resource in the region, and has been a prime destination for low density business parks and big box retail. Under the new RGS, this type of development is no longer permitted within lands zoned as industrial. One of the compromises which had to be made during the drafting of the RGS was allowing municipalities to retain mixed employment areas in industrial areas which had already been zoned as such (C de Marco, Interview, 7 February 2011.) The industrial lands protection policy was also softened by introducing more municipal flexibility to re-designate lands at the margin of industrial areas, particularly around transit stations.

While there has been a significant attempt by Metro Vancouver to clarify the roles and responsibilities of all parties, and to give Metro Vancouver greater oversight when it comes to local decisions of regional consequence (including exactly how this is defined), it remains to be seen how effective these measures will be in aligning regional and local interests.

4: A brief introduction to “smart growth” urban policies and tools

“Smart growth” is essentially a bundling and re-packaging of time honoured urban planning principles. In fact, many of the principles have been applied in Vancouver since the mid 20th century, long before the phrase was coined. While the LRSP and RGS do not use the smart growth label, they contain many of the same principles. This section briefly explores some of the key smart growth concepts that are applicable in the Vancouver context, and some of the policy tools which are used internationally to promote a more sustainable urban form. As the focus of this study is on guiding commercial developments to appropriate locations, and limiting the number of suburban office parks in future, the suite of possible tools has been narrowed accordingly.

Smart growth is a concept widely adopted by the regional movement and urban planners generally, as a way of managing urban growth. Core concepts include:

- Promotion of better coordination and integration between transportation and land development.
- Enhancing the demand for public transit through travel demand management and improved transit facilities
- Managing urban growth to reduce environmental impacts and reducing sprawl.
- Make cities more socially inclusive and creating affordable, walkable and bikeable neighbourhoods.
- Concentrating growth in already urbanised areas, making it more efficient to build and maintain, and making better use of existing infrastructure. (Tomalty, 2007; Smart Growth Network, undated)

These concepts underlie the key regional goals of the RGS (building on those of the LRSP), which are to:

- Create a compact urban area
- Support a sustainable economy (a new one not contained in the LRSP)
- Protect the environment and respond to climate change impacts
- Develop complete communities
- Support sustainable transportation choices.

These remain essentially the same as they were under the LRSP, with the addition of the sustainable economy goal, which includes the need to protect the supply of industrial land (GVRD, 2011.) One of the key issues in Vancouver (recognised in the goal of a compact region), and in metropolitan planning generally, is the reality of decentralizing trends, such as rise of the suburban office park (McMillan, 2005.) To combat these trends, smart growth policies try to direct growth to locations where services can be more efficiently provided. This is achieved by the promotion of mixed land uses, and compact neighbourhoods that facilitate the provision of public transit and make it easier for residents to access daily activities and support local businesses.

Urban growth management has been defined in many ways, but essentially it consists of government actions “to guide the location, quality, and timing of development” (Bengston et al, 2004: 273.) Policies that have been used to manage urban growth more sustainably include the following:

- The adoption of strong regulatory frameworks and regional governance structures (such as in Portland.)
- Reducing the fiscal disparity between different parts of an urban region, for example tax-base sharing, or some other formula-based re-allocation of regional revenues.
- The use of public infrastructure investments to shape and leverage development.
- Financial incentives to discourage sprawl and promote more sustainable growth patterns, such as targeting public development loans and grants to projects in preferred areas (Tomalty and Alexander, 2005) .

- Other incentives include subsidized land costs, tax exemptions or reductions, improvements to infrastructure, reduced development fees, or streamlined development application processes (Bengston et al, 2004.)
- Linking charges to the use of infrastructure. An example is the use of development impact fees to ensure that the correct price signals are being sent to developers. Higher fees are then payable in new areas, relative to existing areas where excess capacity already exists.
- Tools aimed at taxing inefficient land uses include land-value taxation and parking site taxes (Tomalty, 2007.)
- Compact development strategies such as transit oriented development (TOD), improving the alignment between land use and transport.
- Encouraging more efficient transport usage through the use of travel demand management tools such as congestion pricing and parking restraints, and the creation of urban nodes and corridors to optimise the provision of public transit.

In regions characterised by many independent municipalities co-existing in one economic region, additional policy tools are used to deal with any cross-boundary issues which result from spatial issues. Regional planning is itself a tool meant to provide an incentive for regional cooperation between local municipalities, by providing and agreeing on a joint vision of the future (Saxer, 1997.) These concepts have been used to inform the selection of policy options presented below.

5: Policy Alternatives

The regional vision for the Greater Vancouver area is multi-faceted, and the problems of implementation are accordingly complex and diverse. This paper has chosen to focus on only one aspect of the conflict between local and regional aspirations: **how to steer employment generating developments away from future suburban locations and towards the urban centres as agreed to in the RGS.** There have been several factors driving the growth of the suburban office park, including the internationally-experienced decentralising trends mentioned above. I'm concerned with the key blockages or factors which led to local municipalities accepting employment generators in suburban locations, even when this was against the shared regional vision. Some of the main factors include:

- The **presence of relatively cheap land** in suburban areas. The cost of greenfield development is often subsidized by the public sector through the provision of road, sewer, and water networks and through the use of average cost pricing for infrastructure services, which can underestimate the true per-unit cost of expansion (Slack, 2002; McMillan, 2005.)
- The **relative lack of development constraints in greenfield areas -** developers are able to build quickly and easily, to meet their exact needs, without the need to integrate with surrounding urban fabric as would be the case in built-up areas. Design issues in built-up areas might include the difficulty of getting the desired floor-plates, of working with small parcels of land, design restrictions, or the need to get approval from the surrounding community, all of which increase the cost and time of developing. (R. Howard, Interview, 8 February 2011; Smart Growth Network, undated)
- From the perspective of the local municipality, the **prestige** of having a business choosing to locate in your municipality.
- The desire to **increase the local revenue base**, through increased property rates revenue. The revenue generated from non-residential land uses can generate

substantial profits for local municipalities. Competition for this rates revenue between local municipalities will make them more reluctant to impose restrictions on where developments occur, for fear of losing out to a neighbouring municipality (Razin, 1998.)

- The fact that **local autonomy has a long political tradition**, and the Regional Growth Strategies Act has been written to ensure that local autonomy is not infringed (Ministry of Community Services, 2006.) By design the local municipality has more power than the regional cooperative organisation of Metro Vancouver.
- In light of all of the above, the lack of any real incentive for municipalities to take regional implications into account when making local decisions.

Each of the following policy options speaks to one or more of these factors. To avoid unnecessary duplication the proposed options are presented along with relevant case studies. The rationale and objective for each option is explored, followed by case-studies of similar policies in other jurisdictions. Each policy concludes with a summary of the proposed local version.

Noteworthy exclusions

A presentation of all the possible tools is beyond the scope of this paper – only those options which appear relevant to the local context are outlined here. For this reason, amalgamation is not considered as a possible option, as together with a significant lack of appetite given its history in other parts of Canada[21], the problem of steering commercial development to urban centres is not deemed to be serious enough to warrant amalgamation.

5.1 Status-Quo

The Status-Quo option assumes that the amendments contained in the new Regional Growth Strategy (RGS) will be sufficient to guide office developments and similar employment generators to the desired areas. Key among the amendments is the tightening of controls on

[21] See Frances Frisken for more information on Toronto's experiences with amalgamation. Journal of Urban Affairs, Volume 23, Number 5, Pages 513–541.

industrial land mentioned above. Due to lower land costs, industrial land has been used for office developments, resulting in the twin problems of poorly located office infrastructure far from transit, and a loss of scarce industrial land.

Besides the protection of remaining industrial land, other key clauses under Strategy 1.2 in the RGS include:

- The identification of urban centres and frequent transit development areas (FTDAs) as appropriate receiving or focus areas for growth.
- The role of Metro Vancouver to "(e)xplore, in collaboration with municipalities, other governments and agencies, the use of financial tools and other incentives to support the location of major commercial, office, retail, and institutional development in Urban Centres" (GVRD, 2011: 16.)
- Under the existing framework of collaborative governance, municipalities are to "encourage office development (within these areas) through policies and/or other financial incentives, such as zoning that reserves capacity for office uses and density bonus provisions" (GVRD, 2011: 16.)
- The "federal government and the province and their agencies" are also requested to "direct major office and institutional development to Urban Centres and Frequent Transit Development Areas, where appropriate" (GVRD, 2011: 17)

Together with other strategies such as monitoring progress, liaising with TransLink, and the development of supportive policies and regional context statements, this option assumes that the current clarification of roles and responsibilities of the different actors will be sufficient to ensure that future office developments do not occur in suburban locations unsupported by transit.

5.1.1 Status-Quo +: Improved coordination and regional oversight

Rationale

The Status-quo Plus option assumes that the fundamentals of the RGS are correct, but suggests that Metro Vancouver and the relevant Technical Advisory Committees focus on ensuring that there is consistency between municipal policies. For example, if there are local municipal policies which are in conflict with one another, such as a municipal wide DCC which is lower than their neighbour's special incentive DCC in infill urban areas. Tomalty (2005) identified this as a problem in Kelowna, where the use of DCCs to cover the higher cost of infrastructure in outlying areas and promote compact growth, contributed to sprawl in neighbouring municipalities with lower DCC rates.

This option is also motivated by the findings of a 19 city international review of metropolitan governance and spatial planning by Sipe and Gleeson (2004:33) which found that "the institutional problem is not so much the fragmentation of policy actors as the disconnectedness of learning practices and policies". It recognises that one policy will not apply to all of the municipalities, and that some oversight is required to ensure that the different policies used by all the local municipalities do not have unintended consequences for their neighbours, or the region.

Status Quo Plus: Improved regional co-ordination of polices to ensure that there are no un-intended side-effects.
An example would be where a municipality introduces a policy such as DCCs aimed at directing developments away from suburban locations, but a neighbouring municipality has DCCs which undermine this approach.

5.1.2 Status-Quo ++: Priority Funding Areas – The use of public funds to stimulate development in Urban Centres

Rationale

In order to improve the attractiveness of the receiving areas to developers and private investors, public funds are frequently used to entice private investment through the provision of public infrastructure (Smart Growth Network, undated.) While the new RGS already requests that federal government, the BC government and its agencies "direct major office and institutional development (in support of) Urban Centres and Frequent Transit Development Areas," they are under no obligation to do so. This sub-option is intended as a suggested way of strengthening this strategy (Strategy 1.2.7-9.)

Case-study: Smart Growth and Priority Funding Areas in Maryland

In 1997, Maryland implemented the Smart Growth and Neighbourhood Conservation Initiative. It has become known for the promise to contain and direct urban growth without any loss of local land use control, together with a reliance on economic incentives rather than traditional regulatory controls (Lewis et al, 2009.)

The Smart Growth Areas Act created the concept of "Priority Funding Areas" (PFAs) – these automatically include Baltimore City, incorporated municipalities, areas within the Baltimore and Washington Beltways, areas designated by the Maryland Department of Housing and Community Development for revitalization, Enterprise Zones and heritage areas. In addition to these areas designated as PFAs by statute, local governments can designate additional areas as PFAs if they meet certain density and infrastructure requirements. Under the law, these PFAs would receive priority over non-PFAs for "growth-related" state infrastructure funding. Development is not prohibited outside of the boundaries, but growth-related public investment is targeted within these areas. Funds originate from the state departments of the Environment, Housing and Community Development, Business and Economic Development and Transportation. A growth-related expenditure is "any form of assurance, guarantee, grant payment, credit, tax credit, or other assistance, including a loan, loan guarantee, or reduction in the principal obligation of, or rate of interest payable on, a loan or a portion of a loan" (PFA, 2009 in Lewis et al, 2009: 460.) The boundaries of the Priority Funding Areas are submitted to the State Government by the local municipalities and other relevant jurisdictions. However, the local jurisdictions have a great deal of discretion in how these areas are defined.

Despite the excitement generated by the use of incentives rather than conventional regulatory tools, the use of PFA's doesn't appear to have been successful in controlling urban growth. Some of the identified weaknesses of the current policy include:

- The state money earmarked for spending on projects within PFAs is a relatively small portion of overall state budget appropriations, and consists mostly of spending on transportation projects. It is unclear what incremental benefit the PFAs have been able to leverage.
- Inconsistent definitions of what appropriate PFA boundaries should be. This has resulted in boundary configurations that vary widely across the state, and in many cases are a blunt, ineffective tool to managing urban growth[22]. **Error! Reference ource not found.**
- The PFA concept applies to state investments, and was a state-initiated program. However, there appears to have been limited ability or appetite to engage with the local jurisdictions to ensure that they integrated the PFA concept with their land-use decision-making processes. There is no requirement for local jurisdictions to include their PFAs in their comprehensive community plans, or to target their own funds in these areas.
- No budgetary system has been established by the state, so there is no way to monitor and guide the spatial allocation of funds. This has made it difficult to track either the success or failure of the policy in shaping urban growth (Lewis et al, 2009; Knaap, 2007)

These weaknesses are a possible opportunity for the BC context.

<u>Proposed policy option</u>: Application of the Priority Funding Area concept to the Urban Centre and Frequent Transit Development Area designations. The 2011 RGS has already provided an agreed upon definition for the UCs and FTDAs, which overcomes the problem of inconsistent boundary definitions experienced in Maryland. There is approval in principle from bodies such as Public Works and Government Services Canada (PWGSC, 2010) to consider the RGS's request to direct office and institutional development to these areas. This policy option proposes strengthening this request to a collaboration between other governmental bodies and the local authorities – The UCs and FTDAs will be formally recognised as Priority Funding Areas for any funding or investment which they undertake in the Metro Vancouver region. In addition, a budgetary system should be established by the BC government to allow for the monitoring of these funds.

[22] Lewis et al (2009: 463) has a good graphic demonstrating the inconsistent definitions and the resulting geographic boundaries in three of the counties.

5.2 Regional tax-base revenue sharing

Rationale

From the perspective of both developers and local municipalities, tax policy has a powerful influence on land use and is therefore an important potential tool for growth management. Local governments are highly competitive over securing desirable land development, especially commercial and industrial development and upscale housing, within their boundaries (Norris, 2001.) Reliance on property taxes can therefore provide strong incentives to approve new development as the only means of expanding revenues without increasing property taxes (Tomalty and Alexander, 2005.)

Swanstrom (2001) points out that the current fragmented system, where local municipalities compete for property taxes, ultimately weakens their ability to shape future development. Slack (2002) reports that differentials in non-residential property taxes across municipalities can distort business location decisions. Although taxes and services may not make much of a difference between regions, within a large metropolitan region, where all other factors such as labour costs and other market conditions are equal, investors do move in response to favourable policies. In other words, if a firm has already decided to locate in Vancouver, it's unlikely that property rates were a significant factor in the decision – however, the choice of where to locate in the region once the decision has been made is influenced by property taxes.

Poor suburbs are therefore forced to accept whatever kinds of investment they can attract, limiting their ability to negotiate with developers and shape urban development. In addition, this competition widens the fiscal capacity gap between communities that succeed in attracting businesses and those that do not. Sprawl may result when property rates in outlying areas are lower than that of more central areas. Local governments in metro areas often make land use decisions which have negative effects on surrounding jurisdictions, such as increased road congestion. This policy is aimed at reducing the competition for property rates revenue, and removing this as a reason for allowing office developments outside of the regional town centres.

Case-study: Twin Cities in Minnesota, USA

While it can take a variety of other forms, for the purposes of this report tax base sharing combines some portion of the local tax base into a regional or state-wide pool, taxes that revenue pool at a uniform rate, and distributes the resulting revenues based on some criteria (such as population, fiscal need or capacity, or some other measure of disparity) other than how the original contributions were made (Luce, 1997; Smart Growth Network, undated.)

Tax-base sharing recognizes that inter-municipal competition for economic activity is, over time, a losing proposition for all the jurisdictions involved. It also recognises that both the causes and the benefits of growth tend to be regional. By minimizing regional competition for large commercial projects and business, such as malls and corporate headquarters, tax-base sharing can ensure that new development occurs where it makes the most sense, not for the sole purpose of raising the tax base of one jurisdiction (Smart Growth Network, undated; www.naiop.org/governmentaffairs/growth/rtbrs.cfm, Accessed 23 January 2010)

The Twin-Cities area in Minnesota is the most well known example of tax-base sharing in North America. In 1975 Minnesota introduced legislation which required tax-base sharing among municipalities in the Minneapolis-St Paul area. It's a 7 county region with a large, inter-connected economy consisting of 186 urban centres, 48 school districts, and 60 other taxing authorities. Under the tax-base sharing system, each municipality is required to contribute **40%**

of the increase in value since 1971 from its commercial-industrial[23] (C-I) property base to a regional pool. (Residential property taxes are unaffected by the revenue-sharing model.) The 40% share is intended to retain some incentive for municipalities to accept cost-generating business activities. By implication, only a maximum of 40% of the total tax capacity can be shared. In 1995, C-I property represented 37% of the regional total tax capacity, limiting the amount of property in the revenue-sharing pool to 15%[24] of total property tax capacity in that year.(NY LGEC, undated; Razin, 1997)

Tax-base sharing under the Fiscal Disparities Act is intended to:

- Reduce competition between municipalities for new commercial and industrial properties to add to their tax bases.
- Create a fairer distribution of tax benefits from properties that impact on and are supported by surrounding communities.
- Reduce (but not eliminate) disparities in tax bases.
- Promote orderly urban development, regional planning, and smart growth by reducing the impact of fiscal considerations on the location of business.

While C-I developments provide much needed property tax revenue for their home municipalities, the Fiscal Disparities Act recognised that these C-I developments were in large part funded through regional and state financing of bulk infrastructure. Tax-base sharing in this context allows the other parts of the region to benefit from growth, rather than only the municipality housing the new development (Tomalty, 2007.)

As of 2000, 28% of the region's total C-I tax base went into the pool. This value pool is taxed at a uniform rate (with the remaining 60% taxed at the locally set rate, maintaining some

[23] Commercial-Industrial property includes all businesses, offices, stores, warehouses, factories, gas stations, parking ramps, etc. It also includes public utility property and vacant land which is zoned commercial or industrial. The growth in value considered is the total net change in net tax capacity since 1971, including the effects of new construction, inflation, demolition, revaluation, appreciation, and depreciation (NY LGEC, undated.)

[24] This is based on the 40% maximum pool multiplied by the 37% of CI properties which are included in the revenue sharing pool.

local control over local property tax rates.) The revenue pool is then reallocated on the basis not of expenditure need, but of fiscal capacity, defined as "equalized market value per capita" or total market value of property per capita relative to the rest of the region (Luce, 1997)[25.] So any municipality which has a lower than average per capita market value will receive more than their population share, while those with a higher than average value will get a below average share, and will be a net contributor. In 1998, 137 jurisdictions received funding while 49 did not. Within the region, tax base disparity (as measured by C-I value per capita) for cities with populations over 9,000 dropped from 18 to 1 to 5 to 1 (Tomalty, 2007; NY LGEC, undated.)

It is designed to narrow property tax rate disparities by taxing part of the local tax base at a uniform rate, and maintains local control over local property tax rates. So a municipality taxes its distribution from the pool at the local tax rate. Business property owners pay a rate that is a weighted average of their jurisdiction's rate and a region-wide rate applied to the pooled base. The region-wide rate is determined by computing the revenue needed to cover tax payments (at local rates) to all jurisdictions and dividing by the value of the area wide pool.

Although tax-base sharing was not designed to promote smart-growth, it's been argued that it reduces the incentive for outlying suburban municipalities to compete for major industrial and commercial developments, as they will be sharing in some of the resulting increase in property revenue anyway. This in turn reduces "job sprawl" and the associated increase in car use (Tomalty, 2007.)

The main disadvantage of revenue sharing is that it is complex to administer. Another weakness as a tool in the Twin Cities context is that it is not sufficient to ensure the desired outcomes – it isn't tied directly to infrastructure investment. While it's intended to facilitate a regional approach to planning, the revenue is not earmarked for regional infrastructure. Individual municipalities spend their regional tax-base transfers as they best see fit. It's effectiveness at

[25] Appendix 3 shows a similar calculation for Vancouver.

controlling urban growth is also limited by weak inter-municipal co-ordination, and a weakly enforced growth boundary. The criteria used to distribute the pooled revenues are important in providing an incentive to reduce the spillover effects. The pooling itself will not necessarily reduce spillovers, but the reduced competition might make the activity causing the externalities more amenable to other types of control.

Luce (1997) reports that **despite the revenue-sharing, municipalities in the metro area still compete very hard for the business tax base**. As proof he cites the extensive use of tax increment financing across the region. This captures the increased tax revenues generated by new economic development to pay for public subsidies associated with the development. He cites this as proof that revenue-sharing will not do away with all of the positive aspects of local competition, such as innovation.

One of the impacts of the mechanism has been to reduce the amount by which certain municipalities had to increase their property rates in order to maintain revenues. St Paul would have had to increase property tax rates by about 9% in 1995 to maintain revenues in the absence of the mechanism. Luke (1997: 9) reports that “most recent work on the effects of tax rate disparities on intra-metropolitan location decision implies that even relatively modest disparities of this magnitude can have significant long-run impacts on local economic activity.” He concludes that the revenue sharing mechanism probably has significantly narrowed tax disparities, thereby reducing the impact of local fiscal concerns on location decisions, while not removing all the positive aspects of competition for C-I properties.

It’s worth repeating that the Minnesota reallocation is done of the basis of revenue raising capacity, and not fiscal gap or expenditure need, where expenditure need is defined as its relative need for outside help in order to finance a typical level of public services. Proposals to amend the system in the 1990s intended to bring high-end residential properties (those valued at over $150,000, compared to a median value of $90,000) into the pool to address the expenditure gap per capita. Luce's analysis (1997) concluded that it would have enhanced the ability of the mechanism to relieve fiscal stress in the region's municipalities. While the measure was actually passed by the Minnesota legislature in 1995, it was subsequently vetoed by the Governor.

A similar program in **New Jersey** was not an attempt to minimize fiscal disparities, but to **reduce the fiscal impacts of land use regulation**. Hackensack Meadowlands in New Jersey introduced a revenue sharing program to protect wetlands by reducing competition for new development in the 14 municipalities and 2 counties covered by the program. In developing a regional zoning approach, they recognised that certain municipalities needed to be compensated for regional zonings, as while some might contain more land suited to income generating land uses such as industrial, commercial and residential uses, while others contain more rural areas or parks which are non-taxable. Their tax sharing plan was designed to balance inequities whereby each community would get a proportionate share of the property taxes from "new" (post 1970) development, regardless of where it occurs. Similar to Maryland, each community contributes 40% of the revenues for properties developed since 1970 into the common pool. Some communities receive less than they contribute, others more. An interesting feature of the scheme is a tax-sharing stabilization fund, created to stabilize the payments of both the paying and receiving municipalities. It does so by capping the amount paid by a paying municipality to no more than 5% above the previous year's obligation. In the case of receiving municipalities, the amount is capped so that it receives at least 95% of the previous year's receipt (NY LGEC, undated.)

<u>Proposed policy option</u>: Tax-base revenue sharing
One of the advantages in the Vancouver case is that regional co-ordination is already performing at a high level. The Vancouver version of this policy could be designed to meet two needs:

- To reduce the competition for commercial property tax revenue, and
- To compensate municipalities who have had their revenue-raising potential limited by land use regulations agreed in the RGS. Examples of limitations might include prohibitions on large office developments in locations unsupported by Translink's Frequent Transit Network. In return for not pursuing these developments, the affected municipalities would be compensated by sharing in the regional growth of revenue.

Only a share of the new commercial assessment growth would be pooled, leaving the existing revenue base unaffected.
Revenue-sharing would only begin after some agreed start-date, motivated by the collective recognition that certain municipalities are being asked to sacrifice growth in their jurisdiction for the good of the region.

5.3 Area based development cost charges

There are a variety of tools which are designed to improve the attractiveness of downtown areas relative to suburban areas, many of which are already being used in municipalities across the region. The reason for choosing area-based DCCs as a possible policy option is two-fold:

- It appears to be underutilised in the region currently, despite being possible under existing legislation.
- More generally, as a surrogate for a variety of policy options used by planners to address the incentives facing developers, such as density bonussing, tax incentives or many others.

Rationale

While the tighter controls on land zoned for industrial purposes contained within the new RGS will help to discourage suburban office parks, this needs to be complemented with measures to boost the attractiveness of regional town-centres as alternative employment locations. Business parks draw off employment growth that might otherwise go to the urban centres and frequent transit development areas. They are also poorly served by transit, putting more pressure on the regional road network and increasing vehicle congestion (Tomalty and Alexander, 2005.) Incentives may be needed to consolidate employment growth in the regional town centres.

Impact fees or development charges are frequently mentioned for their ability to control urban sprawl. Clinch and O'Neill (2010a) point out that incorrectly priced development charges (or what they call infrastructure charges) may provide perverse incentives for settlement patterns, promoting sprawl. However, the primary intention of development charges is not to guide urban form, but to recoup sufficient revenue to make provision for public infrastructure. Therefore, development charges are usually not prepared by planners, but rather by finance departments whose main concern is cost recovery. The result may be pricing which doesn't send the correct signals to developers in terms of achieving the RGS and concentrating employment growth in urban centres rather than suburban office parks. Tomalty (2007) agrees that the link between infrastructure financing and urban planning is one that is often overlooked. Studies show that development cost charges (DCCs) in Canada are developed and rates set with little involvement from planning professionals within the municipal administration. The result is that DCCs are imposed with little concern for how they might be influencing development patterns and may be contributing significantly to problems such as urban sprawl. Area, sector or density based DCCs are a price-based proposal to overcome this situation, and to help attract or discourage certain types of developments in specific areas.

Case-studies: Development charges in BC and elsewhere

In most cases development cost charges (DCCs) are uniformly applied across an entire municipal area, irrespective of the actual costs of providing infrastructure. They are intended to cover at least some portion of the cost of providing bulk capital infrastructure (sewer, water, storm drainage, roads and parks) to the development. Critics argue that uniform DCCs result in an artificially low cost of development for developers in suburban locations, promoting sprawl, and those who enjoy the benefits of sprawl do not pay the higher costs associated with it. Under an

area or sector approach, rather than a municipal-wide charge, DCCs are lower in areas near the urban core and higher in outlying areas. The price differential is motivated by the cost savings which result from developments locating in areas already served by bulk infrastructure, as opposed to outlying areas which need substantial infrastructural investments. A density gradient DCC would take account of the lower per unit charges for higher density developments, due to lower distribution distances[26] (Slack, 2002; Bengston et al, 2004.)

Density and sector development charges in Kelowna, BC

While not always done in a way that encourages economic efficiency, the use of DCCs that vary by area is fairly widespread internationally. In British Columbia, while most municipalities have uniform charges for each land use, some (such as the District of North Vancouver, Kamloops, Kelowna and Langley) set different charges for different areas of the municipality, taking advantage of the actual capital burden imposed by new developments in different geographic areas. A common distinction is between established urban areas (absorbing infill and densification) with existing unused servicing capacity versus peripheral urbanizing areas which require additional investments.

The City of Kelowna introduced its first DCC bylaw in 1988, with lower charges in the central city intended to reflect the availability of existing infrastructure compared to non-serviced areas on the periphery. In 2001, the City adopted an Official Community Plan that provided for higher densities near existing infrastructure and proposed a new DCC structure reflecting the different infrastructure costs foreseen for different development densities. Under the new DCC

[26]" Engineering studies provide estimates of the dollar costs of the infrastructure associated with different urban forms, usually by creating hypothetical settlements. The services considered are generally hard services, such as local streets, sewage collection lines, water distribution pipes, storm drainage systems, and local schools. These studies suggest that higher development densities result in lower costs because much of the needed infrastructure — for example, sidewalks, roads, and water and sewer mains — is linearly related. The denser the neighborhood, the smaller the increment of development costs that these services represent. For water, for example, a pipe is laid down the center of the street, and individual service lines extend from the main to each building. Higher density neighborhoods have more dwelling units per kilometer of water main over which to spread the costs." (Slack, 2002: 4)

structure, development charges were raised considerably for low density developments, while locations closer to the urban core were discounted. Besides providing a financial incentive for compact growth it is intended to put the burden of infrastructure costs on buyers of new homes rather than on the general tax-base. In theory municipalities are able to optimize their infrastructure investments and ensure that new infrastructure is built only if there is a demand (Tomalty, 2007.) Kelowna's DCCs vary according to two factors: density and geographic location[27]. The DCC levied on a development depends on which one of four density categories it belongs to and (depending on the infrastructure) in which geographical sector it is located. Up to 6 different charge areas have been identified for some types of infrastructure. In BC, while all of the municipalities set different DCCs for different land uses such as commercial, residential, industrial, **Kelowna is one of only two municipalities that vary commercial DCCs by density** (and only the drainage component).

By linking DCC levels to infrastructure use, density gradient and sectoral DCCs can encourage more efficient land use and infrastructure investment decisions, promoting smart growth. The DCC program in Kelowna is considered successful and appears to have contributed to smart growth objectives by encouraging densification with lower development costs as the number of units per area rises (Tomalty, 2007). However, there have been several challenges. As a result of developer resistance, the density gradient impact on single-family dwellings was softened. Another challenge is ongoing sprawl in neighbouring municipalities with lower DCC rates, which undermines the use of DCCs in Kelowna to cover the cost of infrastructure and promote compact growth. Tomalty (2007) has suggested that the current measure of density (units per area) should be replaced by floor-area ratio (FAR) to improve affordability.

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[27] "There are four density categories: (1) 1 to 15 units/hectare; (2) 16-35 units/hectare; (3) 36-85 units hectare; and (4) more than 85 units/hectare. For each of the four density categories, the cost of providing five different types of infrastructure is calculated for predefined geographic sectors. The types of infrastructure considered include parks, roads, water, sewage collection, and sewage treatment facilities," broken up into a maximum of seven different areas, ranging from 7 for roads to only 1 for parks (Tomalty, 2007: 24.)

As with any DCC, it is difficult to calculate the full cost of infrastructure needed to support new development. It can also be difficult to determine how different densities and sectors impact infrastructure requirements when setting DCC levels.

Surrey has three separate DCC areas (the City Centre, the South Westminster Industrial area and the remainder of the City of Surrey) and charges vary by geographic location, and by land use. The City Centre and South Westminster areas have significantly different growth related infrastructure costs than the remainder of the Surry area, while infrastructure costs are similar across the remainder of Surrey so there was no compelling reason to divide the remaining area into multiple DCC areas. This is in line with the BC Best Practices Guide on DCCs which encourages municipalities to only consider differential rates where the differences are significant (Ministry of Community Services, 2005; Tomalty, 2007.)

<u>Policy proposal:</u> Varying DCCs by area or density for commercial land uses
While area and sector based DCCs are already in use in BC, the emphasis currently appears to be on residential as opposed to commercial developments. I propose to vary the DCC imposed on commercial developments such as office parks, to better reflect the actual capital costs of the infrastructure required. This is intended to encourage employment generating office parks to locate in urban centres through lower DCCs, while higher DCCs are used to discourage them from locating on scarce industrial land.

The lower rates would be motivated by considerations such as reduced roads costs, as compact development in urban centres places less pressure on the road system if it generates less traffic than another location. The arterial road component makes up a significant portion of total DCCs for most BC municipalities, about 20-40% of the total charge (Coriolis Consulting, 2003). Lower anticipated traffic volumes would reduce the roads requirements, which in turn would result in a significantly lower DCC.

While the BC Guidelines allow for variation in DCCs based on “the condition and capacity of existing infrastructure, the location of new development, the type of land use, and the characteristics of the development project”(Ministry of Community Services, 2005), they also encourage municipalities to only consider different DCC rates in various locations when the differences are significant (Tomalty, 2007.) As a result, a simple 2 zone system is proposed: Within the UC and FQTAs and outside of them.

As DCCs can’t be used to recover operational costs, they can’t legally reflect other considerations such as support (or lack of) for transit use.

5.4 Creating a legal incentive for local municipalities to consider the impacts of their decisions for the region

Rationale

In metropolitan regions, local municipal boundaries generally artificially divide areas that are economically and socially connected. Conflicts can result when one municipality makes land use decisions that negatively affects the neighbouring municipality in some way.

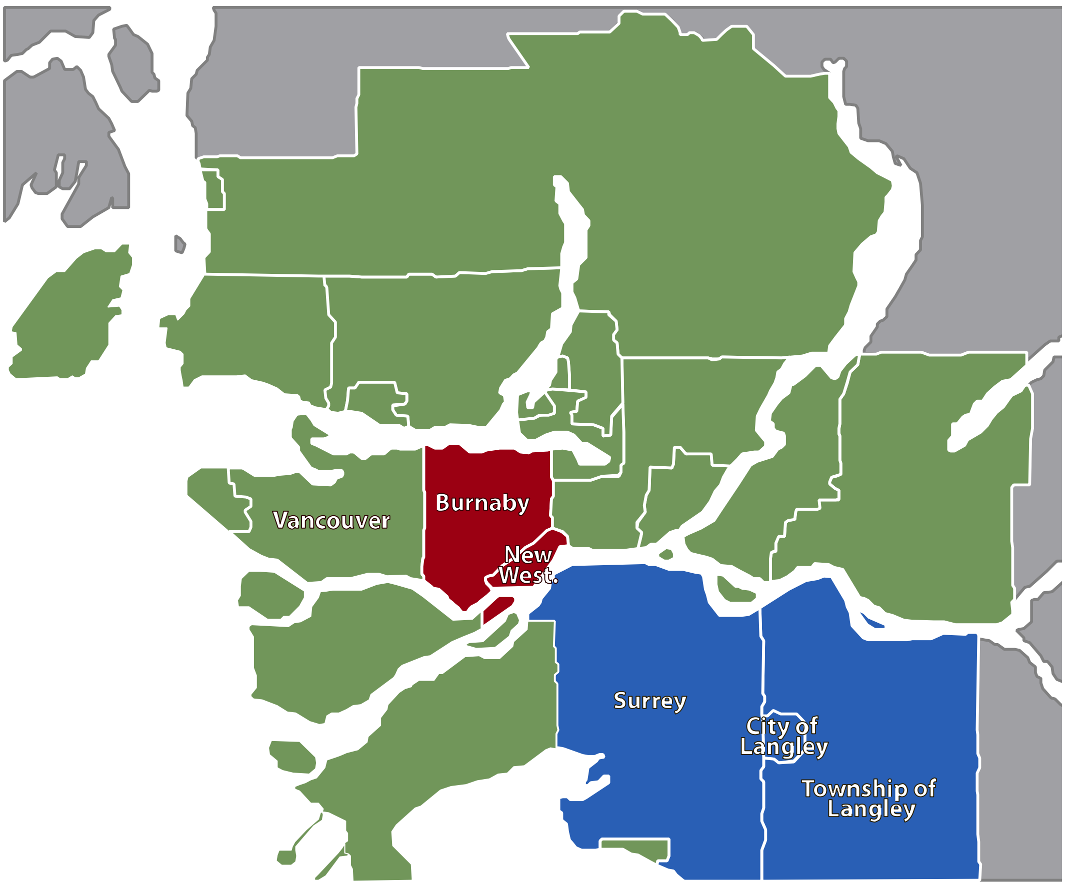
Under Section 879 of the current Local Government Act, during the development or amendment of an Official Community Plan (OCP), municipalities are obliged to consult with "authorities it considers will be affected". There is some discretion as to the nature of the consultation, if it should be "early and ongoing", and they are to "specifically consider whether consultation is required with" a number of defined parties, including the Metro Vancouver Regional Board and any adjacent municipalities or regional boards affected by the plan. However, this leaves substantial discretion when it comes to the approval of individual projects.

While local municipalities cooperate in the development of regional plans through the Metro Vancouver forum, there is no incentive for them to cooperate in the implementation and maintenance of these plans. Saxer (1997) argues that local municipalities need to have clear incentives to persuade them to take into account the effects of their land use decisions on the benefits and costs to adjacent municipalities.

Two regional examples of inter-local conflict and cooperation

Burnaby and New Westminster
New Westminster is situated in a very difficult geographic position in the region. Sandwiched between Burnaby and Surrey, straddling the Fraser River it's essentially a movement corridor. New Westminster has been trying to revitalise their urban core, but they have been hampered by the actions of neighbouring Burnaby which has been approving more suburban developments, drawing away potential investors from New West. As a result of their difficult geographic location in the urban economy, New Westminster has been more open to suggestions of stronger regional oversight or controls over local land use planning decisions (R. Howard, Interview, 8 February 2011.)

Voluntary cooperation for long-term regional gains: The Combo Project in Surrey and the Langleys
Surrey, the City of Langley and the Township of Langley have agreed to jointly fund a road infrastructure project which for the most part physically is within the boundaries of Surrey. In addition, the City of Langley is paying much more than their fair share on a per capita resident basis. They've decided to do so based on the current and future benefits expected from the project, recognising that any development in Surrey or Langley Township that brings more people into the sub-region is ultimately going to be beneficial for the City of Langley as well (P Fassbender, Interview, 17 March 2011.)



Theoretical policy option

Saxer (1997) argues that a suitable instrument for addressing land use conflicts between municipalities would be a rule which clearly allocates responsibility for externalities. The assignment of a legal right to a municipality not to be substantially impacted by land-use decisions of an adjacent community would be a significantly stronger obligation than the current requirement to consult on the overall OCP, and a way of potentially reducing intergovernmental conflicts. This legal right would recognize the obligation of (and give an incentive to) a municipality to consider the costs to communities outside its borders that are affected by local land use decisions.

There are two aspects to this incentive – the level of care taken, and the activity level decision. The level of care refers to decision-making that is supported by evidence, and takes into account the welfare of residents outside municipal borders. The latter concerns the decision by each municipality about how much to participate in land use decision making processes, such as approving requests for commercial development. This affects both the benefits the municipality receives in terms of an increased tax base, and the expected burdens (such as increased traffic generated by a new development), including burdens external to the municipality. Similarly, if a local government decides to adopt a low level of growth and forgo the benefits of commercial development, this may affect increase the burden or impact on surrounding communities if they forced to operate at a higher activity level than they would otherwise have chosen to.

In addition to the incentive aspect, Saxer (19917) also discusses the importance of allocating risk efficiently among the relevant municipalities. Risks due to the land use decision can be both positive (how much will the tax-base grow), and negative (how much will congestion and air pollution increase), but the argument is that both types of risks should be distributed equally.

As an alternative to mandatory regional planning, Saxer proposes cooperative planning, combined with the legal right of a local authority not to be substantially impacted by land use decisions made by neighbouring communities, and adequate enforcement of this obligation to assess external effects of their decisions. The planning process is intended to allow municipalities to retain local autonomy while enabling them to assess the magnitude of their obligation not to substantially impact surrounding communities.

An Environmental Assessment (EA) is proposed as a possible basis for sharing any anticipated benefits (such as tax-base growth) to those municipalities who are expected to suffer significant adverse effects from proposed commercial developments. It is an alternative to a formula based tax-sharing mechanism – the municipalities directly involved can jointly decide how to allocate the proposed future benefits and burdens. If the municipalities cannot reach agreement on an allocation of the impacts (both positive and negative), then the matter is referred to binding arbitration.

In summary, this legal rule is intended as an alternative to mandatory regional planning, by providing an incentive to encourage municipalities to take the impacts on neighbouring municipalities into account in a meaningful way. It proposes holding them accountable for local land use decisions that result in negative external impacts. If it's determined that a proposed commercial development impacts adjacent communities in a substantial way, the municipality responsible for approving the development has to mediate a resolution of these impacts. Existing information provided through the development planning process (such as in an EA) could be used as the basis for mediating a more equal distribution of these impacts, or of sharing the increased property revenue as a form of compensation. This is backed up by the threat of binding arbitration if the mediation process fails to produce results within a reasonable time.

<u>Policy proposal:</u> Legal incentive for local municipalities to take externalities into account
This policy option would require an amendment of the Local Government Act, to require municipalities to consider the impact of major developments on neighbouring municipalities. This is a stronger requirement than consultation, and places the responsibility for mediating a solution on the municipality that is hosting the development.

5.5 Stronger regional governance and a model of "sufficient consensus"

Rationale

The current Regional Growth Strategy legislation in BC is intended to protect local autonomy:

> Municipal OCPs are an essential means of implementing a regional growth strategy. Consistent with the emphasis on protecting local autonomy, the legislation breaks from the traditional method of ensuring compatibility, which would have meant making OCPs subservient to the RGS. Instead, the legislation establishes a horizontal, or non-hierarchical, relationship. It focuses on municipalities and regional districts working out any differences during the development of the RGS, either by negotiating agreement or, if necessary, settling their differences through a binding process (Ministry of Community Services, 2006: 41.)

The implication of this emphasis on local autonomy is that regional issues will prevail only where there is unanimous agreement – either where there is overwhelming evidence of a need or where local and regional interests happen to overlap. The result according to some (Tomalty and Alexander, 2005; C de Marco, Interview, 7 February 2011) is a "watered down" regional strategy, which has to be worded "vaguely" enough to be accepted by all. Under the current Metro Vancouver voting structure, any amendments to the RGS, or the introduction of any region-wide policy, requires the approval of each of the member municipalities. This is a high bar for any bylaw to pass.

According to advocates of regional governance, a stronger regional voice is needed to ensure that regional needs are prioritised over local concerns where appropriate. An amended decision rule may also help to prevent deadlock, and help the regional shift away from the status quo.

Case-studies: Regional governance arrangements in Portland, Puget Sound and other Canadian jurisdictions

As the only elected regional government in the USA, Portland Metro (which covers an area consisting of 24 towns in 3 counties) has attracted a lot of attention from those who believe that a strong regional governance structure will solve the problem of sprawl (Bae, 2004).

Similar to BC's Regional Growth Strategies section of the Local Government Act, which outlines 14 goals which any RGS must work towards (Section 849), in 1973 Oregon State authorities introduced 19 broad, sustainability related Planning Goals which regions and local municipalities were expected to implement. Operating within a strong state framework, Portland Metro developed its own set of Regional Urban Growth Goals and Objectives in 1988. Metro staff worked closely with local governments to revise zoning codes and area planning to meet their new mandates and the regional goals. Despite rapid population growth, the coordinated action between Portland Metro, the state, local governments and other regional agencies such as the Tri-Met transit district has resulted in a much lower rate of sprawl. Ninety-five percent of new housing units between 1979 and 1993 were built inside the urban growth boundary, public transit ridership is rising, and downtowns have been revitalized. Oregon provides an example "of an extensive framework of goals, incentives and mandates between three levels of government to guide urban and regional development" towards more sustainable outcomes (Wheeler, 2000: 140).

Portland Metro can require local governments to make their plans consistent with regional goals and can impose performance measures (such as minimum housing and subdivision densities) to conform to the 1996 Urban Growth Management Functional Plan. One of the key incentives for municipalities is funding which is tied to compliance with the approved regional plan. However, this system still relies on consensus, rather than the Portland Metro simply exercising its authority (Bae, 2004.)

Sancton (2001) argues that introducing another level of directly elected municipal politicians into the municipal sphere has not been successful elsewhere in Canada. Experiments with directly elected regional governments in Winnipeg, Toronto and Ottawa were deemed so unsuccessful, with constant conflict between the two levels, that in all three cases the provincial government abolished the two-tier system and replaced it with a single amalgamated municipality (amalgamation has already been ruled out as a potential policy option in the Vancouver context.) While a two-tier system was still in place in Niagara after over 40 years in, it is criticized for being cumbersome and slow-moving (Sancton, 2001.)

Despite the similarities between Oregon and BC (namely a clear provincial or state framework of sustainability goals) which might suggest otherwise, I do not think that a similar 2-tier governance model with an elected regional government is appropriate in Greater Vancouver. This is due both to the long history of local autonomy mentioned above, and the lack of success with 2-tier local government in other jurisdictions within Canada. In addition, the 1st principle underlying the BC RGS legislation (see Principle 1 of Appendix 1) is that there is not a need for new planning institutions (Ministry of Community Services, 2006.) The proposed policy is therefore rather an amended voting structure, based on the Puget Sound model.

The Puget Sound Regional Council in Washington State (covering an area of 4 counties, and all the government structures within that area) provides an interesting alternative governance model for Metro Vancouver. Rather than requiring agreement from each of the individual member councils, which independently vote on bylaws and amendments (such as the 2011 RGS), Puget Sound has a lower voting threshold. Their regional growth management strategy can be amended with a two-thirds agreement of those present and voting on the matter. The general assembly can also make other decisions when a quorum is present, defined as 50% of the member jurisdictions, provided that this also accounts for at least 50% of the region's population (Puget Sound Regional Council, 2009). This is a much lower bar than the 100% consensus model required in Metro Vancouver.

The GVRD exemption regulation introduced in November 2007 has opened the door to amended decision rules. The previous requirement of 100% agreement to take a piece of land out of the Green Zone was seen as unworkable. The virtual impossibility of amending the LRSP meant that politicians were reluctant to begin work on another RGS (De Marco, Interview, 7 February 2011.) In response to Metro Vancouver's request for an amendment plan, the province introduced a rule which requires a weighted two-thirds vote at the board to amend the plan.

The current cooperative regional governance model supports local autonomy by enabling municipalities to retain their independent identities and still achieve economies of scale in the provision of services such as water, waste and transport. While some regional theorists argue that this type of cooperation could ultimately lead to wider collaboration or political consolidation, there are no signs of the latter at least in the Greater Vancouver region. The current situation seems to support the views of those who argue that limited regional cooperation could undermine interest in more comprehensive collaboration by addressing the easier services and leaving more pressing issues such as tax base sharing unsolved (Frug 2002).

Will the current system in Vancouver ultimately lead to a more equitable region or merely reduce pressure to create regional government by dealing with services which are easier to address? The latter appears to be closer to the truth.

<u>Policy proposal:</u> "Sufficient consensus:: An amended decision rule

Due to the fragmentation of the Metro Vancouver region, and the varied interests of each of the municipalities, it will be very difficult to meet the needs of each and every municipality. Even where a policy has clear regional benefits and is in the best interests of the region as a whole, and ultimately all of its residents, it may not be possible to get unanimous approval. An amended decision rule is proposed for the introduction of regional policies intended to meet the goals of the RGS.

This could take the form of either unanimity less one or two votes, or some level of super-majority such as 67% being used as the voting threshold. This is intended to reduce the advantage to those who support a continuation of the status quo, even when a majority of members would like it changed.

6: Policy Assessment Criteria

The following criteria were used to evaluate each of the policy proposals outlined above.

Type of Criterion	**Definition**	**Measure**
Effectiveness - Competition for rates - Improved price-signals - Alignment of interests - Attractiveness of urban centres	- Does it reduce inter-local competition for property rates revenue? - Does it encourage developers to consider the real costs to the region of location decisions? - Does it improve the alignment of local and regional interests relative to the status quo? - Does it increase the attractiveness of designated areas, such as urban centres?	Type of impact: Direct/ Indirect/ none
Horizontal equity	An estimate of the change from the status quo. The relative distribution of the benefits or burden between the municipalities resulting from the policy.	More equitable, less equitable, no change.
Administrative complexity	This will reflect how complex the policy will be to implement*: Does it require the development of new processes or the collection of new data?*	High, medium or low degree of complexity
Legal feasibility - Legislative framework - Governance model	Does the policy fit within the existing legal and regulatory framework, or *will it require amendments to the relevant existing legislation.*	High to low impact is proposed, where high impact implies a major change of the existing legal and regulatory framework.
Stakeholder acceptability	The stakeholder acceptability criterion will take the local political culture and history into account, to assess *the likelihood of the policy passing a political acceptability test.*	Measured using either a positive, negative, or indifferent reaction to the policy.

7: Evaluation of Policy Alternatives

The following section briefly highlights the main strengths and weaknesses of each of the policies against the selection criteria. This is followed by analysis and recommendations.

7.1 Effectiveness

7.1.1 Impact on competition for rates revenue

The revenue-sharing model is the only policy which directly addresses the “race for rateables” problem. The mechanism works by reducing the incentives for municipalities to compete for (in this case) commercial-industrial firms, and using property tax rates to influence where firms choose to locate. Tax-sharing means that a municipality can only keep a portion of the tax generated by new development, and the costs (financial or otherwise) that they will be willing to absorb will be lower. Luce (1997) argues that a tax-sharing mechanism might push development towards lower cost or higher benefit areas, increasing the overall regional net benefits, and taking advantage of regional differences in the availability of unused infrastructure.

The legal incentive to consider externalities option may indirectly reduce the competition for rates revenue, by raising the costs which a municipality has to consider in approving developments. The requirement to consult with and ultimately mitigate impacts in neighbouring municipalities may foster regional cooperation with regards to development.

7.1.2 Improved price signals to developers

Area-based DCCs is the only option which addresses this directly. According to the guidelines DCCs are a cost-recovery mechanism, and as such should improve the accuracy of the price-signal to developers. Contrary to some concerns, area-based DCCs are not about providing a subsidy to developers to attract them to certain areas (which would result in a race to the bottom and a loss of revenue for the region as a whole), but rather to ensure that the real costs of developing in suburban locations is covered. For example, developers should be required to fund the increased road width requirement due to the increase in traffic expected from a suburban office park, rather than having this paid for by taxpayers. This may result in some regional inequity however, where a municipality may be able to justify lower DCCs than a neighbour, resulting in competition and an incentive to subsidise DCCs rather than using them as a cost-recovery mechanism. In this case the overall revenue collected in the region is lower than it should have been, and local taxpayers are subsiding businesses.

The biggest weakness of this option however is that the difference in DCCs may not be sufficient to change the other factors driving business decisions about where to locate a development. For example, a large tenant may prefer a specialised building with employees spread over 2 large floors, rather than spread over multiple floors of an urban office block. Any difference in DCCs is most likely going to be outweighed by the cheaper development costs in suburban areas due to a combination of lower land, construction and build-out costs (T. Astles, Interview, 24 March 2011.) A further disadvantage of this option is that it doesn't reflect the increased ongoing costs, such as operating a lower density transit system – only capital costs are reflected in DCCs, not the ongoing operating costs which are of greater interest from a sustainability perspective.[28]

Revenue-sharing indirectly improves the price signals to developers, by reducing the disparity in property tax rates between local municipalities. By reducing tax-rate differentials and making the tax-base more neutral, revenue sharing should therefore reduce the extent to which this influences and distorts the market location decisions of firms.

[28] In hindsight, a tax incentive mechanism aimed at addressing the ongoing operational cost implications of business decisions may have been more appropriate to consider than area-based DCCs. However, no evidence emerged during the course of this research to indicate that this would be significantly better at addressing the market considerations mentioned here.

7.1.3 Alignment of regional and local interests

Most of the policy options considered address this sub-criterion. The **status quo** option (assuming the RGS is accepted) is a viable way of aligning regional and local interests. While there is undeniable "watering down" of policies as the process of negotiating a RGS continues, there is little actual evidence that a less-fragmented organisational approach would improve things. A flexible policy response which acknowledges the differing needs of the various member municipalities may be more effective in the long-run, even if slow-moving at times.

> *The upside of (the local governance system), is when you've spent so long working on it, going back and forth, and watering things down and so on, that what they have agreed to, you can count on them for supporting. ..It wasn't imposed on a higher level (C. De Marco, Interview, 7 March 2011.)*

In a fragmented governmental context the best solution may be to "acknowledge the existence and the significance of diversity, establish limits where they threaten to become dysfunctional, and focus attention on options for cooperation... (T)he institutional problem is not so much the fragmentation of policy actors as the disconnectedness of learning practices and policies" (Salet, et al, 2003:17 and 377). This would also provide support for the **Status-Quo+** option, of improved policy coordination, to identify and address policy conflicts as they occur on a case-by-case basis, rather than imposing region-wide solutions which are unlikely to be relevant across all municipal contexts.

The **legal incentive option** would mandate cooperation between local municipalities within the region. While this would help to reduce inter-local competition, it's not clear that this would necessarily guarantee outcomes that are better for the region. The **sufficient consensus** model would certainly help to strengthen the regional voice, and prevent stalemates where a small minority of local municipalities is preventing the implementation of a policy which would be beneficial to the region as a whole. However, it does remove a powerful tool that smaller local municipalities[29] currently have to ensure that their concerns are taken into account. The impact of **revenue sharing** on aligning interests is uncertain – while it does reduce fiscal disparities, any further impact would depend specifically on how the shared revenue was used. If it can be used to compensate municipalities which are being asked to forgo development for the benefit of the broader region, then it could be a powerful tool for aligning incentives.

7.1.4 Attractiveness of urban centres versus suburban locations

Under the **Status-Quo** option, the draft RGS has taken significant steps to improve the attractiveness of central areas, as opposed to more suburban locations. It has done so through the restrictions on industrial land, and encouraging municipalities to adopt policies which help to guide office-type employment to urban centres and FTDAs. Use of the urban centres and FTDAs as the basis for **priority funding areas** shows good potential over the medium to long term as a tool for directing employment growth to the desired areas in the region. Their importance lies in using public funds and institutions to build the profile of the regional town centres, and to help reach a certain threshold which will help to reduce the risk for developers (T. Astles, Interview, 24 March 2011.)

Assuming that infrastructure costs are lower in central areas, **area-based DCCs** also help to improve the attractiveness of urban centres relative to suburban locations, through the price signal already mentioned above. However, this is a weak signal relative to the other market factors which businesses take into account, and is unlikely to play any significant role in affecting private-sector behaviour (T. Astles, Interview, 24 March 2011.)

Both the revenue sharing and Status Quo+ Policy co-ordination options may indirectly improve the attractiveness of urban locations. However, any smart growth outcomes depend entirely on how revenues raised by the sharing mechanism are spent, or how and what policies

[29] As of April 2011, Coquitlam is exercising this power in the current RGS approval process, the only 1 of 21 municipalities which has requested provincial facilitation. All others (bar Port Moody which has given conditional approval) have approved the RGS.

are coordinated. In the absence of coordination between infrastructure investment and land-use planning, the use of these tools would be of little use in attaining the goals of smart growth (Tomalty, 2007.)

Criterion	Status Quo	SQ+ Improve d policy coordina tion	SQ++ Priority funding areas	Revenue -sharing	Area-based DCCs	Legal incentiv e to think “regiona lly”	Sufficie nt consens us
Competition for rates	-	-	-	Direct	-	Indirect	-
Price-signals	-	-	-	Indirect	Direct (weak)	-	-
Alignment of interests	Direct	Direct	Direct	Uncertai n	-	Uncertai n	Direct
Attractiveness of urban centres	Direct	Direct	Direct	Uncertai n	Direct (weak)	-	-

7.2 Horizontal equity

Policies were assessed at a high level in terms of their ability to increase or reduce the amount of inequity between the municipalities, with reference to the status quo. A more equitable outcome would be one which reduces the negative impacts imposed on other municipalities by a development in the home municipality.

Criterion	Status Quo	SQ+ Improved policy coordination	SQ++ Priority funding areas	Revenue -sharing	Area-based DCCs	Legal incentive to think “regionally”	Sufficient consensus
Horizontal equity (more or less equitable relative to SQ)	-	More	No change	More	Less	More	Less

Regional equity could be improved through better policy coordination, and negotiations required under the legal incentive option. By pooling only a portion of the future growth in commercial revenue, revenue sharing has the potential to reduce inequality in terms of revenue base disparity, measured as the tax-base per capita. The actual impact is difficult to determine, without knowing exactly what the final reallocation formula would be.

Priority funding areas, by using the urban areas identified by each of the municipalities in their OCPs, would not result in any change. However, central municipalities are likely to benefit more in the short-term than the outlying municipalities.

Area-based DCCs would result in a slight decrease in equity, as those municipalities with more infrastructure, are likely to be able to offer lower DCCs than those who have to construct new infrastructure in greenfield areas. Sufficient consensus is possibly the least equitable option, as a small municipality would have little ability to be heard if they were the only municipality objecting.

7.3 Administrative complexity

Low complexity

Improved policy coordination, area-based DCCs, priority funding areas and the sufficient consensus voting model all have a relatively low level of administrative complexity. **Improved policy coordination** is already within the scope of Metro Vancouver’s mandate. As the region is already achieving a significant amount of co-ordination, this is unlikely to be overly administratively burdensome.

Amending the decision rule for Metro Vancouver from unanimity to some form of **modified consensus** would be a fairly straightforward procedure, requiring only agreement by all parties to change this aspect (the political acceptability of this however will be addressed below). The creation of **Priority Funding areas** based on the definitions of urban centres and frequent transit development areas negotiated in the RGS should be administratively simple to do. Much of the difficult work in terms of a consistent area definition has already been done, overcoming a key weakness of the model in Maryland.

The authority to levy **area-based DCCs** is provided by the Local Government Act (Coriolis Consulting, 2003.) Legislation and detailed guidelines for DCCs are already in place in BC, and it would require only minor amendments to implement area based DCCs. The Act already requires local governments to consider a number of factors, such as future land use patterns. One of the main reasons for preferring municipal-wide charges up to now is the interpretation of the restriction that DCCs must be used for the purpose for which they were collected. This has been interpreted to mean that the funds raised must be spent in the same area. There are fears that the presence of different commercial charge areas would result in a number of “small, specialised funds that accumulate slowly and allow no flexibility in allocating or pooling funds to various infrastructure projects” (Coriolis Consulting, 2003,10.) However the policy proposal would restrict the number of areas to 2 or 3 per local municipality, which would limit the amount of administrative work needed to calculate costs, rates and monitor funds. While it does make sense that a charge designed to reflect the true costs of development should be allocated to that development, the additional burden created by having specialised funds needs to be questioned.

High complexity

Regional revenue sharing and the creation of a **legal incentive to think regionally** are the most complex options. The complexity of the revenue sharing model would be mostly upfront, in designing a suitable allocation formula for the region. As discussed below, it would be complicated to develop an allocation mechanism that would satisfy all concerned. However, the ongoing administrative requirements would be manageable once the required information systems (property baseline, statistics on new developments) had been put in place. There is also potential for the revenue collection to be handled by the province, using existing information and collection channels, further simplifying the administration required.

The legal solution requires the presence of a suitable information tool, such as a variation of an EA or development permit (neither of which appear to be currently structured in a way that would support this tool), and an amendment of the requirements to ensure that suitable information is included as a matter of course. Collating the required information, and allocating the personnel required to manage the negotiations with neighbours will require a substantial amount of effort. One of the biggest administrative hurdles would be the lack of an existing information source – EAs in BC are not required for large office developments (/www.eao.gov.bc.ca/ea_process.html, Accessed 2 April 2011.) Development Permits (as defined in Sections 919.1 and 920 of the Local Government Act) may provide a possible tool, but significant amendments would be required to meet the information needs of the legal incentive solution.

Criterion	Status Quo	SQ+ Improved policy coordination	SQ++ Priority funding areas	Revenue-sharing	Area-based DCCs	Legal incentive to think "regionally"	Sufficient consensus
Administrative complexity	-	Low	Low	Medium	Low	High	Low

7.4 Legal feasibility

Area-based DCCs require no changes to the current legislation, but some clarification of the guidelines might be required to address some of the concerns, such as the need for a separate fund for each area where a different charge is levied. **Improved policy coordination** and even policy consistency is possible within the existing governance structure. Metro Vancouver can present any proposed region-wide policy for board approval, but there has to be a strong enough case to motivate for it (De Marco, Interview, 7 February 2011.) Nothing in the Local Government Act prevents Metro Vancouver from looking at this kind of detail. Any issue which they can get the LMs to sit down to discuss and agree to would be open for amendment.

In order to give the **Priority funding areas** sufficient status, at a minimum there would have to be a memorandum of agreement between the local municipalities, province and other relevant federal agencies to ensure that the funds provided are sufficient to act as an incentive, and that action is coordinated. Provincial legislation allows the Metro Vancouver Board to establish Implementation Agreements with other organizations to achieve specific objectives.

According to Tomalty (2007), **tax-base sharing** appears to be a readily transferable concept from the US to the Canadian context. He argues that it may be even more appropriate here, as regional governance structures such as Metro Vancouver are well established, with funding from pooled revenue sources. However, the revenue-sharing option would require revisions to existing legislation, and provincial support to do so.

Modification of the decision rule used for the Regional Growth Strategy would require amendment of Part 25 of the Local Government Act of BC, which currently requires unanimous approval of all municipalities affected by a RGS.

Criterion	Status Quo	SQ+ Improved policy coordination	SQ++ Priority funding areas	Revenue-sharing	Area-based DCCs	Legal incentive to think "regionally"	Sufficient consensus
Degree of changes required to the Legislative framework	None	None	Medium	Medium	Low	High	High

7.5 Stakeholder acceptability

Local governments in the Metro Vancouver region have had over 3 years of input into shaping the current RGS. However as of April 2011, only 19 of the 21 municipal stakeholders have approved the RGS. The **Status Quo** is therefore largely viewed as positive by all the member stakeholders, with the major exception of Coquitlam which has requested provincial facilitation to address their concerns.

The **StatusQuo+ option of improved policy coordination** would receive a mixed response from local municipalities, depending on their particular context. Those which are currently being frustrated by competition within the region are more likely to view this option favourably. However, there may be wariness of the option if Metro Vancouver were seen to be overstepping their mandate in some way, rather than facilitating discussions between the local municipalities. Developers would in general welcome any initiative which increases certainty and reduces the cost of doing business (T. Astles, Interview, 24 March 2011.)

> *I think part of metro's role is to create the environment for dialogue on how we achieve ultimately what we want to in the region in a spirit of collaboration and*

communication so I think Metro should continue to do that...not more legislated and prescriptive, that's where the pushback comes in (Fassbender, Interview, 17 March 2011.)

Priority funding areas are generally positively viewed. For developers, public investment in the form of both funding and locating institutions is a powerful tool for building development momentum in a given region. It's one of the most effective tools available for reducing the risk of a new development (T. Astles, Interview, 24 March 2011.)

Revenue-sharing is likely to be a politically difficult option to implement. Spatial fragmentation leads to a sense of private ownership over public services and the local tax base. This makes tax base sharing difficult and undermines interest in cooperation at the regional level. It was an option proposed by Metro Vancouver in an earlier draft of the RGS, but had to be dropped due to the amount of opposition (De Marco, Interview, 7 February 2011.) It would be complicated to develop an allocation mechanism that would satisfy all concerned, and take all the necessary issues into account. For example, while the City of Vancouver has a large tax-base, they also claim to fund many regionally significant facilities (such as Vancouver Library, or the Downtown Eastside), with no contribution from any of the other municipalities. They would insist that any revenue-sharing mechanism take these considerations into account (R. Howard, Interview, 8 February 2011.) Despite these difficulties, it does remain a powerful potential way of compensating municipalities who are asked to forgo certain types of development for the good of the region as a whole.

Area-based DCCs are a fairly uncontroversial measure, and would require only minor amendments from the status quo. If concerns about using taxpayer revenues to subsidise business developments were addressed, it would be a positively received measure.

While it certainly has the potential to benefit certain municipalities, **the legal incentive to think regionally** would be politically unpopular, as there appears to be a great reluctance to legislate an approach where cooperation might be able to achieve the same end (Ministry of Community Services, 2006; P. Fassbender, Interview, 17 March 2011.)

The views regarding a **sufficient consensus governance model** is mixed. While it would certainly help to speed up proceedings, and ensure that broader regional interests are not held captive to local issues, this would seem to fly in the face of deeply-held values about local autonomy. However, there is a definite recognition that some change is needed.

> *I think that's part of where we're at now with the new RGS, is that it's not as difficult to make some of the minor amendments, that can be done by a simple majority vote as opposed to a 3/4s or unanimous vote. And we're moving towards that because it is clear we can't please everybody, and when we try, we may end up not pleasing anyone (Fassbender, Interview, 17 March 2011.)*

Despite this recognition, smaller municipalities would experience a significant reduction in their power relative to the current situation, making this a difficult option politically.

Criterion	Status Quo	SQ+ Improved policy coordination	SQ++ Priority funding areas	Revenue-sharing	Area-based DCCs	Legal incentive to think "regionally"	Sufficient consensus
Stakeholder* acceptability							
• Locals	Largely positive	Split	Positive	Split	Positive	Negative	Split
• Developers	Positive	Positive	Positive	-	Positive	-	-

* Metro Vancouver has been removed as a stakeholder in this table, as any policy to improve the alignment of regional and local interests would be viewed positively by them. Also, according to legislation it's still technically local government, rather than a separate stakeholder.

7.6 Summary

The following table provides a high-level summary of the analysis above. For clarity, the effectiveness criterion has been condensed into one row of the table, showing only the final outcome. More detail is provided in the sections above.

Criterion	Status Quo	SQ+ Improved policy coordination	SQ++ - Priority funding areas	Revenue-sharing	**Options discarded after initial analysis:**	Area-based DCCs	Legal incentive to think "regionally"	Sufficient consensus
Effectiveness								
Horizontal equity								
Administrative complexity								
Legislative complexity								
Stakeholder acceptability								

There are no clear winners from the above analysis, but certain key trade-offs have emerged. While an option such as **area-based DCCs** is uncontroversial, well within existing legislation, and relatively easy to administer, it's not clear how effective it will ultimately be in addressing the issue of job-sprawl. It's too weak a signal to address the other factors driving office location decisions, such as tenant needs or construction costs.

On the other hand, an option like **revenue-sharing** is well suited to the long history of regional governance and cooperation in Greater Vancouver, and offers clear benefits to mitigate some of the impacts of the regional vision on local tax bases, and remove perverse incentives. However, it will be difficult to implement politically. As the recent RGS draft process has shown, the current political appetite for such a step is limited.

Priority funding areas offer a clear policy alternative, building on the negotiations and groundwork which has already taken place under the RGS process. It also appears to be one of the few options which directly address private sector needs. However, it is a slow tool, and will do little in the short-term to prevent any new suburban office parks from being developed.

Based on the above analysis it appears the effectiveness of **area-based DCCs** and the legal incentive options are either weak or uncertain:

- The comments of private sector developers have made it clear that while area-based DCCs appear to be a good option according to the other criteria; they falter in terms of effectiveness. They don't provide a strong enough signal to overcome the other reasons that a developer may have for choosing a location.
- The legal incentive model scores poorly against the administrative, legal and stakeholder criteria and the effectiveness in preventing future job sprawl is uncertain at best.

The sufficient consensus decision rule, while simple to implement, is likely to meet with significant political opposition from the smaller municipalities who would experience a substantial reduction in effective power. For this reason alone, it's not considered to be a viable option currently. Despite the long history of voluntary regional governance and cooperation, the time for a less "flexible" and unanimous approach may be approaching. After over 3 years of consultation on the RGS, it has not been possible to get all the municipalities to agree30. Depending on your perspective this demonstrates either a strength (protecting local autonomy) or a weakness (undermining regional goals) of the current system, but what cannot be denied is that this has been a long, costly process, and the end is not yet in sight. Are taxpayers and the region really going to be better served by the final RGS, or will it have been "watered down" to the point where it is really business as usual? If it becomes clear that important regional interests are being

[30] As of early April 2011, a dispute resolution process has been triggered by the refusal of Coquitlam municipality to approve the 2011 RGS.

undermined by small minority voices, there may be a moment in the future where an amended decision rule becomes a viable option.

The following section explores the suitability of the remaining options further.

8: Analysis and Recommendations

"One of the clear lessons from the growth management literature is that the use of multiple, reinforcing policy instruments is far more effective than relying on a single technique. (Bengston, 2004: 281)

The options presented below could be implemented together as a suite, all intended to strengthen the current collaborative regional governance arrangements. Metro Vancouver operates on the basis of a consensus model and allows each municipality to decide which regional functions it wants to participate in31. It is not a separate level of government, but rather a cooperative arrangement to provide regional services. Metro Vancouver's collaborative federation model is reflected in the governance arrangements set out in the provincial Local Government Act, which requires that all affected municipalities formally approve the RGS before the Board can give the plan final approval. In Canada, the structure and authority of municipal and regional governments are defined by the provincial governments. It remains within the power of the province to amend or remove this power if the collaborative approach appears not be working32. All the options operate within the current legislative context for regional planning, as defined by the provincial government in Part 25 of the Local Government Act.

8.1 Support for Status-Quo and improved coordination

I think (the current collaborative system of local government) works, it just takes willingness on (the part of) everybody to not just pay lip service to collaboration and cooperation , but actually live it as an agreement that that's what we need to do (Fassbender, Interview, 17 March 2011.)

[31] Anmore was the most recent local municipality to join the Greater Vancouver Regional District in 1997.

[32] The regional planning powers are relatively new, and province has shown their willingness to suspend regional planning in the past. See Note 9 and Section 3.2 above.

The upside of (the local governance system), is when you've spent so long working on it, going back and forth, and watering things down and so on, that what they have agreed to, you can count on them for supporting. ..It wasn't imposed on a higher level (C. De Marco, Interview, 7 March 2011.)

The Status-Quo, supported with an improved coordination role for Metro Vancouver appears to be a viable option, suitable for implementation immediately. While imperfect, given the local political context and the difficulties of getting final approval even on the draft RGS, the controls on industrial land, the identification of urban centres and FTDAs, and the clarification of roles and responsibilities across all levels of government constitute a real and viable option for preventing future job sprawl. Using the forum created by Metro Vancouver through existing groups such as the Technical Advisory Committees (TACs) can be used to highlight where local land use policies are at odds. There also appears to a growing willingness between sub-regional groupings of municipalities with common interests to work together on a case-by-case basis (such as the Combo Project of the Roberts Bank Rail corridor.)

We (the local municipalities) do talk much more now than we ever did in the past. And while it's still not perfect, I think we've recognised that we need to find a regional solution as opposed to finding a community by community solution. And it's always that dynamic of balancing individual communities' priorities with the regional needs, and we're doing a much better job of talking about those issues than we used to in the past. It's still not perfect, but it's better than it was (Fassbender, Interview, 17 March 2011.)

Collaboration on policy coordination between municipal officials could form the basis of a larger discussion over the merits of revenue sharing as a tool to address the issue of job sprawl (see below for more details.)

8.2 The promise of Priority Funding Areas

Priority funding areas based on the urban centre and FTDAs overlays described in the 2011 draft RGS (see Appendix 2) appear to be an effective and uncontroversial way of supporting the regional vision, and promoting growth in the Regional Town Centres over the medium to long-term. Work should begin immediately on firming up the current "request" to other levels of government to "direct major office and institutional development to Urban Centres and Frequent Transit Development Areas, where appropriate" (GVRD, 2011: 17.) Implementation Agreements would be one potential way of doing so, already provided for in provincial legislation. While PFAs only address one of the effectiveness criteria, it appears to be one of the strongest potential levers for directing employment growth.

> *The only way that Surrey (or any of the other RTCs are) going to get big buildings, is if the government, whether it's the city or municipal government, or the provincial government, or the feds, put their uses there. Because there isn't a private sector demand for big buildings there. ...It's not a private sector development opportunity, ...it's not a great office location, yet.... it might be 20, 30 years in the future as the population grows....The best thing you can do (to attract private development) is mitigate risk ,and the risk is in the occupancy, so put your uses on the site. (T. Astles, Interview, 24 March 2011)*

A key blockage for office developments in the regional town centres is the difficulty of finding sufficient pre-lease tenants[33] to allow a development to proceed (Astles, Interview, 24 Mach 2011). A key risk-reduction strategy for private developers is for the public sector to invest in desired areas first, and help to create a sufficient level of momentum. Focussing funding in specific areas such as the RTCs will also ensure that the effectiveness of public funding is maximised, rather than diluting the impact.

> *Absolutely and I think that's what we have to do. If we decide that because of historical context or future planning that this is where we are going to be looking for densification and growth and so on, whether it is residential, commercial, industrial, then I think we need to invest in those areas so that they can realise that potential. Because I think spreading (the funding) out over the*

[33] While an office block in downtown Vancouver requires approximately 30-50% of the space to pre-leased to tenants before the development can go ahead, a similar building in downtown Surrey would require closer to 70% pre-lease. This is due to the lower number of potential tenants in Surrey currently, and the need to manage this risk (Astles, Interview, 24 March 2011.)

entire area just waters down the effectiveness (Fassbender, Interview, 17 March 2011.)

While the concept of priority funding areas has not resulted in the smart growth and compact development outcomes that were hoped for in Maryland, with a combination of existing advantages and putting the right policies in place, Vancouver has a much better chance of a successful outcome. The reasons for this include:

- Vancouver has already agreed on a consistent definition for the urban centres and FTDAs, unlike Maryland where no consistent definition was in place for PFA boundaries.
- Urban Centres and FTDAs will be identified by local municipalities in the OCP, in support of the RGS. The RGS clearly identifies a role for local, provincial and other governments in supporting these areas by directing growth to them. In Maryland, there is no requirement for local jurisdictions to include the state-initiated PFA concept in their comprehensive community plans, or to target their own funds in these areas.
- The RGS provides a coherent framework for managing growth, including specific program goals and a system for measuring or monitoring the program's progress. Maryland did not have these elements in place.

Another important lesson to be learnt from the Maryland experience is to ensure that the financial resources directed at PFAs are coordinated across all levels of government, and are large enough to act as a catalyst for development.

8.3 Laying the groundwork for regional revenue sharing

While revenue sharing may appear to be politically difficult currently[34], there is a strong case to be made for some form of regional revenue sharing. Many of the preconditions are already in place to facilitate implementation and support urban growth goals. These include a

[34] An early draft of the RGS had a clause regarding revenue sharing removed after significant objections from the municipalities (de Marco, Interview, 7 February 2011.)

long history of strong regional collaboration including cost-sharing arrangements, and a well-enforced urban growth boundary, both of which are lacking in the Twin Cities area. Revenue sharing can be a powerful way of compensating municipalities who are asked to forgo certain types of development and tax-base potential "for the good of the region."

> *Almost half of the employment was going to the wrong place, so ...they just couldn't say no, for whatever reason, a lot of it was political pressure, any job in my municipality is better than no job in my municipality. If we say no, it'll just go to the next municipality (De Marco, Interview, 7 February 2011.)*

Much of the opposition to revenue-sharing stems from the misconception that the existing revenue base will be redistributed. Reassuring municipalities that only a portion of the new growth from an agreed start date would be shared, might make them more willing to consider it as a viable option. The next step would be to agree on a way of allocating the revenue raised, to support the regional vision. While it would involve compromise between the member municipalities, a revenue-sharing agreement would give the local municipalities a powerful tool for addressing regional-scale issues, without resorting to other measures such as amalgamation imposed by the province.

Revenue sharing also appears to be a good option from an urban economy perspective. Without a threshold level of development, no amount of policy "tweaking" will be sufficient to significantly improve the attractiveness of the regional town centres (Astles, Interview, 24 April 2011.) Despite the hierarchy of urban centres in the region, there may still be too many from a short-term perspective. It might make more sense for the region to cooperate to ensure that developments are appropriately targeted, in order to help build the attractiveness of the RTCs in the medium to long-term. For example, Burnaby and Surrey downtown areas currently have the strongest development potential. It might be better for the region to direct commercial developments to these 2 centres, building up to a critical threshold beyond which private market factors would probably take over. Those municipalities, which due to their location will continue to struggle (such as New Westminster due to their “movement corridor” position between Burnaby and Surrey), or other outlying municipalities (such of the Langleys), which are segmented by the ALR could be compensated for agreeing to place regional interests over their own.

> *I think we have to look at revenue sharing so that we can continue to invest in building infrastructure to support development, ... we have to be willing to sit down and look at that, and say are there other ways where we can all still benefit not at the expense of one another, but to the benefit of one another? (Fassbender, Interview, 17 April 2011)*

Developments which are major trip generators should be locating in urban centres or FTDAs near transit zones. Office developments which choose to locate elsewhere impose additional costs on the regional transit system. As continuing job sprawl is a key factor undermining the provision of a high frequency transit network, TransLink should be involved with the design of any revenue-sharing mechanism intended to address this issue.

9: Closing thoughts

According to the proposed 2011RGS, the Metro Vancouver region is expected to grow by over 35,000 residents per year. Controlling job sprawl is one element of achieving a more compact urban form, reducing greenhouse gas emissions and pollution, and promoting a more efficient use of limited land resources in the region. Higher density development helps to reduce congestion, promote alternative forms of transport, and increase the viability of retail and service centres. By cooperating to reducing job sprawl, local municipalities will be supporting the achievement of the regional vision contained within the 2011 RGS.

A lasting solution to the issue of job sprawl seems to require two elements:

- a real commitment on the part of local municipalities to support the regional vision, in particular the transit vision, and
- a better understanding of the relative importance of the different factors which influence the location decisions of firms.

The long-term future of the RTCs (and the livability of the region in turn) depends on their ability to generate sufficient development momentum over the longer term to attract private development. Suburban job sprawl destroys this momentum, undermining the viability of the proposed transit network, and ultimately reducing the attractiveness of the RTCs to private developers and firms. Reducing job sprawl will help to support the network of town centres, a key element of guiding the future development of the region, and supporting "the efficient provision of transportation, regional infrastructure and community services" (GVRD, 2011: 3.)

None of the urban planning literature I came across considered the effectiveness of tools such as DCCs in the context of the other costs that developers have to take into account when making location decisions. While this paper focussed on policies to limit future job-sprawl, it's unlikely that any policies could overcome all of these factors – specific types of firms will continue to prefer built-to-suit suburban office development with large floor-plates. The main problem is not about aligning local and regional incentives, but between the regional vision and the dynamics of the urban land market.

The challenge then becomes ensuring that these developments are steered to locations as close to the transit system as possible, such as frequent transit development areas. While transit has not been directly addressed in this study, it provides an important signal to developers about where to locate. Priorities of tenants appear to be changing (Howard, Interview, 8 February 2011; Astles, Interview, 24 March 2011), and the region, acting through Metro Vancouver and TransLink, must use this as an opportunity to ensure that poor location decisions don't undermine these transit signals.

> *More and more tenants want to be located within a short walk of Skytrain. Because one it's more convenient for their employees in the long run, as roads and cars and the costs of transit and gas increase, they see the hedge on that inflation. Two, its faster to get into town by Skytrain from certain areas than it is to take your car. You can save the parking cost too. So in the long run, if you're thinking 15 years in the future,... you want to have that benefit to attract and retain your employees. ....There's a sustainability aspect to it. ...More and more of today's employees are more concerned about sustainability than the generations ahead of them and those people are asking, well, what are your sustainability initiatives, from the companies that they want to be employed by. And if they can say "well, we've reduced our carbon footprint as a company because we're on a rapid transit line, that helps. It's more attractive. (Astles, Interview, 24 March 2011)*

Appendices

Appendix 1: Provincial Principles Underlying the RGS Legislation

Nine basic principles provided the foundation for the legislation.

1. No new institutions

The provincial government has a strong local planning system that should be strengthened and extended, rather than create special purpose bodies or a new level of government in updating the planning system. Building on this established system has the benefit of providing access to existing political structures, administrative systems, professional staff and communications networks. It also avoids creating another layer of administration with considerable set-up and ongoing costs.

2**. Voluntary participation ... most of the time**

Region-wide strategies should be voluntary because planning works best when there is buy-in. However, as a last resort, Cabinet should have the ability to require regional strategies for regions where extreme growth rates or community change indicate a need and the local governments are slow to react cooperatively.

3**. Compatibility ... a bias towards agreement**

Consistency and compatibility among local plans and region-wide strategies are essential. The “interactive system” gives municipal official community plans and regional strategies equal weight. This is in keeping with the belief that decisions should be made as close to the local level as possible.

4**. Dispute resolution ... as a last resort**

To be effective, the planning process has to reach closure and that means differences must be resolved. Local governments should have every opportunity to negotiate collaborative solutions. However, if the process breaks down late in the game, there must be a mechanism that will result in closure.

5**. Broad-based consultation ... early and often**

Everyone who has to live with the outcome should have a say in the development of plans. This principle supports the early and ongoing participation of municipalities, community groups and other interested parties.

6. Regional diversity/regional flexibility

Each region of British Columbia is different in economy, geography, objectives and issues. The system must be flexible enough to accommodate this regional diversity.

7. Provincial direction and support

The provincial government should “put its cards on the table” and make its expectations clear.

8. Early provincial involvement

The provincial government is continuously making investments in a wide range of capital projects -ferry terminals, transit corridors, highway improvements, health and educational facilities and energy projects. Some can have an immediate and longer-term impact on community settlement patterns.

There is mutual gain if key provincial ministries and agencies “come to the table” early and stay involved continuously throughout the regionally-led planning processes. This input will result in more effective regional growth strategies.

9. Provincial commitment

The provincial government should be guided by regional growth strategies in order to ensure that the actions and investment decisions of the government are consistent with local government’s intentions.

Appendix 2: Urban Centre and Frequent Transit Development Area overlays contained in the draft 2011 RGS

The general locations (not the parcel-based boundaries) of Urban Centre and Frequent Transit Development Area overlays, once defined by municipalities will be shown on Maps 2 and 4. The parcel-based boundaries of Urban Centre and Frequent Transit Development Area overlays, as determined by municipalities, will be depicted on a reference map, which will be maintained in association with, but not part of the Regional Growth Strategy.....

Urban Centre and Frequent Transit Development Area Overlays

Within the Urban Containment Boundary, Urban Centres and Frequent Transit Development Areas may be overlaid on any regional land use designation. Urban Centre and Frequent Transit Development Area overlays and policies enable higher density residential and commercial development for General Urban areas, and higher density commercial development for Mixed Employment areas. Where overlays cover areas other than General Urban or Mixed Employment, the intent and policies of the underlying regional land use designations still apply.

Urban Centres

Urban Centres are intended to be the region's primary focal points for concentrated growth and transit service. They are intended as priority locations for employment and services, higher density housing, commercial, cultural, entertainment, institutional and mixed uses. Urban Centres are intended to emphasize place-making, an enriched public realm, and promote transit-oriented communities, where transit, cycling and walking are the preferred modes of transportation. Maps 2 and 4 show the Urban Centres locations. Urban Centres boundaries will be identified by municipalities in their Regional Context Statements in a manner generally consistent with the guidelines in Table 3 (Guidelines for Urban Centres and Frequent Transit Development Areas).

Frequent Transit Development Areas

Frequent Transit Development Areas are intended to be additional priority locations to accommodate concentrated growth in higher density forms of development. They are located at appropriate locations along TransLink's Frequent Transit Network. Frequent Transit Development Areas complement the network of Urban Centres, and are characterized by higher density residential, commercial and mixed uses, and may contain community, cultural and institutional uses. Urban design for these areas promotes transit-oriented communities where transit, cycling and walking are the preferred modes of transportation. Maps 2 and 4 will show the location of Frequent Transit Development Areas, once identified by municipalities in their Regional Context Statements. The Frequent Transit Development Area boundaries will be established by municipalities in their Regional Context Statements in a manner generally consistent with the guidelines in Table 3 (Guidelines for Urban Centres and Frequent Transit Development Areas). (GVRD, 2011: 9-10)

Appendix 3: Comparison of total assessed values on a per-capita basis for Vancouver municipalities

Municipality	Population (2009 BC STATS in Thousands)	Market value of property per capita - CI only($)	Market value of property per capita ($)
Anmore	2,122	271	332,313
Belcarra	688	44	493,200
Bowen Island	3,657	8,751	443,714
Burnaby	**218,241**	**38,447**	**195,951**
Coquitlam	**121,452**	**22,587**	**181,936**
Delta	**99,508**	**33,414**	**186,173**
Langley city	**25,352**	**39,263**	**150,299**
Langley District	**101,342**	**32,495**	**199,912**
Lions Bay	1,397	803	416,985
Maple Ridge	**73,957**	**11,913**	**157,642**
New Westminster	**63,745**	**20,361**	**153,200**
North Vancouver - City	47,733	37,045	224,615
North Vancouver -District	86,066	18,589	253,444
Pitt Meadows	**17,410**	**18,656**	**157,429**
Port Coquitlam	**55,583**	**23,655**	**160,679**
Port Moody	**31,573**	**15,429**	**196,628**
Richmond	189,027	45,842	212,619
Surrey	**433,924**	**18,777**	**155,087**
Vancouver	615,473	43,405	258,419
West Vancouver	42,853	17,822	538,758
White Rock	18,820	10,546	240,038
Regional average	2,249,923	31,532	211,868

The above figures very simply demonstrate the principle that those municipalities with a below average per capita share of assessed value would get more than their share of revenue, if the Twin City rules were applied. In this example, the bolded municipality would receive more than what they had contributed to the pool.
Unlike this example, the per capita values would be calculated based solely on the pooled new growth in assessment values since the start date of the program. Only a maximum of 40% of additional revenue is shared, and no municipality is required to "give up" any revenue.

Assessment data based on 2009 values from the Local Government Statistics provided by the Ministry of Community, Sport and Cultural Development.

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