

INTERNATIONAL EXPERIENCES WITH PERFORMANCE-BASED PLANNING

Why This Study is Important

This study documents the international use of alternative approaches to planning and development regulation, specifically the use of performance-based planning. Experiences in the use of this alternative approach elsewhere may offer valuable insights and lessons into how it could be used here in Canada to improve flexibility and innovation in the development of housing.

The need for this study is driven by significant changes in the demographic, social, and economic elements of Canadian society. Shifts in consumer preference and affordability demand a development environment in which flexibility and innovation are embraced. Conventional planning and development regulation in Canada seems to lead to a development environment that is inflexible and may inhibit effective response to market demands. Attempts to reflect the new market reality in Canada have been haphazard. In addition, recent Canadian and American studies have found that conventional regulatory systems increase development costs and often stifle technical and design innovation. Alternative approaches to planning and development regulation are being used in other countries. These alternatives include "performance-based" planning systems that promote flexibility and innovation in development.

How This Study was Completed

This study focuses on the experiences of other jurisdictions in the use of performance-based planning. The primary source of data was 26 informant interviews. At the municipal level, one regulator and one developer (including consultants) were interviewed. Where state or federal governments played a significant role, informants in the appropriate agencies were interviewed. Academic experts in performance-based planning in each country were also contacted. Thematic content analysis of each informant interview was completed, the interpretation of which focused on whether the performance-based planning approaches used in other jurisdictions could survive a shift to the Canadian context. This made it possible to speculate on whether this approach would work in Canada, and what adaptations and contexts would be required.

Conventional Zoning vs. Performance-Based Planning

In 1916, the first zoning ordinance was adopted in New York City. The thinking behind zoning was that dissimilar uses are incompatible and local governments established districts of varying permitted and prohibited uses.



While conventional zoning may work well in a majority of development scenarios, the scale of land development is now much larger, more complex, and must address wider public objectives and more sophisticated stakeholders. And although conventional zoning continues to enjoy wide popular support, many alternatives have been introduced to offer more flexibility in meeting regulatory requirements. Performance-based planning is one such alternative.

While conventional zoning attempts to regulate development by controlling the use of land, performance-based planning does so by regulating the actual physical characteristics and functions (performance) of a use measured against predetermined standards. These standards are quantitative measures of development impact to be administered without discretion. Since regulatory districts and regulations are based on performance instead of land use, it is possible that any land use could locate adjacent any other land use, provided it satisfies the standards. Early performance standards were relatively simple and included criteria for noise, glare, odour, vibration, etc. The standards of today are generally more complex, since the performance expectations for new development are much higher, and may include traffic and stormwater generation, habitat loss, architectural detail, and more.

Why Performance-Based Planning is Used Elsewhere

A variety of contexts result in the implementation of performance-based planning in other jurisdictions. In some cases, it is the result of senior government policy and in others it is strictly a local initiative. The issues to be addressed by performance-based planning differ as well, from growth management to design, from environmental protection to streamlining development. Regardless, it is important to understand these contexts and what it means for the successful introduction, adoption, and implementation of this approach here in Canada. In Australia, a property boom coincided with very high levels of immigration in the late 1980s caused skyrocketing housing prices in metropolitan areas. In response, a special conference on housing convened by the federal government resulted in urban consolidation becoming the main thrust

of planning policy in Australia. Urban consolidation is about moving people back into urban areas through higher density residential development. It was seen as key to addressing housing affordability and promoting the use of existing infrastructure capacity. To implement this new policy, the federal government proposed a national framework of performance-based planning principles and procedures for high quality residential development. Dubbed the Australian Model Code for Residential Development, or AMCORD, the framework provides the federal government with the means to work closely with the state/territory and local governments, professional associations, and the development industry to address urban issues of national concern. Every state/territory government in Australia has now adopted its own model code based on AMCORD.

In New Zealand, a newly elected Labour government set about making radical and sweeping reforms to government and the economy in 1984. During its second term in office, the government passed the Resource Management Act (RMA), intended to make sustainable management a clear duty of government. Local and regional governments are responsible for administration of the RMA, but since the legislation is not prescriptive, these agencies are free to interpret and implement the Act through their own plans as they see fit. While smaller councils continue to use the traditional town and country planning approach, larger ones have adopted a performance-based approach of addressing the environmental impacts of development.

In the United States, the adoption of performance-based planning approach is strictly a local initiative, not one resulting from senior government policy. Bucks County, Pennsylvania, pioneered the approach in 1973 when it adopted a model zoning ordinance with a performance component to protect natural resources and provide flexibility in residential design. Increased concern about protection of the environment from development and pressure to satisfy a state-mandated zoning requirement to provide for all legitimate land uses resulted in the drafting of the performance-based code. Performance zoning was recognized as a means of not only protecting natural resources, but also permitting a full range of housing types.

In Fort Collins, Colorado, a review of the regulatory system found it inconsistent with a new land use policies plan focused on growth management. The city wanted a system that was responsive to market forces on one hand, and on the other offered some quality control over what was going to happen on a site. The result was the Land Development Guidance System (LDGS), which provides performance criteria for planned unit developments as an alternative to conventional zoning. Finally, in Largo, Florida, a review of the city's dozens of unclear and sometimes conflicting development ordinances, rapid development in the area, and a pro-growth climate resulted in the adoption of a performance-based code. The code includes more uses in each use category, the measurement of density by units per acre rather than by housing type, and the control of site use through impervious surface and floor/area ratios rather than setbacks, height limits, and minimum lot dimensions.

Lessons for Canada

The experiences of other jurisdictions can inform discussion on the possible application of performance-based planning here in Canada. The study presents 12 key lessons: 1) The Australians seem to have it right: a top-down voluntary approach that focuses on a key land use, is sensitive to inter-governmental relationships, and is responsive to the needs of both the industry and the community, is a recipe for success. 2) In Canada, any local move toward a performance-based approach would involve senior government due to provincial planning legislation. While different levels of government have different goals, these goals should be compatible. 3) Since change can be costly and create resistance, it is important to minimize these costs by focusing on the essentials and by providing a choice between a conventional or alternative approach. It is important to ask: is performance-based planning necessary? 4) Where performance-based planning is seen as a panacea that includes all land uses and pursues a multitude of agendas, the approach can become arbitrary and too complex. The key here: don't let the means drive the end. 5) A significant event can be a catalyst for change, and while it important to recognize the psychology of change, change for change sake must be avoided. 6) Since planning is a government function, government must

promote a performance-based approach. 7) Is the compromise between flexibility and predictability a red herring? The study found that while conventional zoning is predictable in routine cases, the same can be said of the performance approach in non-routine and innovative cases. 8) Complexity is the real enemy. The key is to limit the scope to a few clearly articulated goals, focus on a few key land uses, and let developers choose the approach they prefer. 9) While complexity is the real enemy, consistency is the real goal: developers simply want a consistent planning process that treats them equally and allows them to compete fairly no matter where they go. 10) Common ground is the key to success: this suggests that the best-case scenario for implementation is by a pro-growth government during a period of high growth. 11) People can work together, regardless of diversity and even antagonism. 12) If given a choice between performance-based planning and conventional zoning, developers will choose the method that most appropriately

CMHC and the Canadian Centre for Public Private Partnerships in Housing

CMHC's Canadian Centre for Public-Private Partnerships in Housing (CCPPPH) promotes and facilitates partnerships to increase the supply of affordable housing. The Centre gives advice on legal, financial and regulatory solutions, experiments with new financing and tenure agreements and disseminates information on successful practices. The Centre actively seeks out partnerships, especially at the grassroots level, with such organisations as existing non-profit agencies who were previously involved in the provision of social housing, faith groups, ethnic and cultural organisations, builders, developers and municipalities.

The Centre provides a number of tools to assist in developing affordable housing, including:

- "best practices" guides,
- partnership research,
- expert advice,
- new business leads,
- interest-free Proposal Development (PDF) loans, and
- facilitating access to mortgage insurance to assist groups access low-cost housing financing.

CMHC Research on Producing Affordable Housing in Canada Through PPPs

CMHC has completed a number of research reports and case studies, available through CMHC's Canadian Housing Information Centre, that examine a range of alternative measures which could be employed to support the creation of affordable housing in Canada through public-private partnerships. The following lists both published reports currently available and upcoming research to be published in the near future.

Published Research

- Guide to Affordable Housing Partnerships
- The Role of Public-Private Partnerships in Producing Affordable Housing: Assessment of the U.S. Experience and Lessons for Canada
- Municipal Regulatory Initiatives: Providing for Affordable Housing
- CMHC's Affordable Housing Web Page (www.cmhc-schl.gc.ca)
- Comprehensive Analysis of Self-Build Housing Experiences
- Public-Private Partnerships in Municipal Infrastructure

Upcoming Research

- Affordable Housing Solutions: 15 Successful Projects
- Housing Trust Funds: Their Nature, Applicability and Potential in Canada
- Guide to Creating Housing Trust Funds in Canada
- Background Research on Philanthropic Support for Affordable Housing
- Alternate Tenure Arrangements
- Municipal Planning for Affordable Housing

CMHC Project Manager: David Scherlowski

Research Report: International Experiences with Performance-Based Planning

Research Consultants: Hok-Lin Leung (Queen's University) and Kevin A. Harper (Harper, Longino, Robinson)

A full report on this project is available from the Canadian Housing Information Centre at the address below.

Housing Research at CMHC

Under Part IX of the National Housing Act, the Government of Canada provides funds to CMHC to conduct research into the social, economic and technical aspects of housing and related fields, and to undertake the publishing and distribution of the results of this research.

This fact sheet is one of a series intended to inform you of the nature and scope of CMHC's research.

The **Research Highlights** fact sheet is one of a wide variety of housing related publications produced by CMHC.

For a complete list of **Research Highlights**, or for more information on CMHC housing research and information, please contact:

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OUR WEB SITE ADDRESS: www.cmhc-schl.gc.ca/Research