Category
Land Value Capture

Geography/ Location
BC, ON

Municipality Size
Large

Tier
Enabling

Constraints
Equity

Administrative Capacity Required
High

Fiscal Tool Brief: Density Bonus

Local Governments for Sustainability
Les gouvernements locaux pour le développement durable
CANADA

Density Bonuses are incentives that require developers to provide community benefits such as creating open green spaces in order to go above standard allowable building density.

A Density Bonus, also known as Density for Benefit Agreement, is a type of zoning incentive that allows developers to exceed the standard allowable building density (e.g., build more floor area or additional housing units than normally allowed) in exchange for providing community benefits. These benefits may include affordable housing, open green spaces, community facilities, or infrastructure improvements. In provinces such as Ontario and British Columbia, density bonuses are permitted under municipal planning legislation, but the benefits or funds generated must be allocated to local, area-specific amenities rather than citywide projects. Municipalities typically set out the parameters for density bonuses through official plans or zoning bylaws, aiming to make trade-offs transparent and consistent with broader land-use objectives, although equity outcomes may vary depending on where development occurs.[1]

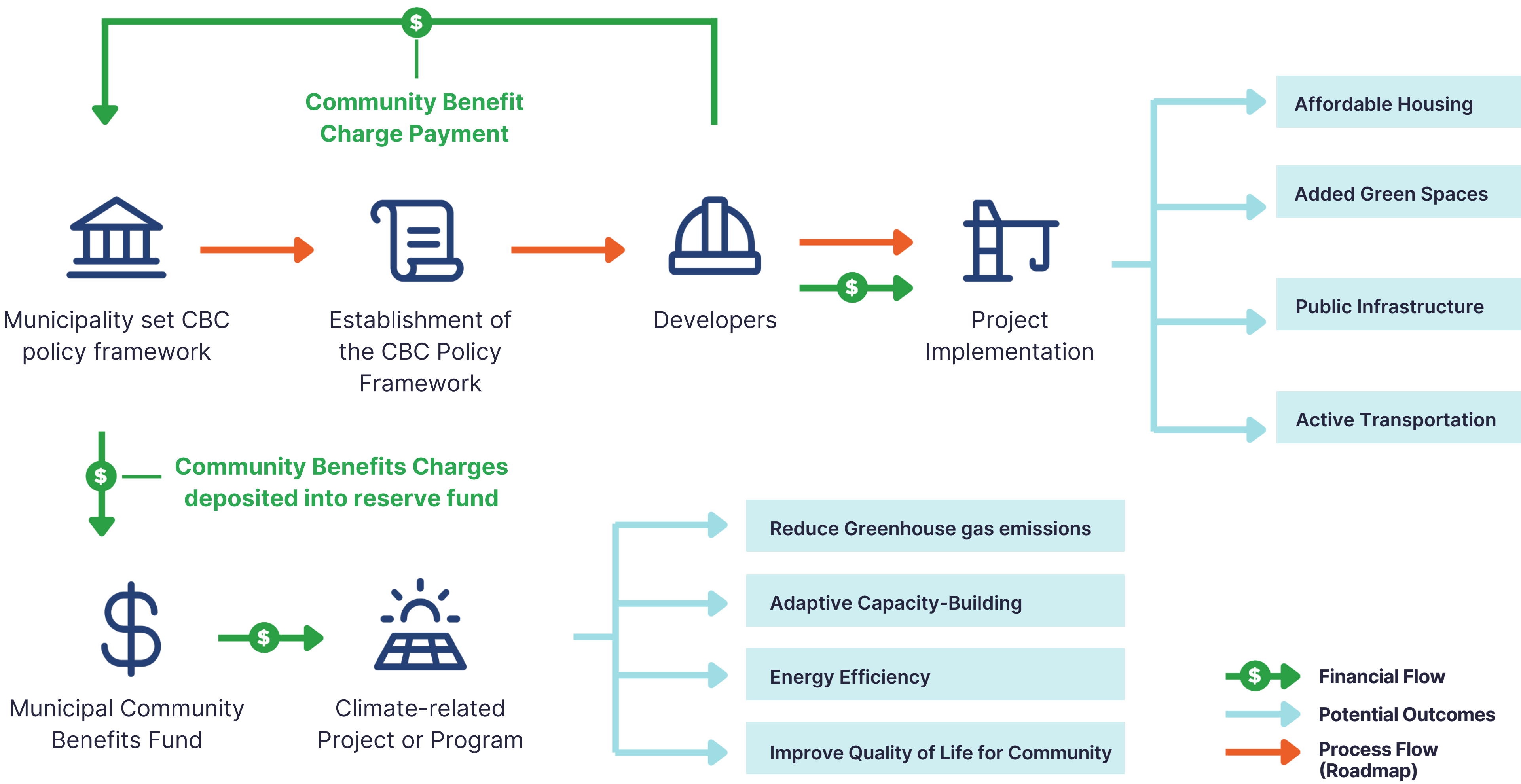

Figure 1. Visual representation of how Density Bonus works

Examples

Numerous Canadian municipalities have implemented density bonus programs to help advance their climate adaptation efforts. For instance, Burnaby (BC) uses a density bonus program known as the City's Community Benefit Bonus Policy that allows the City to approve additional density in exchange for contributing a 'community benefit', including community amenities such as parks, libraries, or community centres, affordable housing, or cash contribution-in-lieu to funds that are allocated exclusively for the future provision of a community amenity or affordable housing programs.[2] Through this density bonus program, the City has financed seven parks, three group childcare centres, and 19 units of affordable housing.[3] In Toronto (ON), the Planning Act allows the City to adopt a Community Benefits Charge (CBC) bylaw, charge CBCs on developments and redevelopments that are at least five storeys in height and that add at least ten residential units, and use the funds to maintain the community facilities and services.[4] Calgary (AB) introduced a Downtown Density Bonusing Offset Program that is slightly different from other density bonus programs. This program incentivizes faster and high-density residential growth in the downtown area, encouraging developers to contribute to community well-being, such as contributing to a community fund, providing parks or plazas, creating affordable housing, or adding public art.[5] Other municipalities such as Halifax (NS), Coquitlam (BC), and Winnipeg (MB) have also used density bonuses to support climate adaptation.

Relevance to Advancing Adaptation

Density bonus programs can be leveraged to support climate adaptation by requiring developers to contribute to climate adaptation in exchange for increased building density. Through a density bonus, municipalities can direct these contributions towards projects such as resilient infrastructure, green roofs, stormwater management systems, or wildfire-resistant landscaping, where adaptation objectives are explicitly built into program requirements. In-kind contributions such as improved streetscapes, expanded tree canopies, or public plazas with shade structures can further enhance urban resilience by reducing heat stress and creating multifunctional public spaces that serve as refuge during climate-related emergencies. Therefore, when paired with clear guidelines and project standards, density bonus programs can support embedding adaptation measures into development projects, although their effectiveness depends on development activity and program design.

Accessibility

The accessibility of density bonus programs varies significantly by jurisdiction. Larger municipalities with dedicated planning departments and greater capacity are generally better placed to develop the zoning frameworks, negotiate developer contributions, monitor outcomes, and enforce the trade-offs. For example, the City of Burnaby in British Columbia has a well-documented "Community Benefit Bonus Policy" that enables developers to achieve additional residential density in exchange for affordable housing, parks, childcare facilities, or cash contributions.[6] On the contrary, smaller municipalities often face capacity constraints such as fewer staff, limited technical or legal expertise, weaker market needs, and fewer re-zoning opportunities, which can hinder their ability to design and implement effective density bonus systems.[7] In addition, uptake depends heavily on the developer community engaging voluntarily with the scheme. Since most density bonus mechanisms are optional, their attractiveness and actual use depend on market conditions, cost-benefit for developers, and regulatory certainty.[8]

Feasibility

Density bonus programs have appeal for implementation, particularly in high-demand development contexts. Since they rely on leveraging developer contributions rather than requiring upfront municipal investment, these programs can be economically attractive, although political acceptability remains context-dependent due to density-related concerns. For example, municipalities can integrate these programs into their official plans and zoning bylaws and tailor them to local priorities, such as mandating green roofs in exchange for bonus height, requiring stormwater resilience features, or offering affordable housing contributions. Moreover, when demand for additional density is strong (e.g., in transit-oriented areas, downtown districts), developers are more likely to take up the bonus option, making the mechanism more viable; in lower-growth areas, uptake may be limited. However, the feasibility depends on solid market demand for the bonus density, clear and transparent guidelines, and a strong municipal planning system.[9]

In addition, the feasibility can also be politically challenging. Increasing density can trigger pushback from existing residents, particularly in the neighbourhoods where concerns about congestion, parking pressure, neighbourhood character, or environmental impacts can contribute to the “not in my backyard” (NIMBY) opposition. Even if the bonus program itself is well designed, local political leaders may hesitate to support bonus density due to public resistance, creating uncertainty or limiting where the tool can realistically be applied. This adds a layer of political complexity that can hinder adoption, require extensive community engagement, or slow approvals. As a result, even though density bonuses are permitted under planning legislation, they may be difficult to implement consistently across a municipality unless there is both market interest and community and political willingness to accept additional growth.

Risk

There are several key risks associated with density bonus programs, particularly related to equity, transparency, and political acceptance. First, a critique is that the rationales for density bonuses appear weak and can lead to less than transparent deals. For instance, the C.D. Howe Institute argued that in Ontario, many density bonus programs lacked transparency and measurable justification. Second, political risks arise if the program is not designed and implemented with transparency, clear criteria, and public scrutiny – the discretionary nature of many bonus negotiation processes means there is potential for uneven treatment, developer capture, or conflicts over democratic accountability.[10,11] Additionally, there may be resistance from the existing communities. For example, in locations where intensification occurs, greater concentrations of traffic tend to occur, and this worsens local environmental conditions[12] and residents may object to the increased density.

To address these risks, municipalities have introduced policies to make their density bonus programs more transparent and equitable. For example, Vancouver has introduced standardized valuation formulas, publicly accessible benefit schedules, or requirements that council reports disclose how bonus values were calculated, which are all important steps that reduce discretion and strengthen accountability.[13] The Government of British Columbia has developed comprehensive guidance to help municipalities that implement density bonuses improve their transparency and accountability.[14] Municipalities such as Burnaby have also established mechanisms to mitigate equity concerns and ensure benefits are delivered in the areas experiencing growth.[15] These measures collectively show how municipalities can strengthen oversight, distribute benefits more fairly, and improve public trust in the density bonus process.

Scalability

Municipalities can adapt a successful framework of density bonus and apply it more broadly where enabling policies and sufficient developmental demand exist (e.g., zoning authority, official plan references, enabling bylaws). For example, smaller zones can adopt similar bonus thresholds or benefit categories (e.g., affordable housing, public space, resilience infrastructure) and integrate the mechanism into broader municipal planning policies. However, a major constraint is the market demand for high-density development. In areas with weak demand (low absorption of new units, weaker developer economics), the incentive may be insufficient to attract developers to build to the bonus level. In addition, it is also critical to ensure that the density bonus programs and the increased density are integrated with other municipal policies to deliver comprehensive and effective essential services, enhancing the city's resilience and ensuring a high quality of life for residents.[16]

Evaluation Matrix

Scoring: High = +1 | Medium = 0 | Low = −1

Criterion	Rating	Score	Key Evidence	Assessment
Effectiveness & Performance	Medium	0	Enables contributions via development	Can support adaptation infrastructure, but impact is indirect and contingent on development activity and policy design.
Economic Efficiency	Medium	0	Uses private capital but requires negotiation	Leverages developer contributions efficiently, though administrative and transaction costs are significant.
Equity & Fairness	Low	-1	Benefits concentrated in high-growth areas	Creates spatial inequities and uneven access to benefits across municipalities.
Political Acceptability	Medium	0	NIMBY opposition and transparency concerns	Moderately acceptable but politically sensitive due to density increases and negotiation processes.
Feasibility (Admin/Legal)	Medium	0	Enabled but capacity-intensive	Legally viable, but requires strong planning, legal, and monitoring capacity.
Coherence (Portfolio Fit)	High	+1	Aligns with zoning and planning systems	Integrates well with existing land-use planning and development frameworks.

Best Use Context

Best suited for fast-growing urban municipalities with strong developmental pressure and planning capacity, where sufficient market activity exists to generate meaningful community benefits. Most effective when adaptation objectives are explicitly embedded into zoning and community benefit frameworks, allowing municipalities to leverage development activity for resiliency outcomes.

Context Factor	Relevance	Notes
Municipal Size	High	Larger municipalities better equipped with planning and negotiation capacity.
Administrative Capacity Required	High	Requires strong planning, legal, and monitoring systems.
Development Pressure	High	Most effective in high-growth, high-demand real estate markets.
Climate Risk Targeting	Medium	Can target adaptation if embedded in program design.
Fiscal Flexibility Required	Low	Does not require upfront municipal expenditure.

Recommended Citation

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