

COMMUNITY AMENITY CONTRIBUTIONS AND INCLUSIONARY HOUSING POLICY

June 2023



PREPARED FOR:

DISTRICT OF SAANICH
Planning Department
770 Vernon Ave
Victoria, BC V8X 2W7

PREPARED BY:

URBAN SYSTEMS LTD.

DATE: JUNE 2023

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1.0 PURPOSE

The purpose of the Community Amenity Contributions & Inclusionary Housing Policy (the “Policy”) is to provide guidance to Council, Staff, developers/applicants, and the public for the collection of in-kind and cash in-lieu contributions towards community amenities and inclusionary housing and to commit in developing a transparent, efficient, balanced, and predictable process.

1.1 POLICY GOALS

The goals of this Community Amenity Contribution and Inclusionary Housing Policy are to:

- Encourage new development to make contributions towards public benefit amenities and services to support new residents.
- Maintain a healthy community, through Community Amenity Contributions and Density Bonusing, so that Saanich residents have access to amenities within a livable and complete community.
- Encourage the development of new housing that expands options for housing affordability and accessibility.
- Strengthen the relationships between the District of Saanich, the public, housing providers, and the development community.
- Ensure that Community Amenity Contributions are clear and transparent.
- Create a framework for negotiating Community Amenity Contributions that enables an efficient and predictable process by which the District receives public benefit amenities and/or supportive and affordable housing.

1.2 GUIDING PRINCIPLES

This Policy is guided by a set of four principles to ensure Council, Staff, developers/applicants, and the public have the clarity and incentive to develop a variety of housing types and tenures and contribute public benefit amenities within the District. The principles are as follows:

Transparency: Inform Council, Staff, the development community, and the public about how community amenity contributions are collected and distributed.

Efficiency: Offer an efficient process for negotiating Community Amenity Contributions to reduce both time and cost for the District and applicants.

Balance: Ensure a balanced approach to negotiating the community amenity, the geographic area, and inclusionary housing that is beneficial, reasonable, and feasible.

Predictability: Provide a process that is consistent in its negotiation for amenities, use of definitions, collection of in-kind and cash in-lieu contributions, and process for receiving community amenities and inclusionary housing.

2.0 DEFINITIONS

“Affordable Rental Rate” in the context of this Policy refers to the ability of renters to obtain a home based on household income or other factors, as defined in the District’s “Definition of Housing Affordability” (refer to the District of Saanich [Definition of Affordability](#) document), and updated on an annual basis in alignment with changes to BC Housing’s regional Housing Income Limits.

“Community Amenity” is a public benefit amenity that provides a direct benefit to the residents of the District of Saanich. Community amenities can take several forms including, but not limited to, inclusionary housing, supportive housing, parks and publicly accessible open spaces, childcare facilities, community facilities (e.g., libraries, police departments, recreation centres, etc.), public art and cultural spaces, or as defined through the District’s planning policies. Refer to **Appendix B** for a list of local community amenities.

A Community Amenity is considered separate from and does not include any projects identified by the District’s Development Cost Charge (DCC) program.

“Community Amenity Contributions (CACs)” are contributions of a public benefit amenity and/or inclusionary or supportive housing that are negotiated as part of the rezoning application process and initiated by the applicant/developer.

CACs cannot be a DCC project as identified by the District’s Development Cost Charge (DCC) project list.

“Cash-In-Lieu Community Amenity Contributions” are CACs provided as cash, in lieu of providing a direct public benefit amenity, by an applicant to the District, which are then earmarked for public benefit amenities identified in this Policy (refer to **Appendix B**), by Council, and the District’s annual capital and operating budgets.

“Density Bonus / Density Bonus Zoning” is a contribution of a community amenity agreed to by the applicant and the District, as part of the District’s Density Bonus Zoning applicable to a proposed project¹.

¹ References to Density Bonusing are considered placeholders until the District of Saanich has implemented a Density Bonus framework.

“Community Amenity Contributions Target Rates” are a set rate or amount negotiated with applicants and the District and secured as a contribution for community amenities through a rezoning process for developments with fewer than 350 residential units.

“Framework for Implementing and Negotiating Community Amenity Contributions” is a supplementary document to the Community Amenity Contributions and Inclusionary Housing Policy. The Framework is intended to guide District staff and applicants through the process of negotiating CACs on eligible multi-unit residential applications undergoing rezoning (refer to **Appendix A**).

“In-stream Application” refers to a rezoning application that, prior to the adoption date of this Community Amenity Contributions and Inclusionary Housing Policy, has been submitted, accepted by the District as complete, and considered to be in a satisfactory form with all applicable fees paid.

“Inclusionary Housing Unit” refers to affordable long-term rental housing where shelter costs are less than 30% of a before-tax median household income, to support moderate income households, as defined in the District’s “Housing Affordability in Saanich” document. For applicable annual rental rates per unit refer to **Table 1** and in the District of Saanich [Definition of Affordability](#) document.

“In-Kind Community Amenity Contribution are public benefit amenities, affordable housing and/or land contributions provided by an applicant as part of a rezoning application process. These amenities are typically provided on-site as a direct public benefit and can include inclusionary housing units.

“Interim Community Amenity Contribution (CAC) Policy” refers to the “Interim Community Amenity Contribution (CAC) Policy” as adopted by District of Saanich Council in 2021, including any subsequent amendments. The [Interim CAC Policy](#) informs negotiations of community amenities through identifying the process, priorities, target contribution rates, and exemptions.

Upon adoption of this CAC and Inclusionary Housing Policy, the Interim CAC Policy remains applicable to complete applications received after August 9, 2021 and prior to the commencement of this new Policy.

“Local Amenity Fund” is a non-legislated provision created to hold any funds resulting from cash-in-lieu contributions towards community amenities, excluding inclusionary units and park acquisitions, made through the Community Amenity Contributions and Inclusionary Housing Policy.

“Local Park Acquisition Fund” is a non-legislated provision created to hold any funds resulting from cash-in-lieu contributions towards local parks acquisition made through the Community Amenity Contributions and Inclusionary Housing Policy.

This fund cannot include or overlap with any city-wide or regional park projects identified in the District’s Development Cost Charge (DCC) Program.

“Local Community Amenity” is a community amenity within one of the five (5) area-specific geographies of Saanich, whose location informs the equitable distribution of cash-in-lieu CACs within both the Local Amenity Fund and Local Park Acquisition Fund (see **Figure 1** for more detail).

“Mixed-Use” is a development where the majority (>50%) of the ground floor space of a multi-unit residential building is dedicated for commercial, industrial, or institutional uses.

“Not-for-Profit Rental Housing”, including **“Supportive Living Housing”** refers to housing owned by the Government of British Columbia, the Government of Canada, the District or another local government under the *Local Government Act*, a public housing authority or a not-for-profit society incorporated under the *Societies Act*, SBC 2015, c. 18, as amended, or Part II of the Canadian Corporations Act, RSC 1970, c. C-32, as amended, and where the Applicant has demonstrated to the reasonable satisfaction of the District that the development is eligible for a rent or capital housing subsidy from the Government of British Columbia, the Government of Canada, or a public housing authority.

“Non-market Homeownership Units” refers to a residential dwelling unit within a development that is made available for purchase to eligible individuals or households at a below-market price, typically with a housing agreement restricting resale values, with the primary objective of promoting affordable homeownership. Non-market homeownership units are usually developed as a shared equity form of ownership, with an external partner (such as the Government of British Columbia, the Government of Canada, the District or another local government under the *Local Government Act*, a public housing authority or a not-for-profit society incorporated under the *Societies Act*, SBC 2015, c. 18, as amended, or Part II of the Canadian Corporations Act, RSC 1970, c. C-32, as amended) providing an equity component to support affordability. Applicants would need to demonstrate to the reasonable satisfaction of the District that the non-market homeownership units meet the specific criteria of the District, including income limits, residency requirements, and affordability restrictions.

“Official Community Plan” refers to the most current version of the District of Saanich's Official Community Plan (Bylaw 8940), as amended.

“Purpose-Built Rental” refers to buildings specifically designed and constructed with dwelling units intended for long-term rental occupancy, to provide a stable and secure housing option for residents of Saanich.

“Long-Term Rental” refers to the leasing or renting of one or more sleeping units in a dwelling unit for a period of 30 consecutive days or more, which may include purpose-built rental (see definition, above) buildings and other types of residential buildings.

“Residential Floor Area” refers to the total saleable and rentable area within a building designated for residential use as part of a dwelling unit or dwelling units, but excludes parking areas, elevators, stairwells, lobbies, or similar built areas not used as dwelling space.

“**Rezoning Applications**” refer to a rezoning application, which has been submitted to the District of Saanich in a satisfactory form, in accordance with the applicable procedures, and with all applicable fees paid.

“**Saanich Affordable Reserve Housing Fund**” is a non-legislated provision created to hold any funds resulting from cash-in-lieu contributions towards Inclusionary Units made through the Community Amenity Contributions and Inclusionary Housing Policy.

“**Zoning Bylaw**” refers to the District of Saanich’s Zoning Bylaw 8200, as amended from time to time.

3.0 APPLICATION OF THE POLICY

This Policy is based on a hybrid model that simplifies the administration of Community Amenity Contributions (CACs) by encouraging negotiations only for major developments, with 350 units or more, while allowing smaller developments (with 7 to 349 units), to proceed through the rezoning process with clear CAC Target Rates or Density Bonus Rates (see **Section 5** below).

CACs shall be considered in all rezoning applications with residential tenures (strata, rental, or both) that require zoning amendments unless explicitly exempt under **Section 6.0** of this Policy. This hybrid model includes three approaches for determining CACs:

- **Approach A - Negotiated CACs:** Development applications seeking 350 units or more.
- **Approach B –CAC Target Rates:** Development applications with fewer than 350 units in all zones where density bonus does not apply.
- **Approach C - Density Bonus Rates:** Development applications with fewer than 350 units where a property has density bonus zoning in place, or an applicant is granted rezoning ‘into’ a zone with density bonus provisions.

Each of these three approaches is outlined in **Sections 3.1 - 3.3** below:

3.1 APPROACH A – NEGOTIATED COMMUNITY AMENITY CONTRIBUTIONS:

Development applications with 350 units or more are encouraged to undergo site-specific Community Amenity Contributions negotiation with the District of Saanich.

1. Through negotiated CACs, the District may seek in-kind, or cash-in-lieu contributions towards a public benefit based on the preferences of the District, the applicant, and community. In-kind CACs may include on-site built amenities, inclusionary housing units, affordable ownership units, or a combination thereof.
2. The amount of CACs (cash-in-lieu or value of in-kind amenities) that a project can support is determined through a land lift analysis, conducted at the applicant’s expense.
3. For the land lift analysis, applicants shall provide two development pro formas: one for the residual land value of the site under the existing zoning and another for the residual land

value under the proposed new zone. The land lift shall be determined as the difference between the rezoned land value and the existing land value.

4. The District reserves the right to request additional development pro formas and a third-party review at the applicant's cost.
5. CACs determined through this approach target a 50% of the increase in land value based upon the rezoning application and land lift analysis.
6. The negotiation process is further guided by the "Framework for Implementing and Negotiating Community Amenity Contributions" in **Appendix A**.

3.2 APPROACH B – CAC TARGET RATES:

Development applications with fewer than 350 units are encouraged to make contributions based on target contributions ("CAC Target Rates"), provided an application meets the locational criteria and eligibility criteria found in **Section 5 - Table 2**.

1. Projects subject to CAC Target Rates are encouraged to make cash-in-lieu payments in accordance with the proposed target contributions as set out in **Table 2** below.
2. The District may consider in-kind contributions, including the provision of Inclusionary Housing Units, provided that:
 - a. The in-kind contributions are aligned with identified amenity priorities for the subject areas described in **Appendix B**.
 - b. The applicant can demonstrate, to the District's satisfaction, that the value of the in-kind amenities is equal to or greater than the CAC amount the District would receive based on CAC Target Rates.
 - c. In circumstances where applicants are providing in-kind contributions and where those contributions do not include Inclusionary Housing Units, a cash-in-lieu contribution shall be made to CAC to the Affordable Housing Fund equivalent to at least 30% of the proposed CAC Target Rates as set out in **Table 2** below. In-kind contributions towards affordable homeownership are also an acceptable option for applications subject to negotiations, which should be supported with a pro forma analysis.
 - d. Applicants wishing to provide only non-housing, in-kind contributions may choose to enter into a Negotiated CAC process as outlined under Approach A above.
3. For projects subject to CAC Target Rates, applicants may choose to enter into a Negotiated CAC process with the District, as outlined under Approach A above, to provide a cash-In-lieu CAC or in-kind CAC based upon third-party land lift analysis conducted at the applicant's expense. The

District reserves the right to request a development pro forma and a third-party review at the applicant's cost. The District and the applicant may do so for reasons such as:

- a. The CAC Target Rates would comprise more than 50% of the lift in land value created through rezoning.
- b. The existing zoning permits a density higher than that designated in the OCP.
- c. The proposed density is significantly lower than the maximum permitted OCP density.

3.3 APPROACH C – DENSITY BONUS RATES:

For development applications with fewer than 350 units, where a property has density bonus zoning in place (and no rezoning is requested), or in instances where an applicant is granted rezoning 'into' a zone with density bonus provisions, the Density Bonus Rates shown in **Section 5 - Table 3** applies. The alternative processes permitted under Approach B, as outlined in **Sections 3.2.1** and **3.2.2** above, are also available to development applications under Approach C.

4.0 INCLUSIONARY HOUSING RENTAL RATES

Inclusionary Housing rental rates are used to inform listed exemptions as outlined in **Section 6.0** of this Policy and to set the minimum threshold for in-kind affordable housing contributions.

Inclusionary Housing units are considered affordable when per unit long-term rental rates are less than or equal to the moderate to median long-term rental rates shown in **Table 1**. The rates for households with moderate to median income reflect BC Housing's current Housing Income Levels (HILs). Projects with deeper subsidy Inclusionary Housing Units will be favoured in the negotiation process. Please refer to the District of Saanich [Definition of Affordability](#) document which outlines the incomes associated with the affordable rental rates provided in Table 1, below.

Table 1 - Inclusionary Housing Rental Rates *

	Bachelor	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
Moderate to Median Income	\$1,065	\$1,250	\$1,625	\$2,050	\$2,388

*2023 Definition of Affordability, Affordability for Renters. Applicant must confirm rates in the District of Saanich [Definition of Affordability](#) document, specific to affordability rates for moderate to median income renters.

Partnerships with non-profit housing providers or government agencies to purchase and/or operate the units are encouraged and should be initiated as early in the development application process as possible. Inclusionary Housing Units shall be favored in the negotiation process.



5.0 RATES AND ELIGIBILITY CRITERIA

CAC Target Rates are outlined in **Table 2**, and associated eligibility criteria for development applications undergoing a zoning amendment. Please note as per Section 6.0 (below) projects that contain six units or fewer are not required to pay CACs.

Table 2 – CAC Target Rates¹

Eligibility Criteria	Centres and Corridors	Villages and Neighbourhoods
Condominium / Apartments (100% ownership residential projects) in projects with fewer than 350 units	\$2,880 per unit	\$2,880 per unit
Condominium / Apartments (within primarily residential projects with limited mixed-use²), in projects with fewer than 350 units	\$2,880 per unit	\$2,880 per unit
Condominium / Apartments (within mixed-use projects³), in projects with fewer than 350 units	\$2,000 per unit	\$2,000 per unit
Townhomes / Multi-plex developments	\$3,840 per unit	\$3,840 per unit

¹ Target Rates were based on land lift analyses for different areas in the District of Saanich, however, the study did not find the differentials substantive enough to justify rate differentiation by geography. In future comprehensive updates to the target rates, the results may justify different target rates by geography.

² Limited Mixed Use = 50% or less of the ground level leasable floor area is dedicated to commercial use.

³ Mixed Use = >50% of the ground level leasable floor area is dedicated to commercial use.

Density Bonus Rates structure, as shown in **Table 3**, that applies in instances where a property has Density Bonus Zoning in place and no rezoning is requested, or in instances where an applicant is granted rezoning 'into' a zone with density bonus provisions.

Table 3 – Future Density Bonus Rate Structure¹

Eligibility Criteria	Centres and Corridors	Villages and Neighbourhoods
Condominium / Apartments (100% ownership residential projects)	\$ / per unit	\$ / per unit
Condominium / Apartments (within primarily residential projects with limited mixed-use²)	\$ / per unit	\$ / per unit
Condominium / Apartments (within mixed-use projects³)	\$ / per unit	\$ / per unit
Townhomes / Multi-plex developments	\$ / per unit	\$ / per unit
Purpose-built Rental* without Inclusionary Housing Units in projects less than 350 units	\$ / per unit	\$ / per unit

¹ Density Bonus Rates would be based on land lift analyses for different areas in the District of Saanich. The implementation of Density Bonus Zoning and comprehensive updates to the Policy's Density Bonus Rates, will determine / justify different Density Bonus Rates by geography.

² Limited Mixed Use = 50% or less of the ground level leasable floor area is dedicated to commercial use.

³ Mixed Use = >50% of the ground level leasable floor area is dedicated to commercial use.

* Purpose-built Rental needs to be secured for at least 50 years.

Note: Saanich has not yet developed Density Bonus Zoning under the current Zoning Bylaw. This section is a placeholder for the future Density Bonus Rate Structure.

6.0 COMMUNITY AMENITY CONTRIBUTION EXEMPTIONS

Where a rezoning application satisfies any of the following exemption conditions, as listed below, those portions of the rezoning application are considered exempt from the identified Community Amenity Contributions outlined in this Policy.

The conditions for exemption from Community Amenity Contributions include:

1. Not-for-profit rental housing units.
2. Non-Market homeownership units.
3. Purpose-built rental projects, where the rental tenure is secured for a period of 50 years or more, or the life of the building.
4. Projects with six (6) units or fewer.
5. Non-residential developments.

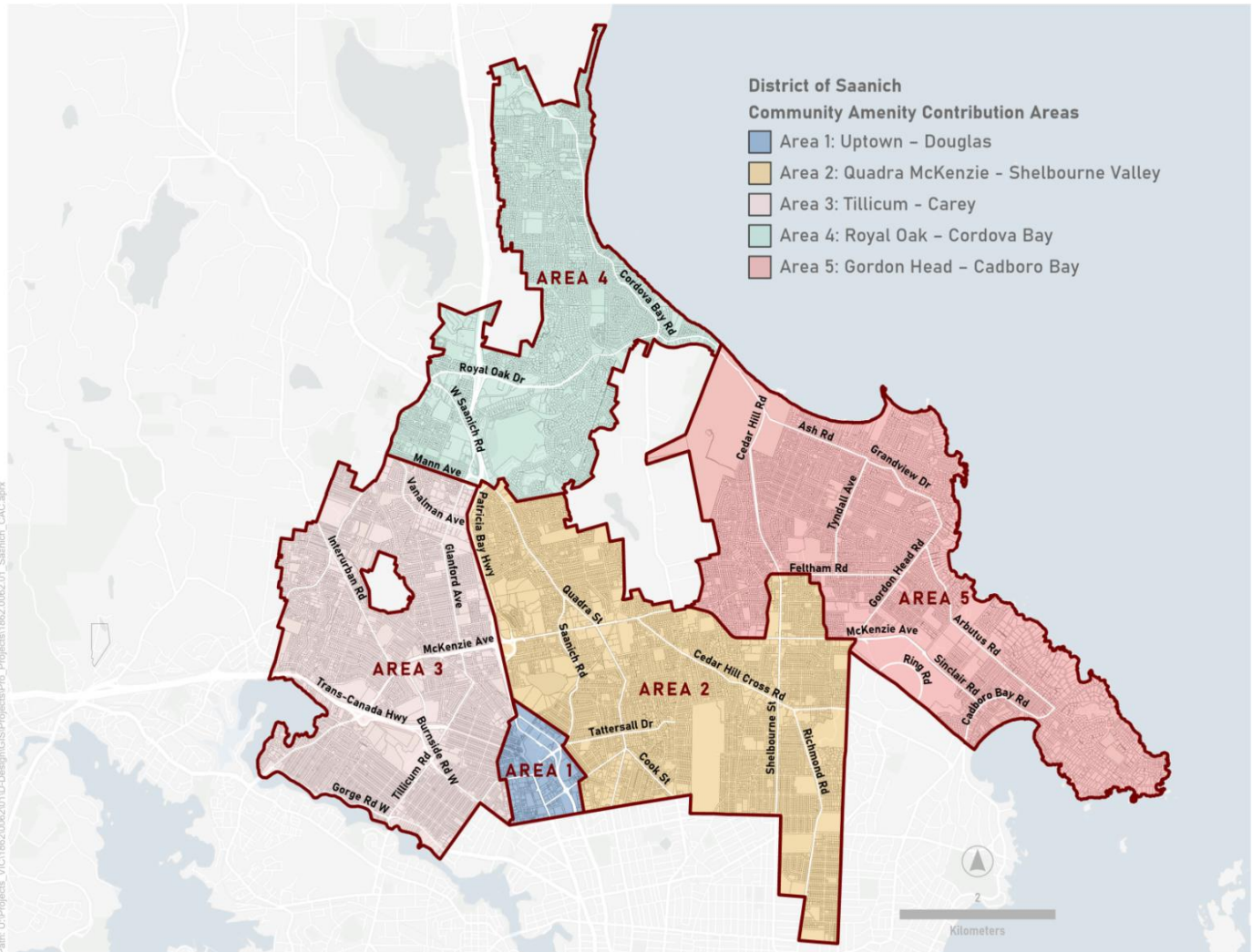
7.0 COMMUNITY AMENITY CONTRIBUTION ELIGIBILITY, AREAS, AND PRIORITIES

To support the equitable distribution of Community Amenity Contributions, this Policy divides the District of Saanich into five areas. Establishing these areas supports localized amenities and prioritizes the allocation of cash-in-lieu contributions to locations near where new developments are located (see **Figure 1**, below). The District has developed a prioritized list of Local Community Amenity projects found in **Appendix B**. The prioritized list acts as a guide for both in-kind and cash-in-lieu contributions. These five geographies include:

- **Area 1:** Uptown – Douglas
- **Area 2:** Quadra McKenzie – Shelbourne Valley
- **Area 3:** Tillicum – Carey
- **Area 4:** Royal Oak – Cordova Bay
- **Area 5:** Gordon Head – Cadboro Bay

A guide to the allocation of cash-in-lieu community amenity contributions is found in **Section 7.1**, below.

Figure 1 – District of Saanich Community Amenity Contribution Areas



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7.1 ALLOCATION OF COMMUNITY AMENITY CONTRIBUTIONS

1. Community Amenity Contributions (CACs) provided in-kind, or funded through CAC Target Rates or Density Bonus Zoning, are determined based on the following criteria:
 - a. Tied to serving a growing population (residents and employees);
 - b. Alignment with identified priority amenities shown in **Appendix B**. The list of public benefit amenities has been informed through recent public engagement and existing references within the District’s Local Area Plans, Action Plans, Centre, Corridor and Village Plans, Master Plans, and local needs assessments.
 - c. Located at or near (or contribute to funding amenities within or near) the general area where the rezoning is taking place. This applies to in-kind CACs, as well as the allocation of cash-in-lieu CACs. Refer to **Figure 1** for the District’s CAC Areas.
2. The distribution of Cash-in-lieu Community Amenity Contributions (CACs) collected through CAC Target Rates, CAC Negotiations, or Density Bonus Rates are allocated between the Affordable Housing Fund, Local Amenity Fund, and Local Park Acquisition Fund, in accordance with **Table 4**, below.

Table 4 – Allocation of Community Amenity Contributions

	Affordable Housing Fund (District-wide)	Local Amenity Funds (Area-specific)	Local Park Acquisition Funds (Area-specific)
All Community Amenity Contribution Areas (Areas 1 to 5)	30%	50%	20%

3. Cash-in-lieu contributions towards the Affordable Housing Fund, identified in **Table 4**, are distributed across the District of Saanich to areas where the highest needs and priorities have been identified.
4. Cash-in-lieu contributions towards the Local Amenity Fund and Local Park Acquisition Fund, identified in **Table 4**, are used in the Community Amenity Contribution Areas, as shown in **Figure 1**, in which they have been collected and directed towards identified amenity items identified in **Appendix B**.

8.0 PAYMENT OF COMMUNITY AMENITY CONTRIBUTIONS

Community Amenity Contributions received as in-kind or cash-in-lieu contributions must be secured through necessary legal agreements and covenants with the District to Final Reading. All contributions must be received or verified prior to the issuance of a Building Permit

9.0 MONITORING AND EVALUATION: COMMUNITY AMENITY CONTRIBUTIONS POLICY AND RATES

Monitoring and evaluation of this Community Amenity Contributions and Inclusionary Housing Policy includes two recurring updates:

1. **Annual CAC Policy Update** – Affordable Rental Rates, CAC Target Rates, and Density Bonus Rates as shown in **Tables 1, 2** and **3**, respectively undergo annual updates. Rates to Table 1 are updated in alignment with CMHC’s published annual rates. Updates to Tables 2 and 3 take effect on **October 1st** of each year. The later updates shall include a detailed pro forma based review of key development costs, including construction, financing, and land costs, for a minimum of 10 development sites to be selected by staff.
 - a. Annual updates are at the full discretion and approval of the Director of Planning.
2. **Comprehensive CAC Policy Update** – Both this Policy and Framework for Implementing and Negotiating CACs are to be comprehensively reviewed in two (2) years following adoption by Council and every five (5) years thereafter, or at an earlier date based on the recommendations of the Director of Planning or pursuant to Council direction.
 - a. Updates are inclusive of robust financial and economic analysis of the affordable rental rates, target rates, and Density Bonus Rates (as per **Tables 2** and **3**).
 - b. Affordable rental rates, CAC Target Rates, and future Density Bonus Rates are also to be comprehensively reviewed and adjusted as necessary, and underlining assumptions will be updated and applied for each annual review (i.e., construction, financing, and land costs).

While annual updates to this Policy are enacted through the approval of the Director of Planning, comprehensive updates, as per 9.2 above, are at the sole discretion of the District of Saanich Council.

10.0 PHASING-IN OF APPLICATIONS

The District recognizes that the feasibility of proposed projects can be impacted by updates to set target rates, and the following ensures an equitable process in the phasing-in of applications:

1. The Interim Community Amenity Contribution (CAC) Policy, adopted in 2021, applies to all complete and in-stream rezoning applications submitted prior to Council's adoption of the Community Amenity Contributions and Inclusionary Housing Policy.
2. Applications received on or after October 1, 2023 are subject to this Community Amenity Contributions and Inclusionary Housing Policy, and subject to rates shown in **Tables 1, 2, and 3**, as updated and published annually on October 1.
3. Active applications subject to this Community Amenity Contribution and Inclusionary Housing Policy are subject to annual rates as per **Tables 1, 2, and 3** at the time of First Reading on an application by District of Saanich Council.

APPENDIX A: FRAMEWORK FOR IMPLEMENTING AND NEGOTIATING COMMUNITY AMENITY CONTRIBUTIONS

June 2023



PREPARED FOR:

DISTRICT OF SAANICH

Planning Department

770 Vernon Ave

Victoria, BC V8X 2W7

PREPARED BY:

URBAN SYSTEMS LTD.

DATE: JUNE 2023

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1.0 CAC POLICY FRAMEWORK OVERVIEW

This Framework for Implementing and Negotiating Community Amenity Contributions (the “Framework”) has been developed for the District of Saanich to help support the implementation of the [Community Amenity Contribution \(CAC\) and Inclusionary Housing Policy](#) (the “CAC Policy”). The CAC Policy is the District of Saanich’s core policy used to guide the administration of CACs and the collection of voluntary in-kind and cash-in-lieu contributions towards public benefit amenities and inclusionary housing.

NOTE: This Framework is a supplemental document to support the implementation of the CAC Policy and should be read in conjunction with the CAC Policy.

1.1 Purpose and Context:

PURPOSE:

This Framework was developed alongside the CAC Policy and looks to assist the District and applicants through negotiating voluntary CACs through application of one of three approaches in the CAC Hybrid Model, as per the CAC Policy:

Approach A: Negotiated CACs

Approach B: CAC Target Rates

Approach C: Density Bonus Rate CACs

Each approach varies depending on the scale of development regulations (i.e., implantation of Density Bonus Zoning in the Zoning Bylaw) and are detailed in Section 5 of the CAC Policy and Section 4 of this Framework.

The intent of this Framework is to guide staff and applicants through the implementation and negotiation process for receiving Community Amenity Contributions. Embedded within are rationales for various processes and directions of the CAC Policy that offer a greater understanding of how and why policies have been developed.

CONTEXT:

Community Amenity Contributions (CACs) may be collected by local governments through the rezoning application processes. As rezoning applications often result in higher development densities, the demand for District services, including public benefit amenities, increases as new residents move into an area. Therefore, CACs are collected to offset the impact of new development on community services and to address the increased demand by adding and expanding the District’s amenities and facilities.

NOTE: CACs differ from other development finance tools, such as Development Costs Charges (DCCs), as they are not a legislated tool in the *Local Government Act* (LGA), and, therefore, CACs should be considered as a voluntary contribution and not a requirement of development.

Though the use of CACs is very common across municipalities in British Columbia, the lack of a structured legislative framework to guide their implementation has often resulted in inconsistent and unpredictable processes. The lack of consistency and predictability represents a significant challenge for applicants and developers to accurately anticipate what level of CAC is desired and/or appropriate for rezoning and development applications. For these reasons, the District of Saanich endeavoured to develop its comprehensive CAC Policy that provides clear expectations for rezoning based development, ensures predictability in CAC negotiations and collection, and lessens administrative burdens through improved processes for District staff.

The process of developing the comprehensive CAC Policy involved extensive consultation with community representatives, housing providers, and the development community in Saanich and across the Capital Regional District, as well as undertaking an extensive financial and economic analysis. The financial and economic analysis assessed 35 different test sites throughout Saanich, including centres, corridors, villages, and neighbourhoods. A pro forma was completed for each test site to understand if potential developments are financially viable when paying community amenity contributions. The analysis can be found within a published Discussion Paper, a key deliverable of the development of the CAC Policy.

To further supplement the CAC Policy and this Framework, background information and project reports, such as the Discussion Paper and a Frequently Asked Questions document, can be accessed on the [Saanich CAC website](#).

1.2 How to Use this Framework

One of the key purposes of this Framework is to support District Staff and applicants in facilitating negotiations under the CAC Policy consistently and efficiently. To this end, the Framework outlines internal practices, provides clear rationales for the CAC Policy, and enables Staff discretion to effectively manage and implement the CAC Policy.

This Framework is a “living” document. Staff are empowered to update the document at their discretion within any limits imposed by the Policy. Frequent review and updates will allow the capture of current practice(s) while reducing administrative burdens.

1.3 Guiding Principles

This Framework is a living guide to support District Staff in upholding the goals of the CAC Policy and ensure applicants have the clarity and incentive to develop a variety housing types and tenures in the community whilst contributing to public benefit amenities. It is guided by the same principles as the CAC Policy, as outlined in **Callout Box 1** below.

Callout Box 1 – Guiding Principles of the Framework for Implementing and Negotiating Community Amenity Contributions

Transparency: Inform Council, staff, the development community, and the public about how amenity contributions are being collected and distributed.

Efficiency: Offer an efficient process that reduces both time and cost for the District and applicants.

Balance: Ensure a balanced approach to the types and locations of amenities and inclusionary housing that is both reasonable and economical.

Predictability: Provide a process that is consistent in its demand for amenities, use of definitions, collection of in-kind and cash-in-lieu, and negotiations for community amenities and inclusionary housing.

2.0 OVERVIEW OF HYBRID MODEL APPROACH

The CAC Policy applies a hybrid model for the negotiation and collection of community amenity contributions and is guided by a set of four principles: **transparency, efficiency, balance, and predictability**. The hybrid model for CACs honours these guiding principles and is tied to the scale of development and zoning regulations (i.e. density bonus):

- **Approach A - Negotiated CACs:** Development applications proposing 350 units or more.
- **Approach B –CAC Target Rates:** Development applications with between seven and 349 units in all zones where density bonus does not apply; and
- **Approach C - Density Bonus Rates:** Development applications with fewer than 350 units where a property has density bonus zoning in place, or an applicant is granted rezoning 'into' a zone with density bonus provisions.

Additional background information and rationale are embedded in **Section 3** of this Framework and are Section 5 of the CAC Policy.

NOTE: CACs can be provided as either in-kind or as cash-in-lieu, or as a combination of both. It is likely that amenity contributions will differ from project to project depending on community priorities and the contextual considerations of the development project at the time of the rezoning.

EXEMPTIONS:

The CAC Policy includes a list of **exemptions** for certain application components as a means to support development applications that already provide a community benefit (i.e., not-for-profit rental and non-market ownership units, and secured purpose-built rental projects) or are desired uses emphasized in the District's land use policy (i.e., infill of up to six units and employment lands - commercial, industrial, and institutional uses). Exemptions form Section 6 of the CAC Policy and rationales for these are included in **Section 5** of this Framework.

3.0 HYBRID MODEL APPROACH FOR IMPLEMENTING THE COMMUNITY AMENITY CONTRIBUTIONS AND INCLUSIONARY HOUSING POLICY

The CAC Policy applies a hybrid model for implementing the negotiations and collection of public benefit amenities and inclusionary housing. There are three approaches and supporting calculation methods of each based on the scale of the development and zoning regulations (i.e., Density Bonusing vs. no Density Bonusing).

3.1 APPROACH A: NEGOTITATED CACS

Development applications with 350 units or more are encouraged to undergo site-specific CAC negotiations with the District of Saanich in accordance with the CAC Policy and this Framework. Under this Framework:

- a. Negotiated CACs can be in the form of in-kind or cash-in-lieu contributions towards a public benefit amenity based on the preferences of the District, the applicant, and community. In-kind CACs may also include Inclusionary Housing Units¹. The definitions for in-kind CACs, cash-in-lieu CACs, including inclusionary housing units (rental and ownership options), are detailed in the CAC Policy and outlined below, in **Section 3.1** of this Framework.
- b. The amount of CAC (value of in-kind amenities or cash-in-lieu) that a project can support is determined through a land lift analysis, conducted at the applicant's expense with potential for a third-party review at the applicant's cost.
- c. CACs determined through this approach target 50% of the increase in land lift value based upon the rezoning application.

The rationale for encouraging a Negotiated CAC approach for developments with 350 units or more is that developments of this size are typically more complex and are more likely to create opportunities for capturing on-site amenities. Notably, these larger development projects are also more likely to be able to provide in-kind inclusionary housing units, as they can create sufficient 'economies of scale' to provide a significant number of units in one location. It is important to note that having more inclusionary housing units in one location

¹ As defined in the District of Saanich's Community Amenity Contribution Policy.

helps not-for-profit housing providers manage the units more cost effectively, which in-turn helps to ensure their long-term affordability.

To help support District staff and applicants in the Negotiated CAC approach, this Framework provides a more fulsome guide to negotiating CACs in **Section 4.0**.

3.2 APPROACH B: CAC TARGET RATES

Development applications with between seven (7) and 349 units are encouraged to make contributions based on CAC Target Rates (“Target Rates”) found in Section 5 and Table 2 of the CAC Policy.

The Target Rates are encouraged to be provided as a cash-in-lieu payment to be allocated towards an area-specific local amenity fund, local park acquisition fund, and a District-wide affordable housing reserve fund, in accordance with Section 7.0 of the CAC Policy. The District may also consider in-kind contributions, including the provision of Inclusionary Housing Units, if they meet the requirements set forth under Section 3.2 (2) of the CAC Policy.

3.3 APPROACH C: DENSITY BONUS RATES

Development applications with fewer than 350 units, where a property has density bonus zoning in place (and no rezoning is requested), or in instances where an applicant is granted rezoning ‘into’ a zone with density bonus provisions follow Approach C.

CACs collected through Density Bonus rates are provided as an in-kind amenity or amenities, or secured as cash-in-lieu to be allocated towards the area-specific local amenity fund, area-specific local park acquisition fund, and the District-wide affordable housing fund, in accordance with the CAC Policy. Approach C for Density Bonus Rates is similar to Approach B for CAC Target Rates but only applies to development applications involving zones that support density bonusing.

NOTE: Currently, the Density Bonus table in **Section 5 of the CAC Policy** is a placeholder until such time that the District develops a Density Bonus framework. Once developed, the rates will be embedded into CAC Policy.

Callout Box 2 – Current State of Density Bonusing

The District of Saanich does not currently employ a formalized Density Bonus regulation within its Zoning Bylaw. However, the District will work to develop standalone Density Bonus Zoning within the Zoning Bylaw, or ‘shelf ready’ Density Bonus Zones, that will then be applied to future development applications. As the process of developing such zones is a complex administrative task it is expected that this will be complete near the time of the first CAC Policy check-in with Council (expected for 2025).

DISTRICT OF SAANICH

FRAMEWORK FOR IMPLEMENTING AND NEGOTIATING COMMUNITY AMENITY CONTRIBUTIONS

The current Density Bonus Rates, as outlined in **Approach C** and **Section 5 of the CAC Policy**, are offered as a sample placeholder until such time that a formal Density Bonusing structure has been developed by the District.

As the framework for Density Bonus Zoning is being developed, it is important to note that the per unit rates shown as a sample placeholder may be converted to per square metre rates.

That said, however, the Density Bonus Rates as shown as an example in this Framework may be used to guide CAC discussions for combined Official Community Plan amendments and Rezoning applications where Density Bonusing has been contemplated under an existing District of Saanich Local Area Plan, Action Plan, or Centre, Corridor and Village (CCV) Plan.

4.0 INTRODUCTION TO NEGOTIATING COMMUNITY AMENITY CONTRIBUTIONS

The following section provides an overview of the process for Negotiating Community Amenity Contributions (CACs) and generally catered towards supplementing Approach A: Negotiated CACs and seeks to guide discussions between Staff and applicants.

Approach A in the CAC Policy encourages applications for new developments with 350 units or more to enter into the negotiated CAC process to enable a better understanding of impacts on the community and the amenities that could offset or support impacts. The CAC Policy targets the negotiated approach to larger, more complex developments.

However, all rezoning applications may enter the negotiated approach and will have the option to provide either in-kind and/or cash-in-lieu CAC. Applicants who enter the negotiated CAC approach will be required to submit a pro forma of the project, including the land lift value to understand what level of contribution is appropriate. Details and rationale for this process are offered in **Section 4.3 of this Framework**.

4.1 Eligible Forms of Community Amenity Contributions (CACs): Cash-in-Lieu and In-Kind

There are two classifications of CACs that can be provided, including cash-in-lieu contributions and in-kind contributions (i.e., on-site amenities, inclusionary housing units and affordable ownership units). The definitions for each of these are provided in the subsequent sections.

Applicants are encouraged to refer to the Community Amenity Project Reference List, attached to the CAC Policy as **Appendix B**, early in the rezoning and development application process. The intent of Saanich's Community Amenity Project Reference List (**Appendix B to the CAC Policy**) is to guide the exploration and negotiation of public benefit amenities and affordable/supportive housing through the rezoning application review process:

- Encourage community contributions that are commensurate with the scale of the proposed development on additional density,
- Ensure new developments contribute facilities and infrastructure that will support the well-being of residents, employees and visitors both at the site level and in the broader area.
- Consider improvements to the public realm near the development site for contributions tied to the CAC Policy's local and park acquisition funds.
- Consider the broader goals of climate action, housing affordability and biodiversity when assessing community contributions.
- Ensure the extent of community contributions are commensurate with the scale of proposed development / additional density.
- Consider affordable and supportive housing as a core component of a complete community.
- When reviewing contributions tied to public art, consider:

- private sector initiatives to provide arts facilities and improve art services.
- floor space designated for non-profit arts activities as an amenity space under the density bonusing provisions of the *Local Government Act*.
- publicly accessible arts spaces and programs in buildings that are such as malls, schools, libraries, and community centres
- accommodating studio, rehearsal, and classroom and/or workshop spaces in all land use designations

4.1.1 CASH IN-LIEU COMMUNITY AMENITY CONTRIBUTIONS

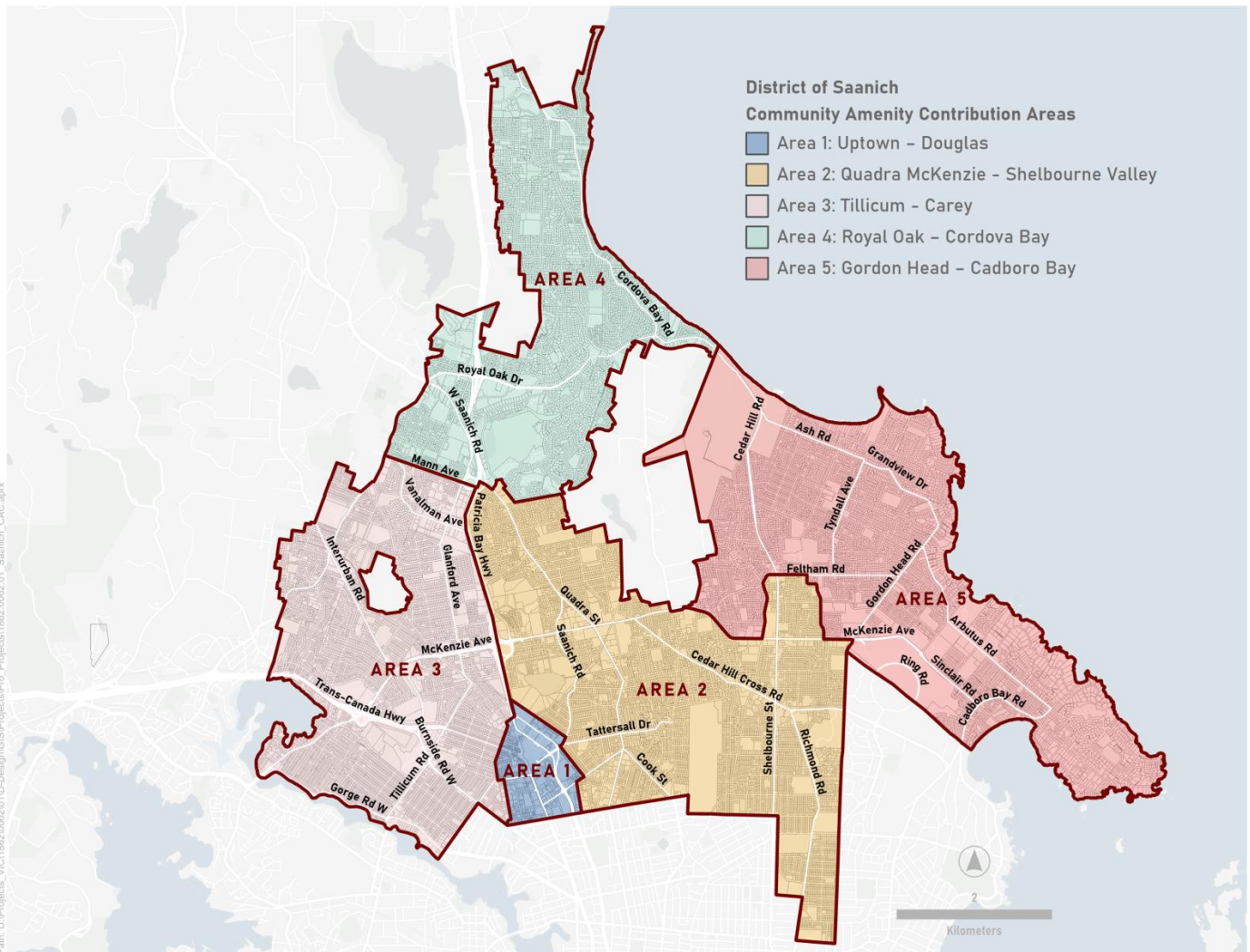
Cash-in-lieu CACs are contributions provided as cash, in lieu of providing a direct public benefit, by an applicant to the District. Cash-in-lieu CACs are earmarked for public benefit amenities identified in the CAC Policy (see **Appendix B**), by Council, and the District’s annual capital and operating budgets. It is expected that the majority of new developments in Saanich will contribute cash-in-lieu CACs through the CAC Target Rates or Density Bonus Rates found in Section 5.0 of the CAC Policy.

To further assist in the negotiation of community amenities and affordable and supportive housing, the CAC Policy allocates cash-in-lieu by five geographic areas, shown in **Figure 1** below. The five geographic CAC areas were created to support the equitable distribution of CACs across the District, and to prioritize the allocation of cash-in-lieu contributions to areas near where contributing developments are located.

There is a prioritized list of Local Community Amenity projects found in **Appendix B of the CAC Policy**. This list seeks to offer guidance for both cash-in-lieu and in-kind contributions to the Affordable Housing Fund, Local Amenity Fund, and Local Park Acquisition Fund. These geographies include:

- **Area 1:** Uptown – Douglas
- **Area 2:** Quadra McKenzie – Shelbourne Valley
- **Area 3:** Tillicum – Carey
- **Area 4:** Royal Oak – Cordova Bay
- **Area 5:** Gordon Head – Cadboro Bay

Figure 1 – Community Amenity Contribution Areas



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Callout Box 3 – Parkland Acquisition: Differentiating between Community Amenity Contributions (CACs) and Development Cost Charges (DCCs)

It is important to note that while both Development Cost Charges (DCCs) and Community Amenity Contributions (CACs) can be used to acquire and improve parkland they cannot be used to pay for the same projects (aka ‘double-dipping’).

The CAC Policy recognizes that any cash-in-lieu CACs collected cannot be used to fund any park projects that are identified in the District’s DCC Project List. A list of supportable CACs are included in **Appendix B of the CAC Policy**.

The park projects identified in District’s DCC Project List are intended to be regional and District-wide in application to benefit all users in the District of Saanich. In contrast, the CAC Local Park Acquisition Fund identified in the CAC Policy will be used to target the acquisition of smaller local and neighbourhood scale parks (including plazas, urban squares, parklets, etc.) to benefit users near where new development is occurring. This important distinction is reflected in the CAC Policy.

4.1.2 IN-KIND COMMUNITY AMENITY CONTRIBUTIONS

‘In-Kind’ Community Amenity Contributions are direct public benefit amenities or land contributions provided by an applicant as part of a rezoning application process. These amenities are typically provided near to or on the same property as a development and can include on-site amenities with direct public benefit (i.e., plazas, daycares, public realm improvements, etc.), inclusionary housing units, and affordable ownership units.

On-Site Amenities

On-site Amenities are a physical form of in-kind CACs, which can include plazas, daycares, public realm improvements, land dedications and more. Through a Negotiated CAC process, applications may offer opportunities to capture amenities on-site or in close proximity to the development. In some situations, on-site amenities may be preferable to cash-in-lieu contributions as they will have the potential to provide valuable levels of service improvements in close proximity to major development sites. Applicants determining the need and type of on-site amenities are encouraged to do so through early discussions with the District and the neighbouring community. A list of supported CACs are included in Appendix B of the CAC Policy. While applicants are responsible for delivering the in-kind CAC, the size, location, materials, and design of the in-kind contribution must be to the satisfaction of the District and in alignment with applicable policies and guidelines set out in this Framework and the CAC Policy.

Inclusionary Housing Units

Inclusionary Housing Units may be offered as a form of in-kind CACs. Inclusionary housing refers to affordable rental housing where shelter costs are less than 30% of a household's median before-tax income, to support "very low," "low," and "moderate" income households. Applicants providing inclusionary housing units must meet the per unit moderate- to median-income annual rental rates adopted by the District of Saanich Council (May 2023) as included in the 'Definitions of Housing Affordability' document (refer to [Definition of Affordability](#) and Table 1 in the CAC Policy). These rates are updated annually by the District, and applicants are strongly encouraged to verify rates with the District staff early in the application process.

The established rates in the CAC Policy target moderate- to median-income households, as these are easier to integrate into new developments. Residential units with deeper subsidies are often harder to sustain financially because they require additional funding subsidies to support lower rents than what may be available. The "Definitions of Housing Affordability" document will be updated annually, in alignment with the published rates through CMHC.

Affordable Ownership Units

In some circumstances, the District may advocate for affordable ownership units as a preferred form of in-kind community amenity contributions. Where these types of units are negotiated, applications must achieve the affordable housing prices as outlined in Table 1 of the CAC Policy.

It is important to highlight that administering affordable ownership units from the District's perspective is considered more burdensome than inclusionary housing units. It can be difficult to oversee the transfer of ownership units between owners and to ensure the qualifying household incomes align with the defined income threshold.

4.2 Ownership and Management of In-Kind Amenities

In the process of negotiating CACs, consideration should be given to the long-term ownership and management of any in-kind amenities provided through a rezoning development application. This includes reviewing how the amenity will be secured and ensuring the long-term use/upkeep for the public benefit.

4.2.1 Ownership of In-Kind Contributions

Depending on the type of in-kind CAC offered (i.e., on-site amenities, inclusionary housing, and affordable home ownership) applicants may transfer the ownership upon completion, at the District's discretion, and through consideration of the following:

- **On-site Amenities** – the District has full discretion regarding the long-term ownership and transfer of ownership for any public on-site amenities provided as CACs.

Depending on the type of on-site amenity provided, the District may consider a transfer of ownership to a vetted third-party (ideally the third party would be a not-for-profit organization, government agency, or other level of government) or assume ownership of the amenity itself. For some amenities, such as daycare facilities, it may make sense for the ownership of these amenities to be retained by the developer or transferred to a vetted third-party owner. If any on-site amenity provided through CACs are intended for full public use in perpetuity, then the District will take ownership of the amenity upon completion of the project and occupancy approval.

- **Inclusionary Housing Units** - the developer may transfer ownership or management the unit(s) to government agencies or to a non-profit housing provider upon receiving occupancy approval. The transfer of ownership or management is guided by the Memorandum of Understanding as described in **Section 4.2.2** below.
- **Affordable Home Ownership** – The District will work with not-for profit housing providers to determine the appropriate transfer of ownership to qualified households based on the criteria outlined in **Section 4.1 - Table 5**, and guided by the Memorandum of Understanding as described in **Section 4.2.2** below.

For other types of in-kind CACs, transfer of ownership is negotiated on a case-by-case basis with, and at the full discretion of, the District.

4.2.2 Securing In-Kind Contributions

When securing in-kind CACs, the District requires a variety of supporting documents from an applicant as part of the development approvals process and negotiations of Community Amenity Contributions, including a memorandum of understanding and land title agreements and covenants.

Memorandum Of Understanding

When negotiating inclusionary housing or affordable home ownership units, an applicant shall work with a non-profit housing organization to enter a Memorandum of Understanding (MOU) prior to the third reading of the zoning bylaw amendment. However, it is strongly encouraged that the applicant engages with non-profit organizations early and often, and ideally by the time an application has been submitted (see **Table 6** below for additional context).

The intent of the MOU is to identify the interest of the non-profit housing organization in operating the units and/or purchasing the units from the developer. This provides non-profit housing organizations the assurance and time to prepare investments needed to either purchase or operate the units upon completion of the development.

The applicant is required to identify a reputable non-profit housing organization and provide an MOU at the outset of the application to the District. By requiring an MOU delivered at the early stage of the application process, there is an increased likelihood of achieving inclusionary housing or affordable home ownership units as part of a rezoning application. Once the District is in receipt of the MOU, it will determine if its terms are acceptable. The District will have full discretion to determine whether or not an MOU is acceptable and will provide feedback and receive adjustments, as required, until deemed satisfactory.

Callout Box 4 – Early Engagement with Non-Profit Housing Organizations for Inclusionary Housing Units

The District of Saanich encourages applicants who anticipate contributing built affordable housing as a negotiated Community Amenity Contribution (CAC) to engage early and often with non-profit housing organizations. Non-profit organizations may be interested in owning and/or operating the completed inclusionary housing units. These early conversations could help developers find the right partnership while providing enough time for non-profit housing organizations to secure necessary financing for the units. Non-profit housing organizations may also have specific design considerations (e.g., unit sizes, accessibility, etc.) which impact their interest and ability to own or operate the units.

Land Title Agreements and Covenants

In circumstances where the ownership of in-kind CACs with public use is not transferred to the District, any requisite accesses or operational requirements shall be secured through registering legal agreements and land covenants on title as part of the rezoning process. The use of housing agreements and housing covenants are one way to secure use of the inclusionary housing units, and operating agreements are another way to secure access to amenity spaces as a community contribution and public benefit amenity.

For negotiated processes resulting in cash-in-lieu CACs, any covenants or agreements created through Approach A, the Negotiated CAC, should stipulate that a Building Permit cannot be issued until the voluntary payment of CAC has been received by the District.

4.3 Calculating Community Amenity Contributions

A key component of a Negotiated CAC approach is determining the appropriate contribution amount for a particular development. This can be a complicated exercise as many variables (i.e., land costs, construction costs, construction timelines, market conditions, fees, etc.) are involved in determining the viability and profitability of a development. Thus, a detailed analysis is required to determine how much value is being created through the development and rezoning process, and consequently how much should be considered as an appropriate CAC. For Negotiated CACs, whether in-kind or cash in-lieu amenities are being offered, the total value of any CAC provided is guided by a land lift analysis (see Section 4.3.1, below).

4.3.1 Land Lift Analysis Overview

A ‘land lift’ refers to the increase in a property’s value that results from the increase in permitted density achieved through a rezoning process, which allows a developer or applicant to build more units than the current state permits (see Figure 2 below). Developers often use the land lift to measure the potential return on investment of a project. For example, the District of Saanich may approve a rezoning application that increases the development potential of a property from low-density residential to high-density residential, thus increasing the property value (see Figure 2).

Figure 2 – Land Lift Calculation



Through a land lift analysis, the minimum total contribution value that is considered by the District via the Negotiated CAC approach is 50% of the total calculated land lift value.

Determining the land lift value for a particular development before and after a rezoning is done using a ‘development pro forma’. A development pro forma is a tool used primarily by developers to determine the viability, cost, and profitability of a development. A development pro forma helps to estimate the financial feasibility and profitability of a development project by showing how a project will generate income and expenses over time, based on the assumptions and projections used. As part of a Negotiated CAC process, the applicant must provide two development pro formas to inform the land lift analysis:

1. The first pro forma should outline the residual land value of the site under the existing zoning; and
2. The second pro forma should outline the residual land value of the site under the proposed new zone.

The land lift is then determined as the difference between the existing land value and the rezoned land value. For Negotiated CACs, with an established target of capturing the equivalent of 50% of the land lift value, the Community Amenity Contribution value is calculated as follows:

$$\text{Land Lift} = \text{Rezoned Land Value} - \text{Existing Land Value}$$

$$\text{CAC} = \text{Land Lift} \times \text{Target Contribution (50\%)}$$

Callout Box 5 - Summary of Terms – Land Lift Analysis and Development Pro Forma

Land Lift Analysis: means the change in the residual land value of a property that occurs through a rezoning process. Typically, this is realized as an increase in the value of a property resulting from a change in land use or from being rezoned from a lower-density use to higher-density use. This is generally because zoning that permits higher density will allow buildings of greater heights to be constructed, thereby increasing sellable or leasable floor space; as well as increasing the return on investment from purchasing the land.

Development Pro forma: is a tool used primarily by land developers to determine the viability, cash-flow, cost (hard and soft costs), and profitability of a development project. Development pro formas calculate the overall costs needed to buy land, pay fees, hire professionals (architects, engineers, realtors, and lawyers) and constructed a development in relation to the potential revenue a developed property could generate by through sales and / or rental.

4.3.2 Pro Forma Submission Requirements

As the assumptions and costs used in a pro forma based land lift analysis can vary widely and there is a need to determine mutually agreeable values to test within the analysis. For rezoning applications where a land lift analysis is a requirement of the CAC negotiation, the land lift evaluation must be conducted by a qualified, independent consultant, at the cost of the applicant.

When the applicant and the independent consultant provide a proposed land lift value to the District, Staff choose to either accept the value of the land lift analysis or request additional information or pro forma(s) with updated cost assumptions. At any time deemed necessary by the District, a third-party reviewer may be obtained, at the applicant's cost.

For purpose-built rental projects, two sets of pro formas should be provided, one set that shows the project's profitability if it is held by the developer as a landlord, and a second that shows the project's profitability if it is sold to an independent operator.

Any development pro forma provided to the District for the purpose of a land lift analysis should, at a minimum, include the following key components:

- Development costs (i.e., land, fees, remediation, etc.);
- Hard construction costs;
- Soft construction costs (architectural, engineering, legal costs, etc.);
- Marketing costs;
- Financing costs;
- Rental or sales revenues;
- Subsidizes or grants; and
- Developers Profit.

Depending on the project type and ownership model, additional analyses or pro formas may be required at the request of the District.

4.4 Application Requirements and Steps for Negotiating Community Amenity Contributions

The timing of finalizing negotiated CACs is important for applicants, as market conditions can change throughout the duration of a development review process. This section outlines how negotiated CACs are handled from the start of a rezoning application (pre-application or application submission, depending) to Council's adoption of the project.

NOTE: At any point in the process of negotiating CACs, the District reserves the right to refuse a CAC should they consider the offer not in the best interest of the District, in the short or long-term.

1. Preliminary Rezoning Inquiry/Pre-Application

Applicants are encouraged to contact the District's Current Planning Division early in the process to inquire about the applicable District policies, regulations, and guidelines. At this stage, the Planner shall identify whether a negotiated process is appropriate, or if a CAC Target Rate or Density Bonus Rate would be applied based on the requirements of the CAC Policy.

2. Formal Rezoning Application Submission

At the time that a rezoning application is submitted, the application is circulated to all relevant internal departments, and external agencies and stakeholders, for a detailed review of the application. If the application is eligible for a negotiated CAC, the applicant is asked to

provide development pro formas to support discussion of an initial Community Amenity Contribution (CAC) Statement Letter.

3. Community Amenity Contribution Statement Letter

The applicant is required to provide a Community Amenity Contribution Statement Letter as part of a complete Rezoning application. The CAC Statement must include development pro formas that show the residual land value of the site under two scenarios:

- a) Existing zoning (this would include the maximum density permitted on the site under the existing zoning in place); and
- b) Proposed new zone, (this would include the maximum density permitted in the proposed zone requested or proposed density of a new site specific zone).

The applicant should prepare the CAC Statement Letter that is valued at 50% of the calculated land lift² between the two scenarios. This CAC Statement Letter is based on the value of the development project at the time of the rezoning application and is informed by the pro forma inputs. A condition of rezoning may specify that the valuation date of the CAC may be adjusted.

District Staff retain the right to hire a qualified third-party with knowledge of the financial analysis and the District's land use policies to provide a review of the CAC Statement Letter should further analysis be required. All associated costs of a third-party review would be the responsibility of the applicant and the applicant may be required to submit financial information to the reviewer.

4. Revising a Community Amenity Contribution Offer (First to Second Reading or Public Hearing)

Any changes to the development proposal as a result of the rezoning process may require design changes that impact the pro forma submitted earlier to the District. In such cases, the Director of Planning may require the resubmission of revised pro formas. Based on revised pro formas, revised CAC offers will be required and considered for negotiation.

Any variation in the initial CAC Statement Letter from the negotiated CAC target of 50% requires initial approval from the Director of Planning.

5. Finalizing CAC Payment (Prior to Fourth Reading)

Once the rezoning application has been approved in principle by Council (prior to fourth reading), the CAC offer, whether in-kind or cash, is secured and registered via covenant. The

² Land lift refers to the increase in property that results from an increase in density. For example, the value will increase if a developer rezones their property from low-density residential use, such as single-family homes, to high-density residential, such as an apartment building. The increased value is a result of being able to fit more housing units per acre, which translates to higher profitability. This increase in value due to the rezoning is the land lift value.

covenant explicitly states that the associated Building Permit cannot be issued until payment in full of secured CACs.

6. Housing Agreement (Prior to Final Reading) *(optional)*

Where the negotiated CAC includes a built affordable housing contribution (i.e., Inclusionary Housing Units), the applicant is required to work with District staff and the selected non-profit housing organization to establish a housing agreement (including covenants on title) to be adopted by Council prior to Final Reading.

7. Payment of CAC

For in-kind CACs, contributions must be secured through necessary legal agreements and covenants with the District prior to Building Permit Issuance.

5.0 DETERMINING COMMUNITY AMENITY CONTRIBUTIONS: RATES, REDUCTIONS, EXEMPTIONS, AND UPDATES

This section is intended to provide high-level analysis, context and commentary related to CAC Target Rates, future Density Bonus Rate setting, rationale for reductions and for projects that would be considered exempt to the CAC Policy.

5.1 DEVELOPING COMMUNITY AMENITY CONTRIBUTION (CAC) TARGET RATES AND DENSITY BONUS RATES

DISCUSSION PAPER AND ECONOMIC ANALYSIS

CAC Target and Density Bonus Rates identified in the CAC Policy were developed based on the viability and other outcomes of a series of detailed pro forma financial analyses. The rationale for the CAC Target Rates in the Policy, along with a summary of pro forma analysis outputs, can be found in the Discussion Paper and Economic Analysis (August 2022, see [Saanich CAC website](#)). This publication was a key deliverable of the CAC and Inclusionary Housing Project and was presented to District of Saanich Council in November 2022.

The Discussion Paper and Economic Analysis summarizes the analysis of 34 'test sites' across the District of Saanich (Centres, Corridors, Villages, and Neighbourhoods), to understand the financial viability of new residential and mixed-use projects, and the extent to which any given project could support CACs and Density Bonusing rates as part of rezoning application processes.

Test sites, typologies, regulatory considerations, and densities (with variables applied for each) were selected by District Staff. For each test site, residual land value analyses were prepared, whereby each site's residual value was calculated first under current zoning, and then at prescribed density levels up to an agreed maximum density. The value under current zoning was used as the basis for land lift calculations. The target rate and density bonus amount supportable by each project was set at 50% of the calculated lift. CACs and density bonuses were calculated on a per-square-foot and per-unit basis.³

Of the pro forma analyses completed for the test sites, it was found that, under ownership tenure modelling, 23 sites would yield viable projects (~68%). Amongst the projects that were viable, it was found that a broad land lift range and associated range in the ability of the sites to support an amenity contribution.

³ Per-unit rates were calculated on the basis of a target % breakdown of 1, 2 and 3 bed apartments, and a unit size range as follows: 475sf studio, 650sf 1 bed, 850 sf 2-bed, 1,000 sf 3-bed.

Initial target rate recommendations (as published in the Draft CAC Policy in March/April 2023) were based upon a joint review of the results of these analyses. Looking only at the subset of projects that were shown to be viable, the intent was to set target rates at a level where most projects would remain viable.

After the initial Discussion Paper and Economic Analysis (August 2022, see [Saanich CAC website](#) for more information) the base analyses were updated several times, notably in November 2022, January 2023, and April 2023, to reflect significant changes to market conditions that occurred between the initial pro forma analysis and implementing a final proposed CAC Target Rates in the CAC Policy.

Callout Box 6 – Rationale for reduced rates

The combined impact of rising material costs and interest rates have created financial headwinds for the delivery of much-needed housing. Iterative pro forma analysis from August 2022 to May 2023 of multiple case study sites has shown significant drops in the proportion of viable test sites. For example, 73% of test sites for condos were shown as viable during initial analysis that has since dropped to 36%; townhouses have also dropped from 100% viability to 33% due to more difficult economic conditions. As a result, all CAC Target Rates proposed in 2023 were lowered by at least 60% from what was originally identified. Moving forward the District will provide annual updates, at the full discretion and approval of the Director of Planning, to adjust rates identified in the Policy.

5.2 DENSITY BONUS ZONING: RATES AND FUTURE IMPLEMENTATION

The District of Saanich does not yet offer Density Bonusing under the current Zoning Bylaw. As Density Bonus Zoning is developed and implemented across the District, that specific hybrid model approach (Approach C) will become available to applicants through the development application process.

The creation of Density Bonus Zoning is a key implementation item of the Community Amenity Contributions and Inclusionary Housing Policy. Once a formal Density Bonusing structure has been developed, the CAC Policy will be updated to reflect the rate structure at that time, and will be subject to all future annual and scheduled comprehensive Policy updates.

Table 1, below, shows a sample density bonus rate structure based on a comprehensive financial and economic analysis undertaken in 2022. As part of the implementation of Density Bonus Zoning, additional analyses would inform the development of this method for the collection of Community Amenity Contributions. It is important to note that with additional analysis through the development of Density Bonus Zoning, per unit rates may be converted to per square metre rates.

Table 1: Sample Density Bonus Rates, 2022 Rates¹

Eligibility Criteria	Centres and Corridors	Villages and Neighbourhoods
Condominium / Apartments (100% ownership residential projects)	\$10,000 per unit	N/A
Condominium / Apartments (within primarily residential projects with limited mixed-use²)	\$10,000 per unit	N/A
Condominium / Apartments (within mixed-use projects³)	\$7,000 per unit	N/A
Townhomes / Multi-plex developments	\$13,200 per unit	N/A
Purpose-built Rental without Inclusionary Housing Units in projects less than 350 units	\$2,500 per unit	N/A

¹ Density Bonus Rates were based on land lift analyses for different areas in the District of Saanich, however, given the lower expected densities in village and neighbourhood areas the use density bonusing to collect CACs is not applicable to these locations at this time. In future comprehensive updates to the density bonus rates, the results may justify different density bonus rates by geography.

² Limited Mixed Use = 50% or less of the ground level leasable floor area is dedicated to commercial use.

³ Mixed Use = >50% of the ground level leasable floor area is dedicated to commercial use.

5.3 RATIONALE FOR COMMUNITY AMENITY CONTRIBUTION (CAC) RATE REDUCTIONS FOR PROPOSE BUILT RENTAL UNITS

The economics of market long-term rental housing differ significantly from market condominiums, especially when facing high upfront costs for site acquisition and construction. As a result, most market rental projects struggle to afford additional upfront payments like CACs. However, there may be opportunities to provide in-kind amenities, including non-market units, in certain circumstances. The feasibility of including non-market units in long-term rental projects depends largely on the project size, as larger projects have a greater ability to financially support these non-market units through "cross-subsidization."

Considering the challenging landscape for delivering long-term rentals and the growing demand for rentals in the Greater Victoria market, the initial recommendation was to set CAC Target Rates for purpose-built rental at 50% lower than market rates. Rates for purpose-built rental were then lowered by an additional 80% due to the changing economic landscape. This adjustment aimed to ensure the viability of purpose built rental projects in the District of Saanich, enabling the fulfillment of the long-term rental housing needs in the community. However, the final CAC Policy, as adopted by Council (July 2023), excludes targeted CAC rates for Purpose-Built Rental in its entirety, at this time. Viability of this target rate will continue to be explored with annual and comprehensive updates.

5.4 RATIONALE FOR COMMUNITY AMENITY CONTRIBUTION (CAC) RATE REDUCTIONS FOR MIXED-USE PROJECTS

Mixed-use residential projects, which include commercial components, faced similar development challenges as market rental projects. The higher costs of providing commercial parking and the differences in cash flow due to leasing the commercial spaces were major factors contributing to these challenges. However, considering the District's support for mixed-use projects in their Official Community Plan (OCP) due to their ability to stimulate economic development and provide community services and jobs, the CAC Target Rates and Density Bonus Rates for such projects were reduced. This reduction was aimed at encouraging the development of viable mixed-use projects.

5.5 RATIONALE FOR PROJECT EXEMPTIONS OF COMMUNITY AMENITY CONTRIBUTIONS

The CAC Policy provides five circumstances where the CAC Policy and collection of voluntary amenities are not applied. The exemption and rationale for each is outlined below:

1. **Not-for-Profit Rental Housing Units** – CAC Target Rates and Density Bonus Rates are not applied to not-for-profit rental housing units because they provide a substantial community amenity that is often of greater value than the CAC Target Rates or density bonuses that would be collected.
2. **Non-market Homeownership Units** – CAC Target Rates and Density Bonus Rates are not applied to non-market homeownership housing units because they provide a substantial community amenity that is often of greater value than the CAC Target Rates or density bonuses that would be collected.
3. **Purpose Built Rental Projects** – Providing Purpose-Built Rental Units that are secured for a period of 50 years or greater meets the intended purpose of the CAC Policy and are therefore exempt.⁴

⁴ 50 years is consistent with the loan amortization period offered by CMHC's Rental Construction Financing Initiative.

Callout Box 7 - Exempting of Purpose Built Rental with 10% Inclusionary Housing Units

The proposed CAC Policy included an option to exempt Purpose-Built Rental units that were secured for a period of 50 years, or for the life of the building, that included 10% gross floor area (GFA) of Inclusionary Housing Units. Saanich Council recognizes that these types of projects may not be viable in today's market and that rental units are the amenity at this time. However, as the market changes, the District is signalling support for Purpose Built Rental projects with dedicated Inclusionary Housing Units, as a means of securing more affordable housing for its residents, by exempting them from the Policy's rate structures.

4. **Projects with six units or fewer** – Small infill development, with six units or fewer, are exempt from paying CAC Target Rates and Density Bonus Rates, as these projects of this scale can often fit on a standard single-detached lot, which works toward meeting the District's goal encouraging additional housing typologies and densities in the Official Community Plan and through future work on Neighbourhood Homes.
5. **Non-Residential Development** - Non-residential developments are exempt from CAC Target Rates as they are strongly supported in the District's OCP; they deliver jobs and services to the community. They also support the long-term financial sustainability of the District through a stable collection of property taxes.

5.6 UPDATING INCLUSIONARY HOUSING RENTAL RATES, COMMUNITY AMENITY CONTRIBUTION TARGET RATES, AND FUTURE DENSITY BONUS RATES

The inclusionary housing rental rates, CAC Target Rates and Density Bonus Rates included in the CAC Policy are based on a point-in-time economic analysis and regular updates are undertaken as follows:

1. **Annual Update** – Affordable rental rates, CAC Target Rates, and future density bonus rates are updated on an annual basis and timed to come into effect on October 1st of each year. Annual updates shall include a detailed pro forma-based review of key development costs, including construction, financing, and land costs, for a minimum of 10 development sites to be selected by Staff. During this process, District Staff will work with the development community and third-party consultants to define and confirm the construction, financing and land costs used in the pro forma and financial analyses. When setting the new rates, the District will aim to capture at least 50% of the land lift value based on the updated pro forma analyses.
2. **Comprehensive Update** – Both the Policy and Framework shall be comprehensively reviewed in their entirety following the first 2 years after adoption of the CAC Policy,

and every 5 years thereafter, or pursuant to Council approval at an earlier date based on the recommendations of the Director of Planning. Affordable rental rates, CAC Target Rates, and future density bonus rates are also reviewed, and base underlining assumptions shall be updated and applied for each annual review (i.e., construction, financing, and land costs) and they will be adjusted as required as part of the comprehensive review and updates. Further, it is suggested that during a comprehensive update that the District engage a third-party consultant to conduct several site-specific pro forma analyses to ensure ongoing project viability, as well as sufficient CAC revenue generation.

5.7 CONSIDERATIONS FOR RATE UPDATES (ANNUAL AND COMPREHENSIVE)

For all future updates to the CAC Target Rates and Density Bonus Rates, there are several key considerations that are required to ensure the rates in the CAC Policy remain reasonable and reflect current economic market conditions.

1. Ensure the rates are set fairly to avoid the need for excessive negotiation on eligible projects for rezoning projects or those that qualify for future density bonusing (i.e., if the rates are too high, more developers will opt out of these approaches and into the negotiated approach).
2. Consider test sites carefully including a variety of areas and sites in centers, corridors and villages, and neighbourhoods that are highly developable and those most likely redevelop.
3. Work with the development community and third-party consultants to define and confirm construction, financing, and land costs to build into the pro forma and financial and economic analyses.
4. Aim for 50% of the land lift for the lower end of what is considered a viable CAC Target Rate based on the updated pro forma analyses when setting CAC Target Rates.
5. Aim to have at least 70% of the selected site totals be viable through the pro forma analyses.
6. Plan (budget and timing) to revise pro formas to account for changes in the market between the initial analyses and updated Policy adoption.
7. Review CAC Target Rates reductions (for long-term rental and mixed-use projects) and exemptions to ensure they support project viability.

IN-STREAM APPLICATIONS AND POLICY APPLICABILITY

It is important to note that the rates applied to all in-stream applications (i.e., those rezoning applications considered complete with the application fees paid) will be dependent on the timing of their submission. For example, applications submitted prior to adoption of this Community Amenity Contributions and Inclusionary Housing Policy will be considered under the Interim Community Amenity Contribution Policy adopted in 2021. Applications

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received after the adoption of the CAC and Inclusionary Housing Policy are subject to the Policy in full. Subsequently, the Policy is updated annually on October 1 and as such all applications submitted on or after October 1 will have the new rates applied. For more information on in-stream production and Policy updates see **Section 9 and 10** of the CAC Policy.



6.0 ROLES AND RESPONSIBILITIES

This section outlines the roles and general responsibilities of each party during the negotiation of CACs as part of the development application review and approval process in the District of Saanich.

Mayor and Council

District of Saanich Council is the approving authority of rezoning applications. Zoning Amendment Bylaws that receive third reading are approved in principle and the CAC offer is written as a rezoning condition of the Bylaw.

The responsibilities of Mayor and Council, with respect to negotiating CACs are:

- Approving rezoning applications or referring rezoning applications back to Staff.
- Considering the public interest at public hearings for rezoning applications.

Director of Planning, Planning Department

The Director of Planning acts as the Department's signing authority for all Staff reports and recommendations for rezoning and development applications. They work with the Managers of Current Planning and Community Planning to communicate with Council, support negotiations and if needed participate in dispute resolution processes.

Managers of Current Planning and Community Planning, Planning Department

The Managers of Current Planning and Community Planning ("Planning Managers") support CAC negotiations by being the primary point of contact for Council regarding any development applications involving CAC negotiations, as well as participating in critical stages of the CAC negotiation process.

The responsibilities of the Planning Managers, with respect to negotiating CACs are to:

- Work with Planners to bring forth recommendations to Council on proposed rezoning and development applications.
- Attend key conversations during the negotiation process to ensure the objectives of the policy are being adhered to, as necessary, and/or work with the Director of Planning, as needed, to sign-off on any proposed changes to the CAC Policy and this Framework.
- Oversee the works of their divisions to determine optimal approaches to the ownership of any CACs provide and to review any Land Title Agreements and / or covenants required to secure amenities.
- Ensure the proposed CAC amounts and types align with CAC Policy and considers community priorities and the contextual considerations of the development project at the time of the rezoning. This could mean not recommending a rezoning application should it not meet the District's interest.

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Planners, Current Planning Division, Planning Department

The primary role of the Planner is to represent the District's interests and clearly articulate a variety of development regulations and policies, including the CAC Policy.

The responsibilities of Planners with respect to negotiating CACs include, but are not limited to:

- Responding to inquiries from prospective and current applicants, including communicating preference as to whether an application could contribute a cash in-lieu or in-kind CAC, and assist in identifying key community priorities outlined in policies.
- Facilitating design changes to applications (e.g., changes in height, density, floor area, efficiency, urban design, landscaping, frontage improvements, etc.) throughout the rezoning process, all of which may affect the applicant's CAC offer.
- Overseeing the work of a third-party consultant (e.g., charged to review a financial/land lift analyses) and communicating the conclusions to senior staff and applicants, ensuring all in-kind CACs contributions are designed in accordance with District policies, regulations, and guidelines and are formalized/secured through the rezoning approval process.

Applicant / Developer

The applicant/developer includes any interested party who makes an application for, at minimum, a rezoning application thereby triggering the negotiation of CACs. The roles and responsibilities of the applicant include:

- Providing the CAC Statement Letter (see **Section 4.4 – Step 3**) and requirement thereof.
- Understanding the type of CAC that a project is eligible to contribute, and when the contribution is negotiated, to offer a CAC that provides significant public benefit to the community and is in exchange for the proposed development.
- Providing a land lift analysis (e.g., development pro formas) to the Planner as part of the rezoning application process. These are used to evaluate significance/value of the CACs offered against the impact(s) of the proposed development.

NOTE: The applicant may be requested by the Planner to have the submitted land lift analysis reviewed by a qualified, independent third-party consultant, with associated costs paid by the applicant. Documents that support some assumptions in the land lift analysis are required to be provided, such as the assumed revenues and cost reports by certified professionals (detailed in the development pro forma).

- Collaborating with Planners to select non-profit housing organizations in situations where a negotiated CACs include built affordable/supportive housing units.



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- In circumstances where the negotiated CACs include built affordable housing units, the applicant is required to work with an interested, pre-approved non-profit housing organization to submit a Memorandum of Understanding prior to First Reading of the Zoning Bylaw Amendment. For more details on early engagement with Non-Profit Housing Organizations, refer to **Section 4.2.2**.

Consultant / Third-Party Reviewer

In select situations, a consultant may be retained by the District, at the cost of an applicant, to independently review a land lift analysis (development pro formas). The responsibilities of the consultant include:

- Determining if the proposed CAC identified in the land lift analysis are appropriate for the scale of the proposed rezoning and development.
- Facilitating conversations with the District and interpreting results/recommendations of the financial analysis.
- Considering core financial considerations and aim to ensure any proposed CACs meet the goals of the CAC Policy, including those related to new Inclusionary Housing Units and/or contributions to the Saanich Affordable Housing Fund.
- Reporting findings/conclusions of the land lift analysis conclusions to the Planner.

Senior Management, District of Saanich

In the event that a dispute resolution is needed during a CAC negotiation, senior management staff at the District shall participate in conversations with the applicant.

- Chief Administrator Officer, Director of Planning, Manager of Current Planning, and/or the Manager of Community Planning may participate in conversations, as needed, to reach an amenable resolution with the applicant.

Community and Stakeholders

The community and stakeholders provide input to the District and identify the amenities that will help address the impacts of growth in the neighbourhood. The roles of the community and stakeholders include:

- Provide feedback to the District on amenities needed and/or desired for the specific geographic area.
- Participate in Public Hearings to express support or rejection of development projects and the proposed associated amenities.



Appendix B: Community Amenity Project Reference List

The intent of Saanich's Community Amenity Project Reference List is to supplement Section 7 of the Community Amenity Contributions and Inclusionary Housing Policy (CAC Eligibility, Areas, and Priorities) and to guide the exploration and negotiation of public benefit amenities and affordable/supportive housing through the rezoning application review process:

- encourage community contributions that are commensurate with the scale of the proposed development on additional density;
- ensure new developments contribute facilities and infrastructure that will support the well-being of residents, employees and visitors both at the site level and in the broader area;
- consider improvements to the public realm near the development site for contributions tied to the CAC Policy's local and park acquisition funds;
- consider the broader goals of climate action, housing affordability and biodiversity when assessing community contributions;
- ensure the extent of community contributions are commensurate with the scale of proposed development / additional density;
- consider affordable and supportive housing as a core component of a complete community; and
- when reviewing contributions tied to public art, consider:
 - private sector initiatives to provide arts facilities and improve art services.
 - floor space designated for non-profit arts activities as an amenity space under the density bonusing provisions of the *Local Government Act*.
 - publicly accessible arts spaces and programs in buildings that are such as malls, schools, libraries, and community centres
 - accommodating studio, rehearsal, and classroom and/or workshop spaces in all land use designations

The following list seeks to assist in the process of negotiating and securing Community Amenity Contributions:

- contribution to Saanich Affordable Housing Reserve Fund
- privately owned, publicly accessible open space
- frontage improvements, including public realm and streetscape interface improvements, such as street furniture, activity/programming spaces, misting stations, animal-friendly features, bicycle kitchens, shading, landscaping, public art, lighting, public facilities (i.e., washrooms), wayfinding, interpretive panels, public shelters
- outdoor public spaces, such as parks, plazas and urban squares
- public art
- secured floor space for designated non-profit arts activities
- targeted park improvements that deliver recreation, equipment and/or facilities for children, youth, seniors, and dogs
- enhancements of culturally significant features (built or landscape-based)
- improvements to the mobility network, including new pedestrian and AAA cycling path beyond the development site
- community activity centre, including indoor facilities that provide recreational, cultural, or social opportunities, such as a library or resource centre
- community support centre
- accessible community meeting spaces / facilities
- secured daycare facility
- preservation, rehabilitation and restoration of heritage assets, structures, or features
- improvements to Public safety improvements (e.g., new or enhanced safe-routes to school crossings), beyond the frontage and servicing requirements
- improvements to beach access such as bike racks, benches and other connectivity and amenity improvements