



The Corporation of the District of Saanich

Supplemental Report

To: Mayor and Council
From: Sharon Hvozdanski, Director of Planning
Date: June 10, 2021
Subject: Interim Community Amenity Contributions Policy
File: 2830-50 • Community Amenity Contribution (CAC)

RECOMMENDATION

That Council:

1. Adopt the Interim Community Amenity Contribution Policy (see Attachment A).
2. Specify that applications in-stream at the time of approval of this policy will not be subject to the interim policy.

PURPOSE

The purpose of this report is to:

- Provide Council with clarification and advice on the items for inclusion in the revised Interim Community Amenity Contributions Policy; and
- Provide Council with a revised Interim Community Amenity Contributions Policy, based on its earlier direction, for its review and consideration.

DISCUSSION

Council Direction

On June 22, 2020 Council directed staff to develop an interim Community Amenity Contribution (CAC) policy to document the District of Saanich's current approach to CACs, and to follow that up with a process to develop a comprehensive Community Amenity Contribution policy and framework.

On April 19, 2021 Council endorsed the Community Amenity Contribution and Inclusionary Housing Program Terms of Reference and made the following motion in relation the Interim Community Amenity Contribution Policy:

“That it be recommended that an interim Community Amenity Contribution Policy include:

- Phased grandfathering approach:
 - Those that have paid rezoning fees will undergo the status quo of site specific negotiations.

- Applications that have not yet paid rezoning fees in one month time will be asked to provide \$3000 - \$5000 per door.
- Bonus Density:
 - Within Official Community Plan is the base target as above.
 - Above Official Community Plan and up to 6 floors is \$5000 per door
 - Over 6 floors and over Official Community Plan recommends a land lift and appraisal targeting 50-75% of the lift as a Community Amenity Contribution.
- Exemptions on units:
 - Rental for 10 years
 - Non-profit
- Exemptions on projects:
 - Market applications that offer 10% of units at 10% below market
- Site specific:
 - Commercial/retail/industrial
- Priorities:
 - Status quo

That the recommendations for inclusion in the Interim Community Amenity Contribution Policy be referred to staff for comments, clarification and advice.”

Interim Community Amenity Contribution Policy

The Interim Policy for Community Amenity Contributions (CACs) will provide guidance for Council, staff, developers, and the public on the process of negotiating and securing CACs. A key intent is to present existing practices to clarify the parameters for CAC negotiations. The previous Report from Staff (see Attachment B) documented these approaches and proposed an interim policy that reflected current practice.

The revised Interim CAC Policy addresses Council’s April 19, 2021 motion and is intended to apply to new projects seeking rezoning and/or additional height (see Attachment A). It is intended to be used in the short-term and will ultimately be replaced with the formal Community Amenity Contribution and Inclusionary Housing regulations once they are developed and approved by Council.

Items for Inclusion in the Interim Community Amenity Contribution Policy

On April 19, 2021 Council requested that staff provide comment, clarification and advice on additional items to be included in the Interim Community Amenity Contribution Policy. The following is an overview of the items identified by Council. Where needed, comments and/or clarification have been provided along with a recommended approach.

1. Phased grandfathering approach

Council recommended grandfathering the current site-specific CAC negotiation approach for applications that are currently in-stream. The Council motion also specified that applications received up to one month after the adoption of the interim policy should be subject to a CAC target rate of \$3,000 - \$5,000 per unit.

Staff are supportive of retaining the current approach for in-stream applications. However, given the time that has elapsed since the Council motion (approximately two months) and the limited duration of the interim policy, staff are recommending against the inclusion of an additional

grandfathering provision that would establish a different rate for applications received within one month of the adoption of the interim policy.

2. Bonus Density

Council recommended a multi-tiered approach to bonus density based on alignment with the Official Community Plan (OCP). Council's motion identified a target rate of \$3,000 - \$5,000 for projects within the OCP height parameters. For projects above the OCP limit and up to six storeys, a target contribution rate of \$5,000 a unit was recommended. For projects above six storeys and beyond the OCP limit, a land lift analysis requirement was identified.

In considering the direction from Council and the best approach to establish a clear framework for evaluating CAC contributions, staff have aligned target CAC contributions with height limits identified in the OCP (General Plan) designations for "Centres", "Villages", and "Neighbourhoods". Table 1 illustrates how the policy would apply in specific areas.

As Council is aware, various height limits also exist in Area Plans and could also be used to set parameters for contribution levels. However, in the interest of providing a policy that is clear to all stakeholders, staff support using broader OCP (General Plan) height parameters. Staff also feel the proposed contribution targets are in line with targets in other municipalities and are sufficient placeholders to guide negotiations while the more formal CAC and Inclusionary Housing Program is being developed. Finally, it is important to note that the identification of certain heights in Table 1 does not indicate support for specific proposals, as each application would be evaluated based on a comprehensive analysis of applicable policy.

Table 1: Established OCP Height Maximums, Amenity Contribution Targets and Land Lift Analysis Requirements

OCP Section	OCP Designation and Height Maximum	Application Type	CAC Contribution
4.2.3 (7)	Major and Neighbourhood "Centres" Up to 8 storeys	Up to 8 storeys	\$3,000 - \$5,000 per unit target rate
		Above 8 storeys	Land Lift Analysis targeting 50-75% of the land lift as a CAC
4.2.3 (9) & 4.2.4 (3)	"Villages" and "Neighbourhoods" Up to 4 storeys	Up to 4 storeys	\$3,000 - \$5,000 per unit target rate
		above 4 storeys to a max of 6 storeys	\$5,000 per unit target rate
		Above 6 storeys	Land Lift Analysis targeting 50-75% of the land lift as a CAC
4.2.3	Uptown Major Centre	All	See Table 2

The proposed approach would provide clarity on expected contribution levels based on the scale of residential development. Target rates identified in the Council motion are generally in alignment with targets established in other CRD municipalities and provide an opportunity to test the policy in advance of the development of a more structured program.

3. Uptown-Douglas Plan

The Uptown-Douglas Plan (UDP), which has been approved in principle by Council, is a Plan that was recently developed for the Saanich core. The UDP established base and maximum height guidelines in anticipation of being aligned with a future CAC program. The Plan also includes a provision for projects that meet certain conditions (including a land lift analysis) to exceed 18 storeys.

In the interim policy, staff are proposing an approach that aligns with direction provided in the Council motion, using base and maximum heights identified in the UDP to guide amenity contributions (see Table 2).

Table 2: Uptown-Douglas Plan Area Community Amenity Contribution Guidelines

Application Type	CAC Contribution
Up to Base Height identified in Map 5.1	\$3,000 - \$5,000 per unit target rate
Greater than Base Height identified in Map 5.1	\$5,000 per unit target rate
Greater than 18 storeys	Land Lift Analysis targeting 75% of the land lift as a CAC

4. Exemptions

Council requested that the Interim Policy include exemptions based on three scenarios:

a) not-for-profit; b) rental; and c) affordable home ownership.

a. Not-for-Profit Rental Housing

The Interim Policy waives CAC considerations for not-for-profit rental housing, as these projects are already providing a significant community benefit in the form of lower cost housing. This approach is consistent with the previous Interim Policy recommendation and supported by Staff.

b. Rental

Council's motion specified a full exemption for rental housing secured for 10 years. Staff are supportive of the intent of this direction, but recommend that the exemption be for 50% of the CAC target and the duration of the rental tenure be changed to be secured in perpetuity.

Staff recommend a 50% CAC exemption for purpose built rental housing, as opposed to a full exemption. While purpose built rental housing is needed in Saanich, a partial exemption in CACs is recommended, as other localized amenities (i.e. park enhancements, public open space contributions, active transportation network improvements) are essential to ensure additional density is supported in the community. Further, while rental units are important to Saanich's overall housing supply, newly constructed units with no affordability elements are often still not accessible to households with low to low-moderate incomes. For rental projects that incorporate units that are below market, further exemptions could be considered on a case by case basis.

Staff are also recommending that the proposed 10 years be changed to in perpetuity, as this would provide protection for the rental units and allow affordability benefits to be realized over time as the building ages. The in perpetuity requirement is aligned with the City of Victoria policies where CAC reductions are provided. It should be noted that the City of Victoria secures the rental tenure of market rental proposals in perpetuity, but secures the affordability and tenure in non-market rental projects for 60 years. Should Council wish, they could also consider

a 60 year time frame to secure the rental tenure of the units where CAC reductions are provided.

The reduction of the CAC represents a tangible benefit to applicants and staff believe that greater community value would be achieved by securing the rental asset for a longer period of time. Applicants still have the ability to pursue rental projects with a shorter time frame, but would not be subject to a CAC reduction.

It is important to note property owners can strata-title rental units at occupancy and then would be able to convert to for sale units when the covenant securing rental has elapsed. This conversion would not require Council approval and highlights the importance of securing rental for a longer period of time. Should Council accept the staff recommendation to secure rental in perpetuity, applicants who wish to pursue future strata conversions would require Council approval and discharge of the covenant.

c. Projects with an Affordable Home Ownership Component

Consistent with the exemptions outlined above for eligible rental housing, staff are recommending a 50% exemption on projects where 10% of residential units are provided at 10% below market value for the life of the building. Below market units provide an important pathway for a greater range of income groups to access home ownership and represent a broader community benefits.

Similar to rental housing, it is important that the majority of new projects contribute some level of a CAC to enhance social infrastructure and ensure livability for current and new residents.

5. Commercial and Industrial Uses

Council’s motion identified that CAC negotiations for commercial, retail and industrial properties should be undertaken on a site by site basis. An item has been added in the Interim Policy to indicate that Commercial (which includes retail) and Industrial applications would be evaluated on a site-specific basis. This is a supportable approach given the greater complexity of these applications.

Table 3 below summarizes the items to be included in the Interim Community Amenity Contribution Policy and the approach recommended by staff.

Table 3: Summary of items to include in the Interim CAC Policy and Staff’s Recommendation

COUNCIL MOTION ITEM	STAFF RECOMMENDATION
1. Phased Grandfathering Approach	
a. Those that have paid rezoning fees will undergo the status quo of site specific negotiations	Applications that are in-stream at the time of approval of this policy will be subject to site-specific negotiations (Include as part of recommendation in this report)
b. Applications that have not yet paid rezoning fees in one month’s time will be asked to provide \$3,000-\$5,000 per door	Staff recommend not including this additional provision given the short term nature of policy and time elapsed since the last report.

2. Bonus Density	
a. Within Official Community Plan is the base target as above	<p>CAC target of \$3,000 - \$5,000 per unit for residential projects in:</p> <p>Major and Neighbourhood “Centres”: Up to 8 storeys</p> <p>“Villages” and “Neighbourhoods”: Up to 4 storeys</p> <p>Uptown-Douglas Plan – up to “Base” Height identified in Figure 5.1 and Map 5.1</p>
b. Above Official Community Plan and up to 6 storeys is \$5,000 per door	<p>“Villages” and “Neighbourhoods”: \$5,000 above 4 storeys to a max of 6 storeys</p> <p>Uptown-Douglas Plan – Greater than “Base” Height and identified in Figure 5.1 and Map 5.1</p>
c. Over 6 storeys and over Official Community Plan recommends a land lift and appraisal targeting 50-75% of the lift as a Community Amenity Contribution	<p>Major and Neighbourhood “Centres”: Above 8 storeys a land lift analysis targeting 50-75% of the lift as a CAC required</p> <p>“Villages” and “Neighbourhoods”: Above 6 storeys a land lift analysis targeting 50-75% of the lift as a CAC required</p> <p>Uptown-Douglas Plan – Greater than 18 storeys a land lift analysis targeting 50-75% of the lift as a CAC required (see Policy 5.6.6 for details)</p>
3. Exemptions On Units	
a. Rental for 10 years	<p>Rental tenure secured in perpetuity.</p> <p>50% exemption on eligible rental housing</p>
b. Non-profit	100% exemption
4. Exemptions on Projects	
a. Market applications that offer 10% of units at 10% below market	50% exemption on projects where 10% of residential units are provided at 10% below market value for the life of the building.
5. Site Specific	
a. Commercial/retail/industrial	Site-specific negotiation for commercial and industrial applications.
6. Priorities	
a. Status quo	Localized amenities and affordable housing contributions are balanced. Exact amenities determined through a site specific negotiation, which is currently how contributions are determined.

Testing the Interim Policy Framework

Attachment C illustrates how current applications would fit within the exemption scheme (both as proposed in the Council motion and as recommended by staff). Note that these projects are currently considered to be in-stream and therefore CAC contributions would continue to be evaluated through the site specific approach, not the interim policy. The purpose of sharing these projects is to give a broad indication of how exemptions could apply to a typical range of projects.

10 projects from a variety of local areas are included in the table, with information showing that:

- Most example projects are rental or have affordable home ownership options;
- Projects include a range of affordability levels, commitments to rental and local amenities offered;
- 1 of 10 applications would have contributed CACs under original Council direction;
- 9 of 10 applications would contribute some CACs under the proposed staff direction, with:
 - 5 applications requested to contribute full CACs*;
 - 4 applications requested to contribute partial (50%) CACs; and
 - 1 application exempt from CACs.

*Under the staff proposal, the projects with no exemptions could achieve a 50% reduction if they were to secure rental units for a longer period of time or increase the number of below market units.

A key takeaway from the assessment of recent projects is that a majority are rental or have affordable home ownership options. If Council were to provide full exemptions from CACs for these projects it would greatly impact the ability to achieve localized improvements to support community livability.

ALTERNATIVES

1. That Council approve the recommendation as outlined in the staff report.
2. That Council reject the recommendation as outlined in the staff report.
3. That Council provide alternate direction to Staff.

FINANCIAL PLAN IMPLICATIONS

The policy would potentially impact money contributed to amenities in Saanich. The level of change is expected to be minor, as the proposed approach is similar to current practice and intended to be in place for a short time. The interim policy would provide an opportunity to monitor financial impacts and incorporate learnings into the formal program.

STRATEGIC PLAN IMPLICATIONS

The development of the Interim CAC Policy initiative works towards addressing the following Strategic Plan initiatives:

- Consider options on how community contributions can be negotiated in an equitable, clear and focused manner;
- Investigate inclusionary zoning guidelines as a means to providing more affordable housing in the District of Saanich; and

- Explore options to increase below-market and rental housing in the District of Saanich.

CONCLUSION

The Interim Community Amenity Contributions Policy would provide direction over the short-term to guide community contribution negotiations. It would act as a placeholder while a more comprehensive Community Amenity Contribution and Inclusionary Housing regulations are developed.

On April 19, 2021, Council provided direction on amendments to the Interim Community Amenity Contributions Policy and referred the proposed amendments to staff for advice. Staff support the intent of the amendments, but have recommended changes based on: Administrative considerations; experience with recent applications; best practices; and Saanich housing needs.

Staff recommendations include simplifying the grandfathering approach, aligning density bonus provisions with the Official Community Plan (General Plan) designations and using the Uptown-Douglas Plan base and maximum heights to guide contribution targets.

Staff are also recommending that only partial exemptions be provided for rental housing units and projects where a minimum of 10% of housing units are offered at 10% below market value. By recommending a 50% CAC reduction for these projects, tangible incentives are provided for these applications, while ensuring that important localized amenities are still delivered. Additionally, Staff recommend that rental housing tenure be secured in perpetuity to protect these units and allow the building to fully contribute to the purpose built rental housing stock.

Collectively the proposed Staff refinements to Council direction look to:

- Improve clarity in interpreting and applying policy;
- Include guidance to ensure alignment with the Uptown-Douglas Plan land use framework;
- Ensure local amenities / enhancements are provided as part of most applications; and
- Provide incentives for purpose built rental housing, while ensuring secured tenure to allow this housing stock to serve the community over an extended period of time.

The Interim Community Amenity Contributions Policy seeks to provide clarity and guidance for Council, Staff, developers and the public during the negotiation of Community Amenity Contributions for residential rezoning applications and those seeking changes to height and/or density. The revised Interim Community Amenity Contributions Policy addresses Council's direction and provides additional recommendations on the parameters for contributions. The Interim Community Amenity Contributions Policy addresses process, priorities and contribution considerations. In the short-term, it is recommended that Council adopt the attached Interim Community Amenity Contribution Policy which systemizes the District's current processes.

Prepared by:



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Reviewed by:



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Approved by:



Sharon Hvozdzanski
Director of Planning

MS/jsp

Attachments: A. Interim Community Amenity Contributions Policy
B. Staff Report, dated March 29, 2021 - Interim Community Amenity Contributions Policy
C. Table of Potential Exemptions based on Current Projects

cc: Valla Tinney, Director of Finance
Shari Holmes-Saltzman, Manager of Current Planning

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation from the Director of Planning.

Paul Thorkelsson, Chief Administrative Officer

DISTRICT OF SAANICH

INTERIM COMMUNITY AMENITY CONTRIBUTION (CAC) POLICY

June 4, 2021

1. PURPOSE

The purpose of the Interim Community Amenity Contribution Policy (the “Policy”) is to provide guidance for Council, staff, developers, and the public for the negotiation of CACs as part of applications for rezoning and/or additional height in the District of Saanich.

A process is underway to develop a comprehensive Community Amenity Contribution and Inclusionary Housing program, which will provide more detailed direction for obtaining amenity contributions. The Policy is intended to be used in the short-term and would be replaced at such time that a structured community contribution program is in place.

2. OVERVIEW

Community Amenity Contributions (CACs) are cash or in-kind contributions provided, through negotiations, by developers when additional density and/or a change in land use is achieved through a rezoning process. The value of the contribution is negotiated and is a means to receive a public benefit from new developments. Typically, contributions include amenities such as affordable and supportive housing, daycare facilities, community facilities, park/plaza space, connections for pedestrians and cyclists, protection of natural areas, public art, public realm improvements, or cash contributions towards local improvements.

Amenities are an important component of creating complete communities. When communities change and grow with new development and increased densities, there is an increased need for infrastructure and amenities to support new and existing residents and employees in the area and offset potential impacts. The process of negotiating CACs is separate from other District requirements that are provided by applicants when additional density and/or a change in land use is achieved through a rezoning process; CACs are distinct from Development Cost Charges (DCCs) and other required servicing costs.

3. DISTRICT OF SAANICH CONTEXT

The District’s Official Community Plan (OCP) identifies a broad range of potential CACs that could be considered as part of the application review process (see OCP Policy 7.1.4). Potential CACs currently considered as part of development applications include not-for-profit housing or projects with an affordable housing component.

Currently, Saanich administers CACs through application-specific negotiations as part of the rezoning process, with negotiations based on the OCP and Local Area Plan policies, defined



Council objectives, community input, and assumed local need. Establishing a structured Program will enable staff to effectively negotiate public benefit commitments, achieve many of the District's objectives, and provide clarity for Council, developers and the community.

4. LEGISLATIVE CONTEXT

Provincial legislation enables local governments to require services, collect fees and/or obtain land from new development to address certain impacts of new growth. The following sections of the "Local Government Act" enable local governments to require new development to provide:

- Divide, limit and regulate land use (s. 479);
- Residential rental tenure (s. 481.1);
- Density benefits for amenities, affordable housing and special needs housing (s. 482);
- DCCs for off-site services (s. 559);
- Money towards acquiring school sites (s. 572);
- On-site services related to subdivision (s. 506);
- Excess capacity or extended services (s. 507);
- Up to 5% of land being subdivided for park land, or cash-in-lieu (s. 510); and
- Land for roadways (s. 513)

Not all impacts of developments are covered by these legislative provisions. The District of Saanich, along with many other local governments, believes that new development should not be a burden on local taxpayers and supplement the above requirements with negotiated Community Amenity Contributions, which address items that fall outside those that are legislatively mandated.

5. RELATED BYLAWS & POLICY

- Development Cost Charge Bylaw (Bylaw No. 9553)
- Development Cost Charge Reduction Bylaw (Bylaw No. 9607)
- Local Area Plans and Centre/Corridor Plans, including:
 - Shelbourne Valley Action Plan (Appendix "O" to Bylaw No. 8940)
 - Uptown-Douglas Plan (Endorsed, in Principle)
- Sustainable Saanich Official Community Plan (Bylaw No. 8940)
- Zoning Bylaw (Bylaw No. 8200)

6. POLICY

The Policy, its approach, and the community amenities to which the District considers desirable, seeks to balance the need for affordable housing and localized amenities. The Policy is subject to change over time and in response to evolving community needs, priorities, and benefits.

6.1. PROCESS

- i. District staff will lead negotiations for CACs on an application-specific basis and as guided by this Policy.
- ii. CACs will be negotiated for applications that include three or more units and where a rezoning is required or height beyond Zoning Bylaw allowances is requested.
- iii. CACs for applications for residential or mixed-use development will be evaluated based on targets and approaches described in Section 6.3 and 6.4 of this policy.
- iv. CACs for commercial and Industrial applications will be evaluated and negotiated on a site specific basis.
- v. For applications where a land lift analysis is required (See Section 6.3), the land lift evaluation will be conducted by a qualified, independent consultant at the cost to the applicant. The District retains the right to request a review of the submitted analysis.
- vi. The District has discretion to request an independent appraisal, at the cost of the applicant, to determine the value of Community Amenity Contributions that have been offered.
- vii. Rezoning applications that include negotiated Community Amenity Contributions will be secured via covenant and/or a housing agreement, and prior to acceptance/ issuance of the Building Permit.

6.2. PRIORITIES

- i. Community Amenity Contributions offered as part of an application should reflect priorities of the District, align with bylaw and policy direction, and include consultation with the local community association, groups and/or organizations.
- ii. Community Amenity Contributions offered to the District should reflect policy and associated priority items, as identified in the Official Community Plan and relevant Local Area Plans or Centre/Corridor Plans.
- iii. Community Amenity Contributions may take the form of affordable or supportive housing units or support for affordable housing through financial contributions to the Saanich Affordable Housing Fund.
- iv. Community Amenity Contributions should seek to balance localized amenities that provide benefit to immediate area (i.e. park improvements) with contributions that address affordable housing.

6.3. CONTRIBUTIONS

- i. A Community Amenity Contribution (CAC) statement is expected for all rezoning applications to which CACs are applicable. The statement must outline:
 - a. Relevant policy guiding the contribution;
 - b. Input received, including from staff, community associations, groups and/or organizations, which supports the CAC that has been offered;
 - c. Current financial value and future value of the CAC; and
 - d. Considerations for operating and full life-cycle costs.
- ii. Community Amenity Contributions should be commensurate with the scale and density of a proposed development.
- iii. Community Amenity Contributions must demonstrate a community benefit that is relevant and valued by the community.
- iv. Development servicing, frontage improvements or other standard requirements will not be considered a Community Amenity Contribution.
- v. Community Amenity Contributions may be refused should the District consider the offer to not be in the best interest of the District, in the short or long term.
- vi. For residential and mixed use applications within prescribed Official Community Plan height limits, the target CAC rate is \$3,000 - \$5,000 per unit (see Table 1).
- vii. For residential and mixed use applications beyond prescribed Official Community Plan height limits, CACs will be evaluated based on the approaches and target rates identified in Table 1.

Table 1: Established Base Heights, Amenity Contribution Targets and Land Lift Analysis Requirements

OCP Section	OCP Designation and Height Maximum	Application Type	CAC Contribution
4.2.3 (7)	Major and Neighbourhood "Centres"	Up to 8 storeys	\$3,000-\$5,000 per unit target rate
	Up to 8 storeys	Above 8 storeys	Land Lift Analysis targeting 50-75% of the land lift as a CAC
4.2.3 (9) & 4.2.4 (3)	"Villages" and Neighbourhoods	Up to 4 storeys	\$3,000-\$5,000 per unit target rate
	Up to 4 storeys	above 4 storeys to a max of 6 storeys	\$5,000 per unit target rate

		Above 6 storeys	Land Lift Analysis targeting 50-75% of the land lift as a CAC
4.2.3	Uptown Major Centre	All	See Table 2

- viii. For residential or mixed-use applications beyond prescribed height limits in the Uptown Douglas Plan (UDP) area, CACs will be evaluated based on the approaches and target rates identified in Table 2.

Table 2: Uptown-Douglas Plan Area Community Amenity Contribution Guidelines

Application Type	CAC Contribution
Up to Base Height identified in Map 5.1	\$3,000-\$5,000 per unit target rate
Greater than Base Height identified in Map 5.1	\$5,000 per unit target rate
Greater than 18 storeys	Land Lift Analysis targeting 75% of the land lift as a CAC

6.4. EXEMPTIONS

- i. Community Amenity Contributions will be waived for secured not-for-profit rental housing, as defined in the Development Cost Charges Reduction Bylaw.
- ii. A 50% reduction in the targeted CAC will be applied to purpose built rental units that remain where the rental tenure is secured in perpetuity.
- iii. A 50% reduction in the targeted CAC will be applied to projects where a minimum of 10% of the residential units are sold at a minimum of 10% less than the current median market rates and this price reduction is secured for the life of the building.

DEFINITIONS

Affordable housing is housing that does not exceed 30% of household income, as per general guidelines for social and subsidized housing in B.C. and an industry standard for lenders in determining feasibility of purchasing a home.

Community Amenity Contributions (CACs) are amenity contributions agreed to by the applicant/developer and the District of Saanich as part of a rezoning process and initiated by the applicant/developer. CACs can take several forms, including built assets, affordable housing units, and/or financial contributions towards infrastructure that cannot be obtained through Development Cost Charges.

Community Associations are independent groups that are guided under the Societies Act and not managed by the District of Saanich. They are comprised of local area residents who can provide valuable localized input to Council and staff on items of interest, such as land use planning and proposals.

Community Groups and Organizations can have an interest in parks, specific neighbourhoods or groups within the District of Saanich and work closely with Saanich Departments and Council.

Community Benefit is a benefit that is directly enjoyed by residents of the District of Saanich. For example, achieving a higher energy rating for a building that improves the physical and financial comfort of a building user is not considered a community benefit; a public plaza would be considered a community benefit



The Corporation of the District of Saanich

Report

To: Mayor and Council
From: Sharon Hvozdzanski, Director of Planning
Date: March 29, 2021
Subject: Interim Community Amenity Contributions Policy
File: 2830-50 • Community Amenity Contribution

RECOMMENDATION

That Council adopt the Interim Community Amenity Contributions Policy (see Attachment A).

PURPOSE

The purpose of this report is to:

- Provide Council with an overview of the District's current practices for receiving Community Amenity Contributions; and
- Seek Council's approval of the Interim Community Amenity Contributions Policy.

DISCUSSION

Council Direction

On June 22, 2020 Council directed staff to develop an interim Community Amenity Contributions policy to document the District's current approach to CACs, and to follow that up with a process to develop a comprehensive Community Amenity Contributions policy and framework. The Council motions state:

"That Council direct staff to make it a priority to create the Terms of Reference for a consultant to do the work on a Community Amenity Contributions Policy and Inclusionary Zoning framework and to refer it to the Housing Task Force prior to returning it to Council.

That Council direct staff to prepare a report describing the current approach to negotiating Community Amenity Contributions and possible interim strategies for a policy."

Context

Community Amenity Contributions (CACs) are cash or in-kind contributions provided, through negotiations, by developers when additional density and/or a change in land use is achieved through a rezoning process. The value of the contribution is negotiated and is a means to receive a public benefit from new developments. Typically, contributions include amenities such as consideration of affordable and supportive housing, daycare facilities, community facilities,

park/plaza space, connections for pedestrians and cyclists, protection of natural areas, public art, public realm improvements or cash contributions towards local improvements.

Amenities are an important component of creating complete communities. When communities change and grow with new development and increased densities, there is an increased need for infrastructure and amenities to support new and existing residents and employees in the area and offset potential impacts. The process of negotiating CACs is separate from other District of Saanich requirements that are required of, and provided by, applicants during the rezoning process; CACs are distinct from Development Cost Charges (DCCs) and other required servicing costs.

The District of Saanich does not currently have a Council-adopted policy for considering Community Amenity Contributions (CACs). Currently, the District of Saanich administers CACs through application-specific negotiations as part of the rezoning process, with negotiations based on the OCP and Local Area Plan policies, defined Council objectives, community input, recent precedents and assumed local need.

Community Amenity Contribution and Inclusionary Housing Program

A process is being initiated to develop a comprehensive Community Amenity Contribution and Inclusionary Housing Program (“Program”), which will offer a long-term, more detailed approach to obtaining Community Amenity Contributions (CACs).

The purpose of the Program is to provide guidance and a transparent, efficient, balanced and predictable process by which the District of Saanich can receive amenities, in the form of CACs through the rezoning process, and/or Density Bonus Zoning through the Zoning Bylaw. An examination of available tools and priorities would aid in the development of an approach. By establishing a clear policy framework, the District of Saanich would provide consistency and transparency for both the development industry and residents and balance the financial impacts of new development for the existing population.

The draft Terms of Reference for the Program is being presented to Council as a companion report in conjunction with this Interim Policy report (refer to Draft Community Amenity Contributions and Inclusionary Housing Program Terms of Reference report).

INTERIM COMMUNITY AMENITY CONTRIBUTIONS POLICY

The Interim Policy for Community Amenity Contributions (CACs) will provide guidance for staff, developers, the public and Council on the process of negotiating and securing CACs. A primary intent is to compile existing practices to provide clarity on the parameters for CAC negotiations.

The Interim CAC Policy is intended to apply as part of all rezoning applications and those developments that seek additional height. To assist staff in the review and negotiation of CACs, the Interim Policy provides a list of relevant bylaw and policy documents and, through policy, guides the process, delineates priority amenities, and highlights key considerations of administering CACs (see Attachment A).

The Interim Policy is intended to be used in the short-term and will be replaced at such time that a structured Community Amenity Contributions and Inclusionary Housing Program is in place. While the Interim Policy increases clarity for negotiations, there are still areas, such as the appropriate value of CAC, that are not clearly established and will need to be developed through the analysis and engagement planned as part of the Program development.

The Interim Policy is organized into three categories: Process, Priorities and Contributions.

Process

The process section outlines when CACs contributions are expected and outlines the process for negotiating and securing amenities. CACs are applicable for projects where three or more units are requested and a rezoning or increase in height is required. Not-for-profit rental housing projects are specifically excluded from CAC negotiations.

Priorities

The Interim Policy identifies a flexible approach to guide priorities for CAC contributions, primarily guided by priorities established through existing plans and policies, site conditions and community engagement. The Interim Policy identifies the need to achieve a balance between localized amenities and affordable housing contributions

Contributions

The policies in this section outline requirements for community contribution statements and speak generally to the scope and nature of acceptable contributions.

ALTERNATIVES

1. That Council approve the recommendation as outlined in the staff report.
2. That Council provide alternate direction to Staff.

As noted, the proposed Interim Policy primarily documents current practice. Should Council wish, they could provide additional direction on the parameters of the Interim Policy. Possible alternatives for Council include:

- a) Setting an Interim per Unit Target Contribution Rate: Should Council wish they could establish an interim per unit target contribution rate for all residential applications. This approach would enhance clarity for applicants on the desired value of contributions and set clear parameters for the negotiation. A potential downside of this approach is that it may not account for site specific conditions and variability of market conditions among different municipal geographies.

Should Council wish to utilize this approach, staff would recommend using recent precedents as a basis for establishing this rate. In general, recent projects have contributed approximately \$2,000 - \$5,000 per unit. Based on this information, if Council did decide to set an interim rate, \$3,000 per unit is recommended

- b) Providing Interim CAC Exemptions for Additional Development Types: The proposed Interim Policy waives CAC considerations for not for profit rental housing. Should Council wish, they could consider exemptions for other development types, including commercial /industrial, 100% rental, rental with below market (discounted) units and/or strata with below market (discounted) units.

At this stage, insufficient information is available to support blanket exemptions for additional development types. The economic analysis that would be completed as part of the development of the Community Amenity Contribution and Inclusionary Housing Program will help provide data that could inform future exemptions or partial exemptions.

- c) Prescribing Interim Amenity Contribution Priorities: The Interim Policy identifies the need to achieve a balance between localized amenities and affordable housing contributions. The exact amenities would be determined through a site specific negotiation. Should Council wish, they could amend the Interim Policy to be more explicit about priorities (i.e. set a target of 50% of contributions towards localized amenities and 50% towards affordable housing).

This approach would provide clearer direction for negotiations, but may reduce some of the policy's flexibility. Note that some area plans have identified local community contribution priorities that could be impacted if Council provides more prescriptive direction around allocation of contributions.

FINANCIAL IMPLICATIONS

There are no immediate financial implications associated with adoption of this policy. As the Interim Policy largely captures existing practice, there should not be a major change in the value or scope of amenities obtained as part of the development process.

STRATEGIC PLAN IMPLICATIONS

The development of the Interim CAC Policy initiative works towards addressing the following Strategic Plan initiatives:

- Consider options on how community contributions can be negotiated in an equitable, clear and focused manner.
- Investigate inclusionary zoning guidelines as a means to providing more affordable housing in the District of Saanich
- Explore options to increase below-market and rental housing in the District of Saanich.

PLANNING IMPLICATIONS

Policy

The following District of Saanich policies are the most applicable to this initiative:

Official Community Plan (2008)

- 4.2.2.4 “Through the development review process consider the use of variances and density bonusing to secure public amenities such as open space, playgrounds, landmarks, focal points, activity centres or cultural features.”
- 4.2.3.3 “Through the development review process consider the use of variances, housing agreements, covenants, phased development agreements and density bonusing to secure public amenities such as open space, playgrounds, landmarks, focal points, activity centres or cultural features.”
- 7.1.4 “Develop an amenity contribution policy, considering the inclusion of, but not limited to, the following amenities:
- Affordable housing units;
 - Privately owned, publicly accessible open space;
 - Public art;

- Floor space designated for non-profit arts activities;
- Contributions towards the enhancement of natural areas, public recreation facilities & green/open space;
- Contributions towards street and boulevard enhancements, including street furniture and decorative lighting;
- Daycare facilities;
- Preservation of heritage structures or features;
- Transit-oriented development;
- Green construction, green roofs, energy conservation, reduced carbon footprint;
- Underground or concealed parking;
- Bicycle facilities; and
- Public safety improvements (e.g. school crossings).”

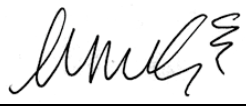
Local Area Plans and Centre/Corridor Plans

Within Local Area Plans and Centre/Corridor Plans, such as the Shelbourne Valley Action Plan, Uptown-Douglas Plan, and Draft Cordova Bay Local Area Plan, there are policies which identify priorities for CACs that were identified through the community planning process.

CONCLUSION

The Interim Community Amenity Contributions Policy looks to provide direction over the short-term to guide community contribution negotiations. The Interim policy is intended to act as a placeholder as a more comprehensive Community Amenity Contributions and Inclusionary Housing Program is developed. The Terms of Reference for the Program is being presented as a companion report to Council. The Program will include research, consultation with key stakeholders, and input from the public to develop a permanent Community Amenity Contributions Policy that will guide future the provision of public benefits in the long-term.

The Interim Policy seeks to formalize current practices and to provide clarity and guidance for Council, staff, developers and the public during the negotiation of Community Amenity Contributions for rezoning applications and those seeking changes to height and/or density. The Interim Policy addresses process, priorities and contribution considerations. In the short-term, it is recommended that Council adopt the attached Interim Community Amenity Contribution Policy which systemizes the District’s current processes.

Prepared by: 

Alanna McDonagh
Planner, Community Planning

Reviewed by: _____
Cameron Scott
Manager, Community Planning

Approved by: _____
Sharon Hvozdzanski
Director of Planning

AM/jsp

Attachments: A. Interim Community Amenity Contributions Policy

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation from the Director of Planning.

Paul Thorkelsson, Chief Administrative Officer

DISTRICT OF SAANICH

INTERIM COMMUNITY AMENITY CONTRIBUTION (CAC) POLICY

March 29, 2021

1. PURPOSE

The purpose of the Interim Community Amenity Contribution Policy (the “Policy”) is to provide guidance for Council, staff, developers, and the public for the negotiation of CACs as part of applications for rezoning in the District of Saanich.

A process is underway to develop a comprehensive Community Amenity Contribution and Inclusionary Housing program, which will provide more detailed direction for obtaining amenity contributions. The Policy is intended to be used in the short-term and would be replaced at such time that a structured community contribution program is in place.

2. OVERVIEW

Community Amenity Contributions (CACs) are cash or in-kind contributions provided, through negotiations, by developers when additional density and/or a change in land use is achieved through a rezoning process. The value of the contribution is negotiated and is a means to receive a public benefit from new developments. Typically, contributions include amenities such as consideration of affordable and supportive housing, daycare facilities, community facilities, park/plaza space, connections for pedestrians and cyclists, protection of natural areas, public art, public realm improvements, or cash contributions towards local improvements.

Amenities are an important component of creating complete communities. When communities change and grow with new development and increased densities, there is an increased need for infrastructure and amenities to support new and existing residents and employees in the area and offset potential impacts. The process of negotiating CACs is separate from other District requirements that are required of, and provided by, applicants when additional density and/or a change in land use is achieved through a rezoning process; CACs are distinct from Development Cost Charges (DCCs) and other required servicing costs.

3. DISTRICT OF SAANICH CONTEXT

The District’s Official Community Plan (OCP) identifies a broad range of potential CACs that could be considered as part of the application review process (see OCP Policy 7.1.4). Potential CACs currently considered as part of development applications include not-for-profit housing or projects with an affordable housing component.

Currently, Saanich administers CACs through application-specific negotiations as part of the rezoning process, with negotiations based on the OCP and Local Area Plan policies, defined



Council objectives, community input, and assumed local need. Establishing a structured Program will enable staff to effectively negotiate public benefit commitments, achieve many of the District's objectives, and provide clarity for Council, developers and the community.

4. LEGISLATIVE CONTEXT

Provincial legislation enables local governments to require services, collect fees and/or obtain land from new development to address certain impacts of new growth. The following sections of the "Local Government Act" enable local governments to require new development to provide:

- Divide, limit and regulate land use (s. 479);
- Residential rental tenure (s. 481.1);
- Density benefits for amenities, affordable housing and special needs housing (s. 482);
- DCCs for off-site services (s. 559);
- Money towards acquiring school sites (s. 572);
- On-site services related to subdivision (s. 506);
- Excess capacity or extended services (s. 507);
- Up to 5% of land being subdivided for park land, or cash-in-lieu (s. 510); and
- Land for roadways (s. 513)

Not all impacts of developments are covered by these legislative provisions. The District of Saanich, along with many other local governments, believes that new development should not be a burden on local taxpayers and supplement the above requirements with negotiated Community Amenity Contributions, which address items that fall outside those that are legislatively mandated.

5. RELATED BYLAWS & POLICY

- Development Cost Charge Bylaw (Bylaw No. 9553)
- Development Cost Charge Reduction Bylaw (Bylaw No. 9607)
- Local Area Plans and Centre/Corridor Plans, including:
 - Shelbourne Valley Action Plan (Appendix "O" to Bylaw No. 8940)
 - Uptown-Douglas Plan (Endorsed, in Principle)
- Sustainable Saanich Official Community Plan (Bylaw No. 8940)
- Zoning Bylaw (Bylaw No. 8200)

6. POLICY

The Policy, its approach, and the community amenities to which the District considers desirable, seeks to balance the need for affordable housing and localized amenities. The Policy is subject to change over time and in response to evolving community needs, priorities, and benefits.

6.1. PROCESS

- i. District staff will lead negotiations for CACs on an application-specific basis and as guided by this Policy.
- ii. Community Amenity Contributions (CACs) will be negotiated for applications that include three or more units and where a rezoning is required or height beyond Zoning Bylaw allowances is requested.
- iii. Community Amenity Contributions will be waived for secured not-for-profit rental housing.
- iv. The District has discretion to request an independent appraisal, at the cost of the applicant, to determine the value of Community Amenity Contributions that have been offered.
- v. Rezoning applications that include negotiated Community Amenity Contributions will be secured via covenant, and prior to acceptance/issuance of the Building Permit.

6.2. PRIORITIES

- i. Community Amenity Contributions offered as part of an application should reflect priorities of the District, align with bylaw and policy direction, and include consultation with the local community association, groups and/or organizations.
- ii. Community Amenity Contributions offered to the District should reflect policy and associated priority items, as identified in the Official Community Plan and relevant Local Area Plans or Centre/Corridor Plans.
- iii. Community Amenity Contributions may take the form of affordable or supportive housing units or support for affordable housing through financial contributions to the Saanich Affordable Housing Fund.
- iv. Community Amenity Contributions should seek to balance localized amenities that provide benefit to immediate area (i.e. park improvements) with contributions that address affordable housing.

6.3. CONTRIBUTIONS

- i. A Community Amenity Contribution (CAC) statement is expected for all rezoning applications to which CACs are applicable (see Policy 6.2.ii). The statement must outline:
 - a. Relevant policy guiding the contribution;

- b. Input received, including from staff, community associations, groups and/or organizations, which supports the CAC that has been offered;
 - c. Current financial value and future value of the CAC; and
 - d. Considerations for operating and full life-cycle costs.
- ii. Community Amenity Contributions should be commensurate with the scale and density of a proposed development.
 - iii. Community Amenity Contributions must demonstrate a community benefit that is relevant and valued by the community.
 - iv. Development servicing, frontage improvements or other standard requirements will not be considered a Community Amenity Contribution.
 - v. Community Amenity Contributions may be refused should the District consider the offer to not be in the best interest of the District, in the short or long term.

DEFINITIONS

Affordable housing is housing that does not exceed 30% of household income, as per general guidelines for social and subsidized housing in B.C. and an industry standard for lenders in determining feasibility of purchasing a home.

Community Amenity Contributions (CACs) are amenity contributions agreed to by the applicant/developer and the District of Saanich as part of a rezoning process and initiated by the applicant/developer. CACs can take several forms, including built assets, affordable housing units, and/or financial contributions towards infrastructure that cannot be obtained through Development Cost Charges.

Community Associations are independent groups that are guided under the Societies Act and not managed by the District of Saanich. They are comprised of local area residents who can provide valuable localized input to Council and staff on items of interest, such as land use planning and proposals.

Community Groups and Organizations can have an interest in parks, specific neighbourhoods or groups within the District of Saanich and work closely with Saanich Departments and Council.

Community Benefit is a benefit that is directly enjoyed by residents of the District of Saanich. For example, achieving a higher energy rating for a building that improves the physical and financial comfort of a building user is not considered a community benefit; a public plaza would be considered a community benefit

Attachment C: Potential Exemptions for Current Applications

(Note: These projects are intended to be illustrative examples only – the interim CAC Policy would not apply to these applications due to their status as in-stream applications)

Address	Development Proposal	Proposed Contribution / Value	Council Motion	Staff Recommendation
3956 Shelbourne St (University Heights)	Proposed mixed use, commercial/residential development 597 rental units Rental tenure is proposed to be secured in perpetuity. (within height limit of policy / OCP)	<ul style="list-style-type: none"> • A daycare secured for two years; • \$50,000 to the Affordable Housing fund; • \$20,000 to a Saanich led report on the safety and visibility of the cross walk at Cedar Hill Road and Arrow Road; • \$5,000 towards the memorial London Plane tree fund; • \$15,000 towards the fabrication of a ‘Shelbourne Street of unfinished Dreams’ placard to be placed on the subject property; • \$500,000 worth of Public Art; <p>Total Value: \$590,000 (\$988 per unit)</p>	Full exemption (no CAC)	50% reduction for rental (CAC target of \$1,500-\$2,500 per unit)
3447 Cook St	32 residential units. Rental tenure is proposed to be secured for 10 years.	<ul style="list-style-type: none"> • Proposed contribution to Cloverdale Child Care Society for playground and facility improvements. <p>Total Value: \$32,000 (\$1,000 per unit)</p> <p>This project was approved at a Public Hearing on July 9, 2019 and is waiting on Final Approval.</p>	Full exemption (no CAC)	No exemption / reduction (CAC target of \$3,000-\$5,000 per unit) ***Eligible for 50% reduction if rental secured in perpetuity
3200 Linwood Ave	97 unit affordable rental units for seniors. Not for profit. Rental for 40 years Affordable for 40 years	<ul style="list-style-type: none"> • n/a 	Full exemption (no CACs)	Full exemption (secured non-profit rental housing)

4734 Elk Lake Dr	<p>242-unit multi-family project</p> <p>43-units would be included in a CRD affordable ownership program (15% below market)</p>	<ul style="list-style-type: none"> • \$40,000 for two transit stops with T3 shelters on Elk Lake Drive; • \$10,000 for a new sidewalk and entrance to Elk/Beaver Lake Regional Park; • \$80,000 Contribution to the Capital Regional District for Elk/Beaver Lake – Haliburton Brook Highway Trail Reconstruction/Restoration; • \$500,000 to the Saanich Affordable Housing Fund; • \$50,000 to Commonwealth Place for program-related future facility upgrades; and • \$20,000 for the Viewmont Avenue street bikeway <p>Total Value: \$700,000 (\$2,893 per unit) (Does not include the value of the affordable units)</p>	Full exemption (no CAC)	<p>Land lift analysis required as project above OCP maximum and above 6 storeys;</p> <p>Contribution target of 50-75% of <u>land lift value would be reduced by 50%</u> due to project including affordable housing units.</p>
3656 Raymond St	<p>59-unit multi-family (Council did not approve this project)</p> <p>6 affordable units (10% below market) to be administered through the CRD</p>	n/a	Full exemption (no CAC)	<p>50% reduction for affordable home ownership</p> <p>(CAC target of \$1,500-\$2,500 per unit)</p>
986, 988, 992 Gorge Rd West and 2808, 2812, 2814 Rockwell Ave	<p>148-unit apartment building and 18 attached residential units</p> <p>5% of the units to be secured as affordable units to be made available to eligible low-moderate income home buyers at 10% below market value.</p>	Total Value: \$328,000 (\$1,975.90 per unit)	No exemption/reduction (CAC target of \$3,000-\$5,000 per unit)	<p>No exemption/reduction (CAC target of \$3,000-\$5,000 per unit)</p> <p>***Eligible for 50% reduction if 10% of residential units are provided at 10% below market value for the life of the building</p>

3400 Tillicum Rd	<p>242 multi-family and 1360 sq m of commercial space.</p> <p>121 units proposed to be secured as rental for 10 years;</p> <p>12 units to be designated as affordable units for 10 years, to be rented at 10% below new market rents at the time of occupancy for the new rental building.</p>	<p>Total Value: \$242,000 (\$1,000 per unit)</p>	Full exemption (no CAC)	<p>No exemption / reduction (CAC target of \$3,000-\$5,000 per unit)</p> <p>***Eligible for 50% reduction if rental secured for in perpetuity</p>
1555 McKenzie Ave	<p>407-unit, mixed use residential and commercial building</p> <p>100% at market rental building secured by covenant for life of building</p>	<ul style="list-style-type: none"> • London Plane Tree Fund - \$10,000 • Car share stall, electric or hybrid - \$50,000 • In kind public art contribution - \$80,000 • Affordable Housing Fund - \$150,000 <p>Total Value: \$290,000 (\$713 per unit) (Does not include the value of the affordable units)</p>	Full exemption (no CACs)	<p>50% reduction for rental</p> <p>(CAC target of \$1,500-\$2,500 per unit)</p>
4096 Tourquay Ave	<p>90-unit multi-family</p> <p>30% of the units as market rental for a 10 year duration</p>	<ul style="list-style-type: none"> • Will connect the sidewalk past the frontage to where it meets the sidewalk along Feltham • Will explore other potential CAC options <p>Total Value: n/a</p>	Full exemption (no CACs)	<p>No exemption/ reduction (CAC target of \$3,000-\$5,000 per unit)</p> <p>***Eligible for 50% reduction if rental secured in perpetuity</p>

<p>1514, 1520, 1538 Cedar Hill Cross Rd and 3801 and 3811 Cedar Hill Rd</p>	<p>102-unit senior's housing and complex care and daycare</p> <p>5 below market rental units for seniors (not specified on how this is secured or with what conditions)</p>	<ul style="list-style-type: none"> • An additional road dedication (1.3 m additional) • Dedicated childcare space • Pocket playground with benches on Cedar Hill X Road frontage • Anticipated ADP meeting in late June <p>Total Value: n/a</p>	<p>Full exemption (no CACs)</p>	<p>No exemption/ reduction (CAC target of \$3,000- \$5,000 per unit)</p> <p>***Eligible for 50% reduction if rental secured in perpetuity</p>
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