

MEMORANDUM

PREPARED FOR: The District of Saanich
DATE: February 17, 2022
SUBJECT: Phase 1 Memorandum – Summary of CAC and IH Best Practices

1.0 INTRODUCTION

The following memo provides an overview on best practices for Community Amenity Contributions (CACs) and Inclusionary Housing. It also outlines the District of Saanich's current approach through their Interim CAC Policy, including key considerations for discussion as the CAC & Inclusionary Housing Program and Policy is developed. The document is broken into four parts, including this introduction, an overview of important concepts (**Section 2**), Approaches to Density Bonusing, CACs, and Inclusionary Housing (**Section 3**) and the District of Saanich's Current Approach (**Section 4**).

Appendices to this memo include:

Appendix A – Background Review

Appendix B – Comparative Communities: CACs, Density Bonusing & Inclusionary Zoning

Appendix C – Tabulation of CAC Approaches

2.0 OVERVIEW OF CONCEPTS

Population growth and new developments create additional demand for amenities and services. To maintain a healthy community, it is imperative that amenities grow proportionally to the number of residents and to create complete communities.

The most common philosophy guiding financing approaches to community growth is: “growth pays for growth.” Under this philosophy, new development is fiscally responsible for increasing capacity of community infrastructure, not local taxpayers, in ways that support changing populations and urban forms.

Local governments in British Columbia have many tools available to ensure that new development pays for, or contributes towards, the cost of new infrastructure and community amenities. In the following subsection we provide an overview of Development Cost Charges (Section 2.1), Density Bonusing (Section 2.2), and Community Amenity Contributions (Section 2.3). These zoning-based tools support communities in developing new amenities and services.

In general, there are two approaches to zoning-based tools for achieving community amenities – the “Basket of Goods Approach” and the “Value Capture / Ability to Pay Approach”.

- The **Basket of Goods Approach** mirrors the process of establishing a DCC bylaw. In this approach a list of amenities (i.e., Basket of Goods) and associated capital costs are identified for (or with) the community. The share of that capital cost that should be attributed to new growth is determined and is apportioned accordingly amongst new development to establish rates.

- The **Value Capture / Ability to Pay Approach** is based on the understanding that rezoning often creates increased land value. The act of increasing the allowable density, or changing the use, on a site often increases that site's value. This is known as 'land lift'. Local governments effectively create this value by nature of their approving authority. This approach looks at who should benefit from the land lift, and in what proportions. Generally, it is negotiated at the time of rezoning.

Often, municipalities will look to combine the above approaches, looking both at what is required to fund desired amenities, and what is feasible from a development economics standpoint.

Lastly, in Section 2.4, we provide an overview of Inclusionary Housing. Inclusionary Housing program objectives and targets are integrated into the zoning-based tools to support the creation of affordable housing within the community, alongside other needed amenities and services.

2.1 DEVELOPMENT COST CHARGES

Development Cost Charges (DCCs) are fees collected from developers on a user pay basis to help fund the cost of growth-related infrastructure and parks. DCCs are regulated by the province through the *Local Government Act* (LGA) and directed by the DCC Best Practices Guide. The LGA specifies five infrastructure categories for which DCCs can be collected and used, including:

- Transportation (including Active Transportation);
- Water;
- Sanitary;
- Drainage; and
- Park Acquisition and Improvements.

The LGA and DCC Best Practices Guide provide very specific guidance for how DCCs can be applied and define the types of eligible DCC projects. Notably, for park improvements, eligible projects can only include projects which benefit all user groups and cannot include parking, sports field lighting, artificial turf, and sport courts. As DCCs are limited to the five specific infrastructure categories identified above, they cannot be used to pay capital costs for new libraries, fire halls, police stations, affordable housing, or recreation buildings. They also cannot be used for the operation and maintenance of District's infrastructure.

2.2 DENSITY BONUSING

Density bonusing is one tool available for securing either the delivery of specific built amenities, or cash-in-lieu contributions that can be used to fund amenities. Under the terms of Section 482 in the *Local Government Act* (LGA), municipalities can build density bonus policy into their zoning bylaws, in which different density rules are established within a given zone such that there is one density rule generally applicable (a 'base' density), and other density levels that can be accessed if certain conditions are met.

Density bonusing provisions are intended to provide options for developers, to either build to a base density as-of-right or build to a bonus density in exchange for stipulated amenities or cash-in-lieu provision. The types of conditions that may be included in a density bonusing bylaw include the conservation or provision of specified amenities, inclusionary housing, and/or requirements for housing agreements prior to building permit.

2.3 COMMUNITY AMENITY CONTRIBUTIONS (CACs)

CACs are another zoning-based tool used to secure amenities. The key difference from density bonusing is that CACs are not explicitly legislated in the *Local Government Act*. The lack of clear legal authority has at times created uncertainty about implementing CAC policies, and inconsistency in local governments' approach to implementation (and even terminology used).¹ CACs are, effectively, an agreed upon contribution (cash or in-kind) obtained by a local government at the time of rezoning. It is entirely optional or voluntary (i.e., it cannot be classified as a "fee"), insofar as a development could be undertaken under the as-of-right zoning conditions without a CAC.

Provincial Policy Context

Community amenity contributions are not legally defined as a tool for local governments in British Columbia through the *Local Government Act* (LGA) or *Community Charter*. Only density bonusing, described in Section 482 of the LGA is explicitly established by the Province as a tool for municipalities to seek out contributions in exchange for greater densities.

Despite the lack of legal framework for CACs, they are still widely used throughout British Columbia to capture value from rezoning. The former Ministry of Community, Sport, and Cultural Development published a provincial guide to CACs in 2014 (*Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability*) that has become a go-to resource for municipalities.

To help navigate the legality of CACs, the law firm Young Anderson produced a discussion paper on the issue titled *A Defence of Community Amenity Contributions* (2019). A summary of the legal debate can be found in **Appendix A**, as part of the background review.

2.4 INCLUSIONARY HOUSING

Inclusionary housing programs refer to the framework of policies, regulations, and other tools used to create affordable housing by collecting concessions from developers. There are two broad types of inclusionary housing programs: mandatory and voluntary.

1. **Mandatory Programs** require developers to provide affordable housing as a condition of receiving development approval. Mandatory programs would use inclusionary zoning, which is not permitted under BC legislation, within a zoning bylaw to require a defined percentage of affordable dwelling units within a new residential development.
2. **Voluntary Programs** (also called incentive-based or negotiated approaches) encourage developers to provide affordable housing by using regulatory concessions as incentives. Under voluntary programs, affordable housing objectives can be integrated into Density Bonusing and CAC policies for contributions that include built units and/or cash-in-lieu.

Inclusionary housing programs generally follow these key characteristics²:

¹ There are cases where policies for density bonusing are referred to as CACs, and vice versa.

² Inclusionary Housing Canada. (15 Sept 2014). Retrieved from www.inclusionaryhousing.ca

- *Engage private developers to build and provide housing at a below-market price or rent*
- *Provide housing that is affordable on a long-term or permanent basis to succeeding owners or renters*
- *Provide affordable housing within market housing developments and not on separate sites or in different locations.*
- *Rely on concessions available through the regulatory process (like density bonuses) – and not financial subsidies – to reduce the cost burden on the developers for providing the affordable housing.*
- *Operate under fixed and non-negotiable rules that treat all developers in a consistent, equitable and transparent way.*

In general, research indicates that mandatory programs are more effective at producing affordable housing. However, mandatory programs are not possible within the current BC legislative framework.

3.0 APPROACHES TO DENSITY BONUSING, CACS, AND INCLUSIONARY HOUSING

Local governments take different approaches to density bonusing, CACs and inclusionary zoning. Generally, we can group these into four common approaches, each with their own sub-stream variations:

- Density Bonus provision within a zoning bylaw
- Target fixed rate CACs at rezoning
- Negotiated CACs (as a condition of rezoning)
- Hybrid approaches

3.1 DENSITY BONUS PROVISION IN A ZONING BYLAW

Inserting density bonus provisions into a zoning bylaw is the most clear and direct approach. There are two ways to implement this approach.

Pre-Zoning

The first is to **pre-zone** specific parcels with a new zone that includes density bonus provision, or to build new density bonus provisions into an existing zone. For example, the City of New Westminster used the 'pre-zone' approach in 2010 when they included density bonus provisions directly into their townhouse and low-rise multiple dwelling zones. A fixed rate (based on \$/sq. ft. above a base density) is applied and varies depending on location within the City and built form. The specific rates, and their variability area to area, was rooted in pro forma economic analysis. In this case, the developer can choose to build to the base density at no additional cost (as-of-right) or add bonus floor area up to the maximum in the zone in exchange for payment of the stipulated rate for each incremental square foot. Should the developer choose to build bonus

density, no rezoning is required, and the contribution is triggered by a development permit.

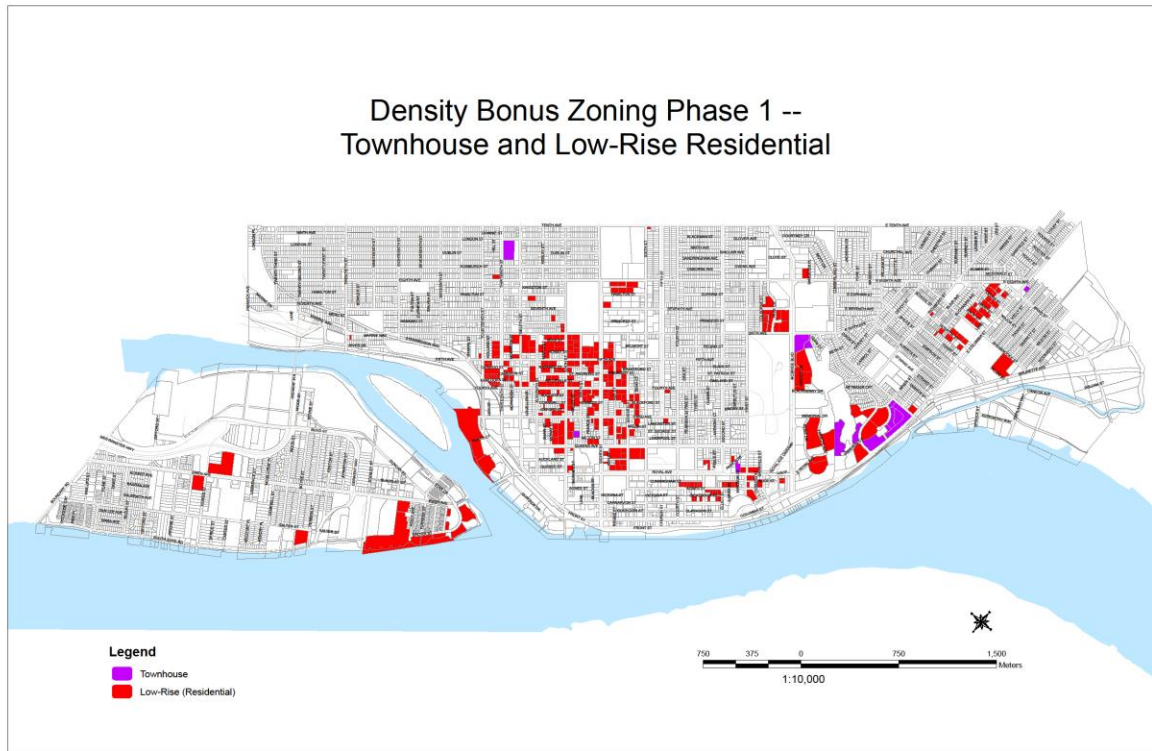


Figure 1 - Parcels in New Westminister that have been Pre-Zoned with Density Bonus Provisions

Rezoning

The second approach is to **require a rezoning** 'into' a density bonus zone to access the additional density. Generally, this includes the following three options:

- Rezone to an existing zone that includes density bonus provisions
- Rezone to a customized comprehensive development (CD) zone that permits the increased density
- Rezone to an existing 'shelf ready' zone that has been created to allow for the increased density

To continue with the City of New Westminister as an example, they have also implemented a rezoning approach to density bonusing. The high-density residential and mixed-use zones require a rezoning process to access the bonus density. Instead of building the bonus density directly into these zones, separate bonus density zones were created.

- For example, to access the bonus density in the C4 Zone, applicants must rezone to the C4 (DB) Zone.
- The rezoning triggers public consultation and Council approval.
- Similar to the pre-zone approach, rates are set on a \$ / sq. ft. basis depending on the area of the city and the form of development. The table of rates is included in Table 3.1 below.

Table 3.1 - Table of Rates for Density Bonusing in New Westminster

Housing Form	Location	Contribution per Area Above Base Density
Townhouse	Mainland	\$120 / sq.ft
	Queensborough	\$120 / sq.ft
	Downtown	\$90 / sq.ft
Apartment (Six Storeys or Less)	Mainland	\$120 / sq.ft
	Queensborough	\$65 / sq.ft
	Downtown	\$90 / sq.ft
Apartment (Six Storeys or More)	Downtown	\$50 / sq.ft

Regardless of whether a density bonus ‘ladder’ is accessed via pre-zoning or through rezoning, the requirements to access the bonus density may include in-kind amenities or cash-in-lieu. Inclusionary housing requirements can be built into the density bonusing bylaw through either the explicitly required provision of in-kind units or floor area that meet specific affordability criteria or required cash-in-lieu contributions with pre-determined proportions of that contribution dedicated to an affordable housing reserve.

3.2 TARGET FIXED RATE CAC AT REZONING

A similar, but technically different approach, is to implement CAC targets for rezoning applications. This approach may be attractive if including density bonus provisions directly into the bylaw is not practical or feasible (i.e., there is not a desire to open the zoning bylaw to amendments).

Since CACs cannot be implemented as a charge or fee, this approach establishes a “target rate” (or multiple target rates) to be paid at the time of rezoning. Should a developer wish to increase density on site (often to develop a project that meets with land designations per a neighbourhood or community plan), a rezoning process is required. In most instances, the site is re-zoned to a site-specific customized zone. The process is entirely voluntary and is initiated by the applicant.

The City of Victoria provides an example of target fixed rate CACs. Victoria’s OCP has identified certain land use designations where growth and density are expected. Within these designations the OCP identifies both a base and maximum allowable density. To access the bonus density, applicants may undergo a rezoning, given adherence to certain criteria (see Figure 2). Target CAC rates are set on a \$ / sq. ft. basis depending on the OCP designation.

The City of Victoria’s “Density Bonus” policy is also an example of a hybrid approach but provides a clear example of target fixed rate CACs. The target rates and /or expected on-site contributions vary by land use designation, and payment contributions are triggered through the rezoning process. Victoria’s policy is also notable in that it provides an example of conflated terminology, something that is not uncommon in discussions and writings pertaining to amenity zoning. While the policy is calling for (and setting target rates for) CACs, it is put forward as a “density bonus” policy.

Figure 2 - City of Victoria Target Fixed Rate CAC Table

OCP Urban Place Designation	FixedRate Target Eligibility*	Amenity Contribution Target for standard rezonings**	Negotiation for on-site affordable housing expected***
Urban Residential	✓	\$5/sq. ft. (\$53.82 per sq. m.) of bonus density	
Small Urban Village	✓	No amenity contribution for standard rezonings	
Large Urban Village	✓	\$5/sq. ft. (\$53.82 per sq. m.) of bonus density	
Core Residential and Core Business requesting less than 30,000 sq. ft. of bonus density	✓	\$12/square foot (\$129.17/sq. m.) of bonus density	
Town Centre		Based on economic analysis	✓
Core Residential and Core Business requesting 30,000 sq. ft. or more of bonus density		Based on economic analysis	✓
Core Historic		Based on economic analysis	
Core Inner Harbour Legislative		Based on economic analysis	
Core Songhees Area		Based on economic analysis	

* Proponents of a rezoning eligible for a fixed rate target may choose instead to propose amenity contributions based on an economic analysis of the individual project (see 5., below).
 ** A standard rezoning is defined as a project which:
 1. Does not require an amendment to the Urban Place Designation in the OCP;
 2. Does not require rezoning from industrial, general employment or institutional zoning to residential or residential mixed use zoning;
 3. Does not require significant on-site circulation or public amenities specified in a City plan;
 4. Is no larger than one city block;
 5. Does not contain a building which is eligible for heritage designation, listed on the heritage register, or identified by a Local Area Plan as being of heritage merit;
 6. Is not subject to a Master Development Agreement (MDA).
 *** Affordable housing contributions offered by applicants may be considered in any Urban Place Designation on a case-by-case basis.

3.3 NEGOTIATED CACS

Although this approach is not recommended in the Provincial guide, many local governments do take a case-by-case negotiated approach, often guided by economic analysis to determine “land lift” and associated CACs at rezoning. As discussed above, land lift is the additional residual value of land created by a change in use and /or density. Land values are typically a function of development entitlements and can be calculated through a residual approach: *revenue minus cost minus profit equals land value*.

The negotiated CAC approach is grounded in a particular philosophy on who should benefit from land lift; is it the municipality (and by extension the taxpayers), the developer, the land vendor, or some combination? At times, the negotiated approach may be based in something more ‘formulaic’, such as past amounts achieved through previous negotiations, converted to \$/sq.ft. equivalents, or based on a target that a municipal council hopes to achieve; the latter may be driven by cost estimates of future amenity requirements, or may be based in other considerations.

Simplified Example of Negotiated CAC Redevelopment based on Land Lift Calculation	
<u>Revenue Calculations:</u>	
• Gross projected sales of new units:	\$351.5 million
o Less commissions & marketing:	\$16.0 m
• Net sales of new units:	\$335.5 m
• Net Operating Income (annual), commercial space:	\$4.1 m
• Capitalized Value of commercial @ 6% cap rate:	\$68.8 m
• Total Revenues / Values of Project:	\$404.3 m
<u>Cost Calculations</u>	
• Land value before redevelopment	\$29.0 m
• Demolition	\$4.0 m
• Servicing	\$12.6 m
• Hard Costs	\$173.8 m
• Soft Costs	\$43.0 m
• Business interruption costs	\$1.4 m
• Tenant Improvements (TIs):	\$10.0 m
• Total Construction Costs	\$261.2 m
• Contingency	\$18.2 m
• Interest costs on construction	\$19.2 m
• Total Costs (construction, interest, land)	\$298.6 m
• Profit (15% on cost)	\$44.8 m
o Less profit on built amenities	\$3.8 m
• Total Project Costs incl. Profit	\$339.6 m
<u>Land Lift & Gross CAC</u>	
• Revenue less cost less profit	\$64.7m
• CAC @ 75% of lift	\$48.5 m
<u>CAC In-Kind versus Cash Calculation</u>	
• Rental and Seniors Hard Cost	\$20.7 m
• Hard Cost for Neighbourhood House	\$1.1 m
• Hard Cost Adult Day Care	\$660k
• Associated Parking Hard Costs	\$2.8 m
• Total Built Amenity Hard Costs	\$25.3 m
• Soft Costs	\$4.3 m
• TIS on NH and ADC	\$834k
• Contingency	\$2.0 m
• Interest	\$2.2 m
• Total Cost of Built Amenities	\$34.63 m
• Total Cash CAC (\$48.5 - \$34.6)	\$13.9 m

Generally, negotiated approaches to CACs are most useful (and justifiable) for large, complex, multi-phase rezoning applications, where local government wants to have the latitude to ensure that the right mix of amenities is achieved. Negotiations often slow the rezoning process and can create significant uncertainty for developers. They are also less transparent for the public and developers. If all rezoning applications are subject to negotiated CACs (as they are in some places), this can reduce the supply of development sites and the overall pace of development, thereby contributing to higher housing costs. It can also create additional complexities in the development approvals process which can be navigated by larger, experienced developers but may unduly burden smaller or less experienced operators.

3.4 HYBRID APPROACHES

Many local governments create a hybrid approach, combining the first three approaches or implementing different approaches for different areas of their municipality. The following demonstrates two examples of hybrid approaches.

1. A new zone is created that indicates both a base and bonus density. This zone is not applied to any parcels, but rather is a 'shelf-ready' zone. It provides developers with a variety of options:
 - Build under existing zoning on the parcel, ignoring the newly created zone
 - Re-zone to the new zone and build to the base density. This does not trigger any amenity contributions
 - Re-zone to the new zone and build up to the maximum bonus density threshold in exchange for defined amenity contributions (in-kind, cash-in-lieu, inclusionary housing)
 - Re-zone to a comprehensive development (custom) zone, ignoring the newly created zone, and negotiate CACs. That negotiation will be driven by a combination of land lift calculation and municipal amenity requirements / targets.
2. A maximum density is specified for an area in an OCP or Neighbourhood Plan but does not set out the process for amenity contributions. It is assumed in this case that amenity contributions will be negotiated at the time of rezoning. There is uncertainty in the outcome, as any of the above approaches could be implemented for amenity contributions.

3.5 REGIONAL SCAN

The following section provides information on comparative communities that use CACs, density bonusing, and/or Inclusionary Housing (Zoning) in British Columbia. The selection is based on conversations with municipal staff and is not intended to be comprehensive or to highlight 'best practice'. The below summary table relates case studies of comparable communities in **Appendix B** and a larger tabulation of CAC approaches can be found in **Appendix C**.

	Victoria	North Vancouver	New Westminster	Richmond	Langford
Type	CACs	Density Bonus & CACs	Density Bonusing & CACs	Density Bonus and CACs	CACs
Formula	Target Fixed Rate & Negotiated (limited)	Target Fixed Rate & Negotiated (limited)	Fixed Rate, Target Fixed Rate and negotiated.	Target Set Rate & Negotiated through PDAs	Target Fixed Rate
Amenity Types	Affordable housing, greenways, public art, police, fire, and recreation centres	Affordable rentals, community amenities, employment generation, and heritage conservation	Affordable housing, childcare, public art, and general amenities	Affordable housing, childcare, community planning, community beautification, etc.	Affordable housing, childcare, park or public space, public art, community gathering spaces, etc.
Housing Type	Homeownership (moderate income) & Rental (low to moderate incomes)	Non-market, below market & special needs rental units	Below Market & non-market rental	Low end of rental market	Non-market housing
Inclusionary Housing Targets	Level A: cash-in-lieu Level B: Fixed target rate (%/FSR or units) of FSR or total units for built units (60+ units). Cash-in-lieu (<60 units)	Category A: cash-in-lieu Category B: Determined via Housing Action Plan (100% rental projects). Fixed target rate (%/density bonus) as built non-market units, OR bonus density transfer to maintain an existing rental building (other projects).	Tiered fixed target rate, built units (%/total units) based on density bonus requested	Variable %/unit on geographic location. Variable \$/sq.ft cash-in-lieu or provision of secondary suite (SF)	\$1,000/Single Family Equivalent (SFE), or one affordable housing unit in rezonings with 15 or more single family units.
CAC and/or Density Bonusing Target Rates	Tiered, variable \$/sq.ft In certain cases, built units required Negotiated through economic analysis. Cash-in-lieu: 70% Victoria Housing Reserve Fund; 30% community amenities	Tiered, set rate (\$/sq.ft) between two categories. Negotiated. Cash-in-Lieu: 80% to Community Amenity Reserve Fund; and 20% to Affordable Housing Reserve Fund.	Variable rate (\$/sq.ft) based on housing form and area Cash-in-lieu: 30% to affordable housing, 10% to childcare, 10% to public art, and 50% to general amenities	Set Rate (\$/sq.ft) Cash-in-lieu: 50% to childcare, 38% to community beautification, 12% to other amenities.	Target set rate (\$/Single Family Equivalent[SFE]) based on geographic area 15% – 26% to affordable housing reserve fund (depending on area); 74% - 85% to general amenity reserve fund
Exemptions	100% purpose-built rental, 100% non-market, non-residential, projects with heritage conservation (if greater than CAC value)	Zones: Residential Level 1 (single detached) or Residential Level 2 (duplexes, triplexes and row homes)	IZ: Wood frame (time limited); projects <10 units; townhouses only; developed under Secure Market Rental Policy; or high existing entitlements. CAC: N/A	No exemptions	No exemptions
Geographic Considerations	Emphasis on Urban Core, Town Centres, and Large Urban Villages	Targets split between city centre and other locations	Phase 1 density bonus – Applies across the City; Phase 2 density bonus – focuses on downtown area	LEM RP differentiates between in/out City Centre. CACs are city-wide.	Lower target set rates for city centre and Sooke Rd. corridor.
Scale Considerations	<60 units cash-in-lieu; 60+ units-built units	No scale considerations	Varies on housing form not units	>60 units require built; 60 or less is cash-in-lieu	Rezonings with 15 or more single family units to provide affordable housing unit.
Notes	Number of inclusionary ownership units determined by economic analysis.	Other community benefit categories exist for employment generating uses and heritage conservation.	DCCs can also be waived as an incentive for affordable housing	West Cambie Alexandra Neighbourhood has its own affordable housing calculations,	Affordable homes have an agreement tied to the title that limits resale value for 5-years.

3.6 APPROACHES - SUMMARY

Common Practice: CACs and Density Bonusing are common practice around Metro Vancouver and Vancouver Island to gather amenity contributions.

Not Either / Or: Use of density bonusing and CACs in conjunction, either in different areas of a municipality, or in 'layers' (e.g., CAC at rezoning, and density bonus built into the zone to which the project has rezoned), is common. Density bonusing can be quite effective for projects that do not require rezoning, while CACs will cover projects that go through a rezoning process.

Inclusionary Zoning: True inclusionary zoning is not possible in British Columbia. Instead, communities integrate inclusionary zoning (housing) as specified targets in their Density Bonusing and/or CAC policies making it a voluntary program as developers can stay at base density. Specified inclusionary housing targets can include in-kind units and/or cash-in-lieu contributions. Density Bonusing & CAC policies can also state the allocation of cash contributions that goes towards an Affordable Housing Reserve Fund (or equivalent).

Inclusionary Housing Provisions: Most inclusionary zoning policies target low-end of market or below-market rental rates. Deeply subsidized units are not generally targeted through inclusionary zoning policies as they require operating subsidies and are more difficult to effectively operate. Furthermore, built units are preferred over cash-in-lieu because the affordable units become available more quickly and are generally worth more than cash-in-lieu contributions. With that said, not-for-profit housing operators require a certain number of units to achieve economics of scale, which can make cash-in-lieu preferable in smaller developments.

Transparency: Developers value transparency and certainty. Density bonusing and CAC (target) rates should, ideally, be presented in clear tabular format with full clarity on how rates are going to be changing over time (or formula for such).

Updates: Rates should be updated regularly to reflect changes to market conditions. Some municipalities have provision for automated (or formulaic) annual rate adjustments, plus stipulated timeframes for more complete policy reviews.

Tiers or Steps: A "stepped" approach, whereby different rates may apply to different density ranges, building types, or geographic areas, may be beneficial.

- Victoria, for instance, charges its first 'tier' of flat rates for the density between existing zoning and base OCP density, and a second 'tier' for the density above OCP base. Further, CAC target rates, or the stipulation for specific on-site amenity provision (e.g., inclusionary units) varies by area. This type of policy structure is responsive to the differential amenity needs by area (in this case, providing inclusionary units in the Urban Core and Town Centres), and the varied ability to pay CACs area to area.

The stepped or variable rate system allows for greater control of development incentives and can also be used to better reflect development realities such as lower revenue potential in some areas, increased costs associated with shift from wood to concrete construction or provision of additional levels of underground parking. However, applying different approaches or tiers in multiple geographies can also create administrative challenges.

Land Lift Capture: If and when a land lift approach is used (either on a project-specific negotiation, or as the basis for target rate setting), municipalities tend to aim for a capture of anywhere between 25% and 75% of the lift.³ Communities with significant development demand tend to have contribution targets at the higher end of this range, while smaller municipalities with less demand, or those that are only beginning to use amenity contributions, tend to be closer to the lower end.

Clarity of Protocol: Some municipalities elect to charge contributions on *all* units or FSR, while others will credit the first unit, or whatever the additional unit count or FSR could have been under existing zoning. There is no clear direction on what “should” be done in this regard, but it is important to be clear on the expectation and use the correct assumptions when calculating the ability to pay amenity contributions through Density Bonusing or CACs.

Table 3.2 - Considerations for Negotiated Approaches to CACs

Advantages	Disadvantages	Most Appropriate For
<ul style="list-style-type: none"> • Allows for site-by-site analysis • Accounts for current market conditions and financial realities • Ensures CAC does not exceed an amount that can be supported by each rezoning • Potential to achieve larger contributions than formulaic approaches • Maximizes level of municipal discretion for amenity types, cash versus in-kind, etc. • Maximizes level of flexibility for defining type of inclusionary housing. • Requires construction of inclusionary units to access added density, leading to development of new priority unit types 	<ul style="list-style-type: none"> • Time consuming and expensive (developer and municipality) • Creates uncertainty for all parties • May result in little to no CAC (or inclusionary units) • Not consistent with the Provincial guide • Favours larger and /or more sophisticated developers 	<ul style="list-style-type: none"> • Large, complex rezonings • Sites identified as appropriate for large amenities / public facilities • Sites involving change in use and change in density • Rezonings that exceed densities identified in an OCP

**Red text indicates considerations specific to inclusionary housing.*

³ City of Vancouver sets density bonus rates on the basis of a 100% lift capture, and CAC target rates on the basis of 75% lift capture. The rationale is that in the latter, developer risk and timelines are substantially greater, as they are subject to the rezoning process, whereas in the former, there is no rezoning risk.

Table 3.3 - Considerations for Formulaic Approaches to Amenity Zoning (CACs, DB, IZ)

Advantages	Disadvantages	Most Appropriate For
<ul style="list-style-type: none"> • Clear, fair, and transparent for developers • Allows certainty for municipality and developer on what will be contributed • Can be developed flexibly according to geography (e.g., town centres versus single-detached neighbourhoods) • Costs associated with negotiating the value of a contribution (both developer and staff) are eliminated 	<ul style="list-style-type: none"> • Rates need to be updated regularly to 'keep up' with changing market conditions • Some projects would have been able to support higher contributions • Rates set too high will reduce number of development sites (and units delivered) • To determine target share of floor space allocated to affordable housing, must define required levels of affordability up-front. This reduces flexibility to obtain different types of affordable housing over time. 	<ul style="list-style-type: none"> • Smaller and / or common rezonings • Rezoning with modest density increases • Rezoning consistent with OCP / area plan maximum density targets

*Red text indicates considerations specific to inclusionary housing.

Table 3.4 – Density Bonusing (Formulaic Approach)

Advantages	Disadvantages	Most Appropriate For
<ul style="list-style-type: none"> • Advantages of 'formulaic approaches', per Table 3.3 above, plus: • Explicitly permitted under the <i>Local Government Act</i> (s.482) • Clearly outlines density rules within a zone, and conditions under which higher density is permitted (including affordable housing provision) • Pre-zoning with density bonusing avoids time, cost, and uncertainty of a developer-initiated rezoning 	<ul style="list-style-type: none"> • Disadvantages of 'formulaic approaches', per Table 3.3 above. • Requires considerable up-front work to update zoning bylaw, particularly if looking to pre-zone. • Inclusionary zoning requirements can be a disincentive to developers accessing density where they may prefer a different form of contribution. 	<ul style="list-style-type: none"> • Conditions outlined in Table 3.3, plus: • Where zoning bylaw amendments are being considered (e.g., aligning a zoning bylaw with a new Area Plan).

*Red text indicates considerations specific to inclusionary housing.

Table 3.5 – Target Fixed Rate Community Amenity Contributions (Formulaic Approach)

Advantages	Disadvantages	Most Appropriate For
<ul style="list-style-type: none"> Advantages of 'formulaic approaches' per Table 3.3 above, plus; Creates certainty for developers, land owners, community and municipality Does not require prior changes to zoning bylaw 	<ul style="list-style-type: none"> Time, cost and uncertainty of developer-initiated rezoning processes Inclusionary housing targets can be a disincentive to developers, where they may prefer a different form of amenity contribution (e.g., cash-in-lieu to affordable housing reserve). 	<ul style="list-style-type: none"> Conditions outlined in Table 3.3, plus; Conditions where development of new zones, or revisions to existing zones to embed density bonus components, is not feasible or preferred

*Red text indicates considerations specific to inclusionary housing.

Table 3.6 refers to the trade offs of various approaches in relationship to relevant considerations. For example, site-by-site negotiations have a high administrative load but requires a low amount of up-front work. In comparison, the opposite is true for density bonusing (fixed rates), which requires a high-degree of upfront work but results in a low administrative load.

Table 3.6 – Trade offs of Approaches

	Site-By-Site Negotiations (guided by land lift)	Formulaic	
		CAC: Fixed Target Rates (requires rezoning)	Density Bonus: Fixed Rates
Maximize 'share' to municipality	High	Low-Moderate	Low-Moderate
Predictability of amenity cost	Low	Moderate-High	High
Length and cost of Application Process	High	Depends	Low
Developer Risk	Depends (usually high)	Moderate-High (still subject to rezoning process)	Low-Moderate (depending on if rezoning is required)

Flexibility in defining amenity package	High	Low-Moderate	Low-Moderate
Administrative Load	High	Moderate-High	Low
Up-Front Work	Low	Moderate-High	High

3.7 KEY LESSONS LEARNED

The following outlines key lessons learned to avoid common pitfalls that can arise in the application of community amenity contributions and inclusionary housing frameworks:

- Ensure CACs and Inclusionary housing targets are realistic based on market analysis
- Maintain a negotiated approach for major projects can be beneficial as it is more likely to capture additional amenity value.
- Fixed-rate targets are better for smaller centres and low-density zones where large comprehensive developments are not anticipated.
- Establish procedures and timeframes to monitor and update the program.
- Establish appropriate thresholds when acquiring affordable rental housing as units versus cash-in-lieu.
- Target affordable “market” rental housing and avoid targeting deep subsidy units as these are hard for developers to deliver and manage.
- Limit the number of area specific CAC fixed target rates to reduce complexity and administrative burden (i.e., not too many specific targets or geographies).
- Having clear delineation between what amenities are being captured through CAC, DCCs and required works and services (i.e., frontage improvements).
- For communities that have not had a formal CAC program, suggest developing a fixed target approach.*
- Cash-in-lieu thresholds are driven by a few key factors including viability of delivering the units versus cash for developers, but also the ability for the units to be effectively managed (either by the private sector or a non-profit partner).
- Require minimum affordable housing unit sizes mitigates risk for local governments, but requires the creation of a new sub-process to review AH development applications.

*Although the development of a fixed target is generally recommended for communities that have never developed a formal CAC program, this is dependent on organizational capacity. Through the thorough analysis that the District has committed to undertake, we believe that Saanich will be able to establish an effective hybrid program.

4.0 CURRENT APPROACH – DISTRICT OF SAANICH

Until recently, the District of Saanich negotiated contributions as part of rezoning applications on a case-by-case basis. Through this approach, District staff established appropriate contribution amounts in negotiation with developers based on recognized community needs and consultation with the neighbourhood. This approach delivered a range of community amenities or contributions including cash or in-kind contributions for the Affordable Housing Fund, recreational improvements, heritage restoration, sustainable building design, and conservation covenants. On August 9th, 2021, Council endorsed an *Interim Community Amenity Contribution Policy* (Interim Policy) based on the above approach and to create a more transparent, efficient, balanced, and predictable process. The Interim Policy provides short-term direction for Council, staff, and the development community around amenity contributions while the final *CAC and Inclusionary Housing Program* (the Program) is developed.

4.1 RELEVANT BACKGROUND DOCUMENTS

Several background documents were reviewed to understand the Interim Policy and development of the Program. Each document will influence the development of the Program by establishing the priorities, exemptions, and future scenario development. The summaries and key considerations of these documents (see list below) can be found in **Appendix A**.

Municipal Policies & Bylaws

- Interim CAC Policy
- Sustainable Saanich Official Community Plan
- Development Cost Charge Bylaw
- Development Cost Charge Reduction Bylaw

Housing Reports

- Housing Needs Report
- Saanich Housing Strategy Task Force Report
- Housing Strategy

Local Area Plans

- Uptown-Douglas Plan
- Tillicum-Burnside Action Plan
- Shelbourne Valley Action Plan
- Draft Cadboro Bay Local Area Plan
- Draft Cordova Bay Local Area Plan

Legal Discussion

- A Defence of Community Amenity Contributions (Young Anderson, 2019)

4.2 ANALYSIS OF CURRENT APPROACH

Source: Interim Community Amenity Contribution Policy⁴

Type: CACs

Formula: Target fixed rate CACs (per unit); negotiated CACs (equal to 75% of land lift based on economic analysis) above certain height thresholds. Applies to any development with greater than 3 units.

Types of Amenities: Based on priority items identified in the Official Community Plan and Local Area Plans, including affordable or supportive housing units or financial contributions to the Affordable Housing Fund and localized amenities such as park and recreation contributions.

Types of Affordable Housing: Not specified, affordable housing is defined as housing that does not exceed 30% of household income.

Inclusionary Housing Targets: Not specified

CAC Target Rates: Distribution of contributions are not specified (e.g., % to affordable housing, % to general amenities)

Major and Neighborhood Centres

- Up to 8 storeys - \$3,000 - \$5,000 per unit
- Above 8 storeys – 50-75% of the land lift as a CAC

Villages and Neighborhoods

- Up to 4 storeys – \$3,000 - \$5,000 per unit
- Above 4 storeys to a maximum of 6 storeys – \$5,000 per unit
- Above 6 storeys – 50-75% of the land lift as a CAC

Uptown-Douglas Plan Area

- Up to base height identified in Map 5.1 – \$3,000 - \$5,000 per unit
- Greater than base height identified in Map 5.1 – \$5,000 per unit
- Greater than 18 storeys – 75% of the land lift as a CAC

Exemptions:

- Waived for secured non-profit rental as defined in the DCC Reductions Bylaw
- 100% reductions in targeted CAC for rental units, where secured for 60 years or the life of the building
- 50% reduction for purpose build rental units, where secured for at least 10 years
- 50% reduction where at least 10% of residential units are sold at a minimum of 10% less than the current median market rates and the reduction is secured for the life of the building

Geographic Considerations: All OCP designations are considered for CACs, with varying height thresholds to trigger a negotiated approach.

Scale Considerations: Target rates and land lift capture are for projects with greater than 3 units and are determined by development height.

Notes: Monetary amenity contributions will be due prior to issuance of a building permit. In a phased project and must be secured via covenant and/or a housing agreement.

⁴ <https://www.saanich.ca/assets/Community/Documents/Planning/CAC/CAC-Interim-Policy.pdf>

4.3 SUMMARY OF KEY CONSIDERATIONS

The following section outlines key policy considerations for discussion with the District of Saanich:

Transparency

- Determine preference for how amenity priorities will be distributed in the community.
- Determine preference for inclusionary housing targets of built and/or cash-in-lieu contributions for inclusionary housing.
- Provide a clear definition of affordable housing that is consistent with those applied by other local governments, the Province, and housing providers⁵. Further, the District will need to define what type of inclusionary housing is being targeted (e.g., low-end-of-market or below market).
- Consider potential triggers or conditions for requirement of in-kind versus cash-in-lieu. This may be based on geography, community plan area, land use designation, site size, or other considerations.
- Consider potential triggers or conditions for negotiated versus target-rates. This too may be based on geography, community plan area, land use designation, site size, etc.
- Consider philosophy that will underpin negotiated amenities process (e.g., maximize dollar capture based on land lift? Based on required list of on-site or neighbourhood amenities? Combination of lift calculation and amenity needs?)

Efficiency

- Consider the benefit of fixed target rate ranges versus a specific target by location to limit negotiations while balancing administration requirements.
- Understand if a negotiated approach is appropriate at the height thresholds defined in the policy or if this will present a burden to District Staff when these applications occur.
- Determine if a hybrid approach is most appropriate throughout all of Saanich's OCP designations or if a different approach could achieve similar results.

Balance

- Establish if additional geographic differentiation will be required for Major Centres (aside from Uptown-Douglas) with high projected growth, such as the Shelbourne Valley.
- Explore whether targets for negotiated CACs should be distinct between Major and Neighbourhood Centres, Villages and Neighbourhoods, and major corridors, based on the development potential and economic conditions in the respective areas.

⁵ Affordable Housing: Housing where the rent or mortgage plus taxes is 30 percent or less of a household's gross annual income. Households that have no option but to pay more than 30 percent of their gross income on shelter expenditures, in reasonable condition and of appropriate size, are households that are in need of affordable housing. (District of Saanich, 2008. Official Community Plan)

-
- Ensure that affordable housing units are geographically distributed throughout the community at a scale that is operationally feasible.
 - Identify most suitable affordability levels for in-kind unit contributions based on current need (e.g., focus on several tiers of affordability versus a focus on a single tier of below-market or low-end of market rentals).
 - Ensure that policy requirements for provision of affordable housing units on-site versus contribution to an affordable housing reserve fund (or equivalent), are guided by realities of both development viability and ongoing operational viability.

Predictability

- Review if the amenities outlined in the Official Community Plan are still priorities for the community, or if the final CAC Policy should include a refined or updated list of desired amenities aligned to current community need.
- Consider incorporating inclusionary housing targets in future policy and determining if development scale thresholds are appropriate to trigger when contributions must be made in-kind or to the Affordable Housing Fund.
- Specify the type of affordable housing being sought (e.g., low-end of market, below market, non-market, special needs, etc.)

Key Lessons

- Building in a monitoring program and a plan for frequent updates
- Establishing appropriate thresholds when acquiring housing units versus cash-in-lieu
- Limiting the complexity of the program to support administration (i.e. not too many specific targets or geographies)
- Limiting the number of reserves
- For communities have never developed a formal program should stick with a fixed target without conducting a thorough analysis. Though this is also dependent on organization capacity.

5.0 APPENDIX A – BACKGROUND DOCUMENT REVIEW

Appendix A includes summaries of the following background documents:

1. Interim CAC Policy (2021)
2. DCC Bylaw (2019)
3. DCC Reduction Bylaw (2020)
4. Housing Needs Report (2020)
5. Saanich Housing Strategy Task Force Report (2021)
6. Housing Strategy (Adopted, 2021)
7. Sustainable Saanich OCP (2008)
8. Uptown-Douglas Plan (Adopted, 2022)
9. Shelbourne Valley Action Plan (2017)
10. Tillicum-Burnside Action Plan (2005)
11. Cordova Bay Local Area Plan (Proposed, 2022)
12. Cadboro Bay Local Area Plan (Draft, 2021)
13. Legal Defence of CACs (Young Anderson, 2019)

5.1 INTERIM COMMUNITY AMENITY CONTRIBUTION POLICY (2021)

The District’s Interim Community Amenity Contribution Policy (CAC Policy) was endorsed in August 2021. Through the policy, short-term direction is provided for Council, staff, and the development community around amenity contributions while a comprehensive CAC and Inclusionary Zoning Program is developed. The interim policy describes a process for negotiating CACs in the District and how Saanich’s priorities for contributions reflect established community-wide or local policy, the need for localized amenities, and affordable housing contributions.

Contributions targets by development height are established for specific OCP designations, including Major and Neighbourhood Centres, and Villages and Neighbourhoods. Targets are primarily per dwelling unit, with land lift analysis required for development in Major and Neighbourhood Centres exceeding eight storeys as follows:

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 8 storeys	Up to 4 storeys	\$3,000-\$5,000 per unit target rate
		Above 4 storeys	5,000 per unit target rate
		Above 4 storeys to a max of 6 storeys	Land Lift Analysis targeting 50-75% of the land lift as a CAC

Separate rates are applied to the Uptown-Douglas Plan area, with similar target rates applied to thresholds unique to this area (*Note: the Uptown-Douglas Plan also proposes an amendment to the OCP that would increase the maximum height permitted in the Uptown Major Centre from 18 to 24 storeys*)

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

Exemptions to the interim policy are provided as follows:

- Waived for secured non-profit rental as defined in the DCC reductions bylaw
- 100% reductions in targeted CAC for rental units, where secured for 60 years or the life of the building
- 50% reduction for purpose build rental units, where secured for at least 10 years
- 50% reduction where at least 10% of residential units are sold at a minimum of 10% less than the current median market rates and the reduction is secured for the life of the building

Current legislative and local policy contexts that enable this policy are described within, along with references to related bylaws and policies.

5.2 DEVELOPMENT COST CHARGES BYLAW (2019)

Development Cost Charges Overview

Development Cost Charges (DCCs) are fees collected from developers on a user pay basis to help fund the cost of growth-related infrastructure and parks. DCCs are regulated by the Province through the *Local Government Act* (LGA) and directed by the DCC Best Practices Guide (Ministry of Community Services, 2000). The LGA specifies five infrastructure categories for which DCCs can be collected and used, including:

- Transportation (including Active Transportation);
- Water;
- Sanitary;
- Drainage; and
- Park Acquisition and Improvements.

The LGA and DCC Best Practices Guide provide very specific guidance for how DCCs can be applied and define the types of eligible DCC projects. Notably, for park improvements, eligible projects can only include projects which benefit all user groups and cannot include parking, sports field lighting, artificial turf, and sport courts. Further, being limited to the five specific infrastructure categories identified above, DCCs cannot be used to pay for new libraries, fire halls, police stations, housing, or recreation buildings, as well as the operation and maintenance of District's infrastructure.

DCCs in the District of Saanich

In 2018, the District of Saanich initiated a major update of its Development Cost Charge (DCC) Bylaw since 1997. Through this update, growth estimates were updated based on a 20-year timeframe, and all growth-related projects and costs were reviewed and updated. DCC eligible projects for transportation, sewer, water, and drainage infrastructure, as well as park requirements (acquisition and development) were identified based on a review of recent infrastructure/parks planning documents and in-depth discussions with District staff.

Based on consultation with stakeholders and discussions with elected officials, the District elected to phase-in the DCC rates over several years.

DCC Program Structure In Saanich

The Development Cost Charge rates were developed based on a municipal-wide DCC program for Transportation, Drainage, and Park Acquisition and Development. Water and Sewer DCC programs are based on their respective District of Saanich Utility Service Areas, as amended from time to time. There is one area specific DCC for transportation upgrades in the Cordova Bay neighbourhood.

Table 1: DCC Key Elements

Key Element	Proposed DCC Update	Rationale
Time Frame	20 years	<ul style="list-style-type: none"> Aligns with capital planning timeframe
District-wide or area-specific charge	District-wide and area-specific	<ul style="list-style-type: none"> Transportation, drainage, park acquisition and development programs apply District-wide as these programs provide a benefit to all growth within the District. Water DCCs are applicable only within the District of Saanich Water Service Area. Sewer DCCs are applicable only within the District of Saanich Sewer Service Area. Cordova Bay Roads is an area-specific program that applies only to the Cordova Bay area.
Grant Assistance	None	<ul style="list-style-type: none"> No identified projects include grant funding
Developer Contribution	None	<ul style="list-style-type: none"> No identified DCC projects include a direct developer contribution
Benefit Allocation	10% -100%	<ul style="list-style-type: none"> Generally, benefit allocations were determined based on growth distribution except where sufficient details on location, design and function were available.
Units of charge	Per lot, per unit, and per square metre of gross floor area	<ul style="list-style-type: none"> Per lot for single-detached development

		<ul style="list-style-type: none"> • Per unit for Duplex/Triplex/ Quadruplex units, Townhouse/ Rowhouse units, and apartment units • Per square metre of gross floor area for Commercial, Industrial, and Institutional development
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Determining DCC Project Benefit

Determining how each project benefits future growth and development was based on where growth was occurring, with future development paying a higher proportion of DCC project costs in major growth areas. The following criteria was used to assign project benefit allocations:

- For new parks projects in Uptown and Shelbourne Valley or projects that are primarily driven by new development, a 100% benefit factor was assigned to each project. Specifically, the purchase of new parkland is expected to fully benefit new development as there is currently sufficient parkland to meet the needs of the existing population;
- For master planning, modeling and studies, a range of benefit allocations from 50% - 75% were applied based on the logic that these projects will be largely required to address the impacts of new development;
- For those projects located in Cordova Bay, a benefit allocation of 50% has been assigned. This is because there is still a mixture of greenfield development and infill development occurring in Cordova Bay. In addition, this percentage is consistent with the benefit allocation used for the current area-specific Transportation DCC Program for Cordova Bay;
- For some projects in major infill growth areas, such as Uptown and Shelbourne Valley, a 33% benefit allocation was utilized based on the rationale that these serve both the existing population as well as significant new infill growth to come, as these neighbourhoods evolve into urban centres;
- For the majority of projects in other areas within the Urban Containment Boundary (UCB), where significant infill development is occurring, a 25% benefit allocation was utilized as this represents a proportionate benefit for most projects that are occurring in areas of Saanich where higher levels of infill development and population growth are expected; and,
- For those projects located outside the UCB, a benefit allocation of 10% has been utilized as new development in this area is expected to follow current population growth trends (currently around 10%).

Key Considerations for the CAC and Inclusionary Housing Policy

- There are several limitations for how DCCs can be applied because they are specifically focused on core infrastructure. This creates gaps in funding other non-infrastructure amenities.
- All of the infrastructure for which DCCs are proposed to be collected must be owned or controlled by the District such that they will be capitalized on the District's audited

financial statements. This limits the potential for cost sharing and partnerships in creating development related projects or amenities which span multi-jurisdiction and / or are located on lands not owned by the District.

- The DCCs apply a municipal-wide approach for support ease of administration and the flexibility in utilizing the DCC reserves on identified project. The previous DCC program had more area-specific charges which resulted in some reserves funds either not collecting enough to building projects or over collecting. This was highly problematic for the District and resulted in numerous implementation challenges.
- Having future development paying a higher proportion of DCC project costs in major growth areas supporter the benefits pay principle aligns DCC costs with projects that support growth.
- Timing of DCC collection and units of charge (i.e., per lot, per unit, etc.) was developed for ease of administration.
- DCCs cannot be used for affordable housing and affordable housing development are still required to pays DCC unless they are eligible for a reduced DCC payment under the DCC Reduction Bylaw.

5.3 DEVELOPMENT COST CHARGES REDUCTION BYLAW (2020)

As part of the update of the District of Saanich’s Development Cost Charge (DCC) program update a separate DCC Reductions Bylaw was created to provide DCC reductions to support eligible affordable rental housing. The DCC Reductions Bylaw establishes definitions for each class of “eligible development”, corresponding rates of reduction, and requirements that must be met to obtain a DCC reduction.

The District’s current DCC Reduction Bylaw applies the following criteria and definitions for eligible affordable rental housing in accordance with the *Local Government Act* (LGA):

- Definitions for “Eligible Development” – both for not-for-profit and for profit affordable rental housing;
 - not-for-profit rental housing, including supportive living housing (i.e., housing owned by the Government of British Columbia, the Government of Canada, the District, a public housing authority or a not-for-profit society); and
 - for-profit affordable rental housing (privately owned rental housing provided at a minimum of 10% below the median market rent levels as defined by the Canada Mortgage and Housing Corporation)
- A 50% DCC reduction for eligible not-for-profit affordable rental housing development;
- A 50% DCC reduction for eligible for profit affordable rental housing development;
- All development requesting DCC reductions will be subject to a Housing Agreement under Section 483 of the *Local Government Act*; and

- DCC reductions provided for affordable rental housing will be accompanied with a covenant with the District to remain affordable rental housing for a period of not less than 20 years.

For the Saanich DCC Reduction Bylaw, CMHC Average Market Rent was utilized as the most common method of determining approximate rents for for-profit rentals and therefore qualify as “eligible development”. For Saanich, the October 2019 CMHC market rental rates were as follows:

- Bachelor* = $\$992 * 90\% = \$893 / \text{month}$
- 1 Bedroom* = $\$1145 * 90\% = \$1030 / \text{month}$
- 2 Bedroom* = $\$1494 * 90\% = \$1345 / \text{month}$
- 3 Bedroom+* = $\$1904 * 90\% = \$1714 / \text{month}$

***Note:** These represent the current market rental rates for 2019, however the DCC Reductions Bylaw is applied using the most recent CMHC rental market data.

The application of DCC waivers and reductions requires careful management and the consistent application of the program by municipal staff. Importantly, the District is responsible for making up for any foregone DCC revenue through secure alternate (i.e., non-DCC) revenue sources (i.e., general revenue). Making-up the loss of potential DCC income is one of the primary concerns with waiving or reducing DCCs for developments designed to result in more affordable housing. This raises a legitimate question for how the District of Saanich will compensate for that loss of revenue.

Key Considerations for the CAC and Inclusionary Housing Policy

- The LGA states that DCC Reductions Bylaw can only be used to provide DCC reductions for not-for-profit and for profit affordable rental housing. This means the affordable home ownership and other forms of non-rental affordable housing are ineligible.
- The need to develop clear definitions for what types of housing are eligible for DCC Reductions may create gaps or challenges for unique projects and proposals that do not fit into the criteria.
- As the District is required to making up for any foregone DCC revenue through secure alternate (i.e., non-DCC) revenue sources (i.e., general revenue) DCC reductions are paid for by taxpayers and not developers.
- DCC Reductions have the potential to impact the District’s financial sustainability and represent a financial liability.

5.4 HOUSING NEEDS REPORT (2020)

Saanich's housing needs report was developed to comply with changes to the *Local Government Act* requiring all local governments in BC to develop this type of report to better understand current and future housing needs and incorporate these into local plans and policies. Housing needs reports are also required to be updated every 5 years, with the next update to be completed by 2025.

Population and Households

While Saanich experienced lower population growth than the Capital Regional District as a whole (5.4% compared to 11.1%) between 2006 and 2016, population projections suggest this could grow in the future. Average household sizes in 2016 were larger than the region (2.4 compared to 2.2) with over a third of households having 3 or more people, indicating a higher ratio of families compared to the region.

Income

Median incomes were about 11% higher in Saanich (\$77,391) than the CRD (\$69,942) in 2016, with significant disparity between renter and owner households in median income (renters had a median income of less than half that of owners).

Housing

The 2016 Census shows that single-detached residential remain the dominant form of housing (47% of all units were single-detached residential, 22% of units were main or secondary suites in a single-detached home); however, building permits show a trend toward more multi-unit residential housing, with 75% of new dwellings (issued permits) being apartments.

Currently, affordability is an increasing issue for both first-time owners and renters. The average single-detached home would require an income of \$178,000 to be considered affordable. Townhouse and apartments are considerably more affordable than a single-detached home. More than a quarter (26%) of renters are in core housing need⁶, and they represent 64% of all households in core housing need. Renter households with a single income (lone-parent families and individuals living alone such as seniors) are most likely to be in core housing need.

Locals Needs

The report identifies a need for more affordable rental and ownership options for Saanich residents, with a focus on housing for seniors, people with disabilities, housing for families, and supports and housing for individuals experiencing homelessness.

⁶ A household in Core Housing Need is living in housing that does not meet one or more of the housing standards (adequacy, affordability, and suitability) and would have to spend 30% or more of their total before-tax household income to pay the median rent of alternative local housing that does meet all three housing standards.

5.5 SAANICH HOUSING STRATEGY TASK FORCE REPORT (2021)

Between Fall 2020 and Winter 2021 the District of Saanich's Housing Strategy Task Force met was convened 13 times to provide Council with recommendations for strategies and actions designed to achieve greater housing supply, affordability, and diversity, and accommodate a broad range of community housing needs now and in the future. From this, a list of ten priority actions was developed:

- Identify surplus Saanich-owned properties for the development of affordable housing
- Clarify current and create new financial incentives (e.g., grants, reduced permitting fees, etc.) to facilitate the development of new housing
- Identify and develop tools to make it easier to build ground-oriented infill
- Amend the Zoning Bylaw and/or prezone to allow ground-oriented infill housing within the Urban Containment Boundary
- Create opportunities for small apartments on single-detached residential lots by establishing a new zone
- Review and amend the OCP to support implementation of the Housing Strategy
- Complete a Development Process Review (DPR) with a key goal of reducing application processing times. This review was completed and endorsed by Council in 2021, including 15 key recommendations identified through the process.
- In alignment with the DPR, develop a clear and transparent program to prioritize affordable housing projects
- Consider streamlining the development application process with an online 'one-stop shop'
- Undertake a comprehensive review of parking requirements in the zoning bylaw

These priorities, and several other recommendations across four different focus areas formed the basis of the District's Housing Strategy.

5.6 HOUSING STRATEGY (ADOPTED, 2021)

Based on the work of the District's Housing Strategy Task Force, Saanich's Housing Strategy identifies 7 focus areas, 22 strategies and 73 actions for the municipality to undertake over the next 10 years to achieve a healthy housing supply for the community. The 7 focus areas are:

- FOCUS AREA 1: Increase affordable and supportive housing
- FOCUS AREA 2: Promote and protect rental housing
- FOCUS AREA 3: Support housing diversity and increase supply
- FOCUS AREA 4: Reduce barriers to housing development
- FOCUS AREA 5: Strengthen partnerships
- FOCUS AREA 6: Enhance community engagement
- FOCUS AREA 7: Understand housing demand and address land speculation

The Strategy identifies the key strategies and supporting actions necessary to achieve the District's goals, including an implementation and monitoring requirements.

5.7 SUSTAINABLE SAANICH OFFICIAL COMMUNITY PLAN (2008)

Saanich's Official Community Plan (OCP) is the District's foundational planning document that guides all future land use and development, and other key focus areas such as transportation, parks, open space, and recreation, infrastructure, among others. The Plan acts as a key guide to community-wide land use decision-making for both Staff and Council, with expectations for land use in growth areas defined for major centres, neighbourhood centres, and villages. Direction provided through the OCP is also foundational to local area planning initiatives discussed in subsequent sections.

The OCP establishes the need for a Community Amenity Contribution Policy through Policy 7.1.4, which also identifies key amenities for consideration as the formal policy is developed. Policies also set out the intent to use other regulatory mechanisms such as density bonusing, inclusionary housing, variances, phased development agreements, and housing agreements, among others, to provide affordable and special needs housing, sustainable development, and public amenities.

Policy 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).

Key Considerations for the CAC and Inclusionary Housing Policy

- Establishes future land use and projected growth throughout the District and informs local area plans.
- Presents the policy context supporting the development of the CAC and Inclusionary Housing policy.
- Provides District-wide direction for desired amenities:

5.8 UPTOWN-DOUGLAS PLAN (ADOPTED, 2022)

The Uptown-Douglas (UD) Plan provides a 20 - 30-year vision with land use and policy direction for the Uptown Major Centre, which is identified conceptually in Saanich's Official Community Plan (OCP). The plan has a focus on affordable and diverse housing, active transportation, economic vibrancy, urban design, sustainable development and climate change mitigation and resilience.

The Uptown-Douglas (UD) planning area is 155 hectares in size and defined by the municipal boundary with the City of Victoria at Tolmie Avenue on the south, Huxley Street, just north of Municipal Hall on the north, between Burnside Road and Harriet Road on the west and Leslie Drive and Calumet Avenue on the east. The area includes two major regional transportation corridors: Douglas Street and Blanshard Street. The area contains several important municipal services and valued community amenities, including the District of Saanich Municipal Hall (including the Fire Station and Police Station).

The plan suggests a target fixed rate density bonus within the proposed designations. Whereby, each land use designation has a proposed 'base' and 'max' densities where max densities can be achieved under specific conditions.

Key Considerations for the CAC and Inclusionary Housing Policy

- There is a large amount of development and redevelopment proposed for this area and additional amenities will be required to support the estimated future population- notably identified amenities include urban park space or plazas, playgrounds, public art, park improvements and active transportation and streetscape improvements.
- Proposed 'base' and 'max' densities reflect a fix target density bonus approach with condition for development that should be reviewed and considered in the development of the CAC and inclusionary housing policy.
- The ongoing Nigel Valley project, which cover a nine-acre parcel of lands in the UD plan area will be a significant source of affordable housing with most of the units to be owned and operated by a collection of five housing and care operators that serve the needs of a variety of populations, including seniors, families, adults recovering from a mental illness and adults with developmental and physical disabilities.
- The plan reflects a strong desire for active transportation and streetscape amenities and the need to balance infrastructure needs with amenity needs.
- There is a strong desire for both private and public amenity space.
- Previous analyses of land use in this area completed in 2019 had suggested some forms of development might struggle to be profitable and may not be profitable enough to support additional amenities notably: townhome-only development, which is most likely supportable on larger site assemblies that would allow for double-loading (or alternative approach such as stacked townhouses) and apartment condominium construction of less than four stories. As a result of this analysis, neighbourhood apartment residential uses up to 6 storeys in height are now being considered for the plan area, which will contribute to more economically feasible development.
- As part of this process base and bonus densities will be reviewed for feasibility.

5.9 SHELBOURNE VALLEY ACTION PLAN (2017)

The Shelbourne Valley Action Plan was adopted in 2017 and reflects the District's desire to implement the guidance of the OCP, Climate Action Plan, Transit Future Plan, and other key strategic documents within the Shelbourne Valley Area. The Plan offers a new vision for the Shelbourne Valley, with greater residential, commercial, and institutional densities through the plan area. It is envisioned that the area will support significant growth, a greater variety of housing types, and four mixed-use centres around Feltham Village, University Centre, Shelbourne Valley Centre, and Hillside Centre. To support this change, local transportation networks will be enhanced to improve transit access and active transportation networks and new parks and open space will be acquired.

The Action Plan provides specific direction for community contributions, outlining the importance of enhancing community-serving spaces and facilities and the need to support new amenities as the Shelbourne Valley grows. Two policies arise from this discussion, with Policy 5.8.1 asserting the need for amenity contributions from new development in line with the directions of the Action Plan and Policy 5.8.2 outlining priority amenities for the plan area, as follows.

Policy 5.8.1 *As a component of rezoning applications, require a community contributions statement that indicates how specific components of the proposal contribute towards the objectives of the plan and items identified in Policy 5.8.2.*

Policy 5.8.2 *For redevelopment proposals within the Shelbourne Valley plan area seek to achieve community contributions, with a priority on the following items:*

- *Parks or plazas*
- *Bowker Creek daylighting or restoration*
- *Enhancement of greenway or bikeway routes in accordance with Saanich standards*
- *Dedications or easements that create new roads or pathways that improve the overall connectivity of the Valley, particularly for pedestrians and cyclists*
- *Contributions to affordable housing*
- *Significant contributions to public realm enhancement*
- *Public art*
- *Undergrounding of above-ground utilities*
- *Stormwater management that treats run-off from off-site and/or provides flood attenuation at the watershed scale*
- *Use of alternative energy or contributions to district energy infrastructure*
- *Contributions to the Urban Forestry Fund*
- *Daycare space*

Key Considerations for the CAC and Inclusionary Housing Policy

- There is a large amount of development and redevelopment proposed for this area and additional amenities will be required to support future population growth
- There is a strong desire for specific public and private amenities.
- Several large development projects, including at University Heights, are already underway and any amenities will be captured under the existing CAC process.

5.10 TILLICUM-BURNSIDE ACTION PLAN (2005)

The Tillicum-Burnside Action Plan was completed in 2005 and establishes a clear vision for the public realm in three neighbourhood centres around throughout Tillicum-Burnside: Tillicum Centre, Gorge Neighbourhood Village, and Burnside Neighbourhood Village. The primary focus of the Action Plan is improving streetscapes in the villages as new development takes places, with design concepts for each centre developed through a charette process. Overarching concepts, such as intensifying commercial and/or residential uses, increasing height and density of development, and improving the pedestrian realm are shared between the villages.

Unlike other Local Area Planning initiatives in the District, the Action Plan does not set out specific considerations for local community amenity contributions; however, the Action Plan identifies possible streetscape improvements that would benefit the public realm and broader community. These concepts and strategies could inform future amenities through the Tillicum-Burnside Plan Area.

Key Considerations for the CAC and Inclusionary Housing Policy

- Some new development and redevelopment is proposed for Tillicum-Burnside and additional amenities will be required to support future population growth.
- There is no specific policy concerning amenity contributions in the plan area.
- Some amenities identified in the Action Plan include:
 - Dedicating a skateboard and bicycle park adjacent to the Pearkes Recreation Centre.
 - Improvements to local transit stops
 - Introducing bicycle lanes on both sides of roads around Tillicum Mall
 - Land dedication to widen Tillicum Road for pedestrian and bicycle infrastructure
 - Designating a greenway along Wascana Street to connect to the Galloping Goose Regional Trail
- With significant change happening in Saanich since the Action Plan was developed, consideration will need to be given to current needs for community amenities.

5.11 CORDOVA BAY LOCAL AREA PLAN (PROPOSED, 2022)

The proposed Local Area Plan offers a vision for Cordova Bay's future land use, balancing new development with improvements to transportation and servicing infrastructure, parks and open space, housing, and other key elements of the community. The Local Area Plan directs community amenity contributions to help meet the needs new and future Cordova Bay residents through value captured in the development process, and for contributions to be appropriate to the scale of the development.

The priority amenity contributions for Cordova Bay include the following:

- Improvements to the public realm at or near the development site including benches, bicycle parking facilities, transit stops, public art, traffic calming, public toilets and wayfinding elements;
- Beach access improvements such as bike racks, benches and other connectivity and amenity improvements.
- Affordable housing with a priority for greatest-need housing that is affordable to households at the "very low income" to "low-to-moderate income" ranges of the Region's housing spectrum;
- Protection of environmentally-significant and culturally-significant features;
- Protection and enhancement of the urban forest; and,
- Park acquisition and improvement (non-DCC) such as interpretative panels, amenities, and trail development.

5.12 CADBORO BAY LOCAL AREA PLAN (DRAFT, 2021)

The proposed Cadboro Bay Local Area Plan outlines a vision for land use in the Cadboro Bay Village, Ten Mile Point, and Queenswood neighbourhoods, with specific direction given for transportation and servicing infrastructure, parks and open space, housing, and other core topic areas. Policies related to community amenity contributions reaffirm the need for new development to benefit the broader Cadboro Bay community and be appropriate to the scale of the development.

The Local Area Plan also provides a list of priority amenities including the following:

- Improvements to the public realm at or near the development site including outdoor seating areas, plaza spaces and public art;
- Affordable and supportive housing, including housing for young families and seniors;
- Accessible community meeting space / facilities;
- Protection of environmentally-significant features;
- Enhancement of the urban forest;
- Protection and restoration of heritage assets;
- Active transportation enhancements that contribute to network improvements;
- Public art or other elements that celebrate local area history and culture; and,
- Park acquisition and improvements (non-DCC) such as interpretive panels, amenities, and trail development.

5.13 A DEFENCE OF COMMUNITY AMENITY CONTRIBUTIONS (YOUNG, ANDERSON, 2019)

To help navigate the legality of CACs, the law firm Young Anderson produced a discussion paper on the issue titled *A Defence of Community Amenity Contributions*. The discussion paper provides an overview of the key arguments against CACs and why the practice may indeed have a solid legal basis. The four key arguments against the use of CACs by local governments are summarized as follows:

1. CACs are prohibited by section 193 of the *Community Charter* because there is no express statutory authority for them.

Section 462(5) of the *Local Government Act* states the following:

1. *A municipality may not impose fees or taxes except as expressly authorized under this or another Act.*
2. *Section 12 (1) [authority to establish variations] does not apply in relation to bylaws imposing taxes referred to in section 192 (b), (c), (d) and (e).*
3. *A council may only provide an exemption from property taxes if expressly authorized by this Part or another Act.*
4. *For the purposes of assessment, taxation, recovery of taxes and tax sale, parcels combined under the Assessment Act to form one parcel are deemed to constitute one parcel.*

2. CACs are prohibited by section 462(5) of the *Local Government Act*. That section prohibits a local government from imposing any additional fee, charge, or tax in relation to the development matters referred to in that section other than the application fees referred to in it.

Section 462(5) of the *Local Government Act* states the following:

No other fee, charge or tax may be imposed in addition to a fee under subsection (1) as a condition of the matter referred to in that subsection to which the fee relates.

3. CACs are an unconstitutional form of taxation, at least if the amount of the contribution is not closely tied to the cost of addressing development impacts in a way that is proportional amongst zoning applicants.
4. The Legislature should be presumed to have intended certain unspecified limitations on the zoning power, including that the decision-maker is not influenced by monetary offers. Under this argument, CAC regimes (again especially lift-based regimes) are implicitly prohibited as the unlawful “sale” of zoning.

In response to these arguments, the discussion paper provides the following rebuttals:

1. CACs are not “imposed” in the necessary sense to bring them within the reach of section 193 of the *Community Charter*.

2. Section 462(5) of the LGA can be interpreted as being concerned with prohibiting additional fees for the right to initiate a zoning application (which is the matter referred to in subsection (1)), not with limiting the nature of conditions that may be established in relation to the adoption of a zoning amendment.
3. Whether the amount of the CAC is established by reference to the impacts of the proposed change or the benefit to the applicant of it, CAC regimes lack the element of compulsion necessary to make them taxes.
4. The concept of “selling” zoning only comes into play where a local government either agrees to adopt or maintain a zoning bylaw in exchange for payment (i.e., the local government unlawfully fetters its discretion) or where a council member receives a payment personally. CAC conditions do neither

The discussion paper presents a helpful overview of possible legal discussions around CACs in Saanich that will have to be addressed through the development and implementation of the CAC and Inclusionary Housing Program and Policy.

6.0 APPENDIX B - COMPARATIVE COMMUNITIES

6.1 CITY OF VICTORIA

Source: Inclusionary Housing and Community Amenity Contribution Policy⁷

Type: CACs

Formula: Target fixed rate CACs (\$/sq.ft of increased density); negotiated CACs (equal to 75% of land lift based on economic analysis).

Types of Amenities: Affordable housing, greenways, public art, police, fire, and recreation centres as set out by their Neighbourhood Plans and the *Victoria Housing Strategy*.

Types of Affordable Housing: Homeownership targets moderate household incomes (\$55,000 - \$85,000). Rental units target 'low to moderate' and 'moderate-income households' (from \$35,000 [studio] to \$70,000 [3+bedrooms])

Inclusionary Housing Target:

- Level A: Captured as cash-in-lieu through amenity contribution
- Level B: Large Projects (60+ units) requires 20% of total FSR or total units be inclusionary rental units. Inclusionary ownership units are determined by economic analysis.
 - Small projects (<60 units) captured as cash-in-lieu through amenity contribution

CAC and/or Density Bonus Target Rates: 70% of cash-in-lieu CACs are allocated to the Victoria Housing Reserve Fund and the remaining 30% are allocated to community amenities.

- Level A: For specified areas, \$5/sq.ft (cash-in-lieu) of bonus floor space, up to OCP base density
- Level B: variable \$/sq.ft. of bonus floor space based on project area
- For "unique projects", CAC calculated through economic analysis based on land lift.

Exemptions:

- 100% purpose-built rental projects (or mixed-use where 100% of residential is rental), with tenure secured for 60+ years.
- 100% non-market projects owned by non-profit or government agency
- Projects with heritage conservation contribution greater than value of CAC
- Non-residential projects

Geographic Considerations: Emphasis on Urban Core, Town Centres, and Large Urban Villages.

Scale Considerations: Small projects (<60 units) are cash-in-lieu; large projects (60+ units) are to provide affordable units.

Notes: If CACs are determined via economic analysis Victoria considers 75% of the increase in land value a reasonable balance between the need for CACs and a project's economic viability.

⁷

https://www.victoria.ca/assets/Departments/Planning~Development/Community~Planning/Housing~Strategy/Inclusionary%20Housing%20and%20Community%20Amenity%20Policy_Adopted%20June%2027%202019.pdf

6.2 CITY OF NORTH VANCOUVER

Source: Density Bonus and Community Benefits Policy,⁸ & Official Community Plan (Section 2.2)⁹

Type: Density Bonuses and CACs

Formula: Fixed Target Rate for Category 'B' Bonus (rezoning). Fixed rate or negotiated contribution for Category A (pre-zoned or rezoning).

Types of Amenities: Additional rental housing, community amenity spaces (e.g., parks, public space, waterfront, museum, child care, district heating, etc.), employment generation, and heritage conservation.

Type of Affordable Housing: Non-market Rental housing, below market rental, or special needs units; or density transfer to maintain existing rental building on another site.

Inclusionary Housing Target:

- **Category B:** a portion of 100% rental housing projects should include units at below market rates, as determined through Housing Action Plan. Other projects must provide 30% of bonus amount as non-market rental housing or a bonus density transfer to another site can be used to maintain an existing rental building.
- **Category A:** No suggested contribution amount

Density Bonus Fixed Rates: 80% of cash contributions go to Community Amenity Reserve Fund and 20% goes to Affordable Housing Reserve Fund.

- **Category B:** \$140/sq.ft (City Centre) and \$110/sq.ft (other locations) of residential floor area beyond existing zoning.
- **Category A:** \$20/sq.ft or negotiated contribution. Sites with existing rental units are not eligible for a bonus except for secured rental housing.

Exemption: Guidelines do not relate properties zoned Residential level 1 (single detached with secondary suites) or Residential level 2 (duplexes with secondary suites, triplexes and row homes).

Geographic Consideration: Targets split between city centre and other locations.

Scale Considerations: No scale considerations provided.

Notes: Other community benefit categories exist for employment generating uses and heritage conservation.

6.3 CITY OF NEW WESTMINSTER

Source: Inclusionary Housing Policy¹⁰ & Density Bonus Amenity Zoning¹¹

Type: Inclusionary Zoning & Density Bonusing

Formula: Target Fixed Rate (IH); and Fixed Rate (DB)

Type of Amenities: Affordable Housing, childcare, public art, and general amenities (e.g., civic facilities, park space, etc.)

⁸ <https://www.cnv.org/-/media/City-of-North-Vancouver/Documents/Housing/Density-Bonus-and-Community-Benefits-Policy.pdf>

⁹ <https://www.cnv.org/Your-Government/Official-Community-Plan>

¹⁰ [https://www.newwestcity.ca/database/files/library/Inclusionary_Housing_Policy_March_29_2021\(1\).pdf](https://www.newwestcity.ca/database/files/library/Inclusionary_Housing_Policy_March_29_2021(1).pdf)

¹¹ https://www.newwestcity.ca/financing-growth/sb_expander_articles/1435.php

Type of Affordable Housing: Below market and non-market rental units

Inclusionary Housing Options (Targets): There are three applicable options for strata and mixed-use rezoning applicants. Option 1 would apply for applications requesting an OCP amendment and/or exceeding the Density Bonus Policy, and Options 2 and 3 would apply for applications within OCP / Density Bonus Limits.

- Option 1 – Minimum of 20% of total units or floor area as affordable units. Number of units and rental rate are subject to discussion with Council, and in consideration of other amenities. Units sold to a non-profit or BC Housing at below-market rates.
- Option 2 – Minimum of 5% of total units as built non-market units. Rents are shelter rate or rent geared to income (to a max income of \$29,000 in 2020). Units provided at no cost to a non-profit or BC Housing.
- Option 3 – Minimum of 10% of total units as built below-market units and 5% for properties with high existing entitlements. Rents at 10% below currently reported CMHC rental market median rent. Units may be owned by developer with occupancy management by a non-profit or BC Housing or sold to a non-profit or BC Housing at below-market value.
- *Note:* Cash-in-lieu can be provided if the applicant can demonstrate that a suitable partnership with a non-profit housing society for ownership or management is not possible; or projects that in calculating as per Option 3 would result in four or fewer below-market units.

Incentives (Inclusionary Housing):

- Option 1: Additional density above OCP / density bonus maximum
- Option 1 & 2: Potential City DCC Waivers and/or GVS&DD + TransLink DCC Waivers
- All Options: 75% reduction in Density Bonus/VAC payments (time limited). Density exemption from FSR of affordable units. Reducing parking requirements. Prioritized application review.

Exemptions for Inclusionary Housing Policy only:

- Wood-frame development (time limited exemption until Dec 31, 2022).
- Properties with high existing entitlements and limited density increase
- Projects developed under the City's Secure Market Rental Policy
- Projects development which provides only townhouse units; and
- Projects developed with fewer than 10 units.

Density Bonus Fixed Rates: 30% towards affordable housing, 10% towards childcare 10% towards public art, and 50% towards general amenities

- Townhouse: \$120/sqft (Mainland + Queensborough); \$90/sqft (downtown)
- Apartment (6 storeys or less): 120sqft (Mainland); \$65/sqft (queensborough); and \$90/sqft (downtown)
- Apartment (more than 6 storeys): \$50/sqft (downtown)

Geographic Considerations: Phase 1 of Density Bonus Amenity Zoning applies across the City and applies to townhouses and low-rise multi-unit buildings. Phase 2 focuses on the downtown area and applies to high-density residential and mixed-use zones.

Scale Considerations: Targets vary on housing form rather than number of units.

Notes: For projects that proceed through Options 2 and 3, the City will supply applicants with a shortlist of qualified non-profit housing societies and foundations that have expressed interest in partnering on affordable housing projects in the City.

6.4 CITY OF RICHMOND

Source: Low End Market Rental Program (LEM RP)¹², Official Community Plan¹³ for Density Bonusing

Type: Density Bonus

Formula: Fixed Rate (LEM RP + DBs) & Phased Development Agreements (DBs)

Type of Amenities: Affordable housing, childcare, community planning services, community beautification, etc.

Type of Affordable Housing: Low end of rental market

Inclusionary Housing Targets:

- Projects outside City Centre with >60 units to provide at least 10%, those within City Centre provide 15%
- Projects with 60 units or less to provide cash-in-lieu; target set rate (\$/sq.ft) varies on location and housing type (single-detached, townhouse, apartments).
- Single-detached residential rezoning's have the option to provide secondary suites rather than cash-in-lieu, or split 50/50.

Density Bonus Fixed Rates (OCP): Additional density above a base density of 0.5 FAR, may be allowed where a developer satisfies the applicable City Affordable Housing contribution requirements, and:

- Provides, as per the Neighbourhood Service Center Master Plan, a Broadmoor Amenity Contribution of \$25.47/m² (\$2.37/sq.ft) of the total net building floor area above 0.5 FAR to be allocated as follows:
 - Child Care: \$12.70/m² (\$1.18/sq.ft)
 - Community Beautification: \$9.79/m² (\$0.91/sq.ft)
 - Other amenities: \$3.01/m² (\$0.28/sq.ft)
- Phased Development Agreements and other mechanisms (e.g., voluntary contributions) may be used to obtain funds with Community Planning Contributions of \$3.01/m² (\$0.28/sq.ft) of total net building floor area

Exemption: No notable exemptions

Geographic Consideration: LEM RP differentiates between within and outside city centre. CACs are City-wide.

Scale Consideration: 60 units or less are cash-in-lieu; >60 units required to provide built contribution.

Notes: The West Cambie Alexandra Neighbourhood has its own affordable housing calculations, which are detailed in the West Cambie Area Plan.

¹² https://www.richmond.ca/__shared/assets/info5159495.pdf

¹³ https://www.richmond.ca/__shared/assets/OCP_9000_consolidation34181.pdf

6.5 CITY OF LANGFORD

Source: Affordable Housing and Amenity Contribution Policy¹⁴ & Official Community Plan¹⁵

Type: CACs

Formula: Target Fixed Rate

Types of Amenities: Affordable housing, childcare facilities, park or public space development, public art, community safety initiatives, agricultural land restoration, enhancement or designation, community shuttle service, community gathering spaces, other amenities listed by Council policy

Type of Affordable Housing: Non-market housing

Inclusionary Housing Targets:

- \$1,000/Single Family Equivalent (SFE)

CAC and/or Density Bonus Target Rates:

- \$3,800/SFE – City Center
 - In addition to the above, commercial, business park and industrial lands: \$10.75 / m²
- \$3,400/SFE – Sooke Road Corridor
- \$6,000/SFE – North Langford, East Langford, West Langford, South Langford

Exemptions: No exemptions noted

Geographic Considerations: Target rates for general amenities are higher outside of city center and Sooke Road corridor.

Scale Considerations: Rezoning applications to create 15 or more new single-family residential lots need to provide one affordable housing unit or pay the cash-in-lieu amount.

Notes: An affordable housing agreement will be registered on the title of each lot restricting the resale of the affordable homes to a maximum of \$165 000 for a period of five years

¹⁴ <https://www.langford.ca/wp-content/uploads/2020/11/affordable-housing-park-amenity-contribution-policy.pdf>

¹⁵ <https://www.langford.ca/wp-content/uploads/2020/10/official-community-plan-1200.pdf>

7.0 APPENDIX C – CAC TABLE

Municipality	Amenity Contribution Approach	Approval Process	Amenity Contribution Targets	Type of Amenity Contribution	Allocation of Cash Contributions	Inclusionary Housing	Amenity Policy (separate from OCP)	Amenity Policy Exemptions	Notes
Central Saanich	Fixed Rate Target	Rezoning	\$2,000/unit – Affordable/Supportive Housing \$5,500/unit – General Community Amenity	Cash Contribution	Affordable/Supportive Housing Fund - 27% General Community Amenity Fund – 73%	Yes, non-market and moderate market rental housing	Yes	Reduced rate considered for application with non-market and moderate-income market rental housing components	This approach has been successful and well received for residential rezoning applications (there have been no commercial rezoning applications since the inception of the policy).
Colwood	Site-specific Negotiation (considering updating)	Rezoning	Site-specific negotiation	In-kind or Cash Contribution	Affordable Housing Reserve Fund	Yes, targets owners and renters	No (in review)	Does not apply to developments providing attainable housing; Projects with no residential	Previous policy obtained amenities through cash contributions and in-kind units (with housing agreements in multifamily projects). A New policy may be established to reflect the updated OCP
Esquimalt	Site-specific Negotiation	Rezoning	Site-specific negotiation	In-kind or Cash Contribution	General amenities	Yes, not specified	No	N/A	Potential amenities are listed in the OCP
Highlands	Site-specific Negotiation	Rezoning	Site-specific negotiation	In-kind or Cash Contribution	General amenity fund and other specific project funds	No	Yes	No exemptions specified in policy	CAC policy applies to all rezoning
Langford	Fixed Rate Target	Rezoning	Affordable Housing \$1,000/ Single Family Equivalent (SFE) – all areas. General Amenity \$3,800/SFE -City Center \$3,400/SFE – Sooke Road Corridor \$6,000/SFE – All other areas	In-kind or Cash Contribution	- Affordable Housing Fund (14% - 29%) - General Amenity Reserve Funds (71% to 86%), depending on location and use	Yes, non-market housing	Yes	Does not apply to non-market residential rezonings and commercial/industrial rezonings outside of the city centre	Since the development of the current policy, 40 affordable units have been built in-kind with housing agreements. However, since the 2008-09 recession, developers have selected the cash contributions option rather than building units. The policy also includes a target for: 1) 25% multi-family units in new large developments (40+ acres) and 2) the construction of secondary suites for a minimum of 50% of all single-detached dwellings (not including small lots)
Metchosin	Site-specific Negotiation	Rezoning	Site-specific negotiation	In-kind or Cash Contribution	Park Land Acquisition Reserve Fund	No	No	N/a	-
North Saanich	Fixed Rate Target	Rezoning	- \$16,000 / additional single-detached lot - \$9,500 / townhouse unit - \$8,000 / apartment unit	Cash Contribution	General Fund towards various amenities and Affordable and Special Needs Housing	Yes, seniors and special needs, acquisition of land for affordable housing, and	Yes	Exemption for projects with no residential	-



Municipality	Amenity Contribution Approach	Approval Process	Amenity Contribution Targets	Type of Amenity Contribution	Allocation of Cash Contributions	Inclusionary Housing	Amenity Policy (separate from OCP)	Amenity Policy Exemptions	Notes
						upgrading existing housing stock			
Oak Bay	Fixed Rate Target	Rezoning	<ul style="list-style-type: none"> - Single-detached lot \$6000 per unit/lot - Duplex \$4500 per unit - Multifamily \$4000 per unit - Commercial \$30.00 per m2 	In-kind or Cash Contribution	Community amenity reserve fund	Yes, non-market housing	Yes	<ul style="list-style-type: none"> - Dwelling units resulting from conversion of a heritage building identified on the Oak Bay Heritage Register to multiple dwelling units or, where applicable, mixed use. - Affordable Housing units as provided through a housing agreement 	Policy effective May 13, 2019. Previously, site specific negotiations were used.
Saanich	Target Rate; and Site-specific Negotiation	Rezoning	<p>Major and neighbourhood “centers”: \$3,000 - \$5,000 per unit (up to 8 storeys) and 50-75% of land lift (above 8 storeys)</p> <p>Villages and Neighbourhoods: \$3,000 - \$5,000 per unit (up to 4 storeys); \$5,000 per unit (above 4 to max 6 storeys); and 50-75% of land lift (above 6 storeys).</p> <p>Uptown Major Centre: \$3,000-\$5,000 per unit (up to base height); \$5,000 per unit (greater than base height); 75% of land lift (greater than 18 storeys).</p>	Cash Contribution	General amenities, various project funds or Saanich Affordable Housing Fund	Yes, supportive housing	Yes, interim policy	<ul style="list-style-type: none"> - Waived for secured non-profit rental as defined in the DCC Reductions Bylaw - 100% reductions in targeted CAC for rental units, where secured for 60 years or the life of the building - 50% reduction for purpose build rental units, where secured for at least 10 years - 50% reduction where at least 10% of residential units are sold at a minimum of 10% less than the current median market rates and the reduction is secured for the life of the building 	Council has adopted an Interim Policy. The District is currently working on a refined CAC and Inclusionary Housing Program and Policy
Sidney	Fixed Rate (permitted in zoning bylaw) and	Development Permit OR Rezoning	\$150/m2 of additional gross floor area above the Base Density permitted by the property's	Cash Contribution	General amenities – 33%	Yes, non-market housing	Yes	Exemptions mainly for non-market housing	Since adoption of the policy, applicants have only applied for the bonus density which is permitted in the Zoning Bylaw rather than pursuing a rezoning. The



Municipality	Amenity Contribution Approach	Approval Process	Amenity Contribution Targets	Type of Amenity Contribution	Allocation of Cash Contributions	Inclusionary Housing	Amenity Policy (separate from OCP)	Amenity Policy Exemptions	Notes
	Fixed Rate Target		existing zoning (for Multi-unit Residential Zone and Downtown Commercial Area)		Attainable and Affordable Housing – 67%			and projects with no residential	Zoning Bylaw outlines the bonus density structure, and the policy addresses the calculations and contributions for Bonus Density and Community Amenity Contributions.
Sooke	Fixed Rate	Rezoning	\$2,500/unit Town Center \$5,000/unit Outside Town Center	In-kind or Cash Contribution	General Amenities Reserve Fund	Yes, unspecified	Yes	Affordable housing projects exempt	A Community Amenity Contribution Policy was developed in 2010 and repealed May 2017. The policy applied to residential rezonings and outlined priorities for in-kind contributions and fixed rate targets of \$5000/unit (\$2500/unit in Town Centre) for general amenities. Affordable housing projects were exempt.
Victoria	Fixed Rate Target; Site Specific Negotiation	Rezoning	<p>Level A (to OCP Base Density):</p> <p>1) Urban Core, Town Centre, Large and Small Urban Villages, Urban Residential: \$5/sq.ft of bonus floor space</p> <p>Level B (OCP Base Density to Proposed Density):</p> <p>1) Urban Core, Town Centres, Large Urban Villages:</p> <ul style="list-style-type: none"> <60 units - \$35/sq.ft of bonus floor space >59 units projects – 20%* of the project's total FSR or total units for Inclusionary Housing Units (Rental)) Or determined by economic analysis for Inclusionary Housing Units <p>*10 to 20% considered for projects with financial hardship; primarily family size units; energy efficiency above the step code.</p> <p>2) Urban Residential: \$20/sq.ft of bonus floor space</p> <p>3) Small Urban Village: \$5/sq.ft of bonus floor space</p> <p>Atypical Rezoning:</p> <p>Site-specific negotiation determined through a negotiated approval based on 75% of the increase in land value from existing zoning</p>	In-kind or Cash Contribution	<p>- 70% Affordable Housing (Victoria Housing Reserve Fund)</p> <p>- 30% General Amenities (Downtown Core Area Public Realm Improvement Fund OR Local Area Fund)</p>	Yes, homeownership and rentals for moderate and low-moderate incomes	Yes	<p>- 100% purpose-built rental projects (or mixed-use projects where residential portion is 100% rental) and tenure is secured by legal agreement for the greater of 60 years or life of the building.</p> <p>- 100% non-market projects owned by non-profit or government agency, secured by legal agreement</p> <p>- Projects with heritage conservation contributions of equal or greater value to that of the CAC are exempt as determined through an economic analysis</p> <p>- Projects that do not include residential use</p>	<p>Currently policy effective June 13, 2019</p> <p>The former Density Bonus Policy applied to rezonings and provided an option for using the negotiated or fixed rate target approach; however, the fixed rate target was rarely used by applicants. The fixed rate target for the bonus density portion was equivalent to: \$53.82/m² Urban Residential / Large Urban Village and \$129.17m² Core Residential/Business (<2787m²)</p>



Municipality	Amenity Contribution Approach	Approval Process	Amenity Contribution Targets	Type of Amenity Contribution	Allocation of Cash Contributions	Inclusionary Housing	Amenity Policy (separate from OCP)	Amenity Policy Exemptions	Notes
View Royal	Fixed Rate Target	Rezoning	<ul style="list-style-type: none"> - \$6,00 per single-detached residential unit or lot - \$4,000 per unit for other types of residential uses - Site-specific negotiation through land lift analysis by third party where >100 additional residential units are proposed or possible. The Town will seek a target of 50% of the increase in land value for the provision of community amenities 	In-kind or Cash Contribution	General amenities, various project funds or Regional Housing Trust Fund	Yes, not specified	Yes	N/A	Policy effective July 16, 2019. Previously, site specific negotiations were used.
Township of Langley	Fixed Rate Target	Rezoning	<ul style="list-style-type: none"> - \$5,673 per single-detached residential lot created - \$4,814 per townhouse/rowhouse/duplex or other ground-oriented dwelling units - \$3,782 per low rise apartment unit (6 storeys or less) - \$2,2923 per mid- or high-rise apartment unit (7 storeys or more) 	Cash Contribution	Affordable Housing Reserve Fund and Community Amenity Contribution Fund	Yes, 15% goes to Affordable Housing Reserve Fund	Yes	Exemptions for affordable and special needs housing, rental housing, small residential infill developments, and projects with no residential	The Greenway Amenity Policies applies to rezoning's in certain areas using a fixed rate/in-kind approach for green space.
City of North Vancouver	Fixed Target Rate (permitted in zoning bylaw); Fixed Rate; Site Specific Negotiation	Development Permit OR Rezoning	<p>Bonus Density Zoning:</p> <ul style="list-style-type: none"> - \$25 per square foot of residential <p>Rezoning:</p> <ul style="list-style-type: none"> - \$175 to \$190/sq.ft residential depending on location - 100% rental buildings in exchange for density bonus of 1.0 FSR, requirement that 10% of units be secured at 10 percent below average CMHC rents in perpetuity - 30% of bonus amount provided as non-market rental housing, within strata developments - Maintain existing rental building with bonus density transfer to another site - Additional bonus provided per sq.ft of Commercial floor Area with conditions - Bonus provided for preservation and restoration of heritage 	In-kind or Cash Contribution	80% of cash contributions go to Community Amenity Reserve Fund; and 20% goes to Affordable Housing Reserve Fund	Yes, non-market rental housing, below market rental, and special needs units.	Yes	Exemption for projects with 100% commercial	<p>Although the market in City of North Vancouver is different than the District of Saanich, it provides a good example of utilizing a combination of approaches to obtain amenities. City of North Vancouver's policy is categorized into the following community amenity types:</p> <ul style="list-style-type: none"> - Amenity Fund Contributions (funds that help pay for civic amenities) - Secured Rental Housing (ensuring there is quality rental housing options for future generations) - Employment Generation (creating jobs close to where people live) - Heritage Conservation (ensuring the cultural heritage of the City is not lost during redevelopment)



Municipality	Amenity Contribution Approach	Approval Process	Amenity Contribution Targets	Type of Amenity Contribution	Allocation of Cash Contributions	Inclusionary Housing	Amenity Policy (separate from OCP)	Amenity Policy Exemptions	Notes
			- CACs for sites in OCP growth centres are determined through a negotiated approval based on 75% of estimated increase in market value						
Gibsons	Fixed Rate Target; and Site-Specific Negotiation	Rezoning	<p>Single-detached Lot: \$10,000 per lot</p> <p>Multi-Family Development (includes duplex, three-family dwelling, townhouse, apartments, and live-work): \$5,000 per unit</p> <p>Negotiated Approach: 75% of increase in land value</p>	Cash or in-kind	<p>44% to the Affordable Housing Reserve Fund; and</p> <p>56% to the Town's General Community Amenity Contribution Reserve</p>	Yes, not specified	Yes	<p>Not-for-profit organizations</p> <p>100% purpose-built rental projects (or mixed-use projects where the residential portion is 100% rental) AND the tenure is secured by legal agreement for the greater of 60 years or the life of the building.</p> <p>Council can, at its discretion, waive some or all of the CACs as part of rezoning where affordable housing or another public amenity is being provided directly by the applicant.</p>	<p>Adopted July 17th, 2007, and revised March 1st, 2016.</p> <p>Gibsons provides a credit for existing residential units on a lot at the time of the rezoning application that is intended to be demolished or retained as part of the redevelopment.</p> <p>CAC target rates are reviewed every two to five years.</p>
Abbotsford	Fixed Rate Target	Rezoning	<p>\$625 per residential unit</p> <p>\$625 per 100m2 commercial</p>	Cash-in-lieu	<p><i>Previous Allocation:</i></p> <ul style="list-style-type: none"> - \$400 to Cycling, Transit, pedestrians - \$225 for Park improvements <p><i>New CBC Allocation:</i></p> <ul style="list-style-type: none"> - \$225 to Cycling, transit and pedestrians - \$200 to Park improvements - \$200 for affordable housing (new) 	Yes, not specified	Yes	Not specified	<p>The City is beginning a review and update to Density Bonusing and Community Amenity Contributions.</p> <p>The City started negotiating Community Benefit Contributions for two amenity categories in 2019. In January 2021 affordable housing was added as a third category.</p>



Municipality	Amenity Contribution Approach	Approval Process	Amenity Contribution Targets	Type of Amenity Contribution	Allocation of Cash Contributions	Inclusionary Housing	Amenity Policy (separate from OCP)	Amenity Policy Exemptions	Notes
New Westminster	Target Fixed Rate (Inclusionary Housing); and Fixed Rate (Density Bonus)	Inclusionary Zoning (rezoning); Density Bonus	<p>Inclusionary Housing:</p> <p>Option 1: min 20% of total units or floor area to be built affordable units.</p> <p>Option 2: min 5% of total units as built non-market units.</p> <p>Option 3: min 10% of total units as built below-market units.</p> <p>Density Bonus: Changes based on housing form and geography.</p> <p>Townhouse: \$120/sqft (Mainland + Queensborough); \$90/sqft (downtown)</p> <p>Apartment (6 storeys or less): 120sqft (Mainland); \$65/sqft (queensborough); and \$90/sqft (downtown)</p> <p>Apartment (more than 6 storeys): \$50/sqft (downtown)</p>	In-kind (inclusionary housing); cash-in-lieu (density bonus)	30% towards affordable housing, 10% towards childcare art, and 50% towards general amenities (i.e., civic facilities, park space, public art, etc.).	Yes, below market and non-market rentals	Yes	<p>Wood-frame development (time limited exemption until Dec 31, 2022).</p> <p>Properties with high existing entitlements and limited density increase</p> <p>Projects developed under the City's Secure Market Rental Policy</p> <p>Projects development which provides only townhouse units; and</p> <p>Projects developed with fewer than 10 units.</p>	For projects that proceed through Options 2 and 3, the City will supply applicants with a shortlist of qualified non-profit housing societies and foundations that have expressed interest in partnering on affordable housing projects in the City.
Richmond	Fixed Rate; and Phased Development Agreements	Density Bonus	<p>Provides, as per the Neighbourhood Service Center Master Plan, a Broadmoor Amenity Contribution of \$25.47/m² (\$2.37/sq.ft) of the total net building floor area above 0.5 FAR to be allocated as follows:</p> <ul style="list-style-type: none"> Child Care: \$12.70/m² (\$1.18/sq.ft) Community Beautification: \$9.79/m² (\$0.91/sq.ft) Other amenities: \$3.01/m² (\$0.28/sq.ft) <p>Phased Development Agreements and other mechanisms (e.g., voluntary contributions) may be used to obtain funds with Community Planning Contributions of \$3.01/m² (\$0.28/sq.ft) of total net building floor area</p>	Built units; and cash-in-lieu	50% to childcare, 38% to community beautification, 12% to other amenities	Yes, low end of rental market	Yes	No notable exemptions	the West Cambie Alexandra Neighbourhood has its own affordable housing calculations, which are detailed in the West Cambie Area Plan.