



The Corporation of the District of Saanich

Report

To: Mayor and Council
From: Sharon Hvozdanski, Director of Planning
Date: March 29, 2021
Subject: Community Amenity Contribution and Inclusionary Housing Program
Terms of Reference
File: 2830-50 • Community Amenity Contribution

RECOMMENDATION

1. That Council endorse the Community Amenity Contribution and Inclusionary Housing Program Terms of Reference (Attachment A).
2. That Council allocate \$275,000 from the Council Strategic Initiatives Fund for the development of the Community Amenity Contribution and Inclusionary Housing Program.

PURPOSE

The purpose of this report is to:

- Provide Council with an overview of the proposed Community Amenity Contribution and Inclusionary Housing Program Terms of Reference;
- Provide Council with feedback from the Housing Task Force on the draft Terms of Reference; and
- Seek Council's endorsement of the Terms of Reference for the development of a Community Amenity Contribution and Inclusionary Housing Program.

DISCUSSION

Background

The Official Community Plan (OCP) accounts for anticipated growth in the District of Saanich, with the majority of it being focused on Centres, designated Corridors and Villages. The anticipated growth will trigger the demand for a range of new and upgraded public amenities, including items such as; community facilities, parks, playgrounds, public squares/plazas, pedestrian and cycling routes, and trails. Some of these items are addressed by the recently updated Development Cost Charge (DCC) program. Additional items not covered by DCCs are typically achieved through Community Amenity Contributions (CACs).

Existing area/corridor plans offer significant opportunities for new development in Saanich (i.e. Shelbourne Valley, Uptown-Douglas). As new growth is experienced, there will be a commensurate need for public amenities in order to create a complete community. Additionally, the provision of more affordable and supportive housing is a priority for Council, with clear community needs identified in the recently completed Housing Needs Report.

Currently, Saanich obtains CACs through application-specific negotiations as part of the rezoning process, with negotiations based on OCP and area plan policies, defined Council objectives, community input, and assumed local need. Establishing a structured Program will enable staff to effectively negotiate public benefit commitments, achieve many of the District's objectives, and provide clarity for Council, developers and the community.

Council Direction

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

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

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

At the Special Council Meeting, on August 10, 2020, when the Uptown-Douglas Plan was endorsed in principle, support of a structured CAC program, along with specific targets for the Uptown-Douglas Plan area, was directed by Council through the following motion:

“That Council direct staff to incorporate the development of Community Amenity Contribution (CAC) targets for the Uptown-Douglas Plan area as part of the future District-wide initiative to establish a structured CAC program.”

Context

Interim Community Amenity Contribution Policy

Developed in parallel to the Community Amenity Contribution and Inclusionary Housing Program Terms of Reference, the draft Interim Community Amenity Contribution Policy seeks to formalize current practices and to provide clarity and guidance for Council, staff, developers, and the public for the negotiation of Community Amenity Contributions as part of rezoning applications and those involving amendments to height and/or density. The Interim Policy has been developed to provide direction over the short-term, during the development of this more structured and long-term Program. The Interim Policy is presented for Council's considerations in a companion report

Housing Needs Report

The District of Saanich is among many municipalities responding to the challenges of planning for and providing adequate affordable housing across the spectrum. The Saanich Housing Needs Report (released in November 2020) highlights the urgent need for diverse, affordable housing including additional rental and affordable housing for seniors and families, supportive housing, and housing for students. This data will be important when considering how to target potential inclusionary housing elements of the Program.

Housing Strategy

In response to housing crisis and the growing housing affordability challenges, the District of Saanich endorsed the development of a Housing Strategy to address these issues with a

district-wide approach. The Housing Strategy will provide a path to guide how the District of Saanich will move forward to achieve a greater housing supply, affordability and diversity and to accommodate a broad range of community housing needs now and into the future. The development of a structured Community Amenity Contribution and Inclusionary Housing Program will look to align with the Housing Strategy, improve efficiencies and outcomes related to the development approvals process, and create clarity and transparency in negotiating community contributions, including for affordable and supportive housing.

Consultation

Housing Task Force

As directed by Council, staff presented the draft Community Amenity Contribution and Inclusionary Housing Program Terms of Reference to the Housing Task Force on November 19, 2020. The item was discussed on November 19 and December 10, 2020 and comments and feedback were received (see Attachment B).

On December 10, 2020 the Housing Task Force carried a motion in support of the Community Amenity Contribution and Inclusionary Housing Program Terms of Reference. The motion states:

“That the Task Force direct staff to incorporate this input regarding the updated actions on Community Amenity Contributions as circulated during the meeting of December 10, 2020, into the Terms of Reference and include it as considerations in the development of the Community Amenity Contributions policy as appropriate.”

Overall, the comments show support for the development of the Program and highlighted the importance this initiative. Staff revised the Terms of Reference based on Task Force input and included additional content related to the financial/economic research and analysis, the viability and validity of the Program, education outputs, and clarity surrounding alignment with the District and senior level government’s plans, policies and documents. Other comments have been documented, and will be referenced during the Program development, and include such topics as community involvement, education and awareness, and amenity considerations.

TERMS OF REFERENCE: COMMUNITY AMENITY CONTRIBUTION AND INCLUSIONARY HOUSING PROGRAM

Council has directed staff to develop a Community Amenity Contribution Policy and Inclusionary Zoning framework. Staff have prepared a draft Terms of Reference for a Community Amenity Contribution and Inclusionary Housing Program (the “Program”) in response to this direction (see Attachment A). The Program is intended to provide consistency and transparency for both the development industry and residents and balance the financial impact of new development for the existing population.

The purpose of the Program is to provide long-term guidance and to establish a transparent, efficient, balanced and predictable process by which the District of Saanich can receive amenities from development, in the form of Community Amenity Contributions (CACs) through the rezoning process, and/or through Density Bonus Zoning through the Zoning Bylaw.

The Program aims to provide direction on priorities, processes and anticipated levels of contributions when negotiating public benefit amenities. An examination of available tools, economic data and community priorities will aid in the development of an approach that

provides clarity on the expectations of applicants. By establishing a clear policy framework, the District will provide consistency and transparency for both the development industry and residents, and balance the financial impact of new development for the existing population.

A central component of the Program development is a comprehensive financial and economic analysis to inform a recommended approach/approaches for obtaining community contributions. This analysis will be foundational to understanding economic conditions and testing the viability of potential approaches.

Program Objectives

The Community Amenity Contribution and Inclusionary Housing Program's objective is to develop a clear, predictable, balanced and structured process whereby the District of Saanich can obtain community contributions, through one or more available approaches, that will balance the need for localized amenities with affordable and supportive housing.

The following list of core objectives seek to inform the development of Community Amenity Contribution and Inclusionary Housing Program:

- Develop a transparent, efficient, balanced and predictable Program for obtaining amenities through Community Amenity Contributions, Density Bonus Zoning and/or Inclusionary Housing;
- Inventory and build understanding of potential approaches to achieving public benefits;
- Undertake a financial and economic analysis to understand market conditions and identify the financial capacity of new development to provide amenities and affordable housing units;
- Develop an understanding of stakeholder interests and perspectives;
- Establish clear priorities for public benefits and affordable housing;
- Develop a framework for the provision of amenities, on-site affordable housing units, and/or allocation of in-kind and cash-in-lieu contributions;
- Provide a framework that integrates with policy directions and land use designations in the Official Community Plan, area plans (present and future); and
- Design an approach that retains its validity over time.

Scope of Work

The creation of the Community Amenity Contribution and Inclusionary Housing Program will analyze a range of community contribution approaches and will be led by an experienced consultant and managed by District of Saanich staff. The Program is recommended to involve a wide range of considerations and include the following scope of work:

- Apply Program objectives throughout the project development;
- Establish principles to guide the Program and its policy direction;
- Develop an engagement strategy, with tactics scheduled at multiple project phases;
- Build community awareness and understanding of approaches for obtaining CACs, including through reports, presentations, website/social media content, and engagement materials;
- Prepare a report/discussion paper, comprehensively outlining and evaluating potential approaches to obtaining community contributions, including best practices and lessons learned (i.e. "Do's and Don'ts");
- Conduct a District-wide financial and economic analysis and review of market conditions;
- Determine priorities for CACs, Density Bonus Zoning and/or Inclusionary Housing with consideration of affordable housing and localized amenities;

- Assess community contributions in conjunction with DCCs and other costs associated with the production of housing;
- Assess community contributions in the context of existing municipal financial plans and priorities and the capacity of the District of Saanich to manage potential assets acquired through the Program;
- Develop a comprehensive CAC and inclusionary Housing Program that:
 - Identifies mechanisms to achieve public benefits;
 - Establishes targets and priorities;
 - Identifies financial, spatial/geographic and density parameters;
 - Identifies the types of land uses and tenures where CACs would apply;
 - Examines potential exemptions, including potentially for purpose built affordable rental housing;
 - Includes specific targets for the Uptown-Douglas Plan area that reflect and align with the Plan's land use designations; and
 - Considers equitable distribution and proportionality of the Program, in terms of both proximity and needed amenities, on a district-wide scale.
- Assess economic and development conditions in the Uptown-Douglas area and develop a community contribution approach in alignment with the Plan's land use designations and the broader program;
- Develop targets and procedures for allocation of cash-in-lieu;
- Ensure Program viability (i.e. design a program that accounts for the impacts of amenity contributions on the viability of new development);
- Develop administration procedures for negotiating and securing negotiated CACs and/or voluntary Density Bonus Zoning;
- Align the Program with other District plans, policies and programs, both through clarifying relationships and application to existing plans and integration with future plans;
- Ensure Program aligns with senior level government policies;
- Develop a Program guidebook to assist stakeholders, developers, applicants and residents; and
- Establish a process for the evaluation and monitoring of the Program.

Project Process

Should Council approve the Terms of Reference, project work, including retention of a consultant would commence. Once a consultant is retained, the planning process would be formally initiated and is anticipated to take 14 months, and would commence. The project would be undertaken in five phases, with a sixth phase crafted as a program evaluation post one-year of the Program implementation (see Figure 1).

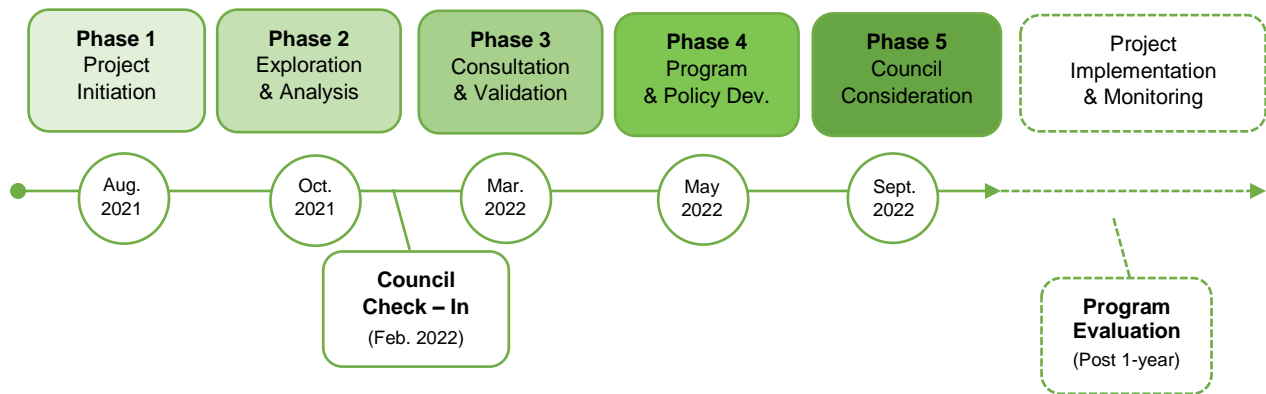


Figure 1: Community Amenity Contribution & Inclusionary Housing Program Process

A more detailed description of each project phase, including activities, key deliverables, and timelines, is provided in the Terms of Reference (see Attachment A).

Engagement & Consultation

Given the uncertainty surrounding COVID-19, including stringent social distancing protocols, public engagement methods may be restricted to online formats, or where possible, offer small in-person groups discussions/sessions. Nonetheless, there remains a number of engagement techniques available to gather input from the community, share information, and build awareness amongst all stakeholders.

In considering the scale of project and complexity of its subject matter, an outreach strategy will be developed to inform stakeholders and the community at large. The strategy will include the delivery of key messaging in a consistent manner and will include Program goals, objectives, processes and tools. The aim of the outreach strategy would be to provide perspective for the Program and policy development in order to assure equality and accessibility by members of the community.

Core engagement activities for the project include:

- Project Working Group (comprised of staff and the consultant);
- Focus Group Discussions (including urban economics, market trends, housing needs);
- Stakeholder Interviews;
- Community Survey(s);
- Public Open Houses (virtual/online and small scale/reservation-only); and
- Other engagement activities as needed.

Saanich adheres to the International Association of Public Participation (IAP2) spectrum of participation which identifies the level of community involvement in decision making. The following table outlines the public engagement goals and identifies the tools that will be applied throughout the project (see Figure 2).

Engagement: Goals & Tools	Level of Public Participation		
	Inform	Consult	Involve
Public Participation Goal	To provide balanced and objective information that will: <ul style="list-style-type: none"> • Keep key stakeholders and the public up to date; • Raise awareness of the Program; • Share data and other information; and • Advertise public engagement opportunities. 	To obtain key stakeholder and public feedback on options, alternative solutions, and the draft Program.	To work directly with key stakeholders and the public throughout the process to identify community amenity and housing needs, receive feedback, and to create a clear, transparent, efficient, balanced and predictable Program.
Proposed Engagement Tools	Project website Email updates Social media Media (offline)	Open House(s) Community Survey	Focus Group Discussions Stakeholder Interviews

Figure 2: Community Amenity Contribution & Inclusionary Housing Program – Level of Public Participation (IAP2)

Working with the community and stakeholders will help inform the Program development, including identifying amenities that will help address the impacts of growth, locally and on a District-wide scale. A list of key stakeholders that will be involved and consulted is included in Attachment A.

As we navigate the many challenges of COVID-19, practices surrounding public engagement and consultation continue to adapt to the circumstances. In recent months there has become an increased reliance on online engagement platforms. Recently, the District's Housing Strategy has successfully operated a Housing Task Force solely through the use of online meetings which generated options for dialogue and small group discussions through break-out rooms and idea boards. Similar meetings may be replicated during the development of the Program.

To ensure that the development of the Community Amenity Contribution and Inclusionary Housing Program offers accessible and equitable engagement opportunities, while respecting the health protocols of COVID-19, the Terms of Reference is planning to offer digital and socially distanced, in-person engagement opportunities.

ALTERNATIVES

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

FINANCIAL IMPLICATIONS

In addition to staff resources, the proposed budget for the project is estimated at \$275,000. The budget is inclusive of costs associated with a consultant-led project and the delivery of a comprehensive financial and economic analysis, discussion paper, and public engagement process.

Staff are recommending that funding for the project come from the Council Strategic Initiatives Fund. The fund currently has a balance of \$946,738, of which \$300,000 is under the affordable housing category. The staff recommendation is that Council allocate funds from the general portion of the fund. Given the Inclusionary Housing component of the project, Council may also wish to consider allocating all of part of the project's \$275,000 budget from the affordable housing portion of the fund.

Longer term, the Community Amenity Contribution and Inclusionary Housing Program has potential financial implications for the District of Saanich. There is an opportunity cost to encouraging adequate community amenity contributions as private development occurs, and also a risk to discouraging redevelopment by expecting community contribution levels that are too high. The Program looks to strike a balance between the needs of the District of Saanich and developing tools to secure fair community benefit amenities, including affordable and supportive housing.

STRATEGIC PLAN IMPLICATIONS

This project is supported by the 2019-2023 Strategic Plan including the following initiatives:

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

PLANNING IMPLICATIONS

Policy

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

Official Community Plan

- 4.2.2.4 “Through the development review process consider the use of variances and density bonusing to secure public amenities such as open space, playgrounds, landmarks, focal points, activity centres or cultural features.”
- 4.2.3.3 “Through the development review process consider the use of variances, housing agreements, covenants, phased development agreements and density bonusing to secure public amenities such as open space, playgrounds, landmarks, focal points, activity centres or cultural features.”
- 4.2.3.4 “Investigate criteria for considering inclusionary zoning and density bonusing as part of development applications, in return for the provision of affordable and/or special needs housing.”

- 5.1.2.14 “Investigate criteria for considering “inclusionary zoning” (% of units for affordable or special needs housing) and density bonusing as part of development applications, in order to provide for affordable and/or special needs housing.”
- 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).”

Uptown-Douglas Plan (Endorsed in Principle)

The Uptown-Douglas Plan identifies the development of a structured program for Community Amenity Contributions (CACs) as a key implementation item. At the Special Council Meeting, on August 10, 2020, when the Uptown-Douglas Plan was endorsed in principle. Council also directed staff to incorporate the development of Community Amenity Contribution (CAC) targets for the Uptown-Douglas Plan area as part of the future District-wide initiative to establish a structured CAC program.

CRD’s Regional Housing Affordability Strategy

The Regional Housing Affordability Strategy provides a framework for addressing challenges and supporting a collaborative regional approach to creating a healthy sustainable housing system, supporting a shared regional response to issues of housing affordability and homelessness. One of the strategies under Goal #2 - Sustain a shared regional response to existing and emerging housing demand, is to explore “mixed tenure and inclusionary housing models”.

Policy Analysis

The Official Community Plan contains policies that support the development of an amenity policy and consideration of inclusionary zoning. Consideration of tools and regulatory changes that improve access to housing affordability are encouraged through policies that support the development of affordable and special needs housing and focus on housing needs for seniors, families, and people experiencing homelessness. Current policy in the Official Community Plan and area plans, identifies a range of priorities for community contributions, including housing, park space, public realm improvements, and transportation enhancements.


CONCLUSION

The purpose of the Community Amenity Contribution and Inclusionary Housing Program is to provide long-term guidance and to establish a transparent, efficient, balanced and predictable process by which the District can receive amenities from development, in the form of Community Amenity Contributions through the rezoning process, and/or through Density Bonus Zoning through the Zoning Bylaw.

The Program aims to provide direction on priorities, processes and anticipated levels of contributions when negotiating public benefit amenities. An examination of available tools, economic data and community priorities will aid in the development of an approach that provides clarity on the expectations of applicants.

The attached Terms of Reference outlines a proposed process for developing this Program to guide the District in obtaining community contributions, including affordable and supportive housing. The Program budget, estimated at \$275,000, would enable a comprehensive financial and economic analysis and the development of a discussion paper on approaches for obtaining community contributions. This analysis will become the backbone for the overall project and will inform critical outcomes, including the development of an approach, targets and priorities. The budget will also satisfy stakeholder and public consultation at a community-wide scale. The Terms of Reference outlines a process that acknowledges the COVID-19 pandemic and adopts a flexible approach that will deliver a Community Amenity Contribution and Inclusionary Housing Program within 14 months. The process will result in a thorough understanding of community contributions including affordable and supportive housing. To ensure further education and awareness, an outreach strategy will deliver key messaging in a consistent manner in order to assure equality and accessibility by members of the community.

Saanich will benefit from a District-wide Community Amenity Contribution and Inclusionary Housing Program. The Terms of Reference outlines a comprehensive process to create a Program that is fair, transparent and balanced. Staff recommend that Council endorse the Community Amenity Contribution and Inclusionary Housing Program Terms of Reference (Attachment A) and associated budget in order to undertake this process.

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AM/jsp

- Attachments: A. Terms of Reference: Community Amenity Contribution and Inclusionary Housing Program
B. Housing Task Force Comments (December 10, 2020)

ADMINISTRATOR’S COMMENTS:

I endorse the recommendation from the Director of Planning.

Paul Thorkelsson, Chief Administrative Officer

Attachment A:

Community Amenity Contribution and
Inclusionary Housing Program

Terms of Reference

DRAFT – March 29, 2021

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1. PURPOSE

The purpose of the Community Amenity Contribution and Inclusionary Housing Program (“Program”) is to provide guidance and to establish a transparent, efficient, balanced and predictable process by which the District can receive amenities from development, in the form of Community Amenity Contributions (CACs) through the rezoning process, and/or through Density Bonus Zoning through the Zoning Bylaw. The project will also consider Inclusionary Housing as a potential component to achieve affordable and supportive housing.

The Program aims to provide direction on priorities, processes and anticipated levels of contributions when negotiating public benefit amenities. An examination of available tools, economic data and community priorities will aid in the development of an approach that provides clarity on the expectations of applicants. By establishing a clear policy framework, the District will provide consistency and transparency for both the development industry and residents, and balance the financial impact of new development for the existing population.

2. BACKGROUND AND CONTEXT

Background

The Official Community Plan (OCP) accounts for anticipated growth in the District of Saanich, with the majority of it being focused on Centres, designated Corridors and Villages. The anticipated growth will trigger the demand for a range of new and upgraded public amenities, including items such as; community facilities, parks, playgrounds, public squares/plazas, pedestrian and cycling routes, and trails. Some of these items are addressed by the recently updated Development Cost Charge (DCC) program. Additional items not covered by DCCs are typically achieved through Community Amenity Contributions (CACs).

Existing area/corridor plans offer significant opportunities for new development in Saanich (i.e. Shelbourne Valley, Uptown-Douglas). As new growth is experienced, there will be a commensurate need for public amenities in order to create a complete community. Additionally, the provision of more affordable and supportive housing is a priority for Council, with clear community needs identified in the recently completed Housing Needs Report.

Currently, Saanich obtains CACs through application-specific negotiations as part of the rezoning process, with negotiations based on OCP and area plan policies, defined Council objectives, community input, and assumed local need. Establishing a structured Program will enable staff to effectively negotiate public benefit commitments, achieve many of the District’s objectives, and provide clarity for Council, developers and the community.

Council Direction

On June 22, 2020 Council directed staff to develop an interim CAC policy to document the District’s current approach to CACs, and to follow that up with a process to develop a comprehensive CAC and inclusionary housing policy.

This project will fulfill the Council direction to develop a Community Amenity Contribution and Inclusionary Housing Program that will include the development of a recommended approach

through an exploration of potential tools, including consideration of Density Bonus Zoning and Inclusionary Housing. The Program would assess all areas within the District of Saanich, with a focus on areas where greater growth is anticipated.

Overview of Approaches to Obtaining Community Contributions

Amenities are an important component of creating complete communities. When communities change and grow with new development and increased densities, there is an increased need for infrastructure and amenities to support new and existing residents and employees in the area and offset potential impacts. The development of the Program will include a comprehensive overview of tools and the examination of potential implications. The following provides a brief summary of the tools and approaches that will be explored as a part of this project.

Community Amenity Contributions (CACs)

Provisions in the “Local Government Act” give a local government the specific power to receive negotiated Community Amenity Contributions (CACs) through the rezoning process. A number of municipalities in the CRD, and many more across the province, have enacted CAC programs for residential development, referring to them as voluntary programs, in that no developer is obligated to pay CACs as part of seeking a rezoning.

When a CAC program is in place, the offer of payment of CACs by a developer is part of what a local government considers when evaluating the merits of a rezoning application. The rationale typically used is that a proposed development adds new population to the community that creates increased demand for public amenities, the cost of which should be borne at least in part by new development and not solely by existing taxpayers. Furthermore, it has been argued that if CACs are not paid to help provide the needed amenities, potential added costs could be borne disproportionately by the existing taxpayers. In this light, developments without public benefit contributions may not necessarily be in favour of the public interest. CACs provide a path for the developer to share some of the financial benefit, resulting from the change in land use, with the public.

CACs are cash or in-kind contributions provided voluntarily by developers when additional density and/or a change in use is achieved through a rezoning. CACs are obtained from the developer by the local government, if the local government approves the rezoning. There are two standard methods for collecting CACs:

- Site-Specific Negotiation - A developer initiated rezoning process can lead to negotiated community contributions, which the local government and developer agree to. Negotiations for voluntary contributions can be based on a site-specific economic analysis or based on a case-by-case negotiation, with consideration given to market conditions, community needs, amenity priorities, and other demands.
- Fixed-Rate Target - During the rezoning application process, fixed-rate targets can be used as a basis for negotiating amenity contributions. These pre-determined targets can be directed towards in-kind contributions (i.e. affordable housing units or non-DCC park space),

or as cash contributions towards a defined amenity priority (i.e. a general amenity fund, public realm enhancement, or affordable housing).

Inclusionary Housing

In general, Inclusionary Housing (also referred to as Inclusionary Zoning) is a means of obtaining affordable or special needs housing units from new residential developments and can be established through a Zoning Bylaw, policy and/or program. This approach is divided into two streams:

- Mandatory approach – Under the mandatory inclusionary housing approach, which is currently not permitted under B.C. legislation, a Zoning Bylaw may include a requirement to provide a defined percentage of affordable dwelling units within a new multi-unit residential development.
- Incentive-based approach – Incentive-based inclusionary housing can be achieved by aligning with one of the other approaches discussed. For Community Amenity Contributions (CACs) obtained through the site-specific negotiation approach, a priority for on-site affordable housing or special needs housing can be established in order to guide the rezoning process. CACs obtained through a fixed-target approach would follow a similar process, by establishing a target for the provision of a percentage of on-site affordable or special needs housing units. The Density Bonus Zoning approach (see below) could also be structured with a density bonus option in exchange for providing affordable or special needs housing.

Density Bonus Zoning

Within a Zoning Bylaw, local governments have the ability to allow additional “bonus” density in exchange for specific conditions such as defined cash or in-kind contributions towards community amenities (“Local Government Act”, s. 482). Developers have the option to either build to the “base” density or choose the “bonus” density incentive, which essentially builds two levels into a Zoning Bylaw. Development applications within a density bonus zone, that propose to exceed the “base” density maximum, but not exceed the “bonus” density maximum, would not require a rezoning provided the prescribed Community Amenity Contribution is provided. Since a rezoning application is not required with this approach, it differs from the fixed-rate target density bonus approach which does require a rezoning application and is more flexible in its implementation.

To implement Density Bonus Zoning, a local government would need to amend the Zoning Bylaw by incorporating a “base” and a “bonus” density into each relevant zone. The Official Community Plan would also need to be amended to ensure consistency with the Zoning Bylaw. A key challenge with this approach is identifying base and bonus density levels and setting an amenity contribution rate that reflects general and ever-changing market conditions and specific site conditions. Yet, overall, this approach is considered a straightforward, predictable and consistent means of obtaining public benefits in exchange for granting additional development potential to projects.

3. PROGRAM OBJECTIVES

The following list of core objectives seek to inform the development of Community Amenity Contribution and Inclusionary Housing Program:

- i. Develop a transparent, efficient, balanced and predictable Program for obtaining amenities through Community Amenity Contributions, Density Bonus Zoning and/or Inclusionary Housing;
- ii. Inventory and build an understanding of potential approaches to achieving public benefits;
- iii. Undertake a financial and economic analysis to understand market conditions and identify the financial capacity of new development to provide amenities and affordable housing units;
- iv. Develop an understanding of stakeholder interests and perspectives;
- v. Establish clear priorities for public benefits and affordable housing;
- vi. Develop a framework for the provision of amenities, on-site affordable housing units, and/or allocation of in-kind and cash-in-lieu contributions;
- vii. Provide a framework that integrates with policy directions and land use designations in the Official Community Plan and area plans (present and future); and
- viii. Design an approach that retains its validity over time.

4. SCOPE OF WORK

The creation of the Community Amenity Contribution and Inclusionary Housing Program will analyze a variety of approaches to obtaining public benefits and will be led by an experienced consultant and managed by District of Saanich staff. The Program will involve a wide range of considerations and include the following scope of work:

- Apply Program objectives throughout the project development;
- Establish principles to guide the Program and its policy direction;
- Develop an engagement strategy, with tactics scheduled at multiple project phases;
- Build community awareness and understanding of approaches for obtaining CACs, including through reports, presentations, website/social media content, and engagement materials;
- Prepare a report/discussion paper, comprehensively outlining and evaluating potential approaches to obtaining community contributions, including best practices and lessons learned (i.e. “Do’s and Don’ts”);
- Conduct a District-wide financial and economic analysis and review of market conditions;
 - see **Financial & Economic Analysis**, below, for additional context
- Determine priorities for CACs, Density Bonus Zoning and/or Inclusionary Housing with consideration of affordable housing and localized amenities;
- Assess community contributions in conjunction with DCCs and other costs associated with the production of housing;
- Assess community contributions in the context of existing municipal financial plans and priorities and the capacity of the District of Saanich to manage potential assets acquired through the Program.

- Develop a comprehensive CAC and inclusionary Housing Program that:
 - Identifies mechanisms to achieve public benefits;
 - Establishes targets and priorities;
 - Identifies financial, spatial/geographic and density parameters;
 - Identifies the types of land uses and tenures where CACs would apply;
 - Examines potential exemptions, including potentially for purpose built affordable rental housing;
 - Includes specific targets for the Uptown-Douglas Plan area that reflect and align with the Plan's land use designations; and
 - Considers equitable distribution and proportionality of the Program, in terms of both proximity and needed amenities, on a district-wide scale.
- Assess economic and development conditions in the Uptown-Douglas area and develop a community contribution approach in alignment with the Plan's land use designations and the broader program;
- Develop targets and procedures for allocation of cash-in-lieu;
- Ensure Program viability (i.e. design a program that accounts for the impacts of amenity contributions on the viability of new development);
- Develop administration procedures for negotiating and securing negotiated CACs and/or voluntary Density Bonus Zoning;
- Align the Program with other District plans, policies and programs, both through clarifying relationships and application to existing plans and integration with future plans;
- Ensure the Program aligns with senior level government policies;
- Develop a Program guidebook to assist stakeholders, developers, applicants and residents; and
- Establish a process for the evaluation and monitoring of the Program.

Financial & Economic Analysis

In order to develop a practical and effective Program, the project will investigate broad financial and economic conditions, numerous development scenarios and optimal targets through undertaking a comprehensive, District-wide financial and economic analysis. The intent of the financial analysis would be to produce a clear understanding of the financial impacts, on a macro-level, and evaluating new development project pro forma's ability to provide public benefit amenities, including affordable and supportive housing units. The economic analysis would outline the impacts of urban land economics and broad market conditions on project site planning, market feasibility and housing supply and demand.

A key consideration of the financial and economic analysis would be to examine the financial capacity of properties to contribute amenities through redevelopment and to look at the economic performance of projects through the perspective of the developer. The analysis would include examining:

- Feasibility of implementing CACs and/or Density Bonus Zoning on a District-wide scale, focusing on Centres, Corridors and Villages;

- Capacity of rezoning to provide contributions toward public benefit amenities and affordable housing; and
- Yields and potential densities of developments to determine the validity of CACs.

The results of the analysis would enable a greater understanding of potential implications of the Program, and would consider:

- How the contribution of a public benefit amenity, including affordable and supportive housing units, becomes integrated into the financial performance of a development project and how, in turn, this could affect the housing market;
- How land values are impacted by community contributions;
- How BC Assessment's data may impact land values;
- How market conditions and urban land economics play a role in facilitating land sales and acquisitions; and
- If the extra density available via rezoning is marketable/profitable and satisfies Saanich's community amenity and housing needs.

Together, the outcomes of the financial and economic analysis would seek to inform recommended approach/approaches for obtaining community contributions, including affordable and supportive housing.

5. CONSULTATION & ENGAGEMENT

Given the uncertainty surrounding COVID-19, including stringent social distancing protocols, public engagement methods may be restricted to online formats, or where possible, offer small in-person groups discussions/sessions. Nonetheless, there remains a number of engagement techniques available to gather input from the community, share information, and build awareness amongst all stakeholders.

In considering the scale of the project and complexity of its subject matter, an outreach strategy will be developed to inform stakeholders and the community at large. The strategy will include the delivery of key messaging in a consistent manner and will include Program goals, objectives, processes and tools. The aim of the outreach strategy is to provide perspective for the Program and policy development in order to assure equality and accessibility by members of the community.

Core engagement activities for the project include:

- Project Working Group (comprised of staff and the consultant);
- Focus Group Discussions (including urban economics, market trends, housing needs);
- Stakeholder Interviews;
- Community Survey(s);
- Public Open Houses (virtual/online and small scale/reservation-only); and
- Other engagement activities as needed.

Saanich adheres to the International Association of Public Participation (IAP2) spectrum of participation which identifies the level of community involvement in decision making. The

following table outlines the public engagement goals and identifies the tools that will be applied throughout the project (see Table 1).

Table 1: Community Amenity Contribution & Inclusionary Housing Program- Level of Public Participation (IAP2)

Engagement: Goals & Tools	Level of Public Participation		
	Inform	Consult	Involve
Public Participation Goal	To provide balanced and objective information that will: <ul style="list-style-type: none"> • Keep key stakeholders and the public up to date; • Raise awareness of the Program; • Share data and other information; and • Advertise public engagement opportunities. 	To obtain key stakeholder and public feedback on options, alternative solutions, and the draft Program.	To work directly with key stakeholders and the public throughout the process to identify community amenity and housing needs, receive feedback, and to create a clear, transparent, efficient, balanced and predictable Program.
Proposed Engagement Tools	Project website Email updates Social media Media (offline)	Open House(s) Community Survey	Focus Group Discussions Stakeholder Interviews

Stakeholders

Working with the community and stakeholders will help inform the Program development, including identifying amenities that will help address the impacts of growth, locally and on a District-wide scale. A list of key stakeholders is outlined below and will be supplemented if/as required.

- Community members;
- Saanich Community Association Network and Community Associations;
- Planning, Transportation and Economic Development Advisory Committee;
- Housing and social/anti-poverty advocates;
- Capital Regional District and CRD member Municipalities;
- Not-for-profit housing developers and housing providers/agencies;
- Developers/applicants;
- Development Industry (including real estate/appraisal, construction, design/architecture, lending institutions);
- Urban Development Institute (UDI);
- Canadian Home Builders Association (CHBA);
- Victoria Real Estate Board (VREB); and
- Others, as identified in the process.

6. PROJECT PROCESS AND TIMELINE

The Community Amenity Contribution and Inclusionary Housing Program is intended to be completed within approximately 14 months (see Figure 2) over five phases, including a Council check-in following the second phase of the Project and in advance of public and stakeholder consultation. The project would be formally initiated once a project consultant is retained.

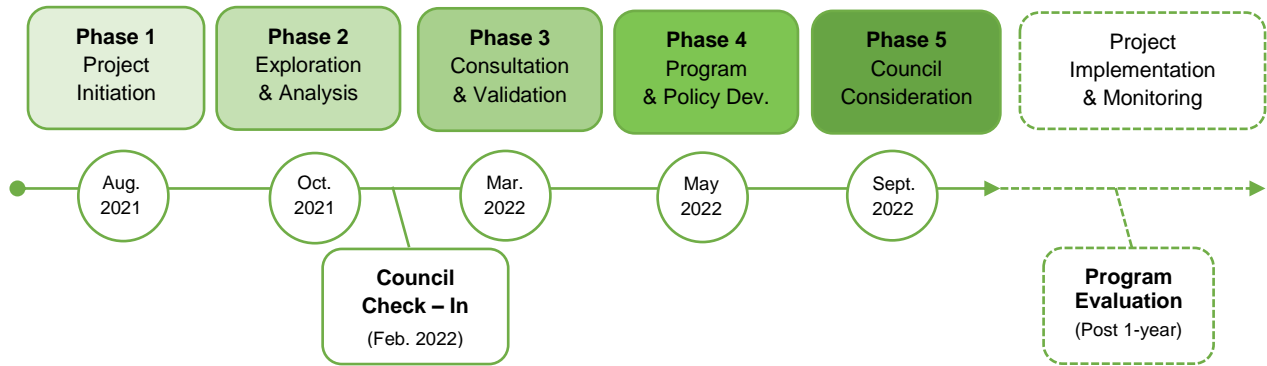


Figure 1: Community Amenity Contribution & Inclusionary Housing Program- Project Timeline

A more detailed description of each project phase, including activities, key deliverables, and timelines, is provided in the table below (see Table 2):

Table 2: Community Amenity Contribution & Inclusionary Housing Program - Detailed Project Timelines

Phase	Activities	Key Deliverables	Duration
Phase 1: Project Initiation	<ul style="list-style-type: none"> Establish project working group Project Initiation Meeting Retain consultant(s) for economic analysis and project management Research and background material Develop purpose and principles 	<ul style="list-style-type: none"> Retain consultant(s) Working group formation Updated municipal scan of CACs Program principles 	2 months (Aug – Sept 2021)
Phase 2: Exploration & Analysis	<ul style="list-style-type: none"> Conduct District-wide financial and economic analysis Develop discussion paper outlining options for obtaining community contributions Develop an engagement strategy, including an outreach strategy Develop preliminary options for a CAC and Inclusionary Housing approach 	<ul style="list-style-type: none"> Financial and economic analysis report Discussion paper on approaches for obtaining community contributions Engagement and Outreach Strategies Preliminary Options 	5 months (Oct 2021 – Feb 2022)
Council Check-In	<ul style="list-style-type: none"> Update presentation to Council 	<ul style="list-style-type: none"> Staff/Consultant Presentation 	February 2022
Phase 3: Consultation & Validation	<ul style="list-style-type: none"> Initiate Outreach Strategy (ongoing) Community Survey Focus Group Discussions/Interviews Open House(s) 	<ul style="list-style-type: none"> Engagement summary, including community survey results Feedback on program options 	2 months (Mar – Apr 2022)
Phase 4: Program & Policy Development	<ul style="list-style-type: none"> Develop recommended program and policy from input Open House(s) Stakeholder review and input Create Program Guidebook 	<ul style="list-style-type: none"> Draft Program, policy, implementation plan, and monitoring and evaluation process Draft Program guidebook Public/stakeholder feedback 	4 months (May – Aug 2022)
Phase 5: Council Consideration	<ul style="list-style-type: none"> Present draft policy to Council Recommendations for implementation and review 	<ul style="list-style-type: none"> Council adopted Program and policy Evaluation and monitoring schedule Program guide Program toolkit 	Sept. 2022
Phase 6: Monitoring & Review	<ul style="list-style-type: none"> Evaluate and assess Program post one-year implementation Present Program Monitoring & Evaluation Report to Council 	<ul style="list-style-type: none"> Program evaluation & recommendations 	Post 1-year

7. RELATIONSHIP TO OTHER INITIATIVES

Several initiatives are currently underway and anticipated to intersect with and inform the development of a Community Amenity Contribution and Inclusionary Housing Program.

- Official Community Plan and Area Plans – Current policy in the OCP and area plans identify a range of priorities for community contributions, including housing, park space, public realm improvements, and transportation enhancements. The development of a Community Amenity Contribution and Inclusionary Housing Program will take into consideration existing area plan policies and look to develop a program that integrates with existing and future area plans.
- Development Process Review – The Development Process Review project seeks to deliver recommendations to improve processes and timelines associated with development permits (form and character), development variance permits, and rezoning applications. This project is currently underway with an expected completion of Q2/3 2021. Recommendations from the review may inform the development of the Community Amenity Contribution and Inclusionary Housing Program.
- Housing Strategy and Housing Needs Report – The Housing Needs Report provides data on current housing and demographic condition and outlines projections of Saanich’s housing needs over the next five years. The Saanich Housing Strategy, also underway with a completion date of Q2/3 2021, will identify priority actions to address housing affordability, diversity and supply in Saanich.
- Regional Housing Affordability Strategy (CRD) – The Regional Housing Affordability Strategy provides a framework for addressing challenges and supporting a collaborative regional approach to creating a healthy sustainable housing system, supporting a shared regional response to issues of housing affordability and homelessness. One of the strategies (Goal No. 2) looks to sustain a shared regional response to existing and emerging housing demands and encourages exploration of “mixed tenure and inclusionary housing models”.
- Interim Community Amenity Contribution Policy – An interim Community Amenity Contribution Policy has been developed as per direction from Council and documents current practice and would be in place until the Community Amenity Contribution and Inclusionary Housing Program is developed and adopted.
- Uptown-Douglas Plan – The Uptown-Douglas Plan identifies the development of a structured program for Community Amenity Contributions as a key implementation item. At the Special Council Meeting, on August 10, 2020, when the Uptown-Douglas Plan was endorsed in principle. Council also directed staff to incorporate the development of Community Amenity Contribution targets for the Uptown-Douglas Plan area as part of the future District-wide initiative to establish a structured Community Amenity Contribution program.

8. BUDGET

In addition to staff resources, the allocated budget for the project is estimated at \$275,000. The creation of the Community Amenity Contribution and Inclusionary Housing Program would be led by an experienced consultant and managed by District of Saanich staff.

As a lead for the project, the consultant will develop the financial and economic analysis, undertake consultation and engagement and produce program recommendations and materials. Staff would oversee the project and be involved in Program and policy development and liaise with various District staff and the consultant. The project budget includes retaining a consultant to:

- Explore existing policies and regulation;
- Develop a discussion paper outlining approaches to obtaining community contributions;
- Conduct a district-wide financial and economic analysis;
- Develop the Program, including approaches, targets and priorities;
- Undertake consultation with the stakeholders and community members; and
- Produce documents and design material.

The budget also incorporates money for engagement events, advertising and a contingency to enable additional analysis, research, review, and engagement if/as required.

9. DELIVERABLES

The Community Amenity Contribution and Inclusionary Housing Project deliverables include:

- Community Amenity Contribution and Inclusionary Housing Program and Policy;
- Discussion Paper on approaches for obtaining community contributions;
- Accessible Financial & Economic Analysis, including published and digital formats;
- Educational Material;
- Engagement and Outreach Summaries;
- Program Guidebook;
- Implementation Plan; and
- Evaluation and Monitoring schedule/process.

Housing Task Force, December 10, 2020

Consolidated Feedback – Community Amenity Contributions, Inclusionary Zoning and Density Bonusing

Task Force consolidated Feedback

The following represents consolidated feedback from the Housing Strategy Task Force. Additional comments received are included in Table 1.

- Purpose-built affordable rental should be examined for CAC exemptions. Consider a scale of affordability.
- There can be Inclusionary Zoning if Density Bonusing is given in a way that makes it financially feasible and mutually desirable – Yes, but the sentence should be made clearer.
- Evaluate and monitor CACs, Inclusionary Zoning, and Density Bonusing to ensure that they are capturing land value and not adding to the cost of each unit for new buyers and renters:
 - CACs should be specific in a range so that appraisers can build them into the land costs effectively
 - This mitigates unintended consequences
 - If you are going with a fixed rate, update it regularly based on market conditions (on a set schedule)
 - Prescriptive approach is more desirable than negotiated CACs
- CAC's should be balanced in conjunction with DCCs and other costs of the production of housing.
- The final policy must be clear and predictable.
- CACs should be focused on Equity:
 - Achieve local gaps and needs—possibly combine with community planning processes.
 - Direct CACs to less amenity rich areas.
 - CACs often used to appease neighbours, but existing homeowners have benefited tremendously from increased housing wealth and amenities from CACs tend to increase the value of their homes, therefore the CACs themselves should focus on enhancing the lives of those who have the least housing wealth or those who face the greatest barrier to housing:
 - Rental housing is a CAC and should be accounted for.
 - There is challenges in defining amenity rich or poor.
- Evidence based density bonusing policy.
- Any process that moves away from rezoning to pre-zoning or density bonusing schedules is preferred as it could shave 3-5 years off getting housing to market.
- Open transparency and clear communication about evidence-based and prescriptive approach.
- How do we capture affordability of rentals & below market homeownership as related to community amenities?
- Examine cash vs in-kind contributions.

Refinements made to Draft Terms of Reference by Staff based on Task Force Feedback

- Include best practices (do's & don'ts) - as a component of the scope of work.
- Include an evaluation of how BC Assessment data impacts land values as part of the economic analysis.
- Test the validity of CAC rates through calculating yield and density of sites.
- Added a discussion paper outlining approaches to obtaining amenity contributions to help support public engagement and education.
- Identified online presentation/webinars as potential options for additional education.

ATTACHMENT B – District of Saanich Housing Task Force Comments

Terms of Reference: Community Amenity Contributions and Inclusionary Zoning Program

- Consider equitable distribution and proportionality of the Program, in terms of both proximity and needed amenities, on a community-wide scale.
- Examination of alignment and support with senior government policies/regulations added to scope of work.
- Align CACs with other District plans, policies and programs, both through clarifying relationships and application to existing plans and integration with future plans.

ATTACHMENT B – District of Saanich Housing Task Force Comments
 Terms of Reference: Community Amenity Contributions and Inclusionary Zoning Program

Terms of Reference	Project Objectives	Scope of Work	Financial/ Economic Analysis	Stakeholder List
Good to bring this forward - systematic, transparent, consistent	Program objectives = clear, transparent and predictable!	Speak to equitable allocation of CACs btw new buyers and existing taxpayers - who pays for what? Setting rates is important!	Ensure value is taken up with land value - about consistency	Residents associations important!
Consider areas that are exempt from CACs - e.g. Tillicum	Clear process would limit interaction on a political level	Challenges with zoning - examine existing base zoning (e.g. A1 lots valued very low) - is referenced in terms of reference	Get to a clear number beforehand	For in-kind contributions, community members and associations need to provide input in the development of their wish list.
CAC policies don't take BC Assessment data into account - need to be set as a range (in terms of land value)	Consistency, transparency builds public trust	Important to have costs shared equally btw existing taxpayers and new buyers	Consider how CAC expenditure could be spent - consult with resident associations/neighbour's associations to determine where \$\$ should go - currently part of rezoning process	It's hard to engage with a public that is uninformed
Link negotiation of CACs to public plans, policies and programs	Clear process can result in more benefit	Consider public art!	Possible guidelines for a certain percentage - tying DCCs into local area plan - make it clear what is prioritized for the community	Website needs shorter 1-page guides to programs to be able to engage
Consider incorporating do's & don'ts - best practices	Prepare a guide for the community	Sidewalks important!	Affordable housing as CAC - how do to value this? Appraisals can be debated / challenged, and sometimes require land lift analysis. Makes in-kind contribution more attractive	Helping people better understand the development process overall could help with effectiveness of engagement processes
Examine other examples in different municipalities - level playing field important - include residents association!	Negotiated CAC approach vs. transparency, efficiency, predictability - these are two approaches that are at odds	Inclusionary policy - concept is positive, but economically challenging if yield per building is low and it needs to be separately managed, it is difficult to implement ongoing management / find operators interested. (Talk to City of Victoria for lessons learned)	CAC is cost of doing business; there needs to be a benefit to the immediate community where the development will take place. As builders we are charged CAC's regardless of market or non-market; what we need is clarity and consistency	Presentations online about key topics?
Consistency important!	Who should be allowed at the table in the negotiation	Proposed solution: Combination of fixed rate AND in-kind driven	Current policy is vague - (Case examples: situation where TDM measures being used to justify parking	

ATTACHMENT B – District of Saanich Housing Task Force Comments
 Terms of Reference: Community Amenity Contributions and Inclusionary Zoning Program

	process? This can create competing interests and creates "haziness" in the process.	by local knowledge of need	variance; underground parking as CAC)	
Very important to make this happen quickly	Need clarity for density bonusing and inclusionary policy (base vs. bonus). Here, prescriptiveness makes it clear.	Should in-kind contributions be prioritized? i.e. enhanced transportation, sidewalks/pedestrian infrastructure, parks/community centres (above and beyond DCCs). This could be a double edged sword because this is taking away from the building of housing	Allow CACs to contribute to communities that need it most, not only the community the development is in, site dependant.	
Uncertainty can impact where development happens	Consider pre-zoning: If you can remove requirement to rezone, this makes it much more streamlined to achieve identified objectives	Examples of user-friendly CAC programs:	Grade projects on nearby amenities.	
Knowing the dollar value of the CAC also helps the Community Associations create their wish lists. Right now we so little guidance it's hard to even know what to ask for.	Objectives are good. This will go a long way in prioritizing housing.	Biggest challenge is when local CAC programs run into contradictions with higher level of government programs		
Vancouver - poor example	The ability to update or change it over time is important.	Programs need to support each other		
Need to look at potential yield of units within existing development in the District	Consider being specific in the objectives of below market ownership or rental. However, the dire issue is affordability.	Would be beneficial if local CAC program can leverage and build upon senior Gov programs		
Does existing zoning actually yield the level of density that makes it viable to run these program?	Focus on local keys and gaps to get ideas of what needs are not being met	Helpful if offsite options that can be achieved immediate -> doesn't constrain projects on their sites		

ATTACHMENT B – District of Saanich Housing Task Force Comments
Terms of Reference: Community Amenity Contributions and Inclusionary Zoning Program

Sometimes yield of CAC's is much more minor than is modelled in these types of policy exercises. Calculated yield and density need to be grounded in viability		What about purchasing lots in densifying areas to add green space? Increase livability?		
There needs to be a process on determining community need when developing new local area plans or corridors.				
Have clarity on what a community amenity contribution is.				
People most nearby to new development see CACs as appeasement for accepting the change				
It's hard to sell affordability as an amenity to the local community				
Affordability is hard to address through CACs (even defining "affordability")				
Is it the right mechanism to achieve affordability? Or an opportunity to address localized gaps?				
Need to make sure objectives are achievable - need supporting policies to reflect				

Table 1: Housing Task Force Comments – Community Amenity Contributions and Inclusionary Housing Draft Terms of Reference