

Attachment A:

Community Amenity Contribution and
Inclusionary Housing Program

Terms of Reference

Approved – April 19, 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;

- Include growth projections and density assumptions that are in line with the District's planning policies;
- 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.

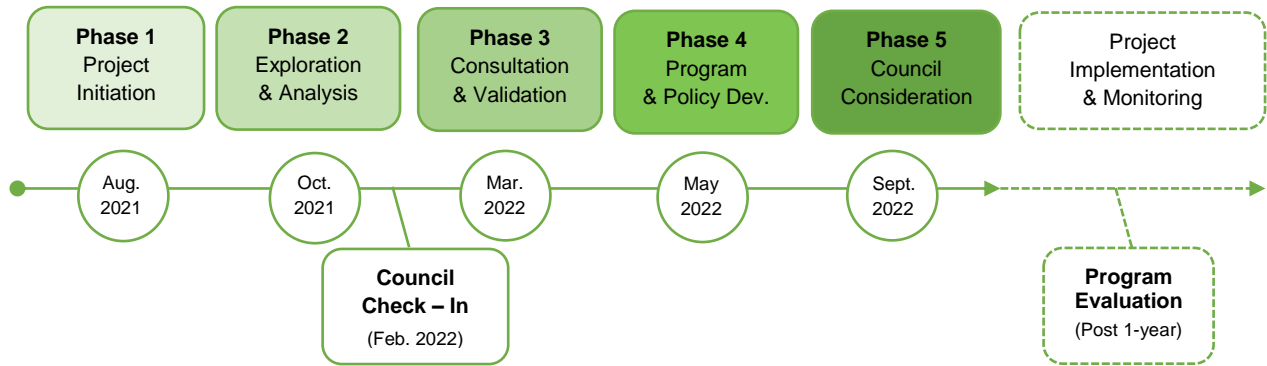


Figure 1: Community Amenity Contribution & Inclusionary Housing Program- Project Timeline

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.