

# AGENDA

## HOUSING AFFORDABILITY STANDING COMMITTEE COMMITTEE ROOM 2

Monday, November 27, 2023 10:30 a.m. to 12:30 p.m.

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*The District of Saanich lies within the territories of the lək̓ʷəŋən peoples represented by the Songhees and Esquimalt Nations and the WSÁNEĆ peoples represented by the Tsartlip, Pauquachin, Tsawout, Tseycum and Malahat Nations.*

*We are committed to celebrating the rich diversity of people in our community. We are guided by the principle that embracing diversity enriches the lives of all people. We all share the responsibility for creating an equitable and inclusive community and for addressing discrimination in all forms.*

### 1. MINUTES FOR ADOPTION

- August 15, 2022, meeting minutes for approval.
- June 19, 2023, meeting minutes for approval.

### 2. NEIGHBOURHOOD HOMES STUDY UPDATE

- For Committee information.

### 3. HOUSING SUPPLY

- Report from Chief Administrative Officer dated November 20, 2023.
- For Committee information.

### 4. DEVELOPMENT COST CHARGE REDUCTIONS FOR AFFORDABLE HOUSING

- Report from Chief Administrative Officer dated November 22, 2023.
- For Committee information.

\*\*\* ADJOURNMENT \*\*\*

**MINUTES**  
**MAYOR'S STANDING COMMITTEE ON HOUSING AFFORDABILITY AND SUPPLY**

Via Microsoft Teams  
August 15, 2022 at 10:02 a.m.

Present: Councillor Zac de Vries (Chair); Mayor Fred Haynes; Councillor Karen Harper;  
Councillor Rebecca Mersereau

Staff: Sharon Hvozdanski, Director of Planning; Cam Scott, Manager of Community  
Planning; Megan MacDonald, Senior Committee Clerk

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*\*The Territorial Acknowledgment and Inclusivity Statement was read\**

**ADOPTION OF MINUTES**

**MOVED by Mayor Haynes Seconded by Councillor Harper and: "That the minutes of the Mayor's Standing Committee on Housing Affordability and Supply meeting held July 4, 2022 be adopted."**

**CARRIED**

**DAYCARE AND ACCESSORY COMMERCIAL UNITS**

The Chair provided an overview of the potential for accessory commercial units within residential areas. Committee discussion ensued with the following comments:

- A licensed daycare is one use of an accessory commercial unit. Accessory dwellings could be looked at to provide a wider variety of uses that would promote walkable and more complete neighbourhoods.
- A shortage of daycare facilities has been a problem for the community. Since this need was identified, garden suites and accessory buildings have been approved in the region.
- Accessory buildings can be used for studios, kitchens, and hair dressing salons. Regular commercial space is too expensive and during COVID many staff worked from.
- Staff require guidance from Council to accelerate work in this area.
- A request was put forward for staff to reach out to colleagues in the study to find out what is happening on the peninsula. Saanich has encouraged applicants for large multi-family daycares to come forward for development. The committee requested that staff to please collect numbers on how many spaces are being created and what next steps might be.
- Economic activity is taking place with home-based business. Complaints about staffing and parking for home-based businesses has been on the increase. A bylaw change could be considered.
- While many people are going back to the office, it seems to be settling in at a 30% mark. This is changing the geography of consumers and where they are located during the day.
- Small scale retail may see success in residential areas and a change to the bylaw could be appropriate.
- Centers Corridors and Villages (CCV) zoning could make clear that this is possible so that this is no longer a bylaw issue.
- Changing zoning to permit business uses would be valuable. Some businesses are better suited to run in residential areas than others. The rest could be addressed through bylaws. The more multi-use an area is, the better for creating vibrant and sustainable communities.

- The CCV is a natural discussion as to what small tweaks could be made to the home-based business bylaws. When looking at creating nodes for small businesses, the market and what is available to fill these spaces needs to be considered.
- The Economic Development Officer has provided an update on economics in Saanich.

**MOVED by Mayor Haynes and Seconded by Councillor Harper: “That the Mayor’s Standing Committee on Housing Affordability and Supply recommend that Council direct the Economic Development Officer to provide an update on how best to take on an update to the home-based business bylaw.”**

**MOVED by Councillor Mersereau and Seconded by Mayor Haynes: “That the motion be amended to include “to support more complete neighbourhoods in alignment with the 15-minute city vision.”**

The motion as amended was **CARRIED**.

**Main Motion as amended:**

**“That the Mayor’s Standing Committee on Housing Affordability and Supply recommend that Council direct the Economic Development Officer to update Council on how Saanich can enable home-based business through updating our home-based business bylaw to support more complete neighbourhoods in alignment with the 15-minute city vision.”**

- This committee could consider recommending that council consider the viability of permitting accessory commercial units as a tool to support more complete communities in conjunction with the Quadra McKenzie Local Area Plan studies.
- In the neighborhoods a focus on home-based business or mini corridors could be explored.
- Larger scale commercial activity on corridors should be encouraged.
- Clarity for staff, neighbourhoods and the community is essential. Denser commercial mixed-use is a viable option.
- The target is neighbourhoods that are not currently serviced by businesses. Staff have been applying a lens of increasing commercial activity in key areas. The initial focus should be on commercial units on corridors, then accessory commercial units on secondary roads.
- The scope of what is being asked of staff needs to be considered. Adding too many pieces to the work we are trying to prioritize will make the process longer.

**MOVED by Councillor Mersereau and Seconded by Councillor Harper: “That the Mayor’s Standing Committee on Housing Affordability and Supply recommends that Council direct staff to explore the potential of accessory commercial units as a tool to support more home-based businesses and complete communities within the Urban Containment Boundary in conjunction with the review of home-based business regulations.”**

**CARRIED**

- Staff will report back on daycare spaces and next steps.

**ROUNDTABLE**

- The work of the committee and staff is appreciated.

**ADJOURNMENT**

The meeting was adjourned at 11:02 a.m. The committee will not meet in September unless there is an urgent need to do so.

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Councillor Zac de Vries, Chair

I hereby certify these Minutes are accurate.

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Committee Secretary

**MINUTES OF THE  
HOUSING AFFORDABILITY STANDING COMMITTEE  
COMMITTEE ROOM 2  
SAANICH MUNICIPAL HALL, 770 VERNON AVENUE  
Monday, June 19, 2023, at 2 p.m.**

Present: Chair: Mayor Dean Murdock  
Members: Councillors de Vries, Westhaver and Brownoff, C. Pringle, S. Dutchak, P. Lancaster  
Staff Members: Amber Walker, Community Planner; Lindsay Chase, Director of Planning; Pam Hartling, Housing Planning and Policy Manager; Sydney Murphy, Committee Secretary

**MINUTES FOR ADOPTION**

**MOVED by Councillor Westhaver and Seconded by Councillor de Vries: “That the minutes of the Housing Affordability Committee meeting of May 12, 2023, be adopted as circulated.”**

**CARRIED**

**DRAFT OFFICIAL COMMUNITY PLAN**

A PowerPoint from the Community Planner was presented. This presentation provided information on the strategic OCP update and Phase 2 engagement and the following was noted:

- There are four strategic land use directions being: Maintain the Urban Containment Boundary, accommodate most new development in primary growth areas, expand housing diversity in neighborhoods and to make Saanich a 15-minute community.
- The project scope is to update OCP to incorporate recent Council work, integrate new demographics data, update land use framework, refine sustainability framework and strengthen monitoring and implementation.

The Committee noted that determining how tightly we are describing density and looking at changing our policies. It was suggested to build off our strength and expand off the corridors and densify by inputting more mixed zoning with housing and commercial amenities. It was mentioned there is a lack of policy support for demographic data coming out. Staff will review the recommendations from the Committee.

**MOVED by Councillor de Vries and Seconded by Councillor Westhaver: “That it be recommended that the Housing Affordability Standing Committee request Council to direct staff to add “promote intergenerational equity” as a housing objective in the Saanich OCP Draft Plan.”**

**CARRIED**

On the motion from Councillor de Vries the meeting adjourned at 3:34 P.M.

\_\_\_\_\_  
Chair

I hereby certify these Minutes are accurate.

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Committee Secretary



# Report

**To:** Housing Affordability Standing Committee  
**From:** Brent Reems, Chief Administrative Officer (CAO)  
**Date:** 11/20/2023  
**Subject:** Housing Supply

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## RECOMMENDATIONS

That the Housing Affordability Standing Committee recommend that Council receive this report for information.

## PURPOSE

The purpose of this report is to outline the District's approach to addressing the housing target order issued to the District by the Minister of Housing under the Housing Supply Act.

## BACKGROUND

On September 23, 2023, the Minister of Housing issued an order (the "Order") to the District under the Housing Supply Act establishing a housing target for of 4,610 new completed units of housing over a five-year period (Appendix "A"). The Order is effective October 1, 2023, and requires net new units to be completed and measured annually as follows:

- a. Year 1: 440 units
- b. Year 2: 1,041 units
- c. Year 3: 1,882 units
- d. Year 4: 3,045 units
- e. Year 5: 4,610 units

The Province has also issued guidelines related to unit type and tenure, which are detailed in the Order.

Through the issuance of the Order and structure of the Housing Supply Act the Province has made clear its intent to partner with municipalities to deliver more homes and that, in turn, it expects municipalities to improve and streamline processes, amend plans, and change regulations to facilitate the construction of more housing.

The Order is well-aligned with the District's existing commitment to housing as outlined in both the Strategic Plan and Housing Strategy. A key objective of the Strategic Plan is to use mechanisms available to increase and improve the supply of diverse and affordable housing that meets the needs of residents now and in the future. This objective builds on the

District's Housing Strategy which outlines a number of significant actions that the District is committed to taking to increase housing supply in our community.

Despite this alignment, the targets are ambitious and will challenge the District's historic output average. On average, there has been just over 300 occupancy permits issued each year in Saanich. The order requires over 900 occupancies per year, which effectively is a tripling in volume. To achieve this target, efforts already underway in the District to increase supply must be accelerated, supported and prioritized.

Coupled with this are recent announcements of new Provincial legislation requiring changes in local government planning and zoning, and the development approvals process. The legislation will require municipalities to amend their bylaws to increase number of dwelling units permitted on single family lots and to designate Transit Orientated Development Areas to provide for higher density development within 400 metres of transit exchanges. The legislation is also intended to speed up the development approvals process and expedite and streamline permitting to ensure that municipalities have enough housing to meet the needs of both their current and future residents. New proposed changes will also phase out one-off public hearings for rezoning for housing projects that are consistent and aligned with official community plans.

Given the legislated requirements and the initiatives underway or that need to be planned and implemented, this report is meant to provide an overview of the strategic areas of focus for this effort. Specific actions will be addressed in subsequent reporting.

### Saanich Approach

There are four broad pillars that support the District's response: policy, process, technology and resourcing.

#### *Policy*

The District has a complicated policy framework as it relates to housing and development with many strategies and master plans that were not necessarily developed in a coordinated fashion or with a view to the impact on housing. The result is a misaligned policy framework and challenges for staff when evaluating the priority to support housing in consideration of policies and practices that have incrementally evolved from broad principles and strategies without a full appreciation of the intended context or implications.

The new housing legislation and housing supply targets will require the policy framework to be reviewed to ensure housing policies are given appropriate weight and priority relative to other policy interests in those parts of urban Saanich designated for development. While the new legislation will intensify development in residential neighbourhoods, most of the new growth is intended to be accommodated Primary Growth Areas, consistent with the Strategic Plan and the new draft OCP. These areas have access to frequent transit and active transportation networks, key to the response to Climate Change and creating a more sustainable community. A detailed policy manual will be advanced with the new housing legislation and may form part of the Regulations. It is anticipated the policy objectives with respect to setbacks and lot coverage, parking, and tree protection will all require review.



Housing affordability and diversity gaps have been identified in the Saanich Housing Needs Report and are addressed in the Saanich Housing Strategy and guidelines issued by the Province that accompanied the Order. The new housing legislation will require the Housing Needs Report to be updated before the end of 2024 projecting housing needs over the next 20 years, rather than 5 years. The intention is to update OCPs to plan for growth over the next 20 years, address housing requirements, and have zoning bylaws amended to better match OCPs. With the action taken by the Province to pre-zone single family residential neighbourhoods for infill, and with more recent announcements around updated legislation on amenity contributions and development cost charges, Saanich will have to review the viability of certain affordability measures that were intended to be targeted toward new multi-family projects to ensure that new development activity continues to advance in designated growth areas. As the changing regulations will facilitate the ease and pace of development in Saanich's neighbourhoods, the policy framework impacting multi-family development in designated growth areas will need to ensure that development in the areas targeted for density in the municipality is appropriately incentivized. We have retained a Strategic Advisor on Housing Supply that will work through key policy areas with staff and administration with a particular emphasis on evaluating impacts and recommending changes in processes, practices and policies to support the District's effort to meet the housing supply targets.

#### *Process*

We recognize that a key element in incenting housing development is providing certainty for applicants, and that maintaining a good and administratively efficient process is an essential component for creating this environment.

Previous work and consultation to prepare for proposed amendments to the OCP to designate Primary Growth Areas (centres, corridors and villages) and incorporate the Housing Strategy is very timely and necessary to align the OCP with legislated direction and increase the housing supply. Staff have also commenced a comprehensive development review project, led by external consultants Berlineaton, aimed at reviewing and rebuilding our development review process across the Departments that are involved (Engineering, Legislative & Protective Services, Parks, Recreation and Community Services and Planning). Phase one (review) of the project is now complete and phase two (rebuild) is commencing.

There are several outcomes we are seeking through this review process, including: decrease in permit processing times, expedite response times, increase volumes of permits processed, digitize and modernize the process, improve consistency, clarity and predictability, introduce measures and targets and other measures for continuous improvements. Through this process we are also focusing on people and culture, which includes better coordination and collaboration between departments, minimized frustration for staff and applicants, and improving the partnership between the municipality and

applicants.

### *Technology*

Technology will drive important change in the development review process and presents perhaps the greatest opportunity for process efficiencies. The District has made important strides in this area, but there is additional work to be done. Efforts to digitize the permit application process are ongoing and we have now implemented pilot projects for digital plan submissions for garden suite development permits and for commercial tenant improvement building permits. Efforts to digitize across the development application spectrum will continue and will require ongoing resource commitments.

Saanich is also participating along with 20 other local governments in the Province of BC's pilot program to introduce a new digital building permit application tool. Staff are participating in the development of the tool, which the province is aiming to release in the spring of 2024.

### *Resourcing*

The District is set up to deliver a volume of permits that results in approximately 300 occupancies granted each year. While tripling this amount will not require a tripling of staff that are currently involved in development review (particularly as efficiencies in policy and process are introduced), it will require additional resourcing.

Attached as Appendix "B" is a table outlining the estimated resource requirements to meet the required increase in processing volume. Adding costs of this scale and magnitude would be extremely difficult with other financial challenges and service-level demands facing the municipality. It should also be noted that this estimate is not comprehensive and does not include any of the costs that this type of increase in density will place on our service-delivery areas and infrastructure maintenance and renewal programs.

It is imperative to continue communications with senior levels of government to secure capacity funding. Fees and changes for the recovery of costs are also being reviewed as the current approach together with the way development costs and amenity contributions are levied may be a disincentive to larger scale investment in housing with the permissive zoning to be adopted in neighbourhoods. The District has applied to the federal Canadian Mortgage and Housing Corporation's Housing Accelerator Fund with a housing action plan that, if successful, will see significant funds provided to the municipality to advance that plan. The province has also announced that \$51M will be available to support local governments in meeting the new density zoning requirements and \$10M will be available to support the local government development approvals program, however there are no details on how this funding will be allocated.

## **ALTERNATIVES**

1. That the Housing Affordability Standing Committee adopt the recommendation outlined in this staff report.

2. That the Committee recommend that Council provide alternate direction to staff.

## **FINANCIAL IMPLICATIONS**

The work underway is currently being managed in existing budgets. Depending on the success of funding applications and how much funding is allocated to the District to support the implementation of housing initiatives, one-time and ongoing budget increases will be included in the financial planning process.

## **CONCLUSION**

The Minister of Housing issued an Order to the District under the Housing Supply Act establishing a housing target for of 4,610 new completed units of housing over a five-year period. The province has also announced that new housing legislation will be introduced requiring municipalities to amend plans and change regulations to facilitate the construction of more housing. These changes are generally in alignment with the District's commitment to housing as outlined in both the Strategic Plan and Housing Strategy but have significantly more regulatory and implementation implications. The action taken by the province and timelines will accelerate and expand the scope of work required to be undertaken by the District, and requests for funding have been submitted to the federal and provincial governments. This report outlines the areas of strategic focus that will be critical to advancing the District's response to the Provincial Order: policy, process, technology and resourcing.

Prepared by



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Brent Reems

Chief Administrative Officer

cc: Lindsay Chase, Director of Planning  
Suzanne Samborski, Director of Parks, Recreation and Community Services  
Harley Machiesle, Director of Engineering  
Trevor Hurst, Chief Information Officer  
Angila Bains, Director of Legislative & Protective Services, Corporate Officer

PROVINCE OF BRITISH COLUMBIA

Ministerial Order No. M284

ORDER OF THE MINISTER RESPONSIBLE FOR THE

*Housing Supply Act*

WHEREAS


- A. The minister has, prior to making this Housing Target Order, considered the information set out in section 3 (1) *Housing Supply Act*, SBC 2022, c.38, in relation to the Corporation of the District of Saanich (District of Saanich).
- B. In accordance with section 3(2) and (3), *Housing Supply Act*, SBC 2022, c. 38, the minister has consulted with the District of Saanich regarding this housing target order.
- C. The minister has:
  - i. provided a description of the proposed Housing Target Order to the District of Saanich; and
  - ii. in accordance with section 4(1), *Housing Supply Regulation*, B.C. Reg. 133/2023, provided the District of Saanich an opportunity to provide written comments to the minister.
- D. An extension to the consultation period, if any, granted by the minister to the District of Saanich, pursuant to section 4(2), *Housing Supply Regulation*, B.C. Reg. 133/2023, has elapsed.

NOW THEREFORE Pursuant to section 2, *Housing Supply Act*, SBC 2022, c. 38, the Minister of Housing orders as follows:

- 1. A housing target order is made for the District of Saanich, effective October 1, 2023 (the "Effective Date").
- 2. The housing targets for the District of Saanich under this housing target order are set out in the attached **Schedule A** (*Housing Targets*).

September 23, 2023

Date



Minister of Housing

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(This part is for administrative purposes only and is not part of the Order)

Authority under which Order is made:

Act and section: *Housing Supply Act*, S.B.C. 2022, c. 38, s 2

Other: *Housing Supply Regulation*, B.C. Reg. 133/2023

3. The performance indicators by which progress by the District of Saanich toward meeting each housing target is to be assessed are described in the attached **Schedule B** (*Performance Indicators*).
4. This Housing Target Order begins on the Effective Date and ends on September 30, 2028 (the "End Date").
5. The District of Saanich must prepare and submit a housing target progress report at the intervals set out in the attached **Schedule C** (*Housing Targets Progress Reporting*).

**SCHEDULE A**  
**Housing Targets**

1. The five-year housing target for the District of Saanich is **4,610 Units**, which is the total minimum number of net new completed housing units required to comply with this Provincial Housing Target Order.
2. The above housing targets reflect 75% of the total Provincial Housing Needs Estimate for the District of Saanich.
3. For each Progress Reporting Period as set out in Schedule C, the net new number of completed housing units will be measured annually and cumulatively, as follows:
  - a. Year 1: 440
  - b. Year 2: 1,041
  - c. Year 3: 1,882
  - d. Year 4: 3,045
  - e. Year 5: 4,610

**SCHEDULE B**  
**Performance Indicators**

1. The performance indicators to measure annual progress toward achieving the housing target are set out in Table 1 and are based on:
  - a. Progress toward achieving the annual cumulative housing target; and
  - b. Actions taken by municipality toward meeting the annual housing target.

**Table 1 - Performance Indicators**

<b>Category</b>	<b>Performance Indicator</b>	<b>Data to Measure</b>
<b>Annual cumulative housing target</b>	Satisfactory progress to meet annual cumulative housing target, measured by completed net new housing units.	Total number of new completed housing units (minus demolitions) during the reporting period.
<b>Actions taken by the municipality toward meeting the annual cumulative housing target</b>	Satisfactory progress demonstrated by: <ol style="list-style-type: none"> <li>1. update of land use planning documents to align with housing targets;</li> <li>2. adoption of policies and initiatives to meet housing targets; and</li> <li>3. residential approvals complete and/or in progress that met or will meet housing targets.</li> </ol>	<ol style="list-style-type: none"> <li>1. Relevant information about updates to land use planning documents such as the Official Community Plan, Zoning Bylaw, Housing Needs Report, Housing Action Plan/Strategy (other documents, e.g., Strategic Plan) including date of last update, and related polices that align with achieving annual housing targets.</li> <li>2. Description of new/amended bylaws &amp; policies adopted to achieve housing targets.</li> <li>3. The number of applications received and permits issued in relation to residential development such as development, building and rezonings.</li> </ol>

**SCHEDULE C**  
**Housing Targets Progress Reporting**

The District of Saanich must receive the progress report by resolution within 45 days of the end of the reporting period:

- Reporting Period 1.1: October 1, 2023 – March 31, 2024
- Reporting Period 1.2: October 1, 2023 – September 30, 2024
- Reporting Period 2: October 1, 2024 – September 30, 2025
- Reporting Period 3: October 1, 2025 – September 30, 2026
- Reporting Period 4: October 1, 2026 – September 30, 2027
- Reporting Period 5: October 1, 2027 – September 30, 2028

Progress Report Forms must be posted to the municipal website and submitted to the Minister as soon as practicable after being received.



APPENDIX "B"

Section	# of new positions	Position type / title
<b>Engineering</b>		
	3	Transportation and Development Services
	4	Water Resources
	2	Public Works
		Equipment
	2	Facilities
<b>Corporate Services</b>		
	1	HR Administrative Support
	1	HR Recruitment Assistant
		Recruitment Management System
		Misc. (printing, advertising, engagement supports, etc.)
<b>Inspections</b>		
	1	Commercial Permit Coordinator
	1	Senior Building Official
	1	Building Plumbing Official
	1	Inspections Clerk
<b>Parks, Recreation and Community Services (PRCS, includes Environmental Services)</b>		
Private lands	2	Development Review Coordinator – Garden Suite
	1	Development Review Coordinator
	1	Environmental Planner
	1	Administrative Support
Public lands	1	Development Review Coordinator
	1	Administrative Support
<b>Planning</b>		
	2	Senior Planner
	3	Planner
	1	Senior Planning Technician
	1	Senior Planning Technician – Research
	2	Planning Technician
	1	Planning Clerk
<b>Facility Costs</b>		
		Leased space to accommodate new roles
		Capital costs (renovations, wiring, furniture, phones, etc.)



# Report

**To:** Housing Affordability Standing Committee  
**From:** Brent Reems, Chief Administrative Officer (CAO)  
**Date:** 11/22/2023  
**Subject:** Development Cost Charge Reductions for Affordable Housing

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## RECOMMENDATIONS

That the Housing Affordability Standing Committee recommend that Council introduce and give first, second and third reading to Amendment Bylaw 9978.

## PURPOSE

The purpose of this report is to recommend amendments to Development Cost Reduction Bylaw, 2020, No 9607 to support the development of affordable housing units by not-for-profits in eligible projects.

## BACKGROUND

On September 23, 2023, the Minister of Housing issued an order to the District under the Housing Supply Act establishing a housing target for of 4,610 new completed units of housing over a five-year period.

The Province has also issued guidelines related to unit type and tenure, and will require the District to report on the progress made addressing housing needs in Saanich. The guidelines were prepared in consideration of housing affordability and diversity gaps identified in the Saanich Housing Needs Report and other local housing data.

A key objective of the Strategic Plan and Housing Strategy is to use mechanisms available to increase and improve the supply of diverse and affordable housing that meets the needs of residents now and in the future.

Some of the strategies to increase affordable housing and promote purpose built rental housing include reducing barriers to affordable housing through incentives, tools, and policies. Increasing the number of low-end market affordable rental units and rental units that respond to core housing needs will be one of the most difficult gaps to fill given the cost of borrowing, development costs and the limits on grants and subsidies. While changes to land use policies and development processes are underway or being implemented to allow proposals to come forward more quickly, not-for-profits will not be able to proceed with construction without relief from of some of the costs of development.

## ALTERNATIVES

1. That the Housing Affordability Standing Committee approve the recommendation outlined in this staff report.
2. That the Housing Affordability Standing Committee recommend that Council,
  - a. amend the Development Cost Reduction Bylaw, 2020, No. 9607 by updating section 4.1(a) to broaden the form of housing agreement required for reduction; and
  - b. maintain the reduction amount at 50% of development cost charges.
3. That the Committee recommend that Council provide alternate direction to staff.

## POLICY IMPLICATIONS

Bylaw 9607 currently allows a not-for-profit housing provider to apply for a reduction in development cost charges of up to 50% for eligible projects subject to a housing agreement that:

- i. limits the form of tenure of the housing units to rental tenure for a term of not less than 20 years from the date an occupancy permit is granted; and
- ii. requires the housing units to be rented for a monthly rate that is less than the current median market rent levels published by CMHC from time to time;

Not-for-profit housing providers typically work with partners including BC Housing, CMHC, regional and municipal authorities to advance their projects and are required to enter into housing agreements that limit the term and form of tenure to receive funding or support in line with the current bylaw requirements.

The commitments in these agreements can vary and for not-for-profits, rents are set to cover capital and operating costs. Increasingly, affordable housing programs are supporting the integration of a diversity of unit types and affordability targets within projects and mixed-market models are used to achieve the necessary income from rents to make the project viable and sustainable. Market conditions have made this more difficult and not-for-profits require more flexibility to manage the make-up of units they operate and it is recommended that the condition related to monthly rent levels defer to partner agreements with BC Housing or CMHC as applicable as outlined in section 1(a) of the attached amendment bylaw.

Not-for-profit housing providers are also trying to overcome inflationary costs that are testing their ability to achieve affordable rents for purpose-built rentals given that funding agreements and available funding is targeted at lower-end or below median market rental commitments. Not-for-profit housing providers serve an important role and are predominantly the provider of housing in this part of the market and project viability now often rests on the amount of subsidy or the reduction of develop costs they realize for a project to proceed. Given the housing needs identified in the Saanich Housing Needs report and guidelines included with the Provincial Housing Order it is recommended that the

reduction in development cost charges in Section 4.2 (a) be increased to 100% as outlined in the amendment bylaw attached to this report (Bylaw 9978).

## **FINANCIAL IMPLICATIONS**


The Development Cost Charge Reduction Bylaw was adopted following consideration of a staff report dated January 31, 2020. The Report is attached as Appendix "B" and outlines background that relates to the establishment of the current reduction program.

Ultimately, the District is responsible for making up any forgone DCC revenue resulting from reductions. The high-level analysis set out in the attached report provides an indication of the level of projected impacts of the two scenarios that were presented at the time. Since the time the Bylaw was introduced, there have been no financial impacts associated with the reduction bylaw as no applications for reduction have been made under the Bylaw. If Council adopts the amendment bylaw as recommended, approaches to addressing an increased shortfall associated with an expanded program that provides a 100% reduction for non-profit housing providers would be brought forward during the financial planning process including phasing over time to anticipated levels.

The construction of new purpose rental projects is expected to be challenged given construction costs despite grant and financing programs and the capacity to advance these types of projects within the District is limited. The District's Development Cost Charge Bylaw is reviewed from time to time and adjustments to projections and levies will be reviewed accordingly.

## **CONCLUSION**

A key objective of the Strategic Plan and Housing Strategy is to use mechanisms available to increase and improve the supply of diverse and affordable housing that meets the needs of residents now and in the future. The Housing Needs Report and guidelines included with the Provincial Housing Order identify housing supply and diversity gaps that can only be fulfilled by not-for-profit housing providers. The proposed amendments to Bylaw No. 9607 will demonstrate that the District is taking steps to meet or exceed housing targets identified in the Provincial Housing Order and will support not-for-profit housing providers in advancing projects that will increase the supply and diversity of rental housing in Saanich.

Prepared by  \_\_\_\_\_  
Brent Reems  
Chief Administrative Officer

cc: Lindsay Chase, Director of Planning  
Harley Machiesle, Director of Engineering  
Paul Arslan, Director of Finance

THE CORPORATION OF THE DISTRICT OF SAANICH

BYLAW NO. 9978

TO AMEND BYLAW NO. 9607,  
BEING THE "DEVELOPMENT COST CHARGE REDUCTION BYLAW, 2020"

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The Municipal Council of The Corporation of the District of Saanich enacts as follows:

- 1) Bylaw No. 9607, being the "Development Cost Charge Reduction Bylaw, 2020" is hereby amended as follows:
  - (a) By deleting section 4.1(a) and replacing it with the following:
    - a. A not-for-profit rental housing development, including an assisted living development, owned by a public authority or a not-for-profit society incorporated under the *Societies Act*, subject to a housing agreement that:
      - i. Limits the form of tenure of the housing units to rental tenure for a term of not less than 20 years from the date an occupancy permit is granted; and
      - ii. Requires the housing units to be rented:
        - a. For a monthly rate that is less than the current median market rent levels published by CMHC from time to time; or
        - b. In accordance with an executed agreement with BC Housing or CMHC.
  - (b) By deleting "50%" under section 4.2(a) and replacing with "100%"
- 2) This Bylaw may be cited for all purposes as the "**DEVELOPMENT COST CHARGE REDUCTION BYLAW, 2020 AMENDMENT BYLAW, 2024, NO. 9978**".

Read a first time this    day of            , 202\_

Read a second time this    day of            , 202\_

Read a third time this    day of            , 202\_.

Adopted by Council, signed by the Mayor and Corporate Officer and sealed with the Seal of the Corporation on the

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Corporate Officer

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Mayor



The Corporation of the District of Saanich

# Report

**To:** Mayor and Council

**From:** Harley Machielse, Director of Engineering  
Valla Tinney, Director of Finance  
Sharon Hvozdzanski, Director of Planning

**Date:** 1/31/2020

**Subject:** Development Cost Charge Reduction Bylaw

RECEIVED

JAN 31 2020

LEGISLATIVE DIVISION  
DISTRICT OF SAANICH

## RECOMMENDATION

That the Committee endorse in principle a Development Cost Charge Reduction bylaw that provides a 50% DCC reduction for not-for profit affordable housing and a 25% DCC reduction for for-profit affordable housing development and that the bylaw be brought to Council for consideration in tandem with the recommendation from the Finance and Governance Committee on a permissive tax exemption policy for affordable housing.

## PURPOSE

The purpose of this report is to introduce a draft Development Cost Charge Reduction Bylaw No. 9607 for review at Committee of the Whole for confirmation of approach prior to bringing the bylaw forward to Council for consideration.

## DISCUSSION

### Background

As part of the District of Saanich's Development Cost Charge (DCC) program and bylaw update, Council requested that the DCC Staff Project Team review the use of DCC waivers and reductions to support affordable rental housing projects. During the January 2019, Committee of the Whole Council requested a review of both "not-for-profit" affordable rental housing, as well as "for-profit" affordable rental housing as part of a third phase of the DCC program updates (henceforth referred to as Phase 3).

As per Council direction, the DCC Staff Project Team has reviewed options for the use of DCC waivers and reductions to advance affordable rental housing projects in District of Saanich and proceeded with developing a draft DCC Reduction Bylaw for Council's consideration.

This report outlines the key considerations and recommended approach for the implementation of a Development Cost Charge Reduction Bylaw.

## **Overview of DCC Waivers and Reductions**

The *Local Government Act* provides the option to implement a Development Cost Charge Waiver and Reduction Bylaw to exempt or waive DCCs for some types of development. This is a tool that can be implemented through a separate bylaw after DCC Bylaw(s) are adopted by Council for the purpose of providing additional support to some developers in specific cases. A DCC Waiver and Reductions Bylaw can exempt or waive DCCs for the following classes of affordable rental housing as defined by the *Local Government Act*:

1. Not-for-profit rental housing, including supportive living housing; and
2. For-profit affordable rental housing.

It should be understood, that if a DCC waiver or reduction is provided, the municipality must provide for any foregone DCC revenue using other non-development sources of revenue. In addition, there are accounting and reporting requirements, where local governments are required to track the details of all DCC revenues, expenditures, credits, waivers and reductions.

If the need for a Development Cost Charge Waiver and Reduction Bylaw is warranted, the preferred approach to implement any DCC waivers and reductions is to adopt a separate DCC Waivers and Reductions Bylaw that establishes definitions for each class of “eligible development”, corresponding rates of reduction, and requirements that must be met in order to obtain a DCC waiver or reduction. Adopting DCC Waivers and Reductions in separate bylaw is the preferred and recommended approach, as it does not need the approval of the Province and can be updated and renewed separately without having to change the DCC Bylaw when amendments are required.

## **Key Considerations**

DCC waivers and reductions are one of a few tools that could be used to support affordable rental housing development in the District of Saanich and the provision of any DCC waivers or reductions needs to be considered alongside the District’s long-term financial sustainability. Council should consider whether or not a Development Cost Charge Reduction Bylaw is the best tool for supporting affordable rental development in conjunction with potential permissive tax exemption currently under review by the Finance and Governance Committee. On January 20, 2020, the Finance and Governance Committee requested a staff report on the financial implications of providing permissive tax exemptions to not-for-profit affordable housing in the coming months. It is possible that some combination of DCC reduction and permissive tax exemption would be the preferred approach. Deferring adoption of the bylaw until both mechanisms can be reviewed together provides Council with the opportunity to develop a holistic approach. As the reduction bylaw is intended to apply to the new increased DCC fees and not the existing fees, this deferral is not anticipated to result in any hardship for affordable housing projects that are in stream. Endorsement of an approach at this time provides an indication to the development community on the will of Council for supporting affordable housing projects.

Given that any waivers for affordable housing must be funded by the municipality and not through other developer's DCC contributions, the application of DCC waivers and reductions requires careful management and the consistent application of the program by municipal staff. Therefore, DCC waivers for affordable rental housing also come with new accounting and reporting requirements. It is anticipated that the additional requirements can be managed with existing staff resources.

### **Interim Measures**

As Council is aware, a number of development applications that include supportive and/or affordable housing units are currently under review. The applicants for these projects may request a "project specific" DCC reduction in advance of Council adopting a District wide bylaw. Any such requests would be included in the staff report on the relevant development application, for Council's review and deliberation.

### **Development Cost Charge Reduction Bylaw Framework**

As part of the DCC Staff Project Team's review of options for DCC waivers and reductions, two types of affordable housing or "eligible development" were evaluated:

1. **Not-for-profit rental housing**, including supportive living housing - defined as 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
2. **For-profit affordable rental housing** - defined as privately owned rental housing provided at a minimum of 15% below the average market rent levels as defined by the Canada Mortgage and Housing Corporation.

Both types of affordable rental housing or "eligible development" have been carried forward into the Development Cost Charge Reduction Bylaw.

Criteria and definitions currently proposed in the draft DCC Reductions Bylaw for affordable housing considers the following:

- Definitions for "Eligible Development" – both for non-profit and for profit affordable rental housing;
- A 50% DCC reduction for eligible non-profit affordable rental housing development and a 25% DCC reduction for eligible for profit affordable rental housing development (i.e. **Scenario 1** in **Table 1.0** below);
- Thresholds for what is considered affordable housing and requirements for the housing units to be rented for less than the average market rent levels most recently published by Canada Mortgage and Housing Corporation (i.e. being 15% or less than the median market rent based on CMHC data for profit affordable rental housing);
- All development requesting DCC reductions will be subject to a Housing Agreement under Section 483 of the *Local Government Act*; and



## **ALTERNATIVES**

1. That Council approve the recommendation as outlined in the staff report.
2. That the Committee endorse in principle a Development Cost Charge Reduction bylaw that provides a 100% DCC reduction for not-for profit affordable housing and a 0% DCC reduction for for-profit affordable housing development and that the bylaw be brought to Council for consideration in tandem with the recommendation from the Finance and Governance Committee on permissive tax exemption policy for affordable housing
3. That Council provide alternate direction to Staff.

## **FINANCIAL IMPLICATIONS**

The District is responsible for making up for any reduced DCC revenue resulting from the implementation of the Development Cost Charge Reduction Bylaw through secure alternate (i.e. non-DCC) revenue sources. 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.

Preliminary findings indicate implementing the DCC Reduction Bylaw could reduce DCC revenues significantly depending on the definition of “affordable rental” or “eligible” development, corresponding rates of reduction (e.g. 100% vs. 50% reduction) and the requirements that will need to be met in order to obtain a DCC waiver or reduction.

In order to manage this anticipated reduction in DCC revenue a high-level planning analysis was completed to estimate the number of future affordable rental housing units that would meet the definition of “eligible development” in the DCC Reduction Bylaw in order to estimate the potential revenue shortfall.

Impacts of DCC reductions for non-profit and for-profit affordable rental housing, as defined by the DCC Reduction Bylaw, are provided in **Table 1.0** below. Two different DCC reduction options (i.e. recommended as per the Bylaw and an alternative) are being presented to Council along with corresponding revenue shortfalls.

**Table 1.0 - DCC Reduction Scenarios and Revenue Shortfalls**

Scenario	Percentage (%) Affordable Rental Housing DCC Reduction	Estimated DCC Revenue Shortfall
1. DCC reductions for both 'not-for-profit' and 'for-profit' affordable rental housing <b>(recommended)</b>	Not-for-Profit Rentals = <b>50%</b> For-Profit Rentals = <b>25%</b>	Annual = \$250 K - \$350 K <b>Total (20 years) = \$5.0 – \$7.0 million</b>
2. DCC reductions for 'not-for-profit' affordable rental housing only <b>(Alternative 2)</b>	Not-for-Profit Rentals = <b>100%</b> For-Profit Rentals = <b>0%</b>	Annual = \$375 K - \$475 K <b>Total (20 years) = \$7.5 - \$9.5 million</b>

Based on this high-level analysis there is a wide range for the estimated loss in revenue between the two proposed scenarios. The financial impact resulting from Council’s decision on this bylaw will be considered during the annual financial planning process. This financial impact is in addition to the foregone revenue established with the phase in of the DCC assist factor.

**STRATEGIC PLAN IMPLICATIONS**


The implementation of the proposed DCC reduction approach supports Council’s Strategic Plan goal of “affordable and diverse housing that meets our residents’ needs now and in the future”.

**CONCLUSION**

Given the potential financial impacts and the need to balance the support for not-for-profit and for-profit affordable rental housing development, the proposed approach to Development Cost Charge Reduction Bylaw No. 9607 provides a 50% DCC reduction for eligible non-profit affordable rental housing development and a 25% DCC reduction for eligible for-profit affordable rental housing development. This is estimated to result in an annual cost or loss in DCC revenue of between \$250,000 - \$350,000, to be made-up by the District through non-DCC funding sources.

If Council does not support providing DCC reductions to for profit affordable rental housing, a 100% reduction rate for not for profit development only has been provided for consideration. In addition, the proposed bylaw should be considered by Council in conjunction with the forthcoming recommendation from the Finance and Governance Committee on permissive tax exemptions for not-for-profit affordable housing.

Prepared by   
Harley Machielse  
Director of Engineering

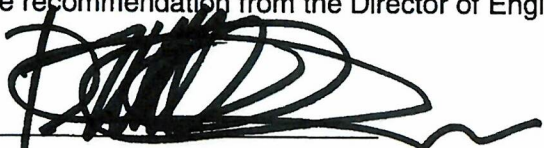
Reviewed by   
for Valla Tinney  
Director of Finance

Reviewed by   
Sharon Hvozdzanski  
Director of Planning

Attachments – Draft Development Cost Charge Reduction Bylaw 9607  
cc: Brent Reems, Director of Building, Bylaw, Licensing and Legal Services

**CHIEF ADMINISTRATIVE OFFICER'S COMMENTS:**

I endorse the recommendation from the Director of Engineering, Planning, and Finance

  
Paul Thorkelsson  
Chief Administrative Officer

THE CORPORATION OF THE DISTRICT OF SAANICH

BYLAW NO. 9607

A BYLAW TO PROVIDE FOR A REDUCTION OF DEVELOPMENT COST CHARGES  
FOR AFFORDABLE HOUSING

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The Municipal Council of The Corporation of the District of Saanich in open meeting assembled hereby enacts as follows:

**PART 1 - Definitions**

1.1 In this bylaw:

“**applicant**” means the owner of a development eligible for a development cost charge reduction under this bylaw;

“**application**” means an application for a development cost charge reduction in the form established by the Director of Engineering from time to time;

“**building**” means a building or structure for which a building permit is required under the Building Bylaw;

“**Building Bylaw**” means Building Bylaw, 2019, No. 9529, as amended or replaced from time to time;

“**building permit**” means a permit issued by the District that authorizes the construction or alteration of a building in accordance with the Building Bylaw;

“**CMHC**” means the Canada Mortgage and Housing Corporation or any successor organization;

“**development**” means the improvement of land pursuant to a building permit;

“**development cost charge**” means a development cost charge payable for a development under the Development Cost Charge Bylaw;

“**Development Cost Charge Bylaw**” means Development Cost Charge Bylaw, 2019, No. 9553, as amended or replaced from time to time;

“**development cost charge reduction**” means a development cost charge reduction specified under section 3.2 of this bylaw;

“**Director of Engineering**” means the Director of Engineering employed by the District;

“**District**” means The Corporation of the District of Saanich;

“**eligible development**” means a development specified in section 3.1 of this bylaw;

**“housing agreement”** means a housing agreement pursuant to section 483 of the *Local Government Act*;

**“occupancy permit”** means permission or authorization in writing issued by the District to occupy a building for its intended purpose in accordance with the Building Bylaw;

**“triggering date”** means the date of issuance of a building permit that triggers the requirement to pay development cost charges.

1.2 For the purpose of this bylaw, the definitions of words and phrases that are not included in this section shall have the meaning assigned to them in the *Local Government Act* or the *Community Charter*, as the case may be.

## **PART 2 - Application**

2.1 Development cost charge reductions shall only apply to those development cost charges applicable in all areas of the District, being those specified in Schedule “A” attached to the Development Cost Charge Bylaw.

2.2 Development cost charge reductions shall not apply to area-specific development cost charges, being those specified in Schedule “B” (Cordova Bay Roads) and Schedule “C” (Parks Quadrant) attached to the Development Cost Charge Bylaw.

## **PART 3 - Development Cost Charge Reduction for Eligible Developments**

3.1 For purposes of this bylaw, an “eligible development” is any one of the following classes of development:

- a) A not-for-profit rental housing development, including an assisted living development, owned by a public authority or a not-for-profit society incorporated under the *Societies Act*, subject to a housing agreement that:
  - i. limits the form of tenure of the housing units to rental tenure for a term of not less than 20 years from the date an occupancy permit is granted; and
  - ii. requires the housing units to be rented for a monthly rate that is less than the current median market rent levels published by CMHC from time to time;
- b) An affordable rental housing development subject to a housing agreement that:
  - i. limits the form of tenure of the housing units to rental tenure for a term of not less than 20 years from the date an occupancy permit is granted; and
  - ii. requires the housing units to be rented for a monthly rate that is a minimum of 15% less than the current median market rent levels published by CMHC from time to time.

3.2 Subject to sections 2.1 and 2.2, the total development cost charges payable for a development are hereby reduced by:

- a) 50% for an eligible development described in subsection 3.1(a); and
- b) 25% for an eligible development described in subsection 3.1(b).

3.3 In any case where part of a development constitutes an eligible development, and part does not, the development cost charge reduction shall only apply to the part of the development that constitutes an eligible development.

3.4 In no case shall the development cost charge reductions provided in subsections 3.2(a) and (b) be combined.

#### **PART 4 - Procedure for Grant of Development Cost Charge Reduction**

4.1 A development cost charge reduction for an eligible development shall be granted in accordance with the following procedure:

- a) in order to be eligible for a development cost charge reduction, an applicant must submit a complete application to the District on or before the triggering date;
- b) subject to subsection 4(c), the applicant shall pay to the District when due all development cost charges payable for the development as if the development does not constitute an eligible development;
- c) within thirty (30) days of the date that an occupancy permit is issued for the eligible development the District shall refund to the applicant an amount equal to the development cost charge reduction for the eligible development; and
- d) for the avoidance of doubt, if a development does not constitute an eligible development at the time that an occupancy permit is issued for the development, then the entitlement to a development cost charge reduction is forfeited absolutely and no refund of development cost charges shall be provided to the applicant under subsection 4(c).

#### **PART 5 - Repayment**

5.1 If, at any time during the term of the applicable housing agreement a development, or any portion of a development, for which a development cost charge reduction has been granted under this bylaw ceases to qualify as an eligible development due to:

- a) non-compliance with the requirements of section 3.1; or
- b) non-compliance with the provisions of the applicable housing agreement;

then the full amount of development cost charges that would have been payable on the triggering date, had the development cost charge reduction not been granted, plus interest at the rate prescribed by the Lieutenant Governor in Council under section 11(3) of the *Taxation (Rural Area) Act* since the triggering date, compounded annually, shall constitute a debt owing to the District and shall be due and payable immediately.

**PART 6 - Citation**

6.1 This bylaw may be cited for all purposes as the **“DEVELOPMENT COST CHARGE REDUCTION BYLAW, 2020, NO. 9607”**.

**PART 7 – Effective Date**

7.1 This Bylaw comes into force on the date of its adoption.

Read a first time this    day of            , 2020.

Read a second time this    day of            , 2020.

Read a third time this    day of            , 2020.

Adopted by Council, signed by the Mayor and Clerk and sealed with the Seal of the Corporation on the day of            , 2020

\_\_\_\_\_  
Municipal Clerk

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Mayor