

DRAFT COMMUNITY AMENITY CONTRIBUTIONS AND INCLUSIONARY HOUSING POLICY

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1.0 PURPOSE

The purpose of the Community Amenity Contribution & Inclusionary Housing Policy (the “Policy”) is to provide guidance for Council, staff, developers, and the public for the collection of in-kind and cash in-lieu contributions towards community amenities and inclusionary housing as part of a transparent, efficient, balanced, and predictable process.

1.1 POLICY GOALS

The goals of this Community Amenity Contribution & Inclusionary Housing Policy are:

- To encourage new development to make contributions towards public benefit amenities and services to support new residents.
- To maintain a healthy community, through Community Amenity Contributions (“CACs”) and Density Bonusing, so that Saanich residents have access to amenities within a livable and complete community.
- To encourage the development of new housing that expands options for housing affordability and accessibility.
- To strengthen the relationships between the District of Saanich, the public, housing providers, and the development community.
- To ensure that Community Amenity Contributions are clear and transparent.
- To ensure that the Policy’s framework creates an efficient and predictable process by which the District receives negotiated amenities.

1.2 GUIDING PRINCIPLES

The Community Amenity Contribution (CAC) Policy is guided by principles to ensure District staff and applicants have the clarity and incentive to develop a variety housing types and tenures in the community. The principles are as follows:

Transparency: Inform Council, staff, the development community, and the public about how amenity contributions are being collected and distributed.

Efficiency: Offer an efficient process that reduces both time and cost for the District and applicants.

Balance: Ensure a balanced approach to the types and locations of amenities and inclusionary housing that is both reasonable and economical.

Predictability: Provide a process that is consistent in its demand for amenities, use of definitions, collection of in-kind and cash in-lieu, and negotiations for community amenities and inclusionary housing.

2.0 DEFINITIONS

“Affordable Rental Rate” in the context of this policy, the affordable rental rates refer to the ability of renters to obtain a home based on household income or other factors, as defined in the District’s “Definitions of Housing Affordability in Saanich” document found in **Appendix B**.

“Community Amenity” is a public benefit amenity that provides a direct benefit to the residents of the District of Saanich. Community amenities can take several forms including, but not limited to, inclusionary housing, parks and publicly accessible open spaces, childcare, community facilities (e.g., libraries, police departments, recreation centres, etc.), and public arts and cultural spaces, or as defined through the District’s planning policies. This is separate from and does not include any projects identified by the District’s Development Cost Charge (DCC) program.

“Community Amenity Contributions” (“CACs”) are contributions of a community amenity agreed to by the applicant and the District, as part of the rezoning process initiated by the applicant/developer. A CAC cannot be a DCC project as identified by the District’s Development Cost Charge (DCC) project list.

“Cash in-lieu Community Amenity Contributions” are CACs provided as cash, in-lieu of providing a direct public benefit, by an applicant to the District, which are then earmarked for public benefit amenities identified in this CAC Policy, by Council, and the District’s annual capital and operating budgets.

“Density Bonus / Density Bonus Zoning” is a contribution of a community amenity agreed to by the applicant and the District, as part of the District’s density bonus policy applicable to a proposed project.

“Development Applications” refer to an application for a development permit, or a rezoning application, which has been submitted to the District of Saanich in a satisfactory form, in accordance with the applicable procedures, and with all applicable fees paid.

“CAC Target Rates” are a set rate or amount that applicants are encouraged to pay to the District of Saanich as a contribution for community amenities through a rezoning process for developments with less than 350 residential units.

“Framework for Implementing and Negotiating Community Amenity Contributions” Is a supplementary document to the Community Amenity Contribution & Inclusionary Housing Policy. It is intended to guide District staff and applicants through the process of negotiating CACs on eligible multi-unit residential applications undergoing rezoning and can be found in **Appendix A**.

“In-stream Application” refers to any of the following applications that, prior to the effective date of the CAC Policy, has been made, accepted by the District, and considered to be in a satisfactory form with all applicable fees paid:

- a) A development permit application
- b) A rezoning application

“Inclusionary Housing Unit” refers to affordable rental housing where shelter costs are less than 30% of a before-tax median household income, to support “moderate” income households as defined in the "Definitions of Housing Affordability in Saanich" document. For applicable rental rates per unit refer to **Table 1** and **Appendix B**.

“In-Kind Community Amenity Contribution (CAC)” are public benefit amenities or land contributions provided by an applicant as part of a rezoning application process. These amenities are typically provided on-site as a direct public benefit and can include inclusionary housing units.

“Interim Community Amenity Contribution (CAC) Policy” refers to the “Interim Community Amenity Contribution (CAC) Policy” as adopted by District of Saanich Council in 2021, including any subsequent amendments. The policy informs negotiations through identifying the process, priorities, target contribution rates and exemptions.

“Local Amenity Fund” is a non-legislated provision created to hold any funds resulting from cash in-lieu contributions towards community amenities, excluding inclusionary units and park acquisitions, made through the Community Amenity Contribution and Inclusionary Housing Policy.

“Local Park Acquisition Fund” is a non-legislated provision created to hold any funds resulting from cash in-lieu contributions towards local parks acquisition made through the Community Amenity Contribution and Inclusionary Housing Policy. This fund cannot include or overlap with any city-wide or regional park projects identified in the District’s DCC program.

“Local Community Amenity” is a community amenity within one of the five (5) area-specific regions of Saanich, whose location helps to guide how cash in-lieu CACs are allocated within the Local Amenity Fund (see Figure 1 for more detail).

“Mixed-use” is a development where the majority (>50%) of the ground floor space of a multi-family residential building is dedicated for commercial, industrial, or institutional uses.

“Not-for-Profit Rental Housing”, including **“Supportive Living Housing”** refers to housing owned by the Government of British Columbia, the Government of Canada, the District or another local government under the *Local Government Act*, a public housing authority or a not-for-profit society incorporated under the *Societies Act*, SBC 2015, c. 18, as amended, or Part II of the Canadian Corporations Act, RSC 1970, c. C-32, as amended, and where the Applicant has demonstrated to the reasonable satisfaction of the District Representative that the Housing Development is eligible for a

rent or capital housing subsidy from the Government of British Columbia, the Government of Canada, or a public housing authority.

"**Official Community Plan**" refers to the most current version of the District of Saanich's Official Community Plan (Bylaw 8940).

"**Residential Floor Area**" refers to the total saleable and rentable area within a building designated for residential use as part of a dwelling unit or dwelling units, but excludes parking areas, elevators, stairwells, lobbies, or similar built areas not used as dwelling space.

"**Saanich Affordable Housing Fund**" is a non-legislated provision created to hold any funds resulting from cash in-lieu contributions towards Inclusionary Units made through the Community Amenity Contribution and Inclusionary Housing Policy.

"**Zoning Bylaw**" refers to the District of Saanich's Zoning Bylaw 8200, as amended.

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3.0 APPLICATION OF THE POLICY

This CAC policy is based on a hybrid model, which intends to simplify the administration of CACs by encouraging CAC negotiations only for major developments with over 350 units; while allowing smaller developments (with 7 to 349 units), to proceed more quickly through the rezoning and CAC determination process by applying clear Fixed CAC Target Rates or Density Bonus Rates (see **Section 5** below).

CACs will apply to all development applications with residential (strata, rental, or both) components undertaking zoning amendments unless explicitly exempt under **Section 6.0** of this policy. Under this hybrid CAC model there are three approaches for determining CACs based on development scale and zoning regulations (i.e., density bonusing vs. no density bonusing):

- **Approach A - Negotiated CACs:** for development applications proposing 350 units or more;
- **Approach B – Fixed Target CACs:** for development applications with fewer than 350 units in all zones where density bonus does not apply; and
- **Approach C - Density Bonus Rates:** for development applications with fewer than 350 units where a property has density bonus zoning in place, or an applicant is granted rezoning ‘into’ a zone with density bonus provisions.

Each of these three approaches are outlined in **Sections 3.1 - 3.3** below:

3.1 APPROACH A – NEGOTIATED CACS:

Development applications with 350 units or more will be encouraged to undergo site-specific CAC negotiations with the District of Saanich.

1. Through Negotiated CACs the District may seek in-kind, or cash in-lieu contributions towards a public benefit based on the preferences of the District, the applicant, and community. In-kind CACs may include on-site built amenities, Inclusionary Housing Units, affordable ownership units, or a combination thereof.
2. The amount of CAC (cash-in-lieu or value of in-kind amenities) that a project can support will be determined through a land lift analysis, conducted at the applicant's expense.
3. For the land lift analysis, the applicant will provide two development pro formas: one for the residual land value of the site under the existing zoning; the second for the residual land value under the proposed new zone; and the land lift will be determined as difference between the rezoned land value and the existing land value.
4. The District of Saanich reserves the right to request additional development pro formas and a third-party review at the applicant's cost.
5. CACs determined through this approach will target 50% of the increase in land value based upon the rezoning application and land lift analysis.
6. The negotiation process will be guided by the “Framework for Implementing and Negotiating Community Amenity Contributions” in **Appendix A**.

3.2 APPROACH B – FIXED TARGET CACS:

Development applications with fewer than 350 units will be encouraged to make contributions based on target contributions (“CAC Target Rates”), provided an application meets the locational criteria and eligibility criteria found in **Section 5 - Table 2**.

- .1 For projects subject to CAC Target Rates, the District may consider in-kind contributions, including the provision of Inclusionary Housing Units, provided that:
 - i. The in-kind contributions are aligned with identified amenity priorities for the subject areas described in **Appendix C**;
 - ii. The applicant can demonstrate, to the District's satisfaction, that the value of the in-kind amenities is equal to or greater than the CAC amount the District would receive based on target CAC rates;
 - iii. In circumstances where applicants are providing in-kind contributions and where those contributions do not include Inclusionary Housing Units, a cash-in-lieu contribution will be made to CAC to the Affordable Housing Fund equivalent to at least 30% of the proposed CAC Target Rates as set out in **Table 2** below. In-kind contributions towards affordable homeownership are also an acceptable option for applications subject to negotiations, which should be supported with a pro forma analysis.
 - iv. Applicants wishing to provide only non-housing, in-kind contributions may choose to enter into a Negotiated CAC process as outlined under Approach A above.
- .2 For projects subject to CAC Target Rates, applicants may choose to enter into a Negotiated CAC process with the District, as outlined under Approach A above, to provide a cash-In-lieu CAC or in-kind CAC based upon third-party land lift analysis conducted at the applicant's expense. The District of Saanich reserves the right to request a development pro forma and a third-party review at the applicant's cost. The District and the applicant may do so for reasons such as:
 - i. The Target CAC Rate would comprise more than 50% of the lift in land value created through rezoning;
 - ii. The existing zoning permits a density higher than that designated in the OCP
 - iii. The proposed density is significantly lower than the maximum permitted OCP density.

3.3 APPROACH C – DENSITY BONUS RATES:

For development applications with fewer than 350 units, where a property has density bonus zoning in place (and no rezoning is requested), or in instances where an applicant is granted rezoning ‘into’ a zone with density bonus provisions, the Density Bonus Rates shown in **Section 5 - Table 3** will apply. The alternative processes permitted under Approach B, as outlined in **Sections 3.2.1** and **3.2.2** above, shall also be available to development applications under Approach C.

4.0 INCLUSIONARY HOUSING RENTAL RATES

This Section outlines rental rates for Inclusionary Housing Units in the District of Saanich as of 2023. These rental rates are used to meet the policy exemptions outlined in **Section 6.0** of this policy and to set the minimum threshold for in-kind housing contributions.

Inclusionary Housing Units are considered affordable when per unit rental rates are less than or equal to the moderate to median rental rates shown in **Table 1**. Projects with deeper subsidy Inclusionary Housing Units will be favored in the negotiation process. Please refer to **Appendix B** which outlines the incomes associated with the affordable rental rates provided in the table below.

Table 1 - Inclusionary Housing Rental Rates, 2023*

	Bachelor	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
Moderate to Median Income	\$945	\$1,188	\$1,525	\$1,975	\$2,113

Partnerships with non-profit housing providers or government agencies to purchase and/or operate the units are encouraged and should be initiated as early in the development application process as possible. Inclusionary Housing Units will be favored in the negotiation process.

5.0 RATES AND ELIGIBILITY CRITERIA

Table 2 (below) outlines the CAC Target Rates and associated eligibility criteria for development applications undergoing a zoning amendment. Please note as per Section 6.0 (below) no projects that contain six units or less will be required to pay CACs.

Table 2 – CAC Target Rates¹

Eligibility Criteria	Centres and Corridors	Villages and Neighbourhoods
Condominium / Apartments (100% ownership residential projects) in projects with less than 350 units	\$7,200 per unit	\$7,200 per unit
Condominium / Apartments (within primarily residential projects with limited mixed-use²), in projects with less than 350 units	\$7,200 per unit	\$7,200 per unit
Condominium / Apartments (within mixed-use projects³), in projects with less than 350 units	\$5,000 per unit	\$5,000 per unit
Townhomes / Multi-plex developments	\$9,600 per unit	\$9,600 per unit
Purpose-built Rental without Inclusionary Housing Units in projects less than 350 units	\$1,750 per unit	\$1,750 per unit

¹ Target Rates were based on land lift analyses for different areas in the District of Saanich, however, the study did not find the differentials substantive enough to justify rate differentiation by geography. In future comprehensive updates to the target rates, the results may justify different target rates by geography.

² Limited Mixed Use = 50% or less of the ground level leasable floor area is dedicated to commercial use.

³ Mixed Use = >50% of the ground level leasable floor area is dedicated to commercial use.

Table 3 (below) shows the density bonus rates that will apply in instances where a property has density bonus zoning in place and no rezoning is requested, or in instances where an applicant is granted rezoning 'into' a zone with density bonus provisions. **Note:** Saanich does not yet apply Density Bonusing under the current Zoning Bylaw and as density bonus zoning is developed, per unit rates may be converted to per square metre rates.

Table 3 – Density Bonus Rates¹

Eligibility Criteria	Centres and Corridors	Villages and Neighbourhoods
Condominium / Apartments (100% ownership residential projects)	\$25,000 per unit	N/A
Condominium / Apartments (within primarily residential projects with limited mixed-use²)	\$25,000 per unit	N/A
Condominium / Apartments (within mixed-use projects³)	\$17,500 per unit	N/A
Townhomes / Multi-plex developments	\$33,000 per unit	N/A
Purpose-built Rental without Inclusionary Housing Units in projects less than 350 units	\$6,250 per unit	N/A

¹ Density Bonus Rates were based on land lift analyses for different areas in the District of Saanich, however, given the lower expected densities in village and neighbourhood areas the use density bonusing to collect CACs is not applicable to these locations at this time. In future comprehensive updates to the density bonus rates, the results may justify different density bonus rates by geography.

² Limited Mixed Use = 50% or less of the ground level leasable floor area is dedicated to commercial use.

³ Mixed Use = >50% of the ground level leasable floor area is dedicated to commercial use.

6.0 CAC POLICY EXEMPTIONS

Where applicants propose development applications that satisfy any of the following conditions, the applications will be considered exempt from this Policy, and neither the CAC Target Rates shown in **Table 2**, nor negotiated CACs, will apply. The conditions for exemption are:

- a. Not-for-profit rental housing units;
- b. Not-for-profit homeownership units;
- c. Purpose built rental projects with 7 to 349 units, where the rental tenure is secured for a period of 50 years or greater, or life of the building, and a minimum of 10% of the Residential Floor Area is dedicated to Inclusionary Housing Units with per unit rental rates less than or equal to the moderate to median rental rates shown in **Table 1**;
- d. Projects with six units or less; and
- e. Non-residential developments.

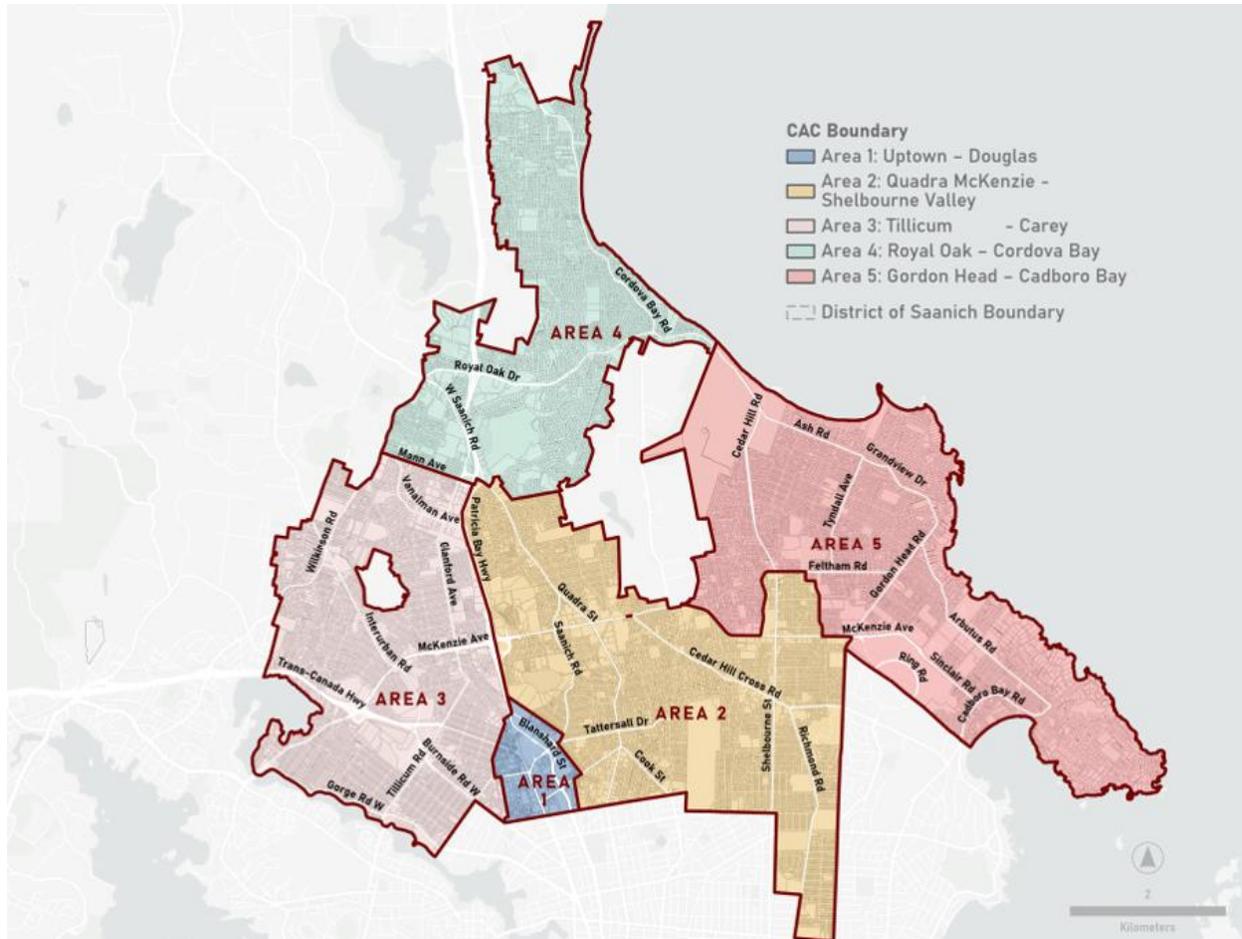
7.0 CAC ELIGIBILITY, CONTRIBUTION AREAS AND PRIORITIES

To support the equitable distribution of CACs, this Policy divides the District of Saanich into five area specific CAC areas to support localized amenities and to prioritize the allocation of cash-in-lieu contributions to areas near where contributing developments are located (see **Figure 1** below). Each area has a prioritized list of Local Community Amenity projects found in **Appendix C**, to guide cash-in-lieu and in-kind contributions to either the Local Amenity Fund or Local Park Acquisition Fund. These geographies include:

- **Area 1:** Uptown – Douglas
- **Area 2:** Quadra McKenzie – Shelbourne Valley
- **Area 3:** Tillicum– Carey
- **Area 4:** Royal Oak – Cordova Bay
- **Area 5:** Gordon Head – Cadboro Bay

A guide to the allocation of cash in-lieu community amenity contributions is found in **Section 7.1**, below.

Figure 1 – Community Amenity Contribution Areas



7.1 ALLOCATION OF CONTRIBUTIONS

- a. The specific amenities to be provided in-kind or funded through CAC Target Rates will be determined based on the following criteria:
 - i. The CAC should be tied to serving a growing population (residents or employees);
 - ii. The CAC should be based on identified priority amenities found in Local Area Plans, Action Plans, Centre, Corridor and Village (CCVs) Plans, Master Plans, or through local needs assessments - which are summarized and regularly updated in **Appendix C**;

- iii. CACs should, wherever possible, be located within or near (or contribute to funding amenities within or near) the general area where the rezoning is taking place. This applies to in-kind CACs, as well as the allocation of cash-in-lieu CACs.
- b. Cash-in-lieu CACs collected through CAC target rates, density bonus rates or CAC negotiations will be distributed between the Local Amenity Fund, Local Park Acquisition Fund and Affordable Housing Fund in accordance with the allocations outlined in **Table 4** below.

Table 4 – Allocation of Community Amenity Contributions*

	Affordable Housing Fund (District-wide)	Local Amenity Funds (Area-specific)	Local Park Acquisition Funds (Area-specific)
All Community Amenity Contribution Areas (Areas 1 to 5)	30%	50%	20%

- d. Cash in-lieu contributions towards the Affordable Housing Fund identified in **Table 4** will be distributed across the District of Saanich to areas where the highest needs and priorities have been identified.
- e. Cash in-lieu contributions towards the Local Amenity Funds and Local Park Acquisition Funds identified in **Table 4** may be used in the Community Amenity Contribution Areas in which they have been collected (as shown in **Figure 1**) and directed towards priority amenity items identified in **Appendix C** with consideration for the following:
 - i. Contributions towards upgraded frontage improvements in each respective area, beyond the requirements of the Subdivision and Development Services Bylaw, or alternative initiatives, will be considered through discussions with Saanich staff and the applicant.

8.0 TIMING OF CONTRIBUTIONS

Proponents will provide CACs to the District of Saanich prior to bylaw adoption of the pre-zoned or rezoning application. If Council does not support the rezoning application, then the CAC shall be returned to the applicant, in full, by the District of Saanich.

9.0 UPDATING INCLUSIONARY HOUSING RENTAL, CAC TARGET, AND DENSITY BONUS RATES

The inclusionary housing rental rates, CAC target rates and density bonus rates shown in **Tables 1, 2** and **3** are based on a point-in-time economic analysis and regular updates each will be undertaken as follows:

- a. **Annual Update** – Affordable rental rates, CAC target rates, and density bonus rates as shown in **Tables 1, 2** and **3** will be reviewed for inflationary adjustments on an annual basis. Annual updates shall be based on annual average inflation rates identified by Statistics Canada through their Consumer Price Index for Victoria.
- b. **Comprehensive Update** – Both the Policy and Framework will be comprehensively reviewed in their entirety every 3 years, or pursuant to Council approval, at an earlier date based on the recommendations of the Director of Planning. These comprehensive updates will be aligned to the District’s monitoring and evaluation of this policy. Affordable rental rates, CAC Target rates, and density bonus rates as shown in **Tables 1, 2** and **3** will also be reviewed for inflationary adjustments during these comprehensive reviews.

10.0 PHASING-IN OF APPLICATIONS

To provide an equitable process, the District of Saanich recognizes that the feasibility of proposed projects can be impacted by new set target rates, and as such:

- a. All in-stream applications will be granted an 18-month grace period following any Comprehensive Updates of the Community Amenity Contribution and Inclusionary Housing Policy as defined in **Policy 10 (b)** above; and
- b. The District of Saanich’s Interim Community Amenity Contribution (CAC) Policy, adopted in 2021, will still apply to all in-stream applications submitted prior to Council endorsement of the new Community Amenity Contribution and Inclusionary Housing Policy. The new policy will be applied to in-stream applications at the direction of applicants or after 18-months following adoption.

Appendix A - Framework
for Implementing and
Negotiating Community
Amenity Contributions

Appendix B - Definitions of Housing Affordability in Saanich

**Definitions of Housing Affordability to
be considered separately by Council –
all relevant affordability rates included
in the CAC policy