

FRAMEWORK FOR IMPLEMENTING AND NEGOTIATING COMMUNITY AMENITY CONTRIBUTIONS

MARCH 2023



PREPARED FOR:

DISTRICT OF SAANICH

770 Vernon Ave

Victoria, BC V8X 2W7

ATTENTION:

ALANNA MCDONAGH, SENIOR PLANNER

DISTRICT OF SAANICH

PREPARED BY:

URBAN SYSTEMS LTD.

DATE: MARCH 2023

This report is prepared for the sole use of the District of Saanich. No representations of any kind are made by Urban Systems Ltd. or its employees to any party with whom Urban Systems Ltd. does not have a contract. Copyright 2023.

TABLE OF CONTENTS

- 1.0 FRAMEWORK OVERVIEW 1
 - 1.1 CONTEXT AND PURPOSE OF THIS FRAMEWORK.....1
 - 1.2 HYBRID CAC POLICY STRUCTURE2
 - 1.3 APPLICATION OF CACS.....3
 - 1.4 IMPLEMENTATION OF THIS “FRAMEWORK” 4
 - 1.5 HOW TO USE THIS “FRAMEWORK” 4
- 2.0 GUIDING PRINCIPLES..... 5
- 3.0 INTRODUCTION TO NEGOTIATING CACS 6
 - 3.1 ELIGIBLE FORMS OF NEGOTIATED CACS.....6
 - 3.1.1 CASH IN-LIEU CONTRIBUTIONS..... 6
 - 3.1.2 IN-KIND CONTRIBUTIONS..... 7
 - 3.2 OWNERSHIP AND MANAGEMENT OF IN-KIND AMENITIES9
 - 3.2.1 OWNERSHIP OF IN-KIND CONTRIBUTIONS..... 9
 - 3.2.2 SECURING IN-KIND CONTRIBUTIONS..... 10
 - 3.3 CALCULATING COMMUNITY AMENITY CONTRIBUTIONS ...11
 - 3.3.1 LAND LIFT ANALYSIS OVERVIEW11
 - 3.3.2 PRO FORMA SUBMISSION REQUIREMENTS13
 - 3.4 APPLICATION REQUIREMENTS AND STEPS IN NEGOTIATING COMMUNITY AMENITY CONTRIBUTIONS14
 - 3.5 ROLES AND RESPONSIBILITIES 16

1.0 FRAMEWORK OVERVIEW

This Framework for Implementing and Negotiating Community Amenity Contributions (the “Framework”) has been developed for the District of Saanich to help support the implementation of the [Community Amenity Contribution \(CAC\) & Inclusionary Housing Policy](#) (the “CAC Policy”). The CAC Policy is the District of Saanich’s core policy used to guide the administration of CACs and the collection of in-kind and cash in-lieu contributions towards community amenities and inclusionary housing.

As this Framework for Implementing and Negotiating Community Amenity Contributions is a supplemental document it should be read in conjunction with the CAC Policy.

1.1 Context and Purpose Of This Framework

Community Amenity Contributions (CACs) may be collected, by local governments, through the Rezoning application process. As rezoning applications often result in higher development densities the demand for District services increases because of the new residents moving into an area. Therefore, CACs are used to lessen the impact of new development on community service and address this increased demand by adding and expanding District facilities. CACs differ from other development finance tools, such as Development Costs Charges (DCCs), as they are not a legislated tool in the *Local Government Act* (LGA); and therefore, CAC contributions should be considered voluntary and not a requirement of development.

Though the use of CACs is very common across municipalities in British Columbia, the lack of a structured legislative framework to guide their implementation has often resulted in them being applied inconsistently. This lack of predictability and inconsistency represents a significant challenge for developers trying to accurately anticipate what level of CAC is expected or appropriate for a specific project. For these reasons the District of Saanich has endeavoured to develop a comprehensive CAC Policy that provides clear expectations for development, ensures maximum CAC collection, and limits administrative burdens for District staff.

The process of developing the CAC policy involved extensive consultation with housing providers and the development community in Saanich, as well as an extensive financial analysis completed by a reputable 3rd party. The financial analysis assessed 35 different test sites throughout Saanich, including centres, corridors, villages, and neighbourhoods. A pro forma was completed for each test site to understand if potential developments are financially viable when paying community amenity contributions. The final financial analysis can be found here: <https://www.saanich.ca/EN/main/community/community-planning/community-amenity-contributions.html>

1.2 Hybrid CAC Policy Structure

The 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 pay Fixed CAC Target Rates or Density Bonus Rates found in **Section 5.0** of the CAC Policy. The purpose of this approach is for the District to allow most developments (with 7 to 349 units) to proceed more quickly through the rezoning and CAC determination process, while maintaining the ability to negotiate CACs for larger development over 350 units, where the impacts and amenity contribution potential of a rezoning application are less clear. 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 1.3** below:

The rationale for encouraging a negotiated approach for developments with over 350 units, is that developments of this size and complexity are more likely to create opportunities for capturing amenities on site. Notably, larger development projects (over 350 units) are more likely to be able to provide in-kind inclusionary housing units, as they can create sufficient 'economies of scale' to provide a significant number of units in one location. Importantly, having more inclusionary housing units in one location helps not-for-profit housing providers manage the units more cost effectively, which in-turn helps to ensure their long-term affordability. To help support District staff and applicants in the process of negotiating CACs on development applications with 350 residential units or more this Framework provides a guide to negotiating CACs in **Section 3.0**.

In addition to the three approaches outlined above, the CAC policy also provides CAC reductions or exemptions to certain uses to support development applications that already provide a community benefit (i.e., not-for-profit rental and ownership units, and purpose-built rental projects with 10% + inclusionary units) or are desired uses emphasized in the District's land use policy (i.e., infill of up to six units and employment lands - commercial, industrial, and institutional uses).

Table 1 – Applicability of Density Bonusing

The District of Saanich does not currently have formalized density bonus regulations within its Zoning Bylaw. However, it is envisioned that the District will work to develop standalone density bonus zones within the Zoning Bylaw or ‘shelf ready’ density bonus zones that can be applied to future development applications. As the process of developing such zones is a complex administrative task it will take the District some time to implement these tools.

The current Density Bonus Rates, as outlined under **Approach C** (below) and **Section 5** of the CAC Policy, will act as placeholders until true density bonusing is implemented by the District. Additionally, as density bonus zoning is developed, per unit rates may be converted to per square metre rates. Until the time that density bonusing is fully implemented within the Zoning Bylaw, Density Bonus Rates may also be used to guide CAC discussion for combined OCP and rezoning applications where density bonusing has been contemplated under an existing District of Saanich Area Plan.

1.3 Application of CACs

As discussed in Section 1.2 (above) the District of Saanich’s CAC Policy applies a hybrid approach with different calculation methods based on the scale of the development and zoning regulations (i.e., density bonusing vs. no density bonusing):

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 in accordance with this Framework for Implementing and Negotiating Community Amenity Contributions. Under this “Framework”:
 - a. Negotiated CACs may be 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 also include Inclusionary Housing Units¹. The definitions for cash in-lieu CACs, and in-kind CACs, including Inclusionary Housing Units (rental and ownership options), are outlined below in **Section 3.1** of this Framework.
 - b. 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 with potential for a third-party review at the applicant’s cost; and
 - c. CACs determined through this approach will target 50% of the increase in land lift value based upon the rezoning application.

¹ As defined in the District of Saanich’s Community Amenity Contribution Policy.

2. **Approach B - CAC Target Rates** – development applications with fewer than 350 units will be encouraged to make contributions based on target contributions (“CAC Target Rates”) found in **Section 5** of the CAC Policy. The fixed CAC Target Rates are paid as cash-in-lieu to be allocated towards area-specific local amenity funds, area-specific local park acquisition funds, and the municipal-wide Saanich affordable Housing Fund in accordance with the CAC Policy.
3. **Approach C – Density Bonus Rates** – 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** will apply. The Density Bonus Rates are paid as cash-in-lieu to be allocated towards area-specific local amenity funds, area-specific local park acquisition funds, and the municipal-wide Saanich affordable Housing Fund in accordance with the CAC Policy. Approach C for **Density Bonus Rates** is similar to Approach B for **CAC Target Rates**, but only applies to rezonings involving zones that support density bonusing.

Note: The application of both the CAC policy and the Framework” are also supported by the District of Saanich’s [FAQ Guide to CAC Implementation](#).

1.4 Implementation of this “Framework”

This Framework for Implementing and Negotiating Community Amenity Contributions is intended to guide District staff and applicants through **Approach A** or the “Negotiated CAC” Approach for development applications with 350 residential units or more. Due to the smaller scale of developments with 7-349 units they are not subject to the conditions of this Framework. However, in certain situations, applications with less than 350 units, that would be subject to CAC Target or Density Bonus Rates set out in the CAC Policy, the applicant may seek negotiations to provide in-kind CACs. In such situations, this Framework will be applied to guide to those negotiations as well.

A preference, by the District or the applicant, for negotiating CACS as cash in-lieu, in-kind, or a combination of both, will likely differ from project to project depending on community priorities and the contextual considerations of the development project at the time of the rezoning.

1.5 How to Use this “Framework”

One of the key purposes of this Framework is to support staff and applicants facilitate negotiations under Saanich’s CAC program consistently across departments, and across

current and future staff. To that end this Framework seeks to document staff practice, where policy provides latitude and staff discretion to manage the program.

Further it is intended to be a “living” document. Staff are empowered to update this Framework at their discretion within any limits imposed by the Policy. This will allow capture of current practice while reducing administrative burden. However, updates will still be in a draft version until endorsed by the Director of Planning. Sign off by the Director promotes internal coordination and management oversight.

2.0 GUIDING PRINCIPLES

The Framework for Implementing and Negotiating CACs is a guide to support District staff in upholding the goals of the CAC Policy and to ensure applicants have the clarity and incentive to develop a variety housing types and tenures in the community while contributing to community amenities. The Framework is guided by the same principles as the CAC Policy, as outlined in Table 2 below.

Table 2 – Guiding Principles of the Framework for Implementing and Negotiating Community Amenity Contributions

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.

3.0 INTRODUCTION TO NEGOTIATING CACS

The following section provides an overview of the process for Negotiating CACs, which will be used to guide discussions between District staff and applicants. New developments with 350 units or more will be encouraged to go through a negotiated process so that the District can better understand the impact on the community and amenities that could be contributed from these larger, more complex developments.

Negotiated projects could provide either cash-in-lieu and / or in-kind community amenity contributions. All negotiated projects will require the submission of a pro forma of the project, including the land lift value to understand what level of contribution is appropriate.

3.1 Eligible Forms of Negotiated CACs

The following section outlines the types of CACs that will be considered within a Negotiated CAC process. These include but are not limited to cash in-lieu contributions and in-kind contributions (i.e., on-site amenities, inclusionary housing units and affordable ownership units). The definitions for each of these are provided below.

3.1.1 CASH IN-LIEU CONTRIBUTIONS

Cash In-lieu CACs are community amenity contributions provided as cash, in-lieu of providing a direct public benefit, by an applicant to the District. Cash In-lieu CACs are then earmarked for public benefit amenities identified in the CAC Policy, by Council, and the District's annual capital and operating budgets. The majority of developments in Saanich will contribute cash In-lieu CACs through the Target CAC or Density Bonus Rates found in **Section 5.0** of the CAC Policy.

To further assist in the negotiation of CACs, the CAC Policy allocates cash-in-lieu CACs by five geographic areas shown in **Figure 1** below. These five specific CAC areas were created to support the equitable distribution of CACs, and to prioritize the allocation of cash-in-lieu contributions to areas near where contributing developments are located. Each area has a prioritized list of Local Community Amenity projects found in **Appendix C of the CAC Policy**, 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:** Tillicum East – Quadra McKenzie – Shelbourne Valley
- **Area 3:** Tillicum– Carey
- **Area 4:** Royal Oak – Cordova Bay
- **Area 5:** Gordon Head – Cadboro Bay

the potential to provide valuable level of service improvements in close proximity to major new developments. Determining the need and type on-site amenities desired should be done through discussions with the applicant, the District and the neighbouring community. While applicants will be responsible for delivering the in-kind CAC; the size, location, materials and design of the CAC will be to the satisfaction of the District and within applicable policies and guidelines set out in this Framework and the CAC Policy.

Inclusionary Housing Units

Inclusionary Housing Units are contributed as a type of in-kind CACs. It refers to affordable rental housing where shelter costs are less than 30% of a household’s median before-tax income, to support “very low,” “low,” and “moderate” income households as defined by the District’s “Definitions of Housing Affordability in Saanich” document.

Applicants providing Inclusionary Housing Units must meet the per unit moderate to median income annual rental rates set out by the District of Saanich in the Definitions of Housing Affordability document and in **Table 3** below. These rates will be updated by the District annually, and applicants should check with the District staff for the latest rates.

Table 3 - 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

*These rates will be updated by the District annually, and applicants should check with the District staff for the latest rates.

The rates in the Policy target moderate- to median-income households, which are easier to integrate into developments. Residential units with deeper subsidies are often harder to sustain financially because they require additional funding subsidies to support lower rents than what may be available.

Affordable Ownership Units

In some circumstances, the District may negotiate affordable ownership units as In-kind community amenity contributions for projects involving a rezoning application. Proposed projects must achieve the affordable housing prices as outlined in **Table 4** below. The District may revise these income thresholds and rates from time to time.

It should be noted that administering affordable ownership units from the District’s perspective is more burdensome than Inclusionary Housing Units. It can be difficult to oversee the transfer of ownership units between owners and to ensure the qualifying household incomes align with the defined income threshold.

Table 4 – Affordable Homeownership Income Thresholds and Monthly Affordable Payments, 2023

	Small Units (<2 bedrooms)	Large Units (>2 bedrooms)
Income Threshold	\$121,330	\$173,800
Monthly Affordable Shelter Payments ¹	\$3,033	\$4,345
Upper Limit for an Affordable Unit ²	\$428,000	\$605,000

¹ This value includes mortgage payments, strata fees, property tax, homeowners' insurance, and basic utility payments (sewer, water, hydro).

² Mortgage payments were calculated assuming 10% down payment, 25-year amortization periods, and a 5.34% interest rate.

3.2 Ownership and Management of In-Kind Amenities

In the process of negotiating CACs, consideration should be given to the long-term ownership and management of any in-kind amenities provided through a rezoning; including how they are secured and ensuring their long-term use for the public benefit.

3.2.1 Ownership of In-Kind Contributions

Depending on the type of in-kind CAC provided (i.e., on-site amenities, inclusionary housing, and affordable home ownership) applicants may transfer the ownership upon completion, at the District's discretion, and in consideration for the following:

- **On-site Amenities** – the District will have full discretion regarding the long-term ownership and any transfer of ownership for any public on-site amenities provided as CACs. Depending on the type of on-site amenity provided by the developer the District may consider a transfer of ownership to a vetted third-party (ideally a not-for-profit organization, government agency, or other level of government) or assume ownership itself. For some amenities, such as daycare facilities, it may make sense for the ownership of these amenities to be retained by the developer or transferred to a vetted third-party owner. If any on-site amenity provided through CACs is intended for full public use in perpetuity, then the District will take ownership of the amenity upon completion of the project and occupancy approval.
- **Inclusionary Housing Units** - the developer may transfer of ownership or management the unit(s) to government agencies or to a non-profit housing provider upon receiving occupancy approval. The transfer of ownership or management will be guided by the Memorandum of Understanding as described in Section 3.2.2 below.

- **Affordable Home Ownership** – The District will work with not-for profit housing providers to determine the appropriate transfer of ownership to qualified households based on the criteria out lined in **Section 3.1 - Table 4** above, and guided by the Memorandum of Understanding as described in **Section 3.2.2** below.

For other types of in-kind CACs, transfer of ownership will be on a negotiated case-by-case basis with, and at the discretion of, the District.

3.2.2 Securing In-Kind Contributions

When securing in-kind CACs, the District of Saanich will request the following from an applicant during the development approvals process.

Memorandum Of Understanding

When negotiating Inclusionary Housing or Affordable Home Ownership Units, the applicant will work with a non-profit housing organization to enter a Memorandum of Understanding (MOU) prior to third reading of the zoning bylaw amendment, but preferably earlier (see **Table 5** below). The intent of the Memorandum of Understand is to outline the interest of the non-profit housing organization in operating the units and/or purchasing the units from the developer. This would provide non-profit housing organizations time to prepare investments needed to purchase or to operate the units upon completion of the Inclusionary Housing Units.

The applicant will be required to identify a reputable non-profit housing organization and provide an MOU at the outset of the application. Having an MOU delivered at the early stage of the application process will increase the likelihood of achieving Inclusionary Housing or Affordable Home Ownership Units through a Negotiated CAC approach. Once provided, the District will review the MOU and determine if the terms are acceptable. The District will have full discretion to determine whether or not an MOU is acceptable and will provide feedback as required.

Table 5 – Early Engagement with Non-Profit Housing Organizations for Inclusionary Housing Units

The District of Saanich encourages applicants who anticipate contributing built affordable housing as a negotiated Community Amenity Contribution (CAC) to engage early and often with non-profit housing organizations. Non-profit organizations may be interested in owning and/or operating the completed Inclusionary Housing Units. These early conversations could help developers find the right partnership while providing enough time for non-profit housing organizations to secure necessary financing for the units. Non-profit housing organizations may also have specific design considerations (e.g., unit sizes, accessibility, etc.) which impact their interest and ability to own or operate the units.

Land Title Agreements and Covenants

In circumstances where the ownership of in-kind CACs with public use is not transferred to the District, any requisite accesses or operational requirements shall be secured through registering legal agreements and land covenants on title as part of the rezoning process. The use of housing agreements and housing covenants are one way to secure use of the Inclusionary Housing Units, and operating agreements are another way to secure access to amenity spaces as a CAC.

For negotiated processes resulting in cash-in-lieu CACs, any covenants or agreements created through a Negotiated CAC, should stipulate that a Building Permit cannot be issued until the payment of CAC has been received by the District.

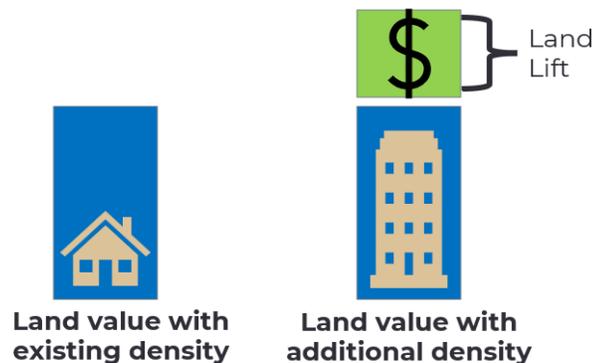
3.3 Calculating Community Amenity Contributions

A key component of a Negotiated CAC approach is determining the appropriate contribution amount for a particular development. This can be a complicated exercise as many variables (i.e., land costs, construction costs, construction timelines, market conditions, fees, etc.) are involved in determining the viability and profitability of a development. Thus, a detailed analysis is required to determine how much value is being created through the development and rezoning process, and consequently how much should be considered as an appropriate CAC. For Negotiated CACs, whether in-kind or cash in-lieu amenities, the total value of any CAC provided must be guided by a land lift analysis.

3.3.1 Land Lift Analysis Overview

Land lift refers to the increase in a property's value that results from an increase in permitted density achieved through a rezoning process, which allows a developer or applicant to build more units than previously allowed. (see **Figure 2** below). Developers will often use the land lift to measure the potential return on investment of a project. For example, the District of Saanich may approve a rezoning application that increases the development potential of a property from low-density residential to high-density residential, thus increasing the property value (see **Figure 2** below).

Figure 2 – Land Lift Calculation



DISTRICT OF SAANICH

FRAMEWORK FOR NEGOTIATING COMMUNITY AMENITY CONTRIBUTIONS

Through this analysis, the minimum total contribution value that will be considered by the District through a Negotiated CAC is 50% of the total calculated land lift value.

Determining the land lift value for a particular development before and after a rezoning can be done using a development pro forma. A development pro forma is a tool used primarily by land developers to determine the viability, cost and profitability of a development. A development pro forma helps to estimate the financial feasibility and profitability of a development project by showing how a project will generate income and expenses over time, based on the assumptions and projections used. For the land lift analysis in a Negotiated CAC process, the applicant will provide two development pro formas:

1. the first pro forma should outline the residual land value of the site under the existing zoning; and
2. the second pro forma should outline the residual land value of the site under the proposed new zone.

The land lift is then determined as the difference between the rezoned land value and the existing land value. For Negotiated CACs, with an established target of capturing the equivalent of 50% of the land lift value, the CAC value is calculated as follows:

$$\text{Land Lift} = \text{Rezoned Land Value} - \text{Existing Land Value}$$

$$\text{CAC} = \text{Land Lift} \times \text{Target Contribution (50\%)}$$

Summary of Terms:

Land Lift Analysis: means the change in the residual land value of a property that occurs through a rezoning process. Typically, this is realized as an increase in the value of a property resulting from a change in land use or from being rezoned from a low-density use to high-density use. This is generally because zoning that permits higher density will allow buildings of greater heights to be constructed, thereby increasing sellable or leasable floor space; as well as increasing the return on investment from purchasing the land.

Development Pro forma: is a tool used primarily by land developers to determine the viability, cash-flow, cost (hard and soft costs), and profitability of a development project. Development pro formas calculate the overall costs needed to buy land, pay fees, hire professionals (architects, engineers, realtors, and lawyers) and construct a development in relation to the potential revenue a developed property could generate by through sales and / or rental.

3.3.2 Pro Forma Submission Requirements

As the assumptions and costs used in a pro forma based land lift analysis can vary widely and there is a need to determine mutually agreeable values to test within the analysis. For rezoning applications where a land lift analysis is utilized in the CAC negotiation, the land lift evaluation will be conducted by a qualified, independent consultant at the cost of the applicant.

Once the applicant and their independent consultant provides a proposed land lift value to the District, staff can either choose to accept the value of the land lift analysis or request additional information or pro formas with updated cost assumptions. In some cases, where an appropriate land lift value and CAC cannot be agreed upon, the District may choose to hire a third-party reviewer at the applicant's cost.

Any development pro forma provided to the District for the purpose of a land lift analysis should at a minimum include the following key components:

- Development costs (i.e., land, fees, remediation, etc.);
- Hard construction costs;
- Soft construction costs (architectural, engineering, legal costs, etc.);
- Marketing costs;
- Financing costs;
- Rental or sales revenues;
- Subsidizes or grants; and
- Developers Profit.

For purpose built rental projects two sets of pro formas should be provided, one set that shows the project's profitability if it is held by the developer as a landlord, and a second that shows the project's profitability if it is sold to another operator.

Depending on the project type, and ownership model, additional analyses or pro formas may be required by the District.

3.4 Application Requirements and Steps In Negotiating Community Amenity Contributions

The timing of when CACs are negotiated for any application is important as market conditions can change throughout the duration of the development review process. This section outlines how negotiated CACs are handled from the start of a rezoning application to the adoption of the Zoning Amendment Bylaw.

Note that at any point in the process of negotiating CACs, the District reserves the right to refuse a CAC should the District consider the offer to not be in the best interest of the District, in the short or long term.

1. Preliminary Rezoning Inquiry/Pre-Application

Applicants are encouraged to contact Current Planning early in the process to inquire about the applicable District policies, regulations, and guidelines. At this stage, the Planner will identify whether a negotiated process is required, or if a CAC Target or Density Bonus Rate would be applied based on the requirements of the District's CAC Policy.

2. Formal Rezoning Application Submission

At the time that an application for Rezoning is made, the application will be circulated to all relevant internal departments, and external agencies and stakeholders, for a detailed review of the application. If the application is eligible for a negotiated CAC, the Applicant is asked to provide development pro formas to support discussion of an initial Community Amenity Contribution (CAC) Statement Letter.

3. Community Amenity Contribution Statement

The applicant is required to provide a Community Amenity Contribution Statement as part of a complete Rezoning application. The CAC Statement is to include development pro formas to show the residual land value of the site under two scenarios:

- a) Existing zoning (this would include the maximum density permitted on the site under the existing zoning in place); and
- b) Proposed new zone, (this would include the maximum density permitted in the proposed zone requested or proposed density of a new site specific zone).

The Applicant should prepare the CAC Statement Letter that is valued at 50% of the calculated land lift² between the two scenarios. This CAC Statement Letter is based on the value of development project at the time of the rezoning application and is informed by the

² Land lift refers to the increase in property that results from an increase in density. For example, the value will increase if a developer rezones their property from low-density residential use, such as single-family homes, to high-density residential, such as an apartment building. The increased value is a result of being able to fit more housing units per acre, which translates to higher profitability. This increase in value due to the rezoning is the land lift value.

pro forma inputs. A condition of rezoning may specify that the valuation date of the CAC may be adjusted.

District staff may hire a qualified third-party with knowledge of the financial analysis and the District's land use policies to provide a review of the CAC Statement Letter should further analysis be required. All associated costs of this third-party review would be the responsibility of the applicant and the applicant may be required to submit financial information to the reviewer.

4. Revising CAC Offer (First to Second Reading or Public Hearing)

Any changes to the development proposal as a result of the rezoning process may require significant design changes that impact the pro forma. In such cases, the Director of Planning may require the resubmission of revised pro formas. Based on revised pro formas, revised CAC offers will be required.

Any variation in the initial CAC Statement Letter from the negotiated CAC target of 50% requires approval from the Director of Planning.

5. Finalizing CAC Payment (Prior to Fourth Reading)

Once the rezoning application has been approved in principle by Council (prior to fourth reading), then the CAC offer, whether in-kind or cash, is secured and registered via covenant. The covenant explicitly states that the associated Building Permit cannot be issued until payment in full of secured CACs.

6. Housing Agreement (Prior to Final Reading) *(optional)*

Where the negotiated CAC includes a built affordable housing contribution (i.e., Inclusionary Housing Units), the Applicant is required to work with District staff and the selected non-profit housing organization to establish a housing agreement (including covenants on title) to be adopted by Council prior to Final Reading.

7. CAC Payment and Deferral Payment

For in-kind CACs, these contributions must be secured through any necessary legal agreements and covenants with the District prior to building permit issuance. There is no deferral payment process.

3.5 Roles and Responsibilities

This section outlines the roles and general responsibilities of each party during the negotiation of CACs in the District of Saanich.

Mayor and Council

District of Saanich Council is the approving authority of rezoning applications. Zoning Amendment Bylaws that receive third reading are approved in principle and the CAC offer is written as a rezoning condition of the bylaw.

The responsibilities of Mayor and Council, with respect to negotiating CACs are:

- Approving rezoning applications or referring rezoning applications back to staff.
- Considering the public interest at public hearings for rezoning applications.

Director of Planning, Planning Department

The Director of Planning acts as the Department signing authority for all staff reports and recommendations for rezoning and development applications. They will work with the Managers of Current Planning and Community Planning to communicate with Council, support negotiations and if needed participate in dispute resolution processes.

Managers of Current Planning and Community Planning, Planning Department

The Managers of Current Planning and / or Community Planning (“Planning Managers”) will support CAC negotiations by being the primary point of contact for Council regarding any development applications involving CAC negotiations, as well as participating in critical stages of the CAC negotiation process.

The responsibilities of the Planning Mangers, with respect to negotiating CACs are:

- Work with Planners to bring forth recommendations to Council on proposed rezoning and development applications.
- Attend key conversations during the negotiation process to ensure the objectives of the policy are being adhered to, and / or work with the Director of Planning as needed to sign-off on any proposed changes to the CAC Policy and this Framework.
- Oversee the works of their divisions to determine optimal approaches to the ownership of any CACs provide and to review any Land Title Agreements and / or covenants required to secure amenities.
- Ensuring the proposed Community Amenity Contributions amounts and types are aligned with CAC policy and considers community priorities and the contextual considerations of the development project at the time of the rezoning. This could mean not recommending a rezoning application should it not meet the District’s interest.

DISTRICT OF SAANICH

FRAMEWORK FOR NEGOTIATING COMMUNITY AMENITY CONTRIBUTIONS

Planners, Current Planning Division, Planning Department

The primary role of the Planner is to represent the District's interests and clearly articulate a variety of development regulations and policies, including the CAC Policy.

The responsibilities of Planners with respect to negotiating CACs include, but are not limited to:

- Responding to inquiries from prospective and current applicants, including communicating preference as to whether an application could contribute a cash in-lieu or in-kind CAC, and assist in identifying key community priorities outlined in policies.
- Facilitating design changes to applications (e.g., changes in height, density, floor area, efficiency, urban design, landscaping, frontage improvements, etc.) throughout the rezoning process, all of which may affect the applicant's CAC offer.
- Overseeing the work of a third-party consultant (e.g., charged to review a financial/land lift analyses) and communicating the conclusions to senior staff and applicants, ensuring all in-kind CACs contributions are designed in accordance with District policies, regulations, and guidelines and are formalized/secured through the rezoning approval process.

Applicant

The applicant includes any interested party who makes an application for, at minimum, a rezoning application thereby triggering the negotiation of CACs. The roles and responsibilities of the applicant include:

- Providing the CAC Statement Letter (see **Section 3.4 – Step 3**).
- Understanding the type of CAC that a project is eligible to contribute, and when the contribution is negotiated, to offer a CACs that provides significant public benefit to the community and is in exchange for the proposed development.
- Providing land lift analysis (e.g., development pro formas) to the Planner as part of the rezoning application process. These are used to evaluate significance/value of the CACs offered against the impact(s) of the proposed development.
 - Note: The applicant may be requested by the Planner to have the submitted land lift analysis reviewed by a qualified, independent third-party consultant, with associated costs paid by the applicant. Documents that support some assumptions in the land lift analysis are required to be provided, such as the assumed revenues and cost reports by certified professionals (detailed in the development pro forma).
- Collaborating with Planners to select non-profit housing organizations in situations where a negotiated CACs includes built affordable/supportive housing units.
- In circumstances where the negotiated CACs includes a built affordable housing units the applicant is required to work an interested pre-approved non-profit housing organization to submit a Memorandum of Understanding prior to First

DISTRICT OF SAANICH

FRAMEWORK FOR NEGOTIATING COMMUNITY AMENITY CONTRIBUTIONS

Reading of the Zoning Bylaw Amendment. For more details on early engagement with Non-Profit Housing Organizations, refer to **Table 4** below.

Consultant / Third-Party Reviewer

In select situations, a consultant may be retained by the District, at the cost of an applicant, to independently review a land lift analysis (development pro formas). The roles of the consultant include:

- Determining if the proposed CAC identified in the land lift analysis are appropriate for the scale of the proposed rezoning and development.
- Facilitating conversations with the District and interpreting results / recommendations of the financial analysis.
- Considering core financial considerations and aim to ensure any proposed CACs meet the goals of the District's CAC Policy, including those related to new Inclusionary Housing Units and/or contributions to the Saanich Affordable Housing Fund.
- Reporting findings / conclusions of the land lift analysis conclusions to the Planner.

Senior Management, District of Saanich

In the event that a dispute resolution is needed during a CAC negotiation, senior management staff at the District will to participate in conversations with the applicant.

- Chief Administrator Officer, Director of Planning, Manager of Current Planning, and the Manager of Community Planning may participate in conversations, as needed, to reach an amenable resolution with the applicant.

Community and Stakeholders

The community and stakeholders provide input to the District and identify the amenities that will help address the impacts of growth in the neighbourhood. The roles of the community and stakeholders include:

- Provide feedback to the District on amenities needed and/or desired for the local areas.
- Participate in Public Hearings to express support or rejection of development projects and the proposed associated amenities.

