

DRAFT CAC & INCLUSIONARY HOUSING POLICY

DISTRICT OF SAANICH

OPEN HOUSE

APRIL 2023

AGENDA

#1

PROJECT OVERVIEW

#2

ANALYSIS APPROACH

#3

PROPOSED POLICY
DIRECTIONS

#4

NEXT STEPS





PROJECT OVERVIEW

Background

PROJECT TIMELINE



Phase 1

December 2021 - January 2022
Project Initiation



Phase 2

February – July 2022
Exploration & Analysis



Phase 3

July 2022 – November 2022
Consultation & Validation



Phase 4

November 2022 – April 2023
Program & Policy Development



Phase 5

Spring 2023
Council Consideration

PROJECT OVERVIEW



- **Community growth** requires new and upgraded public amenities



- **Unaffordable housing** is impacting families, students, and professionals



- **Interim Community Amenity Contribution Policy** outlines current approach to negotiating CACs (Aug 2021)



- **Development of Community Amenity Contribution and Inclusionary Housing Policy** began with support from Urban Systems (Nov 2021)

Purpose is to provide guidance and to establish a

transparent, efficient, balanced and predictable process

for amenity contributions, including affordable housing

POLICY GUIDELINES

TRANSPARENCY

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

BALANCE

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

EFFICIENCY

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

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.

PROJECT OVERVIEW

POLICY GOALS

1. Encourage development for public benefit amenities & services for new residents.
2. Maintain a healthy community with CACs & Density Bonusing for access to amenities within a livable and complete community.
3. Encourage affordable and accessible housing options.
4. Strengthen relationships between Saanich, public, housing providers, and developers.
5. Ensure clarity and transparency in Community Amenity Contributions.
6. Create an efficient, predictable process for negotiated amenities.

OVERVIEW OF KEY CONCEPTS

- **Density Bonuses (Zoning Bylaw):** Developers can build at base density or access bonus density in exchange for contributions (in-kind or cash-in-lieu).
- **Community Amenity Contributions:** Capture contributions at the time of rezoning and, although like density bonusing, is not explicitly legislated by BC government.
 - **Cash In-lieu CACs** - *are 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 and, by the District's.*
 - **In-kind CACs** - *are public benefit amenities or land contributions provided by an applicant as part of a rezoning application process. These amenities are typically provided in proximity or on the same property as a development and can include on-site amenities with direct public benefit (i.e., plazas, daycares, public realm improvements, etc.), Inclusionary Housing Units and Affordable Ownership Units.*

OVERVIEW OF KEY CONCEPTS

- **Development Cost Charges:** Fees collected on a user pay basis to help fund growth-related infrastructure and certain kinds of parks. These are dealt with separately from Community Amenity Contributions.
- **Inclusionary Housing** is a framework of policies, regulations, and other tools used to create affordable housing.
- **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. Applicants providing Inclusionary Housing Units must meet the per unit moderate to median income annual rental rates set out by the District of Saanich.

COMMON APPROACHES TO COMMUNITY AMENITY CONTRIBUTIONS



1) **Density Bonus** provision within a zoning bylaw

- Pre-zone specific parcels
- Rezone 'into' a density bonus zone



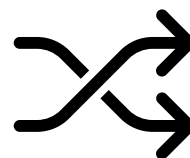
2) **Negotiated** Community Amenity Contributions (as a condition of rezoning)

- Case-by-case
- Based on land lift analysis + amenity needs



3) **Target rate** Community Amenity Contributions at rezoning

- For rezoning applications
- Attractive if density bonusing is not feasible



4) **Hybrid approaches**

- All the above
- "Shelf-ready" zoning through Local Area Plans, and Centre, Corridor, Village and Action plans



DISCUSSION PAPER & FINANCIAL ANALYSIS

Approach, Outcomes, Policy Considerations

DISCUSSION PAPER & FINANCIAL ANALYSIS

- **Financial analysis first completed in August 2022** and the updated in November 2022 and January 2023.
 - Financial analysis is a point-in-time snapshot.
 - 35 test sites were selected across Saanich.
 - Each site had a pro forma completed to assess the viability to community amenity contributions (including affordable housing).
- **Discussion paper summarizes the financial analysis** and includes:
 - Overview of key market, regulatory, and policy factors.
 - Stakeholder engagement findings

KEY HOUSING MARKET TRENDS AND ISSUES

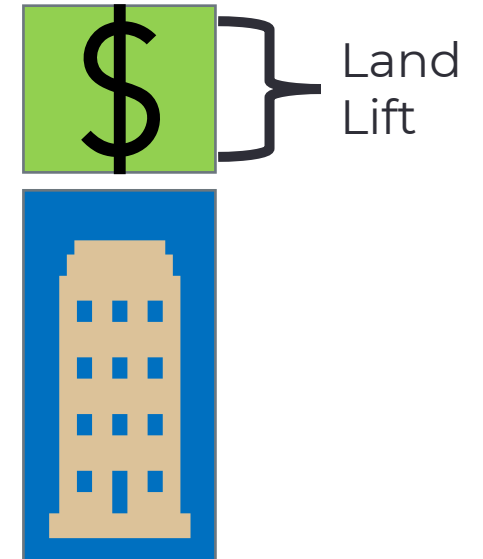
- **Rising housing prices** (until Q2 2022) and a **low availability of rentals** have persisted.
- **Growing unmet housing need** for both owners and renters that need diverse housing options.
- **Increasing uncertainty and costs for housing developers** due to inflation, rising interest rates, supply chain challenges, and labour shortages.
 - Leading to cancellations of projects that are now unviable; and higher housing prices.
- **Non-profit housing providers are becoming more challenged** due to increasing operating expenses, and property insurance.
 - Rising operating expenses are not being offset by raising rents.

FINANCIAL ANALYSIS

- Test sites were from across the District and identified by staff.
- Financial analysis tested the 35 sites for:
 - **Target rate** community amenity contributions for projects being rezoned and built at higher density
 - **Density bonus rates** for projects built with additional density (pre-zoned).
 - **Inclusionary rental housing** within both target fixed rate CACs and density bonusing structures.
- Amenity contributions depend on the land lift.
 - **Land lift** is the change in land value generated through additional density.



Land value with existing density



Land value with additional density

Additional density (within existing zone, or through rezoning) creates additional value, which is the focus for gathering amenity contributions.

FINDINGS

Variations in Project Viability by Type and Scale

- Many sites have **higher value under current zoning** than as redevelopment sites at an increased density.
- **High rise concrete is generally not viable in Saanich**; construction costs are too high, and there is not enough revenue upside.
- **6-storey condominium apartments, or townhouses**, are typically viable and show an ability to make a considerable amenity contribution.
- **Mixed-use projects struggle** to be viable, largely due to commercial parking requirements.
- **Many market rental projects are becoming unviable**, especially for small and medium sized developers. This is a result of higher construction financing costs and tighter debt service requirements.

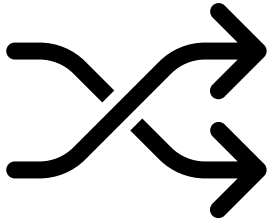
Findings through analysis conducted in August '22, November '22, and January '23



POLICY DIRECTIONS

Community Amenity Contribution Policy

POLICY DIRECTION: HYBRID APPROACH



It is recommended the District of Saanich adopt a **hybrid approach** to secure Community Amenity Contributions.

The approach would include:

- **Density Bonus Rates** that apply to properties with zoning that includes density bonus provisions. They also apply to applicants who can rezone into “**shelf-ready zones**” that have built in density bonusing.
- **Community Amenity Contribution Target Rates** apply to applicants rezoning properties for additional density but where no density bonus provisions are provided.
- **Negotiations** of Community Amenity Contributions on a case-by-case basis, using land lift analysis and amenity needs, for **projects with 350 units or more**.

POLICY DIRECTION #1

Negotiated Community Amenity Contributions

- **Large projects** (greater than 350 units) **would be negotiated.**
- Negotiations would be guided by the “*Framework for Negotiating Community Amenity Contributions*,” which will target:
 - **50% of land lift value** for amenity contributions (in-kind and cash-in-lieu).
 - **Minimum of 10% of residential floor space** will be targeted for affordable housing (*defined in later slide*) to ensure more equitable unit types and sizes.
- Saanich would request a development pro forma and third-party review to inform negotiations.

POLICY DIRECTION #2

CAC Target Rates

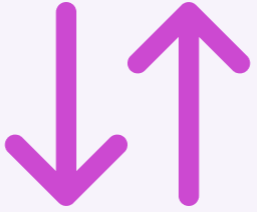
- Would apply to applicants whose **projects with 7 - 350 units** or less **AND** require **rezoning** for additional density where no density bonus provisions are already built in.
 - These applicants would be encouraged to pay CAC Target Rates.
 - Applicants would still have the option to opt into a negotiated approach or provide in-kind community amenities of an equal value.
 - **Projects with six units or less are exempt.**

POLICY DIRECTION #3

Density Bonus Rates

- Density bonus rates would apply to applicants seeking additional density within **zones that have built in density bonus provisions**.
- They would also apply to applicants rezoning properties into a “**shelf-ready zone**” with density bonusing included.
- Like the CAC target rates, density bonus rates would apply primarily to projects with 350 units or less.
- **Zones with density bonus provisions are less time intensive** (and therefore are normally less expensive) for developers requiring rezoning.
- To implement the Density Bonus Rates the District would need to undertake a process to update the zoning bylaw to include density bonusing.

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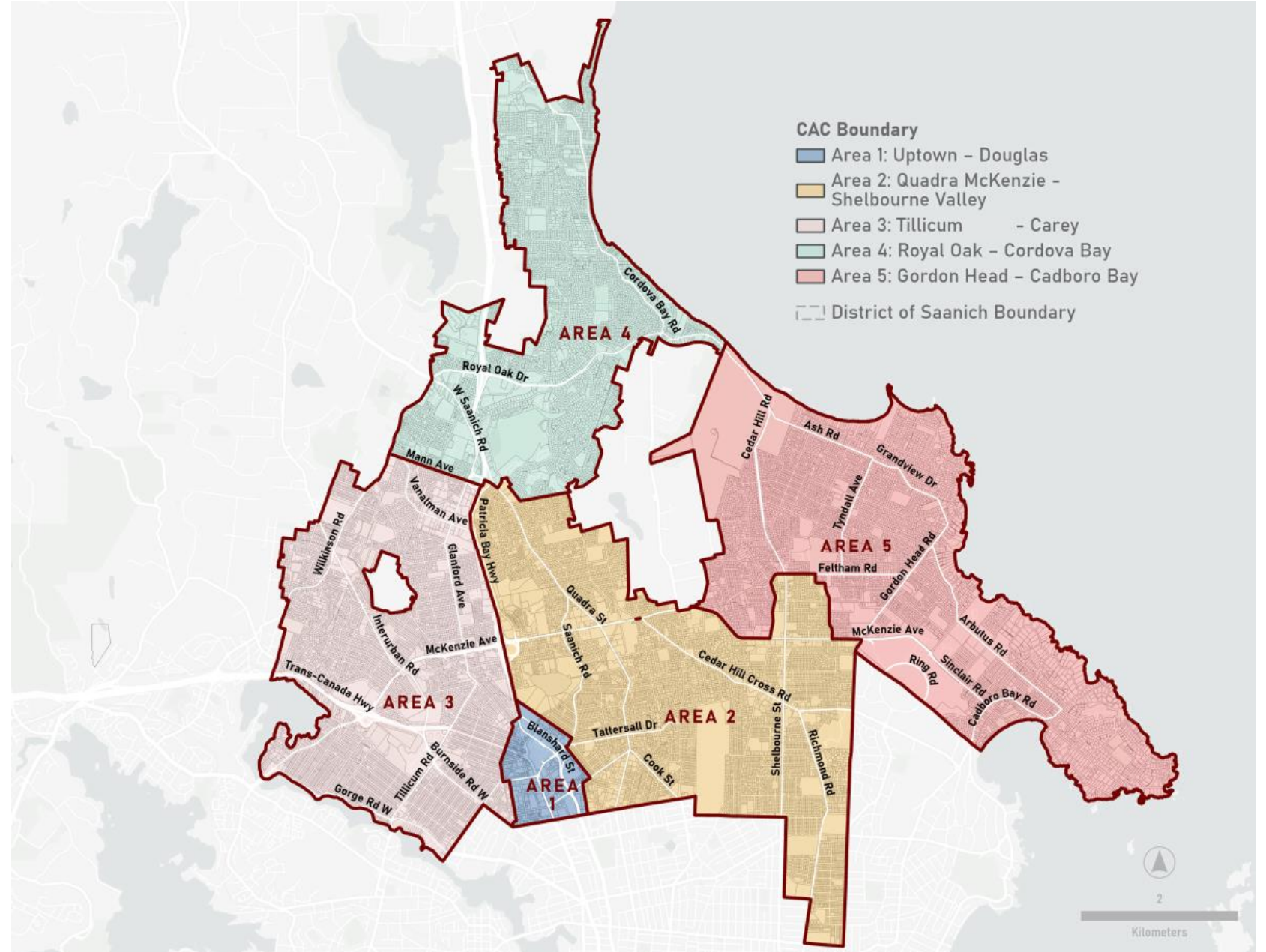
What types of amenities do you see as most needed in Saanich? (Rank)

ⓘ Start presenting to display the poll results on this slide.

Policy Direction #4

Community Amenity Areas

- Cash-in-lieu contributions would be collected from five areas.
- Areas would be based on Saanich neighbourhoods and the Urban Containment Boundary.
- Each area would have its own list of prioritized amenities.
- Geographic areas ensure more equitable distribution of public benefits.





Do you agree with the proposed boundaries of the Community Amenity Areas?

POLICY DIRECTION #5

Community Amenity Areas - Allocations

- Cash-in-lieu amenity contributions collected would be distributed into three funds.
- Contributions to the **Affordable Housing Reserve Fund** will be distributed District-wide to the areas with the highest needs and priority.
- Each of the five areas will have separate **Local Amenity Funds** and **Local Park Acquisition Funds**. These will be used towards priority amenity items within each area.
- Amenities identified as priorities within each area will be updated regularly through planning and community engagements.

	Affordable Housing Reserve Fund	Local Amenity Fund	Local Park Acquisition Fund
All Community Amenity Contribution Areas	30%	50%	20%

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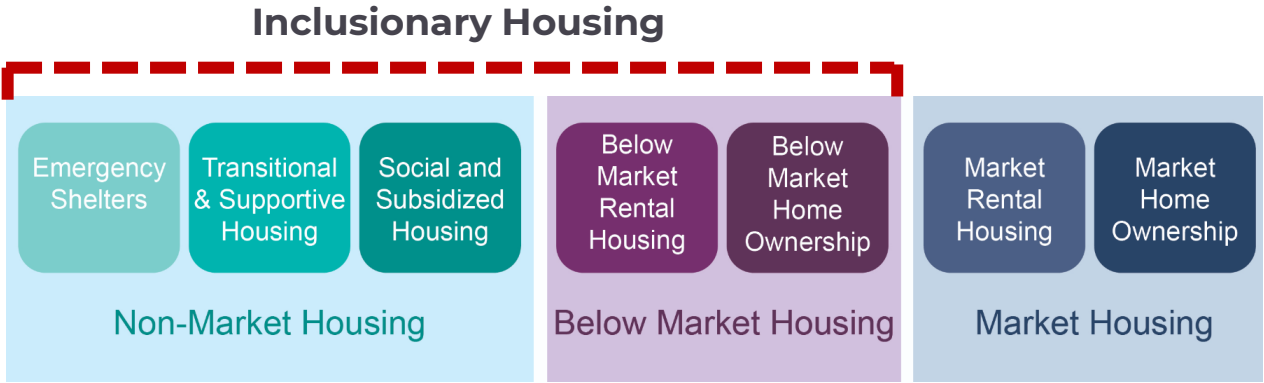


How would you distribute cash-in-lieu contributions between each fund?

ⓘ Start presenting to display the poll results on this slide.

Policy Direction #6: Inclusionary Housing through negotiated CACs

- Inclusionary (affordable) housing is considered a community amenity, which can be provided in-kind (built units) or through cash-in-lieu.



- Applicants would need to meet, at minimum, the affordability threshold for moderate to median incomes (see table below) - *Units with deeper subsidies are more challenging to sustain financially for all involved.*
- **Built units would be targeted through negotiations** and would require applicants to engage with not-for-profit housing providers.
- **Smaller projects (350 units or less) will provide cash-in-lieu contributions** to the Affordable Housing Reserve Fund.

	Bachelor	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
Moderate to Median Income	\$945	\$1,188	\$1,525	\$1,975	\$2,113
Median Household Income	\$37,800	\$47,500	\$59,500	\$78,500	\$84,500

POLICY DIRECTION #7

Proposed CAC Policy Exemptions

- Not-for-profit rental housing units;
- Not-for-profit homeownership units;
- Purpose built rental projects with 7 to 349 units with a rental tenure of 50 years or greater, or the life span of the building.
 - These projects **must also dedicate a minimum of 10% of residential floor area for inclusionary housing**, to encourage more equitable unit types and sizes, to be exempt.
- *Projects with six units or less; and
- Non-residential developments.

****Note:** The exemption threshold of six units or less is tied to the future "missing middle" work to be undertaken by the District as a key action in the District's Housing Strategy.*

POLICY DIRECTION #8

Updates to the Policy

- **Annual Updates** to inclusionary housing rental rates, community amenity contribution target rates, and density bonus rates based on Consumer Price Index.
- **Comprehensive Updates** – Occurs every 3 years, or pursuant to Council approval, based on the approval of the Director of Planning.
- **All in-stream applications** will be provided an **18-month grace period** following the adoption of the new policy and **following any comprehensive updates**.

A light gray background featuring a detailed, stylized map of a city street grid. The map shows various street layouts, including straight grids, curved roads, and circular roundabouts, all rendered in a minimalist line-art style.

NEXT STEPS

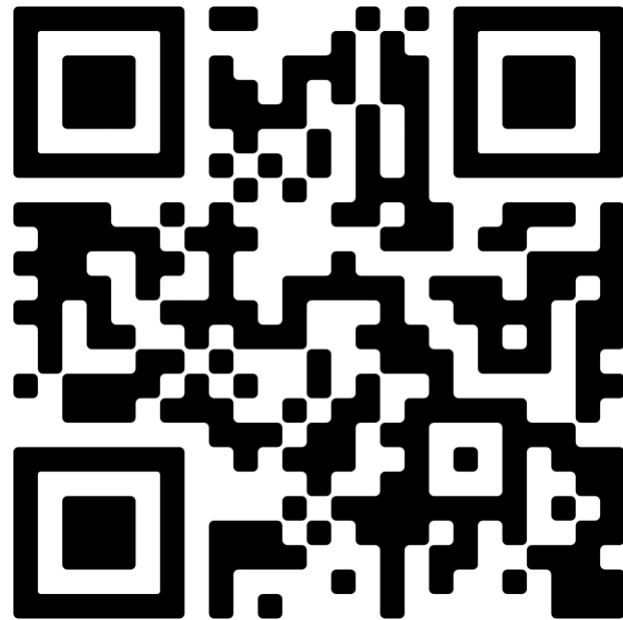
NEXT STEPS – POLICY DEVELOPMENT

- Feedback from these engagements and community survey will be considered for the final Policy and Framework
- Finalize Community Amenity Contribution Policy
- Create Evaluation and Monitoring Strategy
- Finalize Framework for Implementation and Negotiations
- Council consideration of adoption - June 2023

COMMUNITY SURVEY

PLEASE TAKE 5 MINUTES TO COMPLETE THE SURVEY

<https://www.surveymonkey.ca/r/saanichCAC>



QUESTIONS?

THANK YOU!