



The Corporation of the District of Saanich

Supplemental Report

To: Mayor and Council
From: Sharon Hvozdanski, Director of Planning
Date: June 10, 2021
Subject: Interim Community Amenity Contributions Policy
File: 2830-50 • Community Amenity Contribution (CAC)

RECOMMENDATION

That Council:

1. Adopt the Interim Community Amenity Contribution Policy (see Attachment A).
2. Specify that applications in-stream at the time of approval of this policy will not be subject to the interim policy.

PURPOSE

The purpose of this report is to:

- Provide Council with clarification and advice on the items for inclusion in the revised Interim Community Amenity Contributions Policy; and
- Provide Council with a revised Interim Community Amenity Contributions Policy, based on its earlier direction, for its review and consideration.

DISCUSSION

Council Direction

On June 22, 2020 Council directed staff to develop an interim Community Amenity Contribution (CAC) policy to document the District of Saanich's current approach to CACs, and to follow that up with a process to develop a comprehensive Community Amenity Contribution policy and framework.

On April 19, 2021 Council endorsed the Community Amenity Contribution and Inclusionary Housing Program Terms of Reference and made the following motion in relation the Interim Community Amenity Contribution Policy:

“That it be recommended that an interim Community Amenity Contribution Policy include:

- Phased grandfathering approach:
 - Those that have paid rezoning fees will undergo the status quo of site specific negotiations.

- Applications that have not yet paid rezoning fees in one month time will be asked to provide \$3000 - \$5000 per door.
- Bonus Density:
 - Within Official Community Plan is the base target as above.
 - Above Official Community Plan and up to 6 floors is \$5000 per door
 - Over 6 floors and over Official Community Plan recommends a land lift and appraisal targeting 50-75% of the lift as a Community Amenity Contribution.
- Exemptions on units:
 - Rental for 10 years
 - Non-profit
- Exemptions on projects:
 - Market applications that offer 10% of units at 10% below market
- Site specific:
 - Commercial/retail/industrial
- Priorities:
 - Status quo

That the recommendations for inclusion in the Interim Community Amenity Contribution Policy be referred to staff for comments, clarification and advice.”

Interim Community Amenity Contribution Policy

The Interim Policy for Community Amenity Contributions (CACs) will provide guidance for Council, staff, developers, and the public on the process of negotiating and securing CACs. A key intent is to present existing practices to clarify the parameters for CAC negotiations. The previous Report from Staff (see Attachment B) documented these approaches and proposed an interim policy that reflected current practice.

The revised Interim CAC Policy addresses Council’s April 19, 2021 motion and is intended to apply to new projects seeking rezoning and/or additional height (see Attachment A). It is intended to be used in the short-term and will ultimately be replaced with the formal Community Amenity Contribution and Inclusionary Housing regulations once they are developed and approved by Council.

Items for Inclusion in the Interim Community Amenity Contribution Policy

On April 19, 2021 Council requested that staff provide comment, clarification and advice on additional items to be included in the Interim Community Amenity Contribution Policy. The following is an overview of the items identified by Council. Where needed, comments and/or clarification have been provided along with a recommended approach.

1. Phased grandfathering approach

Council recommended grandfathering the current site-specific CAC negotiation approach for applications that are currently in-stream. The Council motion also specified that applications received up to one month after the adoption of the interim policy should be subject to a CAC target rate of \$3,000 - \$5,000 per unit.

Staff are supportive of retaining the current approach for in-stream applications. However, given the time that has elapsed since the Council motion (approximately two months) and the limited duration of the interim policy, staff are recommending against the inclusion of an additional

grandfathering provision that would establish a different rate for applications received within one month of the adoption of the interim policy.

2. Bonus Density

Council recommended a multi-tiered approach to bonus density based on alignment with the Official Community Plan (OCP). Council's motion identified a target rate of \$3,000 - \$5,000 for projects within the OCP height parameters. For projects above the OCP limit and up to six storeys, a target contribution rate of \$5,000 a unit was recommended. For projects above six storeys and beyond the OCP limit, a land lift analysis requirement was identified.

In considering the direction from Council and the best approach to establish a clear framework for evaluating CAC contributions, staff have aligned target CAC contributions with height limits identified in the OCP (General Plan) designations for "Centres", "Villages", and "Neighbourhoods". Table 1 illustrates how the policy would apply in specific areas.

As Council is aware, various height limits also exist in Area Plans and could also be used to set parameters for contribution levels. However, in the interest of providing a policy that is clear to all stakeholders, staff support using broader OCP (General Plan) height parameters. Staff also feel the proposed contribution targets are in line with targets in other municipalities and are sufficient placeholders to guide negotiations while the more formal CAC and Inclusionary Housing Program is being developed. Finally, it is important to note that the identification of certain heights in Table 1 does not indicate support for specific proposals, as each application would be evaluated based on a comprehensive analysis of applicable policy.

Table 1: Established OCP Height Maximums, Amenity Contribution Targets and Land Lift Analysis Requirements

OCP Section	OCP Designation and Height Maximum	Application Type	CAC Contribution
4.2.3 (7)	Major and Neighbourhood "Centres" Up to 8 storeys	Up to 8 storeys	\$3,000 - \$5,000 per unit target rate
		Above 8 storeys	Land Lift Analysis targeting 50-75% of the land lift as a CAC
4.2.3 (9) & 4.2.4 (3)	"Villages" and "Neighbourhoods" Up to 4 storeys	Up to 4 storeys	\$3,000 - \$5,000 per unit target rate
		above 4 storeys to a max of 6 storeys	\$5,000 per unit target rate
		Above 6 storeys	Land Lift Analysis targeting 50-75% of the land lift as a CAC
4.2.3	Uptown Major Centre	All	See Table 2

The proposed approach would provide clarity on expected contribution levels based on the scale of residential development. Target rates identified in the Council motion are generally in alignment with targets established in other CRD municipalities and provide an opportunity to test the policy in advance of the development of a more structured program.

3. Uptown-Douglas Plan

The Uptown-Douglas Plan (UDP), which has been approved in principle by Council, is a Plan that was recently developed for the Saanich core. The UDP established base and maximum height guidelines in anticipation of being aligned with a future CAC program. The Plan also includes a provision for projects that meet certain conditions (including a land lift analysis) to exceed 18 storeys.

In the interim policy, staff are proposing an approach that aligns with direction provided in the Council motion, using base and maximum heights identified in the UDP to guide amenity contributions (see Table 2).

Table 2: Uptown-Douglas Plan Area Community Amenity Contribution Guidelines

Application Type	CAC Contribution
Up to Base Height identified in Map 5.1	\$3,000 - \$5,000 per unit target rate
Greater than Base Height identified in Map 5.1	\$5,000 per unit target rate
Greater than 18 storeys	Land Lift Analysis targeting 75% of the land lift as a CAC

4. Exemptions

Council requested that the Interim Policy include exemptions based on three scenarios:

a) not-for-profit; b) rental; and c) affordable home ownership.

a. Not-for-Profit Rental Housing

The Interim Policy waives CAC considerations for not-for-profit rental housing, as these projects are already providing a significant community benefit in the form of lower cost housing. This approach is consistent with the previous Interim Policy recommendation and supported by Staff.

b. Rental

Council's motion specified a full exemption for rental housing secured for 10 years. Staff are supportive of the intent of this direction, but recommend that the exemption be for 50% of the CAC target and the duration of the rental tenure be changed to be secured in perpetuity.

Staff recommend a 50% CAC exemption for purpose built rental housing, as opposed to a full exemption. While purpose built rental housing is needed in Saanich, a partial exemption in CACs is recommended, as other localized amenities (i.e. park enhancements, public open space contributions, active transportation network improvements) are essential to ensure additional density is supported in the community. Further, while rental units are important to Saanich's overall housing supply, newly constructed units with no affordability elements are often still not accessible to households with low to low-moderate incomes. For rental projects that incorporate units that are below market, further exemptions could be considered on a case by case basis.

Staff are also recommending that the proposed 10 years be changed to in perpetuity, as this would provide protection for the rental units and allow affordability benefits to be realized over time as the building ages. The in perpetuity requirement is aligned with the City of Victoria policies where CAC reductions are provided. It should be noted that the City of Victoria secures the rental tenure of market rental proposals in perpetuity, but secures the affordability and tenure in non-market rental projects for 60 years. Should Council wish, they could also consider

a 60 year time frame to secure the rental tenure of the units where CAC reductions are provided.

The reduction of the CAC represents a tangible benefit to applicants and staff believe that greater community value would be achieved by securing the rental asset for a longer period of time. Applicants still have the ability to pursue rental projects with a shorter time frame, but would not be subject to a CAC reduction.

It is important to note property owners can strata-title rental units at occupancy and then would be able to convert to for sale units when the covenant securing rental has elapsed. This conversion would not require Council approval and highlights the importance of securing rental for a longer period of time. Should Council accept the staff recommendation to secure rental in perpetuity, applicants who wish to pursue future strata conversions would require Council approval and discharge of the covenant.

c. Projects with an Affordable Home Ownership Component

Consistent with the exemptions outlined above for eligible rental housing, staff are recommending a 50% exemption on projects where 10% of residential units are provided at 10% below market value for the life of the building. Below market units provide an important pathway for a greater range of income groups to access home ownership and represent a broader community benefits.

Similar to rental housing, it is important that the majority of new projects contribute some level of a CAC to enhance social infrastructure and ensure livability for current and new residents.

5. Commercial and Industrial Uses

Council’s motion identified that CAC negotiations for commercial, retail and industrial properties should be undertaken on a site by site basis. An item has been added in the Interim Policy to indicate that Commercial (which includes retail) and Industrial applications would be evaluated on a site-specific basis. This is a supportable approach given the greater complexity of these applications.

Table 3 below summarizes the items to be included in the Interim Community Amenity Contribution Policy and the approach recommended by staff.

Table 3: Summary of items to include in the Interim CAC Policy and Staff’s Recommendation

COUNCIL MOTION ITEM	STAFF RECOMMENDATION
1. Phased Grandfathering Approach	
a. Those that have paid rezoning fees will undergo the status quo of site specific negotiations	Applications that are in-stream at the time of approval of this policy will be subject to site-specific negotiations (Include as part of recommendation in this report)
b. Applications that have not yet paid rezoning fees in one month’s time will be asked to provide \$3,000-\$5,000 per door	Staff recommend not including this additional provision given the short term nature of policy and time elapsed since the last report.

2. Bonus Density	
a. Within Official Community Plan is the base target as above	<p>CAC target of \$3,000 - \$5,000 per unit for residential projects in:</p> <p>Major and Neighbourhood “Centres”: Up to 8 storeys</p> <p>“Villages” and “Neighbourhoods”: Up to 4 storeys</p> <p>Uptown-Douglas Plan – up to “Base” Height identified in Figure 5.1 and Map 5.1</p>
b. Above Official Community Plan and up to 6 storeys is \$5,000 per door	<p>“Villages” and “Neighbourhoods”: \$5,000 above 4 storeys to a max of 6 storeys</p> <p>Uptown-Douglas Plan – Greater than “Base” Height and identified in Figure 5.1 and Map 5.1</p>
c. Over 6 storeys and over Official Community Plan recommends a land lift and appraisal targeting 50-75% of the lift as a Community Amenity Contribution	<p>Major and Neighbourhood “Centres”: Above 8 storeys a land lift analysis targeting 50-75% of the lift as a CAC required</p> <p>“Villages” and “Neighbourhoods”: Above 6 storeys a land lift analysis targeting 50-75% of the lift as a CAC required</p> <p>Uptown-Douglas Plan – Greater than 18 storeys a land lift analysis targeting 50-75% of the lift as a CAC required (see Policy 5.6.6 for details)</p>
3. Exemptions On Units	
a. Rental for 10 years	<p>Rental tenure secured in perpetuity.</p> <p>50% exemption on eligible rental housing</p>
b. Non-profit	100% exemption
4. Exemptions on Projects	
a. Market applications that offer 10% of units at 10% below market	50% exemption on projects where 10% of residential units are provided at 10% below market value for the life of the building.
5. Site Specific	
a. Commercial/retail/industrial	Site-specific negotiation for commercial and industrial applications.
6. Priorities	
a. Status quo	Localized amenities and affordable housing contributions are balanced. Exact amenities determined through a site specific negotiation, which is currently how contributions are determined.

Testing the Interim Policy Framework

Attachment C illustrates how current applications would fit within the exemption scheme (both as proposed in the Council motion and as recommended by staff). Note that these projects are currently considered to be in-stream and therefore CAC contributions would continue to be evaluated through the site specific approach, not the interim policy. The purpose of sharing these projects is to give a broad indication of how exemptions could apply to a typical range of projects.

10 projects from a variety of local areas are included in the table, with information showing that:

- Most example projects are rental or have affordable home ownership options;
- Projects include a range of affordability levels, commitments to rental and local amenities offered;
- 1 of 10 applications would have contributed CACs under original Council direction;
- 9 of 10 applications would contribute some CACs under the proposed staff direction, with:
 - 5 applications requested to contribute full CACs*;
 - 4 applications requested to contribute partial (50%) CACs; and
 - 1 application exempt from CACs.

*Under the staff proposal, the projects with no exemptions could achieve a 50% reduction if they were to secure rental units for a longer period of time or increase the number of below market units.

A key takeaway from the assessment of recent projects is that a majority are rental or have affordable home ownership options. If Council were to provide full exemptions from CACs for these projects it would greatly impact the ability to achieve localized improvements to support community livability.

ALTERNATIVES

1. That Council approve the recommendation as outlined in the staff report.
2. That Council reject the recommendation as outlined in the staff report.
3. That Council provide alternate direction to Staff.

FINANCIAL PLAN IMPLICATIONS

The policy would potentially impact money contributed to amenities in Saanich. The level of change is expected to be minor, as the proposed approach is similar to current practice and intended to be in place for a short time. The interim policy would provide an opportunity to monitor financial impacts and incorporate learnings into the formal program.

STRATEGIC PLAN IMPLICATIONS

The development of the Interim CAC Policy initiative works towards addressing the following Strategic Plan initiatives:

- Consider options on how community contributions can be negotiated in an equitable, clear and focused manner;
- Investigate inclusionary zoning guidelines as a means to providing more affordable housing in the District of Saanich; and

- Explore options to increase below-market and rental housing in the District of Saanich.

CONCLUSION

The Interim Community Amenity Contributions Policy would provide direction over the short-term to guide community contribution negotiations. It would act as a placeholder while a more comprehensive Community Amenity Contribution and Inclusionary Housing regulations are developed.

On April 19, 2021, Council provided direction on amendments to the Interim Community Amenity Contributions Policy and referred the proposed amendments to staff for advice. Staff support the intent of the amendments, but have recommended changes based on: Administrative considerations; experience with recent applications; best practices; and Saanich housing needs.

Staff recommendations include simplifying the grandfathering approach, aligning density bonus provisions with the Official Community Plan (General Plan) designations and using the Uptown-Douglas Plan base and maximum heights to guide contribution targets.

Staff are also recommending that only partial exemptions be provided for rental housing units and projects where a minimum of 10% of housing units are offered at 10% below market value. By recommending a 50% CAC reduction for these projects, tangible incentives are provided for these applications, while ensuring that important localized amenities are still delivered. Additionally, Staff recommend that rental housing tenure be secured in perpetuity to protect these units and allow the building to fully contribute to the purpose built rental housing stock.

Collectively the proposed Staff refinements to Council direction look to:

- Improve clarity in interpreting and applying policy;
- Include guidance to ensure alignment with the Uptown-Douglas Plan land use framework;
- Ensure local amenities / enhancements are provided as part of most applications; and
- Provide incentives for purpose built rental housing, while ensuring secured tenure to allow this housing stock to serve the community over an extended period of time.

The Interim Community Amenity Contributions Policy seeks to provide clarity and guidance for Council, Staff, developers and the public during the negotiation of Community Amenity Contributions for residential rezoning applications and those seeking changes to height and/or density. The revised Interim Community Amenity Contributions Policy addresses Council's direction and provides additional recommendations on the parameters for contributions. The Interim Community Amenity Contributions Policy addresses process, priorities and contribution considerations. In the short-term, it is recommended that Council adopt the attached Interim Community Amenity Contribution Policy which systemizes the District's current processes.

Prepared by:



Megan Squires
Planner, Community Planning

Reviewed by:



Cameron Scott
Manager, Community Planning

Approved by:



Sharon Hvozdzanski
Director of Planning

MS/jsp

Attachments: A. Interim Community Amenity Contributions Policy
B. Staff Report, dated March 29, 2021 - Interim Community Amenity Contributions Policy
C. Table of Potential Exemptions based on Current Projects

cc: Valla Tinney, Director of Finance
Shari Holmes-Saltzman, Manager of Current Planning

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation from the Director of Planning.

Paul Thorkelsson, Chief Administrative Officer