



The Corporation of the District of Saanich

Report

To: Mayor and Council
From: Lindsay Chase, Director of Planning
Date: July 4, 2023
Subject: Community Amenity Contribution and Inclusionary Housing Policy
File: 2830-50 • Community Amenity Contributions

RECOMMENDATION

That Council approve the proposed Community Amenity Contribution and Inclusionary Housing Policy.

PURPOSE

The purpose of this Report is to introduce the proposed Community Amenity Contribution and Inclusionary Housing Policy (the "CAC Policy"), which includes a formal Policy and two appendices, namely the Framework for Implementing and Negotiating Community Amenity Contributions (CACs) and a Saanich Community Amenity Project Reference List (Attachment A), for Council approval.

DISCUSSION

Background

Population growth and new developments create additional demand for amenities and services. To maintain a healthy community, it is imperative that amenities grow proportionally to the number of residents. As rezoning applications often result in higher development densities, the demand for District services, including public benefit amenities, increases as new residents move into an area.

The process of negotiating Community Amenity Contributions (CACs) is a tool employed by many local governments to obtain public benefit amenities, including inclusionary housing. Broadly defined, CACs are a public benefit amenity voluntarily provided through a rezoning process that seek to provide direct benefit to residents in a community. These amenities can take several forms including, but not limited to, inclusionary housing (i.e. secured affordable and supportive housing), parks and publicly accessible open spaces, childcare facilities, community facilities, public art, and cultural spaces. There are two classifications of CACs that can be negotiated, which are cash-in-lieu contributions and in-kind contributions (i.e., on-site amenities). CACs are entirely voluntary insofar as a development could be undertaken under the as-of-right zoning conditions without such a contribution.

The Official Community Plan (OCP) accounts for anticipated growth in the District of Saanich with the majority being focused in the Primary Growth Areas of Centres, Corridors and Villages. The anticipated growth will increase the demand for a range of new and upgraded public amenities. Some of these amenities and facilities are addressed by the District of Saanich's Development Cost Charge (DCC) program and others are typically achieved through receiving voluntary Community Amenity Contributions (CACs) as part of the rezoning application review process. As new growth is experienced, there will be a commensurate need for public amenities to create complete communities. Additionally, the provision of more affordable and supportive housing is a priority for Council, with community needs identified in the Housing Needs Report and guided through priority actions in the Housing Strategy.

Council Direction

The District of Saanich has historically obtained CACs through an application-specific negotiation process as part of the rezoning process. To better guide the CAC negotiation process for obtaining public benefit amenities and affordable housing, Council adopted an Interim Community Amenity Contribution Policy in August 2021 (Attachment B). The Interim CAC Policy was adopted as a placeholder while a CAC program to develop a comprehensive policy was established.

In April 2021, Council endorsed a Terms of Reference to develop a Community Amenity Contribution and Inclusionary Housing Program (the "Program"). Staff retained Urban Systems Ltd. to lead the development the Program which commenced in late November 2021. The aim of the Program was to develop a comprehensive Community Amenity Contribution and Inclusionary Housing Policy (the "CAC Policy") and to ensure consistency and transparency for both the development industry and residents and balance the financial impact of new development for the existing population.

Policy Development Process

The Community Amenity Contribution and Inclusionary Housing Policy was developed over five phases, as shown in the timeline included in Figure 1.



Figure 1: CAC & Inclusionary Housing Program Timeline

The process to develop the proposed CAC Policy involved extensive consultation with community representatives, housing providers, and the development community in the District of Saanich and across the Greater Victoria area, as well as undertaking a financial and economic analysis. The detailed financial and economic analysis assessed 35 different test sites throughout the District of Saanich, including centres, corridors, villages, and neighbourhoods. Included in the analysis was a series of development pro formas for each test site, to understand whether it was financially viable for potential developments to contribute CACs.

Since the Program commenced in late 2021, key deliverables include:

- Engagement and Outreach Strategy and Best Practices Summary Memo (March 2022)
 - Council Check-in (March 2022)

- Discussion Paper: Economic and Financial Analysis (August and November 2022)
 - Council check-in (November 2022)
- Focus Group Consultations (April and October 2022)
- Draft CAC and Inclusionary Housing Policy and Framework (March 2023)
- Public Engagement on Draft Policy (April and May 2023)
 - Community Survey (March-April 2023)
 - Stakeholder Open Houses (April and May 2023)
 - Open Houses (Virtual – April 19, 2023, and Public – April 20, 2023)
- Proposed Community Amenity Contribution and Inclusionary Housing Policy (June 2023)

An initial check-in with Council took place in March 2022, where the Program’s Engagement and Outreach Strategy and a Best Practices Summary Memo was presented. A second check-in with Council was held at the Committee of the Whole meeting in November 2022. At this meeting, the Discussion Paper, with a focus on the Program’s economic and financial analyses and key findings to date, was presented and initial policy directions were introduced.

The Draft CAC Policy was released in March 2023 and a series of public engagement events, including a community survey, stakeholder meetings and public open houses were held. Feedback received through the engagement process, coupled with outcomes of economic analyses, resulted in refinements to the draft CAC Policy, namely adjustments to the following:

- Target CAC rates, for all typologies and tenures
- Parameters for annual Policy updates
- Process and timing of phasing-in new applications; and
- Rationale / guidance in the Framework (Appendix A to the CAC Policy).

An Engagement Summary for the last phase of the Program is included as **Attachment C** to this Report.

OVERVIEW OF PROPOSED CAC AND INCLUSIONARY HOUSING POLICY

Purpose

The purpose of the Community Amenity Contribution & Inclusionary Housing Policy (the “Policy”) is to provide guidance to Council, Staff, developers/applicants, and the public in the collection of voluntary in-kind and cash-in-lieu contributions towards public benefit amenities and inclusionary housing.

The CAC Policy offers a process to obtain public benefit amenities equitably across the District of Saanich and directs opportunities, where feasible, to secure inclusionary housing through the rezoning process.

Goals and Principles

The goals of the CAC Policy are to:

- Create a framework for negotiating Community Amenity Contributions that enables an efficient and predictable process by which the District of Saanich receives public benefit amenities including inclusionary housing (i.e. affordable and supportive housing).
- Ensure that the process for obtaining CACs is clear and transparent.
- Encourage new development to make contributions towards public benefit amenities, including affordable and supportive housing, to support new residents.

- Maintain a healthy community, through Community Amenity Contributions, Inclusionary Housing, and Density Bonus, to ensure District of Saanich residents have access to amenities within a livable and complete community.
- Encourage the development of new housing that expands options for housing affordability and accessibility.
- Strengthen the relationships between the District of Saanich, the public, housing providers, and the development community.

The CAC Policy is guided by a set of four principles, which are as follows:

- **Transparency:** Inform Council, Staff, the development community, and the public about how community amenity contributions are collected and distributed.
- **Efficiency:** Offer an efficient process for negotiating community amenity contributions to reduce both time and cost for the District and applicants.
- **Balance:** Ensure a balanced approach to negotiating the community amenity, the geographic area, and inclusionary housing that is beneficial, reasonable, and feasible.
- **Predictability:** Provide a process that is consistent in its negotiation for amenities, use of definitions, collection of in-kind and cash in-lieu contributions, and process for receiving community amenities and inclusionary housing.

Key sections of the CAC Policy are summarized below, and include:

- Policy Model / Approaches
- Inclusionary Housing Elements
- Exemptions
- Eligibility, Areas, and Priorities
- Framework for Implementing and Negotiating CACs and Inclusionary Housing (Appendix A to the Policy)
- Saanich Community Amenity Project Reference List (Appendix B to the Policy).

Community Amenity Contribution Policy - Model / Approaches and Rates

The CAC Policy employs a hybrid model with three approaches to obtaining public benefit amenity and affordable/supportive housing, including: negotiated rates via a land lift analysis, fixed target rates, and density bonus rates (a future implementation item of the Policy). The hybrid model simplifies the administration of CACs and Inclusionary Housing by enabling negotiations only for large-scale developments, with smaller developments proceeding through fixed target rates based on general building typology. The approach is heavily influenced and guided by comprehensive financial and economic analyses. A summary of each approach is outlined below:

- **Approach A – Negotiated CACs** applies to development applications seeking 350 units or more, which will be encouraged to undergo site-specific negotiations, with contribution rates established through a land lift analysis and guided by the Framework for Implementing and Negotiating CACs (detailed in a later section of this Report and included as Appendix A to the Policy). Through a land lift analysis, the minimum total contribution value that is targeted by the District of Saanich via this approach is 50% of the total calculated land lift value.

The rationale for encouraging a negotiated CAC approach for larger scale developments is that they are typically more complex and more likely to create opportunities for capturing on-site amenities. Notably, larger development projects are also 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. This is a key factor in securing inclusionary units, as 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.

- **Approach B – Fixed Target CACs** applies to development applications with between 7 and 350 units and uses fixed target CAC rates, as shown in Table 1, below:

Fixed CAC Target rates identified in the CAC Policy were developed based on the outcomes of a series of detailed pro forma financial analyses. Contributions in alignment with target rates can either offered as an in-kind amenity or as a cash-in-lieu payment to be allocated towards an area-specific local amenity fund, local park acquisition fund, and a District-wide affordable housing reserve fund.

Table 1: Proposed Fixed Target CAC Rates, 2023

Eligibility Criteria	Centres and Corridors (per unit)	Villages and Neighbourhoods (per unit)
Condominium / Apartments (100% ownership residential projects) in projects with less than 350 units	\$2,880	\$2,880
Condominium / Apartments (within primarily residential projects with limited mixed-use ²), in projects with less than 350 units	\$2,880	\$2,880
Condominium / Apartments (within mixed-use projects ³), in projects with less than 350 units	\$2,000	\$2,000
Townhomes / Multi-plex developments	\$3,840	\$3,840
Purpose-built Rental that is secured, without Inclusionary Housing Units in projects less than 350 units	\$700	\$700

The target CAC rates have been significantly reduced from what was proposed initially in the draft CAC Policy. The rationale for the change stems from the changing market conditions and financial viability for developments to contribute amenities. The proposed rates in Table 1 have also been adjusted for secure purpose-built rental units, showing deeply discounted rates which seeks to both incentivize this type of development through lower rates while acknowledging that new amenities are still needed from new development to support the well-being and livability of residents. Supplementary commentary on the rate adjustments is included later in the Report.

- **Approach C - Density Bonus Rates.** This approach is earmarked as a key implementation item of the Policy. Once the regulatory framework is developed, established density bonus rates will apply to development applications with fewer than 350 units where a property has a density bonus zoning structure in place, or an applicant is granted rezoning 'into' a zone with density bonus provisions.

CACs collected through Density Bonus rates are provided as an in-kind amenity or secured as cash-in-lieu to be allocated towards the area-specific local amenity fund, area-specific local park acquisition fund, and the District-wide affordable housing fund, in accordance with the CAC Policy. This approach is similar to CAC Target Rates (Approach B) but will only apply to development applications involving zones that support density bonusing.

The District of Saanich does not currently employ a formalized Density Bonus regulation within its Zoning Bylaw. However, with Council direction, Staff could work to develop standalone Density Bonus Zoning within the Zoning Bylaw, or ‘shelf ready’ Density Bonus Zones, that could then be applied to future development applications. The development of these density bonus zones is ideally completed as an outcome of detailed planning exercises. The Centre, Corridor and Village Plans will develop parcel-based guidance for future land use, height, and density, providing a strong platform to implement density bonus zoning. Also, the Neighbourhood Homes may represent an additional implementation opportunity.

Inclusionary Housing Elements

The CAC Policy provides a variety of approaches to achieve housing that could be considered affordable to different households. It is important to note that housing units suitable to low or very low incomes will not be directly created through market housing projects subject to this Policy. The CAC Policy contributes to affordable housing in three important ways:

1. The provision of “**inclusionary housing units**” targeted to **moderate to median household incomes** in large projects.
2. Contributions to the **Saanich Affordable Housing Fund** through the target rate / density bonusing approach that support the creation of housing units on other sites that are targeted to **very low- or low-income households**.
3. Providing full **CAC exemptions** for **not-for-profit** rental and affordable ownership housing units.

Inclusionary Housing units are broadly defined as affordable, long-term rental housing where shelter costs are less than 30% of the below-tax median income, targeting support for moderate income households (see Table 2 for inclusionary rates). The process of developing the proposed CAC Policy involved extensive analyses, many of which highlighted that Inclusionary Housing units are largely not attainable in most market developments at this time. This is directly tied to the current economic climate and significantly lessens the ability for developments to provide inclusionary housing units.

To accommodate the current economic realities and dynamic market conditions, the CAC Policy encourages cash-in-lieu CACs and allocates 30% of these financial contributions towards affordable housing, via the Saanich Affordable Housing Fund. In addition, the CAC Policy supports CAC exemptions for new, secured rental projects between 7 and 349 units where inclusionary housing units (equal to at least 10 % of the gross floor area) are provided.

Inclusionary housing rental rates are included in the CAC Policy, in alignment with the recent adoption of the District of Saanich Definition of Affordability by Council in May 2023 (see Table 2). Applicants providing inclusionary housing units must meet the per unit moderate- to median-income annual rental rates, as per BC Housing's current housing income levels. Inclusionary housing units may be offered as a form of in-kind CACs and are considered affordable when per unit long-term rental rates are less than or equal to the defined moderate to median long-term rental rates. An applicant may transfer ownership or management of the unit(s) to government agencies or to a non-profit housing provider upon receipt of building occupancy.

Table 2: Inclusionary Housing Rental Rates, 2023

	Bachelor	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
Moderate to Median Income	\$1,065	\$1,250	\$1,625	\$2,050	\$2,388

The inclusionary housing rental rates are included to set the minimum threshold for in-kind affordable housing. Where these types of units are negotiated, applications must achieve the affordable housing prices as per the established rental rates. The negotiations process will involve working with non-profit housing providers to determine the appropriate transfer of ownership to qualified households based on select criteria. The inclusionary rates will be updated by Staff on an annual basis, in alignment with Saanich's Affordable Housing Definition.

The CAC Policy also provides a framework to enable the in-kind contribution of affordable home ownership units as an amenity through the application of BC Housing's Middle Income Thresholds, rates for affordable ownership. The Framework for Negotiation (Appendix A to the CAC Policy) provides guidance on the process for evaluating and incorporating affordable home ownership units as part of an amenity contribution.

Exemptions

The CAC Policy identifies a list of exemptions criteria whereby applications, or portions of applications, would be exempt from the CAC Policy as a means to support development applications that already provide a community benefit (i.e. not-for-profit rental and ownership units, and secured purpose-built rental projects with inclusionary units) or are desired uses emphasized in the District of Saanich's land use policy (i.e. residential projects of up to six units and employment uses - commercial, industrial, and institutional). The five project types exempt from Community Amenity Contributions and the rationale for each are included in Table 3:

Table 3: List of proposed Exemptions and Rationale

Exemption	Rationale
1. Not-for-profit rental housing units.	Fixed target CAC rates are not applied to not-for-profit rental housing units because they provide a substantial community amenity that is often of greater value than the CAC contribution
2. Non-Market homeownership units.	Fixed target CAC rates are not applied to non-market homeownership housing units because they provide a substantial community amenity that is often of greater value than the CAC contribution.
3. Purpose-built rental projects with seven (7) to 349 units, where the rental tenure is secured for a period of 50 years or more, or the 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 of the Policy).	Providing secure rental inclusionary housing units for a period of 50 years or greater meets the intent of the Policy and a key needed housing unit type.
4. Projects with six (6) units or fewer.	Small infill development, with six units or fewer, are exempt from paying CAC target rates and density bonuses, as projects of this scale can often fit on a standard single-detached lot, which works toward meeting the District's goal encouraging additional housing typologies and densities in the OCP and the Neighbourhood Homes Study.
5. Non-residential developments.	Non-residential developments are exempt from CAC target rates as they are strongly supported in the District's OCP; they deliver jobs and services to the community. They also support the long-term financial

	sustainability of the District through a stable collection of property taxes.
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It is important to note that while analyses shows that the incorporation of inclusionary units in purpose-built rental projects, as per exemption three, may be challenging in today’s market, this exemption has been included primarily to ensure policy is in place to optimize the achievement of affordable units when market conditions change.

CAC Eligibility, Areas, and Priorities

The CAC Policy allocates cash-in-lieu contributions to five geographic areas, shown in Figure 2, below. The five areas were created to support the equitable distribution of CACs across the District, and to prioritize the delivery of amenities to areas near where contributing developments are located.

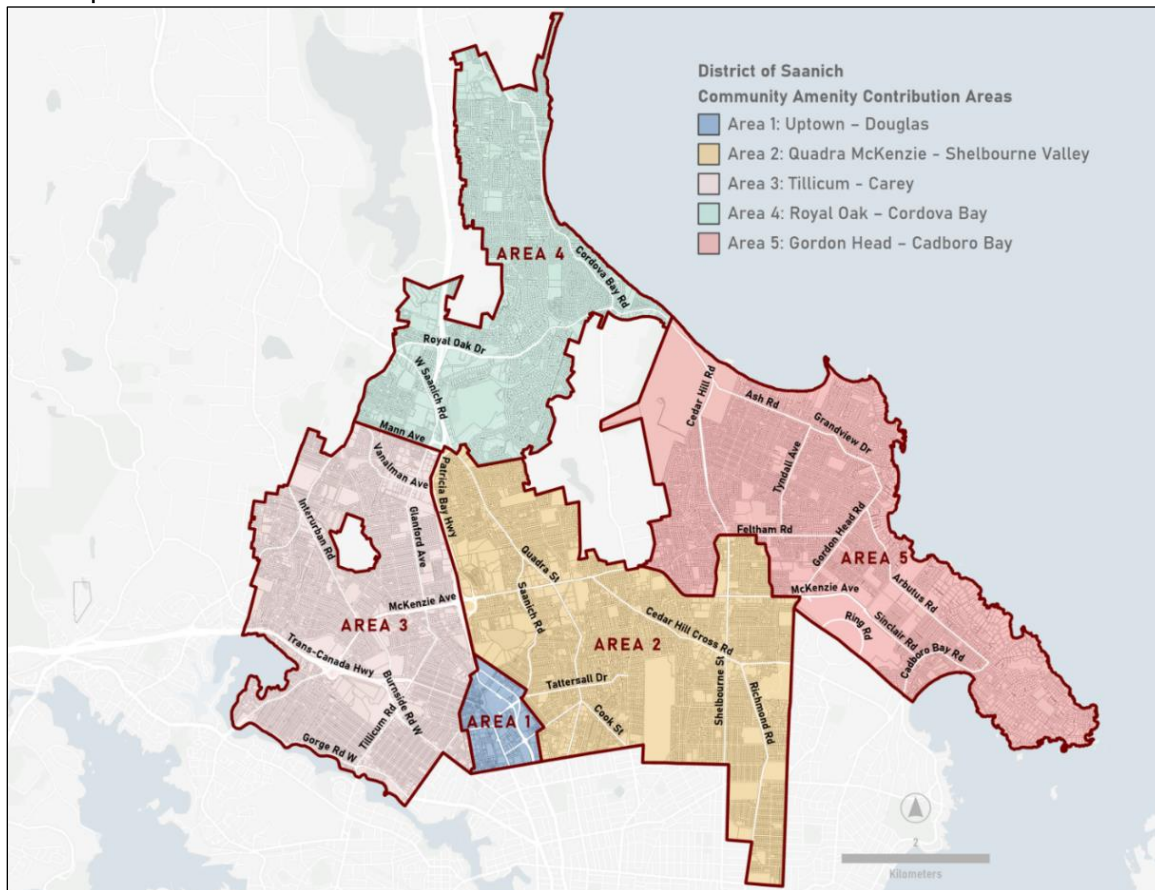


Figure 2: Proposed Community Amenity Contribution Areas

Allocation of Amenity Contributions

The CAC Policy allocates cash-in-lieu amenity contributions collected through development into three streams, or funds. Two of the three contribution streams are collected and invested in specific geographic areas, while the affordable housing fund is used Saanich wide. The three streams are as follows:

- 30% Saanich Affordable Housing Fund (District-wide)
- 50% Local Amenity Fund (Area-specific)
- 20% Local Park Acquisition Fund (Area-specific)

The intent of establishing the local amenity and local park acquisition funding streams is to ensure a more equitable distribution of amenities within the areas that are experiencing new development and growth.

Framework for Implementing and Negotiating CACs (Appendix A to the CAC Policy)

The Framework for Implementing and Negotiating CACs (the “Framework”) is a “living” document and is designed to guide Staff and applicants in facilitating negotiations under the CAC Policy both consistently and efficiently. To this end, the Framework outlines internal practices, provides clear rationales for the CAC Policy, and enables Staff discretion to effectively manage and implement the CAC Policy.

CAC Priorities Reference List (Appendix B to the CAC Policy)

As part of policy development, Staff and the consultants reviewed the existing allocation and distribution of community contributions received through the rezoning process. The Priority Reference List includes a range of supportable community amenities and is intended to assist Staff, applicants, and residents in the process of exploring public benefit amenities in the community upfront in the application process.

Draft Plan Refinements

The Draft CAC Policy that was released for public feedback in March 2023 has been refined to respond to public feedback and updated data. Key adjustments are detailed below.

Adjusted Fixed Target CAC Rates (Approach B)

An initial Economic Analysis (August 2022) informed the development of preliminary target CAC rates. These analyses have been updated several times, notably in November 2022, January 2023, and April 2023, to reflect significant changes to market conditions. These updated analyses are used to assess if initial target rate recommendations need refinement.

As reflected in the Engagement Summary (Attachment B), concerns around shifting market dynamics and associated implications for development viability have been raised by stakeholders, including rising costs of building materials, shortages of workers, and high borrowing costs (for both developers and buyers), all of which impact development costs and the capacity to pay CACs.

The CAC rate recommendations, as presented in the Draft CAC Policy between March and May 2023, were based upon pro forma analysis, and setting target rates at a point where most project ‘test sites’ would remain viable. Following consultation on the Draft Plan, and continued shifts in the market, adjustments to the fixed target rates have been applied as shown in Table 4 and rationalized below:

- Purpose-Built Rental
(fixed target CAC rate has been adjusted from \$1,750 to \$700, per unit)

Considering the challenging landscape for delivering long-term rentals and the growing demand for rental developments in the Greater Victoria market, the initial recommendation was to set fixed target CAC rates for purpose-built rental at 75% lower than for sale apartment / condominium rates. Rates for purpose-built rental were then lowered by an additional 80% due to the changing economic landscape (May 2023). The reduction of the proposed target rate aims to ensure the viability of purpose-built rental projects and enable the fulfillment of the long-term rental housing needs in the District of Saanich.

The economics of rental housing differ significantly from market condominiums, which is heightened in a market when all developments are facing high upfront costs for site acquisition and construction. As a result, most market rental projects struggle to afford additional upfront payments like CACs. However, there may be opportunities to provide in-kind amenities, including non-market units, in certain circumstances.

While the \$700 per unit is a relatively nominal amount, Staff feel it is important to maintain the principle that new market units should contribute to area amenities. The deeply reduced rate also provides a placeholder with the ability to obtain more significant contributions when market conditions change.

- Condo / Apartment and Mixed-Use Residential / Commercial (fixed target CAC rate has been adjusted from \$7,200 – \$2,880 | \$5,000 - \$2,000 per unit)

Condo / Apartment projects and Mixed-use residential / commercial projects are both faced with similar development challenges as market rental projects. With recent increases in construction financing rates, the number of viable test sites decreases, and of those sites that remain viable, the target rate payable also decreases. In addition, mixed-use developments are impacted by significant costs in providing commercial parking and the differences in cash flow due to leasing the commercial spaces. The reduction to the proposed target rate aims to encourage the development of viable condo and mixed-use projects within the District of Saanich, while obtaining amenities to support community livability and well-being.

Table 4: Fixed Target CAC Rate Adjustments, Phase 4

Eligibility Criteria	Draft Target Rates, March 2023 (per unit)	Centres, Corridors, Villages and Neighbourhoods (per unit)
Condominium / Apartments (100% ownership residential projects) in projects with less than 350 units	\$7,200	\$2,880
Condominium / Apartments (within primarily residential projects with limited mixed-use ²), in projects with less than 350 units	\$7,200	\$2,880
Condominium / Apartments (within mixed-use projects ³), in projects with less than 350 units	\$5,000	\$2,000
Townhomes / Multi-plex developments	\$9,600	\$3,840
Purpose-built Rental that is secured, without Inclusionary Housing Units in projects less than 350 units	\$1,750	\$700

Implementation, Evaluation and Monitoring

Community Amenity Contribution and Inclusionary Housing Policy - Effective Date

Should Council adopt the proposed Community Amenity Contribution and Inclusionary Housing Policy, the date of effect will be October 1, 2023. All new applications received prior to this date will remain subject to the Interim Community Amenity Contribution Policy. Applications received on or following the date of effect (October 1, 2023) will be subject to the new Policy.

Annual Updates

Given changing market conditions and senior government housing rates, an annual update to rates is proposed for initial years of policy implementation. Affordable rental rates, fixed target

rates, and future density bonus rates will be updated on an annual basis and timed to come into effect on October 1st of each year, commencing in 2024. Annual updates will include a detailed pro forma-based review of key development costs, including construction, financing, and land costs.

Comprehensive Updates

Both the CAC Policy and associated Framework will be comprehensively reviewed every five years, or pursuant to Council approval at an earlier date based on the recommendations of the Director of Planning, with an initial review and check-in two years following its adoption (Fall 2025).

ALTERNATIVES

1. That Council support the recommendation as outlined in the Staff Report and approve the Community Amenity Contribution and Inclusionary Housing Policy.

The implications of this alternative are discussed in detail in this Report.

2. That Council provide direction on proposed revisions to the proposed Community Amenity Contribution Policy.

Should Council wish to provide direction, amendments could be incorporated into the proposed CAC Policy. It is important to note that a comprehensive two-year review of the program is planned, providing an opportunity to adjust the policy in the near future.

Should Council wish, potential elements of the policy that could be adjusted include:

- Modifying effective date for the policy currently set for October 1, 2023;
- Providing alternative direction on the timing of a comprehensive CAC Policy review and update, currently set for two years from policy adoption;
- Adjusting CAC target rates;
- Adjusting the distribution of cash-in-lieu amenity contributions, which are currently: 50% localized amenities, 30% affordable housing fund and 20% local park fund; and/or
- Identifying changes to proposed exemptions.

3. That Council provide alternate direction to Staff.

Should Council wish they could revise the Program's process and provide new / alternative direction to Staff. Should Council expand the project scope and/or adjust the process, there would be impacts to the project's completion and remaining budget. Additionally, any expansion of the scope would impact resources available for other Planning projects.

FINANCIAL IMPLICATIONS

To financially accommodate the annual updates to the fixed target CAC rate, and future density bonus rate structure in the Policy, an annual non-discretionary increase to the Planning Department budget of \$15,000 would be required.

STRATEGIC PLAN IMPLICATIONS

The Community Amenity Contribution and Inclusionary Housing Policy aligns with the 2019-2023 Council Strategic Plan goal area of Community Well-Being, and is supported through the following initiatives:

- Consider options on how community contributions can be negotiated in an equitable, clear, and focused manner;
- Investigate inclusionary zoning guidelines to provide more affordable housing in the District of Saanich; and
- Explore options to increase below-market and rental housing in the District of Saanich.

PLANNING IMPLICATIONS

Policy

The following District of Saanich processes and policies are most applicable to the initiative to establish a formal Community Amenity contribution and Inclusionary Housing Program.

Development Application Review Process

The adoption of the proposed CAC Policy seeks to assist Council in obtaining community amenities through rezoning and development applications in a transparent, efficient, balanced, and predictable process. A key deliverable of this Policy is to offer support to Staff, applicants, the public and Council in development application review processes, including through securing in-kind and cash-in lieu public benefit amenity and inclusionary housing, and reducing related application processing times.

Uptown-Douglas Plan

The Uptown-Douglas Plan identifies the development of a structured program for Community Amenity Contributions (CACs) as a key implementation item. At the Special Council Meeting, on August 10, 2020, when the Uptown-Douglas Plan was endorsed in principle. Council also directed Staff to incorporate the development of Community Amenity Contribution (CAC) targets for the Uptown-Douglas Plan area as part of the future District-wide initiative to establish a structured CAC program.

Official Community Plan (2008)

- 4.2.2.4 “Through the development review process consider the use of variances and density bonusing to secure public amenities such as open space, playgrounds, landmarks, focal points, activity centres or cultural features.”
- 4.2.3.3 “Through the development review process consider the use of variances, housing agreements, covenants, phased development agreements and density bonusing to secure public amenities such as open space, playgrounds, landmarks, focal points, activity centres or cultural features.”
- 4.2.3.4 “Investigate criteria for considering inclusionary zoning and density bonusing as part of development applications, in return for the provision of affordable and/or special needs housing.”
- 5.1.2.14 “Investigate criteria for considering “inclusionary zoning” (% of units for affordable or special needs housing) and density bonusing as part of development applications, in order to provide for affordable and/or special needs housing.”

7.1.4 “Develop an amenity contribution policy, considering the inclusion of, but not limited to, the following amenities:

- Affordable housing units;
- Privately owned, publicly accessible open space;
- Public art;
- Floor space designated for non-profit arts activities;
- Contributions towards the enhancement of natural areas, public recreation facilities & green/open space;
- Contributions towards street and boulevard enhancements, including street furniture and decorative lighting;
- Daycare facilities;
- Preservation of heritage structures or features;
- Transit-oriented development;
- Green construction, green roofs, energy conservation, reduced carbon footprint;
- Underground or concealed parking;
- Bicycle facilities; and
- Public safety improvements (e.g., school crossings).”


Capital Regional District’s Regional Housing Affordability Strategy

The Regional Housing Affordability Strategy provides a framework for addressing challenges and supporting a collaborative regional approach to creating a healthy sustainable housing system, supporting a shared regional response to issues of housing affordability and homelessness. One of the strategies under Goal #2 - Sustain a shared regional response to existing and emerging housing demand, is to explore “mixed tenure and inclusionary housing models”.


CONCLUSION

As per the guiding principles of the Program, the proposed Community Amenity Contribution and Inclusionary Housing Policy establishes a transparent, efficient, balanced, and predictable process by which the District of Saanich can obtain public benefit amenities and inclusionary housing. Both the CAC Policy and the accompanying Framework for Implementing and Negotiating CACs, provide solid direction on priorities, processes and levels of contributions when negotiating public benefit amenities and affordable and supportive housing.


The adoption of the proposed Community Amenity Contribution and Inclusionary Housing Policy will benefit the development application review process and equip the District of Saanich to equitably deliver public benefit amenities, including a variety of housing types and tenures, throughout the community in a structured, predictable and transparent manner.

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AM/jsp

- Attachments: Attachment A – Proposed Community Amenity Contribution and Inclusionary Housing Policy
Attachment B – Interim Community Amenity Contribution Policy
Attachment C – Phase 4 Engagement Summary
Attachment D – District of Saanich Definition of Housing Affordability (2023)

ADMINISTRATOR’S COMMENTS:

I endorse the recommendation from the Director of Planning.

Brent Reems, Chief Administrative Officer

COMMUNITY AMENITY CONTRIBUTIONS AND INCLUSIONARY HOUSING POLICY

June 2023



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DATE: JUNE 2023

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APPENDIX A:

Framework for Implementing and Negotiating Community Amenity Contributions

APPENDIX B:

Community Amenity Project Reference List

1.0 PURPOSE

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

1.1 POLICY GOALS

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

- Encourage new development to make contributions towards public benefit amenities and services to support new residents.
- Maintain a healthy community, through Community Amenity Contributions and Density Bonusing, so that Saanich residents have access to amenities within a livable and complete community.
- Encourage the development of new housing that expands options for housing affordability and accessibility.
- Strengthen the relationships between the District of Saanich, the public, housing providers, and the development community.
- Ensure that Community Amenity Contributions are clear and transparent.
- Create a framework for negotiating Community Amenity Contributions that enables an efficient and predictable process by which the District receives public benefit amenities and/or supportive and affordable housing.

1.2 GUIDING PRINCIPLES

This Policy is guided by a set of four principles to ensure Council, Staff, developers/applicants, and the public have the clarity and incentive to develop a variety of housing types and tenures and contribute public benefit amenities within the District. The principles are as follows:

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

Efficiency: Offer an efficient process for negotiating Community Amenity Contributions to reduce both time and cost for the District and applicants.

Balance: Ensure a balanced approach to negotiating the community amenity, the geographic area, and inclusionary housing that is beneficial, reasonable, and feasible.

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

2.0 DEFINITIONS

“Affordable Rental Rate” in the context of this Policy refers to the ability of renters to obtain a home based on household income or other factors, as defined in the District’s “Definition of Housing Affordability” (refer to the District of Saanich [Definition of Affordability](#) document), and updated on an annual basis in alignment with changes to BC Housing’s regional Housing Income Limits.

“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, supportive housing, parks and publicly accessible open spaces, childcare facilities, community facilities (e.g., libraries, police departments, recreation centres, etc.), public art and cultural spaces, or as defined through the District’s planning policies. Refer to **Appendix B** for a list of local community amenities.

A Community Amenity is considered 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 public benefit amenity and/or inclusionary or supportive housing that are negotiated as part of the rezoning application process and initiated by the applicant/developer.

CACs 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 amenity, by an applicant to the District, which are then earmarked for public benefit amenities identified in this Policy (refer to **Appendix B**), 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 Zoning applicable to a proposed project¹.

¹ References to Density Bonusing are considered placeholders until the District of Saanich has implemented a Density Bonus framework.

“Community Amenity Contributions Target Rates” are a set rate or amount negotiated with applicants and the District and secured as a contribution for community amenities through a rezoning process for developments with fewer than 350 residential units.

“Framework for Implementing and Negotiating Community Amenity Contributions” is a supplementary document to the Community Amenity Contributions and Inclusionary Housing Policy. The Framework is intended to guide District staff and applicants through the process of negotiating CACs on eligible multi-unit residential applications undergoing rezoning (refer to **Appendix A**).

“In-stream Application” refers to a rezoning application that, prior to the adoption date of this Community Amenity Contributions and Inclusionary Housing Policy, has been submitted, accepted by the District as complete, and considered to be in a satisfactory form with all applicable fees paid.

“Inclusionary Housing Unit” refers to affordable long-term 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 District’s “Housing Affordability in Saanich” document. For applicable annual rental rates per unit refer to **Table 1** and in the District of Saanich [Definition of Affordability](#) document.

“In-Kind Community Amenity Contribution are public benefit amenities, affordable housing and/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 [Interim CAC Policy](#) informs negotiations of community amenities through identifying the process, priorities, target contribution rates, and exemptions.

Upon adoption of this CAC and Inclusionary Housing Policy, the Interim CAC Policy remains applicable to complete applications received after August 9, 2021 and prior to the commencement of this new Policy.

“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 Contributions 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 Contributions and Inclusionary Housing Policy.

This fund cannot include or overlap with any city-wide or regional park projects identified in the District’s Development Cost Charge (DCC) Program.

“Local Community Amenity” is a community amenity within one of the five (5) area-specific geographies of Saanich, whose location informs the equitable distribution of cash-in-lieu CACs within both the Local Amenity Fund and Local Park Acquisition Fund (see **Figure 1** for more detail).

“Mixed-Use” is a development where the majority (>50%) of the ground floor space of a multi-unit 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 that the 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.

“Non-market Homeownership Units” refers to a residential dwelling unit within a development that is made available for purchase to eligible individuals or households at a below-market price, typically with a housing agreement restricting resale values, with the primary objective of promoting affordable homeownership. Non-market homeownership units are usually developed as a shared equity form of ownership, with an external partner (such as 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) providing an equity component to support affordability. Applicants would need to demonstrate to the reasonable satisfaction of the District that the non-market homeownership units meet the specific criteria of the District, including income limits, residency requirements, and affordability restrictions.

“Official Community Plan” refers to the most current version of the District of Saanich's Official Community Plan (Bylaw 8940), as amended.

“Purpose-Built Rental” refers to buildings specifically designed and constructed with dwelling units intended for long-term rental occupancy, to provide a stable and secure housing option for residents of Saanich.

“Long-Term Rental” refers to the leasing or renting of one or more sleeping units in a dwelling unit for a period of 30 consecutive days or more, which may include purpose-built rental (see definition, above) buildings and other types of residential buildings.

“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.

“**Rezoning Applications**” refer to 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.

“**Saanich Affordable Reserve 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 Contributions and Inclusionary Housing Policy.

“**Zoning Bylaw**” refers to the District of Saanich’s Zoning Bylaw 8200, as amended from time to time.

3.0 APPLICATION OF THE POLICY

This Policy is based on a hybrid model that simplifies the administration of Community Amenity Contributions (CACs) by encouraging negotiations only for major developments, with 350 units or more, while allowing smaller developments (with 7 to 349 units), to proceed through the rezoning process with clear CAC Target Rates or Density Bonus Rates (see **Section 5** below).

CACs shall be considered in all rezoning applications with residential tenures (strata, rental, or both) that require zoning amendments unless explicitly exempt under **Section 6.0** of this Policy. This hybrid model includes three approaches for determining CACs:

- **Approach A - Negotiated CACs:** Development applications seeking 350 units or more.
- **Approach B –CAC Target Rates:** Development applications with fewer than 350 units in all zones where density bonus does not apply.
- **Approach C - Density Bonus Rates:** 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 is outlined in **Sections 3.1 - 3.3** below:

3.1 APPROACH A – NEGOTIATED COMMUNITY AMENITY CONTRIBUTIONS:

Development applications with 350 units or more are encouraged to undergo site-specific Community Amenity Contributions negotiation 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 CACs (cash-in-lieu or value of in-kind amenities) that a project can support is determined through a land lift analysis, conducted at the applicant’s expense.
3. For the land lift analysis, applicants shall provide two development pro formas: one for the residual land value of the site under the existing zoning and another for the residual land

value under the proposed new zone. The land lift shall be determined as the difference between the rezoned land value and the existing land value.

4. The District 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 target a 50% of the increase in land value based upon the rezoning application and land lift analysis.
6. The negotiation process is further guided by the "Framework for Implementing and Negotiating Community Amenity Contributions" in **Appendix A**.

3.2 APPROACH B – CAC TARGET RATES:

Development applications with fewer than 350 units are 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. Projects subject to CAC Target Rates are encouraged to make cash-in-lieu payments in accordance with the proposed target contributions as set out in **Table 2** below.
2. The District may consider in-kind contributions, including the provision of Inclusionary Housing Units, provided that:
 - a. The in-kind contributions are aligned with identified amenity priorities for the subject areas described in **Appendix B**.
 - b. 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 CAC Target Rates.
 - c. In circumstances where applicants are providing in-kind contributions and where those contributions do not include Inclusionary Housing Units, a cash-in-lieu contribution shall 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.
 - d. 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.
3. 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 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:

- a. The CAC Target Rates would comprise more than 50% of the lift in land value created through rezoning.
- b. The existing zoning permits a density higher than that designated in the OCP.
- c. 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** applies. The alternative processes permitted under Approach B, as outlined in **Sections 3.2.1** and **3.2.2** above, are also available to development applications under Approach C.

4.0 INCLUSIONARY HOUSING RENTAL RATES

Inclusionary Housing rental rates are used to inform listed exemptions as outlined in **Section 6.0** of this Policy and to set the minimum threshold for in-kind affordable housing contributions.

Inclusionary Housing units are considered affordable when per unit long-term rental rates are less than or equal to the moderate to median long-term rental rates shown in **Table 1**. The rates for households with moderate to median income reflect BC Housing's current Housing Income Levels (HILs). Projects with deeper subsidy Inclusionary Housing Units will be favoured in the negotiation process. Please refer to the District of Saanich [Definition of Affordability](#) document which outlines the incomes associated with the affordable rental rates provided in Table 1, below.

Table 1 - Inclusionary Housing Rental Rates *

	Bachelor	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
Moderate to Median Income	\$1,065	\$1,250	\$1,625	\$2,050	\$2,388

*2023 Definition of Affordability, Affordability for Renters. Applicant must confirm rates in the District of Saanich [Definition of Affordability](#) document, specific to affordability rates for moderate to median income renters.

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 shall be favored in the negotiation process.



5.0 RATES AND ELIGIBILITY CRITERIA

CAC Target Rates are outlined in **Table 2**, and associated eligibility criteria for development applications undergoing a zoning amendment. Please note as per Section 6.0 (below) projects that contain six units or fewer are not 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 fewer than 350 units	\$2,880 per unit	\$2,880 per unit
Condominium / Apartments (within primarily residential projects with limited mixed-use²), in projects with fewer than 350 units	\$2,880 per unit	\$2,880 per unit
Condominium / Apartments (within mixed-use projects³), in projects with fewer than 350 units	\$2,000 per unit	\$2,000 per unit
Townhomes / Multi-plex developments	\$3,840 per unit	\$3,840 per unit
Purpose-built Rental that is secured* without Inclusionary Housing Units in projects fewer than 350 units	\$700 per unit	\$700 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.

* Purpose-built Rental needs to be secured for at least 50 years.

Density Bonus Rates structure, as shown in **Table 3**, that applies 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.

Table 3 – Future Density Bonus Rate Structure¹

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

¹ Density Bonus Rates would be based on land lift analyses for different areas in the District of Saanich. The implementation of Density Bonus Zoning and comprehensive updates to the Policy's Density Bonus Rates, will determine / 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.

* Purpose-built Rental needs to be secured for at least 50 years.

Note: Saanich has not yet developed Density Bonus Zoning under the current Zoning Bylaw. This section is a placeholder for the future Density Bonus Rate Structure.

6.0 COMMUNITY AMENITY CONTRIBUTION EXEMPTIONS

Where a rezoning application satisfies any of the following exemption conditions, as listed below, those portions of the rezoning application are considered exempt from the identified Community Amenity Contributions outlined in this Policy.

The conditions for exemption from Community Amenity Contributions include:

1. Not-for-profit rental housing units.
2. Non-Market homeownership units.
3. Purpose-built rental projects with seven (7) to 349 units, where the rental tenure is secured for a period of 50 years or more, or the 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** of this Policy.
4. Projects with six (6) units or fewer.
5. Non-residential developments.

7.0 COMMUNITY AMENITY CONTRIBUTION ELIGIBILITY, AREAS, AND PRIORITIES

To support the equitable distribution of Community Amenity Contributions, this Policy divides the District of Saanich into five areas. Establishing these areas supports localized amenities and prioritizes the allocation of cash-in-lieu contributions to locations near where new developments are located (see **Figure 1**, below). The District has developed a prioritized list of Local Community Amenity projects found in **Appendix B**. The prioritized list acts as a guide for both in-kind and cash-in-lieu contributions. These five 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 – District of Saanich Community Amenity Contribution Areas

7.1 ALLOCATION OF COMMUNITY AMENITY CONTRIBUTIONS

1. Community Amenity Contributions (CACs) provided in-kind, or funded through CAC Target Rates or Density Bonus Zoning, are determined based on the following criteria:
 - a. Tied to serving a growing population (residents and employees);
 - b. Alignment with identified priority amenities shown in **Appendix B**. The list of public benefit amenities has been informed through recent public engagement and existing references within the District’s Local Area Plans, Action Plans, Centre, Corridor and Village Plans, Master Plans, and local needs assessments.
 - c. Located at 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. Refer to **Figure 1** for the District’s CAC Areas.
2. The distribution of Cash-in-lieu Community Amenity Contributions (CACs) collected through CAC Target Rates, CAC Negotiations, or Density Bonus Rates are allocated between the Affordable Housing Fund, Local Amenity Fund, and Local Park Acquisition Fund, in accordance with **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%

3. Cash-in-lieu contributions towards the Affordable Housing Fund, identified in **Table 4**, are distributed across the District of Saanich to areas where the highest needs and priorities have been identified.
4. Cash-in-lieu contributions towards the Local Amenity Fund and Local Park Acquisition Fund, identified in **Table 4**, are used in the Community Amenity Contribution Areas, as shown in **Figure 1**, in which they have been collected and directed towards identified amenity items identified in **Appendix B**.

8.0 PAYMENT OF COMMUNITY AMENITY CONTRIBUTIONS

Community Amenity Contributions received as in-kind or cash-in-lieu contributions must be secured through necessary legal agreements and covenants with the District to Final Reading. All contributions must be received or verified prior to the issuance of a Building Permit

9.0 MONITORING AND EVALUATION: COMMUNITY AMENITY CONTRIBUTIONS POLICY AND RATES

Monitoring and evaluation of this Community Amenity Contributions and Inclusionary Housing Policy includes two recurring updates:

1. **Annual CAC Policy Update** – Affordable Rental Rates, CAC Target Rates, and Density Bonus Rates as shown in **Tables 1, 2** and **3**, respectively undergo annual updates. Rates to Table 1 are updated in alignment with CMHC’s published annual rates. Updates to Tables 2 and 3 take effect on **October 1st** of each year. The later updates shall include a detailed pro forma based review of key development costs, including construction, financing, and land costs, for a minimum of 10 development sites to be selected by staff.
 - a. Annual updates are at the full discretion and approval of the Director of Planning.
2. **Comprehensive CAC Policy Update** – Both this Policy and Framework for Implementing and Negotiating CACs are to be comprehensively reviewed in two (2) years following adoption by Council and every five (5) years thereafter, or at an earlier date based on the recommendations of the Director of Planning or pursuant to Council direction.
 - a. Updates are inclusive of robust financial and economic analysis of the affordable rental rates, target rates, and Density Bonus Rates (as per **Tables 2** and **3**).
 - b. Affordable rental rates, CAC Target Rates, and future Density Bonus Rates are also to be comprehensively reviewed and adjusted as necessary, and underlining assumptions will be updated and applied for each annual review (i.e., construction, financing, and land costs).

While annual updates to this Policy are enacted through the approval of the Director of Planning, comprehensive updates, as per 9.2 above, are at the sole discretion of the District of Saanich Council.

10.0 PHASING-IN OF APPLICATIONS

The District recognizes that the feasibility of proposed projects can be impacted by updates to set target rates, and the following ensures an equitable process in the phasing-in of applications:

1. The Interim Community Amenity Contribution (CAC) Policy, adopted in 2021, applies to all complete and in-stream rezoning applications submitted prior to Council's adoption of the Community Amenity Contributions and Inclusionary Housing Policy.
2. Applications received on or after October 1, 2023 are subject to this Community Amenity Contributions and Inclusionary Housing Policy, and subject to rates shown in **Tables 1, 2, and 3**, as updated and published annually on October 1.
3. Active applications subject to this Community Amenity Contribution and Inclusionary Housing Policy are subject to annual rates as per **Tables 1, 2, and 3** at the time of First Reading on an application by District of Saanich Council.

**Appendix A - Framework for
Implementing and Negotiating
Community Amenity
Contributions**

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1.0 CAC POLICY 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 \(CAC\) and 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 voluntary in-kind and cash-in-lieu contributions towards public benefit amenities and inclusionary housing.

NOTE: This Framework is a supplemental document to support the implementation of the CAC Policy and should be read in conjunction with the CAC Policy.

1.1 Purpose and Context:

PURPOSE:

This Framework was developed alongside the CAC Policy and looks to assist the District and applicants through negotiating voluntary CACs through application of one of three approaches in the CAC Hybrid Model, as per the CAC Policy:

Approach A: Negotiated CACs

Approach B: CAC Target Rates

Approach C: Density Bonus Rate CACs

Each approach varies depending on the scale of development regulations (i.e., implantation of Density Bonus Zoning in the Zoning Bylaw) and are detailed in Section 5 of the CAC Policy and Section 4 of this Framework.

The intent of this Framework is to guide staff and applicants through the implementation and negotiation process for receiving Community Amenity Contributions. Embedded within are rationales for various processes and directions of the CAC Policy that offer a greater understanding of how and why policies have been developed.

CONTEXT:

Community Amenity Contributions (CACs) may be collected by local governments through the rezoning application processes. As rezoning applications often result in higher development densities, the demand for District services, including public benefit amenities, increases as new residents move into an area. Therefore, CACs are collected to offset the impact of new development on community services and to address the increased demand by adding and expanding the District’s amenities and facilities.

NOTE: 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, CACs should be considered as a voluntary contribution 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 inconsistent and unpredictable processes. The lack of consistency and predictability represents a significant challenge for applicants and developers to accurately anticipate what level of CAC is desired and/or appropriate for rezoning and development applications. For these reasons, the District of Saanich endeavoured to develop its comprehensive CAC Policy that provides clear expectations for rezoning based development, ensures predictability in CAC negotiations and collection, and lessens administrative burdens through improved processes for District staff.

The process of developing the comprehensive CAC Policy involved extensive consultation with community representatives, housing providers, and the development community in Saanich and across the Capital Regional District, as well as undertaking an extensive financial and economic analysis. The financial and economic 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 analysis can be found within a published Discussion Paper, a key deliverable of the development of the CAC Policy.

To further supplement the CAC Policy and this Framework, background information and project reports, such as the Discussion Paper and a Frequently Asked Questions document, can be accessed on the [Saanich CAC website](#).

1.2 How to Use this Framework

One of the key purposes of this Framework is to support District Staff and applicants in facilitating negotiations under the CAC Policy consistently and efficiently. To this end, the Framework outlines internal practices, provides clear rationales for the CAC Policy, and enables Staff discretion to effectively manage and implement the CAC Policy.

This Framework is a “living” document. Staff are empowered to update the document at their discretion within any limits imposed by the Policy. Frequent review and updates will allow the capture of current practice(s) while reducing administrative burdens.

1.3 Guiding Principles

This Framework is a living guide to support District Staff in upholding the goals of the CAC Policy and ensure applicants have the clarity and incentive to develop a variety housing types and tenures in the community whilst contributing to public benefit amenities. It is guided by the same principles as the CAC Policy, as outlined in **Callout Box 1** below.

Callout Box 1 – 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.

2.0 OVERVIEW OF HYBRID MODEL APPROACH

The CAC Policy applies a hybrid model for the negotiation and collection of community amenity contributions and is guided by a set of four principles: **transparency, efficiency, balance, and predictability**. The hybrid model for CACs honours these guiding principles and is tied to the scale of development and zoning regulations (i.e. density bonus):

- **Approach A - Negotiated CACs:** Development applications proposing 350 units or more.
- **Approach B –CAC Target Rates:** Development applications with between seven and 349 units in all zones where density bonus does not apply; and
- **Approach C - Density Bonus Rates:** 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.

Additional background information and rationale are embedded in **Section 3** of this Framework and are Section 5 of the CAC Policy.

NOTE: CACs can be provided as either in-kind or as cash-in-lieu, or as a combination of both. It is likely that amenity contributions will differ from project to project depending on community priorities and the contextual considerations of the development project at the time of the rezoning.

EXEMPTIONS:

The CAC Policy includes a list of **exemptions** for certain application components as a means to support development applications that already provide a community benefit (i.e., not-for-profit rental and non-market ownership units, and secured purpose-built rental projects) 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). Exemptions form Section 6 of the CAC Policy and rationales for these are included in **Section 5** of this Framework.

3.0 HYBRID MODEL APPROACH FOR IMPLEMENTING THE COMMUNITY AMENITY CONTRIBUTIONS AND INCLUSIONARY HOUSING POLICY

The CAC Policy applies a hybrid model for implementing the negotiations and collection of public benefit amenities and inclusionary housing. There are three approaches and supporting calculation methods of each based on the scale of the development and zoning regulations (i.e., Density Bonusing vs. no Density Bonusing).

3.1 APPROACH A: NEGOTITATED CACS

Development applications with 350 units or more are encouraged to undergo site-specific CAC negotiations with the District of Saanich in accordance with the CAC Policy and this Framework. Under this Framework:

- a. Negotiated CACs can be in the form of in-kind or cash-in-lieu contributions towards a public benefit amenity based on the preferences of the District, the applicant, and community. In-kind CACs may also include Inclusionary Housing Units¹. The definitions for in-kind CACs, cash-in-lieu CACs, including inclusionary housing units (rental and ownership options), are detailed in the CAC Policy and outlined below, in **Section 3.1** of this Framework.
- b. The amount of CAC (value of in-kind amenities or cash-in-lieu) that a project can support is determined through a land lift analysis, conducted at the applicant's expense with potential for a third-party review at the applicant's cost.
- c. CACs determined through this approach target 50% of the increase in land lift value based upon the rezoning application.

The rationale for encouraging a Negotiated CAC approach for developments with 350 units or more is that developments of this size are typically more complex and are more likely to create opportunities for capturing on-site amenities. Notably, these larger development projects are also 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. It is important to note that 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.

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

To help support District staff and applicants in the Negotiated CAC approach, this Framework provides a more fulsome guide to negotiating CACs in **Section 4.0**.

3.2 APPROACH B: CAC TARGET RATES

Development applications with between seven (7) and 349 units are encouraged to make contributions based on CAC Target Rates (“Target Rates”) found in Section 5 and Table 2 of the CAC Policy.

The Target Rates are encouraged to be provided as a cash-in-lieu payment to be allocated towards an area-specific local amenity fund, local park acquisition fund, and a District-wide affordable housing reserve fund, in accordance with Section 7.0 of the CAC Policy. The District may also consider in-kind contributions, including the provision of Inclusionary Housing Units, if they meet the requirements set forth under Section 3.2 (2) of the CAC Policy.

3.3 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 follow Approach C.

CACs collected through Density Bonus rates are provided as an in-kind amenity or amenities, or secured as cash-in-lieu to be allocated towards the area-specific local amenity fund, area-specific local park acquisition fund, and the District-wide 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 development applications involving zones that support density bonusing.

NOTE: Currently, the Density Bonus table in **Section 5 of the CAC Policy** is a placeholder until such time that the District develops a Density Bonus framework. Once developed, the rates will be embedded into CAC Policy.

Callout Box 2 – Current State of Density Bonusing

The District of Saanich does not currently employ a formalized Density Bonus regulation within its Zoning Bylaw. However, the District will work to develop standalone Density Bonus Zoning within the Zoning Bylaw, or ‘shelf ready’ Density Bonus Zones, that will then be applied to future development applications. As the process of developing such zones is a complex administrative task it is expected that this will be complete near the time of the first CAC Policy check-in with Council (expected for 2025).

The current Density Bonus Rates, as outlined in **Approach C** and **Section 5 of the CAC Policy**, are offered as a sample placeholder until such time that a formal Density Bonusing structure has been developed by the District.

DISTRICT OF SAANICH

FRAMEWORK FOR IMPLEMENTING AND NEGOTIATING COMMUNITY AMENITY CONTRIBUTIONS

As the framework for Density Bonus Zoning is being developed, it is important to note that the per unit rates shown as a sample placeholder may be converted to per square metre rates.

That said, however, the Density Bonus Rates as shown as an example in this Framework may be used to guide CAC discussions for combined Official Community Plan amendments and Rezoning applications where Density Bonusing has been contemplated under an existing District of Saanich Local Area Plan, Action Plan, or Centre, Corridor and Village (CCV) Plan.

4.0 INTRODUCTION TO NEGOTIATING COMMUNITY AMENITY CONTRIBUTIONS

The following section provides an overview of the process for Negotiating Community Amenity Contributions (CACs) and generally catered towards supplementing Approach A: Negotiated CACs and seeks to guide discussions between Staff and applicants.

Approach A in the CAC Policy encourages applications for new developments with 350 units or more to enter into the negotiated CAC process to enable a better understanding of impacts on the community and the amenities that could offset or support impacts. The CAC Policy targets the negotiated approach to larger, more complex developments.

However, all rezoning applications may enter the negotiated approach and will have the option to provide either in-kind and/or cash-in-lieu CAC. Applicants who enter the negotiated CAC approach will be required to submit a pro forma of the project, including the land lift value to understand what level of contribution is appropriate. Details and rationale for this process are offered in **Section 4.3 of this Framework**.

4.1 Eligible Forms of Community Amenity Contributions (CACs): Cash-in-Lieu and In-Kind

There are two classifications of CACs that can be provided, including 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 in the subsequent sections.

Applicants are encouraged to refer to the Community Amenity Project Reference List, attached to the CAC Policy as **Appendix B**, early in the rezoning and development application process. The intent of Saanich's Community Amenity Project Reference List (**Appendix B to the CAC Policy**) is to guide the exploration and negotiation of public benefit amenities and affordable/supportive housing through the rezoning application review process:

- Encourage community contributions that are commensurate with the scale of the proposed development on additional density,
- Ensure new developments contribute facilities and infrastructure that will support the well-being of residents, employees and visitors both at the site level and in the broader area.
- Consider improvements to the public realm near the development site for contributions tied to the CAC Policy's local and park acquisition funds.
- Consider the broader goals of climate action, housing affordability and biodiversity when assessing community contributions.
- Ensure the extent of community contributions are commensurate with the scale of proposed development / additional density.
- Consider affordable and supportive housing as a core component of a complete community.
- When reviewing contributions tied to public art, consider:

- private sector initiatives to provide arts facilities and improve art services.
- floor space designated for non-profit arts activities as an amenity space under the density bonusing provisions of the *Local Government Act*.
- publicly accessible arts spaces and programs in buildings that are such as malls, schools, libraries, and community centres
- accommodating studio, rehearsal, and classroom and/or workshop spaces in all land use designations

4.1.1 CASH IN-LIEU COMMUNITY AMENITY CONTRIBUTIONS

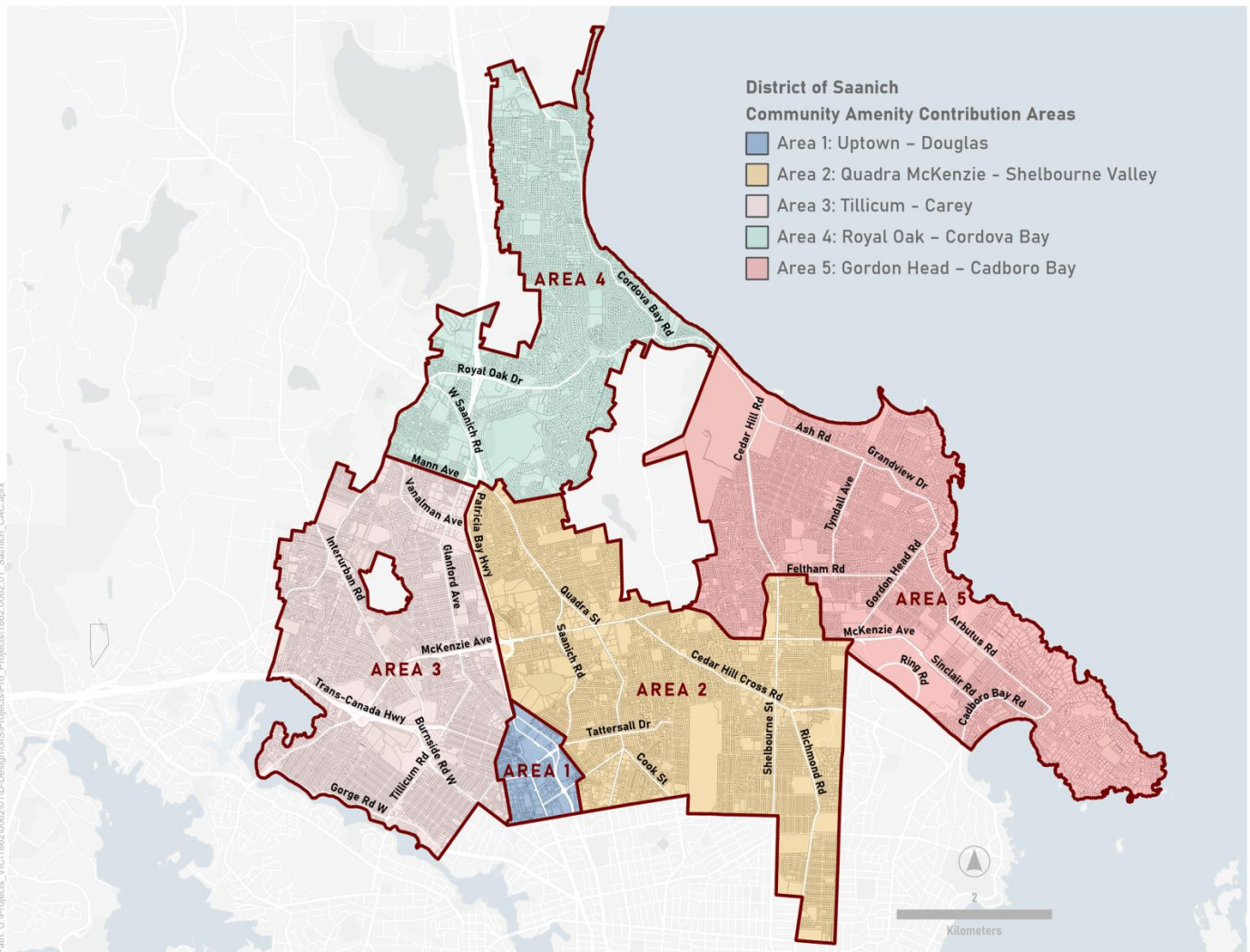
Cash-in-lieu CACs are contributions provided as cash, in lieu of providing a direct public benefit, by an applicant to the District. Cash-in-lieu CACs are earmarked for public benefit amenities identified in the CAC Policy (see **Appendix B**), by Council, and the District’s annual capital and operating budgets. It is expected that the majority of new developments in Saanich will contribute cash-in-lieu CACs through the CAC Target Rates or Density Bonus Rates found in Section 5.0 of the CAC Policy.

To further assist in the negotiation of community amenities and affordable and supportive housing, the CAC Policy allocates cash-in-lieu by five geographic areas, shown in **Figure 1** below. The five geographic CAC areas were created to support the equitable distribution of CACs across the District, and to prioritize the allocation of cash-in-lieu contributions to areas near where contributing developments are located.

There is a prioritized list of Local Community Amenity projects found in **Appendix B of the CAC Policy**. This list seeks to offer guidance for both cash-in-lieu and in-kind contributions to the Affordable Housing Fund, Local Amenity Fund, and 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

Figure 1 – Community Amenity Contribution Areas



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Callout Box 3 – Parkland Acquisition: Differentiating between Community Amenity Contributions (CACs) and Development Cost Charges (DCCs)

It is important to note that while both Development Cost Charges (DCCs) and Community Amenity Contributions (CACs) can be used to acquire and improve parkland they cannot be used to pay for the same projects (aka ‘double-dipping’).

The CAC Policy recognizes that any cash-in-lieu CACs collected cannot be used to fund any park projects that are identified in the District’s DCC Project List. A list of supportable CACs are included in **Appendix B of the CAC Policy**.

The park projects identified in District’s DCC Project List are intended to be regional and District-wide in application to benefit all users in the District of Saanich. In contrast, the CAC Local Park Acquisition Fund identified in the CAC Policy will be used to target the acquisition of smaller local and neighbourhood scale parks (including plazas, urban squares, parklets, etc.) to benefit users near where new development is occurring. This important distinction is reflected in the CAC Policy.

4.1.2 IN-KIND COMMUNITY AMENITY CONTRIBUTIONS

‘In-Kind’ Community Amenity Contributions are direct public benefit amenities or land contributions provided by an applicant as part of a rezoning application process. These amenities are typically provided near to 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.

On-Site Amenities

On-site Amenities are a physical form of in-kind CACs, which can include plazas, daycares, public realm improvements, land dedications and more. Through a Negotiated CAC process, applications may offer opportunities to capture amenities on-site or in close proximity to the development. In some situations, on-site amenities may be preferable to cash-in-lieu contributions as they will have the potential to provide valuable levels of service improvements in close proximity to major development sites. Applicants determining the need and type of on-site amenities are encouraged to do so through early discussions with the District and the neighbouring community. A list of supported CACs are included in Appendix B of the CAC Policy. While applicants are responsible for delivering the in-kind CAC, the size, location, materials, and design of the in-kind contribution must be to the satisfaction of the District and in alignment with applicable policies and guidelines set out in this Framework and the CAC Policy.

Inclusionary Housing Units

Inclusionary Housing Units may be offered as a form of in-kind CACs. Inclusionary housing 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. Applicants providing inclusionary housing units must meet the per unit moderate- to median-income annual rental rates adopted by the District of Saanich Council (May 2023) as included in the 'Definitions of Housing Affordability' document (refer to [Definition of Affordability](#) and Table 1 in the CAC Policy). These rates are updated annually by the District, and applicants are strongly encouraged to verify rates with the District staff early in the application process.

The established rates in the CAC Policy target moderate- to median-income households, as these are easier to integrate into new 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. The "Definitions of Housing Affordability" document will be updated annually, in alignment with the published rates through CMHC.

Affordable Ownership Units

In some circumstances, the District may advocate for affordable ownership units as a preferred form of in-kind community amenity contributions. Where these types of units are negotiated, applications must achieve the affordable housing prices as outlined in Table 1 of the CAC Policy.

It is important to highlight that administering affordable ownership units from the District's perspective is considered 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.

4.2 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 development application. This includes reviewing how the amenity will be secured and ensuring the long-term use/upkeep for the public benefit.

4.2.1 Ownership of In-Kind Contributions

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

- **On-site Amenities** – the District has full discretion regarding the long-term ownership and transfer of ownership for any public on-site amenities provided as CACs.

Depending on the type of on-site amenity provided, the District may consider a transfer of ownership to a vetted third-party (ideally the third party would be a not-for-profit organization, government agency, or other level of government) or assume ownership of the amenity 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 are 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 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 is guided by the Memorandum of Understanding as described in **Section 4.2.2** 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 outlined in **Section 4.1 - Table 5**, and guided by the Memorandum of Understanding as described in **Section 4.2.2** below.

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

4.2.2 Securing In-Kind Contributions

When securing in-kind CACs, the District requires a variety of supporting documents from an applicant as part of the development approvals process and negotiations of Community Amenity Contributions, including a memorandum of understanding and land title agreements and covenants.

Memorandum Of Understanding

When negotiating inclusionary housing or affordable home ownership units, an applicant shall work with a non-profit housing organization to enter a Memorandum of Understanding (MOU) prior to the third reading of the zoning bylaw amendment. However, it is strongly encouraged that the applicant engages with non-profit organizations early and often, and ideally by the time an application has been submitted (see **Table 6** below for additional context).

The intent of the MOU is to identify the interest of the non-profit housing organization in operating the units and/or purchasing the units from the developer. This provides non-profit housing organizations the assurance and time to prepare investments needed to either purchase or operate the units upon completion of the development.

The applicant is required to identify a reputable non-profit housing organization and provide an MOU at the outset of the application to the District. By requiring an MOU delivered at the early stage of the application process, there is an increased likelihood of achieving inclusionary housing or affordable home ownership units as part of a rezoning application. Once the District is in receipt of the MOU, it will determine if its terms are acceptable. The District will have full discretion to determine whether or not an MOU is acceptable and will provide feedback and receive adjustments, as required, until deemed satisfactory.

Callout Box 4 – 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 community contribution and public benefit amenity.

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

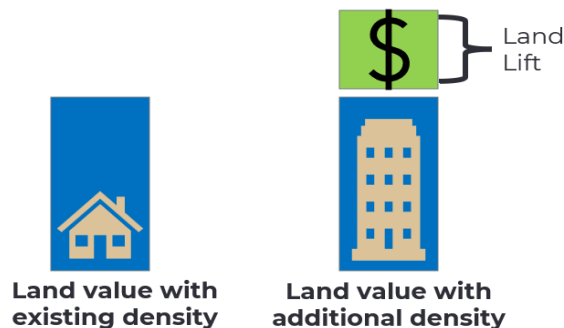
4.3 Calculating Community Amenity Contributions

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 are being offered, the total value of any CAC provided is guided by a land lift analysis (see Section 4.3.1, below).

4.3.1 Land Lift Analysis Overview

A ‘land lift’ refers to the increase in a property’s value that results from the increase in permitted density achieved through a rezoning process, which allows a developer or applicant to build more units than the current state permits (see Figure 2 below). Developers 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).

Figure 2 – Land Lift Calculation



Through a land lift analysis, the minimum total contribution value that is considered by the District via the Negotiated CAC approach is 50% of the total calculated land lift value.

Determining the land lift value for a particular development before and after a rezoning is done using a ‘development pro forma’. A development pro forma is a tool used primarily by 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. As part of a Negotiated CAC process, the applicant must provide two development pro formas to inform the land lift analysis:

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 existing land value and the rezoned land value. For Negotiated CACs, with an established target of capturing the equivalent of 50% of the land lift value, the Community Amenity Contribution value is calculated as follows:

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

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

Callout Box 5 - Summary of Terms – Land Lift Analysis and Development Pro Forma

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 lower-density use to higher-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 constructed a development in relation to the potential revenue a developed property could generate by through sales and / or rental.

4.3.2 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 a requirement of the CAC negotiation, the land lift evaluation must be conducted by a qualified, independent consultant, at the cost of the applicant.

When the applicant and the independent consultant provide a proposed land lift value to the District, Staff choose to either accept the value of the land lift analysis or request additional information or pro forma(s) with updated cost assumptions. At any time deemed necessary by the District, a third-party reviewer may be obtained, at the applicant's cost.

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 an independent operator.

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.

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

4.4 Application Requirements and Steps for Negotiating Community Amenity Contributions

The timing of finalizing negotiated CACs is important for applicants, as market conditions can change throughout the duration of a development review process. This section outlines how negotiated CACs are handled from the start of a rezoning application (pre-application or application submission, depending) to Council's adoption of the project.

NOTE: At any point in the process of negotiating CACs, the District reserves the right to refuse a CAC should they consider the offer not in the best interest of the District, in the short or long-term.

1. Preliminary Rezoning Inquiry/Pre-Application

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

2. Formal Rezoning Application Submission

At the time that a rezoning application is submitted, the application is 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 Letter

The applicant is required to provide a Community Amenity Contribution Statement Letter as part of a complete Rezoning application. The CAC Statement must include development pro formas that 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 the development project at the time of the rezoning application and is informed by the pro forma inputs. A condition of rezoning may specify that the valuation date of the CAC may be adjusted.

District Staff retain the right to 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 a 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 a Community Amenity Contribution Offer (First to Second Reading or Public Hearing)

Any changes to the development proposal as a result of the rezoning process may require design changes that impact the pro forma submitted earlier to the District. 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 and considered for negotiation.

Any variation in the initial CAC Statement Letter from the negotiated CAC target of 50% requires initial 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), the CAC offer, whether in-kind or cash, is secured and registered via covenant. 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.

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. Payment of CAC

For in-kind CACs, contributions must be secured through necessary legal agreements and covenants with the District prior to Building Permit Issuance.

5.0 DETERMINING COMMUNITY AMENITY CONTRIBUTIONS: RATES, REDUCTIONS, EXEMPTIONS, AND UPDATES

This section is intended to provide high-level analysis, context and commentary related to CAC Target Rates, future Density Bonus Rate setting, rationale for reductions and for projects that would be considered exempt to the CAC Policy.

5.1 DEVELOPING COMMUNITY AMENITY CONTRIBUTION (CAC) TARGET RATES AND DENSITY BONUS RATES

DISCUSSION PAPER AND ECONOMIC ANALYSIS

CAC Target and Density Bonus Rates identified in the CAC Policy were developed based on the viability and other outcomes of a series of detailed pro forma financial analyses. The rationale for the CAC Target Rates in the Policy, along with a summary of pro forma analysis outputs, can be found in the Discussion Paper and Economic Analysis (August 2022, see [Saanich CAC website](#)). This publication was a key deliverable of the CAC and Inclusionary Housing Project and was presented to District of Saanich Council in November 2022.

The Discussion Paper and Economic Analysis summarizes the analysis of 34 'test sites' across the District of Saanich (Centres, Corridors, Villages, and Neighbourhoods), to understand the financial viability of new residential and mixed-use projects, and the extent to which any given project could support CACs and Density Bonusing rates as part of rezoning application processes.

Test sites, typologies, regulatory considerations, and densities (with variables applied for each) were selected by District Staff. For each test site, residual land value analyses were prepared, whereby each site's residual value was calculated first under current zoning, and then at prescribed density levels up to an agreed maximum density. The value under current zoning was used as the basis for land lift calculations. The target rate and density bonus amount supportable by each project was set at 50% of the calculated lift. CACs and density bonuses were calculated on a per-square-foot and per-unit basis.³

Of the pro forma analyses completed for the test sites, it was found that, under ownership tenure modelling, 23 sites would yield viable projects (~68%). Amongst the projects that were viable, it was found that a broad land lift range and associated range in the ability of the sites to support an amenity contribution.

Initial target rate recommendations (as published in the Draft CAC Policy in March/April 2023) were based upon a joint review of the results of these analyses. Looking only at the

³ Per-unit rates were calculated on the basis of a target % breakdown of 1, 2 and 3 bed apartments, and a unit size range as follows: 475sf studio, 650sf 1 bed, 850 sf 2-bed, 1,000 sf 3-bed.

subset of projects that were shown to be viable, the intent was to set target rates at a level where most projects would remain viable.

After the initial Discussion Paper and Economic Analysis (August 2022, see [Saanich CAC website](#) for more information) the base analyses were updated several times, notably in November 2022, January 2023, and April 2023, to reflect significant changes to market conditions that occurred between the initial pro forma analysis and implementing a final proposed CAC Target Rates in the CAC Policy.

Callout Box 6 – Rationale for reduced rates

The combined impact of rising material costs and interest rates have created financial headwinds for the delivery of much-needed housing. Iterative pro forma analysis from August 2022 to May 2023 of multiple case study sites has shown significant drops in the proportion of viable test sites. For example, 73% of test sites for condos were shown as viable during initial analysis that has since dropped to 36%; townhouses have also dropped from 100% viability to 33% due to more difficult economic conditions. As a result, all CAC Target Rates proposed in 2023 were lowered by at least 60% from what was originally identified. Moving forward the District will provide annual updates, at the full discretion and approval of the Director of Planning, to adjust rates identified in the Policy.

5.2 DENSITY BONUS ZONING: RATES AND FUTURE IMPLEMENTATION

The District of Saanich does not yet offer Density Bonusing under the current Zoning Bylaw. As Density Bonus Zoning is developed and implemented across the District, that specific hybrid model approach (Approach C) will become available to applicants through the development application process.

The creation of Density Bonus Zoning is a key implementation item of the Community Amenity Contributions and Inclusionary Housing Policy. Once a formal Density Bonusing structure has been developed, the CAC Policy will be updated to reflect the rate structure at that time, and will be subject to all future annual and scheduled comprehensive Policy updates.

Table 1, below, shows a sample density bonus rate structure based on a comprehensive financial and economic analysis undertaken in 2022. As part of the implementation of Density Bonus Zoning, additional analyses would inform the development of this method for the collection of Community Amenity Contributions. It is important to note that with additional analysis through the development of Density Bonus Zoning, per unit rates may be converted to per square metre rates.

Table 1: Sample Density Bonus Rates, 2022 Rates¹

Eligibility Criteria	Centres and Corridors	Villages and Neighbourhoods
Condominium / Apartments (100% ownership residential projects)	\$10,000 per unit	N/A
Condominium / Apartments (within primarily residential projects with limited mixed-use²)	\$10,000 per unit	N/A
Condominium / Apartments (within mixed-use projects³)	\$7,000 per unit	N/A
Townhomes / Multi-plex developments	\$13,200 per unit	N/A
Purpose-built Rental without Inclusionary Housing Units in projects less than 350 units	\$2,500 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.

5.3 RATIONALE FOR COMMUNITY AMENITY CONTRIBUTION (CAC) RATE REDUCTIONS FOR PROPOSE BUILT RENTAL UNITS

The economics of market long-term rental housing differ significantly from market condominiums, especially when facing high upfront costs for site acquisition and construction. As a result, most market rental projects struggle to afford additional upfront payments like CACs. However, there may be opportunities to provide in-kind amenities, including non-market units, in certain circumstances. The feasibility of including non-market units in long-term rental projects depends largely on the project size, as larger projects have a greater ability to financially support these non-market units through "cross-subsidization."

Considering the challenging landscape for delivering long-term rentals and the growing demand for rentals in the Greater Victoria market, the initial recommendation was to set CAC Target Rates for purpose-built rental at 50% lower than market rates. Rates for purpose-built rental were then lowered by an additional 80% due to the changing economic landscape. This adjustment aimed to ensure the viability of purpose built rental projects in the District of Saanich, enabling the fulfillment of the long-term rental housing needs in the community.

5.4 RATIONALE FOR COMMUNITY AMENITY CONTRIBUTION (CAC) RATE REDUCTIONS FOR MIXED-USE PROJECTS

Mixed-use residential projects, which include commercial components, faced similar development challenges as market rental projects. The higher costs of providing commercial parking and the differences in cash flow due to leasing the commercial spaces were major factors contributing to these challenges. However, considering the District's support for mixed-use projects in their Official Community Plan (OCP) due to their ability to stimulate

economic development and provide community services and jobs, the CAC Target Rates and Density Bonus Rates for such projects were reduced. This reduction was aimed at encouraging the development of viable mixed-use projects.

5.5 RATIONALE FOR PROJECT EXEMPTIONS OF COMMUNITY AMENITY CONTRIBUTIONS

The CAC Policy provides five circumstances where the CAC Policy and collection of voluntary amenities are not applied. The exemption and rationale for each is outlined below:

1. **Not-for-Profit Rental Housing Units** – CAC Target Rates and Density Bonus Rates are not applied to not-for-profit rental housing units because they provide a substantial community amenity that is often of greater value than the CAC Target Rates or density bonuses that would be collected.
2. **Non-market Homeownership Units** – CAC Target Rates and Density Bonus Rates are not applied to non-market homeownership housing units because they provide a substantial community amenity that is often of greater value than the CAC Target Rates or density bonuses that would be collected.
3. **Purpose Built Rental Projects with 7 to 349 units, where a minimum of 10% of floor area is dedicated to Inclusionary Housing Units** – Providing Rental Inclusionary Housing Units for a period of 50 years or greater meets the intended purpose of the CAC Policy and developments that meet these criteria are therefore exempt.⁴

Callout Box 7 - Exempting of Purpose Built Rental with 10% Inclusionary Housing Units

Saanich recognizes that these types of projects may not be viable in today's market. However, as the market changes, the District is signalling support for Purpose Built Rental projects with dedicated Inclusionary Housing Units, as a means of securing more affordable housing for its residents, by exempting them from the Policy's rate structures.

4. **Projects with six units or fewer** – Small infill development, with six units or fewer, are exempt from paying CAC Target Rates and Density Bonus Rates, as these projects of this scale can often fit on a standard single-detached lot, which works toward meeting the District's goal encouraging additional housing typologies and densities in the Official Community Plan and through future work on Neighbourhood Homes.

⁴ 50 years is consistent with the loan amortization period offered by CMHC's Rental Construction Financing Initiative.

5. **Non-Residential Development** - Non-residential developments are exempt from CAC Target Rates as they are strongly supported in the District's OCP; they deliver jobs and services to the community. They also support the long-term financial sustainability of the District through a stable collection of property taxes.

5.6 UPDATING INCLUSIONARY HOUSING RENTAL RATES, COMMUNITY AMENITY CONTRIBUTION TARGET RATES, AND FUTURE DENSITY BONUS RATES

The inclusionary housing rental rates, CAC Target Rates and Density Bonus Rates included in the CAC Policy are based on a point-in-time economic analysis and regular updates are undertaken as follows:

1. **Annual Update** – Affordable rental rates, CAC Target Rates, and future density bonus rates are updated on an annual basis and timed to come into effect on October 1st of each year. Annual updates shall include a detailed pro forma-based review of key development costs, including construction, financing, and land costs, for a minimum of 10 development sites to be selected by Staff. During this process, District Staff will work with the development community and third-party consultants to define and confirm the construction, financing and land costs used in the pro forma and financial analyses. When setting the new rates, the District will aim to capture at least 50% of the land lift value based on the updated pro forma analyses.
2. **Comprehensive Update** – Both the Policy and Framework shall be comprehensively reviewed in their entirety following the first 2 years after adoption of the CAC Policy, and every 5 years thereafter, or pursuant to Council approval at an earlier date based on the recommendations of the Director of Planning. Affordable rental rates, CAC Target Rates, and future density bonus rates are also reviewed, and base underlining assumptions shall be updated and applied for each annual review (i.e., construction, financing, and land costs) and they will be adjusted as required as part of the comprehensive review and updates. Further, it is suggested that during a comprehensive update that the District engage a third-party consultant to conduct several site-specific pro forma analyses to ensure ongoing project viability, as well as sufficient CAC revenue generation.

5.7 CONSIDERATIONS FOR RATE UPDATES (ANNUAL AND COMPREHENSIVE)

For all future updates to the CAC Target Rates and Density Bonus Rates, there are several key considerations that are required to ensure the rates in the CAC Policy remain reasonable and reflect current economic market conditions.

1. Ensure the rates are set fairly to avoid the need for excessive negotiation on eligible projects for rezoning projects or those that qualify for future density bonusing (i.e., if the rates are too high, more developers will opt out of these approaches and into the negotiated approach).
2. Consider test sites carefully including a variety of areas and sites in centers, corridors and villages, and neighbourhoods that are highly developable and those most likely redevelop.
3. Work with the development community and third-party consultants to define and confirm construction, financing, and land costs to build into the pro forma and financial and economic analyses.
4. Aim for 50% of the land lift for the lower end of what is considered a viable CAC Target Rate based on the updated pro forma analyses when setting CAC Target Rates.
5. Aim to have at least 70% of the selected site totals be viable through the pro forma analyses.
6. Plan (budget and timing) to revise pro formas to account for changes in the market between the initial analyses and updated Policy adoption.
7. Review CAC Target Rates reductions (for long-term rental and mixed-use projects) and exemptions to ensure they support project viability.

IN-STREAM APPLICATIONS AND POLICY APPLICABILITY

It is important to note that the rates applied to all in-stream applications (i.e., those rezoning applications considered complete with the application fees paid) will be dependent on the timing of their submission. For example, applications submitted prior to adoption of this Community Amenity Contributions and Inclusionary Housing Policy will be considered under the Interim Community Amenity Contribution Policy adopted in 2021. Applications received after the adoption of the CAC and Inclusionary Housing Policy are subject to the Policy in full. Subsequently, the Policy is updated annually on October 1 and as such all applications submitted on or after October 1 will have the new rates applied. For more information on in-stream production and Policy updates see **Section 9 and 10** of the CAC Policy.

6.0 ROLES AND RESPONSIBILITIES

This section outlines the roles and general responsibilities of each party during the negotiation of CACs as part of the development application review and approval process 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's signing authority for all Staff reports and recommendations for rezoning and development applications. They 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 Community Planning ("Planning Managers") 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 Managers, with respect to negotiating CACs are to:

- 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, as necessary, 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.
- Ensure the proposed CAC amounts and types align 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 IMPLEMENTING AND 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 / Developer

The applicant/developer 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 4.4 – Step 3**) and requirement thereof.
- Understanding the type of CAC that a project is eligible to contribute, and when the contribution is negotiated, to offer a CAC that provides significant public benefit to the community and is in exchange for the proposed development.
- Providing a 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 include built affordable/supportive housing units.



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FRAMEWORK FOR IMPLEMENTING AND NEGOTIATING COMMUNITY AMENITY CONTRIBUTIONS

- In circumstances where the negotiated CACs include built affordable housing units, the applicant is required to work with an interested, pre-approved non-profit housing organization to submit a Memorandum of Understanding prior to First Reading of the Zoning Bylaw Amendment. For more details on early engagement with Non-Profit Housing Organizations, refer to **Section 4.2.2**.

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 responsibilities 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 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 shall participate in conversations with the applicant.

- Chief Administrator Officer, Director of Planning, Manager of Current Planning, and/or 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 specific geographic area.
- Participate in Public Hearings to express support or rejection of development projects and the proposed associated amenities.





**Appendix B– Community Amenity
Project Reference List**

Appendix B: Community Amenity Project Reference List

The intent of Saanich's Community Amenity Project Reference List is to supplement Section 7 of the Community Amenity Contributions and Inclusionary Housing Policy (CAC Eligibility, Areas, and Priorities) and to guide the exploration and negotiation of public benefit amenities and affordable/supportive housing through the rezoning application review process:

- encourage community contributions that are commensurate with the scale of the proposed development on additional density;
- ensure new developments contribute facilities and infrastructure that will support the well-being of residents, employees and visitors both at the site level and in the broader area;
- consider improvements to the public realm near the development site for contributions tied to the CAC Policy's local and park acquisition funds;
- consider the broader goals of climate action, housing affordability and biodiversity when assessing community contributions;
- ensure the extent of community contributions are commensurate with the scale of proposed development / additional density;
- consider affordable and supportive housing as a core component of a complete community; and
- when reviewing contributions tied to public art, consider:
 - private sector initiatives to provide arts facilities and improve art services.
 - floor space designated for non-profit arts activities as an amenity space under the density bonusing provisions of the *Local Government Act*.
 - publicly accessible arts spaces and programs in buildings that are such as malls, schools, libraries, and community centres
 - accommodating studio, rehearsal, and classroom and/or workshop spaces in all land use designations

The following list seeks to assist in the process of negotiating and securing Community Amenity Contributions:

- contribution to Saanich Affordable Housing Reserve Fund
- privately owned, publicly accessible open space
- frontage improvements, including public realm and streetscape interface improvements, such as street furniture, activity/programming spaces, misting stations, animal-friendly features, bicycle kitchens, shading, landscaping, public art, lighting, public facilities (i.e., washrooms), wayfinding, interpretive panels, public shelters
- outdoor public spaces, such as parks, plazas and urban squares
- public art
- secured floor space for designated non-profit arts activities
- targeted park improvements that deliver recreation, equipment and/or facilities for children, youth, seniors, and dogs
- enhancements of culturally significant features (built or landscape-based)
- improvements to the mobility network, including new pedestrian and AAA cycling path beyond the development site
- community activity centre, including indoor facilities that provide recreational, cultural, or social opportunities, such as a library or resource centre
- community support centre
- accessible community meeting spaces / facilities
- secured daycare facility
- preservation, rehabilitation and restoration of heritage assets, structures, or features
- improvements to Public safety improvements (e.g., new or enhanced safe-routes to school crossings), beyond the frontage and servicing requirements
- improvements to beach access such as bike racks, benches and other connectivity and amenity improvements

COMMUNITY AMENITY
CONTRIBUTIONS AND
INCLUSIONARY
HOUSING POLICY

Phase 4 - Engagement
Summary

June 2023



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1.0 INTRODUCTION

Since the beginning of 2022, the District of Saanich has been in the process of developing a Community Amenity Contribution (CAC) and Inclusionary Housing Policy (CAC Policy), to establish a transparent, efficient, balanced, and predictable process by which the District can receive amenities from development through the rezoning process. To support the CAC Policy's development, team members from the District of Saanich, Urban Systems, and Urban Matters shared information and collected feedback from Saanich staff, Council, community organizations, developer stakeholders, and Saanich residents.

The engagement process was broken into two rounds, commencing initially in Phase 2 of the project timeline shown below. The first round of engagements, completed between February and April 2022, was designed to build understanding of the current CAC process, and meet with stakeholders about their concerns, priorities, and aspirations for the new CAC Policy and Program. Several one-on-one developer interviews during this phase also helped to inform the economic and pro forma analysis in Phase 2 of the project. The findings from this round of engagement are summarized in the [Phase 2 Discussion Paper](#).

This Engagement Summary will outline the engagement activities held in Phase 4 of the project timeline shown below.



2.0 OVERVIEW OF PHASE 4 ENGAGEMENT

The purpose of the final round of engagement which took place in Phase 4 of the CAC Policy's development was intended to get feedback on the draft CAC Policy from staff, development industry stakeholders, community organizations and the public. This concluding round of engagement was designed to achieve the following:

- Continue dialogue with stakeholders to confirm the assumptions and inputs used in the revised economic analysis used to draft the updated CAC Policy.
- Engage with neighbourhood associations, housing providers, and the District Staff's Working Group to confirm the vision for the Policy and Program.

- Provide the public, stakeholders, and Staff with the opportunity to provide final feedback on the draft CAC and Inclusionary Housing Policy and Program.
- Build awareness of the economic and financial analyses used to create the draft Policy and Program, and ensure that the process reflects the experiences, needs, and ideas of community stakeholders.
- Engage Staff in the latter stages of the Policy and Program's development before they are finalized and presented to Council for consideration (Phase 5).

To achieve these objectives the following engagement activities were undertaken:

- Policy review meetings with the District of Saanich Staff Working Group;
- One focus group meeting with development stakeholders and community representatives;
- Two public open houses – one in-person and one virtual; and,
- The development of an online community survey.

3.0 WHAT WE HEARD

3.1 STAFF WORKING GROUP

A working group with senior District Staff was established to guide the CAC Policy's development throughout the project's timeline. The project team engaged the Working Group in structured conversations to establish priorities and direction for the draft Policy and Program. The project team facilitated seven key internal working group sessions with District staff. These meetings were attended by staff leaders in parks, transportation, housing, finance, engineering, and current planning.

Each session of approximately 2-hours was used to review the technical analysis and draft policy directions to collect feedback from the broader Saanich team. This process was critical to ensuring that multiple departments had input on the development of the draft policy and to ensure it can be effectively integrated into the District's administrative processes.

Key inputs from these conversations in Phase 4 included:

Density Bonusing and Pre-zoning vs. Re-zoning

- Detailed planning for areas that have not already been completed will need to be done before pre-zoning.
- This will be a large upfront administrative task to incorporate density bonusing into District planning policy, but there should be a placeholder built into the current program for when this is developed.

Negotiated CACs

- Desire for a higher threshold for when CACs would be negotiated.

Inclusionary Housing

- Administration burden is a big concern, and the goal is to keep it light.
- Review options to explore 100% CAC exemption for purpose-built rental.

Allocations / Uses of CACs / Density Bonus Payments

- Preference for tangible, community contributions.
- Preference for building up affordable housing fund to try and leverage larger projects.
- Important to target amenity-deficient neighbourhoods for tangible amenities.
- Important to avoid double dipping with DCCs and to ensure understanding of the policy / rezoning requirements vs. CAC requirements.
- Funds need to have clearly defined uses that avoid too narrow of a focus. Affordable Housing Fund and Park Acquisition Fund are good examples.
- Contributions need to be meaningful. Small amounts, like \$5,000 for a bike rack, is seen as administratively burdensome.

Policy Application

- Provide a definition, or mechanism, to close a potential loophole where applicants can avoid/reduce CACs by including a small commercial operation (e.g., Café shop) within residential developments.
- Consider a partial (rather than full) exemption for 100% residential buildings where Affordable Housing CACs are exempt, but the applicant must still pay towards other amenity types.
- Reconsider using parking incentives to offset CAC costs for purpose-built rental buildings (without inclusionary housing units), as the parking requirements are not aligned with the community's needs.

Geographic Equity

- Important to consider how to limit the number of buckets while keeping a good focus on amenities. A focus on geography should be supported.
- Amenities that are being targeted should be big picture, highly meaningful amenities with great appeal from developers and community.
- There is a need to balance flexible and fixed amenities that allow good, novel ideas to be brought to fruition. There is also a clear need to ensure divisions do not reinforce or produce inequities between subregions.

Other Items (Inflation, Length of Approvals)

- Inflation adjustment mechanisms need to be incorporated into the policy.
- There is a need for a clear and consistent affordability definition.
- Desire for an annual review with a fulsome review every 3-5-years.

3.2 FOCUS GROUP MEETINGS WITH STAKEHOLDERS

3.2.1 HOUSING PROVIDERS AND COMMUNITY GROUPS (OCT. 24, 2022)

Meeting Participants: Habitat for Humanity, BC NPHA, Saanich Neighbourhood Place. CRD, Greater Victoria Housing Society, University of Victoria, Mount Tolmie Community Association, Mount View Colquitz Community Association, North Quadra Community Association, District of Saanich, Urban Systems

Key Notes:

- Housing providers suggested 20 – 40 inclusionary units are needed to reach an economy of scale to sustainably manage inclusionary housing contributions, which can only typically be achieved through negotiations on larger projects.
- Preliminary 400 – 500-unit threshold for negotiations seen as too high and should be lowered.
- Daycare and family services should be included in larger projects, like inclusionary units.
- The cumulative effects of multiple smaller projects need to be considered in terms of impacts on amenities and contributions.
- Housing providers need to be engaged early in the process.

3.2.2 DEVELOPER FOCUS GROUPS (OCT. 25, 2022)

Meeting Participants: Colliers International, Personal Real Estate Corporation, Victoria Residential Builders Association, SHAPE Properties, Geric Construction, Aryze, Expansion Properties, UDI Capital Region, Large & Co., District of Saanich, Urban Systems

Key Notes:

- Participants supported negotiation for in-kind inclusionary units for large development and the use of fixed-target rates for most developments of a smaller scale.
- There should be an ability to opt into a negotiated approach where desired.
- Pre-zoning is a good policy tool, if done correctly, through neighbourhood plans. However, this could also create additional administrative burden if it is done too prescriptively.
- Economic environment has changed drastically and needs to be reconsidered.
- Developers support a geographical approach to build tangible amenities associated with their project(s).

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CAC Policy Phase 4 Engagement Summary

- Negotiations will potentially require new staff who have in-depth understanding on the subject, to speed up the process.
- The policy should identify capital improvements where possible. The local community (particularly neighbourhood associations) does not want to provide this direction since it would signal support for a project.
- Could include a new covering page addressing that these assumptions have changed since the project kicked off.

3.2.3 DEVELOPMENT AND COMMUNITY STAKEHOLDER FOLLOW-UP MEETING (APR. 4, 2023)

Meeting Participants: Colliers International, Victoria Residential Builders Association, SHAPE Properties, Abstract Developments, Geric Construction, Aryze Development, Mount Tolmie Community Association, North Quadra Community Association, District of Saanich, Urban Systems

Key Notes:

- The economic conditions since the initial economic analysis have changed and the continued rise in interest rates are making more projects unfeasible.
- Rental housing developments are particularly challenging in high interest rate environments.
- The proposed CAC rates are too high and need to be revisited with current financing and construction cost inputs.
- Pre-zoning is great, but the devil is in the details. If it's not right, the process will not go any faster. How can the policy adjust to changing market conditions? Important to think of a mechanism to still be able to meet the goals of the policy despite changing market conditions.
- The District should do frequent updates (3-5 years) to the policy to keep it relevant.
- Residential Rental Tenure Zoning (RRTZ) is probably one of the more powerful tools that can be employed to encourage rental housing. **Note:** *Saanich staff are exploring RRTZ through the CCV process.*
- Equity requirements of rental builders have gone up so much that it is turning everyone towards market condos as the preferred form of development. To encourage rental, need to take this policy direction.
- Updates to the BC Building Code will decrease sellable areas for all concrete development due to larger requirements for cores and 6-storey wood frame construction in poor soils, like in the Shelbourne Valley.
- Keep definitions of affordability aligned with definitions from funding available to developers, including BC Housing and CMHC. **Note:** *This is part of the Affordability Definition work undertaken by Urban Matters.*

- Community Associations Members support developers paying their fair share for development and have a desire for more on-site (in-kind) amenities.
- Saanich needs a new staff member who has a real depth of experience in understanding this subject matter. This will help expedite the process.

Overall, participants supported the use of fixed rate CACs at lower rates. However, they suggested negotiated processes with Saanich have been very challenging, and Saanich needs a new staff member who has a real depth of experience in understanding this subject matter to help expedite the process.

3.2.4 URBAN DEVELOPMENT INSTITUTE (UDI) (MAY 4, 2023)

Meeting Participants: UDI Capital Region, District of Saanich, Urban Systems

The session with representatives from the UDI Board on May 4th was attended by four representatives of the development community.

Key Notes:

During this session, the project team provided a detailed presentation and a review of the most recent financial analysis completed by the consulting team. The discuss that followed was constructive but it was clear from the participants that the current economic conditions, notably high financing, and construction costs, were increasingly challenging for the development industry. This feedback was consistent with the revised economic analysis completed by the consultants. Participants also noted that rental projects were particularly challenged by the recent increase in interest rates, which were substantially impacting cash flow in these developments.

Key Notes:

- Participants noted that rental projects were particularly challenged by the recent increase in interest rates, which were substantially impacting cash flow in these developments.
- Participants were supportive of the creation of area-specific amenities and the balanced distribution of CACs for housing and in-kind amenities.
- Participants also wished to see frequent updates and in-stream protection of ongoing applications from new rates.
- Feedback from this session reinforced the project team's preliminary direction to reduce the new fixed targets CAC rates to better reflect the current economic conditions.

3.3 COMMUNITY OPEN HOUSES

Two community open houses were held to collect feedback on the draft CAC policy in April – one virtual and one in-person.

3.3.1 VIRTUAL OPEN HOUSE (APR. 19, 2023)

On April 19th, 2023, a virtual open house was held via Zoom. The virtual public engagement was attended by one member of the public. The project team walked them through the presentation and facilitated a discussion with the participant. The feedback received from this engagement was positive and the draft policy directions were supported by the individual.

The open house also helped encourage participation in the community survey.

3.3.2 IN-PERSON OPEN HOUSE (APR. 20, 2023)

On April 20th, 2023, an in-person Open House was held at the Garth Homer Society building and was attended by six members of the public. Members of the project team were present to speak with the community and educate them about the project and CAC policy options.

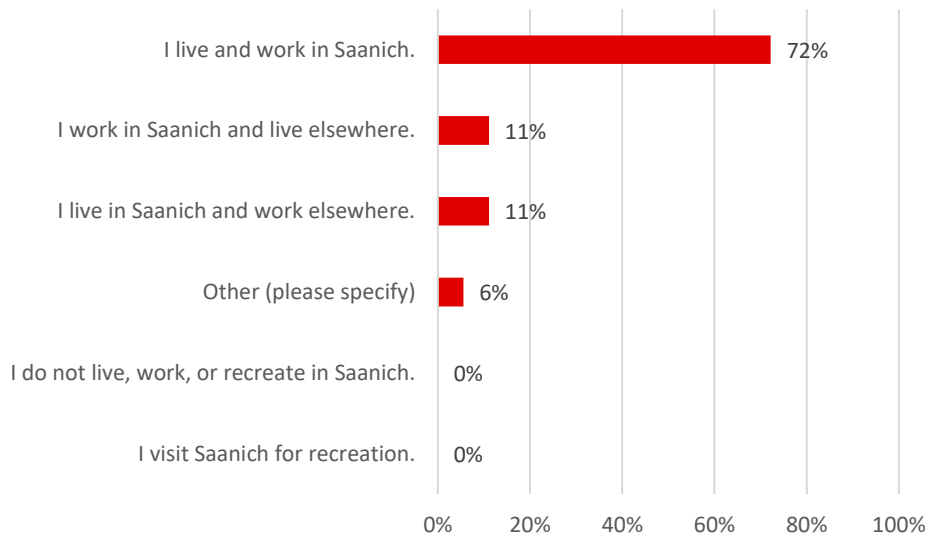
A presentation was given to those in attendance, followed by a discussion facilitated by staff and the consultant. Overall, the feedback received from the public was supportive of development paying their fair share but emphasized the desire for greater dedication to District planning policy. There was a sense that this policy would allow development to circumvent District planning by paying the CACs. Feedback from this session also emphasized the need for a balanced delivery of housing and in-kind amenities.

The open house also helped encourage participation in the community survey.

3.4 COMMUNITY SURVEY

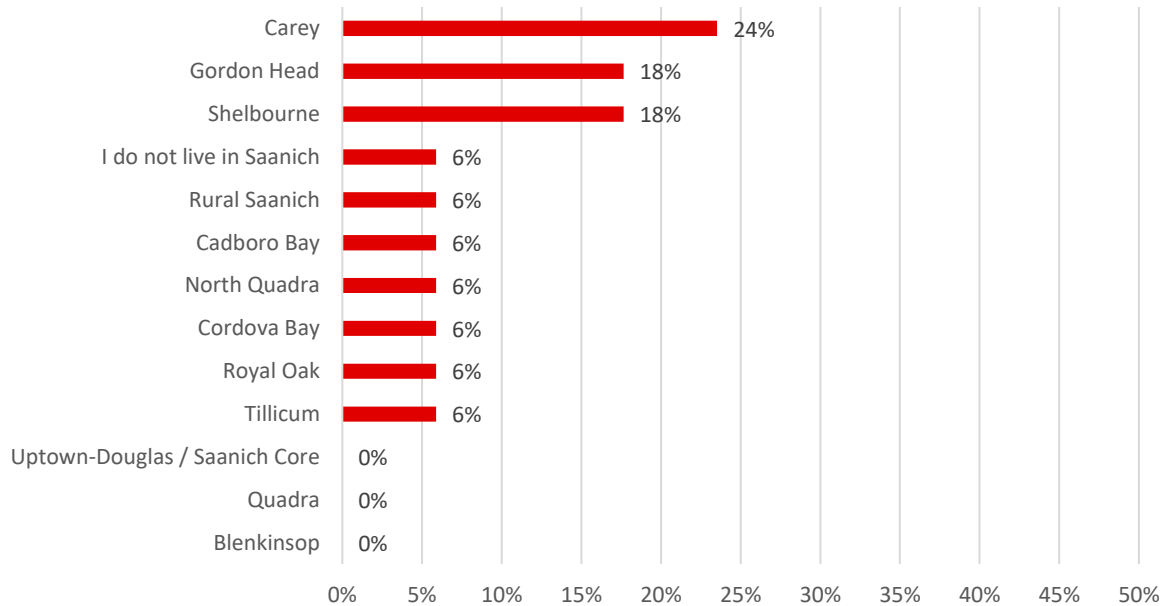
The Community Survey was launched in March 2023 to help the project team understand the community's priorities for amenity contributions and support for various policy options. The survey was available online for approximately 4 weeks for participants to complete. In total, there were **18 survey responses** from community members. Their results are summarized below.

Q1: Please select from the following list that best represents you: (n=18)



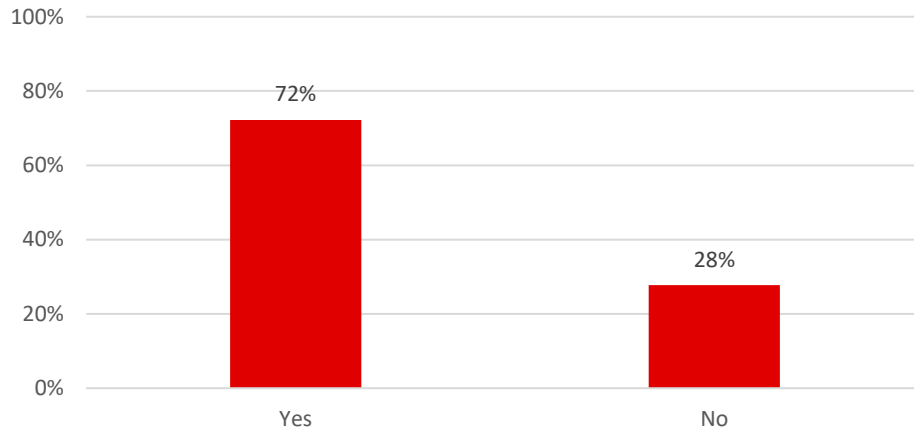
Thirteen survey respondents (72%) live and work in Saanich, two respondents (11%) work in Saanich but live elsewhere, and two respondents (11%) live in Saanich but work elsewhere. One respondent (6%) answered "Other," indicating that they live and have worked in Saanich but are now retired.

Q2: If you live in Saanich, please select the neighbourhood (see map [here](#)) that you live in from the following list (n=17)



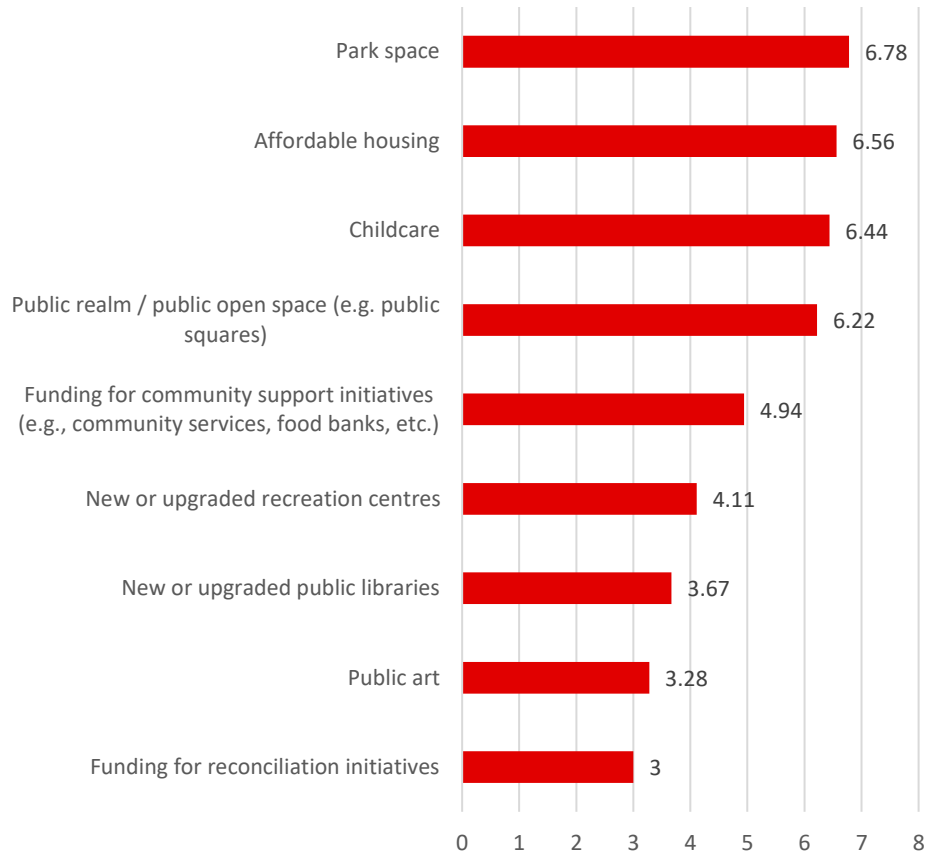
Survey respondents included residents from nine of the twelve local areas within Saanich, with four respondents (24%) living in Carey, three respondents each (18%) living in Gordon Head and Shelbourne, and one respondent each (6%) living in Rural Saanich, Cadboro Bay, North Quadra, Cordova Bay, Royal Oak and Tillicum. One additional respondent (6%) does not live in Saanich.

Q3: Do you support the District of Saanich in developing a comprehensive policy to collect fees and to negotiate the collection of fees to help fund local amenities and/or affordable or supportive housing from new development projects? (n=18)



Overall, thirteen respondents (72%) supported the development of a comprehensive CAC Policy and Inclusionary Housing Program. Five respondents (28%) did not support the initiative.

Q4: Please rank the following list of amenities based on their level of importance for the broader community (n=18)



Survey respondents were asked to rank each amenity on the list from most important to least. The highest-ranked amenities that were identified were park space, affordable housing, childcare, and public open spaces.

Q5: What other or specific amenities would you like to see in Saanich? Please be descriptive and, if possible, speak to where the amenity is needed (n=14)

Written responses from survey respondents are included below:

- *Trees and Vegetation to maintain biodiversity*
- *We need more greenspace & need to maintain our large trees. The Shelbourne area is deficient in both. Development is paying for sidewalks and creating loss of greenery. Our sidewalks weren't great but were sufficient. The loss of greenery (including lawns) is gone forever.*
- *Protection of greenspace, i.e., trees - developments should be required to prove they cannot build around existing mature trees before given a permit to remove/replace (and just because it costs more to be creative should not be an excuse in a climate crisis) Not for profit should still need to prove they have looked at all options for retaining mature tree canopy.*
- *Trails and road crossings (highway); viewing platforms or lookouts; more green space not necessarily park; planting trees on bike trails.*
- *I want affordable housing, but I do not see any viable role for local government or private developers. Task is for non-profits with support from province and federal government. Inclusionary housing is not successful enough to place our hope with.*
- *Swimming pool at George Pearkes Centre.*
- *Dedicated medical and clinic office space, which is especially lacking in Gordon Head, Shelbourne, Cadboro Bay.*
- *Space for a movie theatre*
- *Community gardens for housing developments*
- *Student housing up and running - UVic and Camosun. (Stop planning delays)*
- *Public benches along sidewalks throughout Saanich. Accelerated crosswalk program for Saanich.*
- *Parks, trails, open space, urban forests, good environment and decent quality of life and services.*
- *Recreation Centre facilities will become very crowded with the current growth initiatives. If they are to proceed, the centres need to be expanded to accommodate the rapidly growing population. Habitat for all levels of living things, including plants, animals, insects, birds, etc. must be given a much higher priority, as these all have a large impact on community environmental health.*
- *I feel there are many empty homes, townhouses, apartments, etc. in Saanich. This should be addressed and remedied before moving forward with further growth initiatives. You can find the empty homes by reviewing BC Hydro usage, or other such reference.*
- *Funding of this type closely resembles lobbying and I disagree with it.*
- *More third places for community residents. In particular, reclaiming mostly car-dominated spaces in residential neighbourhoods and near streets with many residents (especially in less park-blessed areas such as around Uptown) for occasional or permanent neighbourhood use. Benches and wayfinding on street corners are a great start when it*

DISTRICT OF SAANICH

CAC Policy Phase 4 Engagement Summary

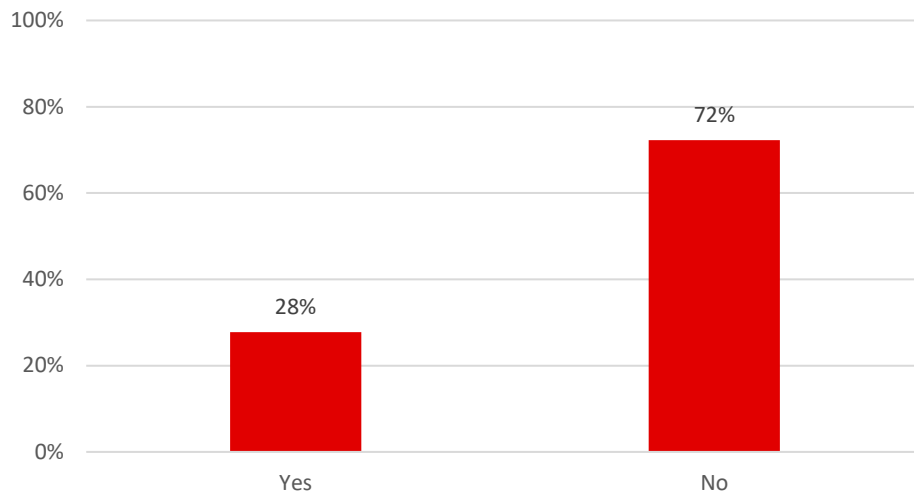
comes to CACs but reducing car traffic and adding more amenities (or giving local residents the tools to add them) is a missing key to making said spaces genuine places that people will want to stay around!

- *An illustrative example in my neighbourhood is the recent contribution of an improved corner and bench on Garnet and Shelbourne. Currently, this mostly serves as a location for someone to rest their feet briefly. The bench's proximity to the street, lack of shade and other surrounding public space means that there is no incentive to stick around.*

Q6: The CAC Policy is proposing to collect cash-in-lieu amenity contributions into three different funds.

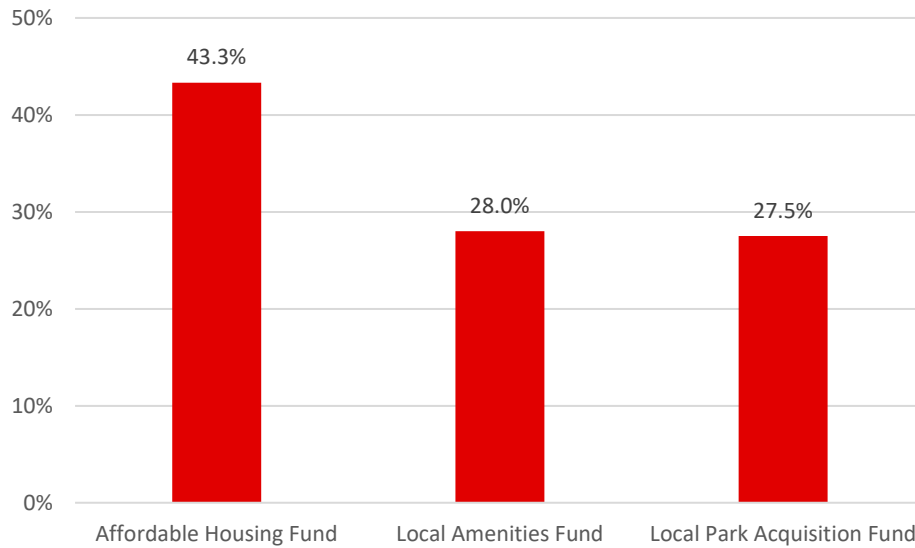
Affordable Housing Fund (District Wide): 30%
Local Amenity Fund (Area Specific): 50%
Local Park Acquisition Fund (Area Specific) :: 20%

Do you support the current weighting of each funding pot? (n=18)



Thirteen respondents (72%) did not currently support the weighting of each funding pot. The remaining five respondents (28%) supported the proposed weighting.

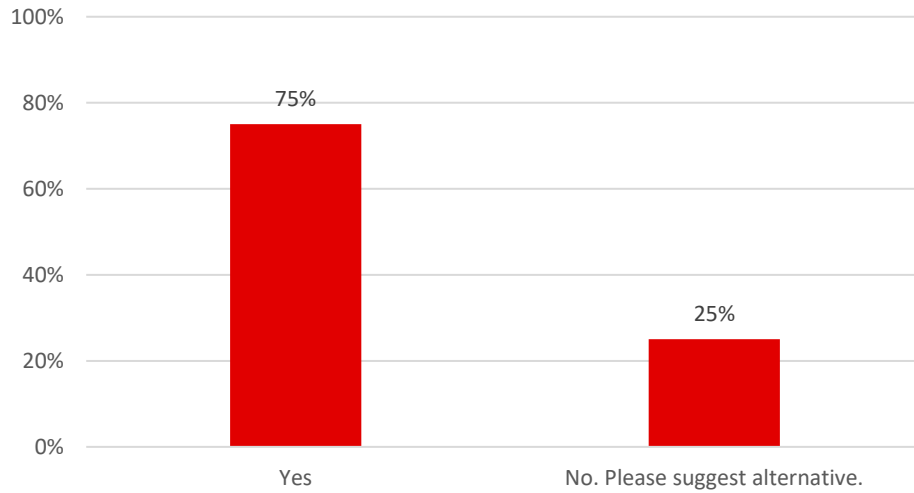
Q7: If you answered "No" please adjust the percentages for each funding pot (n=10)



Each survey respondent who answered “No” could indicate their own funding distribution. While every answer had its own set of percentages, the average distribution from all respondents equaled to:

- Affordable Housing Fund (District-Wide):43.3 %
- Local Amenity Fund (Area-Specific): 28%
- Local Park Acquisition Fund (Area-Specific): 27.5%

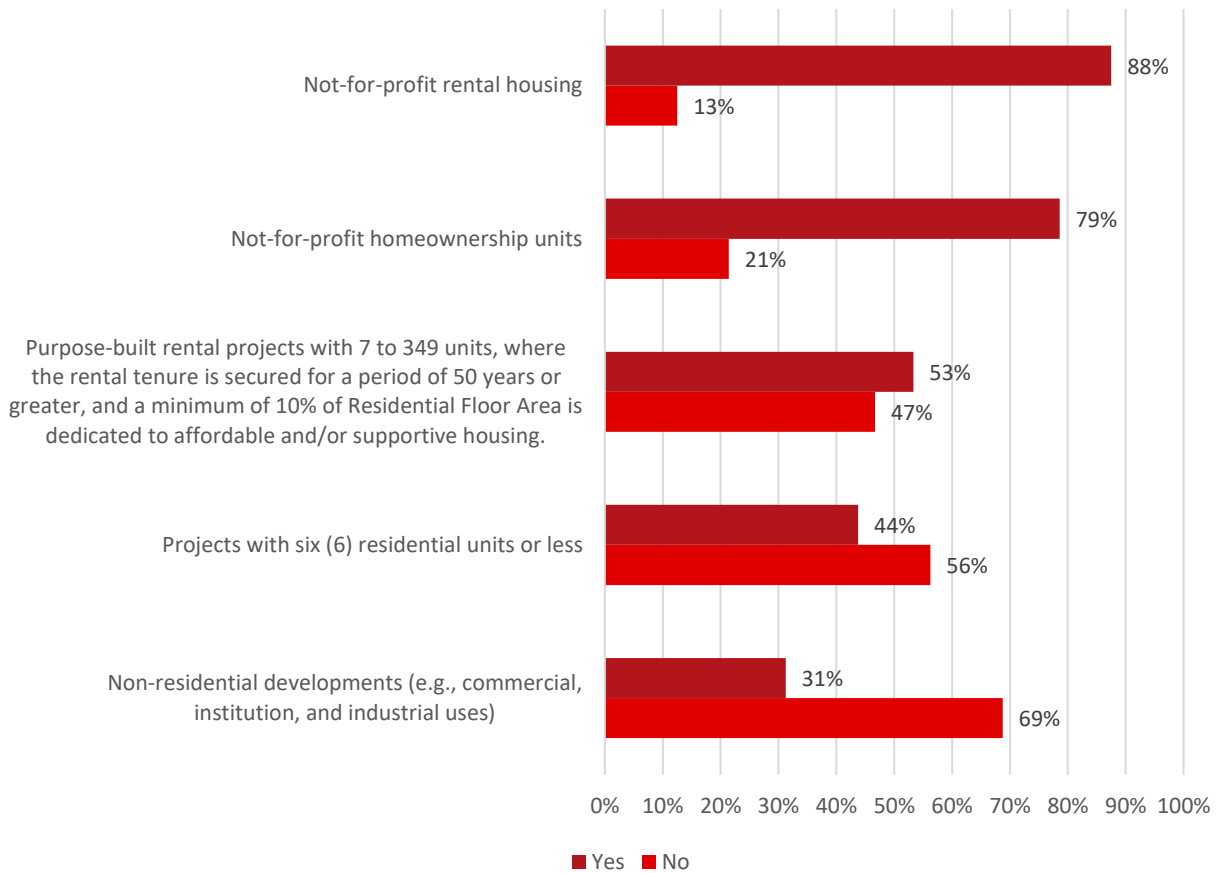
Q8: The CAC Policy proposes collecting and distributing cash contributions for Local Amenities and Local Park Acquisition within five specific areas. Do you support the proposed fund areas? (n=16)



Twelve respondents (75%) supported the proposed funding areas for local areas. The remaining four respondents (25%) did not support the funding areas. Of those four respondents, one respondent would like to see more focus on areas 1, 2, and 3, one respondent would like to see the funding shared by the whole community, and the remaining two respondents did not support CACs.

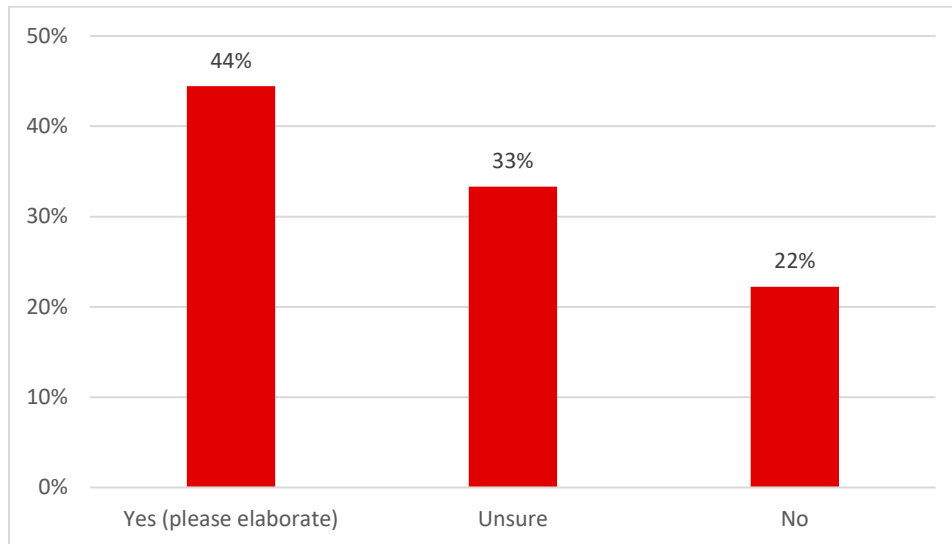
Q9: The CAC Policy is proposing some exemptions from CACs based on policy goals and the economic capacity of development to contribute. Please select any development projects from the list below that you feel should be exempt from paying CACs in Saanich: (Yes or No, for each) (n=16)

Should be Exempt?



Overall, fourteen respondents (88%) felt that not-for-profit rental housing should be exempt from CACs, and eleven respondents (79%) felt the same for not-for-profit homeownership units. Responses were mixed on whether purpose-built rental projects (53% Yes, 47% No), or projects with 6 units or fewer (44% Yes, 56% No), should be exempt from CACs. Many respondents (69%) believed that non-residential developments should not be exempt from CACs.

Q10: Are there any other types of development that you think should be exempted from paying CACs in Saanich? (n=18)



Eight respondents (44%) indicated that other types of developments should be exempted from CACs. Their responses are provided below:

- *Basement suites, carriage homes (backyard small homes), single family homes*
- *Single family homes, carriage homes, basement suites*
- *For profit institutions such as daycares, long term care etc.*
- *Co-ops and land trusts*
- *Preserve open space, trails, environment, and quality of living.*
- *Developers and owners pass on all fees to the end use because ultimately all end users benefit from these amenities.*
- *Exempt all*
- *Any new housing*

Q11: Do you have any additional comments or questions regarding the proposed
Community Amenity Contribution and Inclusionary Housing Policy? (n=10)

Ten respondents (56%) left a written comment about the program. Their responses are included below:

- *I believe they are policies designed to circumvent existing OCP, LAP, and bylaws, allowing greater profits for developers... and destruction of biodiversity in secrecy.*
- *They show that "development"/"progress" is not financially sustainable.*
- *I am totally against Density Bonusing. In my opinion, it is usually contrary to the OCP, LAP, etc. and it allows developers to build larger and usually increase their profits. Often the density outweighs the bonus.*
- *Cash-in-lieu often leaves the neighbourhood with a deficit of something (trees or other). This allows the loss to be replaced elsewhere, ultimately leaving the surrounding homes with density and a negative.*
- *Both of these are weighted towards the developer and not the community (or at least the nearby residents).*
- *Thank you!*
- *Land lift at market value, increase is good but hard to pin down. 50%? Not 75%?*
- *Thank you to staff and Urban Systems for your thoughtful work.*
- *Focus on getting something done.*
- *Saanich has taken too long on this subject, almost ten years. There are many progressive CAC policies in Victoria, Central Saanich, Burnaby, North Vancouver, etc. Why not adopt a progressive CAC policy suitable for Saanich instead of spending so much staff's precious time and money.*
- *I disagree with this initiative. My voice is important, and I think if you take a referendum, you'll find many agree with me. The survey was very slanted toward buy-in and is poorly developed.*
- *Scaling CACs by the proportion of affordable units in each project seems reasonable and might avoid barriers to building both large mixed market/affordable housing as well as (importantly, given recent provincial announcement) missing middle housing. Although I'm very much in favour of CACs as a tool, I've heard that they increase the barrier of entry for the latter type of housing quite a bit on top of existing overheads with permitting charges/delay.*
- *A more radical move that I would also support is introducing a mini-CAC for SFH redevelopments. This would help even the playing field between different housing types, provide intra-neighbourhood revenue for improving amenities which are currently (effectively) subsidized by other neighbourhoods because of their low density and allow SFH rebuilds to become part of the solution to supporting affordable housing across the district.*
- *The BC government Opening Doors report says CACs add to the cost of housing and should be removed.*

DISTRICT OF SAANICH**INTERIM COMMUNITY AMENITY CONTRIBUTION (CAC) POLICY**

Endorsed August 9, 2021

1. PURPOSE

The purpose of the Interim Community Amenity Contribution Policy (the “Policy”) is to provide guidance for Council, staff, developers, and the public for the negotiation of CACs as part of applications for rezoning and/or additional height in the District of Saanich.

A process is underway to develop a comprehensive Community Amenity Contribution and Inclusionary Housing program, which will provide more detailed direction for obtaining amenity contributions. The Policy is intended to be used in the short-term and would be replaced at such time that a structured community contribution program is in place.

2. OVERVIEW

Community Amenity Contributions (CACs) are cash or in-kind contributions provided, through negotiations, by developers when additional density and/or a change in land use is achieved through a rezoning process. The value of the contribution is negotiated and is a means to receive a public benefit from new developments. Typically, contributions include amenities such as affordable and supportive housing, daycare facilities, community facilities, park/plaza space, connections for pedestrians and cyclists, protection of natural areas, public art, public realm improvements, or cash contributions towards local improvements.

Amenities are an important component of creating complete communities. When communities change and grow with new development and increased densities, there is an increased need for infrastructure and amenities to support new and existing residents and employees in the area and offset potential impacts. The process of negotiating CACs is separate from other District requirements that are provided by applicants when additional density and/or a change in land use is achieved through a rezoning process; CACs are distinct from Development Cost Charges (DCCs) and other required servicing costs.

3. DISTRICT OF SAANICH CONTEXT

The District’s Official Community Plan (OCP) identifies a broad range of potential CACs that could be considered as part of the application review process (see OCP Policy 7.1.4). Potential CACs currently considered as part of development applications include not-for-profit housing or projects with an affordable housing component.

Currently, Saanich administers CACs through application-specific negotiations as part of the rezoning process, with negotiations based on the OCP and Local Area Plan policies, defined

Council objectives, community input, and assumed local need. Establishing a structured Program will enable staff to effectively negotiate public benefit commitments, achieve many of the District's objectives, and provide clarity for Council, developers and the community.

4. LEGISLATIVE CONTEXT

Provincial legislation enables local governments to require services, collect fees and/or obtain land from new development to address certain impacts of new growth. The following sections of the "Local Government Act" enable local governments to require new development to provide:

- Divide, limit and regulate land use (s. 479);
- Residential rental tenure (s. 481.1);
- Density benefits for amenities, affordable housing and special needs housing (s. 482);
- DCCs for off-site services (s. 559);
- Money towards acquiring school sites (s. 572);
- On-site services related to subdivision (s. 506);
- Excess capacity or extended services (s. 507);
- Up to 5% of land being subdivided for park land, or cash-in-lieu (s. 510); and
- Land for roadways (s. 513)

Not all impacts of developments are covered by these legislative provisions. The District of Saanich, along with many other local governments, believes that new development should not be a burden on local taxpayers and supplement the above requirements with negotiated Community Amenity Contributions, which address items that fall outside those that are legislatively mandated.

5. RELATED BYLAWS & POLICY

- Development Cost Charge Bylaw (Bylaw No. 9553)
- Development Cost Charge Reduction Bylaw (Bylaw No. 9607)
- Local Area Plans and Centre/Corridor Plans, including:
 - Shelbourne Valley Action Plan (Appendix "O" to Bylaw No. 8940)
 - Uptown-Douglas Plan (Endorsed, in Principle)
- Sustainable Saanich Official Community Plan (Bylaw No. 8940)
- Zoning Bylaw (Bylaw No. 8200)

6. POLICY

The Policy, its approach, and the community amenities to which the District considers desirable, seeks to balance the need for affordable housing and localized amenities. The Policy is subject to change over time and in response to evolving community needs, priorities, and benefits.

6.1. PROCESS

- i. District staff will lead negotiations for CACs on an application-specific basis and as guided by this Policy.
- ii. CACs will be negotiated for applications that include three or more units and where a rezoning is required or height beyond Zoning Bylaw allowances is requested.
- iii. CACs for applications for residential or mixed-use development will be evaluated based on targets and approaches described in Section 6.3 and 6.4 of this policy.
- iv. CACs for commercial and Industrial applications will be evaluated and negotiated on a site specific basis.
- v. For applications where a land lift analysis is required (See Section 6.3), the land lift evaluation will be conducted by a qualified, independent consultant at the cost to the applicant. The District retains the right to request a review of the submitted analysis.
- vi. The District has discretion to request an independent appraisal, at the cost of the applicant, to determine the value of Community Amenity Contributions that have been offered.
- vii. Rezoning applications that include negotiated Community Amenity Contributions will be secured via covenant and/or a housing agreement, and prior to acceptance/ issuance of the Building Permit.

6.2. PRIORITIES

- i. Community Amenity Contributions offered as part of an application should reflect priorities of the District, align with bylaw and policy direction, and include consultation with the local community association, groups and/or organizations.
- ii. Community Amenity Contributions offered to the District should reflect policy and associated priority items, as identified in the Official Community Plan and relevant Local Area Plans or Centre/Corridor Plans.
- iii. Community Amenity Contributions may take the form of affordable or supportive housing units or support for affordable housing through financial contributions to the Saanich Affordable Housing Fund.
- iv. Community Amenity Contributions should seek to balance localized amenities that provide benefit to immediate area (i.e. park improvements) with contributions that address affordable housing.

6.3. CONTRIBUTIONS

- i. A Community Amenity Contribution (CAC) statement is expected for all rezoning applications to which CACs are applicable. The statement must outline:
 - a. Relevant policy guiding the contribution;
 - b. Input received, including from staff, community associations, groups and/or organizations, which supports the CAC that has been offered;
 - c. Current financial value and future value of the CAC; and
 - d. Considerations for operating and full life-cycle costs.
- ii. Community Amenity Contributions should be commensurate with the scale and density of a proposed development.
- iii. Community Amenity Contributions must demonstrate a community benefit that is relevant and valued by the community.
- iv. Development servicing, frontage improvements or other standard requirements will not be considered a Community Amenity Contribution.
- v. Community Amenity Contributions may be refused should the District consider the offer to not be in the best interest of the District, in the short or long term.
- vi. For residential and mixed use applications within prescribed Official Community Plan height limits, the target CAC rate is \$3,000 - \$5,000 per unit (see Table 1).
- vii. For residential and mixed use applications beyond prescribed Official Community Plan height limits, CACs will be evaluated based on the approaches and target rates identified in Table 1.

Table 1: Established Base Heights, 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

- viii. For residential or mixed-use applications beyond prescribed (zoned) height limits in the Uptown Douglas Plan (UDP) area, CACs will be evaluated based on the approaches and target rates identified in 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

6.4. EXEMPTIONS

- i. Community Amenity Contributions will be waived for secured not-for-profit rental housing, as defined in the Development Cost Charges Reduction Bylaw.
- ii. A 100% reduction in the targeted CAC will be applied to purpose built rental units where the rental tenure is secured for a period of greater than 60 years or the life of the building.
- iii. A 50% reduction in the targeted CAC will be applied to purpose built rental units where the rental tenure is secured for a period of at least 10 years. **This exemption would only apply to developments or portions of developments that are within the OCP height maximum (see Table 1) and Uptown Douglas Plan “Base” building height.**
- iv. A 50% reduction in the targeted CAC will be applied to projects where a minimum of 10% of the residential units are sold at a minimum of 10% less than the current median market rates and this price reduction is secured for the life of the building. **This exemption would only apply to developments or portions of developments that are within the OCP height maximum (see Table 1) and Uptown Douglas Plan “Base” building height.**

DEFINITIONS

Affordable housing is housing that does not exceed 30% of household income, as per general guidelines for social and subsidized housing in B.C. and an industry standard for lenders in determining feasibility of purchasing a home.

Community Amenity Contributions (CACs) are amenity contributions agreed to by the applicant/developer and the District of Saanich as part of a rezoning process and initiated by the applicant/developer. CACs can take several forms, including built assets, affordable housing units, and/or financial contributions towards infrastructure that cannot be obtained through Development Cost Charges.

Community Associations are independent groups that are guided under the Societies Act and not managed by the District of Saanich. They are comprised of local area residents who can provide valuable localized input to Council and staff on items of interest, such as land use planning and proposals.

Community Groups and Organizations can have an interest in parks, specific neighbourhoods or groups within the District of Saanich and work closely with Saanich Departments and Council.

Community Benefit is a benefit that is directly enjoyed by residents of the District of Saanich. For example, achieving a higher energy rating for a building that improves the physical and financial comfort of a building user is not considered a community benefit; a public plaza would be considered a community benefit

2023 DEFINITION OF HOUSING AFFORDABILITY

According to CMHC and Statistics Canada, housing in Canada is defined as affordable if it costs less than 30% of a household's before-tax income. While this seems straightforward, the reality is complicated by differences in household circumstance: income and household size are the two primary drivers for affordability as they determine what a household can afford and what kind of unit they need.

For example, single-income households like lone-parent families have a lower median income than dual-income households like couples with children, despite potentially having the same housing needs.

Saanich's definition of housing affordability uses a range of household types and income levels to ensure that it captures a wide range of households who may be experiencing housing pressures. It is customized to the local context, but also aligns with regional and provincial guidelines and funding programs that address affordable housing.





This clear definition is necessary as Saanich works to encourage affordability in new development, for example in the context of the Community Amenity Contribution and Inclusionary Housing policy and the Affordable Housing Fund.

The Saanich definition of housing affordability will be updated annually in the beginning of the year, to reflect changes to the rates referenced (e.g., BC Housing's HILs rates and Middle Income Levels).

AFFORDABILITY FOR RENTERS

The median income for renter households in Saanich is significantly lower than owner households, and rent affordability is needed for the many households who do not earn enough to afford market rents. The definition for rental affordability for Saanich is organized into three tiers: very low, low, and moderate incomes, and also considers unit size.

The Province of BC's shelter rates make up the Very Low Income values below, and the rates for households with Moderate to Median income reflect BC Housing's current Housing Income Levels (HILs). The Low income affordability rates are the average of the two.

	Bachelor	1 	2 	3 	4 
Very Low Income	\$500	\$695	\$790	\$840	\$890
Low Income	\$783	\$973	\$1,208	\$1,445	\$1,639
Moderate to Median Income	\$1,065	\$1,250	\$1,625	\$2,050	\$2,388

AFFORDABILITY FOR OWNERS

Determining an affordable price for ownership in Saanich took into account the price of different unit types, income by household type, and unit size.

The following rates have been identified for affordable ownership in Saanich. The income thresholds are aligned with BC Housing's Middle Income Limits (also used under BC Housing's Affordable Home Ownership Program), and the monthly affordable housing cost represent 30% of that income. The upper limit for an affordable unit reflects the maximum purchase price required to achieve that monthly cost.

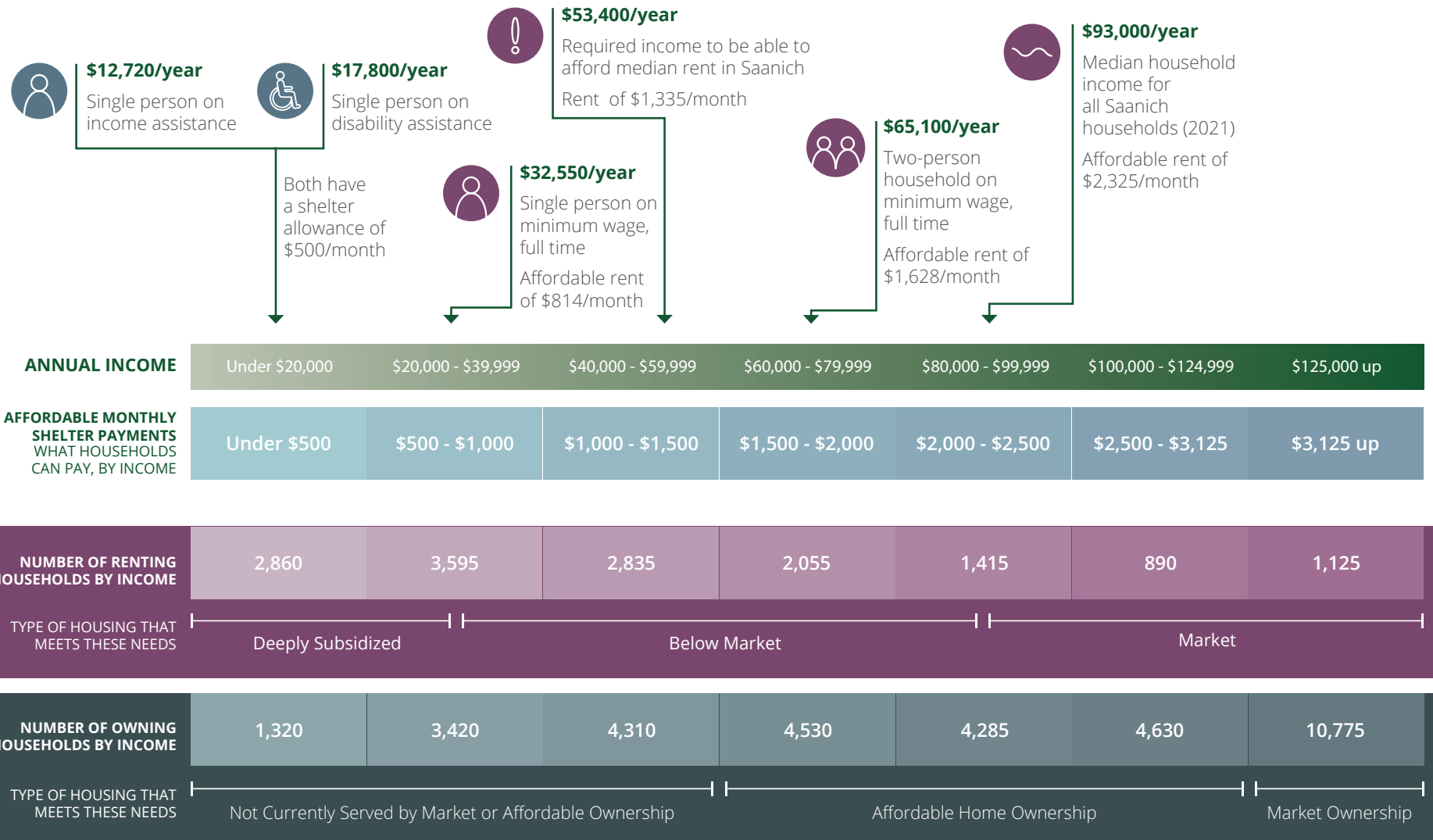
	Small Units (<2 bedrooms)	Large Units (>2 bedrooms)
Income threshold	\$126,050/yr	\$182,870/yr
Monthly Affordable Housing Cost¹	\$3,151/mo	\$4,572/mo
Upper Limit for an Affordable Unit²	\$411,000	\$642,000

¹. This value includes mortgage payments, strata fees, property tax, home owners' 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.

AFFORDABILITY, HOUSEHOLD INCOME GROUPS, AND HOUSING TYPES IN SAANICH

The image below shows what renters and owners can afford based on their income in Saanich, and the types of housing that serve these income levels.³ The graphic also shows where different types of residents may sit based on their income. For example, a single person earning minimum wage can afford about \$814 per month in rent, while median rent in Saanich as of 2021 was \$1,335 per month. With about 90% of all renters earning at or below median income for all of Saanich, there is a high need for a range of rental price points. Similarly, only about one third of current owners would be able to afford a new home as first-time buyers based on current housing prices; this highlights the need for a range of more affordable ownership options in Saanich.



³. The number of renter and owner households in each income category are based on an extrapolation of 2016 data (Statistics Canada Census Program 2016, Custom Data). 2021 custom data set is not yet available.