



# The Corporation of the District of Central Saanich

## COMMITTEE OF THE WHOLE REPORT

For the Committee of the Whole meeting on November 28, 2016

**To:** Patrick Robins  
Chief Administrative Officer

**File:**

**From:** Paul Murray  
Director of Financial Services

<b>Priority:</b>	<input checked="" type="checkbox"/> Strategic
	<input checked="" type="checkbox"/> Operational

**Date:** November 21, 2016

**Re:** Community Amenity Contribution Policy Proposal

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### **RECOMMENDATIONS:**

- 1. That the Draft Community Amenity Contribution Policy be referred to the Advisory Planning Commission and Economic Development Advisory Committee for comment, and**
- 2. That the draft policy be referred to the local development community (Urban Development Institute, Victoria Residential Builders Association and selected local developers) for comment.**

### **BACKGROUND:**

Council determined that consideration of a Community Amenity Contribution Policy is a strategic priority for 2016.

This report provides a high level overview of the legislative framework for the collection of amenities from development and suggests a simplified policy approach given the relatively modest level of growth activity in the community. The approach supports the focus on provision of affordable housing in the Official Community Plan and the 2016 Saanich Peninsula Housing Needs Assessment Report.

**Provincial legislation** enables local governments to require services, collect fees and/or obtain land from new development to address certain impacts of new growth:

- DCCs for off-site services (LGA s. 559);
- Money towards acquiring school sites (s.560);
- On-site services related to subdivision (s.506);
- Excess capacity or extended services (s.507);
- A maximum of 5% of land being subdivided for park land, or cash-in-lieu (s.510); and,
- Land for roadways (s.513).

Not all impacts of development are covered by these legislative provisions. Increasingly, local governments are taking the position that new development should not be a burden on local taxpayers and are supplementing the above requirements with community amenity contributions or CACs. For example, local governments commonly impose DCCs to pay for allowable items such as water and sewer mains then seek contributions towards facilities not covered by DCCs, such as expansion of a fire hall, recreation centre or library. Amenities are often offered by proponents for Council to consider as they weigh the merits of the proposal and decide if adoption of the requested bylaw amendments provide a net public benefit.

There are two different ways in which municipalities can seek CACs from projects where changes to zoning provide a change in land use and/or a change in density:

1. **Density bonus in exchange for amenities or affordable housing.** Density bonusing is a straightforward, predictable, and consistent means of obtaining public benefits in exchange for granting additional development potential to projects:
  - a. A site is zoned for a base density that can be achieved without providing any community amenity or affordable housing.
  - b. The zoning also provides for additional density, to a defined maximum, that can be achieved in exchange for providing a defined community amenity or affordable housing contributions.
  - c. Developers do not have to use the bonus density, but they have the option if they see value in using the extra density to achieve a larger project. As long as the maximum bonus density and the required amenity are defined in the zoning bylaw, there is considerable flexibility regarding the kinds of community benefits that can be achieved.

This system works well when civic amenity needs are clearly defined, where a community has identified a clear area where additional density is desired and where developers see a financial incentive to obtain the bonus density.

2. **Negotiated amenity contributions** or public benefits at the time of rezoning. Another mechanism commonly used by municipalities in BC is to consider proposals for community amenities as part of a proposed rezoning. The Local Government Act does not enable municipalities to impose a fee or tax on rezoning, but rezoning is a discretionary act of Council. When exercising this discretion, Council considers whether a rezoning will impose unacceptable impacts or financial burdens on the community. Therefore, it has become common practice in many municipalities in B.C. for developers to propose amenities with projects that are applying for changes in use or density in order to help address the needs or impacts of new development.

These proposals for amenity contributions are often tailored by the proponent to suit the particulars of their site but sometimes municipalities provide to developers and the community a

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clear indication of the targets for the amenities, affordable housing, or cash-in-lieu that they hope to achieve in rezoning through a Community Amenity Contribution Policy. These targets are based on an evaluation of the impacts of new projects, the needs of new residents, and the ability of the project to provide amenities while remaining financially viable for land owners and developers.

The Province of BC recommends taking an approach that clearly identifies community needs and the impacts associated with new development and links the community amenity contribution to the cost of providing a package of amenities that makes sense given the development proposed, rather than the potential lift in value achieved. The Province has stated that negotiating community amenity contributions based on a lift in land value is most likely to reduce the supply of developable land and housing and therefore contribute to higher housing costs, and discourages this practice.

The Province also recommends a best practice approach based on use of an 'Affordability by Design' approach that seeks modest contributions and balances the desire for amenities with housing affordability. They suggest the use of principles similar to those used to establish development cost charges and a strategic approach to obtaining amenities – setting targets and avoiding the lift approach to negotiated contributions.

The development industry is not specifically opposed to paying for some community amenities, but react negatively to amenity negotiations that they perceive as inflexible, unfair in comparison to how others have been treated and where there is a lack of clear objectives.

By establishing a clear policy framework that specifically establishes moderate targets and links contributions of amenities to the provision of affordable housing, the municipality will provide consistency and transparency for the home building industry and balance the financial impact of new development for the existing population.

## **DISCUSSION:**

Current Central Saanich bylaws and policies do not provide specific guidance for the provision of community amenity contributions other than a general 1 in 10 affordable housing target. To date, an ad-hoc approach has been used in discussion with developers without an established guidance. This is quite common, especially in smaller communities with modest growth activity.

## **OPTIONS:**

If council wishes applicants/developers to contribute amenities it could either amend the Land Use (zoning) Bylaw to include a density bonus option regime (with specified contributions as a condition of higher density), or be prepared to consider individual proposals for contributions when rezoning applications are put forward - either on an ad-hoc basis or with benefit of a policy framework:

1. **Density Bonusing**. Council could choose to embark on a more comprehensive amenity planning process with the intent of amending the Official Community Plan and Land Use Bylaw. The use of density bonusing as a method to negotiate amenity contributions is more commonly implemented in higher growth oriented communities or in communities with a clear redevelopment district where higher densities are expected and encouraged.

The would require a revision to the Official Community Plan and the adoption of amendments to the current Land Use Bylaw to establish density levels, bonusing approaches revised design guidelines and the geographic areas that they would be applied to. A significant public engagement process and budget would be needed.

This project would at minimum be a 2017 or beyond strategic plan consideration and require budget funding in that year to facilitate consulting assistance. The introduction of this philosophy could also be considered during the next major revision to the Official Community Plan in 2019 for example.

- Community Amenity Policy (Target Contributions) based approach.** The use of a Community Amenity Contribution Policy is a more simplified means to achieve the same policy goals. Council can indicate the categories of amenities that are of importance and a fixed contribution target approach. The Province of BC suggests that *“Target contributions have the advantage of being relatively predictable, and yet still provide the developer some room to negotiate if they consider that their development should receive particular consideration. The target contributions also provide consistency and a sense of fairness, offering a degree of assurance that all developers will be contributing comparable amounts.”* Through this policy, a framework is provided to guide planning staff and the development community during the preparation and review of development applications. This would be a more cost effective means of providing clarity, consistency and transparency regarding amenity contributions in the municipality. Council could also plan to review the results of the approach prior to the next major amendment of the Official Community Plan.
- Continue Ad-Hoc Negotiation Approach.** The current approach can be maintained where planning staff interpret the direction of Council and work with developers to assess proposals for amenity contributions offered through the development application process.

**Adding a Community Amenity Contribution Policy framework (Option 2) as a guide will provide a measure of consistency and transparency to the application process. This is a good first step forward that would not require the process and expense of introducing a bonus density regime.**

#### **Priorities for Community Amenities:**

Community Amenity Contribution Policy statements are used to outline the general categories of amenities and the approach used to establish the targeted contribution levels. They can be updated on a regular basis. By providing general category descriptions, flexibility to determine annual amenity projects during the annual budget process is maintained, dependent on the level of funding received. They also provide general guidance for staff on which areas to focus discussions while still retaining the ability to adjust based on the unique nature of each development application.

There is a wide variety of possible amenity categories that Council can consider highlighting via a policy framework. These are generally provided in the form of a cash payment in lieu unless a specific amenity is included as part of the development proposal. Examples include:

1. Agriculture: Farmland Acquisition Trust Fund and incubator farms.
2. Affordable and Supportive or Special Needs Housing: Acquisition of land for affordable housing, upgrading of existing housing stock, provision of seniors and special needs housing.

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3. Environment: Stream restoration, shoreline habitat restoration, rehabilitation of fish habitat, protection of endangered species beyond the normal requirements, greenways/biodiversity corridors and reforestation programs.
4. Culture and Heritage: Libraries, community and cultural centres, museums and archives, public art, heritage conservation and programs.
5. Parks and Recreation: Youth, children or family facilities or facility improvements. Renovation or expansion of recreational facilities, docks and wharfs, boat ramps, bird watching facilities, interpretive centres, signage and skate parks.
6. Active and Alternate Transportation: Extraordinary pedestrian, cycling, electrical charging, streetscape, public plaza or other public realm linkages and improvements beyond those required by District bylaws and design requirements.
7. Municipal Services: Municipal hall upgrades, fire and police facilities.

Two areas consistently are referenced locally; Affordable or Supportive Housing and Active/Alternative Transportation (Pedestrian, Bicycling and Transit). Others are added depending on the unique priorities of the local area. Central Saanich is not dissimilar to this. Of the average nine applications per year recently considered by Council, moderate amenity contributions have been achieved with a focus on affordable housing contributions and active transportation related infrastructure such as pedestrian sidewalks, bike lanes and bus shelters. A specific equivalent amenity valuation per unit was not calculated for each development.

Focusing amenity priorities in the following areas would achieve public interest and specific planning and servicing considerations:

**Affordable or Supportive Housing Amenity Fund:**

To assist in the provision of affordable and supportive housing through partnerships with nonprofit housing agencies. This is based on the Central Saanich OCP - Affordable, Rental and Special Needs Policy 4 which states *“In new attached residential or mixed-use residential/commercial development, Central Saanich will encourage the provision of at least 10% of dwelling units as affordable housing. Ideally this would be in the form of rental housing, or other alternative tenure models. Cash in lieu of the provision of affordable housing units for inclusion into a District Affordable Housing Fund may be considered.”*

**Community Amenity Fund:**

The Community Amenity Fund is to assist in the provision of the following amenities:

- Active or Alternate Transportation: Pedestrian, bicycling, electrical charging and transit infrastructure.
- Parks and Recreation: Boat Ramps, Docks, Interpretative and informational kiosks and signs, parking improvements and park facilities.
- Heritage and Culture: Heritage conservation initiatives, museum and archive development and cultural facilities
- Environment: Integrated Stormwater Management Initiatives; Stream, Shoreline or Sensitive Ecosystem Rehabilitation.

**Amenity Contribution Levels:**

Amenity contributions usually are based on the unique circumstances of each application and vary among local municipalities considerably. Anecdotally, affordable housing contributions in the range of \$1,500 to \$2,000 per unit and general amenity contributions from \$2,500 to \$16,500 plus have been recorded in Greater Victoria. The contributions also vary based on

density in some cases and in context with the local development cost charge regime and the level of amenities planned for the community. For example some communities provide for a lower level of amenity contribution target in designated compact community areas or where there is an affordable housing component in the proposal.

Over the last three years development applications approved by Council have resulted in amenities being contributed with values ranging from \$785 to \$15,000 per unit or lot:

1. Generations Building at 7878 East Saanich Road – 46 units of market rental housing guaranteed by housing agreement. Road intersection and pedestrian improvements provided totaling \$36,000 or \$785 per unit.
2. 7410 Veyaness Road - 10 lots. Extended local pathway and contributed to water main replacement in excess of required to a total value of \$75,000 or \$7,500 per lot.
3. Keating/West Saanich - 25 townhouses. \$37,500 cash contribution to affordable housing or \$1,500 per unit.
4. 7022 Wallace Drive - 3 lots outside village centres. Bike lanes and path extended beyond frontage. Value of \$45,000 or \$15,000 per lot.

A combined contribution target of \$7,500 per unit/lot (Affordable Housing \$2,000 and General Amenities \$5,500) with an incentive to consider reduced contributions where the proposal includes affordable housing would not be out of context with recent experience in Central Saanich. Using the 2016 Saanich Peninsula Housing Needs Assessment Report - housing definition scale, reduced contributions could be considered where Non-Market (red to green) and Moderate Market Rental Housing (Light Blue) were being proposed.



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The draft policy reflects this concept with a contribution target of \$2,000 per unit for affordable housing and \$5,500 per unit for general amenities with the provision to consider reduced contributions dependent on affordable housing components. If cash contributions are made in lieu of actual amenities the funds would be held in the two funds and used to construct amenities in those identified categories from year to year via the budget process.

#### **CONCLUSION:**

Introduction of a Community Amenity Contribution Policy will provide added consistency, clarity and transparency. It is a simplified means of establishing a framework for amenity contributions, and provides an incentive approach supportive of affordable housing - especially where there are relatively modest levels of development activity. It is a reasonable next step that does not preclude a more formal density bonusing approach in future.

The suggested contribution target of \$7,500, with the ability to consider reduced contributions where there is an affordable housing component, is within the range of local practice, and reflects a reasonable starting point to guide staff during the application review process. Actual amenity projects would be approved by Council each year through the annual budget process.

Should Council wish to establish a Community Amenity Contribution Policy, suggested next steps are:

1. Referral of the draft policy to APC/EDAC Advisory Committees and select stakeholders for comment
2. Further consideration of the policy subsequent to receipt of input and staff report back to Committee.

Respectfully submitted,

Paul Murray  
Director of Financial Services

***Endorsed by:  
Bruce Greig, mcip. bcsla  
Director of Planning & Building  
Service***

***Administrator's Recommendation:  
I concur with the recommendation  
contained in this report.  
Patrick Robins  
Chief Administrative Officer***



**THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH**

**Council Policy**

<p><b>Adopted by</b>  <b>Effective Date</b> <a href="#">Click here to enter a date.</a></p>	<p><b>POLICY NO.</b>  <a href="#">CLICK HERE TO ENTER TEXT.</a></p>
<p>Amended by          Amendment Date(s):</p>	<p>File No: <a href="#">Click here to enter text.</a></p>
<p><b>SUBJECT: COMMUNITY AMENITY CONTRIBUTIONS</b></p>	
<p><b>Category:</b> Planning</p>	

**PURPOSE:** To establish consistent, transparent Community Amenity Contribution targets that will guide the District’s approach to seeking and allocating community benefits in association with zoning approvals for changes in land use and/or density, in order to improve the land development approvals process. To provide incentive for the provision of non-market and moderate market rental housing.

**APPLICATION:** This policy applies to applicants wishing to rezone properties in Central Saanich.

**DEFINITIONS:** “**Community Benefit**” refers to the overall contribution that a new development could make to the community – i.e., how well a proposal responds to OCP policies, and contributes to enhancing community livability by providing basic services, mitigation actions, and public amenities.

“**Community Amenity**” is a feature that improves the quality of life in the community, over and above the basic development; and may fall within a broad range of categories including: public realm enhancements, arts and cultural facilities, public art, parks and environment, heritage conservation, greater housing choice, and adaptable design features, child care facilities, and similar features or facilities. A public amenity contribution is one type of community benefit from new development.

**POLICY**

1. New development should make a fair contribution to new community amenities, affordable housing, and other community needs, in order to meet the needs of a growing community and to address some of the impacts of growth.
2. The District will set its targets for Community Amenity Contributions such that the cost implications for new development will be reasonable. These targets will be revised from time to time, based on changing community needs, changing priorities, and changing market conditions.

3. The District will consider proposed Community Amenity Contributions on a site-by-site basis during the rezoning process. When considering these proposed contributions, the District will seek to obtain meaningful contributions to community amenities while ensuring that land owners still have sufficient incentive to make land available in the redevelopment market and developers have sufficient incentive to seek changes in use or density.
4. Amenity contributions shall be payable prior to final adoption of a rezoning bylaw or with a binding commitment of the developer to pay at the same time a development cost charge is payable i.e. at time of subdivision, issuance of building permit or as determined via Phased Development Agreement.
5. Contributions will be considered separate from any other contributions that are made as part of the rezoning process or the provision of required works that benefit the general community.
6. Community Amenity Contribution proposals will be reviewed by staff and reported to Council during the development application process.
7. Community Amenity Contributions should be a cash payment in lieu unless inclusion of a specific community amenity is mutually agreed with the District. Specific amenities approved by the District will be valued by the District and considered in context with the amenity contributions targets and overall development proposal during the application review process.
8. In cases where the District obtains cash-in-lieu Community Amenity Contributions, such funds will be deposited in specific reserve accounts for affordable/supportive housing and general amenity purposes.
9. Amenity Contribution Target Levels:
  - a. Affordable/Supportive Housing Community Amenity - \$2,000 per unit/lot or equivalent square metre total floor area commercial/industrial/institutional.
  - b. General Community Amenity - \$5,500 per unit/lot or equivalent square metre total floor area commercial/industrial/institutional.
10. Consideration will be given to proposed amenity contributions at lower levels where the development application includes Non-Market (Red to Green) and moderate income (light blue) market rental housing components as defined in the *Saanich Peninsula Housing Needs Assessment Report – August 2016, Community Social Planning Council*.



11. Affordable or Supportive Housing Amenity Fund:

The Affordable or Supportive Housing Amenity Fund is to assist in the provision of affordable and supportive housing through partnerships with nonprofit housing agencies. This is based on Central Saanich OCP - Affordable, Rental and Special Needs Policy 4 which states *“In new attached residential or mixed-use residential/commercial development, Central Saanich will encourage the provision of at least 10% of dwelling units as affordable housing. Ideally this would be in the form of rental housing, or other alternative tenure models. Cash in lieu of the provision of affordable housing units for inclusion into a District Affordable Housing Fund may be considered.”*

12. Community Amenity Fund:

The Community Amenity Fund is to assist in the provision of the following amenities:

- a. Active or Alternate Transportation: Pedestrian, bicycling, electrical charging and transit infrastructure.
- b. Parks and Recreation: Boat Ramps, Docks, Interpretative and informational kiosks and signs, parking improvements and park facilities.
- c. Heritage and Culture: Heritage conservation initiatives, museum and archive development and cultural facilities
- d. Environment: Integrated Stormwater Management Initiatives, Stream, Shoreline or Sensitive Ecosystem Rehabilitation.