



AGENDA
GOVERNANCE AND PRIORITIES COMMITTEE MEETING

Monday, March 8, 2021, 1:00 P.M. - 5:00 P.M.
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE
80 COMMERCIAL STREET, NANAIMO, BC

SCHEDULED RECESS AT 2:45 P.M.

Pages

1. CALL THE MEETING TO ORDER:

[Note: This meeting will be live streamed and video recorded for the public.]

2. INTRODUCTION OF LATE ITEMS:

3. APPROVAL OF THE AGENDA:

4. ADOPTION OF THE MINUTES:

a. Minutes

3 - 8

Minutes of the Governance and Priorities Committee Meeting held in the Shaw Auditorium, Vancouver Island Conference Centre, 80 Commercial Street, Nanaimo, BC, on Monday, 2021-FEB-22, at 1:01 p.m.

5. AGENDA PLANNING:

a. Governance and Priorities Committee Agenda Planning Matrix

9 - 12

To be introduced by Sheila Gurrie, Director, Legislative Services.

[Note: Matrix to be included on the addendum.]

6. REPORTS:

a. GOVERNANCE AND MANAGEMENT EXCELLENCE:

1. Community Amenity Contribution Policy

13 - 67

To be introduced by Dale Lindsay, General Manager, Development Services.

Purpose: To present a Community Amenity Contribution Policy to the

Governance and Priorities Committee, and seek the Committee's recommendation regarding the next stage of consultation. The purpose of the Community Amenity Contribution Policy is to offer guidance and transparency for the provision of amenities at the time of a rezoning application or land use covenant amendment application.

Presentation:

1. Lisa Brinkman, Planner, and Gerry Mulholland, Vice-President, G.P. Rollo & Associates Ltd., Land Economists.

Recommendation: That prior to the Community Amenity Contribution Policy coming forward to Council for consideration of endorsement, the Governance and Priorities Committee recommend Council direct Staff to move forward with community consultation, including creating an information page on the City website, and sending a referral to the Neighbourhood Network.

b. ENVIRONMENTAL RESPONSIBILITY:

c. ECONOMIC HEALTH:

1. Status of Municipal Grants

68 - 70

To be introduced by Shelley Legin, General Manager, Corporate Services.

Purpose: To provide the Governance and Priorities Committee with the status of all active municipal grants streams.

d. COMMUNITY WELLNESS/LIVABILITY:

e. REIMAGINE NANAIMO:

1. Update on Doughnut Economics Framework

71 - 98

To be introduced by Dale Lindsay, General Manager, Development Services.

Purpose: To provide Council with an update on progress towards developing a Nanaimo Doughnut Economics City Portrait for use in the REIMAGINE NANAIMO process.

Presentation:

1. Lisa Bhopalsingh, Manager, Community Planning, and Karin Kronstal, Social Planner.

7. **ADJOURNMENT:**

MINUTES
GOVERNANCE AND PRIORITIES COMMITTEE MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,
80 COMMERCIAL STREET, NANAIMO, BC
MONDAY, 2021-FEB-22, AT 1:01 P.M.

Present: Councillor Geselbracht, Chair
Mayor L. Krog
Councillor S. D. Armstrong (arrived 1:06 p.m.)
Councillor D. Bonner
Councillor T. Brown (joined electronically)
Councillor E. Hemmens
Councillor Z. Maartman
Councillor I. W. Thorpe
Councillor J. Turley

Staff: J. Rudolph, Chief Administrative Officer
R. Harding, General Manager, Parks, Recreation and Culture
D. Lindsay, General Manager, Development Services
B. Sims, General Manager, Engineering and Public Works
S. Legin, General Manager, Corporate Services
T. Doyle, Fire Chief
B. Corsan, Director, Community Development
L. Mercer, Director, Finance
P. Rosen, Director, Engineering (joined electronically)
L. Bhopalsingh, Manager, Community Planning
F. Farrokhi, Manager, Communications
K. Robertson, Deputy City Clerk
K. Lundgren, Recording Secretary

1. CALL THE GOVERNANCE AND PRIORITIES COMMITTEE MEETING TO ORDER:

The Governance and Priorities Committee Meeting was called to order at 1:01 p.m.

2. APPROVAL OF THE AGENDA:

It was moved and seconded that the Agenda be adopted. The motion carried unanimously.

3. ADOPTION OF THE MINUTES:

It was moved and seconded that the Minutes of the Governance and Priorities Committee Meeting held in the Shaw Auditorium, Vancouver Island Conference Centre, 80 Commercial Street, Nanaimo, BC, on Monday, 2021-FEB-08, at 1:00 p.m. be adopted as circulated. The motion carried unanimously.

4. REPORTS:

a. AGENDA PLANNING:

(1) Governance and Priorities Committee Agenda Planning

Introduced by Jake Rudolph, Chief Administrative Officer.

- Overview of upcoming Governance and Priority Committee (GPC) meeting topics:
 - Community Amenity Contribution Policy is scheduled for 2021-MAR-08
 - Building Permit Review coordinated by consultant Allen Neilson, Neilson Strategies, is scheduled for 2021-MAR-22
 - Recommend a Special GPC be scheduled for 2021-MAR-29

Councillor Armstrong entered the Shaw Auditorium at 1:06 p.m.

Committee discussion took place. Highlights included:

- Suggestion to have public involvement on some GPC agenda topics
- Status update on “Neighbourhood Association Part Two” topic
- Suggested a GPC topic on housing; specifically how various plans work together (Affordable Housing Strategy, Short Term Rental Policy, Community Amenity Contributions, and Health and Housing Action Plan)
- Clarification on the process for prioritizing GPC agenda planning topics

Jake Rudolph, Chief Administrative Officer, spoke regarding the agenda planning process and suggested Staff return to the Committee with a timeline for the items currently listed on the GPC agenda planning document.

Committee discussion continued as follows:

- The inclusion of possible outcomes to be listed next to each topic on the agenda planning list
- Status update on the agenda planning future topic of “Crosswalk Safety”
- Committee members to fill out the Agenda Planning Future Topic Framework form with a few topics of priority and to identify desired outcomes for discussion
- Topics identified as priorities include: The Street Entertainer Bylaw, 1 Port Drive, Crosswalk Safety, Waterfront Walkway, Neighbourhood Associations, the Community Amenity Contribution Policy, and Election Signage
- Importance of community involvement and suggestion to have the GPC Agenda Planning Topics schedule posted for public awareness
- Would like to see a list of topics and then Council members come prepared to discuss with a set of objectives or motion

b. GOVERNANCE AND MANAGEMENT EXCELLENCE:

(1) Council Resolutions Update

Introduced by Karen Robertson, Deputy City Clerk.

Committee discussion took place. Highlights included:

- Procedure for finding out the progress of particular resolutions
- Status update on several resolutions currently in progress:
 - Boxwood Road Roundabout
 - East Wellington Park
 - Youth Advisory
 - Outdoor Stadium
- Resolution progress is useful information and hope to receive updates more frequently

Jake Rudolph, Chief Administrative Officer, noted that resolution status updates could be brought back to the Committee on a quarterly basis.

Committee discussion continued regarding a status update for the Residential Street Parking resolution.

(2) Health and Housing Action Plan Implementation

Introduced by Dale Lindsay, General Manager, Development Services:

- Provided an update on the final Health and Housing Action Plan
- The Health and Housing Task Force (HHTF) passed a motion 2021-FEB-10 requesting that Council direct Staff to establish a transition group

Councillor Bonner, Chair of the Health and Housing Task Force, and Councillor Hemmens, Co-Chair, thanked those who participated and worked on the project including, Staff, and representatives from BC Housing, the Federal Government, the Health agencies, SFN, the First Nations Health Authority, Dr. Alina Turner and others who participated in the committee work. He noted that there are some issues that still need to be looked at in the future, including short term rentals.

Committee discussion took place. Highlights included:

- Noted concerns expressed by members of the public regarding some aspects of the action plan
- Provincial government funding
- The target goal of 51% indigenous people to have a seat at the table, as described on page 27 of the Health and Housing Action Plan
- The continued use of the Affordable Housing Strategy
- Resourcing the Health and Housing Action Plan implementation

Lisa Bhopalsingh, Manager, Community Planning, clarified that the Systems Planning Map and the HelpSeeker platform are used for both service navigation as well as providing a database to extract information.

c. REIMAGINE NANAIMO

(1) REIMAGINE NANAIMO Phase II

Introduced by Dale Lindsay, General Manager, Development Services.

Presentation:

1. Lisa Bhopalsingh, Manager, Community Planning, provided a PowerPoint presentation. Highlights included:

- Presentation of the Draft REIMAGINE NANAIMO Milestone Calendar
- Calendar highlights key updates and decision points
- Returning to the 2021-MAR-08 GPC meeting regarding integrating the Doughnut Economics Framework model in the REIMAGINE NANAIMO plan
- Overview of what to expect for phase two and three of REIMAGINE NANAIMO process

Committee discussion took place. Highlights included:

- Committee members to be included in the charrette scheduled for March to identify target indicators for use in developing the City Portrait for Nanaimo
- The opportunity for the community to be involved
- Strong engagement in the REIMAGINE NANAIMO process despite COVID-19
- Thanked everyone involved in the REIMAGINE NANAIMO process
- The importance of community feedback and further opportunity for the public to be involved in this process
- Concerns that the charrette discussion would be limited to select interest groups

Lisa Bhopalsingh, Manager, Community Planning, clarified the timeline for public engagement. She noted that the charrette will aid Staff with the more technical aspect and that there will be opportunity for the public to provide feedback in phase three.

Dale Lindsay, General Manager, Development Services, noted that the draft calendar presented is intended to provide targets; however, it is Council's decision to make any changes or additions.

Committee discussion continued as follows:

- Input from key individuals from the Health and Housing Task Force and the Economic Development Task Force, and developers would be valuable

Lisa Bhopalsingh, Manager, Community Planning, added that the purpose of the charrette is to refine information and not intended to exclude the wider community.

Lisa Bhopalsingh, Manager, Community Planning, continued her presentation as follows:

- Noted that the milestone calendar will always be in draft form to allow the committee to make any changes or additions
- Concluded presentation by displaying art work and a poem entry submission from Connie Paul

d. ECONOMIC HEALTH:

(1) Canada Healthy Communities Initiative - First Intake

Introduced by Shelley Legin, General Manager, Corporate Services:

- Provided the Committee with information regarding a grant application for the Canada Healthy Communities initiative
- Grant was announced on 2021-FEB-09, and the application deadline for the first intake is 2021-MAR-09
- Staff identified two potential projects that best fit the grant criteria
 - Lighting of the E&N Trail (\$250,000)
 - Lenhart Bridge Replacement (\$250,000)

Committee discussion took place. Highlights included:

- Lighting of the E&N Trail may have a larger impact on the community as a whole
- Project would light a portion (750 metres) of the trail and currently there are no plans for additional lighting on the trail
- Lighting would be electrical circuits as opposed to solar powered

Shelley Legin, General Manager, Corporate Services, noted that there will be a second grant application intake 2021-JUN-30. Staff will bring forward a list of potential projects to the April Finance and Audit Committee meeting.

Committee discussion continued as follows:

- Desire to see enhanced electric transportation
- There may already be sufficient ambient light on the E&N trail

It was moved and seconded that the Governance and Priorities Committee recommend that Council direct Staff to submit an application to the Canada Healthy Communities Initiative for the E & N Trail Lighting Project. The motion carried.

Opposed: *Councillor Turley*

Committee discussion took place regarding available grants and the work involved for the Finance Department for grant applications.

5. ADJOURNMENT:

It was moved and seconded at 3:08 p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

DEPUTY CITY CLERK

Upcoming GPC/Special Council Topics

March 22

1. Building Permit Review
2. Mayor's Task Force on Recovery and Resilience
3. REIMAGINE Nanaimo



Governance and Priorities Committee Agenda Planning

2021 GPC Dates											
Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
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*January 25 – Meeting Cancelled

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*April 12 – Special GPC

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OCTOBER





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
NOVEMBER

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 Governance and Priorities Committee Meeting
 Statutory Holiday
 FCM Annual Conference (Toronto)
 Council Meeting

 UBCM Convention (Vancouver)
 AVICC Convention (Nanaimo)
 Public Hearing (Special Council Meeting)

Governance and Priorities Committee Agenda Planning

<u>Future GPC Topics</u>	<u>Meeting Date</u>
1. REIMAGINE NANAIMO	Standing Item
2. Building Permit Review	March 22 nd
3. Neighbourhood Associations – Part 2	TBD
4. Crosswalk Safety	TBD
5. 1 Port Drive	TBD
6. Capital Planning Process	TBD
7. Homelessness and Addictions – Impact on Nanaimo Businesses	TBD
8. Waterfront Walkway	TBD
9. Review of “Street Entertainers Regulation Bylaw 2011 No. 7109”	TBD
10. Women’s Participation on City of Nanaimo Task Forces and Childminding Reimbursement for members of City Committees	TBD
11. Transit	TBD
12. Community Use of the Vancouver Island Conference Centre	TBD
13. Committee Structure and Community Engagement	TBD
14. Election signage	TBD
15. Mutual Aid Agreement – Fire Department	TBD
16. Sports venues and tourism strategies	TBD
17. Vancouver Island Regional Library overview	TBD
18. Policy Repeal Report	TBD
19. Records Management Update	TBD

Governance and Priorities Committee Agenda Planning

Deferred to Finance and Audit Committee

- Fees and Charges

Previous Topics Covered 2021

- Active Transportation
- Public Engagement report for the Animal Responsibility Bylaw
- SFN and SD68 Truth and Reconciliation -Joan Brown and Scott Saywell Presentation
- Health and Housing Task Force Final Report
- Community Amenity Contribution Policy

Previous Topics Covered 2019 - 2020

- Review of “Council Procedure Bylaw 2018 No. 7272”
- Neighbourhood Associations – Part 1
- Effective Advocacy Strategies
- Coordinated Strategic Policy Review 2020-2021
- Single Use Checkout Bags
- Civic Facilities – conditions, issues, plans and objectives
- Energy and Emissions Management Program
- Advocacy – Part 2
- Coordinated Strategic Policy Review 2020-2021 – Public Engagement Strategy

- Manual of Engineering Standards and Specifications Revision Update
- REIMAGINE NANAIMO Demographics and Land Inventory/Capacity Analysis Summary
- Climate Change Resilience Strategy
- Reallocation of Street Space
- Governance: Question Period/Correspondence/Proclamations/Other
- Council Resolution Update
- Reopening Strategy/Plan
- Roadway Reallocation Options
- Social Procurement
- Sustainable Procurement
- Capital Projects
- Sports Venues
- Proposed Amendments to the MoESS
- Arts & Culture
- Short Term Rental/AirBnB regulations
- REIMAGINE NANAIMO “Water”
- Sanitation Review
- Animal Responsibility Bylaw
- Councillor Brown and Councillor Geselbracht re: Doughnut Economic Framework Model
- Health and Housing Task Force Update
- Environment Committee Recommendations
- Emergency Food and Nutrition Security Strategy

DATE OF MEETING March 8, 2021

AUTHORED BY LISA BRINKMAN, PLANNER, CURRENT PLANNING

SUBJECT COMMUNITY AMENITY CONTRIBUTION POLICY

OVERVIEW

Purpose of Report

To present a Community Amenity Contribution Policy to the Governance and Priorities Committee, and seek the Committee's recommendation regarding the next stage of consultation. The purpose of the Community Amenity Contribution Policy is to offer guidance and transparency for the provision of amenities at the time of a rezoning application or land use covenant amendment application.

Recommendation

That prior to the Community Amenity Contribution Policy coming forward to Council for consideration of endorsement, the Governance and Priorities Committee recommend Council direct Staff to move forward with community consultation, including creating an information page on the City website, and sending a referral to the Neighbourhood Network.

BACKGROUND

Council directed Staff to review the current Community Amenity Contribution (CAC) rates, and an implementation direction in the City's Affordable Housing Strategy is to 'update the Community Amenity Contribution Policy'. Staff have been taking steps towards this goal, including retaining land economist Rollo & Associates Ltd. to conduct a market analysis, drafting a new CAC Policy, and completing consultation with the development community.

Community amenity contributions are negotiated as part of a rezoning or land use covenant amendment process that is initiated by an applicant. Applicants provide amenities as a way of ensuring the proposed development is making a reasonably balanced contribution to the neighbourhood and community at large. In 2012, Council endorsed the City's CAC practice of collecting \$1,000 per residential unit and \$34/m² of commercial and industrial floor area, and these rates are still being used for CAC negotiations with applicants for rezoning proposals and covenant amendments involving a change in land use or density. Market realities have changed significantly since this practice started, thus Staff are proposing new CAC rates for rezoning and covenant amendment applications where additional development rights are requested.

From 2010 to 2020, the City collected \$1,858,946 in CAC funds, which has allowed for significant amenity benefits throughout the city. The allocation of these funds, as negotiated through application reviews, has resulted in 66% of all monetary contributions being directed to parks and infrastructure, 30% to the Housing Legacy Reserve Fund, and 4% to other City initiatives (i.e., emergency shelter). CAC funds have been used for improvements within many parks, including Neck Point Park, McGirr Sports Complex, Monashee Park, Harewood

Centennial Youth Park, Westwood Lake Park, Fern Road Park, Noye Park, Harewood Skate Park, and Linley Valley Park. The City has also used CAC funds to contribute to infrastructure improvements. Approximately \$320,840 of CAC monetary contributions received between 2010 and 2020 have been directed to the Housing Legacy Reserve Fund, which has allowed the City to support affordable housing initiatives in Nanaimo.

The City's Official Community Plan (OCP) and Neighbourhood Plan policies encourage the provision of amenities as part of rezoning applications, and contain guidelines identifying the amenities that are needed or desired for the city. These guidelines have assisted Staff and developers during the CAC negotiation process to ensure CAC funds are directed to amenities that are reflective of community priorities. Through the REIMAGINE Nanaimo public consultation process, the public has an opportunity to provide input on desired amenities for the city, and these will be reflected in the new OCP and Parks, Recreation and Culture Master Plan. Other City plans that provide direction for amenity contributions include the Active Transportation Master Plan, the Affordable Housing Strategy, and the Community Sustainability Action Plan.

DISCUSSION

Local governments need to ensure new development complies with community plans and policies; is acceptable to the community; and that infrastructure, amenities, and services are provided to support growth. In recognition of the potential increased burden on existing amenities where there is a change in use or density, many local governments have engaged in the practice of negotiating CACs from those seeking additional development rights. This is viewed as a reasonable opportunity to help fund community amenities. In accordance with Provincial guidelines, it is recommended that CAC rates be reviewed periodically to ensure they reflect market realities. Also, it is recommended municipalities have a CAC policy to offer administrative guidance and certainty for developers, Staff, Council, and the public regarding the provision of amenities.

In January 2020, the City retained land economist Rollo & Associates Ltd. to provide an analysis and recommendations for new CAC rates that are market-driven and reflect the financial realities of development in the city of Nanaimo. The Rollo report, *Nanaimo Community Amenity Contribution Study* (July 2020), provides case study information regarding the CAC rates of comparable municipalities in B.C., a financial analysis of the City's land values and development market, and recommendations for residential CAC rates in Nanaimo.

Next, Staff drafted a new CAC policy for the City utilizing both the Rollo report and the Provincial guideline document, *Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability* (2014). The proposed CAC Policy will include the following criteria and guidelines for negotiating CACs:

- City Staff will implement the CAC Policy as part of a rezoning or land use covenant amendment process;
- Proposed amenities will be reported to Council for consideration through the application process;
- The OCP, Neighbourhood plans, and other City plans will be referenced to identify amenities that are needed in the city, and the City will secure both monetary and in-kind CACs accordingly;

- Considerations to support affordable housing initiatives, including directing 40% of all monetary CAC funds to the Housing Legacy Reserve Fund;
- Introducing a new CAC rate for rezoning and covenant amendment applications submitted on or after 2022-JAN-01. The new rate is \$2,500 for single residential dwellings, and \$30/m² of gross floor area (excluding underground parking) for multi-family developments (see table below); and
- The CAC Policy is to be reviewed every four years.

The table below outlines the current and proposed CAC rates:

	Current CAC rates	CAC rates starting 2020-JAN-01
Single Residential Dwelling	\$1,000 per unit	\$2,500 per unit
Multiple-Family Dwelling	\$1,000 per unit	\$30 per m ² of gross floor area (excluding underground parking)
Commercial and Industrial	\$34 per m ² of gross floor area	\$34 per m ² of gross floor area
Cannabis and Liquor Retail Store	\$10,000 per store	\$10,000 per store
Student Housing	\$1,000 per bed	\$1,000 per bed

In the Fall of 2020, Staff conducted a consultation process with representatives from the Nanaimo development community to obtain their feedback on the draft CAC Policy. Staff held three meetings with the development community, and have revised the CAC Policy to address their comments and concerns.

In addition, Staff have sought legal advice regarding the CAC Policy, consulted Staff within other departments at the City (i.e., Finance, Parks, Community Planning, and Transportation), and have incorporated their comments into the policy. Staff are recommending the City move forward with the next stage of consultation, including referring the policy to the Neighbourhood Network and adding an information page on the City website.

OPTIONS

1. That prior to the Community Amenity Contribution Policy coming forward to Council for consideration of endorsement, the Governance and Priorities Committee recommend Council direct Staff to move forward with community consultation, including creating an information page on the City website, and sending a referral to the Neighbourhood Network.
 - Advantages: Staff have created a CAC Policy based on best practices and have revised the policy to address concerns from the development community. The CAC Policy increases the contribution of residential CAC rates by approximately 150%.
 - Disadvantage: The rates proposed in the CAC Policy and supported by the development community are less than was recommended in the Rollo Report (July 2020).
 - Financial Implications: The new CAC policy proposes a new CAC rate that will allow greater contributions toward amenities in the City.
2. That the Governance and Priorities Committee recommend Council:
 1. support the Community Amenity Contribution (CAC) Policy with the rates and defined increases as recommended in the Rollo report (July 2020), as follows:

Land Use	CAC rate starting 2022-JAN-01	CAC rate starting 2023-JAN-01	CAC rate starting 2024-JAN-01
Single Residential Dwelling	\$3,000 per unit	\$5,500 per unit	\$8,000 per unit
Townhouse Residential Dwelling A dwelling that shares one or more walls with another unit, with no unit above, and has a ground level entrance.	\$2,500 per unit	\$5,000 per unit	\$7,500 per unit
Multiple Family Dwelling	\$2,000 per unit	\$3,500 per unit	\$5,000 per unit
Commercial and Industrial	\$34 per m ² (GFA)	\$34 per m ² (GFA)	\$34 per m ² (GFA)
Cannabis and Liquor Retail Store	\$10,000 per store	\$10,000 per store	\$10,000 per store
Student Housing	\$1,000 per bed	\$1,000 per bed	\$1,000 per bed

2. and direct Staff to move forward with community consultation, including creating an information page on the City website, and send a referral to the Neighbourhood Network.
 - Advantages: Utilizing the CAC rates recommended in the Rollo report (July 2020) would allow for more monetary contributions for public amenities.
 - Disadvantages: While the development community acknowledges that CAC rates should be increased, the rates proposed in the Rollo report (July 2020) were not supported by the development community.
 - Financial Implications: CACs are not a stable source of funding for the City; however, they can contribute to funding amenities in the city.

3. That the Governance and Priorities Committee provide alternative direction to Staff.

SUMMARY POINTS

- Staff retained Rollo & Associates Ltd. to conduct a market analysis, and drafted a new CAC policy for the City.
- After consultation with the Nanaimo development community the CAC policy was revised to respond to their comments and concerns.
- Prior to presenting the CAC Policy to Council for endorsement, Staff are seeking direction to move forward with the next stage in the consultation process.

ATTACHMENTS:

ATTACHMENT A: Summary of Nanaimo Development Group Consultation
ATTACHMENT B: Community Amenity Contribution Policy
ATTACHMENT C: Nanaimo Community Amenity Contribution Study, July 2020 (Rollo & Associates Ltd.). |

Submitted by:

Lainya Rowett |
Manager, Current Planning

Concurrence by:

Jeremy Holm
Director, Development Approvals

Dale Lindsay
General Manager, Development Services |

ATTACHMENT A

Summary of Nanaimo Development Group Consultation September 2020 to January 2021

NDG comment - *Increased CACs will affect housing affordability.*

Response: The Rollo & Associates Study (July 2020) states that CACs do not affect housing affordability, and that it is the housing market that establishes what the consumer is willing to pay for a unit. CACs are built into the developer's project budget and purchase price of the land. The objective of a CAC Policy and CAC rate is to provide greater certainty to developers in their land and project evaluations.

NDG comment – *Proposed CAC rates are based on metrics from Vancouver and Victoria, central island communities are a better comparable.*

Response: Several Vancouver Island communities were considered when evaluating the proposed CAC rates for Nanaimo. Central Island communities look to the City of Nanaimo for guidance with regard to municipal policies and practices. Nanaimo is expected to be a leader for the Central Island.

NDG comment - *CAC's based on the floor area of a project would lead to more equitable results rather than a CAC rate per unit, and the CAC rate should apply to the increase in floor area permitted by the new zone.*

Response: In response to this comment the CAC Policy was revised such that the CAC rate is based on the floor area of multi-family developments. The City intends to continue the practice of collecting the CAC based on the total units or floor area permitted, however negotiation is always an option.

NDG comment - *CAC contributions should be collected at the building permit stage.*

Response: The City typically collects CACs at the time of Building Permit and this practice is not proposed to change. Occasionally when the CAC is a smaller amount, or if the CAC is related to a Liquor or Cannabis retail store rezoning the City will collect CACs at the time of rezoning. The draft policy outlines the various options for the City to collect or secure a CAC.

NDG comment – *The considerations for affordable housing in the draft CAC Policy are vague and difficult to calculate at the time of a rezoning application.*

Response: In response to this comment the considerations for affordable housing section of the CAC Policy was simplified such that a CAC reduction is eligible for market rental residential units, and a CAC waiver is applicable for non-market residential units.

NDG comment – *Prefer not to see a gradual CAC increase built into the CAC policy.*

Response: In response to this comment the CAC Policy has been revised to remove the gradual CAC increase as recommended in the Rollo & Associates Study (July 2020), and a clause has been added to ensure the City reviews the policy every four years.

NDG comment - *Strongly recommend that CACs be negotiated.*

Response: Section 4 of the draft CAC policy contains the guidelines for the negotiation of CACs. Establishing a CAC policy with targets and guidelines increases transparency and fairness with regard to the negotiation process. Each development project can be unique thus the opportunity to negotiate CACs is always an option.

NDG comment – *The NDG acknowledges that current CAC rates in the City are low (\$1000 per unit) and we support an increase equivalent to a \$2,500 per unit rate but adjusted to not be a per door rate. After the initial increase, CACs should be re-assessed every 3-4 years.*

Response: In response to this comment the CAC Policy has been revised to include a CAC rate based on the gross floor area of a multi-family development (excluding underground parking). The rate was established using \$2,500 per unit as the acceptable per unit rate. To establish the rate Staff used examples of many small, medium and large multi-family development projects in the City since 2016. Also, the CAC Policy includes a clause recommending that the policy be reviewed every four years.

ATTACHMENT B



RCRS Secondary:	GOV-02	Effective Date:	
Policy Number:		Amendment Date/s:	
Title:	Community Amenity Contribution Policy	Repeal Date:	
Department:	Development Approvals	Approval Date:	

PURPOSE:

The purpose of the Community Amenity Contribution (CAC) Policy is to offer administrative guidance for the provision of amenity contributions in the City of Nanaimo (the “City”). Amenity contributions are negotiated as part of a rezoning or land use covenant amendment process that is initiated by an applicant. Applicants provide amenities as a way of ensuring that the proposed development is making a reasonably balanced contribution to the neighbourhood and community at large. The amenities offered are intended to assist with growth pressures and meeting the needs of a growing community, such that the impacts of new development on the community is not subsidized by existing property owners and other residents. The amenities offered can address increased demand or pressure to public facilities and services by adding, improving and expanding public facilities and services. The objective of the CAC Policy is to offer guidance and certainty for the provision of amenities, and to ensure that amenities are responsive to market realities and community needs.

DEFINITIONS:

In-Kind Community Amenity	means a tangible capital asset that is a public facility, work or service that provides an advantage or benefit to the community, that is provided by one or more owners of real property to the City at no cost or a cost agreeable to Council under this Community Amenity Policy when Council approves a development application for an amendment to the Zoning Bylaw or a land use related Section 219 covenant.
Housing Agreement	means a formal housing agreement under section 483 of the <i>Local Government Act</i> .
Housing Income Limit	means housing income limits established by the BC Housing Management Commission.
Market Rent	means a rent amount that is generally similar to the rent of other units in the private (non-subsidized) housing market.
Monetary Community Amenity	means a tangible capital asset that is a public facility, work or service that provides an advantage or benefit to the community, that is provided by one or more owners of real property to the City at no cost or a cost agreeable to Council under this Community Amenity Policy when Council approves a development application for an amendment to the Zoning Bylaw or a land use related Section 219 covenant.

SCOPE:

City staff are directed to implement this CAC Policy as part of a rezoning or land use covenant amendment process. Proposed amenities will be reported to Council for consideration and to obtain final approval.

POLICY:

The City's Official Community Plan, Neighbourhood Plans, and other policy documents identify the amenities that are desired or needed to accommodate growth in each community. These plans are created with community consultation and will be used as a guide for monetary and in-kind amenity contributions. In addition, the amenities to be accepted by the City shall be:

- i. Growth related, such that there is a proportional and demonstrable link between the amenity and the impacts of new development;
- ii. Consistent with services normally provided by a municipal government;
- iii. A public benefit needed by the community as outlined in a Council adopted policy or plan; and
- iv. Long-term operational viability (that is long-term operating and maintenance costs are supportable by the City).

The amenity negotiation principles are as follows:

- i. New development should make a fair contribution to new community amenity needs to address some of the impacts of growth.
- ii. The amenities offered and accepted will be negotiated between the City and the applicant(s).
- iii. The amenity will be proportional to the impact of development and reasonable, minimizing the impact on project viability, the pace of new development, and on housing affordability.
- iv. A flexible approach will be used in negotiations.

In-Kind Community Amenities

The City Council may elect to accept in-kind community amenities that are tangible capital assets (such as parkland, a public pedestrian path or on-site public benefit). In-kind community amenities owned by the City are strongly preferred and are generally subject to the following conditions:

- a. Applicants are responsible for constructing, finishing, furnishing and equipping the in-kind community amenity as well as for payment of all applicable up-front development costs;
- b. The size, location, materials, and design of the in-kind community amenity must be to the satisfaction of the City and in accordance with applicable standards and guidelines; and
- c. The City's future budgets must be able to support the estimated lifecycle costs of operating, maintaining, and repairing the community amenity.

In-kind community amenities that are not owned by the City, may be considered by the City on a case-by-case basis, and will be subject to the following conditions, the in-kind community amenity must:

- a. Provide amenities, programs and services that align with the City's priorities, goals, and services typically offered by the City;
- b. Meet a demonstrated community need;
- c. Be affordable, equitable and accessible to the neighbourhood or general community;
- d. Be secured through legal agreements with the City for ongoing long-term use and availability as if it were a City-owned and operated facility; and
- e. The City will lead the selection of a non-profit operator, if applicable.

The value of the in-kind amenity physically provided shall be generally equivalent to the cash in lieu targets indicated in the Table A. The value calculation of an in-kind provision of an amenity shall be

undertaken by an appropriate qualified professional with demonstrable experience in the costing of the amenities being valued. Submission of a detailed cost estimate for proposed amenities will be required for City review. As part of any review:

- a. The estimated costs will be based on the physical construction of the amenity that would otherwise be provided.
- b. Materials and labour required to construct the amenities are the only eligible expenses, as opportunity, lost profit, and financing expenses will not be included in any calculation.
- c. At the City's discretion, an appropriate third party professional may be engaged to conduct a peer review of the cost calculations.
- d. The cost of any peer review performed by the City will be funded by the applicant.
- e. The terms of reference and the cost of the peer review will be agreed to by the City and the applicant prior to the review being undertaken.
- f. The peer review report will be made available to the applicant.

Park dedications required by the subdivision process shall not be included in any proposed park community amenity. Also, active transportation improvements proposed as amenities outlined in this Policy must not replace frontage or other off-site improvements required under City bylaws or as designated as Development Cost Charge works. Improvements required by bylaw or that are necessary to facilitate development or provide connections to the subject site are not community amenities and will only be considered when they are in excess of what is required by bylaw or to serve the site.

Monetary Community Amenities

Monetary community amenities are a form of public benefit where money is provided by an applicant in-lieu of providing land or capital assets. Table A outlines the minimum monetary CAC rates that will be used in negotiations between the City and the applicant when additional development rights are requested. The CAC rate is applied to all of the residential dwelling units and/or the total gross floor area in the development, and not the increase in development rights.

Table A: CAC Rates

	CAC Rate (commencing January 1, 2022)
Single Residential Dwelling	\$2,500 per dwelling
Townhouse Residential Dwelling and Multiple Family Dwelling	\$30 per m ² of Gross Floor Area (excluding underground parking areas) as defined by the Zoning Bylaw.
Commercial and Industrial	\$34 per m ² of Gross Floor Area (excluding underground parking areas) as defined by the Zoning Bylaw.
Cannabis Retail Store and Liquor Retail Store	\$10,000 per store
Student Housing	\$1000 per bed

Affordable Housing Considerations

The City's 'Affordable Housing Strategy' provides guidance to ensure that Nanaimo residents have access to a diversity of housing options that are safe, stable, appropriate and affordable. To support this vision the following considerations will apply to CAC negotiations:

- a. For each monetary CAC contribution, a minimum of 40% of the total contributed will be directed to the City's Housing Legacy Reserve Fund.
- b. CAC contributions may be reduced by 50% for market rental dwelling units when the rental tenure of the units is secured by a Section 219 Covenant, Section 483 Housing Agreement, or other legal means to the satisfaction of the City.
- c. CAC contributions may be waived 100% for non-market rental dwelling units that meet the following three criteria: 1) the dwelling unit is occupied by one or more individuals whose collective annual before-tax income does not exceed the Housing Income Limit for the City; and 2) where 12 months' rent for the dwelling unit does not exceed 30% of the occupants' collective before-tax annual income; and 3) the dwelling unit is owned or operated by a non-profit housing partner or public institution. A Section 483 Housing Agreement is required to be registered on the property title to secure these commitments for the applicable dwelling units.

PROCESS:

Collection of CACs

Community amenity contributions will be secured prior to consideration of final adoption of the amendment bylaw or the respective final decision of Council.

In some circumstances payment of the monetary CAC may be made to the City at the time of issuance of a related development permit or at the time of issuance of a related building permit. The City, in its discretion, may accept one or more of the following prior to consideration of final adoption of the amending Bylaw:

- a. A Section 219 covenant registered on the certificate of title of the property which outlines the timing and details of the community amenity to be collected or secured; and/or
- b. An irrevocable, unconditional letter of credit in a form acceptable to the City, is delivered to the City for the full amount of the community amenity.

Community amenity contributions may, in some situations, be negotiated with the applicant and approved by Council, in a phased development agreement or amenity zoning bylaw.

Review of CAC Policy

This CAC policy should be reviewed every 4 years from its effective date.

RELATED DOCUMENTS

Official Community Plan and Neighbourhood Plans

Parks Recreation and Culture Master Plan, Creative Nanaimo, and Community Plan for Public Art

Transportation Master Plan

Affordable Housing Strategy

Community Sustainability Action Plan

Housing Legacy Reserve Fund Bylaw

REPEAL OR AMENDMENT

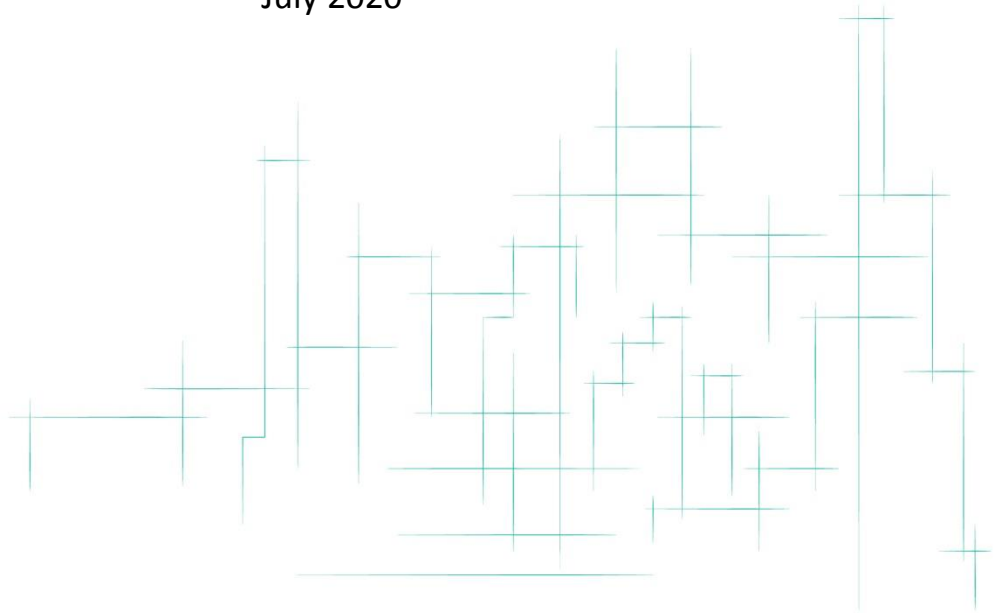
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Nanaimo Community Amenity Contribution Study

Prepared For: City of Nanaimo

July 2020



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Executive Summary

G. P. Rollo & Associates (GPRA) have been retained to assist the City of Nanaimo (the City) in reviewing their approach to community amenity contributions (CACs) and working towards updating the City's CAC program.

CASE STUDIES

GPRA has compared the bonus density and CAC policies of a selection of municipalities throughout BC. The selection is not intended to be comprehensive or to highlight the municipalities that use density bonusing measures most, but rather to explore municipalities that resemble Nanaimo in terms of size and/or urban context. This analysis is summarized in Table A and presented in detail in Section 3.

Table A: Case studies summary

Municipality	CAC Rates
Central Saanich	\$2,000 per unit or equivalent for non-residential development for Affordable Housing; \$5,500 per unit or equivalent for general amenities
Colwood	\$2,500 per single family/townhouse/duplex; \$1,500 per apartment unit
Langford	\$3,500-\$7,000 per large SF lot; \$2,310-\$4,620 per small SF lot or duplex unit; \$2,135-\$4,270 per multi-family unit;
Langley City	\$2,000 per unit
Maple Ridge	\$5,100 per one-family lot; \$4,100 per townhouse dwelling unit; \$3,100 per apartment dwelling unit; bonus density \$3,100 per multifamily unit or additional lot
Nanaimo	\$1,000 per unit
North Saanich	\$16,000 per additional single family lot; \$9,500 per townhouse/patio home unit; \$8,000 per apartment unit
Pitt Meadows	\$2,100 per unit for single family; \$2,800 per unit for townhouse; \$2,400 per unit for apartments
Surrey	Capital cost of NCP amenities determined by City in 31 NCP areas; Average is roughly \$1,281 per unit
Township of Langley	\$5,673 per one-family lot; \$4,814 per ground oriented multi unit; \$3,782 per apartment unit (wood frame); \$2,923 per apartment unit (concrete); + \$103,000 per acre in Willoughby
Victoria	Variable CACs by neighbourhood (\$5, \$20, & \$35 per sq.ft. of bonus area), Negotiated ad hoc; Framework for density bonus adopted for rentals

Based on the case study analysis presented in Section 3, GPRA has identified the following best practices:

- Both density bonusing and CAC policies are acceptable to the market and easy to implement. If demand for development is present, these policies tend to see very high rates of use.
- Using both approaches is common and helps to avoid loopholes, as density bonusing covers projects that do not require rezoning, and CACs cover projects that do require rezoning.
- For ease of administration and maximum clarity for developers, CAC expectations should be expressed in a straightforward table of rates similar to DCCs. These should be updated periodically to reflect changes in the market.
- A “stepped” approach in which different rates apply to different density ranges may be beneficial:
 - It allows the City to directly control the development incentives. For instance, this can be used to encourage higher density through diminishing rates
 - It can be used to reflect the jump in cost from wood frame to concrete construction, again by diminishing the rates above certain thresholds
 - It can be used to better match the financial realities of a project, increasing the program’s efficacy.
- When a land lift approach is used, cities tend to aim for contributions in the 25% - 75% range. Communities that have significant development interest in higher density development like Victoria tend to come in at the higher end of this range. Smaller municipalities with less demand tend to be near the lower end of this range. This reflects a gradual transition from lower rates to higher rates that Nanaimo should consider deliberately emulating.

In general, most municipalities secure any CACs (either cash or in-kind) during the rezoning process, most often before or at third reading. Although one can defer collection of fees payable until later in the development process this does open the door for developers to ask for a re-evaluation of the fee and perhaps try to reduce it or not pay it altogether. More appropriate would be to set what the CAC is by third reading with the payment or in-kind delivery schedule incorporated into the title on the property through a covenant on title. The City’s current policy of securing the contribution at rezoning and is payable at the time of issuance of the Building Permit would be a perfectly acceptable approach to how to handle this sort of phased agreement. The amount payable should be set at the rates in effect at the time the rezoning is granted (although consideration could be given to indexing of the amount payable at CPI between 3rd reading and when the CAC is paid, at the discretion of the City), and would only be subject to change should there be further amendments to the zoning.

Although many municipalities assume that land lift per additional density is equal to the land value per base density (so for example, doubling the density would double the land value), this is not the case. This may be true under certain conditions, but in reality land lift may fall short or exceed this amount. For instance, switching from wood frame to concrete construction tends to reduce land lift due to increased costs.

Using this popular but incorrect assumption can negatively impact development by assuming some types of density to be more viable than they are. Instead, GPRA recommends using a residual land value approach to calculate an appropriate stepped fee framework, and to update this analysis periodically.

FINANCIAL ANALYSIS

GPRA has run an economic analysis of the potential increase in land value supported after a rezoning to a higher density and has determined that there is evidence the City of Nanaimo can increase the CACs rates they seek to secure through rezoning.

The City provided GPRA with 7 hypothetical residential case studies to use for modelling the financial analysis. These cases are intended to represent those types of rezonings the City sees most often and expect to see in the future.

The financial analysis is intended to illustrate the economic benefits to a developer from the additional density being made available, and at a high level it should reveal what potential there is to collect monies for amenities without adversely affecting developers' bottom line under current market conditions.

The analysis indicates that there should be potential for the City to increase current CAC rate targets.

GENERAL CONCLUSIONS & RECOMMENDATIONS

Considering both the policy review and to the economic analysis GPRA offer the following conclusions and recommendations regarding a made in updating Nanaimo's Community Amenity Contribution policy:

1: Update City-wide flat fee CAC

- As with DCCs, the City could bring in area specific CACs at some point in the future if specific projects or amenity needs are identified for a particular area of the City.
- The City can, and should, reserve the right to continue to negotiate on a site specific rezoning where the rezoning is either something not considered in the OCP or for CD zones.
- Most of the communities surveyed in the policy review do not collect CACs from industrial development or commercial development, but the City can continue to use existing rates for CACs and negotiate amenities with developers of these uses.

2: Ensure the fee is affordable for developers

- A key measure GPRA recommends is to allow for a grace period when introducing a flat fee CAC.
- At the least ensure all applications in stream up to a pre-set date are grandfathered in under current policy, or developers are allowed the option of opting into the new program early to allow for cost certainty rather than being subject to an ad hoc analysis.
- Start temporarily with a low/nominal fee to introduce the concept to developers and allow for them to adjust expectations regarding land purchase pricing to reflect the new fees.

3: Conduct periodic reviews of rates

- As with the DCC program the City should conduct a periodic review (GPRA recommends not less than every 5 years and no more than every 2 years) to determine the economics of development and the ability for development to contribute CACs and adjust rates accordingly after each review.

4: Consider using a basket of goods approach with a municipal assist factor

- The Provincial Government recommends the municipalities use a basket of goods approach to CACs and the development community is more receptive to rates if they understand what amenities monies are being collected to pay for.
- Council, departments, and committees would need to identify specific amenities or facilities that would be needed in the future and estimate costs to determine CACs.
- Although policy allows for communities to collect CACs to pay for amenities that are lacking in already developed areas, there is a perceived fairness factor in laying the burden entirely on new development rather than paying for a portion of some amenities through general revenue or other means.

5. Potential Updated CAC rates

Given our research and analysis GPRA recommends the City increase its CACs as follows:

- **Single Family**: \$3,000 per unit in 2021; \$5,500 per unit in 2022, and \$8,000 per unit in 2023 and beyond.
- **Townhouse**: \$2,500 per unit in 2021; \$5,000 per unit in 2022, and \$7,500 per unit in 2023 and beyond.
- **Strata Apartments**: \$2,000 per unit in 2021; \$3,500 per unit in 2022, and \$5,000 per unit in 2023 and beyond.

After this point best practices recommend periodic reviews of rates on a rotating basis, similar to how jurisdictions review their DCC rates every three to five years. In the intervening period rates could be indexed at CPI every year.

With regard to the question of what the impact of a CAC is on housing pricing and who ultimately pays for it the short answer is that the sales price of a residential unit is driven by what the market will bear, not by costs. Furthermore, CACs generally make up a relatively insignificant part of an overall cost for a project, often less than 1% of the total cost. In theory it is technically the current landowner who is selling their property to a developer will have the purchase price reflect the cost of a CAC to a developer in the land sales price.

With regard to the impact of the COVID-19 pandemic, as of this writing we are still in the midst of this crisis and it will be difficult to determine how much the housing market will truly be affected. Many economists feel that the impact will be over the next 1-3 years with a relatively quick recovery with support from senior levels of government. Insofar as how this affects the land lift in the financial analysis GPRA feels that those will be relatively minor as all housing will be affected which will mitigate some on the impact on the land lift. However, should there be a concern that the timing might be wrong to bring in an increase during a pandemic the City could look at delaying any increase until such time as the pandemic warning has been removed or could look at a gradual increase over time with increments on a quarterly or semi-annual basis.

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1 Introduction

G. P. Rollo & Associates (GPRA) have been retained to assist the City of Nanaimo (the City) in reviewing their approach to community amenity contributions (CACs) and working towards the updating the City's CAC program. Specifically, GPRA has been tasked with:

- 1) Providing an understanding of the legislative framework for density bonusing and CACs, and how such programs differ
- 2) Researching density bonus programs in comparable jurisdictions and evaluating their relative strengths and weaknesses
- 3) Meeting with City staff to better understand their aspirations for community benefits to be funded through the program
- 4) Developing a CAC Program for the City and providing analyses and recommendations that are market-driven and supported by an understanding of the financial realities of development in the City
- 5) Making recommendations as to how to best manage the program and ensure that it is kept current to reflect changing market conditions; and make recommendations regarding the existing program
- 6) Provide a rationale for increasing the CAC per unit rates from the \$1,000 per unit charge that has been in place for more than a decade.

2 Principles and Definitions

2.1 Legislative framework

Amenities and contributions are typically obtained through two general approaches:

1. Density bonusing, in which the zoning bylaw establishes the permissible density with and without a contribution, and sets the amount and type of contribution required for additional density.

Since it is part of the zoning bylaw, bonus density is available as of right and is not up to Council discretion as long as the contribution requirements are met.

2. Community amenity contributions (CACs), in which a contribution is negotiated as part of the rezoning process; this remains a matter of Council discretion.

In British Columbia, density bonusing is expressly enabled in the Local Government Act:

Section 482

- (1) A zoning bylaw may
 - (a) establish different density regulations for a zone, one generally applicable for the zone and the other or others to apply if the applicable conditions under paragraph (b) are met, and
 - (b) establish conditions in accordance with subsection (2) that will entitle an owner to a higher density under paragraph (a).
- (2) The following are conditions that may be included under subsection (1) (b):
 - (a) conditions relating to the conservation or provision of amenities, including the number, kind and extent of amenities;
 - (b) conditions relating to the provision of affordable and special needs housing, as such housing is defined in the bylaw, including the number, kind and extent of the housing;
 - (c) a condition that the owner enter into a housing agreement under section 483 before a building permit is issued in relation to property to which the condition applies.¹

It is now accepted that the amenity contributions listed in Section 482.2 may take the form of cash as long as this cash is put towards said amenities.

Unlike density bonusing, CACs are not expressly enabled by the Local Government Act, but are considered part of the normal rezoning process. In other words, negotiation prior to rezoning is permissible by default and amenity contributions are part of this process. However, the Ministry of

¹ Local Government Act (2015). Queen's Printer, Victoria.

Community, Sport and Cultural Development has published a guide to CACs which reiterates that they should be voluntary and discretionary for both parties:

Local governments do not have legal authority to require applicants for rezoning to pay CACs. They must ensure that any CACs are obtained as part of a negotiation process. Local governments must also not commit to pass a rezoning bylaw on the condition that CACs are provided. Council and regional board members are legally required to remain open-minded on a proposed rezoning, until they have heard the public's perspectives at the public hearing.

It is important to keep in mind that zoning is intended to implement the community plan and should not be seen as a revenue source. Being perceived to be “selling zoning” can undermine public confidence in the community plan and the council/regional board's commitment to the plan.²

2.2 Flat fee versus site analysis

Despite the imperative to keep CACs flexible and open-ended for the reasons listed in the Ministry guide above, municipalities in BC are increasingly releasing schedules of CAC targets much like DCC rates. This “flat fee” approach has the advantage of:

- Improving transparency and fairness
- Increasing developer and investor confidence
- Reducing administrative costs for developers and governments
- Facilitating faster development
- Allowing public input regarding requested amenities.

Because it is built into the zoning bylaw and needs to be formulaic, density bonusing almost always uses a flat fee approach, but not all municipalities approach CAC negotiations in this way. Many still rely on a project-by-project “site analysis” approach to CACs, in which each major rezoning application is analyzed to determine the contribution it can financially support. The site analysis approach is most appropriate for unusual or uncertain projects:

- Comprehensive developments
- Rezoning not anticipated in the OCP
- Large phased projects.

But the site analysis approach is not preferred by developers or most municipalities because it:

- Creates uncertainty regarding project costs, reducing investor and developer confidence

² Ministry of Community, Sport and Cultural Development (2014). Community Amenity Contributions: Balancing community planning, public benefits and housing affordability. Retrieved on 2018/04/27 from http://www.cscd.gov.bc.ca/lgd/intergov_relations/library/CAC_Guide_Full.pdf

- Is administratively challenging, which is difficult for small developers and inexperienced municipalities
- Tends to slow the development process.

2.3 Setting rates

There are two basic approaches to determining density bonus contribution rates or CAC negotiation targets:

1. Basket of goods: contribution rates or CAC targets are allocated to developments based on the pre-determined amenity requirements of the community or area.
2. Land lift: contribution rates or CAC targets are allocated to developments based on how much they are able to contribute, or based on the increase in the project's land value that occurred or would occur due to increased density. This is discussed in more detail below.

Developers typically prefer the “basket of goods” approach because it is perceived as fairer and usually produces lower rates. However, since the basket of goods approach is not connected to developments' ability to pay – instead being based on the community's needs – it is possible for rates generated in this way to overburden developers. Thus, a blended approach is generally preferred: rates should be in line with the community's needs (basket of goods approach) but not more than developments can support (land lift approach).

2.4 Land lift

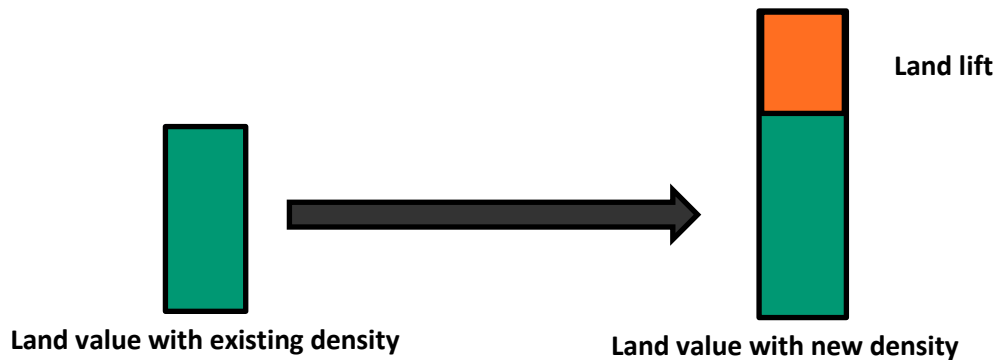
Because it results directly from the increase in density, the increase in land value from one density to another – called “land lift” – may be attributed to the rezoning or the bonus density, and is therefore arguably the result of City policy rather than developer work.

That permitting denser or more valuable projects on the same site tends to produce increases in land value is demonstrably true in the market, but the market is also fluid, flexible, and subject to speculation. For this reason, estimating the amount of land lift from a particular rezoning or density bonus through market research is impossible. A better approach to estimating land lift is theoretical: if costs and revenues are all set by the market and estimable, then assuming a constant profit margin – say 15% profit to costs – the corresponding value of the land that would produce that profit margin may be determined. How this “residual land value” changes with density reveals the land lift from a rezoning or density bonus.

When a parcel changes hands after rezoning, the purchaser might pay more than this theoretically derived amount or less, in which case they are likely to achieve a greater or narrower profit margin. In general, land values do rise and fall basically in line with these theoretical estimates.

An example of calculating land lift follows. Figure 1 reflects hypothetical residential development based on two densities: a base density permitted under current zoning, and a revised density permitted after a rezoning.

Figure 1: Land Value at Base Density versus Land Value at Rezoned Density



In the example above, with permissions granting an increase in density there is a rise in the value that a developer could afford to pay for that same parcel of land. The bar on the left represents the base value for the land under current zoning that a developer might pay based on current expectations of revenues and costs, as well as an allowance for developer profit. The bar on the right shows the base value for the land plus the increased value the developer could pay for the land with a higher density of development permitted, again based on current expectation of revenues and costs along with an allowance for profit.

It should be noted that this increase in land value is reflective of the change in permitted density and or use. It is not a value that is representative of the native development rights carried under existing zoning, and as such the current property owner should not expect to achieve this value for their land on the right if they are assuming no costs or risks in trying to rezone their land. The value on the left represents current market values for land, inherent in which is the value increases over the years the property has been held through increases in market value for land.

The revenue from a project is set by the market and out of the developer's control, so assuming a developer intends to achieve a given profit margin, if CACs are required for a rezoning or if a cash contribution is required for bonus density, then the developer must lower their costs elsewhere to maintain the project's profitability. Most costs are also set by the market and out of the developer's control, except for the price of land.

In other words, CACs or bonus density contributions should decrease the land's value, basically "dollar for dollar", rather than impacting profit margins or product prices. That is, if \$1 million of CACs were required from a project, this would have resulted in a \$1 million decrease in the land's value. In GPRA's experience this is exactly what occurs in jurisdictions with CACs or density bonusing, once the land market has time to adjust to the new policy framework.

Density bonus rates and CACs should not exceed the land lift for a given project, because that would increase the project's costs more than the added density increased the project's revenues. In other words, the land lift amount acts as threshold above which CACs or density bonus payments are likely to negatively impact project viability. A developer would have no reason to use the CAC or density bonusing policy in that scenario because the added burden would be bigger than the added benefit.

In closing, land lift reflects the impact of changing density, and the land lift exists with or without CAC or density bonusing policies. In jurisdictions without such policies, or where those policies are avoided or not applied, the land lift still exists but is captured by the developer or the land vendor, or in most cases split between the two. CAC and density bonusing policies simply allow the public to access some share of the land lift so that the neighbourhood benefits from the added density.

3 Case Studies

This section compares the CAC policies of a selection of municipalities throughout BC. The selection is not intended to be comprehensive or to highlight the municipalities that use these measures most, but rather to explore municipalities that resemble Nanaimo in terms of size and urban context. The selected municipalities are:

- Central Saanich
- Colwood
- Langford
- Langley City
- Maple Ridge
- North Saanich
- Pitt Meadows
- Surrey
- Township of Langley
- Victoria

Table 1 below summarizes the CAC and density bonusing policies of these ten jurisdictions along with Nanaimo's current CAC rate.

Table 1: CACs in Comparable Jurisdictions Case studies Summary

Municipality	CAC Rates
Central Saanich	\$2,000 per unit or equivalent for non-residential development for Affordable Housing; \$5,500 per unit or equivalent for general amenities
Colwood	\$2,500 per single family/townhouse/duplex; \$1,500 per apartment unit
Langford	\$3,500-\$7,000 per large SF lot; \$2,310-\$4,620 per small SF lot or duplex unit; \$2,135-\$4,270 per multi-family unit;
Langley City	\$2,000 per unit
Maple Ridge	\$5,100 per one-family lot; \$4,100 per townhouse dwelling unit; \$3,100 per apartment dwelling unit; bonus density \$3,100 per multifamily unit or additional lot
Nanaimo	\$1,000 per unit
North Saanich	\$16,000 per additional single family lot; \$9,500 per townhouse/patio home unit; \$8,000 per apartment unit
Pitt Meadows	\$2,100 per unit for single family; \$2,800 per unit for townhouse; \$2,400 per unit for apartments
Surrey	Capital cost of NCP amenities determined by City in 31 NCP areas; Average is roughly \$1,281 per unit
Township of Langley	\$5,673 per one-family lot; \$4,814 per ground oriented multi unit; \$3,782 per apartment unit (wood frame); \$2,923 per apartment unit (concrete); + \$103,000 per acre in Willoughby
Victoria	Variable CACs by neighbourhood (\$5, \$20, & \$35 per sq.ft. of bonus area), Negotiated ad hoc; Framework for density bonus adopted for rentals

Most municipalities measure density in their CAC and density bonusing policies by the same metrics used in their zoning bylaws. This is intuitive because it allows clear comparison and prevents loopholes. Thus, most municipalities use some combination of per built area, per unit, or FSR metrics. However, there are a few exceptions and nuances: All rezonings in eligible areas in the Township of Langley, and all commercial rezonings in eligible areas in Surrey require CACs at rates expressed per acre. In other words, these are not density bonuses as much as rezoning charges. Other communities such as Victoria expressly request contributions based on site analysis to determine land lift, at least in some cases. Other municipalities perform land lift calculations prior to setting their rates.

What amenities are funded by these policies? Popular options include:

- Affordable housing
- Underground parking
- Civic facilities
- Parks and paths
- Public art

Some municipalities' density bonusing and CAC policies apply only to particular land uses in particular areas, including Township of Langley, Pitt Meadows, and Victoria. Others apply to all developments, such as Langley City and Langford. Coquitlam, Maple Ridge, and City of North Vancouver have density bonusing policies that apply in limited areas but CAC policies that apply everywhere.

In general, most municipalities secure any CACs (either cash or in-kind) during the rezoning process, most often before or at third reading. Although one can defer collection of fees payable until later in the development process this does open the door for developers to ask for a re-evaluation of the fee and perhaps try to reduce it or not pay it altogether. More appropriate would be to set what the CAC is by third reading with the payment or in-kind delivery schedule incorporated into the title on the property through a covenant.

The specific details of some jurisdiction's experience is discussed in more detail in the following sections.

3.1 Surrey

Type

Density bonus

Formula

Fixed fees per additional unit (residential) or per land area (non-residential), which vary by area based on a basket of goods.

Maximum bonus

Varying by zone

Objective

Police, fire, library, parks, paths, and facilities

Eligibility

Neighbourhood Concept Plan areas (31 designated throughout Surrey)

Comments

The City of Surrey officially has a density bonusing policy as well as a CAC policy, but the CAC policy has been waived since 2007 when it was first introduced.

The density bonusing policy establishes higher maximum bonus densities in certain zones and areas, which vary. A basket of goods is estimated in each area – broken down into police, fire, library, and parks & facilities components – which is allocated to the additional density on a per unit basis for

residential, and a per land area basis for non-residential. This policy has been very successful throughout Surrey, although it has been waived in the City Centre and Guildford at times in order to incentivize development.

Surrey's proposed but never-implemented CAC policy aims to target rezoning negotiations in the City Centre and Guildford areas to achieve the following:

$$\text{cash contribution} = \frac{3 \times \text{land value} \times \text{additional floorspace}}{4 \times \text{base floorspace}}.$$

This is an approximately equal to 75% of the project's land lift, but only under certain market conditions. The real land lift may vary substantially from this number, depending on the project. The document calls this amount "75% of land lift", but this is incorrect. This policy has been waived since 2007 to encourage development, although the City is considering implementing it in the near future.

3.2 Township of Langley

Type

CACs

Formula

Varying by residential type:

- Single family: \$5,673 per lot
- Townhouse, rowhouse, or duplex: \$4,814 per unit
- Apartment of 1 – 6 storeys: \$3,782 per unit
- Apartment of 7 or more storeys: \$2,923 per unit.

PLUS about \$103,000 per ac of land in certain parts of Willoughby

Objective

Parks, greenways, public art, heritage preservation, police, fire, and library

Eligibility

All rezonings with residential, and all rezonings in selected areas of Willoughby

Comments

The Township of Langley calculated the cost of a basket of goods for parts of the Willoughby area, and then estimated the share of that cost to be about \$103,000 per ac of rezoned land (adjusted periodically), which is expected from developers.

According to staff, the policy has been extremely successful and used by almost all new development in Willoughby since its introduction. Developers rarely attempt to deviate from this CAC rate through negotiation. The Township likes the policy and is considering expanding it to other growth areas. The policy has the advantage of encouraging density, since it applies to all rezonings in the area regardless of density. In truth this is not a density bonus but a rezoning fee.

The Township also has a density bonusing program but it is being phased out, and has already been replaced with the current framework in Willoughby.

In addition to the Willoughby-specific policy described above, the Township also recently introduced a municipality-wide CAC schedule (see above) applying to all rezonings that include residential. Both sets of charges are applicable to eligible properties, which is justified by the varying amenities needs of different parts of the Township.

3.3 Maple Ridge

Type

Both

Formula

Density bonus: \$3,100 per residential unit

CACs:

- \$5,100 per single family lot
- \$4,100 per ground-oriented multi-family dwelling (includes townhouses)
- \$3,100 per apartment.

Maximum bonus

Density bonus:

Table 2: Maximum density bonus by zone, Albion

Code	Name	Base density	Maximum with bonus
RS-1d	One Family Urban (Half Acre)	2,000 m ² per lot	557 m ² per lot
RS-1b	One Family Urban (Medium Density)	557 m ² per lot	371 m ² per lot
RM-1	Townhouse	0.6 FSR	0.75 FSR

Objective

Parks, trails, civic facilities, public art, heritage conservation, affordable housing

Eligibility

Density bonus: RS-1d, RS-1b, and RM-1 zones in the Albion Area

CACs: All rezonings with residential

Comments

Maple Ridge introduced density bonusing to the Albion Area in 2012, and since then the policy has been extremely successful, being used by every single eligible development. The contribution amount is unchanged since 2012 so it is an increasingly good deal for developers, which might be a shortcoming of Maple Ridge's approach so far.

Maple Ridge recently expanded the policy to include the City-wide CAC program described above.

3.4 Pitt Meadows

Type

CACs

Formula

\$2,100 per single family lot, \$2,800 per townhouse, and \$2,400 per apartment above the existing density.

Objective

Community civic facility, public art, affordable and special needs housing, parks, trails, significant ecological features, other projects.

Eligibility

Rezoning with residential in the Urban Containment Boundary, excluding affordable and special needs housing and accessory dwelling units.

Comments

This opportunity has not been taken up by developers yet; Pitt Meadows has trouble even achieving the base density. Parking can only go one level down due to the high water table, which has limited the size of development. This is unlikely to change until demand for development grows to the point where underground parking is viable in this location.

3.5 Langford

Type

CACs

Formula

Table 4: CAC by land use and area, Langford

	Pedestrian Downtown	City Centre	Sooke Road Corridor	Elsewhere
Large lot detached	\$3,500 per unit	\$5,200 per unit	\$4,400 per unit	\$7,000 per unit
Small lot detached	\$2,310 per unit	\$3,432 per unit	\$2,904 per unit	\$4,620 per unit
Duplex	\$2,310 per unit	\$3,432 per unit	\$2,904 per unit	\$4,620 per unit
Multi-family	\$2,135 per unit	\$3,172 per unit	\$2,684 per unit	\$4,270 per unit
Commercial, business park, or industrial	\$1 per ft ²	\$1 per ft ²	-	-

A park and open space contribution is determined at the time of rezoning and is in addition to these amounts.

Outside of the Pedestrian Downtown, City Centre, and Sooke Road Corridor areas, single family rezonings of 15 or more units may waive \$15,000 per 15 units in exchange for one affordable housing lot.

Objective

Affordable housing, downtown parking, parks and open space

Eligibility

All rezonings.

Comments

The CAC policy was waived during the Recession because Langford did not want to penalize density. But since then the policy has been enforced and has been extremely successful, with nearly all developments making use of it. Developers prefer the clarity of the table of rates over a negotiated approach as it provides clear guidance.

3.6 Case study conclusions

Based on the case study analysis presented above, GPRA has identified the following best practices:

- CAC policies are acceptable to the market and easy to implement. If demand for development is present, these policies tend to see very high rates of use.
- Using both density bonusing and CACs is common and helps to avoid loopholes, as density bonusing covers projects that do not require rezoning, and CACs cover projects that do require rezoning.
- For ease of administration and maximum clarity for developers, both density bonus contributions and CAC expectations should be expressed in a straightforward table of rates similar to DCCs. These should be updated periodically to reflect changes in the market.
- A “stepped” approach in which different rates apply to different density ranges (or building typologies) may be beneficial:
 - It allows the City to directly control the development incentives. For instance, this can be used to encourage higher density through diminishing rates
 - It can be used to reflect the jump in cost from wood frame to concrete construction, again by diminishing the rates above certain thresholds
 - It can be used to better match the financial realities of a project, increasing the program’s efficacy.
- When a land lift approach is used, cities tend to aim for contributions in the 25% - 75% range. Communities that have significant development interest in higher density development like Victoria tend to come in at the higher end of this range. Smaller municipalities with less demand tend to be near the lower end of this range. This reflects a gradual transition from lower rates to higher rates that Nanaimo should consider deliberately emulating.
- A note on unit rates – most municipalities who charge their rates on a per unit basis can do so in two ways:
 - The charge is for each unit in the development, or;

- The charge is applied to each unit in the development beyond that which would have been permitted under the previous zoning and/or density

There is no right or wrong way to apply these rates, but it is important to understand that the difference between these two approaches is simply a matter of the denominator used to determine the unit rate. In the first approach the math takes the amenity value the municipality is seeking to capture and divides it by all the units, so if for example we had a case study where there were 100 units and the value being sought was \$100,000, the rate would be \$1,000 per unit. In the second approach the math would look at the incremental number of units, so let us say current zoning would allow for 25 units, so there are 75 new units being created. There is still the same \$100,000 being sought as a contribution in this example, but that is being divided among those 75 new units, so the indicated rate would be \$1,333 per unit.

Although many municipalities assume that land lift per additional density is equal to the land value per base density (so for example, doubling the density would double the land value), this is not the case. This may be true under certain conditions, but in reality land lift may fall short or exceed this amount. For instance, switching from wood frame to concrete construction tends to reduce land lift due to increased costs.

Using this popular but incorrect assumption can negatively impact development by assuming some types of density to be more viable than they are. Instead, GPRA recommends using a residual land value approach to calculate an appropriate stepped fee framework, and to update this analysis periodically.

The next section is an example of such an approach.

4 Financial Analysis of Hypothetical Developments

4.1 Methodology and assumptions

GPRA typically prepares analyses using a standard developer proforma wherein estimates of revenues and costs are inputs and the remaining variable is the desired output. In typical proformas this output is usually profit, following a revenues minus costs equals profit formula. For a residual land valuation, however, an assumption on developer's return needs to be included in order to leave the land value as the variable to solve for. For these analyses GPRA determines the residual value based on the developer achieving an acceptable profit of 15% on total project costs for purely residential projects and for mixed use projects GPRA utilizes separate assumptions for the residential portion at 15% profit on cost and an Internal Rate of Return (IRR) for rental or commercial portions of the project based on a representative portion of overall project costs for the proposed development³.

The residual values are the maximum supported land value a developer could pay for the site (under the density and conditions tested) while achieving an acceptable return for their project. This means that a developer could pay the indicated value for the land, develop and sell the finished product and achieve a profit of 15% at the end of the day. If by chance the land were bought for less than the indicated value, this would result in an increased profit for the developer and conversely if bought for more than the value indicated there would be less profit for the developer.

GPRA has employed a proforma analysis for the higher density for each hypothetical test site to determine a residual land value for each. The residual land value determined from analysis at each density is then compared to the value of the site under the base density taken from the most recent BC Assessment data on land values in the areas to establish a 'lift' in value that arises from the change in density. This lift in value is the total potential monies that are available for public amenities or other public works not considered as part of the analysis. In conducting these analyses, GPRA has used high level estimates off-site costs for each test site. In reality consideration would need to be given to the actual costs for off-site improvements when negotiating CACs with developers.

GPRA determines revenues used in the analyses from a review of recent sales and offerings for sale of recently developed single family homes, townhouses, and apartments of wood frame and of concrete construction within the City, with a focus on projects that were deemed comparable to the case studies. Costs were derived from sources deemed reliable, including information readily available from quantity surveyors on average hard construction costs in the area. Development or soft costs have been drawn from industry standards, and from the Municipal sources. All other assumptions are derived from a review of the market and from other sources deemed reliable by GPRA.

The analysis is intended to illustrate the entire pool of money that could potentially be available for these specific test cases.

³ 15% profit on project cost is used as an industry minimum standard developers need in order to consider a project viable and to secure financing through a lender for purely residential developments. The value for the commercial or rental component lies in its return of revenues over a number of years (measured as an IRR) rather than through a sale on completion of construction. The target IRR varies based on observed capitalization rates for similar properties in the area.

4.2 Development case studies

The City has identified 7 hypothetical residential case studies for GPRA to use for modelling the financial analysis. These sites are intended to represent rezoning applications the City receives and expects to receive in the near future.

Table 6: Development case studies

Site #	Proposed Use	Base Value	Proforma Value	Lift	Units	\$/Unit
1	Mixed Use	\$6,202,402	\$7,854,866	\$1,652,465	110	\$15,022
2	Mixed Use, Rental	\$3,728,000	\$5,712,990	\$1,984,990	178	\$11,152
3	Apartment	\$1,302,000	\$3,042,734	\$1,740,734	76	\$22,904
4	Townhouse	\$77,500	\$329,360	\$251,860	11	\$22,896
5	Townhouse	\$1,779,000	\$2,142,609	\$363,609	21	\$17,315
6	Townhouse	\$251,000	\$331,744	\$80,744	5	\$16,149
7	Single Family	\$247,000	\$294,975	\$47,975	2	\$23,987

The financial analysis is intended to illustrate the economic benefits to a developer from the additional density and change in land use being made available, and at a high level it should reveal what potential there is to collect monies for amenities without adversely affecting developers' bottom line under current market conditions.

As we can see from the table above all of the test cases generate a lift in land value with an increase in density from rezoning. This would indicate that current market conditions support new developments in these forms at this time. This is not to say that these forms of development will always be feasible, nor that there will continue to be potential to create a lift in land value from rezoning as in this analysis in the future.

GPRA will offer some general observations from the hypothetical case study analysis.

- There has been a growing market for low rise and high rise apartments in Nanaimo over the last 5+ years.
- Apartment pricing has largely kept pace with rising construction costs in Nanaimo, including covering the costs of underground parking.
- The commercial mixed use and rental components in two of the apartment case studies have reduced the lift potential compared to a purely strata apartment building. This is consistent with our observations of the economics of both rental apartments and commercial uses, in that they rely on long term investment over a number of years to generate a return for investors as opposed to strata or freehold homes that generate a profit through sales upon completion.

The general take away from the economic analysis is that there is sufficient evidence that the City of Nanaimo could increase CACs through rezoning from \$1,000 per unit. However, consideration should be given to a gradual roll out for the increase to allow time for developers and land vendors to adjust.

Since our original analysis was completed and prior to the submission of our first draft a worldwide pandemic was declared by WHO which has affected numerous sectors of the economy, including housing. While the actual impact on housing pricing and the development cycle is difficult to determine while we are still dealing with COVID-19 the general consensus is that the economy will experience 1-3

years of disruption, followed by a relatively swift return to pre-pandemic levels of activity and pricing. The length of the disruption and recover will be related to the length of time to develop a vaccine (if at all), combined with the level of financial support from senior levels of government to those most affected economically by the pandemic and the duration of disruptions to business and employment sectors.

Specific to this exercise it should be noted that negative impacts to the housing market will be felt across the board, i.e. housing prices should decrease for all forms and types during this time of a downturn. This would mitigate many issues around the impact on the land lift analysis in that while prices for apartments or townhouses may decrease, so to would the prices for single family dwellings.

4.3 Proposed Rates

When determining flat fees or rates for CACs best practices are to err on the side of caution and go with the lowest indicated number from the financial analysis so as to minimize negative impacts on development. Furthermore, GPRA generally recommends that in most jurisdictions the rate be set at a 50% capture, meaning that if the analysis indicated there was \$10,000 in money available the target for CACs would be \$5,000. This allows for more flexibility for developers and allows them a share in the incremental value of the land that can also be used when negotiating the purchase of lands for development.

Given the financial analysis looking at the potential increase in land value from the changes in zoning GPRA would suggest that current rates could be increased as follows:

- Single Family Homes: rates could be increased from \$1,000 per unit to as much as \$10,000 per unit based on the analysis.
- Townhouses: rates could be increased from \$1,000 per unit to as much as \$8,000 per unit.
- Strata Apartments: rates could be increased from \$1,000 per unit to as much as \$5,500 per unit.⁴

These would represent the upper limit that the City could increase rates to based on our analysis. However, given that there may be other cost increases from the City on the horizon (new DCC rates among other possibilities) the City may consider smaller increases or perhaps a graduated increase in rates over the next few years. GPRA's recommendation is as follows:

Single Family: \$3,000 per unit in 2021; \$5,500 per unit in 2022, and \$8,000 per unit in 2023 and beyond.

Townhouse: \$2,500 per unit in 2021; \$5,000 per unit in 2022, and \$7,500 per unit in 2023 and beyond.

Strata Apartments: \$2,000 per unit in 2021; \$3,500 per unit in 2022, and \$5,000 per unit in 2023 and beyond.

After this point best practices recommend periodic reviews of rates on a rotating basis, similar to how jurisdictions review their DCC rates every three to five years. In the intervening period rates could be indexed at CPI every year.

Should there be a concern that the timing might be wrong to bring in an increase during a pandemic the City could look at delaying any increase until such time as the pandemic warning has been removed or could look at a gradual increase over time with increments on a quarterly or semi-annual basis.

⁴ GPRA does not recommend that the City seek CACs from apartment units that are designated as rental as these units do not carry the same value as strata units do.

5 Conclusions

5.1 Conclusions from policy research

Based on the case study analysis presented in Section 3, GPRA has identified the following best practices:

- For ease of administration and maximum clarity for developers, CAC expectations should be expressed in a straightforward table of rates similar to DCCs. These should be updated periodically to reflect changes in the market.
- A “stepped” approach in which different rates apply to different density ranges may be beneficial:
 - It allows the City to directly control the development incentives. For instance, this can be used to encourage higher density through diminishing rates
 - It can be used to reflect the jump in cost from wood frame to concrete construction, again by diminishing the rates above certain thresholds
 - It can be used to better match the financial realities of a project, increasing the program’s efficacy.
- When a land lift approach is used, cities tend to aim for contributions in the 25% - 75% range. Smaller municipalities with less demand tend to be near the lower end of this range and more mature cities near the higher end. This reflects a gradual transition from lower rates to higher rates that Nanaimo should consider deliberately emulating.

Although many municipalities assume that land lift per additional density is equal to the land value per base density (so for example, doubling the density would double the land value), this is not the case. This may be true under certain conditions, but in reality land lift may fall short or exceed this amount. For instance, switching from wood frame to concrete construction tends to reduce land lift due to increased costs.

Using this popular but incorrect assumption can negatively impact development by assuming some types of density to be more viable than they are. Instead, GPRA recommends using a residual land value approach to calculate an appropriate stepped fee framework, and to update this analysis periodically.

5.2 Conclusions from financial analysis

GPRA has run an economic analysis of the potential increase in land value supported after a rezoning to a higher density and has determined that there is evidence the City of Nanaimo can increase the CACs sought at rezoning.

While not expressly tested in the analysis GPRA believes the City could consider neighbourhood specific CACs to fund amenities that would be of benefit principally to one neighbourhood. That being said there are benefits to introducing a City-wide Policy:

- Unless CACs that are collected are earmarked for a very specific amenity for the benefit of a particular neighbourhood or community it is generally more common to collect monies for the entire City rather than a specific neighbourhood.
- This has the potential to reduce the CAC rates as the costs are being shared by a larger group.
- It establishes a clear policy for the entire City and ensures that one area is not operating under different development expectations than another.
- For areas that do not currently demonstrate the potential to contribute CACs without adverse economic impacts the City could employ incentives or off-sets to ensure development is not impacted by the CACs.
- Generally incentives and CACs operate at cross purposes:
 - Incentives are provided to make development more economically feasible.
 - CACs are collected because there is evidence that there is a surplus in land value created from a change in density/zoning that can fund amenities.
 - Having both in the same area would not be ideal, rather GPRA would suggest that when introducing CACs the City shift incentives to areas of the City that are not currently receiving much development interest, which can in turn help offset a flat CAC.
 - Conversely, the City could also consider waiving CACs in areas where they would like to incent development.

5.3 General Conclusions and Recommendations

Considering both the policy review and the economic analysis GPRA offer the following conclusions and recommendations regarding a Nanaimo's Community Amenity Contribution policy:

1: Update the City-wide flat fee CAC

- As with DCCs, the City could bring in area specific CACs at some point in the future if specific projects or amenity needs are identified for a particular area of the City.
- The City can, and should, reserve the right to continue to negotiate on a site specific rezoning where the rezoning is either something not considered in the OCP or for CD zones.
- Most of the communities surveyed in the policy review do not collect CACs from industrial development or commercial development, but the City can continue to use existing rates for CACs and negotiate amenities with developers of these uses.

2: Ensure the fee is affordable for developers

- A key measure GPRA recommends is to allow for a grace period when introducing a flat fee CAC.
- At the least ensure all applications in stream up to a pre-set date are grandfathered in under current rates, or developers are allowed the option of opting into the new program early to allow for cost certainty rather than being subject to an ad hoc analysis.
- Start temporarily with a low/nominal fee to introduce the concept to developers and allow for them to adjust expectations regarding land purchase pricing to reflect the new fees.

3: Conduct periodic reviews of rates

- As with the DCC program the City should conduct a periodic review (GPRA recommends not less than every 5 years and no more than every 2 years) to determine the economics of development and the ability for development to contribute CACs and adjust rates accordingly after each review.

4: Consider using a basket of goods approach with a municipal assist factor

- The Provincial Government recommends the municipalities use a basket of goods approach to CACs and the development community is more receptive to rates if they understand what amenities monies are being collected to pay for.
- Council, departments, and committees would need to identify specific amenities or facilities that would be needed in the future and estimate costs to determine CACs.
- Although policy allows for communities to collect CACs to pay for amenities that are lacking in already developed areas, there is a perceived fairness factor in laying the burden entirely on new development rather than paying for a portion of some amenities through general revenue or other means.
- It should also be noted that CAC funds can be used for housing initiatives such as not for profit partnerships, land purchases, housing reserve funds, etc. that can directly target the needs of households that are unable to afford market priced housing.

5. Potential Updated CAC rates

Many factors should be considered when determining a potential updated CAC flat fee rate:

- What is the cost of the amenities CACs are meant to pay for?
- How much can developers pay toward amenities without adversely affecting the economic viability of their projects?
- How does a CAC fit in with all other City fees and charges for development?
- How does the potential fee compare to neighbouring municipalities?
- What impact do CACs have on housing prices? Is the purchaser of new units ultimately the one that pays the costs of a CAC?

GPRA can only consider three of these questions at this time. The first two are, how much can developers contribute and how does a potential fee compare to neighbouring municipalities?

Regarding the first, the economic analysis indicated that Nanaimo development demonstrated lift from rezoning to higher density. In order to ensure fees are not punitive to developers, GPRA usually recommends that fees should be no more than 50% of the lowest lift amount for a development type that analysis was prepared for. In this case, this would amount to roughly \$5,500 per unit for apartments (the lift amounting to ~\$11,000 per unit). This is the maximum amount we could recommend setting a CAC fee at based on the analysis to date.

Regarding the second, other municipalities surveyed have CACs that are both above and below what our financial analysis indicated the City could seek from rezonings.

Given this information GPRA recommends the City increase its CACs as follows:

- **Single Family**: \$3,000 per unit in 2021; \$5,500 per unit in 2022, and \$8,000 per unit in 2023 and beyond.
- **Townhouse**: \$2,500 per unit in 2021; \$5,000 per unit in 2022, and \$7,500 per unit in 2023 and beyond.
- **Strata Apartments**: \$2,000 per unit in 2021; \$3,500 per unit in 2022, and \$5,000 per unit in 2023 and beyond.

After this point best practices recommend periodic reviews of rates on a rotating basis, similar to how jurisdictions review their DCC rates every three to five years. In the intervening period rates could be indexed at CPI every year.

With regard to the question of what the impact of a CAC is on housing pricing and who ultimately pays for it the short answer is that the sales price of a residential unit is driven by what the market will bear, not by costs. Furthermore, CACs generally make up a relatively insignificant part of an overall cost for a project, often less than 1% of the total cost. In theory it is technically the current landowner who is selling their property to a developer will have the purchase price reflect the cost of a CAC to a developer in the land sales price.

This is not to say that sellers would receive less than market value for their property, but rather that a CAC will reduce the speculative value for a property that could be rezoned. Without CACs there is a higher likelihood that developers will pay speculative market values for land as there is no way the City

is recovering windfall value from increased development potential. With a CAC a developer is not willing to pay more for land that is supported by his projected revenues and costs.

The underlying assumption is that if developers know they will have to pay a CAC and can quantify the amount they will be expected to contribute they can make allowances for that as a cost item when determining what they can pay for a parcel of land. Our recommendation is that a municipality should not seek 100% of the lift, but rather a portion such as 50%. This allows for the flexibility for negotiation when purchasing land for rezoning and development and for the potential for sharing in this uplift in land value that arises from the rezoning with current landowners. It is also important to educate current landowners that this uplift in value is tied to the rezoning of the property, not to the value of the parcel under current zoning – that value should only be what is supported through development permissible under the current zoning on the property.

Appendix A – Commonly Asked Questions & Answers

1. Is the purchaser ultimately the one that pays the costs of a CAC?

A: In short, no. The sales price of a residential unit is driven by the what the market will bear, not by costs. Technically, the land owner who is selling their property to a developer will have the purchase price reflect the cost of a CAC to a developer in the land sales price. Without CACs there is a higher likelihood that developers will pay speculative market values for land as there is no way the City is recovering windfall value from increased development potential. With a CAC a developer is not willing to pay more for land that is supported by his projected revenues and costs.

2. How do you evaluate the change in value between existing value under current zoning and change to high density?

A: GPRA employs a residual calculation using a proforma analysis where the unsolved variable is land. As there are no guarantees for rezoning, a developer should only pay based value generally under current zoning. The change in value is the difference between what someone should pay for the land under current development entitlements conveyed by the existing zoning versus the value that someone should pay for the land were the proposed new zoning already be in place.

3. What is land lift?

A: the difference in the value of land after rezoning compared to value before rezoning.

4. Would density bonusing mean a change to the zoning bylaw?

A: Yes, but this would be a separate analysis from the current CAC study.

5. Is land lift the developer's profit?

A: No, this is separate from the developer's profit margin which is generally 15% for a strata apartment building or townhouse development.

6. What would prevent flipping of a property at third reading?

A: consider tying the amenity contribution to third reading.

7. Are CACs fair? Who should get the value of the rezoning – the speculator, developer, city, buyer, community, land owner, or do we all share in the gained value?

A: The land owner is entitled the value of their land under current zoning. CACs are only collected when a property is rezoned. If the current land owner undertakes the costs and risks associated with rezoning their property they would be entitled to a share of this lift in value that is conveyed through the rezoning. Generally the lift is shared between the developer who is

seeking the rezoning and the municipality acting on behalf of their constituents. Often a portion of the developer's share ends up going to the current property owner as well.

8. There is concern that the development industry will not be supportive of an increase, and that this is not the right direction for the City.

A: A Nanaimo CAC policy would level the playing field and allow Nanaimo to adopt similar development parameters to most other Metro municipalities. A key factor is consulting with the development community and allowing them sufficient time to adapt to the new policy. One can also point to how most other Metro Vancouver communities have already adopted some sort of CAC policy.

9. Can Nanaimo be more pro-active with CACs since developers are aware of CACs in general?

A: Be proactive and engage the development community early on. Ensuring developers know what CACs are going to be spent on will help as it can be included in the marketing of their projects.

10. How will UDI respond?

A: To some degree this may depend on where the funds are allocated; however, these amenities also add value to projects and neighbourhoods. See above for further thoughts on UDI.

11. Were commercial and industrial uses considered for CACs?

A: Yes – however, most of Nanaimo's commercial and industrial lands are pre-zoned. There are exceptions, and amenities have been negotiated on large projects. Typically in other jurisdictions CACs have not been applied to industrial and commercial uses as Councils are often concerned about the impact on business. There would be no harm in continuing to apply current or indexed rates to these uses and using negotiation on larger projects.

12. What impact do CACs have on housing?

A: Sales prices are determined by the market; however, CAC funds can be used for housing initiatives such as not for profit partnerships, land purchases, housing reserve fund, etc. Furthermore, CACs generally make up a relatively insignificant part of an overall cost for a project, often less than 1% of the cost.

Community Amenity Contribution Policy

Lisa Brinkman, MCIP
Planner
City of Nanaimo

March 8, 2021



	CURRENT CAC rates
Single Residential Dwelling	\$1,000 per unit
Multiple-Family Dwelling	\$1,000 per unit
Commercial and Industrial	\$34 per m ² of gross floor area
Cannabis and Liquor Retail Store	\$10,000 per store
Student Housing	\$1,000 per bed

Total Monetary CACs Collected

2010 to 2020 = \$1,069,880

Parks and Infrastructure	Housing Legacy Reserve Fund	Other
\$702,040	\$320,840	\$47,000
66%	30%	4%



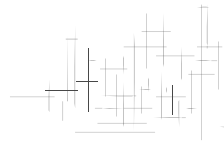
Community Amenity Contribution Study

Prepared for the City of Nanaimo

Prepared by Rollo & Associates Ltd.

Community Amenity Contributions

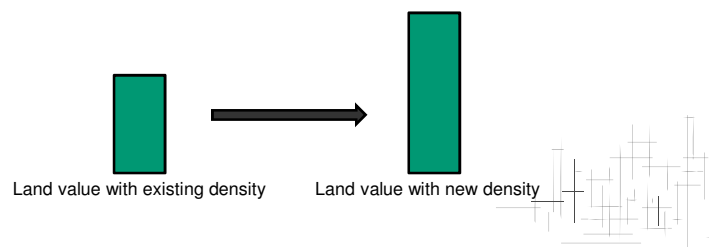
- Rollo & Associates Ltd. (Rollo) were retained to assist the City in looking at Community Amenity Contributions (CACs).
- Specifically, Rollo was tasked with informing the City on the potential to increase voluntary CAC at rezoning.



Community Amenity Contributions

What is Land Lift?

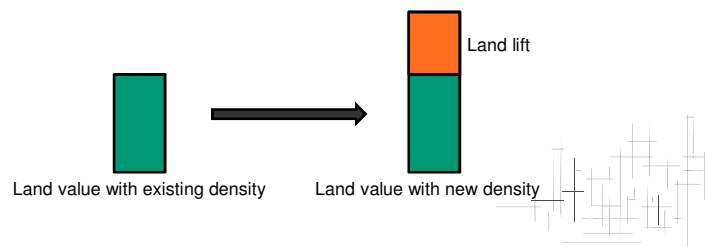
- Land lift is the increase in a parcel's value that is created when a municipality allows for higher density or a more profitable use.
- In calculating this, it is assumed that project costs and revenues are fixed by the market.
- Therefore, land is assumed to be the only cost that has flexibility.



Community Amenity Contributions

What is Land Lift?

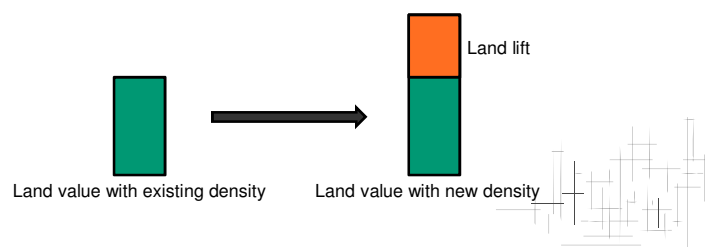
- Land lift is the increase in a parcel's value that is created when a municipality allows for higher density or a more profitable use.
- In calculating, this it is assumed that project costs and revenues are fixed by the market.
- Therefore, land is assumed to be the only cost that has flexibility.



Community Amenity Contributions

What is Land Lift?

- In calculating CACs, the contribution amount should not exceed the land lift. In practice, most communities seek 25% - 80% of this amount.
- Ensuring that Nanaimo's contribution rates represent an appropriate share of this amount is part of Rollo's analysis.



Community Amenity Contributions

Municipality	CAC Rates
Central Saanich	\$2,000 per unit or equivalent for non-residential development for Affordable Housing; \$5,500 per unit or equivalent for general amenities
Colwood	\$2,500 per single family/townhouse/duplex; \$1,500 per apartment unit
Langford	\$3,500-\$7,000 per large SF lot; \$2,310-\$4,620 per small SF lot or duplex unit; \$2,135-\$4,270 per multi-family unit;
Langley City	\$2,000 per unit
Maple Ridge	\$5,100 per one-family lot; \$4,100 per townhouse dwelling unit; \$3,100 per apartment dwelling unit; bonus density \$3,100 per multifamily unit or additional lot
Nanaimo	\$1,000 per unit

Community Amenity Contributions

Municipality	CAC Rates
North Saanich	\$16,000 per additional single family lot; \$9,500 per townhouse/patio home unit; \$8,000 per apartment unit
Pitt Meadows	\$2,100 per unit for single family; \$2,800 per unit for townhouse; \$2,400 per unit for apartments
Surrey	Capital cost of NCP amenities determined by City in 31 NCP areas; Average is roughly \$1,281 per unit
Township of Langley	\$5,673 per one-family lot; \$4,814 per ground oriented multi unit; \$3,782 per apartment unit (wood frame); \$2,923 per apartment unit (concrete); + \$103,000 per acre in Willoughby
Victoria	Variable CACs by neighbourhood (\$5, \$20, & \$35 per sq.ft. of bonus area), Negotiated ad hoc; Framework for density bonus adopted for rentals

Community Amenity Contributions

Other Jurisdictions

Most municipalities measure density in their CAC and density bonusing policies by the same metrics used in their zoning bylaws. This is intuitive because it allows clear comparison and prevents loopholes.

- Communities such as Victoria expressly request contributions based on site analysis to determine land lift in City Centre, while relying on flat rates elsewhere
- Some municipalities perform land lift calculations prior to setting their rates
- Others rely on a “basket of goods” approach estimating the cost of amenities required by growth to set fees with a municipal assist factor

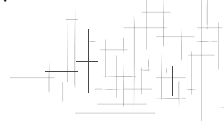


Community Amenity Contributions

Economic Analysis

Rollo was asked to provide economic analysis of the potential for the City to increase the CACs secured at rezoning for properties.

- Our analysis focused on current market conditions, both for costs and revenues.
- Built form and density were provided by the City. Cases included single family, townhouse developments, apartments, and mixed residential and commercial use buildings.
- The analysis assumes a set developer profit as one of the project costs in order to derive the maximum a developer could pay to acquire land to build what would be proposed under the new zoning.



Community Amenity Contributions

Economic Analysis

Rollo estimates that the lift from rezoning properties could allow the City to increase CACs without adversely affecting the underlying viability of projects by as much as:

- \$10,000 per unit for single family dwellings, or \$23.30 per square metre
- \$8,000 per unit for townhouses, or \$57.55 per square metre
- \$5,500 per unit for strata apartments, or \$60.90 per square metre

These estimates represent less than 50% of the lift generated in the case studies on a per unit/per square metre of livable area basis from the case study analysis.



Community Amenity Contributions

Potential Updated CAC rates

Given our research and analysis GPRA recommends the City increase its CACs as follows:

Single Family:

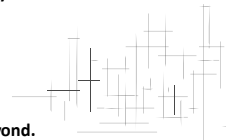
- \$3,000 per unit/\$6.99 per square metre in 2021
- \$5,500 per unit/\$12.82 per square metre in 2022
- \$8,000 per unit/\$18.64 per square metre in 2023 and beyond.

Townhouse:

- \$2,500 per unit/\$17.98 per square metre in 2021
- \$5,000 per unit/\$35.96 per square metre in 2022
- \$7,500 per unit/\$53.94 per square metre in 2023 and beyond.

Strata Apartments:

- \$2,000 per unit/\$22.15 per square metre in 2021
- \$3,500 per unit/\$38.75 per square metre in 2022
- \$5,000 per unit/\$55.36 per square metre in 2023 and beyond.



Community Amenity Contributions

Conclusions & Recommendations

Rollo Recommended the City of Nanaimo:

- 1) Update city-wide flat fee CAC; however, the City can, and should, reserve the right to continue to negotiate on a site-specific rezoning where the rezoning is either something not considered in the OCP or for CD zones.
- 2) Ensure the fee is affordable for developers
 - A key measure Rollo recommends is to allow for a grace period when introducing/increasing a flat-fee CAC.
 - At the least, ensure all applications in stream up to a pre-set date are grandfathered in under current policy, or developers are allowed the option of opting into the new program early to allow for cost certainty rather than being subject to an ad hoc analysis.
- 3) Conduct periodic reviews of rates
 - As with the DCC program, the City should conduct a periodic review (Rollo recommends not less than every 5 years and no more than every 2 years) to determine the economics of development and the ability for development to contribute CACs and adjust rates accordingly after each review.

Proposed New CAC Rates

	CAC rate starting 2022-JAN-01
Single Residential Dwelling	\$2,500 per unit
Multiple-Family Dwelling	\$30 per m ² of gross floor area (excluding underground parking)
Commercial and Industrial	\$34 per m ² of gross floor area (no change)
Cannabis and Liquor Retail Store	\$10,000 per store (no change)
Student Housing	\$1,000 per bed (no change)

How the CAC Policy evolved in response to the consultation process:

- Removed the gradual three-year increase as recommended in the Rollo report.
- Changed the CAC rate to be based on the Gross Floor Area of a multi-family development, rather than per unit; and the rate was established using \$2,500 per unit as the acceptable per unit rate.
- The considerations for affordable housing section of the CAC Policy was simplified, and was revised to be available to both publicly and privately-funded projects.

Affordable Housing Considerations

- 40% of all monetary CACs are to be directed to the Housing Legacy Reserve Fund.
- CAC contributions may be reduced by 50% for market rental units when the rental tenure of the units is secured.
- CAC contributions may be waived 100% for non-market rental dwelling units when the following three criteria are met, and is secured in a housing agreement with the City:
 - ✓ The dwelling unit is occupied by individuals whose annual before-tax income does not exceed the Housing Income Limit,
 - ✓ Where 12 months' rent for the dwelling unit does not exceed 30% of the occupants' collective before-tax annual income, and
 - ✓ The dwelling unit is owned and operated by a community-based, non-profit housing partner.



Thank you!

Lisa Brinkman, MCIP
Planner
City of Nanaimo



DATE OF MEETING MARCH 8, 2021

AUTHORED BY LAURA MERCER, DIRECTOR, FINANCE

SUBJECT STATUS OF MUNICIPAL GRANTS

OVERVIEW

Purpose of Report:

To provide the Governance and Priorities Committee with the status of all active municipal grants streams.

BACKGROUND

At the 2021-FEB-22 Governance and Priorities Committee, discussion took place regarding available grants and the work involved for the Finance Department for grant applications. Staff was tasked with providing an information report updating the Committee on the status of all active municipal grant streams.

DISCUSSION

The Business, Asset and Financial Planning department continually monitors the grants streams available for municipalities. The Grant function is the responsibility of the Financial Analysts within that department.

When new funding opportunities are identified, the Financial Analyst contacts the relevant department or for boarder grant opportunities, coordinates a meeting with all departments that may have an applicable City initiative to submit for consideration. Prior to cross departmental meetings the Financial Analyst prepares and forwards to all participants a synopsis of the grant program highlighting relevant details such as purpose and goals of grant program, eligible and ineligible projects and costs, funding levels and criteria, deadline for application as well as required project start and end dates. Once the potential initiatives have been short-listed, the Financial Analyst works with the applicable department(s) to write a report to Council on the short listed initiatives for Council's consideration.

Once Council has made a decision as to what initiative should be submitted, the department and the Financial Analyst work together to complete the application for submission. On a weekly basis, an updated grant applications status report is distributed to senior Staff. The most recent summary is included in Attachment A.

The summary is broken down by the following categories:

- New grant programs announced;
- Grant applications in progress;
- Upcoming grant deadlines for which no City application is anticipated;
- Grant applications submitted;
- Grants approved; and,
- Unsuccessful grants.

For each category, the summary identifies:

- Grant program
- City initiative applied for
- Submission deadline
- Expected results date
- Amount available |

CONCLUSION

In addition to subscribing to multiple email listing for grant websites the Financial Analyst regularly reviews applicable websites for new grant opportunities available to municipalities and works with departments to identify relevant City initiatives. The recent increase in grant opportunities along with shorter than typical turnaround times between grant announcements and application deadlines has provided challenges for both Finance and the applicable departments. |

SUMMARY POINTS

- The Grant function is the responsibility of the Financial Analysts within the Business, Asset and Financial Planning department.
- On a weekly basis, an updated grant applications status report is distributed to senior Staff.

ATTACHMENTS

Attachment A: 2021 Grant Applications |

Submitted by:

Laura Mercer
Director, Finance

Concurrence by:

Shelley Legin
General Manager, Corporate Services |

ATTACHMENT A



2021 GRANT APPLICATIONS

February 26, 2021

NEW GRANTS RECENTLY ANNOUNCED

Grant Program	City Initiative	Submission Deadline	Total
Canada Healthy Communities Initiative - First Intake	Lighting of E & N Trailway	3/9/2021	250,000
Canada Healthy Communities Initiative - Second Intake	TBD - meeting scheduled for Mar 15 to determine eligible projects	6/25/2021	250,000
Strengthening Communities' Services	TBD - meeting to be held Mar 2 to determine eligible projects	4/16/2021	2,500,000
Grand Total			\$ 3,000,000

GRANTS IN PROGRESS

Grant Program	City Initiative	Submission Deadline	Total
Canada Healthy Communities Initiative - First Intake	Lighting of E & N Trailway	3/9/2021	250,000
Canada Healthy Communities Initiative - Second Intake	TBD - meeting scheduled for Mar 15 to determine eligible projects	6/25/2021	250,000
Strengthening Communities' Services	TBD - meeting to be held Mar 2 to determine eligible projects	4/16/2021	2,500,000
Grand Total			\$ 3,000,000

GRANTS WITH UPCOMING DEADLINES - no applications anticipated

Grant Program	City Initiative	Submission Deadline	Total
Energy Efficiency and Recovery Funding - FCM	none identified	3/1/2021	-
ParticipACTION Community Better Challenge	none identified	2/26/2021	1,000
Community Emergency Preparedness Fund 2021 - Flood Risk Assessment, Mapping & Mitigation Planning UBCM	none identified	2/26/2021	150,000
CO-OP Community Spaces Program	none identified	3/1/2021	150,000
Poverty Reduction 2021 - UBCM	none identified	3/5/2021	25,000
Community Resiliency Investment - FireSmart Economic Recovery Fund UBCM	none identified	3/19/2021	150,000
Grand Total			\$ 476,000

GRANT APPLICATIONS SUBMITTED

Grant Program	City Initiative	Date Results Expected	Total
Investing in Canada Infrastructure Program - British Columbia - COVID-19 Provincial Infrastructure Program	Generators for Beban Park Complex and Water Treatment Plant	summer 2021	1,594,765
Kal Tire Replay Fund	Harewood Centennial Park Playground	4/30/2021	\$ 28,520
Municipal Asset Management Program (MAMP) - FCM - first intake	Level of Service Study - Asphalt	summer 2021	50,000
Adaptation, Resilience and Disaster Mitigation (ARDM) Program	Seabold Drive and Ptarmigan Way Drainage Upgrade project	4/30/2021	772,000
BC Hydro ReGreening Program	Protection Island Park replanting	5/31/2021	7,500
Investing in Canada Infrastructure Program - British Columbia - Community, Culture and Recreation Infrastructure	Artificial Turf Field Harewood Centennial Park	summer 2021	3,280,000
Investing in Canada Infrastructure Program - British Columbia - Clean BC Communities	Beban Park Leisure Pool Air Handling Units	summer 2021	686,840
Grand Total			\$ 6,419,625

GRANTS APPROVED/AWARDED

Grant Program	City Initiative	Date Approved	Total
Community Resiliency Investment - FireSmart Community Funding & Supports UBCM	FireSmart Projects	2/26/2021	49,380
Grand Total			\$ 49,380

UNSUCCESSFUL GRANT APPLICATIONS

Grant Program	City Initiative	Total
Community Economic Recovery Infrastructure Program	Long Lake Paddling and Rowing Center	1,000,000
Community Economic Recovery Infrastructure Program	Rotary Bowl Track Replacement	1,000,000
Grand Total		\$ 2,000,000

DATE OF MEETING March 8, 2021

AUTHORED BY REIMAGINE NANAIMO TEAM

SUBJECT UPDATE ON DOUGHNUT ECONOMICS FRAMEWORK

OVERVIEW

Purpose of Report:

To provide Council with an update on progress towards developing a Nanaimo Doughnut Economics City Portrait for use in the REIMAGINE NANAIMO process.

BACKGROUND

During the Special Council meeting held on 2020-DEC-14, Council passed the following motion:

“That the City of Nanaimo adopt the Doughnut Economic Model as a cohesive vision for all City initiatives and planning processes; and that a city portrait for Nanaimo be created to scale down the doughnut economics framework, that the city portrait be blended with the REIMAGINE NANAIMO process and that the appropriate measurable targets and indicators relevant to the community be identified and included in the framework to track progress.”

The ‘Doughnut Economics Model’ is described as a 21st century approach to meeting key social needs, while ensuring we do not exceed the ecological limits of Earth’s life-supporting systems. The model is a new way of reframing existing economic theories to achieve thriving, resilient communities that do not exceed ecological limits, while meeting social equity goals. Although the model was developed to address change at global and nation-state levels, the approach can be ‘downscaled’ and adapted to local government and smaller places. This can be done by creating a customized “doughnut” along with a ‘City Portrait’ that allows local governments to customize the model to their unique environmental, social/cultural, economic, and political contexts.

A City Portrait is explained as a holistic snapshot of the city and its impact through four lenses – social and ecological, and local and global – which together provide a new perspective on what it means for a city to thrive. The City Portrait methodology combines local aspirations (thriving people in a thriving place) with global responsibility (both social and environmental). This involves requiring every city to consider its complex interconnections with its immediate ecological context as well as the rest of the world. The city of Amsterdam has led the way with applying the method in Europe, and a few local governments in North America are also developing City Portraits (including Philadelphia and Portland). While these examples are very insightful, it is clear the process and outcome for developing a City Portrait is intended to reflect the unique context of each city/place.

DISCUSSION

Designing a City Portrait for Nanaimo

On 2020-FEB-24, Council endorsed six guiding principles for the REIMAGINE NANAIMO process. These include:

1. Build on successful policies in existing documents;
2. Incorporate Council's strategic themes identified in the 2019-2022 Strategic Plan: Environmental Responsibility, Governance Excellence, Livability, and Economic Health;
3. Acknowledge and address the priorities of climate change, Truth and Reconciliation, and sustainable service delivery;
4. Include robust community engagement in the creation of plans and strategies;
5. Incorporate a monitoring process to measure and track progress; and
6. Provide a clear and coordinated vision to guide community-building for the next 25 years.

Integrating these guiding principles into Nanaimo's City Portrait aligns with the Doughnut Economics City Portrait process, which involves identifying the focus (lenses) or criteria for determining local standards of community and ecological well being. Draft examples of how this can be framed using a unique Nanaimo Model is provided in Attachment A.

The following steps are underway and also being proposed to downscale the doughnut framework to apply to the REIMAGINE Nanaimo process:

1. *Selecting our focus (lenses) for developing Nanaimo's Doughnut Model and City Portrait*
This will be grounded in the United Nations' Sustainable Development Goals (SDGs), and linked directly to the guiding principles that Council endorsed on 2020-FEB-24 for the REIMAGINE NANAIMO process, as well as the outcomes of the Phase 1 Engagement process.
2. *Identify Targets and Indicators*
This will involve researching existing and potential targets and indicators, followed by workshops with Staff, committees, and Council to review and select a proposed set.
3. *Mapping Nanaimo's Social and Ecological Context*
This will involve using existing background research and baseline data.
4. *Confirming Targets/Indicators/Portrait*
This will involve returning to Council with a finalized 'City Portrait' based on their input and the steps above.
5. *Using Nanaimo's City Portrait to Evaluate Possible Scenarios:*
Work with Council to evaluate future potential land use and policy scenarios prior to the launch of Phase 2 Engagement to gather community feedback.

Choosing Targets and Indicators to Measure Progress

Part of creating a unique, customized City Portrait involves understanding each local government's ability to influence/control impacts on the social and ecological system they are

part of and setting targets to improve social and ecological priorities. One of Council's guiding principles includes to "incorporate a monitoring process to measure and track progress". This aligns directly with the second step in developing the Nanaimo City Portrait to identify "Official City Targets" and select "Performance Indicators".

On 2021-JAN-27, the Environment Committee received a Report for Decision with a list of possible environmental indicators for incorporation into the Nanaimo City Portrait. After discussion, the committee passed the following motion:

"That the Environment Committee recommend that Council direct Staff to schedule a charrette to help refine indicators for use in developing the City Portrait for Nanaimo as part of the REIMAGINE NANAIMO process."

Following Council discussion at the Regular Council meeting on 2021-FEB-22, Staff proceeded with sending out formal invitations for a virtual 2021-MAR-10 charrette (workshop) to all members of Council and two committees of Council (the Environment Committee, and Advisory Committee on Accessibility and Inclusiveness). Invitations were also sent out to other key stakeholders who had participated in the recently concluded Economic Development and Health and Housing Task Forces. This diverse and manageable representation will help ensure feedback on progress measures (targets and indicators) with those knowledgeable about Nanaimo's Economic, Social, and Environmental context. Following this workshop, a draft list of targets and indicators can be circulated through Get Involved Nanaimo and stakeholder lists to allow a broader group to provide feedback.

Staff intend to return to Council at their 2021-MAR-22 GPC to confirm a list of possible targets and indicators, along with a draft City Portrait to be used as a framework to evaluate possible land use scenarios. Based on Council direction at this meeting, a workshop will be scheduled with Council in the early spring to review potential land use and policy scenarios. This will be done with the aim of finalizing one or more scenarios to gather community feedback as part of the launch of Phase 2 public engagement in April/May.

CONCLUSION

A preliminary draft Nanaimo Doughnut Economics Model has been developed for Council consideration using the guiding principles provided by Council for the REIMAGINE NANAIMO process, and in alignment with the United Nations' Sustainable Development Goals.

As part of this, Staff have identified steps to create a customized Nanaimo City Portrait to apply the customized doughnut model. The portrait will provide a holistic snapshot of Nanaimo and its impact on both community and ecological well-being at both the local and global scale. Developing the portrait involves using technical research, together with a process for gathering feedback and direction from Council and committees to create a Nanaimo City Portrait that will involve targets, indicators, and benchmarks.

A Nanaimo City Portrait will provide the City with a unique perspective on what it means for our city and citizens to thrive while taking responsibility for our ecological and social impacts within our region and wider global context. Importantly, the City Doughnut Model and Portrait will serve as tools to evaluate potential land use and policy scenarios. This will help inform the wider community when they are asked to provide feedback on scenarios as part of Phase 2 of

the REIMAGINE NANAIMO engagement process. These tools are also the foundation for monitoring/tracking progress towards a final scenario selected by Council as part of Phase 3 of the REIMAGINE NANAIMO process that will also include community engagement.

SUMMARY POINTS

- A preliminary draft example of a Nanaimo Doughnut Economics Model has been developed using the guiding principles provided by Council for the REIMAGINE NANAIMO process and in alignment with the United Nations' Sustainable Development Goals.
- Staff have identified steps to create a customized Nanaimo City Portrait to apply the doughnut model. City Staff are currently in the process of identifying existing and potential targets, indicators, and benchmark data to create a unique Nanaimo City Portrait.
- Following Council direction and discussion, a workshop has been scheduled on 2021-MAR-10 for members of Council, City committees, and other key community representatives to provide feedback on targets and indicators for the development of the City Portrait.
- A Council-endorsed City Doughnut Model and Portrait will serve as tools to evaluate potential land use and policy scenarios, central to community engagement during Phase 2 of the REIMAGINE NANAIMO process.

ATTACHMENTS

ATTACHMENT A: Draft Example of a Nanaimo Doughnut Model

Submitted by:

Lisa Bhopsal Singh
Manager, Community Planning

Concurrence by:

Bill Corsan
Director, Community Development

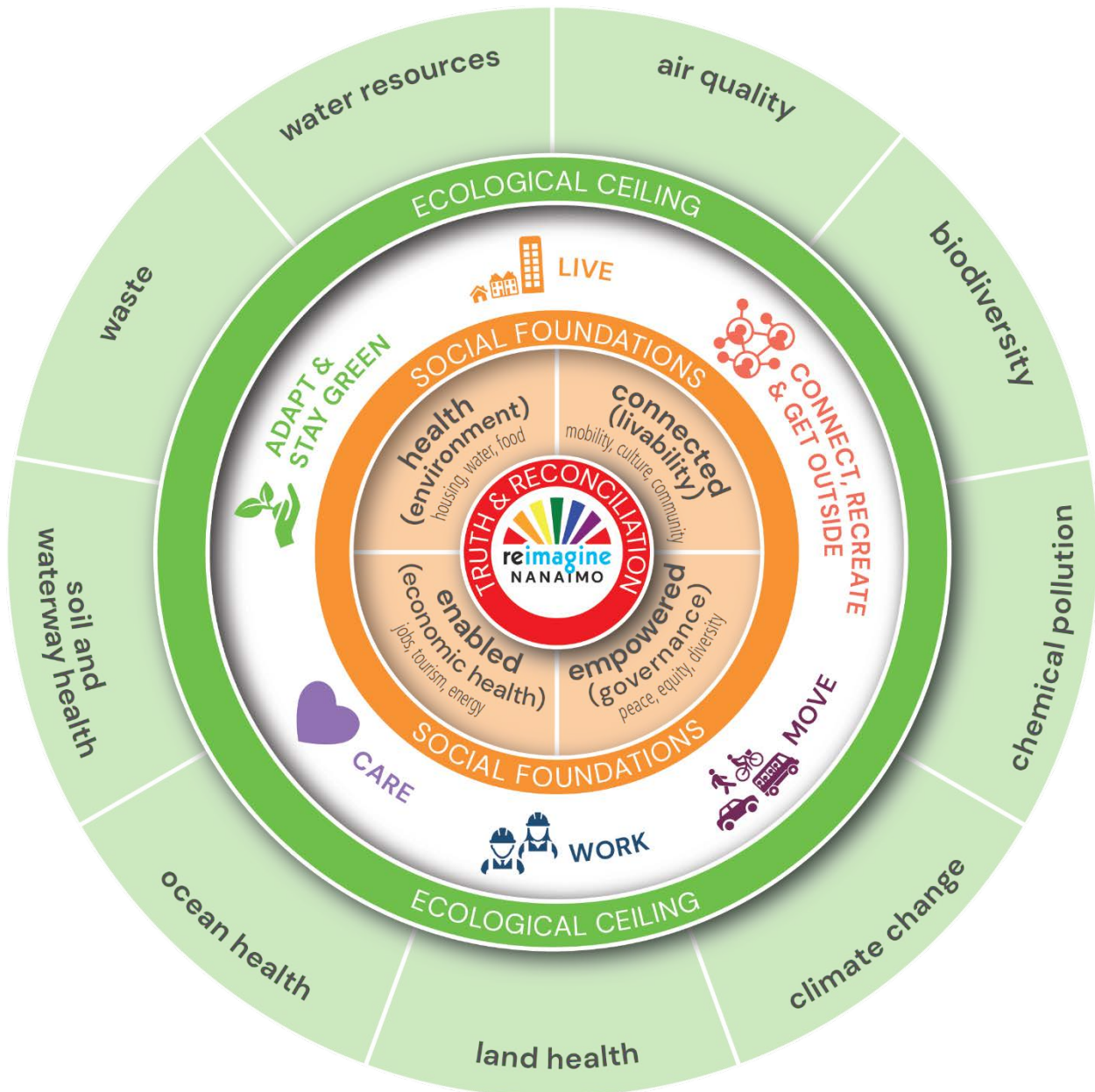
Bill Sims
General Manager, Engineering & Public Works

Richard Harding
General Manager, Parks, Recreation and Culture

Dale Lindsay
General Manager, Development Services

ATTACHMENT A

DRAFT Example of a Nanaimo Doughnut Framework





UPDATE ON DOUGHNUT ECONOMICS FRAMEWORK

2021-MAR-08

PURPOSE

To Review and Confirm....

We are here



What is a Doughnut Model/Portrait?



Steps to build Nanaimo's Portrait



Scenario Development



Next Steps





What is a Doughnut Economics Model?

- ☐ What is a Downscaled Doughnut/City Portrait?
- ☐ How does it relate to past and current sustainability efforts and Council direction?
- ☐ Why is it a useful way of visualizing sustainable development?

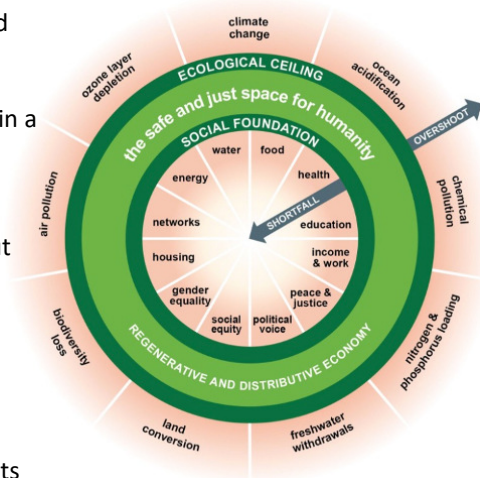


What is a Doughnut Economics Model?

A way to visualize and organize ideas for achieving sustainable development shown in a series of circles with wedges

Combines ideas about achieving social well-being for all humans while respecting ecological limits

Uses United Nations' Measure and Concepts of Sustainable Development





What are the Foundations?

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”

1987 UN Brundtland Report
Our Common Future



What is a Downscaled Doughnut / City Portrait?

A way to explore how our City can support ‘*thriving people in a thriving place*’ (social, economic, environmental, cultural priorities), while also considering our local and global social and ecological responsibility.





How does it fit with Council Direction?

Strategic Plan Vision

To be a community that is livable, environmentally sustainable and full of opportunity for all generations and walks of life



City Planning, Sustainability, and Monitoring Progress....

OCP Adoption Plan Nanaimo (1996)

Progress Nanaimo Report (1998)

Progress Nanaimo (2006)

OCP Update planNanaimo (2008)

RGS Goals and Indicators (2011+)

REIMAGINE NANAIMO (2020-2022)





How does it fit with REIMAGINE?



What is a Doughnut Model/Portrait?

We are here



Steps to build Nanaimo's Portrait?



Scenario Development



Next Steps





Steps for Nanaimo's Model & Portrait



**Be Calm
Be Kind
Be Creative!**



You Pick

**Doughnuts/Hubs/ Life Savers
and other round things??**



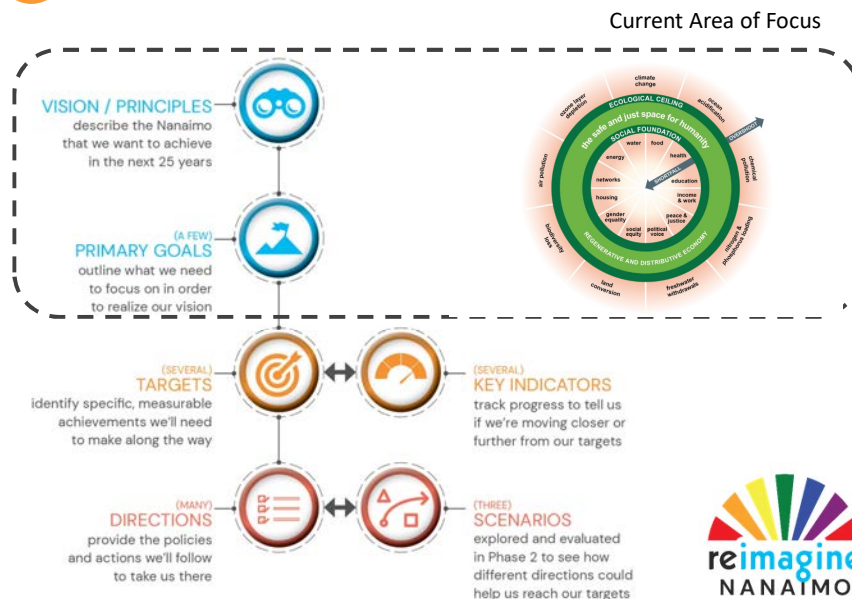
PAINTING NANAIMO'S PORTRAIT...



- ① Choosing Our Goals (Focus/Lenses)
- ② Putting Together a Portrait
- ③ Identify Targets and Indicators
- ④ Confirm Targets/Indicators/Portrait
- ⑤ Use Portrait to Evaluate Scenarios



① Choosing our Goals...





Choosing Our Goals....

FEB 2020, Council endorsed guiding principles for REIMAGINE

1. **Build on success**
2. **Incorporate Council's strategic themes:**
Environmental Responsibility, Governance
Excellence, Livability, and Economic Health
3. **Acknowledge and address climate change, Truth
and Reconciliation, and sustainable service delivery**
4. **Robust community engagement**
5. **Monitoring process to measure and track progress**
6. **Provide a clear and coordinated vision to guide
community-building for the next 25 years**



Choosing Our Goals...

Strategic Plan Vision

To be a community
that is livable,
environmentally
sustainable and full
of opportunity for
all generations and
walks of life



①

Choosing Our Goals...

Align Sustainable
Development
Goals with Council
Strategic Plan and
Direction



①

Choosing Our Goals...

Use PHASE 1 REIMAGINE ENGAGEMENT



HOW WE LIVE

Creating safe and well-connected neighbourhoods with easy access to our daily needs (see p.41)



HOW WE CONNECT AND PLAY

Providing a range of cultural and recreational opportunities while protecting our natural areas (see p.49)



HOW WE ADAPT AND STAY GREEN

Reducing impacts to environmentally sensitive areas and addressing climate change impacts (see p.75)



HOW WE MOVE

Planning safe routes for all residents, regardless of the modes of travel they choose (see p.83)



HOW WE WORK

Creating quality, sustainable jobs that encourage economic growth and improve quality of life (see p.93)



HOW WE CARE

Providing diverse and affordable housing opportunities and health services for all (see p.99)



① Choosing Our Goals...

Use the
Old Fashioned
Doughnut

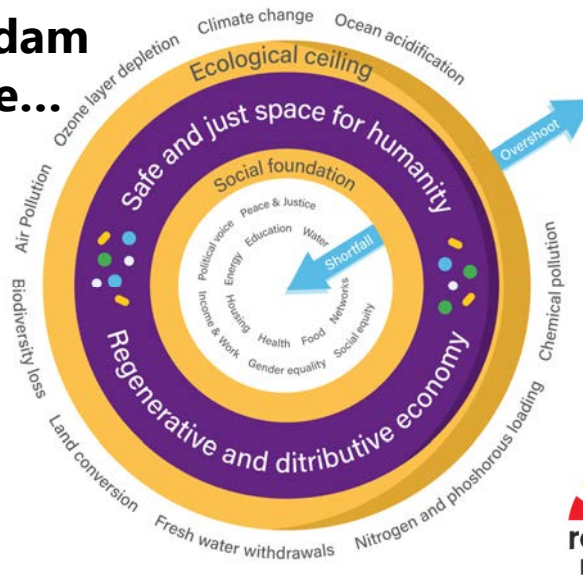
Organize our goals using
customized layers of
Doughnut Economics :

Local Social & Ecological
Global Social & Ecological



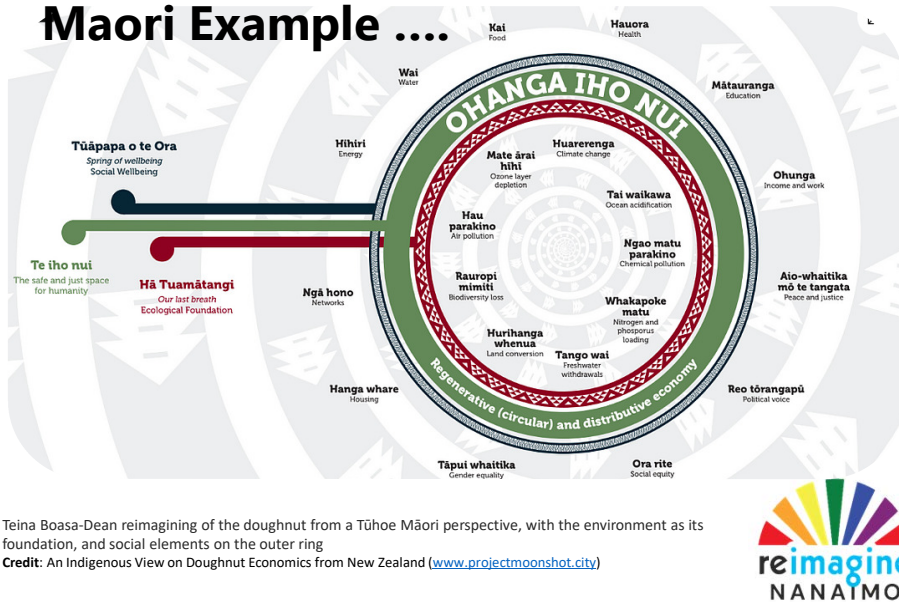
② Putting together a Portrait

**Amsterdam
Example...**



② Putting together a Portrait

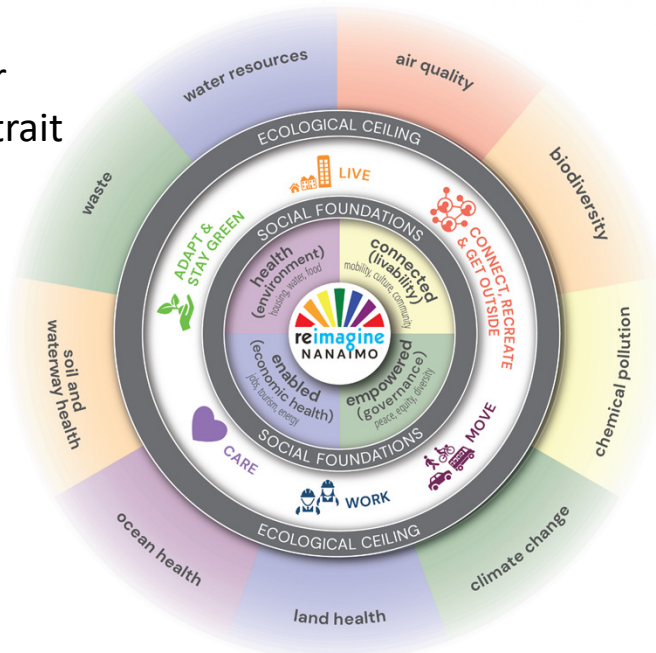
Maori Example



② Putting together Our Portrait

A DRAFT Nanaimo Example...

Based on Council direction in sync with the old-fashioned doughnut





How do we use our Portrait?

(Vision/Principles/Goals/Priorities?)

Where have we come from?

(Measuring past progress: better or worse?)

Where are we now?

(Current conditions: Benchmarks)

Where do we want to go?

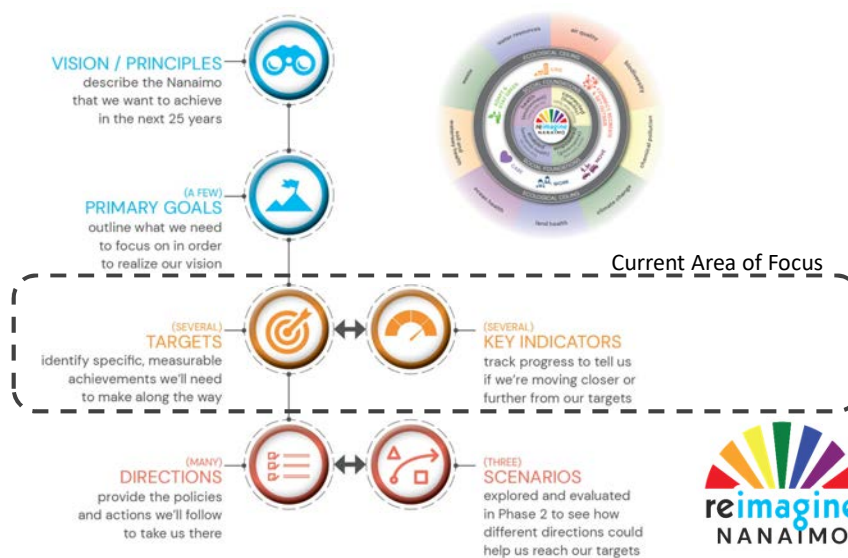
(Targets)

How will we know we are getting there?

(Indicators)



Identify Targets and Indicators to Monitor





Identify Targets and Indicators to Monitor

Where do we want to go?

Do official Council-endorsed targets exist?

GHG Reduction

Reduce city-wide emissions to 55% below 2010 levels by 2030, and to be carbon neutral (100% below 2010 levels) by 2050

Build a strong & Resilient Economy

Rank #1 in benchmark communities.
Or increase to 75% from current 63% of population



Integrate growth and mobility investments to support climate, wellness and social / economic goals

Increase the number of households living within close proximity to places to work, play, learn, and shop

Waste Diversion

The City will work with the Regional District of Nanaimo to keep 90% of our region's waste out of the landfill by 2029




Identify Targets and Indicators to Monitor

How will we know we are reaching our targets...?

Identify Existing and Potential Indicators

Which best show past, current, and future performance?

 LUCIAL LENS SOCIAL HOW WE SPEND, Employment, Services, Industry				
EMPLOYMENT DATA	TARGET 1	COMPETITIVE POSITIONING & DEVELOPMENT	COMPETITIVE NOTES	COMPETITIVE DATA
Employment Total & Strong & Sustained Economic	How is Spending Driving Employment? Impact is positive - Current & Targeted Spending is strong & sustained by the Government & private sector Target: Total & Sustained Economic (to increase by 75% from current level of 400,000)	Indicator: Working Age Population Working age population is growing and performing strong metrics. Reflects impact of migration, immigration, and the growing working age population. Sustained & increased. (Immigration critical factor, important for building a strong & sustained economy) Key Details: <ul style="list-style-type: none"> Colombians 16% Latin America, Central America 12% Caribbean 10% European 8% Asian 7% African 6% Other 1% Challenges: <ul style="list-style-type: none"> Immigration Unemployment Education 	• Drop from 1 to 3 City through our meeting 100,000 people • 200,000 people in the City through our meeting 100,000 people • 200,000 people in the City through our meeting 100,000 people • Potential benchmark other countries, (Chile, Colombia, Mexico, Brazil, Argentina, Peru, etc.) • Separation from major cities, more remote • No benchmark	Competitive Data • No indication
Spending Total & Strong & Sustained Economic	How is Spending Driving Economic Growth? Impact is positive - Current & Targeted Spending is strong & sustained by the Government & private sector Target: Total & Sustained Economic (to increase by 75% from current level of 400,000)	Indicator: Economic Growth Economic growth is strong and sustained. Reflects impact of migration, immigration, and the growing working age population. Sustained & increased. (Immigration critical factor, important for building a strong & sustained economy) Key Details: <ul style="list-style-type: none"> Colombians 16% Latin America, Central America 12% Caribbean 10% European 8% Asian 7% African 6% Other 1% Challenges: <ul style="list-style-type: none"> Immigration Unemployment Education 	• City is the poorest of the cities, outside an economic bubble • No benchmark	Competitive Data • No indication
Spending Total & Strong & Sustained Economic	How is Spending Driving Economic Growth? Impact is positive - Current & Targeted Spending is strong & sustained by the Government & private sector Target: Total & Sustained Economic (to increase by 75% from current level of 400,000)	Indicator: Economic Growth Economic growth is strong and sustained. Reflects impact of migration, immigration, and the growing working age population. Sustained & increased. (Immigration critical factor, important for building a strong & sustained economy) Key Details: <ul style="list-style-type: none"> Colombians 16% Latin America, Central America 12% Caribbean 10% European 8% Asian 7% African 6% Other 1% Challenges: <ul style="list-style-type: none"> Immigration Unemployment Education 	• City is the poorest of the cities, outside an economic bubble • No benchmark	Competitive Data • No indication

**Staff prepare for
MARCH 10 Council
Workshop/
Charrette**



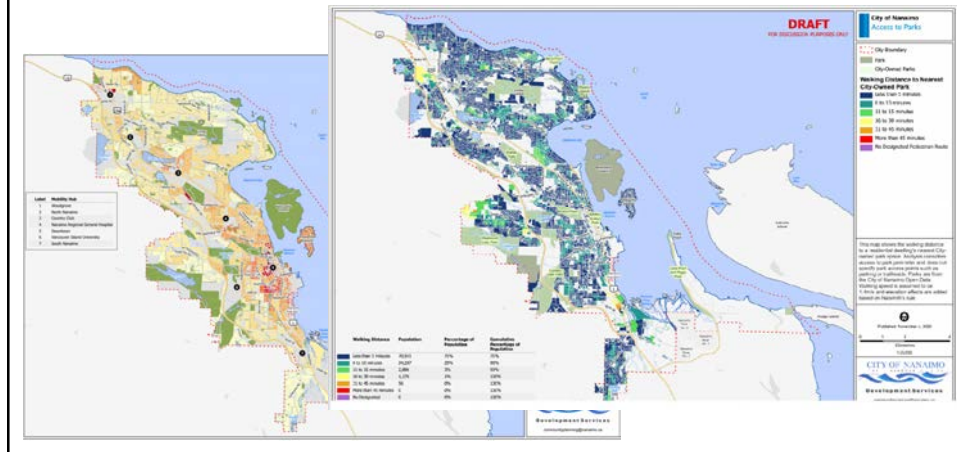
3

Map Nanaimo's social and eco context

Where have we come from?

Where are we now?

What is our ecological and social context?



4

Review Existing and Potential Targets and Indicators,

Aim for 12-20 key indicators

TARGETS....

Should be SMART!

Specific

Measurable

Achievable

Realistic

Timely

MARCH 10 Workshop
Council +
Committees

MARCH 22 GPC
Council Confirm
Targets and Indicators

INDICATORS...

Should relate to
things City has
influence/control
over.... and
Legislated to do!



4

Using Targets, Indicators and Benchmarks to create a snapshot....



4

EXAMPLE Amsterdam....

WHAT WOULD IT MEAN FOR THE PEOPLE OF AMSTERDAM TO THRIVE?

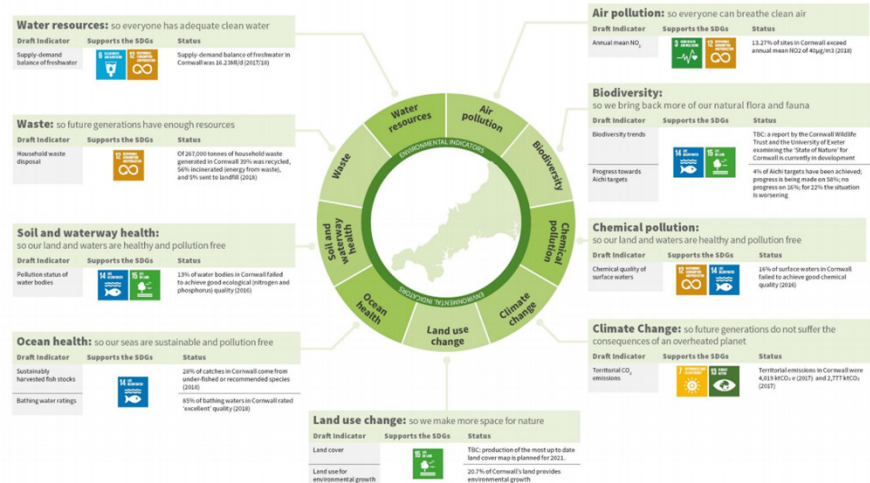




EXAMPLE of a Format to consider....

5 CORNWALL'S ENVIRONMENTAL CEILING

The environmental domains, relevant indicators and their current status based on most recent data available are summarised in Figure 4.

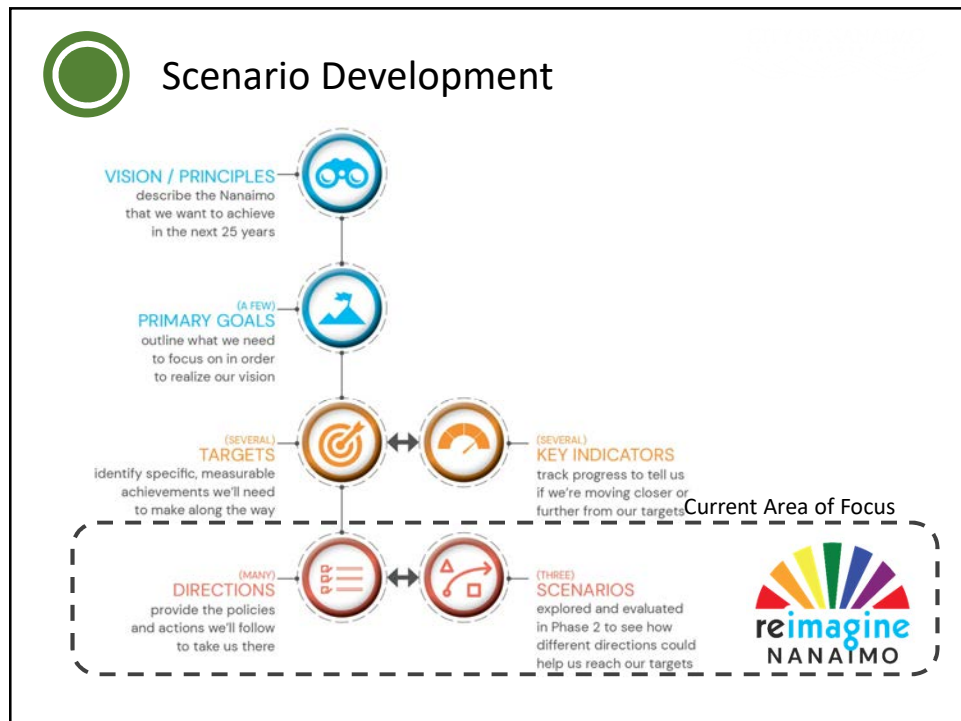
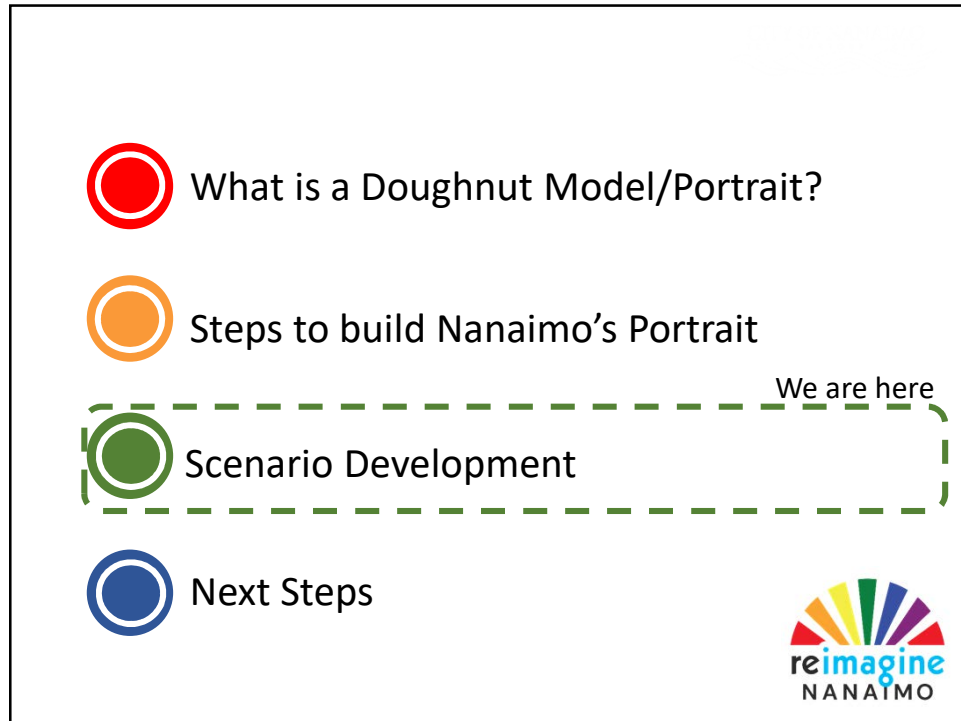


Confirm Targets and Indicators....

**MARCH 22 GPC
Council Confirm**

- **Targets and Indicators**
- **Portrait**
- **Snapshot**







Scenario Development

**Use Portrait to Develop
and Evaluate Scenarios**
COUNCIL WORKSHOP APRIL 29



**To Prepare for
PHASE 2 Community
Engagement**



SCENARIO FRAMEWORK (preliminary)

A conceptual basis for REIMAGINE NANAIMO scenarios includes three key options. These will be refined through explorations with City staff and Council.

Current Path 2008 OCP & Policies Complete Corridors & Nodes	Scenario A Boost	Scenario B Big Moves
<ul style="list-style-type: none"> ↑ Continue with current OCP and related policies ↑ Based on projections with similar growth patterns that we've seen in recent years to 2046 ↑ Continues to concentrate and infill growth in urban nodes/town centres and corridors and improve efficient services ↑ Resulting in greater walkability and diversity and amenities in town centres and corridors, and more efficient service provision since 1990s 	<ul style="list-style-type: none"> ↑ Most existing policies remain to support continued concentration of growth in town centres and corridors ↑ New policies to support anticipated population changes by diversifying and densifying neighbourhoods to meet needs of residents within walking distance ↑ Aims to accelerate rate of improved walkability and diversity of housing and amenities in town centres and corridors, and more efficient service provision 	<ul style="list-style-type: none"> ↑ Most existing policies remain to support continued concentration of growth in town centres and corridors ↑ New policies to strongly direct increased diversity of land uses and future development into priority areas to achieve key City sustainability goals and meet growth projections ↑ Aims to radically shift local and global social and environmental goals



SCENARIO EVALUATION SUMMARY (EXAMPLE) - LOCAL LENSES

Note: Illustrative evaluation table only – selection of criteria, key indicators, and modelling / calculations to support the comparisons are to be determined through the process in Phase 2

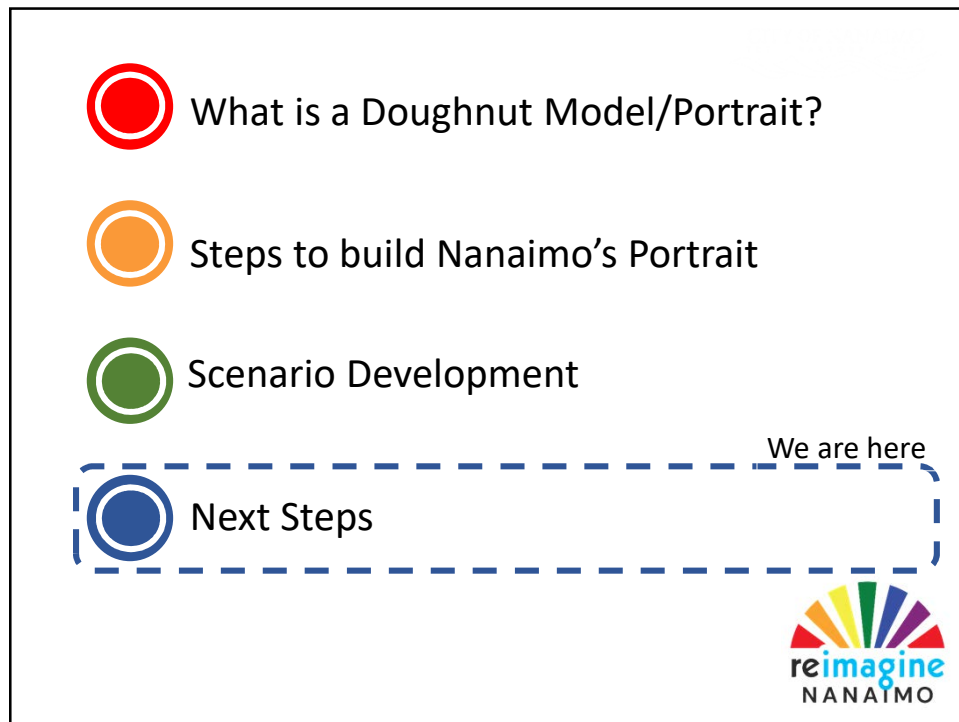
LOCAL LENS: SOCIAL	Current Path Existing Policies	Scenario A Boost	Scenario B Big Moves
Healthy People & Society Social / health sustainability indicator	↓↑?	↓↑?	↓↑?
Employment & Economy Sustained employment and tax base	↓↑?	↓↑?	↓↑?
Recreation & Culture Accessible programs and facilities	↓↑?	↓↑?	↓↑?
LOCAL LENS: ENVIRONMENT			
Climate /Environment Achieved GHG / adaptation / ecology / hazard targets adaptation	↓↑?	↓↑?	↓↑?
Managed Growth Housing / job spectrum to match demographics	↓↑?	↓↑?	↓↑?
Balanced Mobility Active / EV adoption / vehicle km travelled (VKT)	↓↑?	↓↑?	↓↑?
Natural and Built Infrastructure Sustainable drainage / watersheds / utility assets	↓↑?	↓↑?	↓↑?

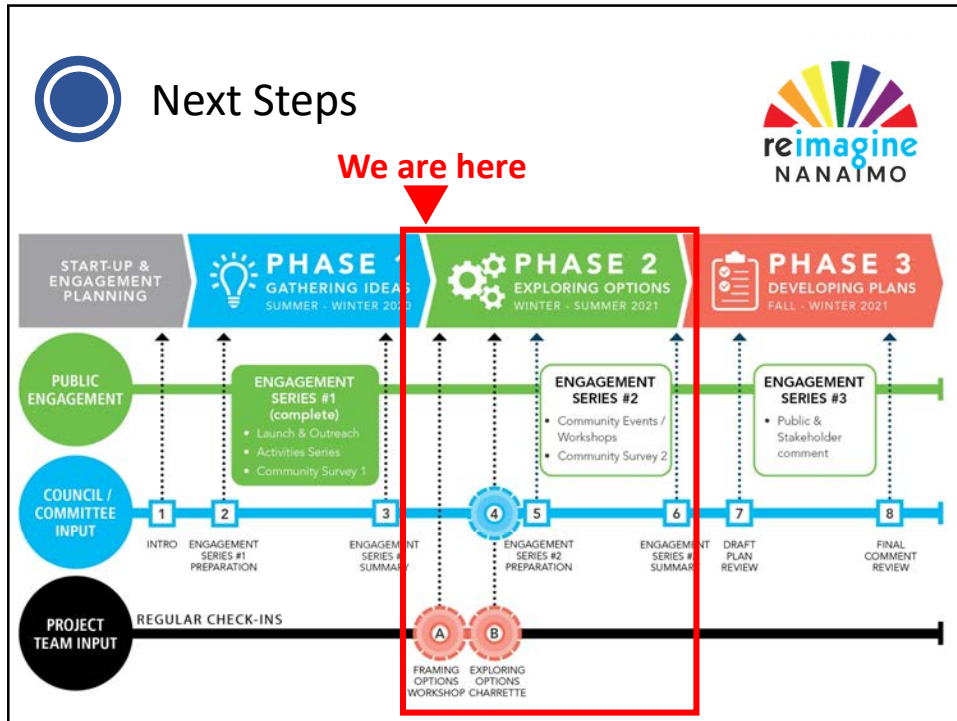


SCENARIO EVALUATION SUMMARY (MOCK-UP EXAMPLE) -GLOBAL LENSES & FINANCIAL CRITERIA

Note: Illustrative only – selection of criteria, key indicators, and modelling / calculations to support the comparisons are to be determined through the process in Phase 2.

GLOBAL LENSES	Current Path Existing Policies	Scenario A Boost	Scenario B Big Moves
Global Social Lens Nanaimo purchasing policy and advocacy	↓/↑	↓/↑	↓/↑
Global Ecological Lens Nanaimo purchasing policy and eco management	↓/↑	↓/↑	↓/↑
FINANCIAL CRITERIA			
Capital Cost to Taxpayers	\$ ↓/↑	\$ ↓/↑	\$ ↓/↑
Nanaimo Operations and Maintenance Effort	\$ ↓/↑	\$ ↓/↑	\$ ↓/↑
Cost/Inconvenience to Private Sector	\$ ↓/↑	\$ ↓/↑	\$ ↓/↑
Partnership Potential (Co-fund)	\$ ↓/↑	\$ ↓/↑	\$ ↓/↑
Future Longterm Asset / Adaptation Cost	\$ ↓/↑	\$ ↓/↑	\$ ↓/↑





KEY DATES

DRAFT REIMAGINE NANAIMO – 2021-22 MILESTONE CALENDAR

★ Council Updates
★ Council Decisions

★ OCP

Official
Community
Plan

★ CAP

Climate
Action Plan

★ ATP

Active
Transportation
Plan

★ PRC

Parks Rec &
Culture Master
Plan

★ WSS

Water Supply
Strategy

★ EDS

Economic
Development
Strategy

INTEGRATED PLANNING

PHASE 2 MILESTONES

January	February	March	April	May	June	July	August	Sept
Phase 1 Public Engagement Summary Finalized Base Maps Finalized Staff begin review of indicators for Doughnut Economics City Portrait Feedback from Environment Committee	★ Feb 8 GPC Phase 1 Engagement Summary Presented ★ Feb 22 GPC Staff discuss milestones and potential project outcomes Ongoing staff review of indicators for Doughnut Economics City Portrait	★ Mar 8 GPC Preliminary City Portrait & Indicators ★ Mar 10 Targets & Indicators Workshop/Charrette ★ Mar 22 GPC Council to confirm Targets & Indicators to Evaluate Scenarios Preliminary land use scenario analysis/modelling Staff workshop on exploring options/scenarios	Further modelling of options/scenarios Prepare Phase 2 engagement materials Committees Feedback ★ April 26 GPC Council review of preliminary options/scenarios & Plan Framework ★ April 29 Council workshop/Charrette on exploring options/scenarios to use for Phase 2 engagement	★ May 10 GPC Prepare & finalize Phase 2 engagement materials Phase 2 online questionnaire launched Phase 2 Statistical Survey mailed out Virtual workshops / at-home activities Ongoing Events & Promotions ★ May 31 GPC Updates on Phase 2 engagement	★ Jun 14 GPC ★ Jun 28 GPC Updates on Phase 2 engagement Committees Feedback Ongoing Events & Promotions Virtual workshops conclude Questionnaire closes end of June Drafting Plans	Summary and analysis of Phase 2 findings ★ July 12 GPC Update on Phase 2 engagement numbers/ demographics ★ July 26 GPC Phase 2 Engagement Summary presented Draft Plans: internal staff review Drafting Plans	No GPC Mtgs Preferred scenarios confirmed Draft Plans refined & reviewed with internal team and Committees Update Climate modelling Preparation of summary of key plan directions and rationale Refining Plans	★ Sept 27 GPC Council review of key plan directions and rationale summary Committees Feedback External Agency Referrals Refining Plans
WSS development aligned with land use scenario analysis/modelling, options development, engagement and Council meetings								
Jan 19 - EDS Task Force recommend Council endorse ★ Feb 1 Council COMPLETE EDS Endorsed	Prepare communication and engagement materials	Establish Advisory Group List Stakeholders EDS priorities inform development of plan scenarios In house team starts EDS implementation Creation of External Economic Development Corporation	Advisory Mtg #1 Introduce WSS & discuss priorities	Advisory Mtg #2 Upgrades Roadmap Virtual Stakeholder meetings Drafting WSS	Advisory Mtg #3 Virtual Stakeholder meetings Drafting WSS	Summary and analysis of WWS engagement Drafting & Refining WSS	★ Sept 27 GPC Council review as part of key strategic plans Refining WSS	

EDS and WWS, along with other documents like the Trail Implementation Plan, Culture Plan for a Creative Nanaimo, Various Park Master Plans, Food Security Plan, Health and Housing Action Plan, Age Friendly Plan etc. will inform scenario development/ options for drafting land use and policy directions in integrated plans



Next Steps

Mar 10 Workshop (Charrette): Targets and Indicators

FOCUS ON WHAT WE'RE ALREADY DOING AND BUILD FROM THERE

- ☐ Council
- ☐ Advisory Committee on Accessibility and Inclusiveness
- ☐ Environment Committee
- ☐ Economic, Health and Housing Representatives



REIMAGINE

Steering Committee feedback

- What are your thoughts on the steps?
- Other comments?



REIMAGINE



Hay ch q'a

