



# Staff Report for Decision

File Number: 3900-30-ZA1-23

DATE OF MEETING July 12, 2021

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SUBJECT **COMMUNITY AMENITY CONTRIBUTION POLICY**

## OVERVIEW

### **Purpose of Report**

To present an updated Community Amenity Contribution (CAC) Policy to the Governance and Priorities Committee.

### **Recommendation**

That the Governance and Priorities Committee recommend that Council endorse the Community Amenity Contribution Policy.

## BACKGROUND

In 2012, Council endorsed the City's Community Amenity Contribution (CAC) practice of collecting \$1,000 per residential unit and \$34/m<sup>2</sup> of commercial and industrial floor area, and these rates are still being used for CAC negotiations with applicants for applicable applications. From 2010 to 2020, the City collected \$1,858,946 in CAC funds, which has allowed for significant public 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 public parks and infrastructure, 30% to the Housing Legacy Reserve Fund, and 4% to other City initiatives. 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 pedestrian infrastructure improvements.

Council directed Staff to review the current CAC rates, and an implementation direction in the City's Affordable Housing Strategy is to '*update the Community Amenity Contribution Policy*'. Staff have completed several steps towards this goal, including retaining a land economist to conduct a market analysis to inform the proposed CAC Policy, and completing public consultation, which has also informed the proposed policy.

A draft CAC Policy was presented to the Governance and Priorities Committee (GPC) on 2021-MAR-08. The GPC elected not to proceed with the recommended rates, and chose the alternative option with the rates provided by land economist consultant Rollo & Associates Ltd. The recommended CAC rates presented to the GPC on 2021-MAR-08 were as follows:

<b>2021-MAR-08 proposed CAC Rates</b>	
Single Residential Dwelling	\$2,500 per dwelling
Townhouse Residential Dwelling and Multiple-Family Dwelling	\$30 per m <sup>2</sup> of Gross Floor Area (excluding underground parking)
Commercial and Industrial	\$34 per m <sup>2</sup> of Gross Floor Area
Cannabis Retail Store and Liquor Retail Store	\$10,000 per store
Student Housing	\$1,000 per bed

The GPC also directed that Staff engage the community, thus Staff completed the following steps: i) created a project page on the City website; and ii) requested comments on the draft CAC Policy (and rates as recommended by GPC and Rollo & Associates Ltd.) from active Neighbourhood Associations and representatives from the Nanaimo development community.

Timeline of CAC Policy project to date:

<b>Date:</b>	<b>Action:</b>
2019	Council directs Staff to review the current CAC rates, and implement an action item in the Affordable Housing Strategy to update the CAC Policy.
January 2020	Land Economist Rollo & Associates Ltd. is retained to provide a report with an analysis and recommendations for new CAC rates that are market-driven and reflect the financial realities of development in Nanaimo.
July 2020	Land Economist Rollo & Associates Ltd. provides a report with recommended CAC rates for the City of Nanaimo.
August 2020	Staff draft a new CAC Policy, utilizing the Rollo & Associates Ltd. report.
September - November 2020	Staff refer the draft CAC Policy to other City departments, and hold several meetings with the Nanaimo development community. The comments received are integrated into the draft policy.
March 2021	Staff present a draft CAC Policy to the GPC to receive input and direction for community consultation.
April-May 2021	Staff complete community consultation with active Neighbourhood Associations and representatives from the Nanaimo development community, which includes a project webpage on the City website with information about the CAC Policy review and an opportunity to provide feedback.

## DISCUSSION

The purpose of the CAC Policy is to offer guidance and certainty for the provision of community amenities that 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. The amenities offered are to assist with growth pressures and to expand public facilities.

The proposed CAC Policy outlines the purpose of community amenity contributions, differentiates the difference between in-kind and monetary contributions, specifies the monetary CAC rates, outlines special considerations to support more affordable housing, and explains the process for collecting CACs. Note the proposed new monetary CAC rates would commence in January 2022, with a gradual increase in 2023 and 2024, to give the development community time to adjust, as recommended by Rollo & Associates Ltd.

The CAC Policy proposes the following rates (as recommended by GPC on 2021-MAR-08):

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

During the April-May 2021 community consultation process, the City received comments from three neighbourhood associations and the Nanaimo Development Group. A summary of public comments is provided in Attachment B, and copies of the correspondence is provided in Attachments C to F. Staff have reviewed the comments and the draft policy was updated in response to input received as follows:

- The CAC Policy was modified in response to the Newcastle Neighbourhood Association's comment that CAC funds not be directed to the Housing Legacy Reserve Fund when a rezoning is already proposing an affordable housing project. This can allow for CAC funds to be used for other public amenities in this situation. Section 3(a) 'Special Considerations' of the CAC Policy was amended accordingly.
- That CAC Policy was modified in response to comments from the Nanaimo Development Community as follows: i) The 'Special Considerations' section of the CAC Policy no longer contains a vacancy rate, such that the 50% CAC reduction can be applied to secured market rental dwelling units (regardless of the vacancy rate); ii) The CAC Policy was revised such that private developers can receive a CAC waiver for secured non-market rental dwelling units when the unit is operated by a non-profit housing partner or public institution.

- Staff have modified the definitions section of the CAC Policy to improve the overall clarity of the policy.

## **OPTIONS**

1. That the Governance and Priorities Committee recommend that Council endorse the Community Amenity Contribution Policy.
  - Advantages: The proposed CAC Policy, as presented, is based on professional advice, includes a phased predictable increase, and will allow the City to achieve amenity objectives outlined in the City policy documents.
  - Disadvantages: The development community has expressed concern regarding additional costs.
2. That the Governance and Priorities Committee deny endorsement of the Community Amenity Contribution Policy as drafted, and provide alternative direction to Staff.
  - Advantages: This would allow Staff time to incorporate any directions from the Governance and Priorities Committee prior to Council's consideration of the CAC Policy.
  - Disadvantages: The current CAC rates are low, and a new CAC Policy is needed to encourage greater contributions for public amenities as the city grows.

## **SUMMARY POINTS**

- 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'.
- The purpose of the CAC Policy is to offer guidance and certainty for the provision of amenities at the time of a rezoning application or land use covenant amendment application.
- Staff retained a land economist consultant to conduct a market analysis and completed a public consultation process, which have both informed the proposed CAC policy.
- The updated CAC Policy is being presented to the Governance and Priorities Committee to seek a recommendation for Council to endorse the CAC Policy.

**ATTACHMENTS:**

- ATTACHMENT A: Community Amenity Contribution Policy
- ATTACHMENT B: Summary of Input (May 2021)
- ATTACHMENT C: Email from Nanaimo Development Group
- ATTACHMENT D: Letter from Stephenson Point Neighbourhood Association
- ATTACHMENT E: Email from Nanaimo Old City Neighbourhood Association
- ATTACHMENT F: Email from Newcastle Neighbourhood Association |

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